



17 December 2014

ASX RELEASE

Company Announcements Office
Australian Securities Exchange Limited

Amcom and Vocus – enter into Scheme Implementation Agreement

Attached is the investor presentation for the combination of Amcom Telecommunications Limited and Vocus Communications Limited via a Scheme of Arrangement. The Scheme Implementation Agreement has been lodged separately on ASX.

A live presentation to discuss today's announcement will be held on Thursday 18 December at 8am WST (AEDT 11am), hosted by Amcom's CEO Clive Stein and CFO David Hinton.

To participate via telephone please dial the number below and enter the confirmation code as follows:

Attendee dial in (Australia Toll Free): 1800 554 798
Confirmation Code: 6511833

During the presentation please submit questions you may have to iQ@amcom.com.au

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Amcom and Vocus enter into Scheme Implementation Agreement

17th December 2014

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Transaction Overview

Amcom Telecommunications Limited (“Amcom”) and Vocus Communications Limited (“Vocus”) have entered into a Scheme Implementation Agreement under which Amcom will combine with Vocus via a Scheme of Arrangement (“Scheme”)

Amcom Shareholders will be offered 0.4614 Vocus shares for each Amcom share

- › Implied value of c.\$2.45 per Amcom share⁽¹⁾
- › Consideration not adjusted for Amcom 1HFY15 dividend (capped at \$0.05 per share)
- › Amcom shareholders will hold 51.7%⁽²⁾ of the combined entity

The combined entity’s Board will include 5 Vocus representatives and 3 Amcom representatives

- › David Spence to be Chairman
- › Tony Grist to be Deputy Chairman
- › James Spenceley to be CEO

The Amcom Board unanimously recommend that Amcom shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert opining that the transaction is in the best interests of Amcom Shareholders

(1) Based on Vocus closing share price as at 24 October 2014 of \$5.31.

(2) Based on Amcom and Vocus diluted shares outstanding (adjusted for Vocus’ 10% interest in Amcom).

Strategic Rationale

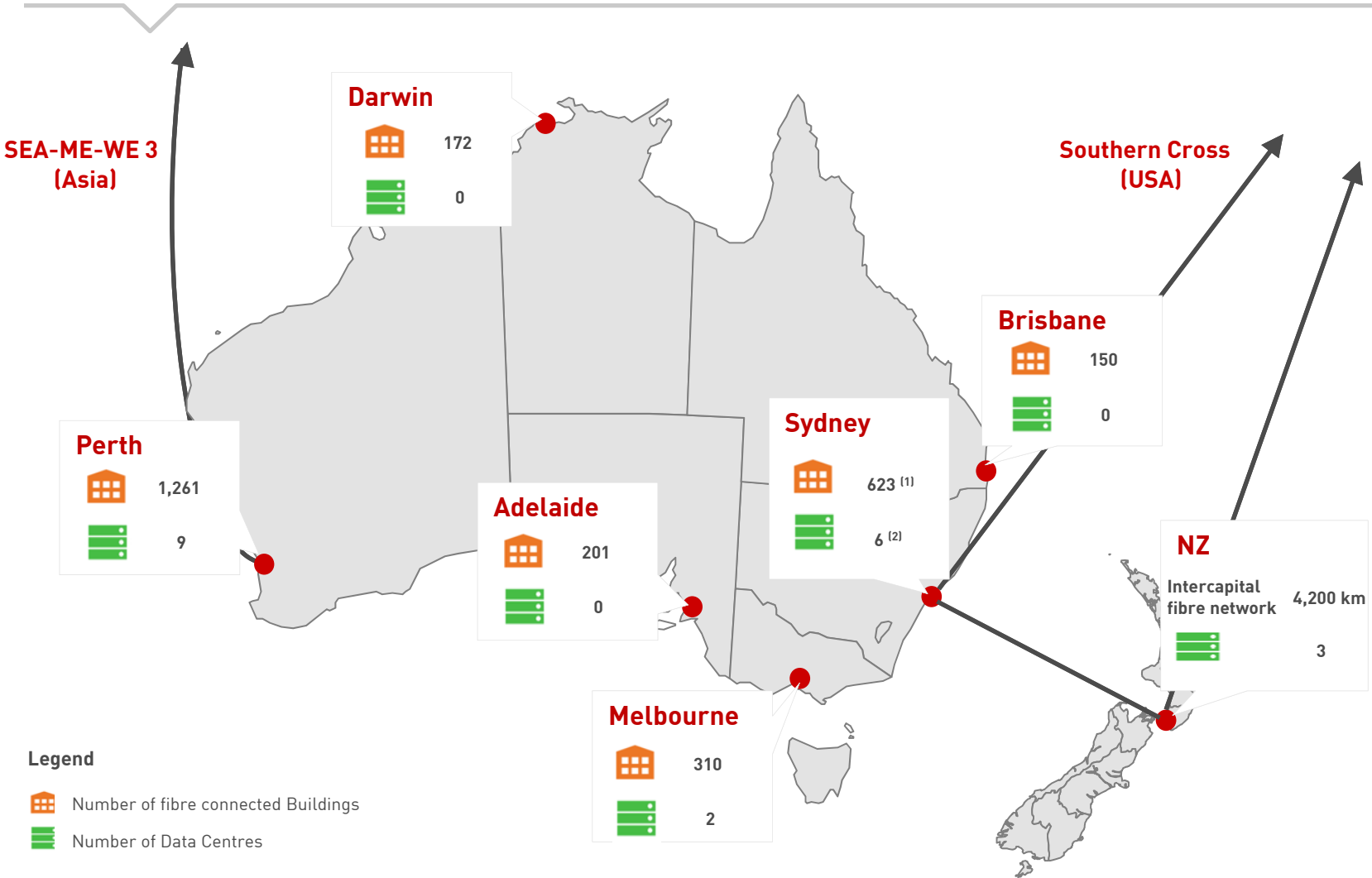
1 Complementary Businesses	<ul style="list-style-type: none">> Enhanced distribution and broader market reach<ul style="list-style-type: none">• Amcom – Government/Corporate; Vocus – Corporate/Wholesale> Significant Australia and NZ Data Network and Data Centre footprint<ul style="list-style-type: none">• 2,700 on-net buildings in Australia• 20 data centres in Australia and NZ• ~ 4,200km of fibre in NZ
2 Benefits of Scale	<ul style="list-style-type: none">> Enhanced scale of the combined entity likely to improve competitive position and lower cost base<ul style="list-style-type: none">• Leverage existing fixed cost base• Significant cost synergies through supply savings and scale/volume discounts
3 Enhanced Growth Profile	<ul style="list-style-type: none">> National fibre footprint, compelling product offering and an enhanced distribution network likely to drive significant growth for the combined entity<ul style="list-style-type: none">• Revenue synergies to be driven by cross-selling the combined product suite> Improved base to pursue further growth (i.e. ongoing industry consolidation; improved access to funding)
4 Significant Value to Amcom Shareholders	<ul style="list-style-type: none">> Implied premiums of:<ul style="list-style-type: none">• 31.7% based on pre-approach closing share price⁽¹⁾• 28.7% based on 30 day pre-approach VWAP⁽¹⁾> Implied FY14 EV/EBITDA and P/E multiple of >14x and ~29x respectively⁽²⁾> Earnings and cash flow accretive to Amcom shareholders in first full financial year following completion⁽³⁾

(1) Based on Amcom and Vocus pre-approach share prices of \$1.86 and \$5.31 and 30 day VWAPs of \$1.93 and \$5.40 respectively as at 24 October 2014.

(2) Based on Amcom's implied pre-approach value of \$2.45 per share and FY14 EBITDA and underlying NPAT of \$46.7m and \$23.2m respectively.

(3) Before Scheme transaction and integration costs, and the earnings impact of any purchase price accounting allocations.

National Footprint with International Reach



(1) Inclusive of 108 Buildings in Newcastle, 2 Buildings in Wollongong and 1 Building in Canberra
 (2) Inclusive of 3 Data Centres in Newcastle

Complementary Businesses

A combination of Amcom and Vocus is highly complementary, with significant cross selling opportunities and limited overlap of assets

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VOCUS
communications

Combined

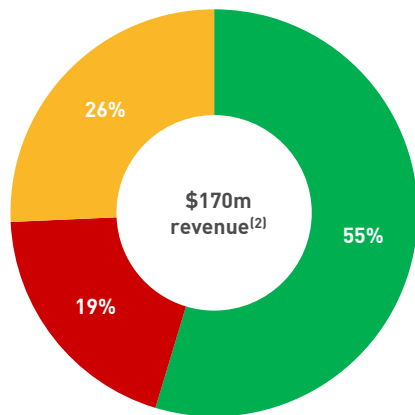
	amcom	VOCUS
Infrastructure	Fibre Networks	Perth, Adelaide, Darwin, Sydney, Melbourne, Brisbane
	Ethernet First Mile (EFM)	Perth, Adelaide, Darwin, Melbourne ⁽¹⁾ , Sydney ⁽¹⁾ , Brisbane ⁽¹⁾
	Data Centres	Perth
Capacity	Internet & International Capacity	Purchased as required through third part suppliers
	Unified Communications/Voice	Cisco/Broadsoft (national deployment)
Distribution	Indirect Sales	~300 channel partners nationally
	Direct Sales	Strong corporate and government focus
	Geographic	National with core customer base in WA, SA & NT

Significant national fibre footprint in Australia & NZ
Complementary national footprint leveraging national sales force
DC footprint in key markets
Potential for increased sales via enhanced competitive position and low cost base
Strong cross selling opportunity in East Coast and NZ
Enhanced distribution to drive sales across national infrastructure
Enhanced go to market know-how for potential East Coast government sales
Complementary – minimal overlap

Combined Earnings Profile FY14

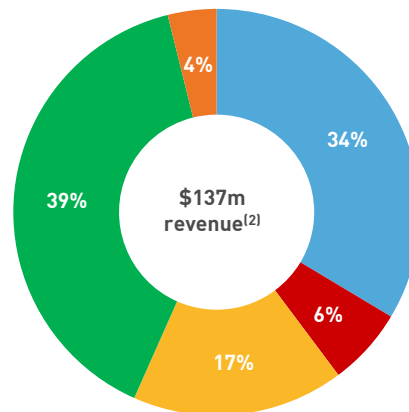
Combined business generates revenue >\$300m

Amcom (standalone)⁽¹⁾



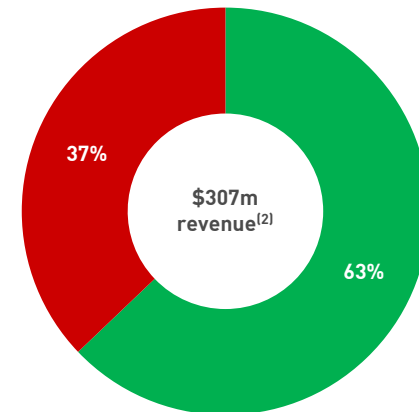
- Telco
- Hosted and Cloud Services
- IT Services

Vocus (standalone)^(1,3)



- Internet
- Voice
- Data Centres & Cloud
- Fibre & Ethernet
- Fibre Construction

Combined^(1,3)



- Data Networks
- Other

Note: Combined Data Networks division inclusive of Amcom's Data Networks (including Amnet), Vocus' Internet and Fibre & Ethernet divisions.

(1) Based on FY14.

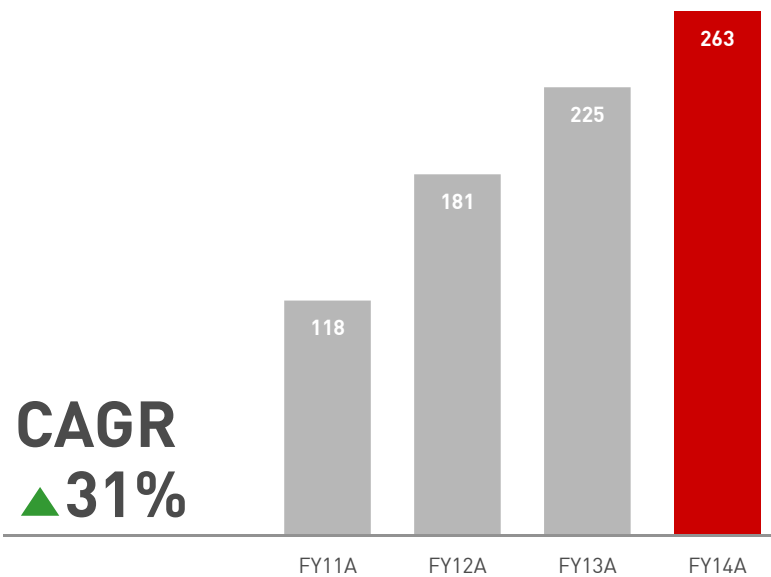
(2) Excludes FY14 interest income of c.\$0.3m and c.\$0.5m for Amcom and Vocus respectively.

(3) FY14A Pro Forma includes revenue from FX Networks and Bentley Data Centre acquisitions.

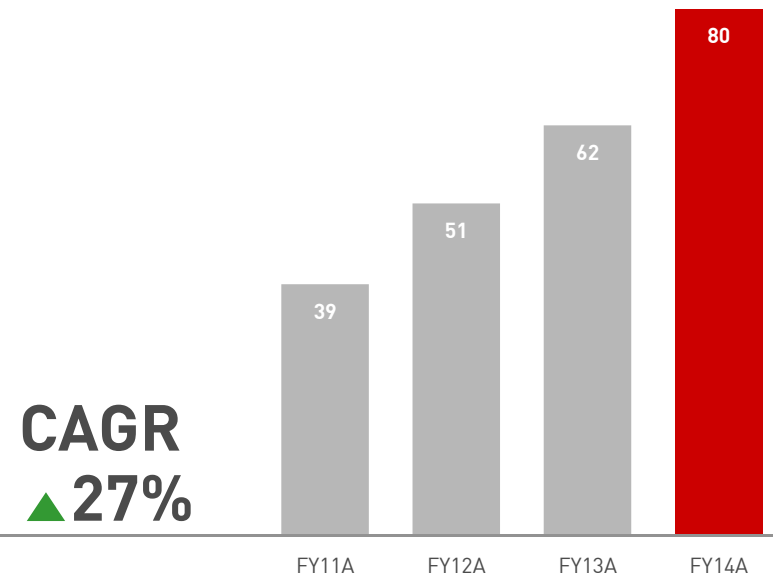
Significant Growth Potential

The combined business has achieved c.31% and c.27% CAGR in revenue and EBITDA over the last 3 years (FY11-FY14A) respectively

Combined Revenue (\$m)



Combined EBITDA (\$m)



Source: Revenue and underlying EBITDA based on company financial statements.

Combination Synergies

Combination is expected to generate cost synergies of ~\$13-\$15m p.a. by end of FY17, with potential for significant revenue synergies

1

Cost Synergies

› **Significant supply savings through integration of national networks**

- Reduction of third party tails
- Reduction in IP Transit and Voice expenditure
- Scale / volume discounts

2

Revenue Synergies

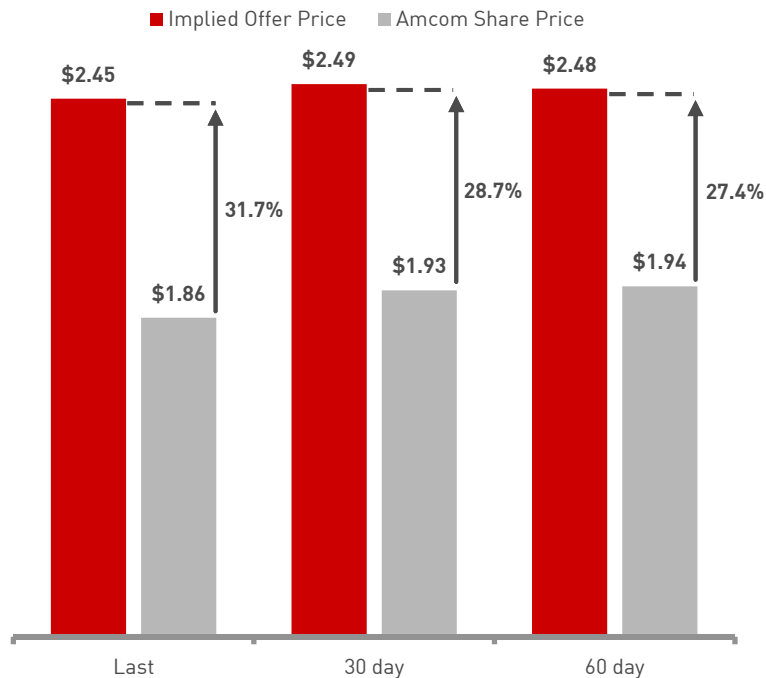
› **Cross-selling of combined product suite**

- Amcom selling on Vocus' East Coast and NZ network (e.g. via existing sales channels)
- Vocus selling on Amcom network and enhanced Unified Communications product offering (e.g. ACC, Broadsoft)

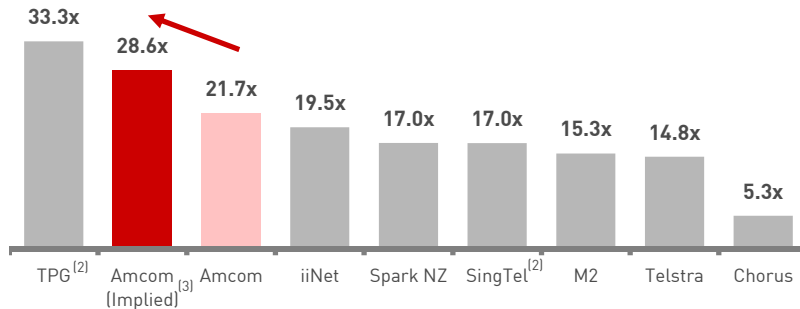
Attractive Implied Valuation

The proposed transaction implies an attractive premium and values Amcom at >14x FY14 EBITDA and ~29x FY14 NPAT

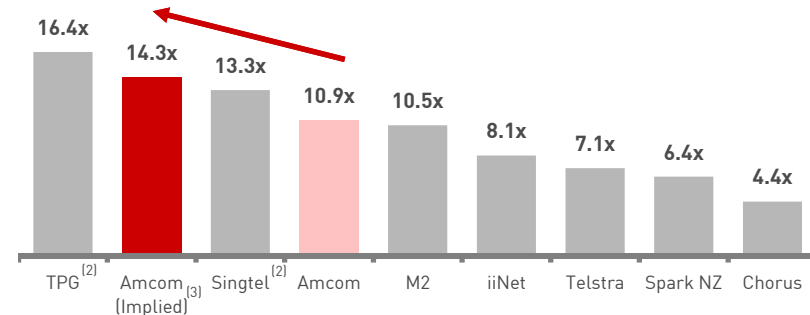
Implied Offer Premiums (pre-1HFY15 Dividend)⁽¹⁾



Implied FY14 P/E



Implied FY14 EV/EBITDA



Source: Company financials, Factset

Note: Company EV/EBITDA and P/E multiples based on pre-approach market data (i.e. as at 24 October 2014).

(1) Implied offer price based on Vocus' pre-approach closing price of \$5.31, 30 day VWAP of \$5.40 and 60 day VWAP of \$5.37.

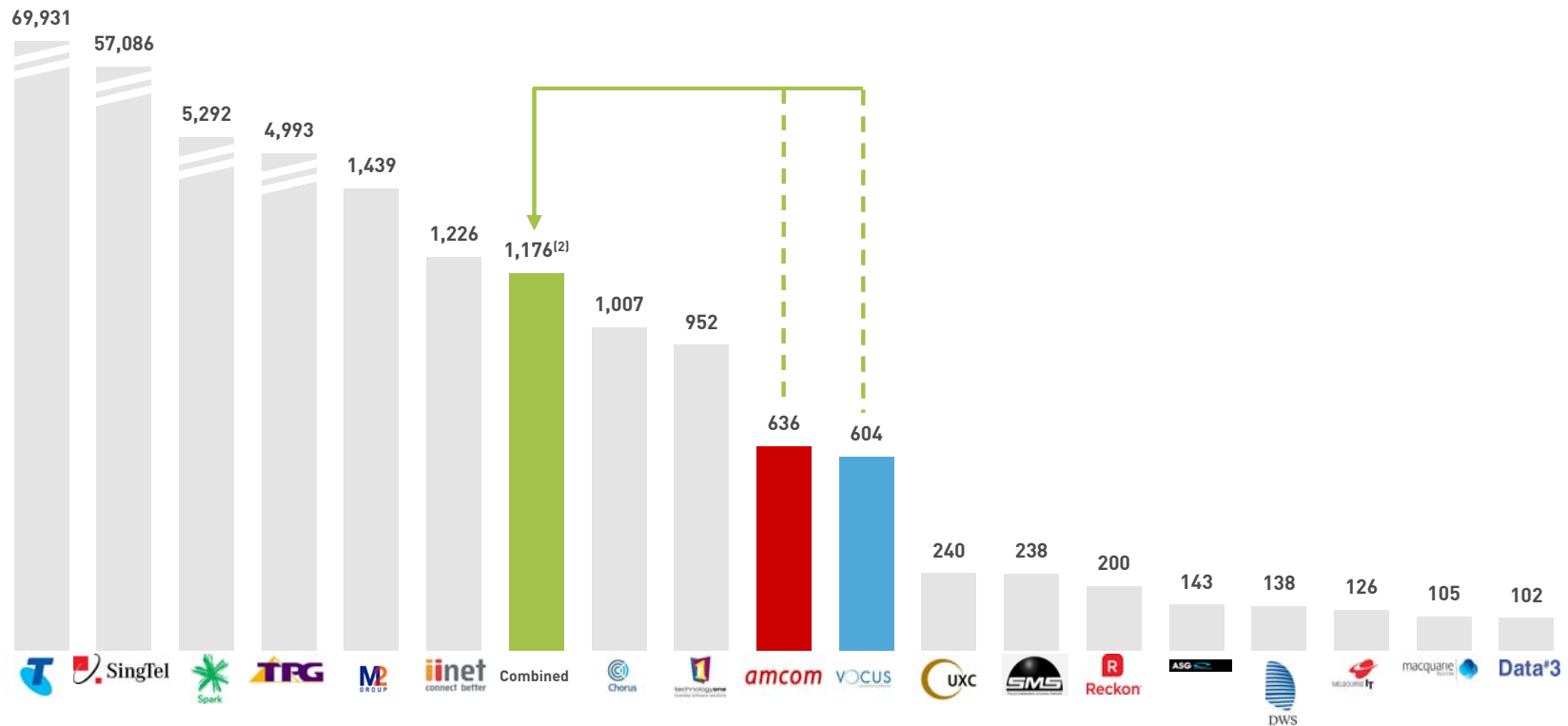
(2) FYE of 31 July 2014 and 31 March 2014 for TPG and SingTel respectively.

(3) Based on Amcom's implied pre-approach value of \$2.45 per share and FY14 EBITDA and underlying NPAT of \$46.7m and \$23.2m respectively.

Combined Market Position

The combined business will be a significant player in the ICT sector

Market Capitalisation (\$m)⁽¹⁾



Source: Factset, Company filings

- (1) Market data as at 16 December 2014. Vocus and Amcom market capitalisation based on diluted shares outstanding.
- (2) Equals sum of Vocus and Amcom market capitalisation adjusted for Vocus' 10% stake in Amcom. Excludes value for synergies and adjustments to Amcom market cap for exchange ratio.

Summary

- ✓ Highly complementary combination to significantly enhance market position – sales distribution, network coverage and product suite
- ✓ Expected to deliver significant value to shareholders
 - › Cost synergies of ~\$13m -\$15m p.a. by end of FY17, with potential for significant revenue synergies
 - › Earnings and cash flow accretive in first full financial year following completion⁽¹⁾
- ✓ The Amcom Board unanimously recommend that Amcom shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert opining that the Scheme is in the best interests of Amcom shareholders

(1) Before Scheme transaction and integration costs, and the earnings impact of any purchase price accounting allocations.

Appendix

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Indicative Timetable

Event	Date
First Court Hearing	Late February
Dispatch Explanatory Memorandum to Amcom Shareholders	Late February
Scheme Meeting	Late March
Second Court Hearing	Late March / Early April
Effective Date	Late March / Early April
Implementation Date	Mid April

Key Conditions

Amcom and Vocus have entered into a Scheme Implementation Agreement, which contains conditions including:

- › Customary regulatory and Court approvals
- › Amcom shareholder approval of the Scheme (75% of votes cast; 50% of shareholders voting)
- › No material adverse change in Amcom or Vocus
- › Independent Expert opining that the Scheme is in the best interests of Amcom shareholders

The Scheme Implementation Agreement also includes customary deal protection for both Amcom and Vocus including a reciprocal break fee, no shop, no talk, no due diligence, notification and matching rights, as well as various other provisions relevant to the transaction, including the obligations of the companies in the lead up to implementation of the Scheme and termination rights

The full terms and conditions of the Scheme Implementation Agreement are appended to the transaction announcement released to the ASX

Disclaimer

Some of the statements in this presentation constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect Amcom Telecommunications Limited’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside Amcom Telecommunications Limited’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Amcom Telecommunications Limited’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution.

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