



## Acquisition of SALT Communications

28 July 2015

# Conference call details

## SpeedCast acquires SALT Communications



The company has scheduled a conference call as follows:

- Time: 11.00am (Sydney time), 28<sup>th</sup> July 2015
- Hosts: CEO, PJ Beylier & CFO, Ian Baldwin

Dial-In Details (Participant passcode: 6580616):

Australia: 1-800-758-196; 02 8211-1396 (Sydney); 03 9010 7734 (Melbourne);  
08 8121 4863 (Adelaide); 08 9467 5244 (Perth)

Hong Kong: 800-968-764 or 852-3001-3842

UK: 0800-279-3590

Singapore: 800-120-4284 or 65-6883-9208

India: 000-800-852-1218

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Greece: 00800-12-6609 or 30-80-1-100-0674

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# Transaction Overview

## Transaction Highlights

- SpeedCast has signed a definitive agreement to acquire SAIT Communications for an initial consideration of USD 14.2M<sup>1</sup> on a cash free/debt free basis
- The initial consideration comprises USD 13.8M in cash, financed with debt, and USD 0.4M in new SpeedCast shares<sup>2</sup>. Additional potential consideration of up to USD 7.5M is payable in 1H 2017 if certain revenue growth targets are reached in FY 2016. Any additional consideration would comprise 1/3 in cash and 2/3 in new SpeedCast shares<sup>3</sup>.
- Completion is expected to occur before the end of July 2015

## Strategic Rationale

- The acquisition of the SAIT Communications business is consistent with the Group's strategy of acquiring value enhancing assets in key locations and/or industries where we see long-term sustainable growth.
- The addition of the business significantly enhances SpeedCast's position in one of the Group's identified key long-term organic growth engines, specifically in the important maritime markets of Greece and Cyprus.
- SAIT Communications has a history of strong organic growth and services about 2,500 ships. The existing customer base has very low VSAT penetration, providing significant additional growth opportunities as some of the vessels migrate to broadband VSAT services. This will also result in margin expansion with the change in product mix.
- Key managers will remain with the business and join the SpeedCast group, complementing and strengthening the existing Maritime management team.

<sup>1</sup> excluding transaction costs estimated at approx. USD 0.4M

<sup>2</sup> number of shares calculated using the 30 day VWAP prior to Closing

<sup>3</sup> up to a maximum value of USD 3.0M based on the 30 day VWAP prior to Closing

# SAIT Communications Business Overview

- Focused on providing satellite communications services to the maritime industry in southern Europe, in particular to large Greek ship owners
- Established business with long-standing customer relationships.
- Strong market position in southern Europe maritime market, in particular the large Greek market, providing services to about 2,500 vessels, primarily in merchant shipping.
- Portfolio of value added services and in-house product development capabilities
- Well established relationships with key strategic suppliers
- Senior management team well respected in the Maritime industry



# Strategic benefits of the acquisition



## Maritime industry

- Strengthens SpeedCast's position in the global maritime satellite communications industry
- The maritime sector has strong long-term organic growth fundamentals for satellite communications

## Strong organic growth potential

- Existing customer base of about 2,500 vessels has low penetration of VSAT services, providing opportunity to leverage growth from migration to VSAT.
- Operates in Southern Europe, with the opportunity to leverage growth opportunities in the key maritime markets of Greece and Cyprus.
- Leverage the Group's maritime client base to sell a wider range of services developed in-house by SAIT Communications.
- Margin expansion to be realized due to change in products mix and economies of scale



## Financial information: 2015

- Full Year 2015 forecast revenue expected to be approximately USD20M, a 10% growth over 2014

## Financial information: 2016+

- Migration to VSAT services expected to generate strong organic growth opportunities in line with existing Maritime business, resulting in sustainable double digit revenue growth in the medium to long term
- Double digit EBITDA growth expected due to revenue growth as well as additional margin growth from an increased mix of VSAT services and supplier cost synergies



# Financial impacts for SpeedCast shareholders

## Post acquisition EPS

- The acquisition of the SAIT Communications business is expected to be EPS accretive for SpeedCast shareholders<sup>1</sup>

## Funding

- SpeedCast has increased the Group's committed debt facilities with its existing lenders by a further USD 15M on terms consistent with its existing facilities, subject to documentation.
- Initial consideration payable to the Vendor is approximately USD 13.8M in cash and USD 0.4M of new SpeedCast shares.
- Transaction costs are expected to be USD 0.4M

## Pro forma leverage

- Pro forma leverage<sup>2</sup> post the acquisition is expected to be 2.9 – 3.0 times.
- The Group's long-term leverage target range remains at 1.75 - 2.25 times. Strong operating cash flows and earnings growth are expected to reduce the leverage ratio back within this range within 12-18 months from the acquisition date.

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

<sup>2</sup> Net debt / Pro forma EBITDA (based on previous 12 months and assuming earnings from acquisitions for full 12 month period)





# Investor & Media contacts



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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 60 countries; and a global maritime network serving customers worldwide. Headquartered in Hong Kong, with 16 international sales & support offices and 30 teleport operations, SpeedCast has a unique infrastructure to serve the requirements of customers globally. With over 4,000 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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