

**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
36 Tuas Road, Singapore 638505

Singapore and Australia
09 February 2015

AusGroup FY2015 Quarter 2 Results

AusGroup continues with strong revenues for the quarter of AU\$119.4 million and increased its order book to AU\$466.0 million

Q2 Highlights

- Revenue of AU\$119.4 million, up 75.6% for the comparable quarter in FY14
- Gross profit of AU\$13.1 million generating margins of 11.0% which remains within the targeted range
- EBITDA of AU\$6.4 million for the quarter and A\$12.9 million for the half year
- NPAT for the quarter of AU\$1.1 million (0.9%) after one-off costs associated with acquisition
- Cash and cash equivalents of AU\$62.7 million, up from AU\$38.0 million at September 2014
- Order Book stands at AU\$466.0 million as at 31 December 2014 with solid pipeline
- Completion of Ezion's Australian-based Port & Marine Services business provides diversified service offering

AusGroup Limited ('AGL' or 'AusGroup' or the 'Group') today announced its results for the three months ended 31 December 2014 ('2Q FY2015') and six months ended 31 December 2014 ('HY FY2015'). This release should be read in conjunction with our SGX Announcement.

Operating performance	2Q 2015 AU\$'000	2Q 2014 AU\$'000	+/(-) %	HY 2015 AU\$'000	HY 2014 AU\$'000	+/(-) %
Revenue	119,416	68,020	75.6	249,949	145,255	72.1
Gross profit	13,132	7,788	68.6	26,145	(13,103)	n.m.
<i>Gross profit margin %</i>	11.0%	11.5%		10.5%	-9.0%	n.m.
Other operating income	592	2,851	(79.2)	1,399	13,256	(89.4)
Operating expenses	(10,440)	(10,561)	(1.1)	(21,038)	(23,641)	(11.0)
Net profit/(loss) for the period	1,070	2,293	(72.8)	3,900	(12,820)	n.m.
<i>Net Profit margin %</i>	0.9%	3.4%		1.6%	-8.8%	n.m.

Revenue for the quarter of AU\$119.4 million was up 75.6% against comparable quarter in FY2014. This has continued the higher activity from first quarter such that first half of FY2015 at AU\$249.9 million reflected a 72.1% increase on the FY2014 comparative. The slightly lower quarter on quarter revenue during the second quarter reflected the traditional seasonal impact of Christmas and New Year holidays. Maintenance services have made a strong contribution to the first half FY2015 with revenues of AU\$88.6 million (or 35% of the Group's revenue), compared to AU\$ 30.7 million for the first half of FY 2014.

Gross profit for the quarter of A\$13.1 million was up 68.6% from the comparative period in FY2014, lifting gross margin to AU\$26.1 million for the half year. The gross profit margin for both the second quarter and half year were within the 10-12% target range, at 11.0% and 10.5% respectively.

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Other operating income for the second quarter of FY2015 was AU\$0.6 million (1Q FY2015: AU\$0.8 million), the decrease is primarily due to profit from lower sale of fixed assets in 2Q FY2015.

Operating expenses (comprising administrative expenses, marketing and distribution expenses and operating costs) for the second quarter of FY2015 was 1.1% lower than the comparable period in FY2014 and 11.0% lower for the half year. A \$0.2m impairment of plant and equipment is reflected in these costs.

Net profit attributable to equity holders for the second quarter of FY2015 was AU\$1.1 million. This is lower than the comparable period in FY2014, largely due to the initial recognition of research and development tax credit during that period. Net profit for the second quarter on a comparable basis was \$2.8 million in line with the previous quarter.

Financial position	31 December 2014 AU\$'000	30 June 2014 AU\$'000	+/(-) %
Cash & cash equivalents	62,719	40,845	53.6
Total borrowings	155,738	19,629	693.4
Equity	230,279	196,129	17.2
<i>Net gearing %</i>	40.4%	-10.8%	

Cash and cash equivalents for the Group as at 31 December 2014 have increased to AU\$62.7 million (30 June 2014: AU\$40.8 million). Major source of funds was the Multicurrency Debt Issuance Programme issued in October 2014. During the period, funds were used to complete the acquisition of Ezion's port and marine logistics business in Australia and continue capital works programme related to the Port Melville facility.

Total Borrowings for the Group as at 31 December 2014 have increased to \$155.7 million (30 June 2014: AU\$19.6 million), while net gearing has increased to 40.4%. Borrowings were decreased with repayment of working capital facility with ANZ Bank from the newly acquired group.

Total shareholders' equity as at 31 December 2014 was AU\$230.3 million, an increase of 17.2% over the previous year (FY2014: AU\$196.2 million), due to H1 FY 2015 net profit and issue of AU\$28.4 million of shares to Ezion in relation to the acquisition of Ezion Offshore Logistics Hub Pte Ltd and Teras Australia Pty Ltd.

Revenue pipeline	Q2 FY 2015 AU\$'000	FY 2014 AU\$'000
Order intake	143.3	421.4
Work-in-hand	466.0	374.3

Order intake for the second quarter was AU\$143.3 million, coming from a number of new maintenance contracts and extensions within our scaffolding business, which provide for a positive book-to-burn during the period.

Work-in-hand for the Group as at 31 December 2014 was AU\$466.0 million, up from AU\$374.3 million at 30 June 2014.

Summary

Chief Executive Officer Stuart Kenny said: "I'm pleased to report the Group's net profit remained stable on a comparable basis during the period, reflecting the impact of refocusing the business. We expect the contract services component of our



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business to continue to improve as emphasis is placed on cost efficiency and competitiveness in the current economic climate.

Mr Kenny said: “The acquisition of the Marine Services business enables the organisation to provide a broad range of client services and is anticipated to transition from construction to operations sometime in mid-2015.”

Background Information

The Group provides engineering services (manufacturing, construction and asset maintenance services) and port and marine logistics services to both the oil and gas and mineral resources markets. The Group’s growth is directly linked to activities around new project developments and project expansions as well as provision of maintenance services to clients in these sectors.

The Group has extensive exposure to the Western Australian natural resources sector, including oil and gas, LNG, iron ore and other mineral commodities and has also established a base in the Queensland natural resources sector targeting industrial maintenance and LNG and coal seam opportunities. In Singapore, the Group provides services to the upstream and downstream oil and gas and related sectors through fabrication and manufacturing and temporary access (scaffolding) services. In Thailand, the primary focus is the provision of integrated services, including scaffolding and insulation, to the oil & gas, petrochemical and industrial market sectors.

The Group wishes to inform that an investor briefing pack is also available on its website - www.agc-ausgroup.com.

Ends

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

For more information, please contact Kathy Zhang/Romil Singh
T +65 6438 2990 | F +65 6438 0064 | E Kathy@financialpr.com.sg / romil@financialpr.com.sg

For further information in Australia, please contact Roze Maravillas
T +61 8 6210 4591 | M +61 439 907 982 | E roze.maravillas@agc-ausgroup.com

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