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29 December 2011

Company Announcements  
ASX Limited  
Level 8, Exchange Plaza  
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PERTH WA 6000

Dear Sirs,

**ANNOUNCEMENT – Completion of debt restructure and refinancing**

We attach an Announcement for immediate release to the Market.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'T Schmitt', written over a horizontal line.

**Trevor Schmitt  
Company Secretary  
CMA Corporation Ltd**

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29 December 2011

### **Completion of debt restructure and refinancing**

- **New working capital and term loan facilities from Stemcor**
- **Additional new cash advance facilities from GE Commercial**
- **Repayment of existing facilities from ANZ and others**

CMA Corporation Limited (ASX: CMV) (**CMA**) announced on 17 November 2011 that it had agreed term sheets for new finance facilities from Stemcor Trade Finance Limited (**Stemcor**) and GE Commercial Corporation (Australia) Pty Limited (**GE Commercial**). CMA now confirms that it has:

- entered into formal binding agreements with Stemcor and GE Commercial for the new facilities; and
- repaid its existing Australian secured debt facilities with proceeds from the new facilities and the recent equity raising.

CMA's Chairman, Parag-Johannes Bhatt, said "We are very pleased to have finalised the restructure and refinancing of CMA's secured debt, which follows CMA's recent recapitalisation. The Board believes the new facilities will support CMA's plans for continuing improvements to our operating performance. In particular, the new working capital facilities will position us to start ramping up our scrap metal purchases. This will build on the measures already taken to reduce overheads, rationalise loss-making activities and improve the efficiency of our workforce and inventory management."

Details of the new finance facilities and a related ASX waiver are set out in the Appendix to this announcement.

- ends -

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## **Appendix – Details of new CMA finance facilities and ASX waiver**

### **New facilities**

There are five new finance facilities:

- **Stemcor working capital facility:** a revolving working capital facility under which CMA Group may borrow up to US\$30 million against its 'borrowing base' comprising cash and eligible inventory and receivables. The term of this facility is 3 years and the interest rate is 3.75%<sup>1</sup> above LIBOR. A drawdown of A\$20 million under this facility has been utilised to repay amounts owed to the financiers under CMA's prior facility agreement with ANZ Banking Group Limited (**ANZ**) and others (**Prior ANZ Facility**).<sup>2</sup> Further amounts may be borrowed under this facility after 31 March 2012 to fund the day to day purchase and processing of ferrous and non-ferrous scrap by the CMA Group.
- **Stemcor cash advance facility:** a term loan facility under which CMA has borrowed A\$25 million to repay part of the amount owed by CMA under the Prior ANZ Facility. The term of this facility is one year and the interest rate is 5.25% above the 90 day Bank Bill Swap Rate.
- **GE Commercial equipment finance facility (Australia):** an amortising term loan facility under which CMA Group may borrow up to the lesser of A\$26.2 million and 80% of the orderly liquidation value of its eligible Australian equipment. The term of this facility is 3 years and the interest rate is 3.75%<sup>3</sup> above the 90 day Bank Bill Swap Rate. CMA has drawn approximately A\$26 million in total under this facility to repay the balance of the Prior ANZ Facility and payout hire purchase and lease residuals to various equipment suppliers.
- **GE Commercial equipment finance facility (New Zealand):** an amortising term loan facility under which CMA Group may borrow up to the lesser of NZ\$9.6 million and 80% of the orderly liquidation value of its eligible New Zealand equipment. The term of this facility is 3 years and the interest rate is 3.75%<sup>4</sup> above the 90 day NZ Bank Bill Reference Rate. If drawn before 31 March 2012, this facility is to be used to repay CMA Group's existing indebtedness to the Bank of New Zealand (which is currently approximately NZ\$20 million and due to be refinanced during the course of 2012).
- **Stemcor overdraft facility:** an uncommitted overdraft facility under which CMA Group may borrow up to A\$2.7 million from time to time as support for ongoing transactional banking facilities provided by ANZ or for general working capital purposes. Interest is payable on outstanding balances under the facility at the rate of 8% p.a. and the term of

<sup>1</sup> An extra interest margin of 2.5% p.a. will apply until the earlier of the first anniversary of the facility or the refinancing of the initial drawing of A\$20 million on a long term basis with a third party debt provider.

<sup>2</sup> CMA must use reasonable endeavours to achieve a refinancing of the initial drawing of A\$20 million within 6 months on terms satisfactory to Stemcor.

<sup>3</sup> An extra interest margin of 3.75% p.a. will apply until 31 July 2012 in consideration of a delayed start to financial covenant testing (until 31 March 2012) and a principal amortisation holiday until 31 July 2012.

<sup>4</sup> An extra interest margin of 3.75% p.a. will apply until 31 July 2012 in consideration of a delayed start to financial covenant testing (until 31 March 2012) and a principal amortisation holiday until 31 July 2012.

the facility is intended to be one year but Stemcor may demand payment of all amounts owing under the facility at any time.

ANZ will continue to provide transactional banking facilities to CMA Group. The Group's current indebtedness under those transactional facilities is approximately A\$2 million.

### **Security**

The new Stemcor financing facilities are secured by fixed and floating charges over the assets of CMA and its Australian, Singapore and Malaysian subsidiaries (**Stemcor Security**). The new GE Commercial facilities are secured by fixed and floating charges over CMA and its Australian subsidiaries.

### **Financial covenants**

Both the Stemcor facilities and the GE Commercial facilities require CMA Group to comply with financial covenants to the following effect (in summary):

- a fixed charge cover ratio greater than 1.10:1, being the ratio of adjusted EBITDA<sup>5</sup> to fixed finance charges (interest, fees, expenses and scheduled principal payments);<sup>6</sup>
- aggregate CMA Group capital expenditure not to exceed A\$3 million in any financial year; and
- aggregate CMA Group tangible net worth<sup>7</sup> not less than A\$3 million below the tangible net worth as shown in CMA's audited half-yearly financial statements as at 31 December 2011.

These financial covenants will be tested monthly on and from 31 March 2012.

### **Other material terms of new Stemcor facilities**

In addition to typical provisions for secured finance facilities (including covenants, undertakings, indemnities, representations and warranties and events of default), the new Stemcor facilities are subject to (among others) terms and conditions to the following effect (in summary):

- The amount available to be drawn under the working capital facility is limited by the CMA Group's 'borrowing base' amount of collateral from time to time (determined by reference to the value of its cash and eligible inventory and receivables).
- Cash included in the 'borrowing base' must be held in collection accounts with agreed banks in Australia, Malaysia and Singapore, and withdrawals from those accounts are not permitted if such withdrawals would reduce the 'borrowing base' below the amount of outstanding loans under the working capital facility.
- If there is a change of control of CMA, Stemcor has the right to require repayment of outstanding amounts under the Stemcor facilities, on not less than 30 days' notice to CMA. For this purpose, 'control' is the acquisition or holding of more than 50% of the voting rights in CMA, or the right to nominate the majority of CMA's directors, or an acquisition or holding of voting in rights in CMA that triggers an obligation to launch a mandatory takeover bid on CMA.

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<sup>5</sup> Earnings before interest, tax, depreciation and amortisation, adjusted for various accounting items specified in the facility agreements.

<sup>6</sup> Calculated on a cumulative basis until 31 December 2012 and thereafter on a rolling basis with reference to the prior 12 months.

<sup>7</sup> Calculated using agreed criteria (in broad terms the book value of assets less intangibles, prepaid expenses, amounts owing by affiliates, revaluations and liabilities).

- An event of default will occur if Stemcor reasonably determines there has been or is reasonably likely to be a material reduction in the value of the property secured under Stemcor Security.
- Stemcor may at any time require CMA to seek shareholder approval in relation to the facility agreements and all other Finance Documents (as defined in each facility agreement); if so, a failure to procure the shareholder approval would give Stemcor the right to require repayment of outstanding amounts under the Stemcor facilities, on not less than 30 days' notice to CMA.
- CMA has paid Stemcor establishment fee of A\$250,000 in respect of the term loan facility (1% of the facility amount) and an arrangement fee of US\$600,000 in respect of the working capital facility (2% of the facility amount). A further commitment fee of 1% p.a. is payable by CMA to Stemcor for the working capital facility, calculated on the available balance of the facility from time to time and payable monthly.

### **Other material terms of new GE Commercial facilities**

In addition to typical provisions for secured finance facilities (including covenants, undertakings, indemnities, representations and warranties and events of default), the new GE Commercial facilities are subject to (among others) terms and conditions to the following effect (in summary):

- A review event will occur if CMA shares are suspended from ASX trading for a period of more than 5 days. A review event will result in a consultation period and potentially (in the discretion of GE Commercial) a requirement to repay the facilities.
- A review event may occur if certain landlord waivers are not obtained with respect to CMA Group equipment over which security is held by GE Commercial, unless GE Commercial holds a rental deposit in respect of the relevant leased premises.
- If there is a change of control of CMA, the GE Commercial facilities will be subject to cancellation (making them immediately due and payable). For this purpose, a 'change of control' will occur if Stemcor Australia and Scholz Invest GmbH (collectively) or their affiliates cease to own and control at least 50.1% of CMA's issued share capital.
- CMA has paid establishment fees of A\$262,000 and NZ\$96,000 to GE Commercial in respect of the GE Commercial facilities (1% of the facility amounts). An unused line fee of 0.25% p.a. is also payable to GE Commercial monthly in arrears and, from 31 March 2012, a further line fee of 0.25% p.a. on the A\$ facility is payable if the NZ\$ facility is not fully drawn down by then. An early termination fee is payable by CMA to GE Commercial if either facility is cancelled or terminated before the maturity date of the facilities (the earlier of the third anniversary of financial close and the date of repayment or termination of the Stemcor working capital facility). This fee is either 3%, 2% or 1% of the loan amount, depending on whether the early cancellation or termination occurs in the first, second or third year of the term.

### **ASX waiver**

Stemcor is a substantial holder of CMA shares, due to the 14.92% shareholding held by Stemcor Australia Pty Ltd. ASX has granted a waiver of Listing Rule 10.1 to permit CMA to enter into the Stemcor facilities and the Stemcor Security without shareholder approval. The terms of the ASX waiver are as follows:

*1. Based solely on the information provided, ASX Limited ("ASX") grants CMA Corporation Limited (the "Company") a waiver from listing rule 10.1 to the extent necessary to permit the*

*Company to enter into a refinancing facility of A\$25 million and a working capital facility of up to US\$30 million (together the “Facilities”) with Stemcor Australia Pty Limited, Stemcor Trade Finance Limited or Stemcor (SEA) Pte Limited (as applicable) (“Stemcor”) and associated security documents (“Charge Documents”), under which Stemcor will take a fixed and floating charge over certain assets of the Company (“Charge”), without shareholder approval, on the following conditions.*

*1.1. Each Charge Document includes a term that if an event of default occurs and Stemcor exercises its rights under the Charge, Stemcor cannot acquire any legal or beneficial interest in an asset of the Company in full or part satisfaction of the Company’s obligations under the Facilities, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver and manager (or analogous person) appointed by Stemcor exercising its power of sale under the Charge and selling the assets to an unrelated third party on arm’s length commercial terms and conditions, and/or collecting receivables the subject of the Charge and distributing the cash proceeds to Stemcor in accordance with its legal entitlements.*

*1.2. A summary of the material terms of the Facilities and Charge Documents is made in each annual report of the Company during the term of the Facilities.*

*1.3. Any variation to the terms of the Facilities or Charge Documents which is:*

*1.3.1 not a minor change; or*

*1.3.2 inconsistent with the terms of this waiver,  
must be subject to shareholder approval.*

*1.4. The Company immediately releases to the market an announcement which sets out the terms of this waiver and the Company’s plans with respect to the repayment of the Facilities and discharge of the Charge, including the timeframe within which it expects the repayment and discharge to occur.*

*2. ASX has considered listing rule 10.1 only and makes no statement as to the Company’s compliance with other listing rules.*

The Stemcor Security includes the term referred to in paragraph 1.1 above and this announcement satisfies the requirements of paragraph 1.4 above.

CMA intends to repay or refinance the Stemcor facilities before their respective maturity dates. The CMA Board has no current plan as to the future source of funds to repay or refinance the Stemcor facilities. The Stemcor Security will be discharged in due course upon the repayment or refinancing of the amounts owing by CMA under the Stemcor facilities. The timeframe for this is currently expected to be within the 3 year term of the Stemcor working capital facility, with the term loan to be refinanced earlier in accordance with its terms.