

NZX Announcement



27 April 2021

Acquisition of Sarina Crane Hire

SMW Group Limited (NZX:SMW) (SMW Group) is pleased to announce that it has entered into a conditional agreement to acquire Sarina Crane Hire for a purchase price of up to A\$35.8 million.

When the SMW Group was created through a reverse listing in July 2020 it had a vision to grow both organically and through strategic and complementary acquisition opportunities. This acquisition will result in a diversification of services offerings and revenue streams while remaining focused on the core Central Queensland market and customer base which the group has strong relationships and in-depth knowledge of. The diversification strategy of SMW Group is to supplement its current service offerings in the Mining Services Sector with additional services to other sectors such as the Infrastructure Sector to which Sarina Crane Hire is a part of. SMW Group's acquisition strategy is to reduce its risk and reliance on one main sector by entering other sectors with service offerings that are complementary to its current operations and allowing the group to maintain its core understanding of the region, customers and industry trends.

Sarina Crane Hire provides crane hire, transport and heavy haulage services including craneage, heavy haulage, height access and dry hire services across a variety of industries including mining, construction, rail, sugar mills and ports. Based in Sarina, just outside Mackay, Sarina Crane Hire services the Central Queensland and the Bowen Basin regions and specializes in demolition, construction, mobilization and demobilization of steel structures and bridges. Sarina Crane hire has a diverse client base of large and small companies from individuals to large mining and construction companies.

Purchase Price

The purchase price includes an upfront payment at completion and contingent consideration as follows:

Upfront cash consideration	A\$18.6 million
Issue of SMW Group shares	A\$ 9.6 million
Total upfront consideration	A\$28.2 million

The issue of SMW Group shares will be based on the price per share equal to the 30 day VWAP at completion (estimated at around NZ\$1.45 per share).

In addition to the upfront consideration, maximum contingent consideration of A\$7.616 million is payable on the following conditions being met:

- Contingent consideration of a maximum of A\$3.8 million is payable subject to the acquired business achieving EBITDA based on the agreed purchase multiple (effectively a retention

confirmation) for a 12 month period following completion. This contingent consideration will be payable within four months of the end of the 12 month calculation period and is payable in cash.

- Further contingent consideration of a maximum of A\$3.8 million is payable subject to the acquired business outperforming the agreed EBITDA multiple for a 12 month period following completion. The further consideration will be pro rated up to the maximum amount. This contingent consideration will be payable within four months of the end of the 12 month calculation period and will be paid in a combination of cash (70%) and shares (30%) in the same proportions as the upfront payment. The issue of shares will be based on the 30 day VWAP on the completion of the agreement of the EBITDA calculation.

The acquisition is conditional upon:

- All regulatory approvals being obtained
- SMW Group completing due diligence investigations
- If required under applicable law or the listing rules, the approval of SMW shareholders
- SMW Group entering into new debt facilities to finance the acquisition

The SMW Group Board is pleased to have entered into this conditional agreement with Sarina Crane Hire and to commence the group's growth and diversification strategy with an exciting acquisition opportunity for the group.

ENDS

For further information and media assistance, please contact:

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