# Results Presentation

## First Half FY14

18 February 2014


Presented by

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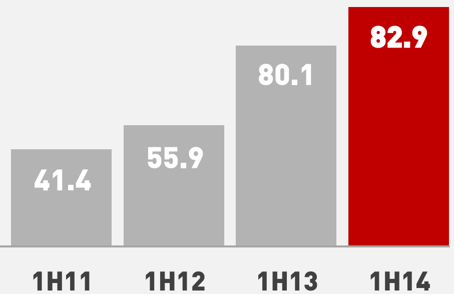
amcom

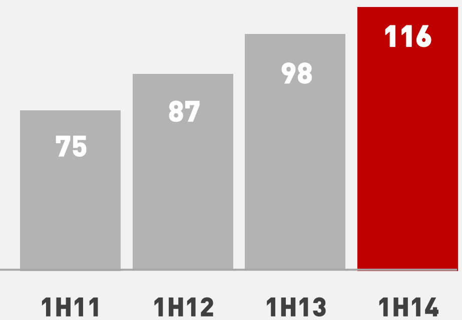
# Consistent Track Record (CAGR#)

▲ 26%



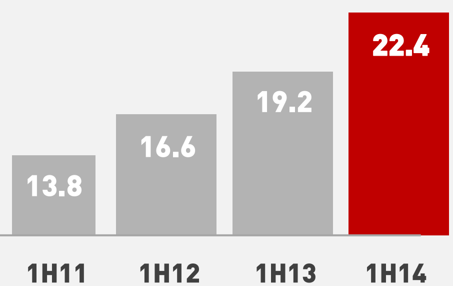

**Revenue** ($m)

▲ 16%



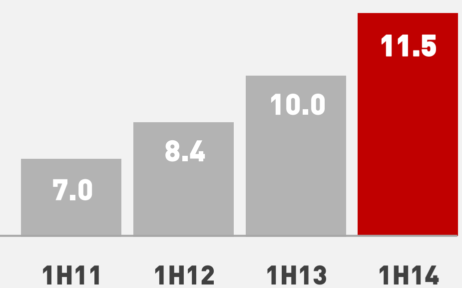

**RRB^** ($m)

▲ 18%




**EBITDA*** ($m)

▲ 18%




**NPAT*** ($m)

#CAGR based six monthly periods (4 years)
*Excluding significant items and equity accounted earnings
^Annualised recurring billing base

# Financial Highlights

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| Profit Summary ($m) | 1H14 | 1H13 | YoY |
|---|---|---|---|
| Revenue | 82.9 | 80.1 | ▲ 4% |
| EBITDA | 22.4 | 19.2 | ▲ 16% |
| EBIT | 17.1 | 14.5 | ▲ 17% |
| NPAT (before significant items#) | 11.5 | 10.0 | ▲ 14% |
| NPAT (reported) | 11.0 | 10.0 | ▲ 11% |
| EPS (before significant items#) | 4.7c | 4.1c | ▲ 14% |
| ROE annualised[1] | 19% | 18% | ▲ |
| Interim dividend per share | 2.2c | 2.0c | ▲ 10% |

[1] NPAT (before significant items) / Average Shareholder Equity
# significant items comprise acquisition and integration costs

# Segment Results

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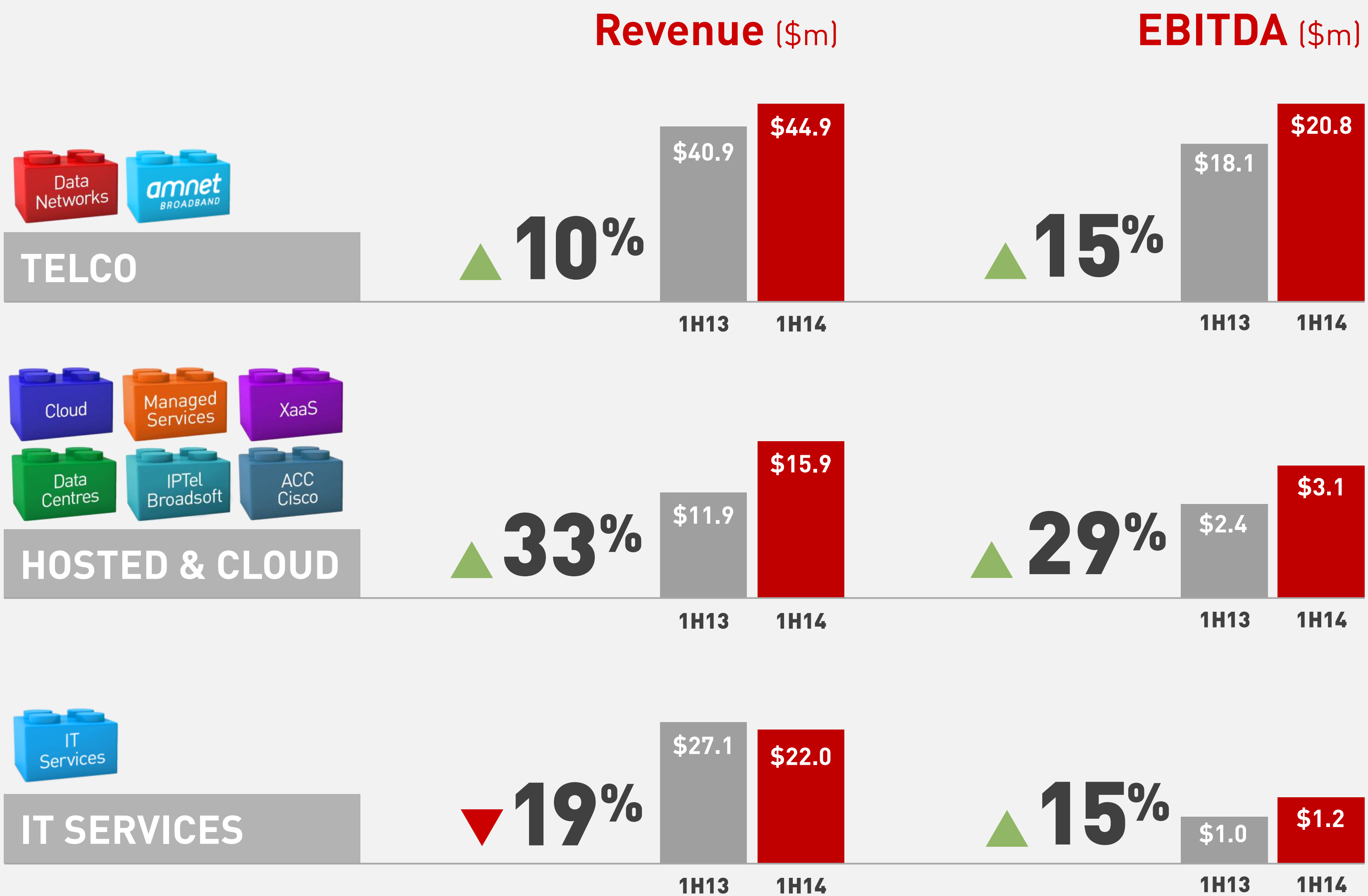
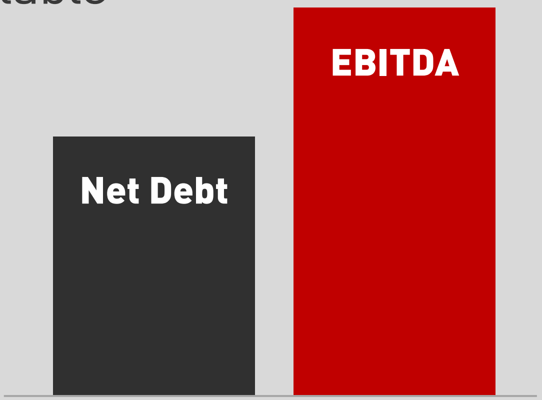


# Financial Position

| | 1H14 | 1H13 |
|---|---|---|
| Net debt | $34.1m | $8.9m |
| Gearing[1] | 22% | 7% |
| Net debt / EBITDA (annualised) | 0.76x | 0.23x |

- Bank facilities of $56m in place to Dec 16
- Vendor facilities undrawn $7m

Net Debt comfortable at < 1 x EBITDA




[1] Gearing: Net debt to net debt plus equity

# Investing For Growth: Net Debt Waterfall

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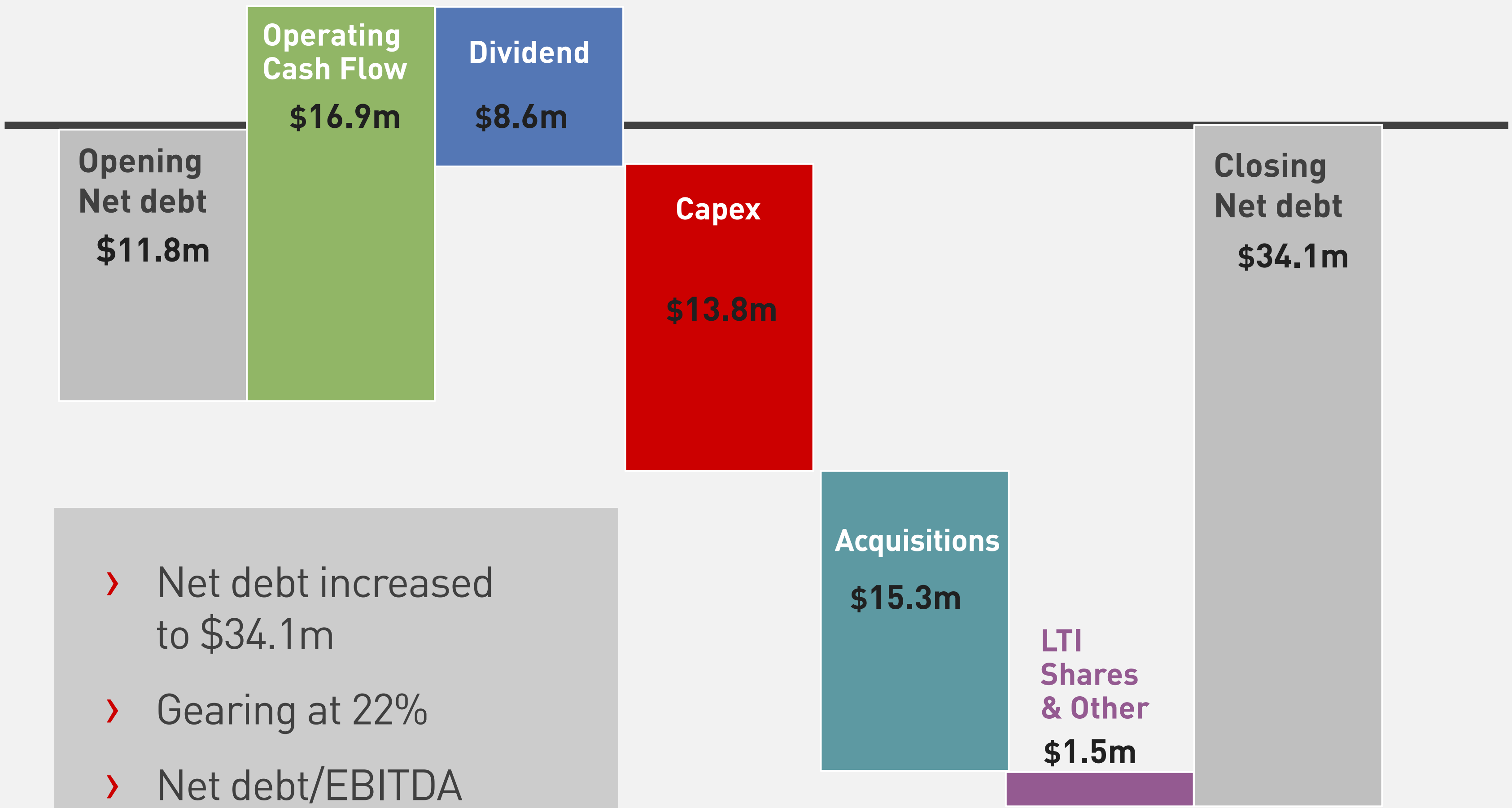


- Net debt increased to $34.1m
- Gearing at 22%
- Net debt/EBITDA annualised 0.76x

# Cash Flow

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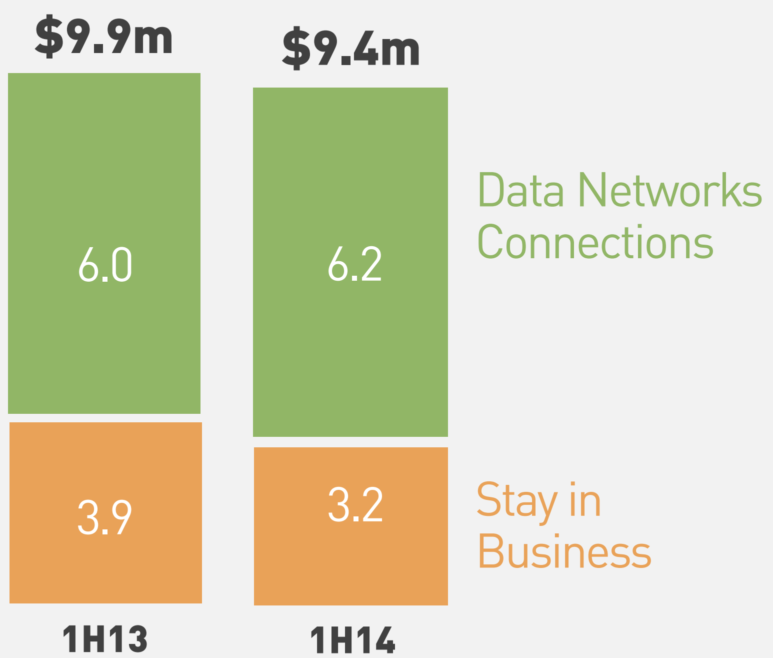
| ($m) | 1H14 | 1H13 | Var % |
|---|---|---|---|
| **EBITDA** | **22.4** | **19.2** | ▲ **17%** |
| Interest paid | (1.0) | (0.8) | |
| Tax paid | (1.9) | (2.4) | |
| **Operating cash flow before working capital** | **19.5** | **16.0** | ▲ **22%** |
| Working capital | (2.6) | 0.9 | |
| **Operating cash flow** | **16.9** | **16.9** | **-** |

# Data Networks & Stay in Business Capex

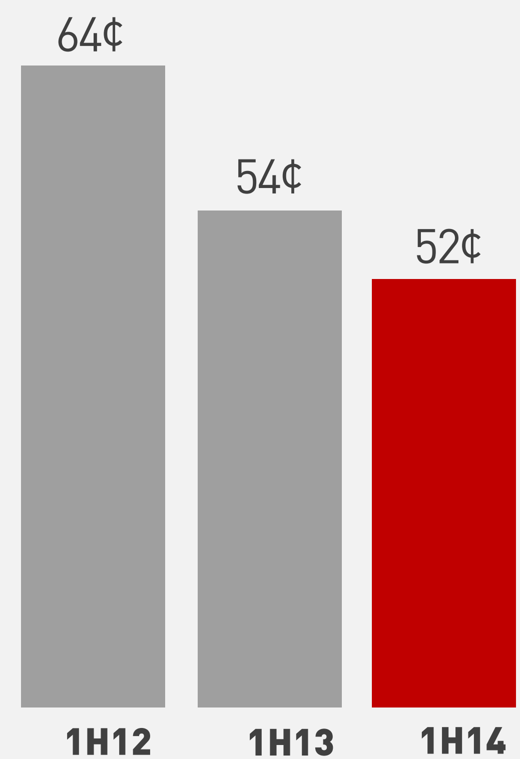



## Growth Investments

Network upgrade and Amcom Cloud Collaboration (ACC) of $4.4m


## Capex Efficiency – Data Networks

Capex to connect a dollar of data networks (Fibre) revenue



# Business Update

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# Balancing Performance & Growth

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## Core growing strongly

- Organic growth continues
- Solid demand for data networks and data centre
- Building annuity revenue
- Annualised recurring billing of $116m, 31 Dec 13


## Growth Initiatives

- Strategy unfolding
- Early wins in ACC
- Compelling opportunity
- Focused Investments
- National expansion


## Performance

- Re-investing opex/capex
- Optimising balance sheet
- EPS growing
- ROE growing
- Dividend growing

# Update Telco

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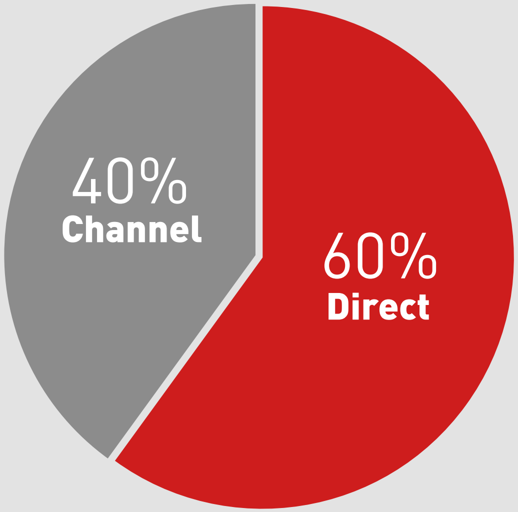
- Data network sales continue at circa $2m a month
- National network reach
  - Amcom fibre – WA, SA & NT
  - Third party providers nationally – Telstra, Optus & Others
  - New regional opportunities
- Typical sales mix:
  - 60% direct
  - 40% indirect (channel)
- Growing distribution
  - Over 300 channel partners nationally
  - 40 new partners on-boarded in 1H14
- Cross sell hosted and cloud services across data network



# Update Hosted & Cloud
# Providing Customer Choice

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| 1 Traditional | 2 Traditional & Managed | 3 Hosted | 4 Hosted & Managed | 5 Cloud (Dedicated) | 6 Cloud (Shared) |
|---|---|---|---|---|---|
| Your site | Your site | Our DC & network | Our DC & network | Our DC & network | Our DC & network |
| Your infrastructure | Your infrastructure | Your infrastructure | Your infrastructure | Our infrastructure | Our infrastructure |
| You manage | We manage | You manage | We manage | We manage | We manage |
| Upfront | Upfront | Upfront | Monthly | Monthly | Monthly |
| | | | | Dedicated | Shared |

TIER 1 TECHNOLOGY PARTNERS

# Update Hosted & Cloud


- Cisco HCS platform (Amcom ACC) focus on Enterprise and government market
- Direct and channel sales engagement
- Platform deployed and new customers onboarding late 1H14
- Addressable market $1.3 b*
- Unified communications is changing the way business operates
- Investment in opex of $1.2m ahead of revenue

**If the entire enterprise market adopts telephony/UC-as-a-Service, then the total addressable market would be $1.3b*

—Frost & Sullivan, Jan 2014


- Broadsoft platform focus on SMB to mid-market
- Solid sales performance in 1H14
- 80% of sales are via east coast channel partners
- Platform & capability established over past 4 years
- IPTel sales drive data networks

# Update Hosted & Cloud

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- Strong sales uptake across Amcom's 7 data centres, driving high utilisation
- Partnership with NextDC provides customers with choice and drives data network sales nationally
- Amcom data centres enable:
  - Customer colocation
  - Managed services
  - Cloud platforms
  - Data network sales


- Alignment of managed service capability to enable customer choice
- Framework to enable customers to transition from on premise via a range of managed services to the cloud
- Leveraging data networks, data centre and IT service capabilities

# Update Hosted & Cloud

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- Customer interest on cloud growing
- Framework to enable customers to transition from on premise via a range of managed services to the cloud
- Cloud Services:
  - Computing
  - Storage
  - Backup
  - Disaster Recovery
- Direct connect with Amazon Web Services to offer choice (public cloud) and drive data network sales


- New annuity services via X-as-a-Service initiatives:
  - Manage Routers
  - Wi-Fi as a service
    - Corporate BYOD/guest access
    - Retail customer analytics
- Logical "add on" to data networks

# Update IT Services


- Sharper focus on customer/technology delivering margin uplift
- Sale of product and professional services around 3 key vendors
  - Cisco
  - EMC
  - VMware
- Cross selling data network/data centre opportunities ongoing
- Framework to enable customers to transition from on premise via a range of managed services to the cloud

TIER 1 TECHNOLOGY PARTNERS

# Sales Engagement

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- Creating an enhanced sales engagement
- Interactive sales experience
- A single tool with all relevant content in a single location
- Consistent sales message across the country
- Complete visibility into sales activity via detailed analytics

# Brand Recognition

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**Amcom is now in the**

**Top 100 Australian Brands**

Brand Finance Australia
Top 100, 2013


- Diamond sponsors of the Fremantle Dockers
- Exclusive branding rights for the Fremantle Dockers Shorts

# Summary and Outlook

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## Convergence of IT and Telco

- Business moving to new technologies
- Amcom investing in new capabilities (i.e. ACC)
- Operational efficiency/simplicity is a key customer driver
- Data networks is the enabler for all other services

## Operating Environment

- Demand for data networks to continue
- Customers looking for "better, faster, cheaper"

## Significant Growth Headroom

- Relatively small market share
- Strong potential to cross sell
- Well positioned for continued growth

Recurring revenue base of $116m at December 2013

FY14 - Guidance of double digit % growth in NPAT* over FY13

* Excluding significant items

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