



BIGAIR GROUP LIMITED

FY16 Results Presentation

26 August 2016



AGENDA

2016 RESULTS



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01

OVERVIEW & HIGHLIGHTS



FY16 HIGHLIGHTS

BigAir Group has delivered another record result:

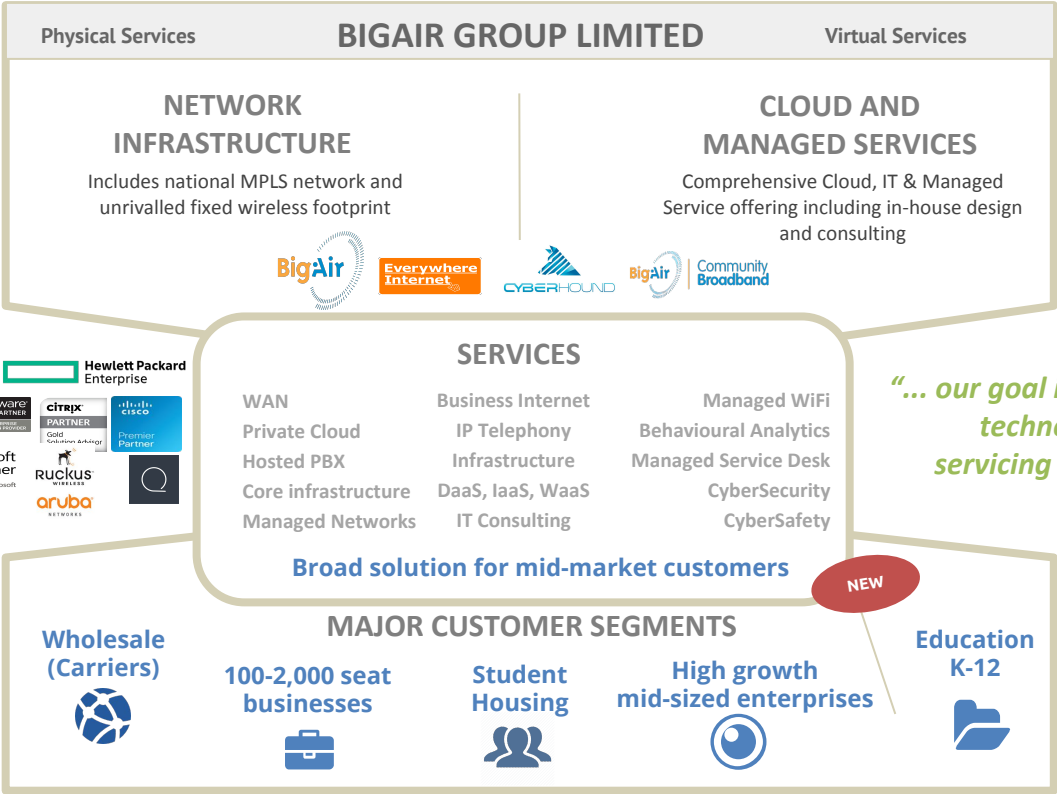
- Full Year Group revenue and other income of \$80.7 million (up 27%¹)
- Full Year Group underlying EBITDA of \$22.3 million (up 18%)
 - 2H16 Group underlying EBITDA of \$12.2 million (EBITDA margin of 31%)
- Full Year Fixed Wireless Revenue of \$25.1 million & underlying EBITDA of \$16.0 million (up 16%)
- Final FY16 dividend up 8% to 1.3cps fully franked
- 2H16 Group Operating Cashflow (before Interest and Tax) of \$9.2 million (Full Year \$14.9 million)
- Successfully completed Oriel & Applaud integration
 - 2H16 CMS recurring³ EBITDA margin of 24% (up 32% vs 1H16)

¹All percentage movements indicate the increase for FY16 over FY15 (unless stated otherwise)

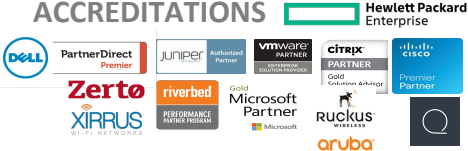
²BigAir Group Limited considers underlying EBITDA and underlying NPAT to be a more suitable indicator of operating performance since it is not affected by non-recurring costs and amortisation of acquired customer bases associated with business combinations.

³Recurring is ex-Procurement (does not include once off product sales)

BIGAIR GROUP AT A GLANCE



INDUSTRY LEADING ACCREDITATIONS











“... our goal is to be the #1 managed technology solutions provider servicing mid-market customers”

NEW



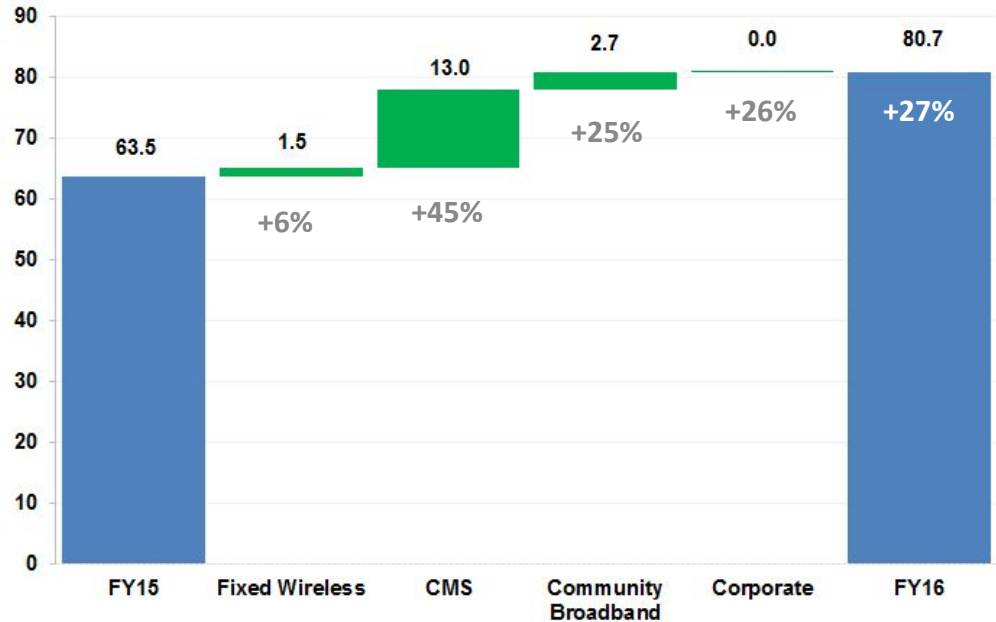
FY16 FINANCIAL SUMMARY

A\$000

			FY16	FY15
Revenue and other income		27%	80,667	63,497
Reported EBITDA		51%	23,177	15,398
Reported NPAT		112%	10,275	4,845
Reported EPS (cps)		107%	5.8	2.8
Underlying EBITDA		18%	22,268	18,863
Underlying NPAT		7%	9,022	8,455
Underlying EPS (cps)		6%	5.14	4.86
Dividend Per Share (cps)		8%	1.30	1.20

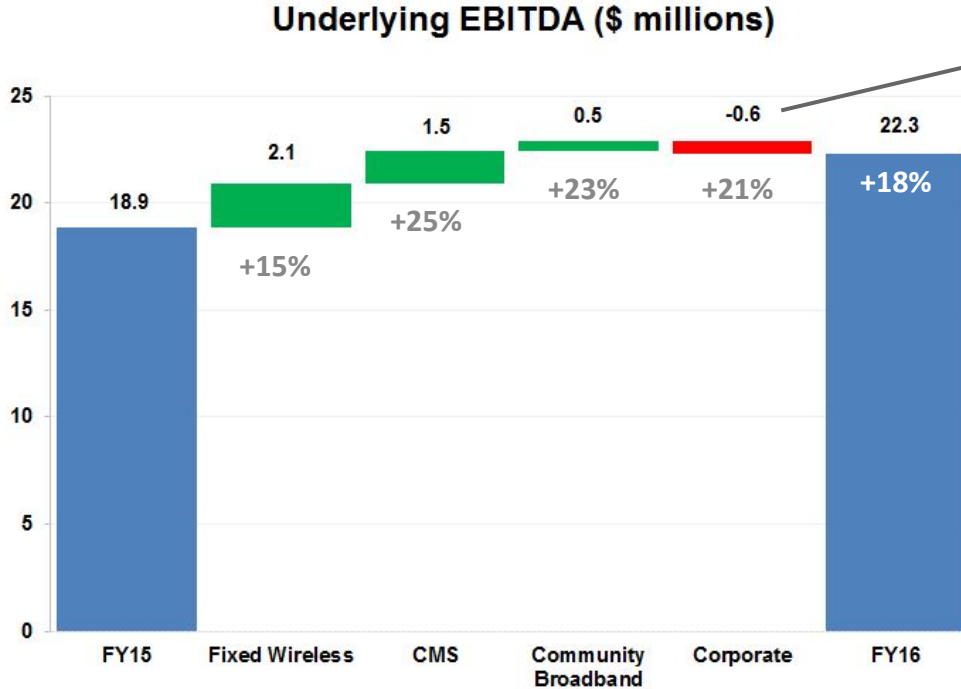
FY16: REVENUE GROWTH BY SEGMENT

Revenue and other income (\$ millions)



All movements indicate the increase for FY16 over FY15 (unless stated otherwise). 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.

FY16: EBITDA GROWTH BY SEGMENT

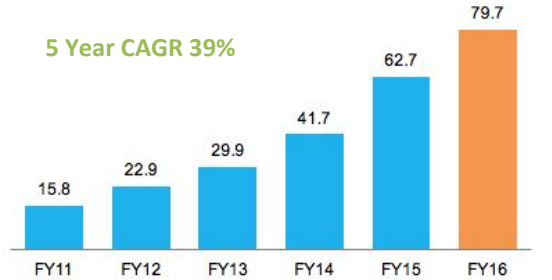


Corporate expenses increased in FY16 to \$3.7m however 2H was down 22% versus 1H

Underlying EBITDA from operations (ex Corporate expenses) increased by 19% to \$26m

A TRACK RECORD OF GROWTH

Sales Revenue up 27% (\$m)



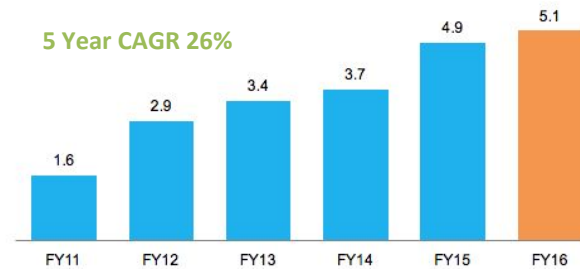
Underlying EBITDA up 18% (\$m)



Underlying NPAT up 7% (\$m)



Underlying EPS up 6% (cps)



CAPITAL INVESTMENTS

Investing for future growth

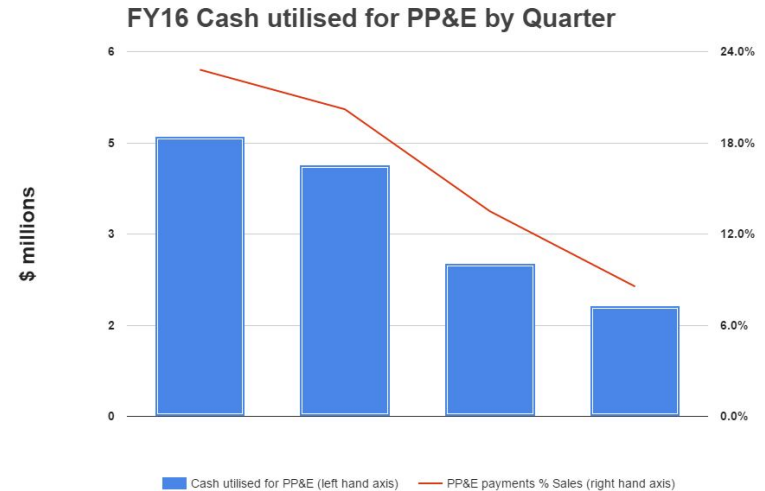
As forecast the higher than normal PP&E investments made in calendar year 2015 for the establishment of the CMS division and for special projects have not repeated in 2016 resulting in a significant decline in Capex.

Capital expenditure (payments for PP&E) as a percentage of revenue has declined to 9% of Revenue in the most recent quarter (Q4/16).

Capex expenditure guidance is 8-10% Revenue in FY17.


Ongoing investments will be made across:

- Fixed Wireless network expansion
- CMS expansion driven by new contract wins
- Ongoing Community Broadband expansion
- Ongoing development of the BigAir UC Platform
- Enhancements to CyberHound SaaS platform (R&D)
- Meeting Data Retention Compliance Obligations



BALANCE SHEET

Investing for future growth

 000	HonH change (\$'000)	30 June 2016 (\$'000)	31 Dec 2015 (\$'000)
Net assets	+ 7,491	55,116	47,625
Borrowings (inclusive of leases)	(2,114)	29,204	31,318
Operating cash flow (before Interest and Tax)	+ 3,452	9,154	5,702
Earn out provisions	(6,909)	2,452	9,361
Interest cover		9 times	9 times

- 2H16 Group Operating Cashflow (before Interest and Tax) of \$9.2 million
- Reduction of remaining Earn Out provisions of \$6.9 million (reduction in contingent consideration for Oriel of \$4.3 million, and Everywhere Internet of \$2.6 million). Earn out provisions as at 30 June 2016 of \$2.5 million.
- Net repayment of borrowings of \$2.1 million in 2H16; \$16 million of undrawn banking facilities
- Modest gearing levels - \$27.1 million Net Debt¹ approx 1.2x underlying EBITDA²

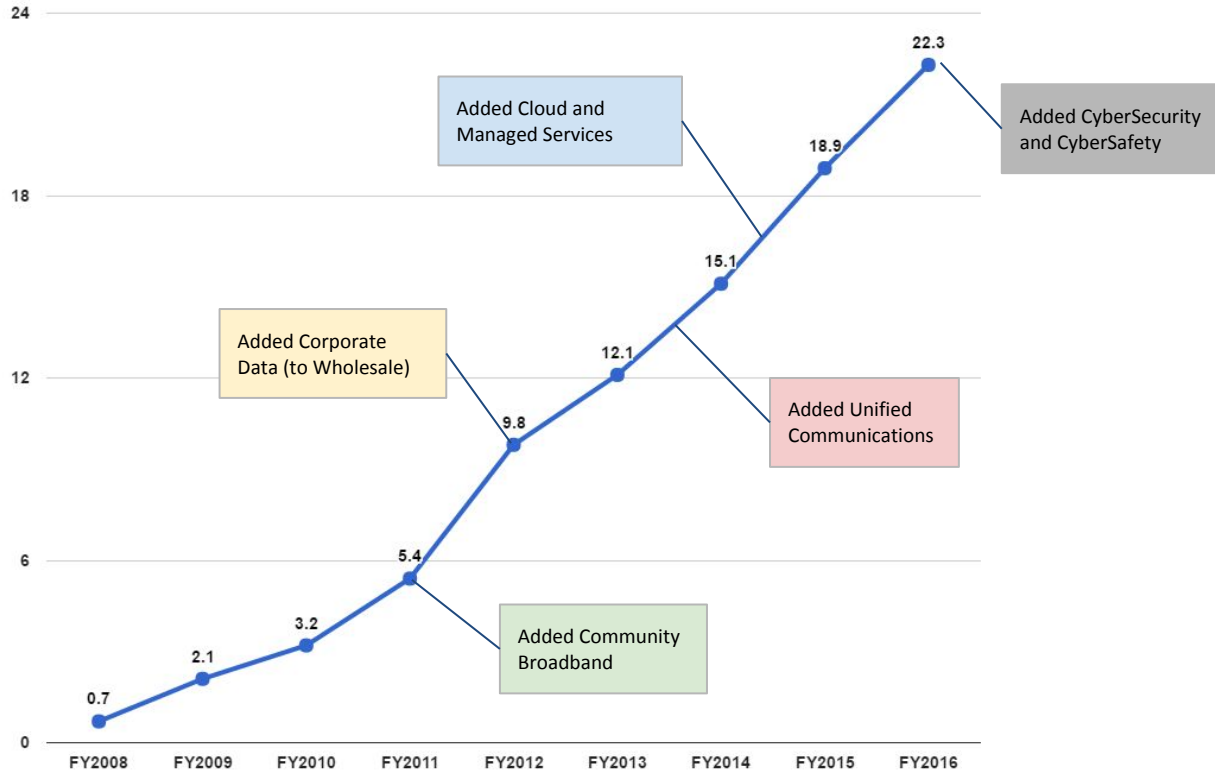
¹Net Debt as at 30 June 2016 inclusive of all leases

²Underlying EBITDA for year ending 30 June 2016

CONSISTENT TRACK RECORD

Identifying investments for future growth

Underlying EBITDA \$ millions





OUR THREE PILLARS

NETWORK INFRASTRUCTURE



Australia's largest business-grade fixed wireless network with extensive regional coverage

Interconnected with all major carrier and utility networks to connect businesses literally anywhere using a mix of the best of breed technologies available.

CLOUD & MANAGED SERVICES



Broad range of Cloud (IaaS, DaaS, etc) and Managed Services delivered with the help of world class technology partnerships.

Includes outsourced service desk offering ("service desk-as-a-service").

Recent acquisition of CyberHound provides industry leading Managed Security Service Provider (MSSP) capabilities.

CAMPUS SOLUTIONS

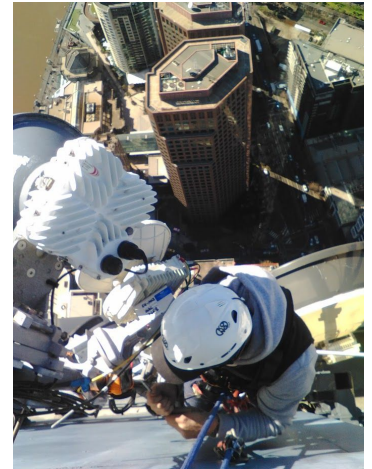
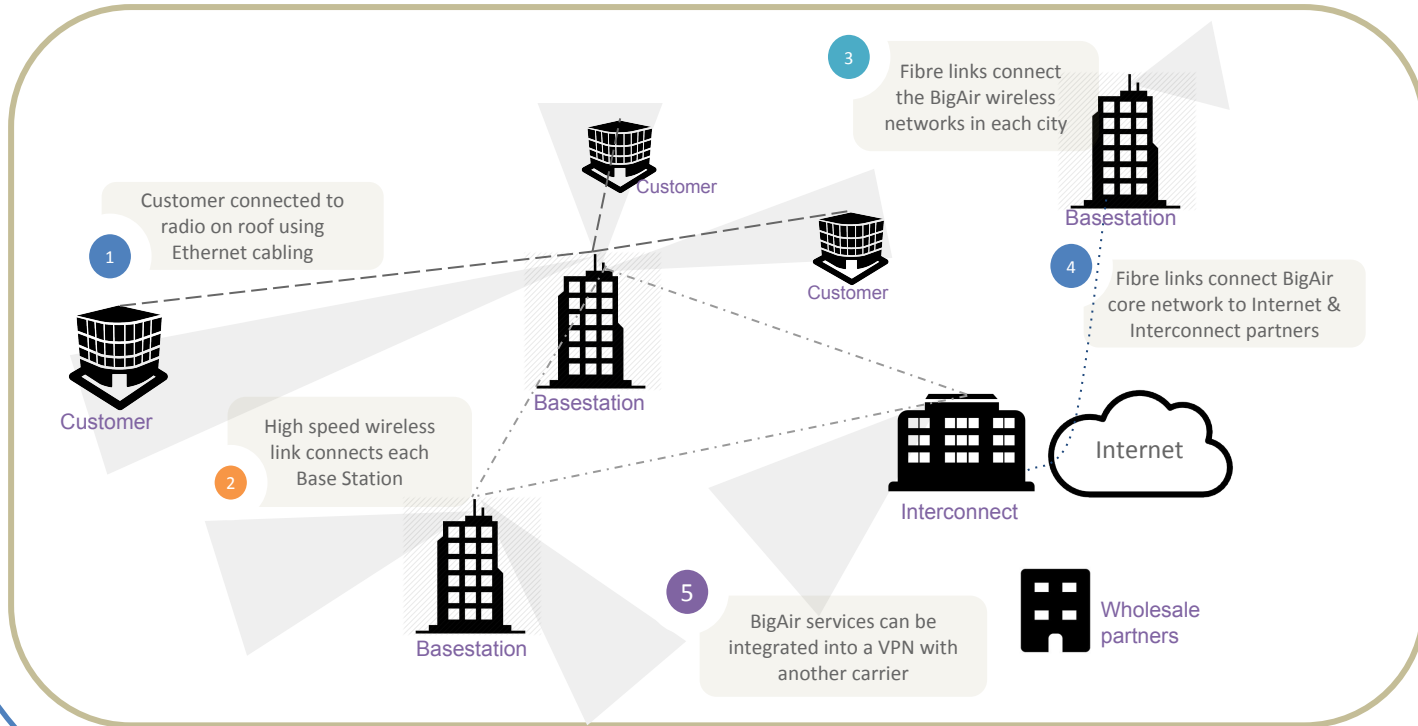


Fully-managed campus Ethernet and WiFi network solutions delivered into the Education, Resource, Retail and Retirement Living sectors.

Largest operator of Managed WiFi in the tertiary student accommodation sector with 35,000+ beds.

Division update: Fixed Wireless

BIGAIR OPERATES INDEPENDENT & COMPLEMENTARY CONNECTIVITY TO TERRESTRIAL / FIXED LINE CARRIERS



Division update: Fixed Wireless

Fixed Wireless Segment	FY16 ('000)	FY15 ('000)	FY14 ('000)	2 Yr Δ ('000)	2 Yr CAGR %
Corporate Revenue	14,649	11,631	8,802	+5,847	+29%
Wholesale Revenue	10,502	12,052	13,437	-2,935	-11%
Total Fixed Wireless	25,151	23,683	22,239	+2,912	+6%
Underlying EBITDA	15,982	13,794	13,152	+2,830	+10%
EBITDA % Sales	64%	58%	59%		

Corporate fixed wireless growth more than offsetting decline in wholesale

Bundling of new services increases customer stickiness (Corp churn reduced by 33% in FY16 to 3.7% Sales)

Fixed Wireless Revenue by Segment	FY16	FY15	FY14
Corporate	58%	49%	40%
Wholesale	42%	51%	60%

Underlying EBITDA increased by 16% in FY16

EBITDA margin has increased by 440 basis points over the last two years driven by increased operating leverage

97c from every additional \$1 of new revenue in the last two years converted into EBITDA

Division update: Cloud Managed Services

BIGAIR HAS DEVELOPED A COMPREHENSIVE CLOUD AND MANAGED SERVICE OFFERING FOR MEDIUM ENTERPRISES



DEPLOY CLOUD

Understand and deploy the cloud strategy that makes sense to your business.



REDUCE CAPEX

Outsource your infrastructure to a managed service and reduce capital requirements.



REDUCE COSTS

Reduce IT expenses with smarter and more efficient technology and services.



IMPROVE EFFICIENCY

Utilise a managed service for network performance, data analytics, and authentication.



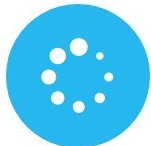
IMPROVE RELIABILITY

Maintain service levels by protecting the network with physical diversity.



CONNECT ANYWHERE

Extend your networks with high speed data connections to difficult locations.



MANAGE IT

Monitor and manage an ever growing need for expanding scale across data and capacity.



TRANSFORM

Work with people capable of transforming business goals into technical change.

Division update: Cloud Managed Services

Cloud Managed Services Segment	FY16 ('000)	FY15 ('000)	FY14 ('000)	2 Yr Δ ('000)	2 Yr CAGR %
CMS Network Services	10,651	10,121	5,773	+4,878	+36%
CMS Managed Services ¹	31,362	18,898	5,124	+26,238	+147%
Total Revenue	42,013	29,019	10,897	+31,116	+96%
Underlying² EBITDA	7,458	5,963	1,804	+5,223	+83%
EBITDA % Sales	18%	21%	21%		

Recurring³ EBITDA margin (ex procurement) reached 24% in 2H16

EBITDA growth of 313% over 2 years

In FY16 Oriel contributed Revenues of \$18.2m and for the purpose of the earn out an underlying EBITDA contribution of \$1.9m resulting in a total purchase price of \$6.65m.

This is below the expected earn out and resulted in an adjustment in contingent consideration of \$4.3m in the FY16 accounts.

In FY16 Applaud contributed Revenues of \$6m and underlying EBITDA of \$364k. Margin is expected to improve in FY17. The total purchase price was \$1.2m.

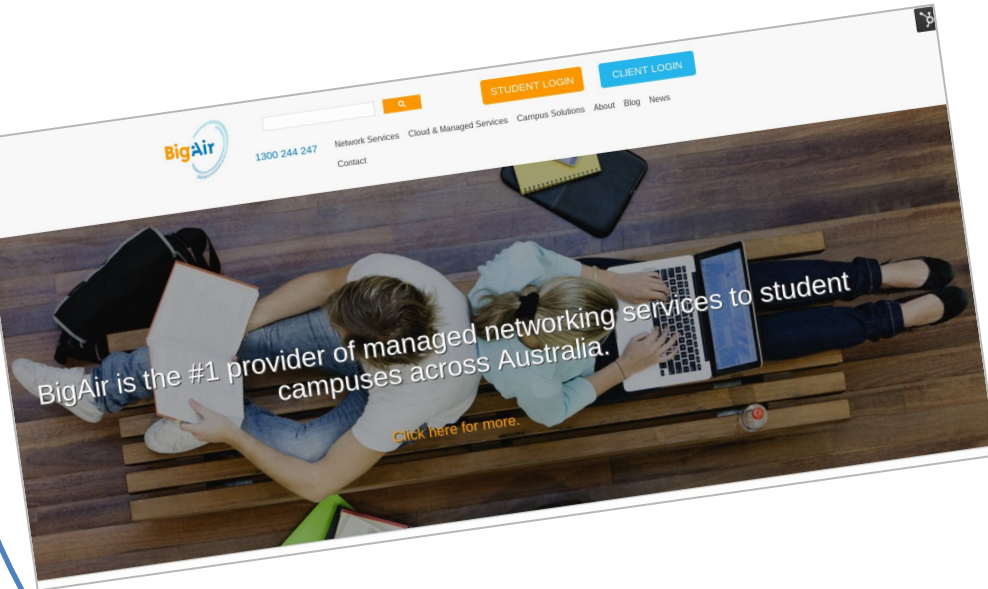
¹CMS Managed Services now includes related R&D rebate (was previously reported under Corporate). R&D has also been added back to prior year periods for comparison purposes.

²BigAir 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.

³Recurring is ex-Procurement (does not include once off product sales)

Division update: Community Broadband

BIGAIR HAS DEVELOPED A CUSTOMIZED SOLUTION FOR SPECIFIC VERTICAL MARKETS



- Managed WiFi for communities and campuses
- Delivering NBN speeds without the NBN
- #1 Provider in Tertiary Education
- Able to deliver high speed managed solutions in both metro and remote locations
- Powerful location based data analytics

Division update: Community Broadband

Community Broadband Segment	FY16 ('000)	FY15 ('000)	FY14 ('000)	2 Yr Δ ('000)	2 Yr CAGR %
Total Revenue	13,460	10,749	9,037	+4,423	+22%
Underlying EBITDA	2,573	2,087	1,894	+679	+17%
EBITDA % Sales	19%	19%	21%		

FY16 Revenue growth of 25%

EBITDA margin expected to increase as we build scale in new vertical segments

Completion of major shopping centre rollout delayed in 2H16 and will now complete in 1H17.

Location based analytics will start to generate revenues in 1H 17.

Cyberhound acquisition provides synergistic behavioural analytics capability.

Everywhere Internet acquisition contributed Revenue of \$900k and underlying EBITDA of \$500k in FY16. Total Purchase Price is now expected to be \$750k.

Division update: Corporate

Fixed Wireless + CMS + Community Broadband	FY16 ('000)	FY15 ('000)	FY14 ('000)	2 Yr Δ ('000)	2 Yr CAGR %
Total Revenue	80,623	63,487	42,172	+38,451	+38%
Underlying¹ EBITDA	26,012	21,855	17,281	+8,731	+23%

Underlying EBITDA from operations (ex Corporate) increased by 19% to \$26 million

Corporate expenses increased to \$3.7m in FY16 due to expansion of exec team and establishment and relocation of all Sydney staff to new head office

Corporate costs in 2H declined by 22% versus 1H due to consolidation benefits realised from office relocation project and other savings

Corporate Division ²	FY16 ('000)	FY15 ('000)	FY14 ('000)	2 Yr Δ ('000)	2 Yr CAGR %
Total Revenue	44	10	10	+34	+110%
Underlying EBITDA	-3,745	-2,981	-2,149	-1,596	+32%

BGL Consolidated	FY16 ('000)	FY15 ('000)	FY14 ('000)	2 Yr Δ ('000)	2 Yr CAGR %
Total Revenue	80,667	63,486	42,172	+38,495	+38%
Underlying EBITDA	22,268	18,863	15,132	+7,136	+21%

¹BigAir 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.

²R&D rebate was previously reported as being earned in the Corporate division and has now been moved to the CMS Managed Services division. The R&D rebate has been removed from Corporate for prior year periods as well for comparison purposes.

CYBERHOUND OVERVIEW



CYBERHOUND

Innovative Managed Security
Services Provider (MSSP)



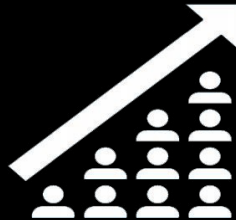
Supporting over 340 schools
and 500 SMEs Australia-wide

**SIXTH
SENSE** 
TECHNOLOGY

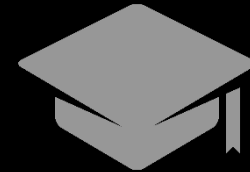
Unique cybersafety and
behavioural analytics platform



Established business with strong
management team & reputation



Growing revenues, high margins.
FY17 \$6m with EBIT over \$1m



Strong pipeline and cross-sell
opportunities in K-12 market

CyberHound complementary to Core

Strong education focus (K-12) delivering long-term results

- In-house R&D team developing unique capabilities
- Addresses growing cybersafety threats (including cyber bullying, self harm, sexual harassment, radicalisation)
- Strong long-term industry partnerships with multiple education bodies
- Typically 3 year, renewable service contracts
- Highly complementary - significant x-sell opportunity (Telco and CMS)

First Government customer secured in June 2016; multi-million dollar deal operational before end 2016

Cybersecurity becoming increasingly relevant to corporate customers

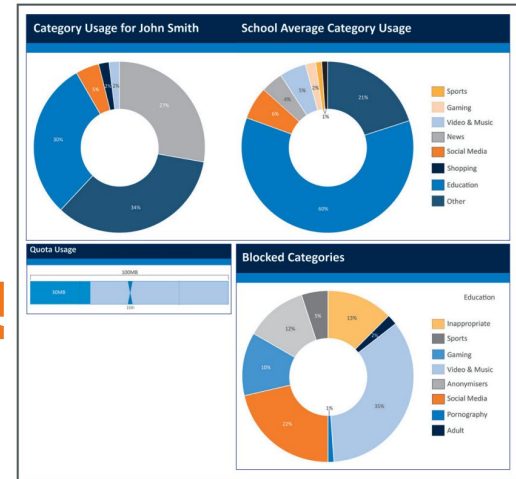
Service providers with expertise tailoring analytics, CRM, and CPQ apps to unique business requirements will grow the fastest this year. - *Forbes 2016*¹



Associated Christian Schools

"I strongly endorse the CyberHound pattern matching solutions to all schools. We have already seen extraordinary benefits in our schools – including the prevention of suicides and the protection of our students from predators."

Lynne Doneley, Executive Officer and QLD State Executive Officer Christian Education National (CEN)



¹<http://www.forbes.com/sites/louiscolombus/2016/01/30/5-cloud-service-provider-predictions-for-2016-analytics-crm-cpq-accelerate-sales/#4a4c823c5d70>



INDUSTRY OVERVIEW



Telco spending in Australia to grow to A\$27.1B in 2016 (Gartner).

VOICE / DATA

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

BigAir

Large traditional IT providers focused on Enterprise and Government markets.

CLOUD | MANAGED SERVICES

IT spending in Australia forecast to reach A\$79.9B in 2016 (Gartner).

Mid-Market customers have limited IT capabilities and need a partner to help design and deliver complex ICT solutions cost effectively

- BigAir is uniquely positioned as a builder/operator offering a comprehensive portfolio of connectivity, voice, cloud, security, managed services and IT solutions for mid-market clients.


BigAir

Traditional providers of IT are struggling to shift from procurement (product sales) to as-a-service model and have limited Telco offerings.

WHY CUSTOMERS SELECT BIGAIR

BigAir Group provides:

- Unique end-to-end offering including: Voice, Data, Cloud, Security and Managed Services ... providing customers with more choice and unmatched accountability ('one stop shop' & 'one throat to choke')
- Owner of independent high speed wireless network provides higher speeds at lower cost than NBN
- Wireless network covers Metro and Remote locations bridging the digital divide and is supplemented with extensive wholesale access to all existing fixed networks including NBN
- Razor sharp focus on our segment (medium enterprise) which delivers superior customer experience
- Demonstrated track record of delivering highly customised and mature solutions for a number of industry verticals including education, student housing, retail, construction and mining.
- Strong industry focus enables strong partnerships (e.g. Community Broadband partners with various Universities, CyberHound partners with a number of School Associations)

A green thought bubble graphic is positioned on the right side of the slide. It contains a quote and the name of the person who said it. The bubble has a tail pointing towards the top left.

We've consolidated a number of services with BigAir including WAN and cloud services to provide greater spend impact and higher service levels."
- D. Brunner, Argent

FY17 ROADMAP



01

GROW REVENUE AND MARGIN

- Accelerate cross-selling activity across customer base
- Drive new mid market customer acquisition
- Target existing vertical markets where we have strength
- Continue optimising operational efficiency
- Leverage CyberHound acquisition

02

ENHANCE OUR SERVICES

- Implement Net Promoter Score across Group
- Invest in our team and culture
- Enhance fixed wireless offerings (2Gig+ speed offers)
- Enhance Cloud and Managed Service offerings
- Ongoing investment in Managed Security offerings (CyberHound)

03

EXECUTE M&A STRATEGY

Continue to identify accretive acquisitions to

- Increase our service offerings and differentiation
- Strengthen our Mid-Market market share
- Leverage our existing infrastructure and people assets

WHY INVEST IN BIGAIR GROUP?

BigAir Group offers:

- Independent network owner (provides independence from margin pressure in NBN world) and multiple industry award winner¹
- Razor focus on mid-market (medium enterprise) which delivers above average margins
- Unique end-to-end “solutions” provider of Telco, Cloud, IT and Managed Services
- July 2016 acquisition of Cyberhound (SaaS, MSSP, Analytics) provides powerful new software capabilities
- Current domestic market share estimated at less than 1% provides significant scope for growth
- FY16 Underlying² EBITDA: \$22.3 million; Industry leading EBITDA Margin⁴ (28% Revenue)
- FY16 Underlying NPAT: \$9.0 million
- Market capitalisation: \$127 million (as at 25 August 2016)

Cloud integration expertise turns into a margin multiplier for service providers - *Forbes 2016 prediction*³

“Double digit EBITDA growth for 9 consecutive years”



¹BigAir is a six-times winner of the Deloitte Fast 50 Award for company growth, a 2015 winner of the CRN Fast 50 Awards and dual finalist in the 2016 ARN Awards

²BigAir 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.

³<http://www.forbes.com/sites/louiscolombus/2016/01/30/5-cloud-service-provider-predictions-for-2016-analytics-crm-cpq-accelerate-sales/#4a4c823c5d70>

⁴Underlying EBITDA margin highest amongst all listed peers apart from Telstra

CONTACT US

Jason Ashton, CEO

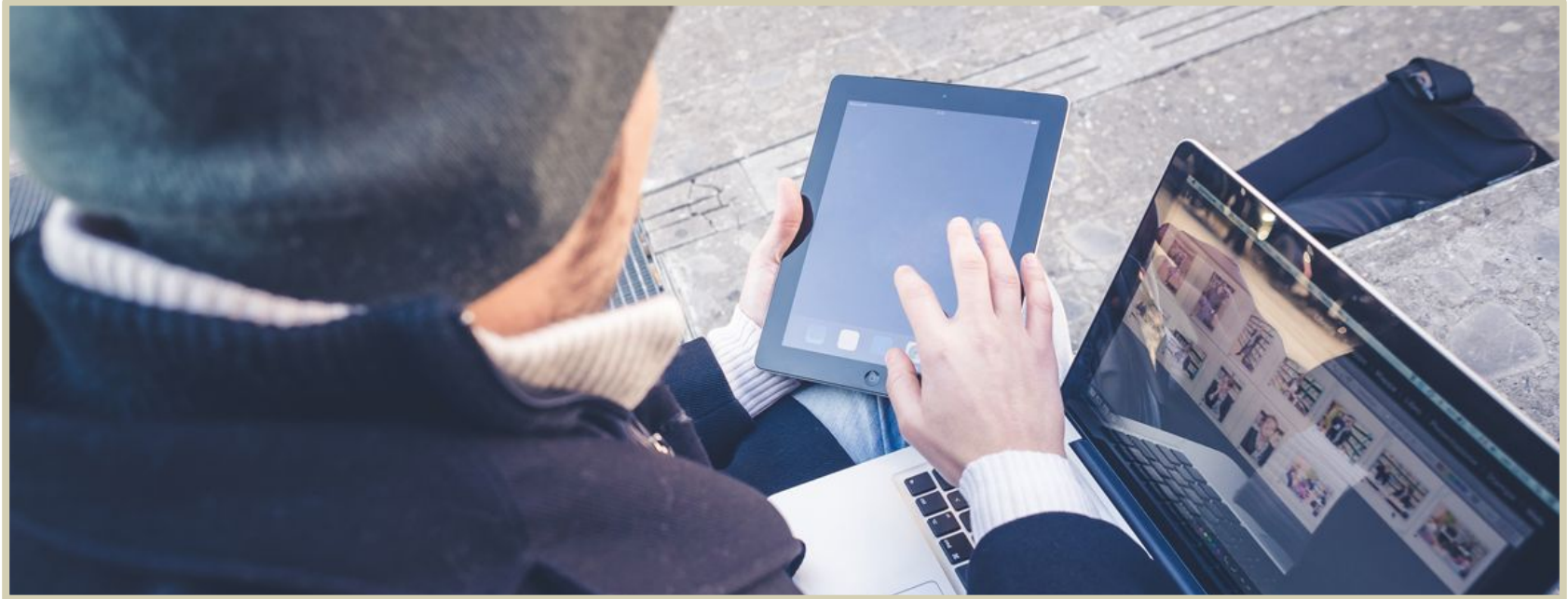
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A1: RECONCILING UNDERLYING EBITDA & NPAT

	Current period	Previous corresponding period
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

A2: COMPANY OVERVIEW

The BGL Board

Vivian Stewart: Non Executive Chairman
 Jason Ashton: Managing Director, CEO
 Nigel Jeffries: Non Executive Director

The BGL Executive Team

Jason Ashton: CEO
 Charles Chapman: CFO
 Scott Atkinson: CTO, Cloud Managed Services
 Aidan Mountford: COO, Network Services
 Tony Tilbrook: CTO, Design and Construction

ASX code: BGL

Number of Shares on Issue:
 180,945,451

Share Price:
 \$0.705

Market Capitalisation:
 \$127.6 million

A3: 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 - leader in University student housing segment. Represents the nucleus of the Community Broadband division



Everywhere Internet

2015 - provider of Managed WiFi



Cloud & Managed Services

Intelligent IP

2013 - providing our first entry into unified communications and managed services



Anittel

2014 - unified communications and managed services



Oriel

2014 - managed services provider - broadening solutions portfolio



Applaud

2015 - unified communications and managed services



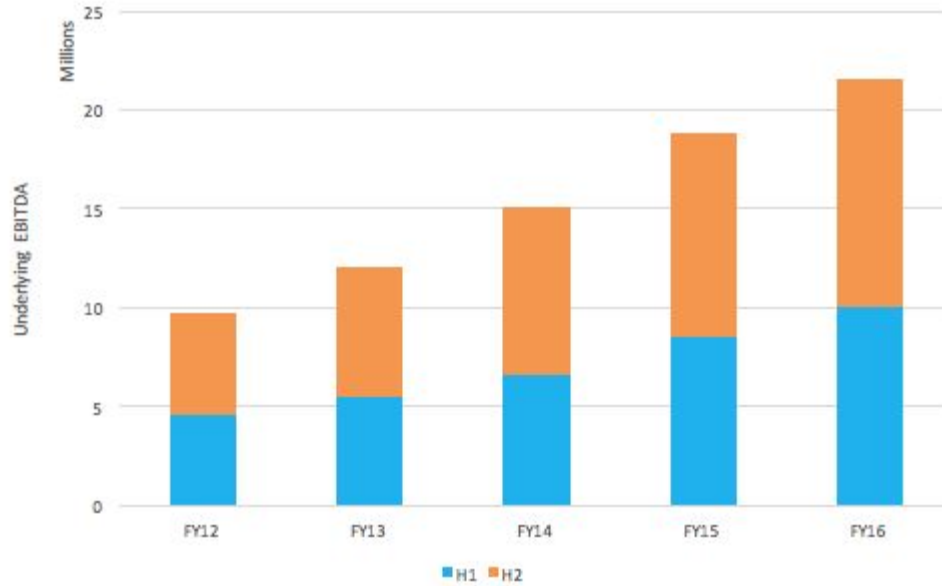
Cyberhound

2016 - leading cybersafety & managed security provider



A4: UNDERLYING EBITDA

1H/2H trends over last 5 years





THANK YOU

FY16 Results Presentation

26 August 2016

