

19th February 2020

The Manager
Markets Announcement Office
Australian Securities Exchange
4th floor, 20 Bridge Street
Sydney NSW 2000

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Port Melbourne VIC 3207
opticomm.net.au

ELECTRONIC LODGEMENT

Dear Sir or Madam

OPTICOMM LIMITED – FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

In accordance with the Listing Rules, I attach a market update for immediate release outlining OptiComm Limited (**ASX: OPC**) FY2020 half year results.

This statement is authorised for lodgment by the Board.

Your faithfully



John Phillips
Chief Financial Officer & Company Secretary

Investor Relations

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ASX RELEASE

OPTICOMM LTD 1H FY2020 RESULTS

19TH FEBRUARY 2020

National Broadband Fibre designer, builder, owner and operator OptiComm Limited (**ASX: OPC**) today released its results for the half year ended to 31 December 2019.

Financial Highlights

- Proforma revenue of \$35.19m – increase of 19% over the prior corresponding period (pcp)
- Proforma EBITDA of \$18.80m – increase of 12% over the pcp
- Proforma NPAT of \$10.78m – increase of 7% over the pcp
- Normalised free cash flow (before financing) of \$5.6m – increase of 44% over the pcp
- Interim dividend announced of 3.6 cents per share (fully franked)

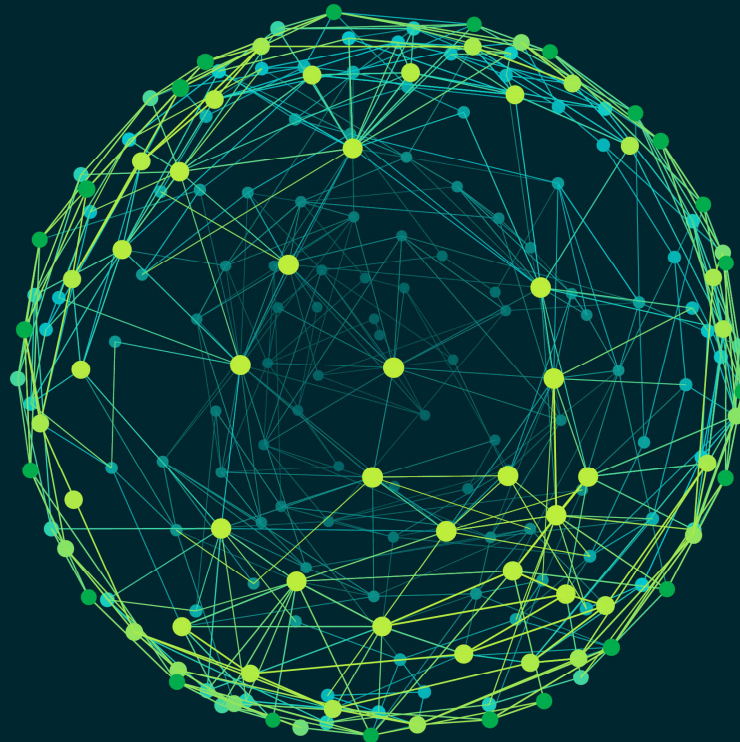
Operational Highlights

- In the 6 months to 31 December 2019 we contracted just on 19,000 additional lots; Our contracted pipeline of lots now exceeds 140,000. Of these, we have over 26,000 lots currently in progress
- Our network continues to expand with
 - Constructed or passed lots in the 6 month period of approximately 7,500. This is in line with the PCP. We now have passed over 114,000 lots with our network infrastructure
 - Our lots in progress of 26,000 is 21% up on the PCP and supports our current forecast of 18,000 completed lots for this financial year
 - Our net new active service additions were just on 6,300 for the 6 months which is a 12% increase on the PCP
- Our recurring revenue base continues to grow with ARPU as at 31 December over \$51, which is 8% up on the PCP. Our total active services are now over 66,500
- We continue to expand our developer relationships with over 20 new clients added in the 6 month period with over 9,000 lots contracted with these developers. We are also currently negotiating a number of “whole of business” agreements with developers which will provide access to a number of lots into the future.
- Our markets continue to expand with over 4 new clients added and 6,000 lots now contracted in the lifestyle village segment of the market. We have a dedicated sales team for this growing sector and we expect to continue to expand our presence here with further contract signings in the second half of this financial year. We also continue to win work in the commercial sector where our integrated communication solutions are well suited. We have won 8 new projects in this sector in the 6 month period with a TCV of over \$2m.
- We continue to add new Retail Service providers to our network with both Aussie Broadband and Spirit Telecom currently on-boarding to our network. This brings our number of RSP's to 39
- We continue to develop services that will provide us with a competitive advantage. We are deploying “safe city” CCTV in a number of estates and MDU's; in FY2021 we will be rolling out a connected/smart home solution for some developers, in addition to continuing to implement a range of smart city initiatives such as community Wi-Fi, intercom, access control, in house TV channels and energy management.

OptiComm's CEO, Mr. Paul Cross commented “OptiComm's first half results are in line with expectations. We experienced strong revenue growth in our network operations, driven by the ever-increasing need for fast and reliable fibre broadband. The new housing market has come through a challenging period with credit availability and first home buyer incentives now starting to drive increased lot sales. Our contracted pipeline of over 140,000 lots will facilitate on-going expansion of our network which in turn will further increase our recurring network revenue”.

John Phillips
Chief Financial Officer & Company Secretary

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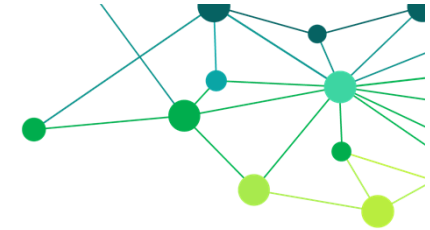


FIRST HALF FY2020 RESULTS

OPTICOMM LTD

19TH FEBRUARY 2020

1H FY2020 HIGHLIGHTS - FINANCIAL



Revenue:
Up 19%*

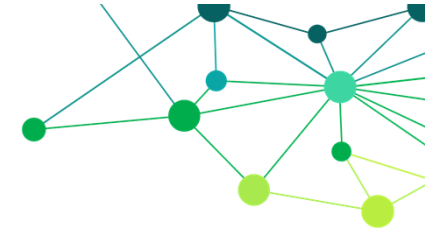
EBITDA:
Up 12%*

NPAT:
Up 7%*

- **Network operations revenue up 31% on the pcp**
- **Construction revenue up 4% on the pcp**
- **Network operating margins in line with previous guidance**
- **Construction margins impacted by mix change (more MDU and commercial) – expect construction margins to improve in 2H FY2020**
- **Operating expenditure in line with prospectus guidance**

* Pro forma compared to prior corresponding half year period (pcp)

1H FY2020 HIGHLIGHTS – NETWORK EXPANSION



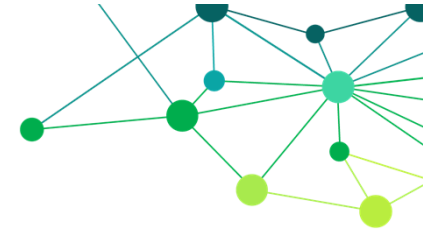
**Contracted
pipeline and
WIP:
~140,000 lots**

**New
contracted lots
in 1H FY20:
~19,000**

**Constructed
lots in 1H
FY20:
~7,500**

- **Contracted pipeline of lots at 140,000**
- **Lots in progress of over 26,000 – up 21% over the pcg**
- **Contracted lots for the half year up 28% on the pcg**
- **Constructed lots in line with the pcg – with some mix change**

1H FY2020 HIGHLIGHTS – NETWORK REVENUE



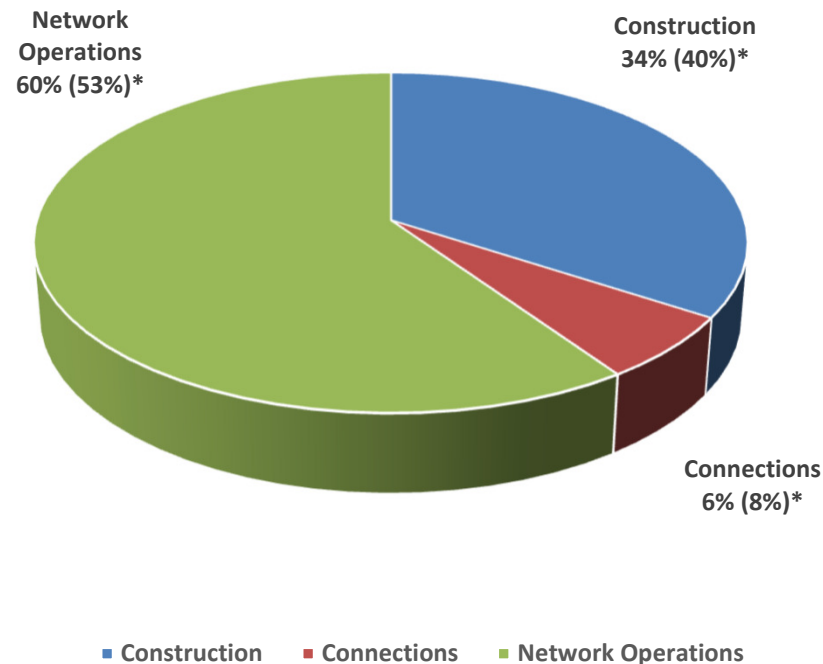
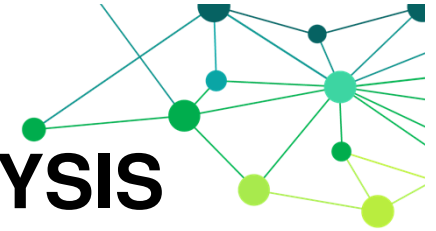
**Active
premises at 31
December:
~66,500**

**December 2019
ARPU:
~\$51**

**Connected
premises at 31
December:
~86,000**

- **New net active premises in the period of over 6,300 - up 12% on the pcg**
- **ARPU for the month of December 2019 over \$51 - up 8% on the pcg**
- **As at 31 December nearly 60% of active premises are on 50mbps and 100mbps plans (pcg 46%)**
- **Total connections now over 86,000 – ratio of connected to completed lots has improved over the pcg**

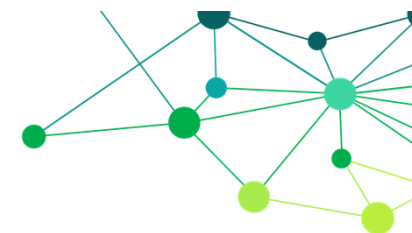
1H FY2020 RESULTS – REVENUE ANALYSIS



- **Network Operations revenue has increased due to additional Active Premises and an increase in ARPU**
- **Construction revenue increased but as expected fell as a proportion of total revenue**
- **Connections revenue relatively consistent with prior years**

* 1H FY20 Percentage of total revenue (1H FY19)

1H FY2020 RESULTS - DETAIL



Profit and Loss \$A millions (pro forma)	1H FY2020	1H FY2019
Revenue	\$35.19	\$29.68
EBITDA	\$18.80	\$16.80
NPAT	\$10.78	\$10.04

- Overall revenue up 19%, with strong growth in network operating revenue (up 31% on the pcip)
- Construction revenue up on the pcip (4%), with higher MDU lots and commercial (integration) projects (at lower margins)
- NPAT (pro forma) up 7% with margins on network operations at guidance levels; construction margins lower due to mix change – expect this to improve in the 2H; connections margin improved over prospectus guidance

- Period end cash balance reflects expected one off cash outflows in the period as outlined in the prospectus
- Continued expansion of network infrastructure will drive new connections and net active premise additions

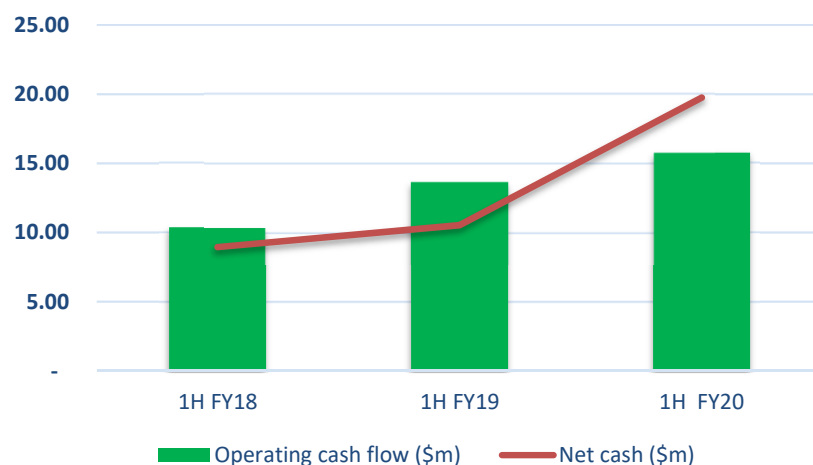
Balance Sheet extract - \$A millions	1H FY2020	1H FY2019
Cash	\$19.75	\$10.52
Network Infrastructure	\$79.84	\$59.88
Liabilities	\$44.87	\$38.92
Net Assets	\$79.42	\$55.52

1H FY2020 – CASH FLOW SUMMARY



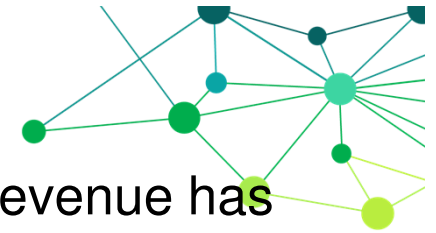
- Operating cash flow for the half year \$15.8m
- Cash outflows in the half year include the following one off's (as per prospectus guidance)
 - \$1.1m tax instalment timing. Lower than expected instalment rate for FY19 with catch up payment in 1H FY20
 - \$1.8m Network and Corporate capex in 1H FY20 – one off costs incurred in upgrading our CORE network, upgrading our network operating systems, and new Head Office fit out
- Normalised free cash flow for the half year (before Financing) of ~\$6m

Cash Flow Analysis 1H FY18 - 1H FY20



Opening Balance		\$9.7m
Operating		
Net operating inflows	22.7	
Net interest received/(paid)	0.0	
Income tax paid	(6.9)	
Operating cash Flow	15.8	
Investing		
Network and other capex	(13.1)	
Total investing	(13.1)	
Financing		
Net IPO proceeds	11.5	
Lease repayments	(0.4)	
Dividends	(3.7)	
Total Financing	7.4	
Closing Balance		\$19.8m

FY2020 outlook



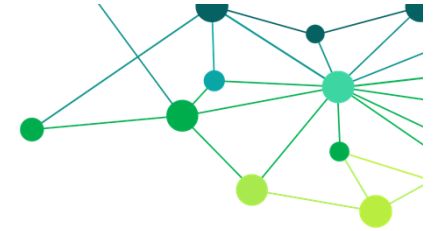
- Despite a challenging housing market, our construction revenue has grown
- Indicators are for an improving market with increased demand as consumer credit becomes more available; also first home buyer schemes at the Federal and State level are also expected to drive demand
- MDU market increasingly competitive – our focus is in the mid to high end MDU sector where we have won a number of new projects
- Independent Living Unit (ILU) market continues to grow – have contracted over 6,000 lots in this sector with more lots expected to be closed this financial year
- Solid growth in our commercial sector with our integrated solutions

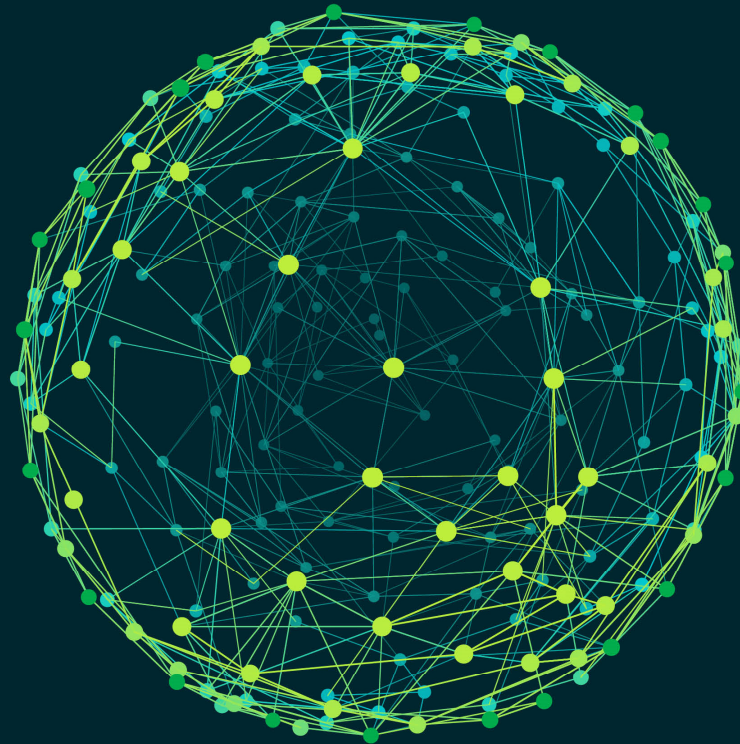
FY2020 outlook



- Consumer demand for high speed broadband continues to increase
- % of active premises at 50mbps speed plans and above are expected to continue to grow
- We will continue to invest in new services (including smart/safe city technology), network capacity and improved redundancy
- 39 RSP's on our network with the addition of Aussie Broadband and Spirit Telecom
- Regulatory changes (including RBS Levy) currently before Parliament – if passed we don't expect these to be effective before 30 June 2020
- In summary, our current trading position and outlook is supportive of the forecasts outlined in our prospectus

QUESTIONS





THIS CONCLUDES THE PRESENTATION

19TH FEBRUARY 2020