

GCX Q1 FY22 Earnings Call

September 16, 2021





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AGENDA

1. Q1 FY22 Update
2. Financial Update: Q1 FY22 Results
3. IRU billing and Outlook
4. Capital Structure Update
5. Summary and Q&A



Q1 FY22 Review

- Very strong IRU sales in Q1 ~\$30m signed deals
 - Funnel remains strong for the next 24 months
- In Drive for 45, we continue to optimize costs with more opportunities ahead
- We will continue to reduce debt as cash balance remains strong
- We have submitted a Permit-in-Principle (PIP) for a landing station alternative in India
- Managed Services continues to maintain its overall revenue base
- Our SDN platform (g360) continues to progress on plan and budget with completion on track for March 2022
- Focus on IP and leased bandwidth services
- Our employees remain primarily in a WFH environment with few exceptions



GCX – Q1 FY22 P&L

GCX US\$ m	Prior Year	Actual	Variance vs PY	
	Q1 FY21	Q1 FY22	YoY	%
Bandwidth Capacity	3.7	4.6	1.0	26%
Operations & Maintenance	10.6	9.6	(1.0)	(10%)
IP Products	6.9	6.3	(0.7)	(9%)
Lease and Others	16.0	16.2	0.3	2%
Managed Network Services	22.8	23.6	0.8	3%
Other Revenue	-	-	-	-
IFRS Revenues	60.0	60.3	0.3	1%
Recurring Revenue⁽³⁾	56.3	55.7	(0.6)	(1%)
Add: IRU Billing	7.2	10.5	3.3	45%
Cash Revenue	63.6	66.2	2.6	4%
			-	-
COGS	(22.7)	(20.9)	1.8	8%
Network	(17.7)	(17.3)	0.4	2%
Employment	(11.5)	(9.3)	2.2	19%
SG&A	(3.3)	(2.3)	1.0	31%
Impairment of Trade Debt	0.4	(0.2)	(0.6)	n/a
Total Expenses	(54.7)	(50.0)	4.8	9%
			-	-
IFRS EBITDA	5.3	10.4	5.1	96%
Cash EBITDA	8.9	16.2	7.4	83%
Recurring EBITDA	1.6	5.7	4.1	254%

- Bandwidth Capacity revenue grew by 26% as a result of strong IRU Billing during FY21 and Q1 FY22. This is a non-cash item which is excluded from Cash Revenue and Cash EBITDA
- O&M revenue reduced 10% YoY driven by expiration of some of the older IRU contracts. The new IRUs deals which usually include O&M charges are expected to gradually replenish the shortfall
- IP revenues impacted by churn
- Lease revenue grew YoY as a result of focused efforts by commercial team
- Managed services revenue is ahead of prior year primarily driven by various installation and network projects
- Strong start of the year with IRU billing of \$10.5m. Expected Q2 billings are \$10m+ with rich pipeline for the rest of the year
- Substantial expenses savings YoY resulting from restructuring efforts and renegotiations with suppliers
- Recurring EBITDA 2.5x improvement YoY
- Cash EBITDA \$16.2m with main contributing factors of IRU sales and expense savings

Notes:

- Q1 FY21 financials include Non-Regulated Business and Regulated Business pro forma
- The above financial data exclude exceptional items
- Recurring revenue = IFRS Revenue less Bandwidth Capacity
- Q1 FY22 = Consolidated GCX Holdings financials. As Ch11 emergence process is complete both Non-Regulated and Regulated Businesses are included into the audited financials.



GCX – FY21 Quarterly P&L Trend

GCX US\$ m	Actual	Actual	Actual	Actual	Actual	LTM	LTM	LTM est.
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	FY21	Q1 FY22	Q2 FY22
Bandwidth Capacity	3.7	3.6	3.7	4.0	4.6	15.0	16.0	
Operations & Maintenance	10.6	10.8	11.2	10.0	9.6	42.5	41.5	
IP Products	6.9	7.4	6.6	6.6	6.3	27.5	26.8	
Lease and Others	16.0	16.5	15.9	16.4	16.2	64.8	65.0	
Managed Network Services	22.8	24.3	23.7	23.9	23.6	94.8	95.5	
Other Revenue	-	0.4	-	-	-	0.4	0.4	
IFRS Revenues	60.0	63.0	61.1	60.8	60.3	245.0	245.3	
Recurring Revenue ⁽³⁾	56.3	59.4	57.4	56.8	55.7	230.0	229.3	
Add: IRU Billing	7.2	2.1	7.7	24.2	10.5	41.3	44.5	
Cash Revenue	63.6	61.5	65.2	81.0	66.2	271.2	273.9	
COGS	(22.7)	(23.7)	(21.8)	(20.9)	(20.9)	(89.0)	(87.2)	
Network	(17.7)	(17.5)	(16.8)	(17.3)	(17.3)	(69.4)	(69.0)	
Employment	(11.5)	(10.6)	(9.6)	(10.1)	(9.3)	(41.7)	(39.5)	
SG&A	(3.3)	(3.4)	(3.1)	(2.2)	(2.3)	(11.9)	(10.9)	
Impairment of Trade Debt	0.4	(0.3)	-	(0.1)	(0.2)	0.1	(0.5)	
Total Expenses	(54.7)	(55.4)	(51.2)	(50.6)	(50.0)	(211.9)	(207.1)	
IFRS EBITDA	5.3	7.6	10.0	10.3	10.4	33.1	38.2	
Cash EBITDA	8.9	6.1	14.0	30.5	16.2	59.4	66.8	~75m-80m
Recurring EBITDA	1.6	4.0	6.2	6.2	5.7	18.1	22.2	

- Bandwidth Capacity revenue growing following accelerated IRU billing (non-cash)
- Recurring revenues have been impacted by O&M expirations with IRU pipeline projected to backfill with new IRU O&M revenues
- IRU: the 2nd highest quarter so far with \$10m+ expected billing in Q2 and strong pipeline for the balance of FY22
- Lowest expense quarter with continued opportunities across all cost categories. COGS remains key focus
- Recurring EBITDA broadly on the level of the last two quarters impacted by recurring revenue
- Cash EBITDA continuously improving
 - Rolling 12 month increase from FY21 \$59.4m to \$66.8m in Q1 FY22 and expected around \$75-80m in Q2 FY22

Notes:

- 1) Q1 FY21 financials include Non-Regulated Business and Regulated Business pro forma
- 2) The above financial data exclude exceptional items
- 3) Recurring revenue = IFRS Revenue less Bandwidth Capacity
- 4) Q1 FY22 = Consolidated GCX Holdings financials. As Ch11 emergence process is complete both Non-Regulated and Regulated Businesses are included into the audited financials.
- 5) LTM – Last Twelve Months



GCX – Q1 FY22 CASH FLOW

GCX US\$ m	Prior Year	Actual	Variance vs PY	
	Q1 FY21	Q1 FY22	YoY	%
Cash EBITDA pre Exceptionals	8.9	16.2	7.4	83%
Capex	(3.5)	(2.4)	1.1	30%
IFRS16	(1.1)	(0.8)	0.3	24%
Change in Working Capital	(4.5)	(12.2)	(7.7)	(172%)
Free Cash Flow pre Exceptionals	(0.2)	0.8	1.0	n/a
Exceptional items	(2.4)	(0.5)	1.9	81%
Free Cash Flow post Exceptionals	(2.6)	0.3	2.9	n/a

- Strong Cash EBITDA provides cash flow flexibility to the business
- CAPEX Q1 FY22 has a lag compared to IRU sales, expected catch up during Q2/3 FY22
 - Capex payments will pick up in H2 related to ERP, IRU delivery and G360 completion
- Working Capital change is primarily due to IRU billing of Q1 FY22 for payment during Q2
- Exceptional costs of Q1 FY22 significantly reduced yoy, include various CH11 residuals, employee restructuring fees and board fees

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IRU billing last 15 months and Outlook

GCX US\$ m	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY21	Apr-21	May-21	Jun-21	Q1 FY22	Region
Customer1												15.0	15.0				-	Europe
Customer2			1.0					1.6	1.5				0.9				-	ME
Customer3			1.2						2.4						0.9		0.9	ME
Customer4		1.8			1.8												-	Europe
Customer5		0.1	2.9	0.3												5.0	5.0	ME
Customer6											3.0						-	USA
Customer7												2.2					-	ME
Customer8								1.5	0.5								-	APAC
Customer9										0.6		1.3				1.3	1.3	ME
Customer10		0.0											0.8		0.03		0.0	ME
Customer11										0.4							-	Europe
Customer12									0.2						0.2	0.4	0.6	APAC
Customer13							0.2										-	APAC
Customer14									0.1								-	Europe
Customer15																2.5	2.5	Strategic IRU
Customer16															0.2		0.2	USA
Total	-	1.9	5.1	0.3	1.8	-	0.2	3.1	4.7	1.1	3.0	20.2	41.3	0.03	1.3	9.2	10.5	

- Q1 FY22 billing at \$10.5m on the back of \$30m signed deals
- Q2 FY22 billing expected at ~\$10m+
- Committed IRUs Q3/Q4 c.\$10m with additional pipeline for new deals significant



GCX – CAPITAL STRUCTURE (as of 30 June 2021)

- Given strong IRU momentum, GCX is looking to reduce debt by \$5m during Sep/Oct. Potential additional \$5-10m reduction by Mar 22
- Refinancing remains focus, likely on the back of Q2 results
 - Rolling LTM Cash EBITDA increasing rapidly and will reach ~\$75-80m in Q2 FY22

Debt Tranche	\$M	Interest %	Term
1 st Lien	54.5	12% cash	April 2022
Bond	200.0	5% cash + 5% cash or 7% PIK	April 2024
Gross Debt	254.5		
Cash	28.5		
Net Debt	226.0		

Notes:

- 1) Cash excludes restricted deposits and bank guarantees



SUMMARY AND Q&A