

ASX RELEASE

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OVER THE WIRE TO ACQUIRE ACCESS DIGITAL NETWORKS AND COMLINX

Highlights

- Over the Wire has entered into binding agreements to acquire Access Digital Networks and Comlinx providing combined FY18 EBITDA contribution of ~\$6.1m from the two acquisitions on a full year basis
- Access Digital Networks and Comlinx are high quality businesses that accelerate Over the Wire's geographic expansion into South Australia (Access Digital Networks) and provide Over the Wire's customers with a broader product offering (Comlinx)
- Significant EPS accretion expected in FY19 and FY20 (pre synergies)
- Both acquisitions are a continuation of Over the Wire's existing strategy and will contribute to Over the Wire group earnings from 1 November 2018
- The Acquisitions are fully funded by an institutional Placement of 5 million shares to raise \$21.5m and existing cash
- Eligible shareholders may participate in an SPP capped at \$5.0m

Over the Wire Holdings Limited (ASX:OTW) (the "**Company**" or "**Over the Wire**") is pleased to announce that it has entered into binding agreements to acquire:

- all of the shares in Access Digital Networks Pty Ltd and the business assets of Interactive Gateway Australia Pty Ltd (together, "**Access Digital Networks**"); and
- all of the shares in Comlinx Pty Ltd ("**Comlinx**")

(together, the "**Acquisitions**").

Completion of the Acquisitions is expected to take place on 1 November 2018 (**Completion**) and is subject to a limited number of customary conditions precedent.

The Acquisitions are fully funded by an institutional placement of \$21.5m priced at \$4.30 per share and existing cash.

About Access Digital Networks

Access Digital Networks is a leading South Australian based provider of business grade telecommunications services including data networks, voice and private cloud solutions and services.

Established in 2005, Access Digital Networks is headquartered in Adelaide and employs approximately 10 staff. Access Digital Networks has approximately 250 business clients with high levels of customer retention.

Access Digital Networks accelerates Over the Wire's expansion into South Australia with opportunities for the combined Over the Wire group to cross sell to existing Access Digital Networks clients.

About Comlinx

Comlinx is a leading provider of IT managed solutions to Corporate, Enterprise and Government customers offering numerous cross-sell opportunities to the Over the Wire group.

Established in 2006, Comlinx is headquartered in Brisbane and employs approximately 20 staff. Comlinx has approximately 100 clients with high levels of customer retention and long tenure of relationships with major customers.

Comlinx provides Over the Wire customers with a broader product offering and accelerates Over the Wire's move into the provision of Software Defined WAN (SD-WAN) solutions, further enhancing Over the Wire's data network capability.

There are a number of near-term opportunities for the combined Over the Wire group to cross sell to existing Comlinx customers.

Financial Considerations and Funding for Access Digital Networks

Upfront consideration of \$13.05m comprises \$10.44m in cash plus \$2.61m in Over the Wire shares at an issue price of \$4.60. The cash component is fully funded by the Institutional Placement and existing cash reserves.

All shares issued as consideration to the vendor of Access Digital Networks will rank equally with existing Over the Wire shares and will be subject to voluntary escrow for 12 months from the date of Completion.

The vendor of Access Digital Networks is entitled to receive further deferred consideration of up to \$1.45m in cash, based on key staff and customer retention.

With revenue of approximately \$8.5m and pro forma EBITDA of approximately \$2.9m for the 12 month period to 30 June 2018, upfront consideration of \$13.05m represents approximately 4.5 times EBITDA pre synergies.

Financial Considerations and Funding for Comlinx

Upfront consideration of \$16.0m comprises \$12.8m in cash plus \$3.2m in Over the Wire shares at an issue price of \$4.60. The cash component is fully funded by the Institutional Placement and existing cash reserves.

All shares issued as consideration to the vendors of Comlinx will rank equally with existing Over the Wire shares and will be subject to voluntary escrow in full until 30 June 2020 and 50% until 30 June 2021.

The vendors of Comlinx are entitled to receive further deferred consideration of up to \$4.0m in cash, based on financial performance in FY19.

With revenue of approximately \$16.1m and pro forma EBITDA of approximately \$3.2m for the 12 month period to 30 June 2018, upfront consideration of \$16.0m represents approximately 5 times EBITDA pre synergies.

Strategic Rationale

The Acquisitions are a continuation of Over the Wire's existing strategy and will contribute to Over the Wire's group earnings from 1 November 2018.

The acquisition of Access Digital Networks accelerates Over the Wire's geographic expansion into South Australia.

The acquisition of Comlinx provides Over the Wire's customers with a broader product offering and additional value added services that can facilitate the pull through of revenue from Over the Wire's Data Network and Voice divisions.

Capital Raising

Institutional Placement

Over the Wire has funded the Acquisitions by raising \$21.5m through a placement of 5 million shares to institutional and sophisticated investors at \$4.30 per share (representing a 2.1% discount to the 5 day VWAP) (the "**Placement**"). Integra Advisory Partners and Morgans Corporate Limited were Joint Lead Managers to the Placement.

Share Purchase Plan (SPP)

Over the Wire is delighted to offer eligible shareholders in Australia the opportunity to participate in a Share Purchase Plan at the same price of \$4.30 per share (**SPP**). The SPP will be capped at \$5.0m with a maximum allotment of shares to the value of \$15,000 per shareholder. The SPP will open on 24 October 2018 and close on 13 November 2018. Details of the SPP will be sent to all eligible shareholders who are on the Over the Wire share register as at close of business on 17 October 2018.

Commenting on the announcement, Managing Director Michael Omeros said, "We are very excited to be able to welcome Access Digital Networks and Comlinx to the Over the Wire group. Access Digital Networks and Comlinx are high quality businesses with quality teams that will integrate well with Over the Wire.

Access Digital Networks expedites our geographic expansion plans into South Australia whilst Comlinx introduces some complimentary new offerings via intelligent networks, contact centre / customer experience and cyber security solutions, which will be of great benefit to our existing customers.

We will continue to target >20% year on year organic growth, together with achieving very high levels of customer retention."

ENDS

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About Over the Wire Holdings Limited

Over the Wire Holdings Limited (ASX: OTW) is an ASX listed telecommunications, cloud and IT solutions provider that has a national network with points of presence in all major Australian capital cities and Auckland, NZ. The company offers an integrated suite of products and services to business customers including Data Networks and Internet, Voice, Data Centre co-location, Cloud and Managed Services.

Over the Wire Holdings Limited companies include Over the Wire, NetSIP, Faktortel, Sanity Technology, Telarus and VPN Solutions.