

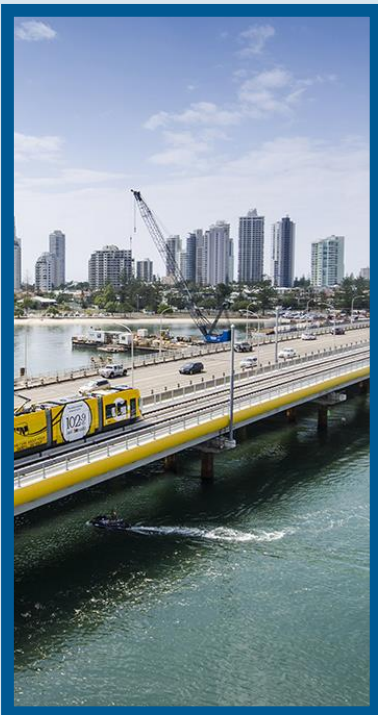
# 2016 FINANCIAL YEAR-END RESULTS PRESENTATION

23 August 2016



# AGENDA

## OVERVIEW



Kobus Verster  
*CEO*

## STRATEGY



Kobus Verster  
*CEO*

## FINANCIAL ANALYSIS



Adrian Macartney  
*CFO*

## OPERATIONAL REVIEW



Kobus Verster  
*CEO*

## OUTLOOK



Kobus Verster  
*CEO*



## OVERVIEW



# OVERVIEW | Salient features

- Strong improvement in safety performance
- Revenue decreased by 23% to R33.8 billion
- Gross margin improved from 5.4% to 7.4% and net operating earnings to a profit of R146 million
- Overheads reset for lower activity levels
- Headline loss per share improved by 48% to a loss of 75cps
- Substantial improvement in the performance of Aveng Grinaker-LTA, with strong cash generation
- Restructuring of McConnell Dowell completed, strong order book growth, large claims remain unresolved, and some project underperformance
- Negative cash flow in McConnell Dowell disappointing
- Overall an improved operational performance and strong cash flow in South African operations
- Sale of property portfolio, infrastructure investments and the Aveng Steeledale business concluded
- Continue to investigate and pursue transformational options for Aveng Grinaker-LTA
- Divestment of Aveng Trident Steel remains an objective – value likely to be challenging

# MARKET CONDITIONS

## SOUTH AFRICA AND REST OF AFRICA

- Local infrastructure market remains subdued
- Limited large civil engineering and mechanical & electrical projects coming to market
- Commercial building environment remained relatively strong in 2016
- Public infrastructure spend focused on transportation, energy and water
- Weak international steel prices and poor local demand in 2016 – price and volume stability expected in the short term
- Mining decline appeared to bottom out with some improvement expected
- Manufacturing environment impacted by slow demand from construction and mining as well as reduced maintenance by Transnet



## AUSTRALASIA AND SOUTHEAST ASIA

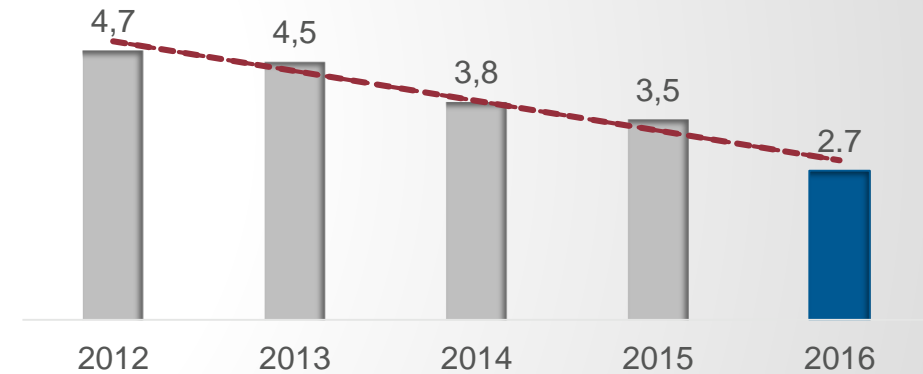
- Adverse impact from the declining mining and Oil & Gas industries continue, especially in Australia
- Partly offset by the start of substantial infrastructure spend in the road, rail, water and power sectors – the medium term outlook is more positive
- The New Zealand construction market remained steady, driven by road and water projects
- The Southeast Asian infrastructure markets continue to offer strong opportunities, especially in Singapore, Malaysia, Indonesia and Thailand in the Oil & Gas, marine, pipelines and tunnelling markets
- Stronger competition across all geographies and sectors



# SAFETY, HEALTH & ENVIRONMENT

- Improved performance in the All Injury Frequency Rate (AIFR) reduced to **2.7**
- Continued focus on road safety in South Africa
- Employee Wellness Programme engagement is performing above industry norms
- No major environmental incidents

**AVENG FIVE-YEAR AIFR TREND  
(PER 200 000 HOURS)**



## SAFETY ACHIEVEMENTS

**HOME WITHOUT HARM**  
EVERYONE EVERYDAY

- McConnell Dowell's Built Environs, Middle East and Australia Regions are all running at a LTI rate of zero
- Aveng Grinaker-LTA (Coastal) – 4 sites achieved 5 star Master Builders Association (MBA) rating
- Aveng Grinaker-LTA (Mechanical & Electrical) fabrication facilities – 7 years without a LTI
- Aveng Grinaker-LTA (Mechanical & Electrical) - 8,7 mil LTI free hours
- Aveng Water Emalahleni (OWRP) - has achieved 5 years without a LTI
- Aveng Mining Sadiola Mine - has achieved over 5,6 mil hours without a LTI
- Aveng Mining Tumela Shaft Operations – 4,6 years LTI free

## STRATEGY



# STRATEGIC PROCESS

**01**  
**Recover  
and stabilise  
2014 - 2016**



Strategy

**02**  
**Position for  
profitable growth  
2016 - 2019**



**Realise growth and  
sustain profitability  
2018 - onwards**

**03**





# STRATEGIC PROCESS | Recover and stabilise largely complete

	Aveng Grinaker-LTA	McConnell Dowell	Aveng Mining	Aveng Manufacturing	Aveng Steel	Aveng Capital Partners
Turnaround	●	●	●	N/A	●	N/A
Quality of order book	●	●	●	N/A	N/A	N/A
Liquidity and cash flow	●	●	●	●	●	●
Claims resolution	●	●	●	N/A	N/A	N/A
Underperforming contracts and businesses	●	●	●	●	●	N/A
Fixed cost reduction and restructure	●	●	●	●	●	N/A
Stability and capacity of management	●	●	●	●	●	●

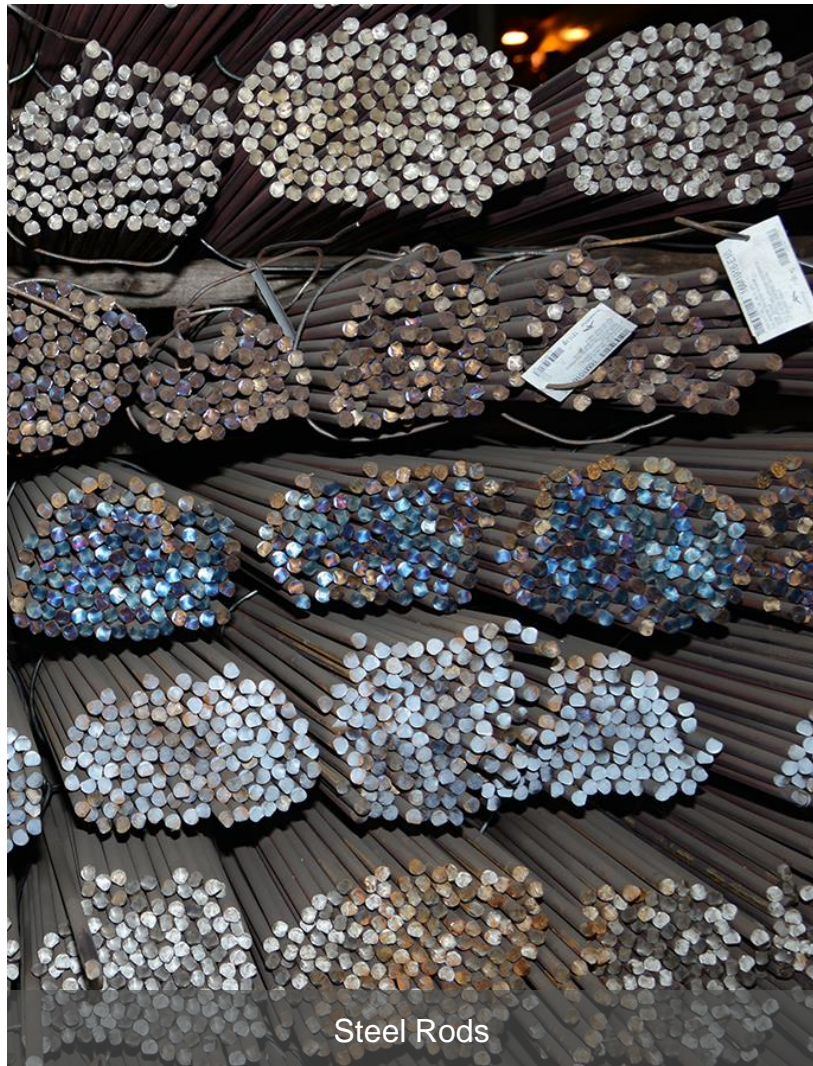
# STRATEGIC PROCESS | Strategic initiative update



## Aveng Capital Partners Monetisation

- Four major infrastructure investments had reached a position and a time where meaningful value could be extracted
- All had moved significantly up the value curve
- Competitive bidding process followed
- Agreement signed for entire equity interest for R860 million cash
- Royal Bafokeng Holdings a strong and preferred partner
  - Value, funding, credentials (size, empowerment and step-in ability), execution, strategic options
- Conditions precedent
  - Waiver of pre-emptive rights
  - Lender consent
  - Regulatory approvals
- Timeline – around 31 October 2016, including shareholder approval as a Category 1 transaction
- Focus going forward – Aveng Capital Partners will continue to pursue infrastructure investment project development opportunities

# STRATEGIC PROCESS | Strategic initiative update



## Aveng Steeledale Disposal

- Bidding process through corporate advisors
- Focused on identifying the right deal partners and structures mindful of Aveng's obligations to its shareholders, staff and other stakeholders
- Empowerment important for the future growth of the Steeledale business
- Agreement signed for disposal of a 70% equity interest for R252 million
- Residual 30% can be sold after 3 years at Aveng's option
- Between R93 million and R123 million in cash with residual paid on a deferred basis over an estimated 8 years (or fair value on exit of 30% residual holding)
- Related party transaction – shareholders approval / fairness opinion
- Conditions precedent – regulatory and signing of final funding agreements
- Effective date around 31 October 2016

# STRATEGIC PROCESS | Short term focus



## Positioning Aveng for profitable growth

- Close-out strategic transactions
  - Embedding new relationships, which are key to growth and opportunity aspirations
  - Investigate and pursue transformational options for Aveng Grinaker-LTA
  - Divestment of Aveng Trident Steel remains an objective
- Cash preservation and balance sheet strength
  - Continued focus on cash generation in FY2017
  - Reverse negative working capital cycle in McConnell Dowell
    - Settlement of significant outstanding claims
  - Cash from disposal process mainly used to strengthen the Group's balance sheet
- Improve operational performance through project delivery and maintain tender discipline
- Major focus on efficiency improvements and growth initiatives in Aveng Manufacturing targeting improved returns
- Aveng Mining to target growth in SA and the rest of Africa as the sector begins to improve slowly
- Further reduce the Group's fixed cost base
- Opportunities to optimise the Group's capital structure to continue
- To achieve strong operational performance, to enable participation once the market normalises

# FINANCIAL ANALYSIS



# SNAPSHOT OF RESULTS

	<b>FY2016 Rm</b>	FY2015 Rm	FY2014 Rm	FY2013 Rm	FY2012 Rm
Revenue	<b>33 755</b>	43 930	52 959	51 704	40 886
Gross margin	<b>7.4%</b>	5.4%	6.8%	6.7%	8.5%
Operating expenses	<b>(2 808)</b>	(3 063)	(3 171)	(3 274)	(2 986)
Net operating profit / (loss)	<b>146</b>	(288)	799	656	613
Capital profits	<b>592</b>	777	-	-	-
Impairments	<b>(333)</b>	(621)	(831)	-	-
Interest	<b>(341)</b>	(306)	(183)	(30)	113
Headline (loss) / earnings	<b>(299)</b>	(578)	421	466	521
Headline earnings per share	<b>(75.2)</b>	(144.3)	112.5	124.6	128.1
Net (debt) / cash	<b>(534)</b>	393	(1 269)	2 589	3 924



A smaller and more  
predictable business



Gross operating margin  
continued to improve



McConnell Dowell still  
working capital negative

# REVENUE | Construction & Engineering

		30 June 2016 Rm	30 June 2015 Rm
<b>SOUTH AFRICA AND REST OF AFRICA</b>			
Aveng Grinaker-LTA Building and Coastal	▲	3 104	2 705
Aveng Grinaker-LTA Civil Engineering	▼	2 322	3 150
Aveng Grinaker-LTA Mechanical & Electrical	▼	1 454	1 835
Aveng Engineering / Aveng Water	▼	309	703
Aveng Capital Partners	▲	156	12
Other		(1)	(50)
<b>TOTAL</b>		<b>7 344</b>	<b>8 355</b>

▼ 12%

		30 June 2016 AUDm	30 June 2015 AUDm
<b>AUSTRALASIA AND ASIA</b>			
Australia	▼	525	1 147
New Zealand and Pacific	▲	323	245
Southeast Asia	▼	371	560
Built Environs	▼	45	132
Electrix	▼	-	118
<b>TOTAL</b>		<b>1 264</b>	<b>2 202</b>

▼ 43%

# REVENUE | Mining

## AVENG MINING

		30 June 2016 Rm	30 June 2015 Rm
Aveng Moolmans	▼	3 510	4 563
Aveng Shafts & Underground	▲	1 516	1 393
<b>TOTAL</b>		<b>5 026</b>	<b>5 956</b>

▼ 16%



# REVENUE | Manufacturing & Processing

<b>AVENG MANUFACTURING</b>		<b>30 June 2016 Rm</b>	30 June 2015 Rm
Aveng ACS	▲	<b>441</b>	425
Aveng DFC	▼	<b>469</b>	485
Aveng Duraset	▼	<b>487</b>	535
Aveng Infraset	▼	<b>851</b>	1 229
Aveng Rail	▲	<b>770</b>	676
Other		<b>(57)</b>	(117)
<b>SUB-TOTAL</b>		<b>2 961</b>	3 233
Aveng Facades (closed)		<b>4</b>	38
<b>TOTAL</b>		<b>2 965</b>	3 271

▼ 9%

<b>AVENG STEEL</b>		<b>30 June 2016 Rm</b>	30 June 2015 Rm
Aveng Steeledale	▼	<b>1 153</b>	1 312
Aveng Trident Steel	▼	<b>4 546</b>	5 178
<b>SUB-TOTAL</b>	▼	<b>5 699</b>	6 490
Aveng Steel Fabrication (closed)		<b>130</b>	167
<b>TOTAL</b>		<b>5 829</b>	6 657

▼ 12%

# EARNINGS UPDATE FOR 30 JUNE 2016

<b>NET OPERATING EARNINGS</b>	<b>30 June 2016 Rm</b>	<b>30 June 2015 Rm</b>
Construction & Engineering: South Africa and rest of Africa	<b>(187)</b>	(697)
Aveng Grinaker-LTA	<b>(69)</b>	(575)
Construction & Engineering: Australasia and Asia	<b>14</b>	112
Aveng Mining	<b>276</b>	413
Aveng Manufacturing	<b>96</b>	226
Aveng Steel	<b>(166)</b>	(172)
Other	<b>113</b>	(170)
<b>TOTAL</b>	<b>146</b>	(288)

# WORKING CAPITAL

	<b>FY2016 Rm</b>	FY2015 Rm	change %	<b>FY2016 Days</b>	FY2015 Days
Inventory	<b>2 211</b>	2 529	(13)	<b>26 days</b>	22 days
Trade and other receivables	<b>2 058</b>	2 424	(16)	<b>22 days</b>	20 days
Amounts due from contract customers	<b>9 464</b>	10 294	(8)		
Current trade and other payables	<b>(5 886)</b>	(7 961)	26	<b>68 days</b>	70 days
Amounts due to contract customers	<b>(1 322)</b>	(2 562)	48		
<b>Net working capital</b>	<b>6 551</b>	4 724	38		
Forex impact	<b>(146)</b>	-			
Steeledale - held for sale	-	(120)			
QCLNG and Gold Coast claims	<b>(4 246)</b>	(3 255)	(30)		
QCLNG advance	-	1 055			
<b>Normalised net working capital</b>	<b>2 143</b>	2 404	(11)		

# UNCERTIFIED REVENUE AND CLAIMS

	FY2016 Rm	FY2015 Rm
Uncertified claims and variations	6 584	5 157
Contract contingencies	(390)	(253)
Contract and retention receivables	3 270	5 390
<b>AMOUNTS DUE FROM CUSTOMERS</b>	<b>9 464</b>	10 294
Progress billings received	(1 014)	(1 921)
Amounts received in advance	(308)	(641)
<b>AMOUNTS DUE TO CUSTOMERS</b>	<b>(1 322)</b>	(2 562)
Net amounts due from contract customers	8 142	7 732
Foreign exchange impact	910	

	FY2016 Rm					TOTAL
Contract claims	227	1 104	-	-	24	1 355
QCLNG and Gold Coast claims	-	4 246	-	-	-	4 246
Uncertified variations (timing)	292	185	413	76	17	983
<b>Uncertified claims and variations</b>	<b>519</b>	<b>5 535</b>	<b>413</b>	<b>76</b>	<b>41</b>	<b>6 584</b>

	FY2015 Rm					TOTAL
Contract claims	638	541	72	-	(337)	914
QCLNG and Gold Coast claims	-	3 255	-	-	-	3 255
Uncertified variations (timing)	280	262	327	119	-	988
<b>Uncertified claims and variations</b>	<b>918</b>	<b>4 058</b>	<b>399</b>	<b>119</b>	<b>(337)</b>	<b>5 157</b>

# MOVEMENT IN NET CASH AND LIQUIDITY

## OPERATING FREE CASH FLOW

FY2016  
Rm

Construction & Engineering: South Africa and rest of Africa	364
Construction & Engineering: Australasia and Asia	(2 583)
Mining	363
Manufacturing	(29)
Steel	304
Other	456
<b>TOTAL</b>	<b>(1 125)</b>

Net cash as at 30 June 2015

Cash from operations

Proceeds from disposal of properties

QCLNG advance

Working capital change

Net finance charges and taxation

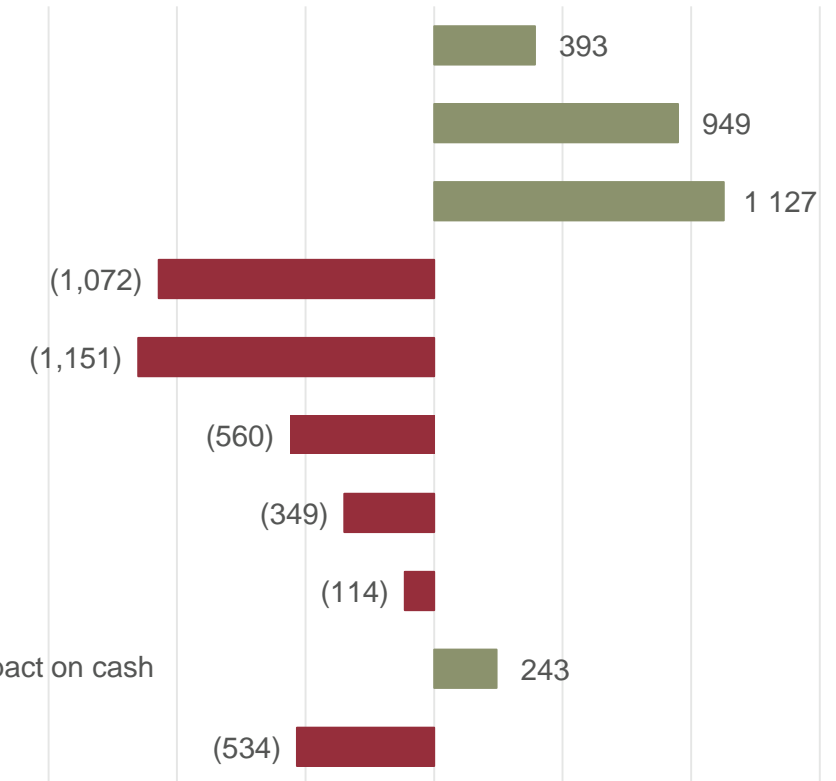
Net capital expenditure

Investments movement

Net movement in borrowings and exchange impact on cash

Net debt as at 30 June 2016

Year ended 30 June 2016  
Rm



# NET CASH

	FY2016 Rm	FY2015 Rm
<b>Cash</b>	<b>2 450</b>	2 856
South African operations	<b>1 009</b>	506
McConnell Dowell	<b>1 441</b>	2 350
<b>Borrowings</b>	<b>2 984</b>	2 463
Convertible bond	<b>1 731</b>	1 651
South African operations	<b>348</b>	562
McConnell Dowell	<b>905</b>	250
<b>NET (DEBT) / CASH</b>	<b>(534)</b>	393
<b>QCLNG ADVANCE PAYMENT</b>	<b>-</b>	(1 055)
<b>ADJUSTED NET (DEBT)</b>	<b>(534)</b>	(662)

	FY2016 Rm	FY2015 Rm
<b>Cash</b>	<b>2 450</b>	2 856
Less:		
Joint operations	<b>(696)</b>	(675)
Advance payments	<b>(308)</b>	(641)
QCLNG advance payment	<b>-</b>	(1 055)
Short term facilities	<b>(768)</b>	(94)
Minimum working capital requirements	<b>(900)</b>	(1 200)
<b>LIQUIDITY REQUIREMENT</b>	<b>(222)</b>	(809)
<b>UNUTILISED FACILITIES</b>	<b>1 937</b>	4 188
<b>LIQUIDITY HEADROOM</b>	<b>1 715</b>	3 379



Aveng Capital Partners transaction  
to add R860m liquidity



## OPERATIONAL REVIEW





**CONSTRUCTION & ENGINEERING | South Africa and rest of Africa**





# CONSTRUCTION & ENGINEERING | South Africa and rest of Africa | Overview



## Aveng Grinaker-LTA

- Marginal loss, includes R69 million of restructuring and holding costs
- Cost reduction completed
- Management structure stable
- Loss-making contracts resolved
- Significant claims largely resolved
- Substantial positive cash flow
- Strong brand, reputation and order book for Building operations
- Civil Engineering and Mechanical & Electrical order book under pressure



## Aveng Water

- Aveng Engineering discontinued
- Once-off cost of R250 million:
  - eMalahleni – R180m
  - Restructuring cost – R25m
- Aveng Water under new management



## Aveng Capital Partners

- Disposal of 70% of the industrial property portfolio to the Collins Group
- Strong profits from the revaluation of operational infrastructure investment portfolio (four major project investments) in line with binding offer received from a qualified buyer
- R860 million purchase consideration for the infrastructure portfolio

# CONSTRUCTION & ENGINEERING | South Africa and rest of Africa

	FY2016 Rm	FY2015 Rm	% change
Revenue	<b>7 344</b>	8 355	<b>(12)</b>
Operating expenses	<b>(682)</b>	(736)	<b>7</b>
Net operating loss <sup>(1)</sup>	<b>(187)</b>	(697)	<b>73</b>
2 year order book	<b>6 558</b>	7 354	<b>(11)</b>
Operation Free Cash Flow	<b>364</b>	(1 286)	<b>&gt;100</b>

## OPERATIONAL PERFORMANCE

- Substantial improvement in ratio of new contracts operating at tender margin
- Uncertified revenue reduced
- Projects completed:
  - Gouda Wind Farm
  - Grootegeeluk Cyclic Ponds
  - Mokolo Pipeline Project
  - Mall of the South
  - Aspen Pharmacare manufacturing facility

## RECENT PROJECT AWARDS IN THE YEAR

- Centre Point shopping centre and residential development
- Absa Data Centre
- Shelley Beach Hospital
- Extension to Sedibeng Breweries
- 129 Rivonia (mixed use development)
- Various maintenance contracts in Oil & Gas sector

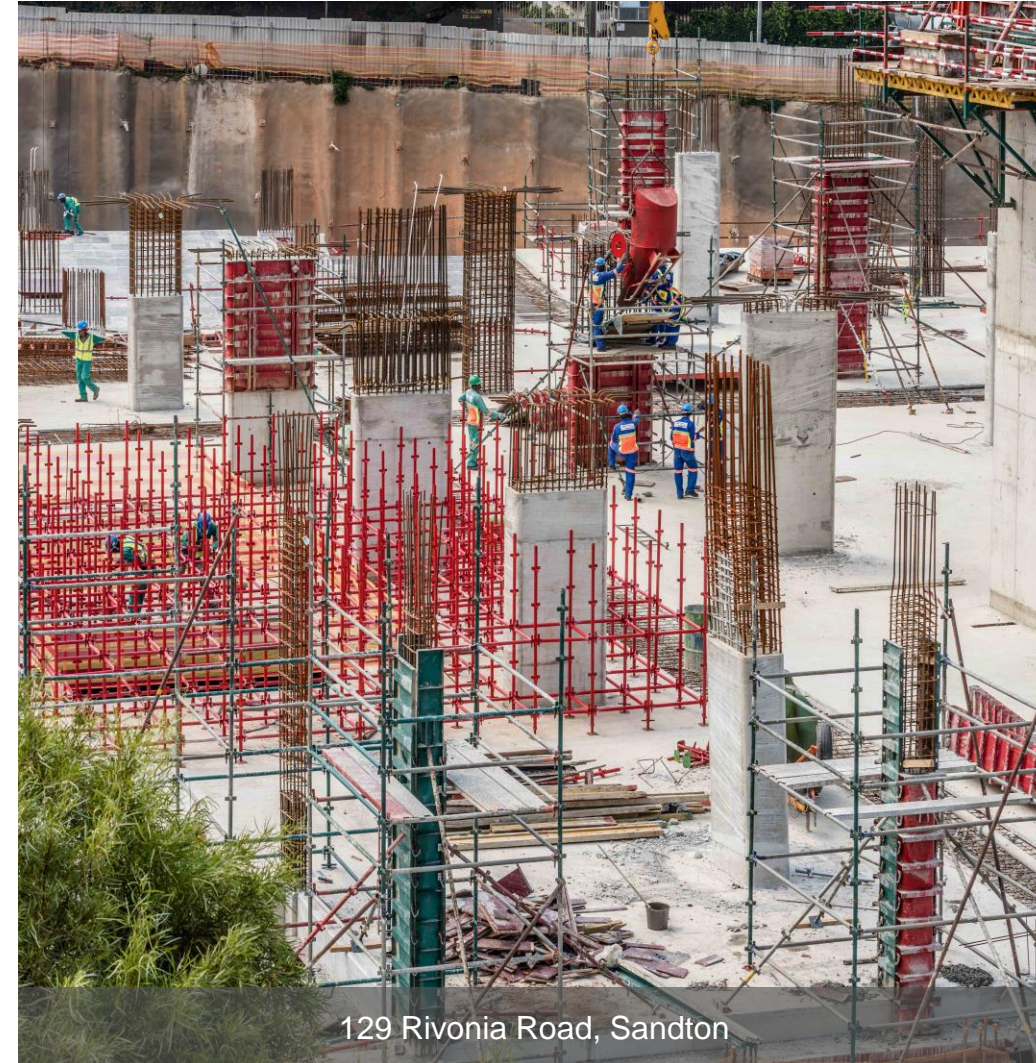
1) Loss of R273 million relating to Aveng Engineering included in Net operating loss

# CONSTRUCTION & ENGINEERING | South Africa and rest of Africa | Outlook



## Outlook

- Improved order book margin
- Focus on positive cash flow, cost control, and project execution
- Acquiring profitable work in Civil Engineering and Mechanical & Electrical remains a priority
- Aveng Water will focus on growing Operate & Maintain capacity
- Aveng Capital Partners will continue to pursue new project development and investment opportunities
- Planned return to profitability in FY2017



129 Rivonia Road, Sandton



## CONSTRUCTION & ENGINEERING | Australasia and Asia



# CONSTRUCTION & ENGINEERING | Australasia and Asia | Overview



## McConnell Dowell

- Restructuring completed
  - Senior management changes
  - Flat structure focuses on delivery and predictability
- Business cost base aligned with lower revenue
- Overheads down by 18% in FY2016
- More selective pipeline and tender management
- Negative cash flow in 2016 impacted by QCLNG advance repayment, restructuring costs and increase in net working capital
- Order book increased by 22% with an improved embedded margin
- Strong performance in Southeast Asia and New Zealand and Pacific



Rowsley Crossing Loop, Australia

# CONSTRUCTION & ENGINEERING | Australasia and Asia | Claims update



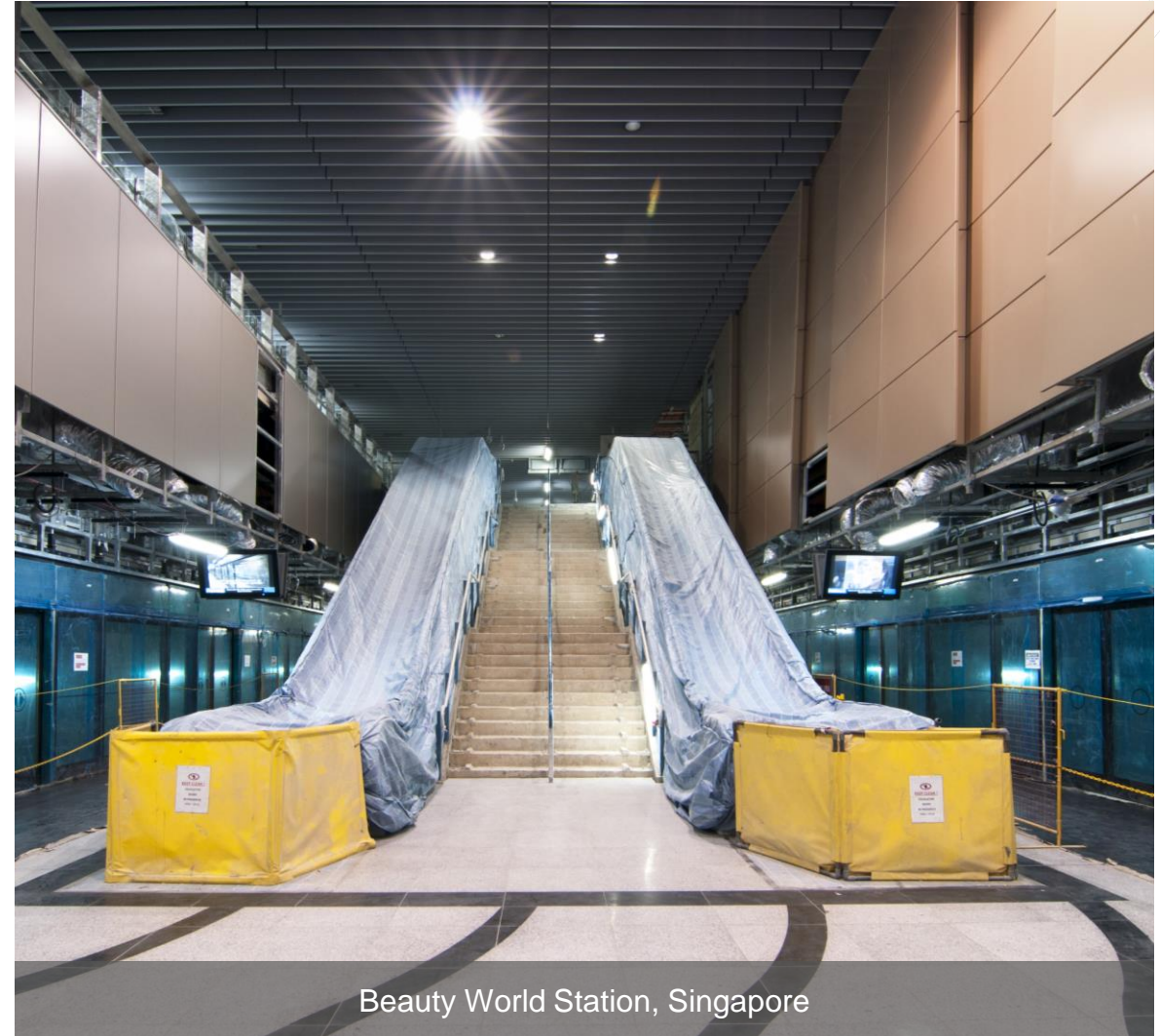
## McConnell Dowell

### QCLNG

- Arbitration hearings complete
- Award date delayed
- Award will be cash accretive
- Earnings remain at risk

### Gold Coast

- Arbitration process update
- Anticipated timeline
- Award will be cash accretive
- Earnings remain at risk



Beauty World Station, Singapore

# CONSTRUCTION & ENGINEERING | Australasia and Asia

	<b>FY2016 AUDm</b>	FY2015 AUDm	% change	<b>FY2016 Rm</b>	FY2015 Rm
Revenue	<b>1 264</b>	2 202	<b>(43)</b>	<b>12 828</b>	20 912
Operating expenses	<b>(98)</b>	(120)	<b>18</b>	<b>(1 022)</b>	(1 152)
Operating profit	<b>1.4</b>	9	<b>(84)</b>	<b>14</b>	112
2 year order book	<b>1 505</b>	1 229	<b>22</b>	<b>16 510</b>	11 629
Operating Free Cash Flow	<b>(235)</b>	28	<b>&gt;(100)</b>	<b>(2 583)</b>	329

## OPERATIONAL PERFORMANCE

- Completion of numerous projects including:
  - 4th transmission pipeline project in Thailand
  - Singapore Land Transit Authority's (LTA) C916 and C917 MRT projects
  - IKEA's flagship store in Malaysia
  - Oiltanking's Karimun Marine Terminal
  - Tonga and Tuvalu runway projects
- Large projects closed out include:
  - Roy Hill, Ore Car Repair Shop, Perth Airport T1, Hay Point, Beauty World Station and Christchurch Rebuild

## RECENT PROJECT AWARDS

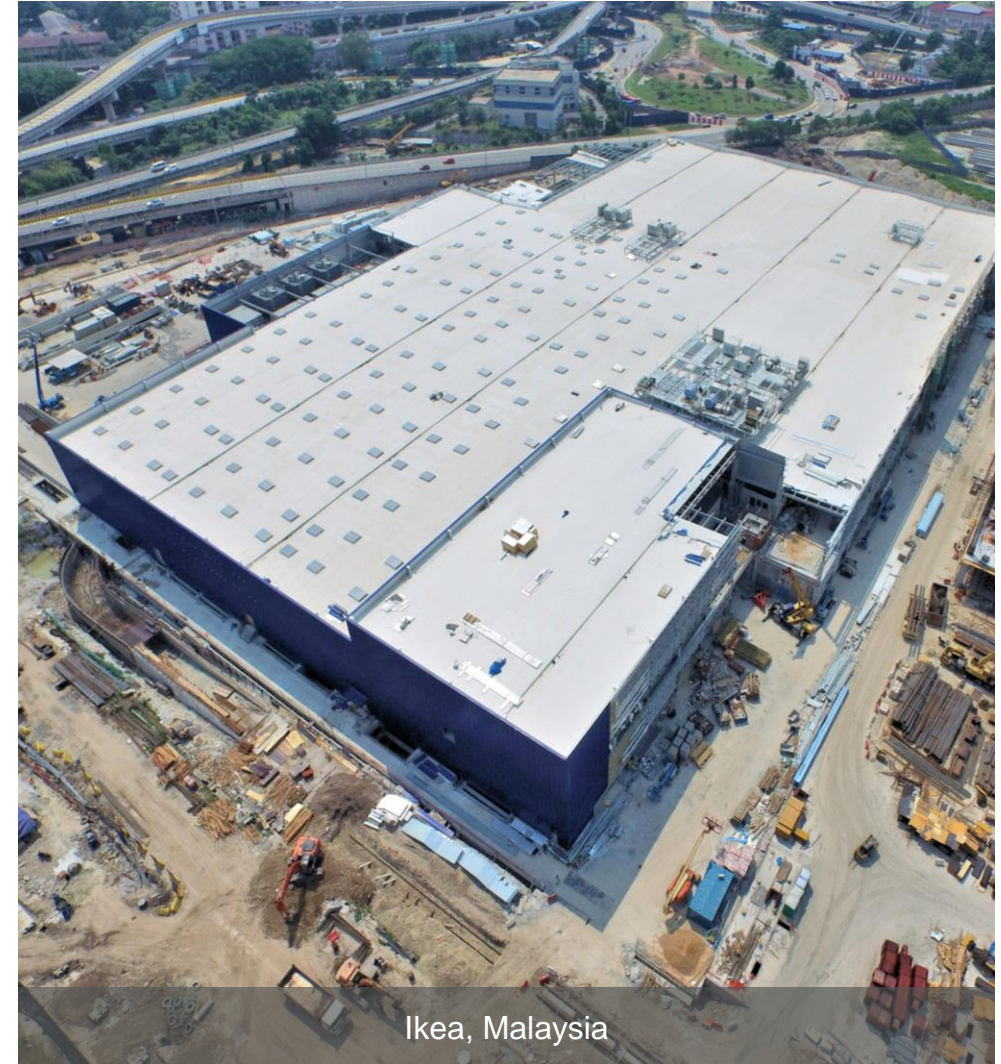
- Northern Gas Pipeline (NGP)
- Brangaroo Ferry Terminal
- Rio Tinto's Amrun Project
- Tuas Bridge Singapore
- Toyo Engineering (Malaysia)
- Rapid Mega Development
- City Rail Link and Artillery Drive (NZ)
- Modbury Hospital Redevelopment

# CONSTRUCTION & ENGINEERING | Australasia and Asia | Outlook



## Outlook

- Significant opportunities in all business units
- Substantial infrastructure spend in the road, rail, water and power sectors in Australia
- The Southeast Asian infrastructure markets continue to offer strong opportunities, especially in Oil & Gas, marine, pipelines, and tunnelling sectors across the region
- Focus on closing out under-performing contracts
- Maintain tender discipline in a highly competitive market
- Reversal of the negative working capital and cash flow cycle expected in 2017
- Planned return to reasonable profitability in FY2017



Ikea, Malaysia



# MINING



# MINING | Overview



## Aveng Moolmans and Aveng Shafts & Underground

- 2016 characterised by contract cancellations and price reductions
- Swift response:
  - Contract costs brought down
  - Reduced overhead costs
  - Restructured and fully integrated the two businesses
- Reasonable financial performance in difficult market conditions
- Positive cash flow for the year
- Successfully completed the Chile contract. Claims settled and shaft bottom reached ahead of revised plan
- Continuing contractual and commercial discussions regarding Wesizwe's Bakubung Platinum Mine
- Strong operational performance on most contracts
- Idle equipment ratio increased



# MINING

	<b>FY2016 Rm</b>	FY2015 Rm	% change
Revenue	<b>5 026</b>	5 956	<b>(16)</b>
Operating expenses	<b>(235)</b>	(286)	<b>18</b>
Operating profit	<b>276</b>	413	<b>(33)</b>
2 year order book	<b>4 906</b>	7 902	<b>(38)</b>
Operating Free Cash Flow	<b>363</b>	193	<b>88</b>

## OPERATIONAL PERFORMANCE

- Underground business returned to profitability
- Kalagadi Manganese Mine project largely completed
- Open cut business profitable and cash flow positive albeit at lower margins
- Scope reduced on various contracts
- Various disputes resolved – business largely de-risked

## RECENT PROJECT AWARDS

- Taparko Mine, Burkina Faso
- Khutala Colliery Mine, South Africa
- Lefa Mine, Guinea

# MINING | Outlook



## Outlook

- Lower activity levels are expected to continue in the short term
- Pursue work in South Africa, rest of Africa and beyond Africa to improve the geographical and commodity mix
- Three new contracts won - full impact to be realised in H2 FY2017
- Idle fleet offers opportunities
- Operating performance expected to improve in 2017, but profitability to remain flat due to challenging market conditions
- Strong cash flow expected





**MANUFACTURING & PROCESSING**



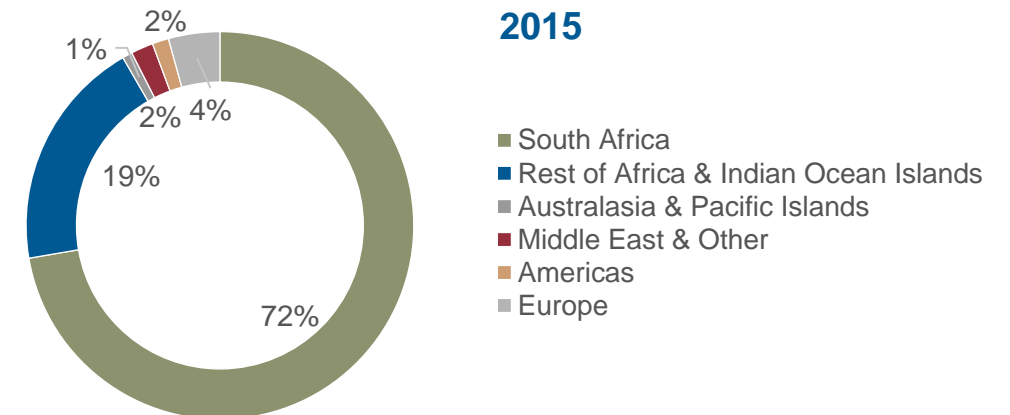
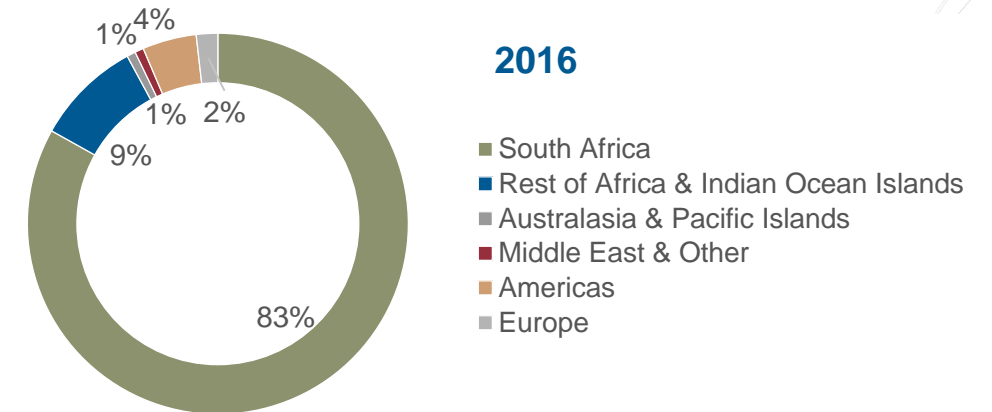
# MANUFACTURING & PROCESSING | Aveng Manufacturing | Overview



## Aveng Manufacturing

- Weak manufacturing, mining and construction market adversely affected its performance mainly in the second half
- Reduction in rail maintenance impacted mechanised rail maintenance contracts and sleeper volumes
- Roof tiles and paving performing at full capacity
- Capital expenditure increased in roof tile and valve manufacturing capacity
- Profitability and cash flow below expectations

### REVENUE BY GEOGRAPHY



# MANUFACTURING & PROCESSING | Aveng Manufacturing | Outlook

	FY 2016 Rm	FY 2015 Rm	% change
Revenue	<b>2 965</b>	3 271	(9)
Operating expenses	<b>(349)</b>	(360)	3
Operating profit	<b>96</b>	226	(58)
Operating Free Cash Flow	<b>(29)</b>	167	>(100)
Capital expenditure	<b>126</b>	156	(19)



## Outlook

- Local market expected to remain under pressure
- Pursue increased international valves sales volumes and rail opportunities in SADC
- Increase roof tile and concrete products capacity
- Efficiency initiatives are underway to improve profitability and return
- Improved financial performance is expected

# MANUFACTURING & PROCESSING | Aveng Steel | Overview



## Aveng Steel

- Most difficult trading conditions in decades
- Weak international steel price and low domestic demand
- Significantly impacted by price reductions in the first half of the year
- Restructuring and cost saving initiatives evident in results
- EBITDA positive in H2 FY2016
- Cash flow positive despite difficult market conditions
- Disposal of Aveng Steeledale concluded





# MANUFACTURING & PROCESSING | Aveng Steel | Outlook

	FY 2016 Rm	FY 2015 Rm	% change
Revenue	<b>5 829</b>	6 657	<b>(12)</b>
Operating expenses	<b>(353)</b>	(435)	<b>19</b>
Operating loss	<b>(166)</b>	(172)	<b>3</b>
Operating margin	<b>(3)%</b>	(3)%	
EBITDA	<b>(106)</b>	(125)	<b>15</b>
Operating Free Cash Flow	<b>304</b>	(155)	<b>&gt;100</b>



## Outlook

- Volume and prices are expected to continue to be under pressure
- Benefits from restructuring and optimisation will contribute to improved performance in 2017
- Continue to adjust the business to demand (if required)
- Target positive EBIT and cash flow

## OUTLOOK

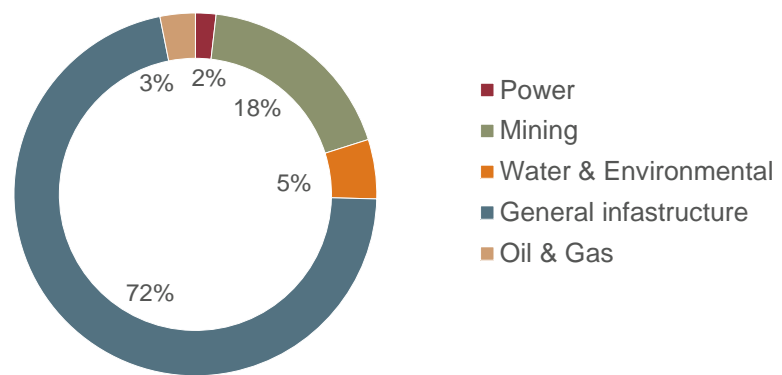


# TWO YEAR ORDER BOOK

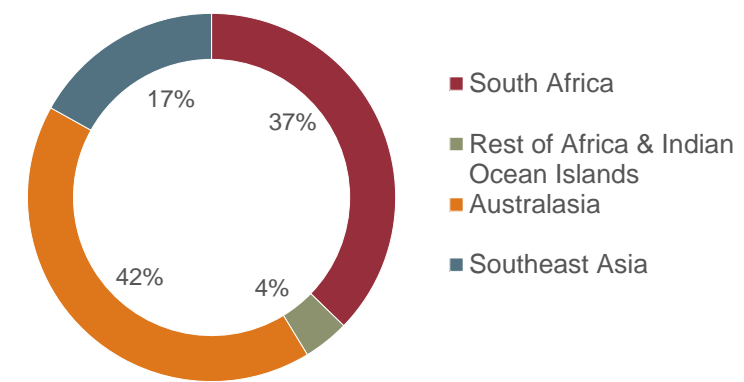
	Revenue	
	FY2016 Rm	FY2015 Rm
McConnell Dowell	<b>16 510</b>	11 629
Aveng Grinaker-LTA (incl. Water)	<b>6 558</b>	7 354
Aveng Mining	<b>4 906</b>	7 902
Aveng Manufacturing	<b>122</b>	2 034
<b>TOTAL</b>	<b>28 096</b>	28 919
Project margin	<b>8.1%</b>	8.5%

	Target EBIT range %
McConnell Dowell	<b>3 – 5%</b>
Aveng Grinaker-LTA	
Building and Coastal	<b>2 – 4%</b>
Civil Engineering	<b>2 – 4%</b>
Mechanical & Electrical	<b>4 – 6%</b>
Aveng Mining	<b>8 – 10%</b>
Aveng Manufacturing	<b>6 – 8%</b>

Two year order book by sector



Two year order book by geography



# KEY TAKEAWAYS

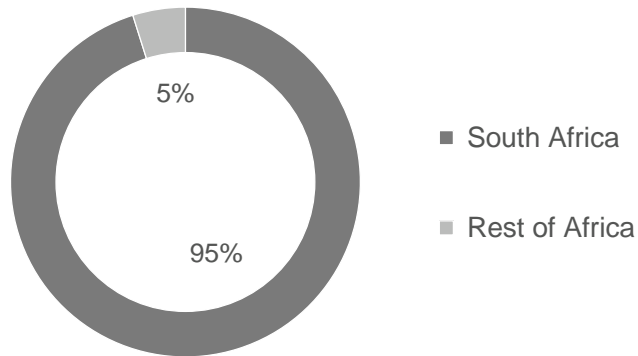
- Aveng is a more focused business, well positioned for improved profitability
- The strategic initiatives are receiving intense focus both in terms of closing out the transactions announced thus far as well as investigating transformational options for Aveng Grinaker-LTA and the divestment of Aveng Trident Steel
- Challenging economic conditions are expected to continue in the short term, with a more positive outlook for Australia in the medium term
- Substantial restructuring has been implemented to enable profitability at current activity levels – continue to maintain cost control
- Quality of the order book improved, though not at desired levels
- The Group delivered on its strategic initiatives to improve liquidity
- Aveng Grinaker-LTA positioned to continue its turnaround in current market conditions
- Focus on the reversal of the negative working capital cycle within McConnell Dowell
- QCLNG and Gold Coast claims settlement progress slower than expected

## QUESTION & ANSWERS

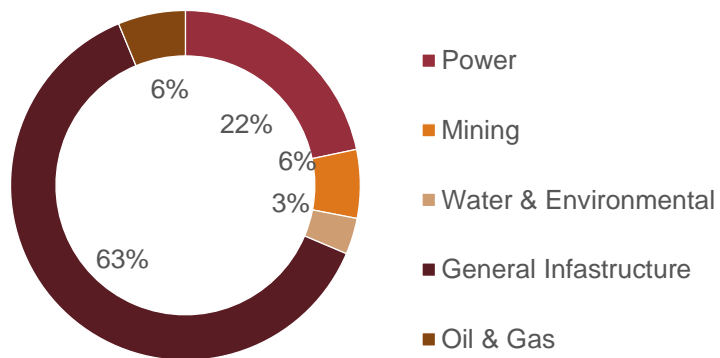


# CONSTRUCTION & ENGINEERING | South Africa and rest of Africa

## 2016 REVENUE BY GEOGRAPHY



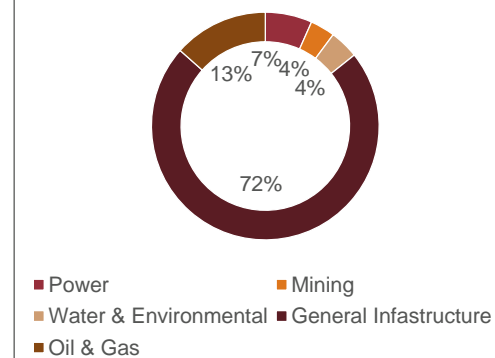
## 2016 REVENUE BY SECTOR



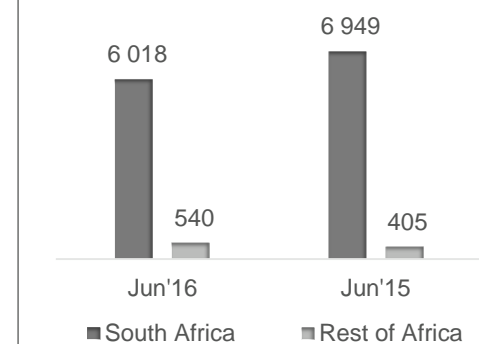
## TWO YEAR ORDER BOOK

	FY2016 Rm	FY2015 Rm	% change
Aveng Grinaker-LTA Building & Coastal	3 641	3 547	3
Aveng Grinaker-LTA Civil Engineering	1 104	1 482	(26)
Aveng Grinaker-LTA Mechanical & Electrical	1 456	1 667	(13)
Aveng Water	322	507	(36)
Other	35	151	(77)
<b>TOTAL</b>	<b>6 558</b>	<b>7 354</b>	<b>(11)</b>

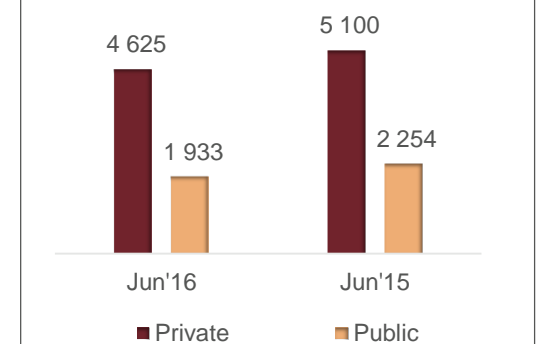
## TWO YEAR ORDER BOOK BY SECTOR



## TWO YEAR ORDER BOOK BY GEOGRAPHY (RM)

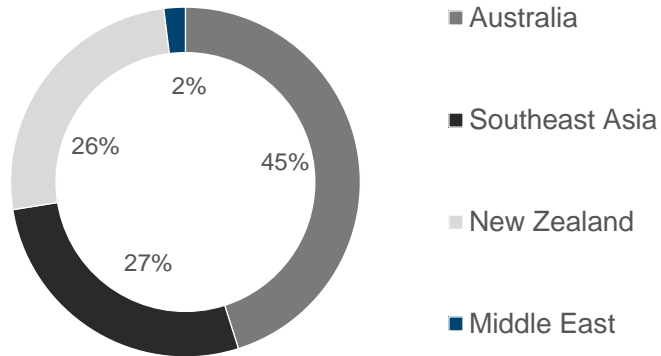


## TWO YEAR ORDER BOOK BY PUBLIC & PRIVATE SECTOR (RM)

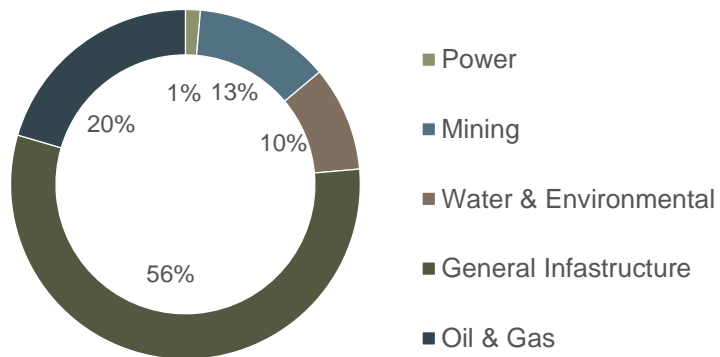


# CONSTRUCTION & ENGINEERING | Australasia and Asia

## 2016 REVENUE BY GEOGRAPHY



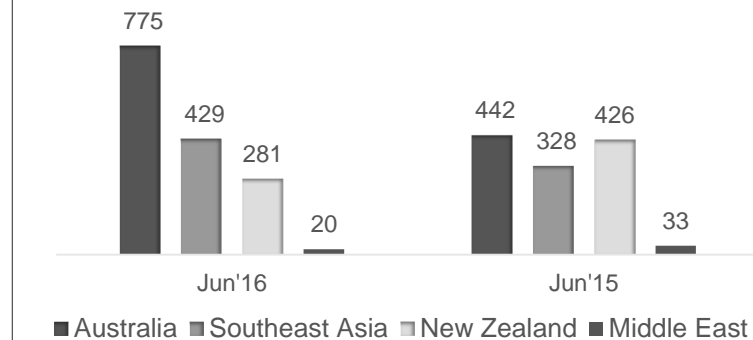
## 2016 REVENUE BY SECTOR



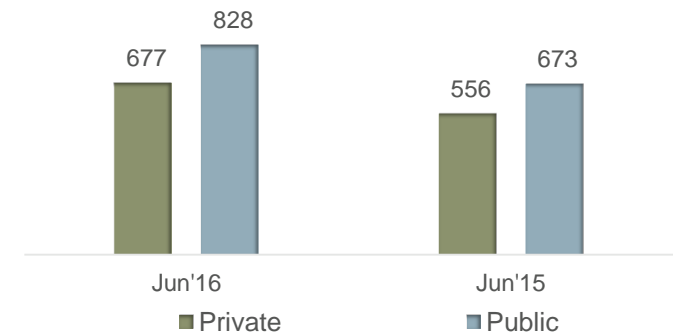
## TWO YEAR ORDER BOOK

	FY2016 AUDm	FY2015 AUDm	% change
Australia	704	416	69
New Zealand	282	426	(34)
Southeast Asia	447	361	24
Built Environs	72	26	>100
<b>TOTAL</b>	<b>1 505</b>	<b>1 229</b>	<b>22</b>

## TWO YEAR ORDER BOOK BY GEOGRAPHY (AUDM)



## TWO YEAR ORDER BOOK BY PUBLIC & PRIVATE SECTOR (AUDM)

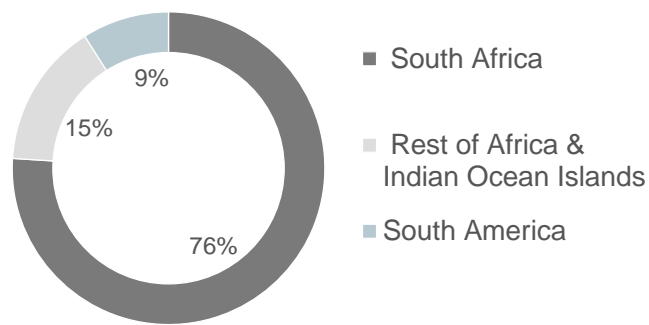


# MINING

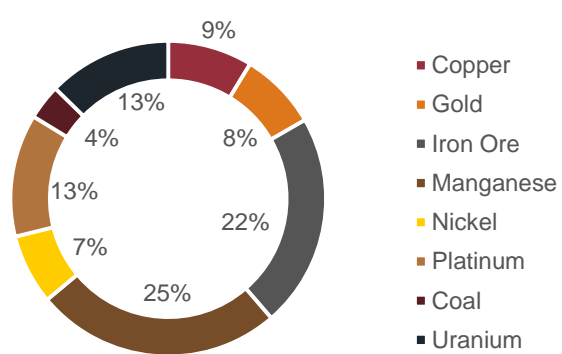
## ORDER BOOK

- Extensions received at various other mines, albeit at lower margins
- New initiatives are paying off with contract award in Burkina Faso

### 2016 REVENUE BY GEOGRAPHY



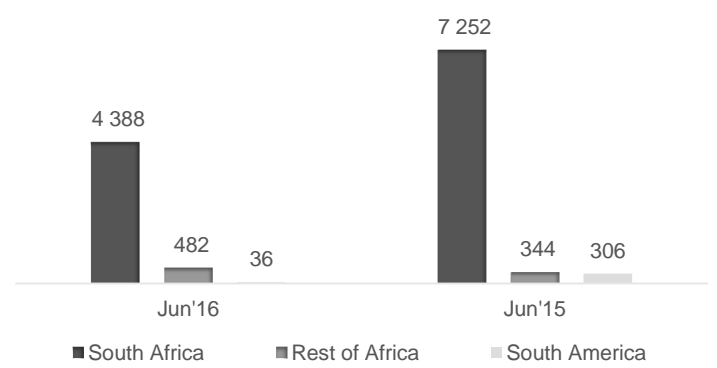
### 2016 REVENUE BY COMMODITY



## TWO YEAR ORDER BOOK

	FY2016 Rm	FY2015 Rm	% change
Aveng Moolmans	4 363	5 802	(25)
Aveng Shafts & Underground	543	2 100	(74)
<b>TOTAL</b>	<b>4 906</b>	<b>7 902</b>	<b>(38)</b>

### TWO YEAR ORDER BOOK BY GEOGRAPHY (RM)



### TWO YEAR ORDER BOOK BY COMMODITY

