

ASX and NZX Release

21 August 2024

Ventia upgrades FY24 guidance to growth of 10-12% NPATA HY24 performance provides confidence for the full year

Ventia Services Group Limited (Ventia) today announced its interim result for the six months to 30 June 2024 delivering 10.6% increase in Revenue, 9.2% growth in EBITDA and 12.5% increase in NPATA. As a result of strong trading performance across the half, Ventia has upgraded its FY24 guidance range for NPATA growth to 10-12% compared to FY23.

Group Chief Executive Officer, Dean Banks said: "Ventia achieved robust performance in the first half by actively advancing our strategy to redefine service excellence while expanding relationships with new and established customers. Ventia secured a number of significant contracts in HY24 which is testament to our strong strategic relationships and compelling value proposition. As at 30 June our work in hand was \$17.2 billion, with a client renewal rate of 93%, positioning us well for future growth.

"Ventia's performance across the half was underpinned by continued strong performance of our Telecommunications business and increased revenue growth from our Defence and Social Infrastructure (D&SI) and Transport businesses, largely supported by higher volumes of work on contracts such as our Defence Base Services and Defence Maintenance contracts and the impact of new contracts including the Square Kilometre Array Observatory (SKAO) and NBN's On-Demand Business Module (ODM).

"Our robust performance resulted in a 12.5% year-on-year increase in our interim dividend to 9.35 cents per share, keeping us on a sustainable and growing dividend trajectory for our shareholders," Mr Banks said.

Group highlights¹:

- **FY24 Guidance upgraded - NPATA growth of 10-12% on FY23**
- **Revenue of \$3.1 billion, up 10.6%**
- **EBITDA of \$245.8 million, up 9.2% with margin of 8.0%**
- **NPATA \$106.7 million, up 12.5%**
- **Work in Hand \$17.2 billion, down 1.5%**
- **Operating cash flow conversion of 90.7%²**
- **Interim Dividend of 9.35 cents per share, franked at 80%**
- **Continued positive safety momentum with TRIFR³ down 1.1%**

¹HY24 performance is compared to HY23. FY24 Guidance is compared to FY23 as outlined.

²Operating 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.

³TRIFR - Total recordable injury frequency rate, calculated as the total number of recordable injuries, divided by hours worked in millions.

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Sector Performance

“Revenue from our D&SI business grew by 12.7% year-on-year primarily due to an increase in minor capital works assigned through our Defence Base Services contract and increased scope of the Defence Maintenance Contract.

“Our Infrastructure Services business experienced slightly subdued revenue this half, decreasing by 0.4% year-on-year, due to spending reductions from key clients in our Resources and Industrial businesses however, this was partially offset by stronger volumes of work in our Energy, Water and Renewables business.

“Our Telecommunications business continued its impressive performance with increased revenue of 19.5% on HY23 driven by strong performance from core carrier works and defence and space work. NBN build volumes continued to accelerate across the half from N2P ODM work, as well as an acceleration of more build work from the SKAO project in Western Australia.

“Our Transport business increased its revenue by 6.5% year-on-year supported by contracts with Transurban Queensland, the West Gate Tunnel Project and Western Distributor Smart Motorway.

“Work in hand was slightly subdued across the half, primarily due to delays of some large government procurement processes and the seasonality of work winning, which is typically lower in the first half however, we expect our qualified pipeline of work to continue to grow in the second half of 2024 and into 2025.

“Our operating environment continues to be supported by a range of market tailwinds including a growing asset base, population growth, digital innovation and the energy transition. We are confident that our strategy, capabilities and compelling value proposition will enable us to capitalise on these market trends and continue to support the long-term growth of our business,” said Mr. Banks.

Safety and Sustainability

“Safety is our licence to operate. Our highest priority is ensuring that our staff are safe and well-trained to deliver essential services for communities across Australia and New Zealand. In HY24 our Total Recordable Injury Frequency Rate (TRIFR) improved by 1.1% and our Serious Injury Frequency Rate improved by 68.2%. We are steadfast in our commitment to safety and continue to implement a range of safety initiatives across our business. One of these initiatives is the Elevate program which is based on globally recognised safety practices and so far, 492 leaders have taken part in the Elevate program in HY24,” Mr Banks said.

“In the first half of 2024 we were pleased to receive validation of our Science Based Targets which provide a roadmap to achieve net zero emissions by 2050 across Scope 1, 2 and 3 emissions. Ventia is committed to achieving these targets and we will report annually on our progress,” Mr Banks said.

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Dividends and Balance Sheet

The HY24 performance and high cash flow conversion allowed the Board to declare an interim dividend of 9.35 cents per share, 80% franked and payable on 7 October 2024. This represents a payout of 75% of NPATA for the six months to 30 June 2024.

Ventia's diligent cash focus delivered a high cash conversion of 90.7% and improved credit metrics, including Net Debt/EBITDA of 1.1x and Interest Cover of 10.8x. As at 30 June 2024, the business increased its liquidity position of \$763.6 million, including cash of \$363.6 million and an undrawn revolving facility of \$400.0 million.

Outlook

Mr Banks outlined: "Ventia's Board and Management have confidence in the continued growth of our business. Our resilient and diversified portfolio, long-term strategic partnerships, growing demand drivers and strong pipeline of opportunities positions us well to deliver sustainable value for our stakeholders moving forward.

"Given our strong performance and outlook, we are pleased to upgrade our FY24 guidance range for NPATA growth to 10-12% compared to FY23," Mr Banks said.

Market briefing

Ventia will provide a market briefing at 11.00am (AEST) today, 21 August 2024. The market briefing will be webcast via the Ventia website at ventia.com.

This announcement was authorised by the Ventia Board.

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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.