

Investor Presentation

December 2016



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Acquisition

Entity: Phone Name Marketing Australia Pty Ltd (and related entities)

Trading as: Phone Names

- Phone Names owns and markets inbound 13/1300/1800 Smart Numbers (eg. 1300 FITNESS, 1300 PAVING)
- A Phone Name is like a web domain, an important marketing commodity for any company generating business over the phone
- Phone names owns over 2200 Smart Numbers on its Balance sheet.
- 20% Asset utilisation
- Customers include the likes of Dominos Pizza (1300 DOMINOS), Harvey Norman (1300 GO HARVEY), Bendigo Bank (1300 BENDIGO), Vodafone (1300 VODAFONE)

- Acquisition Price: \$4.2m
 - Over 2200 Smart Numbers on the balance sheet
 - Circa 400 Customers
 - \$800k EBITDA normalised
- Funded by:
 - Proposed new debt facility to incorporate \$2.1m for the acquisition and refinance existing debt
 - Equity Issuance \$2.25m (surplus into working capital)
 - 83,407,369 ordinary shares at 2.7 cents
- Net Debt Equity Ratio 48% (assume \$2.25m equity raise)
- Interest Cover > 10x
- Circa 40% EPS accretive
- Highly cash generative: No Capex; cashflow to fund core growth

Phone Names Overview

Own a number of Trade Marks which consist of premium 1300 numbers, Trade Mark, website and logo.



Independent Research

Roy Morgan Research revealed in a 2014 study that: 93% of Australians are aware of Smart Numbers, and the concept of alpha numeric dialling Smart Number usage has more than doubled since 2006



Roy Morgan
— Research —

In their 2008 research paper, D&M Research found that:

- Word of mouth advertising had the highest Phone word recall at 93%
- 87% of 1200 people surveyed prefer Smart Numbers over Phone numbers
- Overall their research concluded that Smart Numbers were 5.5 times more memorable than Phone numbers



D&M
RESEARCH

Suitability & Synergies

- Spirit has already been selling 1300/1800 numbers for over 10 years, so it has the required knowledge and skills to run and grow this business successfully.
- Cross sell opportunities: The Phone Names customer is a business base. Spirit have a number of business services, such as voice, data and hosted PBX to cross sell. This will be part of the role of the incumbent sales development team.



"Phone Names generated 3x more customer calls than phone numbers!"

Gerry Harvey, 1300 THE BYRON

1300 THE BYRON generated 3 times more calls than the standard number

Our company conducted side-by-side testing of a phone name vs a phone number for our client Harvey Norman Holdings Ltd. The objective was to assess the impact of a phone name vs a phone number – with all other variables being held constant.

What we tested

Two identical radio ads were produced. The only difference between the two ads being the 'call to action' used at the end of each ad. The first ad used a regular 1300 phone number – 1300 628 678. The second ad used the phone name 1300 THE BYRON.

The two ads were run in even rotation – with identical media weights – over a seven day period on two Sydney radio stations.

The calls and bookings through the phone name and phone number were tracked for the seven day campaign period and for the seven days after the completion of the campaign.

Results

In the week of the campaign, the ads with the phone name generated three times more calls and bookings than the ads with the phone number.

“ Now I just laugh when I see phone numbers in ads.

Gerry Harvey,
Chairman, Harvey Norman Holdings Ltd

Risks and Mitigation

Operational

- the systems and process required to run the business are easy to understand and similar to Spirit operations.

Marketing

- by Google ad-words and 'word of mouth'

Management

- Spirit COO has over 10 years of experience with 1300/1800/Smart Numbers space.
- Spirit's current Sales Account Manager has over 6 years' experience with 1300/1800 number and Phone names, including working for Telstra Phonewords for 3 years+ as a senior Business Development manager.

spirit
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of more