

ASX Announcement

27 February 2017

1H17 HALF-YEAR RESULTS

Superloop Limited (**ASX: SLC**) is pleased to announce its financial results for the half-year ended 31 December 2016 (1H17), a period that saw:

- the transformative acquisition of BigAir Group Limited (“BigAir”) by Superloop, with earnings from BigAir contributing for 10 days since 21 December 2016
- Singapore network achieve EBITDA break-even before allocation of corporate overheads
- Group EBITDA break-even based on contracted revenue before Hong Kong operating costs, transaction costs and before BigAir contribution
- Initial revenue booked on the Hong Kong network following its launch in December 2016

Commenting on the first half, Superloop Executive Chairman and CEO Bevan Slattery said: “Over the past six months we have established a platform to take advantage of the strong structural growth drivers across the region as we continue to pursue our vision to be a leading independent provider of digital services in the Asia Pacific region.”

“Superloop has achieved major milestones in infrastructure development with the launch of the Company’s network in Hong Kong and expansion of its network in Singapore. We added significant coverage to our Australian network and successfully completed the transformative acquisition of BigAir Group, which we are busy integrating. Our focus now is to execute key strategic sales opportunities and continue the development of products, leveraging our established infrastructure,” added Mr Slattery.

1H17 financial overview

- Revenue from ordinary activities of \$8.8 million, up 351% (1H16: \$1.9 million)
- Reported EBITDA loss of \$6.5 million
- Underlying EBITDA loss of \$2.2 million (1H16: \$3.5 million loss)
- Reported Net Loss after Tax of \$2.0 million (1H16: net loss of \$3.5 million)

Australian operations contributed revenue from customers of \$7.0 million for the half-year (1H16: \$1.7 million), including \$2.2 million from BigAir Group for the 10 days since 21 December 2016. The Singapore network contributed revenue from customers of \$1.1 million (1H16: \$0.2 million) having been launched in 1H16.

Reported gross margin in 1H17 increased to 37.6% (1H16: 27.6%) reflecting an increase in Superloop’s on-net revenue from 28% at 30 June 2016 to 38% at 31 December 2016.

Over 1H17, \$24.1 million was invested in the development of fibre infrastructure assets across Australia, Singapore and Hong Kong. Final project payments for the Hong Kong network and TKO Express submarine cable will be made in 2H17, representing the completion of planned major capital works for Superloop.

Strong balance sheet supports growth

In September 2016, the Company raised \$65 million in equity capital and increased its three-year debt facility with the ANZ Bank to \$80 million to fund the cash consideration for the

acquisition of BigAir Group. Pleasingly, 65% of BigAir shareholders elected to receive all Superloop shares as consideration for the acquisition as opposed to cash and shares option. This resulted in the cash consideration paid, and the repayment of BigAir bank debt, being funded from Superloop's cash reserves. At 31 December 2016, the Company held cash and cash equivalents of \$14.7 million and had available debt facility headroom of \$65.0 million, providing sufficient funding flexibility for currently planned projects and future expansion.

Key operational milestones

Over 1H17 Superloop achieved the following significant operational milestones:

- Installed over 160 km of fibre, taking total installed fibre to 540 km
- Completed installation and testing of the first 110km backbone fibre cable network (1,000 cores) for launch of the initial Hong Kong network in December 2016
- Progressed construction of TKO Express submarine fibre-optic cable between Chai Wan on Hong Kong Island and the data centre campus located at Tseung Kwan O Industrial Estate on the mainland
- Completed the expansion of the Singapore network to strategic locations including the IO, NTT and Singapore Exchange data centres with diverse paths
- Connected 16 new enterprise buildings in Singapore, with 30 on-net at 31 December 2016 (of initial target of 25 high value buildings)
- Connected 18 new strategic data centres across the region, with 70 on-net at 31 December 2016
- Strengthened sales team with key appointments in Singapore and Hong Kong and announcement of Mr Matt Hollis joining as Group GM, Sales and Marketing (see below)
- Signed our first global reseller agreement with a US based technology services consultant providing advanced, custom solutions to the enterprise market

In February 2017, Superloop received delivery of the second cable (additional 1,000 cores of fibre) for its initial 110 km fibre optic network in Hong Kong. Testing and acceptance of the cable is expected to be completed this month. Additionally, installation and end to end testing of TKO Express has now been completed prior to commissioning of the cable into the wider Hong Kong backbone network. The cable is expected to be available for customer access during March 2017.

Mr Slattery said "The achievement of these significant milestones further demonstrate the exceptional efforts of our Hong Kong project team, our construction partner and our contractors' commitment and ability to deliver leading edge networks on time and on budget. Combined with our Australia and Singapore networks, we are uniquely positioned as a true Pan-Asian fibre network owner and operator."

Throughout 2H17 and beyond, additional sites will be added to Superloop's networks to meet customer demand.

Expansion of Australian capacity

The 15-year capacity agreement with Vocus, announced on 22 February 2017, expands Superloop's existing Australian network to a truly national footprint, immediately increasing international, inter-capital, regional Ethernet access and metropolitan fibre capacity. The arrangement ensures that Superloop will realise additional cost synergies from the BigAir Group acquisition, and underwrites the business case to provide high speed connectivity solutions to regional Australia. Further, it minimises Superloop's requirement for significant infrastructure build in the already competitive Australian market. Initial services will be provisioned from July 2017 with synergies through migration of existing services being realised soon after.

Acquisition of BigAir Group

On 21 December 2016, Superloop completed the acquisition of BigAir Group by recommended Scheme of Arrangement. The Company is pleased to advise that integration is progressing well with the cultures of Superloop and BigAir closely aligned.

In addition to a full suite of connectivity, cloud and managed services solutions, the acquisition brings more than 2,200 customers, over 300 points of presence throughout Australia, additional data centre locations and additional installed fibre plus significant recurring revenue and a growing sales pipeline. BigAir also owns and operates one of Australia's largest fixed wireless networks which today provides high speed broadband and data services to both the wholesale and enterprise markets.

The combination of Superloop's rapidly expanding fibre and backhaul infrastructure with BigAir's extensive wireless points of presence provides a unique platform from which the Company intends to provide high speed data infrastructure using emerging millimetre wave technologies that are today being pioneered by companies like Facebook, Google and AT&T. This network will be designed to provide speeds of up to 10 Gbps and will offer a compelling alternative for businesses and wholesale partners.

Since December, more than \$1.5 million of annualised corporate synergies have already been realised with further cost savings expected. Detailed planning for network integration is underway and has led to an expectation of achieving network cost savings greater than the previously stated goal of \$2 million to \$3 million. The integration of sales and product teams has also commenced with cross selling opportunities already being pursued and significant opportunities emerging for the fixed wireless and managed service offerings in the Asia-Pacific region.

Senior executive team appointments

Superloop has appointed a Board and senior executive team to guide the Company through its next phase of growth:

- Jason Ashton, co-founder and CEO of BigAir Group Limited, has been appointed an Executive Director and continues to manage BigAir's business units
- Matt Hollis has been appointed Group GM, Sales and Marketing effective 1 March 2017 and will serve as an Executive Director
- Paul Jobbins, Superloop's General Manager, Corporate and Strategy, has been appointed Group Chief Financial Officer and will continue to serve as Superloop's Company Secretary.

2H17 Priorities and outlook

Priorities for the second half include the integration of BigAir to realise cost and revenue synergies leveraging the Group's expanded Australian capacity. Superloop will continue to expand access networks to major commercial buildings in Singapore, Hong Kong and Australia, and will upgrade and hyperscale the microwave network offering in Australia.

Focus will be directed towards the execution of key strategic sales opportunities in each market and the development of products to leverage established strategic infrastructure and relationships. BigAir's product suite (including CyberHound) will be expanded to Singapore and Hong Kong.

Superloop will continue to evaluate new markets and potential acquisitions that the Company believes are of strategic value.

ADDITIONAL INFORMATION

For further comment or other information please contact:

Investor enquiries:

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About Superloop

Superloop is a leading independent provider of digital services in the Asia Pacific region.

The Group owns and operates over 540km of fibre networks in Australia, Singapore and Hong Kong, connecting over 70 of the region's key data centres. The network is continually expanding with further diverse connections recently completed to the Singapore Exchange, IO and NTT data centres in Singapore.

In Hong Kong, Superloop has established a 110km 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.

The Group also operates businesses including BigAir Group, APEXNetworks and CINENET Systems.

For more information, visit: www.superloop.com