



**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
25 August 2017

AusGroup delivers net profit of AU\$4.6 million for FY2017

Q4 FY2017 highlights

- Increased level of revenue at AU\$121.2m for the quarter and AUS\$435.0m for the full year.
- Increased Gross profit in the quarter by AU\$9.5m to AU\$44.7m for the full year to June 2017.
- Continuing good performance from previous quarters resulting in further growth in EBIT of AU\$4.3m to a full year EBIT of AU\$18.3m.
- Successfully completed debt to equity conversion resulting in a reduction in debt of AU\$34.1m, realising gains of AU\$5.5m.
- Balance Sheet re-structuring improves balance sheet as net debt decreases by AU\$40.2m since June 2016.
- Work in hand has increased to AU\$419.6m as at 30 June 2017, following extensions received on our key maintenance projects in the Energy & Process sector.

AusGroup Limited ('AGL' or 'AusGroup' or the 'Group') today announced its results for the three months ended 30 June 2017 ('Q4 2017'). This release should be read in conjunction with our SGX Announcement.

Income statement (abstract)	Q4 2017 AU\$'000	Q4 2016 AU\$'000	+ / (-) %	FY2017 AU\$'000	FY2016 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.
Net gain on debt conversion	5,541	-	n.m.	5,541	-	n.m.
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.
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.
Margin	2.0%	(161.2%)		1.1%	(55.0%)	

n.m – not meaningful

AusGroup has now reported three profitable quarters resulting in a significant improvement in the underlying profitability of the Group in FY2017, with key contributions from all projects in the Energy & Process sector. The restructuring of the balance sheet through the successful debt to equity swap conversion has resulted in an

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improvement in the net debt position by AU\$40.2m and market capitalisation has increased to AU\$70.6m as at 24 August 2017.

Gross margins have also increased during the year, due to the continued good performance on the back of the improved results from the energy and process contracts with gross profit and margins increasing to AU\$44.7m and 10.3% respectively for the full year to June 2017.

The net profit of AU\$4.6m for FY2017 demonstrates the significant turnaround in the results since the losses reported in FY2016, with sustainable quarterly profits now being produced throughout the year.

Operational Performance

Revenue for the quarter of AU\$121.2m was up 18.0% as compared to the corresponding period of Q4 2016 and as previously reported, the results have been underpinned by a strong performance from the energy and process sector, with key contributions from AusGroup's core project work.

Gross profit for the quarter was AU\$9.5m, up 6.4% from a gross profit of AU\$8.9m in the corresponding period of Q4 FY2016 and for the full year the gross profit was AU\$44.7m and gross margins of 10.3% (improvements of AU\$10.3m and 3.0% respectively over the corresponding Q4 FY2016). As reported at Q3 FY2017, the continued improvement in the underlying gross profits indicates that the results delivered have been realised due to the operational efficiencies that have resulted from the re-organisation of the business and improved project support.

Administration, marketing and other costs in the quarter were AU\$4.9m, representing a 61.1% decrease from the corresponding period Q4 FY2016. The savings YoY when taking into account normalised overheads¹ has realised AU\$19.8m in the full year to June 2017.

Discontinued operations recorded a loss in the quarter of AU\$0.1m due to administration expenses incurred. Included in FY2017 discontinued operations profit of AU\$1.4m are the gains related to the sale of the equipment in the Singapore fabrication and manufacturing business, realising AU\$1.3m from the disposal.

Financial position

	30 Jun 2017 AU\$'000	30 Jun 2016 AU\$'000	+/(-) %
Cash & cash equivalents	33,851	22,095	53.2
Total borrowings	150,694	179,150	(15.9)
Equity	23,298	(14,867)	256.7

Cash and cash equivalents for the Group as at 30 June 2017 have risen by 53.2% to AU\$33.9m due to improvement in the recovery of trade receivables during the year and also includes an increase in funding with AU\$13.5m utilisation of a two month short term bridging facility pending receipt of final payments on completing contracts.

Net Borrowings² have reduced AU\$40.2m since Q4 FY2016 to AU\$116.8m due predominantly to the successful completion of the debt to equity swap conversion realising reductions in debt of AU\$34.1m, upfront partial redemption of the Multi Currency Notes of AU\$3.7m and scheduled net repayments of existing bank and non-bank debt balances.

¹ Impairment, bad debt and other provisions taken at end of FY2016 have been excluded.

² Includes cash at bank, bank debt and non-bank obligations under payment plans.



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Total shareholders' equity as at 30 June 2017 has improved by 256.7% to AU\$23.3m as a result of the debt to equity conversion that was completed on 30 June 2017. AusGroup continues to assess the options available to ensure that sufficient cash flow is available for the Group to meet its obligations as they fall due.

NT Port and Marine Commercialisation activities are well underway at the port with opportunities being developed to provide a re-fuelling option to the marine vessel business in the Darwin territorial waters which is anticipated to produce sales revenue in Q2 FY2018.

Summary

Managing Director Eng Chiaw Koon said: "The results for the year are extremely pleasing given the challenges and complexities faced by the business during the last financial year. The underlying results from the key contracts in the energy and process sector in Australia has enabled the business to produce sustainable results for the last three quarters with AusGroup reporting a profit after tax of AU\$4.6m.

The debt to equity conversion that was completed on 30 June 2017 was a significant achievement as AusGroup Limited was the first company in Singapore to successfully implement a high yield bond to equity conversion and has resulted in a debt reduction of AU\$34.1m and has also improved our balance sheet position to AU\$23.3m. This conversion received support from Note Holders, our principal bankers and our shareholders for which we are extremely appreciative.

The underlying strength in our business is a reflection of the hard work and consistent performance to produce results that shows a sustainable profitability for the next financial year.

The re-branding of the NT Port and Marine business is now producing some tangible opportunities, particularly in the fuel servicing offerings we are pursuing and after some difficult times in the previous years, it is pleasing to report that we are close to full commercialisation of the business. Our aim has always been to ensure that the port is commercially viable and produces a consistent, profitable return to our shareholders and investors and establish this business as a sustainable port and marine operation.

The overall business has performed very well during this financial year and that has come on the back of hard work and dedication from the teams we deploy on our projects, in our main support centres and from the management direction. My thanks to all involved in contributing to the year's results and thus ensuring that the business is returning to a level that will enable the Group to grow, strengthen and ultimately provide profitable outcomes for our shareholders and investors alike".

Background Information

AusGroup offers a range of integrated service solutions to the energy, industrial and mining sectors across Australia and South East Asia. Our diversified service offering supports clients at all stages of their asset development and operational schedule.

Through subsidiaries AGC, MAS & NT Port and Marine, we provide maintenance, construction, access services, fabrication and marine services. With over 27 years of experience, we are committed to helping our clients build, maintain and upgrade some of the region's most challenging projects.

The Group wishes to inform that an investor briefing pack will also be available on its website on 28 August 2017 - www.agc-ausgroup.com.

Ends



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Issued by AusGroup Limited.

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ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit www.agc-ausgroup.com