

Spirit Telecom Limited (STL) Acquisition & Capital Raising

April 2019

Disclaimer

IMPORTANT INFORMATION

The information in this presentation is an overview and does not contain all information necessary for investment decisions. In making investment decisions in connection with any acquisition of securities, investors should rely on their own examination and consult their own legal, business and/or financial advisers.

This presentation is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any securities in the Company. This presentation has been made available for information purposes only and does not constitute a prospectus, short form prospectus, profile statement or offer information statement. This presentation is not subject to the disclosure requirements affecting disclosure documents under Chapter 6D of the Corporations Act 2001 (Cth). The information in this presentation may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company.

The Company does not have a significant operating history on which to base an evaluation of its business and prospects. Therefore, the information contained in this presentation is inherently speculative.

The information contained in this presentation is strictly confidential and you must not disclose it to any other person. While the information contained in this presentation has been prepared in good faith, neither the Company or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of the Company, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.

This presentation may contain statements that may be deemed “forward looking statements”. Forward risks, uncertainties and other factors, many of which are outside the control of the Company can cause actual results to differ materially from such statements. Such risks and uncertainties include, but are not limited to, commercialisation, technology, third party service provider reliance, competition and development timeframes; limited operating history and acquisition and retention of customers; reliance on key personnel; maintenance of key business partner relationships; brand establishment and maintenance; the Company’s products may contain programming errors, which could harm its brand and operating results; competition; changes in technology; data loss, theft or corruption; security breaches; liquidity and realisation; and additional requirements for capital.

The Company makes no undertaking to update or revise such statements, but has made every endeavour to ensure that they are fair and reasonable at the time of making the presentation.

Investors are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in any forward-looking statements made.

Transaction Overview

Announcement:	Spirit Telecom Limited (“ Spirit ”) (“ STI ”) has reached an agreement to acquire LinkOne Pty Limited (“ LinkOne Group ”) (the “ Acquisition ”) including subsidiaries Anttel Communications Group Pty Ltd (“ Anttel ”) and Ignite Broadband Pty Ltd (“ Ignite ”)		
Complimentary Business:	Wholesale licensed telecommunications carrier operating a predominantly “Fixed Wireless” network		
Consideration:	Upfront purchase consideration of \$5.7 million for 100% of LinkOne Group (c.5x EV/EBITDA) <ul style="list-style-type: none">• 70% of consideration paid in cash on completion (\$4.0 million)• 30% of consideration paid in scrip (\$1.7 million issued at \$0.13)		
Earnings Accretion:	c.60% EBITDA uplift 12 months to 31-Dec-18		
Committed Vendor:	70% of scrip consideration escrowed for 12 months and Vendor will take on a new role with Spirit		
Funding:	\$4.2 million capital raising via Placement to professional and sophisticated investors (“ Raise ”) (“ Offer ”) In addition, Spirit will offer all existing eligible investors the opportunity to subscribe for new shares up to a maximum of 125,000 shares (maximum of A\$15,000 per investor) under a Share Purchase Plan (“ SPP ”). The SPP will be capped at A\$1.0 million		
Shareholding:	Current shares on issue	245,041,155	
	LinkOne Group vendor shares	13,076,923	
	Placement Shares	35,000,000	
	Share Purchase Plan (max)	8,333,333	
	<u>Pro forma shares on issue</u>	<u>301,451,411</u>	

Investor Highlights



Strategically compelling acquisition of a highly complimentary telecommunications network

Immediate geographic expansion into target markets of Brisbane and Sydney

Increases Points-of-Presence (PoP's) by c.40%

Strengthens Spirit's lead generation capabilities outside of pre-existing network footprint

Access to LinkOne Group's established network of long standing clients

Financially compelling Acquisition c. 60% EBITDA uplift⁽¹⁾

1. Figures for 12 months to 31-Dec-18

Compelling Acquisition Metrics

(A\$m)	Spirit 12 months to 31-Dec-18	LinkOne Group ⁽¹⁾	Pro Forma ⁽²⁾	Uplift %
Revenue	16.3	3.2	19.5	19.6%
Gross profit	11.7	2.2	13.9	18.8%
EBITDA (underlying)	1.8	1.1	2.9	62.4%
NPAT (underlying)	(0.2)	0.7	0.5	nm

	Spirit	LinkOne Group	Pro Forma	Uplift
Towers/POP's (Commercial only)	115	44	159	38.3%
Customers	c.8,000	c.570	c.8,570	c.7.0%
Business: Residential split				
• By Customer%	37:63	46:54	37:63	
• By Revenue%	75:25	90:10	78:22	
Network coverage	Melbourne, Gold Coast	Brisbane, Sydney	Eastern Seaboard	

1. Unaudited Prof Forma results
2. Subject to finalising purchase price accounting

LinkOne Group Overview



- Established in 2008, LinkOne Group's network commenced construction in 2015



- Wholesale licensed telecommunications carrier operating a predominantly Fixed Wireless network

- c.570 customers across the residential and business segments



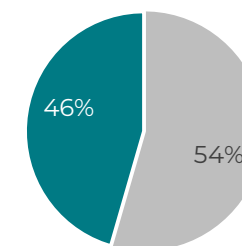
- 44 PoPs: 25 in Brisbane, 9 in Sydney and 10 in Melbourne
- Enhanced Channel Partner offering with Brisbane and Sydney presence
- Network infrastructure utilises complimentary hardware and co-located Australian data centres



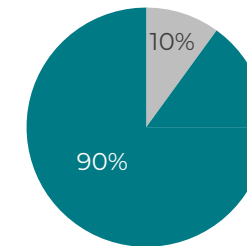
- Ongoing investment in network technology and footprint

Customer Split

By customer numbers



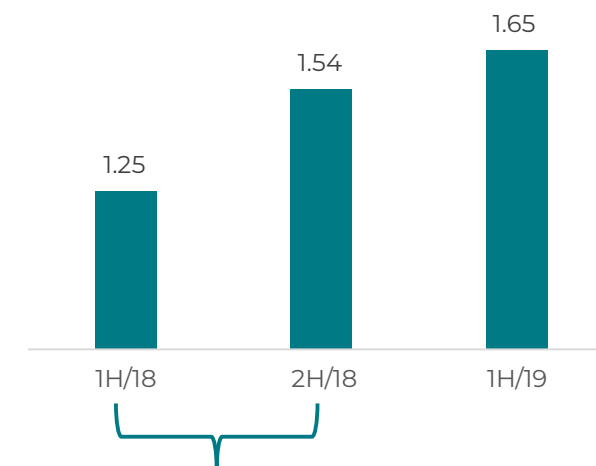
By revenue contribution



■ Residential

■ Business

Revenue Growth \$m



FY18 - \$2.8m

Transaction Terms and Funding

Purchase price	<ul style="list-style-type: none"> Spirit has entered into an agreement to acquire 100% of LinkOne Group for upfront consideration of A\$5.7 million comprising: <ul style="list-style-type: none"> 70% of consideration paid in cash on completion (\$4.0 million) 30% of consideration paid in scrip (\$1.7 million issued at \$0.13) Implied acquisition multiple of c.5x EV / EBITDA
Escrow	<ul style="list-style-type: none"> 70% of scrip consideration escrowed for 12 months from date of issue Any scrip traded by the Vendor to be undertaken by STI's nominated broker
Funding	<ul style="list-style-type: none"> Placement of up to 35 million Spirit Telecom (STI) Shares at \$0.12 per share to raise up to A\$4.2 million In addition, Spirit will offer all existing eligible investors the opportunity to subscribe for new shares up to a maximum of 125,000 shares (maximum of A\$15,000 per investor) under a SPP. The SPP will be capped at A\$1.0 million (record date 2nd April 2019)
Use of Funds (Assuming A\$1m SPP participation)	<ul style="list-style-type: none"> A\$4.0 million cash acquisition consideration A\$1.0 million working capital to fund growth A\$0.2 million transaction costs
Timing and closing	<ul style="list-style-type: none"> Spirit expects the LinkOne Group Acquisition to close mid to late April 2019, subject to the satisfaction of customary closing conditions and the successful completion of the Raise

Timetable

Indicative Placement timetable	Date
Trading Halt lifted and Placement announcement	10:00am Wednesday, 3 April 2019
Settlement (New Shares under the Offer)	Wednesday, 10 April 2019
Allotment and Issue of New Shares under the Offer	Thursday, 11 April 2019
Normal trading commences (New Shares)	Friday, 12 April 2019
Indicative SPP timetable	Date
Record date for shareholders to participate in SPP	7:00pm (Sydney time) on Tuesday, 2 April 2019
Dispatch SPP documents to shareholders	Wednesday, 10 April 2019
SPP offer opens	9:00am (Sydney time) on Monday, 15 April 2019
Closing date for SPP	5:00pm (Sydney time) on Thursday, 2 May 2019
Scaleback policy announced (if applicable)	Friday, 3 May 2019 – Monday, 6 May 2019
Settlement of Shares under SPP	Wednesday, 8 May 2019
Allotment of Shares under SPP	Thursday, 9 May 2019
Expected quotation on the ASX and normal trading of Shares under SPP commences	Friday, 10 May 2019
Dispatch of allotment confirmations/holding statements for New Shares	On or around Monday, 13 May 2019

Spirit Telecom Limited Overview

Who is Spirit?

- Spirit Telecom Limited (ASX: STI)
- A fast-growing Fixed Wireless Telecommunications Carrier, supplying superfast internet and ancillary services to business and residential customers
- Recognised as being Australia's fastest overall Internet Service Provider (ISP)⁽¹⁾
 - product leader in the Fixed Wireless sector
 - Implemented 5G technologies prior to mainstream carriers
- History of successfully acquiring and integrating complimentary companies, including Voxcom (2012), My Telecom (2015), Phone Name Marketing (2016) and World Without Wires (2017)
- Listed on ASX 26 June 2016

WINNER
2017
DELOITTE TECHNOLOGY
FAST 500



WINNER
2018
DELOITTE TECHNOLOGY
FAST 500

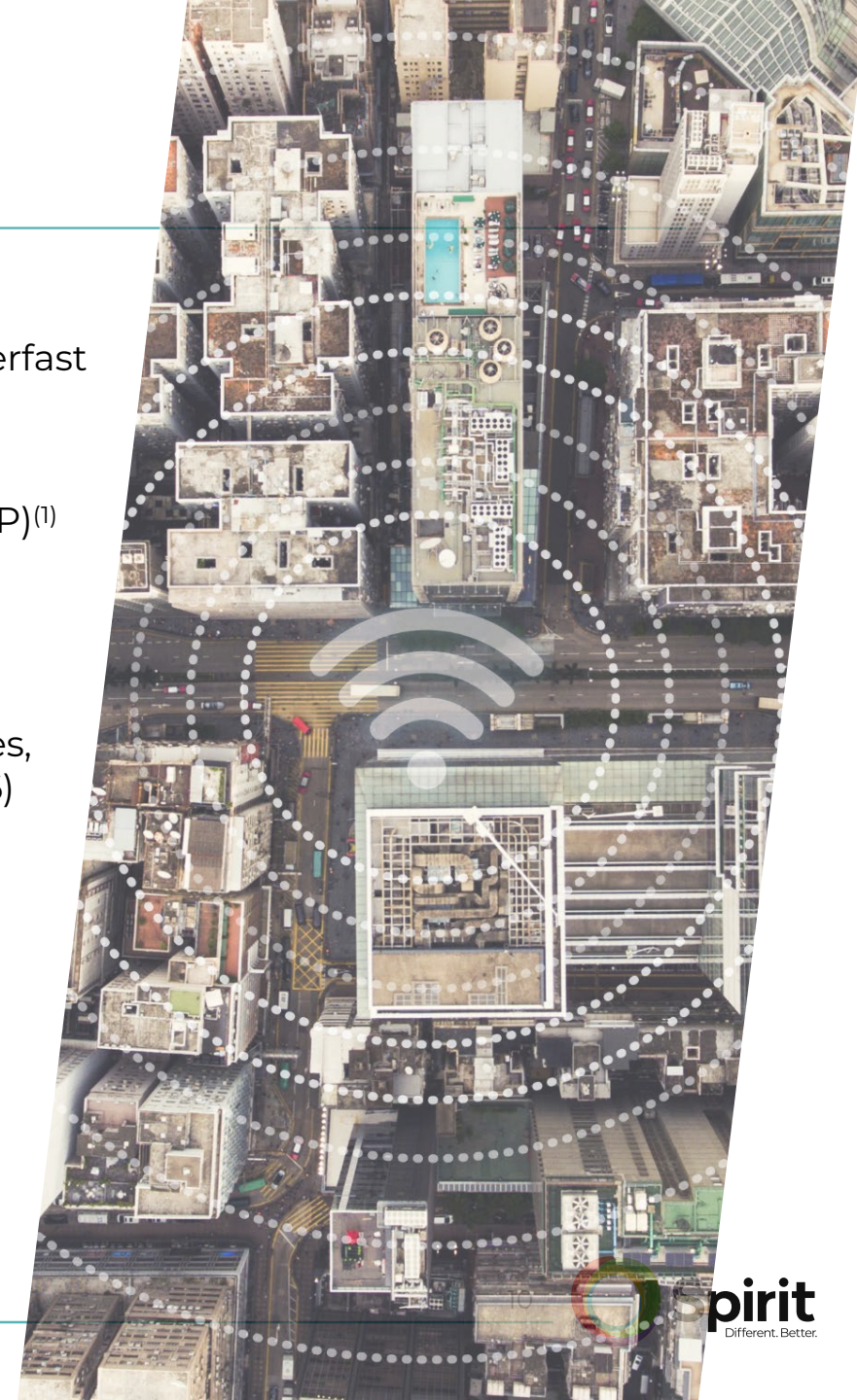


1. PC Mag 2015
2. For FY18

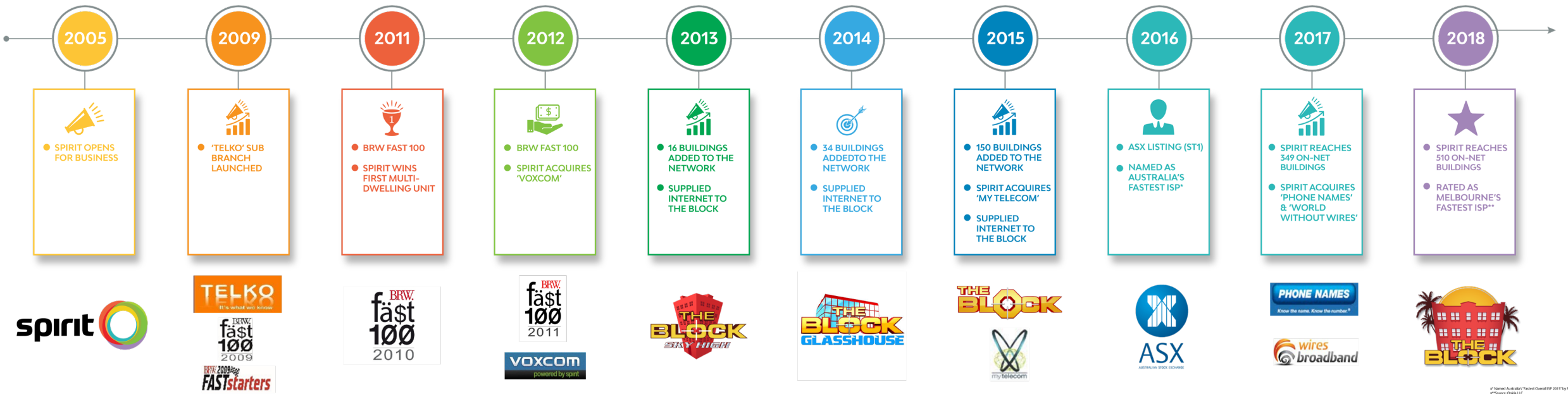
CUSTOMER
SATISFACTION SCORE ABOVE INDUSTRY AVE
98%* **17%***

NOMINATIONS
2 EDISON
AWARDS

Best fixed wireless operator and best broadband provider

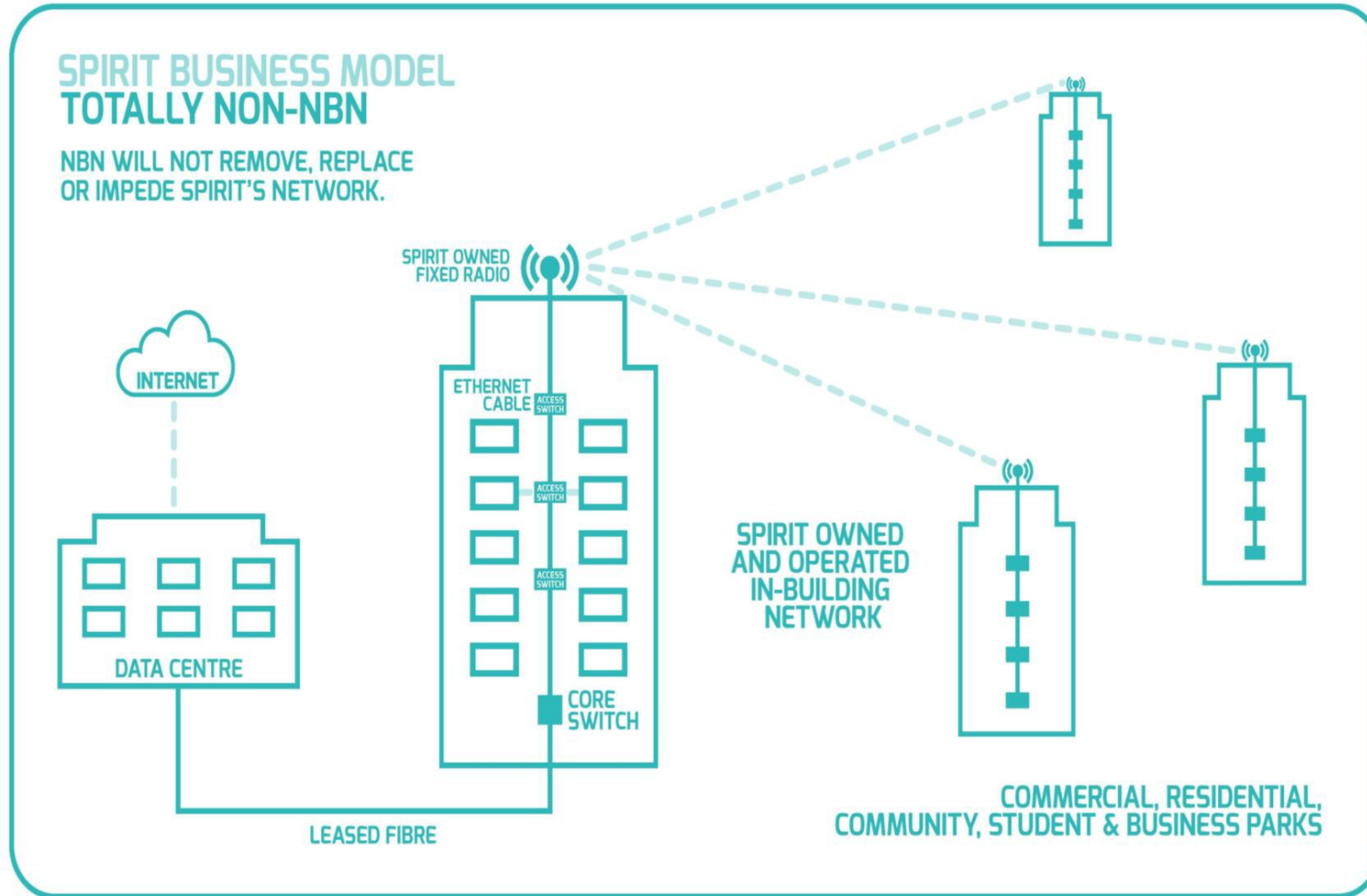


Spirit Timeline



* Named Australia's Fastest Overall ISP 2015 by PC Mag
**Source: Ombi LLC

Spirit Business Model: Totally Non-NBN



Fixed Wireless network

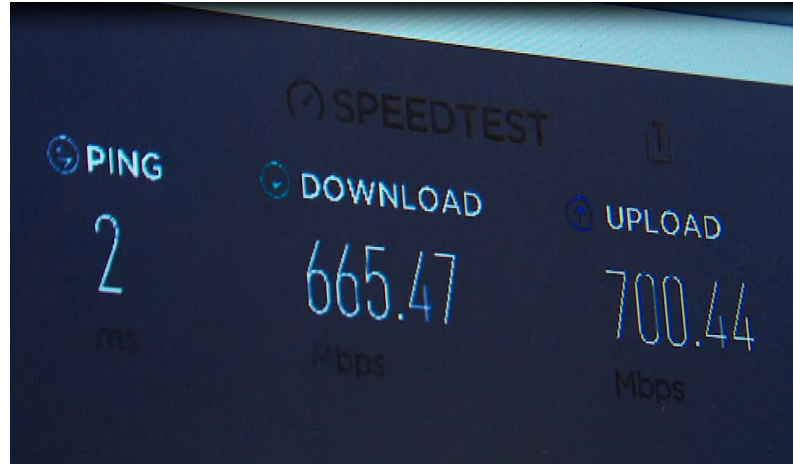
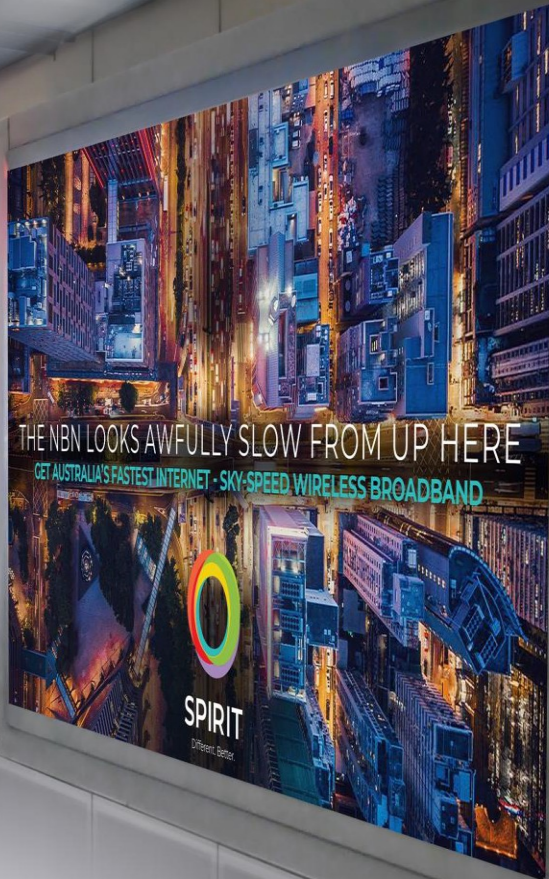
- Speeds up to 1Gbps

Primarily targeting SME/Business sector

- Higher ARPU
- Higher Gross Margin

Growth will deliver operating leverage

How we differentiate



Net Promoter Score
(Sept/Oct 18)



Overall 53



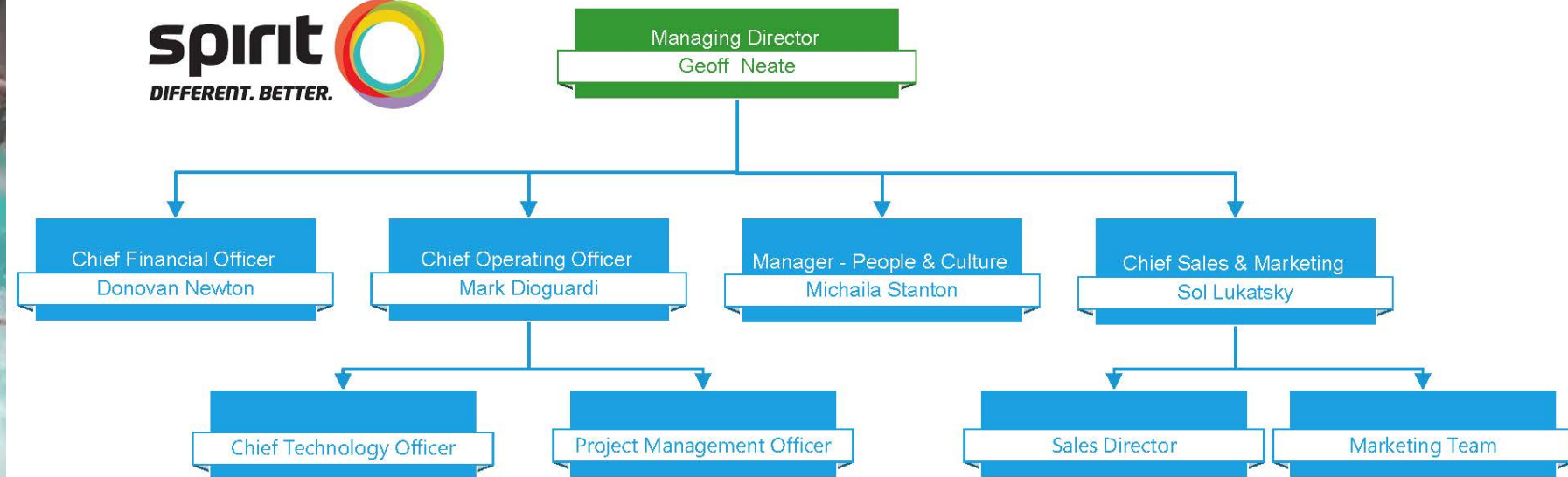
Rebill (legacy)
customers
28



On-net
customers
71

"Net Promoter or Net Promoter Score is a management tool that can be used to gauge the loyalty of a firm's customer relationships. It serves as an alternative to traditional customer satisfaction research and is claimed to be correlated with revenue growth." - Wikipedia

Executive Leadership Team



Two key operational drivers:

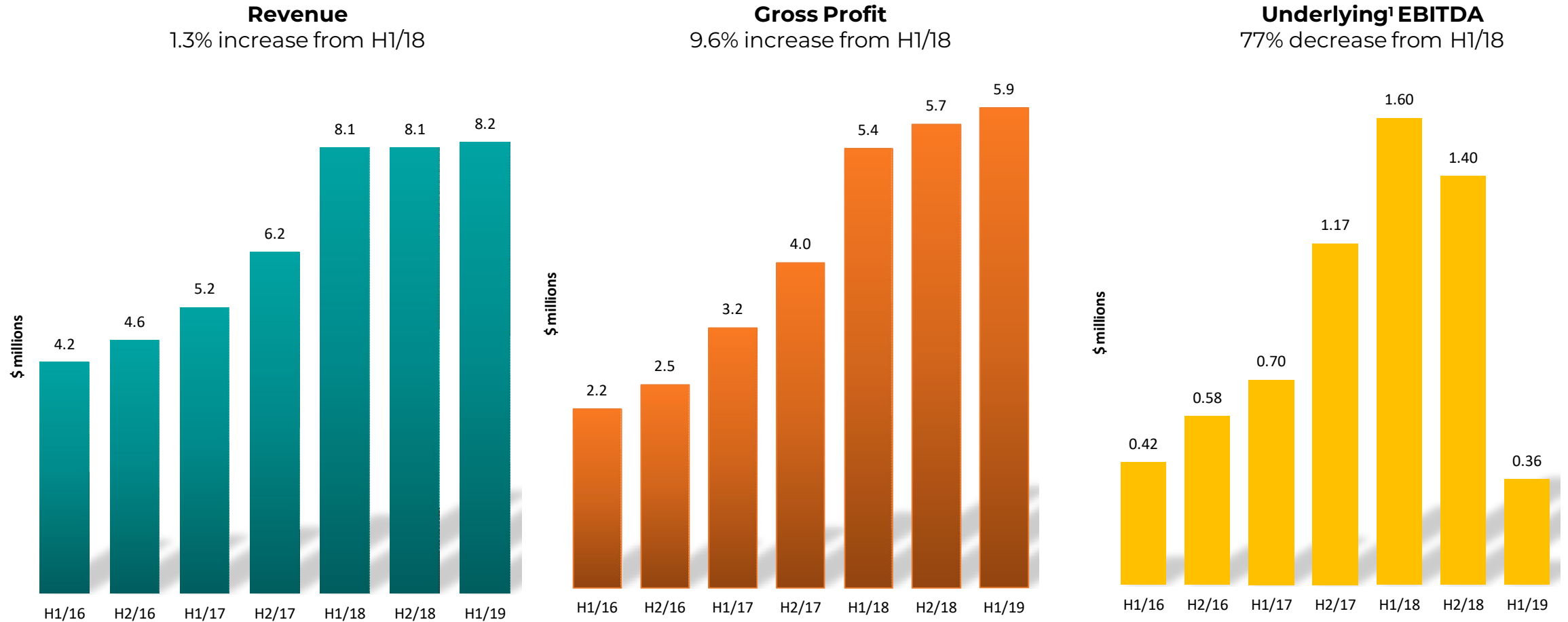
- Chief Sales & Marketing – Driving top line growth
- COO – Enabling Network and infrastructure

Two key support roles:

- CFO
- People & Culture

Leaner executive leadership team to enhance focus

H1/19 Financial Performance Summary



1. Underlying EBITDA excludes ongoing acquisition activity and share based payments

H2/19 Outlook



High Speed B2B Services



- Strong Demand across SME – Corporate business segments under-served
- New 10GB ring product range launched – Sky Speed products
- Capitalise by targeting 10,000 under serviced SME's in VIC & QLD
- Sky Speed product price competitive with Fibre with speeds from: 50mbps – 1GB
- Increase average Total Contract Values for B2B Services



Bespoke High Speed Networks builds



- Awarded \$1.7 million tender to build a superfast network in Horsham
- The network will allow Spirit to sell to SME's across the Wimmera region
- Shortlisted for 2 additional regional high-speed network tenders
- Signed MSA to execute on Public Private Partnership with Victorian Government fibre owner
- In final negotiations on a JV trial with national retail centre owner to provision high speed Internet B2B services



M&A



- Focus on acquisition targets with complementary wireless network assets
- Current short list pipeline of 1-2 targets moving through Due Diligence gates

© Spirit Telecom Limited
