

ASX Announcement

8 June 2021

Superloop to acquire Exetel, Australia's largest independent internet service provider, primarily funded by fully underwritten capital raising

Transaction highlights

- Superloop to acquire Exetel Pty Ltd, Australia's largest independent internet service provider (**ISP**), for A\$110 million, comprising A\$100 million in cash consideration and A\$10 million in Superloop shares.
- The acquisition accelerates the utilisation of Superloop's infrastructure assets via acquisition of Exetel's 110,000+ consumer and business customers.
- Estimated cost synergies of ~A\$5 million per annum, related to the increased Superloop network utilisation, with all synergies expected to be realised within the first 12 months.
- Transaction represents an implied FY21 EV / FY21 Forecast EBITDA multiple of 10.0x (before synergies) and 6.9x (post-synergies) on an FY21 pro-forma basis.¹
- Transaction is materially accretive to key financial metrics including EPS, EBITDA and FCF on a FY21 pro-forma basis.^{2 3}
- Acquisition is to be primarily funded by a fully underwritten institutional placement of ~A\$49 million and a pro-rata accelerated non-renounceable entitlement offer of ~A\$51 million to raise gross proceeds of ~A\$100 million.
- Superloop confirms FY21 EBITDA guidance at a tightened range of A\$18 million – A\$18.5 million (excluding one-off transaction costs), within the previously stated guidance range.

Acquisition details

Superloop Limited (ASX: SLC) (**Superloop**) is pleased to announce that it has agreed to acquire Exetel Pty Ltd (**Exetel**), Australia's largest private and independent ISP, for an enterprise value of A\$110 million (**Acquisition**).

The Acquisition and associated transaction costs will be funded by a combination of:

- a fully underwritten pro-rata accelerated non-renounceable entitlement offer to raise ~A\$51 million (**Entitlement Offer**);
- a fully underwritten placement to new institutional investors and existing shareholders to raise ~A\$49 million (**Placement**, and together with the Entitlement Offer, the **Equity Raising**);
- scrip consideration (an issue of new Superloop shares) to Exetel's shareholders (**Vendor Placement**) of A\$10 million at A\$1.01 per Superloop share; and

¹ Synergies of ~A\$5 million per annum are expected to be realised within the first 12 months. Exetel FY21 Forecast EBITDA includes 9 months of unaudited actuals & 3 months forecast from April 2021 to June 2021.

² Illustratively assumes 12 month impact of transaction and includes a full year contribution of Exetel FY21 Forecast EBITDA earnings.

³ Includes Exetel FY21 Forecast EBITDA comprising 9 months of unaudited actuals & 3 months forecast.

- refinanced debt facilities (including increased leverage ratio covenants to enhance balance sheet capacity), with an incremental A\$20 million for acquisition funding.⁴

Exetel is Australia's largest private and independent internet service provider with over 110,000 residential and business customers. Exetel provides a range of plans and pricing across nbn, fibre broadband, mobile and business telco services.

Superloop Chief Executive Officer, Paul Tyler, said:

"The acquisition of Exetel – Australia's largest private ISP – adds significant scale to grow profitable share of our three customer segments."

"Integration of Exetel into Superloop's existing networks brings super fast, super easy & super reliable connectivity to 3x more homes & businesses"

For the 12 months to 30 June 2021, Exetel is forecasted to generate revenue of ~A\$150 million and EBITDA of A\$11 million. The Acquisition enterprise value of A\$110 million comprises A\$10 million in Superloop shares to be issued to the vendors at A\$1.01 per Superloop share and A\$100 million in cash. The Acquisition enterprise value implies an FY21 EV / FY21 Forecast EBITDA multiple of 10.0x (before synergies) and 6.9x (post-synergies) on an FY21 pro forma basis.⁵

The Acquisition is materially accretive to key financial metrics including EPS, EBITDA and FCF on an FY21 pro-forma basis.^{6 7}

Pro forma net debt / EBITDA (Dec-20) will reduce from 2.8x (standalone) to 1.4x following the Acquisition, after synergies and completion adjustments.

Provided certain conditions precedent are satisfied (as described in Superloop's Investor Presentation released to ASX today), the Acquisition is expected to complete in late July 2021.

Equity Raising

The fully underwritten Equity Raising is comprised of the Placement to raise ~A\$49 million and the Entitlement Offer to raise ~A\$51 million. The proceeds of the Equity Raising will be applied principally to fund the cash consideration payable by Superloop for the Acquisition.

Approximately 107.5 million new Superloop shares will be issued under the Equity Raising (in addition to approximately 9.9 million new Superloop shares issued under the Vendor Placement). New Superloop shares will rank equally with existing Superloop shares and Superloop will, upon issue of those shares, seek quotation of the shares on ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Superloop share for every 6.67 existing Superloop shares (**Entitlement**) held as at 7:00pm (Sydney time) on Thursday, 10 June 2021. Eligible retail shareholders who take up their full Entitlement may also participate in a top-up facility by applying for additional Superloop shares in excess of their Entitlement at the Offer Price (as defined below), up to a maximum of 50% in excess of their Entitlement.

⁴ Superloop has secured credit approval for A\$92.2 million of debt, an uplift of A\$20 million to be utilised towards the Acquisition and an uplift of revolving working capital and multi-option working capital facility of A\$10.5 million. This refinances the existing A\$61.7 million facility and increases leverage ratio covenants to enhance balance sheet capacity.

⁵ Synergies of ~A\$5 million per annum are expected to be realised within the first 12 months. Exetel FY21 Forecast EBITDA includes 9 months of unaudited actuals & 3 months forecast from April 2021 to June 2021.

⁶ Illustratively assumes 12 month impact of transaction and includes a full year contribution of Exetel FY21 Forecast EBITDA earnings.

⁷ Includes Exetel FY21 Forecast EBITDA comprising 9 months of unaudited actuals & 3 months forecast.

All new Superloop shares offered under the Equity Raising will be issued at a price of A\$0.93 per new Superloop share (**Offer Price**), which represents a:

- 10.6% discount to the last closing price of A\$1.04 per Superloop share on Friday, 4 June 2021; and
- 8.4% discount to the theoretical ex-rights price (**TERP**) of A\$1.02 per Superloop share.⁸

Placement

Up to approximately 52.6 million new Superloop shares are expected to be issued to new institutional investors and existing institutional shareholders under the Placement at the Offer Price. The Placement will be conducted concurrently with the Institutional Entitlement Offer (as described below).

New Superloop shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**), which is being conducted today, Tuesday, 8 June 2021.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional Entitlements cannot be traded on ASX or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new institutional investors and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Superloop's shares will remain in a trading halt pending completion of the Placement and the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders in Australia, New Zealand and the United Kingdom will be invited to participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**) at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 16 June 2021 and close at 5:00pm (Sydney time) on Tuesday, 29 June 2021.

Further details about the Retail Entitlement Offer will be set out in the Retail Entitlement Offer information booklet (**Retail Offer Booklet**), which Superloop expects to lodge with ASX and dispatch to eligible retail shareholders on Wednesday, 16 June 2021. The Retail Offer Booklet will also enclose personalised entitlement and acceptance forms.

Entitlements cannot be traded on ASX or transferred. Eligible retail shareholders who do not take up their Entitlement under the Retail Entitlement Offer, in full or in part, will not receive any value in respect to those Entitlements not taken up.

⁸ The TERP is the theoretical price at which Superloop shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Superloop shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. The TERP includes the new Superloop shares issued under the Placement.

Key dates⁹

Trading halt	7 June 2021
Announcement of Acquisition and Equity Raising	8 June 2021
Placement bookbuild and Institutional Entitlement Offer conducted	8 June 2021
Announcement of the completion of Placement and Institutional Entitlement Offer and trading resumes on an ex-entitlement basis	9 June 2021
Record date for Retail Entitlement Offer (7:00pm (Sydney time))	10 June 2021
Retail Offer Booklet and personalised entitlement and acceptance forms dispatched to eligible retail shareholders	16 June 2021
Retail Entitlement Offer opens	16 June 2021
Settlement of Placement and Institutional Entitlement Offer	17 June 2021
Allotment and quotation of new Superloop shares under the Placement and Institutional Entitlement Offer (trading on a normal basis)	18 June 2021
Closing date for acceptances under Retail Entitlement Offer (5:00pm (Sydney time))	29 June 2021
Announcement of results of Retail Entitlement Offer and notification of any shortfall	2 July 2021
Settlement of Retail Entitlement Offer	5 July 2021
Allotment and issue of new Superloop shares under the Retail Entitlement Offer	6 July 2021
Quotation of new Superloop shares issued under the Retail Entitlement Offer (trading on a normal basis)	7 July 2021

FY21 outlook and guidance statement

Superloop confirms EBITDA guidance for FY21 at a tightened range of A\$18 million – A\$18.5 million EBITDA (excluding one-off transaction costs), within the previously stated guidance range. Continued growth in connectivity and consumer revenue has offset temporary COVID headwinds in student accommodation.

Additional details

Further details of the Acquisition, Equity Raising and Vendor Placement are set out in Superloop's Investor Presentation provided to ASX today. The Investor Presentation contains important information including key risks of investing in Superloop and foreign selling restrictions with respect to the Equity Raising.

UBS AG, Australia Branch and Canaccord Genuity (Australia) Limited are acting as joint lead managers and underwriters to the Equity Raising. Baker McKenzie acted as Superloop's legal adviser.

Authorised for release by the Board of Superloop Limited

Additional information:

investor@superloop.com

Ronnie Lake, Company Secretary

M: 0401 465 768

⁹ All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Superloop reserves the right to amend any or all of these dates and times subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules, and other applicable laws.

Important notices

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

This announcement is not financial product or investment advice, a recommendation to acquire New Shares or accounting, legal or tax advice. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek appropriate legal and taxation advice.

About Superloop

Superloop is a leading Asia Pacific independent provider of connectivity services. The company owns and operates its carrier-grade metropolitan fibre networks in Australia, Singapore and Hong Kong, connecting the region's key data centres and bandwidth-intensive buildings. In addition to its own fibre network, Superloop is connected to all NBN Points Of Interconnect across Australia and operates its own nationwide fixed wireless network that collectively deliver high performance, connectivity solutions to businesses and homes underpinning the region's digital economy.

Visit www.superloop.com to learn more.