



18 October 2022

VitalTM

2022 Annual Meeting



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Agenda

- ▶ **Meeting open:** voting and Questions procedure
- ▶ FY2022 Chair overview
- ▶ CEO Business review
- ▶ Key metrics
- ▶ Revenue and Expenses
- ▶ EBITDA and Capex
- ▶ Turnaround metrics – FY23-FY24
- ▶ Formal business of the meeting, including resolutions
- ▶ General business and Questions

FY22 Chair Overview

- ▶ Loss of \$19m, mostly from write-off of all goodwill plus \$2m of one-off cost items
- ▶ Missed NGCC (Public Safety Network) contract: opportunity cost
- ▶ CEO change to Jason Bull
- ▶ Major capital projects (incl St John Core upgrade) completed (on time and budget)
- ▶ Refocus from major capital projects to emphasis on network utilisation
- ▶ Cost efficiency gains (network optimisation started producing cost savings in H2)
- ▶ Board review complete, expect to finalise changes by year end
- ▶ Forecasts for turnaround metrics published; VTL is largely on track year to date
- ▶ VTL has attractive network assets, but must generate acceptable rate of return

CEO Business review

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

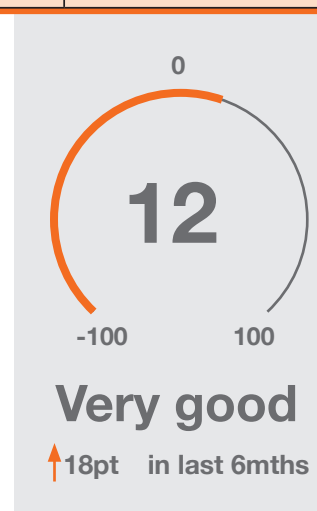
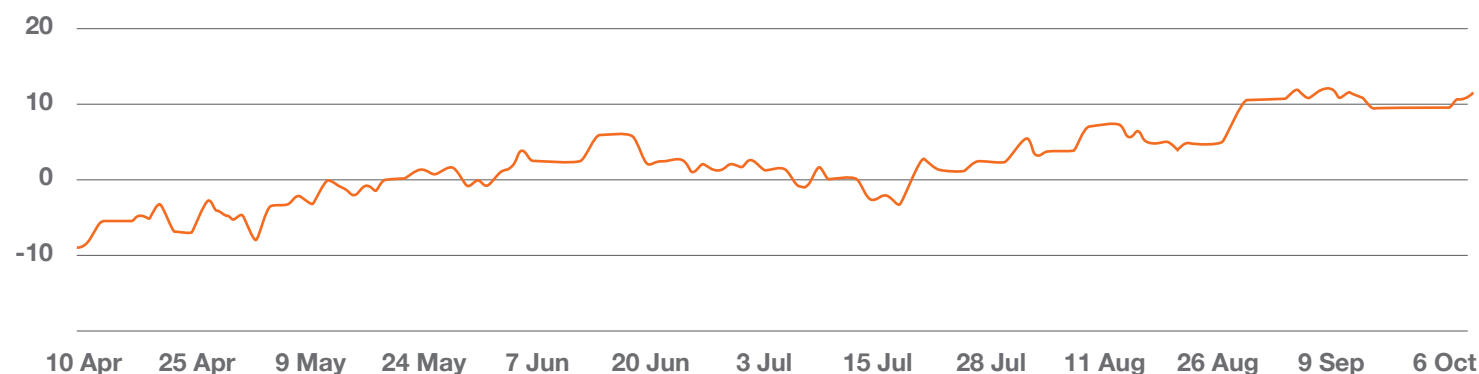
FIBRE BUSINESS

- ▶ 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

Key Metrics

Summary Financial Performance (all figures \$'000)	FY2021	FY2022	FY2023 (Outlook)	
			Low	High
Total revenue	35.24	31.46	27.50	28.50
Total Costs	25.38	25.83	21.70	22.00
EBITDA (Adjusted)	9.86	5.62	5.80	6.50
EBITDA (Adjusted) Margin	28.0%	17.9%	21.1%	22.8%

- ▶ Operational cost savings kicking in during FY23.
- ▶ Forecasting 15% reduction in costs against FY22.
- ▶ > \$3.0m savings since FY21.



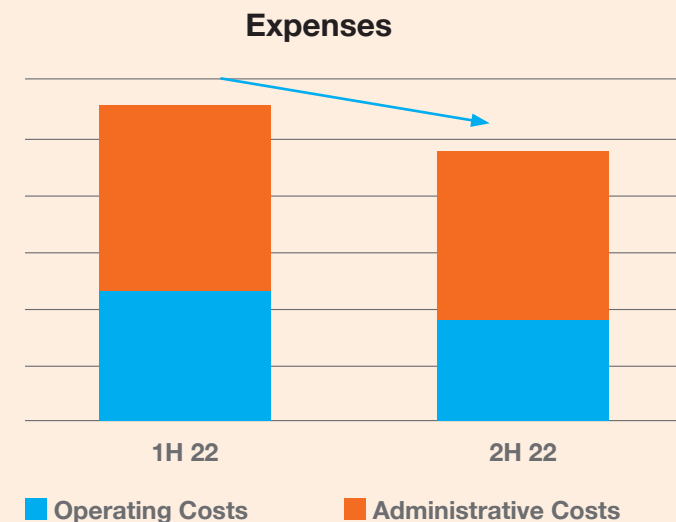
- ▶ Positive turnaround in culture & engagement.
- ▶ 18-point positive swing since April 22.

Revenue and Expenses

Revenues	FY2021	FY2022	FY2023 (Outlook)	
	Actual	Actual	Low	High
Recurring	29.3	27.2	26.2	27.0
Non Recurring	5.9	4.2	1.3	1.5
Group	35.2	31.5	27.5	28.5

Revenues – segment	FY2021	FY2022	FY2023 (Outlook)	
	Actual	Actual	Low	High
Wireless	23.8	21.4	17.7	18.1
Wired	11.4	10.0	9.8	10.4
Group	35.2	31.5	27.5	28.5

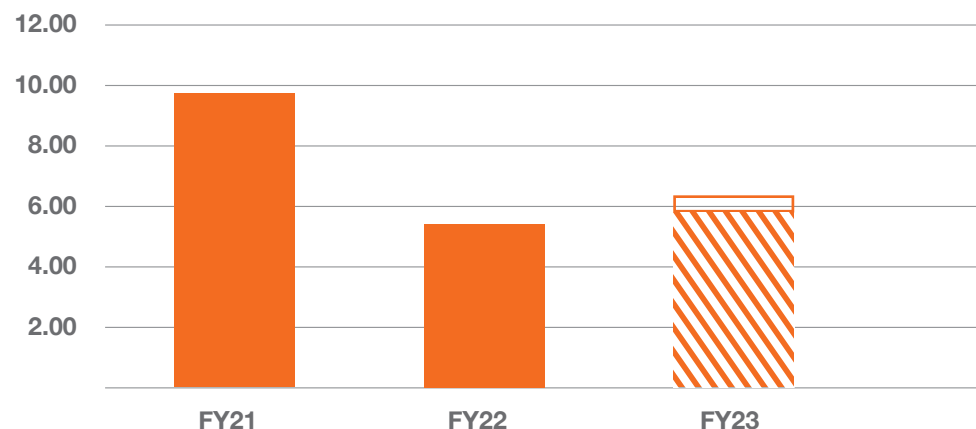
- ▶ Recurring revenue constituted 86% of total
- ▶ First connections under wholesale radio model
- ▶ Conventional Radio remains solid
- ▶ Utilities segment revenue stable



- ▶ Excluding one-offs operating costs up 4.7% YoY
- ▶ Labour utilisation down, impacting costs
- ▶ 2H down 11% on 1H
- ▶ Benefits of network optimisation coming through
- ▶ Actively managing inflationary pressures

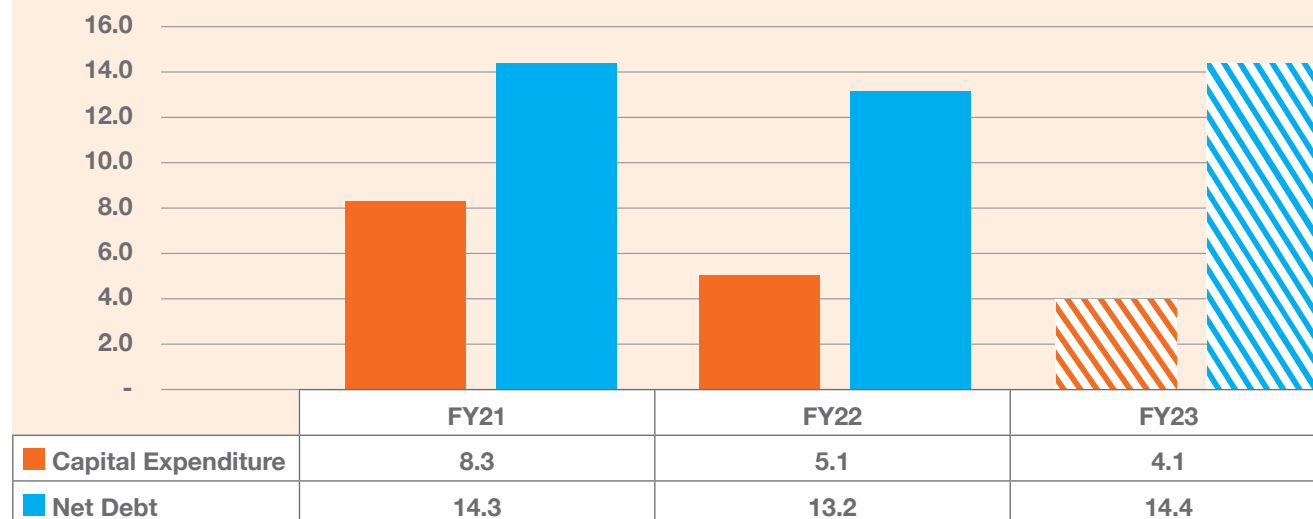
EBITDA + Capex

Adjusted EBITA



- ▶ Adjusted EBITDA forecast to increase 3-15% in FY23.
- ▶ Benefits of Network Optimisation.
- ▶ Resource utilisation focus.

Capex & Net Debt



- ▶ Capital expenditure down \$3.1m or 38% on FY21
- ▶ Non-customer funded capex down \$2.6m or 43% on FY21.
- ▶ FY23 Capital expenditure forecast to reduce a further 20% on FY22. FY23 to be approx. half the amount of FY21 or \$4.2m less.

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
EBITDA <i>(post lease costs)</i>	\$5.8m - \$6.5m	\$6.6m - \$7.1m
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

Formal business

- ▶ **Resolution 1:** Elect John McMahon
 - To elect John McMahon as a director of Vital Limited
- ▶ **Resolution 2:** Auditor remuneration
 - That the Board be authorised to fix the remuneration of the Company's auditors for the FY2023 year
- ▶ Any remaining general business or questions from shareholders?
- ▶ Meeting formally closes

THANK YOU FOR ATTENDING