



**2020**

**AusGroup  
Annual General Meeting**



# BOARD OF DIRECTORS



**MR WU YU LIANG**  
*Independent Director and  
Non-Executive Chairman*



**MR SHANE KIMPTON**  
*Managing Director and  
Chief Executive Officer*



**MR CHEW HENG CHING**  
*Independent Non-Executive  
Director*



**MS OOI CHEE KAR**  
*Independent Non-Executive  
Director*



**MR ENG CHIAW KOON**  
*Non-Independent and  
Non-Executive Director*



**MR MELVIN POH BOON KHER**  
*Non-Independent and  
Non-Executive Director*



**MR WANG YU HUEI**  
*Non-Independent and  
Non-Executive Director*



**MR TOH SHI JIE**  
*Non-Independent and  
Non-Executive Director*

## VISION

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

## AUSGROUP VALUES



ACCOUNTABILITY



AGILITY



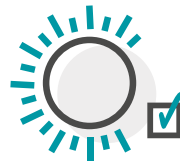
CONTINUOUS IMPROVEMENT



COURAGE



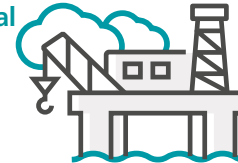
INTEGRITY



SAFETY & WELLBEING

## MARKET SECTORS

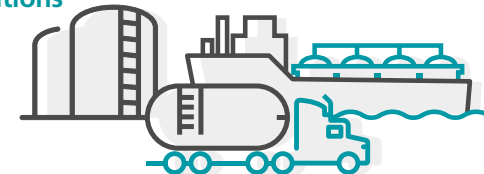
Oil & Gas,  
Chemical and  
Industrial

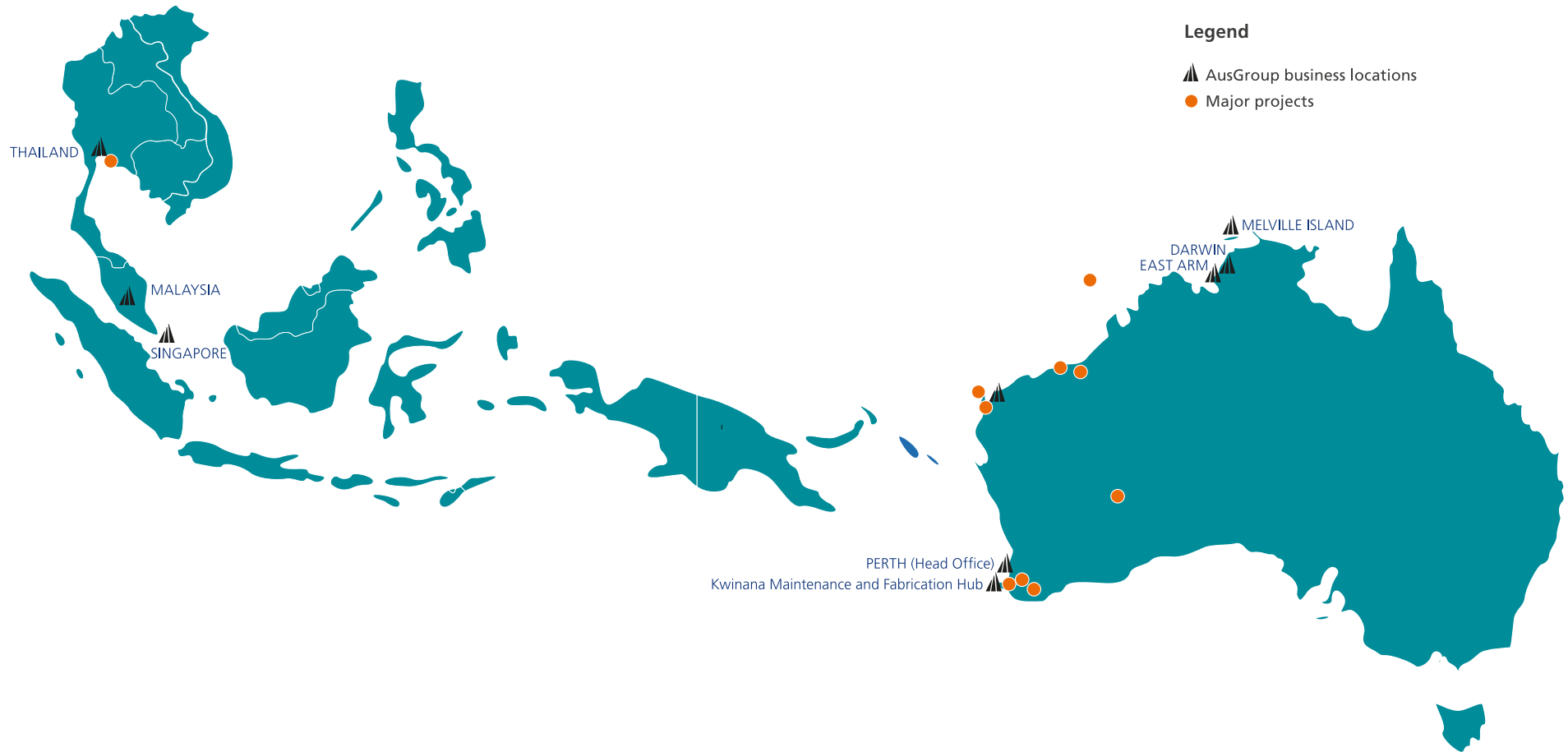


Minerals  
Processing &  
Iron Ore



Port Services,  
Fuel Storage  
& Distributions

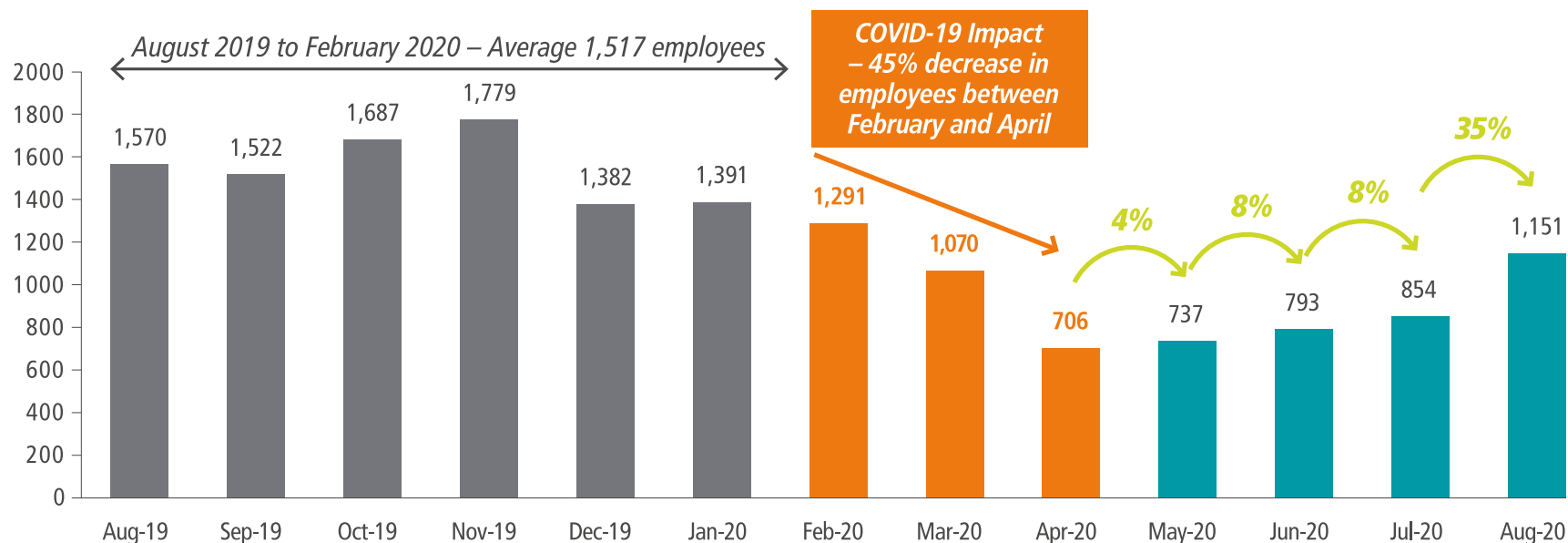


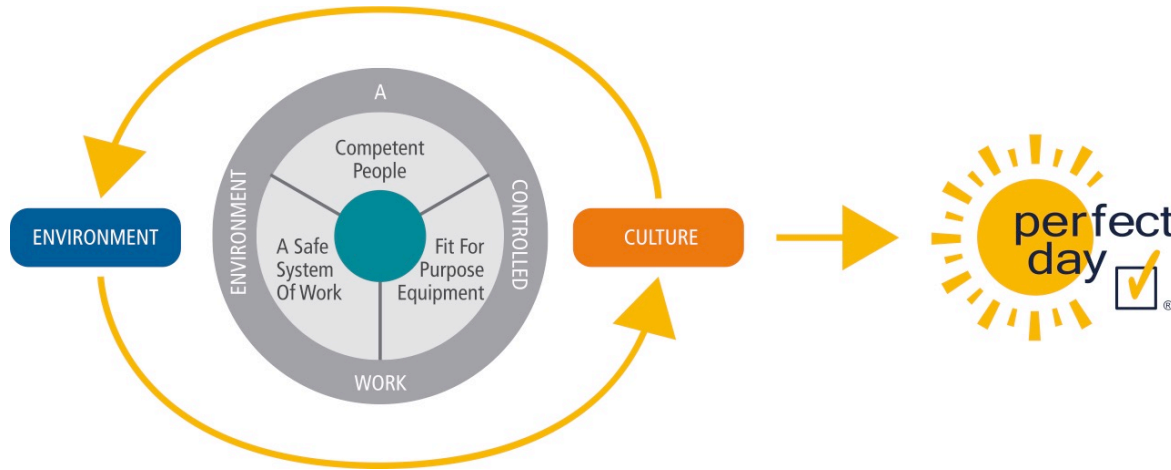


The ongoing pandemic has had a significant impact on the economic climate. The spread of this virus has forced many of our clients to either stop or slow down their physical operations, which has impacted our financial performance.

### COVID-19 IMPACT TO AUSGROUP

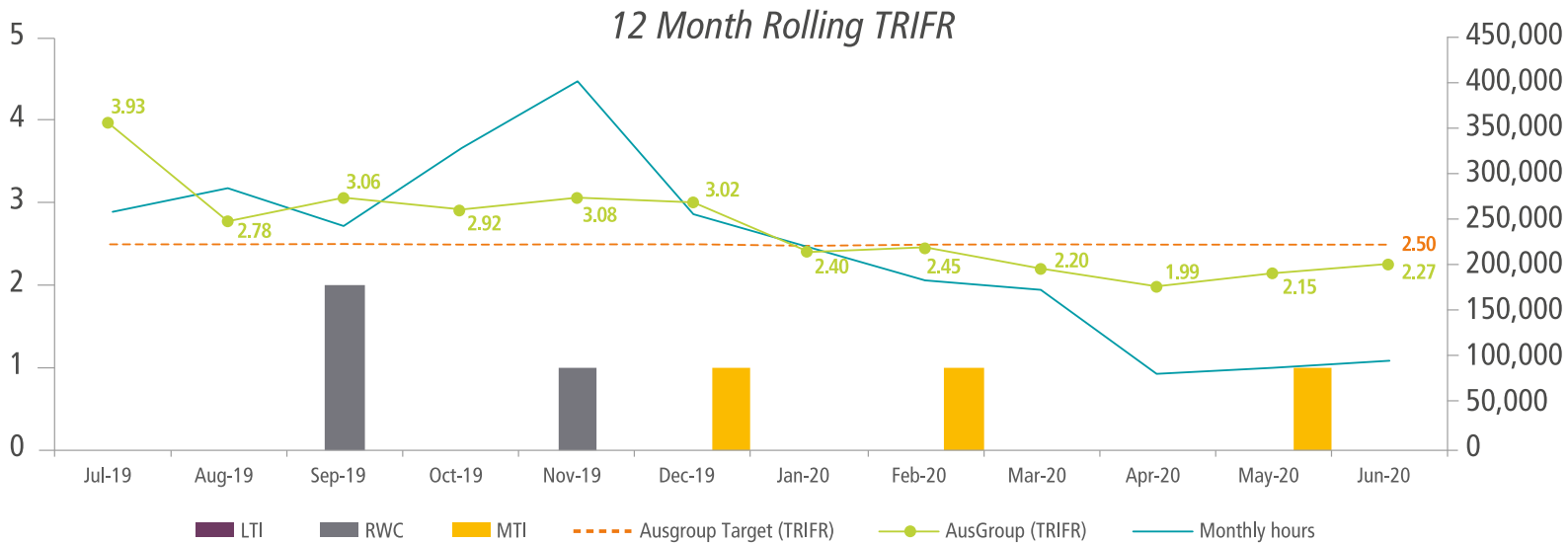
- Customers implemented restrictions on employee movements to minimise operational risks.
- AusGroup's Oil & Gas customers have reduced production activities and implemented cost reduction strategies.
- Wood chipping and logging exports have been suspended, impacting NTPM.
- Expenditure on maintenance, brownfield expansion projects and remediation works have been delayed resulting in reduced labour, manufacturing and material requirements.





A 'perfect day', everyday.

- No harm to our people
- No harm to the environment
- Critical risks are managed
- We improved
- We exceeded our Client's expectations



## OIL & GAS, CHEMICAL AND INDUSTRIAL



*Multidiscipline Service provider to Tier 1 Energy, Chemical and Industrial customers*

**Current customer portfolio includes:**

- Chevron
- Yara
- Wesfarmers
- ExxonMobil

**Major Contract Awards**

- Yara Pilbara Nitrate (YPN)
- Chevron Major Turnaround 2019
- Wesfarmers 3 Year Maintenance Contract
- ExxonMobil 5 Year Maintenance Contract

## MINERAL PROCESSING AND IRON ORE



*Multidiscipline Service provider to Tier 1 Mining and Minerals Processing customers*

**Current customer portfolio includes:**

- Rio Tinto Iron Ore
- BHP Iron Ore & BHP Nickel West
- First Quantum Minerals
- Fortescue Metals Group

**Major Contract Awards**

- Rio Tinto Construction Services Panel
- First Quantum Minerals – Shoemaker Levy development
- Fortescue Metals Group
- BHP Nickel West 3 Year Shutdown Contract
- Newmont Gold Corp 5 Year Maintenance Contract
- Tianqi 2 Year Maintenance Contract

## PORT SERVICES, FUEL STORAGE AND DISTRIBUTION



*Strategically located port providing diversified portfolio of services to the Oil & Gas, Defence and Wood Fibre Export sectors*

**Current customer portfolio includes:**

- Royal Australian Navy
- Australian Border Force
- Midway
- Merchant Marine

**Services Portfolio:**

- Fuel storage
- Bunkering services
- Laydown area
- Accommodation
- Port services

# OIL & GAS, CHEMICAL AND INDUSTRIAL

AusGroup's current customer profile include:



*AusGroup's Rope Access team completing remediation works for Chevron on its Barrow Island facility*



*AusGroup's team replacing a 52m long and 334T Absorption Tower at Yara's Karratha Nitrates plant in October 2019*





*Absorption Tower  
Video*

# MINERAL PROCESSING AND IRON ORE

AusGroup's current customer profile include:

**BHP**

**RioTinto**

**FMG Fortescue**



**FIRST QUANTUM**  
MINERALS LTD.



*AusGroup completed work at BHP Nickel West's refinery and smelter in Kalgoorlie. Works completed included fabrication of all stainless steel ducting and installation of a new Hot Heat Exchanger*



*AusGroup completed fabrication of the worlds largest rail mounted Stacker and Reclaimer for BHP's South Frank Iron Ore Project.*

## Northern Territory Port & Marine (NTPM)

FY2020 was a challenging year for NTPM with COVID-19 and the on-going affects of the pandemic causing significant headwinds for our client base. This and other economic factors have impacted:

- Reduced volume of fuel sales, retail and bunkering
- Logging and wood chipping activities have ceased
- Port and marine services charges significantly reduced

### Market Outlook:

- Santos Barossa Final Investment Decision expected December 2020
- Long-term fuel storage and off-take agreements
- Logging and wood chipping exports to recommence



## AusGroup Fabrication – Kwinana Maintenance Hub (KMH)

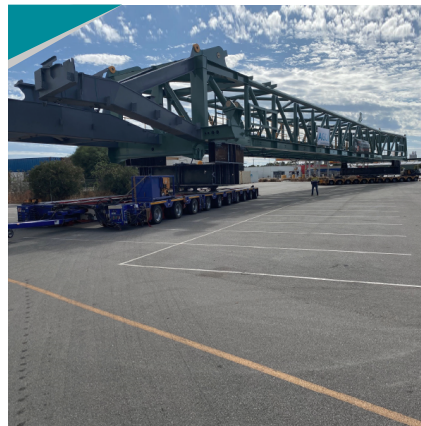
AusGroup has been providing fabrication services to the energy, resources, industrial, utilities and port and marine sectors across Australia for over 30 years.

### FY2020 Achievements:

- Fabricated the world largest Rail-mounted Stacker and Reclaimer for ThyssenKrupp and BHP
- Chevron 2019 Major Turnaround fabrication support



*AusGroup's fabrication bay at our Kwinana facility in Perth*



*AusGroup fabricated the largest boom for ThyssenKrupp and BHP's South Flank Project*



*AusGroup fabricated, delivered and installed a Waste Heat Recovery unit for Chevron's Major Turnaround in 2019*



# 2020

## Financial Performance



# FINANCIAL SUMMARY – FY2020

	Total Revenue	Total NPAT	EBITDA	Net Debt
<b>FY2020</b> (excluding impairments)	A\$262.2m	A\$(9.5)m	A\$5.9m	A\$52.6m
<b>FY2020</b>	no change	A\$(59.5)m	no change	no change
<b>FY2019</b>	A\$286.3m	A\$2.3m	A\$14.9m	A\$57.7m

- Revenue of A\$262.2m – decreased since the last financial year mainly due to the effects of COVID-19 impacting revenue across all sectors as our clients postponed non-critical work to operate their facilities.
- Reducing debt position – net debt levels continued to reduce – A\$5.1m reduction (~9%) from previous year to A\$52.6m.
- Cash earnings (EBITDA) remains positive for FY20 at A\$5.9m despite the effects of COVID-19 on the business and earnings profile.
- Net losses of A\$59.5m includes an impairment charge of A\$50m on the Port & Marine assets and also includes other losses from the impact of COVID-19 delays/postponements.

# TRADING PERFORMANCE – FY2020

	FY 2020	FY 2019	+ / (-) %
	AU\$'000	AU\$'000	
Revenue	<b>262,245</b>	286,250	<i>n.m.</i>
Gross profit	<b>11,663</b>	21,089	<i>n.m.</i>
Gross margin	<b>4.4%</b>	7.4%	
Other operating income / (loss)	<b>5,234</b>	9,743	<i>n.m.</i>
Administration, marketing & other costs	<b>(19,695)</b>	(22,262)	(11.5)
<b>EBIT</b>	<b>(2,798)</b>	8,570	<i>n.m.</i>
<i>EBIT Margin</i>	<i>(1.1%)</i>	3.0%	
Net gain on debt conversion	<b>0</b>	854	<i>n.m.</i>
Impairments of receivables & assets	<b>(50,000)</b>	(4,335)	<i>n.m.</i>
Finance costs	<b>(5,791)</b>	(1,564)	270.3
Income and withholding tax	<b>(917)</b>	(1,226)	(25.2)
<b>Net profit for the period</b>	<b>(59,506)</b>	<b>2,299</b>	<i>n.m.</i>
<i>Net Profit Margin</i>	<i>(22.7%)</i>	0.8%	
<i>EBITDA and impairments</i>	<i>5,897</i>	<i>14,996</i>	<i>(60.7)</i>
<i>EBITDA Margin</i>	<i>2.2%</i>	5.2%	

- Revenue and margins for the full year were negatively impacted by the effects of the COVID-19 pandemic. Impairment of A\$50m on the Port & Marine assets recognised due to COVID-19 and volatile outlook for oil and gas developments.
- EBITDA - cash earnings reduced from the prior year by A\$9.1m to A\$5.9m, a positive impact to cash levels despite the impacts of the COVID-19 pandemic. Cash preservation measures instigated at the onset of the pandemic continue to ensure cash levels are maintained. Year end cash in hand – A\$22.1m.

# TRADING PERFORMANCE – FY2020

(ADJUSTED FOR IMPAIRMENT)

	FY 2020	FY 2019	+ / (-) %
	AU\$'000	AU\$'000	
Revenue	262,245	286,250	n.m.
Gross profit	11,663	21,089	n.m.
Gross margin	4.4%	7.4%	
Other operating income / (loss)	5,234	9,743	n.m.
Administration, marketing & other costs	(19,695)	(22,262)	(11.5)
<b>EBIT</b>	<b>(2,798)</b>	8,570	n.m.
<i>EBIT Margin</i>	<i>(1.1%)</i>	<i>3.0%</i>	
Net gain on debt conversion	0	854	n.m.
Finance costs	(5,791)	(1,564)	270.3
Income and withholding tax	(917)	(1,226)	(25.2)
<b>Net profit for the period</b>	<b>(9,506)</b>	<b>6,634</b>	n.m.
<i>Net Profit Margin</i>	<i>(3.6%)</i>	<i>2.3%</i>	
<i>EBITDA and impairments</i>	<i>5,897</i>	<i>14,996</i>	<i>(60.7)</i>
<i>EBITDA Margin</i>	<i>2.2%</i>	<i>5.2%</i>	
<b>Note: figures above are net of impairments shown below</b>			
Impairments of receivables & assets	(50,000)	(4,335)	n.m.

- Net losses after impairments are removed reduce to A\$(9.5)m reflecting the impact the pandemic has had across the whole business.
- Cash earnings reduction in line with these impacts however it still remains positive at A\$5.9m.

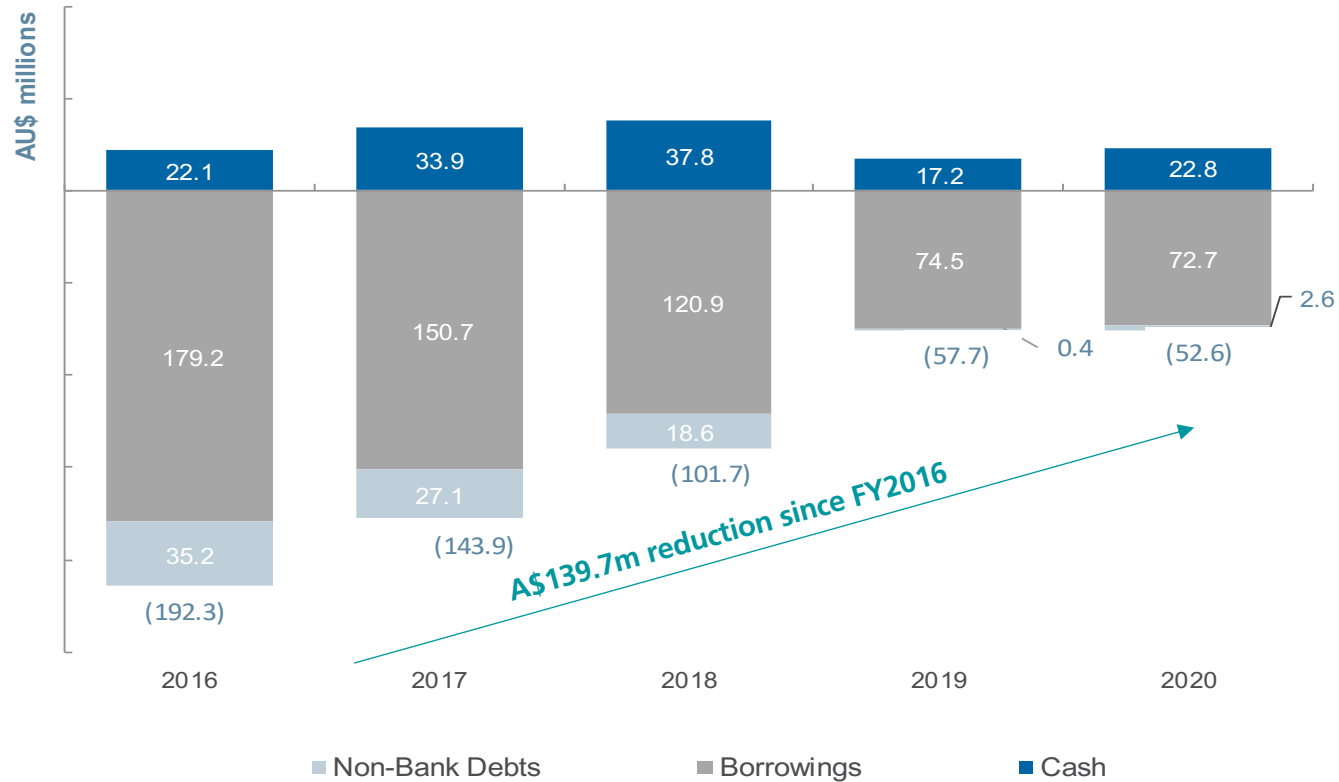


# BALANCE SHEET

(A\$ million)	30-Jun-20	30-Jun-19	Variance
Cash	22.8	17.2	5.6
Receivables	34.7	65.4	(30.7)
PPE	49.8	85.1	(35.3)
Intangible Assets	38.6	45.1	(6.5)
Other Assets	9.5	6.1	3.4
<b>Total Assets</b>	<b>155.4</b>	<b>218.9</b>	<b>(63.5)</b>
Payables	26.6	38.2	(11.6)
Debt	75.4	74.9	0.5
Other Liabilities	18.4	8.0	10.4
<b>Total Liabilities</b>	<b>120.4</b>	<b>121.1</b>	<b>(0.7)</b>
<b>Net Assets</b>	<b>35.0</b>	<b>97.8</b>	<b>(62.8)</b>
Current Liquidity	27.6	37.0	(9.4)

- Cash levels have increased by A\$5.6m due to collection of legacy receivables and also in part due to the Federal Gov't assistance and cash preservation measures introduced to curb the effect of the COVID-19 pandemic.
- Receivables has decreased by A\$30.7m due to collection of the legacy receivables and decrease in work levels due to the effect of the COVID-19 pandemic.
- PPE & intangible assets decreased by A\$41.8m due to the impairment recognised on the Port & Marine assets offset by adoption of leasing standard in respect to Right to Use assets. Offsets lease liability recorded under Other liabilities – nil effect to balance sheet.
- Payables decreased by A\$11.6m due to the drop in activity in Q4 FY20 due to the COVID-19 pandemic.
- Other Liabilities includes A\$14.6m of Lease liabilities – see Intangibles note above for context.

# GROUP NET DEBT - DELEVERAGING



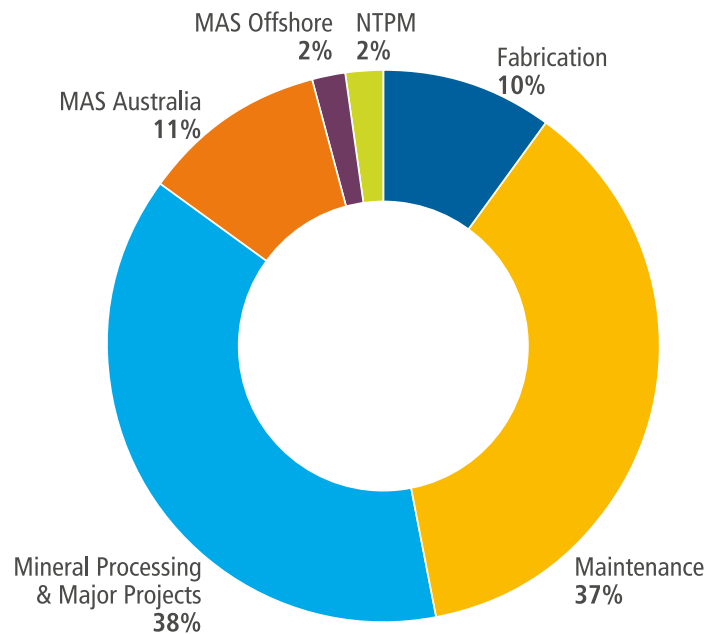


# 2020

## Market Outlook



*AusGroup FY21 Revenue Profile*



## Mineral Processing & Iron Ore

- Maintenance, Construction & Sustaining Capital focused
- Strategic growth segment
- Iron Ore, Nickel, Salt, Fertilizer and Lithium focussed
- Diversified market segments

## Oil & Gas, Chemical and Industrial

- Chevron is a key driver for FY21
- Tier 1 customers targeted for growth
- Transition the ExxonMobil contract to steady state

## Fabrication

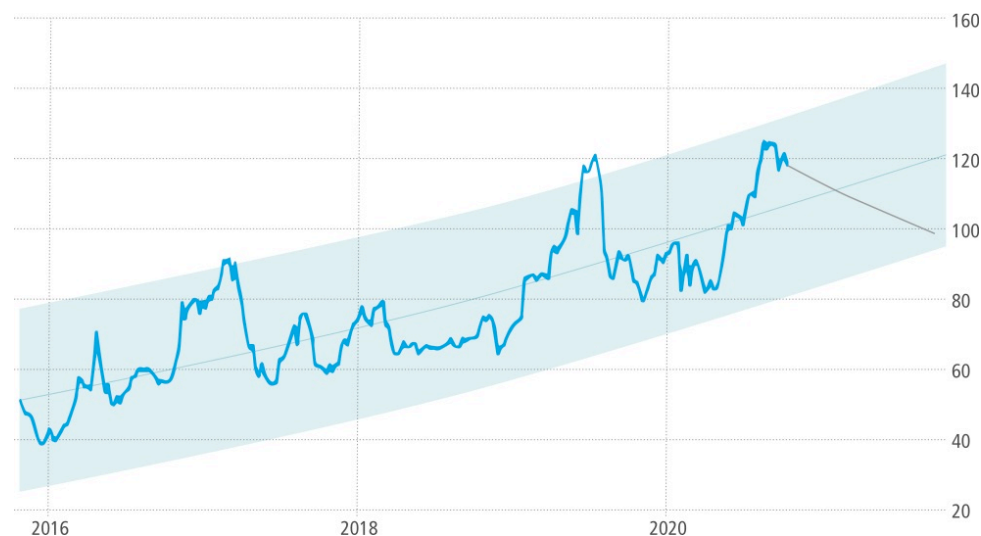
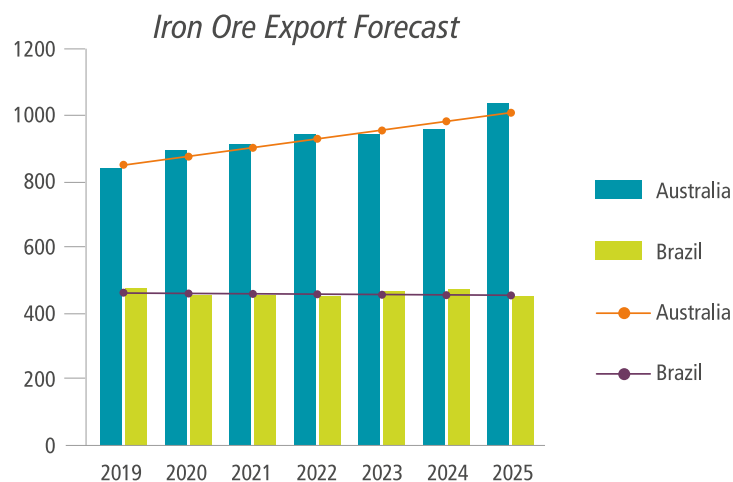
- Maintenance support focussed (Chevron/Woodside)
- Major projects construction works

## MAS Australia

- Scaffold Hire and Sale – Increase utilisation
- Rope Access and Multidiscipline services to other market segments

## Iron Ore Commodity pricing & Australia vs. South America export data/graph

1. Iron ore prices remain at unusually high levels as a result of persistent supply disruptions in mid-to-late 2019. In 2020, the iron ore price is forecast to average about US\$78 a tonne free on board (FOB) Australia
2. Export volumes are expected to grow from 874 million tonnes in 2019–20 to 898 million tonnes by 2020–21, and to 996 million tonnes by 2024–25. The growth is largely a result of production commencing at several large new mines in Western Australia.
3. Australia’s iron ore export values are set to rise from \$79 billion in 2018–19 to \$101 billion in 2019–20 (in real terms), as volumes and prices grow. Over the rest of the outlook period, as prices ease, exports are forecast to fall to \$84 billion in 2020–21, and \$72 billion by 2024-25.



Source:

<https://publications.industry.gov.au/publications/resourcesandenergyquarterlyjune2020/documents/Resources-and-Energy-Quarterly-June-2020-Iron-Ore.pdf>

## Waste to energy market outlook

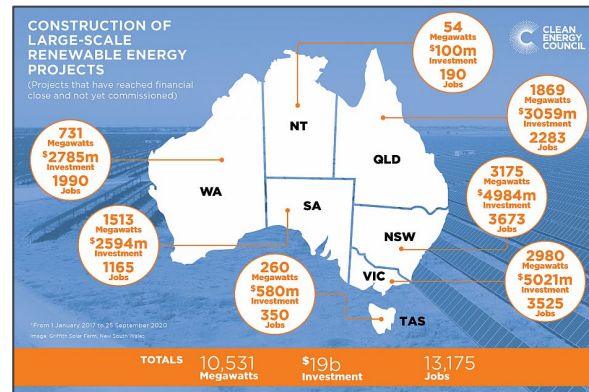


- Global Waste To Energy Market to reach USD 41.7 billion by 2025
- Global Waste To Energy Market is anticipated to grow with a healthy growth rate of more than 5.10% over the forecast period 2018-2025
- There are more than 30 projects planned for Australia
- AusGroup is currently working with Acciona on their project in Kwinana and Rockingham in Western Australia

Source:

<https://www.marketwatch.com/press-release/waste-to-energy-market-outlook---rising-demand-share-trends-growth-opportunities-and-top-key-2020-10-20?siteid=bigcharts&dist=bigcharts&tesla=y>

## Renewable energy market outlook

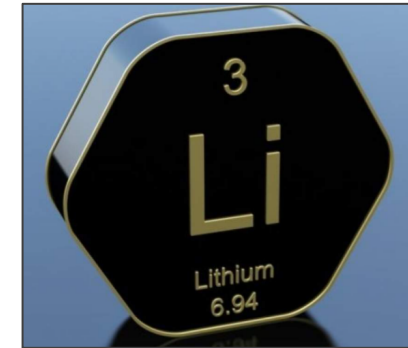


- At the end of 2019, 11.1 GW of new generation was under construction or financially committed, representing \$20.4 billion in investment
- The renewable energy industry was responsible for almost 23,000 jobs across the construction, operations and maintenance in 2019
- AUD\$19b investment across Australia with AUD\$2.7b invested in Western Australia

Source:

<https://www.cleanenergycouncil.org.au/resources/resource-s-hub/clean-energy-australia-report>

## Lithium market outlook



- The lithium market is expected to triple in the next five years as the world embraces electric vehicles (EVs)
- Australia has 30 per cent of the world's lithium resources, with the majority located in Western Australia
- Global lithium demand is forecast to rise from 258k tonnes (lithium carbonate equivalent) in 2020 to around 414,000 tonnes by 2022 as car plants commence production

Source:

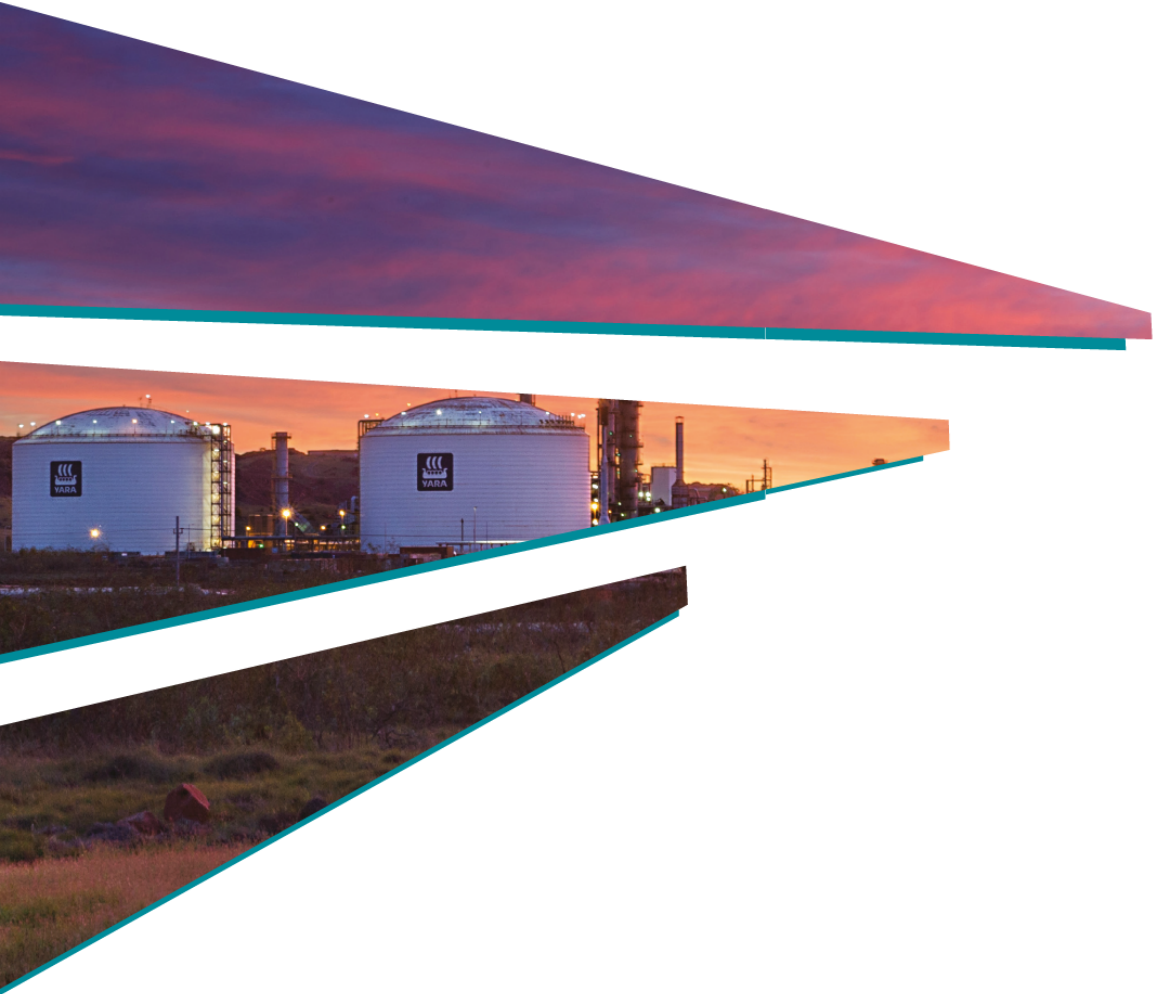
<https://publications.industry.gov.au/publications/resourcesandenergyquarterlyjune2020/docs/Resources-and-Energy-Quarterly-June-2020-Lithium.pdf>

## Strategic

- 1** Diversifying across our two main sectors (Link to above market sectors)
- 2** Expanding presence across Australia, Singapore, Thailand and Malaysia
- 3** Add more recurring revenue contracts
- 4** Broadened service offering across markets

## Delivery

- 1** Continue to develop our HSE systems and deliver safely
- 2** Continue the commercialisation of the NTPM business
- 3** Expand our capability in the Minerals Processing and Iron Ore sectors
- 4** Growth in long term maintenance contracts



# Thank You

