



## Half Year Results and Business Update

Rene Sugo - CEO  
February 2015

### Agenda



**Corporate Profile**



**Financial Summary**



**Forecast**



**Business Overview**

## Corporate Profile



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## Corporate Profile



- Founded in 2004 and listed in mid 2006
- Grew from start-up to an independent peer to Tier 1 incumbents in less than a decade
- Built own fully interconnected national network
- Largest VoIP network in Australia carrying over 3 Billion billed minutes per annum
- Brand ecosystem spans all voice market segments: Residential, Business, Enterprise, Government and Wholesale
- Industry advocate for technical innovation, consumer adoption and migration to new voice communications technology

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## myNetFone™ Group Revenue Streams

RETAIL			WHOLESALE	
<p><b>Residential</b></p>  <ul style="list-style-type: none"> <li>• Over 107,000 VoIP services</li> <li>• 13,500 DSL services</li> <li>• Recognised for reliable, good value service</li> <li>• Strong growth in DSL market</li> </ul>	<p><b>Business</b></p>  <ul style="list-style-type: none"> <li>• Market-leading Virtual PBX service with over 2,800 deployments</li> <li>• 8,900 Business Voice services</li> <li>• 3,200 Business Broadband services</li> </ul>	<p><b>Enterprise &amp; Government</b></p>  <ul style="list-style-type: none"> <li>• Multiple strategic vendor partnerships including Microsoft, Avaya, Cisco, Panasonic, Dimension Data and others</li> <li>• Certified supplier for TAS, VIC, NSW and QLD Governments</li> </ul>	<p><b>VoIP Managed Services</b></p>  <ul style="list-style-type: none"> <li>• Over 320,000 SIP End-points hosted on network</li> <li>• 2,000,000 Australian and NZ DID numbers hosted on network</li> <li>• Cloud-based porting and hosting of DIDs and 13/18 inbound numbers</li> </ul>	<p><b>Wholesale Carriage</b></p>  <ul style="list-style-type: none"> <li>• Own carrier-grade networks in Australia, NZ and Singapore</li> <li>• Interconnects with 20+ Tier 1 domestic &amp; international providers</li> <li>• Carries 3 Billion billed voice minutes annually</li> <li>• 180 wholesale customers &amp; carriers</li> </ul>

## Financial Summary



## Financial Highlights H1 FY15

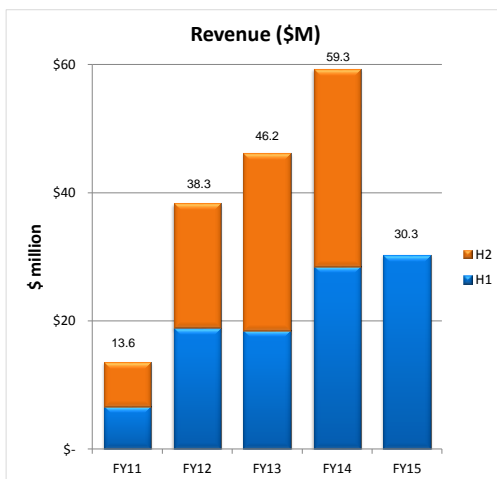


Reported Result	H1 FY14	H1 FY15	Δ
Revenue	\$28.5M	\$30.3M	6.4%
EBITDA	\$3.7M	\$5.0M	36%
NPAT	\$2.4M	\$3.1M	31%
Earnings per share (cents)	3.81	4.98	31%
Dividend per share - fully franked (cents)	2.0	2.5	25%
Net assets per share (cents)	25.6	19.4	32%

- H1 FY15 result includes 6 months contribution from PennyTel and iBoss acquisitions.

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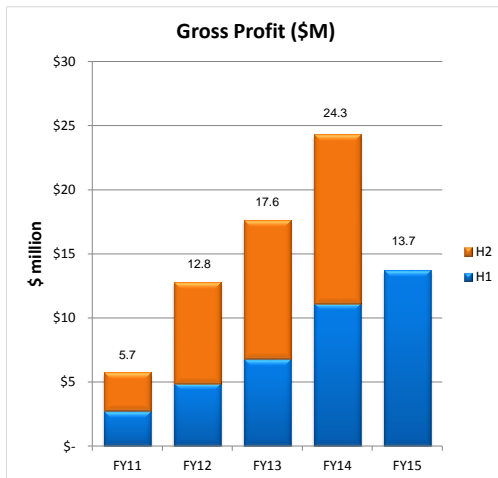
## Key Metrics - Revenue



- Revenue growth largely attributed to organic growth.
- Focus is on growing higher margin product lines – Virtual PBX and Wholesale Hosted Services.
- Historical trend indicates second half revenue generally larger than first half.

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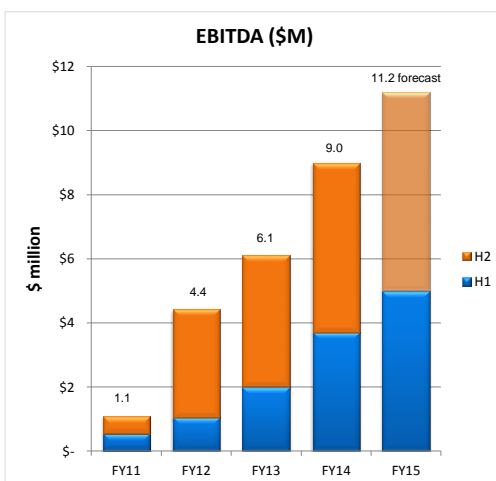
## Key Metrics – Gross Profit



- Gross Profit up 23.4% on H1-FY14.
- Gross Profit margin increased to 45% - up from 39% in H1-FY14.
- Gross Profit increase due to economies of scale, and focus on high margin product lines – Virtual PBX, and Wholesale Hosted Services.

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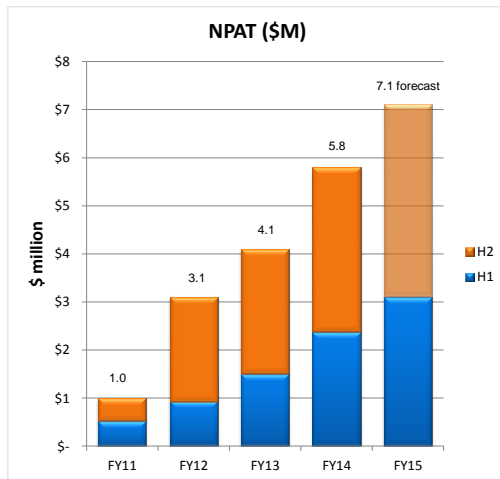
## Key Metrics - EBITDA



- EBITDA margin increased to 17%, up from 13% in 1H-FY14.
- EBITDA growth inline with management forecasts.
- EBITDA trend likely to continue as management execute current business plans.

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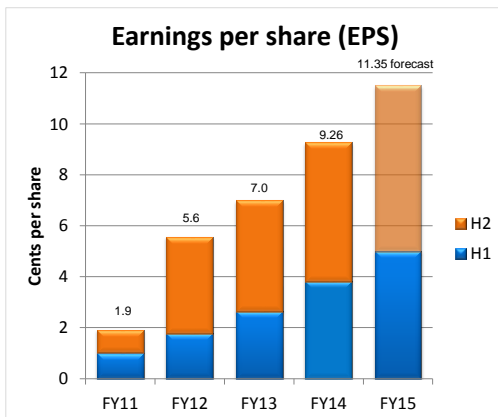
## Key Metrics - NPAT



- NPAT increased by 31% on H1-FY14.
- Earnings on track with previous management forecast.

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## Earnings Growth

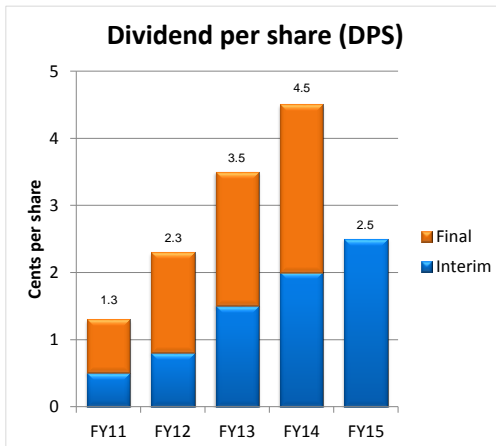


- Consistent EPS growth for 9 consecutive reporting periods
- EPS growth inline with NPAT growth. Dilution is negligible.

- Consistent earnings & dividend growth for 5 consecutive years.

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## Dividend Growth



- ⦿ Dividend payout at 50% of NPAT, and consistent with historical trends.
- ⦿ Dividend is fully franked.
- ⦿ Dividend timetable:
  - ⦿ Record date: 26 Feb 2015
  - ⦿ Payment date: 12 March 2015
- ⦿ There is no dividend re-investment plan in place.

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## Investor Metrics

Metric	Value
Number of Shares	62.46M
Share Price	\$2.93
Market Capitalisation	\$183M
FY15 Interim dividend (fully franked)	2.5 cents

1. Share price is as at 16 February 2015.
2. Dividend Timetable:
  - Record Date: 26 February 2015.
  - Payment Date: 12 March 2015.

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## Forecast



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## FY15 Forecast



Reported Result	FY14 Actual	FY15 Forecast	Var %
EBITDA	\$9.0M	\$11.2M	+24.4%
NPAT	\$5.8M	\$7.1M	+22.4%
Earnings per Share (EPS)*	9.26cps	11.35cps	+22.6%

- ⦿ Re-affirming previous guidance – company performing well against management expectation.
- ⦿ Forecast is based on current operating assumptions and is to be used only as a guide.
- ⦿ \*EPS forecast is based on forecast weighted average number of shares on issue of 62.6M.

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## Upcoming Organic Growth

Key growth areas:

- **Virtual PBX** – continued strong growth in the SME sector, supported by targeted advertising and PR
- **iBoss** – successful phase 1 relaunch into current market base & strong interest from new wholesale customers
- **Wholesale Managed Services** – solid performance will be further turbocharged with release on iBoss aggregation platform, opening new market opportunities



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## Future Acquisitions

- **Company remains committed to growth by acquisition**
  - Strict policy around evaluation of opportunities
- **Looking to build value through synergy leveraging:**
  - National network for margin uplift
  - Intellectual property capabilities
  - Skills and experience with complex integrations
- **Sticking to product strategy**
  - Leveraging voice technology and applications
  - Not looking to resell other networks







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## Business Overview

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## Multi-Brand Strategy



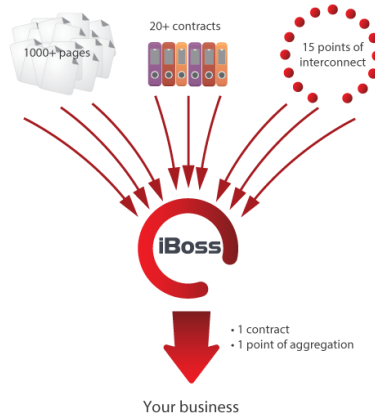
Brand	Services Overview	Target Market
 myNetFone Your World, Connected	Hosted communications including voice, data & enhanced services	Residential, Business, Enterprise & Government
 symbio NETWORKS	Wholesale carriage & VoIP managed services	Carriers & Network Operators
 iBoss by Symbio Networks	Wholesale aggregation & enablement of data, voice and mobile services	Carriage service providers & large consumer brands
 PennyTel A penny saved is a penny earned.	VoIP, mobile and broadband	Tech-savvy, budget-conscious Residential
 CONNEXUS	Business internet & value-added services	Business & Enterprise premium market
 callstream INBOUND COMMUNICATIONS	13, 1300, 1800 numbers	Business cloud market

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## iBoss Relaunch



- Upcoming release of Symbio VoIP with iBoss aggregation
- Unique carrier-agnostic platform
- Supports all 3 Tier 1 Australian data access providers
- Opportunity to tap into CSP & Virtual Providers wholesale market

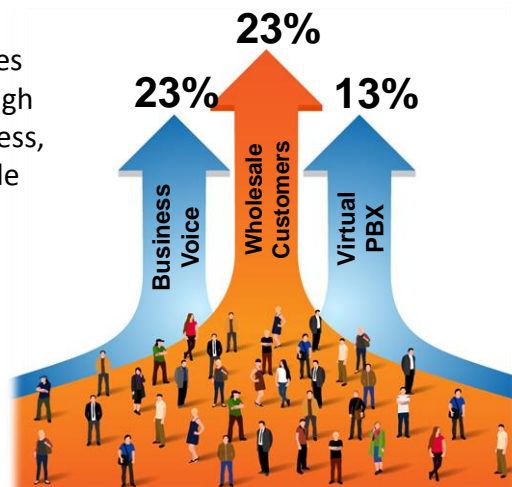


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## Organic Growth



Strong half-year organic growth of services in operation across key high margin segments of Business, Enterprise and Wholesale

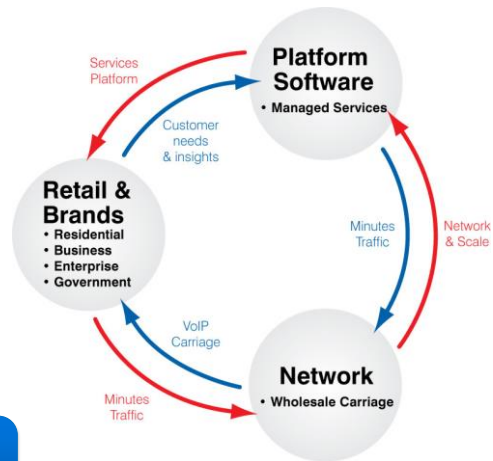


## The MNF Differentiator

*Moving traditional telephony onto the internet*



- Unique technical eco-system with own intellectual property and R&D capabilities.
- Having in-house capabilities helps to increase Gross Margins as well as control product roadmap.
- Multi-brand strategy to leverage network assets across multiple sectors.
- Massive scalability potential with about 50% headroom on existing network assets.



**Our unique differentiator in the Australian junior telco sector!**

## The MyNetFone Voice Network



- 100% population coverage in Australia, New Zealand and Singapore
- The biggest and best VoIP network in Australia!
- Fully owned and operated by subsidiary Symbio Networks

## Thank you



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### Did we mention our awards?



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