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BigAir acquires leading wholesale managed ISP

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BigAir Group Limited (ASX BGL) is pleased to announce that it has entered into a binding agreement to acquire the assets and customer base of Star-Tech Communications. Star-Tech Communications is the wholesale managed ISP division of Unistar Enterprises Pty Ltd. The division is a leading supplier of outsourced managed broadband services to university colleges and major private tertiary student accommodation providers across Australia.

Acquisition Highlights

BigAir CEO, Jason Ashton, said the acquisition would further consolidate the company's position as the leading wholesale fixed wireless network operator in Australia. Most of Star-Tech's broadband sites are currently supplied with fixed wireless service by BigAir, who will also service all future Star-Tech student sites.

"The acquisition of Star-Tech's assets and customers will bring additional revenue and a valuable leadership position in the rapidly growing tertiary halls of residence sector. We believe the full integration will take less than 3 months and the new revenue base can be mostly supported by existing BigAir resources which will significantly reduce costs." Mr Ashton said.

In addition to the commercial benefits of the acquisition, Star-Tech's broadband network is a natural extension of the BigAir network.

"This acquisition will help drive strong growth in our Group's business. We were pleased with our 1H FY10 result which delivered organic fixed wireless revenue growth of 40% on the previous corresponding period, and the additional revenue and strategic partnerships delivered by this acquisition will help us continue to aggressively grow our business. Star-Tech is a leading wholesale service provider in the student accommodation market and by becoming part of the BigAir Group it will be in a stronger position to be the leading partner for Universities and other accommodation service providers providing innovative Internet services to a growing and captured market."

Key staff from the Star-Tech broadband division will be joining the BigAir team to ensure business continuity, transfer of appropriate intellectual property and deliver on large pipeline of new opportunities.

Impact on Earnings

The Star-Tech business is expected to generate more than \$1m in annualised revenues and \$250k in EBITDA over the next 12 months, following integration into BigAir's business. It is also expected to be substantially earnings per share (EPS) accretive within the first 12 months.

Acquisition summary

Total consideration will be entirely funded by issuing BigAir shares with \$300,000 of shares issued on signing of the Agreement and the balance in annual share payments over the next 2 years based on the performance of the business. Expected on-target total share issuance is \$550,000.

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 six largest cities Sydney, Melbourne, Brisbane, Perth, Adelaide and Gold Coast. BigAir sells 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's competitive advantage includes its state-of-the-art business-grade fixed wireless network which allows it to install business-grade symmetric broadband services at speeds up to 1000Mbps and distances up to 30km from its base stations with installation taking just a few hours. Most of BigAir's competitor's rely on access to Telstra's copper network which can take weeks to install a service and does not deliver fast symmetric speeds. Competing legacy wireless networks such as the 3G mobile phone networks are also not nearly fast enough to meet the demands of business Internet users in an office environment.

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