



SpeedCast 
Wherever You Are

Acquisition of Hermes Datacomms

 **HERMES**datacomms

16 March 2015

Conference call details

SpeedCast acquires Hermes Datacomms



The company has scheduled a conference call as follows:

- Time: 2.00pm (Sydney time), 16 March 2015
- Hosts: CEO, PJ Beylier & CFO, Ian Baldwin

Dial-In Details:

Australia: 1-800-505-544;

HK: 800-963-316

UK: 0800-917-4937

Singapore: 800-120-5199

India: 000-800-852-1188

France: 080-510-0922

Malaysia: 1-800-81-3072

Participant passcode: BOLT

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Transaction Overview



Transaction Highlights

- SpeedCast has signed a definitive agreement to acquire Hermes Datacomms for USD25.5M¹ on a cash free/debt free basis
- Additional potential consideration comprising an earn-out of up to USD8.5M is payable if certain revenue growth targets are reached in 2015.
- Completion is expected to occur before the end of March 2015

Strategic Rationale

- The combined entity is the emerging force in the energy sector with the skills, scale and credibility to win market share in today's market as customers are looking for cost savings and for alternative suppliers to the two incumbents.
- The two companies are very complementary:
 - Hermes brings oil & gas experience and reach
 - SpeedCast brings a global network, scale and key relationships with Oil & Gas customers in Houston
- Hermes is a unique asset, giving us capabilities and relationships that would have been difficult, and taken time to acquire otherwise



¹ Net of USD2.9M of cash acquired

Hermes Datacomms Overview



- Focused on the upstream oil & gas industry, with strong expertise servicing the specific needs of energy customers
- Provides managed communications and IT services in 54 countries representing 92% of the world's oil & gas reserves
- Large blue chip energy customer base including many of the top oil majors
- Strong support capabilities in key energy markets: North Africa, West Africa, East Africa, Middle East, Russia, Stan countries, South East Asia.
- Comprehensive portfolio of innovative products and services
- 24/7 NOC based in the UK
- Various quality and HSE certifications across the Group



SpeedCast and Hermes Datacomms Combined Capabilities



- Global presence operating in over 60 countries
- Leadership position in Asia-Pacific, including key oil & gas markets (Australia, PNG,...)
- Strong position in the global maritime market
- Key and strategic customer relationship in Houston
- Global C & Ku band network
- State-of-the-art 24/7 NOC in Hong Kong and Sydney
- Scale and financial strength (publicly listed on the ASX)

- Global reach with strong Middle East, Africa, Asia and CIS presence
- Blue chip oil & gas customer base
- Innovative value added products and services
- State-of-the-art ITIL compliant 24/7 Network Operation Centre in Europe
- Oil & gas expertise
- Service & support in key remote and challenging locations
- Licenses in major oil & gas countries

An Emerging Global Force in Energy

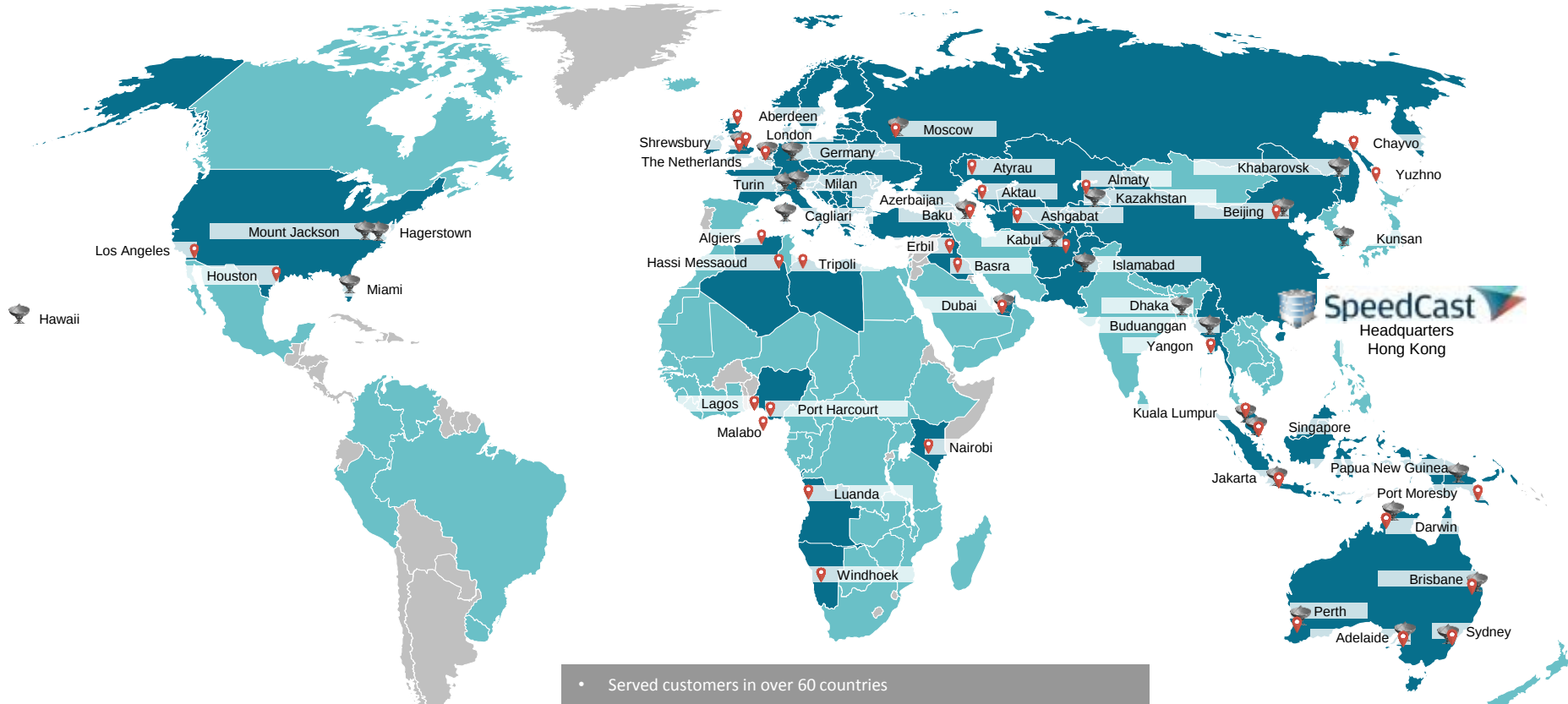
- Creates a new global force for satellite services to the energy sector
- Delivers fully managed, end-to-end communication and IT solutions
- Proactive support, local presence and spare management in some of the most demanding markets in the world
- Most comprehensive portfolio of innovative products and services
- Best-in-class support with multiple 24/7 NOC (UK, Hong Kong, Sydney)
- Global scale to effectively deliver and support our customers
- Various needed quality and HSE certifications across the Group
- Financially strong to support large and long-term projects
- Buying power to ensure price competitiveness





GLOBAL CAPABILITIES MAP

SpeedCast Teleports & Offices Worldwide



- Served customers in over 60 countries
- Over 4000 VSAT links serviced
- Global C, Ku and L band networks
- Delivering services worldwide:

Land-based:

- Total Remote Sites: Over 6000
- For Energy Customers: Over 500

Maritime & Offshore:

- Total Remote Links: Over 2500
- For Energy Customers: Over 800

LEGEND



Operational Teleports



Sales & Support Offices



SpeedCast HQ



SpeedCast POP/Service Centre



Services Provided through Service Partner

Hermes Datacomms financial information:

- 2014 Financial performance:
 - Revenues of USD30M
 - EBITDA of USD2.7M
- Mid-single digit organic growth forecasted in 2015.
- Potential for cost synergies of USD300,000 - USD400,000 in 2015 with significant additional annual savings expected to be realised in 2016.
- Depreciation expected to be approx. USD1.7M in 2015
- The acquisition of Hermes further enhances SpeedCast's credentials in the Energy sector and is expected to generate strong revenue synergies in 2016 and beyond

Financial impacts for SpeedCast shareholders



Post acquisition EPS

- The acquisition of Hermes Datacomms is expected to be EPS accretive for SpeedCast shareholders¹

Funding

- SpeedCast has increased the Group's committed debt facilities with its existing lenders by a further \$30M on terms consistent with its existing facilities, subject to documentation. The acquisition will be funded by drawing down debt from the Group's debt facilities.
- Hermes initial cash consideration of USD25.5M, net of USD2.9M of cash acquired.
- Further potential consideration payable of up to USD8.5M through an earn-out mechanism comprising USD5M of cash & USD3.5M² in shares (ranking equally with other ordinary shares).
- Additional earn-out consideration is only payable on a sliding scale basis³ if certain revenue growth targets are achieved in 2015.
- Transaction costs expected to be USD0.6M & new debt facility fees of USD0.4M.

¹ Excluding the amortisation of acquired intangibles.

² Based on 30 day VWAP. \$3.5M in shares equates to a total potential number of shares to be issued of 2,243,590. The issuance of shares will be subject to the ASX Listing Rules and applicable laws.

³ Starting at \$1.5M of additional cash consideration for the achievement of USD33M of revenue in 2015, increasing progressively with revenue growth, capped at total amount of \$8.5M for significant outperformance.

Pro forma leverage

- Pro forma net debt at 31 December 2014 is USD65.3M¹
- SpeedCast leverage ratio at 31 December 2014 was 1.5 times prior to the acquisitions of Geolink & Hermes. Following these two acquisitions, the pro forma net debt / EBITDA ratio at 31 December 2014 increases to 2.66 times
- Strong operating cash flows and earnings growth from both the existing SpeedCast business and the acquired businesses of Hermes Datacomms & Geolink are expected to reduce the leverage ratio to well within the Group's target range of 1.75 - 2.25 times within 12 months of acquisition.
- SpeedCast has consistently demonstrated strong earnings growth through the delivery of double digit organic revenue growth and the execution of cost synergy savings.
- Pro forma operating earnings cash conversion in 2014 & 2013, after capital expenditure averaged over 70%.

¹ Based on actual Net debt at 31 December of \$31.5M adjusted for Geolink & consideration of USD7.8M and Hermes initial cash consideration and transaction costs of USD26.1M. EBITDA is pro forma actuals for the year ended 31 December 2014, excluding acquisition cost synergies.

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.



Thank You

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