**AVENG LIMITED**
(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06)
ISIN: ZAE000111829
SHARE CODE: AEG
("Aveng" or "the Group")

**Voluntary pre close trading update**

Aveng reported positive headline earnings in its results for the six months ended 31 December 2020 which was its first profit reported since December 2014 and signaled an early but important step change in Aveng's performance. This was achieved within the context of the turnaround strategy and the ongoing effects of the COVID-19 pandemic. The improved performance in the first half was largely attributable to the delivery of solid revenues, operating earnings and positive cash generation in both McConnell Dowell and Moolmans. The Group's positive performance has continued into the second half of the financial year with improved revenue and earnings before interest and tax ("EBIT") and whilst cash flow was negative, in line with plan for the second half, it remains strongly positive for both the full year and in comparison to the prior year.

Moolmans

Moolmans continues on its turnaround path, showing consistent operational and financial improvement over the last 24 months. Having reported improved profitability and cash flow for the six months to 31 December 2020, post the lockdowns experienced in H2 2020 and despite the ongoing COVID-19 impact, Moolmans continues to adapt and respond to operate under COVID-19 with safety and care. Although revenue for the second half is likely to remain flat compared to the prior period, EBIT for the second half is expected to be in line with first half results. The expected improved results for the year compared to the previous year are driven by key functional and operational appointments made in the preceding year coupled with improved operational and functional discipline. Whilst the first half included certain end of contract profits and cash flows that were not repeated, it is expected that the operating free cashflow for the year will remain positive for the full year and reflect an increase compared to FY20.

At 30 April 2021, Moolmans work in hand was R6,5 billion. Among several contract awards during the year to date, Moolmans secured a R1,3 billion opencast mining services contract at Seriti's Klipspruit mine and a R1,5 billion opencast mining services contract at Vedanta's Gamsberg mine. In addition to the above, Moolmans has a near term contract opportunity pipeline of approximately R20 billion.

Aveng's strengthened balance sheet has allowed Moolmans to embark on a Heavy Mining Equipment (HME) Renewal Plan. This will be implemented in a phased and disciplined manner to ensure an attractive return to shareholders. The HME Renewal Plan enhances Moolmans value offering to its customers at a critical phase in the commodity cycle.

McConnell Dowell

McConnell Dowell is expected to deliver a strong full year profit, with second half profits exceeding the first half. Whilst demonstrating a return to profitability, the comparative period loss resulted from a decision to accept a settlement offer in respect of two long outstanding claims, securing important liquidity in the face of the uncertainty of the emerging COVID-19 pandemic at that time. Excluding the impact of the settlement offer, McConnell Dowell continues to demonstrate strong growth in operational profit. The improvement is a direct result of continued growth in revenues and work in hand, notably in Australia. Revenue for the full year is expected to be more than 30% higher than prior year. COVID-19 continues to impact operations to a varying degree. Whilst there has been a negligible direct impact in Australia and New Zealand, South East Asia has been impacted by travel restrictions across our five countries of operation.  Management continues to proactively monitor and respond to these challenges to ensure minimal impact on operations, with recent local in-country appointments of senior operational managers to strengthen local capacity, where mobility has proved difficult. This emphasises our commitment to ensuring operational delivery capability in these countries.

Work in hand of AUD2 billion remained in line with the reported figure as at 31 December 2020. To 30 April 2021, McConnell Dowell has won AUD1,4 billion in new work and expects further awards by 30 June 2021. The value of the preferred tender status currently exceeds AUD1 billion, with new projects added to this category as projects have successfully transitioned through award from preferred status to contracts included in work in hand. Projects under the preferred bidder status represent an important lead indicator of the future success of McConnell Dowell. On preferred projects, McConnell Dowell works collaboratively with their client to optimise design, minimise risk and to clearly define scope, schedule and price, all of which provides increased certainty in execution to all stakeholders. An example of this is the award of the Kidston pumped storage hydro project, a world-first project, that will see McConnell Dowell utilise its core specialist capabilities in tunnelling, dams and hydro to convert a disused gold mine into a pumped-storage hydroelectric power generation plant. This project contributes to a sustainable future and positions McConnell Dowell for similar future renewable energy opportunities. Other projects won in the third quarter include: Logistics warehouse, Auckland, NZ; South Australia State Sports Park; and the Beaumaris School (Built Environs); Ovingham Rail & Road Separation, South Australia; Ferguson Level Crossing Removal, Melbourne, Victoria;  Granite Island Causeway, South Australia (Australia) and the Auckland Airport Fuel Diversion, Auckland, NZ (NZ&P).

Trident Steel

Trident Steel, recorded increased profitability at 31 December 2020 following a strategic shift to focus the business unit as a steel services centre, primarily serving the automotive sector. Performance in the first half of the year continued through the second half owing to increased demand from OEMs and Trident will report strong EBIT growth compared to the prior year. We are pleased to report that Trident Steel has secured new long-term awards with major OEMs. These awards bode well for the sustainability of the current business and provide growth opportunities into the future.

Disposals

The Group continued to execute its strategy around the disposal of non core assets with several smaller disposals concluded during the second half. These disposals achieved values in line with expectations, although not individually material so as to require separate disclosure in terms of the JSE Listings Requirements.

Equity, Debt and Liquidity

Following a successful rights offer and balance sheet restructure in March 2021, the Group reduced debt from R2,1 billion to R1,1 billion thus significantly deleveraging the Group. The remaining debt owing to Aveng's South African lenders was renegotiated as part of the balance sheet restructure transaction and is repayable over a three-year term at more favourable rates. A further R100 million was raised from the follow on rights offer concluded on 4 June

2021. The Group continues its tight management of liquidity given the prevailing uncertainties surrounding COVID-19.

The information contained in this announcement has not been reviewed and reported on by Aveng's external auditors.

30 June 2021

Melrose Arch

JSE Sponsor
UBS South Africa Proprietary Limited

Itumeleng Lepere
Stakeholder Engagement Lead
Tel: 011 779 2800
Email: investor.relations@avenggroup.com

Forward looking statements

Certain statements in this document are not reported financial results or historical information but forward-looking statements. These include but not limited to statements about the Group's operations, financial conditions, earnings, and growth prospects. They are based on the best estimates and information of Aveng at the time of writing. They are nonetheless subject to significant uncertainties and contingencies, many of which are beyond the control of the Group. Unanticipated events may occur, and actual future events may differ materially from current expectations due to changes in priorities by the Group, COVID-19 lockdown restriction or engagement with clients, suppliers, external auditors, and other stakeholders.