



**Summarised audited consolidated
annual financial statements**
for the year ended 30 June 2019





PROVIDING A BETTER LIFE

2019 FULL-YEAR RESULTS PRESENTATION

29 August 2019

Marina Bay Sands
- Singapore

Notes:



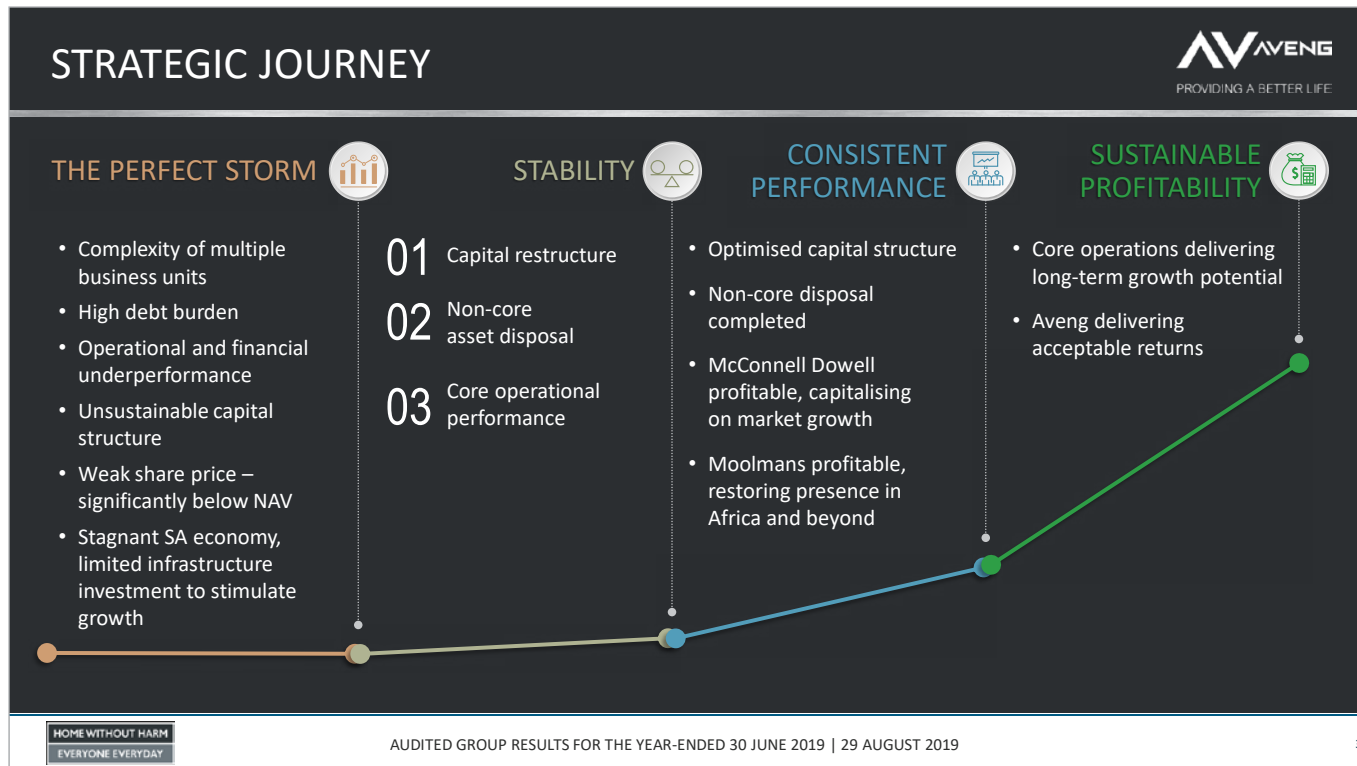
Platreef - South Africa



AGENDA

- 01** OVERVIEW & STRATEGIC REVIEW
Eric Diack
Executive Chairman
- 02** FINANCIAL ANALYSIS
Adrian Macartney
Group Finance Director
- 03** OPERATIONAL REVIEW
Sean Flanagan
Group Chief Executive Officer
- 04** OUTLOOK
Sean Flanagan
Group Chief Executive Officer

Notes:



Notes:



RESPONSIBLE DISPOSAL PROCESS



Good progress despite challenging M&A environment

Announced

R1 billion

Cash received

R520 million

Creates liquidity for Aveng

Largely sold as going concerns and jobs preserved

100% empowered buyers and a management buy-out

VRP obligation satisfied

Notes:

EXECUTION OF STRATEGIC PLAN | Status



01 CAPITAL RESTRUCTURE	Capital markets transaction	Rights offer	<ul style="list-style-type: none"> • R493m of new capital raised in rights offer
		Early bond redemption	<ul style="list-style-type: none"> • Early redemption of R2bn convertible bond • R1,4bn new shares issued • New debt instrument of R460m
02 NON-CORE ASSET DISPOSAL		Restructure of bank debt	<ul style="list-style-type: none"> • Restructured bank funding and extended term to 2021 • Secured additional facilities of R400m • Repaid R300m bank debt
		Announced	<ul style="list-style-type: none"> • Reported R1bn <ul style="list-style-type: none"> • Received R520m • Announced R488m
03 CORE OPERATIONAL PERFORMANCE		In progress	<ul style="list-style-type: none"> • Trident Steel, ACS and M&E progressing • Target completion March 2020
			<ul style="list-style-type: none"> • Maintained positive EBIT • Cash of AUD104m at 30 June 2019 • Secured 77% of FY20 revenue
			<ul style="list-style-type: none"> • Poor performance due to Gamsberg contract (now renegotiated) • New leadership appointed • Secured 82% of FY20 revenue from contract extensions



Notes:

EXECUTION OF STRATEGIC PLAN | Disposal update



NON-CORE DISPOSAL PROCEEDS IN LINE WITH EXPECTATIONS

Deals completed

Achievements

- Despite challenging M&A environment, we have achieved:
 - Jet Park (Property)
 - Aveng Rail
 - Aveng Water
 - Other properties

Deals announced

Achievements

- Sales announced to market:
 - Infraset
 - DFC
 - Rand Roads
 - GEL
 - Duraset Alrode
 - Building and Civils

Deals in negotiation

Achievements

- Close to term sheet finalisation
 - GLTA – M&E
 - ACS
 - Steel

The disposal process materially reduces the risk profile of the Group, particularly in a weak South African construction market



Notes:

Kolomela – South Africa



PROVIDING A BETTER LIFE

FINANCIAL ANALYSIS

Notes:

SALIENT FEATURES



Revenue
R25,7 billion



Net operating loss
R1,1 billion

- Non-core operations contributed significantly to loss
- McConnell Dowell profitable
- Moolmans underperformed



Good strategic progress

Notes:

SALIENT FEATURES



Majority of non-core asset sales achieved at acceptable value



Diversified core order book – 68% International; 32% South Africa



Continued support from stakeholders

Notes:

FINANCIAL PERFORMANCE



Results	FY 2019 Rm	FY 2018 Rm
Revenue	25 676	30 580
Gross margin %	4,1	5,9
Operating expenses	(2,247)	(2 292)
Net operating (loss)	(1,119)	(401)
Net interest	(406)	(439)
Impairment of PPE, intangibles and FV adjustment	(292)	(2 300)
Loss for the period	(1,680)	(3 519)
Headline loss per share(cents) *	(9,7)	(290,1)**



Sishen – South Africa

*Weighted average number of shares increased from restated 538 million in 2018 to 15 995 million in 2019

**Headline loss restated due to better reflect the asset component utilisation for Moolmans

HOME WITHOUT HARM
EVERYONE EVERYDAY

AUDITED GROUP RESULTS FOR THE YEAR-ENDED 30 JUNE 2019 | 29 AUGUST 2019

10

Notes:

SEGMENTAL RESULTS



	REVENUE		NET OPERATING (LOSS) / EARNINGS		OPERATING FREE CASH FLOW	
	FY 2019 Rm	FY 2018 Rm	FY 2019 Rm	FY 2018 Rm	FY 2019 Rm	FY 2018 Rm
McConnell Dowell	9 527	11 716	110	103	(362)	202
Moolmans	4 143	4 713	(372)	11	(201)	(79)
Aveng Grinaker-LTA	4 617	6 622	(401)	(367)	(488)	27
Aveng Manufacturing	2 027	2 132	(168)	(196)	(131)	(107)
Aveng Steel	5 484	5 221	39	29	(11)	3
Other & eliminations	(122)	176	(327)	19	190*	(80)
	25 676	30 580	(1 119)	(401)	(1 003)	(34)

* Includes R497 million received net of transaction cost on disposal of non-core assets



Notes:

FINANCIAL POSITION



	Jun'19 Rm	Jun'18 Rm		Jun'19 Rm	Jun'18 Rm
Assets	12 282	15 070	Liabilities & equity	12 282	15 070
Goodwill and intangible assets	139	147	Liabilities		
Property, plant and equipment	2 814	3 010	Borrowings and liabilities	2 145	3 287
Investments	187	215	Working capital	3 496	4 098
Deferred taxation	622	747	Deferred taxation	86	49
Other assets	43	42	Other liabilities	137	146
Working capital	3 029	3 745	Employee-related payables	528	501
Assets Held for Sale	3 843	4 773	Bank overdrafts	-	315
Cash and bank balances	1 605	2 391	Liabilities Held for Sale	3 436	4 080
			Equity	2 454	2 594
			NAV PER SHARE (cents)*	13	14**
			Net debt	(540)	(1 211)
			Market capitalisation	582	58

*NAV impacted by increase in the number of shares issued to 19 billion as a result of rights issue and early redemption of convertible bond

**NAV restated taking into account number of shares in issue (19 billion)

Notes:

WORKING CAPITAL



	Core Assets		Non-core Assets	
	Jun'19 Rm	Jun'18 Rm	Jun'19 Rm	Jun'18 Rm
Inventory	214	255	1 658	1 790
Trade and other receivables	194	180	1 277	1 400
Amounts due from contract customers	2 621	3 310	401	654
Current trade and other payables	(2 683)	(2 958)	(2 194)	(2 764)
Amounts due to contract customers	(813)	(1 140)	(224)	(349)
Net working capital	(467)	(353)	918	731

Notes:

UNCERTIFIED REVENUE AND CLAIMS



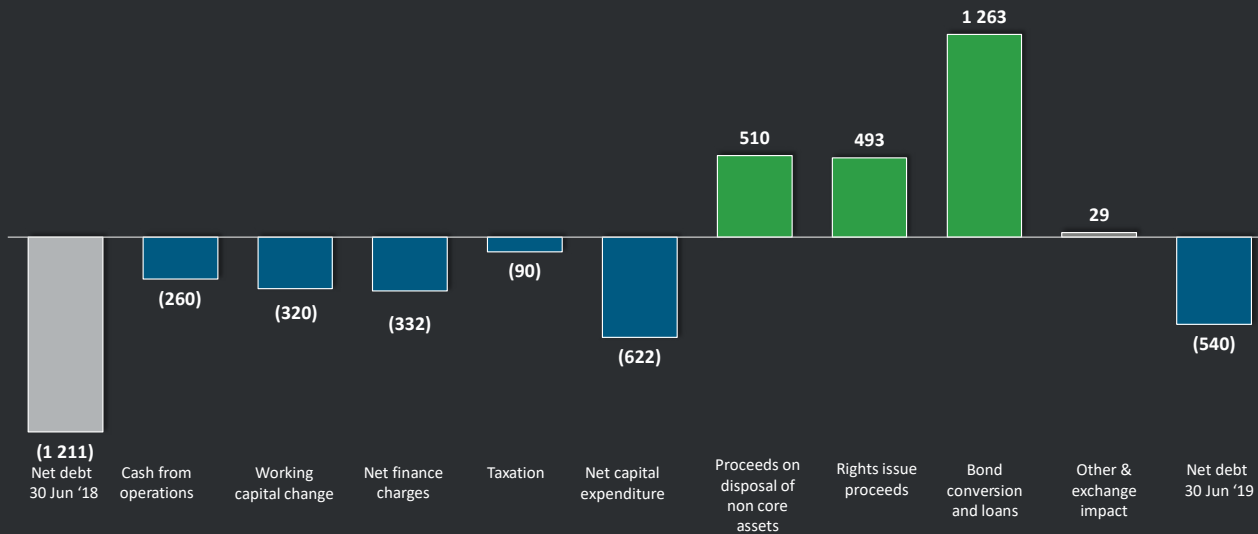
	Jun'19 * Rm	Jun'18 Rm	FY2019 Rm *						
			C&E SA and ROA	C&E Australia and Asia	Mining	Manufacturing & Processing	Other & eliminations	TOTAL	
Uncertified claims and variations**	1 316	1 646							
Contract contingencies	(638)	(490)	Contract claims	23	800	-	-	-	823
Contract and retention receivables	2 347	2 810	Uncertified variations (timing)	257	176	56	4	-	493
Provision for contract receivables	(3)	(2)	Uncertified claims and variations	280	976	56	4	-	1 316
Amounts due from customers	3 022	3 964							
Progress billings received	(977)	(1 404)							
Amounts received in advance	(60)	(85)							
Amounts due to customers	(1 037)	(1 489)							
Net amounts due from contract customers	1 985	2 475	Contract claims	31	1 191	75	-	(55)	1 242
Foreign exchange impact	34	8	Uncertified variations (timing)	206	170	28	-	-	404
			Uncertified claims and variations	237	1 361	103	-	(55)	1 646

*Reflects uncertified revenue and claims before Held for Sale adjustments

**Impacted by adoption of IFRS 15. Total transition adjustment R267m

Notes:

MOVEMENT IN NET DEBT



Notes:

LIQUIDITY

	Jun'19 Rm	Jun'18 Rm
Net Cash	1 605	2 076
South African operations	581	633
McConnell Dowell	1 024	1 443
Borrowings	2 145	3 287
Convertible bond	-	1 929
South African operations	1 967	1 154
McConnell Dowell	178	204
Net (debt)	(540)*	(1 211)

*Unutilised facilities of R302 million Jun'19



Gamsberg – South Africa

Notes:

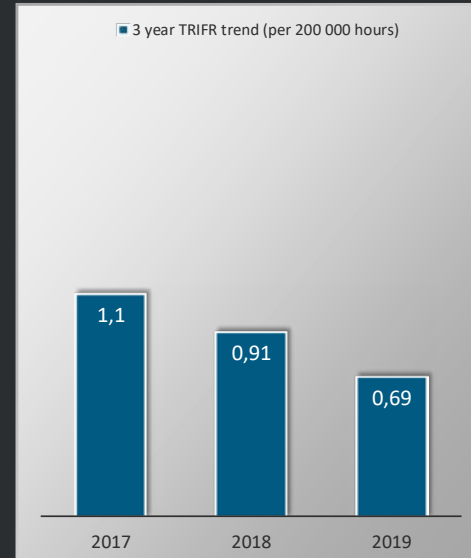


Notes:

SAFETY, HEALTH & ENVIRONMENT



- Two fatalities
 - Mr Daniel Mathule fatally injured at N1 Ventersburg road project
 - Mr Ousseni Sore fatally injured at Tarpako site in Burkina Faso
- TRIFR improved to 0.69 and ahead of target
- Enhanced focus on employee health and road safety
- Areas of exceptional safety performance reported
- No major environmental incidents



Notes:



Notes:

MARKET CONDITIONS



01

Australia

- Strength across key MCD focus sectors
- Infrastructure activity underpinned by government-led investment
- Increased competition in sub \$500m projects – ratifies strategy



02

New Zealand and Pacific Islands

- Construction market remains buoyant
- Growth opportunities driven by migration-led demand
- Capacity constraints may hamper core sector growth



03

South East Asia

- Rapid population growth increasing pace of urbanisation
- Region gaining prominence - currently 12% of Asia's GDP
- Highly competitive market in non-specialised segments



04

Built Environs

Australia & New Zealand

- Infrastructure activity underpinned by government and private sector investment plans



Notes:

MCCONNELL DOWELL | Specialist capabilities



Rail



Civils



Marine



Pipelines



Tunnel & Underground



Mechanical



Building

HOME WITHOUT HARM
EVERYONE EVERYDAY

AUDITED GROUP RESULTS FOR THE YEAR-ENDED 30 JUNE 2019 | 29 AUGUST 2019



Notes:

MCCONNELL DOWELL | Strategy



RESET



- Fundamentally restructured under new leadership to deliver sustainable future growth

DELIVER



- Stabilise operations
- Reset balance sheet
- Modest financial performance
- Loss-making projects derisked
- Claims settlement underway

GROW



- Strong performance across current footprint
- Increased activity in specialist areas
- Built Environs expansion
- Increased repeat work for major clients
- Strong brand recognition

EXTENDED GROWTH



- Recognised and respected leader in all selected regions
- Present and delivering projects in new areas within current footprint
- Consistent earnings growth



HOME WITHOUT HARM
EVERYONE EVERYDAY

AUDITED GROUP RESULTS FOR THE YEAR-ENDED 30 JUNE 2019 | 29 AUGUST 2019

MCCONNELL
DOWELL
CREATIVE CONSTRUCTION

Notes:

MCCONNELL DOWELL | Overview



- Profitable with improved margin
 - Revenue levels impacted by lower order book
 - New Zealand and Pacific Islands returned to profitability
 - Underperformance in Southeast Asia addressed
- Cash flow impacted by lower awards in H2
- Order book remains a key focus
 - AUD1,2 billion near orders



Mangere BNR plant – New Zealand



Notes:

MCCONNELL DOWELL | Outlook



- All core market sectors offer growth opportunities
 - 77% of FY20 order book secured
 - Acceleration in tender activity
 - Improved risk and opportunity management
- Pursuing negotiated settlements for Gold Coast, Wheatstone and Perth Airport
- Stronger cash flow in line with order book growth



Army Bay Ocean Outfall– New Zealand

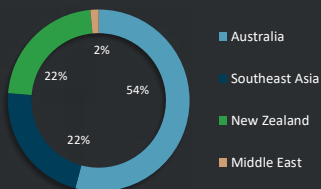


Notes:

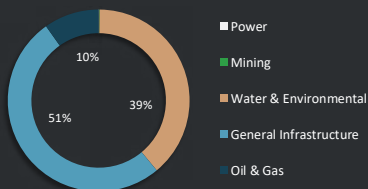
MCCONNELL DOWELL | Order book



FY2019 REVENUE BY GEOGRAPHY



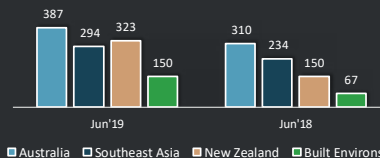
FY2019 REVENUE BY SECTOR



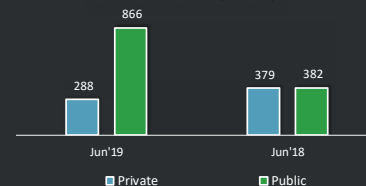
TWO-YEAR ORDER BOOK

	FY2019 AUDm	FY2018 AUDm	% change
Australia	387	310	25
New Zealand	323	150	115
Southeast Asia	294	234	26
Built Environs	150	67	124
TOTAL	1 154	761	52

TWO-YEAR ORDER BOOK BY GEOGRAPHY (AUDM)



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



Notes:



FAST FACTS

- Customer: Gamsberg Zinc Mine – Northern Cape
- 51m BCMs of waste and ore mined at North Pit (44-month contract)
- Scope of work increased to include crusher fee and ore handling
- 9.1m BCMs of waste and ore mined at South Pit (20-month contract)
- Scope of work includes drilling, blasting, loading and hauling
- Contract rates renegotiated to mitigate mining challenges
- Mining in steady state at 30 June 2019



Gamsberg
– South Africa

Notes:

MARKET CONDITIONS | Commodities



01

Metal Price increases from 2019

- Supply shortfalls and declining inventories



02

Metal prices expected to continue recovery to 2020



03

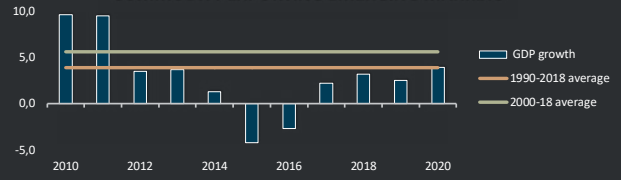
African ore production increasing since 2014



04

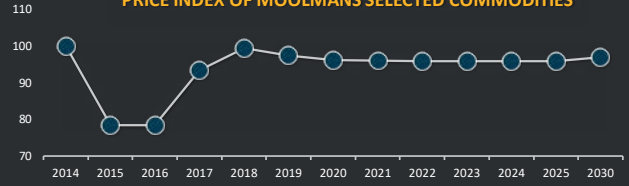
Emerging market exporters showing positive GDP growth

COMMODITY EXPORTING EMERGING MARKETS



Data Source : World Bank

PRICE INDEX OF MOOLMANS SELECTED COMMODITIES



Data Source : World Bank

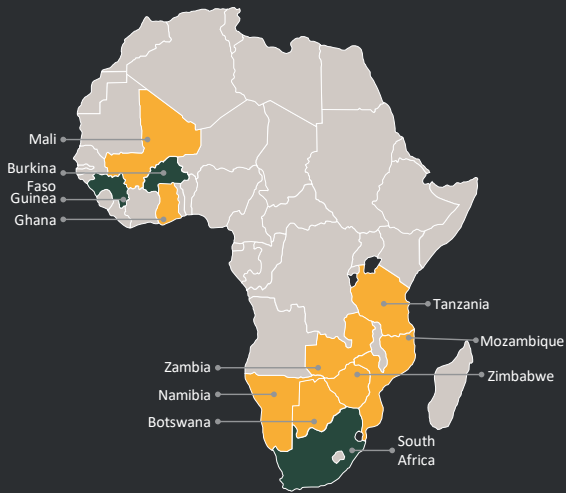


Notes:


Moolmans | Capabilities





FOOTPRINT





CAPABILITY

- 

Excavators / Face Shovels
Mass range : 170 – 700 tonnes
- 

Dump Trucks
Mass range : 100 – 200 tonnes
- 

Drill Rigs
- 

Support Equipment
- 

Underground Equipment

MARKET SECTORS



Open Cut Mining



Shaft Sinking



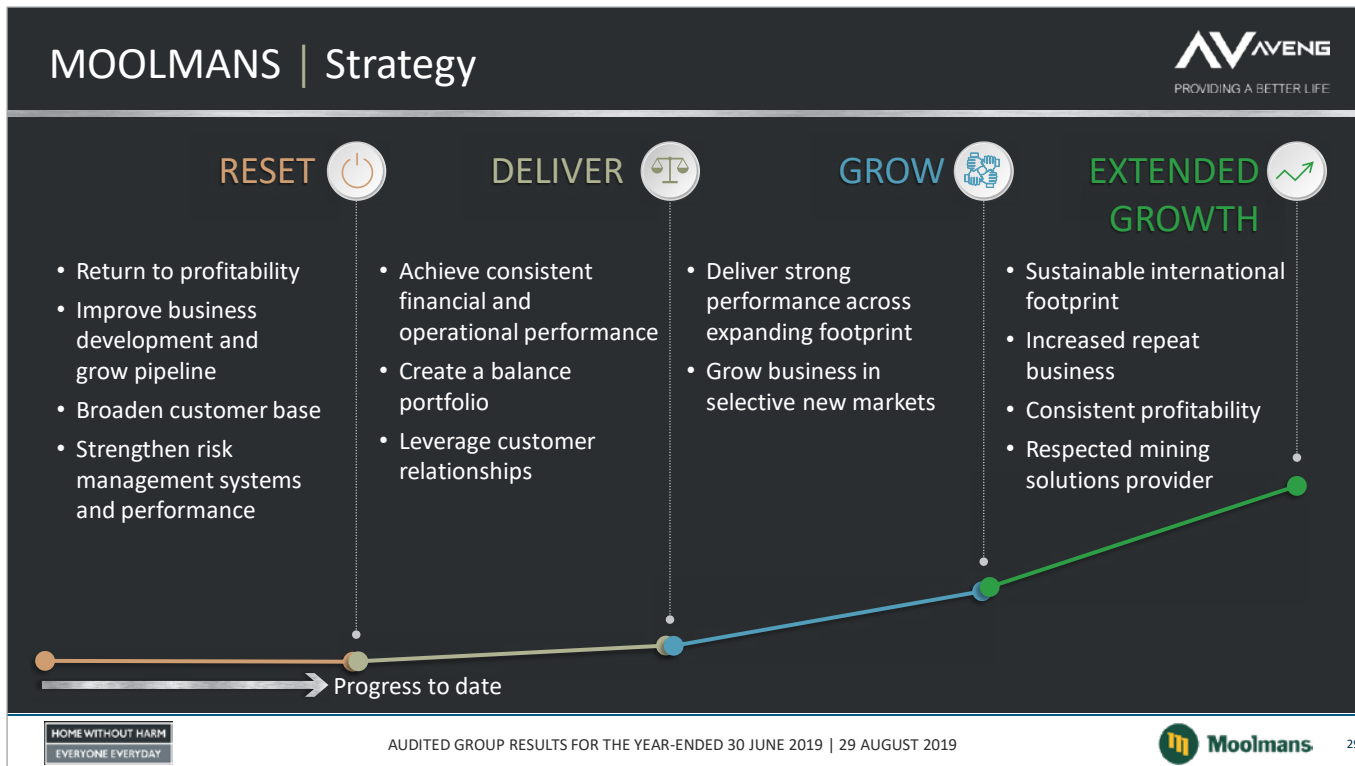
Underground Mining

HOME WITHOUT HARM
EVERYONE EVERYDAY

AUDITED GROUP RESULTS FOR THE YEAR-ENDED 30 JUNE 2019 | 29 AUGUST 2019



Notes:



Notes:

MOOLMANS | Overview



- Unacceptable financial performance
 - Karowe and Khutala close-out costs
 - Gamsberg underperformance
- Group-led intervention plan
 - Gamsberg contract renegotiated
 - Jerome Govender appointed MD
 - Performance monitoring improved
 - Five contract extensions obtained
- Fleet investment R584 million



Nkomati – South Africa



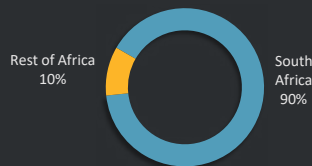
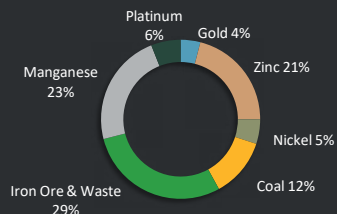
Notes:

OUTLOOK AND PROSPECTS



- Return to profitability
 - Increased contract scopes and rates
 - 50% order book growth from Dec 18
 - 82% of FY20 revenue secured
- Decision on Nkomati's future to be mitigated
 - Opportunities exist to redeploy fleet
- Key focus on building project pipeline
- Maintaining asset health

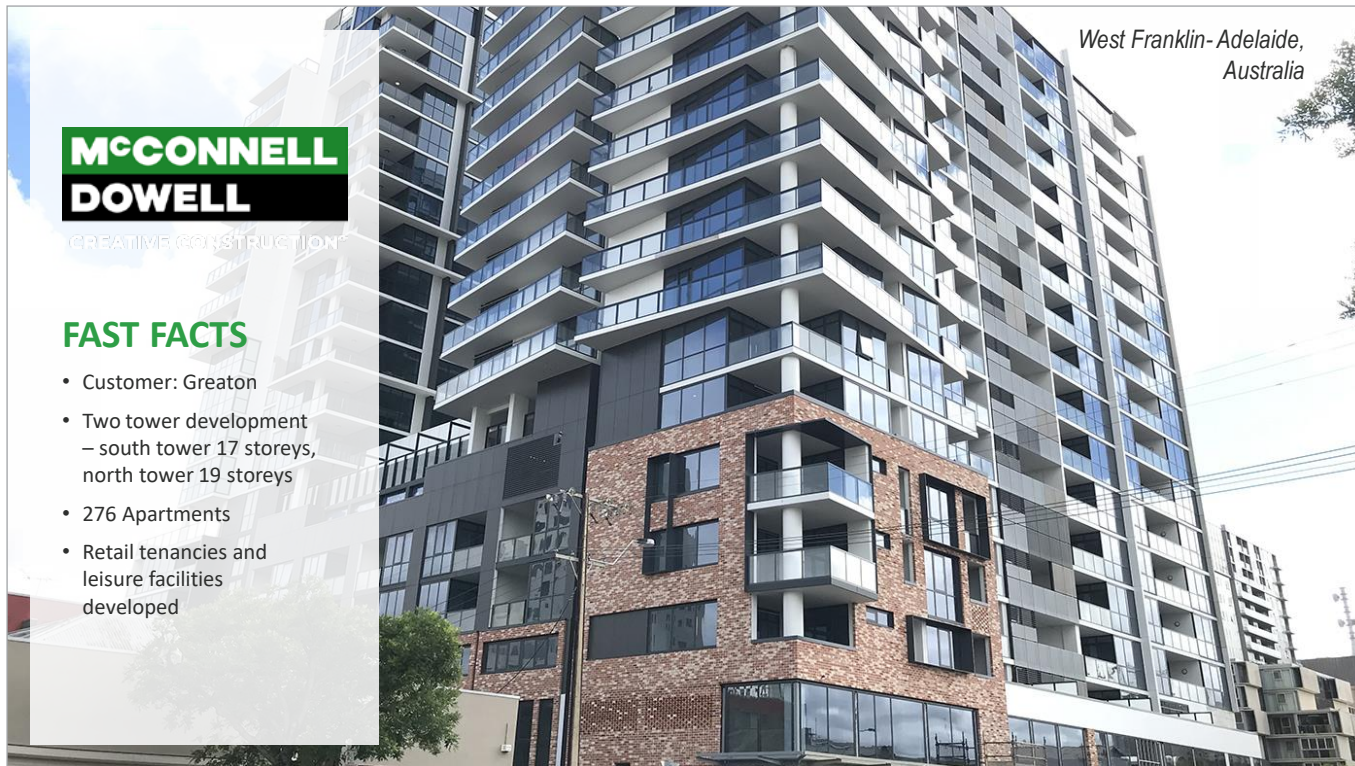
TWO-YEAR ORDER BOOK



Khutala – South Africa



Notes:



*West Franklin- Adelaide,
Australia*

**McCONNELL
DOWELL**

CREATIVE CONSTRUCTION

FAST FACTS

- Customer: Greaton
- Two tower development – south tower 17 storeys, north tower 19 storeys
- 276 Apartments
- Retail tenancies and leisure facilities developed

Notes:

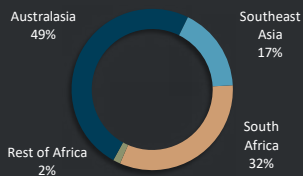


Notes:

TWO-YEAR ORDER BOOK | Core



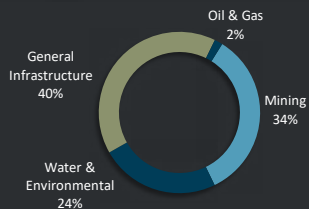
TWO-YEAR ORDER BOOK BY GEOGRAPHY



TWO-YEAR ORDER BOOK

	FY 2019 Rm	FY 2018 Rm
McConnell Dowell	11 686	7 704
Moolmans	5 980	5 273
TOTAL	17 666	12 977

TWO-YEAR ORDER BOOK BY SECTOR



Notes:

LONG-TERM STRATEGY GOALS



01 CAPITAL RESTRUCTURE

- Sustainable capital structure with lower debt
 - Disposal proceeds
 - Cash generative core businesses

02 NON-CORE ASSET DISPOSAL

- All disposals completed
- Group derisked

03 CORE OPERATIONAL PERFORMANCE

- Consistent profitability in growing markets
- Historic claims settled
- Order book growth



- Return to profitability
- Order book growth

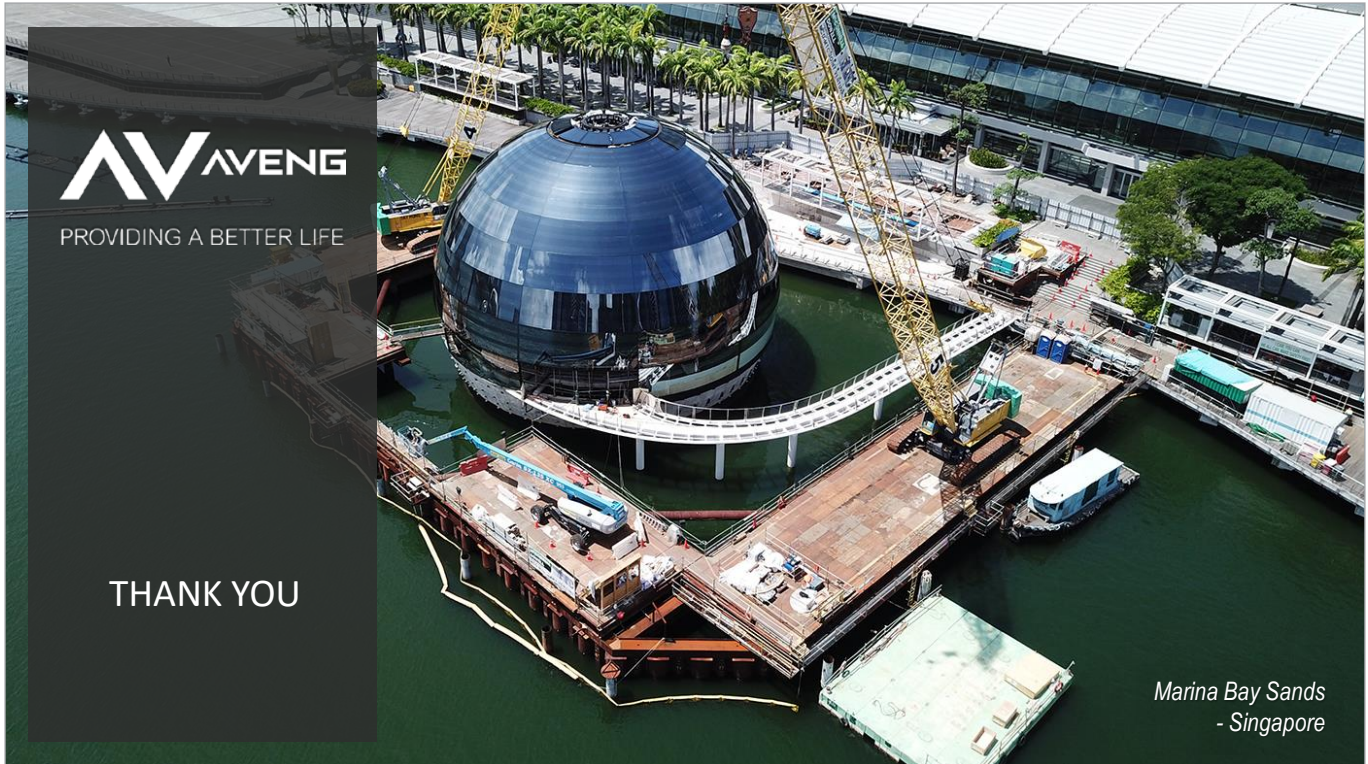


04 SHAREHOLDER RETURNS

- Both core operations achieving strategic objectives
- Improve equity value for shareholders



Notes:



Notes:



www.aveng.co.za