



MNF Group Investor Presentation

Rene Sugo, Group CEO
16 August 2016



Corporate profile



Financial summary



Forecast



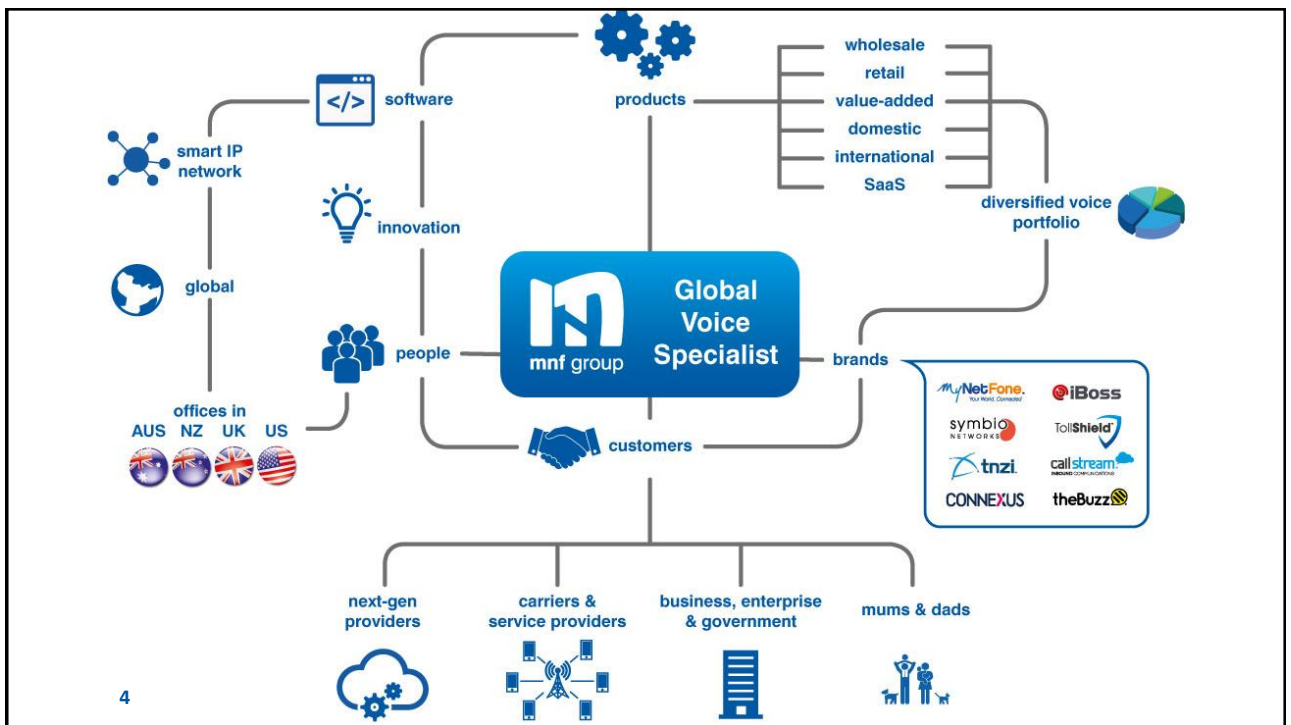
Future roadmap





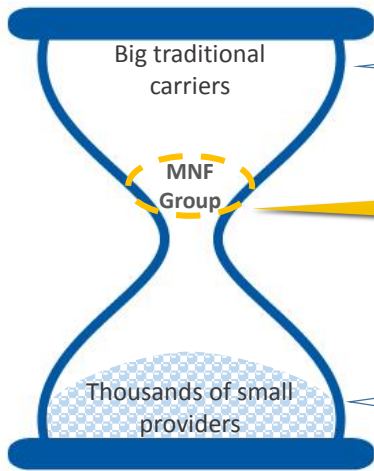
Corporate profile

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Industry overview



- Vertically integrated
- Diluted in their offers
- Focus internal, not wholesale

- **Opportunity!**
- **Unique position – scale + flexibility**
- **Next-generation network**

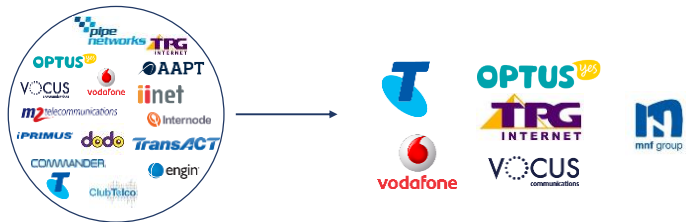
- Big growth sector
- New generation of OTT providers
- Focus on innovation & valued-add services
- Need infrastructure capabilities
- 'Big telcos' don't understand their needs

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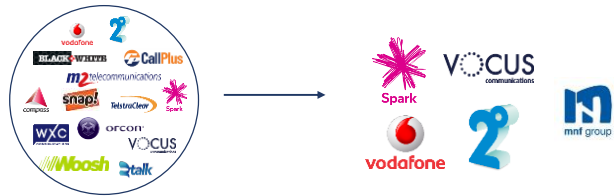


Industry Consolidation

- Mergers and acquisitions
 - Australia: Since 2010, market consolidated to top 6 providers



- New Zealand: In the last 3-4 years, top players reduced from 13 to 5



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Why invest in MNF Group



Credible player in big market



Future-proof cloud voice network



Diversified voice services portfolio



Value-added intellectual property



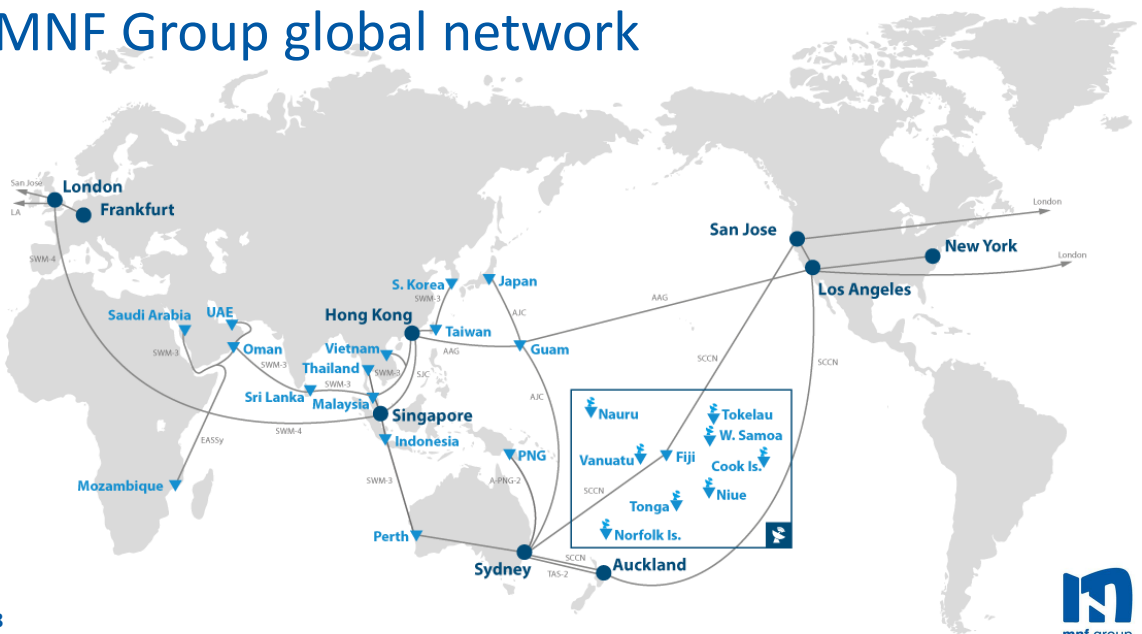
Consistent EBITDA growth



Global growth potential

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MNF Group global network

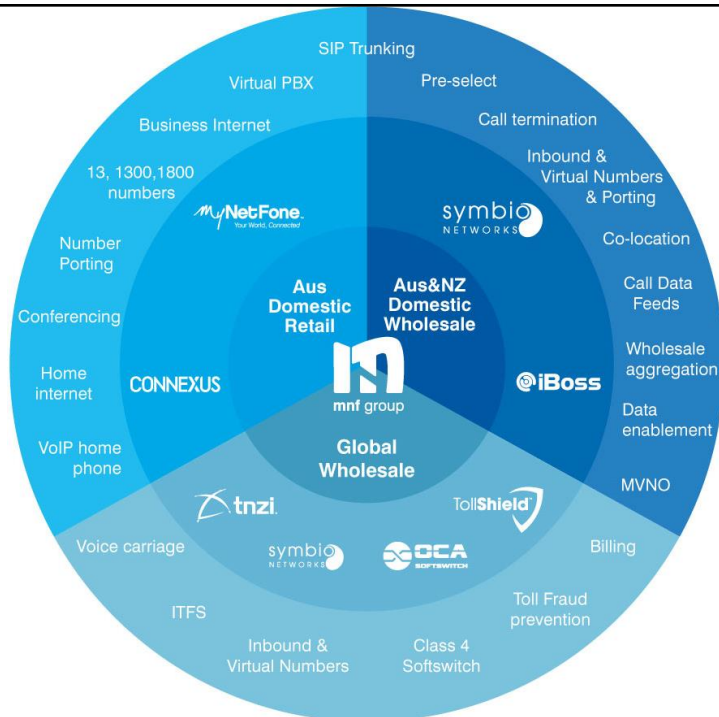


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MNF Group domestic network



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Innovation

- Multi-award winning company
- Own intellectual property and R&D capabilities
 - Consistent track record of innovation
 - Plug & play VoIP, Virtual PBX, number porting
 - Embracing new service models to monetise software assets: SaaS toll fraud mitigation, wholesale aggregation, MVNO
- Global export of innovations via TNZI



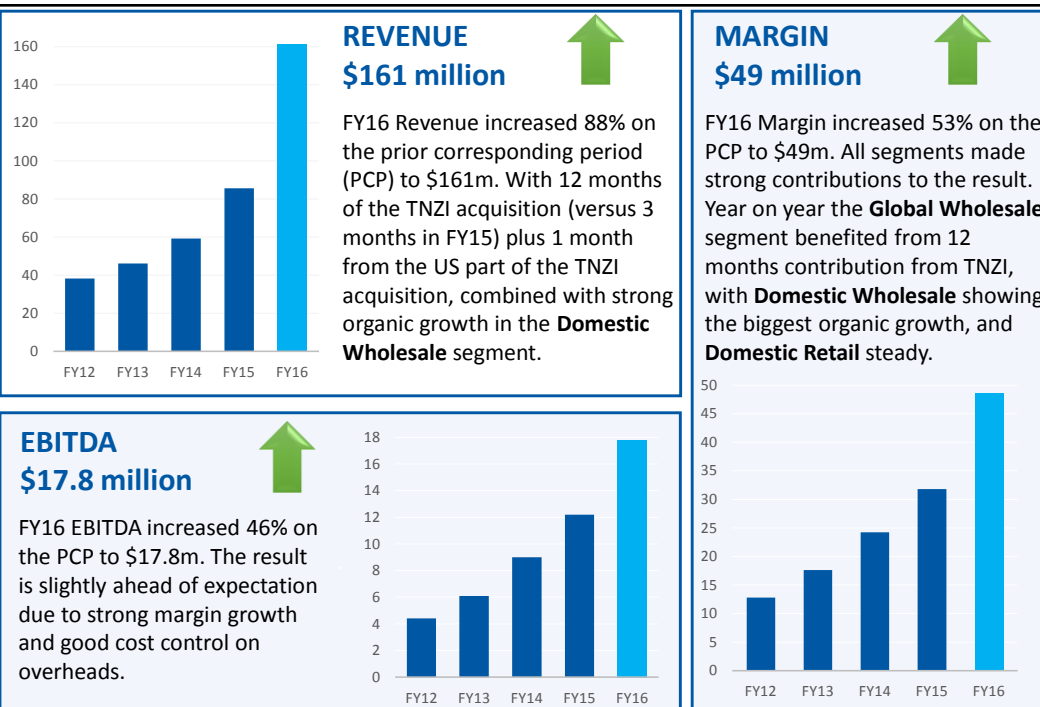
Financial summary

Financial Highlights FY16

Reported Result	FY16	FY15	Δ
Revenue	\$161.2m	\$85.7m	+88%
Gross Profit	\$48.6m	\$31.8m	+53%
EBITDA	\$17.8m	\$12.2m	+46%
NPAT	\$9.0m	\$7.2m	+25%
Earnings per share (cents)	13.45	11.49	+17%
Dividend per share - fully franked (cents)	7.0	5.75	+22%
Net Tangible Assets (NTA) per share (cents)	12.1	(24.3)	

- Result includes a full 12 months of contribution from TNZI business (prior year 3 months).
- EBITDA is 2.9% above forecast, and NPAT is 7.0% above forecast.

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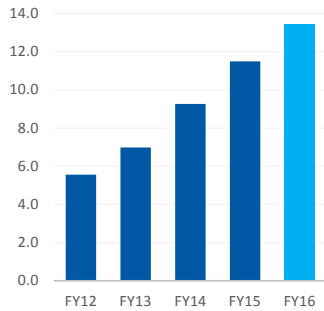


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EPS 13.45¢



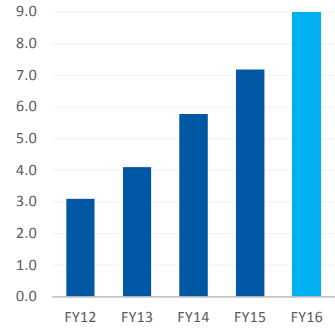
EPS at 13.45c represents an increase of 17% on the PCP. This result represents a 5 year CAGR of 19.2% demonstrating the consistent long term shareholder return from the business.



NPAT \$9.0 million



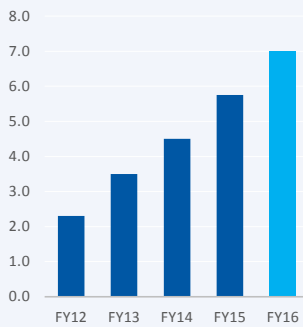
FY16 NPAT increased 21% on the PCP to \$9.0m, a pleasing result which was 7% above initial forecasts. This NPAT CAGR is a solid 23.8% over the last 5 years.



DIVIDEND 7.00¢



A final declared dividend of 3.50c brings the full year dividend to 7.00c, a 22% increase on the PCP. This represents 52% of EPS, which is consistent with prior years.



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PER SEGMENT GROSS MARGIN



Domestic Retail margin steady overall, with strong underlying growth in Small Business and Government & Enterprise sub-segments.

Domestic Wholesale margin up 49% YoY organically.

Global Wholesale performing above expectation with relative full year margin growth of 21% YoY.

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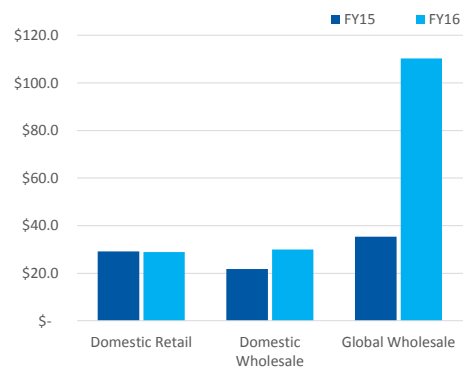
PER SEGMENT REVENUE



Domestic Retail revenue steady overall.

Domestic Wholesale growth is fully organic, and mainly high value recurring business.

Global Wholesale revenue growth is due to full year contribution of the TNZI business, with only 1 month of US business.



Free Cash Flow

	FY16 \$m	FY15 \$m
Operating cash flow	15.5	12.8
Tax paid	(4.4)	(3.0)
Net interest	(0.7)	(0.2)
Net cash flow from operating activities	10.4	9.6
Capital expenditure	(6.0)	(3.8)
Free cash flow	4.4	5.8

- Group CAPEX for FY17 is expected to be circa \$3.0m.
- Operating cash flow excludes one-off items around supplier novations.

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Free Cash Flow Utilisation

	FY16 \$m	FY15 \$m
Free cash flow	4.4	5.8
Dividend payments	(4.5)	(3.1)
Increase in equity	16.5	0.4
Acquisitions:		
Acquisitions	0.2	(28.5)
Net Debt movement	(11.6)	25.2
Other	41.6	(0.9)
Increase/(Decrease) in cash on hand	46.6	(1.1)

- Minimum debt repayments required in FY17: \$2.5m (FY16: \$2.5m)
- Debt outstanding \$13.7m (2015:\$25.3m).
- No net debt as of 30th June 2016.
- Other items include receipts on supplier novations.

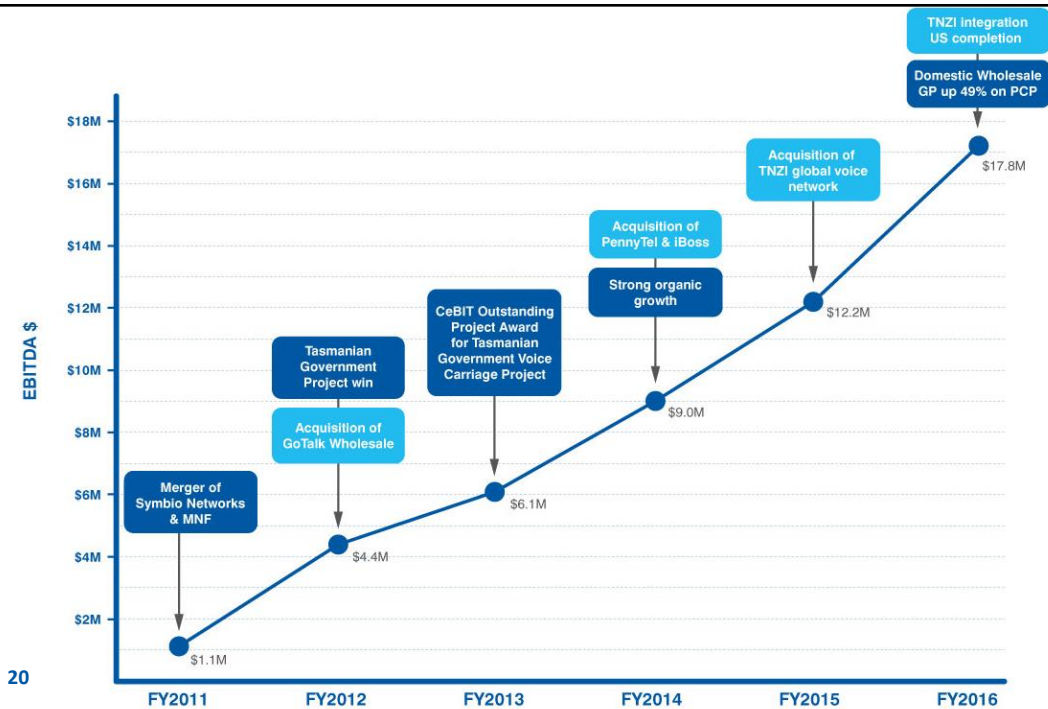
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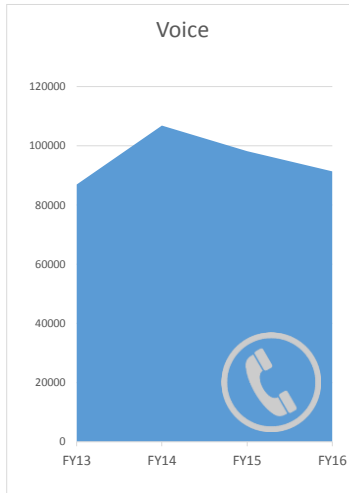
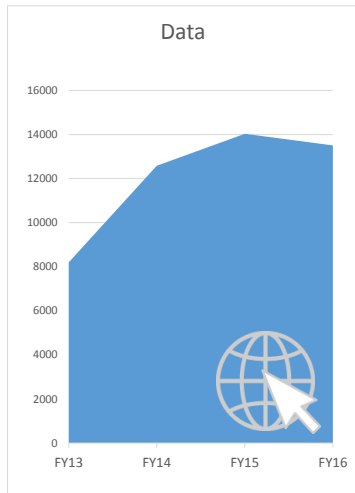
Investor Metrics

Metric	Value
Number of Shares	67.5m
Share Price	\$4.03
Market Capitalisation	\$272m
FY16 Total Dividend (fully franked)	7.0 cents

➤ Share price is as at 12 August 2016



Services in Operation: Domestic Retail – Residential

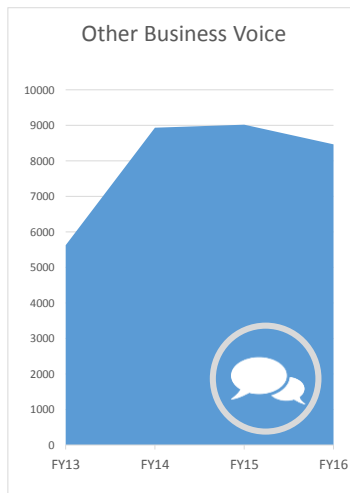
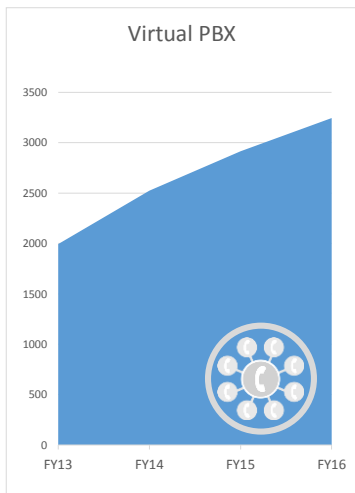


- Slight decline in residential voice and data subscribers due to effects of mobile convergence and NBN roll-out respectively.
- Still on track for residential brands and offers plan to relaunch in FY16/Q3 to maximise NBN opportunity.
- New NBN back haul arrangements for 121 PoI (Points of Interconnect) commencing soon.

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Services in Operation: Domestic Retail – Small to Medium Business

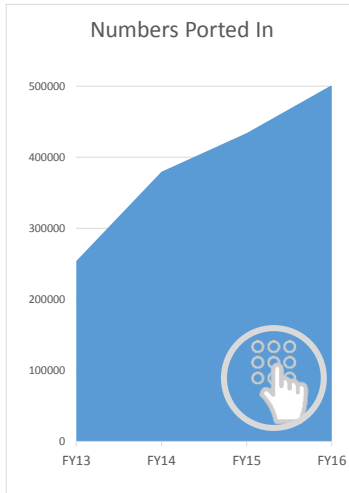
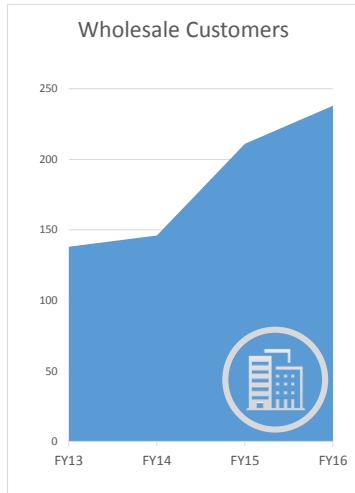


- Virtual PBX growth consistent with 11% YoY organic growth.
- Over 3,000 SMB's now using MNF VPBX.
- VPBX refresh underway, due to launch before December 2016.
- Other business voice margin steady – SIO decline due to re-classification of active services – revenue and margin not impacted.
- Government & Enterprise sector growing strongly.

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Services in Operation: Domestic Wholesale



- New wholesale service provider customers grew 13% on previous year.
- Number portability remains strong with 16% YoY growth to 502,000 numbers.
- Overall hosted numbers sitting at 2.7 million numbers across domestic network.
- Wholesale aggregation SIO (iBoss) grew 50% up to 3,000.

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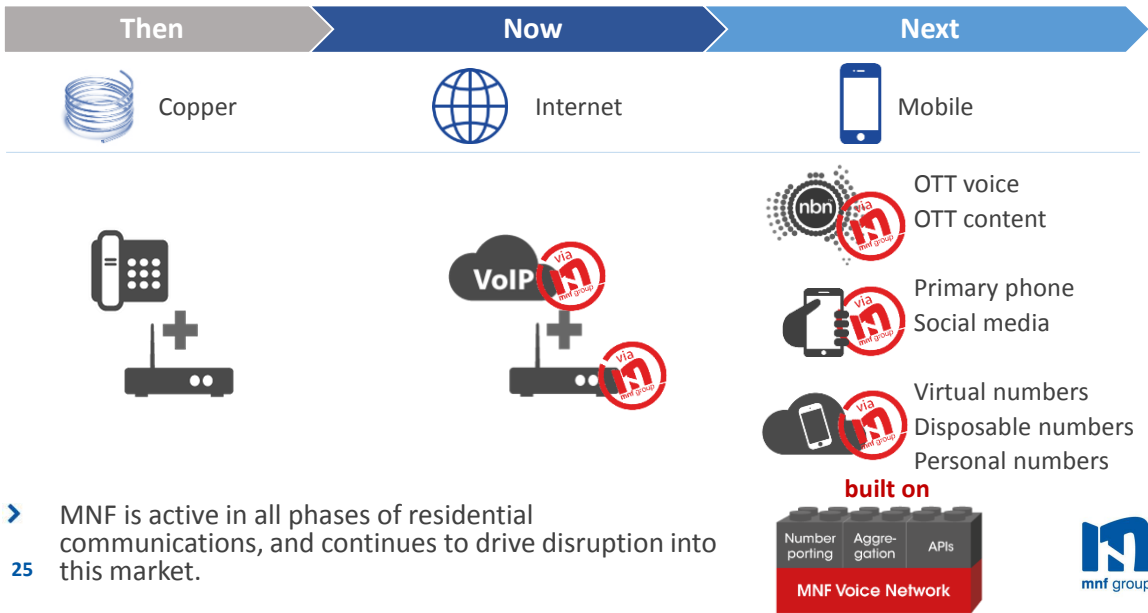


Future roadmap

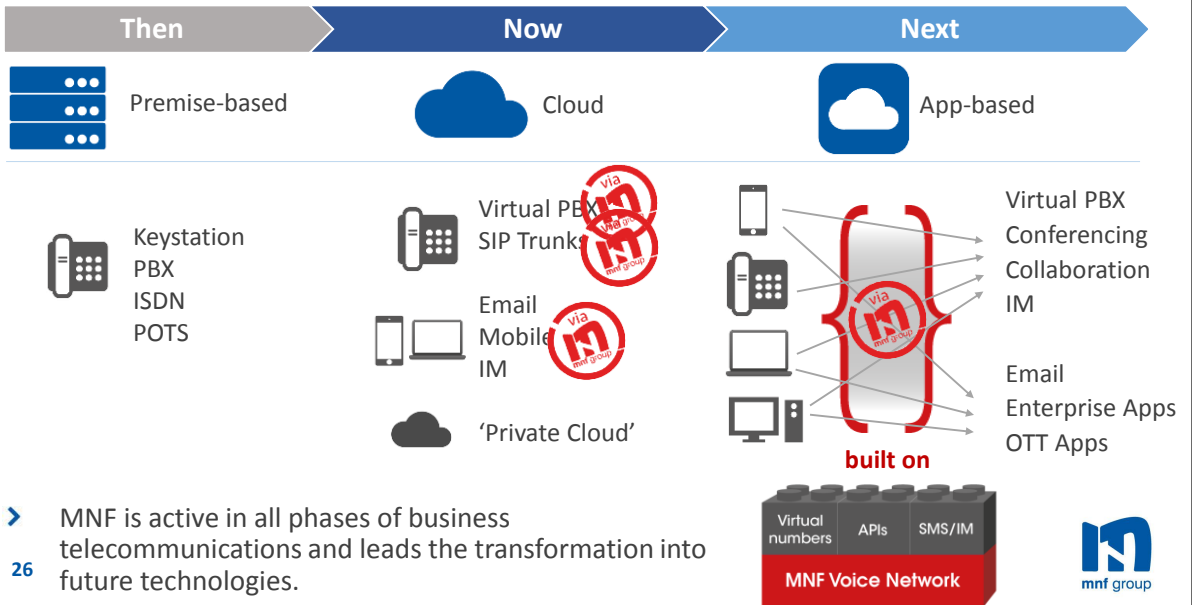
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Future of Residential Telecoms

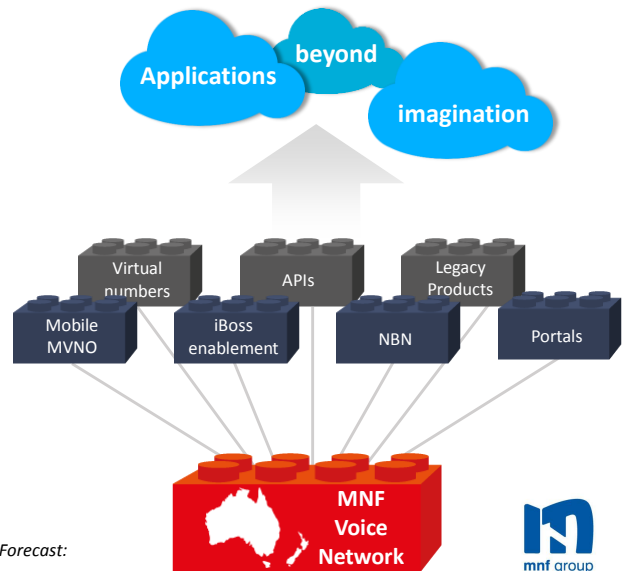


Future of Business Telecoms



Future of domestic wholesale

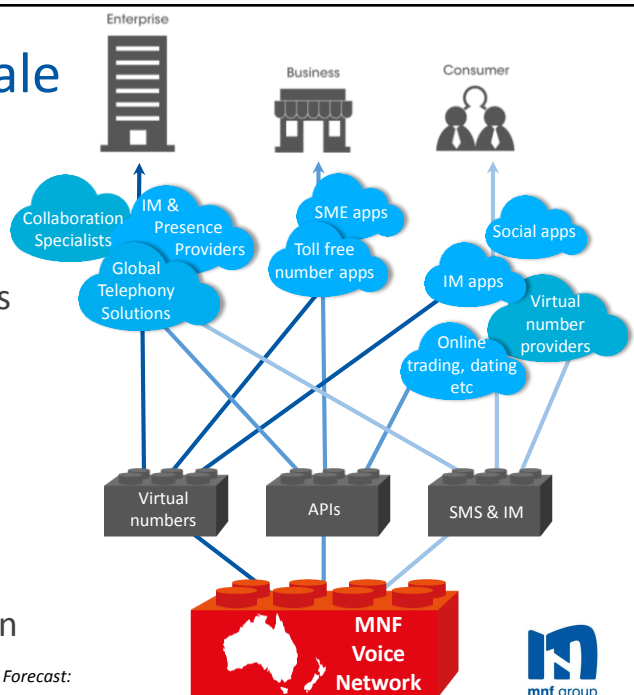
- Domestic opportunity created by industry consolidation
- iBoss is a key part of the customer experience
- New Mobile MVNO capabilities will drive growth
- New portals and API capabilities to embed and lock in customer loyalty
- **MNF group has the most extensive wholesale ecosystem in Australia/NZ**



27 Ref: IDC Worldwide Cloud Communications Platforms 2014–2018 Forecast: The Resurgence of Voice and SMS, August 2014, IDC #250224e

Future of global wholesale

- Global players buy **regional infrastructure** to create **global capability**
- Our smart, API-driven network is the building block for cloud communication solutions
- Right technology, experience & reputation
- TNZI provides access to global players and pathway into the region
- Expansion into Asia Pacific region



28 Ref: IDC Worldwide Cloud Communications Platforms 2014–2018 Forecast: The Resurgence of Voice and SMS, August 2014, IDC #250224e

MNF FY17 Roadmap



Domestic



Continue to drive **organic growth**:

- Build on reputation as the “go-to” wholesale provider in Australia and New Zealand
- Small to Medium Business Virtual PBX growth
- Drive service provider acquisition on iBoss



Continue to build software **intellectual property** base

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Global



Execute **TNZI strategy**

- Complete integration works
- Continue network upgrade
- Productise more markets in Asia-Pacific region



Continue to roll out Symbio **managed services** products into global market



Become the “go-to” **specialist** for voice in Asia-Pacific region



Thank you

- For further information please contact:

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- Visit our new corporate web site <http://mnfgroup.limited>

- Did we mention our awards?



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Q & A

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