



MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

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JSE Share Code: MUR

ADR Code: MURZY

ISIN: ZAE000073441

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

71st ANNUAL GENERAL MEETING: BUSINESS UPDATE

The Group is a multinational provider of specialised engineering and construction services, primarily in the metals and minerals, oil & gas and power & water market sectors.

Following several acquisitions in the prior financial year, FY2020 will be a year of consolidation for all three business platforms, with the focus on growing the order book and on successful project delivery.

The Group issued its 2019 annual financial results on 28 August 2019 and Annual Integrated Report to stakeholders on 30 September 2019. Full details of the Group’s financial results and Annual Integrated Report have been published on the website at www.murrob.com.

The Group is pleased to have maintained annual dividend payments for the past five years and aims to be consistent in this regard going forward.

BUSINESS PLATFORM UPDATE

Underground Mining – The platform’s order book decreased to R20,9 billion as at 31 October 2019 (June 2019: R22,8 billion), while the platform continues to perform well.

As one of the largest underground mining contractors in the world and against the background of the recovery in commodity markets over the past few years, the platform has done well to capitalise fully on its growth potential by substantially increasing its share of the regional markets in which it operates.

Commodity prices have generally been stable in the last two years, however, it appears as if the global mining cycle has reached a plateau. Capital expenditure in the mining and mining services markets is expected to level off over the next three years. The Group believes there are still sizable opportunities for the platform, but expects short to medium term earnings to show measured growth from current levels.

Oil & Gas – The platform is recovering from a low base and client timeframes for the award of new projects continue to be highly variable. However, the order book increased substantially to R33,0 billion as at 31 October 2019 (June 2019: R23,1 billion). The increase since June 2019 is primarily due to the award of a R9,4 billion petrochemical EPC project in the United States to Clough USA, for which the notice to proceed was received in November 2019. This award is expected to substantially increase revenue during the second half of FY2020.

The platform’s strategy of diversification into the Australian infrastructure and mining markets and expanding its oil and gas business internationally is delivering positive results. The

Australian infrastructure and mining markets present significant opportunity and there are early signs of a medium-term recovery in the oil and gas markets. The platform is targeting oil and gas projects in Australia, Canada, USA, Mozambique, Kazakhstan and Papua New Guinea.

Power & Water – The platform order book remained stable at R0,9 billion as at 31 October 2019 (June 2019: R0,9 billion), mainly due to the inclusion of transmission orders following the acquisition of Optipower. Due to a lack of project opportunities in South Africa, it will take time to re-establish the business post completion of the Medupi and Kusile power projects.

Substantial investment in the short to medium term is expected in the transmission and distribution subsector of the power market and the platform is targeting maintenance contracts from Eskom's aging fleet of power stations. Investment in the local water sector continues to be fragmented and limited, notwithstanding the increasing pressure to upgrade dysfunctional municipal wastewater treatment plants. However, the City of Cape Town's drought resilience plan is being implemented with several wastewater treatment plant improvement and expansion projects coming to market.

The platform has extended its service offering to complementary markets, including petrochemicals, metals and minerals, and paper and pulp. Gas projects in Mozambique are gaining momentum and will provide potential project work opportunities as from FY2021. Furthermore, investment in new fuel storage terminals should also present opportunities in the medium term.

Closure of business in the Middle East - Exiting the Middle East remains a complex challenge with many risks to be managed and longstanding commercial matters to be resolved. However, the accounting position taken to book for this business is considered to be prudent. As all remaining construction work on the residual projects has been completed, this business is expected to be reclassified as a discontinued operation for FY2020.

The arbitration outcome of the Dubai Airport claim was inconclusive and claims will have to be finally settled by agreement between the parties. The final account for this project will be submitted before the end of December 2019, following which the parties will endeavour to reach an agreement.

REPORT ISSUED – INQUIRY INTO THE GRAYSTON TEMPORARY WORKS COLLAPSE

On 19 November 2019, Murray & Roberts and other parties who participated in the inquiry, received a copy of the administrative report issued by the Department of Labour relating to the collapse of the Grayston pedestrian bridge temporary works in October 2015.

The Department of Labour Presiding Inspectors have made findings regarding alleged transgressions of health and safety statutory obligations by various parties, including Murray & Roberts Construction (Pty) Limited, a former subsidiary of Murray & Roberts. The Company and its advisers do not agree in many respects with the analyses, conclusions and recommendations contained in the report.

The report was prepared for and addressed to the Director of Public Prosecutions and the Chief Inspector of the Department of Labour for their consideration and is confidential.

All costs relating to this matter have been previously accounted for and no further financial impact is expected.

ATON GMBH (“ATON”) UPDATE

On 30 September 2019, ATON released an announcement on SENS indicating that it had elected not to extend the long-stop date for their mandatory offer, being 30 September 2019. Accordingly, the offer has lapsed in accordance with its terms.

Murray & Roberts notes ATON's intent to remain invested in and provide support to the Group as a significant shareholder.

PROSPECTS STATEMENT

The *New Strategic Future* plan is gathering momentum and bearing results. The Group has built a quality order book of R54,8 billion with near orders of R5,1 billion as at 31 October 2019.

The Group is confident that its growth plans over the medium term are achievable and it has the necessary financial capacity to support these plans.

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

Bedfordview
28 November 2019

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