ASX Announcement
24 March 2019

Proposed Merger of LogiCamms and OSD

The Board of LogiCamms Limited (ASX: LCM) is pleased to announce the signing of a binding Share Sale and Purchase Agreement with OSD Pty Limited under which the companies have agreed to a proposed merger to create a strong ASX-listed mid-tier engineering business with more than 550 employees and forecast pro forma FY19 normalised EBITDAI of approximately $6.7 million.

The Directors unanimously recommend LogiCamms shareholders vote in favour of the proposed merger, in the absence of a superior proposal and subject to an independent expert concluding that the merger is fair or reasonable to LogiCamms shareholders.

Key points

- The proposed merger will create a strong ASX-listed mid-tier engineering, project delivery, technology, asset services and training group with specialist offerings across a range of industries throughout Australia, New Zealand and the Pacific.
- Current LogiCamms shareholders will own 41% and current OSD shareholders will own 59% of the merged business.
- OSD is a respected multi-discipline engineering services business with a strong pedigree and track record, long term client relationships and experienced senior management with their own capital invested in the business.
- The combined business will have pro forma forecast FY19 revenue of approximately $120 million and pro forma forecast FY19 normalised EBITDAI of approximately $6.7 million. As of January 2019, the combined businesses had aggregate work in hand of $57 million.
- Upon completion, LogiCamms will have a significantly strengthened balance sheet, benefiting from OSD's net cash at 22 March 2019 of approximately $6.9 million.
- The merger combines complementary expertise, aligned cultures and operating methods, and creates an expanded client base and greater capability to win and service larger and more complex projects.
- LogiCamms and OSD have identified initial cost synergies of approximately $3 million per annum with additional cost and revenue synergies expected over time. A detailed post-merger integration plan is being developed which will deliver better outcomes for employees and clients as well as shareholders.
- The proposed merger is unanimously recommended by the Board of LogiCamms in the absence of a superior proposal and subject to an independent expert concluding that the merger is fair and/or reasonable to LogiCamms shareholders.

About OSD

Established in 1992, OSD is an Australian proprietary company that provides multi-discipline engineering, project delivery, commercial and operational services to the oil, gas, mining and petrochemical industries in Australia and internationally. OSD offers whole of life services to asset owners in a range of market sectors including oil and gas, pipelines and facilities, processing and refining, water and hydro-transport.

OSD is 100% employee-owned, with 66% owned by its founder, Mr Brian O'Sullivan AM.

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OSD has built a strong track record of financial performance through the economic cycle. In FY18 OSD recorded revenue of $42 million and EBITDA of $7.5 million. In the first half of FY19, OSD delivered revenue of $18.5 million and EBITDA of $1.8 million. Through the period FY15 to FY17, during which the underlying markets of OSD's main clients (primarily oil and gas and mining) were extremely weak, OSD delivered an average annual EBITDA of $0.8 million. In the period between FY12 and FY14, OSD's annual EBITDA averaged $4.7 million.

OSD has been able to achieve this track record through several key strengths:

- Specialisation and leading position in pipelining for oil and gas, water, and hydro-transport, including associated facilities required for operation
- Strong, long term relationships with a diverse range of large and mid-tier clients
- Experienced senior management with their own money invested in the business
- Disciplined cost management
- Efficient processes with high levels of accountability
- Motivated and engaged employee base
- A portion of work-in-hand linked to longer term Operations and Maintenance contracts that provide greater revenue predictability.

In addition to its portfolio of engineering projects OSD has, as a result of its close client relationships and specialised technical expertise, been able to secure a leading role in a number of large-scale hydro-transport pipeline (and associated facilities) projects (for the mining industry) in which OSD has invested significant time developing over several years. While there is still risk that some or all of these projects do not proceed, they are now sufficiently advanced to provide large, high margin potential future revenue streams. OSD has an attractive long-term growth profile driven by the strong momentum in its core engineering business and supplemented by these large bespoke projects.

Further details about the OSD business, including extracts from its financial statements, are contained in LogiCamms' ASX announcement on 4 March 2019.

Merger rationale

The combined business will have pro forma forecast FY19 revenue of approximately $120 million, pro forma forecast and normalised FY19 forecast EBITDA of approximately $6.7 million (forecast revised down from $7 million in the previous announcement due to some projects being delayed). At 22 March OSD's net cash was $6.9 million (up nearly $2 million from the previous announcement). As of January 2019, the combined businesses had aggregate work in hand of more than $57 million.

The merger delivers the following benefits.

1. Substantial low risk cost synergies

Through the due diligence process, LogiCamms and OSD have identified cost synergies of approximately $3 million per annum from eliminating duplication in both central and local operations.

2. Future revenue synergy potential

By combining the businesses to realise synergies and eliminate duplication, the combined business will have lower overhead per billable hour, strengthening LogiCamms' competitive position and increasing the potential to win a higher proportion of future tendered work.

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In addition, given the complementary skill sets between LogiCamms and OSD, there are likely to be significant opportunities to cross-sell to the companies' respective client bases over time.

3. Catalyst to drive improved employee engagement and satisfaction

OSD brings a strong history of employee share ownership and alignment of the interests of employees and owners, which has resulted in high levels of employee satisfaction.

The transaction will provide a catalyst to increase employee satisfaction, engagement and share ownership within the business. Building on OSD experience, LogiCamms is implementing several new initiatives to increase employee engagement and retention including the creation of a new role, Head of People and Culture, reporting directly to CEO Chris O'Neill; and additional use of short and long-term incentives to better align employees with the performance of the company.

4. Positioned to be a leading mid-tier engineering services business with breadth and depth of technical capability and correspondingly diverse client base and revenue streams

The merger creates a strong ASX-listed mid-tier engineering, project delivery, technology, asset services and training group with approximately 550 employees and specialist offerings across a range of industries throughout Australia, New Zealand and the Pacific. The combined business will have an expanded client base and provide greater capability to service customer requirements on larger and more complex projects.

5. Strengthened balance sheet and access to funding

OSD brings a strong balance sheet with net cash of $6.9 million at 22 March 2019. Accordingly, the combined business will have a significantly strengthened balance sheet and is expected to have a net cash position after completion of the transaction and payment of transaction costs.

A stronger balance sheet and substantial cost synergies will allow the combined business to secure appropriate long-term financing facilities. A stronger company will have the ability to secure and execute larger client projects.

6. Complementary expertise and compatible cultures

LogiCamms and OSD have complementary expertise and aligned cultures and operating methods. A detailed transition plan is being prepared to ensure the merger is successful and that the merged company delivers better outcomes for employees, clients and shareholders.

7. Reduces the risk of a turnaround of LogiCamms as a standalone business

The merger provides additional management capability, scale and momentum to accelerate LogiCamms' turnaround. The integration of the two businesses is expected to bring significant benefits to employees and clients. The merger will also strengthen the company's balance sheet. The Board believes these factors will provide an opportunity to reduce risk and accelerate the Company's return to profitable growth.

LogiCamms Chairman, Mr Peter Watson said, "The merger is a step change for LogiCamms. The combined business will have enhanced professional capabilities, an expanded client base, a stronger balance sheet and the capacity to work on larger projects. We are confident the merger will greatly benefit our clients, our people and our shareholders."

Chairman of OSD, Mr Brian O'Sullivan AM, said, "I would like to express my gratitude to the Board members and executives of both LogiCamms and OSD for the positive engagement that has culminated in the merger of these two fine organisations. I see this as a great platform to grow a greater capability of service delivery for our clients."

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LogiCamms Chairman-designate, Mr Charles Rottier said, "We believe this transaction will provide a catalyst for a significant improvement in the financial performance of LogiCamms. We have worked closely with the OSD team to prepare a transition plan that will ensure the merger is a success."

Transaction details

The Directors of LogiCamms unanimously recommend that shareholders vote in favour of the proposed merger in the absence of a superior proposal and subject to an independent expert concluding that the merger is fair and/or reasonable to LogiCamms shareholders.

The proposed merger involves LogiCamms issuing new shares to the existing OSD shareholders as consideration for the acquisition of all the shares in OSD. The post-transaction shareholding of the merged entity will comprise a total of 200,795,034 ordinary shares, of which 82,325,964 ordinary shares (being 41% of the total shareholding) are to be retained by the current LogiCamms shareholders and 118,469,070 ordinary shares (being 59% of the total shareholding) are to be issued to the current OSD shareholders. Further details of major post-merger shareholdings in LogiCamms are included in **Annexure A.**

As part of the proposed transaction, current OSD option holders will have their existing OSD options cancelled and will be issued with new options in LogiCamms, with the quantum and strike price intended to mirror the economic entitlement of their cancelled OSD options. The proposed terms of the new LogiCamms options to be issued to current OSD option holders are set out in **Annexure B**.

The proposed transaction is subject to several conditions precedent, including approval by LogiCamms shareholders, a satisfactory independent expert opinion, a new refinancing package, no material adverse changes and key customer consents. Further details of the proposed transaction as set out in the Share Sale and Purchase Agreement are included in **Annexure C**.

There will be no cash consideration. Accordingly, no funding is required to complete the transaction.

The proposed merger will require shareholder approval as it will involve OSD's major shareholder, Mr Brian O'Sullivan, and his associates acquiring a stake of more than 20%[1] in LogiCamms. The Corporations Act prohibits such an acquisition without making a full takeover offer for all the shares in LogiCamms. An exemption to this prohibition is contained in item 7 of section 611 of the Act, which permits the acquisition of such an interest where it has been approved by shareholders.

An Independent Expert Report (IER) is being commissioned by LogiCamms to provide an opinion on whether the merger proposal is fair and reasonable (or is not fair but is reasonable) for shareholders and to assist shareholders in considering whether to vote in favour of the merger proposal. LogiCamms shareholders will also be requested to approve the issue of the consideration shares in accordance with Listing Rule 7.1.

Further information in relation to the proposed merger, including the IER, will be provided to LogiCamms shareholders with the Notice of Meeting that will be distributed in due course.

[1] Entities controlled by Brian O'Sullivan will have a total relevant shareholding post-merger of 38.4% of LogiCamms issued capital.

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Post-merger Board structure

The composition of the LogiCamms Board post-merger has been agreed between LogiCamms and OSD.

The following changes in Board appointments will be made conditional on, and effective from, completion of the proposed merger.

- Mr Peter Watson will step down as Chairman
- Mr Charles Rottier will become independent Chairman
- Mr Brian O'Sullivan AM and Mr Linton Burns will join the Board as executive directors
- Mr Richard Robinson will remain on the Board as an independent director
- An additional independent director will be selected by the Board to provide complementary capabilities and experience.

Mr O'Sullivan is the founder of OSD Pty Limited and has more than 30 years' experience in business management, project management and engineering, specialising in energy developments with an emphasis on oil and gas pipelines and facilities. He has design and construction experience with major pipelines and petrochemical facilities in Australia, Papua New Guinea and South-east Asia. In 2015, he received an Order of Australia for "significant service to engineering in the oil and gas industry, and to support for people with muscular dystrophy". Mr O'Sullivan has held a number of commercial directorships in various sectors and has been active in the not-for-profit sector including roles on the boards of the Queensland Muscular Dystrophy Association and the National Muscular Dystrophy Foundation and was formerly Chairman of the Foundation for five years.

Mr Burns is Managing Director of OSD Pty Limited and has more than 25 years' experience in commercial and general management including leading corporate transactions. He previously held the role of CFO of OSD. He has also been CFO and COO of two ASX and Nasdaq listed companies. Mr Burns has a Bachelor of Accountancy and is a Member of the Institute of Chartered Accountants Australia.

Post-merger key management personnel

Mr Chris O'Neill will continue as Chief Executive Officer and Mr Dan Drewe will continue as Chief Financial Officer of LogiCamms.

Mr Linton Burns will move from his current role as Managing Director of OSD to Director, Transition with responsibility for leading the integration of the two businesses.

Mr Brian O'Sullivan will move from his current role as General Manager, Corporate Development at OSD to Director, Corporate Development.

OSD's Head of People and Culture, Laurie Paxton, will be appointed as Head of People and Culture for LogiCamms.

The remainder of the senior executive group will be assembled drawing on the strongest capability from each organisation.

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Indicative Merger timetable

The indicative timetable to completion of the proposed merger is:

Distribution of Explanatory Memorandum (including IER) and Notice of Meeting	late April 2019
Extraordinary General Meeting	late May 2019
Merger completion	June 2019

Strategic Funding Review

The plan for refinancing LogiCamms' balance sheet, outlined in the company's half-year results announcement on 4 March 2019, will be progressed in the unlikely event that the merger should fail to complete.

NAB has been briefed on the merger proposal and continues to support the Company, having extended its finance facilities with no change in limits or financial covenants until 31 March 2020.

Advisers

LogiCamms is being advised by 333 Capital, Norton Rose Fulbright and PricewaterhouseCoopers.

OSD Pty Limited is being advised by Cavendish Associates, Corrs Chambers Westgarth and Grant Thornton.

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Further information

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About LogiCamms

LogiCamms is an engineering and related services company which draws upon its wealth of experience to deliver innovative tailored solutions to our clients, including leading owners and operators of minerals and metals, hydrocarbons and infrastructure assets. The Company works to reduce costs, increase efficiencies, and enhance the value of our customers' operations and reward our shareholders with competitive returns. LogiCamms is also an Australian leader in the provision of automation and control systems. LogiCamms is an Australian Securities Exchange listed Company (ASX: **LCM**) with offices across Australia and New Zealand. LogiCamms' Vision is to be a market leader delivering outstanding customer solutions

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Annexure A – Substantial shareholdings post-merger

This Annexure details the post-merger major shareholdings in LogiCamms Limited.

Shareholder	Shares	Percentage of Issued Capital
Brian Patrick O'Sullivan	42,786,349	21.31%
BOS Holdings Australia Pty Ltd[2]	34,316,738	17.09%
GFNA Bartley Family Pty Ltd	18,260,477	9.09%
Thorney Investments	14,741,868	7.34%
Forager Funds Management	10,760,667	5.36%
Candyblossom Pty Ltd	10,700,768	5.33%
TOTAL	**131,566,867**	**65.52%**

[2] BOS Holdings Australia Pty Ltd is an entity controlled by Brian Patrick O'Sullivan.

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Annexure B - Proposed new LogiCamms option holders

This Annexure details the proposed terms of the new LogiCamms options to be issued to current OSD option holders.

Option holder	Current number of OSD options	Strike Price for conversion into OSD shares	Converts into number of LCM options	Strike Price for conversion into LCM shares	Proceeds if exercised
Linton Wayne Paul Burns and Suzanne Mary Byrne as trustees for Burns Family Trust	100,000	$1.33	1,062,273	$0.1252	$133,000
Linton Burns as trustee for Linton Burns Superannuation Fund	100,000	$1.16	1,062,273	$0.1092	$116,000
Craig Sheather	100,000	$1.16	1,062,273	$0.1092	$116,000
Laurie Paxton	50,000	$0.91	531,137	$0.0857	$45,500
Giffard Services Pty Ltd	100,000	$1.16	1,062,273	$0.1092	$116,000

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Annexure C - Key Terms of Share Sale and Purchase Agreement

LogiCamms and the majority shareholders ("Sellers") of OSD Pty Ltd ("OSD") entered into a Share Sale and Purchase Agreement ("SPA") after close of trading on 22 March 2019.

The SPA sets out the obligations of the parties regarding the merger, including conditions precedent to completion and certain other contemplated arrangements of the merger if it is approved and completed.

The table below summarises certain key terms of the SPA. A more detailed summary will be included in the explanatory memorandum accompanying the Notice of Meeting that will be sent to LogiCamms shareholders in due course.

Topic	Summary
Outline of Proposed Transaction	LogiCamms will acquire 100% of the shares on issue in OSD (currently 11,032,410 shares and anticipated to be 11,152,410 just prior to Completion of the proposed transaction, due to the vesting of certain performance rights) and will issue all the shareholders in OSD ("vendor shareholders") with consideration shares in LogiCamms (118,469,070 shares). Notably, not all the vendor shareholders are 'Sellers' under the SPA, as the Sellers (being the majority shareholders of OSD) will exercise their drag along rights pursuant to an OSD Shareholding Plan, to compel the minority shareholders of OSD to sell their shares in OSD to LogiCamms as a part of the proposed transaction. Upon completion of the proposed transaction, OSD will become a wholly-owned subsidiary of LogiCamms, which will remain listed, and the vendor shareholders will become shareholders in LogiCamms. The vendor shareholders will hold a combined total of 59% of the shares on issue in LogiCamms. Existing shareholders of LogiCamms prior to the merger will hold a combined total of 41% of the shares on issue in LogiCamms.
Conditions Precedent	Completion of the SPA is conditional on the following occurring: Conditions for the benefit of both parties (a) **Shareholder approval –** the shareholders of LogiCamms must pass resolutions to approve the issue of all the consideration shares in accordance with section 611 item 7 of the *Corporations Act 2001* (Cth). (b) **Independent Expert Report –** an Independent Expert must provide a final report to accompany the Notice of Meeting of LogiCamms (to be circulated to the shareholders of LogiCamms in due course) stating that in the opinion of the Independent Expert, the merger is: i. fair and reasonable; or ii. is not fair but is reasonable. (c) **Refinancing –** receipt of a binding refinancing package for the merged entity on terms acceptable to LogiCamms and OSD (both acting reasonably). (d) **Key Third Party Consents –** the relevant transaction party must receive in writing each "Key Third-Party Consent" (listed in Schedule 14 of the SPA) on terms acceptable to LogiCamms and OSD (both acting reasonably). (e) **ASX Confirmation –** LogiCamms must receive written approval,

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	from ASX for official quotation of the consideration shares to be issued to the vendor shareholders. Conditions for the Benefit of the Buyer only (f) **Material Adverse Change –** there not being any Material Adverse Change in respect of OSD group. (g) **W&I Policy –** a warranty and indemnity policy must be issued to LogiCamms on terms satisfactory to LogiCamms. Conditions for the Benefit of the Sellers only (h) **Material Adverse Change –** there not being any Material Adverse Change in respect of the LogiCamms group. (i) **CEO and CFO Executive Services Contracts -** the amendments or replacement of the executive services contracts between LogiCamms and Chris O'Neill as CEO and Dan Drewe as CFO must be on terms acceptable to OSD. Waiver of conditions precedent If one or more of the above conditions is not satisfied, Completion can still proceed provided that the condition is waived by the relevant party.
Locked Box	The SPA contains a "mutual locked box" mechanism, whereby any payments to shareholders or related parties after 31 December 2018 for either LogiCamms or OSD, that are not in the ordinary course of business (referred to as "leakage"), or that are not expressly referred to in the SPA (referred to as "permitted leakage"), are not permitted. Each party indemnifies the other party in respect of any leakage for which they are responsible. Any amounts of leakage from either party will be set off against any leakage from the other party and the net amount of leakage will be paid by the relevant party.
OSD Options and LCM Options	Prior to, but with effect from completion of the proposed transaction, OSD must cancel each existing issued OSD Option and must terminate the existing OSD Option Plan. On completion of the proposed transaction, LogiCamms must issue new LCM Options to those OSD Option holders who have had their options cancelled, on the terms and at the strike price set out in the SPA. The conversion formula in the SPA for the OSD options has been calculated to ensure that each OSD Option holder will remain as at completion in a financial position in respect of the LCM Options, which is near as possible as to that which existed in respect of the OSD Options, just prior to Completion occurring.
BOS Nomination Right and Release & Waiver	The parties have agreed that subject to completion of the proposed transaction and for so long as Mr Brian O'Sullivan and his associates hold at least 15% of the total shares on issue in LogiCamms, that Mr Brian O'Sullivan will have the ongoing right to nominate one representative to the board of directors of the Company (which nomination could include himself). Mr. Brian O'Sullivan has agreed to release and waive, on and from completion of the proposed transaction, any claim that Mr. Brian O'Sullivan

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	may from time to time have against the directors and officers of LogiCamms, which would be excluded from coverage under LogiCamms' existing directors and officers' insurance policy by virtue of Mr Brian O'Sullivan's substantial shareholding interests in LogiCamms post completion.
Warranties & Indemnities and W&I Insurance	Each of the Sellers and LogiCamms give warranties and indemnities to each other that would be typical for a transaction of this nature. LogiCamms is in the final stages of taking out warranty and indemnity insurance to cover any breach of Sellers Warranties. It has been agreed that there will be no recourse against any Seller for breach of Sellers warranties (save as to fraud) and that LogiCamms' sole recourse will be under the W&I Insurance Policy.
LogiCamms Board Recommendation	The directors of the LogiCamms board must make the following recommendations in the absence of a superior proposal and subject to the Independent Expert determining that the merger is fair and reasonable, or is not fair but is reasonable that: (a) the directors unanimously consider that the merger is in the best interests of the LogiCamms shareholders; (b) the directors unanimously recommend that the shareholders of LogiCamms vote in favour of the shareholder resolutions at the meeting to approve the proposed transaction; and (c) each director intends to vote his shares in LogiCamms in favour of the shareholder resolutions to approve the proposed transaction.
Conduct until Completion	Until the merger is completed under the SPA, the Sellers must ensure that each entity in the OSD group, and LogiCamms must ensure each entity in the LogiCamms group, carries on their respective businesses in the ordinary and normal course. In particular, the Sellers and LogiCamms must not agree or commit to do certain specified actions, except as expressly permitted by the SPA or as consented to by the other party (which must not be unreasonably withheld or delayed). An information sharing protocol will also be put in place in relation to any Competitively Sensitive Information.
Exclusivity	LogiCamms must not (and must ensure each entity in the LogiCamms group does not), during the period from execution of the SPA to the earlier of termination under the SPA or 30 June 2019: (a) initiate, solicit, seek or encourage (where unsolicited); (b) entertain, encourage, discuss, negotiate or respond to or accept from; (c) disclose or otherwise make available any non-public information concerning the Company's or the Buyer's business to; or (d) enter into any agreement, arrangement or understanding with, any person or group of persons in respect of (Exclusivity Commitments), any proposal, approach or offer to acquire control of LogiCamms or any significant portion of the companies or assets (both tangible and intangible) relevant to the operation of the LogiCamms group or that might require or that would cause LogiCamms to

Topic	Summary
	abandon, terminate or fail to consummate the merger. a. However, the exclusivity restriction does not restrict LogiCamms or any of its directors from taking or refusing to take any action with respect to a competing proposal provided that it is bona fide and is made in writing by or on behalf of a person that the directors of LogiCamms consider is of reputable commercial standing; and b. the directors of LogiCamms have determined in good faith (after receiving advice from financial and legal advisers), that failing to take the action or refusing to take the action (as the case may be) with respect to the competing proposal would be likely to constitute a breach of the fiduciary or statutory obligations of the directors of LogiCamms. (e) Similarly, the Company and each of the Sellers is under reciprocal Exclusivity Commitments with respect to any proposal, approach or offer to acquire control of OSD or any significant portion of the companies or assets (both tangible and intangible) relevant to the operation of the OSD business or that might require or that would cause the Sellers to abandon, terminate or fail to consummate the merger.
Break Fee	If: (a) LogiCamms announces a competing proposal before 30 June 2019 (or before the SPA is otherwise terminated) and then completes that proposal within 9 months of this announcement; or (b) any director of LogiCamms makes a public statement withdrawing or adversely changing or modifying their recommendations in respect of the merger; or (c) LogiCamms enters into any refinancing arrangement with a third party which includes an equity instrument such as convertible debt or options, the issue, allotment or granting of any securities or any other rights to receive securities under convertible debt, preference equity or ordinary equity, then LogiCamms must indemnify OSD against, and must pay on demand to OSD, $300,000 (Higher LCM Break Fee). If LogiCamms otherwise breaches its Exclusivity Commitments or the Sellers validly terminate the SPA for LogiCamms' failure to complete the merger, a LogiCamms Insolvency Event, a default of the NAB banking covenants or material breach of the SPA, then LogiCamms will indemnify OSD against, and must pay on demand to OSD, $200,000 (LCM Break Fee). If OSD or the Sellers breach their Exclusivity Commitments or LogiCamms validly terminates the SPA for the Sellers failure to deliver title to the Sale Shares, a Seller or OSD Insolvency Event or material breach of the SPA, then the Sellers and OSD will indemnify LogiCamms against, and must pay on demand to LogiCamms, $200,000 (OSD Break Fee). The break fees are not triggered merely for a failure to satisfy a condition precedent.
Execution Costs	The parties have agreed that if the shareholders vote against approving the

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	proposed merger, then OSD will pay $107,500 to LogiCamms, subject to LogiCamms having used its best endeavours to obtain the shareholders' approval, continuing to unanimously recommend the merger, and providing evidence of the execution costs LogiCamms incurred.

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