



Serious Internet

Spirit Telecom Limited

Annual General Meeting

Thursday, 23 November 2017
at 9.00am (AEDT)

Baker & McKenzie
Level 19, 181 William Street
Melbourne Victoria 3000

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Serious Internet

Chairman's Address

James Joughin



Serious Internet

Managing Director's Address

Geoff Neate

Corporate Structure as at November 21st 2017

Corporate Snapshot

ASX Code	ST1
Share Price	15 cents
Ordinary Shares	207,837,268
Market Capitalisation	\$31.2m
Cash (30-Jun-17)	\$1.21m
Debt (30-Jun-17)	\$3.86m
Enterprise Value	\$24.7m
FY2017 Underlying EBITDA	\$2.1m
EV/FY2017 Underlying EBITDA	11.5x

Board and Management

James Joughin	Non-Executive Chairman
Geoff Neate	Managing Director
Terry Gray	Non-Executive Director
Luke Waldren	Non-Executive Director
Melanie Leydin	Company Secretary
Allan Dib	Chief Technical Officer
Andrew Peel	Sales Director
Catherine Bolch	Chief Marketing Officer
Dainen Keogh	Chief Infrastructure Officer
Donovan Newton	Chief Financial Officer

Substantial Shareholders

Directors	17.56%
Management	16.20%
Institutional	9.33%

Financial Summary



FY17 Highlights – Stuck to our plan

Solid Growth

- Revenue growth of 30%
 - Gross Profit growth of 55%
 - Underlying EBITDA growth of 106%
 - Underlying NPAT growth of 349%
-

Building Growth

- Number of On-Net¹ buildings grew by 161, to 349
 - Number of connected apartments grew to 19,053
 - Commercial buildings revenue grew by 89%
 - Residential (and other) revenue grew by 26%
-

Acquisition

- Completed the acquisition of Phone Name Marketing (Dec)
 - All but completed World Without Wires acquisition (effective 1 July)
(Subsequent to reporting date)
-

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

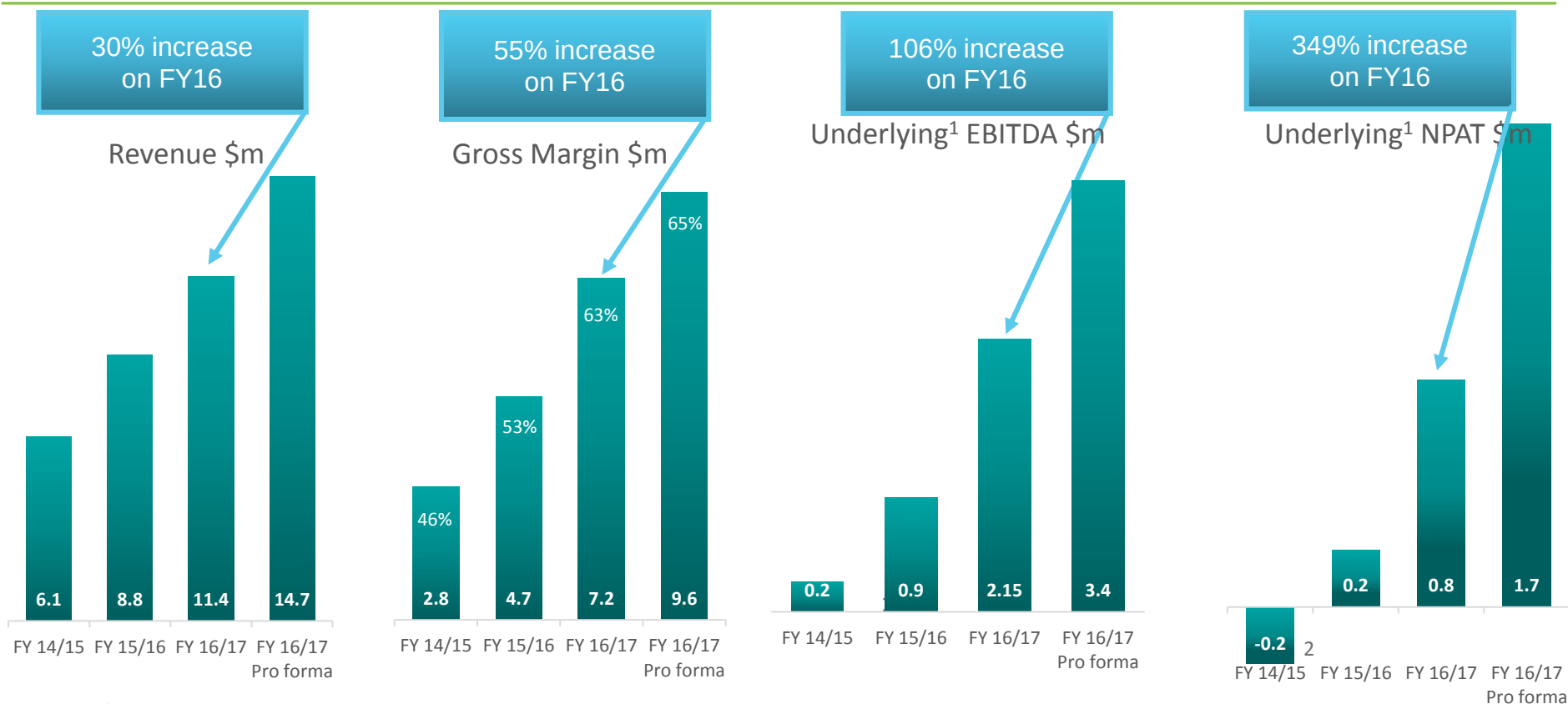
Pro forma FY 2017(un-audited)

	Combined*
Revenue	\$14.7M
Gross Profit	\$9.6M
EBITDA (underlying)	\$3.4M
Net Assets	\$8.9M
NPAT (underlying)	\$1.7M
Debt/Equity	67%
Debt/EBITDA	1.76
Earnings/Share (207 mill shares)	.820c



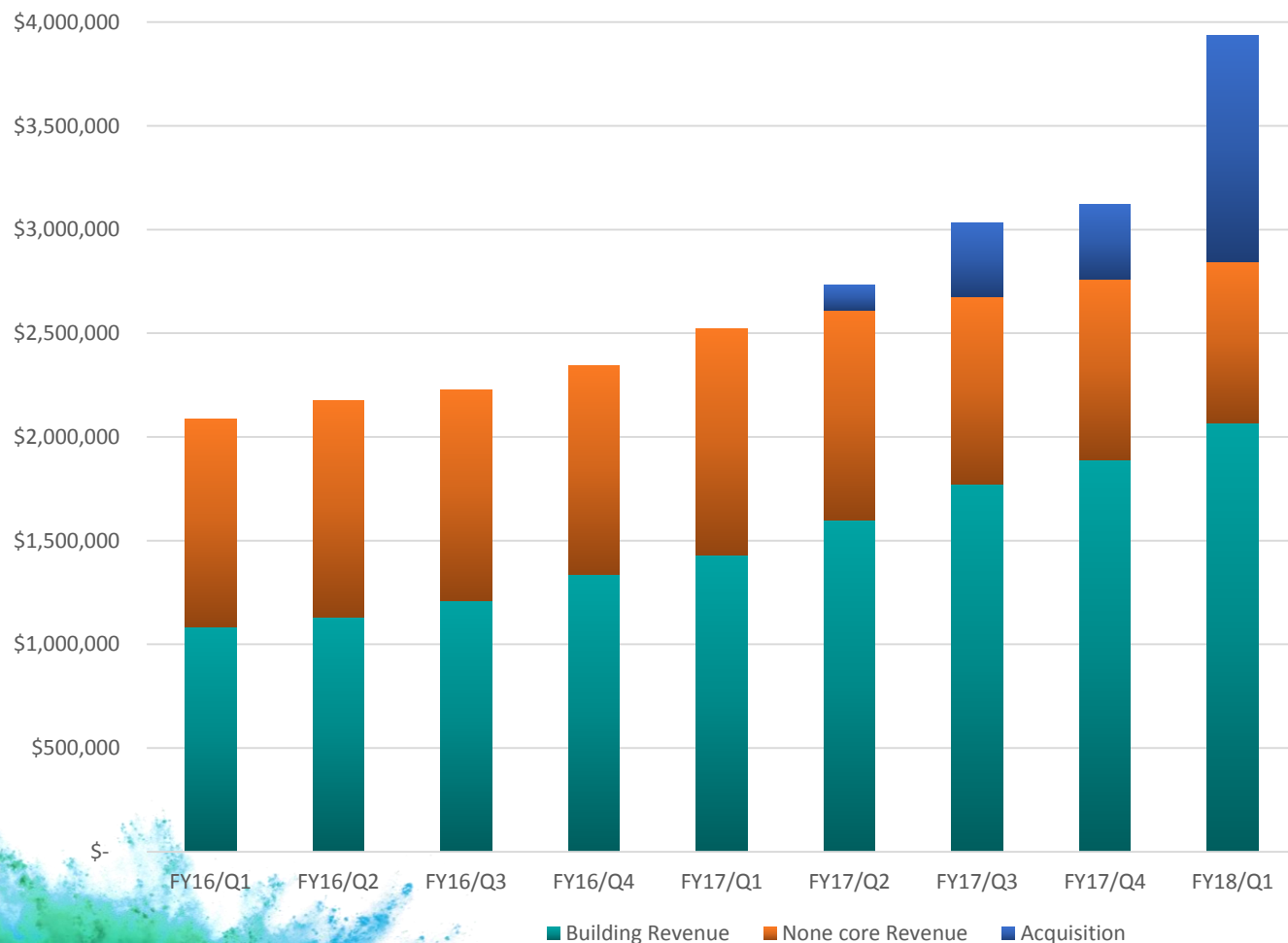
* Includes full effect of Phone Names and 'Wires' acquisitions

Financial Performance Summary



1. Items associated with acquisition activity have been removed
2. Unlisted: Spirit Telecom (Australia) Pty Ltd

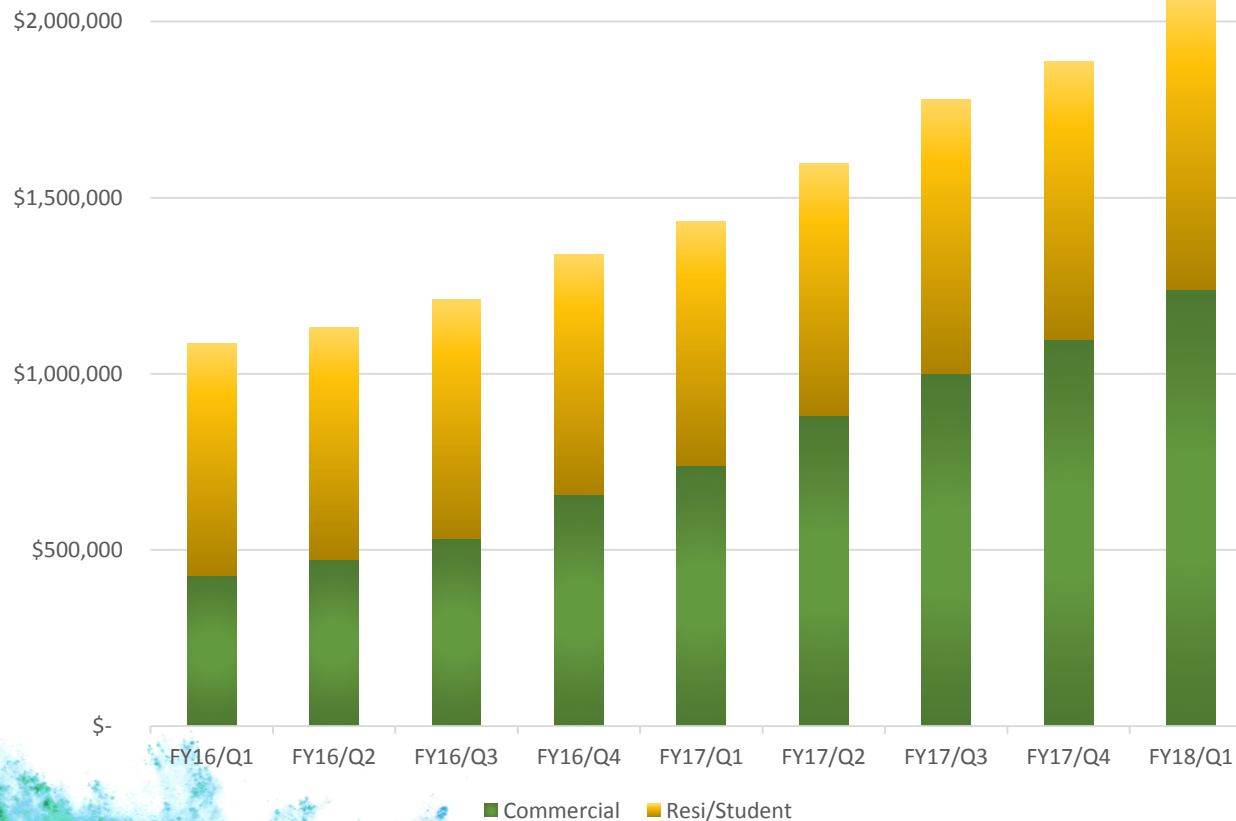
Consistent Revenue Growth



- ✓ 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

9 Consecutive Quarters of Organic Growth

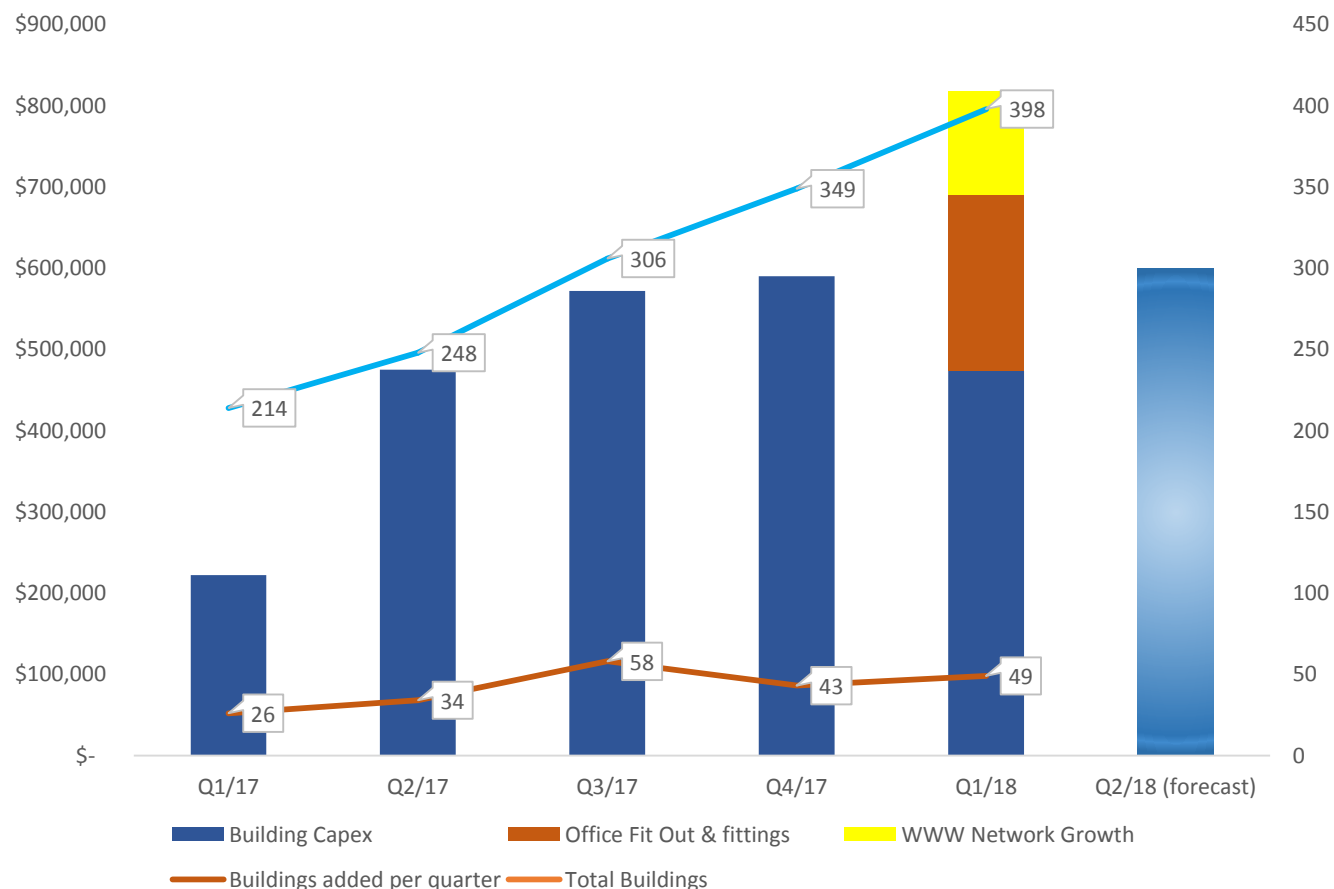
Building Revenue



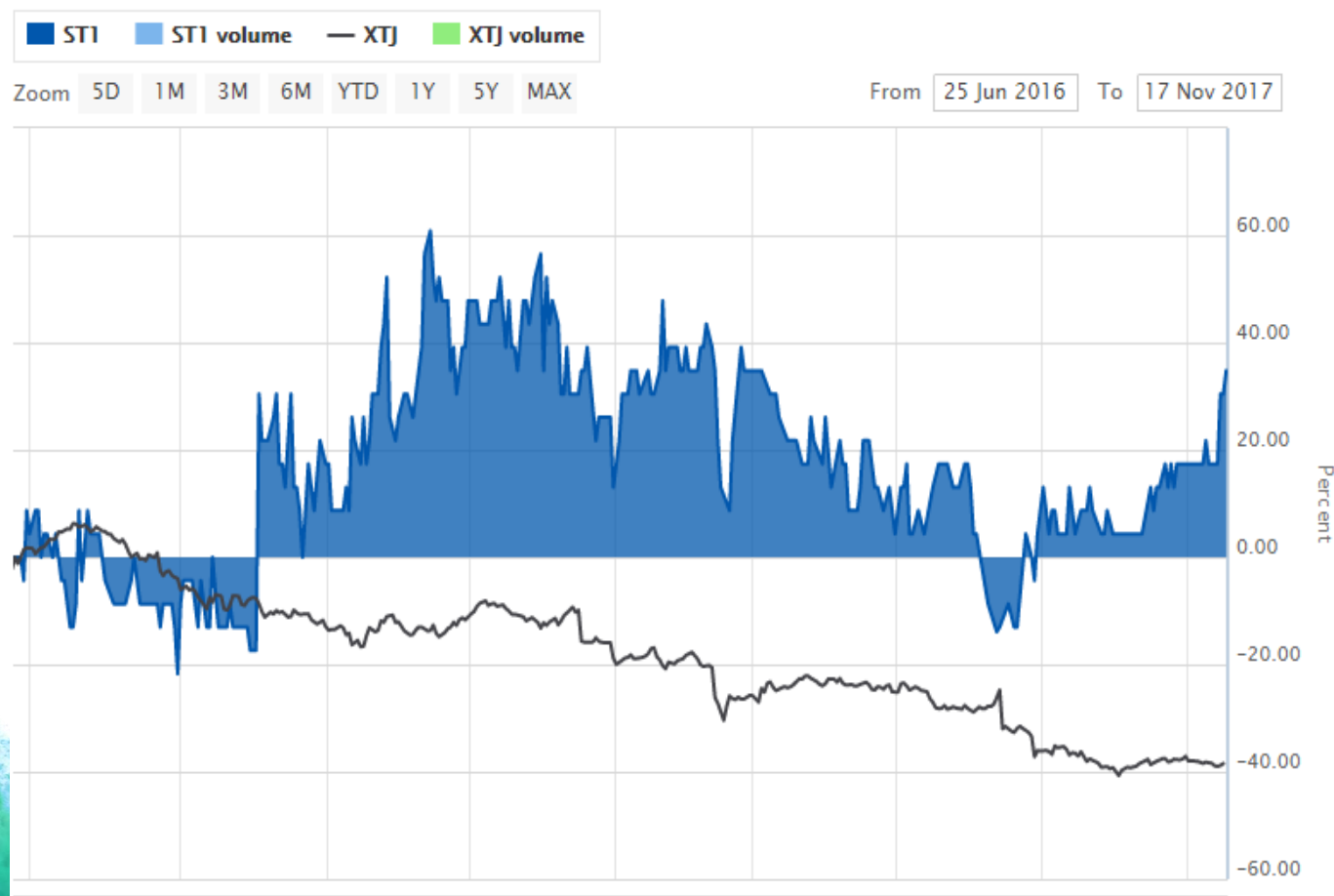
- ✓ On-Net building revenue grew by 40% on FY16:
 - ✓ Commercial (+13% QonQ)
 - ✓ Residential (+6% QonQ) revenues
- ✓ Commercial continues to be the key growth driver
 - ✓ Commercial building revenue grown 2.9 times since Q1/16
 - ✓ Substantially lower capex required (ave~\$6k per building)
 - ✓ Notably higher ARPU (~\$550/month v \$65/month Resi)
 - ✓ Easier to cross sell

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



Share price vs Telco sector



ST1 v Telco' sector

ST1:

- Strong revenue growth
- Increasing Gross Margin %
- Non-NBN
- Reseller → Our Network

XTJ (Telco' Sector):

- Network → NBN Reseller
- NBN decreasing margins
- Commoditised NBN

XTJ = ASX 200 Telco' Sector

Playing to Win



Spirit- Playing to Win

Our Belief

Being connected is EVERYTHING!

Aspiration

To provide Australia's most exciting connected solutions

Brand Promise

Different. Better. Always

Strategic
Priorities

- Develop existing Channels
Direct & Indirect
- Selling 'The Spirit Way'
Developing new sales team
November '17 a record sales month
(and it's not over yet)
- New geographic markets
- New product portfolio
Emerging technologies
- Network parity
Blending the Spirit & WWW networks

Our Values:

Connected

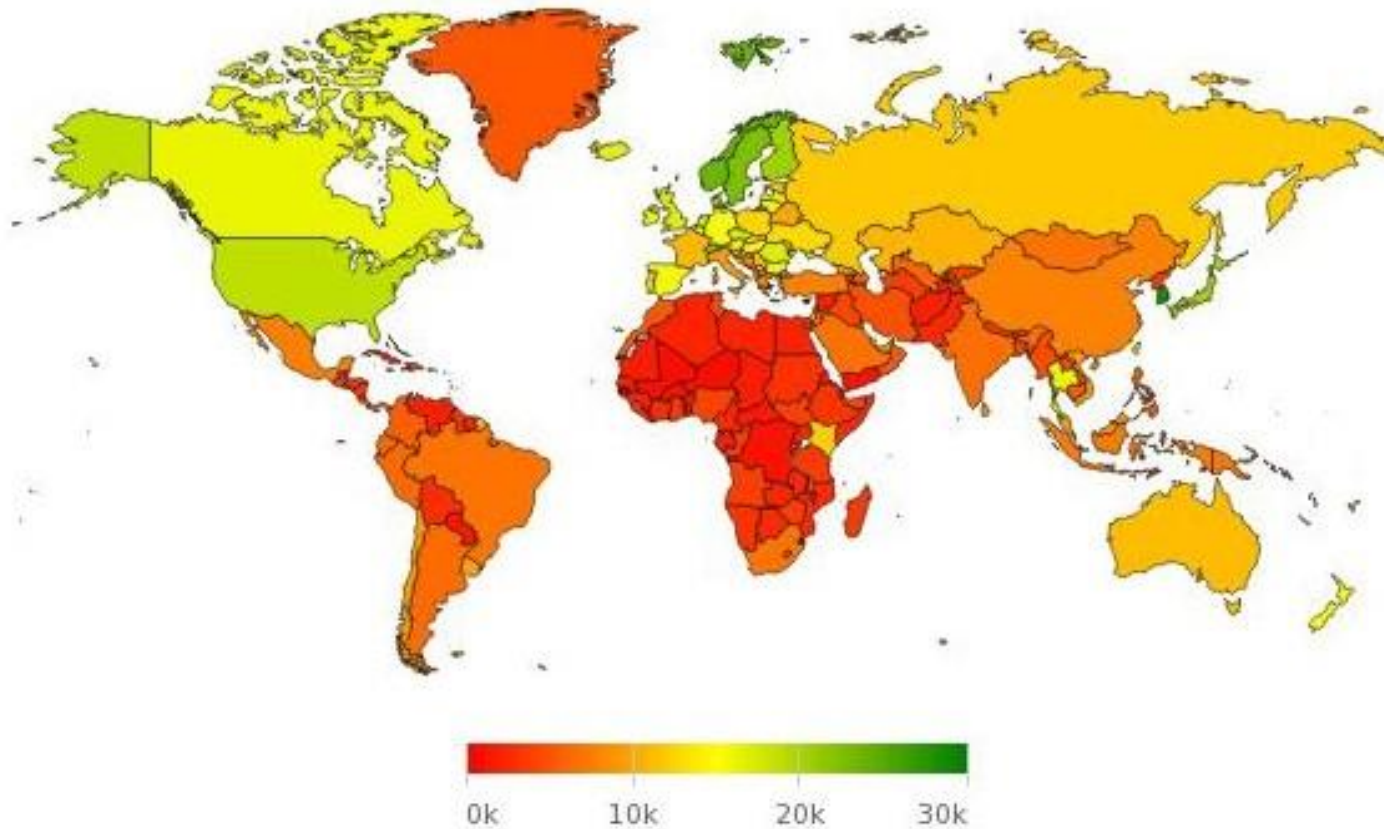
Evangelistic

Empowering

Tenacious

Deliver Serious Internet!

Average connection speed



<https://www.akamai.com/stateoftheinternet>

- Independently rated as Melbourne's fastest ISP *
- Australia lags behind the western world, when it comes to internet speed
- If Spirit was a country on this map, it would be green
- Here in lies the significant transformation opportunity and the 'land grab' that exists

*Source: Ookla LLC

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



“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

Some Exciting Things We Do



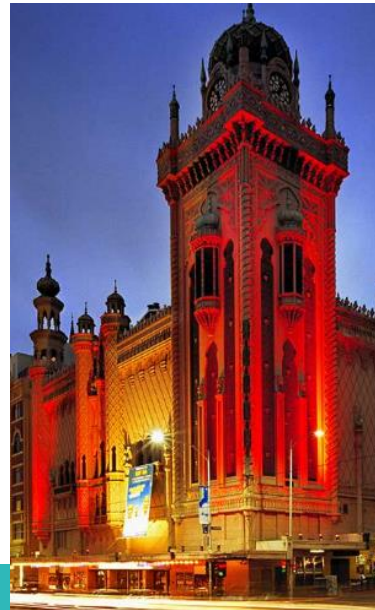
Marry The Arts

Marriner Group
Melbourne's Premier theatre group

- Regent theatre
- Princess theatre
- Comedy theatre
- Forum theatre
- Head office

Fixed wireless network delivering high speed internet and hosted voice to over 170 staff

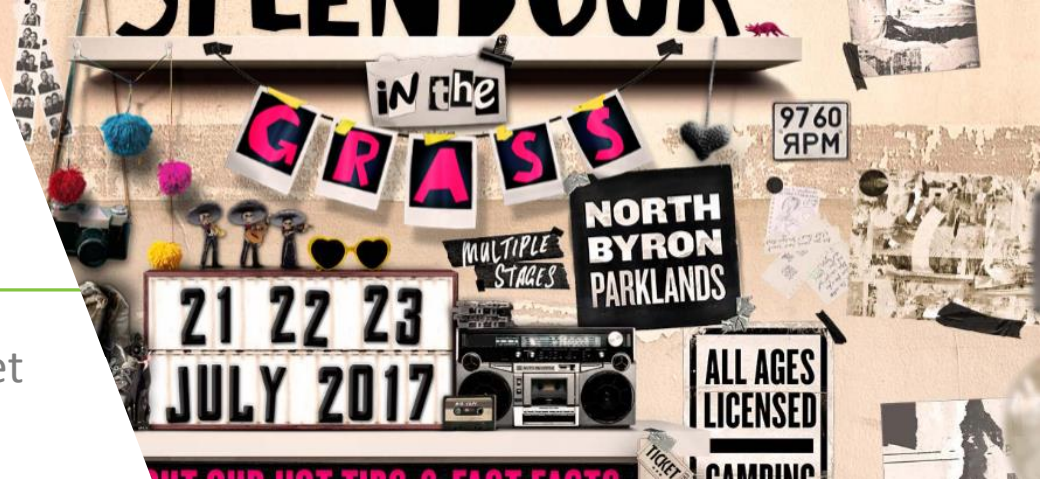
Delivering 2017 Internet to 1800's heritage listed building...through the air!



Events

Short term, Rapid deployment, Super-Fast Internet

- Melbourne Noodle Night Market!
Birraring Marr Park!
- Spirit's fried-tastic FREE Wi-Fi zone!
- Byron Bay's Splendour in the grass festival
- Falls Festival

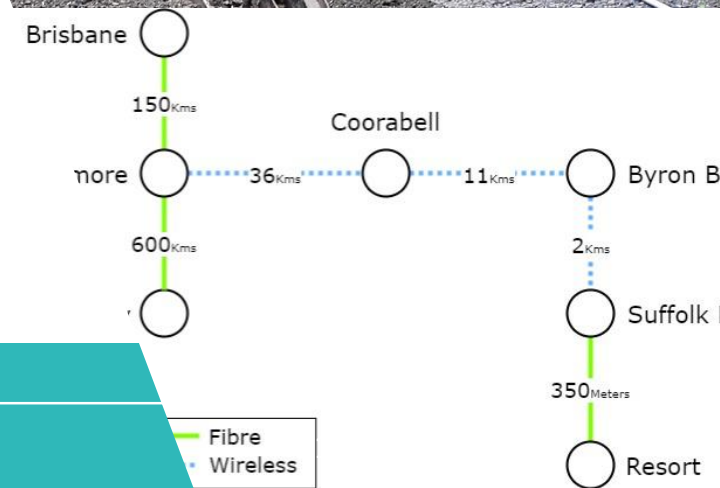
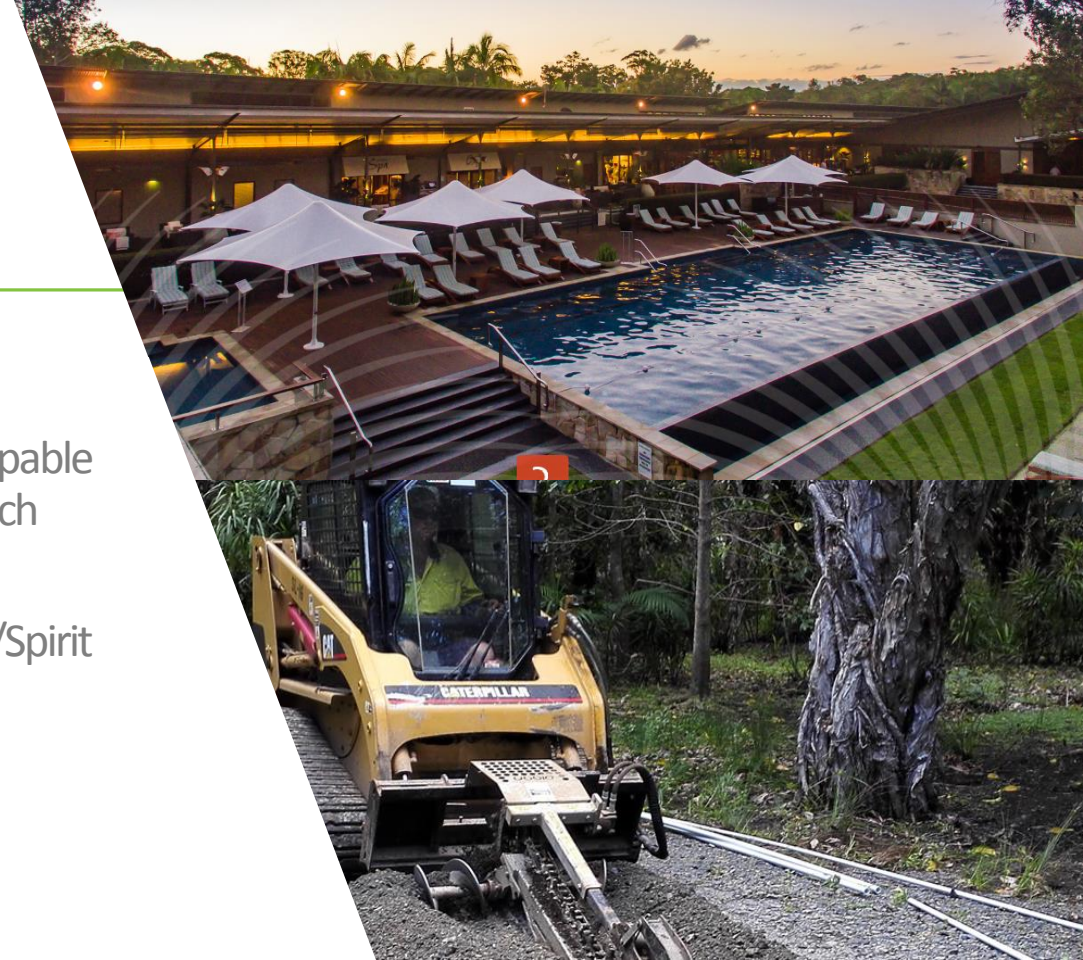


Byron Resort

We built a state of the art radio network that is capable of delivering 500Mbps, now the internet can match the prestige of the resort.

Backhauled over 49kms via purpose built WWW/Spirit superfast Fixed wireless network

Last mile exclusive fibre connection



Phone Names

Acquired Phone names in Dec '16

Turned a company into a Spirit product by reducing costs and integrating billing and customer care.

Sales team target:

- ✓ Growth
- ✓ Cross-sell
- ✓ Leverage

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About Spirit



Who is Spirit?

Spirit Telecom Limited is a modern telecommunications provider of ultra-fast Internet access and telephony services.

A fast growing Telecommunications Carrier, supplying fibre based broadband services to multi-dwelling user locations including:

- residential
- business
- student accommodation
- community housing and
- business parks

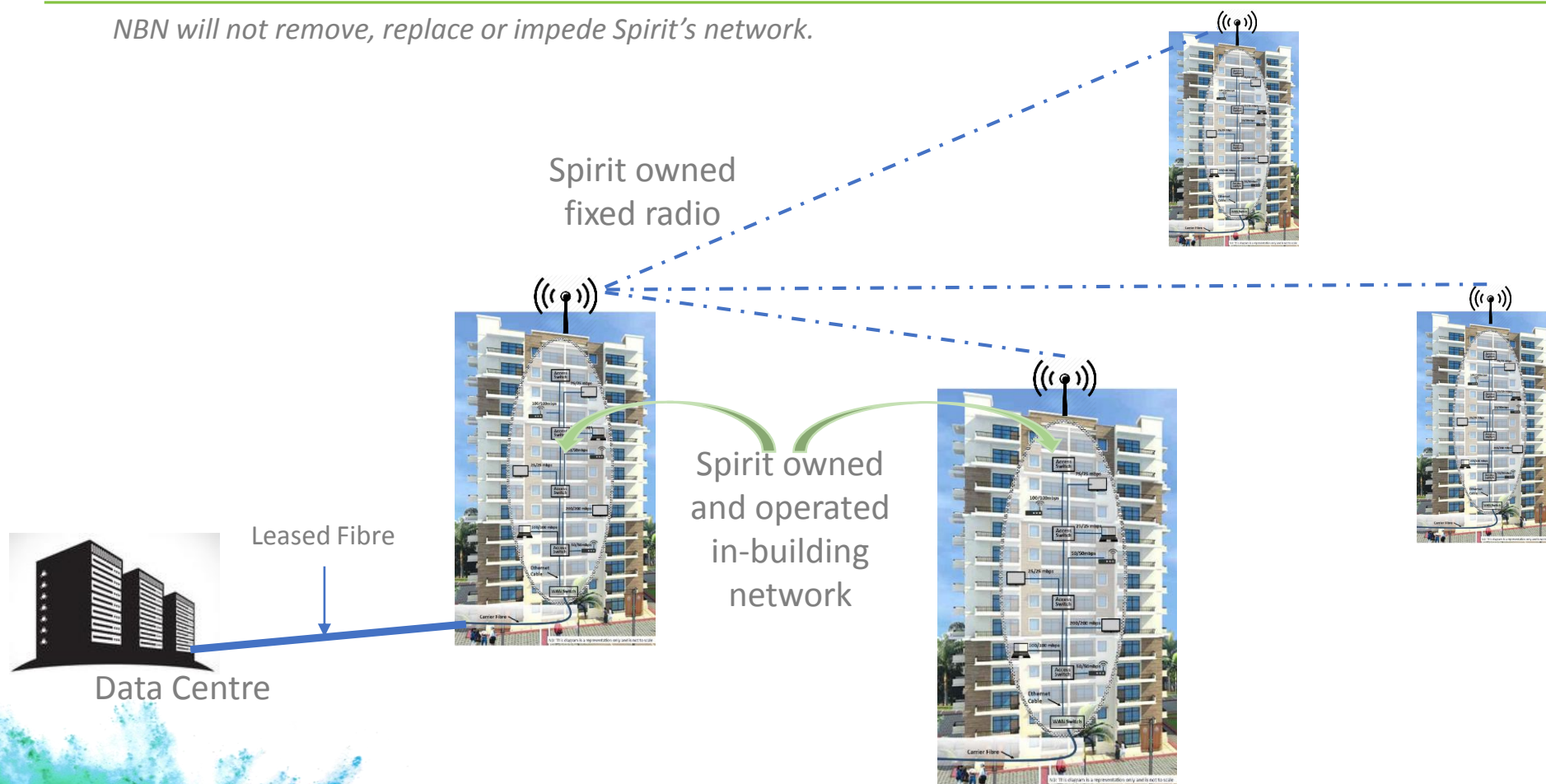
Independently rated as Melbourne's fastest Internet Service Provider ¹.

Successfully acquired and fully integrated Voxcom (2012), My Telecom (2015), Phone Name Marketing (2016) and World Without Wires (2017)

1. Ookla LLC November 2017

Spirit Business Model: Totally Non-NBN

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



Commercial, Residential, Community, Student & Business parks

Thank You



Geoff Neate

geoffn@spirit.com.au

(+613) 8554 1320