

The background of the slide is a photograph of a telecommunications site. In the foreground, there is a field of dry, yellowish-brown grass. To the left, a tall metal tower with various antennas and a large parabolic dish is visible. In the center-right, there is a large, rectangular solar panel array mounted on a metal frame. Behind the solar panels is a small, brown, rectangular building. The background features a valley with a lake, surrounded by mountains under a blue sky with scattered clouds.

TeamTalk Limited

Emerging Companies presentation

Auckland 14th March 2019

Andrew Miller – CEO
Jason Bull - CFO

October 2018

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Recent Background

- 1 Following a board and senior management refresh in 2016, TeamTalk Limited (the “Company”) undertook a strategic review which to date has resulted in the divestment of underperforming assets, a reduction in debt and the formulation of a strategy to grow the business
- 2 By June 2020, the Company plans to invest \$16-18m to roll out a nationwide digital radio network and significantly improve its Wellington CBD fibre network
- 3 This CAPEX will improve the resilience of the Company’s existing operations and revenue streams and provide the platform to offer new and improved services across both the fibre (CityLink) and radio (TeamTalk) businesses to take advantage of compelling underlying industry fundamentals
- 4 To assist in the funding of this CAPEX, the Company is looking to raise approximately \$8.7m by way of a fully underwritten share placement and rights issue of ~\$2m and ~\$6.7m respectively – Successfully completed.
- 5 On 10 October the Company provided guidance in respect of the year to 30 June 2019 of NPAT broadly in line with last years result of \$4.4m despite an increase in operating costs associated with growing earnings in future years. The Board intends to resume the payment of a dividend for the FY19 year.

Powerco Managed Services deal signed in Feb19 to manage their private telecommunications network for an initial 5 year period.

Provider of fundamental nationwide infrastructure



- Owns and operates fibre infrastructure in Auckland and Wellington
- Difficult / expensive to replicate
- Positioned to take advantage of growing data consumption



- The largest commercial provider of nationwide radio in New Zealand and also provides linking radio services (microwave)
- Difficult / expensive to replicate
- Positioned to take advantage of the transition of its network to digital radio and the additional services this provides

Sustainable and recurring revenues from core operations with growth upside from the provision of new services and investment in key areas

Company background^(1/2)

FY16

- Senior management and board refresh commenced
- Suspension of dividend to focus on debt reduction

FY17

- Strategic review and 5 year plan completed
- Takeover offer made by Spark at a 78% premium¹ overwhelmingly rejected by Shareholders
- 70% sale of Farmside at a price in excess of the Independent Advisers Report valuation²

FY18

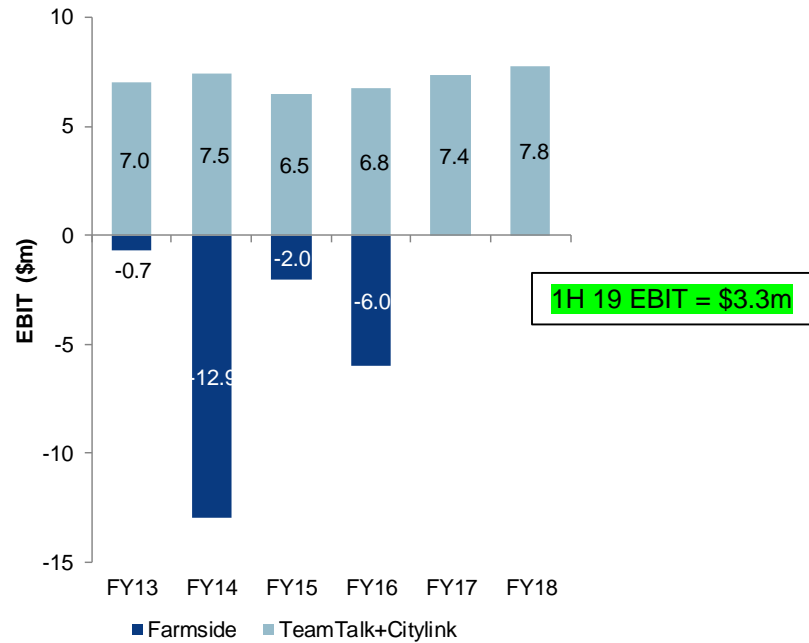
- Significant investment in team and culture
- New banking partnership with BNZ
- Build of new digital mobile radio network commenced
- Exercised put option to complete sale of Farmside

FY19

- Commence fibre undergrounding in Wellington CBD and re-architecture of complete network
- Investment in new systems and capability to improve overall operational efficiency
- Launch of new services and growth areas
- **Completion of successful Capital raise**

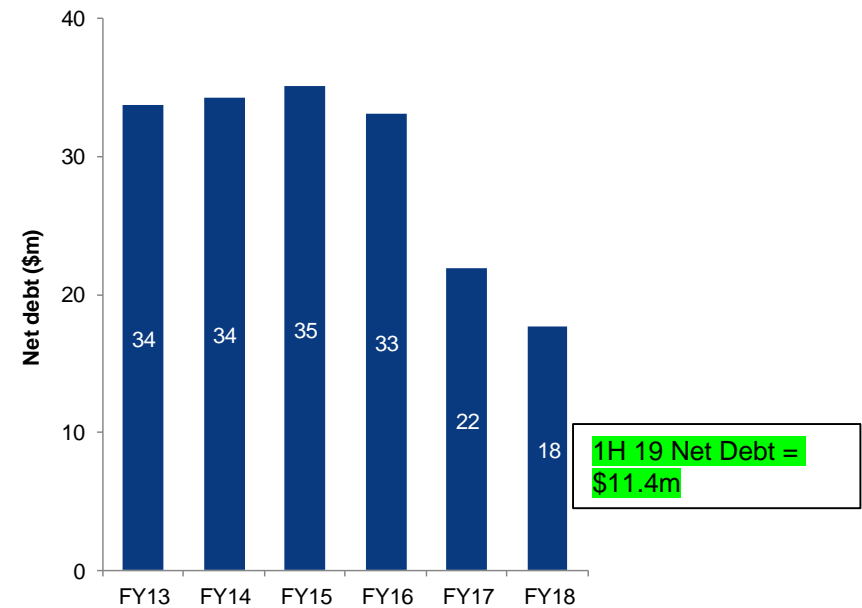
Company background^(2/2)

Divestment of loss making business has stabilised earnings



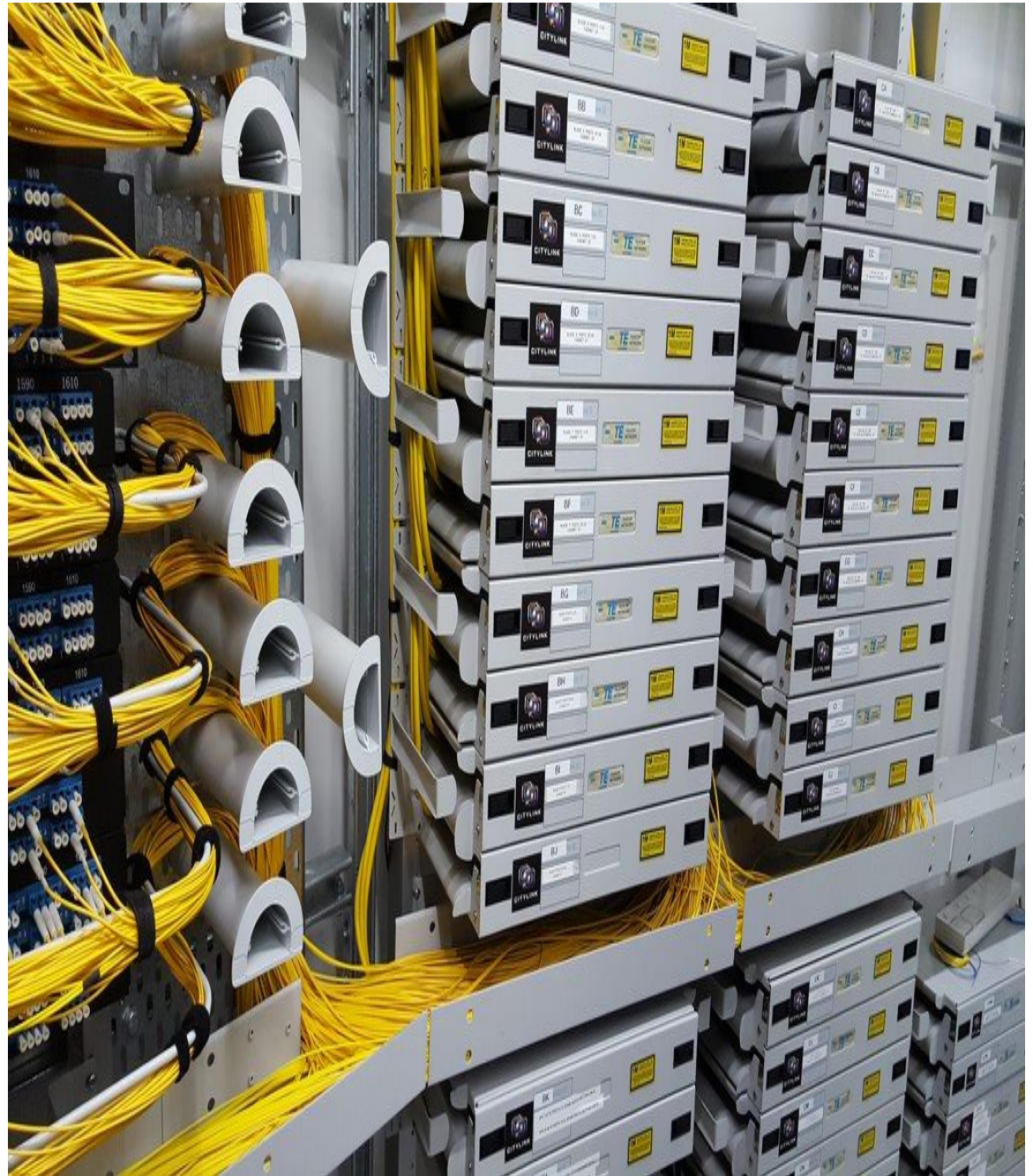
Note: Graph reflects EBIT including impairments

67% reduction in net debt since FY16



Note: Net debt calculated as total borrowings less cash

CITYLINK Overview



What CityLink does

Broadband Services

Fibre networks that support high speed broadband services including internet access and telecommunications access services

Peering

Owens and operates New Zealand's Internet Exchanges that provide a market place for Internet Service Providers, Corporates and Content Providers (e.g. Microsoft) to cost effectively exchange terabytes of data each month

Wi-Fi

Operates Wellington City's free Wi-Fi service throughout the CBD supported by Wellington City Council. Targets students and tourists requiring free, high speed Wi-Fi access. Also provides and operates Wi-Fi for a range of other commercial customers

Data Centres

Operates three CBD datacentres (two in Wellington and one in Auckland) that provide hosting facilities for customers' equipment, cloud based services and an opportunity to sell further access services

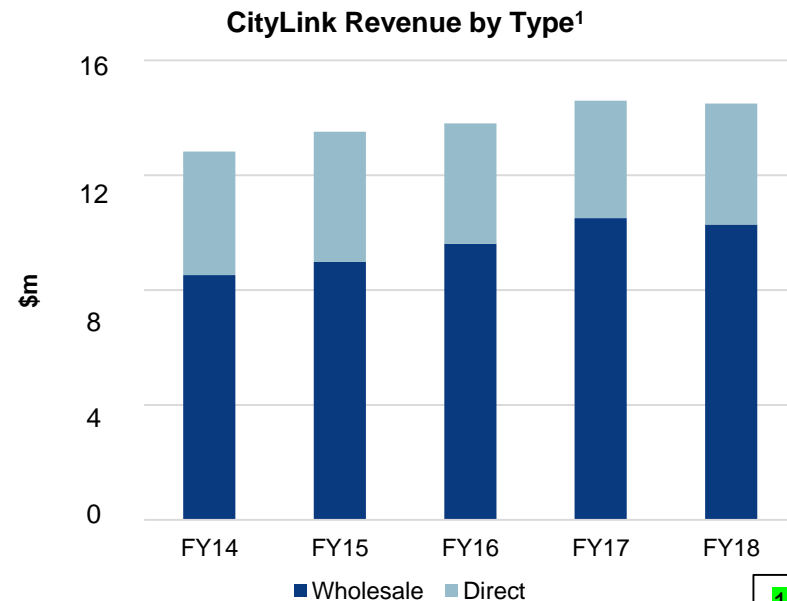
Government Interconnect

Operates Telecommunications as a Service (TaaS) interconnection points in the Government's Infrastructure as a Service (IaaS) datacentres. This interconnects the major TaaS providers to each other and content within the IaaS Datacentres. Also manages the Interconnect Forum to set interconnect standards on behalf of Government

Stable customer base

An early provider of fibre services since 1995 with long established relationships with building owners providing a competitive advantage

- CityLink offers customised services that do not require third party suppliers, therefore reducing service connection and restoration time
- Many customers acknowledge this point of difference and have accredited CityLink as their provider of choice for access and network services
- CityLink is recognised by its customers for its high quality service
- CityLink only serves the commercial market
- 51% of all customer connections have been with CityLink for 3 plus years

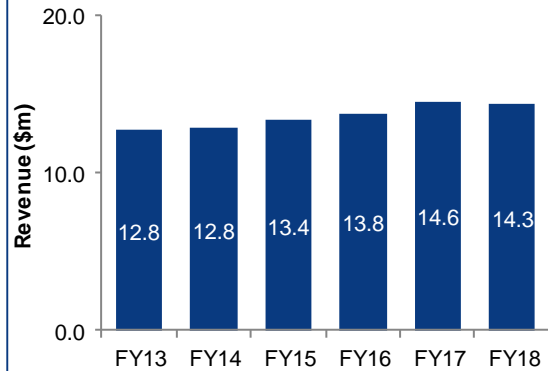


**1H 19 Revenue =
\$6.95m**

1) FY14 to FY15 have been adjusted from statutory accounts to transfer microwave financial from CityLink segment (wired networks) to Mobile Radio segment (wireless). No change to group level statutory accounts.

CityLink financials

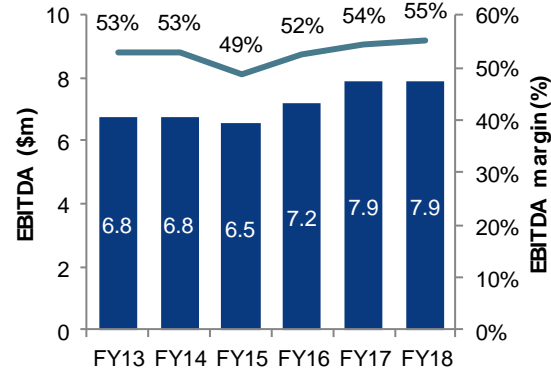
Revenue



- Stable revenue base
- 51% of customer connections have been with CityLink for 3 plus years

1H 19 Revenue =
\$6.95m

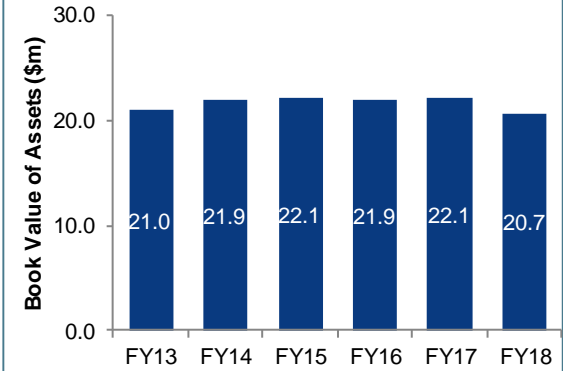
Earnings



- Low cost to serve and high margins
- Predictable and stable cost base

1H 19 EBITDA =
\$4.03m

Book value of assets¹



- Flat book value of assets
- Management estimate replacement cost of \$60m which would be difficult to replicate due to civil works including trenching

CityLink CAPEX programme

CAPEX programme over 18 months to enhance, provide resiliency to the existing network and optimise the network to enable a range of new services to be delivered

Undergrounding of Wellington CBD network	<ul style="list-style-type: none">▪ Catalyst for investment has been the closing of the trolley bus infrastructure in Wellington▪ Transitioning a portion of the current network within the CBD from aerial to underground▪ Opportunity to modernise and upgrade the electronics to provide a more robust solution▪ 10 + 10 - year agreement with Powerco for the exclusive use of their ducts for fibre in Wellington▪ Enables a quicker and more cost-effective solution of going underground removing a major barrier (avoids major civil works and trenching along with street closure)
High quality upgrades	<ul style="list-style-type: none">▪ Re-organising of network architecture▪ Provide 5G fibre ready rings including an additional node to improve speeds▪ Increasing capacity of the Wellington CBD network from central nodes to customer buildings by at least 200%
Benefits	<ul style="list-style-type: none">✓ Improved resiliency of the network and greater speeds / capacity for existing customers✓ Reduces time to provision new customers and make changes✓ Provides the foundation to be able to meet future market requirements✓ Significantly extend the life of the assets with a lower ongoing maintenance cost

CityLink growth opportunities

Following the CAPEX programme CityLink will have an upgraded Wellington CBD fibre network that will continue to generate significant free cashflow and provides the foundation to take advantage of growth opportunities

Dark fibre networks direct to customers:

✓ CityLink will meet customer preference for fibre underground as opposed to aerial fibre

✓ Improved network fibre enabling increased sale of dark fibre networks to customers

5G ready fibre backbone ring:

✓ Allowing CityLink to support rapid deployment of 5G networks by cellular operators in Wellington CBD

TEAMTALK Mobile Radio Overview

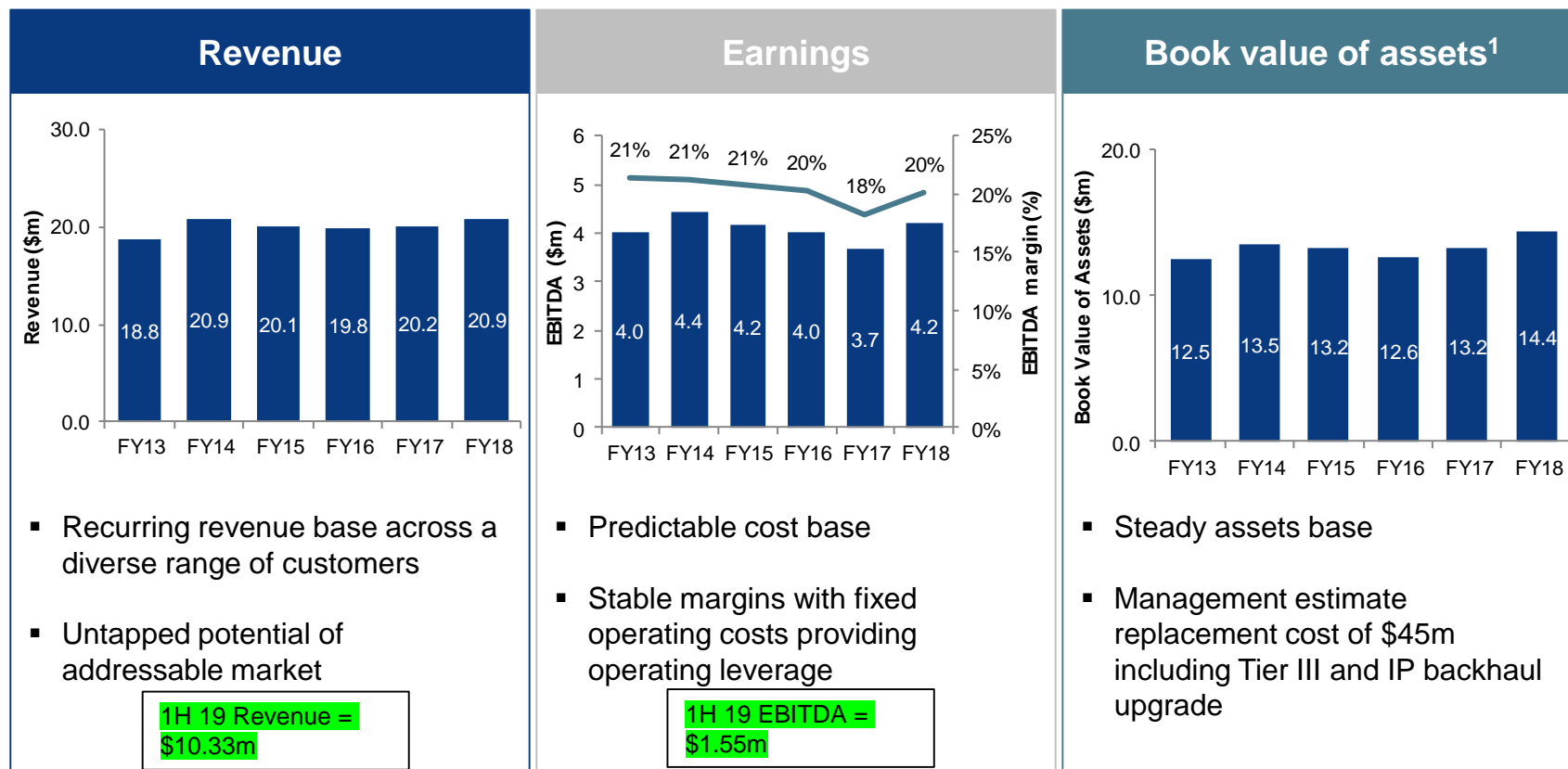


TeamTalk mobile radio overview

TeamTalk provides the only commercial nationwide mobile radio infrastructure across New Zealand generating revenue from 4 areas. The mobile radio geographic coverage is significantly better than cellular

Revenue sources	
Trunking 40% Over 850 different customers spread across a range of industries and corporate clients High recurring revenue with average contract term of 3 years	Private networks 30% Provision of dedicated networks to large enterprises and critical infrastructure Nationwide operations with contracted revenue streams
Microwave radio 15% Offering IP backhaul to areas outside of Broadband coverage across all of New Zealand (including Chatham Islands)	Other 15% Sales of hardware, data hosting, installation fees and consulting

TeamTalk mobile radio financials



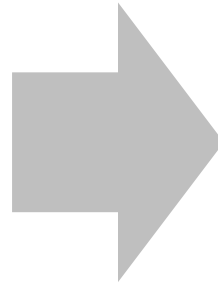
1) Book value of assets being the carrying amount on the balance sheet

2) FY13 to FY15 have been adjusted from statutory accounts to transfer microwave financial from CityLink segment (wired networks) to Mobile Radio segment (wireless). No change to group level statutory accounts.

Tier III digital radio opportunities

Current market

- Estimated ~\$65m market size¹
- ~84%¹ in the conventional segment
 - Geographically concentrated networks
 - TeamTalk has a ~9%¹ market share
- ~16%¹ of users in the trunked segment
 - Nationwide users
 - TeamTalk has a ~90%¹ market share



Future market

- Health & Safety requirements driving growth (particularly in areas beyond cellular coverage)
- Ability to offer network within a network will reduce the conventional segment and increase the trunked segment
- TeamTalk market share to increase as its national digital network can replace ageing networks in the conventional market
- Advantage of being able to have a private network across a public network

Global trends

- Global professional mobile radio market is expected to grow at a ~10% CAGR over 2018-2026²
- The number of digital licensed mobile radio users exceeded the number of analogue users for the first time in 2017³
- Key drivers of the DMR innovation are longer battery life, applications over traditional voice only e.g. location tracking, higher connectivity from better coverage, streamlined devices and standardisation⁴

Transition to Tier III digital radio trunking network

TeamTalk is building a digital radio network that will reduce its network's asset intensity, improve coverage and substantially increase the number of services it can sell

Current analogue network

- 2 independent legacy ageing analogue networks
- Average age of equipment of 25 years with a useful life of 2-3 years remaining
- Services provided
 - Analogue voice radio communications



New Digital Tier III network

- One single Digital network
- Average age of equipment of <1 year with a useful life of 10 - 15 years remaining and reduced BAU capex
- Services provided
 - Digital radio communications
 - Interoperability with cellular
 - Encryption
 - GPS, lone worker, man down
 - Priority calling
 - Job dispatch
 - Voice recording
 - Coverage reporting
 - Location services
 - Telemetry

The demand for new digital mobile radio (DMR) services is underpinned by new health and safety regulations and experiences in recent natural disasters along with a fundamental requirement to have geographical coverage over the majority of New Zealand

TeamTalk mobile radio CAPEX programme

CAPEX programme over the following year to complete the digital radio network and ability to offer new services

Nationwide digital mobile radio network	<ul style="list-style-type: none">▪ 25% completed as at September 2018▪ 50% to be completed by December 2018▪ 100% by June 2019
Migration	<ul style="list-style-type: none">▪ Preparation for migration of customers started, including planning with major corporate customers▪ Expansion of the network capacity in line with migration and growth▪ Expansion of coverage to meet customer requirements
Benefits	<ul style="list-style-type: none">✓ Equipment and capability to offer new services✓ Ability to offer a private network across the commercial trunking network✓ Opportunity to grow the market beyond the current addressable market

TeamTalk mobile radio growth opportunities

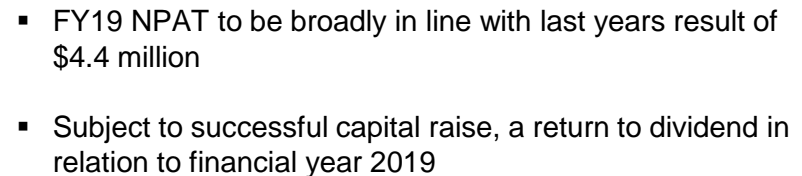
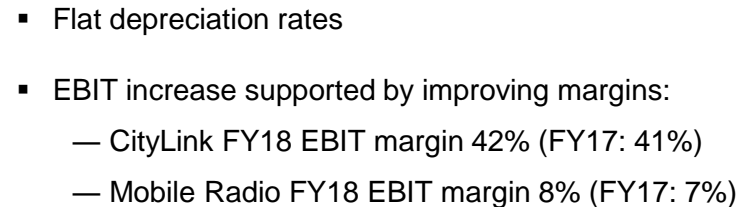
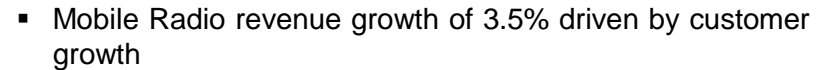
Following the transition to the digital radio network, TeamTalk will be the largest commercial provider of nationwide digital radio services generating strong contracted revenue and free cashflow with growth opportunities in the near term

- ✓ Largest commercial provider of nationwide digital radio networks with the opportunity to migrate new customers currently on an ageing conventional network onto the digital trunking network and offer a “network within a network”
- ✓ Contracted revenue from a diverse and stable customer base with the potential to upsell a range of services across a new digital network
- ✓ Lower cost to serve, high margins and low maintenance CAPEX generating strong free cashflow
- ✓ Health & Safety requirements increasing demand for new and existing services

Financial overview



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Company cashflow and balance sheet

For the year ended NZ\$m	Statutory FY16 ¹	Pro-forma FY16 ²	FY17	FY18
Operating cash flow	9.8	8.0	7.1	7.7
CAPEX	(6.0)	(3.5)	(3.3)	(6.8)
Free cashflow	3.8	4.5	3.8	0.9
PP&E	37.0	34.5	34.2	35.2
Intangibles	21.3	17.0	17.0	17.0
Other	12.3	13.2	12.5	11.9
Total assets	70.6	64.7	63.7	64.1
Borrowings	33.6	33.6	24.0	22.0
Other liabilities	16.8	12.7	14.3	12.4
Total liabilities	50.4	46.3	38.3	34.4
Equity	20.2	18.4	25.3	29.8

- Stable cash from operations
- Step-up in CAPEX in FY18 to fund start of the digital radio network rollout
- PP&E increase driven by customer funded projects
- Continued debt amortisation
- Equity increase by consistent positive cash generation and operating profit

1) Statutory accounts includes Farmside

2) Continuing operations excluding Farmside from the results that has been divested. Refer to the TeamTalk Annual Reports that can be found at <http://www.teamtalkinvestor.co.nz/annual-reports> for further information regarding Farmside

Appendix: historical earnings

For the year ended 30 June NZ\$m	Pro-forma FY16 ¹	FY17	FY18	FY17 – FY18
Revenue	32.9	34.0	34.2	0.5%
Operating costs	(15.6)	(15.3)	(15.5)	1.8%
Gross profit	17.3	18.8	18.7	(0.5%)
Other income	0.7	0.8	1.0	34.3%
Administrative expenses	(11.3)	(12.2)	(11.9)	(1.9%)
Results from operating activities	6.8	7.4	7.8	5.3%
Net finance costs	(2.2)	(1.6)	(1.5)	(4.0%)
Income tax	(1.5)	(0.4)	(1.7)	327.7%
Profit from continuing operations	3.1	5.4	4.5	(16.3%)
<i>Discontinued operations</i>				
Profit/(loss) from discontinued operations	(4.4)	(3.2)	(0.5)	
Gain on sale of discontinued operations	-	3.0	0.5	
Profit/(loss)	(1.3)	5.2	4.4	

1) From continuing operations excluding Farmside from the results that has been divested (70% divested on 31 May 2017, remaining 30% divested 31 May 2018). Refer to the TeamTalk Annual Reports that can be found at <http://www.teamtalkinvestor.co.nz/annual-reports> for further information regarding Farmside