

4 December 2019

ASX Announcement United Networks Limited (UNL)

Acquisition of Two Telecommunication Service Providers and Operations Update

HIGHLIGHTS

- Acquisition of Symmetry Networks Pty Ltd from MNF Group Ltd (ASX: MNF)
- Acquisition of NextCom business an MNF reseller
- Both transactions are highly earnings accretive with Symmetry and NextCom acquisitions expected to contribute double-digit earnings growth from FY2020

United Networks Limited (UNL) announced the completion today of two acquisitions of telecommunications service provider companies, Symmetry Networks Pty Ltd and NextCom.

The acquisitions are in line with UNL's strategy to increase recurring revenue and are highly EPS accretive with low double-digit earnings growth expected over FY 2020. The two acquisitions will be merged in with the other UNL service provider businesses growing the overall "service provider pillar".

UNL today entered into binding agreements to acquire 100% of Symmetry Pty Ltd from MNF and the NextCom business from NextCom Pty Ltd. UNL will fund this acquisition from internal cashflows over 15 months.

Acquisition Overview and Strategic Rationale -

- Will provide a strong boost to UNL annualized recurring revenue forecast to be \$0.85m with EBITDA contribution of \$0.3m,
- Will be purchased for a total maximum cash consideration of \$0.34m within a 15 months period.
- Are to be funded from a combination of UNL current cashflows.
- No new shares will need to be issued and no capital raising is required.
- The acquisitions allow UNL to achieve further efficiencies across its service provider business and will open up cross-selling opportunities for the global and mobile business units.

UNL today has also entered into Master Wholesale Agreement ("MWA") for UNL to purchase services from MNF Group.

Operations Update

Global Mobile

- Global SIM APRU continues to increase to an average of \$95 per sim
- UNL has received a material increase in forward orders for the Global SIM and eSIM product including a 15,000 SIM/eSIM order from RACV.
- UNL is set to launch a referral partnership with a local service provider MATE which is the latest United Networks partner to offer travel SIM and eSIM products to complement their new suite of local SIM-only mobile plans. MATE is an Australian MVNO that offers all Australian support with no lock-in contracts.
- UNL virtual products including eSIM uptake continues to increase internationally with consumers taking up and activating accounts from over 120 countries

Integration Update

- Since the completion of the merger on 21 October, UNL has successfully re-organised its management structure and started to identify and implement synergies across the business, including the appointment of new CEO Victor Tsaccounis.

Anthony Ghattas Chairman of United Networks said “these new acquisitions are a significant event for United Networks. It’s the first stage of the new strategy under Victor’s leadership which is focused on the successful integration of the Broadland Group with UNL, and moving quickly to grow the overall business across the multiple pillars.”

Victor Tsaccounis CEO of United Networks said, “these acquisitions are in line with our strategy to grow the “Service Provider Pillar”, providing an immediate increase in recurring revenues. We expect to be able to integrate the new businesses quickly into our existing structure allowing for a positive contribution to earnings over the year for shareholders. ”

This announcement is authorised for release to the market by UNL Chief Executive Officer, Victor Tsaccounis.

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