Ventia Services Group Limited
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AUSTRALIA

ventia.com

ASX and NZX Release

24 February 2023

Outperformance on key prospectus metrics and FY23 guidance

Ventia Services Group Limited (Ventia) today announced its financial results for the twelve months to 31 December 2022 (FY22), delivering Revenue, EBITDA and NPATA growth, ahead of prospectus forecast.

Ventia Group Chief Executive Officer, Dean Banks said: “Ventia’s pro forma NPATA of $179.6m, up 22.4%, and a final dividend of 8.28 cents per share reflect the full year benefit of new contracts, increased productivity and our competitive value proposition. Statutory net profit was up materially to $191.2m, including the benefit of one-off recognition of historic tax losses in the first half of FY22.”

Highlights

- **Outperformance on key prospectus metrics**
- **Continued positive safety momentum** with TRIFR[1] down 14.1%
- **Pro forma Revenue of $5,167.5 million, up 13.4% on FY21**
- **Pro forma EBITDA of $419.8 million, up 10.5%** with margin of 8.1%
- **Work in hand increased to $18.0 billion, up 7.1%**
- Prudent cash focus **delivered pro forma operating cash flow conversion of 88.9%**[2]
- **A Final Dividend of 8.28 cents per share**, franked to 80%, results in a full year dividend of 15.75 cents per share

- **Guidance - FY23 NPATA growth of 7-10% on FY22 pro forma NPATA**

“We pride ourselves on the resilience of our portfolio and the ability to deliver stable and consistent financial outcomes through the cycle, this year reinforced that perspective.

“Building on the solid momentum of FY21, Ventia is delivering our strategy to redefine service excellence. This pursuit is accelerating our performance with great examples of new contracts which demonstrate client focus, innovation, and sustainability. Our expert technical capability underpinned the Square Kilometre Array Observatory contract win, a major diversification for our Telecommunications sector. Whilst our digital and asset management capability was demonstrated with the award of our innovative, interactive digital twin solution for Defence.

“This year we set ourselves the objective of securing $18.0 billion work in hand, creating a strong future pipeline and supporting a high level of secured revenue for 2023. Today we delivered on that target, growing work in hand 7.1% from our previous record of $16.8 billion, set last year.

[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

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"Large new contract wins and renewals such as Sydney and Western Harbour Tunnels, Transpower in New Zealand and the InterCity fibre build for Telstra InfraCo demonstrates clients seeking Ventia's specialist capability, robust systems, and compelling value proposition.

"Ventia is a business that has delivered sustainable growth through recent cycles. We see ongoing opportunity for growth in all four business sectors. We are confident our strategy will continue to deliver excellent outcomes for our clients and long-term value for our shareholders."

Safety and Sustainability

Ventia's Total Recordable Injury Frequency Rate (TRIFR) improved markedly to 3.7 compared to 4.3 in FY21, a 14.1% reduction. This has been achieved through many elements which include a focus upon the positive leadership shadow cast and the effectiveness of our education programs to upskill our diverse workforce.

Sustainability is a crucial component of our strategy. In 2022 we delivered an absolute emission[3] reduction of 10.6% across the business. We have more than doubled the number of hybrid or fully electric vehicles in our fleet, with materially more on order. This year's progress is a meaningful step towards our target of 100% hybrid or electric light vehicles by 2030. We look forward to sharing more details of our sustainability achievements in our Sustainability Report, which will be published in March 2023.

Dividends and Balance Sheet

The strong financial result, high cash flow conversion and focus on cash backed profits, allowed the Board to declare a final dividend of 8.28 cents per share, 80% franked and payable on 6 April 2023. This brings our total dividend to 15.75 cents per share, representing a payout of 75% of pro forma NPATA for the twelve months to 31 December 2022.

Ventia's diligent cash focus has delivered high pro forma cash conversion (88.9%) and an improved leverage ratio (1.4x). Our interest cover ratio reduced marginally to 12.4x with the recent increases in interest costs. On 31 December 2022, the business had a very strong liquidity position of $680 million, including cash of $280 million and an undrawn revolving facility of $400 million.

Outlook

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, underpinned by recent record infrastructure spend continues.

[3] Combined scope 1 and scope 2 emissions

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Ventia's business fundamentals and differentiated strategy provides a strong business outlook. This gives us confidence to today announce our 2023 guidance range for NPATA growth of 7 to 10 percent compared to FY22 pro forma NPATA."

Market briefing

Ventia will provide a market briefing at 11.00am (AEDT) today, 24 February 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.