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# 2025 Strategy Update

June 2022

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This Presentation may use non-IFRS financial information including EBITDA, EBITDA margin, EBIT(A), EBIT(A) margin, EBIT, NPAT(A) (as well as the same measures stated on an underlying or proforma basis), net debt and return on average capital employed (ROACE). These measures are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to IFRS financial information is included in the presentation. Non-IFRS measures have not been subject to audit or review. Certain of these measures may not be comparable to similarly titled measures of other companies and should not be construed as an alternative to other financial measures determined in accordance with Australian accounting standards.

Revenue refers to external sales revenue.

\$ refers to Australian Dollars.

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# Presentation outline

- 1** **FY25** Targets
- 2** **Perenti** Today
- 3** **Future** Direction
- 4** **Delivering Improved** Financial Performance
- 5** **FY23** and building to **FY25**

# 1. FY25 Targets

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# FY25 | Targets

## HEALTH AND SAFETY

No life changing events

## ROACE<sup>1</sup>

20%

## EBIT(A) MARGIN<sup>2</sup>

10%

## REVENUE

\$2.5 Billion

## LEVERAGE<sup>3</sup>

<1.0x

1. ROACE is defined as underlying EBIT(A) divided by average (PPE + net working capital)  
2. EBIT(A) margin is defined as underlying EBIT(A)  
3. Leverage is defined as net debt divided by underlying maintainable EBITDA

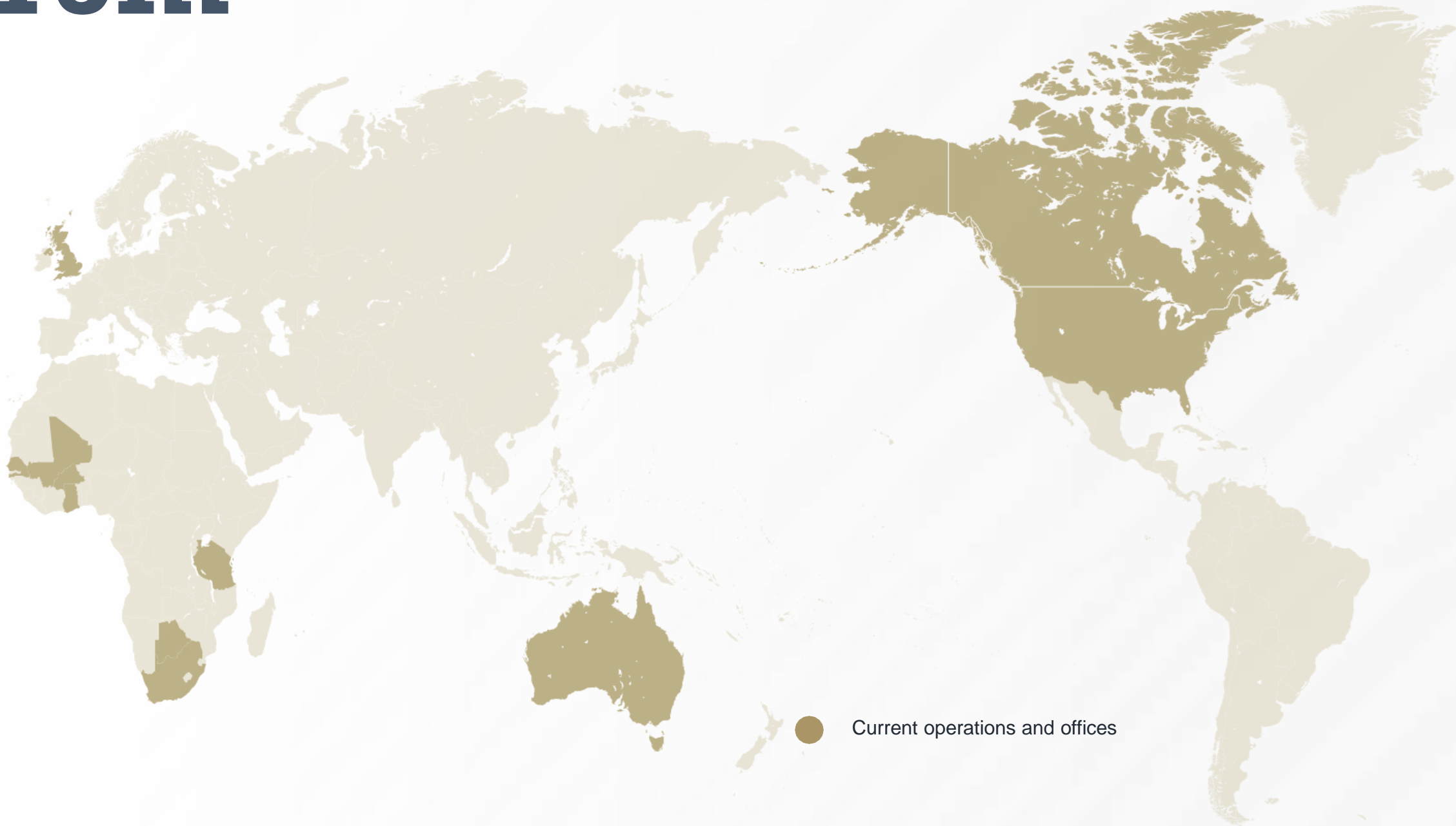
# 2. Perenti Today

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Perenti today | A global mining services business

FY22 Revenue	FY22 EBIT(A)
\$2.4B	\$170m - \$175m

Employees	Projects
~9,000	~60
Countries	Continents
11	4
Commodities	Clients
9	100+



# Navigating through unprecedented challenges





# Delivering against our strategy from 2019

## Stabilised the business

- Successfully integrated Barminco with Ausdrill to create Perenti
- Exited some high-risk African jurisdictions and projects and recycled capital
- Addressed historical business issues
- Navigated COVID-19 challenges (still ongoing)

## Enhanced cash generation

- Improved AMS business performance
- Rationalised portfolio to recycle capital of \$134.7m
- Established Capital Management Policy
- Built strong work in hand and pipeline in support of strategy

## Invested in Organisational Health

- Accelerated investment in people development
- Implemented risk management and assurance framework
- Strengthened governance and transparency
- Significant (ongoing) investment improving enterprise systems

## Positioned for the future

- Established idoba, our future focused technology business
- Expanded regionally into lower-risk jurisdictions of North America & Botswana
- Established Sustainability Framework
- Management effort shifting from historical and macro challenges to future value

# The case for change.....

Limited cash  
generation on  
investment

Industry 4.0  
in mining

Sustainability  
focus increasing

Global market  
changes

Energy  
revolution

So where to from here?

# 3. Future Direction

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Our fundamental objective is to...

# Deliver Competitive Total Shareholder Returns

By building a portfolio of complementary businesses that deliver consistent and quality cash profits to create enduring value for our clients, our people and our investors





# Sustainability is linked to Our Purpose



**Perenti**

**HEALTH, SAFETY & ENVIRONMENT POLICY**

**Perenti**

**SUSTAINABILITY POLICY**

**Perenti**

**SPEAK-UP POLICY**

**Perenti**

**INCLUSION AND DIVERSITY POLICY**

**Perenti**

**CODE OF CONDUCT POLICY**

**PERENTI GLOBAL LIMITED**

**Modern Slavery Act Statement FY21**

**Perenti**

**SUSTAINABILITY REPORT 2020**

**Perenti**

**SUSTAINABILITY REPORT 2021**

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# Repositioning our business model

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**Blended  
portfolio  
to deliver  
competitive  
TSR**

# Building out our operating businesses

## Key Assessment Criteria

### Strategic attractiveness

- Commodity mix
- Market position
- ESG focused

### Value creation potential

- Earnings growth
- Strengthen balance sheet
- Cash generation

### Fit within Perenti

- Complementary offering
- Attractive geographies
- Capital balanced

# idoba | Advancing our digital capability

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**SANDPIT**

**impres.**



- Disciplined commitment to fund digital technology capability through idoba
- idoba's ecosystem approach codifies mining know-how into a transformative digital platform offering
- Leverage the investment internally and externally to:
  - Improve all Perenti businesses
  - Develop new digital product offerings
  - Build new recurring revenue streams
- Continue to expand MOU with Sumitomo



# Evolving how we work | The Perenti Operating Model

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## Organisational Design

- Portfolio management
- Decentralised structure
- Operating business full P&L accountability
- Performance management

## Governance Framework

- Code of conduct
- Enterprise risks
- Policy, standards & processes
- Internal audit & compliance



## People and Culture

- Our Principles
- Leadership
- Key capabilities
- Working together

## Systems and Data

- Core systems & applications
- Master data management
- Insights through analytics
- Continuous improvement

**To create enduring value and certainty**

# Strategic focus areas

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## Business performance

Through continuous improvement, safely generate sector-leading cash backed profits and exceed business specific KPI's

## Capital management

Maintain rigorous capital allocation methods to maximise sustainable and competitive returns to shareholders

## Organisational health

Embed governance, operating rhythms and routines that are risk-based to provide clarity, along with the right tools for our people

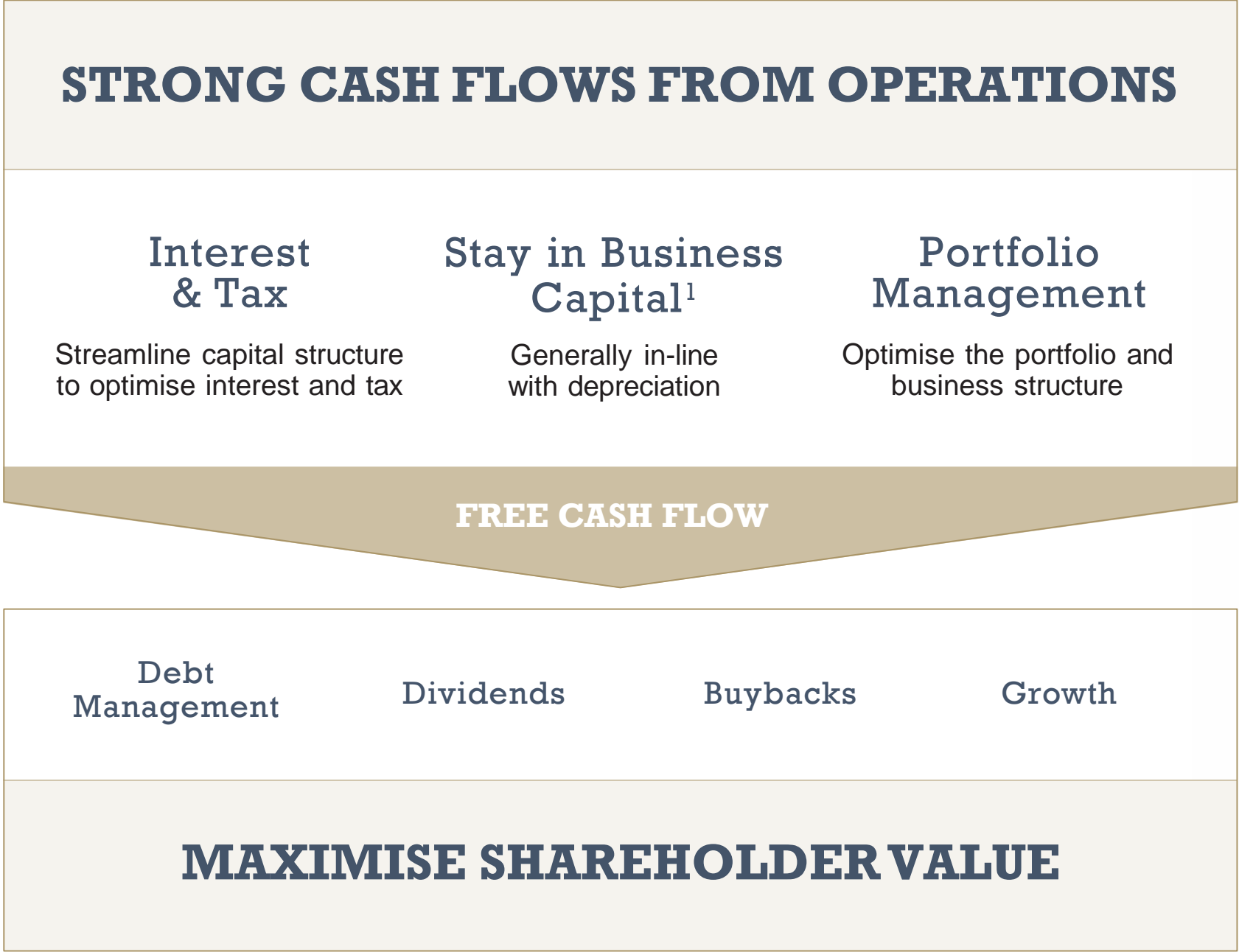
## People and culture

Through our leaders living our principles we attract, retain and engage quality people that deliver outstanding results for our clients, communities, investors and our people

## Data and analytics

Manage, maintain and analyse our data to provide fresh insights in support of decision making to deliver business outcomes

# Cash focus supported by strong financial management



- Optimise operational & business performance to maximise cashflow
- Active review of portfolio and assessment based on attractiveness, value and fit
- Continue to transition into lower-risk jurisdictions
- Minimise costs of doing business
- Strengthened approach to capital management to deliver improved value
- Balanced allocation to meet short and long-term business needs

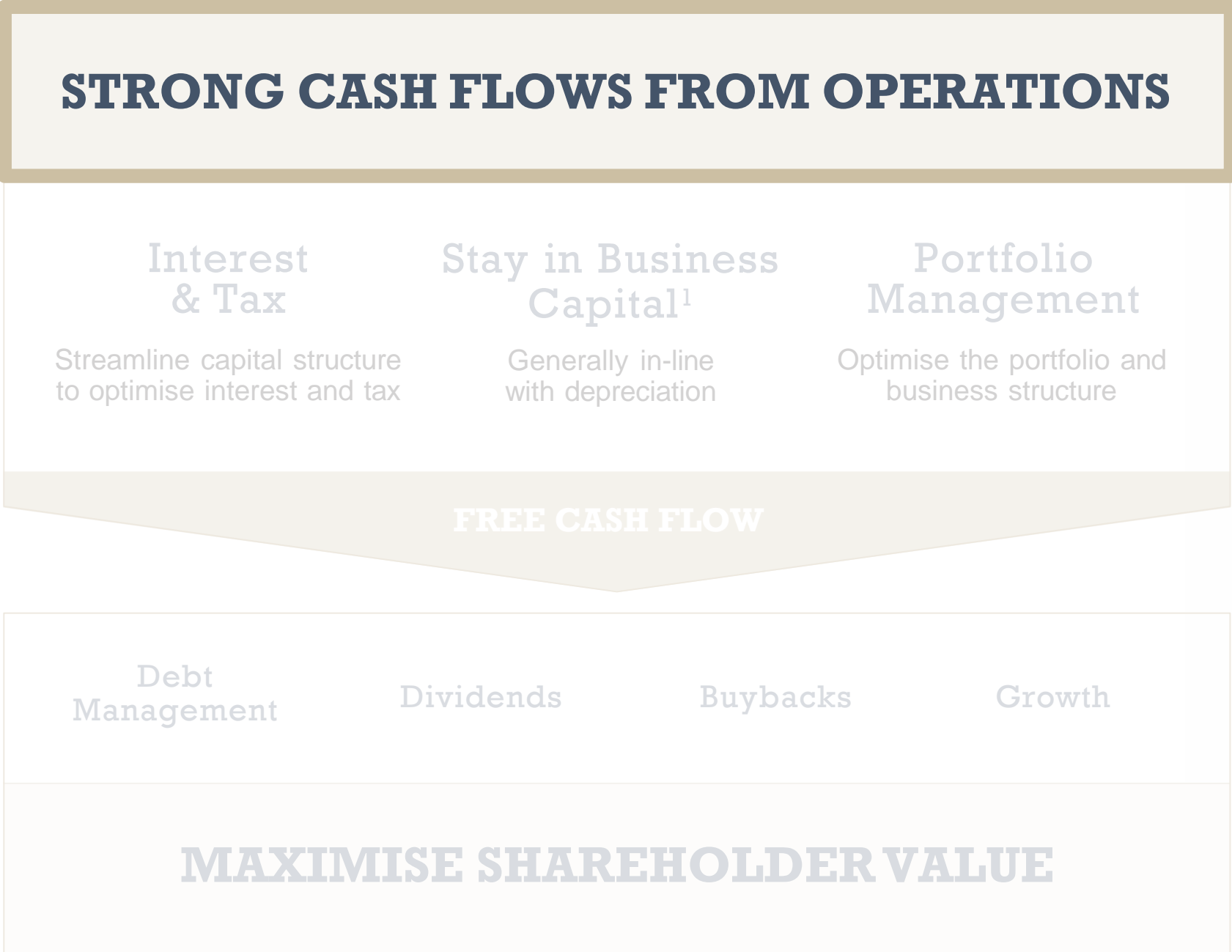
1. Stay in business capital relates to capital expenditure required to sustain operations, reduce risk and meet compliance obligations.

# 4. Delivering improved financial performance

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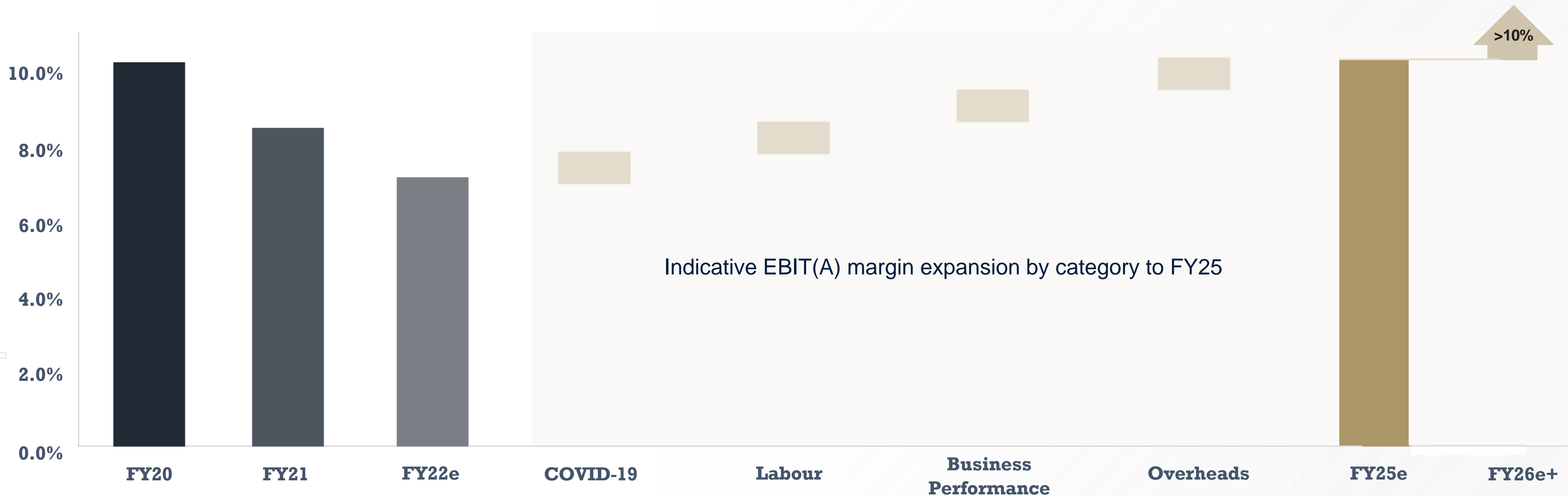
# Improving operational performance



- Secure operational and corporate efficiencies, including working capital
- Successfully ramp up new projects to deliver returns on the capital invested in FY22
- Address underperforming projects, regions and businesses
- Enhance and deliver consistent Contract Mining project performance
- Deliver consistent Group EBIT(A) margin of 10% by 2025

# EBIT(A) margin expansion to FY25

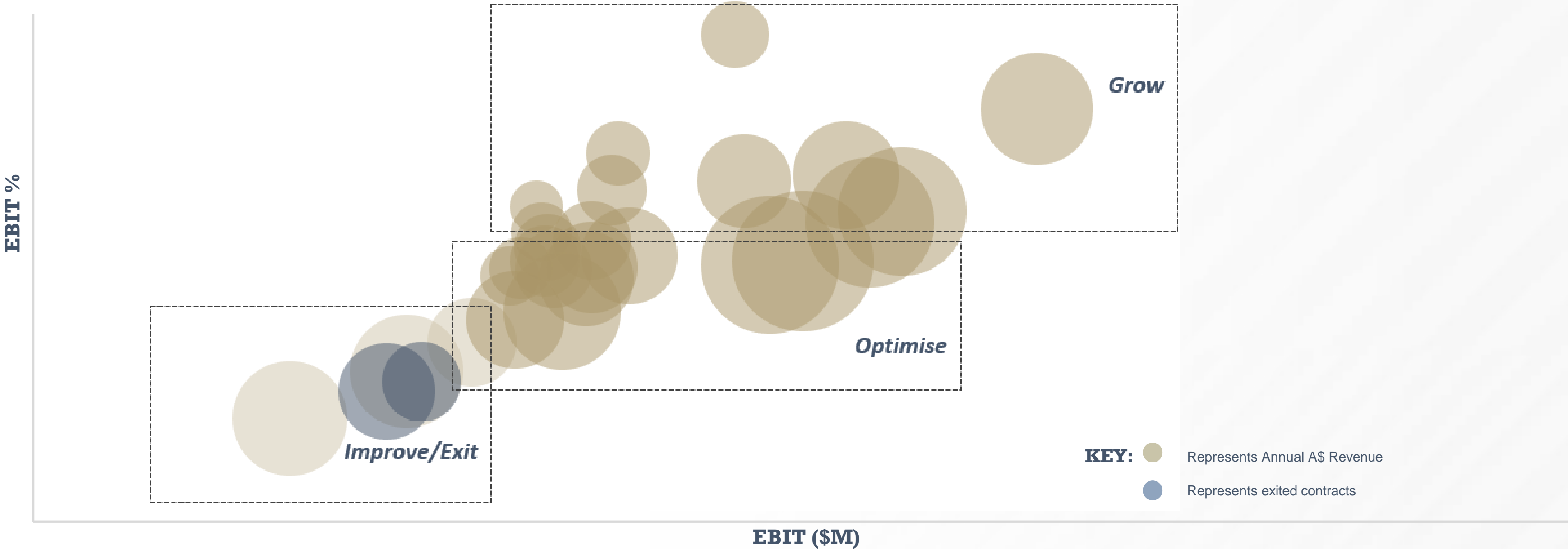
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# Contract improvement opportunities

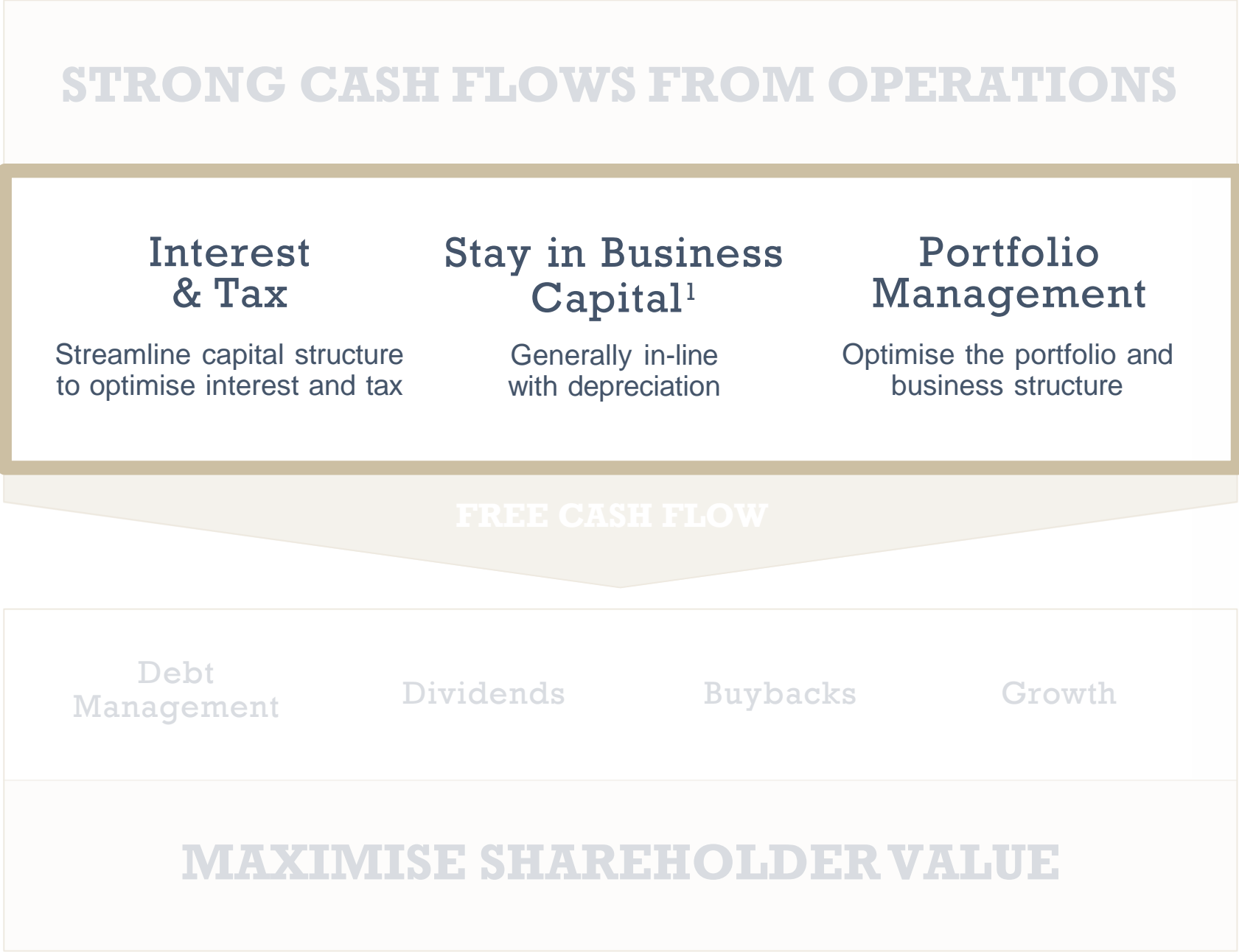
Margin uplift will be delivered by improving / exiting underperforming contracts

Contract Mining projects



Note: represents Perenti’s Contract Mining project portfolio at 1H22.

# Delivering operational efficiencies



- Reduce interest expense through:
  - Restructure debt facilities to access lower interest rates
  - Reduced debt levels through free cash flow generation
  - Optimise global structure to release foreign cash
- Reduce % cash tax on earnings through optimisation of global structure and increased Australian earnings enabling the utilisation of Australian tax losses
- Tighter financial management of stay in business capital ensuring alignment with depreciation
- Divestment of non-core assets that do not generate required returns

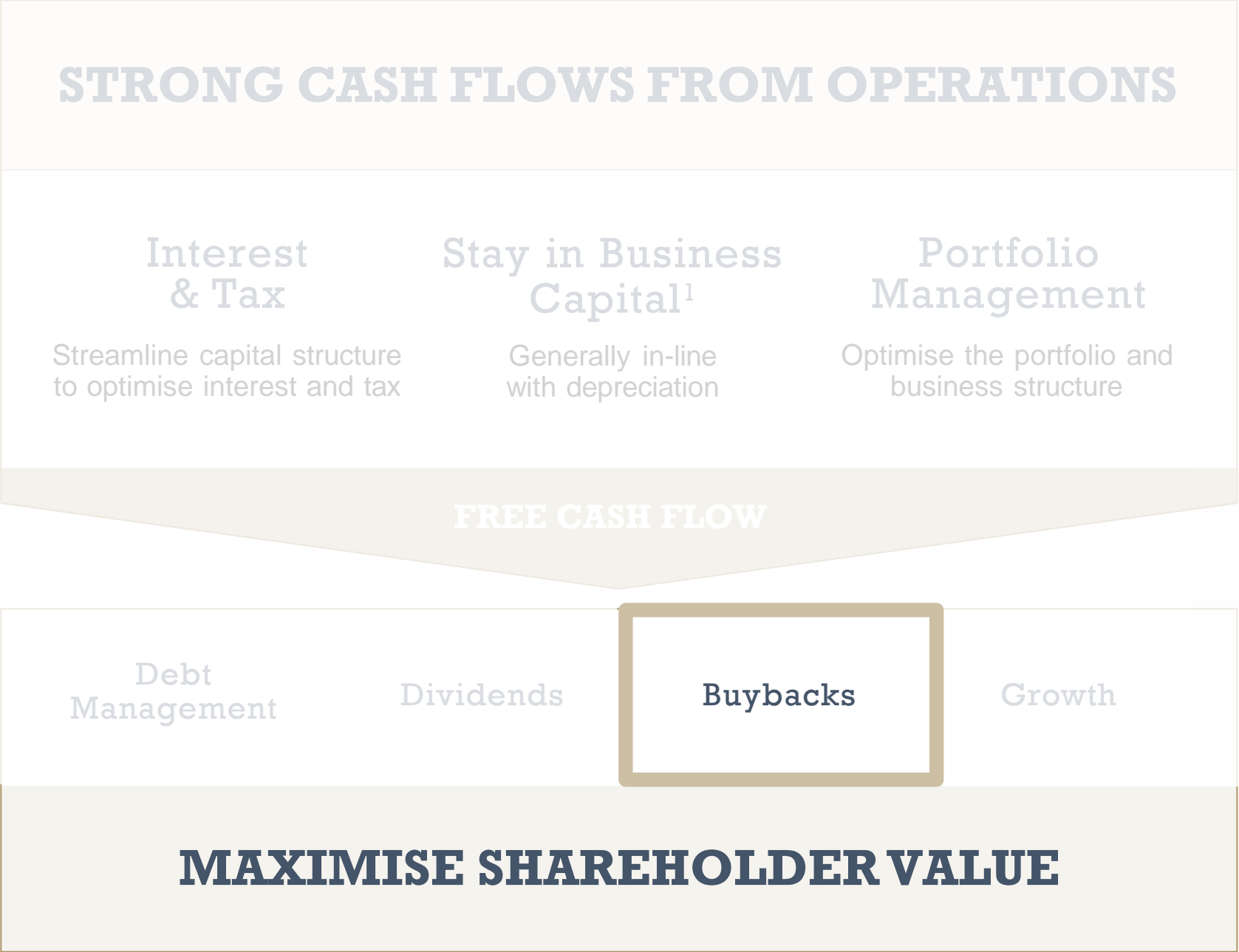


# Disciplined capital allocation



- Achieve a sustainable leverage (net debt/EBITDA) <1.0x by 2025
- Suspension of dividends until leverage target is achieved, remembering future dividends will be unfranked for the foreseeable future
- Buybacks to be considered where the economic benefit is compelling
- Annual growth capital amount to be allocated from free cash flow, with projects and business opportunities to compete for the allocated amount
- Investment in digital technology through idoba remains crucial to future-proof business growth

# Returning value via a share buyback



- Announced the commencement of up to 10% shares via an on-market share buyback
- Management & Board continue to believe current share price significantly undervalues Perenti
- Immediately EPS accretive for Perenti shareholders
- A portion of the cash proceeds from FY22 Capital Management activities will fund the buyback
- The buyback does not impact Perenti’s ability to deliver its leverage target by FY25

# 5. **FY23** and building to **FY25**

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# Delivering through our strategic focus areas

Strategic Focus Areas:	Business performance	Capital management	Organisational health	People and culture	Data and analytics
<b>Optimise current business</b> (0 - 18mths)	<ul style="list-style-type: none"><li>• Improve safety</li><li>• Improve margins</li></ul>	<ul style="list-style-type: none"><li>• Complete portfolio review</li><li>• Share buyback</li></ul>	<ul style="list-style-type: none"><li>• Embed new operating model</li><li>• Publish sustainability targets</li></ul>	<ul style="list-style-type: none"><li>• Leading @ Perenti program</li><li>• Attract and retain employees</li></ul>	<ul style="list-style-type: none"><li>• Establish data and digital foundations</li><li>• Utilise data insights to drive margin improvement</li></ul>
<b>Build future portfolio</b> (1 - 3yrs)	<ul style="list-style-type: none"><li>• Further business simplification</li><li>• Recycle capital from high-risk jurisdictions</li></ul>	<ul style="list-style-type: none"><li>• Reduce tax and interest cash costs</li><li>• Invest in Mining Services</li></ul>	<ul style="list-style-type: none"><li>• Invest in core management systems</li><li>• Deliver against sustainability targets</li></ul>	<ul style="list-style-type: none"><li>• Deliver culture &amp; inclusion initiatives</li><li>• Develop future ready workforce</li></ul>	<ul style="list-style-type: none"><li>• Leverage idoba internally &amp; externally</li><li>• Develop new products &amp; services</li></ul>

## FY23 outlook

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FY23 EBIT(A)  
**solid beat**  
to FY22

FY23 CAPEX  
**significantly**  
**less** than FY22

FCF **stronger**  
than FY22

LEVERAGE  
**well below**  
FY22

FY23 guidance to be provided August 2022



# A focused strategy to deliver competitive TSR

Deliver competitive Total Shareholder Returns by building a portfolio of complementary businesses that deliver consistent and quality cash profits to create enduring value for our clients, our people and our investors



Our Purpose : To create enduring value and certainty

**Thank you**

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