Maintel Holdings Plc

Trading Update

Maintel Holdings plc (the "Group" or "Maintel") today issues the following trading update for the financial year ending 31st December 2019.

Whilst the Group has continued to make encouraging progress in its transformation to a cloud-first business, the Board, for the following reasons, now expects to report a lower level of revenue and adjusted EBITDA* than previously anticipated:

- The protracted delay in the announcement of the new public sector procurement frameworks significantly reduced the number of available bids during the period. Whilst Maintel was awarded a number of such contracts through this channel in Q4, they were awarded too late in Q4 to deliver sufficient revenue in FY2019
- The continued political and economic uncertainty in the run up to the December general election also resulted in delays to project implementation and the securing of new contracts
- As a result of two of the group's partners losing four contracts between them, managed service revenue to the Group reduced faster than expected. The Board is confident that the contract renewal profile for 2020 does not represent a similar risk.

For the year ended 31st December 2019, the Board now expects revenue of approximately £123m and adjusted EBITDA of approximately £10.8m excluding IFRS 16 adjustments and approximately £11.7m including IFRS 16 adjustments.

Outlook for FY 2020

For the year ending 31st December 2020, the Board anticipates that the Group will deliver low single digit organic revenue growth, underpinned by the improved order intake in Q4 and a return to healthier levels of activity in the public sector. A current review of measures to improve margins is expected to deliver benefits in the latter part of FY2020.

Updated Dividend Policy

In recognition of the reduced profit expectations of the Group and to maintain balance sheet strength, the Board has made the decision to rebase the dividend. The Board expects to reduce the final dividend for FY 19 by 50% versus the final dividend for FY 18, to 9.8 pence per share. Off this lower base, the Board intends to maintain a progressive dividend policy in the future.

Ioan MacRae, Maintel's Chief Executive Officer, said:

"While our anticipated overall results for 2019 are disappointing, we are very encouraged by the progress against our strategic aim of becoming a cloud-first company. In FY 19 the number of contracted seats on our ICON platform grew by 25% year on year, including winning our first channel partner contract for our cloud services. An increase in public sector business coupled with a strong performance in order intake in Q4 2019 provides us with a good degree of confidence for 2020, when we expect to return to both revenue and EBITDA growth.

Less than three months into the job, despite these disappointing results, I am even more optimistic for the prospects of the Group. We have identified a number of strategic initiatives to deliver growth and margin improvements which we will look to implement over the course of this financial year. I look forward to updating shareholders with more detail on these at the time of our results which are expected to be released in late March 2020."

**Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, adjusted for share based payments and exceptional costs.*

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

For further information please contact:

Ioan MacRae, Chief Executive Officer Mark Townsend, Chief Financial Officer Rufus Grig, Chief Technology and Strategy Officer	0344 871 1122
finnCap (Nomad and Broker) Jonny Franklin-Adams / Anthony Adams (Corporate Finance) Richard Chambers / Sunila de Silva (Corporate Broking)	020 7220 0500
Oakley Advisory (Financial Advisors) Christian Maher / Victoria Boxall	020 7766 6900