



US Roadshow Presentation

Rene Sugo, CEO

23 September 2019



View the MNF Journey

Find out where it all began...

<https://mnfgroup.limited/about>



Financial Results

Key results summary



Recurring Revenue

Up 89% to \$74m



EBITDA

Up 11% to \$27.2m



Underlying NPAT-A

Up 13% to \$15.9m



Recurring Gross Margin

Up 60% to \$49m



Gross Margin

Up 20% to \$82.5m



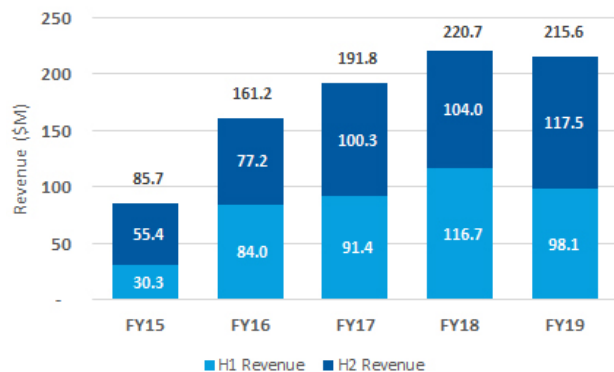
Underlying EPS-A

Up 12% to 21.7 cps

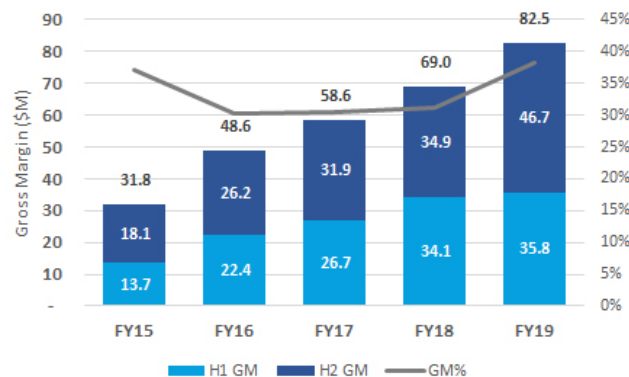
➤ Underlying NPAT-A, EPS-A exclude once-off acquisition costs and amortisation expense

MNF at a glance

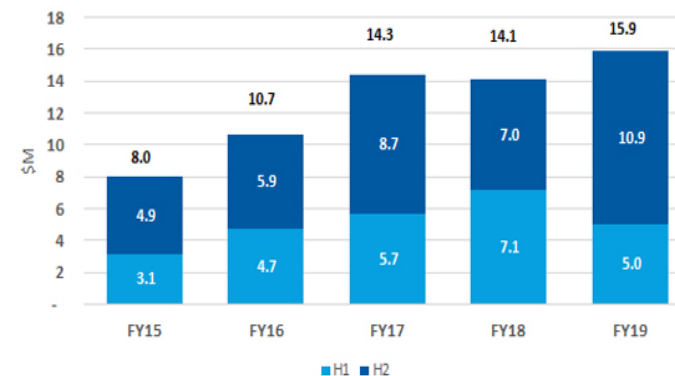
Revenue



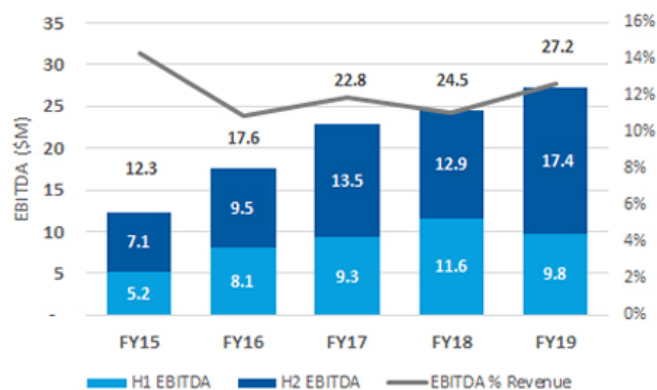
Margin



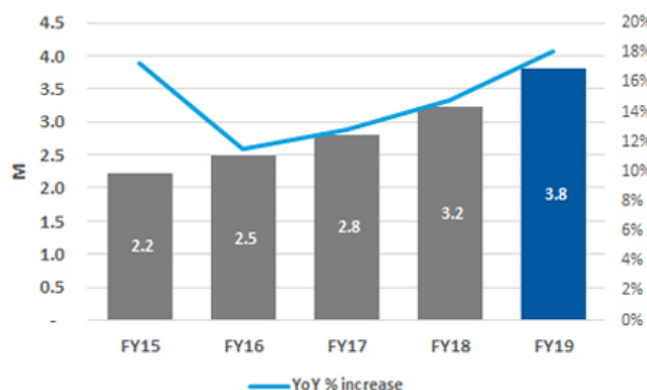
Underlying NPAT-A



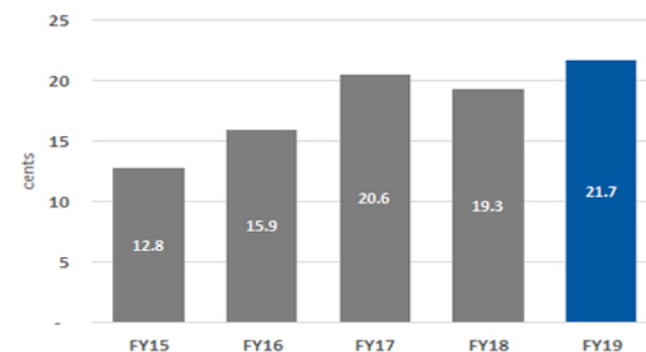
EBITDA



Phone numbers



Underlying EPS-A

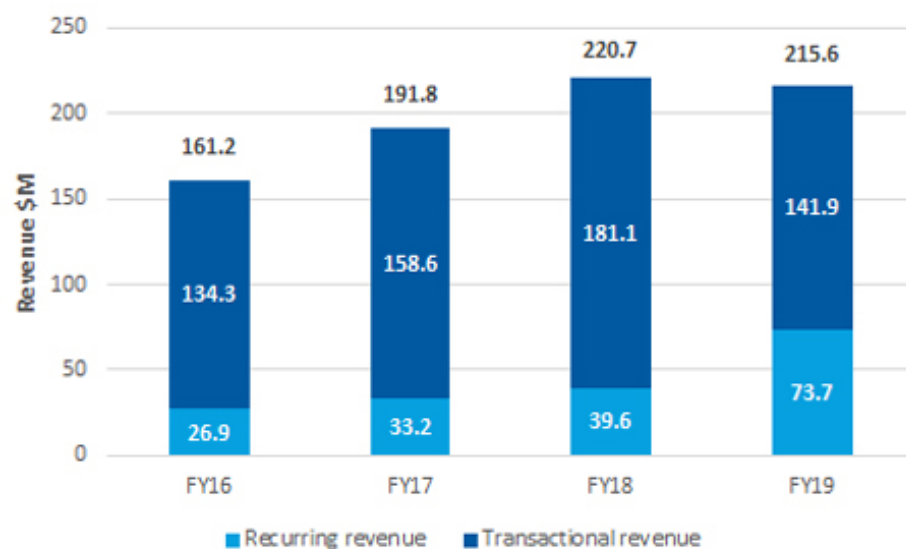


Financial Highlights FY19

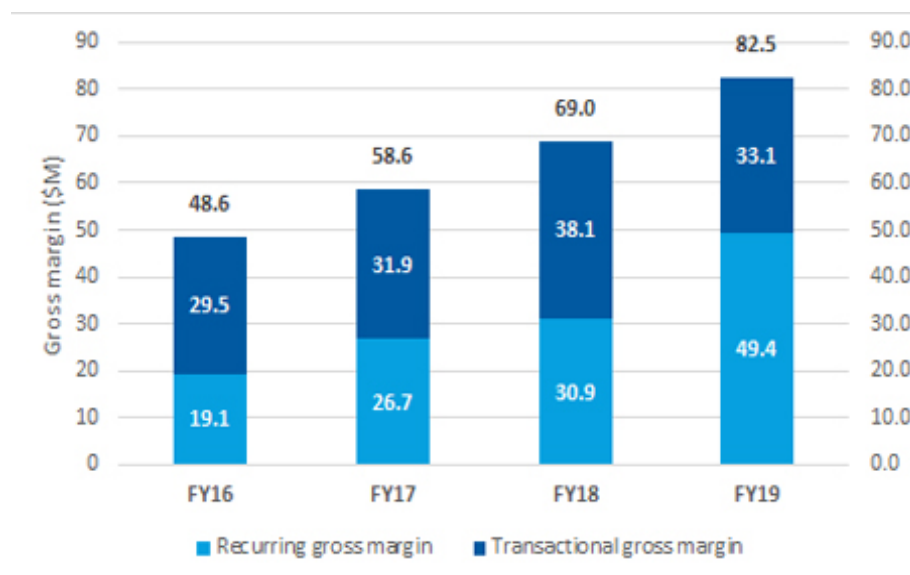
Reported Result	FY18	FY19	Δ
Revenue (\$M)	220.7	215.6	-2%
Gross Margin (\$M)	69.0	82.5	+20%
Gross Margin % of Revenue	31%	38%	
EBITDA (\$M)	24.6	27.2	+11%
NPAT (\$M)	11.9	11.4	-4%
EPS (cents)	16.25	15.55	-4%
Underlying NPAT-A (\$M)	14.1	15.9	+13%
Underlying EPS-A (cents)	19.3	21.7	+12%
Total dividend per share - fully franked (cents)	8.35	6.10	-27%

- A reconciliation of NPAT to EBITDA is provided in the Directors Report
- EBITDA, NPAT and EPS are all within guidance
- Underlying NPAT-A and EPS-A excludes amortisation and acquisition costs
- There will be a Dividend Re-investment Plan (DRP) for this dividend

Recurring Growth



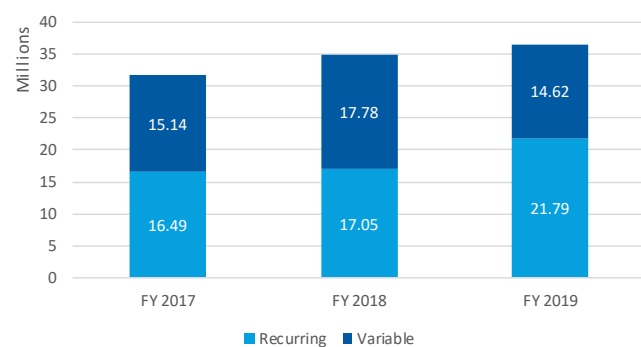
- Business continues to transform into a recurring revenue business.
- Recurring revenues grew 89% YoY to 34% of the revenue mix - this trend is expected to continue.
- Recurring revenue tends to be higher margin and sticky in nature from long term repeat customers.
- FY19/Q4 annualised recurring revenue at \$100m/annum



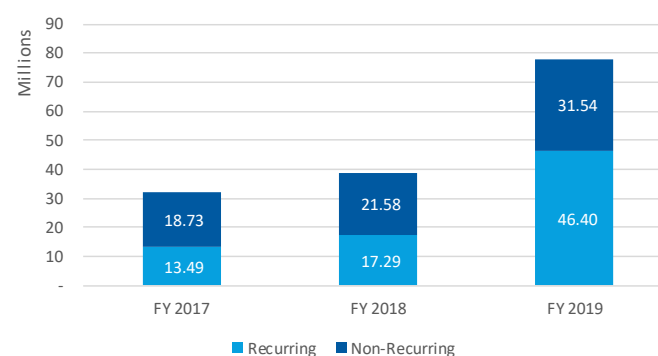
- Gross Margin from recurring services grew strongly – to 60% of overall margin contribution.
- Trend expected to continue as business continues to focus on recurring business.
- FY19/Q4 annualised recurring margin at \$69/annum

Segment Performance

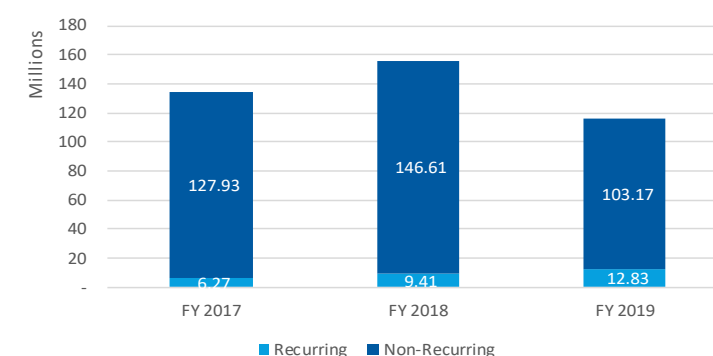
Retail Revenue Trend



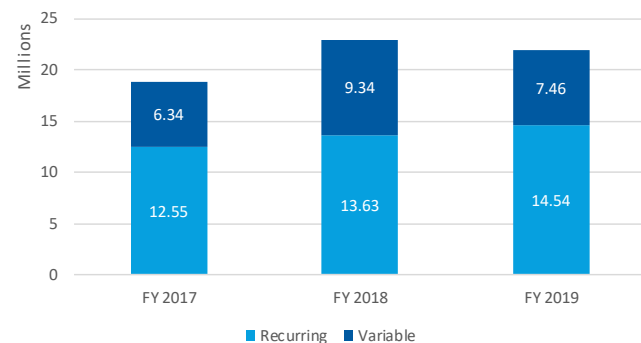
Domestic Wholesale Revenue Trend



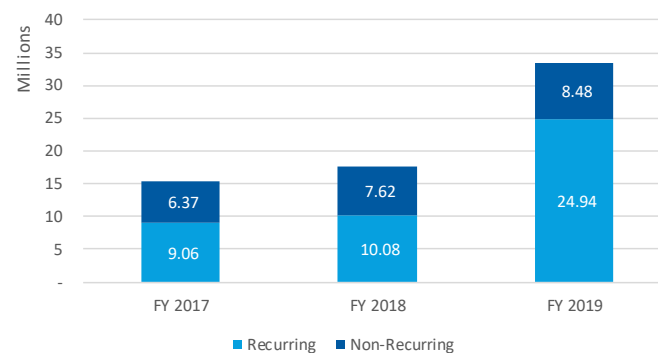
Global Wholesale Revenue Trend



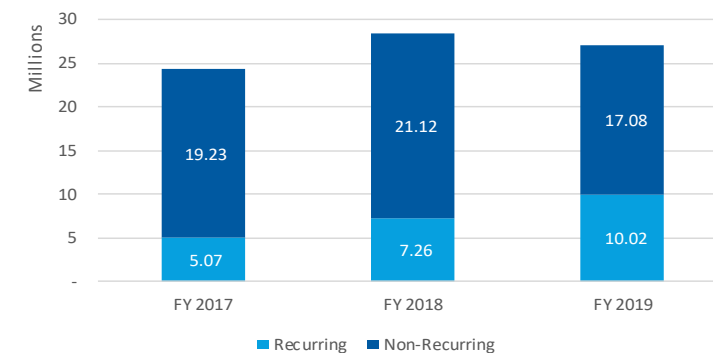
Retail Gross Margin Trend



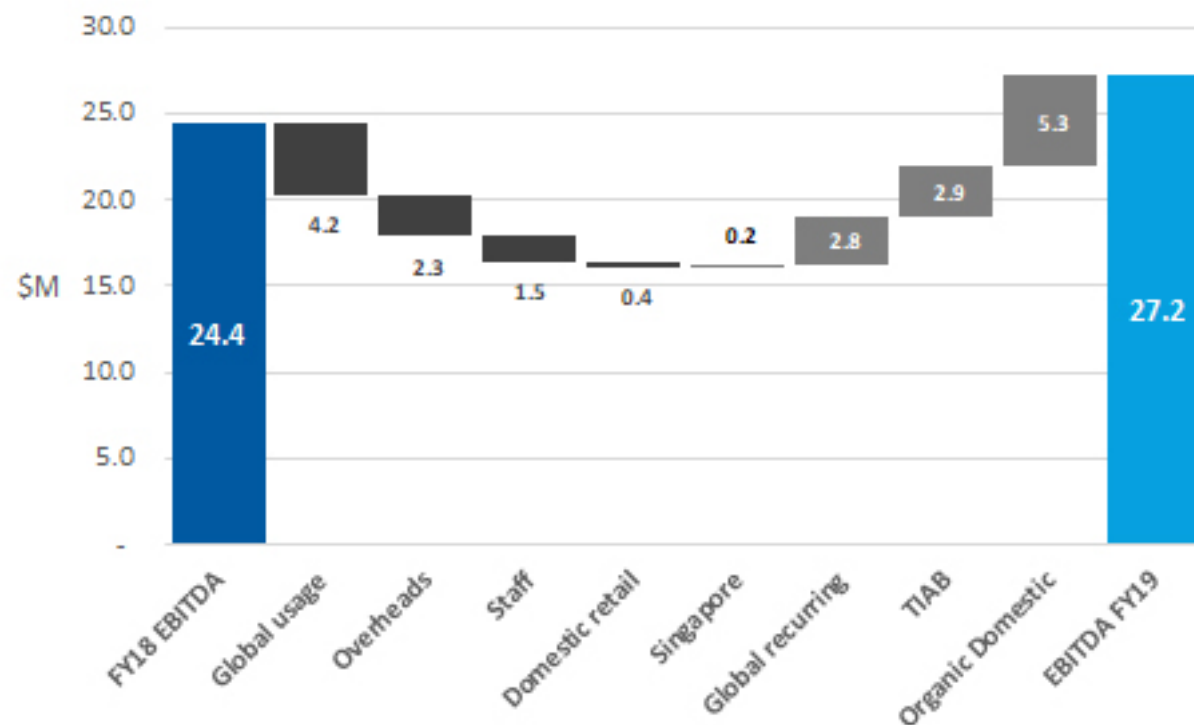
Domestic Wholesale Margin Trend



Global Wholesale Margin Trend



FY18 to FY19 EBITDA waterfall



- Global usage margins fell by \$4.2m as previously forecast in 2018
- New Zealand operation is yet to provide a meaningful contribution but expected to become more significant in FY20
- Singapore operation is still nascent pending launch of new voice network capabilities later in FY20
- Growth in Global Recurring margins represents a 23% YoY organic growth
- TIAB business contribution was inline with forecast predictions made pre-acquisition
- Growth in Organic Domestic represents a 30% YoY organic growth

Cash Flow

Free Cash Flow	FY18 \$M	H1 FY19 \$M	H2 FY19 \$M	FY19 \$M
Tax paid	(4.6)	(4.3)	(1.4)	(5.7)
Settlement of financial assets/liabilities	(0.1)	-	-	-
Net Interest paid	0.1	(0.5)	(0.9)	(1.4)
Net receipts/payments	(11.7)	(0.8)	13.4	12.6
Statutory operating cash flow	(16.3)	(5.6)	11.1	5.5
Expenditure on capital and intangible assets	(10.5)	(9.0)	(6.6)	(15.6)
Free cash flow	(26.8)	(14.6)	4.5	(10.1)

- Operating cash flow in FY19H1 is the last period that was impacted by the unwinding of the large supplier novation brought onto the balance sheet in 2016. The final payment of c.7.0m was made in July 2018.
- H2 Net receipts/payments 13.4m at 77% of H2 EBITDA
- The business is sufficiently funded to execute current business objectives

Cash Utilisation	FY18 \$M	H1 FY19 \$M	H2 FY19 \$M	FY19 \$M
Free cash flow	(26.8)	(14.6)	4.5	(10.1)
Dividend payments	(6.4)	(3.0)	(1.5)	(4.5)
Increase in equity	1.2	0.8	0.1	0.9
Business acquisitions	(0.6)	(35.6)	0.5	(35.1)
Net debt movement	(0.5)	43.7	1.2	44.9
Other	(0.4)	0.3	0.2	0.5
Net movement in cash	(33.5)	(8.4)	5.0	(3.4)
Opening cash balance	52.4	18.9	10.5	18.9
Closing cash balance	18.9	10.5	15.5	15.5

- Other includes mostly impact of FX movements
- From FY19 H2 and looking forward, operating cash flows are expected to normalise with working capital movements stabilising after the complete unwind of the supplier novation in FY19 H1
- Debt facility refinanced to \$60m with \$20m accordion. Drawn to \$55.6m, with net debt at \$40m. Net Leverage ratio of 1.5x is comfortably under Debt facility covenants.

Re-affirm FY20 EBITDA Guidance

	FY19 actual	FY20 Guidance	Mid point % change
EBITDA (\$M)	27.2	33.0 - 36.0	+27%
NPAT (\$M)	11.4	13.5 - 15.5	+27%
Underlying NPAT-A (\$M)	15.9	18.0 - 20.0	+19%
Earnings Per Share (cents)	15.55	18.4 - 21.1	+27%
Underlying EPS-A (cents)	21.7	24.5 - 27.2	+19%

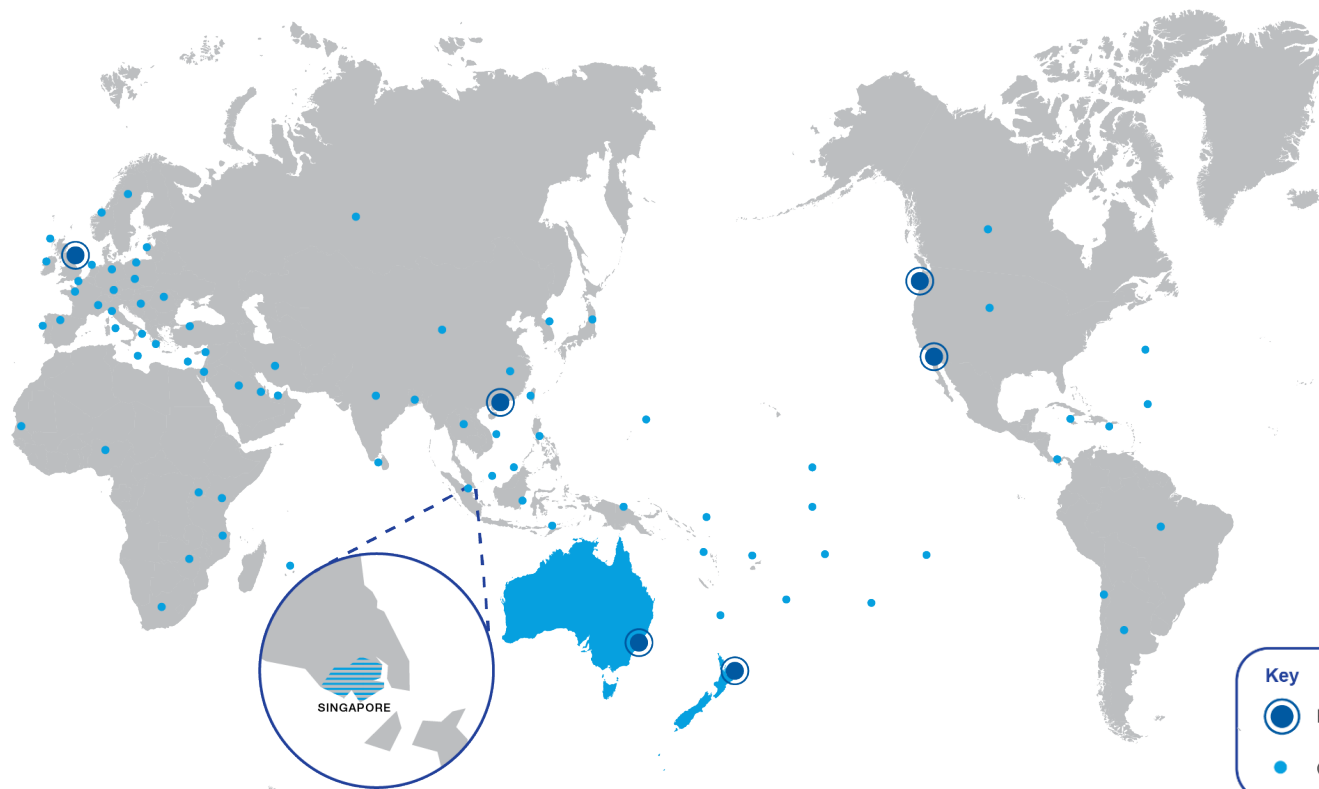
- Excluding the impact of AASB16 lease accounting standard
- Forecast cash conversion for FY20 expected to be > 80% of EBITDA
- Forecast FY20 debt to EBITDA ratio to be better than 1.6 at the midpoint. The business is sufficiently funded to execute current business objectives



Business overview

Multi-region network

Our integrated network provides global reach and scale as well as comprehensive in-country capabilities in Australia, New Zealand with Singapore online this FY



Australia

Established network
Full national coverage
Global interconnect



New Zealand

Network launched
Full national coverage
Global interconnect



Singapore

Metro fiber network
FBO (carrier) license
Build underway

Key



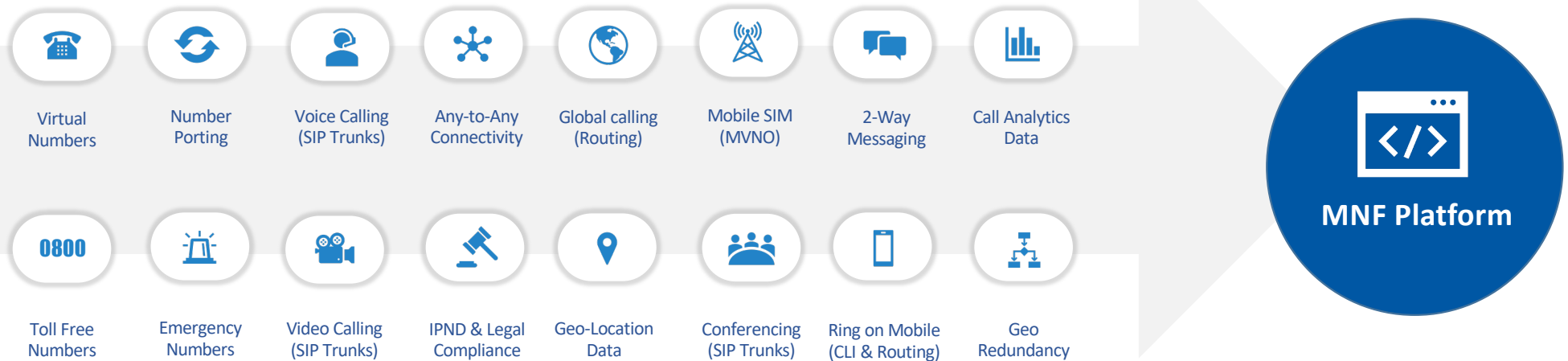
Point of presence



Connected countries

Software accessibility to our network

Our software platform makes our real-world infrastructure accessible via an API call. We hide all the complexity and enable our customers easy access to a wide range of voice and support capabilities across our network.



Our proposition ...

What we do

MNF Group powers communications in apps and services you likely use every day

Differentiator

We are the only communications platform provider that owns its own AU-NZ voice network with Singapore to be added this FY

Competitive advantage

All the margin, quality and flexibility advantages of an owned and operated network *coupled with* seamless access and control via our software APIs

Valued by our customers



Trusted by communication leaders



Market leading position

MNF is the communications provider of choice for vendors in the Gartner UCaaS Magic Quadrant*

Critical to customer success

Our network and software capabilities can power up to 80% of the value stack in a UCaaS product

Long-term opportunity

Our next generation customers are growing rapidly, delivering 156% retention rate in dollar terms

*Gartner – Magic Quadrant for Unified Communications as a Service, Worldwide (30 July 2019) ID G00354149

Booming market opportunity

While local telcos are squeezed by NBN and aging infrastructure, MNF has unlocked a large recurring revenue opportunity



Technology tailwind

Copper networks being replaced by VoIP and a shift to unified communications in the cloud (UCaaS)

Global UCaaS spending will grow to reach \$46.4 Billion (USD) in 2023*



Unprecedented demand

Software and telecom providers are hungry to expand into Australia, NZ and SE Asia



Competitive advantage

MNF is the only communications platform provider that owns its own AU-NZ network with Singapore to be added this FY

- ✓ Core AU-NZ voice network
- ✓ Global interconnectivity
- ✓ Disruptive software platform
- ✓ Growing recurring revenue
- ✓ Trusted partner in APAC region

*Gartner - Forecast: Unified Communications, Worldwide, 2016-2023 (27 June 2019) ID G00383767

Competitive advantage

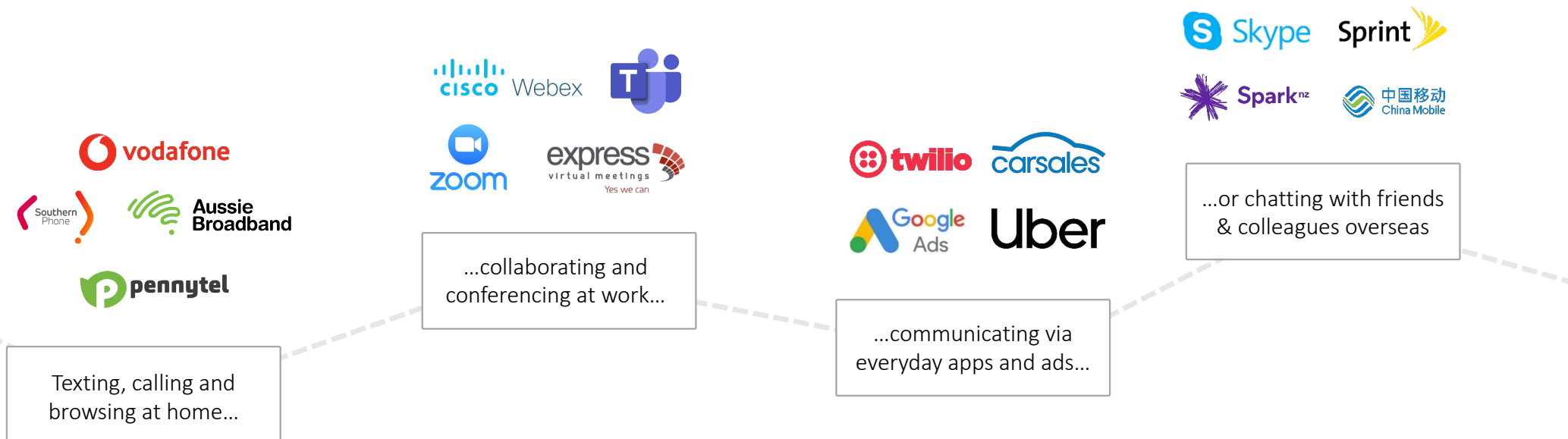
As owner of our voice network, we have a significant advantage in quality and margin.

As a software company, we provide seamless access and real-time control that powers industry innovation.



Powering experiences

MNF underpins the voice, video, messaging and telco capabilities that connect your daily life



Powering in-app privacy

MNF underpins 'masked numbers' for leading CPaaS vendors and online marketplaces

Number masking enables marketplace users (such as drivers and riders) to call and text each other, using temporary numbers that protect their privacy

Underpinned by MNF capabilities:



Virtual Numbers



Voice Calling (SIP Trunks)



2-Way SMS



Any-to-Any Connectivity



Ephemeral

In partnership with:

Uber

carsales

twilio



Powering global collaboration

MNF underpins voice and video calling for leading UCaaS vendors and conferencing providers

Our capabilities allow software vendors to localise their products, offer full PSTN replacement and win customers away from legacy telcos

Underpinned by MNF capabilities:



In partnership with:

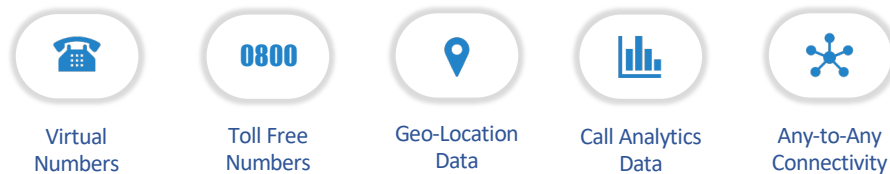


Powering advertising & analytics

MNF underpins call analytics for major advertising networks and e-commerce companies

Our capabilities allow advertising vendors to present trackable numbers in search results, connect calls in real time and capture call data

Underpinned by MNF capabilities:



In partnership with:



Powering smart cars & IoT

MNF underpins emergency calling systems built into prestige cars and SUVs

Our capabilities enable car makers to pinpoint drivers in distress, and seamlessly dispatch local repairers or emergency services

Underpinned by MNF capabilities:



Toll Free
Numbers



Geo-Location
Data



Call Analytics
Data

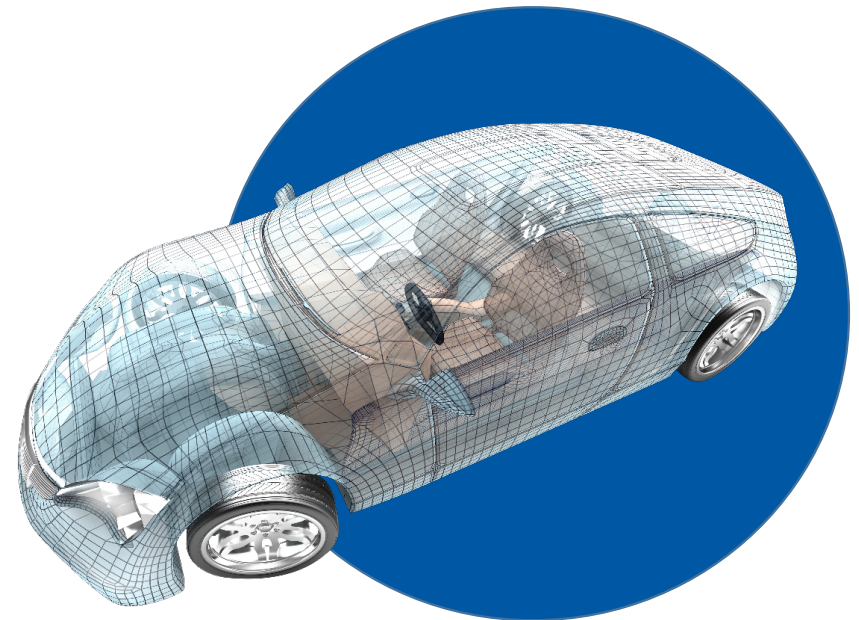


Any-to-Any
Connectivity



Global calling
(Routing)

In partnership with:



Powering NBN calling

MNF underpins VoIP calling for NBN resellers, mobile networks and challenger telcos.

Our capabilities ensure that NBN providers can win customers that want to keep their landline numbers as they move from copper and ISDN.

Underpinned by MNF capabilities:



Virtual
Numbers



Voice Calling
(SIP Trunks)



Ring on Mobile
(CLI & Routing)



IPND & 000
Compliance



Any-to-Any
Connectivity



Global calling
(Routing)

In partnership with:



Unlocking recurring revenue

Recurring revenue

MNF generates monthly recurring revenue by providing phone numbers, SIP Trunks and managed call routing on behalf of communication providers

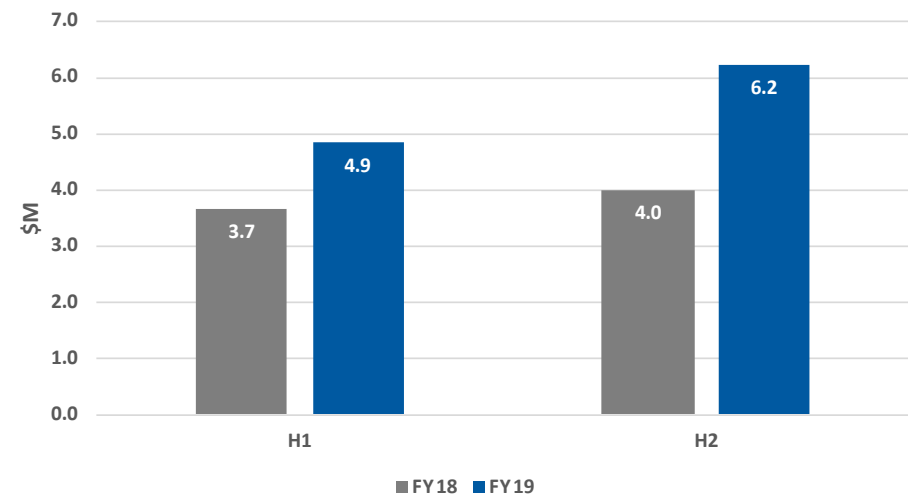
Stable and long-term

Phone numbers, SIP Trunks and routing underpin every customer use case – the ‘picks and shovels’ of the communications gold rush

Accelerating demand

18% Year-on-Year growth in phone numbers on our network, traditionally a leading indicator of future recurring revenue

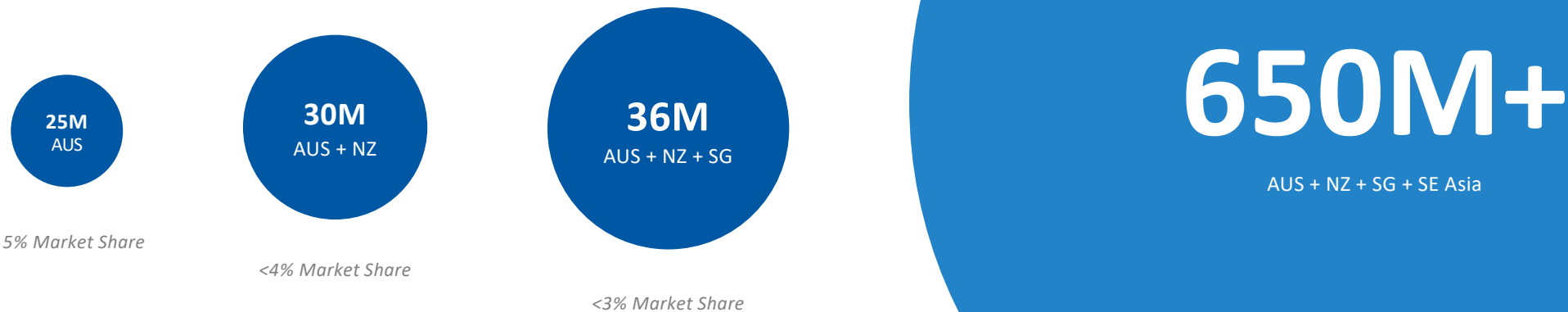
Wholesale same customer revenue growth



SE Asia is our growth focus

We plan to extend our network and platform into Singapore and other South East Asian countries – powering communications in these immense markets

Currently MNF is generating \$1.00 of EBITDA per head of population in AU, growing at 11% YoY



SE Asia includes: Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Thailand, Timor-Leste and Viet Nam (ex. China, India and Singapore). Sources: [ABS](#) (2019), [Stats NZ](#) (2019), [Singstat](#) (2019), [UN DESA](#) (2019)

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



Acquisitions

Careful strategic addition of businesses that compliment or expand our capabilities

Thank you



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Visit our new corporate website
<http://mnfgroup.limited>



Investor Webinar

When: Tuesday 27th August 2019

Time: 9am to 10am



Register here:
[FY19 Full Year Results Registration](#)

Glossary

- **API** – A set of coding standards for developers wishing to connect different bits of software.
- **Copper access network** – Telephone wires, cables and physical equipment connecting subscribers to a local exchange.
- **CCaaS** - Software that enables customer service through an in-house or outsourced contact center, delivered as-a-service via the cloud.
- **CPaaS** – A framework for developers to add telecom capabilities to their software, without needing to build backend infrastructure.
- **MVNO** – A way to provide mobile services without need to build an independant mobile network.
- **Porting** – The process of transferring a phone number from one telecom carrier to another.
- **PSTN** – The global network of phone users, encompassing every phone number in the world.
- **Recurring Revenue** – Revenue that is billed every month regardless of user activity, typically high margin and stable.
- **SLA** – The agreed standard of service reliability between a customer and a service provider.
- **SIP Trunk** – A way for voice and video calls to travel over VoIP networks. It is the digital equivalent of a phone line.
- **Termination** – The process of routing a phone call, from one telecom provider to another, until it reaches the recipient.
- **Transaction Revenue** – Revenue that is billed when a user makes a phone call, typically low margin and variable.
- **UCaaS** – Software that enables users to call, conference and message from a single interface, delivered as-a-service via the cloud.
- **Virtual Number** – A phone number that is operated on a VoIP network without needing an underlying phone line service.
- **Virtual PBX** – A business phone service, typically connecting multiple business users, delivered as-a-service via the cloud.
- **VoIP** – A way of turning phone calls into data that can be transmitted over the internet and routed to any recipient.

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