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H1 FY22 Financial Results →

ASX:VN8



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About Vonex

Vonex Limited (ASX: VN8) is a full-service, multi-award-winning telco company providing thousands of Australian businesses and individuals with the best personalised and reliable phone and internet services.



Half-Year Snapshot

Vonex is executing a disciplined M&A growth strategy, targeting profitable IT and telco businesses that offer potential to accelerate our growth through further product expansion, scale and cross-selling.

Half-Year Quick Facts →

H1 FY22 revenue	\$15.0m
Annualised recurring revenue	\$34.5m
H1 FY22 net operating cashflow	\$2.4m
H1 FY22 underlying proforma EBITDA ¹	\$3.3m
Market cap at \$0.10/share	\$33.0m
Net debt of ²	\$11.9m
Enterprise value of ²	\$37.6m

Note 1 → Underlying EBITDA excludes (i) share based payment expenses; (ii) acquisition, integration, migration and capital raising costs; and includes (iii) the results of the acquired MNF business and Voiteck business and associated synergies as if included for the whole of 1H of FY22 (based on vendor provided unaudited management accounts). Contributions to EBITDA may vary due to integration costs, accounting policy harmonisation and synergies. Refer to Appendix for a reconciliation of reported to underlying EBITDA.

Note 2 → As at 31 December 2021

Company Milestones

Jun 2018
Vonex listed on
the ASX:VN8

Jan 2020
2SG Wholesale
Acquired

Feb 2021
Nextel Acquired

Jul 2021
MNF Direct
Business Acquired

Jan 2022
Voiteck Acquired

Product Overview

SME Business

Wholesale Residential



Phone Systems

NBN-ready office phone solutions. Options for on-premise & cloud



4G Mobile

SIM-only mobile plans



Internet & NBN

Future-proof NBN & high speed ethernet



Add Ons

1300 numbers, conferencing, ex-fax desktop SMS & more



Infrastructure

Cabling and other technical integrations



Wholesale Products

Delivering excellence in wholesale connectivity



Residential

Residential phone systems

Hosted PBX

SIP Trunks

Microsoft Teams Integration

4G Voice & Data

Mobile Fleet

NBN

Fibre

Wireless Broadband

5G

Virtual Fax

Phone Numbers
• DID, 1300/1800
• International Numbers

Desktop SMS

Audio Conferencing

On the ground capability

Data Cabling

Optical fibre installations

Active IT hardware installations

Data cabinet strip, rebuild & maintenance

CCTV

Business Fibre

IoT/M2M

Hosted PBX & SIP

NBN

Mobile

Wireless Broadband

Home Phone

Consumer NBN

Consumer Mobile

3 Pillar Growth Strategy



Direct Business

- Average Revenue Per User (ARPU) growth to SME Base
- Increase Channel Partners
 - Strong organic growth opportunities
 - Lead generation
 - Brand awareness
- Qantas Business Rewards (QBR) partnership



Wholesale

- Cross-selling opportunities
- Product range expansion
- Organic growth acceleration
 - Network cost efficiencies
 - Increase wholesale partnerships



Acquisitions

- M&A strategy in place for FY21 - FY23
- Targeting profitable IT / telecom businesses
- Revenue & profit growth
- Further product expansion & cross-selling
- Increase market share & presence across Australia

Step-Change Growth



- Acquisition of part of Symbio's (formerly MNF Group) Direct Business delivers →**
- + Improved scale
 - + Material revenue and cost synergies
 - + Strong ARR
 - + High quality customers and earnings
 - + Accretive value for Vonex shareholders



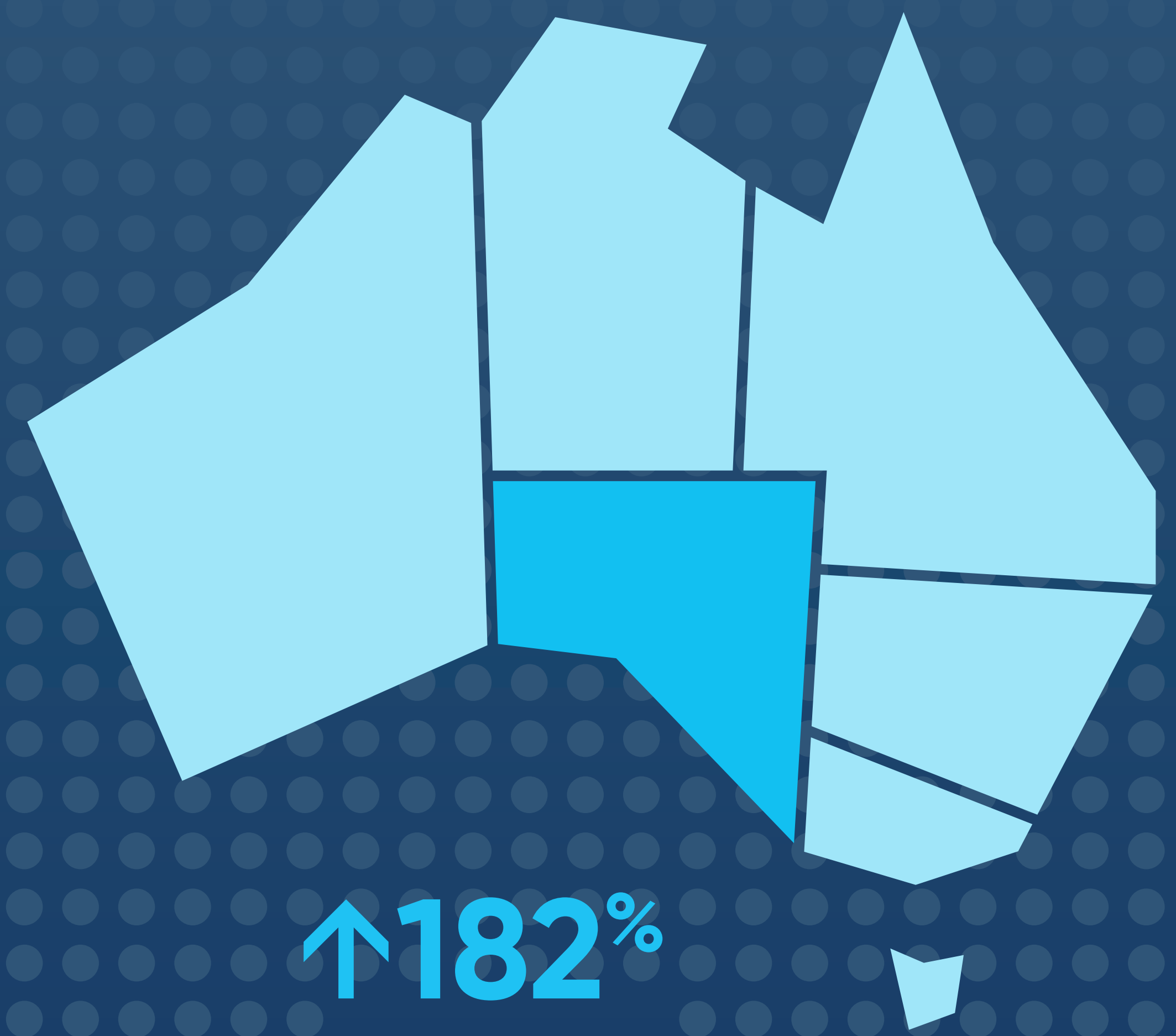
- Aquisition of Voiteck delivers →**
- + Geographic expansion to SA with a physical presence in Adelaide's CBD
 - + Strong recurring revenue
 - + Scale gains, with ~1k customers in diverse end-markets and 10k+ PBX users
 - + Double-digit EPS accretion

Accelerating Growth

Through Selective Acquisitions of Voiteck and MNF Direct Business

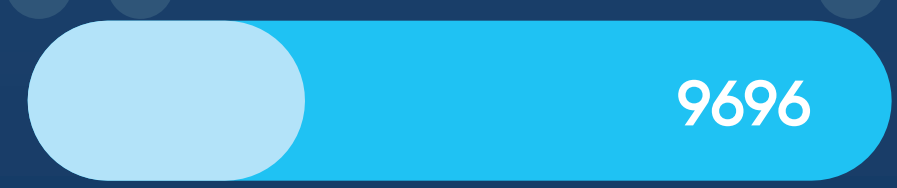
Through completing these two acquisitions and delivering organic growth, in CY21 the Company doubled Vonex's base of annualised recurring revenue, on a full year basis, to \$34.5 million.

PBX Subscriptions	↑114%
Total Contract Value	↑25%



↑182%

Active SME Customers



Migration Momentum

Direct Business Acquisition



As the migration of MNF Direct Business & Voiteck cloud services continue, customers will enjoy a wider range of features and greater reliability on the Vonex platform. This will meet the demands of both customer groups and provide immediate uplift for sales.

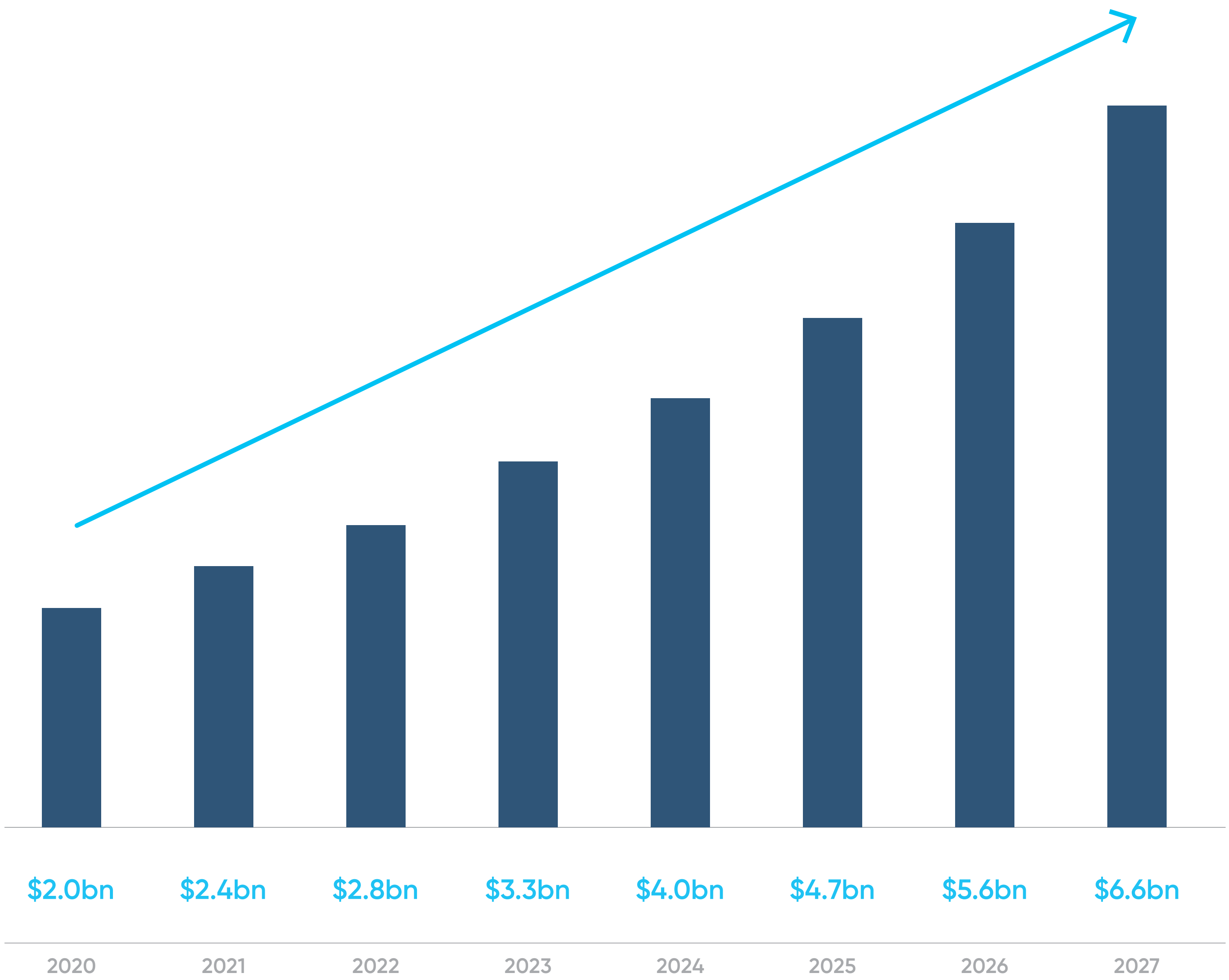
- ~30% of SMB migration now complete. → targeting completion in July 2022 (in line with initial estimate of 9 months from commencement).
- Commencement of cross sell will be Q1 FY23.

Growing Customer Demand in the Cloud PBX Market

18.6%
CAGR
2020-27

The APAC Virtual PBX market is set to grow substantially between 2022 and 2027.

Source → Business Market Insights, Asia Pacific Cloud Pacific Market to 2027

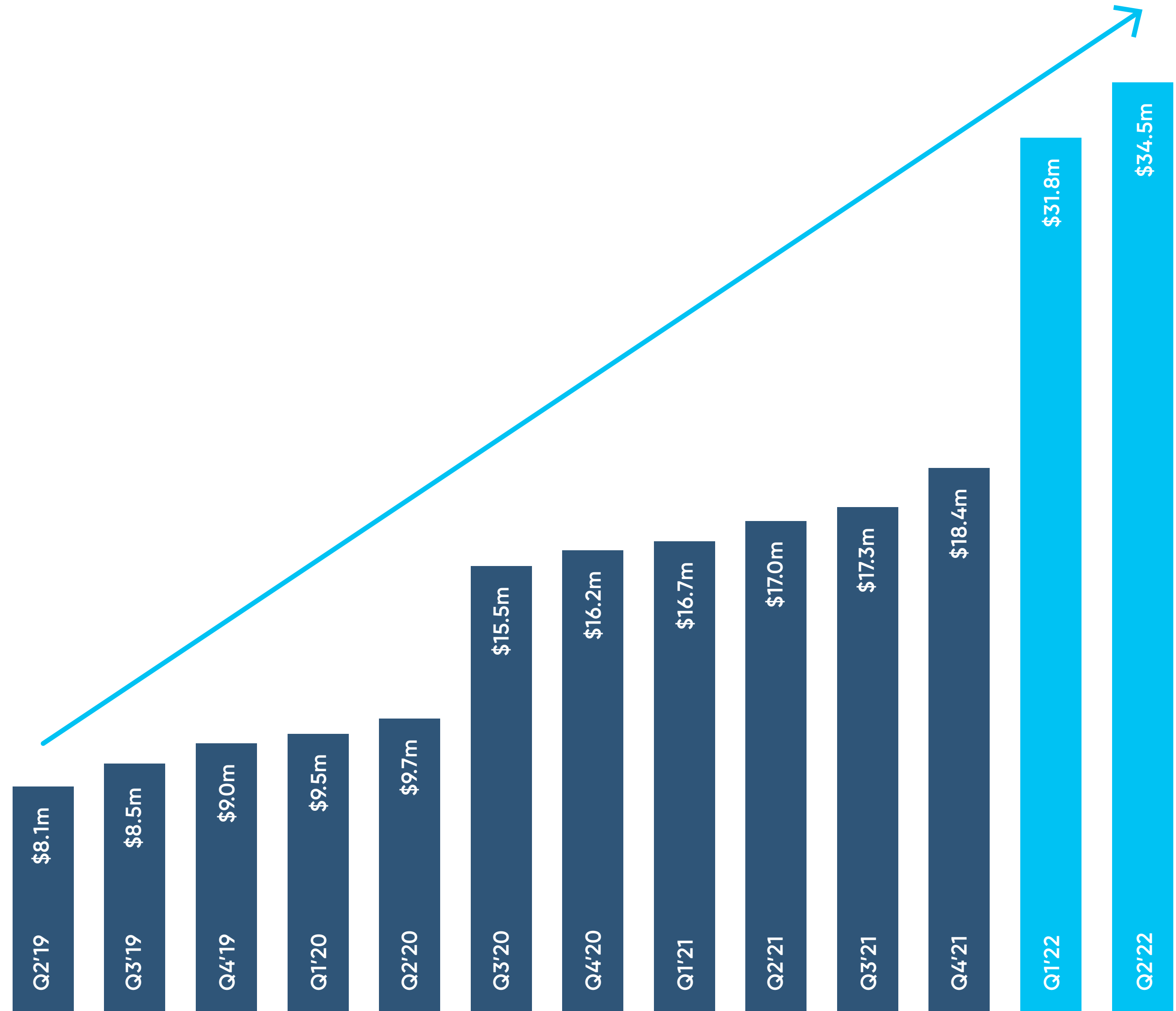


Strong Growth in Annualised Recurring Revenue (ARR)

62.1%
CAGR¹
2019-22

- Prior Financial Years
- Current Financial Year

Note 1 → Compound Annual Growth Rate (CAGR) calculated using Q2 of each respective financial year

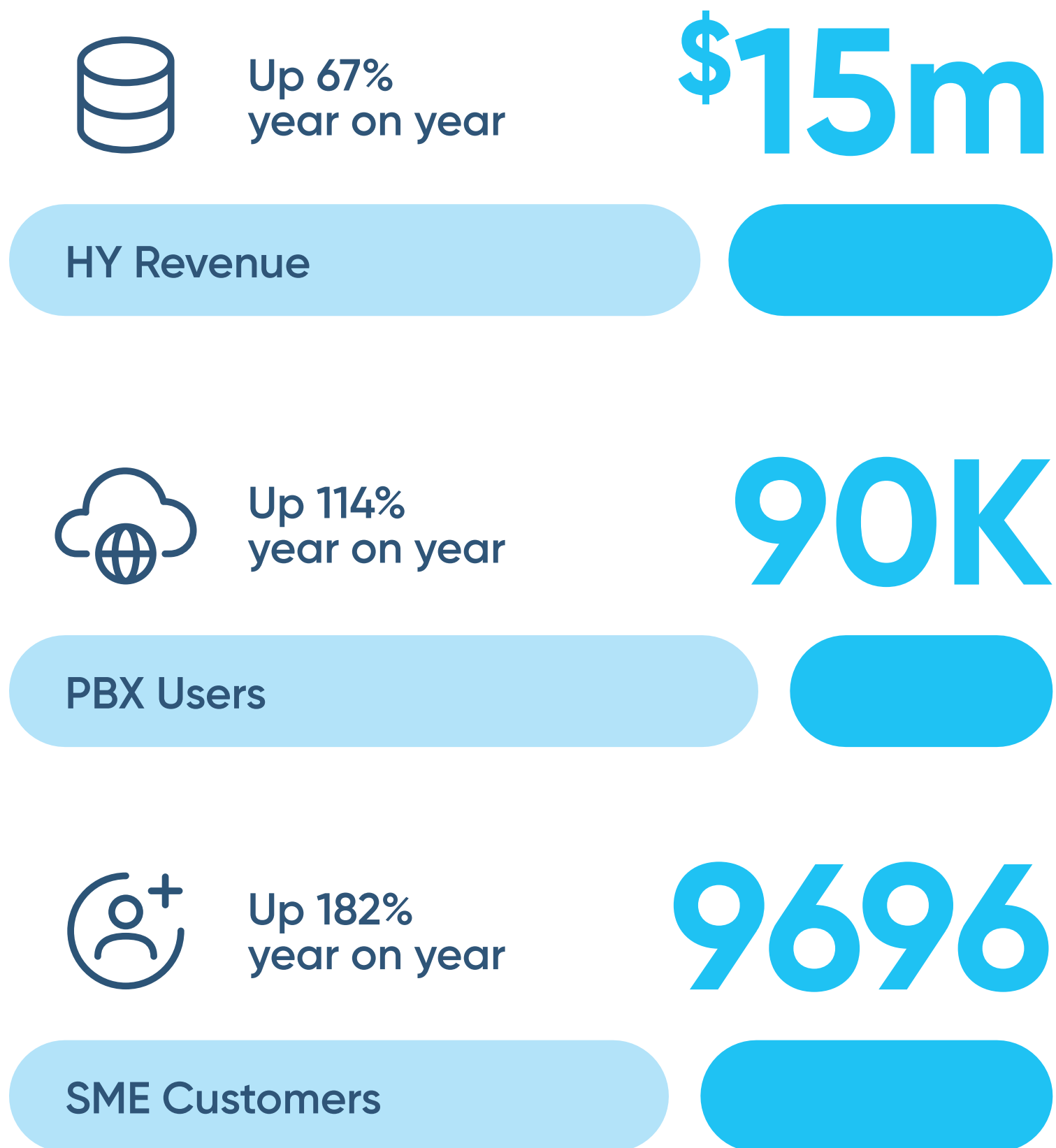


H1 FY22 Operational Highlights

→ Direct Business

Following the successful completion of Vonex's transformational acquisition of the Direct Business Group in August 2021, the Company has continued to deliver growth in both SME customer numbers as well as contracted revenue.

Total contract value (TCV) for retail sales of ~\$2 million for the December quarter, an increase of more than 25% over the same period in FY21. Vonex's achievement of a record sales month in November (+50% YoY) has set a strong base for continued revenue growth.



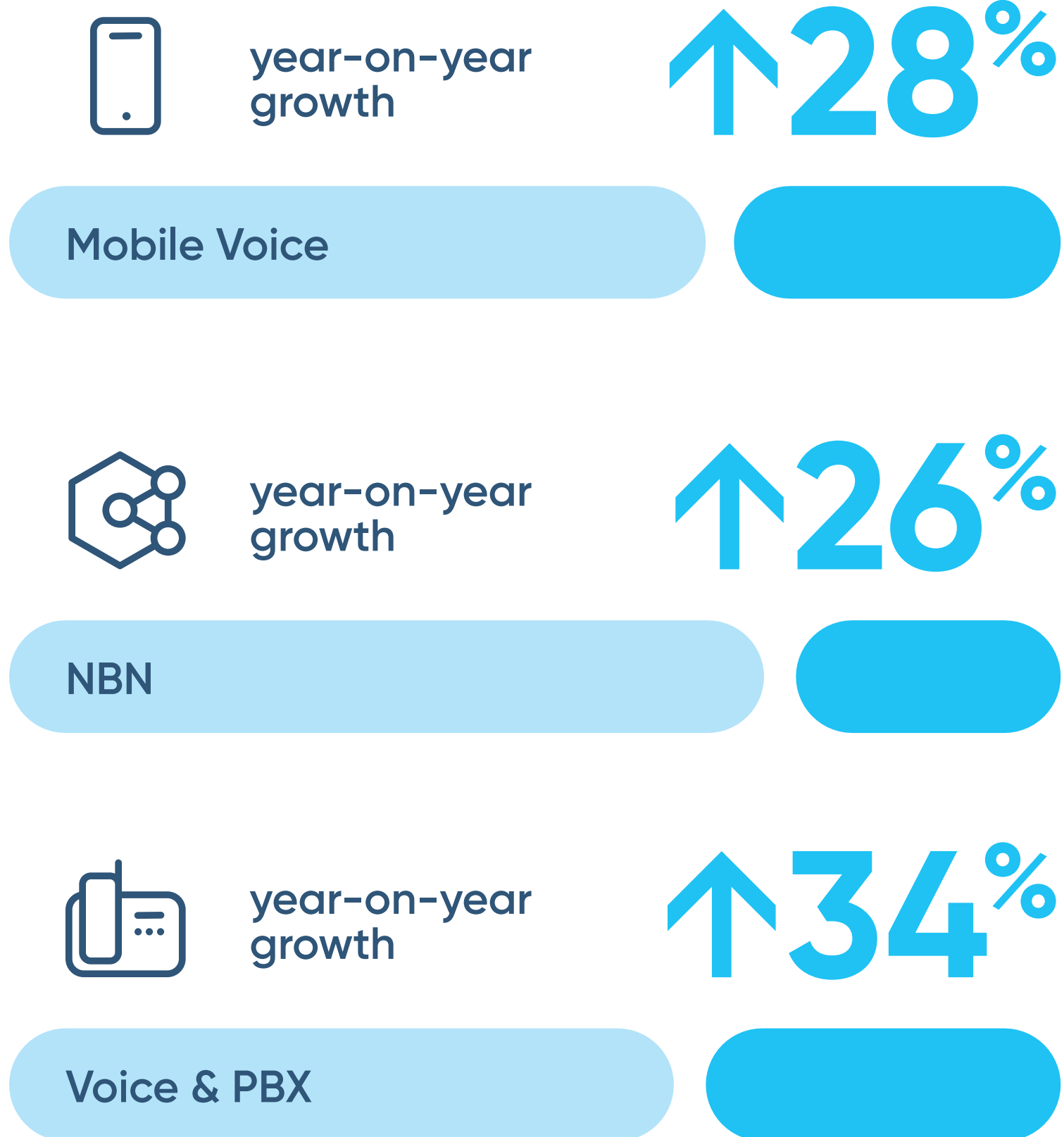
H1 FY22 Operational Highlights

→ Wholesale

Vonex has attracted and on-boarded 9 additional wholesale customers, since this service was launched late in FY21, and now serves 96 wholesale customers with its mobile broadband products nationwide.

Multi-year agreement with Orange Business Services provides Vonex with access to end customers in a range of industries including automotive, mining, energy and government services.

Recently-released 5G service, offered to the wholesale customer base in partnership with Optus, represents a key growth opportunity.



H1 FY22 Financial Highlights



Sales Revenue

\$15.0m

\$8.9m H1 FY21

↑67%



Annual Recurring Revenue

\$34.5m

\$17.0m Q2 FY21

↑103%



Underlying EBITDA¹

\$3.3m

\$0.2m H1 FY21

↑1,550%



Net Debt

\$11.9m

31-Dec-2021



Cash at Bank

\$8.4m

\$3.6m 31-Dec-20

31-Dec-2021

Note 1 → Underlying EBITDA excludes (i) share based payment expenses; (ii) acquisition, integration, migration and capital raising costs; and includes (iii) the results of the acquired MNF business and Voiteck business and associated synergies as if included for the whole of 1H of FY22 (based on vendor provided unaudited management accounts). Contributions to EBITDA may vary due to integration costs, accounting policy harmonisation and synergies. Refer to Appendix for a reconciliation of reported to underlying EBITDA.

Improvement in Cash Flow Dynamics

1H FY22

1H FY21

Underlying operating cashflows¹	3.1	(0.8)
Payment of business acquisition, integration and migration costs	(0.7)	–
Net cash from operations	2.4	(0.8)
Net proceeds from capital raisings	13.4	–
Net proceeds from borrowings ²	15.5	–
Payment to acquire MNF	(24.6)	–
Less other investing and financing activities	(1.9)	(0.5)
Net cash inflows	4.8	(1.3)
Opening cash	3.7	4.8
Closing cash	8.4	3.6

\$3.9m increasing in underlying operating cashflow¹ compared to PCP.

Note 1 → Underlying operating cashflows do not include the results of the acquired MNF business and Voiteck business and associated synergies as if included for the whole of 1H of FY22.

Note 2 → Proceeds from borrowings are net of borrowing repayments.

Outlook

Vonex continues to see a positive outlook for growth as the Company's customer base expands driven by strong market tailwinds.

- Complementary acquisitions are delivering high quality earnings, readily addressable synergies and improved scale in ARR, channel partners and profile.
- Vonex has built a strong platform to gain scale organically, targeting further growth in lead generation, brand awareness and average revenue per user (ARPU).
- Vonex is well placed to capitalise on its increased market presence, lower marginal cost base and capacity to realise cross-selling opportunities.
- Vonex continues to execute a disciplined M&A growth strategy for FY23, targeting profitable IT and telco businesses that offer potential for growth in revenue, profit and earnings per share through further product expansion, scale and cross-selling.

Board of Directors



Nicholas Ong / Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 15 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.



Matthew Fahey / Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' extensive experience in building and managing telco companies having built a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco.



David Vilensky / Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management.

Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution.



Jason Gomersall / Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.



Winnie Lai Hadad / Non-Executive Director

Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.



Daniel Smith / Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 11 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement.

Reconciliation of Underlying EBITDA

1H FY22

Reported EBITDA	\$1.1m
Share based payments	\$0.1m
Business acquisition, integration, and migration costs	\$0.8m
Capital raising and SPP expenses	\$0.1m
MNF full 1H FY22 impact and realised synergies ¹	\$0.8m
Voiteck full 1H FY22 impact and expected synergies ¹	\$0.4m
Underlying EBITDA	\$3.3m

Note 1 → This includes the results of the acquired MNF business and Voiteck business and associated synergies as if included for the whole of 1H of FY22 (based on vendor provided unaudited management accounts). Contributions to EBITDA may vary due to integration costs, accounting policy harmonisation and synergies.

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