



Providing a better life



21 February 2023
Interim Results Presentation
for the six months
ended 31 December 2022

Puhinui Station
Auckland, New Zealand

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Sean Flanagan (Group CEO)



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Sean Flanagan (Group CEO)



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Adrian Macartney (Group CFO)



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KEY MESSAGES

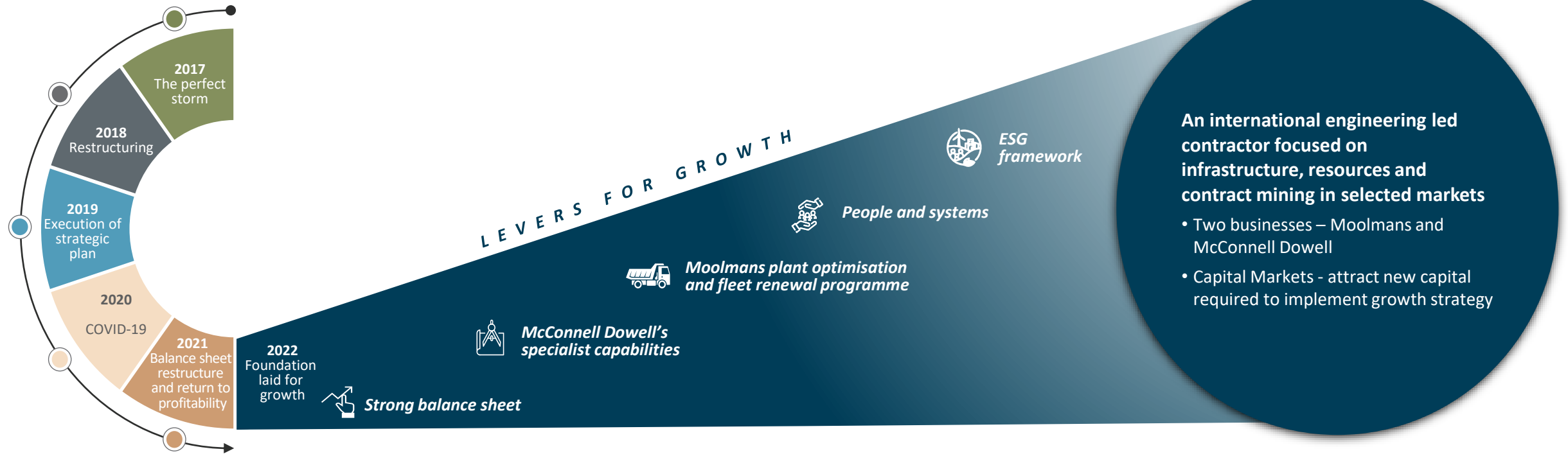
Sean Flanagan (Group CEO)





OVERVIEW

STRATEGY - TURNAROUND AND POSITIONING FOR GROWTH



Supported by



Turned around a loss-making, over-gearred business that was under-invested in equipment, systems and people
5th consecutive reporting period that Aveng delivers profitable earnings
The deleveraged balance sheet creates the platform to invest for profitable growth

Strong balance sheet

- South African legacy debt has reduced from R3,3 billion in 2018 to R353 million at 31 December 2022
- Remainder of the South African legacy debt to be settled on receipt of proceeds from sale of Trident Steel
- Short-term Trade Finance Facility of R450 million raised to support growth in Trident Steel and to be settled on sale
- Aveng will be debt free ensuring a sustainable capital structure and a platform for growth

Disposal of Trident Steel

- Significantly progressed with an envisaged implementation date during the 2023 financial year
- Purchase price of R691 million and cash of R273 million to be retained
- New investment in BEE SPV including a loan of R207 million from Aveng to facilitate a future BEE transaction that will be repaid within a maximum of one year from closing

Disposals of underperforming businesses

- Following the sale of Grinaker-LTA in November 2019, the Group is no longer exposed to the South African construction industry
- Total proceeds from disposals – R 1,1 billion to date

Settlement of legacy claims and contingent liabilities close-out

- Continued settlement of major litigation and historical claims and contingent liabilities
- Guarantees reduced from R3,8 billion in 2017 to R156 million at HY 2023

McConnell Dowell

- Australia and New Zealand (84% of revenue) achieved an operating margin in line with our aspirations
- 92% of contracts profitable
- Batangas LNG terminal project in Philippines adversely affected performance:
 - Awarded at the beginning of COVID-19 which resulted in the project design being done remotely
 - Inability to get resources to the site, including in person senior management oversight, due to travel restrictions
 - Delays in supply chain caused by COVID-19 which were further exacerbated by the outbreak of war in Ukraine
 - Project is in its final stages with expected completion in this financial year and we continue to negotiate with the client for relief
- Work in hand grew from AUD2,5 billion to AUD3,9 billion*, holding gross margin expectations
 - 100% of work secured for FY2023
 - 98% of work secured for FY2024

* At 31 January 2023



Batangas LNG terminal,
Philippines

Moolmans

- 4 out of 5 contracts achieved an operating margin in line with our aspirations, negatively impacted by significant losses incurred on the terminated Tshipi contract
- A new 5-year contract at Tshipi é Ntle was signed in January 2023 following protracted negotiations
 - New contract was concluded on commercially viable terms
 - This has facilitated a c.R900m investment in new plant and equipment which will be delivered and commissioned in the next six to nine months
 - Following this mobilisation, a significant improvement in production and performance is anticipated
- Work in hand grew significantly from R3,1 billion in June 2022 to R7,8 billion*, holding gross margin expectations

* At 31 January 2023



Sishen
Northern Cape, South Africa

Group safety performance



- No fatalities
- Lost Time Injury Frequency Rate – 0,10 (Target – 0,14)
- Total Recordable Injury Frequency Rate – 0,74 (Target – 0,64)
- Achievements
 - Trident Steel achieved 1,8 million LTI free hours
 - Palembang City Sewerage Project in Indonesia achieved more than 1,0 million LTI free hours

Women in mining



- 12 female trainees from Moolmans local communities were recruited and trained as dump truck operators. In October 2022 they were fully licensed and offered short term contracts
- Moolmans appointed 14 female apprentices to be developed as future earthmoving equipment mechanics and auto electricians

Recycling waste



- Ovingham Level Crossing Removal project in Adelaide used 10% recycled crushed glass within 660t of road-base
 - Resulted in a diversion of municipal glass waste, equivalent to 132,000 empty wine bottles
- Waste management plan at Tshipi resulted in
 - Oil filters being recycled and a reduction in the contamination of cardboard boxes

Working with local community



- Our team on the Ngā Hau Māngere worked with a local community club to find ways to reuse and recycle materials from the site
 - We delivered wood salvaged from the old bridge to the local Māngere Pony club where the beams were cut down and used for fencing
- We were recently approached by science, technology, engineering and mathematics (STEM) education programs to assist children to explore the industry while considering their future careers in civil construction. We have hosted the children at Whyalla pipeline replacement project



OUTLOOK

Trucks loaded to be transported to Tshipi
Northern Cape, South Africa

LOOKING FORWARD, WE ARE:

An international engineering led contractor with two businesses focused on infrastructure, resources and contract mining in selected markets



- Offers engineering and infrastructure solutions in the transport, water and wastewater, ports and coastal, energy, resources and commercial building sectors
- Operates in Australia, New Zealand & Pacific Islands and Southeast Asia region

- Offers specialised services to the mining industry specifically open cast mining
- Operates primarily in South Africa with extensive experience and opportunities in SADC and West Africa

Focus remains on implementing our long-term growth strategy in these two businesses

We continue to explore all options for an optimal long-term capital base

SAFETY & CARE

HONESTY & INTEGRITY

CUSTOMER FOCUS

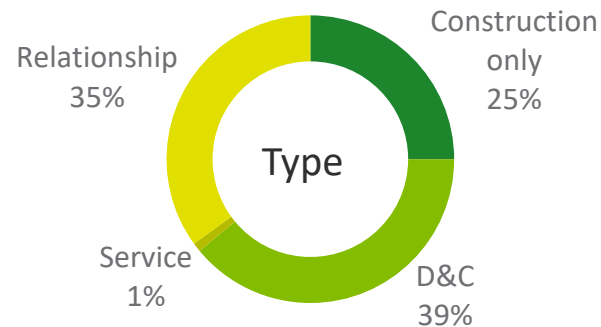
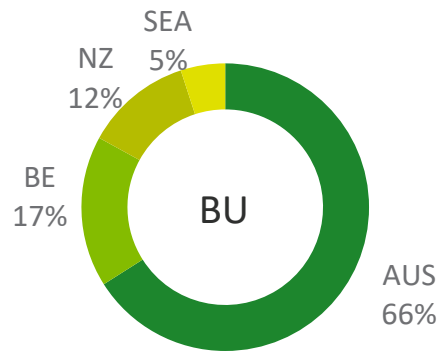
WORKING TOGETHER

PERFORMANCE EXCELLENCE

STRONG WORK IN HAND WITH FOCUS ON IMPROVING OPERATIONAL PERFORMANCE AND RETURNS

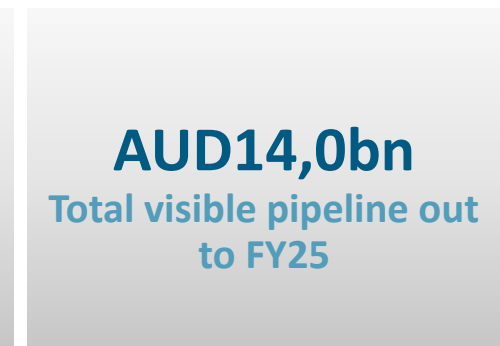
- 92% of active projects profitable
- Work in Hand of AUD3,9 billion* provides a strong revenue platform over the next 18 months
- Planned revenue for FY23 secured and 98% for FY24
- Addressable market across the footprint provides a visible pipeline of tender opportunities totaling AUD14,0 billion out to FY25
- Post COVID-19 Southeast Asia turnaround plan implemented, new MD appointed, leadership team strengthened and tendering activity resumed. BLNG nearing completion
- Focused on operational performance and cash generation to achieve a consistent operating margin in excess of 3%

Work in hand



* At 31 January 2023

Opportunity Pipeline

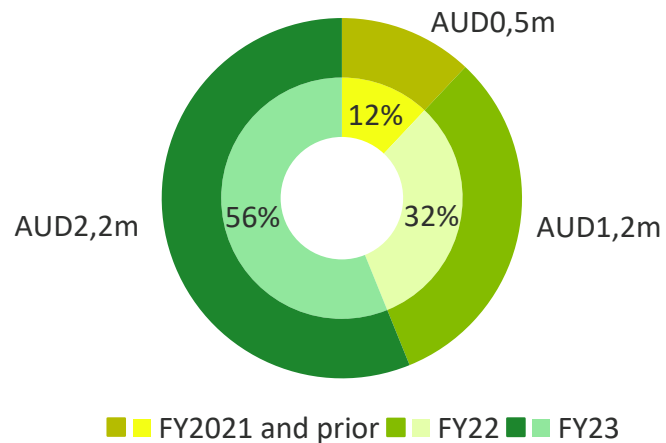


DISCIPLINED PROJECT EXECUTION IS FUNDAMENTAL TO THE GOAL OF BEING A FIT-FOR-PURPOSE ORGANISATION CAPABLE OF SUSTAINABLE PROFITABLE LONG-TERM GROWTH

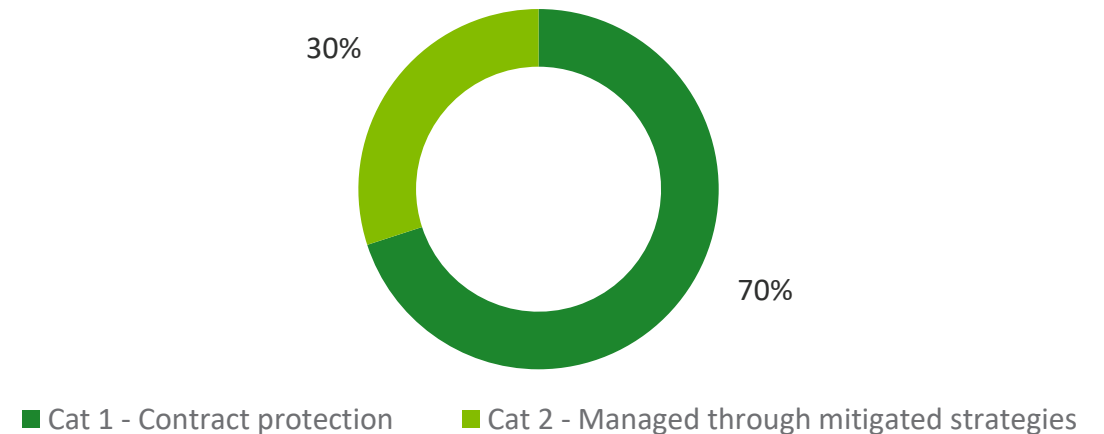
- General cost pressures an industry wide risk
 - Managed at both tender and project delivery stages via multiple strategies
 - Projects awarded pre-2022 are at greatest risk but only form 12% of current work in hand
 - Majority of our new work awarded post 30 June 2022 came from preferred projects where foreseeable escalation was included in contract estimates



Timing of award of current WIH

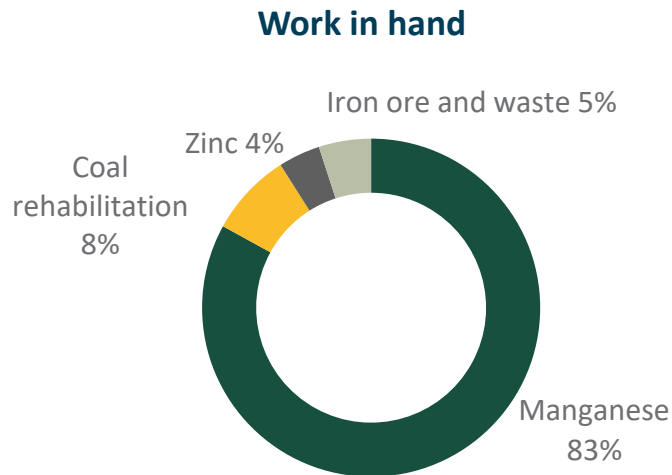


Escalation profile New Work Won FY23



INVESTMENT IN NEW EQUIPMENT COUPLED WITH RECENT CONTRACT AWARDS REPOSITIONS MOOLMANS FOR GROWTH

- Focus on operational performance through investment in our people and systems
- Continued investment in new equipment in line with our strategy of selecting and entering into long-term commercially viable contracts
- Continued optimisation of existing fleet to improve availabilities, save on component spend and dispose of redundant assets
- Work in hand up from R3,1 billion to R7,8 billion*
- Exploring opportunities across SADC and West Africa



* At 31 January 2023

Opportunity Pipeline



- Disposal process – envisaged implementation date during the 2023 financial year
 - Majority of conditions precedent met
 - Shareholder and competition approvals received
 - New investment in BEE SPV including a R207 million loan from Aveng to facilitate a future BEE transaction and to be recovered from purchaser within one year from transaction close
 - Purchase price of R691 million and cash of R273 million to be retained by Aveng
- Proceeds to be used to extinguish remaining legacy debt of R353 million and settle short-term Trade Finance Facility
- Business growth expected to continue with improvement in performance





FINANCE

AT A GLANCE

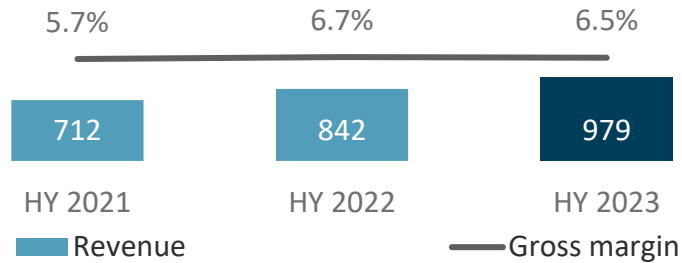
	HY 2023 Rm	HY 2022 Rm	% variance
Revenue	15 035	12 958	15
Operating earnings	181	R215	(16)
Earnings for the period	48	53	(9)
Headline earnings	77	17	>100
External legacy debt	353	478*	26
Net cash (excl. IFR16)	2 052	2 136*	(4)
Work in hand	R53,3bn	R30,8bn*	73

* At 30 June 2022



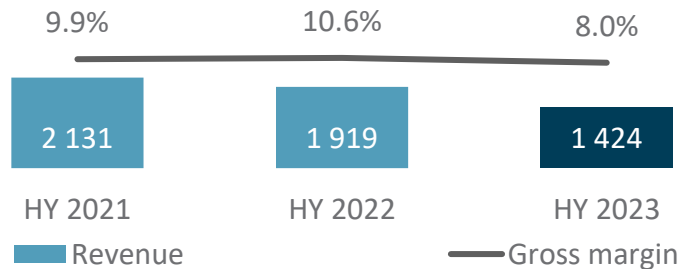
REVENUE AND GROSS MARGIN

McConnell Dowell – AUDm



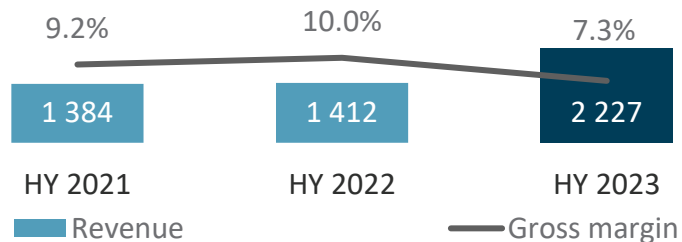
- Revenue growth of 16% (in AUD) driven by the Australian business unit benefiting from increased government spend
- Gross margin flat as a consequence of BLNG

Moolmans – Rm



- Revenue decreased due to completion of the Lefa contract and reduced scope of work at Gamsberg
- Gross margin impacted adversely by Tshipi

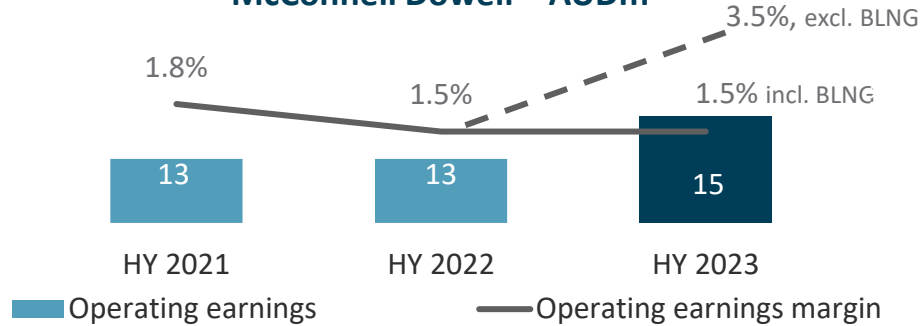
Trident Steel – Rm



- 58% revenue growth driven by higher volumes and selling prices
- Gross margins impacted by absorption of higher steel purchase prices with delays in transfers to customers

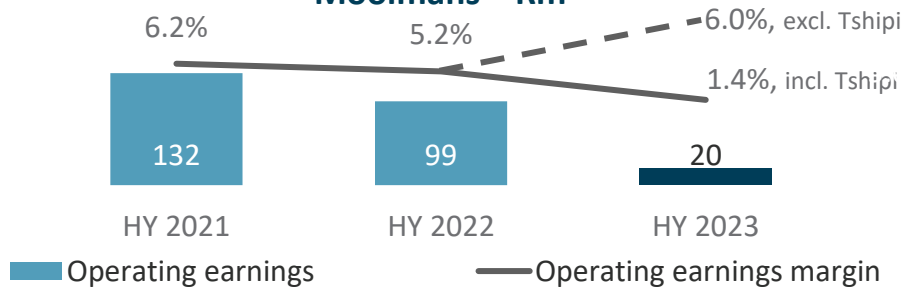
OPERATING EARNINGS

McConnell Dowell – AUDm



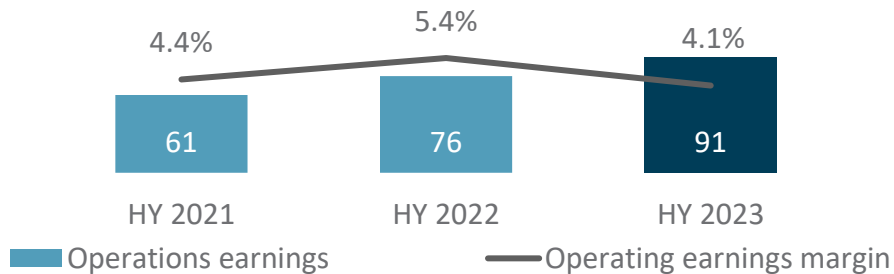
- Earnings up 15% - Australia and New Zealand performed in line with margin aspirations
- Operating earnings margin of 1,5% - flat as a consequence of loss on BLNG
- Excluding BLNG, operating earnings margin in line with margin aspirations

Moolmans – Rm



- Operating margins impacted by underperformance on the Tshipi contract
- Excluding Tshipi, operating earnings margin in line with margin aspirations

Trident Steel – Rm



- Operating earnings up 20%
- On track with growth aspirations
- Operating earnings margin impacted by higher steel prices and slower demand from OEMs in the second quarter

SEGMENTAL RESULTS

	REVENUE			OPERATING EARNINGS/(LOSS)			EBITDA		
	HY 2023 Rm	HY 2022 Rm	Change Rm	HY 2023 Rm	HY 2022 Rm	Change Rm	HY 2023 Rm	HY 2022 Rm	Change Rm
McConnell Dowell	11 356	9 272	2 084	175	144	31	300	277	23
Moolmans	1 424	1 919	(495)	20	99	(79)	238	354	(116)
Other	-	(3)	3	(80)	(81)	1	(78)	(80)	2
TOTAL CORE	12 780	11 188	1 592	115	162	(47)	460	551	(91)
Aveng Construction: South Africa	13	104	(91)	(24)	(36)	12	(24)	(36)	12
Aveng Manufacturing	15	254	(239)	(1)	13	(14)	(1)	21	(22)
Trident Steel	2 227	1 412	815	91	76	15	136	107	29
TOTAL NON-CORE	2 255	1 770	485	66	53	13	111	92	19
TOTAL GROUP	15 035	12 958	2 077	181	215	(34)	571	643	(72)

COMPREHENSIVE EARNINGS

	HY 2023 Rm	HY 2022 Rm	Change Rm
Revenue	15 035	12 958	2 077
Gross earnings	1 003	979	24
Gross margin	6,7%	7,6%	(12%)
Operating earnings	181	215	(34)
Non-recurring items	4	(29)	33
Earnings before financing transactions and taxation	185	186	(1)
Net finance expense	(123)	(125)	2
Taxation	(14)	(8)	(6)
Earnings for the period	48	53	(5)
Normalised earnings for the period*	44	82	(38)
Headline earnings	77	17	60

Full statement of comprehensive income available in the Appendix section | *Non-IFRS metric



FINANCIAL POSITION

	Dec 2022* Rm	Jun 2022 Rm	Change Rm
ASSETS	13 590	12 475	1 115
Property, plant and equipment	2 488	2 479	9
Right-of-use assets	606	606	-
Investments	211	268	(57)
Working capital	6 491	5 491	1 000
Cash and bank balances	2 797	2 617	180



* Current year balances include Trident Steel for ease of comparability, despite Trident Steel being classified as Held for Sale in the current period

FINANCIAL POSITION

	Dec 2022* Rm	Jun 2022 Rm	Change Rm
LIABILITIES AND EQUITY	13 590	12 475	1 115
LIABILITIES			
External borrowings and liabilities	745	481	(264)
Credit and term facilities	353	478	(124)
Trade Finance Facility	390	-	390
Asset-backed financing arrangements	2	3	(2)
Lease liabilities	1 033	1 039	(6)
Working capital	6 710	5 848	862
EQUITY	3 857	3 720	137
NAV PER SHARE (cents)	2 980	2 873	107
MARKET CAP(Rm)**	1 948	1 924	24



Ngā Hau Māngere,
Auckland, New Zealand

* Current year balances include Trident Steel for ease of comparability purposes, despite Trident Steel being classified as Held for Sale at period end | ** Closing share price of 1 555 cents based on 125.3 million shares (June 2022: 1 535 cents)

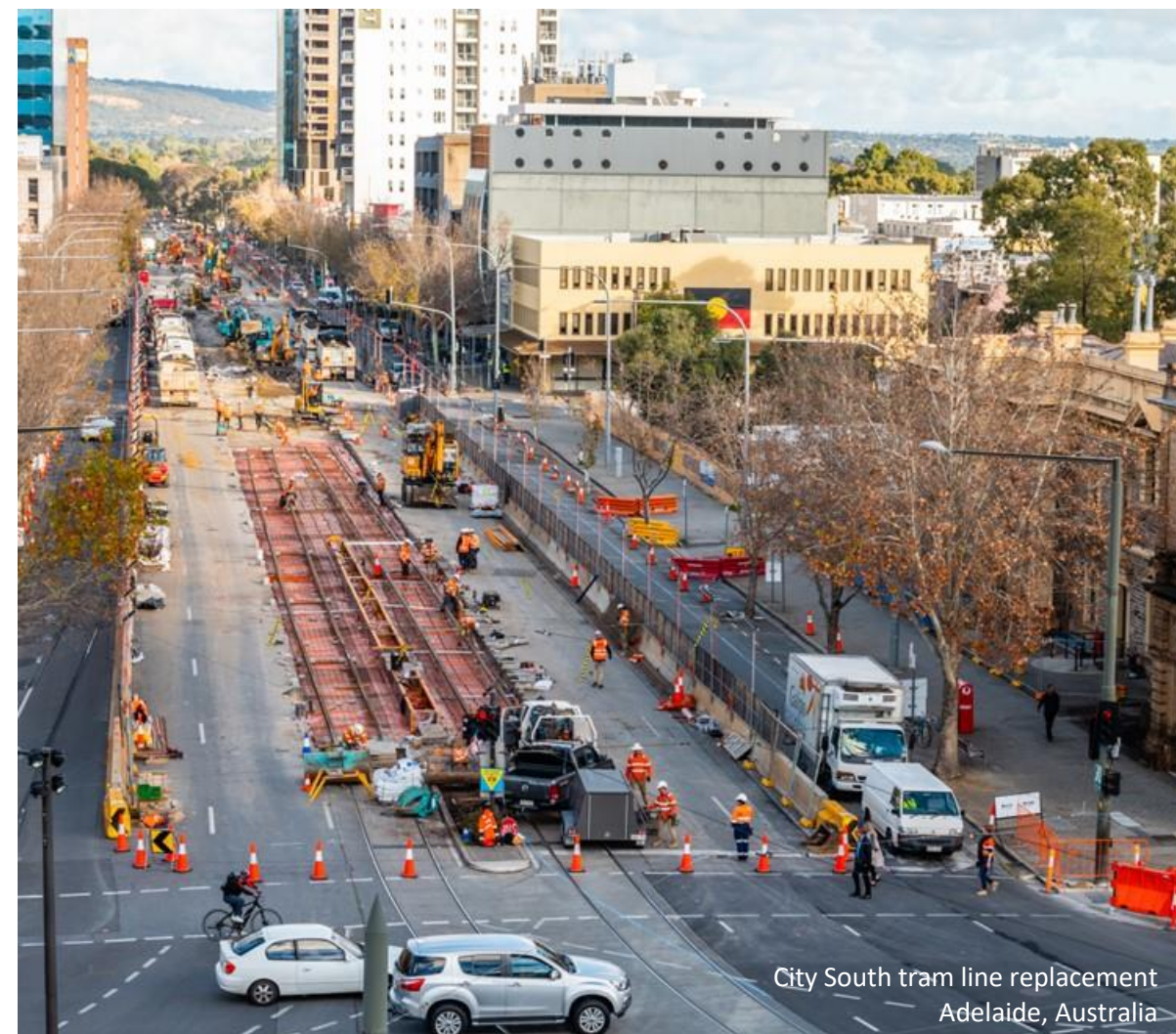
WORKING CAPITAL

	Dec 2022* Rm	Jun 2022 Rm	Change Rm	Commentary
Inventory	1 449	1 033	416	← Increased inventory levels at Trident Steel
Trade and other receivables	895	856	39	
Contract assets	4 159	3 626	533	
Trade and other payables	(5 051)	(4 164)	(887)	← Increased in line with McConnell Dowell's work in hand
Contract liabilities	(1 622)	(1 699)	77	
NET WORKING CAPITAL	(170)	(348)	178	

*Note: Balances in current and prior year include Held for Sale balances

CONTRACT ASSETS AND LIABILITIES

	Dec 2022 Rm	Jun 2022 Rm	Change Rm
Uncertified revenue and variations	2 024	1 225	799
Contract contingencies	(129)	(81)	(48)
Contract and retention receivables	2 269	2 485	(216)
Provision for contract receivables	(5)	(3)	(2)
CONTRACT ASSETS	4 159	3 626	533
Progress billings received and amounts received in advance	(1 622)	(1 699)	77
CONTRACT LIABILITIES	(1 622)	(1 699)	77
Net contract assets	2 537	1 927	610
Foreign exchange impact	114	68	46



OPERATING FREE CASHFLOW

	HY 2023 Rm	HY 2022 Rm	Change Rm	Commentary
McConnell Dowell	433	667	(234)	← Increase in working capital as a result of higher work in hand
Moolmans	(60)	104	(164)	← Capital expenditure in the form of major component replacement
Other	(119)	(46)	(73)	
TOTAL CORE	254	725	(471)	
Aveng Construction: South Africa	(29)	(103)	74	← In line with the strategy of closing out legacy projects
Aveng Manufacturing	(8)	3	(11)	
Trident Steel	(237)	(135)	(102)	← Increase in working capital as the business continues its growth ambitions
TOTAL NON-CORE	(274)	(235)	(39)	
OPERATING FREE CASHFLOW	(20)	490	(510)	

	Dec 2022* Rm	Jun 2022 Rm	Change Rm
Net cash (including overdrafts)	2 797	2 617	180
South African operations	94	249	(155)
McConnell Dowell	2 703	2 368	335
Borrowings	(745)	(481)	(264)
Credit and term facilities	(353)	(478)	125
Trade Finance Facility	(390)	-	(390)
Asset-backed financing arrangements	(2)	(3)	1
Net cash	2 052	2 136	(84)
IFRS 16: Finance lease liability	(1 033)	(1 039)	6
Post IFRS 16 net cash	1 019	1 097	(78)

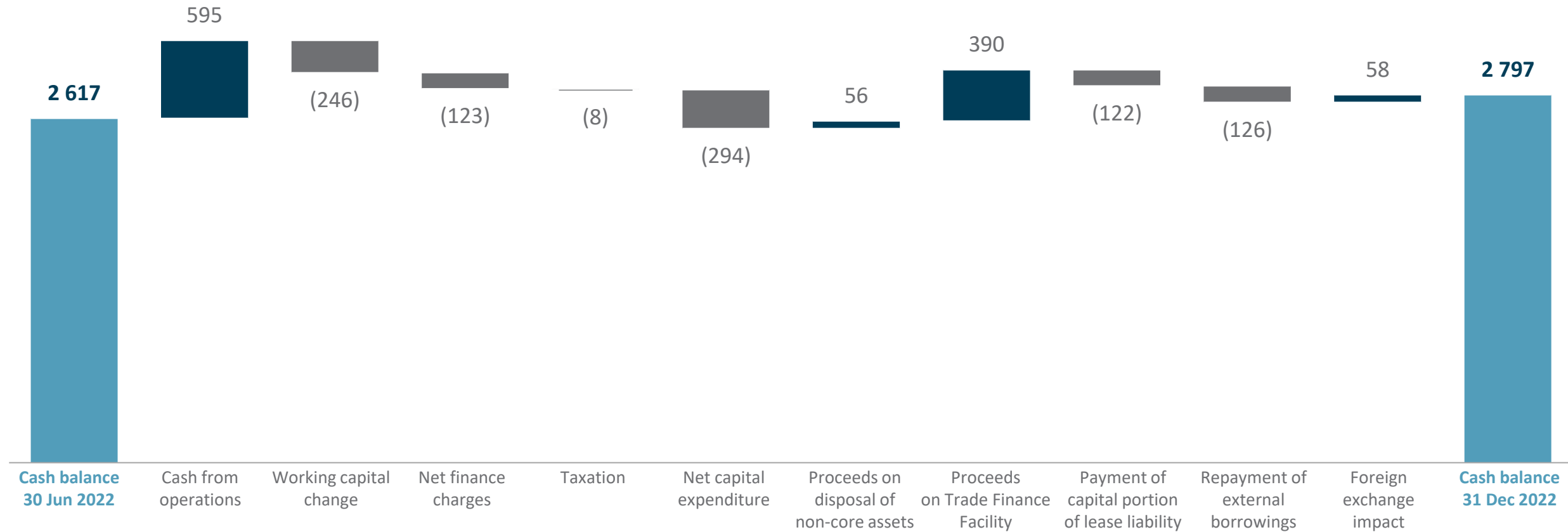
Commentary

← Early receipts from several clients in Australia in December of c.AUD25 million

To be settled on receipt of Trident Steel disposal proceeds

* Current year balances include Trident Steel for ease of comparability purposes, despite Trident Steel being classified as Held for Sale at period end

MOVEMENT IN NET CASH





KEY MESSAGES

REPORTED 5TH CONSECUTIVE PROFITABLE PERIOD

focus on improving margin performance

SALE OF TRIDENT STEEL IS SIGNIFICANTLY ADVANCED

legacy debt to be extinguished and surplus cash used to prioritise returns

MCCONNELL DOWELL IMPROVED WORK IN HAND TO AUD3,9 BILLION

strong revenue base for profitable growth

MOOLMANS SECURED A NEW 5-YEAR CONTRACT

investment in equipment and anticipated improved performance

SHORT-TERM EARNINGS REMAIN FLAT

building a longer term sustainable company



Providing a better life



**THANK YOU
QUESTIONS**

APPENDIX | STATEMENT OF COMPREHENSIVE EARNINGS

	HY 2023 Rm	HY 2022 Rm	Change Rm	HY 2023 AUDm	HY 2022 AUDm	Change AUDm
Revenue	15 035	12 958	2 077	1 289,0	1 139,6	149,4
Cost of sales	(14 032)	(11 979)	(2 053)	(1 203,0)	(1 053,5)	(149,5)
Gross earnings	1 003	979	24	86,0	86,1	(0,1)
Other earnings	19	38	(19)	1,6	3,3	(1,7)
Operating expenses	(840)	(800)	(40)	(72,0)	(70,4)	(1,6)
Loss from equity-accounted investments	(1)	(2)	1	(0,1)	(0,2)	0,1
Earnings before non-recurring items	181	215	(34)	15,5	18,8	(3,3)
Non-recurring items	4	(29)	33	0,3	(2,6)	2,9
Earnings before financing transactions and tax	185	186	(1)	15,8	16,2	(0,4)
Net finance expense	(123)	(125)	2	(10,5)	(11,0)	0,5
Taxation	(14)	(8)	(6)	(1,2)	(0,7)	(0,5)
Earnings for the period	48	53	(5)	4,1	4,5	(0,4)
Normalised earnings for the year	44	82	(38)	3,8	7,2	(3,4)
Headline earnings	77	17	60	6,6	1,5	5,1
Basic earnings per share (cents)	38	43	(5)	3,3	3,8	(0,5)
Normalised basic earnings per share (cents)	36	67	(31)	3,1	5,9	(2,8)
Basic headline earnings per share (cents)	61	14	47	5,2	1,2	4,0

APPENDIX | STATEMENT OF FINANCIAL POSITION

	Dec 2022 Rm	Jun 2022 Rm	Dec 2022 AUDm	Jun 2022 AUDm
ASSETS	13 590	12 475	1 177,9	1 107,1
Goodwill	100	100	8,7	8,9
Property, plant and equipment	2 291	2 479	198,6	220,0
Right-of-use assets	284	606	24,6	53,8
Lease receivables	78	82	6,8	7,3
Investments	148	148	12,8	13,1
Deferred taxation	746	738	64,7	65,5
Working capital	4 938	5 491	428,0	487,3
Assets Held for Sale	2 151	144	186,4	12,8
Cash and bank balances	2 797	2 617	242,4	232,2
Other assets	57	70	4,9	6,2

APPENDIX | STATEMENT OF FINANCIAL POSITION

	Dec 2022 Rm	Jun 2022 Rm	Dec 2022 AUDm	Jun 2022 AUDm
EQUITY AND LIABILITIES	13 590	12 475	1 177,9	1 107,1
Liabilities	9 733	8 755	843,6	776,9
External borrowings and liabilities	355	481	30,8	42,7
Deferred taxation	117	121	10,1	10,7
Lease liabilities	593	1 039	51,4	92,2
Working capital	5 734	5 848	497,0	519,0
Provisions	536	545	46,5	48,3
Employee-related payables	607	695	52,6	61,7
Liabilities Held for Sale	1 791	16	155,2	1,4
Other Liabilities	-	10	-	0,9
Equity	3 857	3 720	334,3	330,2