



Providing a better life



PRESENTATION TO STAKEHOLDERS

30 November 2020

Oval Hotel - Adelaide



Providing a better life

AGENDA



OVERVIEW

Sean Flanagan

Group Chief Executive Officer

OPERATIONAL PERFORMANCE

Sean Flanagan

Group Chief Executive Officer

FINANCIAL OVERVIEW

Adrian Macartney

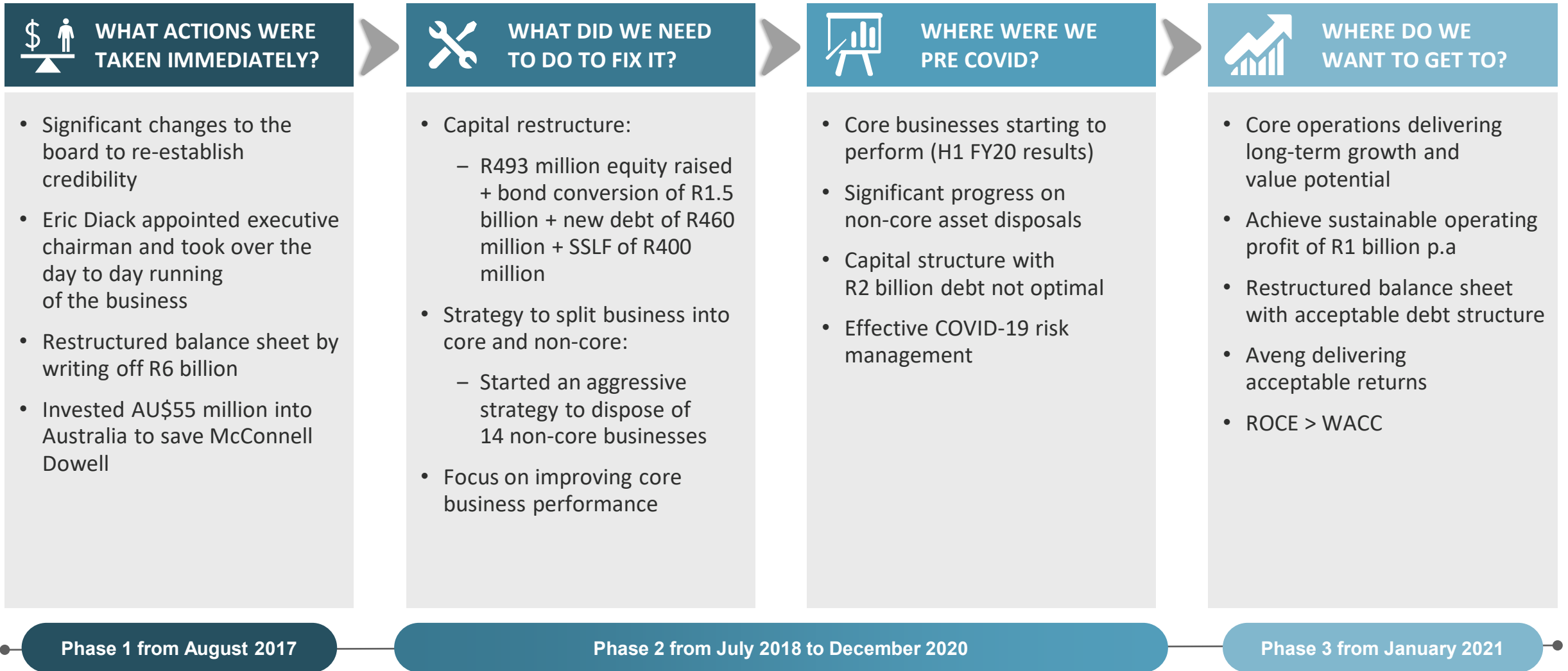
Group Finance Director

OUTLOOK

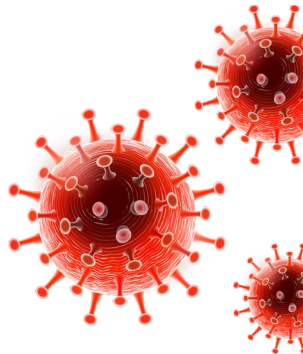
Sean Flanagan

Group Chief Executive Officer

- Aveng is an international infrastructure, resources and contract mining group operating in selected markets and geographies
- Improved FY20 financial results in comparison to prior year, notwithstanding the impact of COVID-19
- Performance trajectory has continued into Q1 FY21
- Significant progress on the disposal of non-core assets
- The future performance of the Group significantly enhanced as a result of the announced restructure and recapitalisation which provides a sustainable capital structure



- Set-up a COVID-19 response team with Standard Operating Procedures
- Ensured all offices & sites had necessary procedures in place ahead of lockdown
- Tested connectivity at all sites and loaded collaboration tools to ensure all staff remained productive
- Daily engagement with staff and management
- Project sites in Australia remained open whilst lockdown commenced in New Zealand, SEA and South Africa
- Immediately implemented actions to reduce cost, preserve cash and protect livelihoods
- TERS was applied for all South African employees and similar “job keeper” programmes in Australia and New Zealand
- McConnell Dowell liquidity assisted by active support from Governments in Australia and New Zealand
- Settlement of two long-standing claims, bolstered liquidity by AUD42,5 million in McConnell Dowell



- Pandemic resulted in a R400 million liquidity shortfall in South Africa
 - R200 million raised though short term bank facility repaid in August 2020
 - R168 million from Board, management and employees foregoing one month salary
- Disposals of non-core businesses disrupted

Aveng Group COVID-19 Tracking – 26 November 2020

Total number of employees

7 266

Total number of confirmed cases to date

297

Number of current positive cases (quarantined)

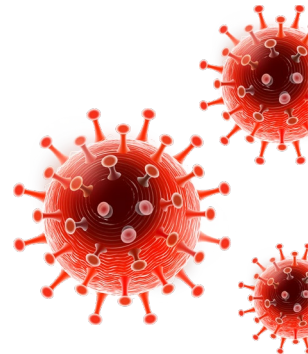
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Number of recovered cases

287

Number of COVID-19 related deaths

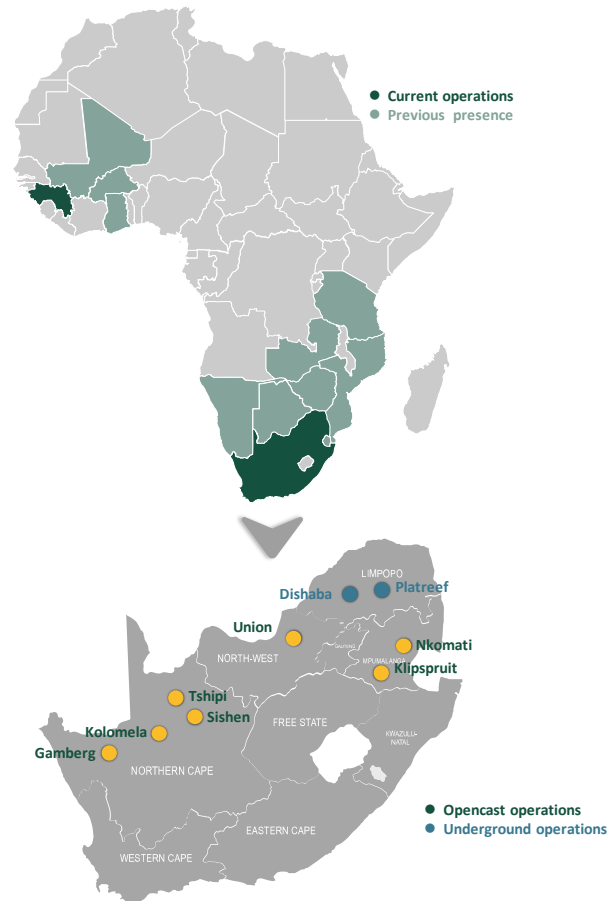
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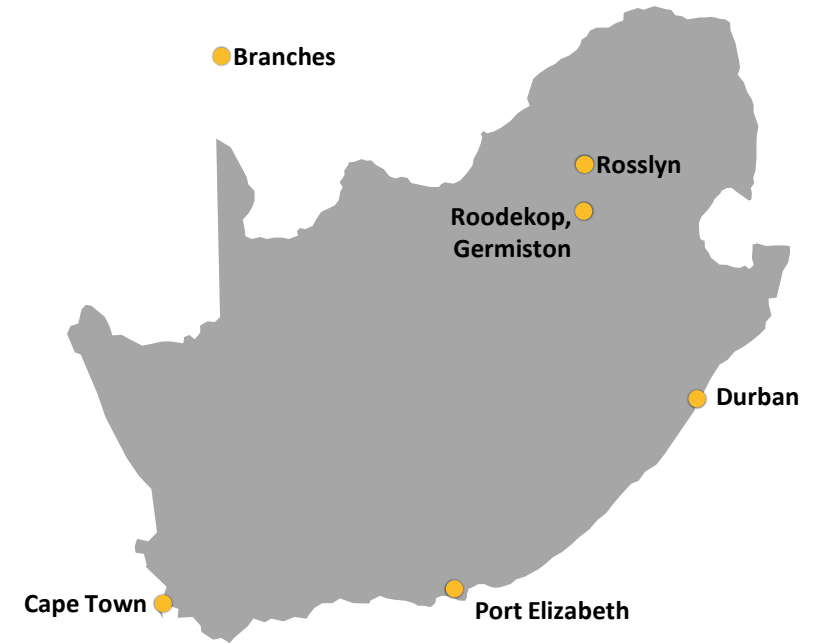


COVID-19 risk is potentially contained by our geographic diversification across South Africa and Africa

MOOLMANS FOOTPRINT



TRIDENT SA FOOTPRINT



- McConnell Dowell has successfully navigated the impact of the COVID-19 pandemic throughout H2 FY20 and now into FY21
- The business has successfully leveraged its **existing strengths** and implemented timely and effective **mitigation strategies** to drive resilience

Existing Strengths

Geographic diversity operates across multiple countries in the Asia Pacific Region. Many of these countries have been among the more successful to date world-wide in managing the COVID pandemic.

Localised management teams: invested over many years in developing local capability in-country, with established teams in all countries of operation.

Sector and portfolio mix: portfolio of active projects has approximately 90% with government clients and 40% in Alliance-type contract models.

Technology utilisation: strong investment in technology has allowed staff to remain productive during periods working remotely.

Mitigation Strategies

Commercial positioning: active contracts reviewed to identify protective provisions and negotiated specific pandemic relief provisions into new contracts.

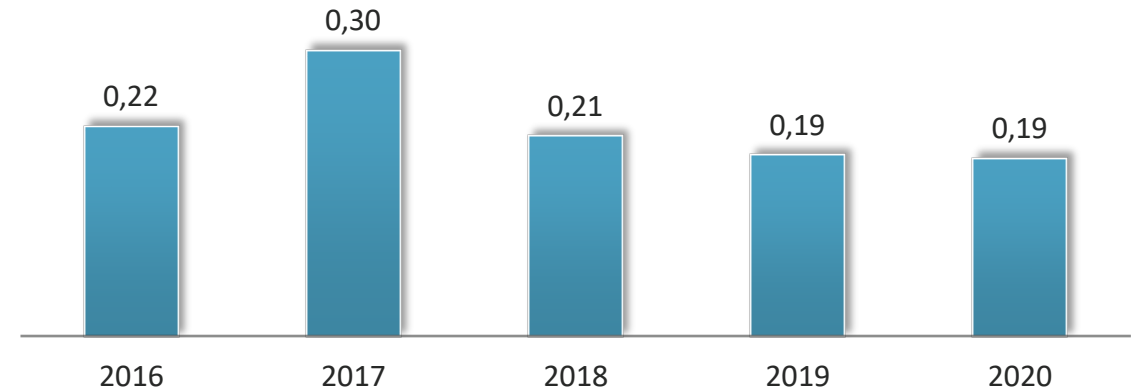
Proactive overhead cost management: Senior staff across the Group accepted 20% - 40% salary cuts for three months at the height of the first wave of the pandemic. Overheads savings through reduced travel costs and a reduction in office consumables.

Strengthened liquidity: Two long running commercial disputes settled resulting in cash of AUD42,5 million (R508 million) and a non-cash impairment of AUD19,5 million (R225 million).

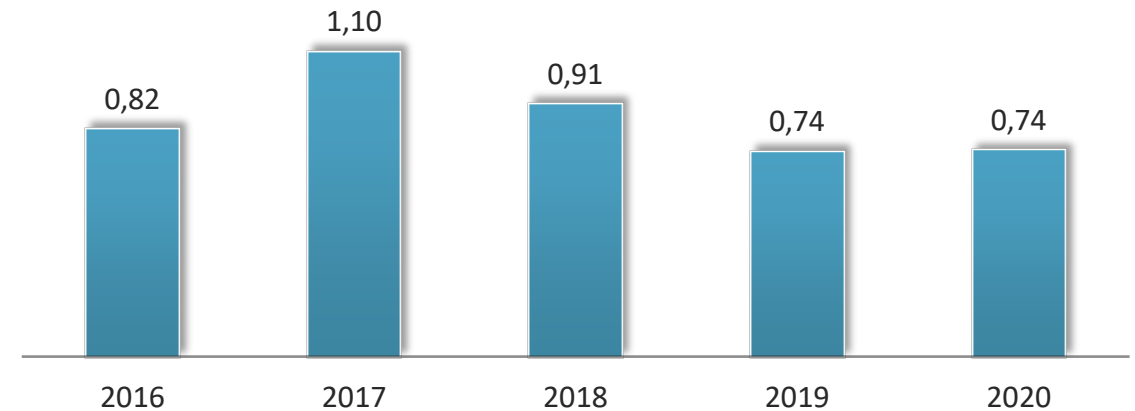
These measures see McConnell Dowell enter FY21 exceptionally **well placed to capitalise** on the 60% growth in Work in Hand achieved in FY20, and the approximately AUD1,8 billion of contracts currently in the **Preferred or Sole Source** status.

- No fatalities in FY20 financial year
- Group LTIFR 0,19 – target 0,18
 - 5 years LTI free at Built Environs
 - Kolomela - 1 218 LTI free days
 - Union mine – 782 LTI free days
- Group TRIFR 0,74 – target 0,82
- Employee wellness management
 - Pleasingly the Group reported an ICAS usage rate of 22,5% (2019:13%) against a market engagement rate of 9,8%
- No major environmental incidents

GROUP 12 MONTH ROLLING LTIFR



GROUP 12 MONTH ROLLING TRFIR



HOW WERE WE PERFORMING H1 FY20 | LOOKING POSITIVE



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	Revenue	EBIT	Cash Flow	Cost Management
Total core	<p>H1:2020 +1.5% R6.9bn (1H2019: R6.8bn)</p>	<p>H1:2020 +132% R99m (1H2019: -R307m)</p>	<p>H1:2020 +169% R383m (1H2019: -R555m)</p>	<ul style="list-style-type: none"> Group Corporate headcount reduction from 200 to under 30 Relocation - saving of R11 million p.a
<p>McCONNELL DOWELL CREATIVE CONSTRUCTION™</p>	<ul style="list-style-type: none"> In line with expectations R4.6 billion 12% growth in order book (AUD 1.3 billion) 	<p>H1:2020 +7.3% R59m (1H2019: R55m)</p> <p>GP % = </p>	<p>H1:2020 +155% R110m (1H2019: -R198m)</p>	<ul style="list-style-type: none"> McConnell Dowell stringent cost management despite operational requirements
<p>Moolmans</p>	<ul style="list-style-type: none"> Revenue increase R2.3 billion Renewal of contracts & rate increases 	<p>H1:2020 +170% R117m (1H2019: -R166m)</p> <p>GP % = </p> <p>(from breakeven 1H19)</p>	<p>H1:2020 +80% R261m (1H2019: R145m)</p>	<ul style="list-style-type: none"> Continuous cost saving initiatives

OVERVIEW | FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2020



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	H1 2020	FY 2020	FY 2019
Revenue	R11,2 billion	R20,9 billion	R25,7 billion
Operating earnings/(loss)	R14 million	(R532 million)	(R1,1 billion)
Headline loss per share	(1,1 cents)	(4,9 cents)	(9,7 cents)
Work in Hand	R18,5 billion	R26,8 billion	R19,0 billion
Net debt	R549 million	R552 million	R540 million
Cash	R1,4 billion	R1,3 billion	R1,6 billion

COMMENTARY

EBIT of (R546 million) in H2 2020 included:

- Settlement of two legacy claims in McConnell Dowell which resulted in Non-cash impairment of AUD19 million (R225 million)
- COVID-19 EBIT impact – (R380 million)

FY20 EBIT excluding the above would have resulted in operating profit of R73 million

41% increase in core WIH with 82% outside South Africa

Debt position prior to Balance sheet restructure

Majority of funds are held in McConnell Dowell for covenants, bonding and working capital requirements

OVERVIEW | FINANCIAL RESULTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (UNAUDITED)



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	REVENUE	NET OPERATING EARNINGS/(LOSS)	OPERATING FREE CASH FLOW
	Q1 FY21 Rm	Q1 FY21 Rm	Q1 FY21 Rm
McConnell Dowell	↑ 4 243	↑ 67	↑ 631
Moolmans	→ 1 135	↑ 100	↑ 256
Other eliminations	↑ (22)	↓ (43)	↑ (75)
Total core	5 356	124	812
Aveng Construction: South Africa	↓ 321	↑ 25	↑ (37)
Aveng Manufacturing	↓ 334	↑ -	↑ 21
Aveng Steel	↓ 698	↑ 37	↑ 329
Total non-core	1 353	62	313
	6 709	186	1 125

COMMENTARY



- Revenue at 5 year high levels
 - Q1 (y-o-y) revenue growth **48%**
- **>80%** of projects executed at/above tender margin contributes to solid EBIT
- OFCF – advance payment from customers & all business units generating cash



Moolmans

- **90%** of projects executed at/above tender margin contributing to solid EBIT
 - Only 1 loss-making contract impacted by sec.54 stoppages
- Solid operational performance and sale of redundant assets contributed to positive OFCF

- In August 2019, Aveng renegotiated its debt, extending the maturity profile to June 2021 and September 2021
- At the time, the intention was to renegotiate the debt package in the last quarter of the FY20 in order to achieve a sustainable level of debt
- Since February 2020 half year results, Aveng has engaged various stakeholders and reached agreement to restructure the balance sheet
 - The introduction of a minimum of R300 million of new capital by way of a rights offer at 1.5cps, fully underwritten by Aveng's largest shareholder
 - A reduction in South African Lender debt and overdraft facility from R2,1 billion to R1,1 billion
- The balance sheet restructuring provides a sustainable capital structure and a platform from which the Group is better able to execute its growth strategy
- This agreement to restructure and recapitalise Aveng demonstrates the commitment and support of the largest shareholders and the SA Lender Group to both the strategy of the Board and the management team

**McCONNELL
DOWELL**

CREATIVE CONSTRUCTION™



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**OPERATIONAL
PERFORMANCE**

SPJ Onshore – Malaysia



**MCCONNELL
DOWELL**

CREATIVE CONSTRUCTION™

60 years of creative construction



In 1961 two young entrepreneurial New Zealand engineers sat down with a vision to do things better than the company they worked for. In that moment McConnell Dowell was born

23% Increase in
New Work Won to
AUD1.65 billion

50% Increase in
Cash in Hand to
AUD140 million

**World Record
Broken**
Snells Algies, NZ
– longest direct pipe drive

**Tallest CLT* building
in the Southern
Hemisphere**
Auckland City Mission



60% Increase in
Work in Hand to
AUD1.8 billion

17% Increase in
Preferred & ECI
Contract Status to
AUD1.4 billion

**World 1st ‘floating’
Apple Store**
Singapore

**Australia 1st
Stadium Hotel**
Adelaide Oval



80% Project Portfolio
delivering greater
than as bid margin

40% Tender Success
Rate in Australia

5 years LTI free
Built Environs

**Top Decile Employee
Engagement &
Alignment**
In-sync Surveys

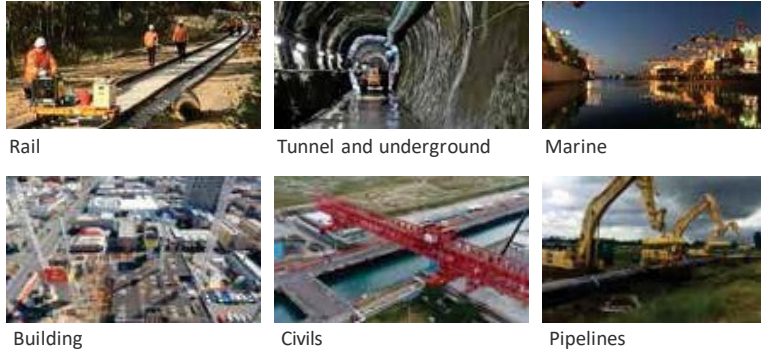


*CLT – Cross laminated timber

Competitive advantage

- Brand reputation
- Strong management
- Engineering and innovation excellence
- Collaborative and reliable delivery partner
- Specialist capabilities
- Diversity by sector, discipline, geography

Specialist capabilities



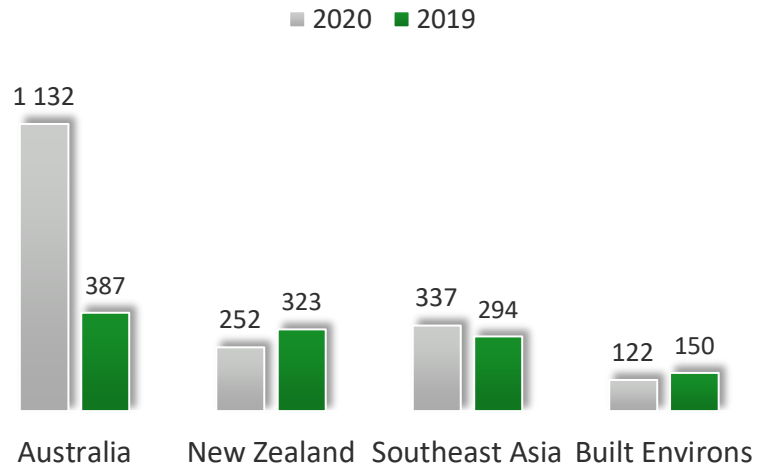
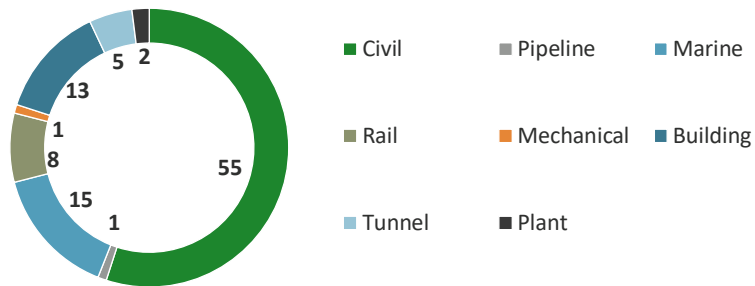
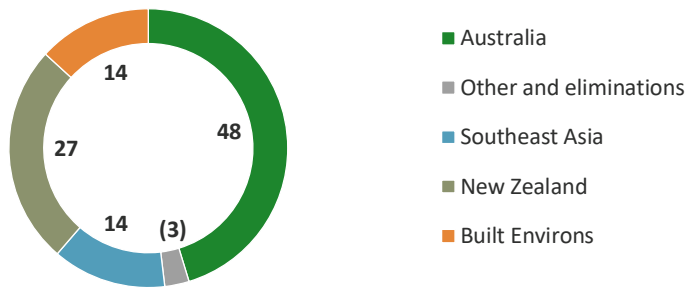
Geographic Footprint



FY20 Revenue by geography (%)

FY20 Revenue by sector (%)

Work in Hand – AUD1,8 billion





Moolmans



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OPERATIONAL PERFORMANCE

Gamsberg – South Africa



Moolmans

” For more than **60 years** Moolmans has delivered specialised mining services throughout Africa in a range of **commodities** for several reputable **clients** ”

R38m

Net operating profit

Turn-around from R327m loss
June 2019

**Contract
renegotiation
and extensions**

Nkomati, Gamsberg, Lefa, Tshipi

R191m

inflow
Operating Free Cashflow

from R321m outflow in
June 2019

**Safety
and care**

Kolomela -1 218 LTI free days
Union mine – 782 LTI free days

R4,9bn

Work in hand

Secured 81% revenue
for FY21

Appointment of
**Key management
personnel**





Competitive advantage

- Brand reputation
- African leader in open-cut contract mining
- Experience in remote and difficult environments
- Relationships with established mining houses
- R2,3 billion fleet to serve clients' on-site needs
- Diversity by client, commodity, discipline

Specialist capabilities



**Excavators/
face shovels**
Mass range:
170 – 700
tonnes



**Dump
trucks**
Mass range:
100 – 200
tonnes



**Drill
rigs**



**Support
equipment**



**Underground
equipment**



Open-cut mining



Shaft sinking



Underground mining

Current projects

Northern Cape

- Gamsberg
- Kolomela
- Sishen
- Tshipi

Mpumalanga

- Klipspruit
- Nkomati

Guinea

- Lefa

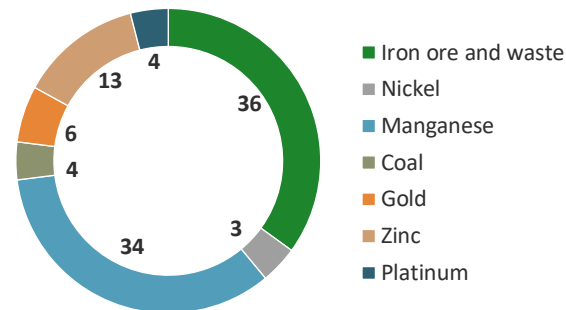
Limpopo

- Platreef
- Amandelbult

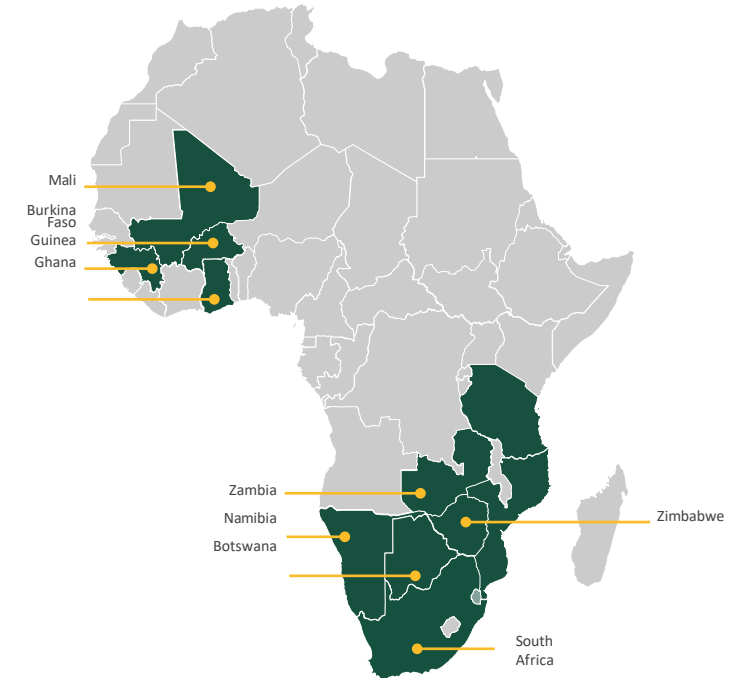
North West

- Union mine

Work in hand – R5.0 billion (%)



Geographic Footprint





NON-CORE ASSETS

Steel

- Net operating earnings of R14 million despite challenging operating environment
- Positive cash flow of R172 million (2019: R11 million outflow)
- Focussed steel service centre business
 - Multinational OEM's (Ford, Isuzu, VW, Nissan and Toyota)
 - Leading component manufactures (MA Automotive and Supreme Spring)
- Disposal process – due diligence underway by four credible potential buyers

Manufacturing

- Disposal of Dynamic Fluid Control completed
- Disposal of Duraset completed
- Automation & Control Solutions
 - Profitable and cash generative
 - Disposal process at advance stage
- Infraset
 - Operational underperformance and weak market environment
 - Disposal process underway

Aveng Construction and Engineering South Africa

- R545m cash outflow
- Disposed of Grinaker-LTA
 - GEL disposal effective 1 July 2020
- All contracts achieved practical completion
- Good progress on reduction of bonding lines



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FINANCIAL OVERVIEW

Wynyard Edge Alliance – New Zealand

Results	FY 2020 Rm	FY 2019 Rm
Revenue	20 878	25 676
Gross margin %	4,7	4,1
Operating expenses	(1 647)	(2 247)
Net operating earnings/(loss)	(532)	(1 119)
Net interest	(429)	(406)
Impairment of PPE and equity-accounted investment	(168)	(292)
Loss for the period	(1 116)	(1 680)
Headline loss for the period	(950)	(1 545)
Headline loss per share(cents)	(4,9)	(9,7)



SEGMENTAL RESULTS



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	REVENUE		NET OPERATING EARNINGS/(LOSS)		OPERATING FREE CASH FLOW	
	FY 2020 Rm	FY 2019 Rm	FY 2020 Rm	FY 2019 Rm	FY 2020 Rm	FY 2019 Rm
McConnell Dowell	↑ 10 297	9 527	↓ (162)**	110	↑ 506	(362)
Moolmans	↓ 3 955	4 143	↑ 38	(372)	↑ 191	(201)
Other eliminations	↑ (67)	(122)	↑ (193)	(327)	↓ (245)	190*
Total core	14 185	13 548	(317)	(589)	452	(373)
Aveng Construction: South Africa	↓ 1 865	4 617	↑ (174)	(401)	↓ (545)	(488)
Aveng Manufacturing	↓ 1 297	2 027	↑ (55)	(168)	↑ (84)	(131)
Aveng Steel	↓ 3 531	5 484	↓ 14	39	↑ 172	(11)
Total non-core	6 693	12 128	(215)	(530)	(457)	(630)
	20 878	25 676	(532)	(1 119)	(5)	(1 003)

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

** Includes R225 million impairment on settlement of two legacy claims

FINANCIAL POSITION



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	Jun'20 Rm	Jun'19 Rm
Assets	11 636	12 282
Goodwill and intangible assets	115	139
Property, plant and equipment	3 180	2 814
Investments	294	187
Deferred taxation	813	622
Other assets	94	43
Working capital	3 076	3 029
Assets Held for Sale	2 309	3 843
Cash and bank balances	1 755	1 605

	Jun'20 Rm	Jun'19 Rm
Liabilities & equity	11 636	12 282
Liabilities		
Borrowings and liabilities	1 883	2 145
Borrowings and liabilities (<i>IFRS 16</i>)	497	-
Working capital	4 054	3 496
Deferred taxation	166	86
Other liabilities	148	137
Employee-related payables	573	528
Liabilities Held for Sale	2 051	3 436
Bank overdrafts	424	-
Equity	1 840	2 454
NAV PER SHARE (cents)	9,5	12,7
Net debt(excl. IFRS 16)	(552)	(540)
Market capitalisation	776	582

	Core Assets		Non-core Assets	
	Jun'20 Rm	Jun'19 Rm	Jun'20 Rm	Jun'19 Rm
Inventory	187	214	839	1 658
Trade and other receivables	358	194	459	1 277
Amounts due from contract customers	2 531	2 621	8	401
Trade and other payables	(2 764)	(2 683)	(461)	(2 194)
Amounts due to contract customers	(1 290)	(813)	(7)	(224)
Net working capital	(978)	(467)	838	918

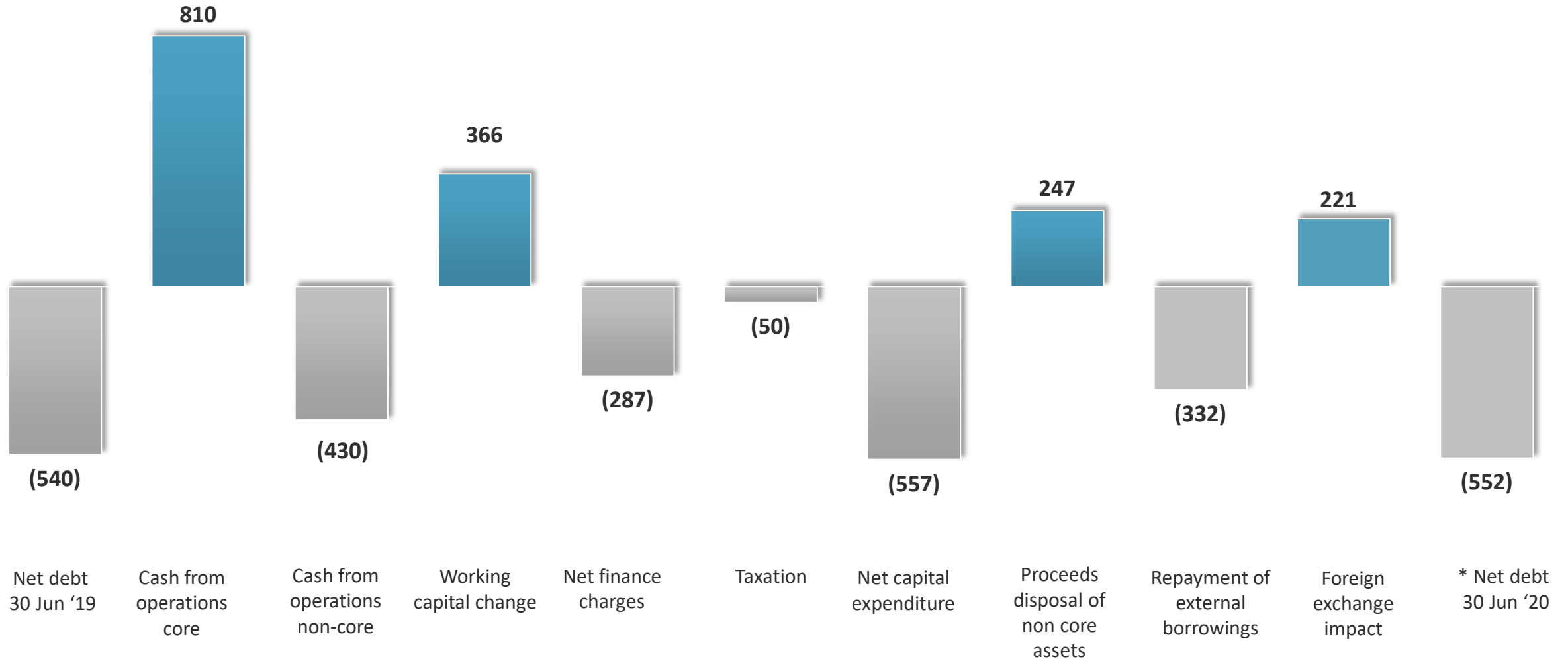
UNCERTIFIED REVENUE AND CLAIMS

	Jun'20 *	Jun'19 *
	Rm	Rm
Uncertified claims and variations	660	1 316
Contract contingencies	(290)	(638)
Contract and retention receivables	2 169	2 347
Provision for contract receivables	-	(3)
Amounts due from customers	2 539	3 022
Progress billings received	(1 284)	(977)
Amounts received in advance	(14)	(60)
Amounts due to customers	(1 298)	(1 037)
Net amounts due from contract customers	1 241	1 985
Foreign exchange impact	(320)	34

*Reflects uncertified revenue and claims before Held for Sale adjustments



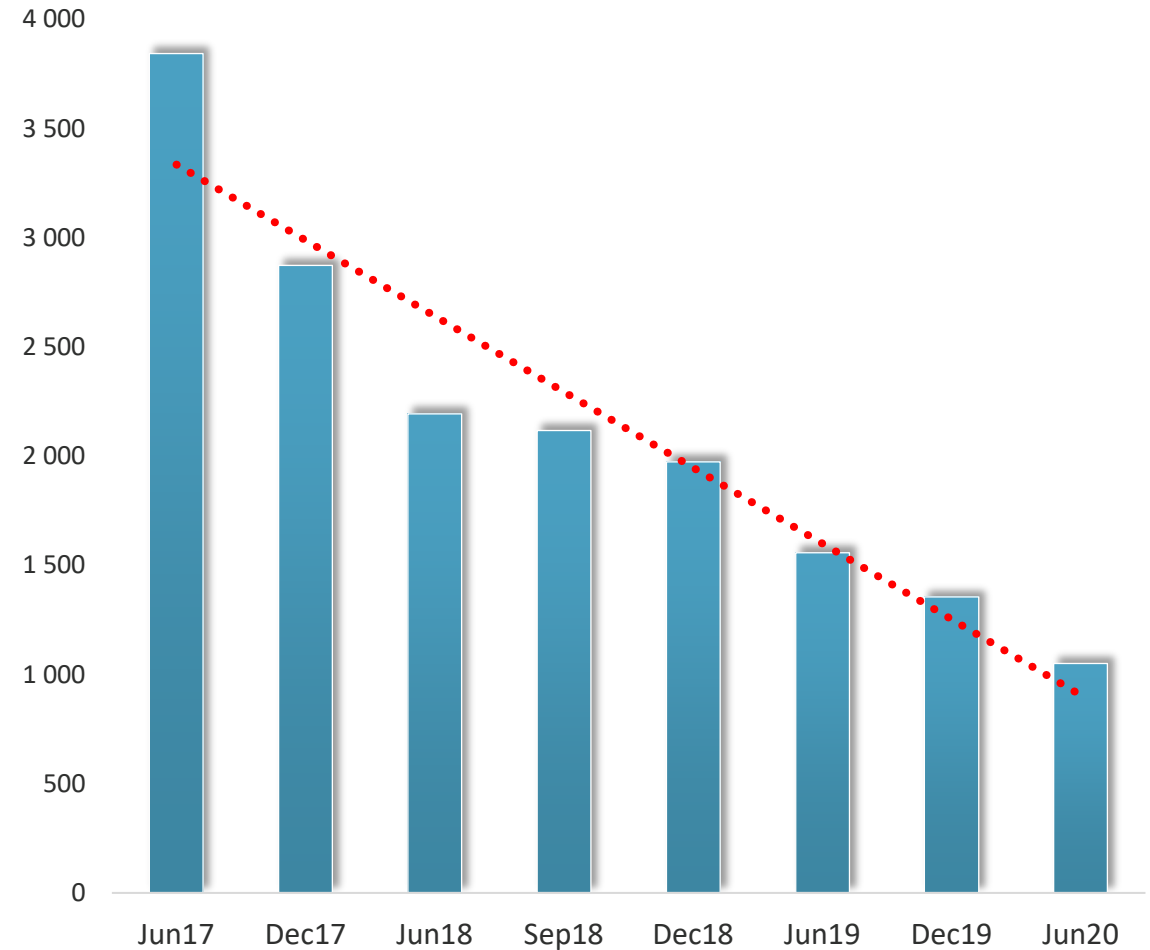
MOVEMENT IN NET DEBT



*Excludes R497 million, IFRS 16 Leases, lease liabilities

	Jun'20 Rm	Jun'19 Rm
Net Cash (including overdrafts)	1 331	1 605
South African operations	(342)	581
McConnell Dowell	1 673	1 024
Borrowings	(1 883)	(2 145)
South African operations	(1 762)	(1 967)
McConnell Dowell	(121)	(178)
Net debt	(552)	(540)
IFRS 16 Finance lease liability	(497)	-
Post IFRS 16 net debt	(1 049)	(540)

SOUTH AFRICA BOND EXPOSURE



The pro-forma impact of this transaction will be:

- An increase of stated capital of R700 million
 - Introduction of R300 million of new capital by way of rights offer at 1.5cps, fully underwritten by Aveng's largest shareholder
 - Settlement of R400 million of debt by way of issue of shares for cash at 5cps
- A reduction in South African Lender debt and overdraft facility from R2,1 billion to R1,1 billion (after repaying R200 million in August)
 - Early settlement of R660 million debt at a discount, for cash of R210 million
 - A gain on settlement of debt of R450 million
 - An extension to the Group's South African Lender debt maturity profile to December 2023
 - A significant saving in ongoing interest expense
- An net increase in liquidity of approximately R90 million
- The transaction will be subject to various conditions, including Aveng shareholder approval which will be fully set out in a circular in due course

PRO FORMA | BALANCE SHEET POST RESTRUCTURE

	30 June 2020 Rm	Cash settled 31 Aug'20	Effect of Restructure	Pro forma Rm
Borrowings	1 708			848
Overdraft (assume fully drawn at all times)	605			205
Total CTA debt	2 313	(200)	(1 060)	1 053
ABF	175			175
Total debt	2 488			1 228
Cash (adjusted for overdraft cash)	1 936	(200)	90	1 826
Net Cash/debt	(552)			598
Equity	1 840		1 150	2 990
Debt Equity ratio	135%			41%

- R210m early cash settlement of debt
- R400m debt settled by equity issue at 5cps
- R450m gain from discount on settlement of debt

- R300m rights offer proceeds
- (R210m) early cash settlement of debt

- R300m rights offer proceeds
- R400m debt settled by equity issue at 5cps
- R450m gain from discount on settlement of debt



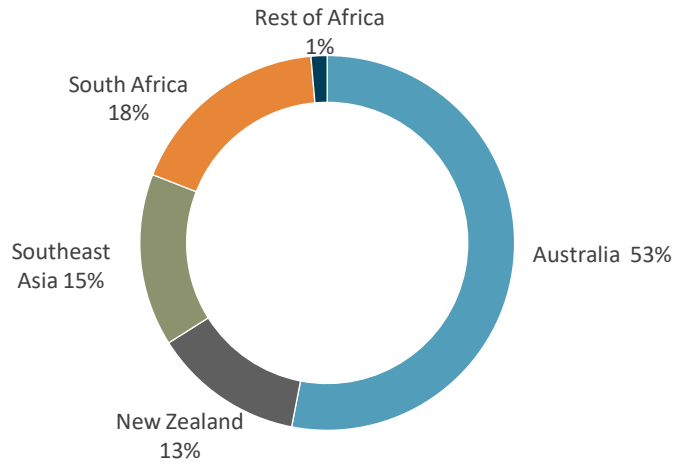
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A night-time photograph of the Apple Store at Marina Bay Sands in Singapore. The store's iconic glass sphere is illuminated from within, reflecting the city lights and the Apple logo. The building is situated on a waterfront promenade with a railing in the foreground. In the background, several modern skyscrapers are lit up against a dark blue sky. A few people are visible on the promenade, including one person in the foreground taking a photo.

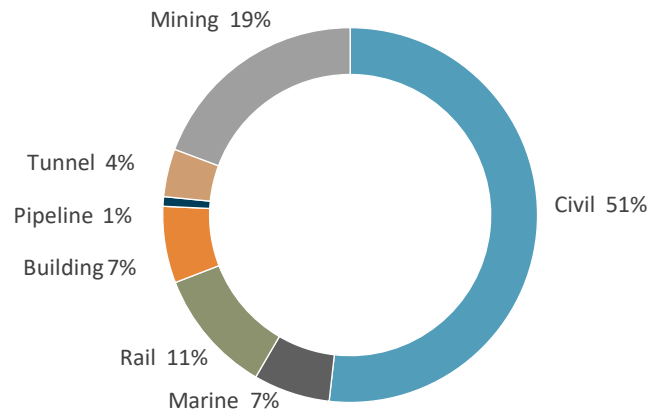
OUTLOOK & FY21 FOCUS
AREAS

Marina Bay Sands – Singapore

WIH BY GEOGRAPHY



WIH BY SECTOR



	FY 2020 Rm	FY 2019 Rm
McConnell Dowell	21 794	11 686
Moolmans	4 996	7 322
TOTAL	26 790	19 008



- Implementation of the Restructure and Recapitalisation Plan
- Continued improvement of operational performance in McConnell Dowell and Moolmans
- Grow and optimise quality of work in hand
- Navigate COVID-19 challenges for the foreseeable future
 - Managing liquidity
 - Protect livelihood and well-being of employees
- Positive cash generation
- Further reduction in Group cost structure
- Complete the disposal of non-core assets
- Close out of PMO function





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THANK YOU

Platreef – South Africa