

Clough And Forge Create Long Term Strategic Alliance

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Clough to take strategic position in Forge, \$19.5M placement and 50% cash proportional takeover offer.

Clough and Forge have agreed to create a Strategic Alliance which provides the foundation for long-term strategic co-operation between the companies.

- Clough to become cornerstone investor in Forge – potential investment range of \$55-98 million.¹
- Targeting substantial increases in project revenues for both companies with material positive impact on earnings.
- Key transaction components include:
 - Clough investing approximately \$19.5m in Forge via a 15% share placement (“Placement”) subject to shareholder approval.
 - On Placement approval and completion, Clough intends to make a proportional cash takeover offer at \$2.10 per share to all existing Forge shareholders for 50% of their shares in Forge (“Offer”).
 - Clough to become a cornerstone investor in Forge with a potential shareholding of 31%-56.5%, depending on Offer acceptance level.²
 - Strategic Alliance Agreement between the companies to leverage complementary services in the oil and gas, mining and civil infrastructure sectors.
- Supported by Forge’s Board of Directors and major shareholders in the absence of a superior proposal.

The Boards of Clough Limited (“Clough”, ASX: CLO) and Forge Group Limited (“Forge”, ASX: FGE) are pleased to announce the intention to create a new Strategic Alliance to jointly target project opportunities in the LNG / oil and gas sectors and to support Forge’s anticipated continued growth.

The Strategic Alliance will be underpinned by Clough becoming a cornerstone shareholder in Forge, creating an alignment of interests that aims to generate substantial benefits for both companies in FY11 and beyond through a material, positive impact on their earnings.

The Strategic Alliance and cornerstone shareholding will be facilitated through a series of transactions for a potential maximum investment by Clough of approximately \$98 million.

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<sup>1</sup> Subject to: (i) Forge shareholder approval of the Placement to Clough; (ii) the 50% proportional takeover offer by Clough being made and becoming unconditional; (iii) the level of acceptances under the Offer; and (iv) the acquisition of 3 million Forge options from existing

Forge optionholders.

<sup>2</sup> Also subject to Forge shareholder approval of the placement to Clough.

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