



OvertheWire

ACQUISITION OF
ACCESS DIGITAL
NETWORKS

ACQUISITION OF
COMLINX

ASSOCIATED
CAPITAL RAISING

OCTOBER 2018

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THE STRAIGHT TALKING ALTERNATIVE

A customer focused alternative in the Australian and New Zealand
Telecommunications and IT Sectors

AGENDA

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1. INTRODUCTION

High quality
acquisitions with
limited integration
risk

- Access Digital Networks and Comlinx are high quality businesses that **accelerate Over the Wire's geographic expansion** into South Australia (Access Digital Networks) and provide Over the Wire's **customers with a broader product offering** (Comlinx)
- Both acquisitions are a continuation of Over the Wire's existing strategy and will contribute to Over the Wire group earnings from **1 November 2018***
- The acquisitions are **attractively priced** with relatively limited integration risk due to the nature of the businesses and transaction structure which retains key employees

Acquisitions fully
funded through
\$21.5m Placement
plus \$5m capped
SPP for any
deferred
consideration

- The cost of the two acquisitions combined is:
 - Upfront cash consideration of ~\$23.2m (Access Digital Networks ~\$10.4m and Comlinx ~\$12.8m);
 - Issue of ~\$5.8m of Vendor shares (Access Digital Networks ~\$2.6m and Comlinx ~\$3.2m) at \$4.60 per share, all of which are subject to escrow; and
 - Deferred cash consideration of up to ~\$5.5m
- The acquisitions are funded via:
 - Institutional placement of approximately 5.0m shares to raise approximately \$21.5m; and
 - Share Purchase Plan capped at \$5.0m
- Post capital raise, Over the Wire will have capacity to pay any deferred consideration and carry out another acquisition of up to approximately \$20.0m (from existing cash reserves and debt)

Significant
contribution to
group earnings
with significant
EPS accretion

- Combined **FY18 EBITDA contribution of \$6.1m from the two acquisitions** on a full year basis (vs. Over the Wire FY18 EBITDA of \$12.3m) representing an increase of approximately 50%
- Significant EPS accretion expected in FY19 and FY20 (pre synergies)

*Anticipated completion date for both acquisitions

2.1 ACQUISITION OF ACCESS DIGITAL NETWORKS

Access Digital Networks is a **leading South Australian** based provider of **data networks, voice and private cloud solutions**

ABOUT ACCESS DIGITAL NETWORKS

- Established in 2005, Access Digital Networks is headquartered in Adelaide and employs approximately 10 staff
- Access Digital Networks provides business grade telecommunications services including data networks, voice and private cloud solutions and services
- Approximately 250 business clients with high levels of customer retention

COMPLEMENTARY FIT WITH OVER THE WIRE

- Access Digital Networks accelerates Over the Wire's expansion into South Australia
- Opportunities for the combined Over the Wire group to cross sell to existing Access Digital Networks clients
- Potential for significant addressable near term revenue synergies and margin expansion

TRANSACTION OVERVIEW

- Acquired at approximately 4.5x* FY18 EBITDA on a debt free basis
- FY18 revenue of ~\$8.5m and pro forma FY18 EBITDA of ~\$2.9m
- Upfront consideration of ~\$13.0m comprised of ~\$10.4m in cash and ~\$2.6m in shares (priced at \$4.60) which are escrowed for 12 months from Completion
- Deferred consideration of up to ~\$1.5m based on key staff and customer retention

*Based on upfront total consideration



2.2 ACQUISITION OF COMLINX

Comlinx is a leading provider of **IT managed solutions to Corporate, Enterprise and Government customers** offering numerous cross-sell opportunities

ABOUT COMLINX

- Established in 2006, Comlinx is headquartered in Brisbane and employs approximately 20 staff
- Comlinx provides market leading business grade IT managed solutions including Data Network, Customer Contact Centre and Security products and services
- Approximately 100 clients with high levels of customer retention and long tenure of relationships with major customers

COMPLEMENTARY FIT WITH OVER THE WIRE

- Comlinx provides Over the Wire customers with a broader product offering and accelerates Over the Wire's move into the provision of Software Defined WAN (SD-WAN) solutions, further enhancing its data network capability
- Opportunities for the combined Over the Wire group to cross sell to existing Comlinx customers. A number of immediate opportunities have already been identified
- Potential for significant addressable near term revenue synergies and margin expansion

TRANSACTION OVERVIEW

- Acquired at approximately 5x* FY18 EBITDA on a debt free basis
- FY18 revenue of ~\$16.1m and pro forma FY18 EBITDA of ~\$3.2m
- Upfront consideration of ~\$16.0m comprised of ~\$12.8m in cash and ~\$3.2m in shares (priced at \$4.60). All of these shares are escrowed until 30 June 2020 and 50% are escrowed until 30 June 2021
- Deferred consideration of up to ~\$4.0m in cash based on financial performance

*Based on upfront total consideration



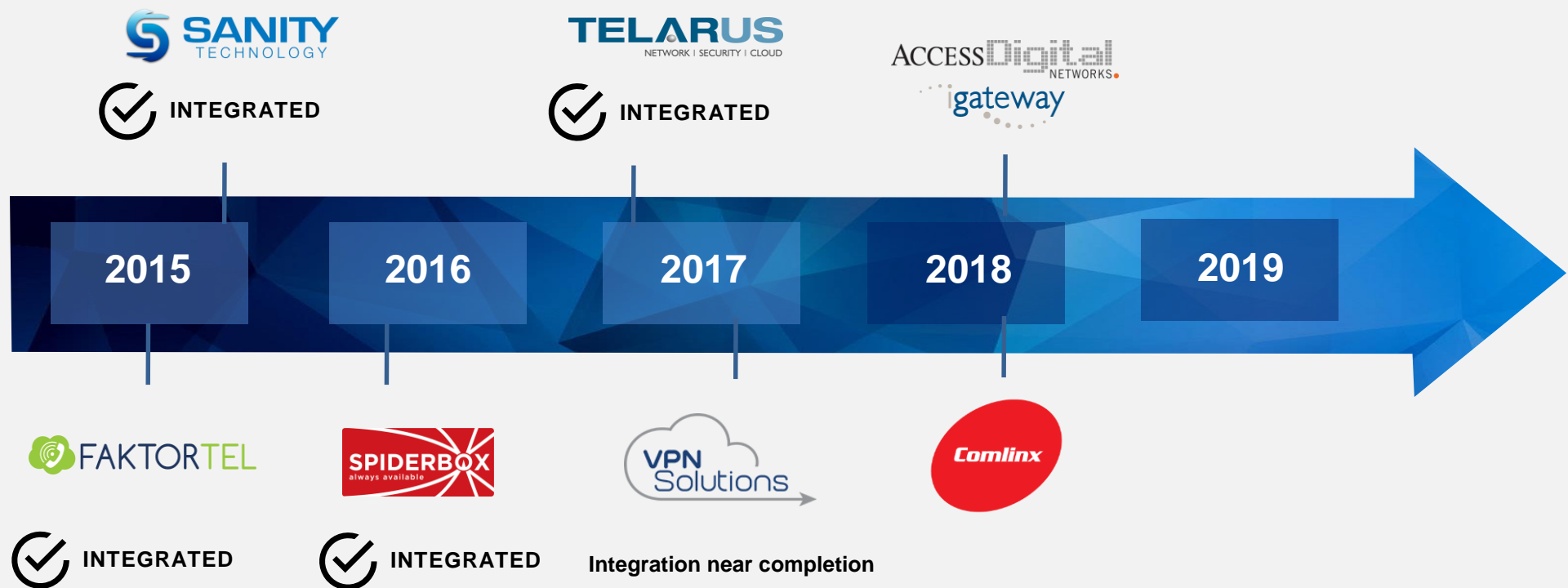
2.3 M&A DISCIPLINE

In keeping with Over the Wire's **strong M&A discipline**, the Access Digital Networks and Comlinx acquisitions fit with its strict criteria

	ACCESSDigital NETWORKS	gateway	Comlinx
Build scale / Expand geographic footprint / Build out product offering	✓		✓
High year on year customer retention	✓		✓
Purchase price approximately 5x EV / EBITDA	✓		✓
EPS accretive – pre and post synergies	✓		✓

3.1 STRATEGIC ACQUISITIONS - ACCELERATE GROWTH

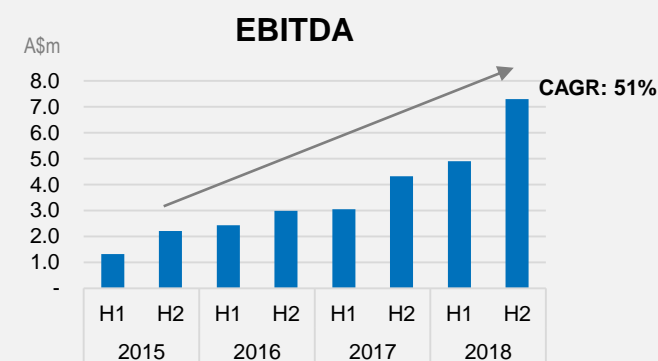
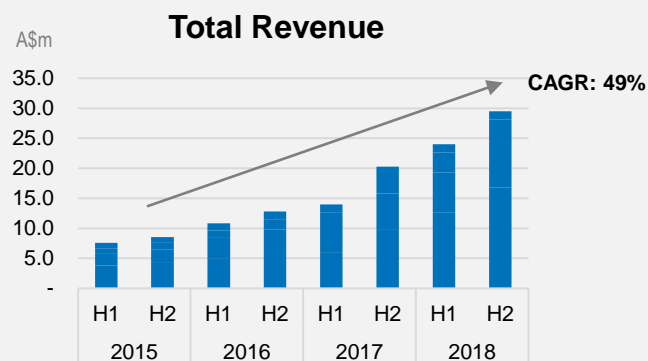
Over the Wire has a **track record of successfully acquiring and then integrating acquisitions** over the last three years, with timely realisation of synergies and cost savings



3.2 STRONG TRACK RECORD OF GROWTH

Over the Wire has delivered **organic** cumulative annual **revenue growth of >20%** over the last 6 years

- Organic growth will be achieved through continuing the following strategies:
 - Continued new customer acquisition via further geographic expansion and market penetration;
 - Leveraging Over the Wire's strong customer relationships and high customer retention to provide a broader range of products and services; and
 - Offering a full suite of products and services allowing Over the Wire to become a provider of complete solutions and a trusted business partner.



Note: 3 year CAGRs from FY15 to FY18

4. OVER THE WIRE GROUP POST ACQUISITIONS

The acquisitions **strengthen Over the Wire's customer offering** by providing an **increased product portfolio** and a **more complete suite of solutions**

Divisions	Brands	Products
Data Networks	    	<ul style="list-style-type: none"> Private Network (MPLS) Public Network (Internet) Mobile Data Cloud Connect IP Transit
Voice	     	<ul style="list-style-type: none"> SIP Trunking Hosted PBX Enterprise PBX
Hosting	    	<ul style="list-style-type: none"> Data centre colocation Private Cloud
Managed Services	   	<ul style="list-style-type: none"> Software Defined WAN (SD-WAN) Wireless Networks IT Service Management Cyber Security Contact Centre Solutions Unified Communications

5.1 SOURCES AND USES

Sources

Institutional placement	\$21.5m
SPP	Up to \$5.0m
Cash (as at 30 June 2018)	\$7.0m
Total sources	\$33.5m

Uses

Access Digital Networks upfront cash consideration	\$10.4m
Comlinx upfront cash consideration	\$12.8m
Estimated transaction costs	\$1.1m
Cash potentially required for earn-out payments	\$5.5m
Available cash (as at 30 June 2018)	\$3.7m
Total uses	\$33.5m

Note: Over the Wire will have approximately 51.6m shares on issue post the issue of Vendor shares, Placement and SPP (assuming full take up of the SPP)

STRONG BALANCE SHEET POST ACQUISITIONS

- Acquisitions fully funded with the equity raise plus existing cash and debt (assuming full take up of the SPP)
- \$18.0m existing facility with Westpac drawn to \$13.2m (as at 30 June 2018)
- Continued strong conversion of EBITDA to cash
- Potential for new larger debt facility

5.2 INSTITUTIONAL PLACEMENT AND SPP

Acquisitions of Access Digital Networks and Comlinx to be **fully funded** by an institutional placement with an SPP to provide additional balance sheet support for potential earn-out payments and future acquisitions

Offer size	<ul style="list-style-type: none"> ▪ Institutional placement of approximately 5.0m shares to raise approximately \$21.5m ▪ Share purchase plan capped at \$5.0m
Offer price	<ul style="list-style-type: none"> ▪ Offer price of \$4.30 per share (Offer Price) ▪ Offer Price represents: <ul style="list-style-type: none"> — 1.1% discount to the closing price on 16 October 2018 of \$4.35 — 2.1% discount to the 5 day VWAP — 6.0% discount to the 10 day VWAP — 5.4% discount to the 20 day VWAP ▪ Offer Price reflects double digit EPS accretion from the two acquisitions
Ranking	<ul style="list-style-type: none"> ▪ New shares will rank equally with existing ordinary shares from their time of issue
Placement distribution	<ul style="list-style-type: none"> ▪ Australia / New Zealand to sophisticated and institutional investors
Joint Lead Managers	<ul style="list-style-type: none"> ▪ Integra Advisory Partners and Morgans Corporate Limited
Share purchase plan	<ul style="list-style-type: none"> ▪ A SPP will be undertaken to allow all shareholders the opportunity to acquire up to \$15,000 of new shares at the Offer Price subject to a cap of \$5.0m in total ▪ Details will be provided to eligible shareholders in due course

5.3 INDICATIVE OFFER TIMETABLE

Wednesday 17 October 2018	<ul style="list-style-type: none"> Trading halt (before market open) Bookbuild conducted for Placement
Wednesday 17 October 2018	<ul style="list-style-type: none"> Record date for SPP (5pm Brisbane time)
Thursday 18 October 2018	<ul style="list-style-type: none"> Announcement of completion of Placement Trading halt lifted, normal trading resumes
Wednesday 24 October 2018	<ul style="list-style-type: none"> Settlement of New Shares issued under the Placement
Wednesday 24 October 2018	<ul style="list-style-type: none"> SPP Offer opens and Booklet dispatched
Thursday 25 October 2018	<ul style="list-style-type: none"> Allotment and normal trading of new securities under the Placement
Tuesday 13 November 2018	<ul style="list-style-type: none"> SPP closing date
Monday 19 November 2018	<ul style="list-style-type: none"> Issue of new shares under the SPP
Tuesday 20 November 2018	<ul style="list-style-type: none"> Normal trading of new shares under the SPP
Thursday 1 November 2018	<ul style="list-style-type: none"> Completion of acquisitions

Note: Dates and times are indicative only and subject to change without notice. Over the Wire reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth). All dates refer to Brisbane, Australia time.

6. INVESTMENT HIGHLIGHTS

High quality acquisitions with limited integration risk and strong EPS accretion

- Access Digital Networks and Comlinx are high quality businesses
- The acquisitions are **attractively priced** with relatively limited integration risk due to the nature of the businesses and transaction structure which retains key employees
- Combined **FY18 EBITDA contribution of ~\$6.1m from the two acquisitions** on a full year basis (vs. Over the Wire FY18 EBITDA of ~\$12.3m) representing an increase of approximately 50%
- Significant EPS accretion expected in FY19 and FY20 (pre synergies)

Acquisitions reinforce Over the Wire's strategy

- Both acquisitions are a continuation of Over the Wire's existing strategy and will contribute to Over the Wire group earnings from **1 November 2018**
- Access Digital **accelerate Over the Wire's geographic expansion** into South Australia
- Comlinx provides Over the Wire's **customers with a broader product offering** and additional value added services that can facilitate the pull through of revenue from Over the Wire's Data Network and Voice divisions

Targeting 20% organic growth with balance sheet capacity for future acquisitions

- Over the Wire **will continue to target > 20% Year on Year organic revenue growth** together with very high customer retention
- **Strong balance sheet post capital raising** – capacity for a further acquisition up to a value of approximately \$20m

7. KEY RISKS

Competition and loss of reputation

Over the Wire operates in a competitive landscape, which is subject to rapid and significant change, alongside a number of other telecommunications and IT service providers with competing offerings, which may impact on Over the Wire's existing or anticipated growth in market share and presence. The progressive rollout of the National Broadband Network may result in increased competition.

Customer relationships

The growth of the Over the Wire group depends in part on increasing the number of its customers and retaining existing customers. Over the Wire group's ability to maintain levels of customer numbers, or to increase the number of customers, could result in the Over the Wire group's revenue or margin declining or operating results being materially and adversely affected.

Supplier relationships

Over the Wire is dependent on ongoing relationships with key suppliers, including wholesale suppliers of data and voice networks, as well as third party data centres. Termination or failure to renew agreements with key suppliers could have a material adverse effect on Over the Wire's operations and financial position.

Changes to laws or regulations

Over the Wire will be subject to local laws and regulations in each jurisdiction in which it provides its services. Changes in or extensions of laws and regulations affecting Over the Wire's business could restrict or complicate Over the Wire's business.

Technology developments

A failure by Over the Wire to adapt to technological changes could have an adverse effect on Over the Wire's business, operating results and financial position.

Acquisitions

Over the Wire's due diligence processes in relation to the acquisitions of Comlinx and Access Digital Networks may not be successful and an acquisition may not perform to the level expected. In particular key customers and employees may be lost which could cause a material adverse change to the financial position of the company that was acquired and therefore to Over the Wire (from 1 November 2018).

Over the Wire's growth strategy may be impacted if it is unable to find additional suitable acquisitions.

Reliance on information provided for due diligence

Over the Wire has undertaken and is continuing to undertake a due diligence review in respect of the acquisitions. Despite taking reasonable efforts Over the Wire has not been able to verify the accuracy, reliability or completeness of all the information provided against independent data.

There is a risk that information provided by the sellers (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to Access Digital Network and Comlinx's businesses. Limited contractual representations and warranties have been obtained from Access Digital Networks and Comlinx in respect of the adequacy and accuracy of the materials disclosed during the due diligence process.

Dependence upon key staff

Over the Wire depends on the talent and experience of its staff as its primary asset. There may be a negative impact on Over the Wire if any of its key staff leave.

Share investment risk

Any potential investor should be aware that subscribing for Shares involves various risks. The Shares to be issued pursuant to the Offer carry no guarantees with respect to the payment of dividends, return of capital or market value.

7. KEY RISKS (CONTINUED)

Requirement to raise additional funds

Over the Wire group may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory.

Growth

There is a risk that Over the Wire may be unable to manage its future growth successfully. The ability to hire and retain skilled staff may be a significant obstacle to growth.

Insurance

Over the Wire will maintain adequate insurance coverage in line with industry practice, but there may be some losses against which it cannot be protected. If Over the Wire incurs uninsured losses or liabilities, its assets, profits and prospects may be materially adversely affected.

Lease arrangements for data centres

Over the Wire's business strategy includes commitment of substantial operational and financial resources to develop, lease and operate data centres, which may be jeopardised if Over the Wire is unable to secure its current or future data centre lease arrangements.

Technology and infrastructure systems performance

Whilst Over the Wire believes it is using proven technologies and has established systems to efficiently carry out its operations, the viability of its endeavours can be affected by force majeure circumstances, incompatibility of hardware or software with customer systems, market access constraints, cost overruns, the performance of associated parties or unforeseen claims and events.

Catastrophic loss

Computer viruses, fire and other natural disasters, break-in or other security problems, a failure of power supply, information systems, hardware, software or telecommunication systems or other catastrophic events could lead to interruption, delays or cessation in service to Over the Wire's customers.

Equity raising dilution risk

If shareholders do not participate in the Placement or SPP then their percentage shareholding in Over the Wire will be diluted as a result of the Placement, SPP and scrip consideration.

Even if a shareholder does take up their full allocation under the SPP, the percentage shareholding in Over the Wire may be diluted by the Placement and scrip consideration and possibly also from the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholdings.

Hacking and vandalism

Over the Wire may be adversely affected by malicious third party applications that interfere with or exploit potential security flaws in its software and infrastructure, which may result in a material adverse effect on Over the Wire's operations and financial position.

THANK YOU FOR YOUR TIME
ANY QUESTIONS?



1300 689 689

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BRISBANE

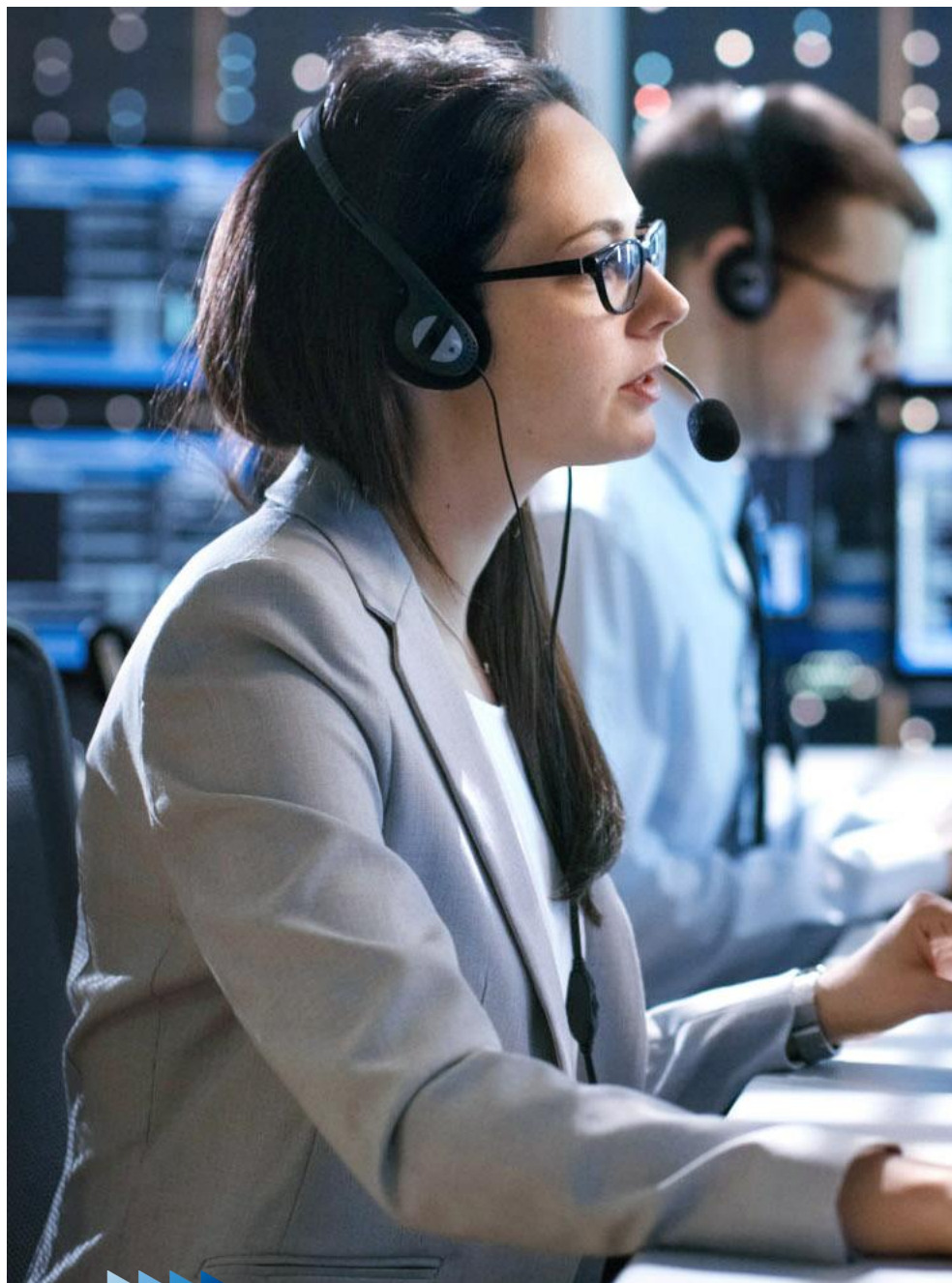
Level 21, 71 Eagle St
Brisbane QLD 4000

SYDNEY

Level 9, 33 York St
Sydney NSW 2000

MELBOURNE

Level 8, 473 Bourke St
Melbourne VIC 3000

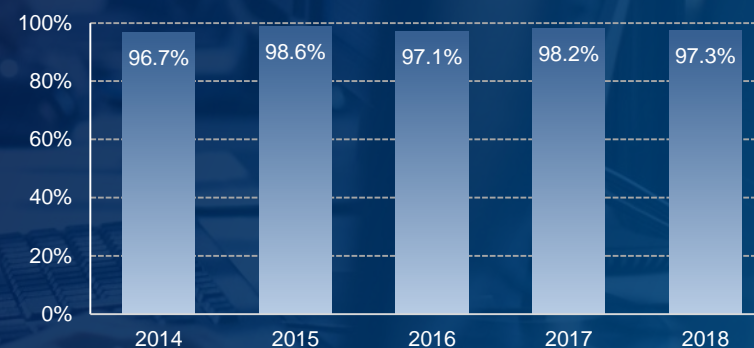


CUSTOMER SERVICE A COMPETITIVE ADVANTAGE

Over the Wire has **maintained** very high levels of **customer retention** (>96% in last 5 years)

- Over the Wire has developed a culture which consistently delivers high levels of customer service and retention
- This high level of customer service allows Over the Wire to win customers from its competitors and expand the services provided to customers
- Customer experience remains a key differentiator in an industry that is known for poor customer service

OVER THE WIRE CUSTOMER RETENTION
Revenue Year-on-Year

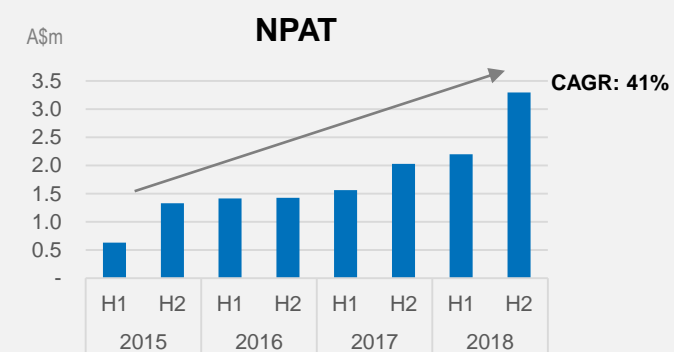
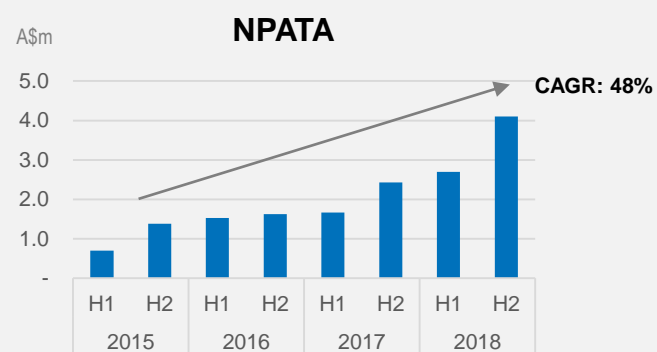
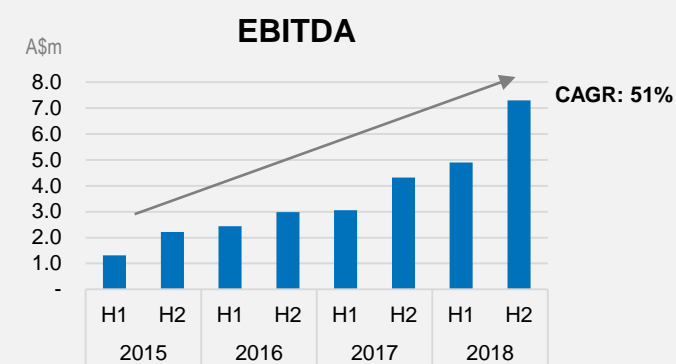
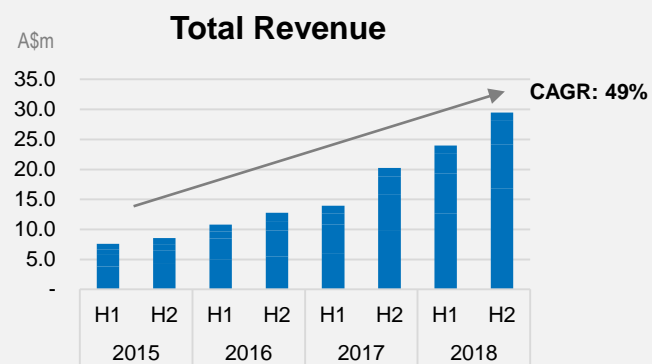


Notes:

- (1) Does not include acquisitions until they have been owned for 2 full comparative years.
- (2) A customers revenue is classified as retained in a given year if Over the Wire had revenue from the customer in the current year and in the previous year.

STRONG FINANCIAL PERFORMANCE

Over the Wire has consistently delivered **growth in revenue and profitability**



Note: 3 year CAGRs from FY15 to FY18

STRATEGIC OUTLOOK

We remain **focussed on achieving our vision** and continuously **improving the financial performance** of the business and the **returns for our shareholders**

GROW

Grow organically by 20% annually and supplement our growth with strategic acquisitions that accelerate our growth and add long term value.

- Continue investment in Sales and Marketing
- Continue cross selling to existing customers
- Selective future acquisitions
- Realisation of synergies from VPN Solutions acquisition
- Integration of Comlinx and Access Digital acquisitions

IMPROVE

Continuously improve our product offering to offer seamless solutions with no gaps.

- Further develop our offering in:
 - SD-WAN
 - Cyber Security
 - Mobility

FOCUS

Our customers remain at the epicentre of all that we do, receiving exceptional service and recommending us to others.

- Continuously focus on how we are improving the experience for our customers

ENGAGE

Ensure our team is engaged and customer focussed, embodying our core values.

- Build on our performance culture
- Be a great place to work
- Strengthen our Leadership team
- Attract, develop and retain great talent

EVOLVE

Evolve our systems to support and enhance customer experience, our growth and our corporate performance.

- Continue integration of systems to ensure seamless customer and team experience
- Further enhance our customer portal for optimal customer experience