

ASX Announcement and Media Release

11 August 2014

COFFEY INTERNATIONAL ANNOUNCES FULL YEAR 2014 RESULTS

Positive results despite tough market conditions

Corporate

- EBITDA¹ of \$23.7 million, an improvement on \$18.6 million in FY2013
- Underlying EBITDA² of \$26.2 million compared to \$28.8 million in FY2013
- Net profit after tax of \$4.4 million, an improvement on the loss of \$1.0 million in FY2013
- Total revenue of \$628.1 million, down 9% from \$688.4 million in FY2013
- Operating cash flow of \$20.9 million for the year
- Net debt of \$48.1 million, down 17% or \$9.9 million compared to June 2013
- No final dividend

Operating businesses

- Geoservices margins (underlying EBITDA/fee revenue) at 5% for FY2014, were down on the FY2013 margin of 7%
- Project Management returned to profitability in FY2014
- International Development continued to grow with stable margins, reporting a full year EBITDA of \$19.1 million (FY2013 \$18.3 million)

Coffey International Limited (ASX: COF) (Coffey) today announced its full year results for the year ended 30 June 2014, delivering an underlying EBITDA of \$26.2 million and a net profit after tax of \$4.4 million.

Managing Director John Douglas confirmed the fundamentals of the business had been strengthened to deliver meaningful change.

"We've returned to profit and are now wholly focused on our clients and winning new work," he said.

"Our safety performance is strong and we've driven down debt. We're matching capacity to market and have the capability to grow when opportunities emerge.

"While external factors still present challenges, we've done the work within the business to ensure we can now dedicate ourselves to building client value and driving sales success."

Geoservices' revenue fell due to a subdued Australian infrastructure market and uncertain global mining sector, but this was partly offset by an increase in earnings overseas.

Restructuring within the Geoservices business incurred costs of \$2.5 million in the first half of FY2014, which accounts for the difference between underlying EBITDA and reported EBITDA.

"We've retained capability to scale-up quickly off a lower cost base when conditions improve and are seeing early signs for optimism in our consulting operations," Mr Douglas said.

¹ EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation.

² Underlying EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation, and excludes restructuring costs.

The Project Management business returned to profitability as a small but effective part of Coffey's operations.

The International Development business continued to perform strongly, achieving increased revenues, most notably in the US and UK markets. Its diversified revenue streams and ability to deliver consistent margins provided a strong base for the business.

Mr Douglas said the FY2014 result confirmed Coffey's focused portfolio approach was delivering benefits in continuing tough trading conditions.

Coffey generated an operating cash flow of \$20.9 million for the year, after funding \$4.6 million in cash restructuring costs during the period, including \$2.1 million which had been accrued at June 2013.

Our continued focus on debt reduction from operating cash flows has seen our gross debt decrease further to \$77.0 million, compared to \$88.7 million in June 2013 and down from a high of \$150.8 million in FY2011. As a result, our net debt at \$48.1 million is down from \$58.0 million at June 2013.

Bank guarantees also fell with the sale of Specialised Training Australia and now sit at \$6.6 million compared to their peak of \$17.9 million in FY2012,

"Reducing debt has been a major focus to manage our risk profile and ensure we are working to grow the business from a position of strength," Mr Douglas said.

Coffey remains committed to reducing debt to increase financial stability in uncertain economic conditions. As a result, a final dividend for FY2014 will not be paid. The Board will review its position on dividend payments in FY2015.

Results are summarised in the table below.

(\$ million unless otherwise stated)	FY2013	FY2014
Total revenue	688.4	628.1
Fee revenue	411.0	381.0
Underlying EBITDA	28.8	26.2
Restructure costs	(10.2)	(2.5)
EBITDA	18.6	23.7
Depreciation & amortisation	(9.4)	(9.2)
EBIT	9.2	14.5
Net financing expense	(10.0)	(8.1)
Profit / (Loss) before income tax and minority interests	(0.8)	6.4
Income tax expense and Non-controlling interest	(0.2)	(2.0)
Net Profit / loss after tax attributable to members	(1.0)	4.4
Basic EPS (cents per share)	(0.4)	1.8
Net cash flow from operations	18.1	20.9
Net debt	58.0	48.1
Gearing ratio: Net debt to equity plus debt	30%	26%
Net assets	137.2	140.2

Board changes

Stuart Black AM will retire from the Board at the 2014 Annual General Meeting. Stuart joined the Board in 2002 and chaired the Audit Committee until the formation of the combined Risk and Audit Committee in 2012.

Stuart has been an important influence for the company during that time. His outstanding financial knowledge, strategic focus and business experience has been a great asset to the Board and we thank him for his commitment and support as a Director.

Looking forward

Coffey has 12 months forward contracted fee revenue of \$90.4 million in Geoservices, \$12.6 million in Project Management and \$99.6 million in International Development. The 12 month forward contracted fee revenue is 10% down for the Geoservices business compared with that at June 2013 whilst we have seen a solid increase in contracted work for International Development.

"Our diversified revenue streams and global focus are supporting the sustainability of the business," Mr Douglas said.

"While the market remains difficult to predict, we're optimistic that we've done the work to make the most of new opportunities as they emerge."

We will continue to provide quarterly trading updates to the market, with the next update at our AGM in November 2014.

- Ends -

Investor briefing

Mr John Douglas, Managing Director, and Mr Urs Meyerhans, Finance Director, will hold an analyst teleconference at 10:00 am (AEST) today.

To participate in the briefing please contact Ivy Lam on + 61 2 9287 2100.

The video webcast will be available later on coffey.com.

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About Coffey International Ltd

Every Coffey relationship is built on trust.

Trust that's hard-earned through our proven expertise, our depth of global experience and our commitment to stay one step ahead.

Our specialists in geoservices, international development and project management work in partnership with our clients across the globe.

We create value throughout the project lifecycle in the mining; oil and gas; transport infrastructure and property industries.

We deliver vital international aid projects for our clients.

Our united group of specialists take enormous pride in collaborating with our project partners. By digging deeper. Thinking smarter. And seeing further.

All so we can deliver the smartest solutions, every time.

Visit coffey.com

Results emerge
when local knowledge
intersects with
global expertise



Full Year FY2014
Financial Results Presentation
11 August 2014



01 Financial performance

02 Business performance

Presenters



John Douglas
Managing Director









Urs Meyerhans
Finance Director

Positive results, plenty to do

- Strong safety disciplines
- Portfolio changes fully implemented
 - Specialist Training Australia (STA) sold
 - Project Management returned to profitability
- Liabilities reduced significantly
- Coffey revenues are stabilising
 - International Development revenues up 10% year on year
 - Geoservices fee revenue down 19% year on year, but some positive signs emerging
- EBITDA stabilised with no restructuring in H2
- Positive NPAT
- Ongoing investment in business capabilities, particularly marketing and sales and it's yielding results
- Reasons for optimism – challenges remain
- Coffey will provide on-going quarterly updates

01

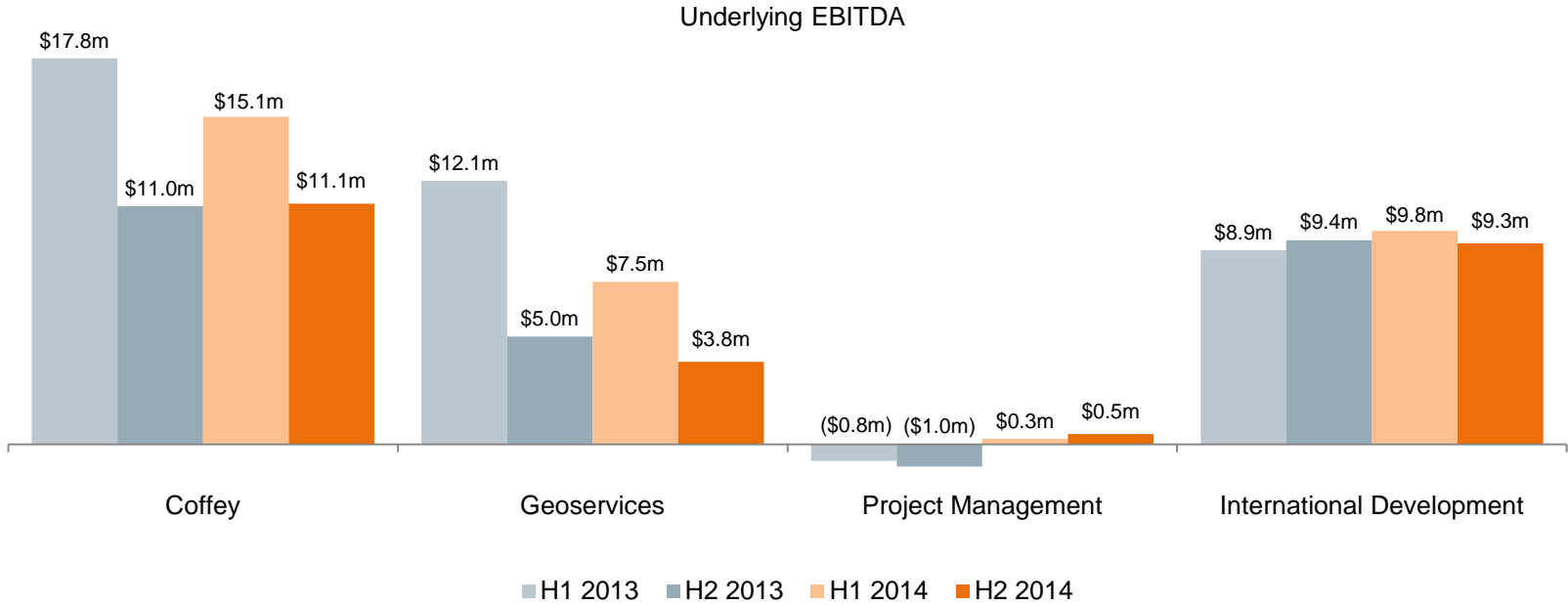
Financial performance

Total revenue	\$628.1m		(8.8%)
Underlying EBITDA ¹	\$26.2m		(9.1%)
EBITDA ²	\$23.7m		27.4%
Net profit after tax	\$4.4m		
<hr/>			
Operating cashflow	\$20.9m		15.7%
Net debt	\$48.1m		17.1%

Note: Percentage movements are full year 2014 compared to full year 2013.

¹ Underlying EBITDA - EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) before restructure costs. Please refer to the EBITDA reconciliation in the appendix.

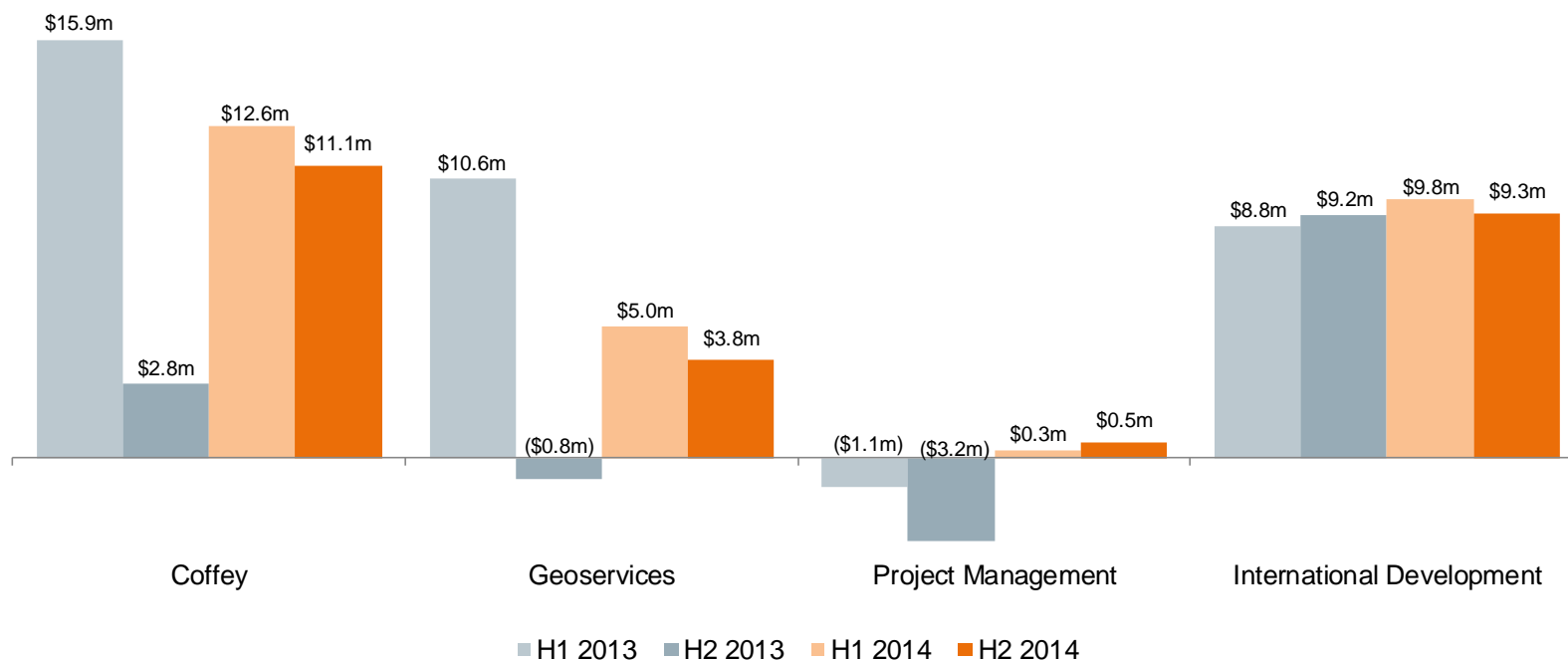
² EBITDA - EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation).



Reported EBITDA – no net restructuring in H2, FY2014



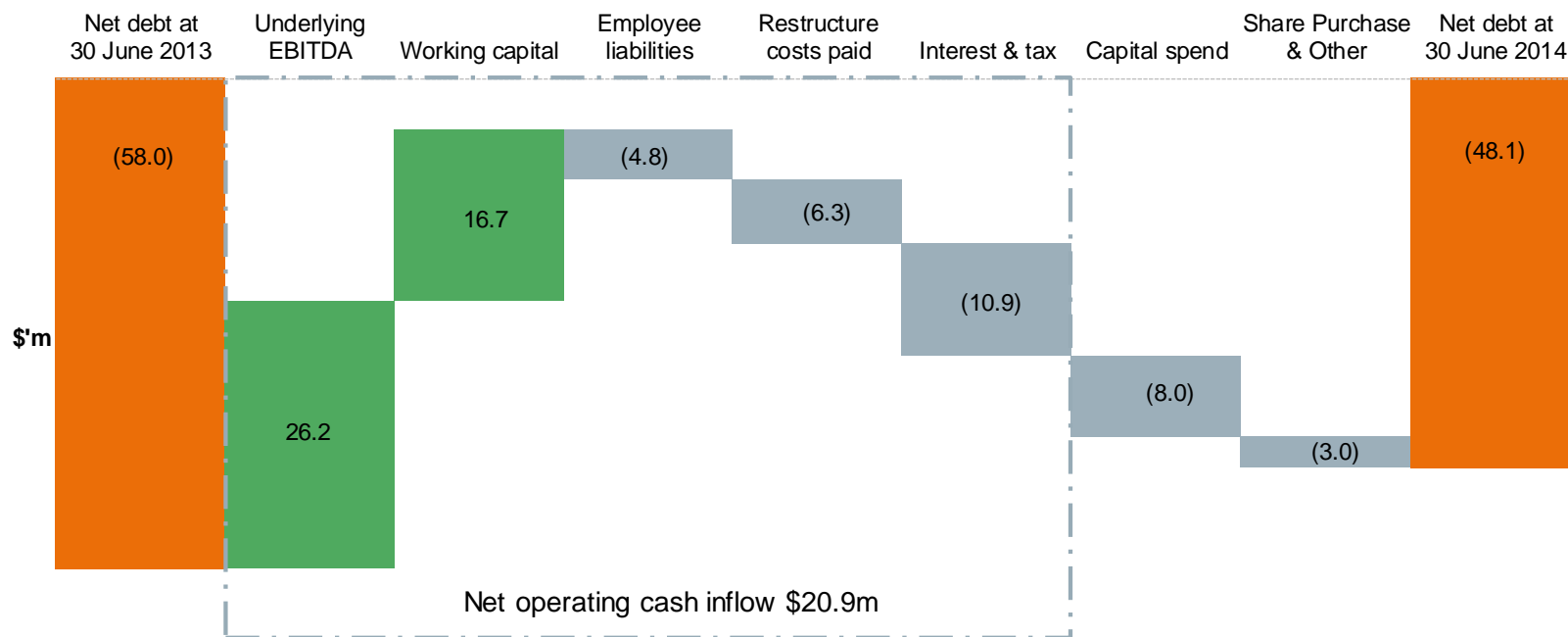
EBITDA (including restructuring costs)



Restructure costs

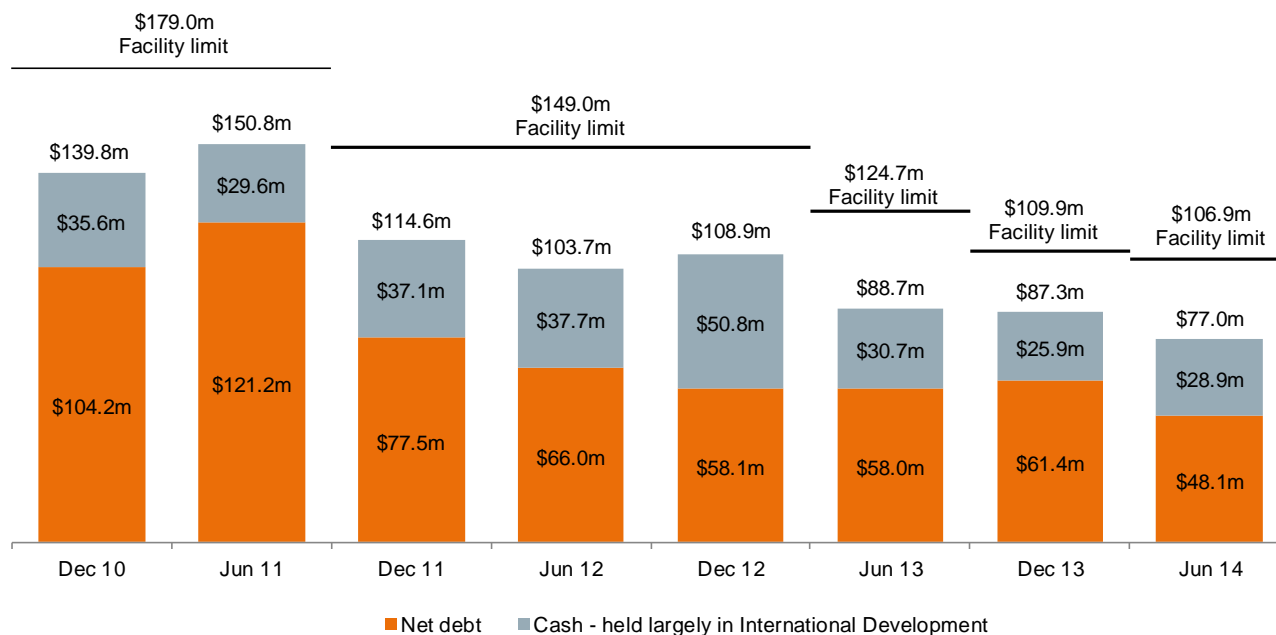


Strong operating cash flows



- Working capital days at June 2014 - 54 days vs. 61 in June 2013

Debt driven down



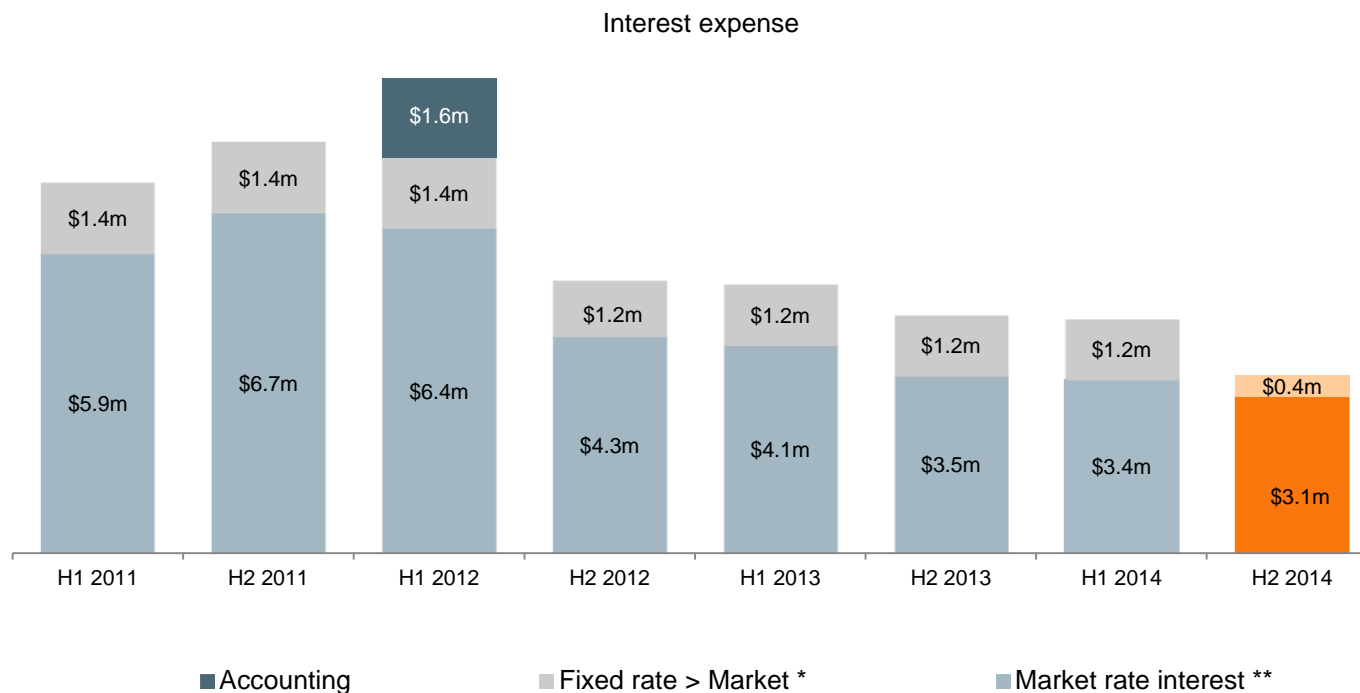
Bank guarantees							
Dec 10	Jun 11	Dec 11	Jun 12	Dec 12	Jun 13	Dec 13	Jun 14
\$17.1	\$17.1	\$17.9	\$15.2	\$14.6	\$15.6	\$12.9	\$6.6

Positive NPAT – reduced restructuring costs and interest

	FY13 (\$m)	FY14 (\$m)
Underlying EBITDA	28.8	26.2
Restructuring costs	(10.2)	(2.5)
EBITDA	18.6	23.7
Depreciation and amortisation	(9.4)	(9.2)
Interest	(10.0)	(8.1)
Profit before taxation and minority interests	(0.8)	6.4
Taxation	(0.1)	(1.9)
Minority interests	(0.1)	(0.1)
NPAT attributable to members of Coffey International Limited	(1.0)	4.4

The Board has not declared a dividend for FY2014

Reducing interest costs



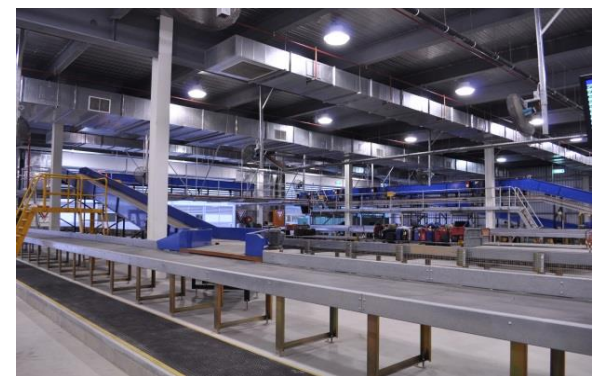
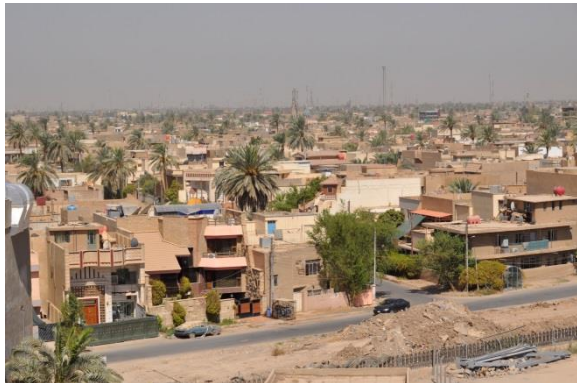
* Represents the incremental interest paid as our fixed rate of interest, up to February 2014, was above market rates.

** Represents our total interest expense at current variable market rates.

02

Business performance

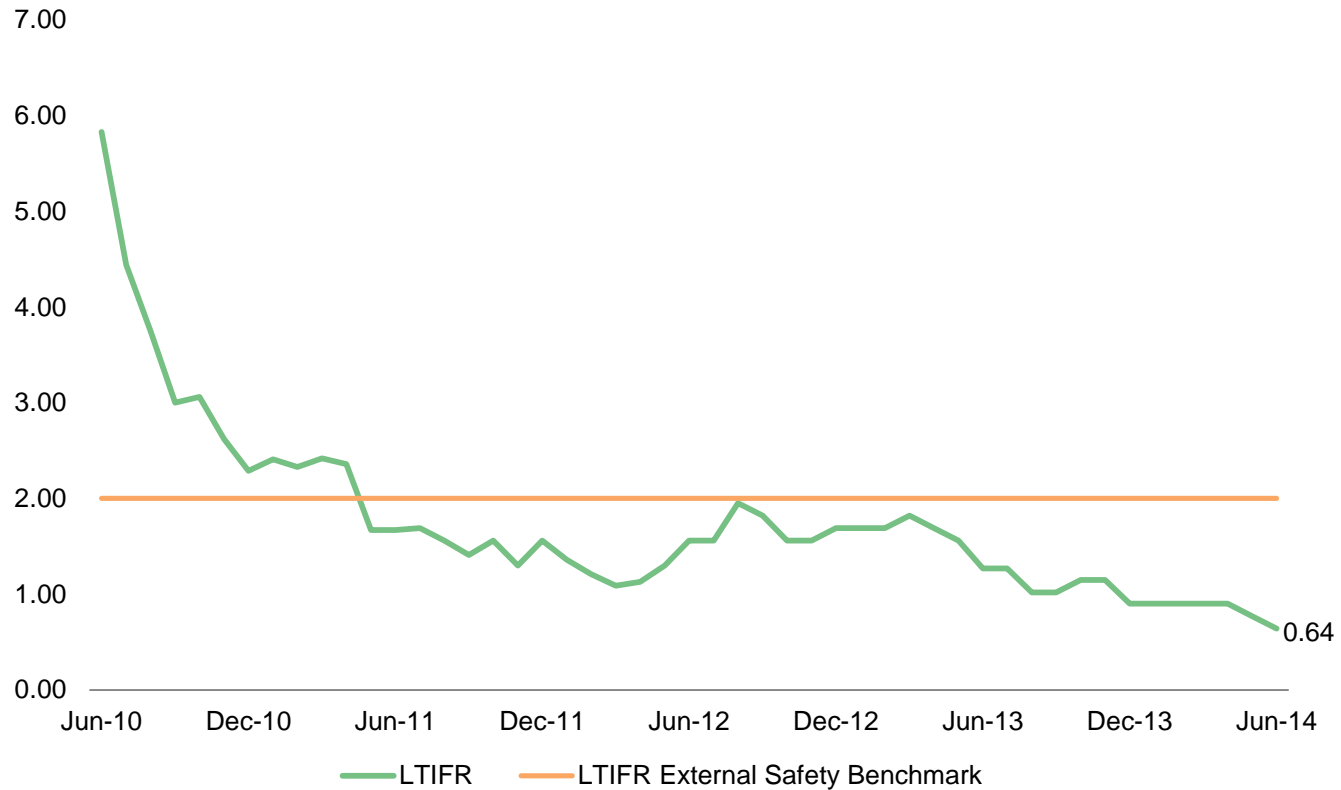
Safety and security is our first priority



Strong safety discipline



Coffey lost time injury frequency rate - LTIFR (12 month rolling average)
June 2010 to June 2014



- Safety disciplines strengthened
- Portfolio reshaped through asset sales, business closures and extensive restructuring
- Liabilities reduced by an equity raising, assets sales and a vigorous focus on working capital
- Strong focus on cost accountability with overheads reduced by \$35m from December 2010
- Staff numbers managed to build capability and match capacity to markets
 - Voluntary turnover now in line with industry norms – was more than 30%
 - Difficult but necessary redundancies made when Mining/Australian Geoservices turned down in FY2013
- Management team strengthened with clear accountabilities, remuneration linked to performance, improved functional support and change, where necessary
- Ongoing cultural change around six behaviours: Ingenuity, Delivery, Collaboration, Integrity, Respect, and Intelligent risk

- Significant market and client research in FY2012 defined our brand strategy to include our behaviours and our writing principles
- Rebranded in FY2013 reduced complexity for clients and facilitated cross selling
- Digital launch in FY2014 saw the businesses refocus on responsive technologies, leading to increased employee collaboration and productivity, and giving our clients real-time access to high value insights
- H2 FY2014 launched a company-wide pursuits management system to enable cross-service line and cross-geography tracking of clients and projects
- Refocused on five key industries with stronger and more targeted account management within those industries
- Better selecting and managing our professional sales staff
- Currently running a significant sales step up program for our key technical staff
- Focused on delivering great results for our clients and clients' clients

BRW.
CLIENT
CHOICE
AWARDS
2014
australia's best professional service firms
WINNER



In February, this year, our clients voted the firm as winners of two prestigious BRW Client Choice Awards – ‘Best Consulting Engineering Firm (revenue greater than \$200 million)’ and ‘Best Provider to the Primary Industry Sector’.

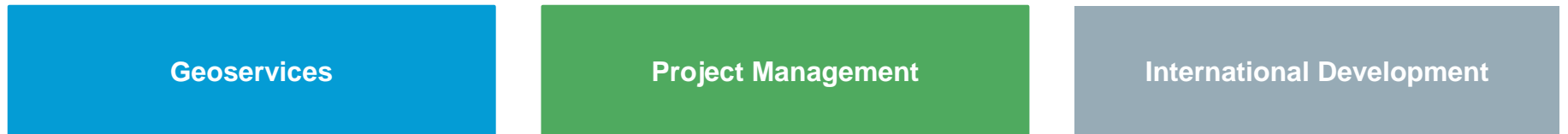
Integrated businesses and diversified revenue streams



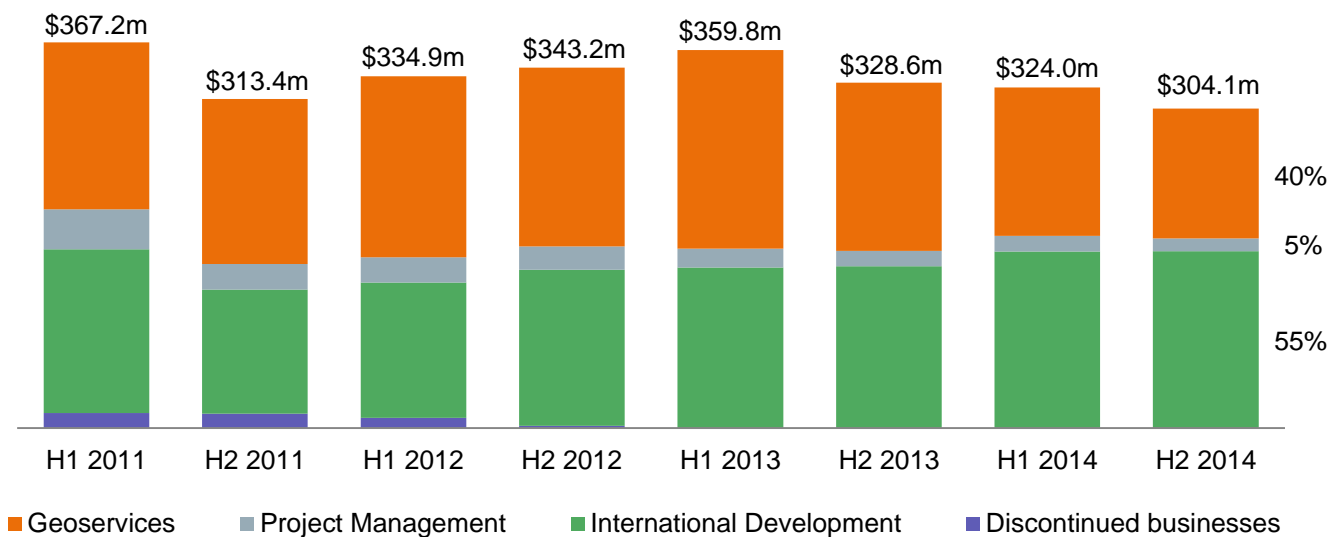
5 industries



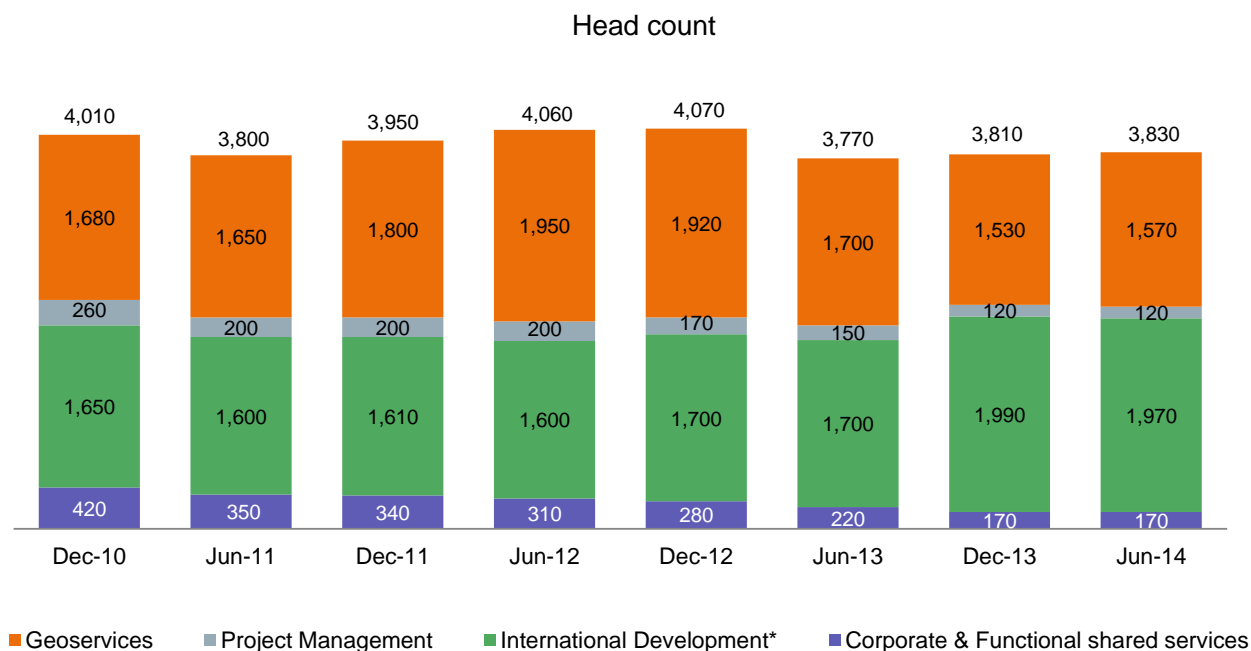
3 businesses



Half yearly total revenue by business

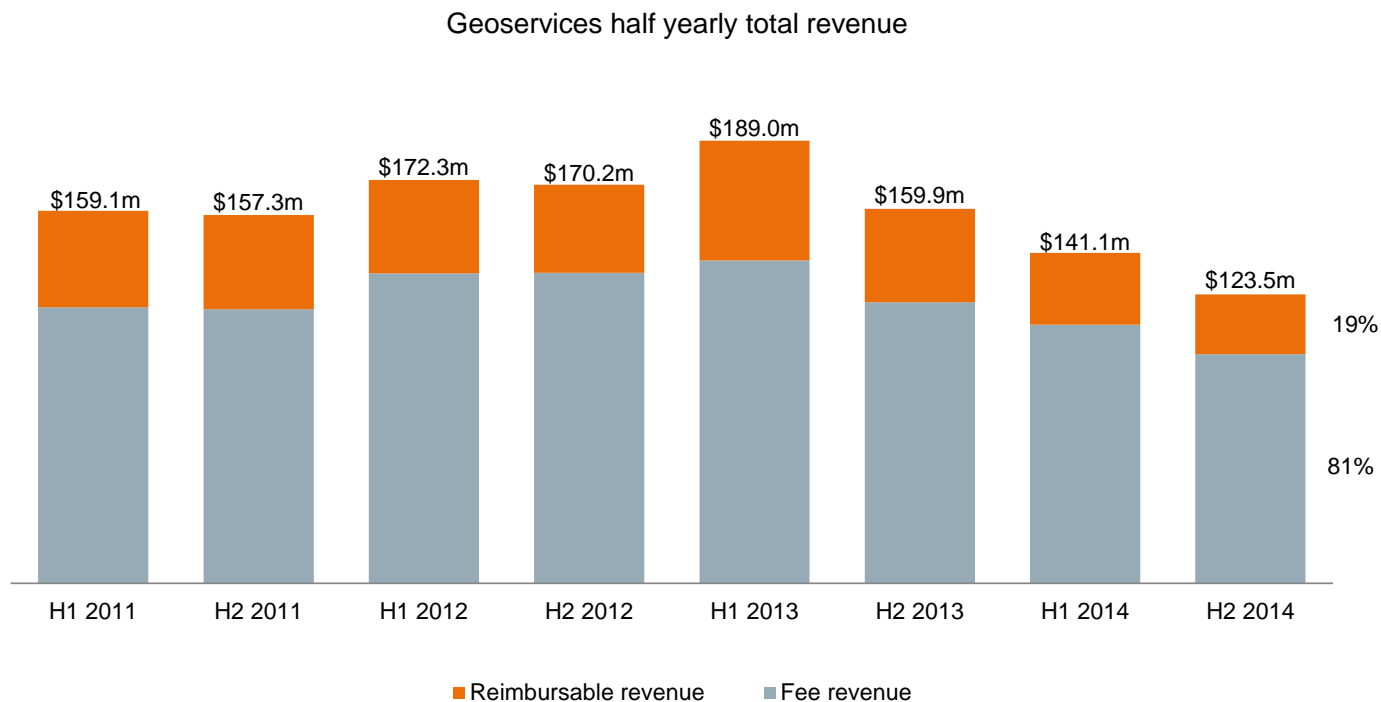


People – managing capacity while building capability

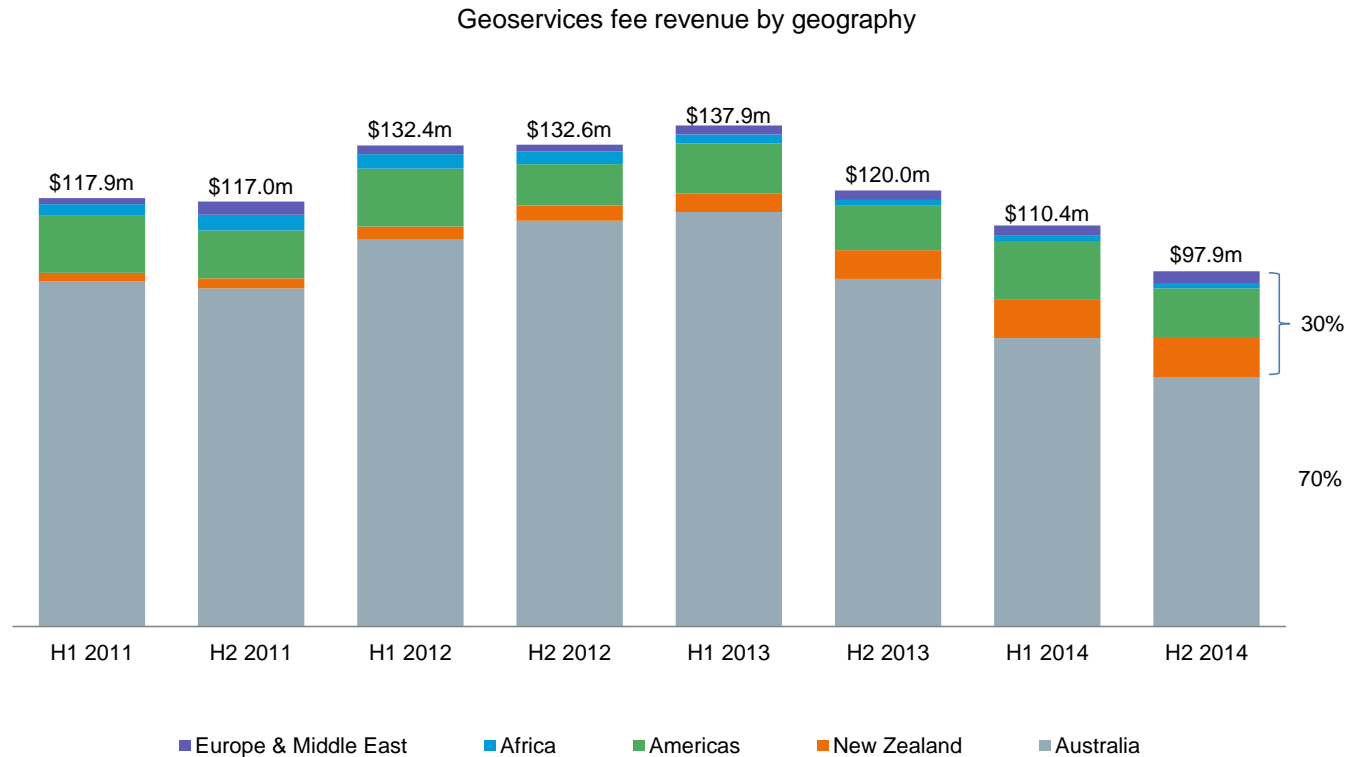


* International Development head count includes 1,600 contracted employees - up from 1,300 in June 2013

Geoservices – focused on fee revenue



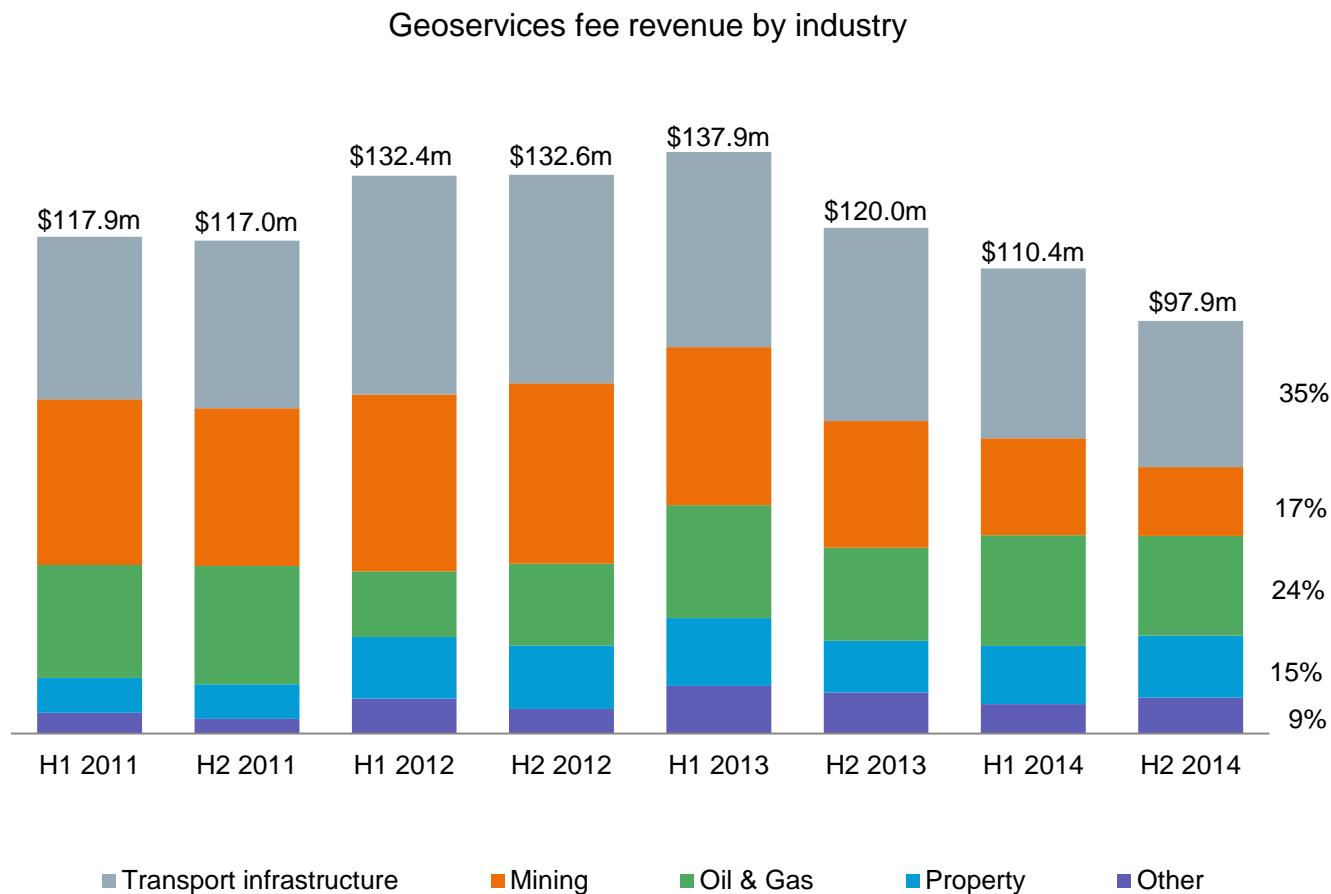
Geoservices – a tough year in Australia - growth internationally



Year on year:

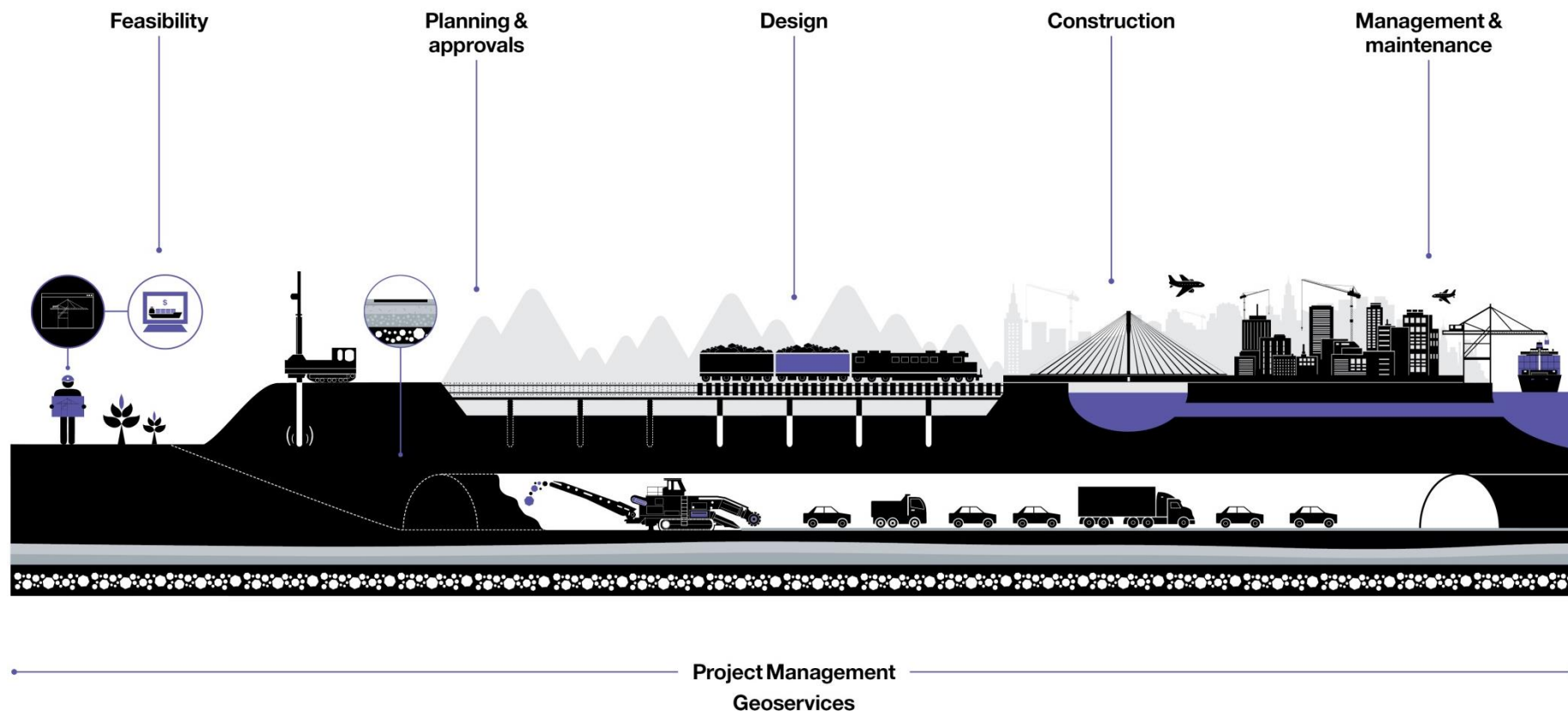
- Geoservices fee revenues down 19%
- Australian fee revenues down 29%
- International fee revenues up 25%

Geoservices – diversified industry approach



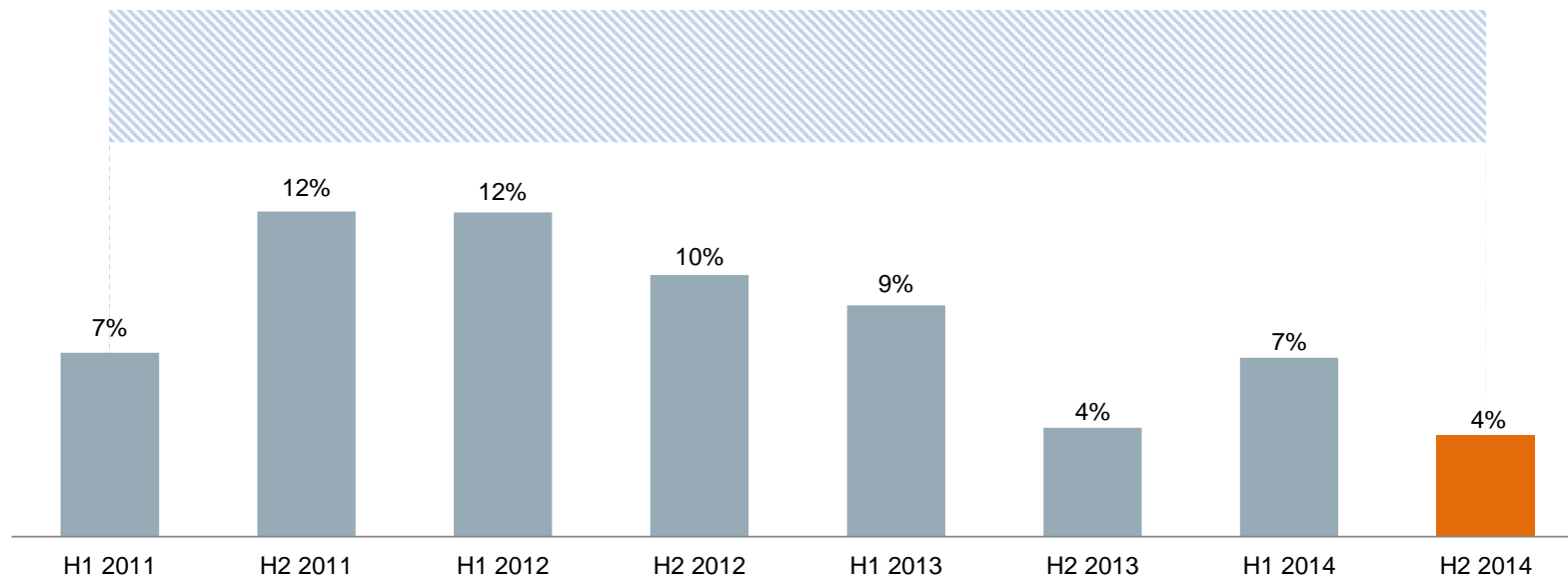
Diversified across industry lifecycle

Transport infrastructure asset lifecycle



Geoservices – margins remain a challenge

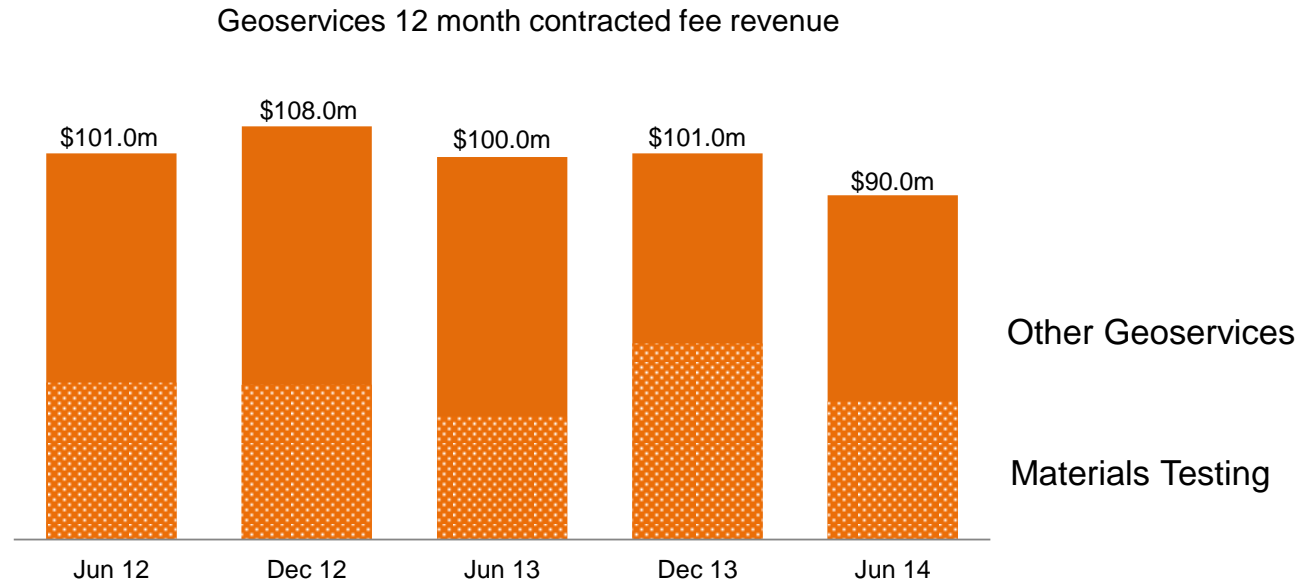
Geoservices margins (Underlying EBITDA/fee revenue)



- H2 FY2014 underlying EBITDA margin of 4% in line with H2 FY2013, however the comparative half included restructuring costs of \$5.8m
- Taking the restructuring costs into account, reported EBITDA margins improved from -1.0% in H2 FY2013 to the 4.0% reported in H2 FY2014

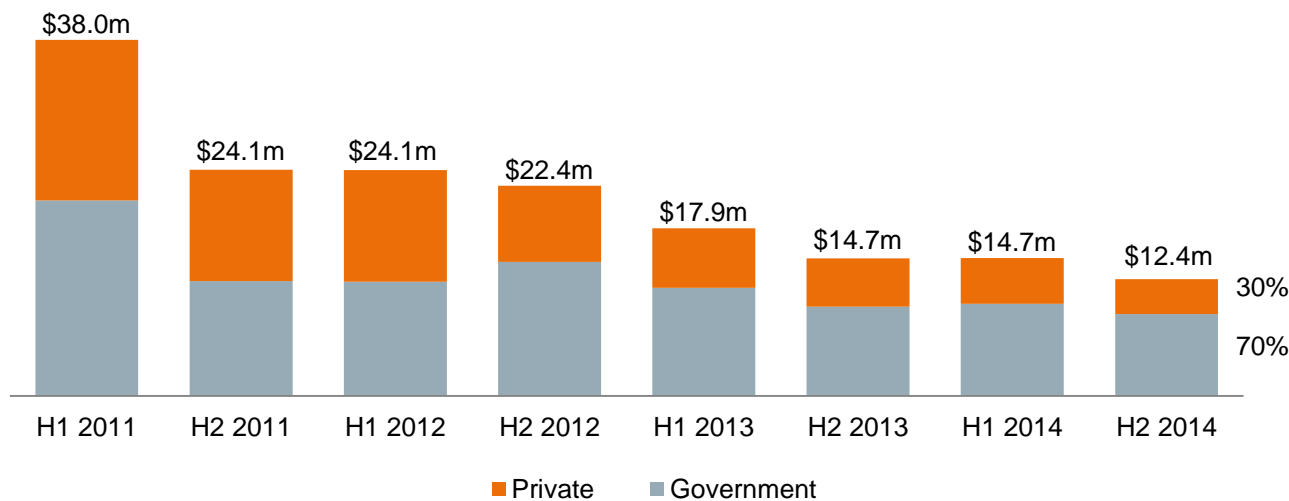
Impact	Response
Testing business saw a revenue gap as large oil & gas projects were completed before road projects took up the gap	Strengthened management
Project cancellations in Australia reduced demand for Environmental & Social Impact Assessment work	Careful reduction in staff numbers. Have recently had some important project wins
Exploration work in Africa reduced significantly	Drilling business restructured – costs both reduced and variablised
Increased debt collection difficulties with junior mining clients in particular	Tight control of WIP and receivables
Increased discounting in the Australian market in particular	Tightly controlled delegations for discounting. Improved targeting of clients and better selling

Geoservices – stabilising contracted fee revenue

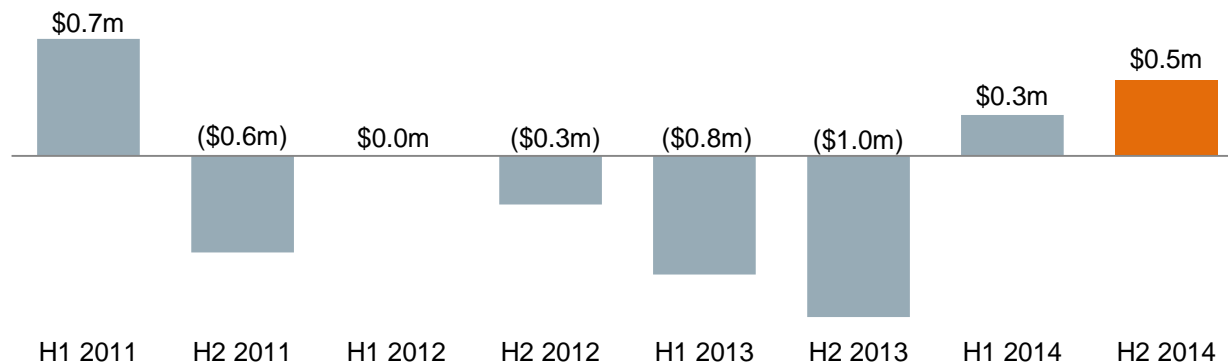


Project Management – a return to profitability

Project Management half yearly total revenue by client

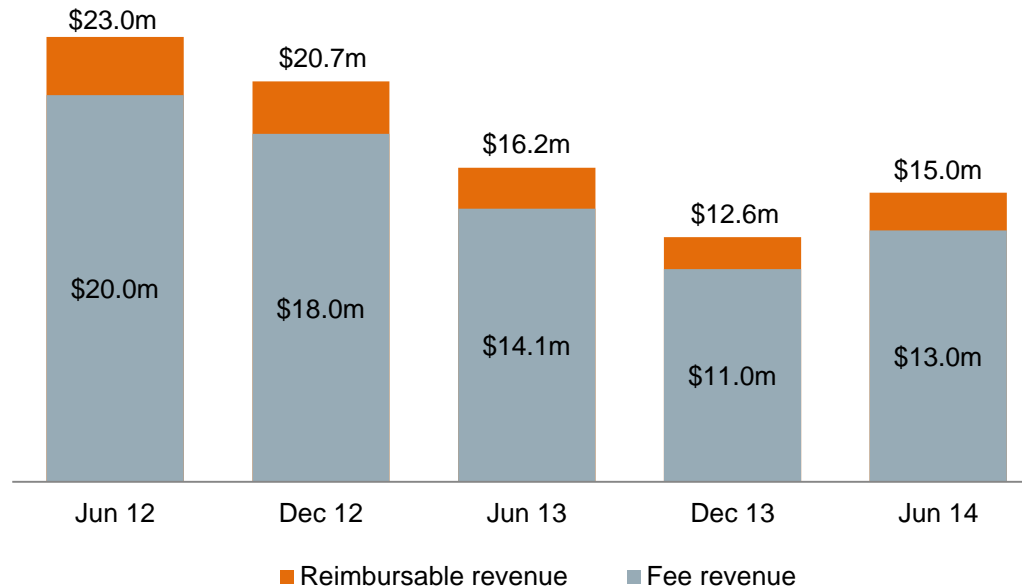


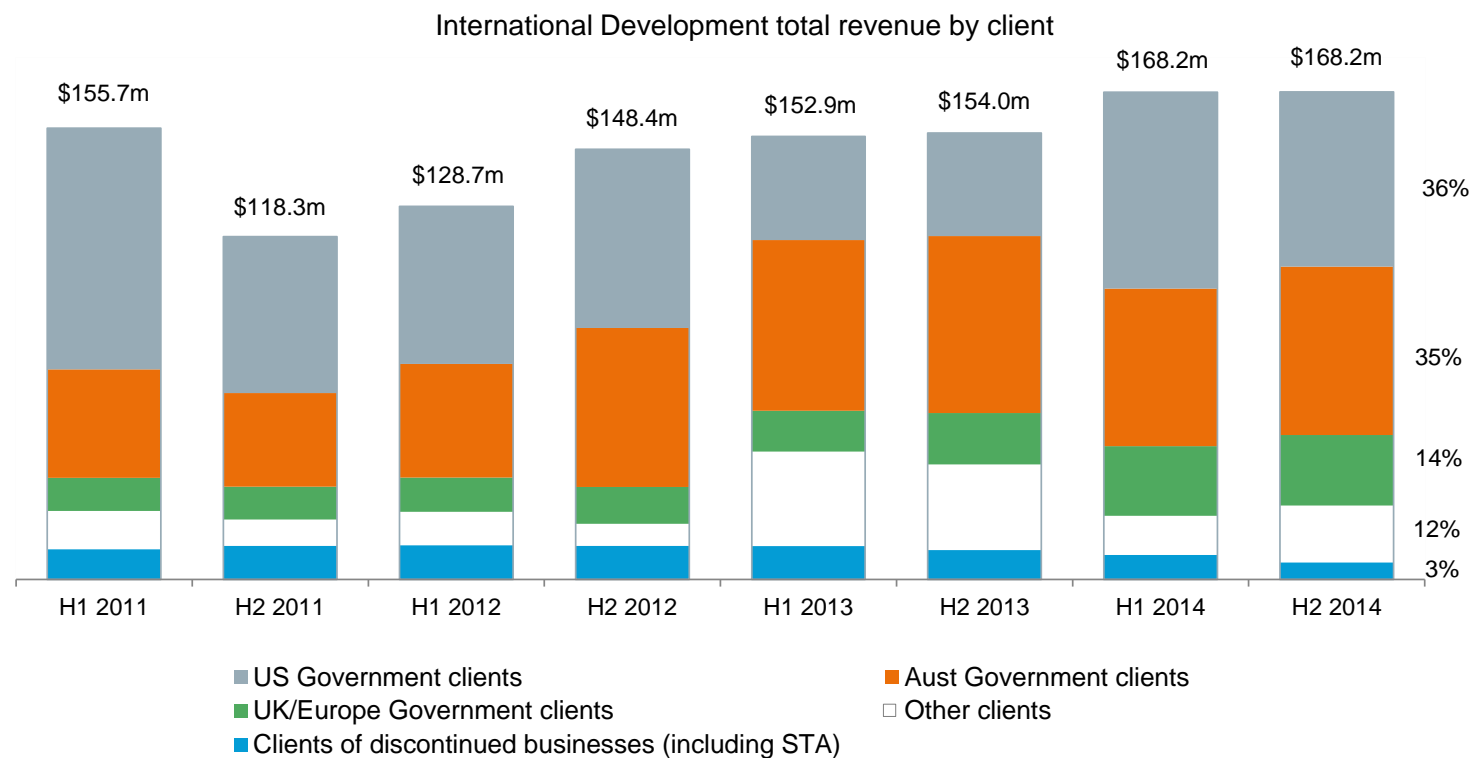
Project Management underlying EBITDA



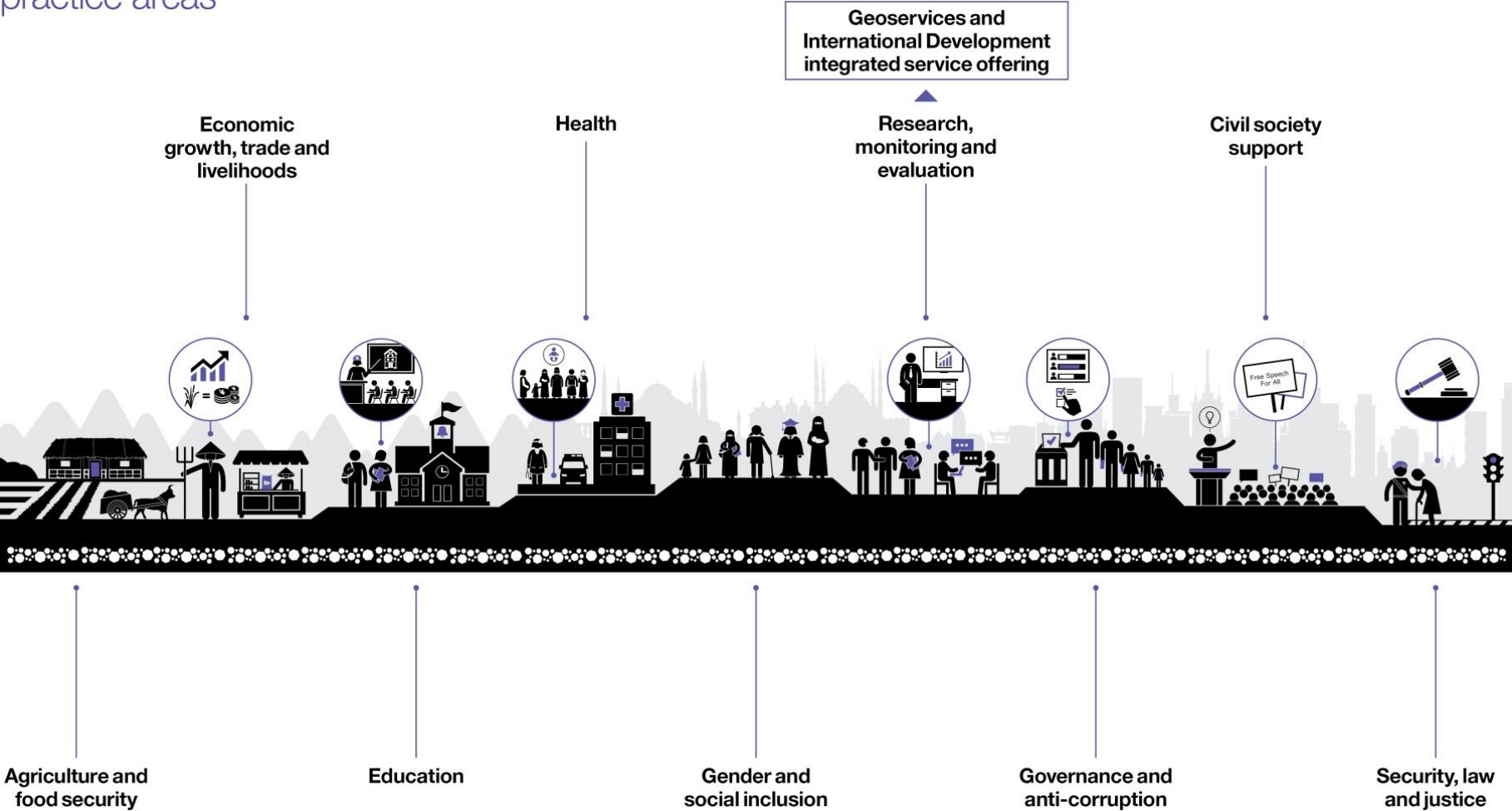
Project Management – growth in contracted revenue

Project Management 12 month contracted total revenue

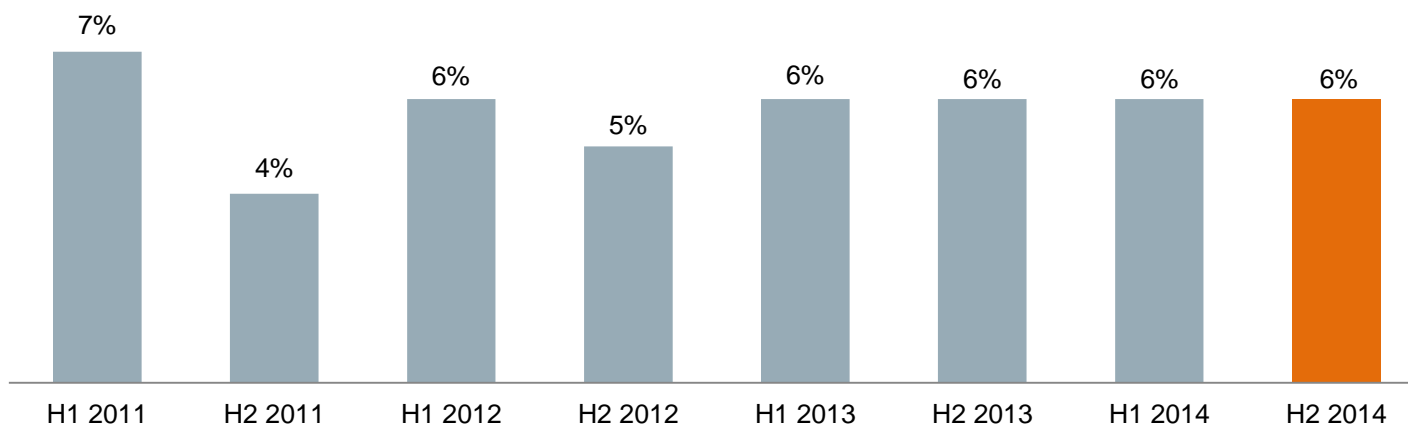




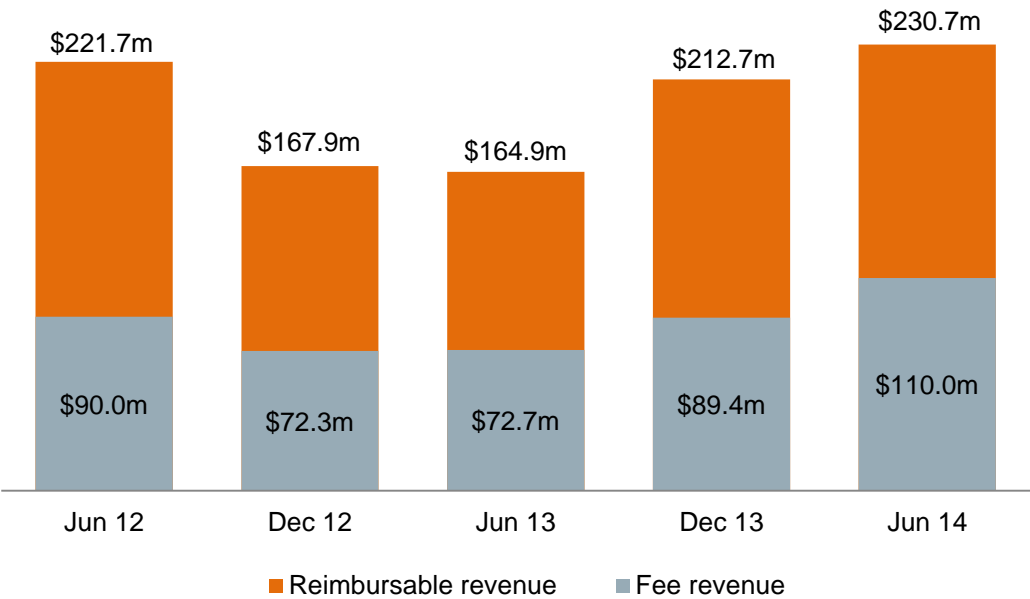
International Development practice areas



International Development margins (Underlying EBITDA/total revenue)



International Development 12 month contracted total revenue



Reasons for optimism – challenges to remain

	Reasons for optimism	Challenges
Corporate	<ul style="list-style-type: none"> • Diversified revenue streams • Fixed property costs reduced • Interest expense decreasing • Organisational capabilities strengthened 	<ul style="list-style-type: none"> • Geoservices is still heavily exposed to the Australian economy • Uncertainty around global commodity prices • Tight Aid budgets in all key donor countries
Geoservices	<ul style="list-style-type: none"> • Leading position in Australia • Good industry diversification • The Australian Government is committed to improving physical infrastructure • Offshore opportunities 	<ul style="list-style-type: none"> • Uncertainty around global commodity prices • Margins require further improvement • \$AUD remains stubbornly high
Project Management	<ul style="list-style-type: none"> • Heavily restructured and showing a small profit • Good client portfolio • Low interest rates creating market stimulus 	<ul style="list-style-type: none"> • Property recovery is early and uncertain
International Development	<ul style="list-style-type: none"> • Steady growth with consistent margins • Ongoing growth in the UK business • The Australian Government Aid priorities and private sector empathy are creating opportunities 	<ul style="list-style-type: none"> • Tight budgets in all key donor countries

Positive results, plenty to do

- Strong safety disciplines
- Portfolio changes fully implemented
 - Specialist Training Australia (STA) sold
 - Project Management returned to profitability
- Liabilities reduced significantly
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04

Appendix

P&L by segment



	2011			2012			2013			2014		
	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)
Total revenue	367.2	313.4	680.6	334.9	343.2	678.1	359.8	328.6	688.4	324.0	304.1	628.1
Geoservices*	159.1	157.3	316.4	172.3	170.2	342.5	189.0	159.9	348.9	141.1	123.5	264.6
Project Management*	38.0	24.1	62.1	24.1	22.4	46.5	17.9	14.7	32.6	14.7	12.4	27.1
International Development*	155.7	118.3	274.0	128.7	148.4	277.1	152.9	154.0	306.9	168.2	168.2	336.4
Other	14.4	13.7	28.1	9.8	2.2	12.0	-	-	-	-	-	-
Geoservices total revenue	159.1	157.3	316.4	172.3	170.2	342.5	189.0	159.9	348.9	141.1	123.5	264.6
Fee Revenue	117.9	117.0	234.9	132.4	132.6	265.0	137.9	120.0	257.9	110.4	97.9	208.3
Reimbursable Revenue	41.2	40.3	81.5	39.9	37.6	77.5	51.1	39.9	91.0	30.7	25.6	56.3
Underlying EBITDA	15.6	16.7	32.3	23.0	16.7	39.7	17.8	11.0	28.8	15.1	11.1	26.2
Geoservices	8.2	14.5	22.7	16.3	13.2	29.5	12.1	5.0	17.1	7.5	3.8	11.3
Project Management	0.7	(0.6)	0.1	0.0	(0.3)	(0.3)	(0.8)	(1.0)	(1.8)	0.3	0.5	0.8
International Development	10.4	5.0	15.4	8.0	6.8	14.8	8.9	9.4	18.3	9.8	9.3	19.1
Other	(0.2)	1.3	1.1	2.4	(0.5)	1.9	-	-	-	-	-	-
Corporate	(3.5)	(3.5)	(7.0)	(3.7)	(2.5)	(6.2)	(2.4)	(2.4)	(4.8)	(2.5)	(2.5)	(5.0)
Margin % of total revenue	4%	5%	5%	7%	5%	6%	5%	3%	4%	5%	4%	4%
Geoservices	5%	9%	7%	9%	8%	9%	6%	3%	5%	5%	3%	4%
Project Management	2%	(3%)	0%	0%	(1%)	(1%)	(4%)	(7%)	(5%)	2%	4%	3%
International Development	7%	4%	6%	6%	5%	5%	6%	6%	6%	6%	6%	6%
Geoservices margin % of fee revenue	7%	12%	10%	12%	10%	11%	9%	4%	7%	7%	4%	5%

* Excludes Inter-segment sales

Revenue analysis



	H1 (\$m)	2011 H2 (\$m)	FY (\$m)	H1 (\$m)	2012 H2 (\$m)	FY (\$m)	H1 (\$m)	2013 H2 (\$m)	FY (\$m)	H1 (\$m)	2014 H2 (\$m)	FY (\$m)
Geoservices fee revenue by industry	117.9	117.0	234.9	132.4	132.6	265.0	137.9	120.0	257.9	110.4	97.9	208.3
Infrastructure	38.6	39.8	78.4	51.9	49.5	101.4	46.3	45.8	92.1	40.3	34.6	74.9
Oil & Gas	26.8	28.1	54.9	15.6	19.4	35.0	26.8	22.1	48.9	26.3	23.7	50.0
Mining	39.3	37.4	76.7	42.0	42.9	84.9	37.5	30.1	67.6	23.0	16.3	39.3
Property	8.3	8.2	16.4	14.7	15.0	29.7	16.1	12.3	28.4	13.8	14.7	28.5
Other	4.9	3.5	8.5	8.2	5.8	14.0	11.3	9.7	21.0	7.0	8.5	15.5
Geoservices fee revenue by geography	117.9	117.0	234.9	132.4	132.6	265.0	137.9	120.0	257.9	110.4	97.9	208.3
Australia	95.0	93.1	188.1	106.5	111.7	218.2	114.1	95.7	209.8	79.4	68.7	148.1
International offices	22.9	23.9	46.8	25.9	20.9	46.8	23.8	24.3	48.1	31.0	29.2	60.2
Project Management revenue by client	38.0	24.1	62.1	24.1	22.4	46.5	17.9	14.7	32.6	14.7	12.4	27.1
Government	20.9	12.3	33.2	12.2	14.3	26.5	11.6	9.5	21.1	9.8	8.7	18.5
Private	17.1	11.8	28.9	11.9	8.1	20.0	6.3	5.2	11.5	4.9	3.6	8.5
International Development revenue by client	155.7	118.3	274.0	128.7	148.4	277.1	152.9	154.0	306.9	168.2	168.2	336.4
USA	89.7	60.0	149.7	60.3	68.8	129.1	63.7	63.8	127.5	77.1	74.8	152.0
Australia	41.4	32.8	74.2	42.6	52.6	95.2	61.3	59.8	121.1	55.0	58.7	113.7
UK	14.2	13.9	28.1	14.0	15.4	29.4	16.4	20.3	36.7	27.6	28.7	56.3
Other	10.4	11.6	22.0	11.8	11.6	23.4	11.5	10.1	21.6	8.5	6.0	14.5

	FY13 (\$m)	FY14 (\$m)	Change FY2014 V FY2013
Total revenue	688.4	628.1	(8.8%)
Underlying EBITDA ¹	28.8	26.2	(9.1%)
Restructuring costs	(10.2)	(2.5)	
EBITDA ²	18.6	23.7	27.4%
Depreciation and amortisation	(9.4)	(9.2)	
Interest	(10.0)	(8.1)	
Profit before taxation and minority interests	(0.8)	6.4	
Taxation	(0.1)	(1.9)	
Minority interests	(0.1)	(0.1)	
NPAT attributable to members of Coffey International Limited	(1.0)	4.4	
EPS (Basic - cents per share)	(0.4)	1.8	

¹ Underlying EBITDA - EBITDA (Earnings Before Interest, tax, Depreciation and Amortisation) before restructure costs.

² EBITDA - EBITDA (Earnings Before Interest, tax, Depreciation and Amortisation).

Balance sheet

	FY13 (\$m)	FY14 (\$m)
Cash & equivalents	30.7	28.9
Other current assets	137.4	116.3
Non-current assets	158.6	165.5
Total assets	326.7	310.7
Current borrowings	5.1	7.1
Other current liabilities	94.3	81.7
Non-current borrowings	83.6	69.9
Other non-current liabilities	6.5	11.7
Net assets	137.2	140.3
Net debt to (Equity + Net debt)	30%	26%

The material in this presentation is a summary of the Half Year Results of Coffey International Limited (Coffey) for the 12 months ended 30 June 2014 and an update on Coffey's activities and is current at the date of preparation, 11 August 2014. Further details are provided in the Company's full year accounts and results announcement released on 11 August 2014.

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