

ASX ANNOUNCEMENT**17 DECEMBER 2014**

VALMEC ACQUIRES EXTERRAN (AUSTRALIA) PTY LTD

HIGHLIGHTS

- Valmec has entered into an agreement to acquire Exterran (Australia) Pty Ltd (EAPL), a service, maintenance and spare parts business;
- Provides strong link to global industry leader;
- Acquisition to be funded from cash reserves and additional debt facilities;
- Acquisition complements Valmec's existing business with immediate access to new service, maintenance and parts recurring sales mix;
- Valmec now becomes a full end-to-end contractor providing engineering, procurement, construction, servicing and maintenance services to the civil and gas industries.

1. Transaction Overview

Valmec Limited (**ASX: VMX**) is pleased to announce it has entered into a Share Purchase Agreement (SPA) to acquire Exterran (Australia) Pty Ltd (EAPL), a specialist provider of field and workshop maintenance, spare parts, engineering and operations support to the power, oil and gas sector.

EAPL was established in 1999 and has offices and facilities in Perth, Roma, Brisbane and Dalby with operations also in South Australia. It employs approximately 50 staff.

EAPL is a subsidiary of US listed company, Exterran Holdings, Inc., a global market leader in the provision of gas compression, production and processing equipment and operations.

With established customer relationships with Tier 1 gas producers and shippers, EAPL is ideally positioned to capitalise on the expected growth in service, maintenance and sustaining capital works as new client production assets move to the operational phase.

EAPL's sales and operations presence on the east coast of Australia also enables Valmec to be strategically positioned in the project lifecycle, as the three new LNG projects commence production over the next two years.

On completion, EAPL will become part of the Valmec Group and will operate as Valmec Services Pty Ltd.

The transaction includes:

- The acquisition of Exterran (Australia) Pty Ltd including all existing Long Term Service Agreements.
- Exclusive arrangements with Exterran Energy Solutions LP for the future sale and lease of its compression equipment in Australia
- Technical Services Agreement for the start-up, commissioning and support of future compression installations.
- Parts Supply Agreement to secure the supply chain of OEM parts for after-market sales and support.

Pursuant to the confidentiality terms of the SPA, Valmec is able to disclose that the total consideration is 100% cash upfront on closing with a working capital adjustment payable in January 2015.

2. Strategic Rationale – “Wellhead to Pipeline”

EAPL presents as a compelling strategic fit consistent with VALMEC’s single source focus to deliver value throughout the project lifecycle.

The acquisition of EAPL offers:

New Client Interface:	Provides greater access to Tier 1 Australian oil and gas producers, shippers and utility providers with a blue chip client base
Sales Mix / Diversification:	Provides new recurring revenue streams – Long term service agreements, technical service agreements, high volume labour and parts sales transactions
EPC Tender Pipeline:	Exposure to new higher value EPC projects further up the supply chain supported by a global partner
Specialist Management and Staff:	Approximately 50 staff with 75% field, workshop technicians and parts specialists and an experienced management team with proven track record
EPS:	Expected to be EPS accretive in FY15
Vendor Relationship:	Specialist product sales team operating under exclusive agency with a global compression leader.



3. Completion

Completion of the acquisition is expected in late December 2014.

Valmec Managing Director Steve Dropulich said the acquisition of EAPL, coupled with the execution of an exclusive Sales Representation Agreement and Technical Services Agreement with Exterran Holdings, Inc., are key milestones in the Valmec “single source” delivery strategy.

“We recognised that we needed an Australian-based full sales and service proposition, as part of our strategy of providing a ‘sole source solution’ to our clients. The acquisition of Exterran Holdings Inc’s Australian subsidiary together with the execution of key sales, services and supply agreements with US based Exterran, expands Valmec’s capabilities in the sector and leverages both groups to the expanding Australian gas sector.”

US-based Exterran is an industry leader in natural gas compression products and services, with annual sales exceeding US\$3 billion. Exterran Holdings employs approximately 10,000 staff working in more than 30 countries including a long-term sales presence in Australia.

“We look forward to welcoming our new employees to the Valmec Group and we are delighted to be working with Exterran, which is widely regarded as the world’s number one provider in this sector.”

“This acquisition and the agreements executed with Exterran fit perfectly with our mission of delivering value to our clients across every aspect of our operations.”

About VALMEC

Valmec is an Australian energy and multi-discipline services group providing specialised packaged equipment, construction, maintenance, commissioning and integrity maintenance services to the resources, energy and infrastructure sectors.

Founded by an experienced team of EPC and contracting professionals each with more than 25 years in the Australian gas industry, Valmec’s focus is on the delivery of innovative project solutions, superior service and faster time-to-market options than the competition.

Valmec employs approximately 180 project and support personnel, operating out of modern offices and fully equipped workshop facilities in Western Australia and Queensland.

About Exterran

Exterran Holdings, Inc. is a global market leader in full service natural gas compression and a premier provider of operations, maintenance, service and equipment for oil and gas production, processing and transportation applications. Exterran Holdings serves customers across the energy spectrum—from producers to transporters to processors to storage owners.

Headquartered in Houston, Texas, Exterran has approximately 10,000 employees and operates in approximately 30 countries. Exterran Holdings owns an equity interest, including all of the general partner interest, in Exterran Partners, L.P. (NASDAQ: EXLP), the leading provider of natural gas contract operations services to customers throughout the United States. For more information, visit www.exterran.com.

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