



OvertheWire

2018

HALF YEAR RESULTS
PRESENTATION

FEBRUARY 2018

IMPORTANT NOTICE AND DISCLAIMER

- The information in this presentation does not constitute personal investment advice. The presentation is not intended to be comprehensive or provide all information required by investors to make an informed decision on any investment in Over the Wire Holdings Limited ACN 151 872 730 (Company). In preparing this presentation, the Company did not take into account the investment objectives, financial situation and particular needs of any particular investor.
- Further advice should be obtained from a professional investment adviser before taking any action on any information dealt with in the presentation. Those acting upon any information without advice do so entirely at their own risk.
- Whilst this presentation is based on information from sources which are considered reliable, no representation or warranty, express or implied, is made or given by or on behalf of the Company, any of its directors, or any other person about the accuracy, completeness or fairness of the information or opinions contained in this presentation. No responsibility or liability is accepted by any of them for that information or those opinions or for any errors, omissions, misstatements (negligent or otherwise) or for any communication written or otherwise, contained or referred to in this presentation.
- Neither the Company nor any of its directors, officers, employees, advisers, associated persons or subsidiaries are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon any statement in this presentation or any document supplied with this presentation, or by any future communications in connection with those documents and all of those losses and damages are expressly disclaimed.
- Any opinions expressed reflect the Company's position at the date of this presentation and are subject to change.
- References to Over the Wire in this presentation are to the Over the Wire group including all subsidiaries, unless stated elsewhere.

THE STRAIGHT TALKING ALTERNATIVE

A customer focused, viable alternative in the Australian and New Zealand
Telecommunications and IT Sectors

AGENDA

		PAGE
1.	Half Year Results	5
2.	Financial Performance	9
3.	Product Offering	10
4.	Growth Strategy	11
5.	Acquisition Update	13
6.	H1 2018 Highlights	14
7.	Positive Outlook	15



H1 2018 FINANCIAL HIGHLIGHTS

REVENUE

↑ 72%

EBITDA

↑ 62%

NPATA

↑ 60%

NPAT

↑ 39%

PROFIT AND LOSS

(A\$m)	2017 H1	2018 H1	Change (%)
Data Networks	6.0	12.6	109%
Voice	4.8	6.7	38%
Cloud / Services	1.8	3.3	90%
Data centre co-location	1.3	1.4	6%
Revenue	14.0	24.1	72%
Gross profit	8.2	13.0	
<i>Gross profit %</i>	<i>58%</i>	<i>54%</i>	
Other Income	0.0	0.0	
Overhead Expenses	5.2	8.1	
EBITDA	3.1	4.9	62%
EBITDA %	22%	21%	
Interest	0.0	0.2	
Depreciation	0.6	1.0	
Tax	0.5	0.9	
NPATA	1.8	2.9	60%
Amortisation	0.3	0.8	
NPAT	1.6	2.2	39%

STRONG GROWTH IN REVENUE AND PROFITABILITY

- Organic growth within Company's expectation and on track to deliver on stated growth targets.
- Strong growth in profitability delivered organically and through quality acquisitions.
- Gross Profit % of period-on-period comparative business remained steady with overall Gross Profit % diluted by the acquisitions of Telarus and VPN Solutions.

STRONG CASH CONVERSION

(A\$m)	2017 H1	2018 H1
Receipts from Customers	15.4	26.4
Payments to Suppliers & Employees	-13.0	-21.4
	2.4	5.1
Interest Received	0.0	0.0
Interest Paid & Other Finance Costs Paid	0.0	-0.2
Income Taxes paid	-1.8	-1.4
Net Cash From Operating Activities	0.6	3.5
Payments for Purchases of Businesses	-0.2	-14.5
Payments for Property, Plant & Equipment	-0.8	-1.0
Payments for Intangibles (Internally Generated Software)	0.0	-0.1
Net Cash Used in Investing Activities	-1.0	-15.6
Proceeds from Issue of Shares	0.0	0.0
Proceeds / (Repayment) of Borrowings	0.0	12.0
Dividends Paid	-0.4	-0.5
Net Cash From / (Used in) Financing Activities	-0.4	11.4
Net Increase in Cash & Cash Equivalents	-0.8	-0.7
Cash & Cash Equivalents at Beginning of the Year	7.0	5.5
Cash & Cash Equivalents at the End of the Year	6.2	4.8

OVER THE WIRE GENERATES STRONG CASHFLOW

- Continued strong conversion of EBITDA to cash.
- Acquisition of VPN Solutions through a mix of Debt, Shares and Cash.
- Debtors Days remain around 18 days.
- Creditors Days remain around 30 days.

BALANCE SHEET

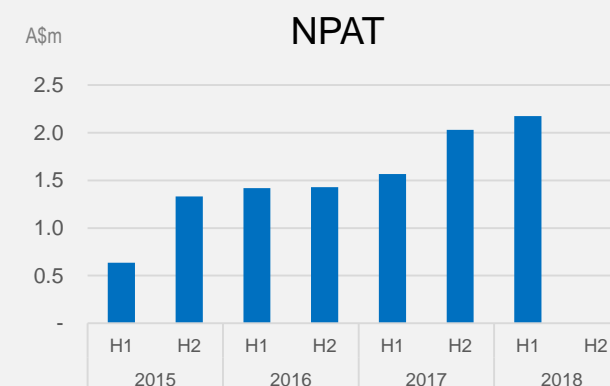
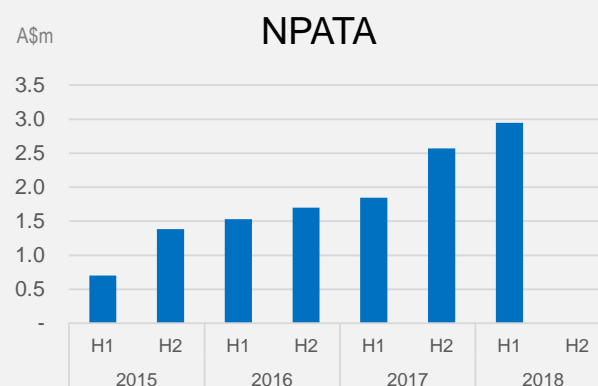
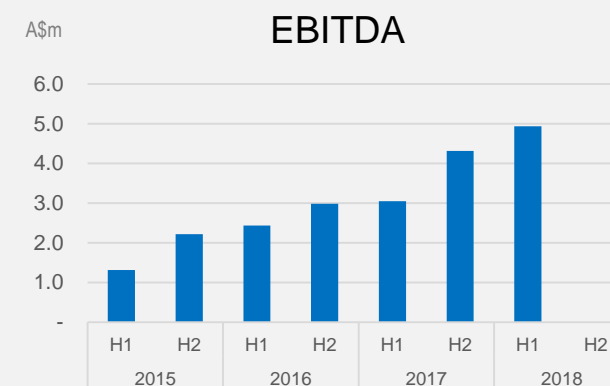
- \$14.8m of debt with Westpac to finance the acquisition of VPN Solutions.
- NAB Facility used to fund the acquisition of Telarus has been repaid.
- Net Debt of \$12.6m.
- Interim Dividend Declared - 1¢ per share. Payable April 2018.



(A\$m)	2017 H2	2018 H1
Cash and Cash Equivalents	5.5	4.8
Trade and other Receivables	3.2	3.9
All Other	0.8	1.0
Total Current Assets	9.6	9.7
Property, Plant & Equipment	4.8	5.0
Intangibles	17.7	37.3
All Other	0.0	0.0
Total Non Current Assets	22.6	42.4
Total Assets	32.1	52.0
Trade & Other Payables	4.9	7.1
Borrowings	2.2	4.1
Settlement Liability	0.4	2.2
Current Tax Liability	0.4	0.0
All Other	0.8	1.1
Total Current Liabilities	8.7	14.6
Borrowings	1.7	11.0
Settlement Liability	0.2	0.0
Deferred Tax	2.4	4.7
All Other	0.1	0.1
Total Non-Current Liabilities	4.4	15.8
Total Liabilities	13.1	30.4
Net Assets	19.0	21.6
Issued Capital	11.3	12.1
Reserves	0.0	0.2
Retained Profits	7.7	9.3
Total Equity	19.0	21.6

STRONG FINANCIAL PERFORMANCE

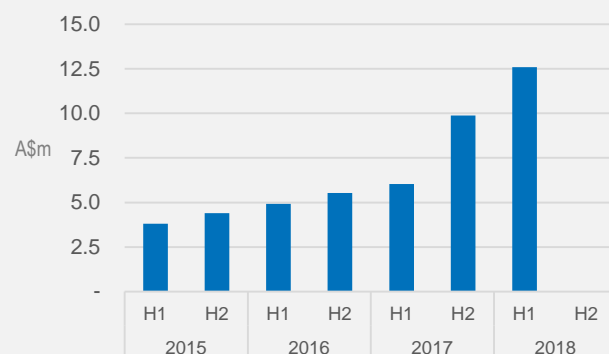
Over the Wire has delivered consistent growth in revenue and profitability since listing



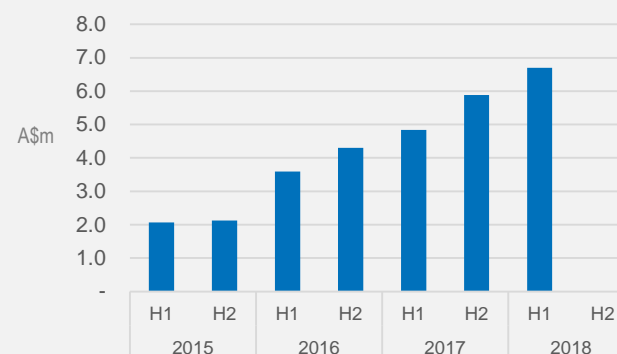
GROWTH ACROSS ALL PRODUCT DIVISIONS



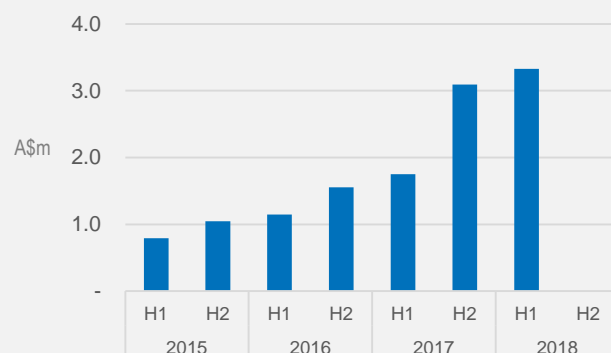
DATA NETWORKS
(52% of H1 2018 Revenue)



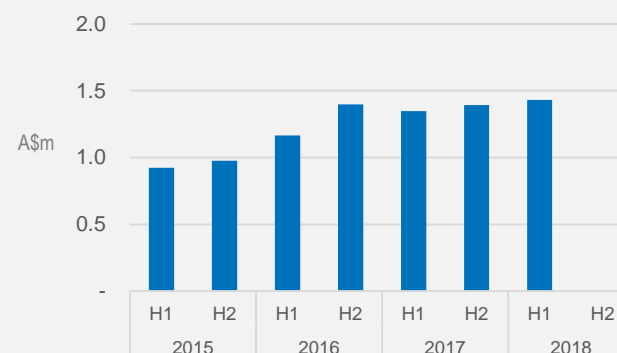
VOICE
(28% of H1 2018 Revenue)



CLOUD / MANAGED SERVICES
(14% of H1 2018 Revenue)

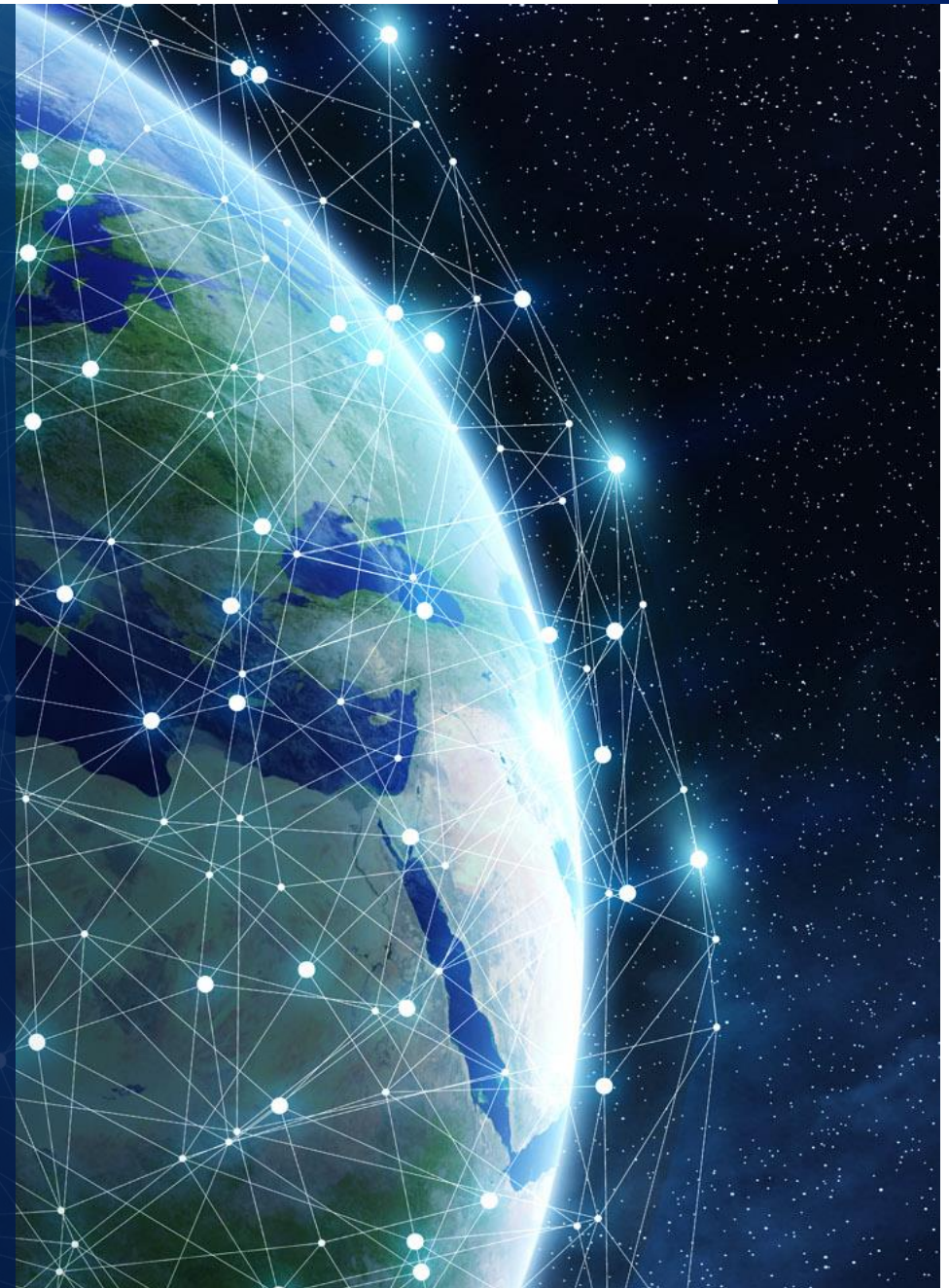


DATA CENTRE CO-LOCATION
(6% of H1 2018 Revenue)



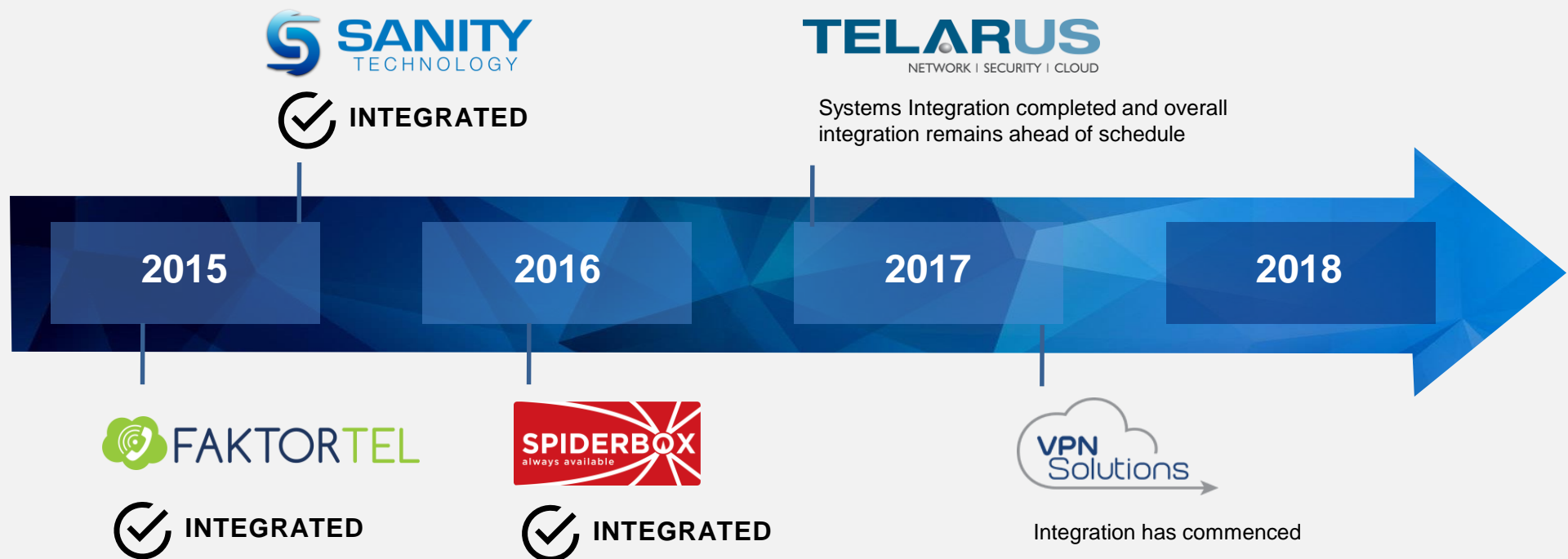
GROWTH STRATEGY

- Over the Wire will continue to target > 20% Year on Year organic growth.
- Targeted organic growth will be achieved through continuing the following strategy:
 - Continued geographic expansion into NSW and Victoria.
 - Selling more products and services to existing customers by leveraging Over the Wire's broad product set.
 - Evolving Over the Wire's products and services to deliver value added offerings that result in improving the customer experience.
- Selective future acquisitions will be considered where they have a compelling strategic fit and accelerate growth.



ACQUISITIONS ACCELERATE GROWTH

Over the Wire has a track record of successfully acquiring and then integrating acquisitions, with timely realisation of synergies and cost savings





VPN SOLUTIONS ACQUISITION UPDATE

VPN SOLUTIONS IS A LEADING SYDNEY BASED PROVIDER OF DATA NETWORKS

AT A GLANCE

- Acquired on 1 November, 2017.
- Data networks provider with approximately 150 business customers.
- Expedites Over the Wire's growth in New South Wales and South Australia.
- Contributed \$1.9m revenue in H1 2018.

CURRENT STATUS

- Team integration proceeding well, with full integration expected during the next six months.
- System integration proceeding well, with all systems to be integrated within the next six months.
- Realisation of synergies expected to commence in H2 2018 with further costs savings to be delivered during 2019.

2018 H1 HIGHLIGHTS

- Completed acquisition of VPN Solutions
- Achieved Revenue growth of 72%, to \$24.053m
- Achieved EBITDA growth of 62%, to \$4.935m
- Achieved NPATA growth of 60%, to \$2.947m
- Recognised in 2017 AFR Fast 100, 2017 Deloitte Technology Fast 50 and 2017 CRN Fast 50
- Declared Interim Dividend of 1.00 cents per share
- Basic EPS up 38%, to 4.984 cents



POSITIVE OUTLOOK

We remain **focussed on achieving our vision** and continuously **improving the financial performance** of the business and the **returns for our shareholders**

GROW

Grow organically by 20% annually and supplement our growth with strategic acquisitions that accelerate our growth and add long term value.

- Continue investment in Sales and Marketing
- Continue cross selling to existing customers
- Realisation of synergies from Telarus acquisition
- Realisation of synergies from VPN Solutions acquisition
- Selective future acquisitions

IMPROVE

Continuously improve our product offering to offer seamless solutions with no gaps.

- Further develop our offering in:
 - Cloud Telephony
 - Managed Security
 - Mobility
 - Private Cloud

FOCUS

Our customers remain at the epicentre of all that we do, receiving exceptional service and recommending us to others.

- Continuously focus on how we are improving the experience for our customers

ENGAGE

Ensure our team is engaged and customer focussed, embodying our core values.

- Build on our performance culture
- Be a great place to work
- Attract, develop and retain great talent

EVOLVE

Evolve our systems to support and enhance customer experience, our growth and our corporate performance.

- Continue integration of systems to ensure seamless customer and team experience
- Further enhance our customer portal for optimal customer experience

THANK YOU FOR YOUR TIME
ANY QUESTIONS?



1300 689 689

overthewire.com.au

BRISBANE

Level 21, 71 Eagle St
Brisbane QLD 4000

SYDNEY

Level 9, 33 York St
Sydney NSW 2000

MELBOURNE

Level 8, 473 Bourke St
Melbourne VIC 3000