

30 YEARS
1989 - 2019

AusGroup 



**Investor Presentation
Q4 FY2019**

Presented by
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Company structure



AusGroup Ltd (Singapore)
Investor relations
Bank and noteholders interface



Core 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
transportation
Asset operation

Group operational model

MARKETS



ENERGY



RESOURCES



INDUSTRIAL



UTILITIES



PORT & MARINE

SERVICES	PROJECT SERVICES (construction)		ASSET MANAGEMENT SERVICES (maintenance)					
	Multidisciplinary construction management and execution	Access	Shutdown / turnarounds	Multidisciplinary maintenance services	Sustaining and minor capital works	Procurement and logistic services	Refractory	Access
CAPABILITIES								
Electrical and instrumentation	✓		✓	✓	✓			
Industrial insulation	✓	✓	✓	✓	✓			✓
Inspection services		✓	✓	✓	✓		✓	✓
Mechanical and piping services			✓	✓	✓			
Refractory							✓	✓
Scaffolding	✓		✓	✓	✓			✓
Specialist welding	✓	✓	✓	✓	✓			✓
Rope access	✓		✓	✓	✓			✓
Training and competency	✓	✓	✓	✓	✓			✓
Fuel supply and distribution						✓		
Surface protection		✓	✓	✓	✓			✓
Workforce provision and resource management	✓	✓	✓	✓	✓	✓		✓
Fabrication	✓		✓	✓	✓			

AusGroup brief overview

Our Vision

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

Founded
1989

30
YEARS
1989 - 2019

Safety

LTIFR 1.06
TRIFR 3.90



Our operations

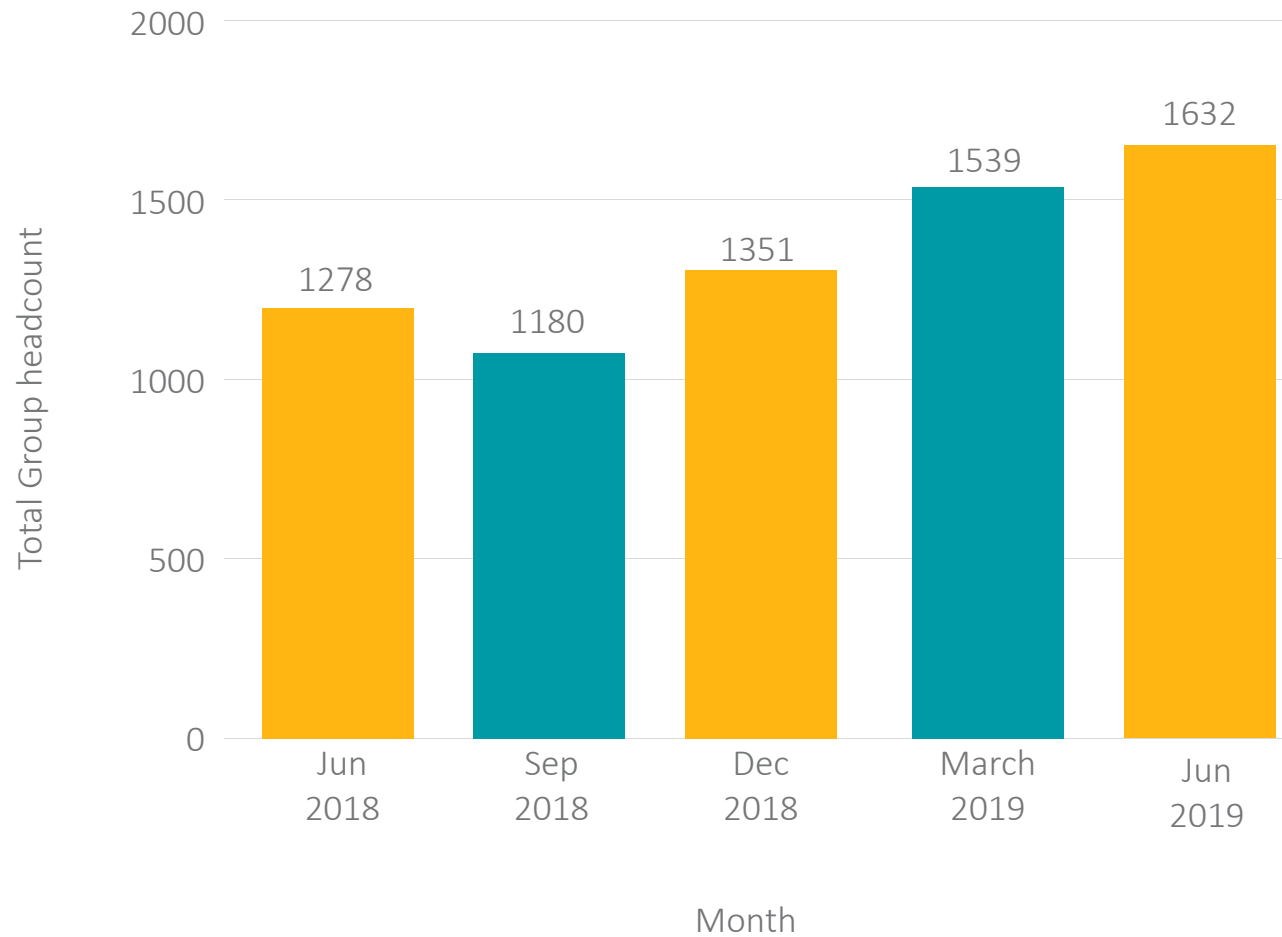


Delivering and positioning the business

- Clear strategic intent established for 2020 and beyond
- Diversified customer base – new and existing
- Agile, customer focused approach to delivery excellence
- Targeted opportunities, winning the right work
- Quality revenue growth & economic shareholder returns.



Growing workforce



Chevron Australia Master Contractor Services Contract

- Framework fabrication agreement executed – 5 year agreement with Chevron to provide Fabrication services through our Kwinana Facility
- Gorgon Train 2 shutdown works provided, confirming PIF and access scope for Train 2 Shutdown May 2020
- Wheatstone Brownfields execution works – PIF, access, mechanical and E&I program of works secured until Dec 2019 with further works being tendered for
- Gorgon Train 1 Shutdown – Phase 6 execution works to commence in early Oct 2019 with Phase 5 pre-works nearing completion

Chevron Master Services Contract



Talison Lithium Chemical Grade Plant 2 (CGP2) Expansion

- Structural, mechanical, piping (SMP) and electrical & instrumentation installation package
- Located in Greenbushes, Western Australia
- SMP works completed – 09 August 2019
- Electrical scope works to be completed (subcontractor) late August
- CGP2 will significantly expand lithium oxide concentrates in response to growing demand
- Peak workforce approx. 240 with full demobilisation scheduled for mid-August

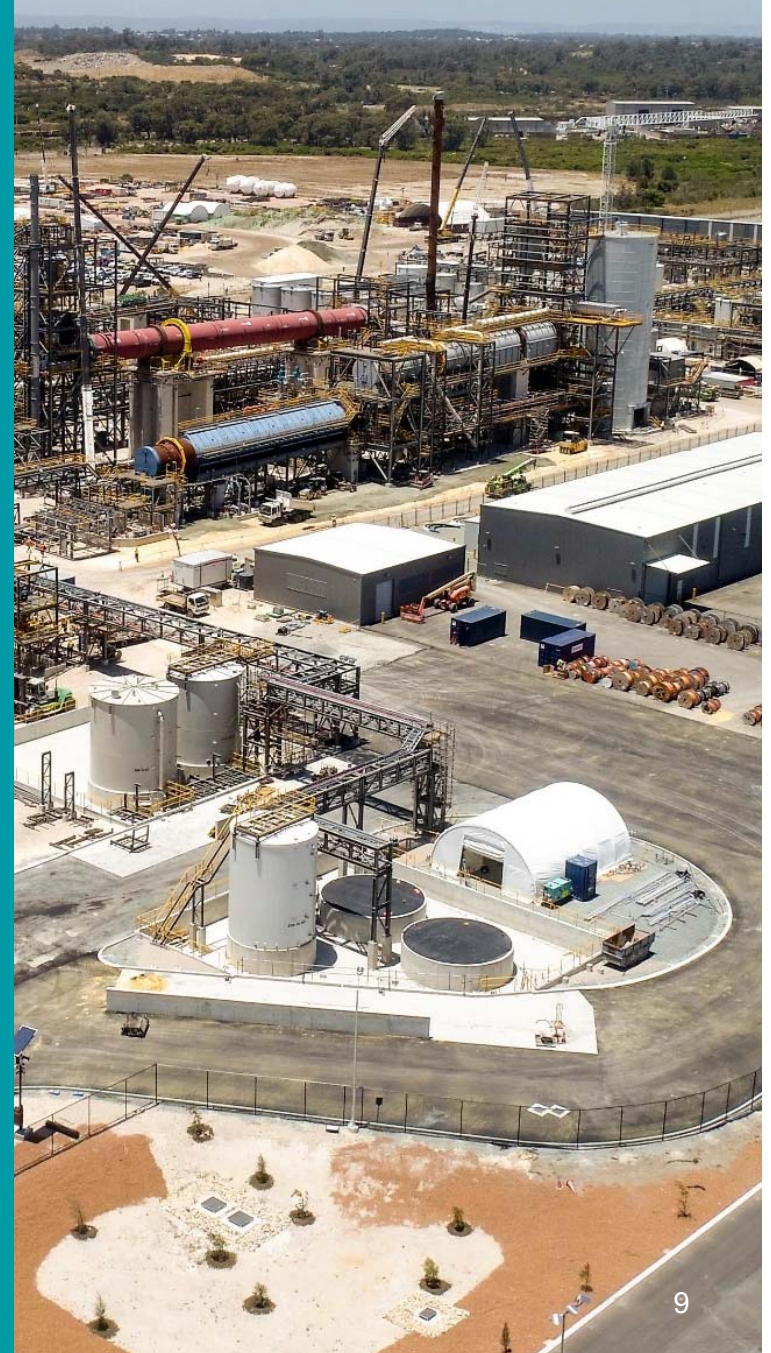


Talison Lithium CGP2 Project

Tianqi Lithium Kwinana Lithium Hydroxide Processing Plant LHPP1

- AU\$36M contract for piping and insulation works on the Lithium Hydroxide Processing Plant Crystalliser building in Kwinana
- Peak workforce approx. 260 people
- Demobilisation of blue collar resources commenced
- Significant variation works continue
- Completion forecast for September / October 2019
- Potential for punchlisting works to continue after forecast completion

Tianqi Lithium Kwinana LHPP1



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, carnage, insulation and fabrication.

Yara Pilbara Nitrates Plant



Delivering specialised fabrication work

- Fabrication, surface treatment, trial assembly and delivery of RC03 reclaimer substructure as part of thyssenkrupp contract 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
- Support for Chevron Maintenance Contract



MAS Australasia update



Newmont Boddington
Successful Rope Access shutdown in July

BHP Petroleum
Successful campaigns continue on Pyrenees FPSO and Macedon LNG Plant

Chevron-operated Gorgon Project
Barrow Island
Turnaround works (TAR101, Waste Heat Recovery Stacks)

NT Port and Marine update



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

In situ towage 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

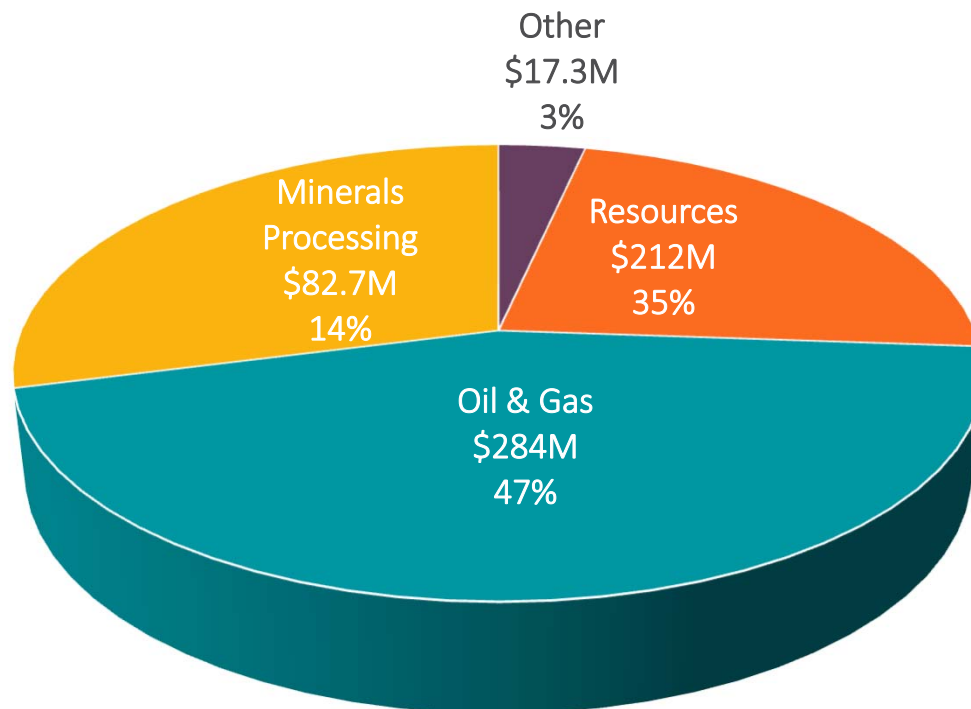
Continued engagement with Bonaparte Basin oil and gas operators for Port as marine supply base to the industry



Market outlook

Positioned for growth

Market share AU\$596M



Source: AusGroup pipeline database, as at August 2019

Oil and Gas

- Steady release of oil & gas maintenance scopes under framework agreements
- Large and complex fabrication and turn around scopes
- Multi-year maintenance contracts targeted

Resources

- Iron ore projects
- Focus on shutdown maintenance
- Sustaining capital and fabrication packages
- Multi-year maintenance contracts targeted

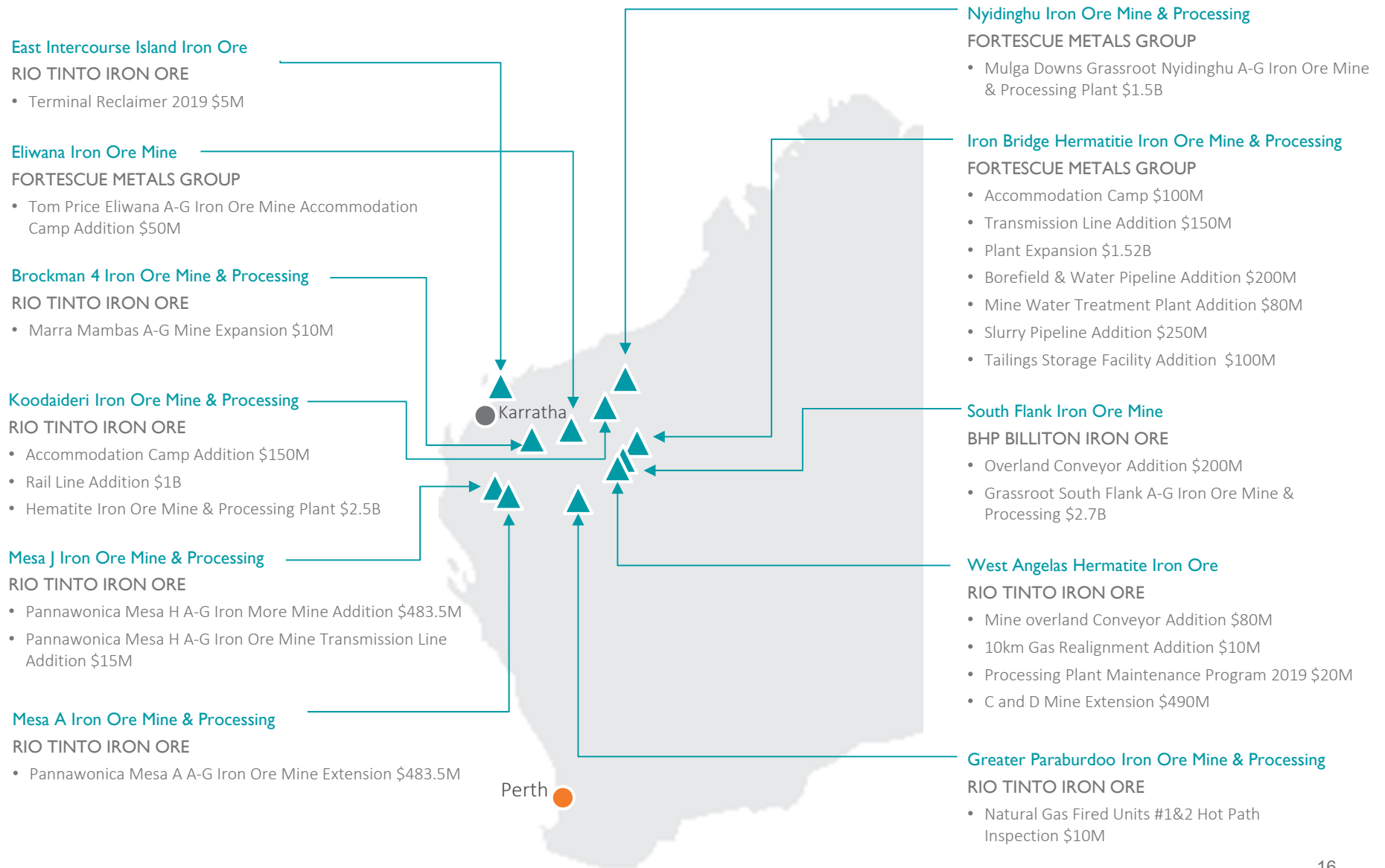
Minerals Processing

- Continued expansion of lithium projects.
- Nickel price expected to rise
- Gold prices continue to increase
- Increased demand for Ammonium Nitrate

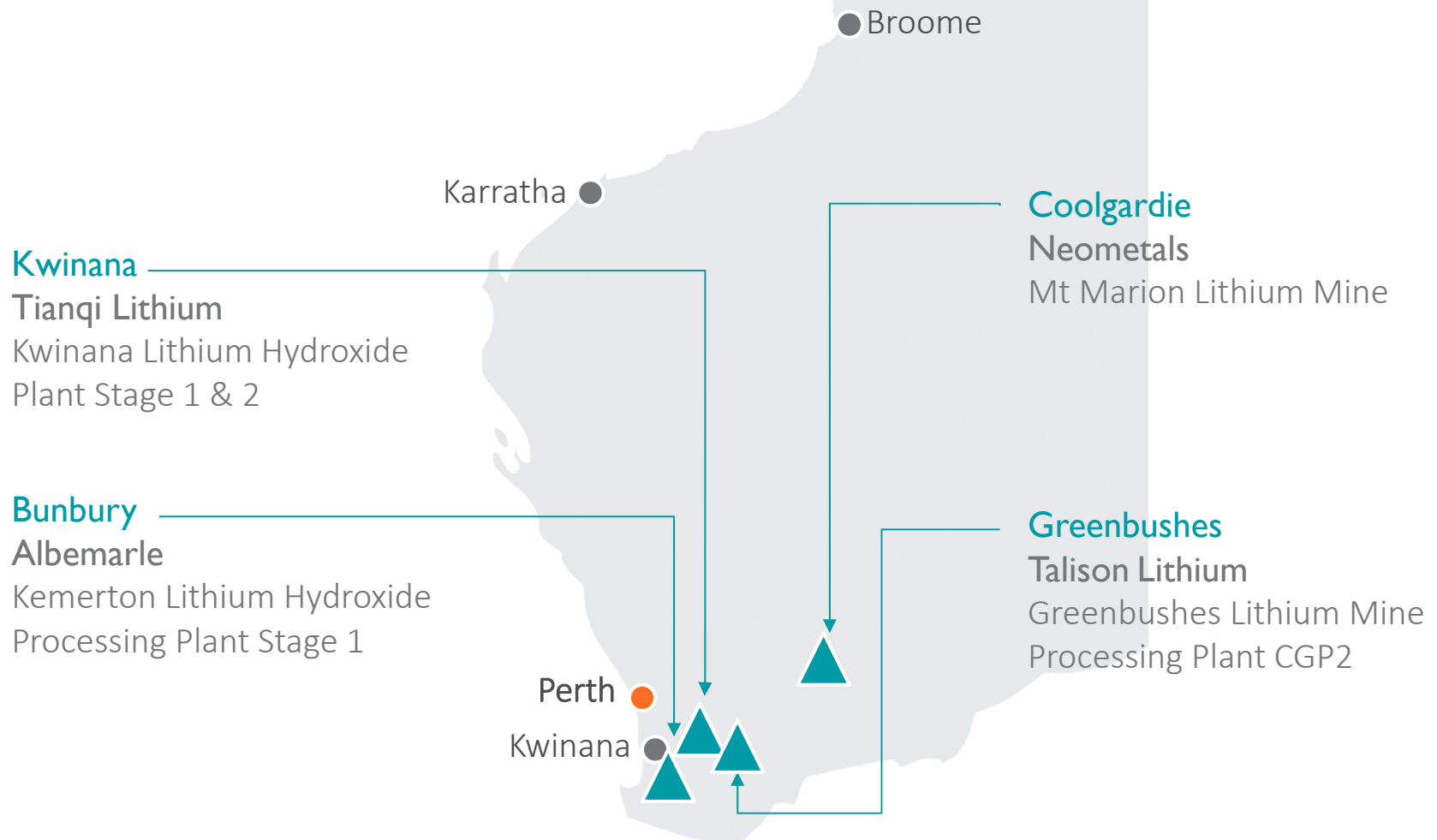
Other

- Increasing industrial processing opportunities
- Greater engagement with the RAN & PMP

Iron Ore Projects FY 2020 – Western Australia



Major WA Lithium Projects Plants under construction



Major WA lithium projects

Planned projects



Port Hedland
Lithium Australia

Sileach Lithium Pilot Processing Plant

Karratha

Kwinana

Kidman Resources

Covalent Kwinana Refinery

Bunbury

Albemarle

Kemerton Lithium Hydroxide
Processing Plant Stage 2

Greenbushes

Talison Lithium

Greenbushes Lithium Mine
Processing Plant CGP3

Perth

Kwinana

Broome

Marble Bar

Pilbara Minerals

Pilgangoora Tantalum Lithium Mine
& Processing Plant Stage 2

Altura

Pilgangoora Tantalum Lithium Mine
& Processing Plant Stage 2

Southern Cross

Kidman Resources

Earl Grey Lithium Mine & Processing Plant

Norseman

Pioneer Resources

Pioneer Dome Cesium Lithium Tantalum
Mine

Forrestania

Marindi Metals

Forrestania Lithium Gold Mine &
Processing Plant



**Financial
performance**

Financial summary – Q4 FY2019

	Total Revenue	Total NPAT	NPAT margin	Net Debt
Q4 FY2019	A\$76.6m	A\$0.5m	0.7%	A\$57.7m
Q3 FY2019	A\$66.3m	A\$0.6m	0.9%	A\$67.9m

- Revenue of A\$76.6m – revenue has increased since the last quarter from the completion of lithium based contracts and introduction of new work on maintenance contracts.
- Debt re-financing programme – partial cash redemption of the multi-currency notes of \$7.2m was made in the third quarter and a reduction of related parties costs of \$6.0m were settled in the fourth quarter reducing debt as a result of these actions.
- NPAT of A\$0.5m consistent with last quarter and continues the run of profitable quarters.

Trading Performance – Q4 FY2019

	Q4 2019	Q4 2018	+ / (-) %	Q4 2019 Energy & Process	Q4 2019 NT Port & Marine	Q4 2019 Total
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	AU\$'000
Revenue	76,565	126,624	(39.5)	71,322	5,243	76,565
Gross profit	(1,155)	24,650	(104.7)	2,821	(3,976)	(1,155)
Gross margin	-1.5%	19.5%		4.0%	n.m.	-1.5%
Other operating income / (loss)	5,878	(310)	(1,996.1)	6,920	(1,042)	5,878
Impairment of receivables	(310)	(14,837)		(310)	0	(310)
Administration, marketing & other costs	(7,839)	(4,077)	92.3	(6,069)	(1,770)	(7,839)
EBIT	(3,426)	5,426	(163.1)	3,362	(6,788)	(3,426)
EBIT Margin	(4.5%)	4.3%		4.7%	n.m.	(4.5%)
Finance costs	4,088	(2,335)	(275.1)	4,604	(516)	4,088
Gain on partial debt restructure	288	-		288	-	288
Income and withholding tax	(410)	(521)	(21.3)	(410)	-	(410)
Discontinued operations	-	177	n.m.	-	-	-
Net profit/(loss) for the period	540	2,747	(80.3)	7,844	(7,304)	540
Net Profit Margin	0.7%	2.2%		11.0%	n.m.	0.7%
EBITDA	(1,830)	7,960	(123.0)	3,614	(5,444)	(1,830)
EBITDA Margin	-2.4%	6.3%		5.1%	n.m.	-2.4%

- Revenue for this quarter is lower than prior year due to completion of major projects and the delayed commencement of new projects.
- The GP% loss for Q4 FY2019 of 1.5% was due to the losses incurred in settling disputes on a major project in the quarter following protracted discussions. Underlying margins on other revenue is within the target range of 7% to 10%.
- Finance costs include a remission of A\$5.5m and operating income from recovery of costs of A\$6.0m offset the operational losses in the quarter of \$3.4m .
- Net profit for the period of A\$0.5m – another profitable quarter (the eleventh in succession).

Trading Performance – FY2019

	FY 2019	FY 2018	+/(-) %
	AU\$'000	AU\$'000	
Revenue	287,777	566,807	n.m.
Gross profit	22,447	57,483	n.n
Gross margin	7.8%	10.1%	
Other operating income / (loss)	9,243	295	n.m.
Administration, marketing & other costs	(22,491)	(17,716)	27.0
EBIT	9,199	40,062	(77.0)
<i>EBIT Margin</i>	3.2%	7.1%	
Net gain on debt conversion	854	1,314	n.m.
Impairments of receivables & assets	(4,335)	(14,837)	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	2,928	13,466	(78.3)
<i>Net Profit Margin</i>	1.0%	2.4%	
<i>EBITDA and impairments</i>	15,625	50,345	(69.0)
<i>EBITDA Margin</i>	5.4%	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 7.8% 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 (3.2% 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\$2.9m – a profitable year.

Trading Performance – FY2019 (adjusted for impairments)

	FY 2019	FY 2018	+/(-) %
	AU\$'000	AU\$'000	
Revenue	287,777	566,807	n.m.
Gross profit	22,447	57,483	n.n
Gross margin	7.8%	10.1%	
Other operating income / (loss)	9,243	295	n.m.
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EBIT	9,199	40,062	(77.0)
<i>EBIT Margin</i>	3.2%	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	7,263	28,303	(74.3)
<i>Net Profit Margin</i>	2.5%	5.0%	
<i>EBITDA and impairments</i>	15,625	50,345	(69.0)
<i>EBITDA Margin</i>	5.4%	8.9%	
Note: figures above are net of impairments shown below			
Impairments of receivables & assets	(4,335)	(14,837)	n.m.

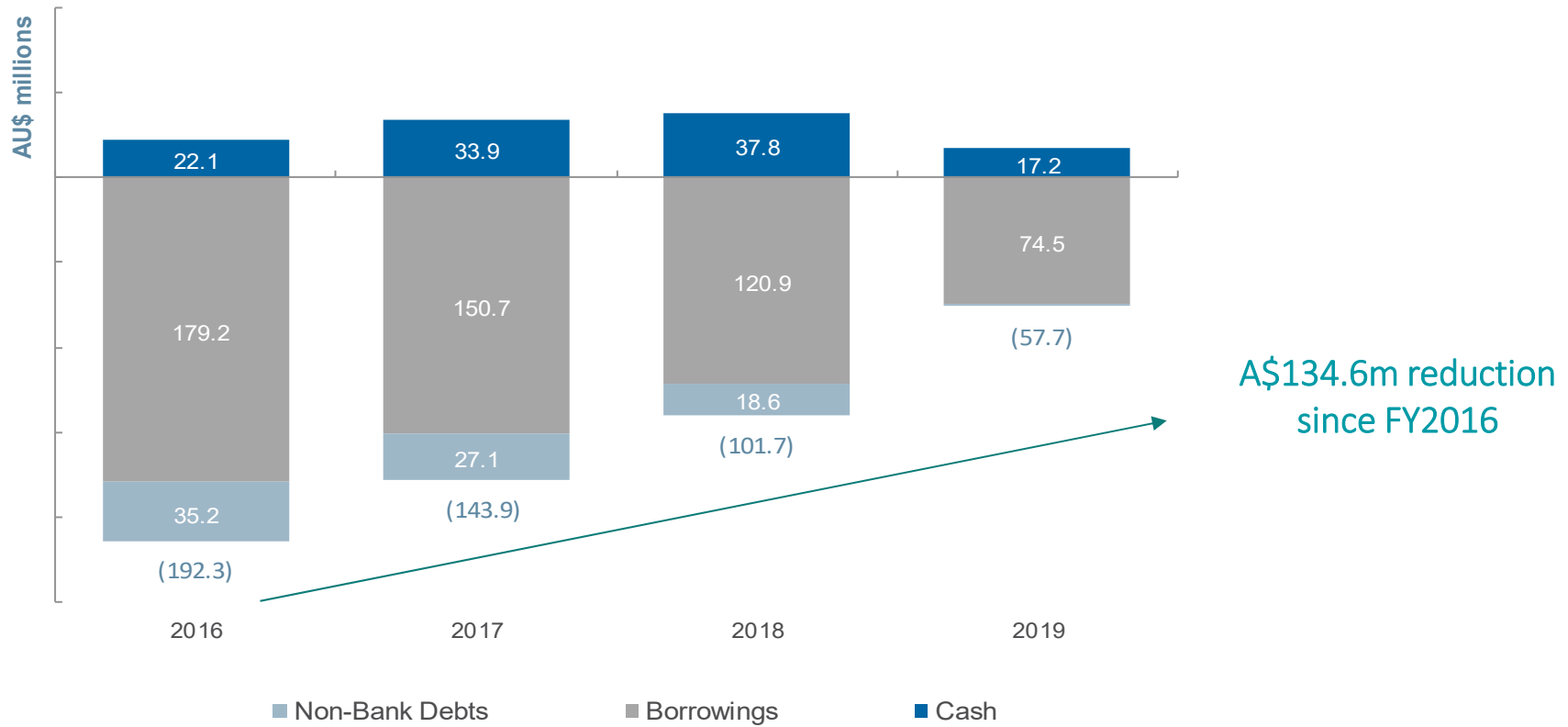
- Net profit for the year when adjusted for impairment of receivables is A\$7.3m, down on the comparable figure for FY 2018, however this indicates that underlying earnings are within normal ranges despite the loss on the major contract mentioned previously.

Balance sheet

(A\$ million)	30-Jun-19	30-Jun-18	Variance
Cash	17.2	37.8	(20.6)
Receivables	62.2	93.4	(31.2)
PPE	85.1	75.6	9.5
Intangible Assets	45.1	43.7	1.4
Other Assets	5.7	12.5	(6.8)
Total Assets	215.3	263.0	(47.7)
Payables	33.8	84.8	(51.0)
Debt	74.9	120.9	(46.0)
Other Liabilities	8.0	15.6	(7.6)
Total Liabilities	116.7	221.3	(104.6)
Net Assets	98.6	41.7	56.9
Net Tangible Assets	53.5	(2.0)	55.5
Current Liquidity	37.9	(40.8)	78.7

- Debt re-financing completed – improved net worth by A\$56.9m to A\$98.6m.
- 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\$78.7m to A\$37.9m as debt now reclassified as long term (MTN – Dec'22, Shareholders – Oct'23).

Group net debt - deleveraging



Debt Profile (FY19)	Q1	Q2	Q3	Q4
DBS	11.8	10.2	9.7	7.5
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	74.5

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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