

ASX Announcement

21 October 2022

Annual General Meeting Presentations

Aussie Broadband Limited (ASX:ABB) provides the attached presentations of the Chair, Managing Director and Chief Financial Officer, which will be delivered today at the Aussie Broadband Annual General Meeting.

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Media enquiries contact Alex Walker on 0448 110 962

Registry queries contact Link Market Services on 1300 554 474

About Aussie Broadband Limited

Aussie Broadband is an Australian operated telecommunications and technology company that formed in 2008 and is headquartered in Morwell Victoria, Australia.

The Company provides a broad range of solutions to residential, business, enterprise and government customers, and provides wholesale access to other telcos and managed service providers.

As a licensed carrier, the Company provides broadband services nationally through a wholesale agreement with NBN Co, its own fibre network, and some leased backhaul infrastructure from third parties.

The Company is the 5th largest provider of broadband services in Australia and is one of only six tier 1 voice providers in Australia.

Aussie Broadband is focused on building market share in the business, enterprise and government and wholesale segments through its range of cloud, security, broadband, voice, and managed solutions, whilst continuing to build share in the residential segment.

The Company also offers a range of other telecommunications services including voice, mobile plans and handsets, entertainment bundles through its partnership with Fetch TV and connections through the Opticomm network and its white label platform.

For further information please visit: <https://www.aussiebroadband.com.au/>

Annual General Meeting 2022

21 October 2022



Aussie Broadband acknowledges the Traditional Owners of Country throughout Australia and recognises the continuing connection to lands, waters and communities.

We recognise that we work and live on the traditional land, and we pay our respect to the past, present and emerging Traditional Custodians and Elders of the nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

Artist – Gunaikurnai artist
Ronald Edwards Pepper, 2020

Your Board



Adrian Fitzpatrick

Independent Chair &
Non-Exec Director

Experienced director, currently a director of ARB Corporation. Extensive operational, financial management and strategic experience from a career that has spanned 30 years



Richard Dammary

Independent Non-Exec
Director & Chair of People
& Community Committee

Independent Advisor and Experienced director currently serving on the boards of Australia Post, WiseTech Global, Doctor Care Anywhere, Nexus Hospitals and Creative Partnerships Australia.



Vicky Papachristos

Independent Non-Exec
Director & Chair of Risk &
Audit Committee

Experienced company director, currently a director of Big River Industries and GMHBA. Executive experience in marketing and business development with over 30 years' experience both in Australia and across the USA.



Patrick Green

Independent Non-
Exec Director

Extensive sales, marketing, financial and management experience. Owned retail businesses since 1987 and won Franchisee of Year awards both state and nationally.



Phillip Britt

Managing
Director

Highly experienced executive with over 25 years in the telecommunications industry. Awarded the ACOMMS Communications Ambassador in 2020 and is an inductee into the telco Industry Edisons Awards Hall of fame.



Michael Omeros

Executive
Director

Has over 20 years of experience in the telecommunications and IT services sector. Founder and the Managing Director of Over The Wire Holdings prior to its acquisition by the Company

Chair's address

Adrian Fitzpatrick

Chair of the Board,
and today's Annual General Meeting

Aussie Broadband Annual General Meeting – 21 October 2022

Chairman's Address

The completion of another successful year for Aussie comes off the back of the hard work the team has put in to ensure strong results were delivered in FY22, while completing the acquisition of Over the Wire and positioning our Company for a substantial increase in earnings expected this financial year.

Aussie has come a long way from our early days as a residential internet service provider in regional Victoria. Today we provide a complete communications and technology solution across multiple sectors and geographies.

Aussie continued its rapid growth in business and residential segments in FY22. Residential broadband revenue increased 36% with EBITDA up 39%, whilst the business segment grew revenue by 54% and EBITDA by 62%.

The integration of Over the Wire has been progressing as planned, bolstering Aussie Broadband's business segment product skills and capability. Our new operating structure revolves around one team, one budget and one big ambition: to become the 4th largest provider of communications and technology solutions in Australia. We are excited by the future growth opportunities we see for our combined businesses.

Aussie has maintained its market-leading service reputation, reflected in the multiple awards received during the year and also retained a high customer satisfaction score of 8.1/10. We believe our ability to deliver strong customer support and a superior high speed tier product will continue to support low levels of churn going forward.

Over FY22 we also developed new capabilities to provide wholesale and white-label broadband and voice services. We see significant opportunity in providing end-to-end support for third parties with large existing customer bases. This new segment grew to include approximately 60,000 white label connections in 12 months and generated \$26.4 million in revenue and \$1.5 million in EBITDA over the last 12 months.

Our rapid growth across the last 12 months could again not have been possible without our amazing people here at Aussie. We strongly believe that looking after our staff ensures that our customers are also treated with market-leading service. Strong growth often brings challenges but we continue to focus on Aussie Broadband's culture of "family", ensuring all our staff feel included and feel comfortable to bring their whole-self to work. We are excited to include the Over the Wire team as a part of this family.

Following the completion of the acquisition of Over the Wire, we were delighted to welcome Michael Omeros, the previous Managing Director & Group CEO of that business, to Aussie Broadband's Board as an Executive Director.

Alongside Michael's appointment to the Board, John Reisinger stepped down from his Board responsibilities while continuing with his executive responsibilities as Aussie's Chief Technology Officer. On behalf of the Board, I would like to acknowledge John's outstanding contribution to our business over the past 18 years, as a co-founder from the original formation of Aussie Broadband's predecessor company through the significant growth in recent years culminating in the Over the Wire acquisition milestone.

John oversaw the development of our award-winning software and network infrastructure, which has been the foundation for our rapid expansion. He has one of the most creative technical minds in the industry, and we are delighted to have him continue as part of the leadership team of the enlarged Aussie Group as we deliver on our Aussie 2.0 strategy.

We are immensely proud of the culture we have built at Aussie, with our values at the forefront of what we do. These values will continue to be at the forefront of every decision our staff make and are a strong guidance to how we will continue to conduct ourselves across every business line.

As the company continues to grow, we are focused on continuing to uphold Aussie's status as the most trusted telco in Australia and that our culture continues to thrive. If this is maintained, I have no doubt the successes that we have experienced so far will only continue.

Managing Director's address

Phillip Britt

At Aussie, we do things differently



Aussie
Broadband

Our Why

(Why we show up
to work every day)

**We are in business
to Change the
Game**

Our Values

(How we change
the game)

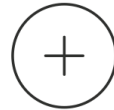
- 1. Don't be ordinary,
be awesome**
- 2. Think BIG**
- 3. No Bullsh*t**
- 4. Be good to
people**
- 5. Have fun**

Our Game

(What we're
playing for)

**By 2025, we are
Australia's 4th
largest provider of
communications
& technology
services**

Our evolution



Over ~20 years built a market-leading telco business

- Primarily providing broadband, VOIP and mobile services to residential customers
- Fastest-growing RSP for the last 5 years – from 20k to >500k customers
- Focussed on best-in-class technology and game-changing customer service
- Brand strength and awareness
- Significant investment in network and owned fibre assets
- Direct connection to all 121 NBN POIs

Over ~15 years built a strong technology business

- Deep capability across data, voice, cloud and managed services
- Focussed on business, enterprise & government and wholesale segments
- Strong track record of revenue retention (greater than 96% over the 7 years to FY21)
- Tier 1 voice network

Leading diversified communications and technology business

- Targeting to be Australia's 4th largest provider of communications & technology services
- Integrated full-service provider across the full suite of solutions to residential, business, enterprise & government and wholesale customers
- Deep technical expertise, combined with relentless focus on customer experience
- Full ownership of tier 1 voice and data networks in Australia, interconnection to all 121 NBN POIs, and cloud infrastructure platform
- Industry-leading software platforms such as MyAussie, Carbon and NetSIP

FY22 growth across all key metrics...

\$546.9m

Revenue

↑56%

(\$350.3m FY21)



\$39.4m

EBITDA before
transaction costs

↑107%

(\$19.1m FY21)



\$105.5m

Business
Revenue¹

↑142%

(\$43.5m FY21)



90%



of the Aussie fibre
network complete with
105 POIs and data
centres connected

584,793

Broadband
services

↑46%

(400,848 as at 30 June 2021)



6.46%



Share of nbn services²

(4.74% as at 30 June 2021)

↑172 bps

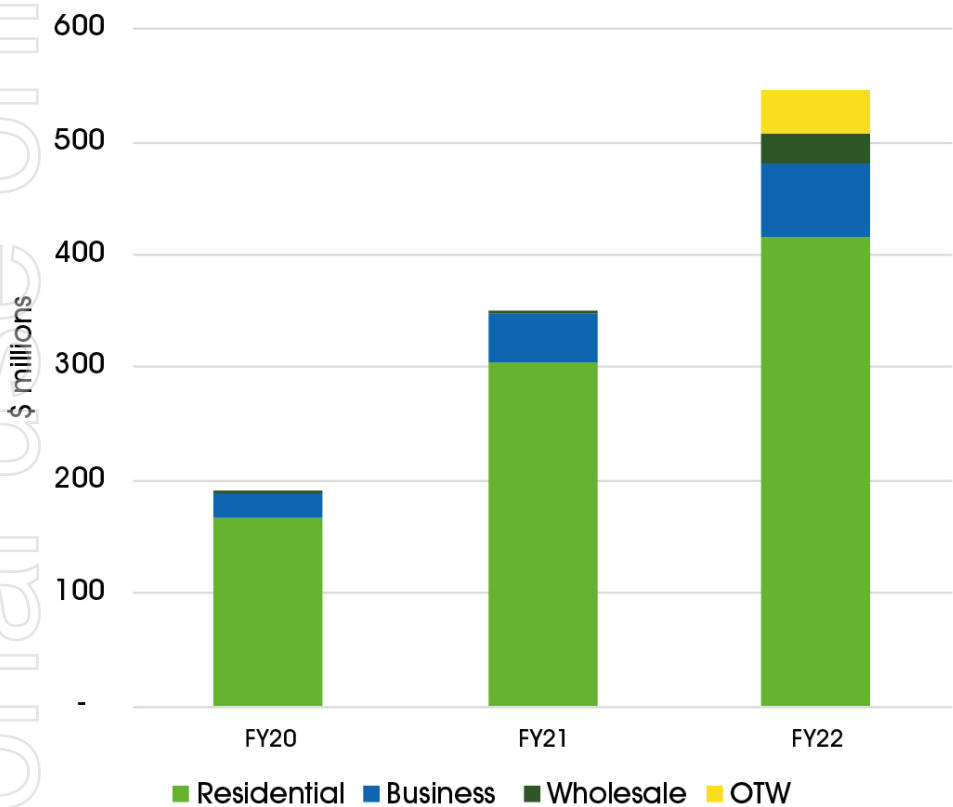
1. Business revenue includes full year for Aussie Broadband business and 3.5 month contribution from Over the Wire.

2. Market share of nbn services, excluding Satellite.

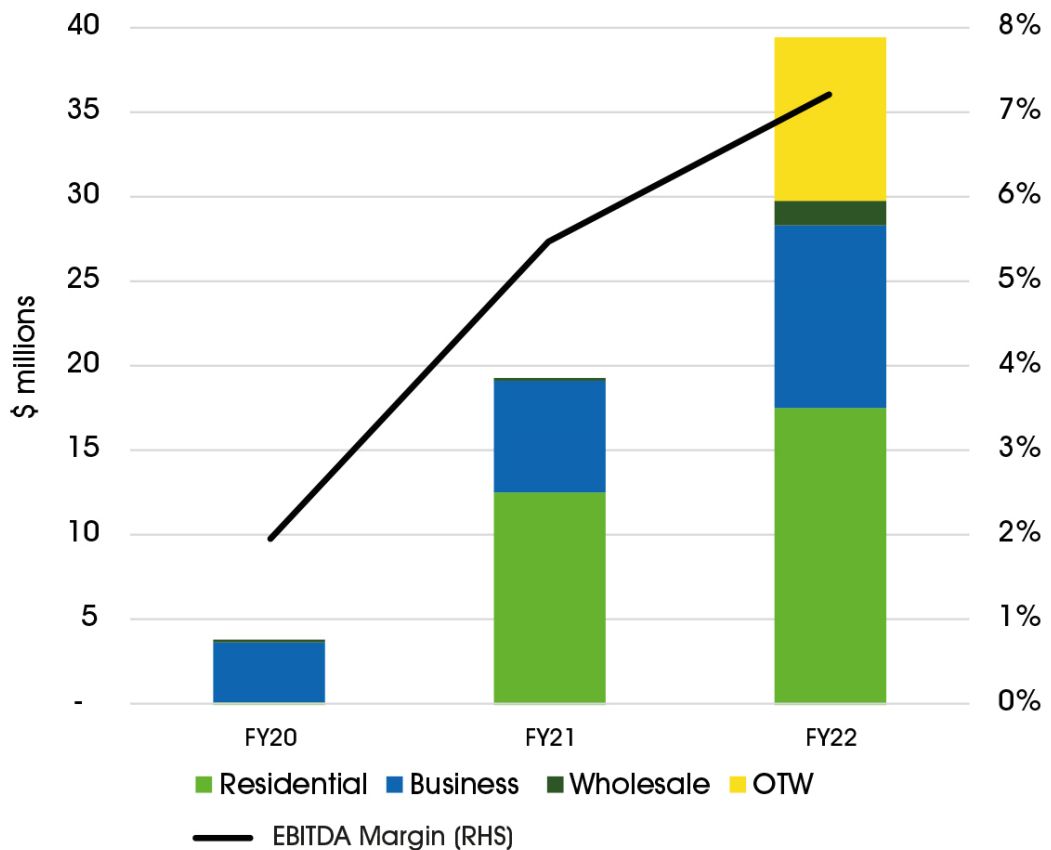
...with continued strong & profitable growth

ersonal use only

Growing Revenue



Growing EBITDA and increasing EBITDA margin



Awards reflect ABB's focus on product innovation and customer service



FY22 Strategic achievements



FY22 achievements

- **Acquisition** of Over the Wire and delivering \$5.2m of annualised synergies
- **Launched** our white label solution and onboarded over 58,000 broadband services
- **Expanded our offering** to business, enterprise & government and wholesale segments with cloud, security, managed services and expanded voice solutions
- Continued to operate as a **challenger brand** in the Australian telecommunications and tech industry
- **Increased software automation** allowing us to have **lower staff touch** and keep our operations onshore
- Completed the **Fibre network rollout** to the 83 NBN POIs, 22 data centres and 77 multi-storey buildings **unlocking significant operation savings**
- **Network infrastructure was enhanced** with upgrades to core network equipment allowing us to scale past 1 million broadband services



1Q FY23 trading update



610,098

broadband services

up 25,305 or 4.3%
from 584,793 at 30/6/22

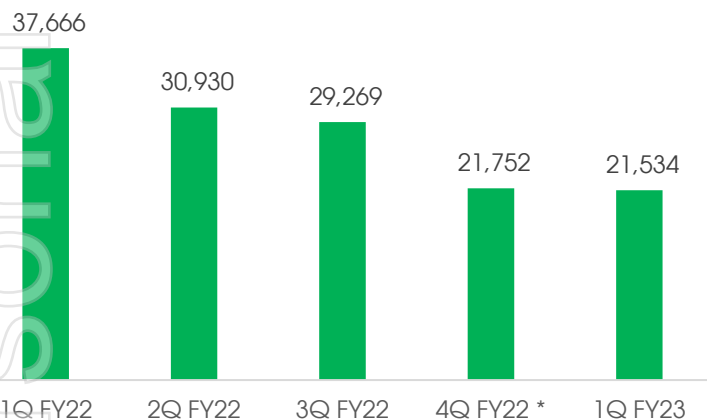
\$184.4m

1Q revenue

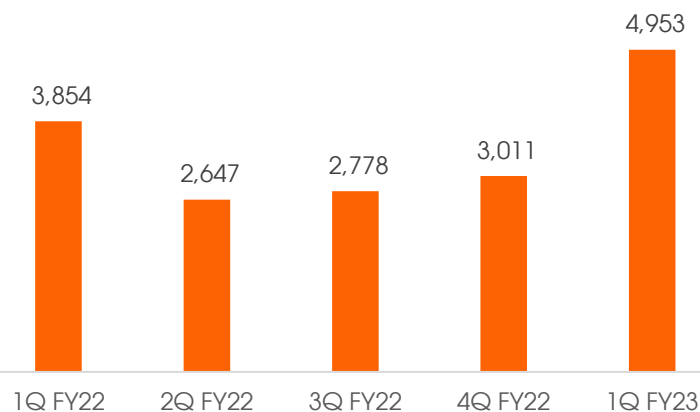
up \$8.1m or 4.6%
from 4Q FY22

- ABB residential and business delivered consistent net adds to 4Q FY22 despite strong price based competition without the need for heavy promotion use - reducing CAC and long-term churn risk
- Mobile grew strongly off the back of new marketing strategy and change to plans
- Wholesale & white label lower due to white label customer internal platform changes (not ABB related). Expecting white label to improve in 2Q

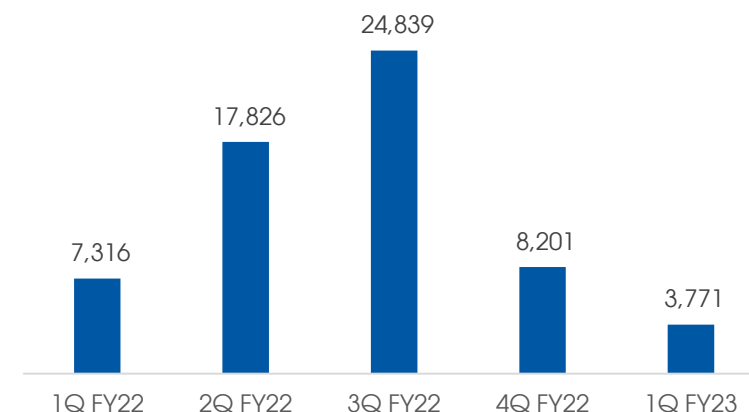
Residential & business broadband net additions



Mobile net additions



Wholesale & white label net additions



* 4Q FY22 normalised to exclude OTW acquisition contribution

2Q & 3Q FY22 includes migration of Origin customers to white label

Market share

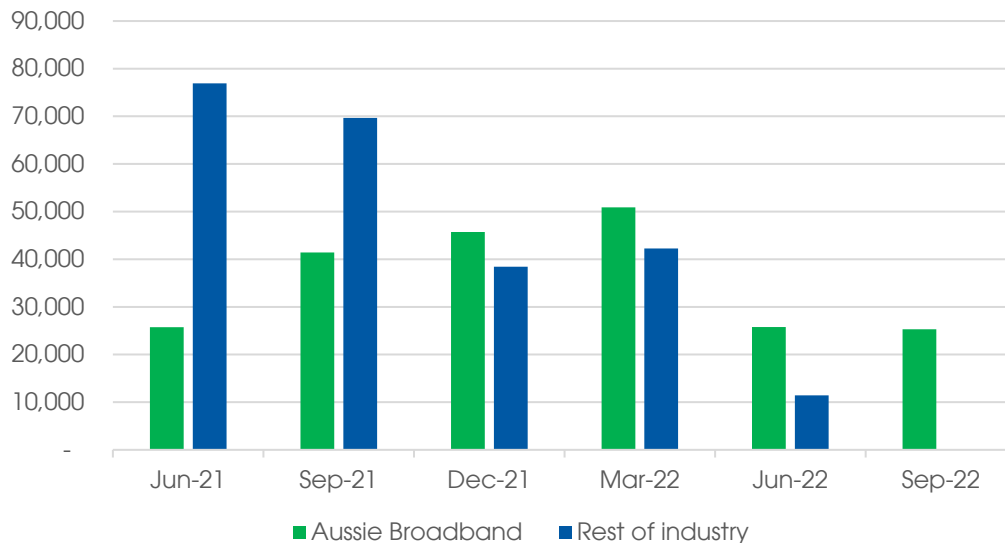


6.73%

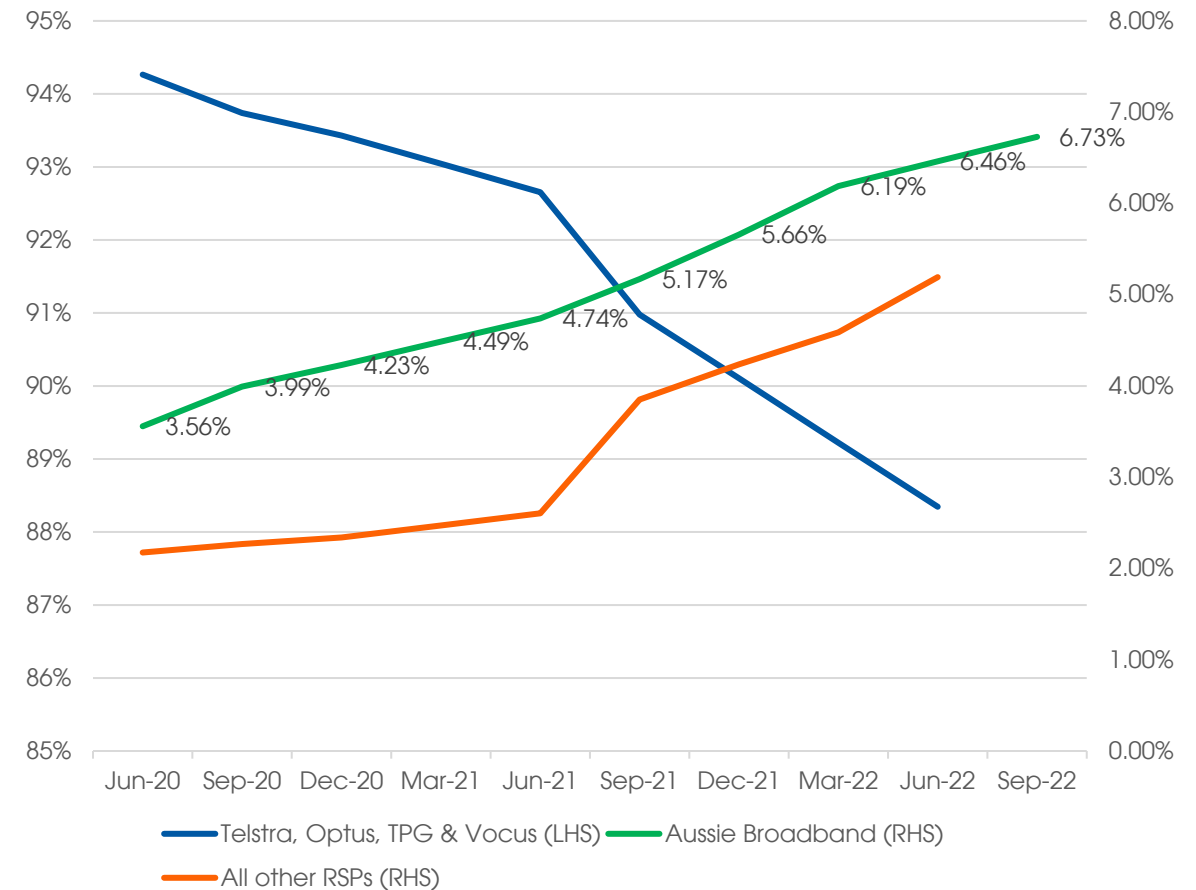
NBN market share

up 27 bps from 30 June 2022

Since December, ABB has taken more net additions than the rest of the industry combined



NBN market share



NBN market share data based on ACCC market indicators report, excluding satellite

Trading update and FY23 guidance



FY23 guidance reaffirmed

- Guidance provided on 29 August 2022 and remains unchanged noting the upside and downside risks outlined in the FY22 results pack
- Based on current market conditions, operating plan and YTD trading, expect revenue of \$800m to \$840m
- Planned growth in higher margin business, enterprise and government customers, and the full year benefit of OTW, should deliver EBITDA margin (excluding integration costs) of c10-10.5%, up from 7.2% in FY22

FY23 performance to date

- Customer CVC usage lower than forecast and CVC overage expense is under budget YTD
- Churn remains inline with past 18-month trend
- Despite strong retail price competition, ABB residential & business has maintained consistent net adds compared to 4Q FY22 without heavy promotion usage, leading to improved margins, lower cost to acquire, and reduced long-term churn risk
- New mobile offerings and dedicated marketing focus driving strong increase in mobile net adds
- One team approach is generating revenue synergies from OTW acquisition with several large multi-product deals being signed
- OTW people integration now complete allowing management focus to shift back to growing the business
- Wholesale net adds have increased from mid September

FY23 Strategic focus



FY23 focus

- Bed down the **new Aussie 2.0 operating model**, team structure and strategy
- Deliver **further cost synergies** from the OTW acquisition and unlocking the full revenue synergy potential of both companies
- Continue to invest in our **data, voice and cloud infrastructure** to underpin our long-term growth
- Refresh our marketing strategy to **increase growth in all segments** and improve advertising efficiency
- Develop and launch **new products and services** to keep our position as a game-changer in the industry
- Increase automation and streamlining of processes to leverage our scale and **unlock new operational efficiencies**.
- Evolving our industry-leading customer service to provide **proactive support for all customers**
- Build ourselves to be one of the **best places to work in Australia**
- Continue building better communities through becoming a **Certified B Corp** organisation



CFO Address

Brian Maher

CFO & Company Secretary

Aussie Broadband Annual General Meeting – 21 October 2022

CFO's Address

Good morning all, my name is Brian Maher and I am the Chief Financial Officer & Company Secretary of Aussie Broadband and I am delighted to present this overview of the financial results for the year ended 30 June 2022.

FY22 saw Aussie continuing its strong growth with Residential revenue increasing by 36% and Business revenue 54%. Wholesale revenue increased by almost \$25m following the commencement of our first Whitelabel customer. Over the Wire contributed \$38.5m of revenue for the three and half months post-acquisition

The acquisition boosted the gross margin % in the second half of the year with like-for-like margin modestly lower due to CVC costs increasing as a % of revenue.

Employee expenses increased faster than revenue, partly due to the acquisition with OTW having a historically higher employee expense to revenue ratio than ABB but also in part due to investments in acquiring additional skill sets to underpin future growth and the impacts of a challenging labour market which have continued into FY23.

Marketing expenses increased at a rate lower than revenue but did represent an increase of over \$5m. The company did yield some modest operating leverage in administration costs.

Depreciation and amortisation expense (excluding those related to the intangibles arising from the OTW acquisition) increased as we continue to invest in network infrastructure most notably the roll out of the fibre network.

The financial position of the company changed significantly following the completion of the OTW acquisition. This is most notable in plant & equipment, right of use assets, intangibles, lease liabilities and deferred tax.

The increase in plant and equipment included \$30m of spend on the fibre roll out.

While trade debtors increased year on year, debtor days are low at 19 days.

The acquisition was funded in part by cash raised from equity during the year and partly by a new \$175m syndicated debt facility.

Net debt at the end of the year was \$138m with a pro-forma leverage ratio of 2.1x

It is worth noting that while a significant proportion of the debt funding was classified as current in the financial statements, post year-end the tenor of Facility B amounting to \$40m was extended to a revised maturity date of March 2025.

The deferred tax liability arises from the tax effect of the intangibles recognised following the acquisition. The balance is net of tax losses of \$2.8m despite the profitable result due to our ability to utilise the current tax concessions allowing us 100% deductibility in the financial year of our fibre roll-out costs to the extent that they relate to completed legs of the network.

In summary FY22 was another solid financial performance

Financial performance



	FY22	FY21	Change
	\$m	\$m	%
Revenue	546.9	350.3	56%
Network and hardware expenses	(385.6)	(252.0)	53%
Gross margin	161.3	98.3	64%
Gross margin %	29.5%	28.1%	1.4pp
Employee expenses	(72.8)	(41.3)	77%
Marketing expenses	(31.5)	(26.3)	20%
Administration and other expenses	(17.6)	(11.6)	48%
EBITDA before non-recurring items	39.4	19.1	107%
IPO, transaction and integration expenses	(4.4)	(1.2)	271%
Depreciation and amortisation	(17.3)	(7.6)	129%
Net interest	(2.3)	(2.2)	8%
Change in fair value of derivative		(12.3)	(100%)
Income tax	(5.3)	(0.3)	1460%
Net Profit after tax before amortisation of acquired intangibles	10.0	(4.5)	223%
Amortisation of acquired intangibles	(6.7)		
Income tax effect	2.0		
Net Profit after tax	5.3	(4.5)	118%

- Residential revenue increased by 36%, business 54%
- Wholesale revenue increased by \$24.7m and OTW contributed \$38.5m
- Gross margin higher due to acquisition of OTW
On a like-for-like basis margin slightly down year-on-year due principally to the impacts of CVC which increased as a % of revenue by 1%
- Employee Expenses increased faster than revenue, partially due to the acquisition of OTW which has a larger ratio and partly due to investments in competencies to support future growth and a challenging labour market
- Marketing expenses increased at a lower rate than revenue but did represent an increase to meet the competitive landscape
- Some modest operating leverage in administration costs

Financial position



	30 June 2022	30 June 2021
	\$m	\$m
Cash and cash equivalents	47.7	57.0
Trade and other receivables	37.2	16.9
Plant and equipment	64.1	17.4
Right-of-use assets	44.3	12.3
Intangibles	416.4	4.0
Other assets	18.8	9.3
Total assets	628.5	116.9
Trade and other payables	53.7	26.8
Contract liabilities	28.2	15.8
Lease Liabilities	42.7	10.6
Borrowings	174.0	
Deferred tax liability	50.3	
Other liabilities	10.9	4.2
Total liabilities	359.8	57.4
Net assets	268.7	59.5

- 19 days of revenue in trade debtors
- Plant & equipment increased with the OTW acquisition and \$30m of fibre build spend
- Right of use assets increased due to \$15.6m acquired, expanded property leases in WA and Victoria and leased equipment for fibre network
- Intangibles principally arising from acquisition of OTW
- Deferred tax liability arising from intangible recognition and tax losses following utilisation of FEDA concessions
- Net debt (including finance leases, excluding operating leases) is \$138.3m
- Pro forma leverage ratio (as per banking covenants with customary EBITDA add backs) - 2.1x
- Since the end of the financial year the Group has extended its syndicated debt facilities so that Facility B now matures on 11 March 2025 together with Facility A

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