

## FINANCIAL REVIEW

# Under a new Commander

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Date: 29/06/2005  
Words: 467  
Source: AFR

Publication: The Financial Review  
Section: Companies and Markets  
Page: 48

Commander Communications has bought 80 per cent of privately owned wireless broadband supplier Personal Broadband Australia for \$5 in a rescue operation that involves the provision of \$15 million in working capital.

The acquisition, which was foreshadowed in The Australian Financial Review on Monday, will allow Commander to expand its services for small to medium-sized businesses and potentially sell telephone services over wireless broadband.

Commander, which in effect is controlled by Babcock & Brown, bought control of PBA from its chief executive, Jim Cooney, who has agreed to sell his remaining 20 per cent shareholding to Commander in three years' time.

Mr Cooney, who was considering floating the business earlier this year, will now concentrate on his listing company Total Communications Infrastructure.

Analysts said the acquisition would not change market valuations of Commander. "The main thing is this is a very low-risk transaction which could deliver big returns," a broking analyst said.

Karl Siegling, of **Cadence Asset Management**, said the transaction had been done at a very low net present value for PBA.

"It will be interesting to see how this affects the valuation of other players in the sector," he said.

PBA's main competitors are Unwired Group, Telstra, Big Air, Pacific Wireless and Access Providers. Unwired is in the middle of a \$100 million capital raising to fund its progress to break even.

Commander paid \$5 for 80 per cent of PBA and \$1 for \$18 million in secured convertible notes, and agreed to provide \$15 million in working capital secured against PBA's assets.

Commander's chief executive, Adrian Coote, said the deal was low-risk because of the security over the company's assets and the fact that the working capital was only payable in tranches in return for the company meeting performance hurdles.

A former major shareholder in the company and provider of technology, Kyocera, has supported the transaction by agreeing to defer payments due from PBA and make them subject to delivery of technical enhancements which will allow Commander to offer telephone calls over broadband wireless.

PBA paid \$65 million for broadband wireless infrastructure in Sydney, Brisbane, Gold Coast, Melbourne and Canberra covering about 5.6 million people. Mr Coote would not comment on industry estimates that PBA had about 8000 customers paying an average of about \$100 a month.

Optus said it would continue the partnership it agreed to in May with PBA to provide mobile broadband internet access to corporate customers. "That deal enables Optus to offer wireless broadband services to 70 per cent of Australian businesses, and allows PBA to tap into Optus's corporate user base," an Optus spokesperson said.

In the six months to December 31, Commander reported revenue of \$290 million, a 25 per cent improvement on the previous corresponding period