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3 February 2010

## Norfolk Group Limited – Pro-rata Renounceable Rights Issue

The international provider of integrated building and engineering services, Norfolk Group Limited (**Norfolk**) (listed on the Australian Securities Exchange), is pleased to announce a 2-for-9 pro-rata renounceable rights issue (the **Offer**) at \$0.72 per new share (**New Share**) to raise gross proceeds of approximately \$20.8 million. The record date for the Offer is 7pm (AEDT) on Thursday 11 February 2010 (**Record Date**). The offer is fully underwritten by Commonwealth Securities Limited (**Commonwealth Securities**) and fully sub-underwritten by the Maui Group (**Maui**).

### Key Points:

- Norfolk launches an equity raising to raise approximately \$20 million through a 2 for 9 renounceable rights issue at an offer price of \$0.72 per New Share.
- Norfolk intends to use the proceeds of the Offer to strengthen its balance sheet and provide financial flexibility to pursue growth opportunities.
- To further strengthen Norfolk's capital base, Norfolk has also arranged to increase its bonding facility by \$10 million.
- Refinancing risk removed with a credit approved term sheet agreed for new facilities for 3 years at a conservative gearing level of less than 1.0 times EBITDA as at 30 September 2009.

Glenn Wallace, Managing Director said the Offer was a key step in realising Norfolk's domestic and international expansion plans and sales growth targets.

"Norfolk continues to win significant projects to underpin the future growth of the company. In order to drive our strong growth we need to strengthen our balance sheet so that we are poised to take advantage of the many growth opportunities we see in the market. The proceeds of the Offer will provide Norfolk with a sound basis to pursue its growth strategy, therefore I strongly encourage all shareholders to take up their rights."

### Key Terms of the Offer

Type of Offer	Pro-rata renounceable rights issue
Issue Ratio	2 New Shares for every 9 existing Norfolk shares held
Issue Price	\$0.72 per New Share
Issue Price Discount	Issue price represents a 18.6% discount to Norfolk's closing share price on 2 February 2010 and a 15.8% discount to the theoretical ex-rights price
Record Date	7pm (AEDT) on 11 February 2010
New Shares Issued	Approximately 28.9 million
Funds Raised	Approximately \$20 million
Underwriter	Commonwealth Securities
Sub-Underwriter	Maui

## **Key Highlights of the Offer**

Under the Offer, eligible shareholders are able to subscribe for 2 New Shares for every 9 existing Norfolk shares held at the Record Date.

Other key highlights of the Offer include:

- Eligible shareholders can choose to take up their entitlements in full, in part or not at all;
- The rights are renounceable and can be traded on the ASX. The trading period is expected to commence on 5 February 2010 and close on 19 February 2010; and
- Eligible shareholders may, in addition to taking up their entitlements in full, apply for New Shares in excess of their entitlements (Additional Shares). Additional Shares will only be available where there is a shortfall between applications received from eligible shareholders (or persons to whom rights have been transferred or sold) and the number of New Shares proposed to be issued under the Offer. Additional Shares will be issued at the offer price of \$0.72 per share. If demand for Additional Shares exceeds the number of New Shares available for allocation, the Board will implement a pro-rata scale-back of applications for Additional Shares based on shareholdings as at the Record Date. Information regarding the allocation of Additional Shares is set out in the offer booklet which will be sent to all eligible shareholders (Offer Booklet);
- New Shares issued under the Offer will rank equally with existing ordinary shares.

## **Ineligible Shareholders**

The Offer is open only to eligible shareholders. An eligible shareholder is a holder of Norfolk shares who is registered as a holder of Norfolk shares as at the Record Date and who is not an ineligible shareholder. A person will be an ineligible shareholder if that person:

- has a registered address which is not in Australia or New Zealand;
- is in the United States or is a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933) or acting for the account or benefit of a U.S. Person; or
- is ineligible under any applicable securities laws to receive an offer under the Offer.

Norfolk has appointed Commonwealth Securities to sell the rights of ineligible shareholders on the ASX. The net proceeds (if any) from the sale of those rights will be sent to ineligible shareholders.

## **Dividend Guidance**

Based on preliminary results for the full year to 31 March 2010, it is expected that a dividend will not be paid for the full year 2010, with the focus remaining on reducing debt. Norfolk recognises the desire of shareholders to receive stable and growing dividends, however the Board believes it is in the best interests of the business and its shareholders to pursue an optimal capital structure ahead of paying a dividend.

## **Debt Reduction and Maturity Profile**

Norfolk has successfully negotiated a credit approved term sheet for a club debt facility with Westpac and Commonwealth Bank of Australia for 3 years. The \$45 million reduction in debt facility has moved Norfolk's gearing to a conservative position of less than 1.0 times EBITDA as at 30 September 2009 providing significant covenant headroom. As part of the new agreement, the bonding facility has been increased to \$60 million which will be used to support growth and enable Norfolk to bid on larger contracts.

## **Outlook**

Key points to note in relation Norfolk's outlook are as follows:

- Record order book (\$820 million) positions the company well for the future.

- Continued commitment to existing Norfolk Group strategy, including focus on stable sectors.
- \$766 million of FY2010 revenue underpinned by contracts, work orders and ongoing service commitments.
- Significant new contracts.
- Ability to bid for larger contracts with the recent increase in the bonding facility.
- Entry and expansion into the Asia Pacific region.

### **Underwriting and Sub-underwriting Arrangements**

Norfolk has entered into an underwriting agreement with Commonwealth Securities under which Commonwealth Securities has agreed to fully underwrite, and act as manager in respect of, the Offer.

In addition, Commonwealth Securities has entered into a sub-underwriting agreement with Maui, an existing Norfolk shareholder who (according to its most recent substantial holder notice filed with the Company) has voting power in Norfolk of 17.7%. Under the terms of this sub-underwriting agreement, Maui has agreed to fully sub-underwrite the Offer. The sub-underwriting agreement will remain binding for so long as the underwriting agreement between Norfolk and Commonwealth Securities remains in place.

The effect of the combined underwriting and sub-underwriting arrangements and the potential impact of those arrangements on the control of Norfolk are described in the Offer Booklet.

### **Further Details**

Further details of the Offer, including details of the use of proceeds, the timetable and key risks of the Offer are contained in the investor presentation released to the ASX today and available on Norfolk's website. The Offer Booklet, which includes the investor presentation, was also released to the ASX today and is expected to be dispatched to eligible shareholders on or before 12 February 2010.

### **Shareholder Enquiries**

Shareholders who have questions regarding the Offer should phone the Norfolk Shareholder Information Line on 1300 881 079 (within Australia) or +61 2 8280 7506 (from outside Australia) any time between 8:30am and 5:30pm (AEDT), Monday to Friday from Friday 12 February 2010 to Monday 8 March 2010.

### **Investor/Analyst Call**

Date: 1 pm AEDT 3 February 2010  
 Local Dial In: +61 2 8113 1400  
 Australia Dial In: 1800 554 798  
 New Zealand Dial In: 0800 450 585

### **For further information please contact:**

#### **Analysts / Investors:**

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## **Norfolk Group Limited**

Norfolk is a leading international provider of integrated building and engineering services. In Australia, Norfolk, Norfolk is number one in the electrical and non-residential HVAC (heating, ventilation and airconditioning) maintenance services markets.

Norfolk employs more than 3,500 people, including highly skilled engineers, electricians, plumbers, air conditioning technicians and apprentices, across more than 150 sites throughout Australia, New Zealand and India. Norfolk has more than 19,500 customers across a range of sectors including infrastructure, industrial, commercial, resources, retail, government and communications.

For further information on Norfolk, please visit [www.norfolkgl.com](http://www.norfolkgl.com).

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This announcement does not constitute an offer to *sell or a solicitation of an offer to buy*, securities in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 as amended (the U.S. Securities Act) (U.S. Person)). The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

This announcement contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Norfolk and its officers, employees, agents or associates, which may cause actual results to differ materially from those expressed or implied in such statements. Some of these risks are set out in the investor presentation released to the ASX and available on Norfolk's website. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements are based on information liable to Norfolk as of the date of this release. Except as required by law or regulation, Norfolk assumes no obligation to update such information.