

The MAC Breaks Raising Drought

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Mining services group The MAC Services has braved volatile markets with a capital raising to pay down debt and keep up with increasing demand for its accommodation villages in remote parts of Australia.

The MAC broke a recent drought in capital raisings yesterday, announcing a private placement of 20 million shares to institutional investors to raise \$45million.

The placement at \$2.25 was oversubscribed when the book-build was closed late yesterday. It came as The MAC upped forecasts for the number of new rooms it expects to roll out this year to 1450 from 1000 after winning contracts to provide accommodation for Rio Tinto and BHP Billiton projects. Chief Operating Officer, Mark Maloney said the company was unfazed by the global financial turmoil, which was starting to affect mid-tier miners amid concern about funding new projects.

“The contracts we now have in place and our forward order guidance we are getting from our clients, we see no slowdown in that. If anything, we continue to see that second boom emerge in the Bowen Basin. We are of the view, and our investment banks were of the view, it is a pretty strong story that really stands out in this market.” Mr Maloney said.

The placement, underwritten by Goldman Sachs JBWere and Ord Minnett, would be used to repay most the company’s debt and fund the development of new accommodation villages in Gladstone and the Bowen Basin in Queensland. The placement would give the company a \$100 million debt facility to fund expansion as projects come up.

Mr Maloney, whose family controls about 62 per cent of the company, said the company had upped the percentage of the rooms already contracted for financial 2009 to 74 per cent from 66 per cent previously. It yesterday announced an agreement with Rio Tinto to develop a 300-room village at Gladstone, where it sees potential from the booming liquefied natural gas market.

It also signed a 3-year contract with the BHP Billiton –Mitsubishi coal alliance to develop an additional 350 rooms at Coppabella, and plans development at its Middlemount Village. Both sites are in the Bowen Basin.

The shares were in at trading halt ahead of the placement, having last traded at \$2.50.

By Michael Smith