

Webcentral Limited

ASX: WCG

1H FY22 Results Presentation

21 February 2022



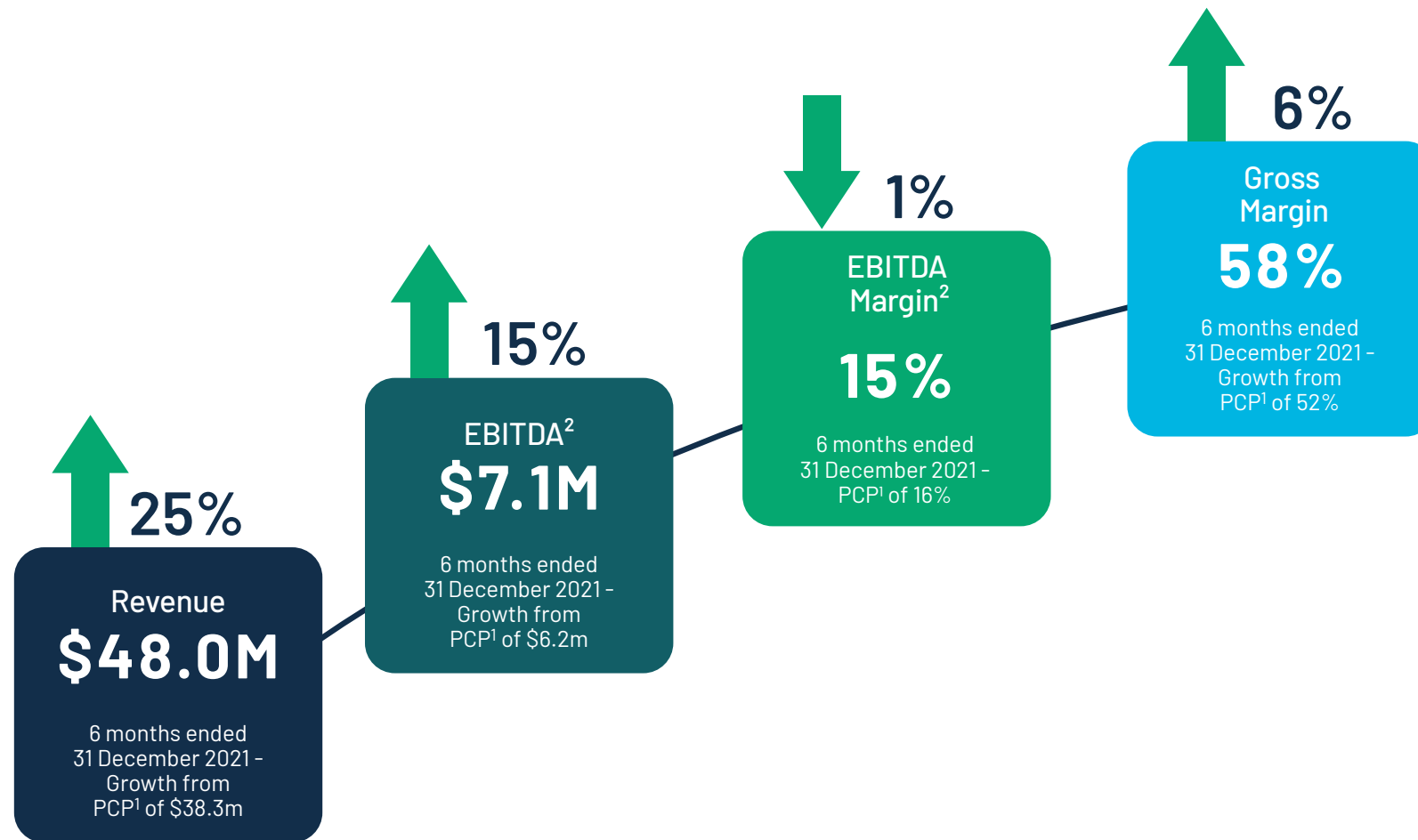
Disclaimer

This presentation contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that Webcentral anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to expectations, planned operations or future actions. These forward-looking statements are based on currently available information as of the date of this presentation but are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.

A number of risks, uncertainties and other factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following: risks associated with reliance on key personnel; financial health of Webcentral and its related cash flows; general industry and market conditions and growth rates; legislative and regulatory developments; general economic conditions and levels of economic activity; global financial conditions; financing risks; degree of competition in the industry; risks associated with the development of projects; changes in employee relations; and control of costs and expenses.

Forward-looking information reflects Webcentral's current beliefs and is based on information currently available to Webcentral and on assumptions it believes to be reasonable. The forward-looking information is made as of the date of this presentation and Webcentral assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law. Prospective investors should not read forward-looking information as guarantees of future performance or results and should not place undue reliance on forward-looking information. Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.

H1 FY22 First Half Financial Results – Continued Growth



1. Prior Corresponding Period six months ended 31 December 2020

2. Underlying EBITDA before acquisition, non-recurring costs and share based payments expenses

Profit & Loss – 1H FY22

	1H FY21 \$M	1H FY22 \$M	Change %
Revenue			
Cloud	9.6	14.3	49%
Domains	3.8	10.8	187%
Network & Voice	4.5	5.3	18%
Data Centres	4.7	3.9	(15%)
Managed Services	6.6	6.0	(9%)
Digital Marketing	1.8	2.5	43%
Hardware & Software	6.4	3.3	(49%)
Other income	1.0	1.8	76%
Total Revenue and Other Income	38.3	48.0	25%
Gross Profit	19.4	26.6	37%
Gross Margin	52%	58%	
EBITDA pre non-recurring costs	6.2	7.1	15%
EBITDA margin	16%	15%	
Non-operating items	(2.9)	(10.0)	(246%)
EBITDA after non-recurring costs	3.3	(2.9)	(189%)
Depreciation & amortisation	(4.5)	(7.0)	(55%)
Net interest	(1.0)	(1.3)	(24%)
Profit before tax	(2.3)	(11.2)	(387%)

- \$48m revenue and other income at top of guidance range, 25% growth from prior period
- \$7.1m EBITDA above guidance, 14.8% growth on prior period
- Improvement in gross margin to 58% from organic growth and direct cost synergies achieved
- Slow 1st half hardware sales and service delivery due to COVID, improving in the 2nd half
- Other income declining as non-core projects and TSA's complete, focus shift to core operations
- Non-operating items includes \$8.2m accelerated share-based payment expenses from early exercise and cancellation of 5GN performance rights and options due to the merger, and \$1.8m merger restructuring and other acquisition costs

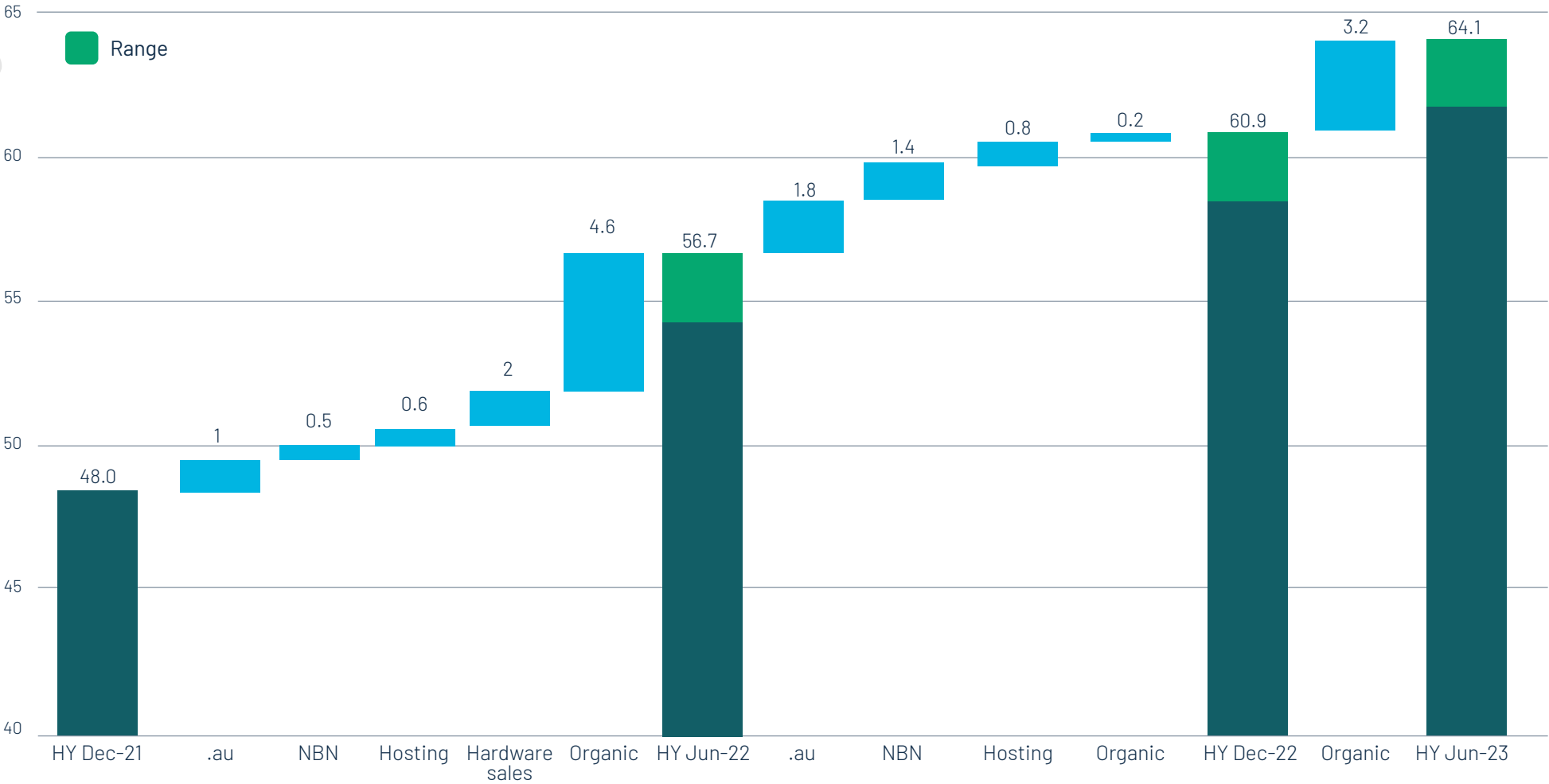
Highlights and Achievements

- ✓ Webcentral delivering to plan with first half EBITDA above guidance and revenue at top of range
- ✓ Customer value increase with 6 - 12% ARPU growth from prior corresponding period, 10% increase in ARPU YOY
- ✓ Strong 5GN customer growth with \$2m new sales and \$12m contract renewals
- ✓ New Data Centre sales (70+ racks) or \$100k revenue p/m at high incremental margins
- ✓ Improved customer retention from focus on customer service, systems and billing processes

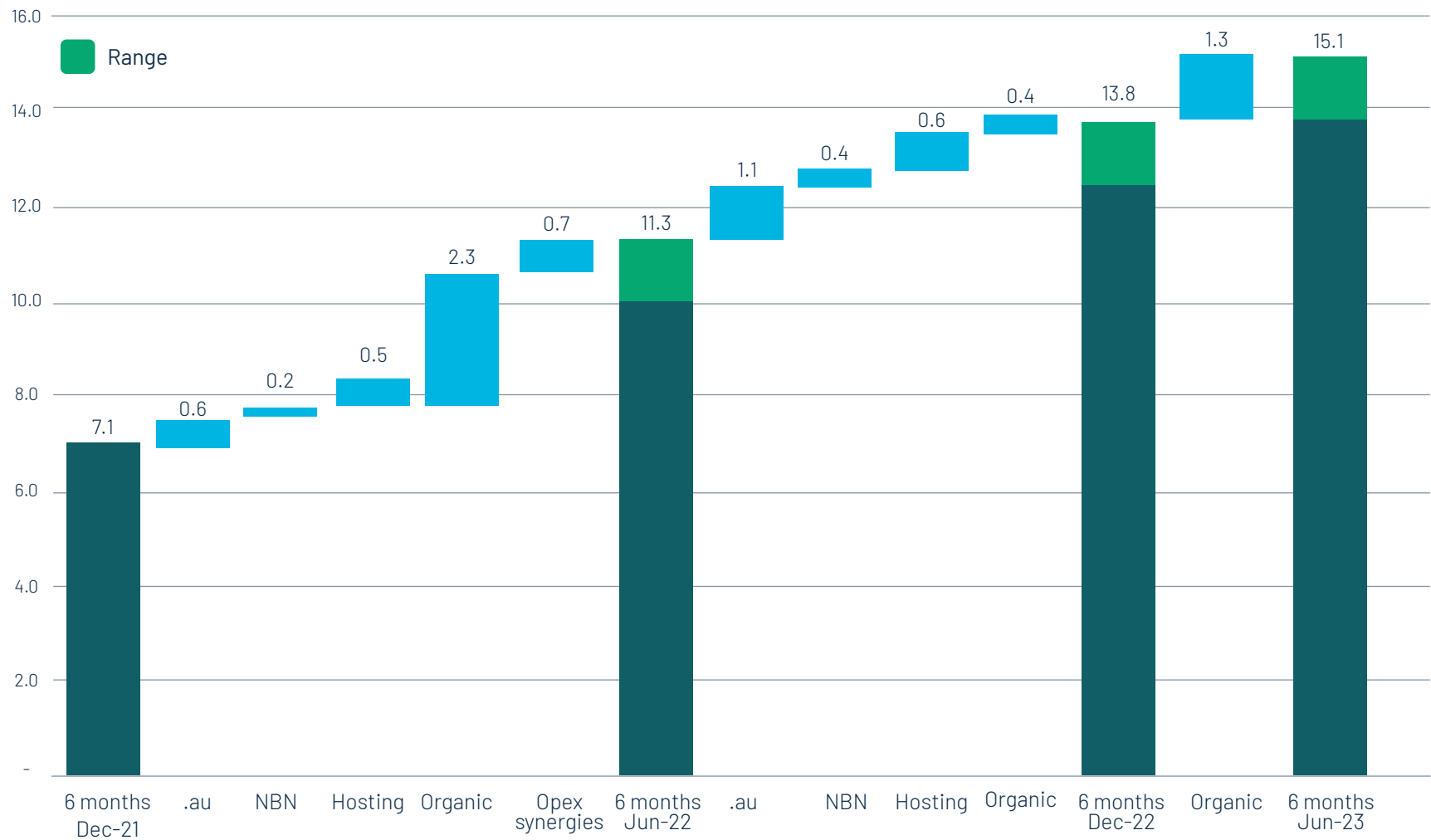
2nd Half Activity

- ✓ Launch new .au domains - 24th March
- ✓ Launch of Cloud Port connecting 25 Data Centres in Australia plus LA, SGP, NZ and TYO - March
- ✓ Stage 1 NBN launch to our 330k SME customer base - June
- ✓ Exiting third party Data Centres and excess property leases, resulting in \$200k per month cash savings - April
- ✓ Jay Salter joins team to reboot our Digital Marketing Business and drive growth - February

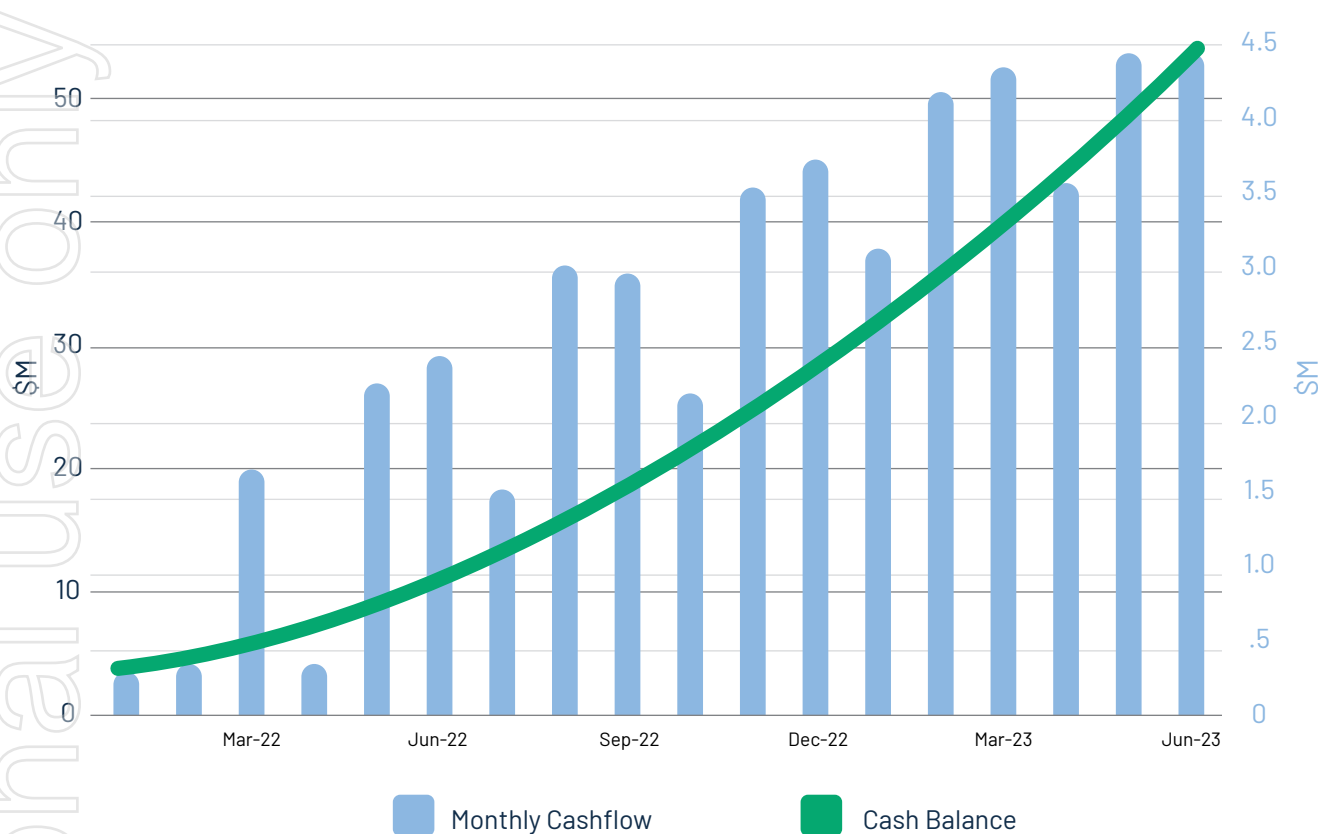
Revenue Trajectory



EBITDA Trajectory



Strong Cash Trajectory



Acceleration of operating cashflow generation expected from growth initiatives implemented and underway:

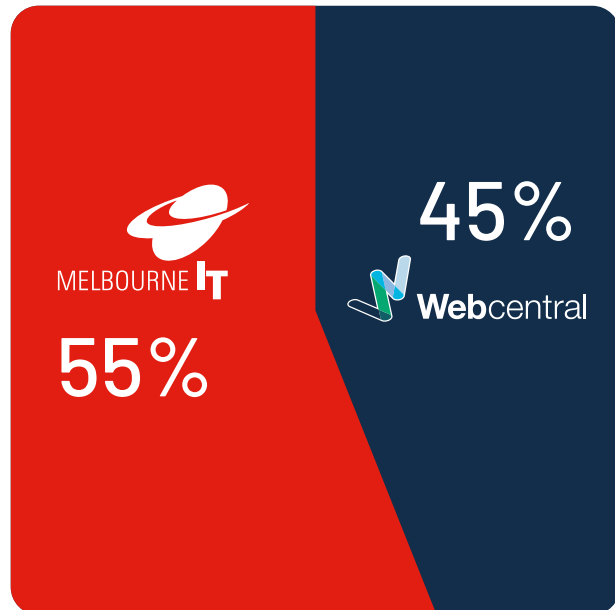
- Cash Balance at June '22 forecast to be \$14m circa.
- Cash Balance at June '23 forecast to be \$55m circa.
- Excludes cash used for potential Acquisition
- Excludes \$10.5m CBA Bridge Facility available for Cirrus Networks (ASX: CNW) acquisition

Notes:

1. Forecast impact of organic growth initiatives already implemented and to be implemented during the period shown.
2. Forecast excludes non-recurring and non-operating items including transaction and acquisition costs.
3. Forecast assumes no potential impacts from COVID or other economic impacts or events.

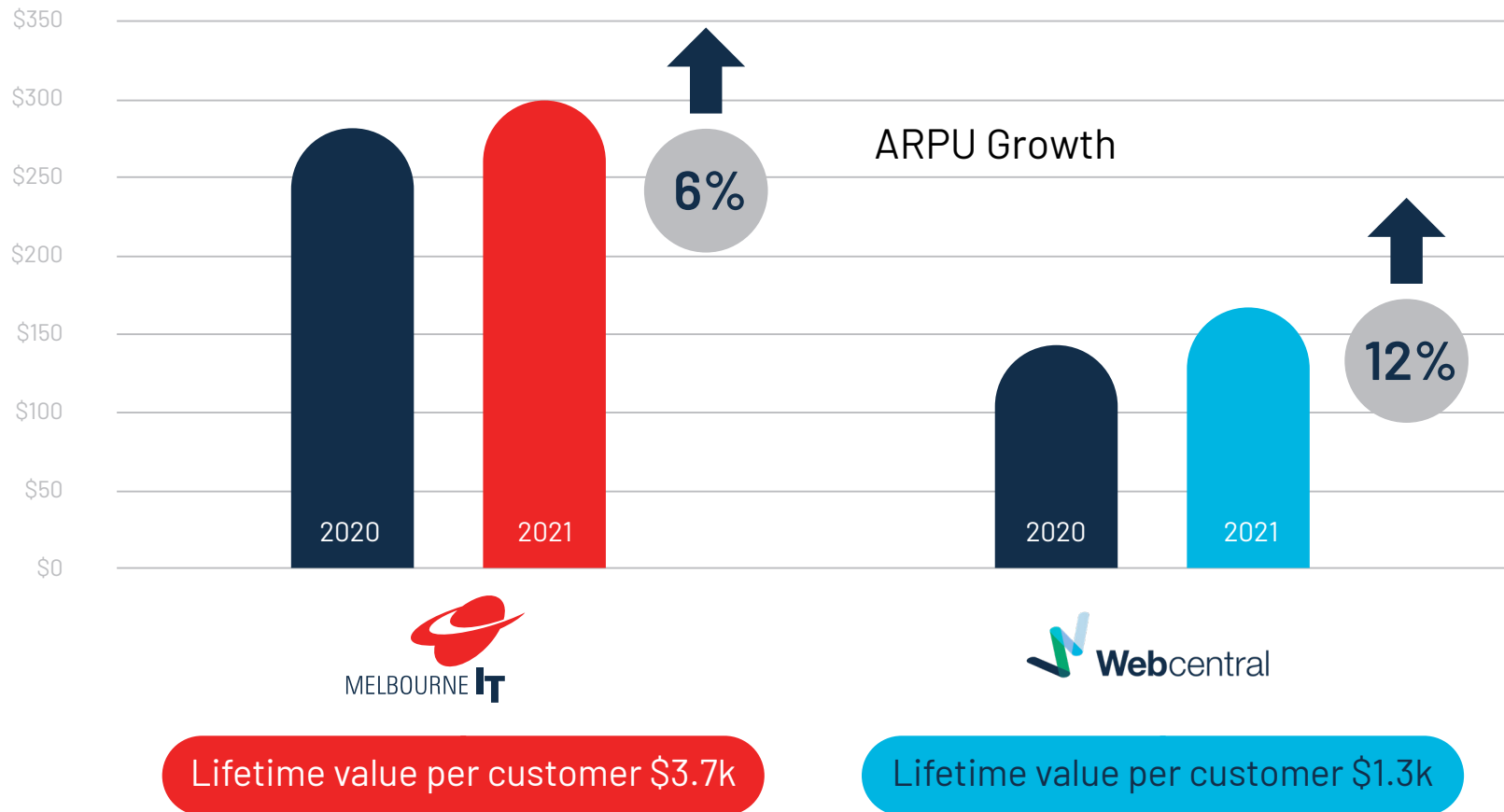
Significant .au Revenue Opportunity from existing customer base

- .au launch in March 2022 with presales underway
- \$9.6m revenue opportunity from 370k .com.au domains currently managed by Webcentral
- \$6.3m gross margin opportunity



Webcentral - Increase in average revenue per customer

Improvement in ARPU in CY2021 from upsell to higher value products



5GN: Strong new sales and customer re-signs

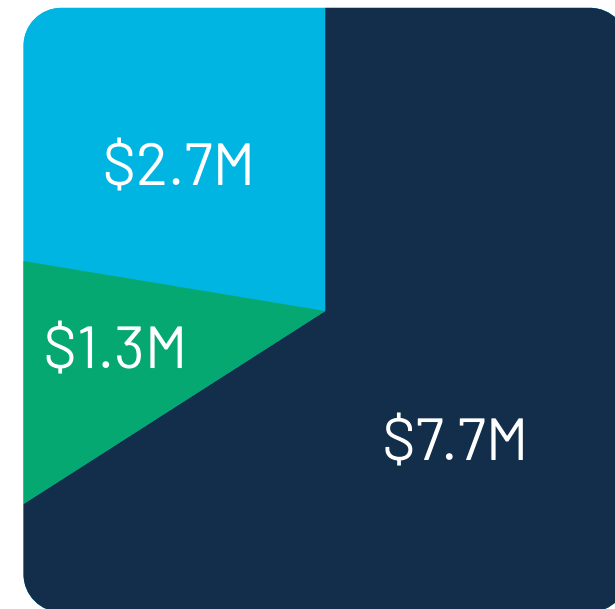
New sales of \$2M TCV¹ in 1HFY22

- New contracts across cloud, data centre and networks and MIT service lines
- 70 DC racks sold representing \$100k p/m in new revenue
- Digital marketing campaigns generating significant new customer leads

Existing customer re-signs of \$12M TCV¹

- Strong re-sign of existing customers across cloud hosting, data centre & networks and Managed MIT
- 5GN's largest customer re-signed for 3 year term
- Re-signs of other long standing key customers in health, education and services sectors

5GN Customer Re-signs



- Cloud and Hosting
- Data Centre and Networks
- Managed IT

Notes:

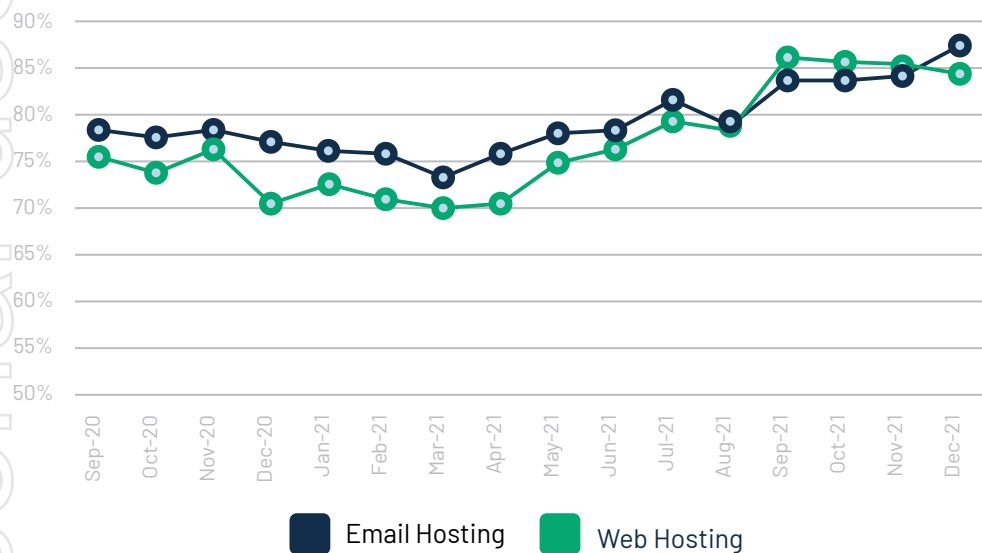
1. Total Contract Value

Improved customer retention

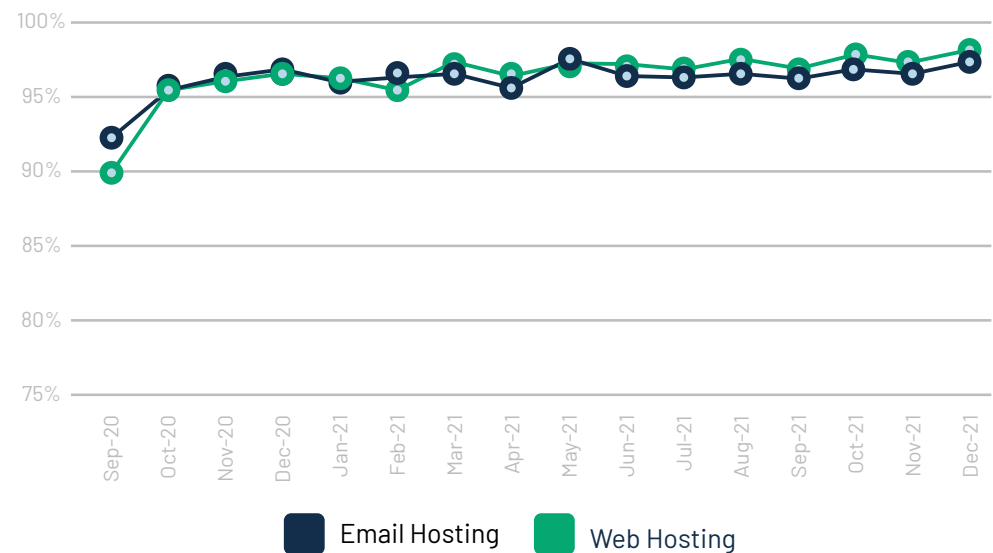
Improved customer renewal rates from initiatives to improve customer service, systems and billing processes

- annual product renewal rate now 87% - up from 75% in 2020
- monthly product renewal rate now 98% - up from 90% in 2020

Customer renewal rate - Annual products



Customer renewal rate - Monthly products



Webcentral Owned and Operated Network Infrastructure










Strategic Plan Focused on Acquisitions and Organic Growth



Excludes any Acquisitions

Product Offering

Webcentral services more than 330,000 Government, enterprise, wholesale, and small and medium businesses (SMB) customers across Australia and New Zealand. With 350 employees we seamlessly provide a range of cloud enabling solutions to businesses which consist of the following:

Domains		Registration	Domain Portfolio Solutions			
Cloud		Email and O365	Web Hosting	5GN Private Cloud		
Data Centre		Co-location	Bare Metal	5GN CloudPort		
Data Networks		National MPLS network	National Links	International Links	Dark Fibre	
Managed Services		SharePoint	O365	Consulting	Design	Network & Infrastructure End User Support
Digital Marketing		SEO	Social	PPC	Content	
Hardware & Software		Cisco	Juniper	Dell	EMC	Microsoft VMware Citrix

Webcentral is one of the Top 3 Domain providers in Australia and the largest Australian owned operator of Fibre Networks, Cloud and Data Centres

Cashflow – 1H FY22

\$M	1H FY21	1H FY22	Change
Receipts	41.5	54.1	12.6
Payments	(36.3)	(50.7)	(14.4)
Net Interest Paid	(0.9)	(1.2)	(0.3)
Underlying Operating Cashflow	4.2	2.2	(2.0)
Restructuring, acquisition and transaction costs	(1.3)	(2.1)	(0.8)
Operating Cash Flows	2.9	0.1	(2.9)
Net Cash – Acquisitions	(2.8)	(0.9)	1.9
Capex	(2.4)	(3.8)	(1.4)
Other investing cashflows	(0.6)	(4.3)	(3.7)
Investing Cash Flows	(5.9)	(9.0)	(3.2)
Proceeds from shares/options	38.8	1.0	(37.8)
Net borrowings	(46.1)	1.6	47.7
Dividends paid	(1.0)	0.0	1.0
Transaction costs	(2.1)	(0.4)	1.7
Other financing cash flows	1.4	(7.5)	(8.9)
Financing Cash Flows	(8.9)	(5.3)	3.7
Net Cash Flows	(11.8)	(14.2)	(2.4)

- Strong cash receipts of \$12.6m

- \$3.4m Underlying operating cashflow before non-operating merger, restructure and acquisition costs – 1HFY22 included FY21 deferred tax payments of \$3.06m from Federal and State tax COVID relief

- Capex \$3.8m for 5GN fibre build and cloud infrastructure investment

- Cirrus investment \$5.3m

Balance sheet – 1H FY22

\$M	1H FY21	1H FY22	Change
Cash and cash equivalents	19.2	5.0	(14.2)
Trade and other receivables	6.0	6.3	0.3
Other current assets	9.0	9.1	0.1
Total Current Assets	34.1	20.4	(13.7)
Intangible assets	85.9	84.9	(1.0)
Property, plant and equipment	15.9	16.1	0.3
Investments	0.7	5.4	4.7
Other non-current assets	30.5	25.5	(4.9)
Total Non-Current Assets	133.0	132.0	(1.0)
Trade and other payables	19.3	18.0	(1.3)
Borrowings	0.4	0.4	0.0
Other current liabilities	39.4	33.3	(6.0)
Total Current Liabilities	59.1	51.8	(7.3)
Borrowings	20.6	22.5	2.0
Other non-current liabilities	37.6	34.5	(3.1)
Total Non-Current Liabilities	58.2	57.1	(1.1)
Net Assets	49.9	43.6	(6.3)
Contributed Equity	80.1	202.3	133.5
Reserves	12.3	134.9	(158.4)
Accumulated Losses	(12.8)	(23.8)	(11.0)
Non-controlling interests	(29.7)	0.0	29.7
Total Equity	49.9	43.6	(6.3)

- Simplified consolidated balance sheet following Webcentral/5GN Merger in November 2021

- \$23m debt balance and available debt of \$2.3m

- Additional \$10.5m standby facility available for potential Cirrus acquisition

- Cirrus investment \$5.3m

Thank you

For further information contact:

Joe Demase

Managing Director
jd@webcentral.com.au
1300 10 11 12

Glen Dymond

Chief Financial Officer
gd@webcentral.com.au
0408 199 712