SERIOUS INTERNET

Spirit Telecom Limited

(ST1)

Q2/18 Update

Released 31 January 2018

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Q2/18 Quarter Highlights

Continued Strong Organic Growth	• Continued revenue growth in Q2'18 and 1H18 revenue guidance of ~$8m (subject to Audit review), which represents 54% growth on 1H17 and 30% growth on 2H17 • Normalised net operating cash flow of $823k in Q2, up 31% from $629k in Q1 • Cash receipts of $4.2M represents a 43% increase on the same period last year (Q2'17)
Organic Building Growth the Key Driver	• On-Net Building[1] Revenue grew by 36% on Q2'17, with continued growth in both Commercial (+50%) and Residential (+18%) revenues over Q2'17 • On-Net Building Revenue grew 5% on Q1'18, with continued quarter-on-quarter growth in Commercial (+7%) and Residential (+3%) • 10 consecutive quarters of growth in both Commercial/Residential cash receipts with outlook strong • Number of On-Net buildings grew by 10% from Q1'18 to 439 (41 net adds) • Number of connected apartments grew by 5% from Q1'18 to 21,435
Other	• World Without Wires acquisition (effective 1 July) grew strongly over the 6 months. • Spirit was recognised by Ookla as Melbourne's fastest ISP[2]

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1. On-net buildings are those connected to Spirits network
2. Due to Ookla's market share requirements, Spirit only qualifies for Melbourne

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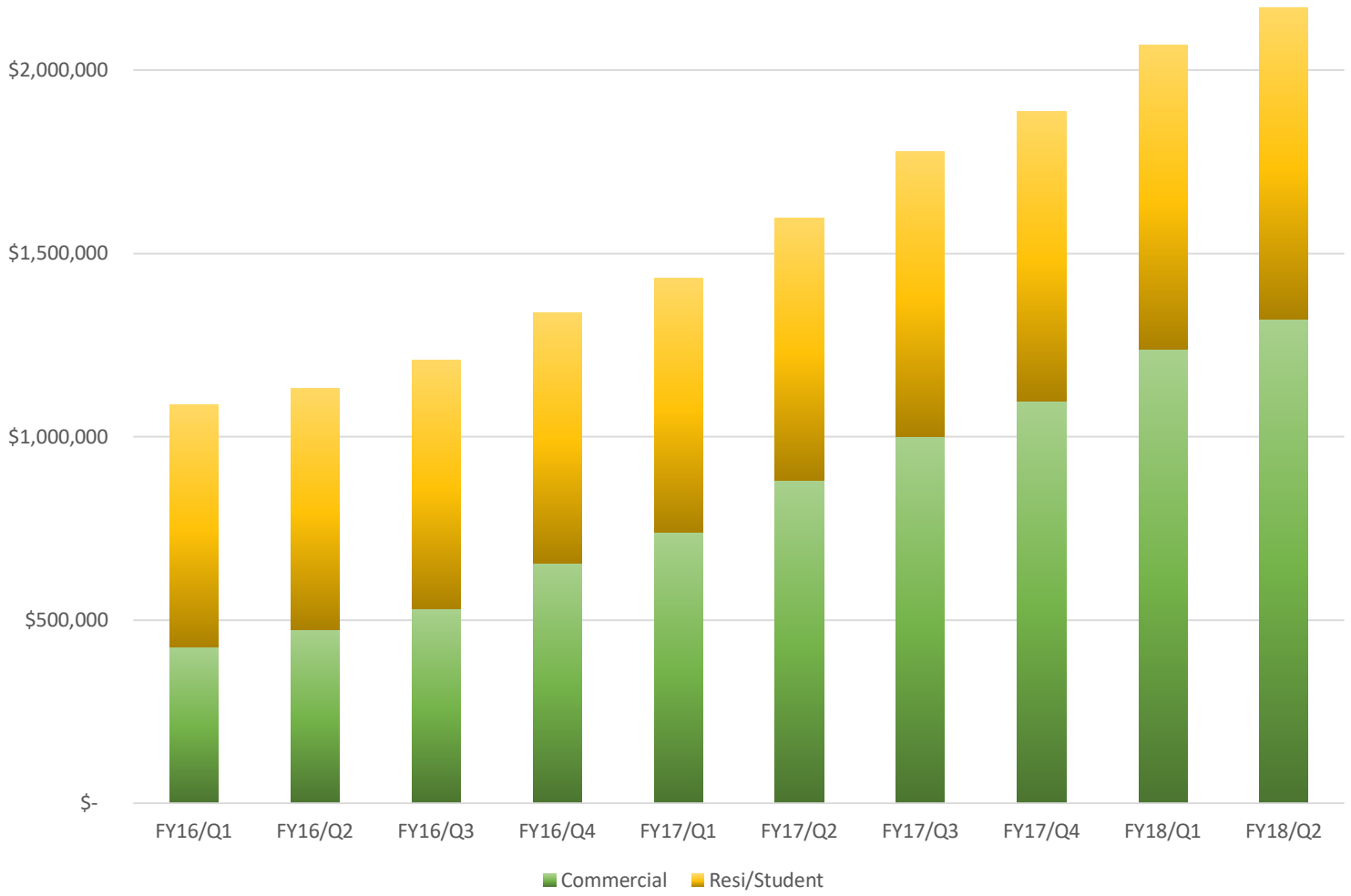
10 Consecutive Quarters of Organic Growth



✓On-Net Building Revenue grew by 32% on Q2'17:

- ✓ Commercial (+44% YonY)
- ✓ Residential (+17%YonY) revenues

On-Net Building Revenue grew by 5% on Q1'18:

- ✓ Commercial (+7% QonQ)
- ✓ Resi/Student (+3%QonQ) revenues
- ✓ Resi only (+5% QonQ)

✓ Commercial continues to be the key growth driver

- ✓Commercial building revenue grown 3 times since Q1/16

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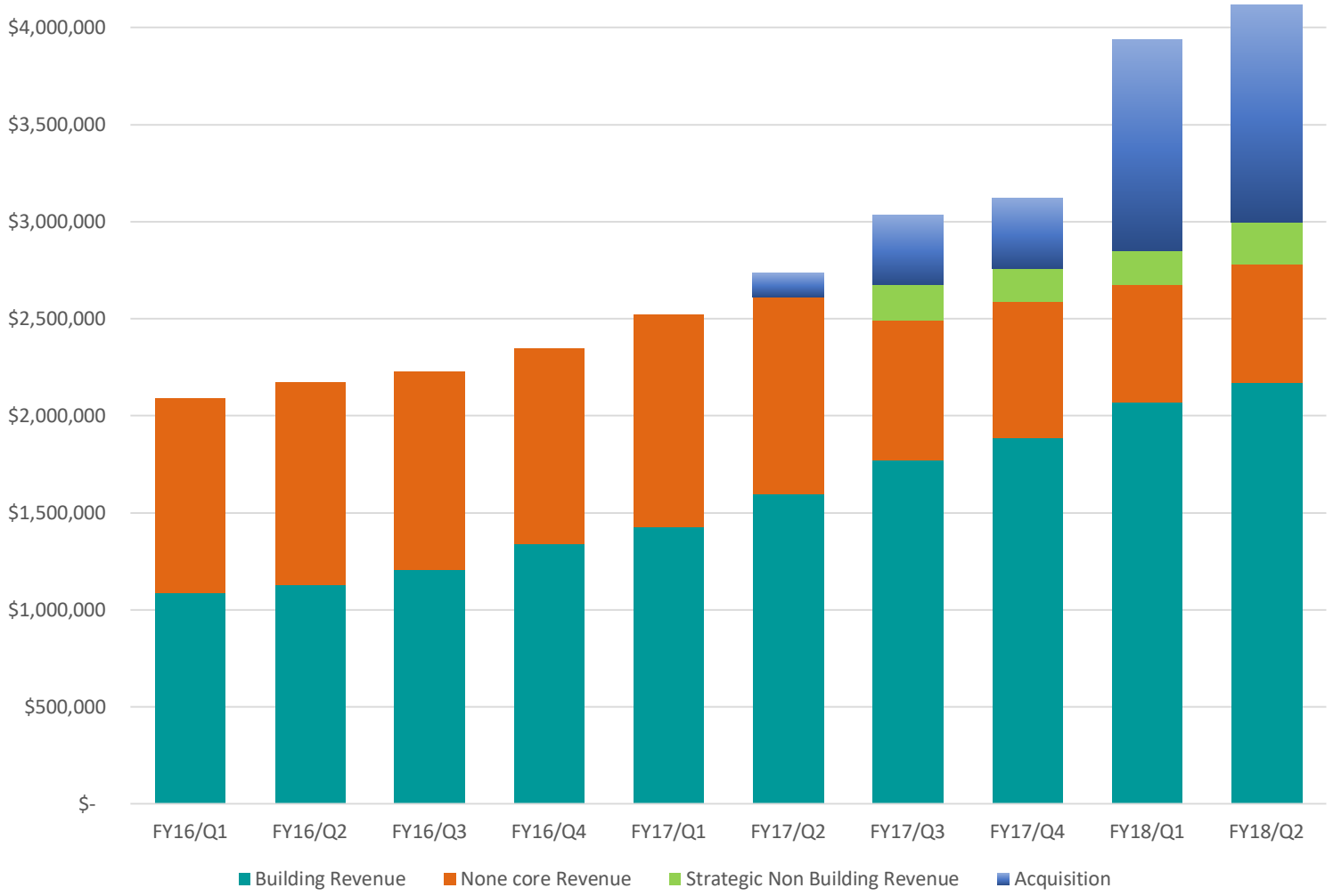
Consistent Revenue Growth



✓ High margin on-net building revenues and growth within acquired businesses continue to be the key growth drivers – increasing proportion of overall revenue

✓Legacy revenues remain steady

✓ World Without Wires exhibiting strong growth in first 6 months under Spirit ownership

✓Non-Building Strategic Account revenue growing

✓Phone Names EBITDA remains steady

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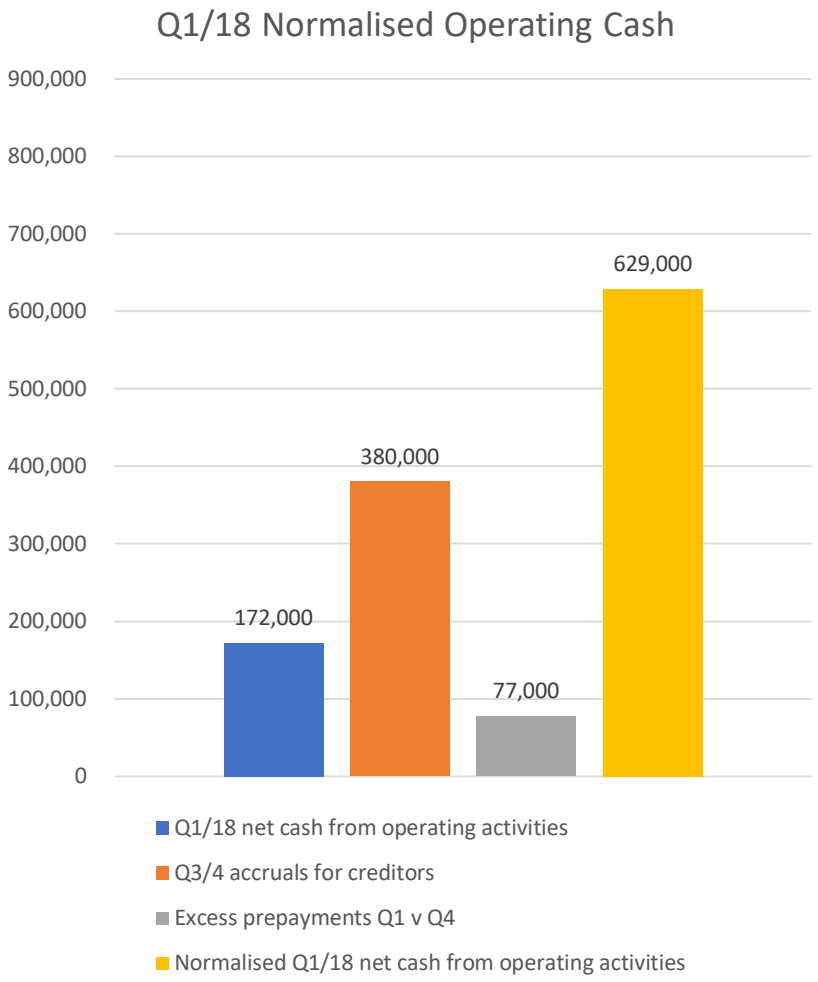
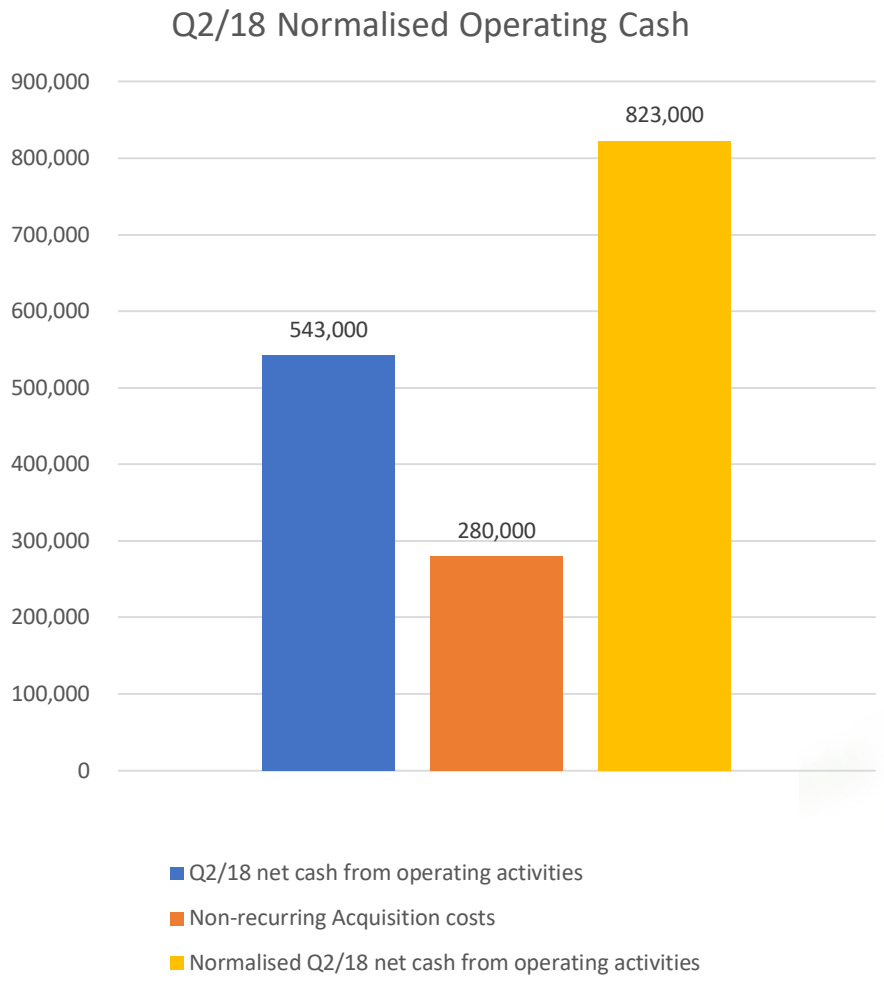
Operating Cash Breakdown





- ✓ Normalised net operating cash flow of $823k in Q2, up 31% from $629k in Q1
- ✓ Q2/18 includes $280K non-recurring Acquisition costs
- ✓ 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)

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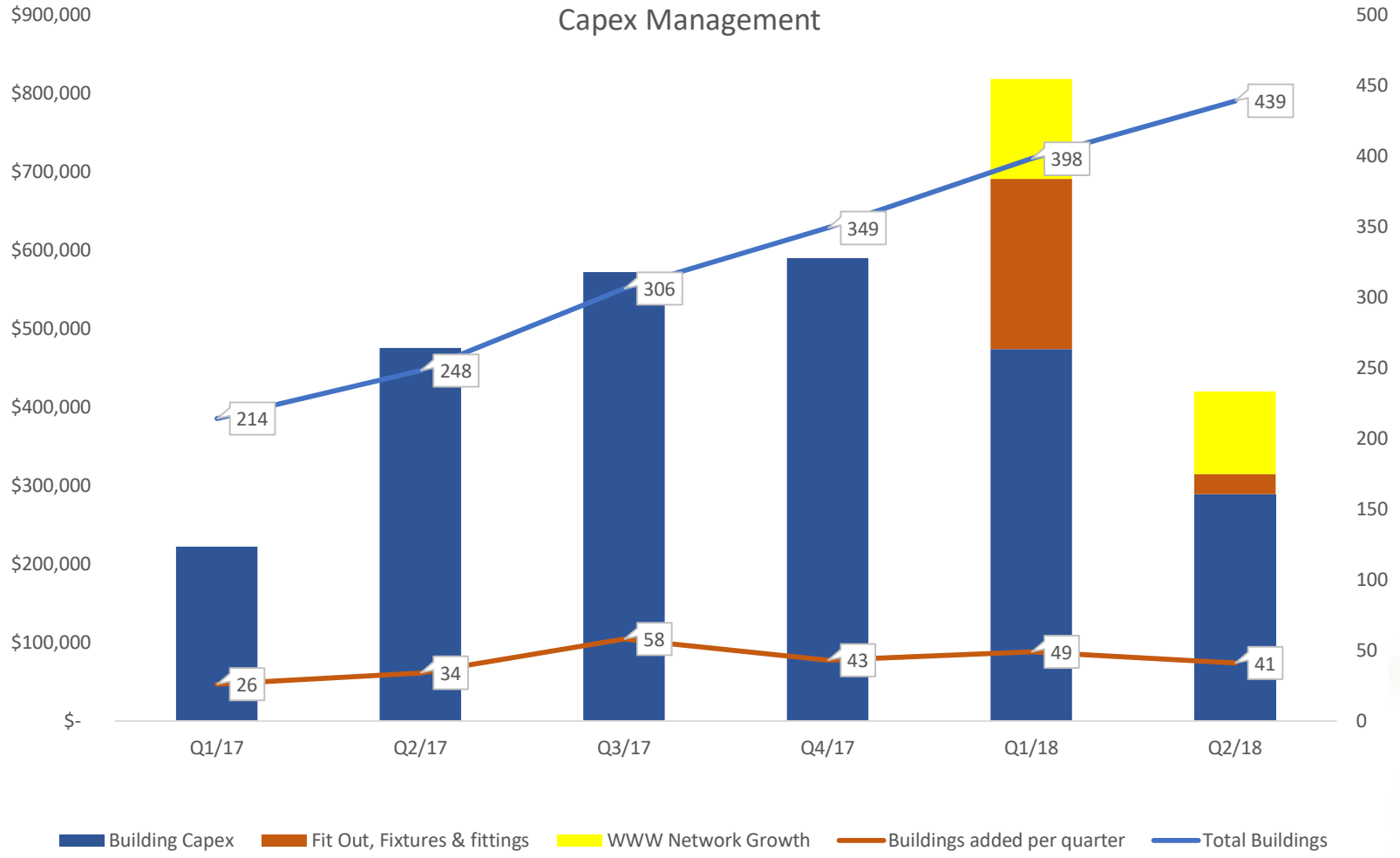
Capex Efficiency Continues To Improve



✓ Capex per building averaged $8,500 during 1H18 – 26% lower than FY17 average

✓Number of On-Net buildings grew by 10% from Q1'18 to 439

✓ Continued strategic focus on Commercial roll-out; Lower capex and higher ARPU – improved return on capital

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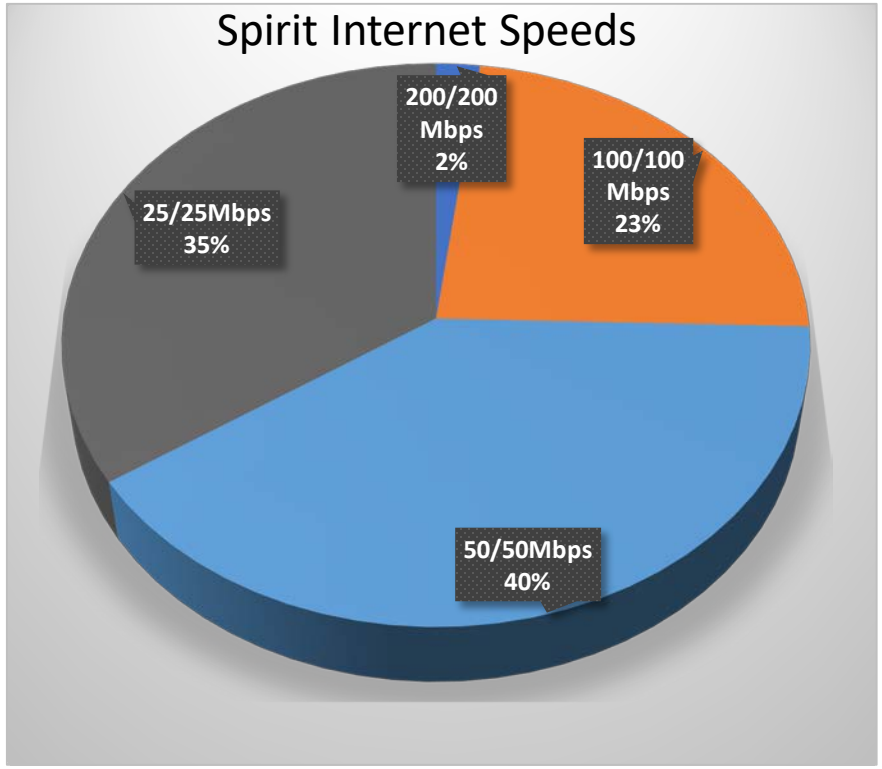
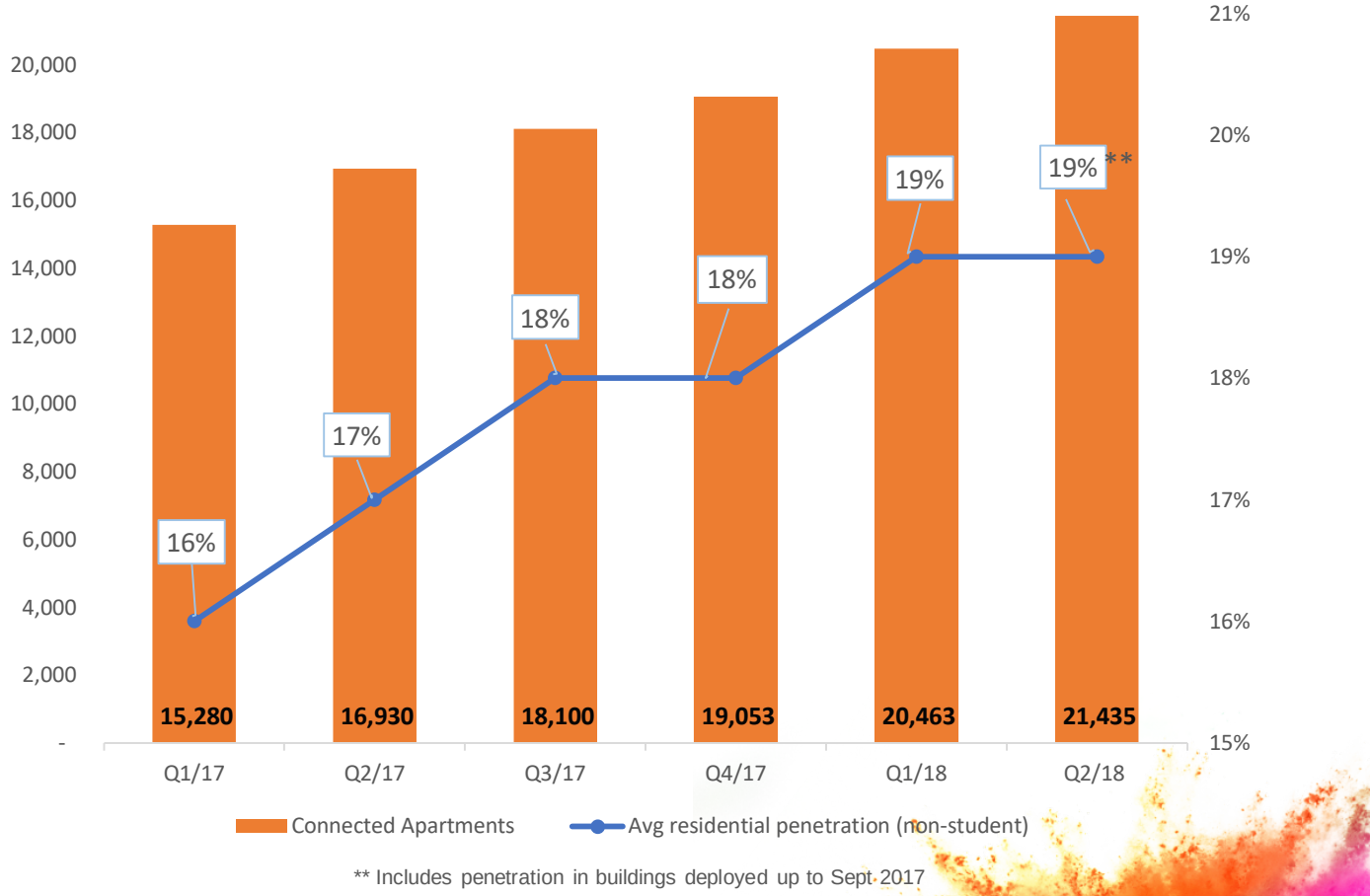
Connected Apartments





65% of Spirit's residential customers are on Speeds greater than 25Mbps, compared to NBN's 18%[1]

1. NBN 3rd Qtr results

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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 Melbourne's Fastest ISP Nov 2017 [1.]
- Acquired World Without Wires (2017)
- Successfully acquired and fully integrated Voxcom (2012), My Telecom (2015) and Phone Name Marketing (2016)

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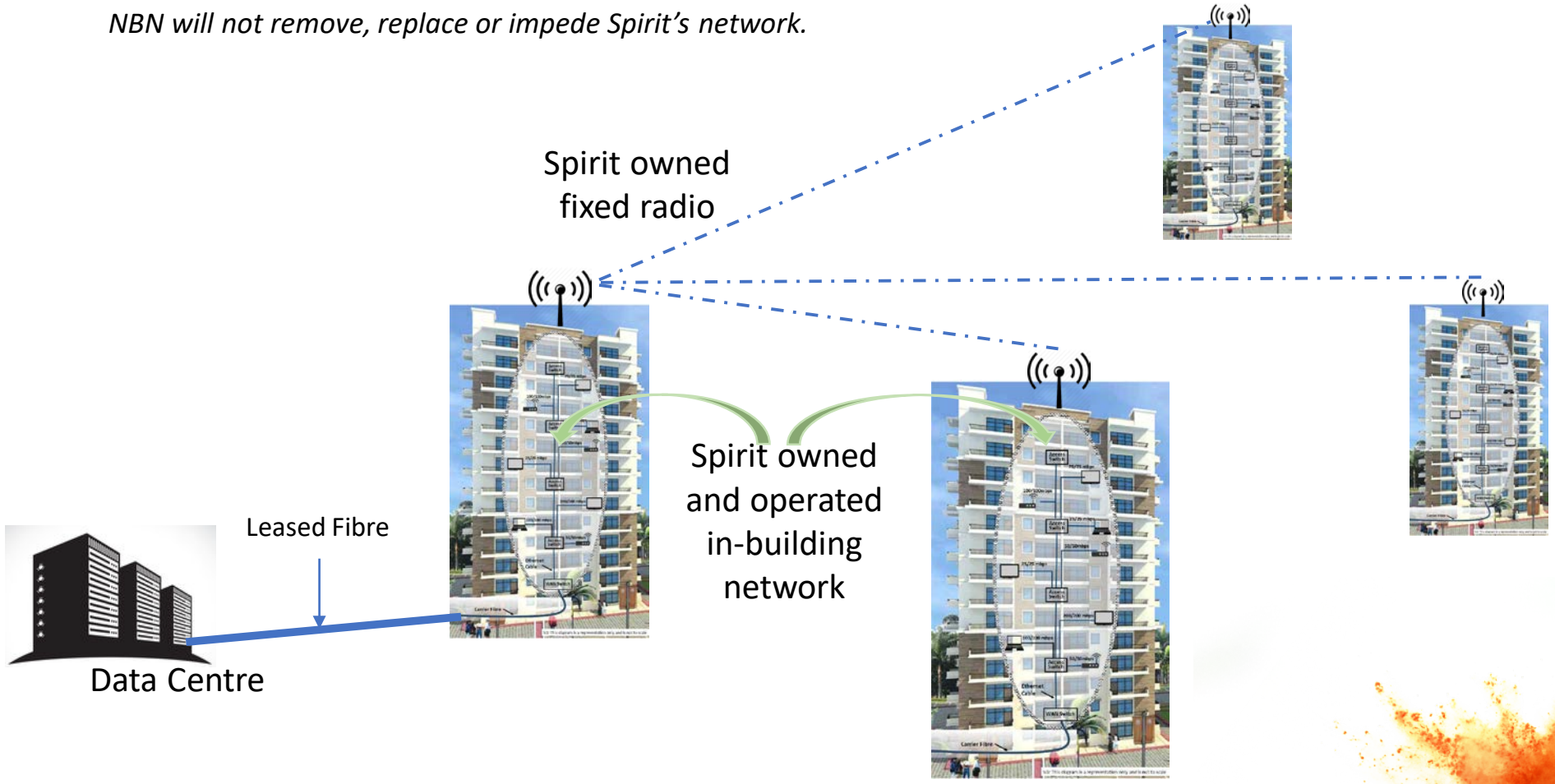
1. Reported by Ookla

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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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 acquisition, but only 7 months in stat accounts

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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

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Shareholders

Top 10 Shareholders at 31st December 2017

SPIRIT TELECOM LIMITED FULLY PAID
Top Listing

SECURITY TRANSFER AUSTRALIA

					Current Date - 29/12/2017 Time - 21.28.46		Previous Top * As at: 22/12/17 *		
	Rank		Holder Name	Designation	Current Securities	%	Prev. Securities	%	Rank
*	1		JOSHART INV	TIGEL FAM A/C	33,667,749	14.78%	33,667,749	14.78%	1
	2		CHLOEDARCY INV PL	NEATE FAM A/C	33,096,253	14.53%	33,096,253	14.53%	2
*	3		J P MORGAN NOM AUST LTD		15,012,190	6.59%	15,359,790	6.74%	3
	4		HSBC CUSTODY NOM AUST LTD		14,154,861	6.21%	14,154,861	6.21%	4
	5		MAGNUM OPUS HLDGS PL	MAGNUM OPUS S/F A/	13,100,000	5.75%	13,100,000	5.75%	5
	6		WIGNELL INV PL		7,269,174	3.19%	7,269,174	3.19%	6
*	7		LENZI SUSAN	LENZI FAM A/C	5,032,549	2.21%	5,032,549	2.21%	7
	8		KEOGH DAINEN		4,966,771	2.18%	4,966,771	2.18%	8
	9		NATIONAL NOM LTD		4,873,072	2.14%	4,897,667	2.15%	9
	10		BNP PARIBAS NOMS PL	DRP	3,408,355	1.50%	3,408,355	1.50%	10

* Denotes merged holders

No of Shareholders: 810

ISSUED CAPITAL

Fully paid ordinary shares:	227,837,268
ST1O Listed Options:	44,654,523
ST1AC Unlisted Options:	2,500,000
ST1AB Performance Rights:	1,970,600

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Managing Director
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www.spirit.com.au