

**THE POWER  
OF MORE**

# Spirit acquiring World Without Wires Pty Ltd



Geographically expanding Spirits' core strategy

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# Transaction Overview

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Announcement:	Spirit to acquire World Without Wires Pty Ltd [“WWW”]	
Complimentary Business:	High speed wireless broadband residential and business Carrier	
Terms:	\$4.6M for 100% of WWW	
Consideration:	\$1.48m in Equity (issued at \$0.14) and \$3.15m in cash	
Deal Metric:	4.18x EV/EBITDA 7.66x P/E	
EPS Accretion	55% ↑	
Committed Vendors	32% scrip – signed on to Spirit vision , Executive placement	
Funding:	\$2.2M new additional debt facility & \$1.5M capital raise at \$0.12	
Shareholding:	Current shares on issue	184,050,420
	WWW vendor shares	10,595,783
	Fund raise shares	12,500,000
	Total shares on issue:	<u>207,146,202</u>

# Compelling Acquisition

Highly Earnings Accretive:	Spirit	WWW	Combined	Uplift
Revenue	\$11.45M	\$2.65M	\$14.1M	24%
Gross Profit	\$7.2M	\$1.9M	\$9.1M	64%
EBITDA (underlying)	\$2.0M	\$1.1M	\$3.1M	55%
NPAT (underlying)	\$0.809M	\$0.607M	\$1.4M	75%
EPS Accretion	0.44c	n/a	0.683c	55%

*Note: Based on unaudited Financial results for FY17*

	Spirit	WWW	Combined
Towers/PoP's	42	80	122
Customers	5508	2205	7713
Business:Resi split (by customer %)	29:71	13:87	23:77
Estimated network coverage	3000km <sup>2</sup>	12,000km <sup>2</sup>	15,000km <sup>2</sup>

# Pro forma FY 2017(un-audited)

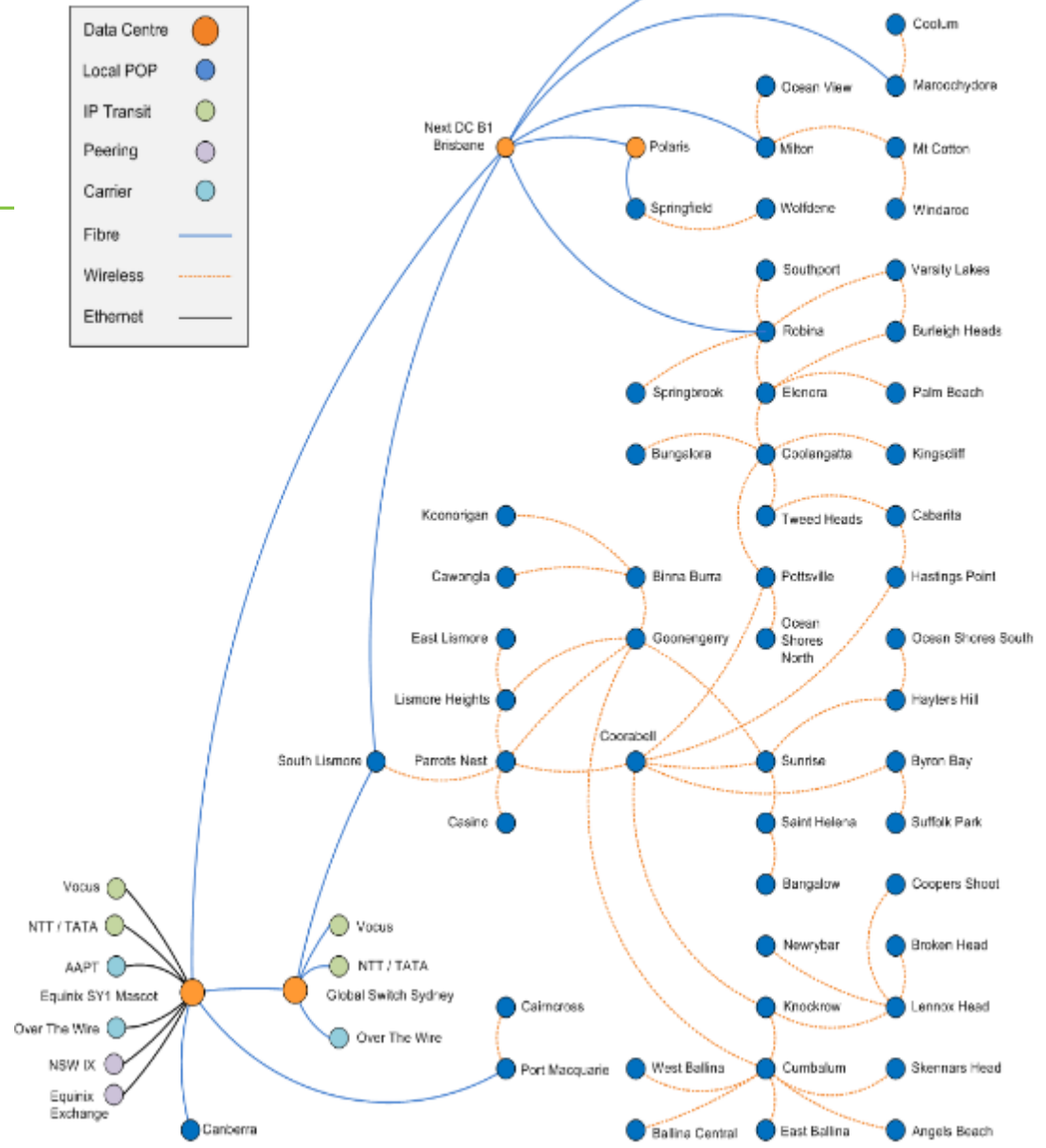
	Combined*
Revenue	\$14.7M
Gross Profit	\$9.6M
EBITDA (underlying)	\$3.4M
Net Assets	\$8.9M
NPAT (underlying)	\$1.7M
Debt/Equity	67%
Debt/EBITDA	1.76
Earnings/Share (207 mill shares)	.820c



\* Includes full effect of Phone Names acquisition, but only 7 months in stat accounts

# World Without Wires

- Commenced 2004
  - Office in Burleigh heads
- A licenced carrier delivering 'Fibre-equivalent' internet to underserviced areas, from Sunshine Coast (Qld) to Northern NSW
- 2000+ customers servicing:
  - Residential
  - SME
  - Corporate
- Over 12,000 Km<sup>2</sup> of coverage
  - Over 80 wireless transmission sites.
- Built for redundancy & reliability
- "We control the contention"

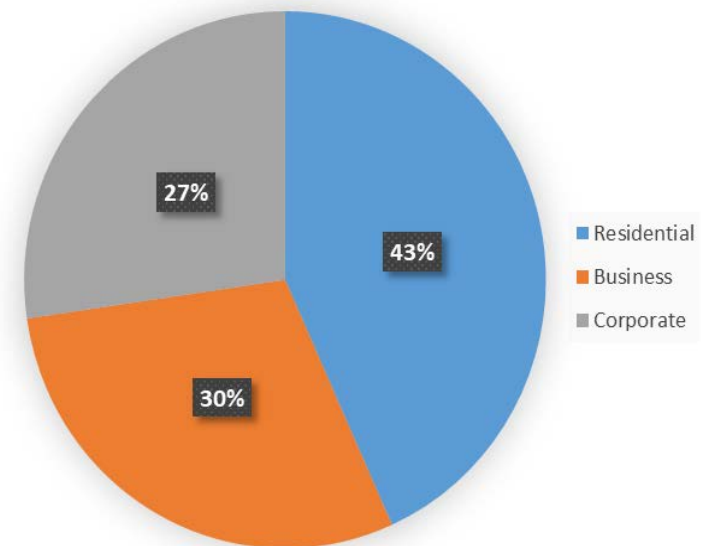


# WWW Financials 12 Months to 30 June 2017 (unaudited)

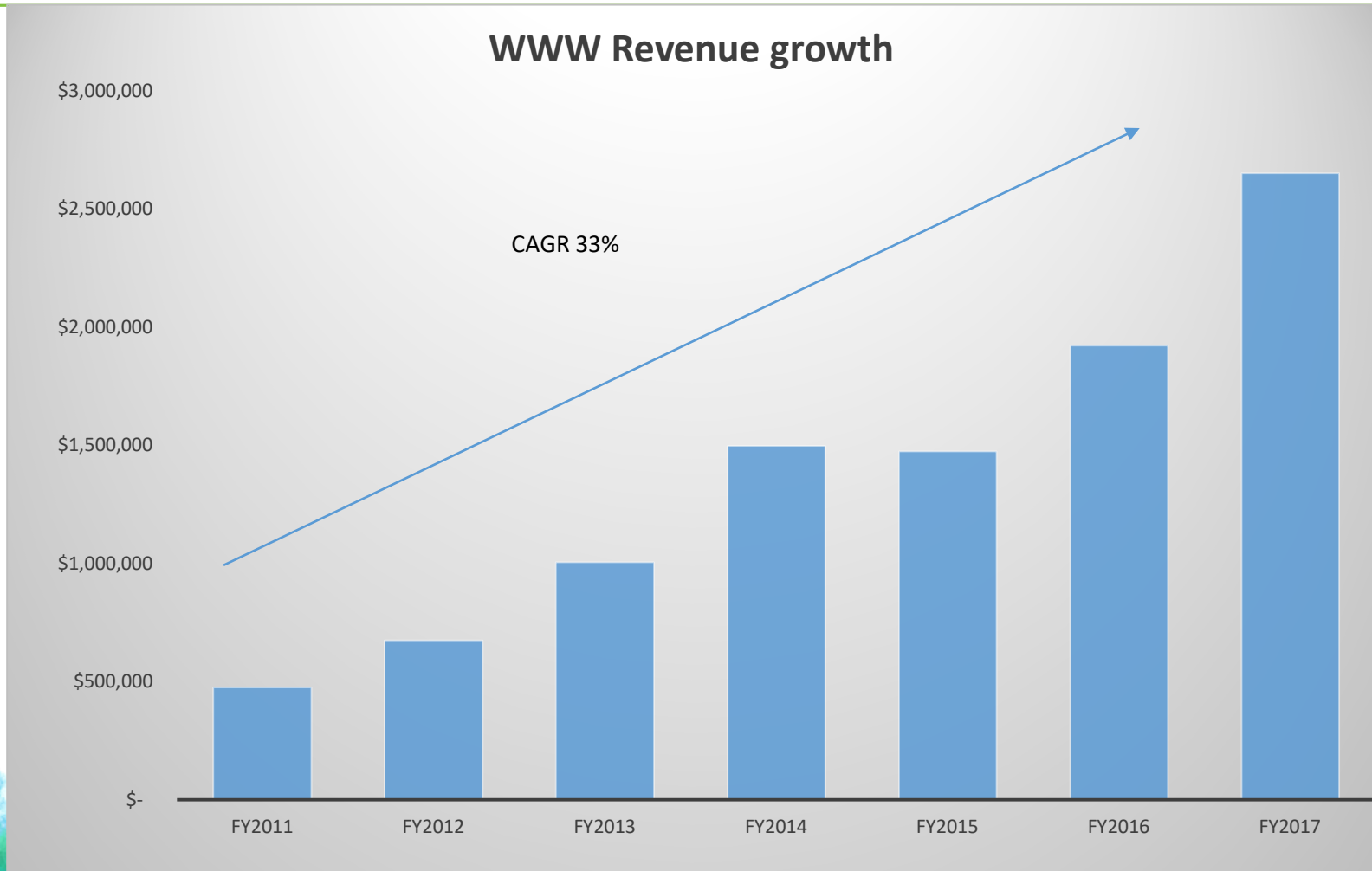
	\$'000
Revenue	2,600
Gross Profit	1,900
EBITDA (underlying)	1,100
NPAT (underlying)	607

- Strong record of growth
- Well engineered network
- Significant technical expertise
- Ready made wholesale channel

WWW Revenue mix



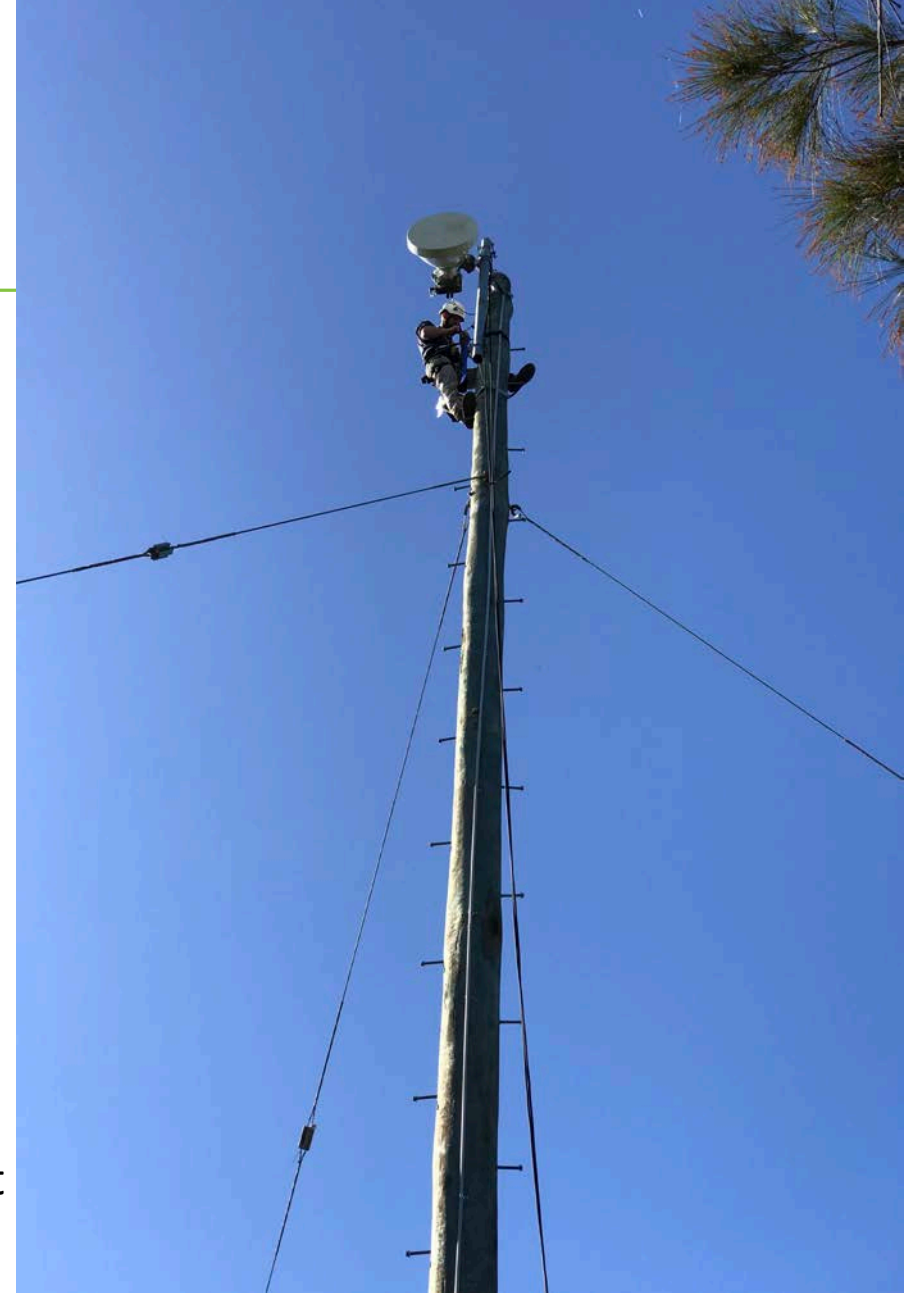
# Solid revenue growth





# Strategic Rationale

- Geographically expanding Spirit's core business model
- Similar "Spirit Air model" technology
- Combining 2 high margin Telco's
  - Each 12 years old
- Bringing significant engineering expertise into Spirit
- Combined revenue of c.\$14.1million, Gross Margin c.\$9.1 (64%), EBITDA c.\$3.1 (prior FY)
- EPS 0.683 cents
- Complimentary management competencies
- Significant growth opportunity
- Committed Vendor (32% scrip)
- Provides line of sight to over 400 new buildings in Gold Coast area for Spirit / WWW to provide services



# Potential Synergies

## What WWW brings to Spirit

- Geographic expansion
  - Network from Noosa to Byron
  - 2200 customers
- Longer history in fixed wireless deployment
- Strong financials
  - Strong revenue growth
  - Strong gross margin
  - Cash generating
- Significant growth opportunities  
(eg. 400 buildings in Gold Coast coverage area)

## What Spirit brings to WWW

- Economies of scale
  - Increased buying power
  - Network synergies
- Sales & marketing
- Billing & customer service
- Access to Capital & Growth opportunities



# Potential Synergies

## Cost

- Increased Buying power
- Network consolidation
- Software Development & Licensing costs

## Revenue

- Increase relevance
- Increases sales force
- Network expansion
- Cross sell of Spirit products to WWW customers



# The vendors

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- **Dainen Keogh (Co-Founder)**

- Technical Entrepreneur and WWW CEO will join Spirit's executive as Chief Infrastructure Officer, responsible for network deployment and planning
- Vice President of the 'Wireless ISP Association of Australia'

- **Drew Moorley (Co-Founder)**

- Drew manages WWW's marketing & customer care and, following handover to Spirit of the customer care function, will join the Spirit marketing team.

- **Damien Makarewicz**

- Invested in 2005 and will stay on as part of the combined provisioning team

- **Patrick Cole**

- Joined 2013 as an active shareholder Senior Engineer, designing the current network of over 80 sites. Will stay on as a senior engineer with the combined entity. Experienced with Government, Telstra, TransAct & Verizon.

# Deployment Example

## Wireless Broadband Solutions

Wireless Broadband gets you connected with no phone line.

- OceanView (40Km north of the Brisbane CBD) provides coverage for a majority of North Brisbane up to Caloundra in the Sunshine Coast
- The link is 340Mbps and was primarily built to service corporate clients with the added bonus of extending Business & Residential coverage



# High Capacity 24GHz Backbone



- The need for bandwidth is always increasing. In November 2016 WWW built a high capacity 24GHz backbone to compliment the lower frequency licensed backbone, providing a combined capacity of over 1Gbps into the Southern Gold Coast / Northern NSW region
- This capacity enables WWW to deliver the next generation of broadband services

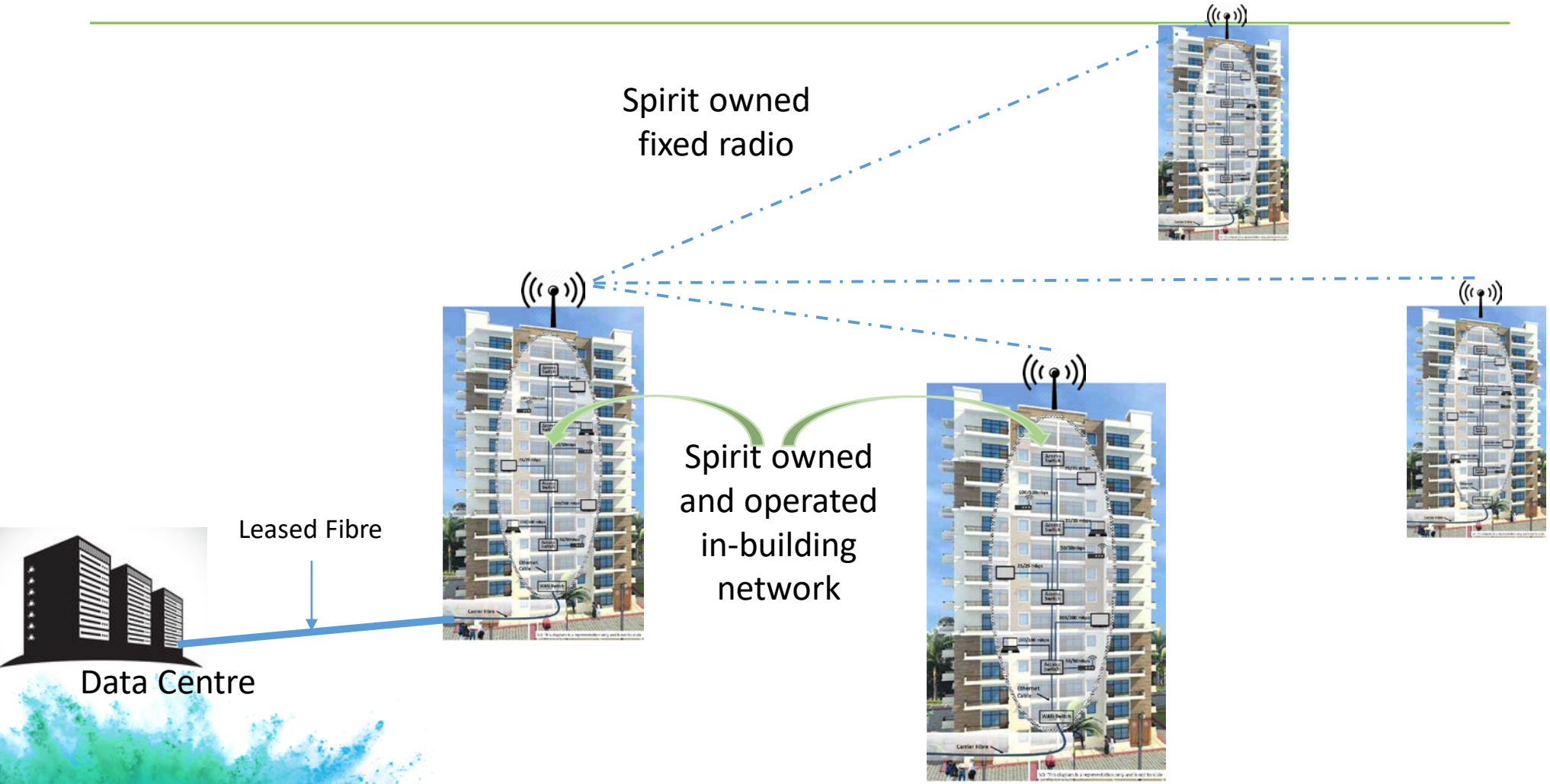
# Who is Spirit?

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- Spirit Telecom Limited (ASX: ST1)
- A fast growing niche Telecommunications Carrier, supplying superfast internet and ancillary services to key segments, including:
  - residential
  - business
  - student accommodation
  - community housing and
  - business parks
- Recognised as being Australia's fastest overall Internet Service Provider (ISP)<sup>1</sup>.
- Successfully acquired and fully integrated Voxcom (2012), My Telecom (2015) and Phone Name Marketing (2016)
- Listed on ASX 26 June 2016

1. PC Mag 2015

# Spirit Business Model





# Think Again!

