

ASX RELEASE

7 June 2018

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Chair's Address to Scheme Meeting

In accordance with Listing Rule 3.13.3, please find attached a copy of the Chair's address to be given at the Watpac Limited (**Watpac**) (**ASX: WTP**) Scheme Meeting, which is to be held today at 10:00am (Brisbane time).

Yours sincerely
WATPAC LIMITED



Mark Baker
COMPANY SECRETARY

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Watpac Limited
Scheme Meeting – 7 June 2018

Good morning ladies and gentlemen and welcome to the Scheme Meeting of Watpac Limited. My name is Peter Watson and I am the Chairman of Watpac. I will be chairing the meeting today.

I would like to begin by welcoming you to today's Scheme Meeting and thank you for your attendance. I would also like to acknowledge my fellow board members, the management, staff and shareholders for their support to date.

Today is a significant day in the history of Watpac. Today, shareholders will be asked to vote on a proposed scheme of arrangement under which the BESIX Group would acquire 50% of the Watpac Shares held by each shareholder, other than BESIX and its associates, for cash consideration of \$0.92 per Scheme Share. I will refer to this proposed transaction from now on as the Scheme.

The purpose of this Scheme Meeting is to seek the agreement of shareholders to the Scheme. It is past 10am (being the scheduled start time for the meeting) and now time to commence the Scheme Meeting.

I am advised that a quorum is present and I therefore declare the Scheme Meeting open. Before we proceed, I ask that you ensure that any mobile phones, electronic equipment and recording devices are turned off.

Emergency exits are located around the room. In the event of an emergency please take direction from the Watpac staff here today.

This Scheme Meeting is convened in accordance with orders made by the Federal Court of Australia on 24 April 2018 under section 411(1) of the Corporations Act.

Before I introduce your directors, I will outline the conduct of today's meeting.

I remind everyone that this is a shareholders' meeting and only shareholders, appointed proxies, corporate representatives and attorneys have the right to speak at the meeting. We have allowed visitors and press into the meeting.

As outlined in Watpac's scheme booklet dated 26 April 2018 (Scheme Booklet), the resolution to be voted on by shareholders at today's meeting will be decided on a poll.

The business of this meeting is set out in the notice of Scheme Meeting, which is included in Attachment E of the Scheme Booklet. The notice of Scheme Meeting was distributed to shareholders on 1 May 2018 and therefore I will take the Notice of Scheme Meeting as read.

I would now like to introduce to you the members of the independent board committee seated at the table with me.

- Linda Evans, Non-Executive Director; and
- Bronwyn Morris, Non-Executive Director

Unfortunately, Non-Executive Director and member of the Independent Board Committee, Garret Dixon, could not be here with us today due to prior commitments.

Also in attendance at the meeting are the following people:

- Rik Vandenberghe, Non-Executive Director and Chief Executive Officer of BESIX Group;
- Carlo Schreurs, Non-Executive Director and Chief Development Officer of BESIX Group;
- Martin Monro, Managing Director; and
- Mark Baker, Chief Financial Officer and Company Secretary

The purpose of this meeting is to consider and, if thought fit, to pass the following resolution. This resolution is set out in the notice of meeting which is contained in Attachment E of the Scheme Booklet and appears on the screens in the room:

“That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Watpac Limited and the holders of its ordinary shares (other than certain excluded shareholders), as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Federal Court of Australia to which Watpac Limited and BESIX Group SA agree.”

The proposal has also been outlined in detail in the Scheme Booklet which was made available to shareholders in accordance with Court orders.

Following receipt of BESIX’s initial indicative non-binding proposal in mid-January 2018, Watpac formed an independent board committee, or IBC, to consider the BESIX proposal comprising Ms Bronwyn Morris, Ms Linda Evans, Mr Garret Dixon and myself as Chair.

Your IBC Directors unanimously recommend that you vote in favour of the Scheme, and intend to vote all Shares held or controlled by them in favour of the Scheme. Your IBC Directors confirm that no Superior Proposal has been received as at the date of this meeting.

Your IBC Directors have formed the view that the Scheme is in the best interests of Watpac Shareholders for the following main reasons:

- the Scheme Consideration represents an opportunity for Scheme Shareholders to immediately realise certain cash value for their Scheme Shares;
- the Scheme Consideration represents a significant premium to Watpac's recent historical trading prices on the ASX;
- BESIX has the potential to bring substantial long-term value to Watpac if the Scheme is implemented;
- the Scheme provides Scheme Shareholders an immediate liquidity event allowing them to monetise half of their investment in Watpac;
- the potential benefits of the Scheme outweigh its potential disadvantages and risks; and
- since the announcement of the Scheme, no alternative proposal has emerged.

Of course, there are some reasons why Watpac shareholders might consider voting against the Scheme. For example you may be concerned by a possible reduction in the liquidity of the remaining Watpac Shares that you would hold or BESIX's ability to effectively control Watpac. However, your IBC Directors unanimously consider the Scheme's potential benefits and advantages outweigh its potential risks and disadvantages.

In addition to these reasons, your IBC Directors have formed their view because the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Watpac Shareholders, in the absence of a Superior Proposal.

The Scheme will not become effective unless certain conditions are satisfied or waived. A summary of these conditions is set out in section 7.1 of the Scheme Booklet. In summary, all of the conditions have been satisfied other than the conditions which cannot be satisfied until this meeting is held or after this meeting.

As at today's date:

- **ASIC and ASX approval** – ASIC and ASX have issued and not withdrawn such consents or approvals which the parties agree are reasonably necessary to implement the Transaction;

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- **FIRB approval** – FIRB Approval for the Transaction has been obtained;
- **Change of Control contracts** – sufficient consents have been received to satisfy the condition associated with change of control contracts; and
- **Independent Expert Report** – the Independent Expert has issued a report which values Watpac on a controlling interest basis at a range of \$0.82 to \$1.01 and concluded that the Scheme is in the best interests of Watpac Shareholders.

The remaining “positive” conditions are approval of the Scheme by shareholders and Court approval.

Certain other conditions are “negative” conditions, in that they will be satisfied unless certain negative events occur before 8.00 am on the Second Court Date. As at the date of this meeting, so far as Watpac is aware, none of those “negative” conditions have been triggered. That is:

- no Material Adverse Effect has occurred;
- no Prescribed Event has occurred;
- the Scheme Implementation Agreement has not been terminated;
- no Court or Regulatory Authority has issued an order, injunction, decree or ruling or otherwise imposed a legal restraint preventing the Scheme;
- no Performance Rights have been vested (other than as contemplated in accordance with the Scheme Implementation Agreement) and no relevant Watpac Shares have been issued as a result or as a consequence of the Scheme;
- between 25 February 2018 and 8.00am on the Second Court Date Watpac has not become aware of any information which Watpac would be obliged to tell ASX pursuant to ASX Listing Rule 3.1 if it was not relying upon the exception in ASX Listing Rule 3.1A or if the Scheme were proceeding by way of a takeover bid, it would be required to include in a target’s statement, where that information would have a Material Adverse Effect; and
- after 26 February 2018, the ASX300 Index has not fallen to a level that is 80% or less of the level as at the close of trading on that date and remains at or below that 80% level for at least 3 business days or until the date immediately before the Second Court Date.

In relation to the Material Adverse Effect condition, BESIX has confirmed that, despite Watpac’s 28 March 2018 earnings guidance update, it remains committed to the Transaction and has waived its rights under this condition in respect of the subject matter addressed by the 28 March 2018 announcement.

The Second Court Date is scheduled to proceed at 10.15am on 14 June 2018 at the Federal Court of Australia at Law Courts Building, Queens Square, Sydney, New South Wales. If a Condition Precedent is

not satisfied or waived (if applicable) by 8.00am on this date, Watpac may make an application to the Court to change the date for this hearing.

In order for the resolution to be passed, it must be agreed to by:

- a majority in number (more than 50%) of Watpac Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy); and
- at least 75% of the total number of votes cast on the resolution at the meeting by Watpac Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy).

– ENDS –

For further information contact:

Investor Relations – Mark Baker, Chief Financial Officer on 07 3251 6442

Media – Amanda Campbell, Corporate Affairs Manager on 07 3251 6453

Note to editors: Watpac is a leading national construction and mining contracting group with operations in all mainland States and Territories. We have been listed on the Australian Securities Exchange since 1985 and have offices in Brisbane, Sydney, Melbourne, Adelaide, Perth, Townsville and Port Macquarie. More information is available at www.watpac.com.au.

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