



# OPENGEAR ACQUISITION

November 2019

# SAFE HARBOR

This presentation includes forward looking statements. These statements reflect our expectations about future operating and financial performance and speak only as of the date of this presentation. Actual results, performance, or developments could differ materially from those expressed or implied by the forward looking statements contained in this presentation as a result of known and unknown risks, uncertainties, and other factors including those identified in the Company's Form 10-K and other periodic filings with the Securities and Exchange Commission.



Solving **MISSION-CRITICAL** and **BUSINESS-CRITICAL** machine communications challenges in the most **DEMANDING ENVIRONMENTS**.

You get proven, no-nonsense **SOLUTIONS THAT WORK** — and keep working.



**THE  
INTERNET  
OF  
GETTING  
THINGS  
DONE**



RELIABILITY



SCALABILITY



SECURITY



MANAGEABILITY



# BACKED BY A STRONG COMPANY

## STRENGTH\*

\$251M Revenue  
15 Years Profitability  
\$86M Cash, No Debt

## TALENT

550+ Employees,  
16 Global Offices  
150+ Patents

## EXPERIENCE

100M+ Products to  
35K+ Customers  
8B+ Readings/Month  
>30 Years





# PRODUCTS & SERVICES

- ☒ Grow 5%-10%
- ☒ Simplify, Software, Services
- ☒ Double Digit Profitability

# DIGI'S IOT BUSINESS SEGMENTS



# SOLUTIONS

- ☒ Double Digit Growth
- ☒ Vertically Oriented
- ☒ High Margin, Recurring



# DIGI TO ACQUIRE OPENGEAR

 **opengear IS**  
**A LEADING**  
**PROVIDER OF**  
**OUT OF BAND**  
**SERVICES**

- ❑ Founded in 2004, 136 employees, headquartered in Edison, NJ
- ❑ Provides remote access, network resilience, and automation services
- ❑ Critical infrastructure for both data center and edge deployments
- ❑ Services 75 of the top Fortune 100 companies, including Apple, Comcast, Microsoft, and Oracle
- ❑ Approximately 80% of revenues are North America

**\$41.9M Revenue; \$13.7M EBITDA YTD\***



# OPENGEAR'S PORTFOLIO

## HARDWARE ENABLED, SOFTWARE DEFINED



**DIGI** 



 **opengear**

## Rationale

- ☒ Solidifies P&S portfolio
- ☒ Strategic and Cultural Fit
- ☒ Leading Products
- ☒ Immediately Accretive
- ☒ Meaningful Synergies

## Result

- ☒ IT becomes 70% of P&S
- ☒ Proven Integration Success
- ☒ Customer Choice
- ☒ Double Digit Growth
- ☒ Improved Gross Margins
- ☒ Increased A-EBITDA Margins
- ☒ Go To Market
- ☒ R&D
- ☒ Supply Chain



# ATTRACTIVE DEAL TERMS | FINANCING

## TERMS

- All cash
- \$140M upon close
- Up to \$15M in GAAP revenue earn out
- Represents ~ 8X TTM A-EBITDA (9/30/2019)

## FINANCING

- Combination of cash and new debt
- Up to \$150M in committed debt: \$50M Term A, \$100M Revolver
- BMO Harris commitment
- Target transaction close by end 2019
- Pro-forma net debt/LTM EBITDA ~ 1.5



**Connect with Confidence**