

30 YEARS
1989 - 2019

AusGroup 



**ANNUAL GENERAL MEETING
OCTOBER 2019**

Presented by
Shane Kimpton & Christian Johnstone

Company Structure



AusGroup Ltd (Singapore)
Investor relations
Bank and noteholders interface



Long Term maintenance
Construction
Fabrication
Painting, insulation and
fireproofing
Refractory



Scaffolding
Rope Access
Design, planning and
engineering access systems
Labour supply
Training



Fuel distribution and supply
Marine logistics
Equipment/module laydown
and transportation
Asset operation

Senior Management



Shane Kimpton
Chief Executive Officer
and Managing Director



Christian Johnstone
Chief Financial Officer



Daniel Kennedy
Chief Operating Officer



Matt Prendergast
Executive General Manager
Business Services



Nathan Pike
Executive General Manager
HSEQ and People



Warren Puvanendran
Group General Manager
Strategy and Development

AusGroup Overview

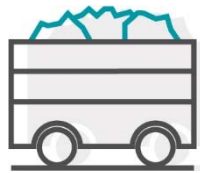
Our vision

To be the leading integrated service provider in the resources, energy, industrial, utilities, port and marine markets.

Our markets



Energy



Resources



Industrial



Utilities



Port and marine

Founded

1989

30 YEARS
1989 - 2019

Safety



Employees

1522

Our operations



Strategy



Dynamic and positive approach to safety focused on delivering excellence one day at a time – our Perfect Day.



Build collaborative and high performing teams.
Attract and retain the best people.



Agile, flexible and customer focused approach to delivery excellence.
Operational discipline to a standard process.



Trusted partner to the resources, energy and industrial sectors, providing innovative solutions.



Accelerated, quality revenue growth.
Stable and predictable gross profit margin.

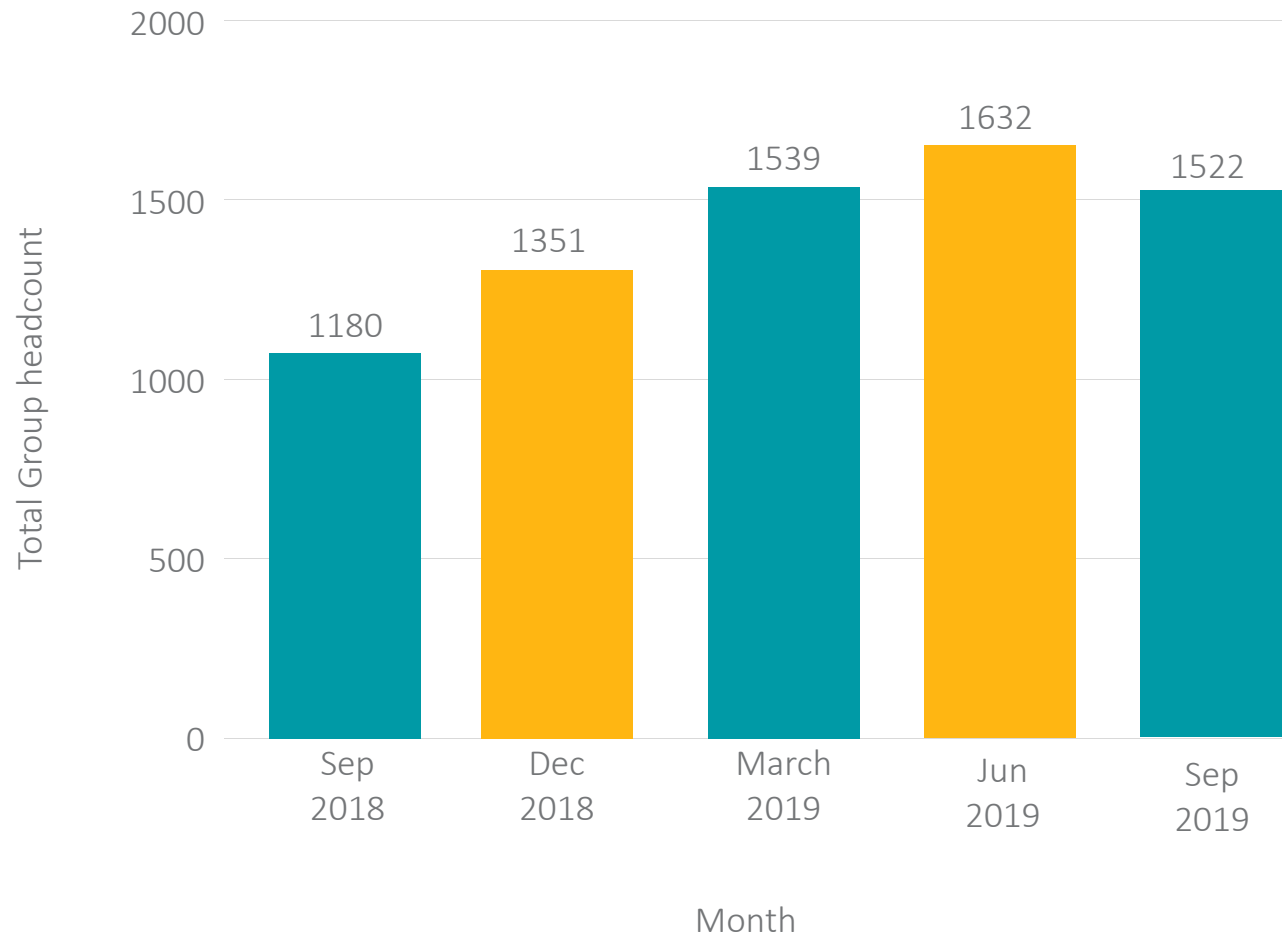
A changing year for AusGroup

- Revenue for this year is lower due to the completion of major projects in the prior year and the delay in the start of new project work.
- AusGroup awarded many new contracts over the year
- More diversified portfolio of clients
- Diversification across different sectors (LNG, Iron Ore, Nickel, Gold, Ammonium Nitrate, Lithium)
- Most contracts are lower risk reimbursable
- Continued to commercialise our NTPM business
- Tendering activity very high

Current Contracts/ Projects



Growing Workforce



Chevron Australia Master Contractor Services Contract

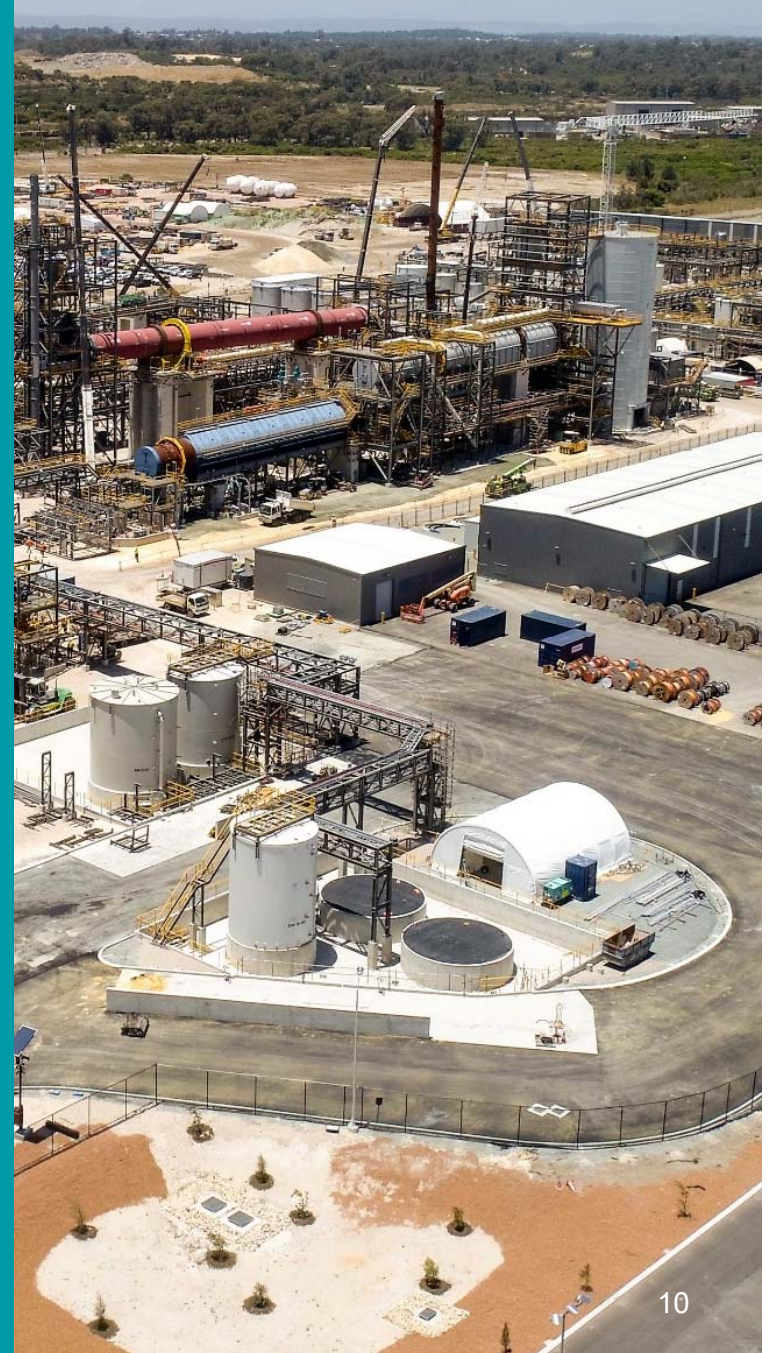
- Gorgon Train 1 Shutdown – Phase 6 execution works commenced in early Oct 2019 with a significant workforce engaged
- Fabrication framework agreement executed – 5 year agreement with Chevron to provide Fabrication services through the AGC Kwinana Facility
- Additional Wheatstone Brownfields execution works – Mechanical, Painting, Insulation & Fireproofing, Access, and E&I program.



The Lithium Market

- All scopes have now been completed on Stage 2 Talison Lithium.
- AU\$36M contract for piping and insulation works on the Lithium Hydroxide Processing Plant Crystalliser building in Kwinana
- Peak workforce approx. 260 people
- Significant variation works continue
- Potential for punch listing works to continue after forecast completion

Tianqi Lithium Kwinana LHPP1



Talison CGP2 Lithium plant



Yara Pilbara Nitrates TAN Plant Construction

- AU\$30M contract with Yara Pilbara Nitrates (JV between Yara and Orica)
- Located near Karratha, Western Australia
- Deconstruction and construction work of dryers, heat exchangers and absorption tower on Technical Ammonium Nitrate (TAN) Plant
- AGC is the primary contractor providing mechanical, electrical & instrumentation, welding, boilermaking, scaffolding, rigging, crange, insulation and fabrication.



AGC

- BHP Nickel West
Secured a 3 year maintenance and shutdown contract with BHP across 4 sites. Major shutdown commencing in November
- BHP Iron Ore
Performing Rope Access shutdowns
- CBH
Grain silo repairs at Geraldton



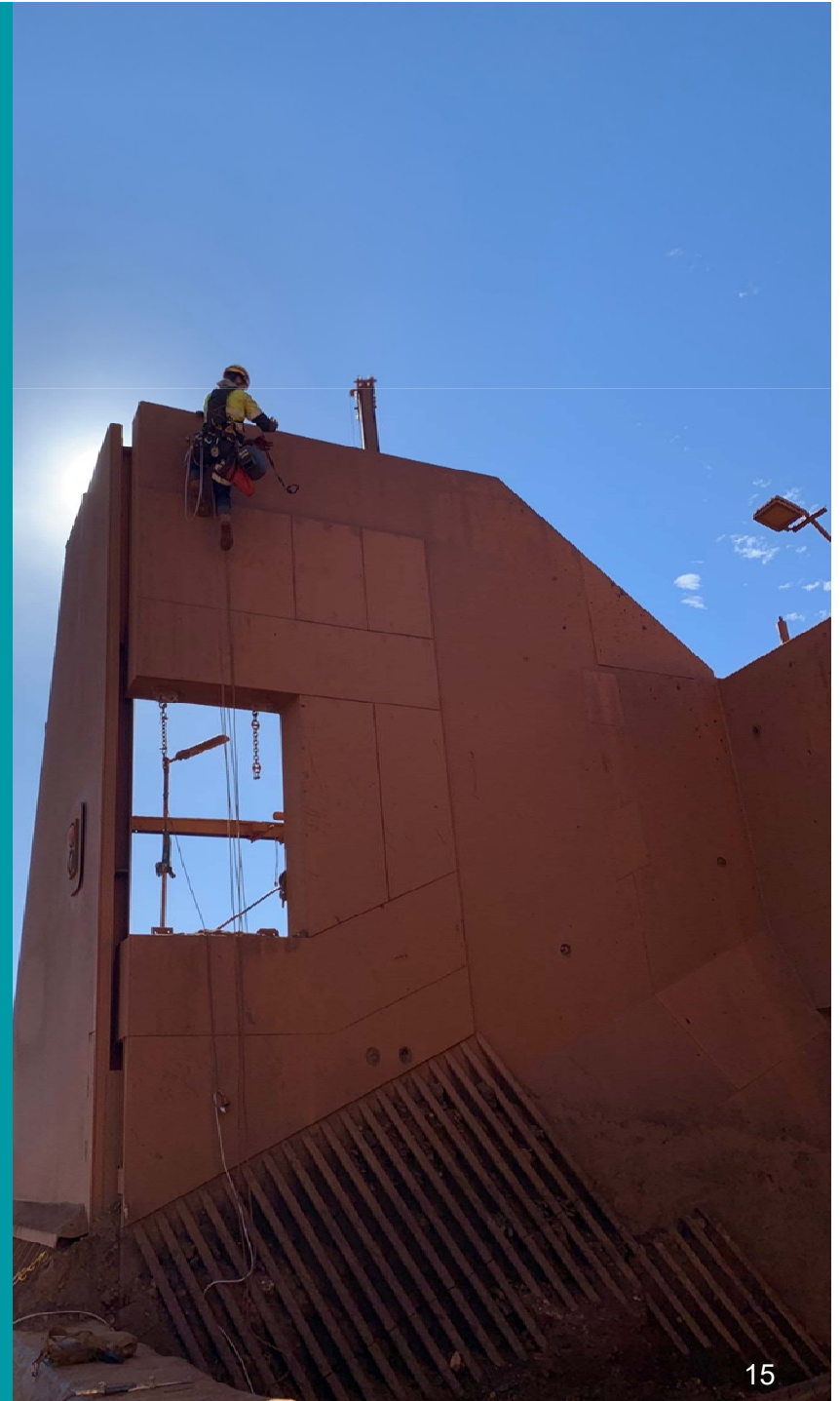
AGC Kwinana Facility

- Fabrication, surface treatment, trial assembly and delivery of RC03 reclaimer substructure for BHP Iron Ore's South Flank Project
- Fabrication support for Tianqi LHPP1 contract
- Fabrication of temporary steel work for Yara Pilbara Nitrates TAN Project
- Fabrication for Chevron Maintenance Contract



MAS Australasia

- **Newmont Goldcorp Services**
Secured a 5 year maintenance and shutdown contract with Newmont Goldcorp Services
- **Rio Tinto**
Performing Rope Access shutdowns for West Pilbara sites
- **BHP Petroleum**
Successful campaigns continue on Pyrenees FPSO and Macedon LNG Plant
- **Chevron-operated Gorgon Project**
Barrow Island
Turnaround works (Turnaround, Waste Heat Recovery Stacks)



NT Port and Marine

- 1.09ML of fuel supplied to land and marine customers in Q4, 2.56ML supplied for FY19
- Secured agreement to supply 3+1ML to Midway September 2019-August 2020
- Tug capability established in Q4 resulting in reduced costs to Port users and increased capability for the Port
- Supply of fuel to marine users – Commonwealth Government vessels and fishing fleet continues to grow
- Continued engagement with Bonaparte Basin oil and gas operators for Port as marine supply base to the industry

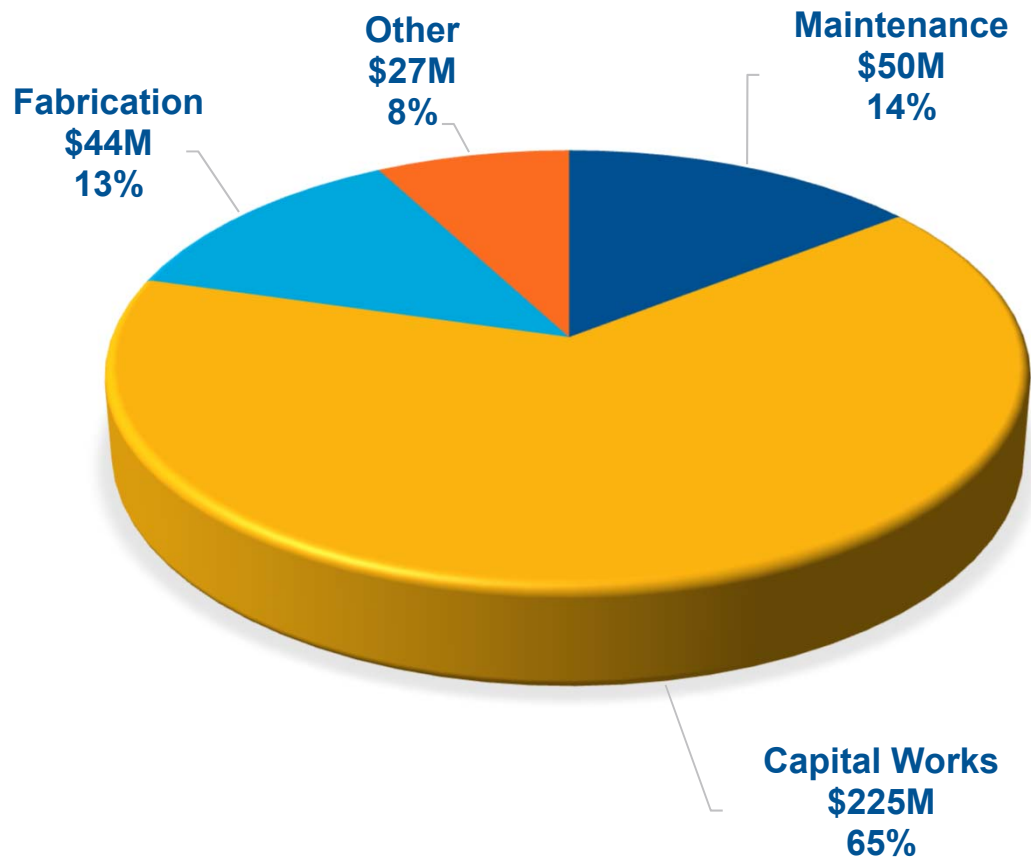




Market outlook

FY20 & FY21 Pipeline Summary:

- Weighted Value \$357Million
- Total Pipeline Value \$2.6 Billion



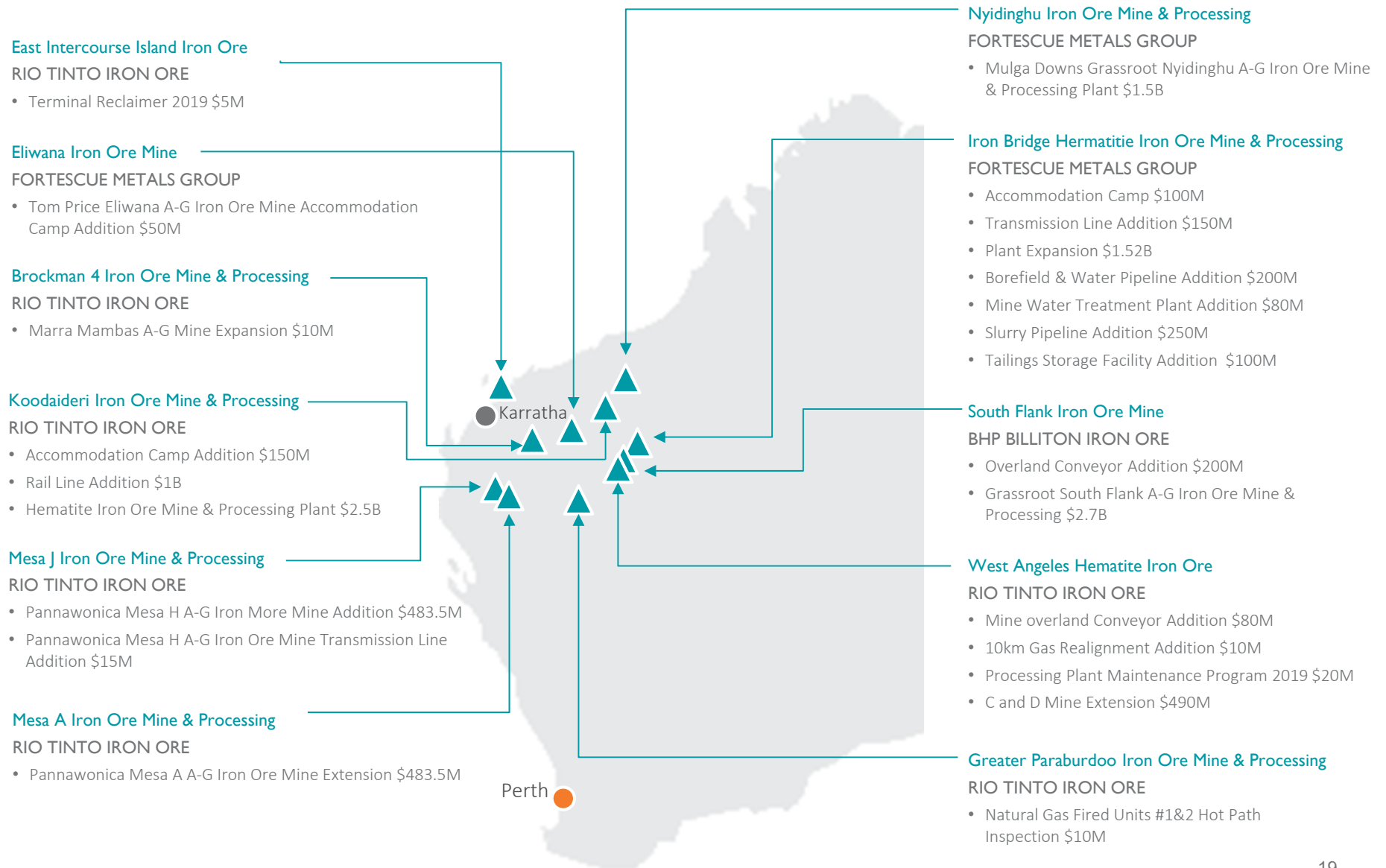
Source: AusGroup pipeline database, as at October 2019

Positioned for growth

Recent Contract / Project Wins

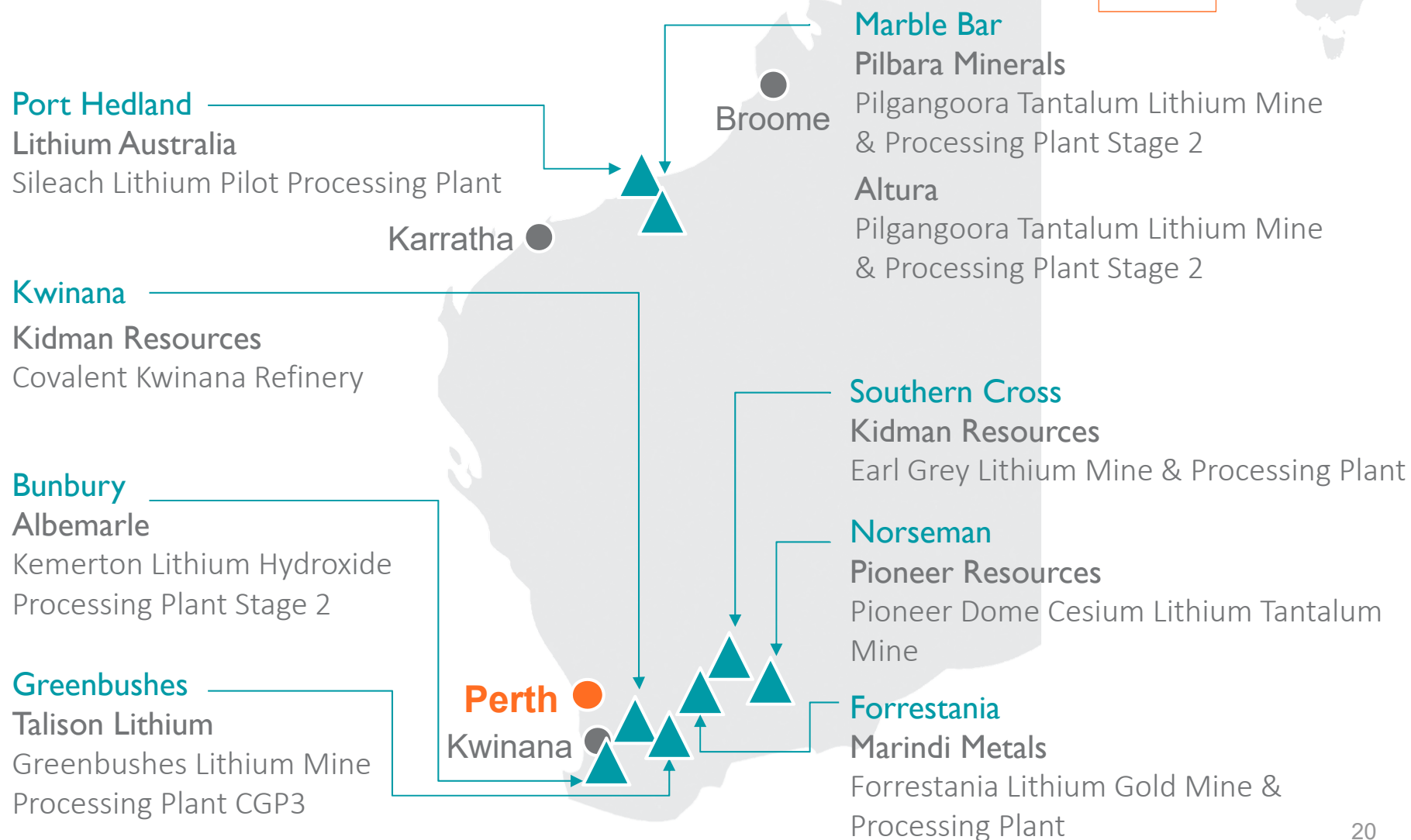
- RTIO shutdown projects
- Newmont Scaffold and Rope Access
- Wood Albemarle Scaffold Hire
- Chevron 5yr Fabrication Framework
- BHP Nickel West 3yr Maintenance and Shutdown
- Yara TAN Plant Repair
- ThyssenKrupp Substructure and Vertical Fabrication package
- Chevron fabrication packages

Iron Ore Projects FY 2020 – Western Australia



Major WA Lithium projects

Planned projects





**Financial
performance**

Financial summary – FY2019

	Total Revenue	Total NPAT	NPAT margin	Net Debt
FY2019	A\$286m	A\$2.3m	0.8%	A\$57.7m

- Revenue of A\$286m – revenue has decreased since the prior year representing a tougher operating environment after the completion of the major construction contracts in FY2018.
- Debt re-financing programme – completion of placement and rights issue with proceeds partially used to repay debt resulted in a net debt position of A\$57.7m at the end of FY2019.
- NPAT of A\$2.3m negatively impacted by the impairment of receivables of A\$4.3m.

Trading Performance – FY2019

	FY 2019	FY 2018	+ / (-) %
	AU\$'000	AU\$'000	
Revenue	286,250	566,807	<i>n.m.</i>
Gross profit	21,089	57,483	<i>n.n</i>
Gross margin	7.4%	10.1%	
Other operating income / (loss)	9,743	295	<i>n.m.</i>
Administration, marketing & other costs	(22,262)	(17,716)	25.7
EBIT	8,570	40,062	(78.6)
<i>EBIT Margin</i>	3.0%	7.1%	
Net gain on debt conversion	854	1,314	<i>n.m.</i>
Impairments of receivables & assets	(4,335)	(14,837)	<i>n.m.</i>
Finance costs	(1,564)	(11,681)	(86.6)
Income and withholding tax	(1,226)	(1,392)	(11.9)
Net profit for the period	2,299	13,466	(82.9)
<i>Net Profit Margin</i>	0.8%	2.4%	
<i>EBITDA and impairments</i>	14,996	50,345	(70.2)
<i>EBITDA Margin</i>	5.2%	8.9%	

- Revenue for this year is lower due to the completion of major projects in the prior year and the delay in the start of new project work.
- The GP% for the year of 7.4% is within our target range but is lower than the previous year following completion of major projects last year and the losses on a major project in the year.
- EBIT before impairments reduced from last year (3.0% down from 7.1%) due to the loss on the major contract mentioned above and after completion of major projects in the prior year.
- Finance costs down from A\$11.7m to A\$1.6m reflecting new repayment terms and rates under all debt facilities coupled with the remission received in the year of A\$5.5m.
- Net profit for the year of A\$2.3m – a profitable year.

Trading Performance – FY2019 (adjusted for impairments)

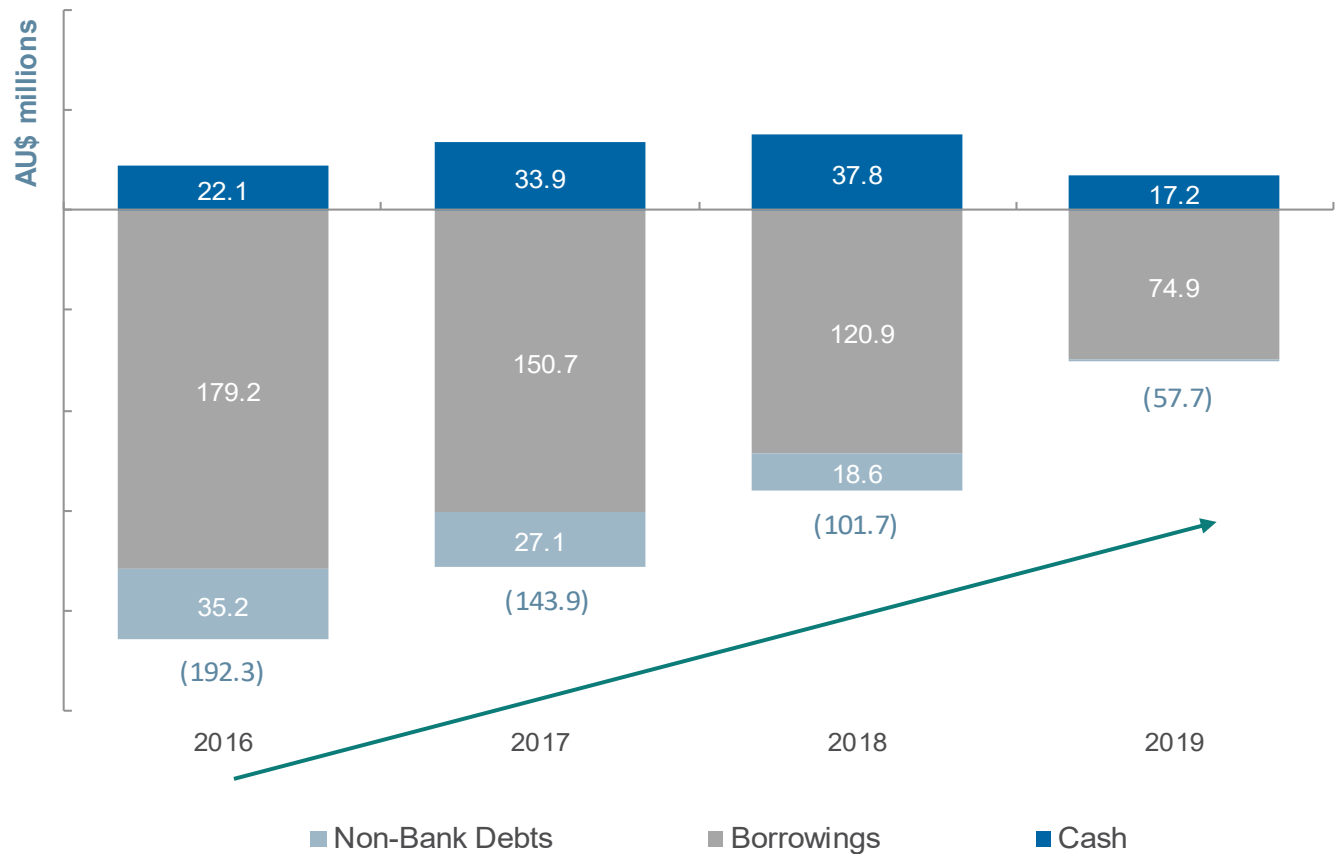
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EBIT	8,570	40,062	(78.6)
<i>EBIT Margin</i>	3.0%	7.1%	
Net gain on debt conversion	854	1,314	n.m.
Finance costs	(1,564)	(11,681)	(86.6)
Income and withholding tax	(1,226)	(1,392)	(11.9)
Net profit for the period	6,634	28,303	(76.6)
<i>Net Profit Margin</i>	2.3%	5.0%	
<i>EBITDA and impairments</i>	14,996	50,345	(70.2)
<i>EBITDA Margin</i>	5.2%	8.9%	
Note: figures above are net of impairments shown below			
Impairments of receivables & assets	(4,335)	(14,837)	n.m.

- Net profit for the year when adjusted for impairment of receivables is A\$6.6m, down on the comparable figure for FY 2018, however this indicates that underlying earnings are within normal ranges despite the loss on the major contract mentioned previously.

Balance sheet

(A\$ million)	30-Jun-19	30-Jun-18	Variance
Cash	17.2	37.8	(20.6)
Receivables	65.4	93.4	(28.0)
PPE	85.1	75.6	9.5
Intangible Assets	45.1	43.7	1.4
Other Assets	6.2	12.5	(6.3)
Total Assets	219.0	263.0	(44.0)
Payables	38.3	84.8	(46.5)
Debt	74.9	120.9	(46.0)
Other Liabilities	7.8	15.6	(7.8)
Total Liabilities	121.0	221.3	(100.3)
Net Assets	98.0	41.7	56.3
Net Tangible Assets	52.9	(2.0)	54.9
Current Liquidity	37.0	(40.8)	77.8

- Debt re-financing completed – improved net worth by A\$56.3m to A\$98.0m.
- Cash levels stabilised since end of FY18. Delayed settlement of project claims and losses on major project impact cash levels.
- Borrowings reduced by A\$46.0m after funds raised and partial repayment from proceeds, including cash redemption of MTN debt.
- Current liquidity improved by A\$77.8m to A\$37.0m as debt now reclassified as long term (MTN – Dec'22, Shareholders – Oct'23).



A\$134.6m reduction since FY2016

Debt Profile (FY19)	Q1	Q2	Q3	Q4
DBS	11.8	10.2	9.7	7.9
MTN	75.4	39.9	40.9	41.3
Ezion	35.2	30.9	31.6	25.7
Total	122.4	81.0	82.2	74.9



Summary

Strategic

Diversifying our portfolio of clients

Establishing a footprint in Eastern Australia & South East Asia

Growing pipeline of opportunities

Broadened service offering across markets

Delivery

Continue to deliver safely

Awarded additional contract with Chevron Australia – Fabrication

Port Melville continues to build commercialisation

Growth in long term maintenance contracts

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