

## DREAMSCAPE NETWORKS DELIVERS A RECORD 12 MONTHS

Dreamscape Networks Limited (ASX: DN8) is pleased to announce its maiden full year result as an ASX listed company, covering the 12 months ended 30 June 2017 (FY17).

The Company is proud to report that FY17 was a record year across all key metrics as the transformation from a domain name registration provider to an online solutions business began delivering higher margins, stronger operating cash flows and growing earnings.

### Highlights (FY17 vs FY16 Pro Forma)

- ✓ Total Bookings up 6.4% to \$53.1 million
- ✓ Adjusted Gross Profit up 11.3% to \$30.5 million
- ✓ Adjusted EBITDA<sup>1</sup> up 36.7% to \$10.8 million
- ✓ Operating cash flow up 14.2% to \$12.1 million
- ✓ Average Bookings Per User (ABPU) up 5.7% to \$148
- ✓ Revenue up 8.2% to \$46.4 million
- ✓ Net Profit After Tax<sup>2</sup> up 91% to \$2.1 million; achieving Prospectus forecast
- ✓ Successful acquisition of Net Logistics on 31 March 2017
- ✓ Successful acquisition of Vodien Group (post year-end), accelerating DN8's South-East Asian growth strategy.

### Mark Evans, MD & CEO, commented:

"FY17 was a record year for Dreamscape Networks. We grew all pillars of the business and generated record cash and profits in our first year as a publicly listed company. We are also pleased to have delivered on the FY17 Prospectus profit forecast. With two successful acquisitions completed since listing in December 2016 and an exciting pipeline of new products, I am confident that we will continue to expand our operations.

"This is an exciting time in Dreamscape Network's journey as we transition from being a domain name provider to a leading online solutions provider across Australia, New Zealand and South East Asia. We are well positioned to deliver increased revenues, free cash flow and earnings in FY18 as we continue to focus on executing our growth strategy."

### Growing Bookings reflect shift to online solutions

Dreamscape Networks delivered Total Bookings of \$53.1 million for FY17, up 6.4% on FY16 Pro Forma. FY17 Bookings clearly showed the transition to higher margin pillars - Domains followed industry growth trends, modestly increasing 0.8% to \$24.7 million; Hosting saw strong growth, up 13% to \$22.2 million; and Solutions was up 7% to \$6.2 million.

## Earnings growing faster than revenues

Revenue for FY17 was up 8.2% to \$46.4 million, underpinned by growing Bookings in Hosting and Solutions.

Reflecting Dreamscape Networks' shift to higher margin pillars, FY17 earnings grew faster than revenues, with Adjusted EBITDA<sup>1</sup> up 36.7% to \$10.8 million.

Net Profit After Tax (NPAT)<sup>2</sup> was \$2.1 million, up 91% on FY16 Pro Forma, driven by higher margin Bookings and prudent cost management.

Dreamscape Networks continued to generate strong cash flows, with operating cash flow up 14.2% to \$12.1 million. The Company completed the period with \$17.7 million cash and cash equivalents, with no debt.

## Acquisitions will add value in FY18

Dreamscape Networks has completed two acquisitions in the seven months since listing on ASX, with the addition of Net Logistics (an Australian hosting provider) on 31 March 2017, and Vodien Group (Singapore's #1 Hosting provider and #3 .sg domain provider) on 31 July 2017. Both acquisitions were internally funded and are expected to be Earnings Per Share accretive in FY18.

The acquisition of Vodien Group is a pivotal acquisition for the Company that accelerates Dreamscape Network's South-East Asian growth plans and enhances the regional capability of the Company's senior executive team.

## Positive outlook for continued growth

The FY17 results reflect the successful execution of the Company's strategy to transition to a trusted and affordable online solutions provider. This transition will continue throughout FY18, with a focus on higher margin Hosting and Solutions growth.

Dreamscape Network's sales team is delivering results and will play a key role in improving the product mix and earnings of the Company by upselling and cross-selling into the higher margin pillars.

Product innovation and development is a key focus to drive growing sales. The Company plans to release additional add-on value products for its Solutions pillar in FY18. These initiatives are expected to further improve engagement, ABPU and the lifetime value of customers.

The acquisition of Vodien Group was transformational, and will aggressively bring forward Dreamscape Network's growth strategy of expanding operations in South-East Asia.

## Investor and analyst conference call

Dreamscape Networks will be holding an investor and analyst conference call at 11.00AM AEST today. Participants can dial **+61 2 9007 8048** or **1800 908 299** (toll free) to join the call. When prompted, please provide CONFERENCE ID: **532031**.

## Notes

- (1) A Non-IFRS cash-based financial measure of DN8's performance that aligns with the Group's Bookings and operating expenditures to evaluate the core operating profitability of the Group's business. Adjusted EBITDA is calculated using the Statutory EBITDA calculation, primarily adjusted for the change in deferred revenue so as to include total Bookings, the change in the deferred costs associated with the total Bookings, and excluding the non-cash equity-based expenses including share-based compensation and Unrealised Foreign currency exchange losses/gains and transaction expenses and non-core one off expenses (see Appendix 4E for further disclosure).
- (2) Before forgiveness of advances to related parties pursuant to Share Sale Agreement (see Appendix 4E for further disclosure)

## For more information, please contact

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### About Dreamscape Networks Limited

Dreamscape Networks Limited is a trusted and affordable online solutions provider of domain names, hosting and technology solutions and owns Australia's #1 domain brand Crazy Domains and Singapore's #1 hosting provider Vodien Internet Solutions. The Dreamscape Networks Group offers affordable and easy to use online solutions that help businesses and independents establish, build, maintain and grow their online presence. Our solutions are innovative, user-friendly and engineered across all platforms embracing intuitive design and backed by our focus on best in world premium service.

### Vision

To help our customers achieve their online goals by **“Providing simple, innovative and affordable online solutions, that change lives”**

Learn more at <http://www.dreamscapenetworks.com> ; <http://www.crazydomains.com> and <http://vodien.com>

