

25 August 2022

**Vital**<sup>™</sup>

# FY22 Results

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# Agenda

- ▶ FY22 at a glance
- ▶ Revenues
- ▶ Expenses
- ▶ EBITDA
- ▶ Operational update
- ▶ Turnaround metrics – FY23-FY24

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# FY22 At A Glance

- ▶ Major capital projects complete
- ▶ St John Core upgrade project completed (on time & budget)
- ▶ Executed 15 Radio wholesale agreements
- ▶ Re-set fibre product suite
- ▶ Network optimisation showing progress, generated 2H savings
- ▶ Bank facility secured to January 2024
- ▶ NGCC and the opportunity cost
- ▶ Balance sheet cleansed

# Revenues

Revenues	FY21	FY22
Recurring	29.3	27.2
Non Recurring	5.9	4.2
Group	<b>35.2</b>	<b>31.5</b>

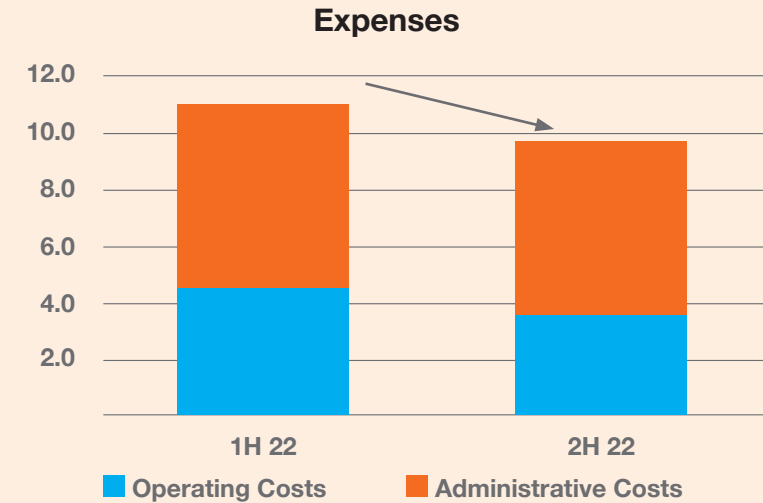
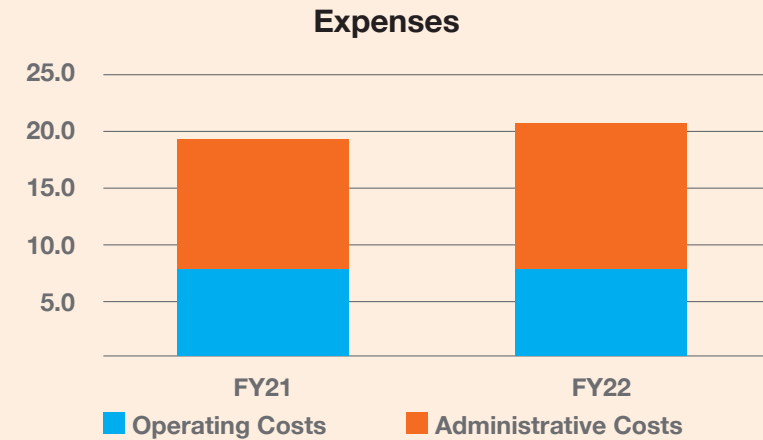
Revenues – segment	FY21	FY22
Wireless	23.8	21.4
Wired	11.4	10.0
	<b>35.2</b>	<b>31.5</b>

- ▶ Recurring revenue constituted 86% of total
- ▶ First connections under wholesale radio model
- ▶ Conventional Radio remains solid
- ▶ Utilities segment revenue stable

# Operating Expenses

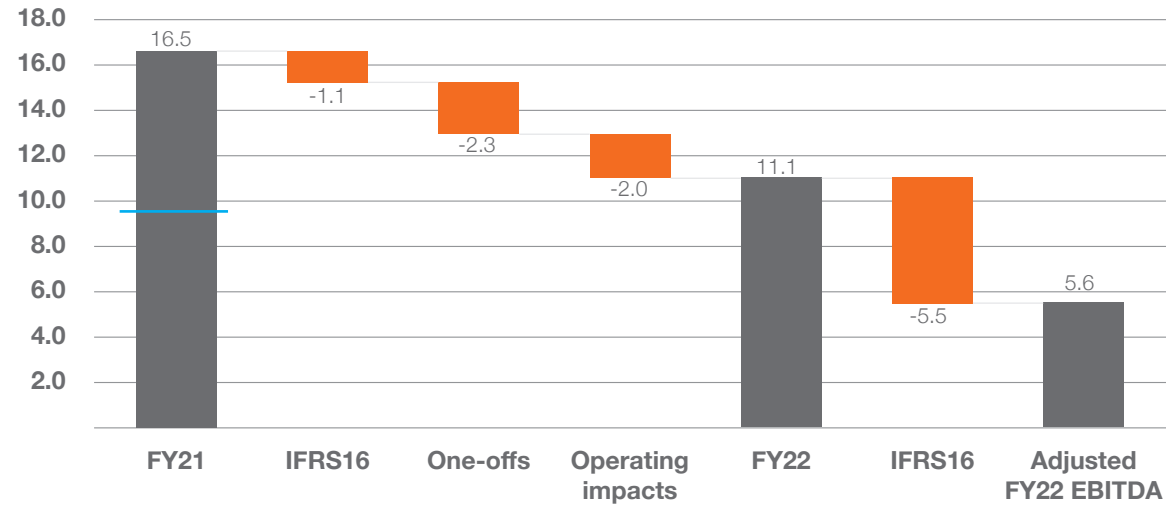
Excludes depreciation on network assets and IFRS16 amortisation

- ▶ Excluding one-offs operating costs up 3.8% YoY
- ▶ Labour utilisation down, impacting costs
- ▶ 2H down 11% on 1H
- ▶ Benefits of network optimisation coming through
- ▶ Actively managing inflationary pressures



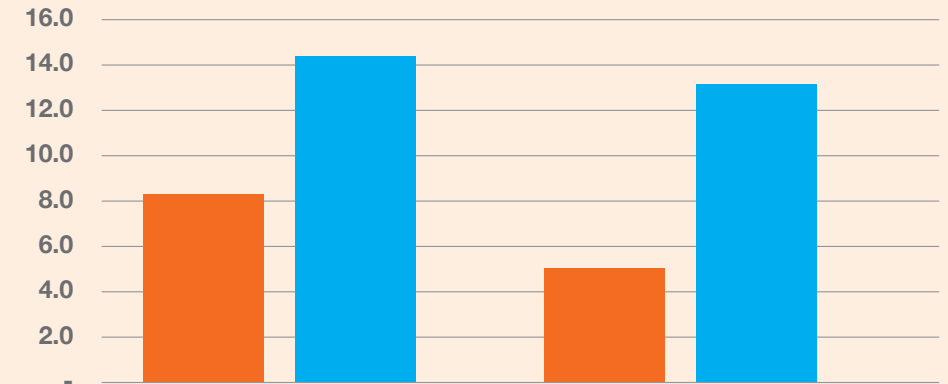
# EBITDA + Capex

EBITDA Bridge



- ▶ YoY decline in EBITDA from underlying recurring business = \$2.0m
- ▶ \$3.3m is driven from IFRS16 adjustments and one-off project activities
- ▶ Adjusted (excl IFRS16) EBITDA \$5.6m

Capex & Net Debt



	FY21	FY22
Capital Expenditure	8.3	5.1
Net Debt	14.3	13.2

- ▶ Capital expenditure down \$3.1m or 38% on PY
- ▶ Non-customer funded capex down \$2.6m or 43% on PY

# Operational Overview Update

## RADIO NETWORK

- ▶ Largest commercial radio network in New Zealand; integral to customers' connectivity and health & safety obligations
- ▶ Partner with targeted dealer network to widen sales channel and utilise national capabilities
- ▶ Lower Networks 'cost to serve' basis
- ▶ Improve market share through wholesale model approach
- ▶ Leverage existing utilities customer base

## FIBRE BUSINESS

- ▶ Network build complete
- ▶ Develop and implement channel strategy
- ▶ Utilise competitive advantages
- ▶ Invest in sales and marketing capability
- ▶ Aggressively target growth
- ▶ Lower Network 'cost to serve' basis



# Turnaround Metrics

Metric NZD\$m	FY23	FY24
NPAT <i>*Excludes IFRS16</i>	\$0.0 - \$0.2m	\$0.7 - \$1.1m
Revenues	\$27.5m - \$28.5m	\$28.0m - \$29.0m
Adjusted EBITDA <i>(post lease costs)</i>	\$5.8m - \$6.5m	\$6.6m - \$7.1m
Adjusted free cash flow <i>(EBITDA less capital expenditure)</i>	\$1.6m - \$2.4m	\$3.0m - \$4.0m

## FY23 PRIORITIES

- ▶ Fibre channel strategy
- ▶ Optimising network footprint
- ▶ Realising return on recent investment

# ▶ Questions