

# 1<sup>st</sup> Half FY22 Results Presentation

**24 February 2022**

COMMS GROUP LIMITED (ASX: CCG)

<https://commsgroup.limited>

This document has been approved by the Board of Comms Group Ltd

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# Company Overview

# Comms Group at-a-glance

**A leading B2B provider of cloud communications (UCaaS) and managed IT and cloud services to businesses**

**We service our customers via  
three key divisions**

**Our goal is to  
enhance business  
agility through  
innovative  
cloud-based  
communications  
and IT solutions**

**Voice Services**

**Data Services**

**Unified  
Communications  
Solutions (UCaaS)**

**Managed IT & Cloud  
Services**

**next.**<sup>®</sup>  
telecom  
a commsgroup business

Telco services  
domestically to  
the  
SME/corporate  
mid-market  
sectors  
(<1,000  
employees)

[www.nexttelecom.com.au](http://www.nexttelecom.com.au)

**commsgroup**  
Global Cloud Communications

Global specialist  
UCaaS<sup>1</sup> provider  
to wholesale,  
enterprise and  
MNCs (>1,000  
employees)

<https://commsgroup.global>

**onPlatinum**

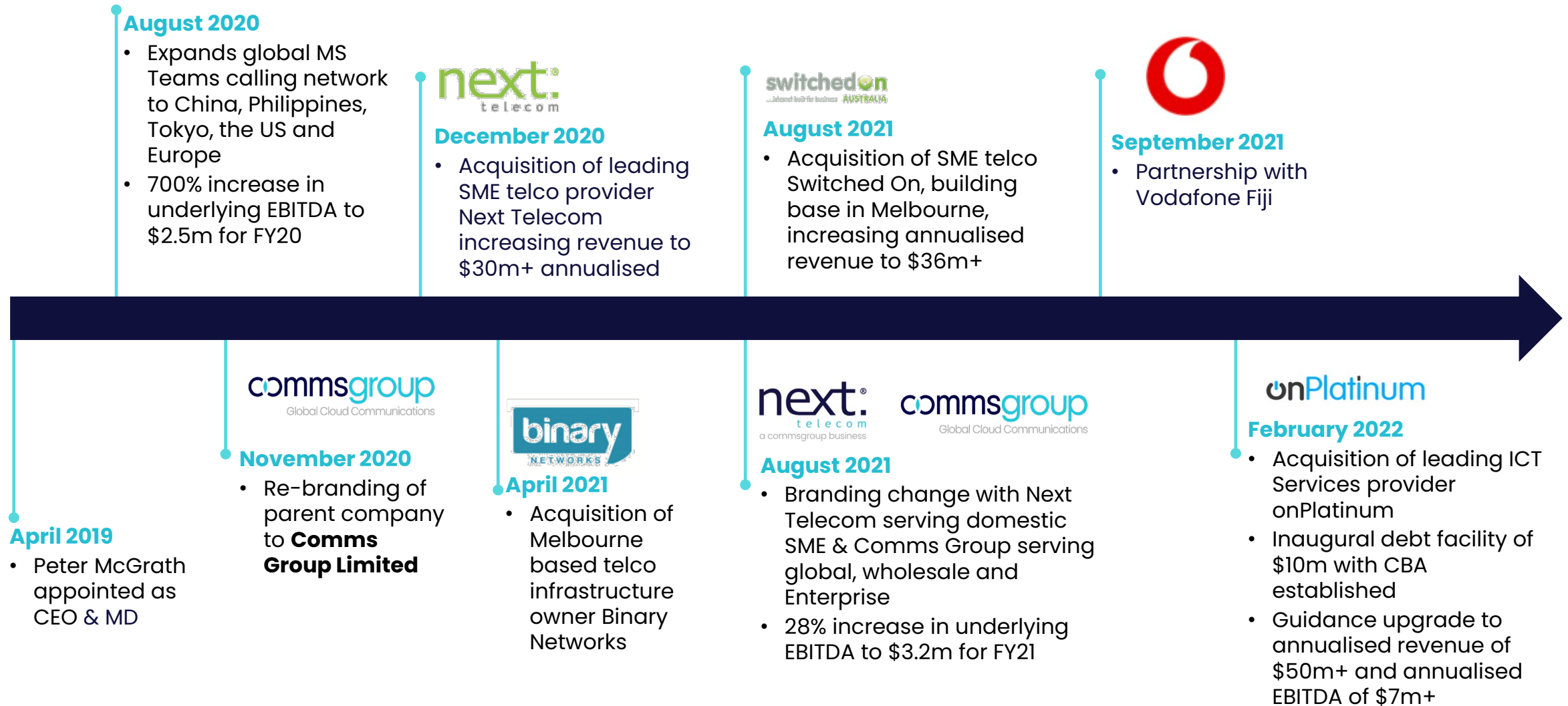
Leading ICT  
managed  
services provider  
with strong  
reputation for  
quality, expertise  
and innovation

<https://onplatinum.com.au>

140 staff located across Sydney, Melbourne, Gold Coast, Singapore, Philippines

<sup>1</sup> Unified Communications as a Service (UCaaS): a communications delivery model based on the cloud, that allows companies to access key comms services including telephony (voice), video, messaging, chat, collaboration, document storage supporting teamwork, agility, mobility and work from anywhere.

# Key timeline of events



# Products & Services Overview

**A highly focused B2B telco with a full ICT product suite and leading position as a global unified communications provider**

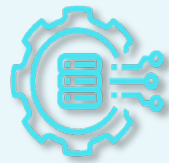


## Voice services

- Replace legacy ISDN/PABX lines
- Move traditional "in-office" PABX to the cloud
- Advanced cloud business phone/hosted PBX (domestic)
- Global PBX for International offices
- Inbound 13/1300/1800 services
- 4G/5G Mobile & Mobile Broadband

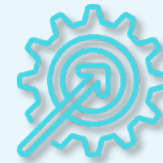
### Wholesale/Global

- SIP Trunks
- SIP & MS Teams calling services wholesale
- Call Termination Services
- Global DID/Telephone numbers – 100+ countries



## Data services

- High speed fibre-optic based data & internet services
- NBN services inc. NBN Enterprise Ethernet
- Own our own Layer 2 and Layer 3 (ISP) networks
- SD WAN
- Multi-carrier diversity services
- Access to Cloud Services
- Firewall services



## Unified Comms Solutions (UCaaS)

- Industry leading Global Microsoft Teams calling (Direct Routing)
- Range of value-added applications
  - Contact Centre
  - Call Recording
  - Call Analytics
  - SMS messaging with integration to MS Teams



## Managed IT services

- 24x7 IT Managed services
- Provision of ICT hardware
- Security services
- Cloud based services (Azure, VMWare)
- Own our own Cloud IaaS Virtual Server cluster (VMWare)
- Desktop as a service
- Backup as a service



# Financial Highlights

# Key financial highlights

## Continued trend in growing revenue and underlying EBITDA

1H FY22 Revenue

**Up 91%**

vs pcp to \$17.3m

1H FY22 EBITDA<sup>1</sup>

**Up 63%**

vs pcp to \$1.95m

1H FY 22 Gross Profit

**Up 76%**

vs pcp to \$8.0m

1H FY22 Gross Margin

**46%**

Core margin ↑ to 53%<sup>2</sup>

Annualised revenue<sup>3</sup>  
expected to be

**+\$50m**

Annualised EBITDA<sup>1,3</sup>  
expected to be

**+\$7m**

<sup>1</sup> Underlying EBITDA excludes net interest, tax, non-cash share LTIP costs, rent, depreciation, amortisation and business, integration & restructuring costs.

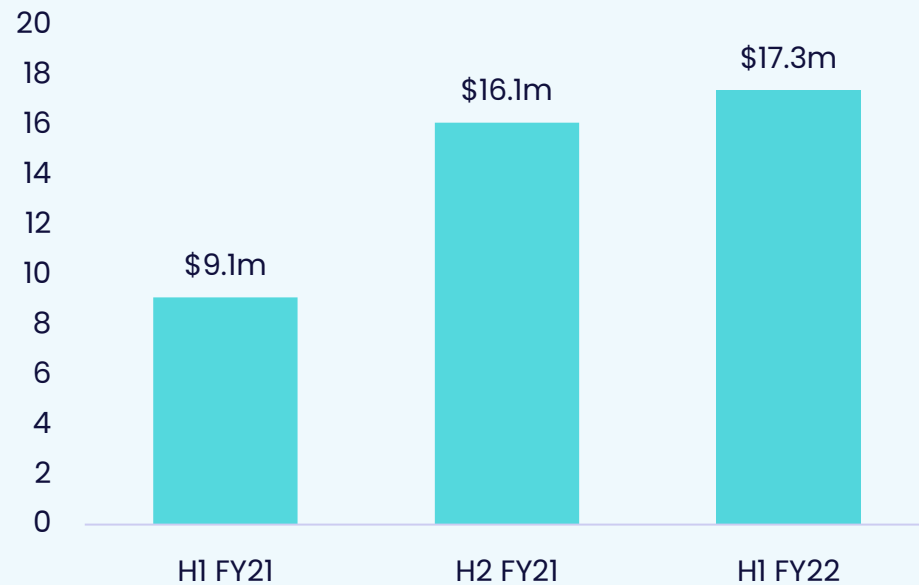
<sup>2</sup> Gross Margins excluding acquired businesses

<sup>3</sup> Annualised underlying revenue & EBITDA including all acquisitions finalised during the year and the recent acquisition of OnPlatinum Australia

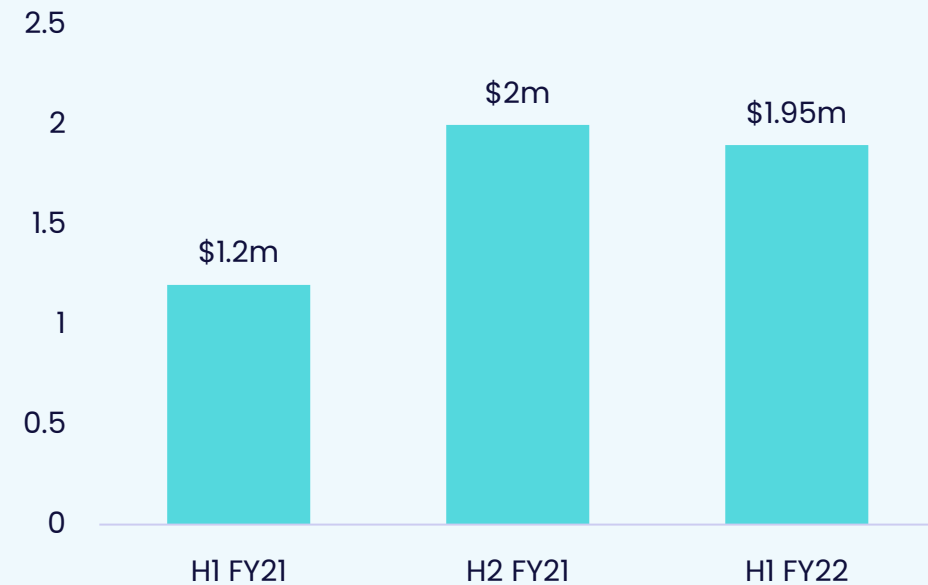


# Strong continued growth within the business

**Revenue**



**Underlying EBITDA<sup>1</sup>**



**Strong revenue growth, increasing margins and solid EBITDA performance**

<sup>1</sup> Underlying EBITDA excludes net interest, tax, non-cash share LTIP costs, rent, depreciation, amortisation and business, integration & restructuring costs.

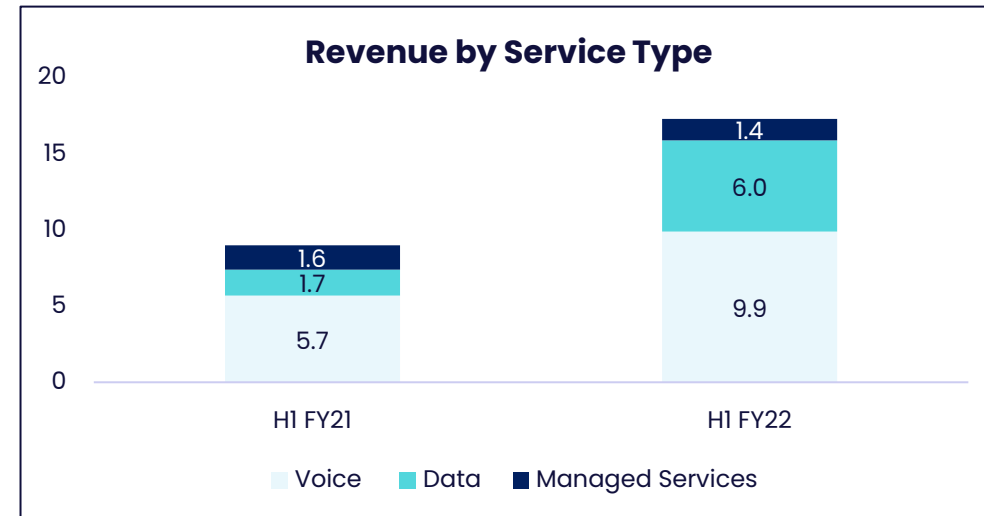
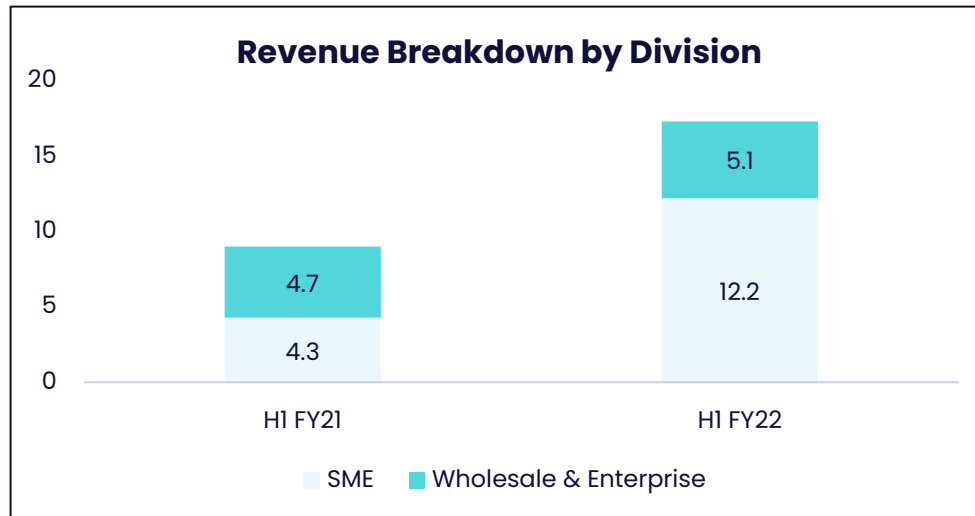
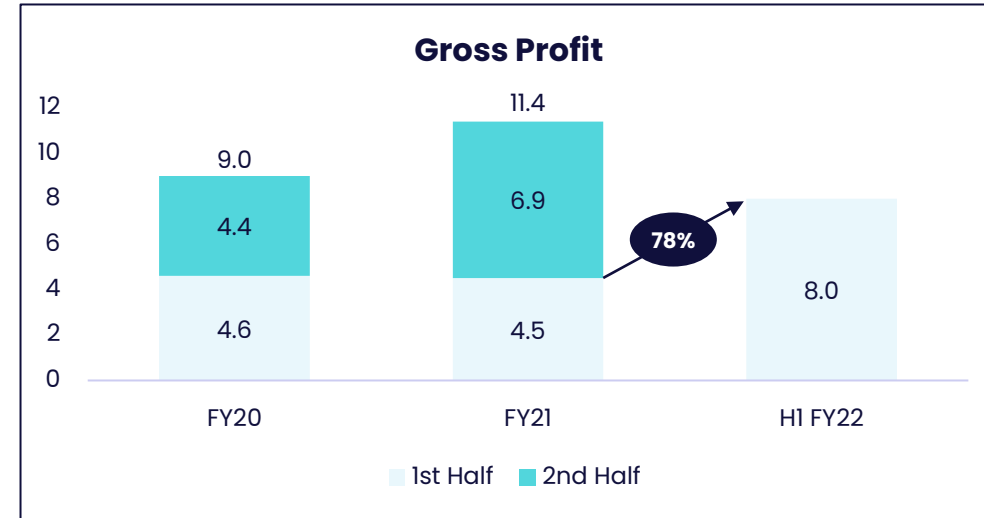
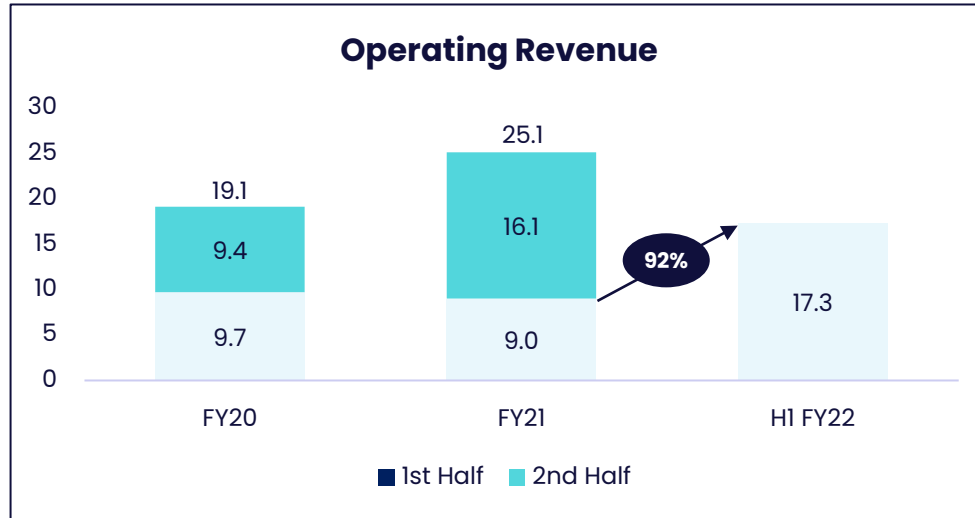
# Financial Performance 1H FY22

- Gross Margins excluding acquired businesses continue to improve adding 3% to be just under 53%
- Acquired businesses are trading within expectations
- Doubtful debts have been kept to a minimum with little impact on collections
- Excluding acquisitions, OPEX costs increased by circa \$0.8m from:
  - Investment in new business development (sales) & operations staff
  - IT costs inc. global IaaS hosting costs and SaaS related development costs
  - Increases in general costs inc. staff costs & business setup costs

\$M	H1 FY21	H1 FY22
Operating Revenue	9.1	<b>17.3</b>
Cost of Sales	(4.6)	<b>(9.4)</b>
Gross Profit	4.5	<b>8.0</b>
Gross Margin (group)	50%	<b>46%</b>
Operating expenses	(3.3)	<b>(6.1)</b>
Underlying EBITDA	1.2	<b>1.9</b>

\*Operating Expenses exclude restructuring and business acquisition / integration costs and share based payments

# Financial performance over time



# Cash Flow

\$M	H1 FY21	H1 FY22
<b>Underlying operating cashflows</b>	0.4	1.5
Less: payment of restructuring costs	(0.2)	-
Less: Payment of business acquisition and integration expenses	(0.2)	(0.6)
<b>Net cash from operations</b>	0.0	0.9
Plus: net proceeds from capital raisings	3.5	-
Less: rent (lease) payments	(0.2)	-
Less: investing activities	(0.3)	(3.9)
<b>Net cash inflows</b>	3.0	(3.3)
Opening cash	2.4	5.5
<b>Closing cash</b>	5.4	2.2

- Underlying cashflow from operations \$1.5m
- Underlying operating cashflows excluding payments for prior and post period items was \$2.021m
- Other investing activity includes \$3.7m for the acquisition of Switched On

# Balance Sheet

- Strong balance sheet, net assets \$28.3m
- Cash of \$2.2m at 31 Dec 21 post the acquisition payment of \$3.7m for Switched On acquisition.
- Nil debt at 31 Dec 21. Debt of \$8.1m on 11 Feb 22 post acquisition of onPlatinum.
- Increase in Intangible assets from \$23.7m to \$29.0m
- Carried forward tax losses of \$2.1m with a tax benefit of \$0.5m

\$M	30 June 2021	31 Dec 2021
Working Capital (current assets less current liabilities)	4.6	1.1
Non-Current Assets	27.3	32.2
Non-Current Liabilities	3.9	5.0
Net Assets	28.0	28.3



# Business Update

# 1H FY22 Business Highlights

Strong level of new sales closed in the 1<sup>st</sup> half across both SME and Global (Enterprise & Wholesale) divisions. Total of \$235k new sales MRR closed in the half.

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Further wins with Global MNCs in the 1<sup>st</sup> half. Some good wins in wholesale area inc. Vodafone Fiji partnership announced Sept 21.

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Good pipeline of opportunities in both SME & Global. Strong Global prospect pipeline with offshore deals via strategic partners.

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Announced the acquisition of Switched On Australia in Aug 21 and onPlatinum in Feb 22.

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Continued focus on extracting synergies in acquired businesses as well as integrating businesses with common systems.

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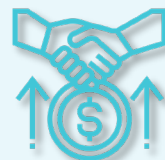
Key IT systems work undertaken to improve productivity and effectiveness of sales & operations teams. Upgraded Configure-Price-Quote tools and group wide service desk implemented.



# OnPlatinum acquisition – entering IT services market



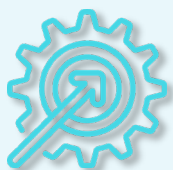
**Acquires a leading provider of ICT<sup>1</sup> services with a high-quality customer base**



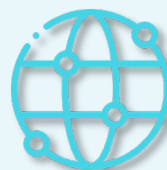
**Extends Comms Group's product offering, broadening product set into the IT services market. Provides strong cross sell opportunity.**



**Adds ~\$16m in total group revenue, a ~45% increase on current business revenue**



**Strengthens Comms Group's position in the corporate mid-market**



**Expands the Company's domestic footprint into QLD**



**Base EBITDA contributions of \$2m<sup>2</sup> (incl. synergies) and expected to grow overtime**

<sup>1</sup> ICT refers to Information Technology (IT) services as well as Communications Services.

<sup>2</sup> Annualised EBITDA contribution.





# Strategy & Outlook

# Comms Group strategic imperatives



Extend our services in the corporate mid-market sector with a full ICT service offering



Become a key UCaaS provider throughout the APAC region and globally, servicing the wholesale and enterprise (MNC) sectors



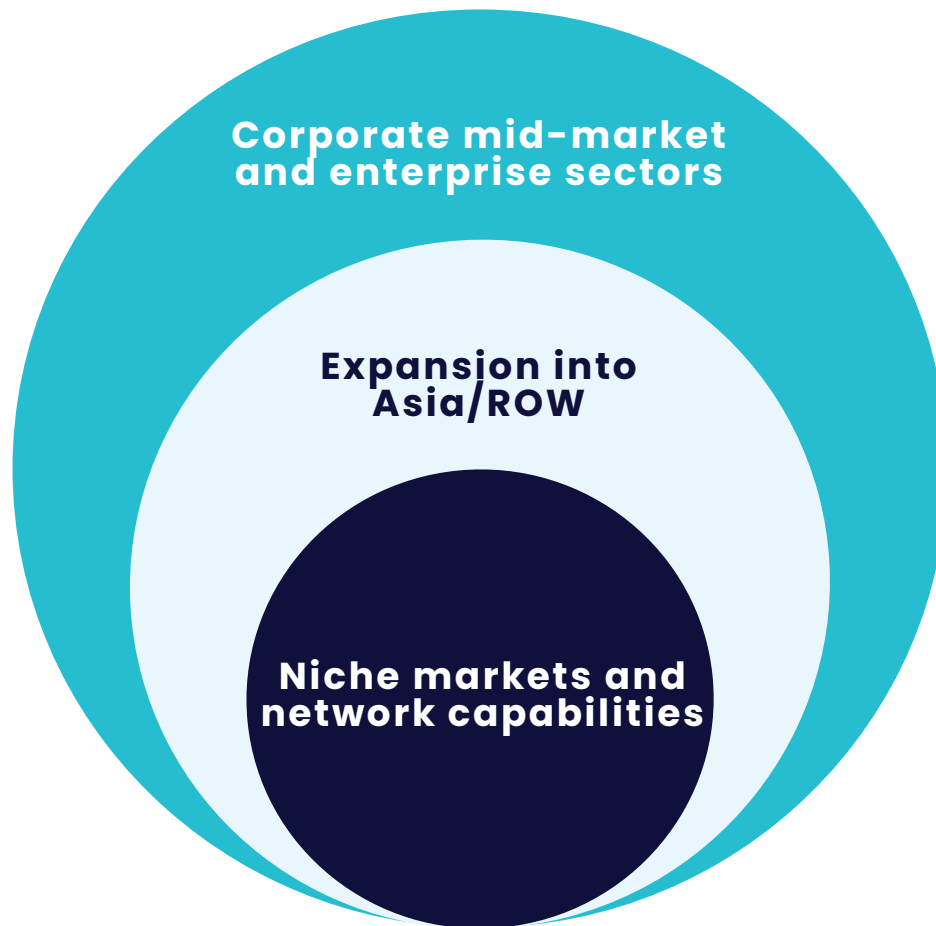
Grow to scale organically and via acquisitions to over \$100m revenue with commensurate increase in profitability



Expand domestically to become a national provider

# Group strategic positioning for growth

**Comms Group is positioning itself for sustained growth via key business strategies**



## **Corporate mid-market and enterprise sectors**

- Expansion targeting businesses with 50 to 1,000+ seats via additional products & services and via key acquisitions to add capabilities and build scale.
- Increased focus on selling to corporate customers.

## **Expansion into Asia/ROW**

- Building strong momentum in this space today via our leading UCaaS position with Microsoft Teams calling
- Focused on key alliances/partners (wholesale), Asia Pacific presence and servicing MNCs, particularly from Australia and Asia
- Potential to expand into other key continents over time (USA, Europe, Africa, South America)

## **Niche markets and network capabilities**

- Including expansion into other parts of Australia
- Niche strategies adding key products, systems and network capabilities – via key acquisitions and enhancing Comms Group's capabilities

# Comms Group Outlook



Continued strong pipeline of key new sales deals

Good prospects pipeline with offshore deals via strategic partners.



Recently finalised acquisition of onPlatinum adding circa 45% to overall revenue.



Post-acquisition of onPlatinum, Comms Group annualised revenue<sup>1</sup> is expected to be \$50m+ and annualised underlying EBITDA<sup>1,2</sup> of \$7m+.



FY22 revenue expected in the range of \$40m to \$43m

Underlying EBITDA<sup>1</sup> expected to be \$5m to \$5.5m which includes 5 mths trading from onPlatinum.

**“We are singularly focussed on continuing our growth journey and enhancing business agility through innovative cloud based communications & IT solutions”**

<sup>1</sup> Annualised figures inc. expected synergies from the onPlatinum integration and based on full year contributions from all businesses acquired over the past 12 months.

<sup>2</sup> Underlying EBITDA excludes net interest, tax, non-cash share LTIP costs, depreciation, amortisation and business, integration & restructuring costs.

Term	Definition
Cloud Communications	The provision of key communications services from cloud servers based in data centres and over high speed internet connections.
Cloud PBX, Cloud Phone, Hosted PABX	A cloud PBX functions the same as an in office PABX but is hosted in a cloud server accessed via the internet. This is becoming the preferred option for providers and customers today. Comms Group operates a global Cloud Phone network.
Corporate mid-market	For Comms Group, this is larger organisations with typically 500+ employees and monthly spend (MRR) of typically > \$5,000.
CTS	Call Termination Services – provision of a service by wholesale service providers to terminate voice calls in different markets or countries and on to different networks such as mobile and fixed voice networks.
Data Service	A broadband service that delivers voice, video and data over a private network or the Internet. NBN and fibre optic services are the most common forms of data services in the SME and corporate mid-market. Comms Group operates a domestic Layer 2 (data) and Layer 3 (internet) network with key Points of Presence (PoPs) in Sydney, Melbourne & Brisbane and aggregates a range of layer 2 wholesale access services.
Enterprise	For Comms Group, this is organisations with typically > 1,000 employees and operating multi-nationally as an MNC.
Fibre (optic)	Use of fibre optic networks to carry digital signals (data) via light transmission at very high speeds, transforming the telco and cloud services market globally.
ICT	Information Communication Technology is an umbrella term that covers the wide range of IT services and Communications services provided to businesses.
MNC	Multi-national corporate whereby the corporation has offices, facilities and assets in multiple countries.
MRR	Monthly recurring revenue is the monthly recurring annuity style revenue received from customers.
NBN	Australia's national broadband network, which is a wholesale open access data network, replacing older copper and cable broadband with optic fibre networks, high speed switches and other technologies.
PABX	A typically in-house telephone switching system that interconnects telephone extensions to each other as well as the outside telephone network known as the public switched telephone network (PSTN).
SD-WAN	A software-defined wide-area network (SD-WAN) uses software-defined network technology, such as communicating over the Internet with encryption between an organisation's locations. Allow companies to build higher-performance WANs using lower-cost and commercially available Internet access. SD-WAN is replacing traditional data networks such as MPLS.
SIP	Session Initiation Protocol – being the standard IP telephony signalling protocol used to manage voice calls over the internet.
SME	For Comms Group, this is small to medium enterprise typically up to 500 employees.
Unified Communications (UCaaS)	A communications delivery model based on the cloud, providing key communications services including telephony (voice), video, messaging, chat, collaboration, document storage supporting teamwork, agility, mobility and work from anywhere. Comms Group is a leading provider of MS Teams calling with a global network and offering.

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