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## **BIGAIR GROUP LIMITED**

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#### **BigAir expands managed services solutions via acquisition of Oriel Technologies**

BigAir Group Limited (ASX: BGL) is pleased to announce that it has entered into an agreement to acquire all of the shares in Oriel Technologies Pty Ltd ("Oriel"). The deal is expected to complete on or before 31 December 2014 subject to satisfaction of conditions precedent. Oriel will operate as a wholly owned subsidiary within the BigAir Group.

The acquisition of Oriel is consistent with BigAir's strategy to become a more complete technology solutions provider to its current and future customers, particularly those in the medium enterprise market.

Commenting on the acquisition, BigAir CEO, Jason Ashton, said: "By acquiring an organisation of Oriel's size and capability, we anticipate a significant boost in our cloud and managed services business, which has been identified as a key growth sector for us."

BigAir has achieved financial success with similar strategic investments in the cloud and managed services markets, namely Intelligent IP Communications, Star-Tech Communications, and Anittel Communications. The acquisition of Oriel adds a new dimension to BigAir's cloud and managed services strategy.

Oriel's well-established managed services portfolio, which consists of networking, systems, communications, support, Infrastructure as a Service, Desktop as a Service, as well as private, hybrid, and public cloud, will allow BigAir to significantly accelerate its plans to broaden its solutions portfolio.

Oriel's breadth of technical capability and mature managed service products provides an exciting platform for BigAir's planned strategic growth in the managed IT services area. We believe Oriel will provide significant cross-selling opportunities across both customer bases, with existing BigAir customers having immediate access to Oriel's extensive solution offerings and managed services portfolio.

Oriel's successful business model transformation from IT reseller to a managed services provider with a significant customer base has made it an excellent strategic choice for BigAir, who wishes to expand its reach in the medium enterprise market.

Oriel CEO Chris Fydler further explains; "Over the last three years, we have worked hard to rapidly adapt to the changing technology marketplace. The industry wide expansion of cloud-based services has meant our customers are demanding we replace our traditional project-based solutions with managed services. As a result, we have made significant investments in infrastructure and people to provide a comprehensive suite of managed services to our customers."

Ashton said; "Oriel has extensive experience in assessing business technology requirements, building and managing technology solutions, developing business continuity and disaster recovery plans, and assisting customers to migrate to the cloud."

Managing Director and founder of Oriel, Jake Wynne, said of the acquisition; "This is a fantastic opportunity for Oriel to expand its managed services reach. Over the last 19 years we have built a great team of people focused on providing creative and cost-effective technology solutions and excellent service. The fact that a number of our customers have been with us for more than 15 years is a testament to that service. BigAir is a strong fit culturally and we look forward to working with the team to enable us to continue to provide the innovation and service levels our customers demand."

## **Acquisition and funding details**

BigAir will acquire Oriel for an up front cash consideration of \$4.21 million, and two additional earn out payments based on the performance of Oriel in FY2015 and FY2016. The consideration structure being:

- \$4.21 million in cash payable on completion
- Two annual earn out payments based on incremental EBITDA generated:
  - Incremental EBITDA is measured against a baseline EBITDA of \$842k
  - Earn out payments calculated using a 2.25 times multiple of the increased incremental EBITDA over the 12 months ending 30 June 2015 and 30 June 2016
  - Earn out payments will be made 50% in cash and 50% in BigAir shares

The total acquisition price is capped at \$15 million. The up front cash consideration will be funded with an increased debt facility and the earn out payments from future operating cash flows.

In FY2014 Oriel generated revenues of \$22 million and EBITDA of \$842k. The integration of Oriel within BigAir is expected to deliver substantial cross-selling opportunities across the companies' existing client bases given the complementary product suites of both companies along with several cost synergies. Once fully integrated, Oriel is expected to grow its revenues to more than \$25 million in FY2016.

The acquisition is expected to be immediately EPS accretive.

## **About Oriel**

Founded in 1995, Oriel Technologies has grown to become one of Australia's leading and most innovative managed IT service providers, offering bespoke solutions to organisations that seek business-driven IT. Focused on mid-enterprise businesses, all of Oriel's services are designed with business needs in mind and meet the security, compliance, and flexibility standards that Oriel's customers have come to expect. Taking a consultancy-led approach enables Oriel to develop a deep understanding of its customers' corporate environments and tailor solutions accordingly. Oriel enables organisations to prosper in the virtual era whilst driving real business results.

## **For further information please contact:**

Jason Ashton  
Chief Executive Officer  
BigAir Group Limited  
02 9993 1316 | [jason@bigair.net.au](mailto:jason@bigair.net.au)

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## About BigAir Group Limited

BigAir owns and operates Australia's largest metropolitan fixed wireless broadband network. The Australian business market comprises nearly one million businesses and BigAir's network provides near blanket coverage across its major cities and now includes extensive regional coverage. BigAir provides data solutions through its Channel partners that include Tier 1 and Tier 2 carriers and IT service companies and also through its own Corporate solutions team that can design and manage large corporate communication networks.

The BigAir Cloud Managed Services division provides customers with innovative, fully integrated Cloud, Managed Services and Unified Communications solutions designed to satisfy business requirements in delivering reliable, feature rich, business grade services backed by industry leading service and support.

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia. BigAir is able to provide a complete end to end solution for student accommodation providers including both wireless and wired infrastructure delivering high speed broadband along with its advanced billing systems and 24/7 operational support systems. The Community Broadband division also supplies managed communications and WiFi solutions into Retirement Living villages, Shopping Centres, local councils and remote mining camps.

BigAir's competitive infrastructure advantage includes its state-of-the-art carrier-grade fixed wireless network which allows installation of dependable symmetric broadband services at speeds up to and beyond 1000Mbps with installation taking as little as a few hours. The fixed wireless network is also available in combination with traditional fixed line infrastructure such as fiber to provide critical network and application infrastructure with complete technology and carrier diversity.

For further information please visit [www.bigair.com.au](http://www.bigair.com.au)