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ASX Announcement

16 March 2016

Melbourne IT Limited
(ASX: MLB)

Media Release and Investor Presentation

Please find attached a Media Release and an Investor Presentation in relation to three transactions announced by Melbourne IT (MLB). Specifically, MLB is announcing:

- the acquisition of InfoReady - a leading data and analytics provider for the enterprise and government market;
- the sale of its International Domain Name Business; and
- its intention to raise $15M of new equity via an underwritten institutional placement.

The acquisition of InfoReady is subject to customary closing conditions and the successful completion of the equity raising also announced today, and is expected to complete by 31 March 2016.

Similarly, the disposal of the international business is subject to customary closing conditions and is expected to complete by 30 April or earlier if conditions are satisfied.

MLB will be in a trading halt for the next 48 hours while it undertakes the institutional placement of new equity.

An investor tele-conference will be held at 10:30 am today at which Mr Martin Mercer, Managing Director, and Mr Peter Findlay, CFO will deliver a presentation.

The live audio webcast of the teleconference can be accessed via this URL link **http://www.openbriefing.com/OB/2130.aspx**, which will be activated 15 minutes prior to the start of the presentation. An archive of the event will also be placed on the Investor Announcements page of our corporate website after the event.

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Melbourne IT Limited
(ASX: MLB)

Media Release

16 March 2016

Overview

Melbourne IT (MLB) has announced a package of transactions that together accelerate the company's transformation to a provider of managed digital solutions. These transactions help build a stronger MLB with higher growth potential and better quality earnings.

Specifically, MLB is announcing that it:

1. has agreed to acquire InfoReady – a leading data and analytics provider for the enterprise and government market – for a consideration of $15.4M;
2. has agreed to dispose of its International Domain Name Registration Business for a sale consideration in the range $8.1M to $8.5M[1]; and
3. its intention to raise $15M of new equity via an underwritten institutional placement.

The package of transactions is expected to be earnings accretive[2] with a neutral impact on underlying EPS in CY2016 and a 7% uplift in CY2017.

As a result of the transactions MLB is revising up its earnings guidance for 2016. Specifically;

1. statutory EBITDA is up $3M leading to a revised range of $26M to $28M; and
2. underlying EBITDA is up $1.7M leading to a revised range of $28M to $30M.

Following these three transactions, MLB's net debt is expected to peak at $46M in H2 of 2017, approximately $9M lower than beforehand.

Martin Mercer, Managing Director of MLB said, *"We are very pleased to welcome the InfoReady team into the Melbourne IT Group and to announce the sale of our non-strategic international reseller business. These deals prove MLB's ability to execute on its digital solutions strategy and demonstrate effective capital allocation across the Group. This package of transactions is earnings accretive and substantially completes our investment in acquiring capability for the ES business, while the sale of the international reseller business removes a significant drag on SMB growth and allows MLB to focus on its digital solutions strategy in Australia. "*

[1] depending on the AUD/US exchange rate at completion
[2] after the issue of new equity

InfoReady Acquisition: Melbourne IT extends its leadership in the digital transformation market in Australia

The Directors of MLB are pleased to announce that MLB has agreed to acquire 100% of the shares in privately owned InfoReady Pty Ltd.

InfoReady is expert at designing and implementing data platforms, and combining, managing and analysing data to provide meaningful and actionable insights. Digital solutions increase organisational agility and innovation rates, and enable organisations to bring services to market more quickly through the ability to rapidly design, test, deploy, iterate and improve customer experiences.

The InfoReady data analytics capability completes the foundation elements of the Enterprise Services strategy and sits alongside cloud, mobile, security and cloud enabled application development. MLB's expertise now enables it to deliver complete digital solutions for corporate and government organisations.

MLB and InfoReady already work together on a number of joint accounts and see the partnership as a natural step to providing more co-ordinated and extensive solutions for both existing and new customers.

Peter Wright, Executive General Manager, Enterprise Services, said, *"We are delighted the directors and shareholders of InfoReady chose to join with MLB Enterprise Services. The strong data and analytics capabilities of InfoReady presents a compelling strategic fit with our enterprise strategy and complements perfectly our cloud, mobile, security and applications capabilities to deliver a comprehensive and compelling value proposition to the market".*

The initial purchase consideration for InfoReady is $15.4M in cash. This represents a multiple of 4.4 times InfoReady's forecast CY2016 EBITDA.

In addition to the initial purchase consideration, the directors of InfoReady are entitled to 3 earn-out payments on each of the next three anniversary dates of the transaction. The amount, if any, of the earn-out payment is a function of the financial performance of InfoReady and are tied to earnings growth.

The purchase consideration for InfoReady is funded by the proceeds of the sale of MLB's International Domain Name business, with the balance funded from the proceeds from the placement of new equity.

Founded in 2008, InfoReady has 88 employees with offices in Brisbane, Sydney and Melbourne. Customers include Optus, NAB, Telstra, Origin Energy, IAG and Tennis Australia.

In recent years InfoReady has enjoyed growth in underlying EBITDA of approximately 60%. In the 2016CY InfoReady is expected to generate approximately $3.4M of underlying EBITDA.

InfoReady will retain its branding as part of the Melbourne IT Group while operating as the Data and Analytics practice within Melbourne IT Enterprise Services business, alongside the existing Web & Digital Application, Security, Cloud Solutions and the Outware Mobile solutions practices.

Director Justin Parcell will lead the Data and Analytics practice while Director and founder Tristan Sternson will take on a senior leadership role in MLB's Enterprise Services division.

The InfoReady deal follows the acquisition of Outware Mobile in 2015 and the partnership with US based 2nd Watch to deliver a range of data centre migration services to the cloud in Australia and New Zealand.

Sale of the International Domain Name Business: Melbourne IT reallocates capital from a non-core business into its growing solutions business

The Directors of MLB are pleased to announce that MLB has entered into an agreement for the sale of MLB's International Domain Name business.

MLB's International Domain Name business was established in 2000 and encompasses approximately 250 global resellers across the USA, Europe, and Asia. In essence, it is an indirect channel selling large volumes of domain names at relatively low margins.

MLB's strategy is to drive growth from new managed solutions offerings in both its SMB and ES divisions. In this context, the International division was increasingly a non-core operation that was a drag on the performance of the SMB division.

The sale of the International Domain Names business and the reinvestment of this capital in MLB's growing digital solutions business is consistent with the Group's strategy and will accelerate MLB's growth.

Capital Raising

MLB is also undertaking an underwritten placement to professional and sophisticated investors to raise $15M at a floor price of $1.90 per share to fund the balance of the purchase consideration for InfoReady and to strengthen its balance sheet. Placement shares will rank pari passu with current fully paid ordinary shares on issue.

ENDS

About Melbourne IT

Melbourne IT Group is a publicly listed company with offices in Melbourne, Sydney, Brisbane, Wellington, Auckland and Canberra. Melbourne IT's purpose is to "Fuel our customers' success through the smart use of technology". By 2020 we aim to have fuelled the success of over one million businesses. Our customers will love us, our people will be our most passionate advocates, and our investors will be rewarded.

Melbourne IT has approximately 450 staff and operates two businesses marketed under 6 brands.

The Small and Medium Business Division (SMB) is Australia's largest domains and hosting business with revenues of approximately $110m and 210 staff. The SMB business operates under the Melbourne IT, WebCentral, Netregistry brands and TPP brands.

The Enterprise Services Business (ES) is Australia's leading cloud enabled software and services business with revenues of approximately $40m and 200 staff. ES is based in Sydney, Melbourne and Brisbane and has a blue chip customer base. It operates under two brands, Melbourne IT and Outware Systems.

Visit: www.melbourneit.com.au