



Webcentral Limited

ASX: WCG

Investor Presentation

August 2023



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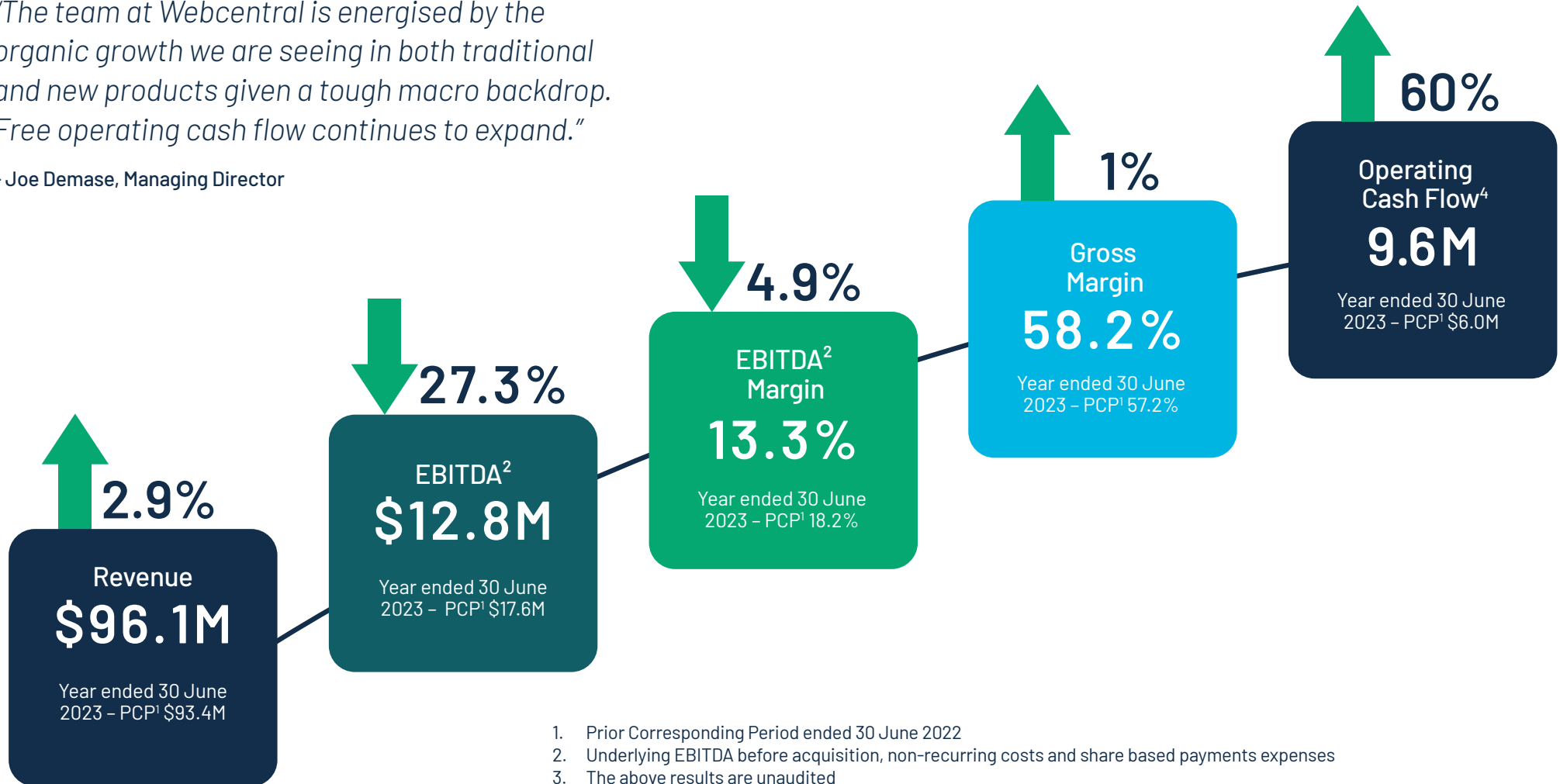
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Continued Revenue Growth in FY23

"The team at Webcentral is energised by the organic growth we are seeing in both traditional and new products given a tough macro backdrop. Free operating cash flow continues to expand."

- Joe Demase, Managing Director



1. Prior Corresponding Period ended 30 June 2022
2. Underlying EBITDA before acquisition, non-recurring costs and share based payments expenses
3. The above results are unaudited
4. Underling operating cashflow before non-recurring costs

Highlights and Achievements

- ✓ Acquisition of New Domain in Nov '22 and the appointment of Owner and industry veteran Jonathan Horne as CEO of Melbourne IT. Mandate is to focus on the growth of our corporate clients through this Iconic Brand.
- ✓ Continued growth across all domain segments from .au sales off the back of .au sales, with overall market share increasing 3% and new customer sales of 12%. Hosting and Email services continue to grow at target rates.
- ✓ Systems improvements reducing support tickets by 50% during the year which then reduces reliance on overseas contractors.
- ✓ Renewal rates are steady across Domains and climbing for both hosting and email services
- ✓ Luke McGregor joins from Vocus/HyperOne bring significant wholesale and international sales experience.
- ✓ Increased utilisation of domestic and International capacity, Data Centre connectivity and Dark fibre into over 50 Significant data locations

Profit & Loss – FY23

	FY22 \$M	FY23 \$M	Change
Revenue			
Retail	48.9	51.1	4.6%
Enterprise	37.0	37.1	0.2%
Wholesale	7.5	7.9	4.9%
Revenue	93.4	96.1	2.9%
Other income	3.3	0.1	(97.0%)
Total Revenue and Other Income	96.7	96.2	(0.5%)
Gross Profit	55.3	55.9	1.1%
Gross Margin	57.2%	58.2%	
Employee Costs	(36.0)	(34.4)	4.4%
Other expenses	(5.0)	(8.8)	(76.0%)
EBITDA pre non-recurring costs	17.6	12.8	(27.3%)
EBITDA margin	18.2%	13.3%	
Non-operating items	(25.5)	(19.1)	25.1%
EBITDA after non-recurring costs	(8.0)	(6.3)	20.9%
Depreciation & amortisation	(13.6)	(12.4)	8.8%
Net interest	(2.8)	(3.5)	(25.0%)
Profit before tax	(24.4)	(22.2)	8.7%

- Domains, Email and Hosting grows by 4.6%

- Addition of .au domains adds 100,000 new domains and 12% new customer growth

- Strong growth from C Panel hosting and OX mail services with increased margin

- Enterprise hardware sales and deliver increase offset by Data Centre pricing pressures.

- Wholesale data centre and networks revenue growth, offset by low margin Crypto mining revenue decline driving lower data centre revenue.

- Other Income in FY22 related to non core transitional services, high margin related to prior assets sales

- Employee costs reduction reflect operation synergies, increased advertising \$1.3m specifically to promote the .au launch will be reduced in future.

- Non-recurring items includes non-cash impairment charge of \$14.08M, non-cash share-based payments expense of \$1.55M and other non-recurring none cash costs

Webcentral operates in Retail, Enterprise and Wholesale customer segments

Customer Segments (\$M)	2023 12 months \$'000	2022 12 months \$'000	Change
Retail	51,118	48,863	4.6%
Enterprise	37,108	37,022	0.2%
Wholesale	7,912	7,543	4.9%
Total Revenue	96,138	93,428	2.9%

- Retail growth from new domains and hosting products including .au and C Panel hosting offset by decline in digital marketing
- Enterprise decline on PCP due to legacy data centre contracts offset by growth in new cloud hosting services and Melbourne IT corporate sales
- Strong growth from Wholesale customer segment due to several large contract wins, supported by industry sales and digital marketing activities

Services / Segment	Domains	Cloud, Email & Webhosting	Data Centre	Networks & Voice	Managed Services	Hardware & Software	Digital Marketing
Retail	✓	✓		✓			✓
Enterprise	✓	✓	✓	✓	✓	✓	✓
Wholesale		✓	✓	✓		✓	

Services provided to each customer segment:

- **Retail:** domains, web hosting, email hosting and digital marketing services to consumer and small and medium enterprise customers
- **Enterprise:** cloud hosting, domain names, data centre, networks and voice, IT managed services, hardware and software and digital marketing products and services provided to Enterprise and Government customers
- **Wholesale:** cloud hosting, data centre, networks and voice products and services provided to wholesale

Cashflow – FY23

\$M	FY22	FY23	% Change
Receipts	106.9	105.5	(1.3%)
Payments	(98.1)	(92.6)	5.6%
Net Interest Paid	(2.7)	(3.2)	(18.5%)
Underlying Operating Cashflow	6.0	9.6	60.0%
Restructuring, acquisition and transaction costs	(2.6)	(1.6)	38.5%
Operating Cash Flows	3.4	8.0	135.3%
Net Cash - Acquisitions/Investments	(6.5)	2.0	130.8%
Capex	(7.2)	(6.2)	13.9%
Other investing cashflows	2.0	0.1	(95.0%)
Investing Cash Flows	(11.7)	(4.1)	65.0%
Payments for share buyback	-	(1.9)	(100.0%)
Net borrowings	4.0	3.3	(17.5%)
Dividends paid	-	(1.5)	(100.0%)
Proceeds from shares/options	1.0	-	(100.0%)
Transaction costs	(0.2)	-	100.0%
Payments of performance rights	(4.0)	-	100.0%
Other financing cash flows	(6.3)	(4.7)	25.4%
Financing Cash Flows	(5.5)	(4.9)	10.9%
Net Cash Flows	(13.8)	(0.9)	93.5%

- Strong growth of 60% in underlying operating cashflows to \$9.6M

- Investing cashflows includes purchase of New Domain Services in Dec-22 for \$3.5m and sale of CNW shares in Aug-22 for \$5.5M

- Expansion cloud capex of \$1.4m driven by customer growth. A number of DC upgrades completed in HY23

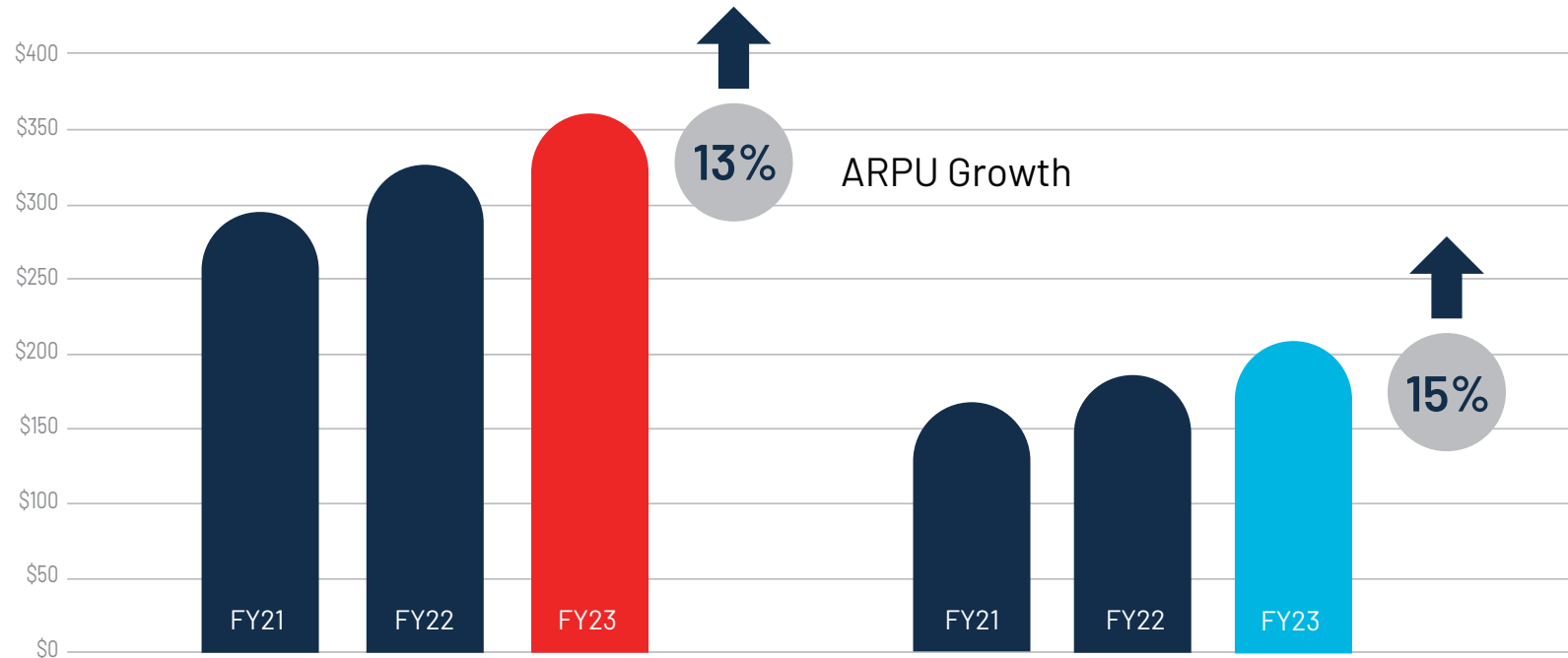
- Completed \$1.9m in share buy back and \$1.5m or .5 cent dividend paid during the period

- Completion of the Fibre network build in HY1 resulted in HY2 capex of \$3m. Non-customer lead Capex in FY24 \$3m

- Improvement of Net Cash Flow of 93.5% compared to FY 22

Growth in average revenue per customer








Continued growth in ARPU in FY23 and significant increase in lifetime value per customer due to new customers.



Lifetime value per customer \$4.0k

Lifetime value per customer \$2.7k (+41%)

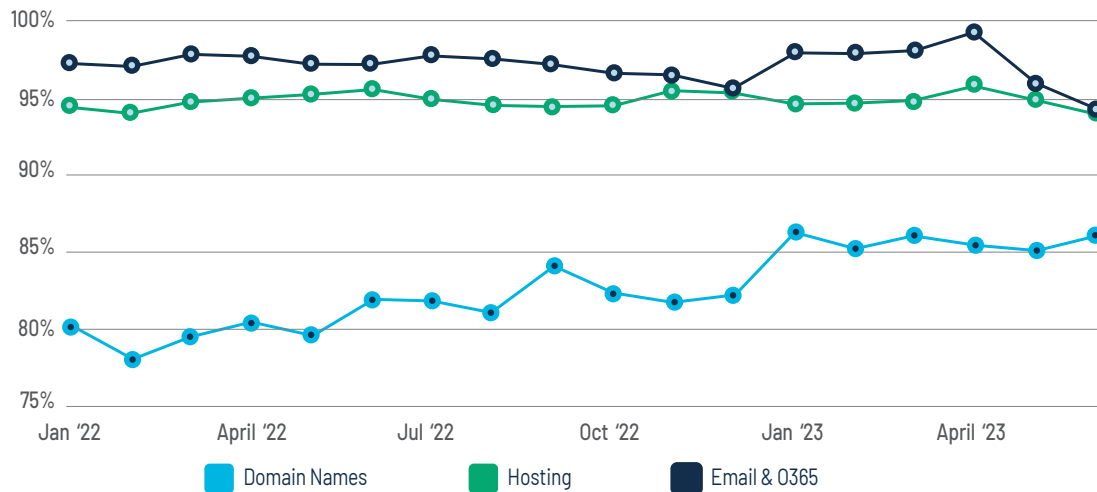
Revenue and Margin by Product

	FY21 \$M	FY22 \$M ¹	FY23 \$M ¹	% Change	Actual Margin %
Cloud 	27.7	29.4	32.0	8.8%	69%
Domains 	15.0	22.6	24.4	8.0%	72%
Network and Voice 	9.2	10.2	8.7	(13.9%)	66%
Data Centres 	8.5	8.0	7.6	(5.0%)	56%
Managed Services 	13.4	12.0	12.1	0.8%	30%
Digital Marketing 	2.4	4.5	3.2	(28.9%)	38%
Hardware and Software 	10.8	6.8	8.2	20.6%	17%
Total	87.1	93.4	96.1	2.9%	

1. Unaudited

Continued high 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

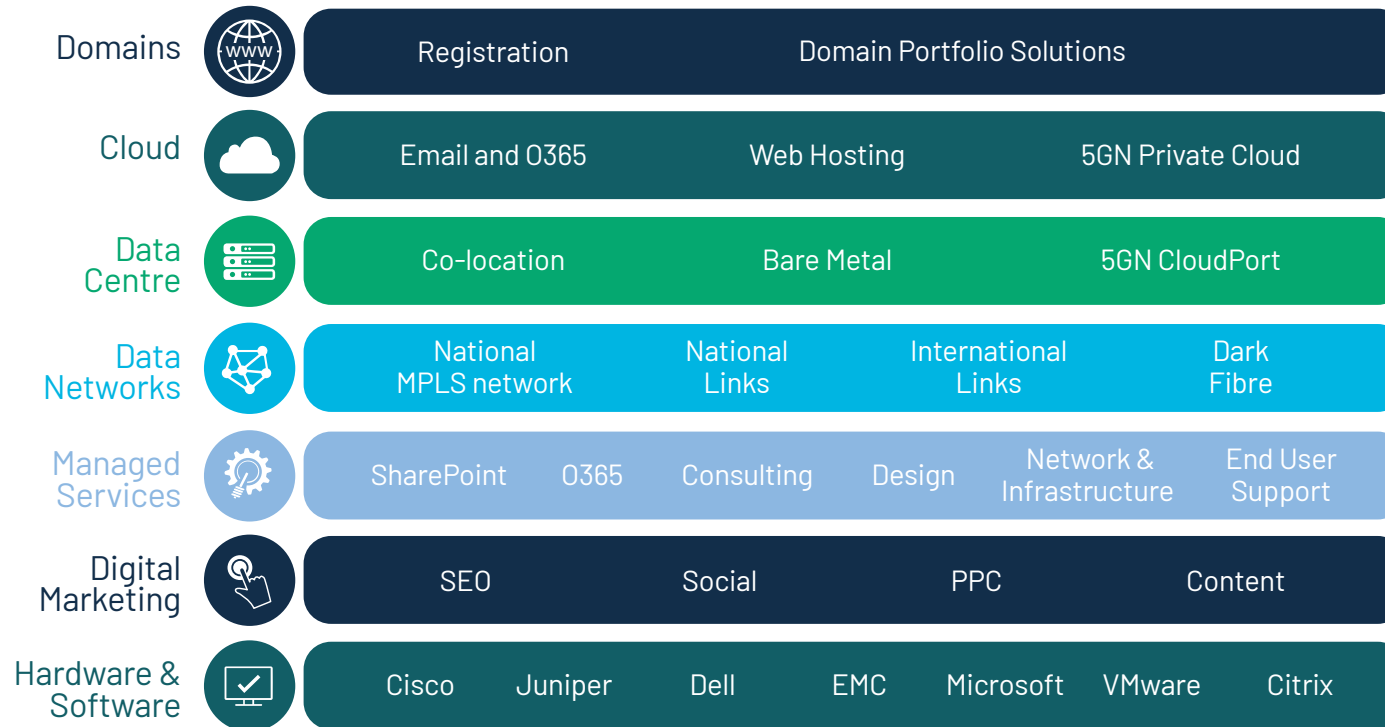
- Domain name renewal rates up to 86% from 75% in 2020

- Email renewal rates consistently 95%+

- Web hosting renewal rates from 92% to 96%

Product Offering

Webcentral services more than 330,000 Retail, Enterprise, Government and Wholesale customers across Australia, New Zealand, Asia and the USA. With 280 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 the largest Australian owned operator of Fibre Networks, Cloud and Data Centres

Balance sheet – June 2023

\$M	FY22	FY23	Change
Cash	5.4	4.5	(0.9)
Trade and other receivables	4.0	5.1	1.1
Deferred COGS	5.6	6.3	0.7
Intangible assets	72.3	71.3	(0.9)
Property, plant and equipment	15.7	9.8	(5.9)
Investments	5.2	0.7	(4.5)
Other assets	22.5	19.1	(4.3)
Total Assets	130.6	116.9	(14.7)
Trade and other payables	15.6	14.8	(0.9)
Deferred revenue	31.5	35.1	3.7
Property lease liabilities	18.2	17.2	(1.1)
Employee provisions	4.4	4.0	(0.3)
Deferred acquisition consideration	1.3	1.9	0.7
Borrowings	25.9	29.2	3.2
Other liabilities	4.8	4.4	2.0
Total Liabilities	101.7	106.6	7.3
Net Assets	28.9	10.3	(21.9)
Contributed equity	201.3	200.5	(0.8)
Reserves	(134.7)	(132.0)	1.1
Accumulated Losses	(37.7)	(58.2)	(22.3)
Total Equity	28.9	10.3	(21.9)

- Increase in deferred COGS from New Domain acquisition, introduction of .au TLD and sales of multi-year domain products

- Non-current liabilities include deferred revenue \$9.7m, property lease liability \$13.2m and deferred tax liabilities \$2.4m

- Deferred Revenue relates to prepaid domains services

Enterprise and Wholesale: Strong new sales, customer re-signs and pipeline

New sales of \$7.4M TCV¹ in FY23

- New contracts across cloud, data centre and networks and MIT service lines
- Engagement at industry seminars and digital marketing campaigns generating significant new customer leads

Existing customer re-signs of \$4.9M TCV¹

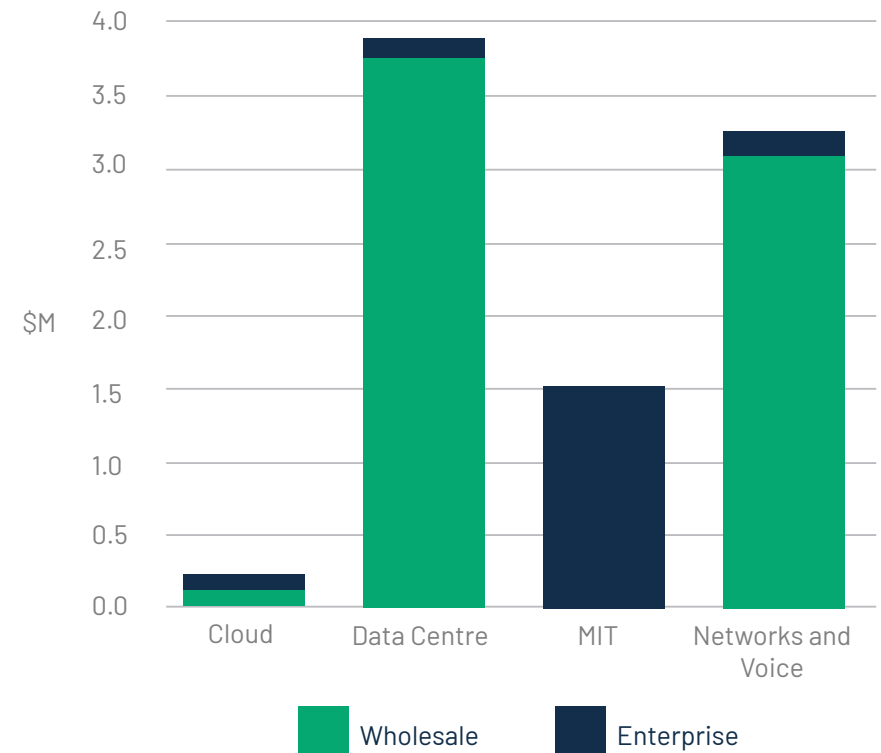
- Strong re-sign of existing customers across cloud hosting, data centre & networks and Managed MIT
- Re-signs of other long standing key customers in health, education and services sectors

Strong sales pipeline of \$8.9M recurring revenue

- Wholesale - data centre and networks across several large customers
- Enterprise - across all revenue streams with focus on cloud and managed IT in health, education and services sectors

Notes:
1. Total Contract Value

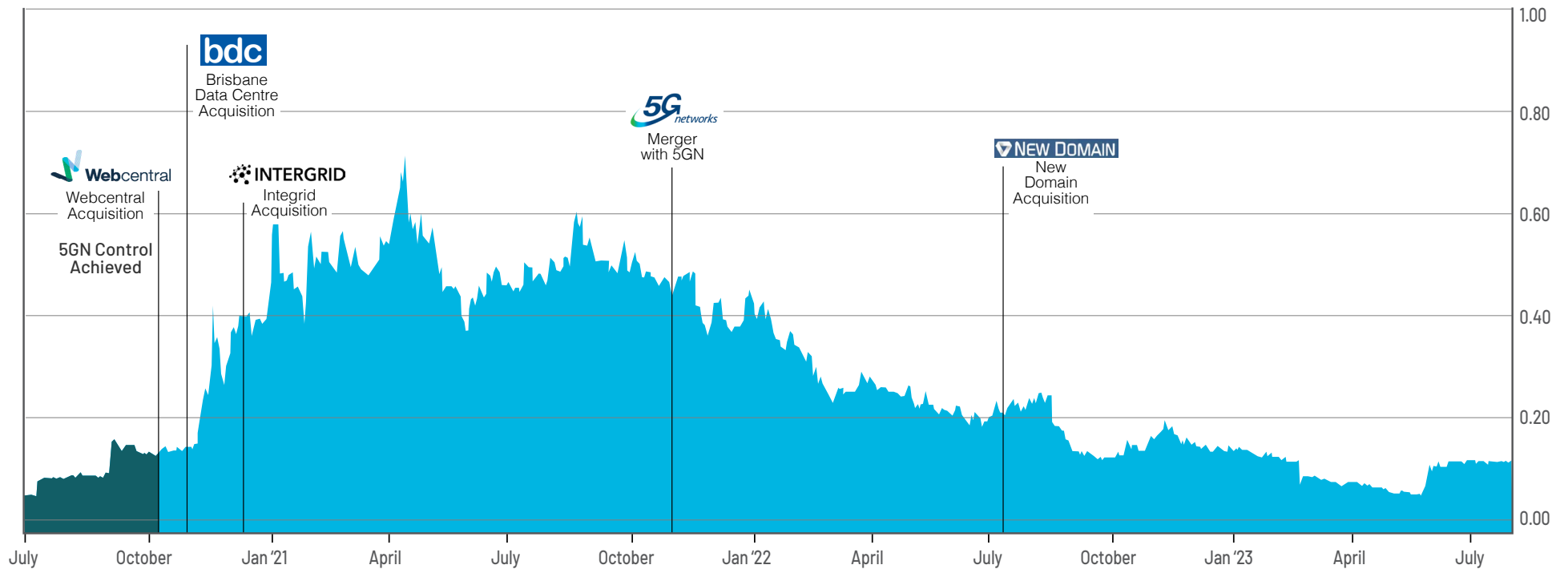
Enterprise and Wholesale Pipeline



Webcentral Capital Structure

ASX Code	WCG
Shares on issue	329,126,229
Performance Rights and Options (Unlisted)	46,995,000
XX August 2023 market capitalisation	\$44.4M
Cash (June 2023)	\$4.5M
Available Debt (June 2023)	\$4.5M

Share Price Movement





Thank you

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