

AusGroup



Investor Presentation

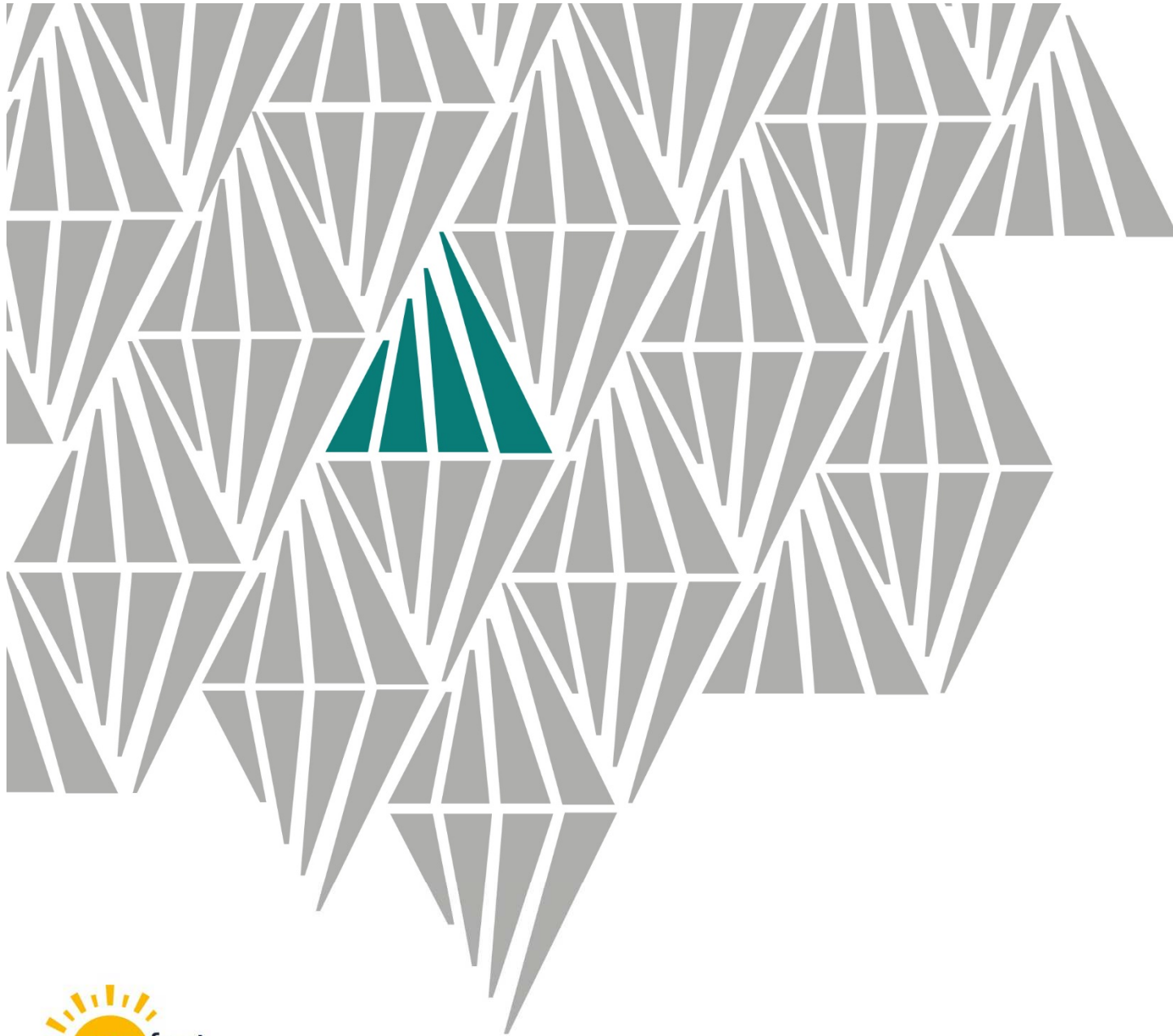
Q4 FY 2017



Contents

- Company Overview
- Market Outlook and Strategic Intent
- Financial Performance
- Key Investment Highlights





Company Overview



Company Structure



AusGroup Ltd (Singapore)

- Investor relations
- Bank and noteholders interface



An AusGroup Company

- Provides services across the **energy, industrial** and **mining** sectors
 - _ Core maintenance
 - _ Construction
 - _ Manufacturing
 - _ Painting, insulation and fireproofing
 - _ Refractory
- Number of employees: 1,204
- Number of facilities: 2



AN AUSGROUP COMPANY

- Provides access services across the energy and resource sectors in Australia and Asia
 - _ Scaffolding
 - _ Rope Access
 - _ Design, planning and engineering access systems
 - _ Labour supply
 - _ Training
- Number of employees: 774
- Number of facilities: 9



- Supports offshore LNG industry through the provision of marine services
 - _ Marine logistics
 - _ Equipment/module transportation
 - _ Asset operation
 - _ Fuel distribution and supply
- Number of employees: 5
- Number of facilities: 2



Senior Management



Eng Chiaw Koon
Managing Director

Mr. Eng holds a Technical Diploma in Mechanical Engineering and brings 12 years of experience in the marine support industry. Currently executive director of AusGroup Limited, Mr. Eng was previously director, special projects with Ezion Group, CEO of Aqua-terra Supply Co. Ltd (a subsidiary of KS Energy Services Limited) and the chief operating officer of KS Distribution Pte at KS Energy Limited.



Shane Kimpton
Chief Executive Officer and Executive Director

Mr. Kimpton has over 30 years of experience working in the resources sector in Australia and overseas. He has been responsible for maintenance, capital projects, commissioning and shutdowns across the onshore and offshore oil and gas, LNG, chemicals, power generation and mining sectors.



Christian Johnstone
Chief Financial Officer

Mr. Johnstone has over 20 years of finance and corporate advisory experience including a number of years in senior finance roles for publicly listed companies. He has extensive experience spanning the mining, gas and industrial sectors, having previously worked as chief financial officer for Iron Ore Holdings Ltd for over four years, and Wesfarmers Limited for over six years



Senior Management



James Stokes
Chief Operating Officer AGC

Mr. Stokes has over 20 years of experience in the natural resources sector across Australia. He specialises in the areas of operation and project delivery, organisational restructure, commercial management, policy and procedural development, risk management, integration and strategic planning.



Simon MacLeod
Chief Operating Officer MAS Australasia

Mr. MacLeod has over 35 years of construction and maintenance experience in the oil and gas and natural resource industries across Australia. He has been involved in projects from the tender preparation phase through to negotiation and project management.



Matt Prendergast
Executive General Manager Business Services / Project Director Chevron

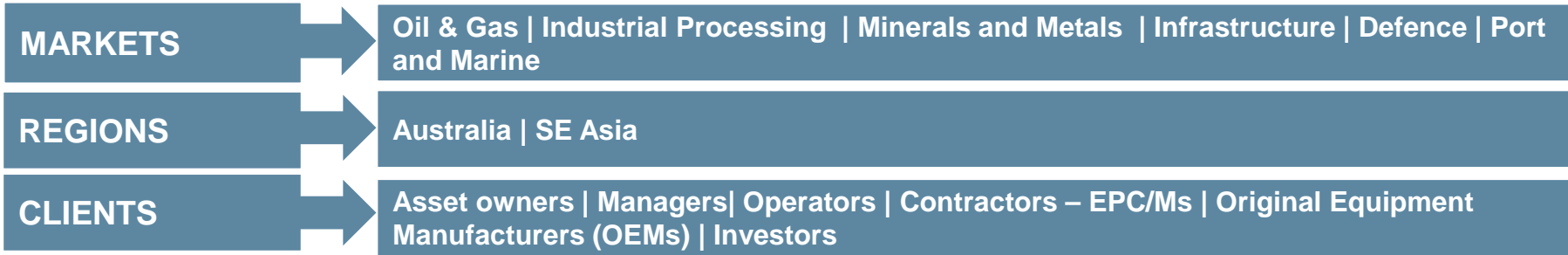
Mr. Prendergast has over 25 years of experience across the energy, industrial and infrastructure sectors within Australia. With a background in commercial and project management, Mr. Prendergast has extensive experience in contract development and negotiation, as well as project financial reporting.

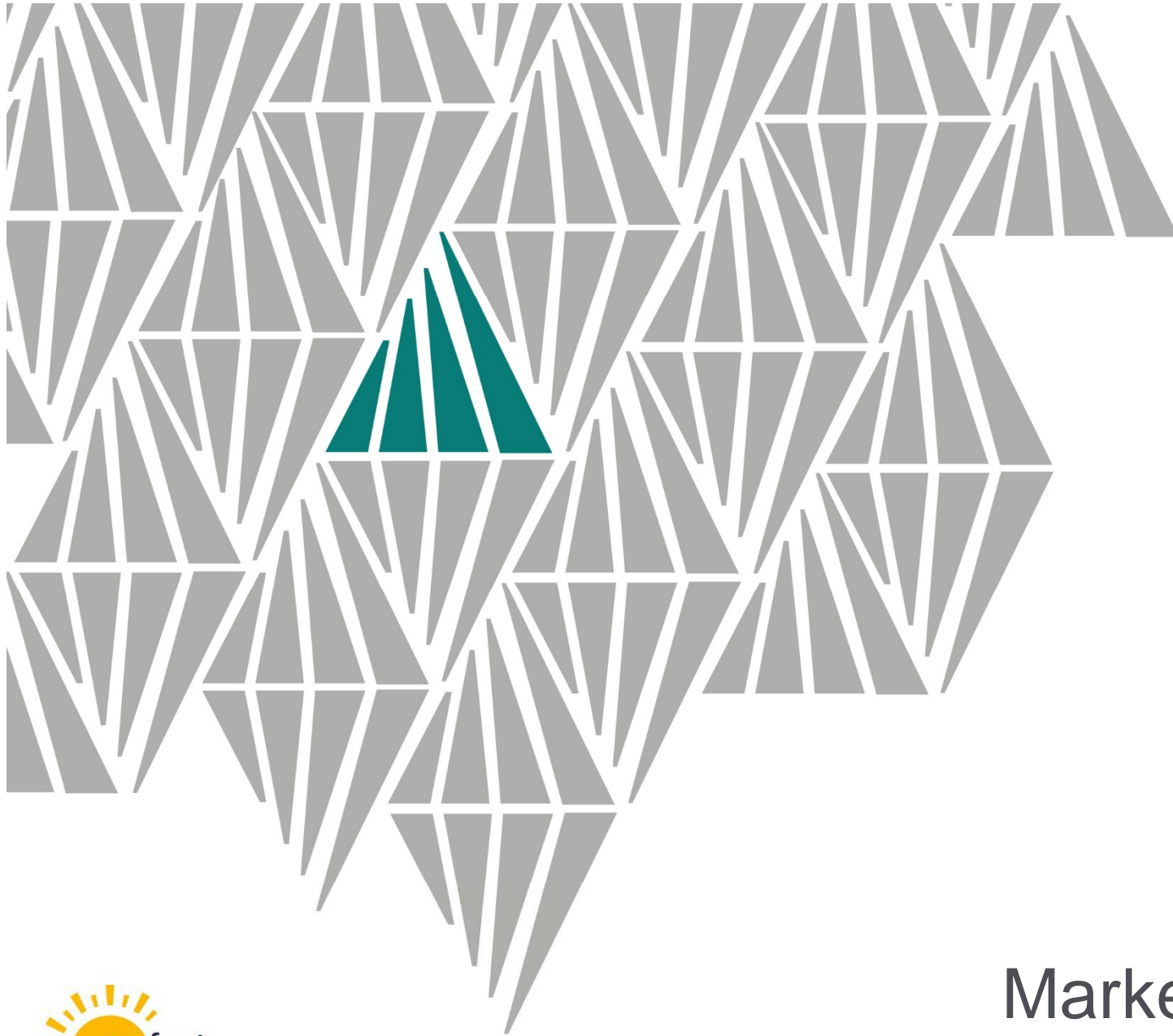


Overview

- Established construction, operations and maintenance service provider with 29 years' experience
- Cohesive management team with an extensive track record in project delivery
- Market leaders in the brownfield maintenance services & greenfield construction
- Speciality services in subsea fabrication, protective coatings and access
- Outstanding HSE performance driven by a mature management culture
- Over 2,000 employees across 12 locations throughout Australia and South East Asia

Supporting clients to plan, build and manage their assets



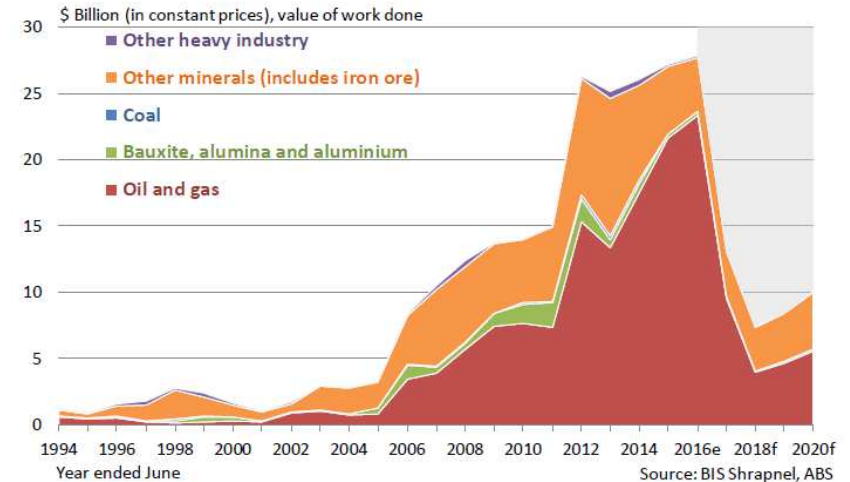


Market Outlook and Strategic Intent

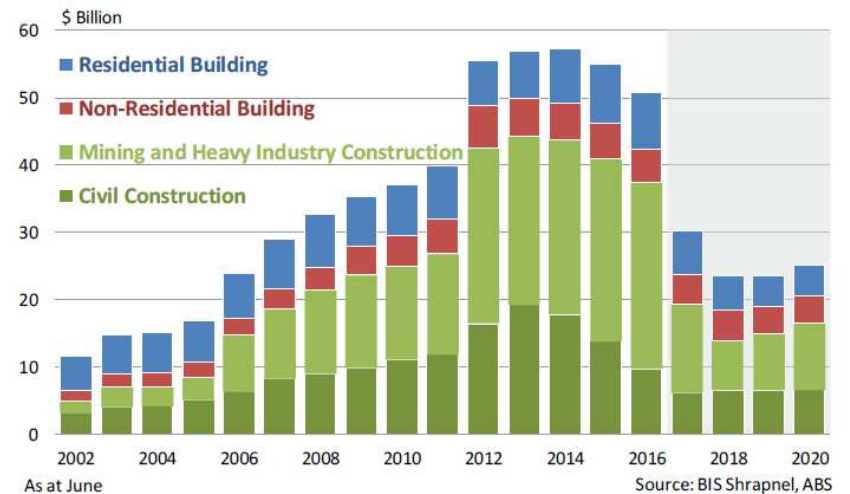


Market Outlook

- Market is now stabilising amid transition from capital to operational expenditure
- Group is well-positioned in Western Australia with the greatest number of facilities requiring ongoing maintenance
- Hundreds of maintenance events scheduled to kick off across Australia within the next 2 years
- A moderate recovery is forecast from 2018/19, mainly driven by brownfield expansions in oil and gas and iron ore, as well as new base metals, gold, and rare earths projects
- Oil and gas and iron ore still represent the majority of the work forecast to be done in coming years



Western Australia engineering construction, \$billion, 2013/14 prices – mining and heavy industry construction sectors



Western Australia, value of construction work done by segment (\$Billion, 2013/14 Constant Prices)



Sustainable Business Strategy

1. Safety focus

- Award-winning HSE track record
- In-house developed world class HSE program, *Perfect Day*

2. Efficient delivery and cost competitiveness

- Providing clients with agile solutions and efficient delivery through the use of specialised in-house systems
- Lean and agile business model, lean overheads
- Flexible employment opportunities

3. Cohesive Management team

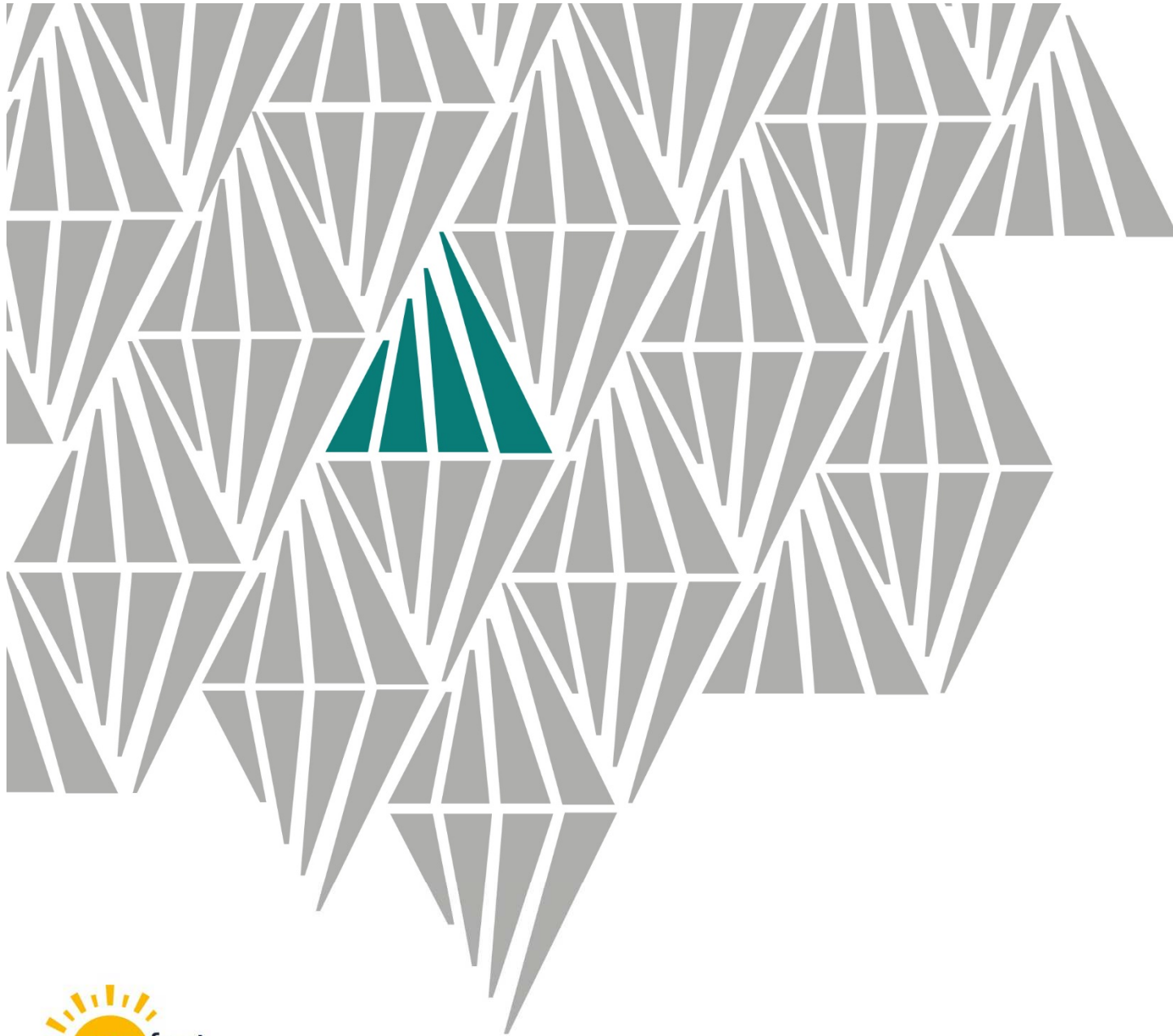
- A dedicated team of high-performing individuals with proven track records
- Strong relationships with blue chip clients and industry leading associations
- Collaborative culture with a focus on client delivery

4. Positioned for Growth

- Solid Australian client base, with the capability to expand into adjacent market sectors
- Scalable platform to address global markets

Project Experience

- INPEX-operated Ichthys Project
- Chevron Australia Master Services Maintenance Contract
- Shell Prelude FLNG
- Chevron-operated Gorgon Project
- APLNG Project
- OneSteel Whyalla
- Petronas RAPID Project
- QAL Maintenance Services



Financial Performance



Highlights – FY2017

FINANCIAL	OPERATIONAL
<ul style="list-style-type: none"> • Revenue - \$435m. • Gross margins improvement - 10.3%. • EBIT of \$18.3m and EBITDA of \$33.9m. • Profitable for last 3 quarters - sustainable position. • W-I-H of \$419.6m and extended order book due to extensions on key projects. • Debt reduced in the year by \$48.4m. • Balance sheet re-structure in year – Net Assets of \$23.3m • Overhead reductions in year of \$19.8m – normalised. • Improved cash at bank to \$33.9m. 	<ul style="list-style-type: none"> • \$165m extension of AMJV’s contract with reduced risks on the INPEX-Operated Ichthys Project. • Extension to MAS’s Access contract on the INPEX - Operated Ichthys Project. • Award of off-shore Access and Painting contracts to MAS on Shell’s Prelude Project. • Significant growth in manning for Gorgon and mobilisation to Wheatstone under Chevron maintenance contract. • Commissioning of fuel operations at Port Melville. • Successfully negotiated exit from Singapore - Finalisation of the sales of AGS machinery. • Gained re-approval of NTP&M EPBC operating approval.





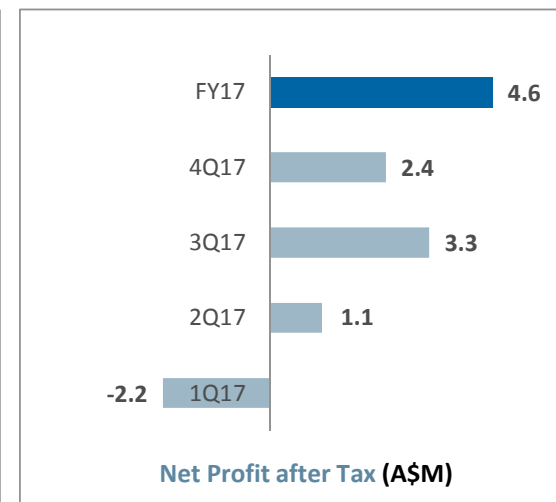
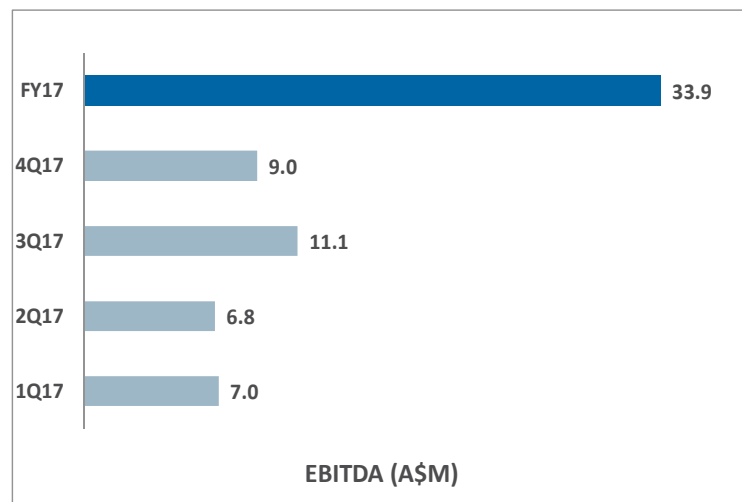
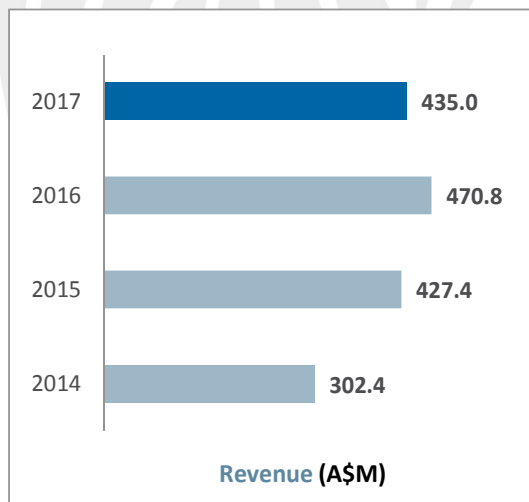
Income Statement

Income statement	Q4 2017 AU\$'000	Q4 2016 AU\$'000	+ / (-) %	FY 2017 AU\$'000	FY 2016 AU\$'000	+ / (-) %
Revenue	121,153	102,630	18.0	434,960	470,820	(7.6)
Gross profit	9,496	8,928	6.4	44,674	34,405	29.8
Gross margin	7.8%	8.7%		10.3%	7.3%	
Other operating income	(286)	1,922	n.m.	894	3,134	(71.5)
Administration, marketing & other costs	(4,926)	(12,654)	(61.1)	(27,296)	(51,248)	(46.7)
Impairment	-	(132,812)	n.m.	-	(189,308)	n.m.
EBIT	4,284	(134,616)	n.m.	18,272	(203,017)	n.m.
EBIT Margin	3.5%	(131.2%)		4.2%	(43.1%)	
Finance costs	(4,446)	(5,345)	(16.8)	(17,104)	(15,901)	7.6
Income and withholding tax	(2,908)	(7,261)	n.m.	(3,574)	(7,294)	n.m.
Net gain on debt conversion	5,541	-	n.m.	5,541	-	n.m.
Discontinued operations	(108)	(18,242)	n.m.	1,438	(32,710)	n.m.
Net profit/(loss) for the period	2,363	(165,464)	n.m.	4,573	(258,922)	n.m.
Net Profit Margin	2.0%	(161.2%)		1.1%	(55.0%)	
EBITDA	9,014	4,454		33,963	(24,490)	
EBITDA Margin	7.4%	4.3%		7.8%	(5.2%)	

- Increase in EBIT over last year – return to profitable and sustainable results for the year.
- Underlying EBITDA shows significant improvement over last year.
- Significant reduction in the operating cost base with administration costs reducing by 47% YoY.
- Finance costs are at 94% of FY17 EBIT – as the return to profitability continues debt servicing cover improves.
- Energy & Process underlying results represents significant reversal from losses in prior year.
- Port & Marine Services now operating under rationalised and optimised framework – set up in place for future growth plans after commercialisation of business.



Key Performance Indicators



- Revenue growth sustained for the last 3 quarters on the back of strong performances from the Energy & Process based projects at INPEX and Gorgon/Wheatstone.
- EBITDA growth represents a return to more sustainable and realisable earnings.
- Net Profit after tax shows the significant turnaround and growth overall from last year and builds quarter by quarter.
- Finance costs are now serviceable from free operating cash flows in the underlying Energy and Process business.
- Port & Marine Services business restructure is undertaken with operating costs now rationalised to optimum levels.



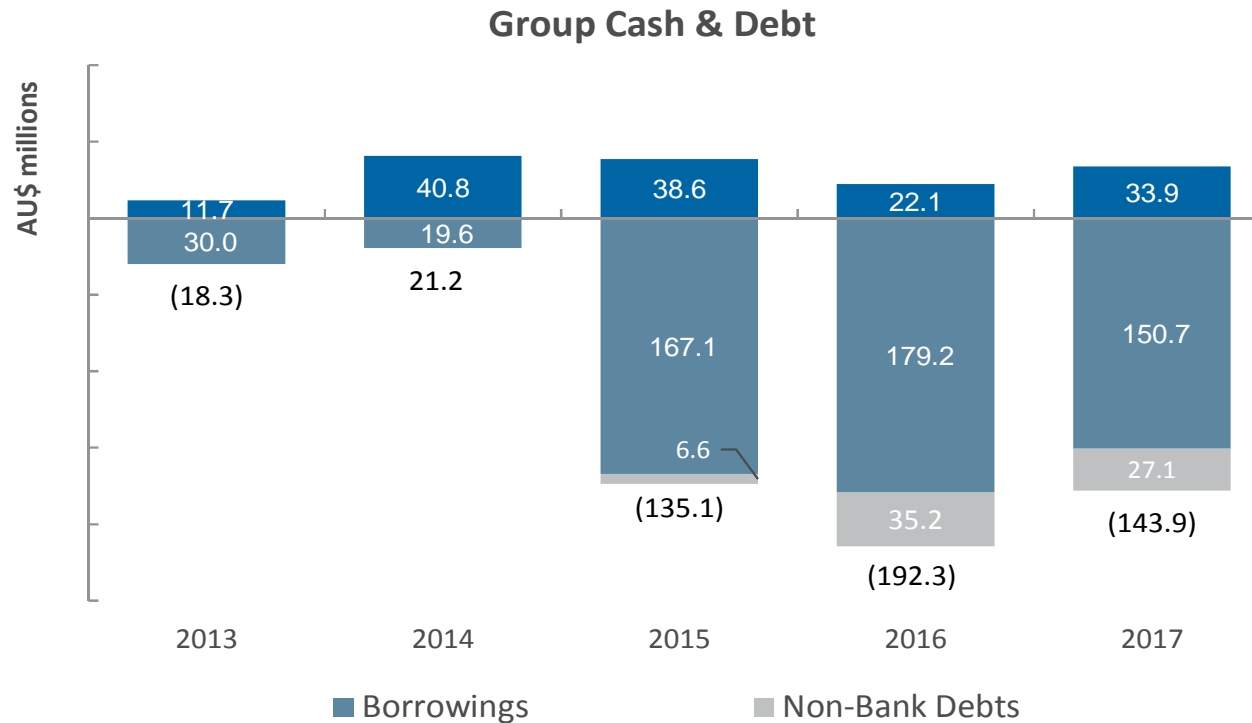
Balance Sheet

(A\$ million)	30-Jun-17	30-Jun-16
Cash	33.9	22.1
Receivables	133.1	132.9
PPE	87.4	96.4
Intangible Assets	47.6	51.0
Other Assets	10.2	20.4
Total Assets	312.2	322.7
Payables	114.7	124.0
Debt	150.7	179.2
Other Liabilities	23.5	34.4
Total Liabilities	288.9	337.5
Net Assets	23.3	(14.8)
Net Tangible Assets	(24.3)	(65.8)

- Improvement in Net Assets since FY16 year end reflecting the underlying profitability in business.
- Debt repayments have been made in line with obligations resulting in reduction of \$28.5m.
- MTN debt now classified as non-current following extension of repayment date to October 2018.
- Cash balance shows improvement of \$11.8m since FY16, which includes short term bridging facility.
- Bank facilities now extended to December 2019.
- Balance sheet re-structure completed :
 - Debt to Equity swap of \$34.1m
 - Improved Net Assets to \$23.3m.



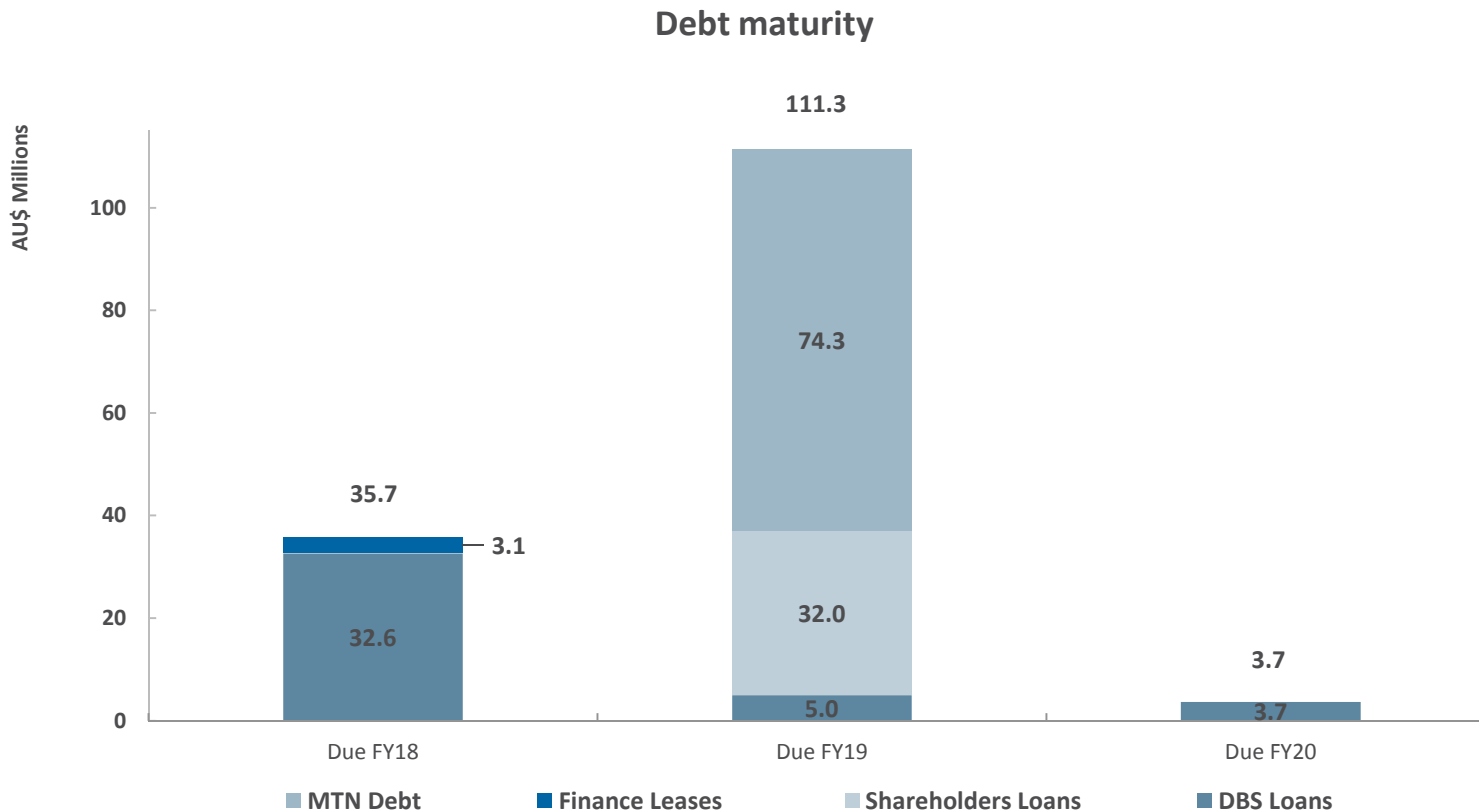
Group Net Debt



- **Net debt reduces by \$48.4m.**
- Cash at bank balance increased by \$11.8m.
- MTN Debt reduced after swap conversion - \$34.1m.
- Loan repayments made for the full year - \$21.9m.
- Loan drawdowns and Bridging loan - \$(25.7)m.
- Forex revaluations of loans in year - \$6.3m.



Group Debt Maturity



- MTN notes now due for payment in October 2018 (FY19), with the potential that this will be extended to October 2019 (FY20).
- The long term bank debt will be repaid in April 2018 (FY18).
- Bank loans due for payment according to agreed instalment plans will be fully repaid by Dec'19 (FY20).
- The shareholders loan is fully sub-ordinated to all bank loans, hence will not be repayable until FY20.



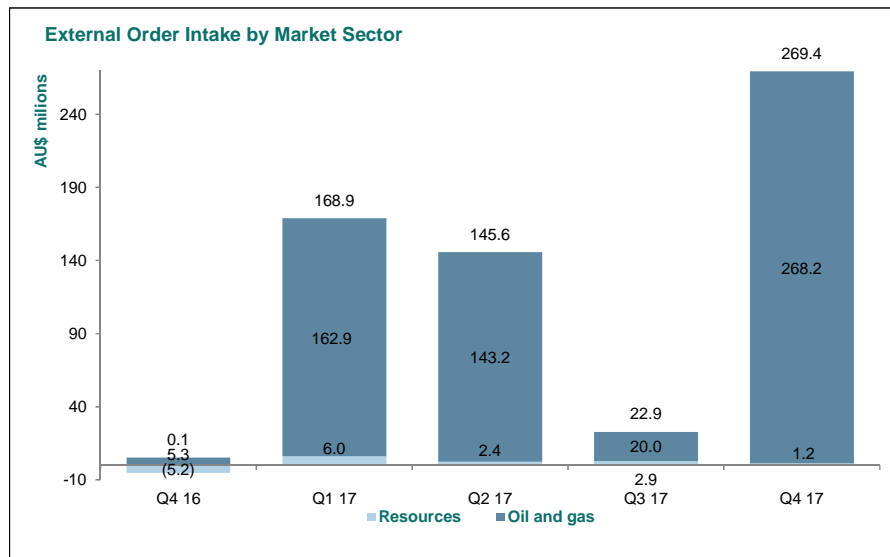
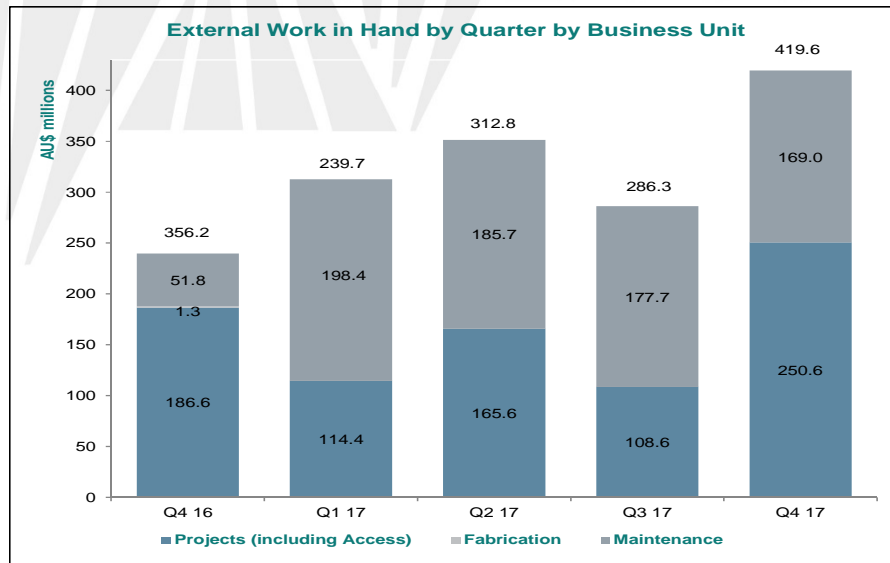
Operating Cost Base

Normalised Overhead Analysis	FY 2017 AU\$m	FY2016 AU\$m	+/(-) %
Function			
Operating overhead	11.1	26.2	15.1
Administration overhead	29.8	33.3	3.5
Marketing & distribution overhead	1.4	2.6	1.2
Total	42.3	62.1	19.8
Nature			
Salaries & Wages	19.9	32.7	12.8
IT related	1.3	2.5	1.2
Legal & consultancy	7.9	7.7	(0.3)
Rent & office running costs	3.9	4.6	0.7
Depreciation	2.7	7.5	4.8
Others	6.6	7.2	0.6
Total	42.3	62.1	19.8

- \$19.8m of normalised overhead savings YoY to June 2017 in addition to ~\$15m in Q2 FY16.
- Significant reduction in operating support costs has improved operational efficiencies.
- Salary & Wages reduced YoY by \$12.8m following staff rationalisation program.
- Legal & consultancy costs incurred in relation to on-going Arbitration hearings during FY2016 and FY2017. This is expected to reduce further in FY2018.
- IT related costs have reduced following change in IT service provider and re-negotiation of key supply contracts.
- Depreciation savings represents the decrease in the carrying value of assets following impairments conducted in FY2016.
- Corporate organisational structure will be further simplified and improved to service the current projects and position the business for growth in new markets/work.



Revenue Pipeline

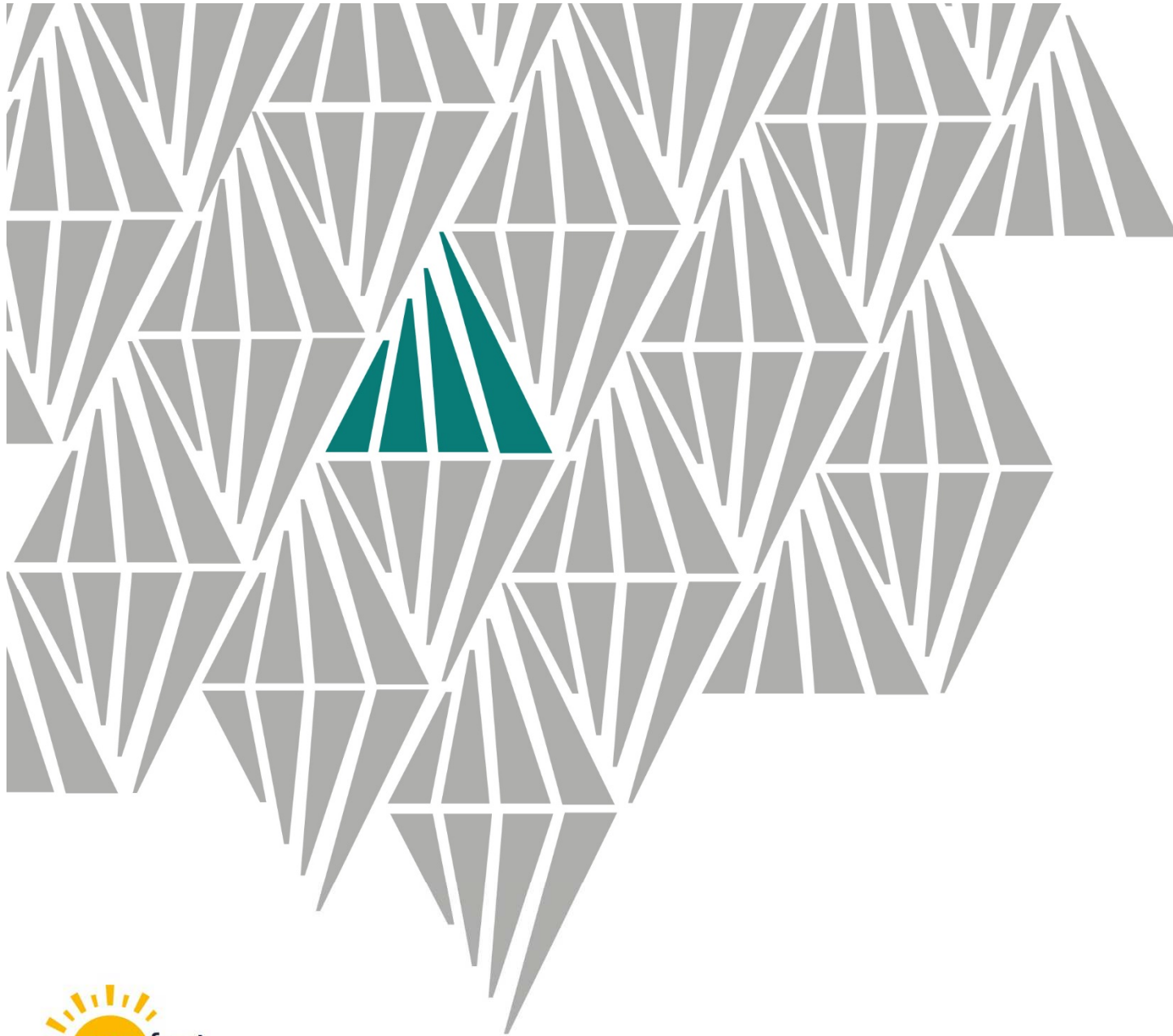


Work Growth

- Organic growth during the year as Inpex contracts progressed.
- Rectification and repair work has added additional work to original scopes for both the painting & insulation and scaffolding contracts.
- Contractor is busy re-organising the work scope and resources required to complete the LNG plant on time – this will provide additional opportunity for increases in the contract value as the year progresses.

Tenders and Tracking

- Current tendering activities are centered on the re-work and re-pricing of the packages of work that Inpex requires to be rectified or replaced due to defective materials.
- LNG tendering activities are limited for the remainder of the year and into next year (FY18).
- Preparing for expansion into different sectors (Mining, Power generation, etc.) which will increase our tendering activity.



Key Investment Highlights



Key Investment Highlights

Outstanding track record with ability to deliver end-to end asset services

- Over 29 years' experience in the Australian and South East Asian markets
- Capability to provide full end-to-end project delivery: Planning, construction, hook-up, operations and maintenance

Solid Australian presence with established customers

- Blue chip long term contracts
- Positioned to capture future works through strong client relationships

Lean and flexible business model offering integrated service delivery

- Strong in-house capability that is scalable for growth
- Self performing delivery model eliminating interface management
- Industry leading recruitment model with flexibility to meet business requirements

Clear strategic vision for the future

- Experienced core management team with clear growth strategy and targets
- Strong order book through 2018 leading to growing market share
- Visible pipeline of growth in a stabilised market