

**AVENG RELEASES ROBUST YEAR-END RESULTS –
DEMONSTRATES RESILIENCE WITH A RETURN TO PROFITABILITY AND
POSITIVE CASH GENERATION**

SALIENT FEATURES¹

- Revenue of A\$3.1 billion (R37.5 billion)
- Operating earnings of A\$34.5 million (R424 million)
- Headline earnings of A\$38.0 million (R466 million)
- Headline earnings per share of A\$29.6 cents (364 cents [Rands])
- Net cash of A\$173.7 million (R2.1 billion)
- Work in hand of A\$3.1 billion (R37.3 billion) with improved embedded margin
- Leadership transition and organisational change complete
- Strategic review concluded with intention to pursue two separate and independent operating and growth strategies

¹ All figures have been restated due to a change in the reporting currency from ZAR to A\$.

21 August 2024 – Aveng (JSE code: AEG) today reported final results for the year ended 30 June 2024, delivering a robust performance and showing a return to profitability and positive cash flow.

The Group reported a 27% increase in revenue from continuing operations of A\$3.1 billion (R37.5 billion), with a corresponding improvement of over 100% in operating earnings before capital items to A\$34.5 million (R424 million) and headline earnings of A\$38.0 million (R466 million) compared to the prior comparative year. Earnings for the year improved to A\$25.7 million.

Scott Cummins, CEO of Aveng, said that these positive results demonstrated the Group’s resilience. “We’ve also considerably strengthened the balance sheet through improved profitability, strong cash generation and the repayment of debt.”

Cummins commented further that McConnell Dowell – including Built Environs – is well positioned with differentiating capability and expertise to take advantage of the growing defence, energy, water, marine and resource sector opportunities, with Moolmans focused on operational improvements and opportunities with existing customers.

“The Infrastructure segment is operating with 96% of projects profitable, while the Building segment is operating with 100% of its projects profitable. This illustrates strong operational performance across these portfolios.

“The Mining segment continues to focus on project execution through a focus on improving production levels and operating efficiencies across all its sites.”

He added that while the Group continues to be impacted by the effects of hyper-escalation on projects awarded pre-COVID, the embedded margin in work in hand is expected to improve as these projects are concluded.

“In addition, specific risk management processes we have put in place over the past 18 months, which include improved tender preparation and review processes, deep dive reviews on high risk projects and specific proactive attention provided by our Project Management Office (PMO) professionals through the tender and project life cycle, are having a positive impact across the entire project portfolio. Our initiatives in this regard have led to better balance between risk and opportunity, increased project

specific contingencies and improving margins.”

Building on the first half of the year, the Group continued to deliver a strong operating free cash inflow of A\$97.9 million for the full year (June 2023: A\$62.7 million outflow).

Strategic review

As announced on 12 August 2024, Aveng has been conducting a detailed review of the corporate strategy with the objective of enhancing stakeholder value and maximising value to shareholders.

Cummins stated that the review has concluded that Aveng’s two operating businesses, McConnell Dowell and Moolmans, have distinctly different business characteristics and value propositions and as a result should pursue independent and separate operating and growth strategies. “This will assist each business to independently access appropriate pools of capital to better support their investment requirements for long term sustainable profitable growth.”

Aveng therefore intends to pursue, through a combination of transactions, the creation of two independent and separate entities:

- McConnell Dowell (including Built Environs): a leading engineering-led construction and building contractor delivering infrastructure across a diverse range of end markets; and
- Aveng Limited: which holds Moolmans, a tier 1 contract mining business operating in sub-Saharan Africa.

The Group’s Board remains mindful of its commitments to all stakeholders through this process and intends to support and enhance the prospects of both entities for the benefit of all stakeholders, including clients, suppliers and employees, by enabling the two entities to access the most attractive capital to pursue their separate strategies.

In the case of McConnell Dowell, this will involve exploring a potential listing on the Australian Securities Exchange (ASX) and Johannesburg Stock Exchange (JSE). In the case of Moolmans this will involve exploring alternative ownership options and potentially introducing BBBEE capital.

Aveng has appointed advisers, including Macquarie Capital, to assist with the implementation process.

Outlook

Infrastructure

McConnell Dowell is well positioned to continue its growth trajectory through a strong secured revenue position and remains focused on managing risks, converting opportunities, disciplined tendering, reliable project execution and delivering profit.

“The current work in hand provides a robust revenue platform, with over 80% of planned revenue for 2025 secured. Work in hand comprises 77% in the government sector and 23% in the private sector. Newer contracts continue to perform strongly, and we note an easing in cost escalation pressure, providing the opportunity for overall margin improvement.”

There are signs of a softening transport infrastructure market in Australia, balanced by reduced cost escalation pressures and the emergence of a general trend toward new energy, defence and water & wastewater related developments.

“The addressable market across McConnell Dowell’s footprint provides a significant visible pipeline of opportunities, facilitating strategic selection of tenders in support of profitable growth. The business

remains focused on converting current tenders of A\$1.9 billion in preferred bidder status to award, with a further A\$3.4 billion pending decision.”

Building

Built Environs enters the 2025 financial year with solid work in hand. Markets in Australia and New Zealand remain strong, especially in the health, education, and recreation sectors.

“Recent contract awards are expected to perform well on the back of slowing inflationary pressure. Built Environs also has a strong visible pipeline, a preferred bidder status of A\$0.6 billion and current tenders of A\$0.5 billion pending decision.”

Mining

Moolmans consolidation agenda includes focus on improved operational performance and cash-generation.

“A key factor to success is ensuring that Tshipi’s production levels continue to improve, in line with the steady improvement achieved throughout the year. There are significant opportunities for contract and volume extensions with existing clients.”

-ENDS-

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