

ASX Announcement/ Media Release  
23 February 2024

## **AJ LUCAS DELIVERS FIRST HALF EBITDA OF \$10.6 MILLION**

Drilling services and gas exploration group AJ Lucas Group Limited (ASX: AJL) ("Lucas") today reported its results for the six months to December 31, 2023. The Group reported EBITDA of \$10.6 million (Dec 2022: \$14.8 million) on revenues of \$77.6 million (Dec 2022: \$82.7 million).

Lucas operates two separate businesses. In Australia, the company provides a suite of drilling services, including exploration, production and directional drilling, focussing on the highly specialised metallurgical underground mining sector. In the UK, Lucas owns 96% of the British shale gas exploration and production company Cuadrilla Resources Limited.

### **Australian Operations**

In the first half, Lucas' main operating business performed strongly, delivering \$77.6 million of revenue (Dec 2022: \$82.7 million) and EBITDA of \$12.1 million (Dec 2022: \$15.6 million). Changes in client programs resulted in deferral of some programs which were replaced with lower margin work. In addition, plant maintenance in respect of a number of key rigs, impacted drilling activities in the first quarter of FY24. As a result, the business delivered an EBITDA of \$5.4 million in the first quarter, which improved to \$6.7 million in the second quarter, and totalled \$12.1 million for the half year.

As is the case with many businesses, Lucas Drilling has been impacted by increased costs, as demonstrated by recent spikes in inflation and the latest wage increases awarded by the Australian Fair Work Commission. Management have worked tirelessly to mitigate and manage this pressure and will continue to do so.

The company continued to look for opportunities to diversify its service offering and client base in the first half, with the largest customer now representing less than half (46%) of total revenue. This is down from 60% in the first half of the previous year. The Group continues to look for further diversification opportunities, as and where they make sense.

### **UK Operations**

In the six-month period to end December 2023 there has been no movement in respect of the moratorium on hydraulic fracturing, which was re-imposed by the UK government in October 2022, following a short period when the moratorium had been lifted. We continue to engage on this issue with the Regulator and other onshore oil and gas operators but see limited prospect of a change in the short term.

### **Balance Sheet**

Lucas completed a major refinancing in April 2023, and the Group's balance sheet structure remains largely unchanged. Interest bearing debt, net of cash, cash equivalents and cash in trust, reduced slightly to \$108.4 million (June 2023: \$112.9 million).

Total cash equivalents and cash in trust increased \$4 million during the period (Dec22: \$18.3 million). This comprised net cash from operating activities of \$12.0 million (Dec 22: \$1.3 million net cash used in operating activities) after taking into account debt finance costs.

**Authorised for lodgement by Andrew Purcell, Chairman on behalf of the Board**

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