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# BigAir Group Limited 1H15 results presentation

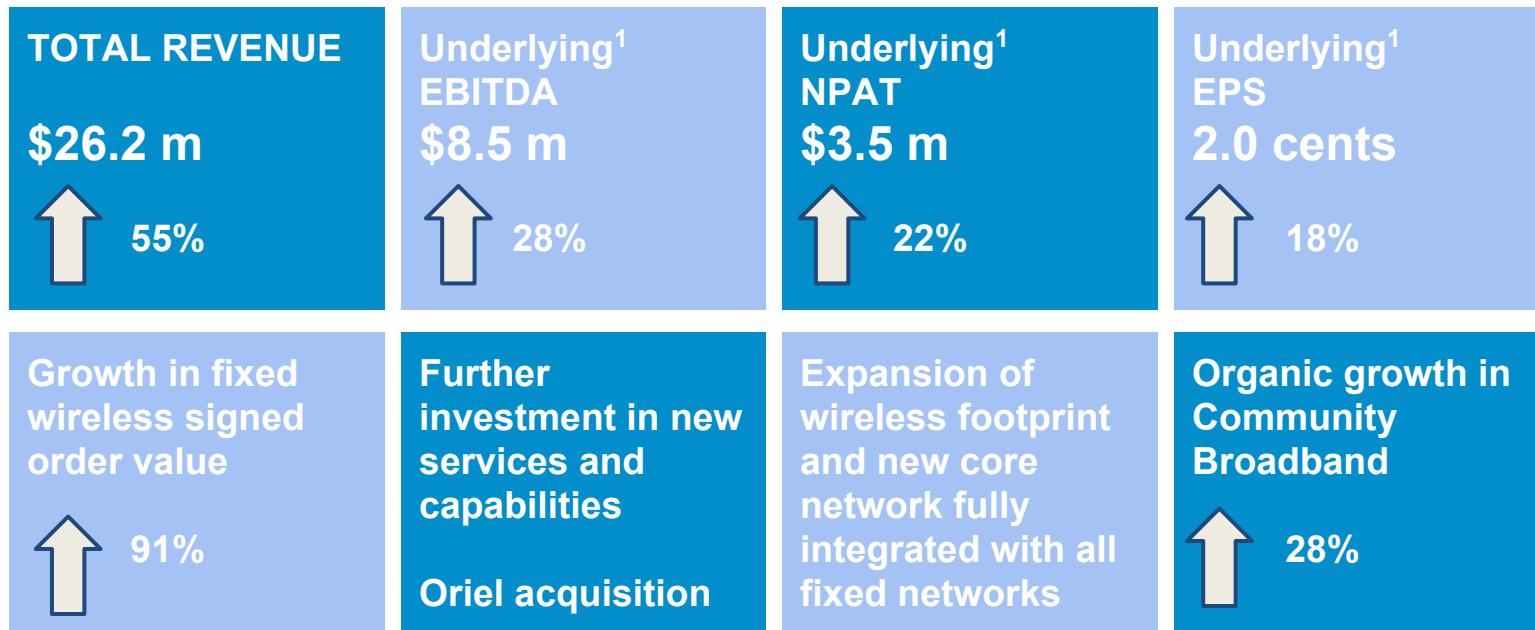
19 February 2015



We use the air,  
**to improve your network**

# Another **strong** set of financial results

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All percentage movements indicate the increase for 1H15 over 1H14 (unless stated otherwise)

<sup>1</sup>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. For a reconciliation of underlying EBITDA and underlying NPAT please refer to Appendix 1 in this presentation.

<sup>2</sup>Based on total contract value for new fixed wireless orders signed in 1H15 (versus 1H14). The impact from this increase in orders will flow into 2H15 as services are delivered.



# A **busy** six months...

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... generating another record HY result

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... delivering to plan

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... with foundations in place for continued strong growth

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# Continued **strong** growth across all metrics

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A\$000			1H15	1H14
Revenue	↑	55%	<b>26,214</b>	16,965
Gross Profit	↑	35%	<b>15,939</b>	11,692
EBITDA	↑	26%	<b>8,248</b>	6,562
NPAT	↑	12%	<b>2,846</b>	2,550
Underlying EBITDA	↑	28%	<b>8,506</b>	6,626
Underlying NPAT	↑	22%	<b>3,480</b>	2,867
Underlying Earnings Per Share (cps)	↑	18%	<b>2.01</b>	1.71
Operating cash flow	↑	20%	<b>6,750</b>	5,605

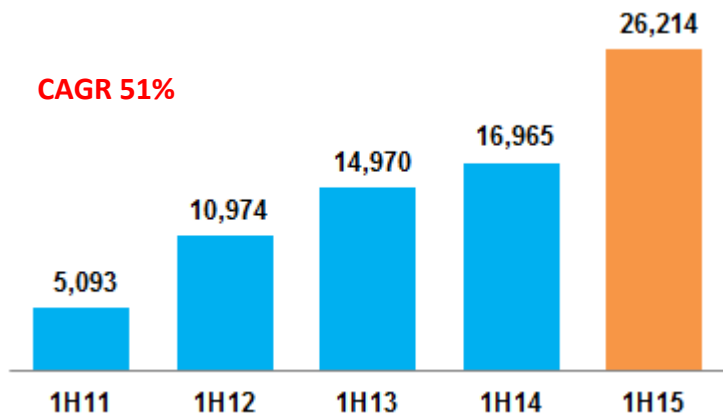


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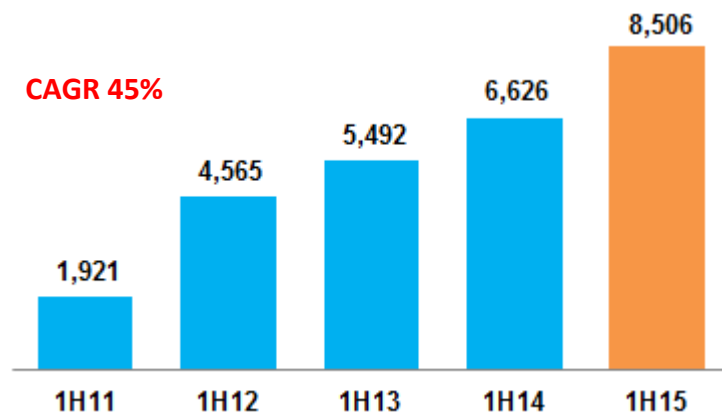
# Another record HY

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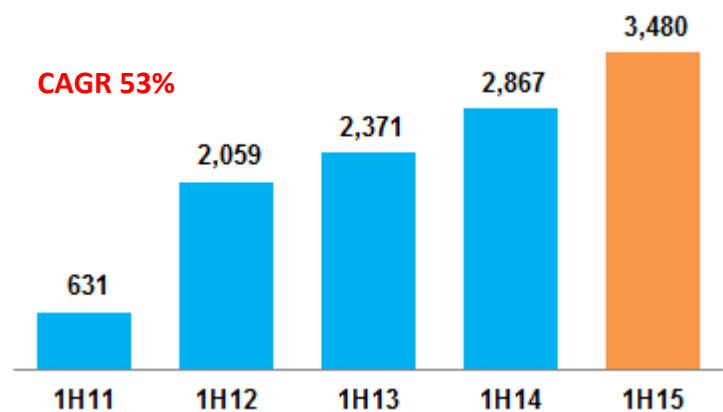
### Revenue (\$000)



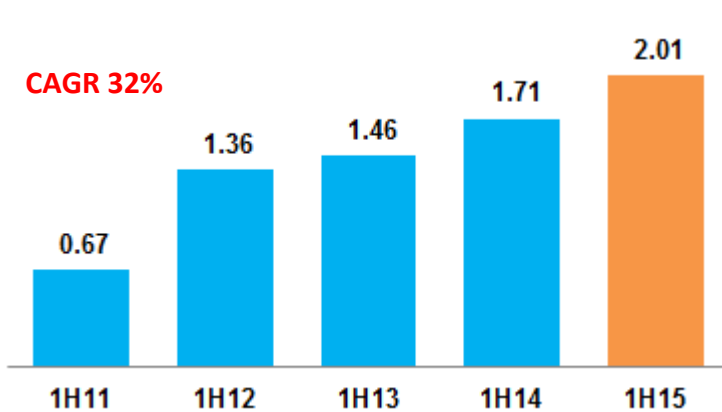
### Underlying EBITDA (\$000)



### Underlying NPAT (\$000)



### Underlying EPS (cps)



Note: Compound annual growth rate (CAGR) calculated from half yearly results

# Strong balance sheet

## Consolidated balance sheet (\$'000)

	Dec 2014	June 2014
Current assets	10,508	7,429
Property, plant and equipment	27,633	24,318
Goodwill and other	48,132	35,432
<b>Assets</b>	<b>86,273</b>	<b>67,179</b>
Creditors and payables	8,724	4,789
Other liabilities and provisions	15,857	6,170
Borrowings and leases	18,018	13,939
<b>Liabilities</b>	<b>42,599</b>	<b>24,898</b>
<b>Net assets</b>	<b>43,674</b>	<b>42,281</b>
Issued capital and reserves	33,919	33,494
Accumulated profit/(loss)	9,755	8,787
<b>Equity</b>	<b>43,674</b>	<b>42,281</b>
Net debt : Equity	35%	28%
Net debt : EBITDA	.92x	.79x

- Property, plant and equipment increase mainly due to installation of new services and infrastructure
- Goodwill increase due to acquisition of Oriel Technologies Pty Ltd
- Negotiated approval during 1H15 to increase debt facility up to \$25m
- Facility drawn to \$17m as at 19 Dec 2014, on completion of the Oriel acquisition

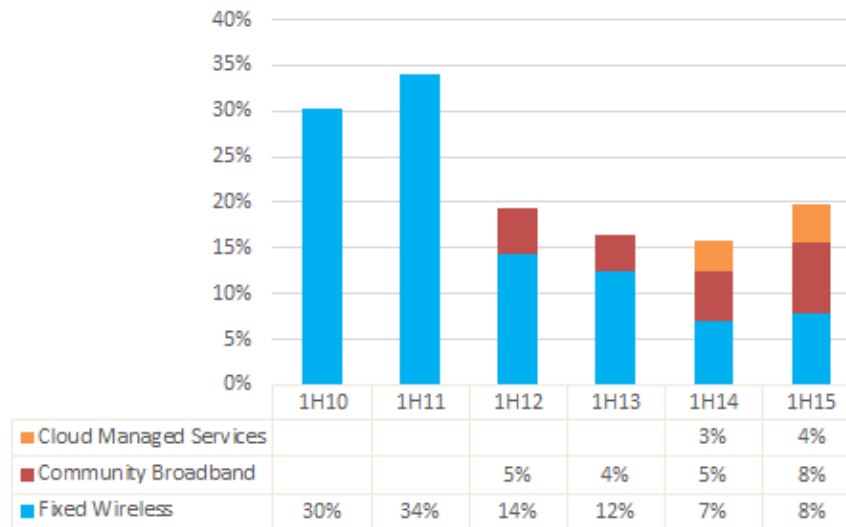
# Strong cashflows

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## Cash flow (\$'000)

Operating activities	6,750
Investing activities - PPE	(5,194)
Investing activities - Acquisitions	(3,352)
Investing activities - other	(375)
Financing activities - Bank Facility	4,079
Financing activities - Dividend paid	(1,850)
Financing activities - other	438
Net increase for the period	496

## Capex as % of Revenue



- Operating cash flows remain strong increasing by 20% versus 1H14
- Significant new investments made in 1H15 to support future growth
- Community Broadband Capex includes some large scale WiFi deployments rolled out in 1H15 to support new projects
- Investments in Cloud and Managed Services include new data centre infrastructure to support hosting and IaaS service growth

# Adding value through strategic **acquisitions**

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## FIXED WIRELESS



Startech acquired in 2014 - addition of highly capable engineering team with large installed base across local government. Student housing assets previously acquired by BGL in FY11



Allegro acquired in 2012 - extensive fixed wireless & fibre network assets across South East QLD and significant player in University housing market



Link Innovations acquired 2012 - marked BGL entry into regional wireless markets



Clever Communications acquired in 2011 - largest competitor in wholesale fixed wireless markets

## COMMUNITY BROADBAND



AccessPlus acquired in 2011 - leading provider to University student housing segment. Represents the nucleus of the BigAir Community Broadband division today.

## CLOUD & MANAGED SERVICES



Oriel Technologies acquired in 2014 - established managed services provider - broadening solutions portfolio



Anittel Communications acquired in 2014 - unified communications and managed services



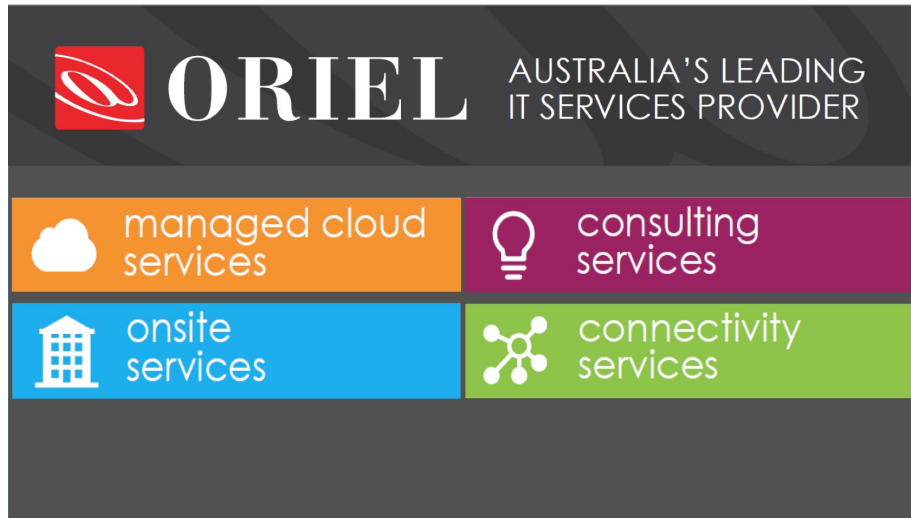
Intelligent IP acquired in 2013 - providing BGL with its first entry into unified communications and managed services





# Adding **value** through strategic acquisitions

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- The Oriel acquisition enhances our capability in the mid-market and enterprise space
- This supplements our existing offerings, enabling us to take a fully Managed IT solution suite to our customers
- Significant opportunity for cross-selling into both Oriel and BigAir customer groups

- Acquired Dec 2014 and consolidated from 19 December 2014
- \$22M revenue in FY14
- Acquisition structured as an earn out over FY15 and FY16



# Cross-sell generating **additional revenues**

## Recent acquisitions providing significant cross-sell and new market opportunities

- Virtual Data Centres (via Anittel and Oriel acquisitions)
  - Directly replacing “hardware” based solutions in BigAir Corporate Base and IIPC customers while providing a streamlined offering for Oriel customers
- Managed networks and managed services (via IIPC, Anittel and Oriel acquisitions)
  - Providing substantial operational benefit to corporate customers across the Group
- Voice and Unified Communications (via Anittel and IIPC acquisitions)
  - Providing hosted PABX, IP Telephony and a full range of fixed network infrastructure (fiber, copper, etc) to complement existing fixed wireless services



**Increased revenue, reduced opex  
and improved customer satisfaction**



# Revenue **growth** Case Study

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## - Education network

- In December 2014 BGL was awarded a 3 year managed WAN contract in NSW to supply a regional independent school association. The supply arrangement has a total contract value of \$2M.
- The deployment comprises 30 sites throughout the region with a combination of both wireless and fixed line connections
- The network design allows for symmetric bandwidths of up to 400Mbps
- The initial deployment will comprise managed WAN, Internet and Virtual Data centre products and has the capability to have voice and video added at a later date
- The project is expected to be installed before end 2H15



# Revenue **Cross Sell** Case Study

## - **Property & Infrastructure**

### Helping our customers help others

- In early FY15 we won a 3 year arrangement to provide WAN, Internet and Wireless as a Service (WAAS) to the retirement living division of an existing client, a multinational property and infrastructure services enterprise
- The deployment comprises 65 sites throughout Australia utilising a combination of fixed and wireless connectivity mechanisms
- Leveraging the capabilities of our Community Broadband division coupled with new service offerings from the acquisitions of Anittel Communications and IIPC each site is deployed with Public Wi-Fi and Managed WAN connectivity
- The introduction of Managed WAN solutions to this customer has provided a platform for significant future growth whilst reducing risk and providing a higher quality of service



# Optimising cost base

## Significant upside targeted through opex consolidation

- Significant focus on opex consolidation putting the squeeze on management and maintenance overhead and cost of sale:
  - Consolidation of processes and procedure
  - Amalgamation of disparate delivery platforms & networks
  - Removal of duplicated infrastructure in Data Centres and POPs
  - Simplifying delivery platforms by removal of redundant elements

**These activities during FY15 are expected to deliver a full year EBITDA contribution of \$1m in FY16.**



# Strategically enhanced operations

## Providing the scale platforms required to underpin future growth

- New Sydney data centre presence in NextDC S1 and Equinix SY3
  - provides much needed room for expansion
  - infrastructure cost savings will be realised from the consolidation of existing data centre infrastructure into these locations
- Juniper Networks selected as strategic partner to provide key components of BGLs Next Generation Network
  - Provides much needed capacity nationally
  - Materially simplifies future product development and service deployment.
  - Next Generation Network will be in production by end of FY15
- All legacy billing systems have been successfully rolled into a single cloud based platform providing much needed consistency in terms of support and customer experience.



# Key priorities for 2H15

- **Our sales focus** is to expand customer ARPU (average monthly spend per customer) through cross-selling our new offerings - Unified Communications, Cloud and Managed Services
- **Operationally**, we are:
  - further consolidating and streamlining our operations and recent acquisitions
  - continuing to drive customer satisfaction and retention
  - developing additional complementary offerings
  - continuing to expand footprint while driving complexity out of operational execution
- **M&A strategy** will continue to identify accretive acquisitions to
  - increase our footprint in strategic markets.
  - improve our penetration into Cloud & Managed Services and Unified Communications verticals



# In summary...

## 1H15 - another record half

- Record financial results across all key metrics
- Strong balance sheet with comfortable gearing
- Strategic expansion into Cloud, Managed Services and Unified Comms
- Key management hires now completed to drive the next phase of growth

## 2H15 - more growth expected

- Complete integration of acquisitions and drive efficiencies
- Continue to expand network into strategic markets
- Continue to diversify Community Broadband into adjacent markets
- Generate additional business revenue through cross-selling Cloud, Managed Services and Unified Comms to existing BigAir customers
- There's more to come ...





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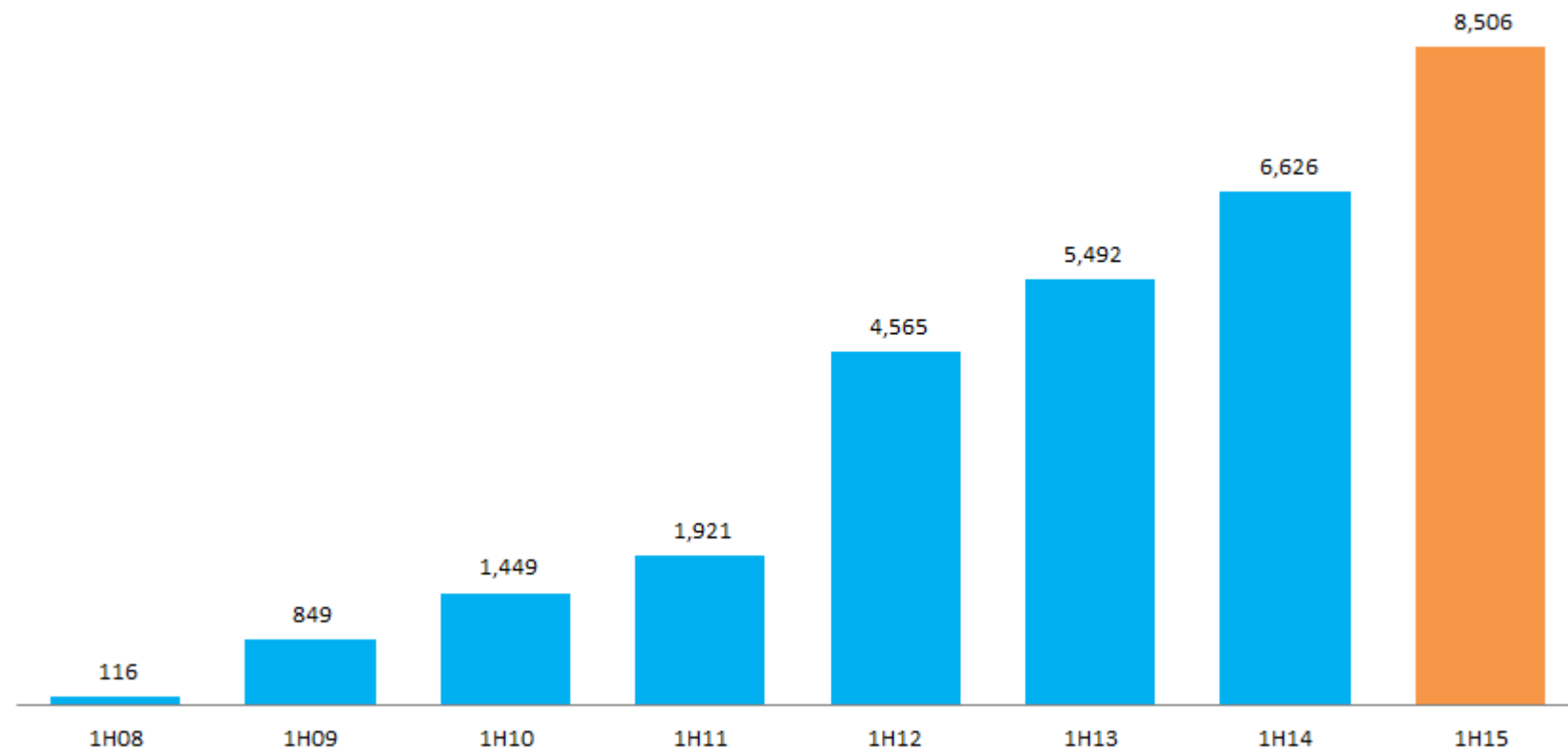
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# Q&A

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## Underlying EBITDA (\$m)



# Appendix 1 : Reconciliation of underlying EBITDA and NPAT

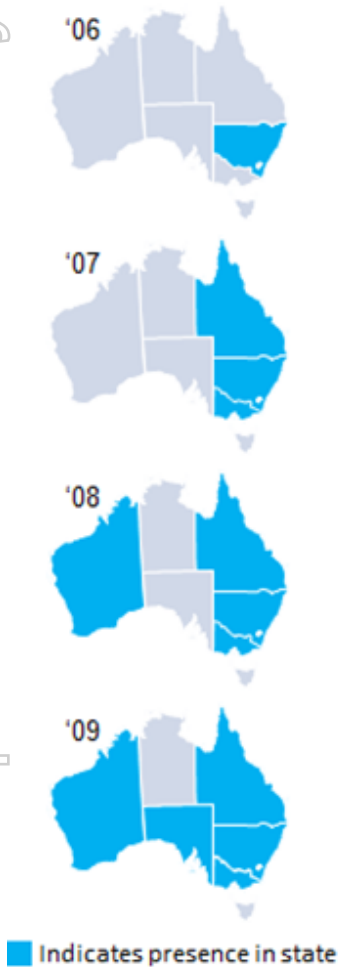
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	Current period	Previous corresponding period
EBITDA	8,247,700	6,565,743
Deal and restructure costs	258,794	64,461
<b>Underlying EBITDA</b>	<b>8,506,494</b>	<b>6,630,204</b>
NPAT	2,846,356	2,549,905
<i>After tax effect of:</i>		
Amortisation of acquired customer bases	452,354	271,800
Deal and restructure costs	181,156	45,123
<b>Underlying NPAT</b>	<b>3,479,866</b>	<b>2,866,828</b>

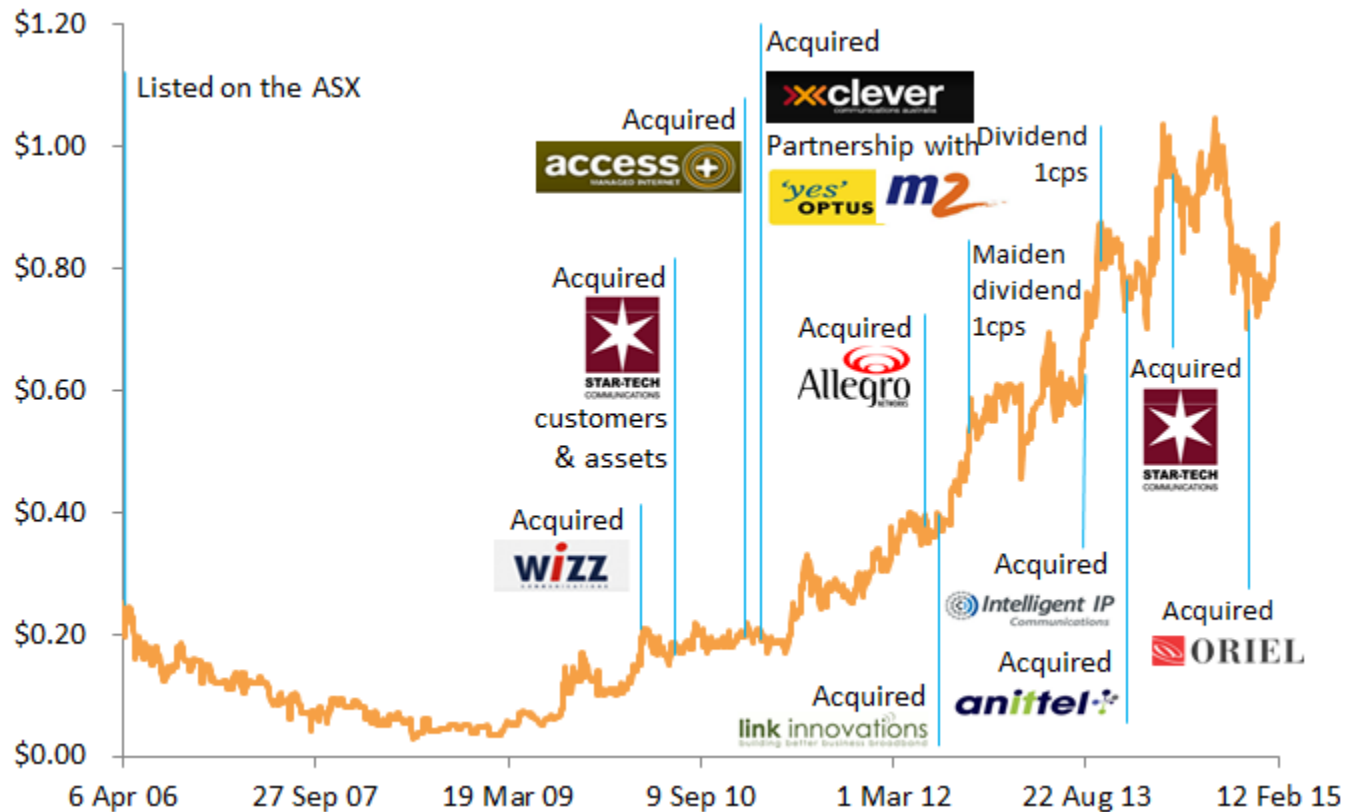


# Appendix 2 : Track record of building shareholder value

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## Share price and key events since listing



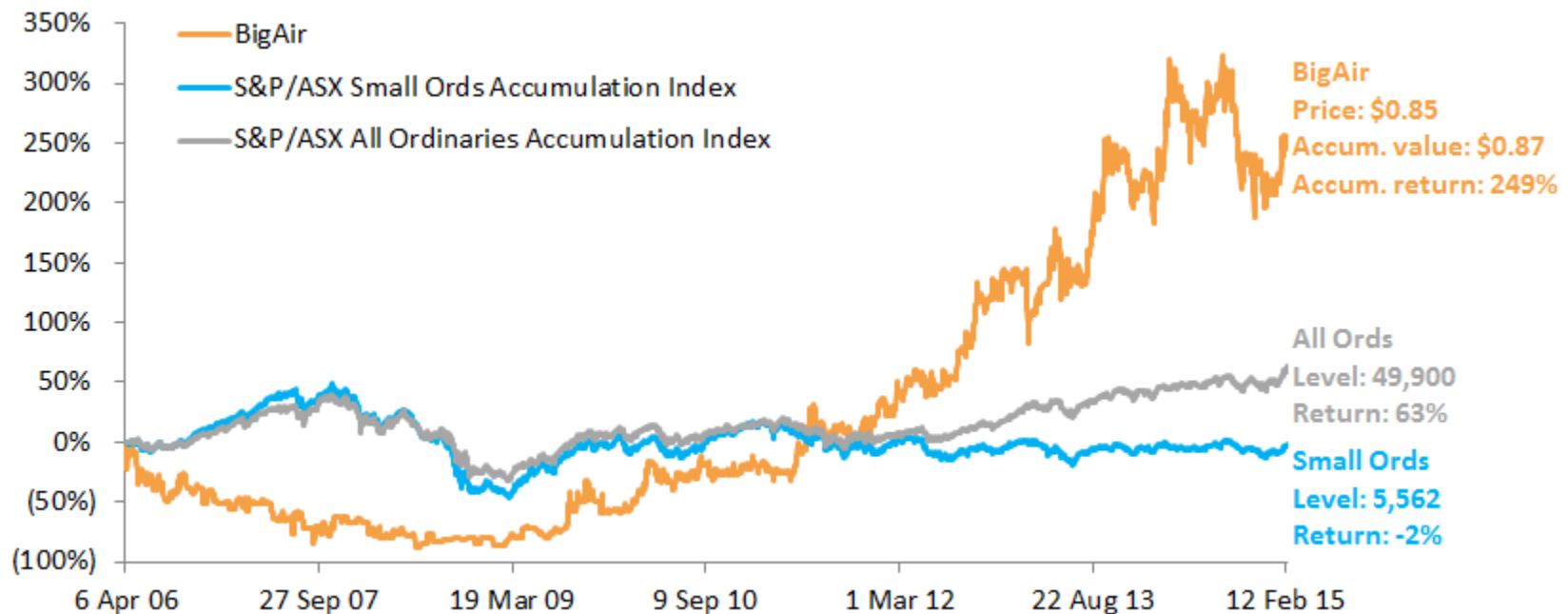
Source: IRESS as at 13 February 2015.



# Appendix 3 : Generating superior shareholder returns

**\$1.00 invested at listing has grown to \$3.49 at 13 Feb 2015**

Accumulated return since listing (%)



Assumptions: Listing date of 6 April 2006, closing price of \$0.850 on 13 February 2015 and reinvestment of FY12, FY13 and FY14 dividends at share price on ex-dividend date.

Source: IRESS as at 13 February 2015.



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