

# Annual Report Presentation 2019

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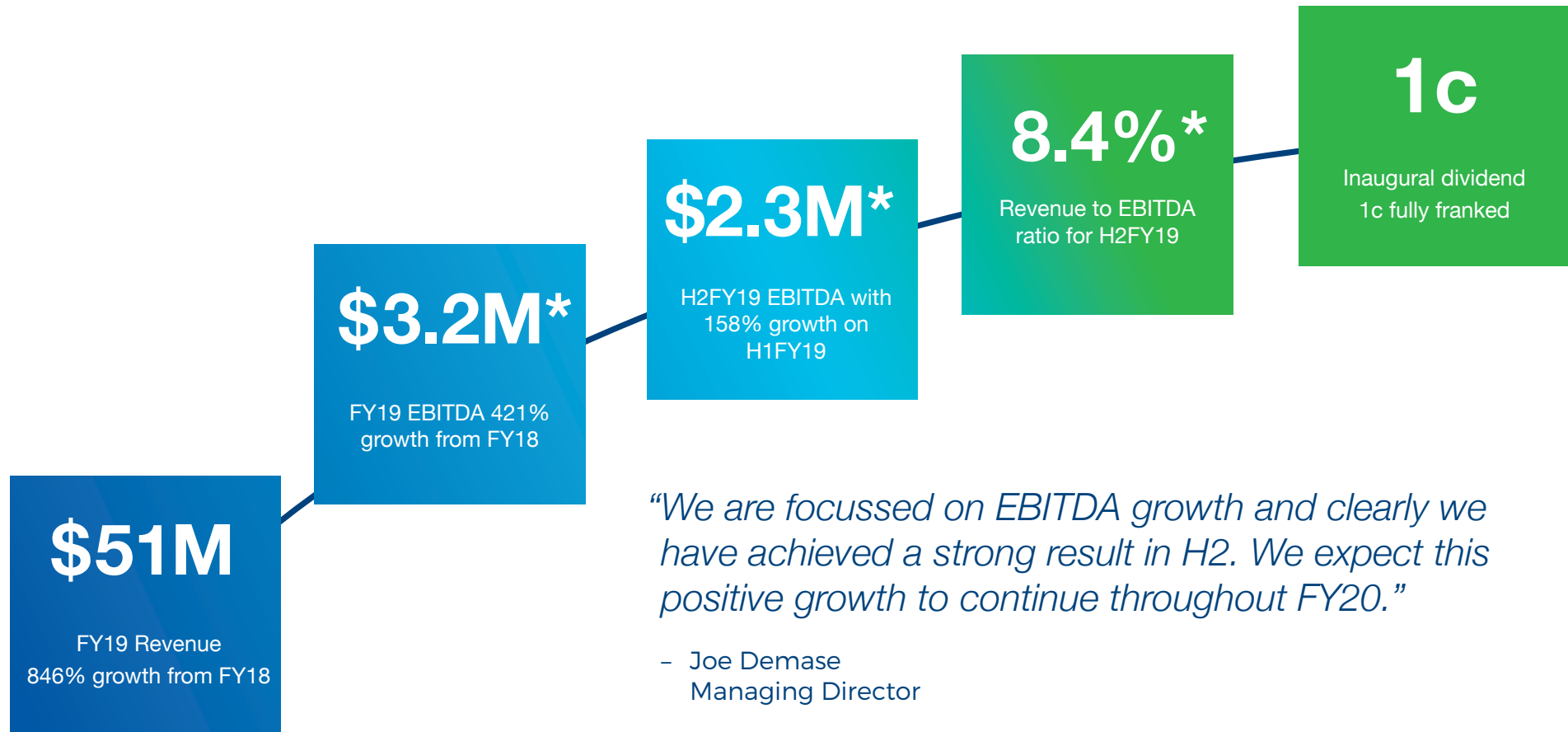
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# 2019 Key Financial Results and Highlights



\* EBITDA before acquisition and share option costs

# 2019 Key Activities and Highlights

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Acquisitions completed and integrated in FY19

2500

Customers with strong growth in B2B mid-market



National expansion to 12 offices and 200 experienced employees

71%

Of total FY19 revenue contracted & recurring



National Salesforce rollout to support cross and upsell strategy beginning in FY20

+\$27M

In (TCV) revenue from re-signs and introducing new customers

# Vision

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To challenge the current and design the future.

## Core Products & Services

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### Data Networking

Enterprise grade connectivity solutions including a nationwide data network to seamlessly connect our customers to their workplace, critical business applications and managed digital platforms.



### Data Centre & Cloud

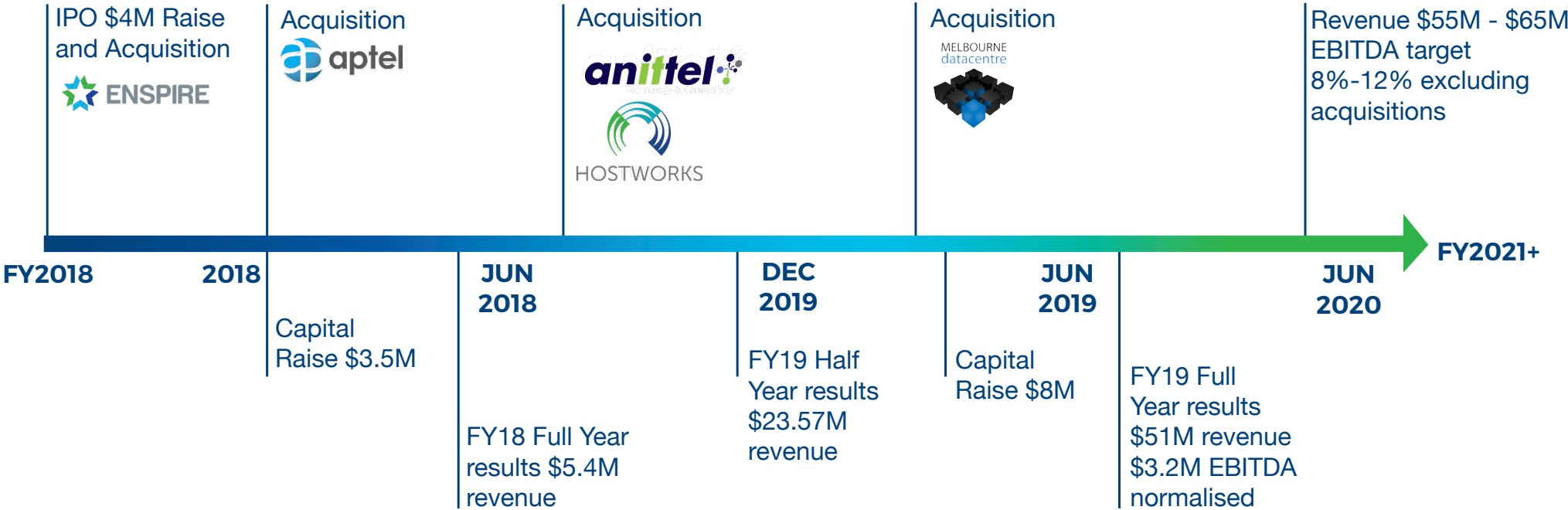
Delivering on the cloud strategies of Australian business. The 5GN cloud seamlessly combines private cloud, public cloud and national data centres, orchestrated and governed by secure management platforms.



### Managed Services

Optimising ICT environments to accelerate the future opportunities presented by digital transformation through strategic consulting, hybrid IT, migration services and 24/7 dedicated Australian based service management & support.

# 5GN Key Milestones and growth journey

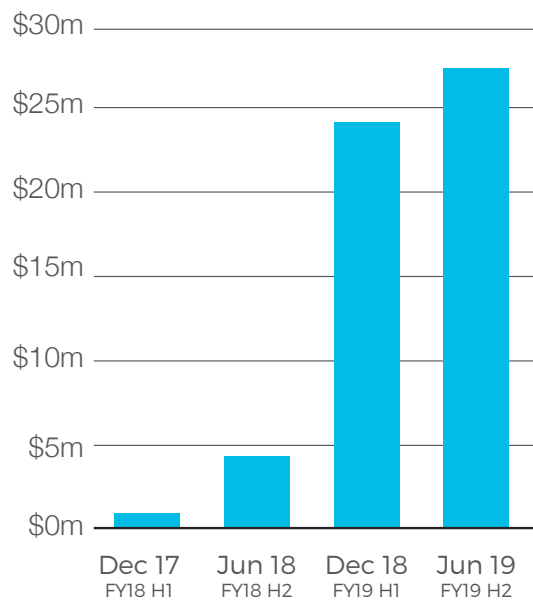


# Continued Growth Trends

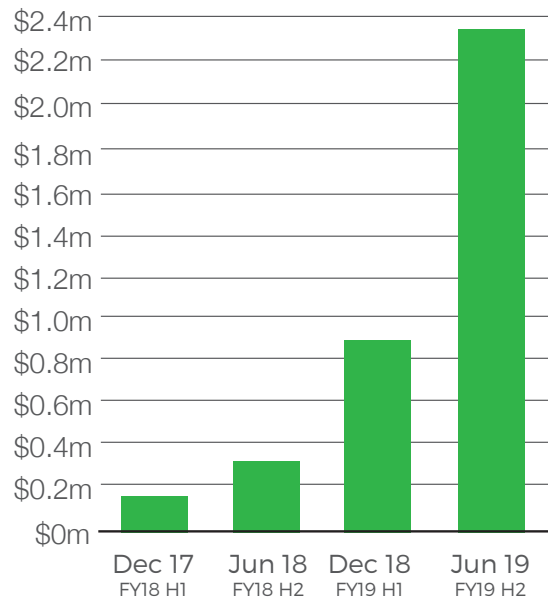
*“Through our investment in building an open and collaborative culture with values centred around our people, we have been able to achieve continued growth and success.”*

- Joe Demase

## Revenue

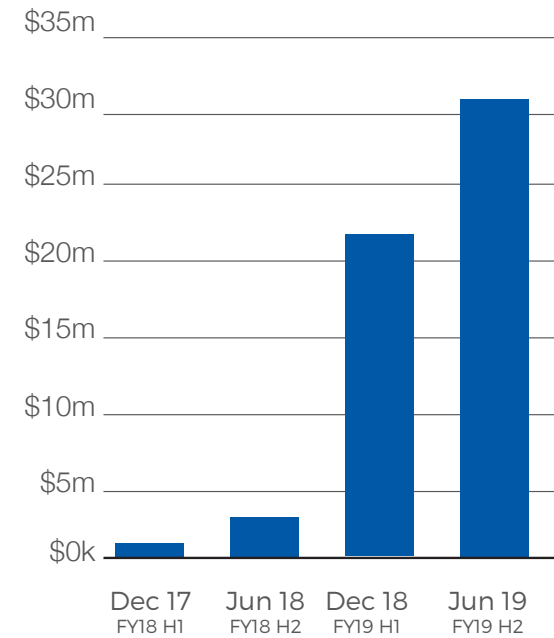


## EBITDA\*



\* EBITDA before acquisition and share options costs

## Cash Receipts



# Continued success in executing strategic growth plan

<b>Strategic Acquisitions</b> <ul style="list-style-type: none"> <li>• APTel – Managed Voice/Network</li> <li>• Enspire – Data Networks &amp; Cloud</li> </ul>	<b>Strategic Acquisitions &amp; Strategy Execution</b> <ul style="list-style-type: none"> <li>• Anittel – Managed IT</li> <li>• Hostworks – Cloud Hosting</li> <li>• Melbourne Data Centre</li> <li>• 1000+ new customers</li> </ul>	<b>Strategy Execution</b> <p>New geographical and synergistic acquisitions targeted:</p> <ul style="list-style-type: none"> <li>• Data centres</li> <li>• Managed Service Providers</li> </ul>	<b>Future Strategy</b> <ul style="list-style-type: none"> <li>• Strategic acquisitions</li> <li>• Maximise excess infrastructure capacity</li> <li>• EBITDA growth</li> </ul>
Annualised Revenue (FY18) \$11.5M EBITDA 13.5%	FY19 Revenue \$51M FY19 EBITDA 6.3%* <small>*excluding acquisitions and share option costs</small>	Revenue Target \$55m – \$65m EBITDA Target 8%* – 12%* <small>*excluding new acquisitions</small>	Executive Options Revenue Target \$80m Executive Options EBITDA Target \$10m



<b>5GN Establishment Acquisition Growth</b>	<b>Acquisition Growth Consolidate &amp; Integrate</b>	<b>Optimise &amp; Drive Growth</b>	<b>Continued Acquisition &amp; Organic Growth</b>
<ul style="list-style-type: none"> <li>• Targeted establishment of ICT operating capability</li> <li>• Customer expansion</li> <li>• Product expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidation to one operating system, standardisation of products and services</li> <li>• Enabled successful cross and upsell opportunities</li> <li>• Expansion of 5GN infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Optimise the operational efficiencies</li> <li>• Continued network expansion</li> <li>• New cloud capability</li> <li>• Data Centre product development</li> </ul>	<ul style="list-style-type: none"> <li>• Continued penetration into geographic regions</li> <li>• Leveraging strong customer base with cross &amp; upsell strategy</li> <li>• Continued infrastructure expansion</li> </ul>
Data Networks Voice Cloud <b>35</b> Staff	Cloud/Hosting Managed Services Voice and Data Networks Data Centre <b>195</b> Staff	Cloud/Hosting Managed Services Voice and Data Networks Data Centre <b>200+</b> Staff	Cloud/Hosting Managed Services Voice and Data Networks Data Centre <b>200+</b> Staff



# Continued execution of acquisition strategy to accelerate growth

## Discipline & Framework

The 5GN Acquisition Strategy is based upon a range of criteria such as financial, operational, commercial, product and people capabilities to identify high value opportunities which have synergy with the overall strategic plan.



### Financial Value

- Purchase price <4X EBITDA
- Revenue growth via cross sell opportunities
- EBITDA enhancement through on-net services



### Operational Synergy

- Existing processes are market leading
- Systems are in accord with 5GN or bring improved functionality



### Products & Services

- Offerings are in synergy with 5GN strategy
- Offerings are market leading
- Products open new geo-markets & customers
- Products are digitised for integration



### People & Expertise

- Organisational alignment to future mode of operations
- Resources are revenue generating
- New capability can drive competitive advantage/differentiation

# Revenue Breakdown

	H2 FY 19 \$000	H1 FY 19 \$000	Total FY2019 \$000	FY 2018 \$000
Network and Voice	3,263	3,515	6,778	2,020
Data Centre	2,516	1,557	4,073	-
Hardware Software	8,438	6,559	14,997	564
Managed Services	7,175	6,131	13,306	1,429
Cloud	6,187	5,814	12,001	1,393
<b>Total Revenue</b>	<b>27,579</b>	<b>23,576</b>	<b>51,155</b>	<b>5,406</b>

## Key Highlights

- 17% growth on H1 revenue; focus on high margin products and annuity revenue
- Exit of non core products; mobile and consumer
- 71% of current revenue contracted
- \$27m (Total Contract Value) of re-contracted and new revenue during the year

# Profit & Loss

	H2 FY 19 \$000	H1 FY 19 \$000	Total FY2019 \$000	FY 2018 \$000
<b>Revenue</b>	<b>27,593</b>	<b>23,579</b>	<b>51,172</b>	<b>6,129</b>
Network and Data	(13,100)	(11,556)	(24,656)	(2,538)
Employee Benefits	(11,393)	(9,552)	(20,945)	(2,269)
Rent and Office	(141)	(242)	(383)	(191)
Marketing and Travel	(213)	(339)	(552)	(101)
Other Overheads	(428)	(993)	(1,422)	(412)
<b>EBITDA before Acquisition costs &amp; Share options</b>	<b>2,318</b>	<b>897</b>	<b>3,215</b>	<b>617</b>
<b>EBITDA %</b>	<b>8.4%</b>	<b>3.8%</b>	<b>6.3%</b>	<b>10.1%</b>
Acquisition costs	(185)	(493)	(678)	(246)
Share options	(2,014)	(203)	(2,217)	(134)
<b>EBITDA</b>	<b>119</b>	<b>200</b>	<b>320</b>	<b>237</b>
Interest Debt	(144)	(186)	(330)	(9)
Interest property leases	(498)	(319)	(817)	-
Depreciation fixed assets	(554)	(917)	(1,471)	(241)
Depreciation right to use assets	(1,112)	(730)	(1,842)	-
<b>Profit before income tax</b>	<b>(2,189)</b>	<b>(1,952)</b>	<b>(4,141)</b>	<b>(12)</b>
Income tax expense from continuing operations	-	-	-	(313)
<b>NPAT</b>	<b>(2,189)</b>	<b>(1,952)</b>	<b>(4,141)</b>	<b>(325)</b>

## Key Highlights

- Operational synergies implemented and nearing completion
- Sales team focussing on core high margin products
- \$2.3m EBITDA H2 setting positive run rate for FY20
- EBITDA moving back to 10% of Revenue

# Cash Flow

	H2 FY19 \$000	H1 FY19 \$000	Total FY2019 \$000	FY 2018 \$000
<b>Cash flows from operating activities</b>				
Receipts from customers	30,811	22,753	53,564	5,601
Payments to suppliers and employees	(30,784)	(21,339)	(52,122)	(6,442)
Interest received	14	3	17	12
Income tax payments	-	-	-	(80)
Interest on right to use assets	(513)	(505)	(1,019)	-
R&D Tax concession received	-	501	501	237
<b>Net cash flows operating activities</b>	<b>(472)</b>	<b>1,413</b>	<b>941</b>	<b>(672)</b>
Net cash on Purchase of Acquisitions	(869)	(1,700)	(2,569)	(3,059)
Purchase of property, plant and equipment	(803)	(398)	(1,201)	(295)
Proceeds from sale of property, plant & equipment	-	-	-	12
Deposits held	-	-	-	790
<b>Net cash flows investing activities</b>	<b>(1,672)</b>	<b>(2,098)</b>	<b>(3,770)</b>	<b>(3,342)</b>
Proceeds from issue of shares & options	8,024	500	8,524	8,128
Proceeds / (repayment) of borrowings and convertible notes	(1,602)	(168)	(1,770)	(123)
Payment of transaction costs	(429)	(193)	(622)	(873)
<b>Net cash flows from financing activities</b>	<b>5,993</b>	<b>139</b>	<b>6,132</b>	<b>7,132</b>
Net (decrease) increase in cash and cash equivalents	3,849	(546)	3,303	3,118
Cash and cash equivalents at beginning of period	2,811	3,357	3,357	239
<b>Cash and cash equivalents at end of period</b>	<b>6,660</b>	<b>2,811</b>	<b>6,660</b>	<b>3,357</b>

## Key Highlights

- Strong cash receipts of \$53m; increase of 35% on H1
- Extra supplier payments of \$2.3m relating to acquisitions working capital shortfall
- Fully subscribed capital raise of \$8m during the period
- Strong cash balance for acquisitions of \$6.7m

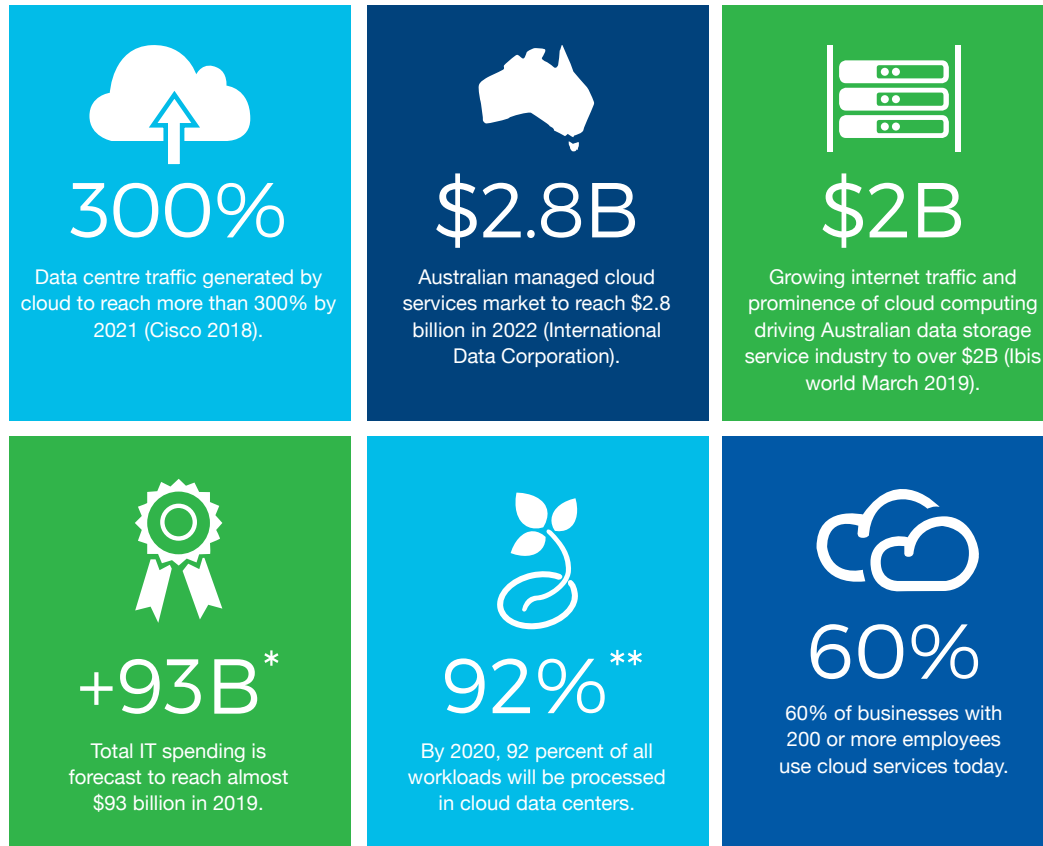
# Balance Sheet

	H2 FY 19 \$000	H1 FY 19 \$000	FY 2018 \$000
Cash and cash equivalents	6,660	2,811	3,357
Trade and other receivables	3,981	3,576	1,136
Other current assets	1,834	2,196	839
<b>Total Current Assets</b>	<b>12,475</b>	<b>8,583</b>	<b>5,332</b>
Property, plant and equipment	5,112	2,981	1,083
Intangible assets	13,370	9,231	6,842
Right to use assets	14,142	10,072	-
All other	680	680	249
<b>Total Non-Current Assets</b>	<b>33,304</b>	<b>22,964</b>	<b>8,174</b>
<b>TOTAL ASSETS</b>	<b>45,779</b>	<b>31,547</b>	<b>13,506</b>
Trade and other payables	3,610	4,486	757
Income in advance	1,241	952	54
Borrowings	632	578	161
Employee Benefits	2,179	1,534	453
Lease Liabilities Rights Use	1,818	246	-
Deferred MDC Payment	1,491	-	-
Other Liabilities	200	1,761	3,464
<b>Total Current Liabilities</b>	<b>11,171</b>	<b>9,557</b>	<b>4,889</b>
Borrowings	3,475	3,767	132
Deferred MDC Payment	1,349	-	-
Lease Liabilities - Rights Use	13,090	10,053	-
All Other	306	459	-
<b>Total Non-Current Liabilities</b>	<b>18,220</b>	<b>14,279</b>	<b>136</b>
<b>TOTAL LIABILITIES</b>	<b>29,391</b>	<b>23,836</b>	<b>5,025</b>
<b>NET ASSETS</b>	<b>16,388</b>	<b>7,711</b>	<b>8,481</b>
Issued capital	18,606	9,262	8,775
Reserves	2,351	337	134
Accumulated Losses	(4,569)	(1,888)	(428)
<b>TOTAL EQUITY</b>	<b>16,388</b>	<b>7,711</b>	<b>8,481</b>

## Key Highlights

- Strong cash balance of \$6.7m
- Reduced suppliers balances relating to acquisition of \$2.3m
- Available debt facility of \$2m

# Australia's appetite for cloud and high speed network continues to thrive; driven by digital adoption and innovation



\* Cisco Global Cloud Index: Forecast and Methodology, 2015–2020

\*\*Gartner 2018

# End to end service capability to continue to unlock growth for 2020+

## Data Networks



MPLS Network connecting all Major capital cities

## Data Centre



450+ rack capacity

## Cloud



Private and Public cloud

## Managed Services



10,000+ managed devices

Management of customers' entire digital experience

5G networks  
ENSPIRE  
aptel

MELBOURNE datacentre

ENSPIRE  
HOSTWORKS

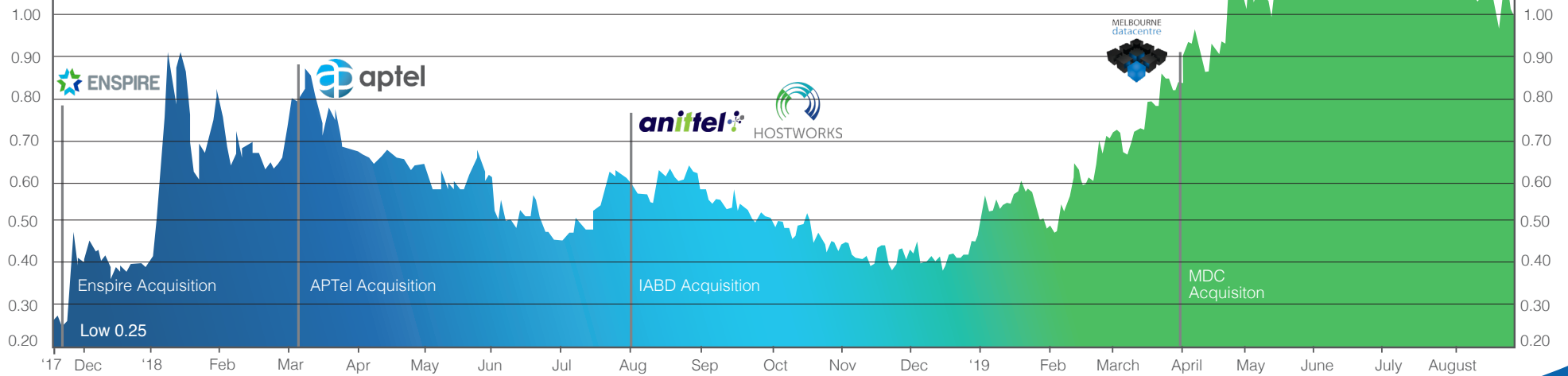
anittel  
ENSPIRE  
HOSTWORKS

# Capital Structure

ASX Code	5GN
Shares on issue	63,501,484
Options (exercise price \$0.30)	1,800,000
Options (exercise price \$0.80)	600,000
Options (exercise price \$0.60)	2,500,000
Options (exercise price \$0.65)	500,000
Performance Rights (exercise price \$0.30)	5,000,000
Performance Rights (exercise price \$0.60)	5,000,000
August 22, 2019 Market Capitalisation (at \$0.99/share)	\$62,866,469
Cash (June 2019)	\$6.7M
Available Debt	\$2M



## Share Price Performance





# Thank you

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