

personal use only

# Full Year Results Presentation FY2021

31 August 2021



# Disclaimer

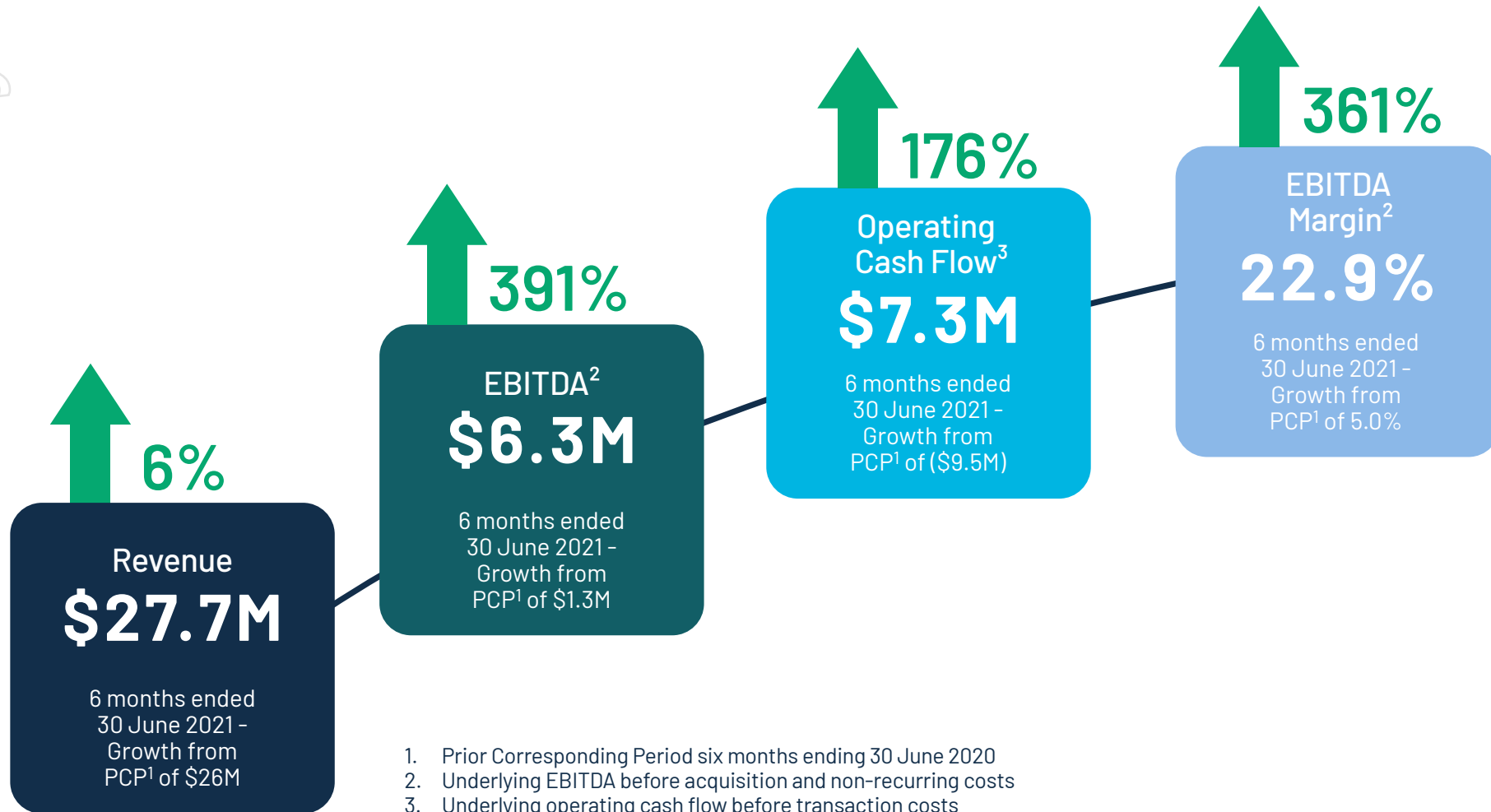
This presentation contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that Webcentral Group anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to expectations, planned operations or future actions. These forward-looking statements are based on currently available information as of the date of this presentation but are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.

A number of risks, uncertainties and other factors could cause actual results to differ materially from the results discussed in the forward- looking information, including, but not limited to, the following: risks associated with reliance on key personnel; financial health of Webcentral Group and its related cash flows; general industry and market conditions and growth rates; legislative and regulatory developments; general economic conditions and levels of economic activity; global financial conditions; financing risks; degree of competition in the industry; risks associated with the development of projects; changes in employee relations; and control of costs and expenses.

Forward-looking information reflects Webcentral Group’s current beliefs and is based on information currently available to Webcentral Group and on assumptions it believes to be reasonable. The forward-looking information is made as of the date of this presentation and Webcentral Group assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law. Prospective investors should not read forward-looking information as guarantees of future performance or results and should not place undue reliance on forward-looking information. Nothing in this presentation is, or should be relied upon as, a promise or representation as to the future.

The results presented for the year ended 30 June 2021 are unaudited and subject to change following completion of the audit for the year ended 30 June 2021 by the company’s auditors.

# FY21 Results Highlights - Significant EBITDA Growth



1. Prior Corresponding Period six months ending 30 June 2020
2. Underlying EBITDA before acquisition and non-recurring costs
3. Underlying operating cash flow before transaction costs
4. All results unaudited

# 18 months of Webcentral's Financial Results

6 months ended	Jun-20 \$m	Dec-20 \$m	June-21 \$m
<b>Revenue</b>			
Domains	11.7	11.3	11.1
Email	4.8	5.0	4.8
Hosting	8.2	7.3	6.5
Digital	4.7	4.2	3.3
Other Income	5.6	4.1	2.0
Reversal of domains, email and hosting revenue <sup>1</sup>	(9.1)	-	-
<b>Total Income</b>	<b>26.0</b>	<b>31.9</b>	<b>27.7</b>
COGS	(12.6)	(10.6)	(8.6)
<b>Gross Margin</b>	<b>13.4</b>	<b>21.3</b>	<b>19.1</b>
<b>Gross Margin %</b>	<b>52%</b>	<b>67%</b>	<b>69%</b>
Employee Benefits	(14.3)	(10.8)	(7.6)
Premises	(0.9)	(0.7)	(1.0)
Marketing	(1.2)	(1.0)	(0.4)
Cloud Software	(1.7)	(1.5)	(1.7)
Corporate & Compliance	(1.4)	(1.0)	(0.3)
Other Expenses	(1.8)	(1.9)	(1.8)
<b>EBITDA before Transaction, non-recurring costs and Share based payments expense</b>	<b>(7.8)</b>	<b>4.3</b>	<b>6.3</b>
<b>EBITDA %</b>	<b>-30%</b>	<b>14%</b>	<b>23%</b>
<b>Underlying EBITDA</b>	<b>1.3</b>	<b>4.3</b>	<b>6.3</b>

- WCG board change and 5GN Executive control from Nov 20

- Domains, Email and Hosting revenue decline due to TPP Wholesale business separation and expected to move to growth with improvement in customer support and back-end systems and migration of hosting to 5GN cloud infrastructure

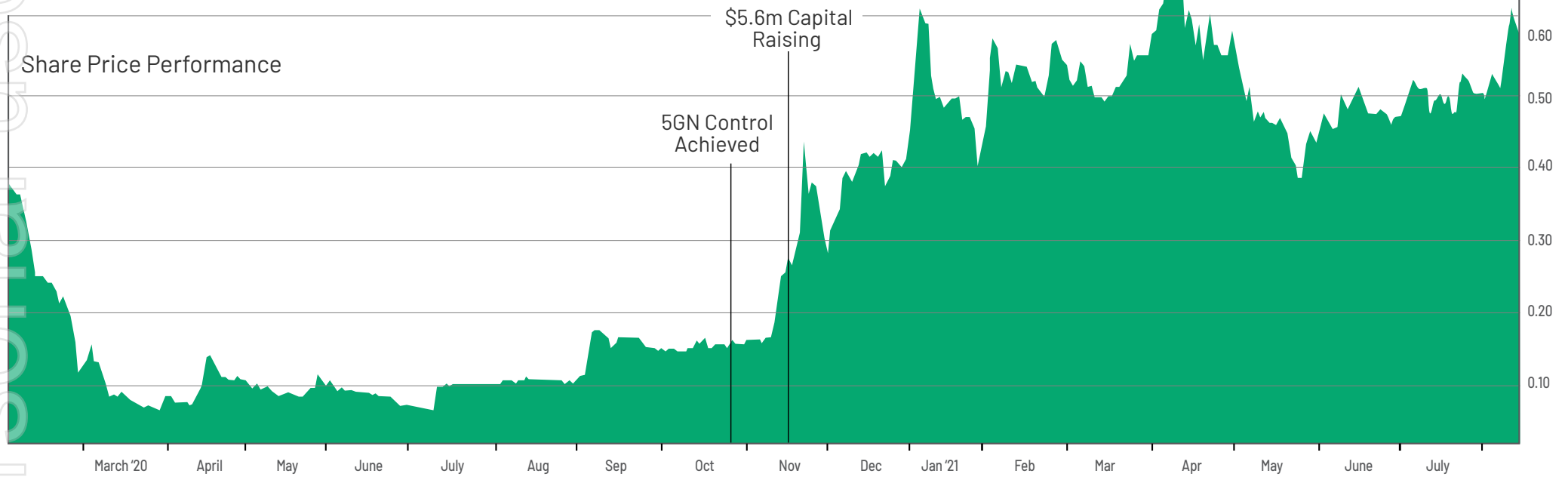
- Digital income impacted by COVID-19
- Other income declining due to completion of TSA agreements

1. \$9.1m customer revenue was reversed in the 6 months to June 20 following settlement of a customer dispute.

The financial year for Webcentral Group Limited changed to June from December, therefore the Group's FY21 financial statements are for the 18 month period ended 30 June 2021.

# Webcentral Capital Structure

ASX Code	WCG
Shares on issue	155,365,679
Performance Rights (exercise price \$0.20)	10,000,000
Options (exercise price \$0.20)	3,250,000
Options (exercise price \$0.45)	6,700,000
Options (exercise price \$0.485)	1,400,000
27 August, 2021 market capitalisation (at share)	\$91M
Cash (June 2021)	\$2.4M
Available Debt (June 2021)	\$1.6M



# Post Merger Capital Structure

	\$m	\$m
<b>Current market capitalisation \$M</b>		
5GN	123.9	
WCG	90.9	<b>214.8</b>
<b>Estimated Market Cap based on FY21 Reported EBITDA \$15.5M</b>		
10x EBITDA Multiple		<b>155.0</b>
15x EBITDA Multiple		<b>232.5</b>
20x EBITDA Multiple		<b>310.0</b>
<b>Estimate WCG shares on issue post merger</b>		<b>Million</b>
WCG Shares on issue		155.4
Less: WCG shares held by 5GN		(69.5)
Estimated new WCG shares to be issued		233.7
<b>Estimated new WCG shares post-merger</b>		<b>319.6</b>

The following slides are from the 5GN  
FY21 Results presentation

Current market capitalisation as at 27 August 2021.

# Highlights and Achievements

- ✓ Webcentral business returned to profitability since 5GN control achieved in October 2020
- ✓ Strong underlying EBITDA and Operating cashflows achieved
- ✓ Stabilised revenue – focus on profitable revenue streams and revenue leakage reduced
- ✓ Customer and operations improvements and onshoring of customer support with significant increase in customer satisfaction
- ✓ Growth initiatives underway
- ✓ Appointment of John Stevens as Chief Operating Officer to drive growth
- ✓ Legacy issues resolved including excess property leases, Netalliance sale
- ✓ Merger with 5GN progressing well
- ✓ Webcentral strategic acquisition of Cirrus Networks Holdings via On-Market Takeover Bid

# Summary of Combined Business



FY21 Revenue \$91.7M<sup>1</sup>



FY21 EBITDA of \$15.5M<sup>1</sup> and MARGIN of 16.8%



330,000 SMB Customers



2,500 Corporate and Government Clients



350 Staff



12 Offices around Australia



5 Data Centres in Capital Cities



100GB IP Transit Nationally



70KM Fibre Connection to Capital City Data Centres



600Gb of DDoS Mitigation



900TB Cloud Capacity



500,000 Domain Registrations



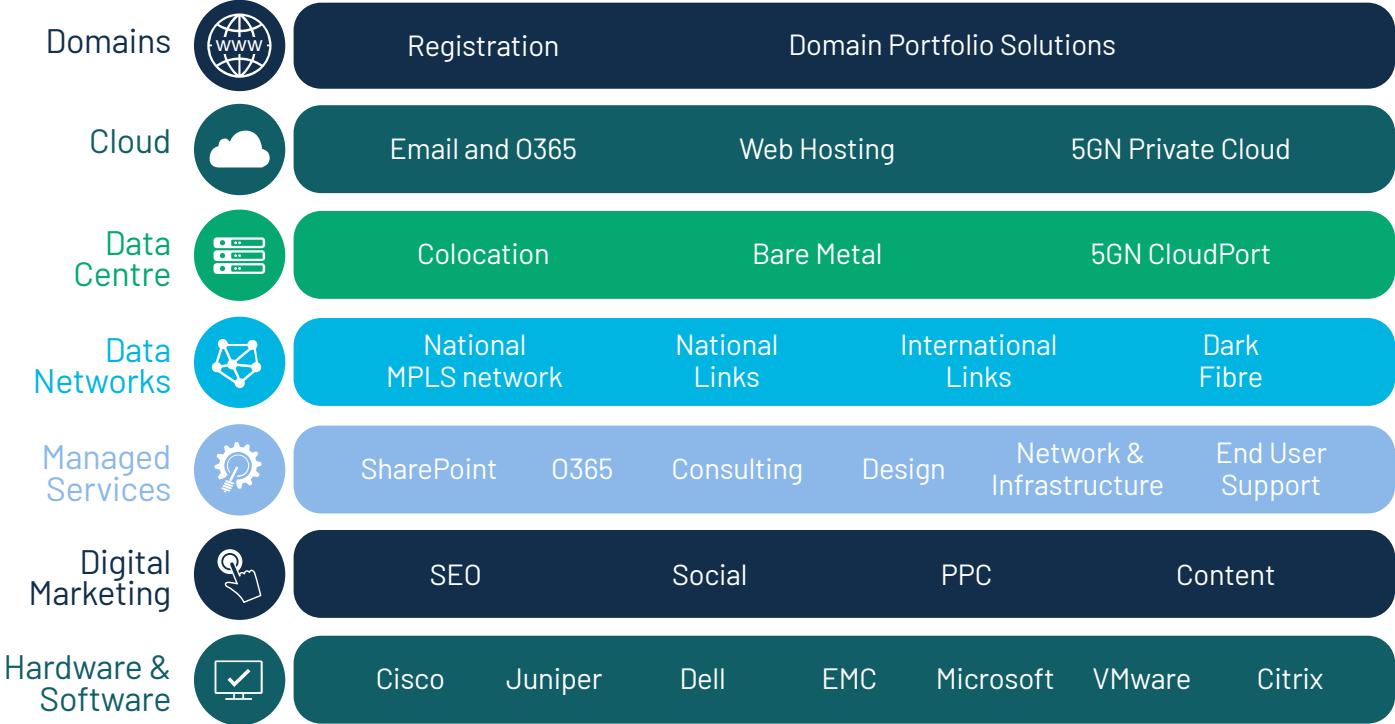
Hosting 35,000 Websites and over 300,000 Email Accounts

1. Unaudited



# Product Offering

5GN services more than 330,000 Government, enterprise, wholesale, and small and medium businesses (SMB) customers across Australia and New Zealand. With 360 employees we seamlessly provide a range of cloud enabling solutions to businesses which consist of the following:



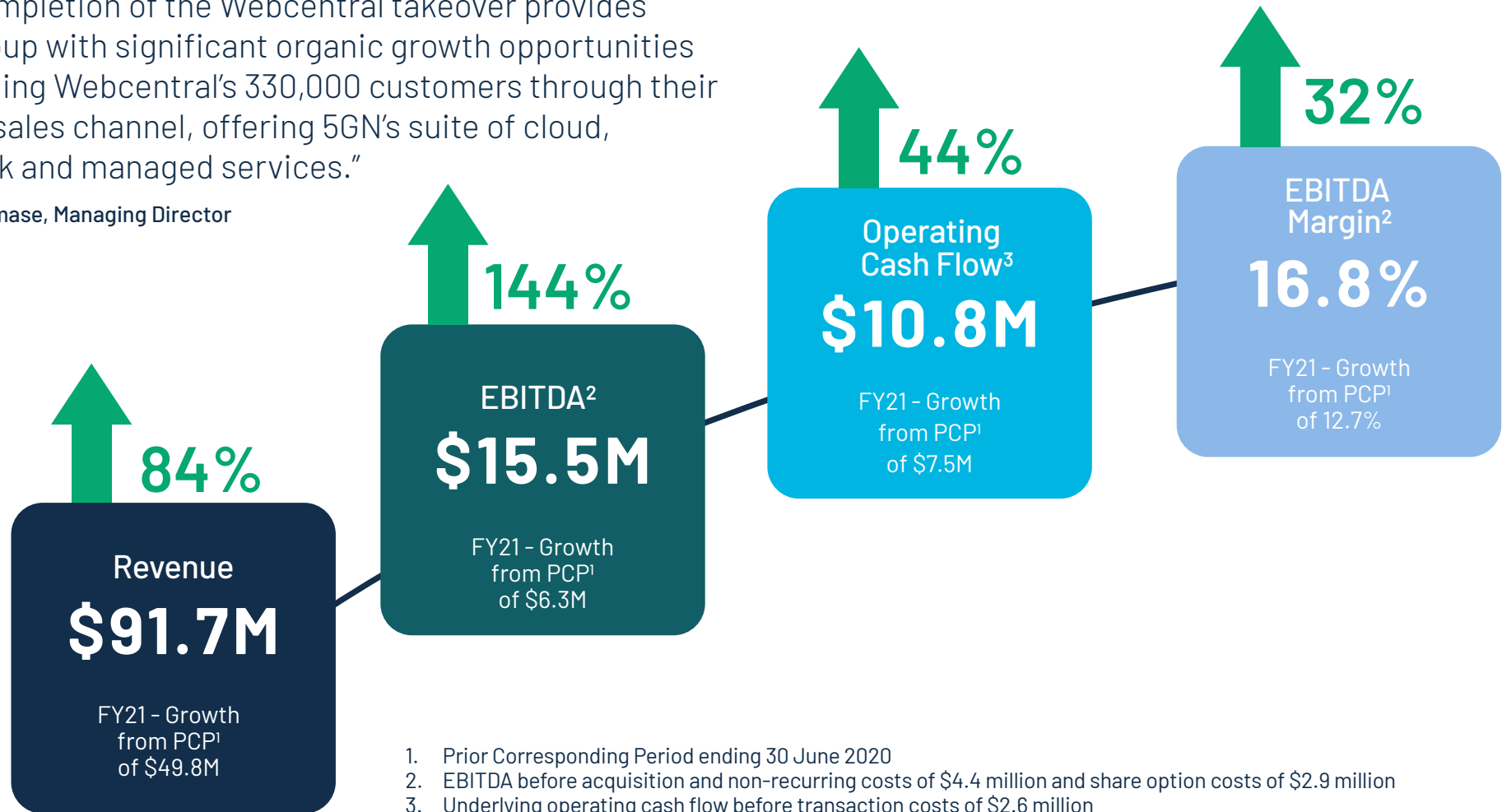
**Webcentral is one of the Top 3 Domain providers in Australia and 5GN is the largest Australian owned operator of Fibre Networks, Cloud and Data Centres**

Personal use only

# 5GN Consolidated FY21 Results Highlights

"The completion of the Webcentral takeover provides the Group with significant organic growth opportunities leveraging Webcentral's 330,000 customers through their online sales channel, offering 5GN's suite of cloud, network and managed services."

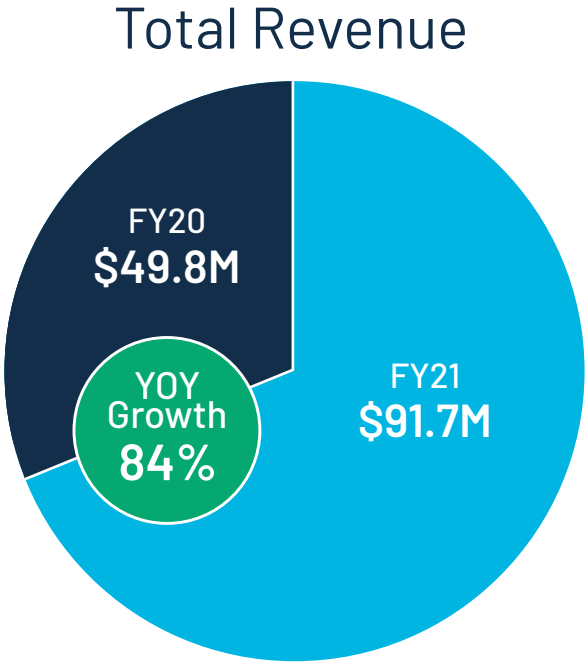
- Joe Demase, Managing Director



1. Prior Corresponding Period ending 30 June 2020
2. EBITDA before acquisition and non-recurring costs of \$4.4 million and share option costs of \$2.9 million
3. Underlying operating cash flow before transaction costs of \$2.6 million
4. All results unaudited

# Revenue by Product

		FY20 \$M	FY21 \$M <sup>1</sup>
Cloud		13.7	27.8
Domains		-	15.0
Network and Voice		7.4	9.2
Data Centres		7.7	8.5
Managed Services		12.8	13.4
Digital Marketing		-	2.4
Hardware and Software		7.7	10.8
<b>Total</b>		<b>49.8</b>	<b>91.7</b>



1. Unaudited






personal use only

# Integration Achievements

## Completed

-  Expansion of the National and International network
-  DDOS capacity upgrade
-  Executive and Management Team Integration
-  5GN Wholesale Portal and Strategy launched
-  Migration of Webcentral Public Cloud Services to 5GN Private Cloud
-  Webcentral Brand Simplification

## In Progress

-  Customer Support Improvements and Onshoring
-  Fibre Connection to 80 Data Centres (connected 30 as at 30 June 2021)
-  Targeted Acquisition Growth
-  Release of .au domains by auDA on 24th March 2022
-  Product expansion underway - Hosting Products: OX Mail, C Panel, VPS, Wordpress and VBO, NBN, Streaming

1. Before transaction costs of \$2.6 million

# Strategic Plan Focussed on Acquisitions and Organic Growth

## Establish 5GN Infrastructure

### Strategic Acquisitions

- Anittel – Managed IT
- Hostworks – Cloud Hosting
- APTel – Managed Voice/Network
- Enspire – Data Networks & Cloud
- Melbourne Data Centre
- Sydney Data Centre
- North Sydney Data Centre

## Consolidate and Drive Organic Growth

### Strategic Acquisitions

- Webcentral – Domains, Hosting and Digital Marketing
- ColoAU – Networks
- Intergrid –Bare Metal
- Brisbane Data Centre

## Future Strategy

- Organic Growth
- Infrastructure Expansion
- Target Acquisition

## FY2017-2020

FY20 Revenue \$49.3M  
EBITDA Margin 12.7%

- Targeted establishment of ICT operating capability and infrastructure
- Customer and Product expansion
- 5GN Cloud

Cloud/Hosting  
Managed Services  
Voice and Data Networks  
Data centres

**200+**  
Staff

## FY2021

FY21 Revenue \$91.7M<sup>1</sup>  
EBITDA Margin 16.8%<sup>1</sup>

- Consolidation to one operating system, standardisation of products and services
- Enabled successful cross and upsell opportunities
- Expansion of 5GN infrastructure

Cloud/Hosting Services  
Domain registrations  
Managed Services  
Voice and Data Networks  
Data Centres  
Digital Marketing

**350+**  
Staff

## FY2022+

FY22 Revenue \$110M+  
EBITDA Margin 20%+

- Migration of customers to 5GN Networks and Cloud
- Launch of .au domains
- Continued cross sell and upsell with Webcentral customers

Cloud/Hosting Services  
Domain registrations  
Managed Services  
Voice and Data Networks  
Data Centres  
Digital Marketing

**350+**  
Staff

1. Unaudited

# Compelling Strategic Rationale for 5GN Merger

Increased ASX Market Capitalisation	<ul style="list-style-type: none"><li>• The merger of Webcentral and 5GN will create a larger entity with a single shareholder base propelling the company towards ASX300 status</li><li>• Significant increase in Market Capitalisation to approximately \$300M<sup>1</sup></li><li>• Potential inclusion in ASX Market Indices</li></ul>
Improved Ability to Acquire and Grow	<ul style="list-style-type: none"><li>• Strengthened and expanded balance sheet to facilitate acquisitions of public or private enterprises</li><li>• Expanded offering and numerous cross selling opportunities across a broad range of products &amp; services</li><li>• New product releases into 5GN's 330,000+ strong customer base: OX Mail, C Panel, VPS, Wordpress and VBO, NBN, Streaming</li></ul>
Simpler Capital Structure	<ul style="list-style-type: none"><li>• Simpler capital structure with one shareholder base and one debt provider</li><li>• Removal of the 5GN loan to Webcentral (current balance \$26 million)</li></ul>
Simpler Sales Delivery	<ul style="list-style-type: none"><li>• Simplification of our sales delivery to 330,000+ customers across Government, enterprise, wholesale and small/medium businesses through a combined online portal.</li></ul>
Cost Synergies	<ul style="list-style-type: none"><li>• Further cost synergies estimated at \$2M from:<ul style="list-style-type: none"><li>• the consolidation of operating platforms;</li><li>• corporate cost rationalisation from the elimination of one listed company and duplicated costs;</li><li>• labour synergies from the elimination of duplicated roles and functions.</li></ul></li></ul>

1. Based on Proforma post-merger shares of 314M, Proforma EBITDA of \$20M and an assumed EBITDA valuation multiple of 15 times

# Summary of the Merger with 5GN

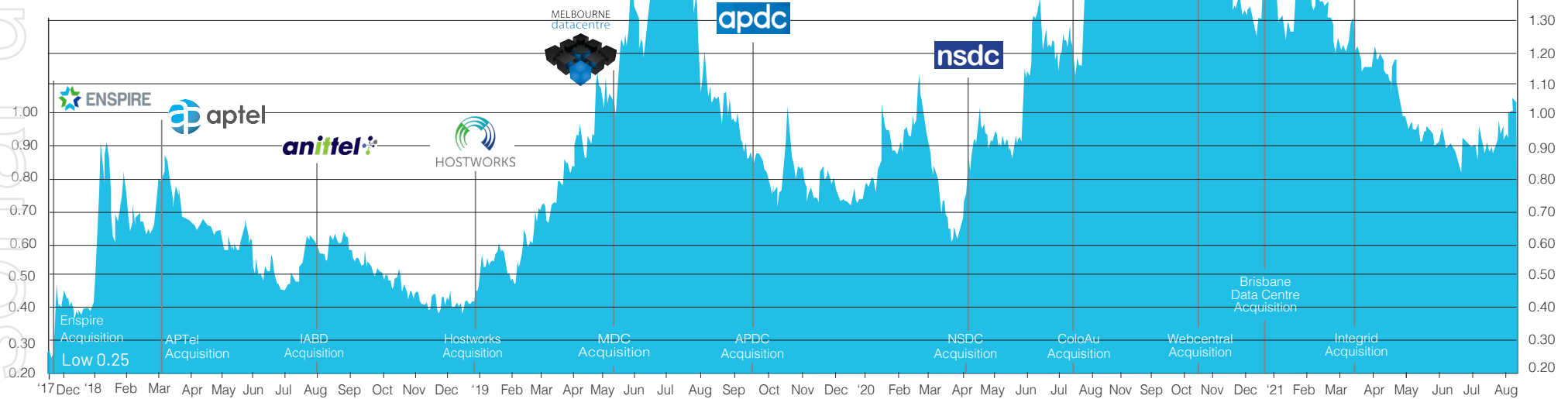
Merger transaction	<ul style="list-style-type: none"><li>• 100% Scrip Offer with Webcentral to acquire 100% of the share capital of 5GN by way of a 5GN Recommended Scheme of Arrangement (the Merger)</li><li>• 5GN shareholders to receive 2 Webcentral shares for each 5GN share held</li></ul>
Financial Profile	<ul style="list-style-type: none"><li>• Proforma Revenue of \$110M<sup>1</sup></li><li>• Proforma EBITDA Margin 20%+<sup>2</sup></li><li>• Conservative leverage profile maintained with proforma leverage of approximately 0.4 times 3</li></ul>
Unanimous 5GN Independent Board Recommendation	<ul style="list-style-type: none"><li>• 5GN Independent Board unanimously recommend that its Shareholders vote in favour of the Merger, and all 5GN Directors intend to cause any 5GN Shares in which they have a relevant interest to be voted in favour of the Merger, subject to an Independent Expert concluding that the proposed transaction is in the best interests of 5GN Shareholders and in the absence of a Superior Proposal</li></ul>
Timing	<ul style="list-style-type: none"><li>• 5GN expected to issue Scheme Booklet to 5GN Shareholders in September 2021</li><li>• The 5GN Shareholders' Meeting is expected to be held in October 2021</li><li>• Completion of the Merger is expected by October/early November 2021</li></ul>

personal use only

# 5GN Capital Structure

ASX Code	5GN
Shares on issue	116,861,123
Options (exercise price \$0.60)	500,000
Options (exercise price \$0.65)	500,000
Options (exercise price \$0.80)	2,800,000
Options (exercise price \$1.50)	1,800,000
Performance Rights (exercise price \$0.60)	3,000,000
Performance Rights (exercise price \$1.70)	5,000,000
23 August, 2021 market capitalisation (at \$1.08 share)	\$126m
Cash (June 2021)	\$19.2m
Available Debt (December 2020)	\$3.6m

Share Price Performance





personal use only

# Thank you

For further information contact:

**Joe Demase**

Managing Director  
jd@webcentral.com.au  
1300 10 11 12

**Glen Dymond**

Chief Financial Officer  
gd@webcentral.com.au  
0408 199 712

