

28 AUGUST 2012

AUSDRILL REPORTS A RECORD NET PROFIT AFTER TAX OF \$112.2 MILLION

Highlights

- Sales Revenue \$1059.1 million (up 27%)
- EBITDA \$288.4 million (up 48%)
- EBIT \$172.3 million (up 53%)
- Profit before tax \$152.5 million (up 53%)
- Profit after tax \$112.2 million (up 53%)
- Basic earnings per share 37.28 cents per share (up 37%)
- Final dividend of 8.0 cents per share, fully franked
- Positive outlook for the Group

Diversified mining services company Ausdrill Limited (**ASX: ASL**) has achieved another year of record growth, reporting an after tax profit of \$112.2 million, in excess of forecast and 53% up on last year.

Sales revenue for 2011/12 was \$1,059.1 million, an increase of 27%. The increased revenue and profit is a result of the Group's expanded service offering, meeting the demand from the resources industry in both Australia and Africa.

Ausdrill Managing Director Ron Sayers said: "We are pleased to achieve revenue in excess of \$1 billion for the first time in the history of the Company, and in doing so deliver our eighth consecutive year of record profits.

"Over the past 12 months we have grown the Group by winning work from existing customers, expanding into new markets and building our relationships with the major operators in the mining and energy sectors."

An important factor in the continued growth of the business in the current environment has been Ausdrill's focus on revenues derived from the production phase of the mining lifecycle.

**BRINGING MORE
TO MINING**

“Exploration drilling now accounts for just 11% of our revenues. This places us in a good position as any slowdown in the mining industry typically has a greater impact on demand for exploration services than production services,” Mr Sayers said.

Ausdrill is continuing to expand its service offering, in line with its previously stated intention of providing a full range of services to the mining industry. During 2011/12 this has included the introduction of a division offering analysis to the mining industry, along with a significant boost to the Group’s investment in the expanding coal seam gas and iron ore dewatering services sectors.

Dividend

The Ausdrill board has declared a fully franked final dividend of 8.0 cents per share, bringing the total dividend for the financial year to 14.5 cents per share. The record date for the dividend is 3 October, and it will be paid on 31 October 2012.

Financial Performance

\$ million	12 months to June 2011	12 months to June 2012	% change from previous corresponding period
Sales Revenue	834.6	1,059.1	27%
EBITDA	195.4	288.4	48%
EBIT	112.9	172.3	53%
Profit before tax	99.5	152.5	53%
Profit after tax	73.3	112.2	53%
Basic Earnings Per Share (cps)	27.13	37.28	37%
Dividends (paid and declared) (cps)	12.0	14.5	21%

Group revenue has increased due to continued growth in all parts of the Group and includes a full year contribution from Connector Drilling which was acquired in February 2011.

EBITDA has increased from \$195.4 million to \$288.4 million for the year ended 30 June 2012 whilst the EBITDA margin of 27.2% is higher than the margin of 23.4% seen in the year to June 2011. The increased contribution in the equity accounted profits from associates of \$15.4 million (2011: \$3.6 million) as well as the turnaround of foreign exchange losses to profits together with improved business performance contributed to the higher reported margin.

This result was achieved despite the adverse impact of the strong Australian dollar on the reported profits, and costs incurred in the start-up and acquisition of new businesses.

EBIT has increased from \$112.9 million in 2011 to \$172.3 million whilst the EBIT margin of 16.3% has improved from 2010/11 (13.5%).

The after tax profit has increased from \$73.3 million in 2011 to \$112.2 million for the year ended 30 June 2012. The improved profits also include the continued benefit of a lower tax charge due to the profits from the operations in Mali being tax exempt for the first eight years and a revenue based tax system applying in Tanzania.

Net cash inflow from operating activities was \$156.8 million (2011: \$117.3 million) and was constrained due to the growth of the business requiring additional investment in working capital of \$71 million. During the year to 30 June 2012 Ausdrill continued to expand its asset base and acquired property, plant and equipment of \$270 million. The capital expenditure was incurred across most of the segments within the Group with our African business representing almost half of the year's expenditure. The African segment has expanded into Ivory Coast and is set to benefit from an increased level of activity in the resources sector as evidenced by the recent intention to award the US\$540 million Syama contract to Ausdrill.

The financial position of the Group remains strong with gearing ratio (net debt to net debt plus equity) of 25%, cash of \$124 million, and interest cover (EBIT/Net Interest) of 8.7 times. The Group's net tangible asset position has increased from \$2.06 per share to \$2.33 per share.

Outlook

Ausdrill is continuing to pursue a strategy of:

- Providing a diversified suite of services to meet the needs of major companies within the resources sector;
- working primarily for the major mining houses;
- seeking long term contracts whenever possible;
- focusing on services to the gold mining industry, which historically has provided more than 60% of Ausdrill's revenue; and
- focusing on the provision of services for the production phase of the mining lifecycle

The Group's policy of diversification – both in terms of services offered, and geography (with Africa playing an increasingly important role) – provides a strong base for future growth.

Based on current trading conditions, and excluding the effects of the Best Tractor Parts acquisition, the Board is confident that continued growth can be achieved in 2012/13 with a targeted growth rate of 15% in revenues whilst maintaining similar operating margins. Targeted areas for expansion over and above growth in core businesses include consideration of underground contract mining services in Australia, increased manufacturing capability in Western Australia and Queensland, and the introduction of additional services to complement the Group's existing hydrogeological drilling services.

About Ausdrill

Ausdrill (ASX: ASL) is a diversified mining services company. Since its formation in Kalgoorlie in 1987, Ausdrill has grown significantly and now has operations across Australia, Africa and the United Kingdom. Ausdrill is a leader in providing services in contract mining, grade control, drill & blast, exploration, mineral analysis, procurement & logistics and manufacturing. The Ausdrill Group employs over 6,000 staff worldwide.

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