

ASX RELEASE

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OVER THE WIRE HOLDINGS LIMITED
HALF YEAR RESULTS TO 31 DECEMBER 2019

A summary of Over the Wire Holdings Limited's (ASX:OTW) financial results for the half-year ended 31 December 2019 (H1 2020) is set out below:

	H1 2020	H1 2019 (restated)*	% Change
Total Revenue	\$42.9m	\$34.3m	25%
EBITDA	\$8.2m	\$8.1m	1%
NPATA	\$4.0m	\$4.2m	(4%)
NPAT	\$2.3m	\$3.2m	(27%)

* Prior comparative period has been restated to take into account AASB16, the new leasing standard.

Commenting on the H1 2020 results, Managing Director Michael Omeros said, "Although our first half revenue is behind our budget, the strength of our current sales pipeline and the orders being provisioned gives us confidence of a strong second half result in line with our expectations. We remain focused on delivering organic growth, especially of the recurring kind, as this is the best form of long-term growth and a good indicator of the future strength of our business.

We have a number of new capabilities being finalised in the next six months. We will be launching a Microsoft Teams Direct Routing service and adding post-paid mobile services to our product portfolio. The most significant milestone for us though is approaching the final stages of our carrier interconnect project that will see NetSIP become a 'Tier 1' voice carrier. Complemented by quality acquisitions, which will be a focal area for the remainder of the calendar year, we can see strong opportunities for growth and remain committed to delivering on our strategy."

Business Performance

Total revenue from ordinary activities for the half year was \$42.9m (H1 2019: \$34.3m), representing an increase of 25% on the previous year. The result demonstrates demand from customers across all four product lines including:

	H1 2020	H1 2019	% Change
Data Networks	\$19.1m	\$17.7m	8%
Voice	\$9.2m	\$8.1m	14%
Hosting	\$5.1m	\$4.2m	21%
Security & Services	\$9.5m	\$4.4m	118%

Over the Wire remains focused on delivering strong organic growth and profitability in its recurring revenue streams and has significantly invested during the last 6 months in Business Development personnel, offshore capability and software development initiatives that should deliver operational efficiencies. This investment along with non-recurring sales being a little slower than anticipated has led to lower profitability in this half.

The Group continues to remain a strong converter of EBITDA into positive operating cashflows, and with \$7.4m in cash and cash equivalents at half-year end and very low gearing ratios, the balance sheet is strong and ready to deliver the Group's growth strategy.

Dividends

The Board has declared an interim dividend of 1.50 cents per share fully franked, to be paid in April 2020.

Organisation Changes

To ensure Over the Wire succeeds in its next phase of growth, Scott Smith will move into the role of CEO – Over the Wire, focused on ensuring that the business that is Over the Wire today continues to operate efficiently, delivers a high quality customer experience and grows at a strong organic rate. Piers Tyler will move into a GM – Sales and Marketing role, taking ownership for Business Development, Account & Partner Management and Marketing activities. Michael Omeros will remain Group CEO, supporting Scott and his team whilst being able to apply greater focus on our longer-term growth aspirations.

Current Chief Financial Officer Mike Stabb will move into a new team with a primary focus on M&A, new Products and new market opportunities. He will be joined in this team by Brent Paddon, Jay Binks and Dennis Muscat. Current Financial Controller Ben Melville will join the Executive Team as Chief Financial Officer.

These changes will be effective from the 9th of March 2020.

Business Outlook

Our business is tracking well against our strategy and we continue to generate positive operational cash flow and maintain a strong balance sheet. We remain well positioned to continue to deliver organic growth and pursue further accretive acquisitions.

The company remains confident that it will achieve its second half targets and deliver sustainable profit growth for shareholders.

This announcement was authorised for release by the Board.

ENDS

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About Over the Wire Holdings Limited

Over the Wire Holdings Limited (ASX: OTW) is an ASX listed telecommunications, cloud and IT solutions provider that has a national network with points of presence in all major Australian capital cities and Auckland, NZ. The company offers an integrated suite of products and services to business customers including Data Networks and Internet, Voice, Data Centre co-location, Cloud and Managed Services.

Over the Wire Holdings Limited companies include Over the Wire, NetSIP, Faktortel, Sanity Technology, Telarus, VPN Solutions, Access Digital Networks and Comlinx.