ASX RELEASE

19 February 2020

Investor Presentation

Over the Wire Holdings Limited (ASX:OTW) attaches its Investor Presentation, which accompanies the release of the Interim Financial report for the half year ended 31 December 2019.

This announcement was authorised for release to the market by the Board.

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Yours faithfully

Mike Stabb
Company Secretary

OvertheWire

Half Year Results Presentation

February 2020

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Our **purpose** is to

Simplify technology
to empower business

Profit & Loss – 2019 H1 *vs* 2020 H1

(A$m)	2019 H1 Original H1	2019 H1 AASB 16	2019 H1 Restated H1	2020 H1 H1	Change (%)
Data Networks	17.7		17.7	19.1	8%
Voice	8.1		8.1	9.2	14%
Hosting	4.2		4.2	5.1	21%
Security & Services	4.4		4.4	9.5	118%
Revenue	**34.3**	**-**	**34.3**	**42.9**	**25%**
Gross profit	18.9		18.9	22.0	16%
Gross profit %	*55%*		*55%*	*51%*	*(4%)*
Other Income	0.0		0.0	0.0	
Overhead Expenses	11.4	(0.6)	10.8	13.7	
EBITDA	**7.5**	**0.6**	**8.1**	**8.2**	**1%**
EBITDA %	*22%*		*24%*	*19%*	*(5%)*
Interest	0.2	0.1	0.3	0.2	
Depreciation	1.2	0.5	1.7	2.0	
Tax	1.9		1.9	1.8	
NPATA	**4.3**	**-**	**4.3**	**4.2**	**(2%)**
Amortisation	1.6		1.6	2.7	
Tax	(0.5)		(0.5)	(0.8)	
NPAT	**3.2**	**-**	**3.2**	**2.3**	**(27%)**

These are the reported statutory results for the half in the 4D

These side by side results don't offer a like-for-like comparison because the prior comparative period included part-period contributions from Comlinx & Access Digital

The prior period has been restated for the introduction of AASB16

Profit & Loss – 2019 H2 *vs* 2020 H1

(A$m)	2019 H2 Original H2	W/back Earn out	AASB 16	Restated H2	2020 H1 H1	Change (%)
Data Networks	19.3			19.3	19.1	(1%)
Voice	8.3			8.3	9.2	11%
Hosting	4.9			4.9	5.1	5%
Security & Services	12.8			12.8	9.5	(26%)
Revenue	**45.3**	**-**	**-**	**45.3**	**42.9**	**(5%)**
Gross profit	22.0			22.0	22.0	-
Gross profit %	*48%*			*48%*	*51%*	*3%*
Other Income	4.1	(4.1)		-	0.0	
Overhead Expenses	13.5		(0.7)	12.8	13.7	
EBITDA	**12.5**	**(4.1)**	**0.6**	**9.1**	**8.2**	**(10%)**
EBITDA %	*28%*			*20%*	*19%*	*(1%)*
Interest	0.2		0.1	0.3	0.2	
Depreciation	1.5		0.6	2.1	2.0	
Tax	2.0			2.0	1.8	
NPATA	**8.8**	**(4.1)**	**-**	**4.7**	**4.2**	**(11%)**
Amortisation	2.6			2.6	2.7	
Tax	(0.8)			(0.8)	(0.8)	
NPAT	**7.0**	**(4.1)**	**-**	**2.9**	**2.3**	**(19%)**

The prior period has been restated for the introduction of AASB16, as well as the one-off benefit from the write-back of the Comlinx earn-out

While Revenue is around $3m less than targeted, the strength of the sales opportunity pipeline and current orders in provisioning provides confidence that the H2 target can be achieved

A Telco that listens…

We've listened to investor feedback.

In this pack we've introduced reporting on the performance of the two main revenue streams in the business:

RECURRING REVENUE:

The telco-style revenue (Data, Voice, Cloud) upon which the Over the Wire business was built. This revenue is typically contracted for 36 months, or is naturally "sticky".

NON-RECURRING REVENUE:

This revenue is usually one-off in nature. It typically includes hardware or software sales, managed services projects, implementations, etc. These projects can be an important part of the overall solution to a customer.

Profit & Loss - Recurring Business

(A$m)	2019 H2* Original H2	2019 H2* Impact of AASB 16	2019 H2* Restated H2	2020 H1 Actual H1	2020 H1 Invest-ment Costs	2020 H1 Adjusted H1	Change (%)
Data Networks	19.2		19.2	19.1		19.1	-1%
Voice	8.2		8.2	9.3		9.3	13%
Hosting	4.9		4.9	5.2		5.2	6%
Security & Services	2.7		2.7	3.1		3.1	16%
Revenue	**35.0**	**-**	**35.0**	**36.6**	**-**	**36.6**	**5%**
Gross profit	19.0		19.0	20.0		20.0	6%
Gross profit %	*54%*		*54%*	*55%*		*55%*	*1%*
Other Income	0.0		0.0	0.0		0.0	
Overhead Expenses	13.5	(0.7)	12.8	13.7	(1.0)	12.7	
EBITDA	**5.5**	**0.7**	**6.2**	**6.3**	**1.0**	**7.3**	**19%**
EBITDA %	*16%*		*18%*	*17%*		*20%*	*2%*
Interest	0.2	0.1	0.3	0.2		0.2	
Depreciation	1.5	0.6	2.1	2.0		2.0	
Tax	1.1		1.1	1.2	0.3	1.5	
NPATA	**2.7**	**-**	**2.7**	**2.9**	0.7	**3.6**	**35%**
Amortisation	2.6		2.6	2.7		2.7	
Tax	(0.8)		(0.8)	(0.8)		(0.8)	
NPAT	**0.8**	**-**	**0.8**	**1.0**	0.7	**1.7**	**106%**

*** Comparisons are made to the most recent half year period. The prior H1 comparative period was a year ago, contained 2 mid-period acquisitions, and therefore doesn't represent a meaningful like-for-like comparison.**

Recurring Revenue continues to grow

Strong underlying Operational Leverage

Increases on both Gross Profit Margin & EBITDA Margin

Impact of NBN downward repricing on Data Revenue continues and this should conclude by the end of FY2021

Investing for Growth in the Recurring Revenue Business

Significant Investments for future growth during the last six months:

- Doubled the number of sales roles focused on winning new business
- After a successful trial during the half, commenced offshoring of non-customer facing operational roles
- Following operational efficiencies derived from our investment in development initiatives we expanded the development team during the half
- Additional Developers will also be hired offshore during the 2020 calendar year with a focus on further automation and self service capability

Investing for Growth in the Recurring Revenue Business

These investments added an additional $1m in expenses this half, but should lead to:

- Increased monthly recurring revenue growth of 25% in around 18 months time
- Increased operational efficiencies allowing us to scale revenue faster than our cost base
- Quicker cash conversion through a reduced Order-to-Cash lifecycle
- An annualised reduction of $500k in overheads

Profit & Loss – Non-Recurring Business

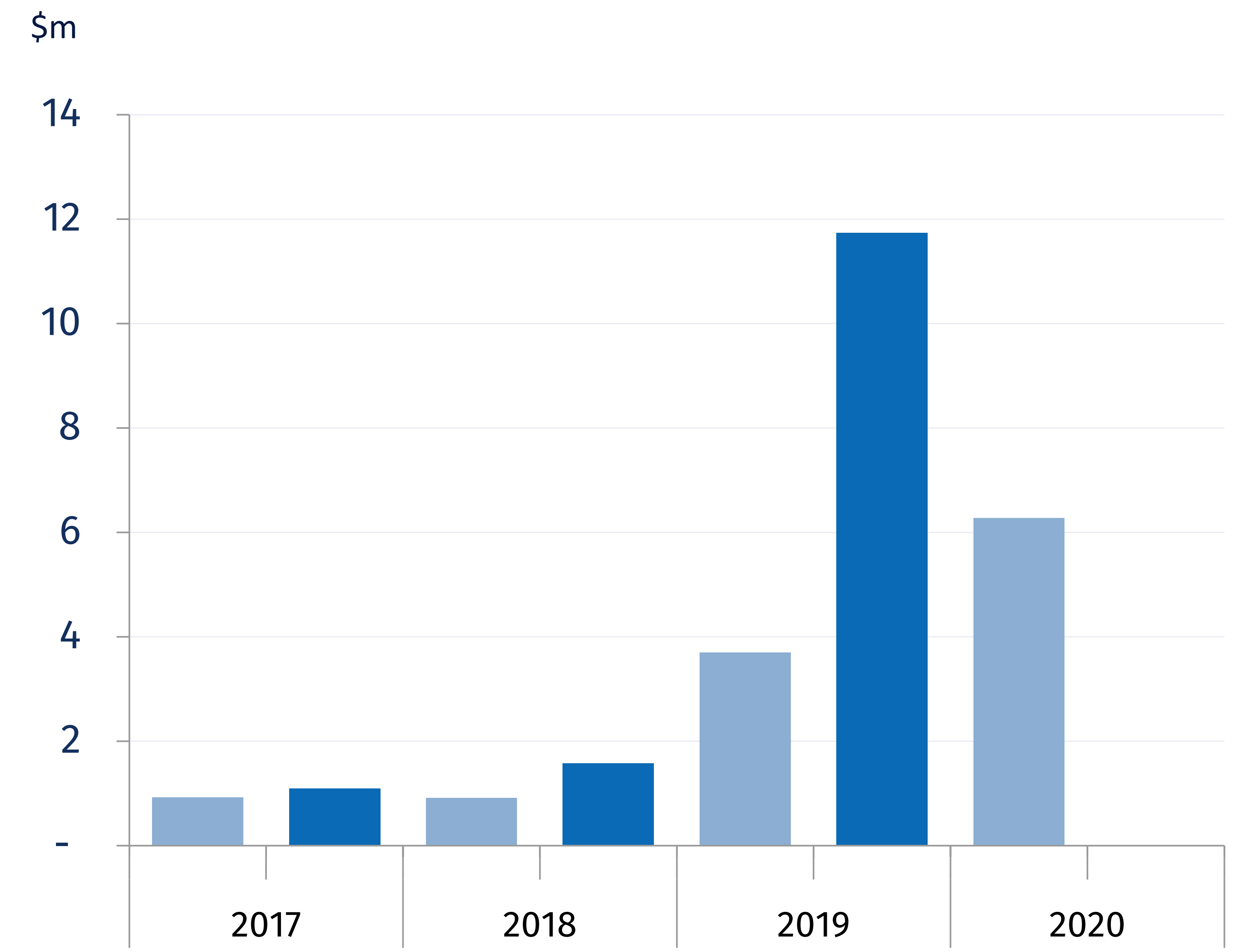
(A$m)	2019 H2* Original H2	2019 H2* W/Back Earn-Out	2019 H2* Adjusted H2	2020 H1 H1	Change (%)
Data Networks	0.1		0.1	-	
Voice	-		-	-	
Hosting	-		-	-	
Security & Services	10.1		10.1	6.3	
Revenue	**10.2**	**-**	**10.2**	**6.3**	**(39%)**
Gross profit	3.0		3.0	1.9	(36%)
Gross profit %	*29%*		*29%*	*31%*	*2%*
Other Income	4.1	(4.1)	-	-	
Overhead Expenses	-		-	-	
EBITDA	**7.1**	**(4.1)**	**3.0**	**1.9**	**(37%)**
EBITDA %	*69%*		*29%*	*30%*	*1%*
Interest	-		-	-	
Depreciation	-		-	-	
Tax	0.9		0.9	0.6	
NPATA	**6.2**	**(4.1)**	**2.1**	**1.3**	**(37%)**
Amortisation	-		-	-	
Tax	-		-	-	
NPAT	**6.2**	**(4.1)**	**2.1**	**1.3**	**(37%)**

*** Comparisons are made to the most recent half year period. The prior H1 comparative period was a year ago, contained 2 mid-period acquisitions, and therefore doesn't represent a meaningful like-for-like comparison.**

A significant drop in one-off revenue, however Gross Profit % did improve slightly

Non-Recurring Business remains seasonal

Non Recurring Revenue decreased this half, but has historically had a stronger H2 bias.



Cash Flow

Continued strong conversion of EBITDA to cash: 96%

Earn Out from Access Digital acquisition was paid this half

Less Replacement / Maintenance CapEx was required on the network

Full year now likely to come in below previous estimate of $3.7m

Have continued to use free cash to reduce borrowing ahead of next acquisitions

(A$m)	31 December 2019	30 June 2019
Receipts from Customers	48.1	37.6
Payments to Suppliers & Employees	(40.1)	(29.7)
	7.9	7.8
Interest Paid & Other Finance Costs Paid	(0.2)	(0.3)
Income Taxes Paid	(3.5)	(2.2)
Net Cash From / (Used In) Operating Activities	**4.2**	**5.4**
Payments for Business Combinations	(1.4)	(24.3)
Payments for Property, Plant & Equipment	(1.5)	(2.7)
Payments for Intangible Assets	(0.4)	(0.3)
Net Cash From / (Used In) Operating Activities	**(3.3)**	**(27.3)**
Proceeds from Issue of Shares	-	25.4
Repayment of Borrowings	(2.1)	(0.7)
Dividends Paid	(1.0)	(0.7)
Repayment of Lease Liability	(0.7)	(0.7)
Net Cash From / (Used In) Financing Activities	**(3.8)**	**23.3**
Net Increase (Decrease) in Cash	**(2.9)**	**1.4**

Balance Sheet Ready for Acquisitions

(A$m)	31 December 2019	30 June 2019
Cash & Cash Equivalents	7.4	10.3
Trade & Other Receivables	9.6	8.9
Intangibles	72.5	74.8
All Other Assets	13.8	13.1
Total Assets	**103.3**	**107.1**
Total Borrowings	7.4	9.5
Trade & Other Payables	10.6	10.7
Unearned Income	4.1	2.6
Deferred Tax Liability on Intangibles	11.2	11.9
All Other Liabilities	3.2	7.4
Total Liabilities	**36.5**	**42.1**
Net Assets / Equity	**66.8**	**65.0**

With no Net-Debt, the balance sheet is positioned to fund the next few acquisitions through debt

This should be strongly EPS accretive

Assuming:

- We continue to pay 5x EBITDA
- Structure a typical deal as:
  - 10% Earn Out
  - 20% Scrip
  - 70% Upfront Consideration

We can potentially acquire a number of businesses with a combined $15m in EBITDA without exceeding a Net-Debt to EBITDA Ratio of 1.5x

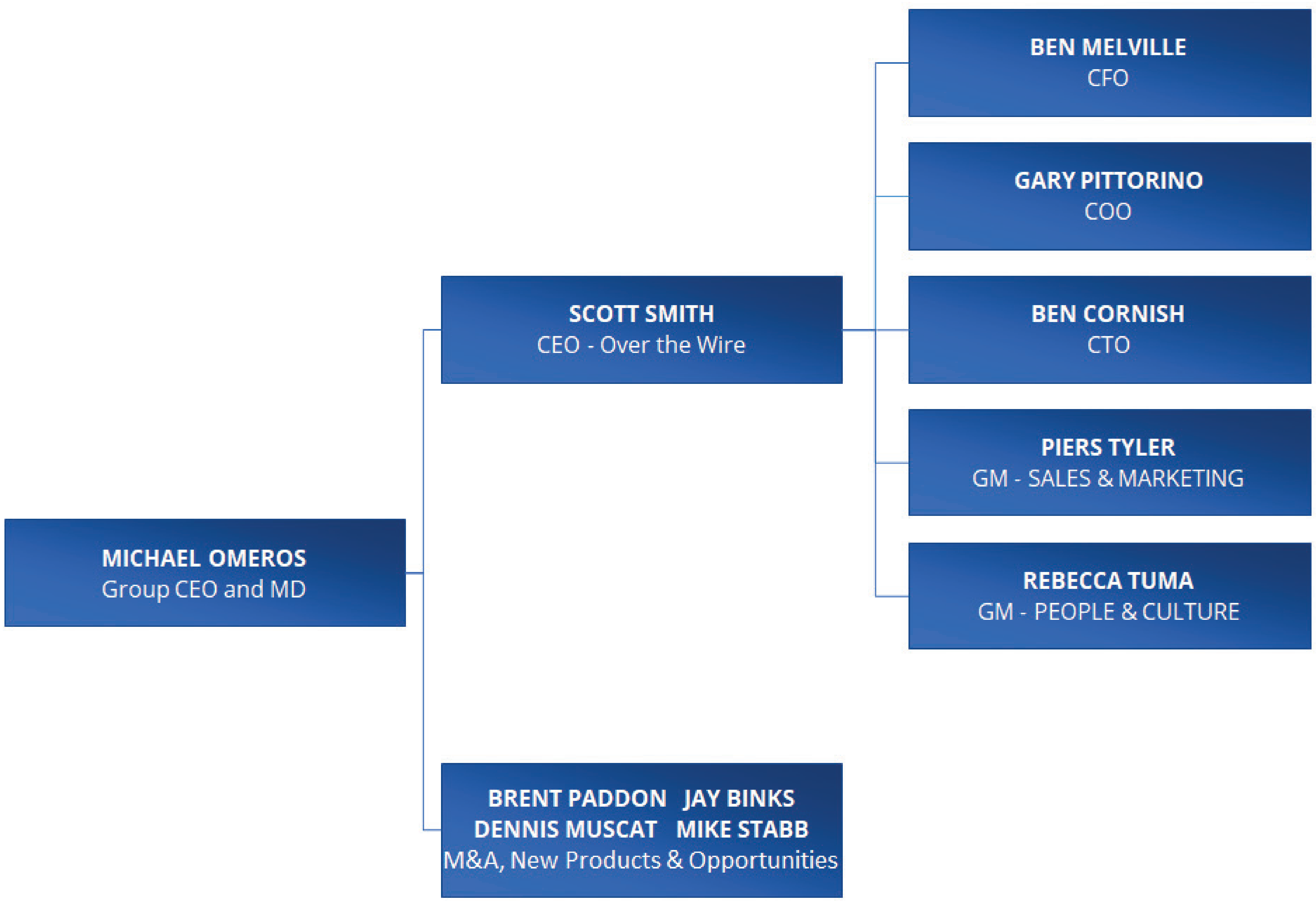
Acquisitions to Accelerate Growth

With a strong balance sheet and previous acquisitions well absorbed into the Over the Wire business, the focus will be on the next set of quality businesses that will accelerate future growth.

2015	2016	2017	2018	2019	2020
FAKTORTEL	SPIDERBOX always available	TELARUS NETWORK I SECURITY I CLOUD	ACCESS Digital NETWORKS		
SANITY TECHNOLOGY		VPN Solutions Managed Networking Specialists	Comlinx		
Integrated	Integrated	Integrated	Integrating		

Focused team to deliver growth

A new organisational structure to take Over the Wire into the next phase of its growth



- *strong organic growth*
- *high-quality customer experience*
- *customer retention*
- *operating efficiency*
- *happy, engaged team*

- *acquisitions and integration*
- *new products*
- *new offerings*

New Appointments

Piers Tyler, GM – Sales & Marketing

Piers joined Over the Wire in June 2019 as GM – Business Development. Piers established the Direct Sales team at Vocus in 2013 and was a large part of the rapid new business growth that was achieved.

Piers will bring the same focus and energy that he has instilled in the current BD team to the wider Sales and Marketing function. With a very clear strategy his focus will be on ensuring that we achieve strong organic growth and maintain our impressive customer retention. Piers will be ably supported by fellow members of the leadership team; Daniel Roates, Wayne Shaw and Chris Marciano.

Scott Smith, CEO - Over the Wire

Scott was co-Founder of Comlinx, the Managed Service Provider acquired by Over the Wire in November 2018. Prior to the establishing Comlinx, Scott held numerous senior roles in Sydney, Hong Kong and Singapore, most recently on Avaya's Asia Pacific Leadership team as Director of Global Accounts.

Scott is a firm believer in building progressive and empowered teams that have customers outcomes at the core of the strategy. His focus will be on ensuring that Over the Wire continues to have an engaged and talented team, operate efficiently, deliver a high-quality customer experience and achieve our organic growth aspirations.

Ben Melville, Chief Financial Officer

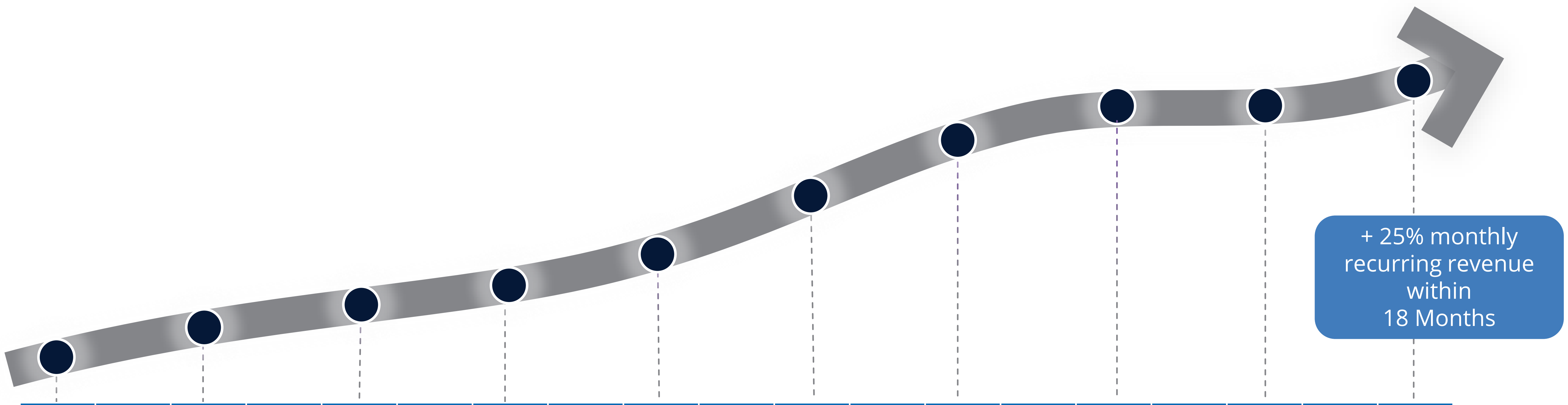
Ben is a member of the Institute of Chartered Accountants with over 10 years experience and is the current Group Financial Controller.

Prior to joining Over the Wire he was audit manager at PKF.

Positioned for Growth

Positive signs for continued organic growth in Recurring Revenue

- The sales pipeline for monthly recurring revenue has increased by 39% in H1 FY20 and by 58% in Calendar Year 2019. Strong pipeline growth in H1 FY20 is attributed to the investment in business development roles.
- New monthly recurring revenue won in H1 FY20 was 24% greater than H1 FY19. This increase is in line with the sales pipeline lead indicators.
- The strength of the monthly recurring revenue sales pipeline provides confidence in achieving monthly recurring revenue growth of 25% in around 18 months time, as per the graph below.



$6.1M	$6.2M	$6.4M	$6.6M	$6.8M	$6.9M	$7.1M	$7.2M	$7.4M	$7.6M
Dec-19	Feb-20	Apr-20	Jun-20	Aug-20	Oct-20	Dec-20	Feb-21	Apr-21	Jun-21

Positioned for Growth – New Products

Broadening our product portfolio to deliver seamless solutions

Adding Microsoft Teams (MS Teams) capability allows our clients to leverage the most used corporate collaboration tool globally

- There is increasing demand for the MS Teams Direct Routing Service, driven by the adoption of the Office 365 platform and ISDN network decommissioning in Australia.
- As Direct Routing offers customers the ability to choose an alternate voice provider, Over the Wire has the opportunity to leverage its existing NetSIP platform and offer the entirety of its capability to Microsoft Teams users.
- NetSIP Direct Routing has a pilot user group using it in production.

Full product launch end Q3 FY20

Adding Post Paid mobile services allows our clients to have a single telecommunications provider empowering their business

- There has been increasing demand from our customers for a broader mobility offering as they would like to manage less relationships.
- Over the Wire has the opportunity to leverage its existing Mobile Virtual Network Operator (MVNO) relationship with Optus to provide postpaid mobile services to partners and direct customers.
- Pre-launch trials will be conducted with some existing customers and partners.

Full Product Launch Q4 FY20

Positioned for Growth – Carrier Interconnect

NetSIP is becoming a 'Tier 1' voice carrier in the Australian market and will be Interconnected will all major Voice Carriers

NetSIP has been actively building carrier interconnects with all major Australian Voice networks. Significant resources have been expended in the most recent half with an estimated completion of Q1 FY21.

Background

- At present, there are 6 significant Carrier Groups that offer full service (including Local Number Portability) voice products on their networks [Telstra, Optus, TPG, MyNetFone, Vocus & Verizon].
- Operating our own Interconnected voice network means that an outbound call from a NetSIP customer will go directly to the carrier who owns the number dialled. In the case of an incoming call, the originating carrier will send the call directly to the NetSIP network, with no other carrier in-between.
- As the ISDN shutdown and move to VoIP accelerates, NetSIP aims to win a larger share of customers migrating due to the advantages delivered by being an Interconnected carrier.
- Operating a voice interconnect network also provides NetSIP additional capabilities that are required by large, multi-national carriers, voice aggregators and Over The Top application providers.

Advantages of being an Interconnected carrier

- port numbers directly onto NetSIP (providing efficiencies and better customer experience as there is no intermediary)
- Increased resiliency
- Improved margins
- Improved commercial offerings due to regulated cost base
- Tier 1 voice carrier

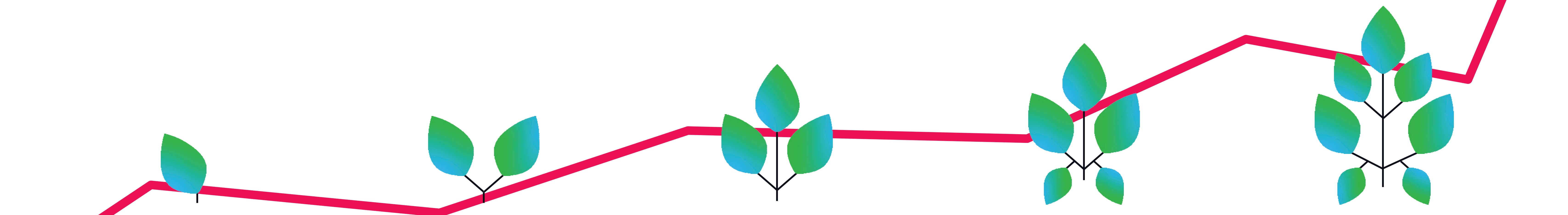
Current Status

Interconnects operational : Optus, MyNetFone, Vocus

Interconnects to be completed : TPG, Vodafone, Telstra

Well Positioned for the Future

- Strength of the sales opportunity pipeline and clearer focus on our target market segment provides confidence of achieving monthly recurring revenue growth of 25% in around 18 months time.
- New products and capability being delivered provides greater revenue opportunities within our target market.
- Further automation and self-service capability will deliver increased operational leverage, improved customer experience and a reduced Order-to-Cash Lifecycle.
- Executive team with a clear focus on the Over the Wire of today and into the future which allows Over the Wire to target both organic and inorganic opportunities in the near and long term.



GROW
To identify, understand, and realise our opportunities to grow

IMPROVE
For our systems to reduce friction, enhance customer experience, and support our growth

FOCUS
For our customers to value our technical expertise and strength of our relationships

ENGAGE
For our people to embody our purpose and values, and make a positive contribution to their and our success

EVOLVE
To offer seamless solutions to our customers and partners

Our vision is to be the technology solution partner passionately promoted by our customers

Thank you for your time

Any questions?

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