



SGX/MEDIA RELEASE
For Immediate Release

Company Registration Number 200413014R
 36 Tuas Road, Singapore 638505

Singapore and Australia
 28 August 2015

AusGroup FY2015 Quarter 4 and full year results

AusGroup produces a positive FY2015 result and maintains a strong order book of AU\$466.6m

4Q 2015 and full year highlights

- Revenue of AU\$90.6m (7.7% increase) for 4Q 2015 and AU\$427.4m (41.3% increase) for FY2015
- Adjusted EBIT of AU\$11.4m for 4Q 2015 and AU\$23.0m for FY2015 (refer to page 2 of this release)
- Gross profit of AU\$20.8m for the quarter and AU\$59.4m for the financial year
- NPAT for FY2015 of AU\$6.2m, improved from loss of AU\$11.9m in FY2014
- Order Book of AU\$466.6m as at 30 June 2015, up 24.0% against comparative for FY2014.

AusGroup Limited ('AGL' or 'AusGroup' or the 'Group') today announced its results for the three months ended 30 June 2015 ('4Q 2015') and financial year ended 30 June 2015 ('FY2015'). This release should be read in conjunction with our SGX Announcement.

Income statement (abstract)	4Q 2015 AU\$'000	4Q 2014 AU\$'000	+ / (-) %	FY 2015 AU\$'000	FY 2014 AU\$'000	+ / (-) %
Revenue	90,602	84,149	7.7	427,412	302,447	41.3
Gross profit	20,804	9,323	123.1	59,352	4,944	N.M.
Other operating income	1,017	7,255	(86.0)	3,700	21,357	(82.7)
Administration, marketing & other costs	(13,368)	(12,259)	9.0	(44,301)	(46,111)	(3.9)
Goodwill impairment	(3,520)	0	N.M.	(3,520)	0	N.M.
EBIT	4,933	4,319	14.2	15,231	(19,810)	(176.9)
Net profit/(loss) for the period	261	2,245	(88.4)	6,210	(11,871)	(152.3)

Non-recurring items

A reconciliation of the Adjusted EBIT by operating unit is as follows:

Adjusted EBIT Reconciliation	Engineering Services AU\$'000	Marine Services AU\$'000	Group FY 2015 AU\$'000	Group 4Q 2015 AU\$'000
Reported EBIT	18,021	(2,790)	15,231	4,933
Impairment of goodwill	3,520	-	3,520	3,520
Share option expense	-	2,228	2,228	2,011
Restructuring costs	2,029	-	2,029	892
Adjusted EBIT	23,570	(562)	23,008	11,356

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Operational Performance

Revenue for the quarter of AU\$90.6m was up 7.7% against the corresponding period in FY2014. Revenue has continued a positive trend year on year with revenues for FY2015 being AU\$427.4m, 41.3% higher than the corresponding period in FY2014.

The Project segment including Scaffolding (provided by MAS) and Maintenance Services continued with strong contributions to FY2015 revenues for the Engineering Services business units, being AU\$142.3m and AU\$144.3m respectively. Activities under the Painting, Insulation & Fireproofing (PIF) and Scaffolding packages for Inpex continue to increase following a slow start to the release of work fronts. The Port & Marine Services business unit has provided a solid start to the commercialisation of its activities mainly from marine chartering ahead of the commencement of port services.

Gross profit for the quarter of AU\$20.8m was up 123.1% from the previous corresponding period in FY2014, lifting the gross margin to AU\$59.4m for FY2015. The improvement in margin performance was despite a review and adjustment of historical claims to de-risk the carrying values going forward by the recognition of additional Research & Development tax credits that have now been assessed and recognised due to increased certainty surrounding the Group's ability to offset these against future taxable profits.

Other operating income for the quarter of AU\$1.0m includes the profit on sale of property, plant and equipment of AU\$0.5m in relation to the sale of scaffolding equipment during the period. For FY2015 other operating income of AU\$3.7m was generated including AU\$1.1m profit from the sale of scaffolding, interest income of AU\$0.9m and foreign exchange gains of AU\$0.5m.

Administration, marketing & other costs in 4Q 2015 was 9.0% higher than the corresponding period in FY2014, primarily due to one-off costs associated with restructuring and share option expenses in relation to the options granted on 27 June 2014. However, we have delivered a 3.9% reduction for FY2015 against FY2014 unadjusted or 8.8% on an adjusted basis.

Net profit attributable to equity holders (NPAT) in 4Q 2015 was AU\$0.3m. Whilst underlying performance was materially in line with the previous quarter, the reported NPAT was negatively impacted during the last quarter by a one-off non-cash goodwill impairment of AU\$3.5m as a result of decreased certainty in capital expenditure spend across the energy sector. The impairment related to AusGroup's fabrication facilities in Singapore (AU\$2.9m) and Kwinana (AU\$0.6m).

Financial position

	30 June 2015 AU\$'000	30 June 2014 AU\$'000 (restated)	+ / (-) %
Cash & cash equivalents	38,647	40,845	(5.4)
Total borrowings	167,058	19,629	751.1
Equity	243,431	194,497	25.2

Cash and cash equivalents for the Group as at 30 June 2015 have remained materially in line with the prior year at AU\$38.6m (30 June 2014: AU\$40.8m).

Borrowings have increased during the year to AU\$167.1m from AU\$19.6m in FY2014. The increase was due to the MTN notes (SGD110m) that were raised in 2014 and the debt (AU\$34.9m) assumed as part of the acquisition of Ezion Offshore Logistics Hub Pte Ltd and Teras Australia Pty Ltd in November 2014 that formed our new Port & Marine Services business unit.



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Total shareholders' equity as at 30 June 2015 was AU\$243.4m, an increase of 25.2.1% over the previous year (30 June 2014: AU\$194.5m restated), due to FY2015 net profit, movements in reserves and the issue of AU\$28.4m of shares to Ezion Holdings Limited in relation to the abovementioned.

Summary

Managing Director Gerard Hutchinson said: "In a challenging external environment, the full year result of AU\$6.2m was a significant improvement on the prior year net loss of AU\$11.9m and emphasises significant progress has been made during the year to rebuild AusGroup's Engineering Services business and diversify into the Ports & Marine Services business."

"We are confident that our strategy of focusing on building long-term and recurring contracts continues to take shape and will provide a sustainable revenue base through FY2016 and beyond. This was underpinned by the Maintenance business with another \$39.5m of additional orders during 4Q 2015. The order book of AU\$466.6m continues to support sustainable revenue growth in our legacy business of Engineering Services."

"The construction of the port and fuel facility at Port Melville was completed on 31 July 2015 and remains on track to generate a positive contribution in FY2016. We continue to work with the relevant regulatory and stakeholder bodies to finalise operating approvals to expand activities within the environmental considerations."

"Finally, we have implemented a Transformation Program internally which will improve our efficiency and effectiveness and combat competitive pricing pressures."

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.

Ends

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