



BIGAIR GROUP LIMITED

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6 August 2013

BigAir announces the acquisition of Intelligent IP Communications

BigAir Group Limited ("BigAir") is pleased to announce that on 6 August 2013 it entered into a share sale agreement to acquire all of the shares in Western Australia-based telecommunications carrier Intelligent IP Communications Pty Ltd ("IIPC"). The acquisition is expected to complete on or before 31 August 2013.

Commenting on the acquisition of IIPC, BigAir Chairman, Paul Tyler, said:

"IIPC is the largest and most significant acquisition we have undertaken since we commenced our M&A strategy approximately 3 years ago. IIPC brings a new dimension to the BigAir Group with its highly successful Unified Communications platform and managed services capabilities. BigAir believes that these services are highly complementary with its existing network service offerings and customer assets and this acquisition provides us with a strategic entry into these markets.

In addition IIPC provides BigAir with a strategic foothold in the remote mining camp market through an established customer base that includes several major mining sites. IIPC provides microwave backhaul along with fibre distribution networks within mining camps and its solution includes head end infrastructure to provide IPTV, Internet and phones in each room as well as Camp WiFi solutions. BigAir has previously identified this market as having a number of operational synergies with its existing tertiary education accommodation division BigAir Community Broadband ("BCB") which is the leading provider of managed Internet services to University accommodation residences in Australia servicing approximately 30,000 students. BigAir expects to generate substantial synergy between these two divisions.

IIPC has many years' experience in building microwave networks and its assets include an extensive microwave footprint stretching approximately 1900 km from Geraldton to Albany in Western Australia, which will further reinforce BigAir's position as the leading fixed wireless network operator to the business and wholesale markets across Australia.

IIPC generated revenues of \$9.2 million and EBITDA of \$1.4 million in FY2013. Revenue is expected to be in the range of \$9-\$11 million in FY2014. The integration of IIPC within BigAir is expected to deliver significant cost synergies and substantial cross-selling opportunities. Following a period of integration, IIPC is expected to contribute more than \$3 million in annualised EBITDA. Earnings are expected to improve further in subsequent years through realisation of additional cost synergies, ongoing organic growth and via cross-selling into the BigAir customer base.

The acquisition is expected to be EPS accretive in FY2014 since it is funded largely through a debt facility.

Acquisition details

BigAir will acquire IIPC for an up front consideration of \$10 million with a further \$10 million to be paid based on the performance of IIPC in FY2014 and FY2015:

- Fixed payment of \$6.5 million in cash payable on completion.
- Fixed payment of \$3.5 million in BGL shares on completion, issued at the 30 day VWAP for BGL shares as at 6 August 2013 (59.3 cents).
- Four semiannual earn out payments. The incremental EBITDA is measured against a baseline EBITDA of \$1.4 million and calculated using a 3.0 times multiple of the increased incremental EBITDA after subtracting any prior earn out payments. The earn out periods are the rolling 12 month periods ending 31 Dec 2013, 30 June 2014, 31 Dec 2014 and 30 June 2015 and the payments will be made 80% in cash and 20% in BGL shares.
- The total acquisition price is capped at a maximum of \$20 million.

About Intelligent IP Communications

IIPC was founded in 2005 with a vision to build a licensed carrier that provides Unified Communications. Unified Communications is the blending of carriage, voice, high-definition video and data services, from the core network to the customer's desktop. IIPC has successfully achieved this and has shown its clients that 'there are no boundaries' to effective communications anywhere in the world. IIPC is a leader in the field of Unified Communications. Unlike other Internet based solutions, IIPC provides a model which is secure and delivers voice calls, voice mails, faxes and other applications wherever you are, as if you're in the office.

IIPC will operate as a wholly owned subsidiary within the BigAir Group, and both co-founders, Doug Childress (CEO) and Jonathan Matthews (Sales Director) will remain with IIPC on two year employment agreements.

IIPC has more than 550 customers which include organisations involved in mining, retail, franchising, tourism, manufacturing and service industries.

IIPC solutions are reliable, robust and efficient enough to reach areas such as remote mine camps, offshore islands and other continents using microwave and satellite technologies.

Funding for the acquisition

The upfront cash payment will be funded via a 3 year debt facility and any future earn out cash payments will be paid from net operating cash flow. BigAir has enjoyed strong growth in its free cash flow over the last two years and the Board believes that now is the right time to take advantage of the reduced cost of capital available through a conservative amount of debt funding. The full year dividend policy initiated in FY2012 will remain unchanged and the FY2013 financial year results will be released to the ASX on 20 August 2013.

For investor and media enquiries please contact:

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About Intelligent IP Communications

IIPC is a Perth based licensed telecommunications carrier established in 2005 with offices in Brisbane, Sydney, Melbourne and Perth. The IIPC mission is to provide its customers with innovative, fully integrated communications solutions, designed to exceed business requirements in delivering reliable, feature rich, business grade services, backed by industry leading service and support. IIPC is focused on servicing the corporate & resources markets. IIPC has partnerships with Cisco for UC and also wireless & security specialisations and is also a certified partner for Aviat, Motorola & RAD microwave infrastructure.

IIPC owns and operates a national MPLS network with voice and Internet gateways throughout Australia. IIPC also operates a regional Western Australian microwave network spanning 1900 km and provides remote camp solutions at a number of mining sites. The IIPC remote camp solution completely simulates the remote workers home communications environment with ease of use, flexibility & reliability.

About BigAir Group Limited

BigAir owns and operates Australia's largest metropolitan fixed wireless broadband network. The Australian business market comprises nearly one million businesses and BigAir's network provides near blanket coverage across its largest cities including Sydney, Melbourne, Brisbane, Perth, Adelaide, Newcastle, Gold Coast, Sunshine Coast and Darwin, with further rollout currently underway. BigAir provides broadband and data services primarily through its channel partners who include ISPs, Carriers, and other IT service companies who have existing relationships with business customers in order to deliver BigAir's high speed, cost effective fixed wireless broadband solutions. BigAir also provides services directly to corporates with bespoke requirements.

The BigAir Community Broadband division is the leading provider of outsourced managed Internet services in the tertiary student accommodation market within Australia, with network infrastructure at more than 130 sites nationally, servicing large common areas and approximately 30,000 beds. BigAir is able to provide a complete end to end solution for student accommodation providers including both wireless and wired infrastructure delivering high speed broadband along with its advanced billing systems and 24/7 operational support systems.

BigAir's competitive infrastructure advantage includes its state-of-the-art carrier-grade fixed wireless network which allows installation of dependable symmetric broadband services at speeds up to and beyond 1000Mbps with installation taking as little as a few hours. BigAir links are also relocatable for those customers with short-term or project-based requirements. Customers rely on BigAir for critical network infrastructure and BigAir ensures their peace-of-mind with industry-leading service level agreements.

For further information please visit www.bigair.com.au