

## 2018 AGM – Chairman’s Address

### Welcome:

Ladies and Gentlemen, I would like to welcome you to the 2018 Annual General Meeting of Spirit Telecom and thank you all for coming today.

I would like to make a few general comments prior to Geoff Neate’s more detailed presentation about the business and its strategy.

### 2017/ 2018 Financial results:

As Chairman, I am extremely proud the FY2018 results which were achieved from strong progress made on both improvements in the operating model and as a result of successfully integrating the World Without Wires acquisition. Furthermore, we accomplished several financial highlights, a few important data points on this include:

improving our gross margin from **53% to 69%**, building out our network by investing **\$2.7M** and recording a robust increase in profit. Additionally, moving the needle on our customer satisfaction NPS score from **46 to 53** – *not an easy task to achieve within the telecommunications industry.*

This was a great effort by the management team and staff and I wish to thank them for their commitment to the business.

### Organic growth opportunities:

You may recall in December 2017 we undertook a capital raising to accelerate organic growth options. We raised \$3M for network expansion and to improve our internal systems. Shortly thereafter we began to construct a 10GB ring around Melbourne that will provide superfast internet to a wider target market. I am pleased to advise that the building of the network has now been completed but the roll out did take longer than expected, due to unforeseen delays which has now had an impact on meeting our sales growth targets. In practical market terms, this new network means we have more coverage to commercialise with a totally new product set developed in house. This new product set has been branded – Spirit Sky to communicate its speed and differentiate its position. The Spirit Sky product range will initially be marketed to over 8,000 SME’s with speeds from 50 Mbps to 1 GIG/Gps in November at a price and performance point competitive with fibre products.

In line with our expansion of the network, I am also pleased with the strong B2B lead generation growth seen over the last quarter - which will ensure commercialisation of our new network.

**Acquisition opportunities:** Management and the Board has spent considerable time examining a number of acquisition opportunities. We have maintained a strong discipline and have passed on opportunities where they did not meet our hurdle rate and /or did not pass our due diligence enquiries. This has meant we have not completed a transaction for over 12 months, but we continue to examine acquisitions. A strong pipe line of opportunities is in play and is moving through our M&A gates; we will update the market and investors as the right opportunities mature.

**Outlook:** As indicated in previous announcements, over the past six months we have restructured and developed our management team to meet our high growth expectations. Operating costs have increased as a result of investment in the network and management team and we expect this will deliver improved results in the 2019 year. We are now in an extremely strong position with the level of B2B demand being presented to business. The board and management team are working closely to continue to scale and invest in the on-net operating model to ensure these opportunities convert to our revenue line.

We still have a lot to achieve and the Board continues to review its execution to ensure it is focussed on delivering growth and value that the shareholders expect. We have a great product and market opportunity and we are confident that Spirit will be a continuing success story.

I would now like to hand over to Geoff.