



**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
36 Tuas Road, Singapore 638505

Singapore and Australia
6 January 2016

Launch of Consent Solicitation Exercise

Series 001 S\$110,000,000 7.45 per cent. Notes due 2016 (ISIN: SG6TF6000008) (the "Notes") issued under the S\$350,000,000 Multicurrency Debt Issuance Programme of AusGroup Limited established on 22 September 2014

Consent Solicitation by AusGroup Limited in connection with the Notes

AusGroup Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the consent solicitation statement dated 6 January 2016 and issued by the Company to the holders of the Notes (the "**Noteholders**") for purposes of a consent solicitation by the Company in connection with the Notes (the "**Consent Solicitation Statement**").

Capitalised or other terms used but not defined herein shall, unless the context otherwise requires, have the meanings as set out in the Consent Solicitation Statement.

Background

The Group is an integrated multi-disciplinary service provider to the oil and gas (including LNG), mineral resources and infrastructure industries in Australia and South-East Asia. The Group conducts its operations in two principal business units: engineering services which comprises integrated maintenance, project, and fabrication and manufacturing services, and, beginning in 2015, port and marine services.

The diversification into port and marine services has progressed with the completion and commissioning of the Port Melville fuel facility in July 2015. However the commencement of full port operations was delayed due to longer than expected environmental and regulatory approval processes. The Group announced on 16 October 2015 that it had received an assessment from the Northern Territory Environmental Protection Authority stating that Port Melville did not require an assessment under the Environmental Authority Act. Further to this, the Group received a referral decision from the Department of the Environment (DoE) that the Port Melville Supply Base is not a controlled action, and as such, further assessment and approval will not be required under the Environment Protection and Biodiversity Conservation Act before it can proceed, provided it is taken in accordance with the manner described in the decision document. Following this decision, Port Melville commenced full operations on 23 November 2015.

The delay to commercialisation of the port and marine business unit and deferral of spending on manufactured components impacting the Group's Singapore unit may adversely affect the results of operations of the Group. As at the date of this Consent Solicitation Statement, the Company is in the process of preparing its financial statements for the six months ended 31 December 2015 and the results of operations in respect of the Relevant Test Period ended 31 December 2015 are not yet available. As a precautionary measure to avoid any potential non-compliance with Clause 7.2.4 of the Trust Deed or Condition 4(b)(iv) of the Notes, the Company is proposing to provide for a cure

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mechanism if the Interest Coverage Ratio falls below 2.0:1 (the threshold currently provided in the Trust Deed) and to obtain a waiver for any non-compliance or potential non-compliance with Clause 7.2.4 of the Trust Deed and Condition 4(b)(iv) of the Notes in respect of the first Relevant Test Period.

The Company is confident of its ability to service all payments on the Notes, but in order to provide assurance to Noteholders, the Company proposes to establish the Interest Service Reserve Account which will be secured in favour of the Trustee (as trustee for the Noteholders). If the Interest Coverage Ratio falls below 2.0:1 for any Relevant Test Period (as determined based on the compliance certificate to be delivered to the Trustee pursuant to Clause 16.9 of the Trust Deed), the Company will deposit into the Interest Service Reserve Account certain amounts as described in “*Terms of the Proposal*” below.

Such moneys deposited into the Interest Service Reserve Account may not be withdrawn by the Company, even if the Interest Coverage Ratio equals to or exceeds 2.0:1 in the subsequent Relevant Test Period. Such moneys will be applied towards the payment of interest of the Notes or towards the payment of the principal amount of the Notes on the maturity date of the Notes (or on the date the Notes become otherwise due and payable).

Amid the current challenging economic environment, the Group is maintaining its focus on executing projects that have been secured, and commencing full operations at Port Melville. The Group has work in hand to the value of AU\$389.9 million as of 30 September 2015.

Terms of the Proposal

Accordingly, the Company intends to convene a meeting (the “**Consent Solicitation**”) to seek the approval of the Noteholders (by way of extraordinary resolution at such meeting) to, *inter alia*, the following (together, the “**Proposal**”):

- (a) the waiver of any non-compliance or potential non-compliance with Clause 7.2.4 of the Trust Deed and Condition 4(b)(iv) of the Notes in respect of the Test Period (as defined in the Trust Deed) ended 31 December 2015;
- (b) the waiver of the occurrence of any Event of Default (as defined in the Trust Deed) or, as the case may be, Potential Event of Default (as defined in the Trust Deed) under Conditions 10(b) and 10(c) of the Notes as a result of any non-compliance with Clause 7.2.4 of the Trust Deed or Condition 4(b)(iv) of the Notes, and the waiver of any requirement, covenant and term in the Trust Deed and the Notes as a result of any non-compliance or potential non-compliance with Clause 7.2.4 of the Trust Deed and Condition 4(b)(iv) of the Notes;
- (c) the amendment of the negative pledge set out in Clause 7.1 of the Trust Deed and Condition 4(a) of the Notes such that an additional carve out is inserted into Clause 7.1 of the Trust Deed and Condition 4(a) of the Notes to provide for any security to be created by the Company pursuant to any account charge created over any interest service reserve account by the Company to secure Notes (as defined in the Trust Deed) of any Series (as defined in the Trust Deed);
- (d) an amendment to the financial covenant set out in Clause 7.2.4 of the Trust Deed and Condition 4(b)(iv) of the Notes to include a cure mechanism in the event the Interest Coverage Ratio falls

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below 2.0:1, where the Company will deposit into the Interest Service Reserve Account an amount such that there shall be standing to the credit of the Interest Service Reserve Account (in the case of the first Relevant Test Period for which the Interest Coverage Ratio is determined to be less than 2.0:1) an amount equal to one and a half times the interest amount payable on the Notes on the interest payment date immediately following such determination and (in the case of any subsequent Relevant Test Period for which the Interest Coverage Ratio is determined to be less than 2.0:1) an amount equal to twice the interest amount payable on the Notes on the interest payment date immediately following such determination;

- (e) the entry into the Account Charge with the Trustee to provide security over the Interest Service Reserve Account in relation to which the Company may not withdraw any moneys standing to the credit of such Interest Service Reserve Account other than for the purposes of payment of interest of the Notes or payment of the principal amount of the Notes on the maturity date of the Notes (or on the date the Notes become otherwise due and payable); and
- (f) the inclusion of consequential provisions in the Trust Deed relating to the Interest Service Reserve Account, the Trustee's power of enforcement of the security created by the Account Charge, the application of moneys received by the Trustee pursuant to an enforcement of the security created by the Account Charge and any subsequent deposit into the Interest Service Reserve Account, the circumstances under which moneys deposited into the Interest Service Reserve Account by the Company is to be applied by the Trustee, and the rights and duties of, and the protections accorded to, the Trustee for all actions taken by it in relation to the Interest Service Reserve Account.

Further Details

The Company has mandated DBS Bank Ltd. as sole solicitation agent (the "**Solicitation Agent**") for the Consent Solicitation.

For further details on the Consent Solicitation Proposal, Noteholders are advised to refer to the notice of meeting published in *The Business Times* and announced via SGXNET on 6 January 2016.

A copy of the Consent Solicitation Statement will be mailed to the Noteholders with an address in Singapore. The Consent Solicitation Statement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Company or any other entity. The distribution of the Consent Solicitation Statement may nonetheless be restricted by law in certain jurisdictions. In order to avoid any violation of laws applicable in countries other than Singapore, the Consent Solicitation Statement has not been and will not be mailed to Noteholders who do not currently have an address in Singapore ("**Foreign Noteholders**"). Foreign Noteholders who wish to obtain a copy of the Consent Solicitation Statement should provide in writing an address in Singapore to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as meeting agent for the Consent Solicitation (the "**Meeting Agent**"), no fewer than five Business Days before the Early Consent Deadline.

In addition, Noteholders may collect copies of the Consent Solicitation Statement from the office of the Meeting Agent, at 80 Robinson Road, #11-02, Singapore 068898, from 6 January 2016, between 9.00 a.m. and 6.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 11.00 a.m. (Singapore time) on 26 January 2016.



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Questions and requests for further information and assistance in relation to the Consent Solicitation should be directed to the Solicitation Agent during normal office hours at its address, e-mail address and telephone number set forth on the back cover of the Consent Solicitation Statement. Questions or requests for assistance in connection with voting at the Meeting and/or the submission or delivery of Voting Instructions may be directed to the Meeting Agent during normal office hours (as specified above) at its address, e-mail address and telephone number set forth on the back cover of the Consent Solicitation Statement.

Shareholders of the Company who are not otherwise Noteholders will not be eligible to attend or vote at the Consent Solicitation either in person or by proxy.

By Order of the Board
AusGroup Limited

Eng Chiaw Koon
Director
6 January 2016

- Ends -

Issued by AusGroup Limited.

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ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australia, Singapore and Thailand. For more information visit www.agc-ausgroup.com