



9 February 2016

ASX Announcement

# Threat Protect to further expand with two acquisitions

*Acquisitions are earnings-accretive from settlement with scope for further growth leveraging Threat Protect's existing infrastructure*

## Key Points

- Threat Protect has agreed to acquire two leading security businesses for a total of \$750,000
- Additional revenue to the Threat Protect business forecast over \$7M
- Immediate increase in company bottom line – acquisition EPS accretive
- The two businesses have a mix of significant commercial and government client bases in their respective Sydney and Perth markets
- Acquisitions give Threat Protect a high level entry to the major NSW market
- Acquisitions are consistent with Threat Protect's strategy to deliver integrated security services
- Threat Protect has received firm commitments totalling \$3m in a heavily oversubscribed share placement at 3c. The proceeds will be used to fund acquisitions and provide working capital for growth.

Threat Protect Australia (ASX: TPS) is pleased to advise that it has embarked on the next stage of its rapid growth strategy, agreeing to acquire leading security companies in Sydney and Perth.

Threat Protect has agreed to acquire Sydney-based Integral Risk Group (IRG) and Perth-based Australian Event Protection (AEP) for a total of \$750,000.

Threat Protect will pay the vendor \$250,000 cash and issue it 16.66 million shares at 3c for a value of \$500,000. It will also pay a performance fee equal to 10 per cent of non-contracted revenue generated by IRG and AEP for the 12 months to June 2017.

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IRG provides security personnel and advisory services to some of Sydney's leading retailers and other commercial operations while AEP provides similar services to several major local governments and high-profile public venues in Western Australia.

The growth opportunities presented by the IRG acquisition are particularly attractive given that this acquisition represents Threat Protect's first move into the Eastern States security market.

### **Placement to Sophisticated Investors**

To ensure Threat Protect has sufficient capital to fund the acquisitions and invest in the continued growth and development of its expanded operations, the Company has raised \$3 million via a share placement at 3c. Threat Protect has received firm commitments for \$3 million in the Placement, which was made to professional and sophisticated investors and was heavily oversubscribed. New shares are expected to be issued on 15 February 2016.

Morgans Corporate Limited and Argonaut Securities were joint lead managers to the issue.

Commenting on the capital funding initiatives, Chairman Mr Derek La Ferla said "We are very pleased to see such strong demand for our stock and welcome new shareholders onto the register of Threat Protect. This equity raising not only provides a strong integration platform for the AEP and IRG businesses but also provides ample capacity to further grow the Threat Protect business as future opportunities arise."

### **Details of the acquisitions**

IRG and AEP both have an established client base comprising corporate and government organisations. The majority of their revenue is contractually committed, providing both earnings transparency and strong underlying relationships which will provide a foundation from which to supply additional security services.

The two businesses have combined forecast annual revenue of \$7.7 million of which \$4.7m is contracted while a further \$3 million in revenue is expected to be generated from non-contract work.

Threat Protect intends to retain the key executives of IRG and AEP who are providing exceptional management to the businesses.

The acquisitions have various conditions precedent attached and it is intended to settle them by the end of this month.

Threat Protect Managing Director Demetrios Pynes said the acquisitions were an outstanding result for the Company.

"We have managed to acquire two businesses with extremely strong market positions, robust financial performances, enviable client bases and superb growth prospects," Mr Pynes said.

"And we have done this at a price which makes them earnings-accretive to Threat Protect from day one.

"IRG and AEP will also provide us with good commercial opportunities to further leverage our existing security assets such as the monitoring centres, where our costs are largely fixed and we have significant capacity to service more clients.

“These factors demonstrate that the bolt-on growth strategy we outlined at the time of our ASX listing last year will deliver substantial growth for our shareholders.

“I have no doubt that there are more opportunities of this nature to be found in what remains a fragmented industry that is ripe for further consolidation.”

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