



ANNUAL GENERAL MEETING

Thursday 25 October 2018

Presented by:

Shane Kimpton, CEO and Executive Director
Christian Johnstone, CFO

Who we are



AusGroup Ltd (*Singapore*)

- Investor relations
- Bank and noteholders interface



Provides services across the energy, industrial and mining sectors

- Core maintenance
- Construction
- Manufacturing
- Painting, insulation and fireproofing
- Refractory



Provides access services across the energy and resource sectors in Australia and Asia

- Scaffolding
- Rope Access
- Design, planning and engineering access systems
- Labour supply
- Training



Supports offshore LNG industry through the provision of marine services

- Fuel distribution and supply
- Marine logistics
- Equipment/module transportation
- Asset operation



AusGroup overview

 1989

Founded



Our businesses

 1500

Staff

LTIFR 0.50

TRIFR 2.73

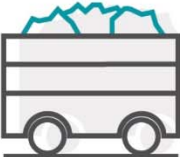


Our operations

Our markets



Energy



Resources



Industrial



Utilities



Port and marine

Our capabilities



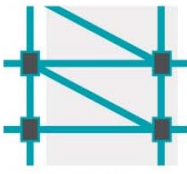
Multidisciplinary maintenance



Shutdowns / turnarounds



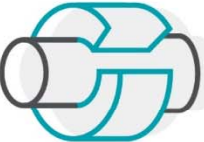
Fabrication



Scaffolding



Mechanical and piping



Industrial insulation



Surface protection



Refractory



Electrical and instrumentation



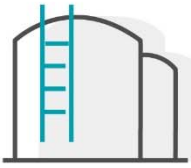
Rope Access



Specialist welding



Training and competency



Fuel supply



Industrial precinct and laydown



Berthage

Senior management



Shane Kimpton
Chief Executive Officer
and Executive Director



Christian Johnstone
Chief Financial Officer



Simon MacLeod
Chief Operating Officer
MAS Australasia



Daniel Kennedy
Chief Operating
Officer AGC & NTPM



Matt Prendergast
Executive General Manager
Business Services

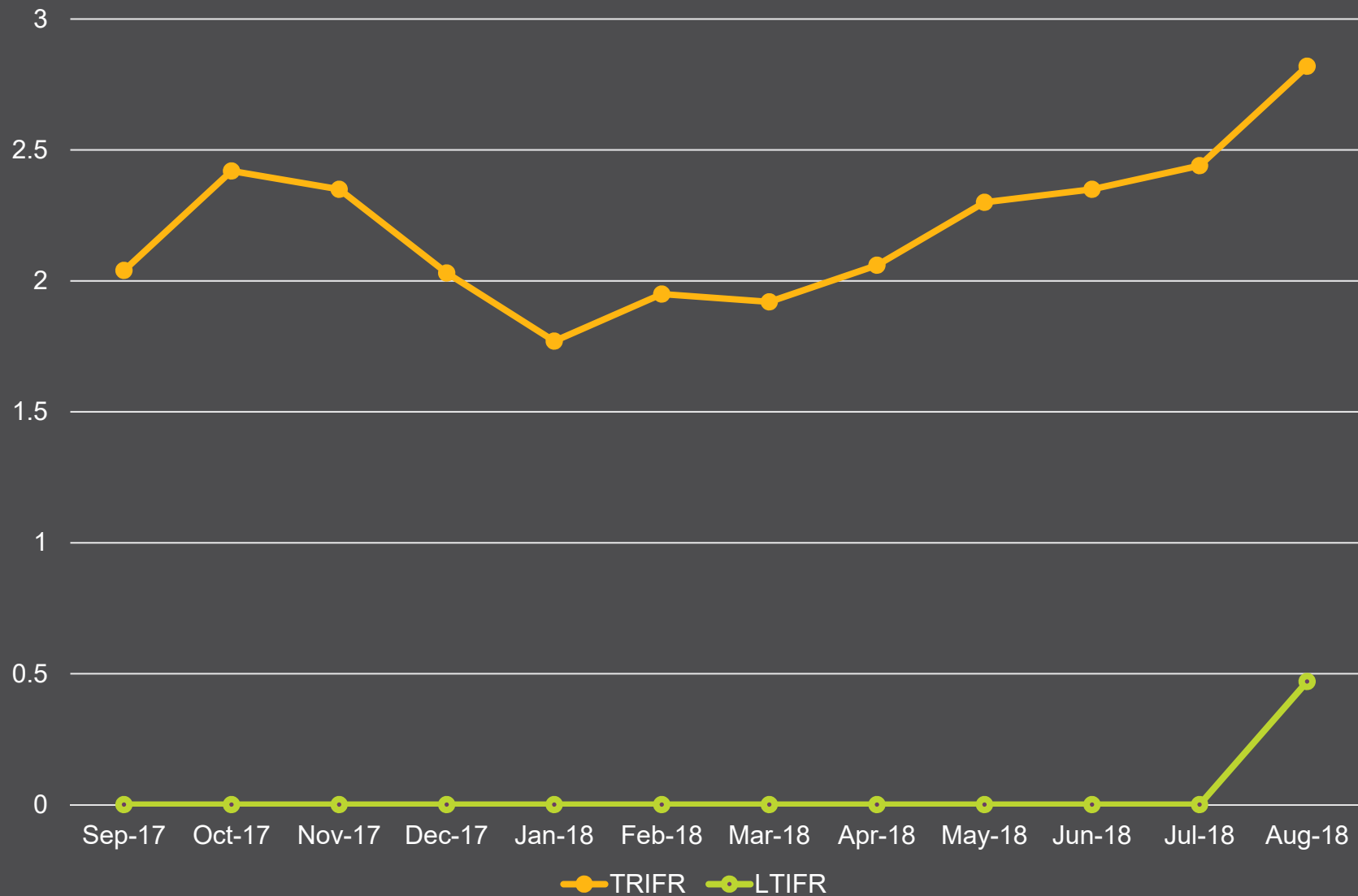


Nathan Pike
Executive General Manager
HSEQ



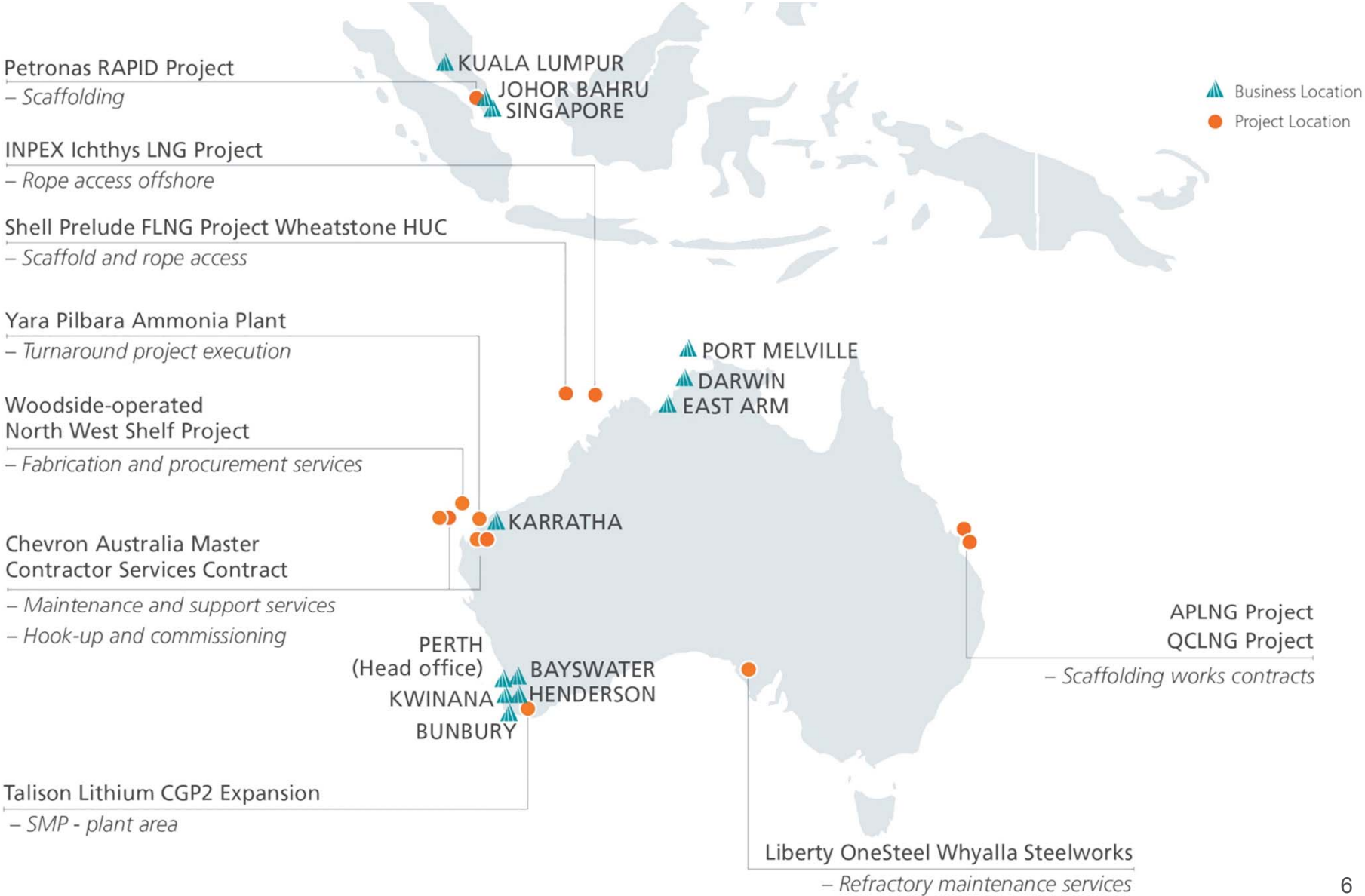
Jennifer McIlveen
Group General Manager
Strategy and Development

Perfect Day – Safety

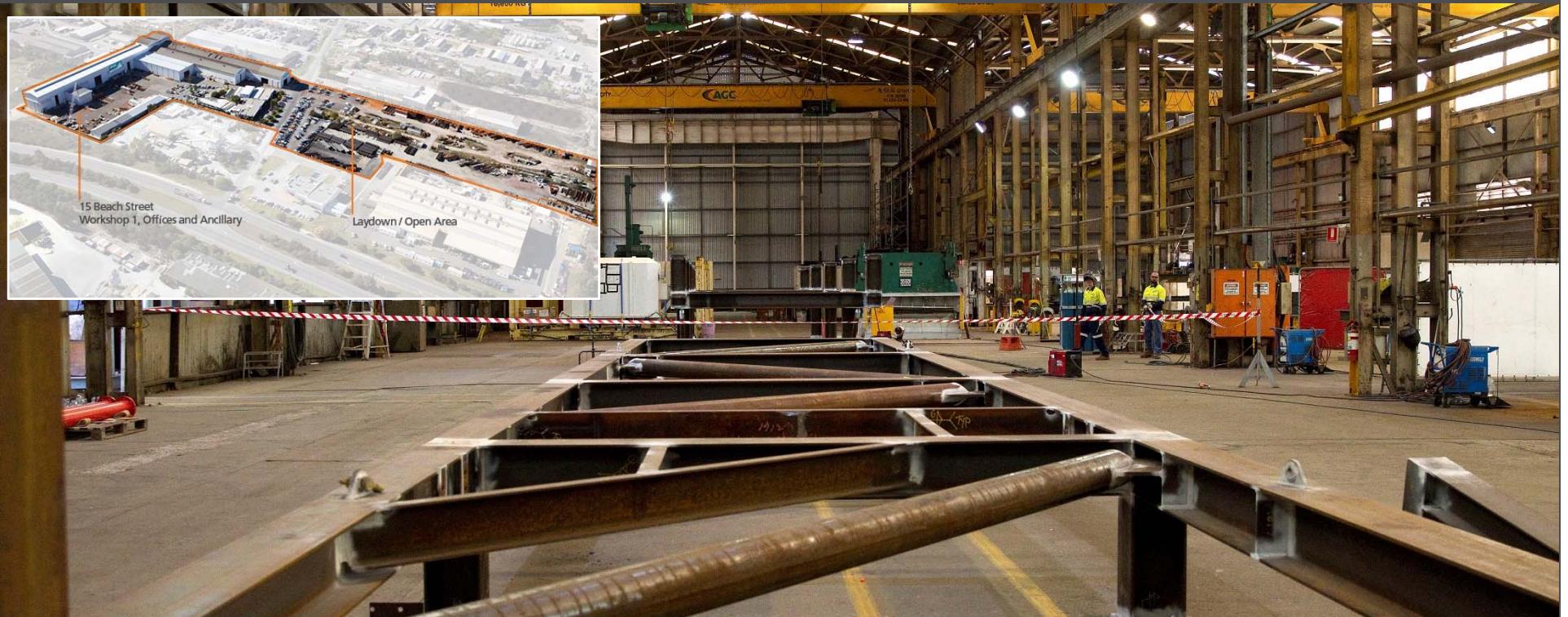




Current major projects



Kwinana facility



- The Kwinana facilities comprise five large fabrication bays totalling 10,460m² with in excess of 30,000m² of uncovered area for lay down storage
- There is an in-house capability to fabricate >30,000 tonnes per annum
- Workshop capabilities include piping, structural steel and heavy plate fabrication of all grades of materials – Hydro testing, Radiographic testing, Sheetmetal & Insulation workshops, Welding school

Project: Talison Lithium CGP2 Expansion (MSP Engineering)



- A\$27M Structural, mechanical and piping installation package with A\$3.1M fabrication scope extension
- 2,000 tonnes of structural steel and associated flooring and cladding
- 70 tonnes of plate work

- Installing 450 pieces of mechanical equipment
- Located in Greenbushes, Western Australia
- CGP2 will significantly expand production of lithium oxide concentrates from Greenbushes, in response to growing demand.

Project: Tianqi Lithium Kwinana Lithium Hydroxide Processing Plant



- A\$9.7M contract
- Piping and insulation works on LHPP1 Crystalliser building with an expected workforce of 90-100 people
- Located at the Tianqi Kwinana facility
- Support from AGC local Kwinana fabrication workshop

Project:

Chevron Australia Master Contractor Services Contract



- 5 Year Maintenance Agreement with a 2 + 2 + 1 years extension
- Performing works over 3 major facilities – Gorgon (Barrow Island) / Wheatstone and Wheatstone offshore Platform
- Providing both white and blue collar workforce
- Main trades – Mechanical / Electrical and Instrumentation / PIF and Access
- Key metrics – over 1 million man-hours spent across all sites without an LTI – Over 60 Continuous Improvement observations generated in 2018

Port Melville



- Inaugural fuel loaded - November 2017
- First consignment of land fuel delivered - April 2018
- To-date bunkered - Royal Australian Navy, Australian Boarder Force and fishing vessels
- Land fuel customers – Tiwi Land Council and Tiwi Plantations Corporation
- Contract with Plantation Management Partners for laydown, port services, fuel supply nearing finalisation

Port Melville



- Bunkered close to 2ML of fuel to date
- In partnership with Tiwi Islands Training & Education Board and the NT Government, we devised the 'Port Operations Support Officer' (POSO) initiative
- Awarded the 2018 Defense Support award – Australian Industry Defense Network

Strategy

safety



Dynamic and positive approach to safety focused on delivering excellence one day at a time – our Perfect Day.

Critical risk controls

HSEQ governance and assurance redesign

HSEQ and operational leadership development

people



Build collaborative and high performing teams.
Attract and retain the best people.

Workforce planning and talent pooling

Supervisor development program

Competency management system

Employee engagement

delivery excellence



Agile, flexible and customer focused approach to delivery excellence.
Operational discipline to a core standard process.

Deliver work in hand

Project Management Office (PMO)

Operational discipline

AGC/MAS alignment

clients



Trusted partner to the Australian resources, energy and industrial sectors, providing innovative solutions.
Target and win the right work.

AusGroup pipeline

Critical pursuit focus

Innovation program

Brand refresh

value



Accelerated, quality revenue growth.
Stable and predictable gross profit margin.

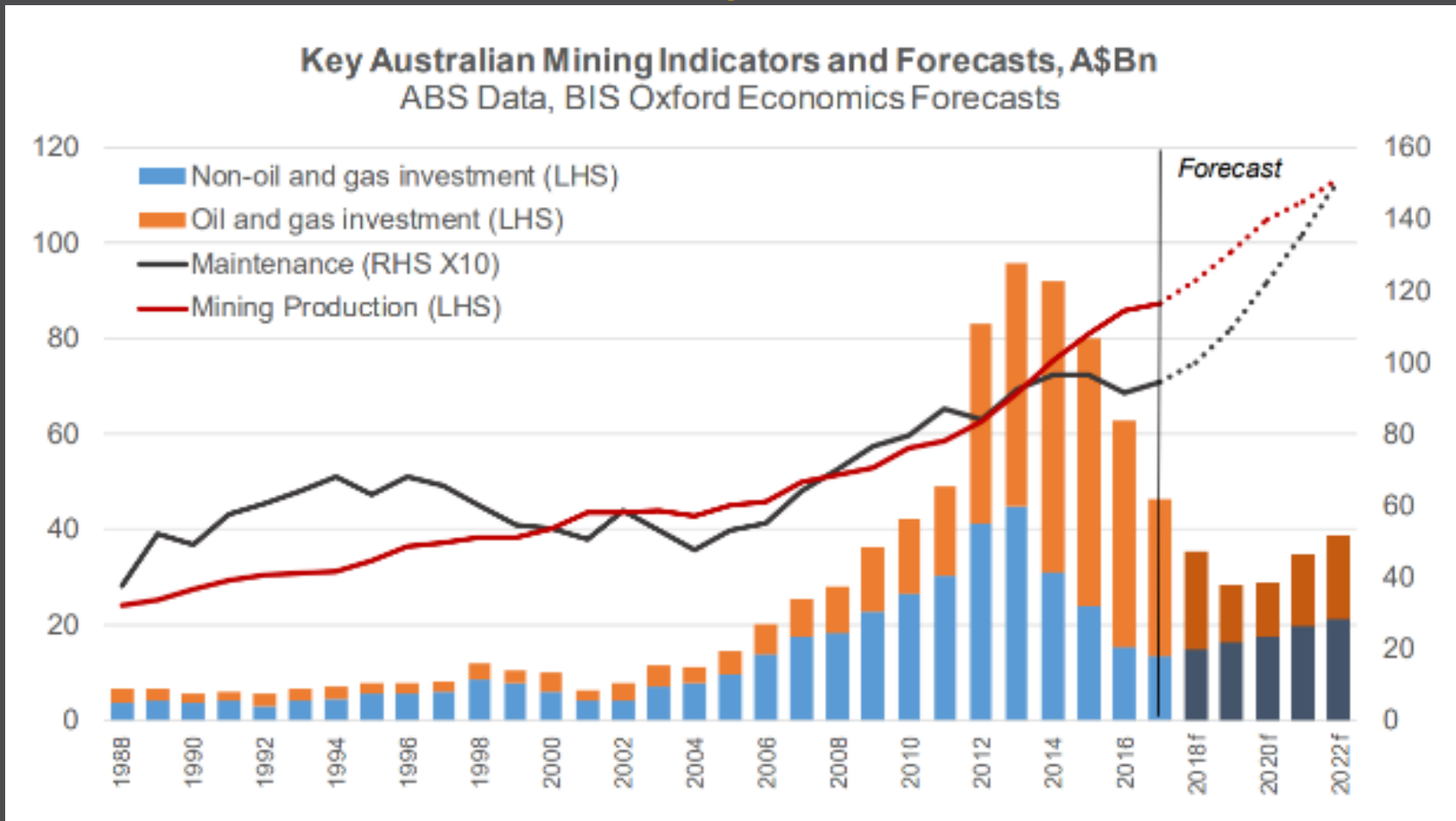
Cashflow management

Margin leakage reviews

Organisational design

Financial leverage

Industry outlook



Source: Mining in Australia 2017:2032, BIS Oxford Economics

- “Positive outlook for exploration, investment, production and maintenance across most commodities”
- Resources investment is expected to grow at a double-digit pace into 2018/19, with continued growth over following 3 years

Australian industry activity

The West Australian



BATTERY BOOM

Lithium worth 'hundreds of billions' to WA

Australia's chief resource economist says WA could earn "hundreds of billions of dollars" from its mineral wealth but has warned governments must act quickly to capitalise on the opportunity.



WORLD'S BIGGEST

Kwinana the global powerhouse in rush to lithium

WA is in the box seat to power the new world as a refinery on the industrial strip becomes the epicentre for global supply of lithium hydroxide.



BIG PLEDGES

Parties vie for WA lithium battery votes

Labor is promising to back WA with research dollars and access to infrastructure and manufacturing funds worth billions.

- "Kwinana is at the epicentre a booming global lithium market opens up new economic opportunities for the State."
- "Demand for the mineral [lithium] is tipped to grow by 18 per cent a year until 2026, and WA is in the box seat as the largest producer in the world."

Business development pipeline including; prospects, pursuits and tenders

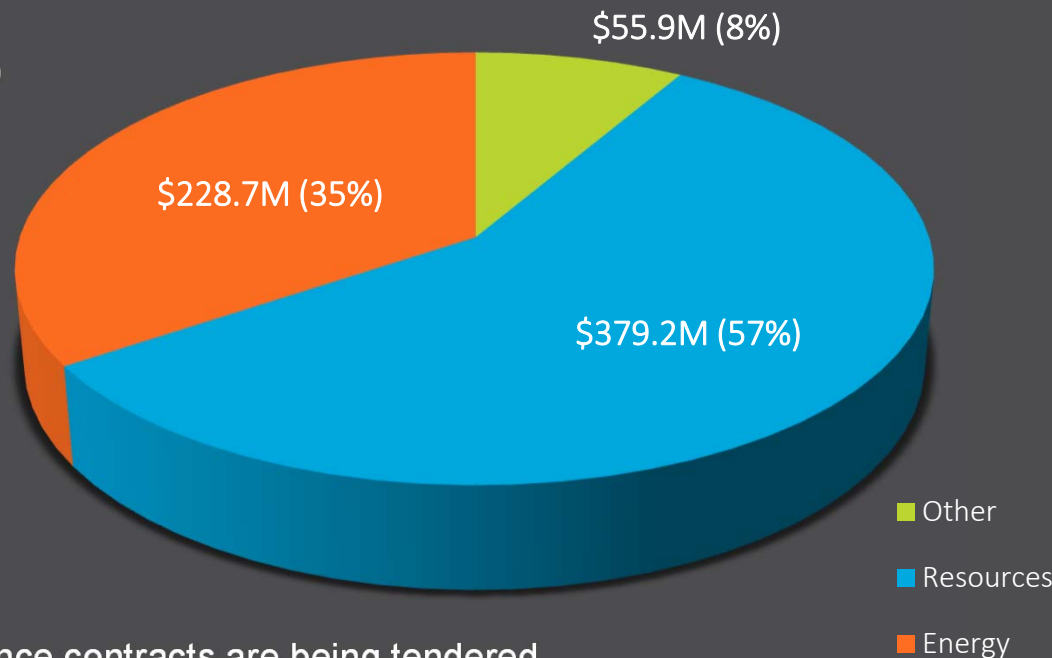
Pipeline weighted value \$663.8M

Other industry

- Port and marine activities ramping up
- Increasing industrial processing opportunities
- Diversified maintenance offerings

Energy

- Multi-year maintenance contracts are being tendered
- Steady release of oil & gas maintenance scopes under framework agreements
- Upcoming large and complex fabrication scopes



Resources

- Lithium projects obtaining approvals
- Iron ore plant fabrication packages being released
- Focus on shutdown maintenance and sustaining capital

FY2018 Financial Performance



Financial summary

Total Revenue	Total EBITDA	EBITDA margin	Net Debt
A\$566.8m ▲ 30%	A\$50.3m ▲ 54.8%	8.9% ▲ 1.4%	A\$102m ▼ A\$42.2m

- Revenue of A\$566.8m was the highest revenue in five years.
- EBITDA of A\$50.3m was 54.8% increase on FY17.
- Efficient management of contracts led to an increase of 1.4% in EBITDA margin to 8.9%.



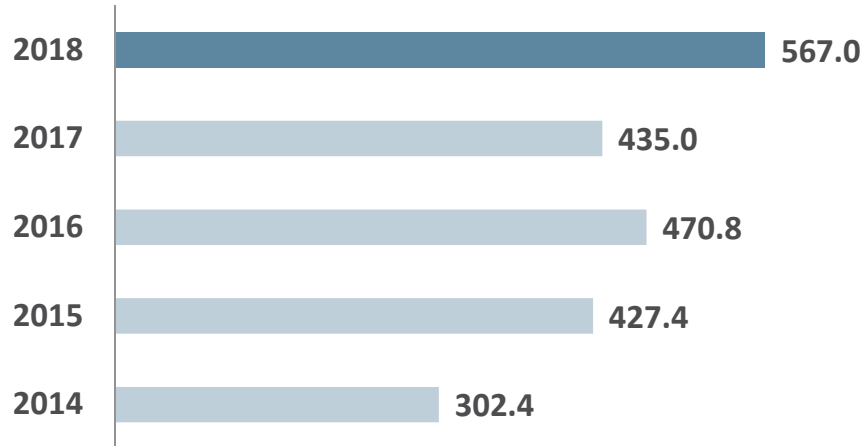
Trading Performance – strong year

	FY 2018	FY 2017	Change %
	AU\$m	AU\$m	
Revenue	566.8	434.9	30.3
Gross profit	57.5	44.7	28.6
<i>Gross margin</i>	10.1%	10.3%	
Administration, marketing & other costs	(17.4)	(24.4)	(28.7)
EBIT	40.1	20.3	97.5
<i>EBIT Margin</i>	7.1%	4.7%	
Net gain on debt conversion	1.3	5.5	<i>n.m.</i>
Impairments of receivables & assets	(14.8)	(2.0)	<i>n.m.</i>
Finance costs	(11.7)	(17.1)	(31.6)
Income and withholding tax	(1.4)	(3.6)	(61.1)
Discontinued operations	0.0	1.4	(99.3)
Net profit	13.5	4.5	197.7
<i>Net Profit Margin</i>	2.4%	1.0%	
<i>EBITDA and impairments</i>	50.3	32.5	54.8
<i>EBITDA Margin</i>	8.9%	7.5%	

- Highest revenue for five years and profitability, before non-cash impairments, significantly higher than prior years.
- Underlying EBITDA of AU\$50.3m and EBIT of AU\$40.1m – strong operational performance with stable margins.
- The ratio of EBIT to Finance costs was 3.4 : 1.0 (a comfortable servicing ability for FY2018).

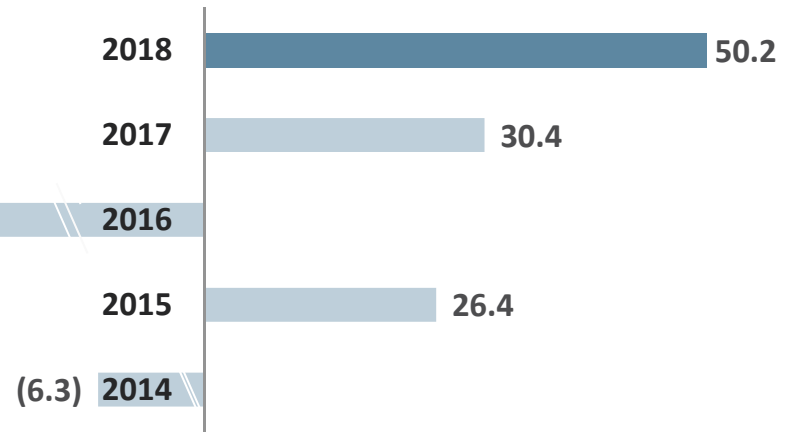


Key performance indicators



Revenue (A\$M)

Does not include discontinued operations



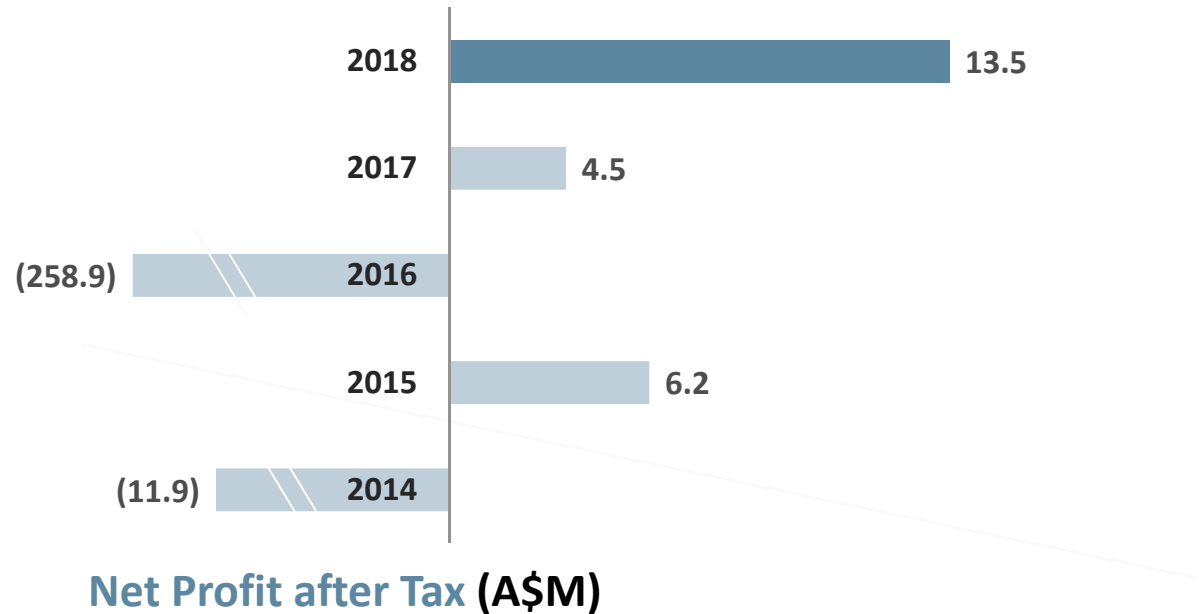
EBITDA (A\$M)

Does not include discontinued operations

- Revenue of A\$567m was the highest revenue in five years.
- EBITDA for FY18 of A\$50.2m was a significant increase over FY2017 due to the increased profitability on a higher revenue base from AusGroup's key contracts.



Key performance indicators



- Net Profit after tax of A\$13.5m increased 197% compared to FY2017 underpinning a strong year of performance on AusGroup's key projects. The NPAT for FY2018 was the highest in five years.

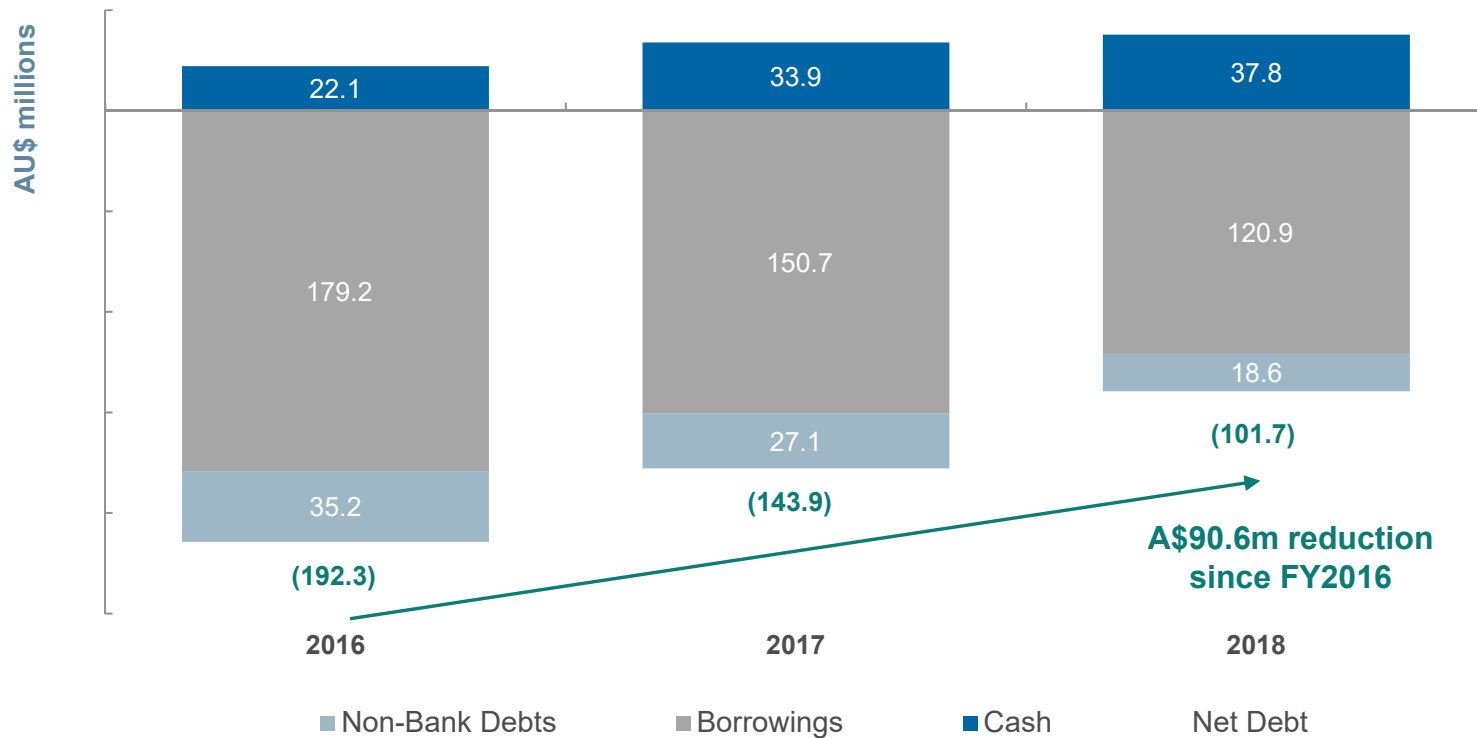


Balance sheet

(A\$ million)	30-Jun-18	30-Jun-17	Variance
Cash	37.8	33.9	3.9
Receivables	93.4	133.1	(39.7)
PPE	75.6	87.4	(11.8)
Intangible Assets	43.7	47.6	(3.9)
Other Assets	12.5	10.2	2.3
Total Assets	263.0	312.2	(49.2)
Payables	84.8	114.7	(29.9)
Debt	120.9	150.7	(29.8)
Other Liabilities	15.6	23.5	(7.9)
Total Liabilities	221.3	288.9	(67.6)
Net Assets	41.7	23.3	18.4
Net Tangible Assets	(2.0)	(24.3)	22.3

- Borrowings reduced by \$29.8m
- Cash increased by \$3.9m.
- Continuing to strengthen Balance Sheet.
- Improved Net Assets by \$18.4m since FY17 reflecting continuing profitability in business.

Group net debt - deleveraging



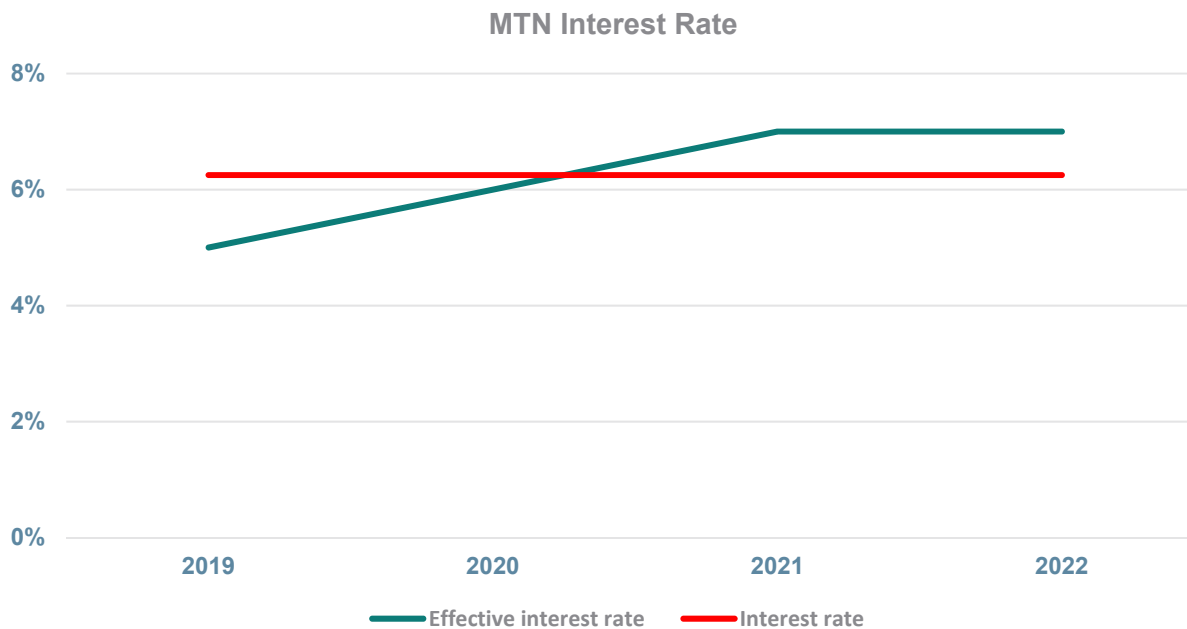
- **Net debt reduces by \$42.2m from FY17.**
- Cash at bank balance increased by \$3.9m.
- Short term borrowings repaid and other repayments made - \$38.3m.

MTN debt update



MTN debt – Current Maturity November 2022

- Noteholders approved extended the maturity date by four years on revised terms
- Effective interest at 6.25% p.a.



- 30% principal redemption – expected to be paid by January 2019



MTN debt – Current Maturity November 2022

Extension

288 notes

30% principal repaid

Conversion to equity at 4.2 cents

14 notes redeemed

80.2 million shares to be issued

Outstanding principal after restructure = S\$48.6m (at a maximum)

Placement and Rights Issue



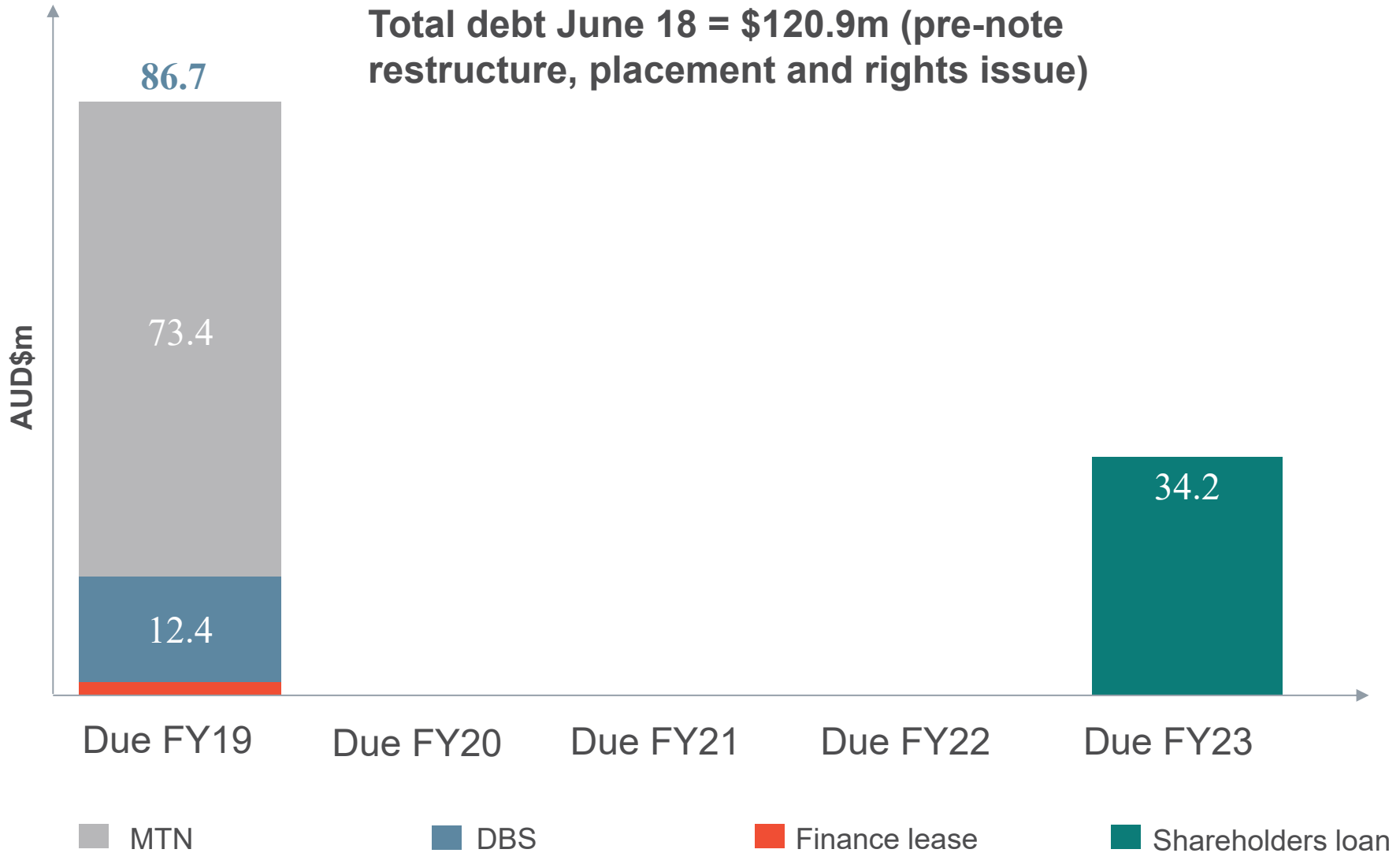
Share Placement and Rights Issue

- Share Placement is contingent on:
 - 1) Restructuring of the MTN Notes
 - 2) The Share Placement providers subscribing for all of their rights
 - 3) Ezion Holdings extending the term of its existing loan by five years
 - 4) Ezion Holdings approving the Rights Issue and the Share Placement
- Share Placement - 1,050,000,000 shares to raise S\$36.8m (at price of S\$0.035 per share). At a minimum, the Rights Issue (at price of S\$0.035 per share) will result in an additional funds raised of S\$4.9m.
- Total funds raised will be at least S\$41.7m.
- Net proceeds will be used for partial redemption of the MTN Notes of S\$21m (30% redemption) and working capital ~ S\$19m after costs.

Impact on Debt Profile

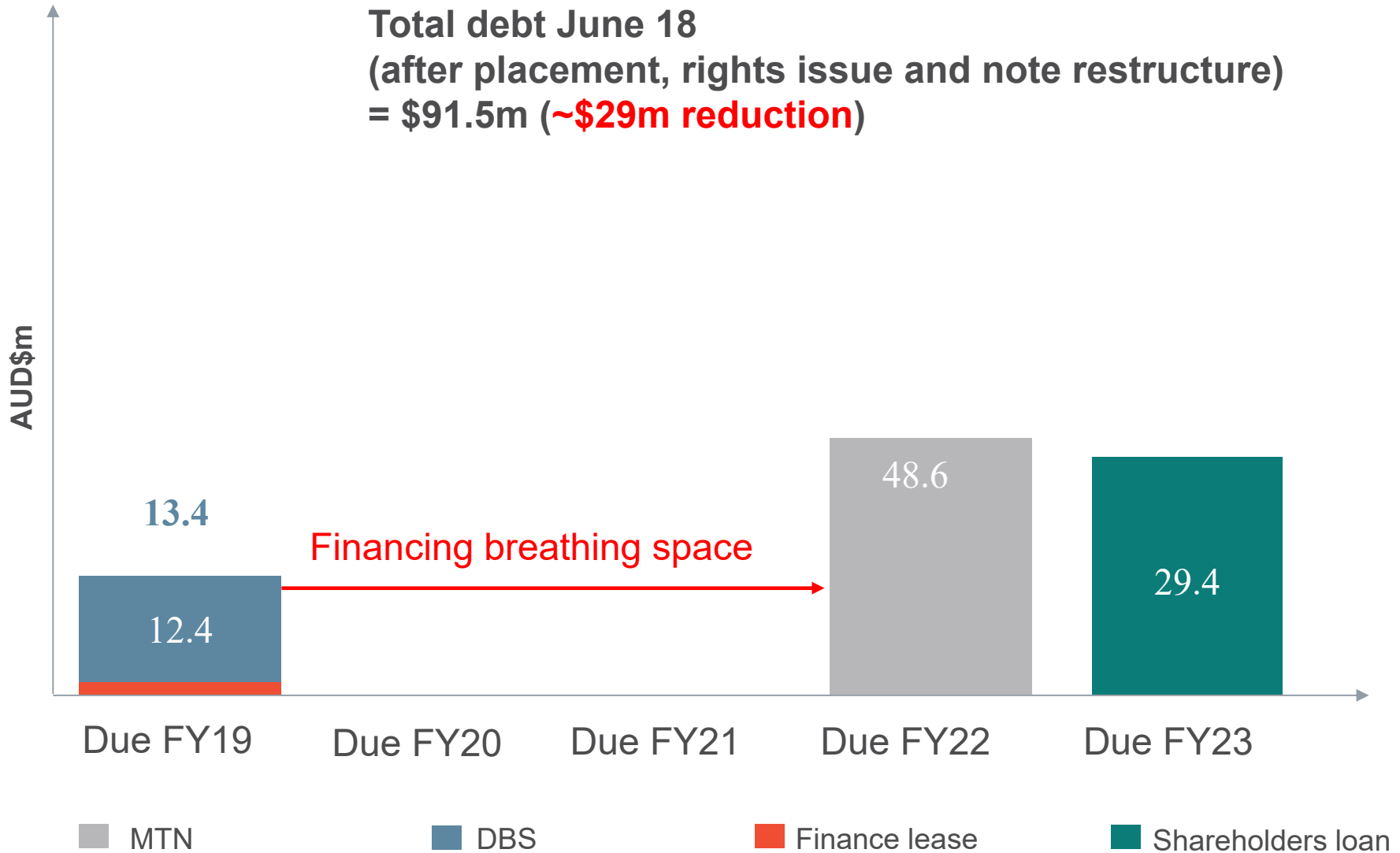
Extension of debt maturity provides stability

Total debt June 18 = \$120.9m (pre-note restructure, placement and rights issue)



Extension of debt maturity provides stability

Total debt June 18
(after placement, rights issue and note restructure)
= \$91.5m (~\$29m reduction)



Summary

- Strong safety record
- Highest revenue, EBITDA and NPAT for five years
- Solid pipeline of maintenance work in LNG and Resources
- A\$60m of new contracts in the expanding lithium sector



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Questions



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