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Strategic Expansion into WA Extends LaserBond's Market Reach

LaserBond Limited (ASX: LBL) has executed an agreement to acquire a 40% equity interest in Gateway Group, a Perth-based equipment parts and servicing business, with an agreement to reach a minimum of 51% ownership three years from the settlement date of the acquisition. The purchase, which includes Gateway Parts & Services Pty Ltd and the business of Gateway Hydraulics & Hardchrome will be made with a combination of cash and scrip.

Chief Executive Officer and Executive Director, Wayne Hooper, said, "The Gateway acquisition significantly advances our aim for local facilities with local management servicing the needs of WA customers and affording them greater efficiencies with shorter lead times and closer operations."

LaserBond's business case and the decision to proceed with the acquisition rests on several important factors, including the fact that the Gateway business is firmly founded in large industrial markets, where its technologies and services provide an additional layer of capability to widen the offering to Western Australian customers emanating from both companies. Furthermore, Gateway Group has excellent management, a strong industry network throughout the state consistent with LaserBond's customer profile and an objective to expand capacity and capability by incorporating surface engineering.

Ultimately, the Gateway acquisition provides better access to a group of significant and particularly relevant sectors in the West in the context of LaserBond's offering. Considering Western Australia's industry profile, the opportunities for its products, services and technologies are substantial. The production of minerals and metals, petroleum, chemicals, and related products are the most significant contributors to gross state product, followed by machinery, equipment, and metal products. Given the level of infrastructure these sectors require, construction is also a significant contributor, as is agriculture, all of which can benefit from LaserBond's products, services, and technologies for specific purposes.

LaserBond will fund the cash component of the acquisition from internal resources, leaving approximately \$4.8 million to support further growth activities and working capital requirements. The scrip component will consist of the issue of new shares which fall within LaserBond's annual placement limits, and thus will not require additional shareholder approval. The acquisition is expected to be earnings per share accretive in its first year.

Gateway Group's financial statements for FY23 reported \$32.6 million in revenue with EBITDA of \$5.6 million and net assets of \$15.4 million. The Enterprise Value for this transaction is 4.5x EBITDA. As a non-majority shareholder, and as per accounting standard requirements, LaserBond's share in the business will be equity accounted until it reaches the 51% ownership level agreed upon at the three-year anniversary of the initial settlement date, at which point Gateway's financial performance and position will be consolidated with that of LaserBond.

Mr Hooper also said, "The synergies between the two businesses are many, with the initial opportunity for our Services division. However, with a local presence, a strong brand and a large customer base, we're confident that other opportunities will emerge for other areas of our business in the WA market."

Further information about Gateway Group can be found on their website <https://gatewaygroup.net.au>

Approved for release by the Board of LaserBond Limited.

