

23 June 2020

## **Business update and revised HY20 interim dividend payment date**

### Summary

- Isolated impact of COVID-19 to date on the performance at Perenti's projects
- Successful change out of expatriate workforce across all of Perenti's African operations
- Recent heavy vehicle incident at AngloGold Ashanti's Obuasi Gold Mine in Ghana resulted in the tragic fatality of an Underground Mining Alliance employee
- Increase in debt funding has enhanced Perenti's strong liquidity position – circa \$530 million of cash and undrawn revolving credit facilities
- Payment of 3.5 cent per share interim dividend brought forward to 23 July 2020
- FY20 underlying NPAT(A) guidance of \$106 million to \$110 million
- Strong pipeline of active tenders remains – if secured, will see additional projects commence in the second half of FY21 with full value realised in FY22

### Operational update

The impact of COVID-19 on the performance at Perenti's (ASX: PRN) projects to the end of May 2020 has continued to be isolated. Perenti's businesses have been working closely with key stakeholders to ensure operations continue effectively within COVID-19 protocols during this period, including practising social distancing and additional hygiene measures.

Perenti continues to focus on supporting the health and wellbeing of its people. Over recent months this has included extensive planning to facilitate the mobility of its international and regional expatriate workforce as the Company manages international flight cancellations and COVID-19 travel restrictions. This has included working closely with Australian and foreign governments, commercial airlines, and charter flight operators.

Perenti is pleased to confirm that during May and early June, it successfully completed crew changes for its expatriate workforce across all of the Company's African and Indian operations. The crew change has returned international and regional expats to their homes after extended periods on site and enabled replacement crews to continue operations. The cost impact of the rotation has been offset by cost savings achieved as a result of the broader global travel restrictions, which has reduced normal travel expenditure during this period.

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Perenti Global Limited ABN 95 009 211 474 (ASX: PRN) (**Perenti**)

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Perenti is a diversified global mining services group with businesses in surface mining, underground mining and mining support services. The Group was founded in Kalgoorlie in 1987 and is today one of the world's largest companies providing surface and underground mining at scale. Headquartered in Australia, Perenti has operations and offices in 13 countries across four continents, employs around 8,000 mining professionals and is creating enduring value and certainty for clients on some of the world's largest mining projects.

In addition to the rotation of Perenti employees, the Company has been able to support diplomatic endeavours with the repatriation of almost 50 individuals who are not employed by Perenti, to their home countries, including US, UK and Germany. Perenti is planning to conduct similar rotations on a regular basis moving forward until global commercial travel returns to a level that supports our operations.

In regard to safety, it is with deep sadness that Perenti advises that earlier this month a heavy vehicle incident occurred at AngloGold Ashanti's (AGA) Obuasi Gold Mine in Ghana, which resulted in the tragic fatality of an Underground Mining Alliance (UMA) employee. UMA is an incorporated joint venture between Perenti's subsidiary, African Underground Mining Services (AUMS), and Rocksure International, a Ghanaian contracting company. UMA continues to support the family, local community and colleagues of the employee. AGA and UMA have commenced an investigation into the cause of the fatality and are working closely with the Ghanaian authorities.

In regard to projects that have been impacted during H2 FY20:

- As previously announced on 15 April 2020, the Savannah Nickel Mine was suspended after the contract was commenced in February 2020, with the role of Perenti's underground mining subsidiary, Barmenco, accordingly in its early stages.
- A number of mine sites Perenti operates at in Egypt, Burkina Faso and Senegal had temporary, short-term shutdowns during April and May due to COVID-19.
- As disclosed in its Q3 FY20 accounts, Barmenco ended work and is demobilising from the Rampura Agucha mine in India following Barmenco India and Hindustan Zinc not being able to reach agreement on changes to commercial arrangements sought by Hindustan Zinc.
- The Hemlo project in Canada with Barrick, that was announced on 9 March 2020 and due to start in April 2020, is now expected to commence in Q1 FY21, after the initial ramp up was deferred due to global COVID-19 travel restrictions. Barmenco is working closely with Barrick on the mobilisation of our people.

### Strengthened liquidity position

Capital and liquidity management has been a primary focus of management under the 2025 Group strategy, with Perenti further strengthening its liquidity position throughout the COVID-19 period.

This includes Perenti recently securing additional debt funding by increasing the size of its revolving credit facility (RCF) by \$130 million, as announced on 15 June 2020. The increase was supported by members of the Company's existing \$400 million RCF, which matures on 1 July 2023, with new credit and covenant terms that are either consistent with, or more favourable, than those in the existing RCF.

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Perenti is in a strong liquidity position with liquidity of circa \$530 million comprising cash and undrawn revolving credit facilities. In addition, the Company continues to have access to equipment finance facilities.

### Interim dividend

On 25 March 2020, Perenti announced it had elected to defer payment of its HY20 interim dividend of 3.5 cents per share until 20 October 2020. The Company also reactivated its Dividend Reinvestment Plan (DRP) from 21 April 2020. These were important steps as part of a prudent approach to cash management given the uncertainty around COVID-19. However, with greater clarity as to Perenti's FY20 operational performance and ongoing strong liquidity position, the Board has resolved to bring forward the payment of the cash portion of the interim dividend of circa \$15 million to 23 July 2020.

### FY20 Guidance

Perenti withdrew its FY20 earnings guidance on 24 March 2020, given significant uncertainty as to the potential impact of COVID-19 on the Company's operations during the balance of the 2020 financial year. With the impact of COVID-19 on the Company's operations during the balance of FY20 now understood as described above, Perenti confirms it expects FY20 underlying NPAT(A) in the range of \$106 million to \$110 million.

### Strategy and outlook

On 20 February 2020, Perenti advised that it was considering a potential divestment of its BTP business as part of its ongoing portfolio review under the 2025 Group Strategy. Perenti confirms that it did not receive a binding offer that was acceptable to Perenti and therefore the sale process has formally concluded. BTP is continuing to perform well for its customers and the Company is focussed on growing the business as part of the Group's Investments ISG (Industry Sector Group).

In addition, the tender pipeline for the Group's Underground and Surface ISG's has remained robust throughout COVID-19, with active tenders that, if secured, would see additional projects commence in the second half of FY21 and the full value of those opportunities realised in FY22.

Perenti Managing Director Mark Norwell said: "My thoughts are with the family and friends of the UMA employee who tragically lost his life earlier this month. Our underground team are directly supporting UMA to ensure a thorough investigation occurs.

"I am proud with how our people have responded to the rapidly evolving COVID-19 situation, living by our principles in delivering for our clients whilst also making sure we look after each other. In particular, I would like to thank our expatriate workforce and their families for their commitment during a challenging and uncertain period.

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“We have demonstrated the resilience of this business in continuing to deliver operationally and financially during an unprecedented period, which has also pleasingly enabled us to accelerate the payment of the interim dividend from 20 October 2020 to 23 July 2020.

“Our order book remains strong and there are significant opportunities in our tender pipeline which we expect to commence at the back end of FY21 and into the start of FY22.

“In addition, we have further enhanced our already strong liquidity position, ensuring Perenti is well placed to withstand the ongoing economic challenges COVID-19 may present and provide the Company with greater flexibility to fund growth opportunities.”

Authorised by:

**Mark Norwell**

Managing Director and CEO

-ENDS-

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