

Audited group results for the 12 months ended June 2011



Today's presentation

Overview



Roger Jardine
CEO

Financial Overview



Kobus Verster
FD

Operational Overview



Roger Jardine
CEO

The Way Forward



Roger Jardine
CEO

Overview

Roger Jardine



Market conditions

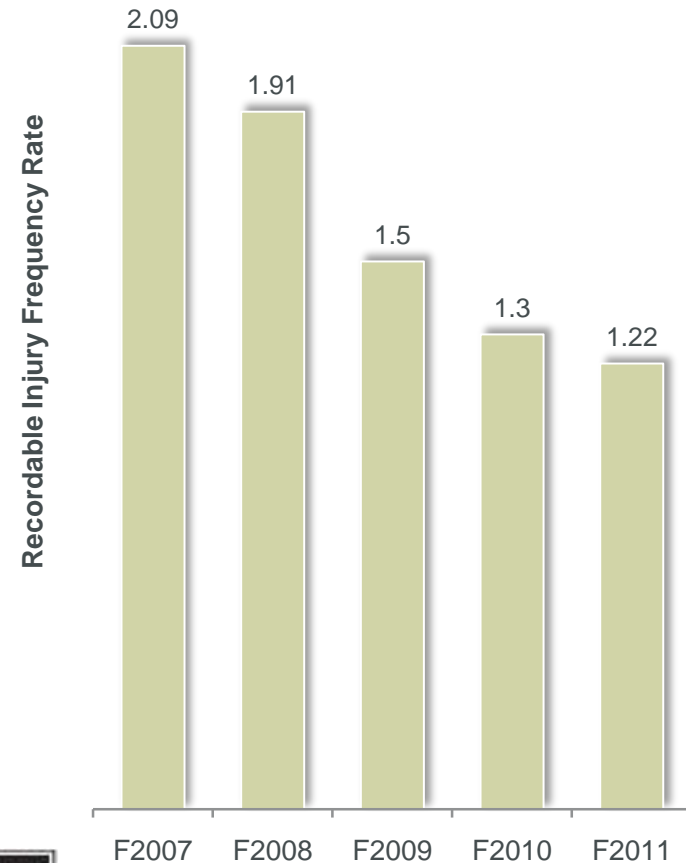
- Economic uncertainty on the back of US and Eurozone debt crisis
- Difficult trading conditions in SA construction and infrastructure environment, mainly in the public sector
- 30% decline in SA public sector spend since 2008
- Strong currencies in SA and Australia
- Strong demand in mining sector
- Australia maintained a positive growth trajectory
- Competition Commission probe into construction sector

Salient features

- Revenue up 1%
- Headline earnings and headline earnings per share down 37%
- Negative cash flow of ZAR2.1bn
- Strong growth in two year order book up 19% to ZAR37bn
- Strong balance sheet with net cash of ZAR5.3bn
- Dividend maintained at 145 cents per share







Safety performance

- The safety of our employees and contractors is paramount; we strive for fatality free operations
- Regrettably 8 fatalities at Group operations
- Recordable Injury Frequency Rate (RIFR) improved by 6%
- Increased maturity of safety culture
- Industry recognition of our safety performance
 - McConnell Dowell received two industry awards from the WSH Council of Singapore, (SHARP)
 - Aveng Grinaker-LTA Package F achieved 3.5million hours without Lost Time Injury in March



Operational overview

Revenue (ZAR m)

	2010 10 001 2011 8 850	<ul style="list-style-type: none"> ➤ Delivery on key projects such as the Gauteng Freeway Improvement Project (GFIP) ➤ Focus on improved efficiencies ➤ Deep shaft sinking capabilities
	2010 12 981 2011 13 281	<ul style="list-style-type: none"> ➤ Increased opportunities in LNG, rail, mining and oil infrastructure ➤ Secured ZAR20.74bn worth of new contracts in Australasia, South East Asia and Middle East, impacted by poor contract execution
	2010 3 261 2011 3 656	<ul style="list-style-type: none"> ➤ Presence in eight African countries ➤ Improved South African margin ➤ Addressing capital structure ➤ Resolved underperforming contracts
	2010 2 486 2011 2 697	<ul style="list-style-type: none"> ➤ Competition Commission fines ➤ Restructuring and rationalisation to improve profitability ➤ Growth outside South Africa ➤ Growth in rail business and mining products
	2010 4 451 2011 5 110	<ul style="list-style-type: none"> ➤ Volumes increased by 19% year on year ➤ New slitting line in Roodekop ➤ New blanking press investment in Port Elizabeth
	2010 781 2011 725	<ul style="list-style-type: none"> ➤ Launch of Aveng Water ➤ Extensions on water operations and maintenance – eMalahleni and Erongo Desalination, Namibia ➤ Aveng E+PC strengthening its position on mineral processing

Competition Commission

- On 1 February 2011 the Commission published details of a “Fast Track Settlement Process” where construction firms were encouraged to fully disclose any collusive conduct
- Aveng submitted comprehensive application to the Commission in terms of this fast track process
- Settlement negotiations are in process – Aveng will revert to stakeholders on further progress
- Continued commitment, co-operation and engagement with the competition authorities to eradicate anti-competitive practices across the industry
- Premature to speculate on the quantum of any settlement and accordingly no provision has been taken in the results for the 2011 period

Key projects



Two Rivers Mine



Project

Two Rivers Mining Project

Location

Lydenburg, RSA

Client

ARM/Implats Two Rivers

Type of contract

Mining

Tender value

ZAR1.9bn

Duration

Operating since 2003

Konkola Deep Shaft



Project
Konkola Copper Mine

Location
Zambia

Client
Konkola

Type of contract
Deep shaft mining

Tender value
ZAR550m

Duration
36 months from February 2011

Allandale Off-ramp



Project

Gauteng Freeway Improvements
Package C

Location

Gauteng, RSA

Client

SANRAL

Type of contract

Freeway widening, resurfacing
and ancillary works

Tender value

ZAR1.7bn

Duration

41 months from May 2008

eMalahleni Water Treatment



Project

eMalahleni water treatment

Location

eMalahleni Mpumalanga, RSA

Client

Anglo

Type of contract

Acid Mine Drainage

Tender value

ZAR458m

Duration

From 2005

Siguiri Gold Mine



Project
Siguiri Gold Mine

Location
Siguiri District, Guinea

Client
SAG (AngloGold Ashanti)

Type of contract
Open Cast Gold Mining

Servo Blanking Press



Project
Blanking Press

Location
Port Elizabeth, SA

Client
New facility – Aveng Trident Steel

Value
ZAR160m

Commissioned
July 2011

Medupi Power Station



Project

Medupi Power Station JV

Location

Lephalale, SA

Client

Eskom

Type of contract

Construction, engineering and other

Tender value

Various projects

Duration

From 2008

Adelaide Desalination Plant



Project

McConnell Dowell

Location

South Australia

Client

SA Water Corp

Type of contract

Construction of reverse osmosis seawater desalination plant

Tender value

AUD500m

Duration

30 months from March 2009

Pipelines



Project

Queensland Curtis LNG Export Pipeline and Collection Header

Location

Queensland, Australia

Client

BG Group

Type of contract

MCJV design, procurement and construction of 540km underground gas pipeline network

Tender value

AUD800m

Duration

October 2010 - September 2013

Marine Berthing



Project

Rapid Growth Project 5/6 Marine Works (RGP5/6)

Location

Western Australia
BHP Billiton Iron Ore (Pty) Ltd

Type of contract

Design and construction of
marine facilities

Tender value

AUD550m

Duration

March 2009 - September 2011

Financial overview

Kobus Verster



Financial overview

	FY 2011 ZAR m	FY 2010 ZAR m	Change %
Revenue	34 324	33 981	1%
Operating profit	1 476	2 079	-29%
Net income from investments	288	454	-37%
Tax	584	722	-19%
Headline earnings	1 191	1 886	-37%
Headline earnings per share (cents)	306.4	483.6	-37%
Cash generated by operations	2 430	3 199	-24%
Capital expenditure	1 818	1 179	54%
Net cash	5 317	7 461	-29%

Revenue: segmental analysis

	FY 2011 ZAR m	FY 2010 ZAR m	Change %
South Africa and Africa (constr. & eng)	9 575	10 782	-11%
Australasia and Pacific	13 281	12 981	2%
Total Construction and Engineering	22 856	23 763	-4%
Opencast mining	3 656	3 261	12%
Manufacturing and Processing	7 807	6 937	13%
Administration/consolidation	5	20	
Total	34 324	33 981	1%

Construction and Engineering revenue: South Africa and Africa

	FY 2011 ZAR m	FY 2010 ZAR m	Contribution % 2011
Building	2 168	3 000	23%
Civil engineering	1 503	1 890	16%
Earthworks Engineering	1 166	1 703	12%
Aveng E+PC	725	781	7%
Mechanical and Electrical	2 045	1 760	21%
Underground mining services	1 968	1 648	21%
Total	9 575	10 782	

Construction and Engineering revenue: Australasia and Pacific

	FY 2011 ZAR m	FY 2010 ZAR m	Contribution% 2011
Construction Australia	6 459	6 272	49%
Construction - offshore	2 236	1 666	17%
Pipelines	1 902	1 965	14%
Electrical	1 390	1 245	10%
Tunnelling	1 406	1 500	11%
Intergroup	(112)	333	-1%
Total	13 281	12 981	

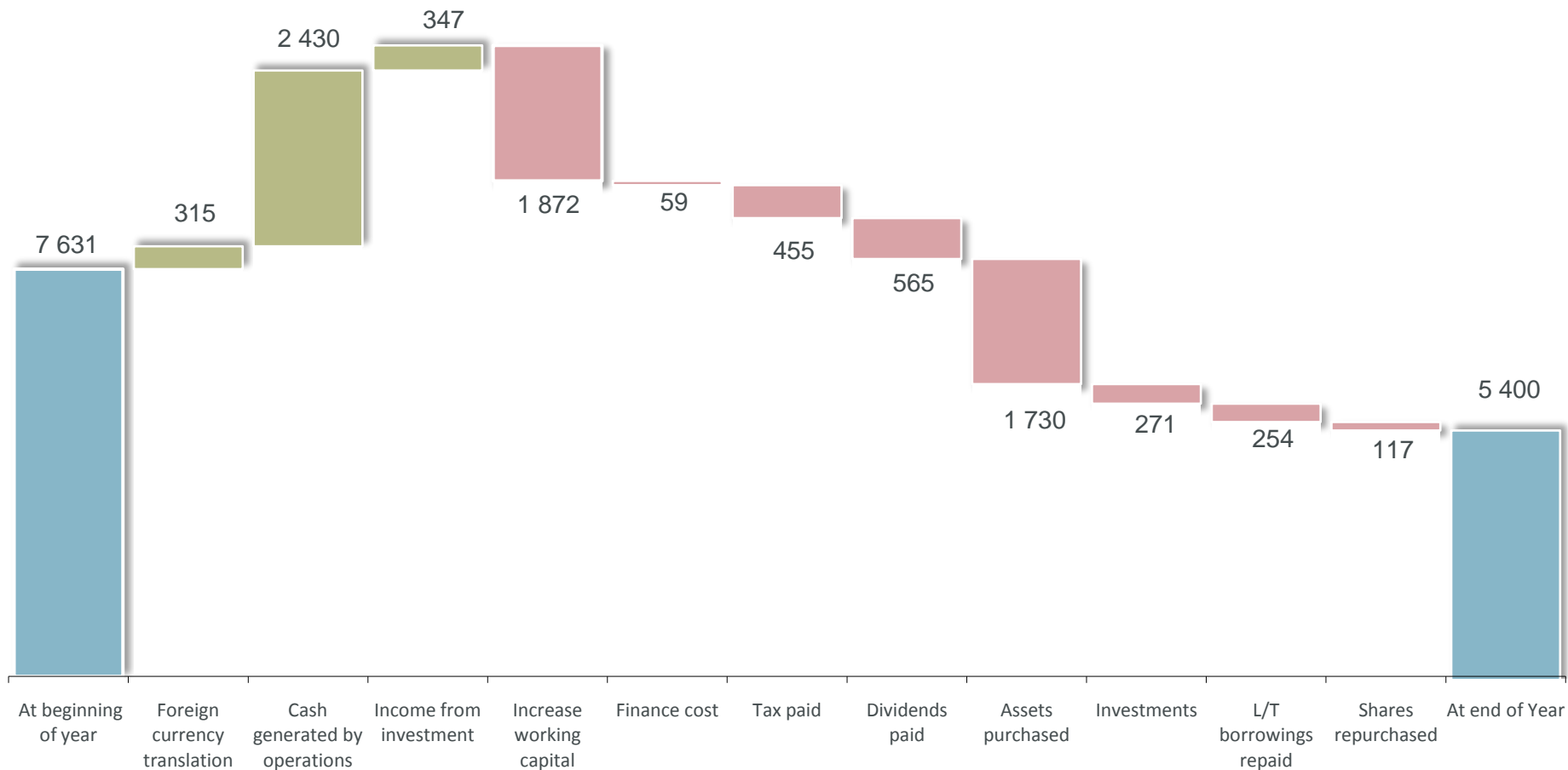
Manufacturing and Processing revenue

	FY 2011 ZAR m	FY 2010 ZAR m	Contribution% 2011
Aveng Manufacturing Lennings Rail Services	375	295	5%
Aveng Manufacturing Infraset	704	752	9%
Aveng Manufacturing Duraset	538	507	7%
Aveng Manufacturing Steeledale	842	932	11%
DFC	237	-	3%
Aveng Trident Steel	5 111	4 451	65%
Total	7 807	6 937	

Operating profit: Segmental analysis

	FY 2011 ZAR m	FY 2010 ZAR m	Change %
South Africa and Africa	403	673	-40%
Australasia and Pacific	291	595	-51%
Total Construction and Engineering	694	1 268	-45%
Opencast mining	414	365	13%
Manufacturing and Processing	321	458	-30%
Administration	47	(13)	
Total	1 476	2 078	-29%

Movement in cash and cash equivalents (ZAR m)

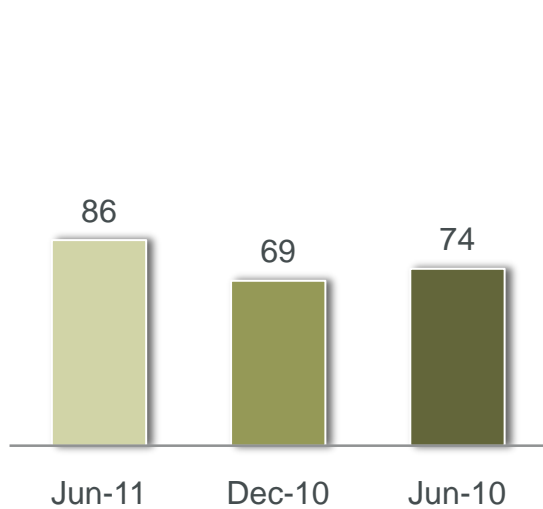


Capital

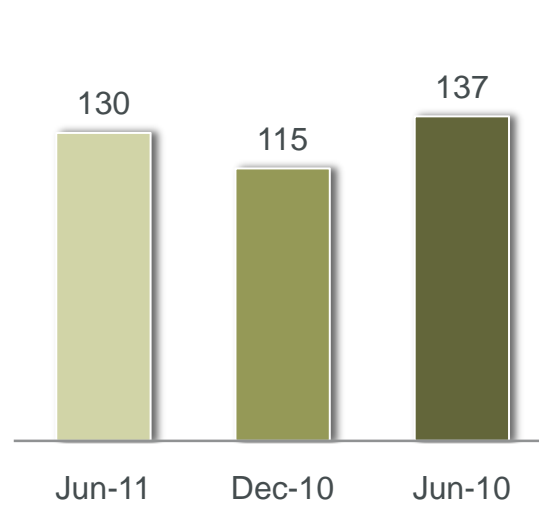
	June 2011 ZAR m	June 2010 ZAR m
Maintenance	678	253
Expansion	1 140	926
Total	1 818	1 179
Depreciation	1 101	1 063
Multiple of depreciation spent	1.7	1.1

Working capital

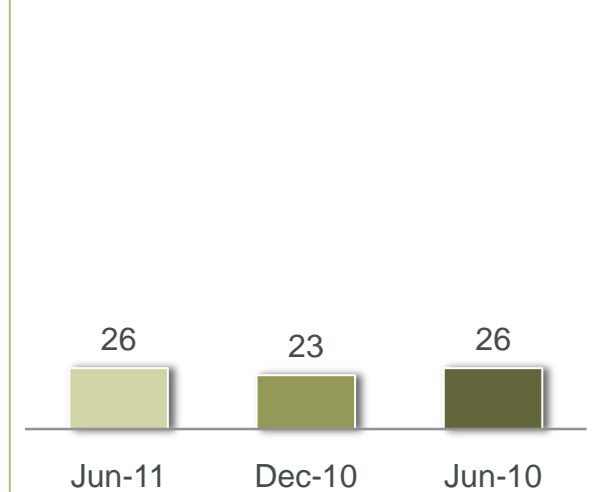
Debtor days



Creditor days



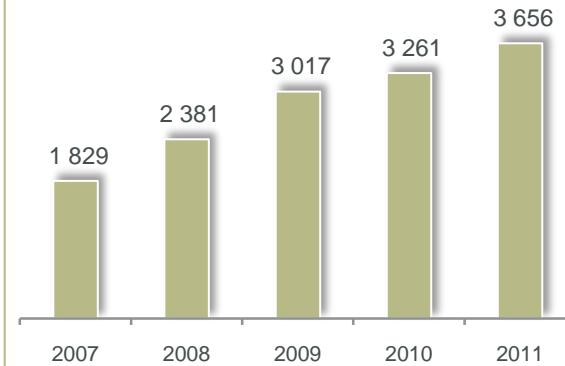
Stock days



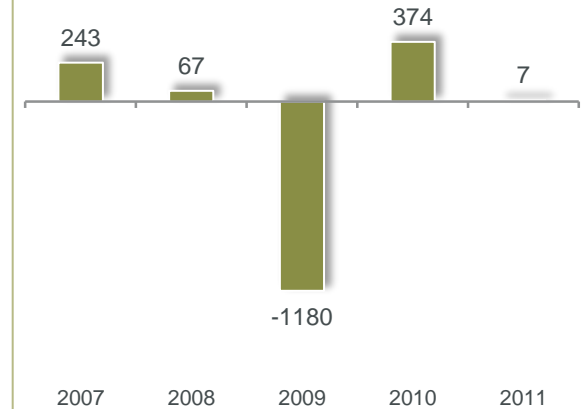
Aveng Moolmans

- Aveng Moolmans ring-fenced as separate business unit
- Manage capital expenditure in line with achievement of return objectives
- Pursuing combination of debt and lease funding

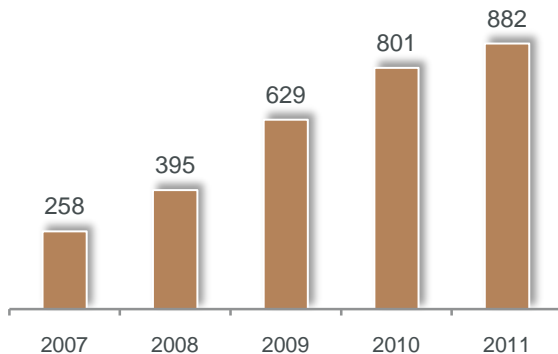
Revenue (ZAR m)



Net cash flow (ZAR m)



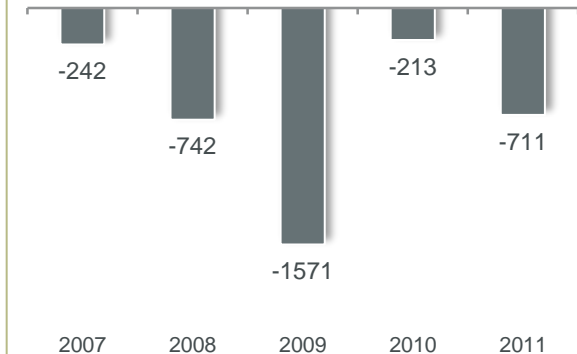
Operating profit (EBITDA) (ZAR m)



ROCE



Capex (ZAR m)



BEE transaction

- Qakazana Investments (Pty) Limited
 - Tiso (Four Arrows) 36%
 - Community Investment Trust 32%
 - Employee Trust 32%
- Value lock-in agreed
- Agreement on number of shares – 26.8m
- Extension of the relationship to 2014
- Settlement in shares
- Subject to shareholder and regulatory approval

Dividends

- Practice of distributing 25% of earnings (4X cover)
- Headline earnings – ZAR1.19bn
- Dividend declared = 145 cents per share
- Dividend payment date 17 October 2011

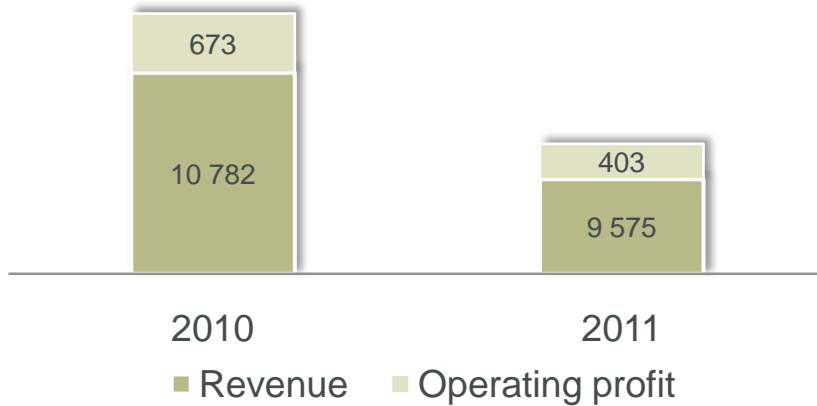
Operational review

Roger Jardine

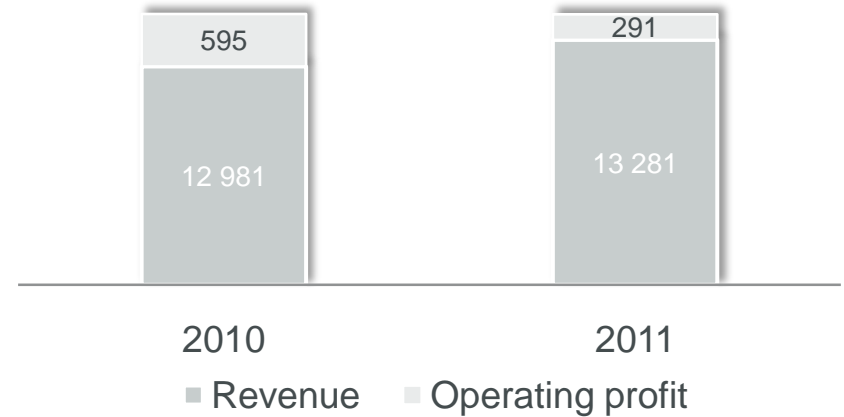


Construction and Engineering

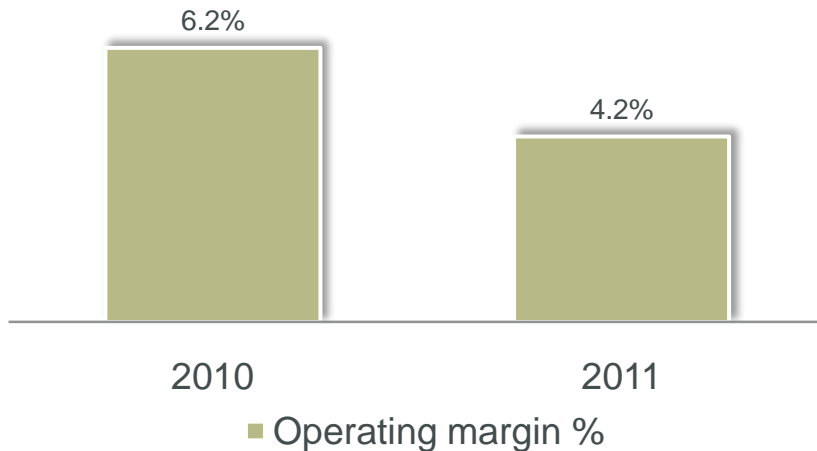
South Africa



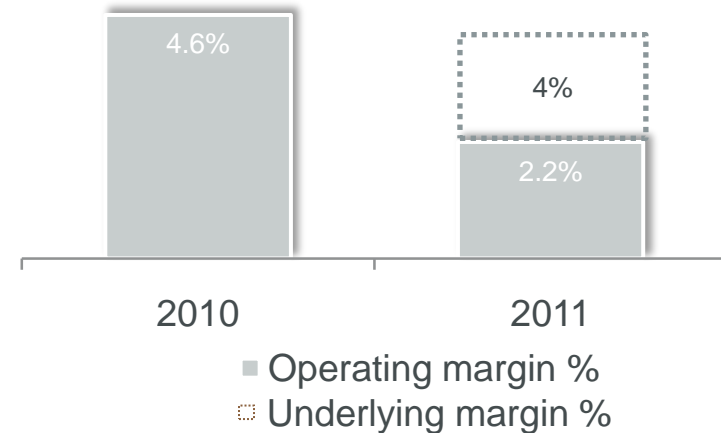
Australia



South Africa



Australia



Operational overview: SA Construction & Engineering



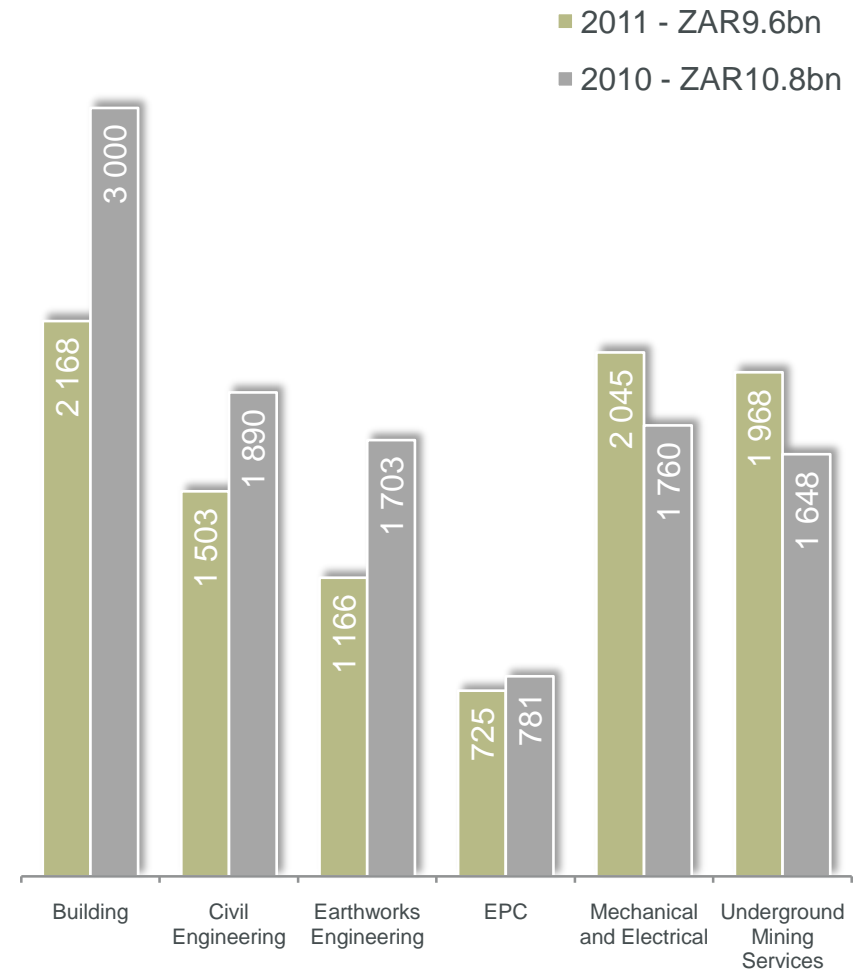
PERFORMANCE

- Difficult trading conditions and project execution challenges
- Sharp declines in revenue and margins
- Double digit growth recorded by mechanical and electrical and mining divisions
- Offset by lower revenue within Building, Civils and Earthworks engineering
- Aveng E+PC restructured to form Aveng Water

OUTLOOK

- Focus on improving efficiencies, project execution and retaining resources
- Two year construction order book of ZAR10.2bn
- Continue to focus on expanding geographical footprint – tendering for deep shaft projects in targeted markets
- Positioned to participate in SA's renewable energy market

Construction Revenue



Operational review: McConnell Dowell



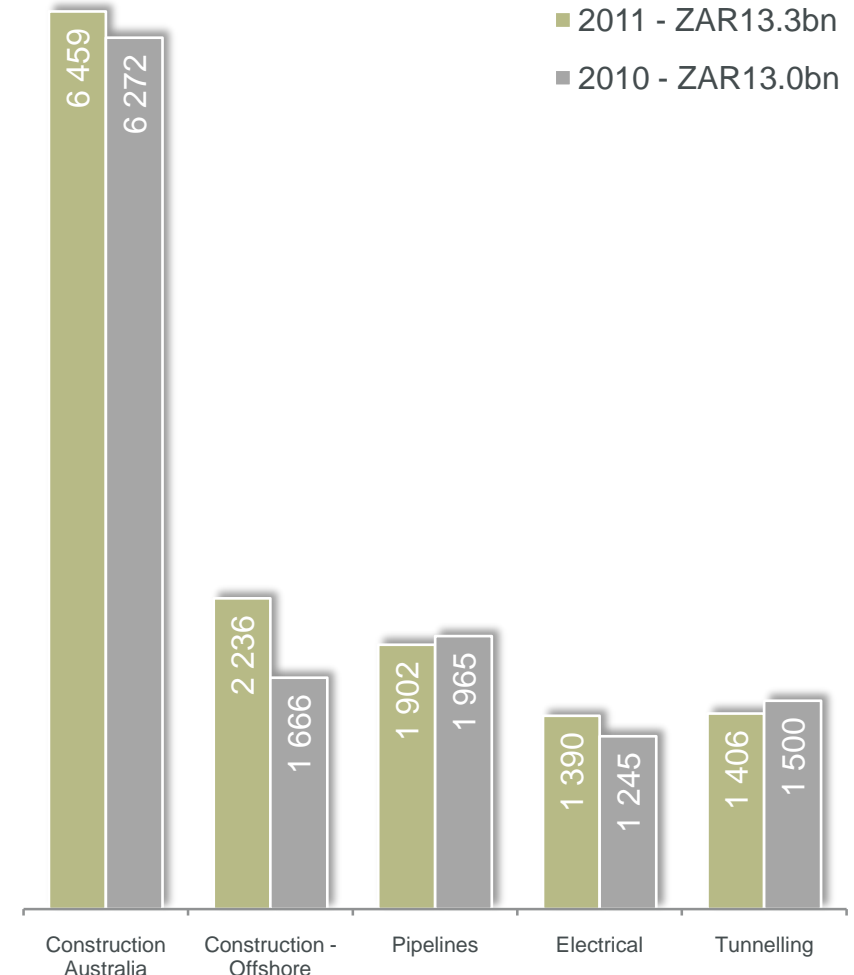
PERFORMANCE

- Revenue growth of 2%
- Major contracts awards – significant infrastructure reconstruction post floods
- Problematic contracts – floods, increased competition, and the strong currency
- Counter-balanced by increasing opportunities in LNG, rail, mining, power and oil infrastructure

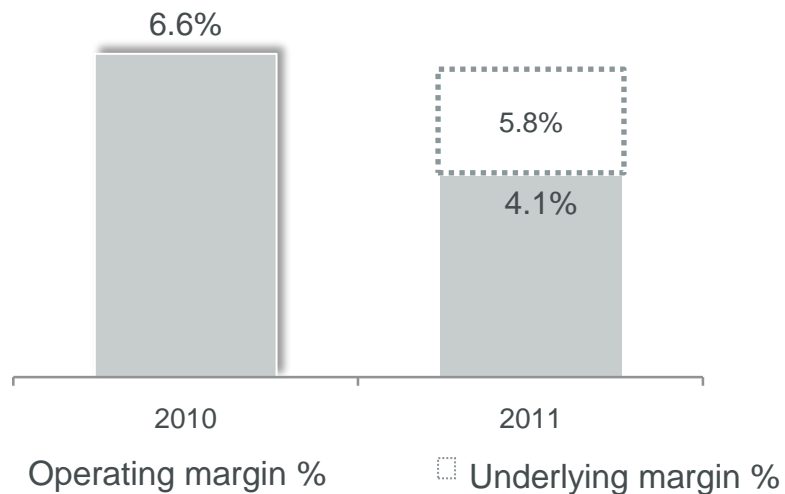
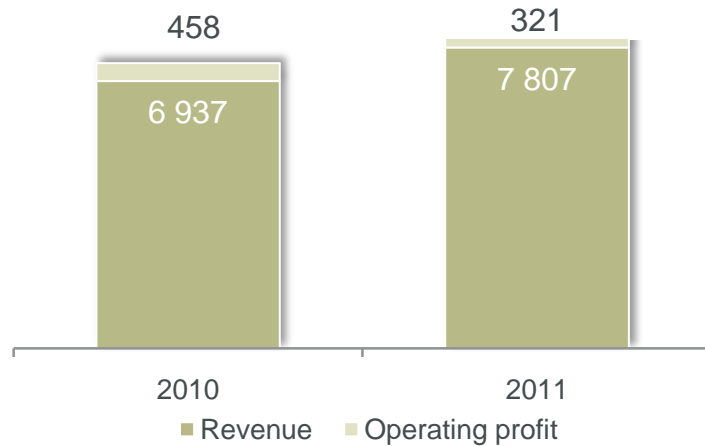
OUTLOOK

- Now positioned as a tier 1 construction player
- Significant order book growth to ZAR18.9bn
- Maintain focus on core business activities and grow buildings, roads, rail and other general contracting
- Well placed to benefit in mining and gas related infrastructure investment
- Increased focus on PPPs – resulted in the awarding of Gold Coast Light Rail PPP

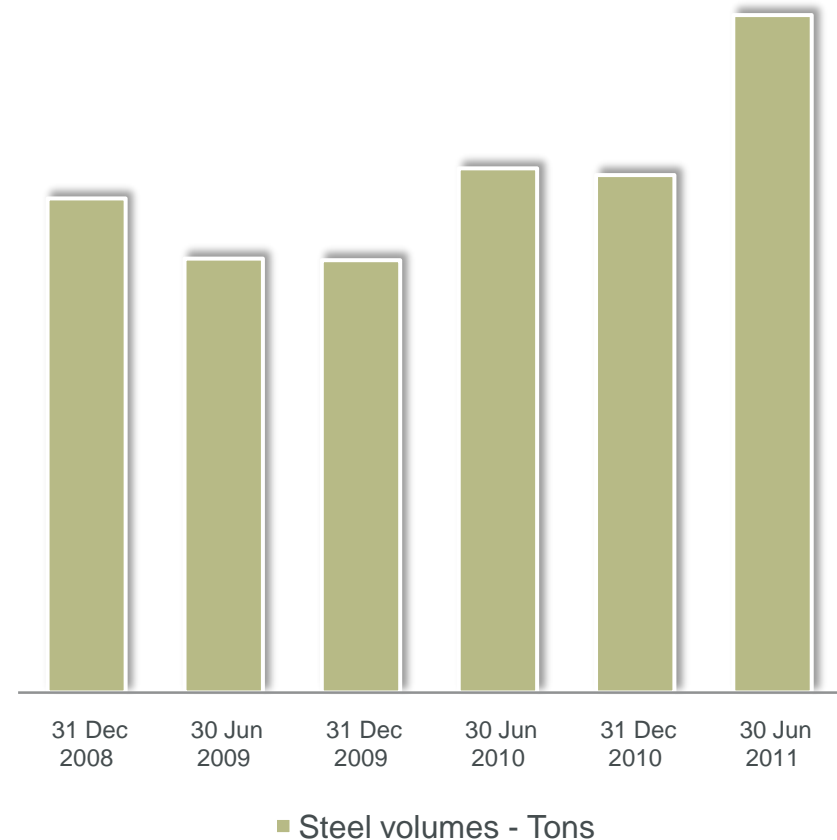
Construction Revenue



Manufacturing and Processing: Segmental review



Steel volumes – Tons (six monthly)



Operational review: Manufacturing & Processing



PERFORMANCE

- Segmental revenue increased 12.5% to ZAR7.8bn
- Profitability impacted by steel prices and increased competition
- New rail, mining and steel reinforcing contracts in South Africa, the rest of Africa and the Middle East
- Investment in automotive sector via new press blanking line
- New slitting line Roodekop
- Increased steel volumes in the second half of the current financial year

OUTLOOK

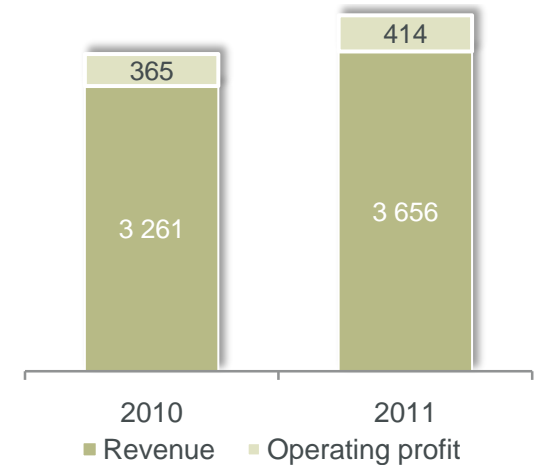
- Under new leadership business showing promise
- Securing the supply contract for new automotive models
- Aveng Trident Steel tube operation plan to increase volumes by optimising current capacity
- Acquisition of 630 ton blanking press expected to increase capacity in Eastern Cape
- Focus on developing business in Mozambique and rest of Africa
- Improved business processes for higher productivity
- International rail projects starting to grow and present opportunities for Aveng Manufacturing

Operational review: Aveng Moolmans



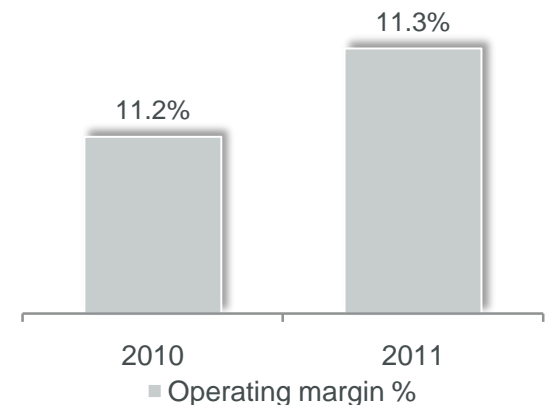
PERFORMANCE

- Improved SA margins
- Jointly servicing a client with Aveng Grinaker-LTA at Zambia's Konkola Copper Mine
- Renewal of existing contracts
- New contracts - Chimiwungo Mine in Zambia, Star and Comet Pit in Tanzania



OUTLOOK

- Aveng Moolmans grew two year order book to over ZAR7.3bn
- Strong commodity prices will continue opening up new opportunities
- Focus on equipment efficiencies and continuous improvement processes



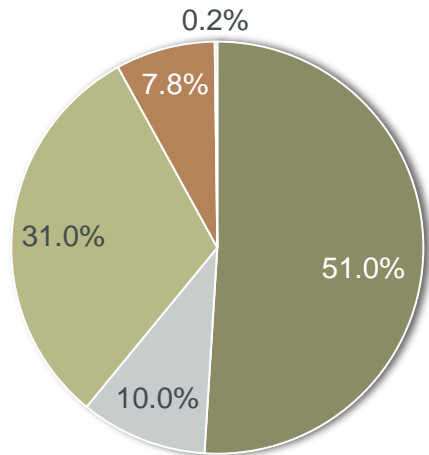
The Way Forward

Roger Jardine



Revenue and profit per geography

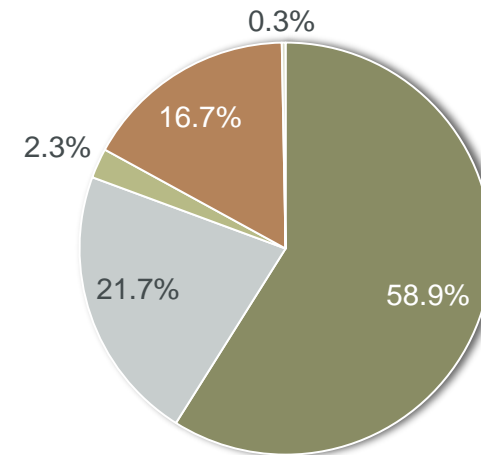
Revenue by geography



- South Africa (common monetary area)
- Rest of Africa and Mauritius
- Australasia and the Pacific Islands
- South East Asia
- Middle East and Other

Total revenue ZAR34.3bn June 2011

Profit by geography



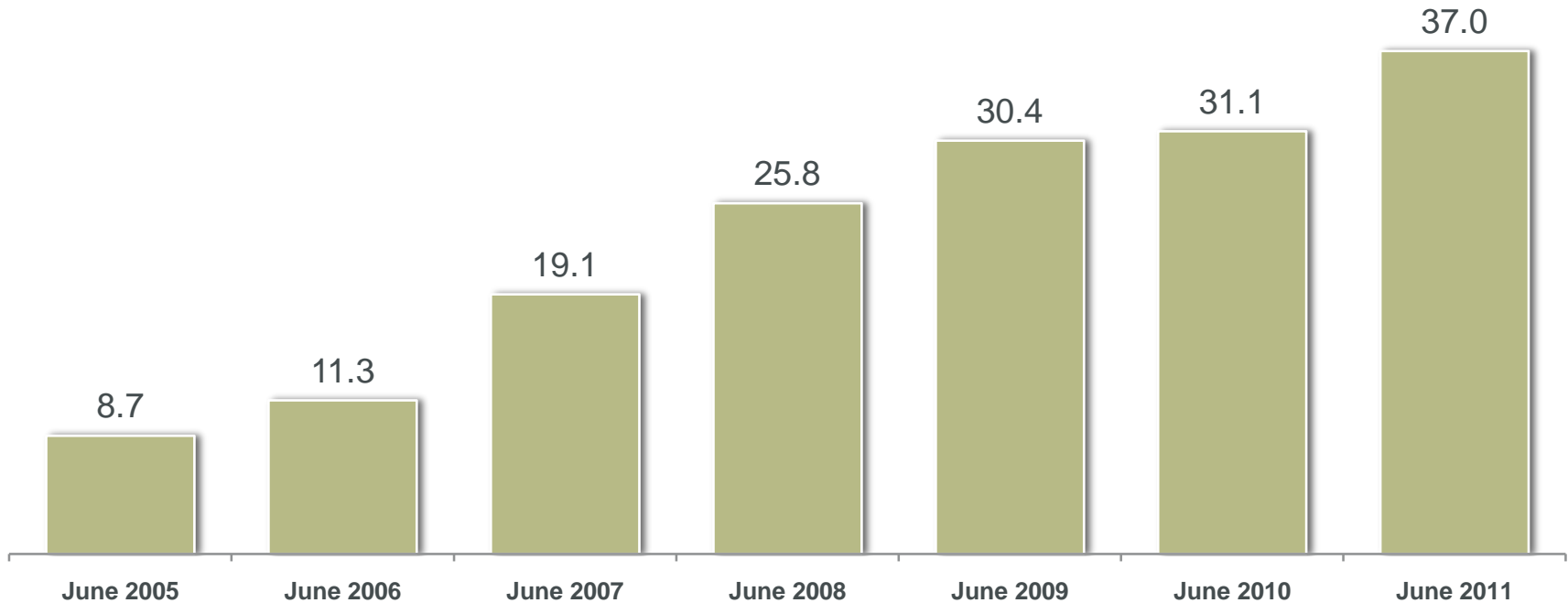
- South Africa (common monetary area)
- Rest of Africa and Mauritius
- Australasia and the Pacific Islands
- South East Asia
- Middle East and Other

Total profit ZAR1.47bn June 2011

Growing construction order book (ZAR bn)

Total opportunity pipeline in market: > ZAR112.4bn

Year on year 19% increase



Confirmed two year order book includes only that portion of revenue accruing to the Aveng Group

Two year order book

Two year order book (total)



➤ WOH ZAR10.2bn

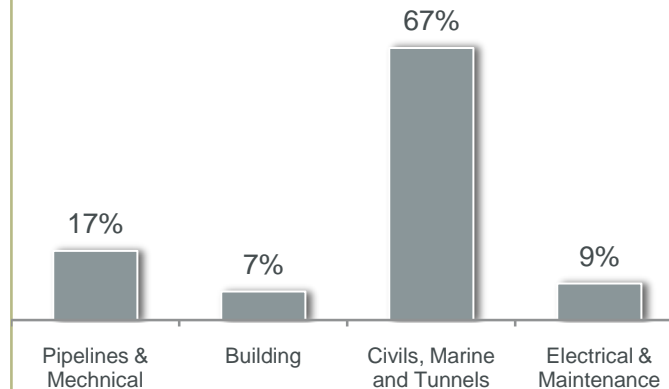
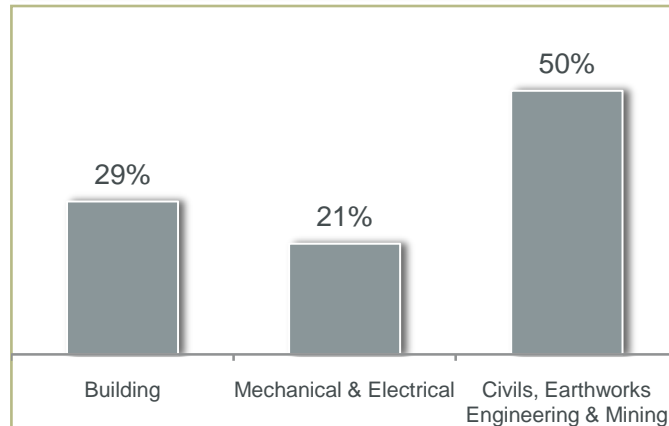
5%
Y-O-Y



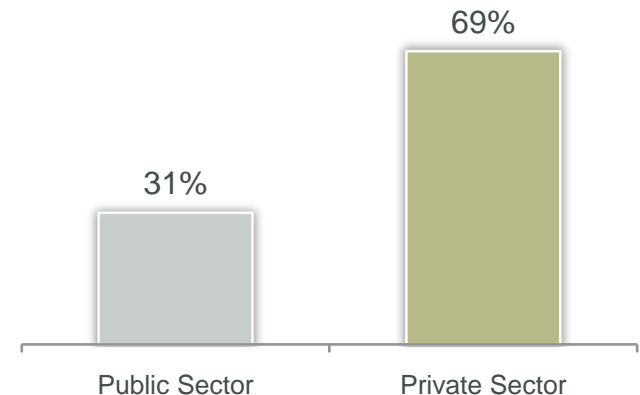
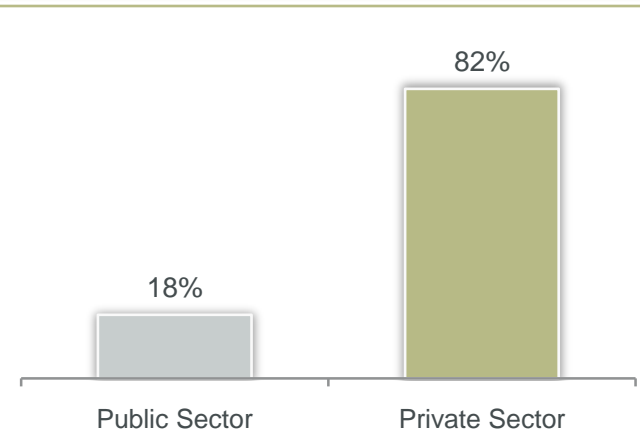
➤ WOH ZAR18.9bn

41%
Y-O-Y

Two year order book (by business unit)

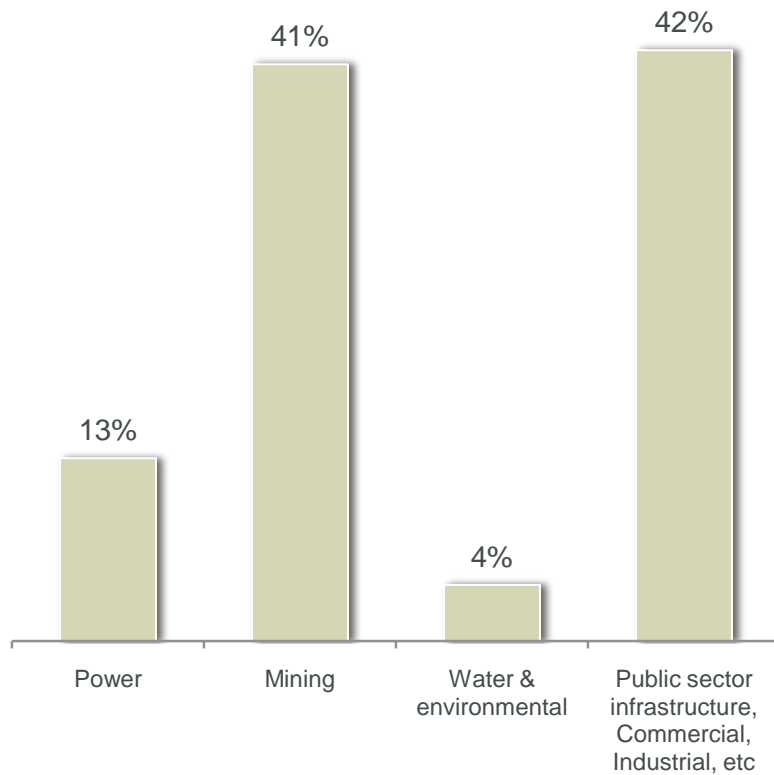


Two year order book (by sector)

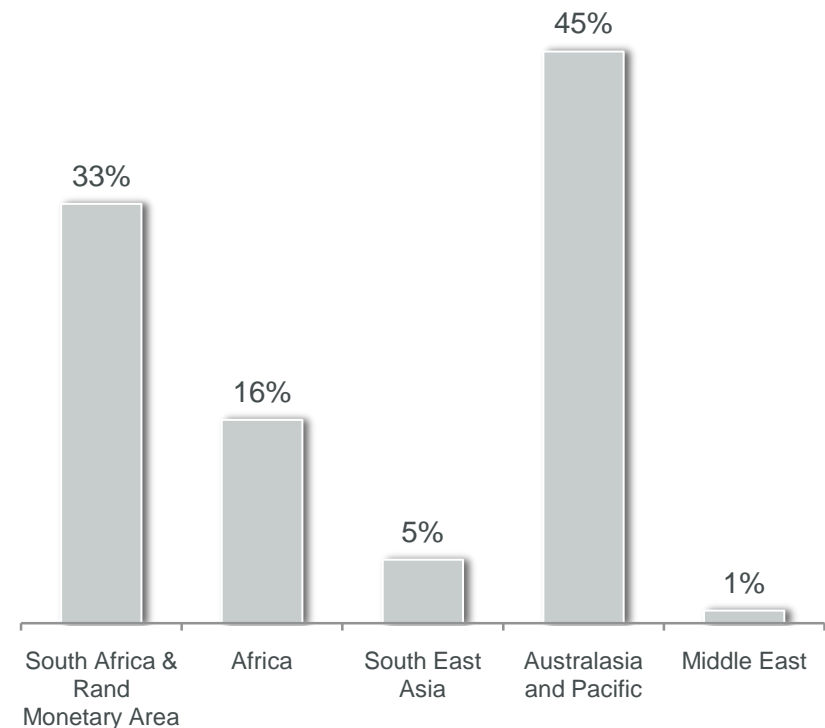


Two year group work on hand: Sector and regional splits

Two year order book by sector



Two year order book by geography



Total two year order book; ZAR37bn June 2011

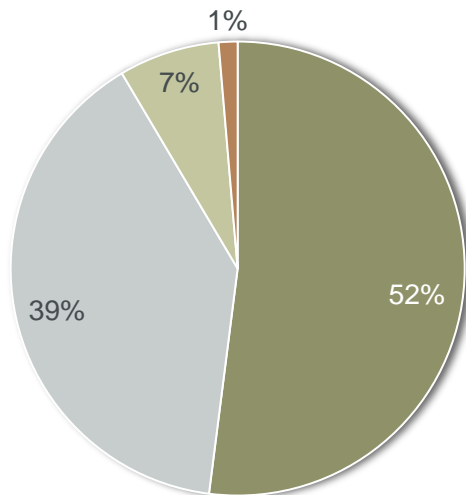
Major contract awards



- Gold Coast Rapid Transit
- QCLNG
- RGP5/6
- Hay Point Expansion
- Medupi
- eMalahleni water extension
- Geita Gold Opencast Mine
- Waterview connection tunnels

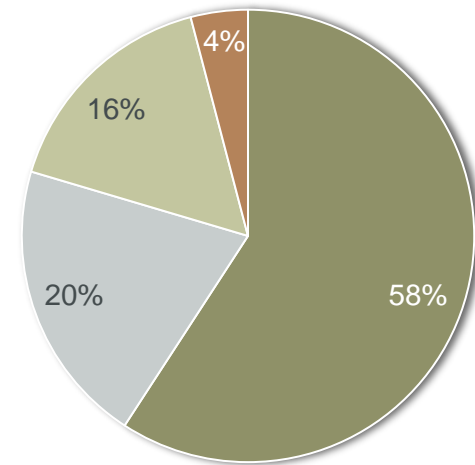
Project pipeline by operating group and business sector

Pipeline by operating group



- MacDow
- Aveng GLTA
- Aveng Moolmans
- Aveng Manufacturing

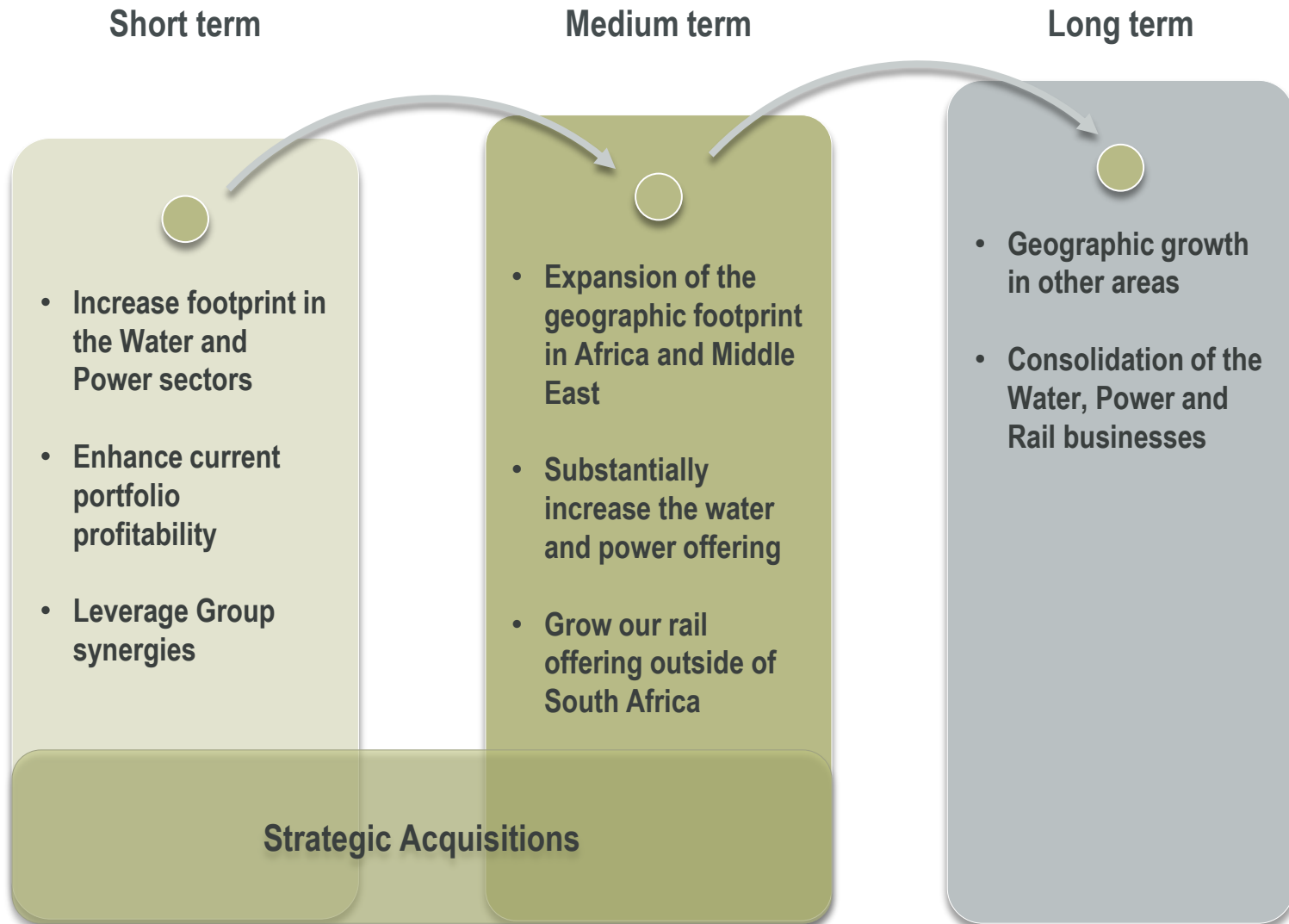
Pipeline by business sector



- Private Sector
- State Owned
- Central Government
- Provincial and Local government

Total pipeline ZAR112bn June 2011

Group strategy



Public Infrastructure

Market outlook



- Increasing competitiveness and margin pressure
- Slow speed of infrastructure spend in South Africa, but significant opportunities in Africa
- Australian infrastructure supported by spend in power, resources and transport
- Development is being delayed by infrastructure investment and maintenance

Where we are



- Top tier player in the infrastructure markets in sub-Saharan Africa and Australasia
- Ability to provide integrated major projects
- Providing a broad range of products to the infrastructure sector

Where we are going



- Increasing Aveng's presence in target markets
- Consolidating Aveng's position in the South African and Australian markets by maintaining profitability
- Improving efficiencies and project management skills to reduce downward margin pressure and project risks

Water

Market outlook



- It is estimated that ZAR1.2bn will be required to address AMD from abandoned gold mines in and around Johannesburg
- Water shortages in South African coastal areas are creating opportunities for seawater desalination facilities
- Opportunities to assist municipalities to rehabilitate aging water treatment infrastructure

Where we are



- Launched Aveng Water as a new operating group in May 2011
- Strengthening capabilities in business development, innovation and project management
- Leading operator of AMD and seawater desalination plants in Southern Africa
- Building a presence in Australia
- Driving the implementation of Aveng Water's mobile/modular water treatment solution






Where we are going

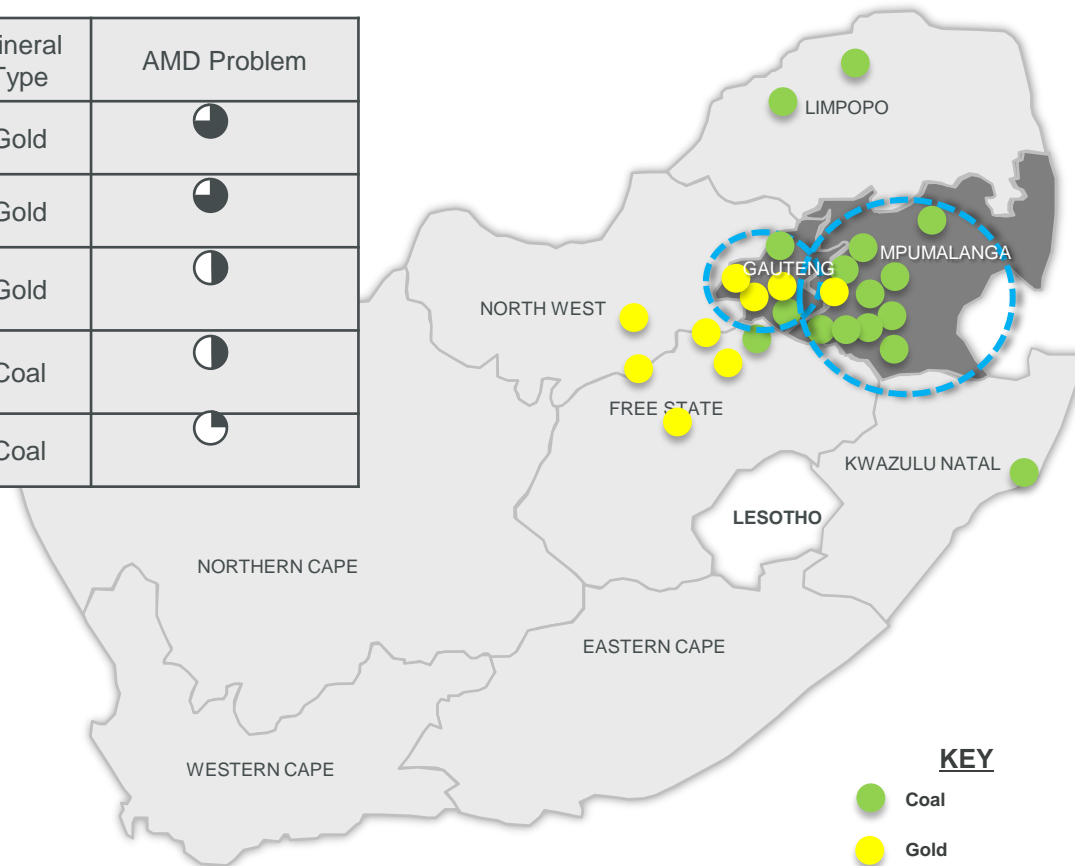


- Reinforce Aveng Water's position in AMD in South Africa and continue to build the Australian business
- Build on seawater desalination experience, continuing to pursue attractive opportunities
- Develop relationships in the South African municipal market to offer water treatment solutions

Acid Mine Drainage

The highest AMD risks appear to be in Gauteng and Mpumalanga provinces

Name of Basin	Mineral Type	AMD Problem
Central Rand	Gold	
West Rand	Gold	
Eastern Basin	Gold	
Highveld/Wit bank	Coal	
Waterberg	Coal	



Source: USGS; 'Acid Mine Drainage and Modular Wastewater Treatment Market Assessment' Report by Frost & Sullivan; Company Websites

Mining

Market outlook



- Growth of mining activity in Africa driven by strong demand from China and India, and commodity price increases
- Subdued growth of mining in South Africa due to policy uncertainty
- Largest growth opportunities expected in opencast mining and amongst junior mining houses

Where we are



- 40% of Aveng revenue is from mining related activities
- Leader in opencast mining in Africa - active in eight African countries
- One of four deep level shaft sinking companies worldwide
- Provider of products to the mining industry ranging from stand-up support to valves
- Provider of EPC and O&M services to the mining sector
- Providing construction and transport infrastructure to leading mining companies in South Africa, Australasia and Africa

Where we are going



- Strengthen Aveng's capabilities in construction catering for the mining industry, and expand further into Africa
- Deliver deep level shaft sinking capabilities where required
- Maintain top tier industry position in open cast mining in Africa

Power

Market outlook



- The global power infrastructure industry is expected to require investment of over USD10tn from 2001-2030, approximately USD330bn annually
- Integrated Resource Plan (IRP 2010) confirmed the importance of renewable energy and nuclear power for the South African market
- South African renewable energy RFP released on 3 August 2011

Where we are



- Active in major construction activities for power in South Africa (Medupi and Kusile) and in Australia
- Developing a number of renewable energy projects
- Experienced balance of plant (BoP) contractor in renewable energy in Australia

Where we are going



- Renewable energy projects to be submitted during the RFP phase in conjunction with a strong renewable energy partner
- Positioning Aveng for nuclear power projects by putting a dedicated team together and working with leading global nuclear power players
- Strengthening position in balance of plant (BoP) and EPC work in South Africa and Australia

Steel

Market outlook



- Global steel demand growth (Jan – June 2011/2010) amounts to 7.5% driven by developing economies
- South African steel market is expected to continue its recovery
- Steel price volatility expected to continue

Where we are



- Leading provider of steel products and services to the South African market
 - Merchanting
 - Automotive
 - Structural Steel
 - Rebar/Mesh
 - Tubular Steel

Where we are going



- Strengthen our position in steel merchanting and processing
- Expand product range to offer a complete solution to customers
- Growth outside South Africa

Rail

Market outlook



- Opportunities for continued maintenance work on Transnet Freight Rail's (TFR) network in the local market
- Growth opportunities in rail construction, maintenance and products in Africa and Australia

Where we are



- Provider of a complete range of rail products and services from ballast stamping to track renewal to ultrasonic flaw detection
- Secured significant projects in South Africa, Mozambique and Australia
- Leading African rail sleeper manufacturer

Where we are going



- Strengthen and expand Aveng's rail products and services in Africa, Australia and the Middle East
- Aveng Manufacturing Lennings Rail Services and McConnell Dowell jointly pursuing projects in the Australian rail sector

Key group priorities

- Safety performance
- Project execution
- Cost efficiency improvement initiatives
- Cash preservation
- Profitable growth
- Strengthening water, steel, rail and power offerings
- Sustainability

Conclusion

- Well positioned to compete successfully in what is likely to be a tight market over the next year
 - balanced business portfolio
 - geographical diversity
 - capability to deliver complex multi-disciplinary projects across the infrastructure value chain
 - strong balance sheet
- We anticipate a bigger contribution to group profit from Australasia

Infrastructure investment by the public sector is likely to remain under pressure for the next 18 months but the Aveng Group prospects are strong given our geographic diversity, growth in our order book and robust balance sheet

