

4 June 2020

Vocus refinances debt and reaffirms FY20 guidance

Vocus Group Limited (“Vocus”, ASX: VOC), Australia’s specialist fibre and network solutions provider, today announced that it has both refinanced and extended the duration of its existing debt facilities.

Vocus has also taken the opportunity to confirm its financial guidance for FY20, within the range previously announced.

“Refinancing our debt and reaffirming guidance in the current market environment shows the underlying strength of Vocus’ business. The new loan facility is a strong platform that gives Vocus financial stability and flexibility as we enter the next phase of the company’s growth and business transformation,” said Vocus Group CEO and MD Kevin Russell.

“The refinancing was undertaken as part of our long-term funding strategy and commenced prior to the significant disruption in the global lending markets caused by COVID-19. It is a show of confidence that the syndication was oversubscribed during this period and I would like to thank our lenders who have continued to support the business and welcome our new syndicate partners.”

Vocus also reaffirmed the parameters of its FY20 financial guidance whilst tightening the guidance range.

“Being able to confirm all the parameters of our financial guidance – which was first provided almost 12 months ago in July 2019 – demonstrates the financial discipline, strength and resilience of Vocus’ business even in a period of significant economic disruption,” Mr Russell said.

“As we approach the end of our financial year at June 30, we are pleased to be in a position to tighten our guidance and expect group FY20 EBITDA to be in the range of \$359 – \$369 million. The quality of earnings continues to improve strongly, with EBITDA growth of approximately 10% expected in our core Vocus Network Services business. In addition, our portfolio of strong Retail brands has supported our customers’ needs for increasing connectivity during the crisis and has maintained strong cash collections.”

“Vocus is operating comfortably within our new debt covenants, and with cash conversion for the financial year expected to be over 90% we are expecting to continue to deleverage the business through both a reduction in net debt and an increase in coverage ratios.”

The new syndicated debt facility, comprising A\$1,255 million and NZD\$135 million with a weighted average term of 3.5 years, increases the duration of Vocus’ debt to provide ongoing financial stability and flexibility. While the interest cover and gearing ratios are unchanged, the Net Leverage Ratio (Net Debt/EBITDA) covenant has been amended to a maximum of 3.25x at 30 June 2020 and 31 December 2020, reducing to 3.0x from 30 June 2021 and all subsequent periods (six months later than in the previous facility). The reported Net Leverage Ratio at the most recent testing date, 31 December 2019, was 2.8x, which is expected to reduce at 30 June 2020.

ENDS

Authorised for release by the Vocus Group Board.

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ASX / Media release

About Vocus

Vocus Group Limited (ASX: VOC) is Australia's specialist fibre and network solutions provider, connecting all mainland capitals with Asia. Regionally, Vocus has backhaul fibre connecting most regional centres in Australia. Vocus also operates an extensive and modern network in New Zealand, connecting the country's capitals and most regional centres. In total, the Vocus terrestrial network is c.30,000 route-km of high performance, high availability fibre-optic cable supported by 4,600km of submarine cable connecting Singapore, Indonesia and Australia and 2,100km of submarine cable between Port Hedland and Darwin and connecting offshore oil and gas facilities in the Timor Sea. Vocus owns a portfolio of well-recognised brands catering to enterprise, government, wholesale, small business and residential customers across Australia and New Zealand.

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