

A man wearing a white hard hat with the Ventia logo, safety glasses, and a yellow high-visibility shirt with a Ventia logo on the pocket. He is smiling and looking directly at the camera. The background is a blurred industrial setting with various equipment and lights.

ventia

# FY22 Results Presentation

Dean Banks – Group Chief Executive Officer  
Stuart Hooper – Chief Financial Officer



# Disclaimer



**This presentation is in summary form and is not necessarily complete. It should be read together with the Company’s Full Year Report 2022 lodged with the ASX on 24 February 2023.**

This presentation contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward-looking statements are subject to a range of risk factors. Ventia cautions against reliance on any forward-looking statements, particularly in light of the current economic climate and the significant volatility associated with large scale tender projects.

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# Acknowledgement of country and Mihi



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Ventia would like to respectfully acknowledge the Traditional Owners and Custodians of country throughout Australia and their connection to land, sea and community. We pay our respect to them, their cultures and to their Elders past, present and emerging.



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He tautoko te ahurea i ngā kawa me ngā tikanga o ngā Iwi whānui o Aotearoa, me ka kawa me ka tikaka o ka Iwi whānui o Te Waipounamu. We recognise and celebrate the culture of manawhenua in Aotearoa and Te Waipounamu where our teams respect local Iwi and communities across the country.



# A successful first year as a listed company



## Financial Outperformance

- ✓ **Delivered on prospectus commitments**
  - Revenue **\$5,167.5m**, up **4.6%** on prospectus
  - EBITDA **\$419.8m**, up **2.7%** on prospectus
  - NPATA **\$179.6m**, up **4.5%** on prospectus
- ✓ **High cash conversion of 88.9%**
  - Operating cash flow \$373.3m, in line with prospectus
- ✓ **Final dividend of 8.28 cents per share, total of 15.75 for 2022**

## Success in Redefining Service Excellence

- ✓ **Client Focus**
  - Achieved **\$18.0b** work in hand, up **7.1%**
  - **85%** client renewal rate
  - **\$2.1b** revenue secured from new clients
- ✓ **Innovative**
  - Single enterprise technology platform complete
- ✓ **Sustainable**
  - **10.6%** emissions reduction
  - TRIFR improvement of **14.1%**

# Strong growth in operating performance delivered in FY22



## Pro forma Financials

### TOTAL REVENUE

**\$5,167.5m**

▲ 13.4% ON FY21

▲ 4.6% ON PROSPECTUS

### EBITDA

**\$419.8m**

▲ 10.5% ON FY21

▲ 2.7% ON PROSPECTUS

### NPATA

**\$179.6m**

▲ 22.4% ON FY21

▲ 4.5% ON PROSPECTUS

### EBITDA MARGIN

**8.1%**

▼ 0.2 PP ON FY21

▼ 0.2 PP ON PROSPECTUS

### CASH CONVERSION RATIO

**88.9%**

▲ 4.0 PP ON FY21

▼ 2.5 PP ON PROSPECTUS

### WORK IN HAND

**\$18.0b**

▲ 7.1% ON FY21

Pro forma results are non-IFRS measures that are used by Management to assess the performance of the business. They have been calculated from the statutory measures by adjusting the results for the financial impact of the Broadpectrum acquisition, the IPO and related refinancing. Refer to Page 23-24 of this presentation for statutory to Pro forma NPATA reconciliation and Pro forma consolidated statements of profit or loss





# Diversified and resilient portfolio underpins growth



## Defence and Social Infrastructure

FY22 pro forma revenue

**\$2.3b**

▲ 22.8% on FY21, ▲ 10.7% on prospectus

EBITDA

**\$153.4m**

▲ 19.2% on FY21, ▲ 12.9% on prospectus

Work in hand

**\$6.1b**



## Infrastructure Services

FY22 pro forma revenue

**\$1.2b**

▼ 0.1% on FY21, ▼ 10.3% on prospectus

EBITDA

**\$112.6m**

▼ 5.0% on FY21, ▼ 16.8% on prospectus

Work in hand

**\$5.4b**



## Telecommunications

FY22 pro forma revenue

**\$1.1b**

▲ 14.6% on FY21, ▲ 14.0% on prospectus

EBITDA

**\$141.1m**

▲ 9.0% on FY21, ▲ 6.1% on prospectus

Work in hand

**\$1.6b**



## Transport

FY22 pro forma revenue

**\$0.5b**

▲ 8.1% on FY21, ▲ 0.3% on prospectus

EBITDA

**\$38.8m**

▲ 19.5% on FY21, ▲ 7.0% on prospectus

Work in hand

**\$4.9b**



# Work in hand of \$18.0b, up 7.1% in FY22



## Inter-city fibre project ▲

Telstra InfraCo

**\$125M OVER 3 YEARS**

Awarded Aug 22  
Telecommunications

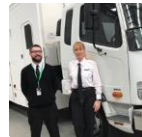


## Whole of Australian Government ▲

Commonwealth Government  
(Department of Finance)

**\$270M OVER 2 YEARS**

Awarded Apr 22  
Defence & Social Infrastructure



## Court and custodial services ▲

Government of Western Australia

**\$229M OVER 4 YEARS**

Awarded Dec 22  
Defence & Social Infrastructure



## Design and construction of radio telescope ▲

Square Kilometre Array Observatory

**\$200M OVER 3 YEARS**

Awarded Dec 22  
Telecommunications



## Gold Coast city water ▲

City of Gold Coast Council

**\$250M OVER 10 YEARS**

Awarded Aug 22  
Infrastructure Services



## Western and Sydney Harbour Tunnel ▲

Transport for NSW

**\$450M OVER 15 YEARS**

Awarded Apr 22  
Transport



## Grid Maintenance Project Services ▲

Transpower New Zealand

**\$300M NZD OVER 5 YEARS**

Awarded May 22  
Infrastructure Services



## Western Road Corridor Maintenance ▲

Auckland Transport

**\$220M NZD OVER 5 YEARS**

Awarded Aug 22  
Transport

- ▲ Contract renewal
- ▲ New work existing client
- ▲ New client



# Building on our strategy to Redefine Service Excellence



## Client Focused

Our **expert capability** differentiated Ventia and assisted in the win of the new Square Kilometre Array Observatory (SKAO) contract. The client said “Ventia submitted an innovative proposal, offering **superior technical capability** and best value for money for the project”

Philip Diamond  
Director-General, SKA Observatory



## Innovative

Project on a Page delivers **systematised, standard and transparent reporting**. This provides an enhanced level of governance and control. The insights and analytics delivered underpin consistent client outcomes and rapid risk assessment



## Sustainable

We are currently installing 87,000 LEDs to reduce energy and reactive maintenance costs. In partnership with Defence the program will deliver significant **reduction in carbon emissions**, 24,000+ tonnes in the first phase, with 29,000+ tonnes to follow in the second phase

## Health and Safety

What's Up? A program developed in partnership with the Federal Safety Commissioner to raise awareness and increase the safety of working at height. Ventia was commended for our proactive leadership and immediate action, this is a great example of our people delivering an outcome for Ventia and a **positive influence on the wider industry**







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FY22 RESULTS PRESENTATION

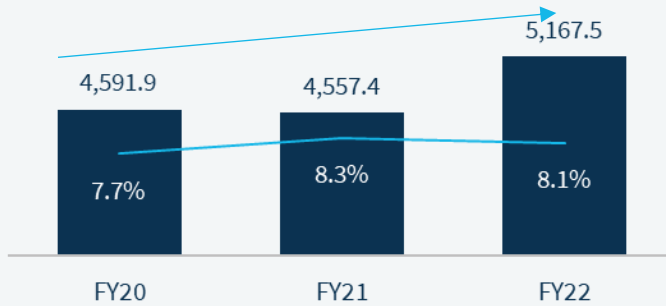
# Financial Results



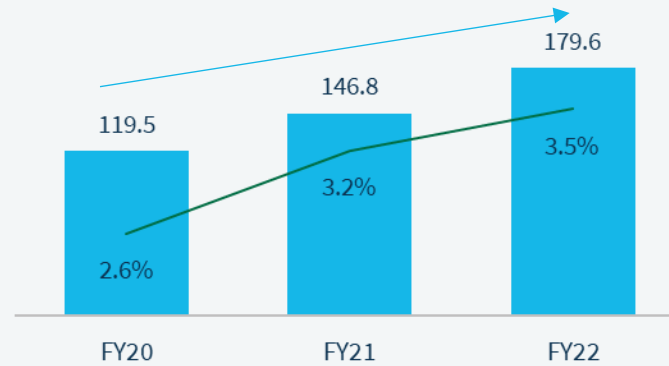
# Long term track record of consistent delivery



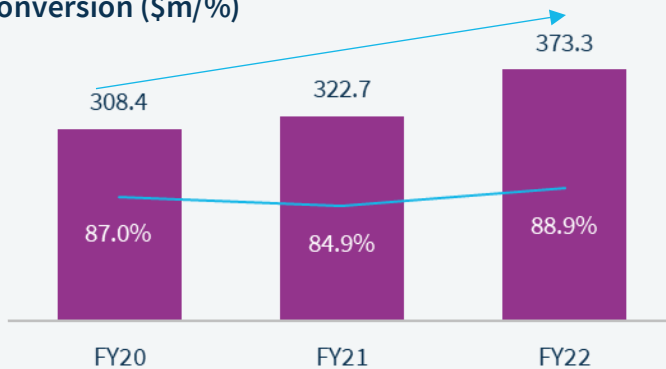
Pro forma Revenue and EBITDA Margin (\$m/%)



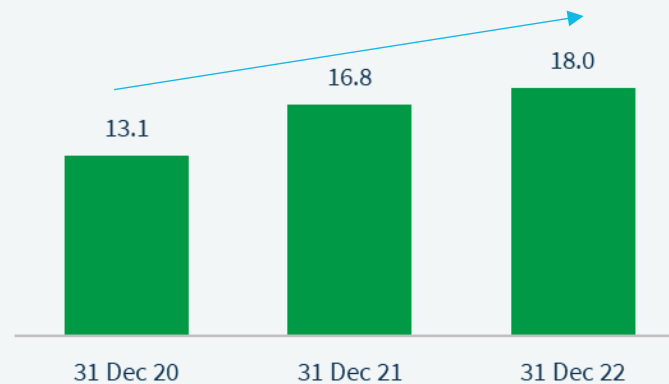
Pro forma NPATA and NPATA margin (\$m/%)



Pro forma Operating Cash Flow and Cash Flow Conversion (\$m/%)



Work in hand (\$b)



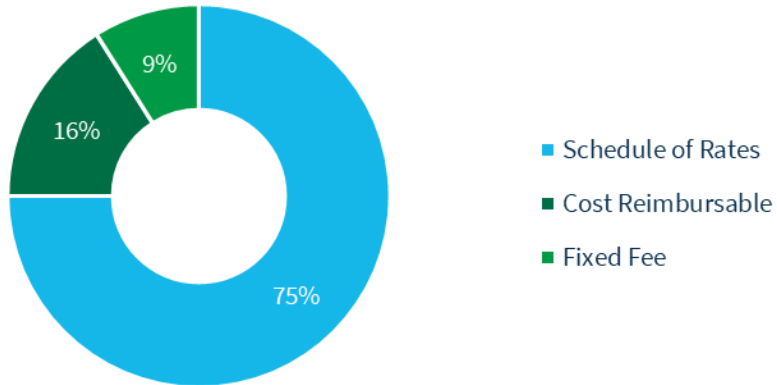
- **Growing demand for Ventia’s services**
  - Revenue increased **13.4%** on FY21
- **Delivering a consistent value proposition for shareholders**
  - NPATA has grown at a CAGR of **21.0%** over 3 years
- **Demonstrating a clear focus on cash backed profits**
  - Operating cash flow has increased by a CAGR of **8.8%** over 3 years
- **Providing a solid platform for future growth**
  - Work in hand has grown **15.1%** CAGR over 3 years



# Contracted revenue protected by escalation mechanisms



**FY22 revenue by contract profile (\$5.2b)**



## Diversified portfolio

400+ sites and 40% of our people working in regional and rural areas

## Average contract tenure

5.4 years (7.1 years with extension options)

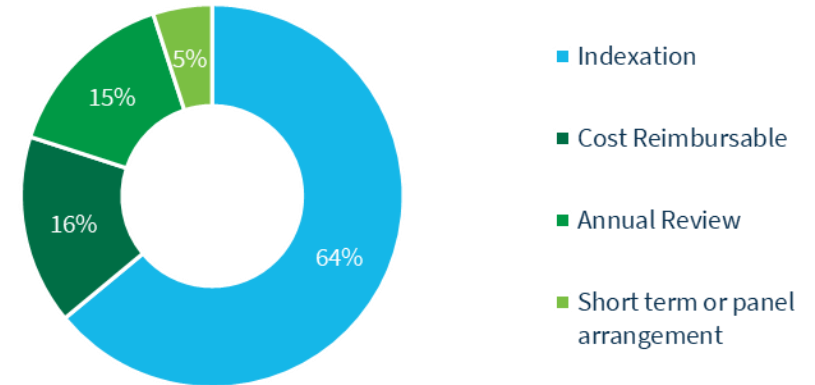
## Price escalations

95% of FY22 revenue had an inflation or price escalation mechanism

## Government contracting

77% of FY22 revenue via Government clients, 23% via private clients

**FY22 revenue by escalation type (\$5.2b)**



## Indexation

Indices used vary by contract and include CPI<sup>1</sup>, WPI, 'basket of goods' indices, wage indices or specific goods indices

## Annual review

Contracts which have provision for an annual review of costs and inflation

## Cost reimbursable

Contracts that are structured to pass the actual costs through to the client plus a margin

## Short term or panel arrangements

Short term are contracts of 12 months or less. Panel arrangements relate to specific projects that are short term and individually priced noting prevailing market conditions at the time of tender

1. 2022 CPI in Australia was 7.8% and NZ 7.2%.



# Delivery of cash backed profits has unrelenting focus



\$ millions, pro forma	FY21	FY22
Total revenue	4,557.4	5,167.5
Expenses	(4,177.5)	(4,747.7)
<b>EBITDA</b>	<b>379.9</b>	<b>419.8</b>
Non cash share based payments	7.5	7.5
Changes in net working capital	(64.7)	(54.1)
<b>Operating cash flow<sup>1</sup></b>	<b>322.7</b>	<b>373.3</b>
Operating cash flow conversion <sup>2</sup>	84.9%	88.9%
Lease payments	(72.0)	(71.5)
Capital expenditure	(36.3)	(34.4)
Acquisition	-	(15.7)
<b>Cash flow before financing and tax</b>	<b>214.4</b>	<b>251.7</b>
Net financing costs	(30.4)	(33.9)
<b>Free cash flow before tax and dividends</b>	<b>184.0</b>	<b>217.8</b>

### Changes in working capital

Net working capital has increased by \$54.1m primarily due to the roll off of PPA provisions, this change remains inline with original expectations. Refer to appendices for further details

### Operating cash flow

Operating cash flow before interest and tax increased by \$50.6m or 15.3% to \$373.3m. This represents cash flow conversion of 88.9% of EBITDA (an increase of 4.0 pp on FY21). The second half of 2022 cash flow conversion improved to 90.4%

### Acquisitions

\$15.7m was paid for two bolt on acquisitions, Kordia Solutions Pty Ltd (\$10.0m) and the assets of ATC Energy (\$5.7m)

### Net Finance costs

Net finance costs were higher in FY22 due to an increase in BBSY base rate. The interest rate exposure on our term loan is 50% hedged, for the next 2 years

1. Operating cash flow represents EBITDA plus any non-cash share payments, after changes in net working capital.  
2. Operating cash flow divided by EBITDA expressed as a percentage.

# Strong financial flexibility, with good liquidity and material headroom

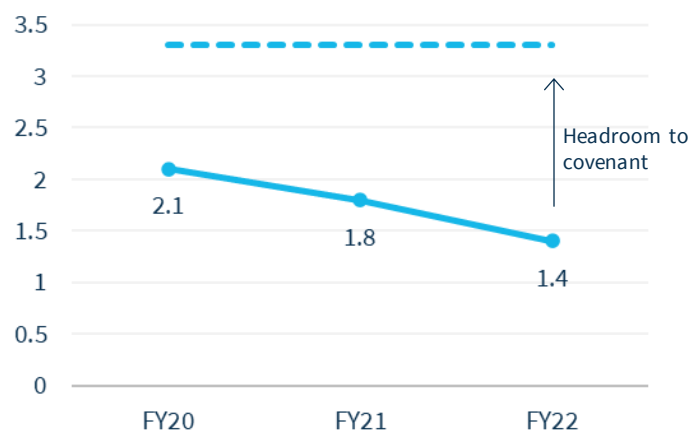


## 31 December 2022 metrics (\$ millions)

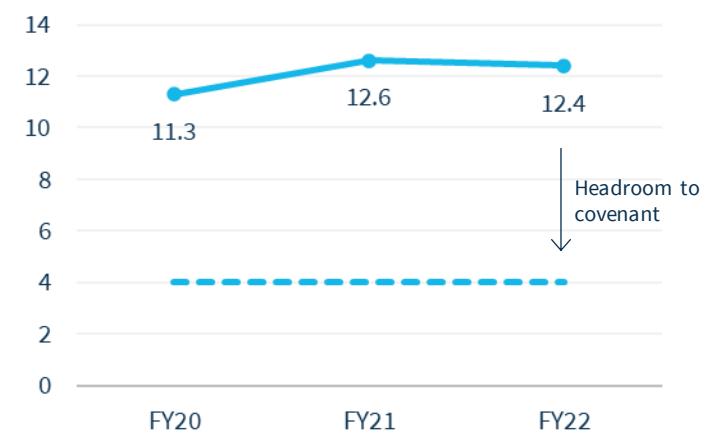
Cash on hand	280.0
Undrawn revolver	400.0
<b>Total liquidity</b>	<b>680.0</b>
Term loan	750.0
Lease liabilities	132.5
<b>Total debt</b>	<b>882.5</b>
<b>Net debt</b>	<b>602.5</b>
<b>Total debt facilities</b>	<b>1,150.0</b>
<b>Credit rating</b>	S&P: BBB- (stable outlook) Moody's: Baa3 (stable outlook)
<b>Covenants</b>	Leverage ratio <sup>1</sup> <3.25x (pro forma 1.4x as at 31 Dec 22)  Interest cover ratio >4x (pro forma 12.4x as at 31 Dec 22)

- Gearing level prudent with material headroom to covenants
- Cash focus and capital light operating model underpins operating cash flows. As at 31 December 2022 Ventia had \$680 million of cash and undrawn facilities
- 50% of term loan interest rate hedged over 2 years

Pro forma Leverage Ratio<sup>1</sup> improved 0.4 times over FY21



Interest Cover Ratio more than 3x covenant



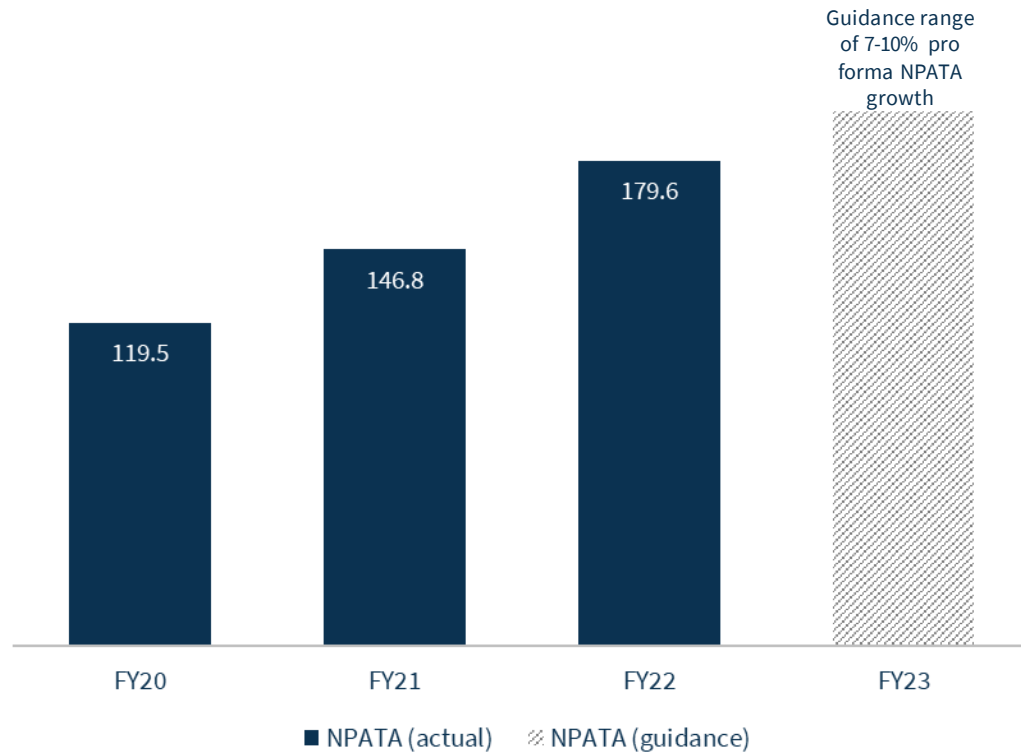
1. Calculated as Net Debt/bank adjusted EBITDA.



# Sustainable dividend growth



## Pro forma NPATA (\$ millions)



## Dividends



**8.28 cents**

Final dividend for FY22 per share declared  
Total dividend of 15.75 cents for FY22



**75% pro forma NPATA**

Future target payout ratio of 60-80%  
of pro forma NPATA



**6 April 2023**

Dividend payable







**80% franked**

Final dividend will be partially franked

# Disciplined capital allocation



<p> 1. Business investment to generate organic growth</p>	<p> 2. Annual dividends to shareholders</p>	<p> 3. Fund bolt on acquisitions</p>	<p> 4. Capital management toolkit</p>
<p>Capex of \$34.4m invested in FY22. 0.7% of Revenue</p>	<p>Dividend of 15.75 cps paid to shareholders in FY22, 75% payout of NPATA</p>	<p>Focus on opportunities that develop new capabilities or provide access to new markets</p>	<p>Management and the Board will periodically consider future capital management initiatives</p>





FY22 RESULTS PRESENTATION

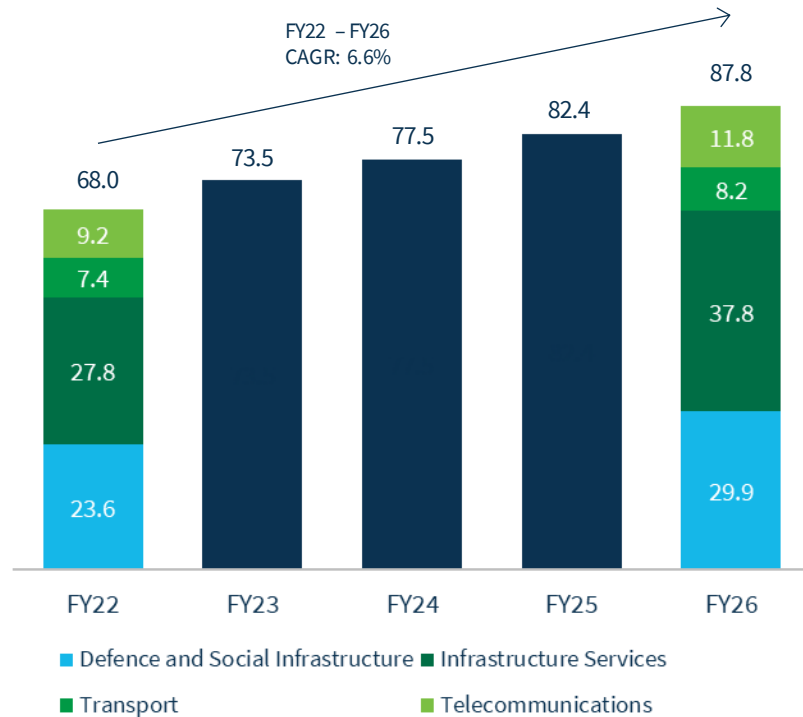
# Outlook

# Market tailwinds expected to continue to accelerate business growth



## Outsourced Maintenance Services addressable market size

Australia & New Zealand (\$b)<sup>1</sup>



## Demand Drivers<sup>1</sup>



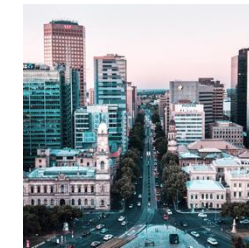
### Large and growing asset base

Aging infrastructure requires increased maintenance and new infrastructure supports even further maintenance services demand



### Population growth

Contributes to increased utilization and need for additional infrastructure



### Increasing outsourcing rates

Outsourcing rates are increasing as organisations seek to reduce costs and focus on core activities



### Exposure to mega trends, including energy transition

As the world seeks to halt climate change businesses are increasingly looking for services and assets which reduce their carbon footprint

## Recent contract win examples

Sydney and Western Harbour Tunnel

Expanded scope of Austin Health contract

Additional outsourcing of 50% of South Australian government agencies - AGFMA

First community battery in Fitzroy North - Yarra Energy Foundation

1. BIS Oxford Economics (2022). Refers to the financial years ended 30 June.



# Key opportunities for FY23 and beyond




**Defence and Social Infrastructure**



Leverage group wide capability to expand Defence pipeline

**#1 provider of Defence base services in Australia**

**Infrastructure Services**



Deliver energy transition solutions to support client climate ambitions

**#1 complex environmental services remediation provider in Australia**

**Telecommunications**



Maintain market-leadership whilst broadening capability to support adjacent markets e.g. Defence and Space

**#1 telecommunication infrastructure services provider in ANZ**

**Transport**



Leverage capabilities and strategic relationships to deliver further growth in urban and Local Government work

**#1 provider of private motorways and tunnels servicing & maintenance in ANZ**

Accelerate cross-selling by leveraging enterprise capabilities and regional presence

Leverage enterprise-wide systems and operating platform

# Ventia's long term investment proposition



Revenue targeted to grow faster than market

**7-10%**

Average revenue growth

Diligent focus on cash backed profits

**80-95%**

Cash flow conversion

High conversion of profits into dividends

**75%**

Target NPATA payout ratio

Growing shareholder dividend

Annual distribution aligned with earnings growth





## Platform in place for continued success in 2023



- ✓ Outperformed Revenue, EBITDA and NPATA
- ✓ Strategy to deliver Service Excellence driving superior results
- ✓ Our markets remain strong and growing
- ✓ Resilient and diversified business
- ✓ Focused on long term strategic clients alongside selective new opportunities



### FY23 Guidance

Growth in NPATA of 7-10% compared to FY22 pro forma NPATA





FY22 RESULTS PRESENTATION

Q&A





FY22 RESULTS PRESENTATION

# Appendix

# Consolidated statement of financial position



\$ millions	FY21	FY22
Total current assets	923.7	1,147.2
Total non-current assets	1,757.7	1,711.8
<b>Total assets</b>	<b>2,681.4</b>	<b>2,859.0</b>
Total current liabilities	1,159.7	1,248.4
Total non-current liabilities	1,131.2	1,089.7
<b>Total liabilities</b>	<b>2,290.9</b>	<b>2,338.1</b>
Net assets	390.5	520.9
<b>Total equity</b>	<b>390.5</b>	<b>520.9</b>



# Pro forma consolidated statements of profit or loss



\$ millions	FY21	FY22	FY21 to FY22 % variance	FY22 prospectus forecast
<b>Total Revenue</b>	<b>4,557.4</b>	<b>5,167.5</b>	<b>13.4%</b>	<b>4,942.6</b>
EBITDA	379.9	419.8	10.5%	408.6
EBITDA %	8.3%	8.1%	(0.2pp)	8.3%
Depreciation	(108.7)	(104.1)	(4.2%)	(105.4)
Amortisation of software	(31.1)	(25.2)	(19.0%)	(27.1)
<b>EBITA</b>	<b>240.1</b>	<b>290.5</b>	<b>21.0%</b>	<b>276.2</b>
EBITA %	5.3%	5.6%	0.3pp	5.6%
Amortisation of acquired intangibles	(22.1)	(24.0)	8.6%	(23.3)
<b>EBIT</b>	<b>218.0</b>	<b>266.5</b>	<b>22.2%</b>	<b>252.9</b>
Net finance costs	(30.4)	(33.9)	11.5%	(30.8)
<b>Profit before tax</b>	<b>187.6</b>	<b>232.6</b>	<b>24.0%</b>	<b>222.1</b>
Tax expense	(56.3)	(69.8)	23.9%	(66.6)
<b>NPAT</b>	<b>131.3</b>	<b>162.8</b>	<b>24.0%</b>	<b>155.5</b>
Amortisation of acquired intangibles (after tax)	15.5	16.8	8.4%	16.4
<b>NPATA</b>	<b>146.8</b>	<b>179.6</b>	<b>22.4%</b>	<b>171.8</b>

# Statutory NPAT to pro forma NPATA reconciliation



\$ millions	FY21	1H22	2H22	FY22
<b>Statutory NPAT</b>	<b>19.5</b>	<b>105.0</b>	<b>86.2</b>	<b>191.2</b>
Broadspectrum pro forma adjustments	(24.6)	-	-	-
Broadspectrum transaction and integration costs	67.5	5.5	-	5.5
Amortisation	32.7	5.8	-	5.8
Offer-related costs	6.9	-	-	-
Listed public company costs	(5.5)	-	-	-
Ventia shareholder fee	2.5	-	-	-
Remuneration changes	(3.7)	-	-	-
<b>Total operating expense adjustments (pre-tax)</b>	<b>75.8</b>	<b>11.3</b>	<b>-</b>	<b>11.3</b>
Interest expense adjustments	107.0	-	-	-
Income tax adjustments	(71.0)	(39.5)	(0.2)	(39.7)
<b>Total adjustments</b>	<b>111.8</b>	<b>(28.2)</b>	<b>(0.2)</b>	<b>(28.4)</b>
<b>Pro forma NPAT</b>	<b>131.3</b>	<b>76.8</b>	<b>86.0</b>	<b>162.8</b>
Amortisation of acquired intangibles (after tax)	15.5	8.4	8.4	16.8
<b>Pro forma NPATA</b>	<b>146.8</b>	<b>85.2</b>	<b>94.4</b>	<b>179.6</b>

## Commentary FY22

- **No pro forma adjustments made in 2H22**, only adjustment \$0.2m income tax to arrive at prima facie 30% tax rate
- **Minimal pro forma adjustments made in 1H22** related to tail end of Broadspectrum acquisition and the tax benefits associated with the conclusion of the ATO audit
- **FY23 expected to be a clean set of accounts** with no pro forma adjustments
- **Broadspectrum transaction and integration costs** of \$5.5m. 1H22 pro forma excludes the final integration costs relating to Broadspectrum
- **Amortisation** of \$5.8m. 1H22 proforma numbers exclude accelerated amortisation of brands and software retired post integration of Broadspectrum
- **Income tax adjustments** of (\$39.7m). The net benefit relates primarily to the finalisation of the ATO tax audit in June



## Purchase price adjustments rolling off as expected



2022	Unfavourable Contracts \$'m	Onerous Contracts \$'m	Warranties & contract claims \$'m	Other \$'m	Total \$'m
<b>Carrying amount at start of year</b>	<b>83.8</b>	<b>42.1</b>	<b>100.4</b>	<b>24.8</b>	<b>251.1</b>
Movement:					
Provision raised	-	0.7	33.7	6.7	41.1
Provisions used	(20.2)	(24.2)	(29.2)	(7.4)	(81.0)
Reclassification	-	(3.0)	3.0	-	-
Effect of exchange rates	(0.2)	-	0.2	-	-
<b>Carrying amount at end of year</b>	<b>63.4</b>	<b>15.6</b>	<b>108.1</b>	<b>24.1</b>	<b>211.2</b>

### Provision commentary

FY22 expected to be the peak of PPA provision release. The FY23 release is expected to be approximately half that of FY22. 80% of the PPA provision will roll off by 2025, with the remaining 20% a small but long tail

### Onerous contracts

PPA Provisions used in the year \$18.2m (FY21 \$22.6m)  
Non-PPA provisions used during the year (net) = \$5.3m

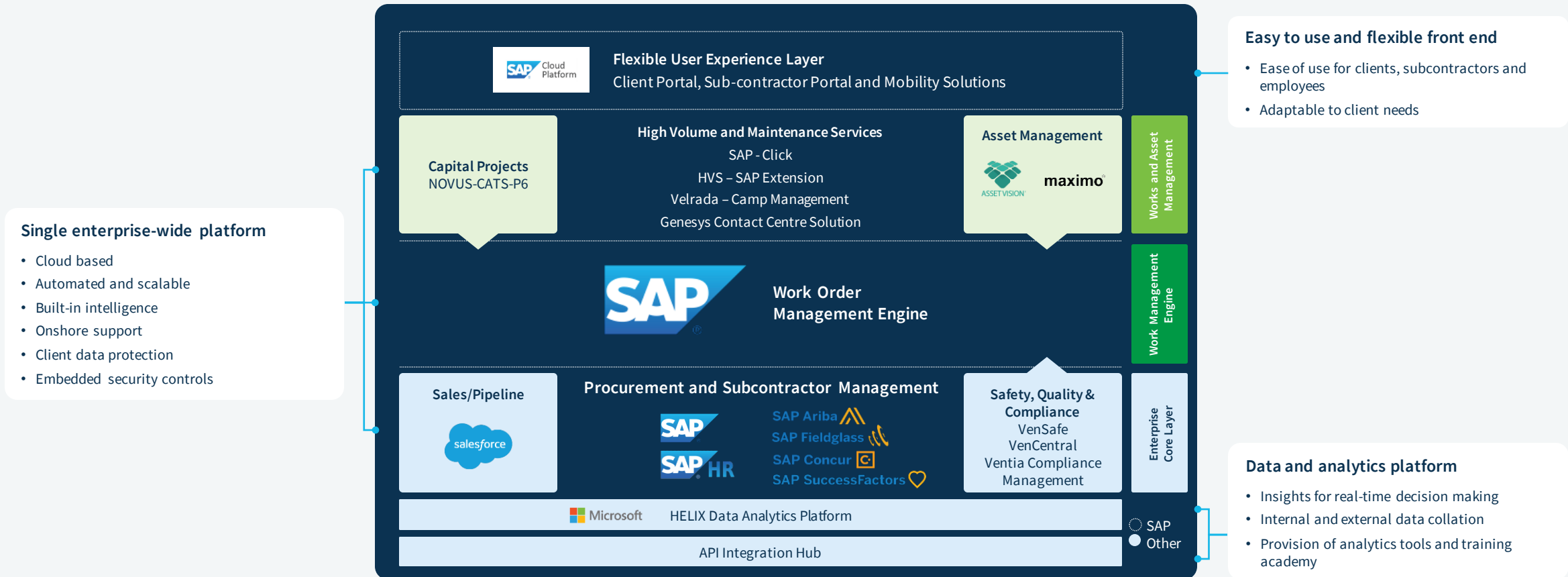
### Unfavourable contracts

PPA Provisions used in the year \$20.2m (FY21 \$20.2m)

# Single enterprise-wide platform

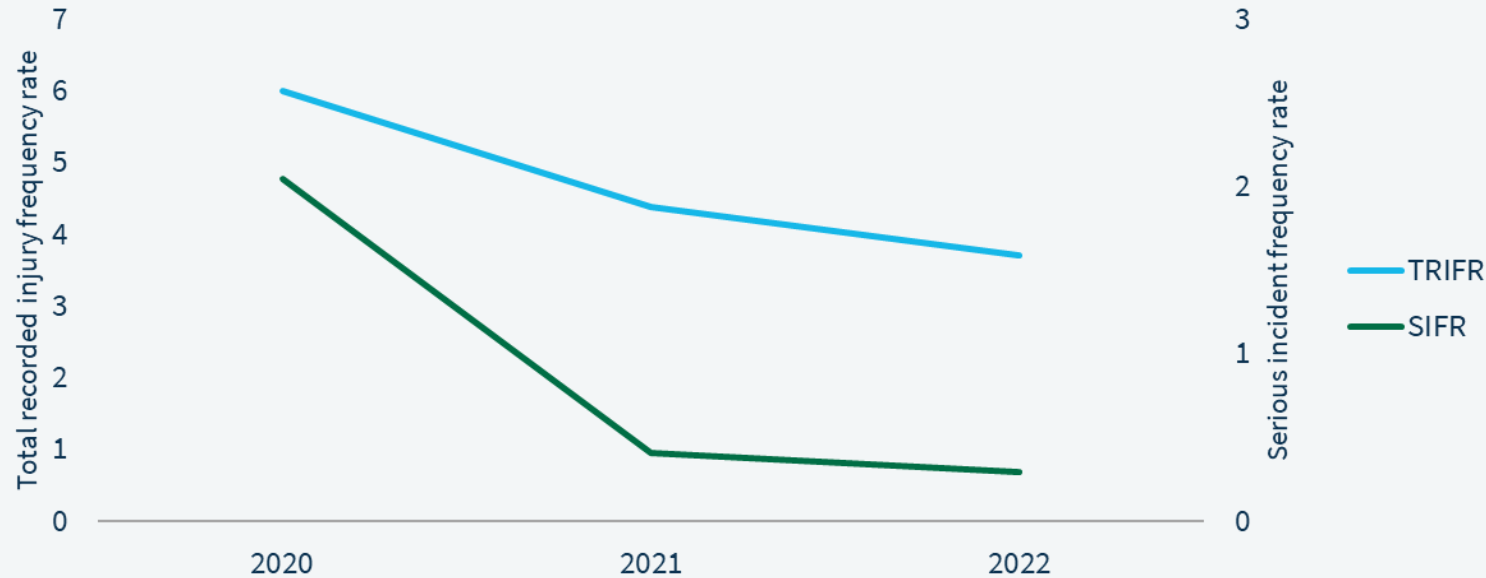


We differentiate through our cloud based, scalable and robust platform





# Health and Safety is our number one priority



- 14% improvement in total recordable injury frequency rate in FY21
- 36% improvement in serious incident frequency rate in FY21
- Industry Recognition –
  - National Safety Awards of Excellence Winner – Best Management System
  - Regulator partnership: What’s Up campaign Working at height campaign
  - Winner, Best Young Health & Safety Professional, Australian Workplace Health & Safety Awards

