



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP16/04

Wednesday, 20 January 2016

Sedgman Limited – Panel Receives Application

The Panel has received an application from Sedgman Limited in relation to its affairs. Sedgman is currently the subject of an unconditional off-market takeover bid from CIMIC Group Investments Pty Limited (CGI), a wholly owned subsidiary of CIMIC Group Limited (CIMIC).

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 13 January 2016, CGI announced an unconditional off-market takeover offer at \$1.07 per share for all the shares in Sedgman it does not own and released its bidder's statement. The offer price was said to be final. Prior to the announcement of the bid CGI held 36.99% of the shares in Sedgman.

CGI announced that it intended to exercise its rights under item 2 of section 611¹ and had appointed a broker to stand in the market on ASX from 13 January 2016 and purchase shares at or below \$1.07 per share.

The bidder's statement provides that, if any non-cash Rights are issued, made, arise or accrue in respect of any shares accepted into the bid, the consideration offered by CGI will be reduced by the amount equal to the value of the non-cash Rights as reasonably assessed by CGI. 'Rights' have been defined as including "*dividends (and any attaching franking credit)*".

Sedgman submits that CGI's intention to reduce the offer price by the value of franking credits as reasonably assessed by it breaches the Corporations Act and has been inadequately disclosed.

¹ References are to the *Corporations Act 2001* (Cth) unless otherwise indicated

Sedgman also submits that CGI does not provide sufficient information regarding (among other things):

- the manner in which the franking credits will be valued for the purpose of reducing the offer price
- proposed candidates for the Sedgman Board and
- CGI's intentions, particularly regarding the business of Sedgman if as a result of the bid it owns between 50% and 90% of Sedgman shares.

Sedgman seeks interim orders (among others) to the effect that:

- the bidder's statement not be despatched to Sedgman shareholders and no acceptances of the Offer be processed and
- CGI, CIMIC and any associated parties (**CIMIC parties**) cease acquiring shares in Sedgman and cease increasing their voting power in Sedgman.

Sedgman seeks final orders (among others) that:

- all acquisitions of Sedgman shares by CIMIC parties which have been effected on, or reported to, the ASX since 13 January 2016 be unwound and cancelled or, alternatively each shareholder of Sedgman who has sold their Sedgman shares to one or more CIMIC parties which sales were effected on, or reported to, ASX since 13 January be given rights to reverse the sale and
- CGI supplement or replace the bidder's statement in a manner which makes corrective disclosure and is acceptable to the Panel and ASIC.

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