

BigAir Group Limited

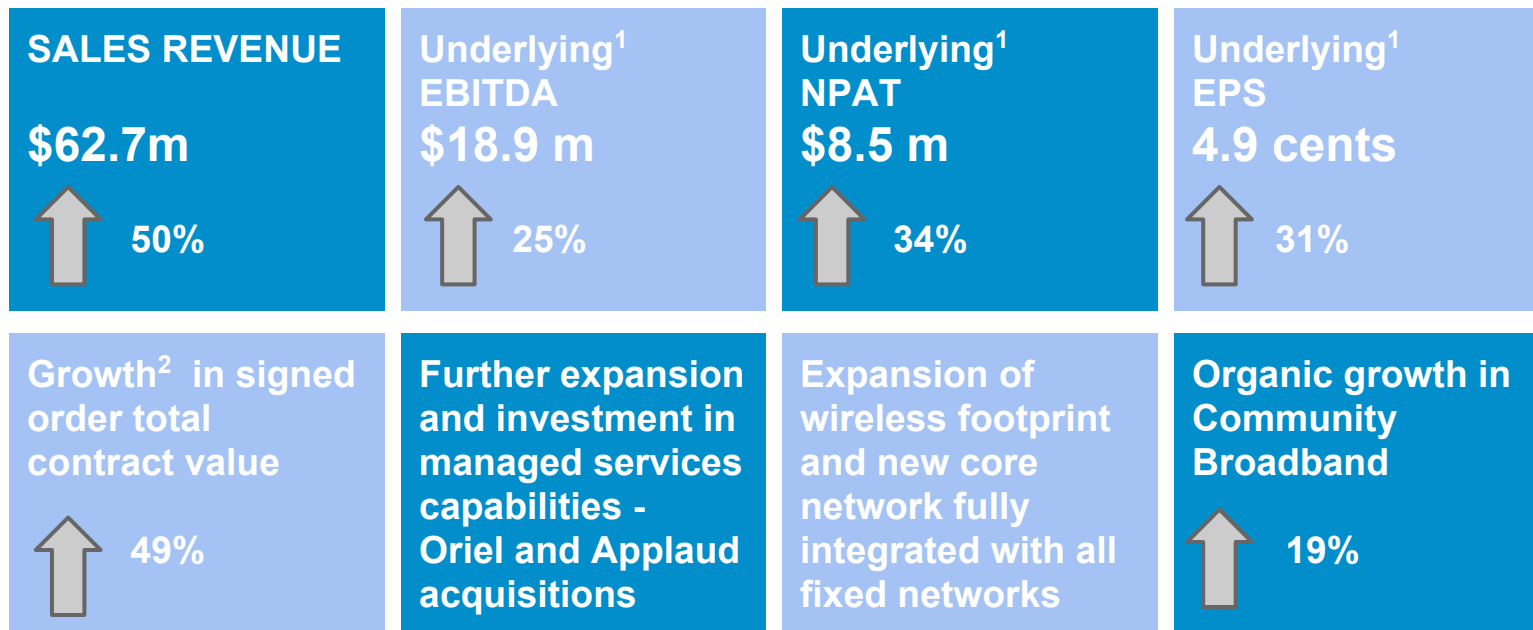
FY15 results presentation

21 August 2015



An *even* better way to connect

FY15: Another strong set of results



All percentage movements indicate the increase for FY15 over FY14 (unless stated otherwise)

¹BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations.

²Based on total contract value for new orders signed in FY15 (versus FY14). The full impact from this increase in orders will flow into 1H16 as services are delivered.



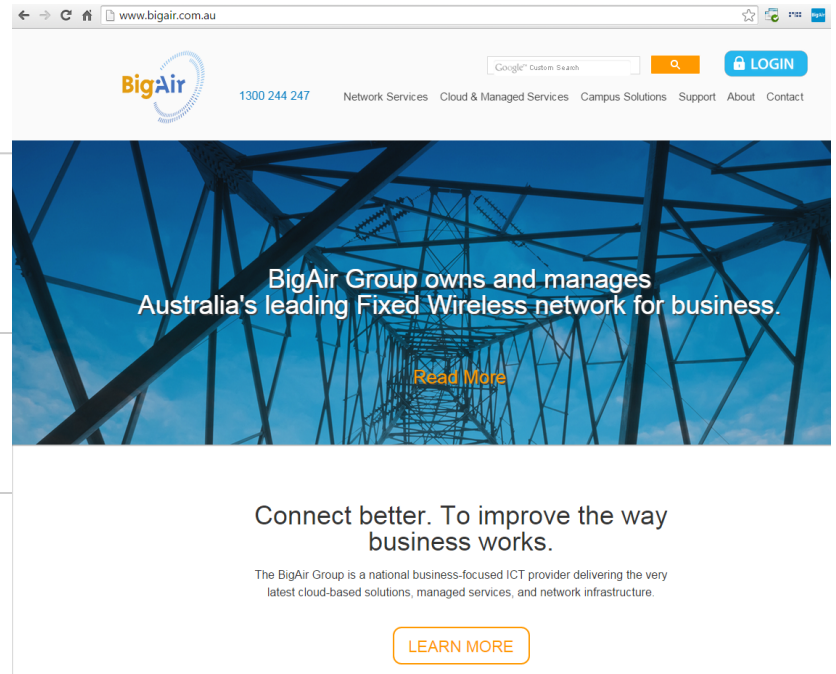
Agenda

Company overview

FY15 - another record result

Continued operational and strategic progress

Summary and key priorities for FY16



The screenshot shows the BigAir website homepage. At the top, there is a navigation bar with the BigAir logo, the phone number 1300 244 247, and a search bar. Below the navigation bar is a large hero image of a telecommunications tower structure against a blue sky. The hero image contains the text: "BigAir Group owns and manages Australia's leading Fixed Wireless network for business." and a "Read More" link. Below the hero image is a section with the headline "Connect better. To improve the way business works." and a sub-headline: "The BigAir Group is a national business-focused ICT provider delivering the very latest cloud-based solutions, managed services, and network infrastructure." At the bottom of this section is a "LEARN MORE" button.



Company overview

The BGL Board

Paul Tyler: Chairman

Jason Ashton: Managing Director, CEO

Vivian Stewart: Non Executive Director

Nigel Jeffries: Non Executive Director

The BGL Executive Team

Jason Ashton: CEO

Charles Chapman: CFO

Scott Mason: CMO

Scott Atkinson: CTO, Cloud Managed Services

Aidan Mountford: COO, Network Services

Tony Tilbrook: CTO, Design and Construction

ASX code:

BGL

Number of Shares on Issue:

174,826,438

Share Price:

\$0.71

Market Capitalisation:

\$124.1 million

BigAir has evolved

An integrated telecommunications and trusted managed services provider delivering -

Network Services

- Build and manage high speed, high availability data networks
- Leveraging industry leading experience with WiFi and Microwave; and
- Our own national fixed wireless network (a unique asset);
- Including national access and integration with all fixed line networks

Cloud & Managed Services

- **Unified Communications** using our own carrier-grade hosted voice platform
- National **private cloud** infrastructure including IaaS and DaaS
- **Managed networks** provider able to leverage a diverse range of networks

Community Broadband - centrally managed Internet, WiFi and Campus network solutions for Accommodation Providers, Retailers, Hospitality and Gov't

Our vision is “to be the #1 managed technology provider for the mid-market and a great place to work”

Growth **drivers** are now in place

Transition to an integrated telecommunications and trusted managed services provider is now complete

- During FY15 significant investments made in Cloud and Managed Services
- Sales teams are now cross-selling expanded service offering to all customers across the group.

Consolidation of Sydney staff into our new St Leonards headquarters is nearing completion

- Brings together staff from various acquisitions into one location
- Immediate cost savings and helps drive revenue synergies and cultural alignment

Expanded range of products and services

IT STRATEGY CONSULTING

WiFi Analytics

Managed Service Desk

Community and Shopping Centre WiFi

Managed Security

Managed Student Accommodation WiFi

Managed Applications

High Speed Internet

Managed IT Services

Hosted PABX

Managed Disaster Recovery

SIP Voice

Hosted Desktops

WAN Optimisation

Managed Servers

Managed Wide Area Networks

Virtual Data Centres

NETWORK SERVICES

CLOUD & MANAGED SERVICES

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A screenshot of the BigAir website homepage. The browser address bar shows "www.bigair.com.au". The header includes the BigAir logo, a phone number "1300 244 247", and navigation links for "Network Services", "Cloud & Managed Services", "Campus Solutions", "Support", "About", and "Contact". A search bar with "Google Custom Search" and a "LOGIN" button are also present. The main content area has a blue background with a white cloud and a stylized plug icon. The text reads: "Go Cloud with BigAir Group with a customised public or private network." Below this is a "Find out more" link. At the bottom, the text says "Connect better. To improve the way business works." followed by a brief description of the company and a "LEARN MORE" button.

www.bigair.com.au

BigAir 1300 244 247 Network Services Cloud & Managed Services Campus Solutions Support About Contact

Google Custom Search LOGIN

Go Cloud with BigAir Group
with a customised public or private network.









Find out more

Connect better. To improve the way
business works.

The BigAir Group is a national business-focused ICT provider delivering the very latest cloud-based solutions, managed services, and network infrastructure.

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Strong growth across key metrics

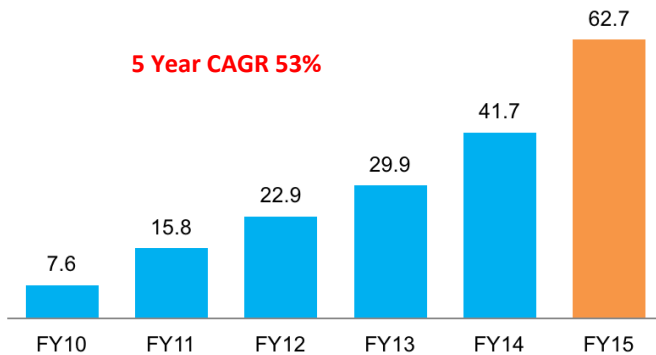
A\$000			FY15	FY14
Revenue from sales		50%	62,650	41,741
Gross Profit		34%	35,538	26,526
Underlying EBITDA		25%	18,863	15,104
Reported EBITDA		5%	15,398	14,656
Underlying NPAT		34%	8,455	6,290
Reported NPAT		9%	4,845	5,343
Underlying Earnings Per Share (cps)		31%	4.86	3.71
Dividend Per Share (cps)		9%	1.20	1.10



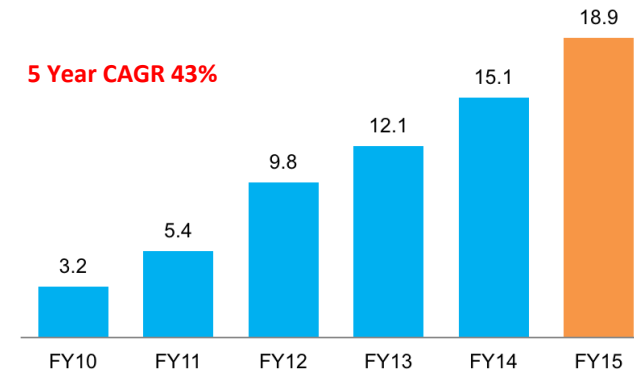
BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations. For a reconciliation of underlying EBITDA and underlying NPAT please refer to Appendix 1 in this presentation.

A track record of growth

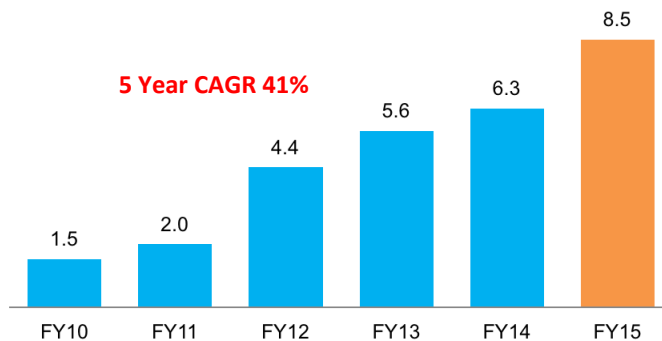
Revenue up 50% (\$m)



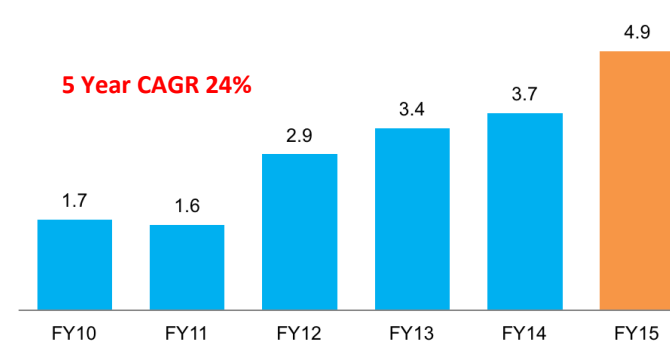
Underlying EBITDA up 25% (\$m)



Underlying NPAT up 34% (\$m)



Underlying EPS up 31% (cps)



BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations. For a reconciliation of underlying EBITDA and underlying NPAT please refer to Appendix 1 in this presentation.

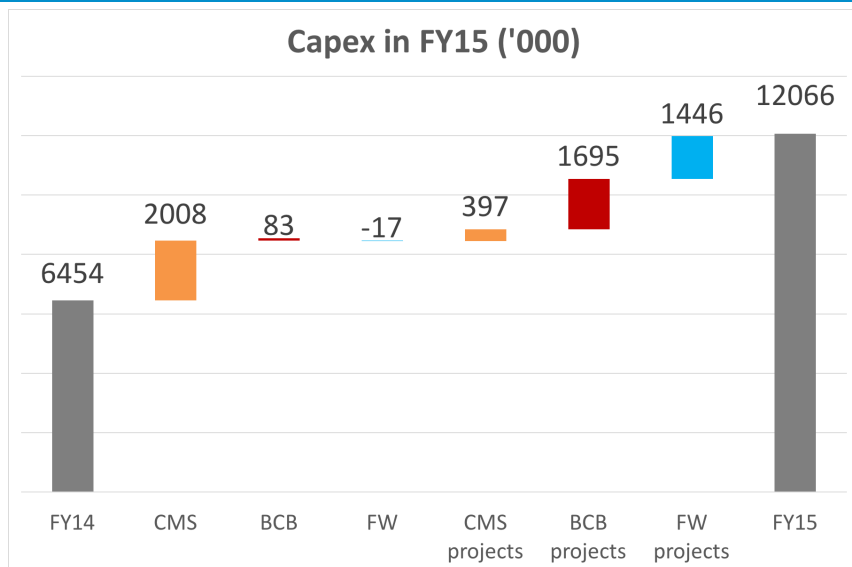
Strong balance sheet

\$ 000	↑	FY15	FY14
Net assets	3,723	46,003	42,280
Borrowings	5,194	19,133	13,939
Operating cash flow	3,002	13,510	10,508
Earn out provisions	9,706	11,557	1,851
Gearing		41.59%	32.97%
Return on Invested Capital (ROIC)		15.85%	15.11%

- Significant investments in new infrastructure expected to drive future growth in operating cashflows
- Debt facilities drawn to \$18.3m as at 30 June 2015
- Expanded debt facilities of \$45m now in place which provides balance sheet flexibility for continued growth

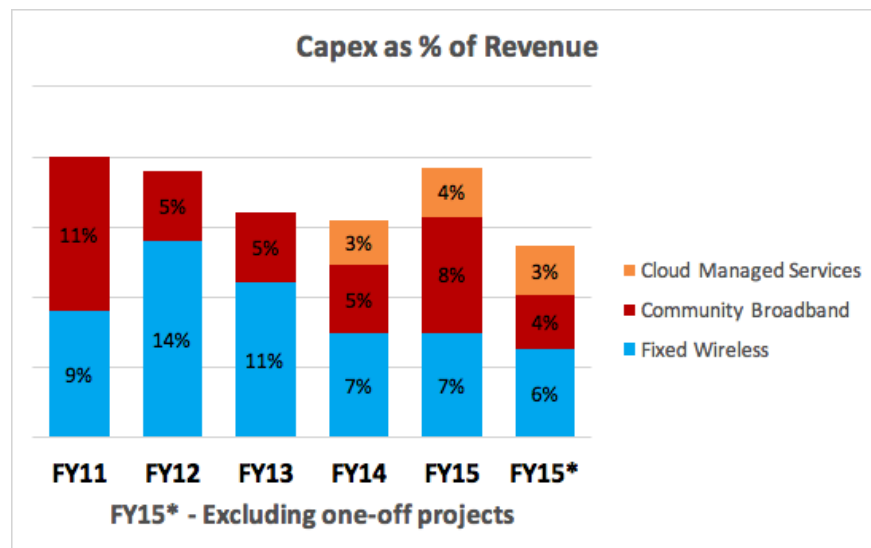


Capex - investing for future growth



- BCB projects completed in FY15 includes a record number of new Accommodation sites
- In addition a number of new Retail WiFi and Retirement Living projects were completed in FY15
- CMS investments include new Private Cloud infrastructure to support Oriel customer growth and cross-selling

- Significant new investments made in CMS and BCB to support new customer growth
- FW project Capex used for Regional expansion
- BAU capex similar to FY14
- Excluding one-off growth projects Capex as a % Revenue continues to decline



Segment financial performance (1 of 2)

Fixed Wireless Segment	FY15 ('000)	FY14 ('000)	Δ ('000)	%
Corporate Revenue	11,631	8,802	+2,829	+32%
Wholesale Revenue	12,052	13,437	-1,385	-10%
Total Fixed Wireless	23,683	22,239	+1,444	+6%
Underlying EBITDA	13,794	13,152	+632	+5%

Cloud Managed Services Segment	FY15 ('000)	FY14 ('000)	Δ ('000)	%
CMS Network Services	9,285	5,342	+3,943	+74%
CMS Managed Services	18,934	5,124	+13,810	+269%
Total Revenue	28,218	10,466	+17,752	+170%
Underlying EBITDA	5,138	1,804	+3,334	+185%

- Corporate fixed wireless growth more than offsetting slow decline in wholesale
- Bundling of new services increases customer stickiness

Fixed Wireless Revenue split	FY15	FY14
Corporate	49%	40%
Wholesale	51%	60%

- Cross-selling services to existing Corporate Fixed Wireless and Community Broadband customers is driving growth in CMS

Fixed Wireless and CMS Network Services are now operationally merged and form the “**Network Services**” division

Segment financial performance (2 of 2)

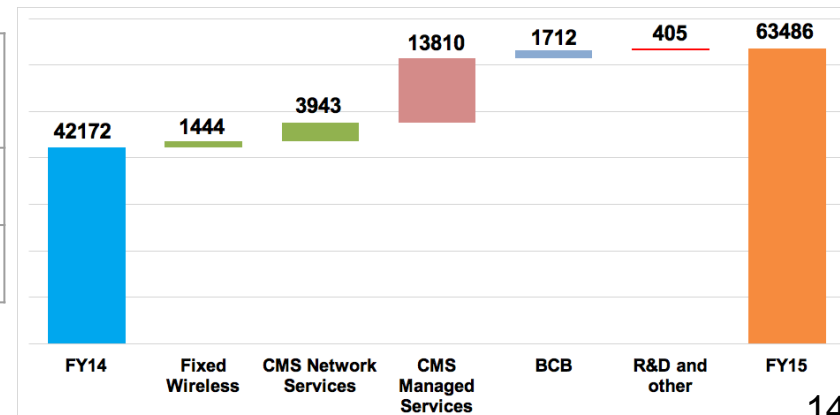
Community Broadband Segment	FY15 ('000)	FY14 ('000)	Δ ('000)	%
Total Revenue	10,749	9,037	+1,712	+19%
Underlying EBITDA	2,087	1,894	+193	+10%

- Community Broadband division growth has accelerated in FY15
- Growth is entirely organic
- Significant investments in FY15 will drive further growth in FY16

Corporate Division	FY15 ('000)	FY14 ('000)	Δ ('000)	%
Total Revenue	836	431	+405	94%
Underlying EBITDA	-2,146	-1,718	-428	25%

- Corporate costs split out in FY15
- Corporate expenses increased to \$2.98m in FY15 (\$2.15m in FY14) due largely to expansion of Senior Management Team
- Revenue \$836k is largely R&D rebate

BGL Consolidated	FY15 ('000)	FY14 ('000)	Δ ('000)	%
Total Revenue	63,486	42,172	+21,314	+50%
Underlying EBITDA	18,863	15,132	+3,731	+25%



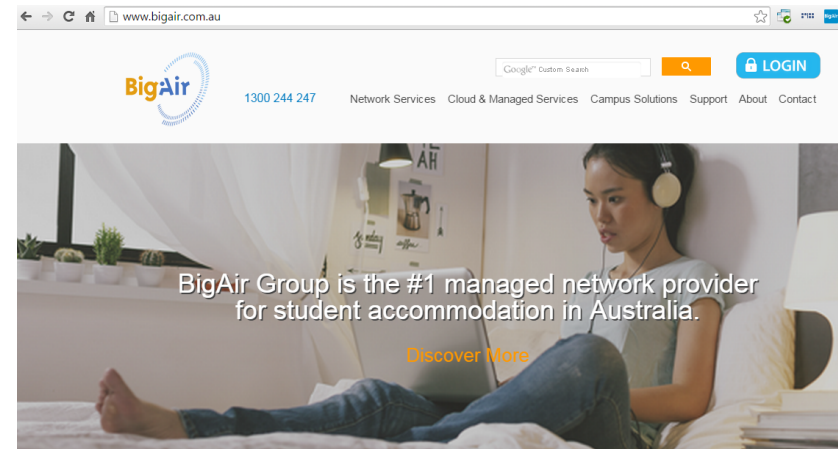
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Summary and key priorities for FY16



Connect better. To improve the way
business works.

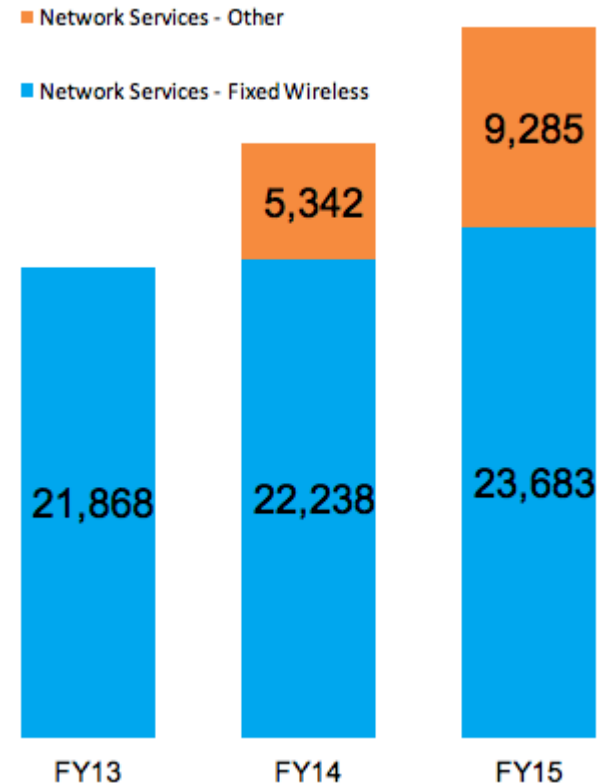
The BigAir Group is a national business-focused ICT provider delivering the very latest cloud-based solutions, managed services, and network infrastructure.

[LEARN MORE](#)

Network Services **update**

- \$1m in network related operational savings realised in FY15.
- National fixed wireless footprint continues to be expanded with targeted regional rollout (\$1.4m invested in FY15).
- BigAir's Next-Generation Network (NGN) now deployed nationally with upgrades being completed in 1H FY16 to expand capacity across the network to support future WAN, DaaS and IaaS requirements.
- Consolidation of existing services onto NGN during FY16 will deliver reduced operational complexity, improve reliability and further reduce operational cost.

Network Services Revenue (\$'000)

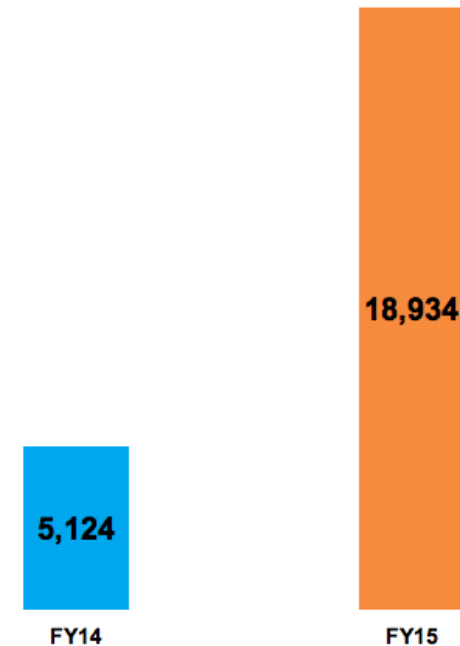


"Network Services - Other" is the data services revenue from IIPC and ACPL that is included in the CMS segment in the Financial Statements.

Cloud and Managed Services **update**

- Acquisition of Oriel Technologies in 2H15
- Applaud IT to be consolidated from 1 July 2015
- Both give significant capacity and capability boosts to the CMS portfolio
- CMS creates growth opportunities by cross-selling into the existing customer base
- CMS customers benefit by leveraging the strong data networking capability of BGL
- Significant cloud expansion occurring in Sydney data centres to meet customer demand
- Oriel Technologies recently appointed to the NSW Govt “End User Computing as a Service” panel
- IIPC delivered 19% revenue growth in 2H15 (versus 1H15)
- ACPL revenue declined slightly in FY15 however turnaround plan in place for FY16

Cloud and Managed Services Revenue (\$'000)



Note “Cloud and Managed Services Revenue” chart above does not include the the data services revenue from IIPC and ACPL (although this revenue is included in the CMS segment in the Financial Statements).



Community Broadband & Managed WiFi Update



CAMPUS SOLUTIONS

Community Broadband division now offers managed Internet, WiFi and Campus network solutions for Mining, Accommodation Providers, Retailers, Hospitality and Govt

- FY15 Revenue growth of 19% (versus FY14)
- Improving macro conditions (eg. foreign student intake)
- Record pipeline of new Student Accommodation projects



STUDENT ACCOMMODATION

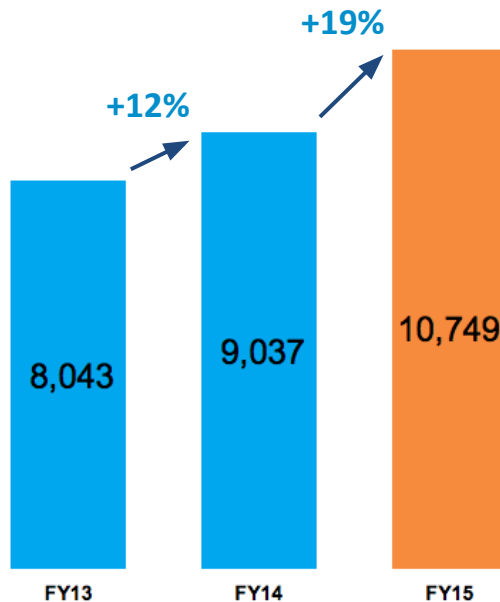


REMOTE MINING COMMUNITIES



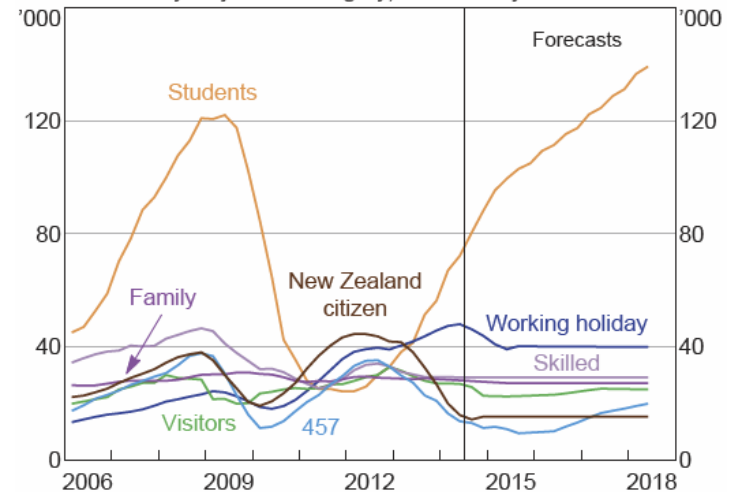
LARGE SCALE EVENTS

Community Broadband Revenue (\$'000)



Net Immigration*

By major visa category, forecasts by DIBP



* Net immigration is not finalised until 21 months after the relevant quarter

Source: DIBP

Powering our growth

BigAir is powering our continued fast growth with a number of key initiatives for ensuring long term sustainable growth:

- Strategic consulting arrangement to help drive our growth
- Gazelles 'Scaling Up' framework aligns our high growth strategy with best practice core:
 - maintaining alignment
 - growing our people
 - improving cost efficiency
 - a great place to work



Recent customer wins

- Won a new \$3.6m contract to deploy a managed data and hosted voice solution for a leading mental health service provider
- Established a relationship with a new student accommodation provider. The initial contracts were for the provision of Internet and managed WiFi for two new student residential sites with an aggregate capacity of 1,000 beds and an estimated initial contract value of \$1.4m
- Won a large \$2.5m managed services contract for desktop as a service (DaaS) and cloud for an Australian financial services company
- Implemented a high speed Internet and voice solution for a brownfield mining accommodation site in Western Australia as part of a new \$1m contract
- Won an extension to an existing national wide area network for an aged care provider - IP voice, additional sites and redundancy increasing the existing contract value to \$900k pa

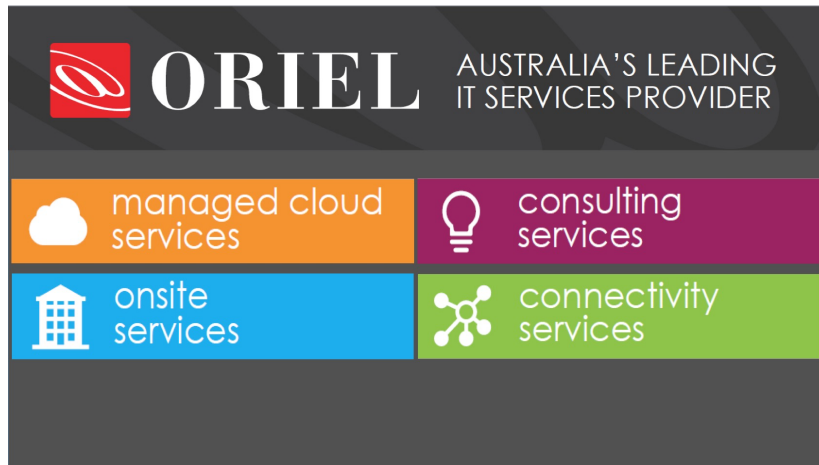


Recent **customer** contract **re-signs**

- Re-contracted our largest student accommodation provider. The contracts include an upgrade to the latest generation WiFi access points and extend through 2019 with an estimated contract value of \$10m
- Resigned and upgraded a 135 site national data network for a publicly listed Australian auto parts distributor for a three year \$2.8m contract value.
- Expanded the existing contract with a large publicly listed commercial property developer for a Managed WiFi and data analytics solution for 5 additional shopping centres.
- Upgraded a national data network for one of Sydney's premier private schools, including connecting their regional educational facility with a high speed wireless data connection. The BigAir service provided their regional campus with a broadband experience for the first time.



Update on Oriel acquisition



- Acquired and consolidated from 19 December 2014
- \$9m revenue contribution in 2H FY15
- New Oriel Cloud and Managed Services blogs getting strong customer interest: <http://www.oriel.com.au/blog>

- The Oriel acquisition enhances our capability in the mid-market and enterprise space
- Supplements our existing offerings, enabling us to take a fully Managed IT solution suite to our customers
- Good progress on integration with the broader BigAir business
- Annualised cost savings achieved as part of integration efforts
- Focus on recurring (Managed Services) revenue over product sales has produced stronger margins
- Cross-selling opportunities bearing fruit with good recent sales



Applaud IT acquired in July 2015



24/7/365
IT Helpdesk & Onsite Support



IT
Monitoring & Management



Asset
Management



Outsourced
expertise



Cloud
Services

- Applaud IT acquired for \$1.2m
- Consolidated from 1 July 2015
- Revenues of between \$6m and \$7m
- FY16 EBITDA expected to be \$0.7m
- Very strong capabilities in the mid-market Managed Services space, with particular focus on outsourced Service Desk
- Most key customers in contract
- Great ability to cross-sell solutions



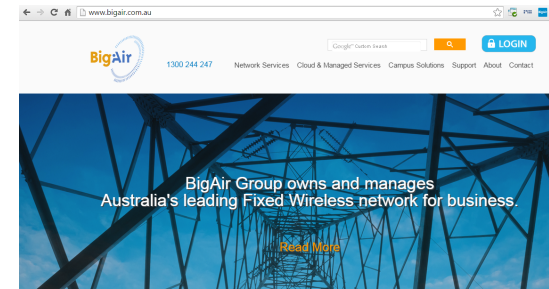
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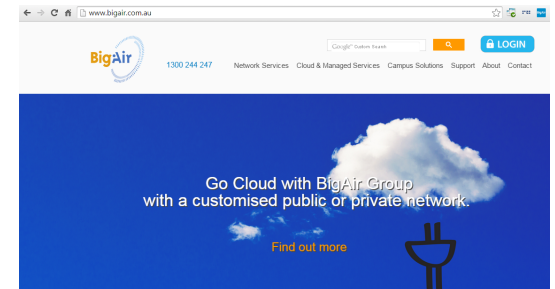
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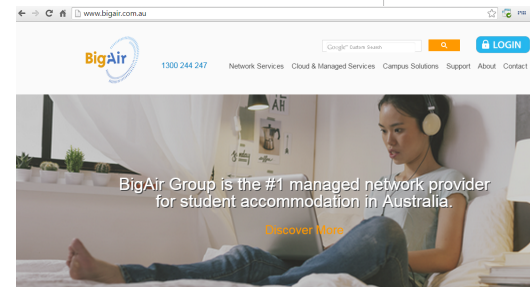
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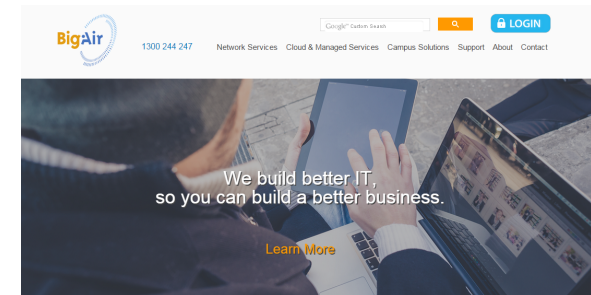
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Key priorities for FY16

Our vision is “to be the #1 managed technology provider for the mid-market and a great place to work”

- **Delight our customers** - through delivering excellent service and cross-selling our new offerings - Unified Communications, Cloud and Managed Services
- **Operationally**, we are:
 - further consolidating and streamlining our operations and recent acquisitions (\$1.5 million in additional savings targeted from end FY16)
 - continuing to drive customer satisfaction and retention
 - developing additional complementary offerings
 - continuing to expand footprint while driving complexity out of operational execution
- **M&A strategy** will continue to identify accretive acquisitions
 - Increase our footprint in strategic markets -
 - Cloud and Managed Services
 - Unified Communications
 - Managed IT services
 - Managed WiFi and analytics



Connect better. To improve the way business works.

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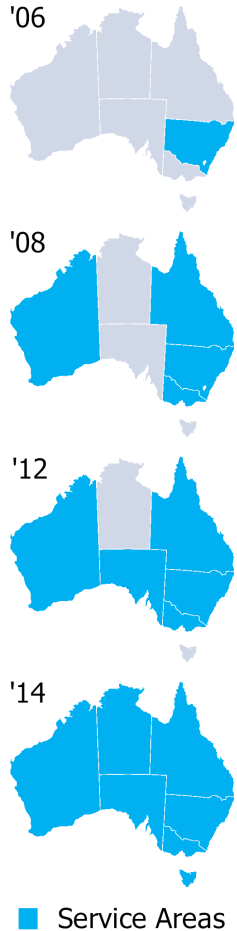


Appendix 1 : Reconciliation of underlying EBITDA and NPAT

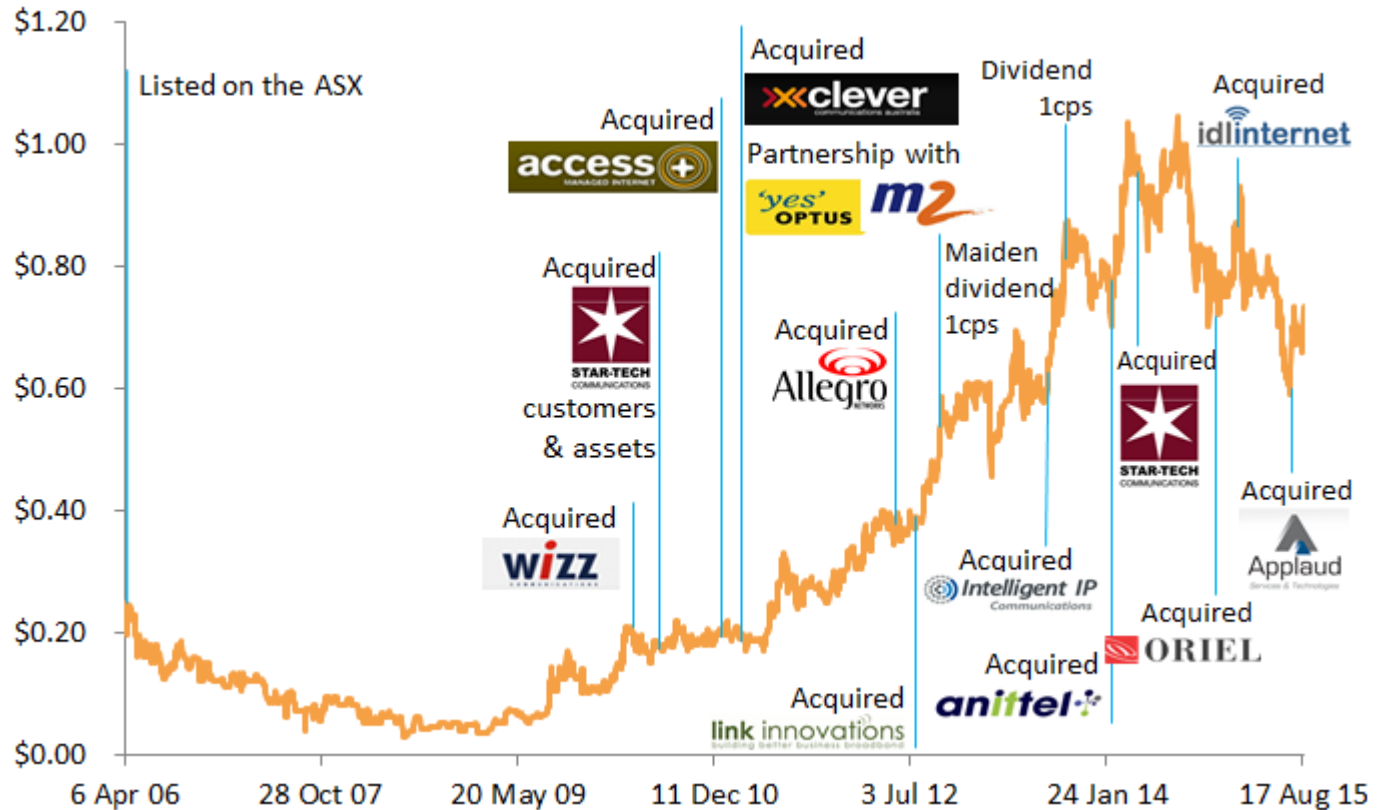
	Current period	Previous corresponding period
EBITDA	15,398,234	14,656,387
Acquisition purchase price adjustment	1,898,846	-
Deal and restructure costs	1,566,461	447,377
Underlying EBITDA	18,863,541	15,103,764
NPAT	4,845,605	5,342,983
<i>After tax effect of:</i>		
Amortisation of acquired customer bases	614,841	634,106
Acquisition purchase price adjustment	1,898,846	-
Deal and restructure costs	1,096,523	313,164
Underlying NPAT	8,455,815	6,290,253



Appendix 2 : Track record of building shareholder value



Share price and key events since listing



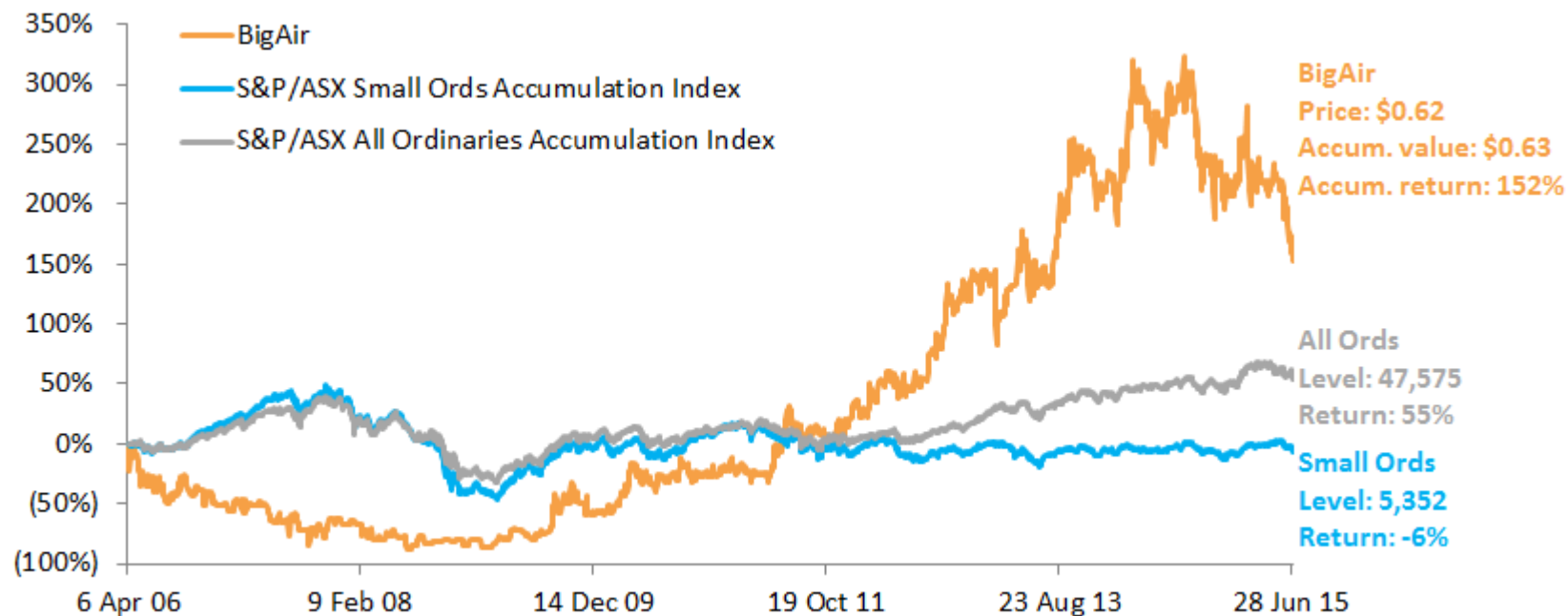
Source: IRESS as at 18 August 2015.



Appendix 3 : Generating superior shareholder returns

\$1.00 invested at listing has grown to \$2.52 at 30 June 2015

Accumulated return since listing (%)



Assumptions: Listing date of 6 April 2006, FYH15 closing price of \$0.615 on 30 June 2015 and reinvestment of FY12 and FY13 dividends at share price on ex-dividend date.

Source: IRESS as at 18 August 2015.



Appendix 4 : Adding value through strategic acquisitions

CLOUD & MANAGED SERVICES

 **ORIEL** Oriel Technologies acquired in 2014 - established managed services provider - broadening solutions portfolio



Intelligent IP acquired in 2013 - providing BGL with its first entry into unified communications and managed services



Anittel Communications acquired in 2014 - unified communications and managed services



Applaud IT acquired in 2015 - managed services provider specialising in managed service desk offering



Clever Communications acquired in 2011 - largest competitor in wholesale fixed wireless markets



Integrated Data Labs (IDL) acquired 2015 - fixed wireless network in the Hunter region



Link Innovations acquired 2012 - marked BGL entry into regional wireless markets

NETWORK SERVICES



Startech acquired in 2014 - addition of highly capable engineering team with large installed base across local government. Student housing assets previously acquired by BGL in FY11



Allegro acquired in 2012 - extensive fixed wireless & fibre network assets across South East QLD and significant player in University housing market

COMMUNITY BROADBAND



AccessPlus acquired in 2011 - leading provider to University student housing segment. Represents the nucleus of the BigAir Community Broadband division today.

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21 August 2015



An *even* better way to connect