



OvertheWire

2018

FULL YEAR RESULTS
PRESENTATION

AUGUST 2018

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THE STRAIGHT TALKING ALTERNATIVE

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

AGENDA

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FY18 FINANCIAL HIGHLIGHTS

↑ 57%

Total Revenue up
to \$53.6m

↑ 20%

Increase in Revenue
through organic growth

↑ 66%

Total EBITDA up
to \$12.3m

↑ 68%

Total NPATA up
to \$6.8m



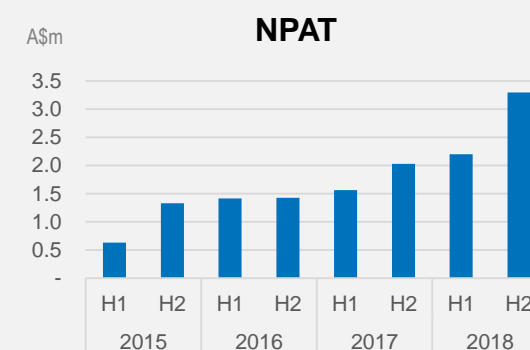
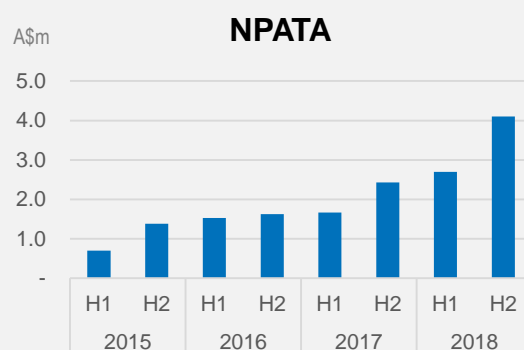
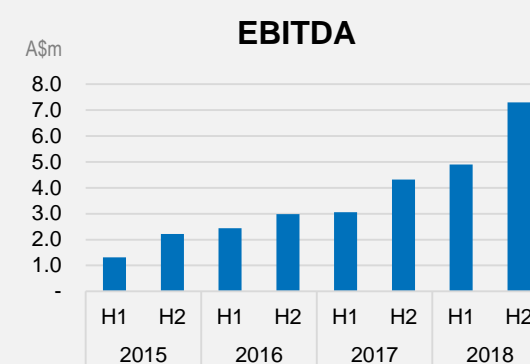
PROFIT AND LOSS

(A\$m)	2017 Total	2018 VPN	2018 Rest of Group	2018 Total Group	Statutory Change (%)	Organic Change (%)
Data Networks	15.9	7.5	21.9	29.4	85%	19%
Voice	10.7	0.1	14.0	14.1	31%	24%
Cloud / Services	4.8	0.2	7.1	7.3	50%	25%
Data Centre Co-location	2.7	0.0	2.9	2.9	4%	4%
Revenue	34.2	7.7	45.8	53.6	57%	20%
Gross profit	19.2	4.5	25.3	29.8	55%	
Gross profit %	56%	59%	55%	56%		
Other Income	0.3			0.1		
Overhead Expenses	12.1			17.7		
EBITDA	7.4			12.3	66%	
EBITDA %	22%			23%		
Interest	0.2			0.5		
Depreciation	1.5			2.1		
Tax	1.6			2.9		
NPATA	4.1			6.8	68%	
Amortisation	0.8			1.9		
Tax	-0.3			-0.6		
NPAT	3.6			5.5	54%	
Earnings per share (cents)	8.3			12.6	53%	

- Financial Leverage emerging as a result of acquisition synergies and efficiencies of scale
- Consistent organic growth across major products areas
- GP% maintained, and EBITDA% increased
- EPS up 53%

STRONG FINANCIAL PERFORMANCE

Over the Wire has consistently delivered growth in revenue and profitability



STRONG CASH CONVERSION

(A\$m)	2017	2018
Receipts from Customers	37.5	57.8
Payments to Suppliers & Employees	-29.6	-44.8
	7.9	13.0
Interest Received	0.1	0.0
Interest Paid & Other Finance Costs Paid	-0.2	-0.5
Income Taxes paid	-2.7	-2.2
Net Cash from Operating Activities	5.1	10.3
Payments for Purchases of Businesses	-7.4	-14.5
Payments for Intangibles (Internally Generated Software)	0.0	-0.5
Payments for Property, Plant & Equipment	-1.7	-2.1
Net Cash Used in Investing Activities	-9.1	-17.1
Proceeds from Issue of Shares	0.0	0.0
Proceeds (Net of Repayments) of Borrowings	3.3	9.3
Dividends Paid	-0.8	-1.0
Net Cash From / (Used In) Financing Activities	2.5	8.3
Net Increase in Cash & Cash Equivalents	-1.5	1.5
Cash & Cash Equivalents at Beginning of the Year	7.0	5.5
Cash & Cash Equivalents at End of the Year	5.5	7.0

OVER THE WIRE GENERATES STRONG CASHFLOW

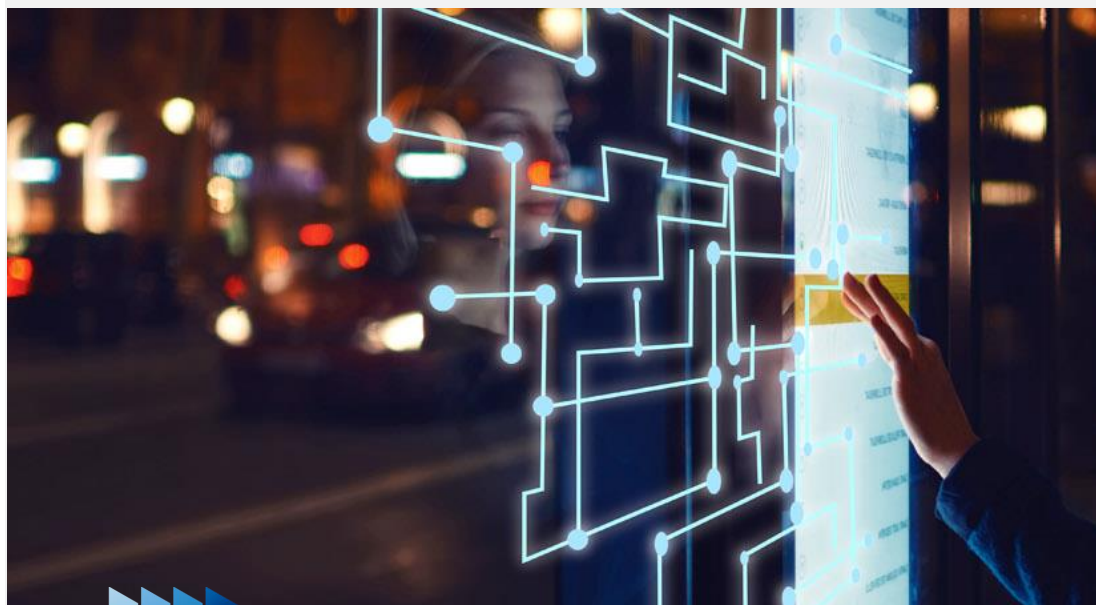
- Continued strong conversion of EBITDA to cash.
- Additional \$3m repaid against Westpac debt ahead of schedule.
- Annual Capex remains around \$2m per year.

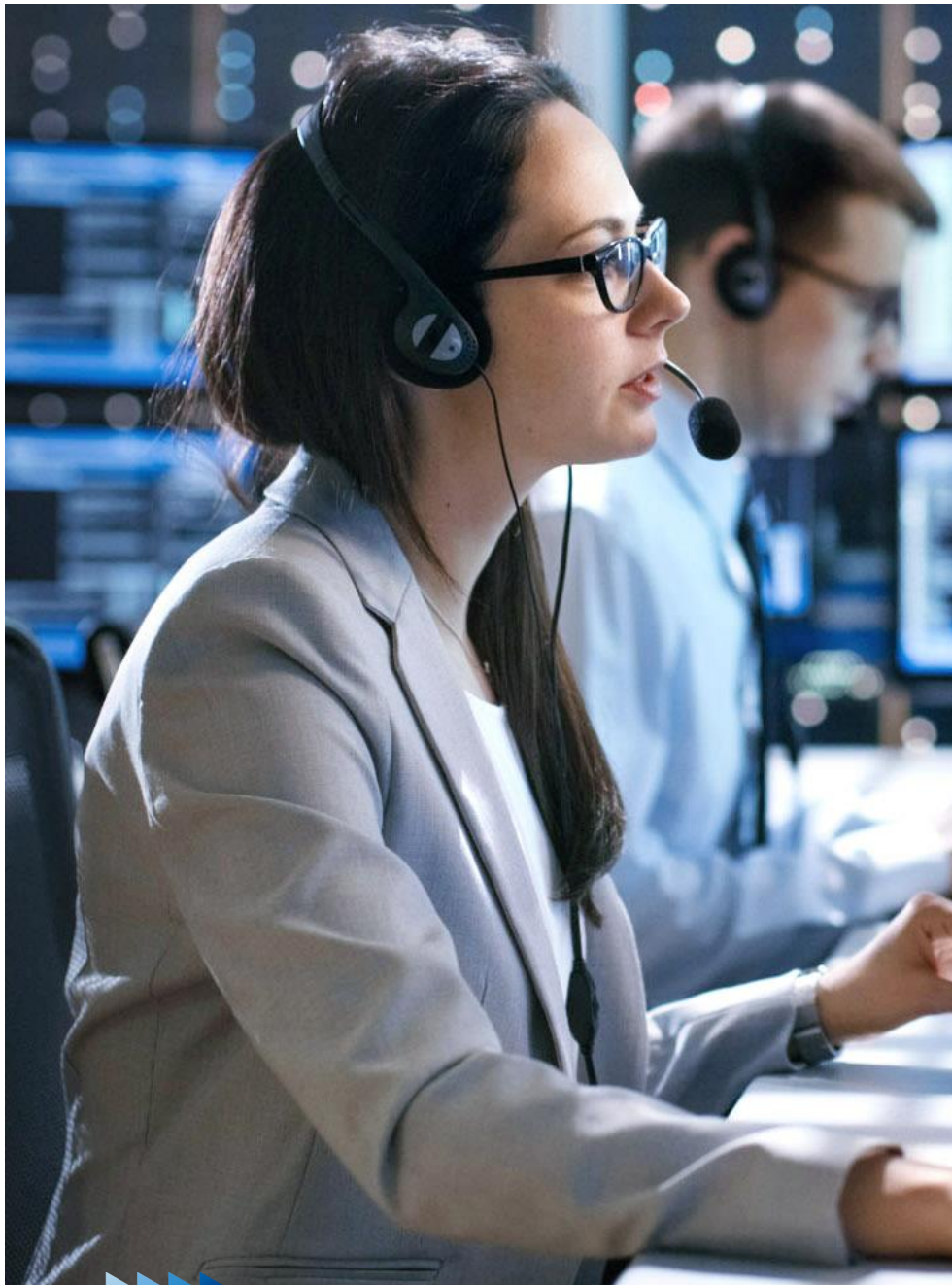
BALANCE SHEET

STRONG BALANCE SHEET, WELL POSITIONED TO DELIVER FURTHER STRATEGIC ACQUISITIONS

- Debt-to-EBITDA ratio of 1.1 : 1
- Debt (including Earn Outs)–to-EBITDA ratio of 1.2 : 1
- \$18m debt with Westpac to finance the acquisition of VPN has already been paid down to \$13.2m.

(A\$m)	2017	2018
Cash and Cash Equivalents	5.5	7.0
Trade and other Receivables	3.2	4.4
All Other	0.8	1.2
Total Current Assets	9.6	12.5
Property, Plant & Equipment	4.8	5.1
Intangibles	17.7	36.6
All Other	0.0	0.0
Total Non Current Assets	22.6	41.7
Total Assets	32.1	54.2
Trade & Other Payables	4.9	7.3
Borrowings	2.2	4.0
Settlement Liability	0.4	2.0
Current Tax Liability	0.4	1.0
All Other	0.8	1.3
Total Current Liabilities	8.7	15.6
Borrowings	1.7	9.2
Settlement Liability	0.2	0.0
Deferred Tax	2.4	4.4
All Other	0.1	0.2
Total Non-Current Liabilities	4.4	13.8
Total Liabilities	13.1	29.4
Net Assets	19.0	24.9
Issued Capital	11.3	12.2
Reserves	0.0	0.4
Retained Profits	7.7	12.3
Total Equity	19.0	24.9



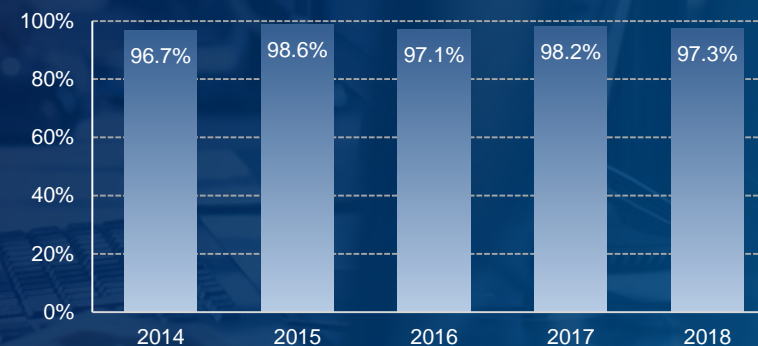


CUSTOMER SERVICE A COMPETITIVE ADVANTAGE

Over the Wire's customer service has led to very high levels of customer retention (97.3% in FY18)

- Over the Wire has developed a culture which consistently delivers high levels of customer service and retention.
- This high level of customer service allows Over the Wire to win customers from its competitors and expand the services provided to customers.
- Customer experience remains a key differentiator in an industry that is known for poor customer service.

OVER THE WIRE CUSTOMER RETENTION
Revenue Year-on-Year

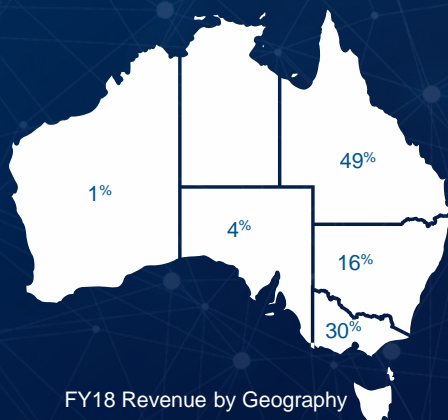


Notes:

- (1) Does not include acquisitions until they have been owned for 2 full comparative years.
- (2) A customers revenue is classified as retained in a given year if Over the Wire had revenue from the customer in the current year and in the previous year.

GROWTH STRATEGY ORGANIC GROWTH

- Growth achieved aligns with geographic investment made.
- Over the Wire will continue to target > 20% Year on Year organic growth.
- Targeted organic growth will be achieved through continuing the following strategies:
 - Continued geographic expansion.
 - Leveraging Over the Wire's platform to sell more products and services to existing customers.
 - Evolving Over the Wire's products and services to deliver value added offerings that result in improving the customer experience.

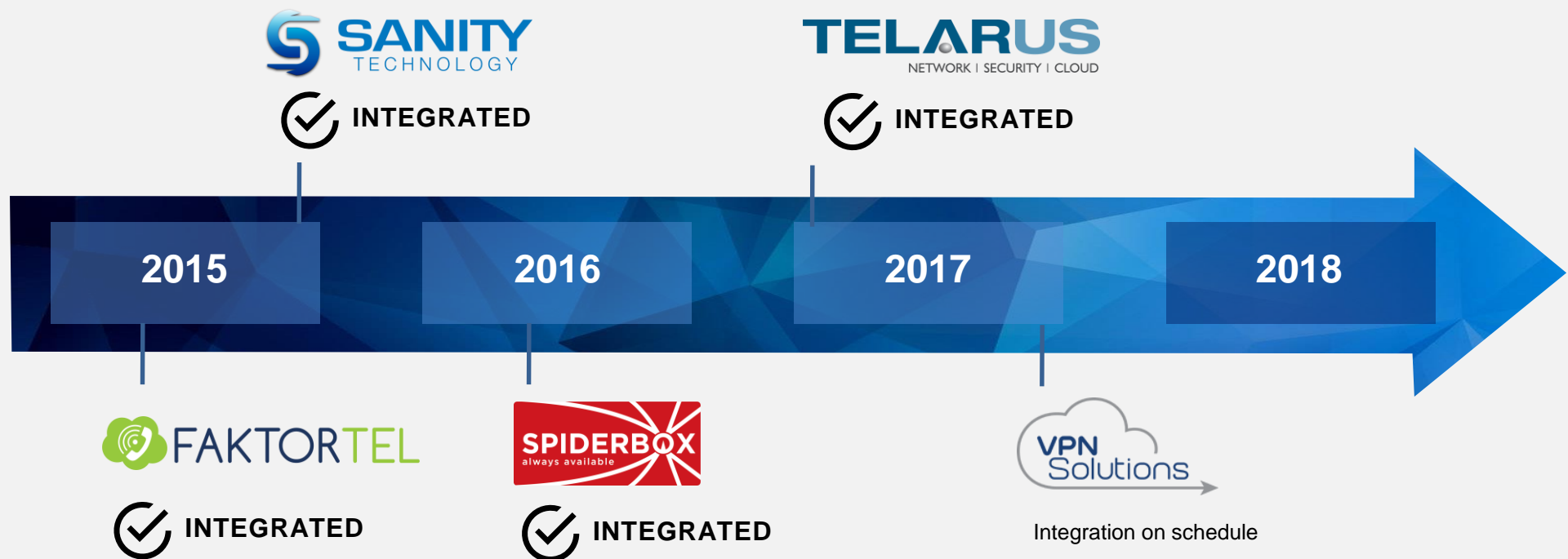


	Revenue Growth - Organic	Revenue Growth - Statutory
Queensland	6%	23%
New South Wales	30%	60%
Victoria	153%	133%
Other	62%	276%

Note: Revenue by State is based on the customer's billing address.

ACQUISITIONS TO 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 NEW SOUTH WALES BASED PROVIDER OF DATA NETWORKS

AT A GLANCE

- Acquired on November 1, 2017.
- High quality customer base leveraging VPN's Data Networks capability.
- Expedited Over the Wire's growth in New South Wales and South Australia.
- Contributed \$7.7m revenue in FY18.

CURRENT STATUS

- Team integration completed.
- System integration completed.
- Wider product set well received by customer base, resulting in positive outcomes being achieved through cross selling.
- Realisation of synergies has commenced, and will contribute further in FY19.
- New business being won by the combined capability of Over the Wire and VPN Solutions.

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
- Selective future acquisitions
- Realisation of synergies from VPN Solutions acquisition

IMPROVE

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

- Further develop our offering in:
 - Intelligent Networks
 - Cyber Security
 - Mobility

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
- Strengthen our Leadership team
- 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?



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