

## ASX RELEASE

1 November 2018

### ACCESS DIGITAL NETWORKS AND COMLINX – ACQUISITIONS COMPLETED

Over the Wire Holdings Limited (ASX:OTW) (the “**Company**” or “**Over the Wire**”) is pleased to announce that it has completed the acquisition of:

- 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**”).

The Acquisitions were fully funded by an institutional placement 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 comprised of \$10.44m in cash plus \$2.61m in Over the Wire shares at an issue price of \$4.60. The cash component was fully funded by the Institutional Placement and existing cash reserves.

All shares issued as consideration to the vendor of Access Digital Networks rank equally with existing Over the Wire shares and are 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 comprised of \$12.8m in cash plus \$3.2m in Over the Wire shares at an issue price of \$4.60. The cash component was fully funded by the Institutional Placement and existing cash reserves.

All shares issued as consideration to the vendors of Comlinx rank equally with existing Over the Wire shares and are 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.

Commenting on the acquisitions, Managing Director Michael Omeros said,

"We are very excited to be able to welcome the teams from Access Digital Networks and Comlinx to Over the Wire. These acquisitions are a great result for the Over the Wire group, with Access Digital Networks expediting our geographic expansion into South Australia and Comlinx broadening the product offering we are able to offer to our customers and enhancing our data networks capability.

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 2019."

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, VPN Solutions, Access Digital Networks and Comlinx.