



1H 2016 Results Presentation  
February 2016

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- References to Over the Wire in this presentation are to the Over the Wire group including the Company, Faktortel and Sanity Technology.

# AGENDA

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# 1. INTRODUCTION – OVER THE WIRE OVERVIEW



Objective	<ul style="list-style-type: none"><li>▪ To be a leading provider of <b>telecommunications, cloud and IT services</b> to businesses in Australia</li></ul>
Business divisions	<ul style="list-style-type: none"><li>▪ Data Networks (45% of 1H 2016 revenue)</li><li>▪ Voice (33% of 1H 2016 revenue)</li><li>▪ Cloud / Managed Services (11% of 1H 2016 revenue)</li><li>▪ Data Centre Co-Location (11% of 1H 2016 revenue)</li></ul>
Value to customers	<ul style="list-style-type: none"><li>▪ Delivering tailored, efficient and cost effective telecommunications, cloud and IT services;</li><li>▪ Providing an <b>integrated, customer focussed solution</b>; and</li><li>▪ Ensuring that customers receive a <b>high quality service</b> at all times</li></ul>
Growth drivers	<ul style="list-style-type: none"><li>▪ <b>Organic growth</b> through both geographic expansion and cross selling more products and services to existing customers</li><li>▪ Growth through <b>complimentary acquisitions</b> which add shareholder value</li></ul>
Strong industry dynamics	<ul style="list-style-type: none"><li>▪ Internet traffic in Australia is projected to grow at a CAGR of approximately 23% between 2014 and 2019</li><li>▪ The global business VoIP market is projected to grow at a CAGR of approximately 8% between 2013 and 2018</li><li>▪ Cloud adoption by Australian businesses is projected to grow at a CAGR of approximately 30% between 2013 and 2017</li><li>▪ The Australian data centre market is projected to grow at a CAGR of approximately 14% between 2013 and 2020</li></ul>

## 2. HIGHLIGHTS OF 1H FY16 RESULT

### **Strong growth in all divisions and on track to deliver FY16 Prospectus Forecast**

- Total Revenue up 45% over prior comparative period (pcp) to \$10.998m
- EBITDA up 85% over pcp to \$2.437m
- NPAT up 123% over pcp to \$1.418m (includes \$0.334m of one off IPO costs expensed in the period)
- NPATA up 114% over pcp to \$1.5m
- Net cash of \$4.147m as at 31 December 2015 (including deferred consideration payable on acquisitions)
- Successful completion of Initial Public Offering on ASX in December 2015, raising \$10m
- Successful integration of recent Faktortel and Sanity Technology acquisitions
- On track to deliver Prospectus forecasts for the full year

## 3.1 PROFIT AND LOSS

**Over the Wire is a high growth, high margin business**

- Revenue growth driven by:
  - Data Networks - strong organic growth
  - Voice - organic growth and the successful acquisition of Faktortel on 28 July 2015
  - Cloud / Services – strong organic growth and the successful acquisition of Sanity Technology on 30 November 2015
  - Data Centre Co-Location – organic growth and the acquisition of Sanity Technology on 30 November 2015
- Significant increase in profitability is due to:
  - Strong revenue growth
  - Effective management of operating expenses
  - Delivering ahead of schedule a number of cost synergies from the acquisitions of Faktortel and Sanity Technology

	Statutory historical Actual			Statutory Forecast
A\$m	1H FY15	1H FY16 <sup>(1)</sup>	Change (%)	FY16F
<b>Revenue</b>	7.6	<b>11.0</b>	<b>45%</b>	<b>22.2</b>
Data networks	3.8	4.9	29%	10.0
Voice	2.1	3.6	73%	7.0
Cloud / services	0.8	1.1	45%	2.6
Data centre co-location	0.9	1.2	26%	2.6
Gross profit	3.8	6.3	64%	12.4
Gross profit %	51%	57%	6%	56%
<b>EBITDA</b>	1.3	<b>2.4</b>	<b>85%</b>	<b>4.5</b>
EBITDA %	17%	22%	5%	20%
<b>NPATA<sup>(2)</sup></b>	0.7	<b>1.5</b>	<b>118%</b>	<b>2.4</b>
<b>NPAT</b>	0.6	<b>1.4</b>	<b>123%</b>	<b>2.1</b>
<b>Earnings per share (cents)</b>	2.0	4.2	110%	

Notes:

(1) The statutory half year result to 31 December includes approximately 5 months contribution from Faktortel and approximately 1 month contribution from Sanity Technology

(2) NPATA equals NPAT plus intangible amortisation

## 3.2 STRONG CASH CONVERSION

### Over the Wire generates strong cashflow

- Over the Wire has been able to demonstrate strong conversion of EBITDA to cash
- Increase of cash and cash equivalents of \$4.331m in the six month period to 31 December 2015
- Payments for Acquisition of Subsidiary / Intangibles represents payments made for the acquisitions of Faktortel and Sanity Technology

	Statutory Historical	
A\$'000	1H FY15	1H FY16
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	8.3	11.7
Payments to Suppliers & Employees	(7.1)	(9.3)
Interest Paid & Other Finance Costs Paid		(0.1)
Income Taxes paid	(0.1)	(0.8)
<b>Net Cash from Operating Activities</b>	<b>1.1</b>	<b>1.5</b>
<b>Cash Flows from Investing Activities</b>		
Payments for Acquisition of Subsidiary / Intangibles		(6.0)
Payments for Property, Plant & Equipment	(0.4)	(0.6)
Proceeds from sale of investments	0.1	
<b>Net Cash used in Investing Activities</b>	<b>(0.3)</b>	<b>(6.6)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Issue of Shares		10.0
Share issue transaction costs		(0.5)
Dividends Paid		
Repayment of Borrowings	(0.6)	(0.1)
<b>Net Cash used in Financing Activities</b>	<b>(0.6)</b>	<b>9.4</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>0.2</b>	<b>4.3</b>
Cash and Cash Equivalents at the Beginning of the Half Year	0.6	2.2
<b>Cash &amp; Cash Equivalents at End of the Half Year</b>	<b>0.8</b>	<b>6.5</b>

### 3.3 STATUTORY BALANCE SHEET

**Strong balance sheet with net cash of approximately \$4.1m as at 31 December 2015**

- Intangibles balance largely reflects the acquisitions of Faktortel and Sanity Technology.
- Settlement liabilities (\$882k in total) reflects the potential deferred consideration for the acquisition of Sanity Technology.
- Non-current borrowings reflects Over the Wire's fully drawn facility with ANZ which has a remaining term.
- Over the Wire continues to maintain a strong balance sheet, remaining well positioned to consider further acquisition opportunities that add shareholder value.

Statutory Balance Sheet (\$,000)	2HFY15	1HFY16
Cash and Cash Equivalents	2.2	6.5
Trade and other Receivables	1.0	1.8
All Other	0.1	0.2
<b>Total Current Assets</b>	<b>3.3</b>	<b>8.5</b>
Property, Plant & Equipment	2.1	2.4
Intangibles	0.2	8.8
All Other	0.1	0.4
<b>Total Non Current Assets</b>	<b>2.4</b>	<b>11.6</b>
<b>Total Assets</b>	<b>5.7</b>	<b>20.1</b>
Trade & Other Payables	1.2	2.0
Settlement Liability	0.0	0.2
Borrowings	0.2	0.2
Current Tax Liability	0.6	0.8
All Other	0.3	0.3
<b>Total Current Liabilities</b>	<b>2.3</b>	<b>3.5</b>
Borrowings	1.4	1.2
Settlement Liability	0.0	0.7
All Other	0.0	0.0
<b>Total Non-Current Liabilities</b>	<b>1.4</b>	<b>1.9</b>
<b>Total Liabilities</b>	<b>3.7</b>	<b>5.4</b>
<b>Net Assets</b>	<b>2.0</b>	<b>14.7</b>
Issued Capital	0.0	11.3
Retained Profits	2.0	3.4
<b>Total Equity</b>	<b>2.0</b>	<b>14.7</b>

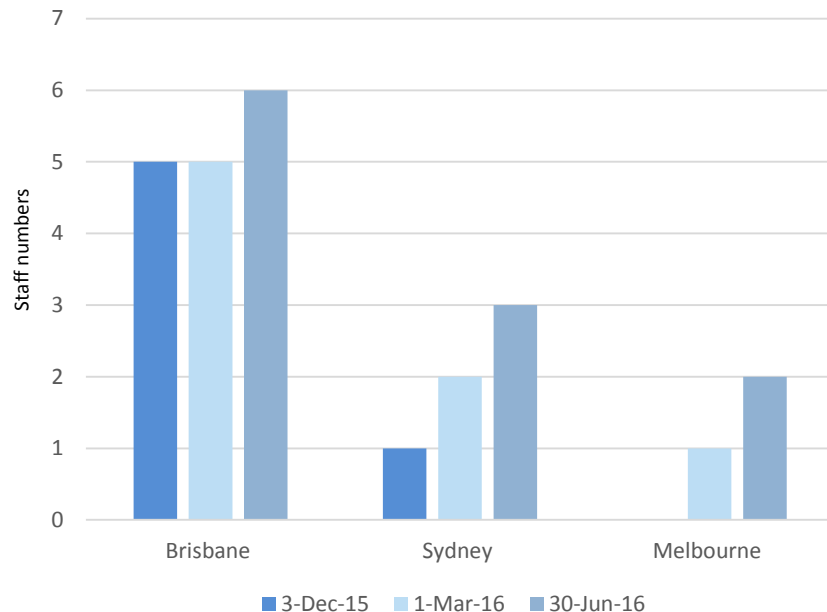


## 4.1 GROWTH STRATEGY – PLATFORM FOR ORGANIC GROWTH

**Plans are being executed to continue to deliver strong organic growth**

- Over the Wire plans to continue its strong organic growth through implementing the following strategies:
  - Increased penetration in existing established markets through expanding Over the Wire's Sales function;
  - Leveraging Over the Wire's platform to sell more products and services to existing customers;
  - Continued geographic expansion into NSW with Over the Wire's Sales function in Sydney increasing to 3; and
  - Melbourne office will be up and running ahead of schedule with 2 Business Development Managers by 30 June 2016.

**Increased sales force to drive organic growth**



## 4.2 SELECTIVE ACQUISITIONS TO ACCELERATE ORGANIC GROWTH

Over the Wire will consider acquisitions with a compelling strategic fit, readily achievable synergies and which add shareholder value

### Update on acquisitions

**Faktortel** (acquired in July 2015 for approximately \$4.9m, with both cash and Over the Wire shares as consideration).

- Voice business based on Gold Coast with national customer base owned by father and son (father retired with son retained in the business post acquisition). Over the Wire monitored the business for a period of time whilst Faktortel was a customer.
- Over the Wire acquired Faktortel for:
  - Increased Voice volume and revenue;
  - Geographic expansion as Faktortel clients are more heavily weighted in New South Wales and Victoria;
  - EBITDA / EPS accretion;
  - Ability to cross-sell non-voice products into the Faktortel client base; and
  - Cost synergies due to replication of infrastructure with the consolidated entity.

**Sanity Technology** (acquired in November 2015 for approximately \$3.5m including earn out, with both cash and Over the Wire shares as consideration).

- Data Centre business based in Brisbane with national customer base owned by one individual (owner retained on consultancy with non-compete). Over the Wire Management was aware of the business for some time.
- Over the Wire acquired Sanity Technology for:
  - An increased data centre colocation footprint in Brisbane;
  - Increased colocation revenue;
  - EBITDA / EPS accretion;
  - Ability to cross-sell data and voice products into the Sanity Technology client base; and
  - Cost savings due to replication of infrastructure with the consolidated entity.

## 5. OUTLOOK

- Over the Wire is on track to achieve its FY16 Prospectus forecasts.
- Expansion initiatives in NSW and Victoria were not forecast to contribute revenue in FY16 but are well advanced.
  - Since listing in December 2015 the Company has expanded its sales team to 8, with a total of 11 expected by 30 June 2016.
  - Over the Wire is in the process of opening a Melbourne Office to further support its organic growth initiatives.
- Industry dynamics remain favourable providing the platform for continuing strong organic growth.
- The balance sheet remains strong with net cash of \$4.1m.
- Over the Wire continues to generate strong cash flow and maintain a strong balance sheet, remaining well positioned to consider further acquisition opportunities that add shareholder value.

Thank you for your time

Any questions?

## A.1 BROAD PRODUCT OFFERING – OUR BRANDS AND DIVISIONS



Broad and integrated offering of products and services provides Over the Wire customers with a complete solution from one supplier dedicated to customer service

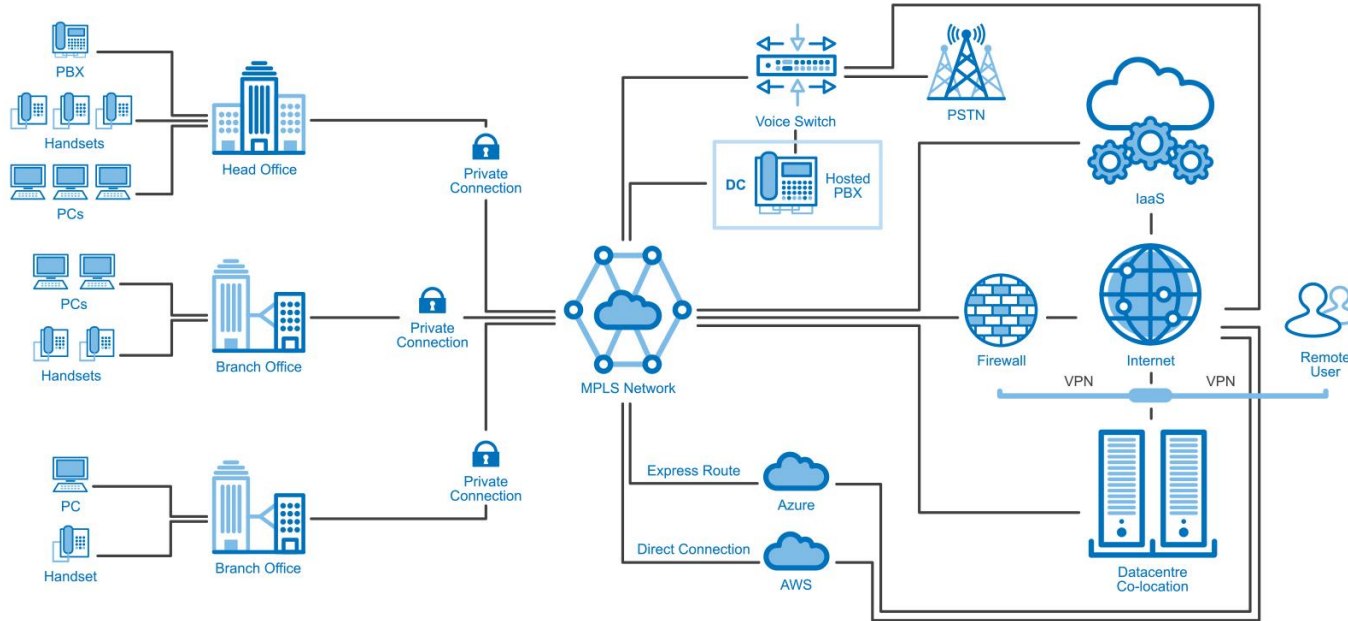
Over the Wire divisions	Data Networks	Voice	Cloud / Managed Services	Data Centre Co-Location
Over the Wire brands		 		 

## A.2 OVER THE WIRE'S KEY POINTS OF DIFFERENCE

### **Differentiated offering – in particular Over the Wire:**

- Has built and owns a complex national data and voice network;
- Has one of the largest data centre footprints in Brisbane;
- Accesses fibre and copper through more than 20 wholesale providers, meaning that Over the Wire is able to offer greater flexibility than many of its competitors;
- Provides an integrated suite of telecommunications, cloud and IT products and services;
- Delivers flexible, customer focused technical solutions; and
- Provides customer service staff that are highly trained systems and network engineers.

## A.3 OVER THE WIRE'S BROAD OFFERING OF PRODUCTS AND SERVICES



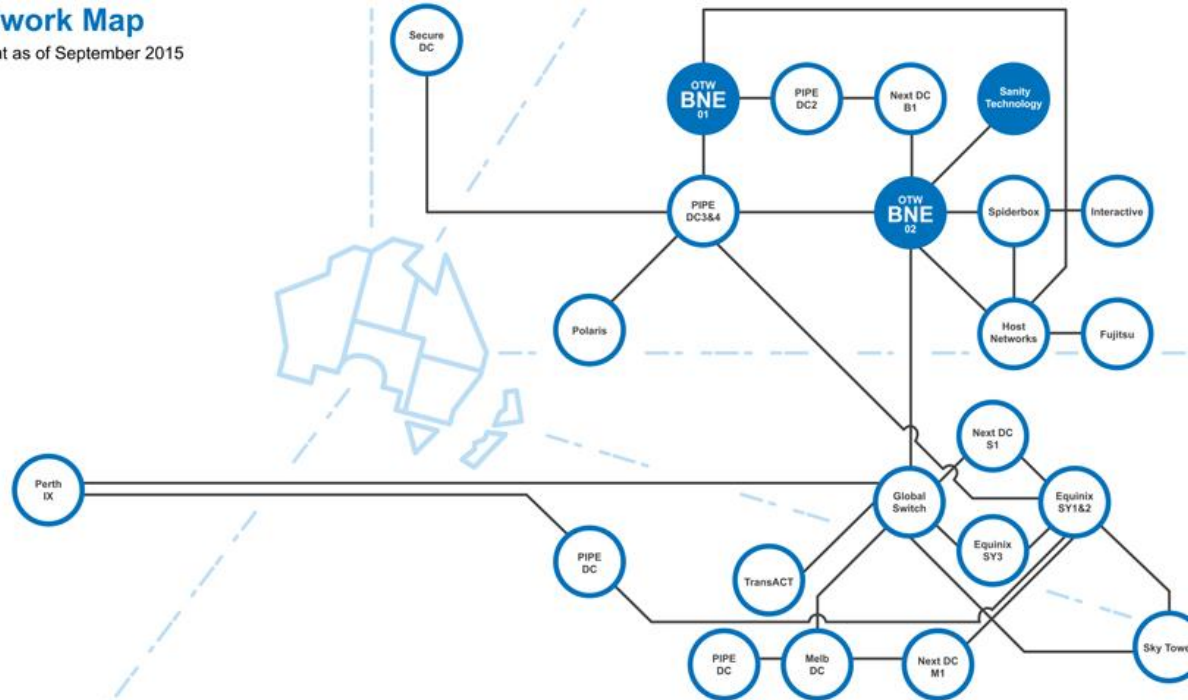
- Tailored, efficient and cost effective offering;
- Integrated, customer focussed solution; and
- High quality service.

## A.4 A NATIONAL NETWORK

Nationwide platform leveraged for growth

### Network Map

Current as of September 2015



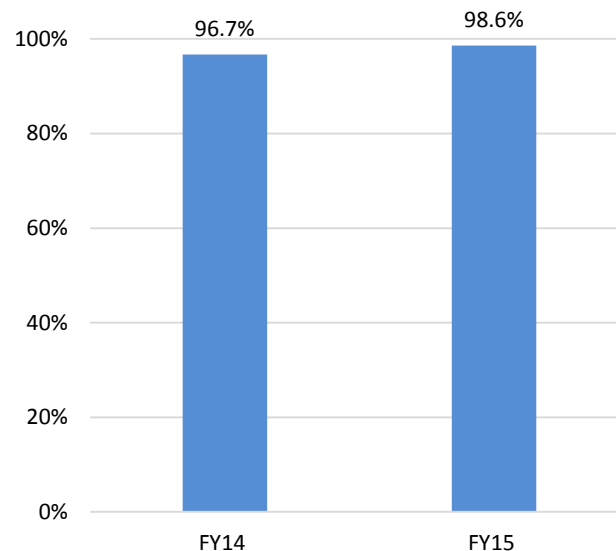


## A.5 CUSTOMER SERVICE IS A COMPETITIVE ADVANTAGE

**Over the Wire group's market leading customer service has led to very high levels of customer retention (98.6% in FY15)**

- Over the Wire has developed a culture which consistently delivers high levels of customer service and retention.
- Over the Wire has achieved this by:
  - Tailoring a solution for a customer's requirements;
  - Being highly responsive and pro-active; and
  - Ensuring that the product or service performs.
- This high level of customer service allows Over the Wire to win customers from its competitors and expand the services provided to customers.
- Over the Wire has little customer concentration with its top 10 customers contributing <20% of pro forma FY15 revenue.

**Over the Wire Customer retention (revenue year on year)**



Notes:

- (1) Over the Wire only (excluding Faktortel and Sanity Technology).
- (2) A customers revenue is classified as retained in a given year if Over the Wire had revenue from the customer in the current year and in the previous year.

## A.6 DATA NETWORKS

**Over the Wire Group's Data Network Division is currently its largest by revenue contribution**

- Over the Wire has a national network with points of presence (POPs) in all major Australian capital cities and Auckland, New Zealand.
- Over the Wire's Data Networks division provides:
  - Custom built, private connections to construct a fully managed wide area network (WAN); and
  - High bandwidth and dependable internet connectivity.
- Over the Wire utilises more than 20 wholesale infrastructure providers to deliver services into these POPs for delivery of a complete integrated solution.
- Customers include small to large businesses with single to multiple sites. Contracts are initially entered into for a 3 year term.

## A.7 VOICE

**In addition to Over the Wire's existing voice business, Faktortel is considered one of the 8 major managed VoIP service providers in Australia<sup>(1)</sup>**

- The Voice division provides session initiation protocol (SIP) based voice solutions that deliver a high quality and high availability service.
- Over the Wire's voice platform supports a range of client usage scenarios from private branch exchanges (PBX) to call centre diallers, for both inbound and outbound calling.
- Over the Wire recently acquired Faktortel, a leading Australian provider of VOIP services to business and residential customers.
- The Faktortel acquisition provides an opportunity to cross-sell Over the Wire products and services to Faktortel's business customers.
- Approximately 90% of Voice division pro forma revenue in FY15 was generated by business customers with the balance by residential customers.

(1) ACMA Report on the VoIP industry dated July 2015

## A.8 CLOUD / SERVICES

**Over the Wire's Management expect the Cloud / Managed Services division to grow rapidly in the medium to long term**

- Over the Wire provides a range of private cloud services to its customers:
  - Infrastructure as a service (IaaS);
  - Hosted PBX; and
  - Connection to Amazon and Microsoft Azure.
- Within this division, Over the Wire provides a range of managed services from basic maintenance through to complete outsourced IT support and administration. This division also includes one-off project work and equipment sales where requested by the customer.

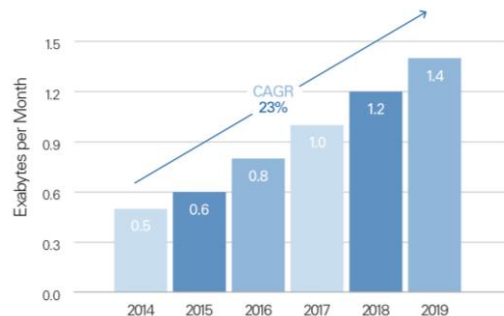
## A.9 DATA CENTRE CO-LOCATION

**As at 31 December 2015, more than 80% of racks in Over the Wire group's four data centres were utilised**

- Data centre co-location allows customers to house their equipment, such as servers and network equipment, in Over the Wire's secure, highly stable and monitored data centres reducing the risk of downtime and saving on environmental infrastructure costs (such as power and air-conditioning).
- Over the Wire owns four data centres in Brisbane at three separate locations, with a capacity of more than 200 racks:
  - BNE01-1 and BNE01-2, which have capacity for 51 racks combined;
  - BNE02, which has capacity for 126 racks; and
  - Sanity Technology, which has capacity for 44 racks.
- Each data centre is connected via fibre to Over the Wire's nationwide MPLS network.
- Contracts range from a 1 to 3 year term with fixed power allocation (with a further charge for excess power usage).

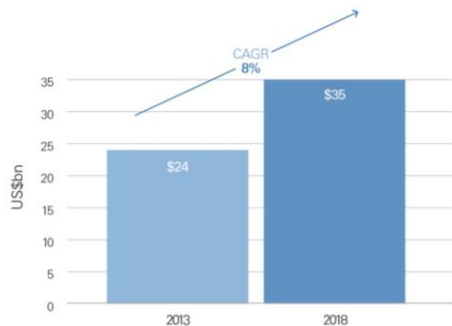
## A.10 STRONG INDUSTRY DRIVERS

**Australian IP traffic (Exabytes per month)**



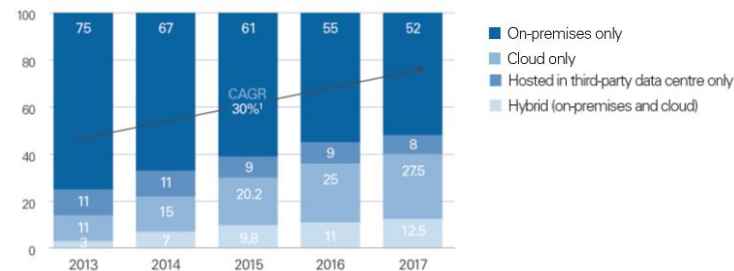
Source: Cisco VNI Global IP Traffic Forecast, 2014-2019

**Global business VoIP market (US\$bn)**



Source: Infonetics

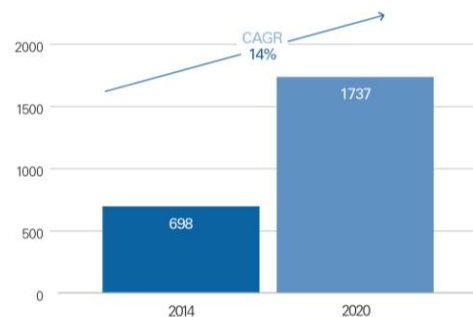
**Cloud communications penetration in Australian businesses – infrastructure moving off-premises (%)**



(1) CAGR is cloud adoption by Australian business (e.g. Hybrid and Cloud)

Source: Telsyte

**Australian data centre revenue (A\$m)**



Source: Frost & Sullivan

## A.11 OVER THE WIRE MANAGEMENT

### Over the Wire has a highly experienced Management team

#### Michael Omeros, Managing Director

- Michael is the co-founder and Managing Director of Over the Wire. He has over 20 years of experience in telecommunications and IT services sectors.
- Prior to Over the Wire Michael held a Senior Management role at GBST, worked for Zurich Insurance in the UK and founded Celentia, which now forms part of the Over the Wire group.

#### Brent Paddon, Executive Director

- Brent is a co-founder and Director of Over the Wire. He has over 20 years of experience in telecommunications and IT services sectors.
- Prior to Over the Wire Brent held a Senior Management role at WebCentral, worked for Pipe Networks and founded Brisbane Internet Technologies, which was sold to Asia Online.

#### Mike Stabb, Chief Financial Officer and Company Secretary

- Mike was appointed CFO of Over the Wire in 2012. He is a Fellow of the Institute of Chartered Accountants with over 20 years experience.
- Prior to Over the Wire Mike worked as a Global Financial Controller for Deutsche Bank in London and on Wall Street, as well as held CFO and senior finance roles in the IT/Telco, Property, Radio Communications and banking industries in Australia.

#### Ben Cornish, Chief Operating Officer

- Ben was appointed General Manager – Voice and Data in 2012 and has recently been promoted to COO.
- Prior to Over the Wire Ben held operational management roles at Brennan IT and IExec.

## A.12 OVER THE WIRE BOARD

**The Over the Wire Board has members with ASX200 experience in fast growing companies**

### **Dr John Puttick, Chair and Non-Executive Director**

- Dr John Puttick is the founder and ex Chairman of GBST and has forty years experience in the IT industry, over thirty of which have been in development of financial services solutions at GBST.
- John serves as a member of the QUT Council and on University of Queensland and Queensland University of Technology Faculty Advisory Committees.

### **Susan Forrester, Non-Executive Director**

- Susan is an experienced Company Director with a diverse portfolio career.
- Susan has a significant blend of commercial, financial and legal management experience gained across public and private organisations.
- She is currently chair for National Veterinary Care Ltd (ASX: NVL) and is a non-executive director for G8 Education (ASX: GEM), Xenith IP Group Limited (ASX:ZIP) and UnitingCare Qld.

### **Michael Omeros, Managing Director**

- Michael is the co-founder and Managing Director of Over the Wire. He has over 20 years of experience in telecommunications and IT services sectors.
- Prior to Over the Wire Michael held a Senior Management role at GBST, worked for Zurich Insurance in the UK and founded Celentia, which now forms part of the Over the Wire group.

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