

**23<sup>rd</sup> May 2016**

The Manager  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
Sydney NSW 2000



**By Electronic Lodgement**

## **COMPLETION OF TETRAN ACQUISITION AND ALLOTMENT OF TRANCHE 2 CAPITAL RAISING SHARES**

### **Key Points:**

- **Montech Holdings Limited (ASX:MOQ) (“MOQ” or “the Company”) has completed the acquisition of 100% of the shares in the TETRAN Group<sup>1</sup> (TETRAN)**
- **TETRAN is synergistic with MOQdigital, being a managed IT services and professional services company with over 90 employees across offices in Australia (HQ), New Zealand, Singapore and Centre of Excellence (CoE) in Sri Lanka**
- **TETRAN will bring scale to MOQdigital and is expected to propel MOQ’s managed services growth strategy, making a significant contribution to MOQ’s recurring revenue base**
- **MOQ paid the vendors of TETRAN \$4mil in cash consideration (subject to working capital adjustments) and 142,857,143 MOQ shares (subject to escrow conditions) as consideration on completion**
- **The Company may issue the Vendors of TETRAN up to \$1mil of MOQ shares (at a deemed issue price of \$0.035 per share) based on TETRAN exceeding FY16 normalised EBITDA hurdle of \$1.65m**
- **The TETRAN transaction is immediately earnings accretive for MOQ shareholders**
- **MOQ has completed Tranche 2 of its capital raising, receiving \$4.56mil (before costs)**

The Board of MOQ is pleased to announce that on the 20<sup>th</sup> May 2016 it completed the acquisition (initially announced on 3<sup>rd</sup> March 2016) of 100% of the shares in TETRAN. Founded in 2006, TETRAN is a managed IT services and professional services company with over 90 employees across offices in Australia (HQ), New Zealand, Singapore and Centre of Excellence (CoE) in Sri Lanka. The TETRAN offering is synergistic with MOQdigital, bringing added scale through its core NSW operation as well as an international footprint, 24x7 operations and cross-industry customer base.

---

<sup>1</sup> Tetran Pty Ltd, Tetran NZ Ltd, T.I.M. Asia Pacific (PVT) Ltd, Tetran (Singapore) Pte Ltd

Commenting on the acquisition, MOQ Chief Operating Officer, Joe D'Addio, said:

*“MOQ has already started to work closely with TETRAN’s team who are all remaining with TETRAN following the acquisition. The MOQ and TETRAN management teams have initially focused on integrating their respective market offerings and making those enhanced services and solutions available to their current client base. Customers have reacted positively to this new combined capability, particularly for the new MOQ 'Powered by TETRAN' Managed Services offering.”*

MOQ paid a purchase consideration of \$9mil on completion of the acquisition, which was made up of \$4mil in cash (subject to potential completion adjustments) and 142,857,143 shares in MOQ at a deemed share price of \$0.035 cents per share (subject to escrow restrictions – 50% for 12 months and 50% for 24 months). The deal also includes a performance-based hurdle to enable the TETRAN vendors to earn up to an additional maximum \$1mil in MOQ shares (equivalent to up to 28,571,429 MOQ shares at a deemed issue price of \$0.035 per share), scaled if normalised FY16 EBITDA exceeds \$1.65mil, with the maximum \$1mil payable if TETRAN exceeds \$1.77mil.

TETRAN revenue<sup>2</sup> has grown by 20% CAGR (FY13-15) to \$7.5mil in FY15, with revenue in H1 FY16 at approximately \$4.5mil and the recurring revenue mix typically around 50%. In FY15 EBITDA<sup>3</sup> was approximately \$1.1mil (normalised for market salaries) with FY16 on track to significantly exceed FY15. Accordingly, MOQ anticipates TETRAN to be an earnings accretive deal with budgeted FY16 EBITDA multiple expected to be circa 6x before synergies.

Having received shareholder approval last week, MOQ has now completed Tranche 2 of its capital raising under the prospectus dated 24 March 2016, raising \$4.56mil (before costs). A majority of these funds are being used to fund the \$4mil cash consideration for the TETRAN acquisition.

The Board also welcomes Don Francis Nanayakkara as a director of the Company.

---

**For further information, please contact:**

Brad Cohen

Company Secretary

[bcohen@moqdigital.com.au](mailto:bcohen@moqdigital.com.au)

+61 2 8039 5015

---

<sup>2</sup> Unaudited

<sup>3</sup> Unaudited