



SGX/MEDIA RELEASE
For Immediate Release

Company Registration Number 200413014R
 15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
 13 February 2018

AusGroup delivers net profit of \$4.1m, the fifth consecutive profitable quarter

Q2 FY2018 highlights

- Revenue for the quarter was AU\$150.2m, an increase of 41.3% on the corresponding period.
- Gross profit in the quarter was AU\$11.2m, an increase of 17.7% on the corresponding period.
- EBIT in the quarter was AU\$6.8m, continuing the good results and performance reported in Q1 FY2018 and an improvement of 41.7% on the corresponding period.
- Completed another debt to equity conversion resulting in a reduction of AU\$5.0m in debt.
- Work in hand of AU\$356m as at 31 December 2017, following extensions received on our core projects in the Energy & Process sector.

AusGroup Limited ('AGL' or 'AusGroup' or the 'Group') today announced its results for the three months ended 31 December 2017 ('Q2 2018'). This release should be read in conjunction with our SGX Announcement.

Income statement (abstract)	Q2 2018 AU\$'000	Q2 2017 AU\$'000	+ / (-) %	H1 2018 AU\$'000	H1 2017 AU\$'000	+ / (-) %
Revenue	150,164	106,284	41.3	303,910	206,366	47.3
Gross profit	11,196	9,511	17.7	22,589	19,414	16.4
<i>Gross Margin</i>	7.5%	8.9%		7.4%	9.4%	
Other operating (loss) / income	(236)	607	(138.9)	310	990	(68.7)
Administration, marketing & other costs	(4,207)	(5,353)	(21.4)	(9,741)	(14,520)	(32.9)
EBIT	6,753	4,765	41.7	13,158	5,884	123.6
Net gain on debt conversion	861	-	n.m.	1,313	-	n.m.
Finance costs	(3,312)	(3,733)	(11.3)	(6,609)	(7,957)	(16.9)
Income and withholding tax	(216)	(75)	188.0	(570)	(307)	85.7
Discontinued operations	(19)	137	(113.9)	(101)	1,313	(107.7)
Net profit / (loss) for the period	4,067	1,094	271.8	7,191	(1,067)	n.m.
<i>Margin</i>	2.7%	1.0%		2.4%	(0.5%)	

n.m. – not meaningful

AusGroup has reported net profit after tax of AU\$4.1m which is a significant improvement on the corresponding period of Q2 FY2017. The results are attributed to the continuing good performance from our core projects in the energy and process sector, which have produced consistent profitability for the previous five quarters. EBIT for the quarter of AU\$6.8m demonstrates the strong performance from our core projects and the improvement from the corresponding period is due to the reduction in the administration and marketing costs following the business restructure in prior years.

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As a result of the reduction in the debt profile of the Group following the successful debt to equity conversions completed in Q4 FY2017 and Q2 FY2018, the debt servicing costs have been reduced by 11.3% since the corresponding period of Q2 FY2017, reducing to AU\$3.3m for the quarter.

Operational Performance

Revenue for the quarter of AU\$150.2m increased by 41.3% compared to the corresponding period of Q2 FY2017 and, as previously reported, the results are due to the strong performance from the energy and process sector core project work currently being undertaken.

Gross profit for the quarter was AU\$11.2m, an increase of 17.7% from a gross profit of AU\$9.5m in the corresponding period of Q2 FY2017 with the improvement mainly due to the operational efficiencies that have been delivered on our core project work.

Administration, marketing and other costs in the quarter were AU\$4.2m, representing a 21.4% decrease from the corresponding period of Q2 FY2017 due to the effect of the restructuring activities in the corresponding period.

Financial position

	31 Dec 2017 AU\$'000	30 Jun 2017 AU\$'000	+/(-) %
Cash and cash equivalents	33,475	33,851	(1.1)
Total borrowings	124,908	150,694	(17.1)
Net borrowings	91,433	116,843	(21.7)
Equity	33,330	23,298	43.1

Cash and cash equivalents for the Group as at 31 December 2017 have slightly decreased by 1.1% to AU\$33.5m due to the utilisation of cash received from increased works on core projects in the energy and process sectors and to partially pay down existing debt.

Net Borrowings have reduced by AU\$25.4m since Q4 FY2017 to AU\$91.4m, predominantly due to the reduction in short term borrowings repaid in the six months to 31 December 2017 and the reduction in debt from the debt to equity conversion completed in the quarter.

Total shareholders' equity as at 31 December 2017 has improved by 43.1% to AU\$33.3m, demonstrating the benefits of the consistent profitability achieved for the previous five quarters, together with the share capital issued from the debt to equity conversion in the quarter. The Group continues to assess the options available to ensure that sufficient cash flow is available for the Group to meet its obligations as they fall due.

NT Port and Marine (NTPM): The commercialisation of the fuel services business is complete with the first volume of fuel to the Port Melville fuel farm successfully received during the quarter. The NTPM business anticipates fuel sales to customers in the near future.



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Summary

Executive Director and CEO Shane Kimpton said: “It is pleasing to report another profitable quarter, building on the back of the successful year we had in FY2017. The net profit after tax for Q2 FY2018 of AU\$4.1m is a solid result and is nearly four times the result from the corresponding period and indicates that the Group has stabilised and is capable of producing consistent bottom line returns.

During the quarter, a continuing debt reduction of AU\$5.0m has been achieved following another debt to equity conversion, which has strengthened the balance sheet. As a result, our balance sheet position has improved to AU\$33.3m. It is appreciated by the Board that the success of the debt to equity conversion programme is due to the support that has been provided by noteholders and shareholders.

The solid Q2 FY2018 results represent the fifth consecutive quarter of profitability. The key focus for the Group is on safe working, operational delivery excellence and building a solid pipeline of new work.”

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, MAS & NT Port and Marine, we provide maintenance, construction, access services, fabrication and marine services. With over 29 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 will also be available on its website on 14 February 2018 - www.agc-ausgroup.com.

Ends

Issued by AusGroup Limited.

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

For further information in Australia, please contact Christian Johnstone
T +61 8 6210 4500 | E christian.johnstone@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. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit www.agc-ausgroup.com