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22 February 2012

ASX Media Release

Ausenco delivers $26.4 million full year profit; record work on hand

Ausenco Limited (ASX: AAX) today reported a 2011 full year net profit after tax of $26.4 million, on the back of strong growth in personnel, revenues and margins.

Ausenco CEO, Zimi Meka, said that the company's results reflected strong growth across all major business lines in 2011, strong work on hand of $447 million, and a project pipeline secured into 2013.

Key financial highlights

- Revenue from operations, up 6.7% to $547.9 million (FY10: $513.4 million)
- Underlying EBITDA increased to $46.9 million (FY10: $10.6 million)
- Underlying EBITDA margin increased to 8.6%, with second half EBITDA margin at 10.4%
- Attributable net profit after tax increased to $26.4 million (FY10: $10.7 million loss)
- Second half cash flow significantly improved to $37.5 million from 1H11 outflow of $26.1 million
- Strong balance sheet with net gearing of 0.6% and available bonding facilities
- Final dividend of 9.8 cents per share (35% franked); full year dividend totals 60% of 2011 earnings

Key operational highlights

- Personnel up 22.4% to 3,060 across the business – a key driver for continued growth
- Evaluate and Innovate phase work on $18.7 billion of projects provides a strong Create phase pipeline
- Solid baseline revenues from Evaluate and Innovate phase work - $265 million, up 5%
- Create phase (including preferred) projects under EPCM management increased to $4.1 billion
- Forward work on hand (including preferred) revenues on current projects at record levels - $447 million
- Increased recurring revenue with new Optimise phase contracts in coal and iron ore

2H11	1H11		$m	FY11	FY10	
290.7	257.2	↑	**Revenue from operations**	547.9	513.4	↑
30.2	16.7	↑	**Underlying EBITDA**	46.9	10.6	↑
10.4%	6.5%	↑	**Underlying EBITDA margin (%)**	8.6%	2.1%	↑
24.0	9.6	↑	**Net profit / (loss) before tax**	33.6	(18.7)	↑
18.7	7.7	↑	**Attributable profit / (loss) after tax**	26.4	(10.7)	↑
18.7	7.7	↑	**Underlying earnings**	26.4	0.8	↑
15.2	6.3	↑	**Basic earnings per share (cents)**	21.5	(8.8)	↑
37.5	(26.1)	↑	**Net operating cash flow**	11.4	23.1	↓
15.4	6.2	↑	**Underlying EBITDA interest coverage**	10.1	1.8	↑
9.8	3.1	↑	**Dividend per share (cents)**	12.9	-	↑

Attributable earnings and underlying earnings relate to profit attributable to shareholders of Ausenco.
Underlying EBITDA is defined and reconciled to reported earnings on page 4.
EBITDA represents profit before tax, net finance items, depreciation and amortisation.
Underlying earnings excludes the same items, in after-tax terms, as are excluded from underlying EBITDA.

Mr Meka said “Ausenco won a significant number of new projects during the year and the company’s solid, global and diverse work on hand is at record levels.

“We now have greater visibility of our forward work on hand, with our project pipeline secured into 2013. We are preferred provider on six major projects of over $1 billion installed capital value each, to deliver engineering or program management solutions,” he said.

“We won a number of significant Create phase EPCM projects during the year and our delivery pipeline, including where we are preferred provider, is now valued at $4.1 billion of EPCM work under management.

“The strategic diversification investments which we made over the past few years bore fruit in 2011 as the scale, complexity and number of our projects reached new levels, driving growth and creating significant opportunities across the full project lifecycle.

“We continued the global diversification of our business over the year and won new work in new regions with new clients. We achieved a number of important breakthroughs including a new strategic framework agreement with Anglo American covering projects in Brazil and Chile.

“We strengthened our presence in each of our key markets and also won work in Central Asia (Kazakhstan), West Africa, the Middle East and North Africa. Project development activity in these new markets will strengthen and provide an important additional platform for growth.

“The bulk of the new work in 2011 came from repeat clients and projects – demonstrating the strength of our relationships, our track record for delivery and our reputation for ingenuity.

“The main contributions to growth in our business lines came from North America and South America; we improved our leadership position in these regions with the award of several Create phase assignments during the year.

Our Asia-Pacific business remains strong and the emerging markets offer considerable potential. Our business is truly global with Australian revenues representing less than 25% of our service revenues.”

Outlook

Mr Meka said the company expected strong growth in 2012 and beyond, with the group’s work on hand secured into 2013 and a strong pipeline of advancing pre-development projects providing work into 2015.

“We expect our growth will continue to come from all sectors but with an emphasis on the Americas, where exploration and development expenditure is high, and from key commodities such as gold, copper, iron ore and coal where demand remains strong,” he said.

“The demand for delivery of mineral resources and energy projects is high in the major natural resource regions and we are well placed to capitalise on opportunities as they come to market. We closely monitor global capital markets for indications of developments which might impact on commodity demand and planned capital expenditure programs.

“Based on our global project profile, we expect that the 2011 second half results will provide a platform for strong operational EBITDA growth into 2012, with after-tax earnings growth modestly impacted by a higher income tax expense. The continued strength of the Australian dollar and volatility in foreign currency markets will have some impact on earnings.

“Many of the projects in our $18.7 billion early works pipeline will move into the delivery stage over the next 24 months and, in line with our past performance, we are well-placed to win our share of this new work.

“The outlook for our markets remains positive and we have the right long term strategy and focus to continue our profitable growth.”

BUSINESS SUMMARY

Safety performance

Ausenco achieved a Lost Time Injury Frequency Rate (LTIFR) of 0.8, based on 11.2 million hours worked during 2011 – an improvement on the 2010 LTIFR rate.

Mr Meka said safety was Ausenco's highest priority and all personnel had worked hard to improve their safety performance during the year.

"We've initiated world class programs and shared lessons learned throughout all of our operations, including in the many new and developing regions we entered during 2011, and we continue to work towards our goal of zero harm," Mr Meka said.

The company extended a number of safety training and leadership programs throughout the year, including the *Right to Start* program, and initiated the development of Personal HSEC Plans amongst employees to improve individual safety awareness and results.

Capital management

Ausenco's gross cash position at 31 December 2011 was $67.7 million.

Net operating cash flow for the year was $11.4 million, down from $23.1 million in 2010. The second half cash flow of $37.5 million showed a significant improvement over the first half (outflow of $26.1 million) due to working capital improvements and cash collection initiatives.

At 31 December 2011 total working capital facilities amounted to $224.2 million, including $67.7 million cash and $156.6 million banking and bonding facilities. Ausenco's balance sheet is strong and places it in the best possible position to capitalise on future growth opportunities. Net debt decreased to $1.4 million during the period (2010: $2.8 million) and the net gearing ratio declined to 0.6% (2010: 1.2%).

In December 2011 Ausenco signed a comprehensive refinancing package to lower the overall cost of borrowings and support current projects and future opportunities. The package increased the group's bank facility limits, extended the bond and security components and broadened the debt currency facility to include Canadian dollar borrowings which will provide a natural hedge against adverse currency movement impacts on the increased earnings expected in the Americas.

Dividend

As a result of the company's strong balance sheet and pleasing growth prospects for 2012 and beyond, Directors have declared a final dividend of 9.8 cents per share (35% franked). The dividend will be payable on 4 April 2012 to shareholders on the register at 21 March 2012.

The dividend amount is consistent with our dividend policy as well as the need to maintain a robust working capital facility to meet the requirements of continued growth and the delivery of future returns to shareholders. Based on forecast 18 month franking account balances, Directors are anticipating that dividends declared over the next 18 months will be franked to between 30% and 50%.

Eligible shareholders will be able to participate in the Dividend Reinvestment Plan (DRP) for the 2011 final dividend at a 2.5% discount to the market price of Ausenco shares.

Operational review

Ausenco achieved a significant new order intake in 2011 with all business lines winning new work, growing and diversifying.

Ausenco's underlying earnings before interest, tax depreciation and amortisation (EBITDA) was $46.9 million, a significant increase on the $10.6 million recorded in 2010, reflecting the continued strong growth in project activity.

In order to present the results in a format enabling comparison with 2010 performance, Ausenco has reported underlying EBITDA. The differences between Underlying EBITDA and reported EBITDA are set out in the below table.

Year ended 31 December ($m)	FY11	FY10
Underlying EBITDA	46.9	10.6
Office closure and severance costs	-	(6.7)
Goodwill impairment charge	-	(8.2)
Reported EBITDA	**46.9**	**(4.3)**

The Minerals & Metals and Process Infrastructure business lines were the standout performers in 2011, with underlying EBITDA of $50.2 million (2010: $34.4 million) and $16.0 million (2010: ($0.5) million) respectively.

Mr Meka said that, across all of Ausenco's regions, the number, size and scope of its projects have increased to new levels in 2011 as a result of the company's comprehensive solution offering, strong geographic presence, unrivalled expertise and reputation for ingenuity.

"Evaluate phase opportunities were a key driver of baseline revenue in 2011 and continued to provide a valuable early entry into the development and operations phases of projects as well as increase the opportunities for our group to become involved across the full project lifecycle," he said.

"Collaboration across business lines continues to be a core approach to targeting and winning new work and it allowed us to win new projects and increase our scope of work on existing projects in 2011.

"During the year we also integrated a number of offices in high growth regions, such as Belo Horizonte, Lima, Santiago and Vancouver, strengthening our offering in these key growth regions."

BUSINESS LINE SUMMARY

Overviews of the results of each business line are presented on the following pages.

Minerals & Metals

	Revenue		EBITDA		EBITDA Margin
	$m	Growth%	$m	Growth%	%
2011	310.0	7.9	50.2	45.8	16.2
2010	287.2	30.7	34.4	(12.5)	12.0
2009	219.8	(43.0)	39.3	(47.8)	17.9

The Minerals & Metals business focuses on the delivery of minerals processing projects, across the full project lifecycle, to the global mining sector.

Minerals & Metals continued to grow and diversify in 2011 with the bulk of its growth coming from the Americas. The business won large Create phase contracts in gold, copper and iron ore, including projects with Anglo American as part of a global framework agreement.

We continued to diversify geographically, winning work across the entire project lifecycle including:

- Evaluate phase work for Anglo American's $5 billion plus Minas Rio iron ore project in Brazil
- Evaluate phase work for Newcrest / Harmony's $4 billion Wafi Golpu gold project in PNG
- Evaluate phase work for Newcrest's $1 billion Namosi gold project in Fiji
- Evaluate phase work for Base Resources' $180 million Kwale minerals sands project in Kenya
- Evaluate phase work for Hochschild Mining's Inmaculada gold project in Peru
- Evaluate phase work for Kingsgate's Bowdens silver project in Australia
- Innovate phase work for African Minerals' Tonkolili Stage 1B iron ore in Sierra Leone
- Innovate phase work for Hudbay Minerals Constancia copper project in Peru
- Create phase work extension for Rio Tinto's Kestrel underground coal project in Australia
- The successful conversion of Beadall's Tucano gold in Brazil from Evaluate to Create phase
- Create phase work for OceanaGold's Didipio project in the Philippines
- Create phase work QCoal's Drake coal project in Australia
- Create phase work for Anglo American's $68 million ROM Mercedes Mantos Blanco copper project in Chile
- Create phase work for Barrick's Goldstrike gold project expansion in the United States

- Create phase work for Iron Ore Company of Canada's $55 million iron ore upgrade project in Canada
- Create phase work for Barrick's $125 million expansion of the Lumwana copper project in Zambia
- Create phase work for Kazakhmys' US$1.5 billion Aktogay oxide project in Kazakhstan
- Create phase work for Kazakhmys' US$1.8 billion Bozshakol sulphide copper project in Kazakhstan
- Create phase work for Ok Tedi's gold project upgrade in PNG
- Create phase work for Taseko's Gilbraltar $237 million copper-moly expansion project in Canada

We also successfully completed the Kinsevere copper and Chatree North gold expansion projects in Africa and Asia respectively.

We are forecasting continued growth for the business in 2012, particularly in iron ore, coal, gold and copper projects. Given the recent strong investment in exploration within the region, we believe that the bulk of this growth will come from the Americas and, in particular, from Create phase projects.

Process Infrastructure

	Revenue		EBITDA		EBITDA Margin
	$m	Growth%	$m	Growth%	%
2011	144.9	(4.8)	16.0	-	11.0
2010	152.3	(6.3)	(0.5)	-	-
2009	162.4	(3.6)	22.8	24.3	14.0

The Process Infrastructure business focuses on the delivery of projects across all solution phases to the global port, pipelines, marine and transport infrastructure sectors.

Process Infrastructure achieved a significant turnaround in earnings from 2010 to become one of Ausenco's best performing businesses in 2011.

During the period, the business won a number of significant projects that Ausenco had previously delivered early phase work on. This included:

- Evaluate phase work for Teck's Quebrada Blanca Phase II port and pipeline project in Chile
- Evaluate phase work for Teck's Relincho pipeline project in Chile
- Evaluate phase work for SSA Marine's Gateway Pacific coal project in Canada
- Evaluate phase work for MMX's Serra Azul rail project in Brazil
- Evaluate phase work Bahia Mineração's Pedra de Ferro – Aritagua terminal port in Brazil
- Evaluate phase work for Mineral Deposits' Grande Cote minerals sands project in Senegal
- Innovate phase work for Cytec's phosphine plant expansion in Canada
- Innovate phase work for Metro Vancouver Port Mann tunnel in Canada
- Innovate phase work for Metro Vancouver's Coquitlam UV Disinfection Plant in Canada
- Innovate phase work for Ferrous Resources Viga iron ore project in Brazil
- Create phase work for Teck's Quinette coal restart project in Canada
- Create phase work for Samarco's third iron ore pipeline in Brazil
- Create phase work for Anglo American's Los Bronces copper project in Chile
- Create phase work for Antofagasta's Minera Los Pelambres pipeline project in Peru

We expect growth in 2012 to be driven primarily by activity in the Americas. We also plan to increase our presence in Asia and Australia – regions with strong investment in resources and infrastructure and an existing Ausenco footprint and brand recognition.

Program Management

	Revenue		EBITDA		EBITDA Margin
	$m	Growth%	$m	Growth%	%
2011	48.0	-	4.6	-	9.6
2010	18.1	-	1.2	-	6.5
2009	0.2	-	(1.4)	-	-

The Program Management business provides best practice project delivery services through the complete project lifecycle.

In 2011, the Program Management business won new work in new regions and more than doubled its operating revenue compared to 2010.

The business achieved a breakthrough during the year, winning its first major projects outside of Australia – in West Africa and the Middle East. A core team was established at the $7 billion plus Alpha Coal project in the Galilee Basin in Australia during the year.

Importantly, amongst the following wins during the year, were key strategic Optimise phase wins to extend recurring revenues to 7% of total Group revenue:

- Create phase work for Ma'aden's Ad Duwayhi gold project in Saudi Arabia
- Create phase work for Ma'aden's As Suq gold project in Saudi Arabia
- Optimise phase work for London Mining's Marampa iron ore project in Sierra Leone
- Optimise phase work for African Minerals' Tonkolili Phase 1A iron ore project in Sierra Leone
- Extension of Optimise phase contract for Vale / Aquila's Isaac Plains coal handing preparation plant in Australia

Ausenco expects continued growth of the Program Management business in 2012, primarily in coal and iron ore. This growth is expected to come from project delivery and Optimise phase work and from the Middle East, Africa, Australia and Papua New Guinea.

Environment & Sustainability

	Revenue		EBITDA		EBITDA Margin
	$m	Growth%	$m	Growth%	%
2011	36.2	(30.0)	2.6	(58.2)	7.1
2010	51.7	29.6	6.1	31.2	11.9
2009	39.9	3.1	4.7	20.3	11.7

The Environment & Sustainability business focuses on providing environmental and geotechnical consulting services to the global resources sector.

Environment & Sustainability's revenues and results were adversely impacted as a result of:

- The internal business reorganisation to align our client's solution delivery in Santiago,
- The slower than anticipated improvement of business conditions following political changes in Peru, and
- The sale of the non-strategic landfill management business in Grass Valley.

The business achieved strong growth throughout South America, securing new Evaluate phase contracts in Argentina, Colombia, Chile and Peru. The Mendoza office delivered strong growth and financial performance as Argentinean early stage project assessments increased. In Colombia, we won new work on BHP Billiton's Cerro Matoso nickel project strengthening Ausenco's reputation amongst our global clients.

Environment & Sustainability also won its largest project to date in 2011 – an Evaluate phase contract for the Pascua Lama gold project on the border of Chile and Argentina.

The business has a solid backlog of work that will underpin its growth in 2012. We expect the bulk of the new work will continue to come from South America and the business line's entry into Canada and Brazil.

Energy

	Revenue		EBITDA		EBITDA Margin
	$m	Growth%	$m	Growth%	%
2011	2.1	137.7	(1.2)	29.4	-
2010	0.9	(84.6)	(1.6)	-	-
2009	5.7	(61.7)	0.9	(46.7)	15.4

The Energy business focuses on the delivery of projects across all solution phases to the gas, renewable energy and power sectors.

In 2011, the Energy business won a number of projects in the alternative energy market, increasing its visibility in the wind, solar and biomass power generation markets.

In Australia, the business was awarded high value consulting work in Queensland's coal seam gas sector, increasing Ausenco's profile in one of the largest and most active gas project hubs in the world. We also won Create phase work to install wind turbines that will power Albany as part of the Grasmere wind farm.

Ausenco's reputation in solar power generation strengthened with the award of several projects in the United States solar market. We also increased our footprint in base-load energy with new work on a nuclear facility in Canada as well as engineering work on new biomass to power projects.

The long-term outlook of the global energy market remains positive and Ausenco anticipates continued growth of the Energy business in 2012, particularly in renewable and alternative power solutions in developed countries.

- ENDS -

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About Ausenco

Ausenco is a global, diversified engineering and project management company providing services in Minerals & Metals, Process Infrastructure, Program Management, Environment & Sustainability and Energy. 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 29 offices in 19 countries.