



Dreamscape Networks Limited (ASX: DN8)

Maiden Full Year Results Presentation Year Ended 30 June 2017

Our Vision



Providing simple, innovative and affordable
Online Solutions that change lives



A Year of Record Results

	FY17 \$m	FY16* \$m		
Total Bookings	53.1	49.9	↑	6.4%
Adjusted Gross Profit	30.5	27.4	↑	11.3%
Adjusted EBITDA	10.8	7.9	↑	37%
Operating cash flow	12.1	10.6	↑	14.2%
ABPU (\$)	148	140	↑	5.7%
Reported Revenue	46.4	42.9	↑	8.2%
Reported NPAT	2.1	1.1	↑	91%

* FY16 Pro-forma Historical

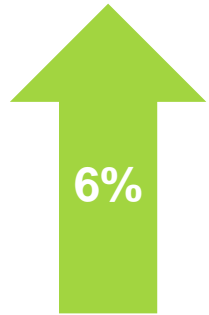
Delivering on our strategy to be a leading online solutions provider

- ☁ Successful listing on ASX in December 2016
- ☁ Remained Australia's #1 .au domain name brand
- ☁ Continued growth in higher margin Hosting and Solutions pillars
- ☁ Emerging South East Asian Online Solutions provider
- ☁ Successful acquisition of Vodien Group, Singapore's #1 Hosting provider
- ☁ Successful acquisition of Net Logistics, bolt on Hosting provider
- ☁ Sales team upselling and cross-selling into higher margin products

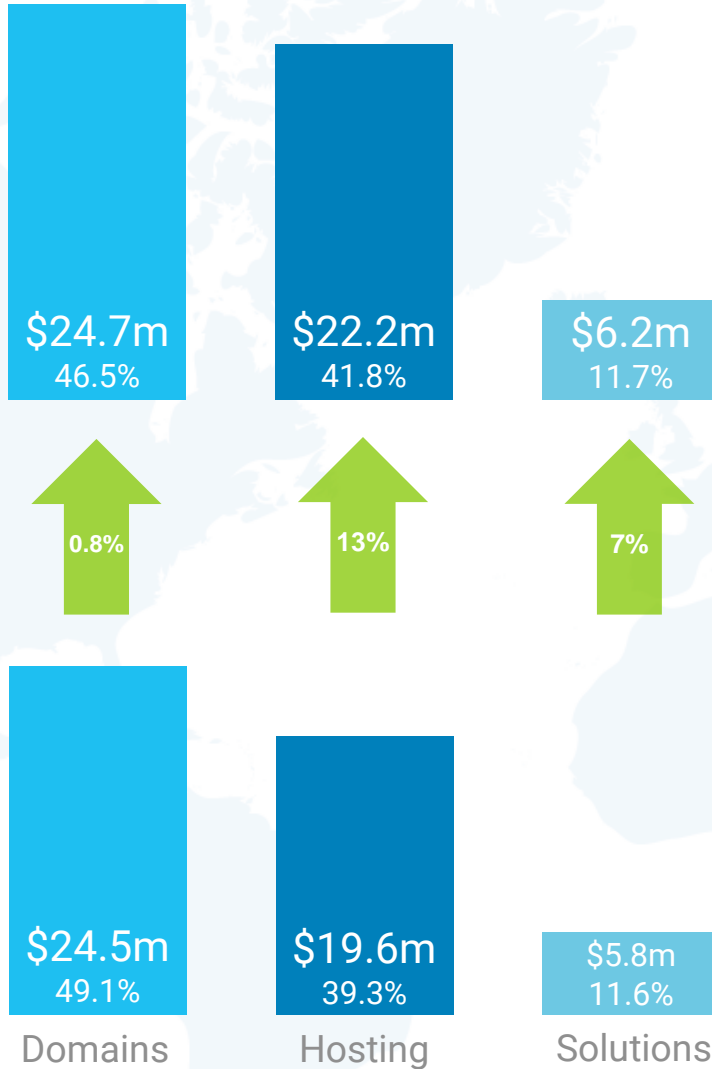
A record 12 months, doing what we said we would, delivering strong revenues, cash flows, and earnings growth

FY17: Total Bookings

FY17
\$53.1m



FY16
\$49.9m



Transitioning to higher value pillars

- Up 6% on FY16, to \$53.1m
- Mature Domain market, with improving Hosting and Solutions pillars
- 13% growth in Hosting, our highest margin pillar

Growth Strategy



1. Continued product development delivering improved engagement, ABPU and life time value of a customer
2. Net Logistics and Vodien acquisitions providing scale and accelerated domestic and South East Asian growth opportunities

Domains, Growth in Line with Industry



Domain Bookings

- Increased 0.8% to \$24.7m
- Growth reflects the trend in the mature .au domain industry
- Continued strong renewals
- Growing inventory of 497 TLDs
- Subscription Bookings paid up front, in full

Growth Strategy



1. Focus on growth in emerging South-East Asian markets
2. Targeted marketing towards Australian SMBs without an online presence
3. Strategic partnerships with industry organisations

Faster Growth in Hosting

Hosting Bookings

- Up 13% to \$22.2m, driven by growth of web & email hosting products
- Highest margin pillar, with improving EBITDA contribution
- Recent release of Wordpress Hosting

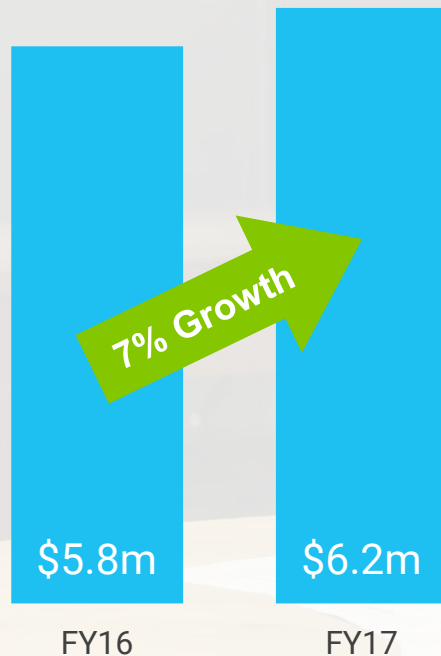


Growth Strategy



1. Largest earnings opportunity - 38% of our registered domains use third party hosting services
2. Initiatives to drive growth from our existing customer database
3. Introduction of our dedicated Hosting Brand, Vodien

Expanding Solutions offering



Solution Bookings

Increase of 7% in Bookings to \$6.2m



Partnership with Xero

Accounting software with all the time-saving tools you need to grow your business



Launch of Traffic Booster

Suite of products to drive traffic and expand online presence including Simple SEO and Business Directory



Introduction of Business Registration

Business and company registration creating a new customer acquisition channel



Growth Strategy

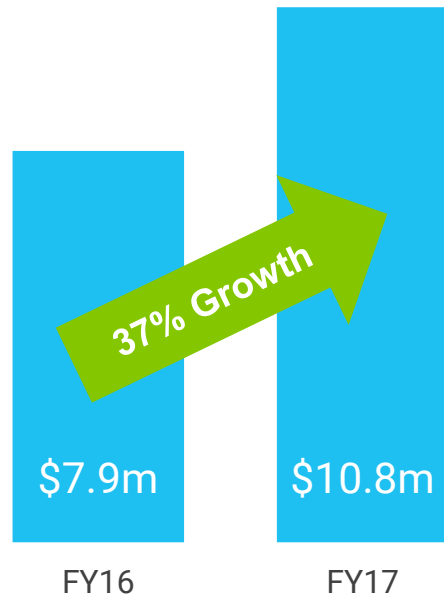
1. Product suite expansion
2. Further up selling and cross selling

Accelerating Earnings Growth = Strong Cash Generation

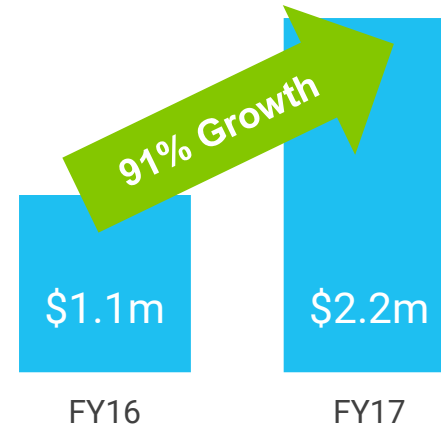
Adjusted Gross Profit



Adjusted EBITDA



Net Profit After Tax*



Operating Cash flow



* FY16 Pro-forma Historical

Strong Operating Cash Flow

	FY17 (\$m)	FY16* (\$m)	Overview
Net Cash flow from operating activities	12.1	10.6	Reflects increased bookings and higher margin products
Cash flows used in investing activity	(6.2)	0.2	FY17 reflects acquisition costs and Capital Expenditure. FY16 included repayment of security deposit
Cash flows from financing activity	7.4	(9.1)	FY17 includes net capital raised from IPO
Net increase in cash and cash equivalents	13.3	1.7	
Cash at end of period	17.7	4.6	

* FY16 Pro-forma Historical

Delivering on Strategy



International Expansion

Vodien acquisition providing platform for accelerated South East Asian expansion in FY18



Marketing

Commencement of marketing in South East Asia and targeted marketing to Australian SMBs



Acquisitions

Acquisition and successful integration of Net Logistics and Vodien will deliver value for shareholders in FY18



Customer Care

Continual training of staff to maintain high levels of customer care (at least 90% positive feedback rate)



Sales Team

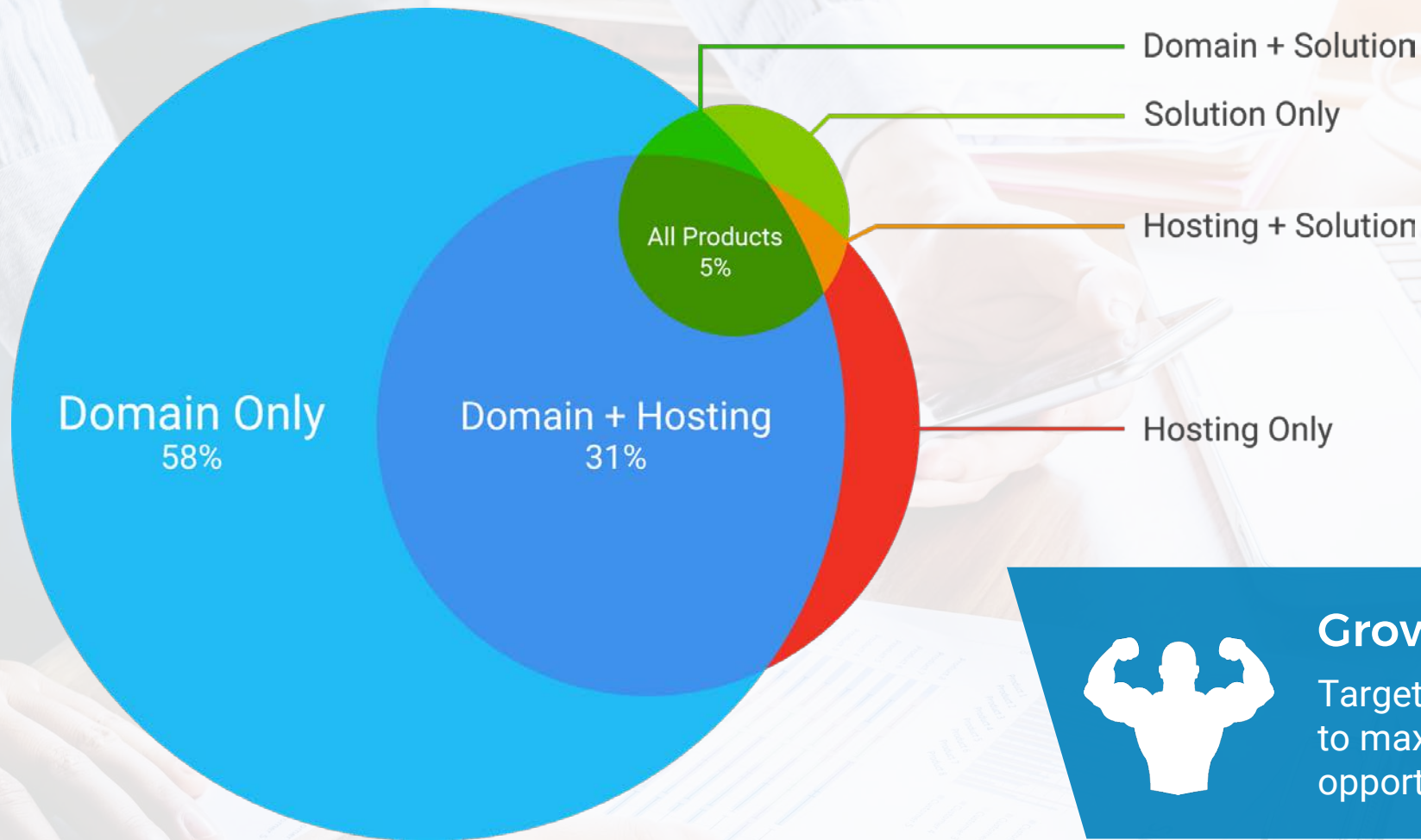
Successful training initiatives, resulting in sales team performing strongly and upselling and cross-selling into higher margin pillars



Product Development

Release of new products and features that increase user engagement and customer value

Attractive Internal Growth Opportunity



Growth Strategy

Targeted marketing and sales team follow up to maximise the existing internal growth opportunity

Net Logistics Successfully Integrated

Overview

- Acquired 31 March 2017
- Sydney-based internet hosting company, providing Domain Registration and Hosting services to SMBs in Australia

Strategic rationale

- Move into higher margin hosting space
- State of the art hosting facilities in Sydney
- Existing capacity for Hosting growth in Australia

Consideration

- \$2.55m cash
- Funded from DN8's cash reserves

Financial contribution

- FY17 (April – June):
 - Bookings – \$0.6m
 - Adjusted EBITDA – \$0.1m

Vodien Group Accelerates SEA Growth

Overview

- Acquisition completed 31 July 2017
- Leading Singapore-based hosting and domain services enterprise, with emerging operations in Indonesia and Malaysia
- #1 hosting provider in Singapore and #3 domain provider

Strategic rationale

- Accelerated South-East Asian growth platform, with world class facilities ideally located for expansion
- Infrastructure and operations synergies, providing a ready to go platform
- Vodien founders have joined Dreamscape, adding regional senior executive capability to management team

Consideration

- Total consideration of SGD 31.16m (AUD 29.67m)
- Debt free purchase, with no borrowing required
- Internally funded via the combination of:
 - 42.5m new DN8 shares issued to the founders of Vodien Group at an issue price of 25 cents per share*
 - SGD 20m cash (AUD 19m based on AUD/SGD exchange rate of 1.05)

Financial contribution

- Pro-forma annualised 2017 would add SGD 10.3 million (AUD 9.8 million) of Bookings and SGD 3.7 million (AUD 3.5 million) of EBITDA
- Strong ABPU of AUD 360 compared to DN8's AUD 148
- EPS accretive pre-synergies from first year of ownership

* 31.5% premium to the 20 day VWAP price of DN8 shares at the time of announcement

Well Positioned to Deliver Another Record Year

Delivering on our strategy to be a leading online solutions provider

A Record 12 Months

- Successful first year as a listed company
- Strong cash flow generation and net profits
- Continued product development and innovation
- Strong .au market share maintained
- Sales team gaining momentum, upselling and cross-selling

Foundation Set For Future Growth

- Acquisitions providing accelerated domestic and international expansion platform
- Focus on continued market share growth in Australia, New Zealand and South East Asia
- Net Logistics and Vodien earnings accretive in FY18
- Growth of higher margin pillars



Questions?

Appendices

FY17: Reconciliation of Statutory to Adjusted EBITDA

(\$m)	FY17
Statutory EBITDA	4.5
Adjustments to calculate Adjusted EBITDA	
+ Deferred revenue movement net	4.3
+ Equity-based compensation	1.0
+ Foreign exchange (gain) / loss – unrealised	0.4
+ Acquisition-related costs	0.3
+ Data center improvement	0.3
Adjusted EBITDA	10.8

What We Do

Dreamscape Networks is a trusted and affordable **online solutions provider** that help customers establish, build, maintain and grow their online presence

1 Domains

- Choose a Web Address
- Key onramp - first step to getting online
- Introduction to additional online services
- High volume, lower margin business
- Constant growth in renewal rate

2 Hosting

- Physical storage location of a website and email – data centre
- Email and website hosting services
- Higher margin business
- Improved hosting infrastructure with data centres in Australia & UK

3 Solutions

- Broad product suite
- Easy to use solutions designed to help people establish, maintain and grow their business online
- Number of new products to be launched

Products predominantly sold on a subscription basis for terms of 1-10 years, paid upfront, in full

Terminology & Calculations

Item	Description
Active Members	Active Members are members who have a domain, product or service that's current and has been paid for.
Adjusted EBITDA	A Non-IFRS cash-based financial measure of DN8's performance that aligns with the Group's Bookings and operating expenditures to evaluate the core operating profitability of the Group's business. Adjusted EBITDA is calculated using the Statutory EBITDA calculation, primarily adjusted for the change in deferred revenue so as to include total Bookings, the change in the deferred costs associated with the Total Bookings, and excluding the non-cash equity-based expenses including share-based compensation and Unrealised Foreign currency exchange losses/gains and transaction expenses and non-core one off expenses.
ATL	Above the Line – Marketing that is delivered in a mass media format such as TV, Radio, Billboards and Newspaper
Average Bookings Per User (ABPU)	Total Bookings within previous 12 months divided by unique Active Members who had a product and made a payment within that same period.
Average Customer Life	Lifetime of members in years. 1 divided by churned rate, divided by 12. Churned members within month divided by total active start of month. A member is logged as churned when they no longer have a product or domain set to 'Registered', 'Pending Setup', 'Renewal Due', 'Pending fraud' or 'Further Info'.
Bookings	Total Bookings represents cash receipts from the sale of products to customers in a given period before effecting adjustments for net refunds granted within the period. This provides valuable insight into the sales of our products and the performance of our business since we typically collect payment at the time of sale.
Cash Generated from Operations	Cash generated from operations is a measure of our performance calculated as Adjusted EBITDA less capital expenditures and acquisitions of intangibles.
Cost Per Acquisition	Marketing costs divided by new active members.
IFRS	International Financial Reporting Standards are a set of accounting standards developed by the International Accounting Standards Board.
Lifetime value	Average lifetime of members multiplied by ABPU. Indicates potential Bookings of average member.
Renewal Rate	'Due for renewal' status divided by domains/products renewed.
TLD	Top Level Domain. E.g. .com, .net, .org, .info, .au
Total Members	Members with cleansed and verified contact details within our database.

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