

# Webcentral Limited

ASX: WCG

## FY22 Results Presentation

22 August 2022



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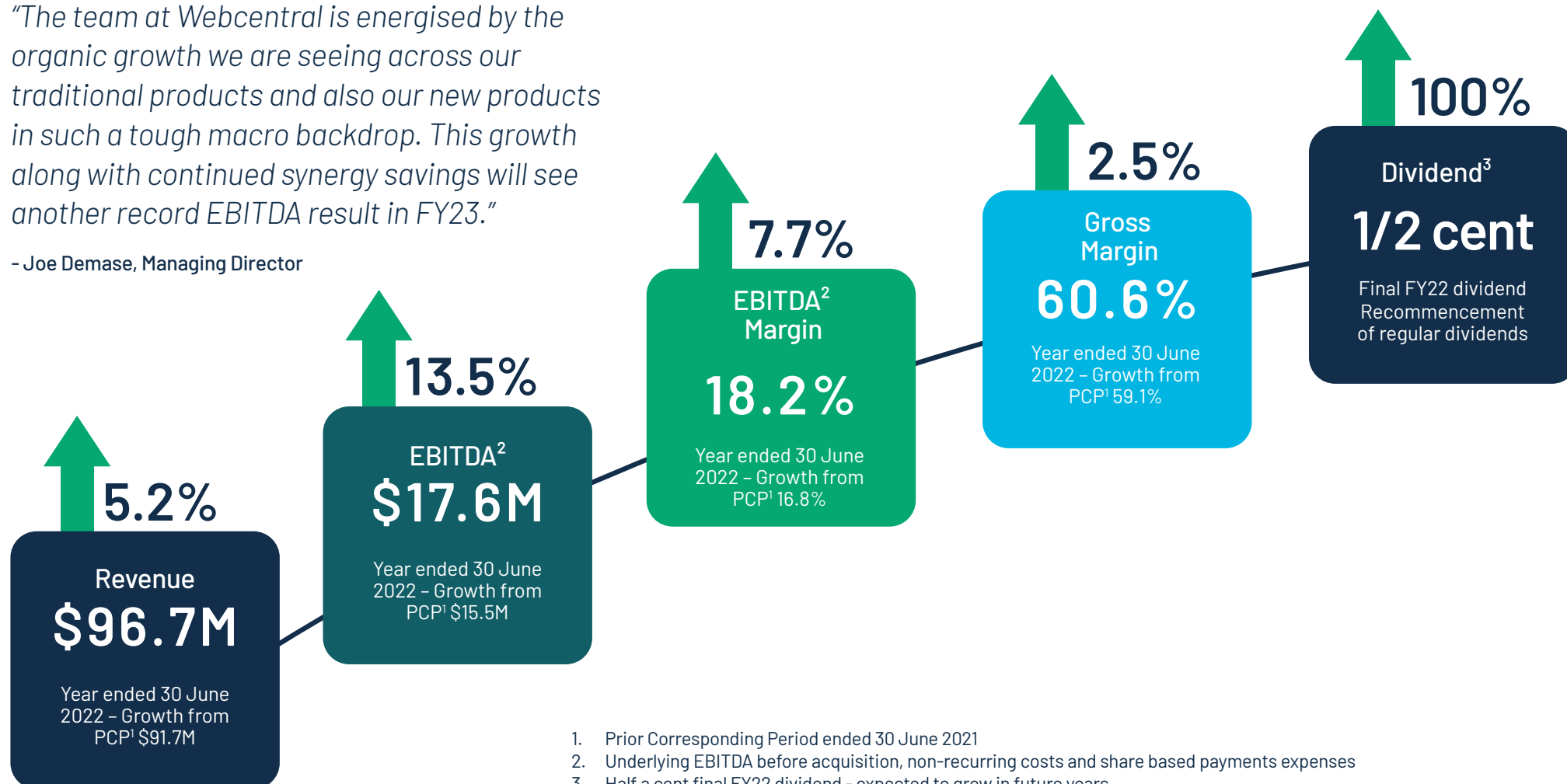
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# Continued Growth in FY22

*"The team at Webcentral is energised by the organic growth we are seeing across our traditional products and also our new products in such a tough macro backdrop. This growth along with continued synergy savings will see another record EBITDA result in FY23."*

- Joe Demase, Managing Director



1. Prior Corresponding Period ended 30 June 2021
2. Underlying EBITDA before acquisition, non-recurring costs and share based payments expenses
3. Half a cent final FY22 dividend - expected to grow in future years
4. The above results are unaudited

# Profit & Loss – FY22








	FY21 \$M	FY22 \$M	Change
<b>Revenue</b>			
Cloud	27.8	29.4	5.9%
Domains	15.0	22.6	50.5%
Network & Voice	9.2	10.2	10.3%
Data Centres	8.5	8.0	(5.9%)
Managed Services	13.4	12.0	(10.3%)
Digital Marketing	2.4	4.5	87.6%
Hardware & Software	10.8	6.8	(37.5%)
Other income	4.6	3.3	(28.2%)
<b>Total Revenue and Other Income</b>	<b>91.7</b>	<b>96.7</b>	<b>5.5%</b>
Gross Profit	49.6	55.3	11.4%
Gross Margin	57%	60%	
<b>EBITDA pre non-recurring costs</b>	<b>15.5</b>	<b>17.6</b>	<b>13.5%</b>
EBITDA margin	16.9%	18.2%	
Non-operating items	(6.8)	(25.5)	(275%)
<b>EBITDA after non-recurring costs</b>	<b>8.7</b>	<b>(8.0)</b>	<b>(192%)</b>
Depreciation & amortisation	(12.2)	(13.6)	(11.8%)
Net interest	(2.0)	(2.8)	(38%)
<b>Profit before tax</b>	<b>(5.5)</b>	<b>(24.4)</b>	<b>(240%)</b>

- Record revenue of \$96.7m was hindered by hardware fulfilment delays and which delayed a number of managed services projects
- Record EBITDA of \$17.6m underpinned by continued integration initiatives
- Domain growth is driving cloud hosting with increases across website and email services
- Launch of .au domains and a reduced churn resulting in significant growth
- Dark Fibre and CloudPort is driving network growth
- Other income expected to decline as third party services cease

# Highlights and Achievements

- ✓ Launch new .au domains - March '22
  - 25k .au domains sales in FY22
  - 37k .au domain sales to mid Aug '22
  - Generated \$1.2m cash in FY22
  - Generated \$1.7m in cash to mid Aug '22
- ✓ Hosting increased from 6% to 25% of all new domain sales
- ✓ New products launched:
  - NBN offered to 330,000 customers Aug '22
  - CloudPort portal launched with enabled self provisioning, connecting public Cloud and IP Transit
  - OX Mail launch including the migration of 90k Microsoft mail accounts
- ✓ Dark Fibre Network extended to 50+ Data Centres
- ✓ Completion of CloudPort connecting 25 Data Centres in Australia plus LA, SGP, NZ and TYO - March
- ✓ Expansion of chatbots self service capability and expansion of local support








# Revenue and Margin by Product

		FY21 \$M	FY22 \$M <sup>1</sup>	% Change	Actual Margin %	Incremental Margin %
Cloud		27.7	29.4	5.9%	69%	75%
Domains		15.0	22.6	50.5%	72%	70%
Network and Voice		9.2	10.2	10.3%	66%	80%
Data Centres		8.5	8.0	(5.9)%	56%	80%
Managed Services		13.4	12.0	(10.3)%	30%	35%
Digital Marketing		2.4	4.5	87.6%	38%	35%
Hardware and Software		10.8	6.8	(37.5)%	17%	15%
<b>Total</b>		<b>87.1</b>	<b>93.4</b>	<b>7.3%</b>		

1. Unaudited

# Product Offering

Webcentral services more than 330,000 Government, enterprise, wholesale, and small and medium business (SMB) customers across Australia and New Zealand. With 350 employees we seamlessly provide a range of cloud enabling solutions to businesses which consist of the following:

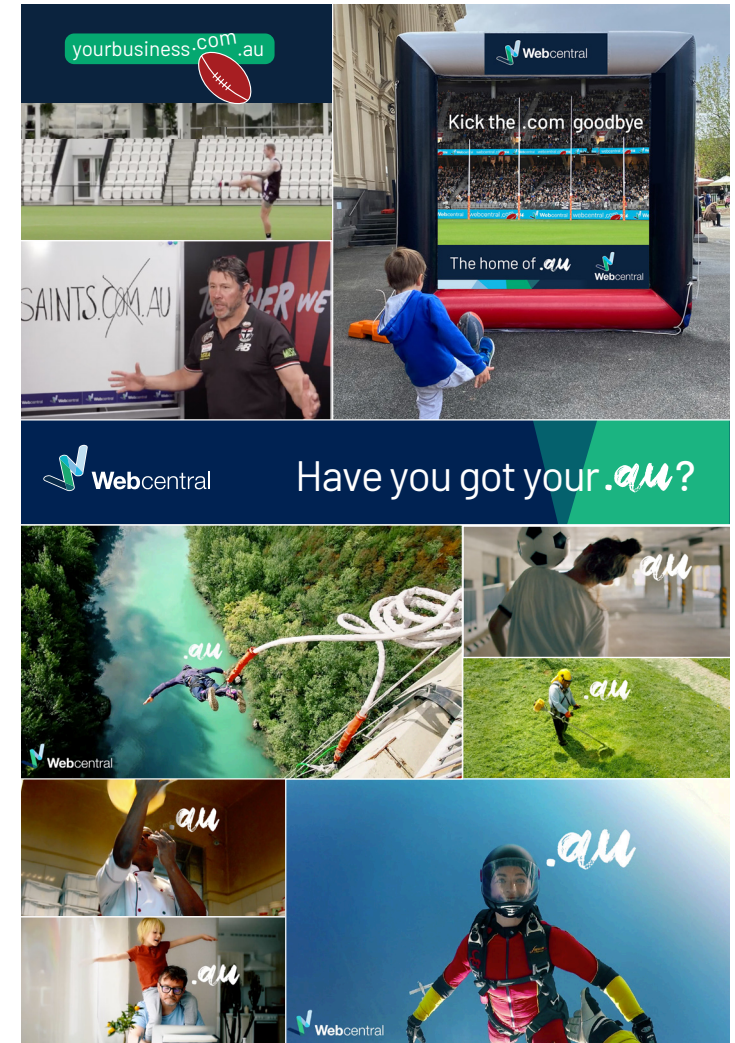
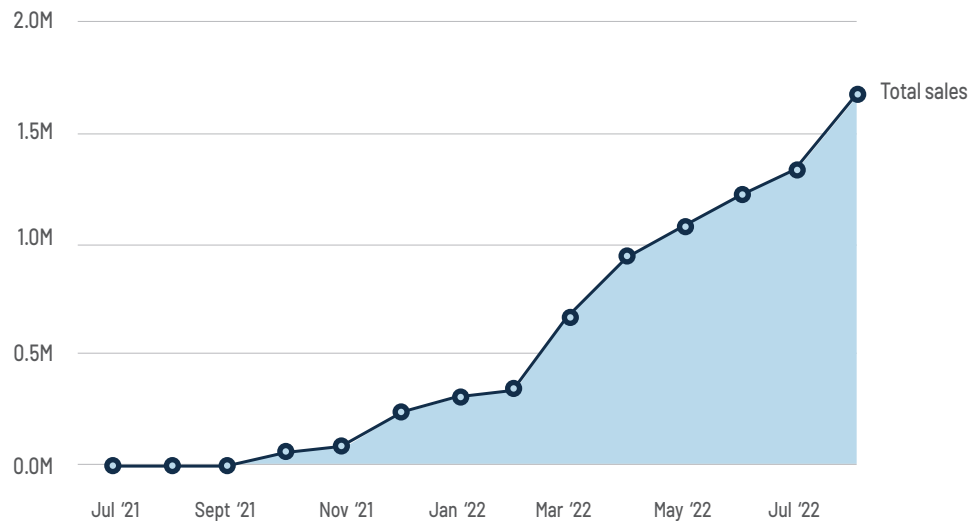
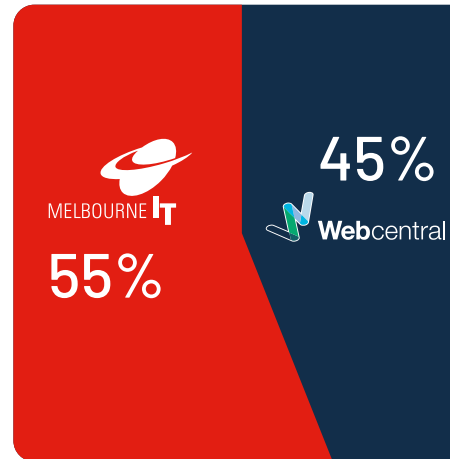
Domains		Registration		Domain Portfolio Solutions				
Cloud		Email and O365		Web Hosting		5GN Private Cloud		
Data Centre		Co-location		Bare Metal		5GN CloudPort		
Data Networks		National MPLS network		National Links	International Links	Dark Fibre		
Managed Services		SharePoint	O365	Consulting	Design	Network & Infrastructure	End User Support	
Digital Marketing		SEO		Social		PPC	Content	
Hardware & Software		Cisco	Juniper	Dell	EMC	Microsoft	VMware	Citrix

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



# Significant .au Revenue Opportunity from existing customer base

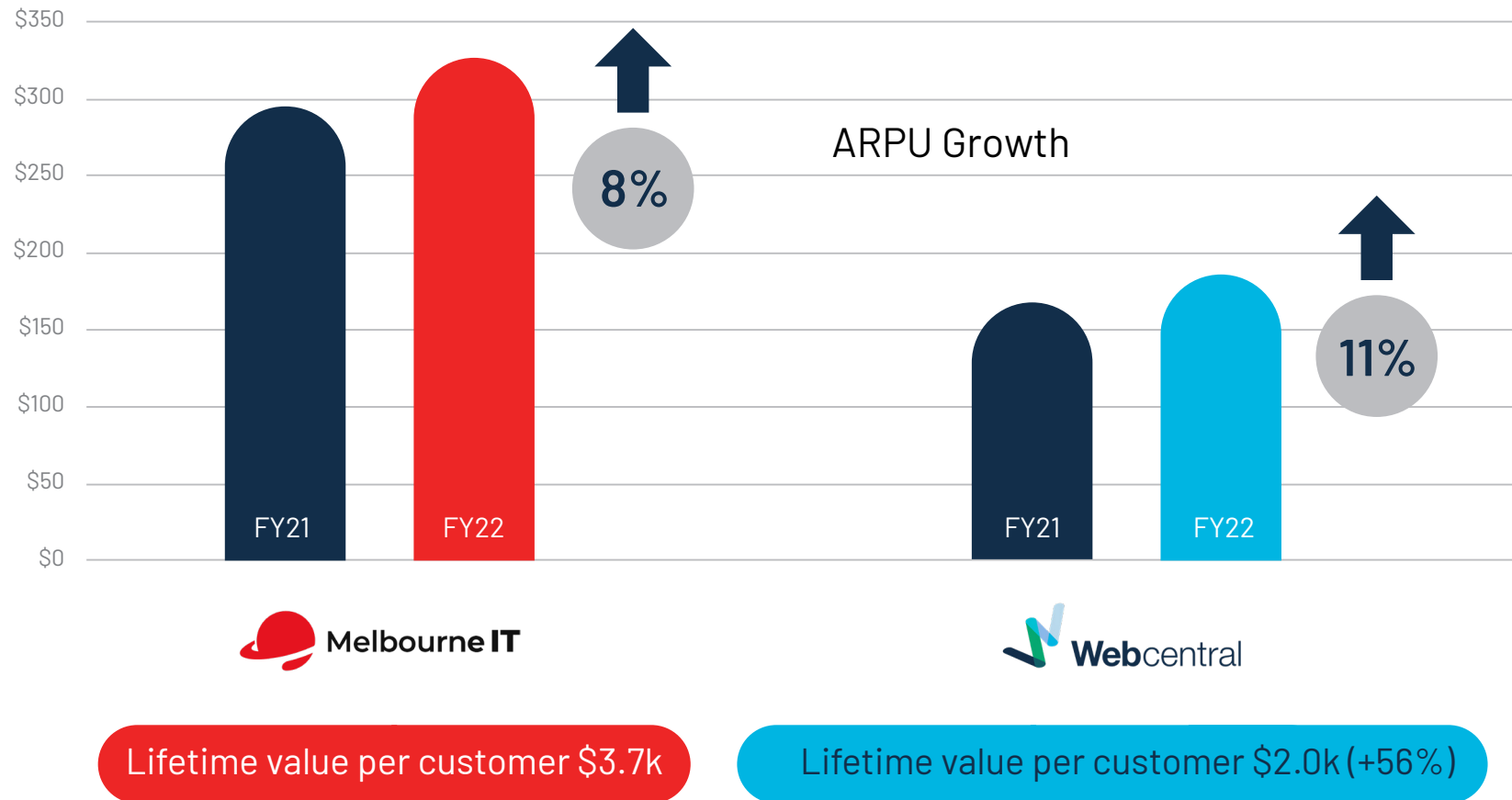
- .au launched in March 2022 with \$1.2m sales in FY22 and \$1.7m to Aug-22
- \$9.6m revenue opportunity from 370k .com.au domains currently managed by Webcentral
- \$6.3m gross margin opportunity



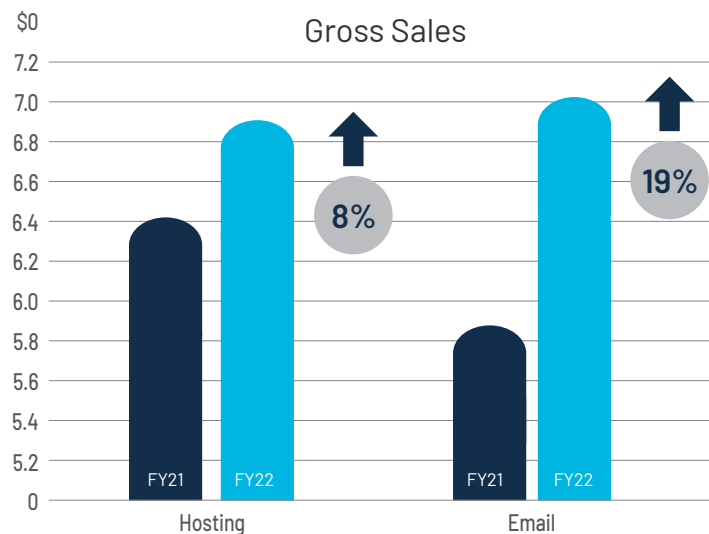
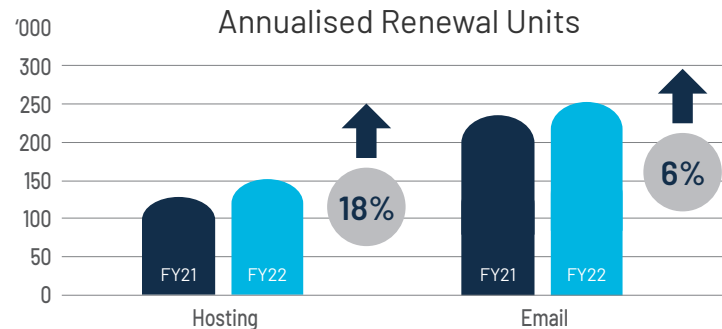


# Growth in average revenue per customer

Continued growth in ARPU in FY22 and significant increase in lifetime value per customer due to new customers.



# Strong email and web hosting customer growth



- 8% growth in hosting customer sales compared to PCP<sup>1</sup>

- transition to monthly services from annual with 29% growth compared to PCP<sup>1</sup> in monthly offsetting 6% decline in annual products

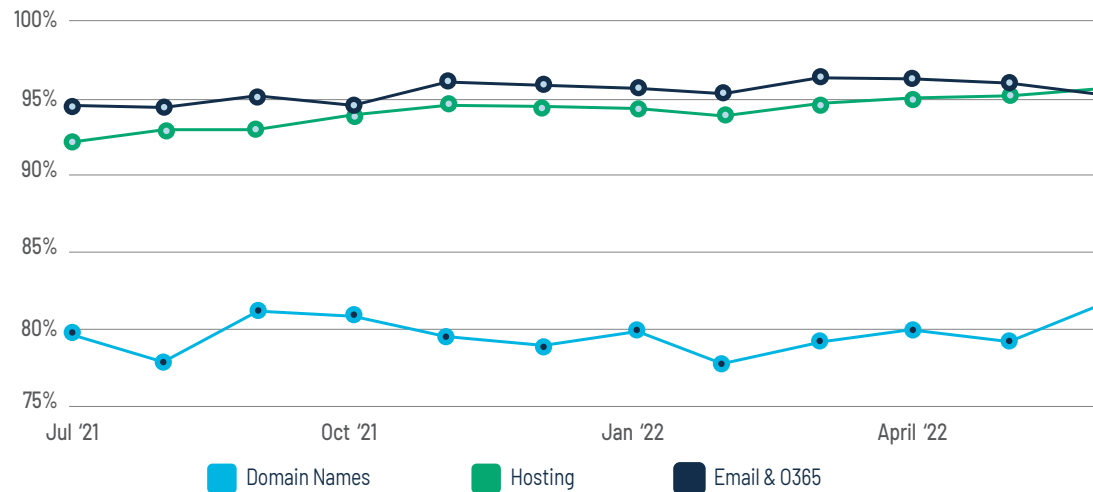
- 19% growth in email customer sales compared to PCP<sup>1</sup>

- 6% growth in email customer number compared to PCP<sup>1</sup>

1. Prior corresponding period ended 30 June 2021

# Continued increase in renewal rates across domains, email and hosting

Improved customer renewal rates from initiatives to improve customer service, systems and billing processes



- Higher renewal rates across domains, email and web hosting products due to customer service, systems and process improvements

- Domain name renewal rates up to 82% from 75% in 2020

- Email renewal rates consistently 95%+

- Web hosting renewal rates from 92% to 96%

# Webcentral Owned and Operated Network Infrastructure



# Cashflow – FY22

\$M	FY21	FY22	% Change
Receipts	95.7	106.9	11.7%
Payments	(83.8)	(98.1)	17.1%
Net Interest Paid	(1.8)	(2.7)	52.8%
<b>Underlying Operating Cashflow</b>	<b>10.1</b>	<b>6.0</b>	<b>(40.6)%</b>
Restructuring, acquisition and transaction costs	(1.6)	(2.6)	62.5%
<b>Operating Cash Flows</b>	<b>8.5</b>	<b>3.4</b>	<b>(59.7)%</b>
Net Cash - Acquisitions/Investments	(4.1)	(6.5)	58.1%
Capex	(7.6)	(7.2)	(5.6)%
Other investing cashflows	1.7	2.0	14.1%
<b>Investing Cash Flows</b>	<b>(10.0)</b>	<b>(11.7)</b>	<b>17.2%</b>
Proceeds from shares/options	38.6	1.0	(97.3)%
Payments of performance rights	0.0	(4.0)	100%
Net borrowings	(30.3)	4.0	(113.2)%
Dividends paid	(1.0)	0.0	100%
Transaction costs	(1.8)	(0.2)	(90.0)%
Other financing cash flows	(6.9)	(6.3)	(8.1)%
<b>Financing Cash Flows</b>	<b>(1.4)</b>	<b>(5.5)</b>	<b>290.2%</b>
<b>Net Cash Flows</b>	<b>(2.9)</b>	<b>(13.8)</b>	<b>371%</b>

- Strong operating cash flow of \$3.8m in the 4th quarter to June

- Investment in CNW.ASX of 18.5% valued at \$5.4m

- \$1.2m cash inflows from new .au domains in FY22

- Capex for FY23 reducing to \$3m - \$4m

# Balance sheet – FY22

\$M	FY21	FY22	Change
Cash and cash equivalents	19.2	5.4	(13.8)
Trade and other receivables	6.0	3.7	(2.3)
Other current assets	9.0	10.0	1.0
<b>Total Current Assets</b>	<b>34.2</b>	<b>19.1</b>	<b>(15.1)</b>
Intangible assets	101.4	87.4	(14.0)
Property, plant and equipment	15.9	15.7	(0.2)
Investments	1.8	5.2	3.4
Other non-current assets	13.9	11.5	(2.4)
<b>Total Non-Current Assets</b>	<b>133.0</b>	<b>119.8</b>	<b>(13.2)</b>
Trade and other payables	19.3	15.6	(3.7)
Borrowings	0.4	0.6	0.2
Other current liabilities	39.4	34.3	(5.1)
<b>Total Current Liabilities</b>	<b>59.1</b>	<b>50.5</b>	<b>(8.6)</b>
Borrowings	20.6	25.4	4.8
Other non-current liabilities	37.6	34.1	(3.5)
<b>Total Non-Current Liabilities</b>	<b>58.2</b>	<b>59.5</b>	<b>1.3</b>
<b>Net Assets</b>	<b>49.9</b>	<b>28.9</b>	<b>(21.0)</b>
Contributed Equity	80.1	201.3	121.2
Reserves	12.3	(134.7)	(147.0)
Accumulated Losses	(12.8)	(37.7)	(24.9)
Non-controlling interests	(29.7)	0.0	29.7
<b>Total Equity</b>	<b>49.9</b>	<b>28.9</b>	<b>(21.0)</b>

- Continued investment in fibre networks extending by 50km for FY22

- Upgrade cloud capacity incorporating 2 additional zones

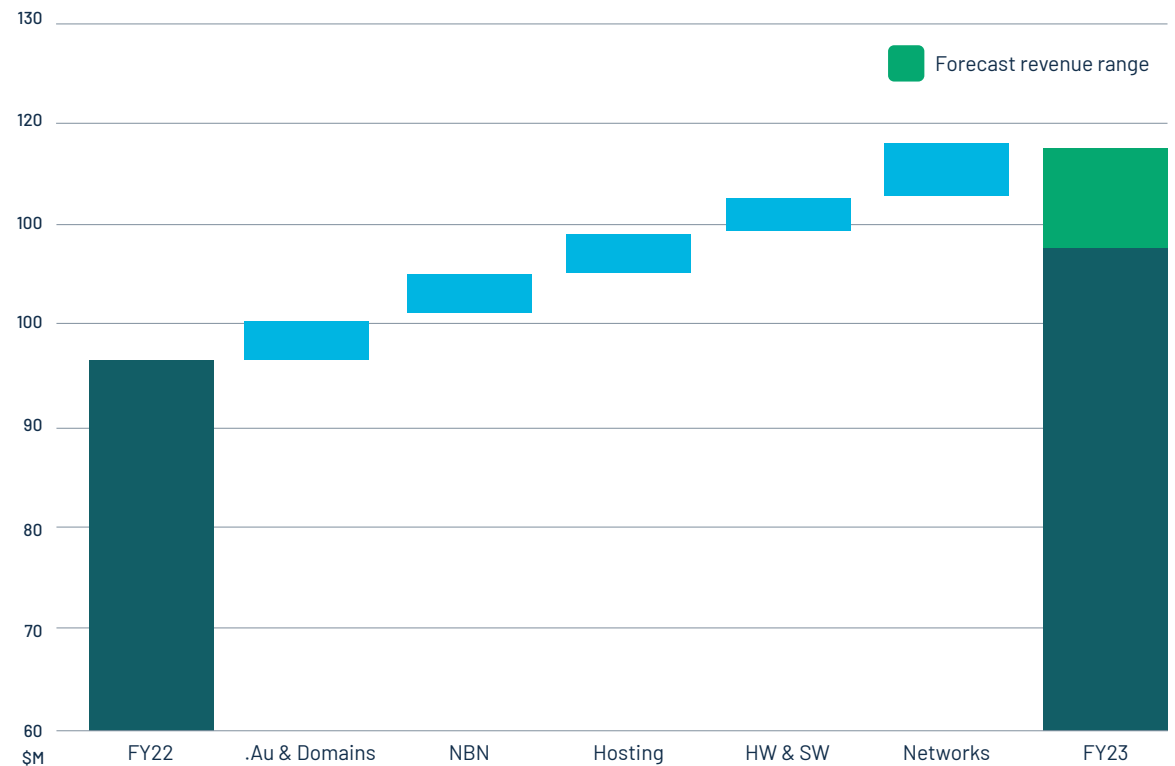
- Other current liabilities includes \$22m deferred revenue relating to prepaid domain names

- Non-current liabilities includes property lease liability \$14.8m, deferred tax liabilities \$10.8m & deferred revenue \$8m

- Impairment of intangibles of \$11.4m reducing the carrying value of goodwill

# FY23 Outlook

- FY23 Forecast Revenue range \$108M to \$118M
- FY23 EBITDA<sup>1</sup> Guidance of \$23M to \$27M
- Interim and Final Dividends with growth from FY22 Final Dividend



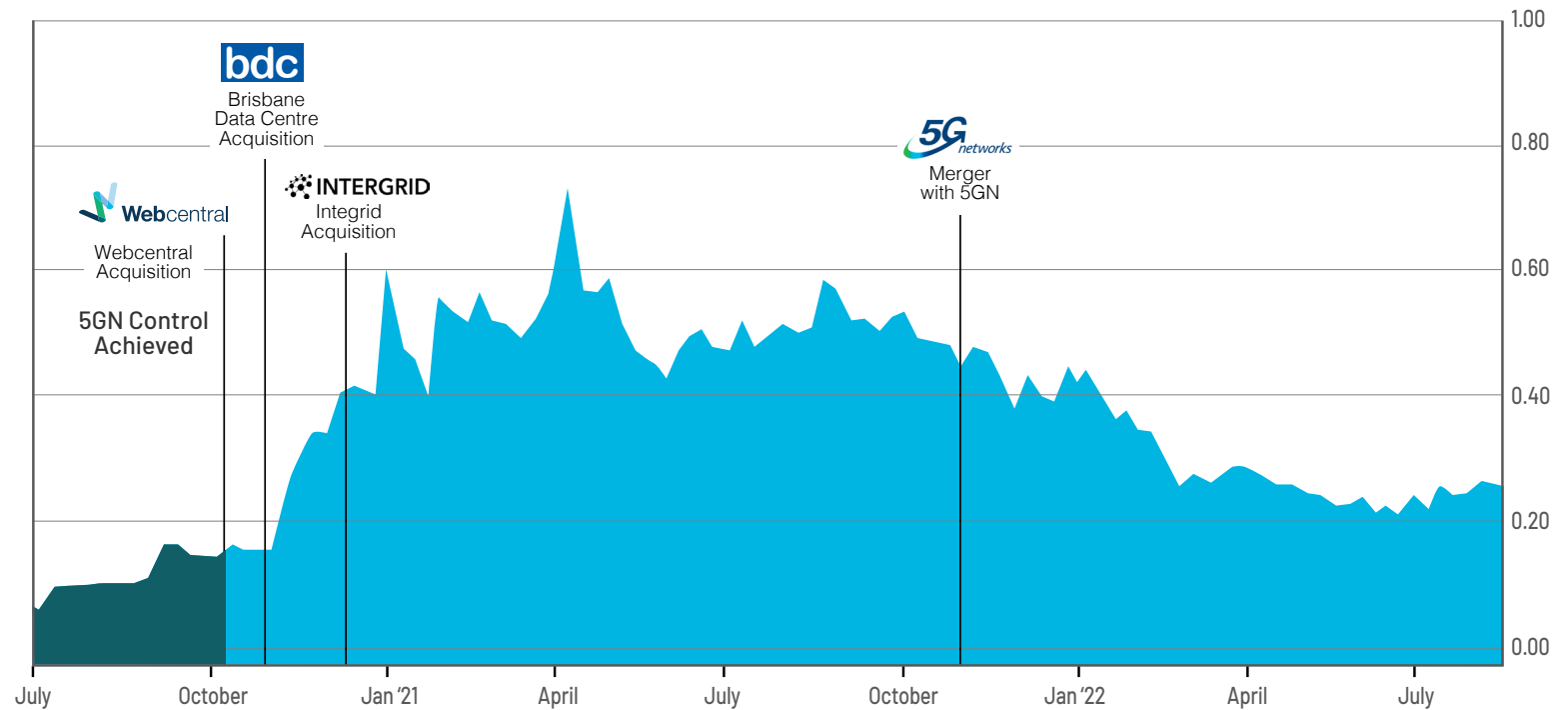
1. EBITDA before no-recurring costs and share-based payments expenses



# Webcentral Capital Structure

ASX Code	WCG
Shares on issue	331,092,792
Performance Rights and Options (Unlisted)	37,785,000
19 August 2022 market capitalisation	\$86.1M
Cash (June 2022)	\$5.4M
Available Debt (June 2022)	\$10.8M

## Share Price Movement





# Thank you

For further information contact:

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