



5 March 2008

ASX/MEDIA RELEASE

Ausenco makes new acquisitions and expands its global services and markets

Global engineering services group, Ausenco (ASX:AAX), has significantly expanded its global services offerings and markets with the acquisition of two resources industry engineering companies Sandwell International Inc. and Vector Engineering Inc., for A\$117 million.

Sandwell and Vector are the world leaders in their sectors. Sandwell specialises in engineering of ports and bulk materials handling systems, energy and industrial process sectors for the mining and oil and gas industries while Vector Engineering specialises in geotechnical, civil, environmental and water resource services.

Ausenco's Chief Executive Officer, Mr Zimi Meka, said that Sandwell and Vector, together with the recently announced PSI acquisition, increased Ausenco's geographic coverage and provided it with a greatly expanded range of services that it could offer to the resources industry.

"The acquisitions are strongly earnings per share accretive from year one before synergies are taken into account and bring new growth opportunities for the Ausenco Group of Companies," said Mr Meka.

"These acquisitions position Ausenco as a 'total solution provider' to the global resources industry, providing a full range of infrastructure and engineering services from early environmental and geotechnical studies through 'pit to port' infrastructure, plant operation and mine closure," he said.

Ausenco's minerals business operations will expand to include mine site infrastructure, environmental services, ports and marine infrastructure, bulk materials handling and minerals consulting. Ausenco's commodity expertise will significantly expand in the iron ore and coal sectors enabling the company to take advantage of the many opportunities arising in this area in Australia, Africa and South America.

Sandwell International Inc

Sandwell's upfront acquisition price is C\$77 million (A\$84 million) with an additional deferred payment of C\$5 million (A\$6 million) payable in March 2009, subject to Sandwell achieving 2008 earnings targets. Completed on and with effect from 4 March 2008 the upfront payment represents a multiple of 8.5 times pro forma 2007 EBIT for the 12 months ended 31 December 2007 (excluding assumed balance sheet liabilities).

Sandwell is a world leader in the engineering of ports and bulk materials handling systems for the mining and petroleum industries. It is a leading EPCM provider servicing the global transportation, energy and manufacturing industries. Sandwell has designed more than 400 major terminals throughout the world. The company has been in operation for more than 50 years and employs more than 650 people through its network of offices in Canada, Brazil, Peru, Australia, India and the US.

“This is a unique opportunity for Ausenco to enter the high growth global ports and infrastructure market – a strategically crucial link in the supply chain for long-term global economic growth,” said Mr Meka.

“This acquisition enhances Ausenco’s ability to win and execute much larger projects in the resources sector and adds world class capability in the ports and marine infrastructure sector. The ports services industry is a \$50 to \$55 billion global business that is expected to grow to \$75 to \$80 billion in 2009.

“Sandwell gives Ausenco a huge footprint in the rapidly growing South American ports and infrastructure sector and strengthens the platform for Ausenco to grow in the lucrative North American market.”

In addition, Sandwell has world class expertise in the area of renewable energy systems and industrial process design. This will allow Ausenco to extend its’ range of services in other industry sectors and geographic areas.

Mr Meka said the Sandwell management team would remain in place to ensure the continuity of its existing business and to look for specific business opportunities where a combined response was appropriate.

Sandwell President and Chief Executive Officer, Mr Alan Pyatt, said Sandwell had a strong following of well-known domestic and international clients and, with the additional strength and reach provided by Ausenco, would be in an even better position to serve its clients and provide interesting and challenging opportunities for its employees.

Vector Engineering Inc

Ausenco will acquire the Vector business for an initial payment of US\$31 million (A\$34 million), which represents a multiple of 7.9 times pro-forma forecast EBIT for the 12 months ending 31 March 2008. Effective from 1 April 2008, completion is expected by mid May 2008.

The Vector Engineering group is regarded as one of the world’s leading consultants in the water and environmental services market with specific capabilities in the solid waste, energy and oil and gas sectors.

“This is a strategic acquisition for Ausenco which enables early project entry, particularly through its specialist engineering and environmental services, well before other EPCM firms,” said Mr Meka,

“This acquisition will also extend Ausenco’s position as a global services provider to the mining industry and will materially enhance the group’s mining and minerals engineering services with diversification into the environmental, energy and oil and gas sectors. We were also attracted by Vector’s strong foothold in the rapidly growing environmental business of landfills which provide decades of continuous revenue. This acquisition will enhance our ability to support clients across all our industry sectors in the areas of water and environmental services,” he said.

Vector is a world leader in the design and construction of heap leach (over 80% market share in South America) and tailings storage projects with Anglo American, BHP Billiton, Codelco, Phelps Dodge, Rio Tinto, Vale and Xstrata as clients.

In the energy and oil and gas sectors, Vector is currently working on the largest US nuclear power generating facility and the largest gas pipeline project in Argentina.

Vector’s President, Mr Mark Smith, would continue to be responsible for Vector’s global operations and key Vector senior management have committed to remain with Ausenco for a period of at least three years, said Mr Meka.

Mr Smith said Vector’s acquisition provided an excellent opportunity for the company to take advantage of Ausenco’s financial strength and to grow both geographically and by providing additional services to its clients.

“We also believe it will provide all Vector employees with a broader and deeper range of career and professional development opportunities across the mineral resources industry,” he said.

Funding

The acquisitions will be financed through a combination of cash and shares. The cash component will be funded through an institutional placement, a Share Purchase Plan and existing cash resources.

A placement of US\$4 million of shares will be made to the vendors. The institutional bookbuild conducted on 4 March 2008 raised A\$56 million at a price of A\$12.30 per share. All eligible Australian resident shareholders registered at the close of business on Friday 7 March 2008 will be invited to participate in the Share Purchase Plan and purchase up to A\$5,000 of ordinary shares at the final price of the Institutional Placement of A\$12.30. The Share Purchase Plan could result in Ausenco raising a further A\$20 million.

The balance of the acquisition cost will be funded from existing cash resources, including A\$45 million debt funding, as part of the group’s A\$135 million acquisition banking facilities.

Sources of funds	A\$M	Uses of funds	A\$M
Institutional Placement	56		
Shares issued to vendors	4	Vector	33
Cash / Debt / SPP	57	Sandwell	84
Total	117	Total	117

1. Pricing of vendor issued shares is based on pricing of 10 day VWAP prior to SPA being executed
2. The total purchase price above excludes:
 1. payment of any deferred payments for Sandwell, and
 2. All underwriting, advisory and professional costs associated with the acquisitions.
3. The Institutional Placement price was A\$12.30.
4. The SPP is not underwritten and will have an issue price of A\$12.30.

Ausenco moving forward

Mr Meka said making the two recent acquisitions was a logical move for Ausenco. It broadened the company’s geographic presence and leveraged its engineering and project management services into new markets and new locations around the world.

Ausenco’s global footprint will increase significantly in the growth markets of North and South America. New offices will be added in Vancouver, Montreal, Toronto, Calgary, Grass Valley, Atlanta and Houston, as well as in Brazil, Argentina, Chile, Peru, India and Colombia.

The group will operate from 26 office locations in 13 countries with over 2,500 personnel.

“The acquisitions of Sandwell and Vector advance Ausenco’s strategy of moving to become a total services provider offering an expanded range of engineering related services to the resources industry. I am particularly pleased with the cultural fit, common shared values and high commitment to health and safety initiatives at all organisations. This will assist in ensuring a smooth and seamless transition over the coming months,” said Mr Meka.

With the workforce spread relatively evenly between the company’s three key markets in Australia and Asia, North America and South America; revenue by region will now be spread between Asia with 33%, North America with 27% and South America with 11%. Revenue by service will be now spread between Ausenco Minerals with 59%, process infrastructure with 34%, and environmental and resource consulting with 7%.

“The three acquisitions immediately enhance earnings per share by at least 15% relative to our 2007 earnings and we are confident that these new acquisitions will deliver strong earnings growth as we embark on the next stage of the company’s expansion,” said Mr Meka.

	Ausenco	PSI	Acquisitions	Post-acq'n
	CY07 Actual	CY07 Pro forma	Total ^{1,2}	Pro-forma Total
Revenue (A\$m)	368.3	46.1	132.5	546.9
EBITDA (A\$m)	51.9	6.3	16.1	74.3
<i>EBITDA margin (%)</i>	14.1%	13.7%	12.2%	13.6%
EBIT (A\$m)	48.8	6.1	14.6	69.5
<i>EBIT margin (%)</i>	13.3%	13.2%	11.0%	12.7%
Personnel	1,010	450	1,050	2,510

Note

1. PSI and Vector financials for 12 months to 31 December 2007 converted from USD to AUD at rate of 0.84

2. Sandwell financials for 12 months to 31 December 2007 converted from CAD to AUD at rate of 0.90

Equity funding timetable

The following timetable applies to the institutional placement and share purchase plan:

Event	Date
SPP record date	Friday 7 March 2008
SPP letter sent to shareholders	Tuesday 11 March 2008
Institutional settlement	Tuesday 11 March 2008
Allotment of placement shares	Wednesday 12 March 2008
SPP closes	Friday 4 April 2008

ENDS

For further information contact:

Zimi Meka
Chief Executive Officer
Ph: (07) 3112 8200

Craig Allen
Chief Financial Officer
Ph: (07) 3112 8200

About Ausenco Limited

Ausenco is a leading process engineering and project management services provider to the minerals and resource industries. Within the key resource industries Ausenco’s global specialist expertise delivers innovative solutions for its clients across the full project lifecycle, from preliminary scoping studies, through innovative engineering to project operation.

Focused on delivering on its purpose and strategic growth initiatives, Ausenco is working to build upon its key minerals industry experience through project delivery and alliances to grow a sustainable business in the process infrastructure and related resource industries.