

21st February 2018

ASX/Media Release

APPENDIX 4D – HALF YEAR REPORT

Spirit Telecom Limited (ASX:ST1) is pleased to announce its Half Year FY18 report for the period ending 31 December 2017, with highlights including:

- Revenue increased by 54% over 1H17 to \$8.1m, slightly ahead of earlier guidance (\$8m);
- Gross Profit increased by 71% to \$5.4m, with group gross margins increasing by 6bps to 67%;
- Underlying EBITDA grew by 117% to \$1.5m;
- Underlying NPAT grew by 160% to \$457k;
- Successful acquisition of World Without Wires; and
- Number of On-Net Buildings grew by 77% to 439 during the period

Underlying EBITDA grew by 117% on 1H17 to \$1.5m as a result of a 54% increase in group revenues to \$8.1m and a 70% increase in gross profit to \$5.4m, with overall gross margins increasing by 6bps to 67%. The strong result was driven by continued strong organic growth in high margin, On-Net Building revenues, as well as contributions from acquisitions made during the period, which continue to exhibit solid growth under Spirit ownership. An overview of the Company's financial performance during 1H18 is detailed in the table below.

Period ending 31 December 2018	1H18	1H17	Change (%)
Statutory Revenue and other Income	\$ 8,099,705	\$ 5,271,336	53.7%
Gross Profit (\$)	\$ 5,440,194	\$ 3,200,848	70.7%
Gross Profit (%)	67%	61%	10%
Underlying EBITDA ^{1, 2}	\$ 1,529,594	\$ 703,923	117.3%
Statutory EBITDA	\$ 1,227,242	\$ 490,760	150.1%
Underlying EBIT ^{3, 4}	\$ 929,173	\$ 389,025	138%
Statutory EBIT	\$ 626,821	\$ 175,862	256%
Underlying NPAT ^{5, 6}	\$ 457,282	\$ 208,153	160%
Statutory NPAT	\$ 238,077	\$ 58,939	304%
	Cents	Cents	
Underlying Earnings Per Share ⁷	.226	.123	83%
Statutory Earning Per Share	.118	.035	237%

¹ Refers to earnings before interest, tax, depreciation and amortisation

² Items associated with acquisition activity have been removed

³ Refers to earnings before interest and tax

⁴ Items associated with acquisition activity have been removed

⁵ Refers to net profit after tax

⁶ Items associated with acquisition activity have been removed

⁷ Items associated with acquisition activity have been removed

Commenting on the result, Spirit Managing Director Geoff Neate said “We are very pleased with a result that demonstrates strong growth in all financial metrics and further delivery on our strategy to grow the Spirit business both organically and by way of acquisition, in what we see as a very exciting market opportunity. The first half has seen the development of the executive team, as well as a growth in sales and marketing personnel. This, coupled with a strengthened board and the excitement of the World Without Wires acquisition has provided Spirit with a strong foothold on future development and growth.

“In addition, the Wires acquisition has delivered a skill set that complements and enhances Spirit’s technical capabilities, the result of which should see more product development and channels to market being exploited in the coming months, and we look forward to updating the market with new developments as they come to hand.”

2H18 Outlook

Following a strong 1H result, the Company has enjoyed continued positive momentum early in 2H18 and anticipates continued half-on-half growth in overall revenues. With our strengthened executive team now well settled within Spirit, the Wires acquisition largely integrated, and our network build-out underway, we believe the Company is well positioned to continue delivering positive results for shareholders and capitalising on high demand for our superfast internet services.

For further information:

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