

Investor Presentation – Reach Markets The Insider: Meet the CEOs Webinar

ASX Announcement, 13 September 2022



Webcentral Managing Director Joe Demase will be presenting at Reach Markets The Insider: Meet the CEOs Webinar on Wednesday, 14th September 2022 at 12pm (AEST).

The Webinar Registration link is: [Webinar link](#)

A copy of the Investor Presentation is attached.

Investor Enquiries

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

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

About Webcentral

Webcentral is an Australian owned digital services company who empower more than 330,000 customers to grow and thrive in the online world. Our portfolio of digital services is extensive, with market leading offers across domain management, website development and hosting, office and productivity applications and online marketing.

Webcentral currently owns and operates its own Nationwide highspeed Data Network with points of presence in all major Australian capital cities. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the Company's combined rack capacity of over 1,000 racks through its owned and operated Data Centres across Melbourne, Sydney, Brisbane and Adelaide.

Our customer focussed heritage has been built on expertise, innovation and personalised service; critical attributes delivered through our culture and embraced by our people. This is demonstrated through more than 25 years of online industry leadership across Australia's digital foundation brands such as Melbourne IT, Netregistry and WME.

The Webcentral mission is dedicated to leading online success for our customers. We achieve this by building trusted and valued client relationships which convert successful business outcomes at each milestone across the customers' digital journey.

Webcentral Limited

ASX: WCG

Investor Presentation

September 2022



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 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.

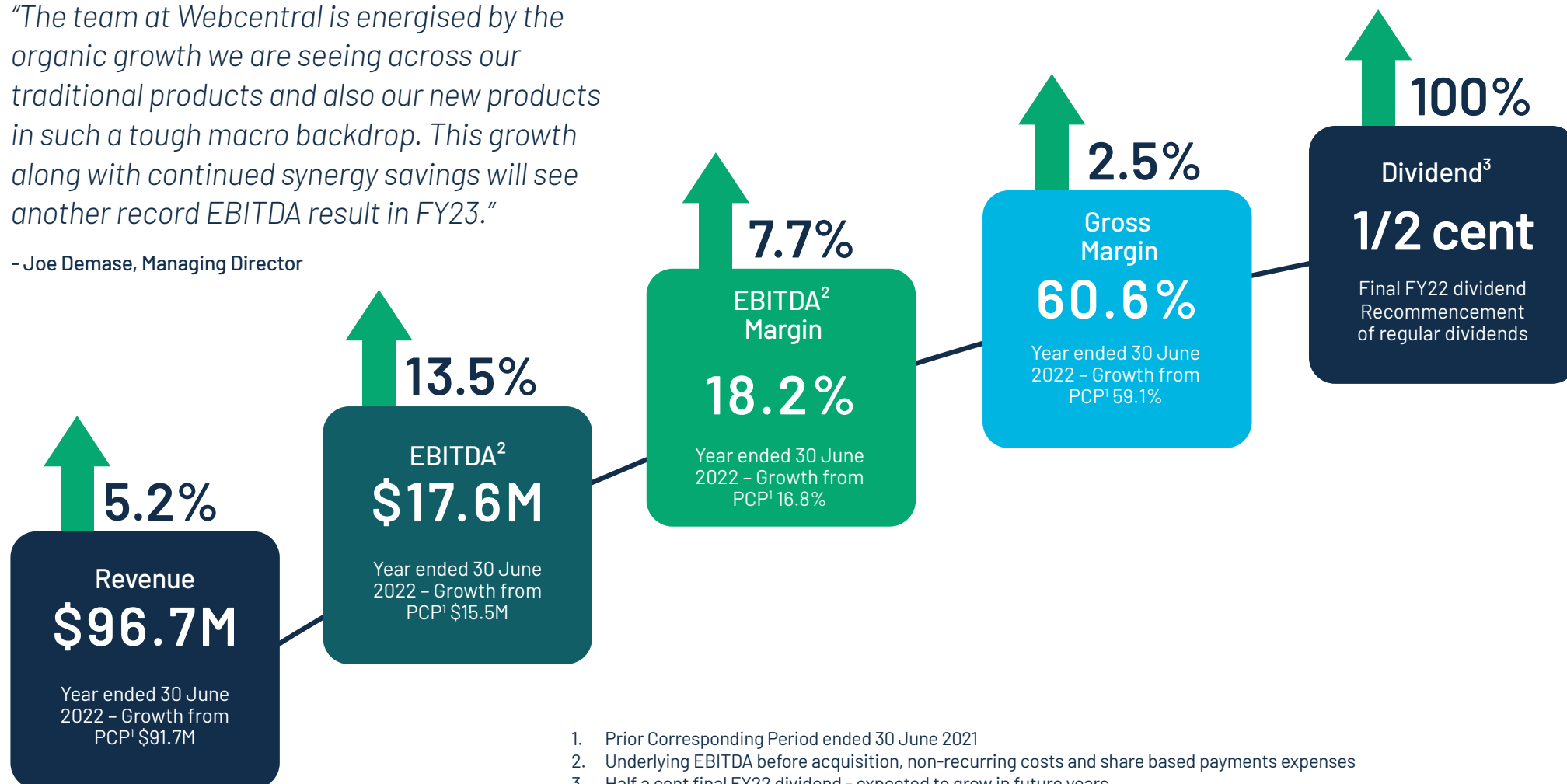
A number of risks, uncertainties and other factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following: risks associated with reliance on key personnel; financial health of Webcentral and its related 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's current beliefs and is based on information currently available to Webcentral and on assumptions it believes to be reasonable. The forward-looking information is made as of the date of this presentation and Webcentral 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.

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
Revenue			
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%)
Total Revenue and Other Income	91.7	96.7	5.5%
Gross Profit	49.6	55.3	11.4%
Gross Margin	57%	60%	
EBITDA pre non-recurring costs	15.5	17.6	13.5%
EBITDA margin	16.9%	18.2%	
Non-operating items	(6.8)	(25.5)	(275%)
EBITDA after non-recurring costs	8.7	(8.0)	(192%)
Depreciation & amortisation	(12.2)	(13.6)	(11.8%)
Net interest	(2.0)	(2.8)	(38%)
Profit before tax	(5.5)	(24.4)	(240%)

- 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
 - 55k .au domain sales to early Sep '22
 - Generated \$1.2m cash in FY22
 - Generated \$2.5m in cash to early Sep '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 ¹	% 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%
Total		87.1	93.4	7.3%		

1. Unaudited

Product Offering

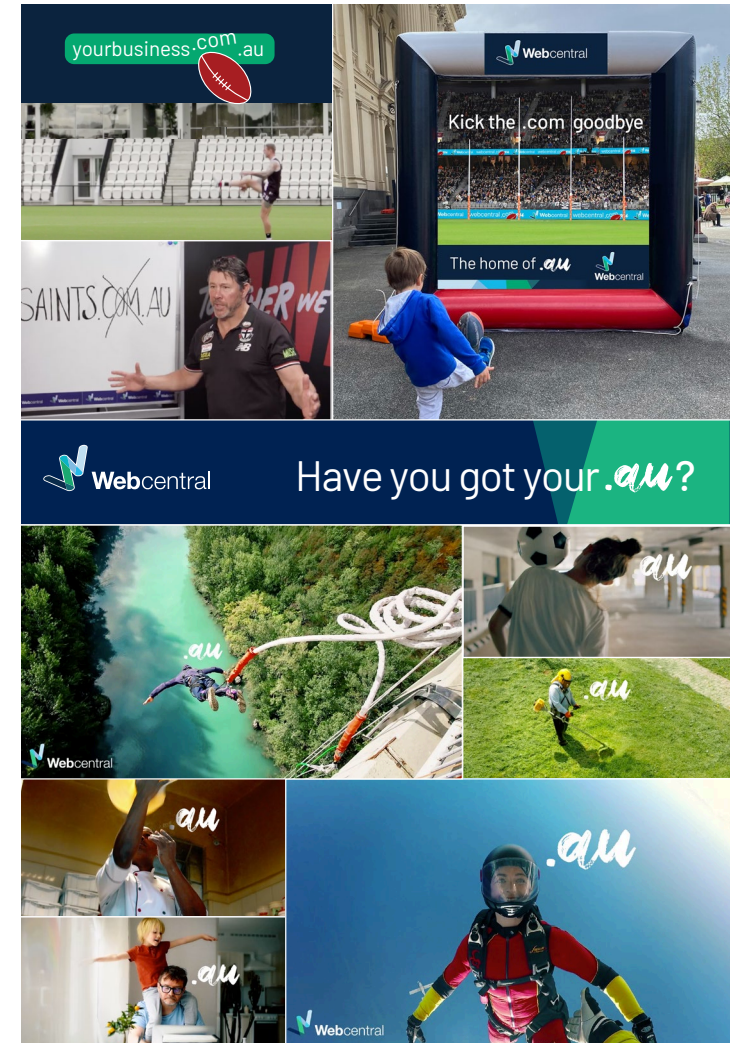
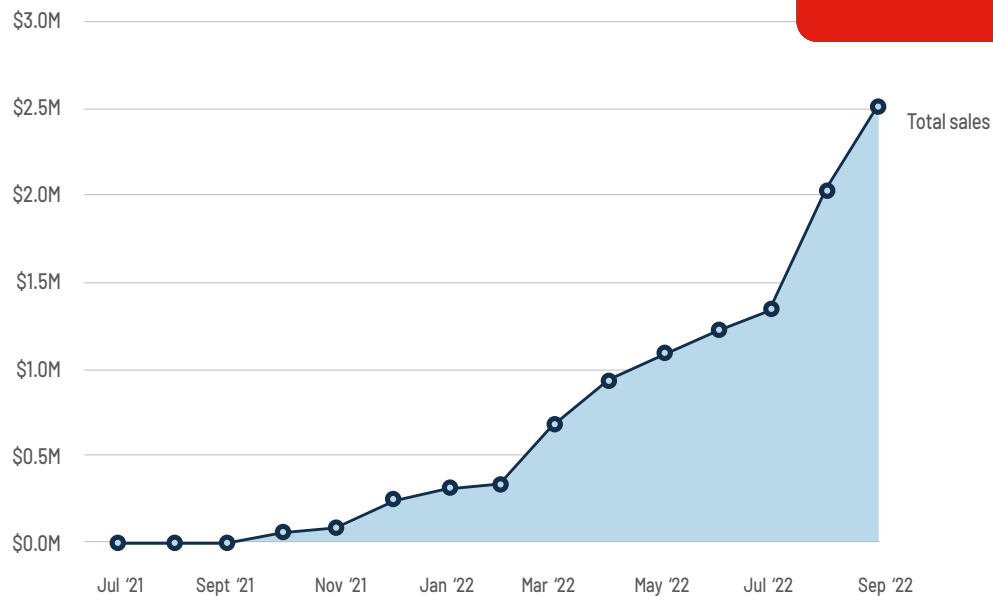
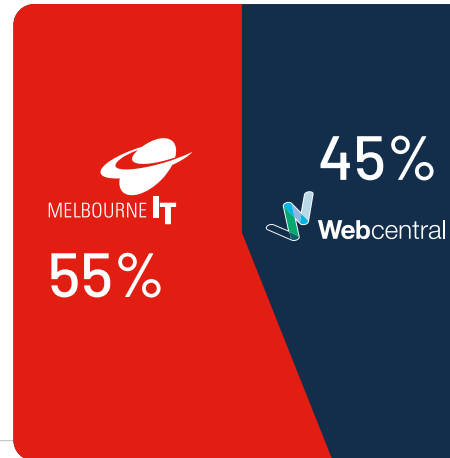
Webcentral services more than 330,000 Government, enterprise, wholesale, and small and medium business (SMB) customers across Australia and New Zealand. With 350 employees we seamlessly provide a range of cloud enabling solutions to businesses which consist of the following:

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

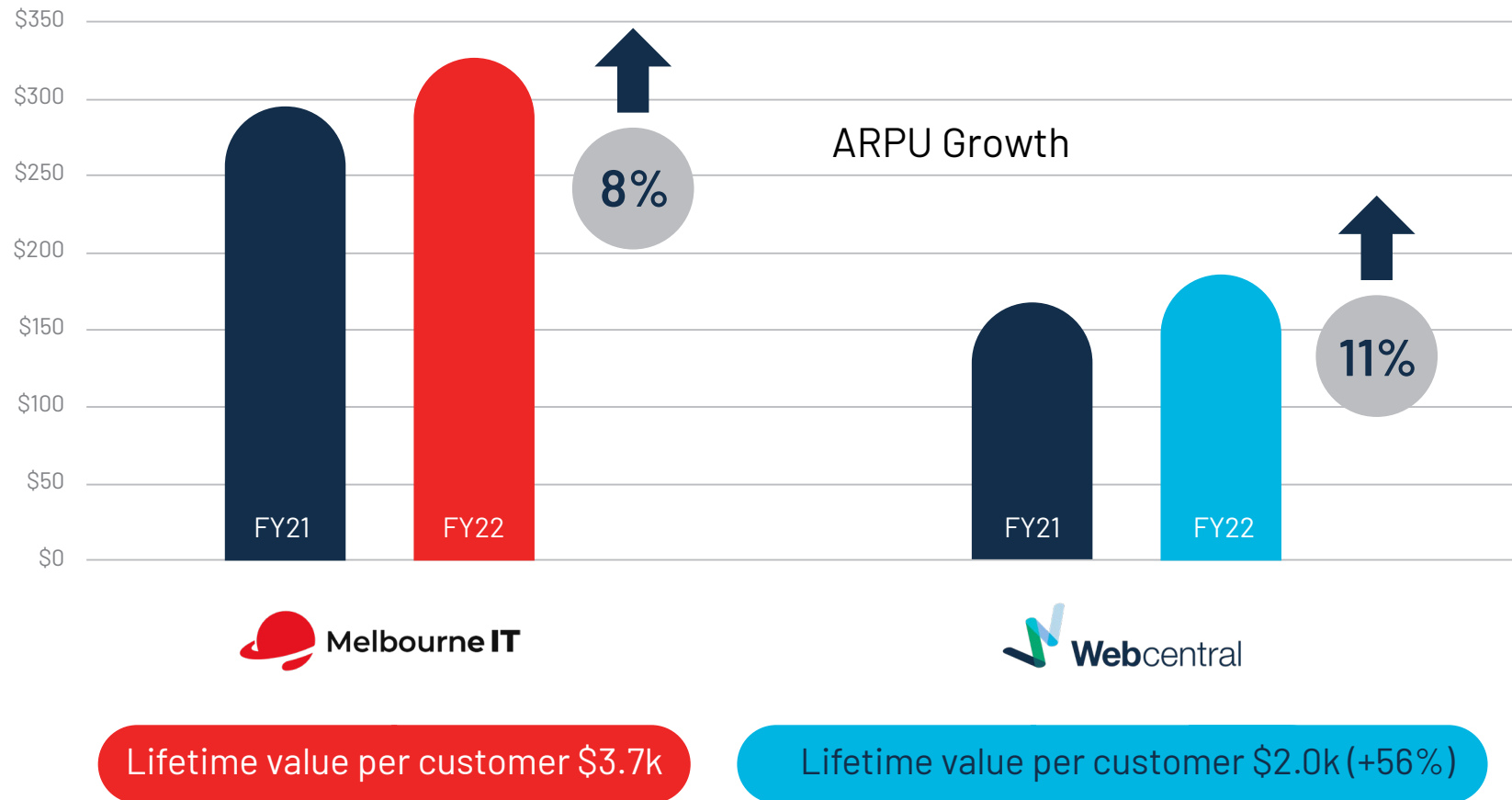
Significant .au Revenue Opportunity from existing customer base

- .au launched in March 2022 with \$1.2m sales in FY22 and \$2.5m to early Sep-22
- \$9.6m revenue opportunity from 370k .com.au domains currently managed by Webcentral
- \$6.3m gross margin opportunity

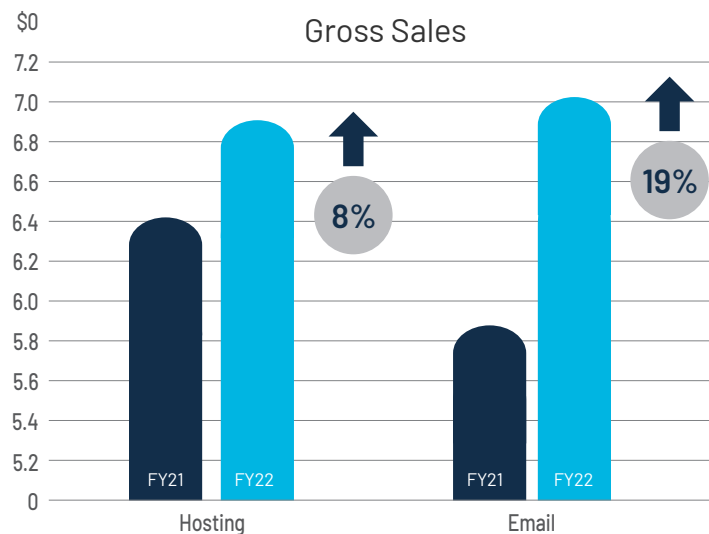
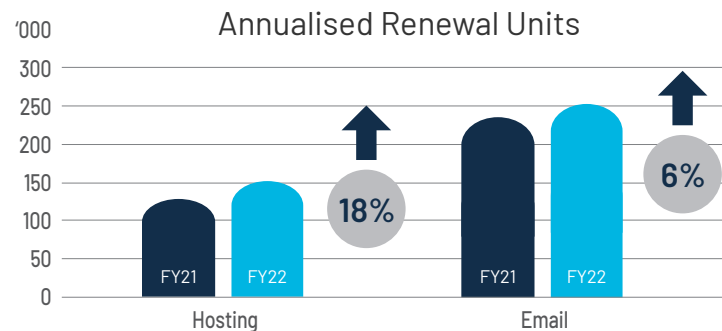


Growth in average revenue per customer

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 PCP¹

- transition to monthly services from annual with 29% growth compared to PCP¹ in monthly offsetting 6% decline in annual products

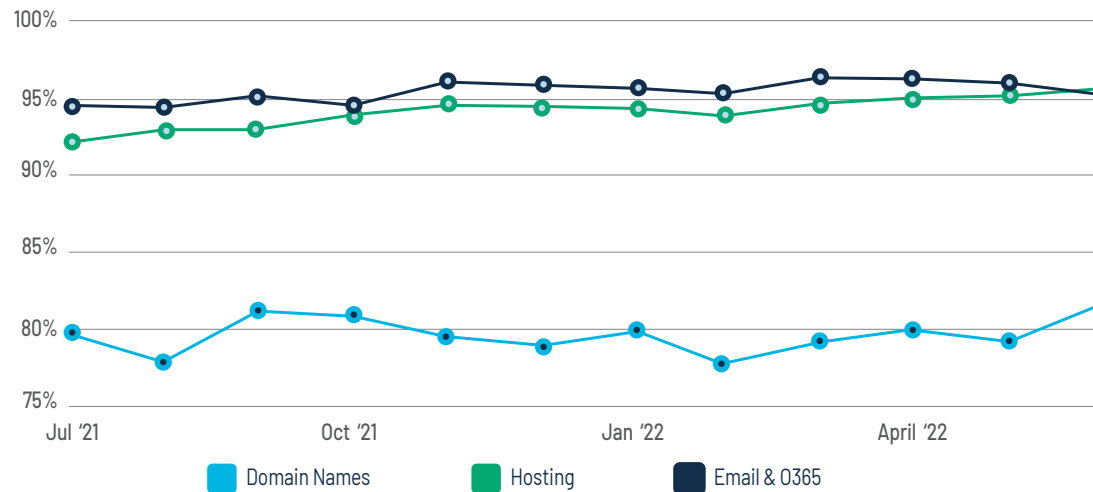
- 19% growth in email customer sales compared to PCP¹

- 6% growth in email customer number compared to PCP¹

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%
Underlying Operating Cashflow	10.1	6.0	(40.6)%
Restructuring, acquisition and transaction costs	(1.6)	(2.6)	62.5%
Operating Cash Flows	8.5	3.4	(59.7)%
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%
Investing Cash Flows	(10.0)	(11.7)	17.2%
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)%
Financing Cash Flows	(1.4)	(5.5)	290.2%
Net Cash Flows	(2.9)	(13.8)	371%

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

- Sale of 18.5% investment in CNW for \$5.5M on 22 August 2022

- \$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)
Deferred COGS	5.4	5.6	0.2
Other current assets	3.6	4.4	0.8
Total Current Assets	34.2	19.1	(15.1)
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)
Total Non-Current Assets	133.0	119.8	(13.2)
Trade and other payables	19.3	15.6	(3.7)
Deferred revenue	23.7	23.4	(0.3)
Property lease liabilities	5.9	3.5	(2.4)
Employee provisions	4.7	3.9	(0.8)
Deferred acquisition consideration	1.9	1.3	(0.6)
Other current liabilities	3.6	2.9	(0.7)
Total Current Liabilities	59.1	50.6	(8.5)
Borrowings	20.6	25.4	4.8
Other non-current liabilities	37.6	34.1	(3.5)
Total Non-Current Liabilities	58.2	59.5	1.3
Net Assets	49.9	28.8	(21.1)
Total Equity	49.9	28.8	(21.1)

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

- Upgrade cloud capacity incorporating 2 additional zones

- Deferred revenue includes \$22M relating to prepaid domain names with offsetting deferred cost of \$5.6M

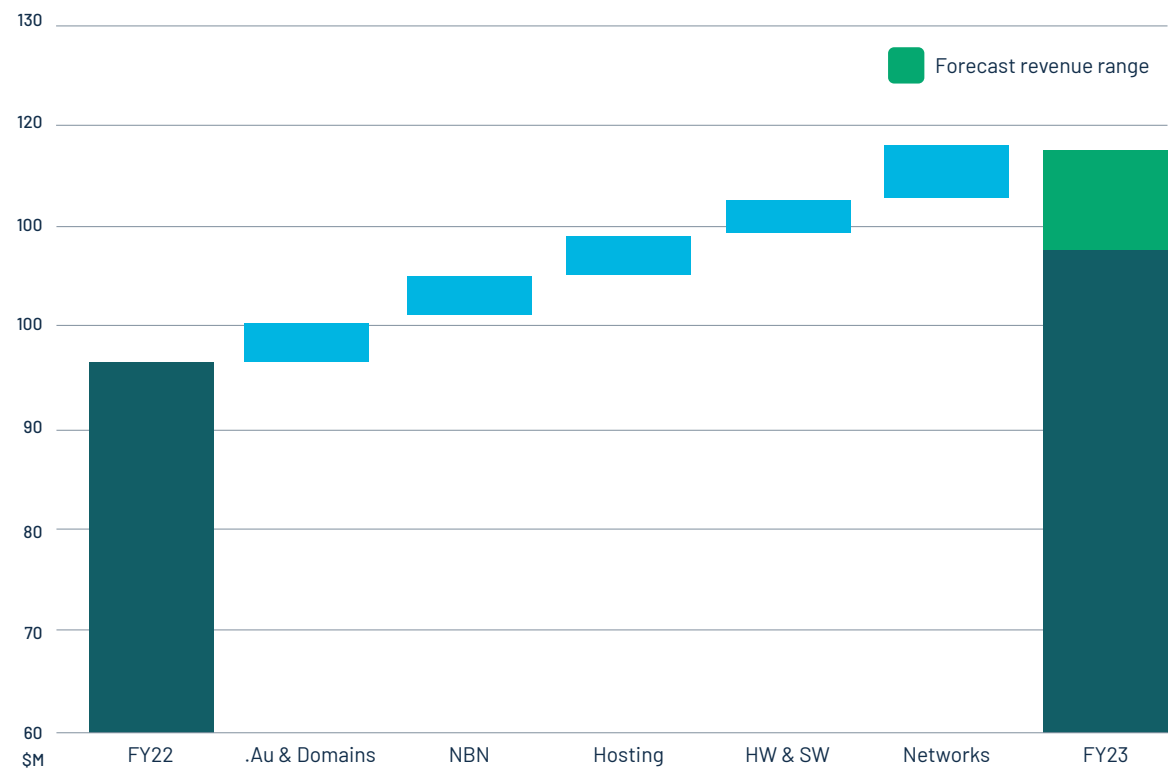
- Other current liabilities:
 - Deferred acquisition liabilities \$1.3M non-cash
 - Property lease liabilities \$3.5M and employee provisions \$3.9M unwind over 12 months

- 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 EBITDA¹ Guidance of \$23M to \$27M
- Interim and Final Dividends with growth from FY22 Final Dividend

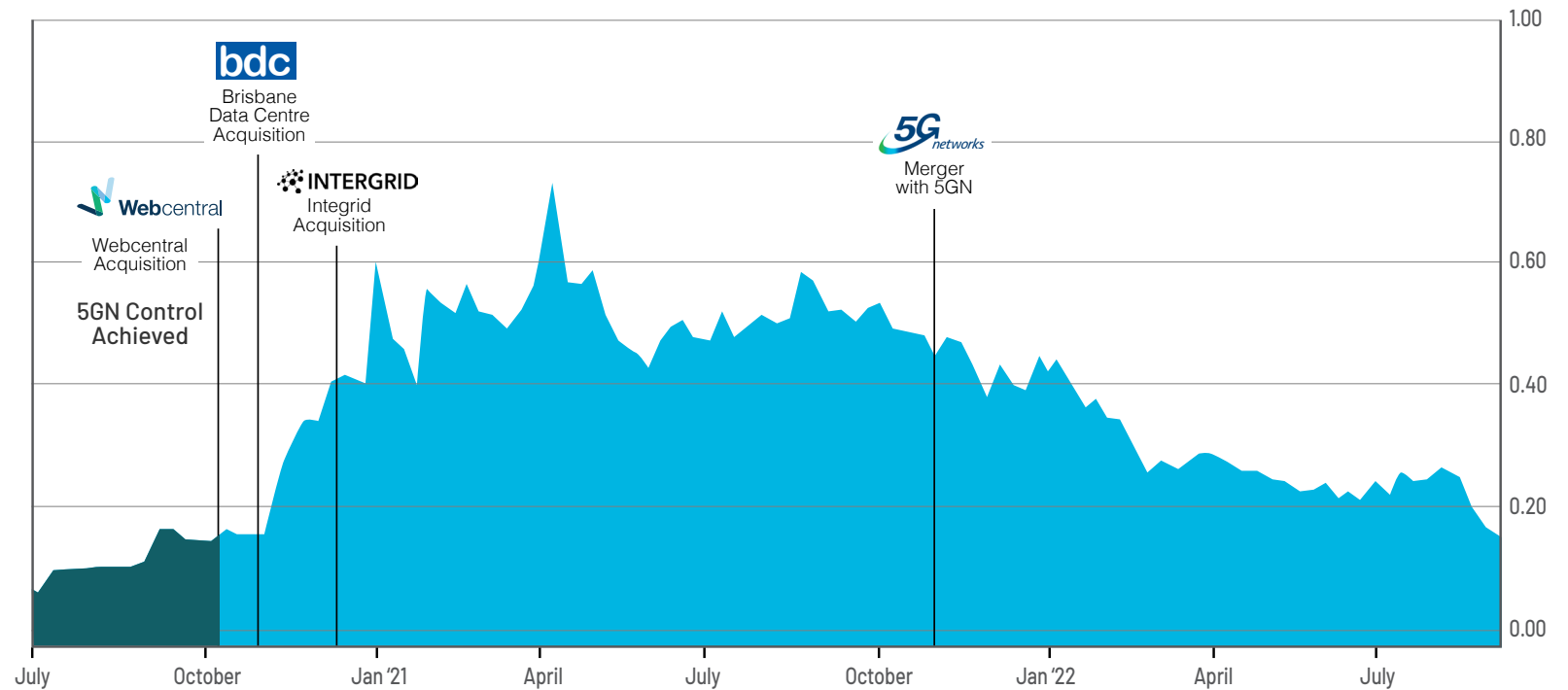


1. EBITDA before no-recurring costs and share-based payments expenses

Webcentral Capital Structure

ASX Code	WCG
Shares on issue	328,533,332
Performance Rights and Options (Unlisted)	40,185,000
9 September 2022 market capitalisation	\$51M
Cash (June 2022)	\$5.4M
Available Debt (June 2022)	\$10.8M

Share Price Movement





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