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ASX RELEASE
21ST DECEMBER 2018
ASX: SW1

SWIFT ACQUIRES LEADING DIGITAL-OUT-OF-HOME MEDIA NETWORK, MEDICAL MEDIA

HIGHLIGHTS:

- + Swift Networks has agreed to acquire Medical Media, a leading Australian digital-out-of-home media network which delivers content & advertising to **over 5 million viewers every month**.
- + Medical Media operates **more than 2,300 digital screens across Australia** with a significant market share in the highly contested medical practice market.
- + The acquisition provides Swift with entry to **a new, high-growth industry vertical at scale** and accelerates Swift's emerging advertising business through Medical Media's established sales infrastructure and capability.
- + The integration of the two companies is **projected to unlock cost synergies of circa \$3 million p.a.**
- + Swift will purchase all outstanding shares in Medical Media for an upfront consideration of **\$4.5 million, 100% in scrip, with an additional \$20.5 million payable in Performance Shares** subject to achieving advertising revenue targets.
- + The issue price of all Swift shares will be \$0.3010 per share, a **20% premium** to the 30 trading day VWAP up to and including 19th December 2018.
- + The upfront and performance milestone consideration is priced at a discount to recent merger activity in digital-out-of-home advertising^{1,2} and is **highly accretive** based on Swift's current share price.
- + To fund the working capital requirements of the combined business and the costs of the transaction, Swift will replace its existing facility and enter into a new **\$6 million banking facility** with a tier-one lender, including \$1.5 million in contingent instruments.
- + Transaction **completion expected on or around 15 February 2019**, subject to General Meeting approval and other standard conditions precedent.



1 <https://www.afr.com/business/media-and-marketing/advertising/oohmedia-wins-battle-for-adshel-with-570-million-bid-20180623-h11rd6>

2 <https://www.smh.com.au/business/companies/jcdecaux-to-acquire-apn-outdoor-for-1-12-billion-20180626-p4znq0.html>

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Leading communications, content and advertising solutions provider Swift Networks Group Limited (ASX: SW1, "Swift" or "the Company") is pleased to announce its planned acquisition of 100% of the shares in Medical Media Pty Ltd ("MM").

Medical Media is a leading Australian digital-out-of-home media network which delivers content & advertising to over 5 million viewers every month through more than 2,300 digital screens, with a significant market share in highly sought-after medical practices.

Medical Media brings an extensive network of over 2,800 advertisers, expanding significantly in hyper-local and regional advertising and attracting a growing number of premium, national brands. The company delivered \$7.4 million in advertising revenue in FY18, up from \$5.2 million in FY17.

The transaction continues Swift's successful strategy of acquiring closed-loop networks in fast growing verticals. Medical Media adds highly attractive new audiences and infrastructure to Swift's growing footprint, providing immediate scale and the opportunity to generate significant new revenues through advertising.

The transaction positions Swift to capitalise on the growing out-of-home advertising market. In recent months, businesses in the same market have been valued at multiples up to 13.5x EBIDTA.^{1,2}

A SELECTION OF MEDICAL MEDIA'S NATIONAL ADVERTISERS AND PARTNERS:



SWIFT CHIEF EXECUTIVE OFFICER XAVIER KRIS SAID:

"I am delighted to welcome Medical Media to the Swift Networks Group. This acquisition builds on the strength and continued growth of the underlying Swift business. Medical Media is a clear leader in the digital-out-of-home advertising sector which has carved out a strong, defensible market position in medical practices nationally. This accretive transaction accelerates Swift's strategic plan to broaden our capabilities, acquire new audiences and monetise our expanding footprint to generate revenue through targeted advertising. I thank our investors and banking partners for their support of this transaction and look forward to delivering material revenue and cost synergies as we execute our exciting growth plans for the combined, integrated group."

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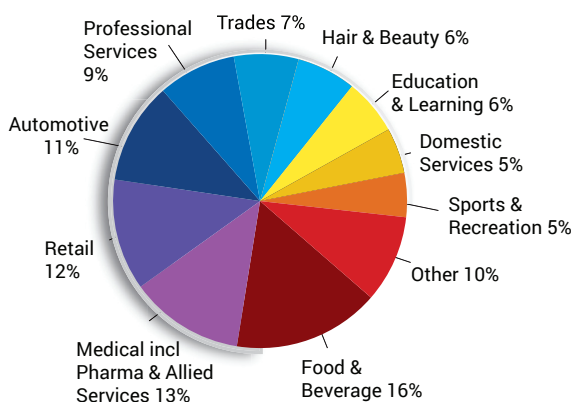
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MEDICAL MEDIA'S ESTABLISHED NETWORK AND SCALABLE BUSINESS:

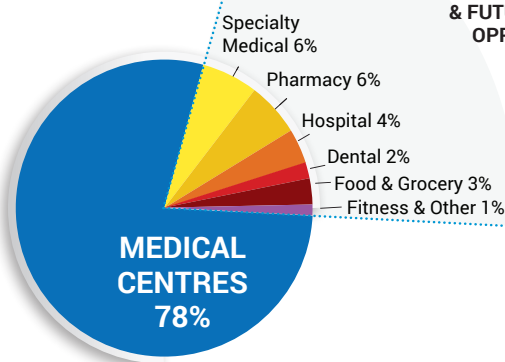
Medical practices constitute an attractive segment of the digital-out-of-home (DOOH) advertising market. With patients averaging 35 minutes in the presence of a screen, Medical Media provides an efficient, low-cost way for advertisers to reach a targeted audience for extended durations in a low-distraction, trusted environment.

Medical Media installs screens on site at low capital cost, providing medical practices with free service, tailored, engaging content and data capture. Medical Media has diversified its advertising reach in recent years and developed a broad range of local and national advertising partners.

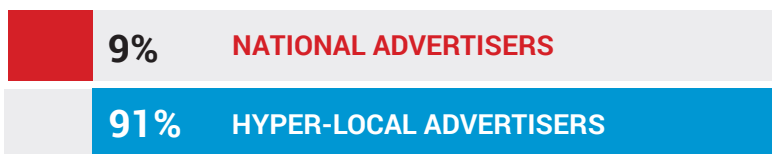
REVENUE BREAKDOWN BY ADVERTISER TYPE FY2018



SCREEN BREAKDOWN BY VERTICAL



EXPANDING VERTICALS & FUTURE GROWTH OPPORTUNITY



BREAKDOWN BY ADVERTISER TYPE FY18

Medical Media generates typical advertiser contract revenue of approximately \$2.3k per annum per site with a two-year commitment and automatic rollover. Medical Media has captured approximately a 25% share of the total market of medical practices with two or more GPs. The time, capital and advertising expertise required to distribute content effectively and balance the needs of national and local advertisers, SMEs and sites represents a key barrier to entry.

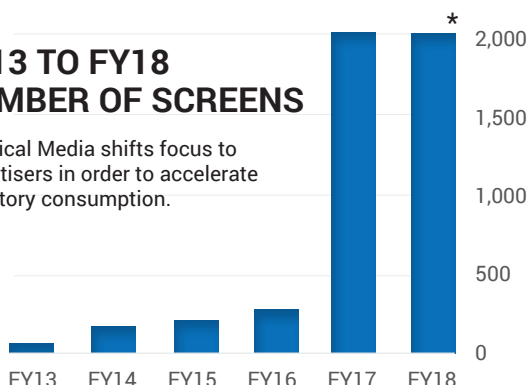
The consumer receives a steady loop of entertaining, informative and contextually relevant media and patient voice surveys, a combination of advertising and 'snackable' content that enhances viewer engagement.



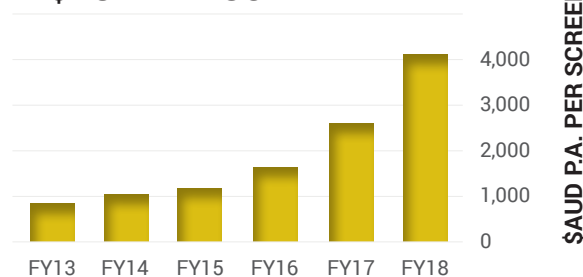
MEDICAL MEDIA HAS DELIVERED SEVERAL YEARS OF MATERIAL GROWTH IN ITS KEY METRICS:

FY13 TO FY18 NUMBER OF SCREENS

*Medical Media shifts focus to advertisers in order to accelerate inventory consumption.



FY13 TO FY18 \$AUD PER SCREEN



STRATEGIC SYNERGIES:

In combining Swift Networks with Medical Media, the Company will leverage the benefits of Swift's world-class content and engaging technology with Medical Media's advertising capability and network of screens to captivate a growing Australian and international audience.

The mutual benefits below are expected to unlock cost synergies of circa \$3 million p.a. and increase Medical Media's customer retention and revenue per screen by circa 25% once integration is completed.

MEDICAL MEDIA BRINGS THE FOLLOWING BENEFITS TO SWIFT NETWORKS:

- Expertise in DOOH advertising, a fast growing ad sector
- Significant market share in the highly contested medical practice market
- Advertising capability and expertise to enable Swift's monetisation of its existing network
- Existing relationships with 2800 advertisers, including premium brands and ad agencies
- SME business data and video marketing analytics
- Ownership of substantial screen network
- Broadcast expertise

SWIFT NETWORKS BRINGS THE FOLLOWING BENEFITS TO MEDICAL MEDIA:

- Extensive premium content library
- Subscription revenue model
- Technology platform and capabilities
- Audience data capture and development of AI-driven targeted advertising
- Foundations for expansion into other verticals
- Closed loop network expertise
- Proven experience in low-cost infrastructure deployment

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BOARD CHANGES:

In conjunction with the transaction, Swift is pleased to also announce the appointment of Darren Smorgon, Managing Director of Sandbar Investments, a Sydney based Family Office, as Non-Executive Director of Swift.

Previously, Mr Smorgon had a 16 year career as a Director, member of the advisory board and partner at CHAMP Private Equity where he led the acquisition and portfolio management of companies including Study Group, LCR Group, Golding Contractors and oOh!media.

Mr Smorgon is currently a Non-Executive Director and Chairman of the Remuneration committee of ASX listed oOh!media, Chairman of Hub Australia Pty Limited and a Non-Executive Director of Total Drain Cleaning Pty Limited. He is also on the advisory committee of Social Ventures Australia's Diversified Impact Fund. Mr Smorgon holds a Bachelor of Economics (with Merit) and Master of Commerce (with Merit) from the University of New South Wales, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

In parallel, Carl Clump will be stepping down in his capacity as Non-Executive Chairman of Swift, with Xavier Kris assuming the role of Interim Executive Chairman. Further details can be found in the separate announcement made by the Company today.

MATERIAL TERMS OF ACQUISITION

Swift will purchase all the outstanding shares in Medical Media for an upfront consideration of \$4.5 million, entirely through the issue of 14.950 million Swift shares at \$0.3010 per share, via a Share Purchase Agreement (SPA) on a cash-free, debt-free basis. These shares will be subject to an 18-month voluntary escrow period.

The issue price represents a 20% premium to 30 trading day VWAP of Swift shares up to and including the trading day prior to execution of the SPA.

An additional \$20.5 million in Performance Shares will be issued at the issue price with the following key terms:

- 68.106 million performance shares in six tranches (Class C, D, E, F, G, and H);
- Expire 4 years from completion of transaction;
- Not able to convert within 12 months from completion of transaction;
- Performance shares will convert to one ordinary share in Swift upon achieving the agreed performance milestone; and
- Subject to 6 month voluntary escrow upon conversion to ordinary shares.

The Sale Shares are currently held by a number of shareholders. These shareholders will undergo a restructure process which will result in the transfer of the Sale Shares to the Seller (Restructure). The Restructure is a condition precedent to completion. If the condition is not satisfied, the Medical Media must pay Swift a break fee of \$300,000.

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PERFORMANCE SHARE MILESTONES:

Class	No. of Shares	Hurdle
Class C	18,272,425	\$10m in advertising revenue generated through Medical Media's screen network in a consecutive 12 month period
Class D*	16,611,296	\$11m in advertising revenue generated through Medical Media's screen network in a consecutive 12 month period
Class E	8,305,648	\$11.5m in advertising revenue generated through Medical Media's screen network in a consecutive 12 month period
Class F	8,305,648	\$12.0m in advertising revenue generated through Medical Media's screen network in a consecutive 12 month period
Class G	8,305,648	\$12.5m in advertising revenue generated through Medical Media's screen network in a consecutive 12 month period
Class H	8,305,648	\$13.0m in advertising revenue generated through Medical Media's screen network in a consecutive 12 month period

**The vendors have the right to appoint a second Non-Executive Director to the board of the Company following the conversion of the Class D performance shares.*

FUNDING:

In conjunction with the transaction, Swift will enter into a new banking facility from a tier-one lender for \$6 million (including \$1.5 million in contingent instruments) that will replace the existing \$3 million Bankwest banking facility. In conjunction with existing cash reserves, the Company will utilise this facility to fund:

- The working capital requirements of the combined business;
- Allowance for media equipment, software and technology investment;
- Transaction costs and integration implementation; and
- The retention of sufficient flexibility to pursue growth opportunities across the group as they arise.

OTHER KEY TERMS:

The transaction is conditional on:

- Shareholder approval;
- The Company confirming access to the new banking facilities noted above;
- Limited third party consents;
- The Seller providing evidence that it holds at least \$300,000 in order to meet certain claims;
- ASX approving terms of the Performance Shares; and
- Completion of the Restructure.

The parties each have customary rights to terminate the SPA if the conditions precedent (above) are not satisfied or waived by the cut-off date. Swift may also terminate the SPA for warranty breaches, material adverse changes or material breaches.

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The SPA includes customary pre- and post-completion restraints on the sellers and the target entities. It also contains warranties and indemnities customary for a transaction of this nature. Swift has taken out W&I insurance in respect of the SPA, with the sellers to pay half the premium.

The Seller will have certain board appointment rights which are summarised elsewhere in this announcement.

Further details of the transaction, and the terms of the performance shares, will be contained in a notice of meeting to seek shareholder approval of the transaction which Swift expects to dispatch shortly.

INDICATIVE TIMELINE:

EVENT	INDICATIVE DATE
Announcement of Transaction	21 DECEMBER 2018
Issue of Notice of General Meeting	9 JANUARY 2019
General Meeting	11 FEBRUARY 2019
Estimated Transaction Completion	15 FEBRUARY 2019

ABOUT SWIFT NETWORKS GROUP LIMITED

Swift Networks Group Limited (ASX: SW1) is a diversified telecommunications, content and advertising solutions provider. Swift empowers guests to watch, play, connect and interact and provides accommodation providers with meaningful insights and opportunities to drive new business. Swift delivers customised content, communications and targeted advertising across secure closed networks. Swift's services include free-to-air television, pay television, telecommunications, video on demand with content from some of Hollywood's largest studios, integrated advertising and analytics. Running in more than 360 sites (approximately 63,000 rooms) across the mining, oil, gas, aged care, retirement village and hospitality sectors, Swift's fully integrated platform is deployed in some of the world's harshest regions, where reliability, flexibility and scalability are critical success factors.

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