



ASX / Media release

BigAir Group achieves another record half year result

18 February 2014 – BigAir Group Limited (ASX: BGL) is pleased to announce another record half year financial performance for the six months ended 31 December 2013 (1H14), with growth across all key metrics.

Jason Ashton, BigAir's Chief Executive Officer, said the growth achieved was a clear indication of the success of the Company's strategy to build a scalable and sustainable business that delivers strong shareholder returns.

"A series of successful acquisitions between 2010 and 2012 cemented BigAir's position as the largest provider of business grade fixed wireless broadband services in Australia, as well as the leading provider of managed Internet services to the tertiary student accommodation market. This laid the foundation for our recent expansion into the exciting new growth market segments of Cloud, Managed services and Unified Communications.

"In the last six months we made a strategic entry into these markets via the acquisitions of Intelligent IP [IIPC] in September 2013 and Anittel Communications [ACPL] in January 2014. The integration of these recent acquisitions is on track to be completed before the end of 2015. These acquisitions once fully integrated are expected to expand our revenues and earnings significantly and ultimately to drive shareholder value," added Mr Ashton.

IIPC was included in the 1H14 result for three months of the half year as it was consolidated from 1 October 2013, while ACPL did not contribute to the 1H14 result as the purchase was only completed effective 31 January 2014.

1H14 highlights:

- Revenue up 19% to \$17.83 million (1H13: \$14.97 million)
- Gross Profit up 20% to \$12.56 million (1H13: \$10.5 million)
- EBITDA up 36% to \$7.35 million (1H13: \$5.40 million)
- NPAT up 53% to \$3.10 million (1H13: \$2.03 million)
- Earnings Per Share up 48% to 1.85 cents (1H13: 1.25 cents)
- Underlying¹ EBITDA up 35% to \$7.42 million (1H13: \$5.49 million)
- Underlying NPAT up 44% to \$3.42 million (1H13: \$2.37 million)
- Underlying Earnings Per Share up 40% to 2.04 cents (1H13: 1.46 cents)

¹ After removal of one-off costs and amortisation of acquired customer bases associated with business combinations. As a result, BigAir considers underlying EBITDA and underlying NPAT to be more suitable indicators of operating performance.

Reflecting on the strong performance of BigAir during 1H14, Mr Ashton said: "Our acquisition strategy is continuing to drive strong top line revenue growth, and it is particularly pleasing that the healthy margins we enjoy as an infrastructure owner continue to be preserved. We are now well positioned for the future given the company's greatly expanded suite of products and services."

"IIPC and ACPL are the two largest and most significant acquisitions we have undertaken since we commenced our M&A strategy approximately 3.5 years ago. The acquisitions have given us considerable knowledge and intellectual property around Cloud, managed services and unified communications. These service offerings are highly complementary with BigAir's existing network solutions and customer assets and they will be consolidated, rationalised and enhanced to provide a broader portfolio of services to our entire customer base.

"The cross-sell opportunity is already evident with IIPC where value added services already represent 38% of its revenue. A number of these offerings are based on intellectual property that we own. Leveraging this gives us a larger portion of the customer's spend, rather than paying out licence fees to third parties," added Mr Ashton.

Industry network and managed services veteran Scott Atkinson (ex Dimension Data Cloud CTO for Mid-Market) has been appointed CTO of Cloud and Managed Services to develop and drive this portfolio. Scott has over 15 years experience in the managed services space, having previously owned a successful managed services company that was later acquired by Dimension Data.

Outlook

In commenting on the outlook for the business Mr Ashton said: "BigAir is in a unique position to benefit from attractive industry fundamentals that are expected to drive strong organic growth across the company's business solutions and community broadband divisions."

"In addition to continued organic growth across BigAir's existing businesses, the second half of the 2014 financial year will benefit from the inclusion of a full six months of revenue and earnings from IIPC as well as five months from ACPL. The company expects to complete the integration of these businesses by the end of 2015. In addition, a number of additional acquisition opportunities exist that could add further scale and leverage to BigAir's current market position.

"With an expanded suite of business telecommunications solutions now in place, there are substantial opportunities to expand our revenue through cross-selling services to our existing customer base. We have already had some initial success cross-selling the unified communications platform to BigAir customers with one of the largest hotels in Sydney and a long standing data customer signing up in December 2013.

"We are also having early success expanding BigAir's community broadband division into the newly identified growth markets of Retirement Living and Public WiFi. In December 2013 we successfully designed, built and delivered a proof of concept site for a shopping centre WiFi solution for an ASX100 company with an extensive retail

property portfolio. We also delivered our first retirement village WiFi solutions into two brownfield sites last month for an existing customer that has a portfolio of approximately 70 retirement living sites," added Mr Ashton.

The tertiary student market has also expanded in 2014 with total University student beds under contract growing to approx 32,000 spread across 160 sites. In addition BigAir has signed up its first student site for delivery of managed IPTV infrastructure alongside managed WiFi.

The company is on track for monthly underlying EBITDA to exceed \$18 million as an "annualised run-rate"² during the second half of FY14.

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About BigAir Group Limited

BigAir owns and operates Australia's largest metropolitan fixed wireless broadband network. The Australian business market comprises nearly one million businesses and BigAir's network provides near blanket coverage across its largest cities including Sydney, Melbourne, Brisbane, Perth, Adelaide, Newcastle, Gold Coast, Sunshine Coast and Darwin, with further rollout currently underway. BigAir provides data solutions through its Channel partners that include Tier 1 and Tier 2 carriers and IT service companies and also through its own Corporate solutions team that can design and manage large corporate communication networks.

The BigAir Unified Communications division provides customers with innovative, fully integrated Cloud, Managed Services and Unified communications solutions, designed to satisfy business requirements in delivering reliable, feature rich, business grade services, backed by industry leading service and support.

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia, with network infrastructure at more than 160 sites nationally, servicing large common areas and approximately 32,000 beds. BigAir is able to provide a complete end to end solution for student accommodation providers including both wireless and wired infrastructure delivering high speed broadband along with its advanced billing systems and 24/7 operational support systems. The Community Broadband division also supplies managed communications and WiFi solutions into Retirement Living villages, Shopping Centres, local councils and remote mining camps.

BigAir's competitive infrastructure advantage includes its state-of-the-art carrier-grade fixed wireless network which allows installation of dependable symmetric broadband services at speeds up to and beyond 1000Mbps with installation taking as little as a few hours. The fixed wireless network is also available in combination with traditional fixed line infrastructure such as fiber to provide critical network and application infrastructure with complete technology and carrier diversity.

For further information please visit www.bigair.com.au

² annualised run rate is monthly EBITDA multiplied by 12