



**MNF acquisition of  
Telecom New Zealand International  
voice business “TNZI”**

Rene Sugo, MyNetFone Group CEO

April 2015



**Acquisition Details**



**Financial Summary**



**Combined Structure**



**Growth Strategy**

# Acquisition Details



# Acquisition Overview

## TNZI Brand

- Globally recognised Tier 1 industry leader

## Customers

- Extensive portfolio of 220 established global partnerships

## Software

- Sophisticated custom-built voice trading systems

## Network

- Global network spanning 4 continents

## Staff

- Specialised staff in sales, engineering and finance



**Note:** US assets are pending US regulatory approval which is expected in FY16. Rest of world transaction was completed on 23<sup>rd</sup> April 2015, with financial effective date of 1<sup>st</sup> April 2015.

# Customers

Customer base provides opportunity to:



**increase minutes** trading volumes quickly with minimal investment



**increase margins** from incremental product offerings

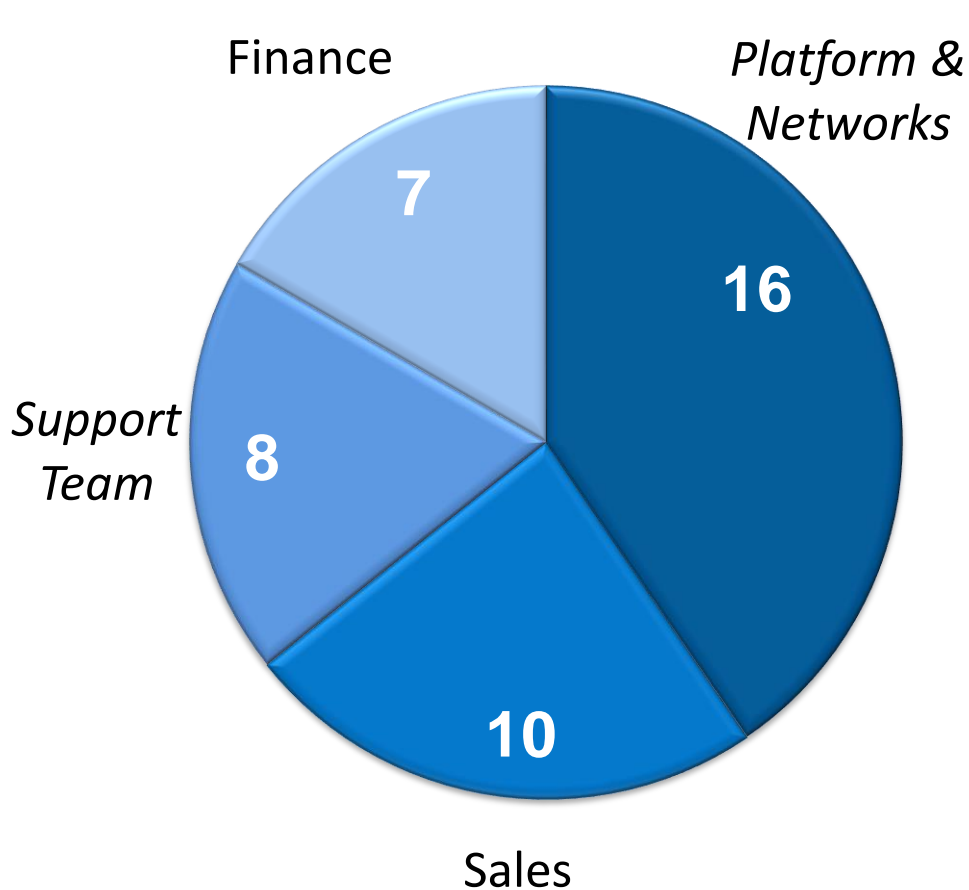
- 🌀 Global customer base generating approx AU\$90M per annum in voice trading revenues
- 🌀 Over 220 contracted agreements with many Tier 1 global operators, and niche arrangements
- 🌀 Includes 3 year exclusive agreement with Spark worth approx AU\$10M per annum
- 🌀 Includes many hard to reach destinations with incumbent infrastructure, such as Pacific Islands

# Customer Locations



Note: US assets (customers, staff and network) are subject to US regulator approvals expected to complete in FY16.

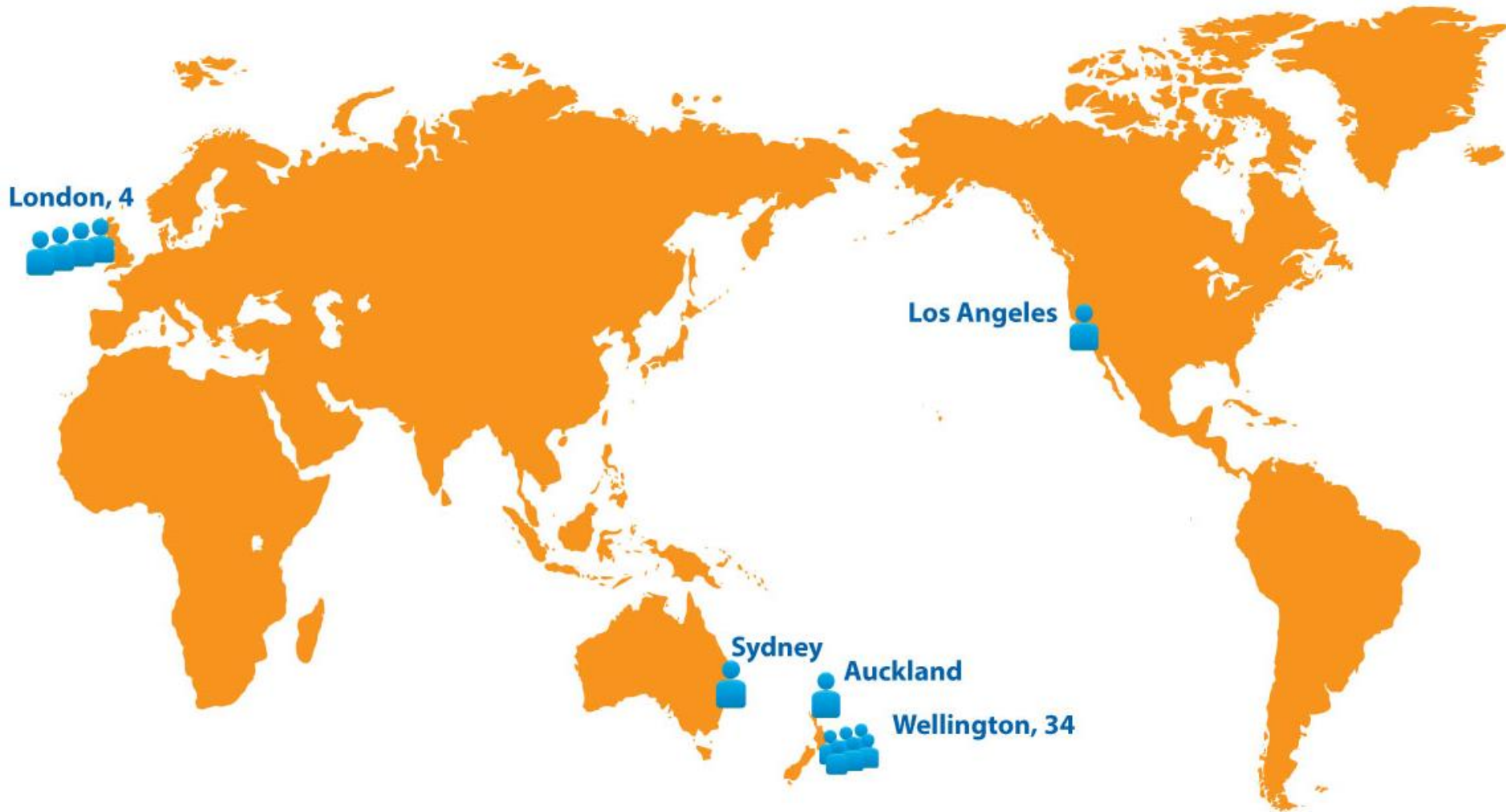
# TNZI Staff Team



- All key staff retained through new agreements on deal completion
- Sufficient skills and labour force to continue BAU, as well as implement new strategies without detracting from Australia
- All sales team retained ensuring key customer relationships maintained
- Strong cultural fit with MNF company culture



# TNZI Staff Locations



Note: US assets (customers, staff and network) are subject to US regulator approvals expected to complete in FY16.



# TNZI Global Network

- 🌀 **Complimentary** geographic coverage when compared to existing MNF network
- 🌀 **High value** incumbent connections with remote Tier 1 operators
- 🌀 **High quality** network build, with opportunity to increase capacity rapidly thanks to MNF in-house technology (low CAPEX build out)
- 🌀 **Profitable** network, covering OPEX through existing business. Opportunity to grow margins through incremental growth



# TNZI Global Network



Note: US assets (customers, staff and network) are subject to US regulator approvals expected to complete in FY16.

# Financial Summary



# Updated FY15 Forecast

Parameter	MNF FY15 FC AU\$M	TNZI FY15 FC AU\$M	Total AU\$M	Notes
Revenue	61.3	23.0	84.3	1
EBITDA	11.2	0.9	12.1	2
Depreciation & Amortisation	1.4	0.4	1.8	3
EBIT	9.8	0.5	10.3	
Loan Interest			0.2	
Acquisition Costs			0.3	4
NPAT			7.0	

Revised NPAT is in line with previous guidance taking into account new revenues from TNZI and incorporating additional depreciation, amortisation & interest charges, and once off acquisitions costs.

# Notes to Forecast

1. TNZI financial effective date is 1<sup>st</sup> April 2015 for non-US assets. US revenue is not counted in FY15. The figures here show 3 months of TNZI (non-US) revenues etc.
2. Revenue and EBITDA forecast for TNZI is based on \$90M pa revenue and \$3.5M pa EBITDA.
3. Depreciation does not include US assets. TNZI depreciation & ammortisation subject to finalisation of acquisition accounting and asset valuations.
4. Acquisition costs include legal fees and other once-off costs up until 23<sup>rd</sup> April 2015 completion but not including US completion.

# Investor Metrics

Metric	Value
Number of Shares	62.7M
Share Price	\$3.81
Market Capitalisation	\$239M

1. Share price is as at 24 April 2015.
2. No dilution due to acquisition.

# Growth Outlook

## Australian Operations

**Growth outlook unaffected** by TNZI acquisition, as the TNZI business is extremely complimentary

**Focus domestically remains:**

- Virtual PBX
- Wholesale Managed Services
- iBoss

## Global Operations

**Expect steady performance** in the short term, with margin and EBITDA growth expected to emerge from volume increase and cross selling

**Focus for TNZI will be:**

- Grow minutes revenue from increase in market share
- Increase margins from introduction of high-value product mix utilising MNF software capabilities – Wholesale Managed Services, iBoss, TollShield and others



# Combined Structure

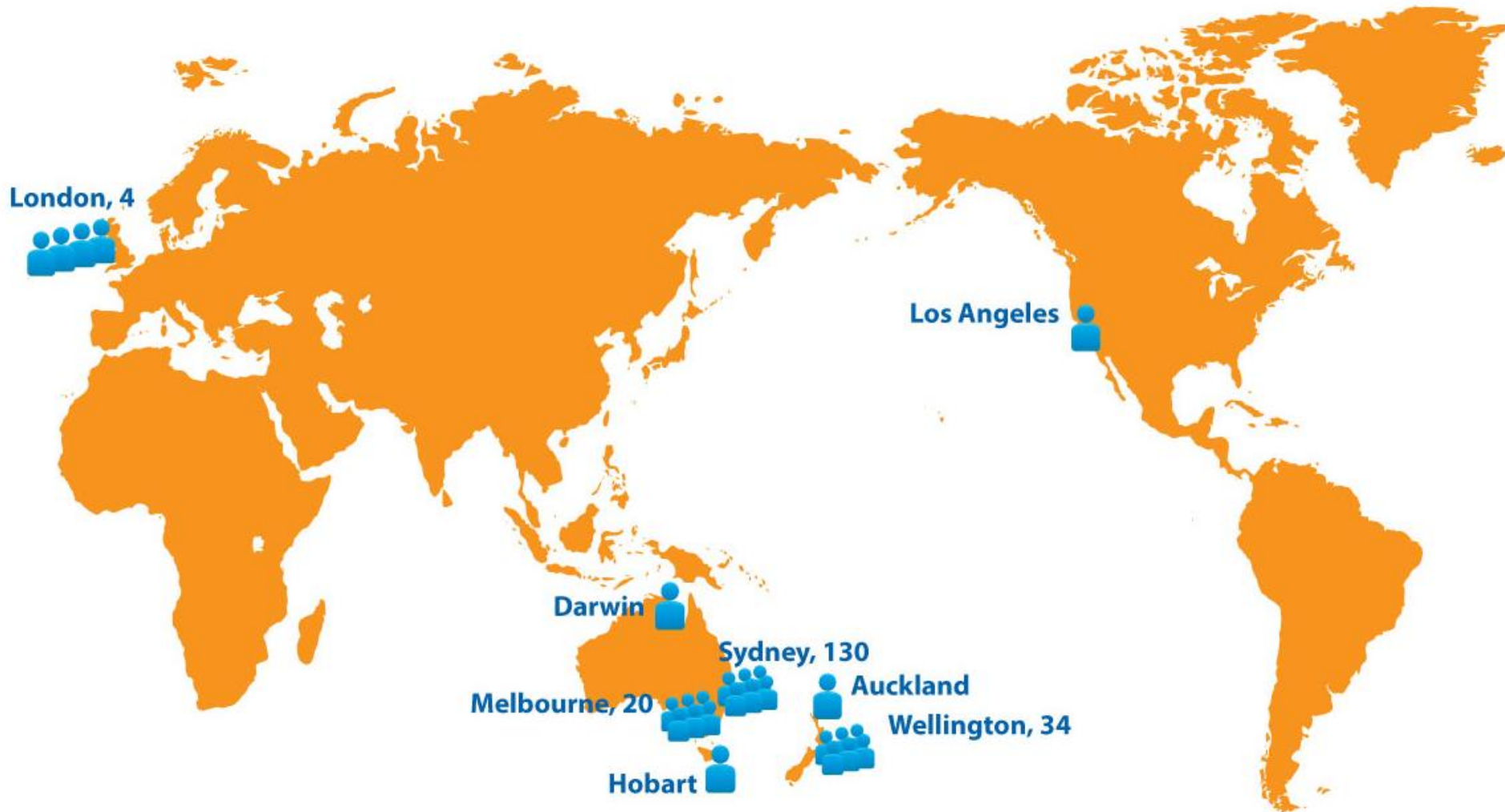


# Combined Structure

- Both organisations are hugely complimentary from day one!
- Expecting rapid integration of network and human resources into the new global business
- Some small synergies from network overlap in Australia and New Zealand
- Strong synergies from 'buying potential' with combined volumes globally
- Large opportunities with combining technology and capabilities to address high margin voice services globally



# Combined Team



Note: US assets (customers, staff and network) are subject to US regulator approvals expected to complete in FY16.

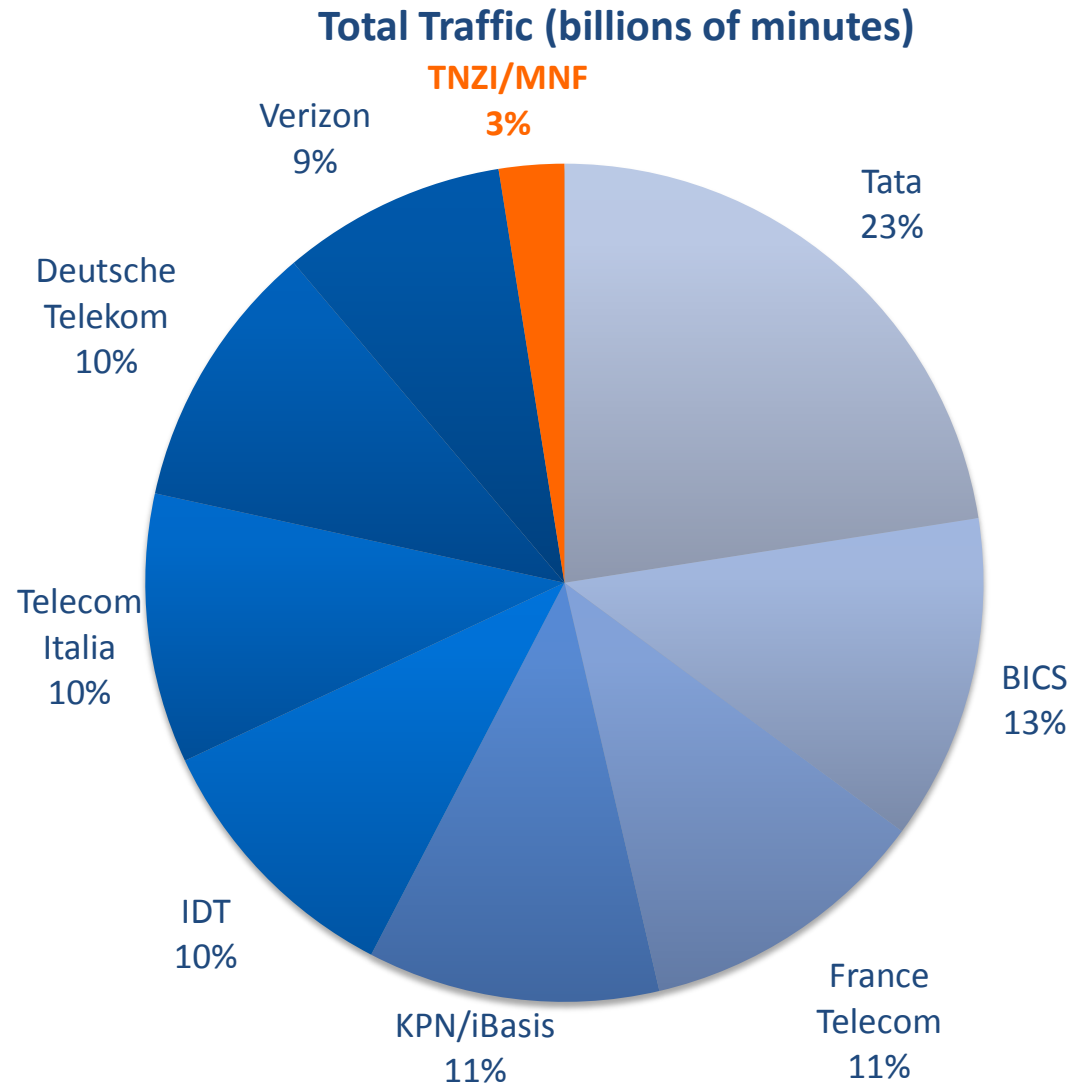
# Combined Network



Note: US assets (customers, staff and network) are subject to US regulator approvals expected to complete in FY16.

# Combined Minutes Volume

**5.8 Billion minutes puts  
us on the global map!**



# Growth Strategy



# Growth Strategy

Leverage MNF software and systems expertise



Reduce CAPEX and OPEX of running TNZI network

Leverage MNF wholesale service offerings



Increase TNZI gross margins and EBITDA margins

Leverage TNZI trading systems and global traffic volume



Increase MNF gross margins for international termination.  
Allow MNF to become more aggressive in domestic market for international traffic



# Group Revenue Streams

## Retail

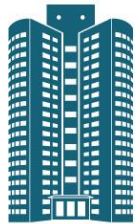
### Residential



### Business



### Enterprise & Government



## Wholesale

### VoIP Managed Services



### Wholesale Carriage



Future TNZI  
revenue &  
margin growth

TNZI revenue  
today

# Future Acquisitions



- 🌀 **Company remains committed to growth by acquisition**

- 🌀 Strict policy around evaluation of opportunities

- 🌀 **Looking to build value through synergy leveraging:**

- 🌀 National network for margin uplift
- 🌀 Intellectual property capabilities
- 🌀 Skills and experience with complex integrations

- 🌀 **Sticking to product strategy:**

- 🌀 Leveraging voice technology and applications
- 🌀 Not looking to resell other networks

# Thank you



## For further information please contact:

Rene Sugo, CEO

[rene.sugo@mynetfone.com.au](mailto:rene.sugo@mynetfone.com.au)

(02) 9994 8590

## Did we mention our awards?



# Disclaimer

- ⦿ This presentation is provided to you for the sole purpose of providing background financial and other information on My Net Fone Limited (ASX:MNF).
- ⦿ The material provided to you does not constitute an invitation, solicitation, recommendation or an offer to purchase or subscribe for securities.
- ⦿ The information in this document will be subject to completion, verification and amendment, and should not be relied upon as a complete and accurate representation of any matters that a potential investor should consider in evaluating My Net Fone Limited.
- ⦿ This document contains “forward looking statements” which are made in good faith and are believed to have reasonable basis. However, such forward looking statements are subject to risks, uncertainties and other factors which could cause the actual results to differ materially from the future results expressed, projected or implied by forward looking statements.
- ⦿ My Net Fone Limited, its directors, agents officers or employees do not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, representations or forecasts contained in this presentation and do not accept any liability for any statement made or omitted from this summary. My Net Fone Limited are not under any obligation to update any information contained in this presentation.