



FY20 Half Year Results Presentation

26 February 2020

CommsChoice Group Limited
(ASX: CCG)

This document has been approved by the Board of Directors.

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1H FY20 Results

- ✓ Strong return to profitability with EBITDA of \$1.5m which compares with pcp EBITDA of \$0.1m.
- ✓ Underlying* EBITDA of \$1.3m.
- ✓ Revenue of \$9.7m which is \$1m lower than pcp. One off revenue declined by \$1.2m due to higher one-off items from key customer projects in FY19, whilst recurring and usage revenue actually increased by \$0.2m.
- ✓ NPAT of \$1.5m which compares with NPAT loss pcp of \$0.7m.
- ✓ Positive operating cashflow of \$0.4m - excluding restructuring costs \$1.4m.
- ✓ Capex of \$0.3m in period.
- ✓ Cash at bank of \$1.9m at 31 Dec 2019. \$0.2m debt.

* **Underlying EBITDA** excludes net interest, non-cash LTIP costs, depreciation and amortization and includes rental expenses in 2020.

1H FY20 Highlights

**Business
Restructure -
Announced to
ASX June 2019**

Complete

**Targeted Cost
Savings of Circa
\$2M**

Delivered

**Restructured
Sales Team with
focus on indirect
last 6 mths**

Strong 1st Half sales
deals signed
>\$100k MRR

**Enhanced Website &
Online Ordering
Capability**

Phase 1 completed
Dec 2019

**Return Business
to Profitability**

Strong EBITDA and
NPAT 1H FY20

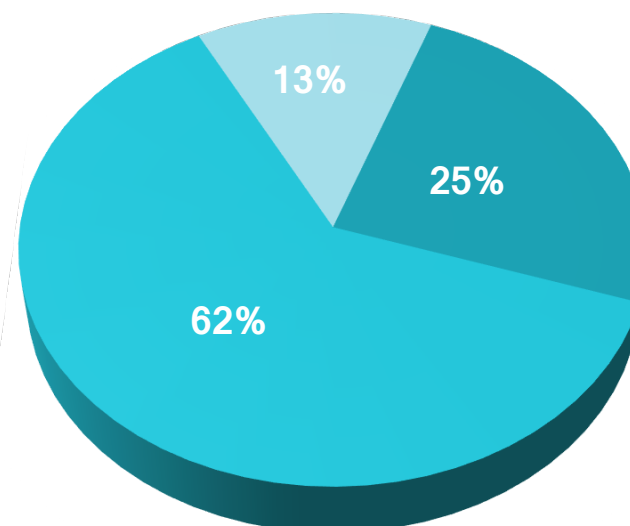
**Strong Customer Service
and Key Customer
Relationships Reinforced**

Signed addendum with
largest customer with fixed
term to Q3 2022

Financial Performance 1H FY20

\$M	1H FY20	1H FY19
Revenue	9.7	10.7
- One off / install fees	0.5	1.7
- Service fees	9.2	9.0
Cost of Sales	(5.1)	(5.9)
Gross Margin	4.6	4.8
Opex	(3.1)	(4.1)
Restructuring Costs	-	(0.6)
EBITDA	1.5	0.1
Underlying* EBITDA	1.3	0.7
NPAT	1.5	(0.7)

Revenue Breakdown 1H FY20



- Data
- Voice inc. SIP and CTS
- Managed Services

- Strong return to profitability in 1H FY20
- \$2.2m increase in NPAT compared with 1H FY19

* **Underlying EBITDA** excludes net interest, non-cash LTIP costs, depreciation and amortization and includes rental expenses in 2020. 1H2019 excludes restructuring costs.

Balance Sheet 31 Dec 2019

\$m Group	31 Dec 2019	30 June 2019
Cash	1.9	0.4
Total assets	19.3	15.7
Borrowings	0.2	0.4
Total liabilities	6.5	6.3
Net assets	12.8	9.4
Equity attributable to members of the parent	12.8	9.4

Key Highlights

- Strong balance sheet with \$1.9m cash at bank end of Dec 2019
- Tax losses of \$3.4m available for use (equivalent to DTA of \$950k)

Key Product and Systems Initiatives – Last 6 months

- ✓ Major refresh of website plus on-line ordering capability introduced with launch Dec 19. Included a revamp of our product offerings and price points.
- ✓ Enhancement of CommsChoice's Global Cloud Phone infrastructure – additional PoPs and enhanced capabilities implemented globally.
- ✓ Enhancement of MS Teams Calling product set, offerings and global infrastructure. Additional PoPs installed and upgrade to core MS Teams calling media gateways to latest generation and now providing EU and USA deployments
- ✓ Enhancing and reducing ongoing cost of core systems platforms whilst improving capabilities and integration.

Sales and Customer Service Initiatives – Last 6 months

- ✓ Restructured go-to-market approach with 3 key channels to market and key executives assigned to head up each segment.
 - Business (SME) and Dealer Sales.
 - Wholesale and Partner Sales – larger more complex partners and wholesale customers.
 - Corporate Sales (mid market corporates).
- ✓ Recent hire of Head of Corporate Sales with proven track record.
- ✓ Strong level of new sales contract wins in first 6 mths - new contracts MRR (monthly recurring revenue) of >\$100k.
- ✓ We have built a strong pipeline of quality prospects.
- ✓ Strong focus on customer service and reinforcing relationship with key customers.
- ✓ Recently signed contract addendum with largest customer with fixed term to Q32022.

Executive Management Team



Note: Appointment of Mr Adrian Luciano announced 6 Feb 2020

4 Pillar Growth Strategy

Domestic Growth

SME
Corporate Mid Mkt

Cloud business phone, MS Teams calling, SD-WAN offerings & NBN access services

Wholesale Partners

Contact centre / IT service provider / Carriers

SIP services, CTS and cloud business phone & MS Teams calling. Call centre enablement.

Overseas Growth

Corporate
Multi-national

Global cloud business phone and MS Teams calling offerings to multi-site global customers

Strategic Acquisitions

SME
Corporate

SME telco services, SD WAN & Managed IT services players

A wide-angle photograph of a city skyline, likely San Francisco, with numerous skyscrapers and buildings. A thick layer of white fog or low clouds fills the lower half of the image, partially obscuring the buildings. The sky is a clear, pale blue. The overall tone is professional and modern.

Outlook

- ✓ Strong start to FY20 with first half profit performance
- ✓ Expectations of continued positive EBITDA performance moving forward
- ✓ Reaffirming FY20 guidance of EBITDA \$1.8m to \$2.2m.
- ✓ With the FY19 announced restructure now complete, the key focus is on executing a profitable growth strategy and securing new customers via our key channels to market.

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Appendix 1 - CCG Investor Metrics



	Value
Number of shares (as at 19 Feb 2019)	191.4m
Share Price	\$0.062
Market capitalization	\$11.9m
Net (debt) / cash (31 Dec 2019)	\$1.7m
Enterprise Value	\$10.2m
Performance Rights on Issue - 50% vesting at 12.5c per share - 50% vesting at 20c per share	16.9m
Options on Issue - Exercisable at 31.25 cents (expire Dec 2020)	3.5m

Appendix 2 – Company Overview

- ✓ 5 ICT providers came together in 2017 to form Comms Choice Group
- ✓ Compelling market opportunity – Technology changes, Cloud services, NBN rollout
- ✓ Strong complementary skills and capabilities with well articulated value proposition
- ✓ Sound platform for continued growth
- ✓ A leading provider of Unified Comms solutions with MS Teams Calling offerings



DATA NETWORK

- Multi-carrier
- Fibre, NBN
- Simplify networks
- Connect to the cloud



VOICE NETWORKS

- Replace legacy ISDN & PABX
- Cloud based global business phone
- Global Office location support
- MS Teams calling
- Collaboration & Unified Comms functionality



MANAGED SERVICES

- SD WAN
- Design, Deliver, Ongoing Management and Support
- High availability, redundancy, greater control
- Better access to Cloud services

Appendix 3 - CommsChoice Global POP Network

Our global POP network hosted in 25 locations around the world.

Delivering Global Cloud Business Phone PBX + Global Microsoft Teams calling.

