

## MEDIA RELEASE

### MELBOURNE IT SELLS DIGITAL BRAND SERVICES DIVISION TO CORPORATION SERVICE COMPANY

#### Key Points:

- A\$152.5 million cash received by Melbourne IT for Digital Brand Services (DBS) division
- Board considering capital management options including special dividends, capital returns, share buybacks and business investment options for use of DBS sale proceeds
- Melbourne IT strongly positioned for future growth with systems transformation project in its final year
- Management and Board to deliver updated Melbourne IT strategic business plan to shareholders by AGM in May

**MELBOURNE, Australia – 12 March 2013** – Melbourne IT (ASX: MLB) today announced it had entered into definitive agreements with respect to the sale of its Digital Brand Services (DBS) division to US-based Corporation Services Company (CSC) for a cash consideration of A\$152.5 million. The completion of the transaction occurred simultaneously with execution of these agreements.

DBS provides online brand protection and consultancy services to large global organisations seeking to maximise the value of their online assets. The division was created in 2008 when Melbourne IT combined its Corporate Brand Services division with the Verisign DBMS business which the company had acquired for US\$50 million.

The agreed sale price of A\$152.5 million for DBS illustrates a significant growth in value of the business over the past four years, and represents a valuation of 16x 2012 segment EBIT (pre-corporate allocations) of \$9.5 million and is equivalent to 95% of Melbourne IT's market capitalisation pre-DBS sale (as of 11 March 2013). The sale achieves the Melbourne IT Board's stated objective of its strategic review to unlock shareholder value by realising the intrinsic value of its businesses.

Melbourne IT Chairman, Simon Jones, said: "The Board firmly believes this transaction is in the interests of shareholders."

Ten per cent of the A\$152.5 million purchase price will be held in escrow for 15 months. Net proceeds from the transaction will depend on Melbourne IT's capital gains tax liability, transaction and other associated costs, and other sale related adjustments, however are expected to be in the order of A\$135-140 million. After retiring outstanding debt of US\$35 million, Melbourne IT will consider a range of capital management options as a result of the sale.

"The sale of DBS is a substantial result for shareholders. The transaction has crystallised a value for the business almost equivalent to Melbourne IT's current market capitalisation, and represents a strong multiple of earnings relative to other recent transactions for this type of business. While this was not a business that we had specifically earmarked for sale, given the value creation provided by the transaction, this was an opportunity which could not be ignored," Melbourne IT CEO and Managing Director, Theo Hnarakis, said.

"Management and the Board are now concentrating on updating the strategic plan for the business following the divestiture so we can provide clarity to shareholders before the AGM in May. We are confident that Melbourne IT's remaining business divisions will benefit significantly from the arrival of new gTLDs, the completion of the Transformation program, and management's clearer focus on executing our plans," he said.

Corporation Service Company (CSC) Vice President, Jim Stoltzfus, said of the sale: “We were attracted to the global scale and capabilities of DBS to combine with CSC’s leadership position in providing corporate domain and online services to create the best partner for companies worldwide to turn to for helping them manage, promote and protect their brands in the digital marketplace.”

The proceeds of the DBS sale will be realised in Melbourne IT’s 2013 financial year which began January 1, 2013. In the interest of shareholders, Melbourne IT has decided to suspend the Dividend Reinvestment Plan while the strategic review completes.

Melbourne IT is being advised on the transaction by King & Wood Mallesons and Lazard.

**ENDS.**

**About Melbourne IT**

Melbourne IT (ASX: MLB) helps organizations of all sizes to successfully conduct business online. Our complete portfolio of Internet-based technology services drives business effectiveness and profitability for more than 400,000 customers around the world.

The breadth of Melbourne IT’s offering extends from helping small businesses build an online presence through to managing the complex technology environments of large enterprises and governments – including Internet domain name services, web hosting, online brand protection and promotion, managed IT services and more.

Melbourne IT’s culture of integrity, innovation, collaboration and customer centricity has been built by more than 650 employees spread across 18 offices in 10 countries. For more information, visit [www.melbourneit.info](http://www.melbourneit.info).

**About Corporation Service Company**

Founded in 1899, Corporation Service Company (CSC) provides business, legal, and financial services to many of the world’s largest companies, law firms, and financial institutions.

An ICANN-accredited domain name registrar since 1999, CSC is the trusted partner of more than half the 100 Best Global Brands (Interbrand®) and the customer approval leader for domain name and online services (World Trademark Review, 2010). CSC offers an end-to-end solution for every corporate brand protection need, from strategic domain registration and online monitoring to digital certificates and trademark screening.

CSC has more than 1,600 employees located throughout North America and Europe. Visit [www.cscglobal.com](http://www.cscglobal.com) to learn more.

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