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## ASX / Media release

# BigAir reports another record year, with underlying profit up 34%

**21 August 2015** - BigAir Group Limited (ASX: BGL) is pleased to announce another record financial performance for the full year ended 30 June 2015 (FY15), achieving continued growth across all key financial metrics, growing underlying NPAT by 34% to \$8.5 million.

## FY15 another record year

- Full year revenue up 50% to \$62.7 million
- Full year gross profit up 34% to \$35.5 million
- Full year underlying<sup>1</sup> EBITDA up 25% to \$18.9 million
- Full year underlying Net Profit after Tax up 34% to \$8.5 million
- Strong balance sheet with comfortable gearing (net debt to equity) of 42%
- Dividend up 9% to 1.2cps fully franked

While the company grew strongly over FY15, the second half result was particularly strong with underlying EBITDA reaching \$10.4 million (1H15: \$8.5 million), providing strong momentum in underlying EBITDA run rate for FY16.

The continued strong growth in revenue and earnings reflects BigAir Group's expansion into the Cloud, Managed Services and Unified Communications market segments via the acquisitions of IIPC in 2013 and Anittel Communications (ACPL) and Oriel Technologies in 2014, along with continued strong performances in Community Broadband and Fixed Wireless.

Commenting on the company's performance, BigAir Managing Director Jason Ashton said: "The financial year just ended marked the end of a two year period of significant transformation for BigAir Group. Through the acquisitions of Oriel and more recently Applaud IT (Applaud) we have successfully transitioned BigAir into an integrated telecommunications and trusted managed services provider. In addition we have made significant organic investments in our Cloud and managed services capabilities."

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<sup>1</sup> BigAir considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs associated with business combinations. Once-off deal and restructure costs associated with business combinations amounted to \$1.6 million for the year, and once-off acquisition purchase price adjustments amounted to \$1.9 million for the year. The IIPC division acquired in 2013 delivered underlying EBITDA \$632,949 higher than expected in FY15 which resulted in a one-time \$1.9 million acquisition purchase price adjustment. The earn out payment is calculated at a multiple of 3 times incremental EBITDA.

"These new capabilities are already starting to drive organic growth from cross-selling managed services into our existing customer base, offering our clients a new range of business Information Technology solutions. We remain focused on leveraging our core network capability and the unique advantages offered by our national fixed wireless footprint. BigAir can now bundle a much richer range of solutions for our customers whilst enjoying expanded horizons of growth for the business as a whole, in new markets and new services."

"Our goal is to be the #1 managed technology provider for the mid-market and a great place to work," added Mr Ashton.

Commenting specifically on BigAir's financial results for FY15, Mr Ashton said:

"The substantial increase in revenues in FY15 was partly driven by the second half consolidation of Oriel made during the year, as well as organic growth in BigAir's existing businesses. The Community Broadband division which delivers centrally managed Internet, WiFi and Campus network solutions performed particularly strongly reporting 19% growth versus FY14 with Revenues reaching \$10.7 million. We also have a record pipeline of new business opportunities for this division in FY16 across a number of markets including Accommodation Providers, Retirement Living, Retail, Hospitality and Government."

"We continue to enjoy an enviable position as the leader in business fixed wireless, with national coverage in all major metropolitan markets and we continue to expand into selected new regional markets. Our successful expansion during the year into a broader range of products will enable us to further leverage our network advantage across our expanded product portfolio with the goal of significantly increasing spend per customer."

### **Strategic acquisitions**

During FY15 BigAir expanded its capabilities by making a further strategic investment in the Cloud and Managed Services space with the acquisition of Oriel Technologies (Oriel), broadening the range of Cloud and managed services available to clients. The Oriel acquisition contributed \$9.0 million of Revenue during 2H FY15 and was consolidated from 19 December 2014.

In July 2015 BigAir acquired Managed Services solutions provider Applaud. Consolidated from 1 July 2014 Applaud is expected to generate revenues of between \$6 million and \$7 million and EBITDA of at least \$700,000 in FY16. Revenue and earnings generated from the Applaud customer base are expected to improve further in subsequent years through cross-selling the wider BigAir service offerings including its market leading communications offerings. Applaud has significant managed services and cloud services capability bolstered by its 10.5 years service desk experience which will further enhance BigAir's existing capabilities in these areas.

## Growing dividend

Given the company's strong balance sheet, increasing earnings and attractive growth outlook, the Directors of BigAir have declared a final dividend for FY15 of 1.2 cents per share fully franked, up 9% on FY14. This dividend will have a record date of 28 August 2015 and a payment date of 30 September 2015.

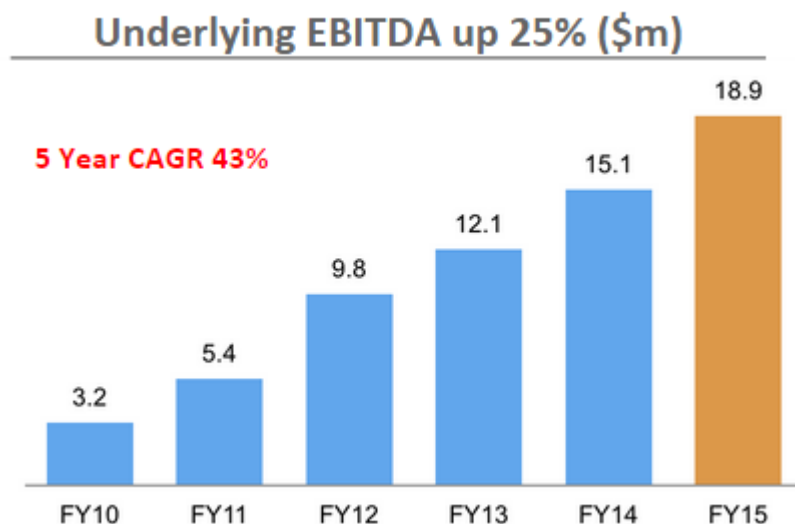
## Positive outlook for continued growth

BigAir is well placed to continue its recent growth trajectory during FY16. Commenting on the company's outlook, Mr Ashton said:

"During the second half of FY15, underlying EBITDA expanded strongly to \$10.4 million as a result of organic growth and the consolidation of the strategic acquisitions made during the first half.

"We have now successfully completed our transformation into an integrated telecommunications and trusted managed services provider. In addition we have made significant organic investments in our Cloud and managed services capabilities to support customer growth."

Consistent with the acquisition of Applaud which we announced last month we will continue to pursue accretive acquisitions that deliver services consistent with our business strategy. Once acquired management focus is on driving efficiencies and cross-sell opportunities. This represents a significant opportunity for continued growth."



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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 major cities and now includes extensive regional coverage. BigAir provides data solutions through its Channel partners that include Tier 1 and Tier 2 carriers and IT service companies and also through its own Corporate solutions team that can design and manage large corporate communication networks.

The BigAir Cloud Managed Services division provides customers with innovative, fully integrated Cloud, Managed Services and Unified Communications solutions designed to satisfy business requirements in delivering reliable, feature rich, business grade services backed by industry leading service and support.

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia. BigAir is able to provide a complete end to end solution for student accommodation providers including both wireless and wired infrastructure delivering high speed broadband along with its advanced billing systems and 24/7 operational support systems. The Community Broadband division also supplies managed communications and WiFi solutions into Retirement Living villages, Shopping Centres, local councils and remote mining camps.

BigAir's competitive infrastructure advantage includes its state-of-the-art carrier-grade fixed wireless network which allows installation of dependable symmetric broadband services at speeds up to and beyond 1000Mbps with installation taking as little as a few hours. The fixed wireless network is also available in combination with traditional fixed line infrastructure such as fiber to provide critical network and application infrastructure with complete technology and carrier diversity.

For further information please visit [www.bigair.com.au](http://www.bigair.com.au)