

ASX Announcement

5 May 2023

AVADA GROUP LIMITED COMPLETES STRATEGIC ACQUISITION OF NEW ZEALAND TRAFFIC MANAGEMENT COMPANY

Traffic management operator AVADA Group Limited (ASX: AVD) ('AVADA', 'the Company' or 'the Group') is pleased to confirm that through its subsidiary AVADA NZ Limited ('AVADA NZ'), it has completed the acquisition of Wilsons TM Limited ('Wilsons Traffic Management' or 'Wilsons'), the largest traffic management company in New Zealand's South Island.

Key Highlights

- Key step in AVADA expanding capability and establishing its position as one of the leading traffic management operators in Australia and New Zealand.
- AVADA gains strategic growth and foothold for further acquisitions throughout New Zealand.
- Wilsons normalised EBITDA of NZ\$3.2 million for 12 months to December 2022. 75 vehicles and more than 115 traffic controllers.
- The acquisition is expected to be earnings accretive.

Acquisition of Wilsons Traffic Management

AVADA NZ has completed the acquisition of 100 per cent of the issued share capital in Wilsons Traffic Management.

The acquisition is expected to be earnings accretive. Integration of the Wilsons' business is already underway, which together with standardising back-office operating processes, is expected to generate cost synergies across Group. This will also create scope for new career opportunities for staff across the Group and its key operating markets.

Wilsons will retain its existing brand which reflects its position as an established market leader.

Overview of Wilsons Traffic Management

Wilsons Traffic Management was established in 2020 by vendors, Sam Wilson and Gabby Krauze, who will remain on and continue to manage the business. In addition to expanding and diversifying AVADA's customer base and geographic reach, the acquisition of Wilsons has brought a talented team of professionals and a wealth of experience, delivering strong results.

Wilsons reported normalised EBITDA of NZ\$3.2 million for the 12 months to December 2022, derived predominantly from road maintenance, civil construction and asphaltting projects. The company employs more than 115 traffic controllers and has a fleet of 75 vehicles (38 utilities, 37 trucks).

AVADA Group Chief Executive Officer and Managing Director, Mr Daniel Crowley said, "We're pleased to have Wilsons as part of AVADA. Wilsons is a well-managed and professional business and it's great to see Sam and Gabby's enthusiasm for embracing The AVADA Way."

“I’ve had the opportunity to spend some time in New Zealand and we’re excited to have a strong foothold there and are looking forward to the future to building the business and considering new acquisition opportunities,” Mr Crowley said.

Purchase price and Funding

The purchase price for the acquisition includes:

- a cash payment on completion of NZ\$9.6 million (on a cash free, debt free basis and subject to customary working capital adjustments) funded through a combination of New Zealand bank debt of NZ\$7.4 million and cash reserves and existing facilities of NZ\$2.2 million.
- an additional retention cash payment of between NZ\$1.4 million and NZ\$4.1 million, depending on Wilsons achieving certain performance hurdles, payable 12 months after completion.
- subject to certain targets being achieved, an earn out payment in respect of each of the first and second years after completion.

Retention and earn-out payments are to be funded through existing facilities and operating cash flows.

This announcement is authorised for release by the Board of Directors of AVADA Group Limited.

About AVADA Group Limited

AVADA is Australia’s largest listed integrated traffic management provider, with established operations throughout Queensland, NSW, Victoria and New Zealand servicing major public and private sector clients.

With an extensive network of 29 Depots, more than 970 vehicles and 2,000 dedicated employees the Group is well positioned in the integrated traffic management and associated civil sectors.

Visit us at avadagroup.com.au

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