

ASX Announcement

26 February 2018

H1 FY18 Results Announcement

Superloop Limited (ASX: SLC) is pleased to announce its financial results for the six months ended 31 December 2017 (H1 FY18) with an increase in revenue and earnings reflecting the Company's expansion strategy. Key highlights included:

- Australia, Singapore and Hong Kong networks achieving positive EBITDA before allocation of corporate overheads.
- Acquisition of NuSkope Pty Ltd (earnings contribution from 13 October 2017)
- Acquisition of GX2 Holdings Pty Ltd (GX2) (earnings contribution from 17 November 2017)
- Significant progress on the construction of the INDIGO subsea cable systems connecting Singapore, Jakarta, Perth and Sydney
- Oversubscribed \$20 million capital raising and successful \$15 million Share Purchase Plan Offer

Commenting on the first half's result, Superloop CEO Bevan Slattery said: *"Over the past six months we have continued to grow at a fast pace. The growth in revenue and earnings over the first half last year reflects our regional growth strategy and further strengthens the Company's long term aspirations. Operationally, we have focused on integrating networks and systems across Australia and the Asia Pacific region, while also acquiring strategic bolt-on businesses that complement our existing capabilities."*

Financial highlights (vs H1 FY17)

- Revenue up 533% to \$55.5 million (H1 FY17: \$8.8 million^[1])
- Profit after direct costs of \$30.8 million (H1 FY17 \$3.1 million)
- Substantial turnaround in reported Earnings before interest, tax, depreciation and amortisation (EBITDA) to \$11.8 million (H1 FY17: loss of \$6.5 million)
- Substantial turnaround in Underlying EBITDA to \$12.5 million^[2] (H1 FY17: loss of \$2.2 million)
- Reported Net Profit after Tax (NPAT) of \$1.8 million (H1 FY17: net loss of \$2.0 million)
- Continued increase in EBITDA in Singapore with growth in recurring contracted revenue
- Positive contribution to EBITDA in Hong Kong reflecting contribution from strategic deals
- Record new sales in two consecutive quarters to contribute to growth in earnings in H2 FY18 and FY19

The Group's operating segment, Superloop, which includes Wholesale and Enterprise solutions (previously Connectivity) grew revenue \$20.9 million to \$27.9 million. Within this segment:

- Australian network revenue was up 227% to \$20.4 million including \$10.6 million from the acquired Fixed Wireless network and \$3.5 million from the development of landing facilities for the INDIGO cable system.

¹ BigAir contributed to the previous corresponding period from 21 December 2016 to 31 December 2016

² After adding back \$0.2 million for one-off transaction costs and \$0.5 million for integration costs

- Singapore network revenue was up 182% to \$3.0 million reflecting ongoing increases in contracted recurring revenue.
- Hong Kong network contributed revenue of \$4.5 million, including the recognition of revenue from a long-term strategic sales arrangement.

Superloop+ (previously Cloud & Managed Services) revenue was up \$16.8 million to \$18.0 million reflecting the contribution for the full half year from BigAir's "CMS" business.

Superbb (broadband services) contributed revenue of \$9.8 million, up from \$0.1 million in H1 FY17 reflecting contribution from Campus Broadband Solutions for the full half (\$6.8 million) as well as contributions of \$1.9 million from NuSkope (since 13 October 2017) and \$1.1 million from GX2 Technology (since 17 November 2017).

Net Profit after Tax of \$1.8 million, up from the H1 FY17 loss of \$(2.0) million, included \$0.2 million of one-off transaction costs associated with the acquisitions of NuSkope and GX2, and \$0.5 million of integration costs relating to BigAir Group. Also included in the result is non-cash amortisation for acquired customer relationships and brand names of \$2.8 million and non-cash share-based payments of \$0.2 million.

Operating cash flow for the period of \$6.3 million increased \$11.0 from negative operating cash flow of \$4.7 million for H1 FY17. During the period, \$17.5 million was invested in property, plant and equipment including \$6.7 million for SubPartners' share of construction costs for the INDIGO subsea cable systems. Along with further capital investment in the second half, a further \$15.0 million is expected to be invested in INDIGO construction during H2 FY18.

Cash payments of \$13.0 million were made as part consideration for the acquisitions of NuSkope and GX2 Technology.

Successful capital raising of \$35 million to support growth strategy

In September 2017, Superloop completed an oversubscribed, fully underwritten Placement of \$20.0 million. In addition, the Company raised approximately \$15 million via a heavily oversubscribed Share Purchase Plan Offer. The funds raised support further customer-led network expansion and other potential strategic investments.

At 31 December 2017, the Company held cash of \$6.4 million and had available debt facility headroom of \$49.5 million providing funding flexibility for planned projects and future expansion.

Key INDIGO operational milestones

Over H1 FY18, Superloop achieved the following key operational milestones that, subject to prevailing weather conditions and additional possible efficiencies in the marine program, could see the INDIGO subsea cable project completed ahead of schedule in H1 FY19:

- Completed the drilling phase of the Company's seaward facing 1,900m bore pipe project in Sydney
- Completion of the installation of the beach manhole and two seaward ducts in the bore pipe able to facilitate two (2) submarine cables and is in readiness for the INDIGO Central cable which is currently scheduled to be installed H2 CY18
- Completed the INDIGO subsea cable project marine survey
- Commenced manufacturing of the INDIGO subsea repeaters and cable with completion expected in March 2018

- Commenced assembly of the INDIGO cable systems, ready for ship loading in May 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. It enhances Superloop's existing fixed wireless infrastructure, offers synergies through network cost savings and allows further utilisation of capacity accessed through the long-term agreement with Vocus.

From 13 October 2017 through to 31 December 2017, NuSkope contributed revenue of \$1.9 million and EBITDA of \$1.0 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 GX2 platform internationally while leveraging its comprehensive software platform at Superloop's existing campus broadband 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 31 December 2017, GX2 generated revenue of \$1.1 million from installation, ongoing management fees and hardware sales, and EBITDA of \$0.1 million.

New national backbone

Through a combination of construction, existing capacity agreements and a new supplier agreement, Superloop has commenced the development of a new national 10/100G backbone to connect all Australian capital cities and most major cities and towns across Australia:

- 10G to most major regional towns/cities and underpins the expansion of our wireless, last mile and NBN connectivity
- Expect to double metropolitan fibre footprint with an initial 180km+ fibre expansion within capital cities delivering 10/40/100Gbps capacity to all major strategic locations
- New National Backbone will form part of Superloop's fully automated network provisioning platform, Superloop PEX
- With national coverage comes national sales opportunities at both the enterprise and wholesale level
- With a national network comes greater opportunity to increase existing customer share of wallet via both expanded coverage and product range
- Superloop is striving to be the NBN RSP wholesale partner of choice

Positive outlook from integrating and leveraging Superloop's infrastructure

Commenting on the Company's outlook for the remainder of FY18, Mr Slattery said:

"Over the first half, not only did we complete two strategic acquisitions, importantly we focused on integrating the networks and systems of all our acquired businesses. The benefits from successful integration will deliver cost savings and revenue synergies, to drive increased revenue and earnings in future periods. Key to our success will be the integration and refinement of various service delivery and support functions to ensure our customers continue to experience the service they need.

"Our second half will see continued focus on operational improvements and efficiency while further building out our networks in Australia, Hong Kong and Singapore. We have significant opportunities to continue expanding our access networks to major commercial buildings in these three countries, while hyperscaling our microwave network offering in Australia.

"Our managed services capabilities continue to build following the acquisitions of BigAir and GX2 Technology. We have the ability to further leverage our broad managed services capabilities in Australia and expand these capabilities in Singapore and Hong Kong.

"Lastly, the completion of the INDIGO international cable systems will further expand our network so we can offer customers a fully meshed pan-Asian network."

The Company intends to hold a shareholder meeting and investor strategy briefing in April 2018 and expects to release its full year FY18 result on Monday 20 August 2018.

Additional Information

For further comment or other information please contact:

Investor enquiries:

Telephone: +61 7 3905 2400

Email: investor@superloop.com

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 640 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