



Acquisition of Geo-Metric Surveying

A Specialist Infrastructure Surveying Firm

November 2014

Disclaimer

This Document should not be considered as an offer or invitation to subscribe for or purchase any securities in OTOC Limited ("OTOC" or "The Company") or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in OTOC should be entered into on the basis of this Document.

This Document contains high level information only and does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of OTOC and its prospects. Any forecasts and forward looking information contained in this Document are subject to risks and uncertainties and are not a guarantee of future performance. Actual performance will almost certainly differ from those expressed or implied.

OTOC makes no representation or warranty, express or implied, as to the accuracy, currency or completeness of the information presented herein. Information contained in this Document may be changed, amended or modified at any time by OTOC. OTOC is under no obligation to update any information or correct any error or omission which may become apparent after this Document has been issued.

To the extent permitted by law, OTOC and its officers, employees, related bodies corporate and agents ('Associates') disclaim all liability, direct, indirect or consequential (and whether or not arising out of the negligence, default or lack of care of OTOC and/or its Associates) for any loss or damage suffered by recipients of this Document or other persons arising out of, or in connection with, any use of or reliance on this Document or information contained herein. By accepting this Document, the recipient agrees that it shall not hold OTOC or its Associates liable in any such respect for the provision of this Document or any other information provided in relation to this Document.

Recipients of this Document must make their own independent investigations, consideration and evaluation of the information contained herein. Any recipient that proceeds further with its investigations, consideration or evaluation of the information described herein shall make and rely solely upon its own investigations and inquiries and will not in any way rely upon this Document. Recipients of this Document should not act or refrain from acting in reliance on material in this Document.

Contents

1	Executive Summary	4
2	Overview of Geo-Metric	7
3	Strategic Rationale	16
4	Acquisition Terms	22
5	Conclusion	24

1. Executive Summary

Executive Summary

TRANSACTION HIGHLIGHTS

- OTOC has agreed to acquire Geo-Metric Surveying Pty Ltd (**Geo-Metric**), an infrastructure and engineering surveying consultancy with offices in New South Wales, Queensland, Western Australia and Victoria, for up to \$12.0m (the **Acquisition**)
- The Acquisition is extremely complimentary with OTOC's strategy of creating a premium multi-disciplinary national surveying business
- The Acquisition provides OTOC with specialist infrastructure surveying capabilities and direct exposure to the substantial infrastructure investment on the East Coast of Australia
- Up-front purchase price of \$7.0m in cash funded from existing cash reserves and \$2.5m in OTOC shares
- Performance payments of up to \$2.5m subject to Geo-Metric achieving EBIT of at least \$3.0m in two respective 12-month performance periods¹
- Management is aligned to ongoing performance with long-term employment contracts and 42% of the total purchase price in OTOC shares and performance consideration
- The Acquisition is expected to be earnings per share accretive in FY15

GEO-METRIC OVERVIEW

- Established in 2001, Geo-Metric is a recognised expert in specialist surveying solutions for civil infrastructure (railways, tunnels, bridges and roads) and resources projects
- Offices in Sydney, Brisbane, Gladstone, Perth and Melbourne, with approximately 52 staff
- Proprietary guidance software, monitoring systems and specialist surveying equipment
- Client base of tier-one contractors such as Thiess, Leighton, Fulton Hogan and Acciona
- Strong financial performance and demonstrated ability to scale-up in response to workflow
- Leveraged to substantial current and planned East Coast infrastructure investment (\$180bn in non-resources infrastructure construction over next 5 years)²

Note 1: Performance Period 1 commences 1 February 2015

Note 2: Source: BIS Shrapnel

Executive Summary

ACQUISITION RATIONALE

- **Strategy:** consistent with OTOC's strategy of creating a premium national surveying business
- **Complementary fit:** complements OTOC's current planning and surveying business (Whelans & Bosco Jonson) with a new product capability in infrastructure and engineering
- **New geographic markets:** New South Wales and Queensland
- **Outlook:** exposes OTOC to substantial forecast East Coast infrastructure spend via an established and highly regarded company
- **Clients:** panel arrangements and preferred supplier to tier-one contractors
- **Management:** experienced management team aligned to future performance
- **Financial:** strong financial performance and earnings growth potential
- **Diversification:** further diversifies OTOC's end-user exposure and revenue base, by both geography and discipline
- **EPS accretive:** expected to be EPS accretive in FY15
- **Valuation metrics:** total consideration multiple of 4.0x based on performance hurdle of \$3.0m EBIT (EBITDA multiple approximately 3.5x)

FUNDING

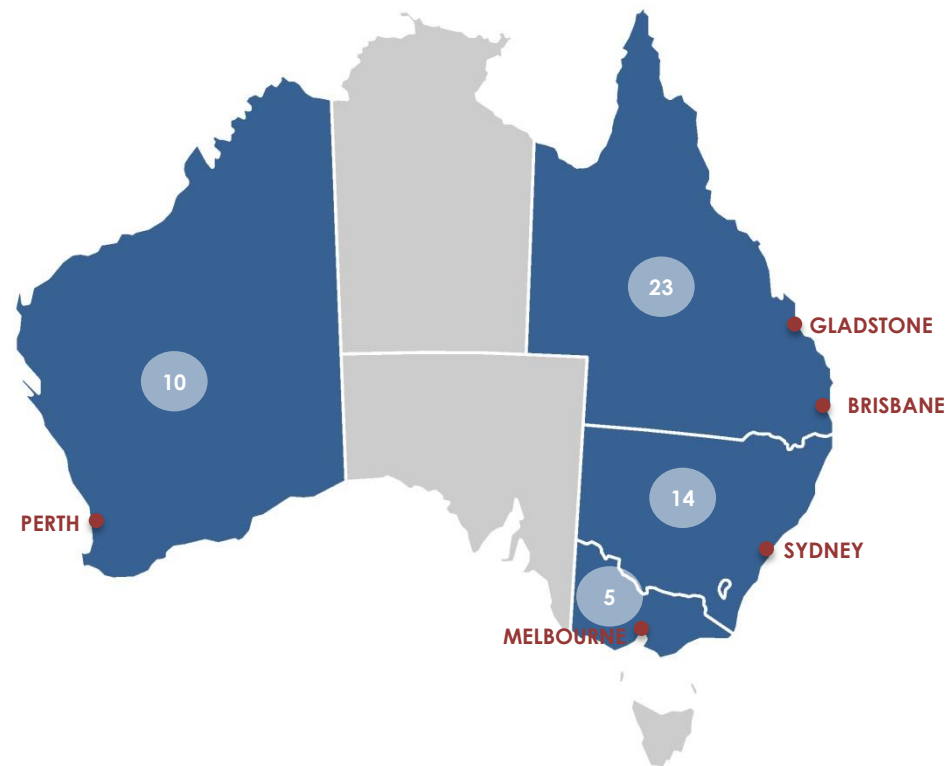
- Up-front cash consideration of \$7.0m will be funded from existing cash reserves
- The Acquisition includes net working capital in Geo-Metric
- OTOC retains balance sheet capacity to execute further surveying acquisitions consistent with the national surveying strategy

2. Overview of Geo-Metric

Background

- Geo-Metric is a private surveying company established in Sydney in 2001 by the current Vendors
- Provider of specialist infrastructure and engineering surveying services to the civil construction and resources sectors
- Currently employs approximately 52 staff, with offices in Sydney, Brisbane, Gladstone, Perth and Melbourne

Employees per State



Service Offerings

ENGINEERING SURVEYING

- Full service engineering surveying from planning to execution
- Civil infrastructure and resources
- Expertise in road, rail, tunnels and bridges

MONITORING

- Remote site control and structural monitoring
- Risk mitigation – highly valued product
- In-house software

MACHINE OPTIMISATION

- Managed services aimed at improving site productivity and plant utilisation
- Fleet management modelling
- On-site operator training

OTHER

- 3D laser scanning
- CAD design
- Hire of specialist surveying equipment

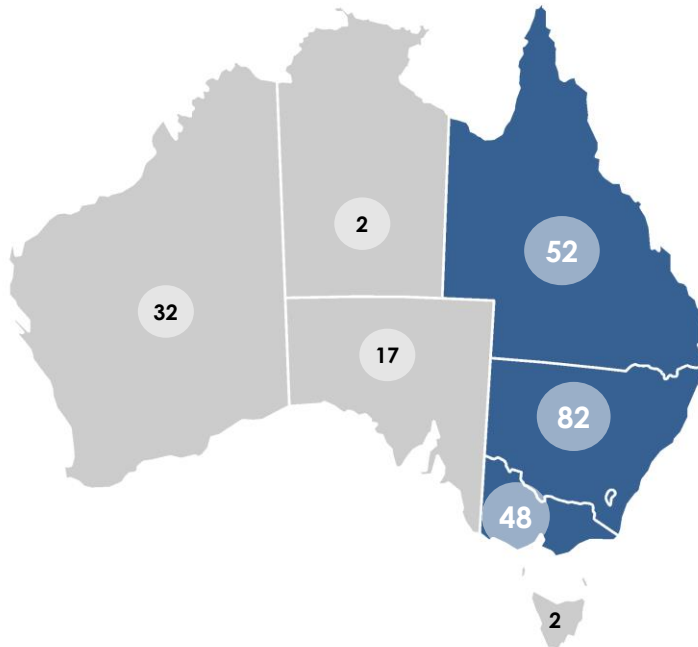
STRATEGIC ALLIANCES

- Strategic Alliances with European equipment manufacturers
- Plant and software to the tunnel market through exclusive distribution and service rights with Poltinger Precision Systems
- Surveying company alliances in Asia

Leveraged to East Coast Infrastructure Spend

Over \$180bn of civil infrastructure projects forecast for to be completed on the East Coast over the next 5 years

Civil construction expenditure 2014 – 2018
(\$ billion)



Major Infrastructure Projects in
New South Wales and Queensland

New South Wales

Project	Type	Size	Status	Contractor
WestConnex Motorway	Road	\$14.9b	Construction commencing early 2015	To be awarded
North West Rail Link	Rail	\$8.3b	Under construction	Thiess / John Holland/ Dragados
Pacific Highway upgrades	Road	\$5.8b	Under construction	Leighton / Fulton Hogan
Western Sydney roads to Badgerys Creek airport	Road	\$3.5b	Construction commencing 2015	To be awarded
NorthConnex	Road	\$3.0b	Construction commencing 2015	Lend Lease Bouygues JV
CBD and South East Light Rail	Rail	\$1.6b	Construction commencing 2015	Connecting Sydney (incl. Acciona)
Northern Sydney Freight Corridor	Rail	\$1.0b	Under construction	Various
Western Sydney Growth Roads	Road	\$557m	Construction commencing 2015	TBA

Queensland

Project	Type	Amount	Status	Contractor
Bruce Highway upgrades	Road	\$2.2b	Under construction	Fulton Hogan
Toowoomba Second Range Crossing	Road	\$1.6b	Construction commencing 2015	To be awarded
Gateway Upgrade North	Road	\$1.2b	Early works	Fulton Hogan
Moreton Bay Rail Link	Rail	\$988m	Under construction	Thiess
Mackay Ring Road Stage	Road	\$560m	Construction commencing 2016	To be awarded

Source: BIS Shrapnel

Source: NSW & QLD Government, OTOC analysis

Clients

- Blue-chip client base
- Panel Agreements and Preferred Supplier Arrangements with tier-one contractors and government agencies

Panel Agreements








Preferred Supplier Arrangements



Other Key Clients



Completed Projects: Civil Infrastructure

Hunter Expressway (Newcastle) (NSW)		Construction Earthworks Roads Bridges	<ul style="list-style-type: none"> • Client: Thiess, Parsons Brinckerhoff and Hyder Consulting • Project value: \$1.7b • 13km of road containing 29 bridges • Incrementally launched bridge over the F3 Freeway, curved in two planes, launched over live traffic
Airport Link Northern Busway (Brisbane) (QLD)		Construction Rail Tunnels	<ul style="list-style-type: none"> • Client: Thiess and John Holland • Project value: \$4.8b • Established a 12km control network • Guidance and monitoring of jacked box tunnel • Pre-cast yard survey works
Lane Cove Tunnel (Sydney) (NSW)		Construction Monitoring Tunnels	<ul style="list-style-type: none"> • Client: Thiess and John Holland • Project value: \$1.1b • 3.6km twin tunnel motorway • Fully automated monitoring works in critical areas • Site consultation
North South Bypass Tunnel (Brisbane) (QLD)		Construction Monitoring Tunnels Roads Bridges	<ul style="list-style-type: none"> • Client: Leighton and Baulderstone/Bilfinger Berger • Project value: \$3.2b • Motorway grade toll road under the Brisbane river • Surface works • Bridge and road set outs • Tunnel works
Bruce Highway Upgrade (Bundaberg to Rockhampton) (QLD)		Roads Bridges	<ul style="list-style-type: none"> • Client: Fulton Hogan • Project value: \$560m • Upgrading four-lane highway to six lanes • Set outs for roads, paving • Earthworks set out and pick up

Completed Projects: Rail

Epping – Chatswood Rail Link (Sydney) (NSW)



Construction Rail Tunnels

- Client: Thies / Hotchief
- Project value: \$2.3b
- 13km underground rail line
- Surface and sub-surface monitoring
- Construction works surface and underground

Robina to Varsity Rail (Gold Coast) (QLD)



Construction Rail

- Client: Trackstar Alliance
- Project value: \$325m
- Extension of Gold Coast rail line
- Set out of rail formation and platform
- Control network implementation and review

Caboolture to Beerburrum Track Duplication Project (QLD)



Rail Bridges

- Client: Trackstar Alliance
- Project value: \$300m
- Duplication of rail line, 13.7km dual electrified track
- Control network implementation and review
- Set out of rail formation

Dalrymple Bay Coal to Hay Point Duplication Project (QLD)



Rail Monitoring

- Client: BMD Group
- Project value: \$75m
- Rail duplication for QR National
- Set out of multiple culverts
- Monitoring of live rail

Taiwan High Speed Rail Link (Taiwan)



Construction Rail

- Client: TTP Joint Venture
- Project value: \$885m
- 345km high speed rail line
- Survey consulting in relation to rail construction
- High precision surveying control

Completed Projects: Resources

Wiggins Island Coal Export Terminal (QLD)



Construction Monitoring Tunnels

- Client: BMD
- Project value: \$2.5b
- Rail receipt facility, overland conveyer, stockyard area
- Install of jacked box tunnel
- High precision survey control

Gorgon Project (Barrow Island) (WA)



Construction Earthworks Energy

- Client: Leighton Contractors
- Project value \$45b
- Establishing control networks for entire project
- Set out in-situ concrete structures, precast and steel structures and detail earthworks
- Mechanical and fit-out survey works – ongoing

Australia Pacific LNG (Gladstone) (QLD)



Earthworks Energy Roads Bridges

- Client: John Holland
- Project value: \$25b
- Management of all site activities for survey
- Site preparation, survey works and machine control guidance for all plant
- Full CAD services team for all graphical management

Utah Point Berth Project (Port Hedland) (WA)



Earthworks Marine

- Client: Port Hedland Port Authority
- Project value: \$200m
- Survey control network
- Earthworks set outs and machine guidance models
- Construction and concrete works

BHP Jimblebar (Pilbara) (WA)



Construction Earthworks Mining

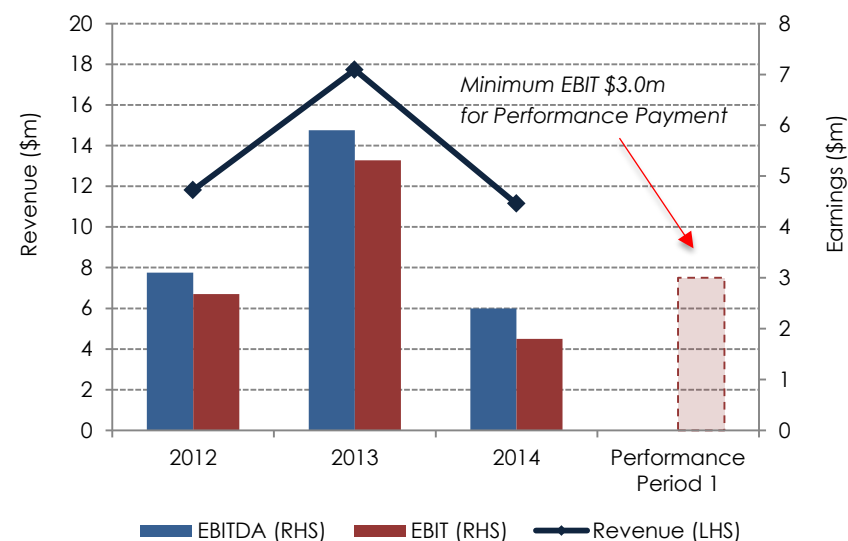
- Client: Downer EDI, Thiess
- Project Value: \$160m (earth works and select infrastructure)
- Establishing control network for entire site
- Set out services, road works, earthworks, tunnels, railway loop embankment, crushers and material processing pads

Financial Performance

- Consistently profitable with average EBIT margin of 23% over FY12-FY14
- Demonstrated ability to scale-up in response to workload as a result of strong client relationships, panel memberships, technical and safety accreditations. FY2013 was boosted by projects associated with Queensland flood recovery and LNG projects
- FY2014 was impacted by a delay in commencement of certain infrastructure projects and increased competition from smaller competitors that under-priced in order to secure work. Some competitors are now locked in at historically low rates leaving Geo-Metric with the flexibility to pursue more profitable projects that are in the pipeline
- Geo-Metric has a strong order book and pipeline, with exposure to the substantial east coast infrastructure spend
- EBIT of \$3.0m (equates to EBITDA of approximately \$3.4-3.5m) required in a performance year in order for the Vendors to receive a performance payment for that year. Performance Period 1 commences 1 February 2015

FY2012-FY2014

\$m	FY12A	FY13A	FY14A
Revenue	11.8	17.7	11.1
EBITDA	3.1	5.9	2.4
EBIT	2.7	5.3	1.8
EBITDA %	26%	33%	21%
EBIT %	23%	30%	16%
Headcount	44	66	52
Revenue per employee (\$k)	270	270	216
Employee expense per employee (\$k)	126	134	130



Source: Geo-Metric unaudited management accounts

3. Strategic Rationale

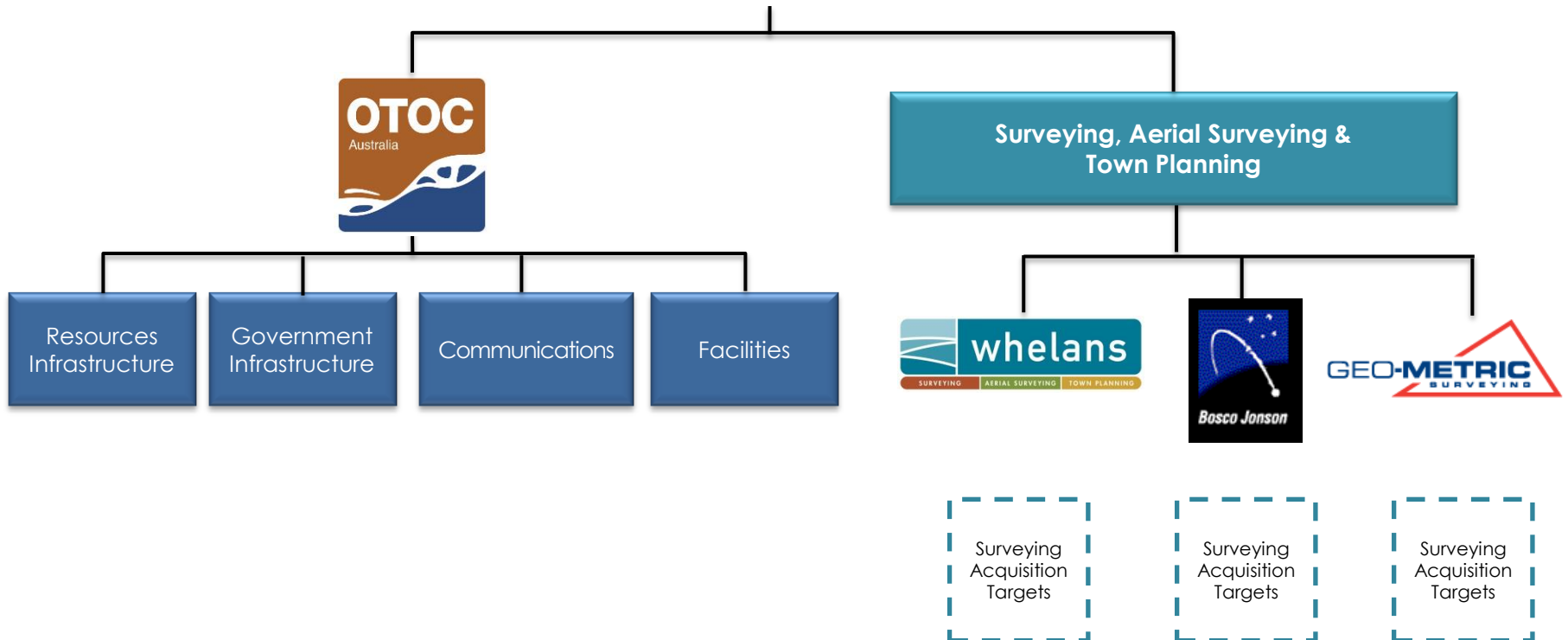
Acquisition Highlights

- ✓ Extremely complementary to national surveying growth strategy
- ✓ Specialist infrastructure and engineering surveying expertise and technology
- ✓ Leveraged to substantial East Coast civil infrastructure spend
- ✓ Complimentary to land and urban development focus of Whelans and Bosco Jonson
- ✓ Tier-one client base with key panel arrangements in-place
- ✓ Strong historical financial performance and growth potential
- ✓ Demonstrated ability to scale-up in response to strong demand
- ✓ Proven management team committed to the business and national strategy
- ✓ Management aligned to future performance with >40% of sale in OTOC shares & performance
- ✓ Diversifies OTOC's end-user exposure and revenue base

OTOC Group Structure



OTOC is a diversified infrastructure services group



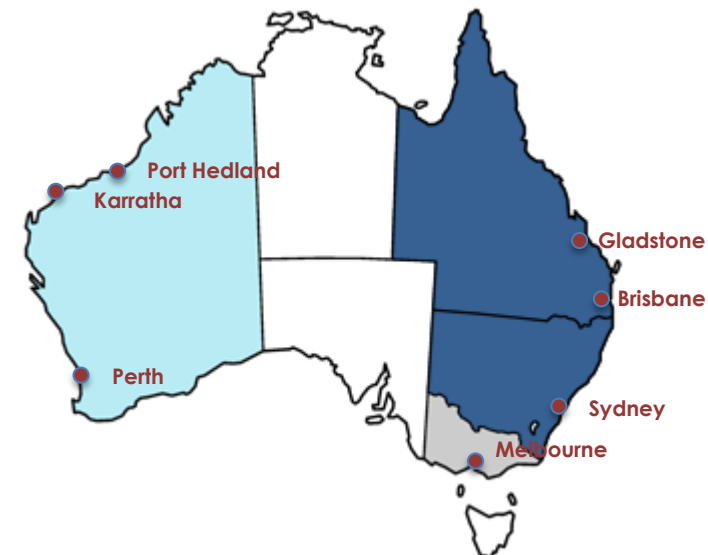
A National Leader in Surveying, Aerial Surveying & Town Planning

- **OTOC is pursuing a strategy of creating a premium national surveying company**
- OTOC Surveying provides surveying, aerial surveying, laser scanning and planning services to the property, civil infrastructure and resources sectors
- Long-standing, premium brands: Whelans (established in 1980s), Bosco Jonson (established in 1997 and acquired by OTOC in 2014) and Geo-Metric (established in 2001 and acquired by OTOC in 2014)
- Approximately 280 staff with offices in Perth, Karratha, Port Hedland, Melbourne, Sydney, Brisbane and Gladstone
- **Acquisition of Geo-Metric provides OTOC with a specialist infrastructure surveying capability to roll-out across the group and a presence in key East Coast infrastructure markets**
- **Why the National Strategy?**
 - ✓ Sector revenue of \$3.4bn in FY13 with forecast growth
 - ✓ Attractive earnings profile – recurring revenue, good earnings margins (EBIT >15%), strong free cash flow
 - ✓ Fragmented market – many small firms contesting narrow geographic or specialist markets
 - ✓ Operational synergies – better service clients with national operations, distribution channel, flexible workforce
 - ✓ Products – ability to offer specialised, high-margin services in civil infrastructure, aerial surveying, laser scanning and technology
 - ✓ Diversification – across geographic markets and end-user exposure (property, civil infrastructure, resources)

Award Winning Brands



Locations

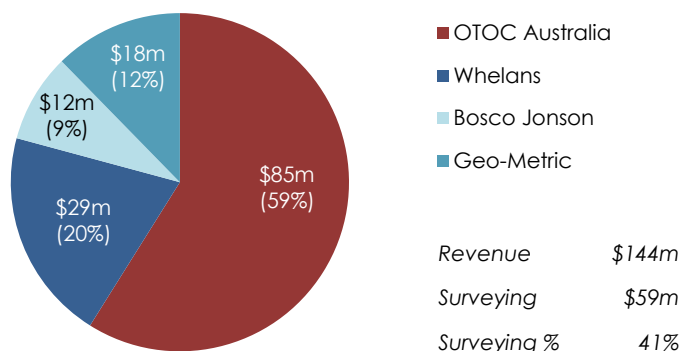


Pro-Forma Financials

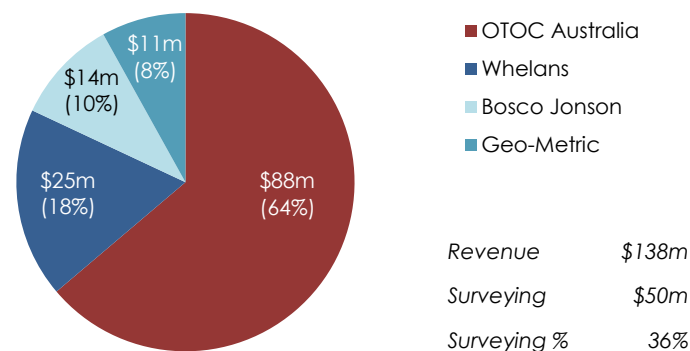
Enhanced scale and diversification of revenue and earnings

Strong platform to grow surveying earnings following completion of Whelans restructuring activities and integration of Bosco Jonson and Geo-Metric

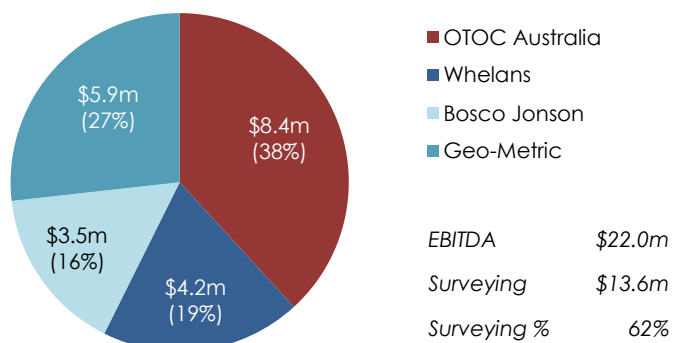
Pro-Forma FY13 Revenue



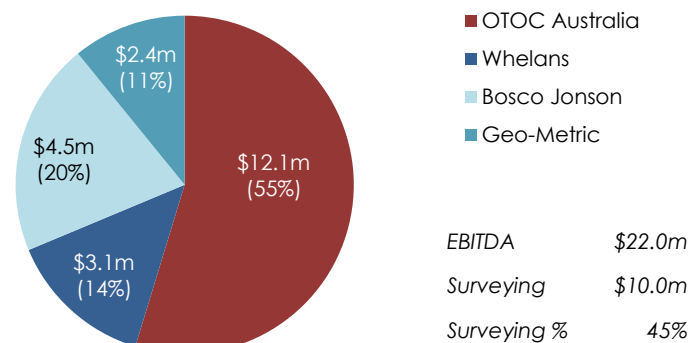
Pro-Forma FY14 Revenue



Pro-Forma FY13 EBITDA



Pro-Forma FY14 EBITDA



Note 1: Pro-forma figures based on full-year contributions from Bosco Jonson and Geo-Metric; EBITDA is before OTOC corporate overheads

Pro-Forma Balance Sheet

Cash consideration will be funded from existing cash reserves

\$ millions	OTOC	Acquisition	OTOC Pro-Forma
Cash	16.5 ¹	(7.0) ²	9.5
Facilities (Drawn)			
Hire Purchase	7.0	0.3 ³	7.3
CBA: Commercial Bills	9.0		9.0
CBA: Bank Guarantees	0.5		0.5
Net Debt	0.0		7.3
<i>Net Debt: EBIT (FY14)</i>			0.80x
Facilities (Undrawn)			
CBA: Bank Guarantees	0.5		0.5
CBA: Asset Financing	2.0		2.0
CBA: Overdraft	4.3		4.3
Total Facilities Available	6.8		6.8

- CBA Facility (commercial bills) has been drawn
- Pro-forma cash position of \$9.5m with net debt of approximately \$7.3m
- Acquisition includes positive working capital in Geo-Metric
- Conservative gearing policy
- Balance sheet capacity to undertake further acquisitions in-line with national surveying strategy

Note 1: Estimated current cash position

Note 2: Cash consideration of \$7.0m, net of estimated transaction costs and cash in Geo-Metric

Note 3: Hire purchase liabilities of Geo-Metric

4. Acquisition Terms

Acquisition Terms

Vendors aligned to ongoing performance with 42% of the purchase price in OTOC shares and performance payments

Key Term	Detail
Structure	<ul style="list-style-type: none"> Acquisition of 100% of the shares in Geo-Metric Surveying
Purchase price: Cash	<ul style="list-style-type: none"> \$7.0m payable at settlement
Purchase price: OTOC shares	<ul style="list-style-type: none"> \$2.5m in OTOC shares to be issued at settlement 12.0m shares to be issued at the 30-day VWAP of \$0.208 Shares subject to a voluntary escrow period of 12-months for 50% and 24-months for the remainder
Purchase price: Performance	<ul style="list-style-type: none"> Up to \$2.5m on achievement of financial hurdles in two 12-month periods post completion If EBIT is at least \$3.0m in a Performance Period, the Performance Payment would be \$750,000 plus \$0.50 of performance per \$1.0 of EBIT over \$3.0m Subject to a maximum Performance Payment of \$1.25m in each period Performance Payments are 50% in cash and 50% in OTOC shares Example: if EBIT is \$3.5m, the Performance Payment would be \$0.75m + $[(\\$3.5m - \\$3.0m) \times \\$0.50] = \\$1.0m$ Performance Period 1 commences 1 February 2015
Net Asset adjustment	<ul style="list-style-type: none"> If the Net Assets of Geo-Metric at 31 January 2015 compared with 30 June 2014 are: <ul style="list-style-type: none"> Greater by more than 10%: the amount above 10% will be payable to the Vendors Lower: the difference will be refunded to OTOC
Employment contracts	<ul style="list-style-type: none"> The Vendors will enter into employment contracts with a 2-year period, an option to renew for a further 2-years and a non-compete period of 4-years
Completion	<ul style="list-style-type: none"> Completion is expected in coming weeks following satisfaction of conditions precedent
Conditions precedent (at OTOC's election)	<ul style="list-style-type: none"> Completion of due diligence by OTOC All consents and approvals required by Geo-Metric to implement the transaction Execution of employment contracts No Material Adverse Change Any approvals required by OTOC

5. Conclusion

Conclusion

Acquisition of Geo-Metric is expected to provide strategic and financial benefits

- The Acquisition of Geo-Metric provides OTOC with a specialist infrastructure and engineering capability that is expected to add significant value to the national surveying business
- Strategic entry into civil infrastructure sector provides direct exposure to substantial East Coast infrastructure spend
- Diversification benefits from specialist service offering and entry into East Coast infrastructure market which will complement the land and urban development focus of Whelans and Bosco Jonson in Western Australian and Victoria
- **Compelling strategic rationale:**
 - ✓ Execution of national surveying strategy
 - ✓ Differentiated, high-value product
 - ✓ Entry into New South Wales and Queensland
 - ✓ Leveraged to substantial infrastructure spend
 - ✓ Proven management team aligned to future performance
 - ✓ Strong earnings growth potential
 - ✓ Further diversification of group revenue and earnings
- The cash component of the purchase price will be funded from existing cash reserves
- The Acquisition is expected to be EPS accretive in FY15
- OTOC is in a strong position to execute its strategic goal of creating a premium multi-disciplinary surveying business
- Targeting further surveying acquisitions that enhance OTOC's geographic reach, product capability and earnings profile