



# AusGroup Limited

# Shareholder Presentation

## Acquisition Announcement

**Mr Stuart Kenny**  
CEO & Managing Director

**Mr Eng Chiaw Koon**  
Non-Executive Non-Independent Director

# Forward looking statement – important note



By reviewing / attending this presentation, you acknowledge the acknowledge the following statements in this disclaimer.

The following presentation contains forward looking statements by the management of AusGroup Limited ("AusGroup"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions.

While AusGroup considers the assumptions on which these statements are based to be reasonable, whether circumstances actually occur in accordance with these statements may be affected by a variety of factors. These include, but are not limited to, levels of actual demand, currency fluctuations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risk, project delay or advancement, approvals and cost estimates. These could cause trends or results to differ from the forward looking statements in this presentation.

These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of AusGroup. In particular, such targets should not be regarded as a forecast or projection of future performance of AusGroup. It should be noted that the actual performance of AusGroup may vary significantly from such targets.

This presentation is for information purposes only and is not financial product or investment advice, nor a recommendation to acquire AusGroup shares. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction.

"S\$" means Singapore dollars and "A\$" means Australian dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.

- AusGroup wishes to advise its shareholders to exercise caution in trading their shares of the Company as the Proposed acquisition is subject to numerous conditions and further due diligence by the Company and the Vendors.
- There is no certainty or assurance the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof.
- AusGroup will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters, which shareholders and potential investors are advised to read carefully.
- Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they are in any doubt about the actions they should take.
- Shareholders will in due course receive a circular, containing further information on the Proposed Acquisition and Notice of EGM to approve the Proposed Acquisition.

- The Board of Directors (the “**Directors**”) of AusGroup Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that, the Company has, on 22 July 2014, entered into a sale and purchase agreement (“**S&P Agreement**”) with Ezion Holdings Limited (the “**Vendor**”, together with its subsidiaries, the “**Vendor Group**”), pursuant to which the Vendor shall sell and the Company shall purchase 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd (“**EOLH**”) and 90% of the issued and paid up share capital of Teras Australia Pty Ltd (“**Teras**” and together with EOLH, the “**Targets**”) for an aggregate consideration of S\$55 million (the “**Proposed Acquisition**”).
- The Company had obtained the approval of shareholders of the Company (“**Shareholders**”) at the extraordinary general meeting held on 19 June 2014 for the proposed expansion of the business of the Company into the provision of onshore and off-shore marine services, including but not limited to marine logistics and related support services in Australia (the “**Proposed Expansion**”).
- As the first step in the Proposed Expansion, the Company intends to undertake the Proposed Acquisition.
  - EOLH is an investment holding company incorporated in Singapore with an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares. Through its subsidiaries Ezion Offshore Logistics Hub (Tiwi) Pty Limited is engaged in the business of operating a marine supply base providing, *inter alia*, administrative, storage and logistics support to various vessels, including those from oil and gas projects in the region.
  - Teras is a company providing ship chartering services incorporated in Australia with an issued and paid-up share capital of A\$1,250,000 comprising 1,111,111 ordinary shares. The Vendor currently holds 1,000,000 ordinary shares in the capital of Teras, comprising approximately 90% of the ordinary shares in the capital of Teras. The remaining 10% is held by Aboriginal Maritime Pty Ltd (“**AML**”).

- Northern Australia has extremely limited coastline with deep-water access. Northern Territory will serve as the gateway to Asian markets in the future as the most northern port in Australia forming a key part of Australia's strategic economic development as an export centre and regional freight hub.
- Port Melville is the only gazetted natural deep water International Port in Northern Australia. Importantly, it has the capacity to serve as a supply base for oil & gas sector in the region.
- Port Melville is the closest port in proximity to the international shipping lanes and the advantages of this positioning include:
  - Geographic proximity to the oil & gas fields in Timor Sea
  - Mine expansion and exports. Some mines in the region are planning a doubling and tripling of export over the next 3-5 years
  - There are new mines planned for the region. Permitting is being streamlined as part of an initiative to boost exports
- Primary focus is on the following:
  - International fuel supply, storage and regional distribution centre to relieve reliance on Darwin
  - Support services to the supply vessels servicing oil & gas facilities in the region both onshore and the production platforms in the Timor Sea
  - Wood chip export and agricultural export centre supported by Northern Territory Government initiatives. MOU in place between NT and TIWI for 10,000 ha for agriculture and aquaculture business development.
  - Distribution freight hub and distribution centre for local communities.
- Opportunity for future expansion into marine related support as freight hub and staging areas for various activities.

- Strategic Rationale
- Terms of Transaction
- Integrated Platform
- Cost Synergies
- Summary
- Next Steps

**The joining of AusGroup and Target Group Companies will accelerate the combined company's core strategies of delivering integrated services to the Oil & Gas industry in Australia and South East Asia.**

- The combination enhances AusGroup's capacity to provide integrated delivery capabilities, covering all components of the Oil & Gas asset supply chain – fabrication & manufacturing, painting & insulation, SMP construction, maintenance, and onshore and offshore marine logistics.
- Target Group Companies add new marine services capability and end-market expertise to AusGroup's existing platform.
- Combining Target Group Companies' marine services expertise with AusGroup's fabrication, SMP construction and specialised maintenance capabilities creates a differentiated service offering that can be leveraged across AusGroup's geographic and market sector platform.
- As AusGroup integrates the marine services capabilities of the Target Group Companies, it will advance its core strategy of becoming a more fully integrated provider of services to the Oil & Gas and resources market sectors, both in existing geographic locations as well as providing a platform for future global expansion.

## **Consideration**

Aggregate consideration of S\$55 million was based on arm's length negotiations and arrived at on a willing-buyer and willing-seller basis, with reference to internal estimates of the net present value of the future cash flows (FCF) of the Targets.

## **Structure**

The Consideration shall comprise of:

- S\$14 million (the "Cash Consideration"); and
- S\$41 million (the "Share Consideration") in the form of 92,155,541 ordinary shares in the capital of the Company (the "Consideration Shares") representing approximately 14.2% and 12.4% of the current and enlarged issued share capital of the Company respectively, fully paid and issued at an issue price of S\$0.4449, being the volume-weighted average price of shares trading on 21 July 2014, by the allotment and issue of the Consideration Shares to the Vendor on completion.

The Cash Consideration shall be funded by internal resources and debt.

## **Non-compete**

Pursuant to the S&P Agreement, the Parties have provided non-compete undertakings that the Parties and its related corporations shall not, without obtaining the prior written consent of the Company, directly or indirectly carry on business similar to or competitive with the business of the Target Group Companies as currently conducted or proposed to be conducted as at the completion date of the Proposed Acquisition for a period of three (3) years after completion of the Proposed Acquisition.



- Conditions Precedent** Pursuant to the terms of the S&P Agreement, completion of the Proposed Acquisition is conditional upon, *inter alia*, the following conditions being satisfied or waived:
- the Proposed Acquisition not being deemed a “very substantial acquisition” or a “reverse takeover” as defined in Chapter 10 of the listing manual of the SGX-ST (“**Listing Manual**”);
  - the results of a due diligence exercise by the Company over the business, affairs, operations, assets, financial condition, prospects and records of the Target Group Companies being satisfactory to the Company in its reasonable discretion;
  - the receipt by the Company of such waivers or consents as may be necessary to enable the Company and/or its nominee(s) to be registered as holder of any and all of the shares of the Targets that the Company is acquiring (the “**Sale Shares**”);
  - the Company having obtained shareholders’ approval at the extraordinary general meeting in respect of the Proposed Acquisition;
  - the Vendor having received the confirmation that shares that are the subject to Proposed Acquisition are not encumbered; and
  - the receipt by the Company of in-principle approval of the SGX-ST for the listing and quotation of the Consideration Shares.

If any of the conditions are not satisfied or waived by the date falling three (3) months from the date of the S&P Agreement, the S&P Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses) and no party shall have claim against the other for any costs, damages, losses or compensation, other than in respect of any antecedent breach of the S&P Agreement.

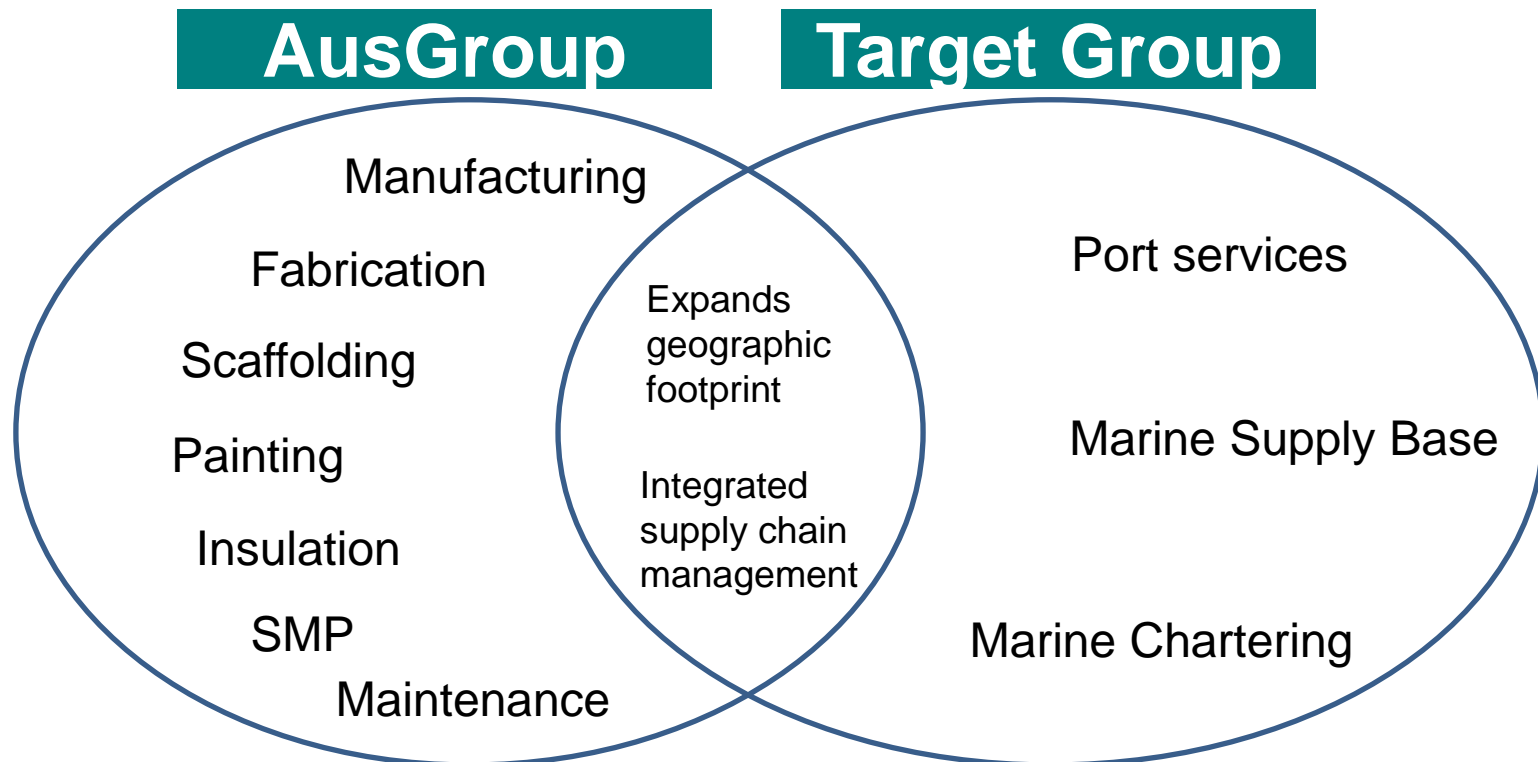
- In parallel with planned due diligence, transitional arrangements will be finalised to ensure the successful integration of Target Group into the Group. To this end, it is the Board's expectation that our new Ezion Board members to the Group; Captain Larry Johnson and Mr Eng Chiaw Koon, will be appointed as the lead executives with responsibility for these operations.
- Captain Larry Johnson is a seasoned Marine Professional with over 15 years of experience in the maritime industry and holds a valid USCG Masters License with 22 years of management experience, which includes 14 years of P&L responsibilities. Captain Johnson has worked on various projects in varying capacities on behalf of ExxonMobil, Chevron, Aker Kvaerner, ConocoPhillips, KBR, Clough, Technip, CBI and Bechtel. Currently, Captain Johnson also is the chief operating officer of Ezion Holdings Limited.
- Mr Eng Chiaw Koon brings 12 years of experience in the marine support industry. Currently Director, Special Projects with Ezion Group, Mr Eng was previously Managing Director and CEO of Aqua-terra Supply Co. Ltd and COO of KS Distribution Pte Ltd at KS Energy Limited.
- Both Captain Larry Johnson and Mr Eng will provide essential guidance as we work with our new largest shareholder to craft and implement our strategic expansion into onshore and offshore marine logistics services to oil and gas industries.

# Cost Synergies



- Cost savings will enhance earnings.
  - Support HR,IR HSEQ , bid management as well as strong management team with experience and relationships in Australian market
- More-streamlined cost structure will better position the AusGroup to win and execute projects.
  - Corporate costs
  - Other overheads
  - Ability to attract lower average cost of debt

- Enhanced ability to meet increasing demand for diverse, integrated solutions for end-clients.
- Expansion within attractive market sectors, such as Oil & Gas and resources.
- Strategic positioning for growing international markets in South East Asia, East Africa and Australia.
- Ongoing Collaboration Agreement with Ezion for marketing, project and business generation, project expertise, financing and procurement.



# Next Steps

- Finalise DD and close out CPs
- Apply for SGX In Principal approval
- Distribute Circular to Shareholders
- Hold EGM for approval
- Enter into Transition Arrangements

# Appendices



Chevron operated Gorgon Project- scaffolding

# About AusGroup Limited



- AusGroup Limited is a growth oriented company operating in Australia and South East Asia.
- AusGroup's strategy is to provide a range of asset maintenance, manufacturing, and construction services to the natural resources sectors with geographic diversity across Australia and Asia. Our focus is towards:
  - **Oil and Gas** – Fabrication, installation and long term maintenance of specialised equipment such as wellhead platforms, process modules and skids, subsea modules, and cryogenic insulation (for LNG plants). Operates out of Australia, Singapore, and Thailand.
  - **Mining** – Construction, fabrication and maintenance services in respect of plant and equipment for the mining sector in Australia.

## AusGroup Singapore

AusGroup Singapore services the marine and offshore drilling industries. They provide a range of subsea fabrication and specialist machining solutions, strategically located in Singapore.



## AGC

AGC is a Western Australian based construction, insulation, maintenance and fabrication company. We have been providing services to the oil and gas, mining and minerals sectors for 25 years.



## MAS

MAS specialises in providing scaffolding and access services for construction, overhaul, repair and manufacturing and maintenance projects in the oil and gas, minerals and infrastructure industries. MAS operates throughout Australia, Singapore and Thailand.



- Ezion Holdings Limited (EZION) is the parent holding company for the subsidiaries in asset ownership or managing and operating companies, publicly listed in the SGX Main Board of the Singapore Stock Exchange. Moreover, EZION is financially robust and coupled with a team of astute and experienced management executives, with a conservative policy of incorporating a balance of debt and equity while maintaining a healthy amalgamate of current assets against liabilities.

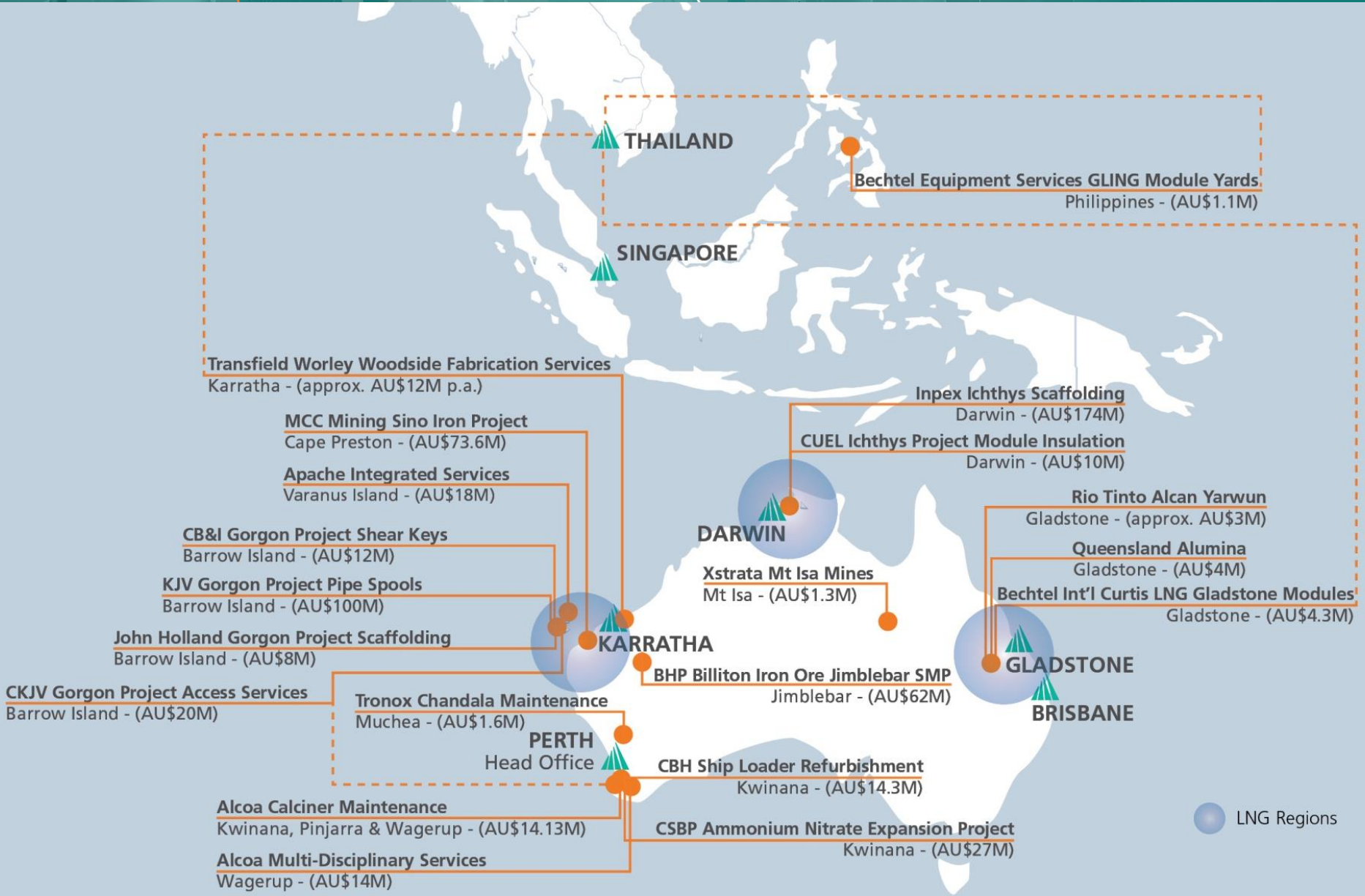
## **Teras Australia Pty Ltd**

Teras Australia, based in Perth Australia is a wholly owned subsidiary of Ezion Holdings Ltd. The company was formed in 2011 to expand Ezion Holdings geographical footprint in Australia in support of the offshore oil and gas industry. Since its establishment, Teras Australia has been instrumental in securing a number of major logistics projects for Ezion Holdings including the Bechtel QCLNG, GLNG and APLNG Projects in Queensland.

Ezion Holdings, Chief Operating Officer and Teras Australia CEO, Capt Larry Johnson, led the establishment in 2009 has been nationally recognized for his efforts in pioneering the largest aboriginal maritime training, career path development and employment programs in the country. He is expanding this model building on his earlier success in establishing the largest stevedoring operation in Western Australia to other parts of the country.



# Our Projects



LNG Regions

# Our Clients

## High quality client base across Oil & Gas and Mineral Resources

