

# Imagine and NTR Consolidate Irish Telecoms Industry

29th April 2008

Imagine Communications Group today (29 April 2008) announced that it has acquired Irish Broadband from NTR and Kilsaran Concrete in a move which will create an enlarged Group with annualised revenues of over €100m. Following the transaction NTR and Kilsaran will hold a combined 25% interest in the enlarged Group.

The €47m deal, which values the enlarged Imagine Group at €187m, firmly establishes Imagine as the number 1 alternative provider of communications solutions in Ireland with:

- 12% share of the critical SME market with 15,000 business customers.
- 10% share of the Broadband market with over 80,000 customers.
- 5% share of the total residential market with over 115,000 customers.

Imagine Group is acquiring the business from NTR and Kilsaran on a debt free basis. In addition, NTR and Kilsaran will jointly make a further investment of €7m in the Imagine Group in support of the enlarged Imagine Group's strategy.

Commenting on the deal, Imagine Chairman Sean Bolger said, "We are delighted to have concluded this transaction which establishes Imagine as the No 1 competitor in the Irish market. Strategically we have acquired substantial network and spectrum assets on a nationwide basis which enhances our current service offerings and which facilitates the cost-effective deployment of WiMAX technology."

Jim Barry, Chief Executive Officer, NTR plc said: "We are delighted to have concluded an agreement with Imagine. They are well established in the telecommunications sector and are ideally positioned to capitalise on the opportunity that has been presented by this transaction."

The acquisition of Irish Broadband is directly complementary to the Imagine Groups strategy of capitalising on emerging WiMAX technology, which will allow Next Generation Voice and Data services to be offered to business and residential customers across Ireland.

Goodbody's acted as advisor to NTR and Kilsaran.

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## **Notes to Editor**

### **About the Imagine Communications Group**

Imagine Communications Group is a pan-European communications provider with offices in Ireland, the Netherlands and the USA. The Group has substantial business operations in Europe with overall network reach extending to Ireland, the UK, the Netherlands, Austria, Norway and the USA. In addition to providing services directly to retail business and residential customers the group provides a suite of carrier grade solutions, which include integrated pan-European call-origination and worldwide call-termination services to European and Global telecoms operators and service providers.

The Irish operation provides fixed voice, broadband, IP and ISP services to business and residential customers across the country with the imagine, Gaelic Telecom, Access and Cinergi brands.

In March 2007, Imagine acquired CoolWave Communications BV. Based in Amsterdam and the USA, this business serves the rapidly growing market for voice, voice-mobile, VoIP, internet, data and fibre services across Europe, Continental US and Asia.

Imagine is led by its founder, Sean Bolger, a serial European Telecoms Entrepreneur with a proven track record in fixed, mobile and data telecommunications services for nearly 20 years. In 1993, Sean founded ITL, Irelands first fixed line competitor to Eircom and subsequently merged it with Netsource Europe ASA in 1997. Under Bolger Netsource Europe ASA grew into a leading pan- European Telecoms Company with operations in 9 countries and subsequently sold the business for \$300m having created substantial shareholder value. Bolger launched one of the first ever Mobile Virtual Network Operators (MVNO) in Ireland in 1999. In 2003 Sean bought back the original Irish company, which he has developed into the Imagine Telecommunications Group.

In 2006 DFJ Esprit a top-tier European venture capital firm invested in the Imagine Group. DFJ Esprit are a cross stage investor that focuses on technology, media, telecoms and medtech companies with exceptional growth prospects and management teams and in the last twenty years have backed over 120 companies including Hotmail and Baidu.

The Imagine Group, prior to the acquisition, employed 200 people. This will now grow to 380 people located across a number of locations in Ireland, the Netherlands and the USA. Imagine has demonstrated consistent growth with turnover of €10m in 2004, €20m in 2005, €40m in 2006 and €69m in 2007; this acquisition will grow annualised Group revenues to over €100m.

### **About WiMax - Current Status**

WiMAX (Worldwide Interoperability for Microwave Access) is a new standards-based wireless technology designed to deliver carrier-class wireless wide area network (WWAN) services.

WiMAX enables the delivery of last mile wireless broadband access as an alternative to wired broadband like cable and DSL. WiMAX provides fixed, nomadic, portable and, soon mobile, wireless broadband connectivity without the need for direct line-of-sight with a base station. In a typical cell radius deployment of three to ten kilometres, WiMAX Forum Certified™ systems can be expected to deliver capacity of up to 40 Mbps per channel, for fixed and portable access applications.

Multi-Billion dollar national rollout of WiMAX is underway in the US led by Sprint Nexttel, and Clearwire and is supported by Google, Intel and Time Warner. This nationwide advanced wireless broadband network is being designed to mobilize the Internet, bring wireless innovation to devices and deliver new mobile multimedia applications to customers. Commercial service is expected to be available in a number of markets starting April 2008 and cover 100 million people by year-end 2008.

- Comcast, Google and Intel are each considering putting in about \$1 billion (€0.64 billion) into a new company that would operate a WiMAX network in the US. Time Warner Cable's portion is \$500 million (€318 million) while privately held Bright House could contribute \$100 million (€63.6million) to \$200 million (€127 million).

WiMAX Day publication estimates that the total capital to be invested in WiMAX networks and technology will be more than US\$30 billion over the next year.

- This is equivalent to the capex of the global GSM industry some ten years ago, when it was roughly the same age as WiMAX. In addition to internal investment, the WiMAX industry will expend significant capital through mergers and acquisitions. As the industry begins to consolidate further investments will be made by VC and private equity funds, both for follow-on rounds and new equity purchases.
- Total VC/PE investments for WiMAX in 2008 should double the US\$2.073 billion invested in 2007. Likewise, M&A activity in the WiMAX industry during 2007 reached US\$1.13 billion, and that amount is expected to more than triple for 2008.

Cisco has bought WiMAX Company Navini Networks and their Mobile WiMAX solution RipWave MX for \$330 Million.

British telecoms group BT (NYSE: BT) is considering investing in WiMAX, according to Ian Livingston, the company's CEO designate, a move that could help it overcome its strategic soft spot, reports the Financial Times. BT has been circling WiMAX for several years, but the timing now may be more critical for the company. Livingston is replacing Ben Verwaayen, who has held the post for six years and is considered by the industry as an instrumental figure in turning the former state monopoly around after it was forced by the regulators to spin off its mobile network in 2001.

Intel committed to providing WiMAX enabled laptops similar to their Centrino Wi-Fi rollout from 2008.

Mobile network deployments are expected to provide up to 15 Mbps of capacity within a typical cell radius deployment of up to three kilometres. WiMAX technology will be incorporated as standard in notebook computers and PDA's, allowing for urban areas and cities to become "metro zones" for portable outdoor broadband wireless access.

WiMAX allows for broadband, voice and video to be delivered over the one connection

The WiMAX standard (IEEE 802.16d) is a complimentary technology to the 802.11 wireless local area network (WLAN) standard, referred to as Wi-Fi and now commonly used in public wireless hotspots and in home/office networks. WiMAX has a greater range than Wi-Fi, and is capable of providing higher bandwidth at less than half the cost of existing wireless services.

For service providers this translates into the ability to meet increasing consumer demand for broadband on the go. WiMAX provides reliable, secure and high quality broadband for mobile internet users, supporting the increasingly bandwidth-heavy applications and User Generated Content (UGC) services (e.g. YouTube, MySpace, Facebook ...) that consumers want on the move as well as on the desktop.

WiMAX also boosts the capability and efficiency of mobile workers increasing the competitive edge of businesses by enabling users to securely access enterprise services on their mobile devices.

Intel Capital and Motorola both announced that the companies will invest no less than \$900 million in order to set up WiMAX networks, which will enable Intel and Motorola to sell more devices that support the WiMAX technology

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monopoly around after it was forced by the regulators to spin off its mobile network in 2001.

Intel and Telefonica have announced an agreement to expand the use of information and communication technologies (ICT) and broadband Internet access for consumers and businesses in Latin America. The companies plan to work together on how to complement Telefonica's existing and planned broadband offerings with the deployment of IEEE 802.16e WiMAX networks in selected countries.

**Other related industry comments:**

**Intel steps up WiMAX development in Taiwan**

21 April 2008

Intel steps up WiMAX development in Taiwan US chip giant Intel has signed an agreement with the Taiwanese government to invest \$500m in the country over the next five years. Most of that sum is expected to be channelled towards WiMAX development with a focus on ensuring interoperability between different vendors' kit.

Monday 7th April 2008

The UK regulator confirms that valuable spectrum suitable for wireless internet connectivity and other data services will be sold off this summer. This summer Ofcom auctions off the largest single release of radio spectrum ever, which has the potential to be used for mobile broadband and wireless services such as WiMAX and 3G.