



2019 INTERIM RESULTS PRESENTATION

26 February 2019

AGENDA

OVERVIEW & STRATEGIC REVIEW



Eric Diack
Executive Chairman

FINANCIAL ANALYSIS



Adrian Macartney
Chief Financial Officer

OPERATIONAL REVIEW



Eric Diack & Sean Flanagan
Chief Executive Officer

OUTLOOK



Eric Diack
Executive Chairman



OVERVIEW & STRATEGIC REVIEW

SALIENT FEATURES

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- Financial results
 - Revenue decreased by 17% to R13,4 billion
 - Net operating loss increased by more than 100% to R484 million
 - Operating free cash flow – outflow R710 million
- Core operational performance
 - McConnell Dowell performance on track – new orders of AUD862 million (R8,6 billion) secured
 - Poor operational performance by Moolmans
 - Group-led turnaround intervention underway at Moolmans – implemented senior management changes
- Strategic diversification of order book continues – now 59% Australasia and Asia; 37% South Africa
- Non-core asset sales
 - Non-core asset sales of R682 million reported
 - Negotiations underway for majority of remaining non-core assets
- Raised new equity and reduced debt
- Liquidity and cash management remains a key focus
- Mtentu Bridge contract terminated

STRATEGIC PLAN | Status

1 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 of new shares issued to equity settle the convertible bond New debt instrument of R460m
	Restructure of bank debt	 <ul style="list-style-type: none"> Restructured bank funding and extended term to 2020 Secured additional facilities of R400m Settled first two debt repayments totalling R100m 	
2 Non-core asset disposals	Announced	 <ul style="list-style-type: none"> Reported R682m of disposals of non-core assets <ul style="list-style-type: none"> Properties Aveng Rail, Aveng Water and Aveng Infraset Smaller properties and investments 	
	In progress	 <ul style="list-style-type: none"> Disposal processes for Trident Steel and remaining Aveng Manufacturing businesses at various stages, from expressions of interest to due diligence Disposal of Grinaker-LTA underway with various expressions of interest received June 2019 remains the target for the majority of disposals to be completed 	
3 Core operational performance	McConnell Dowell	 <ul style="list-style-type: none"> Sustained positive EBIT for three consecutive reporting periods New work secured of AUD862m (R8,6bn) Early Contractor Involvement (ECI) status prospects of more than AUD1bn maintained 	
	Moolmans	 <ul style="list-style-type: none"> Group-led turnaround intervention to address operational underperformance Senior management changes and employee engagement High-level client engagements and contract extension discussions 	

NON-CORE ASSET DISPOSALS

Reported – R682m



- **August 2018 - Properties** R228m
- **October 2018 - Aveng Rail** R133m
- **January 2019 - Aveng Water** R95m
- **February 2019 - Aveng Infraset** R180m
- **Smaller properties and investments** R46m

Under Negotiation



- **Trident Steel**
- **Grinaker-LTA** - Building, Civils, M&E, GEL and Rand Roads
- **Aveng Manufacturing** - ACS, DFC and Duraset



FINANCIAL ANALYSIS

FINANCIAL PERFORMANCE

Results	H1 2019 Rm	H1 2018 Rm
Revenue	13 367	16 111
Gross margin %	4,5	7
Operating expenses	(1 125)	(1 060)
Net operating (loss)/earnings	(484)	94
Net interest	(255)	(141)
Impairment of PPE, intangibles and FV adjustment	(163)	(21)
Loss for the period	(920)	(346)
Headline loss per share *	(6c)	(62c)**

* Weighted average number of shares increased from restated 538 million in H1 2018 to 12 676 million in H1 2019

** The headline loss per share for 31 December 2017 was retrospectively restated due to the bonus element associated with the rights offer. Further detail on the Summarised consolidated interim financial statements



McConnell Dowell's O-Bahn City Access project

SEGMENTAL RESULTS

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	Revenue		Net operating (loss) / earnings	
	H1 2019 Rm	H1 2018 Rm	HY 2019 Rm	H1 2018 Rm
McConnell Dowell	4 818	6 566	55	51
Moolmans	2 035	2 478	(166)	104
Aveng Grinaker-LTA	2 705	3 228	(160)	(212)
Aveng Manufacturing	1 086	1 119	(31)	(57)
Aveng Steel	2 792	2 503	14	(13)
Other & eliminations	(69)	217	(196)	221*
	13 367	16 111	(484)	94

* H1 2018 includes the non-recurring benefit of the Genrec claim (R125m)

FINANCIAL POSITION

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	Dec'18 Rm	Jun'18 Rm
ASSETS	13 255	15 070
Goodwill and intangible assets	144	147
Property, plant and equipment	2 852	3 010
Investments	196	215
Deferred taxation	742	747
Other assets	36	42
Working capital	2 982	3 745
Assets Held for Sale	3 993	4 773
Cash and bank balances	2 310	2 391

	Dec'18 Rm	Jun'18 Rm
LIABILITIES & EQUITY	13 255	15 070
LIABILITIES		
Borrowings and liabilities	2 345	3 287
Working capital	3 385	4 098
Deferred taxation	111	49
Other liabilities	130	146
Employee-related payables	484	501
Bank overdrafts	-	315
Liabilities Held for Sale	3 454	4 080
EQUITY	3 346	2 594
NAV PER SHARE (Rand)*	0,17	6.4**
NET DEBT	(35)	(1 211)
Market capitalisation	970	58

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

**NAV restated taking into account number of shares in issue (19 billion) - 0,14

WORKING CAPITAL

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	Core Assets		Non-core Assets	
	Dec'18 Rm	Jun'18 Rm	Dec'18 Rm	Jun'18 Rm
Inventory	190	255	1 813	1 790
Trade and other receivables	236	180	1 087	1 400
Amounts due from contract customers	2 528	3 310	292	654
Current trade and other payables	(2 511)	(2 958)	(2 312)	(2 764)
Amounts due to contract customers	(874)	(1 140)	(226)	(349)
Net working capital	(431)	(353)	654	731

UNCERTIFIED REVENUE AND CLAIMS

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	Dec'18 * Rm	Jun'18 Rm
Uncertified claims and variations**	1 358	1 646
Contract contingencies	(520)	(490)
Contract and retention receivables	1 985	2 810
Provision for contract receivables	(3)	(2)
Amounts due from customers	2 820	3 964
Progress billings received	(1 011)	(1 404)
Amounts received in advance	(89)	(85)
Amounts due to customers	(1 100)	(1 489)
Net amounts due from contract customers	1 720	2 475
Foreign exchange impact	15	8

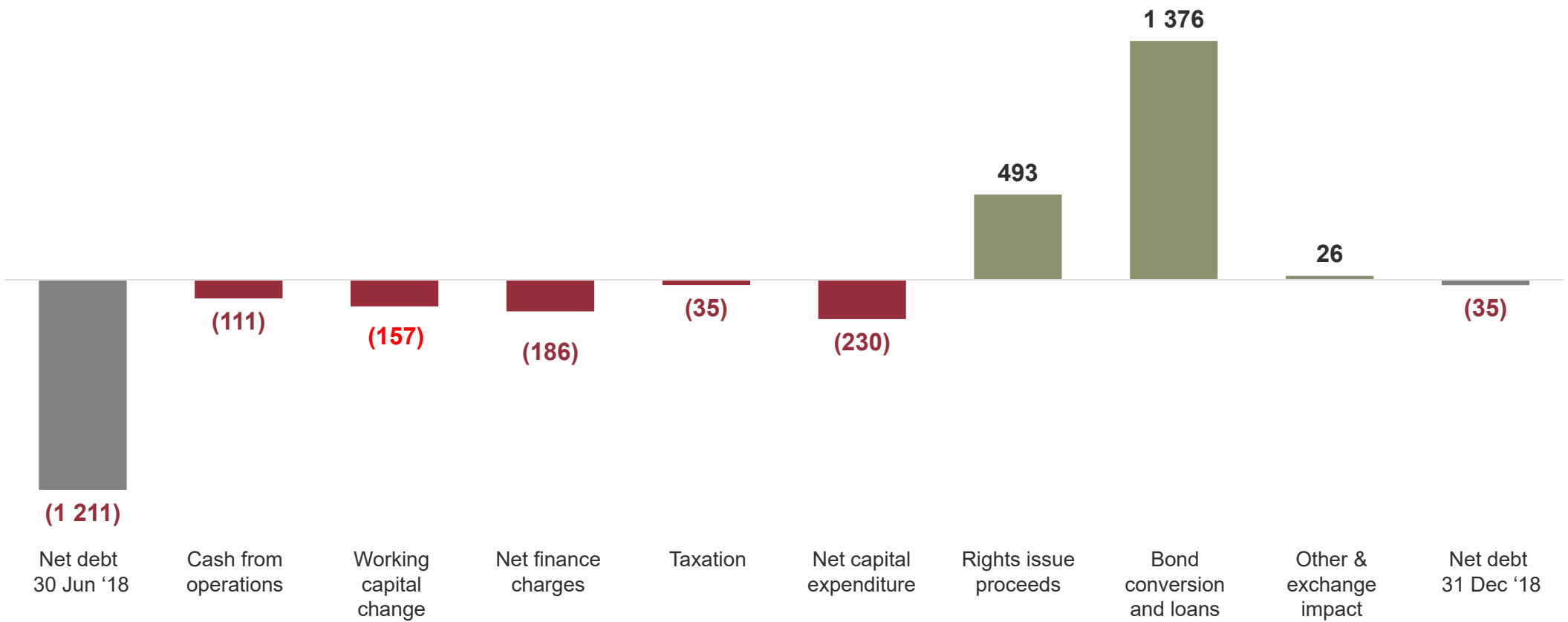
	HY2019 Rm *					TOTAL
	C&E SA and ROA	C&E Australia and Asia	Mining	Manufacturing & Processing	Other & eliminations	
Contract claims	16	959	-	-	-	975
Uncertified variations (timing)	208	123	47	5	-	383
Uncertified claims and variations	224	1 082	47	5	-	1 358

	FY2018 Rm *					TOTAL
	C&E SA and ROA	C&E Australia and Asia	Mining	Manufacturing & Processing	Other & eliminations	
Contract claims	31	1 191	75	-	(55)	1 242
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 the adoption of IFRS 15. Total transition adjustment R267m

MOVEMENT IN NET DEBT



LIQUIDITY

	Dec'18 Rm	Jun'18 Rm
Net Cash	2 310	2 076
South African operations	1 072	633
McConnell Dowell	1 238	1 443
Borrowings	2 345	3 287
Convertible bond	-	1 929
South African operations	2 154	1 154
McConnell Dowell	191	204
Net (debt)	(35)*	(1 211)

*Unutilised facilities of R306 million Dec'18





OPERATIONAL REVIEW

SAFETY, HEALTH & ENVIRONMENT

SHE overview

- Mr Daniel Mathule fatally injured at N1 Ventersburg road project in November
- Total Recordable Injury Frequency Rate (TRIFR) of 0.77 indicating an improvement
- Enhanced focus on employee health and wellbeing and road safety risk
- No major environmental incidents

Safety achievements

McConnell Dowell

- Implemented a user friendly SHEQ communication platform
- Thailand Gas transmission pipeline project achieved 1 090 535 LTI-free man-hours

Moolmans

- Karowe diamond mine achieved 1 992 185 LTI-free man-hours
- Tarpako Mine operations achieved 26 months LTI-free

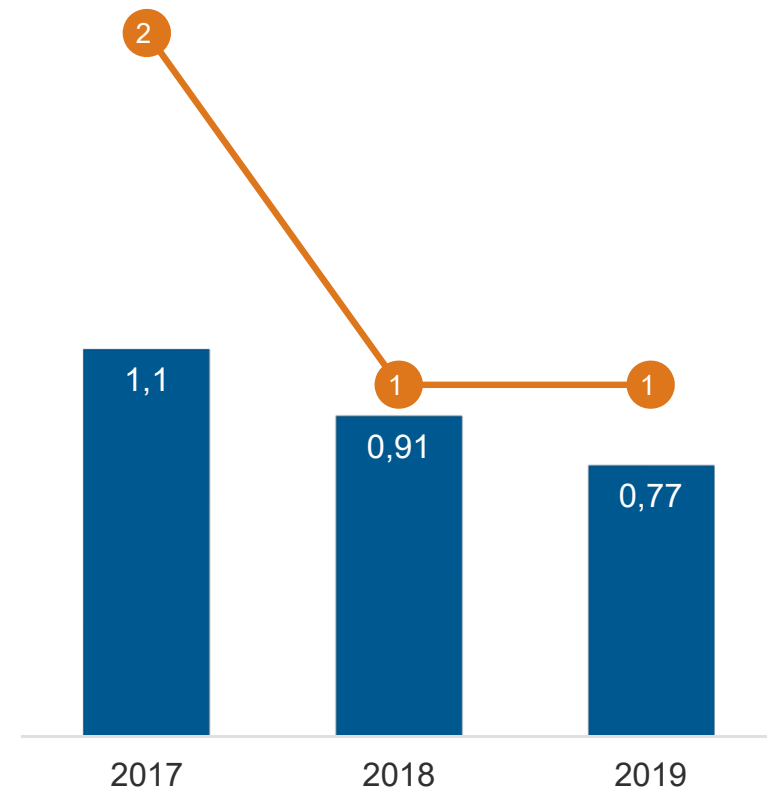
Grinaker-LTA

- M&E Coastal achieved 12 812 772 LTI-free man-hours
- Ropecon project achieved 21 months LTI-free
- Leonardo project achieved 1 210 155 LTI-free man-hours

Aveng Manufacturing

- ACS LTI-free for 7 years and 9 months
- DFC LTI-free for 3 years and 6 months

■ 3 year TRIFR trend (per 200 000 hours) —●— Fatalities

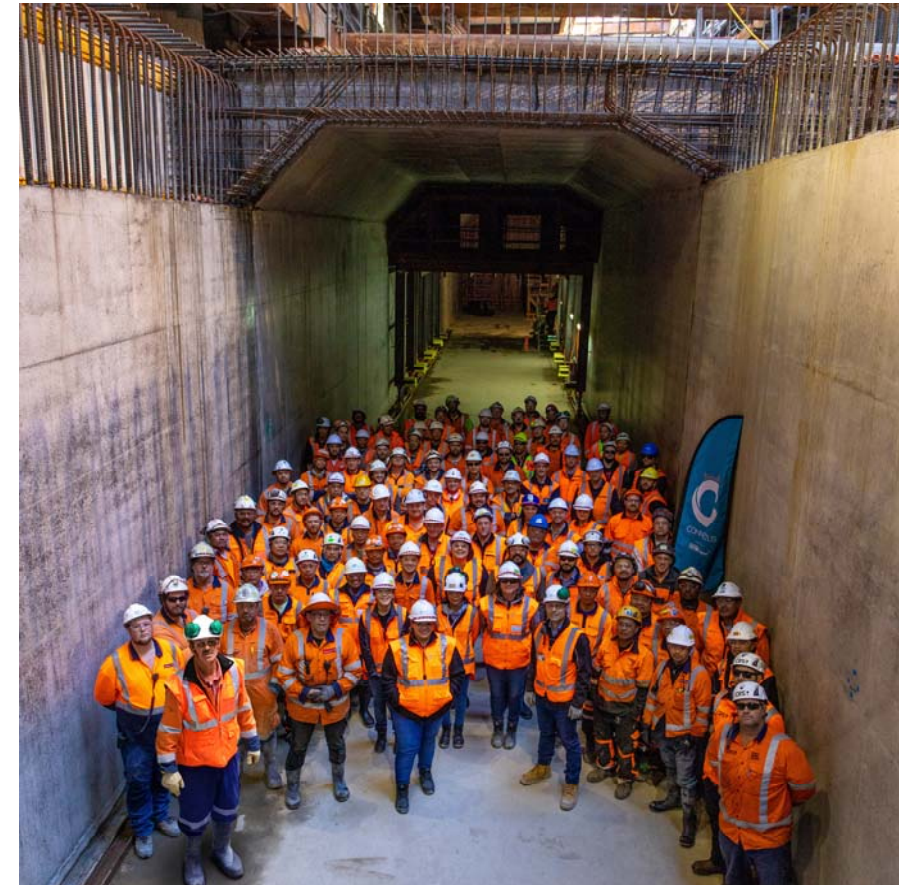


MCCONNELL DOWELL | Overview



McConnell Dowell

- Profitability maintained for third consecutive period
 - Revenue below expectation due to lower order book at the start of FY2019
 - Improved performance from a number of active projects mitigated revenue decline
- New work secured of AUD862m – 50% growth in order book
 - Awarded major projects across all selected markets
 - Improved quantity and quality of order book reflects selected market approach
- On track to achieve growth strategy
 - Launched values campaign to promote high-performance culture
 - Implemented a new governance framework and management system
 - Strong safety and environment performance



McConnell Dowell, CRL C2, New Zealand

MCCONNELL DOWELL

	H1 2019 Rm	H1 2018 Rm	H1 2019 AUDm	H1 2018 AUDm
Revenue	4 818	6 566	479	628
Operating expenses	(418)	(421)	(42)	(40)
EBIT	55	51	5	5
OFCF	(198)	574*	(18)	48*

*Includes once off QCLNG claim of AUD50,5m

Industry accolades:

- Won Rio Tinto CEO Best Contractor Award 2018 – Amrun
- Shortlisted for Australian Contractors Association (ACA Finalist) – Amrun
- Australian Institute of Building, Modbury Hospital Redevelopment
- Civil Contractors Federation, Amrum Export Facility & O’Bahn City Access Tunnel
- APGA Environmental Award, Northern Gas Pipeline
- Worksafe Victoria, Swanson Dock Berth Rehabilitation

- Hirepool Construction Excellence, Mangere Biological Nutrient Removal Upgrade Project
- Master Builders Association, Urbanest Student Accommodation

New contract awards:

Australia

- Aviation Road and Wyndham Stabling (both part of Western Program Alliance)
- Toll Berthing & Infrastructure
- Swanson Dock Berth 2

New Zealand

- Hunua 4 S11

- Pukekohe Wastewater Treatment Plant
- Wynyard Edge Alliance
- Stanley Street Stormwater Upgrade
- Urban Realm

Southeast Asia

- Neste Underpass
- CFP Early Works
- Apple Dome Roof
- Tuas C1A Mother Contract

Built Environs

- Auckland City Mission, New Zealand
- Wingfold Tower, Australia

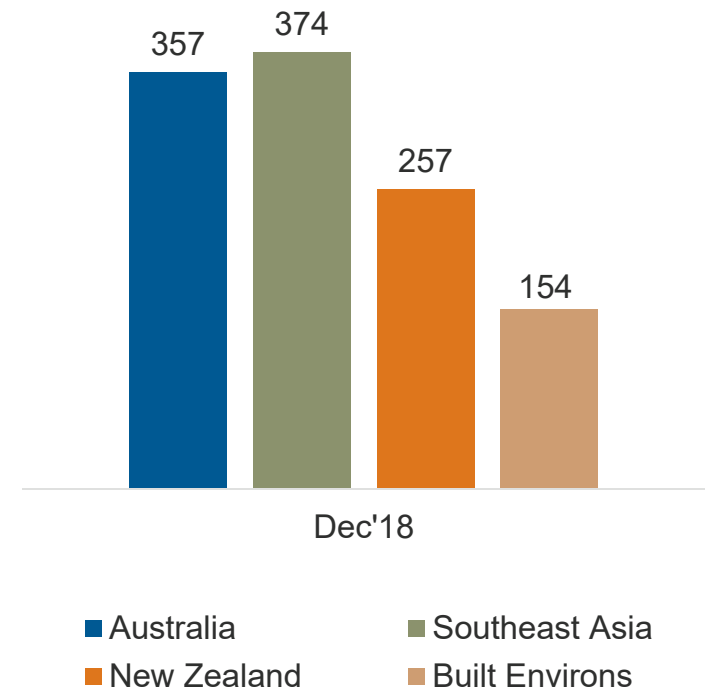




Outlook

- Outlook remains positive
 - Buoyant market conditions in all geographies and sectors
- Two-year order book AUD1,14bn
- Well positioned to grow order book in selected markets
 - Maintained over AUD1bn in ECI status
- Cemented position as a specialist contractor in infrastructure and building markets
 - Focused on delivering innovative engineering solutions to new and existing clients
- Continued focus on consistent project execution across the portfolio

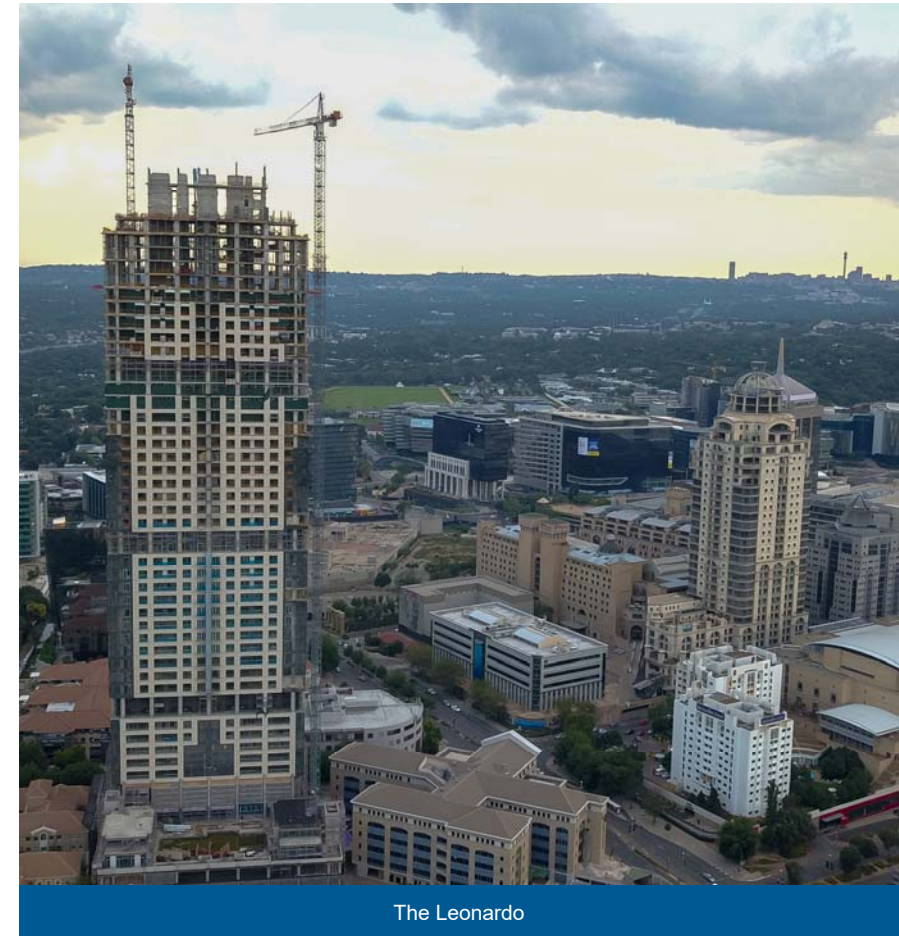
TWO-YEAR ORDER BOOK BY GEOGRAPHY (AUD million)





Grinaker-LTA

- Reduced revenue due to lower levels of work
- Ongoing consolidation of Buildings and Civils businesses
- Profitability impacted by:
 - Further provisions in Civil Engineering
 - Underperformance in Building
- Mtentu Bridge contract terminated due to Force Majeure event
- Aveng Water and Building South generated positive operational results
- M&E results impacted by unresolved commercial issues
 - Majuba Power Station Coal Handling Facility



The Leonardo

CONSTRUCTION & ENGINEERING | South Africa and rest of Africa

	H1 2019 Rm	H1 2018 Rm
Revenue	2 705	3 228
Operating expenses	(170)	(165)
EBIT	(160)	(212)
OFCF	(300)	147

Contract status and extensions

Buildings

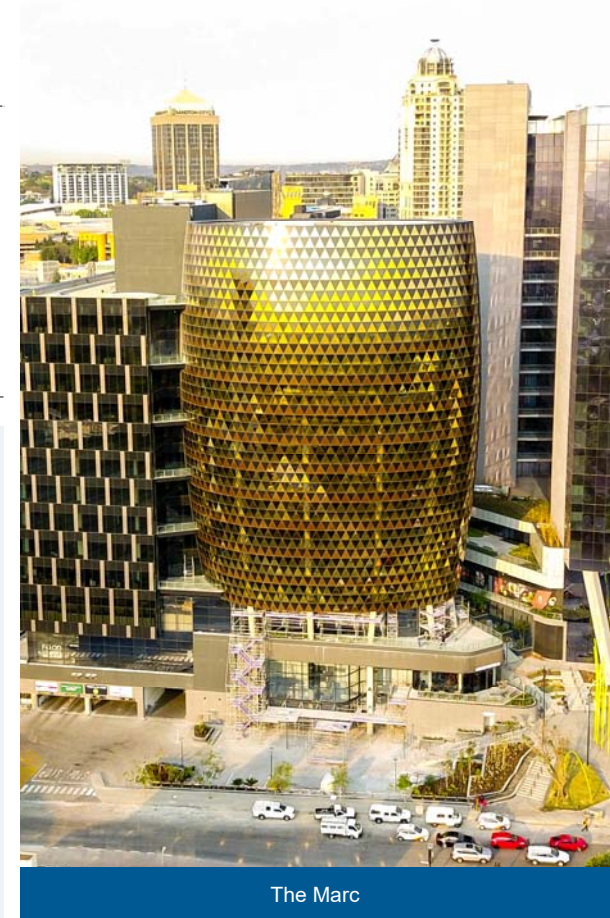
- 129 Rivonia Road, Shelly Beach hospital and Centrepont mixed-use contracts completed
- The Leonardo nearing completion
- Sold Dr Pixley Ka Isaka Seme Memorial hospital project

Civils

- Completed Haul Roads and All Saints contract
- Completing Ventersburg and Pampoennek road contracts

New contract awards

- Electrical & Instrumentation works at Orapa Mine, Botswana
- Alterations to new medical school at NMU, PE
- Warehouse extensions at VWSA Uitenhage factory, PE
- Civil works for C01 Conveyer, Port of Richards Bay
- Additional civil works at Booyensdal/Ropecon
- Heineken brownfield project



The Marc



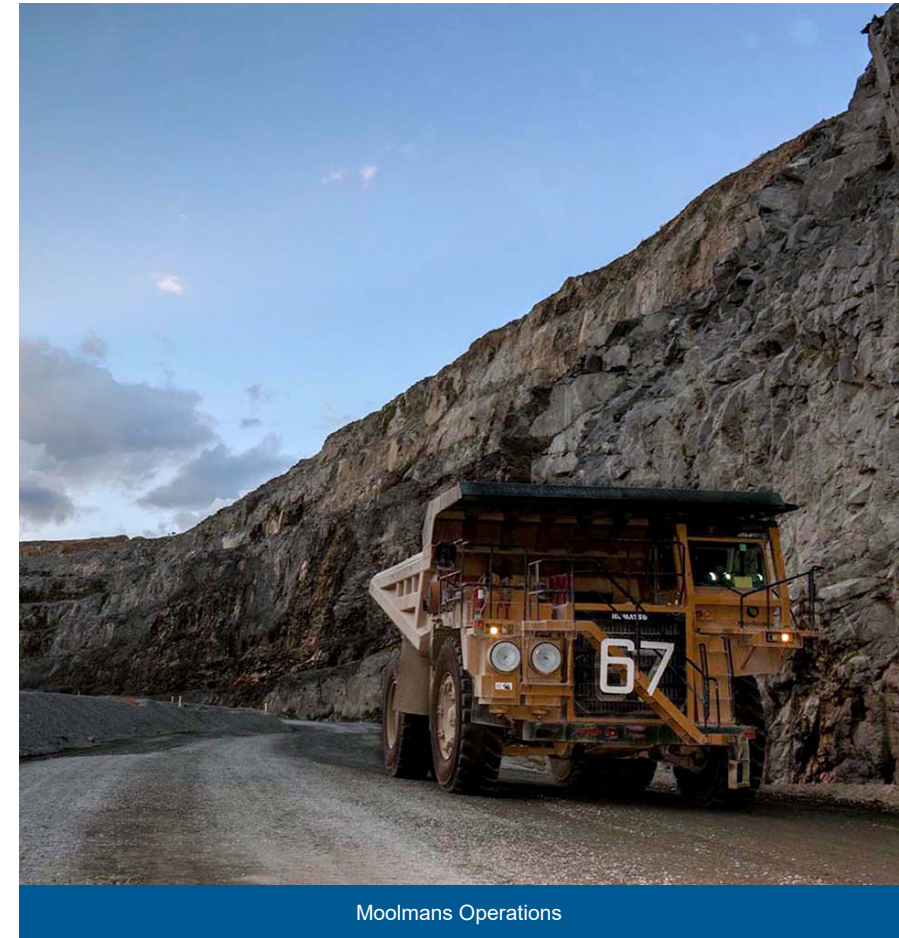
Outlook

- Market conditions remain subdued
- Actively pursuing work in new building markets
- Majority of road contracts reaching completion and focus shifting to profitable civil works
- Secured two-year order book reduced to R3,0bn after Mtentu Bridge contract termination
- Complete organisational consolidation of construction businesses
- Sold Aveng Water
- Disposal of balance of Grinaker-LTA businesses underway



Moolmans

- Group-led turnaround intervention to address underperformance
 - Detailed review of key projects
 - Root causes identified and being addressed
 - Senior management changes
 - Enhanced performance monitoring against KPIs
 - Contract-wide client and staff interactions held with positive feedback
- Asset health review
 - Continued investment in existing fleet of R171m
 - Impairment of R163m recognised against aged plant and equipment
- Severe underperformance at Gamsberg
 - Detailed recovery plan underway to improve performance
- Further close-out costs incurred at Karowe



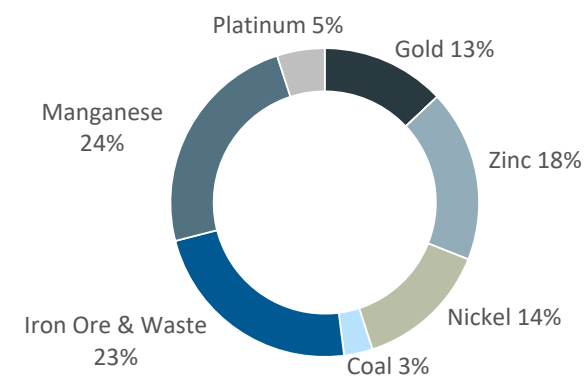
Moolmans Operations

	H1 2019 Rm	H1 2018 Rm
Revenue	2 035	2 478
Operating expenses	(91)	(106)
EBITDA	142	285
EBIT	(166)	104
Capital expenditure	171	233
OFCF	(145)	(87)

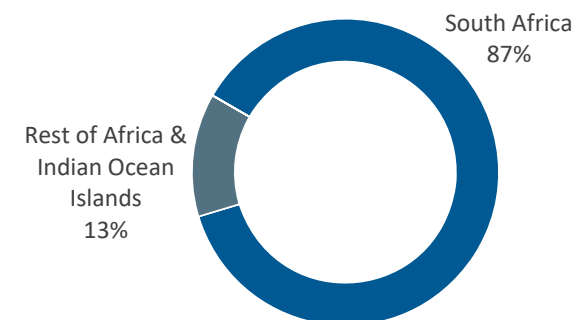
Contract status and extensions

- Contracts completed or terminated:
 - Sadiola - end of contract
 - Langer Heinrich - termination of contract
 - Karowe - termination of contract on agreed terms
- Klipbankfontein – iron ore contract extended to May 2019
- Platreef - contract extended to September 2019

TWO-YEAR ORDER BOOK BY COMMODITY



HY2019 REVENUE BY GEOGRAPHY

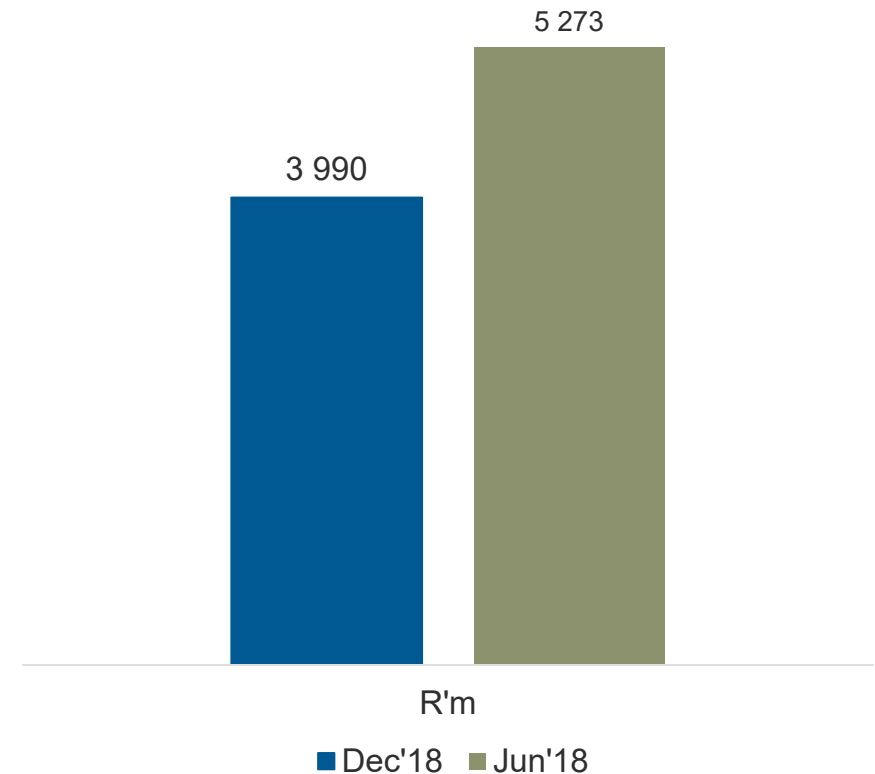




Outlook

- Appointment of new MD imminent
- Turnaround plan continues in second half of FY19
 - Organisational design and cost structure review approaching completion
 - Resolution of outstanding commercial issues in progress
- Gamsberg recovery plan in place and monitored weekly
- Focus on clients, people and operational performance
- Significant near orders under negotiation to secure FY20 and beyond
 - Four long-term contract extensions
 - One new two-year contract

TWO-YEAR ORDER BOOK



Aveng Manufacturing

- Revenue remained flat
- ACS profitable in H1
 - Increased capacity in traditional oil & gas sector
 - Continued diversification into non-traditional sectors
- DFC remained profitable as reasonable export performance offset low investment in domestic water sector
- Duraset impacted by exposure to subdued mining activity
 - Export sales to Zimbabwe have grown steadily
- Rail and Infraset disposals reported

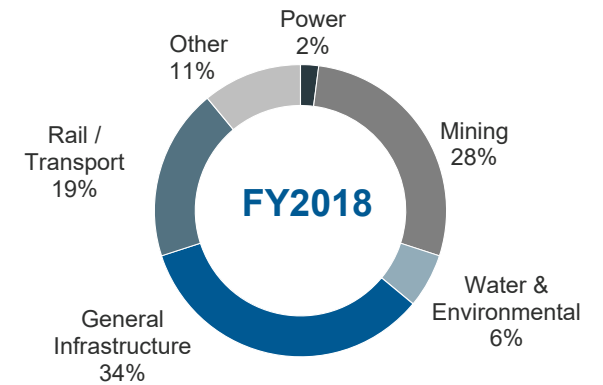
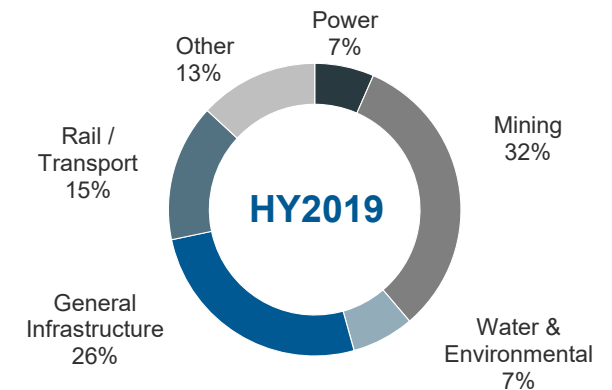


Aveng Manufacturing

MANUFACTURING & PROCESSING | Aveng Manufacturing

	H1 2019 Rm	H1 2018 Rm
Revenue	1 086	1 119
Operating expenses	(152)	(156)
EBIT	(31)	(57)
OFCF	(38)	(91)

REVENUE BY INDUSTRY





Outlook

- Complete the sale of ACS, DFC and Duraset
- Infrastructure and mining sectors remained subdued
- Two-year track maintenance contract awards expected to contribute to marginal performance improvement for Rail
- Increased demand for sleepers and poles for Infraset
- Positive H2 outlook for ACS and DFC

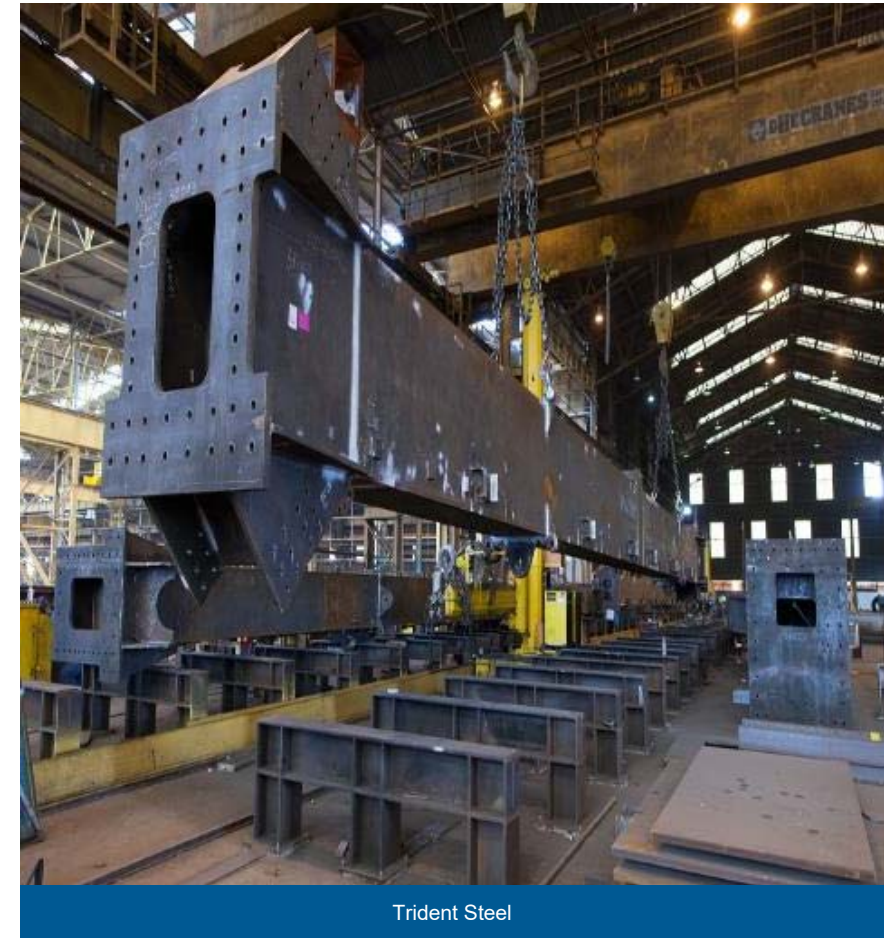


Aveng Infraset



Trident Steel

- Solid first half performance delivered by a strong management team
- Good working capital management
- SA automotive market continues to improve
- Average steel price increased by 11% since Dec 2017 on static volumes



MANUFACTURING & PROCESSING | Aveng Steel

	H1 2019 Rm	H1 2018 Rm
Revenue	2 792	2 503
Operating expenses	(136)	(136)
EBIT	14	(13)
OFCF	179	39
Volumes (kt)	217	214
Average price (R per ton)	13 225	11 913



Trident Steel



Outlook

- Performance is subject to international steel prices and exchange rates
- Ongoing focus on sales mix
- Continued efficiency improvements and operational cost management
- Sustained focus on working capital and cash management
- Sound prospects in automotive market



Trident Steel



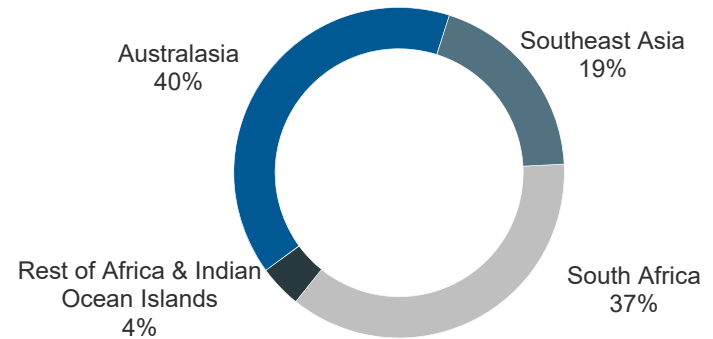
OUTLOOK

TWO-YEAR ORDER BOOK & FY19 SECURED WORK

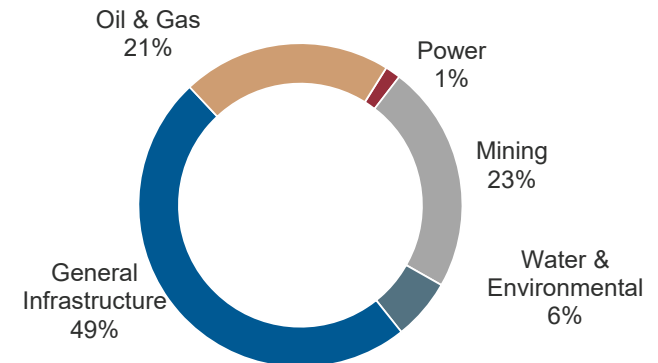
TWO-YEAR ORDER BOOK

	HY2019 Rm	FY2018 Rm
McConnell Dowell	11 584	7 704
Moolmans	3 990	5 273
Grinaker-LTA	3 406	4 682
Manufacturing	519	314
TOTAL	19 499	17 973

TWO-YEAR ORDER BOOK BY GEOGRAPHY



TWO-YEAR ORDER BOOK BY SECTOR



OUTLOOK AND PROSPECTS

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- Focus on equipping core businesses to execute the Group's longer-term strategy

McConnell Dowell

- Continue to grow and diversify order book in selected markets
- Improve consistency in project execution

Moolmans

- Complete turnaround intervention and restore planned operational and financial performance
- Optimise and extend current contracts and pursue selected new opportunities

- Complete majority of non-core asset disposals by June 2019
- Maintain stringent liquidity management
- Continued focus on safety, environment and wellbeing of our people, underpinned by Aveng values
- Enhance key client and supplier relationships



ANNEXURES

REVENUE | Continuing operations

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McConnell Dowell	H1 2019 AUDm	H1 2018 AUDm	Moolmans	H1 2019 Rm	H1 2018 Rm
Australia	219	372	Total	2 035	2 478
New Zealand and Pacific	94	91			
Southeast Asia	110	113			
Middle East	12	18			
Built Environs	44	51			
Total (AUDm)	479	645			
Total (Rm)	4 818	6 566			

REVENUE | Discontinued operations

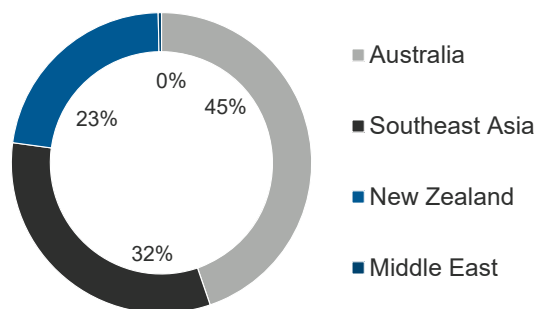
37

Aveng Grinaker-LTA	H1 2019 Rm	H1 2018 Rm
Building & Coastal	1 292	1 842
Civil Engineering	538	588
Mechanical & Electrical	598	458
Water	150	151
Aveng Capital Partners	4	(7)
Other	123	196
Total	2 705	3 228

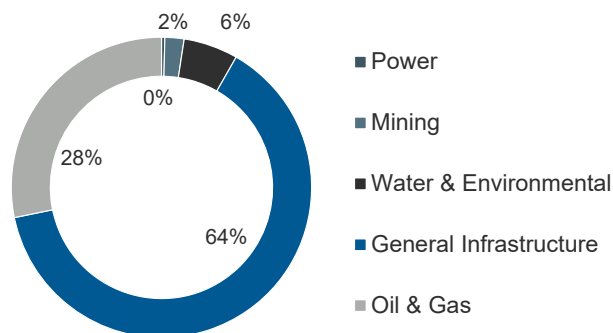
Aveng Steel	H1 2019 Rm	H1 2018 Rm
Trident Steel	2 792	2 503
Total	2 792	2503

Aveng Manufacturing	H1 2019 Rm	H1 2018 Rm
ACS	285	215
DFC	230	228
Duraset	199	232
Infraset	288	370
Rail	84	76
Other	-	(2)
Total	1 086	1 119

HY2019 REVENUE BY GEOGRAPHY



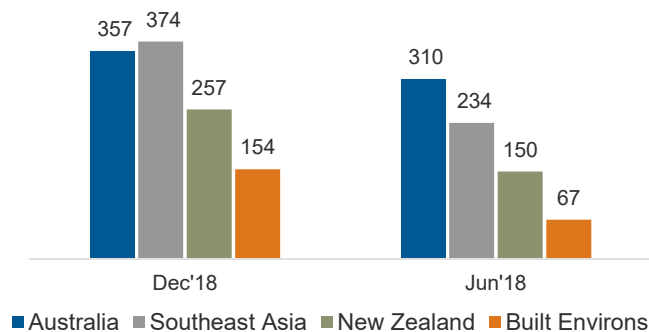
HY2019 REVENUE BY SECTOR



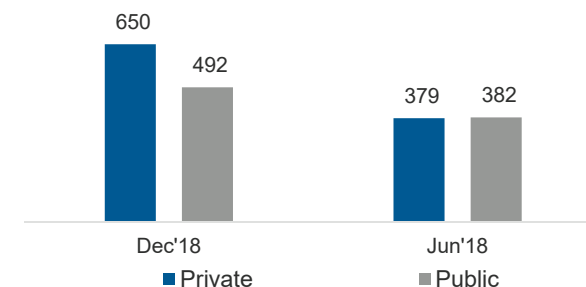
TWO-YEAR ORDER BOOK

	HY2019 AUDm	FY2018 AUDm	% change
Australia	357	310	15
New Zealand	257	150	71
Southeast Asia	374	234	60
Built Environs	154	67	130
TOTAL	1 142	761	50

TWO-YEAR ORDER BOOK BY GEOGRAPHY (AUDM)

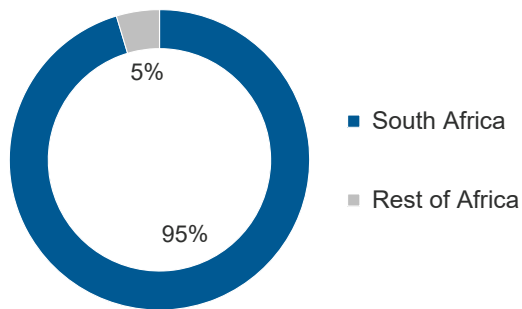


TWO-YEAR ORDER BOOK BY PUBLIC & PRIVATE SECTOR (AUDM)

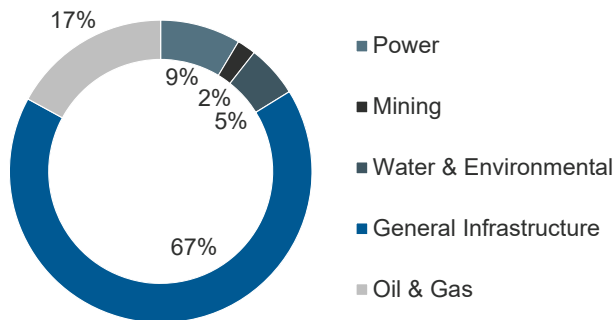


CONSTRUCTION & ENGINEERING | South Africa and rest of Africa

HY2019 REVENUE BY GEOGRAPHY



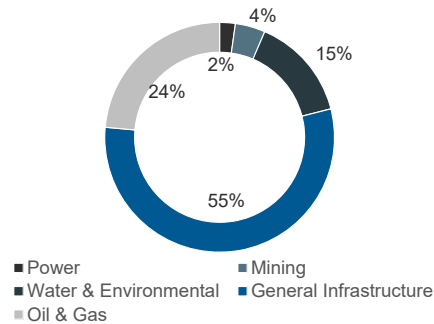
HY2019 REVENUE BY SECTOR



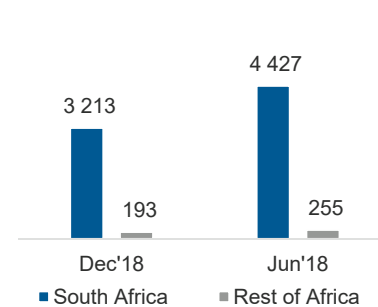
TWO-YEAR ORDER BOOK

Aveng Grinaker-LTA	HY2019 Rm	FY2018 Rm	% change
Building & Coastal	1 052	2 072	(49)
Civil Engineering (*incl. Mtentu R391m)	815*	1 176	(31)
Mechanical & Electrical	945	1 079	(12)
Aveng Water	497	262	90
Other	97	93	4
TOTAL	3 406	4 682	(27)

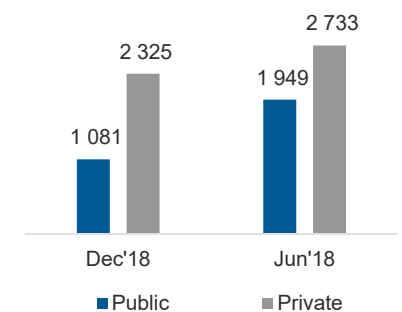
TWO-YEAR ORDER BOOK BY SECTOR



TWO-YEAR ORDER BOOK BY GEOGRAPHY (RM)



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



ANNEXURE | Earnings per share

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	Dec'18	Jun'18	Dec'17 Restated	Dec'17 Reported
Earnings per share				
Loss for the period attributable to equity holders (Rm)	(918)	(3 523)	(347)	(347)
Headline loss for the period (Rm)	(770)	(1 679)	(335)	(335)
Basic loss per share (cents)	(7,2)	(653,9)	(64,4)	(87,4)
Basic headline loss per share (cents)	(6,1)	(311,6)	(62,2)	(84,4)
Weighted average number of shares	12 676,3	538,7	538,7	396,8

* Weighted average number of shares was impacted by the bonus element associated with the rights issues which was retrospectively adjusted in the comparative period.

** Conversion of the bond into equity as announced on 25 September 2018

	Dec'18	Jun'18	Dec'17 Restated	Dec'17 Reported
Total number of weighted average shares				
Opening number of shares	416,7	416,7	416,7	416,7
Less: Treasury shares	(24,8)	(19,9)	(19,9)	(19,9)
Rights issue – bonus element	141,9	141,9	141,9	-
Rights issue*	4 737,8			
Share issue relating to convertible bond**	7 404,7	-	-	-
Weighted average number of shares	12 676,3	538,7	538,7	396,8
Total number of issued shares				
Opening number of shares	416,7	416,7	416,7	416,7
Less: Treasury shares	(24,9)	(19,9)	(19,9)	(19,9)
Rights issue	4 931,8	-	-	-
Share issue relating to convertible bond	14 046	-	-	-
Closing number of issued shares	19 369,6	396,8	396,8	396,8