

22 August 2023

Results Presentation

for the year ended 30 June 2023

The Queen Elizabeth Hospital
Stage 3 Redevelopment
Adelaide, Australia

FY23 Salient features

A year of transition as we build for the future

Revenue
(continuing operations)
R28,86bn
2022 | R22,53bn

Operating loss
(continuing operations)
R1,06bn
2022 | R360m earnings

Cash on hand
R2,38bn
2022 | R2,61bn

Operating earnings*
(continuing operations, excl BLNG)
R183m
2022 | R360m

Work in hand
R52,20bn
2022 | R30,80bn

Headline loss per share
753 cents
2022 | 252 cents earnings

NAV per share
2 403 cents
2022 | 2 873c

*Non IFRS measure. See slide 10 for breakdown. Any adjusted information excluding the impact of BLNG contained in this presentation has been prepared for illustrative purposes only and has not been reviewed or reported on by a reporting accountant.

FY23 Salient features | 2018 strategy delivered

- Balance sheet further de-risked
- Non-core asset disposals completed
- Disposal proceeds of R2,4 billion
- Extinguished legacy debt of R3,3 billion
- Reduced guarantee exposure of R3,8 billion to R82 million
- Settled Trident Steel R450 million Trade Finance Facility
- Terminated over R500 million in ancillary trade finance facilities
- Cash on hand of R2,4 billion



Tengah Plantation, Tengah Park and Bukit Batok West Stations and Viaduct
Singapore

FY23 Salient features | Financial

- The business has been simplified and focused
- Settled South African CTA, exiting three banks
- New facility with SA transactional banker
- Raised finance facilities for Moolmans new heavy mining equipment
- Term debt facility for McConnell Dowell
- Bonding capacity of AUD688 million for McConnell Dowell



Mangere Waste Water Treatment Plant
Auckland, New Zealand

FY23 Salient features | McConnell Dowell

- McConnell Dowell comprises of four business units
- Revenue of AUD 2,2 billion (+25%) driven by growth in the Australian business unit
- Australia and New Zealand & Pacific Islands business units recorded a combined operating earnings of R939 million (AUD77 million) in FY23
- BLNG project loss of R1,2 billion (AUD104 million)
- New work won of AUD3,2 billion
- Work in hand to R44,2 billion (AUD 3,5 billion)
- Built Environs business unit now operating at scale across its three regions



FY23 Salient features | Moolmans

- New work won of R9,4 billion, including a new five-year contract at Tshipi é Ntle
- Work in hand up at R8,0 billion (2022: R3,1 billion)
- Committed investment of R900 million in new heavy mining equipment, R613 million spent in FY23
- The Tshipi project returned to profitability in Q4 FY23 as the new equipment was commissioned and mobilised
- Implemented a plant optimisation and renewal program resulting in reduced component spend (R180 million) and improving availabilities
- Implemented a new human capital system



Environmental, Social and Governance

We align our values and sustainability goals with our purpose of providing a better life to improve ESG outcomes for our stakeholders

E



Roadmap to **carbon neutrality**



Plans to improve **diesel consumption rate** per BCM



Divert waste from landfill



Resource saving initiatives per project



Mandatory **Environmental awareness** training provided to all employees

S



Safety
LTIFR – 0,11
TRIFR – 0,73



Black-owned business supplier spend of **R1 billion**



Client social procurement spend of **AUD281m**



Developing our people
• R36m spent in Moolmans
• 19 779 hours training in McConnell Dowell



Diversity & inclusion
• Women in mining
• Increasing minority representation

G



ESG framework implemented – **forms 10% of management's KPIs**



Implemented an **Enterprise Risk Management** framework



New **sexual harassment** policy



Aveng **Board refresh** with appointment of two new non-exec directors



Aligned with global best practice **IT frameworks** in response to cyber security

VALUES

Safety and care

Honesty and integrity

Customer focus

Working together

Performance excellence

Our People

Total of 3 861 people across our operating regions

Learning and development

65 emerging leaders completed Operational Leadership Program in McConnell Dowell

38 individuals participated in Senior Leadership Program - **25%** female representation in McConnell Dowell

156 apprentices of trained in Moolmans which 97% represented HDSA* and **24%** overall female

We trained and licensed **12 females** from Moolmans' local communities as **dump truck operators** and offered employment



Diversity

Increasing First Nations representation in Australia and New Zealand

91% of employees in Moolmans are HDSA* - **8%** are middle management and above

20% of employees in McConnell Dowell are **female** and **14%** in Moolmans

9 new female appointments into key management roles at McConnell Dowell



Resourcing for growth

Focused on succession planning and **talent retention** - over **257 leadership** staff assessed across Group

Conducting **international recruitment** campaign to address staffing needs

Constantly optimising **recruitment, selection and on-boarding** processes

Appointment of **Operations Director and HR Executive** in Moolmans



*HDSA – Historically Disadvantaged South Africans



Finance



Barber Grove to Seaview wastewater treatment plant pipe duplication
Wellington, New Zealand

Comprehensive earnings

		Re-presented ¹		FY23 without impact of BLNG ²
	FY 2023 Rm	FY 2022 Rm	Change Rm	Rm
Revenue	28 865	22 527	6 338	28 865
Gross earnings	443	1 778	(1 335)	1 686
Gross margin	1,5%	7,9%	(6,4%)	5,8%
Operating (loss)/earnings	(1 060)	360	(1 420)	183
Capital income/(expenditure)	9	(87)	96	9
Net finance expense	(123)	(144)	21	(123)
(Loss)/earnings before taxation	(1 174)	129	(1 045)	69
Taxation	57	(29)	86	57
(Loss)\earnings from continuing operations	(1 117)	100	(1 217)	126
Discontinued operations	(166)	30	(136)	(166)
(Loss)\earnings for the period	(1 283)	130	(1 413)	(40)
Total Comprehensive (loss)/earnings for the period	(580)	237	(817)	663

Commentary

BLNG project losses of R1,2 billion

- Finance income – R77 million (2022: R8 million)
- Finance expense – R200 million (2022: R152 million)

Includes Trident Steel operating earnings of R204 million, offset by FCTR reclassification of R436 million.

Impact to Net Asset Value

¹ The Group is required to re-present the results of Trident Steel, previously presented in continuing operations, to discontinued operations for all periods presented.

² Non IFRS measures. Any adjusted information excluding the impact of BLNG contained in this presentation has been prepared for illustrative purposes only and has not been reviewed or reported on by a reporting accountant.

Segmental results

McConnell Dowell	FY 2023 Rm	FY 2022 Rm	Change Rm
Revenue ¹	25 950	19 034	6 916
Gross margin ²	1,5%	7,2%	(5,7)
Operating (loss) / earnings	(815)	385	(1 200)
Operating cashflow ³	(377)	853	(1 230)
Capex	(224)	(187)	(37)
Operating free cashflow	(573)	676	(1 249)
Work in hand ⁴	44,2bn	27,bn	16,5bn

¹ Increase mainly attributable to Australian business unit

² Margin impacted by R1,2 billion BLNG loss

³ Impacted by BLNG project losses including project guarantee call

⁴ Significant new work in Australia, New Zealand & Pacific Island and Built Environs

Moolmans	FY 2023 Rm	FY 2022 Rm	Change Rm
Revenue ^a	2 897	3 349	(452)
Gross margin ^b	3,5%	12,2%	(8,7%)
Operating (loss) / earnings	(110)	207	(317)
Operating cashflow	300	592	(292)
Capex ^c	(1 087)	(622)	(465)
Operating free cashflow	(717)	91	(808)
Work in hand ^d	8,0bn	3,1bn	4,9bn

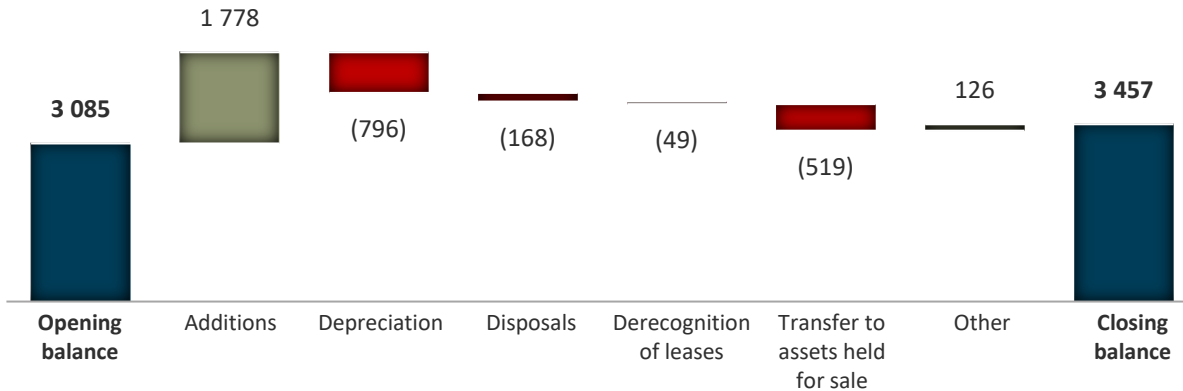
^a Decrease due to completion of Lefa project and reduced scope on Gamsberg

^b Impacted mainly by losses on Tshipi which returned to profitability in Q4

^c R613 million on expansion, R77 million on replacement and R397 million on component spend

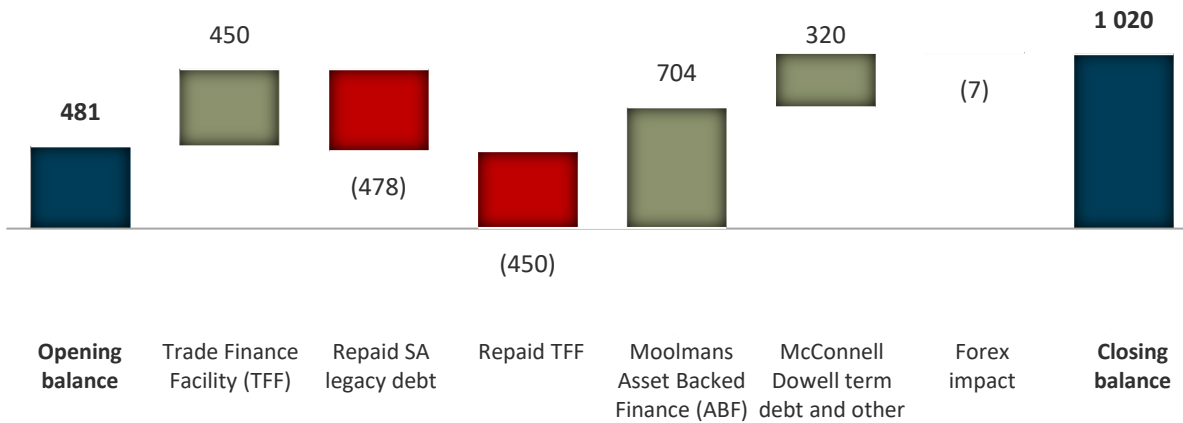
^d New five-year contract at Tshipi é Ntle

Movements in property, plant & equipment and leases

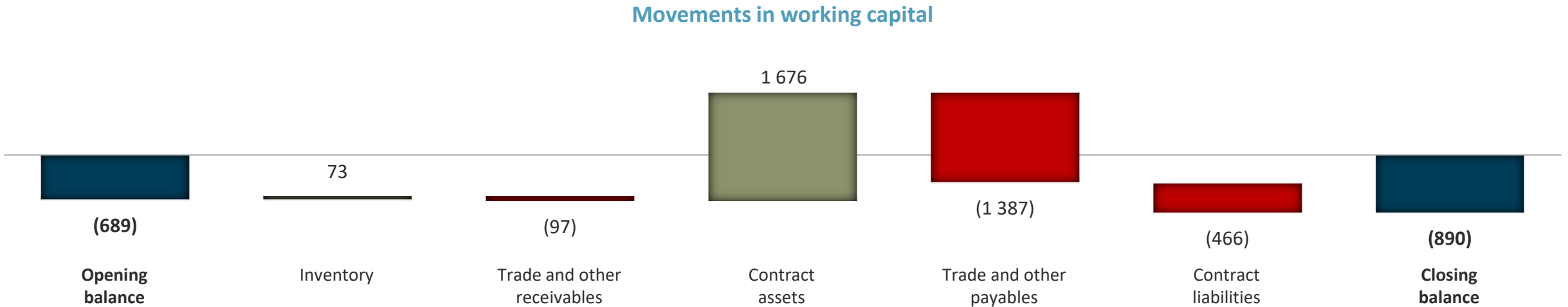


- Additions – investment in new heavy mining equipment in Moolmans
- Transfer out – relates to disposal of Trident Steel

Movement in borrowings

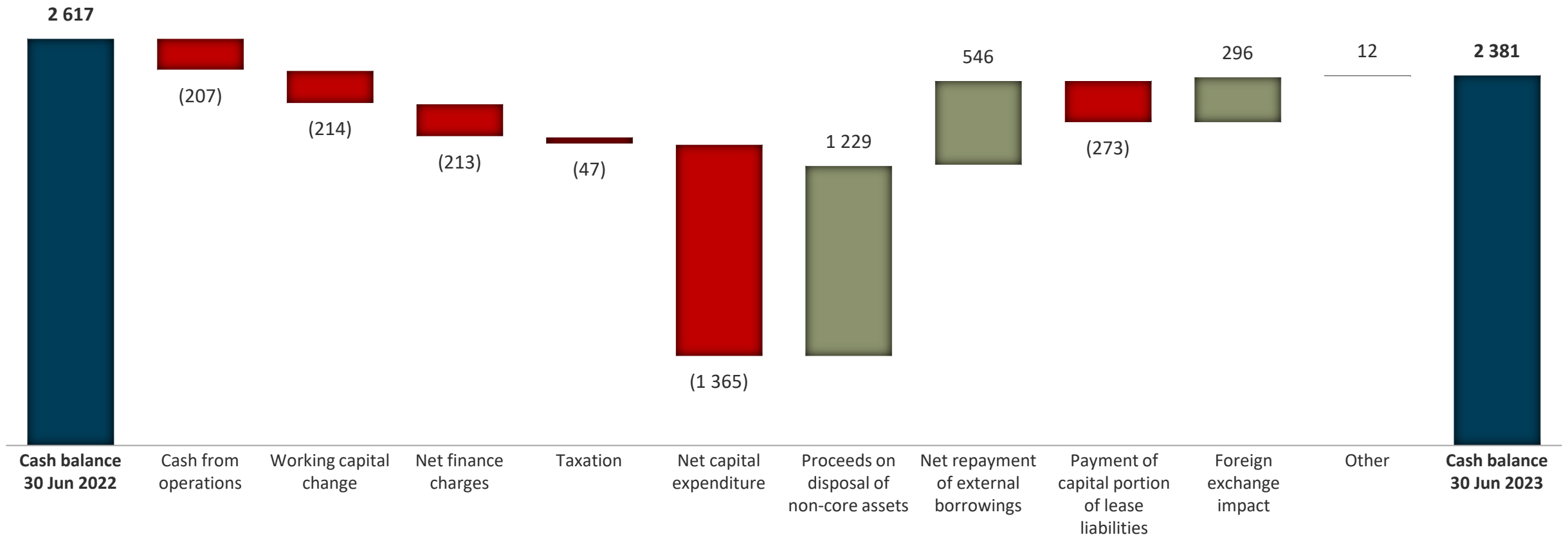


- Extinguished South African legacy debt of R478 million
- Settled Trident Steel Trade Finance Facility – R450 million and terminated c.R500 million in ancillary trade financing facilities
- Performance guarantee of AUD43 million settled using available internal cash and a AUD23 million term debt facility, repayable over 12 months
- Moolmans Asset Backed Finance on new equipment with a balance of R704 million



- Contract assets comprise contract debtors, work in progress and uncertified revenue and claims
- Uncertified revenue comprises timing related variation orders and contract claims
- These are categorised, recognised and managed through the commercial risk management framework with larger and more complex receiving specific management attention
- Movements in trade and other payables increased in line with revenue
- Contract liabilities increased following an increase in advances and progress billings
- The business continues to operate a healthy negative working capital

Movement in net cash





Batangas LNG Project



Batangas LNG project

McConnell Dowell – Batangas LNG terminal

- EPC project closed out with settlement resolving all commercial issues
- Significant loss in FY23 of R1 243 million (AUD104 million) with overall project loss incurred of R1 353 million (AUD114 million)
- Project executed during the height of COVID-19 - causing significant supply chain disruptions and inability to mobilise people to efficiently execute work further exacerbated by the Russia/Ukraine war
- Contrary to the market norm through the pandemic, client did not provide any time relief and applied maximum liquidated damages
- McConnell Dowell and the client have entered into a separate rates based services agreement pursuant to which McConnell Dowell will utilise its expertise, experience, systems and capabilities to support and achieve full commissioning of the BLNG project



Batangas LNG
Philippines

Improving operational standards and governance procedures

As a consequence of the BLNG project we have improved operational standards and governance procedures, including:

- The establishment of a project management office, led by experienced project management professionals, reporting directly to the McConnell Dowell CEO – the PMO will provide best practice support to project management teams and ensure full compliance with procedures
- Robust consideration of pursue/no-pursue decisions at all tender review gates
- Review of commercial limits policy to tighten application of commercial terms
- Revised risk rating system to define tender approval levels
- Monthly reassessment of the project risk rating in response to emerging risk and opportunities. Higher risk projects subject to a more comprehensive review and oversight
- Enhanced project technical reviews to strengthen assurance mechanisms to identify specific issues earlier and allow for more timely interventions



Tengah Plantation, Tengah Park and Bukit Batok West Stations and Viaduct
Singapore

Outlook and areas of focus



Outlook

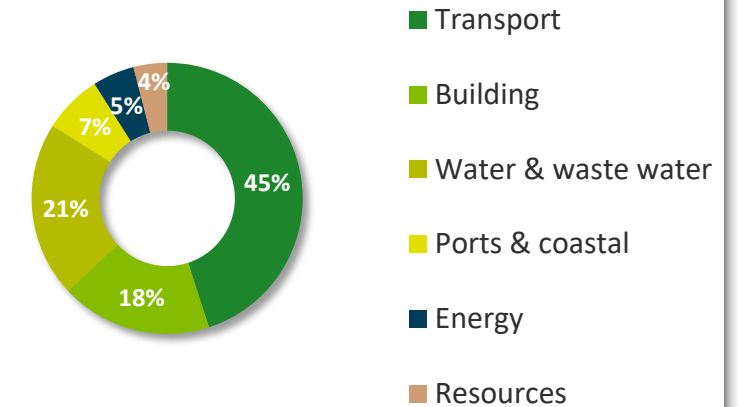
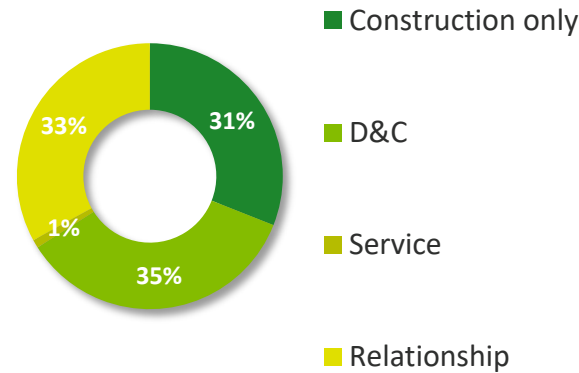
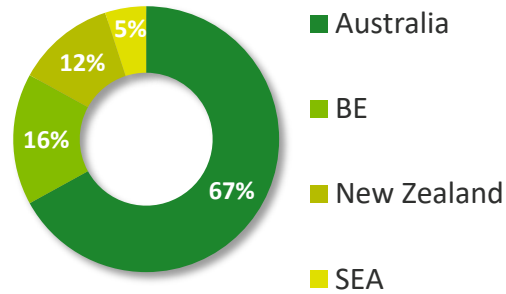
- FY24 revenue of R32 billion secured
- Group work in hand up at R52,2 billion
- Addressable Infrastructure and construction tender pipeline of AUD16 billion filtered to meet core disciplines and capabilities
- Visible open cast mining pipeline of R65 billion which will be heavily filtered to meet geographical and commodity diversification within balance sheet constraints
- Further investment in people bench strength and systems to facilitate operational performance



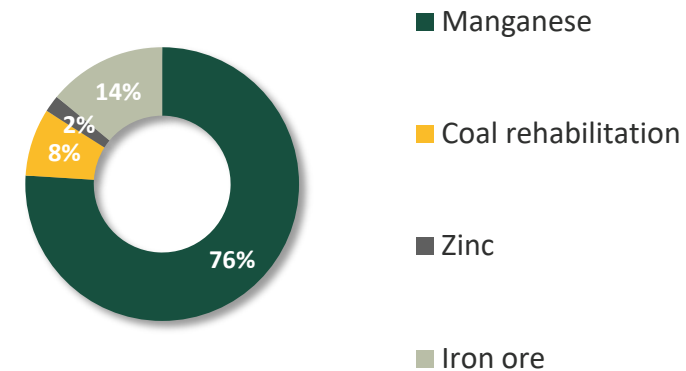
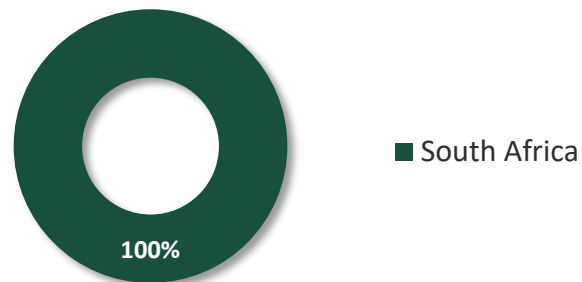
Work in hand

Strong work in hand and solid mix of contracts

McConnell Dowell | Work in hand – R44,2 billion (AUD3,5 billion)



Moolmans | Work in hand – R8 billion



FY24 areas of focus

Aveng is a simplified business with two operating subsidiaries and a stronger balance sheet

- Return Group to profitability and positive cash generation
- Deliver operational performance at current revenue levels
- Improve quality and consistency of operational margins
- Restore McConnell Dowell balance sheet and settle term debt
- Diversify Moolmans client, commodity and geographic focus
- Continue to de-risk and wind down Group legacy matters
- Focus on succession planning and capacity building
- Target 3% operational margins within 24 months



Australian Defence Force wharf upgrades across nine Pacific Island nations

Thank you

Questions





Appendices



Comprehensive earnings - Finance charges

	Re-presented ¹		
	FY 2023 Rm	FY 2022 Rm	Change Rm
Finance income	77	8	69
Finance expense	(200)	(152)	(48)
South African legacy debt	(44)	(86)	42
McConnell Dowell	(32)	-	(32)
Commitment fees and other	(51)	(25)	(26)
Moolmans ABFs	(14)	-	(14)
IFRS 16	(59)	(41)	(18)
Net finance expense - continuing operations	(123)	(144)	21
Discontinued operations	(89)	(93)	4
Group net finance costs	(212)	(237)	25

Commentary

Fully settled R478 million South African legacy debt in Q4 FY23

Mainly relating to the AUD23 million term debt, repayable by 30 June 2024, and transaction costs

Increase mainly arising from initiation of new facilities and use of bank overdraft

Moolmans investment in heavy mining equipment

¹ The Group is required to re-present the results of Trident Steel, previously presented in continuing operations, to discontinued operations for all periods presented.

Comprehensive earnings - Discontinued operations and other comprehensive earnings

	Re-presented ¹		
	FY 2023 Rm	FY 2022 Rm	Change Rm
Discontinued operations			
Earnings from discontinued operations, net of taxation	120	111	9
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition	(436)	-	(436)
Gain / (loss) on disposal of assets Held for Sale and fair value adjustment	150	(81)	231
(Loss) / earnings from discontinued operations	(166)	30	(196)
Other comprehensive income			
Exchange differences on translating foreign operations reclassified to earnings or loss on derecognition	436	-	436
Exchange differences on translating foreign operations	267	107	160
Other comprehensive earnings for the year, net of taxation	703	107	596

Commentary

Trident Steel operating earnings, partially offset by finance charges

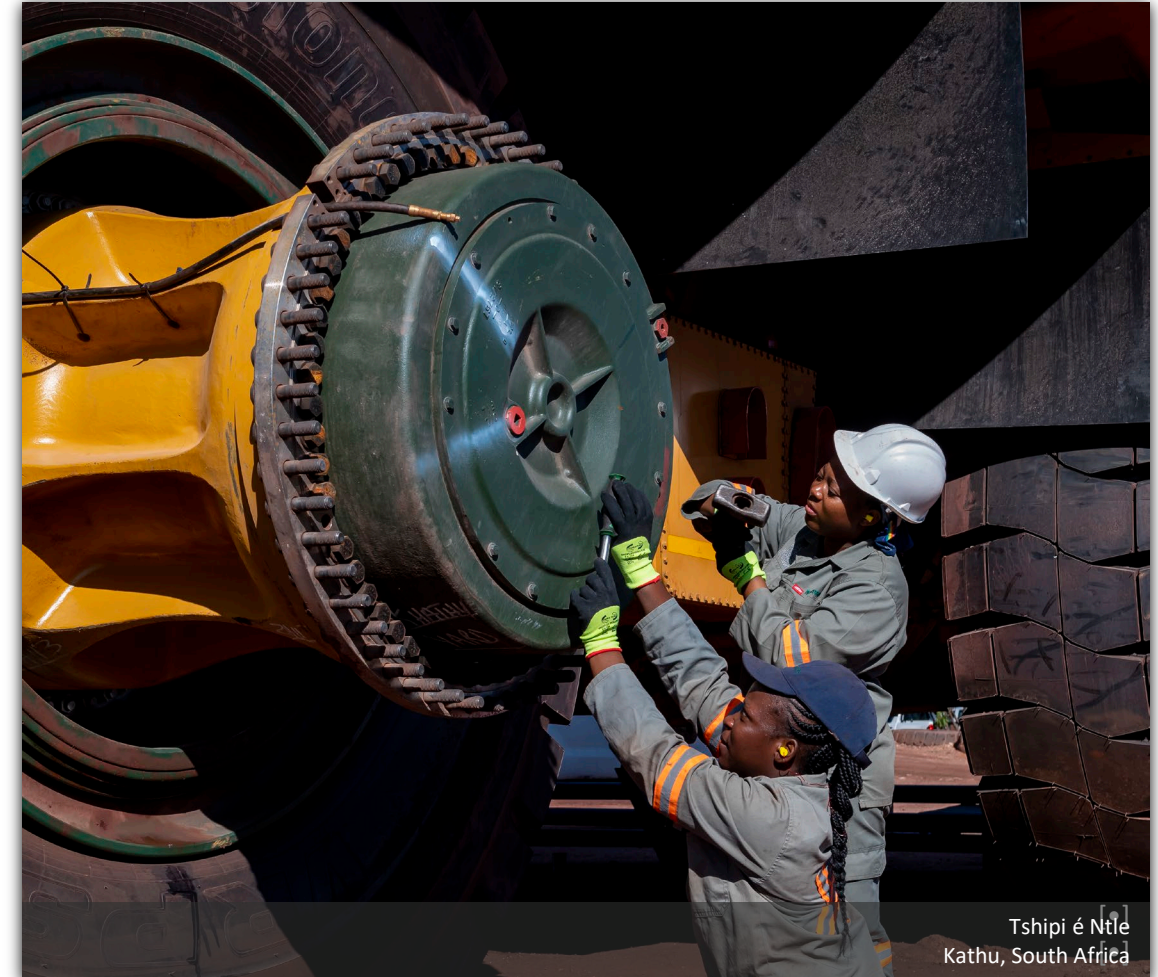
- Reclassification of FCTR on sales of foreign entities
- No impact on company's net asset value

Add back - reclassification of FCTR on sales of foreign entities

¹ The Group is required to re-present the results of Trident Steel, previously presented in continuing operations, to discontinued operations for all periods presented.

Contract assets and liabilities

	FY 2023 Rm	FY 2022 Rm	Change Rm
Uncertified revenue and variations	1 955	1 225	730
Contract contingencies	(160)	(81)	(79)
Contract and retention receivables	3 509	2 485	1 024
Provision for contract receivables	(2)	(3)	1
CONTRACT ASSETS	5 302	3 626	1 676
Progress billings received and amounts received in advance	(2 165)	(1 699)	(466)
CONTRACT LIABILITIES	(2 165)	(1 699)	(466)
Net contract assets	3 137	1 927	1 210
Foreign exchange impact	232	68	164



Operating free cashflow

	FY 2023 Rm	FY 2022 Rm	Change Rm	Commentary
McConnell Dowell	(573)	676	(1 249)	Impacted by losses in Southeast Asia and a net increase in contract assets
Moolmans	(717)	91	(808)	Capex of R1,1 billion on new equipment and component for existing equipment
Aveng Construction: South Africa	(68)	(164)	96	
Other	969	(133)	1 102	Includes proceeds from disposal of Trident Steel
Total continuing	(389)	470	(859)	
Aveng Manufacturing	(15)	(18)	3	
Trident Steel	(420)	160	(580)	Negative working capital movements due to two new contracts
Operating free cashflow	(824)	612	(1 436)	

All female Constructionarium



- McConnell Dowell sponsored an all-female Constructionarium in Australia
- A hands-on 8-day, accelerated training experience for new infrastructure staff to work as a team to plan, tender, build and handover a scale project of a bridge structure
- The program is designed for early career professionals, graduate program participants, interns and those new to infrastructure, and is aimed at developing skills and understanding of the entire project life cycle

International women in mining day



- Newly elected Moolmans Women in Mining convened and used the opportunity to provide feedback on the recent Safety and Security Study conducted at Moolmans' sites, guaranteeing that challenges identified in the study would be addressed
- There was enthusiasm for the one redesigned personal protective equipment (PPE) which will ensure that women are provided with PPE that suits their particular needs

Taking care of the mental health and wellbeing of our workforce



- The Built Environs team at Manukau Health Park partners with the MATES In Construction programme to address the mental health and wellbeing of construction workers
- As rising levels of depression, anxiety and stress increase the risk of suicide in the construction and allied industries, MATES In Construction, an independent charity, works to reduce suicide and improve mental health and wellbeing on project sites.

Building a workforce to build a bridge



- We developed 'Pre-employment Program' on the New Bridgewater Bridge project, helping build the capability and capacity of Tasmania's construction industry, and providing a career kick-start for 56 people who were either long-term unemployed, indigenous, disengaged youth, or a person living with a disability
- Overall, 500 people applied to join the course, 149 were shortlisted, and 56 participants (84% of the intake) graduated with job-ready skills
- 26% were women and 28% were Aboriginal or Torres Strait Islander

Working with our communities



- Moolmans, invests in community projects within the community at the Tshipi project
- In previous years, Moolmans donated two park-home containers as part of a community investment initiative which are used as day care centers
- Moolmans is funding local suppliers to install plumbing for the containers. This initiative will create a better life for community members in ensuring uninterrupted access to proper and decent ablution facilities.

Mobile renewable power generation



- In partnership with Australian OEM, we have co-created the 'Solarator' - a compact containerised power plant that combines solar panels, batteries and a small diesel generator
- It is used on our project sites across Australia
- 4 334 tonnes of CO2 saved from Solarators
- Expected to reduce diesel consumption by up to 90% for our off-grid site facilities
- Over a 10-year period the units will save over 8 000 tonnes of carbon on our work sites

Maximising the use of recycled water on construction sites



- McConnell Dowell's team on the Ovingham Level Crossing Removal Project in Adelaide partnered with the South Australia government's SA Water, The Department for Health and Wellbeing, and Adelaide City Council to maximise the use of recycled water on the project
- This strategy, combined with rainwater tanks on site, meant that 81% of the project's water requirements were met with non-potable water

Recycled plastic atoms in concrete



- The Ovingham Grade Separation Project in Adelaide was the first Department of Infrastructure and Transport (DIT) project to use recycled plastic atoms to replace virgin aggregate in concrete
- In total, 110m3 of concrete was used to construct the center median in Torrens Road.
- This initiative diverted 2,5 tonnes of plastic from landfill and presents a significant circular economy benefit