AUSENCO

19 August 2009

ASX/MEDIA RELEASE

Ausenco reports half year $12.2 million net profit; Positioned for growth

Business Highlights

- Revenue from operations, $241.0 million; Net Profit After Tax, $12.2 million.
- Strong balance sheet, positioned to support organic and acquisitive growth, with low net gearing following well-supported capital raisings.
- Recognised in Engineering News Record (ENR) 2008 top 10% of the major international engineering design firms globally.
- Awarded US$1.1 billion in new Front End Engineering and Design (FEED) and Engineering Procurement and Construction Management (EPCM) projects; FEED and early works programs continue on key coal, iron ore, copper, phosphate and potash projects.
- Geographic expansion through the acquisition of the Papua New Guinea based Kramer Group, and the creation of South African black empowerment partnership.
- Client service offering broadened through establishment of program management solutions.
- Increase in number of FEED and early works projects: US$17.6 billion pipeline of study and FEED work, excluding short-listed tender opportunities.
- Well positioned through strategic diversification for stronger growth as economic conditions improve and resource, infrastructure and energy projects are awarded.

Six months ended 30 June	**2009 HY A$'m**	**2008 HY A$'m**	**%**	
Revenue from operations	241.0	274.8	12.3%	↓
Underlying EBITDA[1]	24.3	36.0	32.5%	↓
Underlying EBITDA margin	10.1%	13.1%	23.0%	↓
Net profit before tax	9.5	33.4	71.5%	↓
Attributable profit after tax	**12.2**	**28.0**	**56.6%**	↓
Basic earnings per share (cents)	13.2	31.9	58.8%	↓
Net operating cash flow	**(22.6)**	**(26.0)**	**13.1%**	↑
Underlying EBITDA interest coverage (times)	6.0	31.8	81.0%	↓
Dividends per share (cents)	**5.0**	**18.3**	**72.6%**	↓

[1] EBITDA represents profit before: tax, net finance items, depreciation and amortisation.
Underlying EBITDA is defined and reconciled to net earnings on page 4.

Ausenco Limited (ASX: AAX) today announced a $12.2 million attributable profit after tax for the half year ended 30 June 2009, with the company strongly positioned for future growth. The result was achieved on operating revenue of $241.0 million.

Ausenco CEO Zimi Meka said the company delivered through a challenging first half and, with signs of confidence returning to the market, expected a stronger second half result as business conditions stabilised and improved over the longer term.

"Our half year Underlying EBITDA represents our third highest in the company's history and given the economic conditions it reinforces the company's business model and sound diversification strategy," said Mr Meka.

“We have won several significant contracts in the past few months and our expanded service offering has seen our order book strengthen and our overall tender activity increase.

“Our strong client relationships and geographic presence have continued to deliver work with recent wins including the Martabe and Gosowong EPCM contracts, and FEED contracts on a number of new port and pipeline projects in the Americas.

“Clients are continuing to award early works projects in an effort to refine project scope and minimise input costs. This has also resulted in a notable increase in the number of studies and design awards, particularly in Canada and Brazil.

“We have also undertaken a number of cost management initiatives during the first half, including merging our high value engineering centres, managing controllable costs, reducing new capital expenditure and rightsizing personnel levels.

Mr Meka said the company was well placed to take advantage of future growth in all market sectors and was expecting particularly strong growth in the infrastructure and energy sectors over the next few years.

“During the past six months we have continued to deliver on our strategic drivers of geographic expansion, strengthening strategic alliances and diversification of sectors and services,” he said.

“In the infrastructure business, study work continues on projects across a number of commodities, including copper, coal, iron ore, potash, phosphate, with a strong regional focus in North Africa, Canada and South America.

“Our 50% acquisition of Kramer Group in Papua New Guinea (PNG) positions us well to capture work in that growing region – particularly in infrastructure and energy. Anticipated capital expenditure in this region alone is expected to be in the order of $15 billion over a five to seven year period.

“The local access delivered through the acquisition, combined with our capabilities across the mining, energy and oil and gas sectors, positions us well to capture a sizeable portion of the new project work that is expected to emerge in the PNG region during the next few years.

“We also recognised the significant infrastructure and energy opportunities in South Africa and have aligned ourselves locally through the South African government’s black economic empowerment program, which will enable us to tap into key industry sector networks.

“Strategically we are close to finalising arrangements to establish a permanent presence in the Middle East-North Africa region. Over the next 10 years significant capital expenditure, including on jobs in which we are already involved, is planned in the energy, minerals, and process infrastructure industries.

“In addition, we have strengthened the focus of our Energy business line to grow our service offering in the delivery of global renewable energy solutions, where we are anticipating large capital expenditure in 2011 and beyond.

“We have also established a program management business line to offer integrated client solutions and localised infrastructure expertise in key development markets. This program management service offering allows us to sell existing expertise into many non traditional industry sectors.

“These initiatives, along with our strongly supported equity raising, ensure we are well positioned to respond to project opportunities as business conditions improve.”

Corporate Governance

The Board is pleased to announce the appointment of Mr Bob Thorpe to the Audit and Risk Management Committee (ARMC). Bob brings extensive industry experience and knowledge to his new role on the ARMC.

Safety Performance

Ausenco's safety performance improved further with a total Lost Time Injury Frequency Rate (LTIFR) of 0.49 based on 14.5 million hours worked during the twelve months to 30 June 2009.

“We continue to strive to achieve our goal of zero harm through living our core values of ‘Safety in All We Do’ and ‘Our People are Our Strength’,” Mr Meka said.

“Our Hidden Valley team was recognised for safety excellence having achieved more than two million man-hours LTI free. Our teams working on the San Bernardino County California Wildfire Clean-up and the Ontario Canada Greenfield Energy Centre projects were also recognised with awards by their peers.

“We are making excellent progress in our safety, environment and community improvement programs, introducing a balanced scorecard to measuring safety, embedding standardised integrated HSEC management systems and working to reduce our global carbon footprint.”

Capital Management

The group’s gross cash position at 30 June 2009 was $89.9 million, excluding $43.5 million in restricted cash held to be refunded to shareholders affected by the scaleback of total subscriptions from the share purchase plan. The group raised $90.5 million from a well supported share placement and share purchase plan, strongly positioning it for new project commencements and strategic acquisition opportunities. Net debt has decreased to $7.1 million and the net gearing ratio has decreased to 2.6%. The Underlying EBITDA to total interest expense was 6.0 times (2008: 31.8 times).

Net operating cash outflow for the period was $22.6 million, compared to a net operating outflow of $26.0 million in the previous corresponding period. The net operating cash outflow is attributable to investment in working capital extensions, taxes, a decline in unbilled advances and first half skewed cashflows. The second half 2009 cashflow is expected to improve significantly with a stabilisation of working capital factors.

At 30 June 2009, utilising available cash of $89.9 million and the $74.4 million of available banking and bonding facilities, $164.3 million was available for working capital, project security and new business acquisition requirements. The group was in compliance with all financial covenants of its banking facilities at 30 June 2009.

Dividend

Directors have declared an interim fully franked dividend of 5.0 cents per share. The dividend will be payable on 16 September 2009 to shareholders registered by 5 pm AEST 31 August 2009. Eligible shareholders will be able to participate in the Dividend Reinvestment Plan (DRP) for the interim 2009 dividend payable at a 2.5% discount.

In determining the interim dividend, directors have sought to maximise the franked portion of current and future dividends, thereby improving shareholders’ after-tax cash returns. In light of the recent equity raisings, the dividend declared is in keeping with prudent cash management and acknowledges the need for a robust working capital facility given the current climate.

Operational Review

Ausenco’s underlying earnings before interest, tax, depreciation and amortisation (EBITDA) margin and after tax profit margins decreased to 10.1% and 5.0% compared to 13.1% and 10.1%, respectively, in the previous corresponding period.

In order to present the results in a transparent manner which enables comparison with the 2008 half year performance, Ausenco has reported underlying EBITDA. The differences between underlying EBITDA and EBITDA are set out in the following table:

	2009 HY A$'m	2008 HY A$'m
Underlying EBITDA	**24.3**	**36.0**
Abnormal items	5.9	-
EBITDA	**18.4**	**36.0**

In addition to generally lower levels of EPCM activity, abnormal factors contributing to the lower first half margins included economic and right-sizing costs, rising bad debts write-offs, severance and demobilisation costs associated with project cancellations, costs of the consolidation of the group's high value engineering centres into Mumbai (and the associated closure of the Manila office).

Margins are expected to improve over the second half as a result of the group's cost management initiatives.

The group merged the Mumbai and Manila high value engineering centres, resulting in the restructure of the Manila office. In addition, new capital expenditure has been reduced throughout the business and infrastructure shared between business units in common locations such as Beijing, Lima, Santiago and Belo Horizonte.

The group reduced personnel numbers to 2,200 during the period. While rightsizing activities were implemented across all offices in response to the global economic downturn, the group endeavoured to minimise the impact on personnel to ensure we are equipped to respond to the expected increase in work levels.

Minerals Operational Review

Six months ended 30 June	2009 HY A$'m	2008 HY A$'m
Operating revenue	108.1	211.3
Underlying EBITDA[1]	20.1	41.8
Underlying EBITDA margin	18.6%	19.8%

The Minerals business line is focused on the delivery of studies, EPCM projects and operations and maintenance services to the global minerals sector through the Ausenco Minerals and Ascentis businesses.

New EPCM contracts were awarded by Newcrest for the Gosowong gold extension project in Indonesia and by G-Resources for the Martabe gold project in Indonesia following its deferral in late 2008 by previous owner OZ Minerals.

In addition, the Minerals business was engaged to provide engineering design and development services as part of Newcrest's planned expansion at Cadia East in NSW and also recommenced the provision of engineering and design services on the Kinsevere Stage II copper project in Congo and the Grand Cote mineral sands project in Senegal West Africa.

The minerals business continued its track record of successful completion of projects in challenging environments with the completion of the Sabodala gold project in Senegal.

Process Infrastructure Operational Review

Six months ended 30 June	2009 HY A$'m	2008 HY A$'m
Operating revenue	105.7	49.1
Underlying EBITDA[1]	13.0	5.9
Underlying EBITDA margin	12.3%	12.0%

The Infrastructure business line is focused on the delivery of study, engineering and EPCM services to the global port, pipelines, marine and transport infrastructure sector through the Sandwell and PSI businesses.

The acquisition of the 50% interest in the Kramer Group, a leading civil and structural engineering service provider in Papua New Guinea and the South Pacific, strongly positions the group in a highly prospective growth region. Underpinning this growth are major planned developments in energy, mineral resources and infrastructure in excess of $15 billion over the next five to seven years.

Global demand for increased port capacity continues to drive our ports and marine business, with a number of port studies currently underway in Canada, Brazil, Columbia and Papua New Guinea across bulk commodities including coal, iron ore and potash.

The group is continuing work on the construction phase of the Ambatovy nickel laterite pipeline in Madagascar, basic engineering of the OCP phosphate pipeline in Morocco, design services on Antofagasta's Esperanza mine tailings system, the Los Bronces project in Chile and a variety of small to large pipeline design projects. We have also progressed work on a long distance Brazilian ethanol pipeline, with the growing South American bio energy market presenting further opportunities for the infrastructure business. An increased focus on delivering sustainable engineering solutions has led to increased demand for water saving transportation technology solutions.

Success in China is continuing with the Beijing office performing well and currently delivering a number of Chinese-owned projects in China and other parts of the world.

Energy Operational Review

Six months ended 30 June	2009 HY A$'m	2008 HY A$'m
Operating revenue	2.6	3.2
Underlying EBITDA[1]	0.7	0.4
Underlying EBITDA margin	25.3%	12.5%

The Energy business line is focussed on the delivery of projects to the gas, renewable energy and power sectors through the Sandwell business.

The Energy business line continues to expand into a broader market base with a primary focus in the power, alternative energy, and energy transport and related markets. The business line currently encompasses projects in a number of our business units and looks to perform consulting through EPCM and operational support services in select markets.

Consolidation of our energy business and its opportunities continues to build momentum following the appointment of Dwane Stone as President Ausenco Energy in March. New prospects in the landfill gas, wind, solar, and LNG markets have been identified and are being pursued. The first phases of a new solar powered desalination project in Africa and the FEED phase of two Biogas power plants have been awarded recently. In addition, new alliances in the wind power, fuel ethanol, nuclear, pipelines and LNG industries are being considered.

Environmental and Consulting Operational Review

Six months ended 30 June	2009 HY A$'m	2008 HY A$'m
Operating revenue	24.0	9.4
Underlying EBITDA[1]	2.0	1.3
Underlying EBITDA margin	8.5%	13.8%

The Environmental and Consulting business line is focused on the delivery of consulting services, including geotechnical and environmental engineering, to the global resources sector through the Vector business.

The Environmental and Consulting business line continues to provide early stage geotechnical and environmental services on resource development opportunities. This early stage project identification and entry provides potential engineering and EPCM conversion opportunities for the group. Despite a modest decline in comparative half year operating revenue the business line's underlying EBITDA margin declined disproportionately, delivering a half year EBITDA below expectations and historical levels.

During the period, the North American business continued to be awarded work in both landfill gas management and for new dike and levy restoration work. The award of pre-feasibility study work, for new energy projects, like the Imouraren uranium project in Niger, signal the business' expected expansion of environmental studies into new markets outside the Americas. In South

America, an improvement in the number of new consulting activities and feasibility studies in the resources sector is expected to result in the business improving its results into the second half.

Outlook

Mr Meka said Ausenco was well positioned for the future, with a stable and diversified business model, strong client relationships and a deep pipeline of opportunities.

“The markets we operate in remain challenging, however, there are increasing signs of confidence returning and business conditions appear to be stabilising,” he said.

“In recent months, with our clients’ improved access to funding with both debt and equity raisings globally, we’ve seen a significantly increased level of new study work and project tendering activity.

“We have seen a number of previously deferred projects now being recommenced by clients. We continue to be confident of converting a share of our study pipeline into further work, as well as securing an increased share of work in the infrastructure, energy and program management sectors through a significant number of tenders which are currently being evaluated by our clients.

“The number of projects transitioning from study to FEED or early works status has also improved dramatically in the past few months. This trend is likely to continue with clients remaining focused on optimising assets and investing more time and money in early works programs.

“In addition, we have reduced our cost structure, our businesses are working well together and cross-selling across our global operations has increased.

“We expect growth into 2010 and 2011 as a result of these favourable signals, our sustainable growth initiatives and the increased transition of project opportunities to EPCM awards.”

Mr Meka said “we expect to see improved earnings in the second half as a result of our recent contract wins, improving order book and cost management initiatives. However, with the earlier than anticipated strengthening in the Australian dollar in recent months and a slower than anticipated rate of commencement of project conversions, we expect full year earnings to be at the lower end of our previous full year guidance.”

“The second half is likely to see an improvement in EBITDA as the benefits of improved utilisation and lower controllable costs are realised. Improvements will also come from the unlocking of value in delivering those solutions that clients are demanding, combined with improved collaboration and workshare practices across the global group.” Mr Meka said.

ENDS

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About Ausenco Limited

The Ausenco group provides world leading engineering, program management, process controls and operations solutions to the global resources and energy sectors.

From 26 offices in 16 countries, the group combines the expertise, experience and resource capabilities to deliver innovative solutions to the minerals, infrastructure, energy, oil and gas and consulting and environmental sectors across the full project lifecycle, from front end solutions, through innovative engineering and EPCM delivery to operational support.