MEDIA RELEASE

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ANOTHER BILLION DOLLAR YEAR FOR AUSDRILL

Highlights

- **Sales Revenue $1,128.6 million (up 6.6%)**
- **EBITDA $272.7 million (down 5.5%)**
- **EBIT $149.0 million (down 13.5%)**
- **Profit before tax $109.5 million (down 28.2%)**
- **Profit after tax $90.4 million (down 19.4%)**
- **Basic earnings per share 29.63 cents per share (down 20.5%)**
- **Final dividend of 5.5 cents per share, fully franked**

Diversified mining services company Ausdrill Limited **(ASX: ASL)** has reported a modest increase in revenue but a decrease in earnings largely as a result of the slow down in activities in the mining industry in Australia and Africa.

Ausdrill Managing Director Ron Sayers said: "We are pleased to achieve our second consecutive year of revenue in excess of $1 billion during a challenging time for the industry."

Over the past 12 months the mining industry has experienced sharp falls in commodity prices. This has resulted in many mining companies cancelling or significantly reducing spend on exploration and capital expenditure programs, revising production schedules for ore and waste volumes, and deferring all non-essential expenditure as much as possible.

Ausdrill has in turn experienced lower profitability due to lower profits from the exploration and equipment sales, hire and parts businesses, which accounted for 19.5% of Group revenues.

Ausdrill's focus on the production phase of the mining cycle provided a solid base for the business in 2013.

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Dividend

The Ausdrill board has declared a fully franked final dividend of 5.5 cents per share, bringing the total dividend for the financial year to 12.0 cents per share. The record date for the dividend is 4 October, and it will be paid on 18 October 2013.

Financial Performance

$ million	**12 months to June 2012**	**12 months to June 2013**	**% change from previous corresponding period**
Sales Revenue	1,059.1	**1,128.6**	+6.6%
EBITDA	288.4	**272.7**	-5.5%
EBIT	172.3	**149.0**	-13.5%
Profit before tax	152.5	**109.5**	-28.2%
Profit after tax	112.2	**90.4**	-19.4%
Basic Earnings Per Share (cps)	37.28	**29.63**	-20.5%
Dividends (paid and declared) (cps)	14.5	**12.0**	-17.2%

Sales revenue for the Group increased by 6.6% or $69.5 million. This was mainly due to the first time contribution from the BTP business which was acquired with effect from 1 November 2012. The increase in revenues from contract mining activities in Africa, where a significant new contract commenced at the Syama project for Resolute Mining Limited, were offset by the reduction in activities in Australia, particularly in the areas of equipment hire, exploration and mining services at Fortescue Metals Group Ltd's operations in the Pilbara.

Sales revenue excludes Ausdrill's 50% share of revenue generated by the AUMS joint ventures being $150.0 million (2012: $115.5 million).

EBITDA has decreased from $288.4 million to $272.7 million for the year ended 30 June 2013 and the EBITDA margin (excluding equity accounted profits) decreased from 25.8% to 22.1%. The reduced EBITDA margin is again a consequence of the slow down in the mining industry, and in particular the exploration and equipment hire businesses which are cyclical in nature. The equity accounted profits from associates increased from $15.4 million in 2012 to $22.9 million.

EBIT has decreased from $172.3 million in 2012 to $149.0 million for the year ended 30 June 2013 and the EBIT margin (excluding equity accounted profits) has decreased from 14.8% to 11.2%, in line with the decrease in the EBITDA margin.

The after tax profit has decreased from $112.2 million in 2012 to $90.4 million for the year ended 30 June 2013. The lower profits result from the lower margins experienced this year as well as the impact of unusual expense items that were incurred during the year. The after tax 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 8 years and a revenue based tax system applying in Tanzania.

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Operating cash flow for the year improved to $187.3 million from $156.8 million in 2012, mainly due to the ongoing focus on cash and working capital management. The EBITDA conversion ratio has thus improved over the previous year.

The financial position of the Group remains strong with a gearing ratio (net debt to net debt plus equity) of 36.6%, cash of $78.8 million, and interest cover (EBITDA/Net Interest) of 6.9 times. The Group's net tangible asset position has increased from $2.33 per share to $2.39 per share.

Outlook

Ausdrill continues to pursue a strategy of providing a complete mining service solution to the mining industry, and believes this will provide the basis for the Group's continued growth and success in the years ahead.

The mining industry is currently experiencing a period of uncertainty in relation to future levels of demand for commodities and the level of prices received for those commodities. The industry has responded by deferring all non-essential expenditure including capital works, exploration programmes and non-critical maintenance and a review is also being undertaken by most mining operations to determine the optimal level of mining of waste and ore at lower commodity prices. In this environment Ausdrill expects that volume of work undertaken at the various mining projects will change over coming months however in the medium term these are expected to stabilise to the original contracted volumes. However, opportunities remain for the Group to secure new work in the near term.

The Group's focus on production-related activities under long term contracts places it in good stead during these times of uncertainty. This is further reinforced by our geographic spread as well as the complete services offering that we provide to clients.

We are planning to consolidate on the solid base that we have now set for the group with a focus on strengthening the business and improving cash flows in the next 12 months by:

- improving our clients' knowledge of the benefits of the package of diversified services offered by the Ausdrill Group;
- working with our clients to improve service, product safety and productivity whilst maintaining quality;
- identifying and pursuing new opportunities to provide mining services capitalising on the infrastructure that the Group already has in place;
- reviewing cost structures within the Group;
- reviewing working capital particularly inventory levels to ensure that it is commensurate with current levels of activity;
- improving the performance of specialist services provided in Australia including MinAnalytical and Energy Drilling Australia;
- restricting capital expenditure to replacement needs or identified growth opportunities; and
- extracting and realising the full benefit of cost synergies and revenue opportunities within the Group.

The Ausdrill Group will be working to achieve the returns necessary for a Company of its size and with the deleveraging plans being pursued will ensure that the Group is well placed in the mining services sector to benefit from any upturn and opportunities that arise in the mining industry.

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 5,000 staff worldwide.

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