

ASX/MEDIA RELEASE - OTC



30 June 2016

NSW SURVEY ACQUISITION

Highlights

- OTOC to acquire Lawrence Group Pty Ltd (**Lawrence**).
- Established in Sydney in 2003, Lawrence is a multi-disciplinary surveying consultancy with expertise in residential and commercial construction, civil infrastructure and land development.
- The acquisition enhances OTOC's surveying business in New South Wales, adding scale and capability to OTOC's existing surveying businesses in civil infrastructure (Geo-Metric) and expertise in construction surveying that is complementary to existing strata and urban development capability (Linker).
- The purchase price comprises \$3.85 million in cash and \$1.0m in OTOC shares. A further \$1.0m in cash will be paid if Lawrence achieves performance milestones.
- Acquisition funded from existing cash reserves.
- The purchase price represents a multiple of approximately 4x FY2016F EBITDA.
- The acquisition is expected to be earnings per share accretive in FY2017 (excluding amortisation).

OTOC has entered into an agreement to acquire Lawrence Group Pty Ltd (**Lawrence**), a Sydney-based surveying consultancy, for up to \$5.85m.

The acquisition is highly complementary to OTOC's surveying capability in New South Wales (Geo-Metric and Linker Surveying) and consistent with OTOC's national surveying strategy. The combination of Lawrence, Geo-Metric and Linker Surveying, establishes OTOC as a leader in the Sydney surveying market with strong exposure to property and infrastructure investment.

Established in 2003, Lawrence is a multi-disciplinary surveying consultancy with expertise in residential and commercial construction, civil infrastructure and land development. Lawrence has developed a blue-chip client base across each of its service capabilities, including Lend Lease, Thiess, Parkview, Richard Crookes and Roads and Maritime Services.

Lawrence is well positioned to benefit from anticipated growth in the New South Wales economy and ongoing investment in property and civil infrastructure, including the Western Sydney corridor. Lawrence has secured work on a number of key projects including NorthConnex, Darling Square, Northern Beaches Hospital and Lane Cove.

The founder of Lawrence, Shane Lawrence, will enter into a long-term employment contract with OTOC and continue to manage the business. Approximately 34% of the purchase price is in OTOC shares and performance payments. The performance payments will be payable in cash over two years. The performance payments will accrue if annual EBITDA is more than \$1.2 million and are capped at annual EBITDA of \$1.4 million.

The cash component of the purchase price will be funded from existing cash reserves.

Transaction Terms

Structure	Acquisition of 100% of the issued capital of Lawrence Group Pty Ltd
Purchase price: Cash	\$3.85m payable at completion
Purchase price: OTOC Shares	\$1.0m in new fully paid ordinary OTOC shares to be issued at completion ~4.9m shares to be issued based on 30-day pre-announcement VWAP of \$0.202 - Voluntary escrow period of 12 months
Purchase price: Performance payments	- Performance payments of up to \$1.0m over two years - Performance payment = \$0.3m + (EBITDA - \$1.2m), if EBITDA is at least \$1.2m - Maximum performance payment \$0.5m in any performance period - The first performance period is expected to commence in August 2016
Net Adjustment	- A Net Adjustment will be paid/(refunded) based on the following calculation - Net Adjustment = Cash + Debtors/WIP – Liabilities – Employee Entitlements
Employment contracts	Shane Lawrence, founder of Lawrence, will enter into an employment contract with a minimum term of two years, an option to renew for further two years, and a restraint period of four years
Completion	Expected to complete in July 2016 subject to satisfaction of conditions precedent
Conditions precedent	- Completion of due diligence - Execution of employment contract with Shane Lawrence - All necessary consents and approvals - No material adverse change

Strategic Rationale

This acquisition is consistent with OTOC's strategy of creating a premium national Surveying, Town Planning and Urban Design business:

- ✓ **Expansion** enhanced exposure to Sydney infrastructure and property sectors
- ✓ **Services** multi-disciplinary service offering, complementary to Geo-Metric and Linker
- ✓ **Clients** longstanding relationships with blue-chip commercial clients and government
- ✓ **Financial** strong track record of financial performance and growth outlook
- ✓ **Management** experienced executive management and senior surveyors
- ✓ **Synergies** combined leader in Sydney surveying market; revenue and operational synergies
- ✓ **Outlook** strong growth in civil infrastructure investment and residential development

Commenting on the Acquisition, OTOC CEO Simon Thomas said:

"The acquisition of Lawrence Group is significant in OTOC's national strategy, positioning OTOC as a market leader in New South Wales given the combined scale and expertise of Lawrence, Geo-Metric and Linker. Shane Lawrence and his team are highly regarded within the industry and bring significant experience across the property, construction and infrastructure sectors. I look forward to working with the team and supporting the exciting growth outlook for the business."

Shane Lawrence said:

"We at the Lawrence Group share the vision of OTOC and have mutual clients which makes for a very compelling proposition to the NSW market as it undergoes significant investment in property and infrastructure development. With access to OTOC's national client network, fellow industry experts and financial resources, we will continue to offer a superior level of service to our clients. We are excited and motivated by this opportunity and believe it will offer considerable value to our clients and staff."

- Ends -

About OTOC

OTOC offers surveying, planning and design services throughout Australasia. A leading provider of professional consulting and innovative spatial solutions, OTOC delivers quality service to clients across a range of industry sectors.

OTOC Australia, OTOC's Infrastructure division provides infrastructure construction and maintenance services to clients covering renewable energy, government, resources, utilities and remote areas.

For further information please contact

Corporate Office
OTOC Limited
Tel (08) 9317 0628