2015 Full Year Results

26 February 2016

Zimi Meka - Chief Executive Officer, Craig Allen - Chief Financial Officer

2015 Highlights

↓56%
0.94 TRIFR
lowest in our history
2014: 2.14

74%
Revenues from the Americas

Silver Recipient winner for 2015 in the category of Mining and Natural Resources at Canada's Safest Employers Awards

20%
of Optimise revenues
2014: 12%

27%
Revenues from non-mining sectors

Work on hand and 2016 work already delivered, currently $256 million

Feb 2015: $133 million

Challenging operating environment impacts earnings

Financial performance

- 2015 reported EBITDA loss of $32.0 million impacted by:
  - $12.3 million in one-off non-cash charges
  - $12.2 million in operating losses due to oil price declines, redundancy costs and slower activities in Brazil and Argentina
  - Actions already taken to curtail these operating losses in the future
- Reported 2015 net loss after tax of $86.1 million impacted by:
  - $18.6 million in withholding taxes and income tax losses derecognised
  - $26.0 million in after tax impact of goodwill impairments
- Underlying net loss after tax $25.1 million
- Controllable cost reductions from 2014 of $23.5 million achieved; $3.5 million more than planned

Balance sheet

- Operating cash outflow of $16.1 million contributed to rise in net debt to $53.1 million
- US$16.5 million Resource Capital Fund cornerstone debt and bonding facilities agreed in Feb 2016

Work on hand

- Work on hand, preferred contracts and 2016 work already delivered, currently at $256 million (Feb 2015: $133 million)

Revenue 2015

$245.8m

2014: $357.2m

Underlying EBITDA 2015

$(13.7)m

2014: $1.4m

Underlying NPAT 2015

$(25.1)m

2014: $(10.2)m

Existing global footprint, EPC alliance and technology pursuits to provide return to growth

Business responding to volatile market conditions

- 2015 marked an unexpected and sharp decline in oil prices, as well as dramatic slow-down in activities in Argentina and Brazil
- These declines resulted in an unanticipated increase in right-sizing levels, office closures and asset write-off costs in the second half; we believe we have taken the necessary operating decisions to curtail these losses
- Consulting business remains stable with solid work on hand and ample opportunities to be pursued:
  - $210 million in consulting and engineering revenues in 2015 with similar levels expected in 2016
- Client access to capital to progress projects to development stage remains challenging
  - Gold projects, expansions, debottleneckings and EPC alliance pursuits are presenting opportunities

Global diversification positions business locally in key markets to take advantage of opportunities

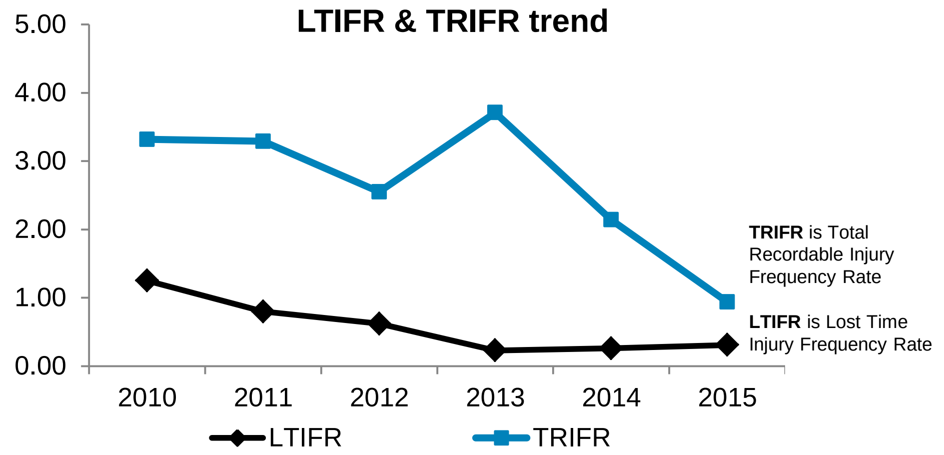
- Over 90% of 2015 revenues from non-Australia based projects and expected to grow in 2016
- Over 26% of 2015 full year revenues are from non-mining sectors, despite declines in Oil & Gas work

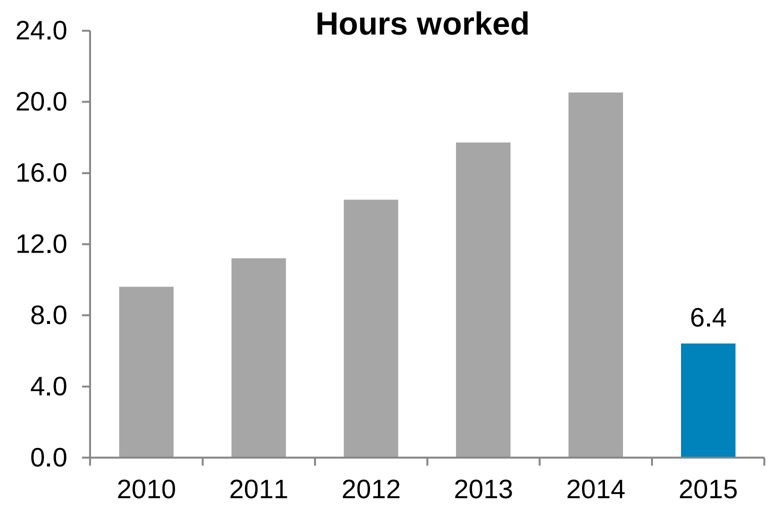
Technology, combined with innovative engineering solutions, will be an important platform for growth

- $15.7 million in revenues from software technology and consulting services; expected growth across markets into 2016
- Evaluating alternative financing, alliancing and marketing arrangements to increase marketing and development efforts in this arena
- DF-Ausenco alliance is leveraging the relative strengths of each organisation to target EPC opportunities in a number of complimentary new markets

Our people and their safety are our priority

- TRIFR frequency rate reduced 56% from 2.14 to 0.94, the lowest in the Group's history
- LTIFR frequency rate has risen slightly in 2015 to 0.31 from 0.29
- Managed 6.4 million man hours, down 69% from 20.5 million man hours managed in 2014 reflecting lower levels of site based supervision of construction activities
- Safety highlights included:
  - eight TRIFR free months recorded globally; and
  - recognition as the Silver Recipient winner for 2015 in the category of Mining and Natural Resources at Canada's Safest Employers Awards





Financial Review

Despite challenging conditions, future earnings growth is achievable due to operational leverage of our cost base

Twelve months to 31 December ($m)	2015	2014	
Revenue from operations	245.8	357.2	↓
Underlying EBITDA	(13.7)	1.4	↓
Underlying EBITDA margin (%)	(5.6%)	0.4%	↓
Net profit/(loss) before tax	(76.9)	(29.5)	↓
Attributable profit/(loss) after tax	(86.1)	(25.0)	↓
Underlying net loss after tax	(25.1)	(10.2)	↓
Basic earnings per share (cents)	(49.0)	(15.0)	↓
Operating cash (out)/in flow	(16.1)	(9.2)	↓

2015 service revenue by segment

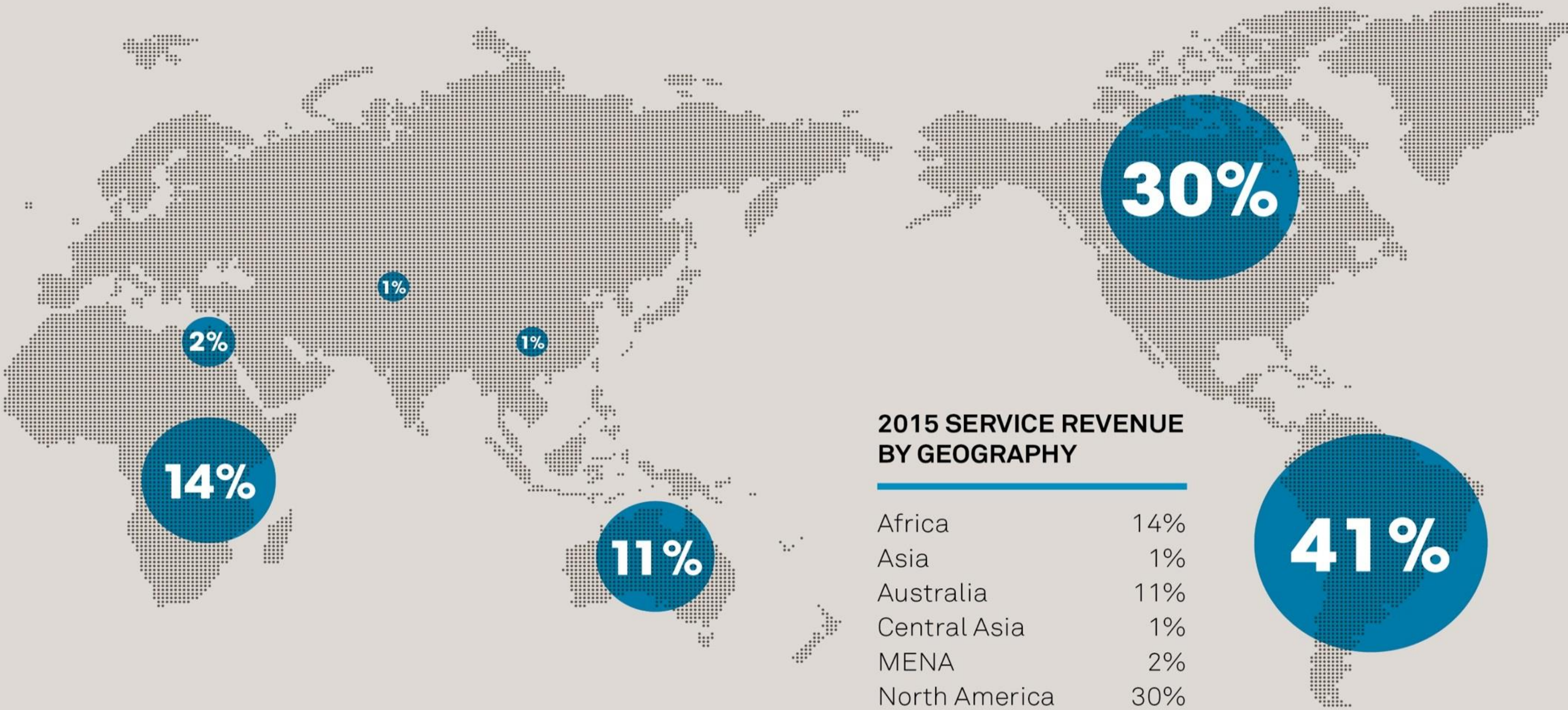
Ausenco

Ausenco regularly delivering capital and operating cost savings for clients of over 20%

Work phase	Evaluate	Innovate	Create	Optimise
Nature of assignments	Specialty consulting and engineering assignments		Engineering, Procurement, Construction Management (EPCM) and Engineering Procurement Construction (EPC) contracts	Optimisation, asset management, technology solutions to reduce operating costs
2015 Revenues from external customers ($m)	**64.1**	**96.9**	**35.1**	**49.5**
2016 Outlook	• Enquiries and conversion levels remain stable • Revenues into 2016 between $165m and $185m		• EPCM limited near term • Growth certainty and risk management expected to increase EPC revenues	• O&M revenues lower • Growth in technology oriented revenues

- Optimise phase recurring revenues represent 20% of annual revenue and growing, with increasing levels of project optimisation, asset improvement and increased productivity work being awarded
- Pre-capital development Evaluate and Innovate phase revenues represented 65% of revenues in 2015
- Evaluate and Innovate phase assignments continue to provide important early entry into Create phase projects

Revenue diversity across key global markets

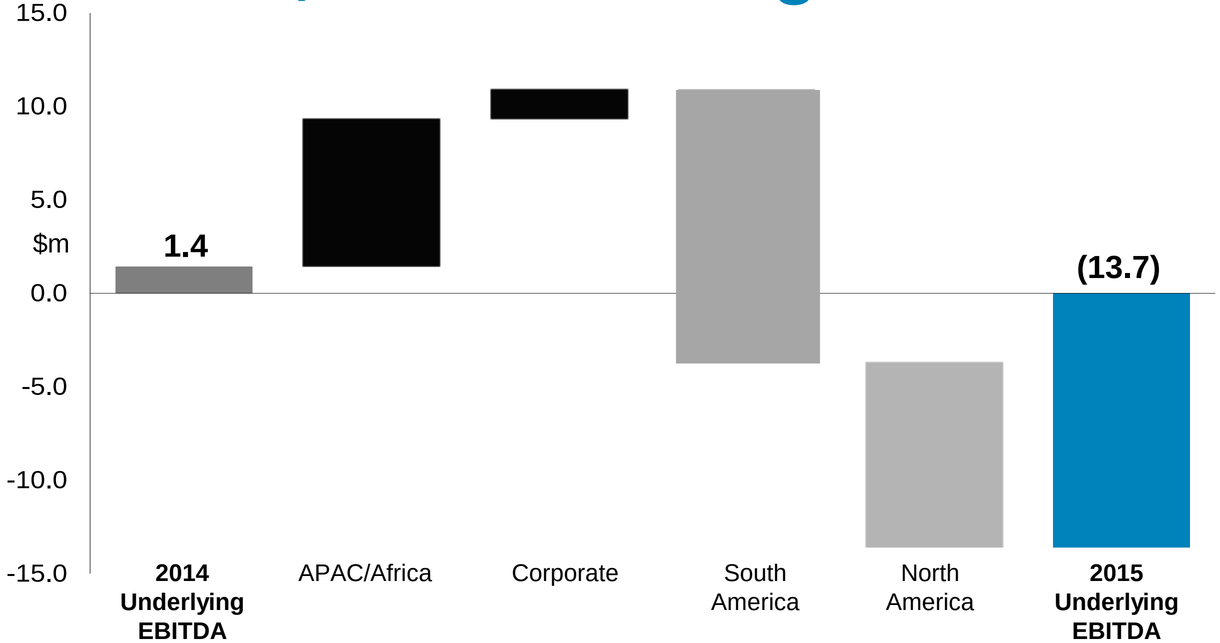


2015 SERVICE REVENUE BY GEOGRAPHY

Africa	14%
Asia	1%
Australia	11%
Central Asia	1%
MENA	2%
North America	30%
South America	41%

Ausenco

Improvements in APAC/Africa offset by losses in Oil & Gas, Brazil and Argentina



$8.0 million improved performance APAC/Africa

$5.8 million under performance Oil & Gas

$3.9 million under performance Argentina & Brazil

- **APAC/Africa** – Underlying EBITDA improvement of $8.0 million to achieve modest full year loss of $0.9 million, despite revenues down $29.5 million to $64.0 million. Second half underlying EBITDA profit of $1.3 million from performance focus
- **Corporate** – $1.6 million lower costs for corporate and regional services reflecting better overhead management and right-sizing initiatives
- **South America** – Underlying EBITDA down $14.6 million to a loss of $0.4 million, with increased losses of $3.9 million in Argentina and Brazil. Regional revenues down $33.8 million to $88.9 million, due to lower engineering activities and competitive pressures
- **North America** – Revenues down $48.9 million to $91.4 million, with underlying EBITDA down $10.0 million to a loss of $6.2 million largely due to the heavy decline in Oil & Gas business activities as a result of the sharp fall in oil prices

Cash flows reflective of tougher working capital environments

- Non-cash costs of $47.7 million affected reported pre-tax earnings
- Operating cash outflow pre working capital at $17.8 million, impacted by $7.3 million in office closure costs
- Modest improvements in net working capital movements despite tougher working capital environment
- Lower levels of cash taxes paid expected for next few years given extent of unexpired carry forward tax losses
- 2016 and near term planned capital expenditure expectations to be no higher than 2015 levels

Operating cash flow ($m)	2015	2014
EBIT	(72.9)	(25.2)
Depreciation and amortisation	10.1	9.8
Redundancies & office closure provisions	7.3	-
FCTR reclassifications	6.9	-
Goodwill impairment	30.7	10.0
Cash from operations pre working capital	**(17.8)**	**(5.4)**
Net working capital decrease	4.6	6.4
Billings in advance increase/(decrease)	2.6	(4.4)
Taxes paid	(1.5)	(1.5)
Net financing expenses	(4.0)	(4.3)
Cash from operations	**(16.1)**	**(9.2)**

Investing cash flow ($m)	2015	2014
PPE capital expenditure (net)	(0.2)	(1.3)
ERP capital expenditure	(1.3)	(1.0)
Business acquisition payments	-	(0.7)
Cash from investing	**(1.5)**	**(3.0)**

Finalised key terms of cornerstone financing package

- In July 2015 finalised a $10.7 million private placement to Spanish multinational construction company Duro Felguera S.A. (DF), who now holds a 14.5% interest in Ausenco
- Strategic alliance with DF provides opportunity to pursue and deliver EPC projects globally
- Successful finalisation of US$16.5 million convertible debt and bonding facilities with Resource Capital Fund VI LP (RCF)
- Refinancing provides:
  - $9.2 million in additional working capital for the Group
  - Enhancement of the Group's bonding capacity which is important as the breadth of EPC opportunities increases into 2016
- In addition, RCF and the Company's financiers (ANZ and NAB) have agreed to undertake discussions with a view to refinancing Ausenco's current bank borrowings
- Ample bonding and funding capacity of $44.0 million available under facility terms

Funding summary ($m)	2015	2014
Total facilities	122.3	125.3
Less: Cash facilities utilised	(58.4)	(61.2)
Less: Non cash facilities utilised	(19.9)	(15.4)
Available facilities	44.0	48.7
Plus: Cash	8.7	22.5
Total cash/funding facilities available	52.7	71.2
Facility utilisation	64%	61%

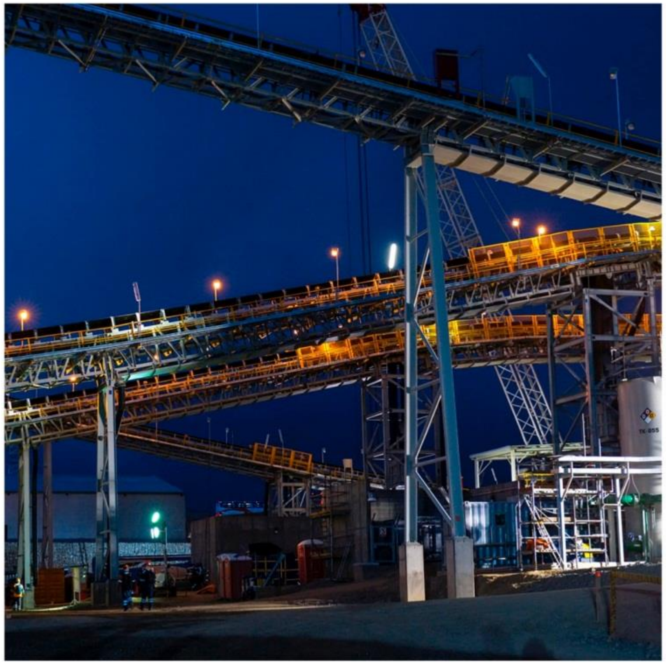
Key financial ratios	2015	2014
Net debt	53.1m	43.1m
Net gearing ratio*	26.2%	16.0%
Average cost of bank debt	4.4%	4.6%
Average debt maturity	0.7 yrs	1.2 yrs
Underlying EBITDA coverage	(3.3)x	0.3x

* Net gearing ratio = net debt / (net debt + equity)

Operational Review

APAC/Africa

- Second half underlying EBITDA profit of $1.3 million; significant improvement to prior periods (on lower revenues)
- Delivered cost saving initiatives which contributed to the improved performance from 2014 (on lower revenues)
- Significant growth in study and engineering assignments including many value engineering assignments to realise lower capital intensity outcomes
- In January 2016, announced preferred award of $45 million of new coal sector revenues, largely to be delivered in 2016
- Well positioned for emerging copper and gold development opportunities in Africa and Asia



Revenue 2015

$64.0m

2014: $93.5m

Underlying EBITDA 2015

$(0.9)m

2014: $(8.9)m

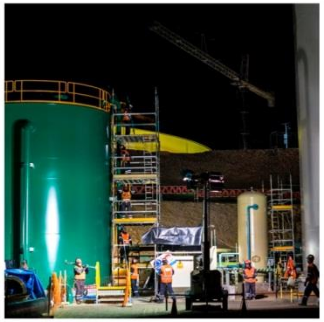
Underlying EBITDA margin 2015

(1.4)%

2014: (9.5)%

North America

- Lower revenues in Oil & Gas and resources related capital development activities contributed to a second half earnings decline; impact $5.8 million
- Infrastructure work increased by 26%, with many new awards and scope extensions expected to continue this trend
- Evaluate and Innovate consulting revenues were solid, with enquiries in gold project studies and engineering up significantly
- Early Create phase works commenced on limited notice basis for Hudbay Minerals' Rosemont copper project near Tucson, Arizona
- Commenced work on the Create phase expansion of Kinross' Tasiast gold project in Mauritania
- Finalised the scoping and costing of the Create phase EPC contract for Atlantic Gold Corporation's Moose River Consolidated project in Nova Scotia, Canada



Revenue 2015	Underlying EBITDA 2015	Underlying EBITDA margin 2015
$91.4m	$(6.2)m	(6.7)%
2014: $140.3m	2014: $3.8m	2014: 2.7%

South America

- Uncertain economic environment in Brazil and Argentina adversely impacted on regional performance with year on year losses of $4.1 million
- Lower activity levels in copper sector, given commodity volatility, led to compressed margins
- Successful start-up of US$1.8 billion Constancia copper project in Peru in early 2015, positively reset benchmark for capital intensity levels of new South American copper projects
- Reasonable follow on activities in copper sector with study and early engineering works at Mina Justa, Zafranal and Las Bambas copper projects
- Significant work at Escondida copper mine with commissioning and study works associated with water recovery projects
- Great traction achieved with Ausenco Rylson asset optimisation work; should lead to ongoing growth in resources and other markets

Revenue 2015	Underlying EBITDA 2015	Underlying EBITDA margin 2015
$88.9m	$(0.4)m	(0.5)%
2014: $122.7m	2014: $14.2m	2014: 11.6%

Strategy and Outlook

Evaluate and Innovate

Consulting and Engineering

Environment
and sustainability

Minerals
processing

Oil and Gas

Power

Transportation
systems

Ports and
terminals

Pipeline
systems

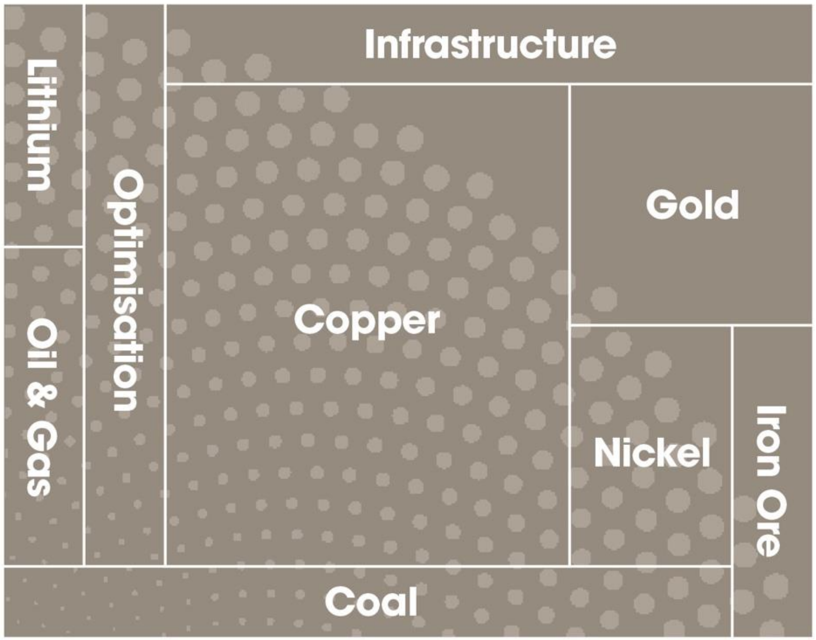
Operations
and maintenance

Infrastructure

Services

Create phase

Gold and copper present greatest near term opportunities



Baseline Evaluate and Innovate revenues across all business lines

Opportunities targeted outside Australia 92%	**Work on hand and already delivered** $256m
Current baseline Evaluate and Innovate phase opportunities $347m	**Current work activities or tenders expected to be progressed to next phase over the next 12 months** $1,112m

DF-Ausenco Alliance is leveraging the relative strengths of each organisation to target:

DF

Mining & Handling	Oil & Gas	Energy	Services	Manufacturing	Other
31%	9%	42%	8%	8%	2%

Major EPC Mining projects

Specific geographic EPC in Energy

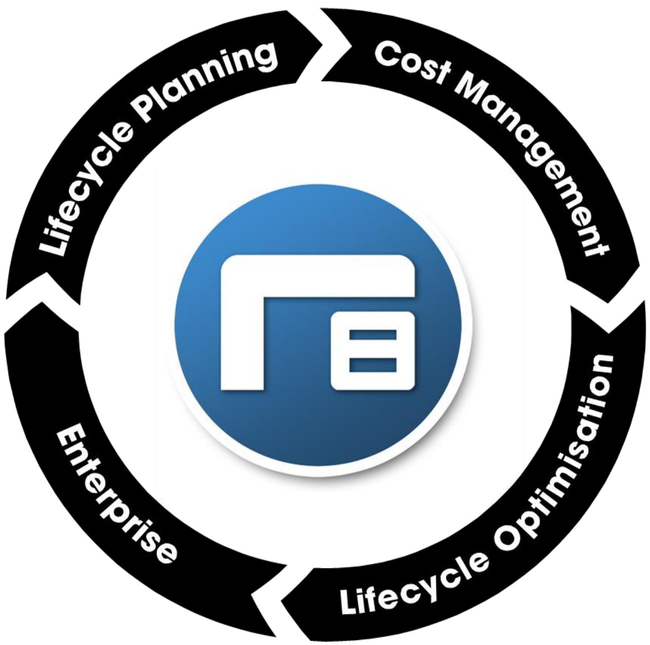
EPC Process Infrastructure

Specific geographic EPC in oil & gas

Ausenco

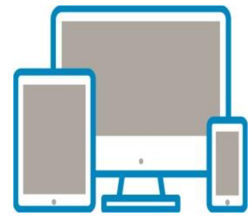
Minerals Processing	Oil & Gas	Process Infrastructure	Environment & Sustainability
54%	12%	27%	7%

Sustainable cost reduction



Maintenance Optimisation

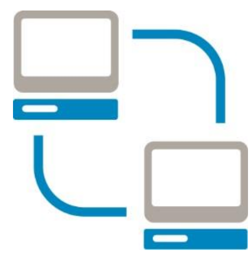
10 – 15% annual maintenance cost savings



Up to **5%** greater plant productivity

Asset Optimisation

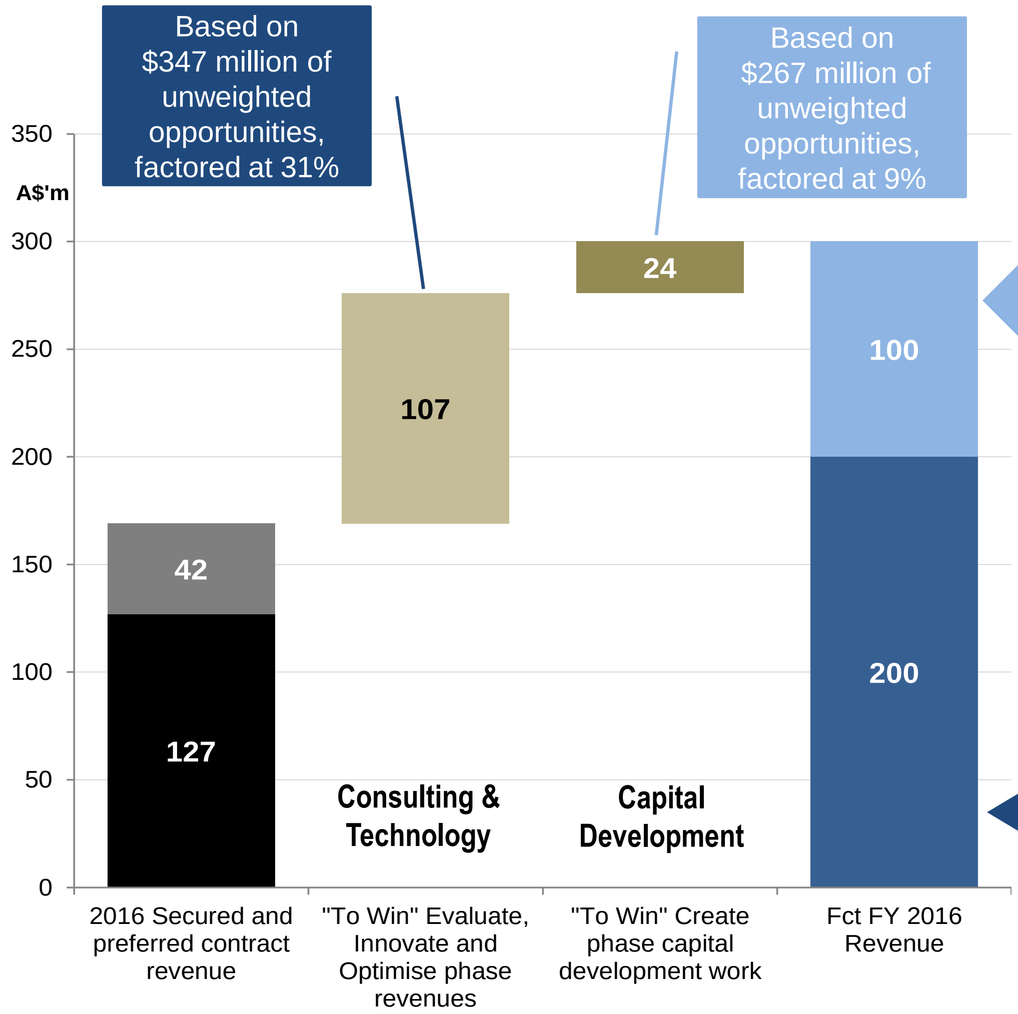
10 fold payback on investment annually

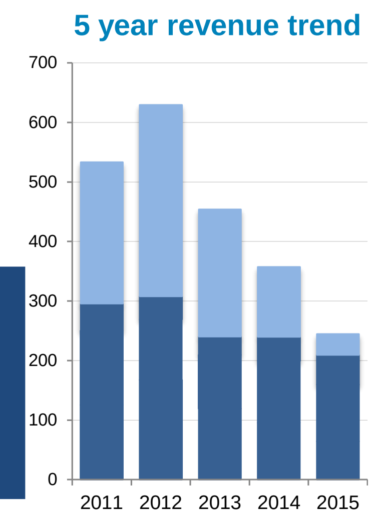


Significant productivity benefit

- Proprietary Enterprise Asset Management (EAM) solution designed to deliver a holistic view of the asset over the asset lifecycle
- Ensures the organisation delivers the business requirement at optimum cost and risk
- Focuses at the activity level to ensure that optimisations will provide a sustainable benefit to the business

$152 million of new revenue won since the start of 2016



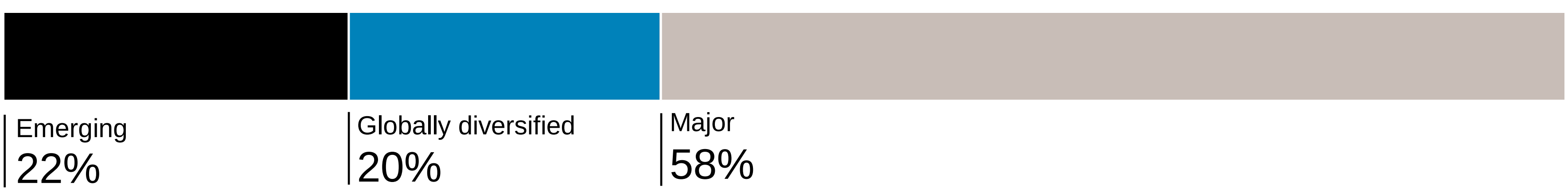


Ausenco

Building long-term inspiring client relationships

- DF-Ausenco strategic alliance enhances our competitive EPC offerings
- Clients remain focused on lowering capital intensity
- Asset optimisation and management offering expanding across energy and resource sectors in the Americas
- Successful completion of a number of Evaluate and Innovate phase projects anticipated to convert to EPCM or EPC Create phase work over next 12 months

2015 service revenue by client type



In summary

Business operating conditions

- Overall market conditions for 2015 were challenging in conjunction with volatile commodity prices across most sectors
- Business confidence impacted leading to fewer and smaller capital projects, enhanced competition and shortened planning horizons

Ausenco addressing current market conditions

- Strategic expansion of our service offering to cover all phases of the project lifecycle helped win new business from clients seeking to improve the productivity of their assets and reduce operating costs
- 2015 controllable cost reductions of $23.5 million achieved; $3.5 million more than planned

Diversification strategy providing sustainable long term growth opportunities

- Positive improvement to work on hand, preferred contracts and work already delivered in 2016, $256 million (Feb 2015: $133 million)
- Over 90% of revenues to be delivered from non-Australian projects
- EPC revenues to grow as clients seek cost certainty
- Expansion of technology operating cost savings to capture greater market share

Outlook and guidance

- 2016 revenues between $280 and $300 million, with improved earnings
- Current secured work against 2016 target is $169 million
- Industry conditions to remain challenging
- Gold sector expected to provide new capital development opportunities
- Growth in technology and asset optimisation

Appendices

Additional charges recognised in 2015

- Office closures and sub-leasing activities have contributed to inclusion of onerous lease provisions, asset write-downs and related closure costs
- Redundancy costs associated with right-sizing businesses for the current operating environment
- Reclassification of prior year foreign exchange movements from FCTR to P&L
- Non-cash goodwill impairment of North American business line (Oil & Gas declines) and South American business line (Brazil and Argentina slow-downs)
- Available income tax losses not able to be recognised as utilisation not forecast to occur within five years
- Withholding tax foreign tax credits unable to be utilised in the current period

Underlying results	EBITDA		NPAT	
$m	2015	2014	2015	2014
Underlying results	**(13.7)**	**1.4**	**(25.1)**	**(10.2)**
Office closures	(5.5)	(2.3)	(4.6)	(3.2)
Redundancy costs	(5.9)	(4.5)	(4.9)	(1.6)
Foreign exchange reclassifications from closures	(6.9)	-	(6.9)	-
Goodwill impairments	-	-	(26.0)	(10.0)
Income tax losses derecognised	-	-	(12.8)	-
Forfeiture of foreign tax credits	-	-	(5.8)	-
Reported results	**(32.0)**	**(5.4)**	**(86.1)**	**(25.0)**

Delivering revenue mix across the project value chain

	Evaluate	Innovate	Create	Optimise
	Pre-feasibility, feasibility and conceptual design services	Front End Engineering and Design services (FEED)	Engineering, Procurement, Construction Management (EPCM) and Engineering Procurement Construction (EPC) contracts	Optimisation, asset management, technology solutions to reduce operating costs
Typical contract duration	3-12 mths	6-18 mths	2-4 years	4-5 years
FY 2015 Revenues	**26%**	**39%**	**15%**	**20%**
FY 2014 Revenues	27%	29%	33%	11%
FY 2013 Revenues	26%	20%	47%	7%

- Optimise phase recurring revenues now represent 20% of annual revenue and growing, with increasing levels of project optimisation, asset improvement and increased productivity work being awarded
- Pre-development Evaluate and Innovate phase revenues represented 65% in 2015
- Evaluate and Innovate phase assignments continue to provide an important early entry into Create phase projects
- Over 90% of the total revenue of $245.8 million for 2015 was from non-Australia based projects