



Providing a better life



2021

FULL YEAR RESULTS PRESENTATION

31 August 2021

PERFORMANCE OVERVIEW

Sean Flanagan

Group Chief Executive Officer

FINANCIAL PERFORMANCE

Adrian Macartney

Group Finance Director

OPERATIONAL PERFORMANCE

Sean Flanagan

Group Chief Executive Officer

FOCUS AND RECAP

Sean Flanagan

Group Chief Executive Officer



Fast Facts

Wynyard Edge Alliance
New Zealand

Customer: Wynyard Edge Alliance

Extension to existing Wharf
Construction of 3
breakwaters to allow for
launching of yachts

Over 60,000 cubic meters of
material dredged

The 36th America's Cup was
held here in 2021

An aerial photograph of a harbor at dusk, showing a marina with numerous yachts, a large industrial facility with storage tanks, and a bridge in the background. A semi-transparent architectural rendering of a building complex is overlaid on the left side of the image.

PERFORMANCE OVERVIEW

- One confirmed fatality and ongoing operations continuing to reach a presumed second fatality at Gamsberg

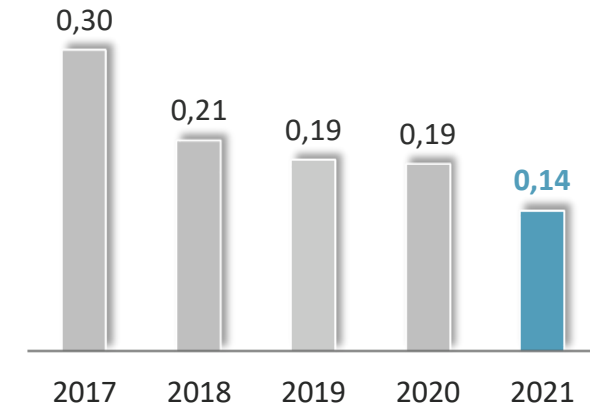
Group LTIFR¹ of **0,14** against a target of 0,18

McConnell Dowell	0,06
Moolmans	0,14
Manufacturing	0,57
Steel	0,25

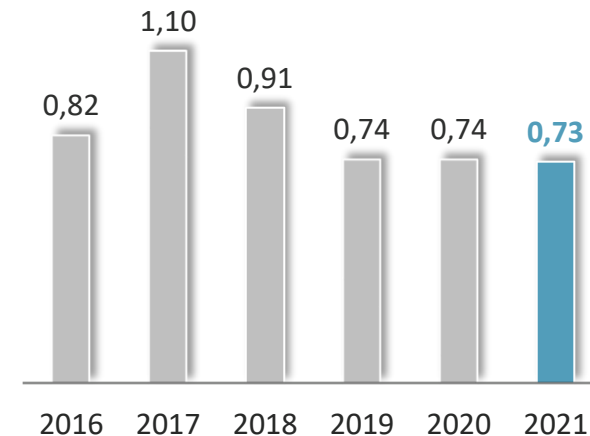
Group TRIFR² of **0,73** against a target 0,82

McConnell Dowell	0,74
Moolmans	0,59
Manufacturing	0,96
Steel	0,99

GROUP 12 MONTH ROLLING LTIFR



GROUP 12 MONTH ROLLING TRIFR



¹ Lost-Time Injury Frequency Rate

² Total Recordable Injury Frequency Rate

Operational

- Continually varying lockdown regulations in different geographies
- Southeast Asia and New Zealand are currently the most affected
- Travel restrictions impact senior management interaction

Our People

- Formal and informal engagements with employees to address the rising concerns with regards to mental health with external support programs being made available

Vaccination programmes

- Ongoing education and training to encourage all eligible employees to vaccinate and follow government recommendations where applicable
- In Southeast Asia, where government programmes allow, vaccines have been procured and made available to our staff and families
- In South Africa, interventions are in place to facilitate the vaccination of employees at remote sites

AVENG GROUP | COVID-19 TRACKING

26 August 2021

Total number of employees

6 086

Total number of confirmed cases to date

846

Number of current cases (quarantined)









46

Number of recovered cases

790

Number of COVID-19 related deaths

10

	FY 2021	FY 2020	% VARIANCE	COMMENTARY
Revenue	R25,7bn	R20,9bn	 +23%	<ul style="list-style-type: none"> Increase in revenue driven by growth in Australia
Operating earnings/(loss)	R536m	(R532m)	 >100%	<ul style="list-style-type: none"> Good operational performance in McConnell Dowell, Moolmans and Trident Steel
Headline earnings/(loss)	R751m	(R950m)	 >100%	<ul style="list-style-type: none"> First full year headline earnings since FY14
OFCF	R1,5bn inflow	R5m outflow	 >100%	<ul style="list-style-type: none"> Improved operational performance Growing work in hand Realisation of inventory
New Equity	R873 million	-	 100%	<ul style="list-style-type: none"> New equity issued
Group Debt	R1,4bn	R2,4bn	 42%	<ul style="list-style-type: none"> Early settlement of debt following the balance sheet restructure Ongoing debt repayments
Net cash/(debt)	R1,1bn	(R1,0bn)	 > 100%	<ul style="list-style-type: none"> Strong cash generation Decrease in debt
Work in hand	R25,3bn	R26,8bn	 -6%	<ul style="list-style-type: none"> McConnell Dowell – AUD1,9 billion Moolmans – R5,4 billion

- | | | |
|-----------|---|--|
| 01 | Implementation of the restructure and recapitalisation plan | <ul style="list-style-type: none">✓ Raised R492m in capital from the rights offer✓ Reduced debt by R1,1 billion |
| 02 | Continued improvement of operational performance in McConnell Dowell and Moolmans | <ul style="list-style-type: none">✓ McConnell Dowell operating earnings of AUD28 million (June 2020: AUD6 million*)✓ Moolmans operating earnings of R239 million (June 2020: R38 million) |
| 03 | Grow and optimise quality of work in hand (WIH) | <ul style="list-style-type: none">✓ McConnell Dowell WIH of AUD1,9 million and a pipeline of AUD10,5 billion✓ Moolmans WIH increased to R5,4 billion with a further R15 billion in the pipeline |
| 04 | Navigate COVID-19 challenges | <ul style="list-style-type: none">✓ Despite impact on operations, management continuously monitors and responds to changing circumstances |
| 05 | Positive cash generation | <ul style="list-style-type: none">✓ McConnell Dowell, Moolmans and Trident Steel cash generative |
| 06 | Further reduction in group cost structure | <ul style="list-style-type: none">✓ Total Group costs remained in line with prior year |
| 07 | Complete disposal of non core assets | <ul style="list-style-type: none">✓ Completed disposals of Duraset, Infraset Pietermaritzburg, Swaziland, Brakpan & De Aar and REHM✓ ACS disposal subject to conditions precedent |
| 08 | Close out PMO function | <ul style="list-style-type: none">✓ South African bond exposure decreased to R554 million (June 2020: R1 billion)✓ 35 contracts remain in defect liability period |

* Excludes AUD19 million impairment on settlement of two legacy claims



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Fast Facts

**Puhunui Rail
Interchange Station
New Zealand**

Customer: **Auckland Transport**

McConnell Dowell and Built
Environs Joint Venture

Demolition of existing
Puhinui Station footbridge

Construction of high-quality
fit out at-grade bus area

Rail Safety innovation
– New Zealand first

**FINANCIAL
PERFORMANCE**

What we achieved

- Reduction in debt by R1,1 billion
- Improvement in stated capital by R873 million
- Gain from early debt settlement of R486 million
- Additional liquidity of R260 million

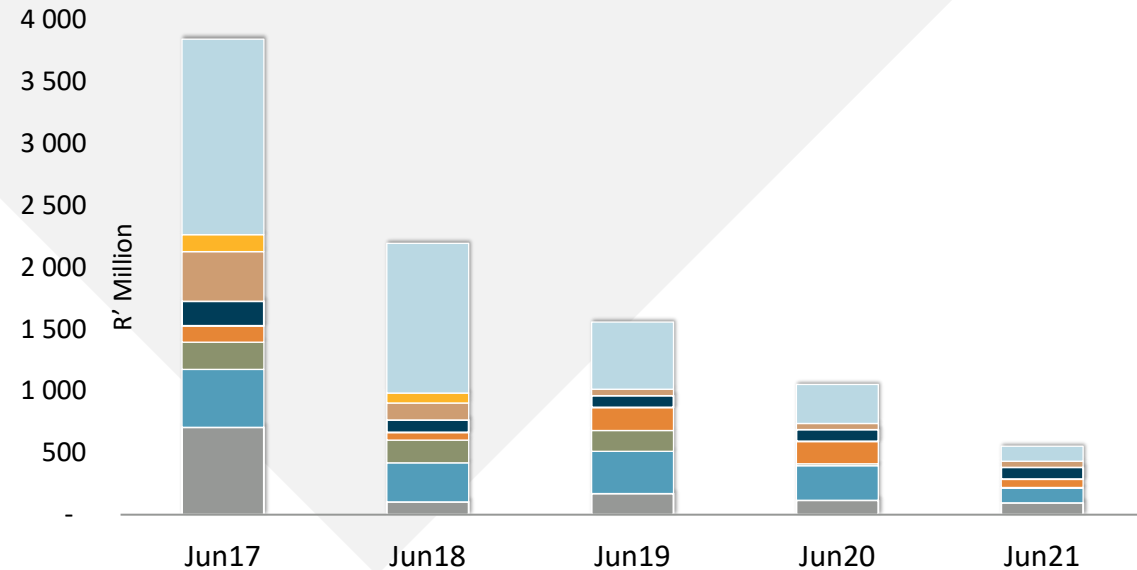
	Stated Capital Rm	Retained Earnings Rm
Opening Balance	3 874	(3 143)
New capital issued	873	-
Profit for the period	-	988
Closing Balance (30 June 2021)	4 747	(2 155)

	Borrowings Rm
Opening Balance (31 December 2020)	2 552
Early cash settlement of debt and interest	(616)
Gain from early debt settlement	(486)
Repayment of ABF [#]	(69)
IFRS 16 Lease liabilities	72
Repayment in June 2021	(55)
Closing Balance (30 June 2021)	1 398

[#] Asset-backed financing debt

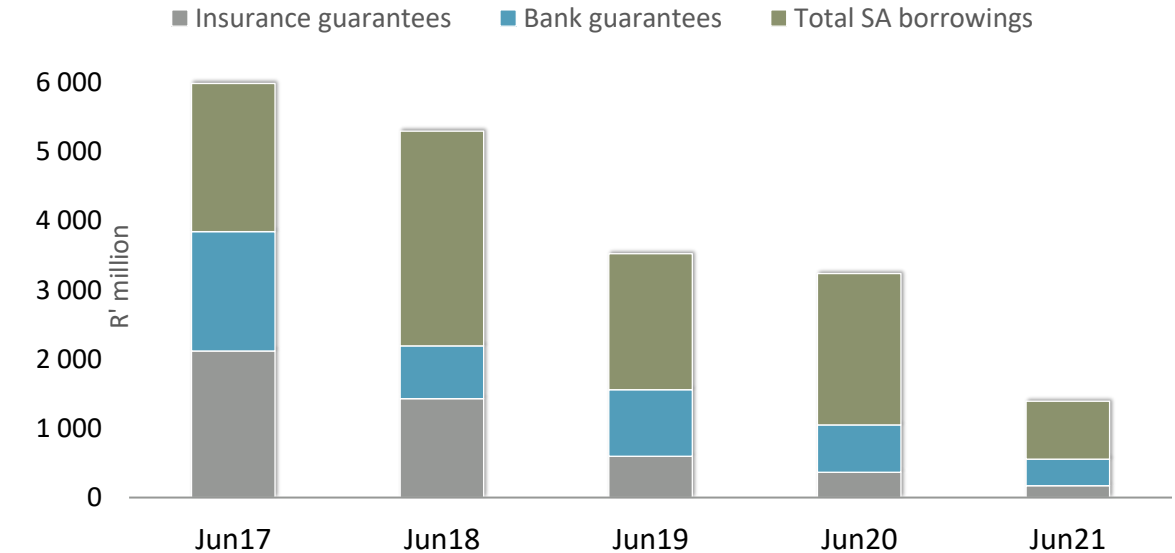
Guarantee reduction – SA Operations

- Bank guarantees reduced from R1,7 billion to R383 million,
- Insurance guarantees reduced from R2,1 billion to R171 million
- In FY21, guarantees decreased by R500 million to R554 million
- Subsequent to year end this has reduced by a further R76 million to R478 million



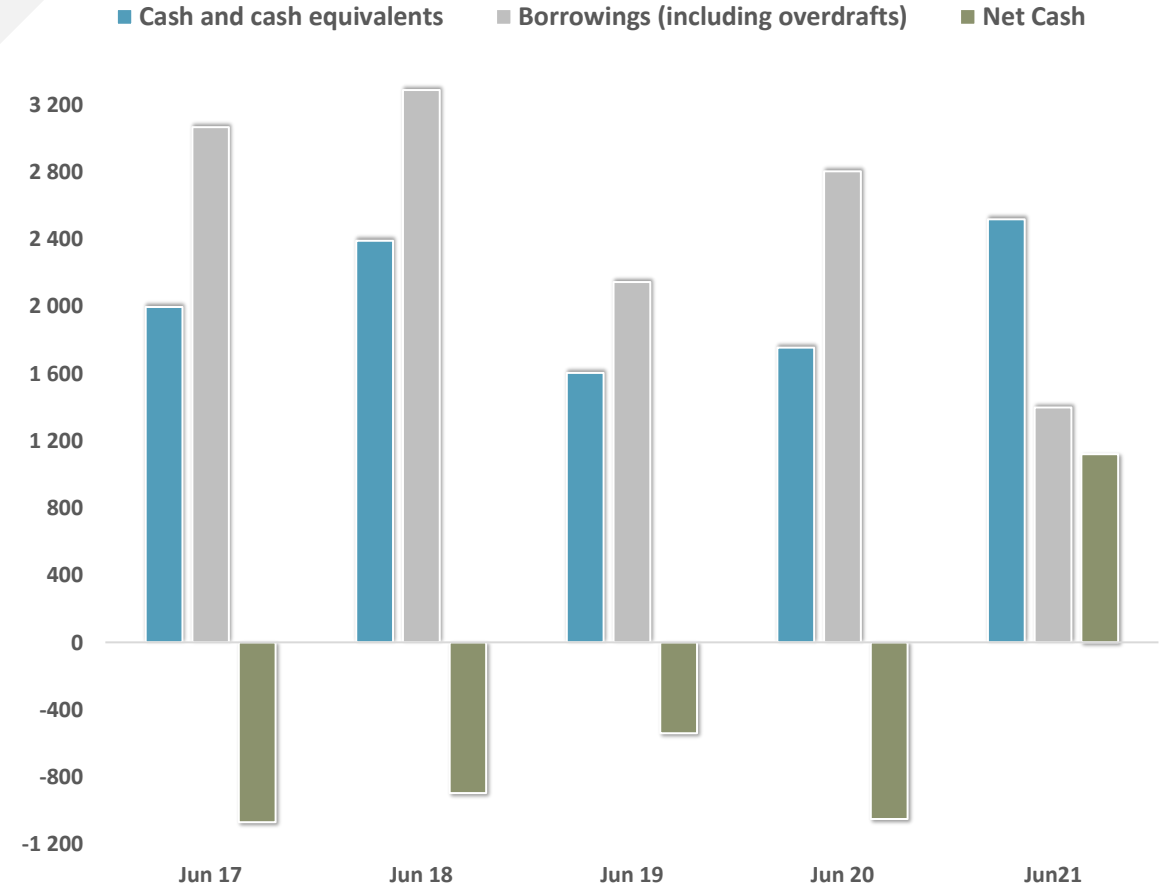
South African total debt and guarantee exposure

- The SA debt and guarantee exposure has reduced from R6 billion in 2017 to R1,4 billion in 2021
- Guarantees reduced from R3,8 billion (2017) to R554 million (2021)



	FY 2021 Rm	FY 2020 Rm
Net Cash (including overdrafts)	2 519	1 331
South African operations	666	(342)
McConnell Dowell	1 853	1 673
Borrowings	(879)	(1 883)
South African operations	(835)	(1 762)
McConnell Dowell	(44)	(121)
Net cash / (debt)	1 640	(552)
IFRS 16 Finance lease liability	(519)	(497)
Post IFRS 16 net cash / (debt)	1 121	(1 049)



















CHANGE IN GROUP NET CASH POSITION



COMPREHENSIVE EARNINGS











Results	FY 2021 Rm	FY 2020 Rm	COMMENTARY
Revenue	25 709	20 878	<ul style="list-style-type: none"> • Driven by 64% (in Rand terms) growth in McConnell Dowell
Gross margin	1 965	971	
Gross margin %	7,6	4,7	<ul style="list-style-type: none"> • Improved project execution
Net operating earnings / (loss)	536	(532)	<ul style="list-style-type: none"> • Cost containment despite increased revenue
Net interest	(375)	(429)	<ul style="list-style-type: none"> • Decrease in net interest due to changes in debt profile
Earnings / (loss) for the period	988	(1 116)	<ul style="list-style-type: none"> • Includes <ul style="list-style-type: none"> • Impairment of R267 million • Gain on early settlement of debt - R486 million • Fair value adjustments - R611 million
Headline earnings / (loss) for the period	751	(950)	
Headline earnings / (loss) per share (cents)	2,0	(4,0)	

SEGMENTAL RESULTS

	REVENUE		NET OPERATING EARNINGS/(LOSS)		OPERATING FREE CASH FLOW	
	FY 2021 Rm	FY 2020 Rm	FY 2021 Rm	FY 2020 Rm	FY 2021 Rm	FY 2020 Rm
McConnell Dowell	 16 911	10 297	 312	(162)*	 711	506
Moolmans	 4 009	3 955	 239	38	 480	191
Other eliminations	 -	(67)	 (122)	(193)	 (161)	(245)
Total core	20 920	14 185	429	(317)	1 030	452
Aveng Construction: South Africa	 591	1 865	 (164)	(174)	 (79)	(545)
Aveng Manufacturing	 1 035	1 297	 24	(55)	 (8)	(84)
Aveng Steel	 3 163	3 531	 247	14	 567	172
Total non-core	4 789	6 693	107	(215)	480	(457)
	25 709	20 878	536	(532)	1 510	(5)

* Included R225 million impairment on settlement of two legacy claims

SEGMENTAL RESULTS

	McCONNELL DOWELL		MOOLMANS		TRIDENT STEEL	
	FY 2021 Rm	FY 2020 Rm	FY 2021 Rm	FY 2020 Rm	FY 2021 m	FY 2020 Rm
Revenue	 16 911	10 297	 4 009	3 955	 3 163	3 531
Cost of sales	(15 726)	(9 704)	(3 602)	(3 741)	 (2 858)	(3 380)
Gross margin %	 7,0%	5,8%	 10,2%	5,4%	 9,6%	4,3%
Net operating earnings / (loss)	 312	(162)	 239	38	 247	14
<u>Other items</u>						
Capital expenditure	170	148	649	609	17	18

FINANCIAL POSITION



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	June 2021 Rm	June 2020 Rm
Assets	12 445	11 636
Property, plant and equipment	2 800	3 180
Investments	287	294
Working capital	3 936	3 076
Assets Held for Sale	1 989	2 309
Cash and bank balances	2 519	1 755

	June 2021 Rm	June 2020 Rm
Liabilities and equity	12 445	11 636
Liabilities		
Borrowings and liabilities	1 398	2 380
Working capital	5 098	4 054
Liabilities Held for Sale	1 575	2 051
Equity	3 448	1 840
NAV PER SHARE (cents)	5,3	9,5
Market capitalisation (at 4cps)	2 490	776

WORKING CAPITAL

	*CORE ASSETS		**NON-CORE ASSETS	
	June 2021 Rm	June 2020 Rm	June 2021 Rm	June 2020 Rm
Inventory	211	187	726	839
Trade and other receivables	327	358	475	459
Amounts due from contract customers	3 398	2 531	5	8
Trade and other payables	(3 441)	(2 764)	(833)	(461)
Amounts due to contract customers	(1 657)	(1 290)	(4)	(7)
Net working capital	(1 162)	(978)	369	838

*Core assets defined as *Construction and Engineering: Australasia and Asia, Mining and Other & Eliminations* segments

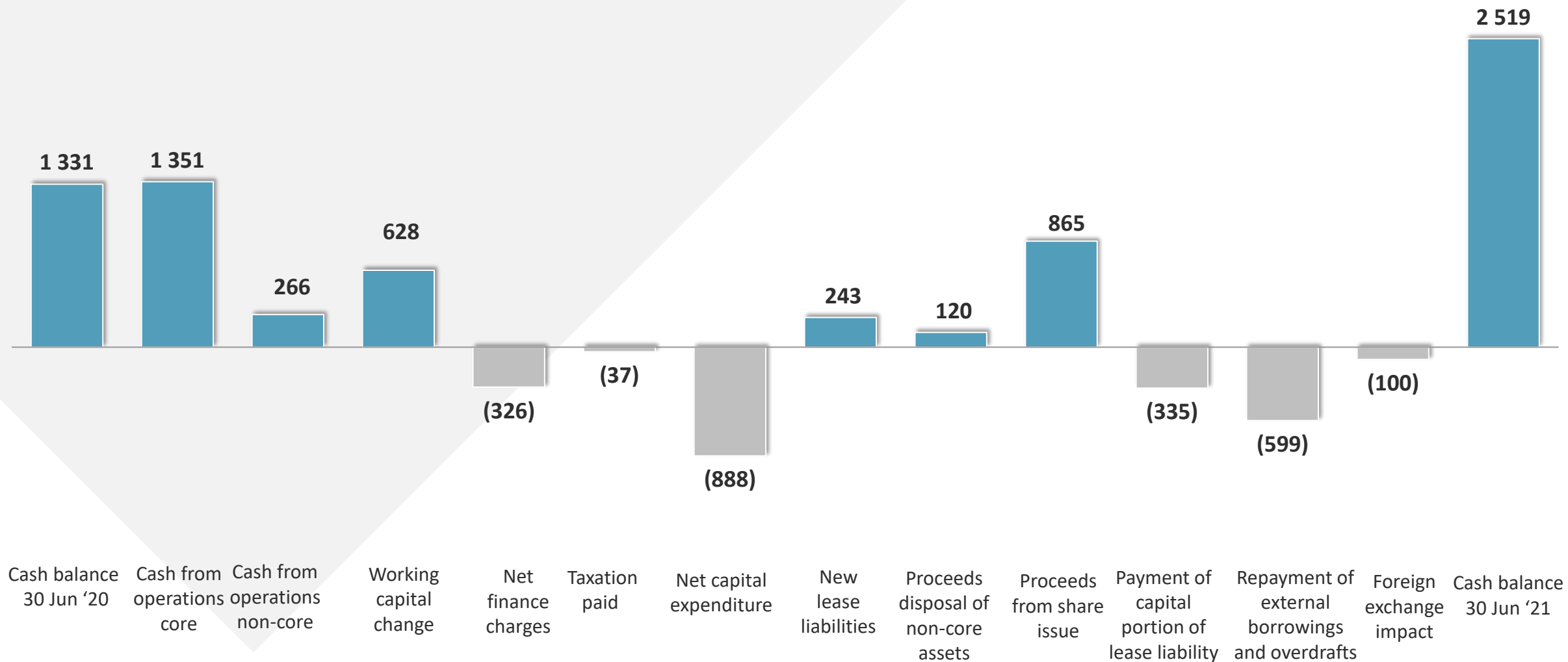
** Non-core assets defined as *Construction and Engineering: South Africa and rest of Africa and Manufacturing and Processing* segments

UNCERTIFIED REVENUE AND CLAIMS

	June 2021 Rm	June 2020 Rm
Uncertified claims and variations	817	652
Contract contingencies	(50)	(290)
Contract and retention receivables	2 632	2 170
Provision for contract receivables	(1)	(1)
Amounts due from customers	3 398	2 531
Progress billings received	(1 656)	(1 285)
Amounts received in advance	(1)	(5)
Amounts due to customers	(1 657)	(1 290)
Net amounts due from contract customers	1 741	1 241
Foreign exchange impact	(92)	320



MOVEMENT IN CASH



Why is the corporate action necessary

- Reduce the number of shares in issue in order to reduce the administrative burden;
- Recalibrate supply & demand, improve liquidity and reduce price volatility in the share; and
- Improve relevance of the share

How it works (NB: for illustrative purposes only using a ratio of 100:1)

- If a shareholder holds 99 Aveng shares at **record date**
 - Shareholder would be awarded nil shares on consolidation. 99 shares would be subjected to fractional entitlement rules
 - The 99 shares would be aggregated with other fractional entitlements and placed in the market at the prior day VWAP less 10%
 - The proceeds would be paid out to shareholder i.e. for the 99 shares
- If shareholder holds 199 Aveng shares at **record date**
 - Shareholder would be awarded 1 share on consolidation and 99 shares would be subjected to fractional entitlement rules
 - The 99 shares would be aggregated with other fractional entitlements and place in the market at the prior day VWAP less 10%
 - The proceeds would be paid out to shareholder i.e. for the 99 shares

Timing

- A detailed announcement will be made in due course with the salient dates and times
- Corporate event is subject to shareholder approval
- Expected to be completed on 13 December 2021



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Fast Facts

Kidston Pumped Hydro Storage - Queensland

A world-first, project to convert disused gold mine into a pumped storage hydroelectric power generation facility.

The pumped storage hydro power station will use the pits of the old mine.

A natural battery storage facility that has the potential to generate up to 250 MW of rapid response, flexible power.

OPERATIONAL PERFORMANCE

**MCCONNELL
DOWELL**
CREATIVE CONSTRUCTION™

6 YEARS of Creative
Construction

We delivered above budget for revenue, profit and cashflow

- Revenue grew by over 50% in AUD on the back of a strong WIH in FY20
- Operating earnings of AUD28 million and EBITDA of AUD54 million due to good operational performance
- Net operating earnings increased from AUD6m* delivered in FY20
- Building performance consistency with operational profits for the last 4 years
- Strong liquidity position with AUD172 million in the bank and minimal debt levels
- Another year of strong cashflow with Operating Free Cashflow AUD58 million driven by project performance and upfront mobilisation payments
- Paid an interim dividend of AUD5 million and declared a final dividend of AUD6,5 million.

	June 2021 AUDm	June 2020 AUDm
Revenue	1 474	980
Net operating earnings	28	6*
Operating free cashflow	58	43
New work won	1 503	1 692
Work in hand	1 873	1 845

* Excludes AUD19 million impairment on settlement of two legacy claims

AUSTRALIA

Growth engine of the Group

Market conditions

- Australian economy one of the stronger performers through COVID-19
- Infrastructure market performing well underpinned by government investment
- Return of private sector resources clients
- Thermal coal sector expected to decline due to decarbonisation
- Renewable/clean energy starting to appear in pipeline

NEW ZEALAND & PACIFIC

Uncertain timing

Market conditions

- New Zealand and Pacific Islands economies have suffered due to loss of international tourism revenue
- Award of government projects has slowed
- Delays in several large projects coming to market should bode well for FY22, but uncertainty remains

SOUTHEAST ASIA

COVID-19 challenges in a competitive market

Market conditions

- COVID-19 impacts and restrictions have impacted economies
- The Singaporean market has remained relatively strong
- Significant infrastructure projects are being delivered in Indonesia and Philippines

BUILT ENVIRONS

Significant opportunities

Market conditions

- Private sector development opportunities in the accommodation sector are expected to reduce
- Victoria's addressable market is larger and stronger
- The business has successfully pivoted to public funded opportunities
- New Zealand is a significant market, but timing on key projects is uncertain
- Private sector opportunities in aged care, pharmaceutical and logistics sectors

MARINE



- Significant pipeline of key opportunities in Australia
- Relative lack of attractive opportunities in Southeast Asia
- Good opportunities with Australian Department of Defence
- Increasing competition from Tier 3 players in Australia and international players

PIPELINES



- Limited opportunities outside Australia for FY22
- Australian market reasonably strong, compared to recent years
- Market has been impacted in recent years by lack of clear energy policy at national level
- De-commissioning may present a market opportunity over coming years

TUNNELING & UNDERGROUND



- Significant major tunnelling opportunities exist in Australia and Southeast Asia
- Market spans transport (road, rail and pedestrian), water supply, wastewater treatment, power and energy, utilities
- Australian opportunities to be considered against significant risk
- Strong micro-tunnelling market in New Zealand

DAMS & HYDRO



- Most opportunities in Australia
- Market focus - hydro opportunities >10GW and complex dam structures
- Kidston project is first large scale pumped hydro project in Australia
- Opportunities exist in the Pacific and Southeast Asia

- Preferred status
 - Recent projects converted into new work won:
 - Kidston Pumped Hydro Storage
 - AIE Port Kembla
 - AUD900 million converted to new work won during the period
 - Expect AUD700million of the AUD1,7 billion preferred status projects to be awarded in H1 of FY22
- Submitted tenders
 - Over AUD3,5 billion of live tenders currently outstanding plus a further AUD7 billion of tenders expected to be submitted in FY22
 - These will provide the business with good prospects for future growth

AUD1,9bn
Work in hand

AUD1,7bn
Current preferred status

AUD1,8bn
Submitted tenders
outstanding

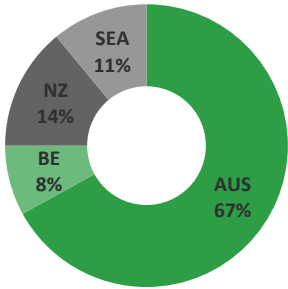
AUD3,4bn
Current tenders in
preparation

AUD3,6bn
New tenders expected
in FY22

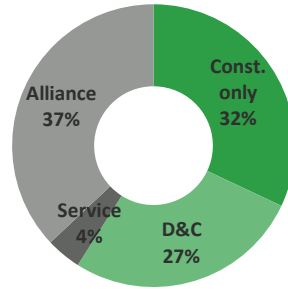
ACTIVE PROJECT PORTFOLIO & COMPOSITION

YTD REVENUE

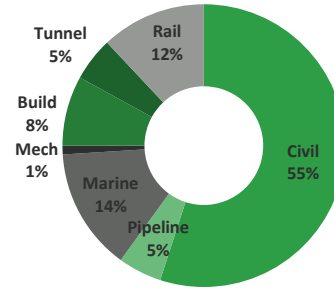
REVENUE BY BU



TYPE

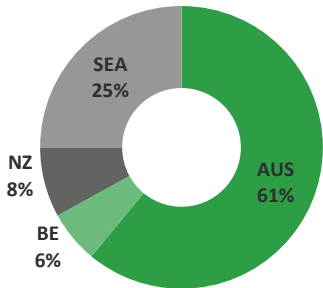


DISCIPLINE

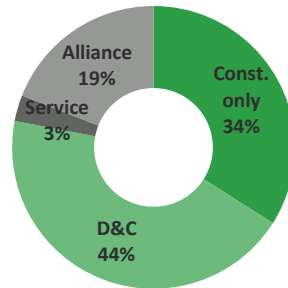


WORK IN HAND

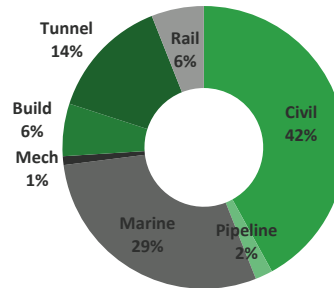
WIH BY BU



TYPE



DISCIPLINE



Portfolio Commentary

- Australia continues to be our growth lever in the current market across our regions
- Diversity and technical capability continues to position the company well
- Majority of current projects are performing at or above tender margin and 91% profitable
- Australia and Built Environs project execution performance continues to be consistent
- Shift from Alliance to Design & Construct type work as the private sector starts to generate opportunities
- Private sector revenue in FY21 accounted for 21% of total McConnell Dowell revenue, however this has increased to 44% of WIH with the growth in resource type investments

AWARDS AND RECOGNITION

We continue to win awards for engineering excellence and safety performance and individual staff members have also been recognised for their contribution to the industry. Recent notable awards include:

- Oval Hotel Project - South Australia AIB Professional Excellence Award for Residential Construction AUD25 - AUD60 million and the 2021 SA AIB People's Choice Award
- 36th Americas Cup infrastructure project – Winner Arthur Mead Award for Engineering Excellence for Projects greater than AUD10 million
- Lyttelton Tunnel Deluge – Winner Health and Safety award, CCNZ Contractor of the Year Award
- Safety and Health Award Recognition for Projects (SHARP), Tuas Water Reclamation Plant
- Work safety and health Performance (Silver) Awards 2020, Singapore



The background image shows two large, tracked drilling rigs in an open-pit mine. The rig on the left is in the foreground, and the one on the right is further back. The sun is low in the sky, creating a golden glow and long shadows. The ground is dark and appears to be covered in coal or ore.

OPERATIONAL PERFORMANCE



Moolmans delivered above budget profit & cashflow

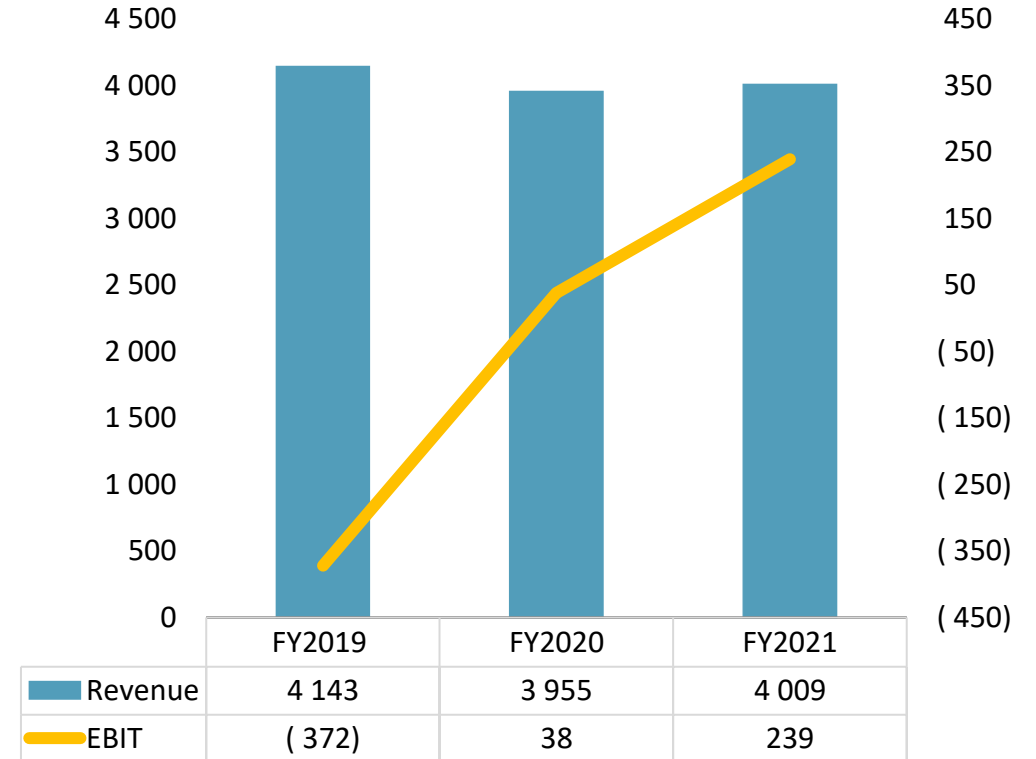
- Net operating earnings of R239 million
- EBITDA of R854 million
- Revenue remained in line with prior year as the business focused on quality of work-in-hand and pursued new contract opportunities prudently
- Work in hand of R5,4 billion
- Strong liquidity position with R1,0 billion cash generated from operations

	June 2021 ZAR m	June 2020 ZAR m
Revenue	4 009	3 955
Net operating earnings	239	38
Earnings before interest, tax, depreciation and amortisation (EBITDA)	854	642
Operating free cashflow	480	191
Work in hand	5 445	4 996



- The turnaround strategy implemented subsequent to FY19 has steadily gained traction
- FY2021 saw good performance from open pit operations at Sishen, Klipspruit, Gamsberg, Lefa and Nkomati as well as underground operations
- These results were offset by disappointing performances at Tshipi and Kolomela where management continues to focus attention on operational performance
- CAPEX, OPEX and cashflow remain closely managed

Revenue and EBIT (ZARm)



- Moolmans is working from a foundation of a solid return to profitability
- The positive commodity price outlook for the medium to longer term will benefit the mining industry in general
- Global mining financing hit an eight-year high in 2020 *
- Funds raised by junior and intermediate companies increased 35% year over year*
- The South African market continues to underperform relative to its potential due to ongoing policy uncertainty and weak economic conditions
- Work in hand of R5,4 billion
- Contract awards in the year include:
 - R1,3 billion at Seriti's Klipspruit Mine, and
 - R1,5 billion at Vedanta's Gamsberg mine
- Current tenders submitted to the value of R5 billion
- New tenders expected in FY22 of R10 billion



* Source: spglobal.com/mining-sector-insights



Sishen – South Africa

A NEW ERA OF METALS | DECARBONISATION

- For the mining industry, the push towards decarbonization and the resulting rise of green energy and electric vehicles holds significant implications
- Moolmans is following these developments closely, looking for mining opportunities in these commodities and positioning itself to customers current and emerging decarbonisation requirements



Gamsberg – South Africa

The background is a large industrial steel mill with yellow overhead cranes and blue structural beams. A circular inset on the right shows a close-up of an orange crane lifting a large roll of steel. The text 'OPERATIONAL PERFORMANCE' is overlaid on a white triangular shape in the bottom left.

OPERATIONAL PERFORMANCE

Profitable and cash generative

- Restructured from a steel merchant to mainly an automotive steel service centre
 - Refocused revenue
 - Significant once-off cashflow benefit
- Higher sales volume due to significant increase in vehicle exports to Europe
- Significant world wide steel shortages and logistic constraints impacted business
- Secured various new automotive model life (7-10 years)

	June 2021 ZAR m	June 2020 ZAR m
Revenue	3 163	3 531
Net operating earnings	247	14
Operating free cashflow	567	172

A worker wearing a white hard hat and a high-visibility orange safety vest with reflective stripes is standing in the foreground of a long, dimly lit concrete tunnel. The worker is facing away from the camera, looking down the length of the tunnel. The tunnel walls are made of large concrete panels, and a series of lights are mounted along the left wall, creating a strong perspective effect.

**FOCUS AND
RECAP**

- Continuing to improve operational performance
- Growing work in hand
- Resourcing for growth
- Completing the disposal of non-core assets
- Reducing debt
- Strengthening of the balance sheet
- Managing liquidity
- Share consolidation
- Renewing the Group's Environment, Social and Governance (ESG) strategy in line with our purpose



Werribee Street (WPA) – Australia

FOCUS AND RECAP

- Improved operational performance
 - Moolmans profitable and cash generative
 - McConnell Dowell delivered above budget revenue, profit and cashflow
 - Trident Steel delivered solid profits and cashflows
- Strengthened and de-risked balance sheet
 - Raised equity of R873 million
 - Substantially decreased debt
- Improved liquidity
 - Moved from a net debt to a net cash position
- Focused core businesses
- Disposal on non-core assets nearing completion
- Aveng well positioned for future growth

Revenue Growth
23%

Growth in Operating Earnings
R1bn

Headline Earnings
R751m
First since FY14

Operating Free Cash Flow
R1,5bn
(June2020:R5m outflow)

Decrease in Group debt to
R1,4bn
(June 2020: R2,4bn)

Net Cash
R1,1bn
(June 2020: R1bn net debt)



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THANK YOU | QUESTIONS