



16 October 2019

ARQ GROUP LTD (ASX: ARQ)
Strategic Review Update

Arq Group Limited (**Arq Group**) announced a Strategic Review on 23 September 2019, with a focus on assessing a range of strategic options to maximise shareholder value.

While the Strategic Review continues to progress, since its announcement Arq Group has received a number of different inbound approaches to acquire either Arq Group's SMB Division ("SMB") or Enterprise Division ("ES").

In response to this inbound interest, the Board of Arq Group has determined to test the market for the sale of these businesses. Accordingly, Arq Group is in the process of preparing the information required to assess this, including the appointment of due diligence advisors and the preparation of a data room.

As part of the review, Arq Group is currently undertaking a cost review program and has identified potential ongoing cost savings. The scope and nature of these initiatives are dependent on the outcome of any sale process.

SMB continues to trade in line with previous guidance of between \$9.7M and \$10.7M of Core underlying EBITDA for the 2019 year. Revenue for that unit is expected to be between \$65.0m and \$70.0m over the same period.¹

Arq Group Chair, Mr Andrew Reitzer, said *"Since the announcement of the Strategic Review, we have received a number of inbound approaches for both SMB and ES. Both the SMB and ES businesses are strategic businesses in growth markets. With clear plans in place for improved performance, it is our intention to test the market for the sale of these businesses only where a divestment achieves appropriate value for shareholders."*

For any queries, please contact Mr Andrew Reitzer.

Mr Andrew Reitzer

Chair

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ENDS.

1. SMB Direct. SMB Indirect excluded due to sale of TPP reseller (completed July 2019) and indication from remaining single customer who has indicated that they will materially reduce spend as previously disclosed.



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About Arq Group

Arq Group, previously Melbourne IT Group, is Australia's leading digital solutions partner.

Arq Group is the dynamic space for smart thinkers. Creating unforgettable experiences, solving complex challenges, and providing seamless, end-to-end solutions – from design thinking to customer solutions, leading mobile, cloud and analytical insights, digital marketing to web design - Arq Group powers the growth of businesses, big and small.

Founded in 1996, Arq Group has evolved from the leading Australian domains and hosting business to a leading digital services partner. In SMB, the company enjoys a 24% .au domains market share and a 15% hosting market share. Today, the company builds and manages innovative channels to market for many of the country's largest enterprises, whilst simultaneously supporting 335,000 active small and medium sized businesses throughout their online journey.



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