



# adcorp

Friday, 6 November 2015

## Adcorp Australia Limited Announces Capital Raising of A \$3.76m through Fully Underwritten, Renounceable Rights Issue

- The capital raising proceeds will substantially improve the working capital position and balance sheet ratios.
- The proceeds will provide capital to enhance financial flexibility and provide funding to undertake further restructuring and invest into strategic initiatives within the business.
- The rights issue is fully underwritten. The underwriter is an entity associated with Mr. Ian Rodwell who is the Chairman of Adcorp Australia Limited and a current major shareholder. Interests associated with Ian Rodwell currently own approximately 37.9% of Adcorp Australia Limited.

Adelaide  
Auckland  
Brisbane  
Canberra  
Christchurch  
Darwin  
Melbourne  
Perth  
Sydney  
Tauranga  
Wellington

Adcorp Australia Limited (“**Adcorp**” or the “**Company**”) today announces a capital raising of \$3.76m (before costs) for new fully paid Adcorp ordinary shares (“**New Share**”) at an offer price of \$0.031 per New Share (“**Offer Price**”) consisting of a 2-for-1 (i.e., 2 New Shares for every 1 existing ordinary share) renounceable entitlement issue to all Adcorp shareholders (the “**Offer**”).

The Offer Price of \$0.031 per New Share represents a discount of:

- 8.8% to the last trading price of Adcorp on the ASX on 5 November 2015 (being \$0.034).
- 8.8% to One Month VWAP.
- 12.4% to Two Month VWAP.
- 24.6% to Three Month VWAP.
- 3.2% to the Theoretical Ex-Rights Price (TERP)<sup>1</sup>

Oaktower Partnership and Norton Rose Fulbright are advising the Adcorp Board in respect of the Offer.

<sup>1</sup> Theoretical Ex-Rights Price (TERP) is the theoretical price at which Adcorp should trade immediately after the ex-date of the Offer, assuming 100% take-up of the Offer. TERP is a theoretical calculation only: the actual price at which Adcorp’s shares will trade immediately after the ex-date will depend on many factors and may not be equal to TERP. TERP is calculated with reference to Adcorp’s closing price on 5 November 2015.

**Starting conversations**

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## **Rationale for the Offer**

While Adcorp has delivered operational improvements in the past year, shareholder returns are currently constrained by the Company's inflexibility due to its weak balance sheet position and associated inability to pursue strategic developments. The Company believes that the capital raising will give its shareholders greater opportunity for enhanced returns through:

- increased flexibility to restructure operations; and
- increased ability to drive organic growth.

Chief Executive Officer and Managing Director David Morrison stated that "the Board felt that it was prudent to strengthen the Company's balance sheet both to insulate the business from adverse trading conditions as well as to ensure that we are appropriately funded to enable the business to fully capitalise on any opportunities that may arise". He went on to say that "the Board believes that the structure of the capital raising provides the fairest outcome for all shareholders, which is reasonably available on acceptable terms".

## **Use of Funds**

The proceeds from the Offer (less associated costs) will be used to:

- provide working capital to enable sufficient flexibility to operate the Company on a day-to-day basis; and
- provide some flexibility to enable pursuit of potential strategic business development initiatives.

## **Details of the Renounceable Offer**

The Offer is renounceable and comprises an entitlement issue to all shareholders of 2-for-1 (i.e., 2 New Shares for every 1 existing ordinary share) at an offer price of \$0.031 per New Share. New Shares issued under the Offer will rank equally with existing Adcorp ordinary shares in all respects.

Key dates of the Offer are provided at the end of this announcement.

The Entitlements under the Offer may only be exercised by eligible shareholders, being persons who are registered holders of Adcorp ordinary shares on the record date referred to below and have a registered address in Australia or New Zealand.

## **Summary of the Underwriting Arrangement and impact on Control**

Entities associated with Mr. Ian Rodwell have agreed to underwrite the Offer. The price to be paid for any shares acquired under that underwriting arrangement is the same as for all participating shareholders \$0.031. In advance of any shares being issued to the underwriter, those shareholders which participate in the Offer will be provided the opportunity to take up part of the shortfall through the Shortfall facility. Shareholders are entitled to participate in the shortfall facility up to an amount equivalent to their participation in the rights issue.

The fee for underwriting the Offer is \$100,000 (exclusive of GST), which represents approximately 2.7% of the amount being raised and approximately 4.3% of the amount being



raised from shareholders other than those associated with Mr. Ian Rodwell. The amount will be due for payment 12 months after the issue of shares is completed.

If shareholders do not take up their entitlements and shares flow to the underwriter it will increase the proportion of the Company owned by interests associated with Mr. Ian Rodwell and could therefore impact the control of the Company. This is described further in the cleansing notice and further details including details of the underwriting will be provided in the offer document sent to Adcorp shareholders.

### Shareholder enquiries

Eligible shareholders will be sent an offer document on or around Tuesday, 17 November 2015 and an offer document will also be lodged with the ASX on or around this date. All relevant announcements can also be downloaded from the Adcorp website at [www.adcorp.com.au](http://www.adcorp.com.au).

### Timetable

Event		Date
Send notice to security holders containing Appendix 3B information.	Monday	9 November 2015
Rights start trading on a deferred settlement basis	Tuesday	10 November 2015
"Ex" date	Tuesday	10 November 2015
Note: Securities are quoted on an ex basis		
Record Date to identify security holders entitled to participate in the Offer	Thursday	12 November 2015
Offer document lodged with ASX and sent to Shareholders (by no later than)	Tuesday	17 November 2015
Rights trading ends	Thursday	19 November 2015
Securities quoted on a deferred settlement basis	Friday	20 November 2015
Last day to extend Closing Date	Wednesday	25 November 2015
Closing Date	Monday	30 November 2015
Inform ASX of under subscriptions	Thursday	3 December 2015
Issue Date	Monday	7 December 2015
Normal trading (T+3) recommences	Tuesday	8 December 2015

Note: The above timetable is indicative only and subject to change. The Company reserves the right, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, to amend the indicative timetable set out above or to withdraw the Offer at any time. The Company will consult with the Underwriter in relation to any change to this indicative timetable and any such change may require the consent of the Underwriter.

### About Adcorp

Adcorp is a publicly listed Australian company. With our head office in Sydney Adcorp is a full service marketing and communications agency with offices located throughout Australia and New Zealand. Over our 34 years in business, we have honed our skills in delivering marketing results for our clients within a rapidly changing consumer environment and media landscape.

Robust strategy, digital solutions, media knowledge, cut-through creative and content creation is supported by our efficient technology delivery systems.



We pride ourselves on our client relationships and with over 600 clients across a diverse range of sectors; both business and government, Adcorp is starting conversations that are designed to exceed expectations. Start a conversation with us today.

For more information on Adcorp visit the website at [www.adcorp.com.au](http://www.adcorp.com.au) and for comment contact David Morrison (Chief Executive Officer and Managing Director) on 02 8524-8500.

### **Important Information**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933 (the "US Securities Act") or the securities law of any state or other jurisdiction of the United States. Accordingly, the entitlements, and the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

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For further information, please contact:

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