

ASX Announcement

20 August 2018

FY18 Full Year Results Announcement

Superloop Limited (**ASX: SLC**) (**Company**) is pleased to announce its financial results for the year ended 30 June 2018 (FY18) with growing revenue and earnings underpinned by the Company's expansion strategy.

Commenting on the FY18 result, Superloop Chief Executive Officer Drew Kelton said: *"We have a fantastic team at Superloop that has again delivered on the Company's operational plan and strategic priorities to generate exceptional growth in revenue, earnings, profit and cashflow in FY18. Over the past 12 months, Superloop has acquired two strategically compelling businesses and is now integrating them. In addition, the team has continued to focus on disruptive innovation to organically grow the business by expanding Superloop's physical and active networks in Australia, Singapore and Hong Kong."*

FY18 financial performance highlights include:

- Reported Net Profit after Tax (NPAT) of \$7.1 million (FY17: net loss of \$1.2 million)
- Reported EBITDA up 533% to \$29.1 million (FY17: \$4.6 million)
- Underlying EBITDA up 240% to \$30.6 million¹ (FY17: \$9.0 million), with Australia, Singapore and Hong Kong networks all achieving positive EBITDA before allocation of corporate overheads
- Australia continues to scale
- Singapore reflects increased recurring contracted revenue
- Hong Kong reflects contribution from a long-term strategic sales arrangement
- Revenue up 109% to \$125.2 million (FY17: \$59.8 million²)
- Profit after direct costs up 133% to \$74.0 million (FY17 \$31.8 million)
- Positive operating cash flow of \$37.9 million (FY17: \$4.7 million)
- Earnings per share (EPS) of 3.2 cents (FY17: loss per share 0.7 cents)

FY18 operational performance highlights include:

- Successful transition of CEO
- Successful sales activities:
 - increasing recurring revenue base for ongoing sustainable earnings
 - completion of long term strategic sales arrangements for each network
- Expansion of physical and active networks in each market:
 - progression of roll out of an Australian national backbone connecting all of the nbn's 121 Points of Interconnect (excluding Hobart and Launceston)
 - long-term capacity arrangements with carriers in Singapore and Hong Kong
 - long-term agreement with Southern Cross to expand international capacity
- Strategically compelling acquisitions

¹ After adding back \$0.6 million for transaction costs and \$0.9 million for integration costs

² BigAir contributed to the previous corresponding period from 21 December 2016 to 30 June 2017

- NuSkope adds a portfolio of strategic assets including wireless network infrastructure and sophisticated service qualification tools and customer database
- GX2 Holdings accelerates the Group's existing community broadband campus solution and brings technology, software and systems with significant value for the combined Group
- Innovation driving growth of nbn services
 - acquired 10,000 fixed line broadband subscribers kickstart the Group's position in the retail nbn marketplace with Superbb (Superloop's new retail internet service provider)
 - developed the nbn co Business to Business interface allowing wholesale customers to access the nbn platform via the Superloop 360 portal
- Significant construction progress for the development of the INDIGO subsea telecommunications cable systems connecting Singapore, Jakarta, Perth and Sydney will provide strategic international capacity and the basis of connectivity between Superloop's metropolitan networks

Exceptional growth in revenue, earnings, profit and cash flows over FY18

Group revenue grew strongly, up 109% to \$125.2 million.

The Group's operating segment, Superloop, which includes fixed line and fixed wireless connectivity solutions for Wholesale and Enterprise customers and the INDIGO project, grew revenue by 100% to \$61.2 million. Within this segment:

- Australian network revenue was up 84% to \$47.2 million, including \$21.8 million from Fixed Wireless services and \$13.8 million from the development of subsea cable facilities
- Singapore network revenue was up 85% to \$7.2 million reflecting ongoing increases in contracted recurring revenue
- Hong Kong network revenue was up 580% to \$6.8 million, including the recognition of revenue from a long-term strategic sales arrangement

Superloop+ (previously Cloud & Managed Services) revenue was up 68% to \$36.6 million reflecting the contribution for the full year from BigAir's "CMS" business.

Superbb (broadband services) revenue was up 286% to \$26.7 million reflecting a full year contribution from Campus Broadband Solutions (\$12.8 million) as well \$6.7 million from NuSkope (since 13 October 2017) and \$7.1 million from GX2 Technology (since 17 November 2017).

Underlying EBITDA was up 240% to \$30.6 million, with Australia, Singapore and Hong Kong networks all contributing positive EBITDA before allocation of corporate overheads.

The Group achieved its first positive full year Net Profit after Tax, with a \$7.1 million after-tax profit generated in FY18 (compared to a loss of \$1.2 million in FY17). The positive FY18 profit result was achieved even after including \$0.6 million of transaction costs associated with the acquisitions of NuSkope and GX2, and \$0.9 million of integration costs. Also included in the result was non-cash amortisation for acquired customer relationships and brand names of \$5.5 million and non-cash share-based payments of \$0.4 million.

Operating cash flow mirrored the profit results, with positive cash inflows of \$37.9 million in FY18 generated (compared to \$4.7 million in FY17). The strong operating cash flow supported further investment in the Group's network and infrastructure – \$46.6 million was invested in property, plant and equipment (including \$18.9 million for SubPartners' share of construction costs for the INDIGO

subsea cable systems), and \$21.8 million was paid for long term network and capacity access agreements. \$12.3 million was paid as part consideration for the acquisitions of NuSkope and GX2 Technology.

Strong balance sheet

At 30 June 2018, Superloop had network assets of \$220.0 million – \$182.1 million of property, plant and equipment, and \$39.9 million of long-term network access agreements. In addition, the Company had \$15.4 million cash and available debt facility headroom of \$14.7 million, providing funding flexibility for committed projects.

Progress of INDIGO subsea cable project

Over FY18, Superloop achieved the following key operational milestones that, subject to prevailing weather conditions, could see the INDIGO subsea cable project completed ahead of schedule by the end of this financial year:

- Completed the INDIGO subsea cable project marine survey
- Completed the drilling phase of the Company's seaward facing bore pipe project in Sydney. The 1,900 metre-long bore-hole facilitates the landing of two subsea telecommunication cables including the INDIGO cable system
- Completed installation of the beach manhole in Sydney, in readiness for the INDIGO Central cable
- Completed an agreement to provide the Company's second submarine cable landing facility to Southern Cross
- Completed cable system manufacturing and factory testing for both INDIGO West and INDIGO Central
- Approximately 75% of the total cable from INDIGO West and Central has been loaded on to its lay vessel, and has commenced lay operations from Christmas Island in a southerly direction towards Perth and then on towards Sydney
- The remaining 25% of the cable was loaded on to a cable freighter in mid July, and lay operations from Singapore towards Christmas Island will commence in mid September
- Both marine operations are expected to complete in December 2018 however prior to this, cable landing events are expected to occur in Perth, Sydney, Jakarta and Singapore from September 2018

Acquisition of NuSkope expands Superloop's network and assets

In October 2017, Superloop completed the acquisition of leading fixed wireless Internet Service Provider, NuSkope. This acquisition delivered Superloop a portfolio of strategic assets including ownership of existing wireless network infrastructure, a sophisticated network coverage service qualification tool and valuable CRM database.

NuSkope's South Australian network infrastructure provides Superloop with further network ownership economics and control – enhancing Superloop's existing fixed wireless infrastructure, offering synergies through network cost savings and allowing further utilisation of capacity accessed through the long-term agreement with Vocus.

From 13 October 2017 through to 30 June 2018, NuSkope contributed revenue of \$6.7 million and EBITDA of \$3.5 million to the Group's result.

Acquisition of GX2 Technology accelerates expansion of campus broadband solutions

The acquisition of GX2 in November 2017 allows Superloop to support and accelerate the Group's community broadband platform internationally while leveraging GX2's comprehensive software platform at Superloop's existing campus locations. In addition, this acquisition provides the opportunity to develop new leading-edge offerings in combination with Superloop's Asian network.

From 17 November 2017 through to 30 June 2018, GX2 generated revenue of \$7.1 million from installation, ongoing management fees and hardware sales, and EBITDA of \$1.2 million.

nbn integration supports additional growth

Superloop has completed its nbn B2B acceptance, which will allow retail service providers (RSPs) to directly integrate their platforms onto the nbn platform via the Superloop 360 portal. This integration represents a significant investment by the Superloop software development team in delivering an automated provisioning and service nbn experience for our wholesale customers. Superloop's retail ISP, Superbb, will also be using this interface.

Scaling up executive and strategic firepower

On 1 July, Drew Kelton, a globally experienced technology company executive, commenced as Superloop's new Chief Executive Officer to drive the performance of the business through its next growth phase. Founder and former CEO, Bevan Slattery, moved into the role of Executive Director to focus on strategic priorities and lead the Company's innovative approach to technology and systems.

Mr David Thorn has been appointed as Group General Manager, Sales. David will replace Matt Hollis who tendered his resignation in July and will be finishing as an executive with Superloop in September 2018. David has extensive experience as a telecommunications executive having previously held senior roles with Level 3 Communications in Europe and Telstra Enterprise & Government in both Europe and Australia. David will commence his employment with Superloop in October.

Mr David Thomas has been appointed Chief Commercial Officer. David has 29 years' experience as an international telecoms executive with senior roles in sales, marketing, commercial operations, product development, strategy & corporate development at Telstra, BT Group and AT&T after joining Telecom NZ as a trainee engineer. Most recently, a strategic adviser to shareholders, boards and executives, he has worked with a number of small organisations in the fields of cloud cyber security, artificial intelligence computing, secure M2M communications, smart-grid infrastructure, security technology distribution and technology related field services. David has been consulting to Superloop since April 2018.

After two and a half years with Superloop, Group Chief Financial Officer Paul Jobbins has tendered his resignation and will be finishing his employment during September 2018. We thank Paul for his contributions and efforts since joining in 2016 and wish him every success in his new role. Paul will participate in Superloop's FY18 annual results presentations as usual.

The Company is actively engaged in an executive search and have identified a number of suitable candidates. We expect to announce the appointment of a candidate shortly. Paul will also step down as Superloop's Company Secretary during September. Superloop will announce the appointment of a replacement Company Secretary prior to his departure.

Positive outlook for continued growth through integrating and leveraging Superloop's infrastructure

Commenting on the Company's positive growth outlook, Mr Kelton said:

"We have significant opportunities to continue expanding our access networks to strategic sites in Australia, Singapore and Hong Kong to drive ongoing organic growth and leverage the infrastructure already in place. The roll out of our new Australian national backbone is driving national sales opportunities including the ability to support our wholesale customers' access to the nbn platform. We will also continue to hyperscale our fixed wireless network offering in Australia as customers seek increasingly fast and reliable broadband to support their businesses.

"Construction of one of our biggest infrastructure projects, the INDIGO international subsea cable system, is progressing ahead of plan, and subject to weather conditions could be completed ahead of schedule and before the end of this financial year. Once complete, Superloop will be able to offer its customers a fully meshed pan-Asian network, and position the Company for substantial growth in the years ahead."

"The strategically compelling acquisitions of NuSkope, GX2 Technology and Skymesh's fixed line customers have further expanded our customers, network and added additional solutions for Superloop. With the integration of these businesses now nearing completion, we are seeing synergies and efficiency being realised. We expect the cost savings and revenue synergies from these acquisitions to drive increased revenue and earnings in FY19 and beyond.

"Our network assets, strategic acquisitions and rigorous sales execution is now delivering growth in monthly recurring revenue. Our continued focus is to accelerate this in scale and predictability."

The Company intends to hold its Annual General Meeting in Brisbane on Monday 29 October 2018.

ADDITIONAL INFORMATION

Investor enquiries:

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About Superloop

Superloop's vision is to be the most trusted enabler of connectivity and managed services in Asia Pacific.

The Group owns and operates over 670 km of carrier-grade metropolitan fibre networks in Australia, Singapore and Hong Kong, connecting more than 275 of the region's key data centres and commercial buildings.

Superloop has constructed a core network in Singapore connecting major data centres, key enterprise buildings and cable landing stations. The network includes a low-latency, diverse loop to the Singapore Stock Exchange (SGX) for secure, real-time data transactions. It is continually expanding with further diverse connections to strategic sites being constructed.

In Hong Kong, Superloop has established a 110 km fibre optic network to initially connect 30 strategic sites including the Hong Kong Stock Exchange data centre. The Company has constructed TKO Express, the first submarine cable to connect the traditional carrier hotels located in Chai Wan on Hong Kong Island and the data centre campus located at Hong Kong Science and Technology Park's Tseung Kwan O Industrial Estate on the mainland, providing much

needed physical diversity and a low latency path between Hong Kong's major finance and technology hubs. TKO Express is the world's largest fibre core count subsea cable system.

Superloop also owns and operates an advanced, large-scale fixed wireless broadband network, including more than 300 wireless PoPs, delivering business-grade services at speeds up to 1Gbps.

Submarine cable infrastructure provider, SubPartners, will expand Superloop's trans-Australian and international capacity, giving the Company ownership of international submarine cable capacity as a member of the INDIGO consortium which is constructing the INDIGO West cable system (Singapore to Perth) and the INDIGO Central cable system (Perth to Sydney).

Superloop+ provides a diverse range of ICT services to small-to-medium enterprises, government, retail, mining and education customers across Australia. Services include communications, network infrastructure, Cloud-based solutions and managed services. The segment includes CyberHound, a provider of cyber safety solutions to primary and secondary schools.

Superbb provides residential and campus broadband services including residential fixed wireless and nbn internet services as well as connectivity services for hotels, student accommodation sites and schools.

For more information, visit: www.superloop.com