



Ausenco Limited

2014 Annual General Meeting

Brisbane

Thursday, 1 May 2014

**Chief Executive Officer's
address**

**Zimi Meka
Chief Executive Officer
Ausenco Limited**

Thank you, George. Good morning, ladies and gentlemen.

As George has already mentioned, 2013 was a challenging year by many accounts. Ausenco took the necessary actions to respond to market conditions, including reducing our cost base globally, and relocating some services to lower cost locations to enhance competitiveness. These actions, along with those George has already discussed, have ensured we are in the best position possible to maximise opportunities in our markets.

Market sentiment outside of Australia remains relatively positive across most sectors and demand for our expertise continues globally. With 85% of Ausenco's revenues being generated outside of Australia, specifically 65% coming from the Americas and 20% from Africa and Asia, we are well positioned to benefit from increasing opportunities in these markets.

Our work on hand remains solid and we have been awarded a number of assignments in recent months which are providing increased revenue and earnings visibility. Opportunities are being driven by the growth of our oil and gas business in Calgary and Halifax, the increasing demand for our municipal infrastructure services in Canada, and our enhanced service offering in APAC/Africa following our restructure in this region.

Our historical strength in identifying innovative, value-add solutions for our clients has always been Ausenco's differentiator. In this market, that differentiator is particularly sought after and is providing clients with confidence to progress their expenditure. As an example of our value-add solutions, we have been working with some clients to re-assess the business cases of projects that had previously been put on hold. In doing so, we have been able to demonstrate improved project economics by presenting a different, more cost-effective approach, which has enabled project timeframes to be brought forward.

Strategic initiatives

While we focused on reducing our cost base, flattening our leadership structure and improving competitiveness throughout 2013, we remained committed to our strategy and continued to deliver on strategic initiatives that will be a strong catalyst for growth. I would like to discuss two specific initiatives that will underpin our future success and which are already delivering positive returns.

The first is the acquisition of the Projex Technologies business in Canada. This acquisition added more than 220 people to our Oil & Gas, Power business and provided Ausenco with a meaningful presence and full project lifecycle offering in Canada's high growth oil sands sector. Capturing a greater share of the oil sands sector has been a key focus of our strategy and the Projex acquisition complements the acquisition of Reaction Consulting in 2012. The combination of these businesses, supported by Ausenco's global network and project expertise, has substantially increased our service footprint and client base. The Oil & Gas, Power business has performed very well in the first quarter of this year and we expect it will generate 10% of

Ausenco's 2014 revenues and continue to deliver organic growth throughout this year and beyond.

The second initiative is the implementation of the Oracle ERP system across the company's global office network. As a global business with a strategic focus on work-sharing and cross-selling services, it is essential that Ausenco has the necessary technology and infrastructure to facilitate seamless operations across different offices and geographies. As a tier 1 product, the ERP system is an enduring asset that will support our business both now and well into the future. It represented a significant investment and involved several years of planning, as well as a two year roll-out period. I am very pleased to report that it was implemented on time and on budget and is already delivering greatly enhanced reporting and visibility across our global operations.

Diversification strategy driving opportunities

Our commitment to our diversification strategy has not wavered. Our diversification continues to be a driver of competitive advantage and has underpinned Ausenco's evolution to the business it is today, with the ability to deliver services covering all phases of the resources and energy project lifecycle to clients globally.

In addition to our geographic and service diversification, we continue to broaden our sector expertise. We have a thriving and growing oil and gas business in Calgary as I have already mentioned, as well as an increasing workbook of municipal infrastructure projects in North America. Each of these sectors present opportunities for further growth and are contributing to Ausenco's continued diversification beyond the mining sector.

For the near-term we have a renewed focus on organic growth and increasing market share. This strategy is supported by the diversity of our service offering, as well as the increasing recognition of our world class expertise. This expertise includes unique services for which Ausenco is well-regarded as a global leader, such as our seismic, arctic and pipeline engineering capabilities. Our strategy includes being recognised by our clients as a top five provider across all of our services globally.

Our primary focus is to maintain a high standard of client service, which is critically important at all times but particularly in the current operating environment. To support this objective, in 2013 we flattened our management structure to drive the focus on client relationships, delivery of our services and new business. As part of the restructure, Simon Cmrlec as President APAC/Africa and Ed Meka as President Americas/Europe are leading all operations in their respective regions and report directly to me. Nick Bell has been appointed Executive Vice President, responsible for leading all business development and marketing with a focus on conversion of key projects globally. The restructure is enabling a deeper focus on client relationships and a more nimble and flexible structure to monitor performance and proactively identify and respond to issues and opportunities.

An important priority in 2014 is to further enhance competitiveness through increased utilisation of our high value, low cost centres. We increased the presence of these centres at strategic locations globally during 2013, largely in response to the competitive operating environment. The relocation of some services to these lower cost centres will contribute to increased shareholder value.

Growing our levels of recurring revenue also remains a core strategy. This will be driven by the continued strengthening of our asset management and optimisation service offering, supported by our traditional operations and maintenance capabilities. The services of the Ausenco Rylson business, borne out of the acquisition of the Rylson Group in 2012, continue to increase in demand globally as clients focus on enhancing asset performance and reducing capital expenditure. The Ausenco Rylson offering was expanded to North and South America during 2013 and will continue to be a key area for growth.

Safety

I am pleased to report that Ausenco achieved very strong safety performance in 2013, reporting a 63% reduction in our Lost Time Injury Frequency Rate compared to the previous year, to be the lowest in the company's history at 0.23 per million man hours. This result was achieved on the back of managing a near record of 17.7 million man hours.

We achieved a number of important safety milestones during the year, including three million man hours LTI-free at the Kwale project in Kenya and two million man hours LIT-free at the Grande Côte project in Senegal.

These results reflect that our concerted efforts to instil best practice safety measures as business-as-usual across our global operations are contributing to improved safety performance. We remain committed to continuous improvement and working towards our goal of zero harm.

Our people

2013 was a challenging year for our people. The right-sizing that was required to address market conditions and ensure Ausenco's ongoing competitiveness resulted in a significant number of redundancies, particularly in the APAC/Africa business.

I express my sincere gratitude to all of our people for their continued hard work and dedication throughout 2013, and for remaining focused on achieving our strategic objectives.

Sustainability

Proactive management of the sustainability of our business is core to our values and the way we work. With operations across a wide range of environments globally that incorporate challenging conditions, differing regulations, climates, and cultures, we must take into account the economic,

social and environmental impacts of our actions. Consequently Ausenco adopts a tailored approach to sustainability and seeks to make a positive contribution to the world around us.

The Ausenco Sustainability Framework incorporates the key aspects of health, safety and wellbeing; environment; community; governance and assurance; design and delivery; and people.

In the community area, we are proud of the initiatives being undertaken by the Ausenco Foundation in partnership with community organisations and clients. In 2013, we were involved in initiatives across 8 countries, including:

- Multiple Habitat for Humanity builds in Canada.
- The Buk bilong Pikinini Hohola library in Port Moresby.
- A Vision Centre and rural dams project in India.
- The Smith Family in Australia.
- Workshops for children and teachers in communities near the Constancia project, in Peru; and
- In 2014 we are also working closely with Base Titanium to help build a multipurpose hall for the Magaoni Secondary School in Kenya.

I invite all shareholders to visit our website to see firsthand our actions in our key sustainability areas and some of the ways we measure our efforts.

Operational summary

I will now provide a summary of our operational performance across our two key geographic regions – the Americas and APAC/Africa.

Following the restructure implemented last year, the Americas business, which is currently our most significant market contributing more than two-thirds of our revenues, is structured along the four business lines of Minerals & Metals, Process Infrastructure, Oil & Gas, Power, and Environment & Sustainability.

All operations in the APAC/Africa business are now structured under one geographical business, with all of Ausenco's services being offered in this market.

The Americas

Our businesses in the Americas, while down on previous years, largely remained stable. Our presence and profile in this region continues to strengthen mainly as a result of our marketing efforts over recent years, and our work on a number of key projects. Tender activity in both North and South America is at very high levels, especially in Canada and Peru.

In North America, the key highlight in 2013 was the Projex acquisition and subsequent growth of the Oil & Gas, Power business in Calgary which, as I have already mentioned, will contribute 10% of 2014 group revenues. This

growth is being driven by demand for maintenance capital and sustaining capital solutions within the local oil sands sector. Additionally, we experienced positive growth in municipal infrastructure services in Canada, which now represent 8% of revenues in North America. We also secured new study work for bulk commodities projects in Canada, particularly in iron ore and LNG, and we have a number of promising prospects for Create phase assignments for new LNG export terminals.

In South America, earnings performance was impacted by project slowdowns and political and regulatory uncertainty in some markets, including Mexico, Brazil and Chile. Activity in Chile was further impacted by local infrastructure constraints. Peru is driving significant new opportunities, particularly in base metals and gold. The Constancia copper project was and is a key focus and works will continue throughout 2014 with commissioning expected in the fourth quarter of this year. We also completed the front end engineering design (FEED) phase of Teck's Quebrada Blanca Phase 2 copper project in Chile.

APAC/Africa

APAC/Africa was most affected by market conditions in 2013. Stalled opportunities, along with a number of projects being cancelled or deferred, led to reduced revenue and margins. The changing market conditions required a right-sizing of the business to reduce overhead costs, while retaining core capabilities and expanding our service offering to ensure we continued to win work in a tougher market. We also expanded the capacity of our high value shared engineering centre in India to deliver work predominantly into this region.

Demand for Ausenco's asset management and optimisation service offering continues to grow and in 2013 we consistently demonstrated our ability to deliver cost savings to clients.

The restructure of the APAC/Africa business implemented at the start of 2013 allows us to more effectively offer the full range of Ausenco's global services to clients in this region. As a result, the business has been able to grow market share and secure work with new clients in new sectors through improved alignment, cross-selling and project delivery. As an example, we established a ports, terminals and transportation group to introduce Ausenco's global process infrastructure services to the APAC/Africa market. This group has been highly effective, securing more than 15 new Evaluate phase assignments during the year. We also strengthened the focus on environment and sustainability services, which led to several new early phase contracts.

We have been awarded a number of new assignments in this region in recent months which demonstrate that the restructure has enhanced our market position and is generating new work.

Outlook



We expect conditions to remain stable throughout the first half of 2014, with an improvement expected in the second half, particularly due to high levels of proposal activity and potential opportunities for early phase work to convert to Create phase assignments. We are already seeing signs of improvement in some sectors and regions, as well as positive indications from clients regarding projects.

We have been encouraged by a number of wins in recent months, reflecting the increasing demand for, and recognition of, our value proposition.

The bulk of opportunities in the near-term will come from the Americas, particularly the markets of Canada and Peru. In Canada, opportunities will be predominantly in the oil and gas sector, including LNG developments, and municipal infrastructure projects. In Peru, opportunities will likely be in base metals and in gold. In addition, we continue to see increasing demand for our value-add, cost-effective engineering solutions and optimisation services across all markets, especially in APAC/Africa.

Our guidance for the 2014 full year remains in line with that outlined at the time of our 2013 full year results. That is, 2014 full year revenues of between \$450 and \$460 million and EBITDA of between \$24 and \$28 million.

In closing, I would like to thank all of Ausenco's people, its Board, clients and business partners for their support and guidance throughout 2013. I would also like to thank you, our shareholders, for your continued belief in Ausenco.

We have a strong and committed team with a dedicated focus on growing revenues. The actions we took in 2013 have positioned the business well and we are in a good position to exploit future opportunities to our maximum advantage.

Thank you for your attendance today.

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