

Australian Securities Exchange Announcement

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Legend Acquires Celemetrix Group

Legend Corporation Limited is pleased to announce that it has reached agreement to acquire Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd, collectively the Celemetrix Group ("CLX"). The share purchase agreement is subject to the usual and customary conditions precedent to completion which are expected to be satisfied over the next 30 days, with the transaction effective 1 January 2018.

Highlights

- CLX supplies test and measurement equipment, calibration and professional services including equipment fleet compliance management to Australian Telecommunications Organizations, Power Utilities, Medical Equipment Suppliers, Defense and related contractors.
(see <http://www.celemetrix.com.au> and <http://www.commsforce.com.au>).
- Customers include; Telstra, Optus, Vodafone, TPG, NBN Co., BAE Systems, IBM, Raytheon, Energex, Ergon Energy, Phillips Healthcare, Siemens Healthcare and Toshiba Healthcare.
- CLX's revenue in the year ended 30 June 2017 was \$24.7 million with an operating Earnings Before Interest and Taxation (EBIT) of \$2.9 million (unaudited).
- Legend will acquire CLX for an initial payment of \$12 million financed by debt. The agreement includes a claw back clause supported by a bank guarantee on the initial payment of \$2 million scaled to total EBIT earned in the financial year to 30 June 2018 with a range of \$2.8 million (\$2 million claw back) to \$3.2+ million (No claw back). An additional deferred payment of up to \$3.125 million could be payable levered to the average EBIT over the two financial years ended 30 June 2019 and 30 June 2020 with a range from \$3.2 million (no deferred payment) to \$3.75 million (\$3.125 million deferred payment).
- CLX's product and services range is a strategic fit with Legend's Electrical, Information Technology and Power divisions market and product focus.
- Legend's strong Engineering HR and Nata Laboratory in South Australia provide CLX the opportunity to expand their Defense operations in that state.
- Legend's extensive Australian and New Zealand sales and distribution infrastructure provide CLX with the opportunity for further geographic expansion.

Acquisition of CLX

Legend Corporation Limited has entered into an agreement to acquire all of the issued shares of Melbourne based Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Sydney based Commsforce Pty Ltd. Legend will complete the transaction in January 2018 with an effective acquisition date of 1 January 2018.

Legend will acquire CLX for an initial payment of \$12 million. The agreement includes a claw back on the initial payment of up to \$2 million levered to EBIT outcomes for the financial year ended 30 June 2018, followed by a final deferred payment of

up to \$3.125 million levered to the average EBIT outcomes for the financial years ended 30 June 2019 and 30 June 2020. Any claw back of the initial payment will be settled in August 2018. The final deferred payment will be settled in August 2020.

The acquisition will be funded through existing debt facilities and working capital.

For the year ended 30 June 2017 CLX reported revenue of \$24.7 million and an operating EBIT of \$2.9 million (unaudited).

The addition of CLX is highly complementary to Legend's Electrical, Information Technology and Power divisions, markets and products focus which will enable CLX to lever sales of Legend's product range and stronger future opportunities for growth.

It is expected that the acquisition will be earnings per share positive, operating cash flow positive and contribute to Legend's overall group profit levels.

All senior executives will remain with the business as will all staff.

Management Commentary

Legend's CEO Mr Brad Dowe said "CLX presents an excellent fit with our markets and product focus, CLX has a strong growth track record having achieved an average compound annual EBIT growth of 15% over last two full years and significantly extends our product and client mix in the test equipment sector with major telecommunications, defence and medical companies. In addition the services business of Celemetrix is a new line of business for Legend in the area of test equipment and safety equipment calibration and repair and is supported by multi year contracts which offer annuity revenues.

Mr Mathew Wegener, the Senior Executive of CLX who will retain that role after completion said "CLX has proven itself as the preferred choice across IT and Telecommunications markets. I am confident that the access to Legend's national infrastructure, products, channels to market and enterprise systems will strengthen CLX capability to grow the sales of our products and services with our major corporate clients and I look forward to working with the Legend team".



Brad Dowe
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