

ASX Announcement
24 June 2019

Chairman's address

To the Extraordinary General Meeting of LogiCamms Limited (ASX: **LCM**), held at 9.00am (AEST) on Monday 24 June 2019 at 39 Edward Street, Brisbane.

Welcome to this Extraordinary General Meeting of LogiCamms shareholders. The purpose of the meeting is to consider the proposed acquisition of OSD Pty Ltd by LogiCamms. If the transaction is approved today by shareholders, this will be an important moment in LogiCamms' history.

The acquisition of OSD, if approved, will be a transformative step for LogiCamms. Combining our businesses will create a platform to build a strong, ASX-listed mid-tier engineering group with specialist offerings across a range of industries and client projects throughout Australia, New Zealand, PNG and the Pacific.

The transaction is supported by a compelling financial and strategic rationale. I would like to take a moment to set out the benefits of the proposed transaction for shareholders.

- The merged business will have increased scale and a range of complementary services across multiple markets. If the transaction is approved by shareholders, the combined business will have pro forma, FY19 forecast revenue of approximately \$120 million and Normalised EBITDAI of approximately \$6.7 million.
- The merged business will have reduced overhead costs, thus increasing our margins and improving our cost-competitiveness in pursuing new contracts. Low risk synergies of approximately \$3 million per annum will be achieved within 12 months, as a result of eliminating duplication in head office and in local operations. Additional synergies are expected over time as we streamline processes and make more effective use of the merged group's systems, sites and human resources.
- Post-transaction, LogiCamms will have a strengthened balance sheet and an expected net positive cash position as a result of OSD's cash reserves, which means we no longer need to undertake a re-financing and/or recapitalisation of the business.
- The services of OSD and LogiCamms are highly complementary, and by combining them we will have greater depth and breadth of technical capability, along with a more diverse client base and revenue streams. Merging the businesses will open up a range of opportunities to grow by cross-selling to this more diverse client base, as well as an increased ability to win larger contracts due to our greater scale and capability.
- We have a detailed merger integration plan in place so that if the transaction is approved by LogiCamms shareholders, we are poised and ready to quickly integrate the businesses and capitalise on the new opportunities. The businesses have similar cultures and aligned operating methods, which underpin the detailed integration plan to ensure that we deliver the benefits of the transaction for our customers and employees, and ultimately, for our shareholders.

Importantly, the proposed transaction will reduce risk and accelerate the turnaround of LogiCamms and the restoration of value for shareholders.

At the announcement of FY18 results, the Directors identified the need to repair the Company's balance sheet. A strategic review of funding options was commissioned, to consider a range of

options for debt refinancing and recapitalisation. The Directors also considered a number of potential merger transactions.

After assessing the alternatives, the Directors formed the view that a merger with OSD was the most attractive option for LogiCamms shareholders. The transaction that we have asked shareholders to approve will deliver the strategic and operational benefits that I have described, as well as addressing the Company's balance sheet position.

The Directors unanimously consider that the transaction is in the best interests of LogiCamms shareholders and recommend that you vote in favour of the Resolutions that are set out in the Notice of Meeting and will be presented to you today.

As part of the acquisition process, the Directors appointed KPMG as Independent Expert to provide a view on the merits of the transaction for shareholders. I am pleased to say that the Independent Expert considers that the transaction is both fair and reasonable to the non-associated shareholders of LogiCamms.

Subject to completion of the transaction, which is planned to take place on Friday 28 June 2019, a number of changes will be made to the LogiCamms Board of Directors.

- I will step down and cease to be Chairperson and Charles Rottier will be appointed as independent Chairperson.
- Brian O'Sullivan AM, the founder and majority shareholder of OSD, and Linton Burns, the current Managing Director of OSD, will be appointed as executive directors of the merged LogiCamms.
- Richard Robinson will remain an independent non-executive Director.
- The current intention is that an additional independent Director will be selected for appointment to provide complementary capabilities and experience to the Board.

On the assumption that the transaction will be approved today, I would like to take this opportunity to thank shareholders for your continuing support for LogiCamms. I have served as a Director of the Company since 2011. In that time, the business has been managed through varying market conditions, from periods of growth to the industry downturn we encountered through the 2016 and 2017 financial years. The people of LogiCamms have continued to work hard and focus on delivering positive outcomes for clients throughout my time on the Board, and I thank them for all of their efforts. The continued support of our people will be central to the success of the merger with OSD, and delivering the benefits for our clients and our shareholders.

The work of our CEO Chris O'Neill, since his appointment 7 months ago, has resulted in a significant strengthening of the Company, and LogiCamms has returned to be a profitable cash generating business. The proposed merger will only strengthen this further. The collaboration between the leadership teams of LogiCamms and OSD during the transaction process gives me confidence that the Company is in very capable hands and bound for success in the next chapter of its development.

Peter Watson

Chairperson

LogiCamms Limited