

## Major Transaction

8 April 2011

Eftel Limited (**ASX: EFT**) today announced an in principle agreement to purchase ClubTelco Pty Ltd, a national ISP with offices in Queensland, Victoria and the Philippines.

ClubTelco delivers around 60,000 services, including ADSL, fixed line telephony, VoIP, mobile broadband, mobile telephony and generates approximately \$28M annual turnover. ClubTelco was formed by the founders and directors of Dodo, Australia's largest privately held telecommunications company, who have been the company's wholesale partners since 2008.

Eftel Ltd has grown by acquisition to be a top 10 national ISP over the past 11 years and focuses on higher value offerings to customers who demand excellent service and quality products.

The transaction, which is subject to Eftel shareholder approval and regulatory compliance, will see Eftel double in size to 120,000 active services and in excess of \$55M annual turnover. The combined entity will employ more than 300 staff located across offices in Manila, Kuala Lumpur, Melbourne, the Gold Coast and Perth.

The agreement will also see \$2.1M of additional equity capital injected by the new shareholders. Combined with the introduction of the ClubTelco business the new capital being brought into the business is estimated at \$9.6M. The shares will be issued at approximately 1.243cents each, representing a 12% premium to the one month weighted average price.

Post-transaction the vendors and new shareholders will hold approximately 75.6% of the equity in Eftel Ltd, and existing shareholders of Eftel will hold the remaining 24.4%.

Eftel's executive chairman, Simon Ehrenfeld, said earlier today "this proposed transaction brings the most significant opportunities to date to Eftel's growth plans. Apart from being our largest ever merger or acquisition deal, the proposed transaction introduces a fresh controlling interest in the form of the key stakeholders in Dodo. They are, without peer, this industry's organic growth champions."

Dodo CEO Larry Kestelman said today, "ClubTelco and Eftel have similar customer profiles focusing on the premium telecommunications market, and the synergies do

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not stop there. The two businesses together constitute sufficient scale to compete effectively in the market. We are really excited by the possibilities this deal presents.”

The company is aiming to complete the transaction during this financial year and will publish an indicative timetable in the next 7 days.

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### **About Eftel**

Eftel Ltd is a multiple award winning Internet and telecommunications provider, with offices in Perth, Melbourne and Cyberjaya, Kuala Lumpur.

Eftel operates wholesale, retail and corporate divisions.

**Eftel Corporate** is among Australia’s most reliable ISPs, offering tailored solutions to business and government clients throughout Australia. It is a preferred supplier to the Victorian Government.

**Eftel Retail** is a Top 10 Internet Service Provider offering a full suite of consumer Internet products. It also operates the **aaNet** brand, which focuses on broadband services in the online discount market.

**Eftel Wholesale** services a quarter of Australia’s ISPs with a range of services including IP, co-location, dialup ports and DSL Broadband.