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HD **Logistics firmASCO Group reports narrowing losses Logistics firmASCO Group reports narrowing losses**

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Group says global expansion strategy 'on track', with revenues up 13.3% to £768.6m

Global oil and gas logistics specialist ASCO Group has reported narrowing losses for the 2013 year as revenues rose 13.3 per cent to £768.6 million.

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The Aberdeen-based group has reported a pre-tax loss of £5.41 million for the 2013 year to December 31, an improvement on pre-tax losses of £13.58 million booked for the 2012 year.

The total loss for the year was £1.3 million, down from a loss of £14.56 million reported for 2012, with 2013 results including a £4.11 million tax credit taken from prior year losses.

ASCO Group, which was acquired by private equity firmDoughty Hanson in 2011 in a deal valued at £250 million, has expanded its global operations rapidly in recent years, transforming from a Scottish-focussed oil and gas logistics business to expand through acquisition into Canada, Norway and Trinidad, Australia the US and Azerbaijan.

ASCO said a key highlight in the 2013 year was securing a three-year $100 million (£59.3 million) contract with BG in Tanzania to provide Supply Base services at Mtwara Port, which the group said provides a "firm foothold in East Africa and a foundation on which to develop more business in that country".

The Group is also looking to expand further by way of acquisition after securing a £40 million funding package from a banking syndicate led by HSBC.

ASCO said it drew down £15 million from that facility last week acquiring a majority shareholding in Australian oil and gas logistics support firm, Bonnie Rock Transport, which has depots in Perth, Dampier, Dongara and Broome in Western Australia, as well as Chinchilla in Queensland.

In full-year accounts now filed with Companies House, ASCO said net cash generated from its group operations rose to £25.65 million against a net loss of £14.92 million the previous year.

The group reports operating profits for the 2013 year ending December 31 jumped 158 per cent against the previous year to £14.8 million in what were "challenging" market conditions.

ASCO said one-off costs for the year totalled £0.8 million, which included £0.6 million linked to Doughty Hanson's £250 million buyout of ASCO from Phoenix Equity Partners in 2011 along with £0.2 million in due diligence costs

Finance costs for the year totalled £20.2 million, up from £19.9 million in 2012, with the group having refinanced senior facilities during the financial year which replaced a "26.1 million drawn down acquisition facility with a new £40 million term loan repayable in 2019.

The group also agreed a a further £40 million loan facility with its bankers to fund future acquisitions.

Group net debt as of December 31, 2013 stood at £152 million, down from £156.6 million at the 2012 year end, and held £38.9 million in cash and £60.3 million in unutilised facilities at the end of 2013.

Total bank borrowing at the year-end was £176.1 **million** against £167 **million** in 2012, with 96 per cent of borrowing due to mature in more than one year.

Depreciation costs of £12 **million** have been booked on tangible assets for 2013, up from £7.9 **million** in depreciation costs reported the previous year.

ASCO Group chief executive, Derek Smith, said the group had shown "good progress" in the 2013 year towards its wider strategic and operational goals.

He said: "We continued to grow our capability, remained focussed on operational excellence and established a new brand and values which better reflect our global ambitions.

"A sustained focus on our strategic goals during 2013 allowed us to further strengthen a more differentiated position in the oilfield support services sector."

He added: "With a healthy sales pipeline, we enter 2014 in a strong position".

ASCO said its repositioning last year had included the establishment of seven "key service lines", which will sustain its traditional logistics business as well as offering more integrated services to customers.

Group chief executive, Derek Smith said, "The year saw us make further progress towards our strategic goals of growing our capability and remaining focused on customer service and operational excellence."

He added: "Collaboration in our industry is going to be key. In the UKCS, this is re-enforced by the recent publication of 'UKCS (UK Continental Shelf) Maximising Recovery Review'.

"If we come together as an industry and work in closer partnership, we will ensure maximum returns not just within the UKCS, but around the world".

The group said headcount at the year end totalled 2,229 people globally, up from 2,044 the previous year, and the **company** now operates across 35 locations in 16 countries.

ASCO employs around 900 people across three UK divisions – including 800 at sites in Peterhead and Aberdeen – with a further 100 staff employed at a site in Great Yarmouth.

CO ascoab : ASCO Group Ltd | douhan : Doughty Hanson & Company Ltd | pephl : Phoenix Equity Partners Holdings LLP

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