

2017 AGM – Chairman’s Address

Welcome:

Ladies and Gentlemen, I would like to welcome you to the 2017 Annual General Meeting of Spirit Telecom and thank you all for coming today.

Last Year’s Results:

The 2017 financial year was a solid one for our group, being the first full year as a listed company. We delivered a 30% growth in turnover and realised our maiden profit. I am pleased with our progress and wish to thank our staff for continuing to meet our aggressive sales targets and delivering exceptional service to our customers.

In addition, it was a very busy year with corporate activity with the completion of the share consolidation, undertook the acquisition of Phone Names and spent considerable time analysing and working on acquiring the World Without Wires Broadband business which settled in September this year. Both Phone Names and Wires provide impetus for an increased product portfolio and reach of market.

Industry:

As you know the telecommunications industry is highly competitive and Spirit has the honour of being one of the smallest telco’s listed on the ASX, yet we punch above our weight. We are continually winning business against our larger rivals– why?– because we have our own network, we are not the NBN and we provide reliable and higher speed broadband than our competitors - at a competitive price. As our competitors transition their customers to the NBN we provide customers with an alternative proposition. The challenge for Spirit is to educate the market that customers do not have to accept substandard internet services and we are a strong and viable alternative to the NBN.

The fixed wireless broadband market is now being seen as a major alternative to fixed line and in the past, competitors and some analysts believed that wireless was an inferior technology. However, even the NBN now concede that wireless will have an effect on their business. The acquisition of Wires Broadband now means Spirit has a combined 15,000 klm² plus of its own network and we consider this reach as a major asset which will deliver increasing returns.

Spirit is a small high growth company and we are continually challenge our strategy to ensure we deliver for shareholders. The Board and executive just recently completed a three-year strategic plan and we are excited about the opportunities and growth ahead. We are experiencing robust growth in our business sector and this segment is increasingly becoming the dominant revenue generator. Residential still provides a key focus and we continue to see strong demand in multi dwelling unit developments.

We constantly seek to improve our brand profile and ensure the market understands the differentiation of the Spirit product and that we don’t get “lumped” in with the other Telco’s who have large legacy ADSL business that must transition to lower margin NBN business. We don’t have that. Our gross margins have been **increasing** whilst our competitors’ margins are under pressure. We believe Spirit represents the vision of a “new” telco and see ourselves representing the “connected society” and that being “connected” is everything.

Outlook:

I am confident we have the right strategy and the right executive team to drive growth and win new customers. This year we are planning for a similar rate of growth as last year and we will continue to invest in our own infrastructure and assess acquisitions that meet our return on capital hurdle.

In closing, I would like to welcome any new shareholders to the register and thank our existing shareholders for continuing to support our company.