

Annual General Meeting Presentation FY2020

ASX: 5GN

26 November 2020



Disclaimer

This presentation contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that 5G Networks Ltd anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to expectations, planned operations or future actions. These forward-looking statements are based on currently available information as of the date of this presentation but are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.

A number of risks, uncertainties and other factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following: risks associated with reliance on key personnel; financial health of 5G Networks Ltd and its related cash flows; general industry and market conditions and growth rates; legislative and regulatory developments; general economic conditions and levels of economic activity; global financial conditions; financing risks; degree of competition in the industry; risks associated with the development of projects; changes in employee relations; and control of costs and expenses.

Forward-looking information reflects 5G Networks Ltd 's current beliefs and is based on information currently available to 5G Networks Ltd and on assumptions it believes to be reasonable. The forward-looking information is made as of the date of this presentation and 5G Networks Ltd assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law. Prospective investors should not read forward-looking information as guarantees of future performance or results and should not place undue reliance on forward-looking information. Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.

5GN Overview and Strategy

5GN is the industry leader for scalable services across national and global data infrastructure

5GN owns and manage critical infrastructure 24/7; connected via 100Gb links to 100+ data centres, global networks and the 5GN Cloud platform, the customer experience is simplified through scalable, inter-connected digital services. We empower customers with more choice, simplicity and lower costs.



Market leading 100Gb private connectivity which directly links 80+ Australian Data Centres with international access, data centres & global internet peering



Owned & operated 5GN data centres to host digital infrastructure, cloud and enable inter-connection services.



5GN Cloud Federation makes cloud simple; built across 3 Australian CBD zones for high availability and single portal for multi-cloud management.

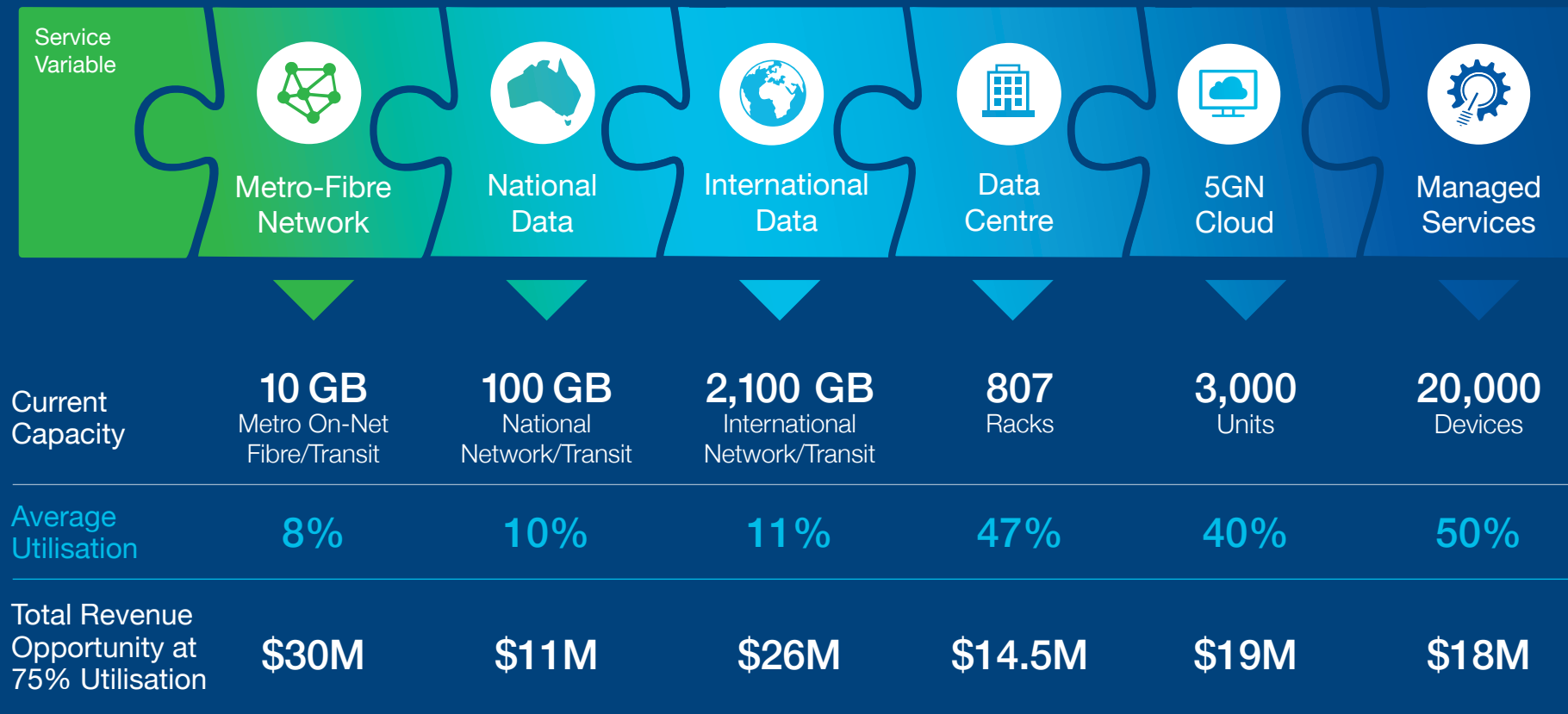


People expertise founded on a 20-year heritage in managing corporate IT, digital services & infrastructure.



Our customers are managed by an Australian based service centre to support customer needs 24/7;

Significant infrastructure capacity enables future growth



Key criteria for accretive acquisitions

5GN Acquisition Criteria encompasses financial, operational, commercial, product and people considerations to identify high value opportunities which have synergy with the 5GN strategic plan

5GN has demonstrated capability in extracting material synergies and integrating businesses



Financial Value

- Purchase price multiple below 4 times EBITDA
- Revenue growth potential from cross-sell opportunities
- EBITDA enhancement through on-net services
- Direct and overhead cost synergies available



Operational Synergy

- Market leading processes
- Synergy with 5GN systems
- Improved functionality



Products and Services

- Synergy with 5GN strategy
- Market leading
- Products open new geo-markets & customers
- Products are digitised for integration

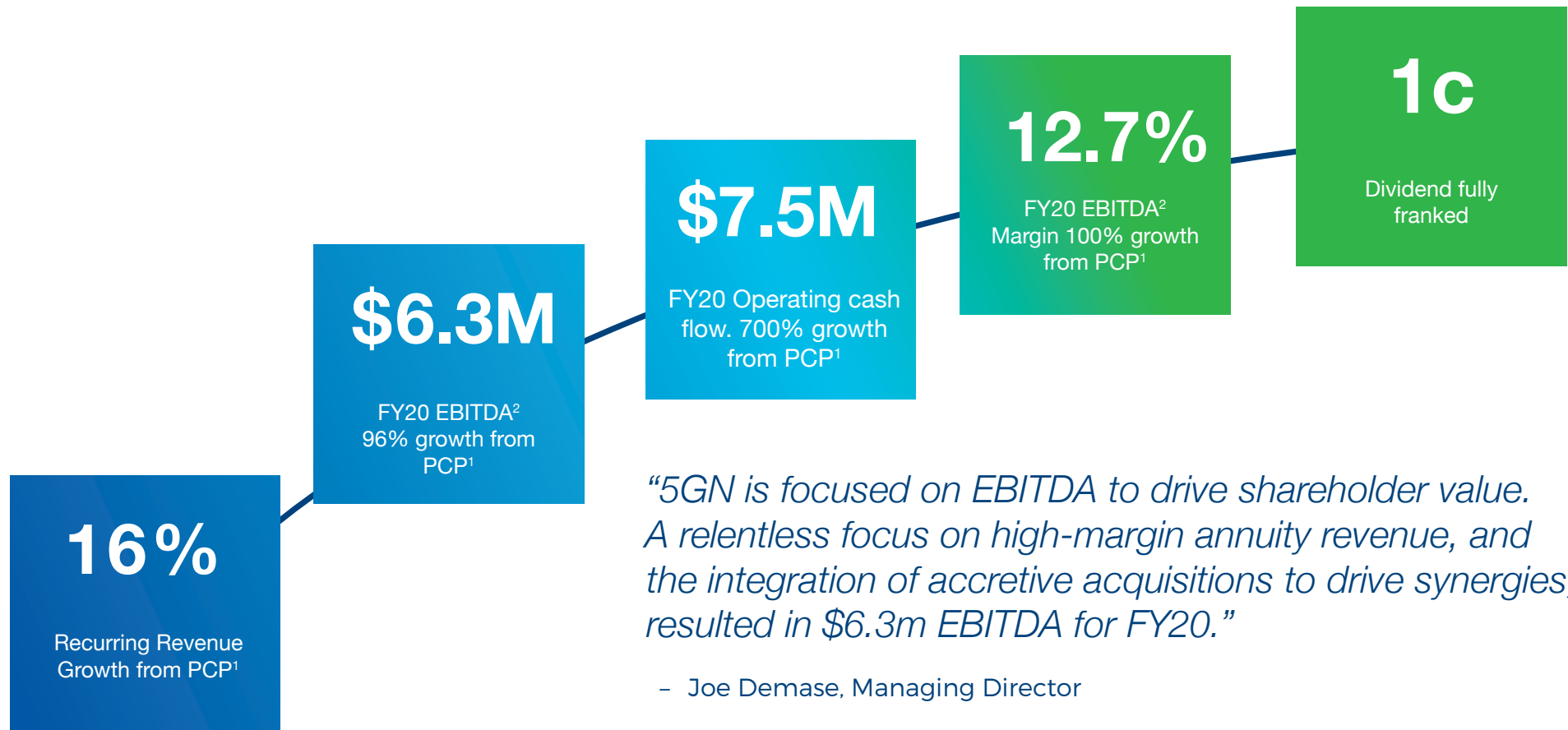


People and Expertise

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

5GN Financial Performance

FY20 Key Financial Results



1. Prior Corresponding Period ending 30 June 2019

2. EBITDA before acquisition and non-recurring costs of \$0.6m and share option costs of \$1.4m

FY20 Financial Highlights



Revenue

- 16% recurring revenue growth compared to PCP¹
- Continuing migration of customers to higher margin annuity services including cloud and networks



Profitability

- Operating leverage driving 96% EBITDA² growth compared to PCP¹
- 15% Gross Margin improvement from synergy realisation



Cash

- Operating Cashflow positive
- 700% Operating Cashflow growth compared to PCP¹
- Operating Cashflow conversion 119%



Capital Structure

- Strong net cash position to pursue acquisitions and strategic capex
- \$18.2M capital raise and \$3.9M SPP completed in June/ July 2020
- Available debt of \$1.5M at June 20
- 1 cent fully franked dividend announced

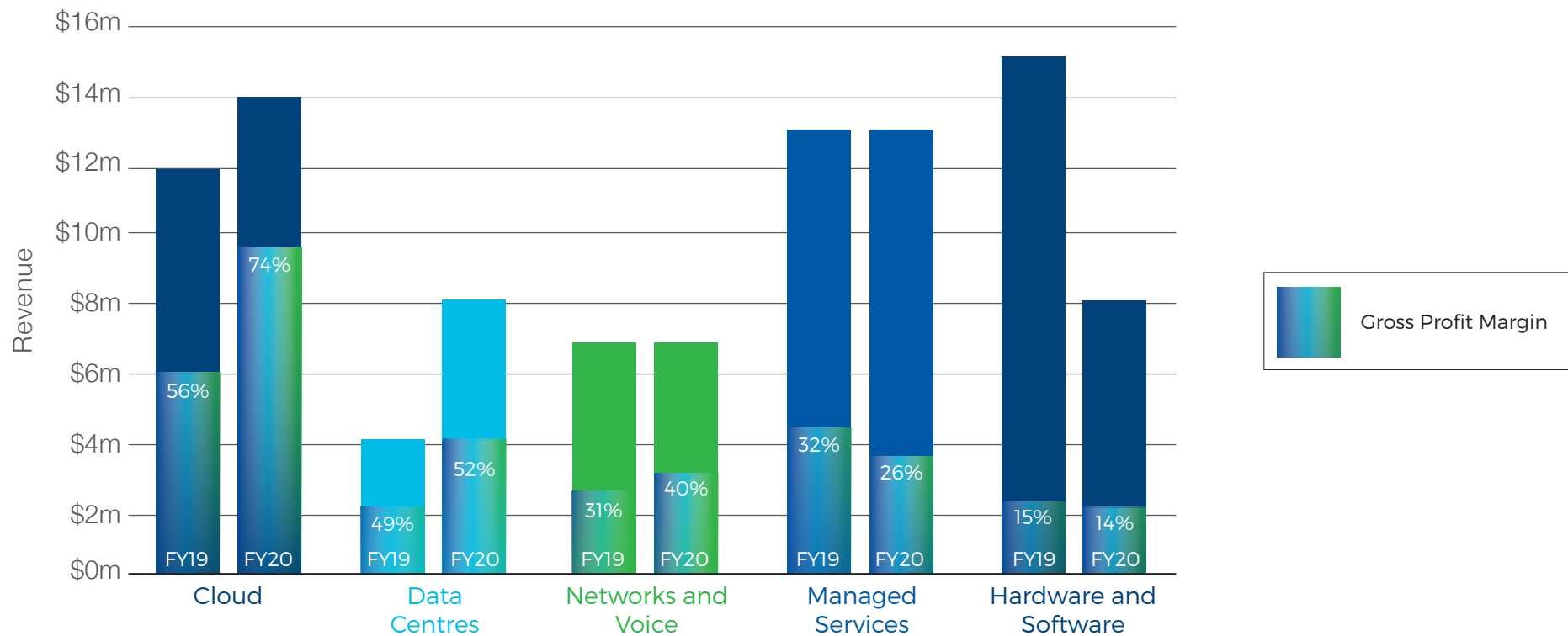
1. Prior Corresponding Period ending 30 June 2019

2. EBITDA before acquisition and non-recurring costs of \$0.6m and share option costs of \$1.4m

FY20 Revenue performance highlights the strategic transition to high margin annuity revenues

- Strategic focus on building recurring annuity revenues demonstrating success with 16% growth from FY19;
- Result driven by active migration to infrastructure product mix- 5GN Data Centre and 5GN Cloud Federation;
- Profitability across annuity services improving due to the infrastructure operating leverage.

Product Revenue / Margin





Key Strategic Achievements and FY21 Outlook

Several key strategic initiatives have been successfully completed in the period leading to November 2020.

Key Strategic Initiatives and Announcements:

- **5GN Fibre rollout and network expansion** across Brisbane, Sydney, Melbourne and Adelaide to enable on-net connectivity to 80 market leading data centres; launched Dark Fibre offers in September 2020;
- **Successful 5GN capital raise \$27m** AUD executed in September 2020;
- **Successful takeover and management of Webcentral Group Limited** in October 2020;
- **Brisbane Data Centre Acquisition** to expand 5GN Managed Colocation capacity to 1000 racks in November 2020.

FY21 Revenue and EBITDA Guidance re-affirmed:

- Revenue between \$60m and \$65m before material acquisitions
- EBITDA* between \$8m and \$8.5m before material acquisitions

*EBITDA before acquisition and non-recurring costs

Thank you

For further information contact

Joe Demase
Managing Director
jd@5gn.com.au
1300 10 11 12

Glen Dymond
Chief Financial Officer
gdy@5gn.com.au
0408 199 712

Appendix

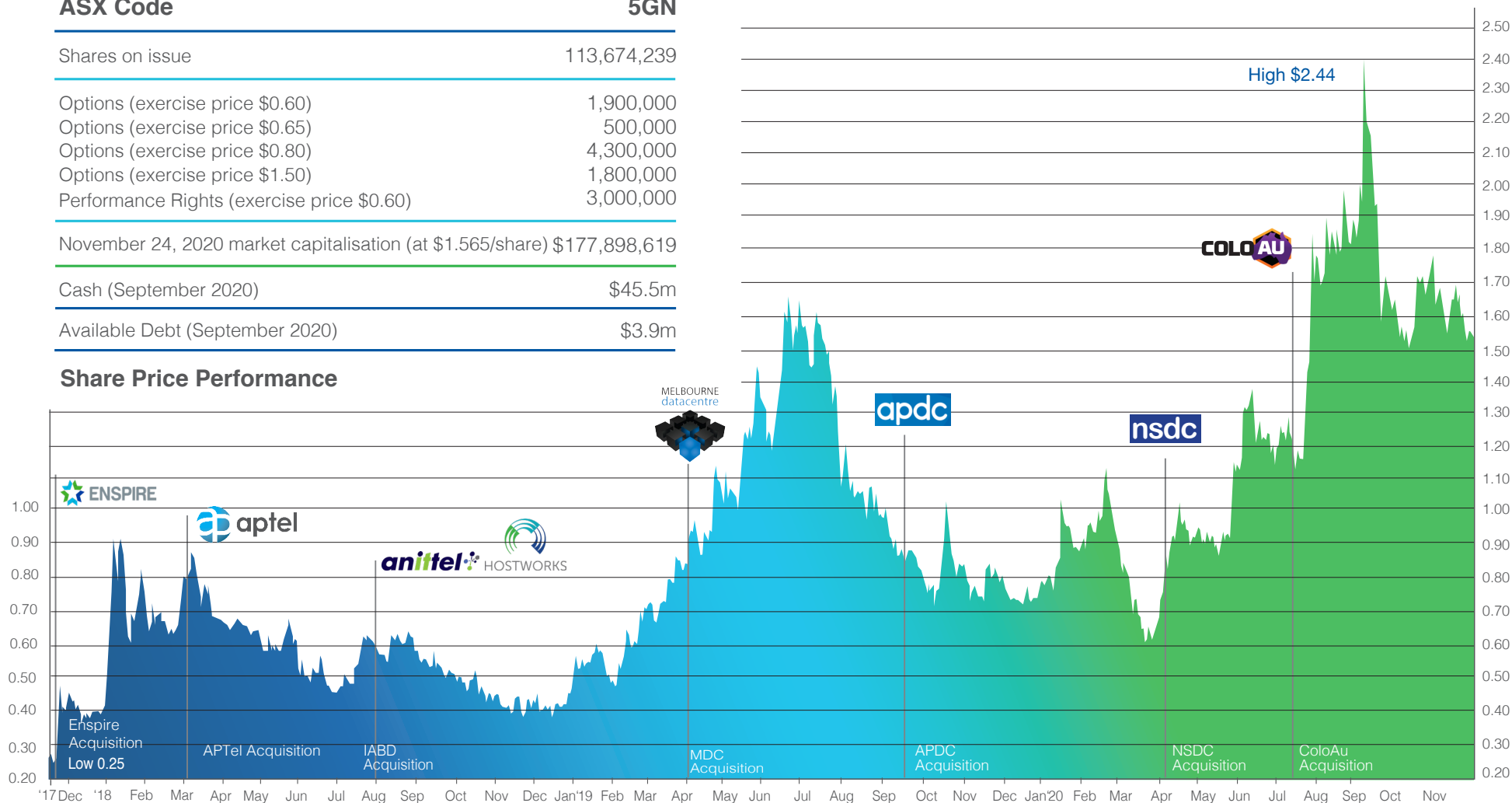
Capital Structure

ASX Code

5GN

Shares on issue	113,674,239
Options (exercise price \$0.60)	1,900,000
Options (exercise price \$0.65)	500,000
Options (exercise price \$0.80)	4,300,000
Options (exercise price \$1.50)	1,800,000
Performance Rights (exercise price \$0.60)	3,000,000
November 24, 2020 market capitalisation (at \$1.565/share)	\$177,898,619
Cash (September 2020)	\$45.5m
Available Debt (September 2020)	\$3.9m

Share Price Performance



Profit & Loss

	FY19	FY20	Change	
	\$m	\$m	\$m	%
Revenue				
Cloud Services	12.0	13.7	1.7	14.2%
Network and Voice	6.8	7.8	1.0	12.8%
Data Centres	4.1	7.7	3.6	88.2%
Managed Services	13.3	12.8	(0.5)	(3.5%)
Hardware and Software	15.0	7.7	(7.3)	(48.6%)
Total Income	51.2	49.8	(1.4)	(2.8%)
COGS	(24.7)	(20.1)	4.6	22.7%
Gross Margin	26.5	29.7	3.2	11.9%
Gross Margin %	51.8%	59.6%	78bps	15.0%
Employee Benefits	(20.9)	(20.0)	0.9	(4.5%)
Rent and Office	(0.4)	(0.3)	0.1	(18.2%)
Marketing and Travel	(0.6)	(0.3)	0.2	(41.7%)
Other Expenses	(1.4)	(2.7)	(1.3)	92.1%
EBITDA before Acquisition costs and share based payments expense	3.2	6.3	3.1	96.1%
EBITDA %	6.3%	12.7%	640bps	101.7%
Acquisition costs	(0.7)	(0.6)	0.0	(5.9%)
Share based payments expense	(2.2)	(1.4)	0.8	(35.8%)
EBITDA	0.3	4.2	3.9	1229.6%
Net Finance Costs	(1.1)	(1.4)	(0.3)	24.2%
Depreciation	(3.3)	(4.9)	(1.6)	47.6%
Profit before income tax	(4.1)	(2.1)	2.1	49.9%
Income tax expense/(benefit)	-	(0.6)	(0.6)	(100%)
NPAT	(4.1)	(1.5)	2.6	63%

\$7M growth in non-core revenue

- Operating leverage driving 96% EBITDA growth
- 16% recurring revenue growth driven by migration of customers to higher-margin recurring revenue streams
- 22.7% COGS reduction from synergy realisation
- Operating costs control continues

Cash Flow

Cash Flow Statement \$m	FY19	FY20	Change
Receipts	53.6	53.6	0.0
Payments	(52.1)	(44.8)	7.3
Net Interest Paid	(1.0)	(1.3)	(0.3)
R&D Tax Concession Received	0.5	-	(0.5)
Operating Cash Flows	0.9	7.5	6.6
Net Cash - Acquisitions	(2.6)	(4.1)	(1.5)
Property, Plant and Equipment	(1.2)	(3.3)	(2.1)
Investing Cash Flows	(3.8)	(7.4)	(3.6)
Proceeds from issue of shares & options	8.5	21.4	12.9
Proceeds / (repayment) of Borrowings	(1.8)	(3.1)	(1.4)
Dividends Paid	-	(0.6)	(0.6)
Transaction Costs	(0.6)	(1.0)	(0.4)
Financing Cash Flows	6.1	16.7	10.6
Net Cash Flows	3.3	16.9	13.6

\$7.5M net operating cash flow

- 700% increase in operating cashflow driven by cost reduction and debtor collections
- 119% Operating Cashflow conversion
- FY20 Expansion capex:

Assets	\$m
Data Centre & Cloud	1.9
Fibre network	0.8
Office and Other	0.6

Balance Sheet

Balance Sheet \$m	30 Jun 19	30 Jun 20	Change
Cash and cash equivalents	6.7	23.5	16.8
Trade and other receivables	4.0	2.8	(1.2)
Other current assets	1.8	1.5	(0.3)
Total Current Assets	12.5	27.8	15.3
Intangible assets	13.4	16.9	3.5
Property, plant and equipment	5.1	9.1	4.0
Other non-current assets	14.8	14.0	(0.8)
Total Non-Current Assets	33.3	40.0	6.7
Trade and other payables	5.1	6.7	1.6
Borrowings	0.4	1.2	0.8
Other current Liabilities	5.7	8.8	3.1
Total Current Liabilities	11.2	16.7	5.5
Trade and other payables	1.3	1.3	-
Borrowings	3.7	2.6	1.3
Other non-current liabilities	13.2	11.6	(1.6)
Total Non-Current Liabilities	18.2	15.5	(2.8)
Net Assets	16.4	35.6	19.1
Issued capital	18.6	38.6	20.0
Reserves	2.4	3.1	0.7
Accumulated Losses	(4.6)	(6.1)	(1.5)
Total Equity	16.4	35.6	19.2

\$23.5M cash balance to pursue acquisitions and strategic capital expenditure

- \$18.2M capital raise and \$3.9M SPP completed in June/July 2020
- Available debt of \$1.5M at June 20
- 1 cent fully franked dividend announced