

13 May 2013

Company Announcements Office  
Australian Securities Exchange - ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
Sydney NSW 2000

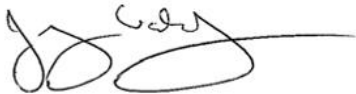
Via e-lodgements: Sequence #676

Dear Sir / Madam

**Trading Update**

In accordance with Listing Rule 3.1, please find attached an announcement for immediate release to the market.

Yours faithfully



**Jennifer Waldegrave**  
Company Secretary

## COFFEY INTERNATIONAL LIMITED (ASX: COF) – TRADING UPDATE

### Significantly softer market conditions adversely impact anticipated full year results

In our Market Update on 24 April 2013, we indicated that our Australian businesses were experiencing deteriorating market conditions. We noted the impact of falling commodity prices as well as a stubbornly high Australian dollar and an uncertain political environment. Since then it has become even clearer the Australian economy is contracting. This in turn has led to increased project cancellations and delays.

Coffey International Limited (Coffey) has today announced revisions to its full year earnings estimates as a result of a significant softening in Australian market conditions since the end of the first half of FY2013.

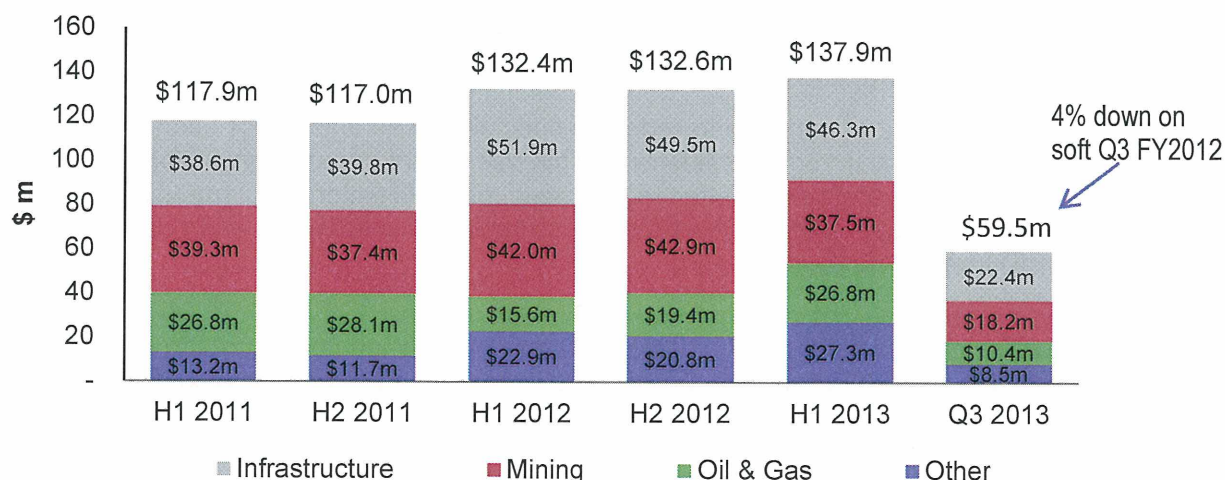
- Reported EBITDA<sup>1</sup> FY2013 is anticipated to be between \$18 – \$19 million
- Underlying EBITDA<sup>2</sup> FY2013 is anticipated to be between \$27 – \$29 million
- Geosciences fee revenue for Q3 FY2013 is lower than the prior comparable period and margins are adversely impacted. Further project delays are occurring in Q4 FY2013.
- Additional restructuring costs of \$7 – \$8 million will be incurred in Q4 FY2013 with benefits being realised in FY2014 (total FY2013 restructuring costs will be \$9 – \$10 million)
- International Development continues to perform in line with H1 outcomes and Coffey expects its FY2013 EBITDA to be \$16 – \$17 million
- No final dividend for FY2013

### Impact on full year results driven by Australian Geosciences

The softening market conditions have impacted the Australian Geosciences and Project Management businesses. Although our offshore Geosciences businesses are similarly exposed to lower commodity prices, the cost pressures on offshore projects are less pronounced. Some regions such as Christchurch, Calgary and Toronto remain buoyant.

We began seeing the impact of these project delays on our Geosciences revenue in Q3 FY2013. Geosciences fee revenues for the March quarter of \$59.5 million were 4% lower than the previous corresponding quarter, which was not a strong quarter.

Geosciences Fee Revenue by Sector



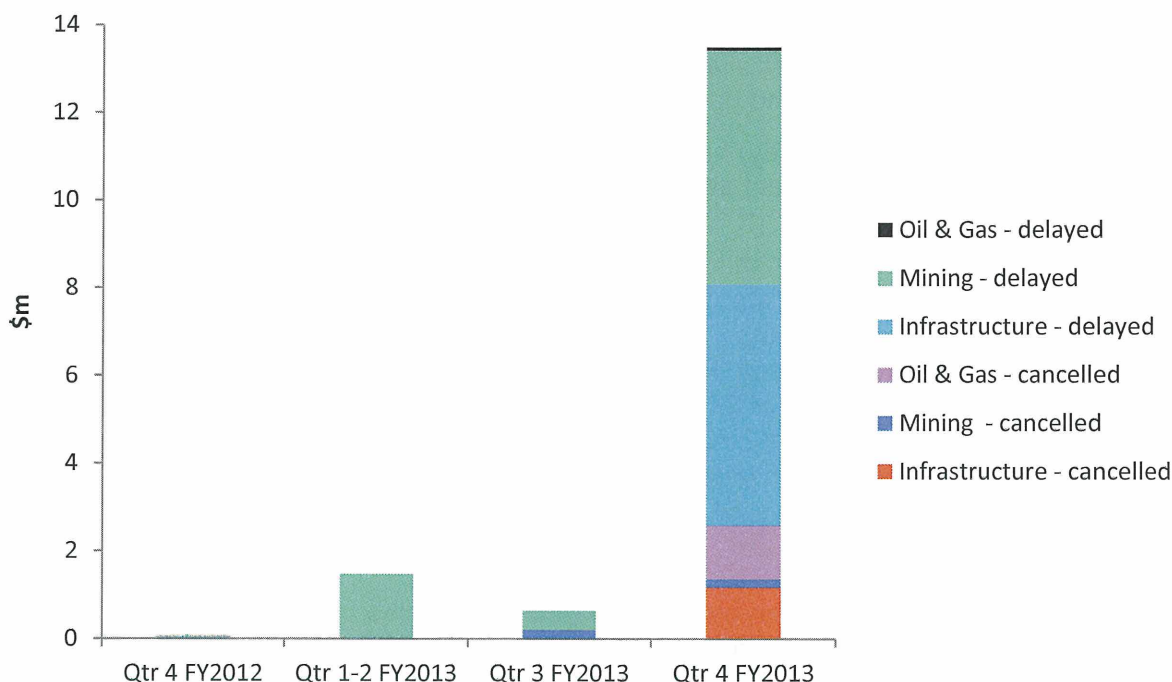
<sup>1</sup> EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation

<sup>2</sup> Underlying EBITDA – EBITDA before restructuring costs

As illustrated in the chart below, a significantly higher number of Geosciences projects have been delayed or to a lesser extent cancelled in the current quarter compared with the year to 31 March 2013. These delays were initially mostly in the mining sector, and are now across a range of sectors including infrastructure and oil and gas.

In the past 6 weeks, 54 contracted Geosciences projects have been delayed or cancelled.

**Geosciences Contracted Projects Delayed or Cancelled  
(Coffey Fee Revenue - cumulative value)**



The outlook for our International Development business is unchanged. The business continues to deliver steady revenue streams and consistent margins. As such, we anticipate the full year EBITDA for this business will be between \$16 – \$17 million.

**Management responsive to the market conditions**

While our strategy is unchanged, we have had to respond to deteriorating Australian market conditions and resultant project delays. Regrettably, approximately 150 redundancies across the Australian Geosciences and Projects businesses and associated overhead structure are being implemented. Further cost savings will be achieved by consolidating some Australian offices. These actions will realign the cost base of the Australian Geosciences and Projects businesses to the anticipated revenue line, and will provide a reduction in overhead costs moving forward.

Positively, we have already and continue to redeploy specialist skills and senior talent into growth markets overseas and in regional Australia. This has meant capabilities are being retained within the business and has resulted in improved local utilisation and immediate benefits for our clients in those markets. Additionally, a number of employees are moving to more flexible employment arrangements.

The total cost of this additional restructuring will be \$7 – \$8 million in Q4 FY2013, which results in full year restructuring costs of \$9 – \$10 million. There will be a cash flow impact from the restructuring costs this financial year, with the benefits expected to be realised next financial year.



**Ongoing commitment to debt reduction**

We now anticipate Coffey's Underlying EBITDA for FY2013 will be between \$27 – \$29 million. Reported FY2013 EBITDA is expected to be \$18 – \$19 million, following total restructure costs for the year of \$9 – \$10 million.

Continuing to reduce our debt and increase our financial stability remain key priorities of our strategy. However, given the cash flow impact from the restructuring costs this financial year, and the deteriorating economic conditions in Australia, a final dividend for FY2013 will not be paid.

**Future trading updates**

Coffey will announce its 2013 full year results on 12 August 2013. In addition to our scheduled results updates, we will provide an update on Q1 trading conditions at the AGM and a trading update in early May 2014 following finalisation of our March and April internal management accounts.

**Investor Briefing**

Mr John Douglas, Managing Director, will hold an investor briefing at 10:00am AEDT on Monday 13 May 2013. To participate in this briefing please contact Christine Bowen.

**Ends.**

**For further information contact:****Investor contacts:**

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**About Coffey International Limited**

Every Coffey relationship is built on trust.

Whether it's in geosciences, project management or international development. Trust that's hard-earned through our proven expertise, our depth of global experience and our commitment to stay one step ahead.

Our united group of specialists – many of whom number among the best in the world – 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.

Coffey is listed on the Australian Securities Exchange (ASX: COF). Visit [coffey.com](http://coffey.com)