

## ASX/MEDIA RELEASE

24 November 2015

### Chairman's Letter to Shareholders

Attached please find a letter from Sedgman Limited's (ASX:SDM) Chairman, Mr Rob McDonald, which will be sent to all shareholders today.

### About Sedgman

Sedgman Limited (ASX: SDM) provides mineral processing and associated infrastructure solutions to the global resources industry. Our services range from concept, pre-feasibility and design through to construction, commissioning, operations, maintenance and asset management. Established in 1979, Sedgman listed on the ASX in June 2006 and has approximately 600 employees. Headquartered in Brisbane, Australia with offices in Perth, Townsville, Newcastle and Mackay, Sedgman has international offices in Shanghai, Santiago, Vancouver and Johannesburg. Sedgman delivers projects and operations across the globe.

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Dear Shareholder,

I would like to keep you informed about important events with your company.

At last week's Annual General Meeting (**AGM**), 6 out of the 7 resolutions put to the AGM were defeated following a poll which was demanded by CIMIC Group Investments Pty Ltd, the company's largest shareholder<sup>1</sup>, and a wholly owned subsidiary of CIMIC Group Limited (**CIMIC**).

CIMIC did not advise the company of its voting intentions prior to the AGM and no explanation was provided for their reasoning to vote against the remuneration resolution, the reappointment of the three Independent Directors or the company's Long Term Incentive Plan arrangements. Two of the resolutions, to re-elect independent directors Mr Bart Vogel and Mr Philippe Etienne, were defeated by the barest of margins<sup>2</sup> despite an overwhelming majority of proxy votes received prior to the AGM being in favour of their re-election<sup>3</sup>.

As your Chairman, I have been in contact with representatives of CIMIC to seek clarification in relation to their intentions as the major shareholder in Sedgman. In the interests of keeping our shareholders fully informed, I share with you below the outcome of those discussions.

CIMIC has made a number of demands of Sedgman, including the addition of another CIMIC Senior Executive as a nominee to the board along with the removal of one of the company's founding directors. CIMIC is also seeking to limit the size of the board to 5 directors in total, including the Managing Director, and has also demanded direct involvement in Sedgman's decision making. If CIMIC's demands were agreed to your company's board would comprise 2 independent directors, 2 CIMIC nominees and the Managing Director.

CIMIC has not provided any justification as to how their demands would add value to all shareholders, or whether there would be any change to your company's strategy. The company has not received any information from CIMIC as to its future intention with its significant shareholding in the company other than in respect of the demands outlined above.

<sup>1</sup> 83,490,651 ordinary shares representing 36.77% of issued capital as of 23 November 2015.

<sup>2</sup> Re-election of Mr Philippe Etienne – 49.89% votes 'FOR' and 50.18% 'AGAINST'; Re-election of Mr Bart Vogel – 49.82% votes 'FOR' and 50.18% 'AGAINST'.

<sup>3</sup> Over 97.6% of proxies received prior to the AGM were in favour of re-election of Messrs Etienne and Vogel.

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Having considered the interests of the shareholders as a whole, and in the absence of any further information, the board has rejected CIMIC's demands and will continue moving to appoint additional independent directors as foreshadowed in my "Chairman's Update to Shareholders" released to the ASX on 19 November 2015.

In reaching this decision, the board has had regard to the recommendations under the ASX Corporate Governance Principles that the majority of the company's board be comprised of independent directors.

The company will continue to engage with all shareholders, including CIMIC, and will provide further updates if there are any material developments.

Your board and management will continue with their combined focus on increasing value for all shareholders.

Yours faithfully



**Rob McDonald**  
Chairman

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