

## OVER THE WIRE EARNINGS UP 35% AS SOLUTION AND PLATFORM INVESTMENTS DRIVE GROWTH

|                               | FY20    | FY21     | Change |
|-------------------------------|---------|----------|--------|
| Revenue                       | \$87.6m | \$112.7m | +29%   |
| Recurring Revenue             | \$74.7m | \$103.2m | +38%   |
| EBITDA                        | \$17.4m | \$23.5m  | +35%   |
| EBITDA Margin                 | 20%     | 21%      | +1%    |
| Cash Earnings Per Share (EPS) | 16.26c  | 16.73c   | +3%    |

Telecommunications, cloud and IT solutions provider Over the Wire Holdings Limited (ASX: OTW) is pleased to announce it has delivered another year of strong growth in recurring revenues with the company beginning to experience the full benefit of recent investments across its integrated solution platform.

Key highlights from the year include:

- Becoming a Tier 1 voice provider following the completion of a multi-year Carrier Interconnect project
- Growing recurring revenue by 38% to \$103.2 million and delivering strong positive operating cashflows
- A customer retention rate of 97.8%
- Completion of the Zintel, Fonebox and Digital Sense acquisitions
- Implementation of new Cloud availability zones in Perth and Adelaide
- Increased international capacity and partnerships
- Commencement of investment program to significantly upgrade the company's core network (SuperCore)

Over the Wire Managing Director Michael Omeros said the achievements of the last financial year were important for the long-term future of Over the Wire and the growth of sustainable earnings.

"The completion of the carrier interconnect project and the completion of the Zintel, Fonebox and Digital Sense acquisitions provides us with a strong platform to lock in a variety of new, recurring revenue streams," he said.

"We are already feeling the impact of these investments with second-half organic recurring revenue up 7% on the first half and a strong pipeline of new contracts and work."

"The current financial year has started well and in line with expectations and we remain confident of delivering on our target of 15% growth in organic recurring revenue."

Mr Omeros said the company's *Cloud. Connect. Collaborate.* solution offering would continue to deliver positive outcomes for clients and help support future revenue growth.

"With the completion of the Carrier Interconnect project, we now have all the elements of a comprehensive, fully integrated platform that simplifies technology and empowers business," he said.

## Financial Results

Throughout the year, Over the Wire continued to focus on building its recurring revenue, with total recurring revenue growing 38% to \$103.2 million. This component of revenue now represents 92% of overall revenue, up from 85% in FY20.

|                                | FY20    | FY21     | Change |
|--------------------------------|---------|----------|--------|
| <b>Data Networks</b>           | \$37.5m | \$36.3m  | (3%)   |
| <b>Voice</b>                   | \$19.6m | \$34.7m  | 77%    |
| <b>Hosting</b>                 | \$10.1m | \$21.5m  | 113%   |
| <b>Services &amp; Security</b> | \$7.5m  | \$10.6m  | 42%    |
| <b>TOTAL</b>                   | \$74.7m | \$103.2m | 38%    |

EBITDA for the year was \$23.5 million (FY20: \$17.4 million) with EBITDA margin improving from 20% in the previous year to 21%. The company also reported the continued strong conversion of EBITDA to cash with net cash from operating activities in the year of \$24.5 million, up 111% from \$11.6 million in the previous year. At the end of the year, the company has \$16.7 million cash on hand.

The Board has declared a final dividend for 30 June 2021, of 2.25 cents per share fully franked, taking the full-year payout to 4.0 cents per share, up from 3.75 cents per share in the previous year.

## Outlook

During FY21, OTW completed its transition to becoming a Tier 1 voice carrier. Completion of the platform means Over the Wire joins an exclusive group of Tier 1 carriers in Australia that can now offer full-service voice capabilities. Other Tier 1 carriers include Telstra, Optus, TPG, MyNetFone and Vocus.

Mr Omeros said completion of the project was a significant milestone in the history of the company and, combined with a range of other solution and platform improvements, had laid the foundation for a new phase of growth.

“As a Tier 1 voice carrier we will be far less reliant on third-party providers and unencumbered by legacy technology which will deliver instant savings and about \$2 million in additional earnings each year,” he said.

Mr Omeros said the company had already begun to see the benefit of investments flow through with a range of new recurring revenue contracts signed.

Following on from the second-half organic recurring revenue being up 7% on the first half, the strong pipeline of new contracts and work creates confidence of delivering on the target of 15% growth in organic recurring revenue.

“We have the people, solutions and platform to deliver strong organic growth in the current year and are focussed on ensuring we deliver in line with our expectations.”

This document was authorised for release by the Board.

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### **About Over the Wire Holdings Limited**

Over the Wire Holdings Limited (ASX: OTW) is an ASX listed telecommunications, cloud and IT solutions provider that has a national network with points of presence in all major Australian capital cities and Auckland, NZ. The company offers an integrated suite of products and services to business customers including Data Networks and Internet, Voice, Data Centre co-location, Cloud and Managed Services.

Over the Wire Holdings, Limited companies include Over the Wire, NetSIP, Faktortel, Sanity Technology, Telarus, VPN Solutions, Access Digital Networks, Comlinx, Zintel Communications, Fonebox and Digital Sense.

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