



AGM Presentation

Rene Sugo CEO

27 October 2020



View the MNF Journey

Find out where it all began...

<https://mnfgroup.limited/who-we-are>

Who is MNF Group?

We are a **software company** servicing the rapidly emerging cloud communications market in the **Asia-Pacific** region

- Disrupting traditional voice industry
- Strategic Customers i.e. Google, Cisco etc
- Australian HQ

FY20 EBITDA

A\$38.2m

FY20 NPAT

A\$16.6M

Strong Balance Sheet – 30 June 2020

A\$76.2M

(\$46.2M cash & \$30M undrawn debt)



Share price: A\$4.73 (9 October)

Market Cap: A\$398m (9 October)

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Our opportunity

Global cloud communications boom

Cloud communications, a \$70Bn+ global market, is the new normal. But most telecom infrastructure cannot support it.

Unique differentiator

In Australia and New Zealand, MNF bridges this gap between software and telecom. Our Voice IP network is designed to power cloud communications, with features including APIs, HD Voice and advanced routing controls.

Key capabilities:



Phone
Numbers



Carriage
Services



Telco Cloud
Services



Gartner – Forecast Analysis: Unified Communications, Worldwide (January 2019) ID: G00348983
IDC – Market Analysis Perspective: Worldwide Real-Time Communications (CPaaS), 2018 Doc # US44316218
Gartner – Forecast Analysis: Contact Centers, Worldwide (April 2019) ID: G00386360

Business segments

Wholesale

Provides voice and communications products including numbers, voice carriage and cloud services to telcos and communication disruptors, powering UCaaS, CPaaS and RSPs.

Direct

Sells mobile, conferencing and collaboration services directly to residential, small business, enterprise and Government customers in Australia.

Global Wholesale (GWS)

CUSTOMERS INCLUDE:



Domestic Wholesale (DWS)

CUSTOMERS INCLUDE:



Direct

CUSTOMERS INCLUDE:



Long-term business growth

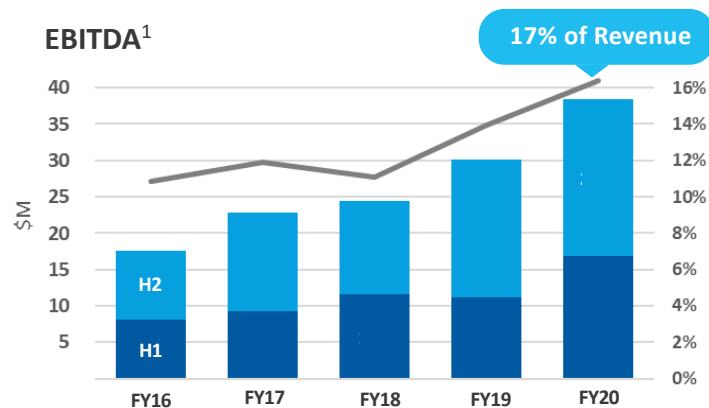
Phone numbers



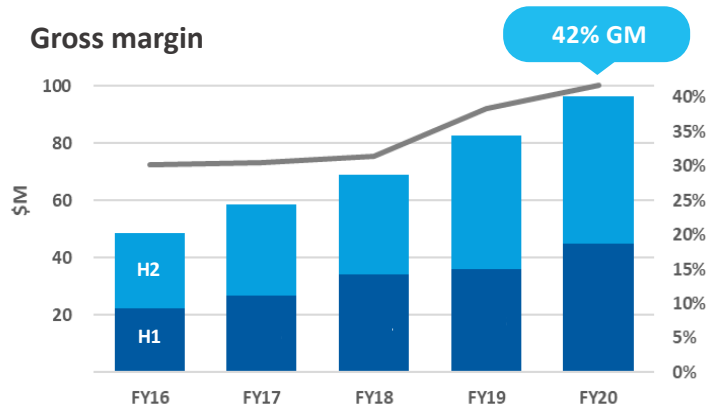
Adding phone numbers is a leading indicator of future recurring revenue.

EBITDA is now 17% percent of revenue, continuing multi-year growth.

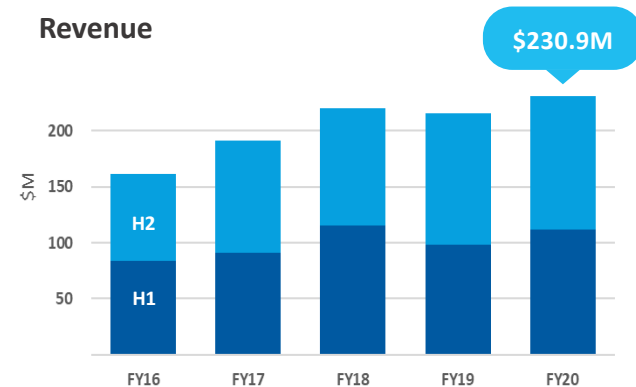
EBITDA¹



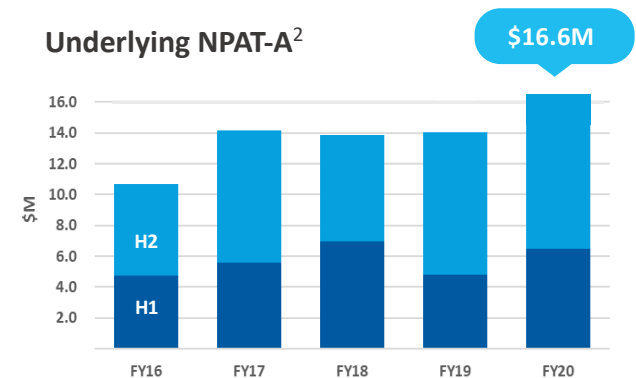
Gross margin



Revenue



Underlying NPAT-A²



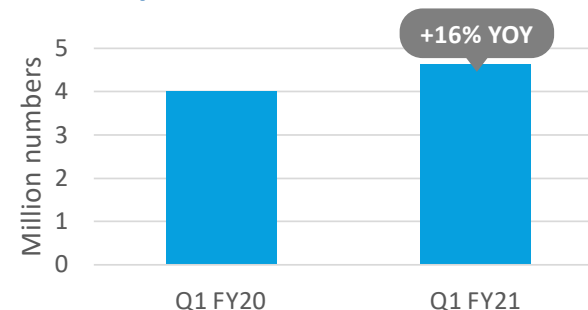
1. FY19 EBITDA has been adjusted to reflect the impact of AASB 16 Lease accounting.

2. Underlying NPAT-A excludes acquisition costs, amortisation of acquired customer contracts & acquired software and tax affected restructure costs only.

FY21 EBITDA Guidance

	FY20 actual	FY21 Guidance	Mid point % change
EBITDA (\$M)	38.2	40.0 - 43.0	+8.6%

Q1 update – Phone Numbers



Assumptions built into guidance:



Tailwinds

- › UCaaS, CPaaS and Collaboration volumes remain consistent with Q1/FY21 levels for remainder of FY21
- › Launch Singapore in March 2021 – no major bottom-line contribution in FY21



Headwinds

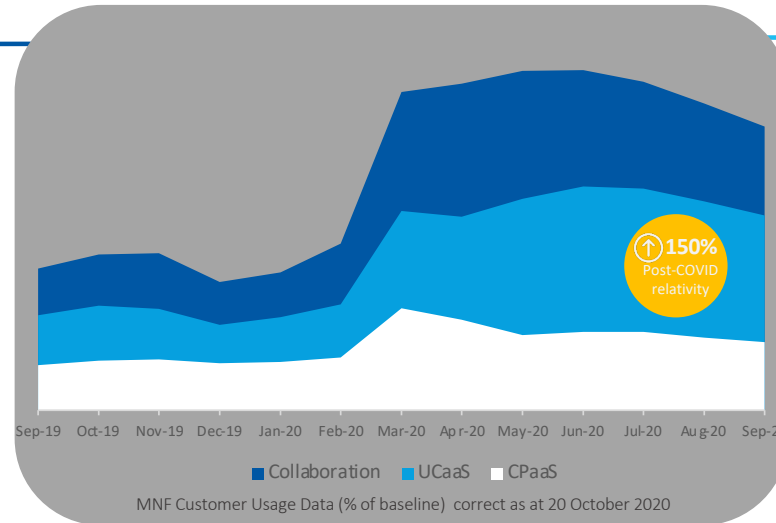
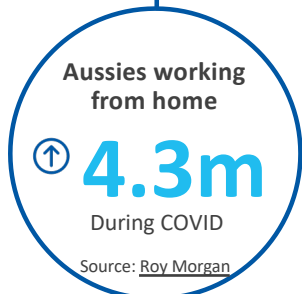
- › Roaming traffic remains absent for remainder of FY21 (\$1.5m margin impact relative to FY20)
- › Traditional audio-conferencing declines continue at current rate (\$2.0m margin impact relative to FY20)
- › No significant bad debts from customers post JobKeeper
- › Economic conditions remain at current levels with no further lockdowns



Cost base

- › Continue to invest in APAC expansion strategy
- › Increased technology staff cost of \$4.0m relative to FY20
- › All other OPEX costs increase of \$1.0m relative to FY20

Long term COVID structural shifts & trends



Singapore



Strategic ambition

Targeting 10% market share within 5 years of network launch



Disruptor DNA

First fixed voice network to launch in Singapore since 2000

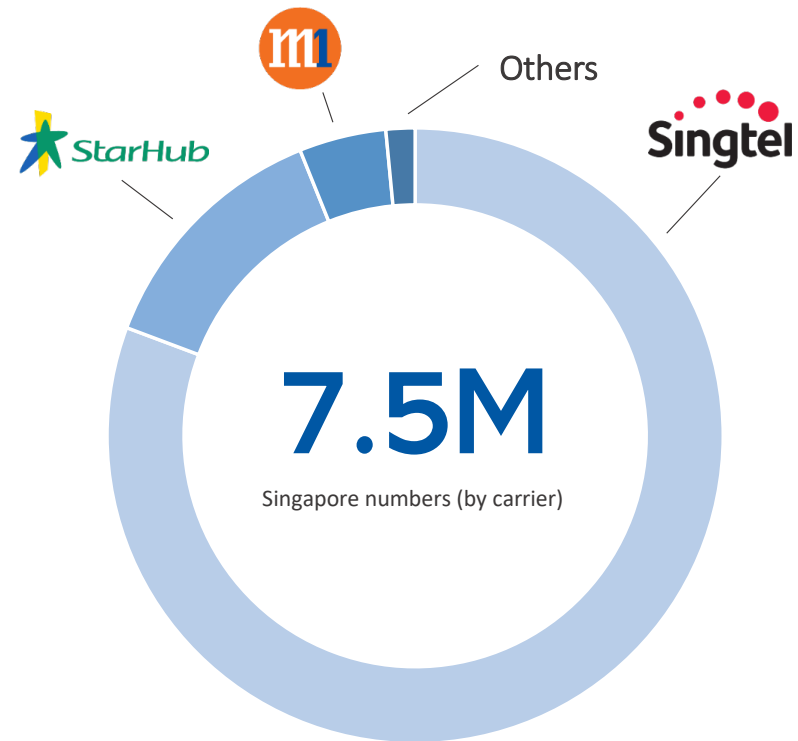


Launching soon

On track for *Technical Trial* by Dec 2020 and *Production* by Mar 2021

Strong customer engagement for Technical Trial and Production

Customer onboarding commenced



Ripe for competition

97% of fixed phone numbers carried by just 3 incumbent networks

International Expansion

➤ Evaluation process underway

➤ Key considerations



Market size & potential



Ease of doing business



Availability of key regulations

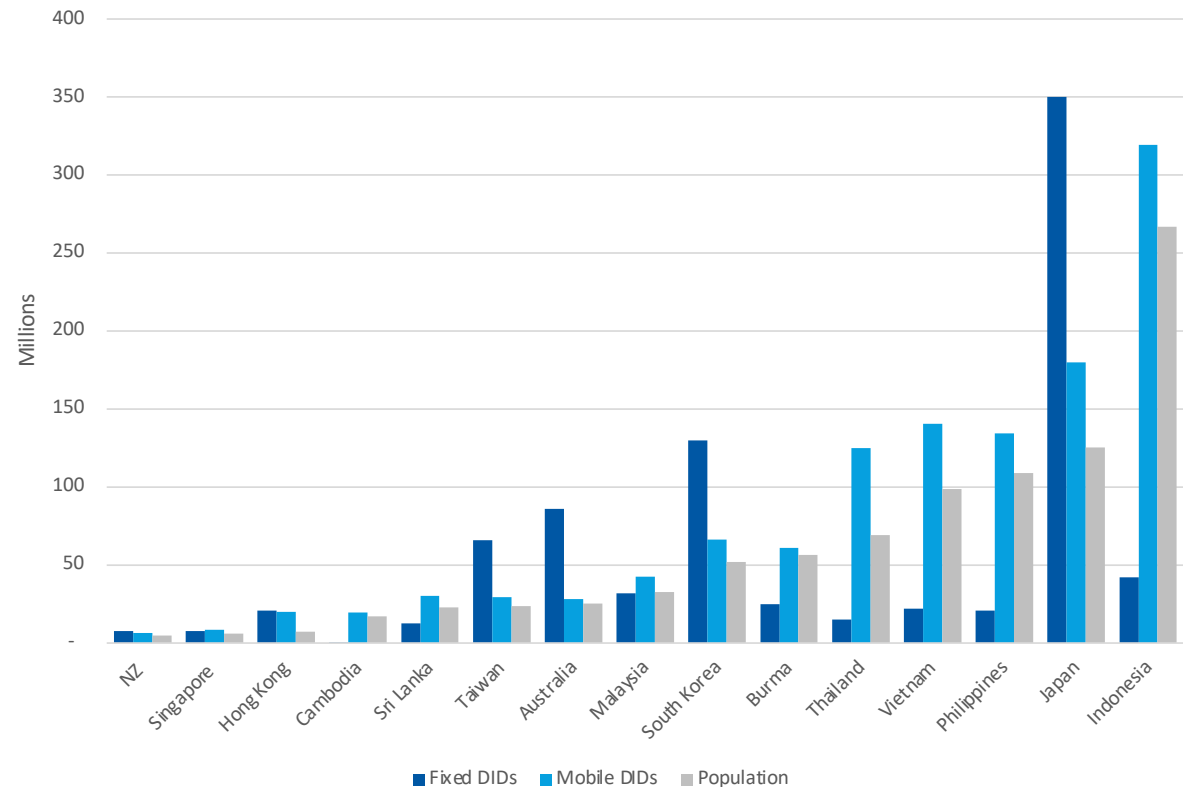


Potential acquisitions



Competition and pricing potential

Key APAC Markets



MNF Group strategic vision

Company purpose

Enabling our customers to innovate their voice communications

Values-led approach



Deliver excellence



Be brave



We care



Collaborate



Honest & fair

Strategic priorities



Market share

20% YoY organic growth in Australia, New Zealand and Asia-Pacific



Global growth

Expand our footprint across Asia-Pacific



Trusted partner

Build long-term strategic customer relationships



Software & APIs

Invest for resilience, scale and automation



Acquisitions

Organic growth supported by acquisition, where appropriate

Outcomes

Financial return

Achieve globally diversified, long-term high margins with > 80% recurring revenue

Asia-Pacific market leader

Become preferred provider of cloud servicing communications infrastructure, software and APIs

Compelling investment case



Significant market opportunity

Cloud communications is a \$70B+ global market. MNF is the go-to cloud communications enabler in the APAC region.



Strong balance sheet & proven earnings growth

\$39M in cash + \$30M undrawn debt. Business shift to recurring revenue. EBITDA growth of 22% over 5 years.



100% proprietary voice network

Use our own multi-regional IP voice network, providing unmatched control over quality and reliability.



Global expansion

Growing share in AU and NZ. Singapore set to launch in 2020, followed by strategic South East Asia expansion.



Quality customers

Wholesale customers inc. Zoom, Twilio, Microsoft and RSPs. Direct customers inc. Australian Government and enterprise.



Founder led

Co-founders Rene Sugo and Andy Fung lead the company as Group CEO and Non-Executive Director respectively.



Endless use cases

Vast potential applications of MNF's software: UCaaS, CPaaS, CCaaS, conferencing, masked numbers *and more*.

Thank you

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Visit our new corporate website
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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 centre, delivered as-a-service via the cloud.

Cloud PBX – A business phone service, typically connecting multiple business users, 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.

SMB – Small and Medium sized businesses.

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.

VoIP – A way of turning phone calls into data that can be transmitted over the internet and routed to any recipient.

Appendix: Financial summary FY20

Reported Result	FY20 Guidance	FY20 Actual	FY19 Actual	Δ	Notes
Revenue		\$230.9m	\$215.6m	7%	
Gross Margin		\$96.4m	\$82.5m	17%	
Gross Margin %		42%	38%	+4% pts	
EBITDA	\$36.0m - \$39.0m	\$38.2m	\$30.0m	27%	1
NPAT	\$10.0m - \$12.0m	\$11.95m	\$9.94m	20%	2
Underlying NPAT-A	\$14.7m - \$16.7m	\$16.6m	\$14.1m	18%	2, 3
Earnings per share (cents)	12.50 - 15.00	14.88	13.56	10%	2
Total dividend per share - fully franked (cents)		6.10	6.10	0%	

1. EBITDA excludes restructure costs, net interest, non-cash share plan costs, tax, depreciation and amortisation. Growth on FY19 EBITDA adjusted for AASB 16 Lease accounting.

2. Restated. Refer to Annual Report Statement of Profit or loss and other comprehensive income & note 5 to the consolidated financial statements.

3. Underlying NPAT-A & EPS-A exclude acquisition costs, amortisation of acquired customer contracts & acquired software and tax affected restructure costs only.

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