

5G Networks

FY2018 Annual General Meeting - November 23

---



# 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 5G Networks Ltd 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 5G Networks Ltd 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 5G Networks Ltd 's current beliefs and is based on information currently available to 5G Networks Ltd and on assumptions it believes to be reasonable. The forward-looking information is made as of the date of this presentation and 5G Networks Ltd 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.



# Our Vision

---

Australia's provider of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and managed services.

## What we do

---



### Data Networking

Enterprise grade connectivity solutions including a nationwide data network to seamlessly connect our customers to their workplace, critical business applications and managed digital platforms.



### Cloud & Hosting Services

Managed cloud solutions which are securely hosted on-premise or managed across hybrid, private or public cloud platforms.

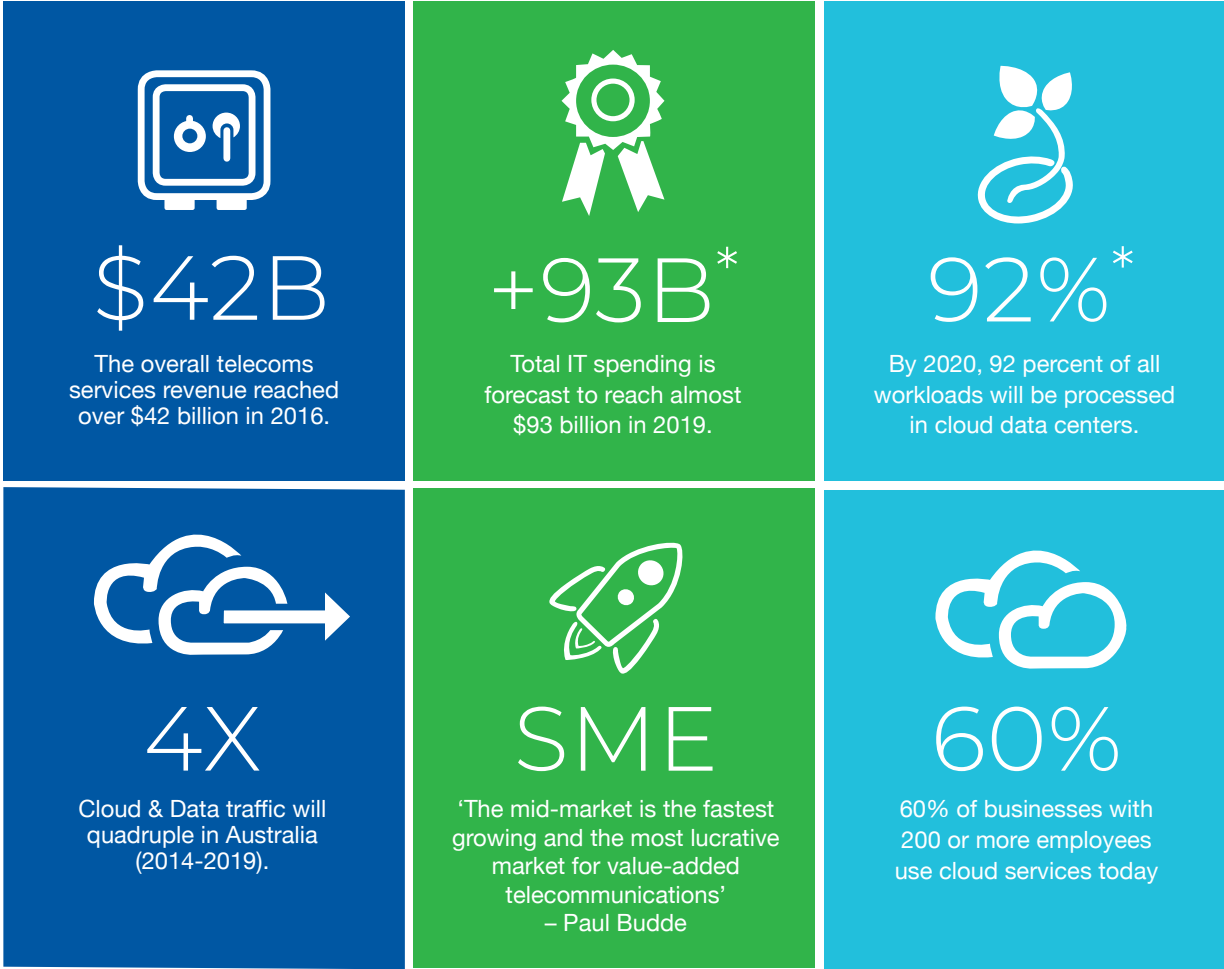


### Managed Services

Solutions which optimise our customers' IT and network environments through end to end service management, strategic consulting, technology maintenance and dedicated support.

# 5G

# The Australian business market is investing heavily in the booming cloud and digital industries; presents significant growth opportunities for 5G Networks



\* Cisco Global Cloud Index: Forecast and Methodology, 2015–2020

\*Gartner 2018



# FY18 demonstrates continued success in executing our strategic plan

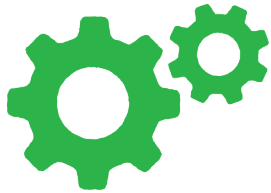
Strategic Acquisitions	Strategic Acquisitions – (IABD)	Strategy Execution	Strategy Execution
<ul style="list-style-type: none"> <li>• APtel – Managed Voice/ Network</li> <li>• Enspire – Data Networks &amp; Cloud</li> </ul>	<ul style="list-style-type: none"> <li>• Anittel – Managed IT</li> <li>• Hostworks – Cloud Hosting</li> <li>• 1000 new customers</li> </ul>	<ul style="list-style-type: none"> <li>• Execute separation of IABD structures and systems</li> <li>• Enable cross-sell and up-sell opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• New acquisitions and data centre footprint explored</li> </ul>
Public Listing Nov 17	Annualised Revenue (FY18) \$11.5M EBITDA 13.5%	Historical Annualised Revenue (FY19) \$48-55M After Synergies Annualised EBITDA \$3-5M	Executive Group Revenue Target \$80m Executive Group EBITDA Target \$10m



5GN Establishment	Acquisition Growth	Consolidate & Integrate	Optimise & Drive Growth
Targeted establishment of ICT operating capability	<ul style="list-style-type: none"> <li>• Customer expansion</li> <li>• Product expansion</li> </ul>	Consolidating to one operating system, standardisation of products and services	Optimise the operational efficiencies across key product, IT and system functions
Data Networks and Voice <b>33</b> Staff	Cloud/Hosting, Managed Services, Voice and Data Networks <b>35</b> Staff	Cloud/Hosting, Managed Services, Voice and Data Networks <b>195</b> Staff	Cloud/Hosting, Managed Services, Voice and Data Networks <b>200+</b> Staff

# Our strategy remains focussed on three levers for growing shareholder value

---



## ► Integration

- Optimise operational efficiencies through successfully integrating business systems, people, platforms and processes
- Retire outdated systems and functions to avoid duplication or obsolescence costs and reduce overheads



## ► Cross-sell, up-sell for customer revenue growth

- Harvest acquired customers which typically have only single product holdings
- Targeted network infrastructure investment to high-density customer locations



## ► Acquisitions

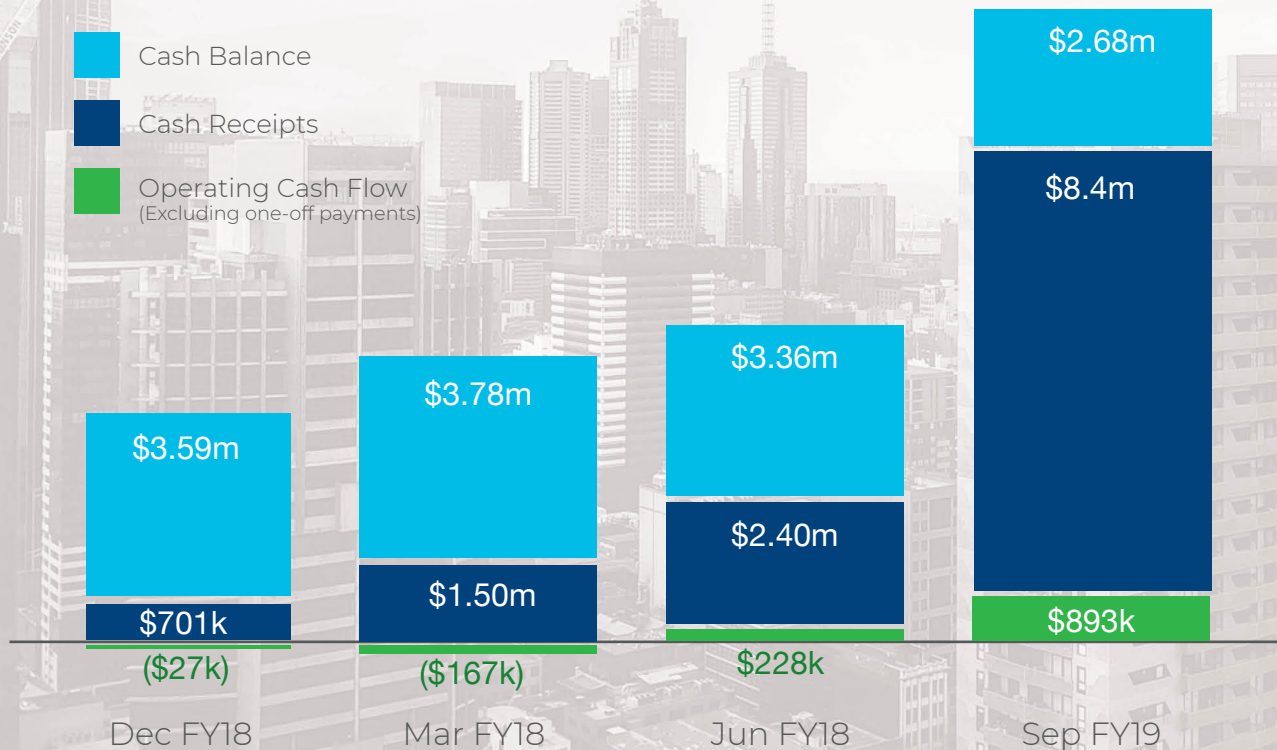
- 5GN disciplined approach to ensure underlying financial value is defined
- Identify operational and product synergies which augment current capabilities
- New customer acquisition without service overlap



“ This year’s strong performance is highlighted by our positive cashflows, which are expected to grow as we continue to leverage the success of our strategic plan”.

Joseph Demase  
- Managing Director

### 5GN Quarter by Quarter Cash Flow Performance



# 5GN Acquisition Strategy

5GN Acquisition Strategy is guided by a disciplined approach to discern true financial value and quickly identify operational synergies

## Discipline & Framework

The 5GN Acquisition Strategy is based upon a range of criteria such as financial, operational, commercial, product and people capabilities to identify high value opportunities which have synergy with the overall strategic plan.



### Financial Value

- Purchase price <4X EBITDA
- Revenue growth via cross sell opportunities
- EBITDA enhancement through on-net services



### Operational Synergy

- Existing processes are market leading
- Systems are in accord with 5GN or bring improved functionality



### Products & Services

- Offerings are in synergy with 5GN strategy
- Offerings are market leading
- Products open new geo-markets & customers
- Products are digitised for integration



### People & Expertise

- Organisational alignment to future mode of operations
- Resources are revenue generating
- New capability can drive competitive advantage/ differentiation



# About Hostworks and Anittel Acquisitions (Inabox Direct)



## Background

- Inabox acquired Anittel (2015) and Hostworks (2017)
- Anittel offers managed IT and telecommunications solutions
- Hostworks provides managed hosting of high-availability digital platforms in addition to co-location services; one of Australia's largest private cloud providers
- Together have delivered over 1000 customers across large corporate, government, education and mid-market segments to 5GN

## Earnings and Benefits

- Total new Revenue of \$43m (>50% contracted), EBITDA earnings of \$3m after synergies
- Nationwide footprint with a presence in most capital cities & key regional growth corridors
- Customers include several of Australia's blue-chip ASX100 companies and large government agencies
- Over 170 experienced ICT staff nationally

# Acquisitions and Integration Update



Provide an extensive range of end to end IT and communications solutions for a broad range of business to business segments in addition to large government agencies. Services are delivered across a nationwide infrastructure with locations in major capital cities and key regional areas.

## ▶ Key assets converted to strategic outcomes

- Leverage key customer relationships and extensive industry experience; have a low attach rate for data networking and cloud solutions which is a clear strategic outcome targeted in the integration of this brand.
- Have several market leading IT systems and processes which are being integrated and optimised in 5GN.



HOSTWORKS

Provide managed hosting of high availability platforms; also offer cloud services and colocation of IT infrastructure.

## ▶ Key assets converted to strategic outcomes

- Have several large contracts with blue-chip ASX and Government organisations
- Provide an extensive product range for Hosting and Cloud services to be leveraged across data network offers and voice services
- Industry is seeking migration to cloud services and this asset base is critical for achieving the organic revenue growth across the existing customer base. Connectivity to Cloud services is one of the key growth drivers for the Australian broadband market












Integration  
Milestones

Final system separation for IAB approaching completion, consolidation to one operational system for sales, projects, procurement and support, fully integrated across all office and business streams by Dec. 2018.

## ▶ Key assets converted to strategic outcomes

- Productivity efficiencies will be realised in FY19 (H2) and scalability to meet growing demand for our solutions is expected to support FY19 growth
- Cost avoidance through system integration is a clear benefit to drive improved EBITDA outcomes in FY19

# Product portfolio strengthened by acquisitions

Product Portfolio	Acquired Category Brand	Products and Offers	Market Opportunity
 Managed Services	 ENSPIRE aniftel	 HOSTWORKS <ul style="list-style-type: none"> <li>• IT Service management</li> <li>• Business Hardware and Software</li> <li>• Managed Data Networks</li> <li>• IT strategy consulting</li> <li>• IT resourcing and support</li> </ul>	<b>\$93B AUD</b> Total IT spend is forecast to reach almost \$93B in 2019
 Cloud & Hosting	 ENSPIRE	 HOSTWORKS <ul style="list-style-type: none"> <li>• Private Cloud infrastructure (Melbourne, Sydney, Brisbane, Perth, Adelaide)</li> <li>• Public and Hybrid Cloud infrastructure</li> <li>• IT and Cloud Project Management</li> <li>• Hosting and Colocation</li> <li>• Virtual Desktop, Cloud Storage and applications</li> <li>• Cloud Consulting and Data Analytics</li> </ul>	<b>\$4.6B AUD</b> 2018 Cloud spend in Australia
 Voice & Data Network	 ENSPIRE aptel	 aniftel <ul style="list-style-type: none"> <li>• Hosted PBX</li> <li>• SIP Trunking</li> <li>• Fixed Data Networking (Nationwide MPLS core)</li> <li>• Fixed Wireless Networking</li> <li>• Extreme speed Fibre/Ethernet access</li> <li>• Internet Services</li> </ul>	<b>\$42B AUD</b> The overall telco industry reached over \$42B in 2016

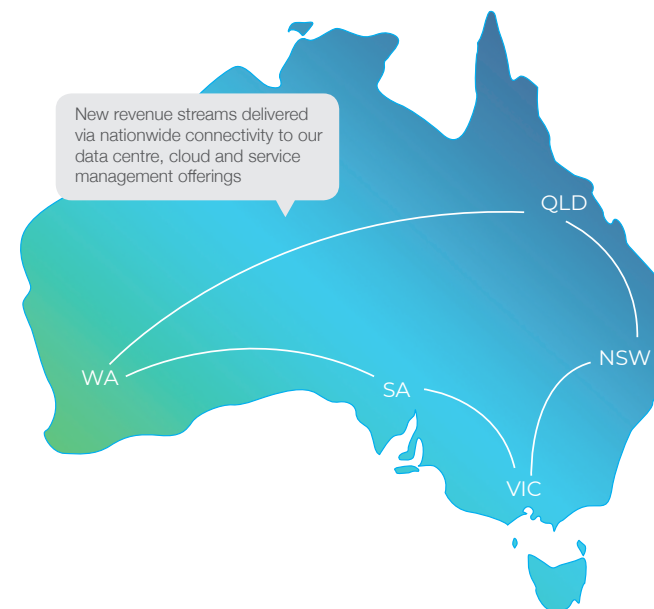
# Network investment driven by customer demand

Anittel & Hostworks acquisition now unlocks over 1000 customer growth opportunities within our target segments

Total Staff	
VIC	51
NSW	37
QLD	15
SA	71
WA	25
TAS	5



Nationwide High Speed Data Network  
Planned Q3 FY19





# 5G Networks Financial Results FY18 + FY19(Q1)

## FY18 Financial Results

- FY18 revenue of \$5.4m
- Enspire total revenue (8 months) \$3.3m
- APTel revenue \$2.2m (4 months)
- Annualised (average) revenue \$11.5m
- EBITDA \$225k, normalised \$732k or 13.5% EBITDA operating margin
- Excluding acquisition costs \$246k, options \$133k, Bonus \$128k

## FY19, Q1 Cashflow Commentary

- Continued growth of quarterly cash Receipts with an increase to \$8.5m, 254% on the last quarter (\$2.4m)
- Significant growth in operating cashflow to \$893k which included \$189k of acquisition costs paid during the quarter
- Cash levels strong at \$2.7m compared to \$3.3m in the last quarter, this includes the payment of \$1.7m for the acquisition of the IAB Direct Business and a small equity raise of \$500k
- Incremental sales of \$2m for annualised annuity revenue (includes only 2 months of sales)
- Strong customer retention with a number of customers re-contracted in the period

## Historical revenue by product mix

	IAB Direct		5G Annualised	Combined	
Currency: \$'000	FY 17	FY 18	FY 18	FY 19 <sup>1</sup> Annualised	% Contribution
Revenue					
Network	2,328	1,809	2,844	5,118	9%
Hardware and Software	15,766	14,048	1,440	15,488	29%
Managed Services	11,298	12,670	2,244	16,405	30%
Cloud	18,294	16,331	2,460	14,965	28%
VOIP			2,112	2,323	4%
<b>Total Revenue</b>	<b>47,686</b>	<b>44,858</b>	<b>11,100</b>	<b>54,300</b>	<b>100%</b>

<sup>1</sup>Total revenue on an annualised basis. Note only 11 months of IABD revenue

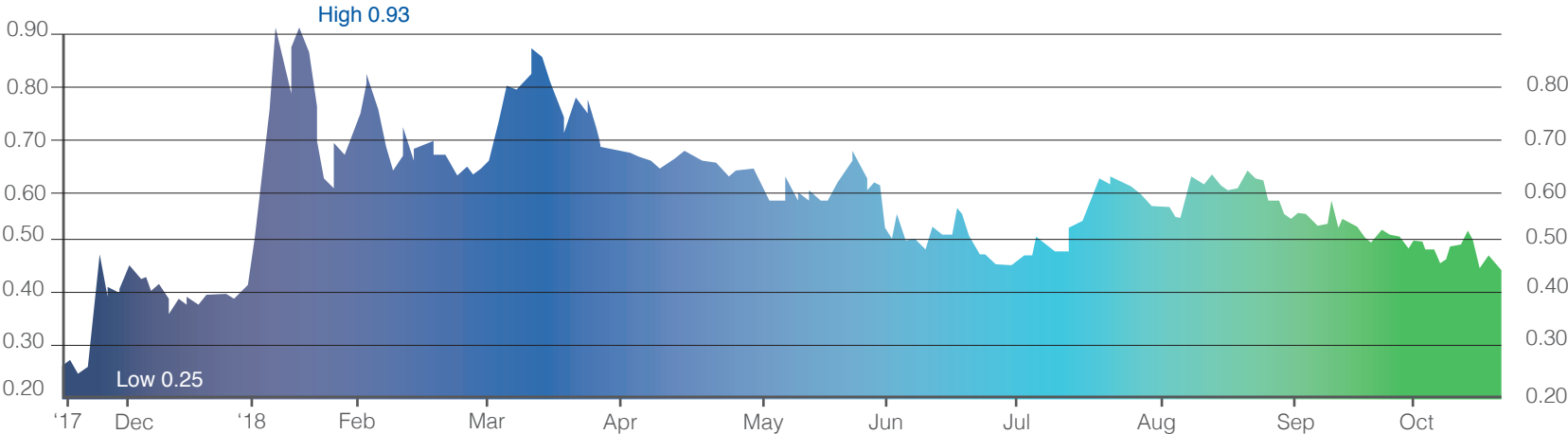
# Pro-Forma Financials

Pro forma balance sheet	Nov '17	Dec '17	June '18
Current Assets	3,875,309	3,980,179	5,331,958
Non-Current Assets	1,748,959	2,364,471	8,174,160
<b>Total Assets</b>	<b>5,624,268</b>	<b>6,344,650</b>	<b>13,506,118</b>
Current Liabilities	657,738	821,570	4,889,634
Non-Current Liabilities	325,422	250,843	135,594
<b>Total Liabilities</b>	<b>983,160</b>	<b>1,072,414</b>	<b>5,025,228</b>
Net Assets	4,641,108	5,272,236	8,480,890
<b>Total Equity</b>	<b>4,641,108</b>	<b>5,272,236</b>	<b>8,480,890</b>

# Capital Structure

ASX Code	5GN
Shares on issue	51,086,878
Options (exercise price \$0.30)	1,800,000
Options (exercise price \$0.80)	600,000
Options (exercise price \$0.60)	2,300,000
Performance Rights (exercise price \$0.30)	5,000,000
Market Capitalisation (at \$.45/share)	\$22,989,095
Cash (September 2018)	\$2,687,000

## Share Price Performance





# Board Members and Executive Team



Albert  
Cheok

## Independent Chairman (ex Reserve Bank Australia Manager)

- Mr Albert Cheok has more than 35 years of high-level experience in the banking, financial and corporate sectors in the Asia Pacific region
- Mr Cheok was named 'the top REIT fund manager in Asia for 2016' by Singaporean Fortune Times magazine
- Mr Cheok is a Fellow of the Certified Public Accountants Australia
- Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia from September 1995 to November 2005



Joseph  
Gangi

## Independent Director (ex ASIA PAC Manager AMEC Ltd)

- Joseph Gangi has a Bachelor of Chemical Engineering degree from RMIT
- Has a corporate management background having been responsible for several business units across the Asia Pacific region in the engineering consulting sector
- Joseph has worked extensively across the Asia Pacific region and has been responsible for the successful delivery of several highly technical industrial projects



Joseph  
Demase

## Managing Director

- 25 years business experience, with more than 15 years spent in the telco sector both in Australia and in the UK
- Previously completed 2 ASX listings in the Telecommunications sector
- Ability to identify market opportunities within the sector previously
- Bachelor of Business (Accounting) from Deakin University



Geoffrey  
Nicholas

## Chief Financial Officer & Company Secretary

- 15 years Finance and IT experience
- Ex CEO Enspire and current shareholder
- CPA, BBus (Acct)
- Bachelor of Business (Accounting) from Swinburne University
- Ability to deliver tangible business value by driving profitable business growth

# Board Members and Executive Team



Garry  
White

## Sales Director

- Over 20 years' experience in the ICT and Telecommunications sector
- National Sales Director with one of the 4 major Telco's in Australia
- Instrumental for the growth at Uecomm from \$0 to \$45m in 4 years
- Ex TPG Sales Director – Enterprise and Government



Glenn  
Flower

## Chief Marketing Officer

- 20+ years ICT experience across marketing and product management
- Extensive background in managing data network products, cloud and unified applications
- Extensive digital marketing experience for supporting revenue growth and driving demand; highly skilled in managing both large matrix organisations in addition to smaller teams
- Masters-degree qualifications in Marketing and extensive post graduate education



Marco  
Mattiuzzo

## Chief Technical Manager

- Over 10 years' experience in ICT specialising in virtualization and data centre services
- Strong background in providing IT services to legal firms and barristers
- Current focus is on maximising value for customers providing hybrid cloud services



Chris  
Demase

## National Program Manager

- General Manager of Fibre Deployment Skybridge Group Pty Ltd, responsible for the delivery of NBN fibre construction services to more than 15,000 end user premises and management of over 1100 field contractors.
- Lead Project Manager for the roll-out of Clever Communications (ASX:CVA) Sydney Wireless network.
- Master's in Business Administration (MBA) and Prince2 Project Management

For further information contact

Joe Demase  
Managing Director  
jd@5gn.com.au  
1300 546 389

Peter Taylor  
Investor Relations  
peter@nwrcommunications.com.au  
+61 412 036 231

Thank you

