# 5GN acquires Melbourne Data Centre (MDC) - Expands infrastructure footprint.

## Highlights

- 5GN adds $3m of annualised Revenue via the acquisition of Melbourne Data Centre (MDC);

- Annualised synergies of $600kpa expected to be realised within the first 3 months

- Current data centre utilisation is at 40% capacity; represents significant revenue opportunity by unlocking rapid growth of 5GN Data Centre services

- Purchase price of $5.7m made up of $1m in cash and $1.75m in issued shares (5 day VWAP); $2.95m in cash paid over the next 3 years;

- Acquisition will be funded through a combination of cash reserves and debt and is priced at a 7x EBITDA multiple

- Strategic expansion of the 5GN infrastructure footprint; strengthens the current 5GN product portfolio by enabling seamless access to the 5GN Cloud through the 5GN Managed Network offering

5G Networks (ASX:5GN) is pleased to announce the $5.7m acquisition of Melbourne Data Centre (MDC), located in the heart of Melbourne CBD. The purchase price represents a 7x EBITDA multiple.

This infrastructure investment will unlock significant opportunities for continued revenue growth, cost savings and operational synergies. 5GN currently spend $3.8m pa in data centre services from third party providers. Accordingly, $600k of annualised synergies are expected to be realised within the first 3 months.

Currently, MDC is operating at 40% capacity. More effective data centre utilisation will be achieved through meeting existing customer demand to drive profitable revenue growth, underpinned by the considerable EBITDA returns generated by data centre services.

The purchase price of $5.7m is made of $1m cash on completion and issuing of $1.75m of shares. In the first year the vendors will receive a total of $550,000 paid in quarterly payments. The second-year payment is $1.250m and final year the vendors will receive $1.15m. The vendors have contracted 5GN to supply data centre services over the next 3 years valued at $1.6m.

MDC has been operating for 7 years and was sold by private vendors who have agreed to accept $1.75m in shares as part of the purchase price (5 day VWAP). 5GN currently connects a significant proportion of its own fibre and wireless network in this prime data centre location; further enhancing secure connectivity to 5GN cloud services and mission critical data for customers.

**5G Networks Managing Director Joe Demase stated;**

*"We have completed another piece of the infrastructure puzzle today. 5GN can now offer direct and managed access from our own data centre all the way through to Cloud and Managed Network services. Through this growing infrastructure footprint we can manage the digital experience so that our services are easy to use and seamless for customers, all locally managed with a single point of contact through our national 24/7 service centres. We will now explore wholesaling the growing number of infrastructure products we can offer."*

The Data Centre facility includes capacity for 330 racks with Tier 4 N+2 design, ISO accreditation and 24/7 onsite security surveillance. The 4.5MW of power is well supported by full redundancy with the potential to operate at 100% capacity.

Coupled with the recent launch of the National high-speed data network, this acquisition is an integral addition to the Company's infrastructure investment, which augments the aggressive growth and acquisition strategy of 5G Networks.

## About 5G Networks

5G Networks (5GN) is a licenced telecommunications carrier operating across Australia. Our vision is to be Australia's provider of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and managed services in the business to business market.

As an organisation, we are dedicated and passionate about delivering unique value to our 2000+ customers which include several top 50 ASX listed and Government organisations. This commitment is strengthened by a core focus on digital leadership, innovation and an exceptional customer experience.

5G Networks currently owns and operates its own National high-speed Data Network with points of presence in all major Australian capital cities. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as Managed services to optimise customers' IT and network environments.

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