

Singapore and Australia
28 August 2019

AusGroup posts profit for FY 2019 of AU\$2.9m.

AusGroup Limited ('AusGroup' or the 'Group') today announced its results for the three months ended 30 June 2019 ('Q4 2019'), with profit in the quarter of AU\$0.5m contributing to a twelve-month profit of AU\$2.9m and revenue up 16% since Q3 2019 to AU\$76.6m.

Q4 2019 and FY 2019 highlights

- Profit result for the twelve months to 30 June 2019 of AU\$2.9m.
- Revenue up 16% to AU\$76.6m since Q3 2019.
- Balance sheet strength maintained with net worth at AU\$98.5m.
- Net debt levels at AU\$57.7m reduced by AU\$134.6m since FY2016.

Income statement (abstract of key metrics)	Q4 2019 AU\$m	Q4 2018 AU\$m	FY 2019 AU\$m	FY 2018 AU\$m	+/(-) %
Revenue	76.6	126.6	287.8	566.8	(49.2)
Gross profit	(1.2)	24.7	22.4	57.5	(61.0)
Gross Margin	(1.5)%	19.5%	7.8%	10.1%	
Impairment of receivables	(0.3)	(14.8)	(4.3)	(14.8)	(70.9)
Profit / (loss) from operations	(3.4)	5.4	4.9	25.2	(80.7)
Finance Costs	4.1	(2.4)	(1.6)	(11.7)	(86.6)
Net profit for the period	0.5	2.7	2.9	13.5	(78.3)
Margin	0.7%	2.2%	1.0%	2.4%	

AusGroup has reported net profit after tax of AU\$0.5m in the quarter to 30 June 2019 and AU\$2.9m for the full year, which are both lower than the comparative periods mainly due to the completion of major projects in FY2018 and the reduced activity in the operating environment in the current year.

Revenue for Q4 2019 decreased quarter on quarter (QoQ) to AU\$76.6m (Q4 2018: AU\$126.6m) as a result of the completion of major project work in the comparative period and also due to timing delays in the start of new work. The revenue in the quarter (AU\$76.6m) has increased by 16% since the previous quarter (Q3 2019 - AU\$66.3m).

The gross profit for the year of AU\$22.4m is lower than the previous year (FY 2018 – AU\$57.5m) mainly due to the completion of major projects in the previous year and this is despite reporting a loss in Q4 2019 of AU\$1.2m following completion of a loss-making contract finalised under challenging circumstances. Gross profit margins for FY 2019 are 7.8% compared to the comparative year of 10.1%, returning to a normal target range.

The impairment of receivables has impacted our operating earnings for the year reducing this by AU\$4.3m to AU\$4.9m a reduction of 80.7% since the comparative year. This impairment relates to the Supreme Court decision to dismiss our claims in the Karara Mining Limited hearing – see previous SGX announcements for further details. The decision is now under-going an appeal process – further updates will be provided in due course.

Finance costs have reduced further in the year by 86.6% to AU\$1.6m after the completion of the debt restructuring programme over the last year combined with a major reduction of AU\$5.5m in legacy interest charges.

**SGX/MEDIA RELEASE
For Immediate Release**

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Financial position

	30 Jun 2019 AU\$m	30 Jun 2018 AU\$m	+/(-) %
Cash and cash equivalents	17.2	37.8	(54.5)
Total borrowings	74.9	120.9	(38.1)
Net borrowings	57.7	83.1	(30.6)
Equity	98.5	41.7	136.2

Cash and cash equivalents: Cash and bank balances decreased 54.5% by AU\$20.6m to AU\$17.2m at 30 June 2019 (30 June 2018: AU\$37.8m), due to delayed settlement of project claims and the losses incurred on the project referred to previously.

Net borrowings have reduced further in the quarter and in total by AU\$25.4m since 30 June 2018 to AU\$57.7m a drop of 30.6%, reflecting the completion of the debt re-structuring programme which included a partial repayment of the principal on the Noteholder debts and reduction in the long-term bank debt in the last two quarters.

Total shareholders' equity as at 30 June 2019 has improved by 136.2% to AU\$98.5m, an increase of AU\$56.8m, which results from the increase in share capital following the completion of the fund raising activities under the share placement and rights issue.

Work-in-Hand as at the end of the financial year (30th June 2019) is AU\$164m following award of new contracts in the maintenance and fabrication parts of the business in Q4 2019. There are significant prospects in the pipeline which are close to award that will provide a boost to the work-in-hand throughout FY 2020.

Summary

Chief Executive Officer and Managing Director Shane Kimpton said, "The last quarter of the financial year has been challenging following the disappointing resolution of the court case and closing out the loss-making contract, both of which have impacted our results. Despite these setbacks, the Group has reported a profit for the year of AU\$2.9m and has continued the trend of profitable quarters since FY 2016.

The successful completion of the debt re-structuring exercise that was initiated over two and a half years ago has resulted in a strengthened balance sheet with net worth now at AU\$98.5m and a total reduction in our net debt position of AU\$134.6m since FY2016.

At the beginning of FY 2020 the Group is focusing on capturing multi-year maintenance contracts and diversifying its customer base into the resources sector."

This release should be read in conjunction with our SGX Announcement.

**Ends
Issued by AusGroup Limited.**

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ABOUT AUSGROUP LIMITED

With 30 years of experience, AusGroup is an established project and asset services provider. We create ongoing value for our clients across construction and maintenance environments. Through our subsidiaries AGC, MAS and NT Port and Marine, we provide specialty services to the energy, resources, industrial, utilities and port & marine sectors. For more information, visit www.ausgrouppltd.com