

Spirit Telecom Limited (ST1)

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

AGM PRESENTATION - November 2019

Sol Lukatsky

Managing Director

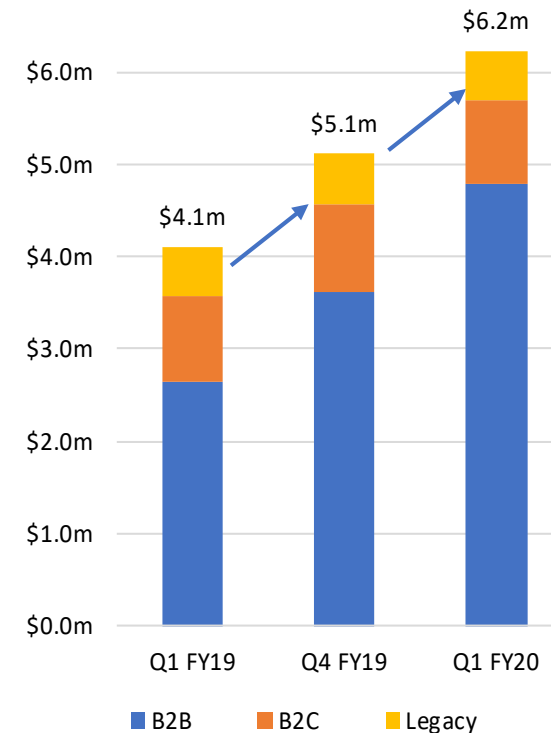
Achievements in 2019

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

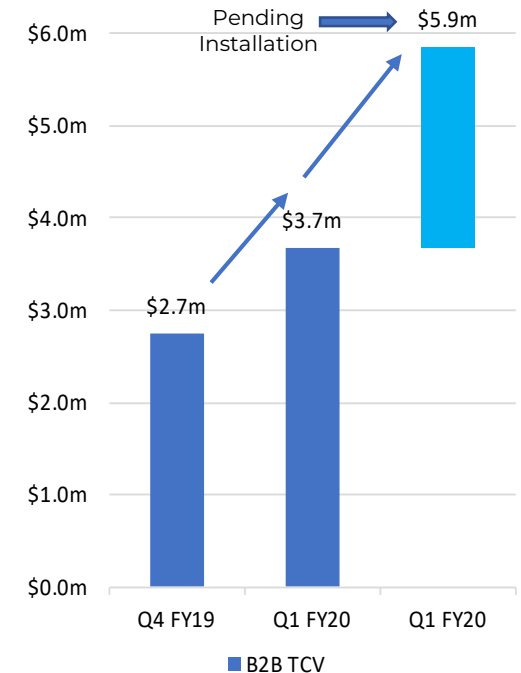
Executed:

- ✓ Completed & Integrated 4 acquisitions:
 - ✓ LinkOne - Telco
 - ✓ Building Connect - Telco
 - ✓ Arinda – IT/Managed Wi-Fi
 - ✓ Phoenix Austec – IT/MSP
- ✓ CBA backed debt facility (\$8.0M)
- ✓ Equity raised: \$11.4M (2019) (Options & Equity)
- ✓ Expanded Spirit owned high-speed data network across Melbourne, Brisbane and Sydney
- ✓ Added new products: Security, Firewalls & Outsourced IT – focused on increasing ARPU to >\$1,500PM
- ✓ Won: 2 Government Fixed Wireless contracts in Horsham & Morwell
- ✓ Pivot to B2B with >75% of revenue from key SMB target market

Revenue Growth



Total Contract Value

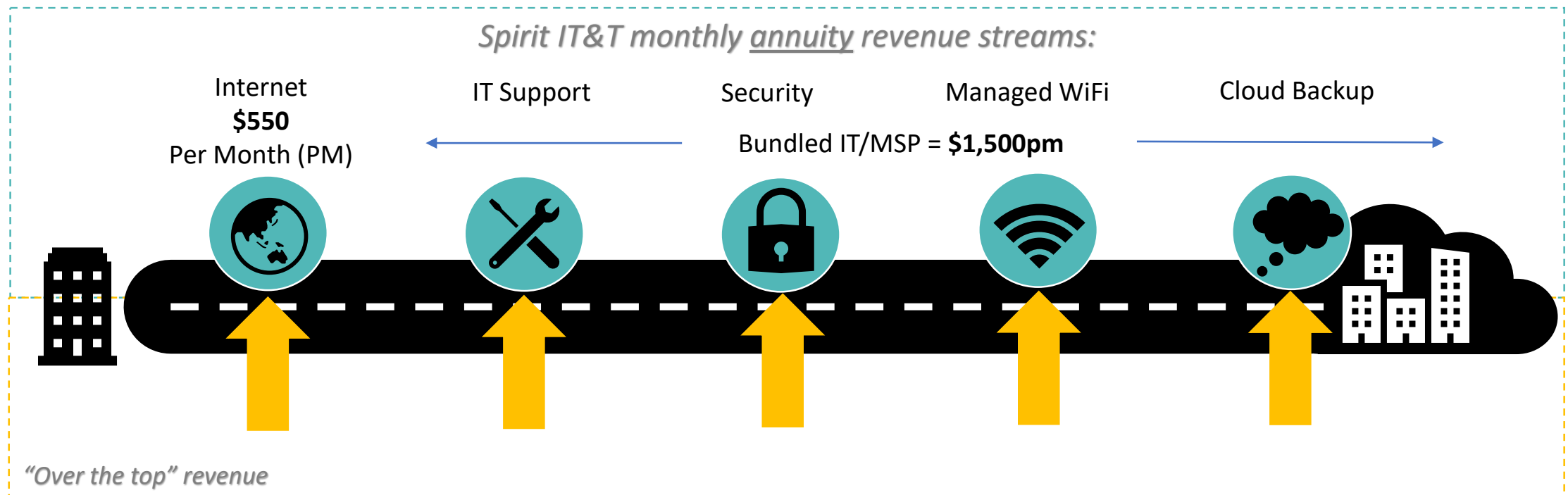


SMB markets undergoing structural change

A simple focus: *Be Australia's leading provider of IT&T services to SMB's*

Demand is market driven by the move to cloud based business applications requiring bundled services of Internet & IT/MSP/Security at ARPU of circa \$1,500-\$2,000 per month per site or SMB.

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.



A simple focus: *Be Australia's leading provider of IT&T services to SMB's*

Operational update Q2 20:

- Strong new sales through start of Q2 across B2B (Internet, Data & IT).
- Bundled multi-site deals now being signed across Data, Managed Wi-Fi & IT/MSP.
- New high calibre Non-Executive Director appointed – Mr. Greg Ridder.
- New CFO appointed - Mr. Paul Miller.
- Streamlined efficiencies with a reduction in both middle management and executive roles.
- Spirit X Digital sales platform launched to resellers.
- Horsham network launched on time and on budget to Victorian Government. Minister to officially launch network on 21 Nov 2019.
- Spirit continues to pursue additional Regional Fixed Wireless network opportunities via Local Council & Government Tenders currently in market.

M&A:

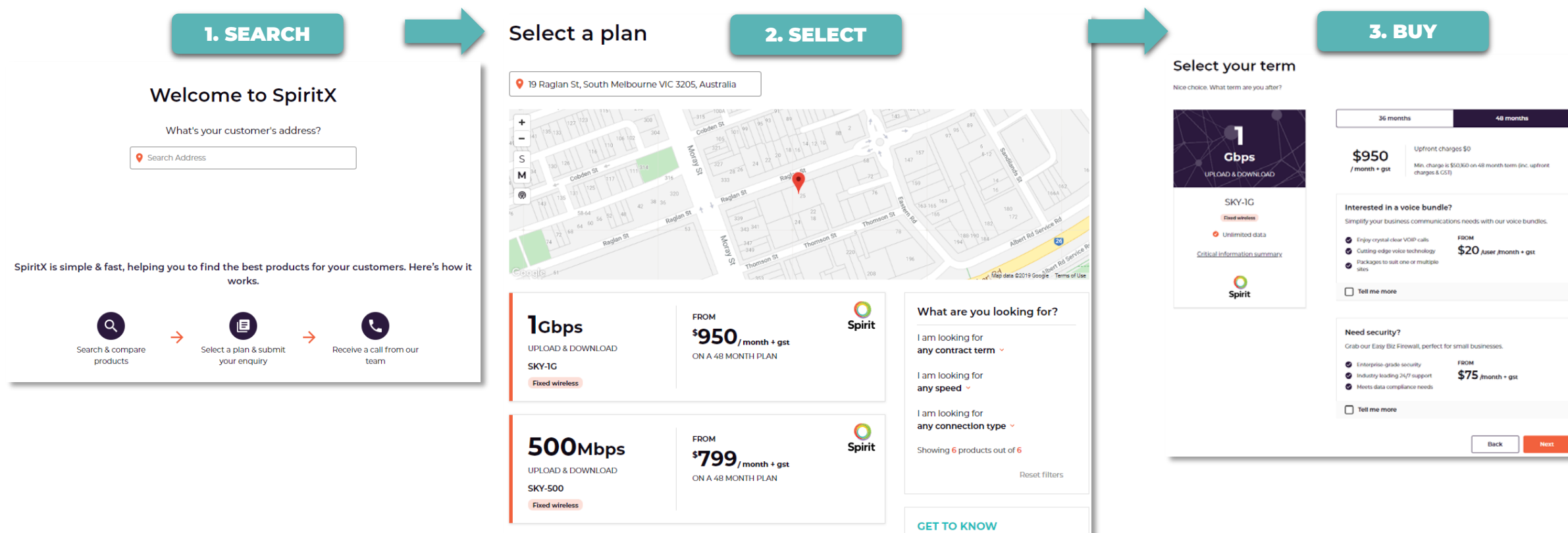
- Pipeline of qualified mid to large sized acquisition targets continues to grow and build. Due diligence & negotiations continues across:
 - B2B Telecommunication Providers
 - B2B IT Services/MSP
- The target opportunities provide Spirit optionality for either additional bolt on or larger more material / transformational acquisitions.
- Acquisitions which meet strategic alignment to B2B strategy and are priced at fair value will be transacted.
- Strong balance sheet and CBA debt facility to support execution of M&A opportunities.

Introducing Spirit X – Digital Sales Platform



Just 3 clicks, to compare, select and buy B2B Internet data products nationally.

A simple, intuitive interface overlays an advanced level of design & automation, making service qualifications, selection and ordering as simple as 1, 2, 3 for Spirit resellers, wholesalers and SMB's online via **Desktop, Phone or Tablet.**



SPIRIT X – Multi Channel Sales Telco Platform



Spirit X to Resellers

- Spirit X digital sales platform was launched in November to 100+ Resellers & Partners:
 - Digital Telco industry disruptor platform (wholesale & direct to business)
 - Aggregated coverage and product across: Fixed Wireless (on-net), Fibre and Ethernet
 - National coverage
- +6000 buildings → growing to 10,000 buildings in Q3-Q4



Spirit X to Wholesale to Telco's

- Spirit X allows other Telco carriers to fill gaps in their geographic network with Spirit's Fixed Wireless network via Desktop or API link:
 - Spirit Fixed Wireless product as an alternative to NBN in key Metro areas sold via Spirit X at wholesale prices with a 5-10 day install SLA.
 - One major new Sydney based ISP reseller signed and active
 - Two major Telco carriers in commercial and legal negotiation



Spirit X Direct to SMB's

- Spirit X digital sales platform will also be launched direct to SMB's in Jan 2020 via spirit.com.au:
 - Any Australian based business will now be able to search, compare and buy B2B Telco Data products in 3 clicks
 - Desktop, Phone or Tablet compatible
 - National coverage with +10,000 buildings
 - Ability to bundle IT/Security products

SPIRIT X – Multi Channel Sales Telco Platform



Spirit X connects businesses together, removing the complexity and time consuming tasks that historically delay telecommunications orders nationally.

What's your customer's address?

Search Address

Search

- National footprint

Qualify

- Sub-second response time

Compare

- 57 active products

Simplify your business communications needs with our voice bundles.

- ✓ Enjoy crystal clear VOIP calls
- ✓ Cutting-edge voice technology
- ✓ Packages to suit one or multiple sites

FROM \$20 /user /month + gst

Expand

- Voice, security, IT services

Order

- Digital proposals

Track

- Integrated delivery

AGGREGATED NETWORKS

- Fixed Wireless
- Optical Fibre
- In-building Ethernet

ALLOWS RESELLERS TO SELL MORE SPIRIT ON-NET PRODUCTS INSTANTLY

- Instant product launches
- Integrated API access
- Increased deal size

10,000 Buildings Nationally

Mathematically precise

2600 service qualifications

16,500 Km2 of coverage

Across Q2-Q4 Spirit will be able to accelerate growth through three key platforms:



Organic

- Internet, Data & IT/MSP products: structural change as SMB's move to cloud based applications fulfilled by Spirit:
 - High Speed Data on it's network
 - IT/MSP & Security services
 - Bundled products on one bill
- National coverage:
 - Spirit on-net products in Melbourne, Sydney & Brisbane
 - Spirit X as a network aggregation of off-net services
- Challenger Brand:
 - On-going investment in the Spirit brand nationally



M&A

- Pipeline of mid-sized and large acquisition targets continues to grow and build. Due diligence & negotiations continues across:
 - B2B Telecommunication Providers
 - B2B IT Services/MSP
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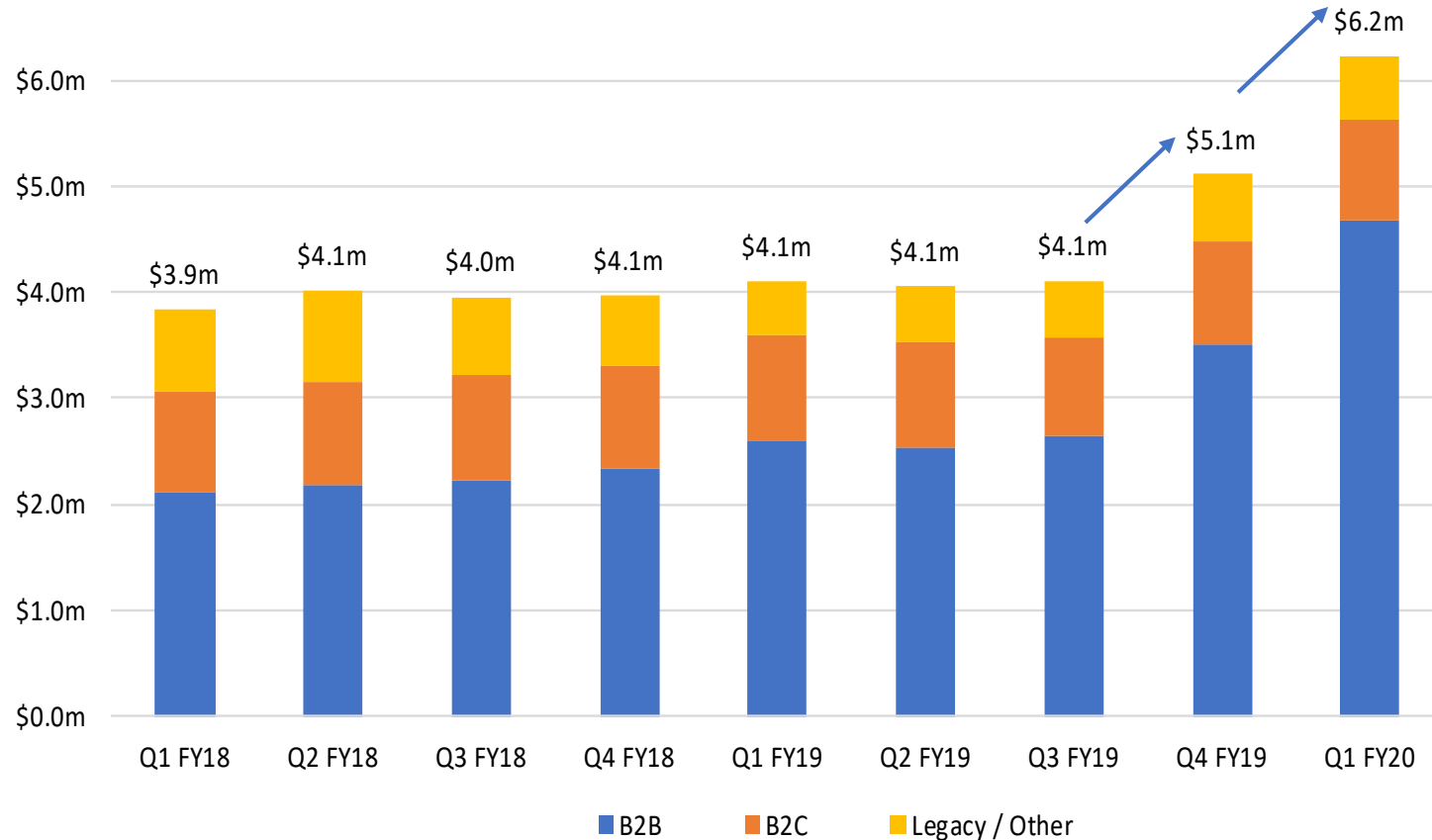
Spirit X

As a digital sales channel across:

1. 100+ Spirit resellers selling the Spirit on-net Internet directly to SMB's
2. Wholesale sales channel to other Telco's to fill gaps in their network.
 - No fibre or NBN available
 - 5-10 day install required
3. Spirit X digital sales platform will also be launched direct to SMB's in January 2020 via spirit.com.au:
 - Any Australian business will now be able to search, compare and buy B2B Telco Data products in 3 clicks

Appendix

Q1 20 Revenue Growth

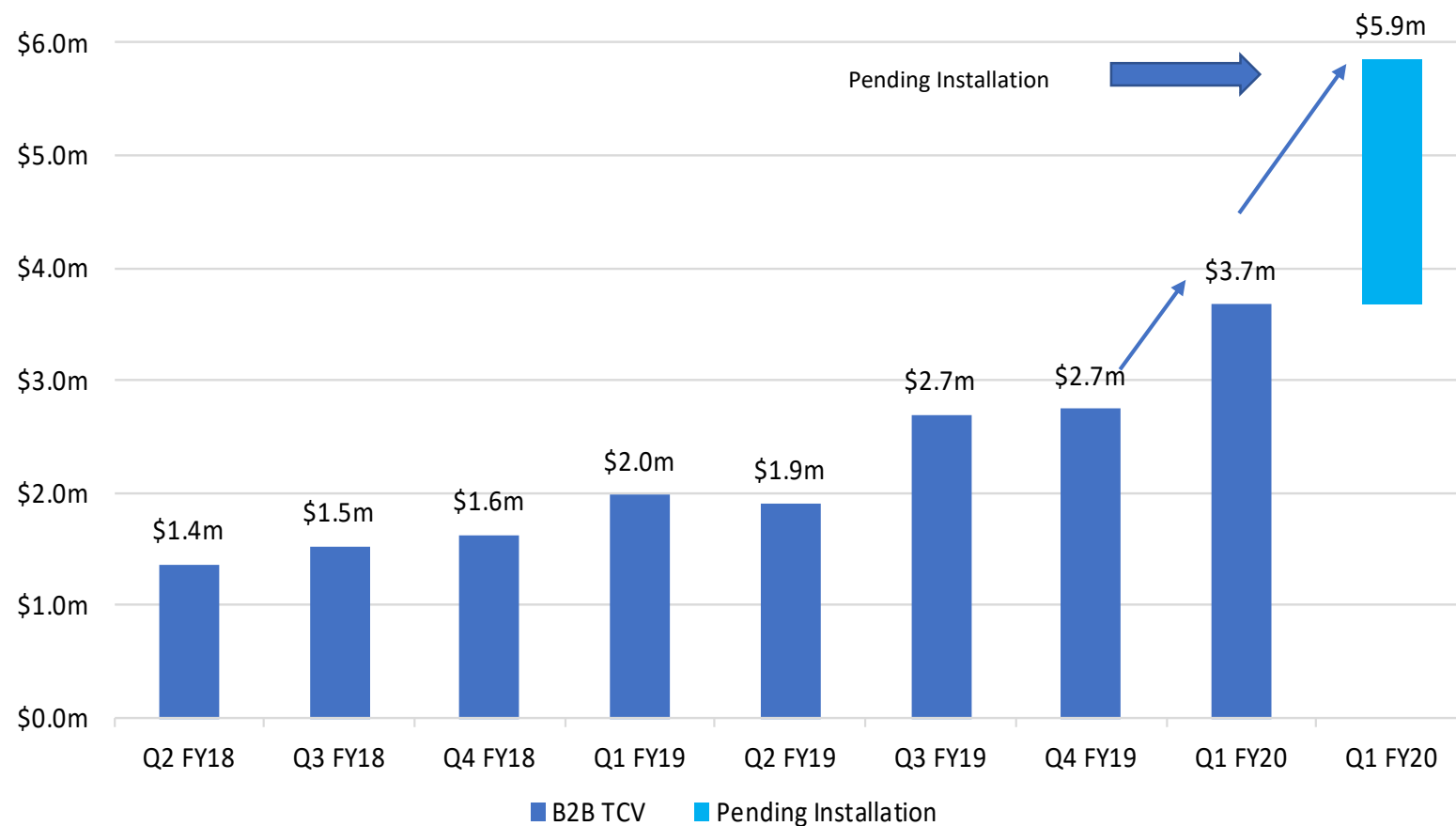


Total Revenue up at \$6.23M:

- Total revenue growth up 22% to \$6.23M on previous quarter and up 52% to Q1 19.
- B2B growth to \$4.7m, up 79% on Q1 19 achieved through both acquisition and cross selling products.
- B2C segment performance remains steady at \$0.9m.

NB: Total Revenue includes all recurring and non-recurring revenue.
Previously reported Core Revenue reflected B2B and B2C on-net recurring revenue and installation revenue only.
Legacy refers to 3rd Party non-core products, e.g. ADSL & PSTN

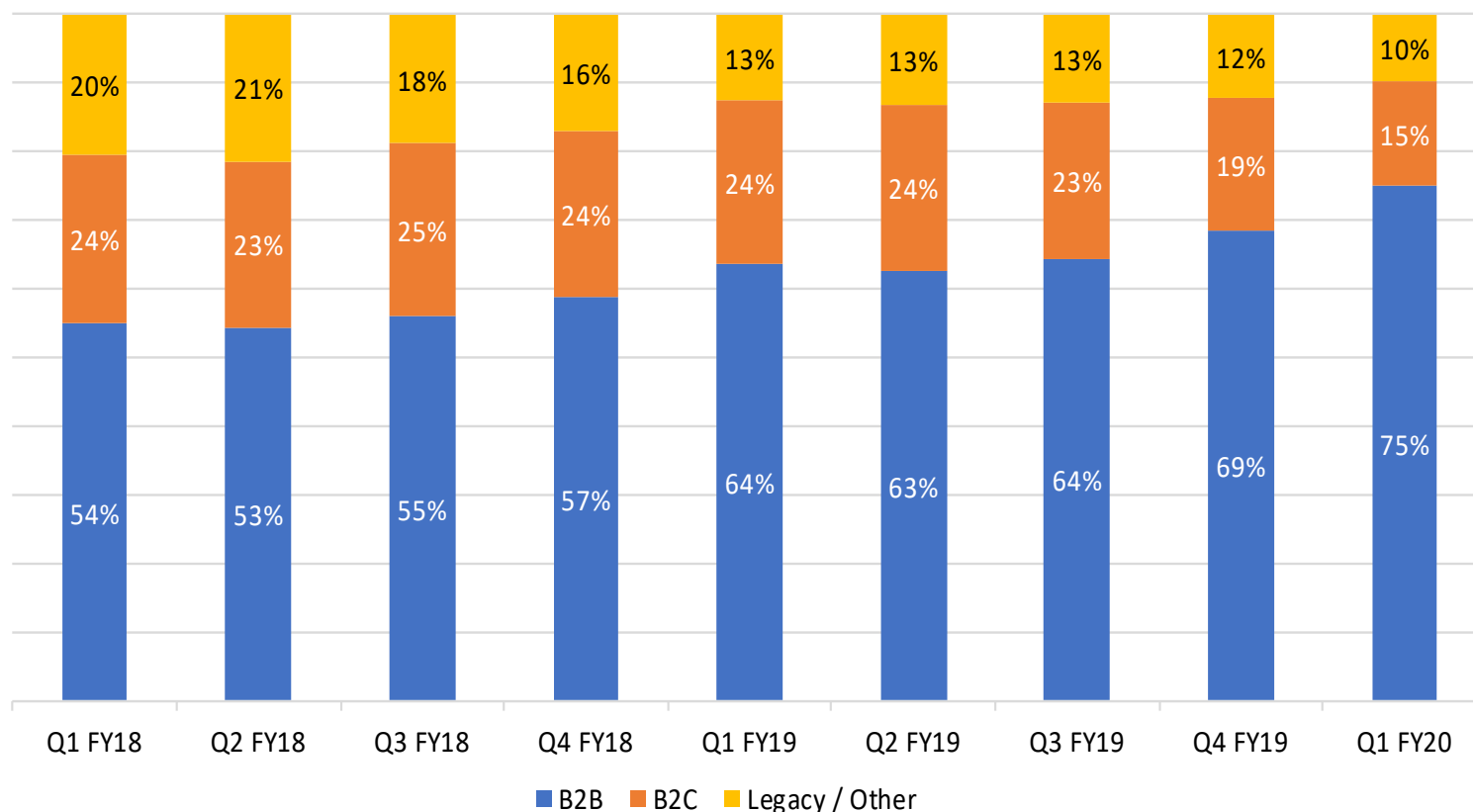
Q1 20 B2B Total Contract Value (TCV)



TCV uplift to \$3.7m excluding pending installations:

- B2B TCV for the quarter up 34% on previous quarter and 86% on Q1 19.
- Total Data & IT services including pending installations for Q1 20 up to \$5.9M (pending \$2.1M)
- Uplift driven through B2B sales growth whilst maintaining ARPU value and average contract length.

Q1 20 Revenue Breakdown



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B2B and IT/Managed Services focus for continued growth:

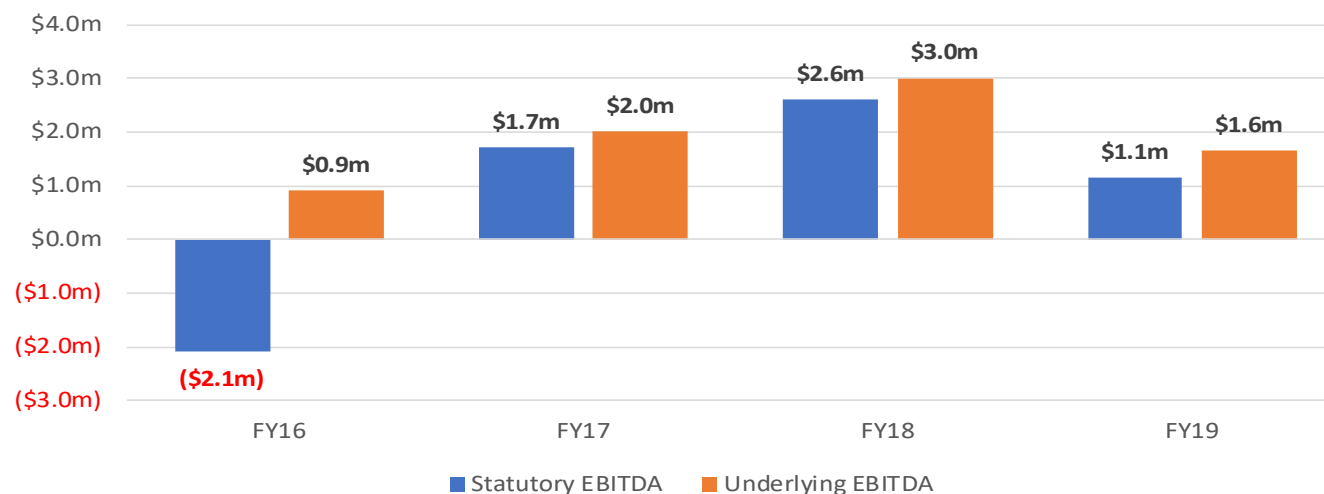
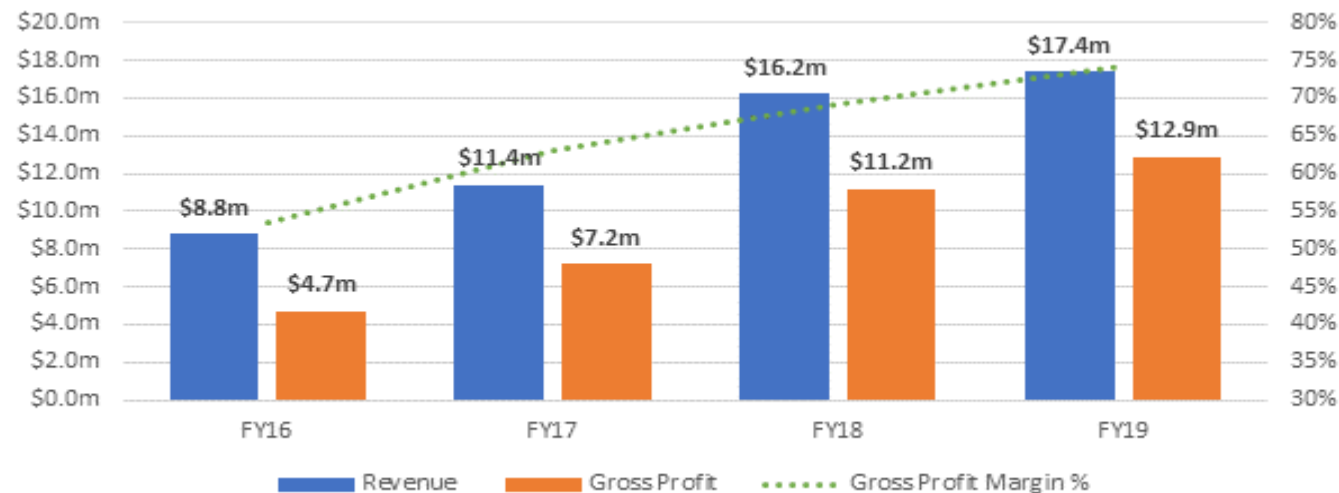
- IT/Managed services bundles and cross sell will further drive growth through higher ARPU, a lower capex cost base and increase in sales conversions.
- The revenue mix now maximises more capex intensive fixed wireless services with over the top Managed Services revenue when bundled with on-net/Internet/Data services.
- Additional B2B revenue streams are also defensive against legacy products which are migrating to new Data and VOIP products.

Financial Summary FY19

YOY Growth from FY18:

- Revenue: +7.4% to \$17.4m
- Gross Profit (\$): +15.2% to \$12.9m
- Gross Profit Margin (%): +5% to 74%

- Underlying EBITDA ^{1,2} at \$1.6m, with a strong H2 19 accounting for \$1.3m of the full year EBITDA



¹ Refers to earnings before interest, tax, depreciation and amortisation

² Items associated with acquisition activity and share based payments have been removed

ST1 and Governance



(as at 31 Oct 2019)

No of Shareholders: 1,301

ISSUED CAPITAL

Fully paid ordinary shares: 339,509,009

STAC Unlisted Options: 1,250,000

STIAB Performance Rights: 3,042,418

STIAN Unlisted Options: 18,000,000



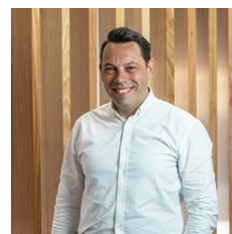
JAMES JOUGHIN
CHAIRMAN

BACHELOR OF BUSINESS, CPA, GAIDC
MEMBER: 2015

James Joughin brings over 30 years of general corporate experience, having been a senior partner of Ernst & Young until 2013. He was a partner of that firm for 17 years and headed the Mergers and Acquisitions division in Melbourne.

James is an experienced company director and holds non-executive directorships of a number of private companies and a public company. He was previously chair of a private engineering and planning group and chair of the finance and risk committee at both private and not for profit organisations.

For most of his career, James has been providing advice to Boards in relation to growth strategies, improving shareholder value, mergers and acquisitions, funding (both debt and equity) and IPO's.



SOL LUKATSKY
MANAGING DIRECTOR

MASTERS OF MARKETING, BACHELOR OF BUSINESS (MARKETING)
MEMBER 2019

Sol is a C-Suite Executive with multiple company transactions across: ASX and Private Equity backed companies. He has over 15 years in senior leadership roles covering: marketing, sales management, digital, customer experience, big data, capital markets, innovation and operations within blue chip organisations including: Dun & Bradstreet, Challenger Financial Services and NAB.

In addition, as CEO he has led two Private Equity backed companies in the online services and digital technology markets (GLS & Workstar). This included, Global P&L responsibilities, +650 team members with offices across Australia, Asia and Europe. Educated at Harvard, Melbourne Business School, RMIT and awarded a Fellowship by Leadership Victoria.



GREG RIDDER
NON- EXECUTIVE DIRECTOR

GRAD DIP MARKETING, BACHELOR OF BUSINESS (ACCOUNTING)
MEMBER: (EFFECTIVE NOV 21) 2019

Greg is currently the Chairman of Kogan.com. Formerly Asia Pacific Regional President at NYSE listed Owens-Illinois, Greg led growth and diversification from its traditional Australian base through joint ventures and acquisitions in China and Southeast Asia.

Recently he has focused on intensive business improvement, acting as CEO at the Australian Institute of Architects, CEO at Phoenix Australia and as CFO at World Vision Australia. Greg is experienced in leading businesses in multiple countries, cultures, economic circumstances and market conditions. Greg was also chairman at privately held Tibaldi Smallgoods and Phoenix Australia.



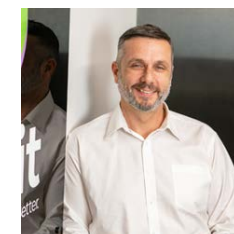
TERENCE GRAY
NON- EXECUTIVE DIRECTOR

B.BUS, GRAD DIP APP FIN,
MEMBER: 2014

Terence is a corporate consultant to Lodge Partners Pty Ltd offering investment management and corporate advisory services. He has over 20 years' financial markets experience including funds management and corporate finance.

Terence has held roles as Head of Equities at ANZ Funds Management, Chief Investment Officer at Allianz Equity Management, Head of Research, Allianz Dresdner Asset Management and Director of Corporate Finance, Grange Securities.

He has deep knowledge of funds management and the Australian equity market. His grounding as an institutional investor running large investment teams and as a corporate advisor to junior companies provides insight and expertise in company valuation, corporate fund raising and M&A activity both during opportunity acquisition and disposal stages.



MARK DIOGUARDI
EXECUTIVE DIRECTOR

MASTER OF BUSINESS ADMINISTRATION, BACHELOR OF ENGINEERING HONS
MEMBER 2019

Mark is an experienced CTO and COO with over 25 years' experience predominantly in Tier 1 and 2 Telco operators in Australia and Asia. A qualified engineer, Mark commenced his career in engineering and engineering construction management in Telstra before building his corporate career as CTO at Maxis, where he led 1350 engineers and managed a USD600mil budget to grow their network.

He then moved into a Chief Operating Officer role at Maxis before returning to Australia to join iiNet as Chief Technology Officer. Mark joined Spirit as Chief Operating Officer in November 2018 to develop and lead Spirit's network growth and drive operational excellence across the business. He is also an Executive Director of Spirit and a non-Executive Director of TimedotCom.

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