

24 November 2016

Dear Shareholders,

Introduction

Welcome to our shareholder update. On behalf of all at TeamTalk, I would like to extend our sympathies to those of you who have been impacted by the recent earthquakes. We hope that you and your families have been as fortunate to have come through that experience as well as we have in Wellington.

At the recent Annual General Meeting (AGM), we promised that we will communicate with you on a more regular basis. We also noted that a number of our shareholders are not able to receive or access our electronic communications via the NZX website and so we are reverting to the traditional method for this communication.

For those of you who have received this newsletter by mail we have enclosed a pre-paid envelope along with a small form for you to return to our share registrar (Link Market Services) indicating your preferred method for receiving future communications. If you do nothing we will continue to send these newsletters and other communications by mail.

I have been Chief Executive now for just over two months and in that time we have made considerable progress in analysing the different business units and laying the foundations for our new strategy.

I gave a high-level view of our 'One Team, One Company' strategy at the AGM and my address to that meeting is attached along with the Chairman's statement.

I have held a number of strategic discussions with both national and international companies wanting to partner with TeamTalk. We expect to be able to announce the first such partnership in the near future. Such partnerships have the potential to enhance considerably TeamTalk's competitive advantage.

Management Team

My management team is coming together and, with a few more additions in the next few weeks, we will soon have the full team in place. Currently, we have in place General Manager Commercial, Kevin Brown, who has been with the business since it started. Kevin brings considerable experience in mobile radio and communications as well as providing an in-depth understanding of the organisation. Kevin will be focusing on the new partnerships that we intend to put in place to grow the business.

John Fischer, Chief Transformation Officer, joined us on 12 October 2016 and will be overseeing a number of different projects including our service delivery organisation. John comes to us following a successful career in the financial markets.

We now have in place a Chief Financial Officer, Jason Bull, who commenced on 25 October 2016 and in addition to finance, Jason will also be responsible for inventory and warehousing, and commercial contracts. Jason has held several senior leadership positions across the telecommunications industry including 11 years at Alcatel-Lucent NZ where he held the roles of Chief Financial Officer and GM Business Operations & Transformation.

Mark Finnigan joined us on 7 November 2016 as Head of HR and Health and Safety. Mark is highly experienced and spent 10 years at Transpower where he assisted in cultural transformation including Health & Safety. I am personally committed to having an effective HR function within the business as I believe it assists in promoting the right values and culture of the business, which is critical to the success of a company.

Health & Safety likewise should be integral to everything we do and not something to be thought of as an addition. I am personally committed that all the staff and our contractors operate in a safe environment and that families are assured that we value their loved ones and that they can return home safely each day.

Re-organisation

We are embarking on a re-organisation with the intent of:

- Enabling the TeamTalk Group to execute its strategy effectively;
- Ensuring that we have resources organised and deployed in ways that are fit for purpose and ensuring a high-quality delivery to our customers;
- Improving the effective functioning of teams;
- Assisting achieve the aim of 'One Company, One Team'; and
- Improving our 'Go to Market' model.

The TeamTalk Group has expanded its operations significantly since it was first started and initially focused on mobile radio. Today the group also includes CityLink, offering fibre solutions, and Farmside, which primarily offers satellite and rural broadband solutions. In addition, the mobile radio/wireless division has expanded its offering to include business grade wireless broadband services.

These operations each offer good services, but bundled together in multi-product solutions they provide even greater opportunities for us. There are also opportunities for the TeamTalk Group to deliver innovative services to our customers beyond just a 'pipe connection'. We need to look at the 'Internet of Things', telemetry services and other innovative services which drive value through both widening our services offering and assisting with customer retention.

Our churn rates need to be reduced and our revenue needs to increase. Both these actions, along with more efficient processes and delivery, will assist the Group to produce sustainable profits and to grow.

The Group's mission is to accelerate revenue growth and profit and achieve a reduction in our debt levels to a more sustainable position. The TeamTalk Group will achieve this by:

- **Greater engagement and partnering** - a deeper and coordinated engagement across our customers, sector groups and various stakeholders across New Zealand, including partnerships, which will result in sustainable business growth and becoming the 'partner' and not just a 'supplier';
- **An efficient delivery function** - deliver our services via an efficient process that adopts best practice which includes clear priorities set by the business along with appropriate review gates;
- **Customer focused/market approach** - deliver solutions and services that the customers want by listening and understanding their needs and responding accordingly; and
- **Effective design of products and marketing** - new products and services need to be designed by leveraging all our Group capabilities. As we move forward with multi-product solutions, our marketing approach needs to be co-ordinated across the Group to deliver a consistent message and service to all our customers.

Current Results

In response to requests from many of you for more information, we are breaking from our normal practice in providing a snapshot of our figures to date. We have made a good start to the financial year and as at the end of Quarter 1 (3 months ended 30 September 2016) our unaudited results are:

Revenue	NZ\$ 14.438m
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EBIT	NZ\$ 1.038m
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These results are consistent with the outlook for a better bottom line result for the full year as we set out in the Annual Report.

Recent Earthquake Activity

All our networks remained fully operational following the recent earthquake activity and while there were some short-term power outages they were mitigated with the usual backup batteries in place. Our networks have proved their resilience.

We are working with the Ministry of Civil Defence & Emergency Management along with local civil defence and local authorities in providing support and solutions for the various impacted communities. Our teams will continue to liaise with the multiple stakeholders to design and implement the appropriate solutions required to meet requirements going forward.

Summary

The management team over the next month will continue to develop the business plan to deliver on the 'One Team, One Company' strategy and you will receive further information on this in the near future. This year is all about transforming the company and putting in place the foundations to enable the company to return to sustainable profitability and to grow.

I look forward to meeting more of you at the shareholder roadshows that we intend to hold following our half-year results in early 2017 and to engaging in further dialogue around our future direction

Yours sincerely

A handwritten signature in dark ink, appearing to be 'A. Miller', with a long, sweeping horizontal stroke extending to the right.

Andrew Miller
Chief Executive
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