



INNOVATIVE SCIENCE • REAL VALUE

Unit 1  
8 Turbo Road  
Kings Park NSW 2148 Australia  
ABN 25 001 150 849

Email: [admin@scidev.com.au](mailto:admin@scidev.com.au)  
Website: [www.scidev.com.au](http://www.scidev.com.au)  
ASX code: SDV

Companies Announcements Office  
Australian Stock Exchange

29<sup>th</sup> March 2021

## SciDev to Acquire Haldon Industries extending its presence in the Water and PFAS sector

- **Strategic acquisition of Haldon Industries Pty Ltd (Haldon), an Australian based environmental engineering solutions company focussed on the water and persistent organic pollutant sectors; the acquisition will have a maximum consideration of A\$16.9m, with Equity on completion and Cash subject to future milestones.**
- **SciDev shares will be issued to Haldon principals at A\$0.80 per share with a cash payment of A\$1.7m on completion subject to a working capital adjustment. Additional cash payments will be made from Haldon delivered cashflow pending FY21, FY22 and FY23 performance and is subject to revenue and minimum EBITDA targets.**
- **Haldon have a created a strong presence providing innovative solutions in the Per- and Polyfluoroalkyl (PFAS) market in Australia via their mobile treatment plants. Haldon's PFAS solution is world class removing PFAS to undetectable levels while reducing the waste volume by c.20,000 times, which is 100 times greater than existing commercial alternatives.**
- **In FY20 Haldon delivered A\$8.13m of revenue and generated an EBITDA of more than A\$3m on an unaudited, cash basis. Haldon's people, products and services are highly complementary to SciDev. Haldon founders Sean Halpin and Jake Reardon to take senior leadership roles with SciDev and the remaining Haldon employees to join operational roles in the water segment.**
- **The acquisition of Haldon provides SciDev with presence and scale in the infrastructure, and water and wastewater verticals via Haldon's key services of water treatment, remediation, groundwater dewatering and onsite liquid waste treatment.**

SciDev will be holding a conference call at 9am Tuesday 30 March to discuss the acquisition of Haldon. Dial in details are below: Please register for the call using: <https://s1.c-conf.com/DiamondPass/10013234-ja06f5.html>

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to advise that it has entered a Business Sale Agreement to acquire the business of Haldon Industries Pty Ltd (Haldon), an Australian based environmental engineering solutions company focussed on the water treatment, remediation and persistent organic pollutant sectors.

SciDev's Managing Director and Chief Executive Officer, Lewis Utting, said: *'The acquisition of Haldon provides SciDev with immediate scale in the water treatment vertical complementing the organic growth opportunities and revenue SciDev is generating across mining, oil & gas and infrastructure.'*

*Through our international networks and customer base, SciDev will be able to leverage Haldon's solutions to address the global opportunities that resides in water treatment, further driving our scale and growth opportunities. Importantly, Haldon are the leader in Australia for addressing persistent organic pollutants, especially per- and polyfluoroalkyl substances (PFAS). The PFAS issue presents significant opportunities for the business to leverage each other's knowledge base and provide a complete solution to large- scale mining, construction and infrastructure projects.*

*Haldon's way of doing business is highly aligned with SciDev's approach and culture. We welcome Jake, Sean and the remainder of the Haldon team to SciDev and we look forward to driving business growth together in 2021 and beyond."*

Haldon's principals and Executive Directors, Sean Halpin and Jake Reardon, said: *"This is a really exciting opportunity for the Haldon team. It is rare that two companies share a common approach and culture and we are really looking forward to the future as part of SciDev. We firmly believe that access to SciDev's existing customer and knowledge base will strengthen our current operations and allow us to continue to challenge the status quo in the water solutions market. This acquisition will accelerate our plans to provide our solutions to the global market"*.

### **Acquisition Rationale**

The acquisition of Haldon delivers SciDev scale in the water treatment vertical and delivers strategic opportunities such as:

- Access to the growing PFAS market in Australia and the ability for SciDev to deliver a full treatment solution to major infrastructure and construction project water treatment and PFAS remediation requirements.
- The ability to leverage the complementary engineering, technology and professional services skills of both businesses to drive further business development opportunities.
- Diversification of SciDev's revenue streams in terms of geography, customer base, supply chain and end commodity exposure, and ability to provide direct chemical sales to Haldon customers.
- Additional skilled personnel to provide a larger talent pool and the ability to drive further tailored solutions for customers.

### **About Haldon**

Haldon was established in 2016, with headquarters in New South Wales, and operations across the eastern seaboard of Australia. Haldon currently has a staff of 18 and generated A\$4.9m of revenue in FY19 and A\$8.13m in FY20 (unaudited, cash basis).

Haldon's revenue is generated through a combination of lump sum, ongoing work and specific

bespoke projects. Haldon's top 10 customers currently account for over 90% of revenue and represent a mix of state and local government, local and international mining and construction companies. Key customers include Alcoa of Australia, Ward Civil and Environmental Engineering, Ventia, TestSafe NSW, John Holland, CPB, Remondis, Narromine Shire Council, Samsung and Dragados.

Haldon are market leaders in the provision of bespoke environmental engineering solutions. Their projects are delivered with a focus on innovation and sustainability. Through their business activities Haldon aims to provide positive, tangible impacts on communities and natural environments.

Haldon's key services include:

- *Water treatment:* The provision of mobile water treatment plants for contaminated groundwater, landfill leachate, industrial waste and construction water. Haldon's modular treatment units are developed by an in-house design team to suit each project's specific treatment objectives. The design and internal layout of each unit allows for rapid configuration for multiple treatment pathways as required.
- *Remediation:* removal and management of contaminants including heavy metals, persistent organic pollutants, ammonia, pesticides and PFAS.
- *Groundwater dewatering:* removal or draining of groundwater and surface water across a range of industries including construction and infrastructure. Haldon provides a wide range of dewatering technologies to ensure client sites remains safe, dry, productive and on programme.
- *Liquid waste:* Onsite liquid waste treatment services ranging from oil and water separation to the treatment of multi-faceted waste streams. Haldon's liquid waste treatment systems are modular and fully mobile, allowing installation and commissioning times to be minimised. Haldon seeks to provide reusable outputs (water, products etc.) wherever possible.



Figure 1 - Haldon PFAS Plant at Ventia Fiskville

### PFAS Opportunity

Haldon has been successful in creating significant value in the growing market for treating PFAS which have become a significant issue in large mining, construction and infrastructure projects in Australia and across the globe. Haldon's approach to PFAS solutions is similar in manner to SciDev's approach to its clients' solutions - every project is unique and presents its own challenges which need to be addressed with a customised solution supported by highly skilled personnel.

Haldon has designed, developed, executed and commercialised a robust PFAS treatment strategy that considers several variables and outcomes in its application allowing PFAS removal to levels that are below those that can be achieved using conventional techniques. The strategy is centred around Haldon having a mobile licence to treat PFAS through the utilisation of various ion exchange and absorptive techniques in a sequence tailored by Haldon for each project's unique characteristics and

treatment objectives. Haldon plants received the first EPA licenses for mobile PFAS treatment in NSW & WA providing the opportunity to roll out their solutions in those regions.

The combination of SciDev and Haldon technology delivers a significantly improved outcome for customer with PFAS issues. Haldon's PFAS technology works better with water with low solid levels and the utilisation of SDV's Maxiflox Chemistry separates the solid materials and provides a clean feed liquid to the Haldon process. The combination of SDV and Haldon technology can reduce wastewater volumes more than 100 times greater than competitor technology. SciDev sees the PFAS strategy at Haldon, which is quite unique, as highly complementary to its existing product offering, presenting a significant market opportunity for the business.

### Key Financial Metrics and Transaction Detail

Haldon has generated strong revenue growth over recent years driven by a growing number of contracts with an expanding customer portfolio. The business has self-funded growth through cash and Haldon delivered AA\$8.13m of revenue and generated an EBITDA more than A\$3m in FY20 on an unaudited, cash basis.

SciDev will pay upfront cash on completion of A\$1.70m and, additionally, issue 5,412,500 SciDev shares to the Haldon principals under the Company's exiting Listing Rule 7.1 placement capacity. The shares represent A\$4,330,000 in value and have an issue price of A\$0.80 per share, which is a 14% premium to SciDev's 30 trading day VWAP on signing. The shares are subject of a 24-month voluntary escrow.

In addition to the initial consideration above, Haldon are eligible for a further cash consideration across a three-year period, subject to the achievement of commercial targets. The cash consideration payable is set out in the schedule below, with a threshold 20% EBITDA required to trigger the Earnout on a 50%-150% sliding scale based on performance. The cash component of the transaction is designed to self-fund from Haldon delivered cashflow over the performance period.

**Table1: Consideration and Target Milestones for Earnout**

	Conditions	Target Cash	Max Cash	SciDev Shares	Equity Value
<b>Initial / Completion</b>	Cash paid on completion, share issue on completion with 24 month escrow	A\$1,700,000	A\$1,700,000	5,412,500	A\$4,330,000
<b>FY21 Performance</b>	FY21 EBITDA target <b>A\$3.42m</b> with EBITDA at a Minimum 20% of Revenue	A\$2,400,000	A\$3,600,000	0	\$ -
<b>FY22 Performance</b>	FY21 EBITDA target <b>A\$4.50m</b> with EBITDA at a Minimum 20% of Revenue	A\$2,410,000	A\$3,620,000	0	\$ -
<b>FY23 Performance</b>	FY23 EBITDA target <b>A\$5.40m</b> with EBITDA at a Minimum 20% of Revenue	A\$2,410,000	A\$3,620,000	0	\$ -
<b>Total</b>	<b>Max Total Value A\$16,870,000</b> <b>Target Total Value A\$13,250,000</b>	<b>A\$ 8,920,000</b>	<b>A\$ 12,540,000</b>		<b>A\$4,330,000</b>

SciDev will also lease operational assets of Haldon for a total lease payment of \$5m with payments made quarterly over the term of the earn out. This operational equipment will be utilised in support of both the existing Haldon business customers and other SciDev projects. Title to those assets will pass to SciDev at the end of the lease period for no further consideration.

The Haldon principals, Sean Halpin and Jake Reardon, have agreed to join SciDev and will become Directors of the operating subsidiary of SciDev that is acquiring the Haldon business. All the Haldon team will be offered positions with SciDev and it is a pleasure to welcome this first-class team into the broader SciDev business.

Completion of the transaction is subject of several conditions precedent and it is anticipated that these conditions will be fulfilled, and the transaction will complete in Q4FY21. The parties can extend the completion date and condition precedent period by mutual agreement. A summary of the material conditions precedent includes:

- Regulatory Approval: EPA licences for the mobile treatment of PFAS in NSW to pass to SciDev.
- Customer Contracts: Assignment or transfer of the benefit of key customer contracts.
- Key Employees: Completion is conditional on key Haldon staff entering into employment contracts with SciDev on agreed terms.
- Assignment to SciDev of operating assets and premises leases
- No materially adverse change in the business prior to completion

An Appendix 3B will be issued separate from this announcement.

Lewis Utting  
Managing Director & Chief Executive Officer

This release has been approved by the Board of Directors of SciDev Limited.

**For Further Information:**

**Corporate**

Lewis Utting – MD & CEO

Heath Roberts – Company Secretary

+61 2 9622 5185

**Investors**

Craig Sainsbury – Market Eye

[craig.sainsbury@marketeye.com.au](mailto:craig.sainsbury@marketeye.com.au)

+61 428 550 499

## **About SciDev**

SciDev is a leader in the development and application of both chemistry and process control for solids- liquid separation. SciDev brings together world-class technology, chemistry, management and manufacturing capabilities to solve pressing operational and environmental issues for the water, oil and gas, mining and construction markets.

For personal use only