



ENERGY, RESOURCES & INFRASTRUCTURE: INVESTOR DAY

P. BENNETT

23 JUNE 2021



PRESENTATION OVERVIEW

Peter Bennett

- Business overview & strategy
- Current projects
- Market overview
- Strengthening leadership capacity
- Key opportunities
- Key risks
- Presentation takeaways

In 2016 we embarked upon a major strategic repositioning of the business to avoid the challenges of being tied solely to a single cyclical market (domestic LNG). It is only now that we are beginning to fully see the results of all the hard work translate into meaningful earnings contributions for the company. Delivery cycle +/- 3 years

- Our strategy was developed from the simple philosophy of positioning Clough's strengths into the markets that were spending money in Australia. This strategic review will continue with this philosophy and requires both continued strong organic growth in the near term and key capability acquisitions
- We've changed the internal structure to be more project delivery focussed. We've completely overhauled our management system and our internal reporting tools and have had to develop new methodologies to adapt to the different markets that we have engaged. It hasn't been easy. Several people have had to leave the business because they couldn't adapt, and we've had to replace them with people that have the skills and experience that are relevant to this time – it isn't optional and cannot be done alone.
- With the newly rolled out structure creating 3 P&L centres and providing them a great deal of autonomy and accountability, it is time to update the Corporate Strategy to reflect this new structure. APAC, NA, UK will each develop their own strategic/tactical plans that flow down from the overall Clough strategy to be more tactically accurate for their respective regions.

OUR BUSINESS TODAY

WHO WE ARE

We are a pioneering engineering and construction company. We deliver sustainable high performing assets for the energy , resources and infrastructure industries underpinned by a dedication to innovation and getting the job done safely and efficiently. Our team in Australia, North America and UK strive for the best in everything, setting new safety and performance benchmarks every single day.

WHERE DO WE WANT TO BE

We want to be the most respected engineering and construction company in the energy, resources and infrastructure industries through the exceptional depth and industry experience of our people and by leveraging Clough's global self-perform capability and project execution expertise.

FINANCIAL GOAL

AUD\$200 million sustainable growth earning per annum

CORE PRINCIPLES: Sense of purpose to reach our strategic goal



BE COURAGEOUS

We are pioneers. We're not afraid to try something new, to push the boundaries of what's possible and go where others won't.



ACHIEVE ZERO HARM

We work sustainably and continue to set new safety and performance benchmarks every single day.



MAKE IT PERSONAL

We take responsibility for getting the job done, safely and efficiently.



ALWAYS DO WHAT'S RIGHT

We strive for the best in everything we do and always find solutions when plans need to be challenged.



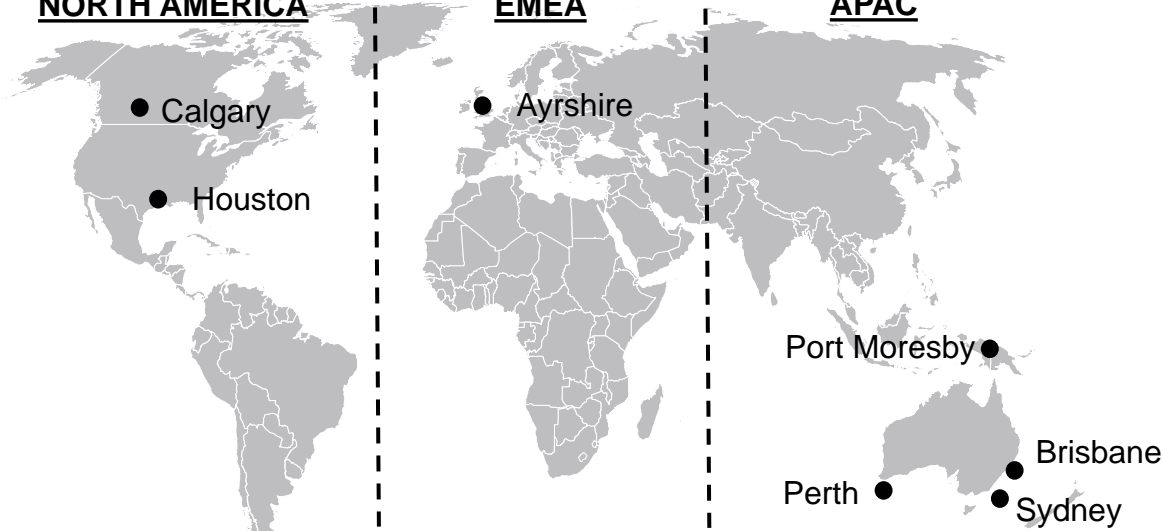
MAKE A POSITIVE IMPACT

We enrich the lives of those in the communities in which we work and live.

NORTH AMERICA

EMEA

APAC



Office	Location	Businesses
Clough	Perth, Sydney & Brisbane - Australia	   
Clough	Port Moresby - Papua New Guinea	
Clough	Houston - USA	
Clough	Calgary - Canada	
e2o	Perth, Brisbane, Adelaide - Australia	
e2o	Houston - USA	
CH-IV	Houston, Baltimore - USA	
Booth Welsh	Ayrshire - Scotland	

Market focus:

- **Global:** Energy sector
- **APAC:** Energy, infrastructure and resources (metals & minerals)

Market conditions:

- **North America:** Energy buoyant (medium term)
- **APAC:** Energy (power), infrastructure and resources buoyant

Order book:

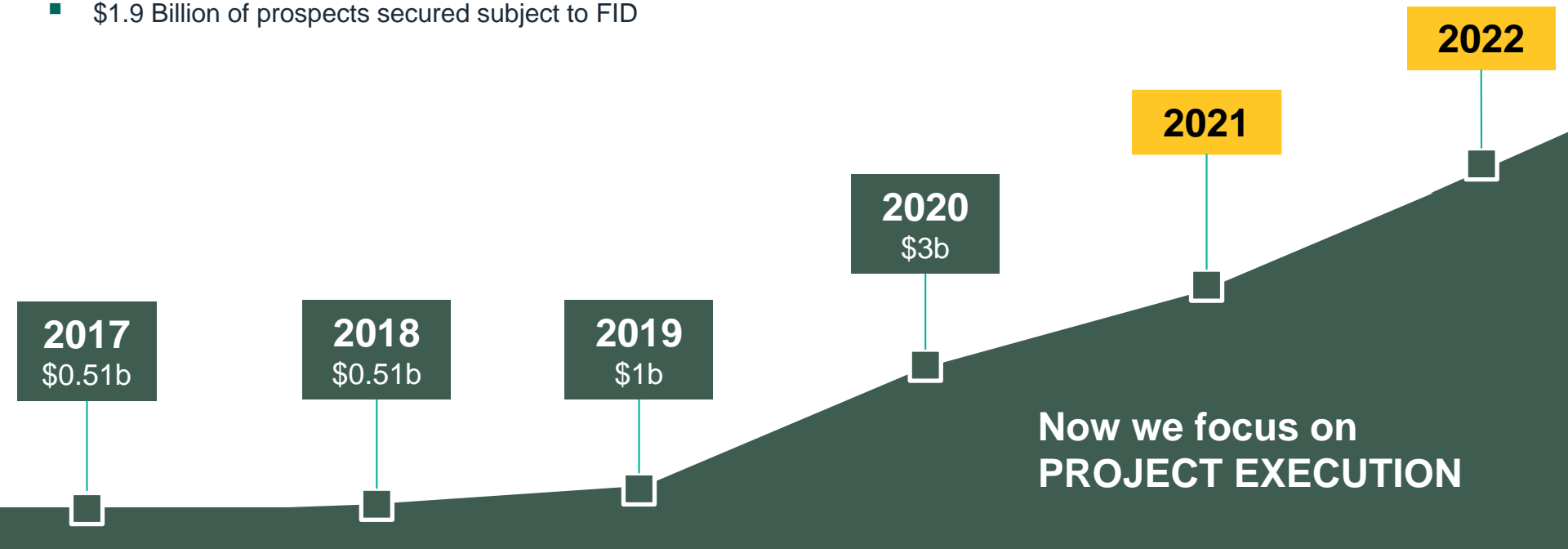
- December 2020: R42,2 billion (record for platform)

Platform prospects:

- Expected to make a significant contribution to Group earnings as from FY2022
- The Clough brand is well established and associated with providing project delivery for more than 100 years on large and technically challenging projects in the energy, resources and infrastructure industries
- Several partnerships are under consideration in the USA that will make Clough USA a strong contender for EPC projects in the region
- LNG demand is expected to recover in the medium term as the global transition to a carbon-neutral economy gathers momentum
- The North American engineering and construction sector is under pressure and the platform will have to broaden its market focus beyond oil and gas to mirror the APAC region market focus

ORDER BOOK TODAY

- Orderbook at December 2021 was \$3.7 billion
- \$1.9 Billion of prospects secured subject to FID



STRATEGIC PLAN - MARKET

Strategy	Goals	Objectives
Organic Growth <ul style="list-style-type: none"> Diversification within NA Develop Hydrogen market/capability Expand Australia Infrastructure market position Focused Power strategy – generation, storage, transmission Inorganic Growth <ul style="list-style-type: none"> Identify Australian acquisitions to support growth market entry Acquire US business to expand delivery capability Pursue EPC projects in UK 	Target Growth Markets	1 APAC and NA Infrastructure
		2 APAC Asset Services
		3 Focussed Power Strategy
	Maintain Core Capability	4 Maintain Oil & Gas EPC
		5 Strategic approach to resources projects
		6 Establish defence portfolio
	Grow Emerging Markets	7 Decommissioning
		8 Equity positions in core markets
		9 Develop capability for alternatives fuels market

Client: Snowy Hydro Ltd
Value: AUS \$5.4B

Scope

Construction of underground excavation and tunnelling to link existing Scheme reservoirs and an underground power station with pumping capabilities, approximately 40km of tunnels including 27km power waterways. Surface works including intake-outlets, surge shaft, cable and ventilation portal sites. Supporting works such as establishing or upgrading approximately 45km of access tracks and roads along with electricity connections to constructions sites.

Recent progress

- TBM2 now ready to commence tunnelling
- Tantangara continues with the earthworks including Adit construction, coffer dam, camp and laydown earthworks



0.60

LITFR



5.08

TRIFR



721

DAYS ON SITE



21%

PROJECT COMPLETE



1,771,419

WORK HOURS COMPLETED

Client: Next Wave
Value: US \$632M

Scope

28,000 bpd alkylate facility consisting of a new ethylene dimerization unit and a new alkylation unit to produce high octane alkylate for sale into the gasoline blending market.

Recent progress

- Civil works well advanced, OSBL construction going well. Pipe fabrication progressing well.

Challenges

- Winter Storm delays

Status:

- Construction activities continue to ramp up




0.00
 LITER


1.60
 TRIFR


210
 DAYS ON SITE


29%
 PROJECT COMPLETE


624,191
 WORK HOURS COMPLETED

Client: Energy Australia

Value: Clough A\$97.2M (Total A\$200M)

Scope

EPCC of 320MW Gas fired Open Cycle GTG with 5% H2 Fuel Blending. Site has an existing Combined Cycle GTG already operating in “Peaker operation”. New Unit is intended for similar duty cycle with option

Recent progress

Engineering commenced with basis of design, baseline design specifications, exploratory works and Hydrogen blending concept study underway.

Clough Project Management team is built and kick off with the client is complete.

1st Milestone:

5% NTP – Achieved

5 % Contract Plans – planned for 15 July 2021

Status:

GE Engineering manager unfortunately fallen ill. An Australian Design Manager will be mobilized to assume the leadership role for GE.



Client:

NSW Electricity Networks operations Pty Ltd as trustee for the NSW Electricity Networks Operations Trust trading as "TransGrid"

Value: AUD\$1,7 B (in 50:50 JV with Elecnor)

Scope

EPC Turnkey delivery of ~700km of 330kV overhead transmission line, construction of 2 new substations at Buronga and Dinawan and augmentation works on 2 existing substations at Red Cliffs and Wagga Wagga.

Option to increase line from Dinawan to Wagga Wagga to 500kV as part of pre-agreed variation which would also require the need for substation expansion at Wagga Wagga.

Recent progress

- Project Management team fully in place;
- Stage 2 design on towers complete, progressing to stage 4 (final detailed design)
- Negotiations advancing well with key suppliers and certain long lead pricing locked in.
- Permits (CEMP and EIS) are progressing well and ahead of schedule for both EIS-1 and EIS-2;

1st Milestone:

Initial Notice to Proceed expected to be issued prior to the end of June.





ENERGY

Emerging Energies

Hybrid generation, distributed energy systems, hydrogen and renewable natural gas projects

Power

Hydropower, combination power generation facilities

Oil & Gas

Onshore, offshore, pipelines, LNG, petrochemicals, chemicals refining, decommissioning



RESOURCES

Iron Ore

Process facilities, handling plant, enabling infrastructure

Other Minerals

Process facilities, handling plant, enabling infrastructure



INFRASTRUCTURE

Transport

Complex roads, tunnels and bridges, rail, transmission lines and power distribution

Water




Water processing, desalination plants and dams

Marine

Near shore marine, ports, submerged tunnels, terminals

MARKET STATUS

CAPABILITY BY REGION

	 ENERGY			 RESOURCES		 INFRASTRUCTURE		
	Emerging Energies	Power	Oil & Gas	Iron Ore	Other Minerals	Transport	Water	Marine
APAC	x	x	x	x	x	x	x	x
NA	x		x					x
UK	x		x					

The energy transition currently underway is about a transformational switch away from fossil fuels and into renewable and clean sources of energy (solar, wind and water) - nett Zero. This has only accelerated due to coronavirus and the resultant impact on oil prices. Reality is that we are still some time away from renewables being adequate on their own, and so we are in a transition phase where a combination of renewables, storage and traditional generation will be required.

- Powering the energy transition is a technology-based switch from fossil fuels to renewables, supported by a strong societal push towards a sustainable future.
- Energy transition has two primary enablers – renewables and transmission.
- Around the world, public and private organisations are coming to terms with the urgency, costs and benefits of this transitions.
- **Our position to support this transition is strong. Energy, resources and enabling infrastructure is what we specialize in.**

ENERGY BY REGION

NORTH AMERICA



- Low oil price and associated inactivity in drilling, COVID-19 and the uncertainties around the new political landscape with delays due to reduce capital spend.
- Over the four years, overall industry revenue is expected to return to growth, though the industry dynamics will change as developers move away from oil and increase focus on natural gas and other sources of “clean energy”.

APAC



- \$29Bn investment in new power generation projects over the next 10 years with new HV transmission and electricity infrastructure required to fill the gap and meet demand
- Shortage of domestic gas supply in Australia will drive the development of new onshore gas projects, subject to the relaxation of government regulations.
- Reduced reliance on coal in Australia for base load power is driving the development of flexible generation capacity (peaking power and hybrid), renewables, waste to energy and green and blue hydrogen

UK



- The Europe WTE market is projected to register growth at a CAGR of 7.09% during the forecast period, 2019-2028.
- The UK is facing a power generation deficit, due to the closing of several of its coal and nuclear power plants.
- The primary renewable energy sources are biomass, energy from offshore wind farms, and waste.

Australia's resource exports are forecast to hit a record \$296 billion in 2020–21, a strong result, in the context of the COVID-19 pandemic. The improved outlook reflects the ongoing rollout of vaccines, and the momentum this is providing for economic activity and trade amongst many of Australia's major trading partners.

- The value of Australia's iron ore exports is expected to reach a new all-time high of \$136 billion in 2020–21. Strong demand for iron ore and disrupted supply from Brazil, saw a surge in prices in late 2020, coupled with sustained growth in Australia's export volumes.
- Another structural change expected to gain momentum over the five-year outlook period is global energy uptake of new and low emissions technologies. Australia's exports of commodities central to these technologies — lithium, nickel and copper — are set to surge. Revenue from these three commodities is expected to exceed current thermal coal revenue (in real terms) by 2025–26.
- **Our position to support this growth is strong. Our capability in APAC and recognition in the resources and enabling infrastructure industry positions us for success.**

The economic recovery post COVID-19 in Australia and North America will rely heavily on investment in public infrastructure with multi-billion programs.



NORTH AMERICA

- US\$2.1 Trillion infrastructure spend forecasted for the next 10 years.
- This includes private and public infrastructure in civil/infrastructure, terminals, and near shore
- The current and forecasted market conditions and shifting focus as the market dictates. The civil/infrastructure, terminals, disaster relief and near shore marine have been identified as both strategic and opportunistic.



APAC

- AUD\$360bn of Australian infrastructure projects that are likely underway or likely to proceed in the near future.
- This includes AUD\$110bn in roads projects and AUD\$130bn in rail projects, with strong investment expected in NSW and VIC.
- Capex on road and rail infrastructure is forecast to rise from \$15b p/a to \$22b pa over the next four years.

MARKET STATUS – ASSET SERVICES

Clough's e2o business to be relaunched as a global asset services company recognized for delivering valuable and sustainable solutions in the energy, infrastructure and resources industries.

e2o services include operations and maintenance , brownfield EPC and workforce solutions.

NORTH AMERICA



- In North America e2o will provide Key Workforce Management Services:
 - Labour Supply
 - Workforce Logistics
 - Supervisory Support
 - Campaign Maintenance
- And expand on operations and maintenance and brownfield EPC on an opportunistic case by case.

APAC



- Established contractors in Australia with largest market share less than 5%
- Annual Addressable market at EBIT Range 4-8% .
- Transport Infrastructure: \$6b+ growth per year of 5%+,
- Utilities: \$8b+ annual growth of 6%+
- Resources: \$7b+ annual growth of 4-5%.

Business Performance

- Grow presence and capability in infrastructure, power and asset services
- Grow capability in decommissioning and emerging energies
- Maintain core capability in Oil & Gas EPC, strategic resources projects and defence portfolio



Execution Excellence



- Zero harm and sustainability mind set
- Consistent, profitable project delivery
- Being known for “Always Finding a Way to Deliver” – internally and externally

Innovation

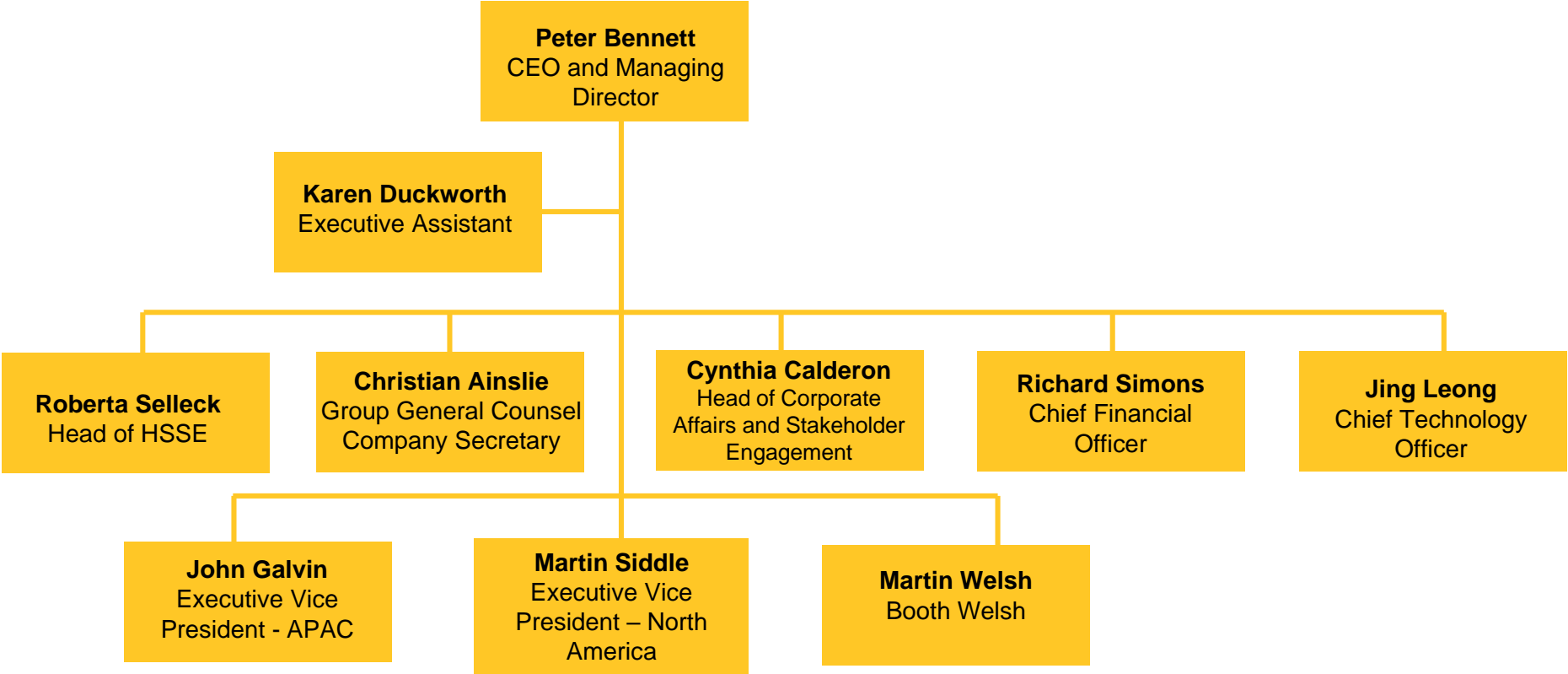


- Drive business improvement opportunities through innovative thinking
- Become truly digital by transforming ideas into new and improved service offerings
- Create an integrated system of tools and processes

Team Effectiveness



- Attract and develop diverse, high performing teams
- Create a positive environment that fosters open communication, collaboration and innovation
- Become an Employer of Choice around the world



STRENGTHENING LEADERSHIP CAPACITY

OPERATIONAL AND COMMERCIAL APPOINTMENTS

NORTH AMERICA



•Martin Siddle – EVP
Clough North America

Nathan Grob – VP
Operations Canada

APAC



•John Guyer SVP
Operations

Brent Maas – VP
Brisbane
Operations + e2o
Asset Services

Jason Fletcher –
Operations
Manager Civil,
Marine &
Infrastructure

Ashlee Bourhill –
Senior
Commercial
Manager

Damian Weller –
VP Human
Resources

KEY OPPORTUNITIES



\$ Clough Value:
USD \$1.1bn

Project Value:
USD \$2.2 bn

Western Australia

**Perdaman – Project
Destiny Burrup Urea
Fertiliser Plant**

One of One, Subject to FID

- Contract awarded subject to FID.
- Banks letter of offer expected Oct 21 with FNTF Jan 22



\$ Clough Value:
AUD \$310m

Project Value:
AUD\$620m

South Australia

**UPCAC
– Baroota Pumped Hydro**

One of One, Subject to FID

- Currently Preferred and finalising T&Cs with Client.
- FID expected June 21



\$ Clough Value:
AUD \$1.75B

Project Value:
AUD \$5.68B

Queensland, Australia

**ARTC
– Inland Rail**

Tender submitted



\$ Clough Value:
AUD \$TBA

Project Value:
CONFIDENTIAL

Perth, Western Australia

**Main Roads WA
– Stephenson Avenue**

Tender submitted



\$ Clough Value:
AUD \$250m

Project Value:
AUD \$250m

United Kingdom

**TegCo
– Immingham W2E**

One of One, Subject to FID

- Clough is SPV owner.
- Currently reviewing business case following EPC pricing

KEY RISKS

- Inconsistent Execution
- North America Diversification
- Project Resourcing

PRESENTATION TAKEAWAYS

- Strategy implementation is delivering to the business
- Strong focus required on project execution
- Diversification of portfolio is strong
- Confidence in business plan – high levels of secured plan revenue for 2022, 2023
- Continued growth expectations for Clough



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This presentation is available on www.murrob.com