ASX Release

Perenti

23 August 2023

FY24 Guidance Clarification

Perenti (ASX: PRN) announced its FY23 Results on 22 August 2023 and participated in a FY23 results call that commenced at 7am WST on 22 August 2023 (**FY23 Results Call**). Perenti provides the following clarification in relation to its FY24 guidance and statements made during the FY23 Results Call.

During FY23 Perenti delivered the following financial results:

- Record underlying revenue of $2.9 billion.
- Record underlying EBITDA of $552.6 million.
- Record underlying EBIT(A) of $264.1 million (including a once off $11.3m retrospective rate adjustment).
- Significant free cash of $270.7 million, up $101.8 million on FY22.
- Leverage of 0.9x and gearing of 25.9%, the lowest since the launch of Perenti.

For FY24, Perenti announced it expects to deliver:

- Underlying revenue of $2.8 billion to $3.0 billion.
- Underlying EBIT(A) of between $260 million and $275 million.
- Net capital expenditure of ~$330 million.
- Leverage of 0.8x to 0.9x.

On 6 June 2023 at its annual strategy update to the market, Perenti outlined a key amendment to its capital allocation framework, which was the inclusion of a commitment to Future Focused Investment to support our 2025 Strategy and beyond. Examples of Future Focused Investment may include using our unique mining insight and expertise from our Contract Mining Division, combined with the expertise of idoba to develop market-leading technology products and services to capitalise on the shifts within the mining industry.

This commitment to Future Focused Investment reflects the evolving mining landscape and is designed to ensure Perenti remains relevant and competitive, not just in the short term, but for the long-term in support of our objective to deliver competitive Total Shareholder Returns. Perenti's notable success in reducing leverage allows us to position for future growth in this way. This allocation of cash, irrespective of its accounting treatment, will follow the same disciplined approach and rigour that is applied to all capital allocation decisions with clear investment hurdles and a focus on the creation of sustainable shareholder value.

During the question-and-answer section of the FY23 Results Call, Perenti stated that in FY24 the company expects to allocate up to $15 million (for context, 5.5% of FY23 free cash flow) to Future Focused Investment, primarily product development within idoba, to generate annual recurring revenue. Future Focused Investment decisions beyond FY24, including the percentage of free cash flow to be allocated, will be assessed based on product performance and expected future financial returns to our shareholders, in accordance with our disciplined approach to investing and our annual business planning cycle.

The way the FY24 Future Focused Investment should be viewed is no different to the allocation of capital to our Contract Mining and Mining Service Divisions. It is an investment in new business opportunities associated with the shifting focus of the mining industry by developing new service offerings to support our clients and generate future returns for our shareholders.

Depending on the nature of the spend, Perenti's expectation is that these investments would be capitalised or expensed below the line, thereby not impacting underlying FY24 EBIT(A) guidance of $260 million to $275 million, whilst still reducing leverage through increased cash generation.

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