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SPIRIT TELECOM ANNOUNCES ACQUISITION OF WORLD WITHOUT WIRES SUPPORTED BY $1.5 MILLION CAPITAL RAISING AND $2.2 ADDITIONAL DEBT FACILITY

Highlights

- Acquisition of 100% of World Without Wires Pty Ltd ("Wires") for $4.6M
- Effective date 1st July 2017
- Wires owns 12,000km^2 of superfast fixed wireless network, spanning from Noosa to Byron Bay
- Implied transaction multiple of 4.6 x normalised EBITDA of $1.0M
- Circa 55% EPS accretive
- Brings over 2,200 new customers to ST1.
- Committed vendors taking 32% in scrip and joining the Spirit team
- Wires CEO to become Spirit Chief Infrastructure Officer, responsible for network planning and deployment.
- The acquisition will be funded via an institutional and sophisticated equity placement of $1.5M (at $0.12c), a new debt package and vendor scrip (at $0.14c), escrowed for 12 months.

Spirit Telecom Limited ("Spirit", ASX:ST1) has entered an agreement to acquire World Without Wires Pty Ltd (Wires) for A$4.6 million.

Wires markets superfast internet to business and residential customers throughout southern Queensland and Northern NSW utilising a similar "SpiritAir" business model. The Wires network covers over 12,000km^2 and supplies more than 2,200 customers, generating $2.6M of revenue for the past financial year.

The business has a normalised Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of approximately $1million for the preceding twelve months. This equates to an approximate multiple of 4.6 times on the $4.6 M acquisition price. In addition, there are known network synergies that will increase this EBITDA to $1.1million.

The acquisition is subject to customary conditions precedent which are expected to be met over the next 10 days. The Company will utilise its current placement capacity in accordance with ASX Listing Rule 7.1.

The acquisition will be funded via a $6million Bank of Melbourne debt facility ($3.8M replacing the Bankwest debt) and a capital raise from institutional and sophisticated investors of $1.5million. Subscription Agreements for a total of 12,500,000 ordinary shares at 12 cents each have been entered into, raising the A$1.5 million which is a premium to the last close price of $0.10c. This transaction brings 4 new institutional investors into Spirit's shareholding. No shareholder approval is required.

The balance of the acquisition will be funded via a placement of 10,595,783 at a 14-cent price, to the vendors, which represents 32% of the purchase price.

Spirit's Managing Director, Geoff Neate said, "This is an exciting acquisition that has been over 12 months in the making and brings a growing business, managed by a smart team, into Spirit's stable. This will expand Spirit's footprint significantly and generate a stronger platform of growth. Wires CEO, Dainen Keogh, will join the Spirit Executive team and will bring another level of thinking and expertise to our team."

Wires CEO, Dainen Keogh said, "We have been working with Spirit, in a supplier relationship for some time now and we are confident that our two teams will come together and work as a cohesive unit. We have chosen to take 32% as scrip, given we understand the opportunity to be part of a larger organisation."

The Wires business is highly earnings accretive and will add significant value to Spirit via:

- Geographically expanding the Spirit network.
- Significant opportunity for growth within the Wires network footprint
- High growth, high margin business
- Ability to bundle services to existing customers
- Established wholesale channel

About Spirit

Spirit Telecom Limited is a modern telecommunications provider of superfast Internet access and telephony services.

A fast growing niche Telecommunications Carriage Service Provider, Spirit is focused on supplying fibre based broadband services to multi-dwelling user locations including residential, business, student accommodation, community housing and business parks.

Spirit was voted as being Australia's fastest Internet Service Provider (ISP) for 2015 by PCMag.com. With 10-year brand awareness, Spirit prides itself on delivering real service to its Australian residential and commercial customers and provides customers with the highest quality product.

Spirit has a track record in acquisitions, having already successfully completed Voxcom, My Telecom and Phone Names purchases in the past.

For more information, please visit www.spirit.com.au

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