



13 March 2018

Acquisition of Elton Consulting to spearhead new growth division in Professional and Advisory Services

- Veris to acquire Elton Consulting, a market leader in professional and advisory services in urban and regional planning, strategic communications and engagement, strategy and policy and social sustainability.
- Based in New South Wales, with offices in Victoria, ACT, NT and a presence in QLD, Elton provides strategic advice to all levels of government, the community sector and blue-chip private sector clients in the property, built environment, transport, infrastructure, water, energy, housing and public policy sectors.
- The acquisition not only achieves Veris' strategic goal of establishing a national urban and regional planning business, a new and complementary growth pillar for our surveying business, but also immediately adds a range of other complementary professional and advisory services.
- Elton has forecast consulting revenue of \$20m in FY18F, representing annual average growth of more than 20% since FY15, at an average EBIT margin over 15%.
- The purchase price is up to \$16.0m including performance payments, with 37% in Veris shares and performance payments, and an additional \$1.0m of Veris shares to be issued to senior employees of Elton to achieve further alignment to long term performance. The up-front cash consideration will be funded from existing banking facilities.
- The acquisition enhances Veris' exposure to the east coast development cycle, particularly in New South Wales, and strong forecast investment in property, transport, healthcare, social and affordable housing and education projects.
- The acquisition is expected to be EPS accretive on an annual basis.
- Brian Elton, founder of Elton Consulting, will join the board of Veris as an Executive Director.

Veris is pleased to announce the acquisition of Elton Consulting, a market leader in professional and advisory services in urban and regional planning, strategic communications and engagement, strategy and policy and social sustainability. This step-change acquisition provides Veris with an immediate, blue-chip and scalable entry to this sector, a strategic priority for Veris, which will enhance our client service offerings and financial returns.

Elton Consulting

Established by Brian Elton in 1989, Elton Consulting is a market leader in professional and advisory services for the property and built environment, transport, infrastructure, water, energy, housing and public policy sectors with approximately 100 staff and offices in New South Wales, Victoria, Australian Capital Territory and Northern Territory and a presence in Queensland.

Elton provides strategic advice to all levels of government, the community sector and blue-chip clients in the private sector in the areas of:

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Veris Limited
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- Urban and Regional Planning
- Communications and Engagement
- Community Relations
- Strategy and Policy
- Social Sustainability

Elton has a dedicated and experienced team of senior management and consultants across each of its service offerings. Kim Anson, Chief Executive Officer of Elton, will continue to manage Elton Consulting and will lead Veris' newly formed Professional and Advisory business, including integrating Veris' existing urban and regional planning and urban design businesses.

Brian Elton will join the board of Veris as an Executive Director and will spearhead Veris' strategy of developing the national business in professional and advisory services and will promote Veris' service offerings across and into the National Surveying business.

The Elton team, under the guidance of Brian, Kim and the senior team, has achieved strong growth and gains in market share, with revenue increasing from approximately \$11m in FY15 to \$20m forecast for FY18, at an average EBIT margin of more than 15%. Approximately 80% of Elton's revenue is from New South Wales, reinforcing Veris combined market leadership across surveying, and professional and advisory services in New South Wales.

Strategic Rationale

Since 2011, Veris has undertaken a strategic growth strategy in developing a national surveying and professional services business. Veris has undergone a four year period of horizontal acquisitions across Australia to become one of the leading surveying companies nationally, with a workforce of approximately 540 employees, annual revenue approaching \$100m, offices across the country, and a client base that includes Australia's best property and infrastructure companies.

Having achieved scale and national market presence in surveying, Veris has now moved toward vertical acquisitions in property and infrastructure development. Veris has been seeking an acquisition opportunity to achieve an immediate entry for its second and complementary growth division – **Professional and Advisory Services** – a national market of more than \$1.0bn in annual revenue.

Veris identified Elton as a sought after acquisition opportunity given its longstanding history and reputation, top caliber people, market presence, trusted relationships with government and private clients, and strong financial returns based on a focused professional services business model.

The acquisition of Elton accordingly achieves an important strategic priority for Veris. It significantly expands and enhances Veris' service offerings. It enables 'end-to-end' solutions for our existing clients from scoping, approvals and planning through to surveying and project implementation. It also brings new clients and strong relationships with government and blue-chip property and infrastructure companies. There are significant revenue synergies and expanded revenue opportunities.

The acquisition provides Veris with further exposure to growth markets on the east coast of Australia, in particular the development cycle in New South Wales which continues to attract record levels of investment in property and a diversity of infrastructure projects.



Pro-Forma Financial Impact

Elton operates a professional services business model with revenue derived from consulting income.

Forecast FY18 revenue is approximately \$20m, with EBITDA \$3.1m and EBIT \$3.0m. Elton has a strong track record of cashflow generation and has minimal capital expenditure requirements.

Together with Veris' existing urban and regional planning division, the new division will have pro-forma annual professional services revenue of approximately \$25 million, in addition to estimated annual surveying revenue of approximately \$90 million.

The acquisition is expected to be earnings per share accretive on an annual basis¹.

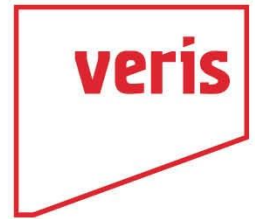
The transaction multiples for the acquisition are approximately:

- 3.9x forecast FY18 EBITDA based on the up-front consideration; and
- 5.2x forecast FY18 EBITDA based on total consideration including performance payments.

Transaction Terms

Structure	<ul style="list-style-type: none"> – Acquisition of 100% of the shares in Elton Consulting Group Pty Ltd.
Purchase price	<ul style="list-style-type: none"> – Cash: \$9.0m payable at completion. The cash consideration will be funded in part from a drawdown of Veris' acquisition facility with Commonwealth Bank of Australia. – Veris shares: \$3.0m of Veris shares at an issue price equal to the 5-day pre and 5-day post announcement volume weighted average price (VWAP). The shares will be subject to voluntary escrow for two years (to be issued under the company's 15% capacity in accordance with ASX Listing Rule 7.1). – Performance payments: up to \$2.0m over two years (up to \$1.0m per annum) payable 50% in cash and 50% in Veris shares. The annual payment will be \$0.5m if EBITDA is \$2.6m, then \$1 for each \$1 of EBITDA above \$2.6m to a maximum payment of \$1.0m (i.e. maximum performance payment is at \$3.1m EBITDA). – Deferred payments: \$1.0m in cash and \$1.0m in Veris shares (at 30-day VWAP prior to issuance) two years after completion. – Net asset adjustment: a net asset adjustment, subject to Elton having at least \$0.4m of cash at completion.
Key employees	<ul style="list-style-type: none"> – Shareholders of Elton will enter into employment contracts with four year restraint/non-compete provisions. – Veris will allocate \$1.0m of Veris shares to certain senior management of Elton in tranches over three years. The shares will be issued at the 30-day VWAP prior to issuance of each tranche.
Completion	<ul style="list-style-type: none"> – Completion expected to occur in coming weeks, subject to satisfaction of conditions precedent including consent for material contracts, execution of key employment contracts and no material adverse change.

¹ Excluding amortisation of goodwill and intangible assets



Veris Managing Director Adam Lamond said:

“The acquisition of Elton is an exciting and significant development in our vision of creating a leading national professional services company. Having established a strong foundation and market presence in surveying across Australia, the acquisition of Elton ensures that Veris has immediate scale and top tier people, clients and projects in our second growth division of professional and advisory services

Elton is an outstanding business and Brian, Kim and the team should be proud of their achievements. We are excited by the opportunity to work alongside them in delivering superior, integrated results for our clients, and strong returns for Veris shareholders.”

Elton Managing Partner Brian Elton said:

“Joining Veris, a young and energetic Australian publicly listed company with 15 locations around Australia is the logical next step in Elton Consulting’s continuing growth.

The Veris and Elton Consulting businesses are aligned in their values and culture and share an unwavering commitment to client service, quality and innovation. The business synergies are very strong which provides a firm platform for further growth.

We look forward to offering our broad and expanding range of multi-disciplinary professional and advisory services to current and new clients nationally in conjunction with Veris established surveying, planning, urban design and 3D spatial services.

Together we will be the only truly national consultancy offering urban and regional planning, urban design, strategic communications and engagement, social sustainability, and strategy and policy advice to a wide range of sectors including the property, built environment, transport, infrastructure, housing and public policy.

I’m personally extremely excited to be joining the Veris Board as an Executive Director with particular responsibility for driving further growth and integration.”

– ENDS –

For further information please contact:

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