



INTEGRITY | DELIVERY AGILITY | CERTAINTY

2021 AGM Presentation



Powered by:



VISION

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

AUSGROUP VALUES



ACCOUNTABILITY



AGILITY



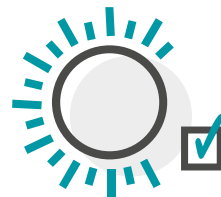
CONTINUOUS
IMPROVEMENT



COURAGE



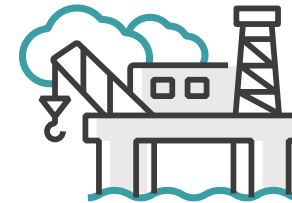
INTEGRITY



SAFETY
& WELLBEING

MARKET SECTORS

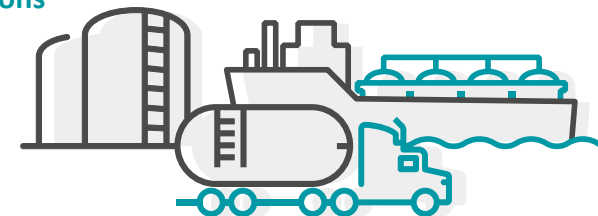
Oil & Gas,
Chemical and
Industrial



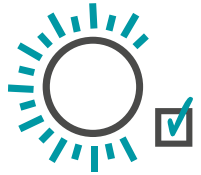
Minerals
Processing &
Iron Ore



Port Services, Fuel
Storage
& Distributions



OUR BUSINESS



Safety

- Dynamic and positive approach to safety, focused on delivering excellence one day at a time.

Our Perfect Day



People

- Build collaborative and high performing teams.
- Attract and retain the best people.
- Value, engage, empower.



Delivery Excellence

- Agile, flexible and customer focused approach to delivery excellence.
- Operational discipline to consistently deliver.



Clients

- Trusted partner to the Australian resources, energy and industrial sectors, providing innovative solutions.



Value

- Quality revenue growth
- Stable and predictable gross profit margin
- Strong economic returns for shareholders

Fabrication



Construction



Maint & Shutdown



Painting & Insulation



Access Services

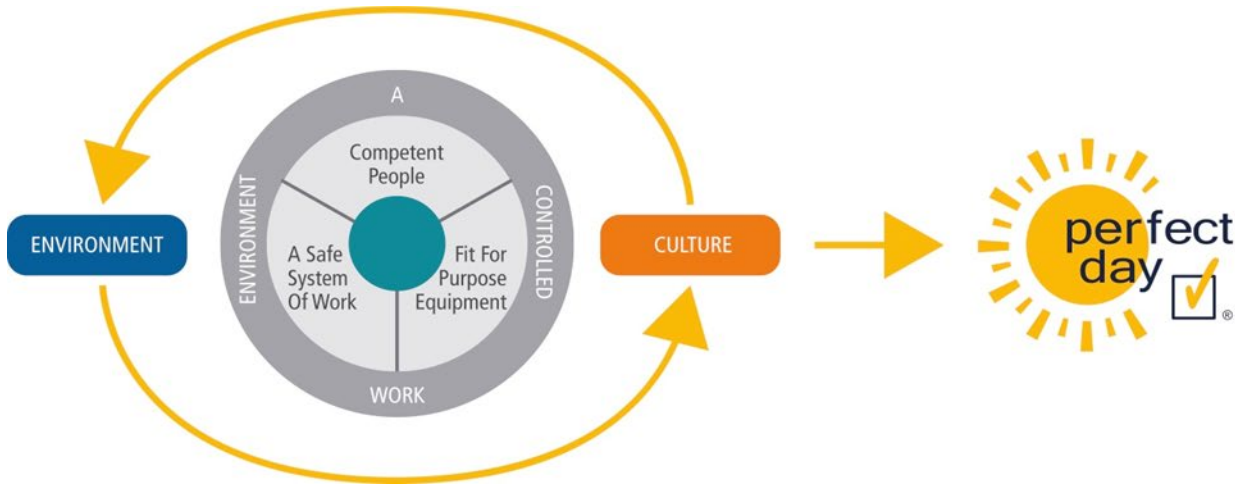




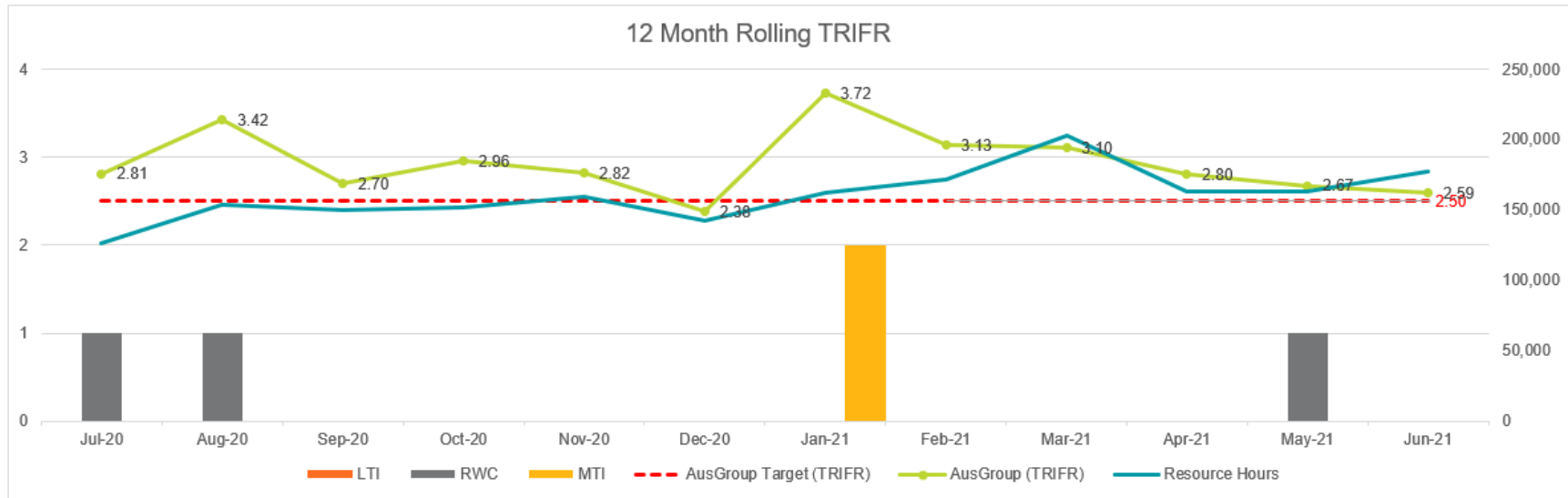
Health, Safety, Sustainability & Environment



HEALTH, SAFETY, SUSTAINABILITY & ENVIRONMENT



- 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



- Rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) was 2.59 vs 2.5 target. ✓

- Resource hours per month increasing which is positive for the business ✓

- Introduced the ComplyOne proactive reporting tools ✓



HEALTH, SAFETY, SUSTAINABILITY & ENVIRONMENT

Gender Parity

Thrive@AusGroup is part of our gender parity approach, and is founded on the belief that all women can succeed.



Community Engagement

AusGroup supports the Starlight Children's foundation through various events through the year. We help kids of all ages regardless of disability, injury or illness because what happens in childhood lasts a lifetime.



Reconciliation Action Plan

AusGroup has developed and is now implementing the plan across our business

Covid-19

- Customers implemented restrictions on employee movements to minimise operational risks.
- AusGroup's customers limited site access and reduced work
- Wood chipping and logging exports have been stopped, impacting NTPM.
- Control measures implemented across our business



Reflect RAP 2020-2021

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 secured a 10 Year Maintenance contract with Chevron in W.A. across Gorgon, Wheatstone onshore & offshore

MINERAL PROCESSING AND IRON ORE

AusGroup's current customer profile include:

BHP

RioTinto



FIRST QUANTUM
MINERALS LTD.



AusGroup completed the fabrication and installation of the twin boom stacker work at the Rio Tinto Dampier Salt



AusGroup installing a 9km overland conveyor at First Quantum's Nickel mine in Western Australia

AusGroup – MAS Access Business

AusGroup – MAS business provides access services to the energy, resources, industrial sectors

FY2021 Achievements:

- Supported the delivery of the Chevron Major Maintenance events
- Safely delivering multiple shutdowns every month for Rio Tinto
- Secured a contract with Technip to deliver Brownfield works on the Prelude FLNG facility
- Increasing the MAS business scaffold utilisation



AusGroup - MAS Head frame remediation project via Rope Access at a Nickel mine



AusGroup – MAS scaffold erection at an LNG facility

AusGroup Fabrication – Kwinana Maintenance Hub (KMH)

FY2021 Achievements:

- Labour support for many clients within the local industrial precinct
- Fabricated and assembled conveyor trusses and Waste to Energy modules
- Chevron & Woodside fabrication



AusGroup fabricated multiple lime silos to a client in W.A.



AusGroup fabricated, assembled and delivered Waste to Energy modules

Northern Territory Port & Marine (NTPM)

FY2021 was another challenging year for NTPM with COVID-19 and the on-going effects 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 fees significantly reduced

Market Outlook:

- Santos Barossa development now approved
- Long-term fuel storage and off-take agreements
- Logging and wood chipping exports to recommence
- Increased defence activity in Northern Australia
- Hydrogen development





INTEGRITY | DELIVERY CERTAINTY | AGILITY



2021

Financial Performance



FINANCIAL SUMMARY – FY21

	Total Revenue	Total NPAT	NPAT margin	Net Debt
FY2021	A\$195.0m	A\$1.1m	0.6%	A\$57.3m
FY2020	A\$262.2m	A\$(59.5)m*	(22.7)%	A\$52.6m

- Revenue for FY2021 decreased by 26% to AU\$195.0m, reflecting the decrease in activity across FY21 due to the impact of Covid-19 however there was an increase in the fourth quarter revenue by 50% (QoQ) to AU\$56m as work levels returned to a more 'normal' rate.
- NPAT for FY21 was AU\$1.1m which was pleasing after experiencing material volatility as clients reacted to the impact of COVID-19 on their operations which was an extremely challenging environment to manage and adapt.
- Net Debt levels have increased slightly by A\$4.7m mainly due to the decrease in cash and bank balances due to working capital requirement for a growing business.

* Figure includes impairment of AU\$50.0m recognised in June 2020 on Port & Marine PPE

TRADING PERFORMANCE – FY21

	FY 2021	FY 2020	+ / (-) %
	AU\$'000	AU\$'000	
Revenue	195,060	262,245	(25.6)
Gross profit	19,073	11,663	63.5
Gross margin	9.8%	4.4%	
Other operating income / (loss)	985	1,420	<i>n.m.</i>
Administration, marketing & other costs	(14,402)	(19,821)	(27.3)
EBIT	5,656	(6,738)	(183.9)
<i>EBIT Margin</i>	<i>2.9%</i>	<i>(2.6%)</i>	
Finance costs	(4,124)	(5,791)	(28.8)
Income and withholding tax	(330)	(917)	(64.0)
Net profit for the period	1,202	(13,446)	(108.9)
<i>Net Profit Margin</i>	<i>0.6%</i>	<i>(5.1%)</i>	
<i>EBITDA</i>	<i>13,227</i>	<i>1,957</i>	<i>575.9</i>
<i>EBITDA Margin</i>	<i>6.8%</i>	<i>0.7%</i>	
Note: figures above are net of impairments shown below			
Impairments of receivables & assets	0	(50,000)	<i>n.m.</i>
Discontinued operations	0	3,940	<i>n.m.</i>

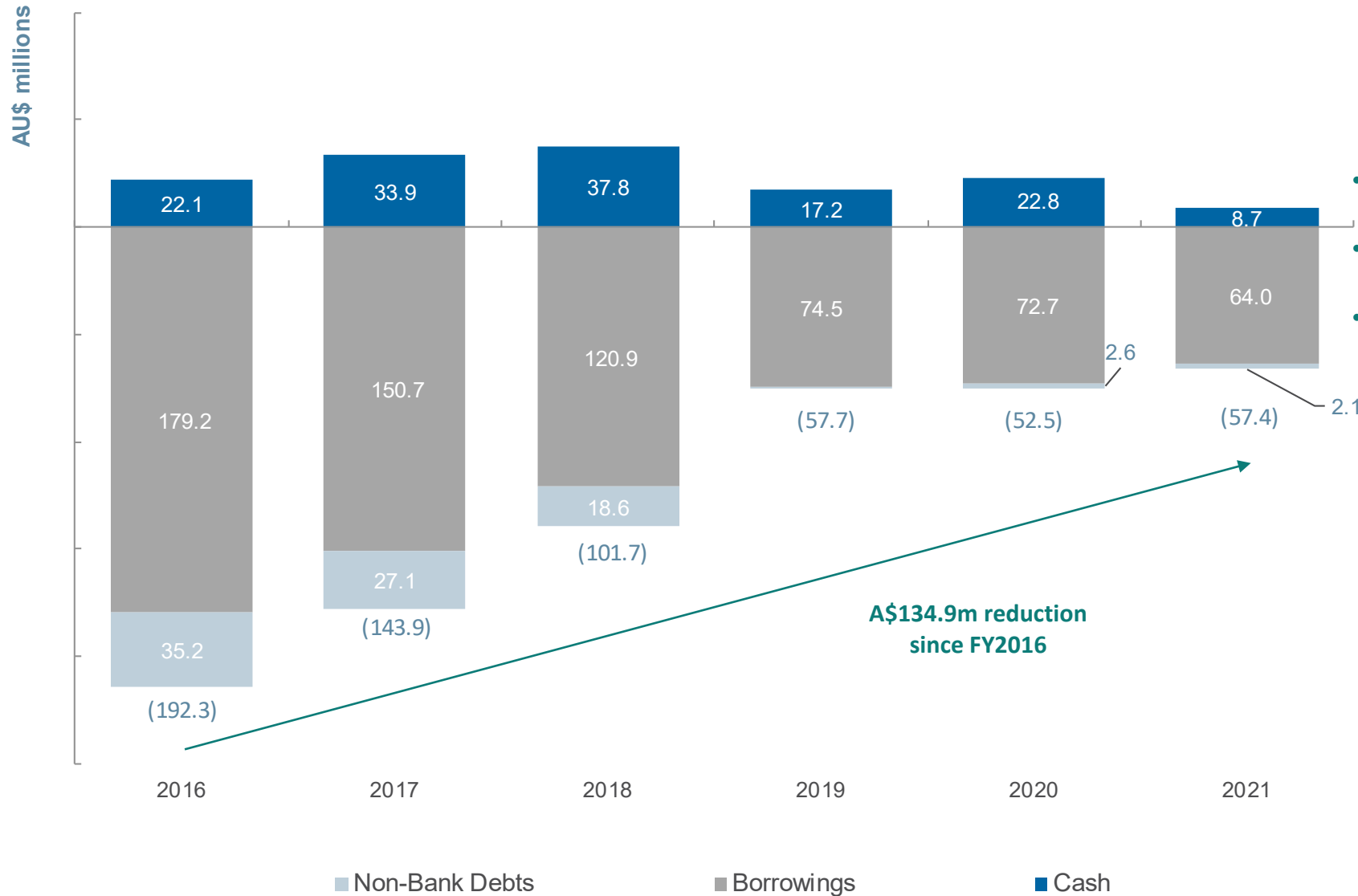
- Revenue decreased by 25.6% to AU\$195.1m (FY2020: AU\$262.2m) and however Gross profit increased by 63.5% to AU\$19.1m (FY2020: AU\$11.7m), mainly resulting from operating efficiencies and the COVID-19 subsidy received from the Australian Federal Government
- Increase in gross profit margin to 9.8% (FY2020: 4.4%).
- EBIT increased to AU\$5.7m due to control of operating, administrative expenses and marketing and distribution expenses.
- Finance costs have decreased by 28.8% to AU\$4.1m (FY2020: AU\$5.8m) primarily due to reducing debt levels.
- Net profit for the year of AU\$1.2m was pleasing on a low revenue base of AU\$195m.

BALANCE SHEET

(A\$ million)	30-Jun-21	30-Jun-20	Variance
Cash	8.7	22.8	(14.1)
Receivables	56.6	34.7	21.9
PPE	46.7	49.8	(3.1)
Intangible Assets	38.5	38.6	(0.1)
Other Assets	6.3	9.5	(3.2)
Total Assets	156.8	155.4	1.4
Payables	31.4	26.6	4.8
Debt	66.0	75.4	(9.4)
Other Liabilities	19.5	18.4	1.1
Total Liabilities	116.9	120.4	(3.5)
Net Assets	39.9	35.0	4.9
Current Liquidity	33.9	30.9	3.0

- Net Assets increased by AU\$4.9m to AU\$39.9m through debt reduction and an increase in receivables due to the growing revenue profile.
- Debt decreased overall by AU\$9.4m to AU\$66.0m due to repayment of all banking facilities.
- Trade receivables balance increased by AU\$21.9m to AU\$56.6m primarily due to an increase in revenue – a 50% increase from Q4FY20 to Q4FY21.
- Cash and bank balances decreased by AU\$14.1m to AU\$8.7m due primarily to the working capital requirement for a growing revenue base and repayment of bank borrowings during the year.

GROUP NET DEBT - deleveraging



- All bank debt repaid in FY21.
- Substantial debt reduction of AU\$134.9m.
- No current debt due – next debt maturity in Dec 2022.

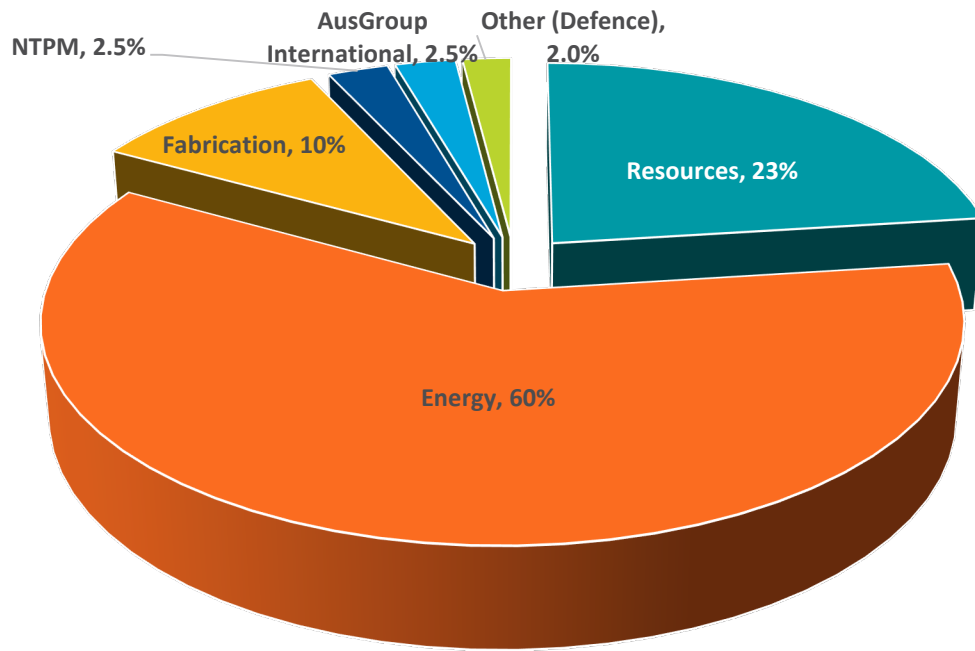




**Strategy and
Development Current
contracts and tenders**



AusGroup Revenue by Sector



Resources

- Nickel and Lithium demand expected to drive investment and project development in this sector
- Iron Ore continues to be the major export commodity from Western Australia and is drawing increasing expansion capital for projects and sustaining capital
- Focus on growing a recurring revenue contract base

Energy

- Underpinned by the Chevron 10-year maintenance contract
- Other multi-year maintenance contracts are coming to market
- Significant rectification and sustaining capital expenditure expected in the short to medium term
- Expanding geographic presence across Australia
- Construction of Waste to Energy facilities

MAS

- Support expansion and growth in Resources sector
- Expanding geographic presence across Australia
- Continue to organically grow the Energy sector
- Continue to increase our scaffold utilisation

Fabrication

- Focus on supporting fabrication framework agreements in the Energy sector
- Provide a full end to end service to fabricate and install for Resource projects



Delivery

- Relentless improvement to our HSE systems and embed our “Perfect Day” initiative
- Always exceed our client's delivery expectations
- Continue the ongoing expansion into the Minerals Processing and Resources sectors
- Growth in our existing term contracts
- Ongoing commercialisation of our NTPM business

Strategic

- Expand our focus to renewables and new energy markets (Ammonia, Hydrogen, Lithium, etc..)
- Add more recurring revenue contracts
- Geographically expanding our Australian presence
- Further develop our Asset decommissioning capability
- Engage and integrate with Technology partners

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SIAS questions



On 12 October the Securities Investors Association (Singapore) requested the Company to respond to three questions. The letter received by the Company was lodged on SGXNet on 21 October 2021 and the letter and the Company's responses are also available on SIAS website - <https://sias.org.sg/>

Q1 (i) Would management continue the good practice of announcing the group's order book routinely in its regular results announcements on SGXNet? What is the breakdown of the order book by operating segments and by delivery deadlines/completion dates?

A: The Company announced the order book position in its announcements on 22 March 2021, 12 May 2021 and 25 August 2021 and as such has established a practice of announcing its order book position and will continue to do so on a periodic basis. The breakdown by operating sectors is generally 80% Maintenance and 20% Projects with delivery deadlines primarily over the next one to three years.

Q1 (ii) How much visibility does AGC have on the services required by Chevron? Does AGC have the requisite manpower and technical expertise in-house to fulfill its obligations to Chevron? Does the group have the financial resources (working capital) to support this contract win? How does management ensure that this will be cash-flow generative for AGC and thus strengthen the financial position of the group?

A: The Company has provided services to Chevron for over six years and therefore has the proven capability, expertise and working capital to perform this work as these factors were the critical selection criteria that Chevron assessed before awarding the Company a 10-year contract. The Company works with Chevron to plan activities and can have between 12 to 24 months visibility on certain works to be performed under the contract. The contract is a rates-based contract and so long as the Company controls its costs, which is primarily labour costs, then this contract will be cash flow positive for the Company. The Company has a track record with this customer in being cash flow positive.

Q1 (iii) Can management provide shareholders with greater clarity on the projected impact of the Barossa project? When does management expect to formalise the various revenue streams with different parties (fuel supply, woodchips and pine log sales etc)?

A: The Barossa project is an offshore gas and light condensate project being developed by the Barossa Joint Venture led by Santos. The project will provide a new source of gas to the existing Darwin LNG export facility, being a backfill to the existing Bayu Undan offshore field which is approaching exhaustion. The project development requires the drilling of sub-sea wells, FPSO facility and installation of sub-sea pipelines and Port Melville can support the contractors performing this work. The Company continues to pursue these potential users of the facility which are currently expected to commence in FY2023.

The Company has provided port services to export woodchips for 5 years and will continue to provide these services under contract. The forestry operator has diversified its customer base over the years and has the capability to harvest pine logs and or woodchips for export depending on their customer requirements. The Company has a long-term fuel supply contract with the forestry operator (please note that this project is not related to the Barossa project).

Q2 (i) Has the board evaluated the group's financial position and determined the optimal capital structure to support its business?

A. The Board continually reviews the capital structure and has made improvements over a number of years to reduce the debt level of the Company to a more sustainable level with net debt reducing by AU\$135m from FY2016. This work continues, including, but not limited to, raising of both debt and equity capital in the short to medium term.

Q2 (ii) Has management estimated its cost of capital? Has it explored other cheaper sources of financing?

A. As part of the Company's year-end audit process the Company calculates its cost of capital. As at 30 June 2021, the estimated cost of capital was 9%. Management continues to explore a variety of alternative sources of finance to manage and reduce its overall funding costs to the Company.

Q2 (iii) Has the board/management considered doing a rights issue or approach any strategic partners for an equity injection in the near term?

A. The Company has, as part of its capital management programme, previously undertaken a rights issue and placement in FY19. In FY21 the Company repaid all of its banking loans. Management continues to monitor and consider various financial market options to raise debt and equity, including, but not limited to, undertaking a rights issue and/or procuring an equity injection by a strategic investor.

Q3. (i) What roles did the directors (especially the independent directors) play, if any, in the company's communications with shareholders and the market? (ii) Do the directors vet and approve the announcements made by the company? (iii) Will the board be examining how the company conducts its communications with shareholders and be reviewing how the company can be more balanced in its communications, especially in the disclosure of negative developments?

A. All announcements are drafted by management of the Company and then sent to all directors for review and approval prior to release on SGXNet. In particular, the independent directors ensure that announcements include sufficient information in accordance with continuous disclosure obligations so as stakeholders can make an informed judgement. Going forward, the directors will ensure that the announcement titles reflect the contents of the announcements accurately.

Thank You

