



OvertheWire

2019

HALF YEAR RESULTS
PRESENTATION

FEBRUARY 2019

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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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2019 H1 FINANCIAL HIGHLIGHTS

REVENUE

↑ 43%

EBITDA

↑ 53%

NPATA

↑ 56%

NPAT

↑ 45%



PROFIT AND LOSS

(A\$m)	2018 H1	2019 H1	Change (%)
Data Networks	12.6	17.7	40%
Voice	6.7	8.1	21%
Cloud / Services	3.3	7.0	111%
Data centre co-location	1.4	1.5	7%
Revenue	24.1	34.3	43%
Gross profit	13.1	18.9	
<i>Gross profit %</i>	<i>54%</i>	<i>55%</i>	
Other Income	0.0	0.0	
Overhead Expenses	8.2	11.4	
EBITDA	4.9	7.5	53%
EBITDA %	21%	22%	
Interest	0.2	0.2	
Depreciation	1.0	1.2	
Amortisation (Internally Generated Software)	0.1	0.1	
Tax	1.1	1.8	
NPATA	2.7	4.2	56%
Amortisation (Acquired Intangibles)	0.7	1.4	
Tax	-0.2	-0.4	
NPAT	2.2	3.2	45%

STRONG GROWTH IN REVENUE AND PROFITABILITY

- On track to deliver greater than 18% organic growth for 2019
- Strong growth in profitability delivered organically and through quality acquisitions
- Ongoing achievement of Operational Leverage
- Increased Gross Profit & EBITDA Margins

STRONG CASH CONVERSION

(A\$m)	2018 H1	2019 H1
Receipts from Customers	26.4	37.6
Payments to Suppliers & Employees	-21.4	-30.4
	5.1	7.2
Interest Paid & Other Finance Costs Paid	-0.2	-0.2
Income Taxes paid	-1.4	-2.2
Net Cash From Operating Activities	3.5	4.8
Payments for Purchases of Businesses	-14.5	-24.3
Payments for Property, Plant & Equipment	-1.0	-2.7
Payments for Intangibles (Internally Generated Software)	-0.1	-0.3
Net Cash Used in Investing Activities	-15.6	-27.3
Proceeds from Issue of Shares	0.0	25.4
Proceeds / (Repayment) of Borrowings	12.0	-0.9
Dividends Paid	-0.5	-0.7
Net Cash From / (Used in) Financing Activities	11.4	23.9
Net Increase in Cash & Cash Equivalents	-0.7	1.4
Cash & Cash Equivalents at Beginning of the Year	5.5	7.0
Cash & Cash Equivalents at the End of the Year	4.8	8.4
Non-Cash Financing Activities		
- Shares Issued as Consideration for Business Acquisitions	0.8	5.8

OVER THE WIRE GENERATES STRONG CASHFLOW

- Continued strong conversion of EBITDA to cash
- Acquisitions of Comlinx and Access Digital through a mix of a Capital Raising, Direct Shares, and Cash
- Plant & Equipment includes \$1.3m Cloud Platform Expansion
- \$1.9m in Deferred Consideration paid to vendors of VPN Solutions and Sanity

BALANCE SHEET

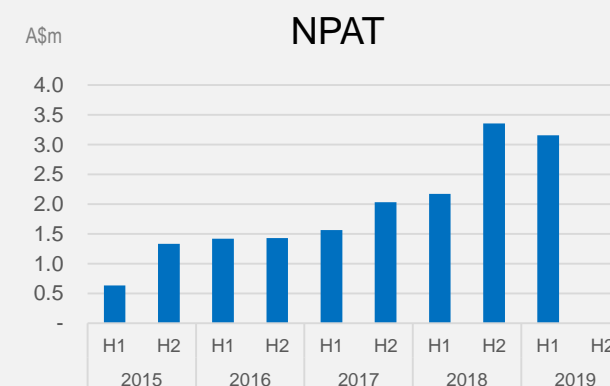
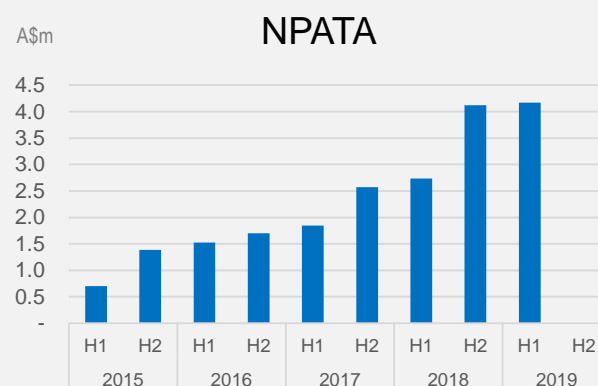
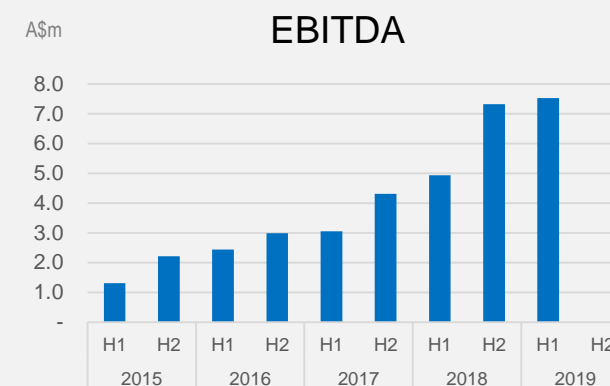
- Net Debt decreased from \$6.2m to \$4.0m
- Net Debt (including Deferred Consideration) increased from \$8.2m to \$9.9m, following inclusion of \$6m in potential earn out payments for Comlinx and Access Digital
- Interim Dividend Declared – 1.25¢ per share, payable April 2019

(A\$m)	2018 H2	2019 H1
Cash and Cash Equivalents	7.0	8.4
Trade and other Receivables	4.4	7.2
All Other	1.2	3.7
Total Current Assets	12.5	19.3
Property, Plant & Equipment	5.1	7.8
Intangibles	36.6	75.6
All Other	0.0	0.4
Total Non Current Assets	41.7	83.7
Total Assets	54.2	103.1
Trade & Other Payables	7.3	8.1
Borrowings	4.0	4.3
Settlement Liability	2.0	6.0
Current Tax Liability	1.0	0.5
All Other	1.3	5.8
Total Current Liabilities	15.6	24.7
Borrowings	9.2	8.1
Deferred Tax	4.4	10.9
All Other	0.2	0.7
Total Non-Current Liabilities	13.8	19.7
Total Liabilities	29.4	44.4
Net Assets	24.9	58.6
Issued Capital	12.2	43.8
Reserves	0.4	0.1
Retained Profits	12.3	14.8
Total Equity	24.9	58.6



STRONG FINANCIAL PERFORMANCE

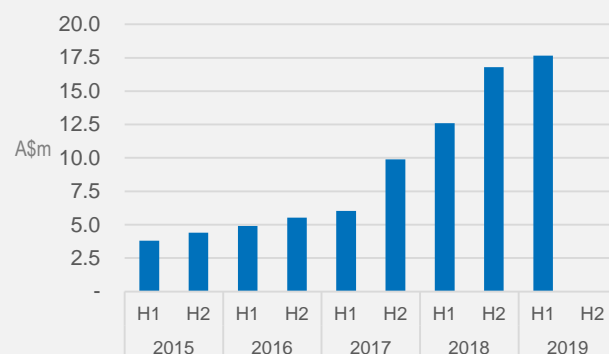
Over the Wire has delivered consistent growth in revenue and profitability



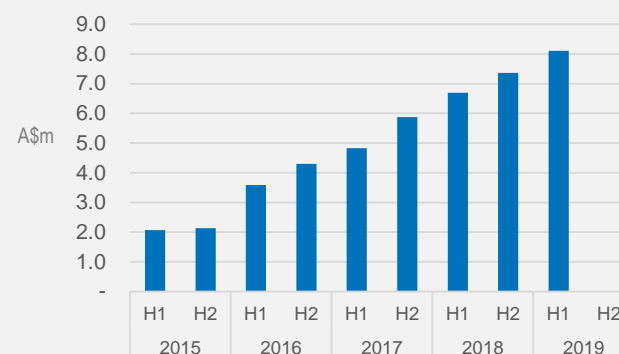
GROWTH ACROSS ALL PRODUCT DIVISIONS



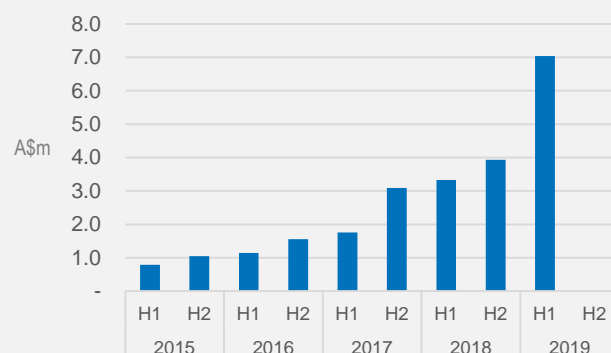
DATA NETWORKS
(51% of 2019 H1 Revenue)



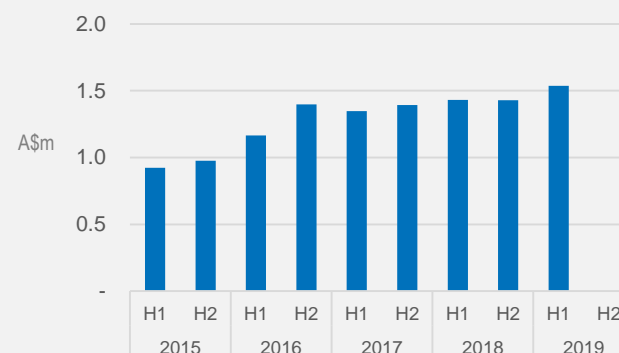
VOICE
(24% of 2019 H1 Revenue)



CLOUD / MANAGED SERVICES
(20% of 2019 H1 Revenue)



DATA CENTRE CO-LOCATION
(4% of 2019 H1 Revenue)



GROWTH STRATEGY

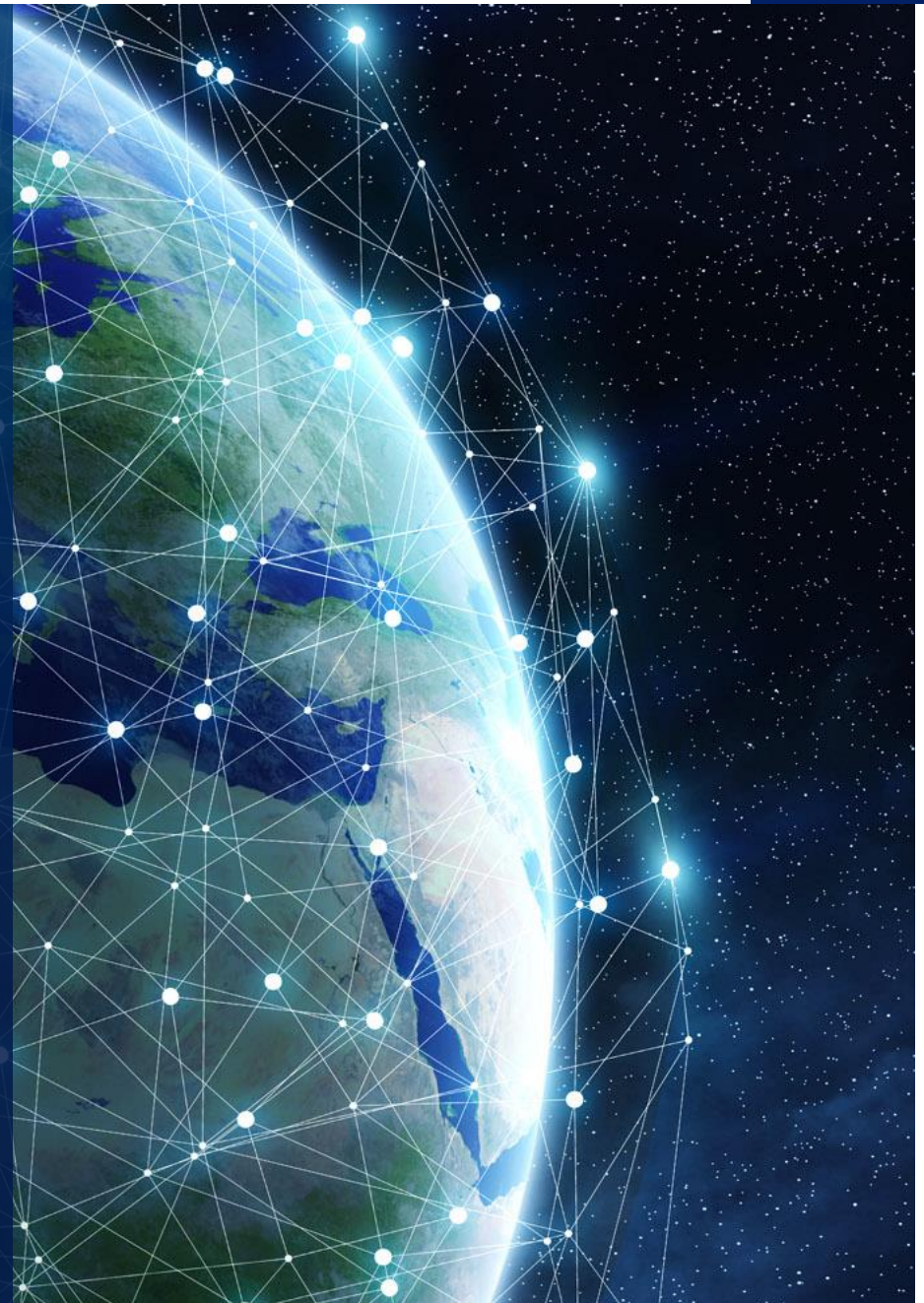
CONTINUE TO GROW ORGANICALLY AND THROUGH ACQUISITIONS

ORGANIC GROWTH:

- Our strategy continues to target >20% organic growth each year
- This will be achieved through:
 - Continued geographic expansion into NSW and Victoria
 - Leveraging Access Digital's strong presence in South Australia
 - Selling more products and services to existing customers by leveraging Over the Wire's broad product set
 - Utilising Comlinx's expanded product offering to further accelerate cross-selling opportunities, as well as broaden our target market and list of potential business customers

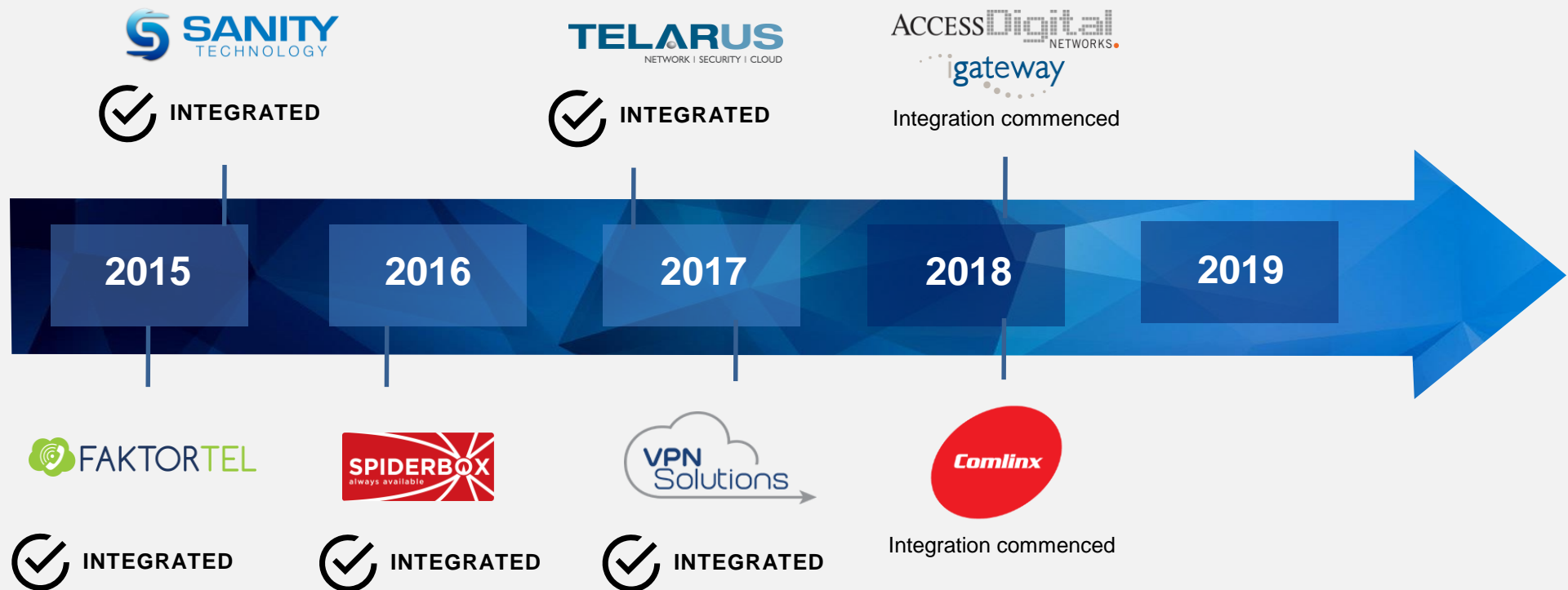
STRATEGIC ACQUISITIONS:

- Acquisitions will be considered where they have a compelling strategic fit and further accelerate our organic growth in the future



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



ACQUISITION UPDATE - ACCESS DIGITAL NETWORKS

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

AT A GLANCE

- Acquired on 1 November 2018
- Headquartered in Adelaide and employs approximately 10 staff
- 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
- Expedites Over the Wire's growth in South Australia
- Contributed \$1.3m revenue in 2019 H1

CURRENT STATUS

- Team integration commenced, with full integration expected during the next six months
- System integration commenced, with all systems to be integrated within the next six months
- Realisation of synergies expected to to be delivered during 2020



ACQUISITION UPDATE - COMLINX

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

AT A GLANCE

- Acquired on 1 November 2018
- Headquartered in Brisbane and employs approximately 20 staff
- 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
- Provides customers with a broader product offering and accelerates Over the Wire's move into the provision of Software Defined WAN (SD-WAN) solutions
- Contributed \$2.1m revenue in 2019 H1

CURRENT STATUS

- Accounts and HR functions integrated
- Plans generated and execution commenced to deliver revenue synergies



AWARDS AND RECOGNITION

Over the Wire was recognised with the following awards during 2019 H1

- Forbes Asia 200 Best Under a Billion
- Financial Review Fast 100
- Deloitte Tech Fast 50
- Deloitte Leadership Award
- CRN Fast 50
- Smart Company Smart 50



2019 H1 HIGHLIGHTS

- Completed acquisition of Access Digital Networks
- Completed acquisition of Comlinx
- Achieved Revenue growth of 43%, to \$34.3m
- Achieved EBITDA growth of 53%, to \$7.5m
- Achieved NPATA growth of 56%, to \$4.2m
- Declared Interim Dividend of 1.25 cents per share
- Basic EPS up 36%, to 6.78 cents



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

THANK YOU



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FUTURE REVENUE CATEGORISATION

- Over the Wire has historically categorised its revenue into 4 principal product areas:
 - Data Networks, Voice, Data Centre Co-Location, and Cloud & Managed Services
- A slight change to these four categories will better align with the purchasing decisions made by businesses, which centre around:
 - Who provides their Data Network
 - Who provides their Voice
 - Where they host (store) their data and applications
 - Who will provide security and management going forward
- Accordingly, in the future we will begin categorising our revenue into 4 new product areas:
 - Data Networks
 - Voice
 - Hosting (*combining Cloud and Data Centre Co-Location*)
 - Security & Managed Services
- A comparison is set out below to prepare for the transition in future reporting periods

Previous Categorisation				Future Categorisation			
(A\$m)	2018 H1	2019 H1	Change (%)	(A\$m)	2018 H1	2019 H1	Change (%)
Data Networks	12.6	17.7	40%	Data Networks	12.6	17.7	40%
Voice	6.7	8.1	21%	Voice	6.7	8.1	21%
Cloud / Services	3.3	7.0	111%	Hosting	2.8	4.2	51%
Data centre co-location	1.4	1.5	7%	Security & Managed Services	2.0	4.4	121%
Revenue	24.1	34.3	43%	Revenue	24.1	34.3	43%