MNF to acquire Conference Call International (CCI)

Rene Sugo – CEO
1 February 2017

Acquisition Details
Updated Forecast
Strategic Fit with MNF
Acquisition Details

CCI Business Summary

- Originally founded in 2001
- Provides high quality audio-conferencing and collaboration services in Australia, New Zealand and Asia Pacific
- Over 5,000 Business, Enterprise & Government customers, including many top 500 enterprises
- Currently generating in excess of 50 million minutes per annum of high quality audio conferencing
Acquisition Highlights

- Consideration of $17.5m (net cash)
- EBITDA forecast of $3.5m FY17 run-rate performance
  - Consideration is 5.0x forecast EBITDA multiple
- $0.5m per annum EBITDA synergies from FY18
  - Consideration is 4.4x forecast EBITDA multiple (post-synergy)
- Funded through capital raising of $18m at $4.50
  - Acquisition is forecast to be EPS accretive by 3.6% in FY17, and 10.0% in FY18

Acquisition of CCI

- **Brands**
  - Top 3 Australian independent audio conferencing & collaboration brands – Express Virtual Meetings, Eureka Conferencing & Ozlink.
- **Customers**
  - Over 5,000 Business, Enterprise and Government customers in Australia, New Zealand and Asia Pacific.
- **Platform**
  - Scalable audio conferencing service platform with 50% available capacity for growth.
- **Network**
  - Dual points of presence – large network synergy potential with Symbio and TNZI resulting in $500K per annum EBITDA savings.
- **Staff**
  - Specialised 23 (FTE) staff in marketing, sales and operations in the audio conferencing and collaboration market.
CCI Differentiators

**PLATFORM**
Scalable audio conferencing service platform with 50% available capacity for growth

**NETWORK**
Dual points of presence - large network synergy potential with Symbio and TNZ resulting in $500K per annum EBITDA savings

**BRANDS**
Top 3 Australian independent audio conferencing & collaboration brands – Express Virtual Meetings, Eureka Conferencing & Ozlink

**CUSTOMERS**
Over 5,000 Business, Enterprise and Government customers in Australia, New Zealand and Asia Pacific

**STAFF**
Specialised 23 (FTE) staff in marketing, sales and operations in the audio conferencing and collaboration market

CCI Overview

- **Quality**
  - Exceptional audio quality
  - 99.99% service reliability
  - Fully owned and locally hosted platform

- **Flexibility**
  - No reservations required
  - Toll free numbers in 40 countries
  - Wide range of features

- **Excellent Support**
  - 24x7 Australian based customer support
  - Simple set-up and use by customers
  - Attended conferencing support

- **Low cost to Serve**
  - Highly automated operational systems
  - Scalable platform with 50% spare capacity for growth
  - Highly automated and targeted marketing using SEO, PPC and key word remarketing
**CCI Growth Opportunities**

- Add CCI suite into MNF Enterprise and Government customers
- New product innovation with MNF development resources
- Lead generation from CCI's existing customers for MNF products
- Increase share of wallet from CCI's existing customers
- Increase market share in Australia and NZ
- Push into Asia Pacific market with TNZI's reach
- Synergie and TNZI network synergies with unlimited network growth
- Updated Forecasts
Reaffirm MNF Organic FY17 Forecast

<table>
<thead>
<tr>
<th>Forecast</th>
<th>FY16 Actual</th>
<th>FY17 Forecast</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$17.8m</td>
<td>$22.3m</td>
<td>+25%</td>
</tr>
<tr>
<td>NPAT</td>
<td>$9.0m</td>
<td>$11.0m</td>
<td>+22%</td>
</tr>
<tr>
<td>Earnings Per Share (cents)</td>
<td>13.45</td>
<td>16.08</td>
<td>+20%</td>
</tr>
</tbody>
</table>

- Represents MNF Organic forecast prior to acquisition of CCI.
- Re-affirming previous guidance – H1 results are in line with budget.
- Forecast is based on current operating assumptions and is to be used only as a guide.
- MNF H1 FY17 results to be released 14 February 2017.
- EPS is calculated prior to any capital raising for CCI acquisition.

CCI Full Year FY17 Forecast

<table>
<thead>
<tr>
<th>Forecast</th>
<th>FY16 Actual</th>
<th>FY17 Forecast</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$7.4m</td>
<td>$7.9m</td>
<td>+7%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$6.1m</td>
<td>$6.8m</td>
<td>+11%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$3.0m</td>
<td>$3.5m</td>
<td>+17%</td>
</tr>
<tr>
<td>NPAT-A</td>
<td>$1.9m</td>
<td>$2.3m</td>
<td>+21%</td>
</tr>
</tbody>
</table>

- Data is purely for CCI organic business.
- FY16 actuals are un-audited.
- FY17 forecast is tracking well, and has been confirmed up until 31 December 2016.
- Forecast does not include any MNF Group synergy savings.
- NPAT-A is based on MNF operating assumptions and excludes amortisation in the hands of MNF.
### Combined FY17 Forecast

<table>
<thead>
<tr>
<th>Forecast</th>
<th>MNF Organic FY17</th>
<th>New Combined FY17</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$22.3m</td>
<td>$23.7m</td>
<td>+6.3%</td>
</tr>
<tr>
<td>NPAT</td>
<td>$11.0m</td>
<td>$11.6m</td>
<td>+5.5%</td>
</tr>
<tr>
<td>Earnings per share (cents)</td>
<td>16.1</td>
<td>16.7</td>
<td>+3.7%</td>
</tr>
</tbody>
</table>

- Updated MNF Group forecast based on 5 months contribution from CCI.
- Estimated once-off acquisition costs of $0.5m accounted for in FY17 (not included in comparative).
- No CCI/MNF combined synergy savings are expected in FY17. Identified network and operational synergies of $0.5m per annum EBITDA are expected in FY18.
- EPS is calculated based on $18m capital raising dilution from 2 February 2017.

### Pro-forma Combined FY17 Forecast

<table>
<thead>
<tr>
<th>Forecast</th>
<th>CCI Organic FY17</th>
<th>MNF Organic FY17</th>
<th>Pro-Forma Combined FY17</th>
<th>Pro-Forma Combined Uplift %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$3.5m</td>
<td>$22.3m</td>
<td>$25.8m</td>
<td>+16%</td>
</tr>
<tr>
<td>NPAT-A</td>
<td>$2.3m</td>
<td>$12.7m</td>
<td>$15.0m</td>
<td>+18%</td>
</tr>
<tr>
<td>Combined NPAT</td>
<td>$1.3m</td>
<td>$11.0m</td>
<td>$12.3m</td>
<td>+12%</td>
</tr>
<tr>
<td>Earnings Per Share (cents)</td>
<td>16.08</td>
<td>17.1</td>
<td>+6%</td>
<td></td>
</tr>
</tbody>
</table>

- Pro-Forma forecast is derived assuming CCI being a member of the group for the entire FY17.
- Pro-Forma is provided in order to give a roll-forward estimate of combined group performance.
- No CCI/MNF combined synergy savings are expected in FY17. Synergies of $0.5m EBITDA are expected in FY18.
- EPS is calculated based on $18m capital raising dilution for the full year.
Strategic Fit with MNF

**NETWORK**
MNF has extensive domestic and global voice network assets. Current network synergy of $0.5m per annum EBITDA. Future low cost scale and reach opportunity for CCI with MNF global network.

**DEVELOPMENT**
CCI is already moving towards higher value growth opportunity in the collaboration space (desktop/voice/video). MNF technical and development expertise will provide CCI opportunity to grow market share domestically.

**APPLICATION (APP)**
MNF already serves most of the global audio conferencing and collaboration specialists through Domestic Wholesale and Global Wholesale segments. CCI complements MNF direct Domestic Retail segment portfolio with a high margin recurring revenue application.
**Our Growth Strategy**

- **Consumer**
  - IM apps
  - Social apps
  - Virtual number providers
  - ETA alerts

- **Business**
  - Audio Conferencing
  - SME apps
  - Toll free number app
  - Dispatch notifications
  - Video customer care
  - Visual estimates

- **Enterprise**
  - Global Telephony Solutions
  - IM & Presence Providers

- **Mobile**
  - Virtual numbers

- **SME apps**
  - Toll free
  - Number apps

- **Social apps**
  - Online trading, dating, etc.

- **Virtual numbers**
  - Mobile
  - SMS & IM

- **APIs**
  - Call termination

- **ITFS**
  - Collaboration Specialists

**Future of Voice Communications**

<table>
<thead>
<tr>
<th>Then</th>
<th>Now</th>
<th>Next</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td>Copper</td>
<td>Internet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mobile</td>
</tr>
<tr>
<td>Interaction</td>
<td>Call centre</td>
<td>Live chat</td>
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<tr>
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<td>Email</td>
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<tr>
<td></td>
<td>In-store</td>
<td>Portals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Call centre</td>
</tr>
<tr>
<td>Businesses</td>
<td>Premise-based</td>
<td>Cloud</td>
</tr>
<tr>
<td></td>
<td></td>
<td>App-based</td>
</tr>
</tbody>
</table>
Thank you

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