



COSOL Limited

# Acquisition of Work Management Solutions (WMS)

June 23, 2022



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## AUTHORISATION

This presentation is dated 23 June 2022, and was authorised for release by the Board of COSOL.

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# Acquisition at a Glance



- WMS an established, mature Enterprise Asset Management advisor
- Blue chip client base, heavy weighting in high end resources sector
- Advisory services enabled by WMS proprietary software platforms
- Springboard for COSOL to penetrate buoyant Western Australian resources market
- Delivers COSOL unique end-to-end Enterprise Asset Management capability
- Up to \$9m total consideration,
- Immediately eps accretive



# Work Management Solutions (WMS) – Business Overview



WMS will strengthen COSOL's position as a global leader in digital transformation and data exploitation for large-scale organisations within heavy asset industries and provides COSOL with an end-to-end EAM capability.

- Established in 2007, Work Management Solutions (WMS) delivers Enterprise Asset Management improvement services to clients in asset intensive industries
- Provides two core Enterprise Asset Management service offerings: 1. Advisory Services, 2. Technical Resources
- Utilises proprietary Learning Management System to deliver online Asset Management Capability Education Development Programs and deploys proprietary software platform, Work Stream Manager to deliver asset management benchmarking
- WMS has strong footprint in Australia with the West Coast serviced from the Perth office (HQ) and the East Coast of Australia and international serviced from the Brisbane office
- Currently has ~90 Full Time and Casual employees
- Successfully delivered over 145 projects locally and internationally across Australia, USA, Africa, Mongolia and Papua New Guinea
- Long-term relationships with large, blue-chip clients across mining, industrials, freight, infrastructure, utilities, defence and agriculture sectors







# WMS fits with COSOL's acquisition strategy



Acquisition criteria	WMS strategic alignment to criteria
<ul style="list-style-type: none"> <li>✓ Complementary digital IP and services</li> </ul>	<ul style="list-style-type: none"> <li>• Extends Enterprise Asset Management suite of services and capabilities to include advisory services and technical consultants</li> <li>• Adds to COSOL's proprietary digital solutions: WMS brings Work Stream Manager and AMLA (online asset management learning academy) – an online asset management learning academy)</li> </ul>
<ul style="list-style-type: none"> <li>✓ Industry sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Focus is on heavy asset industries to improve enterprise asset performance and achieve business optimisation</li> <li>• Top 10 customers are in mining, utilities, government, transportation and logistics sectors</li> </ul>
<ul style="list-style-type: none"> <li>✓ Proven business model</li> </ul>	<ul style="list-style-type: none"> <li>• Positive recent growth rate post pandemic</li> <li>• Proven EBIT delivery with strong projected growth</li> </ul>
<ul style="list-style-type: none"> <li>✓ Revenue synergies</li> </ul>	<ul style="list-style-type: none"> <li>• Provides immediate access to larger addressable market through blue chip client base</li> <li>• Opens new distribution channels for existing COSOL IP and services</li> <li>• Opens up specific growth opportunities in Western Australia</li> </ul>
<ul style="list-style-type: none"> <li>✓ Geographies</li> </ul>	<ul style="list-style-type: none"> <li>• WMS business headquartered in Perth, Western Australia. Currently COSOL has no operational or business development presence in Australia's prolific heavy asset region</li> </ul>
<ul style="list-style-type: none"> <li>✓ Deal structure that is aligned to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• 43% of upfront consideration taken in equity</li> <li>• 23% of total potential consideration taken in earnout after achieving EBIT hurdles</li> <li>• Key employees must remain with business to achieve earnout and remain significant shareholders in COSOL</li> </ul>
<ul style="list-style-type: none"> <li>✓ Valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration is consistent with previous acquisition multiples</li> <li>• Will be immediately accretive to earnings</li> </ul>
<ul style="list-style-type: none"> <li>✓ Proven management</li> </ul>	<ul style="list-style-type: none"> <li>• CEO, Head of BDM and Vendors have decades of proven leadership in the sector and positive reputations within the industry</li> </ul>

# WMS – Key Customers

WMS has a range of diversified, blue-chip clients who are leaders in the heavy asset industry sectors in which COSOL operates in.

Mining	Industrials	Rail	Utilities	Agriculture	Infrastructure
         	   	  	     	 	 

# Client Case Studies – advisory and technical services



WMS has delivered complex projects to major heavy asset reliant clients that provide critical infrastructure. WMS will complement COSOL's existing capabilities and services and provide strong revenue synergies

CASE STUDY 1:

**RioTinto**

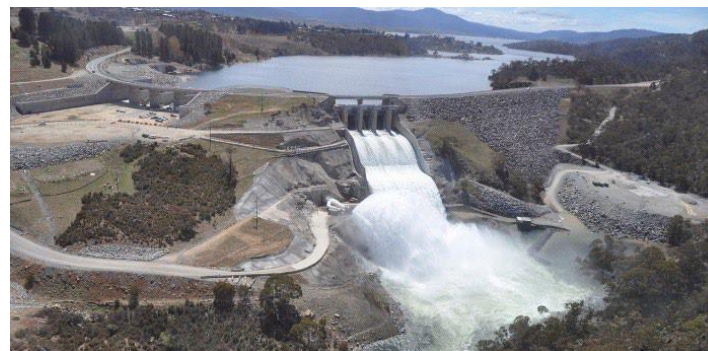


## Project Scope

- Engaged by Rio Tinto to formulate and implement the Long-Term Planning Process in line with Rio Tinto Standards and Guidelines
- Developed and embedded Rail Long Term Planning Business Process which includes business process maps, role descriptions, procedures, and guidelines
- Assessed gaps in SAP Master Data against standard and developed data to return SAP to standard

CASE STUDY 2:

**snowyhydro**



## Project Scope

- Development of the core work management process and Hitachi Ellipse competency framework for Snowy Hydro Limited encompassing all maintenance levels within the business from maintainer to manager
- Project deliverables include creation of a standardised work management process, development and delivery of Hitachi Ellipse training materials, RACI, provision of expert training in master data fundamentals and ongoing site-based support

CASE STUDY 3:

**ARTC**



## Project Scope

- As part of a larger ARTC Asset Management Improvement Program (AMIP), WMS was contracted to define and develop a series of initiatives that improved the configuration of Ellipse, enabling the improvement/changes in the business processes across the Asset Management Business Units of ARTC.
- A key initiative resulted in the asset register standards being developed and the entire Ellipse asset register data being updated to meet the updated standards.

# Client Case Studies – proprietary software

Asset Management Learning Academy (AMLA) and propriety software Work Stream Manager (WSM) have delivered significant value to clients and can deliver strong SaaS based revenue into the future

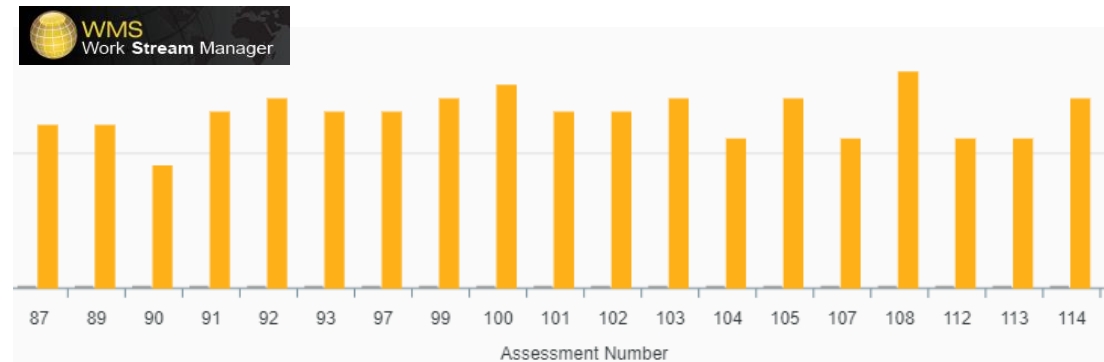
## CASE STUDY 1:



### Project Scope

- Newmont sought a contextualised Asset Management Development program focused at professional staff which aligned to ISO 55000 for standardisation.
- A complete program was developed consisting of a training framework, training plans, train the trainer, promotional toolkit, communication plan, and 11 courses covering ISO 550001 and business specific processes.
- Additional work was carried out to expand the program into multi mode, where the program can be delivered online through proprietary learning platform.
- Courses were also translated into Spanish to cater for international sites.

## CASE STUDY 2:



### Project Scope

- The Work Stream Manager software program stores and reports on assessment standards and benchmarks for asset management processes.
- TasWater needed to understand the current state of its work management capability across multiple sites. WMS was requested to complete an assessment using Work Stream Manager to identify areas for improvement and areas of best practice.
- Using Work Stream Manager the WMS assessment team was able to assess 19 sites against the Work Stream Manager standards and compare develop targeted, improvement actions that formulated the Work Management Improvement Program.



# WMS – headline deal terms

The acquisition of WMS will be immediately earnings accretive, vendors will be aligned to existing shareholders and future consideration will be generated through growth in EBIT

- Upfront consideration cash = \$4,000,000 paid on completion
- Upfront 5,660,378 new fully paid ordinary COSOL shares (being the quantity of shares having a value of \$3M based on an issue price per share equal to the 14 day VWAP prior to the execution date of the SPA, which will be subject to voluntary escrow until 30 June 2023)
- Earnout consideration capped at \$2,000,000
- Earnout consideration is subject to reaching EBIT growth performance hurdles in FY'23. Minimum EBIT threshold target is \$2.475M
- Earnout consideration can be paid in cash and or equity at COSOL's election
- Key Employees will be required to remain in the business
- Funding for acquisition will be from existing COSOL cash reserves and bank debt
- Customary conditions precedent exist and we expect to close prior to June 30<sup>th</sup>



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Thank you