

Superloop Limited (ASX:SLC)

# 1H FY22 Half Year Results



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## Currency

All references to "\$" are to Australian currency (AUD) unless otherwise noted.



Our ambition is to fuel challenger providers towards 30% collective market share



Our 'Infrastructure-on-Demand' platform is what sets Superloop apart



Our Accelerated Growth Strategy continues to deliver both organically and inorganically



Our capital structure gives us the foundation to accelerate that growth



Our strategy, our business and our financials are clear and simple

Our purpose:

**Enable  
better internet  
through  
competition**

# 1H FY22 Highlights

## Financial



**↑\$119.8m**

### Group Revenue

Increase of 125.0% vs. pcp.  
18.1% growth to pcp in the  
comparable Superloop business<sup>(1)</sup>



**↑\$9.1m**

### Underlying EBITDA<sup>(2)</sup>

up 12.2% compared to  
\$8.2m in the pcp



**↑\$39.6m**

### Gross Margin

Including SG/HK - Up 60.8%  
compared to pcp.

## Strategic



### Exetel

Completed Acquisition  
31 July 2021



### HK & Singapore

Sold domestic networks  
in October 2021, completion  
expected 1st Qtr Calendar 22



### 3 Segments

Diversified portfolio of 3  
profitable and growing  
customer segments

## Operational



**>175,000**

Total broadband customers  
connected, enabled & secured



**>11,600**

Wholesale Broadband customers  
now live on the 'Superloop  
Connect' platform



**>\$5.0m**

On track to deliver greater  
than \$5m of annualised synergies  
from the Exetel acquisition

<sup>(1)</sup>Comparable Superloop business refers to the business excluding the Acquisition of Exetel

<sup>(2)</sup>Underlying EBITDA excludes transaction costs related to the acquisition of Exetel and the sale of Hong Kong and certain Singapore assets

# FY22 Guidance

Affirm FY22 underlying EBITDA is expected to be in a range of A\$23m to A\$25m

MARSEILLE

SAN JOSE  
LOS ANGELES

JAPAN

HONG KONG

GUAM

SINGAPORE

DARWIN

BRISBANE

SYDNEY

PERTH

ADELAIDE

MELBOURNE

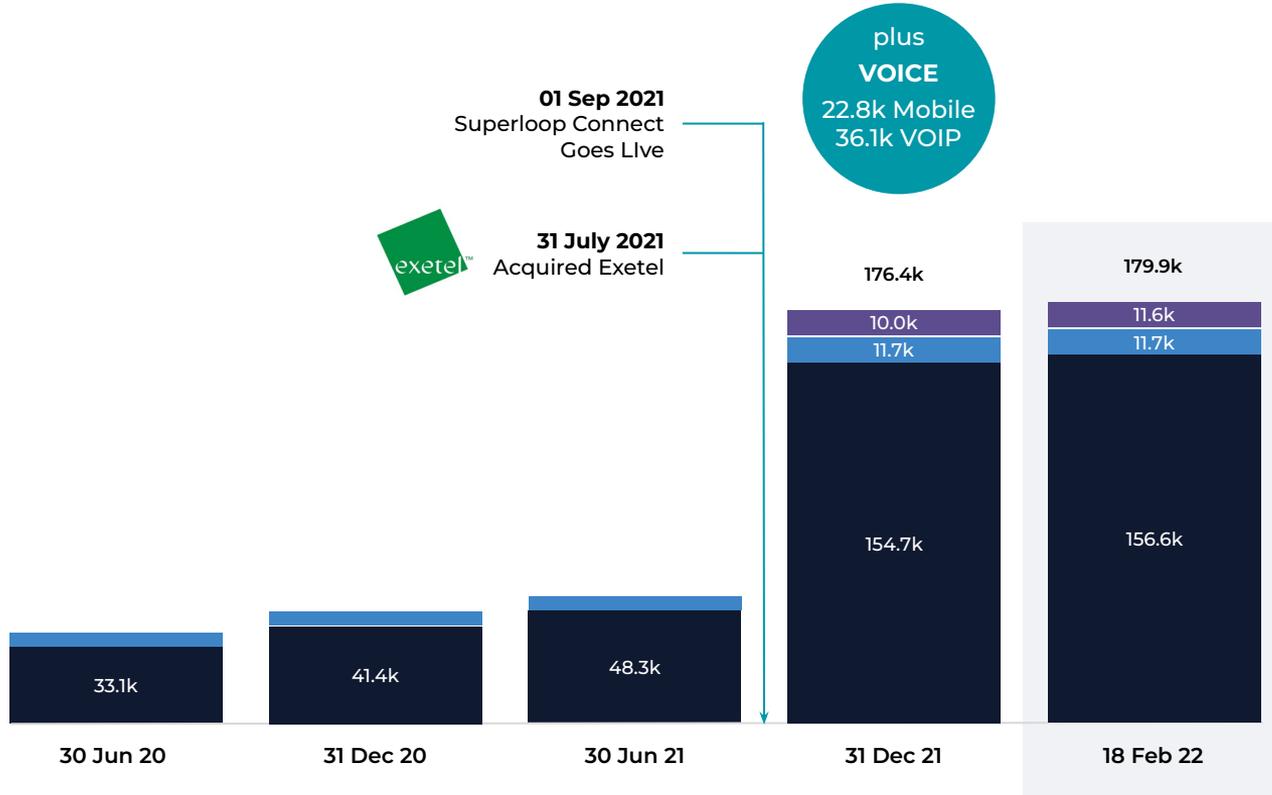
CANBERRA

HOBART

AUCKLAND

# Total Superloop Network Services

Network has capacity to support 1 million users/subscribers



↑ >250%

Growth in Services vs Jun 21

↑ 11.6k

New Wholesale broadband services

Consumer Business Wholesale Broadband

<sup>(1)</sup>SOURCE: ACCC September 2021 NBN Wholesale Market Indicators Report

# Group Financial Performance<sup>(1)</sup>

Solid Financial performance underpinned by strong revenue growth

\$M	1H FY22	1H FY21	% Change vs pcp
Revenue	119.8	53.3	125.0%
Cost of Goods Sold	(80.3)	(28.7)	(179.8%)
<b>Gross Margin</b>	<b>39.6</b>	<b>24.6</b>	<b>59.3%</b>
Operating Expenses	(30.5)	(16.4)	(83.5%)
<b>Underlying EBITDA</b>	<b>9.1</b>	<b>8.2</b>	<b>12.2%</b>
Transaction Costs <sup>(2)</sup>	(3.2)	-	n/a
EBITDA from HK/SG	(2.7)	(2.4)	12.5%
<b>Statutory Reported EBITDA</b>	<b>3.2</b>	<b>5.8</b>	<b>(44.2%)</b>

## \$119.8m

Total Revenue

## \$39.6m

Gross Margin (\$)

## 32.7%

Gross Margin (%)

## \$9.1m

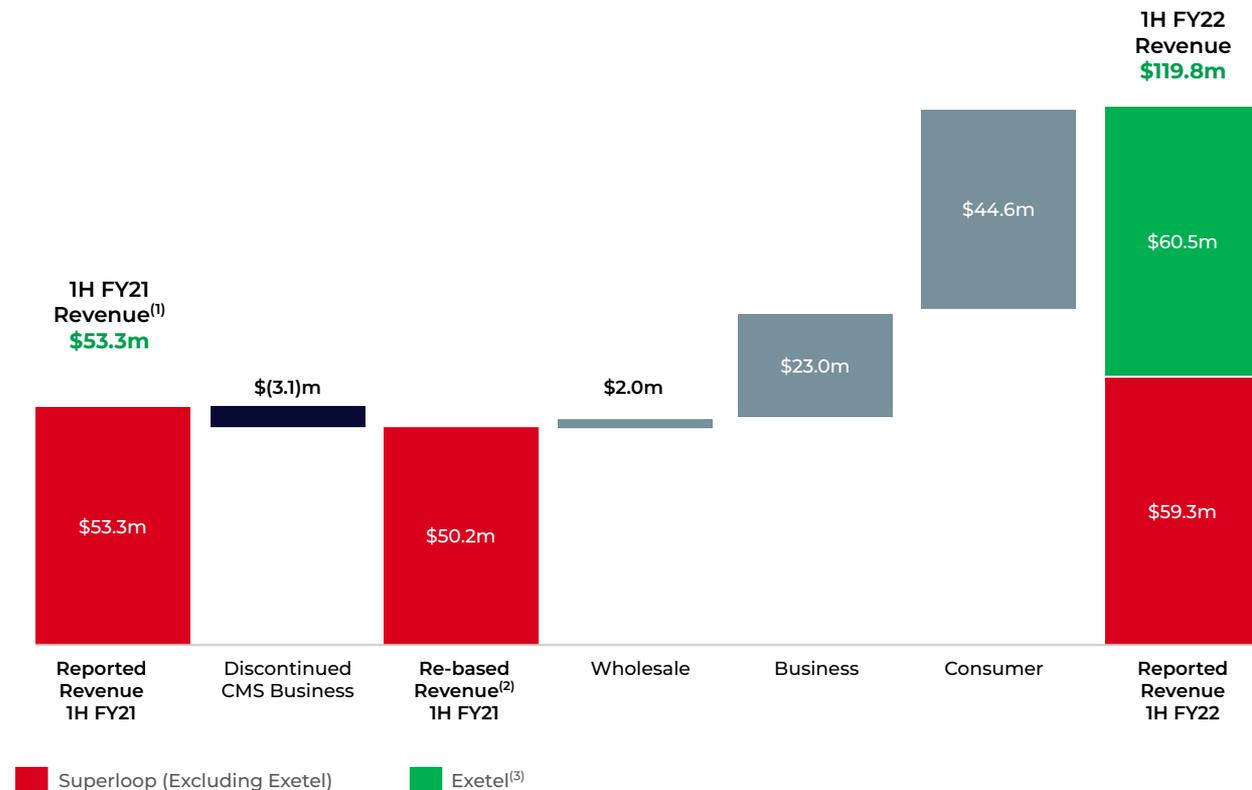
1H FY22 EBITDA  
(excl Transaction Costs)

<sup>(1)</sup> Consolidated Group Income Statement includes the results for all operating segments including the Hong KONG and Singapore assets held for sale

<sup>(2)</sup> Transaction costs incurred as part of the Exetel acquisition and sale of the Hong Kong and certain Singapore assets.

# 1H FY22 Group Revenue Movement vs. 1H FY21

Extel acquisition augmented by 18.1% growth in revenue from ongoing Superloop businesses



↑ **125%**

Revenue Growth

↑ **18.1%**

Revenue Growth

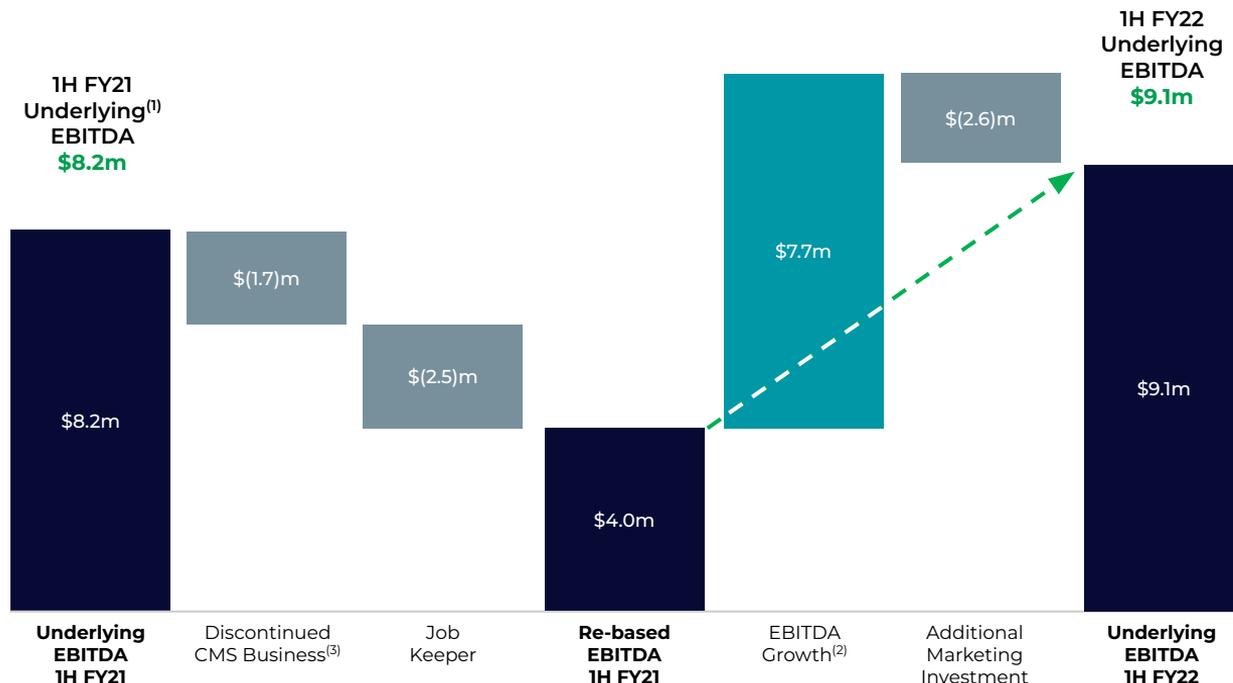
(excluding Exotel and discontinued CMS business)

<sup>(1)</sup> Revenue includes the results for all operating segments including hong Kong and Singapore assets held for sale

<sup>(2)</sup> Re-based revenue is Revenue that excludes the CMS business which was discontinued in FY21.

<sup>(3)</sup> Exotel Revenue is for the period of 01 August 2021 to 31 December 2021

# 1H FY22 Underlying EBITDA Movement on 1H FY21



**↑ 12.2%**

**EBITDA Growth**

Growth in EBITDA of 127.5% from re-based 1HFY21

<sup>(1)</sup> Underlying EBITDA is Group EBITDA less Transaction costs and including EBITDA from Hong Kong and Singapore assets held for sale

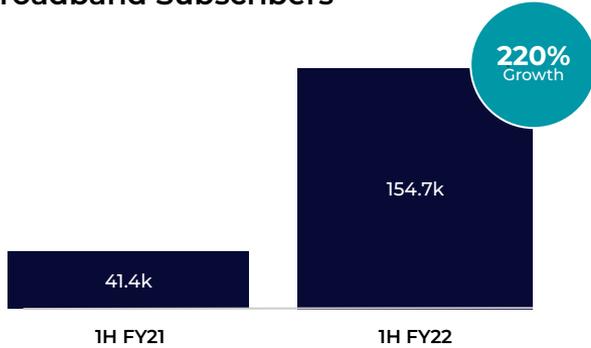
<sup>(2)</sup> EBITDA Growth includes cost of a net increase in provisions of \$(0.8m)

<sup>(3)</sup> The CMS business was discontinued in FY21

# Consumer Segment

HOME BROADBAND | MOBILE | VOIP

## Broadband Subscribers<sup>(1)</sup>



- **Revenue** in 1H FY22 includes contribution from 24,250 mobile and VOIP customers
- 6,148 organic **Net Subscriber Growth** in the first half of FY22
- **Gross Margin** has not yet benefited fully from contribution of synergies that are to be realised from Exotel acquisition.
- Ongoing investment in programs to improve customer experience and cost to serve

↑ **220%**

Growth in broadband subscribers

**1.4x**

Average products held per customer

## Revenue



## Gross Margin

	1H FY21	1H FY22
Revenue	\$14.7m	\$59.3m
Cost of Goods Sold	\$(10.9)m	\$(46.9)m
Gross Margin	\$3.8m	\$12.4m
<b>Gross Margin (%)</b>	<b>26.0%</b>	<b>20.9%</b>

**20.9%**

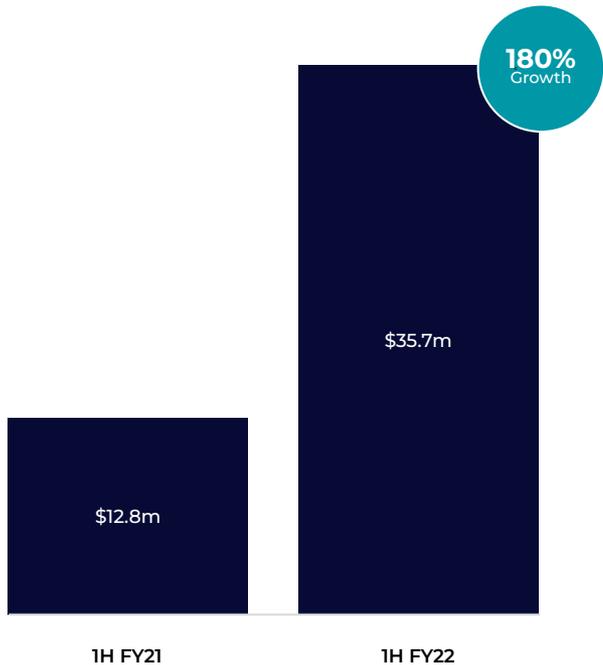
Gross Margin

<sup>(1)</sup> Excludes Mobile and VOIP customers in the Consumer segment

# Business Segment

SMB | MEDIUM & LARGE CORPORATE | WIFI | VOIP | FIXED WIRELESS | MOBILE

## Business Revenue



- **Gross Margin** in 1H FY22 reflects the blended result, including acquisition of the Exetel customer base
- **Gross Margin** in 1H FY22 also impacted by lack of growth in Managed WiFi and Fixed Wireless product lines
- Early evidence of student accommodation demand returning in Jan/Feb 22

### Gross Margin

	1H FY21	1H FY22
Revenue	\$12.8m	\$35.7m
Cost of Goods Sold	\$(7.2)m	\$(25.0)m
Gross Margin	\$5.6m	\$10.7m
<b>Gross Margin (%)</b>	<b>43.4%</b>	<b>30.1%</b>

↑ **179.7%**

Revenue Growth

**56%**

Of new sales through  
Channel Partners

**30.1%**

Gross Margin

# Wholesale Segment

FIBRE CONNECTIVITY | WHOLESALE BROADBAND | FIXED WIRELESS

## Wholesale Revenue



- **Superloop Connect** platform launched in September 2021 has led to significant increase in Wholesale Broadband users
- **Revenue** improvement reflects flow through of prior period sales and new Superloop Connect customers
- **Gross Margin** in line with targeted returns for the Wholesale segment

### Gross Margin

	1H FY21	1H FY22
Revenue	\$16.0m	\$18.0m
Cost of Goods Sold	\$(5.3)m	\$(4.9)m
Gross Margin	\$10.7m	\$13.1m
<b>Gross Margin (%)</b>	<b>67.0%</b>	<b>72.7%</b>

↑ **11.6k**

Wholesale Broadband subs through Superloop Connect

> **67%**

Connect platform customers with 3+ Superloop product groups

**\$59.8m**

Contracted Future Revenues

**72.7%**

Gross Margin

## Wholesale

### 1H FY22 New Contracts



Sales (A\$k)	1H FY21	2H FY21	1H FY22
Total Contract Value	20,524	23,077	32,537
New Contract Average Life	25 Months	23 Months	25 Months
New Monthly Recurring	428.5	619.3	626.9

## Business

### 1H FY22 New Contracts



Sales (A\$k)	1H FY21	2H FY21	1H FY22
Total Contract Value	4,624	7,500	8,744
New Contract Average Life	19 Months	25 Months	22 Months
New Monthly Recurring	51.7	61.1	152.5

# 2H FY22 Acceleration of annualised acquisition synergies

1H FY22 result included the realisation of \$1.3m of synergies associated with the acquisition of Exetel

The Group remains on track to deliver >\$5.0m of annualised savings

## Exetel Synergy Realisation (A\$k)

	1H FY22						2H FY22					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
NBN National Backhaul			25	75	150	300	300	300	300	300	300	300
IP Transit / Internet			60	60	60	60	60	60	60	60	60	60
Intercapital Bandwidth			50	50	50	50	50	50	50	50	50	50
NBN State Agg. (OVC)				30	60	90	100	100	100	100	100	100
Other			30	30	30	30	30	30	30	30	30	30

Actual cost savings post acquisition    Expected cost savings post acquisition

## Network Integration

- ✓ +250 Superloop wholesale services facilitated migration
- ✓ 22 upgrades to NBN NNI capacity
- ✓ 10x 100G intercompany eNNIs provisioned
- ✓ 12x Inter-capital backbone services provisioned
- ✓ >20 third-party dark fibre cores moved to Superloop infrastructure

<sup>(1)</sup>One-time integration & migration costs to achieve synergies estimated at up to ~\$3.3m in FY22.

# 1H FY22 Cash Flow

Acquisition underpins positive Operating Cash Flow

\$k	1H FY22	1H FY21
<b>Operating cash Flows</b>	<b>3,893</b>	<b>7,991</b>
<i>Tax Payment (Exotel)</i>	<i>(3,408)</i>	-
<i>Transaction Costs</i>	<i>(3,233)</i>	-
Net Operating cash flows	(2,748)	7,991
Investing cash flows <sup>(1)</sup>	(103,949)	(8,283)
Financing cash flows	35,325	(2,990)
<b>Net cash flows</b>	<b>(72,238)</b>	<b>(3,282)</b>

<sup>(1)</sup> Investing cash flow includes \$88.4m cash paid for the acquisition of Exotel.

## Operating Cash Flow

+ **\$3.9m** pre Exotel Tax payment and Transaction Costs

## Investing Cash Flow

Includes **\$88.4m** for acquisition of Exotel

## Capital Expenditure

**\$10.9m** expenditure

# Proceeds of sale of Hong Kong & Singapore assets will be used to invest in organic and inorganic growth opportunities



- Monetisation of the Hong Kong and Singapore assets will realise approximately \$120m (net of transaction costs)
- Superloop has evaluated the potential uses of the capital - including special dividends, share buybacks and other capital management initiatives
- The best use of funds at this point is to apply some portion to current debt and invest in organic and inorganic growth opportunities

As at 31 December 2021		Post HK/SG Divestment		Potential Growth Capital
Cash	\$17.7m	Cash	~\$135.0m	<b>\$110.0m +</b>
Net Debt <sup>(1)</sup>	\$(58.6)m	Net Debt	~\$50m	
Gearing <sup>(2)</sup>	14.8%	Gearing	~5.0%	

<sup>(1)</sup> Net Debt = short-term & long-term interest-bearing borrowings (excluding Operating Leases) less cash & cash equivalents

<sup>(2)</sup> Gearing Ratio = net debt (excluding operating leases) / (net debt + equity)

# 1H FY22 Summary

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Strong organic and inorganic growth  
in revenue and EBITDA

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Major strategic milestones with the acquisition of  
Exetel and monetisation of Hong Kong and Singapore

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Realisation of synergies ahead of plan.  
Benefit mainly felt in 2H FY22

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Well positioned for future growth

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Affirm FY22 underlying EBITDA guidance  
of \$23 - \$25m

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# Appendix

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# Financial Position at 31 December 2021

Strong Stable Balance Sheet is the Foundation for future organic and inorganic growth

Balance Sheet (\$M)	30 June 2021	31 Dec 2021
<b>Cash &amp; cash equivalents (excluding held for sale)</b>	<b>89.7</b>	<b>16.9</b>
Property, plant & equipment	219.4	125.4
Assets Classified as held for sale	-	137.8
Network IRUs & intangible assets	53.8	45.3
Other Intangible Assets	34.7	72.0
Goodwill	135.1	204.0
Other assets	29.3	11.9
<b>Total Assets</b>	<b>562.0</b>	<b>613.3</b>
Current Liabilities	(29.4)	(68.0)
Non Current Liabilities	(100.8)	(101.9)
<b>Total Liabilities</b>	<b>(130.2)</b>	<b>(169.9)</b>
<b>Equity</b>	<b>431.8</b>	<b>443.3</b>

**\$16.9m**

Cash at 31 Dec 2021

**\$(58.6)m**

Net Debt <sup>(1)</sup>

**14.8%**

Gearing Ratio <sup>(2)</sup>

<sup>(1)</sup> Net Debt = short-term & long-term interest-bearing borrowings (excluding Operating Leases) less cash & cash equivalents

<sup>(2)</sup> Gearing Ratio = net debt (excluding operating leases) / (net debt + equity)

# 1H FY21 Reconciliation of Group Income Statement<sup>(1)</sup>

\$M	Consumer	Business	Wholesale	CMS <sup>(3)</sup>	TOTAL Appendix 4D	Hong Kong	Singapore	TOTAL
Revenue	14.7	12.8	16.0	3.1	<b>46.6</b>	1.9	4.8	<b>53.3</b>
Cost of Goods Sold	(10.9)	(7.2)	(5.3)	(1.7)	<b>(25.1)</b>	(2.1)	(1.5)	<b>(28.7)</b>
<b>Gross Margin</b>	<b>3.8</b>	<b>5.6</b>	<b>10.7</b>	<b>1.4</b>	<b>21.6</b>	<b>(0.2)</b>	<b>3.3</b>	<b>24.6</b>
Operating Expenses					<b>(15.7)</b>	(0.7)	-	<b>(16.4)</b>
<b>Underlying EBITDA</b>					<b>5.8</b>	<b>(0.9)</b>	<b>3.3</b>	<b>8.2</b>
Transaction Costs <sup>(2)</sup>					-	-	-	-
<b>Statutory EBITDA</b>					<b>5.8</b>	<b>(0.9)</b>	<b>3.3</b>	<b>8.2</b>

<sup>(1)</sup> Consolidated Group Income Statement includes the results for all operating segments including discontinued operations

<sup>(2)</sup> Transaction costs incurred as part of the Exetel acquisition and sale of the Hong Kong and Select Singapore Assets.

<sup>(3)</sup> The CMS business was discontinued in FY21

# 1H FY22 Reconciliation of Group Income Statement<sup>(1)</sup>

\$M	Consumer	Business	Wholesale	CMS <sup>(3)</sup>	TOTAL Appendix 4D	Hong Kong	Singapore	TOTAL
Revenue	59.3	35.7	18.0	-	<b>113.0</b>	2.1	4.7	<b>119.8</b>
Cost of Goods Sold	(46.9)	(25.0)	(4.9)	-	<b>(76.8)</b>	(2.0)	(1.4)	<b>(80.2)</b>
<b>Gross Margin</b>	<b>12.4</b>	<b>10.7</b>	<b>13.1</b>	-	<b>36.2</b>	<b>0.1</b>	<b>3.3</b>	<b>39.6</b>
Operating Expenses	-	-	-	-	<b>(29.8)</b>	(0.7)	-	<b>(30.5)</b>
<b>Underlying EBITDA</b>					<b>6.4</b>	<b>(0.6)</b>	<b>3.2</b>	<b>9.1</b>
Transaction Costs <sup>(2)</sup>					<b>(3.2)</b>	-	-	<b>(3.2)</b>
<b>Statutory EBITDA</b>					<b>3.2</b>	<b>(0.6)</b>	<b>3.2</b>	<b>5.9</b>

<sup>(1)</sup> Consolidated Group Income Statement includes the results for all operating segments including discontinued operations

<sup>(2)</sup> Transaction costs incurred as part of the Exetel acquisition and sale of the Hong Kong and Select Singapore Assets.

<sup>(3)</sup> The CMS business was discontinued in FY21

# Thank you

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