



# ASX Small to Mid-cap Conference

Rene Sugo CEO

13 October 2020



[View the MNF Journey](https://mnfgroup.limited/who-we-are)

Find out where it all began...

<https://mnfgroup.limited/who-we-are>

# Who is MNF Group?

We are a **software company** servicing the rapidly emerging cloud communications market in the **Asia-Pacific** region

- Disrupting traditional voice industry
- Strategic Customers i.e. Google, Cisco etc
- Australian HQ

FY20 EBITDA

**A\$38.2m**

FY20 NPAT

**A\$16.6M**

Strong Balance Sheet – 30 June 2020

**A\$76.2M**

*(\$46.2M cash & \$30M undrawn debt)*



Share price: A\$4.73 (9 October)

Market Cap: A\$398m (9 October)

# Our opportunity

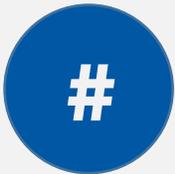
## Global cloud communications boom

Cloud communications, a \$70Bn+ global market, is the new normal. But most telecom infrastructure cannot support it.

## Unique differentiator

In Australia and New Zealand, MNF bridges this gap between software and telecom. Our Voice IP network is designed to power cloud communications, with features including APIs, HD Voice and advanced routing controls.

## Key capabilities:



Phone  
Numbers



Carriage  
Services



Telco Cloud  
Services



# Business segments

## Wholesale

Provides voice and communications products including numbers, voice carriage and cloud services to telcos and communication disruptors, powering UCaaS, CPaaS and RSPs.

## Direct

Sells mobile, conferencing and collaboration services directly to residential, small business, enterprise and Government customers in Australia.

## Global Wholesale (GWS)

CUSTOMERS INCLUDE:



## Domestic Wholesale (DWS)

CUSTOMERS INCLUDE:



## Direct

CUSTOMERS INCLUDE:



# Business model

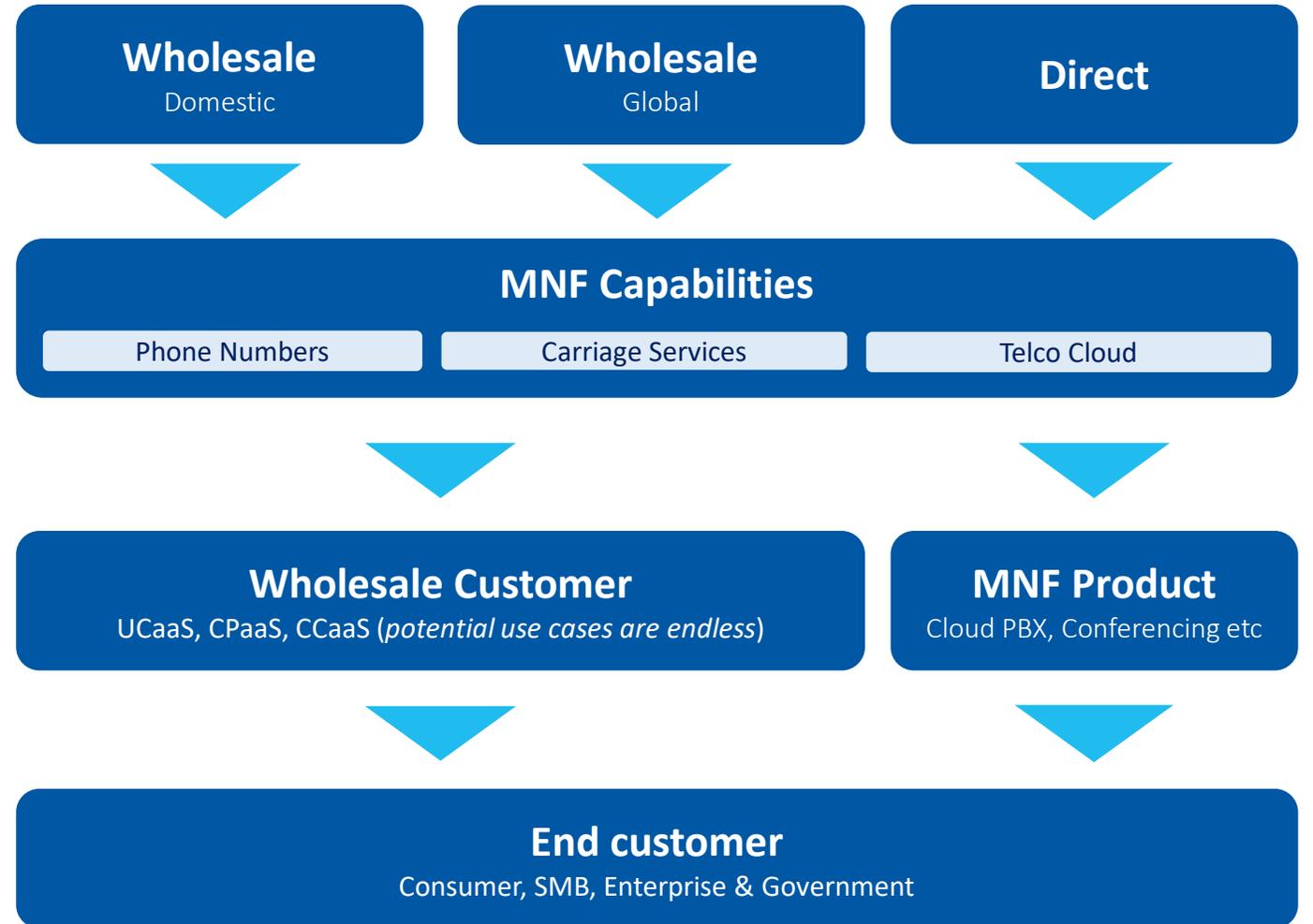
## Recurring Revenue

Long-term recurring revenue is generated from our suite of Wholesale capabilities, particularly hosting of numbers on our network and providing channels for voice carriage.

It also consists of subscriptions from Direct customers.

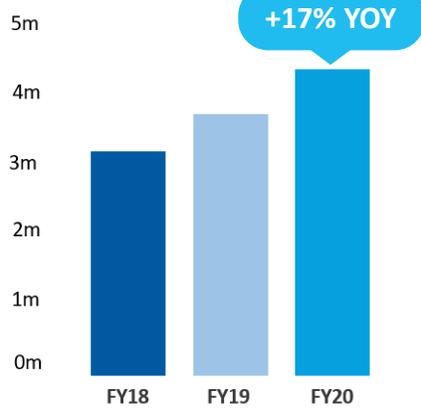
## Variable Revenue

Once-off revenue is generated from service usage, sales of hardware and equipment and consulting services provided in support of our other products.

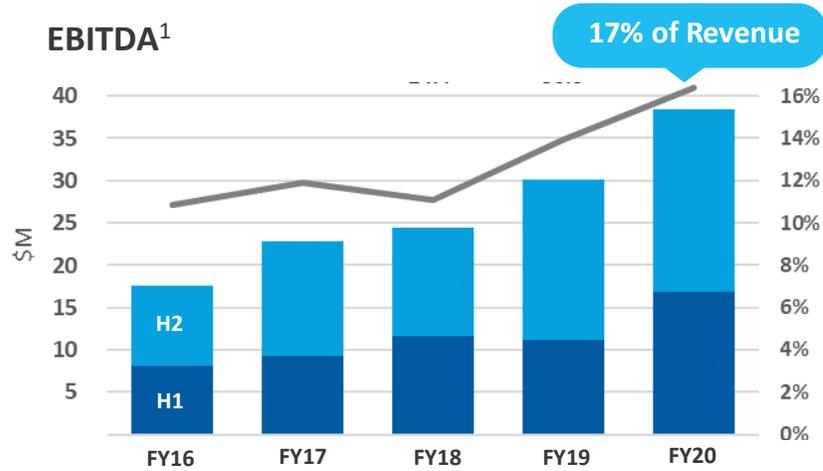


# Long-term business growth

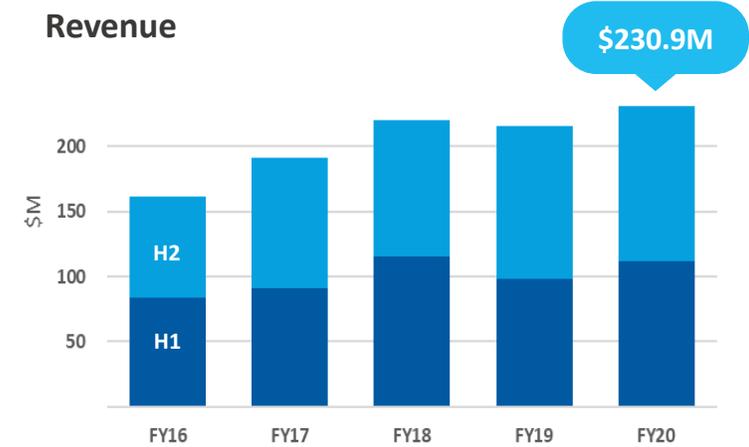
Phone numbers



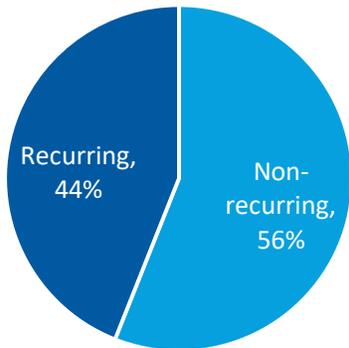
EBITDA<sup>1</sup>



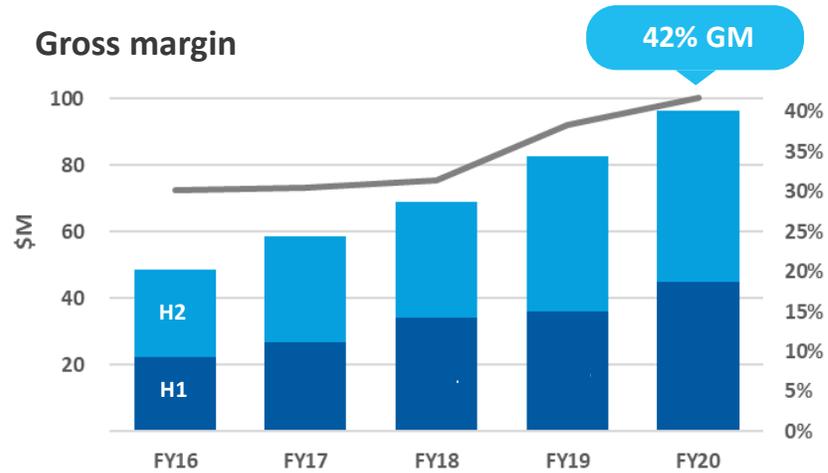
Revenue



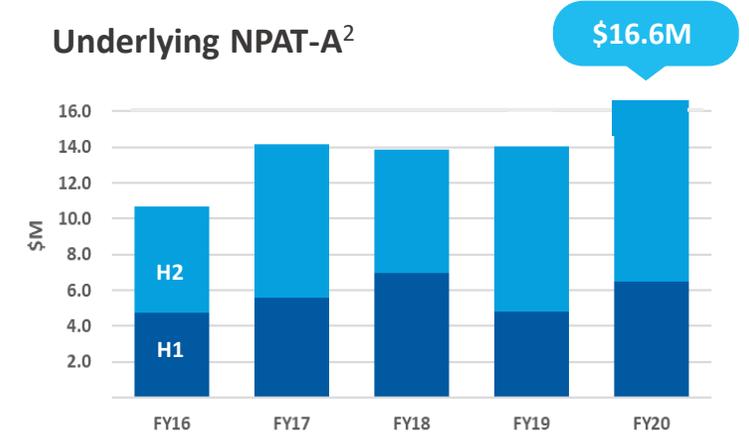
Group revenue



Gross margin



Underlying NPAT-A<sup>2</sup>



1. FY19 EBITDA has been adjusted to reflect the impact of AASB 16 Lease accounting.  
 2. Underlying NPAT-A excludes acquisition costs, amortisation of acquired customer contracts & acquired software and tax affected restructure costs only.

# Operating cash flow and Net debt

## Excellent cash conversion

Underlying FY20 cash conversion rate is at 97% after adjusting for the cash outflows associated with restructuring costs.

H2 CCR at 110% comfortably exceeded the target CCR of 85%.

Operating cash flow	FY19 \$M	FY20 \$M
Receipts from customers	229.8	235.1
Payments to suppliers & employees	(217.2)	(199.6)
<b>Cash generated from operations</b>	<b>12.6</b>	<b>35.6</b>
Net Interest	(1.4)	(2.7)
Income taxes paid	(5.7)	(4.1)
<b>Net cash from operating activities</b>	<b>5.5</b>	<b>28.9</b>
<i>EBITDA<sup>1</sup></i>	27.2	38.2
<b>Cash conversion rate (CCR) %</b>	<b>46%</b>	<b>93%</b>

<sup>1</sup>EBITDA originally published as \$27.2m is not changed in this analysis in order to calculate CCR accurately for FY19.

## Strong balance sheet

The Group is well positioned to support future acquisitions with \$46.2m cash and \$30m undrawn debt. The business is sufficiently funded to execute current business objectives.

- \$25.6m debt repaid by raising of net \$49.7m in Nov 2019
- \$60.0m revolving credit facility (\$30.0m undrawn at 30 June 2020)

Net Debt	FY19 \$M	FY20 \$M
Debt	55.6	30.0
Cash	(15.5)	(46.2)
<b>Net Debt/(cash)</b>	<b>40.1</b>	<b>(16.2)</b>

# MNF Group strategic vision

## Company purpose

Enabling our customers to innovate their voice communications

## Values-led approach



Deliver excellence



Be brave



We care



Collaborate



Honest & fair

## Strategic priorities



### Market share

20% YoY organic growth in Australia, New Zealand and Asia-Pacific



### Global growth

Expand our footprint across Asia-Pacific



### Trusted partner

Build long-term strategic customer relationships



### Software & APIs

Invest for resilience, scale and automation



### Acquisitions

Organic growth supported by acquisition, where appropriate

## Outcomes

### Financial return

Achieve globally diversified, long-term high margins with > 80% recurring revenue

### Asia-Pacific market leader

Become preferred provider of cloud servicing communications infrastructure, software and APIs

# Compelling Investment Case



## Significant market opportunity

Cloud communications is a \$70B+ global market. MNF is the go-to cloud communications enabler in the APAC region.



## Strong balance sheet & proven earnings growth

\$39M in cash + \$30M undrawn debt. Business shift to recurring revenue. EBITDA growth of 22% over 5 years.



## 100% proprietary voice network

Use our own multi-regional IP voice network, providing unmatched control over quality and reliability.



## Global expansion

Growing share in AU and NZ. Singapore set to launch in 2020, followed by strategic South East Asia expansion.



## Quality customers

Wholesale customers inc. Zoom, Twilio, Microsoft and RSPs. Direct customers inc. Australian Government and enterprise.



## Founder led

Co-founders Rene Sugo and Andy Fung lead the company as Group CEO and Non-Executive Director respectively.



## Endless use cases

Vast potential applications of MNF's software: UCaaS, CPaaS, CCaaS, conferencing, masked numbers *and more*.

# Thank you

For further information please contact:  
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# Glossary

**API** – A set of coding standards for developers wishing to connect different bits of software.

**Copper access network** – Telephone wires, cables and physical equipment connecting subscribers to a local exchange.

**CCaaS** - Software that enables customer service through an in-house or outsourced contact centre, delivered as-a-service via the cloud.

**Cloud PBX** – A business phone service, typically connecting multiple business users, delivered as-a-service via the cloud.

**CPaaS** – A framework for developers to add telecom capabilities to their software, without needing to build backend infrastructure.

**MVNO** – A way to provide mobile services without need to build an independent mobile network.

**Porting** – The process of transferring a phone number from one telecom carrier to another.

**PSTN** – The global network of phone users, encompassing every phone number in the world.

**Recurring Revenue** – Revenue that is billed every month regardless of user activity, typically high margin and stable.

**SLA** – The agreed standard of service reliability between a customer and a service provider.

**SIP Trunk** – A way for voice and video calls to travel over VoIP networks. It is the digital equivalent of a phone line.

**SMB** – Small and Medium sized businesses.

**Termination** – The process of routing a phone call, from one telecom provider to another, until it reaches the recipient.

**Transaction Revenue** – Revenue that is billed when a user makes a phone call, typically low margin and variable.

**UCaaS** – Software that enables users to call, conference and message from a single interface, delivered as-a-service via the cloud.

**Virtual Number** – A phone number that is operated on a VoIP network without needing an underlying phone line service.

**VoIP** – A way of turning phone calls into data that can be transmitted over the internet and routed to any recipient.

# APPENDIX

# MNF Group strategic priorities

## Business priorities

## FY21 Focus Areas



### Market share

- Target 20% YoY growth in domestic markets
- Grow strategic customers and build direct channel partner business

- Expand and improve offerings in all markets
- Maintain differentiation with continuous improvement and adoption of new technologies such as High Definition Voice



### Global growth

- Generate revenue from Singapore network
- Expand the reach of our platform into new Asia-Pacific countries

- Successfully launch Singapore
- Investigate and roadmap additional countries
- Build rapid multi-regional deployment framework



### Trusted partner

- Build on our brands through our network and software capabilities
- Deliver reliable and trusted network

- Continue to win and retain top vendors in UCaaS, CPaaS, CCaaS and RSP markets
- Take existing customers in Singapore market



### Software & APIs

- Automate and scale core platforms to support long term growth
- Enhance digital layer to improve customer experience

- Automate processes through APIs and robotics to improve efficiency
- Accelerate API and digital development to drive the most effective customer benefit

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