



# AGM Presentation

Rene Sugo, CEO & MD

John Boesen, CTO

22 October 2019



**View the MNF Journey**

Find out where it all began...

<https://mnfgroup.limited/about>



# FY19 Financial Results

Rene Sugo, CEO & MD

22 October 2019

# 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**



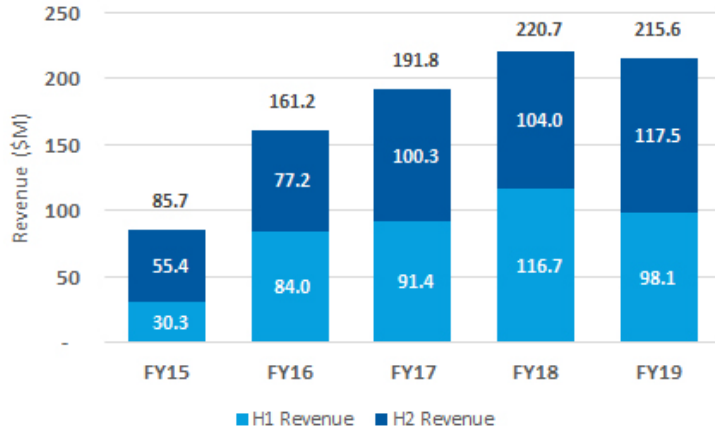
Underlying EPS-A

**Up 12% to 21.7 cps**

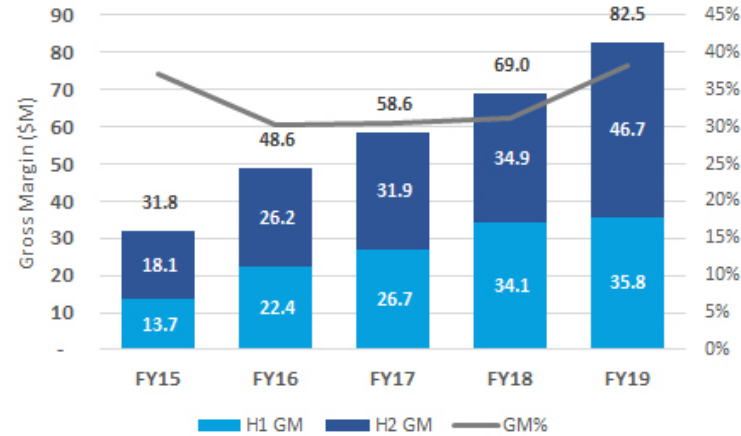
› Underlying NPAT-A, EPS-A exclude once-off acquisition costs and amortisation expense

# MNF at a glance

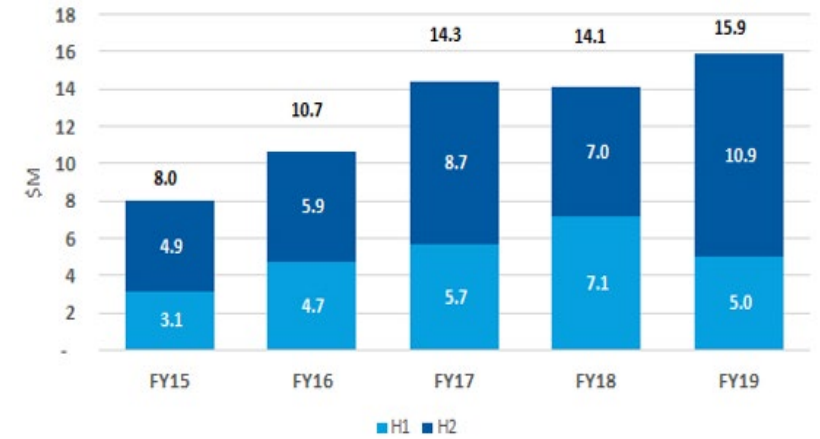
## Revenue



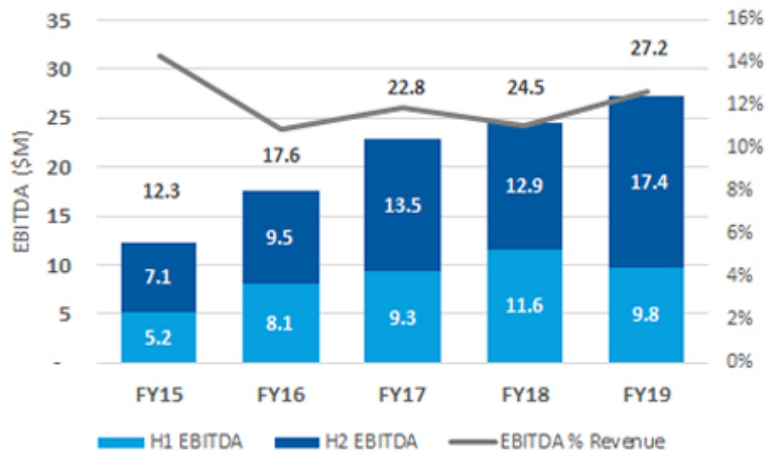
## Margin



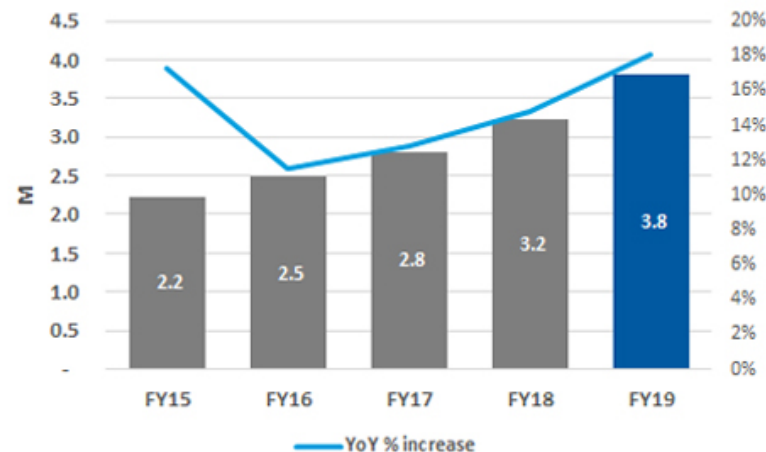
## Underlying NPAT-A



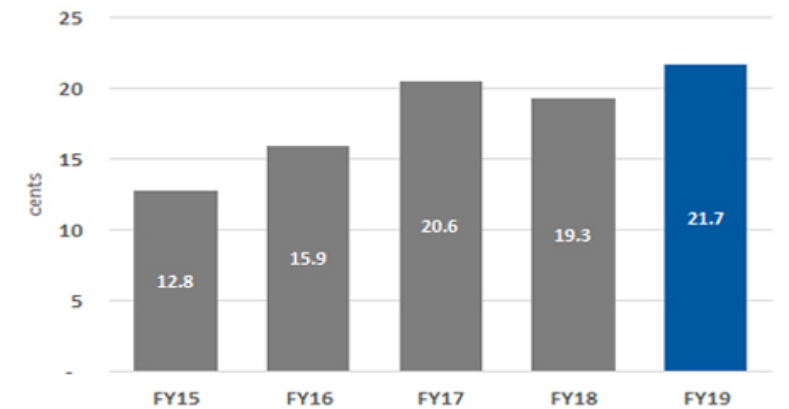
## EBITDA



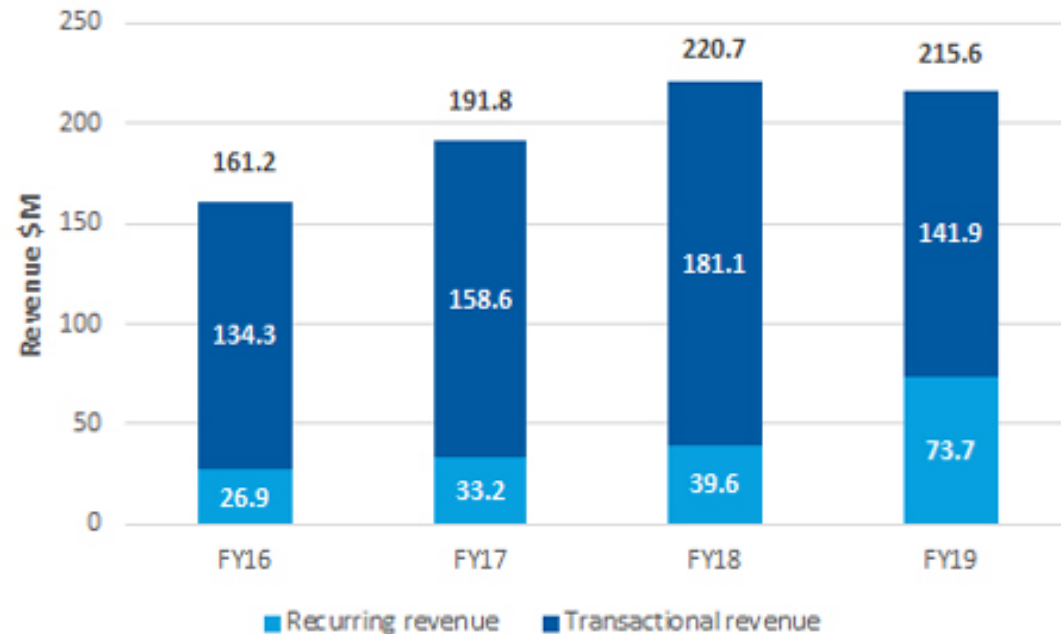
## Phone numbers



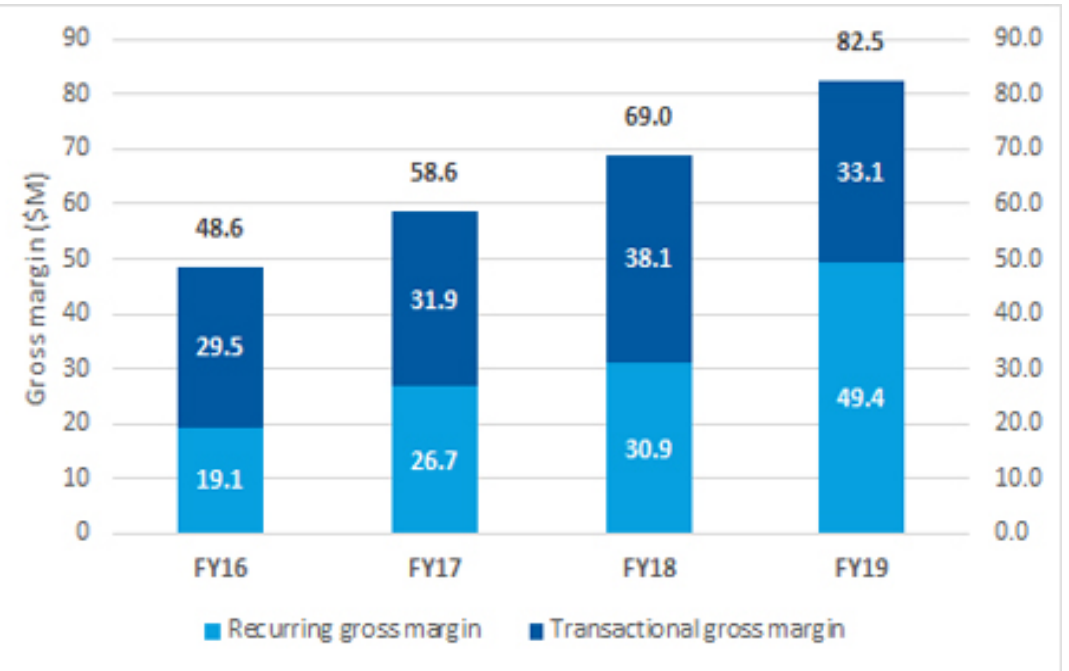
## Underlying EPS-A



# Recurring Growth



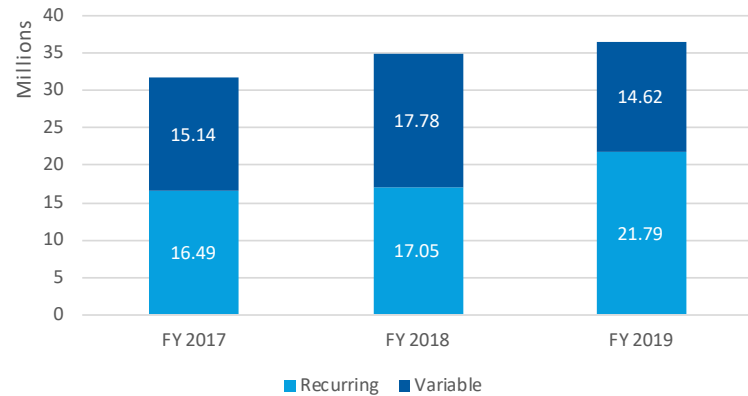
- Business continues to transform into a recurring revenue business.
- Recurring revenues grew 89% YoY to 34% of the revenue mix - this trend is expected to continue.
- Recurring revenue tends to be higher margin and sticky in nature from long term repeat customers.
- FY19/Q4 annualised recurring revenue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



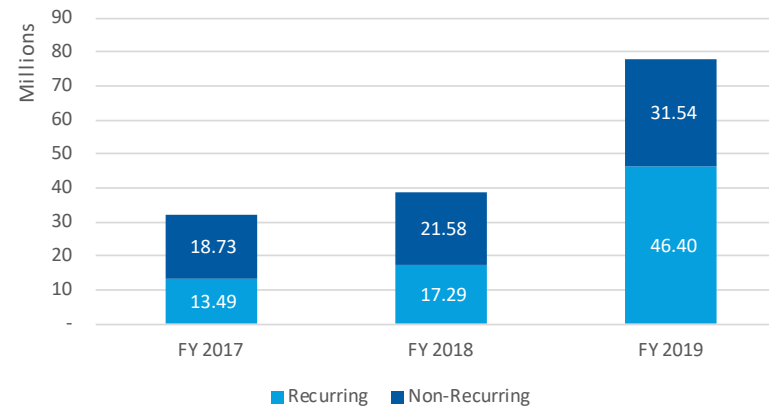
- Gross Margin from recurring services grew strongly – to 60% of overall margin contribution.
- Trend expected to continue as business continues to focus on recurring business.
- FY19/Q4 annualised recurring margin at \$69/annum

# Segment Performance

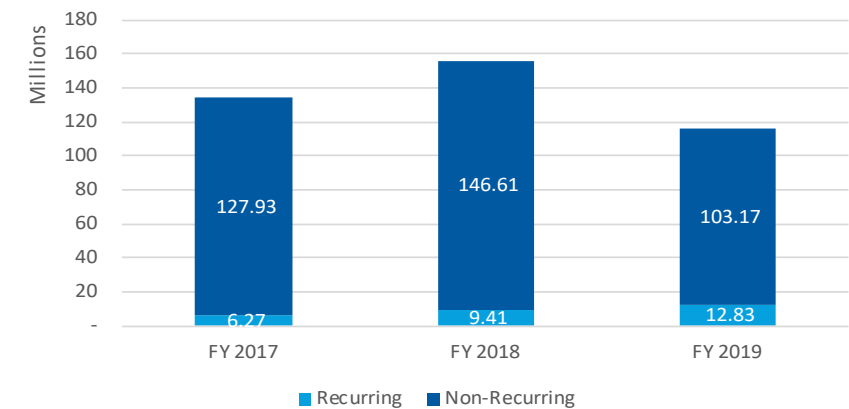
## Retail Revenue Trend



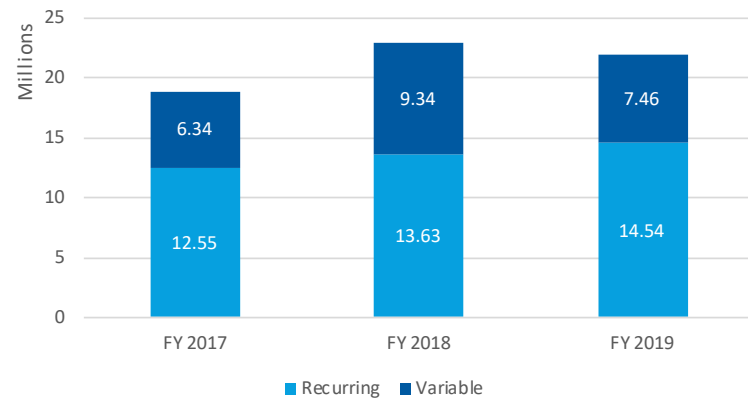
## Domestic Wholesale Revenue Trend



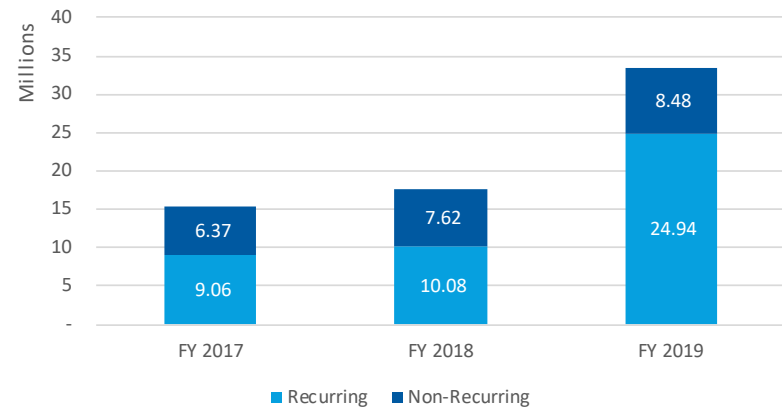
## Global Wholesale Revenue Trend



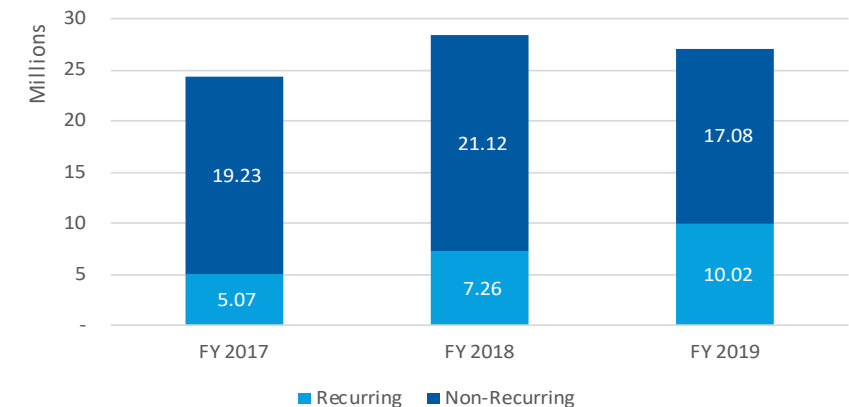
## Retail Gross Margin Trend



## Domestic Wholesale Margin Trend



## Global Wholesale Margin Trend



# 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

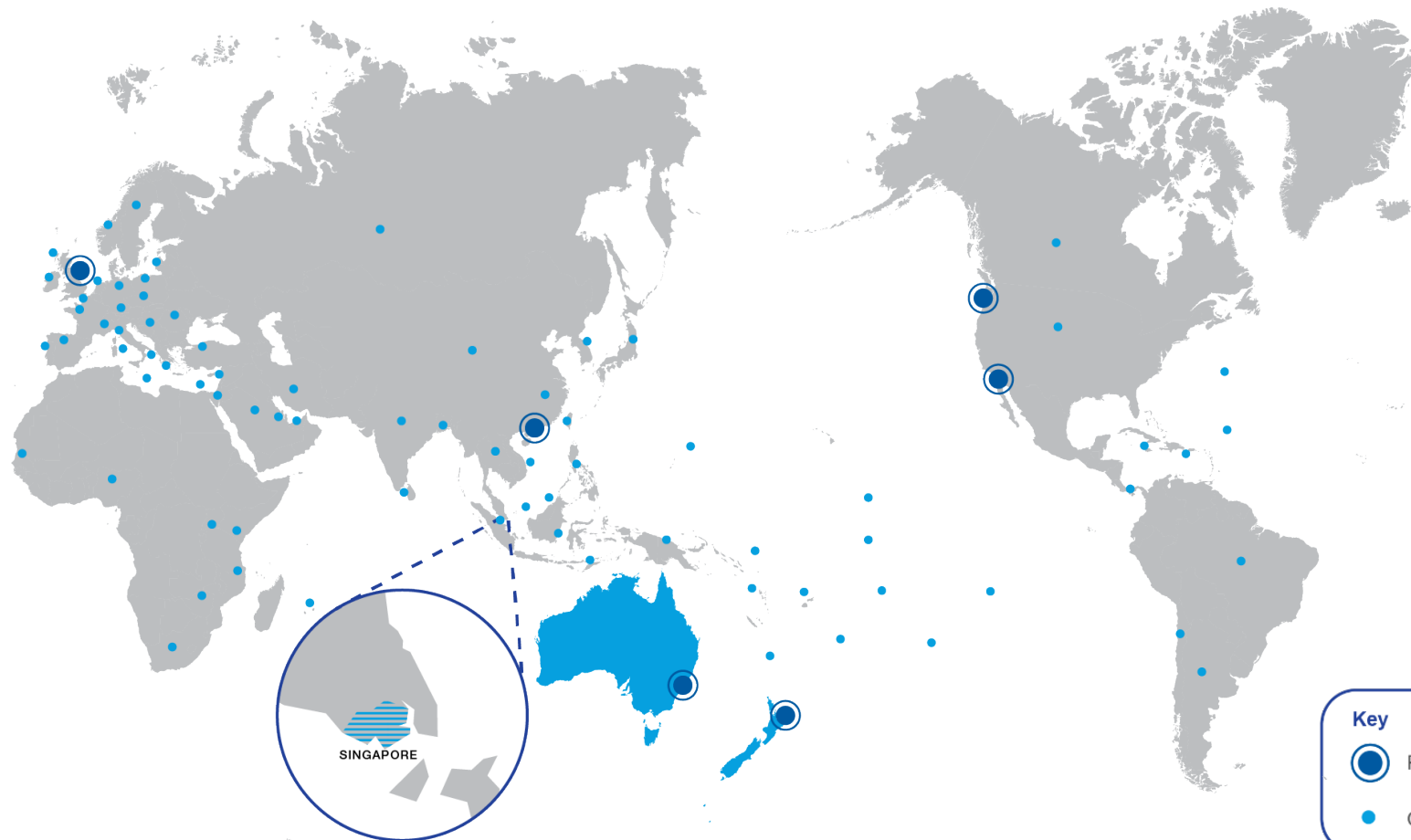
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# Multi-region network

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

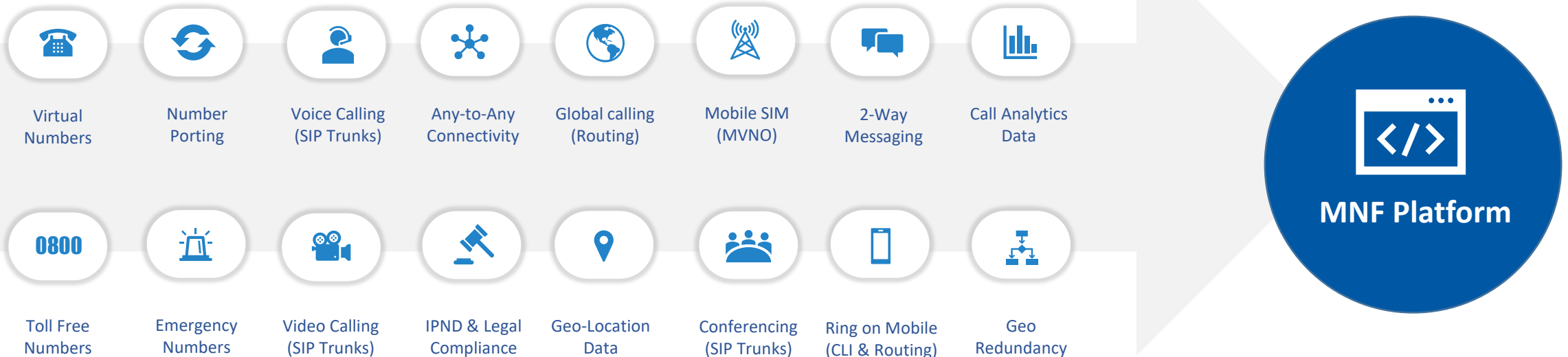
### Key

-  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

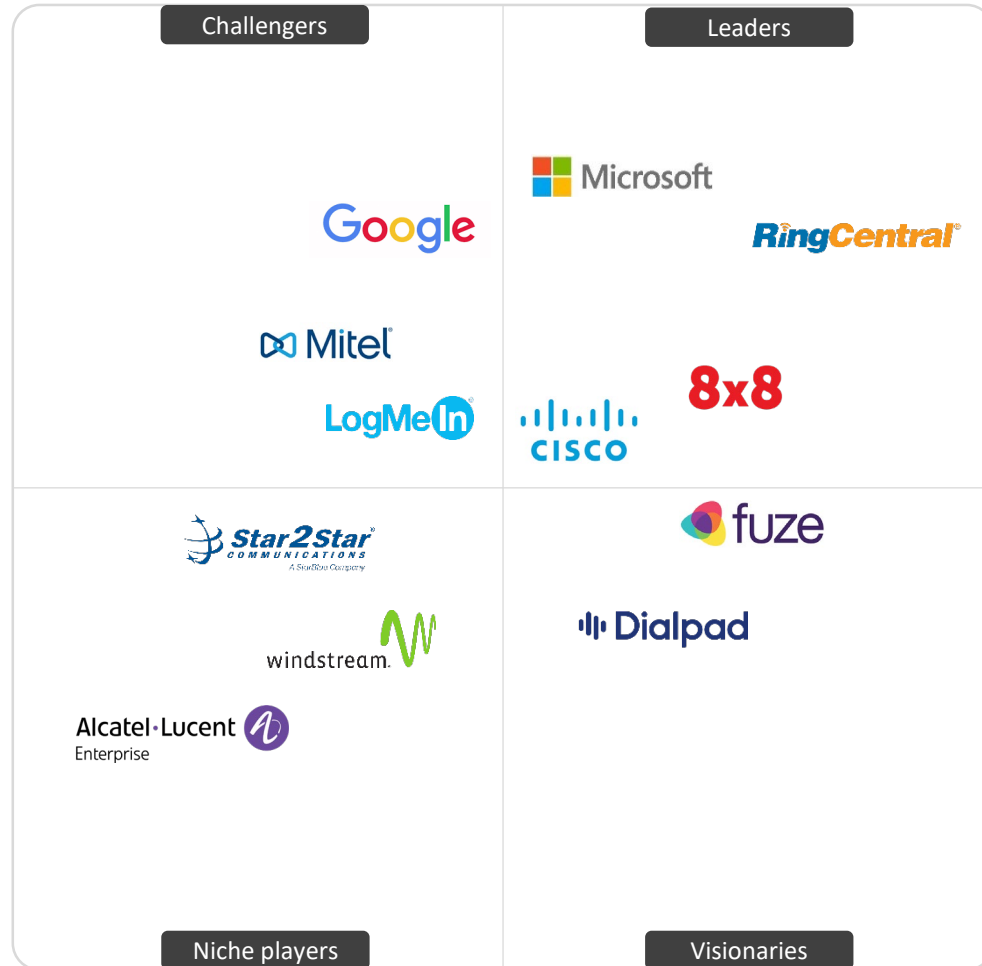
## Competitive advantage

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.



## Telecom companies...

- End-of-life infrastructure
- ✓ Control of margin & quality
- Declining call volumes
- Lack software capabilities
- Commoditised 'utility' business



- ✓ Modern voice network
- ✓ Control of margin & quality
- ✓ Growing recurring revenue
- ✓ Disruptive software platform
- ✓ Booming market opportunity
- ✓ Demonstrated growth

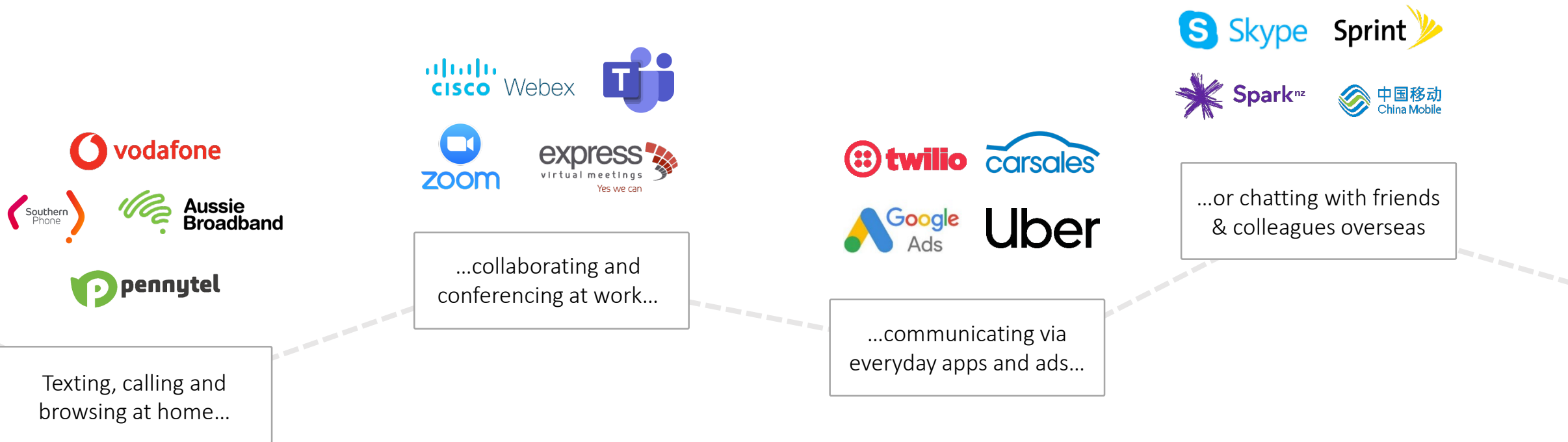


## Application providers...

- Don't want to build a network
- Limited control of cost & quality
- Limited geographic presence
- ✓ Software specialists
- ✓ Booming market opportunity

# 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:





# 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:



Virtual  
Numbers



Voice Calling  
(SIP Trunks)



Video Calling  
(SIP Trunks)



Conferencing  
(SIP Trunks)



Any-to-Any  
Connectivity



Global calling  
(Routing)

In partnership with:



Webex Teams



Microsoft Teams



# 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:



Virtual  
Numbers



Toll Free  
Numbers



Geo-Location  
Data



Call Analytics  
Data



Any-to-Any  
Connectivity

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

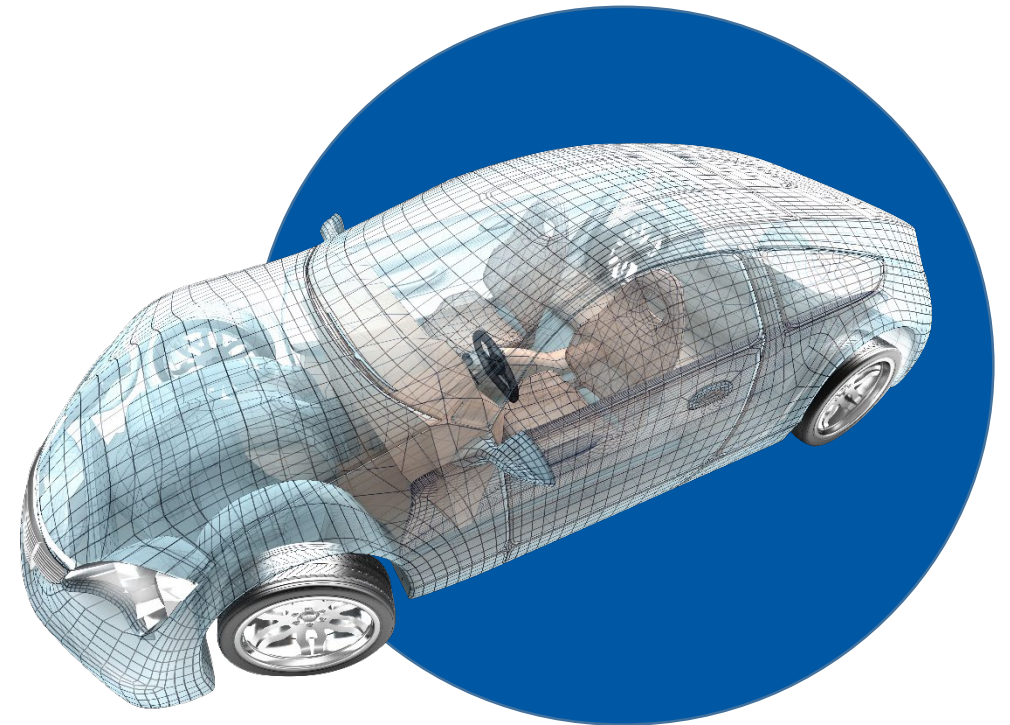


Any-to-Any  
Connectivity



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:



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

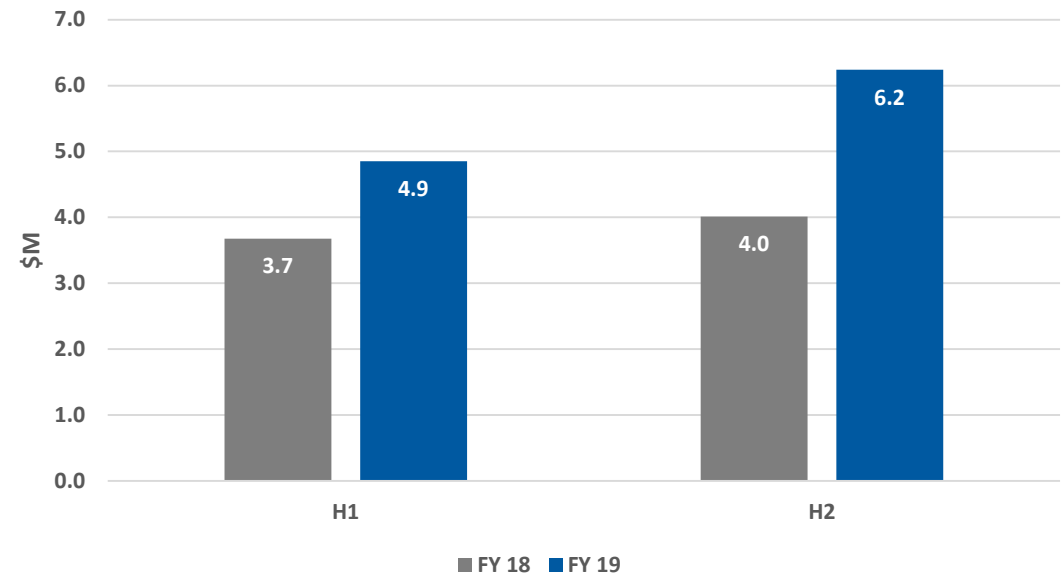
## Stable and long-term

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

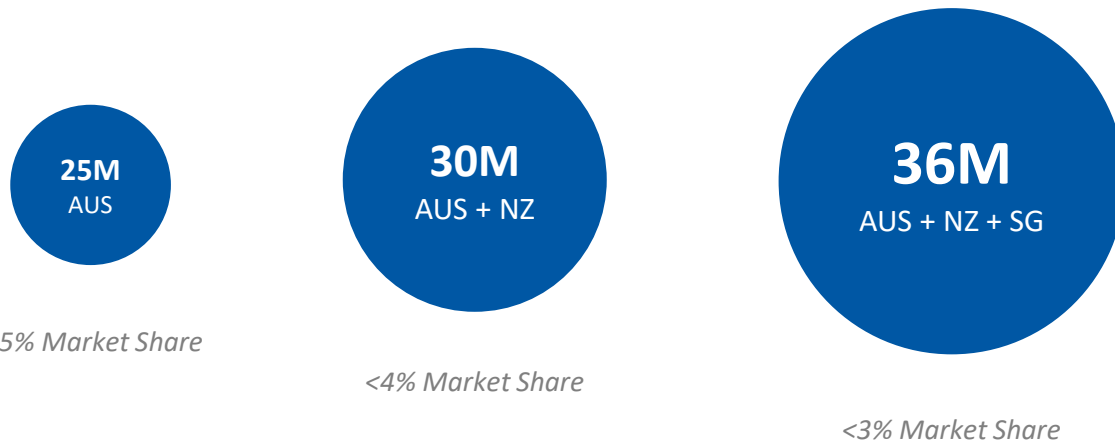
## Wholesale same customer revenue growth



# 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



# 650M+

AUS + NZ + SG + SE Asia

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



For further information please contact:  
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# 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 independent 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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