



(ASX: VN8)

# Investor Presentation

H1 FY23 Results

February 2023



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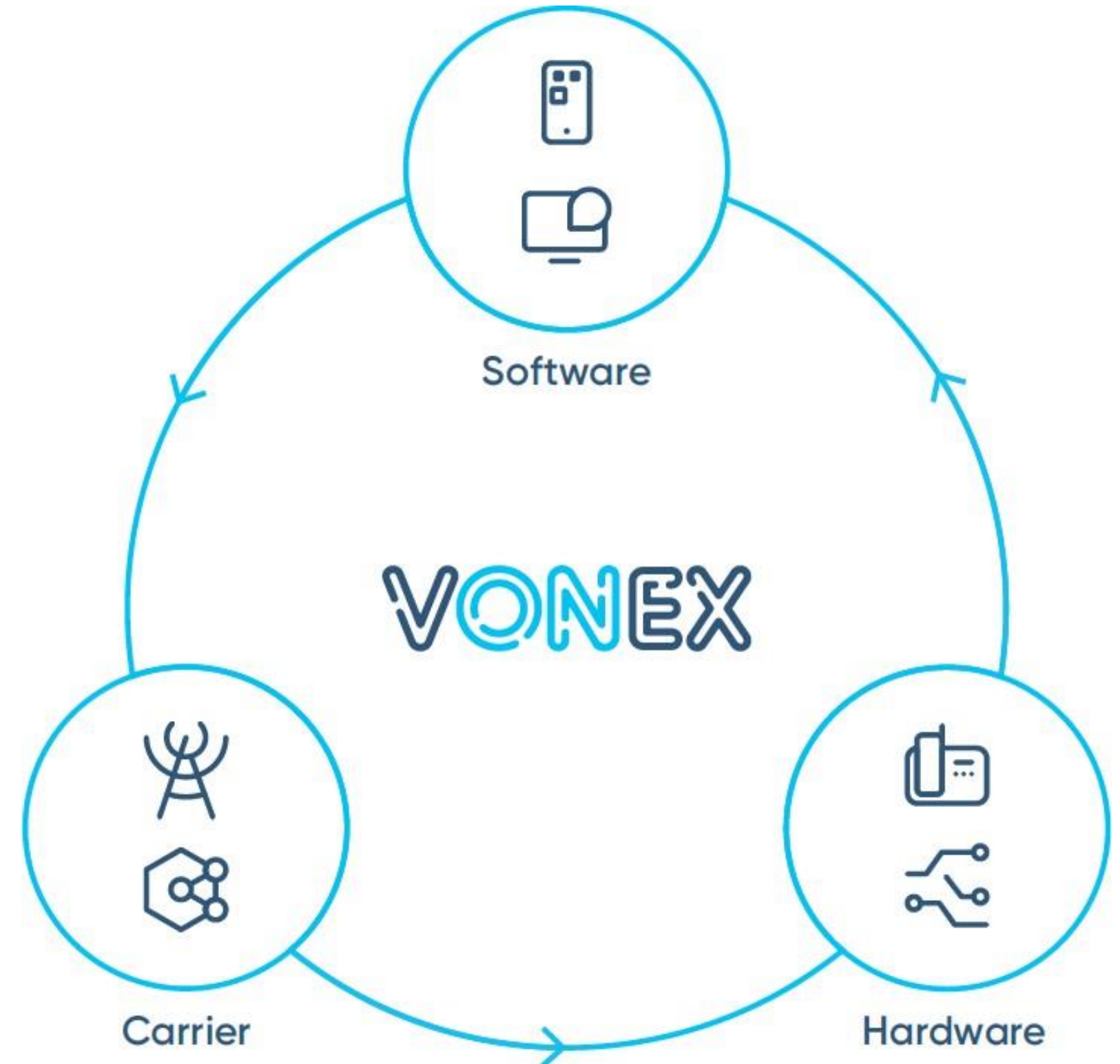
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# Who We Are

Vonex Ltd (ASX: VN8) provides advanced technology to keep business communications ahead of the game.

Our products are scalable and customisable to the thousands of Australian businesses we keep connected, wherever they go however they grow.



# What We Do

## SME Business

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### Phone Systems

NBN-ready office phone solutions. Options for on premise & cloud

Hosted Cloud Phone Systems

SIP Trunks

Microsoft Teams Integration



### 4G & 5G Mobile

SIM-only mobile plans

4G & 5G Voice & Data

Mobile Fleet



### Internet & NBN

Future-proof NBN & high speed ethernet

NBN

Fibre

Wireless Broadband

5G



### Value Added Services

1300 numbers, conferencing, e-fax desktop SMS & more

e-Fax

Landline: 1300/1800, International Numbers

Desktop SMS

Audio Conferencing

Domain

Web Hosting



### Infrastructure

Cabling and other technical integrations

Data Cabling

Optical fibre installations

Active IT hardware installations

Data cabinet strip, rebuild & maintenance

CCTV

Colocation & Hosting

SDWAN

# What We Do

## Wholesale

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### Wholesale Products

Delivering excellence in wholesale connectivity

Business Fibre  
IoT/M2M  
Hosted PBX & SIP  
NBN  
Mobile  
Wireless  
Broadband

## Consumer

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### Consumer Products

Consumer phone systems

Home Phone  
Consumer NBN  
Consumer Mobile





# Vonex Corporate Snapshot

Vonex's near-term priorities are to maintain a strong organic growth trajectory, while:

- Consolidating and fully integrating acquisitions;
- Maximising synergies;
- Driving operational cost efficiencies; and
- Building a consistent and success-oriented culture

## Key Metrics →

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H1 FY23 revenue	<b>\$21.1m</b>
Annualised recurring revenue <sup>1</sup>	<b>\$50.0m</b>
H1 FY23 net operating cashflow	<b>\$1.4m</b>
H1 FY23 underlying EBITDA <sup>2</sup>	<b>\$3.7m</b>
Market cap at \$0.064/share	<b>\$23.2m</b>
Net debt <sup>1</sup>	<b>\$19.2m</b>
Enterprise value	<b>\$42.2m</b>

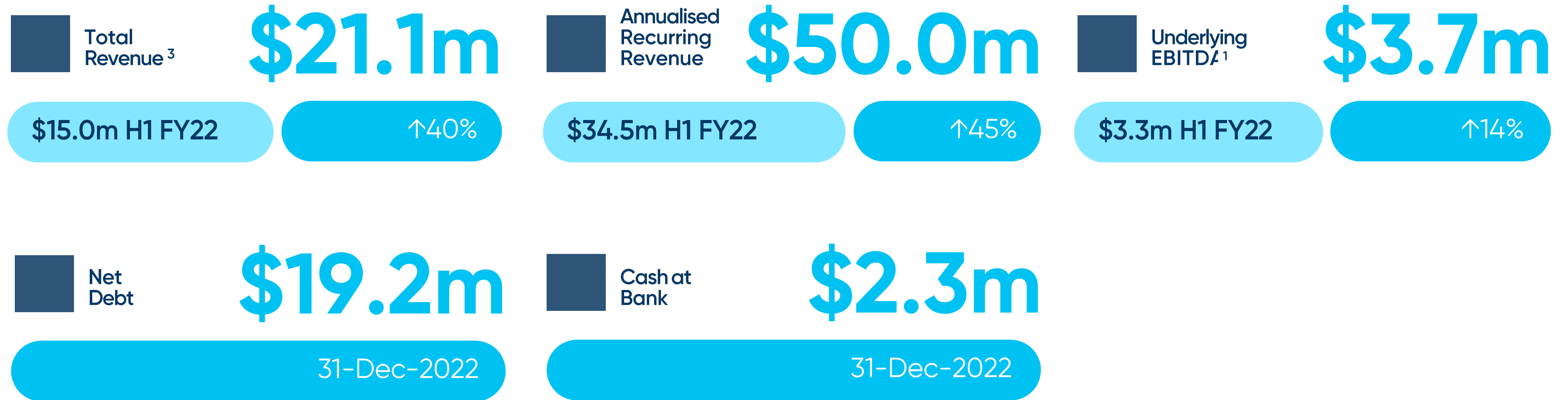
Note 1 → As at 31 December 2022

Note 2 → Underlying EBITDA excludes share based payment expenses; acquisition, integration, migration and capital raising costs; the fair value of contingent consideration for the Voiteck acquisition; the impairment of goodwill associated with acquisitions and includes the results of the acquired OntheNet business as if included for the whole of H1 FY23 (based on vendor provided unaudited management accounts).

# H1 FY23 Highlights



# H1 FY23 Financial Highlights



**Note 1** → Underlying EBITDA excludes share based payment expenses; acquisition, integration, migration and capital raising costs; the fair value of contingent consideration for the Voiteck acquisition; the impairment of goodwill associated with acquisitions and includes the results of the acquired OntheNet business as if included for the whole of H1 FY23 (based on vendor provided unaudited management accounts).

**Note 2** → Excludes any organic growth from the MNF direct business, Nextel, Voiteck and OntheNet.

**Note 3** → Although the OntheNet acquisition completed on 27 October 2022 as planned, due to accounting policies around the timing of these two events, neither the revenue nor profit from 1 September 2022 to 31 October 2022 is included in the HY results.

## Acquisition Health Check

H1 FY23	Organic Growth	Acquired Growth
Retail & Wholesale	13% <sup>2</sup>	25%



# H1 FY23 Operational Highlights

## → Retail Business

Up 13%  
year on year

**\$4.5m**

TCV of New Customer  
Sales

## → Wholesale Business

Year-on-year  
growth

**↑22%**

Internet Services

Year-on-year  
growth

**↑28%**

Voice & PBX

## → Group Performance

Up 40%  
year-on-year

**\$21.1m**

Revenue

up 10%  
year-on-year

**100K**

PBX Users

# H1 FY23 Operational Achievements



## → More Telecom

- Partnered with telecommunications service providers More Telecom and Tangerine Telecom ("More") to become More's exclusive provider of hosted PBX services. Vonex is delivering a new hosted PBX and IP telephony enablement platform for More's new and existing SME customers, and More is migrating all existing Hosted PBX business services to Vonex's platform.
- Initial MVP was developed ahead of schedule, with this milestone triggering the migration of existing Hosted PBX services from More and trialling new customer onboarding through More's channels, including CBA, More's part-owner and strategic telco partner.

## → Successful M&A

- Completed the acquisition of OntheNet, a specialist in data network, voice and hosting/colocation services primarily to business customers across Australia.
- Progressed the integration of previous acquisitions, migrating Voiteck's voice infrastructure into Vonex's core network, thus improving performance, reliability and product offering for its customers - while continuing to deliver a phased migration of former MNF customers to Vonex's network and PBX platform.

## → Wholesale Progress

- Launched a new Platform Delivery and integration as a Service (PDaaS) Initiative which targets managed service providers (MSPs) and telco operators who want more than just connectivity from their wholesale partner.
- The projects that Vonex has previously delivered for Telco in a Box and more recently More Telecom showcase this ability.



# Key Strategic Sales Pillars

Vonex remains committed to organic growth and has invested in State based sales strategies targeting multi channel Acquisition of new customers and increases in ARPU of the entire customer base. This is coupled with a focus on exploring new growth opportunities and eliminating unnecessary churn. It is expected that these strategies will assist in accelerating organic growth in FY24.



- 1.** Expansion of Channel Partner network for acquisition of new SME customers.



- 2.** Continuous improvement from inbound direct sales team servicing enquiries and facilitating new sales in conjunction with Partners.



- 3.** Outbound direct sales to target higher average revenue per user (ARPU) business customers with more complex requirements.



- 4.** Optimising customer experience through inbound Consumer Sales teams to handle enquiries from consumers.



- 5.** Customer retention and growth team focuses on increasing ARPU of existing customers and reducing churn.

# Accelerating Growth

Through selective acquisitions of highly complementary businesses in line with well-established M&A strategy all acquired since start of 2021

Through completing these acquisitions and delivering organic growth, in CY 2022 Vonex increased its base of annualised recurring revenue (ARR) by 45% to \$50 million.

PBX Subscriptions<sup>1</sup> **↑126%**

SME Customer Growth<sup>1</sup> **↑228%**

Note 1 → between Feb 2021 and Dec 2022

OntheNet  
Acquired  
Oct 2022

100,000+

↑4%

~11,350

↑19%

Voiteck  
Acquired  
Jan 2022

96,000+

↑7%

~9,500

↑12%

MNF  
Acquired  
Aug 2021

90,000+

↑94%

~8,500

↑157%

Nextel  
Acquired  
Feb 2021

46,274

Active PBX Users

~3,300

SME Customers




























# Acquisition synergies driving ARPU growth

- Once all MNF SME & Consumer customers are migrated, we will aggressively cross sell and increase product ratio per customer to drive ARPU growth across the group.
- Direct Sales team will facilitate this cross sell activity, which is a growing capability of the Vonex group driven by the recently appointed CRO.
- This provides a strong platform for organic growth and further development of ARR.

Our M&A strategy cross-pollinates our organic growth. We proactively cross-sell incoming customers to Vonex's wider range of products and services to grow wallet share and ARPU.

	Vonex	OntheNet	Difference
Customers who purchase Voice Services	90%	21%	69%
Customers who purchase Mobile Services	18%	0%	18%
Customers who purchase Internet Services	56%	76%	20%

# Acquisition Integration Update

	Branding	Products	Team	Finance	Systems	Integration Date
OntheNet						FY24
Voiteck						Feb 2023
MNF Direct Business						SME - Dec 2022 Consumer - FY23
Nextel						Jun 2021
2SG						Sep 2021



# Outlook



Vonex continues to see a positive outlook for growth as the Company's customer base expands.

- Complementary acquisitions are delivering high quality earnings, readily addressable synergies and improved scale in ARR, channel partners and profile.
- Vonex has built a strong platform to gain scale organically, targeting growth in lead generation, brand awareness and average revenue per user (ARPU).
- Vonex is well placed to capitalise on its increased market presence, lower marginal cost base and capacity to realise cross-selling opportunities.

# Board of Directors



## Matthew Fahey / Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' extensive experience in building and managing telco companies having built a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco.



## Nicholas Ong / Non-Executive Director

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 15 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.



## Stephe Wilks / Non-Executive Chair

Mr Wilks is an experienced company director who has headed several Australian and international telecommunications and technology companies, including as Regional Director (Asia and Japan) Regulatory Affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company), Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild and Sons. He brings extensive technology leadership, strategic finance, M&A and governance expertise.



## David Vilensky / Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution.



## Brent Paddon / Non-Executive Director

Mr Paddon is an experienced company director and manager with over 25 years experience in the telecommunications and IT sectors. Brent co-founded Brisbane Internet Technology which was sold to Asia Online in 1999, held senior management roles at WebCentral and PIPE Networks and co-founded Over the Wire in 2007, which listed on the ASX in 2015 and was acquired in March 2022 by Aussie Broadband Limited (ASX: ABB). He has detailed knowledge of the telecommunications industry and hands-on experience in starting and scaling successful businesses.



## Daniel Smith / Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 11 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement.



## Jason Gomersall / Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.



Contact Us →

**Matthew Fahey**

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# Appendix

31-Dec-22

A reconciliation between statutory results and underlying results is provided to the right (A\$m):

Statutory profit (loss) after tax	(\$21.5)
Disposal of royalty - Johnson Range	(\$0.3)
Income tax expense / (benefit)	(\$0.2)
Net finance (income) / expense	\$1.0
Depreciation and amortisation	\$1.9
Impairment expense	\$19.5
Fair value of contingent consideration (Voiteck acquisition)	\$1.0
Business acquisition, integration, synergies and migration cost	\$1.3
OntheNet full H1 FY23 impact	\$1.0
Underlying EBITDA <sup>1</sup>	\$3.7

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