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# Annual General Meeting Presentation FY2019



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# Key Business Achievements for 5G Networks

## Key Milestones Achieved since 2017 IPO:

- 6 acquisitions successfully completed and integrated;
- End to End IT proposition for clients supported by our integrated product offering – Cloud, Data Centre, Data Networking and Managed IT;
- Integration of people and culture – Stable Executive team;
- Strengthened board with recent appointment of Jason Ashton (ex-BigAir Group);
- Future proofing of technology platforms and adoption of automation tools across cloud and data networks;
- Focussed sales team on high margin solutions and our own infrastructure product sales;
- Implementation of sales tools and sales channel expertise to maximise cross-sell and up-sell opportunities to 5G Networks' 2,500 customers;
- Multiple network options to allow customers to optimise hybrid cloud solutions;
- Over 200 skilled employees in 12 offices across Australia;



# Financial Performance and Strategic Growth Plan

## Key Financial Achievements in FY19

- Positive Operating Cashflow;
- Revenue growth 848% from FY18 to \$51M:
  - 71% contracted;
  - \$27M Total Contract Value of re-contracted and new revenue in FY19;
- Underlying EBITDA\* of \$3.2M;
- EBITDA margin 8.4% for H2FY19;
- Strong cash position and available debt capacity;
- Inaugural 1 cent per share fully franked dividend;

## Our future growth agenda in FY2020+

- Development of the 5GN Private Cloud platforms to retain and grow customer base;
- Automation of major services to enable increased scalability and speed to revenue;
- Growth accelerated with the inclusion of our indirect sales channel;
- Continue aggressive strategy for targeted acquisitions;
- Network expansion to meet demand in existing and emerging markets;
- Improved returns from existing network and data centre infrastructure to drive profitability;

\* EBITDA before acquisition and share option costs



# What We Do

5G Networks empower digital technologies for business by offering simplified, end to end service experiences for our customers.

## Core Products & Services



### 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.



### Data Centre & Cloud

Delivering on the cloud strategies of Australian business. The 5GN cloud seamlessly combines private cloud, public cloud and national data centres, orchestrated and governed by secure management platforms.



### Managed Services

Optimising ICT environments to accelerate the future opportunities presented by digital transformation through strategic consulting, hybrid IT, migration services and 24/7 dedicated Australian based service management & support.

*“In today’s game, using the right technology can be vital to gain an edge on the competition. Thanks to 5G Networks, our on-field digital technology allows us to make the right decisions faster. The support of 5G Networks means we can utilise market-leading technologies to help us reach our goals.”*

- St Kilda AFL Football Club

# FY19 Key Outcomes and Achievements

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3

Acquisitions completed and integrated in FY19

2500

Customers with strong growth in B2B mid-market



National expansion to 12 offices and 200 experienced employees

71%

Of total FY19 revenue contracted & recurring



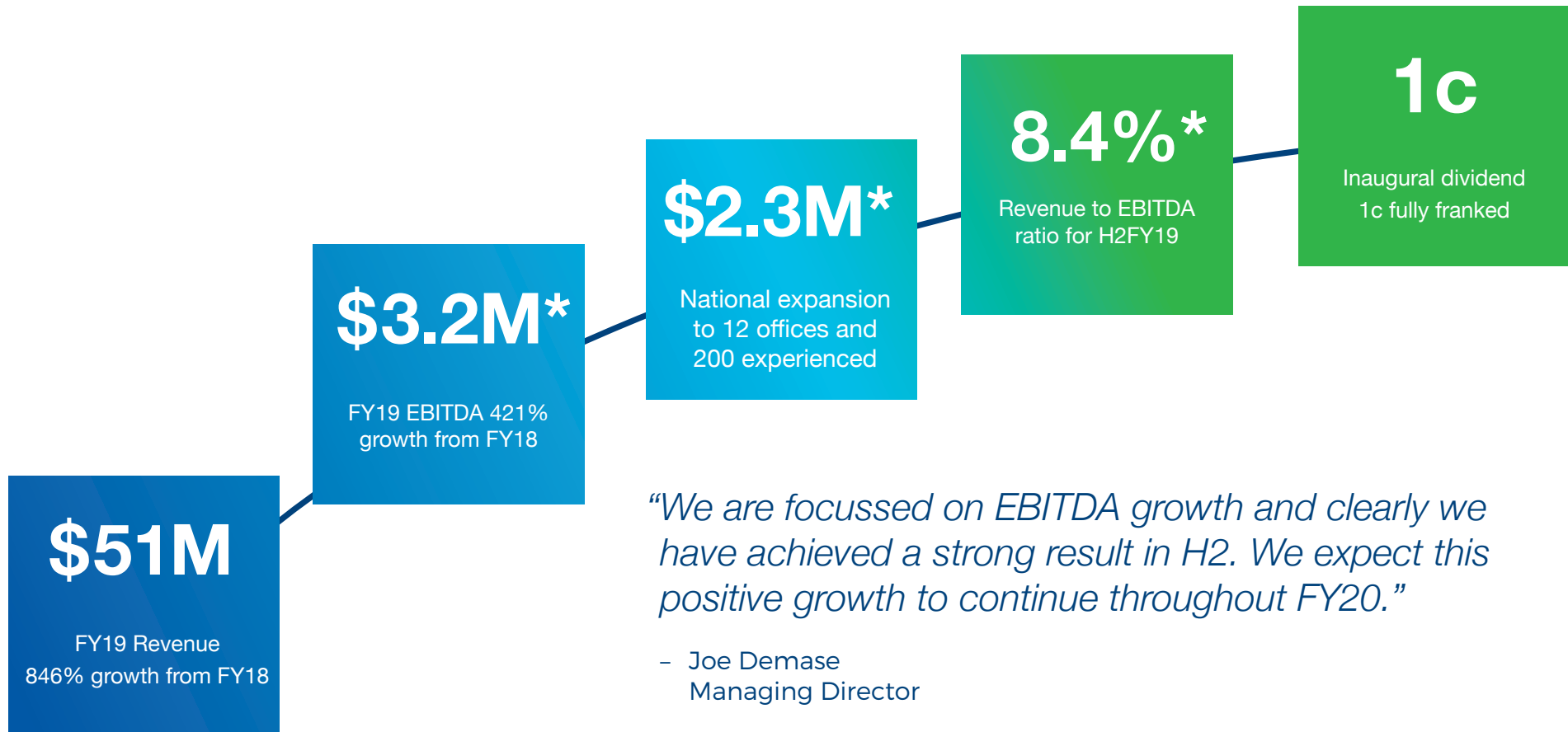
National Salesforce rollout to support both direct and indirect sales channels to drive growth

+\$27M

In (TCV) revenue from re-signs and introducing new customers

# FY19 Results Highlight Significant Growth in Profitability

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\* EBITDA before acquisition and share option costs



# Future Strategic Agenda Dedicated to Accelerating Growth

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Growth strategy

## Acquisitions and Upsell

- APTel – Managed Voice/Network
- Enspire – Data Networks & Cloud
- Anittel – Managed IT
- Hostworks – Cloud Hosting
- Melbourne Data Centre
- 1000+ new customers

Annualised Revenue (FY18) \$11.5M  
EBITDA 13.5%

FY19 Revenue \$51M  
FY19 EBITDA 6.3%\*  
\*excluding acquisitions and share option costs

## Acquisitions and Channel Expansion

- Sydney Data Centre Acquisition (APDC)
- Indirect Channel started
- New Customer growth
- Strategic acquisitions
- Indirect Channel growth
- EBITDA growth

Revenue Target \$55m – \$65m  
EBITDA Target 8%\* – 12%\*  
\*excluding new acquisitions

Executive Options Revenue Target \$80m  
Executive Options EBITDA Target \$10m

FY2017/18

FY2019

FY2020

FY2021+

Operational strategy

## Establishment

- Operational capacity and growth
- New products developed

Data Networks  
Voice  
Cloud

**35**  
Staff

## Integration

- System synergies achieved
- Rationalisation
- Systems connected

Cloud/Hosting  
Managed Services  
Voice and Data Networks  
Data Centre

**195**  
Staff

## Expansion

- Infrastructure connected
- Private Cloud developed
- New DC offers for indirect
- Network Expansion (Fibre)

Cloud/Hosting  
Managed Services  
Voice and Data Networks  
Data Centre

**200+**  
Staff

## Automation

- Automation for infrastructure and systems
- Network automation (SDN)
- Channel self-serve

Cloud/Hosting  
Managed Services  
Voice and Data Networks  
Data Centre

**200+**  
Staff

# Strategic Principles Underpin our Acquisition Strategy

## Discipline & Framework

The 5GN acquisition targets are identified, managed and integrated in accord with our Strategic Framework



### Financial Value

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



### Products & Infrastructure

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



### People & Culture

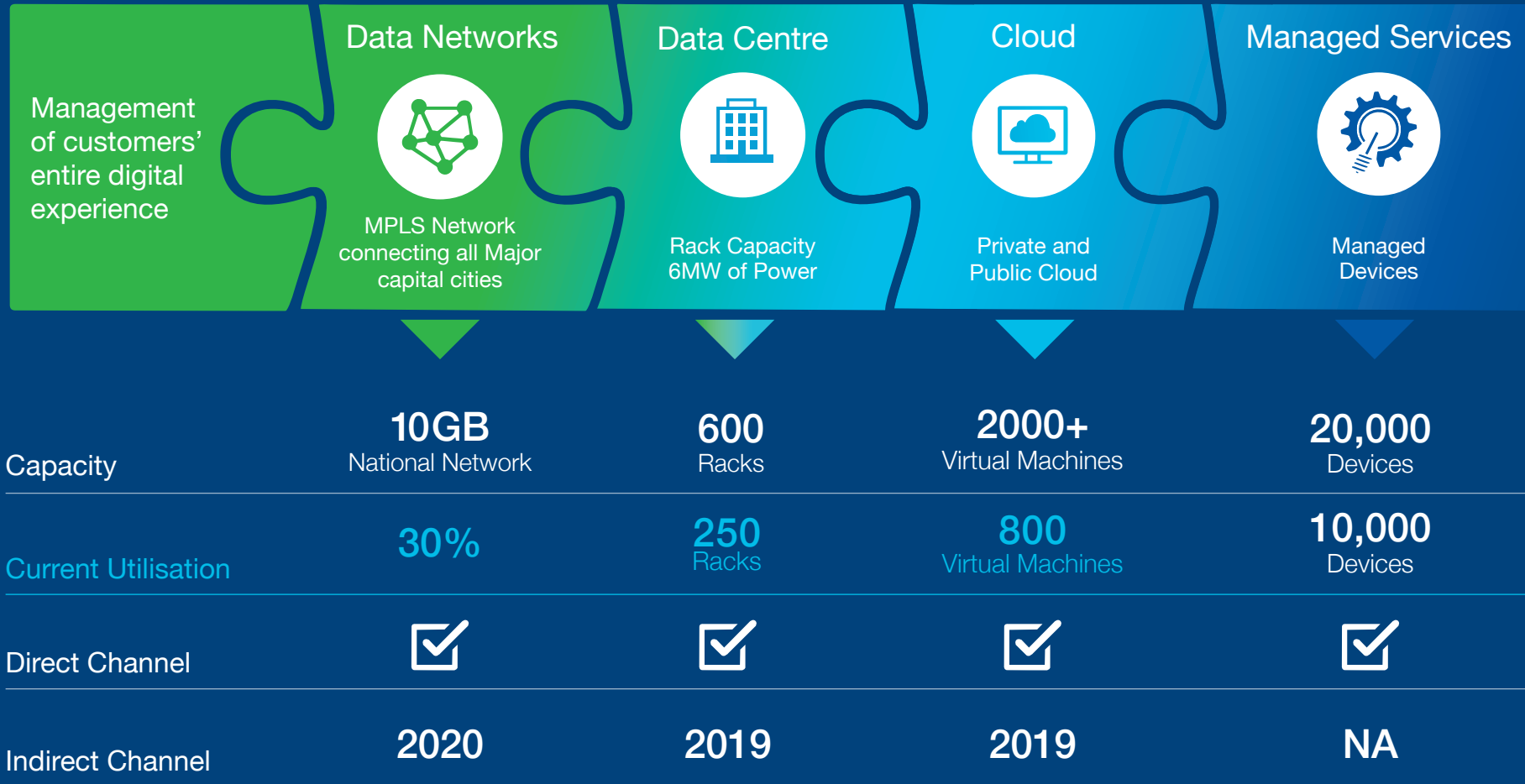
- Organisational alignment to future mode of operations
- Resources are revenue generating
- New capability can drive competitive advantage/differentiation



### Operational Scale

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

# Targeted Acquisitions Continue To Grow Our Capacity





# Growth Strategy Including New Indirect Sales Channel



- ▶ New Indirect Sales Channel to leverage capacity
  - Leverage high capacity product and platform assets
  - Accelerate growth outcomes to meet aggressive revenue targets in FY2020+



- ▶ 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

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## Appendices



# Revenue Breakdown

	H2 FY 19 \$000	H1 FY 19 \$000	Total FY2019 \$000	FY 2018 \$000
Network and Voice	3,263	3,515	6,778	2,020
Data Centre	2,516	1,557	4,073	-
Hardware Software	8,438	6,559	14,997	564
Managed Services	7,175	6,131	13,306	1,429
Cloud	6,187	5,814	12,001	1,393
<b>Total Revenue</b>	<b>27,579</b>	<b>23,576</b>	<b>51,155</b>	<b>5,406</b>

	H2 FY 19	H1 FY 19	Total FY2019	FY 2018
Network and Voice	12%	15%	13%	37%
Data Centre	9%	7%	8%	0%
Hardware Software	31%	28%	29%	10%
Managed Services	26%	26%	26%	26%
Cloud	22%	26%	23%	26%
<b>Totals</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Key Highlights

- 17% growth on H1 revenue; focus on high margin products and annuity revenue
- Exit of non core products; mobile and consumer
- 71% of current revenue contracted
- \$27m (Total Contract Value) of re-contracted and new revenue during the year



# Profit & Loss

	H2 FY 19 \$000	H1 FY 19 \$000	Total FY2019 \$000	FY 2018 \$000
<b>Revenue</b>	<b>27,593</b>	<b>23,579</b>	<b>51,172</b>	<b>6,129</b>
Network and Data	(13,100)	(11,556)	(24,656)	(2,538)
Employee Benefits	(11,393)	(9,552)	(20,945)	(2,269)
Rent and Office	(141)	(242)	(383)	(191)
Marketing and Travel	(213)	(339)	(552)	(101)
Other Overheads	(428)	(993)	(1,422)	(412)
<b>EBITDA before Acquisition costs &amp; Share options</b>	<b>2,318</b>	<b>897</b>	<b>3,215</b>	<b>617</b>
<b>EBITDA %</b>	<b>8.4%</b>	<b>3.8%</b>	<b>6.3%</b>	<b>10.1%</b>
Acquisition costs	(185)	(493)	(678)	(246)
Share options	(2,014)	(203)	(2,217)	(134)
<b>EBITDA</b>	<b>119</b>	<b>200</b>	<b>320</b>	<b>237</b>
Interest Debt	(144)	(186)	(330)	(9)
Interest property leases	(498)	(319)	(817)	-
Depreciation fixed assets	(554)	(917)	(1,471)	(241)
Depreciation right to use assets	(1,112)	(730)	(1,842)	-
<b>Profit before income tax</b>	<b>(2,189)</b>	<b>(1,952)</b>	<b>(4,141)</b>	<b>(12)</b>
Income tax expense from continuing operations	-	-	-	(313)
<b>NPAT</b>	<b>(2,189)</b>	<b>(1,952)</b>	<b>(4,141)</b>	<b>(325)</b>

## Key Highlights

- Operational synergies implemented and nearing completion
- Sales team focussing on core high margin products
- \$2.3m EBITDA H2 setting positive run rate for FY20
- EBITDA moving back to 10% of Revenue

# Cash Flow

	H2 FY19 \$000	H1 FY19 \$000	Total FY2019 \$000	FY 2018 \$000
<b>Cash flows from operating activities</b>				
Receipts from customers	30,811	22,753	53,564	5,601
Payments to suppliers and employees	(30,784)	(21,339)	(52,122)	(6,442)
Interest received	14	3	17	12
Income tax payments	-	-	-	(80)
Interest on right to use assets	(513)	(505)	(1,019)	-
R&D Tax concession received	-	501	501	237
<b>Net cash flows operating activities</b>	<b>(472)</b>	<b>1,413</b>	<b>941</b>	<b>(672)</b>
Net cash on Purchase of Acquisitions	(869)	(1,700)	(2,569)	(3,059)
Purchase of property, plant and equipment	(803)	(398)	(1,201)	(295)
Proceeds from sale of property, plant & equipment	-	-	-	12
Deposits held	-	-	-	790
<b>Net cash flows investing activities</b>	<b>(1,672)</b>	<b>(2,098)</b>	<b>(3,770)</b>	<b>(3,342)</b>
Proceeds from issue of shares & options	8,024	500	8,524	8,128
Proceeds / (repayment) of borrowings and convertible notes	(1,602)	(168)	(1,770)	(123)
Payment of transaction costs	(429)	(193)	(622)	(873)
<b>Net cash flows from financing activities</b>	<b>5,993</b>	<b>139</b>	<b>6,132</b>	<b>7,132</b>
Net (decrease) increase in cash and cash equivalents	3,849	(546)	3,303	3,118
Cash and cash equivalents at beginning of period	2,811	3,357	3,357	239
<b>Cash and cash equivalents at end of period</b>	<b>6,660</b>	<b>2,811</b>	<b>6,660</b>	<b>3,357</b>

## Key Highlights

- Strong cash receipts of \$53m; increase of 35% on H1
- Extra supplier payments of \$2.3m relating to acquisitions working capital shortfall
- Fully subscribed capital raise of \$8m during the period
- Strong cash balance for acquisitions of \$6.7m

# Balance Sheet

	H2 FY 19 \$000	H1 FY 19 \$000	FY 2018 \$000
Cash and cash equivalents	6,660	2,811	3,357
Trade and other receivables	3,981	3,576	1,136
Other current assets	1,834	2,196	839
<b>Total Current Assets</b>	<b>12,475</b>	<b>8,583</b>	<b>5,332</b>
Property, plant and equipment	5,112	2,981	1,083
Intangible assets	13,370	9,231	6,842
Right to use assets	14,142	10,072	-
All other	680	680	249
<b>Total Non-Current Assets</b>	<b>33,304</b>	<b>22,964</b>	<b>8,174</b>
<b>TOTAL ASSETS</b>	<b>45,779</b>	<b>31,547</b>	<b>13,506</b>
Trade and other payables	3,610	4,486	757
Income in advance	1,241	952	54
Borrowings	632	578	161
Employee Benefits	2,179	1,534	453
Lease Liabilities Rights Use	1,818	246	-
Deferred MDC Payment	1,491	-	-
Other Liabilities	200	1,761	3,464
<b>Total Current Liabilities</b>	<b>11,171</b>	<b>9,557</b>	<b>4,889</b>
Borrowings	3,475	3,767	132
Deferred MDC Payment	1,349	-	-
Lease Liabilities - Rights Use	13,090	10,053	-
All Other	306	459	-
<b>Total Non-Current Liabilities</b>	<b>18,220</b>	<b>14,279</b>	<b>136</b>
<b>TOTAL LIABILITIES</b>	<b>29,391</b>	<b>23,836</b>	<b>5,025</b>
<b>NET ASSETS</b>	<b>16,388</b>	<b>7,711</b>	<b>8,481</b>
Issued capital	18,606	9,262	8,775
Reserves	2,351	337	134
Accumulated Losses	(4,569)	(1,888)	(428)
<b>TOTAL EQUITY</b>	<b>16,388</b>	<b>7,711</b>	<b>8,481</b>

## Key Highlights

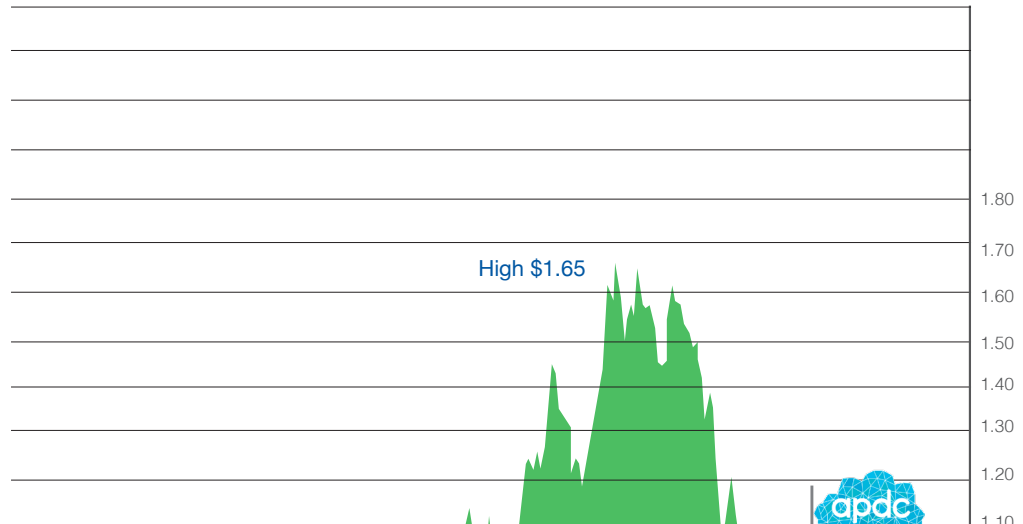
- Strong cash balance of \$6.7m
- Reduced suppliers balances relating to acquisition of \$2.3m
- Available debt facility of \$2m



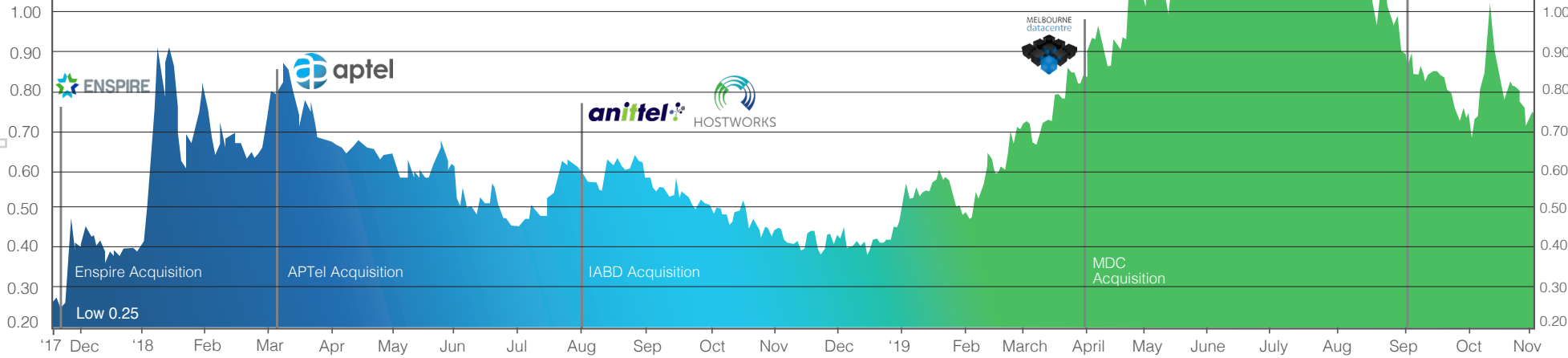
# Capital Structure

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ASX Code	5GN
Shares on issue	65,579,298
Options (exercise price \$0.30)	400,000
Options (exercise price \$0.80)	600,000
Options (exercise price \$0.60)	2,660,000
Options (exercise price \$0.65)	500,000
Options (exercise price \$0.80)	1,750,000
Options (exercise price \$0.80)	2,000,000
Performance Rights (exercise price \$0.30)	5,000,000
Performance Rights (exercise price \$0.60)	5,000,000
7 November, 2019 Market Capitalisation (at \$0.73/share)	\$47,872,888
Cash (September 2019)	\$3.0M
Available Debt (September 2019)	\$2.4M

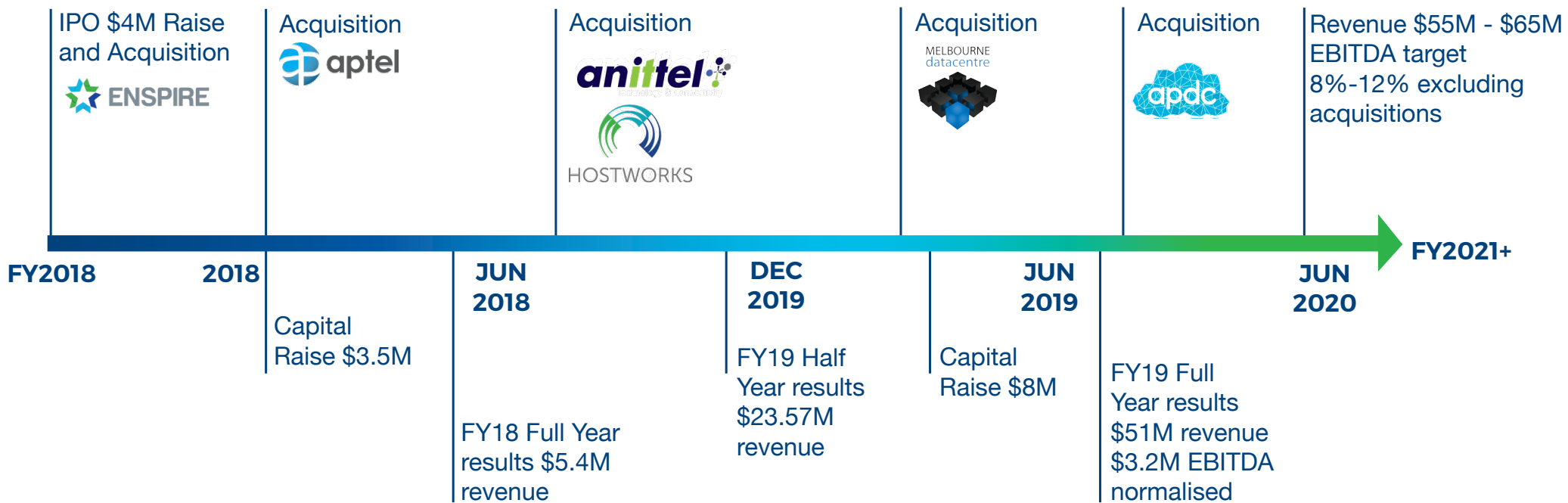


Share Price Performance



# The 5GN Growth Journey Demonstrates the Acquisition Strategy is Delivering Accretive Value

## 5GN Milestone and growth journey



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# Thank you

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