



# Transaction highlights

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## Transaction announcement

- Vocus Communications Limited (ASX: VOC) to acquire Amcom Telecommunications Limited (ASX: AMM) via a scheme of arrangement
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## Offer consideration

- All-scrip transaction, 0.4614 Vocus shares for each Amcom share
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## Key highlights

- Amcom's Board of Directors unanimously recommend that shareholders accept the Vocus offer, in the absence of any superior proposal and subject to the independent expert's opinion
  - Combination of two geographically diverse (East and West coast) complementary businesses to create a major national telecommunications infrastructure provider with substantial synergies
  - Combined market cap of >\$1.1 billion<sup>(1)</sup> and consensus EBITDA of c. \$100m in FY15<sup>(2)</sup>  
Amcom interim dividend to be paid prior to completion
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# Transaction overview

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## Offer terms

- 0.4614 Vocus shares for each Amcom share
  - 217m total shares on issue on completion
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## Offer value

- Implied offer price of \$2.45 per Amcom share based on the closing share price of Amcom (\$1.86) and Vocus (\$5.31) prior to Vocus' approach to Amcom on 24 October 2014
  - Represents a 25.7% premium to the 3M VWAP on 24 October 2014
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## Funding

- Group debt refinanced through a syndicated debt facility underwritten by the Commonwealth Bank of Australia
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## Key conditions

- No material adverse change
  - Mutual break fees of \$4m
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## Dividends

- FY15 interim dividends for Amcom and Vocus capped at 5 cents and 6.3 cents, respectively
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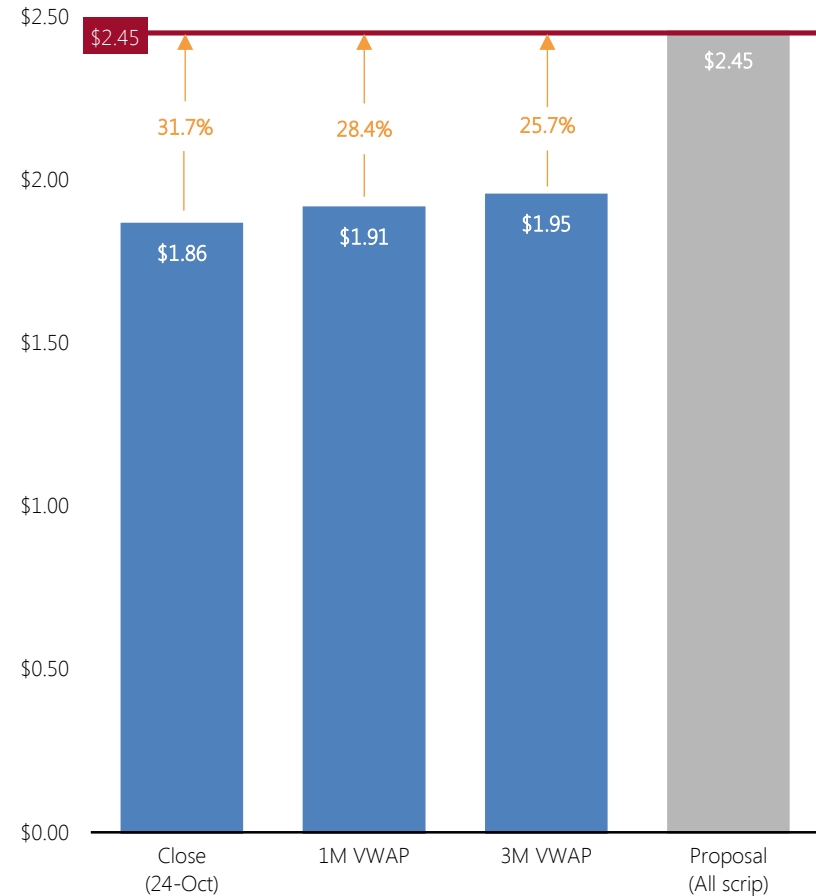
# Offer value

All scrip consideration for remaining Amcom equity not already owned

## Offer structure

- 100% scrip consideration for remaining Amcom equity and performance rights not already owned
- Offer of \$2.45 based on exchange ratio of 0.4614 Vocus shares for each Amcom share
- 112 million shares to be issued resulting in total shares on issue of 217 million on transaction completion

Amcom offer premium (%)



# Transaction overview

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## Vocus Board

- Three Amcom directors to join an expanded Vocus Board
  - Vocus Chairman, David Spence to be Group Chairman
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## Management

- Vocus CEO, James Spenceley to be Group CEO
  - Vocus CFO, Rick Correll to be Group CFO
  - Senior management of both Amcom and Vocus will participate in the Executive Group
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## Offices

- Group headquarters will be Sydney
  - Staff located across Australia and New Zealand
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## Timing

- Expected completion April 2015
  - Scheme booklet to be dispatched to shareholders in February 2015
  - Detailed timetable provided on page 22
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# Compelling combination

## Strategic rationale

- Creation of a major national telecommunications infrastructure provider
- Fibre optic networks and data centre infrastructure across Australia and New Zealand
- Diversifies earnings across products and customers
- Facilitates network / operational synergies and larger product suite for clients

## Continued participation in enlarged entity

- Scrip consideration allows Amcom shareholders ongoing exposure to a national telecommunications infrastructure provider positioned to capitalise on the strengths of both companies and take advantage of the continuing growth in the Telecommunications sector

## Low integration risk

- Complementary infrastructure, networks and staff
- Leverages the combined management team's operational and technical expertise

## Capital base enhanced

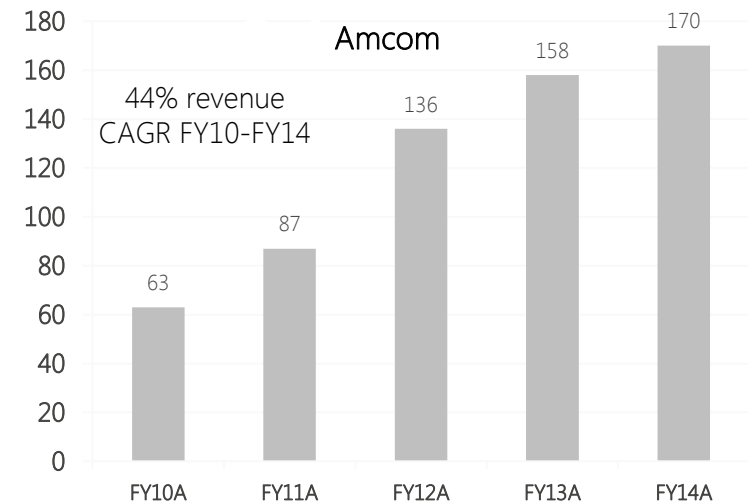
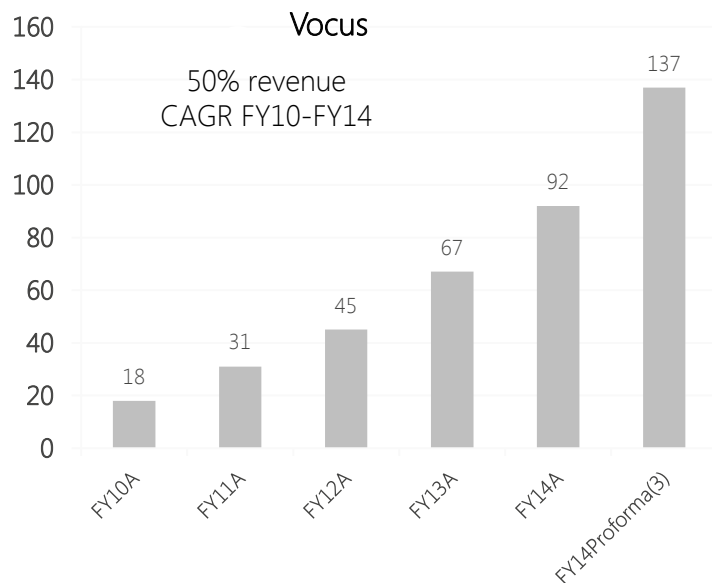
- Strengthens Vocus' position in the ASX 200 and its expanded investor base
- Increased liquidity and access to capital
- Conservative Net Debt/EBITDA<sup>(1)</sup> ratio of 1.82x with \$60m of available facilities to fund future growth



# Combined company overview

- Combined market cap greater than \$1 billion<sup>(1)</sup>, and consensus EBITDA of c. \$100m<sup>(2)</sup>
- Business optimally leveraged to growth trends in data consumption and IT outsourcing
- Revenues across Australia and New Zealand, with enhanced industry and geographic diversity

## Both companies possess strong records of revenue growth (A\$m)

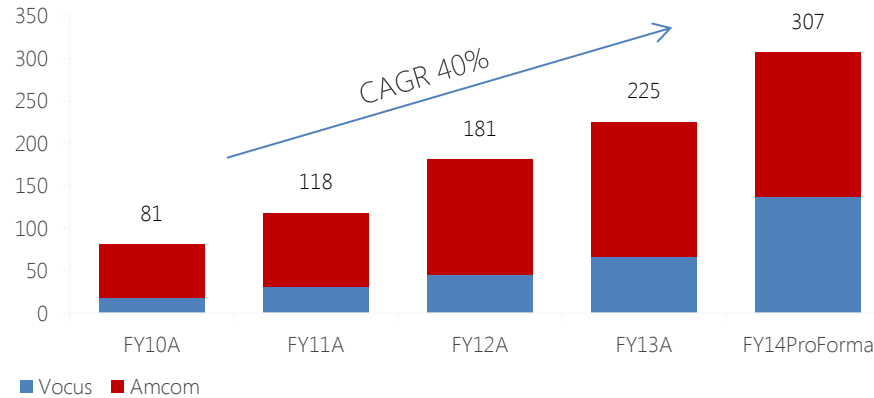




# Pro forma revenues

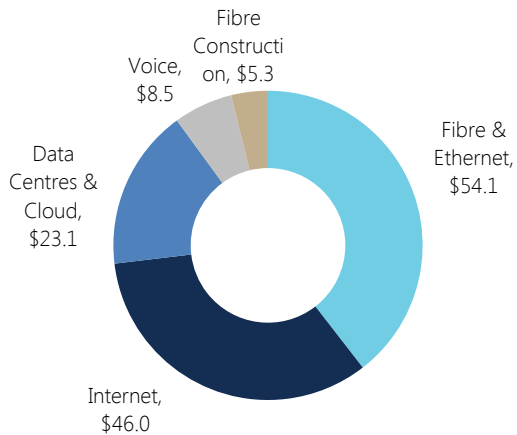
Product set to aligned to the corporate and wholesale telecommunications markets

### Pro Forma Revenue (A\$m)

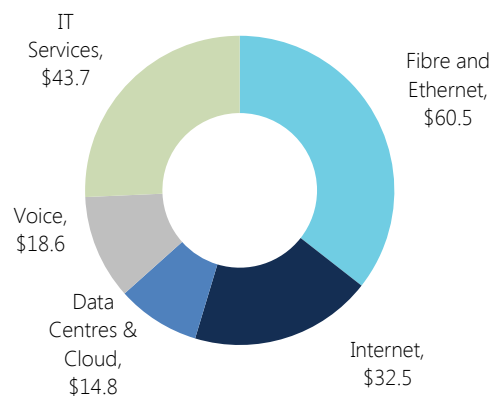


### Revenue composition – Pro Forma FY14A (A\$m)

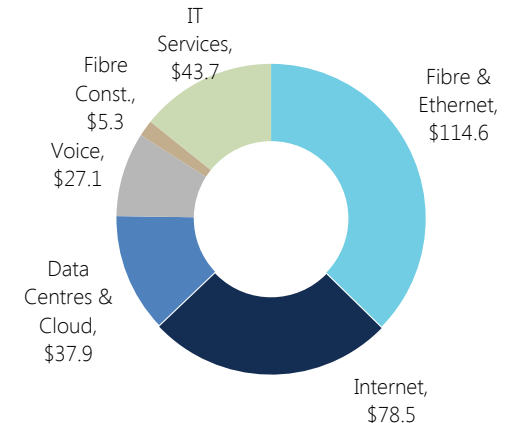
#### Vocus



#### Amcom



#### Vocus (post acquisition)



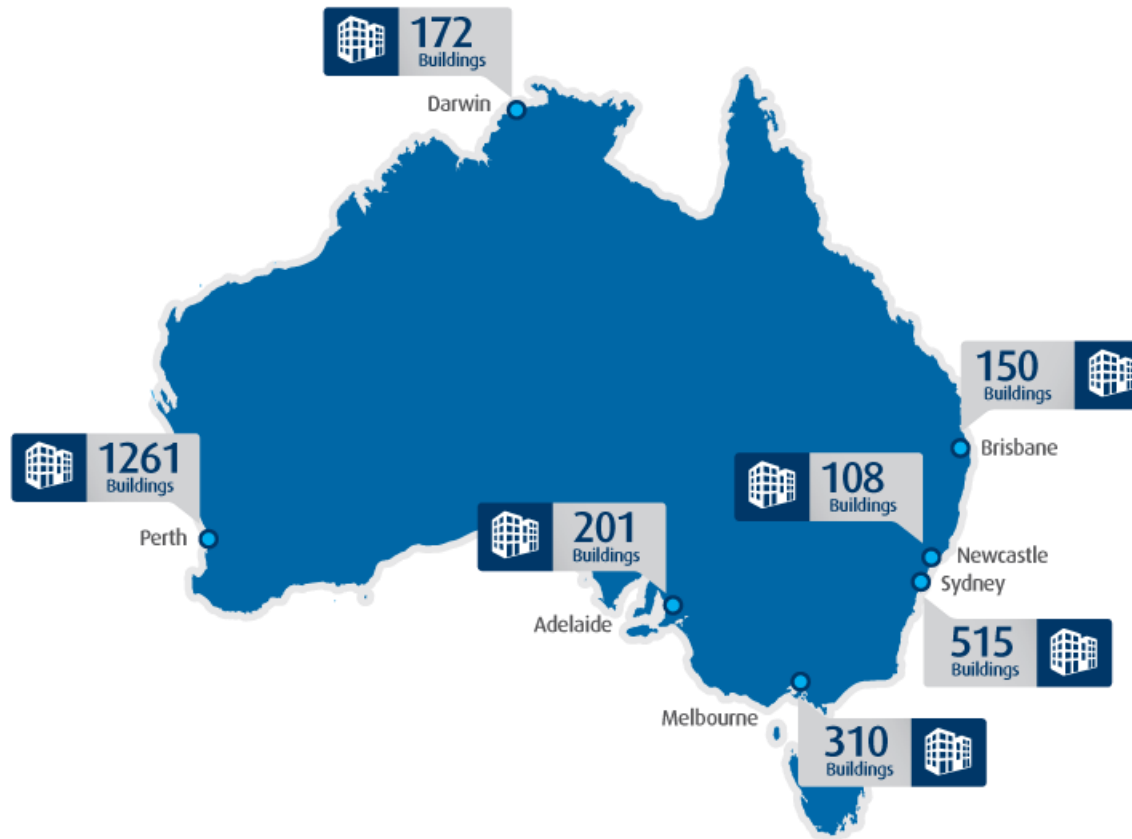
# Combined infrastructure

Significant domestic and international network connecting Australia and New Zealand



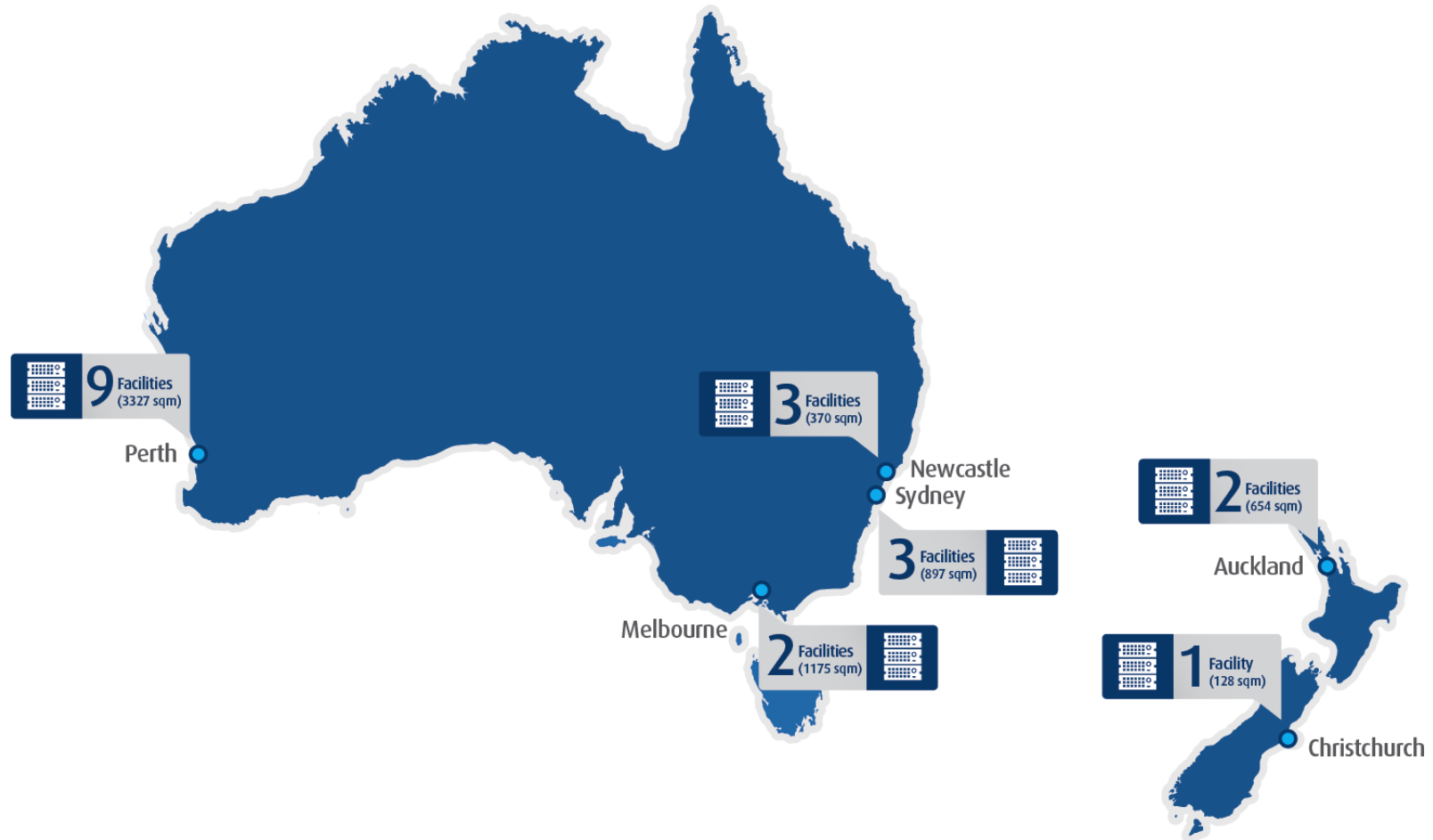
# Combined infrastructure

Metropolitan fibre connecting over 2,700 buildings across Australia



# Combined infrastructure

20 owned data centre facilities across Australia and New Zealand



# Combined sales force

70 salespeople across Australia and New Zealand focused on corporate and wholesale telecommunications solutions

	VOCUS communications	amcom
Wholesale Sales	8	3
Corporate Sales	16	28
Channel Sales	6	9
Total Salespeople	30	40



11

Wholesale Salespeople

44

Corporate Salespeople

15

Channel Salespeople



# Complementary operations

Two complementary businesses that combine to create a major national telecommunications provider

**amcom**

**VOCUS**  
communications

**VOCUS**  
communications

Infrastructure	Fibre Networks	Perth, Adelaide, Darwin, Sydney, Melbourne, Brisbane	Melbourne, Sydney, Brisbane, Newcastle, NZ
	International Networks	-	Owned capacity on Southern Cross and Sea-Me-We 3
	Ethernet First Mile	Perth, Adelaide, Darwin, Sydney, Melbourne, Brisbane	-
	Data Centres	Perth	Perth, Melbourne, Sydney, Brisbane, Auckland, Christchurch and Newcastle
Internet	Internet Connectivity	Purchased as required through third party supplier	Owned network
Additional Services	Unified Communications/Voice	Cisco/Broadsoft (national deployment)	Carrier-grade Voice network for wholesale customers
Distribution	Indirect Sales	~300 channel partners nationally	~60 channel partners nationally
	Wholesale Sales	Wholesale sales team	Strong Wholesale sales team
	Direct Sales	Strong corporate and government focus	Corporate focus
	Geographic	National with core customer base (WA,SA NT)	National with core customer base (NSW, QLD, VIC, ACT and NZ)

- Significant national fibre footprint in Australia and NZ
- Strong selling proposition around international connectivity
- Complementary national footprint. Larger sales force
- DC footprint in key markets
- Potential for increased sales via enhanced competitive position and cost base
- Strong cross selling opportunity in East Coast and NZ
- Enhanced distribution to drive sales across national infrastructure
- Significant opportunity for west coast wholesale sales opportunities
- Enhanced go to market know-how for potential East Coast government sales
- Complementary – minimal overlap

# Combined customer base

Over 3,700 corporate and wholesale customers



VOCUS  
communications

1,550

Customers

**amcom**

2,200

Customers



VOCUS  
communications

3,750

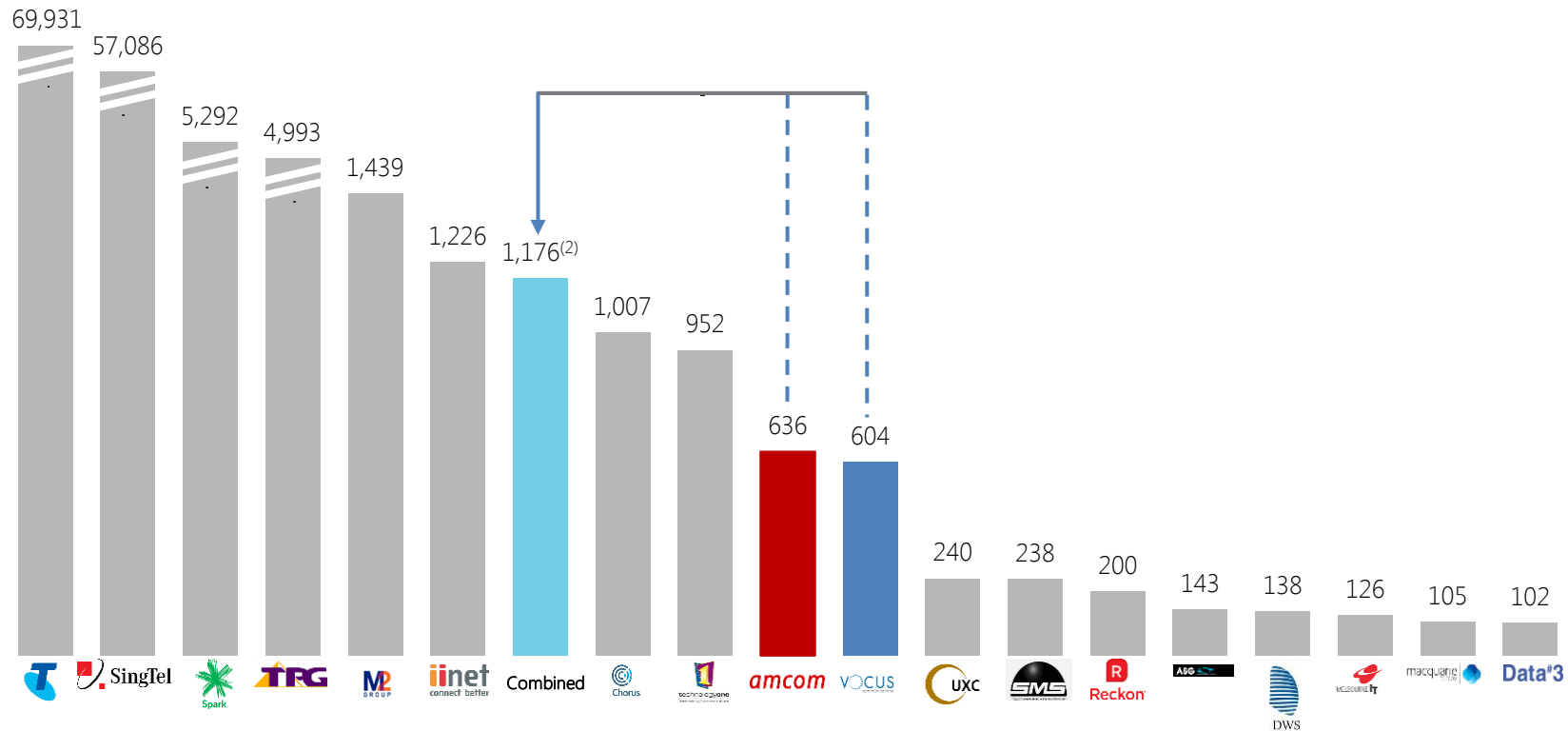
Customers



# Combined market capitalisation

Combined market cap in excess of \$1.1 billion

Market Capitalisation (\$m)<sup>(1)</sup>



Source: Factset, Company filings

(1) Market data as at 16 December 2014.

(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.

# Cost synergies

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- Synergies driven by complementary infrastructure and operations
    - Vocus to provide internet capacity to Amcom
    - Rationalisation of duplicated network infrastructure
    - Removal of duplicated company costs
    - Aggregation and economies of scale in relation to input supplies
  - Conservatively estimated at \$13-15m of annualised synergy benefits to be realised by the end of FY17
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# Revenue synergies

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- Internet sales opportunities to Amcom customers
  - Amcom hosted telephony and unified communications product to Vocus Australian customer base
  - Unified communications product to be a highly compelling product in the New Zealand market
  - Cross-sales of the enhanced product suite from combining the two companies
  - Enhanced distribution of Vocus fibre via channel partners, leveraging Amcom expertise
  - Sales opportunities that arise from having a combined national/international network with a presence in all Australian and New Zealand capital cities
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# Benefits for Amcom shareholders

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## Attractive value proposition

- Offer of \$2.45 per Amcom share based on Vocus' closing share price on 24 October 2014, with continued upside to participate in growth of the combination
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## Continued participation in enlarged entity

- Scrip consideration allows Amcom shareholders ongoing exposure to growth via an enlarged, geographically diverse entity with favourable industry positioning
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## Tax

- Capital gains tax rollover relief for Amcom shareholders
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# Summary

- The combination delivers an enhanced growth platform, while creating a strong national corporate, government and wholesale telecommunications infrastructure provider
- Leverages existing operational and financial strength
  - Highly complementary and synergistic businesses
  - Strong mutual cross-sell opportunities
- High quality assets with significant growth potential
  - Immediate value in combining the two networks
  - Compelling integrated service offering
- Optimally positioned to capitalise on the evolving opportunities in the telecommunications sector

# Indicative Scheme timing

- First Court hearing to approve Scheme documentation and convene Scheme meeting February 2015
- Scheme documentation dispatched to Amcom shareholders February 2015
- Scheme meeting March 2015
- Second Court Hearing March/April 2015
- Implementation date March/April 2015

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