

Reviewed interim condensed
consolidated financial statements
**for the six months ended
31 December 2020**





Lefa – Guinea



Providing a better life

2021 FINANCIAL YEAR INTERIM RESULTS PRESENTATION

23 February 2021

Notes:



AGENDA

PERFORMANCE OVERVIEW

Sean Flanagan
Group Chief Executive Officer

INSIGHTS INTO THE AUSTRALIAN BUSINESS UNIT

Sean Flanagan
Group Chief Executive Officer

FINANCIAL PERFORMANCE

Adrian Macartney
Group Finance Director

FOCUS AND OUTLOOK

Sean Flanagan
Group Chief Executive Officer

Notes:



OVERVIEW | SALIENT FEATURES



	HY 2021	HY 2020	% VARIANCE	Commentary
Revenue	R12.9bn	R11.2bn	+15%	<ul style="list-style-type: none"> Driven by improved McConnell Dowell performance
Operating earnings	R280m	R14m	> 100%	<ul style="list-style-type: none"> McConnell Dowell, Moolmans, Trident Steel and Manufacturing profitable
Headline earnings	R109m	(R205m)	> 100%	<ul style="list-style-type: none"> Significant turn around in operating performance
OFCF	R1,4bn inflow	R174m inflow	> 100%	<ul style="list-style-type: none"> Higher group profitability Advance payments Realisation of inventory
Net cash	R579m	(R552m) June 2020	> 100%	<ul style="list-style-type: none"> Excludes impact of IFRS16
Work in hand	R27,7bn	R26,8bn	+3%	<ul style="list-style-type: none"> McConnell Dowell, AUD2,1 billion, growth driven by Australia Moolmans – R4,7 billion

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

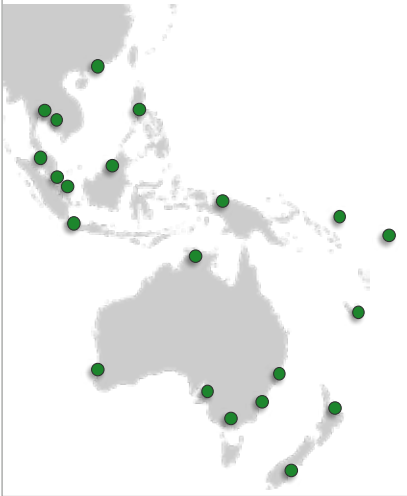
Notes:



PERFORMANCE OVERVIEW | MANAGING COVID-19 IMPACT



McCONNELL DOWELL FOOTPRINT

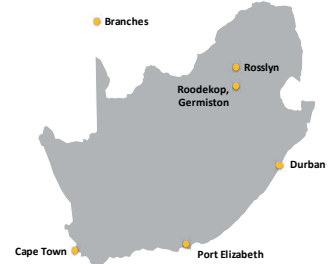


MOOLMANS FOOTPRINT



“The Group’s diversity across geographies, customers, industry sectors and commodities provides risk mitigation on business performance”

TRIDENT SA FOOTPRINT



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:



PERFORMANCE OVERVIEW | MANAGING COVID-19 IMPACT



AVENG GROUP COVID-19 TRACKING

18 February 2021

Total number of employees

6 578

Total number of confirmed cases to date

444

Number of current positive cases (quarantined)

9

Number of recovered cases

430

Number of COVID-19 related deaths

5

AUSTRALIA

- Impact well managed
- Jurisdictions have varying COVID lockdown restrictions with some still subjected to higher restrictions and quarantine rules
- Government announced a series of significant support/stimulus packages and improved payment terms from government
- Tender period on some projects has been brought forward

SOUTHEAST ASIA

- Restrictions and limitations imposed in all jurisdictions
- Restricted movement between countries

NEW ZEALAND AND PACIFIC ISLANDS

- Government continuously monitors and rapidly responds to COVID threats
- Minimal disruptions to operations
- Government support package
- Awarding of projects, particularly in the private sector, delayed

SOUTH AFRICA

- Operations experienced an increase in COVID cases in the latter part of Q2 and beginning of Q3
- On-going education and awareness training

Notes:

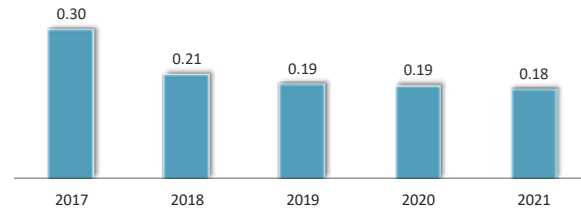


PERFORMANCE OVERVIEW | SAFETY, HEALTH & ENVIRONMENT

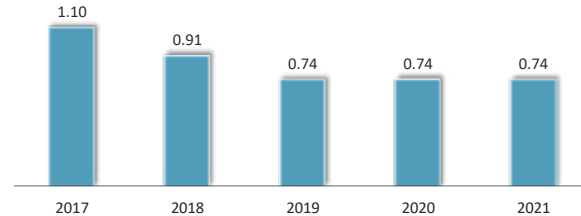


- Group LTIFR¹ 0,18 – target 0,18
 - McConnell Dowell 0,07
 - Moolmans 0,19
 - Non-core assets 0,50
- Group TRIFR² 0,74 – target 0,82
 - McConnell Dowell 0,79
 - Moolmans 0,51
 - Non-core assets 0,66
- COVID-19 impact on people
- No major environmental incidents

GROUP 12 MONTH ROLLING LTIFR



GROUP 12 MONTH ROLLING TRIFR



¹ Lost Time Injury Frequency Rate
² Total Recordable Injury Frequency Rate

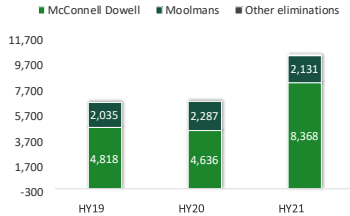
Notes:



PERFORMANCE OVERVIEW | CORE PERFORMANCE



CORE REVENUE (R'M)

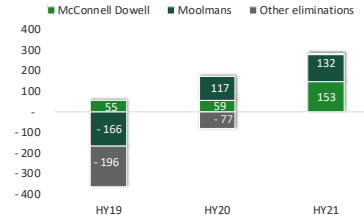


Revenue **R10,5bn**

McConnell Dowell
• Growth driven by Australia **+81%**

Moolmans
• In line with prior year as the turn around plan is implemented

CORE OPERATING EARNINGS/(LOSS) – (R'M)

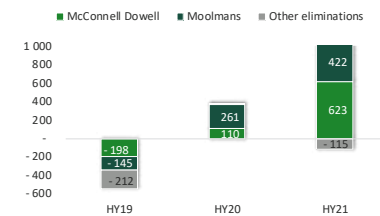


Operating earnings **R293m**

McConnell Dowell **+159%**

Moolmans **+13%**

CORE OFCF (R'M)



OCF **R930m**

McConnell Dowell **+466%**

Moolmans **+62%**

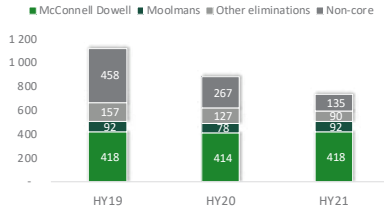
Notes:



PERFORMANCE OVERVIEW | PERFORMANCE

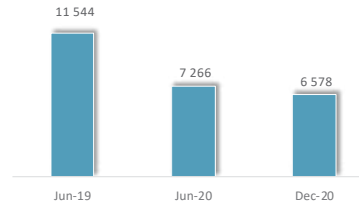


GROUP OPERATING EXPENSES (R'M)



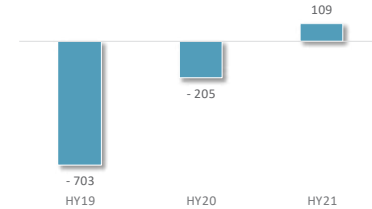
- Disposal of non core assets
- Group corporate office costs include non-recurring costs to external consultants, lawyers and banks
- **McConnell Dowell** overhead cost structure stable
- **Moolmans** continuous cost effectiveness initiatives

GROUP HEADCOUNT



- Has steadily decreased with the responsible sales of non core assets
 - Assets sold as a going concern
- Rightsizing of businesses
- Corporate office has decreased from a high of 200 to 37

HEADLINE EARNINGS/(LOSS) - (R'M)



- First headlines earnings per share since December 2014

Notes:



INSIGHTS | AUSTRALIA THE GROWTH ENGINE OF McCONNELL DOWELL



AUSTRALIA
(year to date)

67% OF McCONNELL DOWELL REVENUE

70% OF McCONNELL DOWELL MARGIN

61% OF McCONNELL DOWELL WIH

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:

WESTERN PROGRAM ALLIANCE

Victoria, Australia

A case study in profitable growth through collaboration and values driven leadership



Notes:

WESTERN PROGRAM ALLIANCE | A SUCCESSFULLY REALISED STRATEGY



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:



WESTERN PROGRAM ALLIANCE | STORY OF SUCCESSFUL DELIVERY



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

12

Notes:



WESTERN PROGRAM ALLIANCE | STORY OF SUCCESSFUL DELIVERY



COLLABORATION



CUSTOMER FOCUS



VALUES DRIVEN LEADERSHIP



EXCEPTIONAL DELIVERY PERFORMANCE

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:



WESTERN PROGRAM ALLIANCE | STORY OF SUCCESSFUL DELIVERY



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

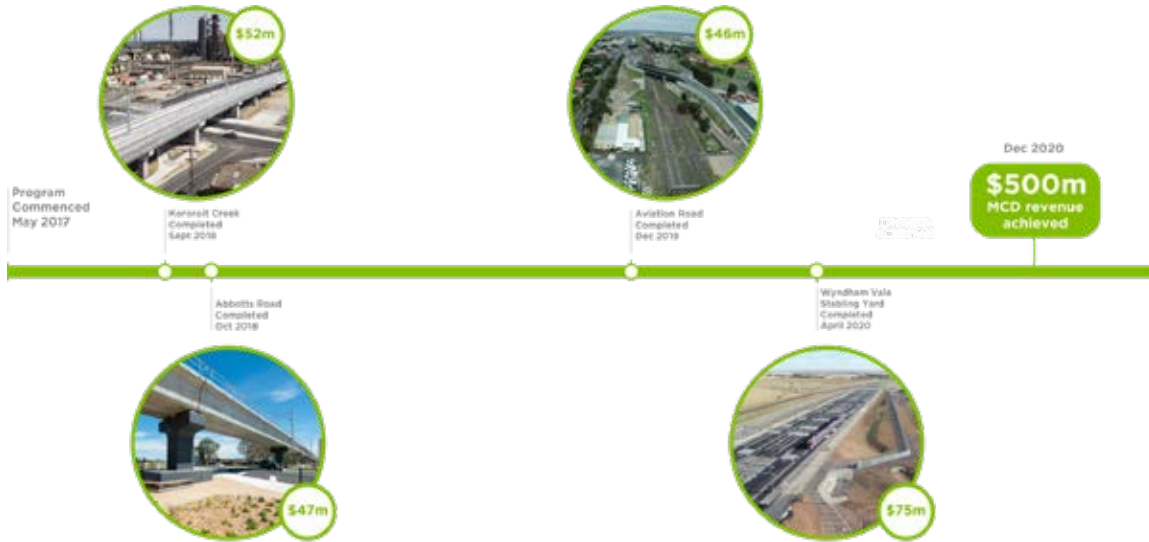
WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:



WESTERN PROGRAM ALLIANCE | PROGRAM TIMELINE



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:



WESTERN PROGRAM ALLIANCE | PROGRAM TIMELINE



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:

WESTERN PROGRAM ALLIANCE | PROGRAM TIMELINE

Key technical statistics (to date)

- \$120m** (top left circle)
- Sept 2024** - **\$1.2bn** MCD revenue achieved (forecast)
- 37kms** of underground services relocated or upgraded
- \$263m** spent with local businesses for labour & materials
- 3.5 million** hours worked **LTI free**
- *4 million** hours worked total
- 377** people joined WPA
- 14.5kms** track laid
- 10** intersections crossed with rail
- 3** road over rail bridges
- 9** rail viaducts
- NO** industrial stop work on any jobs across our current projects
- 4600** community engagements
- \$120m** (bottom right circle)

Timeline events:

- Mid Oximull Road** Completion Jun 2023
- Webster Street** Completion Jun 2024

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

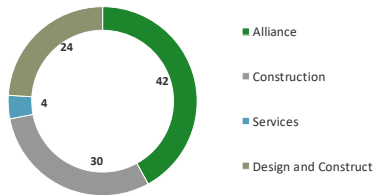
WORKING TOGETHER

PERFORMANCE EXCELLENCE

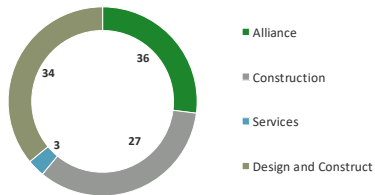
Notes:

THE ALLIANCE CONTRACT MODEL

MCD REVENUE BY CONTRACT TYPE (%)



MCD WORK IN HAND BY CONTRACT TYPE (%)



- Collaborative delivery model
 - Client
 - Design team
 - Contractor
- Lower costs of tendering
- Development of Target Outturn Cost and schedule fully re-imbursed
- Lower risk profile = lower contracted margin
 - Opportunity to share in incentives based on Actual Outturn Cost and other KPI's
- Improves certainty of outcome for all parties

Notes:



Mordialloc Bypass - Australia



Providing a better life

FINANCIAL PERFORMANCE

Notes:



COMPREHENSIVE EARNINGS



Results	H1 2021 Rm	H1 2020 Rm	Commentary
Revenue	12 896	11 185	Increase driven by a growing McConnell Dowell order books
Gross margin %	6,5	6,9	
Operating expenses	(735)	(886)	Disposal of non-core businesses and cost control across all businesses. McConnell Dowell remained flat
Net operating earnings	280	14	
Net interest	(177)	(217)	Decrease in net interest due to the profile of debt and lower interest rates
Impairment of PPE, long-term receivables and equity-accounted investment	(99)	(11)	Impairment of right-of-use assets and long-term receivables
Fair value adjustments	415	-	Fair value adjustment on disposal group classified as Held-for-Sale
Earnings / (loss) for the period	438	(170)	
Headline earnings / (loss) for the period	109	(205)	Improved operational performance
Headline earnings / (loss) per share(cents)	0,6c	(1,1c)	

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

20

Notes:



SEGMENTAL RESULTS



	REVENUE		NET OPERATING EARNINGS/(LOSS)		OPERATING FREE CASH FLOW	
	H1 2021 Rm	H1 2020 Rm	H1 2021 Rm	H1 2020 Rm	H1 2021 Rm	H1 2020 Rm
McConnell Dowell	↑ 8 368	4 636	↑ 153	59	↑ 623	110
Moolmans	→ 2 131	2 287	↑ 132	117	↑ 422	261
Other eliminations	↑ 11	(37)	↑ 8	(77)	↓ (115)	*12
Total core	10 510	6 886	293	99	930	383
Aveng Construction: South Africa	↓ 396	1 151	→ (145)	(142)	↑ (24)	(400)
Aveng Manufacturing	↓ 606	823	↑ 25	7	↑ 8	(14)
Aveng Steel	↓ 1 384	2 325	↑ 107	50	↑ 517	205
Total non-core	2 386	4 299	(13)	(85)	501	(209)
	12 896	11 185	280	14	1 431	174

* Includes R222 million received net of transaction cost on disposal of non-core assets

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

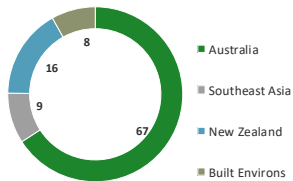
21

Notes:

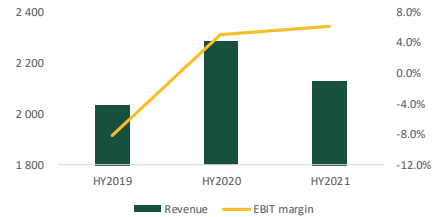
CORE REVENUE AND WORK IN HAND



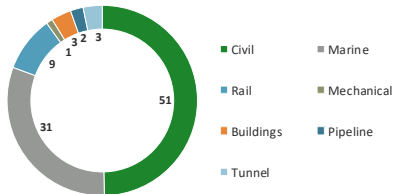
McCONNELL DOWELL REVENUE PER REGION



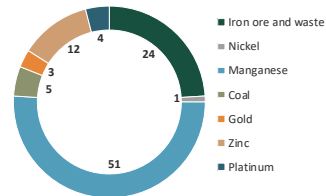
MOOLMANS REVENUE (ZAR'000) AND EBIT MARGIN %



McCONNELL DOWELL WORK IN HAND BY DISCIPLINE
(%) AUD2,1 BILLION



MOOLMANS WORK IN HAND BY COMMODITY
– R4.7 BILLION (%)



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:



FINANCIAL POSITION



	Dec'20 Rm	Jun'20 Rm		Dec'20 Rm	Jun'20 Rm
Assets	12 002	11 636	Liabilities & equity	12 002	11 636
Goodwill and intangible assets	115	115	Liabilities		
Property, plant and equipment	2 898	3 180	Borrowings and liabilities	2 105	1 883
Investments	292	294	Borrowings and liabilities (<i>IFRS 16</i>)	447	497
Deferred taxation	737	813	Working capital	4 777	4 054
Other assets	40	94	Deferred taxation	161	166
Working capital	3 309	3 076	Other liabilities	155	148
Assets Held for Sale	1 927	2 309	Employee-related payables	612	573
Cash and bank balances	2 684	1 755	Liabilities Held for Sale	1 643	2 051
			Bank overdrafts	-	424
			Equity	2 102	1 840
			NAV PER SHARE (cents)	10,8	9,5
			Net Cash/(debt) excl. IFRS 16	579	(552)
			Share Price (cents)	2c	4c
			Market capitalisation	388	776

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

23

Notes:



WORKING CAPITAL



	*CORE ASSETS		**NON-CORE ASSETS	
	Dec'20 Rm	Jun'20 Rm	Dec'20 Rm	Jun'20 Rm
Inventory	212	187	661	839
Trade and other receivables	308	358	327	459
Amounts due from contract customers	2 789	2 531	3	8
Trade and other payables	(2 933)	(2 764)	(660)	(461)
Amounts due to contract customers	(1 844)	(1 290)	(15)	(7)
Net working capital	(1 468)	(978)	(316)	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

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

24

Notes:

UNCERTIFIED REVENUE AND CLAIMS

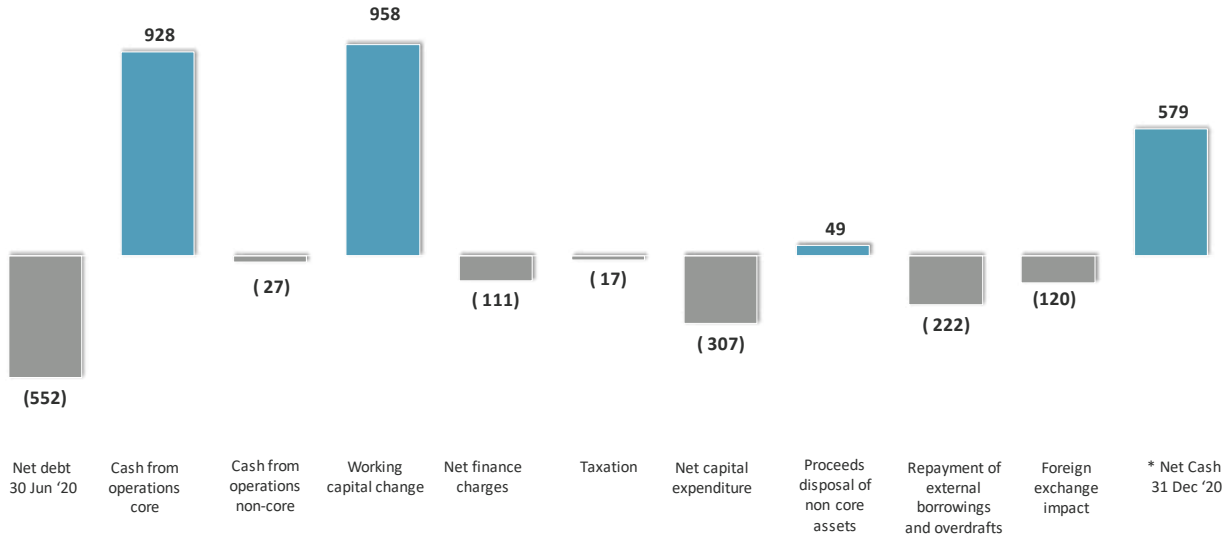
	Dec'20 Rm	Jun'20 Rm
Uncertified claims and variations	879	660
Contract contingencies	(380)	(290)
Contract and retention receivables	2 292	2 169
Provision for contract receivables	(2)	-
Amounts due from customers	2 789	2 539
Progress billings received	(1 794)	(1 284)
Amounts received in advance	(50)	(14)
Amounts due to customers	(1 844)	(1 298)
Net amounts due from contract customers	945	1 241
Foreign exchange impact	46	(320)



Notes:



MOVEMENT IN NET CASH



*Excludes R447 million, IFRS 16 Leases, lease liabilities

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

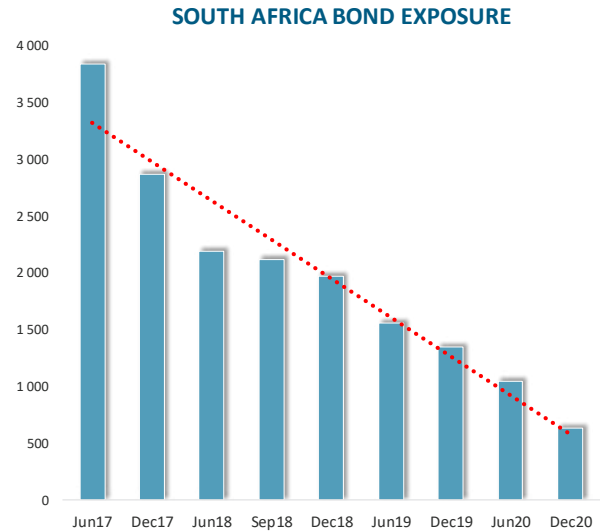
Notes:



LIQUIDITY



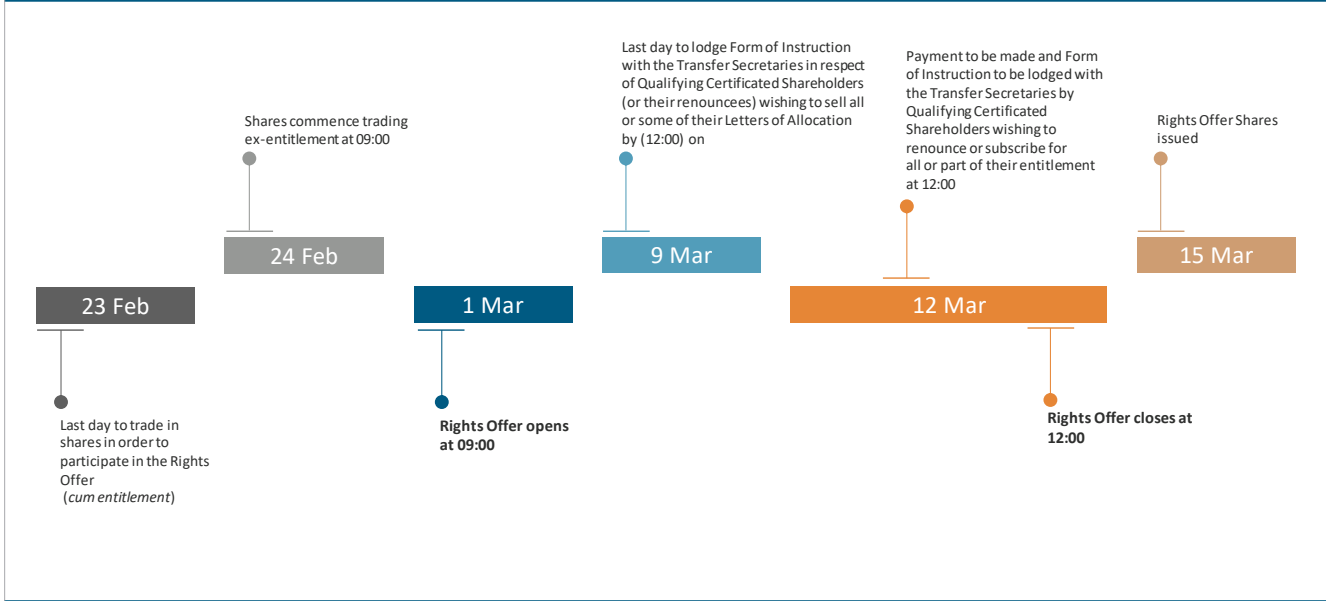
	Dec'20 Rm	Jun'20 Rm
Net Cash (including overdrafts)	2 684	1 331
South African operations	561	(342)
McConnell Dowell	2 123	1 673
Borrowings	(2 105)	(1 883)
South African operations	(2 014)	(1 762)
McConnell Dowell	(91)	(121)
Net cash	579	(552)
IFRS 16 Finance lease liability	(447)	(497)
Post IFRS 16 net cash	132	(1 049)



Notes:



BALANCE SHEET RESTRUCTURE & RECAPITALISATION



Notes:

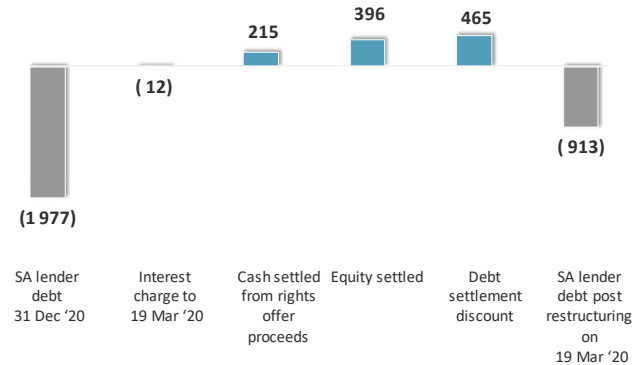
BALANCE SHEET RESTRUCTURE & RECAPITALISATION FINANCIAL IMPACT OF TRANSACTION



On implementation, expected to be completed on or about 19 March 2021, the balance sheet restructure transaction will result in:

- R300 million being raised in terms of a fully co-underwritten rights offer
- A specific issue of c. R396 million at 5 cents per share to settle debt owing to certain lenders
- Proceeds of c. R215 million from the rights offer will be utilised to settle c. R680m of debt and interest owing to certain lenders, at a discount of c. R465 million; and
- The balance from the rights offer will be available to the Group to be used for working capital.

SA LENDER DEBT – FLOW OF FUNDS (R'M)





Regency Road to Pym Project – Australia



Providing a better life

FOCUS AND OUTLOOK

Notes:

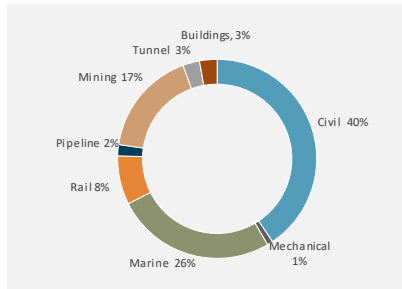


FOCUS AND OUTLOOK | WORK IN HAND

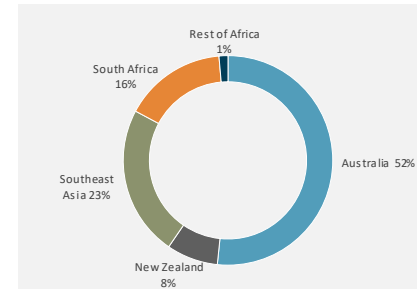


	Dec'20 Rm	Jun'20 Rm
McConnell Dowell	23 005	21 794
Moolmans	4 694	4 996
TOTAL	27 699	26 790

WIH BY SECTOR



WIH BY GEOGRAPHY



SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

Notes:

FOCUS AND OUTLOOK | TO JUNE 2021

- Completion of the Restructure and Recapitalisation Plan
- COVID-19 still poses a threat to our business and people
 - Continue to protect both the livelihood and well-being of all our people
 - Agile response to challenges on our operations
- Drive operational performance in McConnell Dowell and Moolmans
- Grow work in hand
- Complete the disposal of non-core assets
- Phasing out of Project Management Office function





FOCUS AND OUTLOOK



The Group continues to build resilience and is buoyed by its key strategic levers of geographic and commodity diversification, improving operational performance and the firm commitment of leadership and employees

The balance sheet restructure and recapitalisation transaction provides Aveng with a sustainable capital structure and a platform from which the Group is able to execute its growth strategy

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

WORKING TOGETHER

PERFORMANCE EXCELLENCE

33

Notes:



QUESTIONS

St Marys Bay – New Zealand



Providing a better life

THANK YOU

Notes:



www.aveng.co.za

