



25 February 2021

**VITAL delivers 5.7% Revenue growth versus 1H 20: Foundations set for increased profitability in the next financial year**

[VITAL](#) Limited (NZX: VTL), the publicly listed telecommunications services provider today announced its interim six-month result for the period ended 31 December 2020.

- Revenue for the 6 months to 31 December 2020 of \$17.85m;
- Net Profit after Tax of \$0.506m.

Vital is pleased to announce a 5.7% growth in Revenue delivering \$17.85m compared to \$16.89m for the same period last financial year. Net Profit after Tax at \$0.506m compared to \$0.522m.

Vital remains confident that its plan is on track to achieve increased profitability in the next financial year. This year the company will complete its major capital investments and has launched its new products to address both the decline in its old fibre services as well as achieving growth. The new wholesale fibre products launched in November have been well received by our partners and we expect to see our churn stabilise and to start to recapture our market share over the next 6 to 9 months.

Orders for the period were \$8.576m, a 48% increase compared to \$5.779m for the same period last year. As communicated at the AGM in October, growth in orders is the clear sign that we are on track and these are the first indicators of increased profitability.

Operating costs have increased, fundamentally driven by costs associated with investment into internal and customer funded Vital network assets.

Vital is also on track to achieve the savings target we set ourselves back in 2019, and to date we have identified \$1.8m of the \$2.0m annualised target. Approximately \$1.1m is expected to be fully realised in FY22 financial year with the remaining identified savings to be realised in FY23.

Net debt of \$14.456m is up from \$12.142m at 30 June 2020 as forecast.



Vital's Chief Executive Andrew Miller said: "We have achieved very good growth in orders during the first half of the year compared to the same period last year. The end of our major capital programmes are on track to be completed this financial year. With our new services in place and savings realised so far, the foundations are in place to achieve profitable growth during the next financial year."

Capital expenditure for the period ending 30 December was \$4.654m compared with \$4.424m for the similar period of last year, with this year's figure being 53% customer funded. As previously communicated Vital is forecasting Capital Expenditure to be around \$7.5m for the year ending June 2021.

Andrew Miller said: "The plan is on track and now the business is fully engaged in responding to the Public Safety Network (PSN) RFP to provide Land Mobile Radio (LMR) services to the emergency sector agencies for a minimum of nine years."

Vital Chairman Roger Sowry said: "The Board is pleased that despite the ongoing fallout associated with Covid-19, the company is achieving growth in both orders and revenue in the first six months of the year compared to last year and we are confident that the increased profitability that shareholders have been patiently waiting for will transpire in the next 12 months."

## **Outlook**

Vital provides full year guidance for FY21 that Net Profit after Tax will be broadly in line to FY20.

## **Ends**

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