



# Ausenco Limited

## Equity Raising Presentation Placement and Share Purchase Plan

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Chief Executive Officer

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# Executive summary



## **Institutional Placement and Share Purchase Plan**

- Support growth and diversification strategy
- Provide financial flexibility

### **Institutional Placement**

- Institutional Placement to raise \$40.5 million
- Priced at \$3.20 per share, representing a 13.5% discount to last closing price and 9.1% discount to 5 day VWAP
- Trading halt – 28 May 2009

### **Share Purchase Plan (“SPP”)**

- Open to Eligible Shareholders registered on record date of 4 June 2009
- Priced at lower of Institutional Placement price of \$3.20 per share or 5% discount to the 5 day VWAP prior to the close of the SPP
- Up to \$15,000 per eligible shareholder

### **Management support**

- CEO Zimi Meka intends to participate in the capital raising
- Directors and senior management participated in recent DRP
- Directors and senior management intend to support Share Purchase Plan
- EGM to be held in July 2009 to approve shares to be issued to Directors

# Growth, diversity and strength



## Capital raising will position Ausenco strongly for the future

### Sustainable Growth

- **Supports sustainable growth strategy**
  - Provides liquidity for contract growth as pipeline converts
  - Provides working capital to leverage upcoming projects and new markets
  - Improves capital flexibility, including contract bonding capacity

### Enhancing Diversity

- **Enhances diversification and growth opportunities**
  - Positions Ausenco for strategic, accretive acquisition opportunities
    - Supports diversification and cyclical resilience strategy
  - Provides further differentiation from peers on the basis of a strong balance sheet

### Financial Strength

- **Strengthens the balance sheet for maximum financial flexibility**
  - Ensures prudent approach in uncertain economic environment
  - Reduces pro forma 2008 gearing from 26.8% to approximately 10.9%

# Investment highlights: Diversified business



- Successful execution of growth and diversification strategy
  - Sector, geographic, service and client diversity
  - Increased revenue opportunities through group cross-selling and collaboration
- Diversified business model
  - Counter-cyclical revenue streams, e.g. landfill and water treatment management
  - Broad, stable client base – global and mid-cap organisations
  - Diversified earnings base means well positioned in current market

# Investment highlights: Industry leader



- Well established client relationships
  - Significant recurring baseline work
  - Extend over many years through study and project development phases
- Reputation for successful delivery of complex and logistically challenging projects
- Industry expertise and reputation
  - 18 year track record
  - World leaders in pipeline systems – 85% slurry pipeline market
  - Worked in more than 33 countries
  - Completed over 400 major ports and terminals and 5,000 transport projects
  - Constructed multiple precious and base metal processing plants in Asia

# Investment highlights: Robust outlook



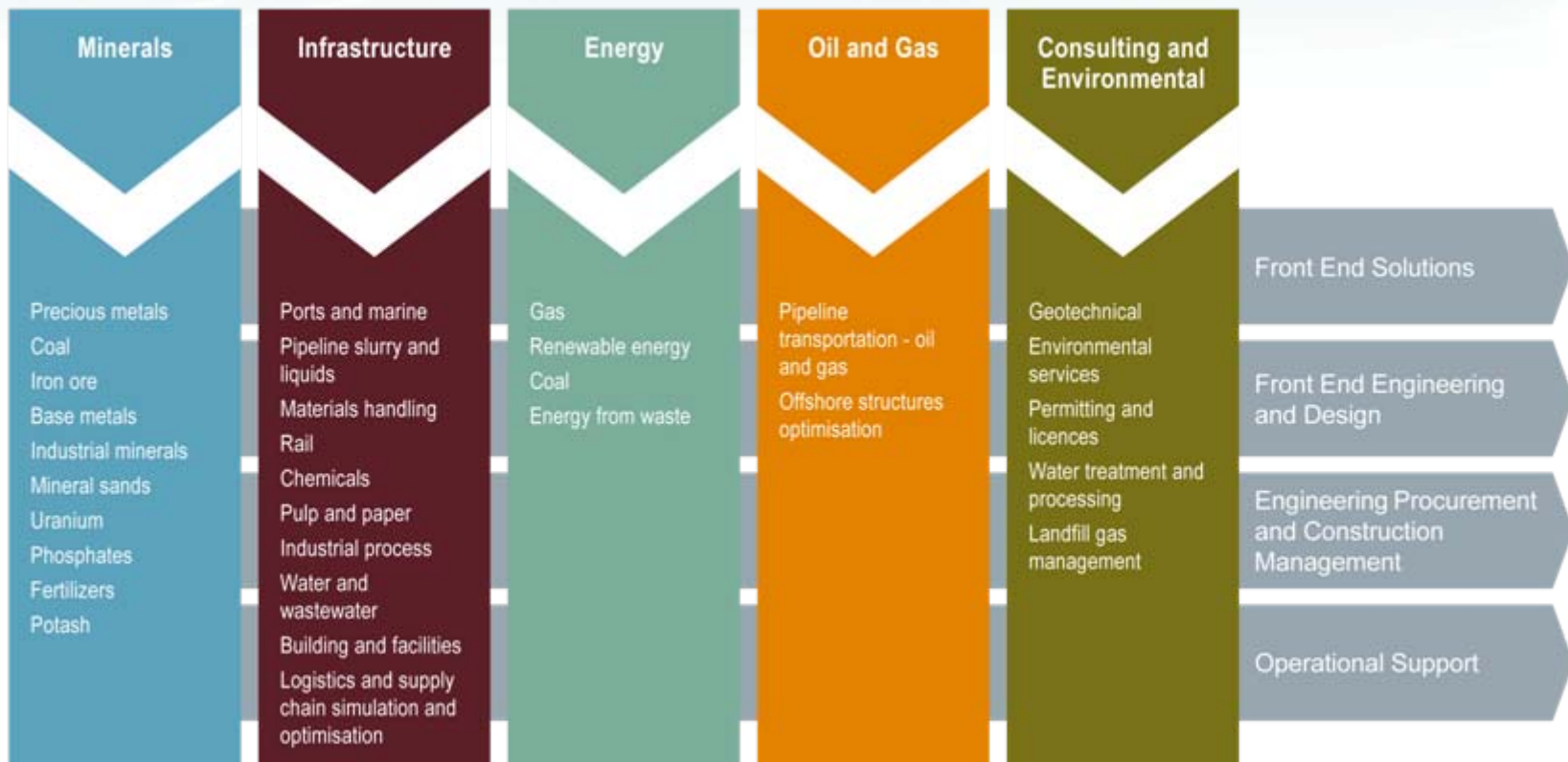
- Large underlying contract potential more than US\$20 billion
  - Positioned to capitalise on future resource and energy client capex spend
  - Historically 60% study to project conversion rate
  - 65% of 2009 forecast revenue already secured
  - Historically highest level of tender activity
- Positioned to take advantage of global stimulus plan expenditure – infrastructure, climate change and energy
- Long term industry fundamentals
  - Key growth sectors of infrastructure, energy and oil and gas expected to remain attractive

# Strong fundamentals

- Cross selling and collaboration opportunities
- Multi-disciplinary expertise in all regions
- Local presence in key markets
- Sector, geography, commodity, client and service diversification
  - Sector diversity delivers access to larger projects, US\$500 million plus
  - More than one-third revenue from infrastructure
  - Counter-cyclical revenue streams e.g. landfill and water treatment management
  - New commodities and sectors – iron ore, coal, energy, oil and gas
  - Full range of project lifecycle services
- Long-term client relationships
  - Repeat work
  - Study to project conversion, e.g. Gosowong extension
- Stable, experienced leadership
  - Clear growth strategy and vision

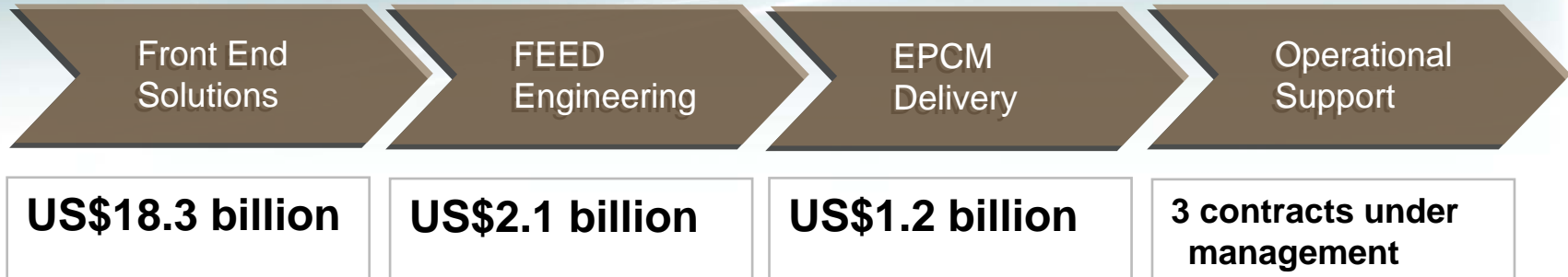
# Sector diversification: Delivering client solutions

***“Ausenco is a leader in engineering, project management and operation management solutions for the global resources and energy industries”***



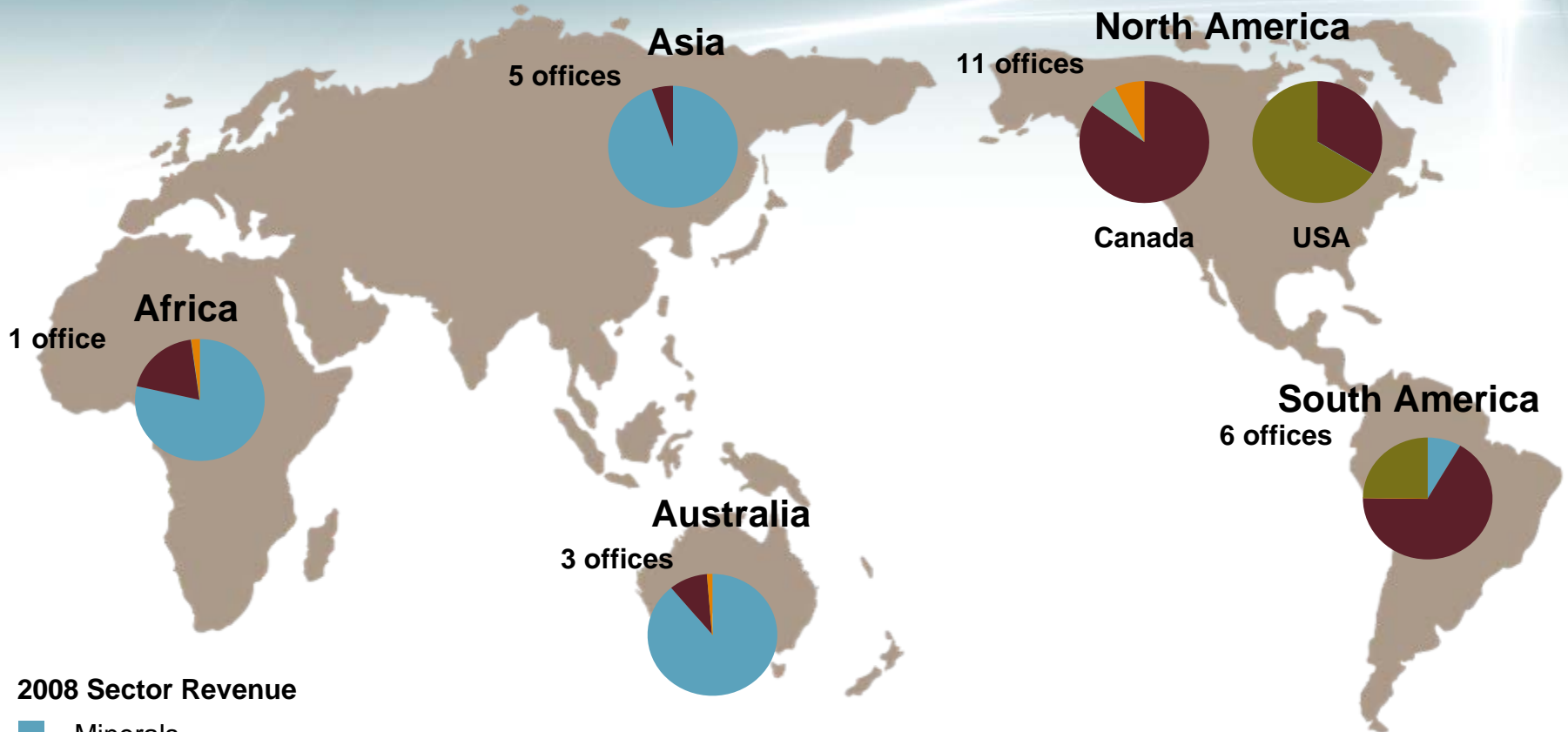
***Strength through diversity – stable and diversified earnings base***

# Lifecycle services drive deep pipeline



- Project wins continue
  - Gosowong, Cadia East, Los Bronces, Bahia Mineracao, Samarco
- Working on over US\$20 billion in study / FEED projects
  - US\$5.1 billion of current study / FEED work anticipated to convert in 2009
  - Entry point to deliver EPCM solutions
- Strong and deep project pipeline
- Greater proportion of study and detailed engineering revenue
- Early involvement in projects positions Ausenco for growth

# Global and sector expertise



## 2008 Sector Revenue

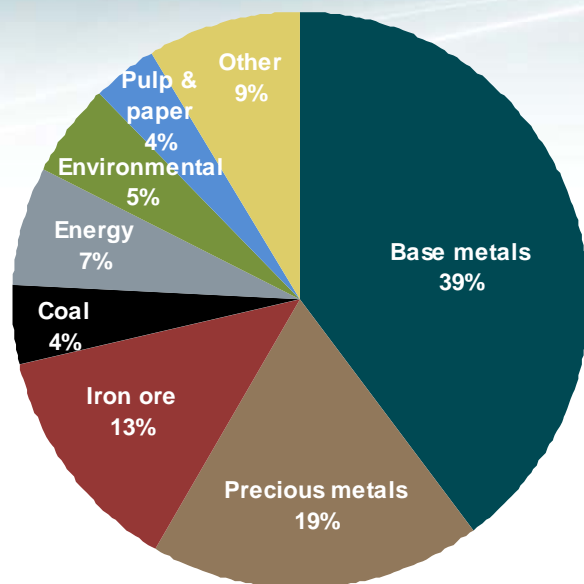
- Minerals
- Infrastructure
- Energy
- Oil and Gas
- Consulting and Environmental

**Operating from 26 offices in 13 countries**

# Strategic evolution: Diversification delivers resilience

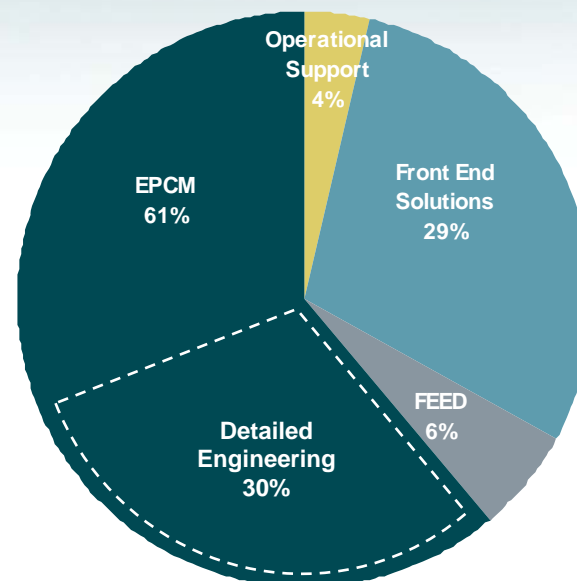


2008 Commodity diversity



Other includes uranium, aluminium, chemicals and renewable energy

2008 Services Revenue - by phase

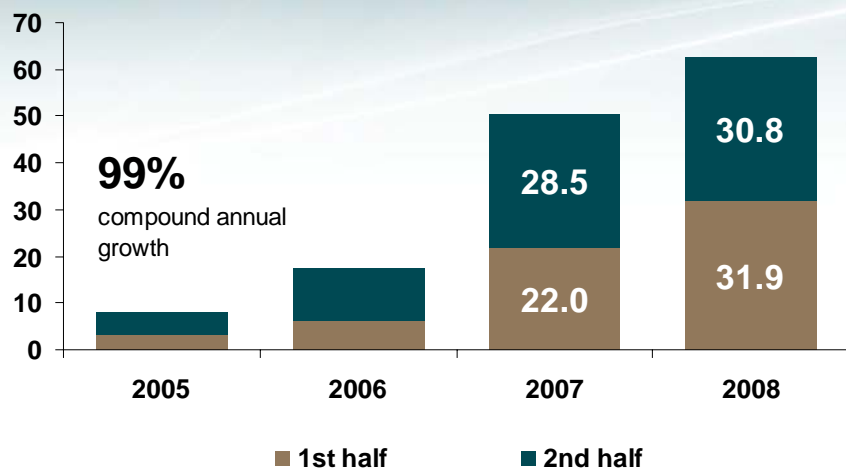


- Increased commodity diversification
  - Coal, iron ore, base metals, precious metals, industrial minerals and agricultural sources
- Growth in energy and oil and gas projects
- Client diversity
  - Global organisations and mid-caps

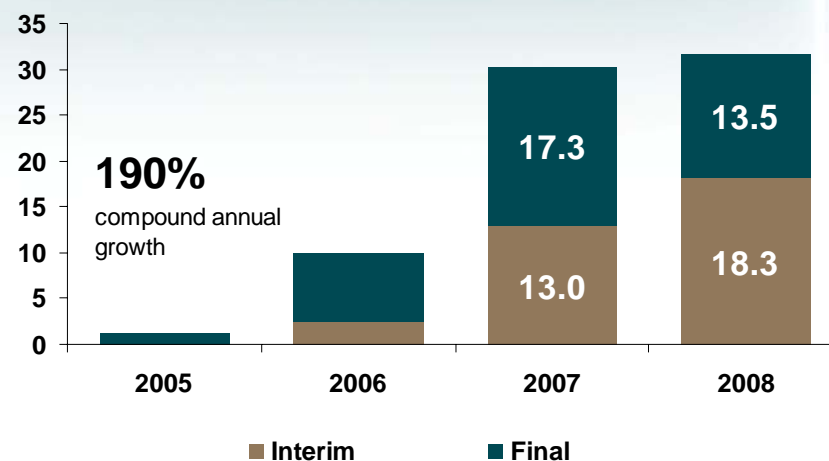
# Increasing earnings and dividend return



Earnings per share (cps)



Dividends per share (cps)



- Record result in 2008 - NPAT \$56.3m, up 35.6%
- 62.7 cents earnings per share, up 24.3%
- Increased amortisation, depreciation and financing costs associated with acquisitions

- Full year total dividend up 5% to 31.75 cps
- 2008 final dividend fully franked (interim 60% franked)
- Implemented Dividend Reinvestment Plan (DRP) at 2.5% discount

# Ausenco outlook and 2009 guidance



## Outlook

- Clients deferring capital commitments and taking longer to make decisions
- Signs of confidence emerging, despite challenging market
- Increased level of tendering activities
- Clients focussed on optimising assets and investing more time and money in front end study work
- Cancelled and deferred projects being re-visited by project sponsors
- Newcrest's Gosowong and Cadia East project contract awards highlight continued activity
- Growth from EPCM conversions and new project planning, optimisation and delivery solutions for 2010
- Stronger and deeper project pipeline exceeding US\$20 billion
- Ausenco strongly positioned – diversified business model, strong client relationships and early project involvement

## 2009 guidance

- Sales revenue between \$475 and \$525 million
- NPAT between \$40 and 43 million

# Sustainable growth initiatives



- Strategic initiatives in energy and oil and gas diversification underway
- Group collaboration and cross selling delivering diversification across all businesses and regions
- Marubeni alliance, BOO/BOOT port, pipeline and plant infrastructure development opportunities
- Positioned to take advantage of regional infrastructure developments
- Cost synergies identified and implemented
- Successful progress towards common systems
- Climate change initiatives presenting opportunities

# Offer details



## **Institutional Placement**

- 12.6 million shares at \$3.20 per share to raise approximately \$40.5 million
- Represents approximately 13.6% of existing shares on issue
- Offer price of \$3.20 per share represents a 13.5% discount to last closing price on 27 May 2009 and 9.1% discount to the 5 day VWAP
- New shares will rank equally with existing shares
- The Placement is being managed by Deutsche Bank and ABN AMRO Morgans

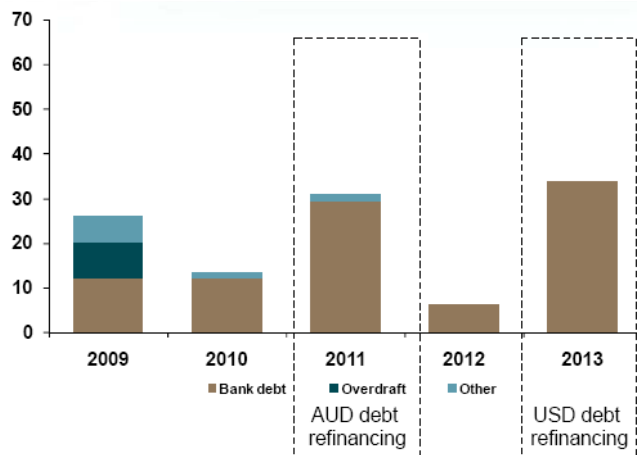
## **Share Purchase Plan**

- Offer price at the lower of Institutional Placement price of \$3.20 per share or 5% discount to the 5 day VWAP prior to the close of the SPP
- Record date of 4 June 2009
- Eligible shareholders in Australia and New Zealand have the opportunity to subscribe for up to \$15,000 worth of Ausenco shares per shareholder
- No brokerage or transaction costs
- New shares will rank equally with existing shares

# Impact of capital raising

- 2008 Pro forma for the \$40.5 million Institutional Placement
  - Cash balance of \$85.9 million<sup>1</sup> and net debt of \$27.0 million
  - Net gearing ratio<sup>2</sup> expected to fall from 26.8% to 10.9%
  - Further de-leveraging through SPP
- Proceeds from the capital raising provide financial flexibility for bonding, acquisitions and/or debt maturity
- Through the application of the funds raised in the Institutional Placement, Ausenco will further increase headroom under existing credit facilities to pursue strategic opportunities as they arise

## Debt maturity profile (\$'M) – 31 Dec 08



## Liquidity summary – 31 Dec 08

\$'M

Total facilities	230.3
Less cash facilities utilised	(103.3)
Less non cash facilities utilised	(52.3)
<b>Available facilities</b>	<b>74.7</b>
Cash <sup>1</sup>	85.9
Net debt <sup>1</sup>	27.0
<b>Total cash / funding facilities available</b>	<b>160.6</b>

1. 2008 Pro forma adjusted for raising from Institutional Placement

2. Net Debt / Net Debt + Equity

# 2008 Pro forma statement of financial position



A\$M

Funding Source	31 December 2008	Placement	Pro forma
<b>Assets</b>			
Cash and cash equivalents	46.4	39.5 <sup>1</sup>	85.9
Other current assets	171.2		171.2
Non-current assets	246.1		246.1
<b>Total Assets</b>	<b>463.7</b>		<b>503.2</b>
<b>Liabilities</b>			
Interest bearing debt	112.9		112.9
Other liabilities	168.9		168.9
<b>Total liabilities</b>	<b>281.8</b>		<b>281.8</b>
<b>Equity</b>			
Issued capital	106.5	39.5 <sup>1</sup>	146.0
Retained Earnings	69.4		69.4
Other	6.0		6.0
<b>Total Equity</b>	<b>181.9</b>		<b>221.4</b>
Net debt	66.5		<b>27.0</b>
Gearing (Net debt / Equity)	26.8%		<b>10.9%</b>

1. Placement proceeds assumes proceeds from the Institutional Placement of \$40.5 million less assumed transaction costs of \$1.0 million and assuming no proceeds from the SPP

# Timetable



## Key dates – Placement

Trading halt and announcement	28 May 2009
Institutional bookbuild opens	28 May 2009 at 10:30am (AEST)
Institutional bookbuild closes	28 May 2009 at 4:00pm (AEST)
Placement details announced and shares recommence trading	29 May 2009
Institutional settlement	3 June 2009
Allotment of placement shares	4 June 2009

## Key dates – Share Purchase Plan

Record date for determining entitlement to SPP	4 June 2009 at 7:00pm (AEST)
SPP offer despatched to eligible shareholders	9 June 2009
SPP offer opens	10 June 2009
SPP pricing period	24 June – 30 June 2009
SPP offer closes	30 June 2009
Despatch of holding statements	10 July 2009

\* Note: dates and times subject to change

# Key investment risks



## Industry and commodity cycles

- Ausenco's financial performance is impacted by the level of activity in the global resource and energy industry. Activity levels are impacted by factors beyond Ausenco's control such as the demand for and prices of commodities, as well as the pace of industry growth
- Ausenco's diversified business model and client base will assist in supporting the company through such commodity cycles

## Contract deferrals and early contract terminations

- Ausenco's revenue is derived from substantial contracts which may be delayed, terminated or incur unforeseen costs in performance which may not be recoverable
- Ausenco's order book and profit guidance is based on contracts underway and those expected to be won over the balance of the year. In the event material contracts are terminated, scope revisions are made or contracts expected to be won do not transpire, this may have an adverse impact on Ausenco's financial performance

## Failure to win new contracts

- Ausenco's performance is impacted by its ability to win and complete new contracts. There is no guarantee that Ausenco can maintain or grow the volume of its projects and its project pipeline going forward

## Debt servicing and refinancing risks

- Ausenco has finance facilities (detailed in slide 16) that need to be renewed or refinanced on or before various maturity dates. Depending on its financial performance, there is a risk that Ausenco will be unable to meet covenants under these facilities or otherwise service them. If Ausenco is unable to refinance existing facilities or secure new facilities on acceptable terms, this funding may need to be provided through the cash flows of the business or from shareholder equity
- Proceeds from the capital raising provide flexibility to substantially cover all debt maturities up to and inclusive of 2011

## Operational risks

- Ausenco depends on the talent and experience of its personnel as its primary asset. Ausenco's ability to attract and retain personnel will have a direct correlation upon its ability to resource growth in new projects, deliver its project commitments and achieve forecast revenues
- Ausenco's long term viability is also dependant upon its continued ability to operate efficiently, with minimal operational failures or accidents and maintain margins. Any cost overruns, unfavourable contract outcomes, serious or continued operational failure or safety incident has the potential to have an adverse financial impact

## Asset impairment

- In the event the market value of Ausenco's goodwill or property, plant and equipment is lower than the carrying value of these assets, Ausenco may be required to write these assets down to market value, which may have an adverse impact on the Company's profitability

## General market risk

- The value of Ausenco shares, including those new shares issued under this Offer, may fluctuate. In recent times, the extent of this volatility in Ausenco shares and the wider market has been significant. Investors should carefully consider this risk before making any investment in Ausenco shares

## Claims, liability and litigation

- Ausenco is potentially subject to warranty claims which may expose it to re-performance or additional costs. Ausenco may have disputes with counterparties in respect of contracts, or may be exposed to client or environmental, occupational health and safety or other claims. Ausenco may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance or at all. Such payments may have an adverse impact on Ausenco's profitability and/or financial position

Thank you

