

Dreamscape Networks
Limited (ASX: DN8)

RESULTS PRESENTATION

Year Ended 30 June 2018



dreamscape
NETWORKS

OUR DNA

Vision

Providing simple, innovative and affordable
online solutions that change lives



OUR DNA

Brand Purpose

We make it crazy easy to succeed online



OUR DNA

Clear Goal

To be the #1 Online Solutions Provider in
Australia and South East Asia



FY2018 OVERVIEW

REVENUE

\$61.6m

▲ 32%

BOOKINGS

\$65.2m

▲ 23%

HOSTING

\$32.1m

▲ 45%

STAT EBITDA¹

\$6.33m

▲ 14%

ADJ EBITDA

\$10.3m

NPAT

\$2.7m

Acquisition funding facility of \$20million with CBA for accelerated growth

Crazy Domains maintains .au market share and continues to be Australia's #1 domain name brand

Vodien Group, now Singapore's #1 .sg Domain and #1 Hosting provider

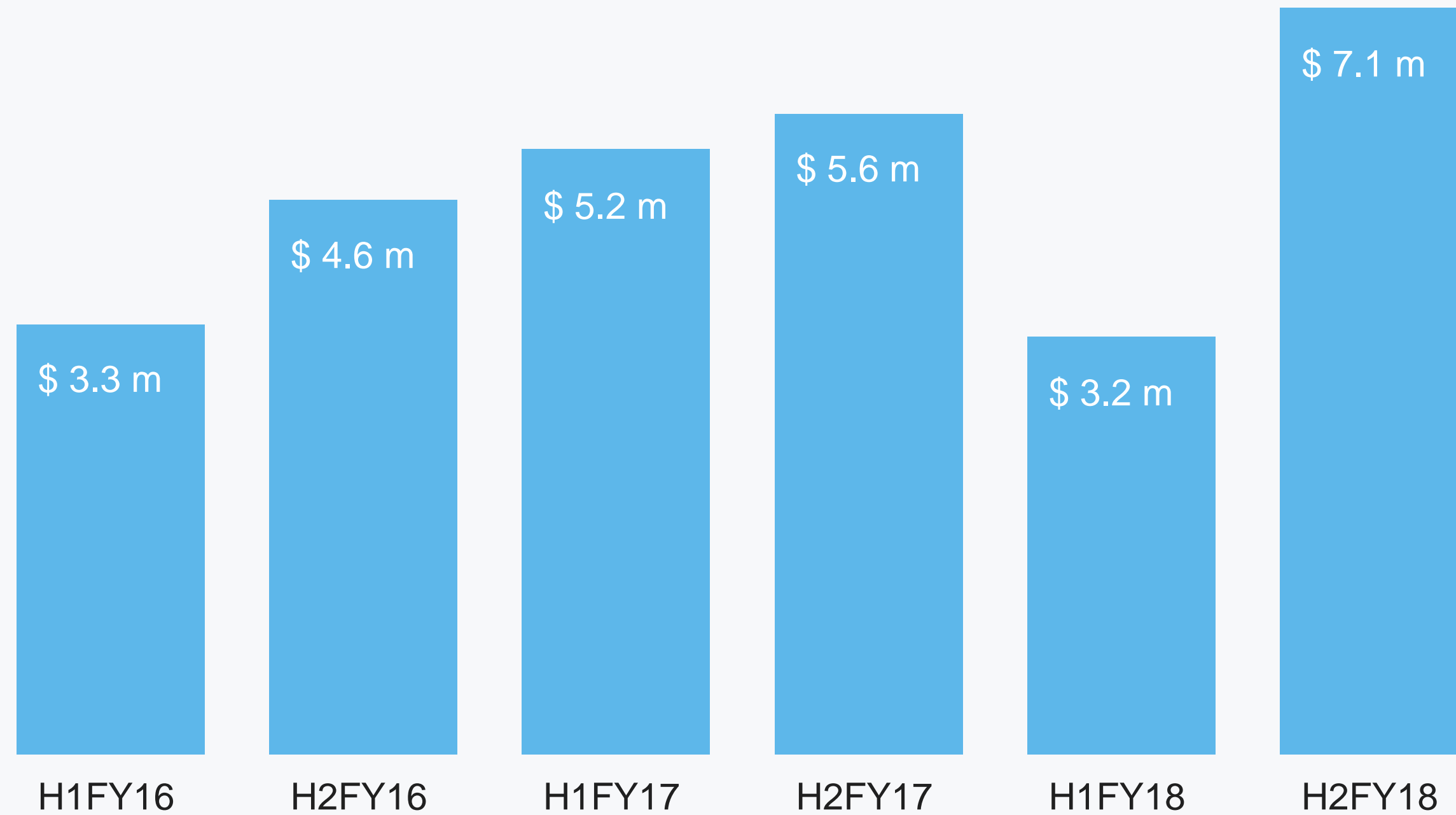
Acquired bolt-on hosting and domain businesses to expand our domestic presence

Premium customer care service satisfaction continues at all-time high, 92%+

5

Our core strategy is to invest into new high growth markets in SEA, the fastest growing internet space in the world

1. FY2017 Stat EBITDA has been adjusted for the forgiveness of advances to the vendors amounting to \$16.1 million.



ADJUSTED EBITDA

STRONG RECOVERY

Back on track

- Strategic and targeted marketing campaigns delivered improved results
- Combined with strong performance in Asia
- Streamlining operations and efficiencies contributed
- Investment into SEA expansion – we have created significant infrastructure and capacity for future growth

Investing for long term value

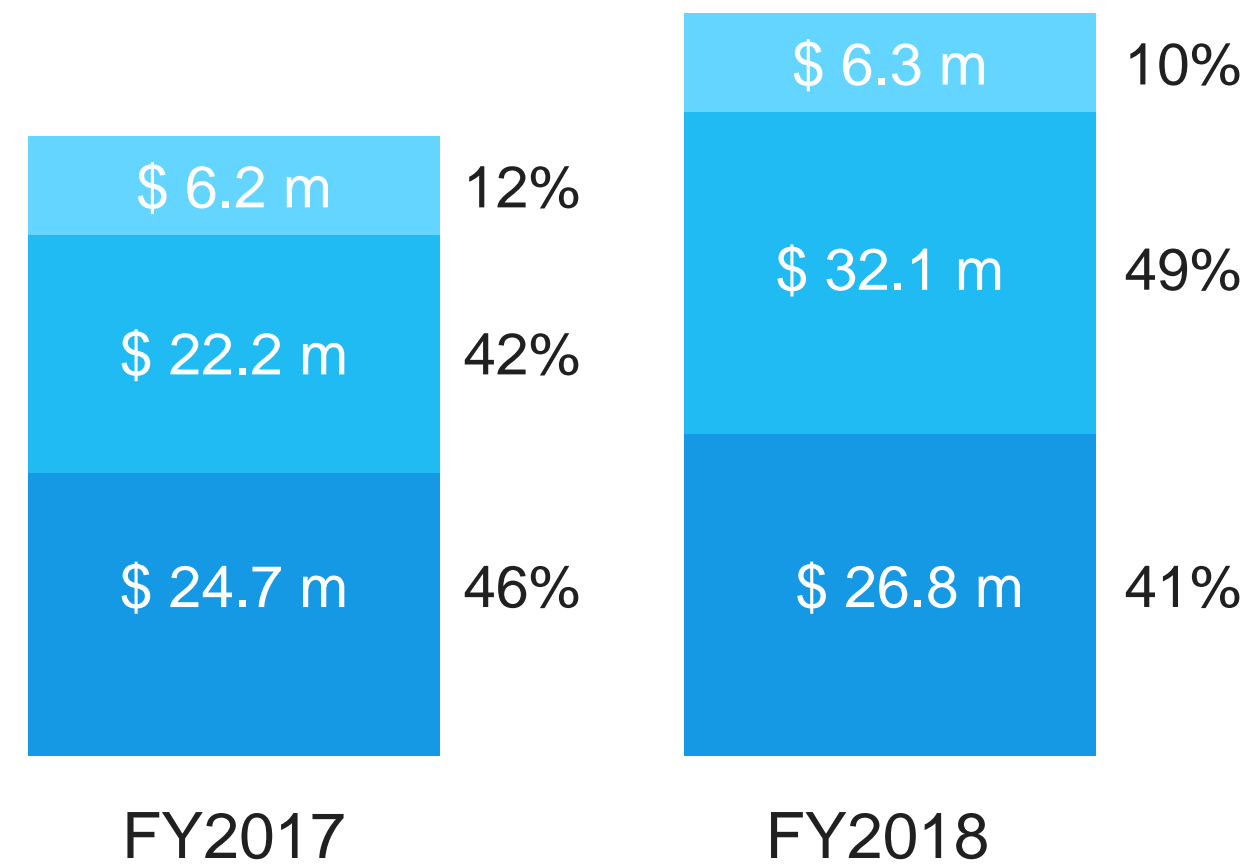
- Leveraging Leadership status as #1 .au Domain Name Brand in Australia
- Leadership status as #1 .sg Domain & Hosting Provider in Singapore
- Accelerating growth of our brands in Asia to improve onboarding, conversions and engagement
- Formed Strategic partnership with PayPal in Australia and Asia

FY2018 \$65.2m



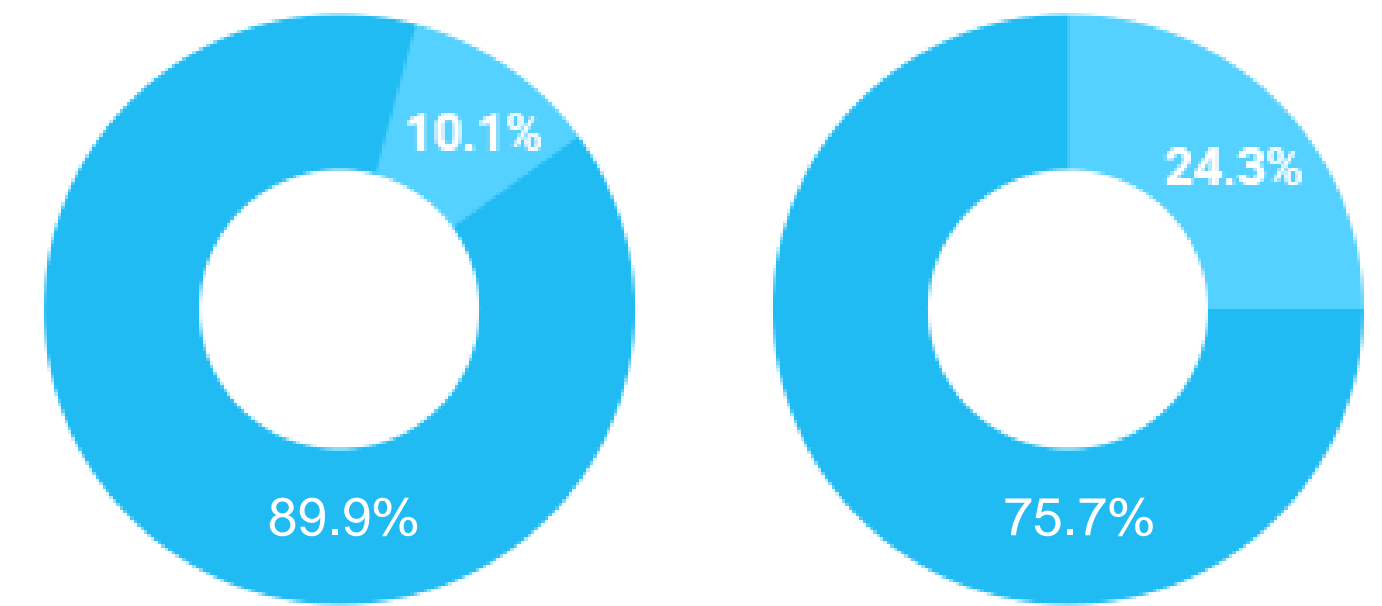
FY2017 \$53.1m

Bookings per Pillar



● Domain ● Hosting ● Solutions

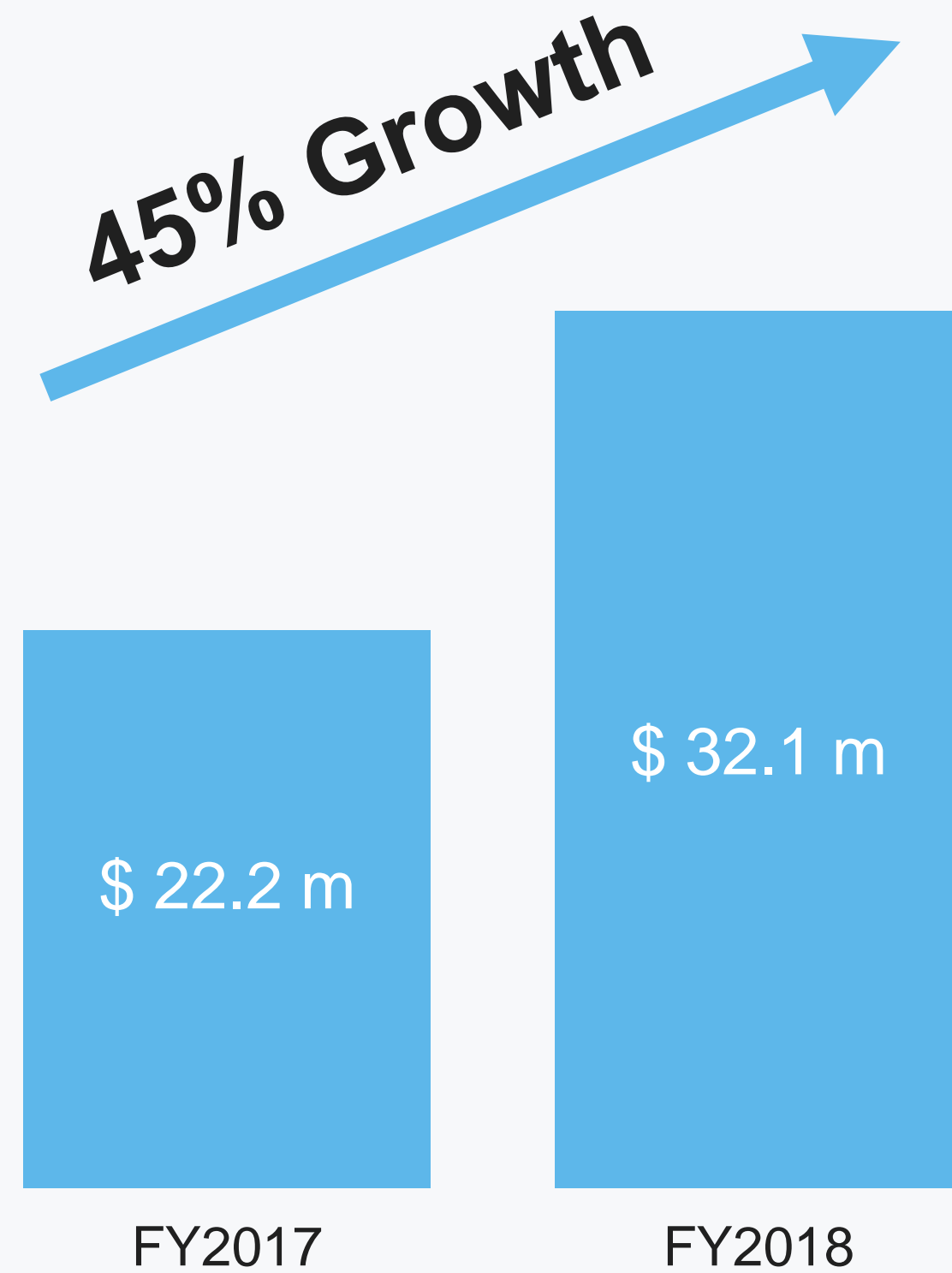
Geographic Bookings



● Australia ● International

TOTAL BOOKINGS UP BY 23%

23% growth is directly related to maintaining leadership status in the Australian market, improving the hosting pillar, whilst expanding significantly internationally.



HOSTING BOOKINGS UP 45% TO \$32.1M

High Growth in highest margin pillar

Delivering on our strategy to move into the higher margin pillars

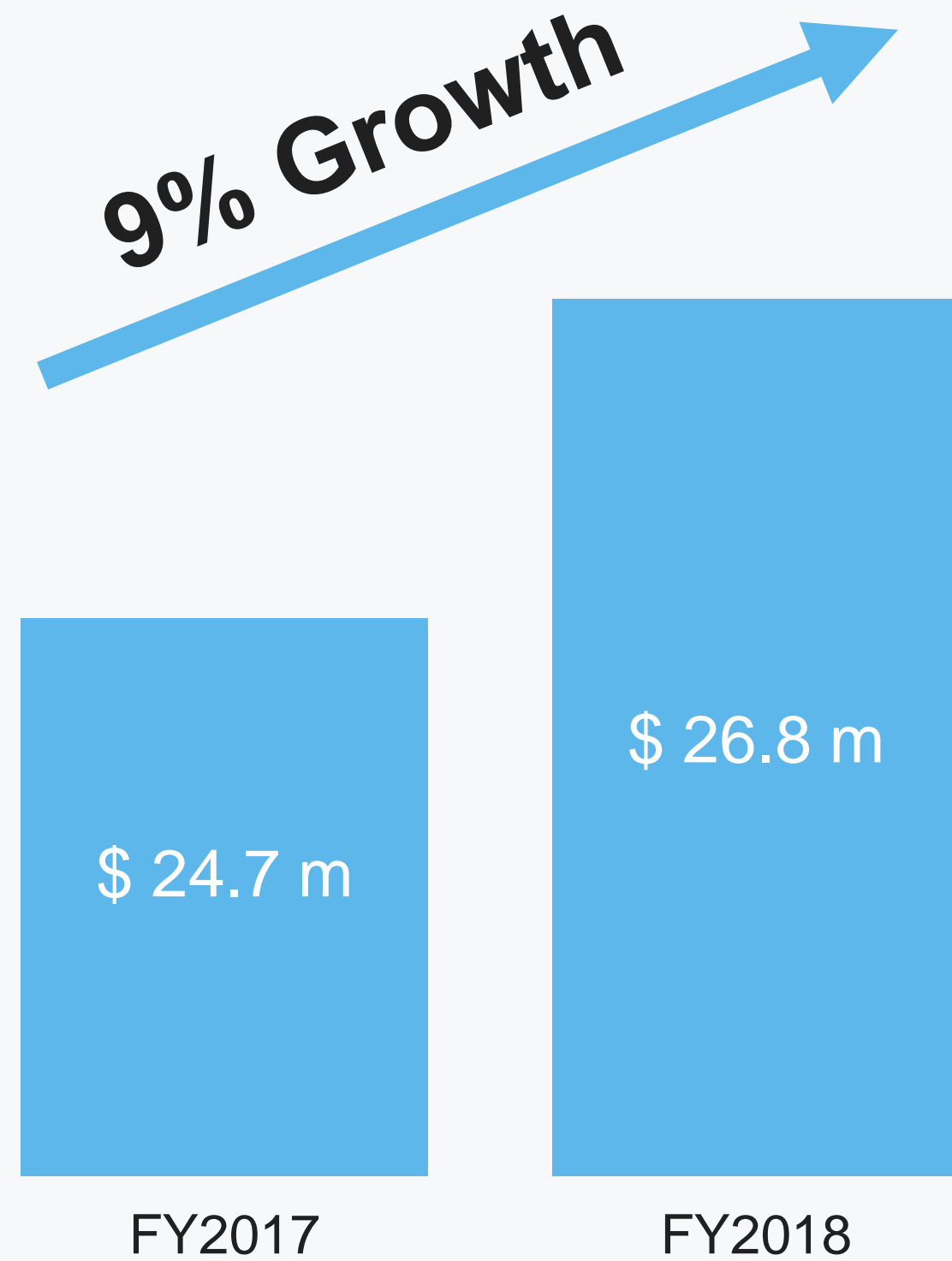
Bolt-on acquisitions bolstered our hosting numbers

Hosting is now our #1 pillar in terms of bookings

Vodien our dedicated hosting brand has now launched in Australia

Utilising Marketing, Sales and Hosting transfer teams to drive growth within existing customer database

Further growth expected from strategic partnerships in Australia and SEA



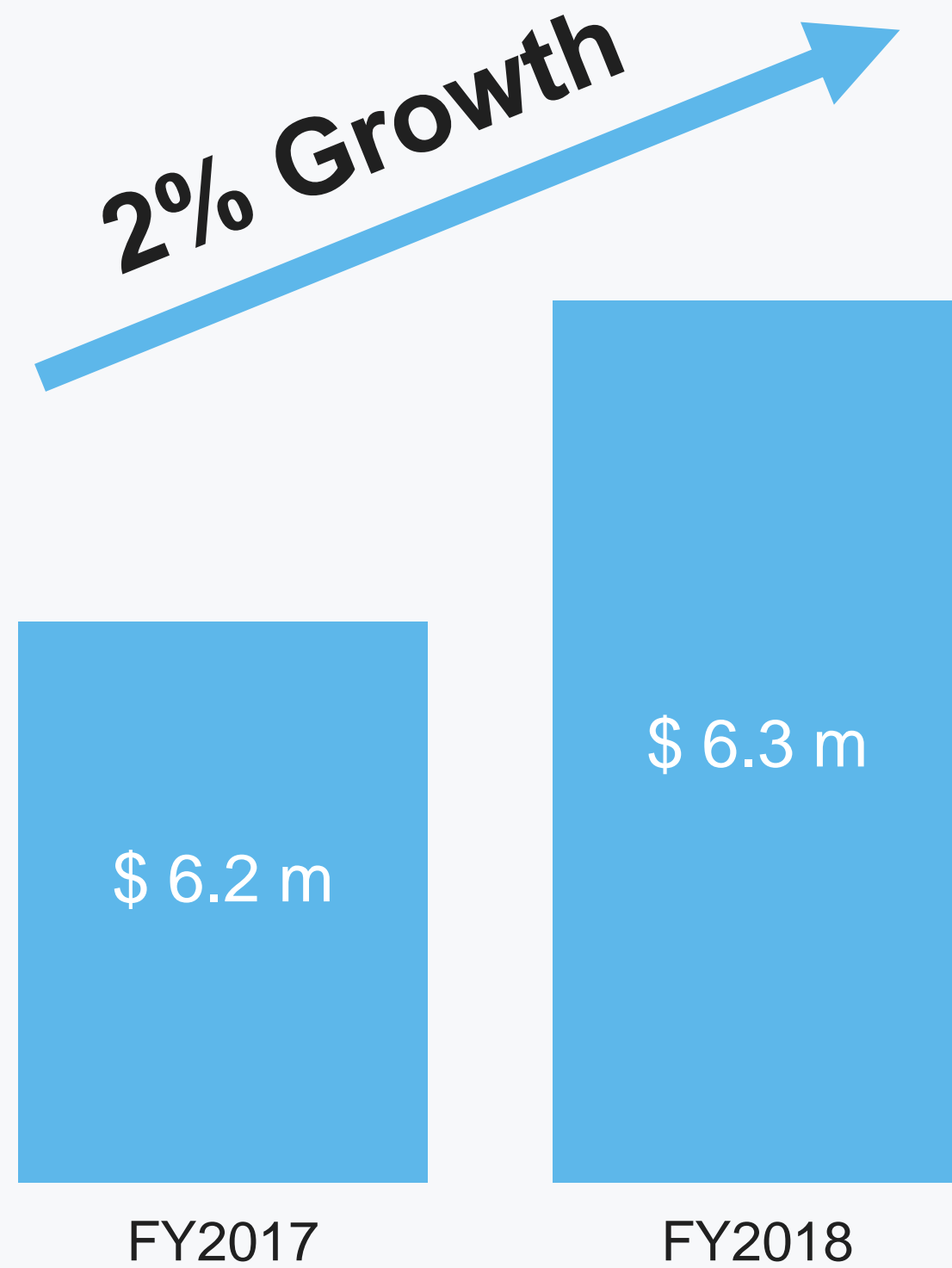
DOMAINS BOOKINGS UP 9% TO \$26.8M

Domains remains the key on ramp

- | Steady growth in domains despite mature domestic market
- | Domain growth supported by domestic acquisitions
- | Domains remain the first step to getting online
- | Introduction to additional online services
- | #1 domain brand in Australia & Singapore

Growth in Domains

- | Focused on new emerging markets and the move into SEA
- | Potential domain business acquisitions in SEA
- | Targeted marketing towards the 59% of Australian SMBs without an online presence



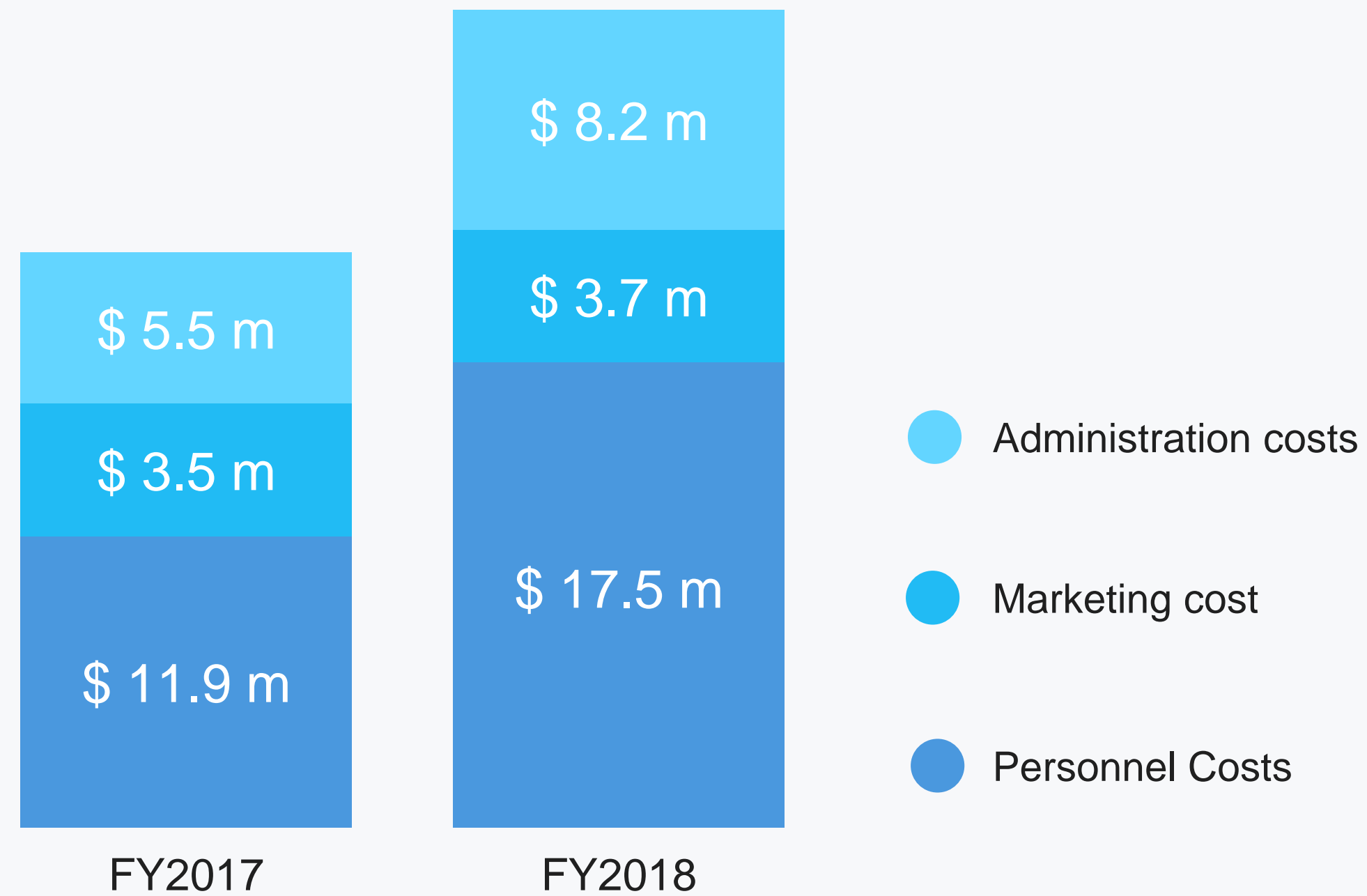
SOLUTION BOOKINGS STEADY AT \$6.3M

Significant opportunity to increase Solutions pillar

- | Existing member base – a significant opportunity
- | Correlates with the natural evolution of our customers
- | As the life time of a customer increases, they generally engage in additional products and services
- | Leveraging cross-sell and up-sell opportunities within customer base

More focus on add on value

- | Prioritized roadmap of add on value products and services
- | Simplification and personalisation of offering
- | Launch of Sitebeat, an innovative next-generation technology website builder
- | Recently acquired Glasshat, an automated SEO platform
- | Expanding Solutions offering to enter new product markets



Increase in Cost of Doing Business directly related to South East Asia core growth strategy and Australian acquisitions aimed at driving long term growth in shareholder value. We have now built significant capacity for growth

COST OF DOING BUSINESS

FY2017

- Cost structure based on being a private company
- No provision for ASX listed company costs
- Focus was on improving life time value of a customer, not customer acquisition
- Expansion of employee head count for growth in all business areas had not commenced

FY2018

- Investment into long term brand growth in South East Asia
- Corporate relocation to Singapore and new customer care and technical support facility in Cebu
- Marketing costs in line with internal budgets
- Head count expanded in Marketing, Finance and Customer Care for SEA
- Transactional costs related to funding agreement, acquisitions and restructuring process



COST OF DOING BUSINESS **CAPABLE OF SUPPORTING** **GROWTH**

Maximizing our technical infrastructure in Singapore for future growth into other SEA countries

Maximizing our technical infrastructure in Australia for future growth

Consolidation of Dreamscape and Vodien teams in the Philippines into new technical support centre

The move of global HQ to Singapore and the closure of Perth and Dubai offices

Personnel and infrastructure will support significant growth

OUR BUSINESS IN NUMBERS



Ranked 1st

30% of .au market &
1st in .sg market



970k

Registered .au domains



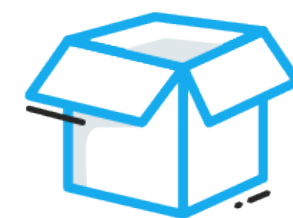
32%

New .au Domain
Registrations



1.82m

Registered Domains



1m+

Other Active
Products



527k+

Hosted Websites



2m+

Total Members



650k+

Active Members

KEY PERFORMANCE METRICS*

ABPU



\$97

FY 2013

\$141

FY 2018

Cost per Acquisition



\$42

FY 2013

\$37

FY 2018

Average Customer Life



2.5 yrs

FY 2013

6.2 yrs

FY 2018

Lifetime Value



\$139

FY 2013

\$583

FY 2018

~3X

LIFETIME VALUE / COST PER ACQUISITION MATRIX

~16X

THE ONLINE PSYCHOLOGY SHIFT

HISTORICALLY

NOW



Domains

Search for domain name or web address and engage with email product



Website

Build and host website. A majority of SMB's don't have an online presence (59% in Australia)



Solutions

The longer the customer life time, the more they engage with additional products and services



Website Builder + Domain

Higher search demand for website builder products, still requiring a domain name



Social + Website

Understand the potential power of integrating free social media accounts with a reputable website that gives value, credibility and improved engagement



Solutions + Visibility

As customers enjoy the digital transformation and build up trust, they engage with more products and services to promote themselves

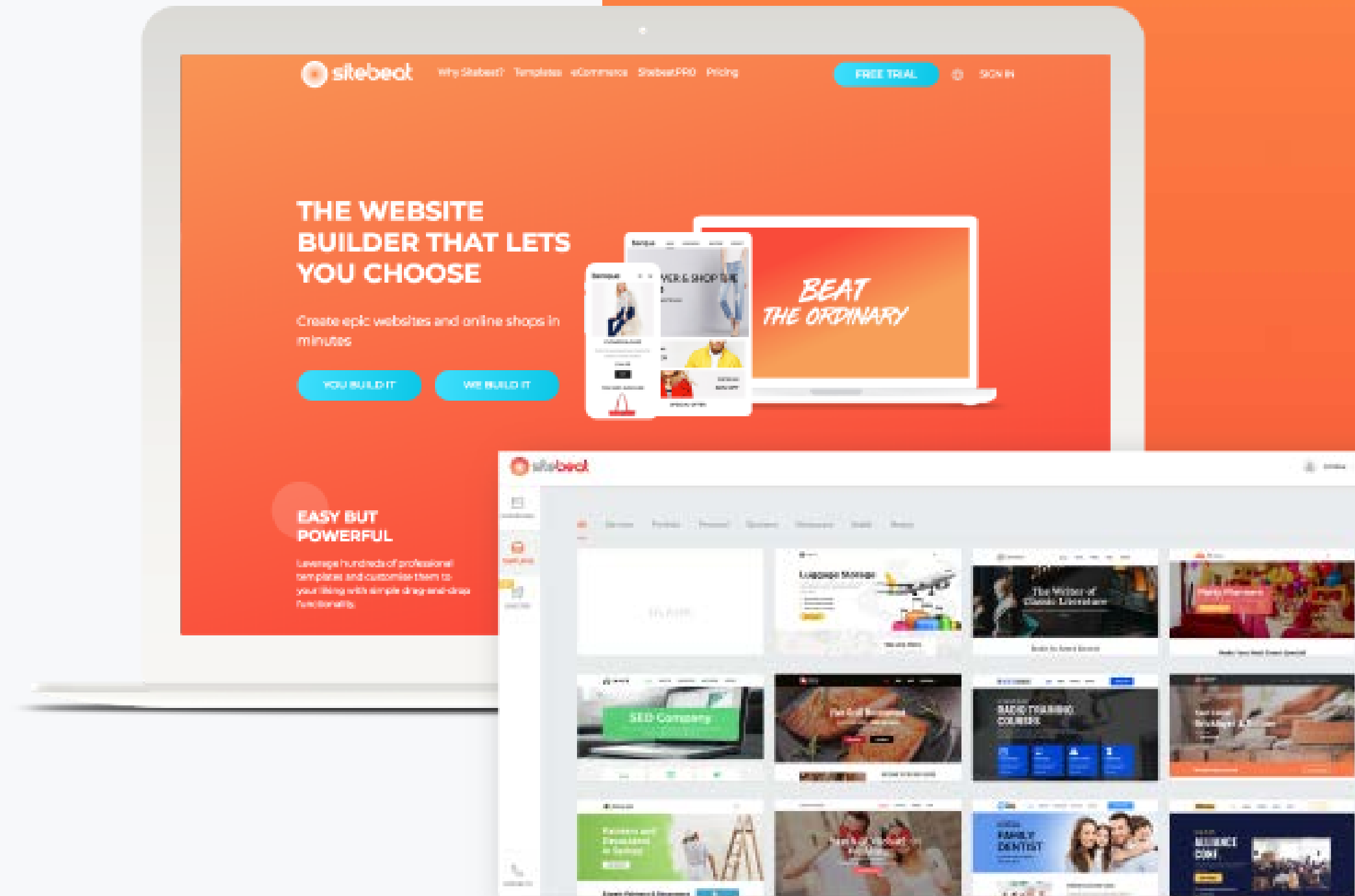
THE WEBSITE BUILDER THAT LETS YOU CHOOSE

Next-Generation Technology

Simple To Use, But Powerful

Usability & Features, Up There With
The Very Best

Built For Mobility & Scale



**CUSTOMISABLE
TEMPLATES**

Get started in minutes with hundreds of professional templates, Be bold with complete customisation.

**SOCIAL MEDIA
SELLING**

Promote and sell your products on Facebook, Instagram, Twitter and more using Sitebeat.

**MANAGE ON
YOUR PHONE**

On the go? Edit and update your website on your smartphone.

**ALL-IN-ONE
ONLINE SHOP**

Create, launch and manage your online store with an all-in-one platform

**AUTOMATIC MOBILE
WEBSITES**

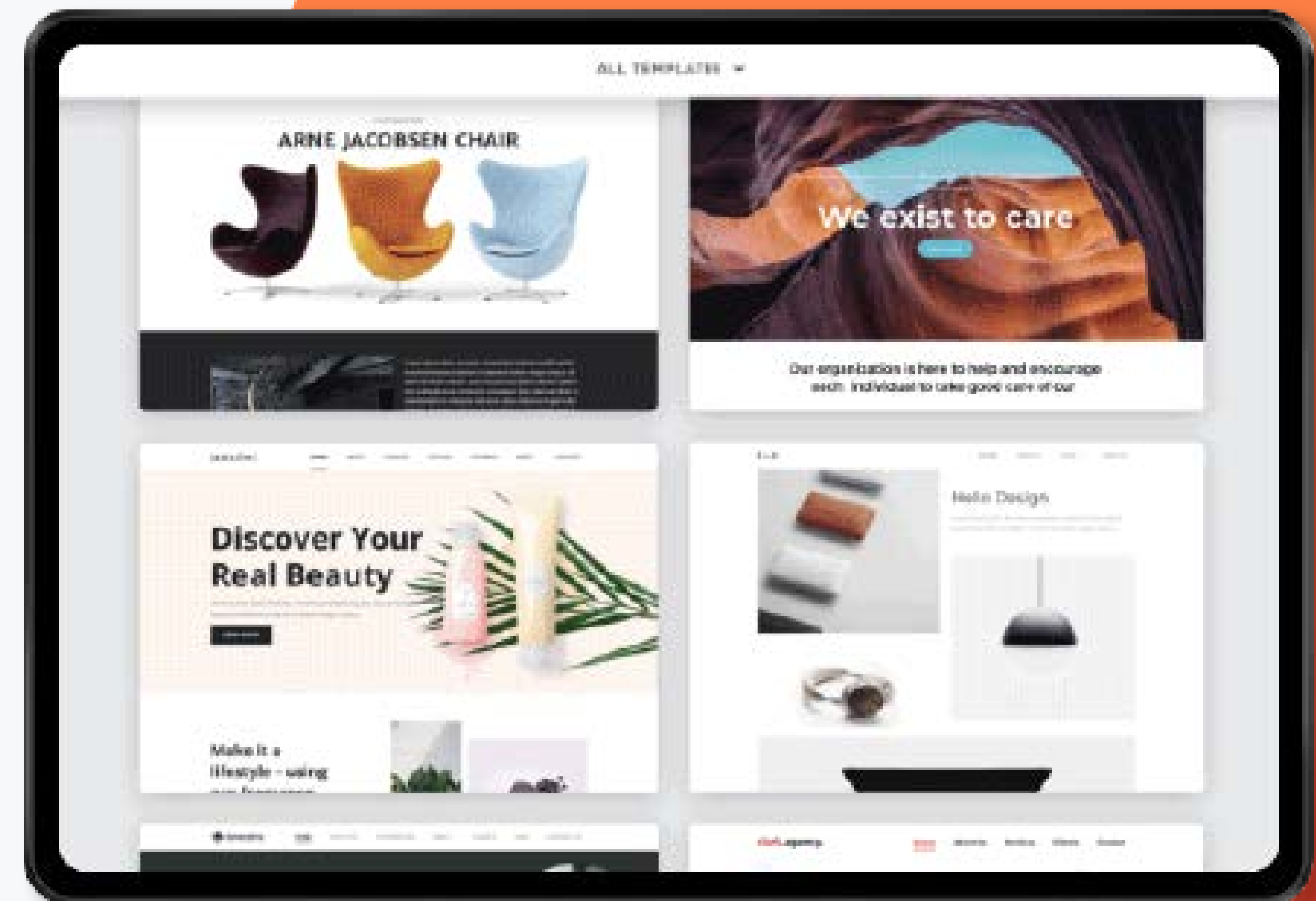
All websites and online shops are automatically mobile-responsive and will look great on all phones and tablets.

**SIMPLE
DRAG-AND-DROP**

Don't know how to code? Simply drag-and-drop your content and you are ready to go live. No technical skills required.

FEATURES

Creating Website has never been easier.



200 ASSETS

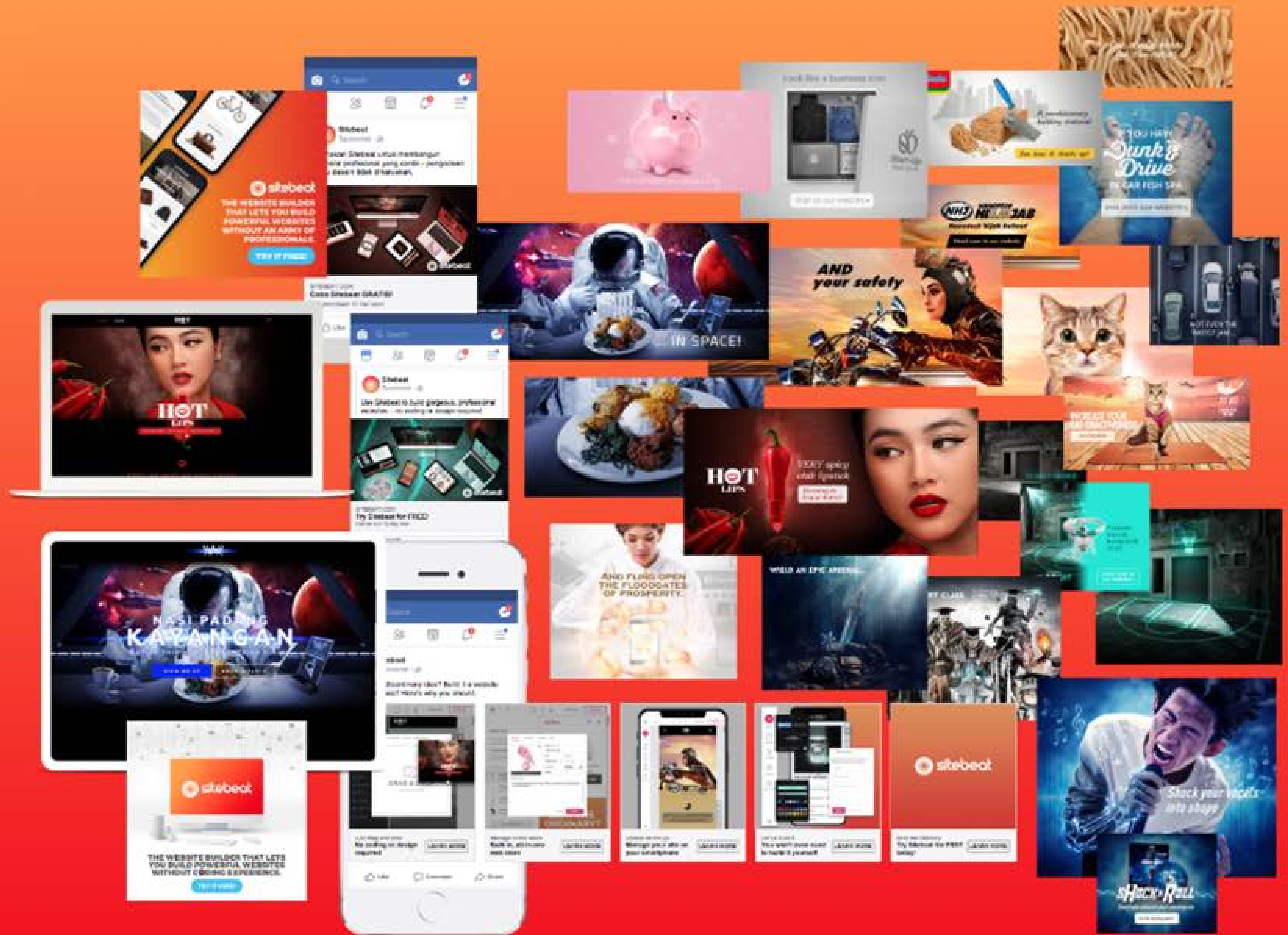
Launch Campaign in
Australia, Indonesia and
Philippines

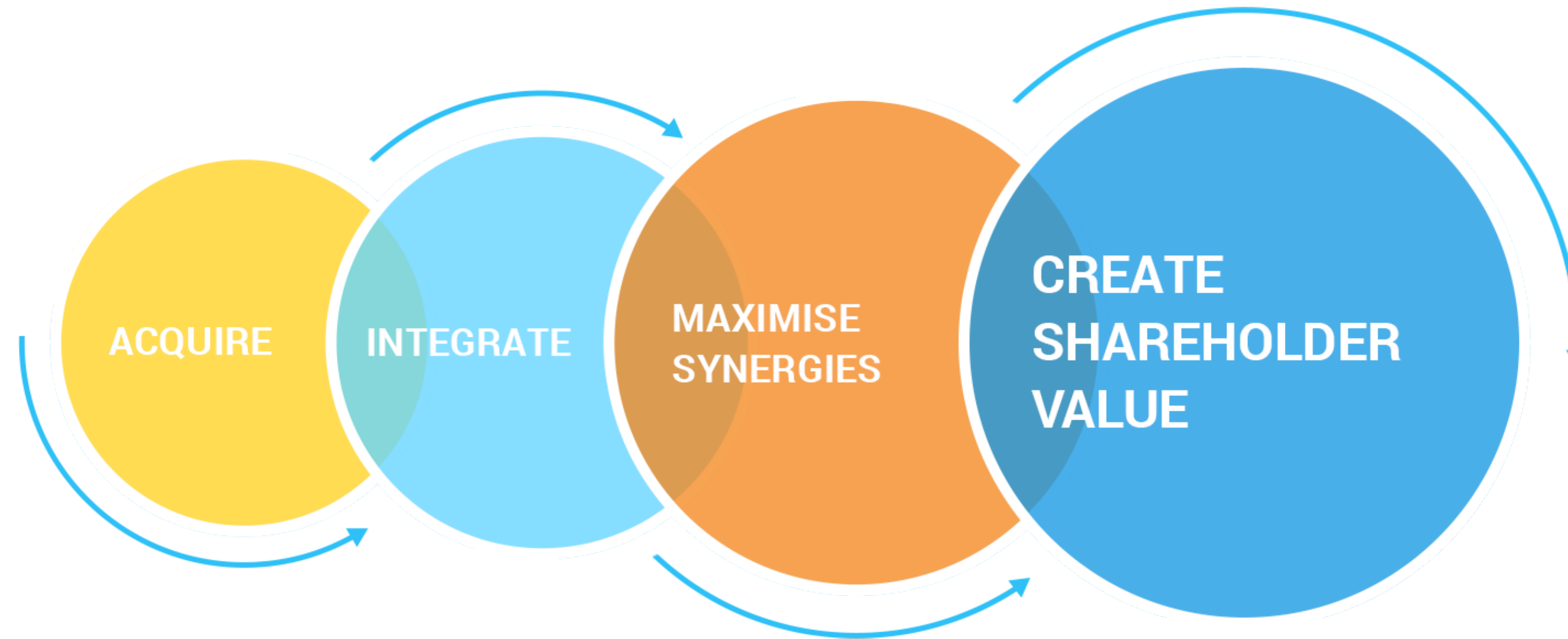
Across Multiple Web
Channels

Every Item Leads to A
Singular Message:

*Every business idea, no matter how
far out of the ordinary, deserves a
website.*

Get yours easily with Sitebeat.





STRATEGIC ACQUISITIONS CONSISTENT WITH GROWTH PLANS

In FY2018 Dreamscape acquired four onshore hosting and domain businesses, together with our first strategic SEA business; Vodien Internet Solutions, Singapore's #1 Hosting and .sg Domain

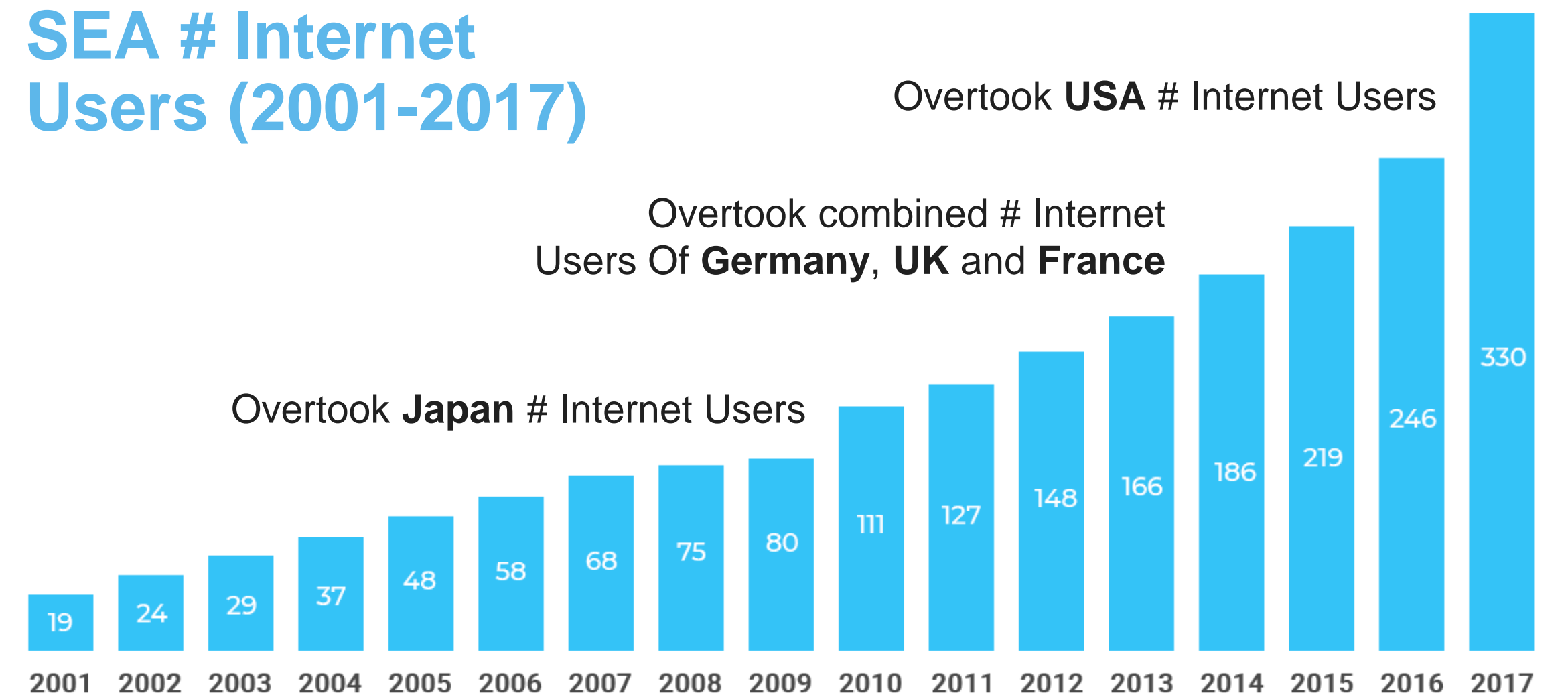


SOUTH EAST ASIA IS THE GROWTH OPPORTUNITY





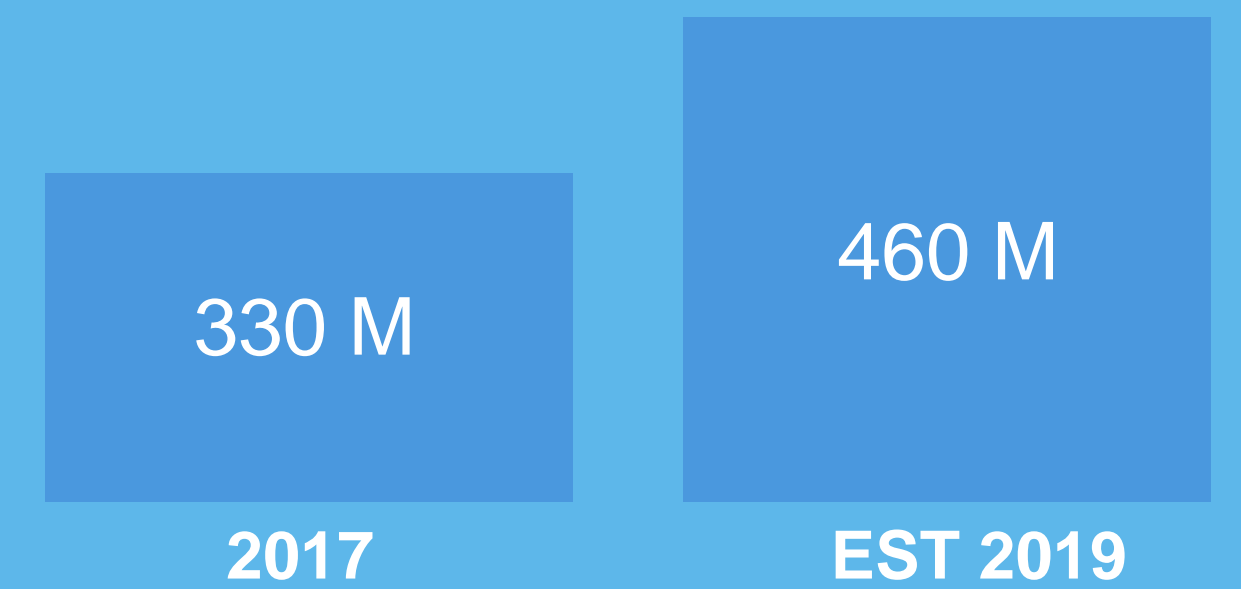
SEA # Internet Users (2001-2017)

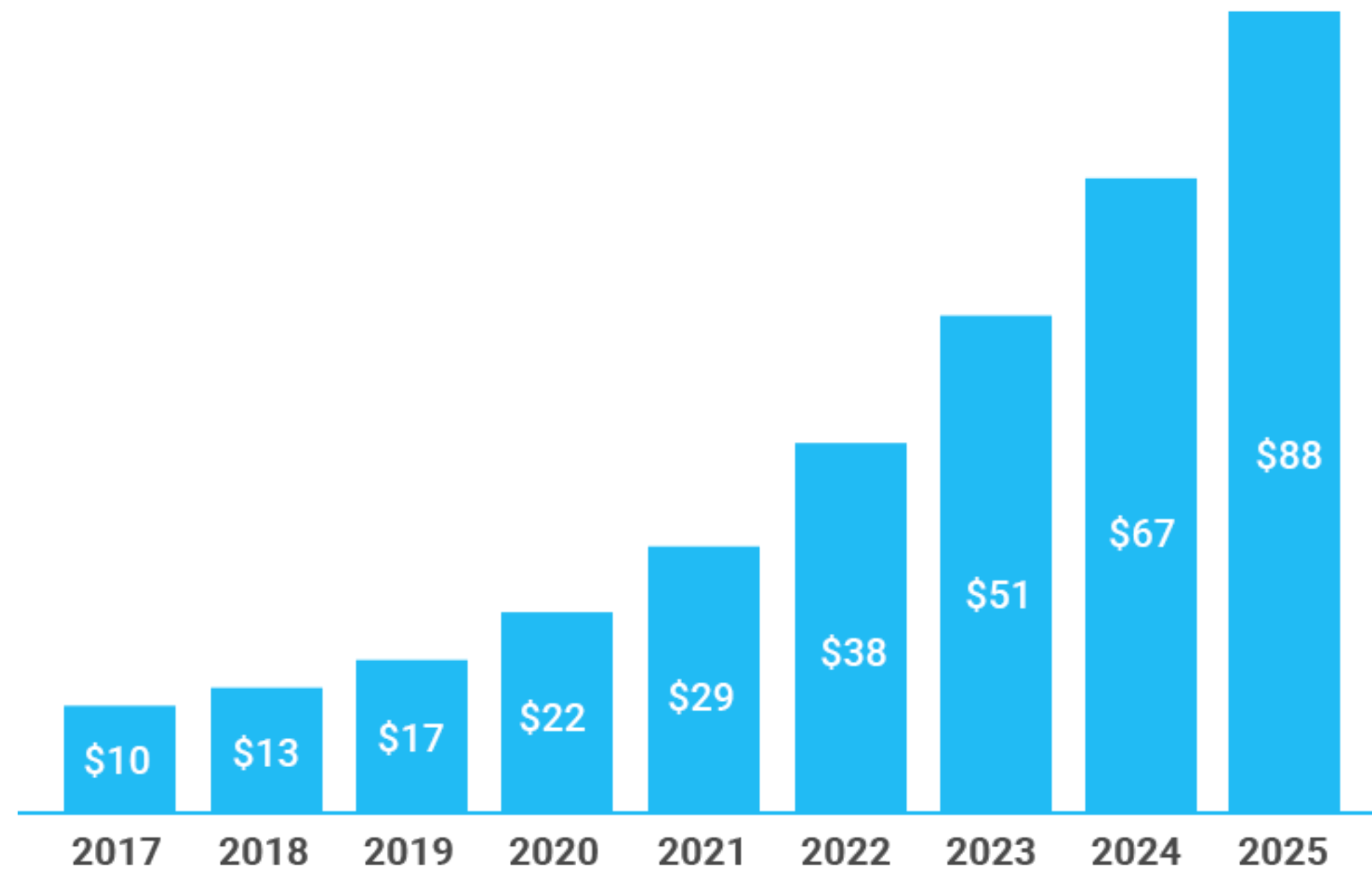


Number of internet users in SEA increased by ~ 17x since 2001 – overtaking major developed countries

Source: WorldBank, Google, Temasek Report, Intranet Live Stats

Internet Population in SEA





Size of SEA's E-Commerce market In Billions, USD

Source: Google, Temasek Holdings, 2016

SOUTHEAST ASIA IS THE GROWING OPPORTUNITY

Key SEA metrics

Estimated continued growth of 39% forecast in the next two year

Huge ecommerce potential – recent high value acquisitions in the e-commerce space demonstrate the potential for growth

Untapped potential – online retail as a percentage of overall retail remains relatively low

Lack of infrastructure and limited retail GFA (gross floor area) per capita are expected to lead to rapid e-commerce growth

SEA has some of the highest penetration of social networks usage among internet users of anywhere in the world



TARGETED EXPANSION STRATEGY

Opportunity

Why South East Asia?

Population 419m (Members 97k)

Domain Growth ~50%

Internet Usage ~60%

Targeting **5 x English speaking** markets

3.8 million people coming online each month

High growth - Truly emerging markets

Fastest growing internet market in the world

Potential **acquisitions** and traditional marketing



GROWTH STRATEGY

- Continued investment into South East Asia as a key part of our long term growth strategy
- Continued focus on maintaining leadership status in the Australian market
- Further optimising and streamlining operational efficiencies to deliver on our strategic initiatives
- Continue our national award winning customer service, improving LTV
- Focus on extrapolating further cost savings from acquisitions
- Further enhancement of marketing activities to leverage higher margin pillars
- Continue to pursue earnings accretive businesses in target markets
- Strategic partnerships through Australia and SEA



KEY EXPECTATIONS

Set for future growth and scaling opportunity as heavy lifting of the global restructure nears completion

Continue to focus on synergies and efficiencies

Continue our Leadership as Australia's #1 domain name brand

Continue our Leadership as Singapore's #1 Domain & Hosting Brand

Continue growth in the Hosting pillar with more focus on the Solutions pillar of the business

Continue to grow our dedicated hosting brand Vodien at strong levels



OUR AWARD

CX MANAGEMENT

Dreamscape Networks has been selected as an ABA100 Winner for CX MANAGEMENT [CXM] in The Australian Business Awards 2018.

RECOGNISING AUSTRALIA'S
**BUSINESS, INNOVATION
& TECHNOLOGY LEADERS**



The Australian Business Award for

CX MANAGEMENT

is presented to

DREAMSCAPE NETWORKS

*for outstanding achievement in
customer experience management*

Date: June 29th, 2018



T. Johnston
Tata Johnston, Program Director



APPENDICES

Reconciliation for Adjusted EBITDA

	FY2018
Statutory EBITDA	\$ 6.3 m
Adjustments to calculate Adjusted EBITDA	
+ Changes in deferred revenue movement net	\$ 2.2 m
+ Equity-based compensation	\$ 0.6 m
+ Foreign exchange loss – unrealised	\$ 0.5 m
+ Acquisition related costs	\$ 0.5 m
+ Restructuring costs	\$ 0.2 m
Adjusted EBITDA	\$ 10.3 m

Terminology and 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.
LTV	Life Time Value (LTV) of a customer is based on ABPU multiplied by gross margin and divided by the annual churn rate.
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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