



ASX & Media Release

AGL to conduct due diligence on Vocus

11 June 2019

AGL Energy Limited (“AGL”) has today been granted exclusive access to conduct due diligence on Vocus Group Limited (“Vocus”) for a period of four weeks after submitting a non-binding, indicative proposal to acquire Vocus at \$4.85 per share¹ via Scheme of Arrangement (“the Indicative Proposal”).

The Indicative Proposal follows AGL’s announcement on 31 May 2019 that AGL had previously been unable to agree due diligence terms with Vocus and Vocus’ announcement on 4 June 2019 that another party, EQT Infrastructure, had ceased undertaking due diligence and withdrawn its indicative proposal for Vocus.

AGL’s interest in Vocus is consistent with AGL’s strategy to meet the needs of increasingly connected customers as energy and data value streams converge and the traditional energy sector transforms – and aligned with AGL’s capabilities in integrating and managing complex assets and customer portfolios.

AGL believes acquiring Vocus may be an optimal way of executing this strategy, creating material shareholder value and driving customer loyalty while providing access to a market-leading integrated broadband fibre asset base and creating considerable additional options for long-term growth.

The strategic rationale for the transaction includes:

- Customer loyalty and operating cost benefits from the integration of the two companies’ customer platforms and development of a multi-product offering across energy and data;
- The opportunity to accelerate untapped growth potential in Vocus’ high quality broadband fibre infrastructure network and generate further incremental value from these assets as a result of a combination with AGL;
- The platform provided by Vocus’ offering to enterprise, wholesale and government customers to reinvigorate AGL’s value proposition to large volume customers through the provision of integrated data and energy services;
- The opportunity to develop new and innovative products and services for customers as energy and data products and services converge further in the future; and
- The benefits of Vocus’ data centre business to AGL’s wholesale electricity generation portfolio, and the further platform for growth provided by this business.

AGL continues to assess the funding of any transaction but intends to utilise existing cash and new debt facilities, subject to the maintenance of its Baa2 credit rating. AGL’s initial assessment is that a transaction on this basis would be accretive to AGL’s earnings per share in the first 12 months post acquisition.

Discussions between AGL and Vocus are incomplete and there is no certainty they will lead to a binding agreement. Any entry into a binding transaction would remain subject to the completion of due diligence, negotiation of a mutually acceptable scheme implementation agreement, and the approval of both companies’ boards. Any agreed transaction would be subject to Vocus’ shareholder approval and other conditions precedent.

AGL will keep the market updated in accordance with its continuous disclosure obligations.

¹ In the event Vocus announces or declares any dividend, AGL reserves the right to reduce its indicative offer price accordingly.



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