



ASX Release
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Vocus divests NZ construction division to form new Joint Venture

Vocus Communications Limited (ASX: VOC) is pleased to announce it has entered into agreements with Spark New Zealand to form a new construction joint venture. Vocus will sell its New Zealand construction division into the new joint venture, to be named Connect 8 Limited.

Under the joint venture agreement, which is subject to usual conditions precedent, Spark New Zealand will acquire 50% of Connect 8 for an upfront cash payment and an agreed level of annual construction spend. Vocus will also commit an agreed level of annual construction spend to the joint venture.

After an initial startup period, Connect 8 is expected to have an annual committed revenue pipeline of between NZ\$15-17m and will continue to build fibre and telecommunications assets for Vocus, Spark New Zealand and other New Zealand clients.

Vocus CEO, James Spenceley commented, "The Connect 8 joint venture and its committed pipeline will help mitigate earnings volatility from the construction division, providing Vocus with a stable earnings profile from the joint venture while maintaining access to its industry expertise and substantial construction intellectual property."

The Vocus New Zealand construction division (acquired as part of the FX Networks acquisition) has on average generated annual revenues of c. NZ\$11m and EBITDA of c. NZ\$3m, although with significant volatility from period to period.

As a result of the sales process, the construction division's first half FY15 EBITDA contribution of NZ\$1.5m will not be realised. Vocus expects an ongoing baseline annual EBITDA contribution from the joint venture of NZ\$2.3m from its first full financial year.

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About Vocus (ASX:VOC): Vocus Communications is an ASX listed leading telecommunications provider of Data Centre, Dark Fibre and International Internet connectivity across Australia, NZ, Singapore and the US. The company provides 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.

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Vocus Communications Limited (ASX:VOC) is a company listed on the Australian Securities Exchange Limited

