



Half Year Results and Business Update

Rene Sugo, Group CEO
13 February 2018



Financial Summary



Forecast

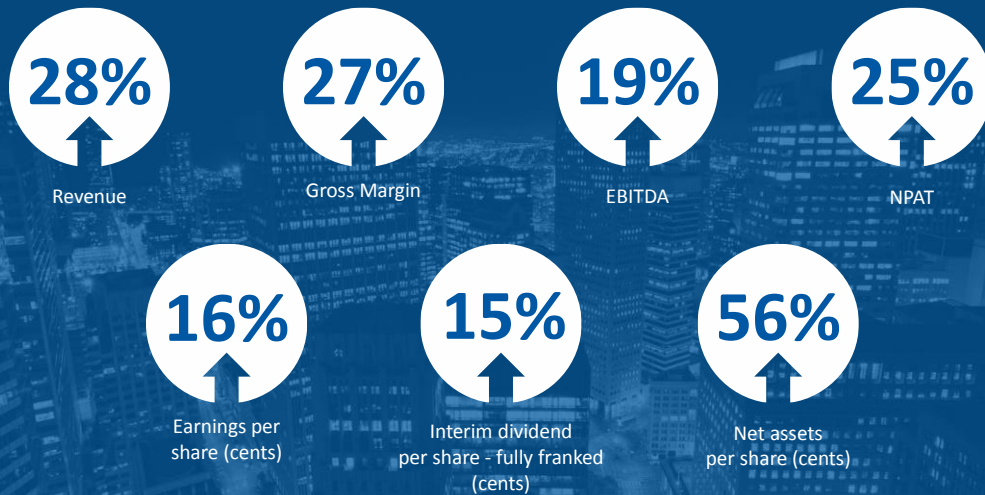


Corporate Overview



Business Overview

Financial Summary



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Comparisons on Prior Corresponding Period (FY17 H1)

Financial Highlights FY18 H1

Reported Result	FY17 H1	FY18 H1	Δ
Revenue	\$91.4m	\$116.7m	+28%
Gross Margin	\$26.7m	\$34.1m	+27%
EBITDA [^]	\$10.0m	\$11.9m	+19%
NPAT	\$4.9m	\$6.1m	+25%
Earnings per share (cents)	7.17	8.30	+16%
Interim dividend per share - fully franked (cents)	3.75	4.30	+15%
Net assets per share (cents)	63.2	98.7	+56%

- > [^]EBITDA includes \$0.5m of costs incurred in H1 in relation to the Pennytel MVNO launch (refer slide 13 for details). Underlying EBITDA of \$12.4m is a 24% increase on PCP
- > Debt outstanding as of 31 December 2017 is \$9.9m (June 2017: \$11.2m)
- > Cash on hand \$21.6m

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Investor Metrics



Metric	Value
Number of Shares	73.0m
Share Price	\$5.99
Market Capitalisation	\$437m
FY18 H1 Interim Dividend (fully franked)	4.30 cents

- > Share price is as at 12 February 2018
- > A Dividend Reinvestment Plan (DRP) is in place for this dividend

Dividend Timetable:

Record Date:	6 March 2018
Closing date for DRP election forms:	7 March 2018 (5pm AEDT)
DRP Announcement:	16 March 2018
Interim Dividend Payment Date:	5 April 2018

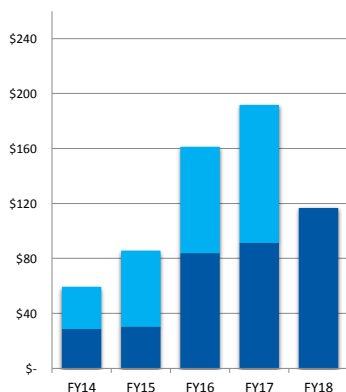
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REVENUE

\$116.7 million

FY18 H1 Revenue increased 28% on the prior corresponding period (PCP) to \$116.7m.

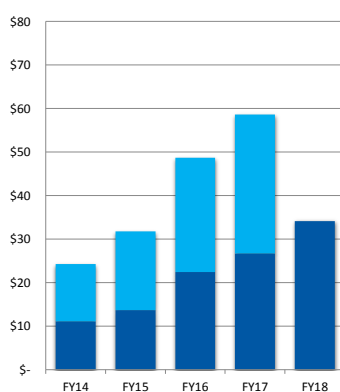


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MARGIN

\$34.1 million

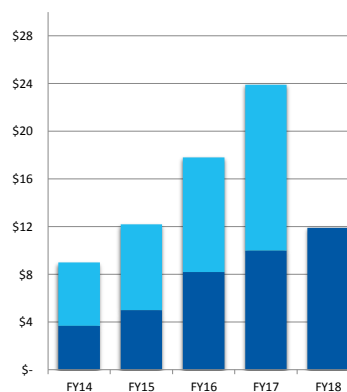
FY18 H1 Margin increased 27% on the PCP to \$34.1m. All segments made positive contributions to the result with solid organic growth across the business.



EBITDA

\$11.9 million

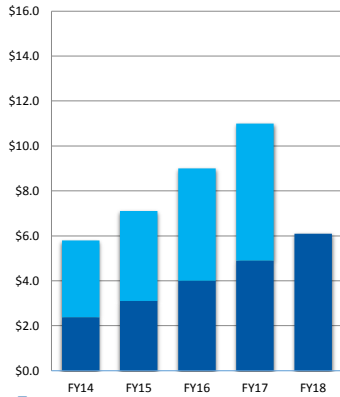
FY18 H1 EBITDA increased 19% on the PCP to \$11.9m. The result is in line with expectation and is due to strong organic growth and the contribution from CCI acquisition.



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NPAT **\$6.1 million** ↑

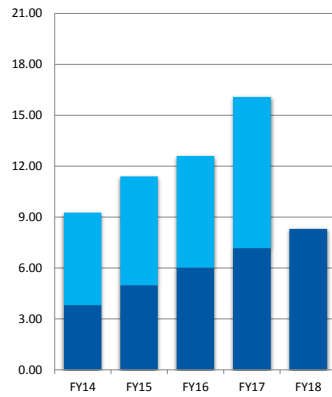
FY18 H1 NPAT increased 25% on the PCP to \$6.1m.



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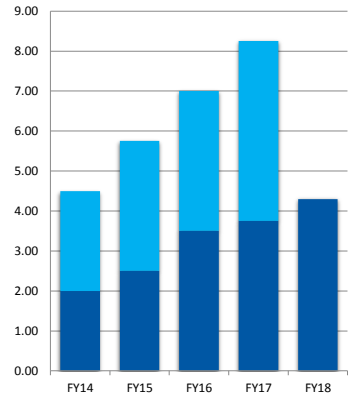
EPS **8.30¢** ↑

FY18 H1 EPS increased 16% on the PCP to 8.30 cents.



DIVIDEND **4.30¢** ↑

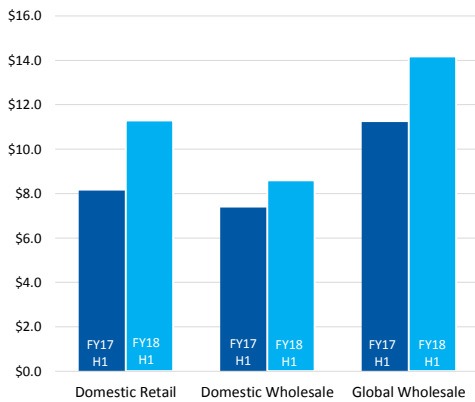
A fully franked interim dividend of 4.30 cents per share was declared for H1. This is a 15% increase on the PCP and represents 52% of EPS, consistent with the historical trend.



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PER SEGMENT GROSS MARGIN (\$M) ↑

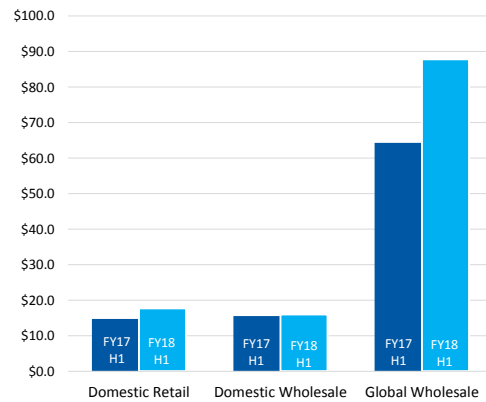
Overall Gross Margin is up 27% due to strong organic growth and contribution of the CCI acquisition. Underlying organic growth of 15% on PCP. Gross Margin is inline with budget expectation.



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PER SEGMENT REVENUE (\$M) ↑

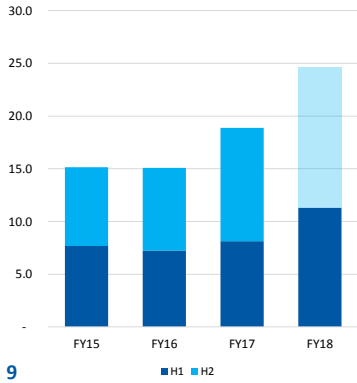
Overall Revenue is up 28% and is inline with budget expectation.



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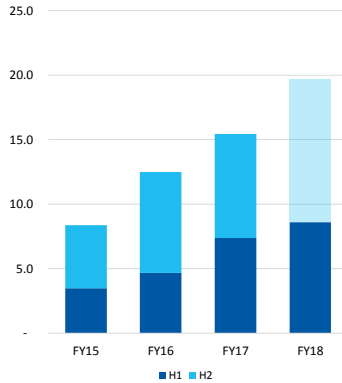
DOMESTIC RETAIL GM

Segment margin grew 39%. Organic growth in Small Business margin was offset by decline in legacy Residential gross margin. CCI contribution is as expected.



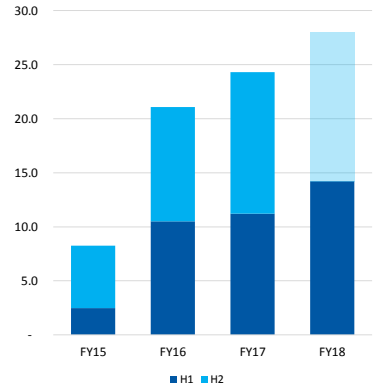
DOMESTIC WHOLESALE GM

Segment margin performing strongly with 17% organic growth on PCP, with a strong H2 expected due to strong growth in hosted mobile services.



GLOBAL WHOLESALE GM

Segment margin performing well with 27% organic growth on PCP. Shifts in revenue types are assisting growth, combined with stability in legacy business.

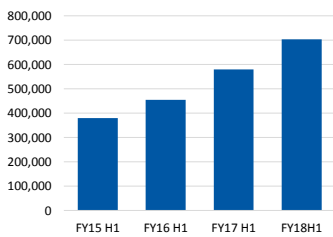


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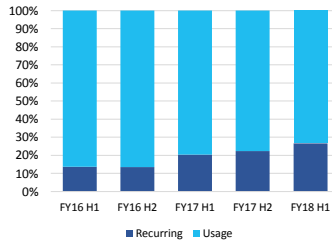
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Key Business Indicators

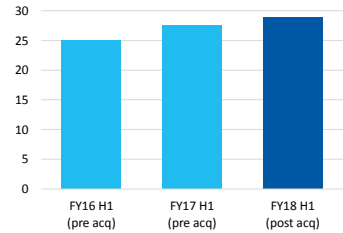
Domestic Numbers Ported In



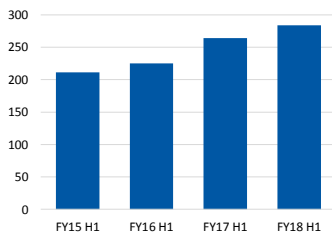
Global Wholesale Recurring vs Usage Revenue



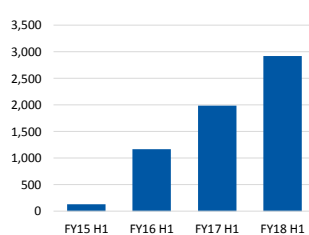
CCI Conference Minutes of Use (M)



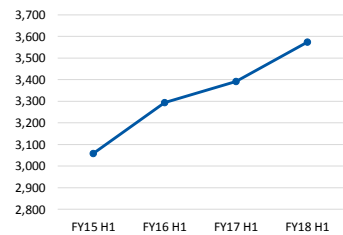
Domestic Wholesale Customers



Hosted iBoss Services



Virtual PBX Customers



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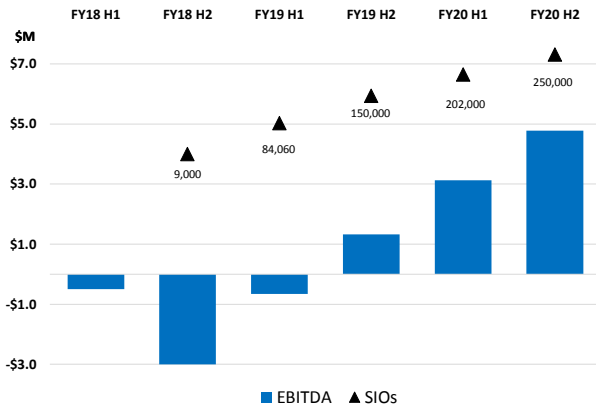
Forecast



FY18 Forecast Update

Forecast	FY18 Organic guidance	Investment in Pennytel launch	FY18 Forecast Updated
Gross margin	\$72.3m	\$0.0m	\$72.3m
EBITDA	\$28.5m	(\$3.5m)	\$25.0m
NPAT-A [^]	\$17.0m	(\$2.5m)	\$14.5m
NPAT	\$15.0m	(\$2.5m)	\$12.5m
Earnings Per Share (cents)	20.5		17.2

- > Re-affirming previous FY18 Gross margin guidance of \$72.3m
- > H1 Margin of \$34.1m represents 47% of FY margin forecast
- > H1 OPEX increases in H1 are consistent with expectations
- > FY18 H1 EBITDA includes \$0.5m of costs associated with the Pennytel brand re-launch
- > FY18 H2 EBITDA forecast impact from Pennytel MVNO launch is \$3.0m
- > CAPEX in H1 of \$4.0m is consistent with expectations
- > [^]NPAT-A excludes amortisation of customer contracts & software acquired in prior years and other software development




- Relaunch of Pennytel brand represents a unique timing opportunity for MNF Group to enter the mainstream telco retail market
- Strategy is to lead with a mobile (MVNO) product and later introduce broadband (NBN) once brand is established
- The investment is focussed on building a national brand focussed on the over 50's demographic
- All supporting technology is leveraging the MNF software ecosystem
- Business case is based on acquiring 250k mobile SIO by June 2020
- Targeted investment in Pennytel brand is \$3.5m in FY18, and EBITDA positive in FY19
- FY20 forecast EBITDA contribution of \$7.9m, and ongoing EBITDA growth there after
- Shareholders can subscribe at: www.pennytel.com.au



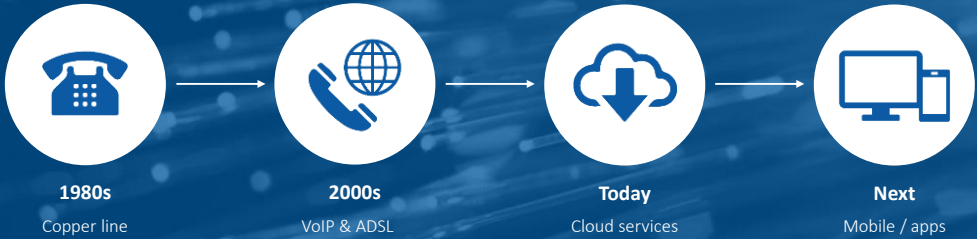
Corporate Overview





We are a software engine for the *future* of communications

Technology is changing



Customer expectations are changing

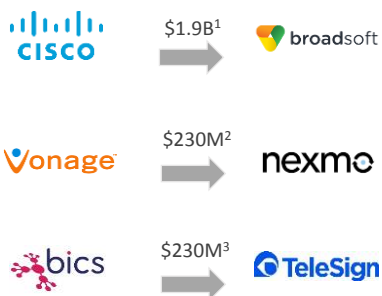
- > Anywhere
- > Anytime
- > Any device
- > Real time
- > Unified
- > Global scale

And MNF is *leading the way*

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To win, telcos must evolve



Or risk being replaced



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1: <https://newsroom.cisco.com/press-release-content?articleId=1887125>
2: <http://www.zdnet.com/article/vonage-buys-nexmo-for-230-million-eyes-cloud-communications-dominance/>
3: <https://www.telesign.com/resources/press-releases/bics-enters-definitive-agreement-to-acquire-tesesign-corporation/>

The future of communications is...



Any-Any-Any



Mobile



Real time



Agile

...only possible through cloud platforms

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**Our platform enables
embedded capabilities...**

Mobile
Virtual numbers
SIP Trunks
SMS & IM
Global termination
Telco back-end



**...that we sell to telcos
and disruptors...**

MVNOs
Emerging telcos
Global carriers
App developers
Software companies
Enterprise



**...and use to power our
own innovation**

Industry technology
Voice services
Conferencing
Apps & portals
Vertical brands

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MNF's role into the future



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Business Overview



Our 4-dimensional growth strategy



Geography

Expand infrastructure and presence throughout the Asia-Pacific region



Software

Expand our communications platform with new capabilities and products



Market share

Acquire new customers with targeted brands and tailored products



Wholesale partnerships

Build long term customer relationships with steady margin growth

Our global reach



MNF Group crosses the ditch



- › TNZI acquisition provides technical and commercial beach head in New Zealand
- › Symbio smart network expanded to full capabilities in New Zealand
- › CCI selected to deliver collaboration solutions to the New Zealand government:
 - › Encrypted audio calls
 - › Integrated web and video conferencing
 - › High Definition (HD) voice conferencing
 - › Local customer service 24/7
- › Execution provides the foundation for further APAC expansion



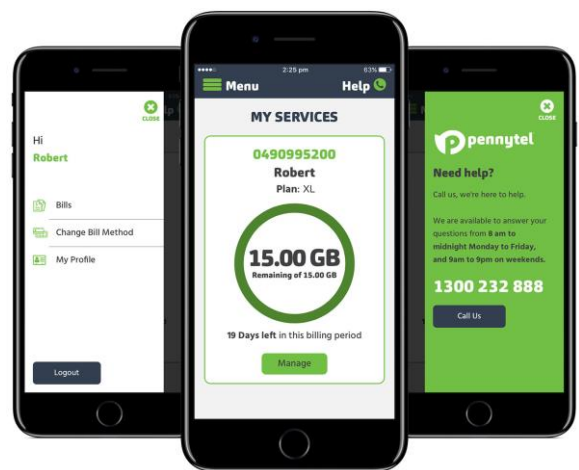
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Innovation focus areas



- › Virtual PBX and app-based business calling
- › Virtual mobile numbers
- › Web and video conferencing
- › Analytics & Enterprise reporting
- › End-to-end automation
- › Unified communication and collaboration



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Next residential opportunity?



- > Consumer mobile for 50+
- > Underserved, high value vertical with significant future growth
- > Use MNF Group technology, partnerships and expertise
- > Service + value differentiator



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Introducing...



Mobile service 'the way it should be'

- > Dormant brand (acquired 2013) with a fresh new look and feel
- > Customer experience tailored to 50+ market
- > Back-end built on proprietary iBoss software
- > New local and overseas teams to deliver service promise
- > National ad campaign reaching 7.7M Australians

Want to have it all — coverage, service *and* value?
It's your call.

At Pennytel, we are giving regional Australia a choice of mobile provider without compromise.

A quick switch for a better deal?

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Enterprise & government



- > Launched new MNF Enterprise brand in Australia
- > Delivers best-in-class Unified Communications & Collaboration solutions, tailored to individual customer requirements
 - > Utilities
 - > Contact Centres
 - > Local / State Government
- > Accredited by major procurement frameworks
- > Significant pipeline for Cloud Connect (Skype for Business) and UC-Connect (Broadsoft) solutions
- > Supplier for the Tasmanian government.



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“Partnering with MNF Group has helped us grow beyond our core broadband offering, and scale rapidly through automation.”

Their APIs allow us to integrate mobile and voice capabilities within our own back-end systems. In turn, ensuring we have full control over our key differentiator – customer experience.”

- Phillip Britt, Managing Director



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“MNF Group have been a long-term partner in our success. Their network and APIs are at the heart of our voice and mobile services, enabling us to ensure quality and innovate without compromise.”

- Lakshman Mawalagedera, Managing Director

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Thank you

- › For further information please contact:
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- › Visit our new corporate web site
<http://mfnfgroup.limited>



Investor Webinar
When: Tuesday 13th February
Time: 3pm-4pm
Register here: [H1 FY18 Webinar](#)



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