

GCX Q2 FY22 Earnings Call

December 07, 2021





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AGENDA

1. Q2 FY22 Update
2. GCX Acquisition by 3i
3. Financial Update: Q2 FY22 Results
4. IRU billing and Outlook
5. Capital Structure Update
6. Summary and Q&A



Q2 FY22 Review

- Very strong IRU sales in Q2 with ~\$30m billed, total H1 FY22 billing at \$40.5m
 - As of 30 November 2021 \$68m signed IRU deals
- Q2 expenses at ~\$50m, potential to further optimise COGS
- Q2 Cash EBITDA at \$34.8m, highest since CH11 with September LTM Cash EBITDA at \$95m
- Q2 debt repayment of \$2.5m, a further \$17.5m was repaid during Oct/Nov
- Continued effort to obtain alternative landing access in India
- Commercial focus on leased bandwidth services and delivery of signed IRUs
- H2 FY22 will focus on new strategic partnerships to rejuvenate inventory
- On 17th November 2021, the acquisition of GCX by 3i Infrastructure plc was announced



GCX Acquisition by 3i Infrastructure plc

- On 17th November 2021, 3i announced the acquisition of 100% of GCX by investing c. \$512 million
- 3 leading shareholders of GCX, Värde Partners, Barden Hill Investment Partners LP and Portsea Asset Management entered into an SPA to sell their stake in GCX Holdings Limited
- All shareholders, including minority shareholders, will be offered \$84.62 per share subject to further customary purchase price adjustments
- The outstanding 1st Lien and 2nd Lien debt facilities will be fully repaid on completion of the transaction
 - Existing 1st Lien lenders have agreed an extension beyond April 2022 maturity until 30 November 2022 to facilitate the closing of the M&A transaction
- Completion of the transaction is expected in mid-2022, conditional on certain regulatory approvals



GCX – Q2 FY22 P&L

GCX US\$ m	Prior Year	Actual	Variance vs PY		Prior Year	Actual	Variance vs PY	
	Q2 FY21	Q2 FY22	YoY	%	H1 FY21	H1 FY22	YoY	%
Bandwidth Capacity	3.6	4.9	1.2	34%	7.3	9.5	2.2	30%
Operations & Maintenance	10.8	10.1	(0.7)	(6%)	21.4	19.7	(1.7)	(8%)
IP Products	7.4	5.9	(1.5)	(20%)	14.3	12.1	(2.1)	(15%)
Lease and Others	16.5	15.8	(0.8)	(5%)	32.5	32.0	(0.5)	(2%)
Managed Network Services	24.3	22.0	(2.3)	(9%)	47.1	45.6	(1.5)	(3%)
Other Revenue	0.4	1.3	0.9	219%	0.4	1.3	0.9	219%
IFRS Revenues	63.0	60.0	(3.0)	(5%)	123.0	120.3	(2.7)	(2%)
Recurring Revenue ⁽³⁾	59.4	55.1	(4.3)	(7%)	115.7	110.8	(4.9)	(4%)
Add: IRU Billing	2.1	30.0	27.9	1,353%	9.3	40.5	31.2	335%
Cash Revenue	61.5	85.1	23.6	38%	125.0	151.3	26.2	21%
COGS	(23.2)	(20.3)	2.9	13%	(45.9)	(41.2)	4.7	10%
Other COGS	(0.4)	(1.2)	(0.8)	(196%)	(0.4)	(1.2)	(0.8)	(196%)
Network	(17.5)	(17.1)	0.5	3%	(35.3)	(34.4)	0.9	3%
Employment	(10.6)	(9.6)	1.0	10%	(22.0)	(18.8)	3.2	15%
SG&A	(3.4)	(2.2)	1.2	35%	(6.7)	(4.5)	2.2	33%
Impairment of Trade Debt	(0.3)	0.1	0.3	n/a	0.2	(0.1)	(0.3)	n/a
Total Expenses	(55.4)	(50.3)	5.1	9%	(110.1)	(100.2)	9.9	9%
IFRS EBITDA	7.6	9.7	2.1	27%	12.9	20.1	7.2	55%
Cash EBITDA	6.1	34.8	28.7	473%	14.9	51.1	36.1	242%
Recurring EBITDA	4.0	4.9	0.8	21%	5.6	10.6	5.0	88%

Notes:

- 1) 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) FY22 = Consolidated GCX Holdings financials. As Ch11 emergence process is complete both Non-Regulated and formerly Regulated Businesses are included into the audited financials.

- Bandwidth Capacity revenues up 34% in Q2 FY22 as a result of new IRU deals. Not included in Cash EBITDA as a non-Cash item
- O&M revenue Q2 FY22 lower by 6% YoY, O&M is growing QoQ as a result of new IRU contracts
- IP revenues lower YoY primarily impacted by churn
- Lease revenue was impacted by customers converting leases to IRU with remaining lease base growing. H2 increase expected from installation backlog
- Record quarter for IRU billing at \$30m. Total signed IRUs as of 30 November at \$68m
- Total expenses decreased 9% YoY driven by lower COGS, employee restructuring and SG&A cost reduction efforts
- Recurring EBITDA Q2 FY22 increased by 21% vs prior year
- **Highest Cash EBITDA quarter at \$34.8m since CH11**
- H1 Cash EBITDA at \$51.1m, 3.4x of prior year



GCX – Quarterly P&L Trend

GCX US\$ m	Actual	Actual	Actual	Actual	Actual	Actual	LTM	LTM	LTM
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	FY21	Q1 FY22	Q2 FY22
Bandwidth Capacity	3.7	3.6	3.7	4.0	4.6	4.9	15.0	16.0	17.2
Operations & Maintenance	10.6	10.8	11.2	10.0	9.6	10.1	42.5	41.5	40.8
IP Products	6.9	7.4	6.6	6.6	6.3	5.9	27.5	26.8	25.3
Lease and Others	16.0	16.5	15.9	16.4	16.2	15.8	64.8	65.0	64.3
Managed Network Services	22.8	24.3	23.7	23.9	23.6	22.0	94.8	95.5	93.3
Other Revenue	-	0.4	-	-	-	1.3	0.4	0.4	1.3
IFRS Revenues	60.0	63.0	61.1	60.8	60.3	60.0	245.0	245.3	242.3
Recurring Revenue ⁽³⁾	56.3	59.4	57.4	56.8	55.7	55.1	230.0	229.3	225.1
Add: IRU Billing	7.2	2.1	7.7	24.2	10.5	30.0	41.3	44.5	72.4
Cash Revenue	63.6	61.5	65.2	81.0	66.2	85.1	271.2	273.9	297.5
COGS	(22.7)	(23.2)	(21.8)	(20.9)	(20.9)	(20.3)	(88.6)	(86.8)	(83.9)
Other COGS	-	(0.4)	-	-	-	(1.2)	(0.4)	(0.4)	(1.2)
Network	(17.7)	(17.5)	(16.8)	(17.3)	(17.3)	(17.1)	(69.4)	(69.0)	(68.5)
Employment	(11.5)	(10.6)	(9.6)	(10.1)	(9.3)	(9.6)	(41.7)	(39.5)	(38.5)
SG&A	(3.3)	(3.4)	(3.1)	(2.2)	(2.3)	(2.2)	(11.9)	(10.9)	(9.7)
Impairment of Trade Debt	0.4	(0.3)	-	(0.1)	(0.2)	0.1	0.1	(0.5)	(0.2)
Total Expenses	(54.7)	(55.4)	(51.2)	(50.6)	(50.0)	(50.3)	(211.9)	(207.1)	(202.0)
IFRS EBITDA	5.3	7.6	10.0	10.3	10.4	9.7	33.1	38.2	40.3
Cash EBITDA	8.9	6.1	14.0	30.5	16.2	34.8	59.4	66.8	95.5
Recurring EBITDA	1.6	4.0	6.2	6.2	5.7	4.9	18.1	22.2	23.1

- Bandwidth Capacity revenues accelerated by new IRU deals of the last 3 quarters
- Recurring revenues impacted by market pricing and churn. Expected to recover partially during H2.
- IRU billing: highest quarter with \$30m billed, with positive outlook on the back of total \$68m IRU deals signed as of 30 Nov 2021
- Expenses stable, potential for further reduction in COGS area
- LTM trends growing with LTM Recurring EBITDA at \$23.1m and Cash EBITDA at \$95.5m
- FY22 Outlook for Cash EBITDA likely above previously indicated range of \$70-85m

Notes:

- 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
- FY22 = Consolidated GCX Holdings financials. As Ch11 emergence process is complete both Non-Regulated and formerly Regulated Businesses are included into the audited financials.
- LTM – Last Twelve Months



GCX – Q2 FY22 CASH FLOW

GCX US\$ m	Prior Year	Actual	Variance vs PY		Prior Year	Actual	Variance vs PY	
	Q2 FY21	Q2 FY22	YoY	%	H1 FY21	H1 FY22	YoY	%
Cash EBITDA pre Exceptionals	6.1	34.8	28.7	473%	14.9	51.1	36.1	242%
Capex	(3.1)	(7.4)	(4.3)	(137%)	(6.6)	(9.9)	(3.2)	(49%)
IFRS16	(0.9)	(0.8)	0.1	14%	(2.0)	(1.6)	0.4	20%
Change in Working Capital	6.0	(14.2)	(20.1)	n/a	1.5	(26.4)	(27.9)	n/a
Free Cash Flow pre Exceptionals	8.0	12.5	4.4	55%	7.8	13.2	5.4	69%
Exceptional items	(5.2)	(0.4)	4.8	92%	(7.6)	(0.9)	6.7	89%
Free Cash Flow post Exceptionals	2.8	12.0	9.2	324%	0.3	12.4	12.1	46X

- High Cash EBITDA will convert to cash during Q3 once Q2 customer billings are collected
- CAPEX increased through FY22 following IRU growth. Further increase is expected in H2 FY22 driven by implementation of IRU deals and roll out of new ERP
- Working Capital change is primarily following IRUs billing with collections concluded in Q3
- Exceptional costs have substantially decreased in FY22 vs prior year where majority of Ch11 consulting costs were absorbed. The remaining exceptional items of FY22 are residual Ch11 charges, employee restructuring costs and board fees

Notes:

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IRU billing last 18 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	Jul-21	Aug-21	Sep-21	H1 FY22	Region	
Customer1												15.0	15.0								-	Europe
Customer2			1.0					1.6	1.5			0.9	5.0								-	ME
Customer3			1.2						2.4				3.6		0.9						0.9	ME
Customer4		1.8			1.8								3.5								-	Europe
Customer5		0.1	2.9	0.3									3.3			5.0		1.8			6.9	ME
Customer6											3.0		3.0								-	USA
Customer7												2.2	2.2					0.4			0.4	ME
Customer8								1.5	0.5				2.0						19.4		19.4	APAC
Customer9										0.6		1.3	2.0			1.3					1.3	ME
Customer10		0.0										0.8	0.8	0.03							0.0	ME
Customer11										0.4			0.4								-	Europe
Customer12									0.2				0.2		0.2	0.4					0.6	APAC
Customer13							0.2						0.2								-	APAC
Customer14									0.1				0.1								-	Europe
Customer15													-			2.5			7.5		10.0	APAC
Customer16													-		0.2			0.8			1.0	USA
Customer17													-				0.01				0.01	ME
Customer18													-					0.01			0.01	ME
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	0.0	3.1	26.9	40.5		

- H1 FY22 IRU billing at \$40.5m
- YTD FY22 signed IRUs as of 30 November 2021 – \$68m
- IRU deals mainly on Hawk, Falcon and FNAL cables



GCX – CAPITAL STRUCTURE

- \$2.5m reduction of debt during Q2 FY22
- During October-November a further \$17.5m repayment of debt was completed, driven by strong IRU sales and collections
 - Net debt decreased to \$193.9m as of 30 Nov 2021, a reduction of \$32.1m since June 2021

Debt Tranche	as of 30 June 2021 (\$M)	as of 30 September 2021 (\$M)	as of 30 Nov 2021 (\$M)
1 st Lien	54.5	52.0	34.5
Bond	200.0	200.0	200.0
Gross Debt	254.5	252.0	234.5
Cash	28.5	31.4	40.6
Net Debt	226.0	220.6	193.9

Notes:

Cash excludes restricted deposits and bank guarantees

1st Lien: 12% cash, original Term April 2022, extended to November 2022

2nd Lien Bond: 5% cash +5% cash or 7% PIK, Term April 2024



SUMMARY AND Q&A