ASX Announcement

29 December 2020

Verbrec to acquire Energy Infrastructure Management

- Verbrec, formerly known as LogiCamms Ltd, to acquire 100% of Energy Infrastructure Management Pty Ltd (EIM)
- EIM is a Queensland based infrastructure services company owned 50/50 by AGL Energy Limited and Arrow (Northern Generation) Pty Ltd (Arrow Energy), a wholly owned subsidiary of Arrow Energy Holdings Pty Ltd
- With at least $750,000 in synergy savings the acquisition is expected to be EPS accretive in FY22 after some one-off restructuring costs to be incurred in FY21
- Highly strategic acquisition, adds scale to existing Pipelines business unit and diversifies existing revenue streams with a significant portion of EIM's revenues coming from long dated pipelines operations and maintenance contracts, including a 3 year extension to an existing contract with Arrow Energy
- Seamless integration into existing Pipelines business unit
- Acquisition includes significant franking credits which Verbrec can use when dividends are reinstated

Verbrec Limited (ASX:VBC) a leading mid-tier engineering service provider, is pleased to announce it has signed a binding agreement to acquire 100% of the equity in Energy Infrastructure Management Pty Ltd ("**EIM**") for $10,056,000.

The purchase price includes approximately $7,455,000 of working capital of which the vast majority is cash. The final purchase price is subject to the customary up or down adjustment on the closing working capital position. In addition, Arrow Energy have agreed to extend an existing pipelines operations and maintenance contract for a further 3 years as part of this transaction.

The purchase price is to be paid in cash on completion which will be funded from existing cash reserves noting that the vast majority of working capital being acquired is available cash.

The transaction is expected to close on 31 December 2020.

On signing the agreement, **Linton Burns, Verbrec's Managing Director commented:** "This is a compelling and transformational acquisition for Verbrec and demonstrates delivery of the first stages of our refocused growth strategy. EIM is a leader in the Australian engineering sector with a number of large tier-1 customers. It adds scale and capability to our existing Pipelines business unit and is expected to integrate into this business unit seamlessly."

"Not only is this acquisition a good bolt on to an existing business unit, it also grows our recurring revenue streams as a significant portion of EIM's revenues come from long dated contracts. This adds to our sustainability and diversifies our revenue base."

"We are excited to welcome the highly experienced team at EIM to Verbrec."

About EIM
Established in 2002, EIM is a Queensland based full-service engineering, constructions and operations management company. EIM is currently owned 50/50 by AGL Energy Limited and Arrow Energy, both leading energy companies in Australia.

EIM has capabilities across engineering, project execution and operations and maintenance of pipelines and associated infrastructure. It also has a long and strong reputation for producing high quality work.

The EIM team comprises ~30 full time employees across its Brisbane head office and field offices throughout Queensland.

Strategic rationale
The acquisition provides Verbrec with diversification and scale and is in line with its growth strategy, with a strong strategic and financial rationale.

Revenue diversification and clear strategic synergies

- Significant revenue diversification with EIM's long dated operations and maintenance contracts with tier 1 clients, as VBC strategically moves to increase revenues from non-project-based sources
- Substantial cost saving synergies to be realised due to adjacency of operations
- Expected to be EPS accretive in FY22. FY21 earnings impacted by one off restructuring costs

Highly scalable

- EIM is a strategic bolt-on to VBC's Pipelines business unit (OSD Pipelines) and EIM will be fully integrated into this business unit
- Builds scale in VBC's Asset Services and Engineering capability to better service clients
- Cements VBC's position as a leading mid-tier engineering and operations service provider within the hydrocarbons industry sector

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Authorised for release by the Board of Directors of Verbrec Limited.

Further Information

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About Verbrec Ltd
Verbrec is a leading mid-tier engineering and project services company that supports customers across Australia, New Zealand, PNG and beyond. The Verbrec group of companies serve the energy, infrastructure, and mining industries through their six service lines; asset management, competency training, digital industry, pipelines, power, and process plant, with capabilities that span across the entire life cycle of an asset. Verbrec is an Australian Securities Exchange listed company (ASX:VBC).

Verbrec Ltd changed its name from LogiCamms Ltd, following shareholder approval at its AGM on 27 November 2020.