

WILSON BAYLY HOLMES - OVCON LIMITED
Building and civil engineering contractors
(Registration no. 1982/011014/06)
ISIN No: ZAE 000009932
Share code: WBO
("WBHO", "the Group" or "the Company")

TRADING STATEMENT IN RESPECT OF THE PERIOD ENDED 31 DECEMBER 2021

Impact of Covid-19

Due to the Group's geographic diversity, continuing measures taken by governments around the world to contain further outbreaks of the Covid-19 pandemic, have affected operations within each country to varying degrees and severity at different times during the reporting period under review.

The pandemic continued to exert an influence on the Group, particularly on the operational performance of the WBHO Australia Group (WBHOA). The protracted effect of Covid-19 together with increased difficulty in raising guarantee facilities has delayed any meaningful recovery in new work procurement in Australia.

Building and civil engineering

Operating profit for the reporting period to 31 December 2021 is expected to be at least 15% up in comparison to the prior period, with revenue at similar levels to those of the prior period.

Roads and earthworks

Revenue is expected to be broadly in line with the comparative period while operating profit is anticipated to increase by at least 15%.

Australia

The Group has been monitoring the trading operations of WBHOA for a considerable period of time and has made every effort to contain costs and restore a level of profitability to WBHOA. Of particular concern is the project delivery capability of WBHOA which has been negatively affected by unforeseen and severe Covid-19 restrictions and the contractual environment. Consequently, WBHOA has been unable to complete projects on time nor recover variation and delay claims in the current financial period, resulting in material losses.

Revenue is expected to decrease by 32% over the comparative period, however the operating loss will increase by at least 200% over the comparative period, causing the Group to impair both the goodwill and the deferred tax assets in Australia at 31 December 2021, which has had a further negative effect on earnings.

United Kingdom

Covid-19 has negatively impacted new work procurement in the region resulting in revenue and profit for the period to 31 December 2021 to likely decrease by at least 30% and 40% respectively over the comparative period.

Construction materials

Revenue is expected to be improve by at least 5% with operating profit likely to be up by at least 140% in comparison to the prior period.

Liquidity

WBHO has maintained its strong financial position with R5.3 billion in cash reserves at 31 December 2021. The Group has appropriate processes and systems in place to provide the necessary information to proactively manage cash and liquidity. During the current period the Group continued to successfully manage the negative cash flow effects of the onerous contracts in Australia. However after lengthy discussion and thought and having taken cognizance of the operating losses recognised in the period, the level of risk versus reward offered by the Australian construction market and the overall consequences for all WBHO stakeholders, the Board has decided not to provide further financial assistance to WBHOA. Stakeholders are referred to the separate SENS

released on 23 February 2022 providing additional guidance and information on the facts and circumstances leading to this decision.

Over the course of the last four years, the Group has provided financial assistance to WBHOA, through its subsidiary WBHO Construction (Pty) Ltd in South Africa. This financial assistance has been in the form of additional equity investments amounting to R2 billion and parent company guarantees given to guarantee facility providers so as to enable WBHOA to continue operating. The Group intends to honour its parent company obligations provided to Australian institutions and in so doing has the procured the support of its South African financial institutions and remains liquid.

Order book at 31 December 2021

R'm	December 2021	June 2021	December 2020
Building and civil engineering	8 963	8 558	7 079
Roads and earthworks	4 584	4 312	4 656
Australia	12 831	12 318	19 866
United Kingdom	3 441	2 699	4 177
Total	29 819	27 888	35 777

Order book at 31 December 2021 in respect of Australia and United Kingdom in foreign currency

'm	December 2021	June 2021	December 2020
Australia (AU\$)	1 111	1 143	1 764
United Kingdom (£)	160	136	209

The Group has been awarded R1.8 billion of new work subsequent to 31 December 2021, comprising R1.6 billion in the Roads and earthworks division and R0.2 billion in the Building and civil engineering division.

Trading statement

Shareholders are advised that the Company's expects to report a loss per share of at least 2532 cents for the period ended 31 December 2021 compared to earnings of 32 cents per share for the period ended 31 December 2020. The headline loss is expected to be at least 1611 cents per share for the period ended 31 December 2021 compared to earnings of 82 cents per share for the period ended 31 December 2020.

The material deterioration in earnings over the current period comprises a loss per share of 1664 cents in respect of the trading losses in Australia, a loss per share of 846 cents in respect of the impairment of goodwill related to the Australian operations and a loss per share of 616 cents in respect of the reversal of deferred tax assets in Australia that are no longer considered recoverable.

The decision by the Board to withdraw further funding of the Australian operations and the subsequent decision by the board of WBHO Australia to commence proceedings to place those operations into administration will result in a loss of control by the Group on the date upon which an administrator is appoint .

The financial information on which this trading statement is based, has not been reviewed or reported on the by the Company's external auditors.

A further trading statement will be released on SENS once more certainty is obtained.

The results for the period ended 31 December 2021 are expected to be announced on SENS on 1 March 2022.

By order of the board

Johannesburg

23February 2022

Sponsor: Investec Bank Limited