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Market Release

Spark New Zealand acquires CCL and boosts its Cloud services capabilities

CCL to continue with its growth plans, now supported by Spark New Zealand resources and capability

Spark New Zealand has today announced it has signed a conditional agreement to acquire privately-owned South Island based IT infrastructure and professional services company Computer Concepts Limited (CCL) for \$50 million.

The acquisition will add further momentum to the growth strategies of Spark Digital and CCL, improving their capabilities, expanding their market reach and deepening the Spark New Zealand group's Cloud and platform IT services offer.

Tim Miles, CEO Spark Digital, said, "We're pleased to have a Cloud services company with the track-record and reputation of CCL joining our team and strengthening our market-leading capabilities.

"Our strategy is to better enable our customers to succeed in a digital world, and Cloud is an integral part of that. This acquisition builds on the earlier purchases of Revera and Appserv, and with CCL now in our group we are better positioned to assist New Zealand business needs in the areas of platform IT services and Cloud computing.

"CCL is complementary to Spark Digital. Its acquisition also reinforces Spark Digital's commitment to business in the South Island, following significant investment in a new data centre in Christchurch (Perimeter Road), and an expansion of Spark Digital's Dunedin data centre."

CCL Chief Executive Andrew Allan said, "This is an exciting move for us. With Spark New Zealand's backing, CCL will gain the benefits of Spark Digital's resources, to help us accelerate our growth. And importantly for our customers, CCL will retain its own unique way of working. Our customers should expect the same total commitment to their future success, with the added power of Spark New Zealand behind us."

Mr Miles said, "CCL is a respected and admired business that we want to strengthen and grow, not change. The CCL brand will be retained and CCL will continue to run as a standalone business, in the same way that Revera does - which has proven to be a very successful model for Revera staff and customers. Ultimately, this is a good move for Spark Digital and for CCL, and more importantly, for the clients of both companies. Spark New Zealand's acquisition of CCL supports our ambition to unleash the potential of all New Zealand businesses."

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Transaction Details

The transaction involves Spark New Zealand Trading Limited acquiring 100% of the ordinary shares of Property Leasing Limited, which owns all of the shares in Computer Concepts Limited and The

Colocation Company Limited (together, the CCL Group). The acquisition value (excluding debt) is approximately \$50 million and will be funded by cash and Spark New Zealand's existing borrowing facilities.

The CCL Group is forecast to earn total revenues of approximately \$50 million and EBITDA of approximately \$8 million for the year ended 31 March 2016. The acquisition is excluded from Spark New Zealand's FY16 Capex guidance.

The acquisition will take the Spark New Zealand group's employee numbers in the South Island to approx. 1200 people, reinforcing Spark New Zealand's position as a leading employer.

Strategic rationale

This acquisition is entirely consistent with Spark New Zealand's strategy to be the No. 1 provider in the fast-growing Cloud market in New Zealand. With CCL alongside Revera and Appserv, Spark Digital is even better positioned to respond to evolving customer needs in the areas of platform IT services and Cloud computing.

Spark New Zealand, including the CCL Group, Spark Digital, Appserv and Revera, will be a stronger and diverse competitor in the market, with additional South Island strength and scale.

Spark New Zealand is a future-focused, competitive provider of ICT services with the aim of becoming the number one provider of mobility, data and Cloud solutions.

Spark New Zealand will gain effective and immediate access and scale to specialised Cloud capabilities, and data centre capacity particularly in Christchurch and other South Island locations.

CCL Background

Founded in 1990, Computer Concepts Limited (CCL) provides innovative, engineering-powered ICT solutions to a variety of clients, from some of New Zealand's largest and most complex organisations, to smaller innovative local businesses. CCL is flexible, fast and experienced. It prides itself on building quality services, designed and deployed by some of New Zealand's most passionate and experienced engineers.

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