

Silk acquires Secon Freight Logistics, a Melbourne-based port and bulk logistics provider

Silk Logistics Holdings Limited (ASX: SLH) ('Silk') is pleased to announce that it has entered into a binding agreement to acquire Secon Freight Logistics Pty Ltd ('Secon'), subject to conditions precedent customary for a transaction of this nature.

Key Highlights:

- **Silk has entered a binding agreement to acquire Secon Freight Logistics**
- **Compelling strategic rationale:**
 - **Increased prominence in Victorian port logistics**
 - **Acquisition of complementary bulk logistics platform**
 - **Value-add fumigation offering, capturing greater share of wallet**
- **Immediate cross-selling opportunities across respective client bases**
- **Increase in scale with enhanced margins**
- **Expected to be earnings and EPS accretive in the first year**

Established in 1969, Secon is a freight industry leader, with loyal and long-standing clients and a reputation for service excellence. Secon operates with approximately 160 staff across two strategically located sites in Victoria and provides specialised port logistics, bulk logistics, warehouse and distribution services. Its owners, the Considine family, are highly regarded in the industry and well respected by customers, staff, suppliers and industry peers. Current CEO, Daniel Considine and other members of the Considine family will continue in their existing roles following transaction completion.

Silk's CEO Brendan Boyd said "the acquisition of Secon adds immediate scale to Silk's Victorian footprint, consistent with our strategy as an integrated 'port-to-door' provider. Further, this acquisition provides Silk with a significant platform in national bulk logistics, unlocking demand from our existing blue chip customer base as well as other potential cross-selling opportunities."

Secon generates annual revenue of over \$65 million as well as strong margins and operating cashflow. The acquisition is expected to contribute positively to Silk's group earnings immediately and be over 10% earnings per share accretive in the first full year of ownership, before accounting for any potential synergies and integration costs.

The acquisition price consists of:

- \$30 million payable upfront in cash
- \$5 million in Silk shares

- A deferred earn-out payment (payable in cash) determined with reference to 5.0x normalised annual EBITDA achieved by Secon during each year in FY24 and FY25.

The upfront cash price will be funded using Silk's club acquisition facility with NAB and Rabobank.

The share consideration is based on a 30-day VWAP prior to the execution date. The share consideration will be issued under Silk's existing Listing Rule 7.1 capacity and will be held in escrow until 30 June 2024.

The transaction is expected to complete on 30 September 2023, subject to the satisfaction of customary conditions including consents to change of control from major customers and landlords.

Transaction webinar

Silk Managing Director & CEO, Brendan Boyd, CFO, Brendon Pentland and CCDO, Paul Spottiswood will host a brief webinar to discuss the transaction today, Friday, 4 August at 11:00am (AEST).

Webinar link: https://us02web.zoom.us/webinar/register/WN_aYKuKM6KT0yOi29tGnZFYA

Investors can submit questions prior to the webinar to melanie@nwrcommunications.com.au or do so via the Q&A function on Zoom, during the webinar.

This announcement is authorised for release by the board of Silk Logistics Holdings Limited.

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