



**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
21 May 2017

AusGroup becomes the first SGX-listed company to initiate a high-yield bond-to-equity conversion

Highlights

- **Proposal to undertake invitation for debt-to-equity conversion on existing Notes and on the Shareholder Loan from Ezion**
- **Successful conversion will reduce the Group's interest costs, reduce its debts and strengthen the Group's balance sheet providing a solid platform for growth**
- **To ensure equality of treatment, the Group is proposing two inter-conditional resolutions which will occur on substantially the same terms**
- **Several major shareholders, including Ezion, representing over 19% of the current issued share capital have committed their support and undertaken to vote in favour of the note conversion**
- **EGM to be duly convened to pass resolutions in relation to the debt-to-equity conversions**
- **New Shares to be issued at S\$0.058, a premium of 6.62% from last trading day's VWAP**

AusGroup Limited (the "Company") is pleased to announce its proposals to undertake an invitation to holders (the "Noteholders") of its S\$110,000,000 7.95 per cent. Notes due 2018 (ISIN: SG6TF6000008) issued by the Group (the "Notes") to offer to exchange Notes for new ordinary shares in the capital of the Group (the "New Shares") (the "Exchange Offer"). Additionally, the Group is also proposing to undertake a capitalisation of the shareholder loan from Ezion Holdings Limited ("Ezion") to the Group via the issuance of New Shares (the "Ezion Loan Capitalisation" and, together with the Exchange Offer, the "Proposed Transactions").

The issue price (the "Issue Price") of each New Share is S\$0.058, representing a premium of approximately 6.62% above the volume-weighted average price ("VWAP") of S\$0.054 per Share from the last trading day of 18 May 2017 and a premium of approximately 6.03% above the VWAP of S\$0.0547 per Share for share trades completed over the 30 market days preceding the date of this announcement. The New Shares will be traded on the SGX-ST in a minimum board lot size of 100 New Shares.

The consideration payable to each Noteholder is such number of New Shares equivalent in value to the sum of (i) the aggregate principal amount of Notes offered for exchange and accepted for exchange by the Group and (ii) the interest accrued and unpaid on such Notes accepted for exchange by the Group, from and including 20 June 2017, being the immediately preceding interest payment date prior to the Settlement Date, up to (but excluding) the Settlement Date (the "Accrued Interest"), based on the Issue Price (the "Exchange Consideration").

The Exchange Offer will commence at 9:00 a.m. (Singapore time) on 22 May 2017 and expire at 5:00 p.m. (Singapore time) on 8 June 2017 (the "Offer Period"), unless amended or withdrawn by the



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Group in accordance with the terms of the Exchange Offer. The Settlement Date of the Exchange Offer is expected to be 30 June 2017.

The Group intends to seek the approval of its shareholders at an extraordinary general meeting (“EGM”) of the Group to be convened for the issue of New Shares to Ezion under the Ezion Loan Capitalisation (“Resolution 1”) and the issue of New Shares to Noteholders under the Exchange Offer (“Resolution 2”). The Group proposes that Resolution 1 and Resolution 2 to be inter-conditional, meaning that if Resolution 1 is not approved, Resolution 2 will not be passed, and *vice versa*.

Mr. Stuart Maxwell Kenny, the Chairman of the Group who owns 8,908,896 Shares representing 1.20% of the Group’s issued share capital, and Barry Alfred Carson and Jennifer Margaret Carson, who together own of 20,651,518 Shares representing 2.79% of the Group’s issued share capital, have undertaken to vote in favour of both resolutions. Additionally, Ezion who owns 132,055,541 Shares representing 17.83% of the Company’s issued share capital has undertaken to vote in favour of Resolution 2, abstaining from voting on Resolution 1 due to it being an interested person of the Group.

Managing Director Eng Chiaw Koon said, “With the Group’s key clients transitioning into operations (particularly LNG processing), where maintenance expenses dominate budgets, the Group has continued to restructure its business accordingly. This has delivered positive results through the Group’s core projects in the Northern Territory and Western Australia oil & gas sector, especially provision of services to LNG projects. In particular, the Q3 FY2017 net profit of AU\$3.3 million represents a significant improvement from the loss of AU\$24.2 million from same period of the preceding year.

Additionally, with the approval to operate a marine supply base at Port Melville for the shipment of equipment and supplies for projects, the Group can develop its operations at Port Melville beyond the historical woodchip export activity.

We wish to continue building on the Group’s positive momentum and it was encouraging to receive a vote of confidence from our major shareholders on the debt to equity conversion proposal. The support from our Chairman in his capacity as a shareholder, along with our largest shareholder, Ezion, provides the impetus for us to execute our long-term growth strategy.

The proposed debt-to-equity conversion will help the Group to attain a healthier balance sheet by reducing debt and increasing paid-up capital, reducing interest costs and improving the Group’s overall ability to raise funds from financial markets. This will translate into an enhanced ability to win new contracts from potential customers due to the improved perception and confidence among the Group’s customers, suppliers, employees and other stakeholders.”

This press release does not constitute an invitation to participate in the Proposed Transactions. No offer or invitation to issue or redeem any securities is being made pursuant to this press release. This press release must be read in conjunction with the announcement dated 21 May 2017, the Exchange Offer Memorandum and the Circular. This press release 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 Group or any other entity.



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Background Information

AusGroup offers a range of integrated service solutions to the energy, industrial and mining sectors across Australia and South East Asia. Our diversified service offering supports clients at all stages of their asset development and operational schedule.

Through subsidiaries AGC, MAS & NT Port and Marine, AusGroup provides maintenance, construction, access services, fabrication and marine services. With over 27 years of experience, we are committed to helping our clients build, maintain and upgrade some of the region's most challenging projects.

Ends

Issued by AusGroup Limited.

For more information, please contact Romil Singh
T +65 6438 2990 | F +65 6438 0064 | E romil@financialpr.com.sg

For further information in Australia, please contact Christian Johnstone
T +61 8 6210 4500 | E christian.johnstone@agc-ausgroup.com

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 Australasia. For more information visit www.agc-ausgroup.com