



Strategic investment in consoleconnect

Infratil investor presentation

10 July 2023



Transaction Summary

Infratil has executed a conditional agreement with HKT to accelerate the growth of Console Connect through a strategic partnership

Transaction summary

- Infratil has executed a conditional agreement with HKT Limited (HKT) (SEHK: 6823) to establish a strategic partnership to accelerate the growth of HKT's Console Connect business
- Transaction structure to align interests:
 - ① Infratil will initially acquire an 80% stake in Console Connect for US\$160m
 - ② Console Connect business to be driven further with HKT in a joint sales and marketing effort
 - ③ Console Connect owns its Tier 1 global IP network, as well as long-term integrated access to a global backbone network
 - ④ Accelerate Console Connect's investments in network infrastructure and technology platform
- Infratil will ultimately own between 60-80% of Console Connect, with HKT holding the remainder
 - ultimate ownership stakes will reflect the relative capital contributions of each party
- As the majority investor, Infratil will have significant governance rights and, working alongside HKT, will continue to drive the development and growth of Console Connect

Valuation & returns

- 3.4x FY2022A revenue multiple for Console Connect's software-defined interconnection ("SDI") platform
- Platform expected to generate returns consistent with Infratil's target returns of 15 – 25% for development assets

Approach to funding

- Initial Infratil consideration of US\$160 million, including an earnout and subject to usual completion adjustments for cash, net debt, and net working capital
- Strategic partnership with HKT, with both jointly investing up to US\$295m in Console Connect to accelerate growth via marketing, R&D and new subsea cable investments over a 2-year period
- Infratil's investment will be funded through available capital and existing bank facilities
 - as at 6 June 2023, Infratil had total available liquidity of ~NZ\$1 billion

Timing & conditionality

- Completion of the acquisition is conditional on telecommunication, foreign investment regulatory approvals and merger approvals
- Completion of the Console Connect investment is currently expected by Q3 2024

Investment Thesis

High-performing, reliable global networks are essential to supporting an increasingly digitised global economy

1

This is an idea that matters



- Digital network infrastructure is increasingly important to meet exponential growth in global data demand
 - Global data traffic expected to increase at 18% CAGR over the next 5 years¹
- Global subsea networks are critical digital infrastructure, carrying over 95% of global internet traffic²
 - Subsea cable bandwidth is expected to grow at 34% CAGR to 2028³

2

Clear benefits of growth and scale



- Software-defined networking technologies have revolutionised network provisioning, enabling businesses to scale and reduce costs easily
- Significant need for a centralised global communications platform to optimise networking management and provide critical connectivity
- On-demand model is a capital efficient way to monetise unused network capacity, significantly improving network economics

3

Innovative offering with strong value proposition



- Clear path for Infratil to grow global platform, driven by secular tail winds
- Thought leadership and R&D capabilities to create and maintain competitive differentiation as digitisation increases and number of use cases grow
- Potential for strategic partnerships with Infratil's portfolio companies and other ecosystem players

¹ Ericsson Mobility Report November 2022; ² Atlantic Council, Wall Street Journal; ³ TeleGeography Global Bandwidth Forecast Q3 2022

What is Console Connect?

Console Connect is a leading communications service platform, that provides next-generation connectivity solutions

1

Console Connect

Top 3 global software-defined interconnection ("SDI") platform

Next-generation enterprise connectivity solution enabling 1,000+ customers to:

- Instantly self-provision private and secure connections across a global ecosystem
- Monitor network usage in real time, purchase bandwidth on a pay-as-you-go model, and order value-added services via a centralised user portal

2

HKT Joint Sales & Marketing Effort

Offer critical fibre infrastructure and IP access to enterprises, content providers, and service providers in partnership with HKT

- Joint go-to-market via HKT-supported approach to existing and new enterprise and wholesale ("E&W") customers
- Recurring revenue model

Underpinned by

3

Integrated with Tier 1 global network

Top 10 Tier 1 network globally



738,000 route kilometers



~170 cloud zones reached



carries 17% of all internet traffic



59+ Tbps bandwidth capacity



900+ data centre PoPs



70 international cable systems

4

Platform and network development

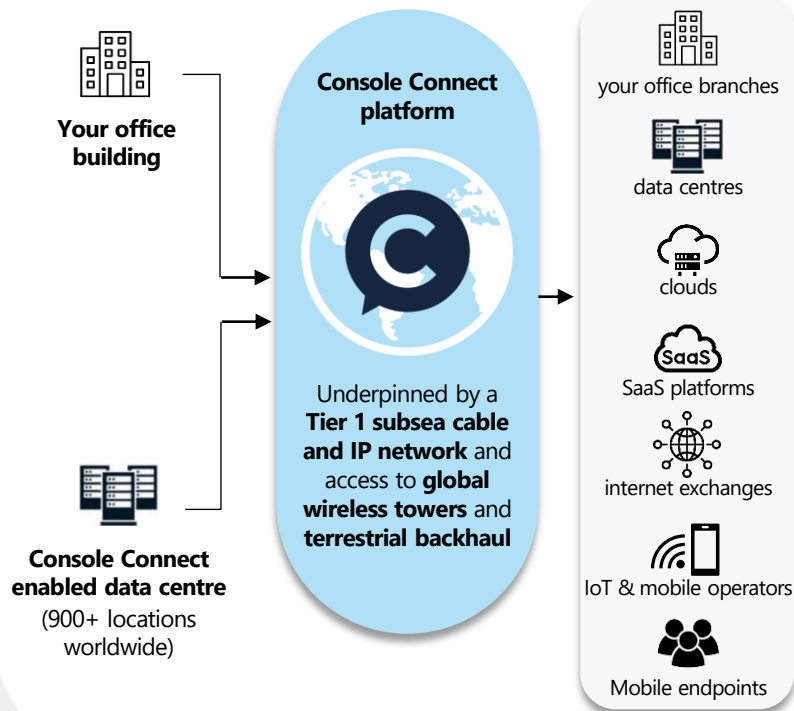
R&D initiatives and proprietary pipeline of subsea cable development projects

- Clear pathway to increase Console Connect's network capacity to meet customer demand
- Intention to partner with HKT to accelerate Console Connect growth via network and R&D initiatives

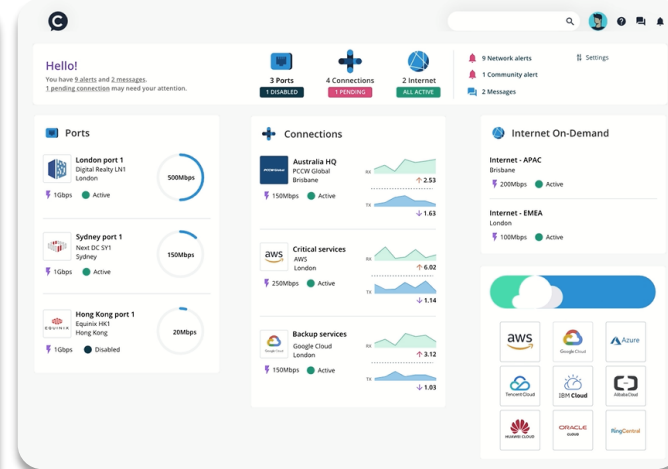
How Console Connect Works

Next generation connectivity solution solving multiple enterprise pain points

The Console Connect solution



Through a centralised user portal:



Providing efficiency and cost savings:

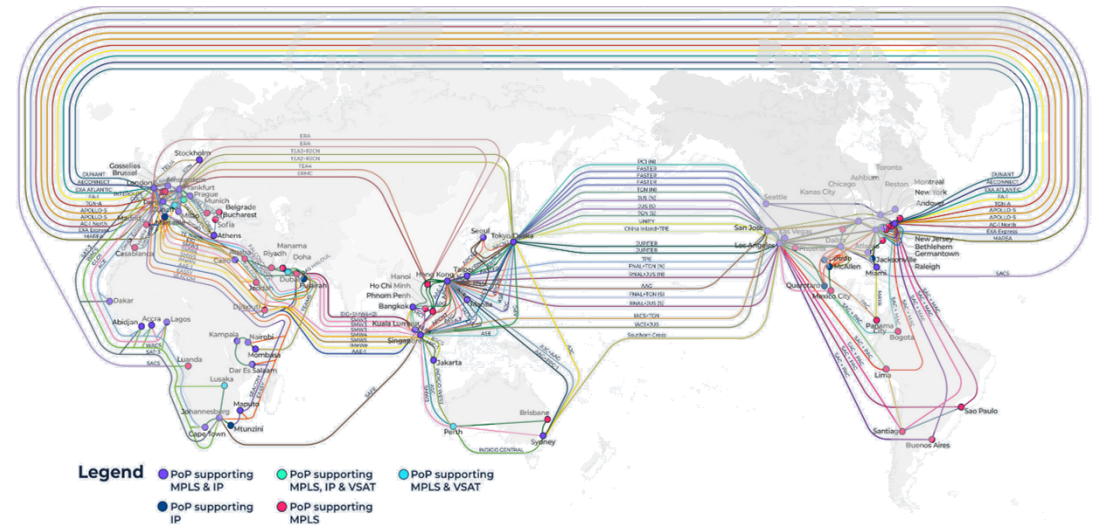
- ✓ Monitor network usage in real time
- ✓ Utilise bandwidth and internet access on demand
- ✓ Order other value-added enterprise IT services all through a centralised user portal

Unique Network Access

Console Connect benefits from integration with international network infrastructure

Console Connect's Tier 1 Network

- Top10 Tier 1 network globally, carrying ~17% of all internet traffic and reaching over 150 countries
- Integrated dense and diverse network provides true global coverage and a clear point of differentiation for Console Connect
- Unique, network-backed SDI platform provides superior unit economics



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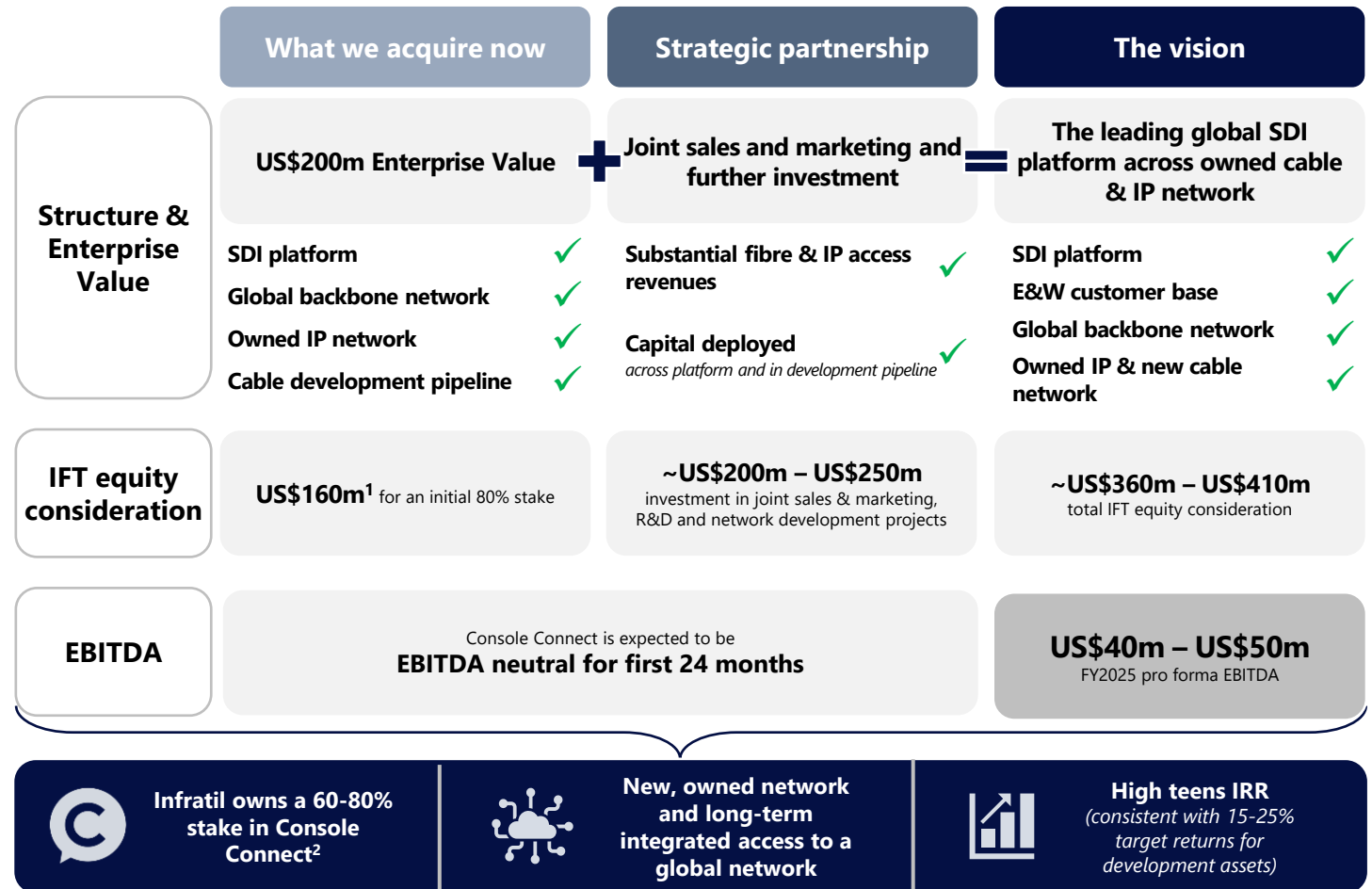


~50 million mobile subscribers¹

¹ Total number of mobile subscribers protected by Console Connect's A2P Valuemax product

Transaction Structure

Transaction structure to provide governance and strategic alignment alongside marketing, R&D, and network investment



¹ Including an earnout and subject to usual completion adjustments for cash, net debt, and net working capital; ²Ultimate ownership stake will reflect Infratil and HKT's respective capital contributions, including with respect to new subsea cable development projects;

Debt Capacity & Facilities

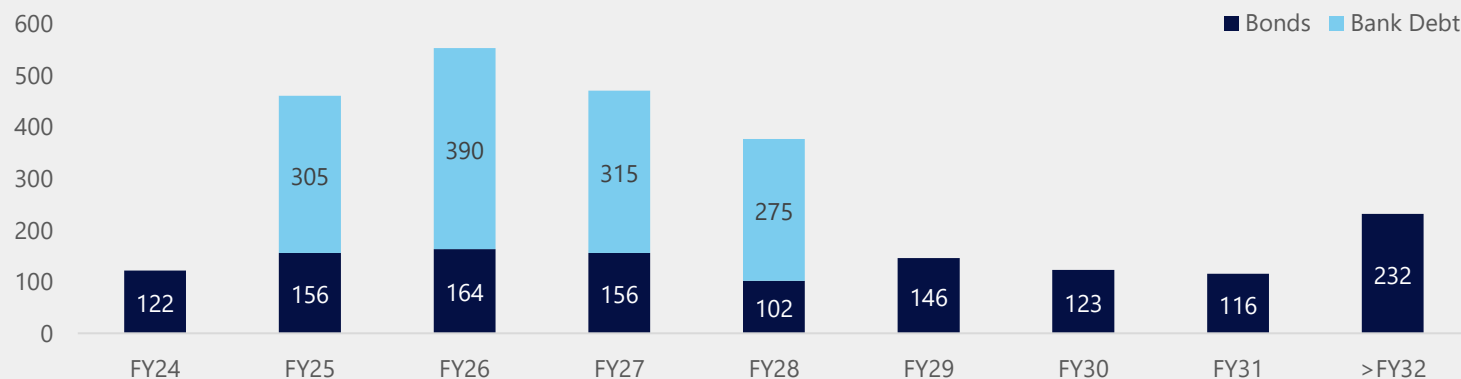
~NZ \$1 billion of available liquidity post completion of the One NZ transaction and the recent equity raise

Debt Capacity & Facilities

Liquidity (NZ\$m)	As at 31 March 2023	As at 6 July 2023
Net bank debt (cash)	(\$593.2)	\$545.2
Infrastructure bonds	\$1,085.9	\$1,085.9
Perpetual bonds	\$231.9	\$231.9
Total net debt	\$724.6	\$1,863.0
Market value of equity	\$6,660.6	\$8,477.0 ³
Total capital	\$7,385.2	\$10,340.0
Gearing ²	9.8%	18.0%
Infratil undrawn bank facilities	\$898.4	\$899.8
100% subsidiaries cash	\$593.2	\$154.8
Liquidity available	\$1,491.6	\$1,054.6

- Following completion of the One NZ transaction and recent equity raise, Infratil has current cash and undrawn debt facilities of ~NZ\$1 billion which can be applied to the commitment to Console Connect
- Infratil's gearing as at 6 July 2023 is 18.0%², which provides capacity to support growth and development platforms in addition to Console Connect

Debt maturity profile (NZ\$m)⁴



¹ Available liquidity includes undrawn debt facilities and cash on hand, available liquidity also includes the proceeds from the retail raise; ²Gearing calculated as total net debt / total capital; ³Market value of equity represents Infratil's market capitalisation on the 6th July 2023; ⁴The debt maturity profile excludes \$400 million of bridge facilities entered into for the purpose of the acquisition of One NZ and includes \$85 million of debt facility upsizes

Supplementary materials



Management Team

Best-in-class management team with decades of demonstrated track record and in-depth understanding of existing business



Marc Halbfinger

Chief Executive Officer

- Marc has been with the PCCW-HKT¹ Group for the past 20 years, including 13 years as CEO of Console Connect
- Former Chair of the Global Leaders Forum (GLF) and the ITW Founders Council, and former member of the Board of Governors of the Pacific Telecommunications Council
- Director and Executive Committee member of the Bridge Alliance, comprising 34 major APAC/MEA wireless carriers

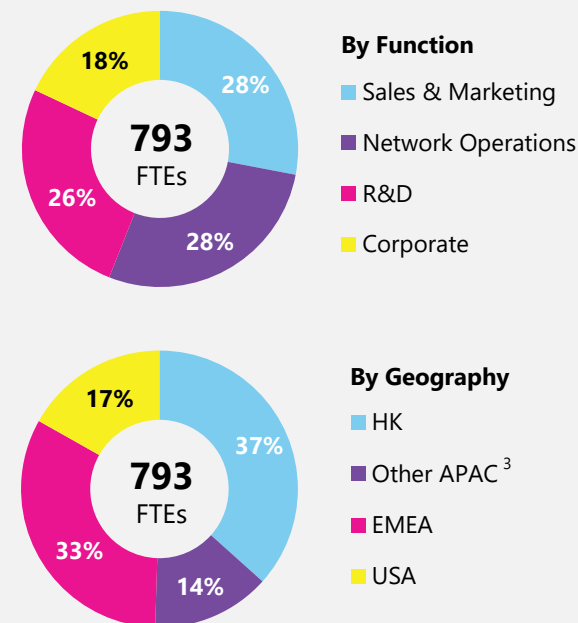


Paul Gampe

Chief Technology Officer

- Paul is the founder and CTO of Console Connect
- Prior to founding Console Connect in late 2014, Paul was the Chief Technology Officer at NextDC
- Paul's other executive roles include VP of Global Engineering at Red Hat, where he held various roles across a tenure of nearly 12 years, and APNIC, where he managed technical operations for nearly 4 years

Full-time employee distribution²



Key management and staff are expected to be retained under the Infratil and HKT partnership

¹ PCCW acquired HKT in 2000 and retains a 52% holding in the company following its 2011 IPO; ² Anticipated FTE composition [as at end of FY2025]; ³ Primarily in Australia and Singapore, with minor presence in Japan

Customer Proposition

Console Connect effectively targets and solves key connectivity challenges enterprises face today

Enterprise Pain Points

Enterprises' **connectivity needs get increasingly complex** and require managing multiple vendors separately, but **do not have the technical expertise or resources** to architect and manage it

Enterprises who use the **public internet** to connect with CSPs often experience **suboptimal performance, costly data fees, and security risks**

Direct interconnection with CSPs are secure and reliable, but is **expensive and time consuming to set up** (typically takes 1-3 months)

Typically, enterprises must commit to a **fixed bandwidth, multi-year contract** for internet access at office locations, which is **expensive and inflexible**

Console Connect Solution

- A **centralised platform** to provision, monitor, and bill services with all counterparties in one place
- **Easy-to-use, self-service user portal** that saves IT staff's time from email exchanges and phone calls with each vendor

- **Instantly set up private, dedicated connectivity** that bypasses public internet **for enhanced security and performance**
- Diverse routes between any two points of presence for **additional network resiliency**

- **Self-provision** interconnection **in minutes** between customer's data centers and key clouds, and between different clouds directly
- **Reliable, high-performing** connectivity

- **Self-provision bandwidth in minutes**
- **Only pay for what you use** without wasting unused bandwidth
- **Scale up or down bandwidth real time** based on business needs

Glossary

Term	Description
CAGR	Compound annual growth rate
CSP	Cloud Service Provider is a third-party company that provides scalable computing resources that businesses can access on demand over a network, including cloud-based compute, storage, platform, and application services. Example CSPs are: Amazon Web Services (AWS), Microsoft Azure, Google Cloud, IBM Cloud, Alibaba Cloud, Tencent Cloud, Oracle Cloud, Huawei Cloud
EBITDA	Earnings before interest, tax, depreciation and amortisation
IP	Internet protocol
IoT	Internet of Things, referring to a network of physical objects that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data over the internet
IP Transit	The exchange of Internet IP traffic where one party pays another for access to a network
IRR	Internal rate of return
PoP	Point of Presence, a physical location or access point where two or more networks or communication devices build a connection from one place to the rest of the internet
R&D	Research and development
SDI	Software-defined interconnection. It's a software platform that enables users to provision private, secure connectivity anywhere and any time on-demand without deploying individual network equipment
Subsea Cable	A subsea or submarine communications cable is a cable laid on the seabed between land-based stations to carry telecommunication signals across stretches of ocean and sea
Tbps	Terabit per second
Tier 1 Network	Tier 1 network is a network that can reach every other network on the Internet without purchasing IP transit or paying for peering. There are only 16 Tier 1 networks in the world

