



Annual General Meeting 27th October 2015

Rene Sugo - CEO

Agenda



Financial Summary



Forecast



Building for Growth



Business Overview

Financial Summary



Financial Highlights FY15



Reported Result	FY15	FY14	Var %
Revenue	\$85.7m	\$59.3m	+44%
Gross Profit	\$31.8m	\$24.3m	+31%
EBITDA	\$12.2m	\$9.0m	+35%
EBITDA Margin	14.2%	15.2%	
NPAT	\$7.2m	\$5.8m	+24%
Earnings per Share (EPS)	11.49cps	9.26cps	+24%
Dividend per Share (DPS) Fully Franked	5.75cps	4.50cps	+28%

- Full year EBITDA of \$12.2m was 9% ahead of our original FY15 guidance.
- Results include 3 months of contribution from TNZI.
- Underlying result includes acquisition costs of \$0.3m for TNZI transaction.
- EBITDA Margin decrease is due to weight of TNZI contribution at lower margins.

Free Cash Flow



	FY15 \$m	FY14 \$m
Operating cash flow	12.8	10.1
Tax paid	(3.0)	(1.5)
Interest	(0.2)	(0.0)
Capital expenditure	(3.8)	(0.9)
Free cash flow	5.8	7.7

- CAPEX in FY15 was higher than historical due to re-engineering the domestic interconnect network which will realise substantial operating synergies and increase capacity to 9 Billion minutes per annum.
- Future CAPEX for Domestic business is expected to return to historical levels going forward.
- Global CAPEX for TNZI expansion expected at circa \$5m in FY16.

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Free Cash Flow Utilisation



	FY15 \$m	FY14 \$m
Free cash flow utilisation	5.8	7.7
Dividend payments	(3.1)	(2.5)
Acquisitions:		
Previous Acquisitions	(1.9)	(2.7)
TNZI purchase price	(22.0)	-
TNZI working capital adjustment	(4.7)	-
Net Debt movement	25.2	(0.2)
Other	(0.5)	0.3
(Decrease)/increase in cash on hand	(1.2)	2.6

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Bank Debt



	FY15 \$m	FY14 \$m
Cash	6.3	7.4
Loan	(25.3)	-
(Net Debt)	(19.0)	7.4
(Net Debt) Post 8th July 2015 Capital Raising	(6.9)	

Bank Debt Key Measures:

Bank Debt / EBITDA	2.1 x	-
Net Debt / EBITDA	1.6 x	-
Bank Debt / Equity (FY15)	1.3 x	-
Bank Debt / Equity (post capital raising)	0.7 x	-

- 🔴 Minimum debt repayments required in FY16: \$2.5m
- 🔴 Debt outstanding as of 26th October 2015 is \$17.5m

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Investor Metrics



Metric	Value
Number of Shares	66,857,767
Share Price	\$3.53
Market Capitalisation	\$236m
FY15 Dividend (full year)	5.75cps (franked)

1. Investor Metrics data is at COB on 21 October 2015.
2. There was a Dividend Reinvestment Plan (DRP) in place for this dividend.
3. The DRP price was set at \$3.17 per share, being a 4.8% discount to the 5 day VWAP at 11th September 2015.
4. DRP participation of 8.14m shares was 12.2% of shareholder base.

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Forecast



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FY16 Forecast

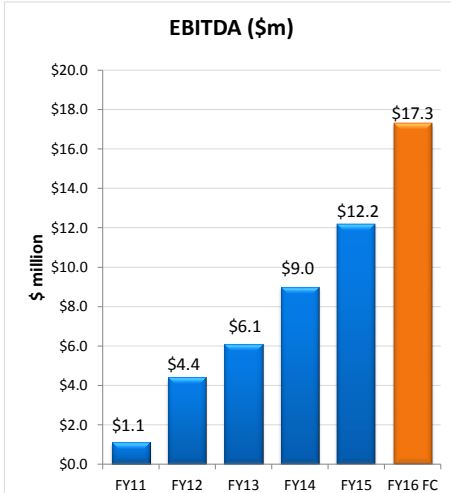


	FY15 Actual	FY16 Forecast	Var %
EBITDA	\$12.2m	\$17.3m	+42%
Acquisition Costs	0.3m	-	
Interest	0.2m	1.0m	
Tax	2.5m	3.3m	
Depreciation	1.5m	3.2m	
Amortisation	0.5m	1.4m	
NPAT	\$7.2m	\$8.4m	+17%
Earnings per Share (EPS)*	11.5cps	12.6cps	+10%

- ⦿ *EPS forecast is based on forecast weighted average number of shares on issue of 66.8m.
- ⦿ Forecast is based on current operating assumptions and is to be used as a guide only.
- ⦿ Increases in Interest, Depreciation and Amortisation predominantly due to TNZI acquisition.

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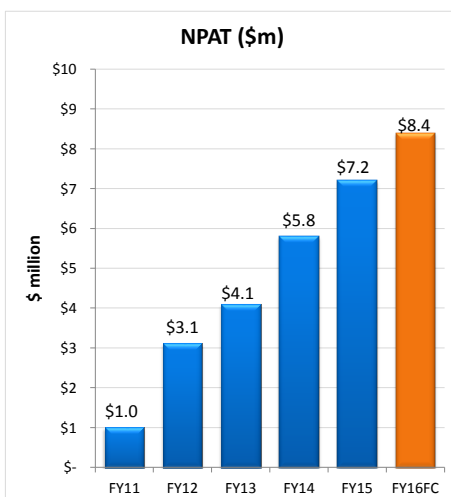
Key Metrics – EBITDA



- FY15 EBITDA performance was 9% ahead of original FY15 guidance.
- FY16FC EBITDA growth of 42% YoY.
- Maintaining strong EBITDA track record over 6 years of 74% CAGR.
- New global paradigm resulting in lower EBITDA to Revenue margin for consolidated group, due to impact of TNZI wholesale margins.

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Key Metrics – NPAT



- FY16FC NPAT growth of 17% YoY.
- Maintaining strong NPAT track record over 6 years of 53% CAGR.
- NPAT growth slower than EBITDA growth in FY16 due to effects of new Interest payments, Depreciation and Amortisation as a result of TNZI acquisition.

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Building for Growth



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Building for Growth



- 🌀 **MNF is on the verge of a rapid global & domestic organic growth phase**
 - 🌀 Customer demand is driving us to deliver. Faster!
 - 🌀 There are more opportunities for new business than we can service today.
 - 🌀 We have to narrow focus and prioritise!
- 🌀 **Ramping up Domestic & Global wholesale customer base**
 - 🌀 Domestic Service Provider customers up 45% YoY in FY15.
 - 🌀 Global Service Provider customers up 8% in 6 months.
 - 🌀 Customer growth expected to continue.
- 🌀 **Compounding growth**
 - 🌀 Adding more Service Provider customers while they also grow their own volumes.

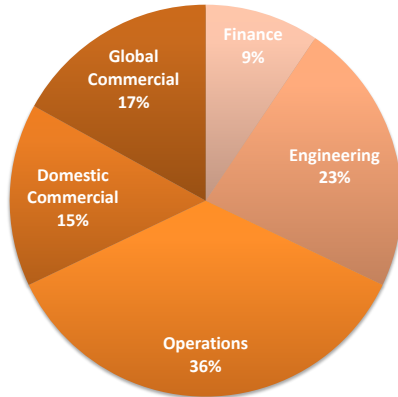
In order to meet current and future demands we are planning to increase staff capacity.

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Investing in human capital



Staff Member Growth



Key areas of planned staff growth during FY16:

- Engineering
- Domestic & Global Sales
- Operations

Staff retention is also a critical challenge:

- Global demand for STEM skills is growing
- Experienced and capable people are increasing in value

To ensure future capacity for FY17 and beyond we need to build human resources capabilities now.

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Business Overview

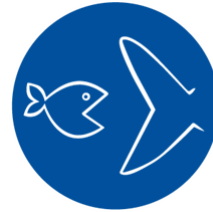


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Corporate Profile

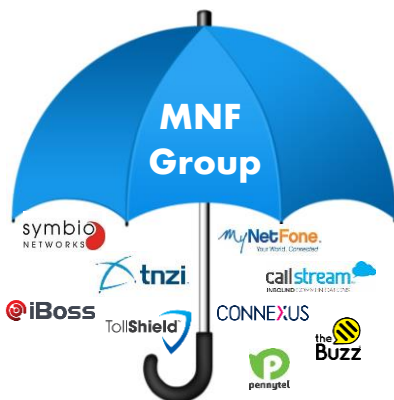


- Founded in 2004 and listed in mid-2006
- Grew from start-up to become a global Tier 1 player in the voice communications sector
- Built own fully inter-connected national network
- Top tier global provider - billing over 6 Billion minutes per annum
- Multi-brand strategy spans all voice and data market segments: Residential, Business, Enterprise, Government, Wholesale & Infrastructure enablement
- Industry challenger and disruptor creating new value through software development, infrastructure enablement & innovation



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Name Update



- Name change to **MNF Group Limited**
 - Recognises heritage of My Net Fone & current colloquial name use
 - Reflects growth and global scale
 - Continues with current ASX code
- Reflects size & sophistication of a global company
 - Trading under multiple brand names on a global market
 - Original My Net Fone name is now one of many brands in the company
- New Website <http://mnfgroup.limited>

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Evolution of Voice Telecoms



- 🌀 New & innovative use of voice telecommunications
- 🌀 Industry change & disruption
- 🌀 MNF Group an *enabler*:
 - 🌀 Software & product development
 - 🌀 Global export of innovations via TNZI
 - 🌀 Examples: TollShield, iBoss



Extensive Product Portfolio



	Retail			Wholesale		
Services	Residential 	Business 	Enterprise & Government 	Wholesale Carriage 	VoIP Managed Services 	SaaS
Brands	 PennyTel	 CONNEXUS		 symbio NETWORKS iBoss	 symbio NETWORKS iBoss	 OCA Softswitch iBoss
Markets						
<div style="background-color: #0070C0; color: white; padding: 5px; display: inline-block;"> The MyNetFone Group – The global voice capability specialist. </div>						

The MNF Differentiator

Moving traditional telephony onto the internet



- Unique technical eco-system with own intellectual property and R&D capabilities.
- Having in-house capabilities helps to increase Gross Margins as well as control product roadmap.
- Multi-brand strategy to leverage network assets across multiple sectors.
- Massive scalability potential with about 50% headroom on existing network assets.



Our unique differentiator in the Australian junior telco sector!

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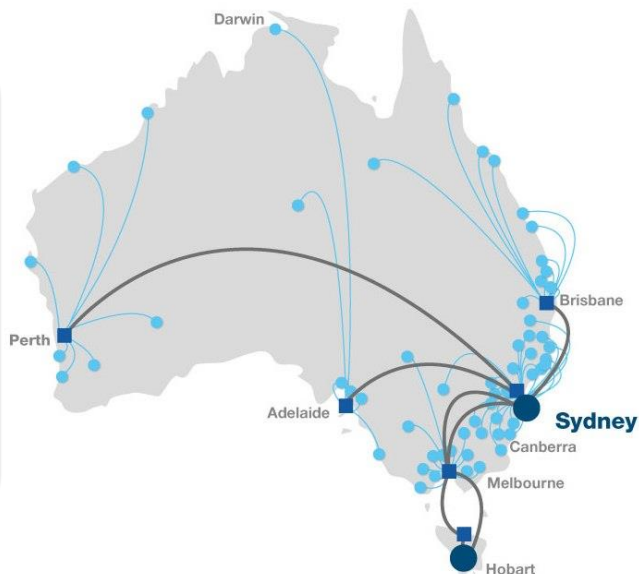
Domestic Voice Network



Largest VoIP Network in Australia.

One of only 5 fully interconnected national voice networks.

Completed CAPEX re-engineering in FY15. Capacity to handle in excess of 9 Billion minutes per annum traffic.



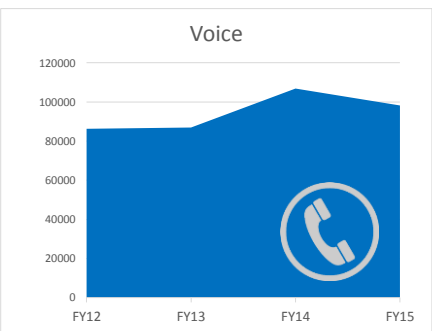
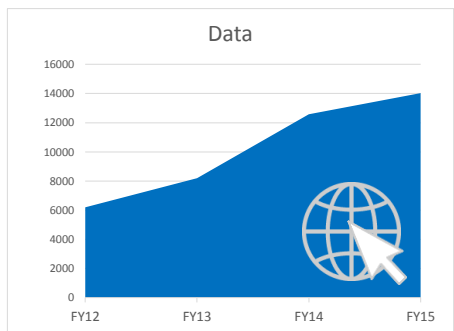
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Global Voice Network



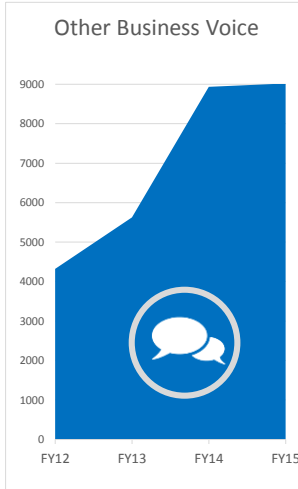
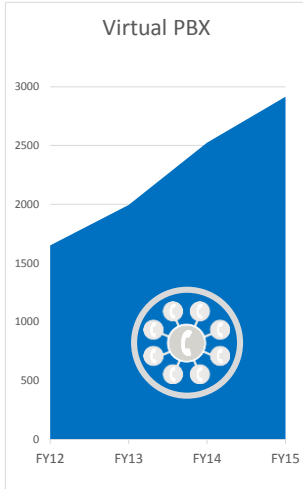
Note: Full TNZI global network as acquired in April 2015. US assets (customers, staff and network) are subject to US regulatory approvals expected to complete in FY16/Q3.

Services in Operation: Domestic Residential



- 🔗 Data Services (DSL and NBN) continue to grow steadily with 11% YoY growth.
- 🔗 Voice Services steady overall after rationalising inactive PennyTel customers.
- 🔗 Residential brands and offers plan to relaunch in FY16/Q3 to maximise NBN opportunity.

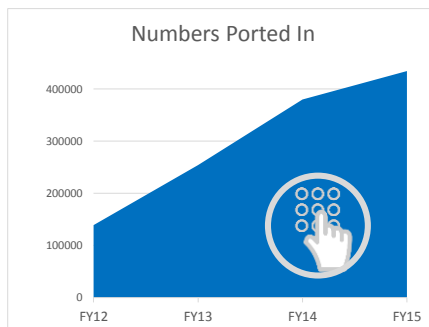
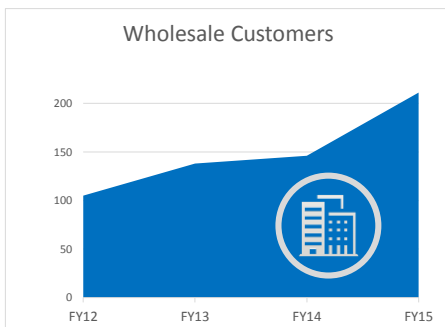
Services in Operation: Domestic Small to Medium Business



- Virtual PBX growth consistently strong with 16% YoY growth
- Almost 3,000 SMB's now using MNF VPBX!
- Overall other voice services steady for the period.
- New products launched "Voice-Link" and "VPBX Plus" in FY15/Q4 showing strong potential to increase uptake.

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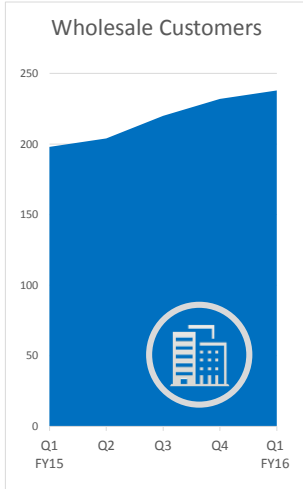
Services in Operation: Domestic Wholesale



- Wholesale service provider customers grew 45% on previous year.
- Strong indicator for future wholesale services and revenue growth in FY16.
- Number portability remains strong with 14% YoY growth to 434,000 numbers.
- Overall hosted numbers sitting at 2.4 million numbers across domestic network.
- Wholesale aggregation SIO (iBoss) debut at 2,000 after launch in November 2014.

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Services in Operation: Global (TNZI) Wholesale



- Customer growth – 8% in first 6 months since acquisition –
 - Leading indicator for future minutes and revenue growth – typically 3 to 6 month lag.
 - New customers mainly in Tier 2 service provider space – a new relatively untapped market for the TNZI brand.
 - New customer connectivity being enabled by recent CAPEX investment in PoP expansion.
- Overall minutes volumes already trending upwards –
 - September reached 3.9 Billion annualised.
 - Demonstrates a 30% increase on previous corresponding period.

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TNZI Post-Acquisition Update



- ✓ Staff / HR integration complete – restructure of MNF / TNZI teams.
- ✓ Network merger complete – leverage each other's networks for mutual traffic flows.
- ✓ UK PoP expansion completed in October 2015.
- ➔ TNZI network upgrade underway:
 - New Hong Kong and Singapore PoPs due to complete in FY16/Q3
- ➔ Roll out of new value added services to TNZI customers commenced:
 - Sales activity for Hosted Services and SaaS services underway. First customer deals already signed.

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Key Growth Segments to watch







- Domestic Small Business**
 - Subscriber growth expected to continue at rates of 16% YoY or higher.
 - Maintain and grow existing ARPU while decreasing costs of goods sold and decrease in network operating costs.
- Domestic Wholesale**
 - Expected to realise revenue and margin growth on the back of recent service provider growth.
 - Additional service provider growth (new customers) is expected to continue.
- Global Wholesale**
 - Increase in infrastructure capacity yielding addition revenue and margin growth from existing customers.
 - New revenue and margin growth due to new customers coming online.
- SaaS**
 - New revenue streams from monetising software assets with new service models.
 - Ongoing development of new products.

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FY16 Roadmap



-  Continue to produce organic growth in key areas:
 - Domestic Small to Medium Business – Virtual PBX sales
 - Domestic Wholesale – Managed Services sales
-  Execute global strategy into TNZI footprint:
 - Complete TNZI network upgrades and expansion
 - Roll out Symbio managed services products into key global markets
-  Build our intellectual property value through strategic development of our software assets
-  Continue to search for accretive acquisitions

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Thank you



For further information please contact:

Rene Sugo, CEO
rene.sugo@mynetfone.com.au
+61 2 9994 8590

Did we mention our awards?



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