THE POWER OF MORE

Spirit Telecom Limited (ST1)

Q1/18 Update

Released 31 October 2017

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Q1/18 Quarter Highlights

Continued Strong Organic Growth	• Cash receipts of $4.2M, representing 27% growth on Q4'17 and 56% growth on Q1'17 • Driven by continued strong organic growth in the core On-Net building business (+10% on Q4'17) and a full period contribution from recently acquired World Without Wires (WWW) business
Organic Building Growth the Key Driver	• On-Net Building Revenue grew by 10% on Q4'17, with continued quarter-on-quarter growth in both Commercial (+13%) and Residential (+6%) revenues • 9 consecutive quarters of growth in both Commercial/Residential cash receipts with outlook strong • Number of On-Net buildings grew by 14% from Q4'17 to 398 (49 net adds up from 43 in Q4'17) • Number of connected apartments grew by 10% from Q4'17 to 20,786
Acquisition	• World Without Wires acquisition (effective 1 July) adding expected incremental $1.1M EBITDA in FY18 and showing early signs of growth

1. On-net buildings are those connected to Spirits network

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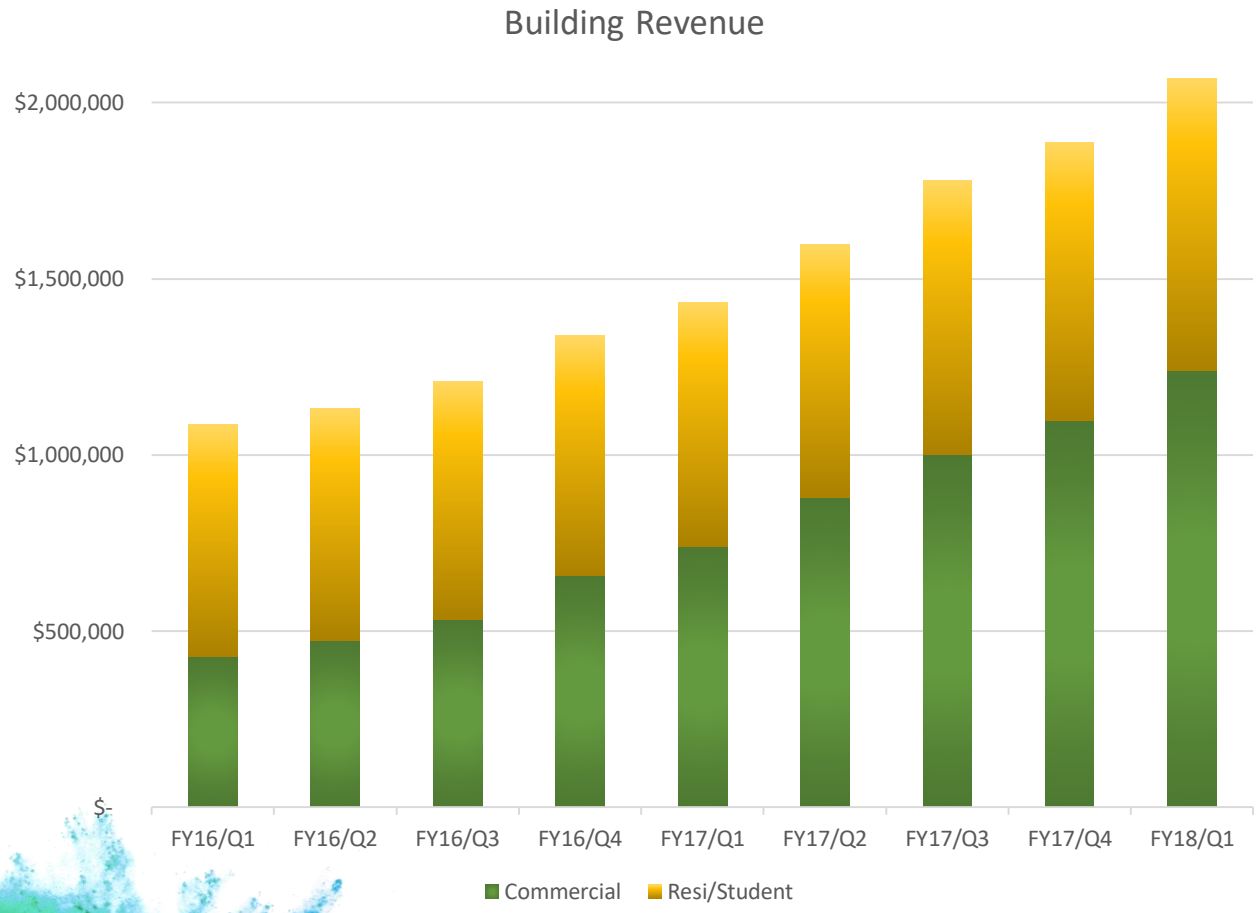
9 Consecutive Quarters of Organic Growth



✓**On-Net Building Revenue grew by 10% on Q4'17:**

- ✓ Commercial (+13% QonQ)
- ✓ Residential (+6% QonQ) revenues

✓ **Commercial continues to be the key growth driver**

- ✓**Commercial building revenue grown 2.9 times since Q1/16**
- ✓**Substantially lower capex required** (ave~$6k per building)
- ✓**Notably higher ARPU** (~$550/month v $65/month Resi)
- ✓**Easier to cross sell**

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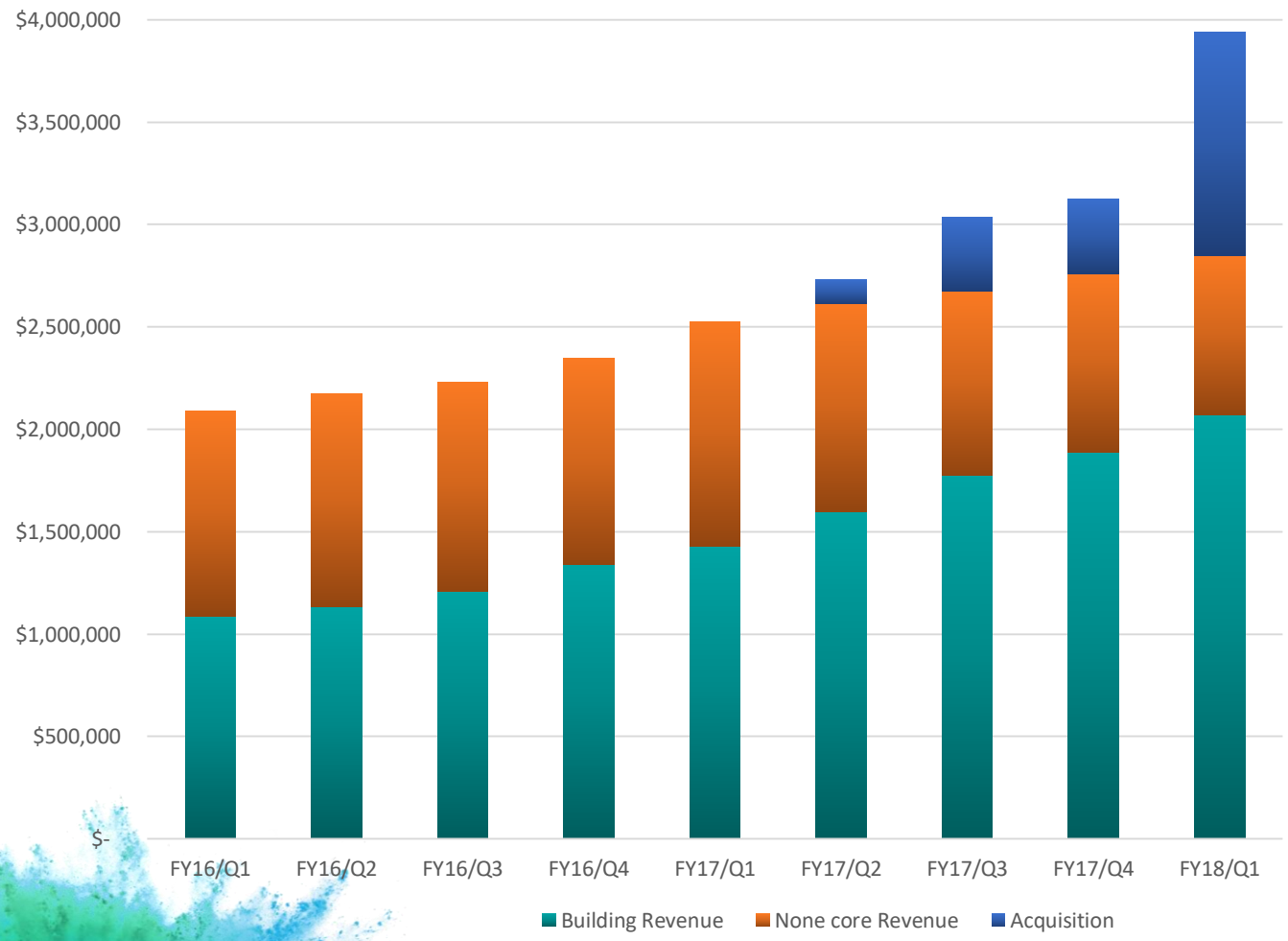
Consistent Revenue Growth



- ✓ High margin Building revenues continue to be the key growth driver – increasing proportion of overall revenue
- ✓Phone Names EBITDA ahead of expectations
- ✓Legacy revenues in modest decline
- ✓ World Without Wires growing

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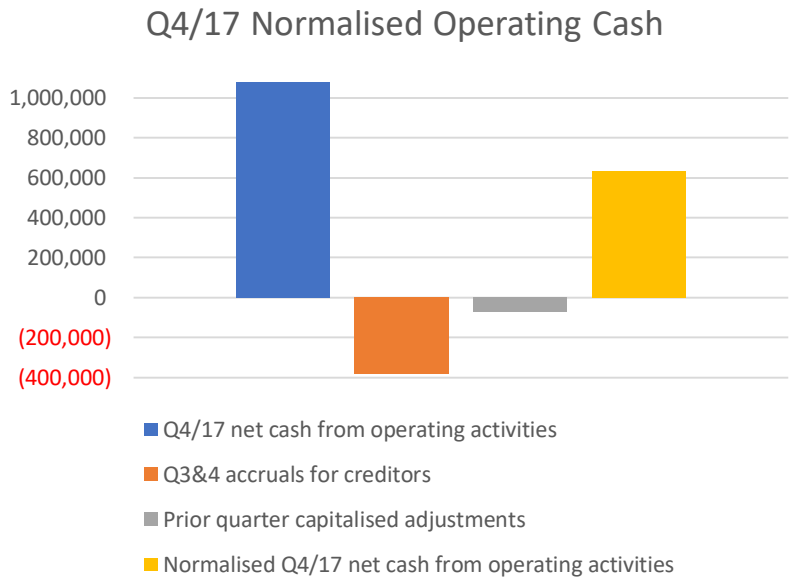
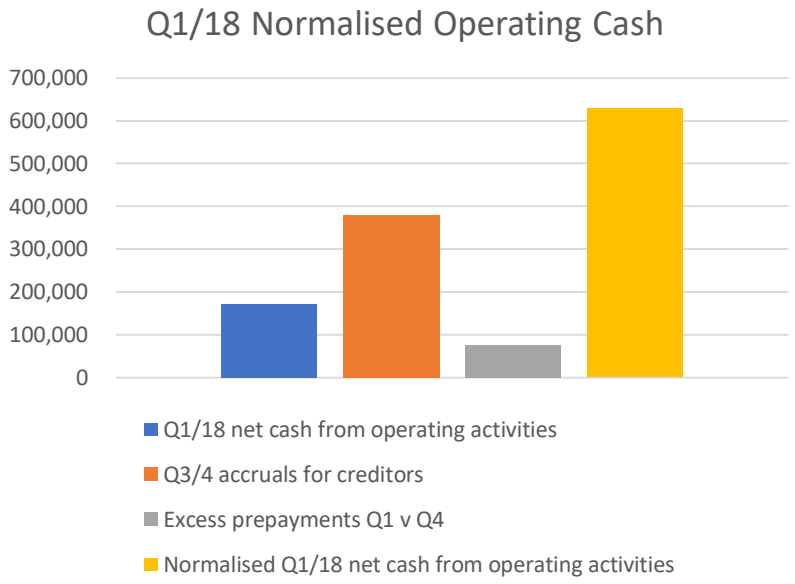
Operating Cash Breakdown





Q1/18 included a number of one-off non-recurring items:

- **Net pre-payments increase over Q4 of $77k**
- **Accrued payable of $380k paid in Q1 relating to services provided during Q3/Q4'17 (timing delay)**

Normalised Net cash flow from operations (excl. one-offs & additional payables) was $629k for Q1

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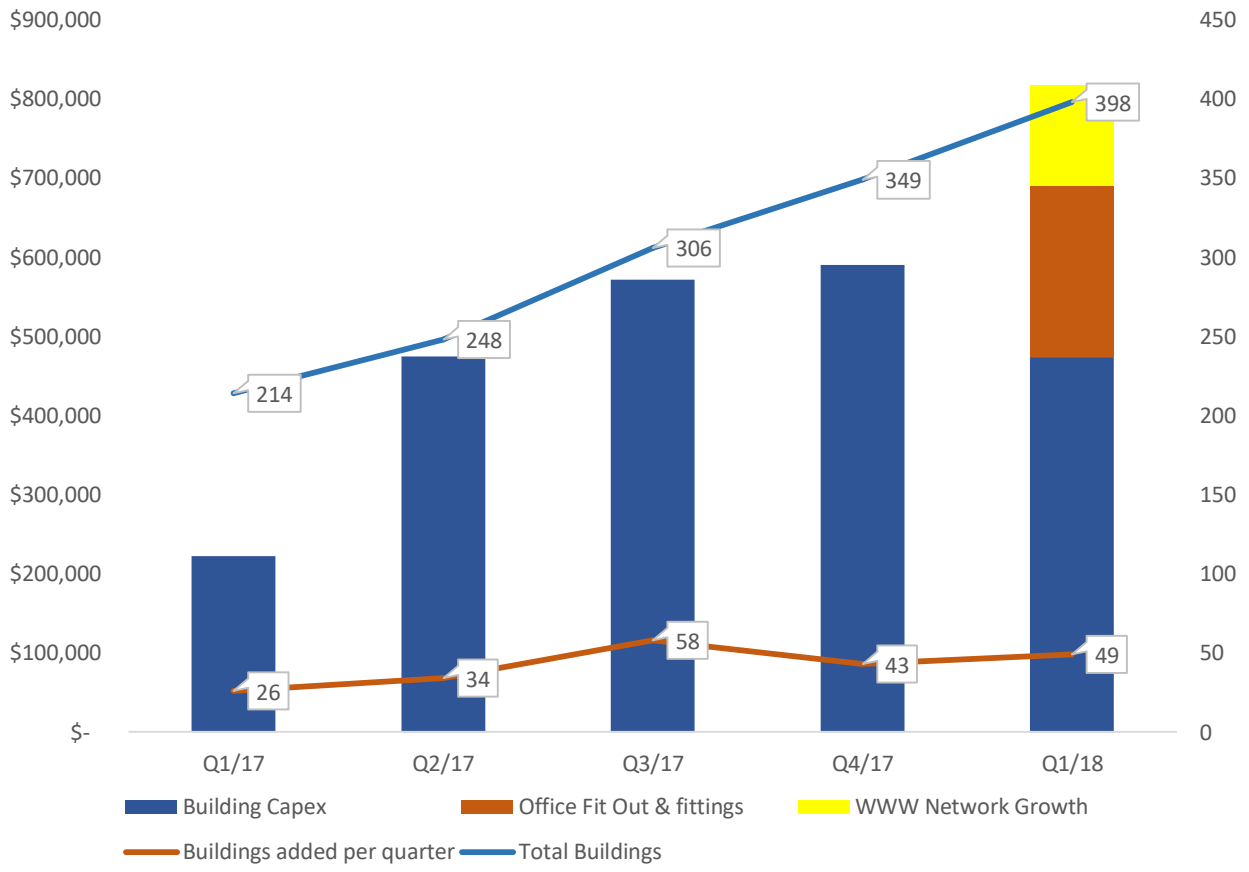
Capex Efficiency Improving

✓ Capex per building averaged $9,600 during Q1'18 – down 30% on Q4'17 and down 16% from the FY17 average

✓Number of On-Net buildings grew by 14% from Q4'17 to 398 (49 net adds up from 43 in Q4'17)

✓ Higher building net adds but lower capex during Q1 – continued strategic focus on Commercial roll-out

✓ Lower capex and higher ARPU – improved return on capital



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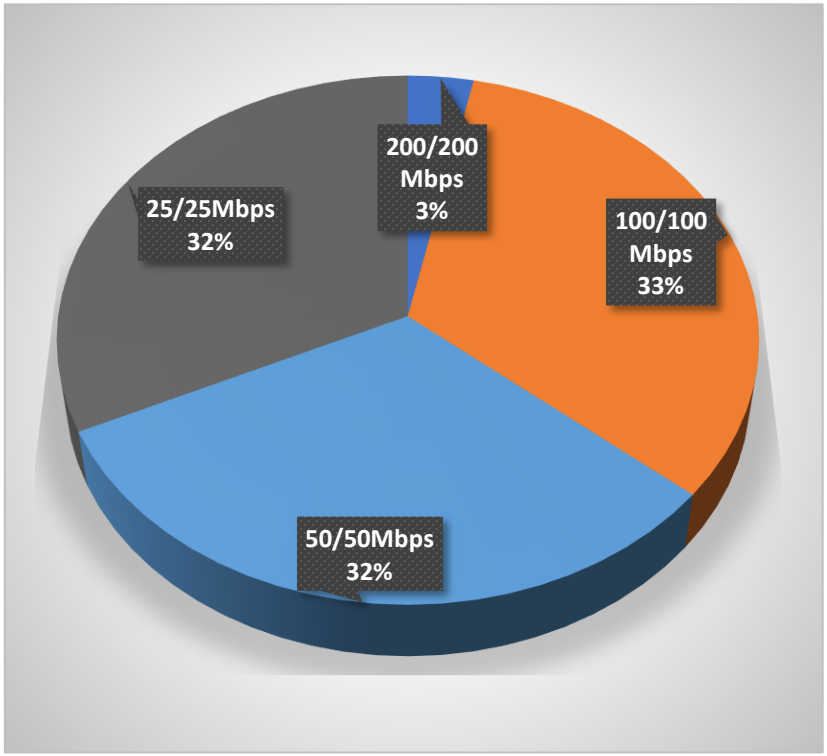
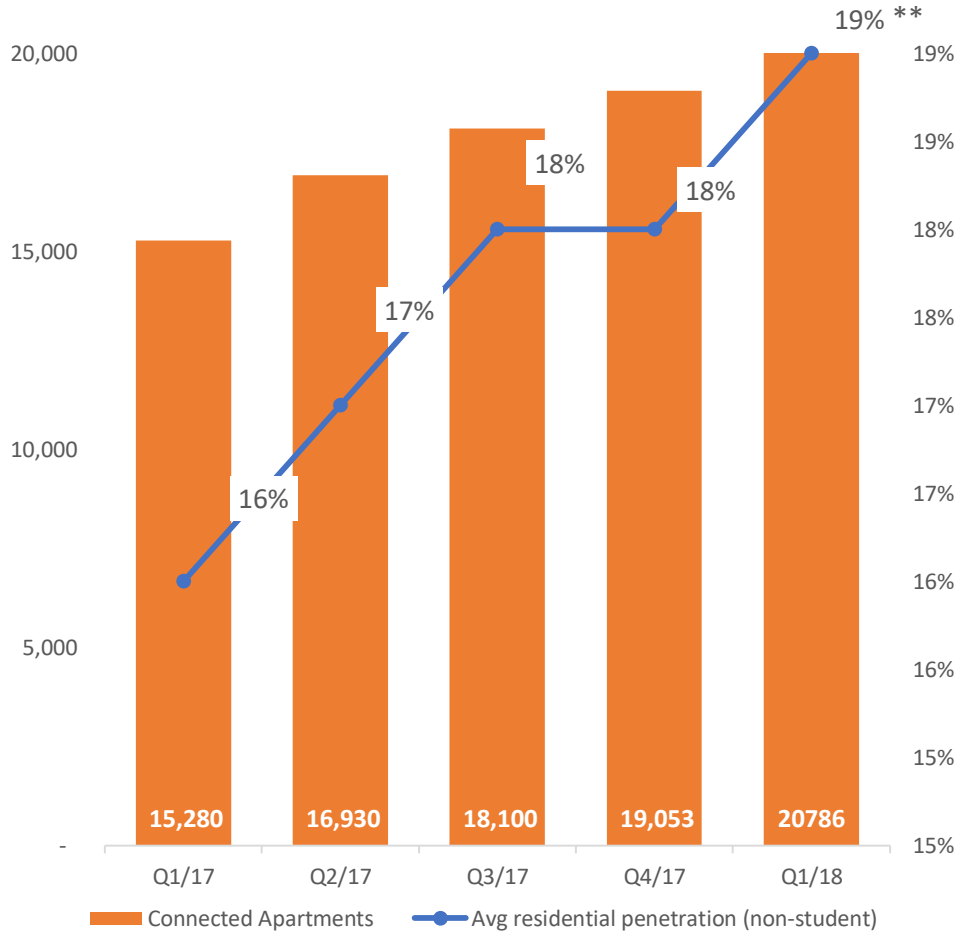
Connected Apartments



68% of Spirit's residential customers are on Speeds greater than 25Mbps, compared to NBN's 18%[1]



** Includes penetration in buildings deployed up to June 2017

1. NBN 3rd Qtr results

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Pro forma FY'17 Financials

Highly Earnings Accretive:	Spirit	WWW	Combined	Uplift
Revenue	$11.45M	$2.65M	$14.1M	24%
Gross Profit	$7.2M	$1.9M	$9.1M	64%
EBITDA (underlying)	$2.0M	$1.1M	$3.1M	55%
NPAT (underlying)	$0.809M	$0.607M	$1.4M	75%
EPS Accretion	0.44c	n/a	0.683c	55%

Note: Based on unaudited Financial results for FY17

	Spirit	WWW	Combined
Towers/PoP's	42	80	122
Customers	5508	2205	7713
Business:Resi split (by customer %)	29:71	13:87	23:77
Estimated network coverage	3000km^2	12,000km^2	15,000km^2

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Appendix



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Who is Spirit?

- Spirit Telecom Limited is a modern telecommunications provider of super-fast internet access and telephony services
- A fast growing niche Telecommunications Carrier, supplying fibre based broadband services to multi-dwelling user locations including:
  - residential
  - business
  - student accommodation
  - community housing and
  - business parks
- Recognised as being Australia's fastest overall Internet Service Provider (ISP) [1.]
- Acquired World Without Wires (2017)
- Successfully acquired and fully integrated Voxcom (2012), My Telecom (2015) and Phone Name Marketing (2016)

1. PCMag.com

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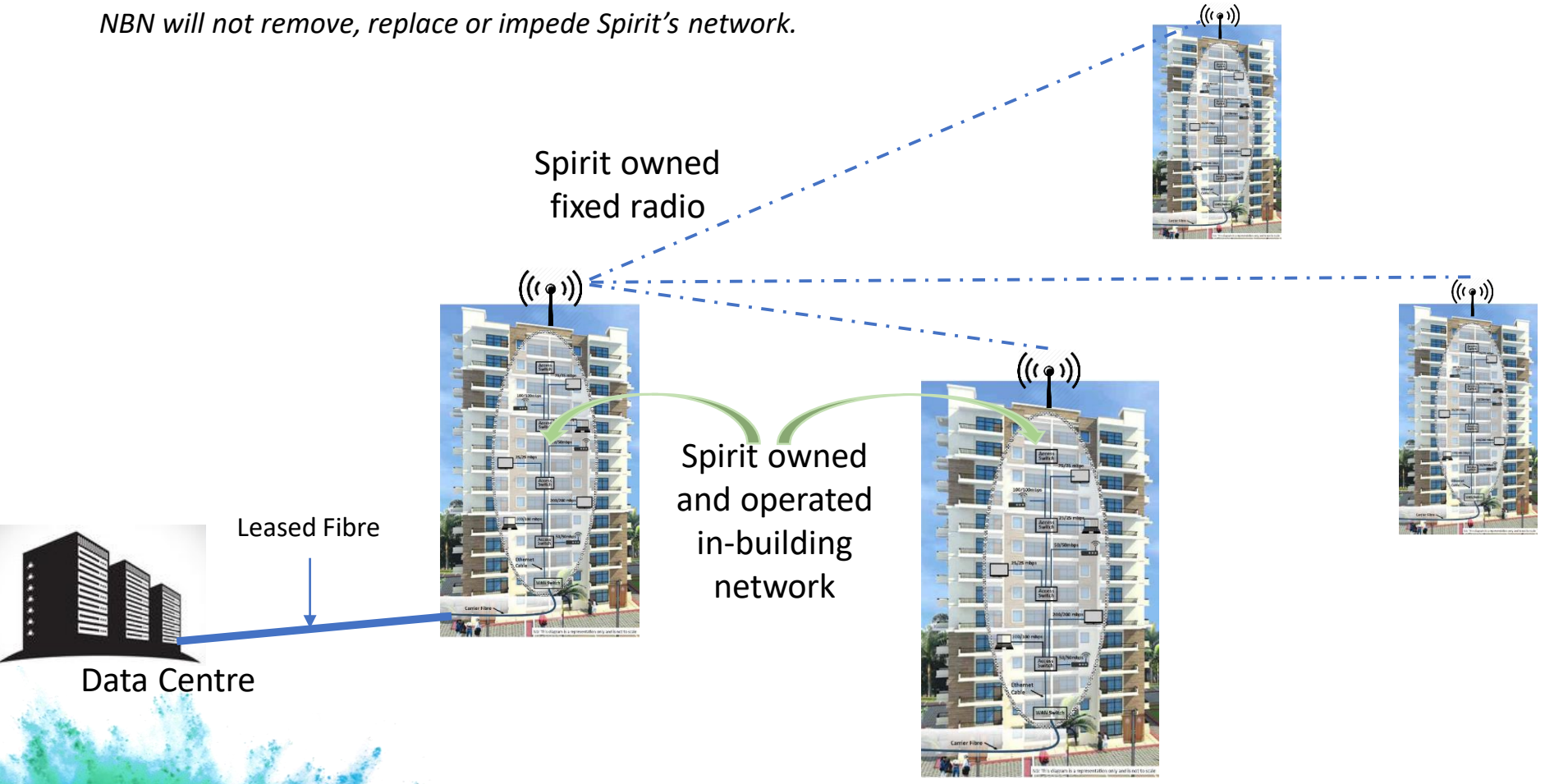
spirit Internet's future

Spirit Business Model: Totally Non-NBN

NBN will not remove, replace or impede Spirit's network.



Commercial, Residential, Community, Student & Business parks

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Regulatory Changes

Superfast Broadband Access Service (SBAS) determination

- Declaring speeds greater than 25Mbps must be available for wholesale
- Does not include Fixed-wireless
- Does not include business services
- Small Service Provider less than 12,000 services are exempt

$7 NBN Levy

- In draft form
- Does not include Fixed-wireless
- Does not include business services

More than half of Spirit's current and future buildings are fixed-wireless

"Both the government and the opposition moved quickly to rule out any plan to extend the $7 levy to high-speed wireless services, and Morrow notably did not repeat the sentiments in later interviews yesterday." Communications day Tuesday 24th October 2017

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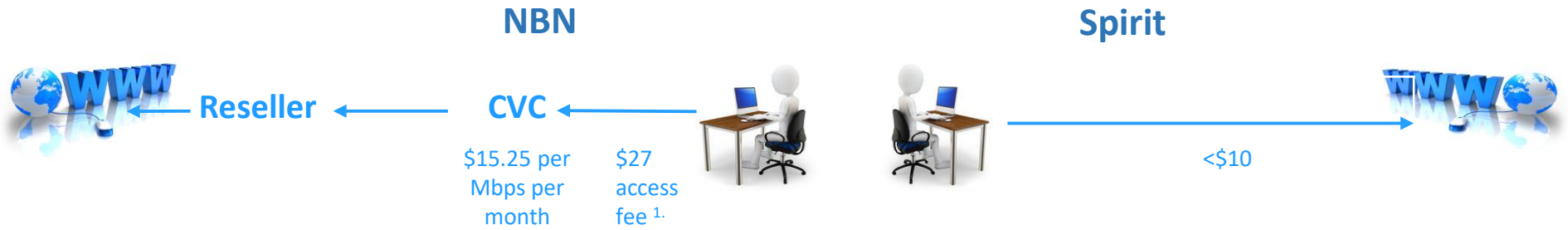
NBN 'versus' Spirit



So, a single end user on a 25/5Mbps NBN service requires a $27 access fee and ($15.25 x 25) $381.25 of CVC, compared to Spirits less that $10

1. Based on a 25/5 Mbps service

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Shareholders

Top 10 Shareholders at 30 September 2017

SPIRIT TELECOM LIMITED FULLY PAID
Top Listing

SECURITY TRANSFER AUSTRALIA

				Current Date - 29/09/2017 Time - 22.49.32		Previous Top * As at: 29/09/17 *		
	Rank	Holder Name	Designation	Current Securities	%	Prev. Securities	%	Rank
*	1	JOSHART INV	TIGEL FAM A/C	33,667,749	16.21%	33,667,749	16.21%	1
	2	CHLOEDARCY INV PL	NEATE FAM A/C	33,096,253	15.93%	33,096,253	15.93%	2
*	3	J P MORGAN NOM AUST LTD		17,958,957	8.64%	17,958,957	8.64%	3
	4	MAGNUM OPUS HLDGS PL	MAGNUM OPUS S/F A/	13,100,000	6.31%	13,100,000	6.31%	4
	5	WIGNELL INV PL		7,269,174	3.50%	7,269,174	3.50%	5
	6	RBC INVESTOR SVCS AUST NO	VFA A/C	6,201,806	2.99%	6,201,806	2.99%	6
*	7	LENZI SUSAN	LENZI FAM A/C	5,032,549	2.42%	5,032,549	2.42%	7
	8	KEOGH DAINEN		4,966,771	2.39%	4,966,771	2.39%	8
	9	BNP PARIBAS NOMS PL	DRP	3,092,152	1.49%	3,092,152	1.49%	9
	10	MAKAREWICZ DAMIEN		2,980,064	1.43%	2,980,064	1.43%	10

No of Shareholders: 808

ISSUED CAPITAL

Fully paid ordinary shares:	207,837,268
ST1O Listed Options:	44,654,523
ST1AC Unlisted Options:	2,500,000
ST1AB Performance Rights:	1,970,600

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Serious Internet

