



**SpeedCast**   
*Wherever You Are*

## Acquisition of NewCom International

**29 December 2015**



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# Transaction Overview



## Transaction Highlights

- SpeedCast has entered into a definitive agreement to acquire NewCom International ('NewCom') for an initial consideration of USD13.9M<sup>1</sup>, comprising USD 11.8M in cash and USD 2.1M in SpeedCast shares.
- Completion (and payment of initial consideration) expected to occur in Q2 2016 subject to receiving the appropriate regulatory approvals
- Given NewCom's strong growth potential, further consideration of up to USD 19M (comprising 75% cash; 25% SpeedCast shares) will be payable in Q2 2017 if certain ambitious EBITDA targets are achieved in FY2016
- SpeedCast has extended its syndicated debt facility by USD 20M through the addition of a new lender, subject to suitable documentation
- Based in Miami, NewCom is a generalist satellite services provider targeting key industries requiring satellite services in the Americas

## Strategic Rationale

- The addition of NewCom's teleport & satellite services business provides a well established platform in the important and growing region of South and Central America from which the group can leverage future growth opportunities
- NewCom has strong growth potential with double digit growth expected in 2016
- The business is similar in many ways to the existing SpeedCast business in terms of the services it provides and the diversity of its customer base
- The acquisition adds two teleports in North and South America, which will allow SpeedCast to further consolidate its traffic and generate cost synergies

<sup>1</sup> excluding transaction costs of approximately USD 0.5M

- Based in Miami, NewCom International ('NewCom') is a privately owned global communications provider specialising in satellite, WiFi and fiber infrastructure, bundled services and telecommunications engineering for the public and private sectors
- Provides services into South America, Central America, Caribbean, Mexico and Africa, in over 25 countries
- Verticals serviced include government, telecom, oil & gas, maritime, aviation, NGOs and mining
- 40 employees spread across the Americas including Miami, Peru, Columbia and Mexico
- Well established and recognized business in the South and Central American region with strong relationships and partners in most countries around the region
- Strong management team; CEO is a leading executive in the satellite services industry in the Americas
- Owns two teleports, one in Miami and one in Peru

# Strategic Benefits of the Acquisition



- The acquisition opens new growth opportunities into a major continent, where satellite services are widely used and growing, through an already well established and well managed business. NewCom has strong growth potential, which can be better realized with SpeedCast capabilities and strengths. NewCom is expected to grow double digit both revenue and EBITDA in 2016. Significant revenues synergies are forecasted for the 2016-2018 period.
- Establishes a strong SpeedCast presence in South and Central America, where SpeedCast has no presence currently but which is important to all of the group's existing verticals and to a number of SpeedCast's existing customers
- NewCom also strengthens SpeedCast's presence and infrastructure in North America, with a major office and teleport in Miami, a key hub for the yachting, cruise and government markets
- NewCom is similarly diversified as the existing SpeedCast business, servicing all the major verticals that SpeedCast is targeting, and is a leading service provider in the Americas
- Strong management team that will further strengthen SpeedCast Americas' organization
- Two additional teleports in North and South America will allow consolidation of traffic through SpeedCast owned teleports (internalising) and generate cost synergies
- Good cost synergies also expected from satellite bandwidth

# Financial information – NewCom acquisition



## NewCom International financial information:

- FY2015 Forecast financial performance of acquired business:
  - Revenues of USD 16.5M
  - EBITDA of USD 1.8M
  - Cost synergies expected on bandwidth and teleport expenses

## Financial impacts & Funding

- The acquisition of the NewCom International business is expected to be EPS accretive for SpeedCast shareholders<sup>1</sup> immediately following closing.
- SpeedCast has increased the Group's committed debt facilities through the addition of a new lender to the group syndicate on terms consistent with its existing facilities, subject to final documentation. This increases the available debt facilities by USD 20M. The acquisition will be funded by debt from the increased debt facilities.
- Total initial consideration payable for the acquisition of NewCom is USD 13.9M, comprising USD 11.8M in cash and USD 2.1M in SpeedCast shares<sup>2</sup>.
- The acquisition is subject to regulatory approval which management has estimated will take 3-5 months. The initial consideration is therefore anticipated to be paid in Q2 2016.

<sup>1</sup> Excluding the amortisation of any acquired intangibles.

<sup>2</sup> Ranking equally with other ordinary SpeedCast shares

## Financial impacts & Funding (continued)

- Further potential consideration of up to USD 19M (comprising 75% cash & 25% in shares<sup>1</sup>) is payable through an earn-out mechanism if ambitious EBITDA growth targets are achieved in 2016. Any additional consideration is expected to be paid in Q2 2017. The final consideration payable will approximately equate to an EBITDA multiple consistent with the initial consideration payable and with previous acquisitions.
- Transaction costs are expected to be USD 0.5M & new debt facility fees of USD 0.4M

## Pro forma leverage

- Following the payment of the initial consideration for the previously announced ST Teleport acquisition (expected to close in Q1 2016) and the NewCom International (expected to close in Q2 2016), with both being funded from the group's debt facilities, pro forma leverage<sup>2</sup> is expected to be maintained below 3.0 times. This is consistent with the Group's strategy for funding acquisitions.
- At 31 December 2015 the group expects the pro forma leverage<sup>2</sup> ratio to be down to approx. 2.5-2.6 times, excluding the impact of both the ST Teleport and NewCom acquisitions.
- SpeedCast continues to generate strong organic operating cash flows and earnings growth. The combination of these two factors is expected to reduce the pro forma leverage ratio back within the Group's target range of 1.75 - 2.25 times within 12-18 months from the closing date.

<sup>1</sup> Ranking equally with other ordinary SpeedCast shares.

<sup>2</sup> Net debt / Pro forma EBITDA (based on trailing 12 months from closing date and assuming earnings from acquisitions for full 12 month period prior to the closing date)



## Investor & Media contacts



The company will schedule an investor call on Thursday 7<sup>th</sup> January 2016 hosted by PJ Beylier (CEO) and Ian Baldwin (CFO). Details will be released on the ASX separately.

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#### About SpeedCast Ltd

SpeedCast is a leading global network and satellite communications service provider offering high-quality managed networks services in over 90 countries; and a global maritime network serving customers worldwide. Headquartered in Hong Kong, with 27 international sales & support offices and 30 teleport operations, SpeedCast has a unique infrastructure to serve the requirements of customers globally. With over 5,000 links on land and at sea supporting mission critical applications, SpeedCast has distinguished itself with a strong operational expertise and a highly efficient support organization, which are the foundation of SpeedCast's success. SpeedCast is publicly listed on the Australian Stock Exchange under the ticker SDA ([ASX:SDA](https://www.asx.com.au/SDA)). For more information, visit [www.speedcast.com](http://www.speedcast.com).





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