

24 April 2018

CONCLUSION OF SALE PROCESS FOR VOCUS NZ AND UPDATE ON DEBT REFINANCING

Vocus NZ sale process

Vocus Group Limited (ASX: VOC) today announces that the Board has concluded that it is in the best interests of shareholders for Vocus to retain the Vocus New Zealand business ("**Vocus NZ**"). Accordingly, Vocus has ceased all discussions with interested parties in the sale process.

Although Vocus received multiple offers for Vocus NZ, in the Board's view, none of these offers appropriately reflected the fundamental and strategic value of Vocus NZ nor provided sufficient certainty of funding and execution.

Vocus Chairman, Bob Mansfield stated, "*Vocus NZ is an excellent business with strong leadership, an attractive growth profile, a clear competitive position and a track record of delivering solid returns on capital. The Board intends to continue to invest in and grow Vocus NZ to enable that business to realise its strategic potential for shareholders*".

Update on debt refinancing

Vocus is pleased to announce that its lending syndicate has consented to amending its covenants under its existing debt facilities by extending the 'surge limit' relating to its Net Leverage Ratio cap of 3.5x.¹ As a result of this amendment, a Net Leverage Ratio cap of 3.5x will remain until 31 December 2018. A Net Leverage Ratio of 3.0x will then apply at the testing date of 30 June 2019 and the following periods.

Also, further to its announcement on 27 March 2018, Vocus has continued to progress on its facility refinance plans and is in the process of finalising its appointment of several banks as joint Mandated Lead Arranger and Bookrunners ("**MLABs**") to arrange a full refinance of its debt facilities, including an extension of tenor, an upsizing of the facility and appropriate financial covenants. Vocus expects to complete its facility refinance by the end of the current financial year.

Chairman Bob Mansfield stated, "*The Board would like to thank our bank group for their strong support shown to date. We are comfortable that the increased financial capacity and covenants that will be sought through the refinancing will provide sufficient financial flexibility for the Company to complete its strategic and transformation initiatives over the next few years*".

¹ Net Leverage Ratio is defined as Net Debt / LTM EBITDA as per our Syndicated Facility Agreement.

For personal use only

ASX/Media Release



The Board remains comfortable on the positioning of the Company's balance sheet and has no current intention to pursue an equity offering.

Based on Vocus's expected cash flows, including the final ASC project payment in H1 FY19, Vocus expects that its Net Leverage Ratio will peak in H1 FY19 and will organically reduce over subsequent periods.

ENDS

For further information, please contact:

Investors

Mark Wratten, Group CFO
P: (02) 8999 8182
mark.wratten@vocus.com.au

Media

Debra Mansfield, Corporate Communications
P: (03) 9674 6569
debra.mansfield@vocus.com.au

About Vocus (ASX: VOC): Vocus Group is an ASX listed, vertically integrated telecommunications provider, operating in the Australian and New Zealand markets. The Company owns an extensive national infrastructure network of metro and back haul fibre connecting all capital cities and most regional cities across Australia and New Zealand. Vocus owns a portfolio of brands catering to corporate, small business, government and residential customers across Australia and New Zealand. Vocus also operates in the wholesale market providing high performance, high availability and highly scalable communications solutions which allow service providers to quickly and easily deploy new services for their own customer base.

For personal use only