

Mr Adrian Smythe
Manager, Listings
ASX Limited

BY EMAIL: adrian.smythe@asx.com.au

Ausenco Limited (ASX: AAX) – Price Query

Dear Adrian

Please find below our response to your letter dated 20 July 2015.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Yes. The Company has been in confidential discussions with a substantial shareholder, Duro Felguera S.A. (DF) regarding the potential placement of Ausenco shares (Placement Discussions).

Approval by the Company's Board of Directors to make the offer to DF was granted on 18 July 2015, with the agreement subject to negotiation and execution by DF.

In responding to this question, please consider in particular whether the Entity is aware of any information that its earnings for the 6 month period ending on 30 June 2015:

- a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or**
- b) if the Entity has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if the Entity is not covered by analysts, its earnings for the prior corresponding period)?**

The Company has not provided any specific guidance on operating performance for the 2015 first half. 2015 full year guidance was for revenues of \$350 million and earnings improvements from the losses incurred in the 2014 second half. This earnings improvement arises from the implementation of various overhead cost reductions in 2014.

Delayed starts on some currently tendered work from the 2015 second quarter, combined with lower activity in the oil & gas sector, have adversely impacted 2015 second quarter revenues. 2015 unaudited first half revenues of \$140 million are expected to be \$30 million lower than revenues in the prior 6 months. Despite these lower revenues, unaudited 2015 first half underlying EBITDA has improved modestly over underlying EBITDA for the prior 6 months to a loss of \$3 million.

During the first half, work on hand has increased to \$158 million and the Company is currently negotiating or tendering for \$129 million of new non-EPC Create phase work. All Create phase work currently under negotiation is anticipated to be decided by the end of the third quarter 2015.

The company has observed increased client activity in a number of base and precious metal commodity areas enhancing the prospects for near term success on a number of new Create phase awards.

New non-EPC project opportunities have increased significantly during the period with the Company's forecast revenue from these opportunities expected to be over \$1 billion. In addition, the Company and DF, in accordance with their strategic alliance, are actively pursuing near term EPC Create phase project opportunities of over \$1.5 billion.

An improvement in 2015 second half revenues and earnings over the 2015 first half performance is expected, the extent of the improvement will depend on the commencement of anticipated project awards prior to the end of the 2015 third quarter.

2. If the answer to question 1 is "yes":

a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Yes. As at the date and time of receipt of the Price Query Letter, the Placement Discussions remained subject to negotiation and no agreement with DF had been executed. Consequently and in accordance with Listing Rule 3.1A the Company was not required to disclose the Placement Discussions to the market on the basis that these discussions remained incomplete and, in the Company's opinion, confidential.

The Company is of the opinion that the change in its share price between the closing price on 13 July 2015 and the share price at the time the Company went into the Trading Halt on Monday, 20 July 2015 was due to market speculation around a potential takeover offer from DF. This view is supported by some uninformed commentary to this effect which appeared on 'social media trading discussion sites' towards the end of last week.

The Company is unaware of any online or media commentary referencing the Placement Discussions which would suggest these discussions remained confidential despite the increased share price.

b) Can an announcement be made immediately?

No.

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

At the time of the receipt of the Price Query Letter, the Placement Discussions remained incomplete, subject to negotiation and no agreement with DF had been executed. The Company advised the ASX of this when contacted on Monday, 20 July 2015.

The Company received confirmation that the agreement had been executed by DF at 6:22pm on Monday, 20 July 2015 and an announcement notifying the Market of the placement was lodged with the ASX at 9:15am, today, 21 July 2015

3. **If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?**

N/A

4. **Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.**

The Company can confirm that it is in compliance with the listing rules and in particular listing rule 3.1.

If you have any queries regarding the above, please don't hesitate to contact me.

Yours sincerely



Patrick O'Connor
Company Secretary



20 July 2015

Mr Patrick O'Connor
Company Secretary
Ausenco Limited
144 Montague Road
South Brisbane QLD 4101

By email:

Dear Mr O'Connor

Ausenco Limited (the "Entity"): ASX price query

We have noted a change in the price of the Entity's securities from a close of \$0.36 on 13 July 2015 to a high of \$0.56 today at the time of writing, on Monday, 20 July 2015.

In light of the price increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please consider in particular whether the Entity is aware of any information that its earnings for the 6 month period ending on 30 June 2015:

- a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or
- b) if the Entity has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if the Entity is not covered by analysts, its earnings for the prior corresponding period)?

2. If the answer to question 1 is "yes":

- a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 1.00 pm today. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at adrian.smythe@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Adrian Smythe
Manager, Listings Compliance