

## ASX RELEASE

1 November 2017

### VPN SOLUTIONS – ACQUISITION COMPLETED

Over the Wire Holdings Limited (ASX:OTW) is pleased to announce that it has completed the acquisition of VPN Solutions Pty Ltd (VPN) for a total upfront consideration of \$15,615,000, effective 1 November 2017. The upfront consideration comprises of \$14,834,250 in cash plus 382,721 OTW shares (\$780,750 in OTW shares at an issue price of \$2.04, being the volume weighted average price for the 20 trading days to 19 October 2017).

The vendor is entitled to receive further deferred consideration of up to \$1,735,000 in cash, payable in November 2018, based on a number of performance measures being achieved.

The cash component of the acquisition was funded through a newly established \$18m debt facility with Westpac. The facility has been used to fund the cash component of this acquisition, as well as refinance the remaining balance of the debt facility with NAB established for the acquisition of Telarus earlier this year. The facility comes with customary lending covenants around Debt-to-EBITDA (<2.25 times) and Debt-Service-Coverage (>1.75 times), as well as periodic financial reporting requirements.

The acquisition of VPN has delivered approximately 150 business customers to Over the Wire and accelerates Over the Wire's geographic expansion in New South Wales and South Australia. With revenue of \$11.9m and EBITDA of \$3.1m for the 12 month period to 30 September 2017, VPN is expected to make a significant contribution to Over the Wire's future results.

#### Strategic Rationale

- The acquisition of VPN accelerates Over the Wire's expansion into the New South Wales and South Australian markets;
- Data Networks represents over 90% of VPN's revenue and offers cross-selling opportunities;
- VPN's customer base is high quality and offers interstate expansion opportunities;
- VPN has a quality team that will integrate well with Over the Wire;
- The acquisition is expected to offer attractive EBITDA and EPS accretion to Over the Wire immediately; and
- Synergies are expected to be achieved in this financial year with further cost savings to be delivered in the next financial year.

Commenting on the acquisition, Managing Director Michael Omeros said, “The acquisition of VPN Solutions is a great outcome for the Over the Wire group. It expedites our existing geographic expansion progress into New South Wales, as well as creating a presence in South Australia. Our selective quality acquisitions and strong organic growth ensure that we continue to execute on our strategy for growth, and we look forward to a positive 2018.”

ENDS

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### **About Over the Wire Holdings Limited**

Over the Wire Holdings (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 companies include Over the Wire, Netsip, Faktortel, Sanity Technology and Telarus.

### **About VPN Solutions**

VPN Solutions is a privately held telecommunications company that delivers business grade solutions to the Australian SME and Enterprise markets. Employing 21 staff and headquartered in New South Wales, VPN Solutions delivers managed networks to approximately 150 business customers. VPN Solutions prides itself on being able to successfully deliver complex solutions with a strong focus on customer service. For more information [www.vpnsolutions.com.au](http://www.vpnsolutions.com.au).