

Ausenco Limited

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ASX Release

Ausenco Business Update

Ausenco Limited (ASX: AAX) provides the following update to the market.

Ausenco CEO Zimi Meka said the outlook for its key business segments was positive despite challenging trading conditions for the engineering services sector over the past year.

Commenting on the expected performance for the 2014 year and the outlook for the year ahead, Mr Meka said the company was forecasting 2014 revenues to be in the order of \$355 million with a lower contribution to margin than previously anticipated resulting in an expected underlying EBITDA of \$1 million.

He said Ausenco anticipated 2015 revenues would be higher than 2014 levels and EBITDA would be materially higher in 2015, compared to 2014, as a result of cost reductions totalling \$20 million implemented in recent months.

“Our strategic diversification continues to provide resilience and promote opportunities across our group,” he said.

“Our North and South American businesses remain profitable and our strategic presence in the Americas is providing a wide-range of opportunities for the group.

“Key future growth areas include the global copper market, in particular South America; North American infrastructure development and operations and maintenance and optimisation services across the resources and energy sectors.

“In recent weeks the major resource companies have issued statements about developing, extending or optimising their levels of copper production to meet an anticipated copper shortage in 2017.

“This has resulted in an unprecedented level of new and significant enquiries for copper development work to commence in 2015.

“We also have strong client interest in our asset optimisation services, where an increasing number of clients are looking for ways to improve asset productivity and reduce operating costs and in our contract operations and maintenance services across all sectors.”

Mr Meka said in APAC/Africa Ausenco was experiencing the affects of curtailed activity in West Africa as a result of the Ebola outbreak and delays in client decision-making.

“These have adversely affected our mid-year revenue projections for the 2014 full year,” he said.

“With the recent weakening of the Australian dollar against key overseas currencies, we expect to see a related lift in the demand for Australian services into next year as well as a positive earnings contribution from foreign earnings translated into Australian dollars.

“We continue to be intensely focused on managing our costs. We have a very efficient cost base globally which not only competitively positions our service offering to clients, but also improves our business performance leverage to earnings growth.”

Ausenco will announce its 2014 full year results on 18 February 2015.

Update to business segment reporting for 2014

Ausenco adopted a regional organisational structure in APAC/Africa to enhance client delivery and expand market share in 2013.

Ausenco has recently completed a management reorganisation in the Americas on a similar regionally focused basis to enhance local client delivery and accountability. Following this organisational restructure and the appointment of Presidents to lead each of Ausenco's three key regions, Ausenco will be reporting its 2014 full-year results along the following major business segments:

- **APAC/Africa** – Comprising all business operations led from APAC/Africa,
- **North America** – Comprising all business operations led from North America, and
- **South America** – Comprising all business operations led from South America.

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About Ausenco

Ausenco is a global, diversified engineering, construction and project management company providing services in Minerals & Metals, Process Infrastructure, Program Management, Environment & Sustainability Oil & Gas and Power. We deliver new and better ways to add value to our clients' projects no matter how demanding and we deliver results in some of the world's most challenging environments. Listed on the ASX in 2006, our growth strategy is focused on sector, solution and geographic expansion. We operate from 31 offices in 19 countries.