



Coffey International Limited  
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Australia

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coffey.com

9 February 2015

Via e-lodgements: Sequence #757

Dear Sir / Madam

**Half Year Results 31 December 2014 Announcement**

Please find attached the Half Year Results Announcement and Investor Presentation for the period ended 31 December 2014.

Yours faithfully

A handwritten signature in black ink, appearing to be "J. Waldegrave", with a long, sweeping horizontal line extending to the right.

**Jennifer Waldegrave**  
Company Secretary



## For immediate release – ASX announcement

9 February 2015

### Coffey International Limited (ASX: COF) – H1 FY2015 results

#### Group

- Total revenue of \$296.0 million
- EBITDA<sup>1</sup> of \$10.4 million
- Net profit after tax of \$1.0 million
- Net debt of \$61.0 million
- No interim dividend
- Committed and responsive management responding quickly to significant client market volatility

#### Operations

- **Geoservices** fee revenue rose to \$101.6 million for the half with modest growth in Australia, but was 8.0% lower than H1 FY2014. The business responded to market conditions by reducing staff numbers late in the half, impacting on margins. As a result, reported EBITDA of \$2.9 million was down 42.0% on H1 FY2014 at \$5.0 million
- **Project Management** continued to improve profitability, reporting EBITDA of \$1.5 million
- **International Development** reported revenue of \$152.8 million, down 9.2% on H1 FY2014. With lower revenue, the International Development business reported an EBITDA of \$8.4 million which was down on the H1 FY2014 result of \$9.8 million. Margins remained within our long term average of 5-6%. Total contracted revenue has increased on the prior corresponding period.

Coffey International Limited (ASX:COF) (Coffey) today announced its half year results for the six months to 31 December 2014, delivering an EBITDA of \$10.4 million and a net profit after tax of \$1.0 million.

Managing Director John Douglas said the company's modest profit reflected a continued focus on the fundamentals in a difficult market.

"We've extended the maturity of our debt profile and continued to build capability as we match capacity to markets," he said.

"Revenue in transport infrastructure and property grew, demonstrating we're well positioned in our key markets.

"We continue to develop a strong client and revenue focus in a tough market."

Mr Douglas said significant client market volatility had emerged since November 2014, including delays in infrastructure due to state government elections and lower oil, iron ore and copper prices.

The devaluing Australian dollar impacted Coffey's debt position but will benefit the competitiveness of the international Geoservices business. The property market also remains strong.

The Australian aid budget has experienced some pressures during the half, although the UK has maintained bipartisan support for its aid funding target of 0.7% of gross national income.

"We're actively managing and responding to market volatility, drawing on our diversified industry focus and strong market reputation," Mr Douglas said.

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<sup>1</sup> EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation.

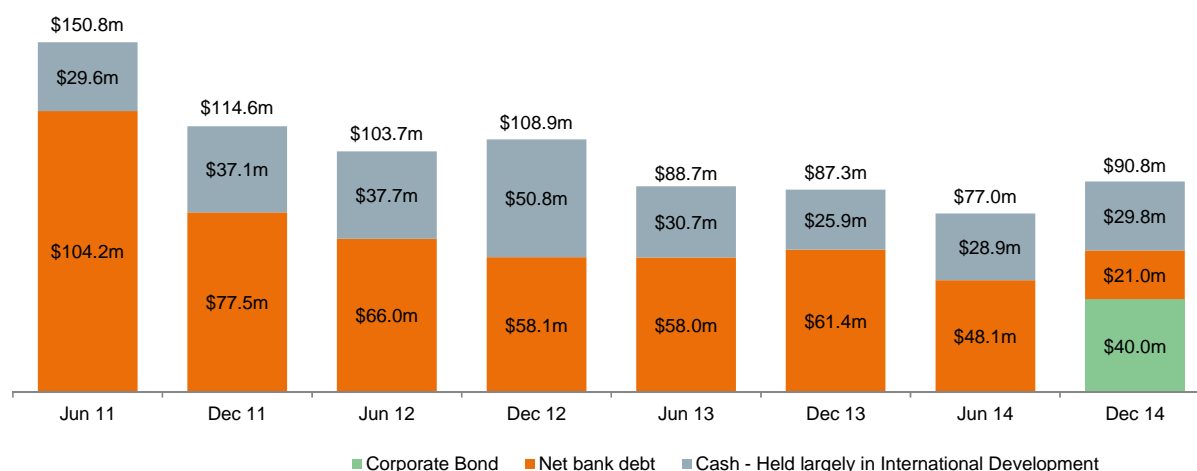
The following table provides a half year comparative of Coffey's results:

(\$ million unless otherwise stated)	H1 2014	H1 2015
Total revenue	324.0	296.0
Underlying EBITDA	15.1	10.4
Restructure costs	(2.5)	-
EBITDA	12.6	10.4
Depreciation & amortisation	(4.8)	(4.5)
EBIT	7.8	5.9
Net financing expense	(4.6)	(4.5)
Profit before income tax and minority interests	3.2	1.4
Income tax expense and Non-controlling interest	(1.2)	(0.4)
Net Profit after tax attributable to members	2.0	1.0
Basic EPS (cents per share)	0.8	0.4
Net cash flow from operations	5.3	(1.2)
Net debt	61.4	61.0
Gearing ratio: Net debt to equity plus net debt	30%	30%
Net assets	140.6	141.1

### Improved debt maturity profile

Coffey's \$40 million corporate bond issue and the extension of its banking facilities diversified its funding sources, providing a more balanced debt profile with increased tenure. The banking facility was extended to September 2017, while the corporate bond matures in September 2019. The interest expense for the half included \$1.3 million in refinance break costs associated with these refinancing activities.

#### Total debt at December 2014 \$90.8 million



Net debt at \$61.0 million was comparable to the prior corresponding period despite the impacts of the devaluation of the Australian dollar and the cost of refinancing. The increase in net debt from \$48.1 million in June 2014 reflected cash cycles of the company's businesses, primarily International Development, combined with the sharp decrease in the Australia dollar during the half impacting USD borrowings. However, the devaluation of the Australian dollar will improve profitability, and the competitiveness of the international Geoservices business.

Working capital remained at industry leading standards at 58 days, within the company's target of 60 days or below. This represented an increase from exceptionally low levels of 54 days in June 2014.

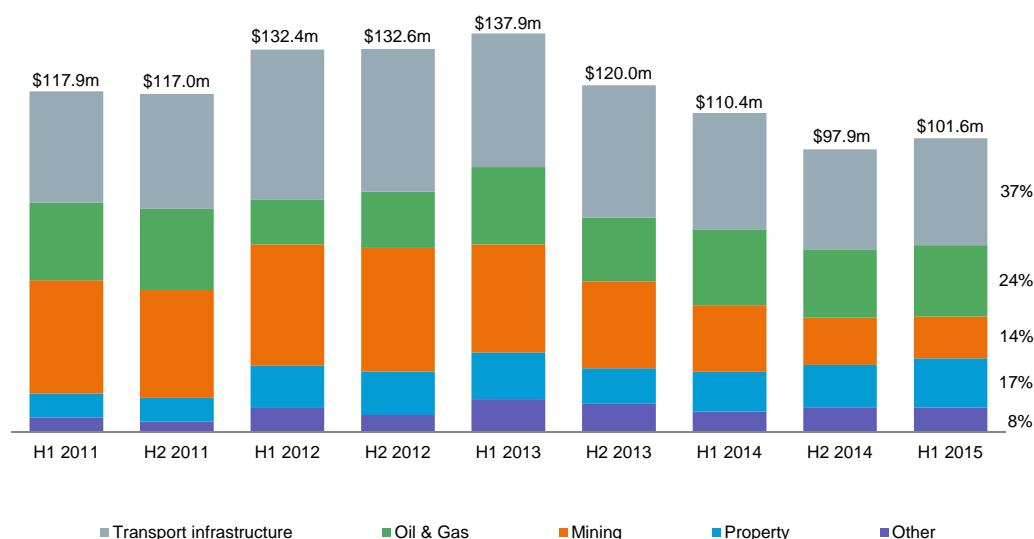
Continuing to reduce debt and increase financial stability remain key priorities of Coffey's strategy. Given the volatile market conditions, an interim dividend for FY2015 will not be paid. The Board will review its position on dividend payments at the time of the full year results in August this year.

### Geoservices revenue improves from H2 FY2014

Geoservices fee revenue was \$101.6 million, up slightly on the second half of FY2014 but down compared to \$110.4 million in H1 FY2014. Importantly, Australian fee revenue increased on the previous half for the first time in two years.

Modest growth in the transport infrastructure and property industries was achieved, while oil and gas remained strong. Mining continued to decline as a contributor to our overall revenue mix.

**Geoservices fee revenue by industry**



While fee revenue lifted slightly, the Geoservices market remained highly competitive resulting in margins declining to 3%. This was also impacted by the Geoservices head count being reduced by 70 people late in the half. The business has adopted a more flexible workforce, actively responding to the competitive environment and market volatility. It continues to tightly manage staff numbers to provide a more agile workforce in changing conditions.

Contracted 12 month forward fee revenue at December 2014 was \$86 million following slower than expected contract awards, 14.9% lower than the prior corresponding period.

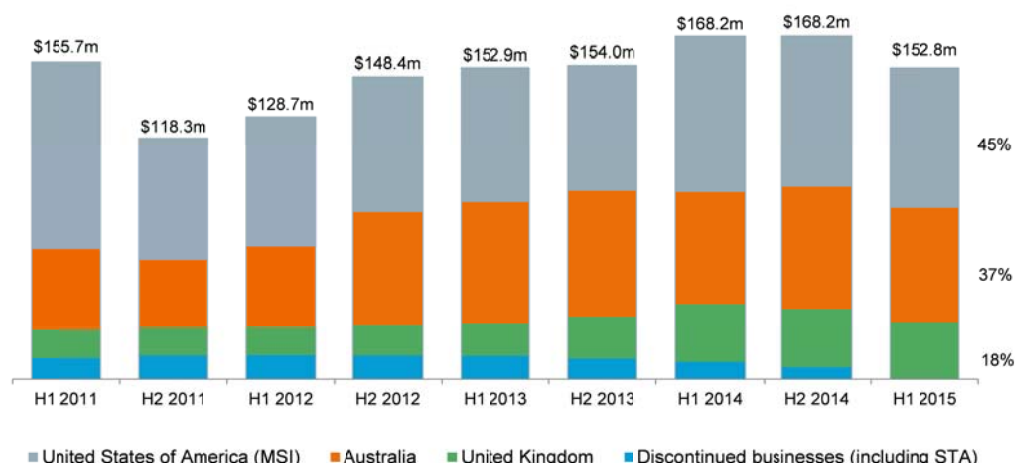
### Project Management increases profitability

Project Management further increased its profitability in this half, delivering EBITDA of \$1.5 million with improving margins at 11%. Contracted 12 month forward fee revenue at December 2014 was \$16 million, 23.1% higher than December 2013.

### International Development performing well

International Development continued to deliver consistently good results, achieving revenue of \$152.8 million in H1 FY2015. The fall in revenue from H1 FY2014 followed the sale of the STA business and the completion of a number of larger government aid projects in the US, with replacement projects in the early start-up phase.

## International Development revenue by region



International Development's 12 month forward contracted revenue at December 2014 remained strong at \$198 million. Total contracted revenue, including contracted forward revenue beyond 12 months, was up 14% on December 2013. The value of contracts shortlisted or in negotiation was also significantly higher at December 2014 than the prior corresponding period. This represents a good pipeline of work for the business as it continues to develop its strong client relationships in three key markets.

### Future updates

Coffey will provide a Q3 FY2015 trading update in early May 2015.

- Ends -

### Investor briefing

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

To participate in the briefing please contact Ivy Lam on + 61 2 9406 1303.

The video webcast will be available later on [coffey.com](http://coffey.com).

### For further information

Investor contact:

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Investor Relations Consultant  
+61 418 144 860

Media contact:

Ms Joeley Pettit  
Group Communications and  
Corporate Affairs Manager  
+61 407 061 421

### About Coffey International Limited

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.

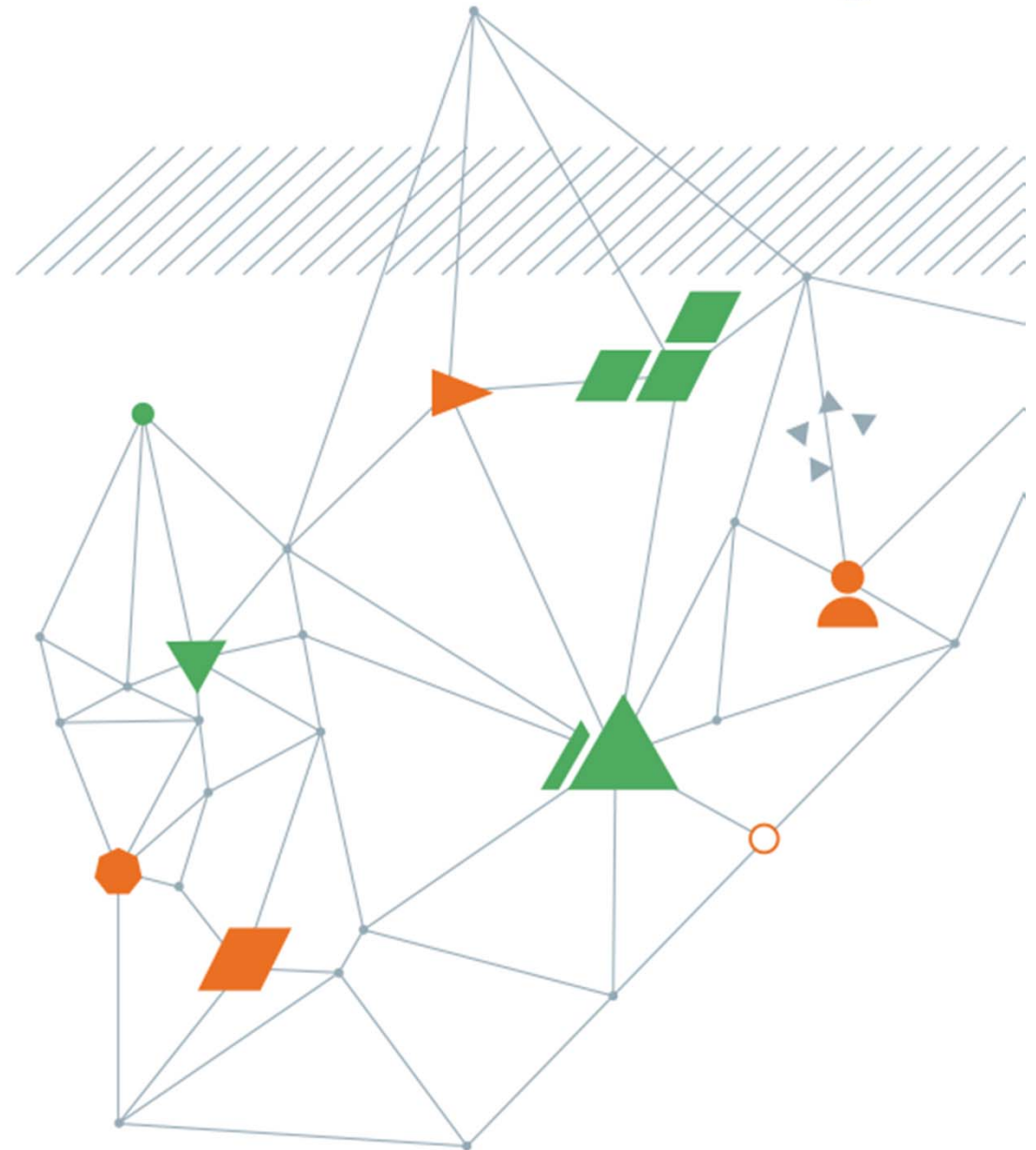
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Real  
potential  
is uncovered  
only when  
you scratch  
beneath  
the surface



**Coffey International  
Limited**

H1 FY2015 Results  
Presentation  
February 9, 2015



## 01 Financial performance

## 02 Business performance



**John Douglas**  
Managing Director

**Urs Meyerhans**  
Finance Director

# Tough market

## Responsive management

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- Modest profit in a difficult market
- Underpinned by a continuous focus on the fundamentals
  - Reduced debt, diversified its source and lengthened its tenure
  - Building capability while matching capacity to markets
  - Strong client and revenue focus
- Significant client market volatility since November 2014
  - Infrastructure delays in VIC & QLD – NSW remains very prospective
  - Oil price lower
  - Iron ore price down, copper price down sharply, gold price stabilising
  - A\$ down – very helpful for profits if not the balance sheet
  - Property market remains strong
  - Some pressure on the foreign aid budget in Australia
  - Bipartisan support for 0.7% gross national index (GNI) target in UK
- Management committed and responsive
  - Maintaining good diversification
  - Strong market reputation
  - Well positioned in some key markets
  - Track record in responding quickly to changes



01

# Financial performance

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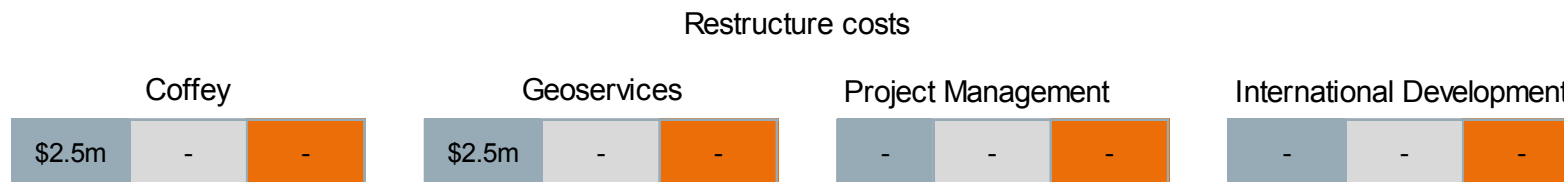
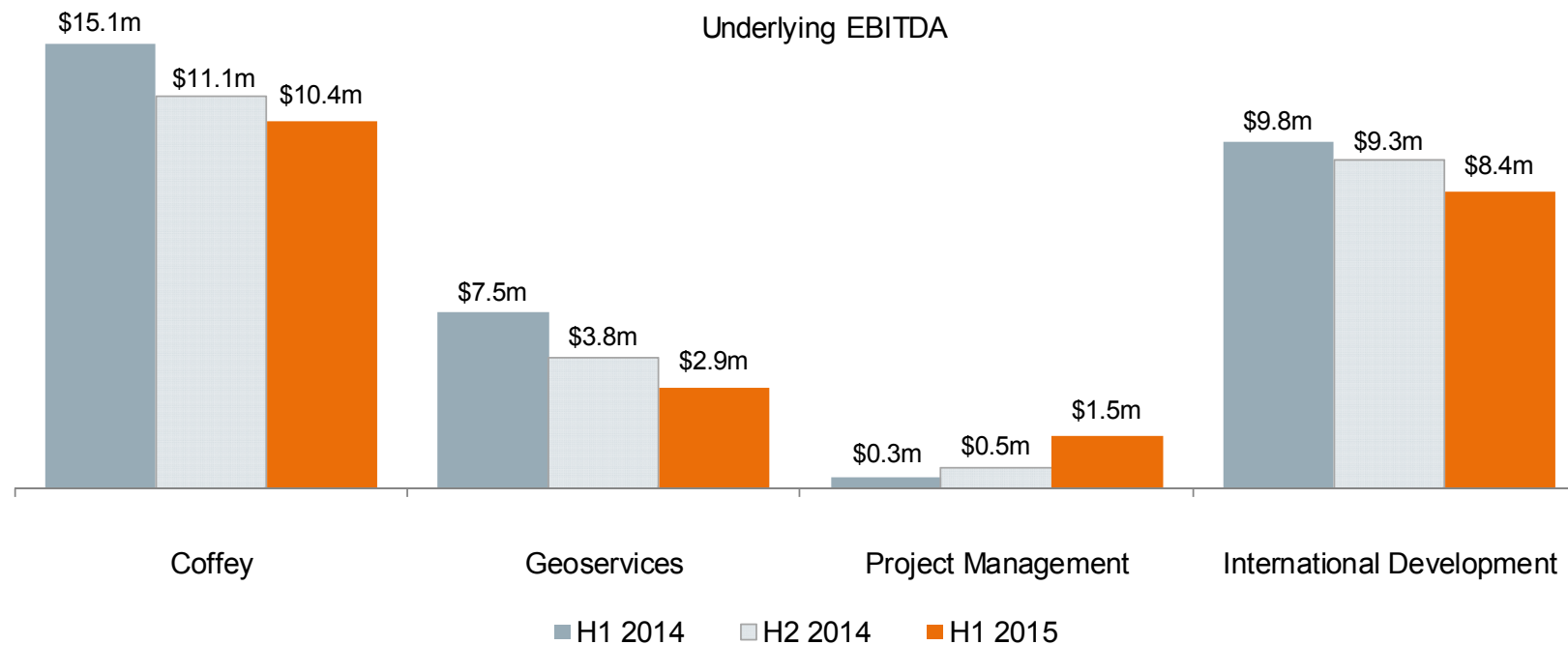
## Resilience in tough markets



	H1 2014 (\$m)	H2 2014 (\$m)	H1 2015 (\$m)
Total revenue	324.0	304.1	296.0
Underlying EBITDA <sup>1</sup>	15.1	11.1	10.4
EBITDA	12.6	11.1	10.4
Net profit after tax	2.0	2.4	1.0
Operating cash flow	5.3	15.6	(1.2)
Net debt	61.4	48.1	61.0

<sup>1</sup> Underlying EBITDA excludes restructuring costs

# Diversification remains key



## Continuing net profit



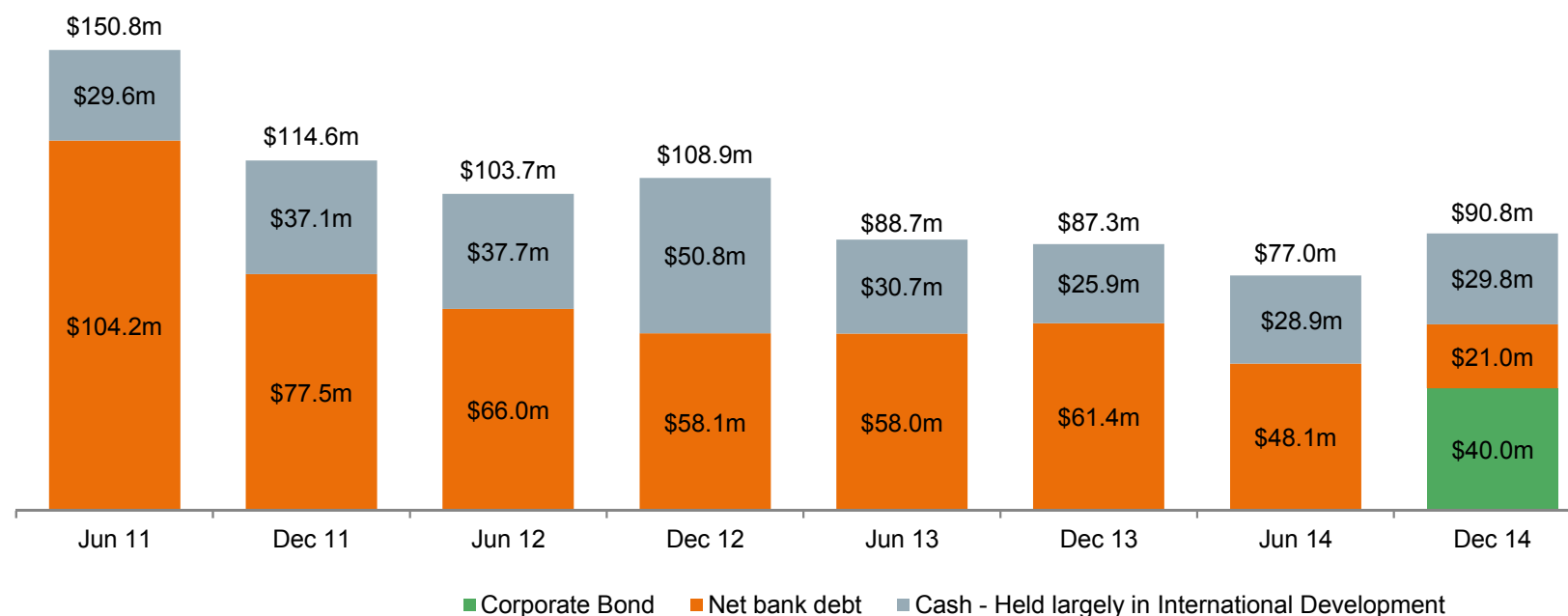
	H1 2014 (\$m)	H2 2014 (\$m)	H1 2015 (\$m)
<b>Underlying EBITDA</b>	<b>15.1</b>	<b>11.1</b>	<b>10.4</b>
Restructuring costs	(2.5)	0.0	0.0
<b>EBITDA</b>	<b>12.6</b>	<b>11.1</b>	<b>10.4</b>
Depreciation and amortisation	(4.8)	(4.4)	(4.5)
Interest	(4.6)	(3.5)	(4.5)
<b>Profit before taxation and minority interests</b>	<b>3.2</b>	<b>3.2</b>	<b>1.4</b>
Taxation	(1.1)	(0.8)	(0.4)
Minority interests	(0.1)	0.0	0.0
<b>NPAT</b> attributable to members of Coffey International Limited	<b>2.0</b>	<b>2.4</b>	<b>1.0</b>

- No interim dividend has been declared.
- Interest includes \$1.3m refinance break costs.

# Improved debt maturity profile

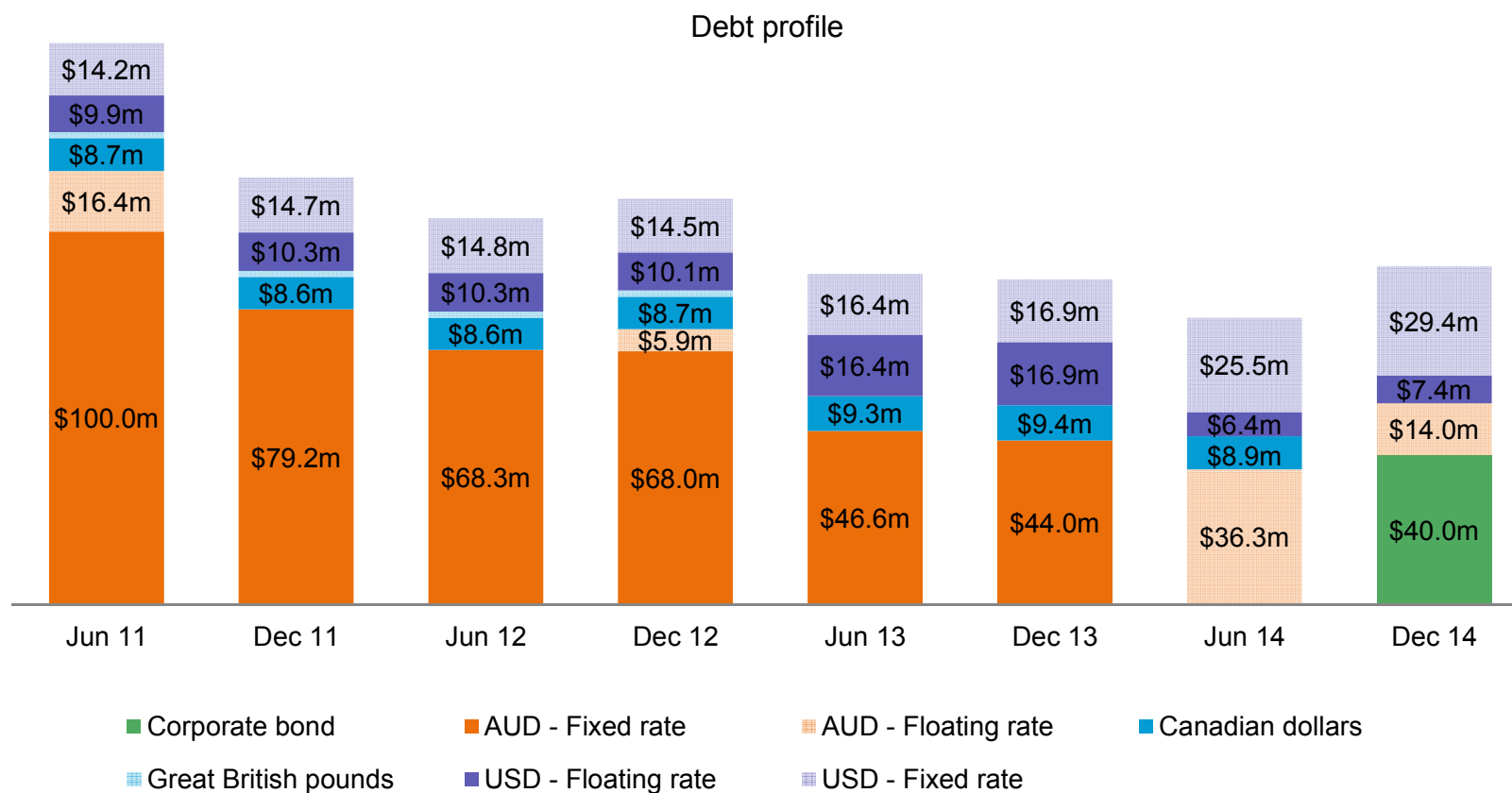


Debt profile



- Corporate Bond matures September 2019
- Banking facility renegotiated from February 2016 to September 2017

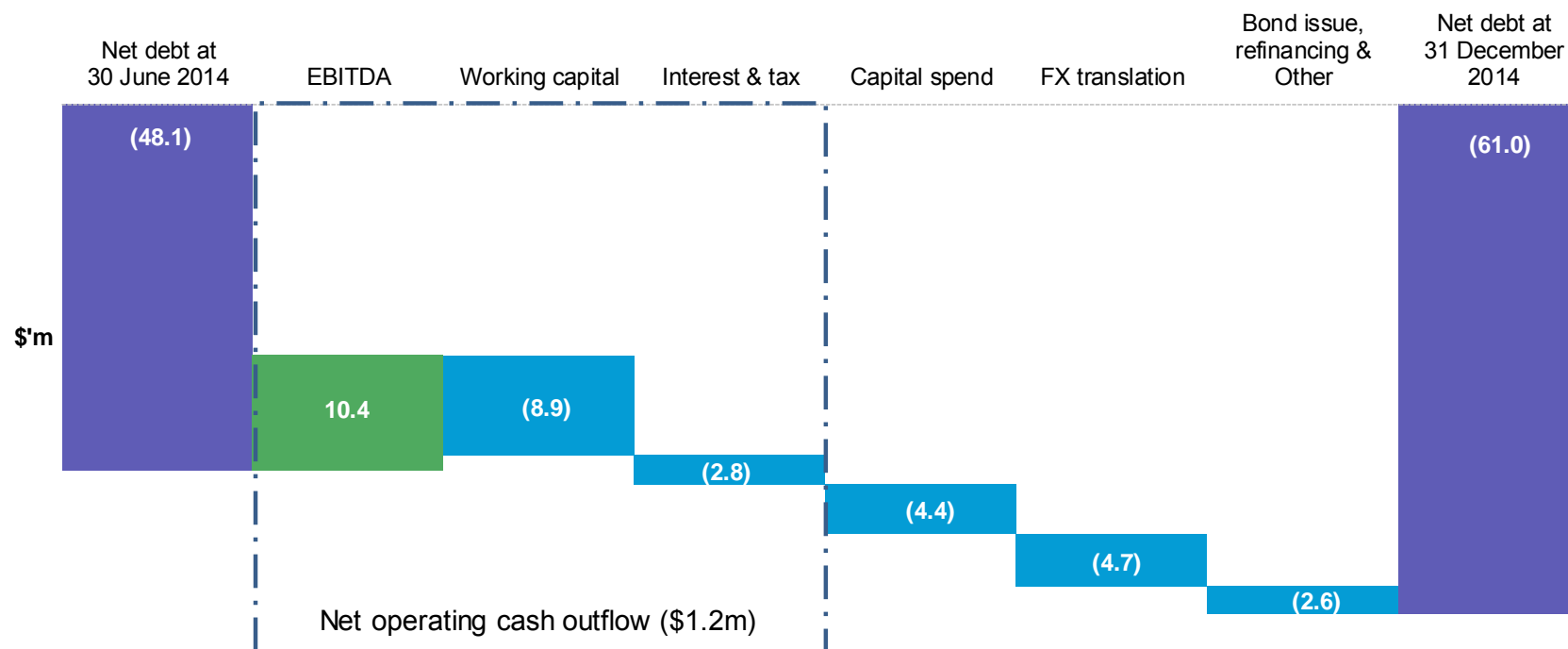
# Debt actively managed FX movement increased debt but improved competitiveness



- Each 1c decrease/increase in the AUD against the USD increases/decreases debt by \$0.34m
- AUD devaluation increased total debt by \$4.7m from Jun 14 to Dec 14 due to revaluation

# Strong working capital discipline

Working capital waterfall



- Working capital: 58 days at December 2014 compares to 54 days at June 2014 which was favourably impacted by accelerated collections in our International Development business
- Group target remains 60 days or below

10 August 2014	Full year results announcement
10 August 2014	Annual report released
4 November 2014	AGM presentation and Q1 update
9 February 2015	Half year results announcement
Early May 2015	Q3 update
10 August 2015*	Full year results announcement
10 August 2015*	Annual report released
15 October 2015*	AGM presentation and Q1 update

\* Dates subject to change



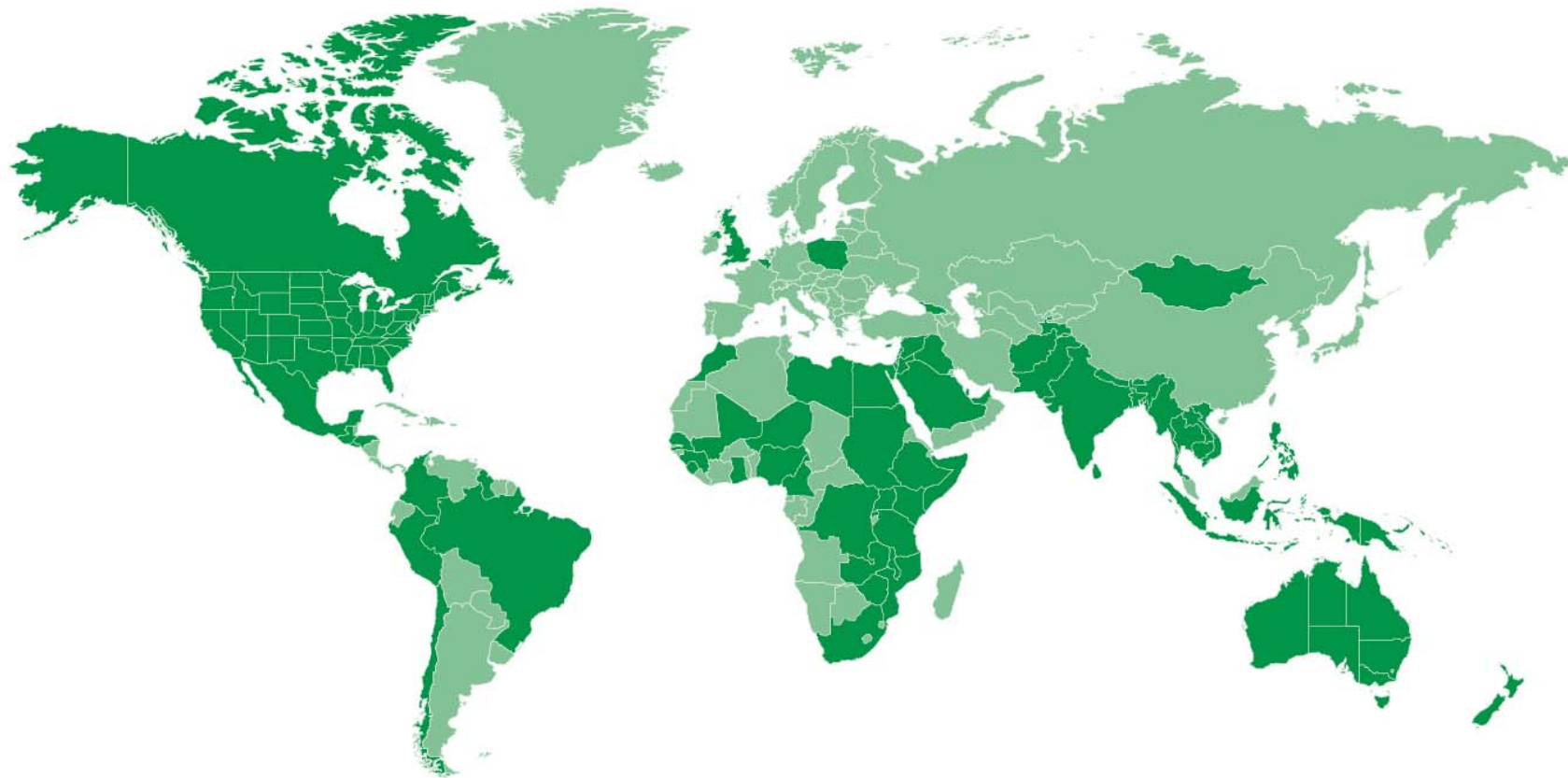
02

# Business performance

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Safety and security is our first priority  
We work in challenging environments

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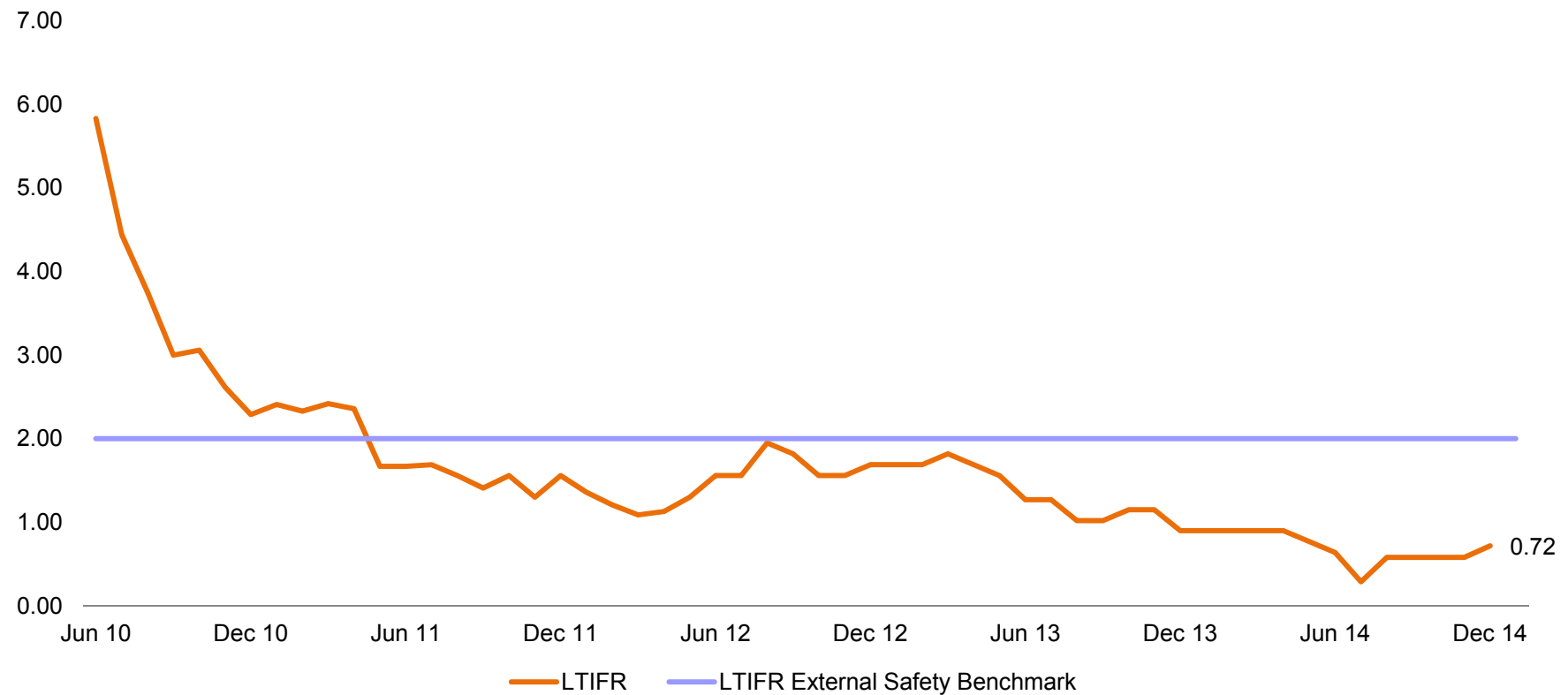


■ Countries where Coffey is currently operating

# Strong safety discipline



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



# Five industries, three businesses



## Five industries



## Three businesses

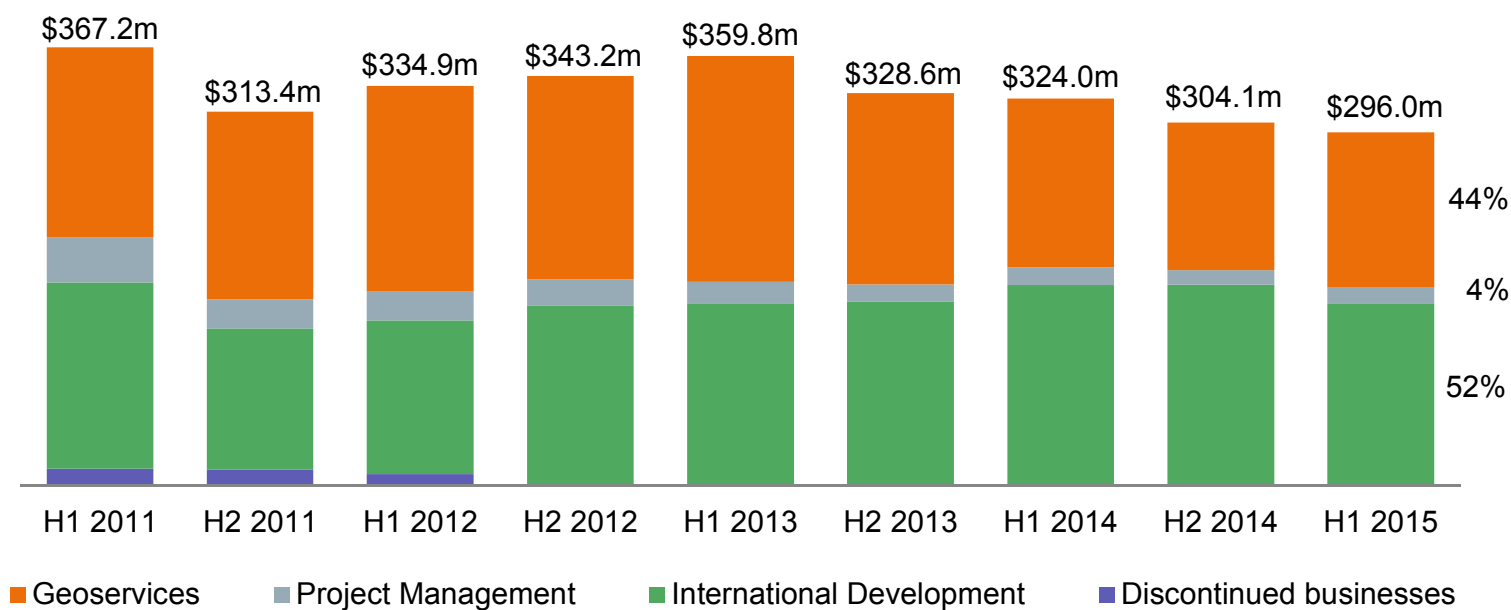


# Consistent revenues

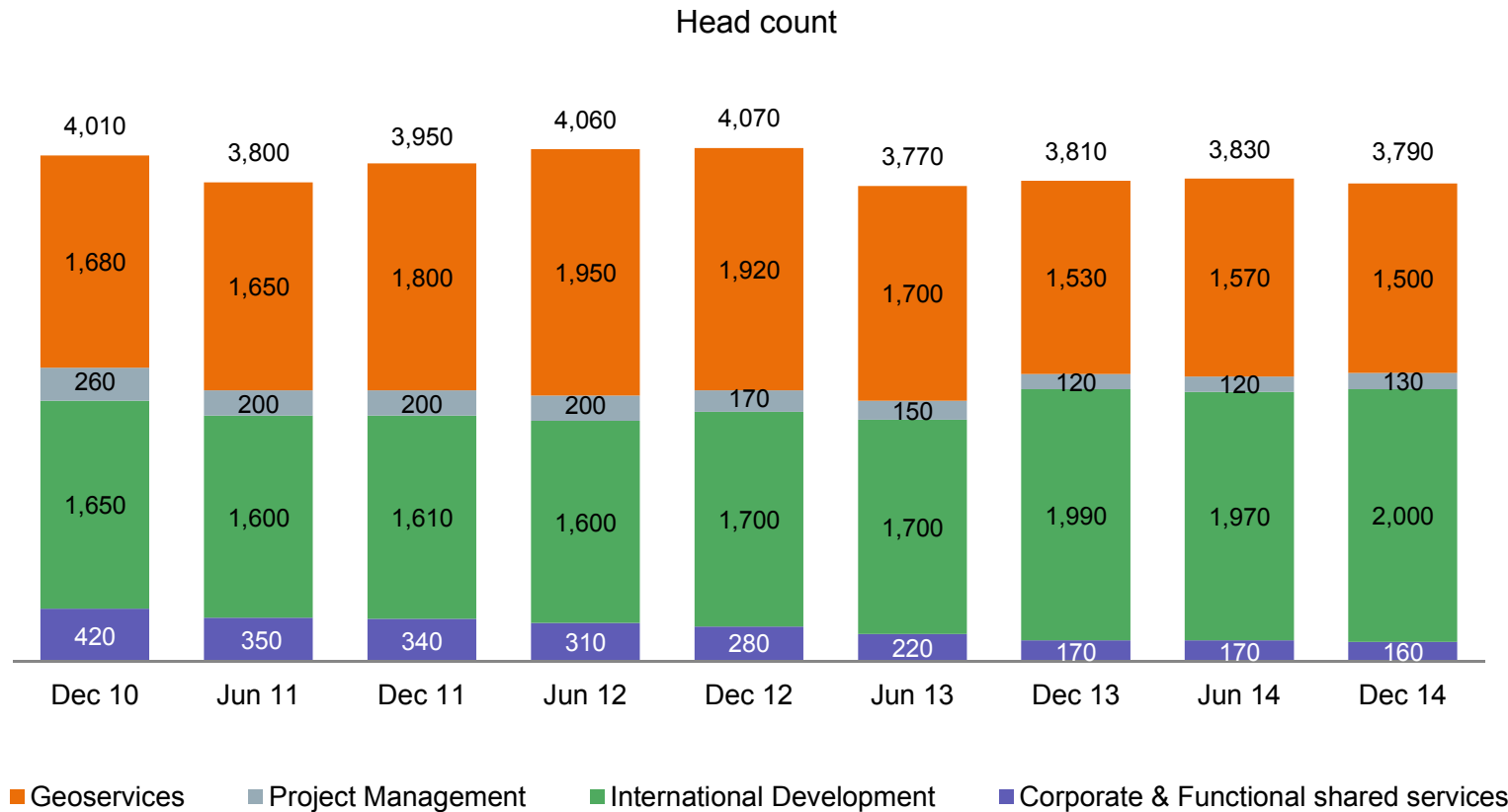
## Modest growth in Geoservices and Project Management



Half yearly total revenue by business



# Tightly managed staff numbers

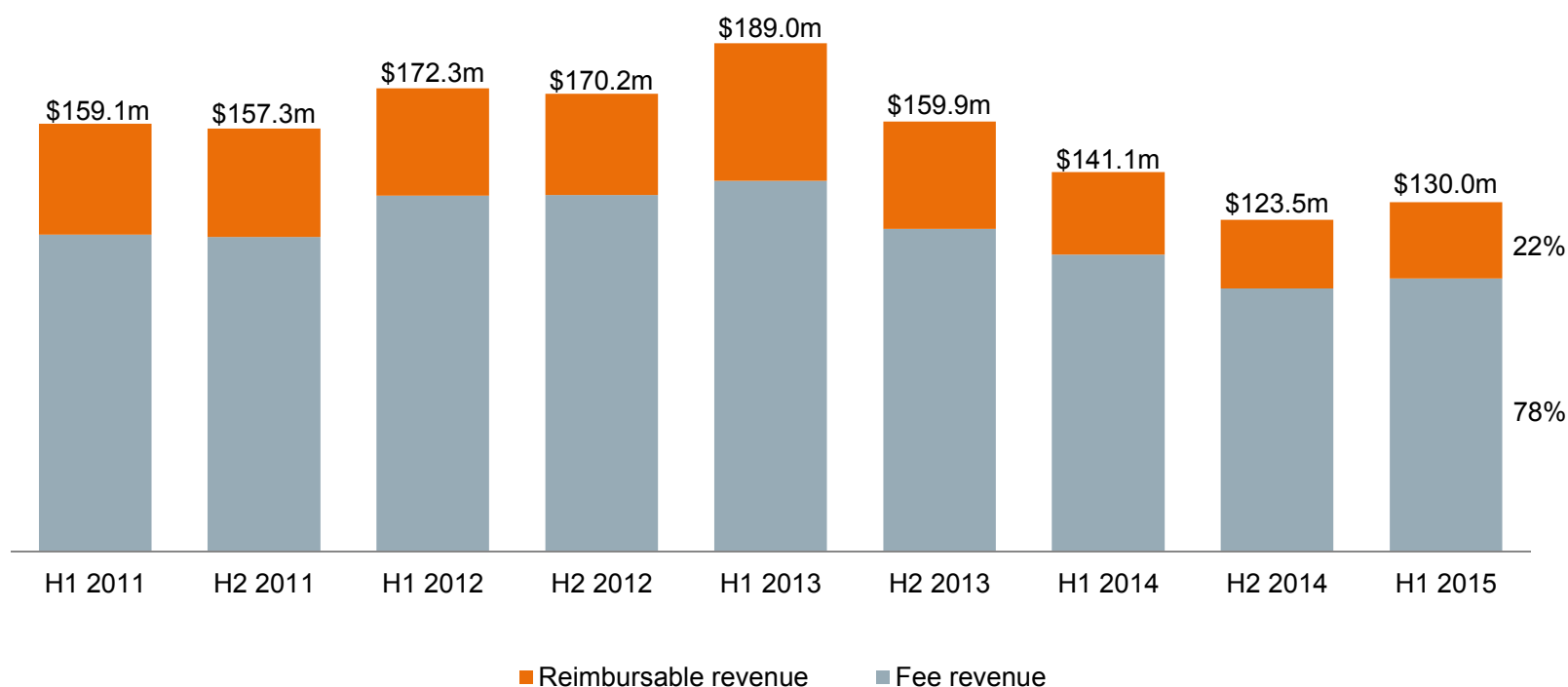


- International Development head count includes 1,650 contracted employees
- Geoservices head count includes 220 casual or contracted employees up from 150 in December 2013

## Geoservices – revenue improves from H2 FY2014



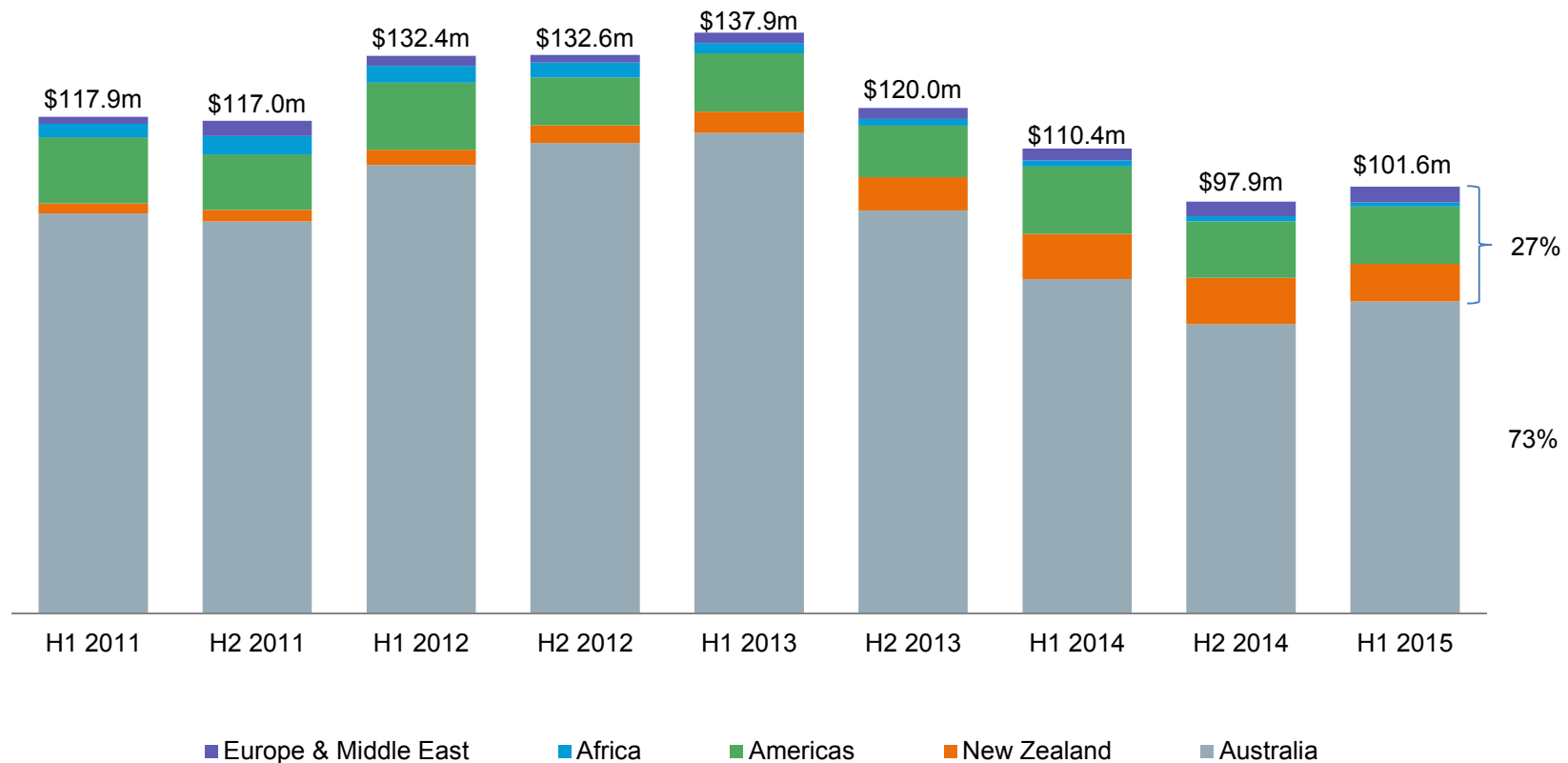
Geoservices half yearly total revenue



# Geoservices – lift in Australian fee revenue



Geoservices fee revenue by region

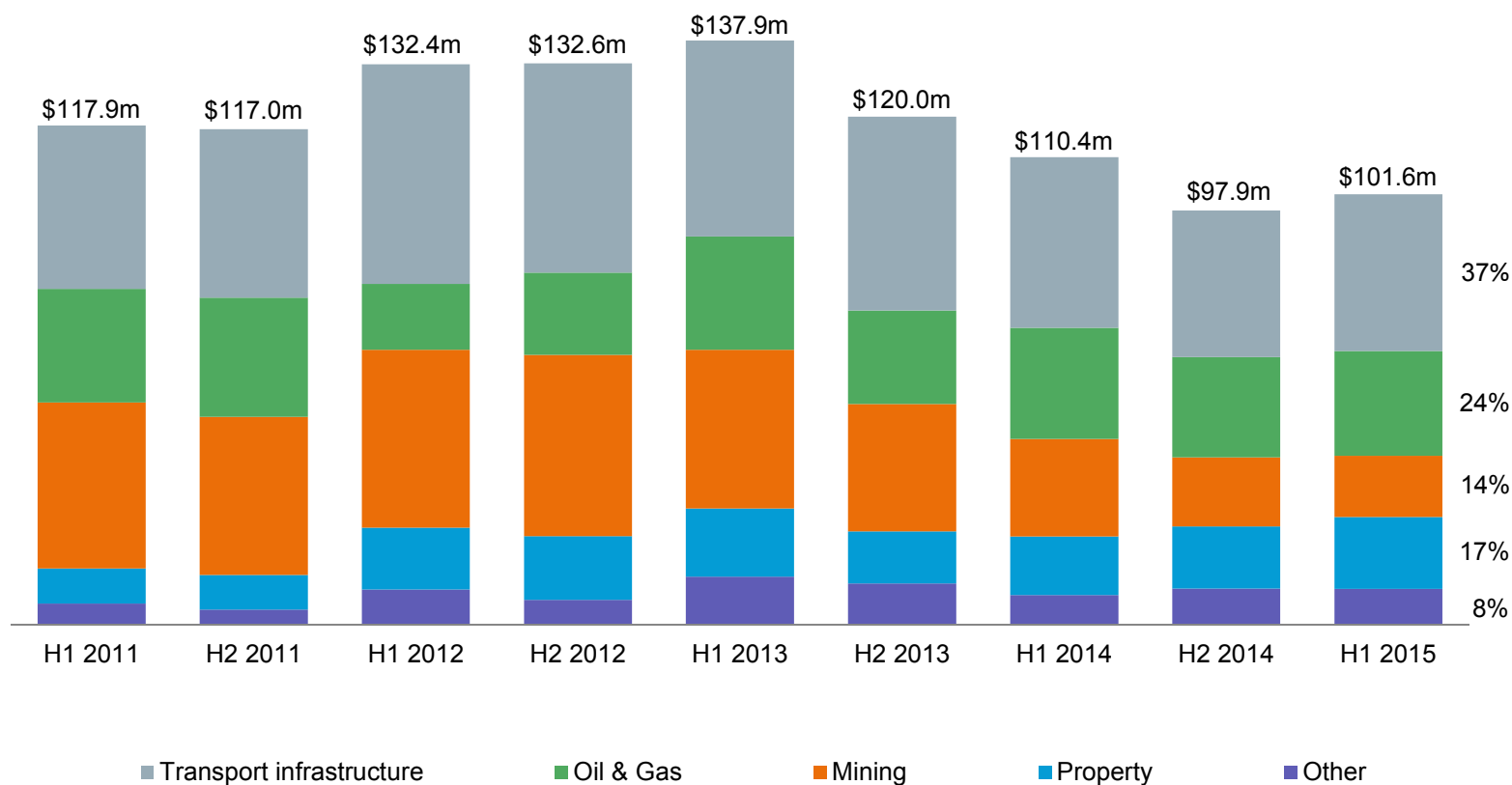




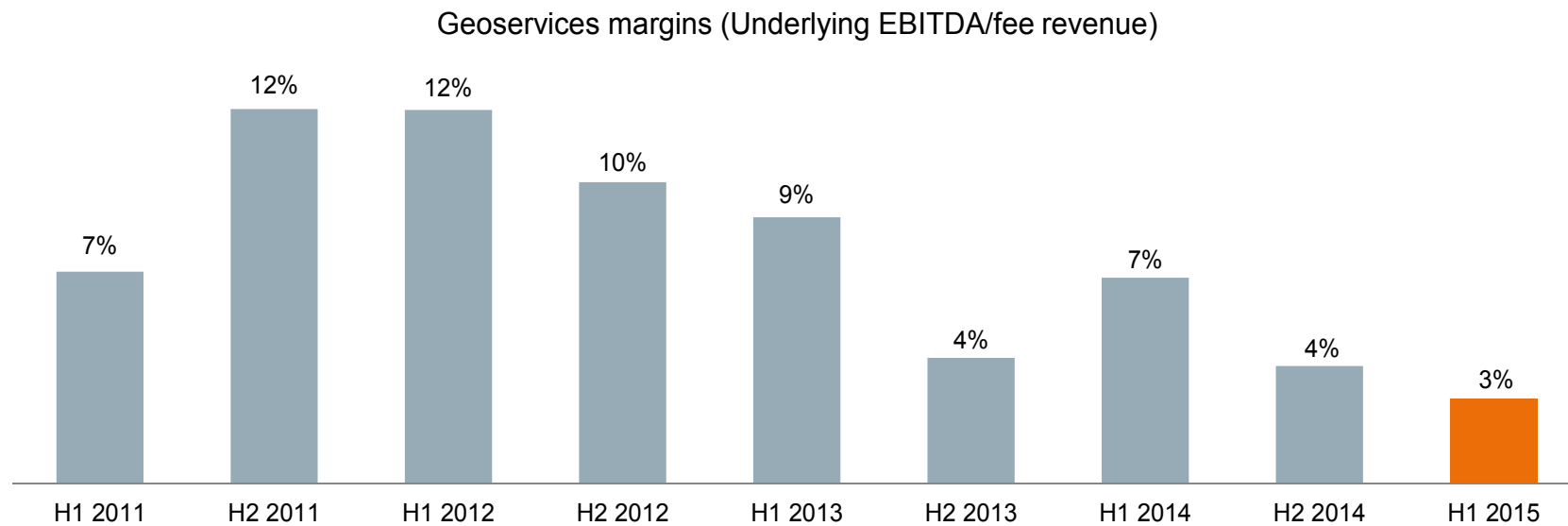
# Geoservices – infrastructure, property improved



Geoservices fee revenue by industry



## Geoservices – margins remain tight

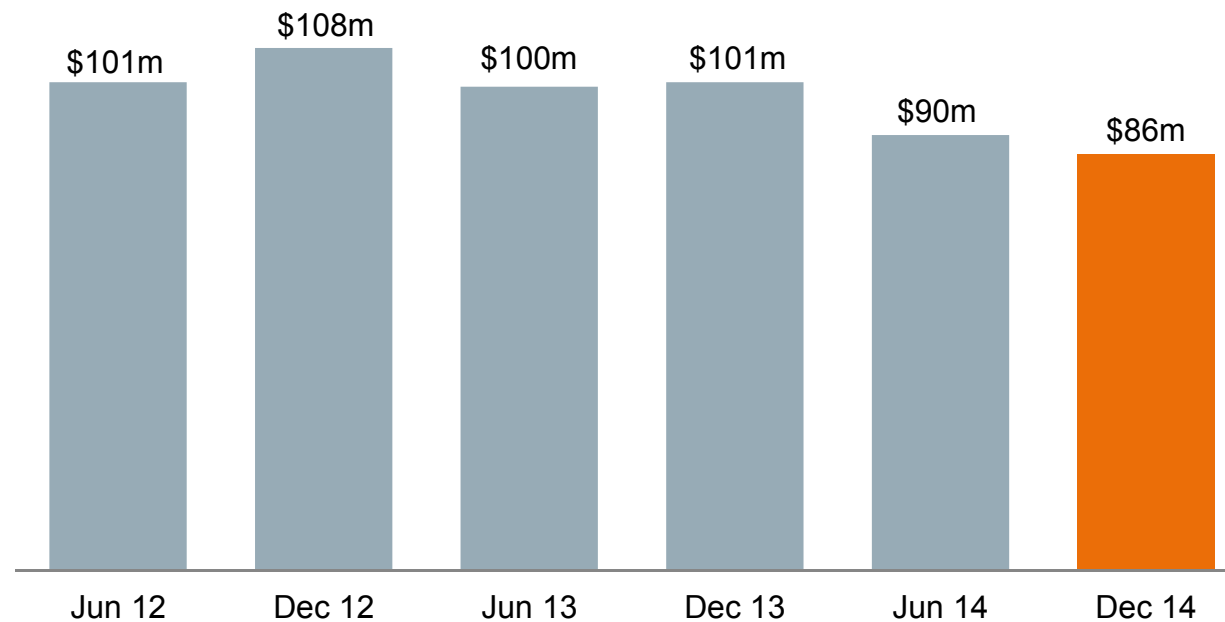


- Geoservices headcount was reduced by 70 in late Q2

## Geoservices – contract awards slow



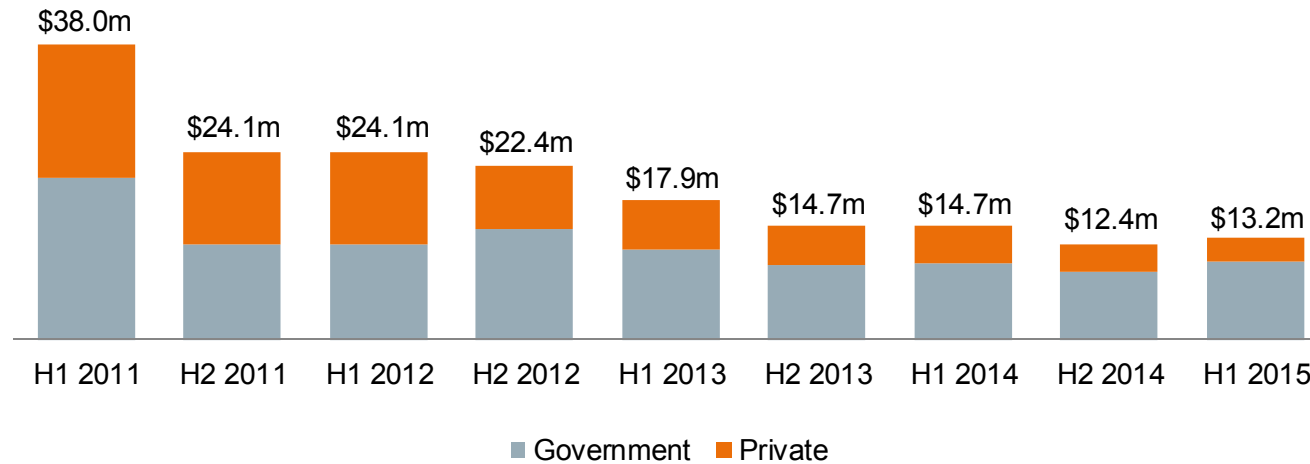
Geoservices 12 month contracted fee revenue



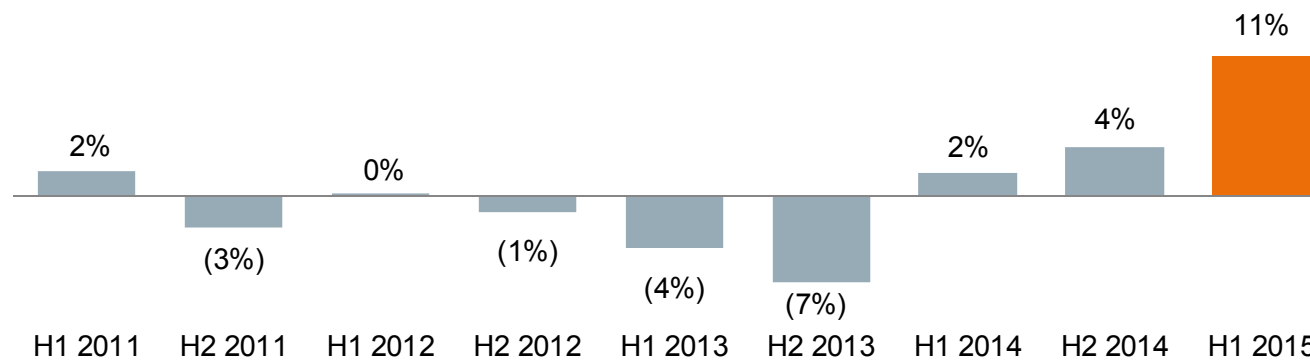
# Project Management – growing revenue, improving margins



Project Management half yearly total revenue by sector



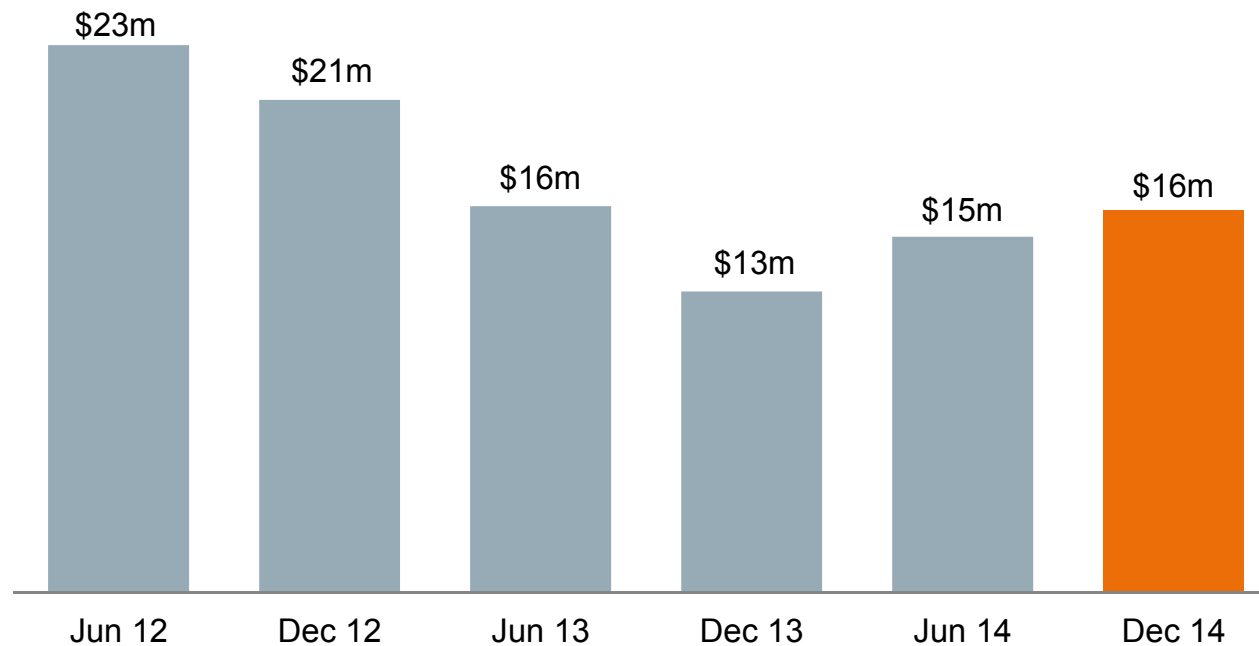
Project Management margins (Underlying EBITDA/total revenue)



## Project Management – contracted revenue increasing



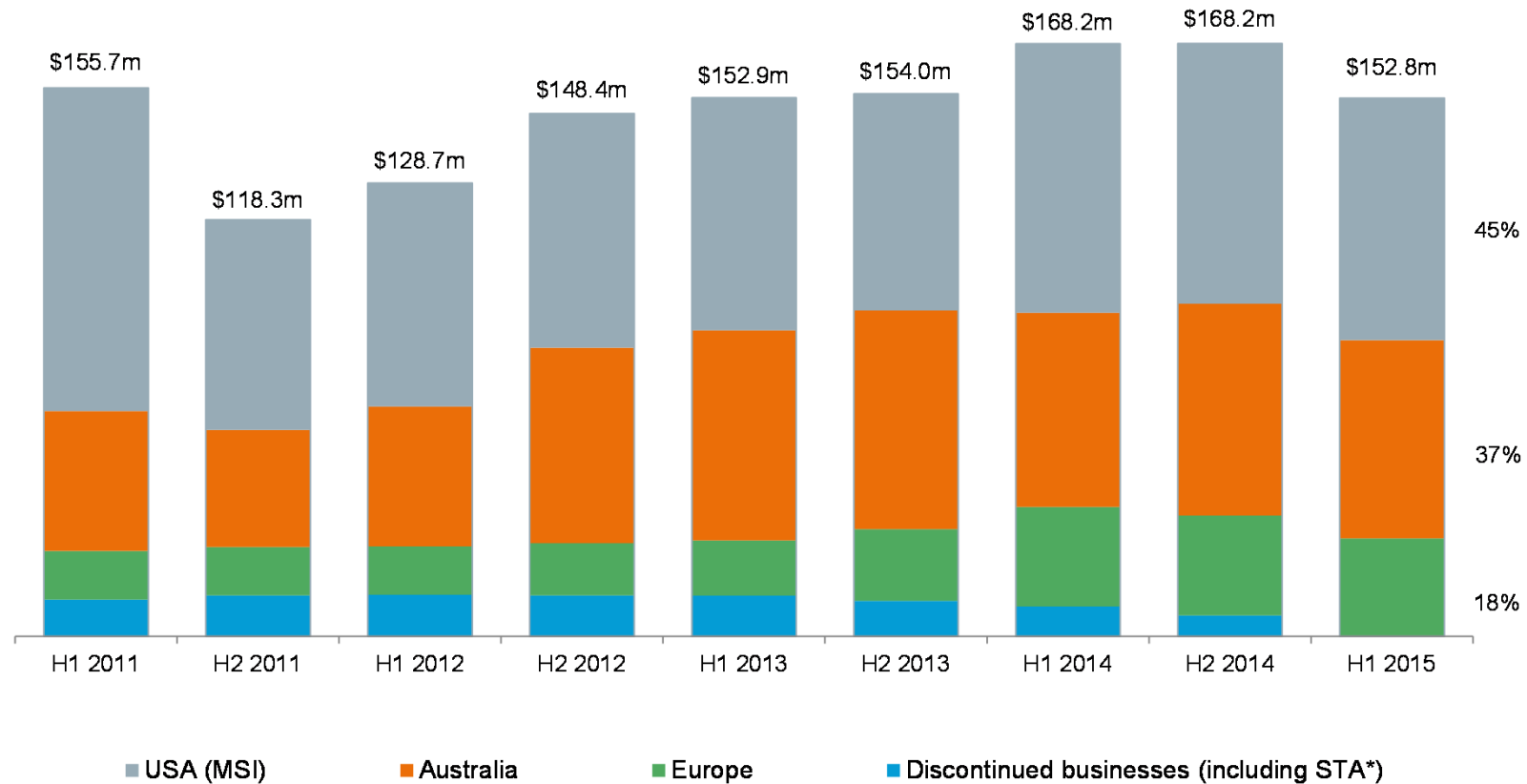
Project Management 12 month contracted total revenue



## International Development – STA\* sold, project transition



International Development total revenue by region of origin



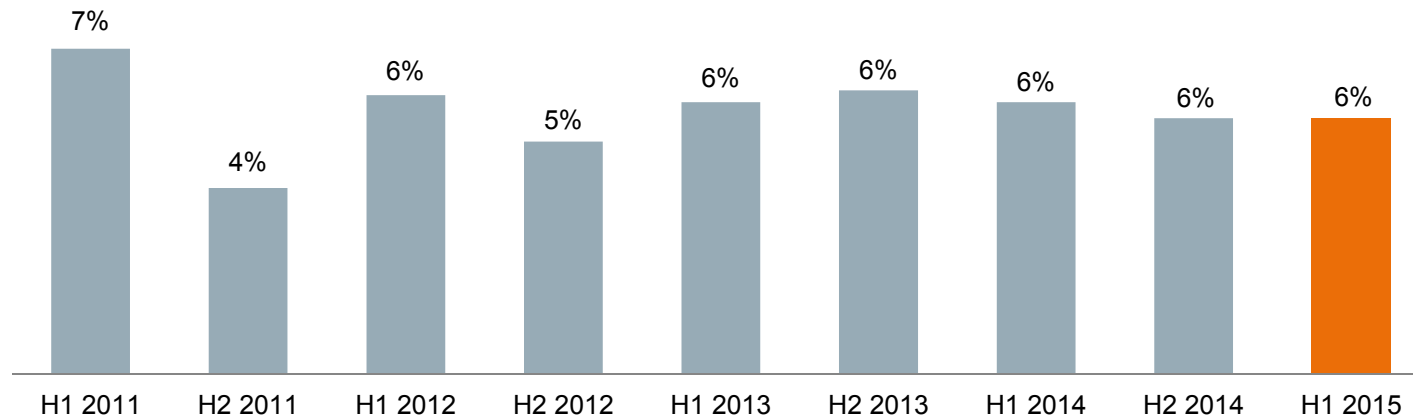
\* Specialist Training Australia

## International Development – stable margins

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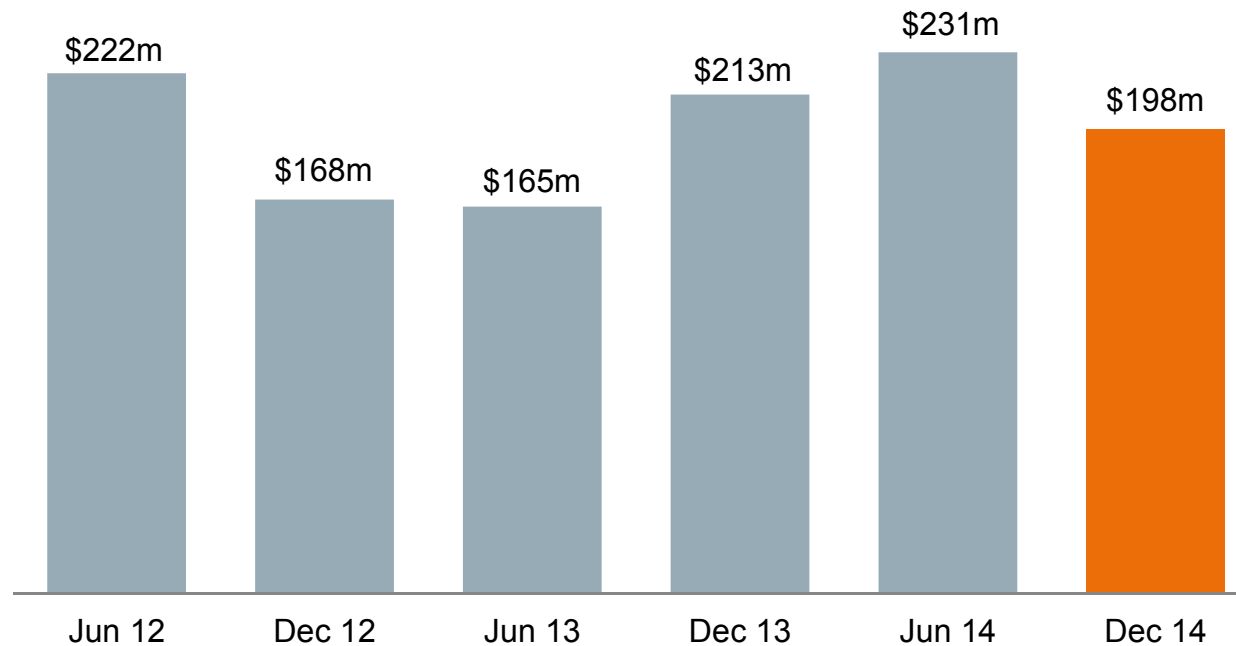
International Development margins (Underlying EBITDA/total revenue)



## International Development – positive outlook



International Development 12 month contracted total revenue



- Total contracted revenue, including contracted forward revenue beyond 12 months, up 14% on December 2013
- Value of contracts short listed or in negotiation, significantly increased on December 2013



# Tough market

## Responsive management

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  - Well positioned in some key markets
  - Track record in responding quickly to changes

# Disclaimer



**The material in this presentation is a summary of the Half Year Results of Coffey International Limited (Coffey) for the 6 months ended 31 December 2014 and an update on Coffey's activities and is current at the date of preparation, 9 February 2015. Further details are provided in the Company's full year accounts and results announcement released on 11 August 2014.**

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ("forward-looking statements"). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Coffey and its Directors) which may cause the actual results or performance of Coffey to be materially different from any future results or performance expressed or implied by such forward-looking statements.

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Due care and consideration should be undertaken when considering and analysing Coffey's financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Coffey is available on our website, [coffey.com](http://coffey.com)

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# Appendix

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# P&L by segment



	2011			2012			2013			2014			2015
	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)
<b>Total revenue</b>	<b>367.2</b>	<b>313.4</b>	<b>680.6</b>	<b>334.9</b>	<b>343.2</b>	<b>678.1</b>	<b>359.8</b>	<b>328.6</b>	<b>688.4</b>	<b>324.0</b>	<b>304.1</b>	<b>628.1</b>	<b>296.0</b>
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	130.0
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	13.2
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	152.8
Other	14.4	13.7	28.1	9.8	2.2	12.0	-	-	-	-	-	-	-
<b>Geoservices total revenue</b>	<b>159.1</b>	<b>157.3</b>	<b>316.4</b>	<b>172.3</b>	<b>170.2</b>	<b>342.5</b>	<b>189.0</b>	<b>159.9</b>	<b>348.9</b>	<b>141.1</b>	<b>123.5</b>	<b>264.6</b>	<b>130.0</b>
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	101.6
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	28.4
<b>Underlying EBITDA</b>	<b>15.6</b>	<b>16.7</b>	<b>32.3</b>	<b>23.0</b>	<b>16.7</b>	<b>39.7</b>	<b>17.8</b>	<b>11.0</b>	<b>28.8</b>	<b>15.1</b>	<b>11.1</b>	<b>26.2</b>	<b>10.4</b>
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	2.9
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	1.5
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	8.4
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)	(2.4)
<b>Margin % of total revenue</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
Geoservices	5%	9%	7%	9%	8%	9%	6%	3%	5%	5%	3%	4%	2%
Project Management	2%	(3%)	0%	0%	(1%)	(1%)	(4%)	(7%)	(5%)	2%	4%	3%	11%
International Development	7%	4%	6%	6%	5%	5%	6%	6%	6%	6%	6%	6%	6%
<b>Geoservices margin % of fee revenue</b>	<b>7%</b>	<b>12%</b>	<b>10%</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>9%</b>	<b>4%</b>	<b>7%</b>	<b>7%</b>	<b>4%</b>	<b>5%</b>	<b>3%</b>

\* Excludes Inter-segment sales

# Revenue analysis



	2011			2012			2013			2014			2015
	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)	H2 (\$m)	FY (\$m)	H1 (\$m)
<b>Geoservices fee revenue by industry</b>	<b>117.9</b>	<b>117.0</b>	<b>234.9</b>	<b>132.4</b>	<b>132.6</b>	<b>265.0</b>	<b>137.9</b>	<b>120.0</b>	<b>257.9</b>	<b>110.4</b>	<b>97.9</b>	<b>208.3</b>	<b>101.6</b>
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	36.9
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	24.8
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	14.5
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	17.0
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	8.4
<b>Geoservices fee revenue by geography</b>	<b>117.9</b>	<b>117.0</b>	<b>234.9</b>	<b>132.4</b>	<b>132.6</b>	<b>265.0</b>	<b>137.9</b>	<b>120.0</b>	<b>257.9</b>	<b>110.4</b>	<b>97.9</b>	<b>208.3</b>	<b>101.6</b>
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	74.1
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	27.5
<b>Project Management revenue by client</b>	<b>38.0</b>	<b>24.1</b>	<b>62.1</b>	<b>24.1</b>	<b>22.4</b>	<b>46.5</b>	<b>17.9</b>	<b>14.7</b>	<b>32.6</b>	<b>14.7</b>	<b>12.4</b>	<b>27.1</b>	<b>13.2</b>
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	10.0
Private	17.1	11.8	28.9	11.9	8.1	20.0	6.3	5.2	11.5	4.9	3.6	8.6	3.2
<b>International Development revenue by region</b>	<b>155.7</b>	<b>118.3</b>	<b>274.0</b>	<b>128.7</b>	<b>148.4</b>	<b>277.1</b>	<b>152.9</b>	<b>154.0</b>	<b>306.9</b>	<b>168.2</b>	<b>168.2</b>	<b>336.4</b>	<b>152.8</b>
United States of America (MSI)	91.7	59.6	151.3	63.4	66.5	129.9	66.1	61.6	127.7	76.4	73.9	150.3	68.8
Australia	39.8	33.4	73.2	39.8	55.2	95.0	59.3	61.7	121.0	54.9	59.8	114.7	56.0
United Kingdom	13.8	13.7	27.5	13.7	15.1	28.8	16.0	20.6	36.6	28.4	28.6	57.0	28.0
Discontinued businesses (including STA)	10.4	11.6	22.0	11.8	11.6	23.4	11.5	10.1	21.6	8.5	5.9	14.4	-

## Balance sheet



	H1 2014 (\$m)	FY2014 (\$m)	H1 2015 (\$m)
Cash & equivalents	28.1	28.9	29.8
Other current assets	132.2	116.3	116.3
Non-current assets	159.0	165.5	170.3
<b>Total assets</b>	<b>319.3</b>	<b>310.7</b>	<b>316.4</b>
Current borrowings	6.0	7.1	7.8
Other current liabilities	83.0	81.7	71.1
Non-current borrowings	81.3	69.9	83.0
Other non-current liabilities	6.2	11.7	13.4
<b>Net assets</b>	<b>140.6</b>	<b>140.3</b>	<b>141.1</b>
Net debt to (Equity + Net debt)	30%	26%	30%