

ASX ANNOUNCEMENT

ASX: SMN

8th November 2017

**STRUCTURAL
MONITORING
SYSTEMS**
plc



SMS COMPLETES HEAVILY OVERSUBSCRIBED SHARE PLACEMENT

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX: SMN) is pleased to announce it has successfully completed a highly important capital raising, of clear strategic significance.

Through a private placement (“Placement”) under s.708 of the Corporations Act (2001) and using the capacity under LR 7.1, the Company sought to raise \$11 million at \$1.25 per share (approximately a 4% discount to both the 20-day and 30-day VWAP) to fund the pending 100% acquisition of the Company’s contract manufacturer, Anodyne Electronics Manufacturing Corporation (“AEM”).

Due to overwhelming demand from the introduction of multiple, strategically important institutional investors – including several multi-hundred million dollar AUM Australian funds, as well as two new, key offshore institutional investors – the Company was obliged to increase the size of the Placement to \$13 million to satisfy the overall demand profile of the book-build process. Hunter Capital Advisors acted as Lead Manager to the Placement.

Drake Private Investments, SMS’s New York-based long-standing benchmark investor, along with SMS and AEM senior personnel, also invested more than \$3 million in the Placement.

Following the formal shareholder approval of the acquisition of AEM, the significant net annual cashflow that will be realised from its legacy, non-CVM™ business platform, and the Company’s now considerable cash at bank position (circa-\$5 million), it is expected SMS will remain in a highly favourable liquidity position indefinitely – even in the absence of any allowance for the substantial expected future revenues to be realised through the full commercialisation of the Company’s CVM™ technology platform.

The Company is acquiring 100% of AEM for C\$10 million. The excess funds raised in the Placement are *not expected* to be used for working capital, or general corporate purposes – but will be retained to maintain a material liquidity profile, and an optimal level of strategic cash reserves.

Further, the Company wishes to clearly state, that based upon an assessment of present business parameters, and the expected development of both present and future revenue streams, the intention is to begin paying annual dividends commencing in the 2018/2019 calendar year.

Commenting on the Placement, SMS Executive Director, Mike Reveley, said: “The acquisition of AEM is a critical step to facilitate the commercial integration of our patented CVM™ technology into the global aerospace industry. The overwhelming demand from investors for this strategic capital raise was extremely pleasing, especially the participation of new, major institutional investors from Australia and abroad.”

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