



Superloop Limited (ASX:SLC)

FY22 Full Year Results

26 August 2022

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All references to "\$" are to Australian currency (AUD) unless otherwise noted.

FY22 Highlights



Revenue Growth ¹

↑ **\$262.5m**

↑ **137%**



EBITDA Growth

Underlying EBITDA²

↑ **37% to \$25.4m**

Exceeds \$23m -
\$25m guidance



Strong cash position

84% cashflow
conversion³

Net cash \$43m



Strategy

Reached halfway
point in 3-year
turnaround plan.

Significant progress
demonstrated



Outlook

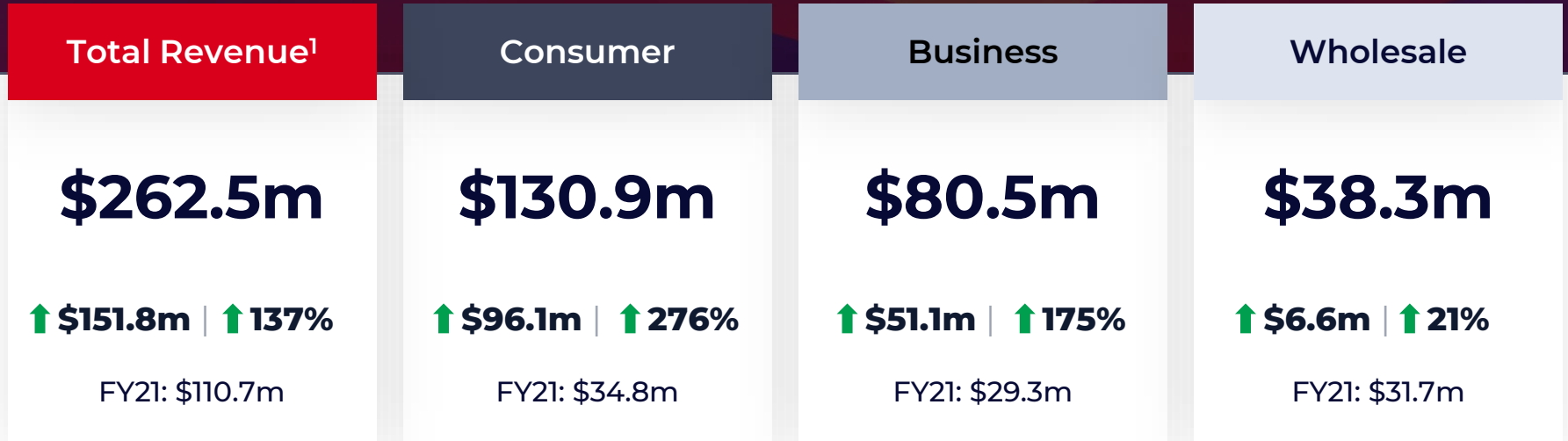
Strong momentum
in customer growth,
Q1 FY23 on track for
record customer
additions

⁽¹⁾ FY22 Group Revenues include \$13m from discontinued operations (HK/Singapore) (FY21: \$15m)

⁽²⁾ FY22 Underlying EBITDA includes \$5m from discontinued operations (HK/Singapore) (FY21: \$6m)

⁽³⁾ Normalised operating cash flow represents operating cashflow adjusted for abnormal items as detailed on slide 19

Revenue



**Strong revenue growth driven by Exetel acquisition,
41%² organic subscriber growth and, 17%³ organic revenue growth**

¹ FY22 Group Revenues include \$13m from discontinued operations (HK/Singapore) (FY21: \$15m)

² Organic subscriber growth represents growth in consumer subscribers in FY22 excluding the opening subscribers acquired through the Exetel acquisition

³ Organic revenue growth excludes the revenue impact of Exetel in FY22

Underlying EBITDA¹ and Gross Margin (GM)

Underlying EBITDA ¹	Consumer	Business	Wholesale
\$25.4m	\$30.7m GM	\$25.3m GM	\$25.5m GM
↑ \$6.8m ↑ 37%	↑ \$21.1m ↑ 220%	↑ \$13.1m ↑ 108%	↑ \$4.4m ↑ 21%
FY21: \$18.6m	FY21: \$9.6m GM	FY21: \$12.1m GM	FY21: \$21.1m GM

Exceeded full year underlying EBITDA guidance range of \$23m-\$25m

¹ FY22 Underlying EBITDA includes \$5m from discontinued operations (HK/Singapore) (FY21: \$6m) and excludes transaction costs \$7.5m and Share Based payments of \$0.4m

Cash

Normalised Operating Cash Flow

\$21.2m¹

↑ \$6.1m | ↑ 40.4%

FY21: \$15.1m

Normalised Cash Conversion

84.4%²

↑ 3.2%

FY21: 81.2%

Net Cash

\$42.8m³

↑ \$7.5m

FY21: \$35.3m

On market share buyback announced, well positioned to deploy capital prudently on M&A

^{(1) (2)} Normalised operating cash flow represents operating cashflow adjusted for abnormal items as detailed on slide 19. Includes contribution from discontinued operations

⁽³⁾ Cash at bank of \$83.1m less \$40.3m short-term & long-term interest-bearing borrowings (excluding Operating Leases)

Strategic Delivery

Strategic Objectives



Fuel challenger providers towards 30% collective market share



Leverage substantial fibre network via 'Infrastructure-on-Demand' platform



Build scale, improve margins, drive customer growth across all segments

FY22 Achievements

- ✓ Deeper embedding of new **accelerated growth strategy**
- ✓ Repositioned business to address **three scaled market segments**; Consumer, Business, Wholesale
- ✓ **Organic growth** momentum in all three segments; new products launched
- ✓ Momentum supported with **accretive M&A** (e.g., divested HK/Singapore) and portfolio optimisation
- ✓ Significant progress in **integrating systems** and workflows for all current and previous acquisitions
- ✓ **Strengthened balance sheet**, 10% on market share buyback
- ✓ Continued **leadership renewal**

FY23 Focus

- ▶ **Improve margins** toward target levels through scale and accelerated growth
- ▶ **Drive efficiency** and operating leverage through process improvement and systems transformation
- ▶ Increase **organic growth** investment
- ▶ Continue to evaluate **M&A opportunities**
- ▶ Complete 10% **on market buyback**
- ▶ **Brand** relaunch
- ▶ **Grow cashflow** generation
- ▶ Strategic review of **fixed wireless** business

Acquisition update



- ▶ Completed the \$110m acquisition of Exetel on 31 July 2021, adding in excess of 110,000 new consumer and business customers
- ▶ Contributed \$133m revenue and now on track to realise \$6m synergies (annualised) vs \$5m projected
- ▶ Elevated synergy capture leads to 6.5 x EV/EBITDA Acquisition multiple (down from 10.0 x pre synergy assumption)
- ▶ Migrated all services to Superloop network ahead of schedule
- ▶ Offshore Sri Lanka capability has facilitated better cost to serve and improved customer engagement
- ▶ Exetel consumer subscriber base returned to positive net growth following an initial decline in 1HFY22



Investment business case ahead of plan



A C U R U S

- ▶ Completed late June 2022
- ▶ \$15m up front (\$12m cash, \$3m in Superloop shares). Additional \$20m of earn outs, capped, subject to performance (including \$4m Superloop shares)
- ▶ Expands Superloop's channels to market via white label capability - access to new customers and brands
- ▶ Acurus' white-label platform and services support the internet offering behind major brands such as EnergyAustralia and OfficeWorks.
- ▶ Migrated all services to Superloop network
- ▶ Expected FY23 EBITDA contribution of \$2.5m



Investment business case on track

Consumer

- ▶ 17,621 organic net subscriber growth in FY22
- ▶ Revenues from 24,400 mobile and 35,360 VOIP customers were approximately 4% of the Consumer total revenue
- ▶ Cost to serve has fallen by 10% year on year
- ▶ In Sri Lanka, greater than 75% of customer calls answered in under one minute
- ▶ POI resiliency project significantly improved network performance
- ▶ Continuing investment in programs to further improve customer experience

Segment result	FY22	FY21
Revenue	\$130.9m	\$34.8m
Cost of Goods Sold	\$100.2m	\$25.2m
Gross Margin	\$30.7m	\$9.6m
Gross Margin (%)	23.5%	27.6%

166,131
Total home broadband subscribers

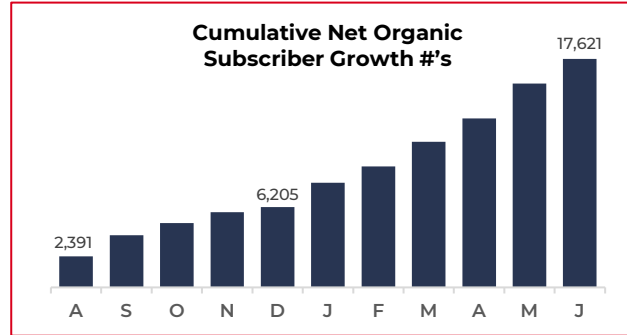
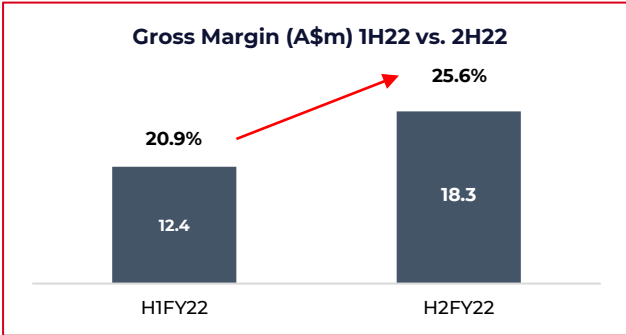
17,621
Organic net subscriber growth

Innovations

Flip to Fibre™



MY SPEED BOOST™
Faster speed on the days you need

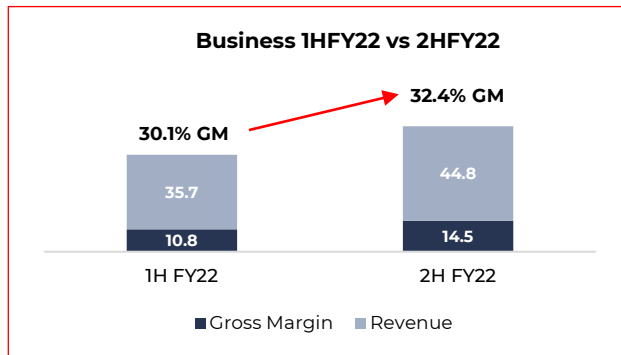


Business

- ▶ FY22 result includes Exetel's small and medium sub segments augmenting existing large customer focus
- ▶ SD WAN & SASE products launched in partnership with Palo Alto
- ▶ Managed Wi-Fi Business experiencing pre-COVID student accommodation numbers
- ▶ Goodwill impairment relates to the ongoing decline in the performance of Fixed Wireless

Segment result	FY22	FY21 ⁽¹⁾
Revenue	\$80.5m	\$29.3m
Cost of Goods Sold	\$55.2m	\$17.2m
Gross Margin	\$25.3m	\$12.2m
Gross Margin (%)	31.4%	41.4%

⁽¹⁾ FY21 includes \$2.2m of Revenue and \$1.7m of Gross Margin from the discontinued CMS business in 1H21



Products/Services	Small <20	Medium 20-200	Large >200
Broadband	✓	✓	✓
Fixed Wireless		✓	✓
Fibre ethernet		✓	✓
Voice / Mobile	✓	✓	✓
Secure internet	✓		
SDWAN		✓	✓
SASE			✓
Firewalls		✓	
Managed Wi-Fi			✓
FY22 revenue \$m	11.1	44.7	24.7

IXOM



ZENENERGY



Wholesale

- ▶ **Superloop Connect** platform launched September 2021 - growing quickly
- ▶ 20.6k broadband aggregation customers as at 30 June 2022.
- ▶ Re-signed a number of large customers including Macquarie Telecom

- Significant expansion in addressable market through addition of white label capability with Acurus acquisition
- White labelling capability enabling cross category entrants in the NBN market.
- Challenger share of NBN continues to grow (now 12.6% as at 30 June 2022)

Segment result	FY22	FY21
Revenue	\$38.3m	\$31.7m
Cost of Goods Sold	\$12.8m	\$10.7m
Gross Margin	\$25.5m	\$21.1m
Gross Margin (%)	66.6%	66.4%

Products/Services	Total
Data centre and NBN POI backhaul	✓
International bandwidth	✓
Dark Fibre	✓
Ethernet	✓
IP Transit	✓
Broadband aggregation	✓
White label Broadband	✓
FY22 revenue \$m	38.3

Major white Label Customers



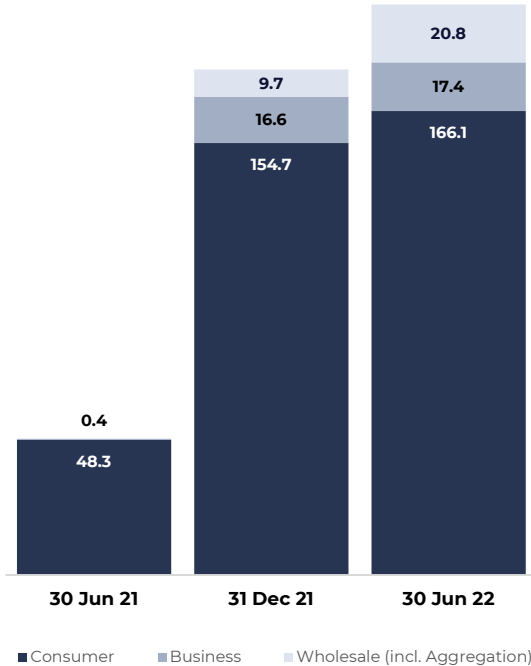
Major wholesale customers



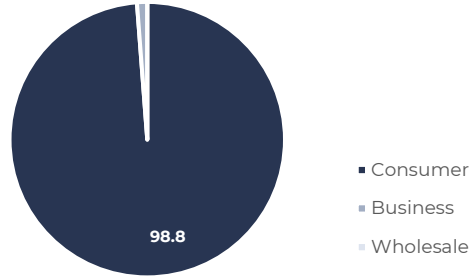
⁽¹⁾ Wholesale segment result excludes contribution from discontinued operations in FY22 and FY21

Total subscribers

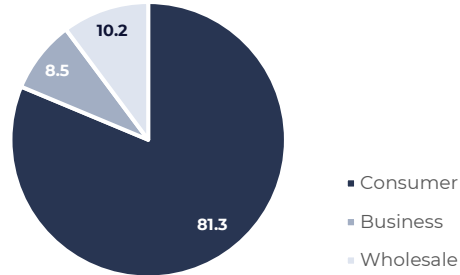
Superloop Total Subscribers



% Share of Subscribers, 30 June 2021



% Share of Subscribers, 30 June 2022



2.0%

Market Share of Consumer NBN Subscribers, up from 0.5% in March 2021

20.6k

Growth in Wholesale Aggregation customers

~20%

Estimated Percentage of Network usage

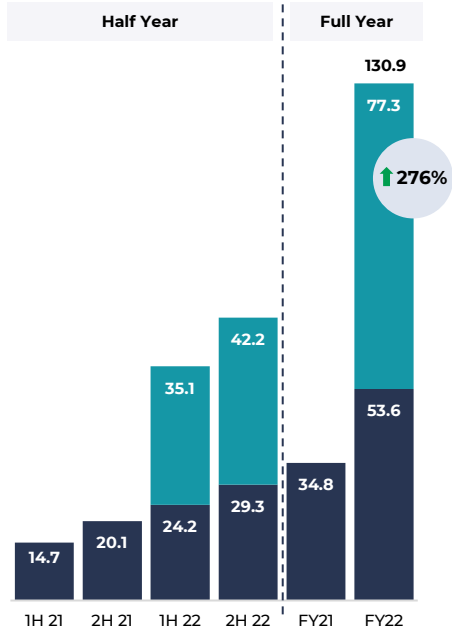


Financial Performance

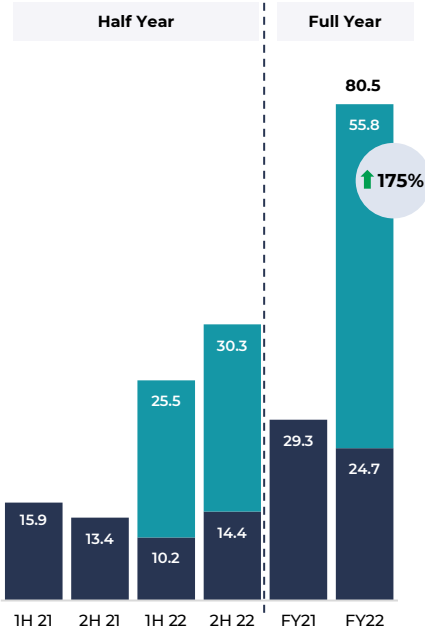


Revenue Growth

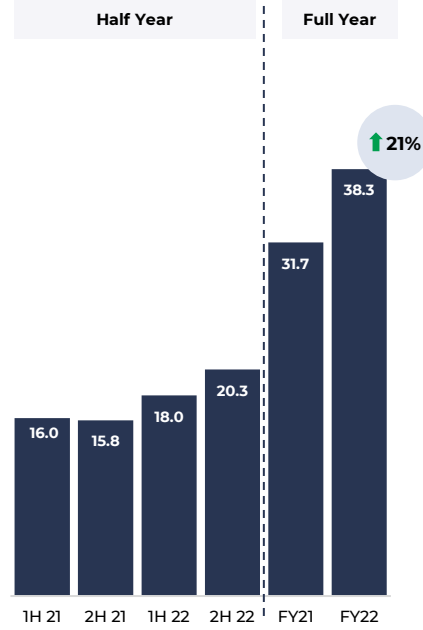
Consumer Revenue (\$m)



Business Revenue¹ (\$m)



Wholesale Revenue² (\$m)



■ Superloop ■ Exotel

↑ **137.1%**

Increase in Group Revenue driven by Exotel Acquisition

↑ **16.8%**³

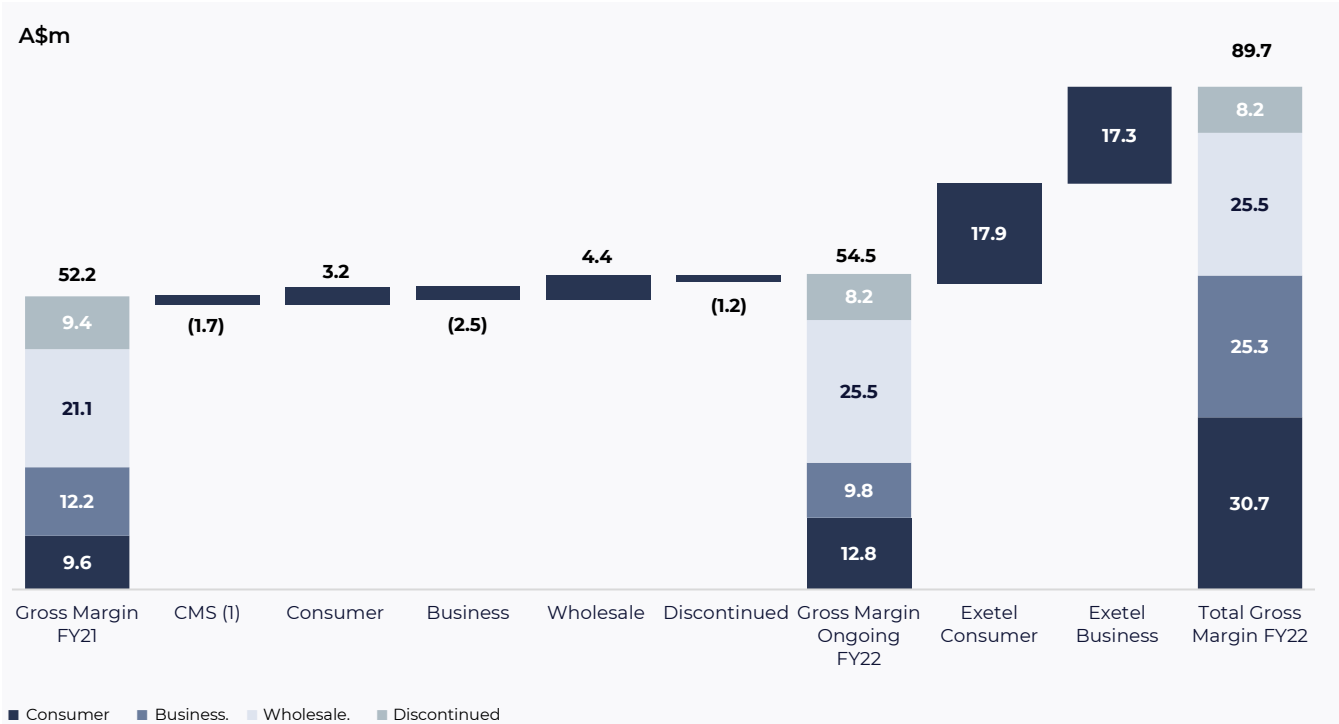
Organic Revenue Growth

¹⁾ FY21 includes \$2.2m of Revenue from the discontinued CMS business in 1H21

²⁾ Wholesale Revenue excludes contribution from discontinued operations in FY22 and FY21

³⁾ Organic revenue growth excludes the revenue impact of Exotel in FY22

Gross margin FY22 vs. FY21



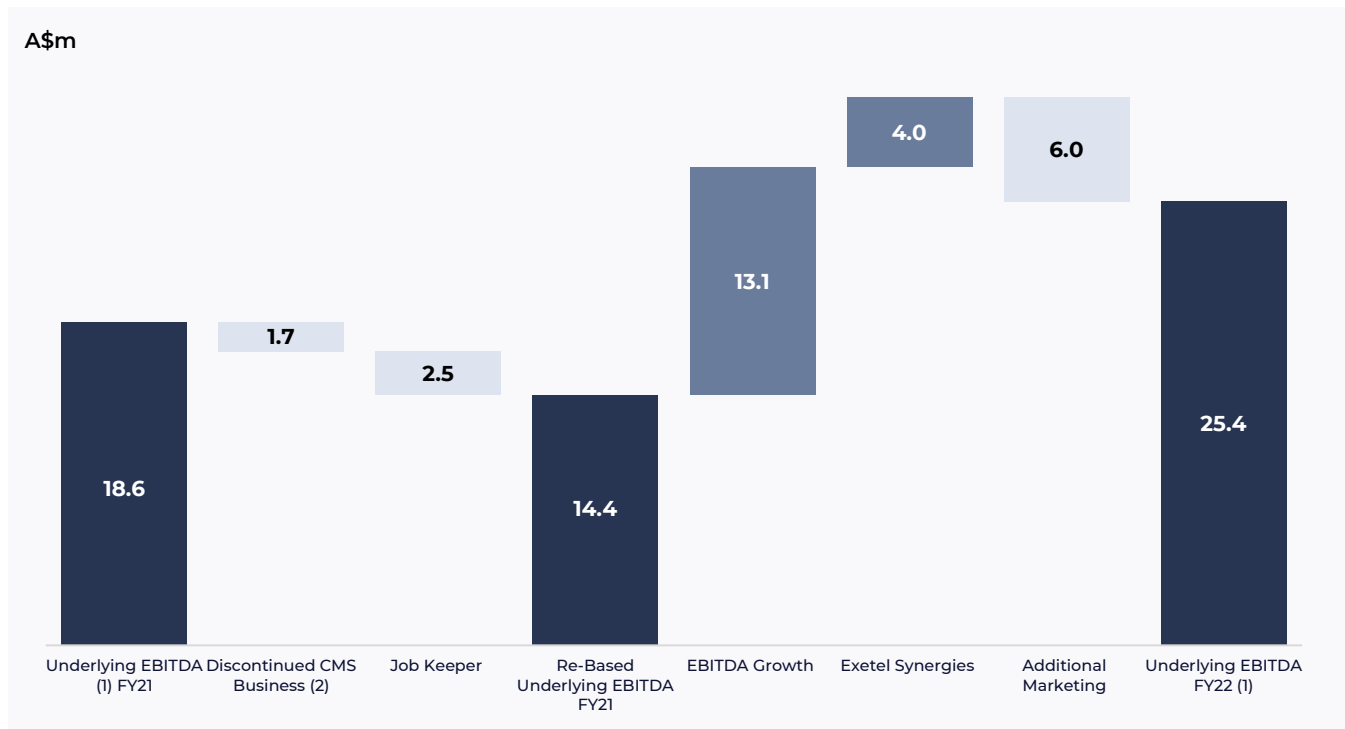
↑ 71.8%
 Gross margin increase driven by Exotel acquisition

34.2%
 Gross Margin
 32.7% excluding discontinued operations

 Even spread of Gross Margin contribution from all three segments

(1) CMS Business was discontinued in FY21

Underlying EBITDA FY22 vs. FY21



↑36.6%

Increase in Underlying EBITDA⁽¹⁾

↑76.4%

Increase in underlying EBITDA⁽¹⁾ excluding Job Keeper and CMS business

⁽¹⁾ Underlying EBITDA is Group EBITDA less Transaction costs, share Based Payments and including EBITDA from Hong Kong and Singapore assets

⁽²⁾ The CMS business was discontinued in FY21

NPAT performance

\$M	FY22	FY21	% Change
Revenue	262.5	110.7	137.1%
Cost of Goods Sold	(172.8)	(58.5)	(195.4%)
Gross Margin	89.7	52.2	71.8%
Operating Expenses	(64.2)	(33.6)	(91.1%)
Underlying EBITDA	25.4	18.6	36.6%
Transaction Costs	(7.6)	(0.6)	n/a
Share Based Payments	(0.4)	(0.5)	20.0%
Statutory EBITDA	17.6	17.6	0.0%
Depreciation & Amortisation	(51.8)	(37.8)	(11.9%)
Impairment of Goodwill	(25.1)	-	n/a
Interest Expense	(4.0)	(3.1)	29.0%
Foreign Exchange Gains/(Losses)	1.8	0.6	200.0%
Net Profit/(Loss) Before Income Tax	(61.4)	(31.2)	(16.3%)
Gain on Disposal of Assets	46.6	-	n/a
Derecognition of Goodwill	(35.1)	-	n/a
Income Tax (Expense)/Benefit	(2.7)	(0.7)	-57.1%
Net Profit/(Loss) After Income Tax	(52.6)	(32.0)	-82.5%

Notes: Table includes discontinued operations. See Note 26 of financial statements for further details and slide 29 for reconciliation to Income Statement



Strong revenue and EBITDA increase driven by Exetel acquisition



Sale of Hong Kong & select Singapore assets above carrying value

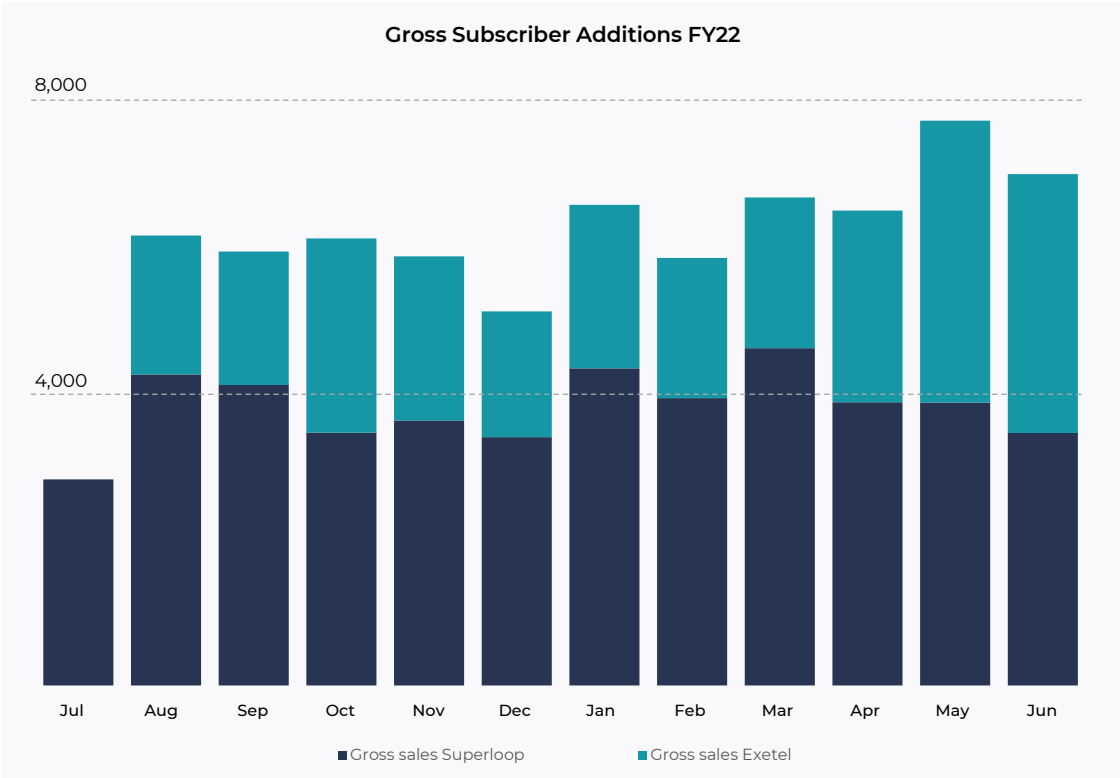


FY22 includes \$4.9 m EBITDA contribution from discontinued operations (HK/Singapore) (FY21:\$6m)



Reduction in Group goodwill of \$35m from derecognition and \$25m related to impairment

Consumer marketing efficiency



FY22 marketing spend of ~\$8m, up \$6m relative to FY21



Estimated 7-8 months to recover initial marketing investment



Assumed churn rate at around industry averages



Estimated 16.5% return on invested capital

FY22 Normalised Operating Cashflow

(A\$m)	FY22
Statutory FY22 Operating Cashflow (including Discontinued Operations)	(11.5)
<i>Add Back</i>	
Transaction Costs	7.5
Exetel Income Tax Payment	3.4
Movement in Working Capital – Exetel Acquisition Related	4.9
30 June FY21 Trade Creditors paid in FY22	12.4
Increase in Prepayments for FY23 paid in FY22	4.4
Normalised Operating Cash Flow	21.2
Reported Underlying EBITDA	25.4
Deduct IRU/Non Cash Revenue	(0.3)
Underlying EBITDA – Cash Basis	25.1
Normalised Operating Cash Conversion	84.4%

84.4%

Operating Cash Conversion

\$12.4m

Reduction in Trade Creditors
From balance at 30 June 2021

\$4.4m

Increase in Prepayments

Balance sheet

Balance Sheet (\$M)	30 June 2022	30 June 2021
Cash & cash equivalents (excluding held for sale)	83.1	89.7
Property, plant & equipment	127.3	219.4
Assets Classified as held for sale	1.0	-
Network IRUs & intangible assets	59.4	53.8
Other Intangible Assets	61.8	34.7
Goodwill	181.3	135.1
Other assets	39.8	29.3
Total Assets	553.7	562.0
Current Liabilities	(57.7)	(29.4)
Non Current Liabilities	(79.7)	(100.8)
Total Liabilities	(137.5)	(130.2)
Equity	416.2	431.8

Strong Cash Position reflecting disposal of Hong Kong and Singapore

Decline in value of PPE reflects disposal of Hong Kong and Singapore Assets

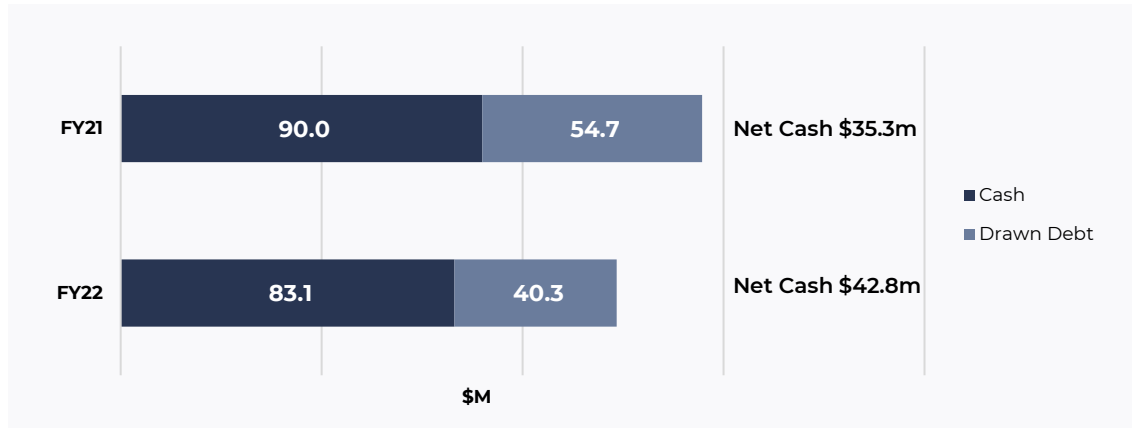
Goodwill movement the net of \$106m increase from acquisitions and \$35m decrease from derecognition and \$25m impairment

Strong Stable balance sheet as at 30 June 2022:

- ▶ Leverage Ratio (2.8)x
- ▶ Gearing ratio of 8.9%
- ▶ ICR of 6.6x

Capital management

- ▶ Sale of the Hong Kong and Singapore assets realised approximately \$125m in FY22 (net of transaction costs)
- ▶ Maintain Bank debt facility of \$96.9m maturing June 2024
- ▶ Pro Forma FY21 Net Debt of \$37m, i.e. had Exetel funding and settlement occurred simultaneously
- ▶ Retain balance sheet flexibility to deploy capital on disciplined M&A, buyback and capital expenditure



Drawn Debt = short-term & long-term interest-bearing borrowings (excluding Operating Leases)

Well positioned to fund growth and return cash to shareholders

\$1.2m cash directed toward on market Buyback since commencement

FY23 EBITDA considerations

+

▶ Acurus acquisition expected to contribute \$2.5m in EBITDA in FY23

▶ Annualised benefit of \$6m of Exetel synergies

▶ Profitable organic sales and revenue growth

-

▶ No further contribution from discontinued operations

▶ \$5m increase in marketing spend in FY23 compared to FY22

▶ Change in accounting treatment of SAAS Cyberhound product

~

▶ Ongoing focus on productivity and efficiency gains offsetting



Outlook



Looking forward



Strong momentum in customer growth, Q1 FY23 on track for record customer additions



Continued benefit from synergies in Acurus and Exetel acquisitions



Continued investment in customer acquisition via additional marketing spend (↑\$5m)



Strong balance sheet provides flexibility for buyback, disciplined M&A and capital expenditure



Appendices

Our business



Integrated provider
of connectivity services
in Australia



~ 200,000
Customers connected to high-quality
fibre networks predominantly in Australia



Connected across all Australian
major data centres and the
121 nbn™ POIs



5 Tbps
of Indigo subsea
cable capacity



> 1m Subscriber
Capacity for aggregation
and termination



Providing high-quality
residential and business
Broadband



Guest Wi-Fi broadband solutions.
Cyber safety and security services.



High-performance
network solutions via
'infrastructure-on-demand' platform



~ 600
Team members
employed globally

Fibre network map

466

On-Net data centres /buildings
in Australia / worldwide

>5 Tbps

Indigo capacity available
for sale

25-350 GBS

On a nightly basis the growth
since 2018 has been 10 fold

>100,000

Network route kilometres

305

Fixed Wireless Towers

100%

Metro POIs with dual fibre
backhaul capable of bulk scale SEP
> 1 Tbps

>1 million

Subscriber aggregation and
termination capacity

>2 Tbps

Provisioned 3rd party capacity
to business customers



Segment financials FY22 vs. FY21

		FY21		FY22		FY21	FY22
		First Half	Second Half	First Half	Second Half		
Revenue	Consumer	14.7	19.9	59.3	71.6	34.8	130.9
	Business	15.9	13.4	35.7	44.8	29.3	80.5
	Wholesale	16.0	16.1	18.0	20.3	31.7	38.3
	Discontinued	6.7	8.1	6.8	6.0	14.8	12.8
	Total	53.3	57.5	119.8	142.7	110.7	262.5
Gross Margin	Consumer	3.8	5.8	12.4	18.3	9.6	30.7
	Business	7.0	5.1	10.8	14.5	12.2	25.3
	Wholesale	10.7	10.4	13.1	12.5	21.1	25.5
	Discontinued	3.1	6.3	3.3	4.9	9.4	8.2
	Total	24.6	27.6	39.6	50.1	52.2	89.7
Gross Margin %	Consumer	26.1%	28.7%	20.9%	25.6%	27.6%	23.5%
	Business	44.3%	38.0%	30.1%	32.4%	41.4%	31.4%
	Wholesale	66.9%	65.9%	72.7%	61.2%	66.4%	66.6%
	Discontinued	45.6%	78.0%	49.0%	81.5%	63.3%	64.2%
	Total	46.2%	48.1%	33.0%	35.1%	47.2%	34.2%
Operating Expenses <small>(pre Transaction Cost & Share Based Payments)</small>	Ongoing Operations	(15.6)	(14.9)	(29.6)	(31.3)	(30.4)	(61.0)
	Discontinued Operations (HK/SIN)	(0.7)	(2.5)	(0.9)	(2.4)	(3.2)	(3.3)
	Total	(16.3)	(17.4)	(30.5)	(33.6)	(33.6)	(64.3)
Underlying EBITDA	Ongoing Operations	6.0	6.4	6.6	13.9	12.4	20.6
	Discontinued Operations (HK/SIN)	2.4	3.8	2.4	2.5	6.2	4.9
	Total	8.4	10.3	9.0	16.4	18.6	25.4

FY22 underlying EBITDA reconciliation

\$k	Consumer	Business	Wholesale	TOTAL	Discontinued	TOTAL
Revenue	130.9	80.5	38.3	249.7	12.8	262.5
Cost of Goods Sold	(100.1)	(55.2)	(12.8)	(168.1)	(4.6)	(172.7)
Gross Margin	30.7	25.3	25.5	81.5	8.2	89.7
Operating Expenses	-	-	-	(61.1)	(3.3)	(64.2)
Underlying EBITDA	-	-	-	20.5	4.9	25.4
Transaction Costs	-	-	-	(7.5)	-	(7.4)
Share Based Payments	-	-	-	(0.4)	-	(0.4)
Statutory EBITDA	-	-	-	12.7	4.9	17.5
Depreciation and Amortisation	-	-	-	(44.4)	(7.3)	(51.7)
Impairment of Goodwill	-	(25.1)	-	(25.1)	-	(25.0)
Interest Expense	-	-	-	(4.0)	(0.0)	(3.9)
Foreign Exchange Gains/(Losses)	-	-	-	(0.6)	2.4	1.8
Profit/(Loss) Before Income Tax				(61.4)	0.0	(61.4)
Gain on Disposal of Assets	-	-	-	-	46.6	46.7
Derecognition of Goodwill on Disposal	-	-	-	-	(35.1)	(35.1)
Income Tax (Expense)/Benefit	-	-	-	(0.1)	(2.5)	(2.7)
Net Profit/(Loss) after Tax				(61.5)	8.9	(52.6)



Thank you

Superloop Limited
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<https://investors.superloop.com>