

AusGroup Limited

Cash Flow Projection - FY17



Cash Flow Projection

FY17 Cash Flow Projection													
AUD '000	Forecast												
	Jul'16	Aug'16	Sept'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	FY17F
Revenue	33,566	35,902	39,504	40,402	38,586	35,473	38,152	37,142	33,445	34,828	32,066	28,708	427,774
COS	(31,412)	(33,360)	(36,195)	(36,609)	(34,832)	(32,474)	(34,518)	(33,136)	(30,630)	(30,033)	(27,754)	(24,826)	(385,779)
Trade Proceeds (A)	2,154	2,542	3,309	3,793	3,754	2,999	3,634	4,006	2,815	4,795	4,312	3,882	41,995
Operating activities													
Inflow													
Claims proceeds	2,700	2,000	5,000	-	-	6,000	5,000	-	-	-	-	-	20,700
Outflow													
Other operation cost and admin expenses	(3,022)	(2,945)	(2,768)	(2,699)	(2,968)	(2,630)	(2,790)	(2,612)	(2,499)	(2,647)	(2,489)	(2,015)	(32,084)
Others	(2,011)	(2,087)	(1,296)	(1,128)	(641)	(428)	(535)	(254)	(91)	(99)	(132)	50	(8,652)
Other operating cash inflow/(outflow) (B)	(2,333)	(3,032)	936	(3,827)	(3,609)	2,942	1,675	(2,866)	(2,590)	(2,746)	(2,621)	(1,965)	(20,036)
Net cash inflow/(outflow) from operations (C) = (A) + (B)	(179)	(490)	4,245	(34)	145	5,941	5,309	1,140	225	2,049	1,691	1,917	21,959
Investing activities													
Proceeds from sale of fixed assets	250	5,600	-	-	-	-	-	-	-	-	-	-	5,850
Capital Expenditures	(338)	(2,029)	(570)	(6)	(2,863)	(504)	(320)	(79)	(401)	(86)	(590)	(4)	(7,790)
Net cash inflow/(outflow) from investing activities (D)	(88)	3,571	(570)	(6)	(2,863)	(504)	(320)	(79)	(401)	(86)	(590)	(4)	(1,940)
Financing activities													
Payment to noteholders (P+I)	-	(2,100)	(4,100)	(2,100)	-	-	-	-	(4,100)	-	-	-	(12,400)
Interest of Australian Tax Office	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(3,000)
DBS term loan	-	-	-	(1,306)	-	-	-	-	-	(1,306)	-	-	(2,612)
Microsoft and MAS HP	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(43)	(43)	(43)	(579)
Net cash inflow/(outflow) from financing activities (E)	(300)	(2,400)	(4,400)	(3,706)	(300)	(300)	(300)	(300)	(4,400)	(1,599)	(293)	(293)	(18,591)
Net Cash Flow (C) + (D) + (E)	(567)	681	(725)	(3,746)	(3,018)	5,137	4,689	761	(4,576)	364	808	1,620	1,428
Cash Balance Brought forward ^(a)	22,500	16,533	17,214	16,487	12,741	9,723	14,860	19,549	20,312	15,736	16,100	16,908	22,500
Restricted cash ^(b)	(11,600)	-	-	-	-	-	-	-	-	-	-	-	(11,600)
Interest Escrow Account ^(c)	6,200	-	-	-	-	-	-	-	-	-	-	-	6,200
Cash Balance for the month	16,533	17,214	16,489	12,741	9,723	14,860	19,549	20,310	15,736	16,100	16,908	18,528	18,528

Note: (a) Based on the latest bank statements/ reconciliations, the cash and cash equivalents as at 31 May 2016 amounts to AUD 22.5 million.

(b) Restricted cash is cash deposit held by DBS bank as security over term loans.

(c) Monies held in escrow account of AUD 6 million was set aside to service SGD110 million Notes coupon issued under the Multicurrency Debt Issuance programme.

Cash Flow Projection

Area	Assumption
Revenue	<ul style="list-style-type: none"> ▪ Based on existing order books and executed contracts of AUD351m (82%) and forecast growth of AUD76 m (18%) in existing contracts, potential renewal, estimates from past historical data ▪ Top 5 customers contribute more than 70% of FY17F revenue ▪ Minimal operations at Port Melville, woodchip business
COS and GPM	<ul style="list-style-type: none"> ▪ Makes up to 90% of revenue – estimates were based on inputs from past historical data ▪ Estimated average cost per headcount, and the expected number of employee that need to carry out the revenue pipeline projects, annual savings of AUD11million ▪ Potential cost savings following the divestment of non-performing business segment by 2017 ▪ GPM are forecast to be 10% in FY17F
Operating Activities	<p><u>Inflow:</u> Based on anticipated construction claims, prudent basis.</p> <p><u>Outflow:</u></p> <ul style="list-style-type: none"> ▪ Based on historical administrative and operating expenses, with a reduction of employees headcount, annual savings of AUD4 million ▪ Payment to trade and non-trade creditors, estimated minimal payments required in order to continue operations.
Investing Activities	<p><u>Inflow:</u> Based on the non binding indicative offer for the sale of fixed assets, cash inflow of approximately AUD6 million</p> <p><u>Outflow:</u> Estimated capex that needs to be incurred to take on existing and new projects</p>
Financing Activities	<p>In discussion with its financiers to restructure and extend the repayment period to <u>FY19 onwards</u>, as follows:</p> <ul style="list-style-type: none"> ▪ Repayment of short term loan amounting to approximately AUD11 million which is currently due on 31 August 2016. ▪ Repayment of term loan amounting to approximately AUD14 million which is currently due on 1 April 2018. ▪ Repayment of other material payables amounting to approximately AUD37.2 million. ▪ Repayment to Noteholders of AUD12.4 million (a fixed bi-annual amounting to AUD8.2 million, and a further principal redemption of AUD4.2 million) for a 2 year extension following the maturity by October 2016.