

GCX Q3 FY22 Earnings Call

March 10, 2022





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AGENDA

1. Q3 FY22 Update
2. 3i Acquisition Update
3. Financial Update: Q3 FY22 Results
4. IRU billing and Outlook
5. Capital Structure Update
6. Summary and Q&A



Q3 FY22 Review

- Continued strong IRU sales in Q3 \$17.4m, total YTD FY22 billing at \$57.8m
- Cash Revenue Q3 YTD at \$223m
- Q3 YTD Cash EBITDA at \$74.7m, while LTM Cash EBITDA at \$105m
- \$30m debt repaid YTD, \$40.5m since CH11 emergence
- India landing access options are progressing
- New leadership in place for Managed Services division
- Several large monthly lease contract should close in March-April 22
- Finalising FY23 business planning
- Regulatory approval of 3i acquisition achieved in all countries but USA: WIP
- Russia-Ukraine tensions had very minimal impact on GCX business



3i Acquisition Update

- Approvals received for Italy, France, Spain, Singapore, Bermuda, UK
- Remaining approvals USA:
 - CFIUS – Cleared
 - NY State PUC – Cleared
 - Team Telecom / FCC / US State Department – pending
- On track for mid 2022 closing per initial press release



GCX – Q3 FY22 P&L

GCX US\$ m 31 March Year End	Prior Year	Actual	Variance vs PY		Prior Year	Actual	Variance vs PY	
	Q3 FY21	Q3 FY22	YoY	%	YTD FY21	YTD FY22	YoY	%
Bandwidth Capacity	3.7	5.7	1.9	52%	11.0	15.2	4.2	38%
Operations & Maintenance	11.2	10.9	(0.3)	(2%)	32.6	30.6	(2.0)	(6%)
IP Products	6.6	6.0	(0.6)	(9%)	20.9	18.1	(2.8)	(13%)
Lease and Others	15.9	16.0	0.1	1%	48.4	48.0	(0.4)	(1%)
Managed Network Services	23.7	20.6	(3.1)	(13%)	70.9	66.3	(4.6)	(7%)
Other Revenue	-	1.0	1.0	-	0.4	2.3	1.9	450%
IFRS Revenues	61.1	60.2	(1.0)	(2%)	184.2	180.5	(3.7)	(2%)
Recurring Revenue ⁽³⁾	57.4	54.5	(2.9)	(5%)	173.2	165.3	(7.8)	(5%)
Add: IRU Billing	7.7	17.4	9.6	125%	17.0	57.8	40.8	240%
Cash Revenue	65.2	71.9	6.7	10%	190.2	223.1	32.9	17%
COGS	(21.8)	(18.6)	3.2	14%	(67.7)	(59.8)	7.8	12%
Other COGS	-	(0.9)	(0.9)	-	(0.4)	(2.1)	(1.7)	(407%)
Network	(16.8)	(17.0)	(0.3)	(2%)	(52.0)	(51.4)	0.6	1%
Employment	(9.6)	(9.2)	0.4	4%	(31.6)	(28.0)	3.6	11%
SG&A	(3.1)	(2.2)	0.9	29%	(9.7)	(6.6)	3.1	32%
Impairment of Trade Debt	-	(0.3)	(0.3)	-	0.2	(0.4)	(0.6)	n/a
Total Expenses	(51.2)	(48.2)	3.0	6%	(161.3)	(148.4)	12.9	8%
IFRS EBITDA	10.0	12.0	2.0	20%	22.9	32.1	9.2	40%
Cash EBITDA	14.0	23.7	9.7	70%	28.9	74.7	45.8	159%
Recurring EBITDA	6.2	6.3	0.1	1%	11.9	16.9	5.1	43%

Notes:

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

- Bandwidth Capacity revenues grew 52% in Q3 FY22 YoY as a result of new IRU billing. Non-cash item
- O&M revenue declining due to older IRU deals expiring while being replaced by new IRU sales. Q3 FY22 lower by 2% YoY vs YTD 6% decline, ie new IRU deals starting to compensate
- IP revenues under pressure from churn and lower renewal pricing
- Lease revenue Q3 FY22 YoY increase 1% following new installations. During Q4 we already see higher lease revenue growth from new deals and execution of backlog
- Managed Services impacted by churn and lower one-off fees. Some negative impact of Euro / USD currency on top line, mitigated at EBITDA level
- IRU billing at \$17.4m during Q3 FY22 and \$57.8m Q3 YTD IRU billing far ahead of the full year target
- 6% lower Total Expenses in Q3 FY22 YoY as a result of COGS reduction, employee restructuring and tight control of SG&A spend
- **Cash EBITDA Q3 FY22 YTD at \$74.7m, 159% ahead of prior year**
- Recurring EBITDA Q3 YTD grew 43% YoY primarily due to cost savings



GCX – Quarterly P&L Trend

GCX US\$ m 31 March Year End	Actual	Actual	Actual	Actual	Actual	Actual	Actual	LTM	LTM	LTM	LTM
	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	FY21	Q1 FY22	Q2 FY22	Q3 FY22
Bandwidth Capacity	3.7	3.6	3.7	4.0	4.6	4.9	5.7	15.0	16.0	17.2	19.2
Operations & Maintenance	10.6	10.8	11.2	10.0	9.6	10.1	10.9	42.5	41.5	40.8	40.6
IP Products	6.9	7.4	6.6	6.6	6.3	5.9	6.0	27.5	26.8	25.3	24.7
Lease and Others	16.0	16.5	15.9	16.4	16.2	15.8	16.0	64.8	65.0	64.3	64.4
Managed Network Services	22.8	24.3	23.7	23.9	23.6	22.0	20.6	94.8	95.5	93.3	90.2
Other Revenue	-	0.4	-	-	-	1.3	1.0	0.4	0.4	1.3	2.3
IFRS Revenues	60.0	63.0	61.1	60.8	60.3	60.0	60.2	245.0	245.3	242.3	241.3
Recurring Revenue ⁽³⁾	56.3	59.4	57.4	56.8	55.7	55.1	54.5	230.0	229.3	225.1	222.1
Add: IRU Billing	7.2	2.1	7.7	24.2	10.5	30.0	17.4	41.3	44.5	72.4	82.1
Cash Revenue	63.6	61.5	65.2	81.0	66.2	85.1	71.9	271.2	273.9	297.5	304.2
COGS	(22.7)	(23.2)	(21.8)	(20.9)	(20.9)	(20.3)	(18.6)	(88.6)	(86.8)	(83.9)	(80.7)
Other COGS	-	(0.4)	-	-	-	(1.2)	(0.9)	(0.4)	(0.4)	(1.2)	(2.1)
Network	(17.7)	(17.5)	(16.8)	(17.3)	(17.3)	(17.1)	(17.0)	(69.4)	(69.0)	(68.5)	(68.8)
Employment	(11.5)	(10.6)	(9.6)	(10.1)	(9.3)	(9.6)	(9.2)	(41.7)	(39.5)	(38.5)	(38.1)
SG&A	(3.3)	(3.4)	(3.1)	(2.2)	(2.3)	(2.2)	(2.2)	(11.9)	(10.9)	(9.7)	(8.8)
Impairment of Trade Debt	0.4	(0.3)	-	(0.1)	(0.2)	0.1	(0.3)	0.1	(0.5)	(0.2)	(0.5)
Total Expenses	(54.7)	(55.4)	(51.2)	(50.6)	(50.0)	(50.3)	(48.2)	(211.9)	(207.1)	(202.0)	(199.0)
IFRS EBITDA	5.3	7.6	10.0	10.3	10.4	9.7	12.0	33.1	38.2	40.3	42.3
Cash EBITDA	8.9	6.1	14.0	30.5	16.2	34.8	23.7	59.4	66.8	95.5	105.2
Recurring EBITDA	1.6	4.0	6.2	6.2	5.7	4.9	6.3	18.1	22.2	23.1	23.2

- Bandwidth Capacity revenues growing with new IRUs activations
- Recurring revenues under pressure from price declines and IRU cannibalisation
- IRU billing over the past 4 quarters has been very strong at \$82.1m Q3 LTM level. Strong pipeline to continue the trend in FY23
- Expenses decreasing with some scope for further optimisation of COGS
- Cash EBITDA grew consistently, Q3 LTM new record at \$105.2m.
- FY22 Outlook for Cash EBITDA in the range of \$80m-\$90m

Notes:

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- Recurring revenue = IFRS Revenue less Bandwidth Capacity
- The above financial data exclude exceptional items
- LTM – Last Twelve Months



GCX – Q3 FY22 CASH FLOW

GCX US\$ m 31 March Year End	Prior Year	Actual	Variance vs PY		Prior Year	Actual	Variance vs PY	
	Q3 FY21	Q3 FY22	YoY	%	YTD FY21	YTD FY22	YoY	%
Cash EBITDA pre Exceptionals	14.0	23.7	9.7	70%	28.9	74.7	45.8	159%
Capex	(3.0)	(5.7)	(2.7)	(89%)	(9.6)	(15.5)	(5.9)	(61%)
IFRS16	(0.9)	(0.7)	0.1	16%	(2.8)	(2.3)	0.5	19%
Change in Working Capital	(4.7)	10.6	15.4	n/a	(3.2)	(15.8)	(12.5)	(385%)
Free Cash Flow pre Exceptionals	5.4	27.9	22.6	419%	13.2	41.2	27.9	212%
Exceptional items	(3.0)	(0.8)	2.2	73%	(10.5)	(1.7)	8.9	84%
Free Cash Flow post Exceptionals	2.4	27.1	24.7	1,025%	2.7	39.5	36.8	1,379%

- High growth of Cash EBITDA had a good flow through to cash flow due to early timing of IRU deals
- Capex follows IRU billing. Expected further increase in Q4 and some carry over into Q1/2 from FY23 for Cash Capex based on payment terms
- IFRS16 is a cash equivalent of facility rentals expressed in the financial statements below EBITDA
- Working Capital change is driven mainly by phasing of IRU billing and collections
- Exceptional items have normalised after C11 and now consist mainly of employee restructuring costs and board fees.
- Free Cash Flow post Exceptionals
 - Q3 FY22 at \$27.1m
 - Q3 YTD F22 at \$39.5m
- GCX has continued to pay down debt from the high cash flow generation

Notes:

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IRU billing last 21 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	Oct-21	Nov-21	Dec-21	YTD FY22	Region	
31 March Year End																									
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						1.7				2.6	ME
Customer4		1.8			1.8							3.5												-	Europe
Customer5		0.1	2.9	0.3								3.3			5.0		1.8					3.7		10.6	ME
Customer6											3.0	3.0											-	USA	
Customer7											2.2	2.2					0.4				0.6		1.0	ME	
Customer8								1.5	0.5			2.0							19.4				19.4	APAC	
Customer9										0.6	1.3	2.0			1.3						2.2	2.1	5.6	ME	
Customer10		0.0									0.8	0.8	0.03										0.03	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				0.5	10.5	APAC	
Customer16												-									2.5		2.5	APAC	
Customer17												-										2.2	2.2	ME	
Customer18												-									1.8		1.8	ME	
Customer19												-		0.2			0.8						1.0	USA	
Customer20												-									0.10		0.1	ME	
Customer21												-				0.01							0.01	ME	
Customer22												-					0.01						0.01	ME	
Customer23												-											0.003	0.003	APAC
Total	-	1.9	5.1	0.3	1.8	-	0.2	3.1	4.7	1.1	3.0	20.2	41.3	0.0	1.3	9.2	0.0	3.1	26.9	6.1	4.9	6.4	57.8		

- December YTD FY22 IRU billing at \$57.8m
- IRU deals mainly on Hawk, Falcon and FNAL cables



GCX – CAPITAL STRUCTURE

- **GCX repaid total \$30m of debt during FY22** (\$2.5m Sept21, \$2.5m Oct21, \$15m Nov21, \$10m Feb21)
- Net debt reduced from \$219.6m at the beginning of FY22 to \$181.8m as of 28 Feb 2022
- Cash position remains high after recent debt repayments

Debt Tranche	as of 30 June 2020 (\$M)	as of 31 March 2021 (\$M)	as of 30 September 2021 (\$M)	as of 31 Dec 2021 (\$M)	as of 28 Feb 2021 (\$M)	Change between 30 June 2020 and 28 Feb 2022 (\$M)
1 st Lien	65.0	54.5	52.0	34.5	24.5	40.5
Bond	200.0	200.0	200.0	200.0	200.0	-
Gross Debt	265.0	254.5	252.0	234.5	224.5	40.5
Cash	39.0	34.9	31.4	34.7	42.7	3.7
Net Debt	226.0	219.6	220.6	199.8	181.8	44.2

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