



13 February 2015

Dear Shareholder,

## **CREATION OF A NATIONAL TELECOMMUNICATIONS INFRASTRUCTURE PROVIDER**

On 17 December 2014, Amcom Telecommunications Limited ('Amcom') announced that it had entered into a Scheme Implementation Agreement with Vocus Communications Limited ('Vocus'), which would, upon completion, create a national telecommunications infrastructure provider. The transaction is to be implemented via a scheme of arrangement ('Scheme').

As a valued investor, I wanted to write to you personally to provide you with our thoughts on the transaction, the benefits that I see it offers to Amcom shareholders and details of next steps.

### **Consideration & Amcom Board Recommendation**

Under the Scheme, Amcom shareholders will receive consideration of 0.4614 Vocus shares for each Amcom share owned. The consideration will not be adjusted for Amcom's 1H FY15 dividend (capped at 5 cents per share). Upon completion of the Scheme, Amcom shareholders will own approximately 51.6% of the combined group.

*The Amcom Board unanimously recommends that you 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 interest of Amcom shareholders.*

### **Benefits to Stakeholders of Combination**

In brief, the combination with Vocus is highly complementary and offers the following key benefits:

- **A significant share price premium** – c.31.7% and c.28.7% to Amcom's pre-approach closing share price and 30 day VWAP as at 24 October 2014 respectively<sup>(1)</sup>
- **Earnings and cash flow accretion** – The transaction is expected to be earnings and cash flow accretive in first full financial year following completion<sup>(2)</sup>
- **Enhanced Data Network and Data Centre footprint** – The combined group will have a significantly enhanced footprint including c.2,700 on-net buildings in Australia, c.4,200km of fibre network in New Zealand and 20 data centres over 15 sites across Australia and New Zealand
- **Cross-selling opportunities** – The highly complementary nature of the combination will mean significant cross-selling opportunities of combined product suite across the combined group's Australia and New Zealand bases
- **Benefits of scale** – The enhanced scale is likely to improve competitive positioning, with meaningful cost benefits associated with supply savings and volume discounts as well as efficiencies from spreading fixed costs across the combined group's expanded base
- **Strong growth potential** – The larger product offering and enhanced distribution network is likely to drive increased growth and offer an improved base to pursue further growth initiatives

The above benefits are expected to generate significant cost and revenue synergies and as Amcom shareholders will own approximately 51.6% of the combined group following

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<sup>1</sup> 24 October 2014 being the last trading day prior to the announcement of Vocus' approach.

<sup>2</sup> Before Scheme transaction and integration costs, and the earnings impact of any purchase price accounting allocations.

implementation of the Scheme, more than half of the benefits from these synergies will flow to Amcom shareholders, providing significantly greater value than the premium alone.

Three Amcom directors will join the combined group's eight person Board, including myself as Deputy Chairman. In addition, with over 600 employees and limited overlap between roles across the two companies, the combination will create a significant platform for long-term growth and excellent opportunities for staff.

Amcom has been a great WA success story and we are enormously proud of what management and staff have created. However, this combination makes strong commercial and strategic sense and as such we expect the transaction will add significant value to you as a shareholder.

### **Details of the Scheme**

Under the Scheme, Vocus will acquire the outstanding 90% of shares it does not own in Amcom and, as a result, Vocus will continue to be listed on the ASX and operate the combined group.

The implementation of the Scheme is subject to several conditions, including:

- The requisite majorities of Amcom shareholders approving the Scheme (being a majority in number of shareholders who vote and at least 75% of the total number of shares voted)
- Satisfaction of all regulatory approvals;
- The Independent Expert opining that the Scheme is in the best interests of Amcom shareholders;
- No material adverse event or prescribed occurrence by either Vocus or Amcom; and
- Court approval.

### **Next Steps**

At this stage, **you do not need to take any action** in relation to your Amcom shares.

A Scheme Booklet containing further information in relation to the Scheme, including details of the Amcom Board's recommendation, voting instructions and a report prepared by the Independent Expert, is expected to be provided to you in mid-March. The Scheme Meeting is expected to be held in mid-April.

I encourage you to keep yourself informed of the Scheme by regularly visiting our website ([www.amcom.com.au](http://www.amcom.com.au)) for updates.

Thank you for your continued support of Amcom and I look forward to providing you with a further update on release of our half year results.

Yours sincerely,



**Tony Grist**  
**Chairman**