



ASX Release – Alesco Corporation Limited (ASX:ALS)

Alesco to acquire Total Eden McCracken's water management business & undertake \$187 million (net of costs) capital raising²

Date: 24 July 2007

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Highlights

- Alesco to acquire Total Eden McCracken's for a total consideration of approximately \$250 million¹
- Total Eden McCracken's is a leading provider of water management products and services to Australia's agricultural, commercial, industrial, domestic and mining industries
- The purchase price represents a multiple of approximately 8.3 times Total Eden McCracken's pro-forma normalised EBIT for the year ended 30 June 2007
- The acquisition is 3.6% accretive to Alesco's earnings per share (before amortisation of intangibles and significant items) on a combined pro-forma historical basis for the 12 months ended 31 May 2007 for Alesco and 31 March 2007 for Total Eden McCracken's
- Alesco will raise approximately \$187.1 million (net of costs) via a 1 for 9 non-renounceable pro-rata entitlement offer to existing eligible Alesco shareholders and a placement to institutional investors to help fund the acquisition
- Approximately 3.1 million Alesco shares to be issued to management vendors as part consideration

Alesco Corporation Limited (ASX:ALS) today announced that it had entered into an agreement to acquire the Total Eden McCracken's water management business from AMP Capital Investors Limited and a number of other vendors, including management, for consideration of approximately \$250million¹.

¹ The purchase price is before acquisition costs. The final purchase price is subject to a post completion adjustment based on Total Eden McCracken's audited pro-forma normalised EBIT for the year ended 30 June 2007. The purchase price will be adjusted by the amount equal to approximately 8.3 times the difference between the estimated EBIT and the actual final audited combined pro-forma normalised EBIT for Total Eden McCracken's for the year ended 30 June 2007. The Acquisition is unconditional and is expected to complete on 1 August 2007.

² Assuming an issue price of \$12.45

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The acquisition will be substantially funded through a capital raising of approximately \$187 million (net of costs), with the balance of the purchase price funded through debt facilities and the issue of Alesco shares to management vendors as part consideration. The capital raising comprises a non-renounceable, pro-rata 1 for 9 entitlement offer to existing Alesco shareholders to raise approximately \$95.3 million (net of costs) and a placement to institutional investors to raise approximately \$91.8 million (net of costs). In addition, Alesco intends to issue approximately 3.1 million shares to certain vendors and managers as part of the consideration paid for their shareholding in the group.

A prospectus relating to the capital raising will be lodged with ASIC and ASX and will be dispatched to shareholders on or about 31 July 2007. Any eligible shareholder who wishes to acquire shares will need to complete the application form that will be in or will accompany the prospectus. The vendors offers will be made pursuant to a separate prospectus.

“This exciting acquisition provides Alesco shareholders with exposure to Australia's increasingly relevant and growing water management solutions sector,” Alesco CEO Justin Ryan said.

“It continues our track record of acquiring and building a portfolio of businesses with leading industrial brands that operate in niche markets and will add further scale and diversity to Alesco’s existing portfolio of businesses,” he said.

“I am particularly pleased to note that a number of the Total Eden McCracken’s senior management team are becoming Alesco shareholders as part of the transaction consideration and have agreed to remain with the Total Eden McCracken’s business to oversee and drive the future growth of the business.”

The purchase price represents a multiple of approximately 8.3 times Total Eden McCracken’s pro-forma normalised EBIT for the year ended 30 June 2007.

The acquisition of Total Eden McCracken’s is 3.6% accretive to Alesco’s earnings per share (before amortisation of intangibles and significant items) on a combined pro-forma historical basis for the 12 months ended 31 May 2007 for Alesco and 31 March 2007 for Total Eden McCracken’s.

Total Eden McCracken’s has annual revenue of approximately \$220 million and for the year ended 31 May 2007 on a combined pro-forma historical basis would have contributed approximately 20% of Alesco’s revenue and approximately 19% of Alesco’s EBITA.

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“Total Eden McCracken’s is a logical fit with Alesco’s existing business model and will form the fifth division within Alesco – Water Products & Services” he said.

“This business has a number of attractive features which complement Alesco’s stated strategy, including market leadership, attractive industry dynamics, scale and diversity within its business model and an attractive growth outlook”, said Mr Ryan.

About Total Eden McCracken’s

Total Eden McCracken’s is a leading provider of water management products and services to Australia’s agricultural, domestic, commercial, industrial and mining industries. Its products include irrigation systems, bore water systems, water tank systems, grey water and wastewater systems. It has approximately 540 employees and operates a distribution and trade network across regional and metropolitan Australia, with particular exposure in Queensland and Western Australia.

Total Eden McCracken’s distributes a diverse portfolio of well recognised industrial brands, including Grundfos, Davey and Onga pumps, Iplex and Vinidex pipes, Nelson and Reinke centre pivots, Trialco travelling irrigation systems and Bushman, Nylex and EGR Plastics rainwater tanks.

Total Eden McCracken’s is run by an experienced and committed management team, which will be led by Jim Wedge, who has more than 20 years’ experience in the water management industry.

“We are delighted that the broader management team has agreed to continue with the business and join Alesco,” said Mr Ryan.

About the Capital Raising

The capital raising will consist of:

- An Institutional Placement of approximately 7.5 million new shares to raise approximately \$91.8 million (net of costs); and
- An Entitlement Offer to all eligible Alesco shareholders in Australia and New Zealand of approximately 7.9 million new shares to raise approximately \$95.3 million (net of costs).

The record date for the Entitlement Offer is Friday 27 July 2007.

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The issue price per share will be determined by a bookbuild for the Institutional Entitlement Offer and Institutional Placement, which are expected to be completed on Wednesday 25 July 2007. The issue price will be announced on Thursday 26 July and will also apply to the Retail Entitlement Offer, which will open on Tuesday 31 July 2007 and close on Friday 17 August 2007. The shares issued under the Institutional Entitlement Offer and Institutional Placement are expected to commence trading on a normal basis on 1 August 2007. Shares issued under the Retail Entitlement Offer are expected to commence trading on a deferred settlement basis on Tuesday 28 August 2007 and on a normal basis from Wednesday 29 August 2007. Shares issued under the Offer will not be entitled to Alesco's FY07 final dividend to be paid on 3 September 2007.

The Offer is fully underwritten by Goldman Sachs JBWere and JPMorgan Australia Pty Limited.

The existing management team will continue with the business and have agreed to subscribe for approximately 3.1 million Alesco shares at the same price as under the capital raising as part consideration for the business.

Shares issued to certain key managers will be subject to a staged release holding lock for up to three years after they are acquired.

SUMMARY OF THE OFFER

Indicative Price Range	\$12.10-\$12.80 per New Share
Eligible Shareholder Entitlement	1 New Share for every 9 Shares held at the Record Date
Total number of existing Shares on issue ¹	71,188,432
Approximate total number of New Shares to be issued under the Entitlement Offer	7.9 million
Approximate total number of New Shares to be issued under the Institutional Placement ²	7.5 million
Approximate amount to be raised by the Offer (net of offer costs) ²	\$187.1 million
Approximate total number of New Shares to be issued under the Vendor Offer ²	3.1 million
Approximate total number of Shares expected to be on issue following completion of the Offer and the Vendor Offer	89.7 million

¹ As at the date of the Prospectus

² Assuming an issue price of \$12.45

FY07 financial results

Earlier today Alesco announced its sixth consecutive year of record earnings with a net profit after tax (before amortisation of intangibles and significant items) of \$52.8 million up 13.5% on prior year and earnings per share (before amortisation and significant items) of 74.6 cents per share (cps) up 12.2%.

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Alesco also announced a final dividend of 36cps (fully franked) up from 31cps for the previous year. This brings the total dividend for the year to 63.5cps (fully franked) up 13.4% (2006: 56cps).

A separate announcement on Alesco's FY07 financial results providing further details and commentary on the performance of the group was lodged with ASX earlier today and is available from the company's website at www.alesco.com.au.

FOR FURTHER INFORMATION:

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Mr. Neil Thompson
Finance Director
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Alesco manages a portfolio of leading industrial brands

Alesco's other divisions are, Scientific & Medical, Building Products, Construction & Mining and Garage Doors & Openers

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