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Webcentral Limited

ASX: WCG

FY22 Results Presentation

22 August 2022



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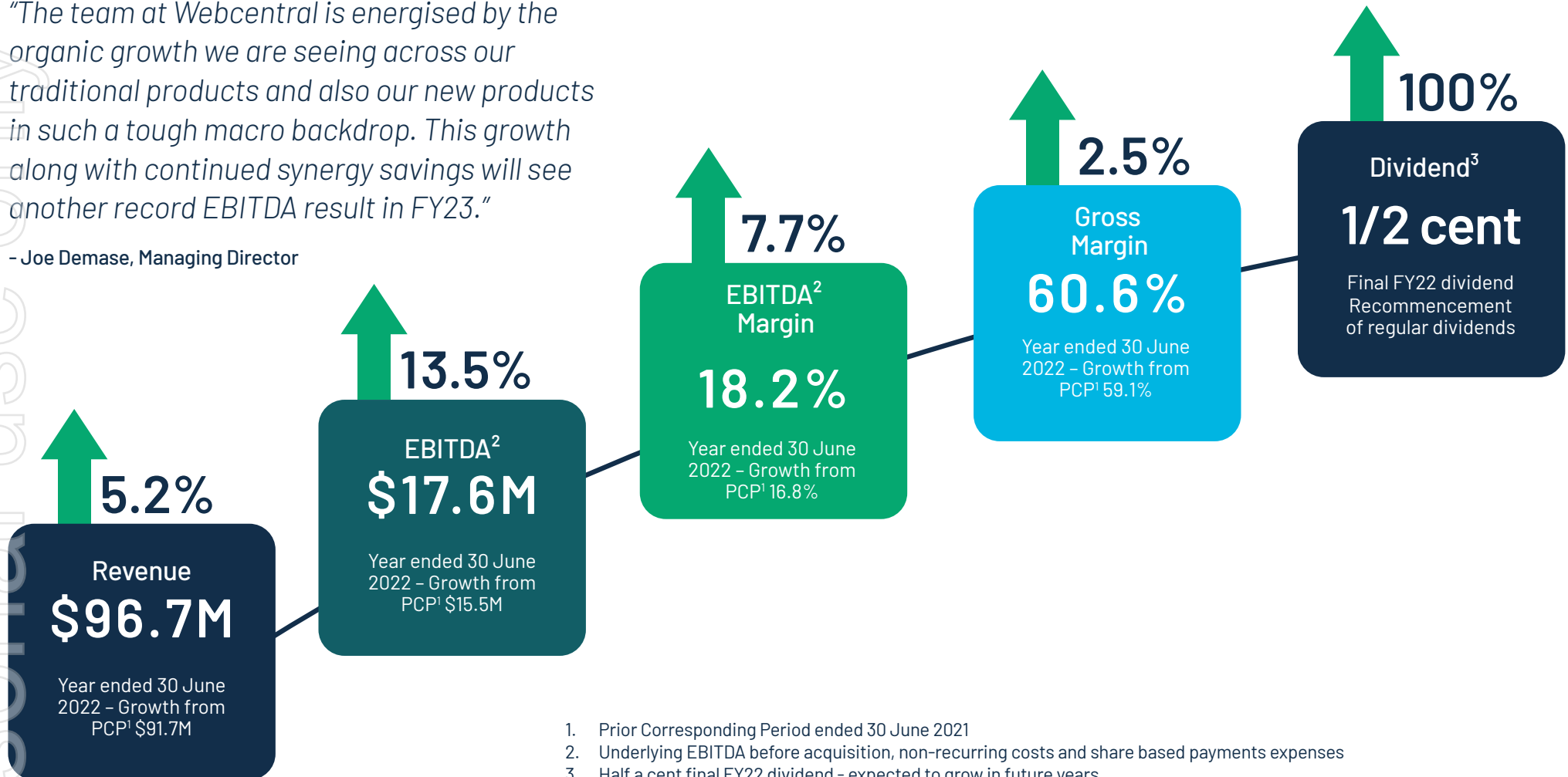
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Continued Growth in FY22

"The team at Webcentral is energised by the organic growth we are seeing across our traditional products and also our new products in such a tough macro backdrop. This growth along with continued synergy savings will see another record EBITDA result in FY23."

- Joe Demase, Managing Director



1. Prior Corresponding Period ended 30 June 2021
2. Underlying EBITDA before acquisition, non-recurring costs and share based payments expenses
3. Half a cent final FY22 dividend - expected to grow in future years
4. The above results are unaudited

Profit & Loss – FY22

	FY21 \$M	FY22 \$M	Change
Revenue			
Cloud	27.8	29.4	5.9%
Domains	15.0	22.6	50.5%
Network & Voice	9.2	10.2	10.3%
Data Centres	8.5	8.0	(5.9%)
Managed Services	13.4	12.0	(10.3%)
Digital Marketing	2.4	4.5	87.6%
Hardware & Software	10.8	6.8	(37.5%)
Other income	4.6	3.3	(28.2%)
Total Revenue and Other Income	91.7	96.7	5.5%
Gross Profit	49.6	55.3	11.4%
Gross Margin	57%	60%	
EBITDA pre non-recurring costs	15.5	17.6	13.5%
EBITDA margin	16.9%	18.2%	
Non-operating items	(6.8)	(25.5)	(275%)
EBITDA after non-recurring costs	8.7	(8.0)	(192%)
Depreciation & amortisation	(12.2)	(13.6)	(11.8%)
Net interest	(2.0)	(2.8)	(38%)
Profit before tax	(5.5)	(24.4)	(240%)

- Record revenue of \$96.7m was hindered by hardware fulfilment delays and which delayed a number of managed services projects
- Record EBITDA of \$17.6m underpinned by continued integration initiatives
- Domain growth is driving cloud hosting with increases across website and email services
- Launch of .au domains and a reduced churn resulting in significant growth
- Dark Fibre and CloudPort is driving network growth
- Other income expected to decline as third party services cease

Highlights and Achievements

✓ Launch new .au domains - March '22

25k .au domains sales in FY22

37k .au domain sales to mid Aug '22

Generated \$1.2m cash in FY22

Generated \$1.7m in cash to mid Aug '22

✓ Hosting increased from 6% to 25% of all new domain sales

✓ New products launched:








- NBN offered to 330,000 customers Aug '22
- CloudPort portal launched with enabled self provisioning, connecting public Cloud and IP Transit
- OX Mail launch including the migration of 90k Microsoft mail accounts

✓ Dark Fibre Network extended to 50+ Data Centres

✓ Completion of CloudPort connecting 25 Data Centres in Australia plus LA, SGP, NZ and TYO - March

✓ Expansion of chatbots self service capability and expansion of local support








Revenue and Margin by Product

	FY21 \$M	FY22 \$M ¹	% Change	Actual Margin %	Incremental Margin %
Cloud 	27.7	29.4	5.9%	69%	75%
Domains 	15.0	22.6	50.5%	72%	70%
Network and Voice 	9.2	10.2	10.3%	66%	80%
Data Centres 	8.5	8.0	(5.9)%	56%	80%
Managed Services 	13.4	12.0	(10.3)%	30%	35%
Digital Marketing 	2.4	4.5	87.6%	38%	35%
Hardware and Software 	10.8	6.8	(37.5)%	17%	15%
Total	87.1	93.4	7.3%		

1. Unaudited

Product Offering

Webcentral services more than 330,000 Government, enterprise, wholesale, and small and medium business (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:

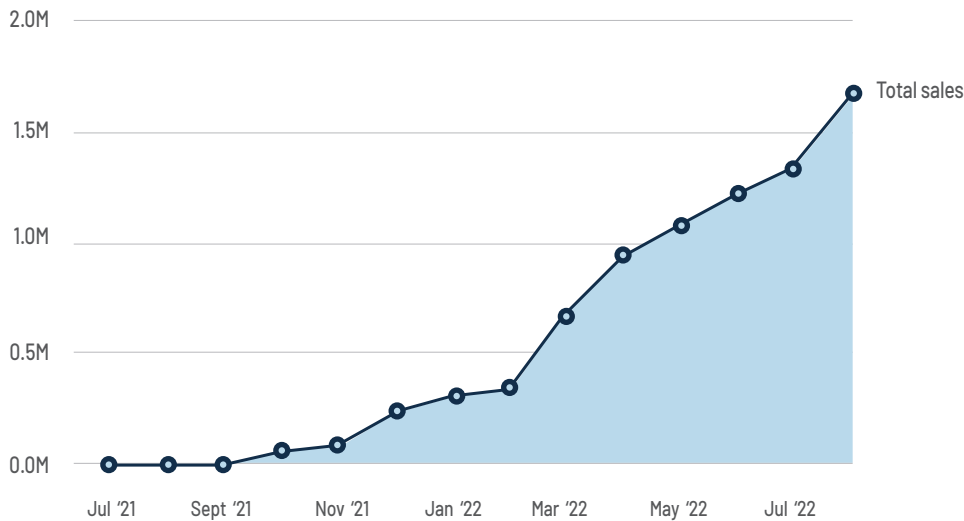
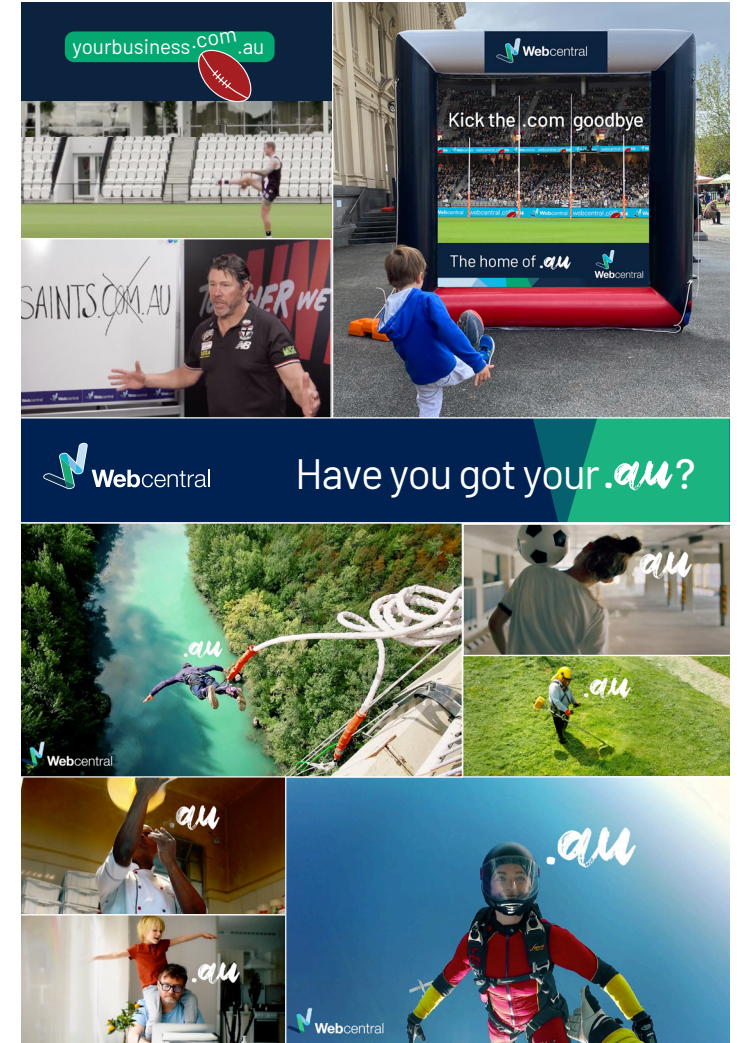
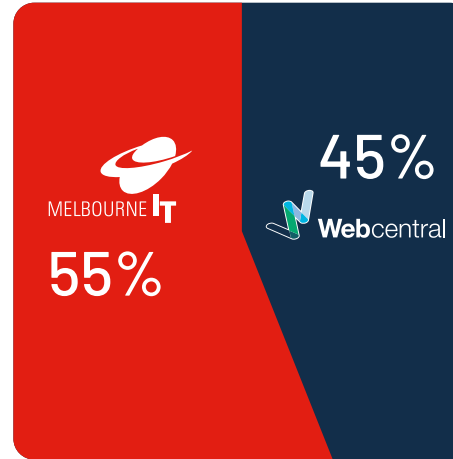
Domains		Registration	Domain Portfolio Solutions					
Cloud		Email and 0365	Web Hosting	5GN Private Cloud				
Data Centre		Co-location	Bare Metal	5GN CloudPort				
Data Networks		National MPLS network	National Links	International Links	Dark Fibre			
Managed Services		SharePoint	0365	Consulting	Design	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

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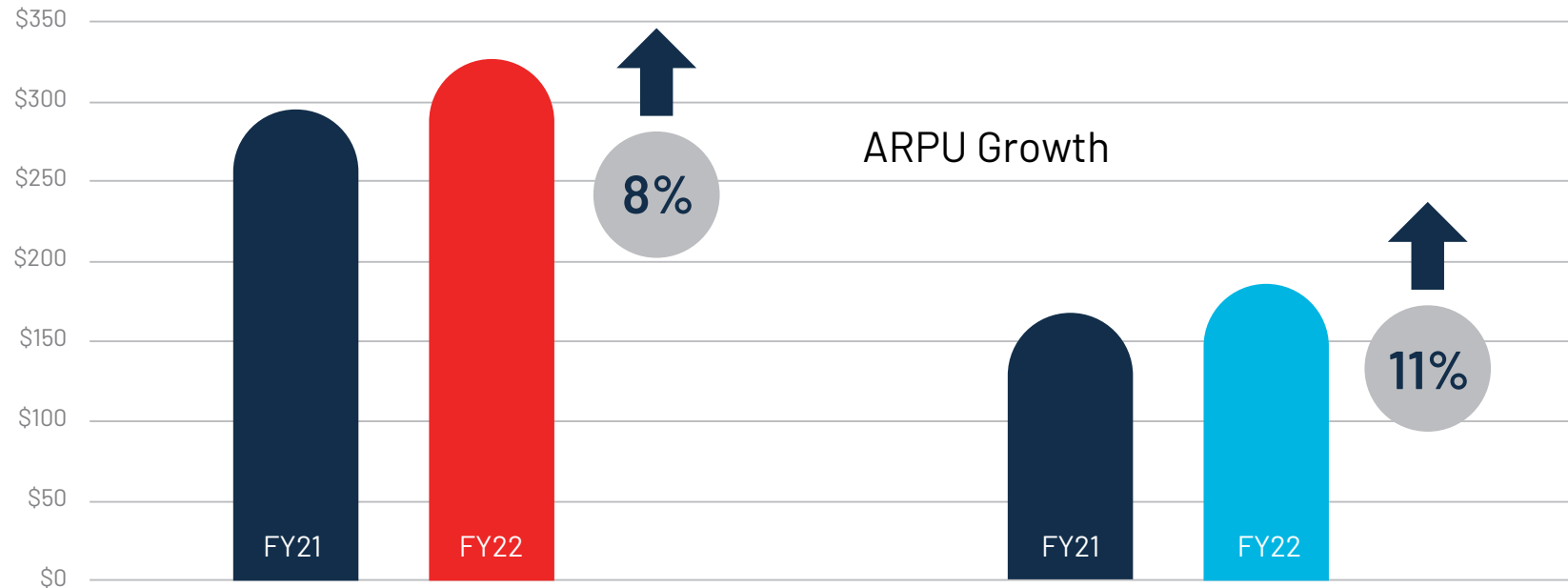
Significant .au Revenue Opportunity from existing customer base

- .au launched in March 2022 with \$1.2m sales in FY22 and \$1.7m to Aug-22
- \$9.6m revenue opportunity from 370k .com.au domains currently managed by Webcentral
- \$6.3m gross margin opportunity



Growth in average revenue per customer

Continued growth in ARPU in FY22 and significant increase in lifetime value per customer due to new customers.

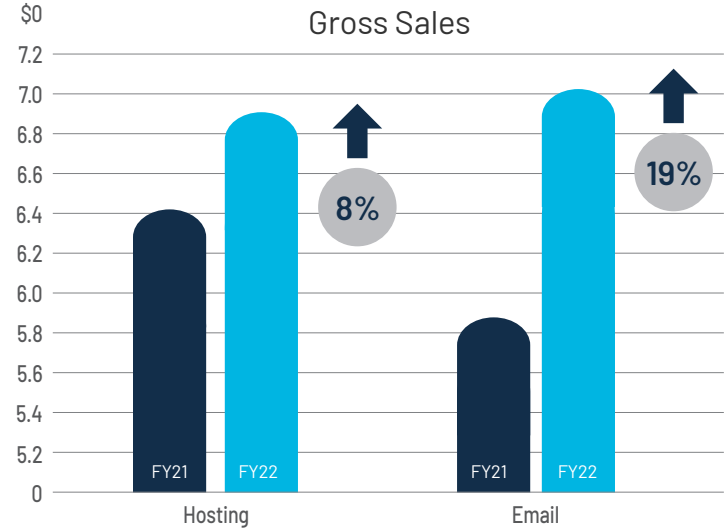
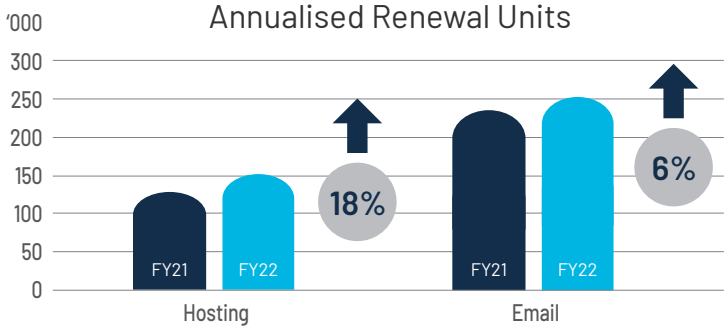


Lifetime value per customer \$3.7k

Lifetime value per customer \$2.0k (+56%)

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Strong email and web hosting customer growth



- 8% growth in hosting customer sales compared to PCP¹

- transition to monthly services from annual with 29% growth compared to PCP¹ in monthly offsetting 6% decline in annual products

- 19% growth in email customer sales compared to PCP¹

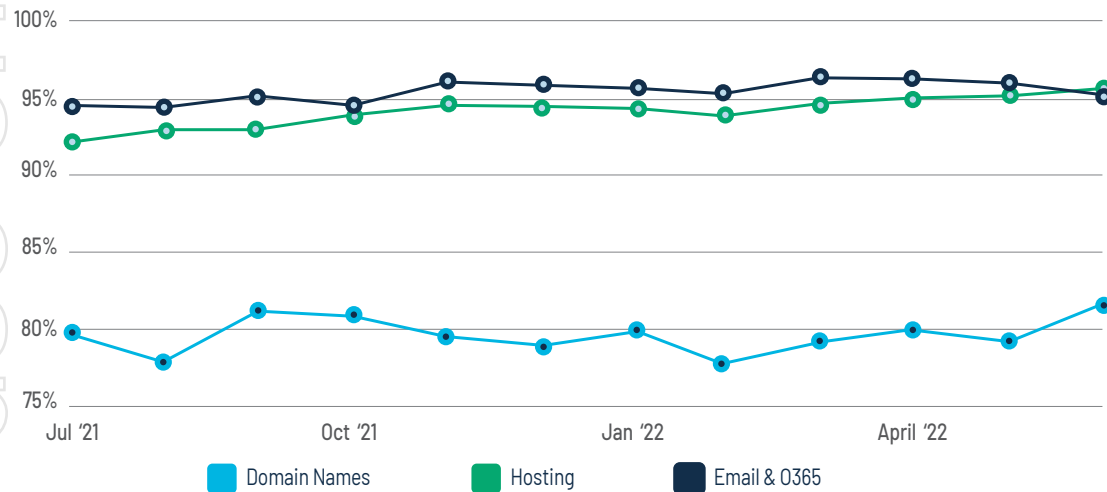
- 6% growth in email customer number compared to PCP¹

1. Prior corresponding period ended 30 June 2021

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Continued increase in renewal rates across domains, email and hosting

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



- Higher renewal rates across domains, email and web hosting products due to customer service, systems and process improvements

- Domain name renewal rates up to 82% from 75% in 2020

- Email renewal rates consistently 95%+

- Web hosting renewal rates from 92% to 96%

Webcentral Owned and Operated Network Infrastructure



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Cashflow – FY22

\$M	FY21	FY22	% Change
Receipts	95.7	106.9	11.7%
Payments	(83.8)	(98.1)	17.1%
Net Interest Paid	(1.8)	(2.7)	52.8%
Underlying Operating Cashflow	10.1	6.0	(40.6)%
Restructuring, acquisition and transaction costs	(1.6)	(2.6)	62.5%
Operating Cash Flows	8.5	3.4	(59.7)%
Net Cash - Acquisitions/Investments	(4.1)	(6.5)	58.1%
Capex	(7.6)	(7.2)	(5.6)%
Other investing cashflows	1.7	2.0	14.1%
Investing Cash Flows	(10.0)	(11.7)	17.2%
Proceeds from shares/options	38.6	1.0	(97.3)%
Payments of performance rights	0.0	(4.0)	100%
Net borrowings	(30.3)	4.0	(113.2)%
Dividends paid	(1.0)	0.0	100%
Transaction costs	(1.8)	(0.2)	(90.0)%
Other financing cash flows	(6.9)	(6.3)	(8.1)%
Financing Cash Flows	(1.4)	(5.5)	290.2%
Net Cash Flows	(2.9)	(13.8)	371%

- Strong operating cash flow of \$3.8m in the 4th quarter to June

- Investment in CNW.ASX of 18.5% valued at \$5.4m

- \$1.2m cash inflows from new .au domains in FY22

- Capex for FY23 reducing to \$3m - \$4m

Balance sheet – FY22

\$M	FY21	FY22	Change
Cash and cash equivalents	19.2	5.4	(13.8)
Trade and other receivables	6.0	3.7	(2.3)
Other current assets	9.0	10.0	1.0
Total Current Assets	34.2	19.1	(15.1)
Intangible assets	101.4	87.4	(14.0)
Property, plant and equipment	15.9	15.7	(0.2)
Investments	1.8	5.2	3.4
Other non-current assets	13.9	11.5	(2.4)
Total Non-Current Assets	133.0	119.8	(13.2)
Trade and other payables	19.3	15.6	(3.7)
Borrowings	0.4	0.6	0.2
Other current liabilities	39.4	34.3	(5.1)
Total Current Liabilities	59.1	50.5	(8.6)
Borrowings	20.6	25.4	4.8
Other non-current liabilities	37.6	34.1	(3.5)
Total Non-Current Liabilities	58.2	59.5	1.3
Net Assets	49.9	28.9	(21.0)
Contributed Equity	80.1	201.3	121.2
Reserves	12.3	(134.7)	(147.0)
Accumulated Losses	(12.8)	(37.7)	(24.9)
Non-controlling interests	(29.7)	0.0	29.7
Total Equity	49.9	28.9	(21.0)

- Continued investment in fibre networks extending by 50km for FY22

- Upgrade cloud capacity incorporating 2 additional zones

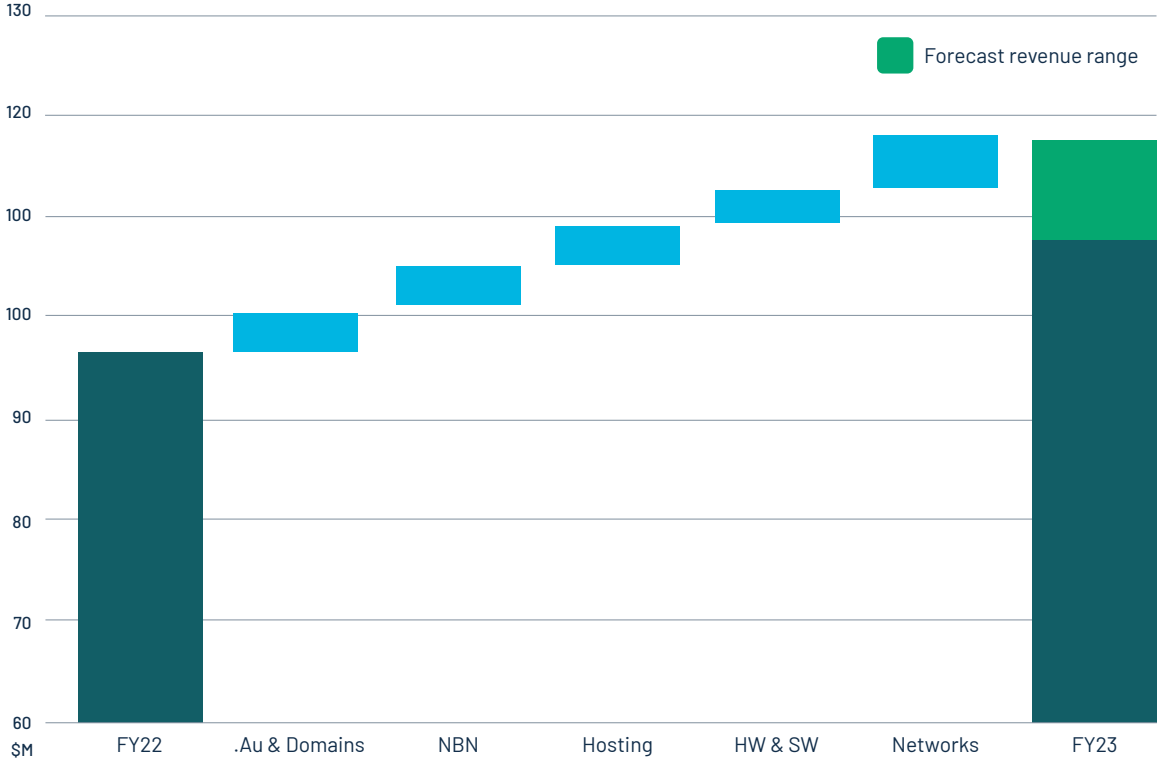
- Other current liabilities includes \$22m deferred revenue relating to prepaid domain names

- Non-current liabilities includes property lease liability \$14.8m, deferred tax liabilities \$10.8m & deferred revenue \$8m

- Impairment of intangibles of \$11.4m reducing the carrying value of goodwill

FY23 Outlook

- FY23 Forecast Revenue range \$108M to \$118M
- FY23 EBITDA¹ Guidance of \$23M to \$27M
- Interim and Final Dividends with growth from FY22 Final Dividend



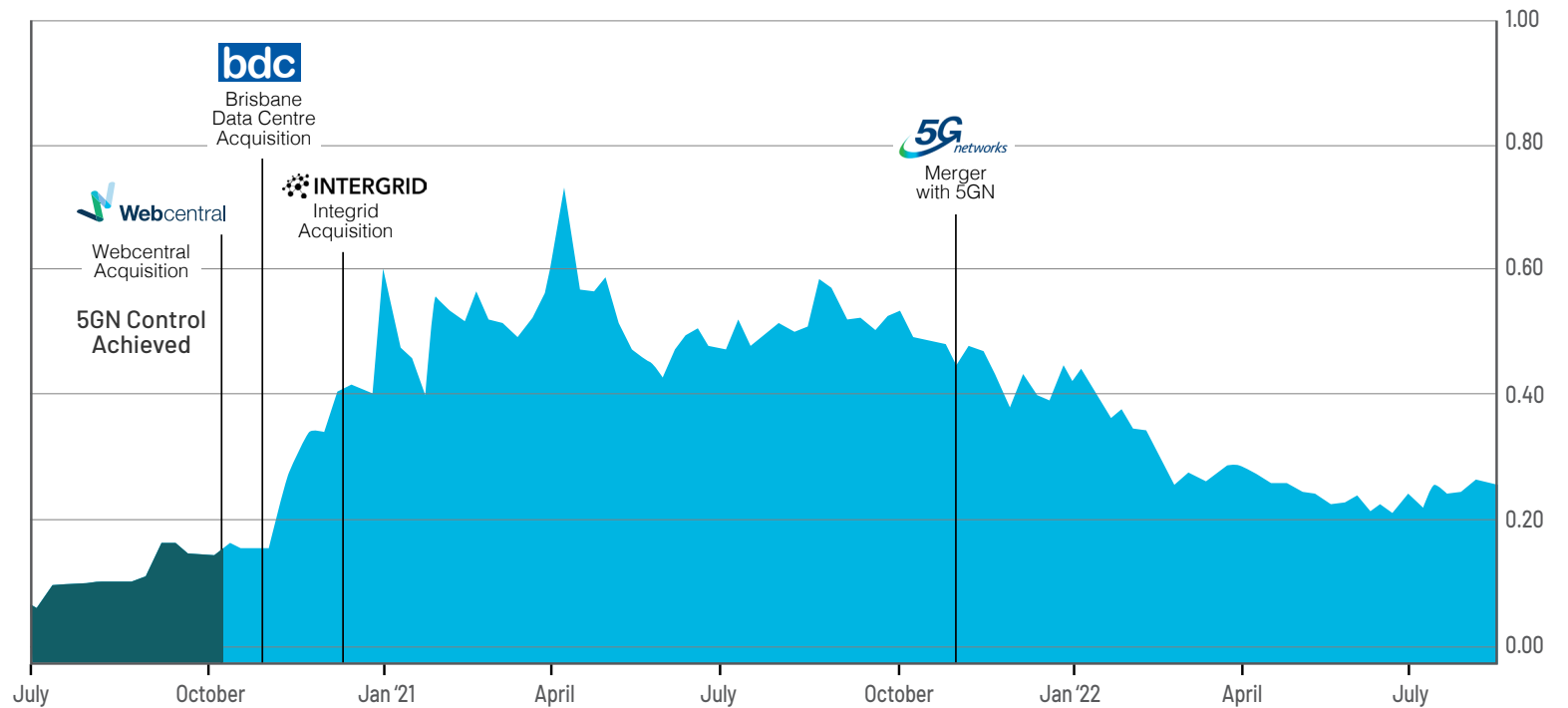
1. EBITDA before no-recurring costs and share-based payments expenses

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Webcentral Capital Structure

ASX Code	WCG
Shares on issue	331,092,792
Performance Rights and Options (Unlisted)	37,785,000
19 August 2022 market capitalisation	\$86.1M
Cash (June 2022)	\$5.4M
Available Debt (June 2022)	\$10.8M

Share Price Movement



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Thank you

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