
ASX Announcement
MNF Group Limited (ASX: MNF)

12 October 2020

Presentation at ASX CEO Connect Conference

MNF Group Limited (ASX: MNF) is pleased to provide the presentation to be made by the MNF Group CEO at the ASX CEO Connect Conference on 13 October 2020.

More details can be found at this link: <https://www2.asx.com.au/investors/investment-tools-and-resources/events/ceo-connect>

This announcement has been authorised for release by the Board.

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About MNF Group Limited

MNF Group Limited (ASX: MNF) is one of Asia-Pacific's fastest growing technology companies. Listed on the ASX since 2006, it is now capitalised at around \$398M, and twice winner of the Forbes Asia-Pacific "Best under a Billion" award. Headquartered in Sydney, Australia, the company has over 500 people located across Asia-Pacific, Europe and North America. MNF develops and operates a global communications network and software suite enabling some of the world's leading innovators to deliver new-generation communications solutions.

As the world moves to IP, MNF Group is building the brands, services, network and technology to lead the way.

For further information about MNF Group Limited please visit: <http://mnfgroup.limited/>



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)

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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



Gartner – Forecast Analysis: Unified Communications, Worldwide (January 2019) ID: G00348983
IDC – Market Analysis Perspective: Worldwide Real-Time Communications (CPaaS), 2018 Doc # US44316218
Gartner – Forecast Analysis: Contact Centers, Worldwide (April 2019) ID: G00386360

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:

zoom

Microsoft

twilio

Google

Ring Central

Domestic Wholesale (DWS)

CUSTOMERS INCLUDE:

vodafone

Aussie Broadband

carsales

Southern Phone

2

Direct

CUSTOMERS INCLUDE:

State & Federal Government

SBS

Westpac

UNIVERSAL
UNIVERSAL MUSIC GROUP

WARNER MUSIC GROUP

Business model

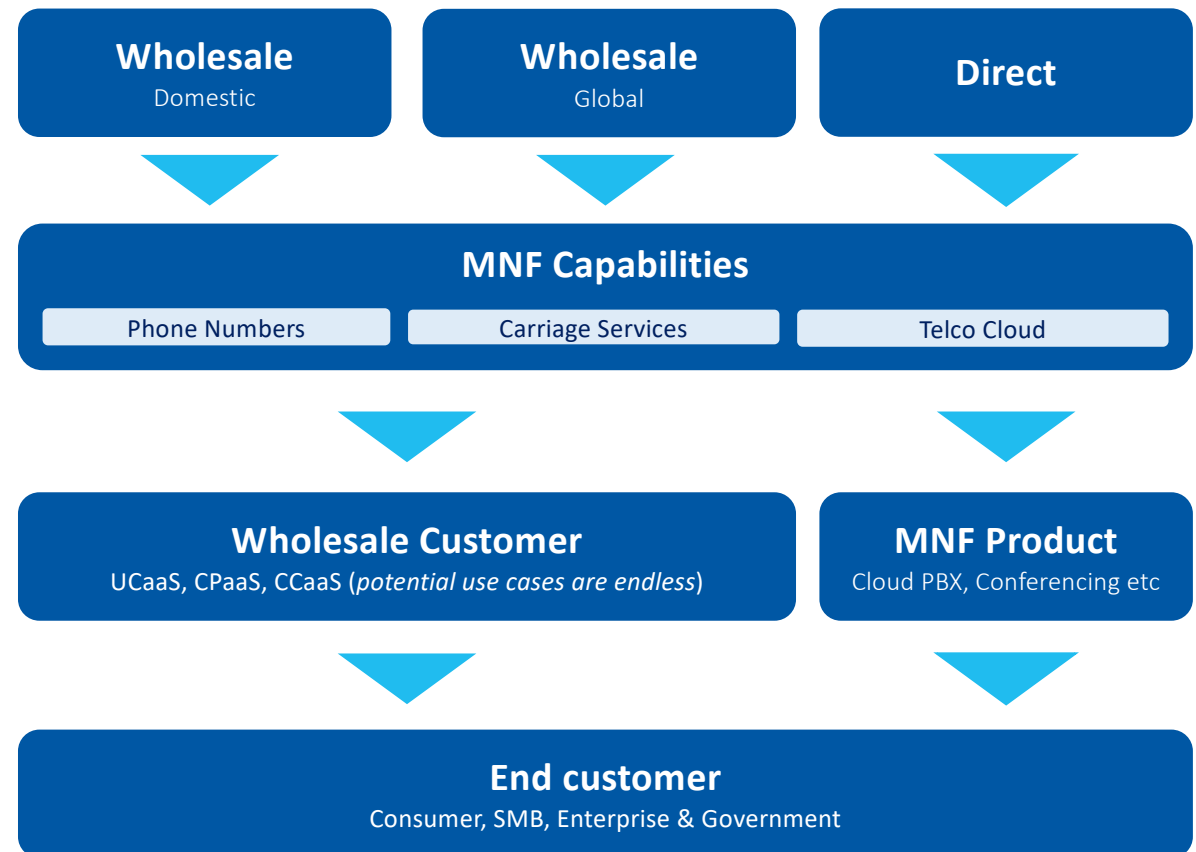
Recurring Revenue

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.

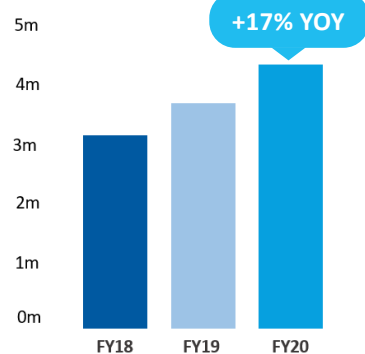
Variable Revenue

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

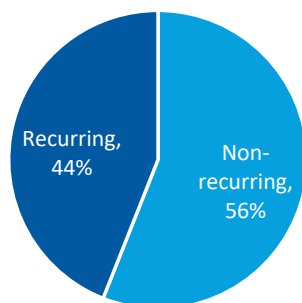


Long-term business growth

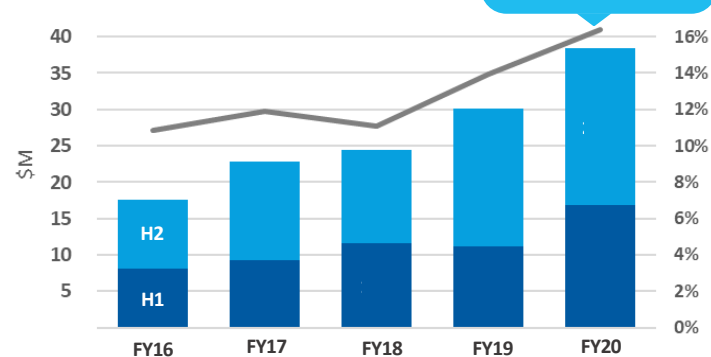
Phone numbers



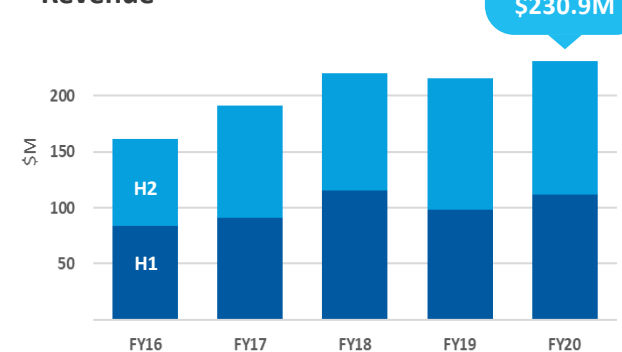
Group revenue



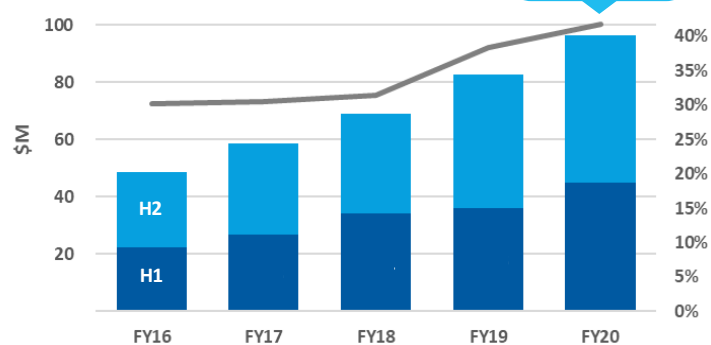
EBITDA¹



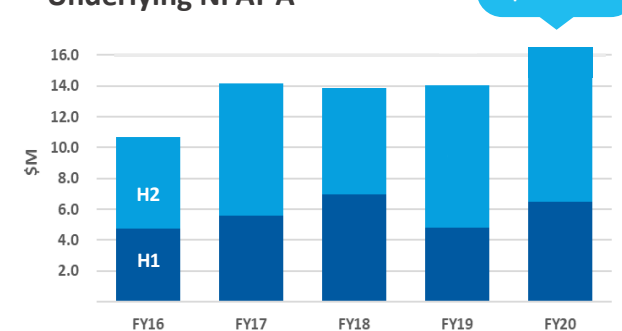
Revenue



Gross margin



Underlying NPAT-A²



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)
Cash generated from operations	12.6	35.6
Net Interest	(1.4)	(2.7)
Income taxes paid	(5.7)	(4.1)
Net cash from operating activities	5.5	28.9
<i>EBITDA¹</i>	27.2	38.2
Cash conversion rate (CCR) %	46%	93%

¹EBITDA 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)
Net Debt/(cash)	40.1	(16.2)

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

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Visit our new corporate website
<http://mnfgroup.limited>

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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 independant 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

Disclaimer

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