

Spirit enables the New Economy

Delivering high speed internet and managed IT services to support Australian SMB's growth

Investor & Shareholder Strategy Update October 2019


Spirit Telecom Ltd (ASX:STI)
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About Spirit: (ASX STI)

A simple focus: *Be Australia's leading provider of IT&T services to Small & Medium Sized Businesses (SMB's)*

Commercial & Capital:

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- B2B customer demand driving strong growth in YOY revenue line (organic & acquisitions):
 - Demand driven by SMB's migrating to cloud based business applications which require high speed data links & security
 - QLD & NSW, as new markets, showing positive sales momentum for high speed data products (on-net high margin)
 - Data contract lengths averaging 32 months (locked in annuity and Total Contract Value)
 - IT/MSP Services now forming a material share of new customer sales and lifting ARPU every month
 - Strategic sales partner distribution deals now being signed for on-net high margin products
 - Balance sheet: strengthened with equity capital and CBA bank facility for M&A and organic growth in FY20
 - B2B growth execution via: Organic, Acquisitions and Digital Platform (Spirit X)

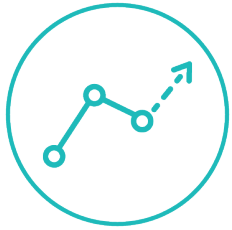
Executed Q2-Q3 (2019):

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- Completed 4 acquisitions in 9 months, expanded Data network (into Syd & Bris) & IT/MSP Services (new products)
 - CBA backed debt facility \$8.0M
 - Equity raised: \$11.4M (2019) (Options & Equity)
 - Material expansion in Data network to sell from. On-net and digital network grew to expand coverage in every capital city
 - New IT products added: Security, Firewalls & Outsourced IT – focused on increasing ARPU to >\$1,500PM

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In progress (Q1-Q3)



- Acquisition: 3-4 new target companies moving through due diligence gates (Telco & IT/MSP)
- Digital distribution: Spirit X platform build and launch, now includes national coverage across commercial buildings in each capital city
- Product bundles for SMB's: Data, Voice, Security and Cloud products on one bill (ARPU target >\$1,500PM)
- Acquisition integrations: all FY19 acquisitions ahead of schedule on integration timeframes
- A focus on continued improvement of EBITDA margins
- SMB to the cloud and back (1 supplier ; 1 invoice ; 1 point of contact)

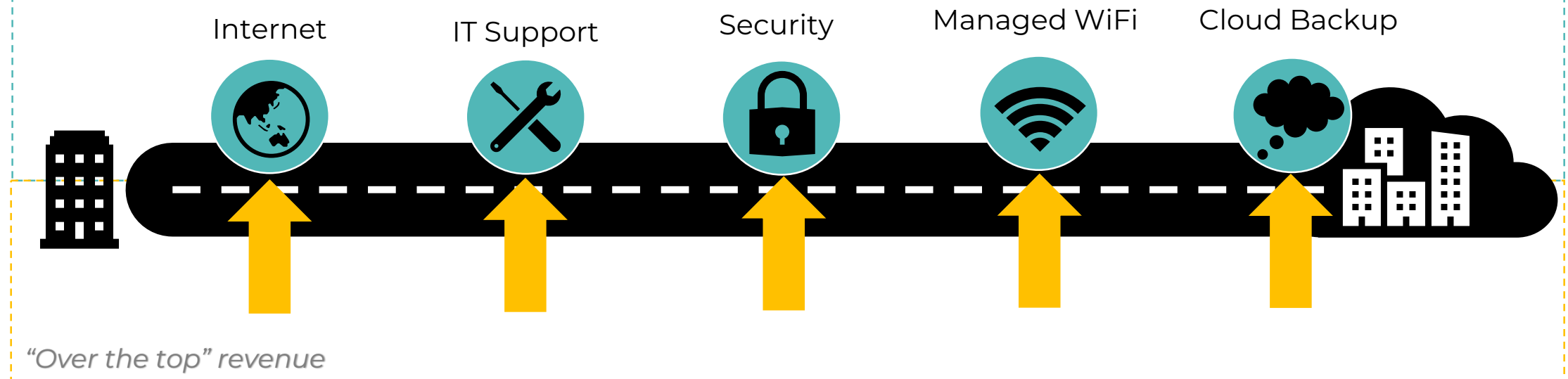
Spirit – own the journey, not the entire road

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A traditional Internet Service Provider model is like owning a road. But travellers on the road use many other services the toll provider does not share in. Spirit simply adds more toll gates on a “tolled road” and increases share of wallet by inserting itself into the customer journey at the service level - adding “over the top IT&T” services.

Demand is market driven by the move to cloud based business applications.

Spirit IT&T monthly annuity revenue streams:



Spirit: Enabling the New Economy via bundled IT&T services

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*SMB's: 90% of the
2.3m active businesses*

Demanding:

**High Speed Data / Internet &
Telephone
\$550 pm**



**Managed WiFi
\$400 PM**



**Managed IT & Security
\$1,500pm**



\$2,450pm

Bundle product set for a
30-50 head count business



Bundle of Fixed Wireless,
Managed WiFi & Managed IT
**\$2,450pm for
30-50 people**

- Speed
- Security
- Service level agreement
- Stickiness
- System admin access
- Single bill
- Single point of contact
- Reliability (99.99%)
- Scalable

How we grow & sell:

Spirit X:
Digital distribution

Strategic Acquisitions

Channel Partners

Challenger Brand for
SMB's

Network Expansion

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