

Spirit announces intention to divest consumer infrastructure assets

Spirit Technology Solutions (“Spirit” ASX:ST1) has today announced its intention to divest its consumer infrastructure assets.

Spirit’s consumer division provides high-speed internet to thousands of residential customers, primarily in large apartment buildings across Melbourne, Brisbane and Gold Coast.

The consumer network and infrastructure assets are in 97 buildings, with access to over ~18,300 possible connections. Spirit has built a dedicated switched ethernet network in these buildings to deliver end-user speeds of up to 1 gigabit, providing a robust connection that any mixed copper model is unable to compete with - at highly competitive pricing. High profile buildings include Eureka Tower, Freshwater Place, Yarra’s Edge complex, Central Equities cluster – Southbank Melbourne and Queensland’s largest residential building Southport Central.

The divestment is in line with Spirit’s shift to focus on the business market, from SME to large enterprise. The Consumer assets now account for a small amount of Spirit’s revenue compared to its B2B portfolio of assets.

“As Spirit has evolved to a large integrated IT and telecommunications provider, it is in line with our strategy to divest the consumer assets, which are no longer core to our strategy. Proceeds from the divestment will be used to continue to acquire high growth assets across cyber security, cloud and IT services, which are in high demand within our B2B customer base,”

“These assets are unique, given the limited competitors servicing these types of residential buildings nationally. We see this divestment returning a material sum of capital to our balance sheet. Additionally, we’ve already had strong interest with several parties enquiring about acquiring these infrastructure and customer assets.” said Sol Lukatsky, Managing Director.

The Company has appointed Tony Schiavello, Partner from BDO Melbourne’s M&A team to conduct a formal sale process.

The divestment will have no impact on existing customers and will see a seamless transfer to the new acquirers.

The divestment process will run through Q3-Q4 FY21.

- ENDS -

This announcement is authorised for release to the market by the Board of Directors of Spirit Technology Solutions Ltd.

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