

# ST1 - SPIRIT TELECOM LIMITED

Investor Virtual Open Session Presentation &  
Trading Update for Jan-April 2020

15th May 2020



# Agenda

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**Spirit is a high growth company, challenger brand & nimble competitor in Telco & IT services.**

1. Introduction & Welcome from Chairman: James Joughin
2. About Spirit & Trading update from Managing Director: Sol Lukatsky
3. About the newest Spirit acquisition Trident Technology Solutions: Katie Bentley, CEO Trident Technology Solutions.
4. Network Expansion & Acquisition integration update: Mark Dioguardi, COO.
5. Q&A



# JAMES JOUGHIN

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Chairman



**SOL LUKATSKY**

—  
Managing Director



# Jan-April 2020 Trading Update

**Spirit is a high growth company, challenger brand & nimble competitor in Telco & IT services.**

## April 2020 Trading Update:

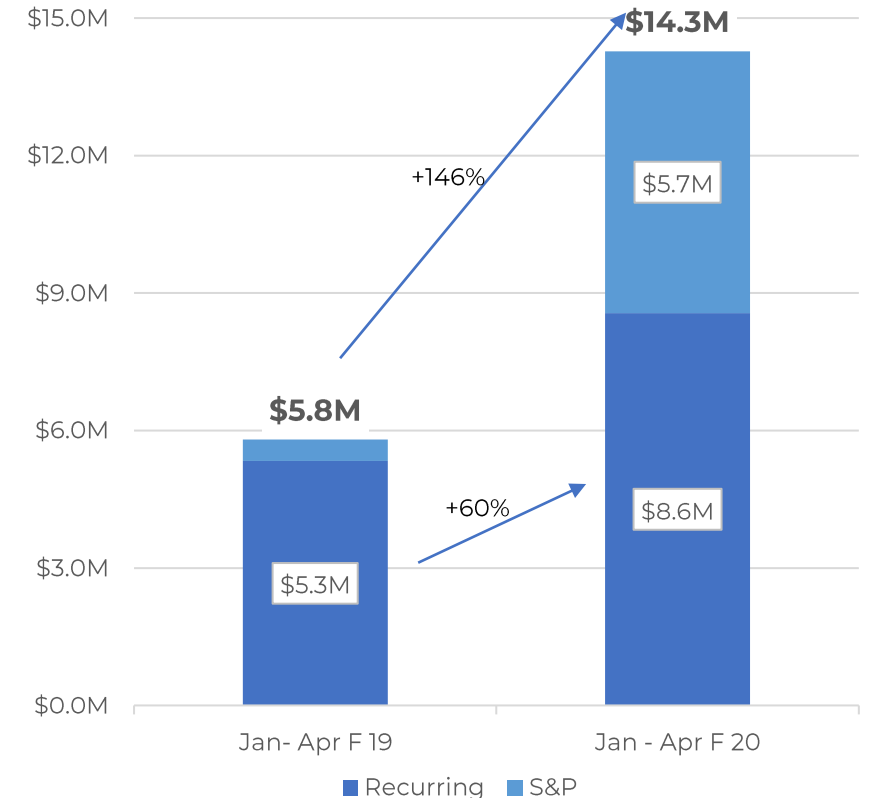
- Continued growth for the period, with a strong April 20 - total revenue **of \$4.0M** in a highly challenging macro environment.
- Recurring revenue across the group for April of \$2.3M.
- Solutions & Project revenue at \$1.7M for April.

## Jan-April 2020 vs Jan-April 2019:

- Total revenue growth **up 146% to \$14.3M** and B2B revenue growth **up 216% to \$12.4M**.
- Recurring revenue growth **up 60% to \$8.6M** and B2B recurring revenue growth **up 92% to \$7.0M**.
- Solutions & Project revenue growth **up to \$5.7M**

## Commercial & Company View:

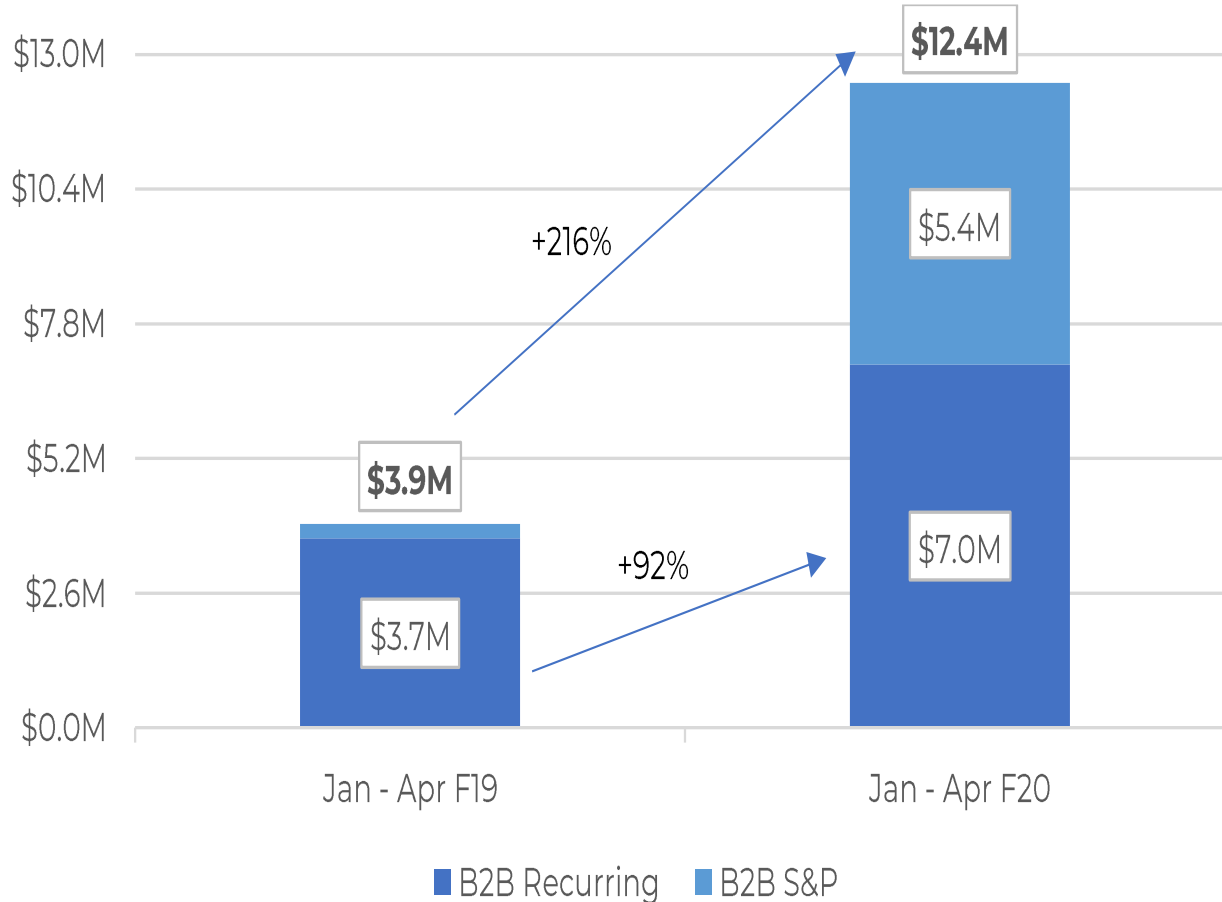
- Circa \$70M Market Capitalisation
- Balance sheet strength with circa **\$14.8M in cash and debt capital available for acquisitions and organic growth.**
- Investors on the register include large institutional investors, high net worth individuals and family offices.
- Backed by **CBA with a debt facility of \$10.9M** (recently increased).
- In continuous negotiation & DD across 2-3 acquisitions.



**NB:** Comparative Jan-April 20 vs Jan-April 19  
S&P = Solutions & Project revenue

# B2B Year on Year Revenue up 216% (Jan-April 20 vs Jan-April 19)

Spirit is a high growth company, challenger brand & nimble competitor in Telco & IT services.



**B2B Total Revenue Growth to \$12.4M**

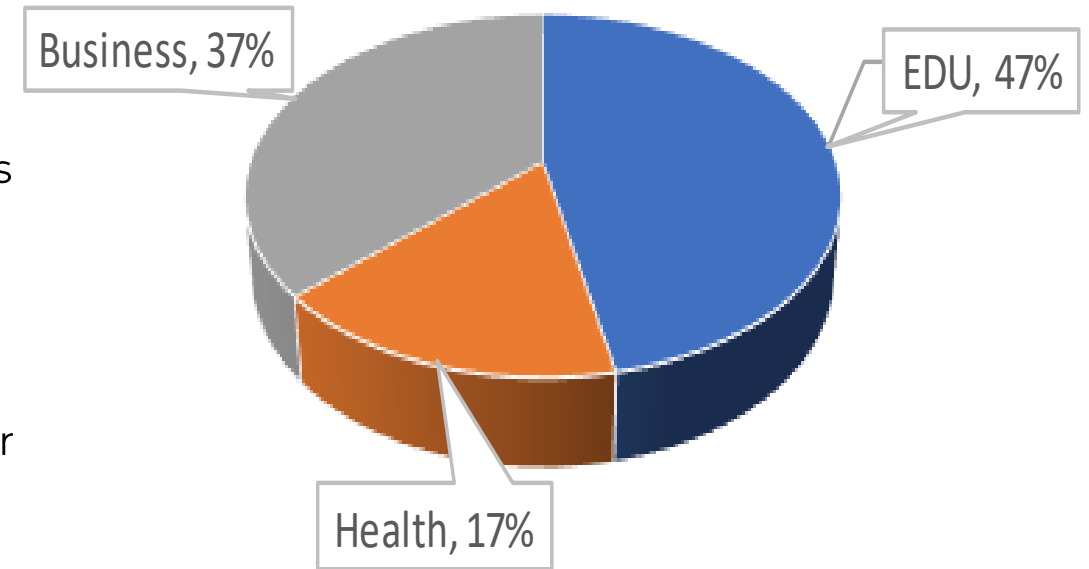
- **Recurring revenue growth up 92% to \$7.0M.**
- Total revenue growth up 216% to \$12.4M.
- Solutions & Project Revenue up to \$5.4M.

**NB:** Comparative Jan-April 20 vs Jan-April 19  
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# About Spirit

## Australia's leading provider of bundled IT & Telco services to SME's and Essential Service Providers.

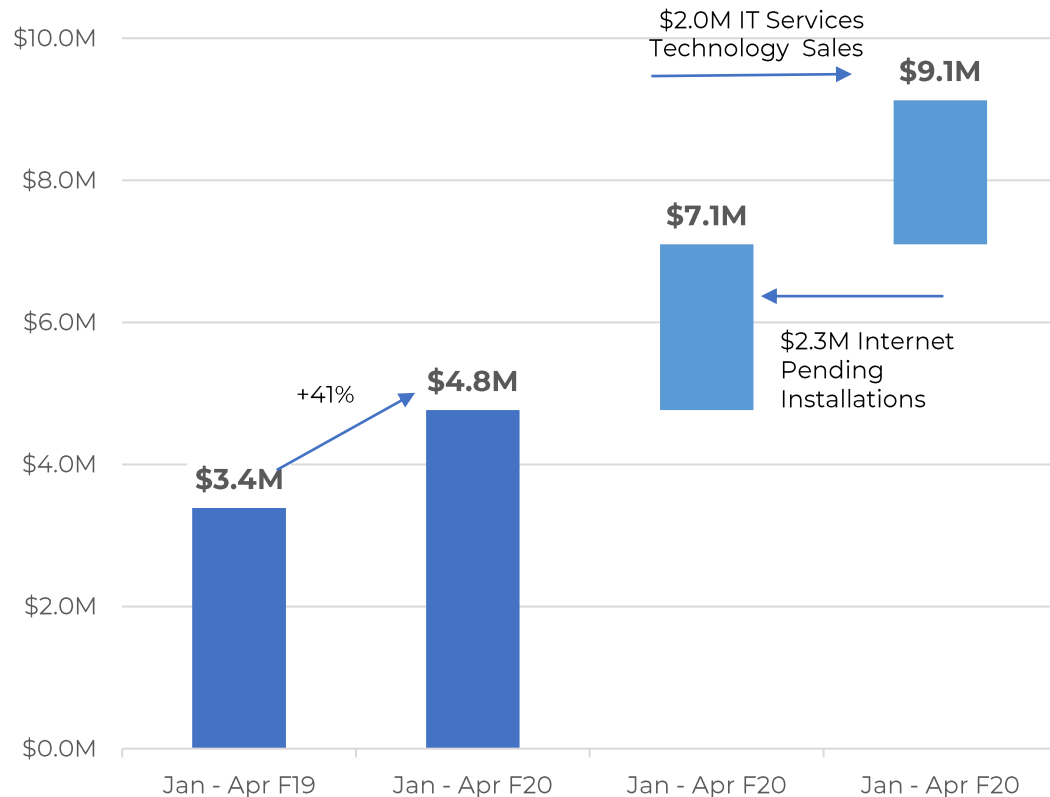
- Client portfolio of **recurring revenues** coupled with defensive industry mix within a COVID-19 environment.
- Key sectors of Education and Health resilient to current market conditions (**64% mix**).
- Completed **seven Telco & IT acquisitions over 2019-20**
- Deploys high speed Internet through its own fixed wireless network across Australia **at 74% gross margin**.
- Australia's leading aggregator of B2B Internet services through its own Spirit X Digital platform.
- Symmetrical speeds of up to 1Gbps for businesses
- One-stop-shop for SMB IT & Telco services in their quest for growth and migration to the cloud
- Sits in high growth Industry-leading IT segments: Cloud, Security, Infrastructure and IT Support
- With recent acquisitions Spirit can take SMBs to the cloud and back, powered by its Sky-Speed Internet and Cloud products



N.b.: Trident only consolidated into the Spirit Group effective 1 February 2020

# B2B News Sales/TCV Growth up 41% (Jan-April 20 vs Jan-April 19)

**Spirit is a high growth company, challenger brand & nimble competitor in Telco & IT services.**



## TCV at \$4.8m excluding pending installations & IT Sales

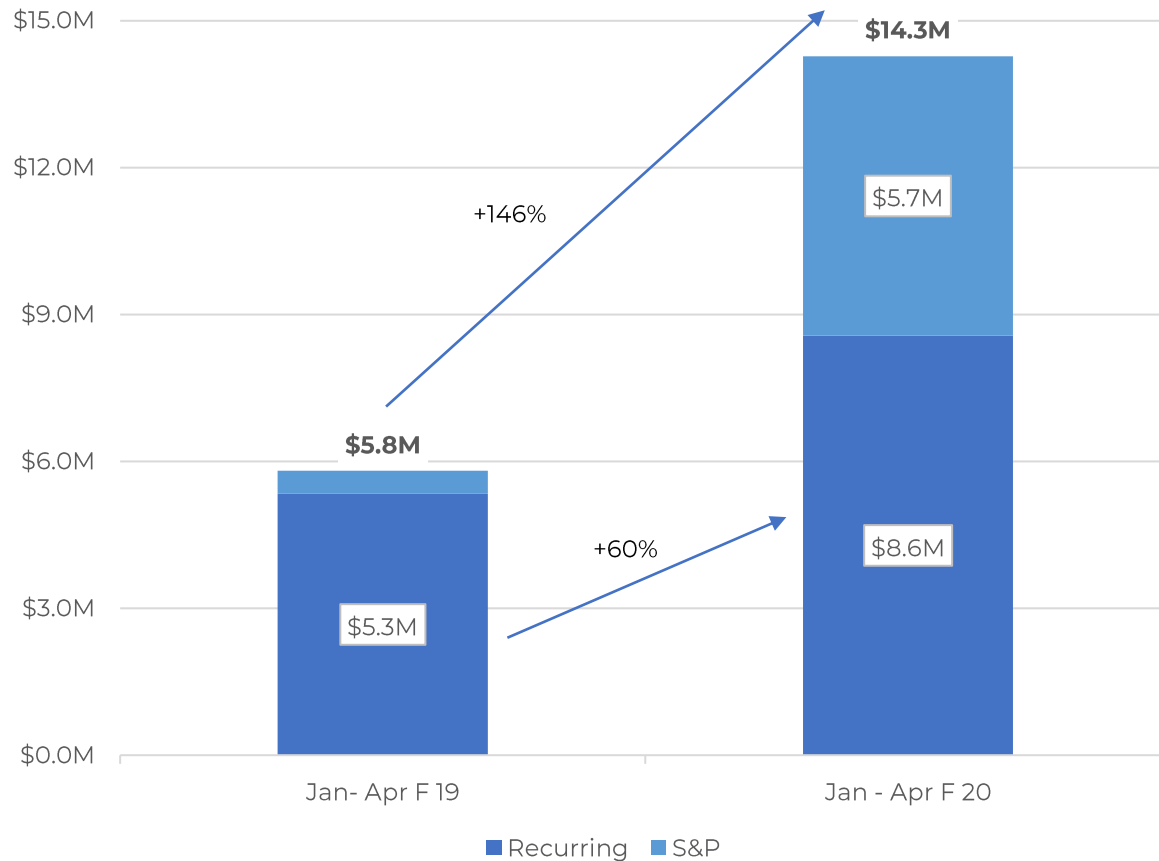
- B2B Sales/TCV for the four months to April 2020 at \$4.8M, up 41% on four month to April 2019.
- Total Data & IT services including pending installations for the period at \$9.1M (pending installations \$2.3M, IT Services Technology Sales \$2.0M).
- Uplift driven through B2B telco sales and managed services whilst maintaining ARPU value and average contract length.

**NB:** B2B TCV incorporates recurring revenue across data, voice and managed services contracts calculated as monthly recurring revenue x contract tenure in months. IT Services Technology Sales reflect orders placed for non-recurring revenue items to be billed in May / June.



# Year on Year Revenue up 146% (Jan-April 20 vs Jan-April 19)

**Spirit is a high growth company, challenger brand & nimble competitor in Telco & IT services.**



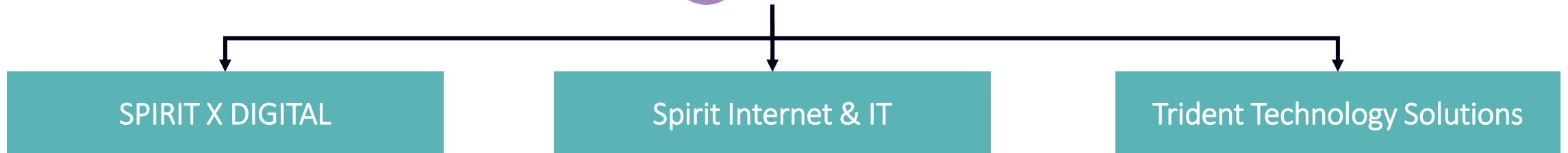
## Total Revenue Growth to \$14.3M

- Total revenue growth up 146% to \$14.3M.
- Recurring revenue growth up 60% to \$8.6M.
- Non-recurring revenue growth up to \$5.7M.

**NB:** Comparative Jan-April 20 vs Jan-April 19  
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# Now a fully integrated Telco & IT Services company

Spirit has been transformed into a fully integrated Telco & IT Services company servicing SMB's and Essential Service Industries across High Speed Internet, IT Services, Cloud, Security and Voice Products.



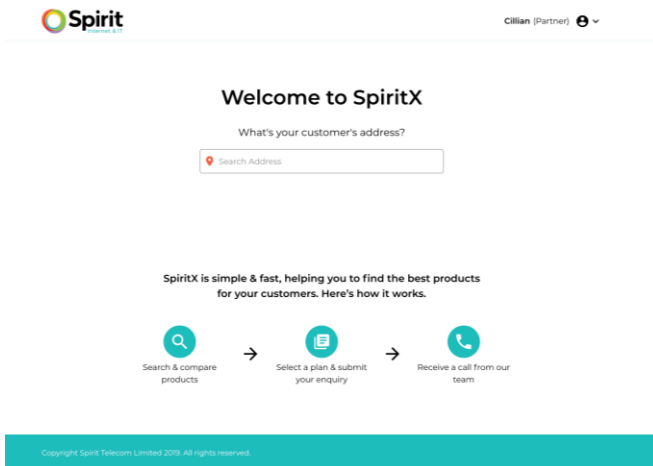
- **A leading digital B2B Internet / Telco aggregator with +100,000 addresses serviced qualified in seconds**
- Generates +500 business leads a month across wholesales, resellers and direct from businesses
- 3 clicks to buy
- IP owned & developed in-house

- **Monthly ARPU range \$600-\$1,200**
- Small & Medium Businesses
- High-speed Internet & Managed IT Services
- Product bundles
- Owns its own high speed fixed wireless network across the East Coast & in regional centres

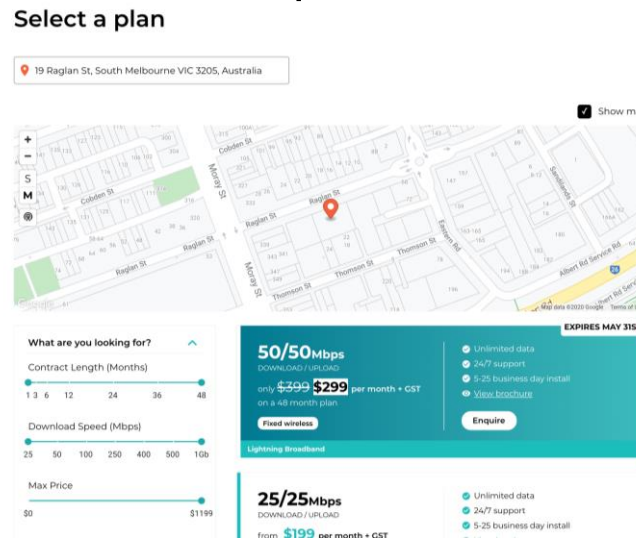
- **Monthly ARPU's of \$20K-\$40K**
- High growth verticals: Health, Education and Aged Care
- Managed IT Services
- Complex IT Solutions
- Data & IoT hungry verticals

# SPIRIT X UPDATE

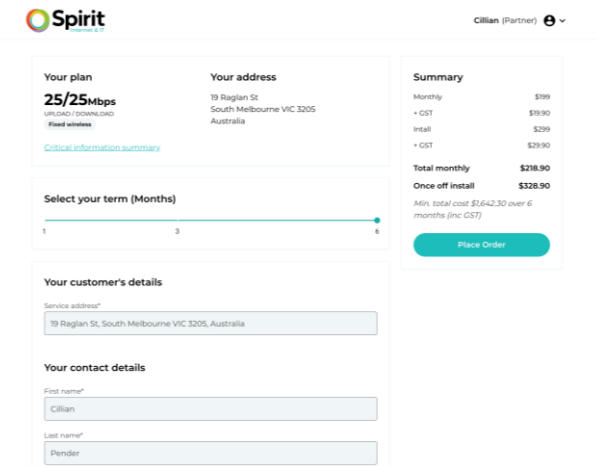
- **NBN Business grade products to be launched across Spirit X nationally in May 2020 across 500,000+ new sites.**
- **6,000 unique** service qualifications/leads have been put through the platform since early January.
- Spirit high speed network being sold in platform with additional coverage across circa **20,000** commercial buildings.
- In metro areas (sourced from eight Telco providers which include Opticomm, Vocus, TPG & Optus).
- Currently **100,000 addresses to become 600,000 with NBN** with **8** networks are searched in less than **1 second**.
- Over **37** unique types of high-speed data product types.
- **Just 3 clicks, to compare, select and buy B2B Internet data products nationally.**



**1. SEARCH**



**2. SELECT**



**3. BUY**

# SPIRIT X: MULTI-CHANNEL DISTRIBUTION

## SPIRIT X

### RESELLERS

- Launched in Nov 19 to 150+ Resellers & Partners
- Aggregated coverage and product across: Fixed Wireless (on-net), Fibre and Ethernet
- National coverage

### WHOLESALE

- 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

### SMB'S (DIRECT)

- Launched directly to SMB's in Dec 19 via spirit.com.au
- Any Australian based business can search, compare and buy B2B Telco Data products and bundle IT/Security products
- National coverage



# KATIE BENTLEY

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CEO Trident Technology Solutions



# Trident Technology Solutions

From the Keyboard to the Cloud

From support packages to complete IT department outsourcing

Specifically tailored disruptive Education & Health solutions.

Consulting & Advisory



Managed Services



Mobility-as-a-Service



Cloud Services



Data Centre Solutions



Infrastructure



Systems Management & Deployment



Security Services



**Trident**  
Technology Solutions

POWERED BY



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# Trident Technology Solutions

**Trident services key essential markets which are migrating to high speed Internet and Cloud based Services. Spirit provides the high-Speed Internet.**

- Rapid growth in High Speed Internet usage and Cloud Computing.
- Structural changes to the types of computing services on demand.
- IT skill set for highly specialised projects on the increase.
- Rapid uptake has increased demand for IT skills.
- Large portion of systems and applications have migrated to the Cloud.

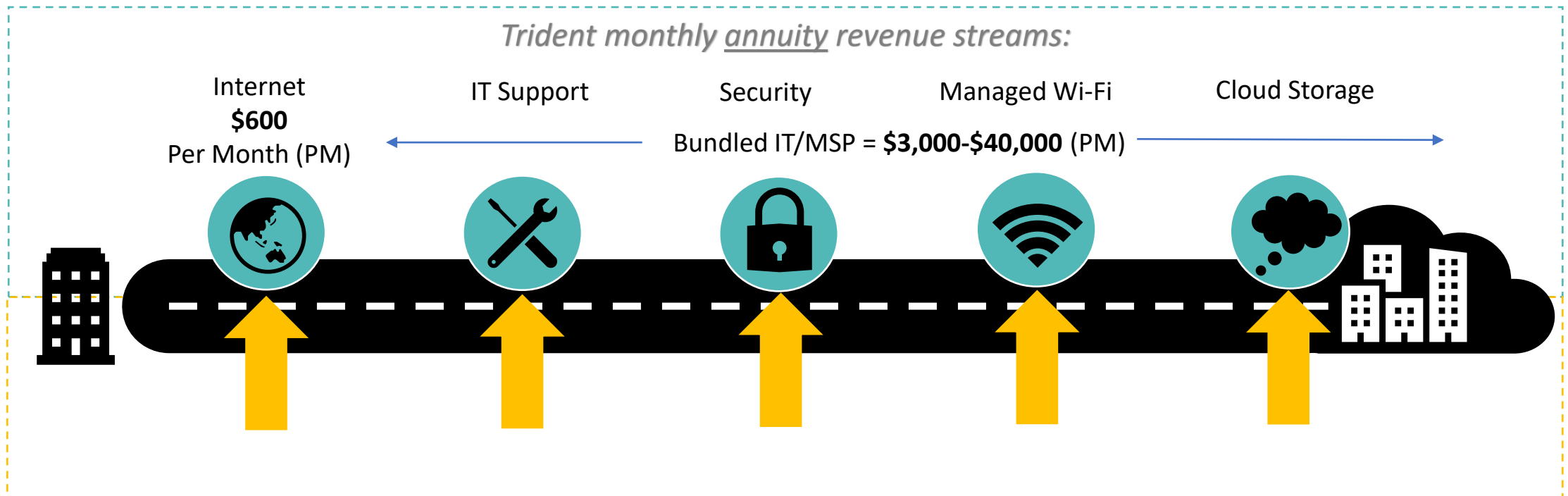
## **GARTNER by 2022:**

- 80% of organisations will have deployed a hybrid cloud or multi cloud model for their IT needs.
- 50% of enterprise-generated data will be created and processed outside the data centre or Cloud.



# Own the journey, not the entire road in a high growth market

A traditional Internet Service Provider model is like owning a road. But customers on the road use many other services the toll provider does not share in. **Spirit + Trident** together adds more toll gates on a “tolled road” and increases share of wallet by inserting itself into the customer journey.





# Case Study: Loreto Mandeville Hall

## Spirit & Trident: Internet & IT Services cross sell across large school.

- Large Melbourne Private School
- A Trident customer for over 20 years
- Providing a full managed service solution, telephony and infrastructure
- Within 2 weeks of the Spirit acquisition, purchased a Spirit 1 GB internet link to utilise as their redundant link
- Runs independently and will ensure the school is not impacted by traffic congestion from other Telco's experiencing stress on their network
- Installed within 5 days
- After using the service for 2 weeks, Loreto decided to use this as their main internet link as they were so impressed by the speed, the service and the price
- The CFO of Loreto Mandeville Hall has since become an evangelist for the Spirit Internet services

*“Spirit is working collaboratively and quickly with us to adapt our IT services and high-speed Internet.*

*The High-Speed 1Gbps link will ensure the school is well prepared for this unprecedented situation and ensures our teachers can securely access our network, without a compromise on speed or quality of connection.*

*I am very pleased this critical service can be provided reliably and effectively from the Spirit and the Trident teams.”*

**Tim Rowler**  
**Loreto Mandeville Hall**



# Case Study: Aged Care Provider

## Spirit & Trident: Internet & IT Services cross sell across 11 locations.

- Extremely unhappy with their current connectivity provider however we were not able to offer an alternative solution without Spirit
- 11 residential sites across Victoria
- Trident provides Infrastructure, telephony, networking and managed services
- Upon presentation of our combined connectivity solutions, we were able to present a viable alternative which was significantly cheaper and faster
- Have been impressed with the level of customer service and the 'old-fashioned' sales approach and felt comfortable to utilise us as an initial redundant link with the view to move as the main link once proven

*"Having been a Trident customer for 15 years, following the acquisition by Spirit Telecom we have been introduced to the broader the range of services we can now access through Spirit.*

*After an initial meeting with Spirit MD Sol Lukatsky, we are comparing our current telco v Spirit, our initial assessment leading us to investigate further the Spirit offering particularly as a solution to a number of long standing unresolved issues.*

*As a large aged care provider, connectivity is of the utmost importance to us to ensure a high quality of care.*

*We have been struggling with our current vendor for a lengthy period, so we are seeking to find a reliable vendor for these services and are very pleased that we can now work with Trident, powered by Spirit, to design a solution. "*

### **CEO Aged Care**



# Trident + Spirit Opportunity

## Increased Recurring Revenue Streams from cross sell

- High quality customer base across education, health, aged care and corporate sectors

- Fast growing annuity revenue streams in Services with secure long-term contracts from cross sell of Spirit & Trident products.

## Resilient & Growth Segments

## Expand Geography (NSW& QLD)

- Industry recognized leader in a growing market segment
- Significant revenue base generated solely by organic growth

## Vertical IP & Goodwill

- Increased focus on Trident Health Solutions following significant wins in health and aged care sectors
  - Highly skilled and certified services teams
  - Multiple award winner within the industry
- High-level partner with many best of breed vendors

**MARK DIOGUARDI**

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Chief Operating Officer





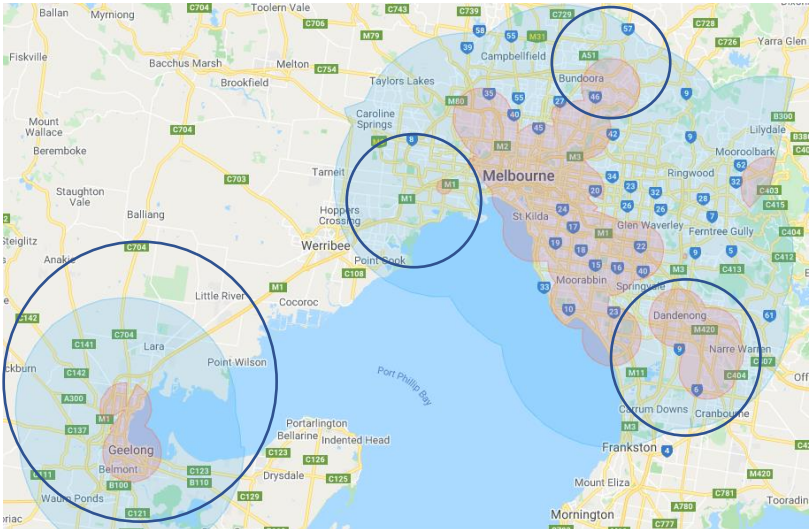
# Fast and Efficient Integration

32 systems/brands reduced to 8 in 12 months.

	Billing and Customer Systems	Ticketing Systems	Network Assets/Operations	Brand	Accounting Systems
	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓
	↓	↓	↓	↓	↓
 	✓ ✓	✓ ✓	✓	✓ ✓	✓
					

# Over 4500km<sup>2</sup> coverage added in 12 months Sydney, Brisbane, Geelong, Horsham and outer Melbourne

### Melbourne



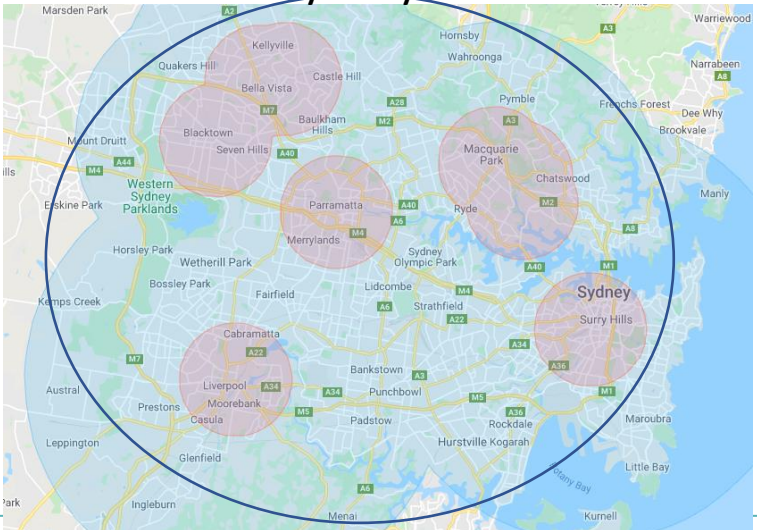
### Horsham



### Brisbane, Gold Coast and Nth-NSW



### Sydney

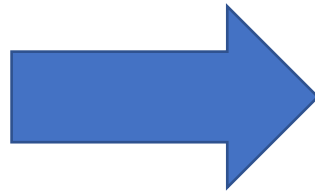


# Spirit X

Advanced Realtime analysis with simple intuitive front end

## Engineering View

Service qualification



## Customer View

# STI Accelerated Growth Plan 2020-21

Road map of accelerated growth across Organic and M&A



**Organic**

1. Launch Trident IT Solutions products nationally
2. National marketing launch of Spirit IT&T bundles
3. 300 active partners & resellers in Spirit X by Dec 20
4. Identify \$1.5M in additional Opex synergies across acquisitions



**2020-21 STI target**

1. Build scale via organic + M&A
2. Circa \$75M-\$80M Revenue target by CY Dec 20
3. 15% Normalised EBITDA (before M&A costs)



**M&A**

1. Multiple acquisition targets identified
2. At DD & negotiation stages
3. Current acquisition targets identified; have >\$35M in annuity based revenue

# Board & Governance

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# Board of Directors

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**JAMES JOUGHIN**  
CHAIRMAN  
BACHELOR OF BUSINESS, CPA, GAIDC

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.



**GREG RIDDER**  
NON- EXECUTIVE DIRECTOR  
BACHELOR OF BUSINESS, CPA

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.



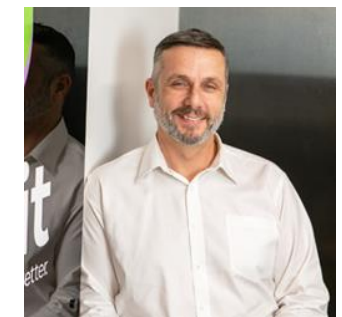
**SOL LUKATSKY**  
MANAGING DIRECTOR  
MASTERS OF MARKETING, BACHELOR OF BUSINESS (MARKETING)

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.



**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.



**MARK DIOGUARDI**  
EXECUTIVE DIRECTOR  
MASTER OF BUSINESS ADMINISTRATION, BACHELOR OF ENGINEERING HONS

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.

# THANKS FOR LISTENING

