

August 2002

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# Alesco Corporation Limited (“Alesco”) Discussion paper



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# Introduction

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- X** Alesco is seeking to issue 4.1 million shares (12.1% of shares outstanding) by way of an equity placement
  - Shares will be issued cum-dividend and be entitled to the A\$0.15 dividend due to be paid on 19 Sep 2002
  - Indicative discount range of 4-8% to the lower of the last close and the 5-day VWAP
- X** Alesco flagged in its 2002 results presentation its intention to undertake a meaningful acquisition during 2003
- X** Proceeds from the equity placement will be initially used to reduce gearing and to provide flexibility to fund future acquisitions
- X** JPMorgan has been appointed as lead manager and underwriter for the issue

# Business update

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- X** Alesco made the following comments in relation to the 2003 outlook in its recent full year results presentation:
  - Positive outlook for 2003
  - Earnings per share growth expected
  - Strong cash generation to continue
  
- X** The two months trading to July 2002 are consistent with the above outlook
  
- X** The acquisition strategy of Alesco is to target businesses with the following characteristics:
  - recognised brands, with
  - high market shares, in
  - niche markets
  
- X** Alesco's preference for future acquisitions is in the branded building and home products segment
  - Complementary bolt-on acquisitions in the earthmoving tyres and automotive specialist segments are also being sought

# Indicative term sheet

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Issuer	Alesco Corporation Limited ("Alesco")
Listing	Australian Stock Exchange
Security type	Ordinary shares (cum dividend)
Issue size	4.1 million shares; 12.1% of issued capital
Placement price	4-8% discount to lower of last sale and 5-day VWAP
Shares on issue (post listing)	37.9 million shares
Market capitalisation	A\$153.5 million?
Books open	10.00am Thursday 15 August
Books close	5.00pm Thursday 15 August
Allotment and settlement date	Wednesday 21 August (indicative)
Offer structure	Underwritten bookbuild offer
Lead manager and underwriter	JPMorgan
Selling regions	Australia only



\_ Based closing price of A\$4.05 on 14 August 2002. Differences due to rounding

## Key investment metrics

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Last sale price (as at close of business on 14 August 2002)	A\$4.05
5-day VWAP (as at close of business on 14 August 2002)	A\$4.05
Discount to lower of last sale price and 5-day VWAP	4 – 8%
Indicative placement price	A\$3.72 - A\$3.88
2002 Dividend post placement	A\$0.24
2002 Yield on placement price	6.2% - 6.4%
Pro forma 2002 Earnings Per Share at placement price	A\$0.261?
Pro forma 2002 P/E ratio at placement price	14.3x – 14.8x?
Pro forma 2002 Normalised Earnings Per Share at placement price?	A\$0.360?
Pro forma 2002 Normalised P/E ratio at placement price?	10.4x – 10.8x?
Gearing pre placement	49.6%
2002 EBITDA interest coverage pre placement	6.2x
Gearing post placement?	35.3%
2002 EBITDA interest coverage preplacement?	7.2x

- \_ Fully diluted for issue of shares pursuant to the placement
- \_ Pre goodwill amortisation
- \_ Analysis using a 4% discount on the placement. Assumes all placement proceeds are used to pay down debt

# Proposed timetable

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Trading halt	10.00am Thu 15 August
Investor presentations	Wed 14 August and Thu 15 August
Book opens	10.00am Thu 15 August
Book closes	5.00pm Thu 15 August
Finalise pricing and allocations	7.00pm Thu 15 August
Market announcement and removal of trading halt	10.00am Fri 16 August
Allotment and settlement of placement securities (indicative)	Wed 21 August
Ex dividend date	Fri 23 August
Record date	Thu 29 August
Dividend payment date	Thu 19 September

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