

Singapore and Australia  
29 October 2015

## AusGroup Quarter 1 FY2016 results

### Solid performance in Q1 2016 with revenue of AU\$133m.

#### Q1 2016 highlights

- Revenue increased to AU\$132.7m for Q1 2016, up marginally compared to Q1 2015
- Gross profit of AU\$15.2m for Q1 2016
- Net Profit After Tax of AU\$0.5m for Q1, following restructuring costs
- Work in Hand of AU\$389.9m as at 30 September 2015.
- Transformation programme underway to achieve long-term sustainable savings & efficiencies

**AusGroup Limited** ('AGL' or 'AusGroup' or the 'Group') today announced its results for the three months ended 30 September 2016 ('Q1 2016'). This release should be read in conjunction with our SGX Announcement.

Income statement (abstract)	Q1 2016 AU\$'000	Q1 2015 AU\$'000	+/(-) %	Engineering	Port & Marine	Q1 2016 AU\$'000
				Services AU\$'000	Services AU\$'000	
Revenue	<b>132,747</b>	130,533	1.7	120,748	11,999	<b>132,747</b>
Gross profit	<b>15,173</b>	13,013	16.6	14,049	1,124	<b>15,173</b>
<i>Margin</i>	<b>11.4%</b>	9.9%		11.6%	9.3%	<b>11.4%</b>
Other operating income	<b>299</b>	806	(62.9)	362	(63)	<b>299</b>
Administration, marketing & other costs	<b>(14,010)</b>	(10,595)	(32.2)	(11,772)	(2,238)	<b>(14,010)</b>
EBIT	<b>1,462</b>	3,224	(54.7)	2,638	(1,176)	<b>1,462</b>
<b>Net profit/(loss) for the period</b>	<b>472</b>	2,830	(83.3)	1,869	(1,397)	<b>472</b>
<i>Margin</i>	<b>0.4%</b>	2.2%		1.5%	(11.6)%	<b>0.4%</b>

#### Operational Performance

**Revenue** for the quarter of AU\$132.7m was up 1.7% against the corresponding quarter in FY2015 (1Q 2015). This was on the back of a solid performance from Maintenance and Access (previously Scaffolding) business units despite the expected lower volume of work from the Fabrication business in Australia and Singapore.

The Port and Marine Services business has received as announced Northern Territory Environmental Protection Authority and Federal Department of Environmental approvals over last two weeks. These approvals have caused a delay in expected operations resulted in decreased activity this quarter.

**Gross profit** for the quarter of AU\$15.2m was up 16.6% from the corresponding quarter in FY2015 (1Q FY2015). This was mainly driven by the improved contributions from the Maintenance and Access business units after offsetting negative contribution from the fabrication business in both Australia and Singapore. The gross margin was 11.4% for the first quarter, which is within the Group's 10-12% gross margin target range.

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**Other operating income** for the quarter of AU\$0.3m decreased 70.6% from 1Q FY2015 though this only represented a fall of AU\$0.7m. This was due to lower interest income, lower gains from disposal of property, plant and equipment, as well as adverse movement in foreign exchange over the period.

**Administration, marketing & other costs** in the quarter were AU\$14.0m, representing a 32.2% increase from 1Q FY2015. This movement was mainly due to additional costs incurred due to ongoing restructuring activities and the ongoing roll out of our transformation program that will achieve sustainable long term cost savings.

**Net profit attributable to equity holders (NPAT)** in 1Q FY2016 was AU\$0.5m, representing an 83.3% decrease over 1Q FY2015. This reflects the negative impact of the lower volumes of work for the Fabrication business and restructuring costs as the business transforms to react to the changes in the market conditions as well as negative contribution from Ports & Marine Services resulting from environmental approval delays.

**Financial position**

	30 Sept 2015 AU\$'000	30 June 2015 AU\$'000	+ / (-) %
Cash & cash equivalents	30,483	38,647	(21.1)
Total borrowings	207,556	167,058	24.2
Equity	252,637	243,431	3.8

**Cash and cash equivalents** for the Group as at 30 September 2015 have fallen by 21.1% to AU\$30.5m (30 June 2015: AU\$38.6m) due to additional working capital requirements to support the Group's revenue growth.

**Borrowings** have increased during the quarter to AU\$207.6m from AU\$167.1m at the end of FY2015 due to entering into a bridging loan facility with DBS Bank Ltd to supplement working capital requirements.

**Total shareholders' equity** as at 30 September 2015 increased to AU\$252.6m (30 June 2015: AU\$243.4m), due to movements in the foreign currency translation reserve and Q1 FY 2016 net profit.

**Summary**

Managing Director Gerard Hutchinson said: "The external market remains challenging, however the Group has made solid progress to ensure we become more agile to these changing environments. We continue to focus on building long-term and recurring contracts through our Maintenance & Access business units which will provide a sustainable revenue base through FY2016 and beyond.

"The Group has made solid progress with its Transformation Program and has already realised significant savings which will continue to drive the cost base of the Group lower to ensure we remain competitive in the future.

"The order book of AU\$389.9m continues to support sustainable revenue growth in our legacy business of Engineering Services and while the pipeline of new projects is relatively thin, we are well positioned for extensions with our current projects. Importantly, the Port and Marine business can now continue to commercialise its activities, following receiving the required environmental approvals in relation Port Melville operations, and remains on track to generate a positive contribution in FY2016."



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**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, AusGroup Singapore, MAS, EOLH and Teras Australia, 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 is also available on its website - [www.agc-ausgroup.com](http://www.agc-ausgroup.com).

**Ends**

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Issued for and on behalf of AusGroup Limited by Financial PR Pte Ltd.

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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. AusGroup has an established operations network strategically positioned throughout Australia, Singapore and Thailand. For more information visit [www.agc-ausgroup.com](http://www.agc-ausgroup.com)