



**Full Year Results** Presentation

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August 2020



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Our **purpose** is to

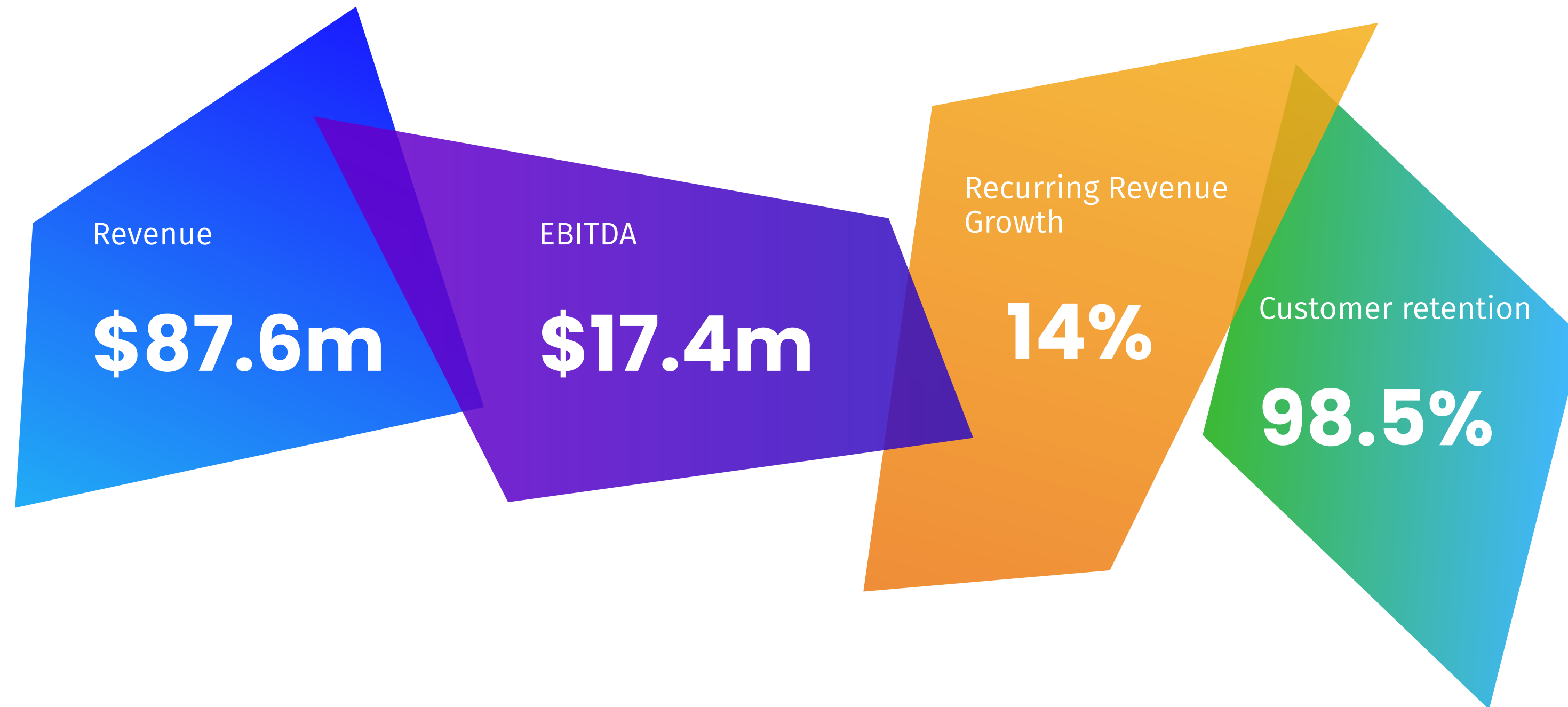
Simplify technology  
*to empower business*

# Agenda

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# FY20 Highlights



# Profit & Loss – Full Year

(A\$m)	2019 Adjusted	2020	Change (%)
Data Networks	37.0	37.5	2%
Voice	16.4	19.6	19%
Hosting	9.1	10.1	12%
Security & Services	17.1	20.3	19%
<b>Revenue</b>	<b>79.6</b>	<b>87.6</b>	<b>10%</b>
Gross profit	40.8	44.0	
<i>Gross profit %</i>	<i>51%</i>	<i>50%</i>	
Other Income	-	0.1	
Overhead Expenses	23.6	26.7	
<b>EBITDA<sup>1</sup></b>	<b>17.2</b>	<b>17.4</b>	<b>1%</b>
<i>EBITDA %</i>	<i>22%</i>	<i>20%</i>	
Interest	0.6	0.4	
Depreciation	3.8	4.4	
Tax	3.9	3.8	
<b>NPATA<sup>1</sup></b>	<b>8.9</b>	<b>8.8</b>	<b>(2%)</b>
Amortisation	4.2	5.4	
Tax	(1.3)	(1.6)	
<b>NPAT<sup>1</sup></b>	<b>6.0</b>	<b>5.0</b>	<b>(16%)</b>
<b>Cash Earnings Per Share<sup>2</sup></b> (cents)	<b>18.23</b>	<b>17.01</b>	

1. Excludes the impact in FY19 of the earn-out write back of \$4.1m

2. Cash EPS based on NPATA

- Strong growth across voice and security & services offerings, with significant growth in H2
- Increase in depreciation and amortisation due to full year impact of acquisitions in FY19
- Final dividend of 2.25 cps declared (full year dividend of 3.75 cps)

# Profit & Loss – Recurring

(A\$m)	2019	2020	Change (%)	Organic Change (%)
Data Networks	37.0	37.5	2%	1%
Voice	16.4	19.6	19%	18%
Hosting	9.1	10.1	12%	7%
Security & Services	3.2	7.5	133%	90%
<b>Revenue</b>	<b>65.7</b>	<b>74.7</b>	<b>14%</b>	<b>10%</b>
Gross profit	36.4	40.4		
<i>Gross profit %</i>	55%	54%		
Other Income	-	0.1		
Overhead Expenses	23.5	26.6		
<b>EBITDA</b>	<b>12.8</b>	<b>13.9</b>	<b>8%</b>	
<i>EBITDA %</i>	19%	19%		
Interest	0.6	0.4		
Depreciation	3.8	4.4		
Tax	2.6	2.7		
<b>NPATA</b>	<b>5.9</b>	<b>6.3</b>	<b>7%</b>	
Amortisation	4.2	5.4		
Tax	(1.3)	(1.6)		
<b>NPAT</b>	<b>3.0</b>	<b>2.6</b>	<b>(13%)</b>	

- Recurring revenue continues to show strong growth
- Organic growth driven by Voice and Security & Services
- Impact of NBN downward repricing on Data revenue should conclude by the end of FY21

# Profit & Loss – Recurring

	2020	2020	Change
(A\$m)	H1	H2	(%)
Data Networks	19.1	18.4	(3%)
Voice	9.2	10.4	12%
Hosting	5.1	5.0	(1%)
Security & Services	3.2	4.2	32%
<b>Revenue</b>	<b>36.6</b>	<b>38.1</b>	<b>4%</b>
Gross profit	20.0	20.4	
<i>Gross profit %</i>	55%	54%	
Other Income	-	-	
Overhead Expenses	13.7	12.9	
<b>EBITDA</b>	<b>6.3</b>	<b>7.5</b>	<b>19%</b>
<i>EBITDA %</i>	17%	20%	
Interest	0.2	0.2	
Depreciation	2.0	2.4	
Tax	1.2	1.5	
<b>NPATA</b>	<b>2.9</b>	<b>3.4</b>	<b>19%</b>
Amortisation	2.7	2.7	
Tax	(0.8)	(0.8)	
<b>NPAT</b>	<b>1.0</b>	<b>1.6</b>	<b>54%</b>

▀ Focus on voice resulted in strong H2 growth

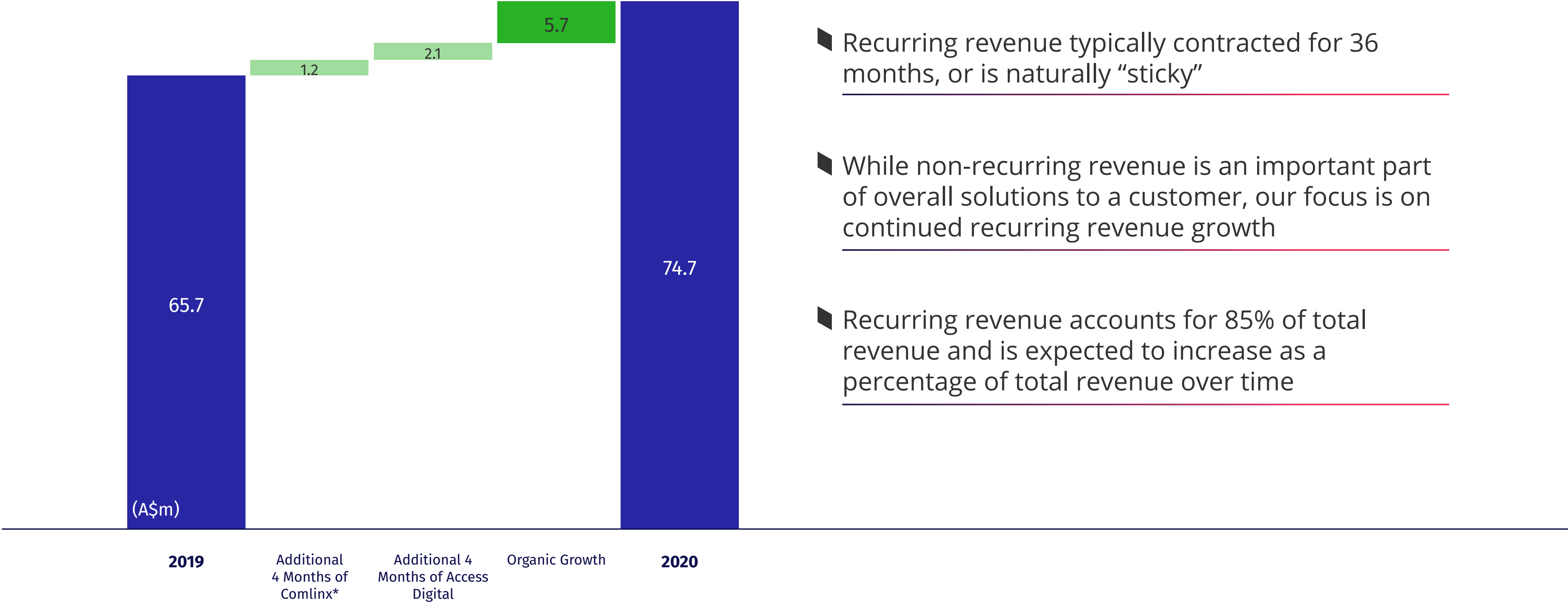
▀ Operating leverage starting to be realised from investment in H1

▀ Various levels of support provided to customers impacted by COVID-19



# Recurring Revenue Growth Profile

2020 produced organic recurring growth of \$5.7m, equating to a 10% increase for the year.



- Recurring revenue typically contracted for 36 months, or is naturally “sticky”
- While non-recurring revenue is an important part of overall solutions to a customer, our focus is on continued recurring revenue growth
- Recurring revenue accounts for 85% of total revenue and is expected to increase as a percentage of total revenue over time

\* Equals post-acquisition contributed revenue: ie 1.5m revenue less 0.3m eliminated upon acquisition due to joint customers.

# Cash Flow

Continued strong conversion of EBITDA to cash

Business requires low levels of capex - 2020 \$4.4m (including \$1.9m leased office fitout)

Earnout of \$1.4m paid for Access Digital

(A\$m)	2019	2020
Receipts from Customers	83.2	96.4
Payments to Suppliers & Employees	(66.1)	(80.7)
	17.2	15.7
Interest Received	0.0	0.0
Interest Paid & Other Finance Costs Paid	(0.6)	(0.4)
Income Taxes paid	(4.0)	(3.7)
<b>Net Cash from Operating Activities</b>	<b>12.5</b>	<b>11.6</b>
Payments for Purchases of Businesses	(24.8)	(1.4)
Payments for Intangibles (Internally Generated Software)	(0.9)	(0.9)
Payments for Property, Plant & Equipment	(2.6)	(4.4)
<b>Net Cash Used in Investing Activities</b>	<b>(28.3)</b>	<b>(6.7)</b>
Proceeds from Issue of Shares	25.4	-
Proceeds (Net of Repayments) of Borrowings	(3.5)	(1.9)
Repayment of Lease Liabilities	(1.5)	(1.2)
Dividends Paid	(1.3)	(1.8)
<b>Net Cash From / (Used In) Financing Activities</b>	<b>19.1</b>	<b>(4.8)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>3.3</b>	<b>0.1</b>
Cash & Cash Equivalents at Beginning of the Year	7.0	10.3
<b>Cash &amp; Cash Equivalents at End of the Year</b>	<b>10.3</b>	<b>10.4</b>

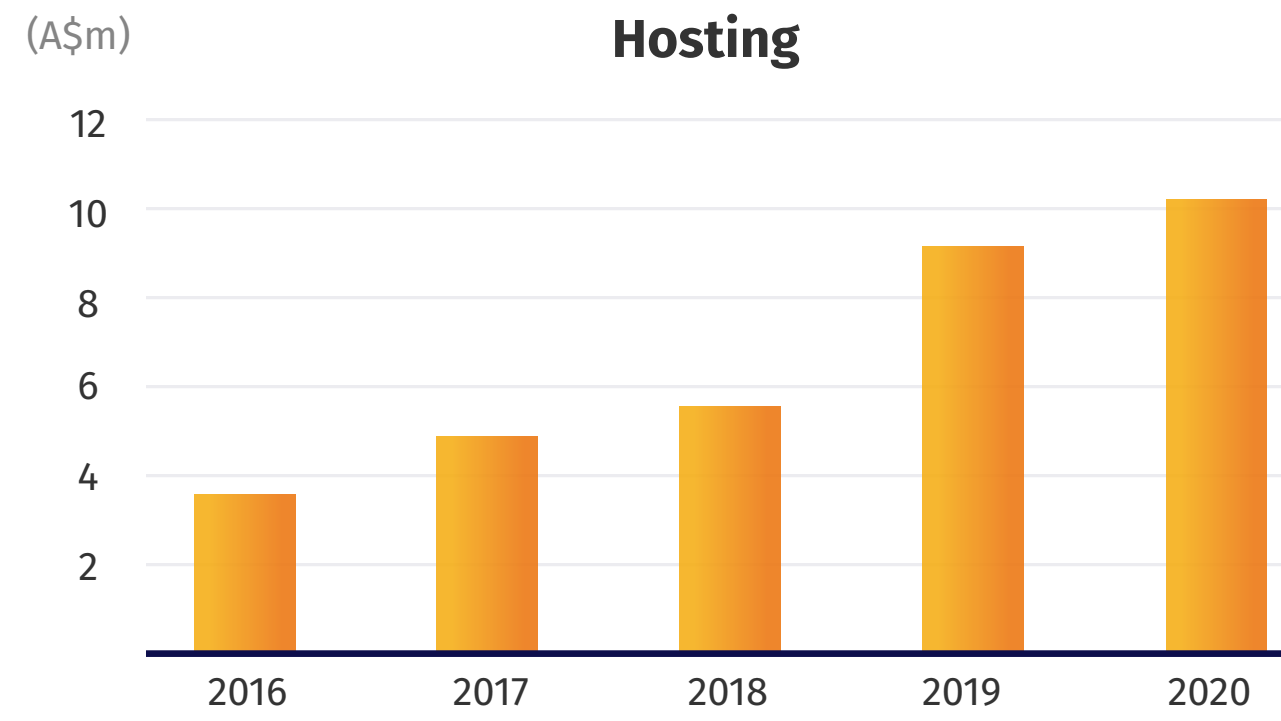
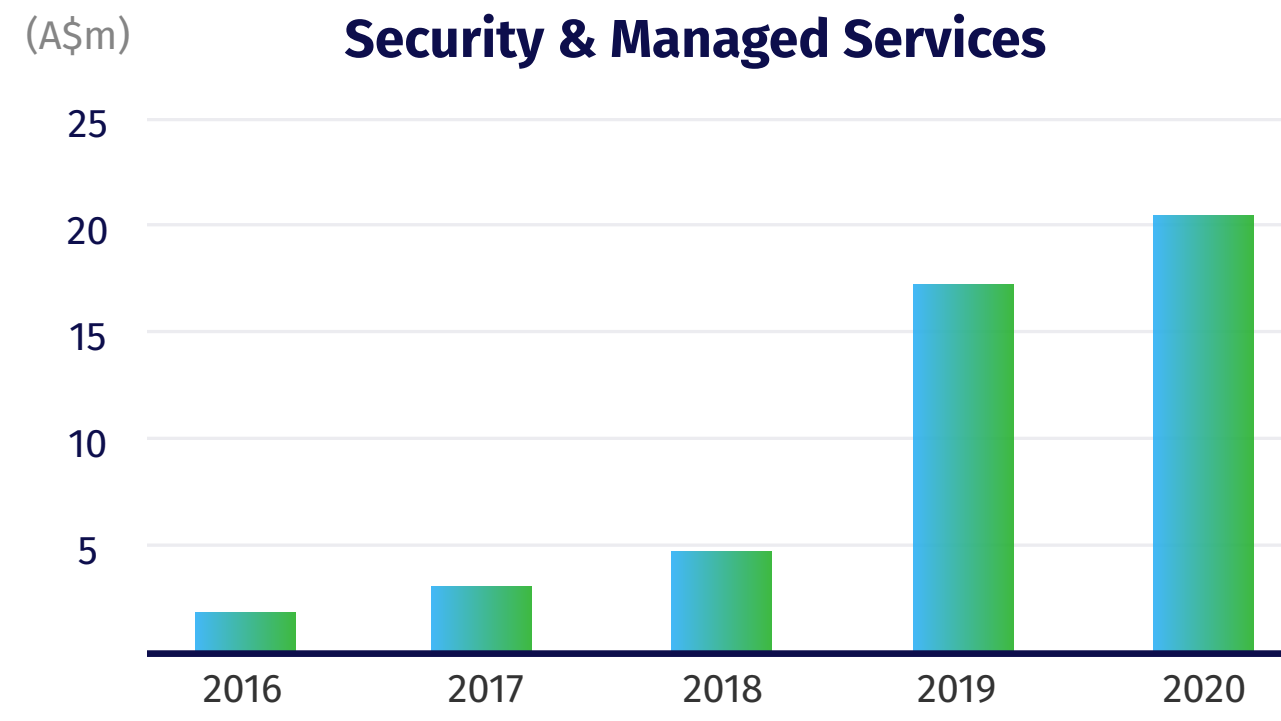
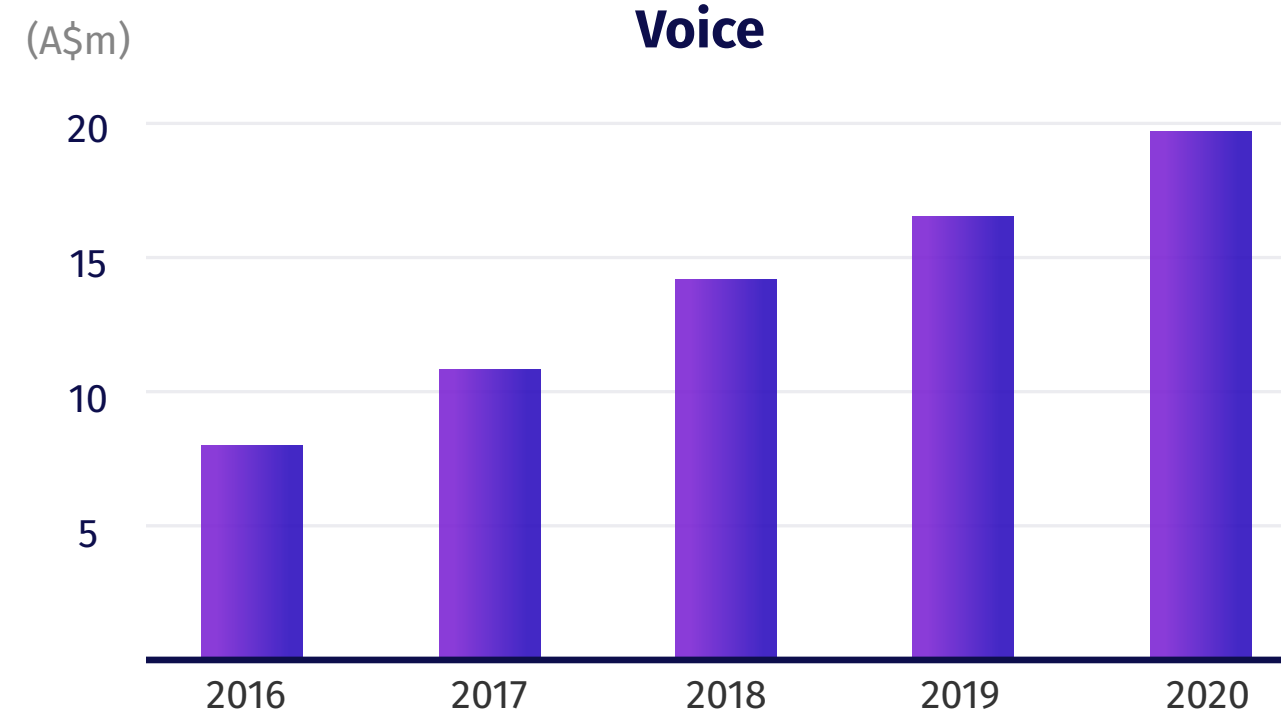
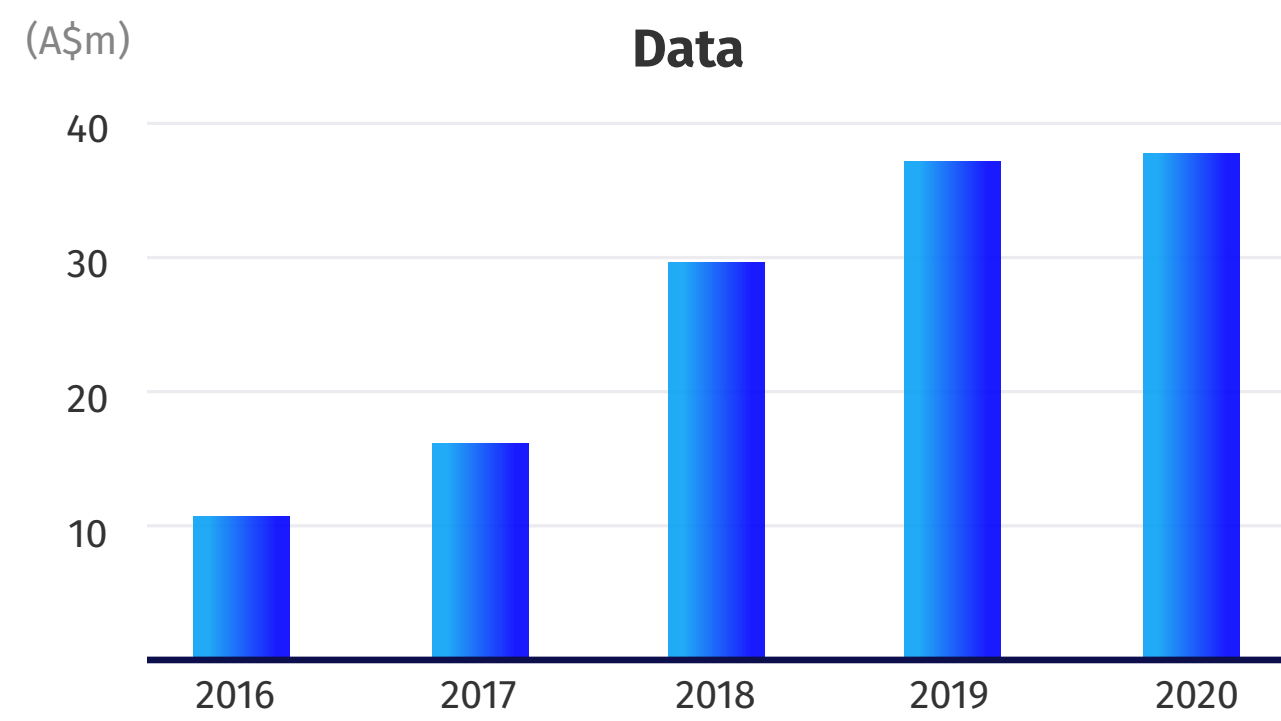
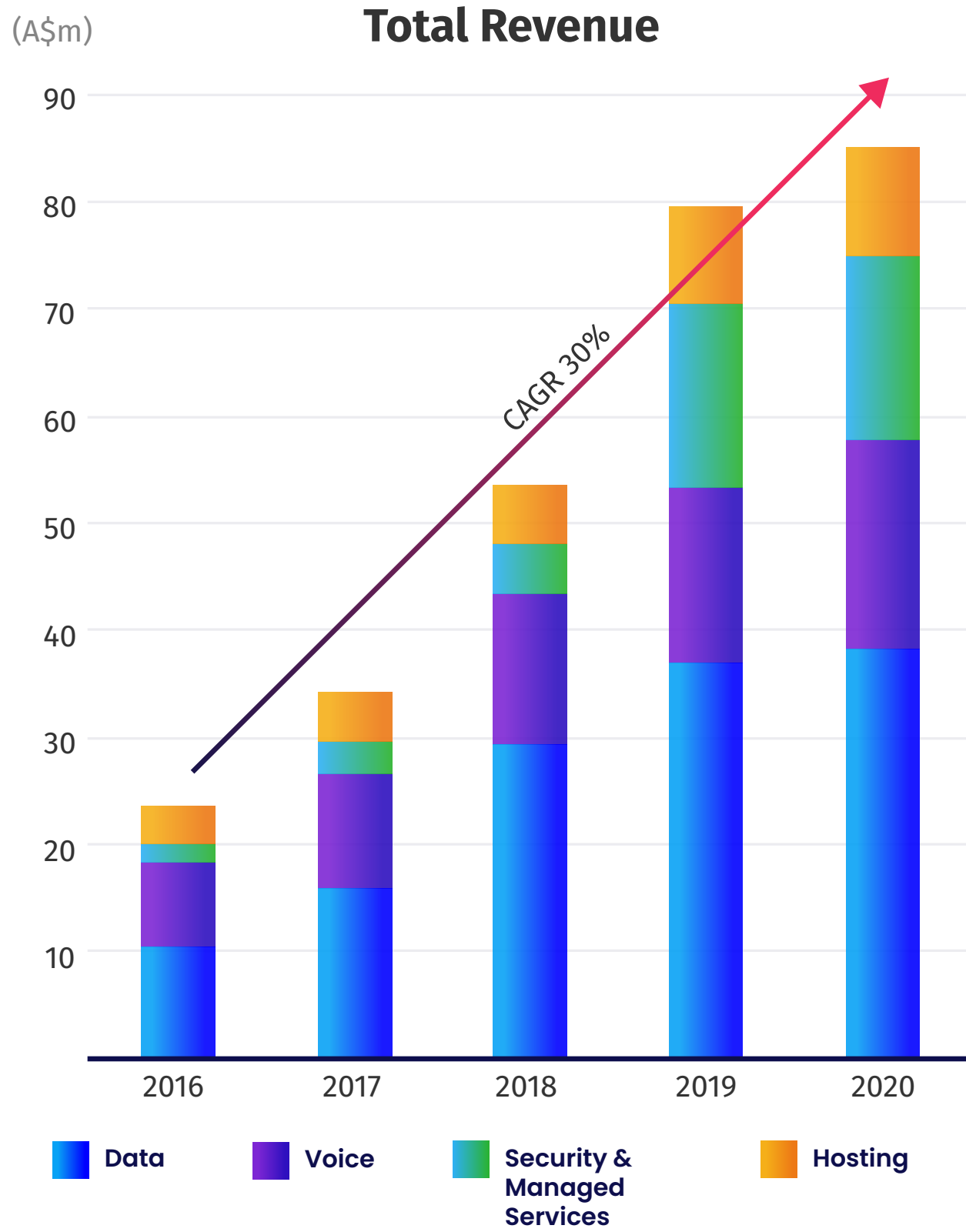
# Balance Sheet

(A\$m)	2019 (Restated)	2020
Cash & Cash Equivalents	10.3	10.4
Trade & other Receivables	8.9	9.3
All Other	2.5	3.0
<b>Total Current Assets</b>	<b>21.7</b>	<b>22.7</b>
Property, Plant & Equipment	10.4	16.8
Intangibles	74.8	70.4
All Other	0.2	0.2
<b>Total Non Current Assets</b>	<b>85.4</b>	<b>87.3</b>
<b>Total Assets</b>	<b>107.2</b>	<b>110.0</b>
Trade & Other Payables	13.1	11.9
Borrowings	3.9	3.9
Lease Liability	1.1	1.4
Current Tax Liability	1.1	1.0
All Other	3.3	2.0
<b>Total Current Liabilities</b>	<b>22.5</b>	<b>20.2</b>
Borrowings	5.6	1.6
Lease Liability	2.5	9.5
Deferred Tax	11.0	9.3
All Other	0.5	0.5
<b>Total Non Current Liabilities</b>	<b>19.6</b>	<b>20.9</b>
<b>Total Liabilities</b>	<b>42.1</b>	<b>41.1</b>
<b>Net Assets</b>	<b>65.0</b>	<b>68.9</b>
Issued Capital	43.9	44.3
Reserves	0.1	0.4
Retained Profits	21.0	24.2
<b>Total Equity</b>	<b>65.0</b>	<b>68.9</b>

- Strong Balance Sheet has allowed for recently announced acquisition to be funded by debt
- Cash reserves greater than term debt and asset finance - no net debt
- Debt-to-EBITDA ratio of 0.5 : 1 as at 30 June 2020

# Growth Across All Products

## Total Revenue



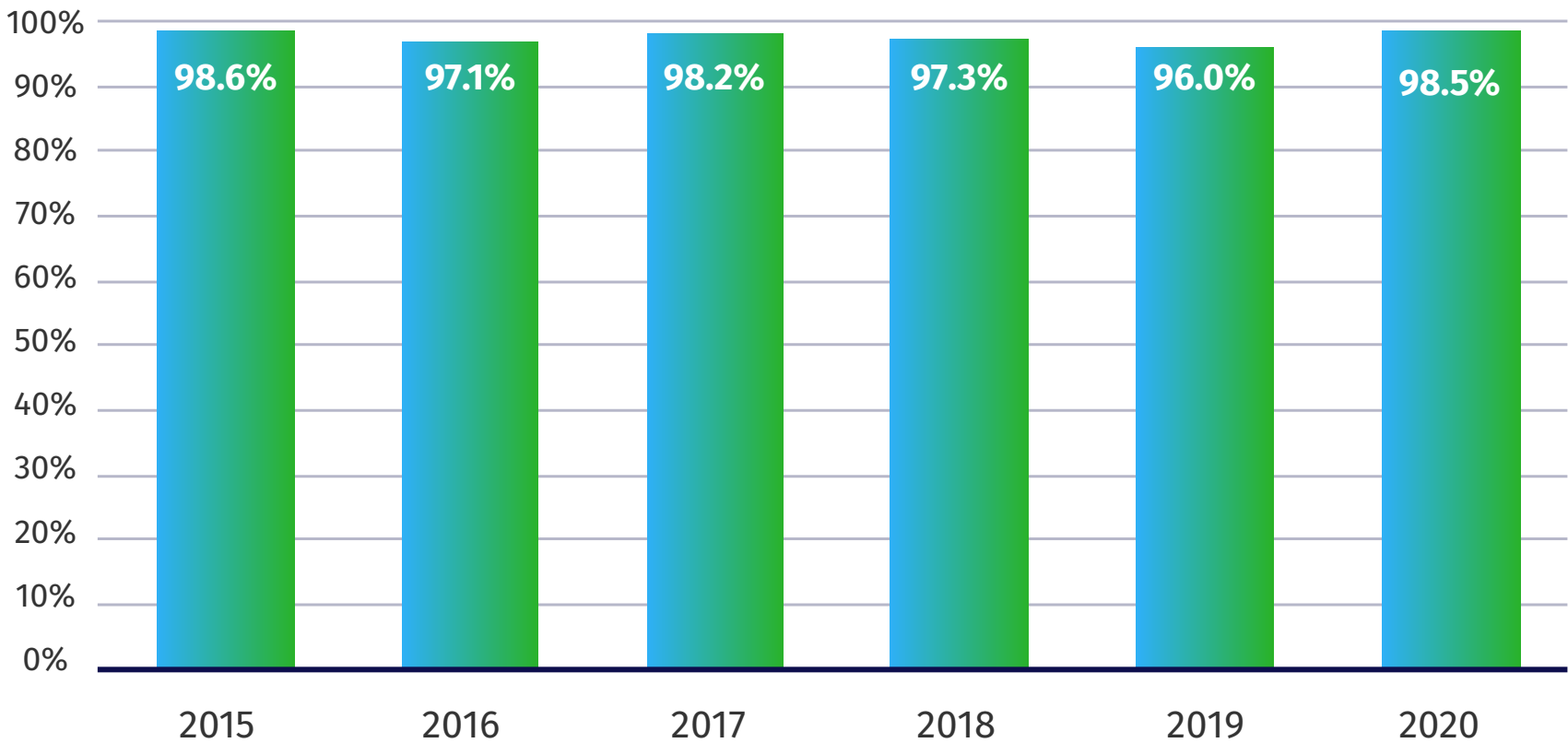


# Customer Service

Over the Wire's customer service has led to very high levels of customer retention (98.5% in FY20)

- Over the Wire provided various levels of support to a number of COVID impacted customers and partners in H2
- Our focus during imposed lockdown periods has been to form long term mutually beneficial partnerships with customers
- Our customer experience remains a key differentiator in an industry that is known for poor customer service

**Customer Retention**

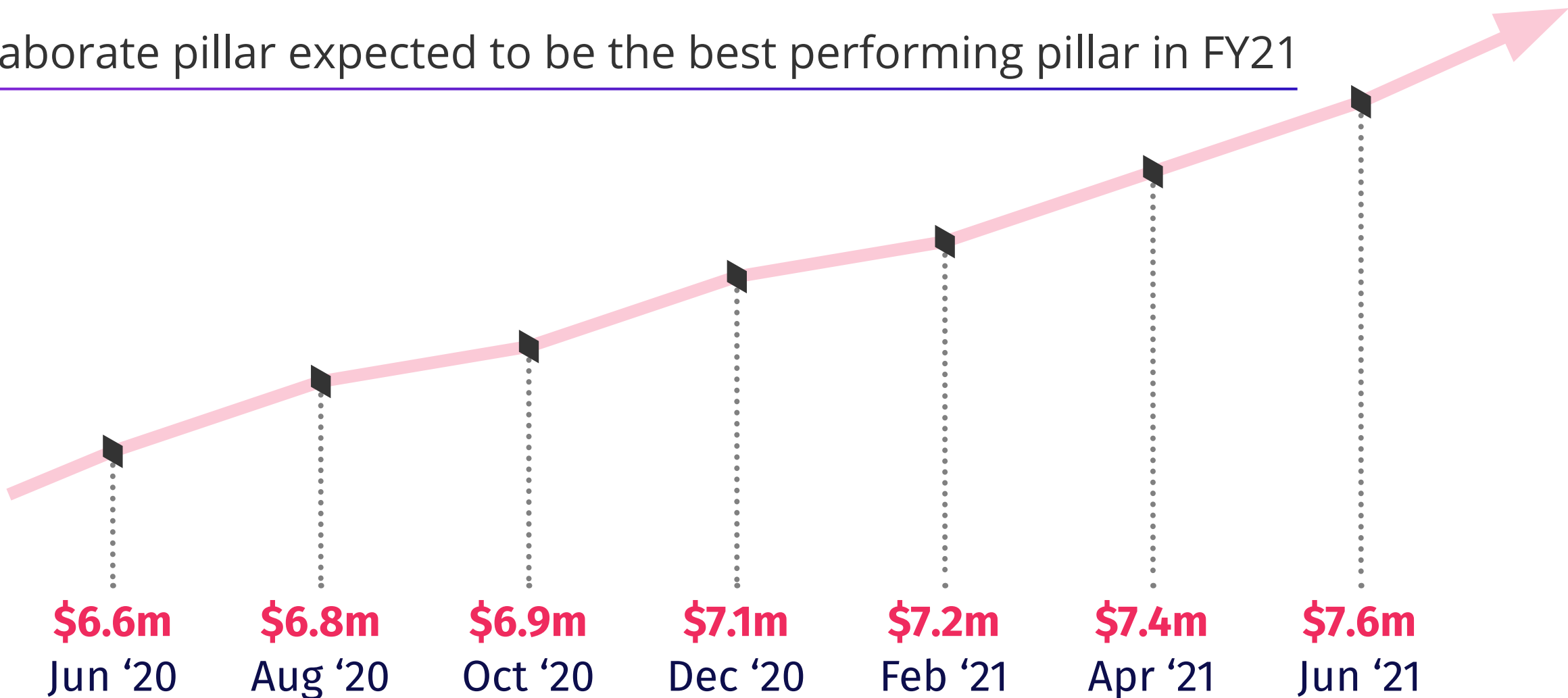


Notes:

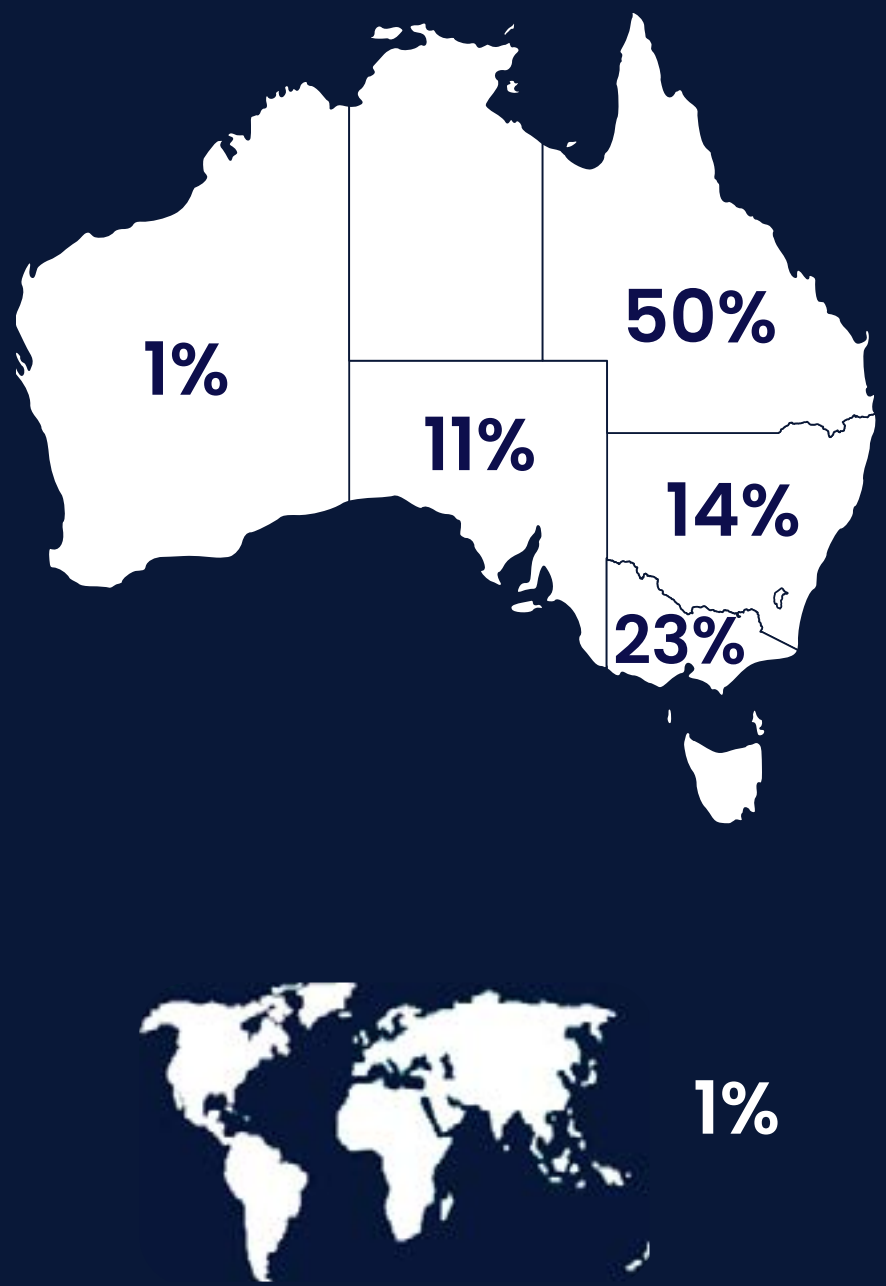
- 1) Does not include acquisitions until they have been owned for 2 full comparative years.
- 2) A customer's revenue is classified as retained in a given year if Over the Wire had revenue from the customer in the current year and in the previous year, and excludes any growth in revenue.

# Positioned for Growth

- Jun '20 exit monthly recurring revenue in line with expectations
- Strength of the monthly recurring revenue sales pipeline and orders currently in provisioning provide confidence in delivering growth as per the graph below
- Acquired customer base provides great opportunity for delivering a broader range of products and services
- Three solution pillars **Cloud. Connect. Collaborate.** are experiencing industry tailwinds and our investment in capability and systems positions us well to take advantage of these
- Collaborate pillar expected to be the best performing pillar in FY21



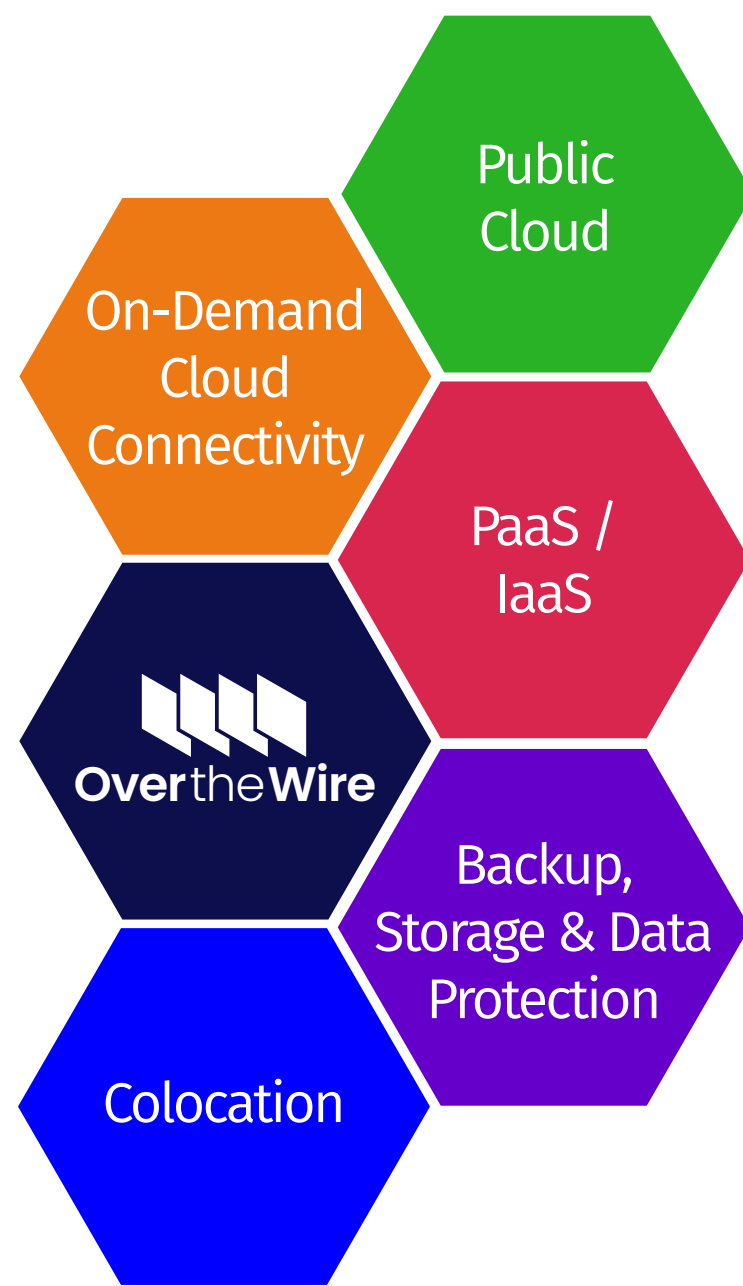
## FY20 Revenue by Geography



# CLOUD

Comprehensive cloud platform accessing extensive multi-cloud market

## OTW Capability



## Value

Partnerships with market leading vendors

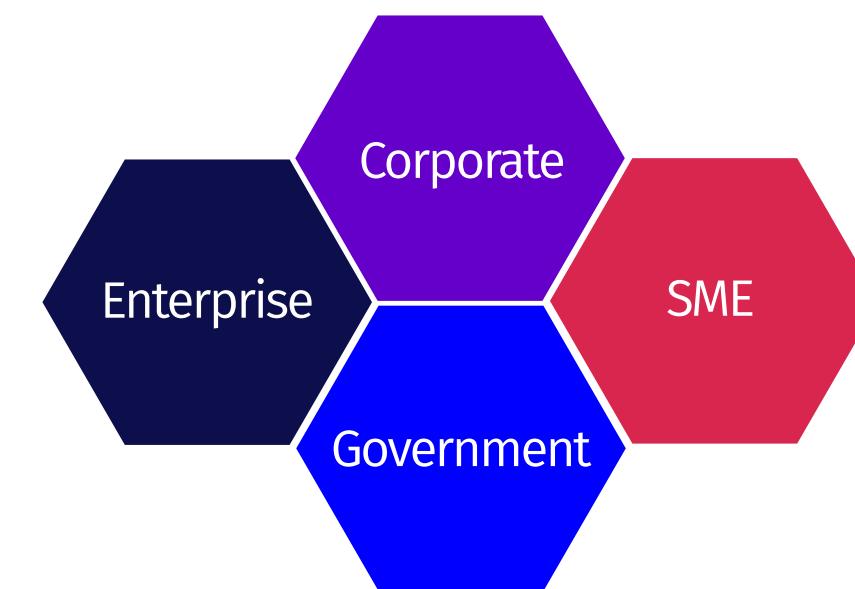
Transformative blend of public and private cloud

Simplifying our customers' journey to the cloud.

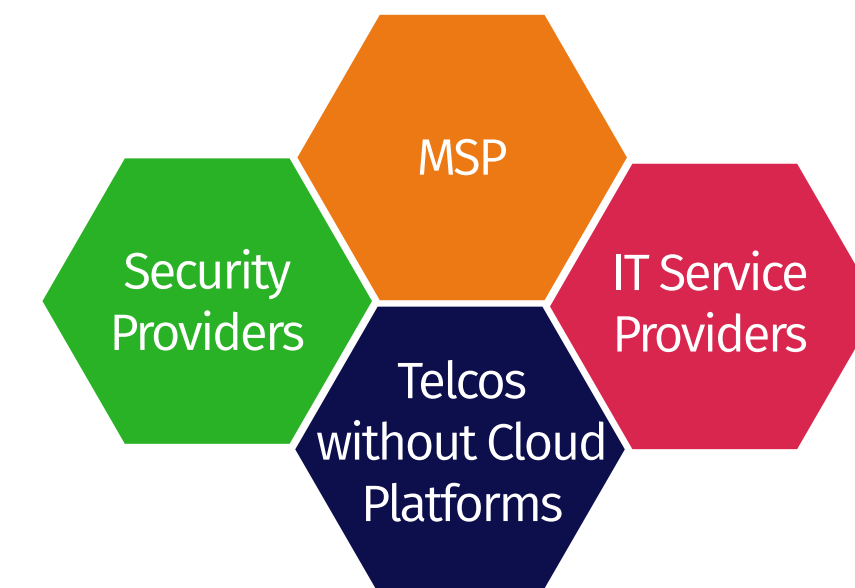


## Market Segment

Direct



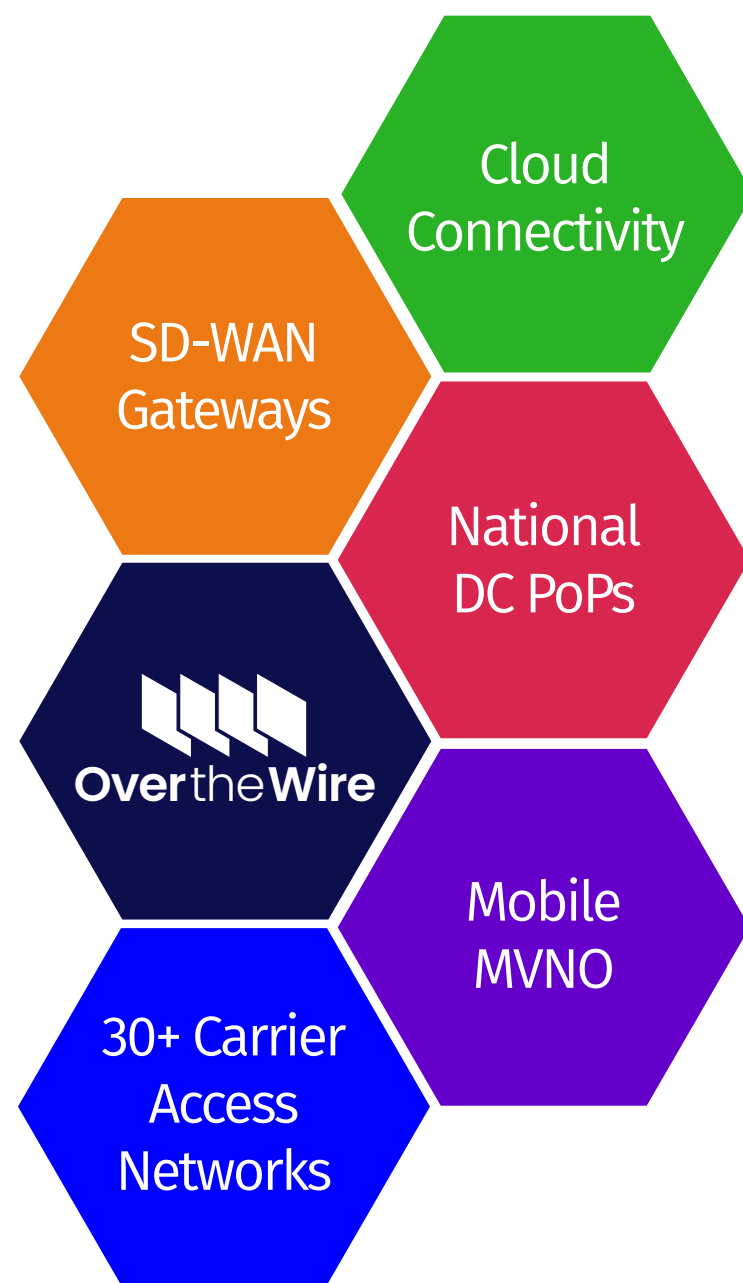
Indirect & Wholesale



# CONNECT

Perfectly positioned to leverage the shift to cloud networking with 30+ carrier aggregation partners

## OTW Capability



## Value

Leveraging our aggregation strengths

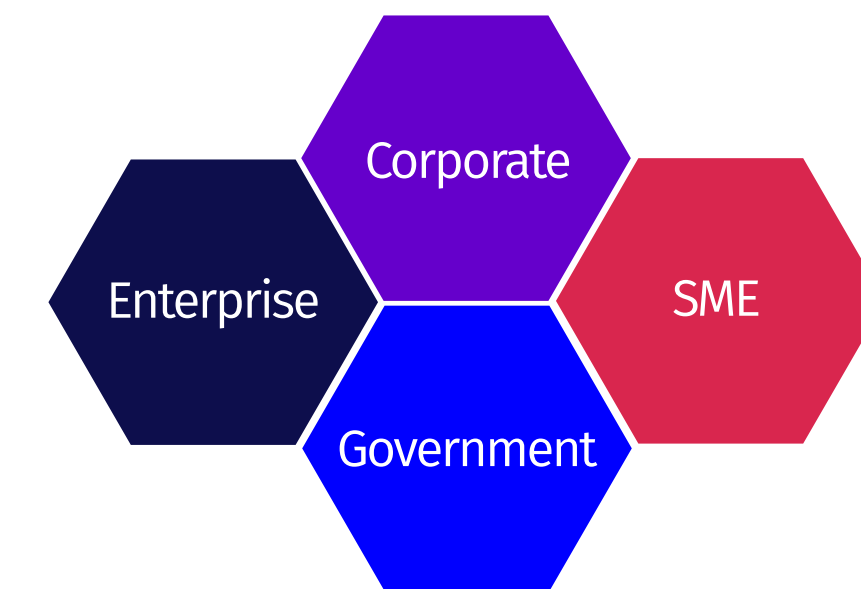
Proactive management

Visibility and control

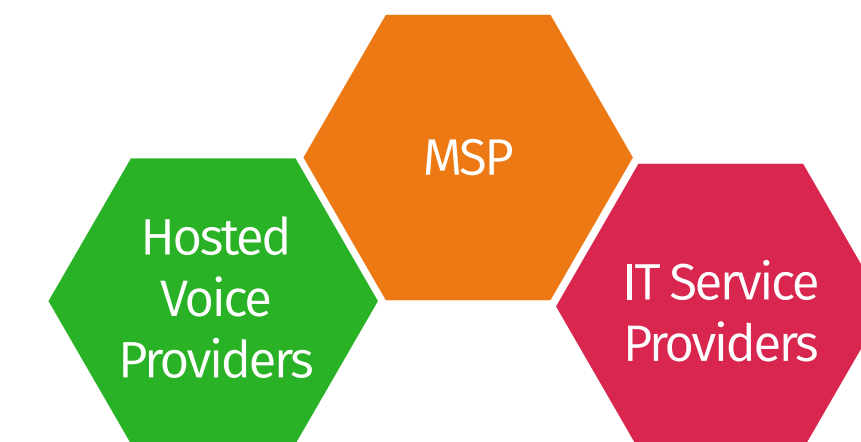
Optimising & transforming networks.

## Market Segment

Direct



Indirect & Wholesale

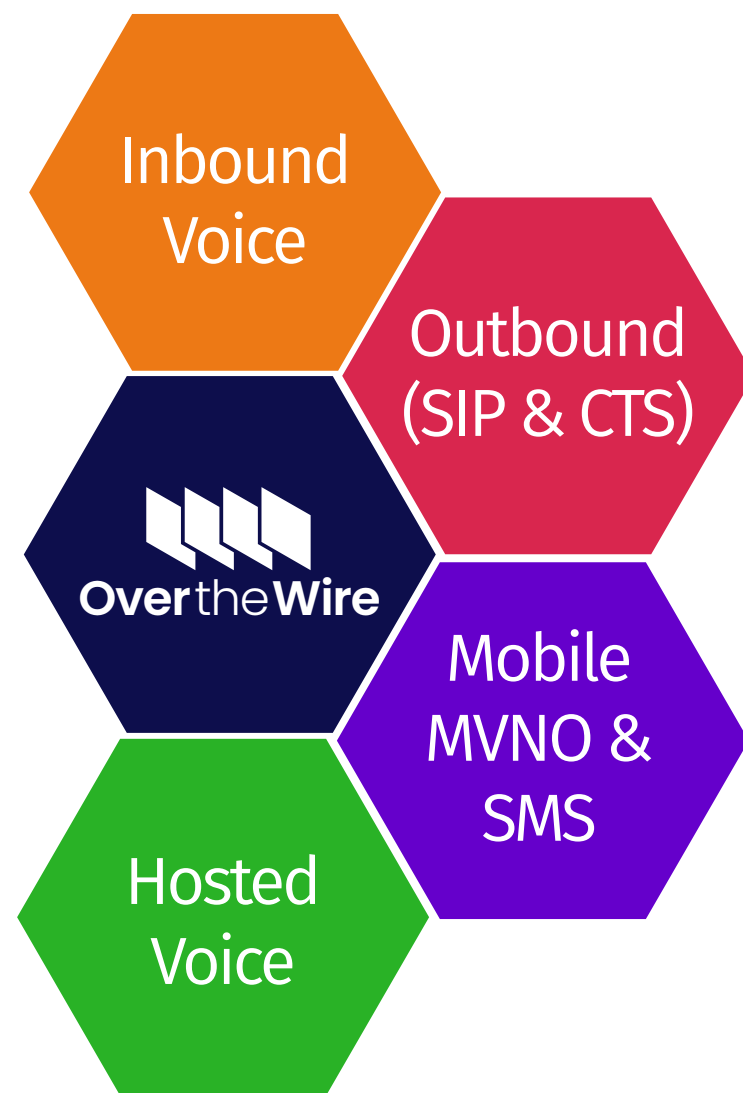




# COLLABORATE

Powerful voice and SMS platform fuelling the high growth collaboration market

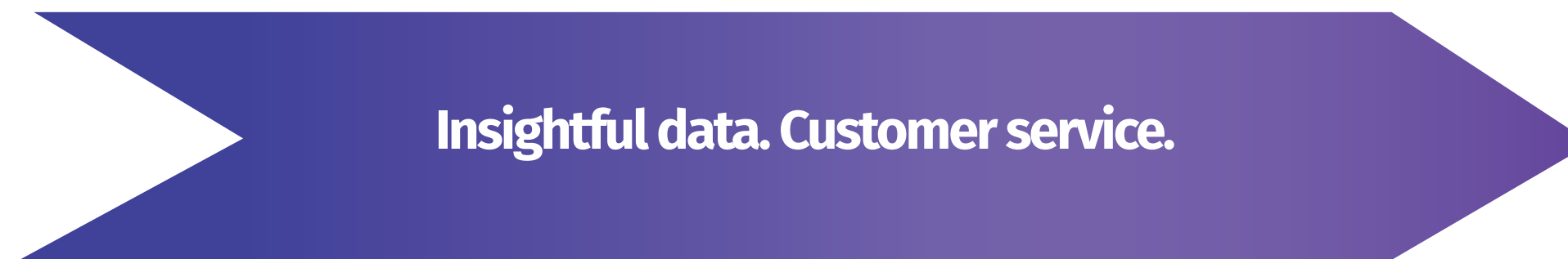
## OTW Capability



## Value

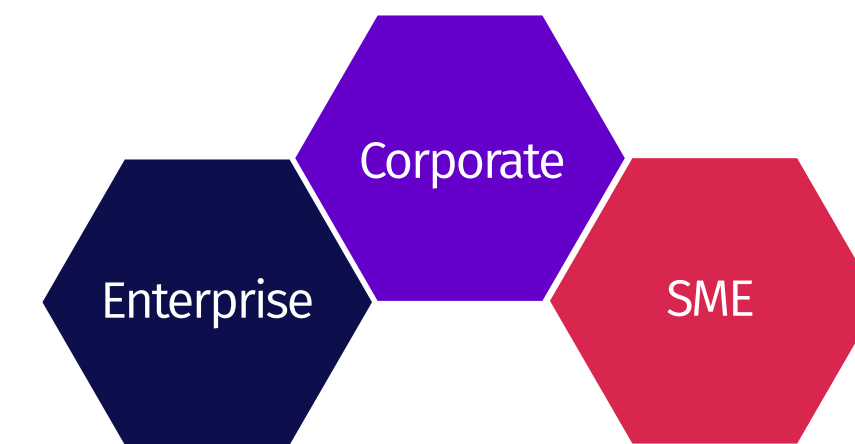
Proprietary cloud voice & SMS platform powering API driven communications market

Tier-1 Carrier Interconnect (to be completed)

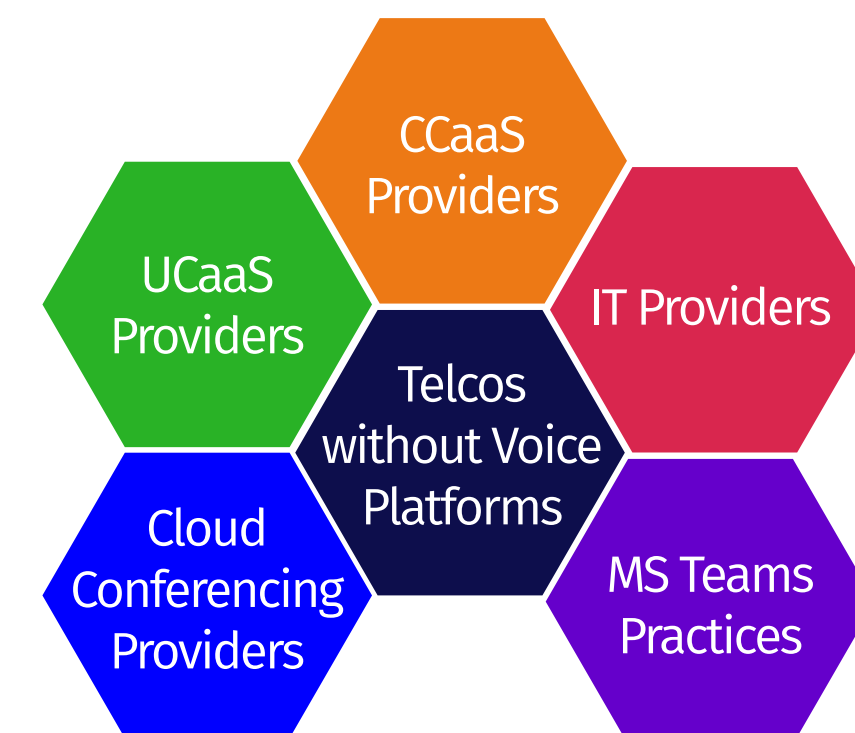


## Market Segment

Direct



Indirect & Wholesale



# Acquisitions to Accelerate Growth

Over the Wire will continue to identify acquisition targets following the same M&A discipline that has resulted in a track record of successfully acquiring and then integrating acquisitions



# Fonebox & Zintel

## Acquisition Highlights

- To complete on 31 August 2020
- 9,000+ active customers
- \$6m EBITDA\*
- 30%+ EBITDA margin

\*expected contribution on an annualised basis



- Leading providers of 13, 1300 and 1800 inbound telecommunication services
- Significant presence - Fonebox and Zintel have been leaders in inbound telecommunications in Australia and New Zealand for 10+ years.
- Large and active customer base in the SME and corporate market
- 95%+ revenue is recurring
- Highly cash generative with strong margins
- Proprietary technology platform





**Cloud. Connect. Collaborate.**

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