

Spirit Telecom Limited (ASX:ST1)
Building A Modern Telco For Business

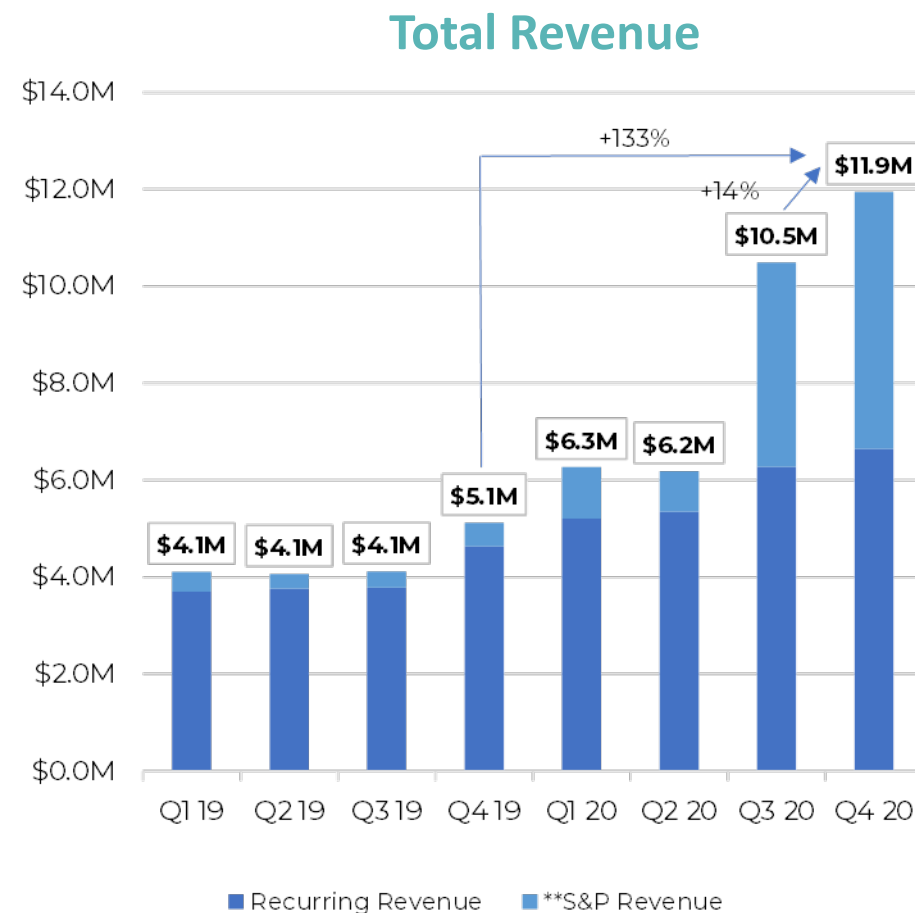
Transformational Growth - Market Update Q4 & H2
FY20

July 2020



Transformational Growth & Demonstrated Execution Q4 20

- Spirit grew revenues by 14% from Q3 20 to Q4 20.
- Demonstrates resilient recurring revenue streams, customer demand for Spirit products and Company's skill in integrating acquisitions into the business model – all executed during the COVID-19 period.
- Total B2B revenue growth: H2 20 up 105% to \$19.4M on H1 20 and up 205% on H2 19.
- Total H2 Spirit Year on Year revenue grew 143% & H2 20 revenue grew 80% to \$22.4M on H1 20
- Unaudited FY20 Underlying EBITDA* range is expected to be \$3.5M-\$3.8M.
- Underlying EBITDA* range FY20 would have been higher circa \$3.7M-\$4.0M, a strategic decision was made to invest in advertising spots in FY20 in order to grow leads, sales channel and brand nationally through FY21 (media buys negotiated at up to 85% discounts).
- In a sign of organic growth and business strength the Trident Technology Solutions business which has seasonal highs during the Nov-Jan months generated circa \$2.2M in revenue in June (up 17% on May 2020 and 24% on April 2020).
- Q4 20 growth rates were achieved with **NO** contribution made from the recent VPD acquisition which takes effect from 1 July 20.

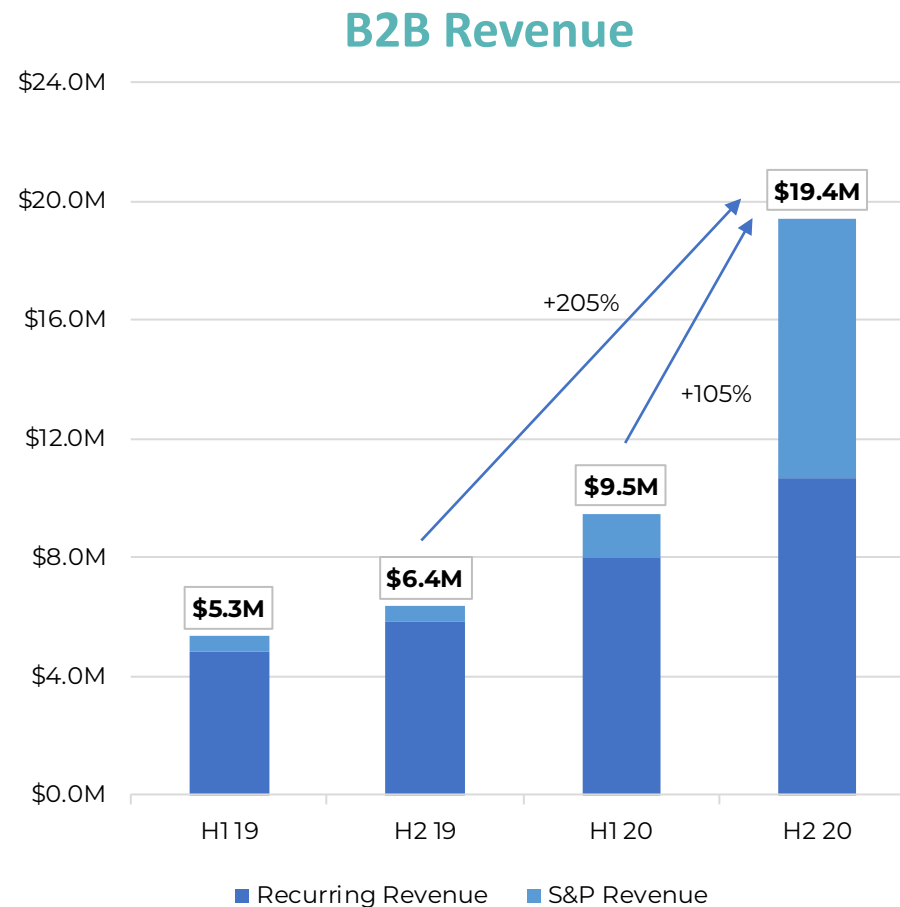


*FY20 Revenue and Underlying EBITDA figures are unaudited. Underlying EBITDA excludes ongoing acquisition costs, business restructuring costs and share based payments.

**S&P = Solutions & Projects Revenue. Project revenue includes government grant revenue

Transformational Growth & Demonstrated Execution Q4 20

- B2B revenue growth: H2 20 up **105% to \$19.4M on H1 20 and up 205% on H2 19.**
- H2 20 **B2B Recurring/Contracted revenue growth up 82% to \$10.7M on H2 19.**
- B2B Total Contact Value/Sales up 16% Year on Year compared to Q4 19.
- Data & IT services including pending installations for the half-to-date at \$7.4M (pending installations \$2.6M, IT Services Technology Sales \$1.5M).
- **Balance Sheet strength with Cash and Debt Position at \$14.0M as at 30 June 2020.** (VPD Group transaction was settled 1 July 2020 utilising \$6M of available headroom).
- Capex expense ratio to revenue reduced to 12% (down 3pp on Q3 20) for the quarter reflecting continuing lower capex cost and revenue growth through cross selling of Internet services with managed IT & cloud services.



S&P = Solutions & Projects Revenue

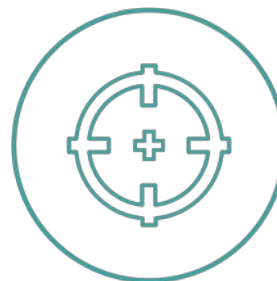
STI Accelerated Growth Plan 2020-21

Road map of accelerated growth across Organic and M&A



ORGANIC

1. **300 active Spirit Solution Partners & resellers in Spirit X by Dec 20**
2. **VPD Acquisition has performed strongly in June 20.**
3. National marketing launch of Spirit & VPD bundles via Spirit X
4. Launch Trident IT Solutions products nationally
5. Identify \$1.5M in additional Opex synergies across acquisitions



2020-21 STI TARGET

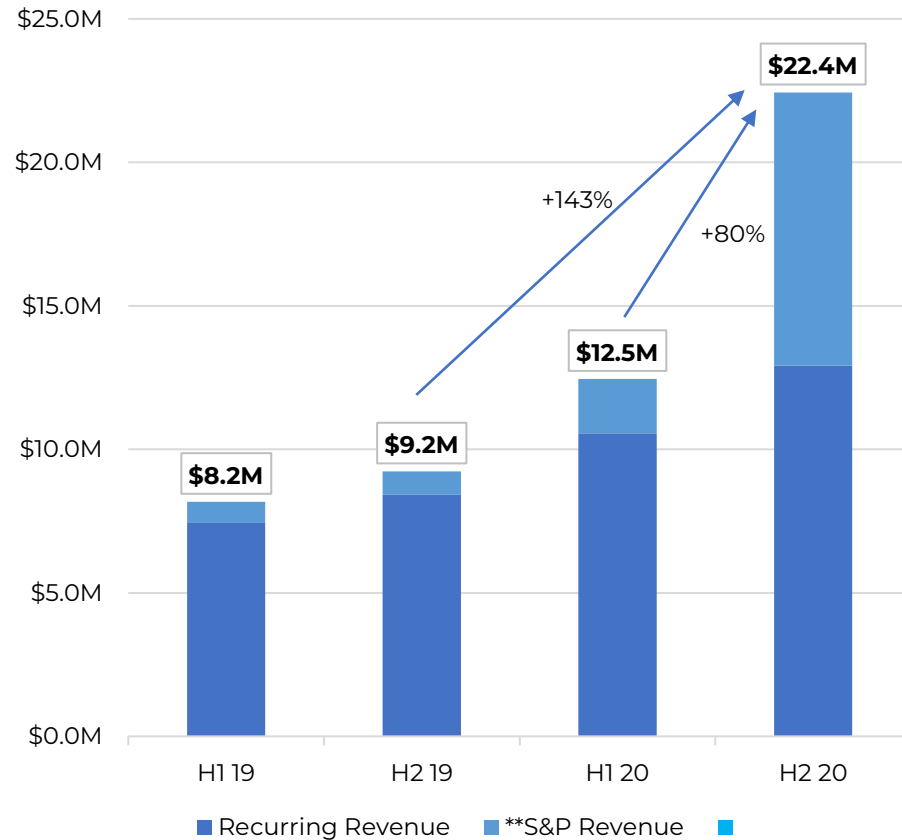
1. **Build scale via organic + M&A**
2. Circa \$75M-\$80M Revenue run rate target by CY Dec 20
3. 15% Normalised EBITDA run rate at end of FY21



M&A

1. **At DD & negotiation stages with multiple vendors / sellers**
2. **Major new institutional investors entered the register in Q3 20 to accelerate acquisition cadence.**
3. Current acquisition targets identified; have >\$35M in annuity based revenue

Year on Year Revenue up 143% (H2)

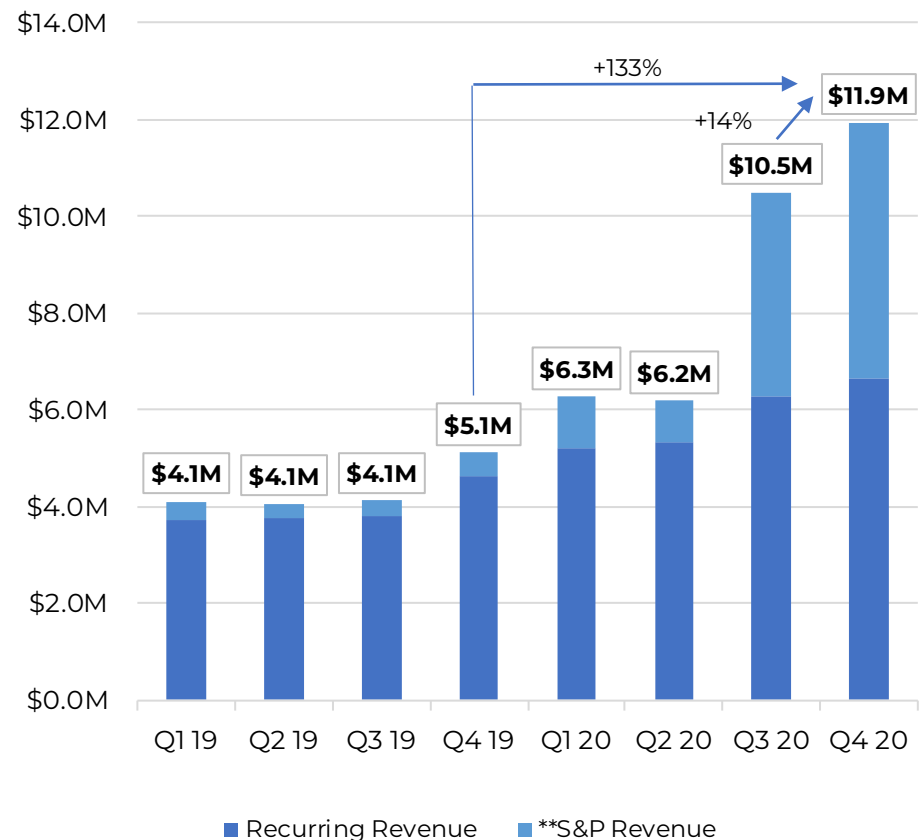


H2 Highlights - Total Revenue Growth to \$22.4M

- Total revenue growth up 143% to \$22.4M.
- Recurring revenue growth up 53% to \$12.9M.
- S&P revenue growth up to \$9.5M.

**S&P = Solutions & Projects Revenue. Project revenue includes government grant revenue

Year on Year Revenue up 133% (Q4)

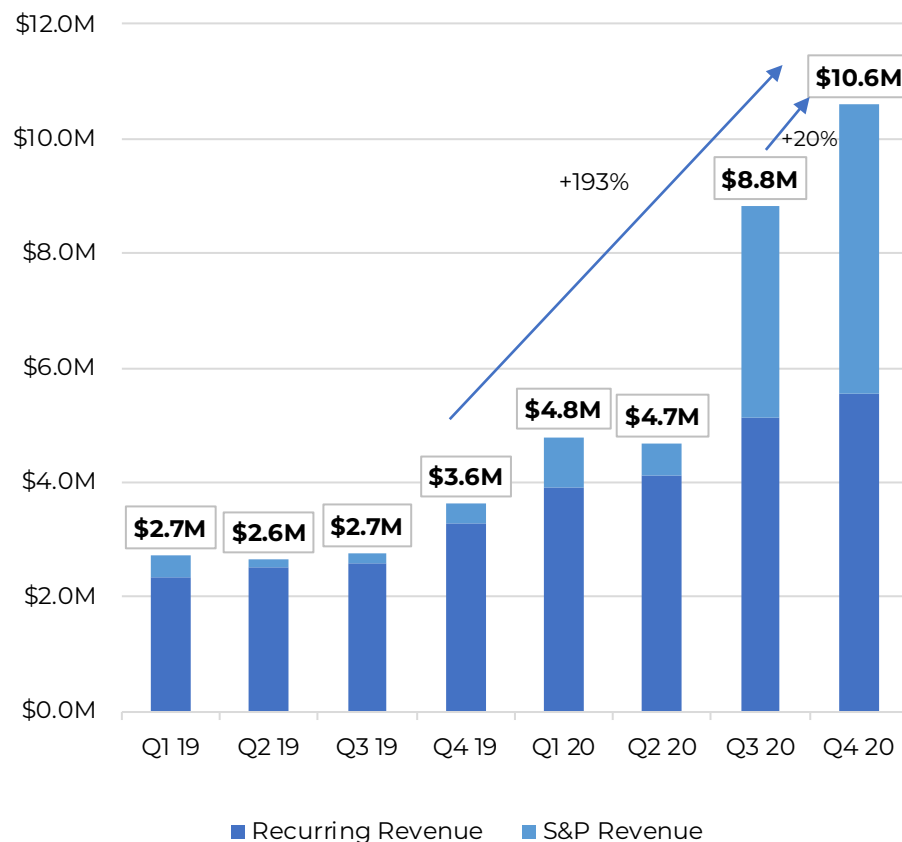


Q4 Highlights - Total Revenue Growth to \$11.9M

- Total revenue growth up 133% to \$11.9M.
- Recurring revenue growth up 43% to \$6.6M.
- S&P revenue growth up to \$5.3M.

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Year on Year B2B Revenue up 193% (Q4)

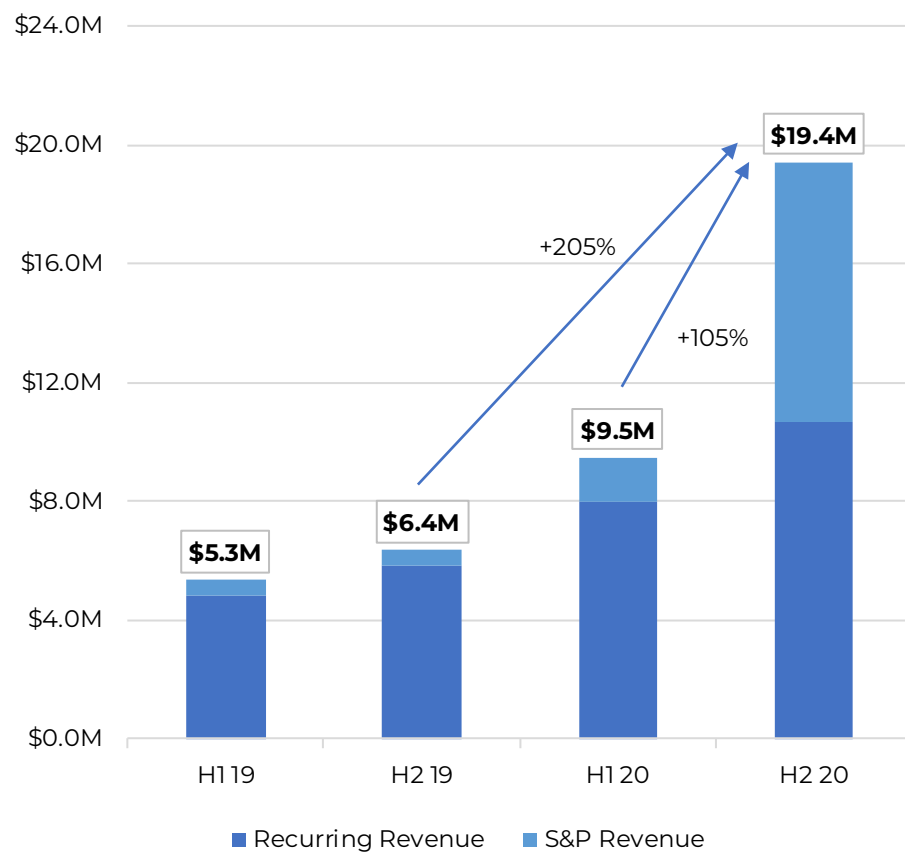


B2B Q4 Highlights - Total Revenue Growth to \$10.6M

- Total revenue growth up 193% to \$10.6M.
- Recurring revenue growth up 69% to \$5.6M.
- S&P revenue growth up to \$5.0M.

S&P = Solutions & Projects Revenue

Year on Year B2B Revenue up 205% (H2)

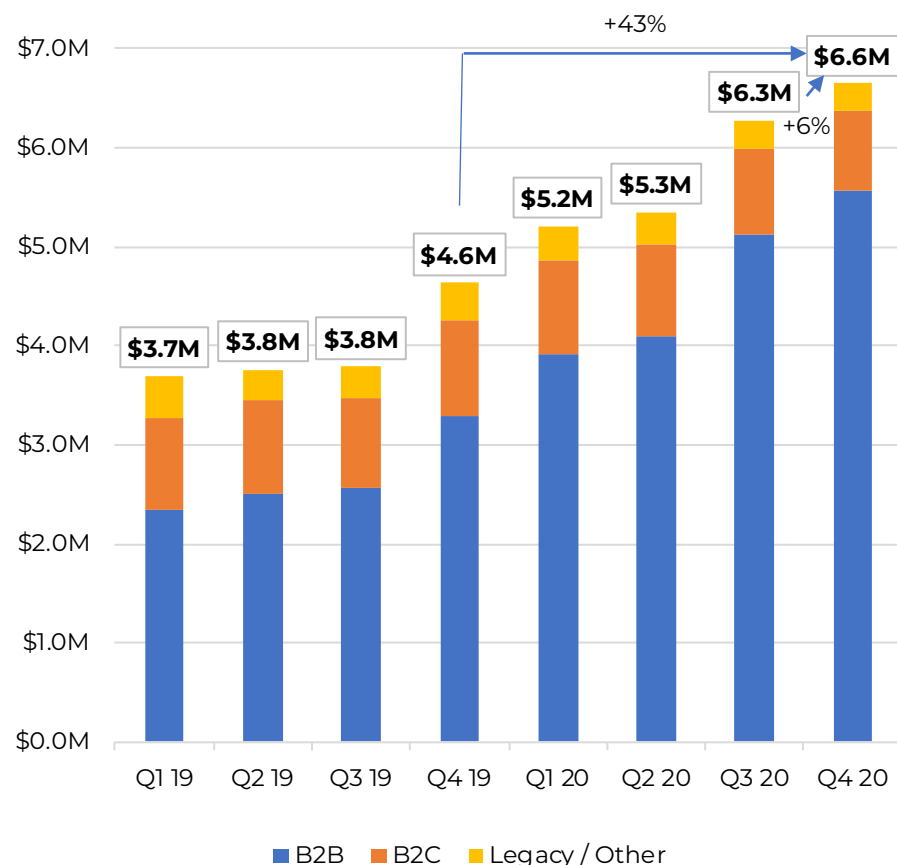


B2B H2 Highlights - Total Revenue Growth to \$19.4M

- Total revenue growth up 205% to \$19.4M.
- Recurring revenue growth up 82% to \$10.7M.
- S&P revenue growth up to \$8.7M.

S&P = Solutions & Projects Revenue

Year on Year Recurring Revenue up 43% (Q4)

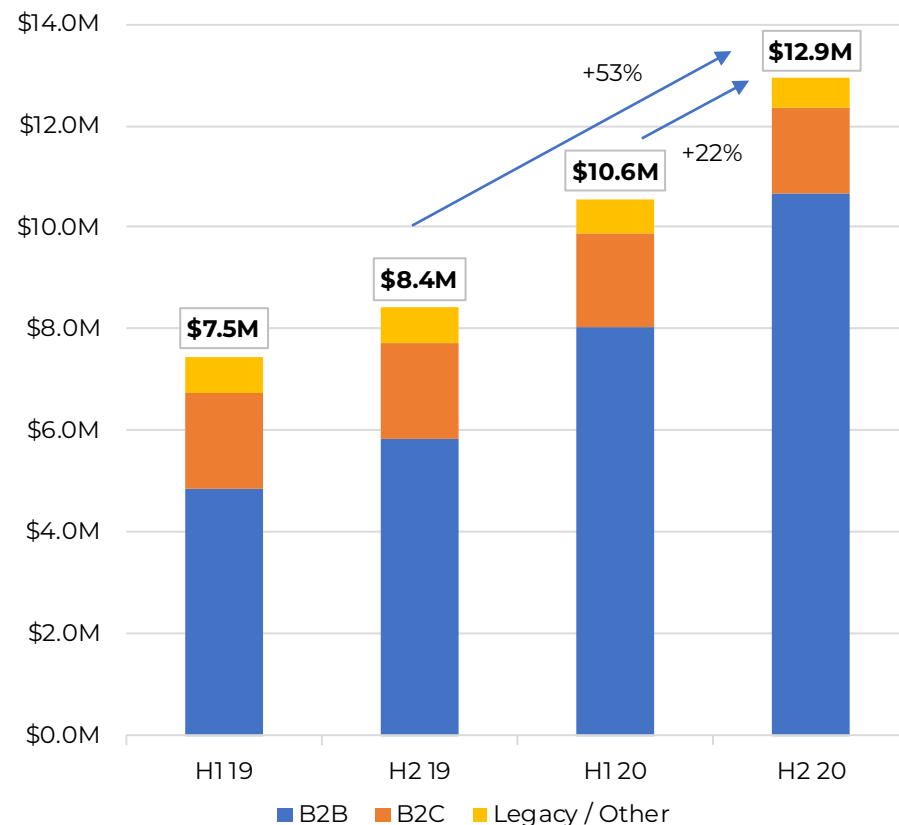


S&P = Solutions & Projects Revenue

Q4 Recurring Revenue Growth to \$6.6M

- Recurring revenue growth up 43% to \$6.6M.
- B2B recurring revenue growth up 69% to \$5.6M.
- B2C revenue at \$0.8M.
- Legacy and other revenue at \$0.3M.

Year on Year Recurring Revenue up 53% (H2)

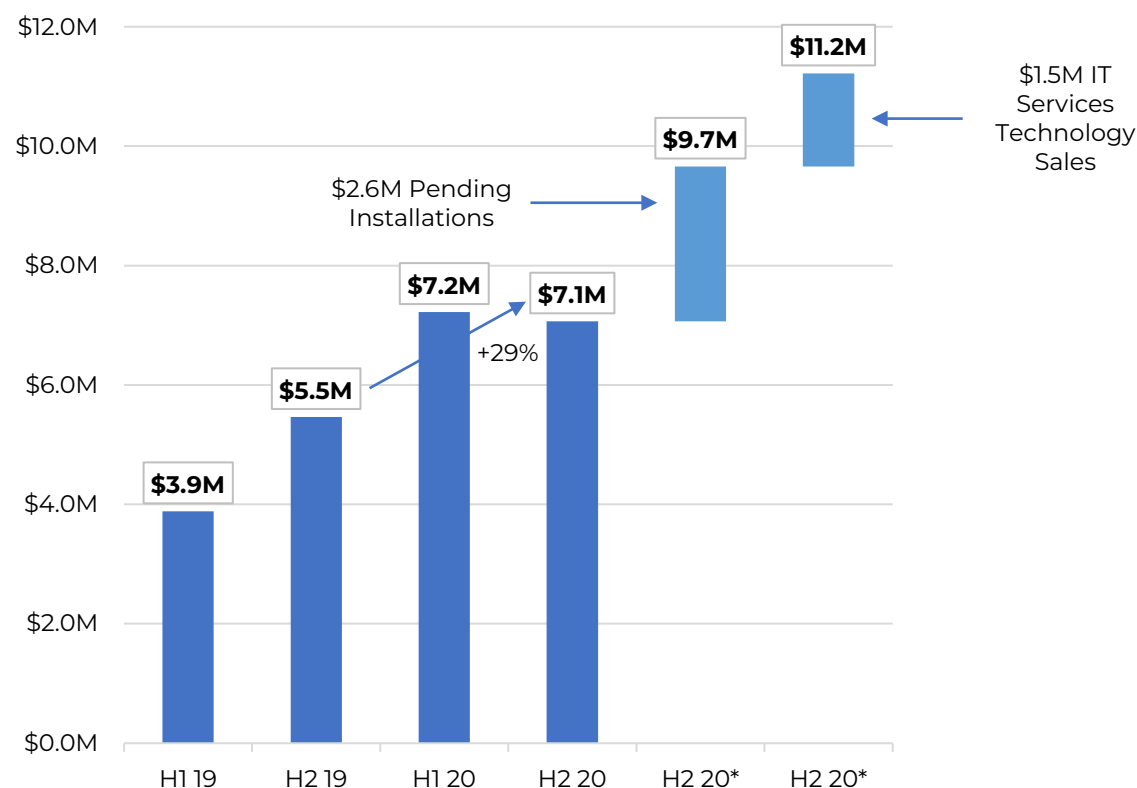


Recurring Revenue Growth to \$12.9M

- Recurring revenue growth up 53% to \$12.9M.
- B2B recurring revenue growth up 82% to \$10.7M.
- B2C revenue at \$1.7M.
- Legacy and other revenue at \$0.6M.

S&P = Solutions & Projects Revenue

B2B New Sales/TCV Growth up 29% (H2)



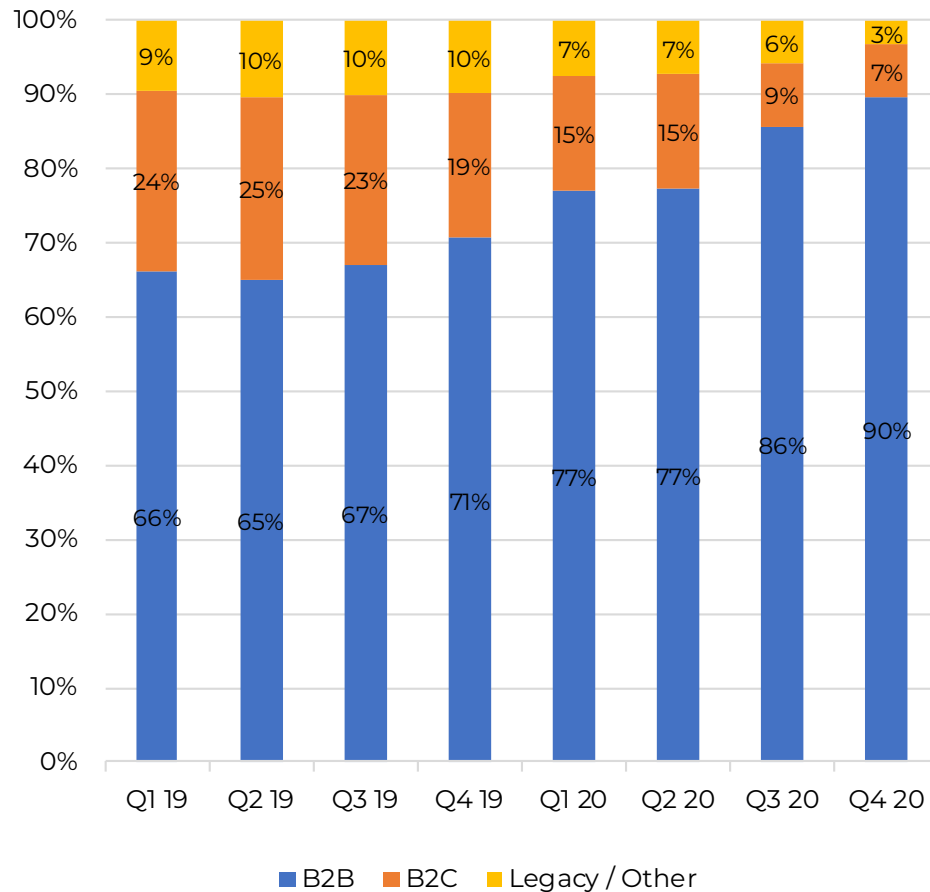
TCV at \$7.1m excluding pending installations & IT Sales:

- B2B TCV for the half at \$7.1M, up 29% year on year.
- Total Data & IT services including pending installations for the half-to-date at \$11.2M (pending installations \$2.6M, IT Services Technology Sales \$1.5M).
- Uplift driven through B2B telco sales and managed services whilst maintaining ARPU value.
- Small decrease in contracts lengths in Q3-Q4 and minor hardware supply chain delays in H2 from Asia.

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 July/August

Total Revenue Breakdown (Q4)



B2B Mix % uplift to 90% through IT/Managed services & Data acquisition & organic growth.

- IT/Managed services bundles and cross sell will further drive growth through higher ARPU, a lower capex cost base and increase in sales conversions.
- The revenue mix now leverages fixed wireless services with over the top Managed Services revenue when bundled with on-net/Internet/Data services.
- Additional B2B revenue streams are also defensive against legacy products which are migrating to new Data and VOIP products.

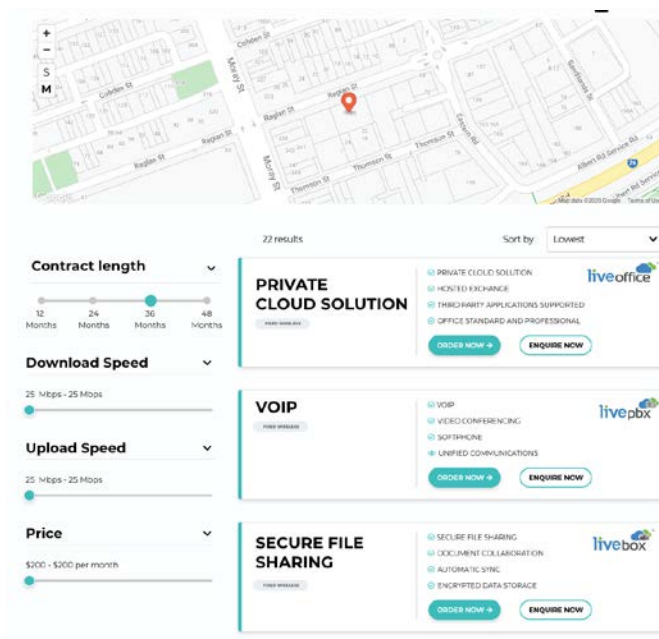
Outlook Q1 & Q2: Execution Reaching Scale Quickly

+300 hungry wholesale telco dealer network by DEC 20...



...with new services to offer their existing client base via a digital platform

SpiritX digital service aggregation platform...



...with instant provisioning of services to customers in Q3-Q4

Spirit has a growing network of Telco & IT dealers

Historically only supplied basic Telco services

Access to the Spirit bundle of services

Powered by SpiritX for online sales

Digital fulfilment = happy customers

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Internet & IT