



MNF Group Limited (ASX: MNF)
ABN: 37 118 699 853
Level 4, 580 George St, Sydney NSW
2000 Australia

ASX Announcement

MNF Group Limited (ASX: MNF)

8 October 2018

MNF Group (ASX:MNF) to acquire the Wholesale and Enablement Business of Inabox Group (ASX:IAB)

The Board of Australian communications specialist MNF Group (ASX: MNF) is pleased to announce that it has entered into an agreement to acquire the wholesale and enablement business from Inabox Group (ASX: IAB). The business being acquired provides services to over 500 wholesale customers throughout Australia.

MNF will pay between \$30.5m and \$33.5m in cash subject to all earn out conditions being met and final calculation of working capital. Based on normalised FY18 performance, the Board anticipates the acquisition to generate revenues of \$55.0m and approximate EBITDA of \$4.2m before potential synergies and savings.

The initial purchase price will be funded through an extension of MNF's existing revolving acquisition facility. The earn out components are expected to be funded with free cash flow. Completion is expected to take place on 30 November 2018 and is subject to a number of conditions including approval from Inabox shareholders.

"IAB performs a leading role in the Australian wholesale telecommunications market and brings considerable volume and scale to the MNF business. The company is also recognised as the leading provider of SaaS enablement services to the industry – strongly complementing the MNF business." Said Mr Rene Sugo, MNF Group CEO.

Acquisition Summary

- Purchase price of \$30.5m payable in cash on completion.
- A \$3.0m earn out that is subject to the successful commercialisation of recently procured enablement service offerings payable in 3 tranches:
 - Tranche 1 - \$0.5m payable in March 2019
 - Tranche 2 - \$1.65m payable in June 2019
 - Tranche 3 - \$0.85m payable in June 2019
- Target working capital on completion of \$2.0m, that is expected to include \$1.5m in cash.
- The acquired business will be debt free.

Investor Presentation

Further information and a consolidated forecast will be provided in an investor webinar scheduled for 3:00pm, Wednesday 10 October. Details found at: <https://mnfgroup.limited/investors> The company encourages interested investors and shareholders to attend the webinar, as due to timing and our upcoming AGM, the management team will be unable to accommodate one-on-one meetings.

ENDS



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About MNF Group Limited

MNF Group Limited, (ASX: MNF) is an integrated telecommunications software and network provider, specialising in Internet communications. MNF Group was founded in 2004 and listed on the ASX in 2006. The company has 73.3 million shares on issue and has operated profitably since 2009 paying dividends to its shareholders every six months since September 2010.

The Group operates a global Smart Network carrying over 6 billion voice minutes per annum, with Points of Presence (POPs) in Los Angeles, New York, Hong Kong, Singapore, London, Frankfurt, Sydney and Auckland. Domestically, the Group operates the largest, fully interconnected IP Voice network in Australia.

MNF Group has a reputation for quality, value and innovation, being the recipient of numerous awards including the ACOMMS award for innovation (2017, 2016), Edison Award (2017), the Australian Growth Company Awards (2016), the iAwards for Innovation (2016), Forbes Asia's 200 Best Under a Billion (2014 & 2015), Deloitte Technology Fast 50 (2008, 2009, 2010, 2012, 2013, 2014) and CeBIT Outstanding Project Award (2013), and many more.

MNF Group companies includes retail brands: MyNetFone, Connexus, CallStream, PennyTel and The Buzz; conferencing brands Ozlink, Eureka, Express Virtual Meetings and wholesale brands TNZI, Symbio Networks and iBoss.

For further information about MNF Group Limited please visit: <http://mnfgroup.limited/>

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