

ASX and NZX Release

25 August 2023

Performance delivered; on track for top end of guidance range

Ventia Services Group Limited (Ventia) today announced its financial results for the six months to 30 June 2023 (HY23), delivering greater than 10% growth in Revenue, EBITDA and NPATA.

Ventia Group Chief Executive Officer, Dean Banks said: "Ventia set out to achieve three broad goals this half, to deliver on expectations both operational and financial, realise sustainable growth and continue to create long term value for shareholders. I am pleased to report that we have delivered against each of these goals. We have achieved solid performance and growth across all sectors. Our renewal rate of 90%, work in hand of \$17.5 billion and revenue from new projects of nearly \$750 million are each an excellent leading indicator for the sustainability of our growth. And lastly, reporting interim dividend growth of 11.2%, combined with full year guidance at the top end of the range, clearly demonstrates the continued increasing trajectory of dividends the company has distributed since listing."

Highlights

- **Strong business performance, with solid growth across all sectors**
- **Continued positive safety momentum with TRIFR¹ down 11.4%**
- **Revenue of \$2,786.8 million, up 11.0% on HY22**
- **EBITDA of \$225.1 million, up 10.7% with margin of 8.1%**
- **Work in hand increased to \$17.5 billion, up 1.0%**
- **Prudent cash focus delivered operating cash flow conversion of 88.9%²**
- **Interim Dividend of 8.31 cents per share, franked to 80%**
- **Guidance - FY23 NPATA growth of 7-10% on FY22 pro forma NPATA**

"Ventia's Statutory NPATA of \$94.8m was up 11.3% on the prior corresponding period (pcp), which underpinned our interim dividend of 8.31 cents per share (up 11.2%). This robust performance was primarily driven by the full year benefit of new Telecommunications contracts, as well as scope expansion, increased volumes and award of further minor capital works across all the sectors.

"We continue to make significant inroads embedding our strategy and putting service excellence at the centre of everything we do. Ventia continues to broaden and strengthen existing relationships, while exploring new markets and capabilities. This has been evidenced by some of the large contract wins this period, such as the Defence Maintenance Contract and Yallourn, each demonstrating existing Ventia's specialist capability, robust systems, and compelling value proposition.

¹ TRIFR - Total recordable injury frequency rate, calculated as the total number of recordable injuries, divided by hours worked in millions.

² Operating cash flow represents EBITDA plus any non-cash share payments, less changes in Net Working Capital. Operating cash flow conversion is operating cash flow divided by EBITDA expressed as a percentage.

*All prior corresponding period numbers are on a reported pro forma basis for HY22

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“During this period, we have also seen new work awarded by strategic long-term clients such as Transurban and NBN, for their Queensland road network and more Node to Premise work, which leverages our strong asset management and expert capability. Pleasingly, we have made some further inroads into new markets, for example in Telecommunications for the service of electric vehicle charging stations nationally, and in Infrastructure Services, for maintenance services of the West Wyalong solar farm, leveraging our emerging energy solutions capability.

“We see significant future opportunity across all four business sectors, underpinned by strong demand drivers and mega trends. We are confident our strategy will continue to deliver service excellence for our clients and long-term value for shareholders,” said Mr Banks.

Safety and Sustainability

Ventia’s TRIFR continued to improve, falling from 3.9 to 3.5 in HY23, an 11.4% reduction. There are a series of progressive actions which have contributed to the continued positive safety trajectory, which include deep leadership commitment, investment in front line training and greater focus on our critical controls.

Our commitment to sustainability is clear. In 2023 we are working towards the submission and verification of our Science Based Targets, which we expect to submit before the year’s end. Over the half we delivered an absolute emission³ reduction of 9.0% across the business through fleet transition and the sale of Parklea. Across our fleet an additional 39 hybrid and electric vehicles have been added with a further 110 currently on back order. We remain committed to our targets across environment, social and governance and look forward to updating you on our metrics and progress at the full year.

Dividends and Balance Sheet

The half year performance and high cash flow conversion allowed the Board to declare an interim dividend of 8.31 cents per share, 80% franked and payable on 6 October 2023. This represents a payout of 75% of pro forma NPATA for the six months to 30 June 2023.

Ventia’s diligent cash focus has delivered high cash conversion (88.9%) and an improved leverage ratio (1.3x). Our interest cover ratio reduced to 10.4x with the recent increases in base rates and offset by our hedged component. As at 30 June 2023, the business had a liquidity position of \$721.0 million, including cash of \$321.0 million and an undrawn revolving facility of \$400 million.

Outlook

³Combined scope 1 and scope 2 emissions

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Dean Banks said: "Ventia's Board and Management anticipate continued stable and considered growth. We expect revenue and earnings momentum will remain as the demand for essential services continues, underpinned by market tail winds.

Ventia's strong performance, robust business fundamentals and diligent risk focus gives us confidence to update our 2023 guidance to the top end of the range for NPATA growth of 7 to 10% compared to FY22 pro forma NPATA."

Market briefing

Ventia will provide a market briefing at 11.00am (AEST) today, 25 August 2023. The market briefing will be webcast via the Ventia website at ventia.com.

This announcement was authorised by the Ventia Board.

-Ends-

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About Ventia

Ventia is a leading essential infrastructure services provider in Australia and New Zealand, proudly providing the services that keeps infrastructure working for our communities. Ventia has access to a combined workforce of more than 35,000 people, operating in over 400 sites across Australia and New Zealand. With a strategy to redefine service excellence by being client-focused, innovative and sustainable, Ventia operates across a broad range of industry segments, including defence, social infrastructure, water, electricity and gas, resources, telecommunications and transport.