

IMmedical. acquisition of



A leading provider of Data Centre
and Cloud Computing Services

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Acquisition of Syncom

- ❖ IM Medical Limited (**IMI**) is an ASX listed shell company (ASX: IMI, IMIO) market cap \$1.5m @ 0.16 cents
- ❖ Syncom Pty Ltd is a leading provider of data centre based co-location, managed services, hosting and cloud computing services
- ❖ IMI has entered into an agreement to acquire 100% of Syncom for \$10m in shares (subject to adjustment) and will change its name to Syncom Limited (**Syncom**)
- ❖ Syncom operates a number of businesses serving the rapidly growing managed services sector:
 - **iCentre** provides wholesale data centre services such as co-location and IP transit services for the individual through to large corporates at its secure co-location data centre facility in Milton, Brisbane
 - **Indigo** provides enterprise grade server hardware from its Sydney data-centre, Indigo cloud infrastructure and co-location services - with a network of over 1500 dedicated and virtual servers Indigo is one of the largest dedicated hosting providers in Australia
 - **IntaServe** provides fast and reliable web hosting and affordable domain registration
 - **Dedicated Servers** is one of the original and larger providers of dedicated servers in Australia, powering a large number of Australian Web Hosting companies.
- ❖ The acquisition of Syncom will provide IMI with an immediate path to profitability – Syncom generated approximately \$2.0m in EBITDA in FY2014
- ❖ IMI has an agreement to acquire Syncom for 5 x times EBITDA and proposes to relist with an EV of circa \$12.3m (excluding cash) based on a circa 6 x times FY14 EBITDA multiple before overheads
- ❖ On completion, Syncom intends to expand via organic growth and by targeted acquisitions of consolidation opportunities in the data centre services sector

Syncom overview

One of the largest providers of dedicated hosting in Australia with co-location, web hosting and cloud infrastructure services

FY14 Revenues
A\$6m

FY14 EBITDA*
A\$2.0m

IMI acquiring Syncom
@ 5 x EBITDA

> 35,000 Customers
> 7,500 Servers#

Organic growth with multiple acquisition opportunities

INDIGO

ICENTRE

IntaServe

Dedicated
SERVERS

❖ The Syncom group provides a wide range of services including:

- Enterprise grade dedicated and virtual server hosting
- Secure co-location services
- High capacity network access
- Scalable cloud services utilising VMware software
- Data processing infrastructure
- Web hosting services
- World class data centre facilities
- Data storage devices



iCentre's Milton Facility

- ❖ Dedicated virtual servers sitting "within the cloud", powered by multiple hypervisors
- ❖ World-class data-centres operating in the heart of Sydney at Global Switch in Ultimo and Vocus DC in Alexandria and in Brisbane at Milton

Rapid Growth in Demand

*“Annual global data centre traffic will **triple** from 2012 to reach 7.7 zettabytes¹ by 2017.*

(Cisco Global Cloud Index 2012-2017)

*“The Australian data centre services market is forecast to hit revenues of over **\$1.7 billion** by 2020.”*

(Frost & Sullivan, 2014)

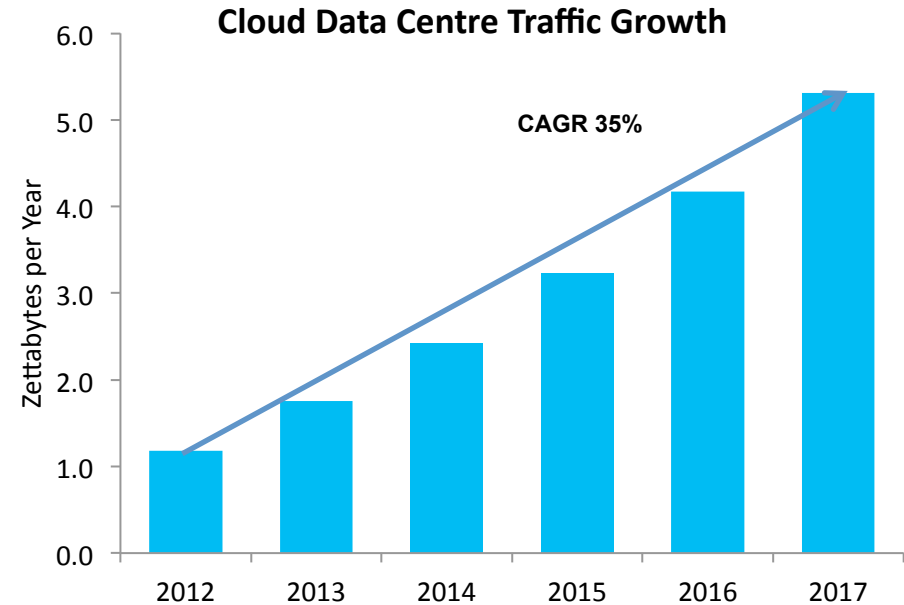
*“Some **\$8 billion** worth of additional data centre facilities will be needed if Australia is going to have a sustainable IT economy in the future”*

(IDC Australia, 2011)

*“Cloud data centre traffic will grow at a **faster rate (35% CAGR)** or **4.5-fold growth** from 2012 to 2017”*

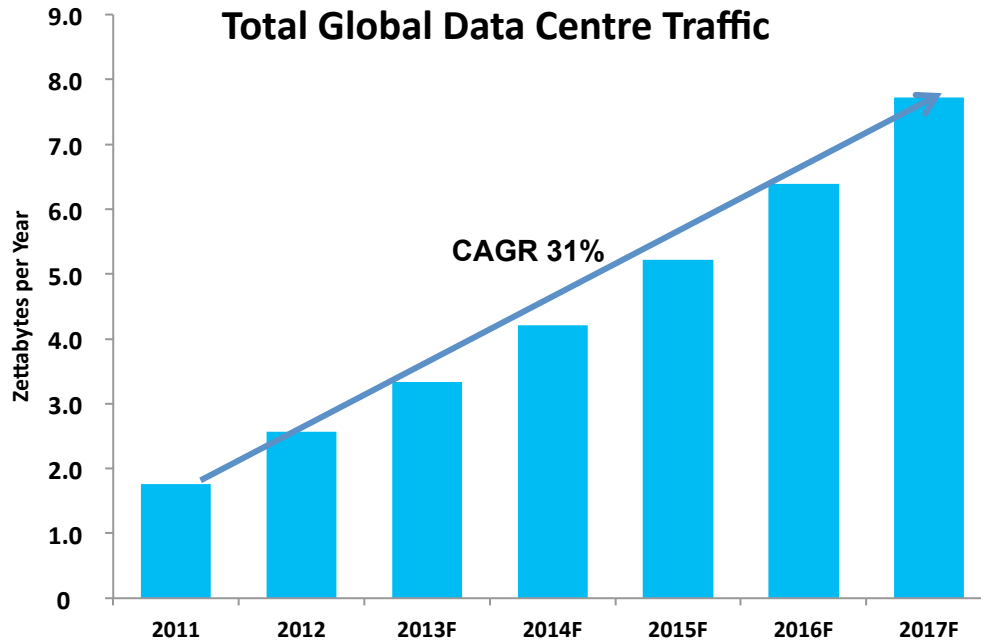
*“By 2017, over **two-thirds** of all data center traffic will come from the **cloud**”*

(Cisco Global Cloud Index 2012-2017)



¹ A zettabyte is 10²¹ bytes, or one billion terabytes

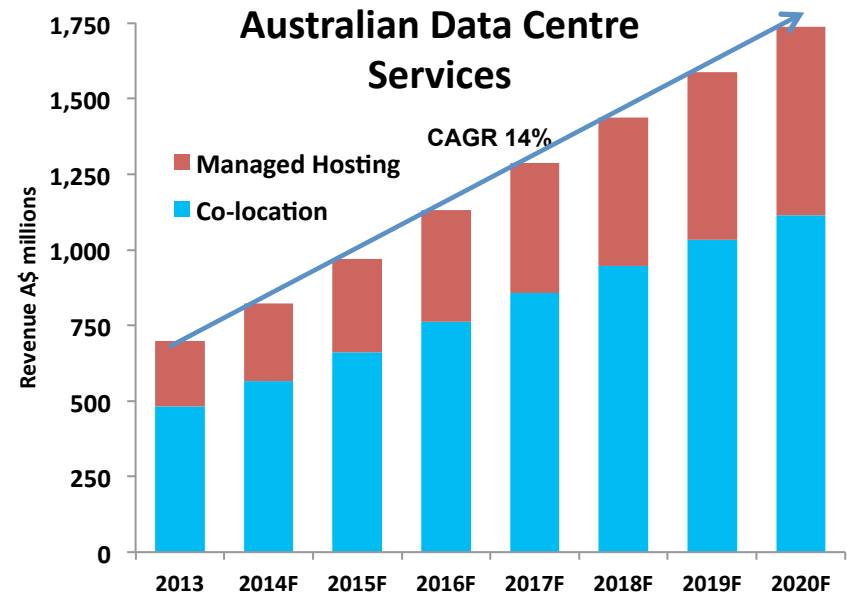
31% pa Global Data Centre growth



Source: Cisco Global Cloud Index

- ❖ In Australia, NABERS energy ratings are driving building owners to eliminate high power demands from office buildings
- ❖ Australian data centre services market is expected to grow at a CAGR of 14% from 2013 to 2020 to reach A\$1,737m by 2020 with Managed Hosting growing more rapidly than Co-location services

- ❖ Australia is the largest outsourced data centre market in Asia Pacific (ex Japan), revenue A\$594.5 in 2012
- ❖ Outsourcing of data centres is driven by escalating real estate and operating costs, and data centre complexity



Source: Frost & Sullivan 2014. Calendar years

- ❖ Syncom operates a number of businesses serving the rapidly growing data centre, hosting and managed services sector:



- Established for over 8 years providing wholesale data centre services such as co-location and IP transit services for the individual through to large corporates. Has previously operated data centres in Brisbane, Sydney and Melbourne.
- iCentre currently operates the group's secure co-location data centre facility in Milton, Brisbane
- Has entered into a binding Heads of Agreement to lease and operate an existing co-location data centre facility in Sydney, allowing further expansion in the Sydney co-location market and reduced operating costs compared to its current 3rd party provider of co-location.



- Indigo provides fully managed enterprise grade server hardware, cloud infrastructure and co-location services.
- Established in 2009 by the acquisition of a client base from Netregistry, Indigo has a substantial infrastructure, based primarily in Sydney, it acts as a base for the group's Sydney operations.

- ❖ Syncom operates a number of businesses serving the rapidly growing data centre, hosting and managed services sector:



- Based in Brisbane, with a US customer service office located in Phoenix Arizona, Intaserve provides fast and reliable web hosting and affordable domain registration to a customer base of over 35,000.
- Dedicated to responsive and reliable customer service, Intaserve also provides 'round the clock' help desk services to other members of the Syncom group.



- Based in Brisbane with large server delivery platforms in Brisbane and Sydney, Dedicated Servers is one of the original and largest providers of dedicated servers, powering a large number of Australian Web Hosting companies.
- The business attracts technically savvy providers of hosted products, utilising Dedicated Servers trusted infrastructure for service delivery.

❖ Sydney

- Sydney is a strategic focus for Syncom's near term growth, and currently has the highest demand for data centre services with ongoing arrivals of international companies requiring large amounts for space.
- Syncom currently uses third-party facilities in Sydney for its data centre space, at Global Switch in Ultimo and Vocus DC in Alexandria, and is in final negotiations to take a new lease to operate the Datacom Data Centre Facility at St Leonards in Sydney.
- The Datacom facility will provide the group with a significant growth opportunity via an additional 160 racks of data center space
- The Datacom facility is also expected to deliver cost savings of circa \$380,000 per annum following the transfer of the group's approximately 30 existing racks to the facility.

❖ Brisbane

- Syncom's Brisbane data centre at Milton is currently at 80% utilisation.
- Syncom's growth in the data centre market has been primarily organic, although there has been limited growth in the colocation/data centre space in Brisbane in the last three years.
- Approximately 50% of Syncom's data center space in Brisbane is currently used by Dedicated Servers and Intaserve.
- Expansion to provide power and cooling to the remaining 20% is scheduled for February 2015 to allow full utilisation of the current facility.

Financial summary

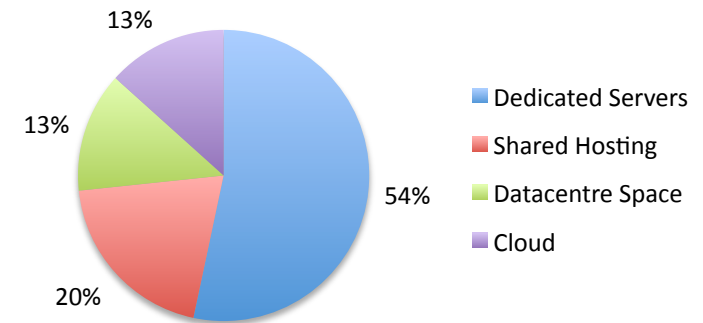
- ❖ Syncom Pty Ltd is the new holding company for a number of private businesses providing data centre hosting and managed services as described in this presentation
- ❖ The financial information set out below is based on unaudited accounts, and is still subject to final adjustment
- ❖ The acquisition terms in the Heads of Agreement between IMI and Syncom provide for adjustment, where the acquisition consideration will be based on 5 x annualised audited Syncom group EBITDA for the 6 month period to 31 December 2014, paid in IMI scrip issued at 20 cents per share after a 1:125 share consolidation.

Combined for all Business Units* \$ Million	FY2013	FY2014	5 Months to 30 November 2014
Revenue	\$6.4	\$6.1	\$2.5
Gross Profit	\$4.0	\$4.0	\$1.7
EBITDA	\$1.0	\$1.8	\$0.8

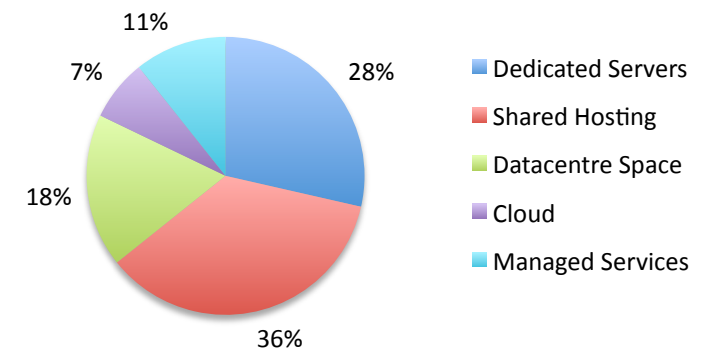
- ❖ Revenues have been flat since 2013 due to a shift in business mix to lower yielding services.
- ❖ Syncom has a strategy to accelerate earnings growth post listing through:
 - Expansion in the growing Sydney market utilising the newly acquired 160 rack Datacom facility in Sydney;
 - Introduction of new product lines to drive a shift in revenue from dedicated server and cloud services to higher value-add and higher margin managed services; and
 - Targeted earnings accretive acquisitions of existing operators that can leverage the group's existing infrastructure and fixed cost base – access to capital from the proposed Prospectus raising will facilitate acquisitions of modest size that can have a material earnings impact.

- ❖ Syncom's strategy is to drive top-line growth through:
 - Ongoing participation in identified consolidation opportunities in the data centre services sector
 - Growth opportunities in higher value-add managed services, delivered through the progressive expansion of its data centre footprint, commencing with a new lease to operate the 160 rack Datacom facility in Sydney
- ❖ Over the last 3 years the Syncom group companies have completed successful acquisitions in the industry with numerous consolidation opportunities
 - Syncom expects to continue to lead local industry consolidation through earnings accretive acquisitions that leverage the group's existing infrastructure and fixed cost base
 - Through acquisitions, Syncom intends to increase the size of its shared hosting revenues
- ❖ Over the next 2 years Syncom intends to add further product lines including managed services
 - This significant growth opportunity, together with the increased presence of international service providers is expected to drive a shift in revenue share from dedicated server and cloud sectors to higher value add managed services revenues

Current Markets



Future Markets and Growth



Board of Directors

The Company intends to appoint one or two additional non-executive directors to further broaden the expertise and independent governance at board level.

Andrew Hardy

Chief Executive Officer elect

- Andrew co-founded Harbour MSP in 2003 to provide data centre services to local and multi-national clients across a wide range of industries.
- Harbour MSP was cash flow positive within 18 months, and was sold to NTT Communications in 2013 with revenues of \$AUD40m and with 4,000 m2 of data centre space across 5 data centres in Sydney, Melbourne and Singapore.
- Andrew has over twenty years' experience in the telecommunications and co-location services, including 7 years for MFS/Worldcom in senior sales and management positions in Japan and Europe.

Jamie Cullen

Non-Executive Director elect
(B.Com, CA, F Fin, FAICD)

- Twenty years experience as CEO of listed entities - Resource Equipment Limited (2008 – 2014) and PCH Group Ltd (1994 – 2007), both specialist international rental and contracting businesses serving the mining, oil & gas and construction sectors.
- Previously finance and management executive in motion picture industry in Los Angeles and prior to that with PriceWaterhouseCoopers in Australia, New Zealand and Los Angeles.

Jon Eaves

Chief Operating Officer, Executive Director elect

- Jon Eaves is the founder and major shareholder in Syncom and has built the combined business to an EBITDA of \$2m in 2014 with no significant debt.
- Jon established the successful server hosting and colocation business Indigo in 2006, serving over 3,000 businesses, offering cloud computing, co-location, data centre services, and remote technical support. Jon sold his co-location business to Vocus Communications in 2010 and retained the Indigo server and hosting business which has delivered 32% p.a. growth since 2010.
- Jon acquired Intaserve in 2012 and has since expanded the Syncom's services to include shared hosting and cloud hosting, and domain name registration. Jon has also led more recent acquisitions including hosting providers Unlimited Space and Dhost.

Richard Wadley

Executive Director, Chief Financial Officer and Company Secretary
(FCCA (UK) Dip.Ag.)

- Non-Executive Director, Chief Financial Officer and Company Secretary of IMI since March 2011
- Extensive experience in financial management, tax planning, investor relations, technology licensing and capital raisings.
- Director of Origin Capital Limited (a PDF). Over the last twenty years has been CFO and Co. Secretary for a number of ASX listed companies. Previously CFO of the Year named by C.F.O. Magazine.

Indicative Capital Structure

- ❖ IMI to acquire Syncom for 50.0m shares post a 1 for 125 Consolidation (\$10.0m at the 20¢ Offer price) based on 5x adjusted EBITDA (for the six month period to 31 December 2014, annualised)
- ❖ IMI has raised \$300,000 in working capital via a convertible note, convertible at 0.15¢ pre-consolidation, with a 1:1 Option
- ❖ IMI to raise \$3.0m in new equity via a prospectus offer in Q1 2015 @ 20¢ (on a post-consolidation basis) with a priority offer to existing IMI shareholders of up to \$1.5m
- ❖ Public Offer investors will receive a 1:3 listed option (exercisable at 25¢ on or before 31 March 2019) (Option)

Indicative Capital Structure	Shares (m)	Amount Raised (\$m)	Market Cap at Issue Price (\$m)	Options ³ (m)
Current Shares on Issue	952.5			717.7 ¹
Convertible Loan issue	200.0	\$0.3		200.0
Total pre-consolidation	1,152.5	\$0.3		917.7
1 for 125 consolidation	9.2	-	\$1.8	7.3
Acquisition of Syncom ²	50.0	-	\$10.0	-
Prospectus raising ³	15.0	\$3.0	\$3.0	5.0
Prior Placement Options (subject to S/H Approval)	-	-	-	1.2
Total	74.2	\$3.3	\$14.8	13.5

1. Existing options exercisable at 90¢ (post-consolidation) on or before 30 September 2016
2. The number of consideration shares is based on the assumption of five times annualised EBITA of \$2.0m based on the half year to 31 December . The consideration shares will be subject to minimum 12 month escrow.
3. The Offer is conditional on IMI shareholder approval and completion of the acquisition of Syncom Pty Ltd, re-compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX
4. Options issued on Convertible Loan and Options to be issued in relation to a prior placement to be issued on the same terms as the Options
5. Up to 5 million Performance Shares and 5 million Options to be issued conditional on defined hurdles relating to specific EBITDA and EPS hurdles (tbd)

Convertible Note

The funds raised via the IMI Convertible Note (\$0.3m) will be used for working capital and to fund the costs of managing the transaction approval process and the capital raising.

Prospectus Offer

Use of Proceeds of the Offer	Prospectus Offer (\$m)
Business development Capex	\$0.5
Offer costs (direct costs of the Offer)	\$0.3
Advisory, legal and accounting costs associated with the Offer (indirect costs of the Offer and the Acquisition)	\$0.3
Working capital and funds for potential acquisitions	\$1.9
Total	\$3.0

Indicative Timetable

Event	Date
Announcement of Transaction	Mid December 2014
Lodge Prospectus and Notice of Meeting	Late January 2015
Dispatch Prospectus & Notice of Meeting, Offer Opens	Early February 2015
Shareholder Meeting, Suspend Company Shares Offer Closes and Change of Company Name Share Consolidation	Early March 2015
Issue of securities under Prospectus Offer Re-quotation on ASX Completion of Acquisition	Mid March 2015

The timetable is indicative only and is subject to change.

Investment Summary

- ❖ IMI (to be renamed Syncom) is entering the high growth data centre services
- ❖ Syncom is a leading provider of data centre based co-location, managed services, hosting and cloud computing services
- ❖ IMI has an agreement to acquire Syncom for 5 x times EBITDA of circa \$2.0m subject to the usual conditions for a back door listing
- ❖ The acquisition of Syncom will provide IMI with an immediate path to profitability
- ❖ IMI intends to relist with an EV of circa \$12.3m (excluding cash) equivalent to circa 6 x times historic EBITDA
- ❖ Syncom sees significant further significant consolidation opportunities for early execution and sees significant revenue growth opportunities including in the managed services sector
- ❖ Syncom's management team has a track record of success and value creation in both the execution of organic growth and successful acquisitions, and is capable of delivering on the strategy
- ❖ Syncom intends to drive earnings growth via both organic expansion and by targeted acquisitions of consolidation opportunities in the data centre services sector