

# ASX Announcement: 5G NETWORKS LIMITED (5GN) – PROPOSED ACQUISITION OF WEBCENTRAL GROUP LIMITED (ASX: WCG), SUCCESSFUL COMPLETION OF \$27.5M INSTITUTIONAL PLACEMENT AND DEBT FACILITY INCREASE



NEWS RELEASE 7<sup>th</sup> September 2020

## Proposed Acquisition

Webcentral Group Limited (WCG or Webcentral) has announced today the terms of a non-binding indicative proposal given by 5GN to WCG (5GN Proposal) to acquire on an agreed basis all of the shares on issue in Webcentral. 5GN notes that the Board of WCG has advised that they consider the 5GN Proposal to be a Superior Proposal to the Web.com Proposal (see below). A copy of the Webcentral Announcement is attached.

A summary of the key terms of the 5GN Proposal including defeating conditions are set out in the WCG Announcement. The 5GN Proposal remains subject to agreement of a bid implementation agreement between 5GN and WCG.

The implied price set out in the 5GN Proposal is 17.7 cents per WCG share (based on 5GN's closing share price on Thursday, 3 September 2020) (Offer Price) which implies an equity value of WCG of approximately \$21.6 million.

As set out in the Investor Presentation 5GN released to ASX on Friday 4 September 2020:

- In a scenario where the businesses are combined, 5GN expects that it can generate synergies across both businesses of over \$7 million per annum on a run rate basis.
- On a strategic shareholding basis where 5GN does not hold 100% of WCG, 5GN expects that it can generate synergies across both businesses of over \$3 million per annum on a run rate basis.
- The proposed acquisition is expected to be transformational for 5GN's earnings, with earnings per share of 5GN expected to more than double on a pre-synergies basis, and further increased on a post-synergies basis.

The Offer Price represents an attractive and significant premium compared to the offer of 10 cents per WCG share available to shareholders in WCG under the Scheme of Arrangement proposed by Web.com Group Inc. (Web.com) (Web.com Proposal) as announced on 13 July 2020. 5GN has acquired 10.1% of the shares in Webcentral. 5GN confirms that it does not intend to vote its 10.1% interest in Webcentral in favour of the scheme with Web.com.

WCG stated in its Announcement that "Keybridge Capital Limited (Keybridge), whose last public disclosure indicated that it had a 9.24% economic interest in WCG shares (comprising 5.94% by way of physical holding and 3.3% by way of a cash settled swap), has also advised WCG that Keybridge "presently intends" to vote against the Scheme".

## Successful Completion of \$27.5M Institutional Placement

5GN is today pleased to announce the successful completion of the placement of 5GN shares to raise \$27.5 million at an offer price of \$1.80 per share (Placement). The Placement was completed with a broad range of new and existing institutional investors.

5GN notes that the 5GN Proposal is fully funded through the \$27.5 million Placement and from existing cash on balance sheet and available debt facilities (without taking into account the increased debt facilities referred to later in this Announcement).



The Placement was completed on Friday, 4 September 2020. Approximately 15.28 million new shares will be issued to successful applicants under the Placement. As a result of the successful completion of the Placement, 5GN's ordinary shares will recommence normal trading at 10:00 am Monday, 7 September 2020 or such later time as required by ASX. The new shares issued under the Placement will rank equally with existing 5GN fully paid ordinary shares on issue.

New shares subscribed for under the Placement are expected to be settled on Wednesday, 9 September 2020 and be issued and, in the case of the new shares, expected to commence trading on ASX, on Thursday, 10 September 2020.

Concurrent with the Placement, 5GN founder Joe Demase has sold 2.78 million shares, representing 14.5% of his shareholding in 5GN at \$1.80 per share. Mr. Demase will remain 5GN's largest shareholder with a relevant interest in approximately 16.2 million shares, equivalent to approximately 15.3% of the ordinary shares of 5GN on issue (post the Placement). Mr. Demase sold the shares in part to satisfy a personal tax obligation and to fund the exercise of 5GN performance rights which may be exercised in the future. Mr. Demase is a strong believer in the future prospects of the business and has no immediate plans to sell more shares. Settlement for this will occur concurrently with the settlement of the placement.

Timetable	Date
Announce outcome of Placement & recommencement of trading	Monday, 7 September
Placement settlement	Wednesday, 9 September
Allotment of unconditional placement shares	Thursday, 10 September

Wilsons Corporate Finance Limited was the lead manager to the Placement and Financial Advisor with respect to the proposed acquisition.

## Increase in Debt Facility Limit with CBA

5GN is today pleased to announce a credit-approved increase in its existing debt facility with Commonwealth Bank of Australia (CBA) to \$14.5 million, an increase of \$8.4 million from the current facility limits.

All other terms and conditions under the current debt facility agreements will continue to apply.

For and on behalf of the Company

Glen Dymond  
Chief Financial Officer and Company Secretary



## About 5G Networks

5G Networks (5GN) is a licenced telecommunications carrier operating across Australia. Our mission is to be Australia's partner of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and data centre services, underpinned by expert managed services in the business to business market.

5GN currently owns and operates its own Nationwide highspeed Data Network with points of presence in all major Australian capital cities. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the Company's combined rack capacity of 800 racks through its owned and operated Data Centres across Melbourne, Sydney and Adelaide.

As an organisation, we are dedicated and passionate about delivering unique value to our 2500+ customers which include several top 50 ASX listed and Government organisations. This commitment is strengthened by a core focus on digital leadership, innovation and an exceptional customer experience.

### For further information contact:

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7 September 2020

WEBCENTRAL GROUP LIMITED (ASX: WCG)

## 5G NETWORKS TAKEOVER PROPOSAL

Webcentral Group Limited (**Webcentral**) refers to the ASX announcement made on 4 September 2020 by 5G Networks Limited (**5GN**), which referred to a placement by 5GN and that 5GN intends to use the proceeds from the placement to “potentially fund an acquisition of Webcentral Group Limited and the refinancing of Webcentral’s outstanding debt”. Webcentral understands that this placement has now completed.

### 5GN PROPOSAL

Webcentral has received a non-binding indicative proposal from 5GN to acquire all of the shares in Webcentral (**5GN Proposal**).

The key features of the 5GN Proposal include:

- The transaction would be conducted as an off-market takeover bid.
- The pre-conditions to the takeover bid are the negotiation and entry into a bid implementation agreement between 5GN and Webcentral and a unanimous Webcentral board recommendation.
- The consideration under the takeover bid would be 1 5GN share for every 12 Webcentral shares.
- The only proposed defeating conditions to the takeover bid are (a) a 50.1% minimum acceptance condition, (b) a no ‘prescribed occurrences’ condition<sup>1</sup> and (c) a no material adverse change condition<sup>2</sup>. 5GN will declare the offers under its takeover bid wholly unconditional upon obtaining a relevant interest in at least 50.1% of Webcentral shares (assuming no other defeating condition has been breached before 5GN obtains such a relevant interest).
- 5GN proposes to provide a loan to Webcentral to allow Webcentral to pay its existing financiers the full amount outstanding under its existing debt facilities.
- The 5GN Proposal is not conditional on 5GN raising further financing or undertaking due diligence.

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<sup>1</sup> This condition relates to the occurrences listed in section 652C of the *Corporations Act 2001* (Cth).

<sup>2</sup> This condition is on substantially the same terms as the material adverse change condition in clause 3.1(g) of the scheme implementation deed between Web.com and Webcentral dated 12 July 2020.



### **MATCHING RIGHT**

The Webcentral Board has carefully assessed the 5GN Proposal to determine if it is, in the view of the Webcentral Board, a Superior Proposal<sup>3</sup> to the proposed scheme of arrangement under which Web.com Group, Inc. (**Web.com**) proposes to acquire all of the shares in Webcentral for A\$0.10 per Webcentral share (**Scheme**).

The Webcentral Board has determined that the 5GN Proposal is a Superior Proposal and accordingly has commenced the matching right process outlined in the scheme implementation deed between Web.com and Webcentral (**SID**). Web.com now has a 5 business day period in which to provide a matching or superior proposal to the 5GN Proposal. If Web.com announces or provides a revised proposal to Webcentral during this period, the Webcentral directors, acting reasonably and in good faith, will consider that proposal in accordance with the process set out in the SID.

### **TAKE NO ACTION**

Webcentral advises that no action should be taken by Webcentral shareholders pending the assessment of the 5GN Proposal by the Webcentral Board and its advisers in light of the outcome of the matching right process.

The Webcentral directors note that there is no assurance that the 5GN Proposal will proceed or that Web.com will propose a matching or superior proposal.

The SID provides that Webcentral must use its best endeavours to procure that none of the Webcentral directors change their recommendation in favour of the Scheme until after the conclusion of the matching right process.

In light of the above, no Webcentral Board Member recommends, supports or endorses the 5GN Proposal at this stage and the Webcentral Board continues to unanimously recommend that Webcentral shareholders vote in favour of the Scheme at the scheme meeting - Webcentral shareholders are referred to Webcentral's ASX announcement dated 13 July 2020 and Webcentral's scheme booklet dated 21 August 2020 for further information and details.

Webcentral will keep Webcentral shareholders informed of any material developments.

### **VOTING INTENTIONS OF 5GN AND KEYBRIDGE**

Webcentral notes that 5GN stated in its Investor Presentation (released to the ASX on 4 September 2020) that "5GN has acquired a 10.2% strategic interest in Webcentral" (which Webcentral understands was principally acquired from Merchant Funds Management Pty Ltd<sup>4</sup>) and that "5GN confirms that it does not intend to vote its 10.2% interest in Webcentral in favour of the scheme with Web.com". This intention was also confirmed to Webcentral in the 5GN Proposal.

Keybridge Capital Limited (**Keybridge**), whose last public disclosure indicated that it has a 9.24% economic interest in Webcentral shares (comprising 5.94% by way of physical holding and 3.3% by

<sup>3</sup> In this announcement, "Superior Proposal" has the same meaning as given in the scheme implementation deed attached to Webcentral's announcement on 13 July 2020.

<sup>4</sup> See Merchant Fund Management Pty Ltd's Form 605 released on the ASX on 4 September 2020.

way of a cash settled swap),<sup>5</sup> has advised Webcentral that Keybridge “presently intends” to vote against the Scheme.

### **FURTHER INFORMATION**

Please contact Ms Emma Jewell of Red Agency for any media enquiries or Mr Andrew Reitzer for any investor queries.

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The release of this announcement to the ASX was authorised by the Webcentral Board of directors.

### **No investment advice or offer**

This announcement has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Webcentral shareholder or any other person. Nothing in this announcement constitutes, or should be taken as, financial product advice. The Webcentral directors strongly encourage Webcentral shareholders to seek independent financial and taxation advice before making any investment decision or determining what (if anything) to do in response to this announcement. If any investor is in doubt as to the course they should follow, they should consult an independent and appropriately licensed and authorised professional adviser.

This announcement does not constitute or contain an offer to Webcentral shareholders, or a solicitation of an offer from Webcentral shareholders, in any jurisdiction.

### **About Webcentral Group Ltd**

Webcentral Group Ltd is Australia's largest full-service digital services partner for small and medium businesses - fuelling the growth of local businesses from inception to acceleration.

Since its founding in 1996, Webcentral Group Ltd (previously Melbourne IT Group and Arq Group) has helped fuel the digital success of more than one million Australian small to medium businesses. With roots in domain name and hosting, Webcentral Group Ltd are the small and medium business digital growth solution experts helping businesses get online, improve their online performance, and protect their online presence.

Webcentral Group Ltd consists of the brands Netregistry, WME, Melbourne IT, and Domainz. The Webcentral Group Ltd Enterprise division was divested March 2020.

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<sup>5</sup> See Keybridge's Form 603 released on the ASX on 10 August 2020.