SERIOUS INTERNET

Spirit Telecom Limited (ST1)

Q4/18 Update

Released 26th July 2018

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spirit DIFFERENT. BETTER.

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Q4/18 Quarter Highlights + FY18 Summary

Continued Strong Organic Growth	✓ FY18 unaudited results have seen revenue grow by 41% to $16.1m, gross margin grow by 55% to $11.1m, and underlying EBITDA grow by 47% to $2.9m-$3.0m ✓ Gross profit margin expanded from 64% in FY17 to 69% in FY18 due to continued strong growth in high margin On-Net revenues (~83% GP margin for new business in FY18) ✓ FY18 net operating cashflow grew by 23% on FY17 to $1.7m ✓ Capex per building averaged $7,609 for FY18 – 38% lower than FY17 average
Organic Building Growth the Key Driver	✓ On-Net Building[1] Revenue grew by 22% on Q4'17, with continued growth in both Commercial (+34%) and Residential (+7%) revenues over Q4'17 ✓ 12 consecutive quarters of growth in On-Net Building cash receipts ✓ Commercial grew stronger than expected at 9% on Q3'18 – reflecting increasing focus on higher ARPU/lower capex Commercial customers (now ~64% of On-Net building) ✓ Number of On-Net buildings grew from Q3'18 to 510 (33 net adds) ✓ Number of connected apartments grew to 21,896
Other	✓ $991k (before costs) raised through the early exercise of approximately 5M listed options (ST1O) ✓ Increased Team numbers from 43 to 65, mainly in Sales and Marketing

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

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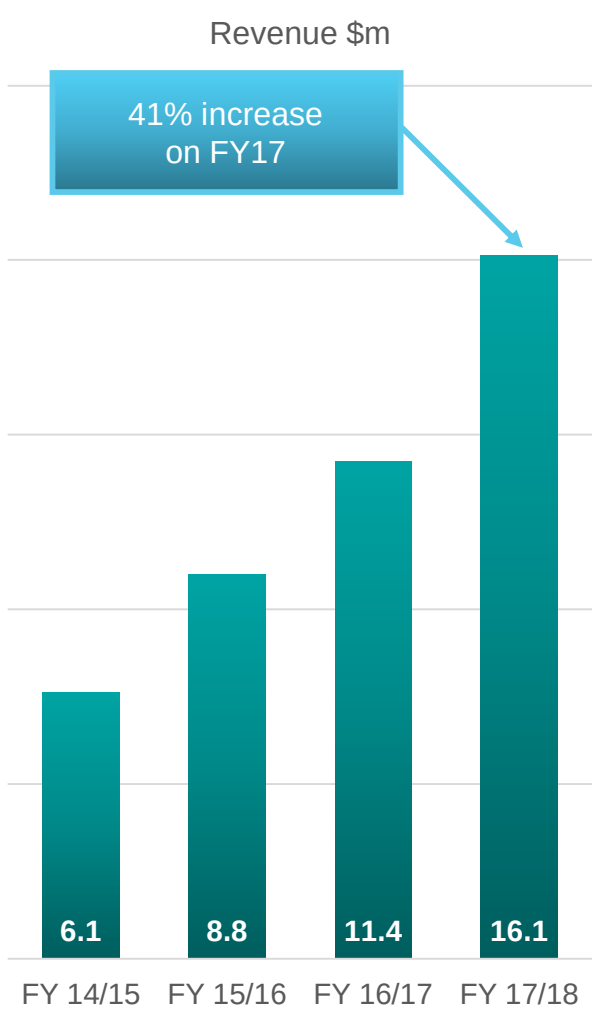
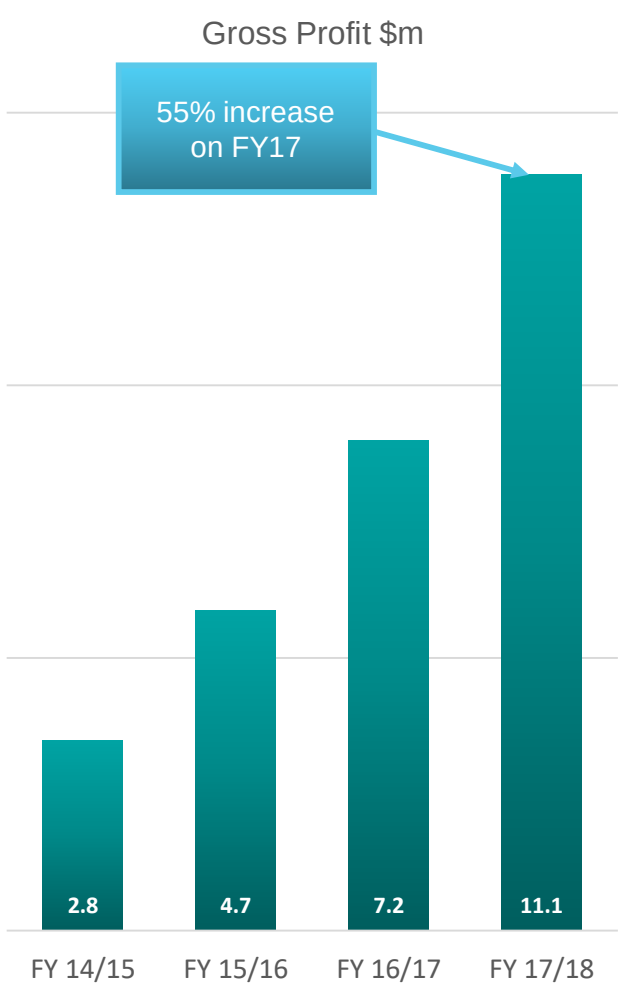
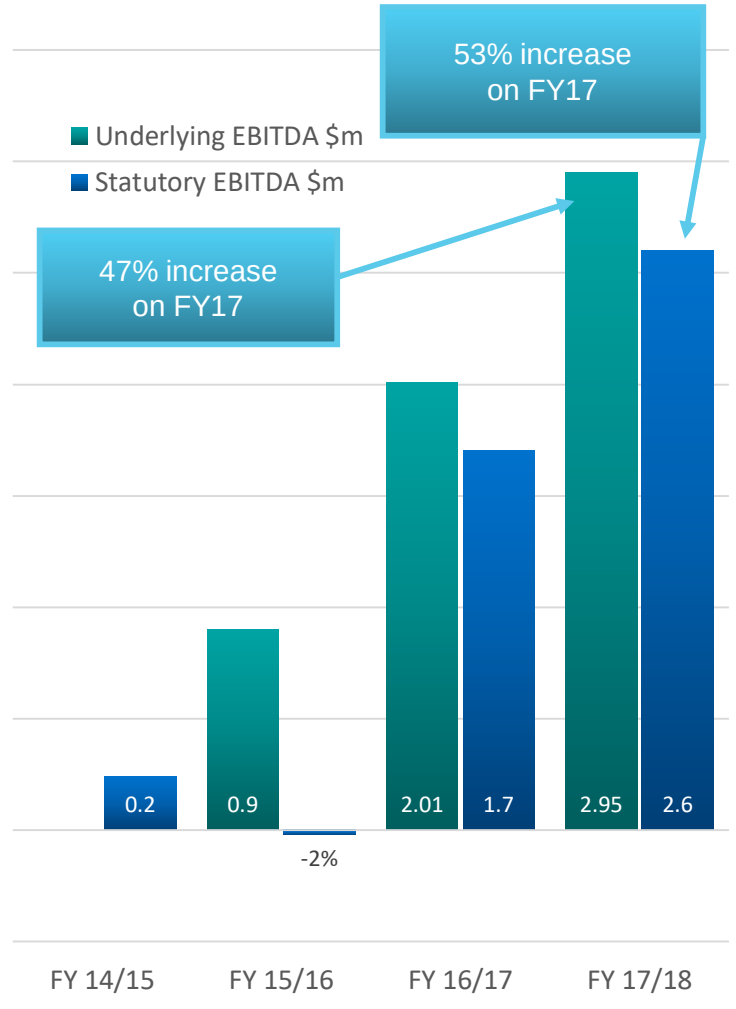
FY18 Performance Summary (unaudited)







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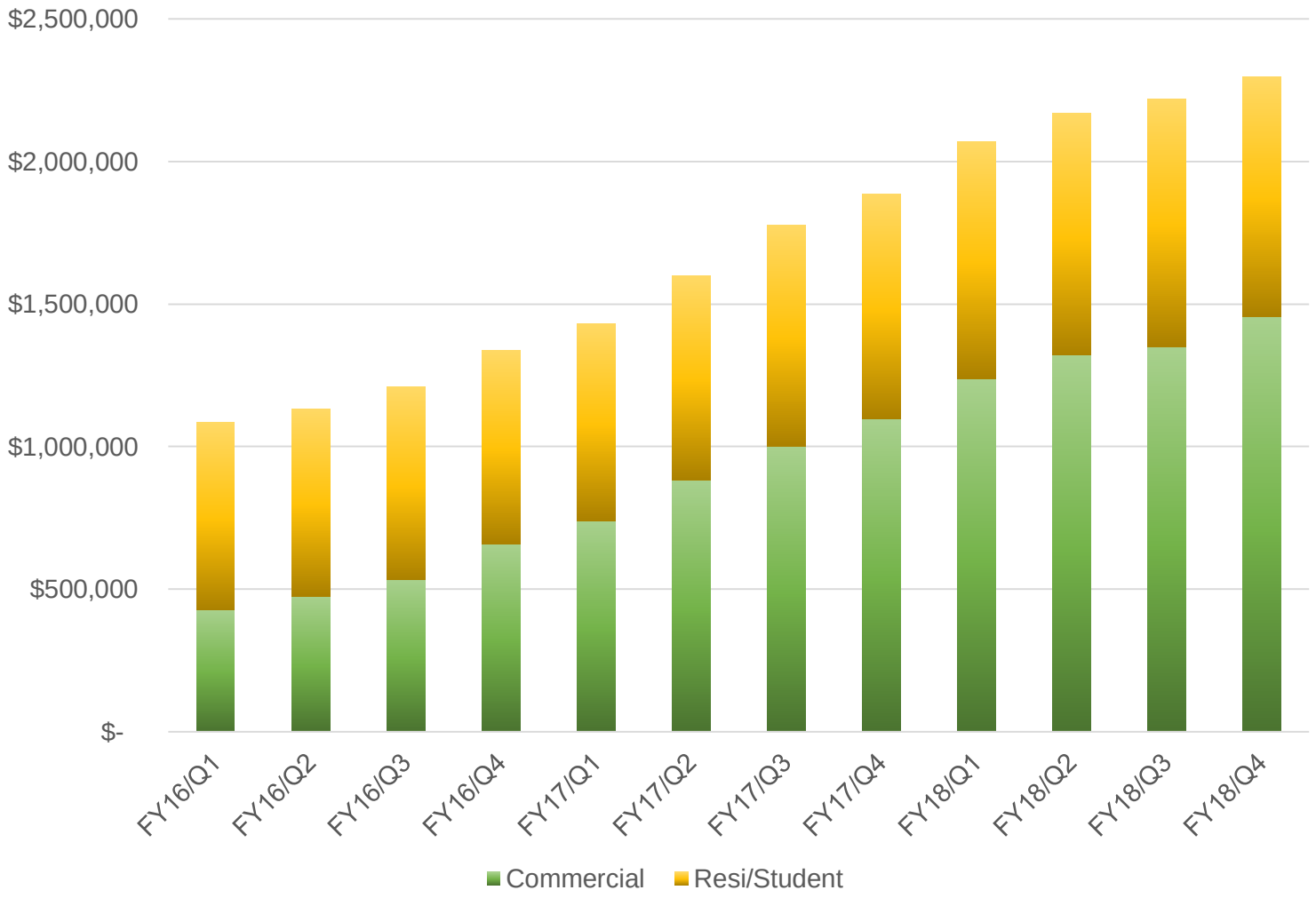
12 Consecutive Quarters of Organic Growth



On-Net Building Revenue grew by 22% on Q4'17:

- ✓ Commercial (+34% YonY)
- ✓ Residential (+7%YonY) revenues

On-Net Building Revenue grew by 4% on Q3'18:

- ✓ Commercial (+9% QonQ)
- ✓ Resi/Student (-3%QonQ) revenues
- ✓ Resi only -2% QonQ)

Commercial continues to be the key growth driver

- ✓Building revenue grown 3.4 times since Q1/16

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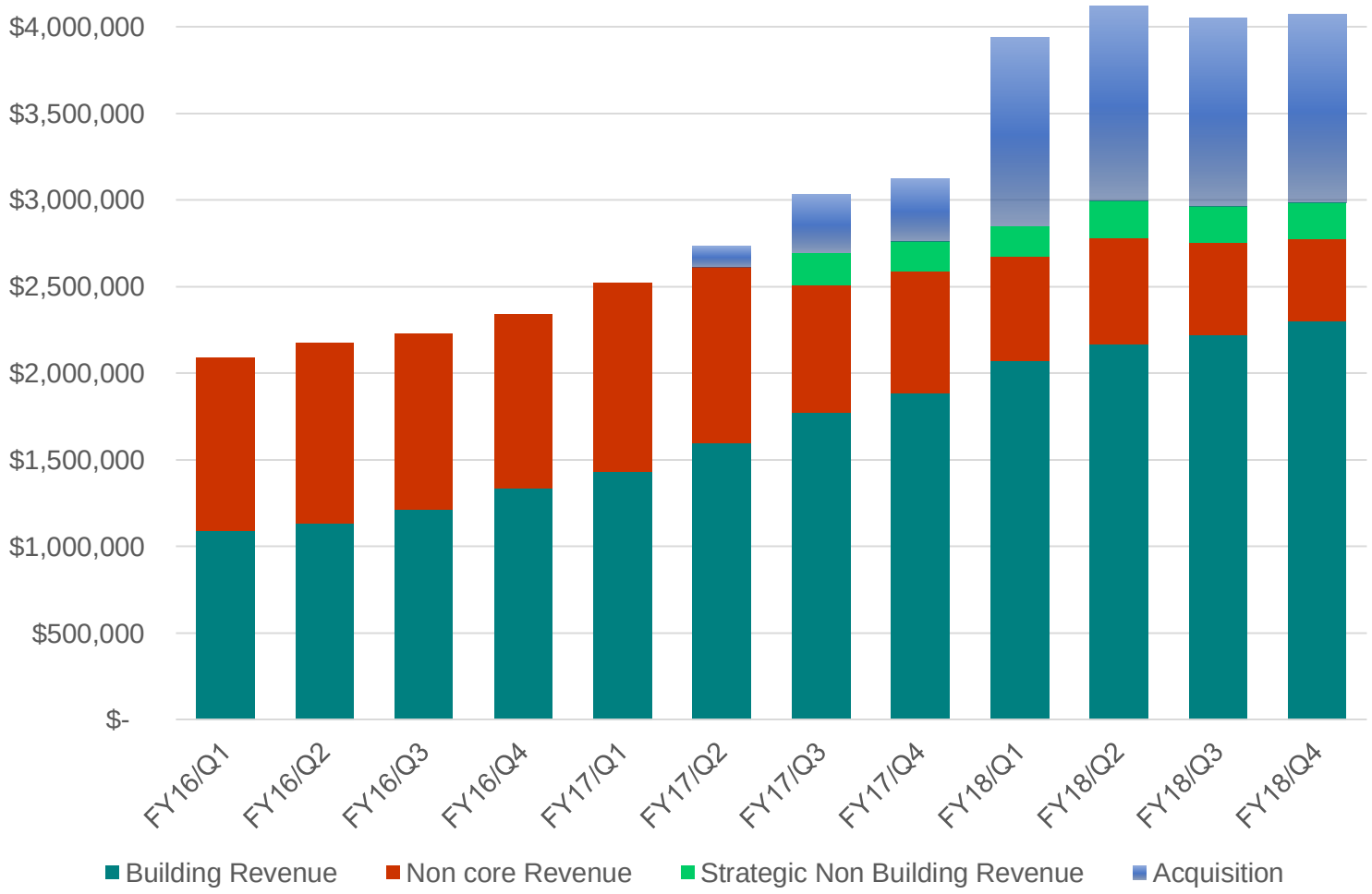
Consistent Revenue Growth



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

✓Lower margin legacy revenue run off accelerating, but decreasing proportion of overall revenues

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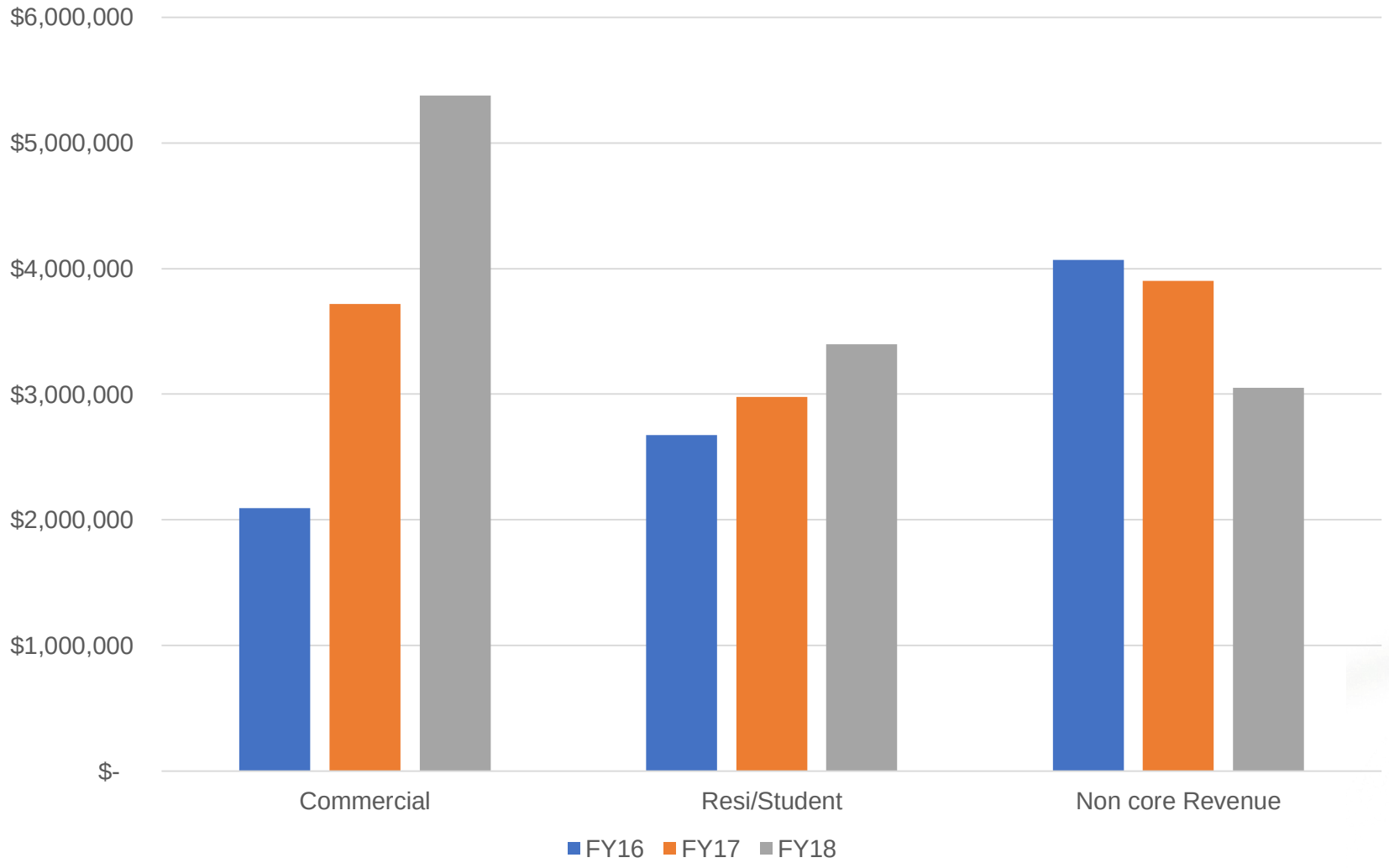
Spirit revenue breakdown (non acquisition)



✓ Commercial On-Net building Revenue growth YoY

✓Resi/Student On-Net building Revenue growth YoY

✓ Greater than expected decline in Non-core Revenue

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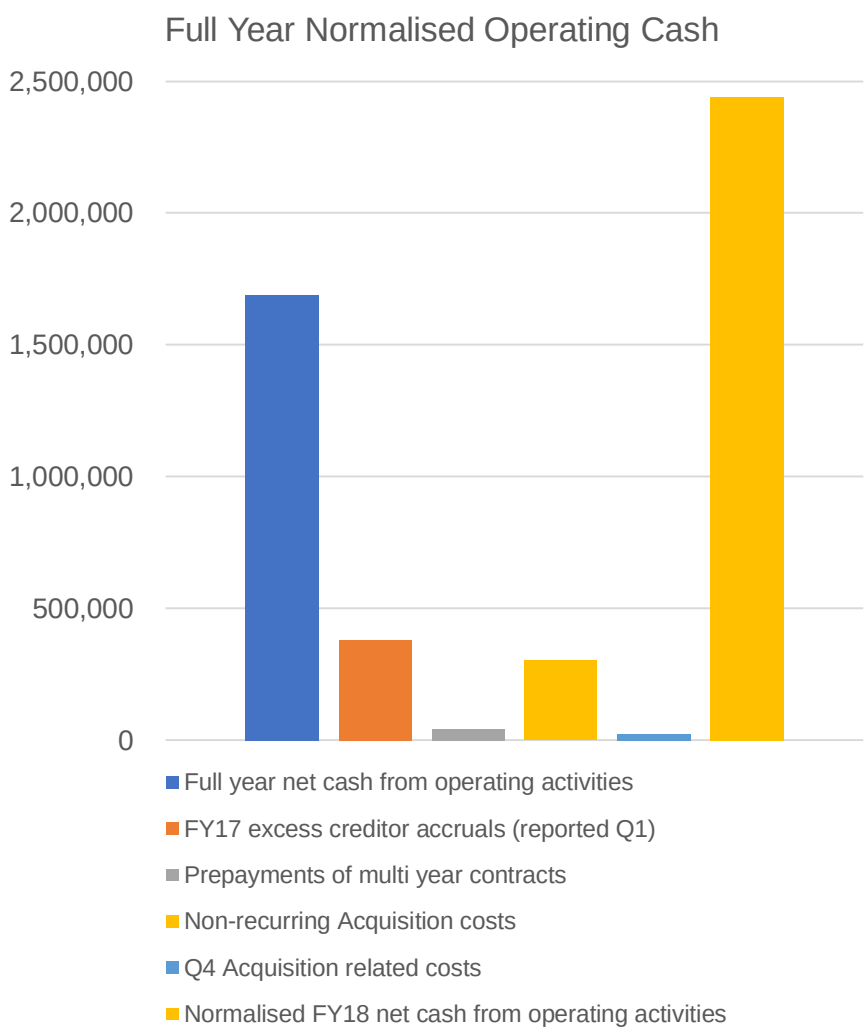
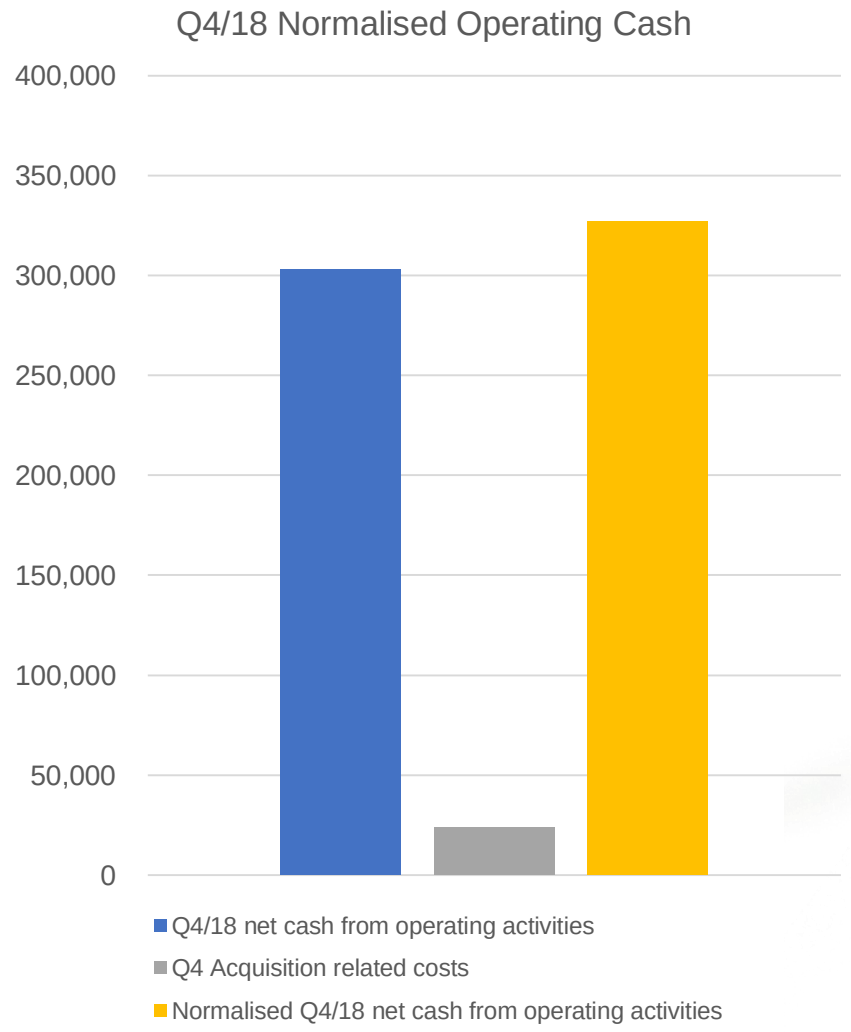
Operating Cash Breakdown





- ✓ Normalised net operating cash flow of $327k in Q4.
- ✓ FY18 Normalised Operating Cash flow of $2.439m
- ✓ FY18 acquisition related costs of $324K

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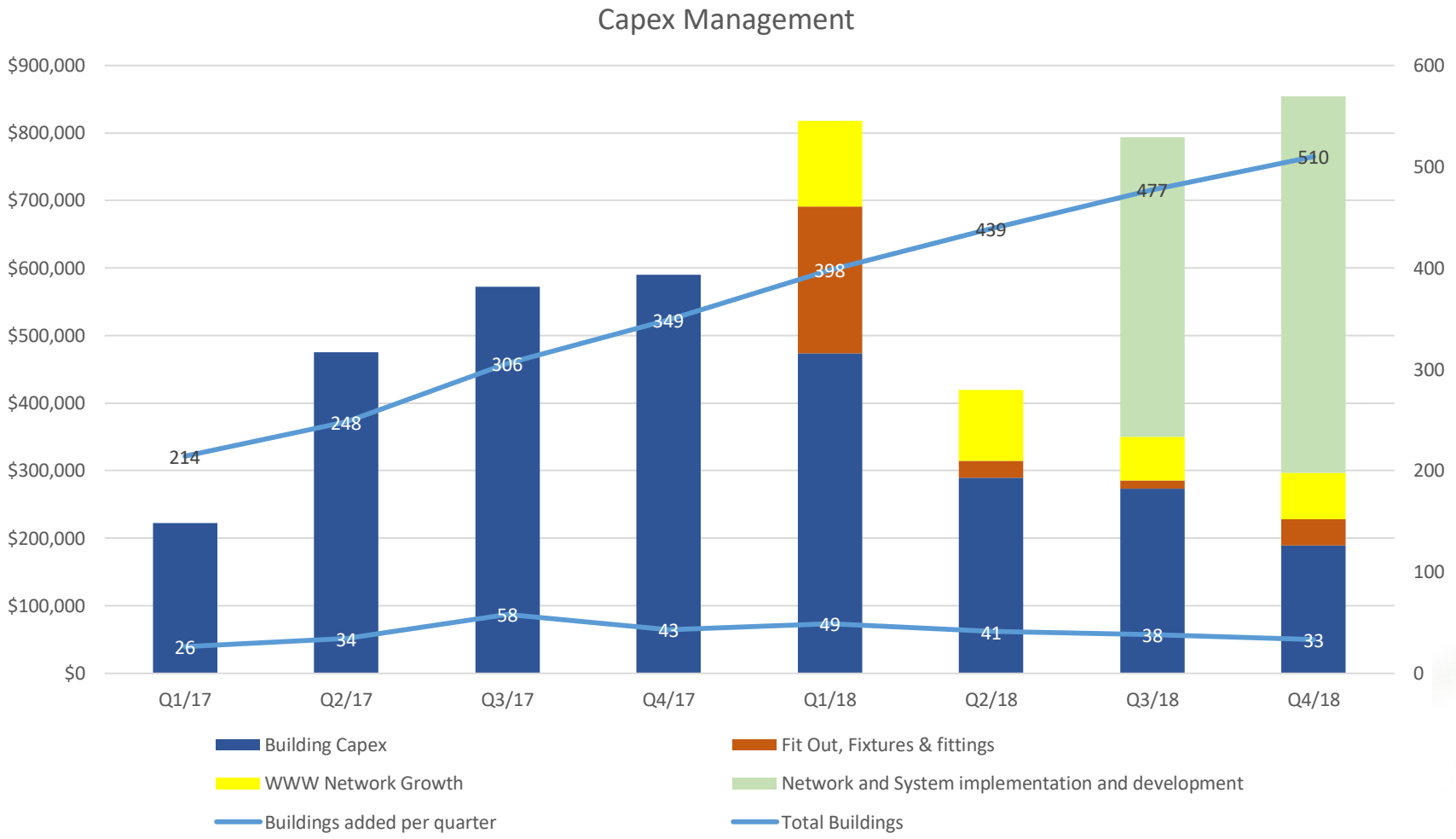
Capex Efficiency Continues To Improve



✓ Capex per building averaged $7,609 YTD – 38% lower than FY17 average

✓Number of On-Net buildings grew to 510

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

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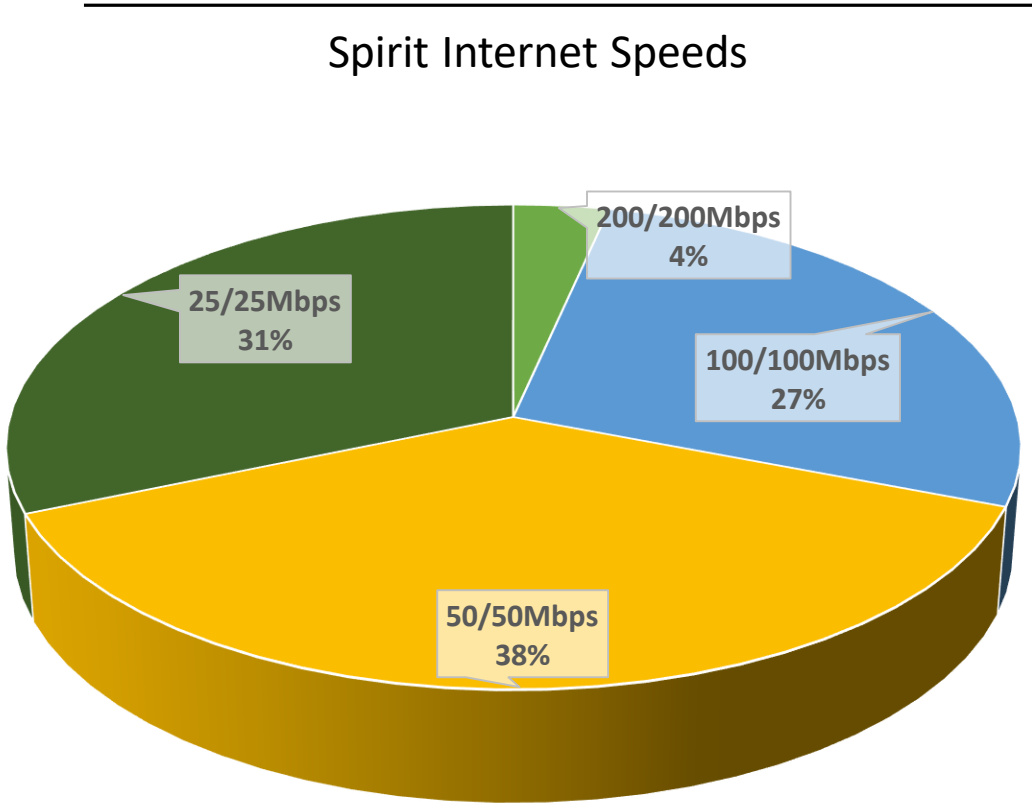
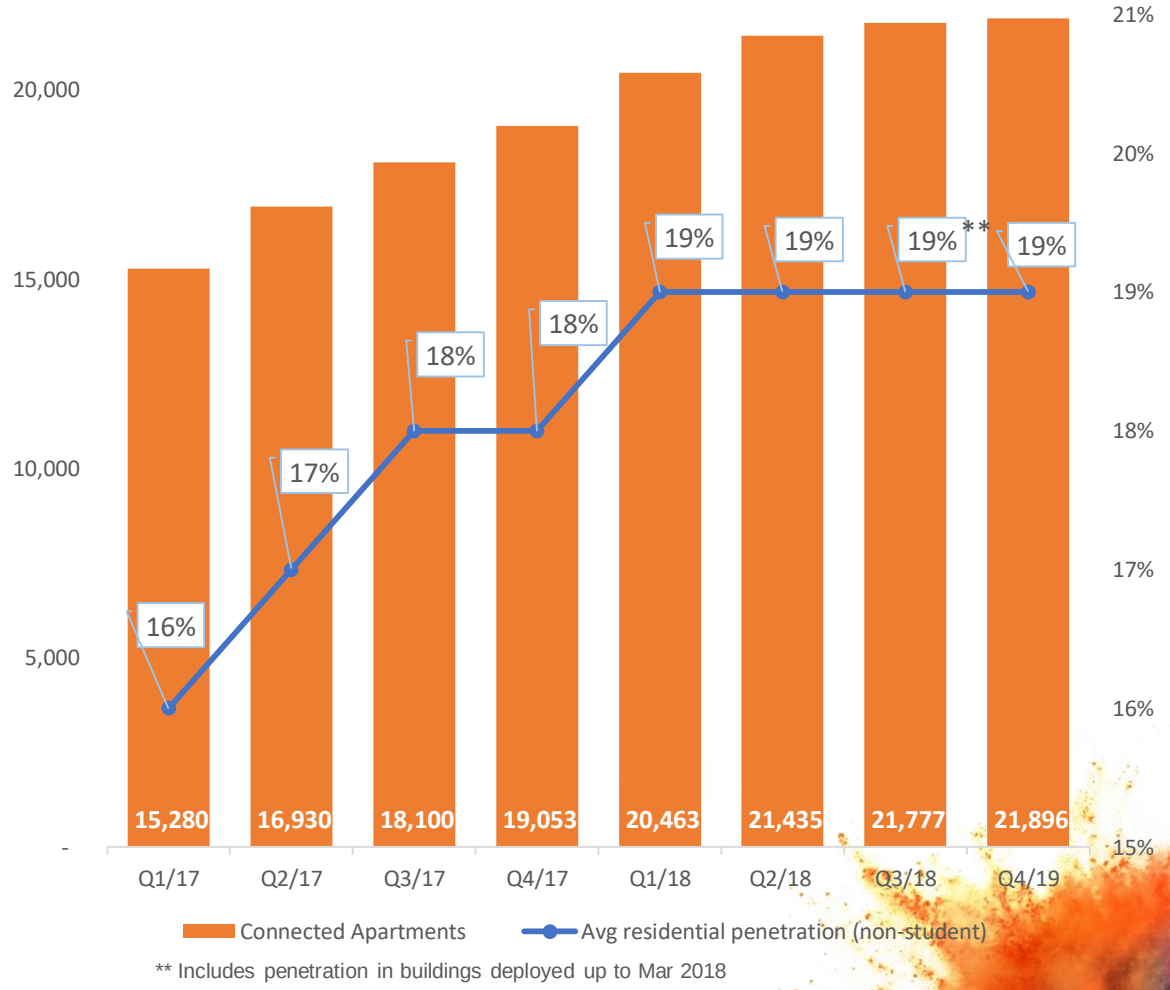
Connected Apartments



69% of Spirit's residential customers are on Speeds greater than 25Mbps



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

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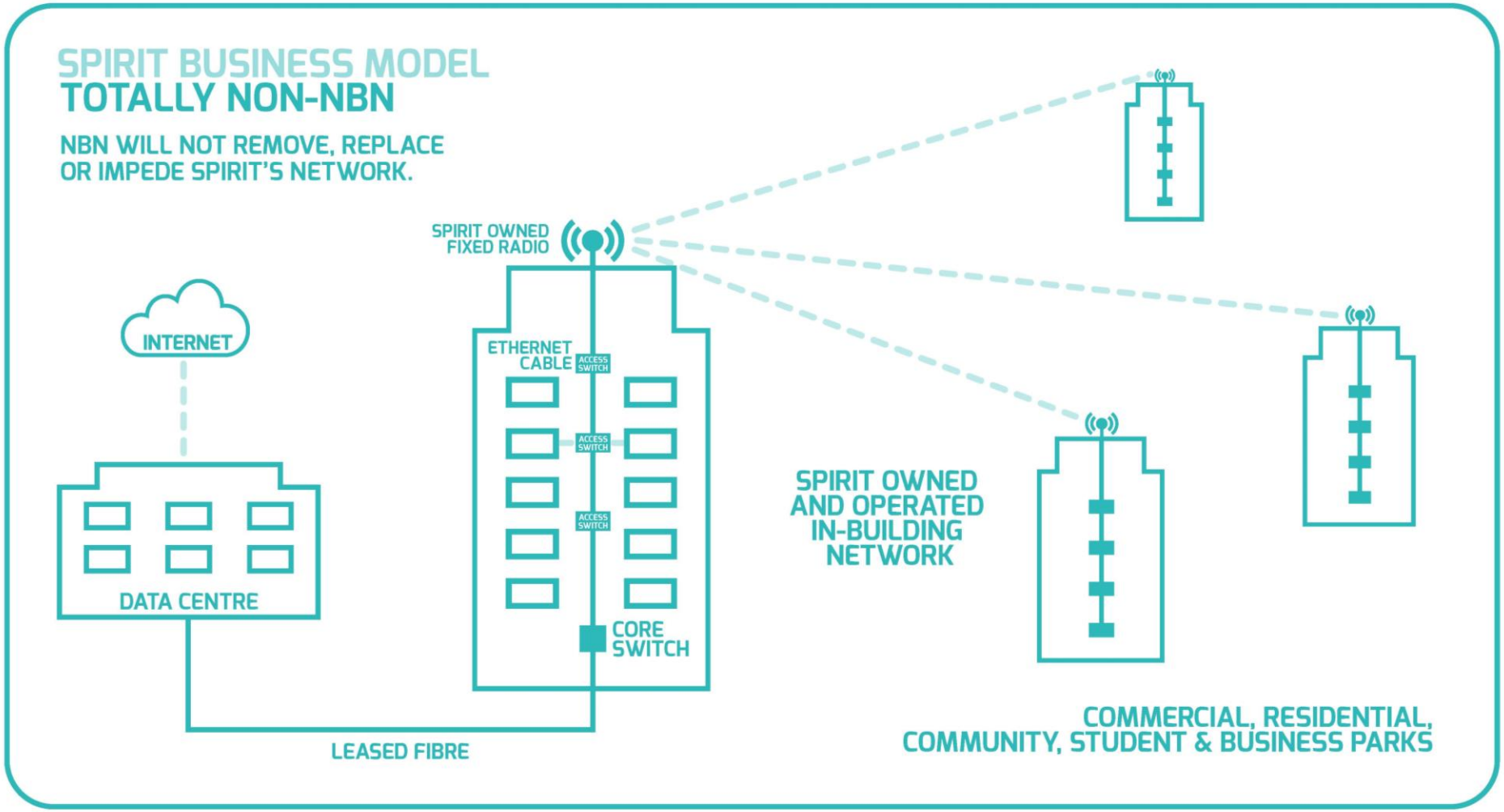
1. Reported by Ookla

Spirit Business Model: Totally Non-NBN



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Top 10 Shareholders at 29th June 2018

	Rank	Holder Name	Designation	Current Securities	%	Prev. Securities	%	Rank
*	1	JOSHART INV	TIGEL FAM A/C	33,667,749	13.81%	33,667,749	13.81%	1
	2	CHLOEDARCY INV PL	NEATE FAM A/C	33,096,253	13.58%	33,096,253	13.58%	2
*	3	CRAZY DIAMOND PL		20,000,000	8.20%	20,000,000	8.20%	3
	4	DIAMOND PETER JOHN + D E	PETER & DIANA DIAM	13,793,944	5.66%	13,793,944	5.66%	4
*	5	J P MORGAN NOM AUST LTD		12,322,395	5.06%	12,322,395	5.06%	5
	6	WIGNELL INV PL		7,269,174	2.98%	7,269,174	2.98%	6
	7	MAGNUM OPUS HLDGS PL	MAGNUM OPUS S/F A/	7,000,000	2.87%	7,000,000	2.87%	7
*	8	LENZI SUSAN	LENZI FAM A/C	5,032,549	2.06%	5,032,549	2.06%	8
	9	KEOGH DAINEN		4,966,771	2.04%	4,966,771	2.04%	9
	10	HSBC CUSTODY NOM AUST LTD		4,227,006	1.73%	4,227,006	1.73%	10

* Denotes merged holders

No of Shareholders: 982

ISSUED CAPITAL

Fully paid ordinary shares:	243,759,535
STIO Listed Options:	28,732,256
STAC Unlisted Options:	2,500,000
STAB Performance Rights:	1,970,600

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