



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GO p.l.c. ("the Company") pursuant to the Listing Rules as issued by the Listing Authority.

Quote

The Board of Directors of the Company approved the attached Preliminary Statement of annual results for the financial year ended 31 December 2018. These audited financial statements are also available for viewing on the Company's website at - <https://www.go.com.mt/documents/10179/9740544/Preliminary+Statements+Dec+2018/8e60191c-0689-4d6f-9bd5-b0208863db8d>

The Board of Directors resolved to recommend that the Annual General Meeting approves the payment of a final dividend of €0.14 net of taxation per share. The payment of this Net Dividend amounts to the total sum of €14.18 million.

Furthermore, the Board of Directors also resolved to approve the payment of a special interim dividend of €0.41 net of taxation per share for the year 2019. The payment of this special interim dividend, amounting to the total sum of €41.5 million, will be made in view of the profits generated from the sale by the Company of 49% shareholding in BMIT Technologies plc to the general public in February 2019.

Both the final dividend for the year ending 31 December 2018 and the special interim dividend for 2019 will be paid on the 30 May 2019 to all shareholders who are on the shareholders' register as at Friday 26 April 2019.

The Annual General Meeting will be held on Tuesday 28 May 2019 at the Malta Hilton, St. Julians.

Unquote

Dr. Francis Galea Salomone LL.D.
Company Secretary

8 March 2019



**GO p.l.c. Preliminary Statement of Group Results and State of Affairs
For the Year Ended and at 31 December 2018**

This Statement is published pursuant to The Malta Financial Services Authority Listing Rules Chapter 5 and Article 4[2](b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information has been extracted from GO p.l.c.'s Annual Report and Consolidated Financial Statements for the year ended 31 December 2018 as approved by the Board of Directors on 8 March 2019, which have been audited by PricewaterhouseCoopers. These financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU.

These financial statements will be laid before the members at the general meeting to be held on 28 May 2019. The Group's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act, 1995.

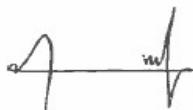
Statements of financial position

	Group		Company	
	As at 31 December		As at 31 December	
	2018 €000	2017 €000	2018 €000	2017 €000
ASSETS				
Non-current assets				
Property, plant and equipment	139,646	129,183	102,181	93,720
Intangible assets	57,606	62,305	2,908	5,521
Investments in subsidiaries	-	-	44,561	33,311
Investments in associate	18	18	-	-
Loan receivable from subsidiary	-	-	15,600	15,600
Deferred tax assets	1,391	2,315	908	1,783
Trade and other receivables	2,559	2,005	3,965	1,807
Total non-current assets	201,220	195,826	170,123	151,742
Current assets				
Inventories	7,541	8,340	7,314	8,101
Trade and other receivables	34,946	33,888	29,722	42,475
Current tax assets	-	41	-	-
Cash and cash equivalents	11,725	13,722	10,625	10,925
Total current assets	54,212	55,991	47,661	61,501
Total assets	255,432	251,817	217,784	213,243

Statements of financial position - continued

	Group		Company	
	As at 31 December		As at 31 December	
	2018 €000	2017 €000	2018 €000	2017 €000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	58,998	58,998	58,998	58,998
Reserves	[2,343]	616	4,269	6,095
Retained earnings	55,983	47,273	57,251	47,645
Total capital and reserves attributable to owners of the Company	112,638	106,887	120,518	112,738
Non-controlling interests	7,539	8,224	-	-
Total equity	120,177	115,111	120,518	112,738
LIABILITIES				
Non-current liabilities				
Borrowings	50,286	46,910	35,884	32,021
Deferred tax liabilities	2,354	2,716	362	362
Provisions for pensions	2,918	2,992	2,918	2,992
Trade and other payables	1,947	320	-	320
Total non-current liabilities	57,505	52,938	39,164	35,695
Current liabilities				
Borrowings	17,971	21,009	15,090	18,927
Provisions for pensions	3,474	3,340	3,474	3,340
Trade and other payables	53,273	58,202	37,224	41,824
Current tax liabilities	3,032	1,217	2,314	719
Total current liabilities	77,750	83,768	58,102	64,810
Total liabilities	135,255	136,706	97,266	100,505
Total equity and liabilities	255,432	251,817	217,784	213,243

The financial statements were authorised for issue by the Board on 8 March 2019 and were signed on its behalf by:



Mohamed Fadhel Kraiem
Chairman



Paul Testaferrata Moroni Viani
Director

Income statements

	Group		Company	
	Year ended 31 December			
	Group	Company	Group	Company
	2018 €000	2017 €000	2018 €000	2017 €000
Revenue	171,812	166,301	119,594	118,391
Cost of sales	[96,069]	[96,558]	[67,652]	[70,633]
Gross profit	75,743	69,743	51,942	47,758
Administrative and other related expenses	(44,287)	(41,439)	(32,367)	(29,878)
Other income	1,816	1,507	1,547	1,277
Other expenses	(186)	(284)	(100)	(231)
Operating profit	33,086	29,527	21,022	18,926
Analysed as follows:				
EBITDA	69,486	65,574	43,894	42,144
Depreciation and amortisation	(36,400)	(36,047)	(22,872)	(23,218)
Operating profit	33,086	29,527	21,022	18,926
Finance income	345	327	10,007	9,425
Finance costs	(1,761)	(2,180)	(1,255)	(1,194)
Adjustments arising on fair valuation of property	-	206	-	206
Losses attributable to investments	-	(11)	-	(11)
Profit before tax	31,670	27,869	29,774	27,352
Tax expense	(11,227)	(9,867)	(9,984)	(8,988)
Profit for the year	20,443	18,002	19,790	18,364
Attributable to:				
Owners of the Company	18,971	16,694	19,790	18,364
Non-controlling interests	1,472	1,308	-	-
Profit for the year	20,443	18,002	19,790	18,364
Earnings per share (euro cents)	18c7	16c5		

Statements of comprehensive income

	Group		Company	
	Year ended 31 December			
	2018 €000	2017 €000	2018 €000	2017 €000
Comprehensive income				
Profit for the year	20,443	18,002	19,790	18,364
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Surplus arising on revaluation of land and buildings	-	292	-	292
Remeasurements of defined benefit obligations	(129)	(57)	(129)	(57)
Income tax relating to components of other comprehensive income:				
- Surplus on revaluation of land and buildings	-	(21)	-	(21)
- Remeasurements of defined benefit obligations	45	20	45	20
Total other comprehensive income for the year, net of tax	(84)	234	(84)	234
Total comprehensive income for the year	20,359	18,236	19,706	18,598

Statements of changes in equity

Group

	Attributable to owners of the Company					
	Share capital €000	Reserves €000	Retained earnings €000	Total €000	Non-controlling interests €000	Total equity €000
Balance at 1 January 2017	58,998	266	41,839	101,103	8,099	109,202
Comprehensive income						
Profit for the year	-	-	16,694	16,694	1,308	18,002
Other comprehensive income:						
Surplus arising on revaluation of land	-	292	-	292	-	292
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	[21]	-	(21)	-	(21)
Remeasurements of defined benefit obligations, net of deferred tax	-	[37]	-	(37)	-	(37)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-	-	-
Total other comprehensive income	-	350	(116)	234	-	234
Total comprehensive income	-	350	16,578	16,928	1,308	18,236
Transactions with owners in their capacity as owners						
Distribution to owners:						
Dividends paid to equity holders	-	-	(11,144)	(11,144)	(1,183)	(12,327)
Total transactions with owners in their capacity as owners	-	-	(11,144)	(11,144)	(1,183)	(12,327)
Balance at 31 December 2017	58,998	616	47,273	106,887	8,224	115,111

Statements of changes in equity - continued

Group - continued

	Attributable to owners of the Company					
	Share capital €000	Reserves €000	Retained earnings €000	Total €000	Non-controlling interests €000	Total equity €000
Balance at 1 January 2018 – as originally reported	58,998	616	47,273	106,887	8,224	115,111
<i>Impact of changes in accounting policies:</i>						
Transition adjustment upon adoption of IFRS 15 on 1 January 2018	-	-	2,663	2,663	-	2,663
Transition adjustment upon adoption of IFRS 9 on 1 January 2018	-	-	[1,496]	[1,496]	(151)	[1,647]
Balance at 1 January 2018 – as restated	58,998	616	48,440	108,054	8,073	116,127
Comprehensive income						
Profit for the year	-	-	18,971	18,971	1,472	20,443
Other comprehensive income:						
Remeasurements of defined benefit obligations, net of deferred tax	-	[84]	-	[84]	-	[84]
Realisation of insurance contingency reserve - transfer to retained earnings	-	(1,742)	1,742	-	-	-
Total other comprehensive income	-	(1,826)	1,742	[84]	-	[84]
Total comprehensive income	-	(1,826)	20,713	18,887	1,472	20,359
Transactions with owners in their capacity as owners						
Distribution to owners:						
Dividends paid to equity holders	-	-	[13,170]	[13,170]	(1,267)	[14,437]
Changes in ownership interest that do not result in loss of control						
Acquisition of non-controlling interest in subsidiary	-	(1,133)	-	(1,133)	(739)	[1,872]
Total transactions with owners in their capacity as owners	-	(1,133)	[13,170]	[14,303]	[2,006]	[16,309]
Balance at 31 December 2018	58,998	[2,343]	55,983	112,638	7,539	120,177

Statements of changes in equity - continued

Company

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2017	58,998	5,745	40,541	105,284
Comprehensive income				
Profit for the year	-	-	18,364	18,364
Other comprehensive income:				
Surplus arising on revaluation of land and buildings	-	292	-	292
Movement in deferred tax liability on revalued land and buildings determined on basis applicable to property disposals	-	(21)	-	(21)
Remeasurements of defined benefit obligations, net of deferred tax	-	(37)	-	(37)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	350	(116)	234
Total comprehensive income	-	350	18,248	18,598
Transactions with owners in their capacity as owners				
Distribution to owners:				
Dividends paid to equity holders	-	-	(11,144)	(11,144)
Total transactions with owners in their capacity as owners	-	-	(11,144)	(11,144)
Balance at 31 December 2017	58,998	6,095	47,645	112,738

Statements of changes in equity - continued

Company - continued

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2018 – as originally reported	58,998	6,095	47,645	112,738
<i>Impact of changes in accounting policies:</i>				
Transition adjustment upon adoption of IFRS 15 on 1 January 2018	-	-	2,663	2,663
Transition adjustment upon adoption of IFRS 9 on 1 January 2018	-	-	(1,419)	(1,419)
Balance at 1 January 2018 – as restated	58,998	6,095	48,889	113,982
 Comprehensive income				
Profit for the year	-	-	19,790	19,790
 Other comprehensive income:				
Remeasurements of defined benefit obligations, net of deferred tax	-	[84]	-	[84]
Realisation of insurance contingency reserve - transfer to retained earnings	-	(1,742)	1,742	-
 Total other comprehensive income	-	[1,826]	1,742	[84]
 Total comprehensive income	-	[1,826]	21,532	19,706
 Transactions with owners in their capacity as owners				
Distribution to owners:				
Dividends paid to equity holders	-	-	[13,170]	[13,170]
 Total transactions with owners in their capacity as owners	-	-	[13,170]	[13,170]
 Balance at 31 December 2018	58,998	4,269	57,251	120,518

Statements of cash flows

	Group		Company	
	Year ended 31 December			
	2018 €000	2017 €000	2018 €000	2017 €000
Cash flows from operating activities				
Cash generated from operations	63,807	64,933	46,538	50,352
Interest received	3	14	3	14
Interest paid on bank overdrafts	(34)	(30)	(34)	(30)
Tax paid	(8,642)	(6,977)	(5,171)	(4,153)
Tax refund received	57	-	-	-
Payments under voluntary retirement scheme	(2,352)	(813)	(2,352)	(813)
Payments in relation to pension obligations	(82)	(80)	(82)	(80)
Net cash from operating activities	52,757	57,047	38,902	45,290
Cash flows from investing activities				
Payments to acquire property, plant and equipment and intangible assets	(37,793)	(33,931)	(24,627)	(25,365)
Payment for acquisition of non-controlling stake in subsidiary	(1,872)	-	-	-
Loan interest received	-	-	388	-
Loans advanced to subsidiary	-	-	-	(14,600)
Net cash used in investing activities	(39,665)	(33,931)	(24,239)	(39,965)
Cash flows from financing activities				
Proceeds from bank loans	15,000	39,652	15,000	24,652
Repayment of bank loans	(14,911)	(39,233)	(14,911)	(14,969)
Repayment of other loans	-	(6,439)	-	-
Dividends paid	(13,687)	(11,085)	(13,687)	(11,085)
Loan interest paid	(1,656)	(2,150)	(1,228)	(1,075)
Net cash used in financing activities	(15,254)	(19,255)	(14,826)	(2,477)
Net movements in cash and cash equivalents				
	(2,162)	3,861	(163)	2,848
Cash and cash equivalents at beginning of year				
Exchange differences on cash and cash equivalents	6,013	3,462	5,294	3,756
Movement in cash pledged as guarantees	(7)	8	(7)	8
	849	(1,318)	849	(1,318)
Cash and cash equivalents at end of year				
	4,693	6,013	5,973	5,294

Review of Group operations

The Board of Directors is recommending that the Annual General Meeting approves the payment of a final net dividend of €0.14 per share. The payment of this net dividend amounts to the sum of €14,183,468. Furthermore, the Board of Directors also resolved to approve the payment of a special interim dividend of €0.41 net of taxation per share for the year 2019. The payment of this special interim dividend, amounting to the total sum of €41,537,300 million, will be made in view of the profits generated from the sale by the Company of 49% shareholding in BMIT Technologies plc to the general public in January 2019. The final dividend and the special interim dividend for 2019 will be paid on the 30 May 2019 to all shareholders who are on the shareholders' register as at Friday 26 April 2019.

Performance

2018 proved to be another positive year for the Group, the result of an ongoing investment policy and successful strategies that the Group has carried out in recent years. GO's investment in its infrastructure and in complementary, value generating business such as BM Group and Kinetix has consolidated our results and has seen a robust performance in Malta operations. This positive trend extends to our Cyprus operations.

The financial year has been positive for the Group as it delivered growth in its operations, both in Malta as well as in Cyprus in spite of the intense competitive environment. Customer behaviour remains in a state of transition, driven by the growing convergence of telecommunications, information technology, media and entertainment. Within such a scenario, data services are fast becoming the primary telecommunication service sought by customers, as people seek to access the Internet from anywhere and at any time of the day, using a multitude of devices. Innovation and a positive customer experience are crucial to succeed in such an environment and it is therefore encouraging that the Group retains healthy levels of revenue from a number of services besides revenue from Internet access.

GO is pleased to report continued growth in its Malta Operations with its bundled packages, the increase in use of mobile post-paid services and data services which are the main contributors to growth in retail revenues. This performance is being achieved as a result of the continued investment in GO's network infrastructure. Our investment programme is designed to meet the challenges and opportunities that the customer behaviours and changing technologies demand from GO. During the current year GO's fibre network coverage was extended to cover another 20,000 households. Now GO has covered more than 84,000 households which represents around 45% of Maltese households. Over the coming years GO intends to continue investing heavily in its FTTH network with the intention to cover the Maltese Islands in the shortest possible timeframe. In Cyprus, Cablenet's network currently covers approximately 52.8% of households. Coverage is being extended as part of a multi-year programme which also includes ongoing improvements in systems and processes to retain the leading edge in the provision of quality broadband and TV in this market. During the year under review, Cablenet's broadband client base has increased by 6.6% .

The Group generated revenue of €171.8 million (2017: €166.3 million), an increase of €5.5 million over the comparative year. Revenue generated by Cablenet represents €33.4 million (2017: €31.0 million). On a standalone basis, Cablenet results show revenue growth of 7.8%. Revenue generated in Malta has maintained an upward trend, growing by 2.2% to €138.4 million. Whilst retail revenue from legacy fixed voice service continued to decline, GO experienced growth in all other retail sectors, particularly through attractive bundling propositions which continue to drive the strong performance at the retail level. During 2018 GO launched new mobile post-paid packages to attract customers to switch to a post-paid package, thus increasing the average revenue per user (ARPU). The Group also saw a growth from its business arm which is now offering a one stop shop for all the communications and ICT needs of business users.

Review of Group operations - continued

Cost of sales, administrative and related costs amounted to €140.4 million [2017: €138.0 million]. The Group managed to increase its revenues whilst driving its cost of sales down, thereby improving the gross margin by 2.2%. The Group embarked on a restructuring exercise and offered its employees a voluntary retirement scheme. This is in line with its commitment to decrease costs whilst at the same time becoming more efficient. During the current year this expense amounted to €2.7 million compared to €0.1 million in 2017.

Group Earnings before Interest, Tax, Depreciation and Amortisation [EBITDA] grew by 6.0% to €69.5 million, an increase of €3.9 million over the comparative year. Operating profit amounted to €33.1 million [2017: €29.5 million] representing underlying growth in operating performance of the Group. During 2018, both the EBITDA and the operating profit were positively impacted by the adoption of the new accounting standards IFRS 9 and IFRS 15. The impact on both our EBITDA and operating profit amounted to €1.0 million for the Group and €0.9 million for the Company. At Company level, there was also a change in accounting for free customer premises equipment and free TV installation services. Commencing this year, going forward GO is capitalising these costs and amortising them over the average lifetime of the equipment. The improvement in EBITDA is €3.7 million whereas the increase in the amortisation charge for the year totalled €2.6 million.

The investment in Cablenet continues to deliver positive results. During 2018, Cablenet increased its operating profit by 24% and its EBITDA by 12.2%. These results confirm the Group's strategy to continue investing in Cablenet's network, to be able to service a larger customer base whilst maintaining lean operations.

Profit before tax amounted to €31.7 million [2017: €27.9 million] resulting in an earnings per share of €0.187 [2017: €0.165].

Net cash generated from operations amounted to €52.8 million (2017: €57.0 million), a decrease of €4.2 million compared to 2017, this reduction the result of the increase in tax paid and payments made under the voluntary retirement scheme. The Group's investments in 2018 netted a cash outflow of €39.7 million, of which €1.9 million represented the acquisition of the remaining 49% shareholding in Kinetix, a subsidiary of BMIT Technologies Limited. Investments in property, plant, equipment and intangible assets amounted to €37.8 million, €3.9 million more than the value invested during 2017 as the Group maintains its commitment to continue investing in the latest technologies and expanding its fibre network. This investment programme extends also to Cyprus wherein 2018 it invested €1.7 million more than that invested during the preceding year. Through these investments the Group will ensure that the Maltese and Cypriot customers will continue to enjoy the best possible telecommunications experience

In addition to its investing activities, GO repaid the equivalent of €14.9 million in bank loans and paid out dividends amounting to €13.7 million. During the year the Group made €15 million drawdowns from its unutilised bank loan facilities. The Group's cash and cash equivalents as at year end decreased by €2.2 million. GO has adequate facilities in place, enabling it to maintain its investment programme and honour loan repayment obligations as and when these fall due.

GO's strategy is delivering more than the projected results. GO continues to maintain a robust operating performance in Malta and now it is also reaping the benefits from its investment in Cablenet. In the local market, even though operating in a highly competitive market, GO's customer base continues to increase and is the largest of any operator in Malta. In Cyprus, Cablenet serves more than 64,665 customers

It is encouraging to note that this sustained growth is being driven by an ever increasing number of customers adopting bundles of services. Thanks to the loyalty shown by customers to GO's and Cablenet's product portfolios, the Group continues to deliver robust levels of revenues, profitability and cash generation from its core operations.

Review of Group operations - continued

Within a highly competitive environment, these results continue to augur well, as the Group seeks to retain a strong presence in its domestic market as well as grow its presence in Cyprus across all product lines, striving to remain the leading telecommunication services provider and operator of choice.

Throughout the past year GO has also continued to focus on having employees with the right skill set to further improve its operations and customer service. Therefore the Company has every intention of continuing to invest further in its people. We operate in a technology-led, and rapidly evolving sector, and our skilled and committed teams are fundamental as we adapt to change and continue to innovate and drive this business forward together. Total employee benefit expense for the year amounted to €34.9 million (2017: €30.8 million). The average number of persons employed by the Group, including part-timers and students, during the year amounted to 1,226 (2017: 1,172).

The Group continues to retain a careful eye on environmental considerations in all its activities, as well as ethical behaviour with regards to its interactions with all its stakeholders.

Financial position

Following another year of robust operating performance, shareholders' funds as at year end amounted to €112.6 million (2017: €106.9 million), an increase of €5.7 million over the prior year in spite of a dividend distribution of €13.2 million during the year. The Group's net asset value per share stands at €1.19 (2017: €1.14), whilst the Group's equity position stands at 2.13x (2017: 2.12x) the Group's net debt position.

The Group's total asset base stands at €255.4 million (2017: €251.8 million), an increase of €3.6 million over the prior year. The Group's total asset base is 47.0% (2017: 45.7%) funded through equity.

GO had the option of acquiring a further 49% shareholding in Kinetix. This option was exercised on 1 March 2018.

The Group's current assets amounted to €54.2 million (2017: €56.0 million) and are mainly represented by trade and other receivables of €34.9 million (2017: €33.9 million), inventories of €7.5 million (2017: €8.3 million) and cash of €11.7 million (2017: €13.7 million). Total liabilities decreased from €136.7 million as at December 2017 to €135.3 million as at December 2018.

A strong and sustained operational performance and appropriate funding arrangements will allow the Group to continue to fund its investments in technology, honour its obligations with its bankers and pursue new investment initiatives aimed at increasing shareholder value.