

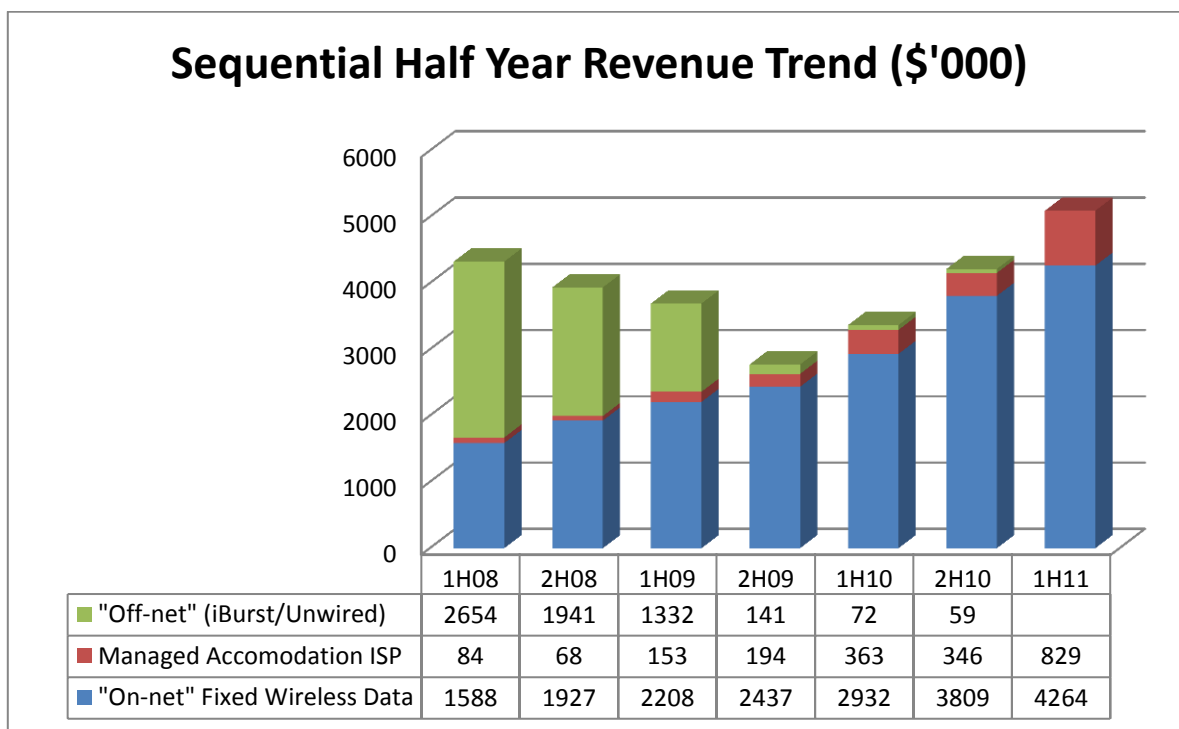


**25 February 2011**

**Media Release - BigAir Group Limited ("BigAir") Half Year Results (1HFY11)**

**BigAir delivers record half year Revenue of \$5.1 million and record underlying half year EBITDA<sup>1</sup> of \$1.9 million.**

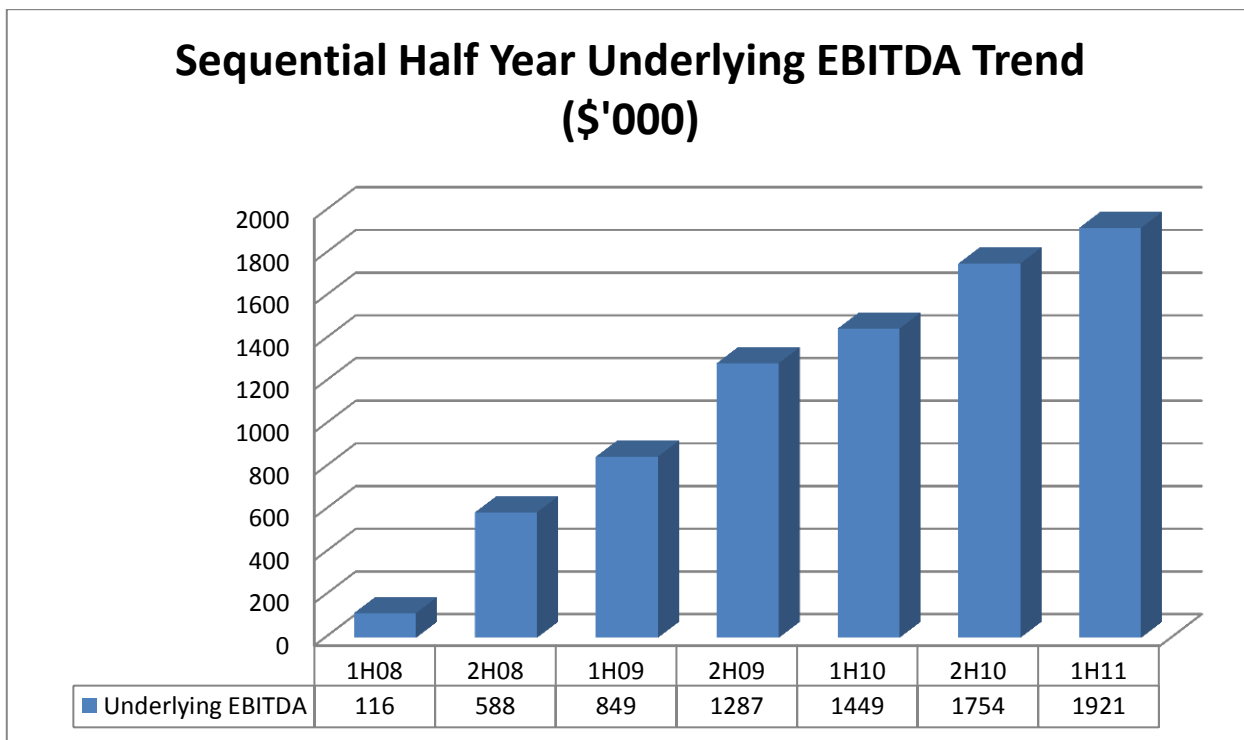
BigAir (ASX:BGL) delivered record incremental half year Revenue growth of \$1.7 million in revenues from ordinary activities which increased 51% from \$3.4m in the previous corresponding half year period ("PCP") to \$5.1m for the period ending 31 December 2010. Importantly this reported Revenue does not include any contribution from the recent acquisitions of Clever Communications Limited ("Clever") and AccessPlus which will be consolidated going forward from January 2011 and will therefore deliver a significant expansion of Revenue in 2HFY11.



The \$1.7m of revenue growth versus the PCP was a combination of growth of its high margin "on-net" fixed wireless data services as well as new revenue contributed via the managed ISP assets of Star-Tech Communications which were acquired in July 2010. These acquired assets contributed approximately \$0.46m incremental revenue, or 27% of the growth. The legacy low margin "off-net" mobile resale business is no longer contributing any material revenue with customers migrated to alternative services in prior years.

<sup>1</sup> BigAir considers underlying EBITDA to be a more suitable indicator of operating performance since it is not affected by one-off costs associated with business combinations.

BigAir also produced record underlying EBITDA for the six months ended 31 December 2010 of \$1,920,784, an increase of 33% over the PCP.



Mr Ashton stated: "This half year period was an extremely busy and slightly disruptive period for our team with the negotiation and successful conclusion of several company transforming acquisitions along with the ongoing expansion of our fixed wireless networks into several new markets including Newcastle. We also recruited Charles Chapman as Group CFO who is proving to be an excellent replacement for co-founder Patrick Choi who left to pursue other interests in September 2010. The hard work during the period is continuing into the second half as we work to integrate the businesses. In the short term our consolidated gross margin and EBITDA margin has declined slightly due to the impact of the acquisitions. However we expect to deliver significant improvements to our results in future years as revenue and cost synergies are delivered."

### **Update on acquisitions made during the period and post balance date**

#### **Star-Tech Communications – BigAir Universe Broadband**

BigAir acquired the wholesale managed ISP assets of Star-Tech Communications on 1 July 2010. Star-Tech's principal business was the provision of managed internet services to student accommodation providers. These acquired assets contributed approximately \$0.46m of incremental revenue during the period however the EBITDA contribution was minimal due to the integration and restructuring work that was undertaken. During the period this division was rebranded as BigAir Universe Broadband and several new student accommodation sites were also signed up bringing the total number of active sites to 25. In addition several sites were migrated from third party carriers to the BigAir Fixed Wireless network which will reduce communications costs and increase gross margins in future periods. As a result the full year contribution of \$1m incremental revenue and \$0.25m EBITDA from this division remains on track.

## **Clever Communications Limited**

BigAir announced a takeover bid for Clever on 22 November 2010. On 23 December 2010 BigAir obtained a relevant interest of 50.67% of Clever and the Offer was declared free of all conditions. As a result BigAir now has a controlling interest in Clever and its financial results will be consolidated from January 2011.

BigAir commenced a review of the Clever business in January and has since commenced several integration projects. The Clever network operates throughout Sydney, Melbourne, Brisbane and Adelaide and has a substantial overlap with the existing BigAir networks in these cities. As a result there are a number of opportunities to remove duplication of third party carrier, co-location and site rental costs.

The initial review of the customers and revenues shows a healthy corporate and wholesale partner base which is highly complementary to BigAir including several new relationships with Tier 1 carriers and ISPs. The majority of revenue is on-net and serviced via the Clever fixed wireless network. However the gross margin is slightly lower than BigAir enjoys due to differences in core network and backhaul architecture. This will be addressed over the next six to twelve months as the network is fully integrated with the BigAir network. In addition Revenue synergies are expected as the Clever customer base is exposed to the expanded coverage and product offerings provided by the merged group. The remaining off-net revenues will continue to be serviced in the medium-term and opportunities to bring these services on-net will be explored.

Due to the recently commenced integration and restructuring work the Board is not yet in a position to provide guidance as to the financial impact of the Clever business. However, the foreshadowed integration and restructuring work is proceeding to plan and the Board expects to be in a position to provide initial guidance within the next two months.

## **AccessPlus**

Further industry consolidation was achieved on 6 January 2011 with the acquisition of AccessPlus. AccessPlus is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia. A former competitor of Star-Tech Communications (now the BigAir Universe Broadband division) AccessPlus has more than 10 years experience and approximately 20 large sites under management on long-term multi-year contracts.

BigAir intends over time to migrate all the AccessPlus sites from third party carriers to the BigAir Fixed Wireless network which will reduce communications costs and increase gross margins in future periods. Furthermore it is reviewing the operational support systems (OSS), billing, marketing and customer service functions with a view to integration with its BigAir Universe Broadband Division.

The expected impact from AccessPlus on future Revenue and Earnings is unchanged

<b>Period</b>	<b>Revenue</b>	<b>EBITDA</b>
2HFY11 (Jan-June)	\$1.5m	\$0.5m
FY12	\$3.9m	\$1.5m

Following completion of the acquisition of the assets of Star-Tech and AccessPlus the BigAir Group now operates in two distinct but related divisions; fixed wireless data and managed ISP services.

The focus of the managed ISP division is currently in tertiary student accommodation. This is expected to expand into similar projects with interest already received from communities such as the mining sector and defence.

## **Business Outlook and Guidance**

The company continues to expand its existing network footprint across the Sydney, Newcastle, Melbourne, Perth, Adelaide, Brisbane and Gold Coast markets. During the first half BigAir invested \$1.7 million in new network infrastructure which was funded entirely from operating cash flow generated within the business.

BigAir is not yet in a position to predict the net contribution from the recent acquisitions of Clever Communications and AccessPlus due to the restructuring and integration that is underway during the second half.

The first half results do not reflect any revenue contribution, but do include related expenses, from Clever and AccessPlus. BigAir believes that its existing business is on track to deliver the \$4 million EBITDA guidance as released on 24 November 2010. The focus of management for the second half of FY11 is to fully integrate the recent acquisitions so that cost savings and network efficiencies can be realised which will deliver significant uplift in FY12.

BigAir will be releasing an Investor Presentation on Monday 28 February 2011.

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## **About BigAir Group Limited**

BigAir owns and operates Australia's largest metropolitan fixed wireless broadband network. The Australian business market comprises nearly one million businesses and BigAir's network provides near blanket coverage across its seven largest cities Sydney, Melbourne, Brisbane, Perth, Adelaide, Newcastle and the Gold Coast. BigAir sells broadband and data services primarily through its channel partners who include ISPs, Carriers, and other IT service companies who have existing relationships with business customers in order to deliver BigAir's high speed, cost effective fixed wireless broadband solutions.

BigAir's competitive advantage includes its state-of-the-art business-grade fixed wireless network which allows it to install business-grade symmetric broadband services at speeds up to 1000Mbps and distances up to 30km from its base stations with installation taking just a few hours. Most of BigAir's competitor's rely on access to Telstra's copper network which can take weeks to install a service and does not deliver fast symmetric speeds.

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