

ASX/Media Release

Date: 21 August 2017

Termination of sale transaction discussions; Forecasts earnings growth in FY18

Vocus Group Limited (**Vocus** or the **Company**) (ASX:VOC) announced on 7th June 2017 that it had received a preliminary, indicative and non-binding proposal from Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, **KKR**) to acquire 100% of the shares in Vocus (on a fully diluted basis) at a price of \$3.50 cash per share, via a scheme of arrangement. Vocus further announced on 11th July 2017 that it had received an additional preliminary, indicative and non-binding proposal from Affinity Equity Partners (S) Pte Ltd and its affiliates (**Affinity**) to acquire all of the shares in the Company at a price of \$3.50 cash per share, via a scheme of arrangement.

The Company made clear in communications to the market at the time that there was no certainty that an acceptable offer would eventuate for Vocus but that it was the Board of Vocus' (the **Board**) view that it was in the best interests of shareholders to engage with KKR and Affinity (the **Bidders**) and provide them an opportunity to conduct due diligence on a non-exclusive basis in order to establish whether an acceptable binding transaction could be agreed.

Throughout the due diligence process the Bidders indicated support for management's strategic plans and transformation program. However, the Bidders have now advised that they are unable to support a transaction on terms acceptable to the Board.

Accordingly all discussions have now ceased.

Vocus Chairman David Spence said "The Board's focus continues to be to act in the best interests of all shareholders. Following the receipt of the initial, indicative proposals from the two parties, we believed it was in shareholders' best interests to grant those parties the opportunity to conduct non-exclusive due diligence. Throughout this process the Company continued to pursue its standalone business plans and its transformation program outlined at the Company's recent investor day in June. The process with the Bidders has now

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concluded and the Board is looking forward to working with management to deliver improved returns for shareholders over the medium and long-term future.”

An important factor in the Board’s determination to conclude the sale process is the Company’s FY18 outlook which forecasts further revenue growth to between \$1.9bn and \$2bn and underlying EBITDA growth to between \$370m - \$390m. This forecast growth is in spite of the headwinds created by the deferred subscriber acquisition cost benefit to EBITDA of approximately \$41m in FY17. Notwithstanding the competitive market conditions, and the increased costs associated with the migration of customers to the NBN, the Board is confident that the Company can deliver a return to sustainable organic growth following a year of transition in FY17. More detailed information on the Company’s outlook including its strategic plans will be included within the FY17 results presentation on Wednesday 23 August 2017.

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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 and directly connects more than 5,000 buildings. 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.