



ASX Announcement

24 July 2017

Tempo acquires national electrical maintenance contractor KP Electric Australia

Tempo Australia Limited (ASX: TPP) ("Tempo", the "Company") is pleased to announce that it has entered into an agreement to acquire KP Electric, a leading national electrical services provider. The acquisition is through the purchase of 100% of the issued share capital of KP Electric (Australia) Pty Ltd and the business assets of KP Electric (WA) Pty Ltd (Jointly referred to as "KP Electric").

Acquisition establishes Tempo as a national electrical services provider

KP Electric specialises in Australia-wide electrical service, maintenance and compliance of existing electrical assets, and energy management. It carries out preventative, programmed, reactive, and compliance electrical maintenance services to many of Australia's largest corporations and government institutions, including Woolworths, Nokia Australia, Port of Melbourne, Fremantle Ports, Sydney Olympic Park Authority, the Department of Immigration and Border Protection, and the Australian Department of Education, amongst others.

The Acquisition provides Tempo with a stronger national presence, as KP Electric currently services clients from 12 operating bases across Australia.

Transaction Terms

Tempo is acquiring KP Electric on a cash free, debt free basis, with an upfront cash consideration of ~\$6.8 million. This equates to an EBITDA multiple of 2.5x current earnings, with potential total deferred consideration payable of ~\$3.3 million if the business achieves agreed EBITDA targets over the two years following completion of the Acquisition.

KP Electric will continue to operate as a standalone business. Peter King, the founder of KP Electric, and the management team will be retained in the business, and are committed to working closely with Tempo's executive team in order to further expand the Company's reach in Australia.

Synergies

The deal will provide Tempo the required infrastructure and resources to pursue maintenance, project, and energy work across all states, utilising the acquired footprint and sustained by a network of over 200 electrical specialists nationally.

Tempo Managing Director and CEO Max Bergomi said: "We expect that Tempo's strong balance sheet, robust systems and processes, and experienced management team will act as a further enabler for the KP Electric core business, allowing it to target more complex maintenance opportunities across larger Australian industrial and commercial sites. It's a win-win situation for both parties".



Tempo's existing Cablelogic maintenance division will merge with KP Electric, offering a number of further organisational synergies and a national capability to Tempo clients.

"With KP Electric servicing our commercial and industrial maintenance customers, Tempo, through its Cablelogic project division, will remain focused in targeting electrical project development, and refurbishment work, however, the division will now pursue work across all states, utilising the acquired national footprint," Mr Bergomi said.

In addition to core electrical services, the acquisition will complement the expertise already developed in-house through the Cablelogic division and enable the Company to position itself as a technological leader in installation, testing and maintenance of telecommunication infrastructure, including base transceiver substation systems, in-building cellular networks, and wireless backbone infrastructure.

Tempo will now offer telecommunication clients, including Nokia, Huawei, CAM, Telstra, Optus and Vodafone, a unique end-to-end service, supporting the growing need for stronger and more reliable data and telecommunication networks across Australia.

Recurring Income Streams

Tempo Managing Director and CEO, Max Bergomi, said the acquisition represented an attractive investment opportunity that aligned with the Company's strategy of creating shareholder value by establishing a national, diversified business with recurring income streams.

"We are thrilled to have secured KP Electric to help establish Tempo as a specialised national electrical and telecommunications maintenance service provider," Mr Bergomi said.

"The acquisition will provide Tempo with profitable, low risk and recurring earnings and aims to reduce, especially over the short term, Tempo's dependence on lumpy resources-based construction work and our exposure to any deferral in resources maintenance activity."

"Importantly, the deal sees two organisations with a shared vision, values and approach join forces and use technology to drive shareholder value and operational efficiencies," he said.

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About Tempo

Tempo Australia Limited (ASX: TPP) is a services company to the minerals, resources, energy, commercial and industrial sectors. The company was established in 2011 and has specific expertise in the provision of



structural, mechanical, piping, electrical, telecom, and data communications services, specialising in construction (greenfield and brownfield); maintenance; sustaining capital works; and shutdowns.

Following the acquisition of KP Electric, Tempo is now also a national electrical services provider specialising in Australia-wide electrical service, maintenance and compliance of existing electrical assets, plus electrical projects and energy management.