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30 August 2019

AJ Lucas announces result for the year ended 30 June 2019

- **Underlying EBITDA up 36% to \$20.4 million (FY2018: \$14.9 million)**
- **Significant progress made in UK shale gas operations**
- **Continued improved performance of Drilling Division driven by several new multi-year contracts and strong forward order book**

AJ Lucas Group Limited (ASX: AJL) today announced a statutory EBITDA profit from continuing operations of \$9.1 million for the year ended 30 June 2019 (FY2018: \$21.0 million). This was lower than the prior year, largely as a result of costs arising from increased activity of drilling and fracturing operations undertaken by Cuadrilla Resources Holdings Limited ("Cuadrilla") in the UK and the full utilisation of the initial carry under the farm-in agreement with Spirit Energy.

Underlying EBITDA, excluding the Engineering and Construction business which AJ Lucas completed the disposal of at the beginning of the period, was \$20.4 million up 36% on the prior period (FY18: \$14.9 million).

Results summary for year ended	30 June 2019 (\$'000)	30 June 2018 (\$'000)	Change (%)
Revenue ¹	143,442	124,702	15.0
Underlying EBITDA ¹	20,412	14,916	36.8
Statutory EBITDA ¹	9,086	21,127	(57.0)
Statutory EBIT ¹	3,701	15,536	(76.2)
Statutory net loss (from continued & discontinued operations)	(39,390)	(16,271)	(142.1)
Basic loss per share (cents)	(3.4)	(1.3)	(163.3)
Total assets	265,957	266,935	0.4
Net assets	107,542	139,110	(22.7)
Net tangible asset backing per share (cents per share)	14.3	18.5	

1. From continuing operations – excluding the Engineering and Construction business.

Commenting on the results and outlook, AJ Lucas chairman Phil Arnall said: "AJ Lucas reported another set of strong underlying financial results for the year driven by the drilling division and supported by a focus on working capital management.

"The Drilling Division's performance again improved significantly during FY19 and the division starts the new financial year with the strongest order book in many years and confidence of repeating the performance of the recent two years. The Australian Metallurgical Coal market is forecast to remain strong over the next decade and the Drilling Division holds a pre-eminent position to benefit from this strength.



“Our investment in UK Shale Gas exploration saw some positive results with a flow test of the first well at Preston New Road yielding high quality dry natural gas and indications of extrapolated stable flow under operating conditions. We look forward to further results from the hydraulic fracturing and flow testing of the second well at Preston New Road now underway.”

For further information on the financial results please refer to the Group’s Preliminary Financial Report.

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