2019 Interim Results

Bigblu Broadband PLC
September 2019

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The Presentation should be read in conjunction with the Company's interim financial results for the six month period ended 31st May 2019, copies of which are available on the Company's website https://bbb-plc.com/.

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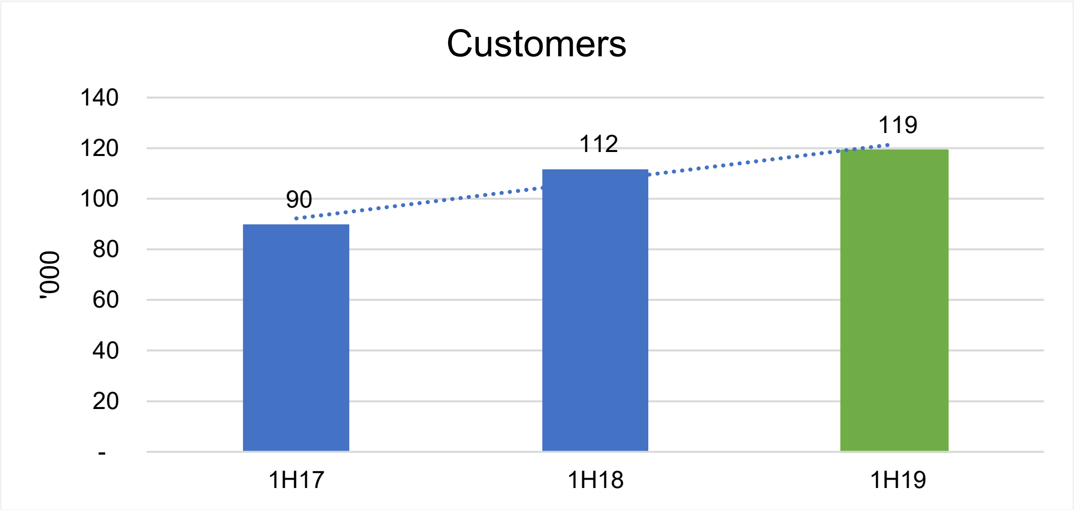
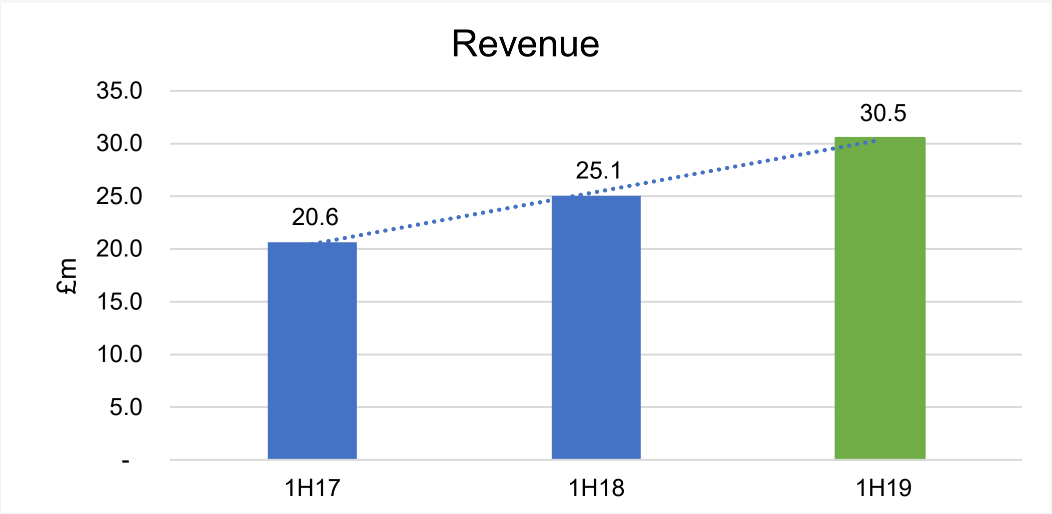
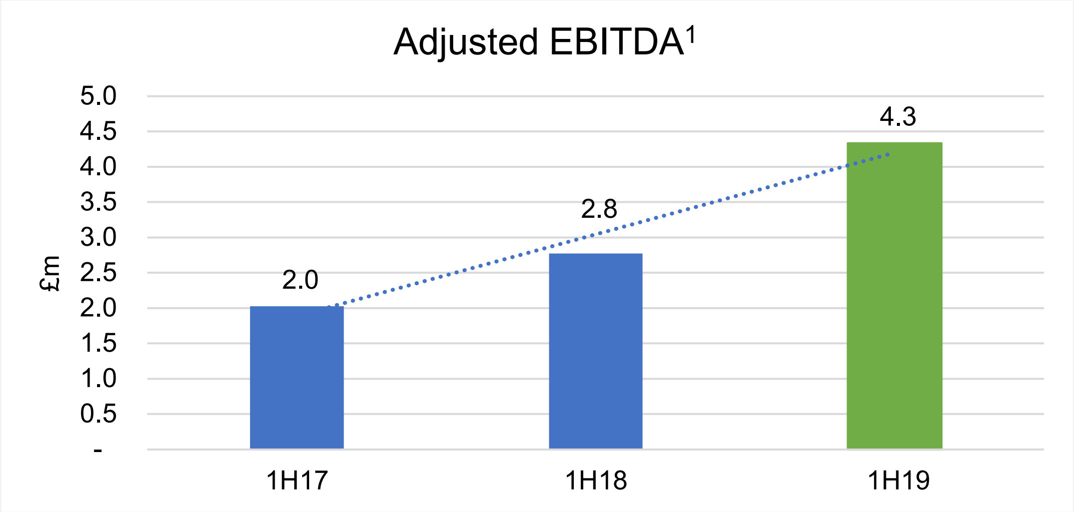
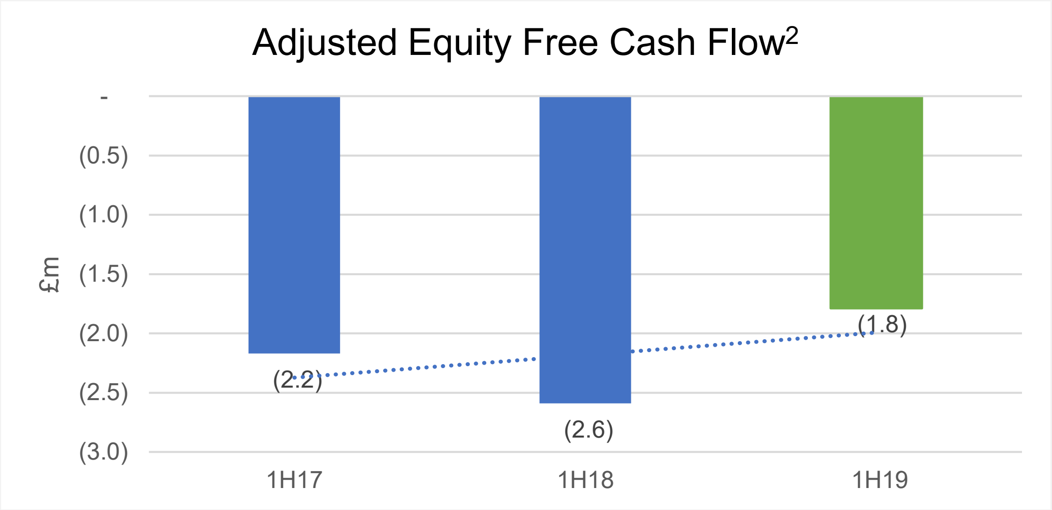
Growth Strategy – Key Metrics









[1] *Adjusted EBITDA excludes exceptional items and share based payments.*
[2] *Equity Free Cash flow is operating cash flow excluding the impact of exceptional items and M&A, less capex, interest and tax – consistent with the Numis broker presentation*

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Overview

Current Situation

A Leading Provider Of Broadband Services

- Superfast satellite & fixed wireless broadband to Residential Homes, Businesses, Government, Military and Broadcast

119,000 customers in 30 countries

- At 1H 19 customers across 30 countries
- Largest satellite broadband company outside North America
- On track for 150,000 customers by end of 2020

Technology focused

- Product mix:
    - 78% satellite
    - 22% fixed wireless
- Business mix:
    - Consumers 90%
    - B2B 10%

Growth Strategy

Demand-led Business

- Customers consuming more data and wanting faster speeds

Product Evolution

- Speeds increasing across all our technologies with superfast the norm for all new customers across Europe
- Now with unlimited packages across all our markets

Accelerating Customer Growth

- Driving sales volumes up
- Bringing churn down

Target Market of over 20m Households

- With speeds less than 4 megabits per second

Key Growth Areas

Satellite

- European - satellite relationship with Eutelsat to bring increased speeds and data for residential properties now and in the next 18 months with new satellite launches
- Australia - launch of unlimited packages has seen market meet customer expectations. On top of this finally B2B offerings will launch in September 2019
- New opportunities - such as Kacific over New Zealand

Fixed Wireless

- UK – Quickline funding boost means accelerated build out and 30,000 additional customers over the next three years
- Norway – largest wireless network in Scandinavia
- Australia – growing market share
- Italy – trialling white-labelled product

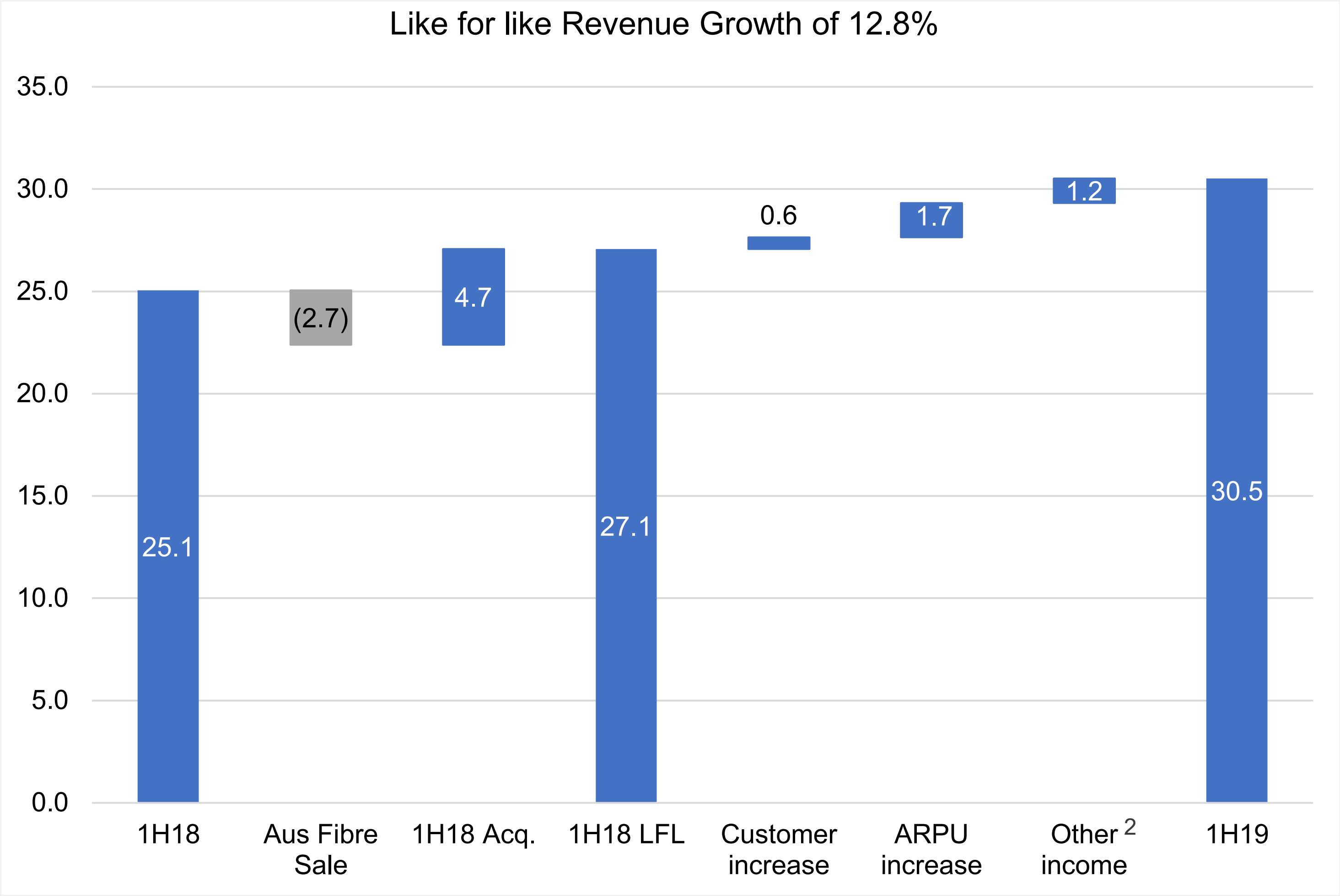
Financial Performance

Financial Highlights – 1H19

Customers	Revenue	Adj. EBITDA[2]	Adj. PAT[3]	OCF[4]
119.2k	£30.5m	£4.3m	£1.5m	£2.3m
Up 6.7%[1]	Up 21.9%	Up 56.4%	Up 503%	Up 329%
1H 2018: 111.7k[1] FY18: 113.5k (up 5%)	1H18: £25.1m ***LFL revenue growth of 12.8%***	1H 2018: £2.8m	1H 2018: £0.3m	1H 2018: (£1.0m)

1. *Disposed Australian fibre customers (11k) have been removed for comparison (1H18 actual customers 123k)*
2. *Adjusted EBITDA excludes share based payments and exceptional items relating to M&A, integration costs and investment in network partnerships*
3. *Adjusted PAT excludes share based payments and exceptional items relating to M&A, integration costs and investment in network partnerships, and amortisation*
4. *Operating cash flows adjusted to exclude cash flows relating to exceptional items relating to M&A, integration costs and investment in network partnerships*

Revenue Growth



Revenue growth of £5.4m (+21.9%):

M&A activity (Net impact +£2.0m)

- Impact of Italy and Germany acquisitions (May 2018) less Australia fibre disposal (June 18)

12.8% like for like growth (Total impact +£3.5m)

- Strong organic net activated customer growth – c.5.7k in 1H19 vs c.1.5k in 1H18 – plus c1k net increase for sales awaiting activation at period end.
    - Driven by quality product offerings under PPP contract, increasing market share in Australia and UK FW growth in Quickline
    - Reducing customer annualised churn to 18% in the period (1H18: 19.2%)
- Average revenue per user (ARPU) increased 5.8% to £43.7 (1H18: £41.3)
- Other income (revenue) increase of £1.2m to £2.8m (1H18: £1.6m)

Recurring revenue (linked to airtime) c83%

1. *Like for like revenue treats acquired/disposed businesses as if they were owned for the same period across both the current and prior year. In above graph, 1H18 Australian fibre revenue has been removed and revenue for Italy & Germany acquisitions included in 1H18 LFL.*
2. *Other income includes equipment, services, installations, grant income, and recharges*

Income Statement

£m	1H19	1H18	1H19 v 1H18
Revenue	30.5	25.1	22%
Cost of Sales	(17.2)	(15.7)	10%
GROSS PROFIT	**13.3**	**9.4**	**42%**
Operating expenses	(9.0)	(6.6)	36%
Adj. EBITDA[1]	**4.3**	**2.8**	**56%**
Depreciation	(1.4)	(1.6)	(13)%
Interest	(1.1)	(1.1)	-
Adj. PROFIT BEFORE TAX	**1.8**	**0.1**	**1406%**
Amortisation	(1.9)	(4.6)	(59)%
Exceptional costs	(0.3)	(1.3)	(77)%
LOSS BEFORE TAX	**(0.4)**	**(5.7)**	**93%**
Taxation	(0.3)	0.1	(311)%
LOSS FOR THE FINANCIAL YEAR	**(0.7)**	**(5.6)**	**(88)%**
Adjusted profit for period [2]	***1.5***	***0.3***	***503%***
LOSS PER SHARE (basic) (pence)	**(1.2)**	**(12.1)**	**(90)%**
ADJUSTED EPS (pence)	***2.7***	***0.5***	***394%***
Gross Margin %	*43.7%*	*37.4%*	
O/H as a % of sales	*29.5%*	*26.3%*	
EBITDA margin %	*14.2%*	*11.1%*	

Gross profit margin improved from 37.4% to 43.7%
- Improved product mix, operational efficiency and network support

Overheads as % of sales increased from 26.3% to 29.5%
- Investment in senior central overheads to support scaling of the European and Australian businesses a doubling of marketing investment and investment in systems
- We anticipate this number to remain relatively stable and therefore decrease as a percentage of growing sales

Depreciation decreased by 13%
- Fixed assets depreciated over 4 years
- Reduced to 4.7% of sales (1H18: 6.4%)

Amortisation reduced significantly
- FY16 acquisitions now fully amortised in 1H19

Lower net exceptional costs
- Relates to M&A and professional costs (1H18 Italy & Germany and Australian fibre disposal) 1H19 ongoing Aus fibre costs and prof fees for Quickline investment

Taxation
- Tax provision in 1H19 v received tax credit from R&D 1H18

Significant improvement in underlying profitability[2]
- Loss for 1H19 improved by £4.9m to £0.7m
- Significant increase in Adjusted PAT to £1.5m

1. *Adjusted to exclude share based payments and exceptional items relating to M&A, integration costs and investment in network partnerships*
2. *Adjusted profit is profit for the year excluding amortisation, share based payments and exceptional items relating to M&A, integration costs and investment in network partnerships and foreign exchange*

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Underlying Cash Flow improvement

£m	1H19	1H18
Underlying EBITDA[1]	4.3	2.8
Underlying movement of working capital[2]	(1.8)	(2.8)
Forex and non-cash	(0.2)	(1.0)
Underlying operating cash flow before interest, tax and exceptional items	**2.3**	**(1.0)**
% EBITDA conversion	*54%*	*(37)%*
Tax and interest paid	(0.7)	(0.6)
Capex investment	(3.4)	(0.9)
Equity free cash flow before exceptional / M&A	**(1.8)**	**(2.6)**
Exceptional costs	(0.9)	(0.8)
M&A activity[3]	(2.0)	4.7
Reported free cash flow	**(4.7)**	**1.3**
Investing cash flows	(0.6)	(9.0)
Financing cash flows	3.6	11.7
Net cash flows	**(1.7)**	**4.0**

Underlying operating cash flow increased to £2.3m

- Improvement in EBITDA and EBITDA conversion demonstrating underlying trading efficiencies
- Working capital improved by £1.0m due to reduced trade debtors days and creditors support

Underlying Equity free cash flow improved £0.8m to (£1.8m)

- Interest and tax charge stable
- CAPEX investment of £3.4m - £1m fixed wireless infrastructure and £2.3m satellite kit for PPP customers (previously supplied direct by networks).

Reported free cash flow reduced to (£4.7m)

- Exceptional items and impact of M&A
- M&A activity - 1H19 working capital includes £2.0m earnout paid to Quickline . 1H18 reflects £4.7m one-off working capital benefits relating to deferred consideration and earn outs for May 2018 acquisitions.

Expect improvement in 2H19 Equity free cash flow and net debt driven by:

- EBITDA growth and trend of improved cash conversion expected to continue
- WCAP improvements via network support, debtor collection, and balanced advanced inventory orders
- Cash benefit of £4m investment in Quickline

Expect 2H19 net debt / EBITDA ratio to reduce to 1.0 – 1.5x

1. *Underlying EBITDA excludes share based payments and exceptional items relating to M&A, integration costs and investment in network partnerships.*
2. *Underlying working capital excludes the impact of exceptional costs and M&A.*
3. *M&A activity includes deferred considerations and earn outs paid, as well as the working capital impact of first-time recognition in 1H18*

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Market And Technology Overview

Large Addressable Target Markets

Data Consumption No Sign Of Slowing

Explosive growth in data consumption is expected to continue to drive demand for high speed broadband

Monthly IP traffic predicted to reach 50 GB per capita by 2022, (up from 16 GB per capita in 2017)

27m EUROPEAN HOUSEHOLDS[1] with broadband speeds < 4Mbps

1m Australian HOUSEHOLDS[1] only eligible for satellite or fixed Wireless

2.5m UK HOUSEHOLDS[1] with broadband speeds < 4Mbps

No. of devices connected to the internet projected to be 3x the global population by 2022.

The Digital Divide Widens Every Day

Global Traffic Projected To Continue To Increase

CAGR 2016-2021

Global 24%

Western Europe 22%

Central & Eastern Europe 22%

APAC 26%

Global projection by 2021 82% Of traffic Expected To be Video-Based. (Up From 73% In 2016)

Growth Opportunities

Numerous next generation satellites in build

Viasat 3 constellation of 3 global mega satellites, Eutelsat Konnect and Konnect VHTS, Kacific-1, plus new MEO and LEO business models mean an abundant amount of available capacity enabling us to deliver a fibre like service from the sky to address these markets.

EU broadband directive

The EU directive on broadband speeds sets a target that Europe will have:-

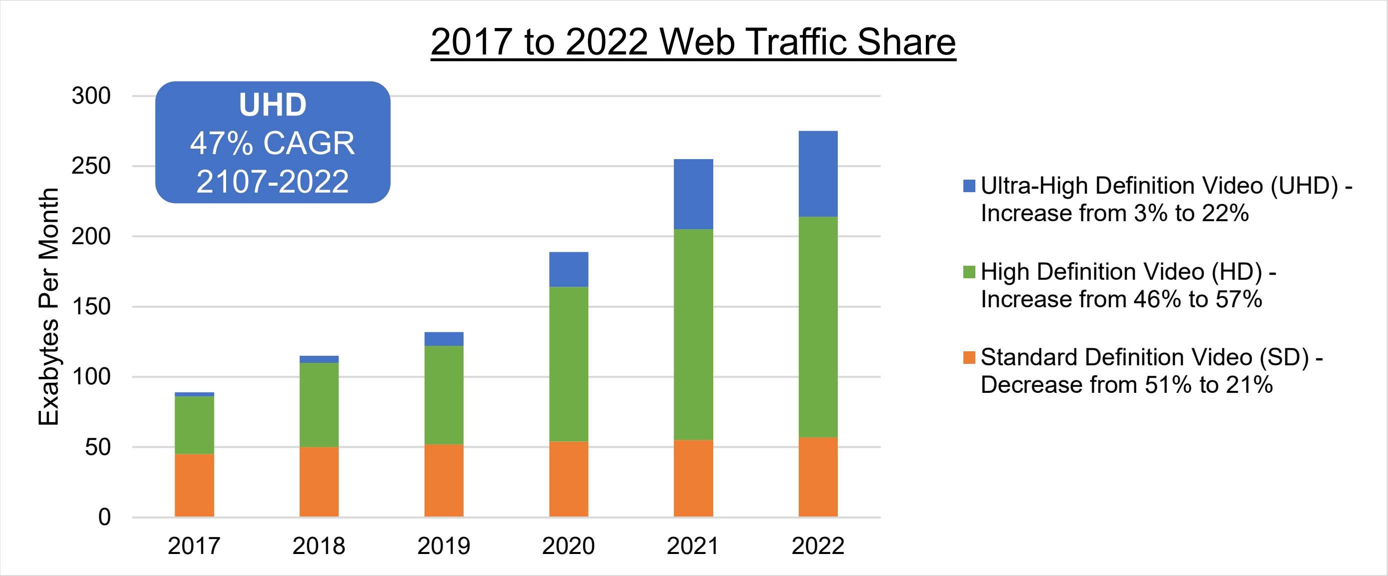
'Universal Broadband Coverage with speeds at least 30 Mbps by 2020' and *'Broadband Coverage of 50% of households with speeds of at least 100 Mbps by 2025'*

1. *Figures are approximate based on unique IPv4 addresses as a proxy for individual households.* 2. *Statistics from Cisco*

Strong Demand Fuelled By Growth In OTT And Streaming Along With More HD and Ultra HD devices

Globally, IP video traffic will be 82 percent of all IP traffic (both business and consumer) by 2022, up from 75 percent in 2017. Global IP video traffic will grow four-fold from 2017 to 2022, a CAGR of 29 percent. Internet video traffic will grow fourfold from 2017 to 2022, a CAGR of 33 percent.

Many homes will have multiple HD and Ultra HD sets/devices



Source: *Cisco VNI Global IP Traffic Forecast 2017-2022*

"This style of offering has enabled us to add 3,000 net new customers organically during the first three months of the current year, which is ahead of the growth achieved for the year ended 30 November 2018"

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Disruptive Advances In Satellite Technology

- Short term all gains are with ETL and PPP. New technology platforms on new satellites enable us to move to 100 Mb offerings in most European markets in 2020 (unique to BBB:ETL PPP) dramatically expanding our addressable market. Signed extension to PPP.
- New satellite launches usher in new era of bandwidth economics, significantly cheaper cost per bit transiting the network
- This means we can significantly expand the bandwidth performance to the customer with the same cost structure and price
- As well as faster speeds customers will see better user experience, and higher average speeds at peak times due to higher provisioning levels

Strong Organic H1 2019 Sales Mean We're Looking To New Launches To Provide Continuity Of Supply in 2020 and 2021 and Beyond

- Working with satellite owners we have new services coming online to deliver on customer performance demands – Eutelsat first with next generation services in key and mature markets.

- Exponentially better product – fibre from the sky – truly unlimited and 100 Mb + speeds – technology already here in USA on Viasat-2

- Eutelsat Konnect launching in Jan 2020 and Konnect VHTS in late 2021 both serving BBBs core markets

- Viasat-3 constellation launching in 2021 – 2022 including all Europe and Australasia 300 Mb speeds for B2C

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Fixed Wireless

- Peak consumer speeds for standard FW services have increased 2 fold in the last 2 years – from 50 Mb to 100 Mb in 2018 in core FW markets (UK and Norway)

- Now 300 Mb premium product in UK areas where new mmWave networks going live, 60 GHz fibre backed, gigabit capable

- Perfect product where population density is right and locale qualifies for Government intervention

- High customer LTV, low churn, high margin

- Fibre like product for a quarter of the cost per premise and much faster roll out

Quickline Accelerated Growth Plan

Announced in August £12m of new funding to build new fibre backed fixed wireless networks

- Transaction values QCL at an enterprise value of £15m (pre new money) a significant uplift compared to the valuation at the time of BBB's acquisition of Quickline in August 2017 of £8.4m[1].
- The funding includes £4m of new equity initially with a further £4m of equity committed and a £4m revolving credit facility provided by HSBC. This will allow Quickline to expand its infrastructure, consider selective acquisitions and target grants issued by BDUK to support investment in rural broadband projects.
- Compelling market fundamentals given the digital divide in the UK with over a million homes still unable to receive superfast broadband services. Pure fibre to the home is widely considered uneconomic in rural areas. FWA is a quicker and lower cost solution and is supported by government grants.
- Due to recent change in Government policy BDUK grants and subsidies being refocused and several new initiatives being launched

1 Initial acquisition price of £5m plus £3.4m of subsequent earn-out payments

Re-launched BDUK Funding Model Positive For QL

- Recent change in Government policy as previous BDUK schemes were not effective at addressing unconnected rural areas
- Previous ITT schemes now stopped and replaced with a new £200m BDUK fund
  - Available for alternative technologies that can deliver FTTH equivalent with shorter lead times and better return on public funds
  - To be deployed over next 2 years with expectation of a further £1bn+ fund thereafter
- Key features of the new BDUK funding model:
  - Rural Gigabit Voucher Scheme with up to £1,500 per home / £3,500 per SME for new connections for rural premises with broadband speeds of less than 30Mbps
  - Installed infrastructure must be gigabit capable – hybrid fibre / fixed wireless networks qualify
- Key benefits under the new scheme:
  - More generous grants facilitating higher ratio of fibre with all infrastructure costs covered
  - Less time/cost to secure grants reducing award delays/uncertainty
  - Less regulation, oversight and reporting requirements
  - Open to aggregated and community schemes – Quickline working with local authorities to connect original ITT target areas

ITT stands for invitation to tender as part of the original BDUK project award process

Having The Right Product For The Market Continues To Be Determining Factor In Sales And Growth

- New advances in technology will expand addressable market and stimulate new sales, expanded partnerships and support satellite pushing back against competing technologies.
- Demand for streaming and the heavy lifting of HD and UHD video plays into the hands of the satellite model which is proven in satellite TV world, FW just an extension of real fibre with commensurate throughputs
- BBB well positioned to take advantage of a step change in bandwidth economics in the next generation of satellites, the first of which will be launched later this year. FW technology continues to evolve exponentially enabling us to deliver faster services with better ROI.
- Significant investment into Quickline and new fibre backed networks working alongside BDUK super-charges UK growth prospects in next 3 years.

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Conclusion

- Organic growth is accelerating with new customer numbers increasing and churn decreasing
- Driven by product evolution
- Consolidation of all the main acquisitions nearing completion
- Clear visibility of new satellite launches in end 2019 and into 2020
- Growth will continue to accelerate

Appendix

Technology and Geography Mix - Post Aus. fibre disposal

Focused technological mix

Year on year change	Satellite	Fixed Wireless	Total *(excl. fibre)	1H19 v 1H18 Sat	1H19 v 1H18 FW
CUSTOMERS					
1H 18 ('000)	**88.6**	**23.1**	**111.7***		
Proportion	*79%*	*21%*			
M&A					
Organic	4.9	2.6	7.5		
1H 19 ('000)	**93.5**	**25.7**	**119.2**	***6%***	***11%***
Proportion	*78%*	*22%*			
REVENUE					
1H 18 (£m)	**16.4**	**5.9**	**22.3***		
Proportion	*73%*	*27%*			
M&A	4.7		4.7	*28%*	
Organic	3.4	0.1	3.5	*21%*	
1H 19 (£m)	**24.5**	**6.1**	**30.5**	***49%***	***2%***
Proportion	*80%*	*20%*			

- *Customer split constant at 78% satellite 22% fixed wireless.*
- *Of 7.5k (6.7%) customer growth since 1H18, 5.7k (5.0%) were in 1H19*
- *Strong satellite growth increase of c. 4.9k (6%) customers from PPP / Australia*
- *Strong rate of organic customer growth in fixed wireless (11%) mainly in UK and Italy (white label at lower ARPU), with uplift expected following investment in Quickline*
- *Revenue growth (excl. Aus fibre) of 49% incl.*
  - *£3.5m (21%) organic volume, price growth and other income and*
  - *28% from the outturn impact of 1H18 acquisitions.*

Diversified geographical mix

Year on year change	UK	Europe	Australia	Total *(excl. fibre)	1H19 v 1H18 UK	1H19 v 1H18 EU	1H19 v 1H18 Aus.
CUSTOMERS							
1H 18 ('000)	**27.7**	**54.8**	**29.2***	**111.7***			
Proportion	*25%*	*49%*	*26%*				
M&A							
Organic	(0.1)	3.1	4.6	7.5			
1H 19 ('000)	**27.5**	**57.9**	**33.8**	**119.2**	***(1)%***	***6%***	***16%***
Proportion	*23%*	*49%*	*28%*				
REVENUE							
1H 18 (£m)	**8.5**	**8.1**	**5.7***	**22.3***			
Proportion	*38%*	*36%*	*26%*				
M&A		4.7		4.7		*57%*	
Organic	1.1	1.0	1.3	3.5		*13%*	
1H 19 (£m)	**9.7**	**13.8**	**7.1**	**30.5**	***13%***	***70%***	***23%***
Proportion	*32%*	*45%*	*23%*				

- *Significant run-rate of customer growth of 6.7% with*
  - *16% growth in Australia following investment in successful marketing campaigns.*
  - *6% growth in European subscribers*
  - *1% decrease in UK - the UK added 1.3k subs in 1H19, offsetting net churn of 1.4k in 2H18 due to uncompetitive tariffs and constrained marketing investment in anticipation of PPP launch*
- *The UK and EU markets are responding positively to PPP and JV products in 1H19, with 5.5%*
- *Organic revenue growth of 13% in UK and EU reflects organic volume growth, as well as PPP & JV network support revenues on new gross adds.*
- *Australian customer growth of 16% translates to 23% revenue growth as the mix shifts to higher-ARPU satellite products*

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Summary Balance Sheet

£m	1H19	1H18
Intangible assets	34.6	35.6
Investments	0.0	0.3
Property Plant and Equipment	7.1	7.1
Inventory	2.8	1.5
Trade & Other Debtors	14.0	7.3
Trade Creditors & Other Creditors	(29.5)	(22.1)
Taxes	(2.9)	(2.8)
Deferred tax (net)	0.2	(0.7)
Net (Debt)/Cash	(16.9)	(9.4)
Net Assets	**9.5**	**16.8**
Days Sales of Inventory	30	18
Trade Debtors Days	34	35
Days Creditors Outstanding	109	95
Net debt/EBITDA	2.0x	1.7x

Improving working capital management with increased trading activity

- Inventory increase driven by kit purchases under the PPP contract with EBI to meet significant demand
- Trade Debtors Days decreased slightly against 1H18 reflecting improved collections, with an absolute debtors increase of £1.4m due to higher revenue activity levels
- Other Debtors includes accrued income (PPP in the UK and Grants in Spain), prepayments and debtors associated with the fibre disposal
- Trade Creditors Days increase reflects increased sales activity, networks support and PPP kit purchases on deferred payment terms
- Other creditors increased by £5.1m mainly due to the deferred consideration of Italy/Germany acquisitions and Quickline.

FY19 net debt /EBITDA expected to reduce to approximately 1.0x – 1.5x

- Net debt includes loans of £20.3m (HSBC RCF £8.3m, BGF £11.7m, and smaller loans within subsidiaries of £0.3m) and cash of £3.4m.
- Positive 2H19 FCF will drive improvement

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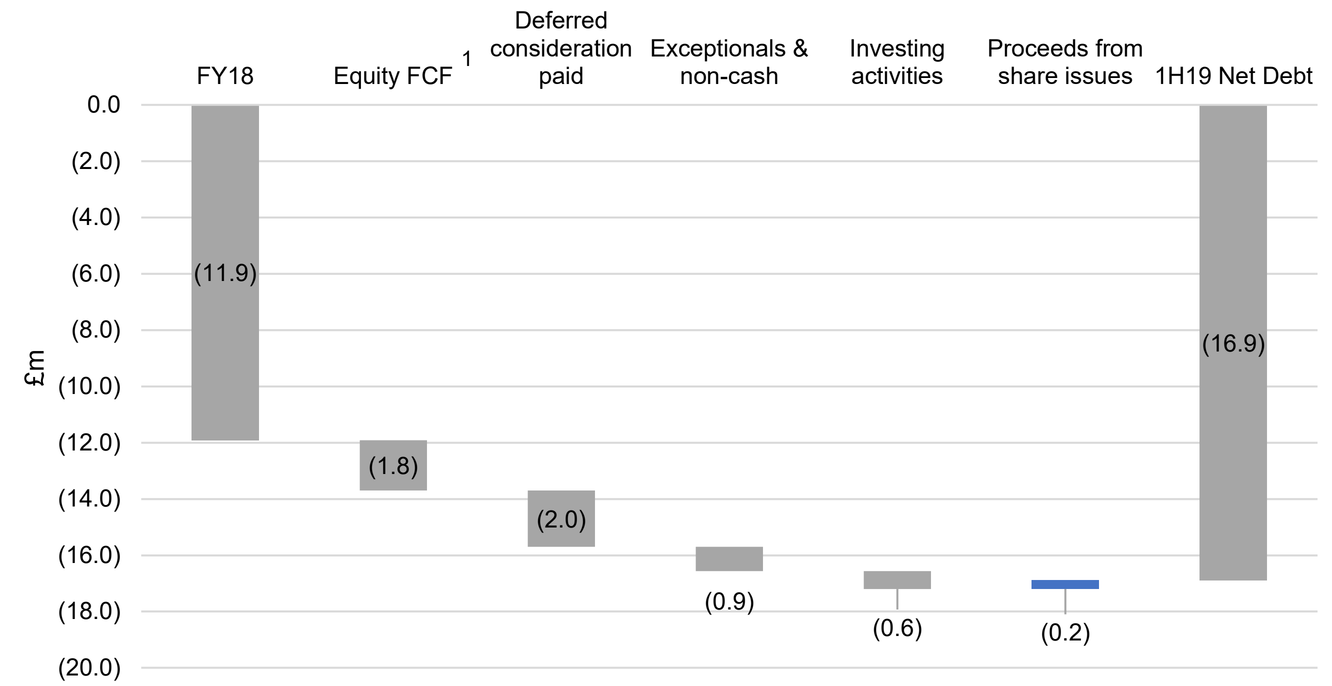
Evolution of Net Debt



	1H18	**1H19**
Days Sales of Inventory	18	30
Trade Debtors Days	35	34
Days Creditors Outstanding	95	109

Net debt up £5m at 1H19 to £16.9m from £11.9m in FY18 as expected.

- Net debt movement reflects:
  - (£1.8m) equity FCF[1], reflecting £2.3m of improved underlying operating cash flows offset by £3.4m capex investment and £0.7m interest & tax;
  - £2.9m relating to foreseen and non-recurring M&A and exceptional costs, incl. £2.0m paid to QL;
  - £0.6m investment in systems and small acquiition
- Despite the absolute increase, net debt/EBITDA ratio has only increased from 1.7x (1H18) to 1.8x (FY18) to 2.0x (1H19)

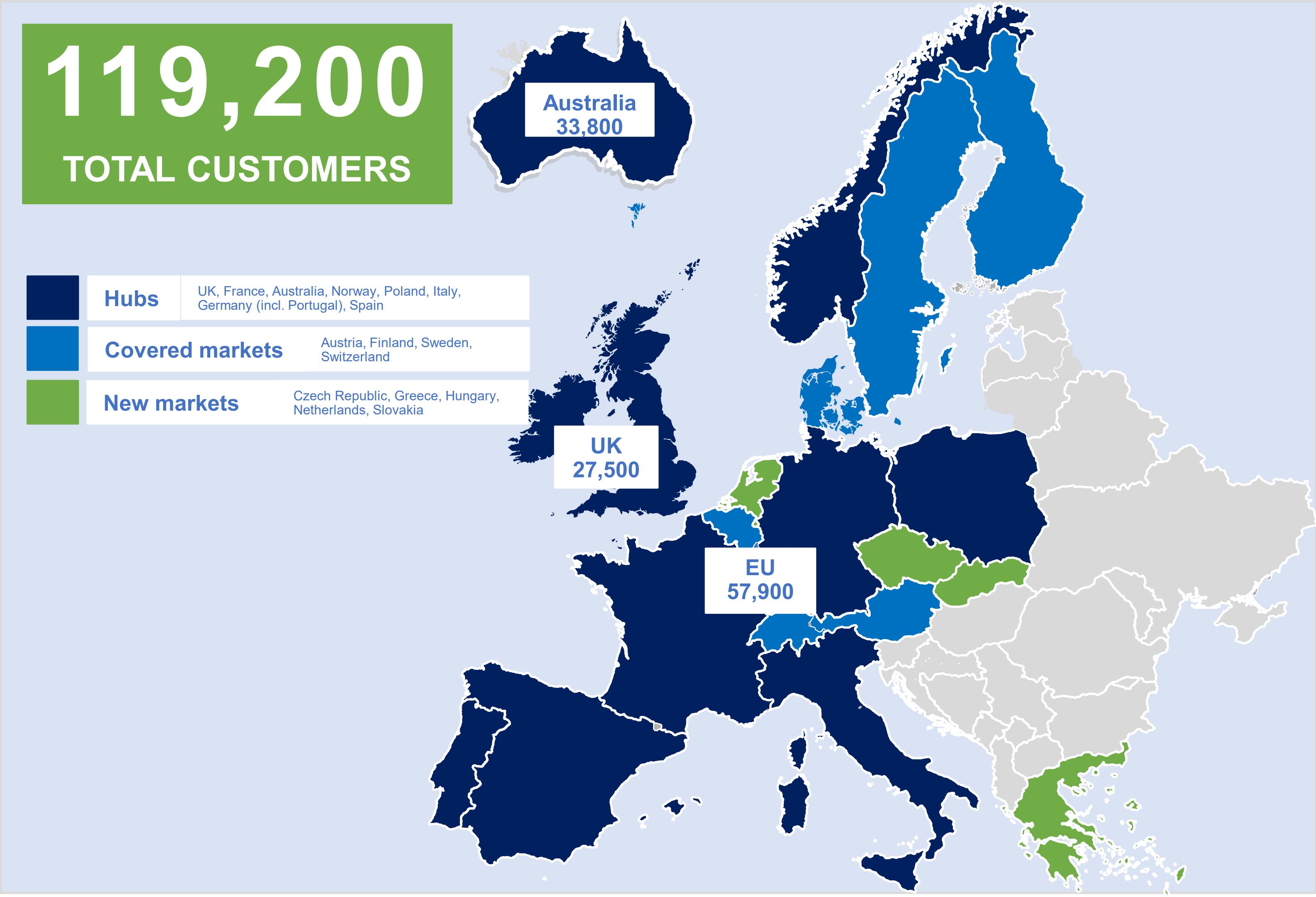
Expect improvement in 2H19 free cash flow and net debt driven by:

- EBITDA growth, and WCAP benefit from improved network support, continued improvement in debtor collection, and unwinding of advanced inventory orders;
- Cash benefit of investment in Quickline;
- Offset by capex on PPP kits for forecast demand and modest fixed wireless growth capex
- Offset by some further exceptional/investment spend
- Trend of improved cash conversion expected to continue in 2H19

Expect 2H19 net debt / EBITDA ratio to reduce to 1.0 – 1.5x

1. *Equity free cash flow excludes exceptional items, and the impact of M&A on working capital movements*
2. *Underlying operating cash flow before interest, tax, exceptional items and M&A cash flows*
3. *Loans comprise HSBC RCF (£8.3m), BGF debt (£11.7m) and smaller loans within subsidiaries (£0.3m)*

Active Customer Base Of 119,200



Completed European Footprint

- 8 “Hubs” serving Europe
- Significant growth opportunity through leveraging operational infrastructure to support organic entry into new markets
- Further bolt-on opportunities to consolidate markets and enhance accretion
- Well-positioned for new satellite opportunities

Operational scale benefits

- Implementation of “Pathfinder” ERP systems and infrastructure enhances scalability and integration.
- c.270 staff across 10 countries

Brand consolidation increasing brand awareness

- 20 acquired brands integrated into 7 within bigblu

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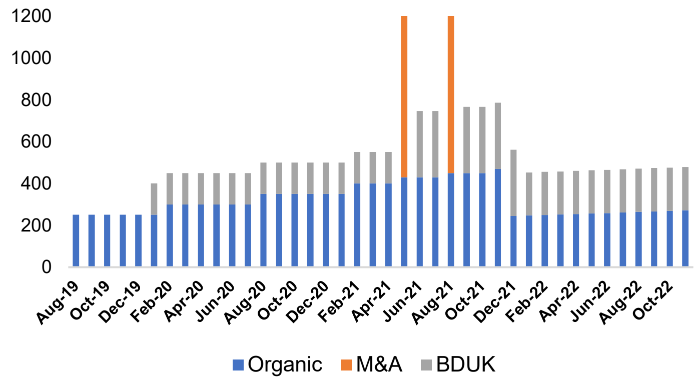
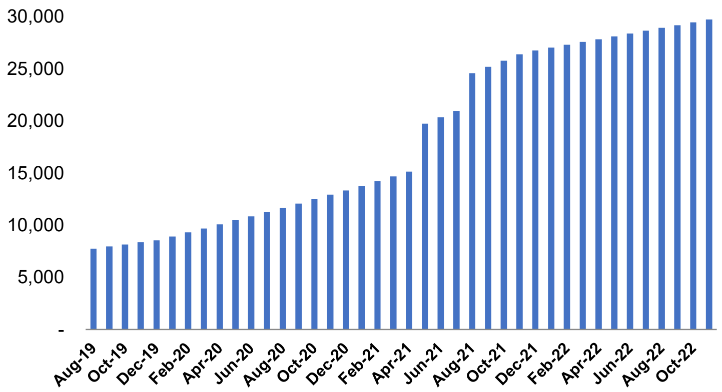
Quickline Investment To Accelerate Growth

- **Total external investment of up to £12m targeting delivery of c30,000 customers over 3 year period**
- **Rationale** - Significant growth opportunity required additional funding given initial capex requirements. Fixed wireless customer lifetime value high due to low churn and higher margins.
- **Structure**
  - Direct funding into QCL Holdings[1] avoiding dilutive plc fundraise and released capital to support growth – £8m equity committed at valuation of £15m (a significant premium to BBB's £8.4m acquisition price[3]) + £4m new HSBC RCF facility
  - Initial equity tranche of £4m, and £1m+ additional tranches which can be drawn (capped overall at £4m) over the next 2 years (subject to BBB board approval and return hurdles)
  - Provides the funding structure for Quickline with management incentivised to deliver growth targets
- **Growth Strategy – three areas**
  - **Organic growth** driven by capex to extend and improve network and overheads to support scale (engineers, sales/marketing and central)
  - **Government funded BDUK-backed projects**, incl. the new £200m Rural Gigabit Connectivity program plus the new Rural Gigabit Voucher Scheme (up to £1,500 per home / £3,500 per SME for new connections for rural premises with broadband speeds of less than 30Mbps)
  - **Acquisitions** to add scale, extend geographic footprint in UK, and consolidate fragmented industry (over 100 WISPs operating across the UK with over 100,000 customers)
- Expected positive impact on BBB group financials as the business plan is delivered with significant accretion to revenue, EBITDA and earnings from 2021 onwards (marginally accretive to revenue and EBITDA in 2020 and marginally dilutive to earnings in 2020 given upfront nature of costs)

Increase In Gross Customer Adds[2]



Increase In Customer Numbers[2]



1. *A new holding company of Quickline.*
2. *Illustrative increase in customer numbers only (based on Quickline growth targets)*
3. *£5m paid upfront plus £2.0m deferred consideration paid and a further £1.4m which has been exchanged for 10% of QCL Holdings (pre-new money) in lieu of payment.*
4. *Shareholdings post investment of initial £4m equity: BBB 69.7%, Harwood 21.8%, Steve Jagger 7.7%, Paul Howard 0.7%. BBB will continue to fully consolidate Quickline in its accounts and will initially recognise 69.7% of profits given the minority interest in Quickline*

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Thank you
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