Aveng keeps its head above water, just

By Robert Laing

27 Sep 2017

Construction group Aveng narrowly managed to remain solvent in the year to end-June, with current assets of R9.7bn covering current liabilities of R8.9bn.

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Its net loss widened more than a hundredfold to R6.7bn from R65m, hurt by the settlement of a dispute over its Australian subsidiary's payment for the Queensland Curtis liquefied natural gas pipeline project coming in R2.4bn lower than expected.

Aveng's revenue fell 30.5% to R23.5bn, of which the write-down of the Australian profit contributed R5.1bn to the drop.

The group splits itself into six geographic regions, with its home market SA contributing 65% of revenue, followed by New Zealand, which contributed 11%; Southeast Asia 10%; rest of Africa 7%; Australia 5%; and the Middle East 1%.

Despite its setback in Australia, Aveng said it intended recapitalising its subsidiary McConnell Dowell.

"The Australian construction industry is expected to grow at a steady rate over the next five years. The growth will largely be driven by significant private and public sector investments in road, rail and power infrastructure projects," the company said in its results statement.

"In addition, the market in New Zealand continues to gain momentum, with government investment in large-scale transport and water projects which will continue to fuel growth for the region and expansion of the construction industry."

Aveng was less bullish about its home market: "The South African infrastructure market remains subdued, reflecting the marginal economic growth experienced in the country."

Source: BDpro