



MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1948/029826/06

JSE Share Code: MUR

ADR Code: MURZY

ISIN: ZAE000073441

(“Murray & Roberts” or “Group” or “Company”)

70th ANNUAL GENERAL MEETING: BUSINESS UPDATE

FY2018 was the first completed financial year of a fundamentally redesigned Murray & Roberts. The Group has transformed from being a predominantly South African civil and building contractor, to a multinational engineering and construction Group focused on the natural resources market sectors.

The Group issued its 2018 annual financial results on 29 August 2018 and Annual Integrated Report to stakeholders on 28 September 2018. Full details of the Group's financial results and Annual Integrated Report have been published on the website www.murrob.com.

BUSINESS PLATFORM UPDATE

Oil & Gas – Opportunities in the Liquid Natural Gas (“LNG”) sector remain limited after years of project delays. However, the crude oil price has stabilised above US\$70 per barrel and new LNG supply capacity must be developed in the near term to meet the forecast LNG demand as from 2021/22. In support of this view, Royal Dutch Shell PLC recently announced its CAD\$40 billion LNG project in British Columbia, Canada. Two more LNG gas export projects are poised to proceed in Canada over the next six months; Pieridae Energy Limited's CAD\$10 billion Goldboro LNG project in Nova Scotia and Woodfibre LNG's CAD\$1,6 billion project in British Columbia. The platform is targeting LNG projects in Australia, Canada, Mozambique and Papua New Guinea.

Considering the lack of opportunity in the LNG sector over the last few years, the platform has extended its services into the metals & minerals and infrastructure complementary markets in Australia. This decision was necessary to mitigate exposure to a soft LNG sector. Recent project awards for BHP and Rio Tinto confirms the platform's ability to secure projects in these complementary markets and it is currently pursuing two mega infrastructure projects in Australia, in joint venture with major international companies.

The Oil & Gas platform's order book reduced to R5,4 billion as at 30 September 2018 (June 2018: R6,4 billion), mainly due to the Wheatstone and Ichthys projects nearing completion. Securing work in complementary markets in the short term will be important to provide support to the order book.

Underground Mining – This global business is performing very well and is experiencing increasing demand for its services as the metals and minerals sector is in the early stages of an upturn cycle. Exploration is at its highest level in six years and mining equipment delivery times are extending. These are key lead indicators suggesting that the industry has moved into an upturn.

A large investment pipeline of underground mining projects, which is expected to grow further, has been identified. The platform achieved success in securing ongoing infrastructure replacement projects, new mine development projects and contract mining work. Most commodities are represented in the current project portfolio and the business is well positioned to secure new project opportunities.

The Underground Mining platform increased its order book further to R24,7 billion as at 30 September 2018 (June 2018: R22,1 billion). In terms of new order book opportunities, Murray & Roberts Cementation was recently selected as the preferred bidder on a multi-billion rand contract mining project on a chrome mine in South Africa.

Power & Water – The Medupi and Kusile power stations are nearing completion and the Baseload Coal Independent Power Producer Procurement Programme in South Africa continues to be delayed. In response to the limited new build opportunities in the power sector, the platform is targeting the broader power sector by pursuing power plant repair and maintenance work in South Africa and high voltage transmission projects in South Africa and sub-Saharan Africa.

Eskom secured a R2,9 billion loan from the African Development Bank for the upgrade and expansion of its transmission infrastructure. The platform has established a joint venture with Ramagale Holdings to tender for the Eskom opportunities, and with Optipower Projects to pursue transmission opportunities in sub-Saharan Africa. It also entered into a joint venture with the Southern Palace Group and Worley Parsons, which submitted a major tender for repair and maintenance work on 15 Eskom power stations.

Notwithstanding the dire state of water infrastructure in South Africa, investment in this sector is very limited. Given the increasing pressure to upgrade dysfunctional municipal wastewater treatment plants and to reuse treated effluent, Murray & Roberts Water is well positioned to pursue opportunities as it comes to market.

The Power & Water platform order book reduced to R0,9 billion as at 30 September 2018 (June 2018: R1,5 billion), mainly due to the Medupi and Kusile power station projects nearing completion. In October 2018, the platform secured two new projects with a combined value of R0,6 billion; work on a sulphur dioxide abatement facility for Anglo Platinum and the structural, mechanical, pressure parts and piping erection of a recovery boiler for Sappi.

Closure of business in the Middle East - All projects are substantially completed and are expected to be handed over in the first quarter of the new calendar year. The Dubai Airport arbitration panel requested a further extension on their ruling, to 31 March 2019.

ORDER BOOK AND NEAR ORDERS

The Group increased its order book for continuing operations to R31 billion as at 30 September 2018 (June 2018: R30,1 billion). Near orders for continuing operations increased to R9,2 billion as at 30 September 2018 (June 2018: R7,9 billion), predominantly in the Underground Mining platform.

PROSPECTS STATEMENT

Each of the Group's three business platforms are at different stages in their strategic development and are exposed to different market dynamics. The Underground Mining platform is well positioned to achieve strong growth over the next few years. The Oil & Gas platform holds significant potential, but is not expected to record growth in the immediate short term. The Power & Water platform is expected to become a smaller business, now that the mega Medupi and Kusile projects are nearing completion.

The Group is committed to drive sustainable growth and based on market expectations, it is confident that its growth plans over the medium term are achievable. The Group's robust financial position provides the necessary capacity to support these growth plans.

The information contained in this Business Update has not been reviewed and reported on by the Group's external auditors.

OFFER TO ACQUIRE MURRAY & ROBERTS BY ATON GMBH ("ATON")

Murray & Roberts' shareholders are referred to the announcement released on SENS on 4 September 2018, regarding the important dates relevant to the mandatory offer by ATON.

The mandatory offer may only be withdrawn if either:

- the mandatory offer fails due to non-fulfilment of one of the specified suspensive conditions. The suspensive conditions relate to regulatory approval in various jurisdictions; or
- the suspensive conditions are not fulfilled by the long stop date of 31 March 2019 and such long stop date is not extended.

Murray & Roberts' shareholders are accordingly guided as follows:

- the implementation of the mandatory offer remains subject to regulatory approvals in a number of jurisdictions;
- the mandatory offer has not yet been declared unconditional in all respects;
- in the event of ATON announcing that the mandatory offer has become unconditional in all respects, Murray & Roberts' shareholders will still have 10 business days from the date of such announcement to accept the mandatory offer, should they choose to do so, on such terms as may be offered by ATON at that time.

The independent board of Murray & Roberts continues to advise Murray & Roberts' shareholders that a fair value price range for control of the Company is between ZAR20.00 to ZAR22.00.

CHANGE OF SPONSOR

Shareholders are advised that The Standard Bank of South Africa Limited has been appointed as Sponsor to Murray & Roberts on the JSE Limited, effective 1 November 2018.

Bedfordview
01 November 2018

Sponsor
The Standard Bank of South Africa Limited