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# 2025 Strategy Update

June 2022

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**2025**  
Strategy  
Update

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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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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**

# 2. Perenti Today

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# Perenti today | A global mining services business

**2025**  
Strategy  
Update

FY22 Revenue

**\$2.4B**

FY22 EBIT(A)

**\$170m - \$175m**

Employees

**~9,000**

Projects

**~60**

Countries

**11**

Continents

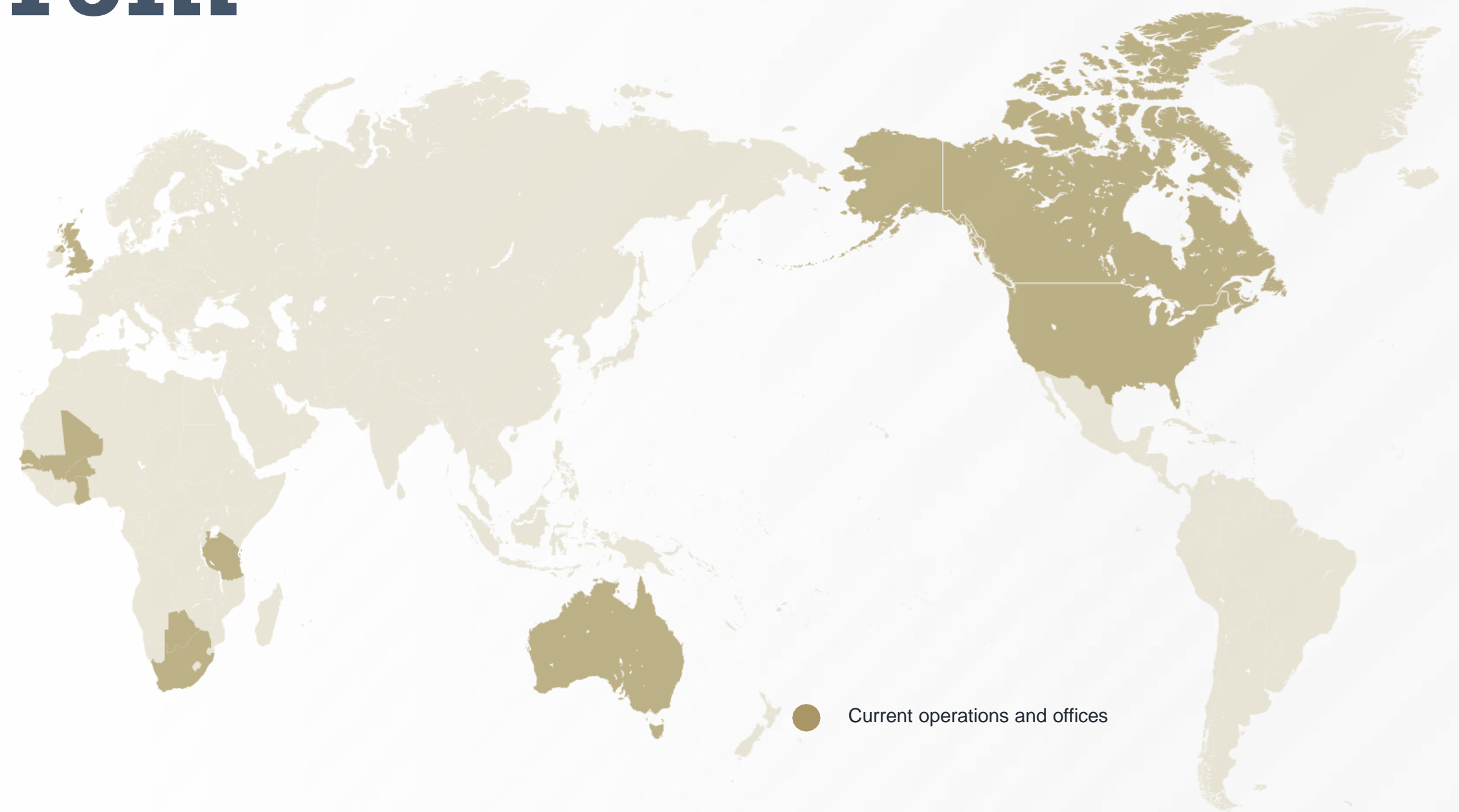
**4**

Commodities

**9**

Clients

**100+**



# Navigating through unprecedented challenges



**COVID-19**

**Country & border  
restrictions**

**Labour  
constraints**

**Supply chain &  
inflationary pressures**

**Geopolitical  
conflicts**



# Delivering against our strategy from 2019

## Stabilised the business

- Successfully integrated Barmenco 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**

**PERENTI GLOBAL LIMITED**

**Modern Slavery Act Statement FY21**

**Perenti**

Perenti Global Limited (Perenti)  
ABN 95 009 221 474

**Perenti**

**SUSTAINABILITY REPORT 2020**

**Perenti**

**SUSTAINABILITY REPORT 2021**

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# Repositioning our business model



# 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



**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



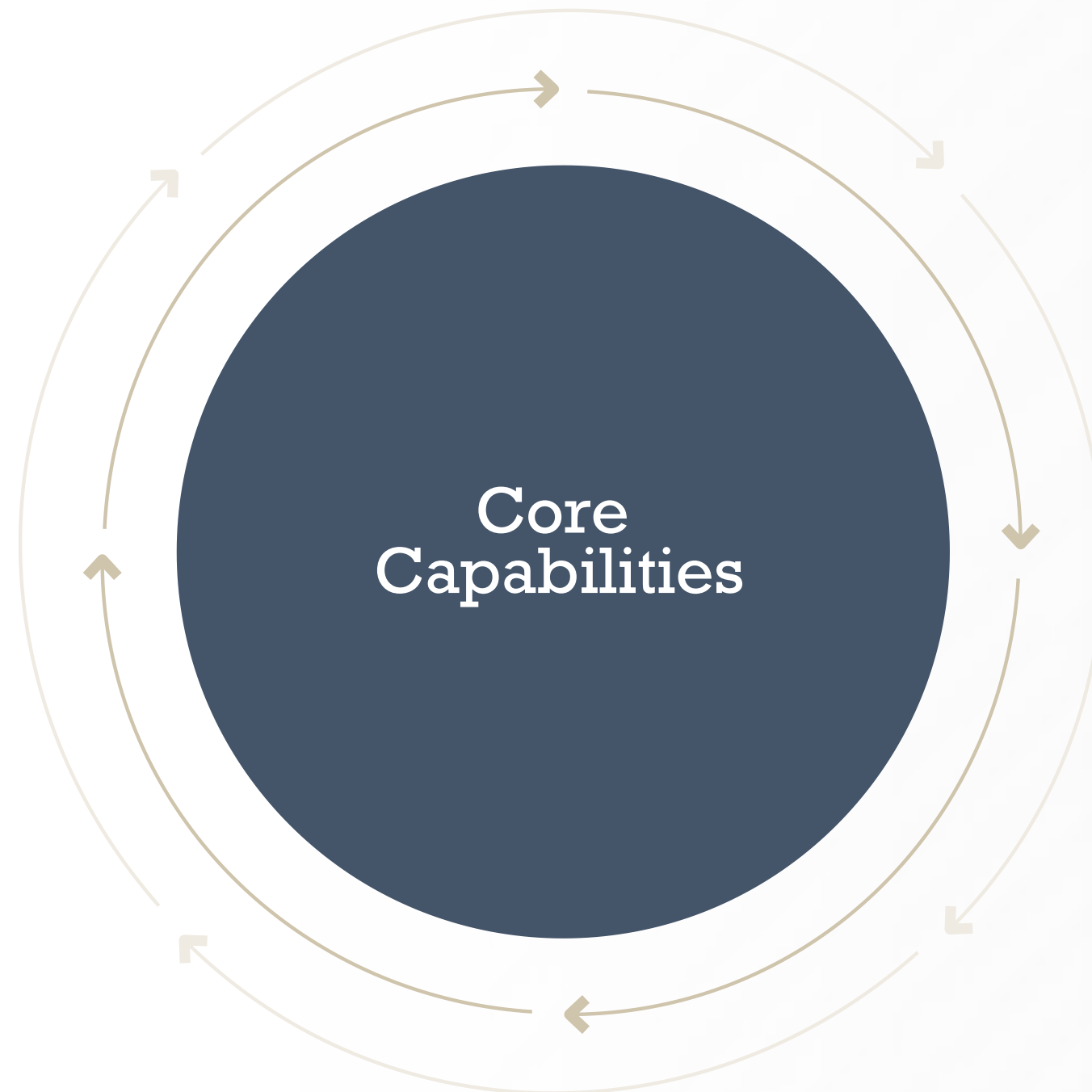
# Evolving how we work | The Perenti Operating Model

## 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

## 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

# 4. Delivering improved financial performance

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# Improving operational performance

## STRONG CASH FLOWS FROM OPERATIONS

### Interest & Tax

Streamline capital structure to optimise interest and tax

### Stay in Business Capital<sup>1</sup>

Generally in-line with depreciation

### Portfolio Management

Optimise the portfolio and business structure

## FREE CASH FLOW

Debt Management

Dividends

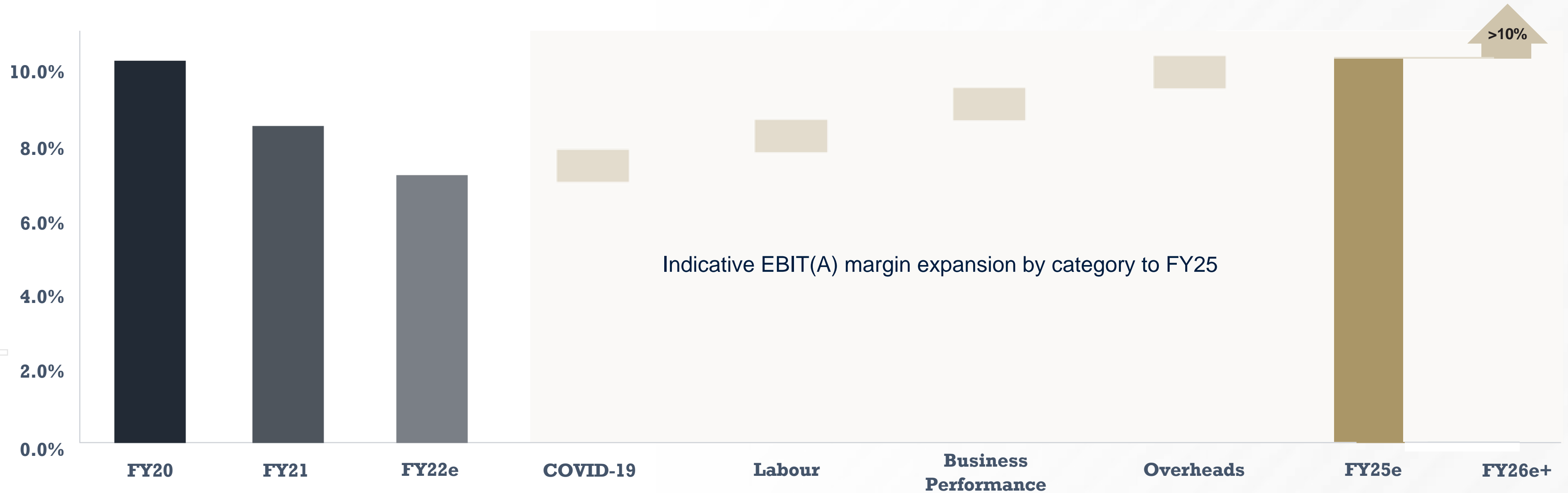
Buybacks

Growth

## MAXIMISE SHAREHOLDER VALUE

- 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

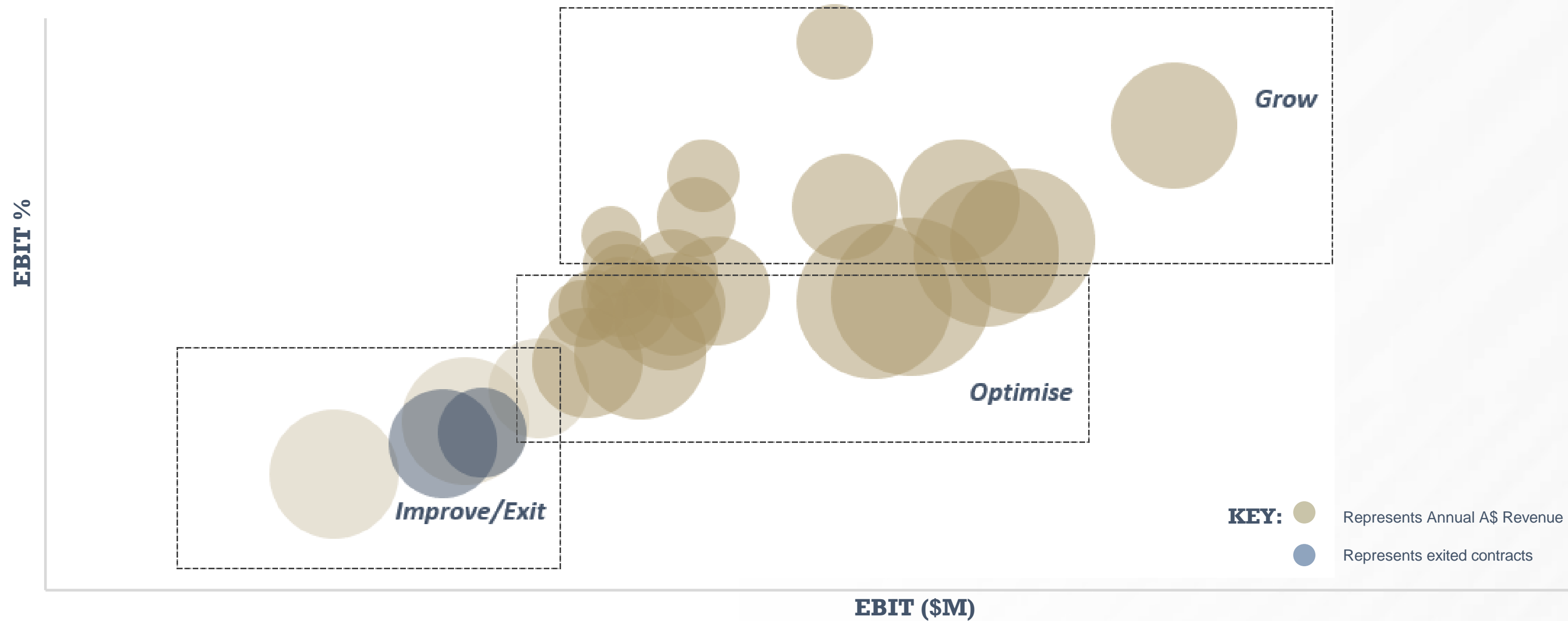
# EBIT(A) margin expansion to FY25



# Contract improvement opportunities

Margin uplift will be delivered by improving / exiting underperforming contracts

## Contract Mining projects



# Delivering operational efficiencies

## STRONG CASH FLOWS FROM OPERATIONS

### Interest & Tax

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## FREE CASH FLOW

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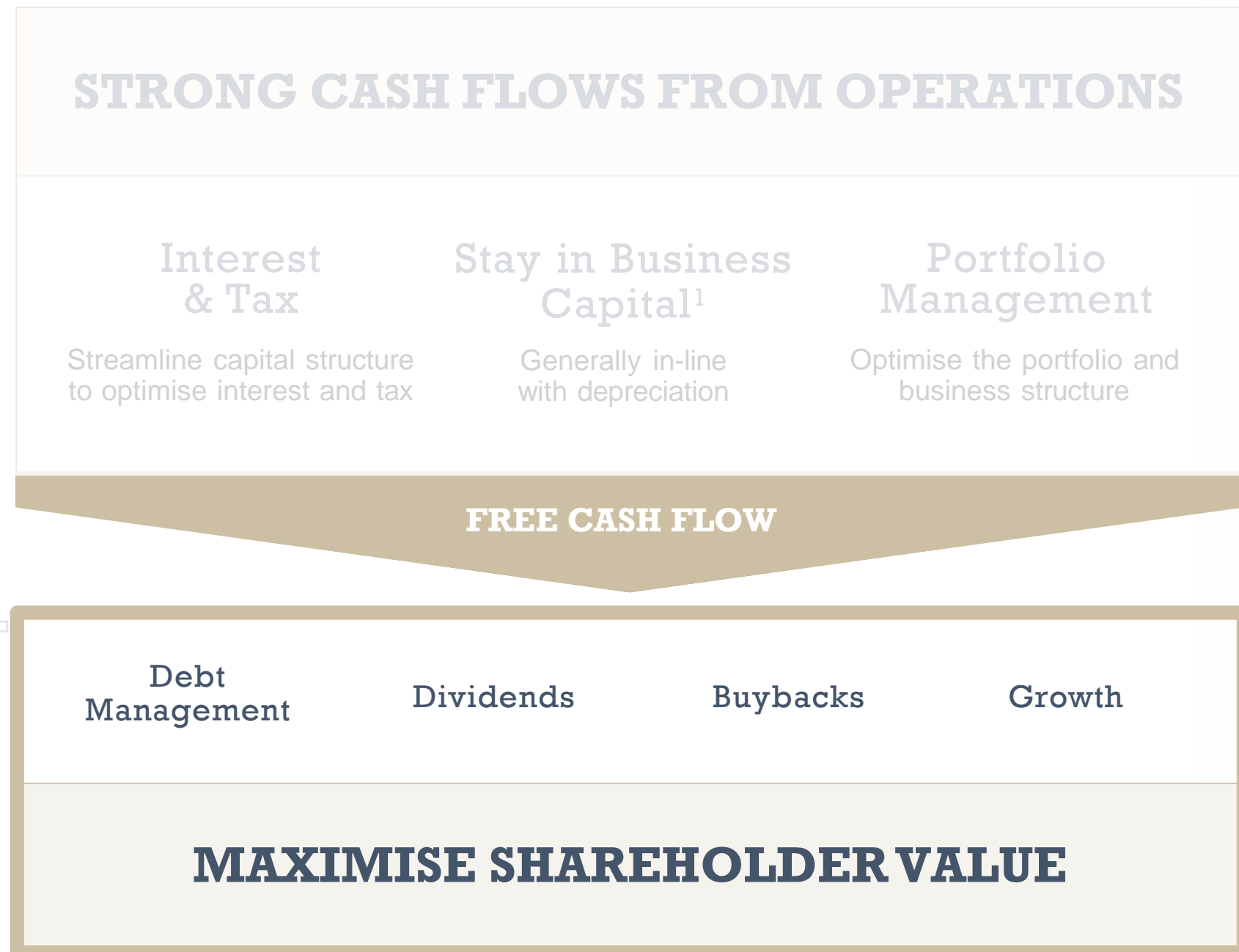
Growth

## MAXIMISE SHAREHOLDER VALUE

- 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

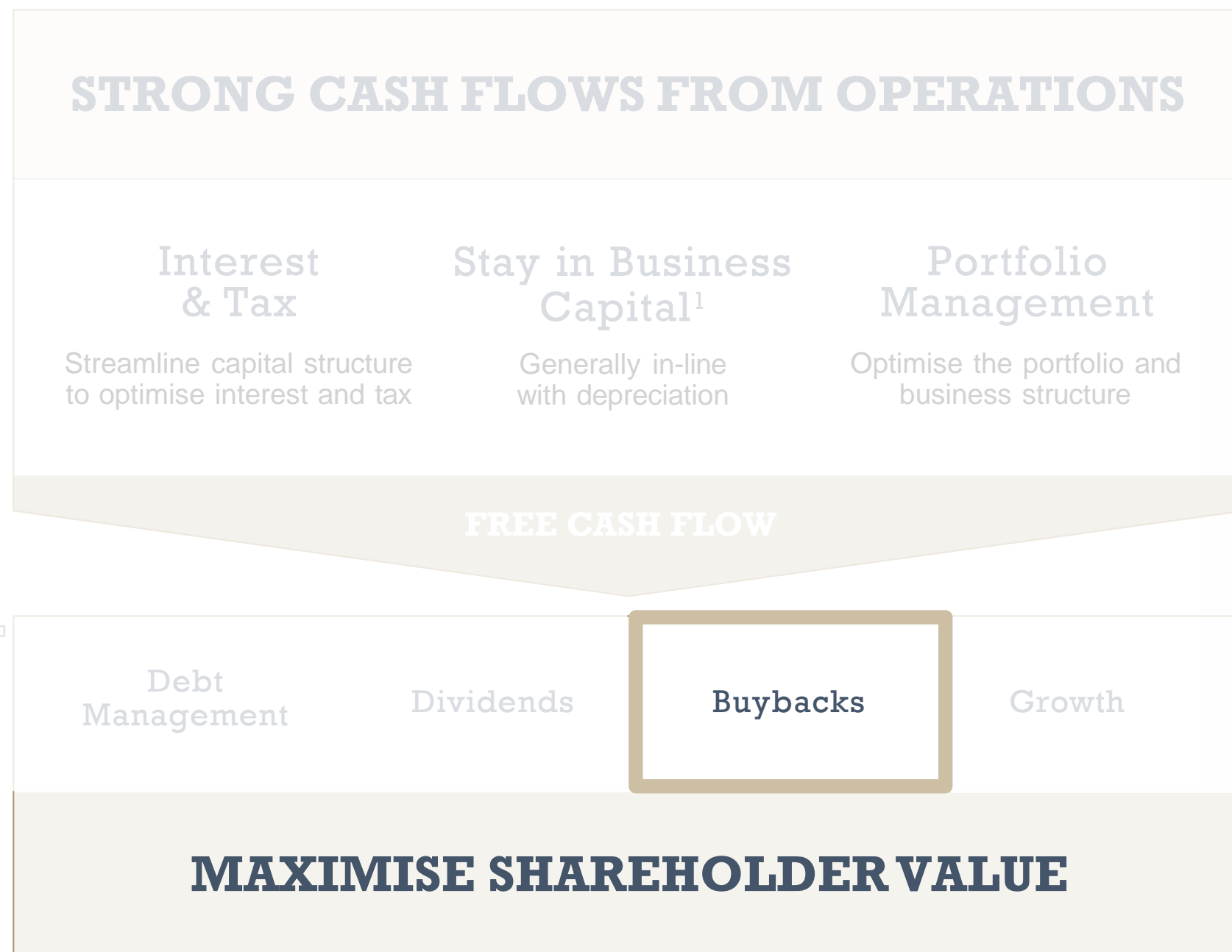


# Disciplined capital allocation



- 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

—  
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**

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**Thank you**

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