

ASX RELEASE

15 May 2018

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Scheme Investor Presentation

Please find attached a copy of an investor presentation relating to the Watpac Limited Scheme of Arrangement.

The Watpac Independent Board Committee continue to unanimously recommend that Watpac Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting (in the absence of a Superior Proposal).

Shareholder information

If Watpac Shareholders have any questions about the Scheme Booklet or the Scheme of Arrangement, they should call the Watpac Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) on Monday to Friday between 8.30am and 5.30pm (AEST).

– 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

Watpac is a leading national construction and mining contracting group with operations in all mainland States and Territories. Watpac has 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.

WATPAC LIMITED
ABN 98 010 562 562

Level 1, 12 Commercial Road
Newstead QLD 4006
PO Box 2053
Fortitude Valley QLD 4006

Phone 07 3251 6300
Fax 07 3251 6393
Web www.watpac.com.au





Proposed acquisition by BESIX to increase its holding to 64.1%: Strengthening of the Watpac platform

May 2018

Disclaimer



- The material in this presentation provides information in relation to the proposed acquisition by BESIX Group SA (**BESIX**) of 50% of the ordinary shares in Watpac Limited (**Watpac**) held by each Watpac shareholder (other than BESIX) (**Scheme Shareholders**) through a scheme of arrangement (**Scheme**). It is current at the date of preparation, **15 May 2018**. Further details are provided in the Scheme Booklet dated 26 April 2018 and other material disclosed via the Australian Securities Exchange companies announcement platform.
- No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, or any opinions and conclusions it contains or any other information which Watpac provides to you. In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, synergies, returns, benefits or statements in relation to future matters contained in the presentation (**forward-looking statements**). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases outside the control of Watpac and its officers) which may cause the actual results or performance of Watpac to be materially different from any future results or performance expressed or implied by such forward looking statements. You should make your own independent assessment of the information contained in the presentation and seek your own independent professional advice in relation to the information and any action taken on the basis of the information.
- To the maximum extent permitted by law, Watpac, BESIX, their respective related bodies corporate, officers, employees, agents and advisers disclaim any responsibility for the accuracy or completeness of any information contained in this presentation, including any forward-looking statements and disclaim any responsibility to update or revise any information or forward-looking statement to reflect any change in Watpac's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based.
- This presentation provides information in summary form only and is not intended to be complete. Do not rely on this information to make an investment decision or to make any decision whether or not to vote in favour of the Scheme. It is not intended to be relied upon as advice to shareholders or potential shareholders and does not take into account the investment objectives, financial situation or needs of any particular shareholder. Shareholders or potential shareholders should consider seeking independent professional advice.
- To the maximum extent permitted by law, none of Watpac, BESIX, their respective related bodies corporate, officers, employees, agents or advisers, or any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any direct, indirect or consequential loss or damage suffered by any person arising from the use of this presentation or its contents or otherwise arising in connection with it.
- This presentation should be read in conjunction with other publicly available material. Further information regarding historical results and a description of the activities of Watpac is available on our website, www.watpac.com.au.
- This presentation does not constitute an offer to sell, or solicitation of an offer to buy, any securities or other financial products in any jurisdiction. The distribution of this presentation outside Australia may be restricted by law. Any recipient of this presentation outside Australia must seek advice on and observe any such restrictions. This presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of Watpac.

Reasons to vote in favour



- ✓ The **IBC unanimously recommends** that you vote in favour of the Scheme
- ✓ The Independent Expert has concluded that the **Scheme is fair and reasonable in the absence of a superior proposal** – the \$0.92 per Scheme Share represents a 40% premium¹
- ✓ The Scheme would provide you with the certainty of **immediately realising cash value** for 50% of your investment in Watpac
- ✓ The Scheme would allow you to **continue to hold an interest in Watpac**
- ✓ The Scheme provides an **immediate liquidity event** for 50% of your investment in Watpac
- ✓ **BESIX can add long-term value to Watpac**
- ✓ If the Scheme is not successful **Watpac share price may fall**
- ✓ **No Superior Proposal** has emerged since the scheme announcement
- ✓ If the Scheme does not proceed, **BESIX has indicated it may review its substantial shareholding in Watpac**

Note: 1. 40.0% premium to its 3-month volume weighted average price of \$0.66. Volume weighted average price calculated as at 23 February 2018.

Independent Expert has concluded Scheme is “fair and reasonable”



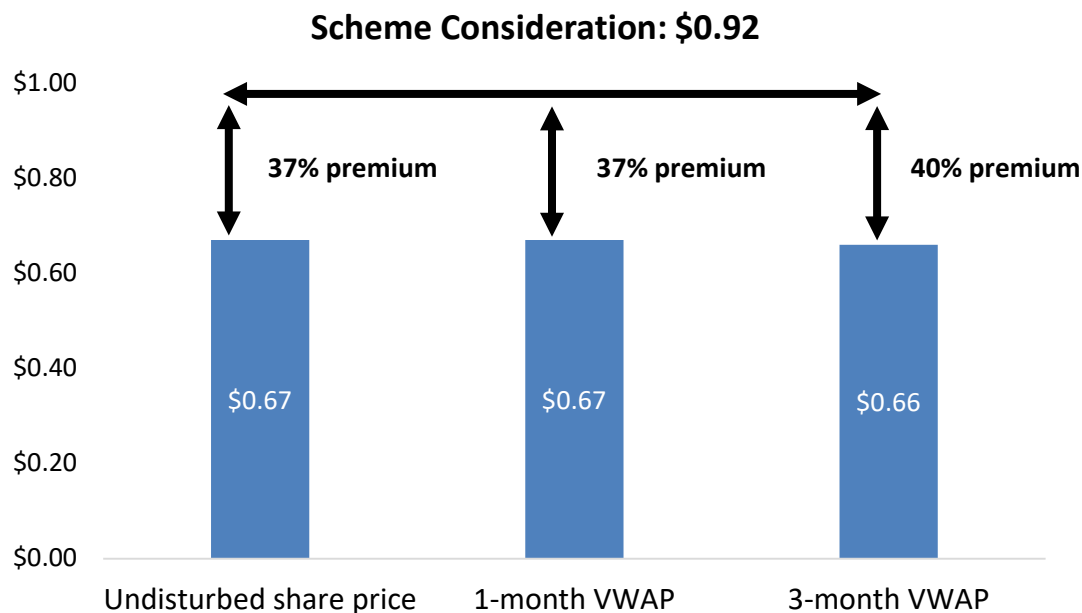
- 1 The Civil and Mining business has been valued on a **realisation of net assets basis** using the valuation recently provided by two independent valuation firms
- 2 **Surplus cash has been calculated on a fundamental analysis** of working capital and cash required for bonding facilities
- 3 The **offer price of \$0.92** is within the independent expert’s valuation range

Watpac – valuation summary			
	Paragraph reference	Low \$m	High \$m
Construction Business	159	60.5	73.8
Civil & Mining Business	168	47.0	64.0
Property assets held for sale	172	15.5	16.0
Surplus cash	182	20.0	20.0
Tax losses and R&D ⁽¹⁾ tax offsets	184	9.3	12.3
Total equity value		152.3	186.1
Fully diluted shares on issue (million)	191	184.8	184.8
Equity value per share		\$0.82	\$1.01

Significant liquidity event at a premium



- The number of shares acquired by BESIX as part of the Scheme would be approximately equal to the **total number of Watpac shares traded over the last 20 months** prior to the Announcement Date



Note: The graph above shows the Scheme Consideration of \$0.92 per Scheme Share relative to Watpac Shares' recent share prices prior to the announcement of BESIX's proposal on 26 February 2018. Undisturbed closing price of \$0.67 as at 23 February 2018, and volume weighted average prices calculated as at 23 February 2018.

BESIX can add long-term value



- ✓ **Access to other construction segments**
- ✓ **Opportunities to diversify into other contracting disciplines**
- ✓ **Enhanced technical capabilities for Watpac** (such as the input of its in-house engineering department)
- ✓ **Seeking to optimise Watpac's financial arrangements** with the support of BESIX's balance sheet
- ✓ **Access to BESIX's international client and contact base**
- ✓ **Ability to benefit from BESIX's expertise and international profile**
- ✓ **Access to BESIX's extensive innovation program**
- Refer to Appendix A slide 15 for more information on BESIX

No alternative proposal



- No Superior Proposal has emerged and your IBC Directors are not aware, as at the date of the Scheme Booklet, of any Superior Proposal that is likely to emerge
- If the Scheme is **not implemented**:
 - The full amount of your Watpac Shares will continue to be subject to **market volatility**
 - **Watpac will face ongoing risks to successfully achieving its current strategic objectives without enhanced resourcing and assistance from BESIX**
 - **BESIX has indicated it may review** its substantial shareholding in Watpac
 - Due to these three factors, **the price at which Watpac Shares trade may fall**, including to a price that is below the Scheme Consideration of \$0.92 per Share

Role of the Independent Board Committee



- An Independent Board Committee (**IBC**) was formed in mid-January 2018 to consider the BESIX proposal and comprises of independent directors Peter Watson, Bronwyn Morris, Linda Evans and Garret Dixon
- The IBC undertook an assessment of the financial position of Watpac and the challenges Watpac is currently facing
- Over several weeks the IBC engaged BESIX in extensive negotiations that resulted in the IBC receiving a materially improved proposal from BESIX
- The IBC was responsible for evaluating the merits of the BESIX proposal and negotiated the Scheme Implementation Agreement that Watpac entered into with BESIX on 25 February 2018
- **The IBC unanimously recommends that shareholders vote in favour of the scheme**

Post-Acquisition Intentions



- If the Scheme is implemented, BESIX **intends to support Watpac's ASX listing** because of the advantages it sees that the listing provides in:
 - Maintaining Watpac's identity as an ASX listed company which forms part of its well-known brand. BESIX believes this identity and brand has strong relevance and appeal to current and future potential customers, employees and various other stakeholders.
 - Maintaining transparency and corporate governance standards as required by the ASX's listing rules and recommended in the ASX Governance Council's corporate governance principles (including to provide relevant protection to minority shareholders). BESIX believes this will contribute to long-term value creation for all Watpac Shareholders.
 - Facilitating the provision of valuable long term incentives for Watpac employees which BESIX believes will assist in enhancing alignment between management incentives and the creation of long-term value for all Watpac Shareholders.

Post-Acquisition Intentions (cont.)



- BESIX does not currently intend, in the absence of a superior proposal, to make an offer to acquire 100% of the Watpac shares.
- If the Scheme is implemented, **BESIX intends to work with the Watpac Board** to conduct a general review of Watpac's operations
 - This review may identify areas which may be further improved in order to further enhance the performance of the Watpac business
- Other than the Civil and Mining business currently under review, it is **not BESIX's present intention to make material divestments** of assets if the Scheme is implemented
- **BESIX intends to bring long-term value to Watpac** with a return to recurring profitability in the shortest timeframe possible
- Upon a return to recurring profitability, **BESIX's current intention would be to support the payment of dividends** that are in line with or higher than historic dividend distribution levels that followed previous profitable years for Watpac.¹

Post-Transaction Board Composition



- After the Scheme is implemented, the Watpac Board will consist of eight directors, three of whom will be BESIX nominees and at least two of whom will be independent directors
- BESIX intends for all current Watpac directors to remain on the Watpac Board until the end of their current term
- Subsequently, BESIX intends to have representation on the Board that is commensurate with its economic interest in Watpac
- It is the intention of the Board to maintain a membership of cohesive and collaborative directors under a thorough board succession plan
- Watpac and BESIX will establish protocols for governing any conflicts of interest or related party transactions

Post-Transaction Board Composition



Name	Classification
Peter Watson	Independent Non-Executive Chairman
Garret Dixon	Independent Non-Executive Director
Linda Evans	Independent Non-Executive Director
Bronwyn Morris	Independent Non-Executive Director
Carlo Schreurs	Non-Executive Director – Shareholder Representative
Rik Vandenberghe	Non-Executive Director – Shareholder Representative
BESIX Representative	Non-Executive Director – Shareholder Representative
Martin Monro	Managing Director

- All of Watpac's independent non-executive directors and the managing director hold an interest in Watpac shares
- As at the date immediately prior to the date of the Scheme booklet, no Watpac director (other than BESIX nominee directors) had a relevant interest in any securities of **BESIX**

Note: Johan Beerlandt is an Alternative Non-Executive Director for Carlo Schreurs and Geert Aelbrecht is an Alternative Non-Executive Director for Rik Vandenberghe.

Key dates



Key dates

Latest time and date for receipt of proxy forms (including proxies lodged online) or powers of attorney by the Watpac Share Registry for the Scheme Meeting	10am on 5 June 2018
Time and date for determining eligibility to vote at the Scheme Meeting	7pm on 5 June 2018
Scheme Meeting	10am on 7 June 2018 at Watpac Head Office, Level 1, 12 Commercial Road, Newstead, Queensland, Australia

If the Scheme is approved by Scheme Shareholders:

	14 June 2018
Second Court Date	
Outcome of Second Court Hearing announced to ASX	14 June 2018
Effective Date	15 June 2018
Record Date (for determining entitlements to Scheme Consideration)	7pm on 18 June 2018
Implementation Date (Scheme Consideration will be despatched to Scheme Shareholders on the Implementation Date)	25 June 2018

Why you may wish to vote against the Scheme



- You may disagree with the recommendation of the IBC and the conclusions of the Independent Expert
- You may prefer to fully participate in the future financial performance of the Watpac business
- You may wish to maintain your current investment exposure to Watpac and its current risk profile
- You may have concern that BESIX, as a majority shareholder, has the ability to exercise effective control over Watpac in a manner that may be perceived to be disadvantageous to minority shareholders
- You may be concerned about a reduction in liquidity
- Implementation of the Scheme may trigger adverse tax consequences
- You may consider there is potential for a Superior Proposal to be made in the foreseeable future

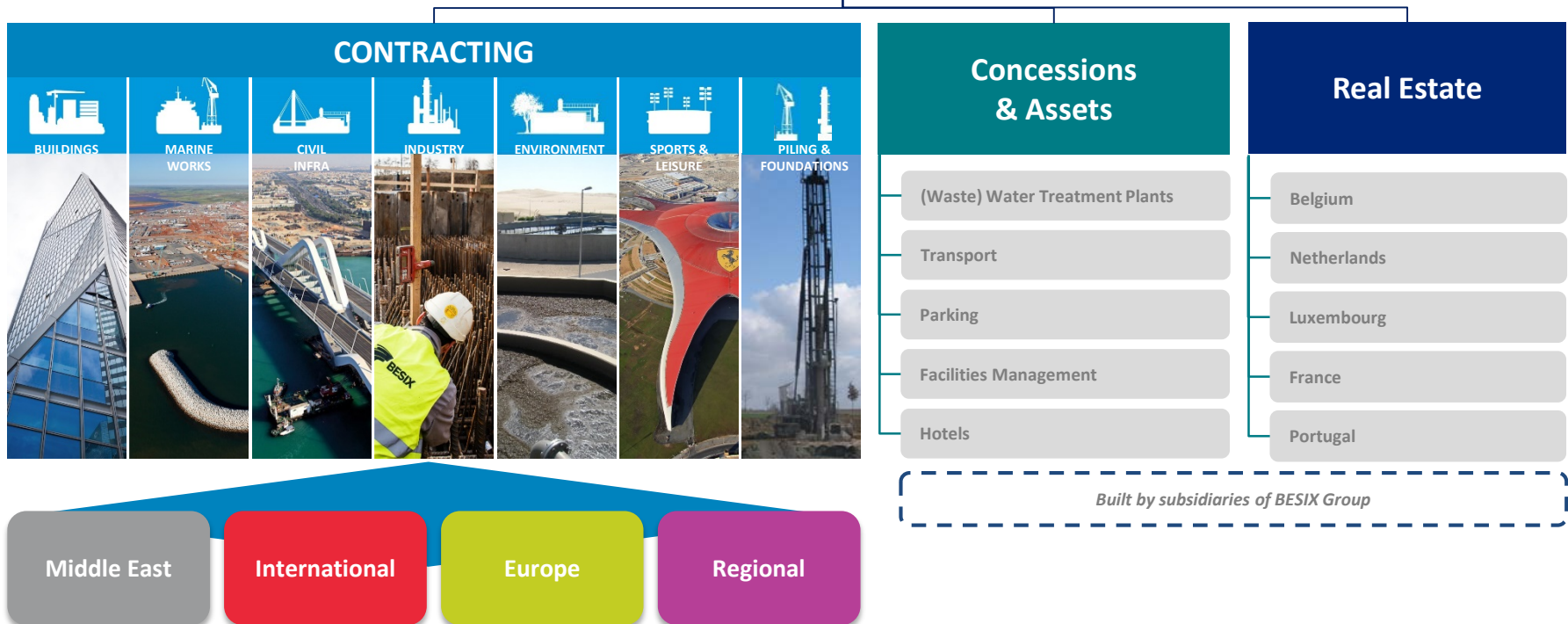
Appendix A: BESIX overview

BESIX organization



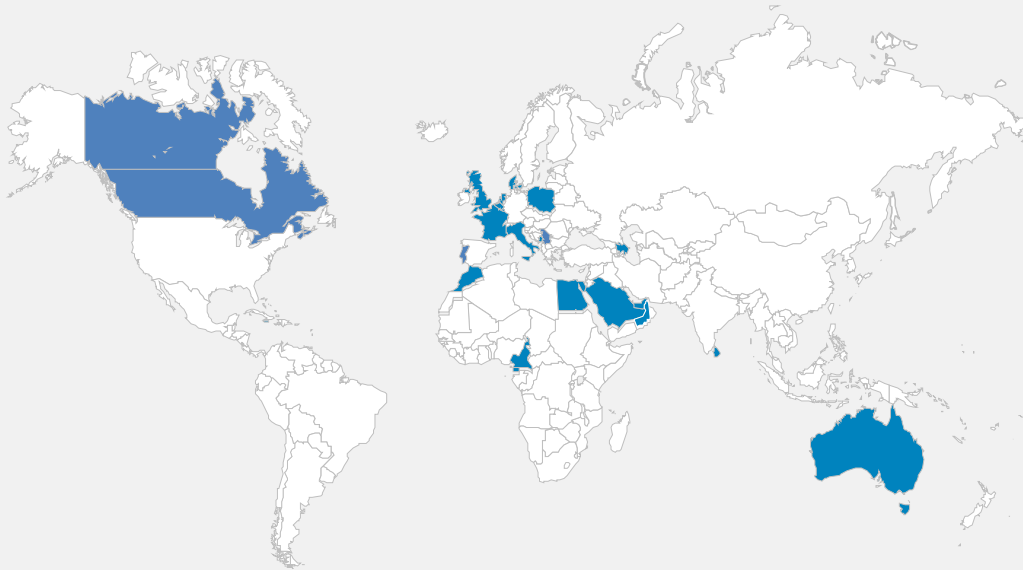
Multi-services Group with activities in 22 countries

109



A strategy of diversification

Geographical spread & activity scope reinforce our services offering and mitigate risk



CONCESSIONS
& ASSETS

REAL ESTATE

CONTRACTING



N°1
in Belgium

N°75
TOP 250
International
Contractors

66%
activities abroad
c.14,000
employees

+95 years
international activity
c.6 years
experience in Australia

**Privately
Owned**
50% MIC
50% OC

A strategy of diversification (cont.)

Track record of maintaining established brand names and creating strong identities





OUR PURPOSE:
***EXCEL IN CREATING
SUSTAINABLE
SOLUTIONS FOR A
BETTER WORLD***

Our commitment to excellence



Our purpose

Excel in creating sustainable solutions for a better world.

Our vision

As BESIX Group we develop multiple services **to create value for our clients**, whilst incorporating the evolving expectations of the end users and building on **strong partnership** with all stakeholders.

Our strategic drivers

1. Leveraging on our **customer centricity**
2. Promoting a **great place to work**
3. Developing a “**one-stop-shop**” solution
4. Being a leader in **open innovation**
5. Synergizing **our ways of working**
6. Promoting **openness towards** new ventures & activities for business

Our values



Unity



Passion



Respect



Co-creation



Excellence



Building Corporate Social Responsibility

A holistic approach driven by RESPECT



Well-being - Safety - Career - Social involvement



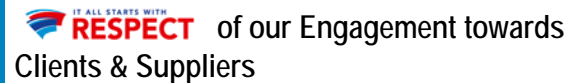
Minimize our impact - CO₂ - Waste - Certifications



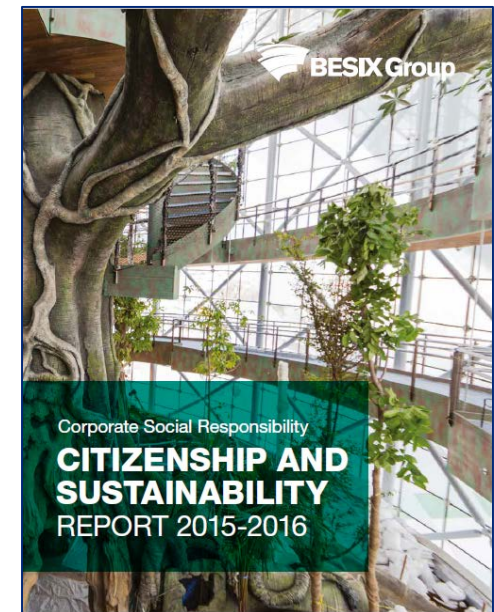
Sustainable building solutions



Sustainable purchasing - Code of Conduct

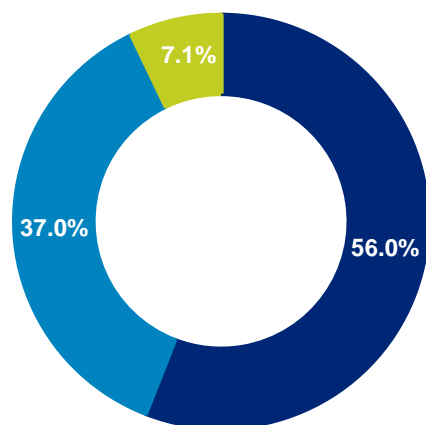


BESIX issue a CSR report bi-annually

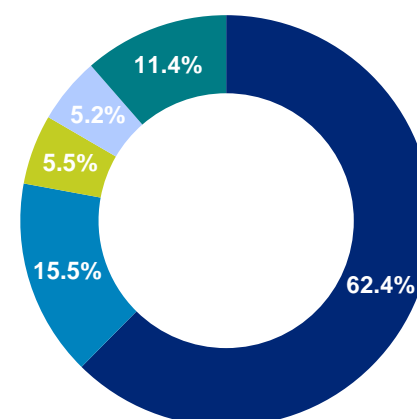


BESIX Group – Order Book at 31/12/2017

Breakdown by Business Unit & activity



- Europe
- Middle East
- International

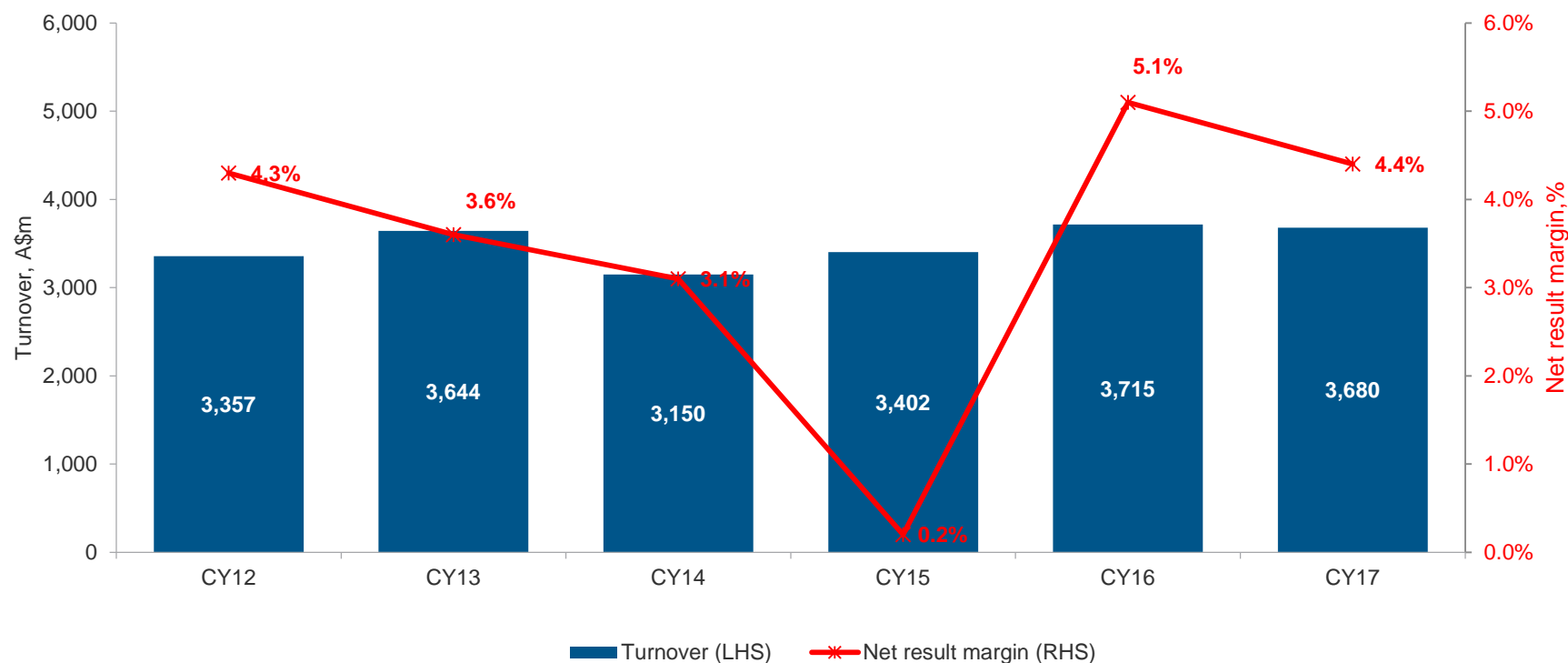


- Building
- Infrastructure
- Marine Works
- Environment
- Other

Order Book: ~A\$4,773m (~€3,031m)
CY17 turnover: ~A\$3,680m (~€2,337m)

BESIX Group – Order Book at 31/12/2017

Track record of sustained profitability

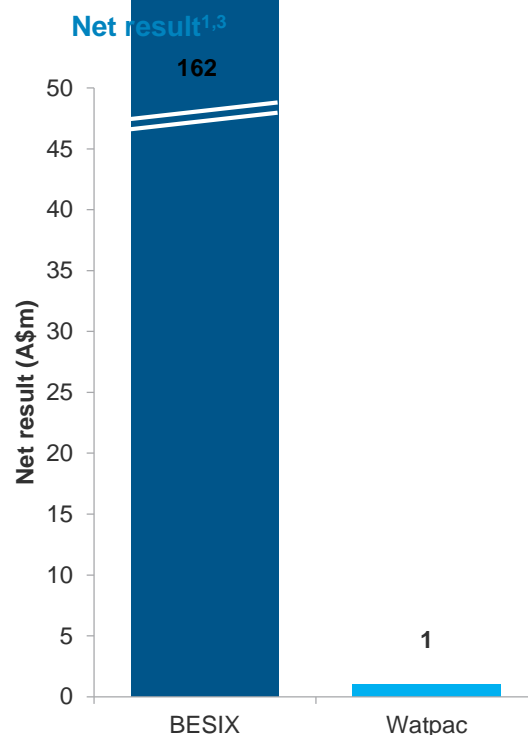
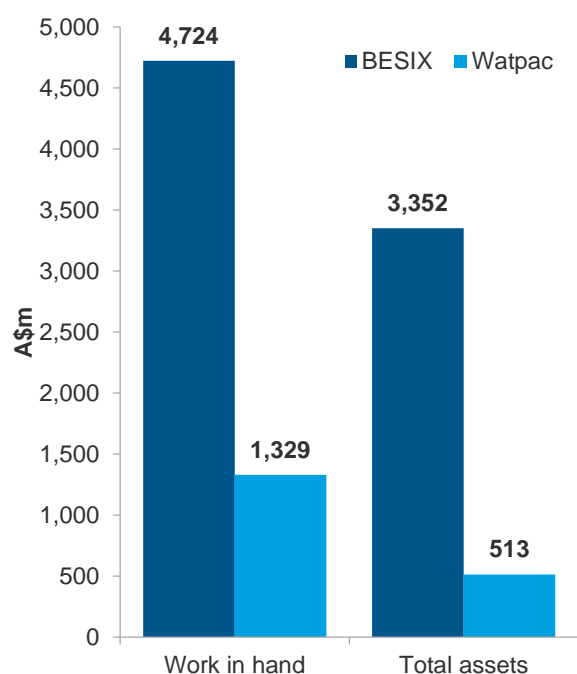


Note: Turnover converted at spot EURAUD FX rate of 1.5748.

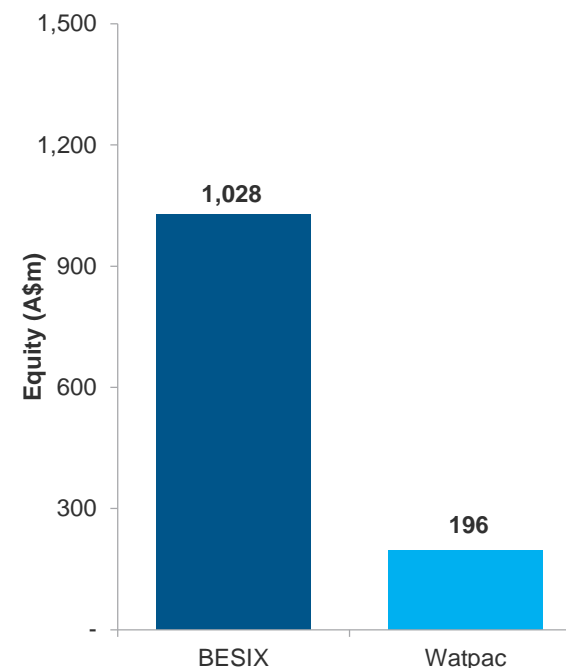
BESIX's strong financial position (cont.)

BESIX brings scale advantages and more financial resources

Work in hand and total assets^{2,3,4}



Equity^{2,4}



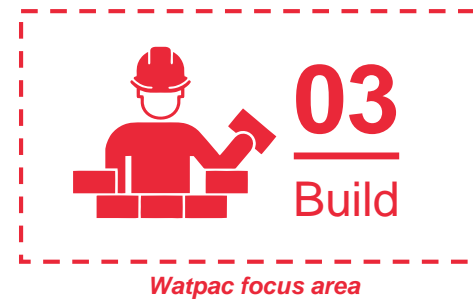
Full Life Cycle Asset Management

Value Creation from an Integrated Approach

CONTRACTING

REAL ESTATE

CONCESSIONS & ASSETS



BESIX in-house engineering capabilities

Enabling efficient execution on-site through a state-of-the art design

