

2021

# Interim Results

Webcentral  
ASX: WCG



Webcentral



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The results presented for the period ending 31 December 2020 are unaudited and subject to change following completion of the review for the Interim period ending 31 December 2020 by the company’s auditors.

## Key Highlights

### Ongoing EBITDA Improvements

Annualised EBITDA from Feb-21 to be \$7-8m<sup>1</sup> with continued improvements as growth initiatives and cost synergies are implemented

### Free Cashflow

Annualised free cash from Mar-21 to be \$10-12m<sup>2</sup>

### Revenue Acceleration

Industry transformation is driving considerable market expansion through the expected introduction of .au domains by auDA in 1H 2021<sup>3</sup> with expected 25-35% growth in new domain name registrations

1. Normalised EBITDA before non-recurring costs, transaction, restructuring and option/share issue costs.  
2. Assumes Sydney lease novation March 21 normalised.  
3. AuDA to release new rules for .au domain names on 12 April 2021



*“The completion of the takeover has delivered significant value to both groups of shareholders. We are now focussed on our Strategic Transformation Program to improve customer experience, achieve revenue growth and simplify Webcentral’s operations”*

- Managing Director, Joe Demase.





## Interim Results – Financial Commentary

- **Domain** registration revenue increased in early 2020 as COVID first started to impact the working environment, followed by a small decline in the second half of 2020
  - Strong growth expected with the introduction of the .au domains from second half of 2021 – pre-registrations expected towards the end of first half of 2021
- **Email** services remained steady through to Dec 20 and we expect this growth to continue
- **Hosting** services impacted by same factors observed in domains with expected rebound in growth as we shift back to this core service, streamline suppliers and invest in customer online experience improvements
- **Digital Marketing** is a value add to our core products and will grow inline with their success
- **Other Income** will continue to decline over time as transitional service agreements are completed and property sublease income reduces in line with our smaller property footprint

Overall revenue has declined due to the impact of COVID in 2020 and poor customer experience summarised in these three main areas:

1. Support services (Voice, Chat and Email) – poor quality communication, slow responsiveness and repeated call backs
2. Console (Customer platform) experience – outdated processes impacting the customer experience including billing and service provisioning
3. Technical stability – Network and cloud issues have impacted customer experience which has impacted the service

We've undertaken a number of initiatives to address these issues. Management is confident that revenue growth will return across all four core services as these short term issues are resolved

Webcentral Group Limited Six months ended	Dec-19 1H FY20 \$000	Jun-20 2H FY20 \$000	Dec-20 1H FY21 \$000
Domain	11,824	11,748	11,332
Email	4,957	4,830	5,039
Hosting	8,779	8,189	7,252
Digital Marketing	6,314	4,682	4,203
Other Income	5,077	5,629	3,696
<b>Total Revenue</b>	<b>36,950</b>	<b>35,079</b>	<b>31,521</b>

Revenue from Continuing Operations; Discontinued Operations and non-recurring adjustments not included



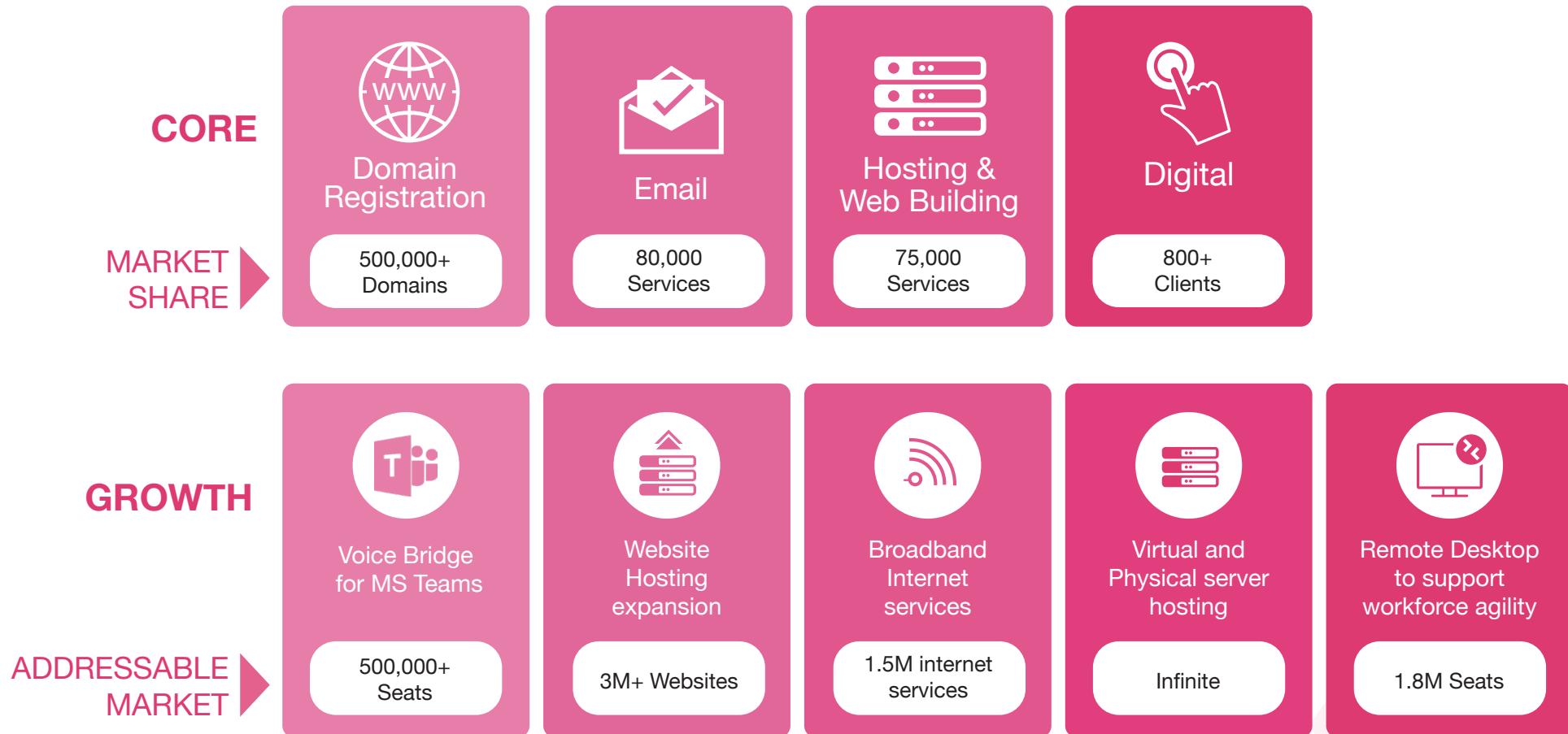
## Interim<sup>1</sup> H1 2021 Results

- Public cloud, network and data centre services will migrate to 5GN over time with an expected 10% saving to WCG
- Labour costs expected to stabilise to \$1.3m per month by Feb 21
- Outsourced labour will be moved onshore or delivered via 5GN technical and customer support teams
- Continued reduction in other overheads expected through 2021
- WCG will provide software development services to 5GN and other enterprise clients in the future

Webcentral Group Limited Six months ended	Dec-19 1H FY20 \$'000	Jun-20 2H FY20 \$'000	Dec-20 1H FY21 \$'000
<b>Total Revenue</b>	<b>36,950</b>	<b>35,079</b>	<b>31,521</b>
<b>COGS</b>			
Domain Registries	4,732	4,559	4,682
Public Cloud	258	687	806
Telco Services	771	1,204	694
Software and Licencing	2,916	2,726	3,013
Outsourced Digital	1,583	1,165	1,168
<b>Total COGS</b>	<b>10,260</b>	<b>10,340</b>	<b>10,363</b>
<b>Gross Margin</b>	<b>26,690</b>	<b>24,739</b>	<b>21,158</b>
<b>GM%</b>	<b>72%</b>	<b>71%</b>	<b>67%</b>
Overhead Labour - Internal	11,199	11,606	9,065
Outsourced Labour	2,160	2,064	2,097
Marketing	1,419	1,144	1,005
Cloud Software	1,007	1,442	1,538
Corporate & Compliance	982	1,277	1,031
Bank charges & Merchant fees	502	520	466
Doubtful and bad debts	1,070	596	641
Other Expenses	755	1,017	1,597
<b>Underlying EBITDA</b>	<b>7,595</b>	<b>5,074</b>	<b>3,717</b>
<b>EBITDA %</b>	<b>21%</b>	<b>14%</b>	<b>12%</b>
Property costs	1,334	1,329	1,739
<b>Free Cash / EBITDA</b>	<b>6,261</b>	<b>3,744</b>	<b>1,979</b>
Transaction costs	2,259	1,260	7,228
Non-recurring costs and impairment expense <sup>2</sup>	81,930	2,326	10,514
<b>EBITDA</b>	<b>(76,594)</b>	<b>1,488</b>	<b>(14,025)</b>



## Core and Growth Products Portfolio





## Overview and Background

WCG is an ASX listed company servicing 330,000 small and medium businesses (SMB) customer across Australia and New Zealand. With 170 employee's we provide a range cloud enabling solutions to the business which consist of four key portfolio's:



### Domains

Domain name registrations and renewals



### Email and M365

Provide value added software and solutions for existing customers and new service acquisitions



### Hosting Services

Website and email hosting, as well as Website development services



### Digital Marketing

Provides digital marketing solutions, such as search engine optimisation

**WCG are in the Top 3 Domain providers in Australia**



## Capital Structure

ASX Code	WCG
Shares on issue	155,365,679
Options (exercise at \$0.20)	13,250,000
Options (exercise at \$0.485)	1,300,000
February 23 <sup>rd</sup> , 2021 market capitalisation (at \$0.51/share)	\$79,236,496

## SHARE PRICE PERFORMANCE







# Thank you

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