



ASX RELEASE

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OVER THE WIRE HOLDINGS LIMITED BUSINESS UPDATE AND NEXTDC PARTNERSHIP

Over the Wire Holdings Limited (ASX:OTW) (“Over the Wire” or “Company”) continues to actively manage the impact of COVID-19 on its team and business. Our key priorities remain the health and safety of our team and maintaining a high level of service and reliability for our customers, to support them through these unprecedented times. We are pleased to provide the following update.

Business Update

Due to social distancing restrictions, the current pandemic has generated greater demand for voice and collaboration technologies, which has seen strong demand for our voice offering, resulting in higher volumes. The increase in voice volumes has positively offset delayed delivery of some data services that has resulted from customer site access restrictions during the lockdown period. Broadly speaking we are in-line with our expectations for the recurring business, we continue to generate positive operational cash flow and we maintain a strong balance sheet.

Our exposure to customers in industries hardest hit by the current pandemic (retail, hospitality and travel) is limited and those most affected represent less than 3% of our recurring base. We have supported our customers wherever possible to ensure that they remain strong when the economy starts to revive. From an accounts receivable perspective, we continue to monitor payment trends, with appropriate provisions in place for areas of increased exposure.

COVID-19 has impacted our non-recurring business however recent orders from customers indicates we are now likely to deliver over 70% of our non-recurring revenue forecast.

Whilst the COVID-19 situation continues to create a degree of uncertainty, the Company remains confident of being within 3% of consensus (Revenue: \$90.4M, EBITDA: \$17.4M), demonstrating the quality of the recurring revenue.

As announced in our half year presentation, we planned to launch new voice products this half. Our Microsoft Teams Direct Routing service was delivered in Q3 and has proven to be a valuable addition to our portfolio given the increased demands for collaboration technologies generated by the current remote working requirements. Our mobile product is tracking well and will be launched in the latter part of Q4.

Our acquisition strategy has continued to progress and there are a number of quality businesses about which we remain confident in achieving positive outcomes.

NEXTDC Partnership

Over the Wire has entered into a strategic partnership with NEXTDC whereby the Company will migrate core elements of its network and private cloud infrastructure into the market leading data centre providers Tier 4 facilities. This is a foundational building block that will bring our network closer to many of the world's leading cloud providers and cloud on-ramp services, further supporting our strategy to drive a multi-cloud outcome for our clients. This partnership will also enable the Over the Wire sales team with the NEXTDC solution set, which will allow for further development of our multi-cloud strategy in conjunction with our current private cloud offering. NEXTDC will leverage the deep networking capabilities of Over the Wire to continue to build out its next generation of data centres.

“We are excited to be working with the OTW team. Exponential growth of colocation and hybrid multi-cloud continues to fuel NEXTDC’s exciting journey. We continue to build out our leading infrastructure platform to drive the underlying growth of the digital economy. Partnering with organisations with domain expertise in networking and cloud deepens the broad services portfolio our customers can access through our ecosystem. Over the Wire has proven to be an extremely capable organisation and we are pleased to make further strategic investments in our partnership.” Craig Scroggie, CEO and Managing Director, NEXTDC

OTW Managing Director Michael Omeros commented, “Although the COVID-19 pandemic has created uncertainty and challenging market conditions our team has shown focus and resilience which should be commended. We are satisfied with how the business is currently tracking and confident about achieving positive growth into next financial year.

The NEXTDC partnership has been formed from a long-term successful relationship and we are proud to work more closely with such a capable and forward-thinking team. NEXTDC forms an integral part of our multi-cloud strategy and we are excited to be on the journey with NEXTDC, as they continue to build out next generation data centres that are enabling the growth of the digital economy.”

This document was authorised for release by the Over the Wire Holdings Limited Board.

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For further information, please contact:

Michael Omeros	Scott Smith	Ben Melville
Managing Director and Group CEO	CEO – Over the Wire	CFO
+617 3847 9292	+617 3847 9292	+617 3847 9292
michael.omeros@overthewire.com.au	scott.smith@overthewire.com.au	ben.melville@overthewire.com.au

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.