

26 AUGUST 2015

2015 FULL YEAR FINANCIAL RESULTS

Key Points

- **Sales Revenue \$765.8 million (down 7%)**
- **EBITDA^{1 2} \$114.7 million* (down 34%)**
- **EBIT^{1 2} \$37.2 million* (down 50%)**
- **Operating Profit^{1 3} before tax \$2.1 million* (down 94%)**
- **Statutory loss² after tax and impairment charges \$175.6 million**

Diversified mining services company Ausdrill Limited (**ASX: ASL**) has reported an operating profit before tax of \$2.1 million on revenue of \$765.8 million for the year ending 30 June 2015. The statutory loss after tax of \$175.6 million is due to impairment charges totalling \$202.8 million.

Falling commodity prices have impacted on the Group's sales revenue over the past 12 months, resulting in reduced levels of activity in several key sectors where Ausdrill delivers services. The lower commodity prices have also led to many mining companies seeking to reduce their costs by deferring expenditure.

Ausdrill Managing Director Ron Sayers said: "The past year has not been without its challenges for the Group and indeed the entire mining services sector. We have seen a continuation of the slowdown across the mining industry in both our key markets of Australia and Africa."

"That being said, during the past year we have built on our relationships with a number of key global mining clients, winning several major new contracts and extending our reach into new markets including Papua New Guinea."

"Very importantly, the financial position of the Group remains strong with increased cash reserves of \$77.9 million and secured debt reduced by \$100.1 million to \$47.9 million. Since the year end the secured debt has further reduced to \$27 million."

Ausdrill continues to focus on the production phase of the mining cycle, with long-term contracts in place with major clients. These factors have assisted in minimising the impact of the slow-down in the sector.

Given the current operating conditions, the Board has not declared a final dividend for FY15.

*** Figures exclude the effects of any significant items**

**BRINGING MORE
TO MINING**

Financial Performance

\$ million	12 months to June 2014	12 months to June 2015	% change from previous corresponding period
Sales Revenue	826.3	765.8	(7.3)
EBITDA*	173.7	114.7	(34.0)
EBIT*	74.5	37.2	(50.0)
Operating Profit before tax*	34.4	2.1	(93.9)
Profit/(Loss) after tax and after impairment	(43.9)	(175.6)	
Basic Earnings Per Share (cps)	(13.6)	(56.2)	
Dividends (paid and declared) (cps)	4.5	1.0	

Sales revenue for the Group decreased by 7.3% or \$60.5 million. The reduction in activities was across all segments of the business and generally due to a reaction by mining companies seeking to reduce costs by reducing mining volumes and deferring expenditure as much as possible in response to lower commodity prices.

Sales revenue excludes Ausdrill's 50% share of revenue generated by the AUMS joint ventures being \$110.1 million (2014: \$136.8 million).

EBITDA* decreased from \$173.7 million to \$114.7 million for the year ended 30 June 2015 and the EBITDA* margin (excluding equity accounted profits) decreased from 20.8% to 13.3%. The EBITDA* margin has been impacted by the underperformance of the waterwell and energy drilling operations as well as the equipment hire and parts businesses. The equity accounted profits from joint ventures increased from \$1.4 million in 2014 to \$13 million.

EBIT* decreased from \$74.5 million to \$37.2 million for the year ended 30 June 2015 and the EBIT* margin (excluding equity accounted profits) has decreased from 8.8% to 3.2%, which reflects the impact of under-performing operations.

Operating profit before tax* decreased from \$34.4 million to \$2.1 million for the year ended 30 June 2015. The lower profits result from the lower margins experienced this year.

Operating cash flow for the year reduced to \$117.9 million from \$142.1 million in 2014. The EBITDA* conversion ratio remained strong due to a continued focus on reduction in working capital. The financial position of the Group is at expected levels with a gearing ratio (net debt to net debt plus equity) of 39.5%, cash of \$77 million, and interest cover (EBITDA*/Net Cash Interest) of 3.7 times. The Group's net tangible asset position has decreased from \$2.37 per share to \$1.77 per share.

*** Figures exclude the effects of any significant items**

Outlook³

The Group is maintaining its strategy of providing a complete mining service solution to the mining industry. The mining industry continues to experience a period of uncertainty in relation to future levels of demand and prices for commodities. The mining services industry is facing a period of intense competition due to an oversupply of service providers and equipment.

In response to these market conditions, Ausdrill has established an Executive Committee that is mandated to improve the Ausdrill business and deliver value to all stakeholders across a number of initiatives, including:

- Strong focus on safety with the roll out of “**One Safe - All Safe**” initiative across the Group
- Continuing to focus on repaying secured debt, which was reduced by \$100.1 million during FY2015
- Efficiency gains of \$45 million per annum over three years with \$24 million per annum already identified over the next two years in the following areas:
 - Strategic Sourcing Program
 - Business Consolidations
- Reviewing working capital, particularly inventory levels, to ensure that it is commensurate with current levels of activity
- Restricting capital expenditure to replacement needs or identified growth opportunities

Ausdrill is of the view that provided there is not a significant fall in commodity prices from current levels, the mining downturn may have bottomed out or be close to the bottom. However, it anticipates that any recovery will be slow with challenging market conditions continuing in FY2016. The gold price currently favours the Australian mining industry and provides a platform for an increased level of activity in the near term.

The outlook for the resources industry is expected to improve over the medium term in both Australia and Africa where Ausdrill has a long established presence and local know-how and, as a consequence, Ausdrill remains very well placed for a recovery.

About Ausdrill

Ausdrill (ASX: ASL) is a diversified mining services company. Since its formation in Kalgoorlie in 1987, Ausdrill has grown significantly and now has operations across Australia, Africa and the United Kingdom. Ausdrill is a leader in providing services in contract mining, grade control, drill & blast, exploration, mineral analysis, procurement & logistics and manufacturing. The Ausdrill Group employs over 4,000 staff worldwide.

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Notes

1. Non-IFRS Financial Information

- “Operating profit” is profit /(loss) before significant items
- “EBITDA” is “Earnings before interest, tax, depreciation and amortisation, and significant items”
- “EBIT” is “earnings before interest and tax and significant items”

These terms are non-IFRS financial measures which Ausdrill uses in managing its business. They have been included to provide additional insight and understanding of business performance for users of this information. When reviewing business performance these non-IFRS financial measures should be used in addition to and not as a substitute for IFRS financial information provided. These non-IFRS financial measures do not have a standard definition under IFRS and may be calculated differently by different companies.

2. Statutory profit / (loss) is profit / (loss) after tax.

3. Disclaimer for Forward Looking Statements

This release includes forward looking statements concerning projected earnings, revenue, growth, outlook or other matters for the financial year ending 30 June 2016 or beyond. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words and include statements regarding certain plans, strategies and objectives of management, trends and outlook. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Ausdrill’s actual results, performance and achievements or industry results to differ materially from any future results, performance or achievements, or industry results, expressed or implied by these forward-looking statements.

Forward-looking statements are based upon management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect Ausdrill’s business and operations in the future. Ausdrill cannot give any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that Ausdrill’s business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond its control. Any forward-looking statements contained in this release speak only as of the date of this release. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, Ausdrill disclaims any obligation or undertaking to publicly update or revise any forward-looking statement contained in this release or to reflect any change in management’s expectations with regard thereto after the date hereof of any change in events, conditions or circumstances on which any such statement is based. No representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or prospects referred to in this release.