

5G Networks

Half Year Results Presentation 2019



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Key highlights for H1 FY19



Significant Revenue and EBITDA Growth

Exponential growth continued, with H1 revenue of \$23.576m, an increase of over 1900% on the previous period (FY18 H1 \$1.134m); FY19 first half normalised EBITDA total is \$1.385m; highlights the dramatic growth when compared to \$94k EBITDA for the previous corresponding period; first half EBITDA excludes acquisition costs and expensed option costs.



Strong results underpinned by sales for new and retained revenue

The transition to service based revenue and the growth in multi-product holdings has contributed to the Company's success; signed new and existing customers to long-term contracts to the value of \$13M in H1.



Market outlook remains strong for 2019 merger & acquisition activity

Several strategic acquisitions are targeted; market sentiment for progressing merger and acquisition opportunities remains positive and attractively priced.



Nationwide network on track for H2 FY19 launch

Nationwide high-speed network complete, launching in H2 FY19. The fixed wireless rollout also progressing to plan with the successful expansion to 5 sites across metropolitan Melbourne.



Forecast full year dividend

Strong operating cash flow and \$1.3M franking credit has provided the board with a strong level of confidence to issue a full year dividend payment; the board expects this payment to be ongoing.



System integration & automation

Successful transition to a single enterprise management platform for operations management; two external call centres retired in Q1. Implementation of Salesforce will enable and support cross and up-sell opportunities.



Future capex investment driven by customer demand

Future capital investment will be funded through operating cash flow and is closely linked to customer demand, this is demonstrated with total capital spend of \$398k for HY1.



CBA to support current & future funding requirements

5GN has established a banking facility with CBA to support current and future funding requirements; allows flexibility as expansion continues.



Key Executives Recruited

Key executives recruited into senior roles including Glenn Flower as Chief Marketing & Product Officer with significant industry expertise, Joe Gillett as Southern Sales Manager and Vishal Patel as National Network Manager.

Our Vision

Australia's provider of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and managed services.

What We Do



Data Networking

Enterprise grade connectivity solutions including a nationwide data network to seamlessly connect our customers to their workplace, critical business applications and managed digital platforms.



Cloud & Hosting Services

Managed cloud solutions which are securely hosted on-premise or managed across hybrid, private or public cloud platforms.

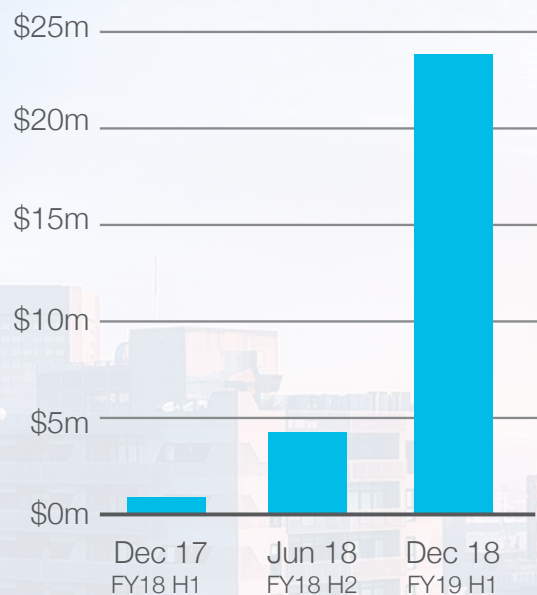


Managed Services

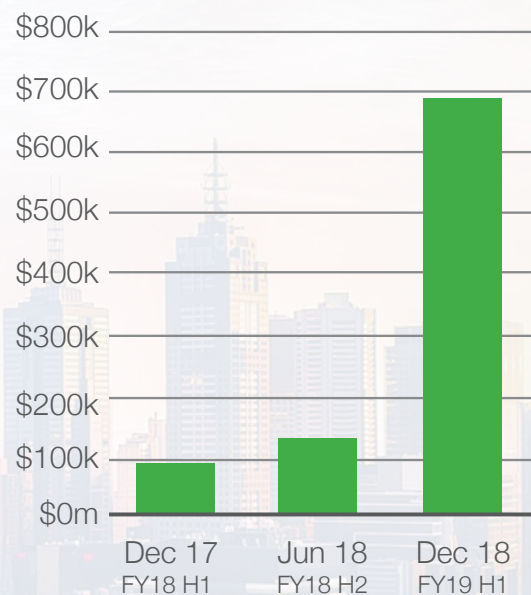
Solutions which optimise our customers' IT and network environments through end to end service management, strategic consulting, technology maintenance and dedicated support.

Driving exponential growth

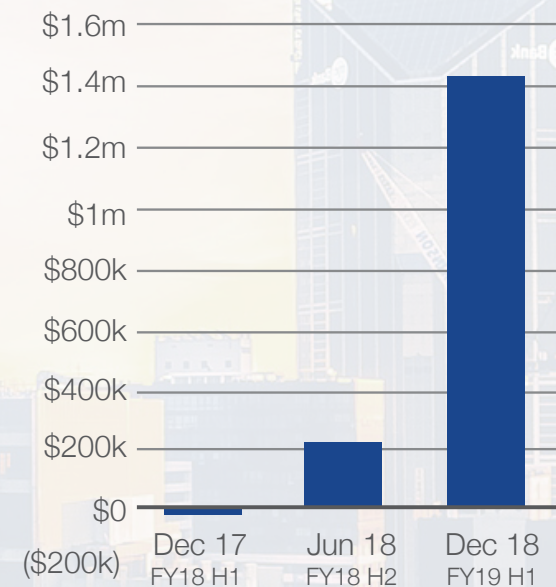
Total Revenue



Total EBITDA



Normalised Nett Operating Cash Flow



Historical revenue by product mix

Currency: \$'000	FY18 H1	%	FY18 H2	%	FY19 H1	%
Revenue						
Network	216	19	1,077	25	2,289	10
Hardware and Software	158	14	381	9	6,559	28
Managed Services	258	23	842	20	6,131	26
Cloud	486	43	1,076	25	7,371	31
Voice	16	1	896	21	1,226	5
	1,134	100	4,272	100	23,576	100

- Strong organic growth (**112%**) in our data network services from FY18 H2
- **+70%** of product revenues protected by annuity based service agreements
- Focus remains on network services growth; leveraging owned fibre & wireless infrastructure
- Multi-product sales proposition has driven several contract wins; both upsell & new customers
- Revenue includes 5 months of Anittel & Hostworks acquisition

Profit & Loss

	FY19 H1 \$000	FY18 H1 \$000
Networks	2,289	216
Hardware & Software	6,559	158
Managed Services	6,131	258
Cloud	7,371	486
Voice & Other	1,229	129
Revenue	23,579	1,247
Gross Profit	7,496	549
Gross Profit %	31.8	48.4
Overhead expenses	6,810	564
EBITDA	689	98
EBITDA%	3.00	8.71
Interest – debt	180	2
Interest – property leases	320	-
Depreciation – fixed assets	919	28
Depreciation – right to use assets	730	-
Profit before income tax	(1,460)	68
Income tax expense from continuing operations	-	(76)
NPAT	(1,460)	(8)

- Revenue and EBITDA growth expected to accelerate in H2 FY19
- Retained and new business revenue signings of **\$13M**; to support organic growth in H2 FY19
- Improved operating efficiencies by rationalisation of systems will continue cost reduction in H2 FY19
- EBITDA includes options & acquisition costs of \$691K
- EBITDA margin in H2 to revert back >7%

Cash Flow

	FY19 H1 \$000	FY18 H1 \$000
Cash flows from operating activities		
Receipts from customers	22,753	1,294
Payments to suppliers and employees	(21,339)	(1,552)
Interest received	3	4
Interest and other costs of finance paid	(186)	-
Interest on right to use assets	(319)	-
R&D Tax concession received	501	218
Net cash flows operating activities	1,413	(36)
Net cash on Purchase of Anittel/Hostworks group	(1,700)	-
Net cash on Purchase of Enspire Australia Pty Ltd	-	(426)
Purchase of property, plant and equipment	(398)	(14)
Net cash flows investing activities	(2,098)	(440)
Proceeds from issue of shares	500	4,059
Proceeds / (repayment) of borrowings and convertible notes	(168)	531
Payment of transaction costs	(193)	(756)
Net cash flows from financing activities	139	3,834
Net (decrease) increase in cash and cash equivalents	(546)	3,358
Cash and cash equivalents at beginning of period	3,357	239
Cash and cash equivalents at end of period	2,811	3,597

- Growth of **62%** in cash receipts from previous Quarter to **\$23M** for FY19 H1
- H1 normalised nett Operating Cashflow grows to **\$1.4M**
- **\$1.7M** payment for the Anittel/Hostworks acquisition

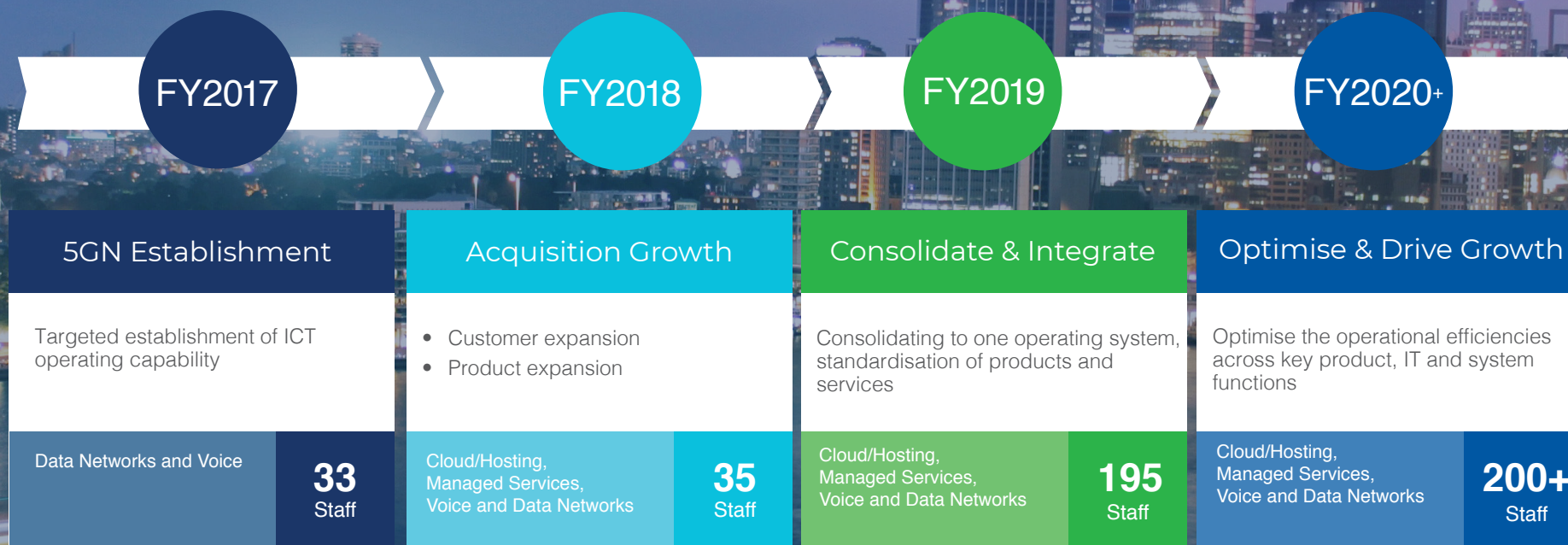
Balance Sheet

	FY19 H1 \$000	FY18 H1 \$000
Cash and cash equivalents	2,811	3,357
Trade and other receivables	3,576	1,136
Other current assets	2,196	839
Total current assets	8,583	5,332
Property, plant and equipment	2,981	1,083
Intangible assets	9,231	6,842
Right to use asset	10,072	-
All other	680	249
Total non-current assets	22,964	8,174
TOTAL ASSETS	31,547	13,506
Trade and other payables	4,486	757
Borrowings	578	215
Other liabilities	4,493	3,917
Total current liabilities	9,557	4,889
Borrowings	3,767	132
All other	10,512	4
Total non-current liabilities	14,279	136
TOTAL LIABILITIES	23,836	5,025
NET ASSETS	7,711	8,481
Issued Capital	9,262	8,775
Reserves	337	134
Accumulated Losses	(1,888)	(428)
TOTAL EQUITY	7,711	8,481

- Strong current asset ratio
- Adopted new accounting standards (ASB); includes capitalisation of lease liabilities
- Controlled capex tightly managed to customer demand
- Network expansion will support direct customer demand; reduces reliance on 3rd party fibre

Continued success in executing our strategic growth plan

Strategic Acquisitions	Strategic Acquisitions – (IABD)	Strategy Execution	Future Strategy
<ul style="list-style-type: none"> • APtel – Managed Voice/ Network • Enspire – Data Networks & Cloud 	<ul style="list-style-type: none"> • Anittel – Managed IT • Hostworks – Cloud Hosting • 1000 new customers 	<ul style="list-style-type: none"> • Execute separation of IABD structures and systems • Enable cross-sell and up-sell opportunities 	New acquisitions targeted: <ul style="list-style-type: none"> • Existing data centre providers • Application development organisations • Managed Service Providers
Public Listing Nov 17	Annualised Revenue (FY18) \$11.5M EBITDA 13.5%	Annualised Revenue \$50M+ EBITDA >7%	Executive Group Revenue Target \$80m Executive Group EBITDA Target \$10m



The three levers for growing shareholder value



Integration

- Optimise operational efficiencies through successfully integrating business systems, people, platforms and processes
- Retire outdated systems and functions to avoid duplication or obsolescence costs and reduce overheads



Cross-sell, up-sell for customer revenue growth

- Harvest acquired customers which typically have only single product holdings
- Targeted network infrastructure investment to high-density customer locations



Acquisitions

- 5GN disciplined approach to ensure underlying financial value is defined
- Identify operational and product synergies which augment current capabilities
- New customer acquisition without service overlap

Acquisition strategy will continue to accelerate growth

Discipline & Framework

The 5GN Acquisition Strategy is based upon a range of criteria such as financial, operational, commercial, product and people capabilities to identify high value opportunities which have synergy with the overall strategic plan.



Financial Value

- Purchase price <4X EBITDA
- Revenue growth via cross sell opportunities
- EBITDA enhancement through on-net services



Operational Synergy

- Existing processes are market leading
- Systems are in accord with 5GN or bring improved functionality



Products & Services

- Offerings are in synergy with 5GN strategy
- Offerings are market leading
- Products open new geo-markets & customers
- Products are digitised for integration



People & Expertise

- Organisational alignment to future mode of operations
- Resources are revenue generating
- New capability can drive competitive advantage/differentiation

Integration program



- Harvest key customer relationships and extensive industry experience
- Success in signing new and existing customers to long term contracts to the value of \$13M



- Leverage nationwide integration of single enterprise management platform and accounting systems
- Significant efficiencies & cost savings benefits to drive improved EBITDA outcomes

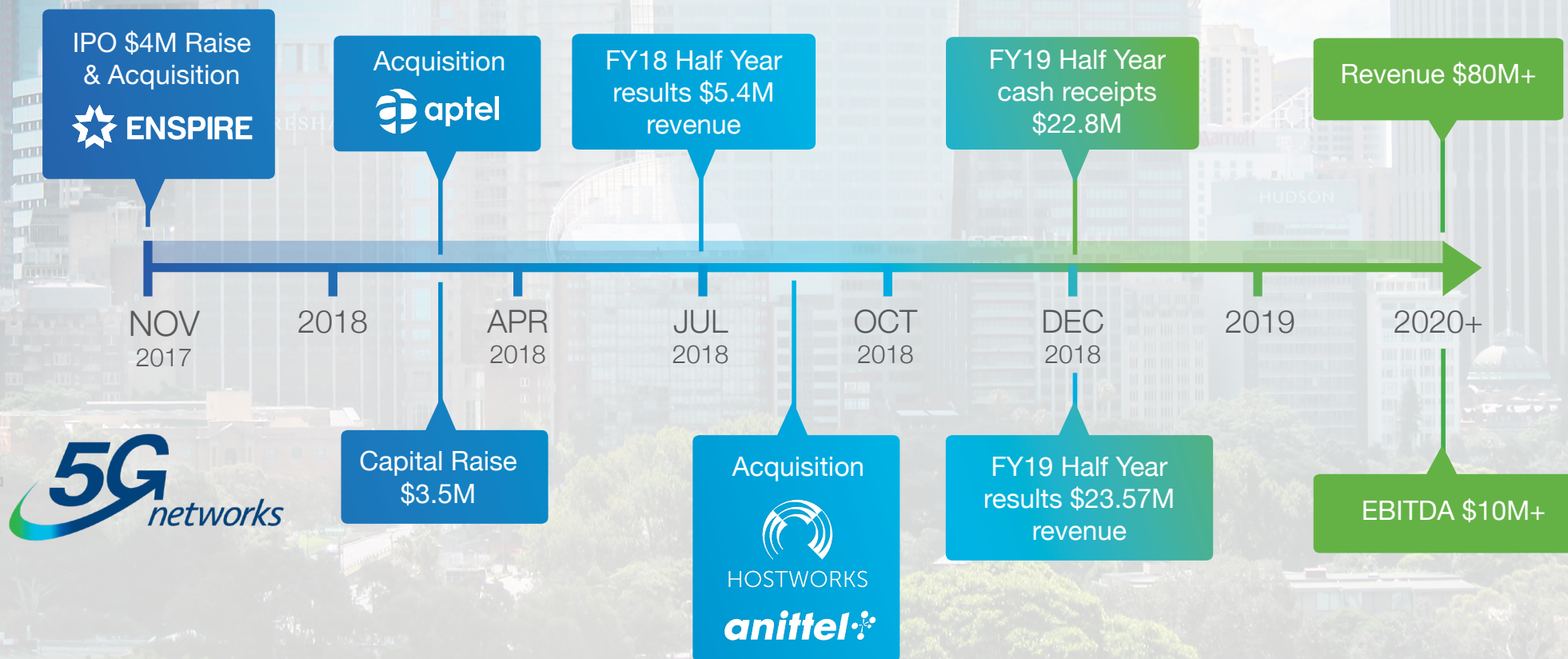


- Partnership with world leading customer relationship platform Salesforce
- Accelerating growth by enhancing access to real time customer data for cross & up-sell opportunities



Completion of the 5GN integration program delivers a strong foundation for future growth by simplifying existing capabilities to scale operational support for accelerated growth

Historical Timeline



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Thank you

