

AVENG LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1944/018119/06)

SHARE CODE: AEG

AEG ISIN: ZAE000302618

("Aveng", "the Company" or "the Group")

TRADING STATEMENT

In accordance with paragraph 3.4 (b) of the JSE Listings Requirements, issuers are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on will differ by at least 20% from those of the prior comparative period.

Aveng expects revenue to increase whilst earnings before non-recurring items (*operating earnings*) will improve to between R566 million and R588 million (2021: R536 million).

Earnings and headline earnings in the prior period included significant non-recurring gains of R868 million. Consequently, earnings and headline earnings are expected to decrease in the current period. Headline earnings are expected to include an additional R155 million depreciation charge in the current year, recognised on the reclassification of Trident Steel as a continuing operation. The prior year comparative headline earnings included a R486 million gain on the early settlement of borrowings. Consequently, headline earnings are expected to decrease in the current period. Earnings and headline earnings are set out in the expected earnings table below.

In evaluating Company performance, the management excludes non-recurring items. Such non-recurring items are either income or expenses that do not occur regularly as part of the normal activities of the Group and arise as a result of the capital restructure of the Group, IFRS 5 adjustments and adjustments in respect of non-core assets. Expected normalised earnings are adjusted for the effects of non-recurring items and are set out in the expected normalised earnings table below.

Expected earnings for the period

The Group advises that it expects the results for the year ended 30 June 2022 to fall within the following ranges:

	Expected Earnings		Reported Earnings
	year ended 30 June 2022		year ended 30 June 2021
	ZAR'm	% change	ZAR'm
Earnings for the period	142 – 114	(86) – (88)	988
Headline earnings	334 – 302	(56) – (60)	751
	Cents	%	Cents (restated*)
Basic earnings per share	110 – 95	(92) – (93)	1 337
Headline earnings per share	261 – 226	(74) – (78)	1 016
Diluted earnings per share	109 – 86	(91) – (93)	1 221
Diluted headline earnings per share	246 – 214	(73) – (77)	928

*During the financial year, the Group's authorised and issued share capital was restructured, on 8 December 2021, with every 500 shares consolidated into 1 share. As a result of the corporate action, the prior period weighted and diluted weighted average number of shares in issue have been restated from 36 960 million and 40 448 million shares to 73,9 million and 80,9 million shares respectively. Consequently, the prior year earnings and headline earnings have been restated.

Expected normalised earnings for the period

The term normalised refers to performance measures (earnings for the year and earnings per share) excluding the effects of specific non-recurring items associated with the capital restructure of the Group, IFRS 5 adjustments and adjustments in respect of non-core assets. These adjustments include:

- impairment loss on right-of use assets and intangible assets;
- impairment loss or reversal of impairment of long-term receivables;

- gains or losses on disposal of non-core assets and PPE;
- fair value adjustments; and
- early redemption of borrowings.

Normalised measures are used by management to assess the underlying sustainable performance of the Group and do not replace the measures determined in accordance with IFRS as an indicator of the Group's performance, but rather should be used in conjunction with the most directly comparable IFRS measures.

As such, the Group advises that it expects normalised earnings for the year ended 30 June 2022 to fall within the following ranges:

	Expected Normalised Earnings		Normalised Earnings
	year ended 30 June 2022		year ended 30 June 2021
	ZAR'm	% change	ZAR'm
Normalised earnings for the period	206 – 195	212 – 195	66
	Cents	%	Cents (restated*)
Normalised basic earnings per share	171 – 157	92 – 76	89
Normalised diluted earnings per share	162 – 148	100 – 83	81

The Group expects to release its audited results on or about 23 August 2022. The financial information on which this trading statement is based has not been reviewed or audited by the Group's auditors.

19 August 2022
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