ASX ANNOUNCEMENT



Thursday 21 March 2013

Proposal from Lockheed Martin materially undervalues ASG Group Limited

On 18th October 2012, ASG advised the market that a significant participant in the IT services market had approached ASG with an indicative, non-binding and conditional proposal to acquire all the shares in ASG at a price of \$1.03 cash per share. The ASG Board now confirms that this participant was Lockheed Martin, a listed US-based global security, aerospace and information technology company.

On 18th March 2013, ASG announced that it had received a revised indicative, non-binding and conditional proposal from Lockheed Martin to acquire all the shares in ASG at a price of \$0.68 cash per share ("Revised Proposal"). The Revised Proposal was also subject to a number of conditions, including further confirmatory due diligence, regulatory approvals and approval by the Lockheed Martin Board.

The ASG Board has evaluated the Revised Proposal. In doing so, the Board, together with its advisers, has assessed ASG's fundamental value, including a wide range of strategic initiatives across the business. Following this, the Board remains confident in its outlook and strategy to continue to deliver shareholder value. This confidence is underpinned by:

- solid recurring revenues from the existing managed services business, which contributed 80% of revenue in FY2012;
- sound underlying performance from long term contracts through to FY2014;
- continuation of the strong growth in Cloud services, with the negotiation of \$25.0 million in annual Cloud services revenue since 30 June 2012; and
- the strength of ASG's customer relationships, as demonstrated by contract renewal of 85% over the last five years.

Consequently, the Board has determined to reject the Revised Proposal on the ground that it materially undervalues ASG and has advised Lockheed Martin accordingly.

ASG's advisers remain in discussions with Lockheed Martin and, as noted in ASG's announcement of 18th March 2013, the company remains engaged in discussions with a number of other parties regarding alternative proposals. At the date of this announcement, these discussions are continuing in various forms; however there is no guarantee that there will be a binding proposal that can be put to shareholders from any party.





FOR FURTHER INFORMATION PLEASE CONTACT:

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