



MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1948/029826/06

JSE Share Code: MUR

ISIN: ZAE000073441

("Murray & Roberts" or the "Company" or "the Group")

CATEGORY 1 ANNOUNCEMENT RELATING TO THE PROPOSED DISPOSAL BY MURRAY & ROBERTS OF ITS INTEREST IN CLOUGH LIMITED TO WEBUILD S.P.A. AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Shareholders are referred to the cautionary announcement released on Tuesday, 8 November 2022 ("**Announcement**") in terms of which the Group advised that Murray & Roberts Pty Ltd ("**MRPL**" or the "**Seller**"), an indirect wholly-owned subsidiary and the Group's holding company in Australia, had entered into a sale and purchase agreement ("**SPA**") with Webuild S.p.A ("**Webuild** or the "**Purchaser**") to dispose of the entire issued share capital of Clough Limited ("**Clough**") to Webuild (the "**Proposed Transaction**").

As advised in the Announcement, the Proposed Transaction is deemed a Category 1 transaction in terms of the Listings Requirements of the JSE Limited ("**JSE**").

2. Information on Murray & Roberts and Clough

Headquartered in Johannesburg, the Group has a proud heritage spanning more than a century and is today a multinational specialist engineering and contracting group. The Group delivers project development and construction services into the resources, industrial, energy, water and specialised infrastructure market sectors.

Headquartered in Perth, Australia, Clough is an engineering and construction company providing project services to the energy, resources and infrastructure industries, predominantly in the Australasia and North American markets.

For more information about Murray & Roberts and Clough, please visit www.murrob.com and www.cloughgroup.com respectively.

3. Information on the Purchaser

Headquartered in Milan, Italy, Webuild is a leading global player in the construction of large, complex projects for sustainable mobility (rail, metro, bridges, roads, ports), hydropower (dams, power plants), water (treatment and desalination plants, wastewater management, irrigation dams) and green buildings (civil and industrial buildings, airports, stadiums, hospitals).

For more information about Webuild, please visit www.webuildgroup.com.

4. Proposed consideration

The total financial benefit to the Group arising from the Proposed Transaction is circa A\$350 million (equivalent to approximately R4 billion), achieved through the forgiveness and writing off of the outstanding intercompany loan ("Intercompany Loan") between MRPL and Clough, and a cash

payment of A\$500,000 to MRPL by Webuild. The cash payment will be applied for general corporate purposes within the Group.

In conjunction with the Proposed Transaction, Webuild has committed to put in place an interim loan facility of A\$30 million (“**Interim Loan**”) for the benefit of Clough, which should allow Clough to continue trading until financial close.

There are legislative restrictions applicable to Webuild which limit its ability to provide loan funding to third parties. As such, Webuild require certainty in respect of the implementation of the Proposed Transaction in order for Clough to draw down the Interim Loan. Accordingly, Murray & Roberts is seeking to obtain the required undertakings to vote in favour of the Proposed Transaction from shareholders who hold, in aggregate, more than 50% of the Group’s shares by 30 November 2022, to allow Clough to draw down against the Interim Loan.

5. Rationale for the Proposed Transaction

Shareholders are referred to the Group’s stakeholder report for the year ended 30 June 2022, in which the Group explained that delivery of its order book was increasingly being disrupted and that increased levels of working capital were required to address the dislocation in project cash flows.

The Group’s working capital requirements is especially acute in its Energy, Resources & Infrastructure platform (“**ERI**”). The ERI platform comprises substantially the Group’s interest in Clough. The increasing working capital requirements arose from Clough’s portfolio of lumpsum fixed-priced contracts being affected by COVID-related impacts, which gave rise to claims that remain unresolved across several projects, as well as delays in the receipt of project milestone payments due to supply chain disruptions. The disruption of supply chain delivery and delays in project milestone payments continue to persist and margin deterioration has recently been recorded at the Traveler project in the USA and the Waitsia project in Australia.

These circumstances have given rise to short- and long-term requirements for cash injection into Clough that the Group is not able to accommodate. The Group therefore had to consider its strategic options.

Webuild has a history of working with Clough on major projects, including its joint venture with Clough on Snowy 2.0, a hydropower project in Eastern Australia and its participation with Clough (and other members) in Regionerate Rail, a consortium appointed as preferred bidder for the development of the Gowrie to Kagaru section of Inland Rail. Having reviewed all available alternatives, the board of directors of Murray & Roberts concluded that the Proposed Transaction was the preferred course of action to address Clough’s working capital needs and avoid Clough being placed into voluntary administration.

If Clough were placed into voluntary administration, the Intercompany Loan between MRPL and Clough would ultimately become due on its maturity. The Intercompany Loan in favour of Clough originated through the buy-out of the minority shareholders in Clough by Murray & Roberts in 2013. As MRPL has no ability to repay the loan, and in light of security given by MRPL to certain Clough creditors, MRPL would most likely also have needed to be placed into voluntary administration. The only other asset of MRPL is its subsidiary company RUC Cementation Pty Ltd (“**RUC**”), which is part of the Group’s Mining business platform. Administrators appointed by Clough and/or MRPL’s could potentially sell RUC to settle part of MRPL’s indebtedness to Clough.

Following the implementation of the Proposed Transaction, the Group will have no residual exposure to Clough. The Group’s interests in Australia will, however, continue through RUC, one of the three operating companies in the Group’s multinational Mining platform.

6. Conditions precedent

The implementation of the Proposed Transaction remains subject to the fulfilment and/or waiver, as the case may be, of various suspensive conditions, including, *inter alia*:

- 6.1 that all material agreements are in full force and effect upon implementation and that written confirmation is obtained from all counterparties to material agreements where such agreements include change of control provisions;
- 6.2 each company of the Clough Group retaining its status as preferred bidder in respect of certain projects identified by the Purchaser;
- 6.3 approval under Australia's foreign investment laws for Webuild to acquire Clough under the Proposed Transaction;
- 6.4 the Seller and Murray & Roberts obtaining the requisite shareholder approvals for the implementation of the Proposed Transaction;
- 6.5 Clough obtaining shareholder approval, under section 260B of the Corporations Act 2001 (Cth) of Australia, to provide financial assistance to the Purchaser in relation to the Proposed Transaction;
- 6.6 Murray & Roberts obtaining irrevocable undertakings of support for the Proposed Transaction from shareholders holding, in aggregate, more than 50% of the issued shares of Murray & Roberts;
- 6.7 the Purchaser receiving a full waiver of all actual and potential claims that Clough or any of its related bodies corporate (as defined in the Corporations Act 2001 (Cth) of Australia) have or may have against a company in the Clough Group deriving from the Snowy Project and the Inland Rail Bid Process;
- 6.8 the Purchaser using all reasonable endeavours to procure as soon as practicable after signing of the SPA, the Interim Loan;
- 6.9 the Purchaser obtaining releases for all guarantees to which the Seller is party; and
- 6.10 there having been no material adverse effects.

7. Other significant terms

In terms of the SPA, the Seller gave certain warranties and undertakings to the Purchaser relating to the Proposed Transaction customary for transactions of this nature.

8. Effective Date

The Proposed Transaction will be implemented as soon as possible following fulfilment and/or waiver of the conditions precedent.

9. Pro forma financial effects

The net asset value of Clough as included in the Murray & Roberts consolidated financial statements (prepared in terms of IFRS) for the year ended 30 June 2022 amounts to R5,778 million with Clough contributing R307 million in profit. After the publication of the abovementioned financial statements on 31 August 2022, new information as published on Stock Exchange News Services on 17 October 2022, led to a deterioration of estimated project margins resulting in a decrease of Clough's net asset value to R4,218 million and a reduction in profit from R307 million to a loss of R1,180 million. Included in the net asset value is an Intercompany Loan receivable from MRPL of R3,912 million which will be forgiven and written off in terms of the Proposed Transaction.

10. JSE Categorisation

As described above the Proposed Transaction is a Category 1 transaction in terms of the Listings Requirements of the JSE and accordingly needs to be approved by more than 50% of the voting rights exercised on an ordinary resolution to be tabled at a to be convened shareholders meeting.

The Proposed Transaction does not constitute a related party transaction and there are accordingly no related party transaction implications in terms of the Listings Requirements of the JSE.

11. Distribution of circular

A circular containing the full details of the Proposed Transaction and incorporating a notice convening a shareholders meeting, will be distributed to shareholders in due course. The salient dates and times of the Proposed Transaction, including the date of the shareholders meeting, will be announced on the Stock Exchange News Services at the time of distributing the circular.

12. Withdrawal of cautionary announcement

As the full salient terms of the Proposed Transaction has been set out in this announcement, shareholders no longer need to exercise caution when trading in their Murray & Roberts shares as far as the Proposed Transaction is concerned.

The information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

For further information contact:

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Bedfordview
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Company and Transaction Sponsor: The Standard Bank of South Africa Limited

Financial Advisor to Murray & Roberts: Goldman Sachs International

Legal Advisor as to South African law: Webber Wentzel

Legal Advisor as to Australian law: King & Wood Mallesons