



ASX / Media release

BigAir Group reports another record year with strong growth in earnings

26 August 2016: BigAir Limited (ASX: BGL) is pleased to announce its results for the 12 months ended 30 June 2016 (FY16) that saw the Company deliver its ninth straight year of record financial performance.

FY16 highlights included:

- Group revenue and other income up 27% to \$80.7 million
- Reported NPAT up 112% to \$10.3 million
- Underlying¹ EBITDA up 18% to \$22.3 million
 - 2H16 Group underlying EBITDA of \$12.2 million (31% Revenue)
- Underlying NPAT up 7% to \$9.0 million
- Fixed Wireless Revenue up 6% to \$25.1 million and underlying EBITDA up 16% to \$16.0 million
- 2H16 Group Operating cash flows (before Interest and Tax) of \$9.2 million and full year (FY16) of \$14.9 million
- Final FY16 dividend up 8% to 1.3 cents per share fully franked
- Successfully completed Oriel & Applaud integration
 - 2H16 CMS recurring² EBITDA margin of 24% (up 32% on 1H)
- Completion of Cyberhound acquisition (leading Managed Security Service Provider)

Commenting on the FY16 results, BigAir Managing Director Jason Ashton said: "The growth in revenue and earnings achieved over the past year reflects BigAir Group's ongoing expansion into the Cloud and Managed Services markets along with continued organic growth in its existing Community Broadband and Fixed Wireless divisions.

"We believe our solution is largely unique in the marketplace, combining our advanced and highly flexible infrastructure solutions along with our own private Cloud and Managed Service offerings. This has underpinned our growth strategy and enabled us to deliver a ninth straight year of record financial results," added Mr Ashton.

While the overall FY16 result was strong, the second half was particularly strong with underlying EBITDA for 2H16 up 21.8% to \$12.2 million (1H16: \$10.1 million). A number of consolidation activities were finalised in the second half resulting in a

¹BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by non-recurring costs and amortisation of acquired customer bases associated with business combinations.

²Recurring is ex-Procurement (does not include non-recurring sales of product)

reduction in operating costs (including premises consolidation) and an expansion of overall Group EBITDA margins.

In addition Group Operating cash flows (before Interest and Taxes) improved by 60% in the second half and payments for PP&E investments declined by almost 50% resulting in strong free cash flow generation.

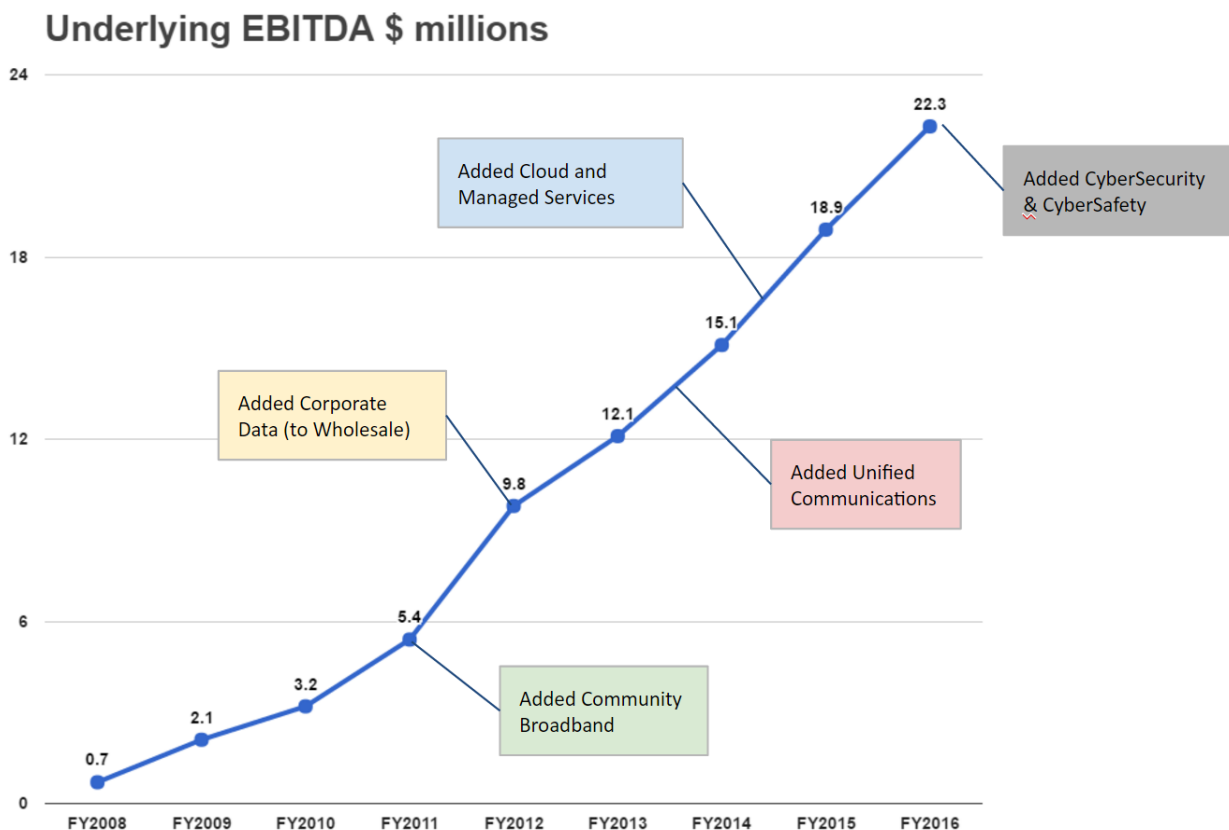
Outlook for FY17

Management focus for FY17 will be on driving the addition of new mid-market customers while continuing to improve margins.

We also plan to continue investing in a number of areas including:

- Fixed Wireless network and CMS expansion driven by new contract wins
- Community Broadband driven by ongoing market expansion
- Ongoing development of the BigAir Unified Communications platform (R&D)
- Enhancement of the CyberHound software platform (R&D)
- Meeting Data Retention Compliance Obligations

BigAir has strategically acquired and successfully integrated a number of businesses over the past five years to help drive long-term earnings growth: first by scaling up BigAir's fixed wireless and student accommodation platforms, and then more recently adding new capabilities to extend BigAir's service offering to new customers and into new market segments.



Commenting on the roadmap for FY17 and beyond, BigAir Managing Director Jason Ashton said:

“Our acquisition strategy remains focused on identifying complementary services and customers with a strong fit with our target customer segment [medium enterprise]. CyberHound is a fantastic recent addition to the Group as it provides BigAir with deep CyberSecurity and CyberSafety solutions along with a behavioural analytics platform. It also deepens our understanding of customers in the education sector with over 340 schools already on board and more than 10 years of industry knowledge in online risk management and prevention. As with other acquisitions, this broadens our customer base to cross-sell complementary BigAir Services.

“As the market continues to consolidate and our larger competitors come under increasing competitive pressure we will continue to find ways to differentiate our bundled “solutions” and focus on specific vertical segments so that we can continue to enjoy profitable growth and above average margins.”

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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

Reconciliation of Non-IFRS Information	FY16	FY15
Profit before income tax	13,311,892	7,892,394
Other revenue	(20,496)	(10,262)
Finance costs	1,604,225	1,001,669
Depreciation and amortisation expenses	8,281,483	6,514,433
EBITDA	23,177,104	15,398,234
Deal and restructure costs	3,363,989	1,566,460
Contingent consideration	(4,273,497)	1,898,846
Underlying EBITDA	22,267,596	18,863,540
NPAT	10,274,515	4,845,605
<i>After tax effect of:</i>		
Amortisation of acquired customer bases	666,244	614,841
Deal and restructure costs	2,354,792	1,096,522
Contingent consideration	(4,273,497)	1,898,846
Underlying NPAT	9,022,054	8,455,814