

TeamTalk moves to raise \$8.7 m of capital to fund investments for growth.

23 October 2018

[TeamTalk](#) Limited (NZX: TTK), the publicly listed telecommunications services provider, today announced it will be raising approximately \$8.7 million of new capital to assist in funding the rollout of a new digital radio network, transformation of its Wellington fibre optic network and the acceleration of new products and services.

The capital will be raised by way of a \$2 million placement to selected institutions and other eligible investors at \$0.75 per share (**Placement**) and a fully underwritten pro rata 1 for 3 renounceable rights offer at \$0.65 per share.

The Placement will be conducted this morning and is fully underwritten by Forsyth Barr Group Limited. TeamTalk expects to confirm the results of the Placement prior to the commencement of trading this morning (10am).

Following the divestment of underperforming assets, a reduction in debt and the formulation of a strategy to grow the business TeamTalk is now investing to improve and grow its existing operations and revenue streams across both its fibre (CityLink) and mobile radio (TeamTalk) businesses. The capital raised will be used to assist in the funding of these initiatives.

CityLink is modernizing and upgrading its Wellington fibre optic network. This includes transitioning a portion of the current network within the Wellington CBD from aerial to underground and increasing the network's speed and capacity. Importantly TeamTalk has reached an agreement with Powerco to utilise their ducts providing a quicker and more cost effective solution to underground a portion of the network. The updated network will have improved resiliency, capacity and speeds and will provide the foundation to meet future market requirements and customer preferences including the deployment of 5G networks by cellular operators.

TeamTalk's rollout of its new digital radio network continues according to plan, is anticipated to be completed by June 2019 and will be the only nationwide digital radio network in New Zealand. The new network will enable a wider range of services to be provided and grow TeamTalk's addressable market by targeting customers in the conventional radio network.

As outlined on 10 October 2018 TeamTalk is anticipating FY19 Net Surplus after Tax for the year to 30 June 2019 to be broadly in line with last year's results of \$4.4 million. This is despite an increase in operating costs associated with the investment in capability to complete the company's transformation and to position the business to grow in future years. In addition, and subject to the successful completion of the capital raise, the Board intends to resume the payment of a dividend in relation to the 2019 financial year.

In addition to the Placement, TeamTalk intends to make a pro-rata 1 for 3 renounceable rights offer at \$0.65 per share. Under the rights offer, eligible shareholders are entitled to subscribe for 1 new share for every 3 shares held as the record date (anticipated to be 5:00pm on 31 October 2018) at an issue price of \$0.65 per new share. This represents a 16% discount to the theoretical ex-rights price (TERP) of \$0.77 per share post the Placement and rights offer based on the pre-announcement close of \$0.82. It is anticipated that the rights offer will open on 30 October 2018, and TeamTalk has applied to NZX for quotation of the rights. The rights offer will be fully underwritten by Forsyth Barr Group Limited.

The TeamTalk Board is excited about the investments the Company is embarking on and believes that the capital raising will position TeamTalk to grow revenues and deliver shareholder value.

A copy of the notice of offer of same class financial products and investor presentation accompany this announcement.

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TeamTalk Limited	