



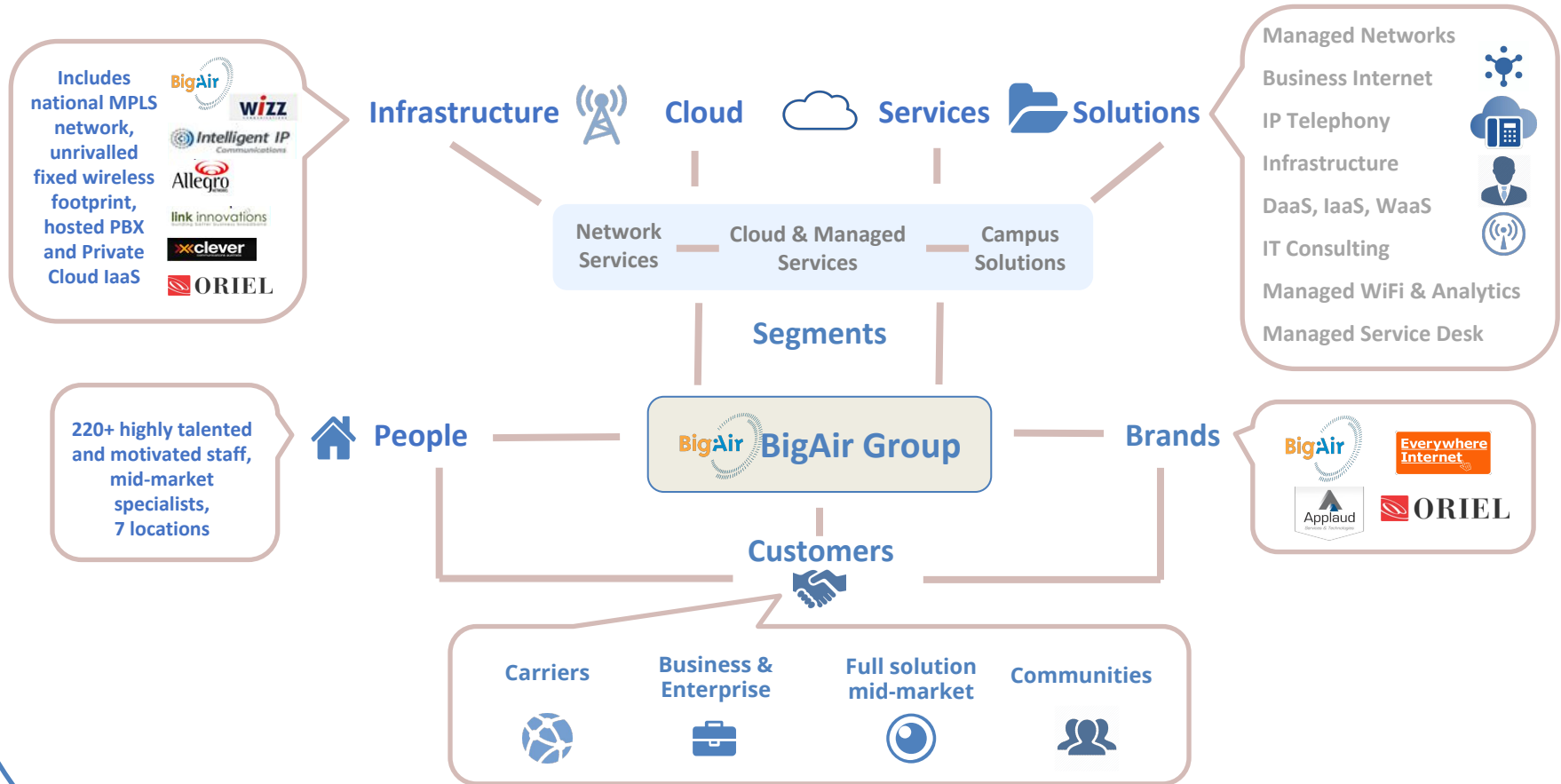
BIGAIR GROUP LIMITED

1H16 Results Presentation

26 February 2016



BIGAIR AT A GLANCE



Includes national MPLS network, unrivalled fixed wireless footprint, hosted PBX and Private Cloud IaaS

Managed Networks

Business Internet

IP Telephony

Infrastructure

DaaS, IaaS, WaaS

IT Consulting

Managed WiFi & Analytics

Managed Service Desk

220+ highly talented and motivated staff, mid-market specialists, 7 locations

INDUSTRY OVERVIEW

“Telco spending in Australia forecast to grow 2.7% to A\$27.1Bn in 2016”
(Gartner)

Voice / Data

Large traditional carriers largely focused on consumer and large Enterprise & Government markets

Standardised telco offerings with limited IT capabilities
Need to partner to deliver complex ICT solutions cost effectively to mid-market customers



BigAir is uniquely positioned in mid-market:

As a builder/operator, BigAir offers a comprehensive portfolio of connectivity, voice, cloud, security, managed services and IT solutions and is exclusively focused on delivering **end to end ICT outcomes** for mid-market customers.

“IT spending in Australia forecast to grow 2.8% to reach A\$79.9 Bn in 2016”
(Gartner)








Large traditional IT providers focused on Enterprise and Government markets

Struggling to shift from traditional procurement to as-a-service
Limited telco offerings

IT / Cloud / Managed Services

“70% of the respondents said they’d be more likely to buy connectivity, cloud and managed services from the same provider...” Results from International survey (Cisco)

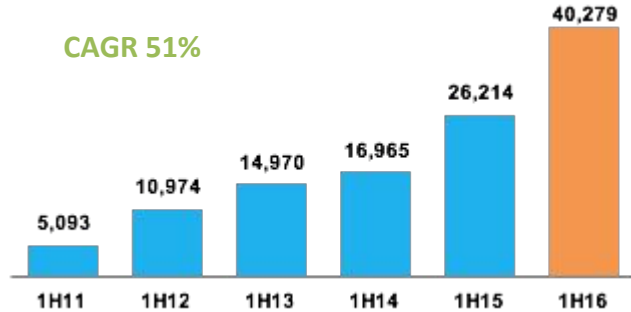
STRONG GROWTH ACROSS ALL METRICS

A\$000			1H16	1H15
Revenue		54%	40,279	26,214
Gross Profit		29%	20,486	15,939
NPAT		4%	2,972	2,846
Non-IFRS financial information				
EBITDA		16%	9,593	8,248
Underlying EBITDA		18%	10,065	8,506
Underlying NPAT		7%	3,722	3,480
Underlying Earnings Per Share (cps)		5%	2.12	2.01

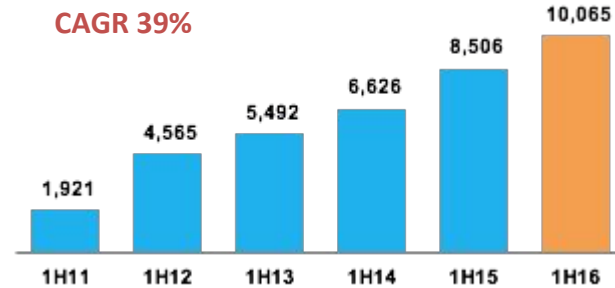
Non-IFRS financial information, BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by one-off costs and amortisation of acquired customer bases associated with business combinations. For a reconciliation of underlying EBITDA and underlying NPAT please refer to Appendix 1 in this presentation. The non-IFRS financial information has been reviewed in accordance with Australian Auditing Standards.

ANOTHER RECORD FIRST HALF YEAR

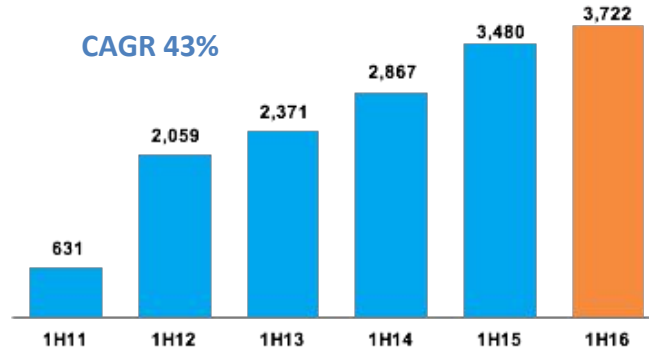
Revenue (\$'000)



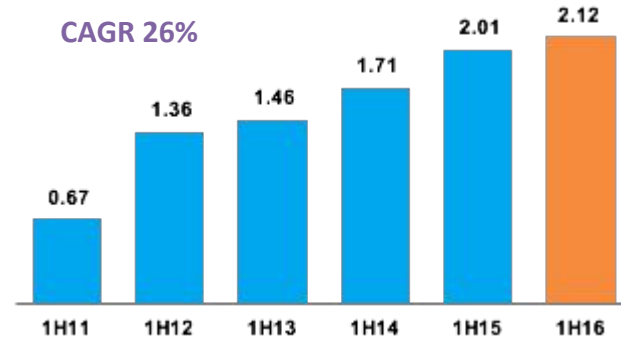
Underlying EBITDA (\$'000)



Underlying NPAT (\$'000)



Underlying EPS (cps)



Note: Compound annual growth rate (CAGR) calculated from half yearly results.

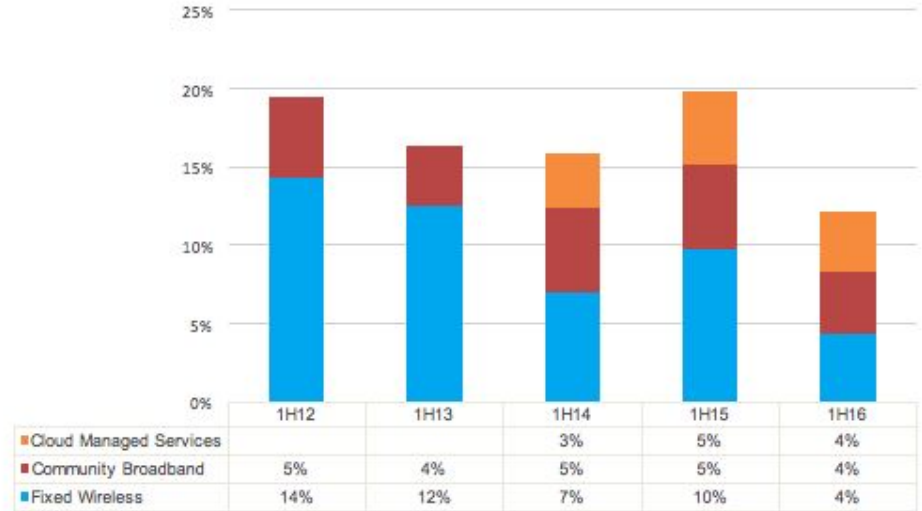
CAPEX

Investing for future growth

Capex as a percentage of revenue has reduced by 40% (from 20% total revenue 1H15 to 12% total revenue in 1H16) and is back inline with historical downward trends.

- Several regional fixed wireless network expansion projects completed in 1H16
- CMS investments driven by significant new contract wins and expansion of capacity
- Community Broadband capex remains steady
- Ongoing investment in each segment in 1H16 provides capacity for for future growth

Capex as a Percentage of Total Group Revenue (%)



SEGMENT FINANCIAL PERFORMANCE

1 of 2

Fixed Wireless Segment	1H16 ('000)	1H15 ('000)	Δ ('000)	
Corporate Revenue	7,195	4,875	+2,320	+48%
Wholesale Revenue	5,470	6,473	-1,003	-15%
Total Fixed Wireless	12,665	11,348	+1,317	+12%
Underlying EBITDA	7,037	6,386	+651	+10%

Cloud Managed Services Segment	1H16 ('000)	1H15 ('000)	Δ ('000)	
CMS Network Services	4,764	4,551	+213	+5%
CMS Managed Services	16,818	4,903	+11,915	+243%
Total Revenue	21,582	9,454	+12,128	+128%
Underlying EBITDA	3,260	1,956	+1,304	+67%

- Corporate fixed wireless up 48% (up 28% ex-IDL)
- Wholesale decline slowing (1H16 down just 2% vs 2H15)
- Bundling of new services increases customer stickiness

Fixed Wireless Revenue split	1H16	1H15
Corporate	57%	43%
Wholesale	43%	57%

- Cross-selling services to existing Corporate Fixed Wireless and Community Broadband customers is driving growth in CMS (Oriell Managed Services revenue up 6% vs 2H15)

Fixed Wireless and CMS Network Services are now operationally merged and form the **“Network Services”** division¹

CMS revenue growth impacted by offload of non-core small business customer base in ACPL

CMS revenues are seasonally stronger in 2H

¹“Cloud Managed Services (CMS) Segment” in the Financial Statements includes Intelligent IP (IIPC), ACPL (formerly known as Anittel Communications Pty Ltd), Oriell Technologies (Oriell) and Applaud.

SEGMENT FINANCIAL PERFORMANCE

2 of 2

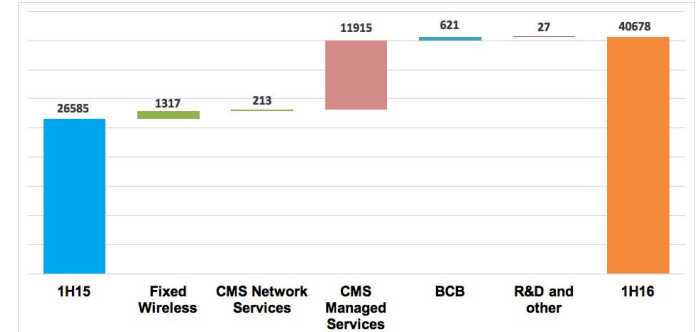
Community Broadband Segment	1H16 ('000)	1H15 ('000)	Δ ('000)	%
Total Revenue	6,032	5,411	+621	+11%
Underlying EBITDA	998	903	+95	+11%

- Strong growth in Community Broadband division to continue in 2H16 - student signups up 15% YTD (2H16 vs 2H15)
- 6 new Shopping Centres to be completed in 2H16
- Significant investments in 1H16 will drive margin improvements in 2H16

Corporate Division	1H16 ('000)	1H15 ('000)	Δ ('000)	%
Total other income and revenue	399	372	+27	+7%
Underlying EBITDA	-1,230	-739	-491	+66%

- Corporate costs increased due to relocation to new head office and expansion of senior management team

BGL Consolidated	1H16 ('000)	1H15 ('000)	Δ ('000)	%
Total other income and revenue	40,678	26,585	+14,092	+53%
Underlying EBITDA	10,065	8,506	+1,559	+18%

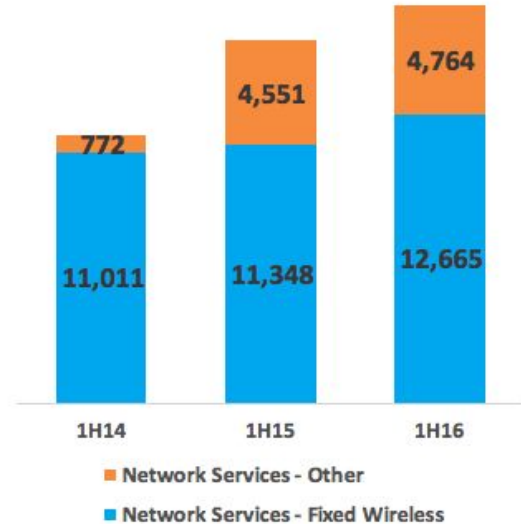


NETWORK SERVICES UPDATE



- BigAir has a national MPLS network with a presence in all capital cities (including Hobart) and several dozen major regional centres
- BigAir is the owner and operator of an extensive business-only fixed wireless (microwave) network that services Enterprise customers
- Corporate revenue on this Fixed Wireless network increased 28% versus the PCP (ex acquisition of IDL)
- BigAir also has bilateral wholesale arrangements with all major infrastructure carriers allowing it to build world class networks for its mid-market customers using the best available technical solutions - and carrier diversity is an integral part of the solution for key locations
- BigAir targets mid market customers with multiple offices and up to 2,000 employees and provides a completely managed solution

Network Services Revenue (\$'000)

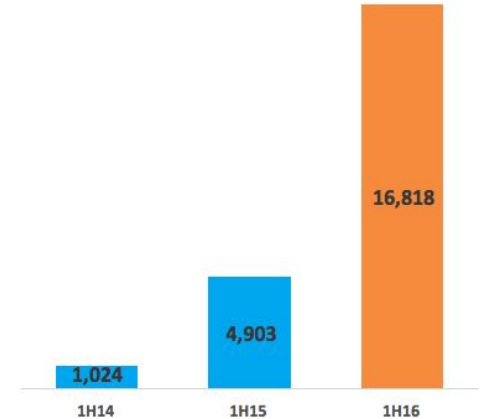


“Network Services - Other” is the data services revenue from IIPC and ACPL that is included in the CMS segment in the Financial Statements.

CLOUD & MANAGED SERVICES UPDATE

- BigAir has a comprehensive Cloud, IT and Managed Services offering
 - includes inhouse design and consulting capability for critical onboarding process of moving legacy IT applications to the BigAir private cloud
- Applaud IT acquired and consolidated from 1 July 2015
 - Significant capability boost around Managed Service Desks
 - Did not contribute materially to earnings in 1H16 due to restructure work
- Almost 50% of the top 20 BigAir Group customers now contribute material CMS revenues
 - validates our strategic focus on mid-market enterprises
 - CMS customers are extremely sticky which also reduces churn in Network Services
- Strong CMS pipeline reinforces that mid-market customers are focussed on ICT “outcomes”, and not on buying specific services
 - nearly all opportunities have many CMS elements
 - BigAir has significant cross-sell momentum from its existing customer base

Cloud and Managed Services Revenue (\$'000)



Note “Cloud and Managed Services Revenue” chart above does not include the the data services revenue from IIPC and ACPL (although this revenue is included in the CMS segment in the Financial Statements).



COMMUNITY BROADBAND UPDATE

Including Managed WiFi



**Education
Students**



**Campus
Solutions**



**Retail & Shopping
Centres**

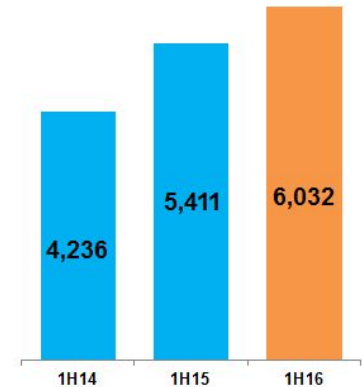


Analytics

BigAir Community Broadband division offers managed Internet, WiFi and Campus network solutions for Accommodation Providers, Retailers, Hospitality, Mining, Events and Local Govt

- 1H16 Revenue \$6 million (up 11% versus 1H15) with further growth expected in 2H16
- Student customer numbers for start of 1st Semester 2016 up 15% (vs PCP)
- Acquired leading Managed WiFi Service Provider - Everywhere Internet
- System enhancements have reduced inbound call volumes by 40% (vs PCP)
- WiFi contracts received for 6 new shopping centres to be delivered in 2H16
- Awarded WSU WiFi tender to supply WiFi infrastructure for 17 sites across 7 campuses
- Retirement Living Managed WiFi offering to be expanded beyond Admin and Community Centres into actual residences as part of a trial with major customer

**Community Broadband
Revenue (\$'000)**



KEY PRIORITIES FOR 2H16



01

REVENUE

- Accelerate cross-selling activity across our customer base
- Drive new mid market customer acquisition
- Continue to leverage our managed WiFi expertise into key verticals

02

DELIGHT OUR CUSTOMERS

- Simplify our product offering and operational complexity
- Strive for exceptional and consistent customer experience
- Ongoing education of our team and our customers
- Improved service delivery through automation

03

ONGOING M&A STRATEGY

Continue to identify accretive acquisitions to

- Increase our service offerings and differentiation
- Leverage our existing infrastructure and people assets

CONTACT US

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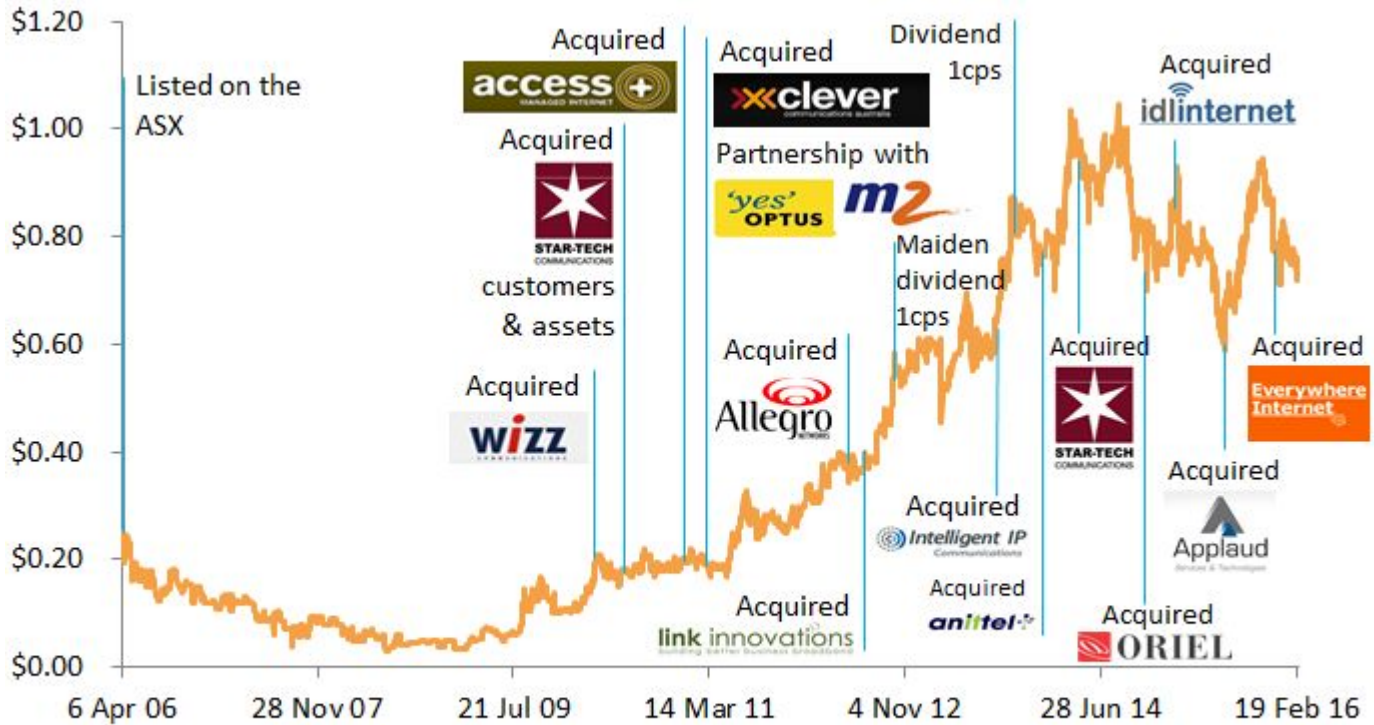
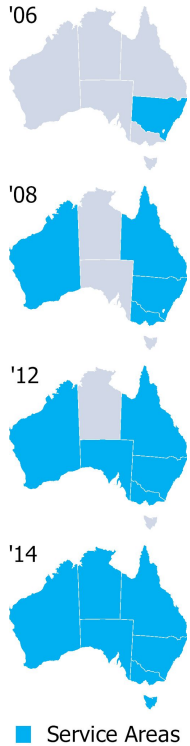
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A1: Reconciliation of underlying EBITDA and NPAT

	Current period	Previous corresponding period
Profit before income tax	4,592,092	4,357,380
Other revenue	(4,459)	(8,351)
Finance costs	769,039	380,765
Depreciation and amortisation expenses	4,236,413	3,517,906
EBITDA	9,593,085	8,247,700
Deal and restructure costs	471,939	258,794
Underlying EBITDA	10,065,024	8,506,494
NPAT	2,972,281	2,846,356
<i>After tax effect of:</i>		
Amortisation of acquired customer bases	419,686	452,354
Deal and restructure costs	330,357	181,156
Underlying NPAT	3,722,324	3,479,866

A2: Building value

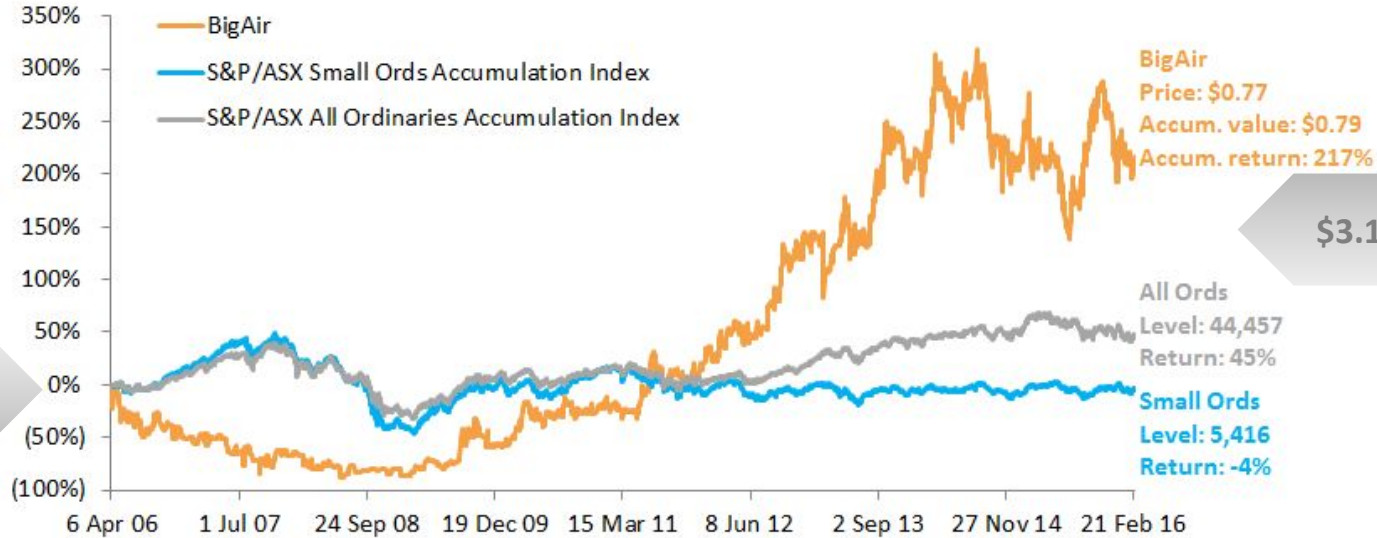
Share price and key events since listing



● Source: IRESS as at 25 February 2016.

A3: Accumulated return

Generating superior shareholder returns



\$1 invested here

\$3.17 here

Assumptions: Listing date of 6 April 2006, closing price of \$0.770 on 25 February 2016 and reinvestment of FY12, FY13 and FY14 dividends at share price on ex-dividend date. Source: IRESS as at 25 February 2016.

A4: Enhancing Capability

Through strategic acquisitions

Fixed Wireless

Clever

2011 - largest competitor in wholesale fixed wireless markets



Link Innovations

2012 - marked BGL entry into regional wireless markets



Integrated Data Labs

2014 - Blanket coverage of the Hunter Valley



Allegro

2012 - extensive fixed wireless & fibre network assets across South East QLD and significant player in University housing market



Startech

2014 - addition of highly capable engineering team with large installed base across local govt. Student housing assets previously acquired by BGL in FY11



Community Broadband

Access Plus

2011 - leading provider to University student housing segment. Represents the nucleus of the Community Broadband division today.



Everywhere Internet

2015 - provider of internet services



Cloud & Managed

Intelligent IP

2013 - providing BGL with its first entry into unified communications and managed services



Anittel

2014 - unified communications and managed services



Oriel

2014 - established managed services provider - broadening solutions portfolio



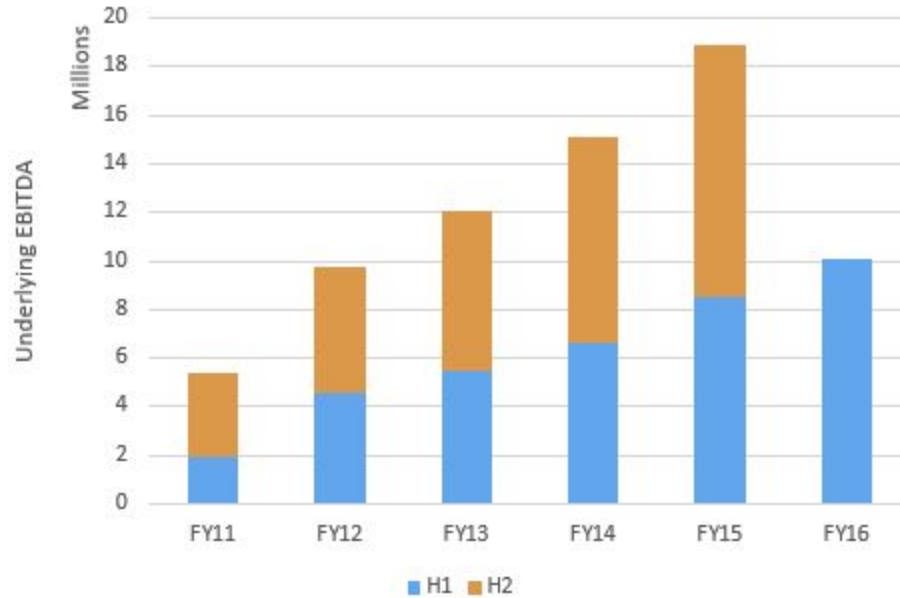
Applaud

2015 - unified communications and managed services



A5: Underlying EBITDA

1H/2H trends over last 5 years





THANK YOU

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