ASX RELEASE

AUSDRILL

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AUSDRILL OPERATING PERFORMANCE IN LINE WITH GUIDANCE

Key Points

- **Revenue down 26.9% from $580.2m to $424.2m**
- **EBITDA down 34.4% from $143.5m to $94.1m**
- **EBIT down 50.0% from $81.1m to $40.5m**
- **Impairment expense of $5.8m (pre-tax)**
- **Profit attributable to Ausdrill down 69.9% from $48.1m to $14.5m**
- **Basic earnings per share down 70.5% from 15.72 cents per share to 4.63 cents per share**
- **Interim dividend of 2.5 cents per share, fully franked**
- **First half affected by mining sector slowdown – however business is expected to improve with opportunities for Ausdrill in Australia and Africa**

Diversified mining services company Ausdrill Limited's **(ASX: ASL)** revenue was in line with guidance at $424.2 million for the six months to 31 December 2013.

All key divisions of the Group recorded a decrease in revenue as a result of the slowdown that has occurred in the mining sector.

Earnings for the period were impacted by the underperformance of parts of the business including exploration, mineral assaying, equipment hire and energy drilling. An impairment expense of $5.8m was assessed as part of the half year review in relation to the mineral assaying and equipment hire assets.

Earnings per share fell by 70.5% to 4.63 cents per share.

A fully franked interim dividend of 2.5 cents per share will be paid to Ausdrill shareholders on 31 March 2014.

Cash flow from operations was $65.7 million, up 24.3% on the previous corresponding period. Ausdrill also continued its strategy of deleveraging the business and during the period restricted capital expenditure to $32.0 million, whilst paying down debt of $48.5 million.

Ausdrill Managing Director, Mr Ron Sayers, said: "Ausdrill has experienced the toughest business conditions for some years, largely as a result of the sharp curtailment of spending by the mining companies and deferral of new projects.

"However, with the forecast increase in iron ore production from the Pilbara, as well as the expected recovery in the gold price, Ausdrill expects to benefit from a resumption of spending by the industry, albeit confined initially to production related activities. Other areas, such as exploration and equipment hire, are likely to remain subdued for at least the remainder of this year."

Outlook

Trading conditions are generally not expected to improve in the second half of this financial year, however, recent contract wins and increasing volumes on existing mining contracts are expected to provide a basis for an improved FY2015.

The MinAnalytical business, which currently derives most of its revenue from exploration activities, continues to underperform and reported a loss before tax and impairment of $1.5 million for the half. A further review of this business is underway to ascertain whether costs can be further reduced based on current volumes.

In the oil and gas industry, Ausdrill expects Energy Drilling Australia to show a marked improvement over coming months with an increase in equipment utilisation and the deployment of a new 500,000 lb rig that has been contracted to Senex Energy. This business reported a loss before tax of $6.4 million in the half.

Ausdrill's forecast net profit after tax and before any significant items for the full year to June 2014 is expected to be approximately $35 million on revenues of $825 million.

The resource industry is expected to improve over the medium term in Australia and Africa where Ausdrill has a long established presence and local know-how and, as a consequence, Ausdrill remains very well placed for a recovery beyond the current financial year.

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 4,500 staff worldwide.

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