

15 December 2021

LaserBond enters Queensland market with acquisition of QSP Engineering

- **LaserBond to acquire QSP Engineering, an established and highly regarded specialised surface engineering company servicing the Queensland and Northern New South Wales markets for over 40 years**
- **QSP has a proven track record of profitability and performance**
- **Acquisition consideration of \$9.0 million cash payment on normalised unaudited financials represents 5.7x FY21 EBITDA and 9.6x FY21 NPAT**
- **Highly strategic acquisition will accelerate LaserBond's entry into the significant geographic markets of Queensland and Northern NSW**
- **The QSP acquisition delivers a full suite of thermal spraying equipment and near new laser systems that LaserBond intends to immediately leverage and upgrade with LaserBond IP and system technology**
- **The acquisition will be earnings accretive for LaserBond in H2 FY22**

LaserBond Limited ('LaserBond' or 'The Company') is pleased to announce that it has signed a business sale agreement to acquire 100% of the assets of QSP Engineering Pty Ltd ('QSP') for \$9.0 million (the 'Acquisition').

QSP Engineering specialises in all facets of metal spraying and machining from small to extra-large components, including metal spraying, high velocity oxy fuel, laser cladding, specialised welding and electric-arc spraying systems. QSP's key assets are located in Bethania, Queensland and demonstrates LaserBond's commitment to entering this major strategic market to be closer to key customers for its services division.

QSP has a blue-chip client base spread over a range of sectors, but is primarily focussed on mining, earth moving and heavy engineering in Queensland and Northern New South Wales, which represents a relatively untapped market for LaserBond. QSP is a profitable business generating revenue in excess of \$3.5 million and approx. \$1.1 million NPAT in each of the past 3 years with an established base of blue-chip and local customers.

Included in the acquisition, LaserBond will secure two near new laser systems able to be upgraded to full LaserBond® systems with minimal capital expenditure, a full suite of thermal spraying equipment including HP HVOF and a new latest generation HVAF system in addition to a machining workshop.

LaserBond expects all existing QSP employees will accept the offer of employment with LaserBond.



Quality 9001
Environment 14001
Health & Safety 4801

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LaserBond CEO Wayne Hooper commented:

"We are excited to announce this landmark acquisition for LaserBond, which provides a strategic foothold in the important Queensland market. LaserBond has identified this region as a key market for expansion, to be in close proximity to a range of both new and existing customers. We believe that LaserBond's surface engineering technology is the most advanced in the industry, and with closer proximity to a wide range of end-users we are now well positioned to increase market share in the region."

LaserBond has a strong track record of integrating bolt-on acquisitions in new geographic locations. We fully expect the integration of this business to be the most successful to date, leveraging QSP's assets and equipment, established customer base and expertise within the QSP team. The acquisition will allow LaserBond to extend its technical capabilities across the QSP customer base, which together with operating synergies will expand the bottom line of the combined entity."

Acquisition Strategic Rationale

- **Highly strategic geographic expansion** - LaserBond has previously identified Queensland as a key target market due to the significant presence of mining services and other companies requiring LaserBond's surface engineering technology. Demand for LaserBond's services division is highly dependent on proximity to the end-user, and as such the regional expansion is expected to provide access to an untapped market of customers with a significant requirement for LaserBond's services.
- **Complimentary acquisition** – QSP is a highly complementary business with a recent focus on upgrading its surface engineering equipment and capabilities. Integration of QSP's surface engineering equipment with LaserBond IP and technology will allow for immediate business development and growth. Systems are able to be upgraded to full LaserBond® systems with minimal capital expenditure.
- **Expedited entry into key market** – The Acquisition provides LaserBond the opportunity to immediately enter the Queensland and Northern NSW markets, allowing it to capitalise on existing interest for its services. In addition, the acquisition provides an extensive list of existing customers, resulting in an expected immediate impact to LaserBond's operational performance.
- **Attractive financial profile** – Transaction is highly accretive on an EV/EBITDA and P/E basis, with the acquisition completed on a 5.7x FY21 EV/EBITDA and 9.6x FY21 P/E. Based on normalised, unaudited QSP financials, the Acquisition impact on LaserBond's pro forma FY21 results would be to increase NPAT by \$0.9 million (+33%), EBITDA by \$1.6 million (+25%) and revenue by \$3.8 million (+16%).
- **Integration of highly skilled workforce** - LaserBond will retain QSP's existing workforce with specialised experience in surface engineering and reclamation work and immediately integrate LaserBond's advanced surface engineering technology to provide a differentiated and market leading service to QSP's customer base.

Acquisition Terms & Funding

LaserBond has agreed to acquire 100% of the assets of QSP for upfront cash consideration of \$9 million¹. The acquisition represents a normalised FY21 EV/EBITDA multiple of 5.7x and P/E ratio of 9.6x and is expected to be earnings accretive to LaserBond in H2 FY22.

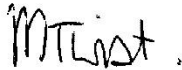
¹ Subject to potential minor adjustment for reduction of employee entitlements



Completion of the acquisition is subject to LaserBond completing final due diligence, and completion of final documentation, with completion expected in January 2022.

Funding for the acquisition will be provided by an equity raising by way of an institutional placement and Share Purchase Plan. LaserBond has lodged a trading halt with the ASX pending a capital raising, details of which will be announced on completion. Canaccord Genuity (Australia) Limited is acting as Lead Manager to the equity raising.

Approved for release by the Board of LaserBond Limited.



Matthew Twist
Company Secretary

