



ASX ANNOUNCEMENT

24 February 2017

Threat Protect exercise options to acquire Apollo Security Monitoring Pty Ltd businesses in NSW and QLD

Threat Protect Australia Limited ("**Threat Protect**" or the "**Company**") (ASX:"**TPS**") is pleased to announce it has exercised both options to acquire Apollo Security Pty Ltd's Grade One Security (NSW) and Queensland Security Rangers (Qld) ("**Apollo Businesses**") for approximately \$6.0 million (the "**Acquisition**").

Exercise of the options follows the announcement of the proposed transaction on 5 January 2017, the completion of extensive due diligence, and subsequent shareholder approval for the Acquisition with resounding approval being received at a General Meeting of Threat Protect shareholders on 23 February 2017.

The Apollo Businesses were established in 2007 and have grown to become a major privately owned security monitoring service provider on the Eastern seaboard. The business operations include a control room in Sydney and monitored alarm security services to both residential and commercial clients in New South Wales and in Queensland.

The Acquisition is a key next step in the Company's growth strategy and would expand Threat Protect's national presence, adding anticipated recurring annual revenue of \$3.2 million across approximately 250 resellers nationwide, and servicing over 16,000 monitoring connections.

The anticipated revenue from the Apollo business will increase the Company's total monitoring revenue to over \$4.5 million, and lift pro-forma total Company revenue to over \$10.0 million in FY 2017.

As previously advised, the agreed acquisition price is to be paid in two tranches comprising \$3.7 million in cash payable on completion of the Acquisition, with the balance to be paid 12 months post completion subject to a "true-up" of the Acquisition purchase price.

The Company expects the Acquisition to be immediately earnings per share accretive, and to positively contribute to Threat Protect's 2H 2017 revenue and earnings. It will be fully funded by the Company's acquisition funding facility with First Samuel Limited announced in November 2016.

Demetrios Pynes, Threat Protect's Managing Director, commented "Exercising the Apollo option progresses this acquisition to the execution phase and importantly, allows us to start integrating the business, on-boarding our new monitoring customers, and begin realising the diversification and scale benefits Apollo offers.

"Apollo is an important addition to our business and our largest monitoring acquisition to date outside of Western Australia. We are rapidly increasing the scale of our monitoring business

THREAT PROTECT AUSTRALIA LIMITED

ACN 060 774 227 | ABN 36 060 774 227

Unit 1/8 Fisher Street, Belmont WA 6104 | PO Box 561, Belmont WA 6984
Tel: 1300 847 328 | Fax: +61 8 9322 9711 | Email: info@threatprotect.com.au
Website: www.threatprotect.com.au

with a national presence as we continue to deliver on our acquisition growth strategy, and remain well funded for future growth.”

Strategic Rationale

Key transaction rationale includes:

- Control room in Sydney significantly expands Threat Protect’s existing monitoring capacity in Western Australia and provides redundancy across the two time zones and geographic locations.
- The Acquisition allows the Company to build upon earlier acquisitions and provides critical mass to Threat Protect’s East Coast operations.
- Threat Protect’s control room capacity is largely a fixed cost base, and is readily scalable to add new customers, grow revenue and increase margin for earnings uplift.
- Potential integration synergies include significant service improvements and cost reductions.
- Diversification of Threat Protect’s monitoring client base across Australia.
- Increased scale of operations. Following the Acquisition, Threat Protect would have annual pro-forma revenue of over \$10.0 million, control rooms on both the West and East Coast of Australia, and a base of over 400 resellers.
- The Acquisition will be immediately earnings per share accretive for Threat Protect

Acquisition growth strategy

The Australian security industry is highly fragmented with around 6,500 businesses nationally generating approximately \$6.3 billion revenue in 2014. Alarm monitoring represents around 16% of this and is Threat Protect’s primary focus.

The Company believes the industry is conducive to consolidation, given its stable revenue streams and fixed infrastructure cost model. Threat Protect’s acquisition growth strategy is focused on leveraging the largely fixed cost infrastructure and significant capacity of its existing extensive security control room through acquisition of monitored security client bases across Australia.

Threat Protect has completed 6 acquisitions since listing on the ASX and is in the process of conducting due diligence on several other opportunities. The recent new funding package established with first Samuel Limited significantly increases the Company’s acquisition capability and positions it well to progress the execution of its growth strategy.

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For further information, contact:

Investors

Demetrios Pynes
Managing Director
Threat Protect Australia Limited
+ 61 414 984 806

Media

James Tranter
FTI Consulting
+61 8 9485 8888

About Threat Protect Australia Limited

Threat Protect provides monitored security solutions that ensure the safety of Australian homes and businesses 24 hours a day, 365 days a year.

We have the highest security accreditation possible to achieve in Australia and use only state-of-the-art technology and equipment.

Our commitment to providing a complete end to end service is second to none, whether you own a small apartment or giant multi-national headquarters.

- Monitored Security Systems
- Security Personnel
- Corporate Risk Consultancy

We call it “**Security Without Compromise**”.

- Threat Protect is a leading Australian security agency fully licensed by WA and NSW police departments and other national and international bodies.
- We support thousands of residential and business clients in Australia and beyond.
- We'll personally evaluate your security needs.
- All products and services meet Australian Standards.
- 24-hour monitoring from our A1 graded control rooms in Perth and Sydney.

