Wilson Bayly Holmes-Ovcon Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1982/011014/06)
JSE AND A2X Code: WBO
ISIN: ZAE000009932
("WBHO" or "Group" or "Company")

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS:

Continuing operations:

- Revenue for the year increased by 38% to R24 billion (2022: R17 billion)
- Earnings per share increased by 29% to 1 679 cents per share (2022: 1 303 cents)
- Headline earnings per share increased by 31% to 1 703 cents per share (2022: 1 297 cents)
- Final dividend declared of Nil cents per share resulting in a total dividend for the year of Nil cents per share (2022: Nil cents per share)
- The net asset value amounts to R3.9 billion (2022: R2.9 billion)

Discontinued Operations:

- Loss from discontinued operations of R101 million (2022: R1.9 billion)
- Loss per share decreased by 96% to 189 cents per share (2022: 5 365 cents)
- Headline loss per share decreased by 96% to 189 cents per share (2022: 4 990 cents)

Total Operations:

- Earnings per share increased by 137% to 1 490 cents per share (2022: loss per share of 4 062 cents)
- Headline earnings per share increased by 141% to 1 514 cents per share (2022: loss per share of 3 693 cents)

Segment revenue	June 2023	June 2022
Building and civil engineering	10 890 875	7 498 139
Roads and earthworks	6 856 800	4 712 677
United Kingdom	4 987 904	4 209 894
Total construction revenue	**22 825 579**	**16 420 710**
Property developments	24 548	16 717
Construction materials	918 620	802 851
Total revenue from continuing operations	**23 768 747**	**17 240 278**
Segment operating profit		
Building and civil engineering	504 401	342 356
Roads and earthworks	449 561	322 092
United Kingdom	117 453	157 503
Total construction operating profit	**1 071 415**	**821 951**
Property developments	18 297	18 529
Construction materials	22 844	18 488
Operating profit from continuing operations	**1 112 556**	**858 968**
Share-based payments expense	(54 562)	(44 769)
Total operating profit from continuing operations	**1 057 994**	**814 199**
Operating loss from discontinued operations	(100 191)	(1 569 377)
Operating profit/(loss) from total operations	**957 803**	**(755 178)**

The directors are responsible for the preparation and fair presentation of the Audited Consolidated Annual Financial Statements for the year ended 30 June 2023 of Wilson Bayly Holmes-Ovcon Limited.

The Consolidated Annual Financial Statements have been audited by the Group's auditors, BDO South Africa Incorporated who expressed an unmodified opinion thereon.

The consolidated annual financial statements which include an unqualified audit opinion are available at https://senspdf.jse.co.za/documents/2023/jse/isse/WBO/WBHO2023.pdf and on the Company's website at www.wbho.co.za.

Any investment decision should be based on the content of the consolidated annual financial statements as the information in this announcement does not provide all of the details.

COMMENTARY

Group Performance

The Group continued its recovery after the impact of closing the Australian operations and the slowdown during the Covid-19 period. The growth during FY2023 in the South African and African businesses has resulted in confidence that the balance sheet can support the demands that the expanding order book requires.

Continuing Operations

The Continuing Operations delivered strong growth this year following a compelling performance from the African operations and good growth from the United Kingdom over the second six months of the financial year. The overall operating margin remains healthy at 4.5%. At the same time, the Group continued to grow its order book levels.

Discontinued Operations

As previously reported when releasing the interim results of the Group, on 21 September 2022 all conditions precedent for the Deed of Company Arrangement (DOCA) to take effect were completed. The DOCA effectively resolves all creditors' claims against the administration entities, eliminates any possible future claims and litigation against the Group and ultimately results in the entities being returned to the directors for deregistration. The administration period, previously expected to be complete by July 2023, has been extended to resolve a potential insurance claim of one of Probuild's clients and legal action against the administrator covering a debtor recovery.

In December 2022, the Group signed a settlement deed with the client in respect of Western Roads Upgrade project (WRU) that allowed for the exit from the contract and the full release of the Group from its obligations under the parent company guarantee provided.

All obligations under the parent company guarantee provided to the Commonwealth Bank of Australia (CBA) have been fulfilled. The process of recovering guarantees that clients have not called, but against which cash collateral has been provided has been frustratingly slow. Recovery of guarantees on five projects remain outstanding. The recovery of these guarantees is now expected in the 2024 financial year. In addition, the Group has commenced various processes to recover guarantees believed to have been spuriously called.

At 30 June 2022, the Group had provided for all known and expected costs in relation to the DOCA, the net payment of guarantees and the WRU settlement. During the six months to 31 December 2022, the provision was exceeded mainly due to an increased settlement amount of A$2.25 million in respect of WRU, A$1.3 million in unpaid usage fees in respect of the CBA facility and currency fluctuations arising from a weakening of the Rand against the Australian dollar. As a result, additional costs amounting to R100 million were recognised during the interim reporting period. No further costs have been recognised during the second six months to 30 June 2023.

FINANCIAL REVIEW

Revenue and operating profit from continuing operations

Group revenue from continuing operations increased by 38% from R17 billion in FY2022 to R24 billion in the current period. Revenue from South Africa increased by 42% from R11 billion to R16 billion while revenue from the rest of Africa increased by 56% from R2 billion to R3 billion. The strong growth in South Africa reflects the high levels of work procured over the second half of FY2022 and the first half of FY2023. The resurgence in activity in the rest of Africa was underpinned by renewed activity in Mozambique and the award of two sizeable projects in Liberia. Revenue from the UK operations increased by 19% from R4.2 billion to R5 billion, where Ellmers Construction within the Byrne Group delivered healthy growth.

Segment operating profit from continuing operations increased by 30% to R1.1 billion up from R859 million at 30 June 2022. Operating profit from the African operations increased to R995 million from R701 million at a combined operating margin of 5.3%. The operating profit from the UK decreased from R158 million to R117 million at a margin of 2.5% compared to 3.7% in the prior reporting period.

Earnings / (loss) per share

Earnings per share from continuing operations increased by 29% to 1 679 cents per share compared to 1 303 cents per share at 30 June 2022.

The loss per share attributable to the discontinued Australian operations amounting to 5 365 cents at 30 June 2022, reduced to 189 cents per share in the current period. Consequently, earnings per share from total operations improved from a loss of 4 062 cents per share to earnings of 1 490 cents per share.
Headline earnings from continuing operations amounted to 1 703 cents per share versus 1 297 earnings per share in the comparative period. The headline earnings from total operations amounts to 1 515 per share versus a loss of 3 693 cents per share in 2022.

Interests in associates and joint ventures

The table below provides information on the different types of investments in which the Group has significant influence but not control:-

Entity	Industry	Country	Effective %	Carrying Amount Rm		After-tax share of profits and losses Rm	
				30 June 2023	30 June 2022	30 June 2023	30 June 2022
CONSTRUCTION:							
Edwin Construction	Infrastructure	South Africa	-	-	67.1	4.3	7.5
CONCESSIONS:							
Dipalopalo	Serviced accommodation	South Africa	27.7%	49.3	52.0	-	-
DFMS Joint Venture	Serviced accommodation	South Africa	14.6%	13.7	11.3	3.9	3.5
Tshala Bese Uyavuna (RF)	Serviced accommodation	South Africa	32.5%	98.2	0.3	-	-
Gigajoule International Group	Gas and power supply	Mozambique	26.6%	385.2	371.0	136.3	82.3
PROPERTY DEVELOPMENTS:							
Catchu Trading	Residential	South Africa	50%	39.6	54.9	(13.1)	-
19 on Loop/Rubik	Residential	South Africa	20%	19.8	23.2	(0.9)	-
PROPERTY DEVELOPER:							
Russell Homes Limited	Residential schemes and house builder	United Kingdom	31.7%	97.8	81.3	0.5	7.2
Total				**703.6**	661.1	**131.0**	100.5
Expected credit loss				(0.9)	(0.8)	-	-
Total				**702.7**	660.3	**131.0**	100.5

Earnings from equity-accounted investees increased from R101 million to R131 million due to increased earnings from the Gigajoule group of companies. The Group received cash dividends of R164 million from the Gigajoule Group during the period. The Group disposed of its 49% interest in Edwin Construction on 1 January 2023.

Contract Assets

Contract assets of R776 million increased by R495 million over the comparative period primarily due to an increase in uncertified revenue and materials-on-site within the African operations. Total contract assets related to Africa amount to R738 million and comprise uncertified revenue of R580 million and materials on site of R158m. Uncertified revenue relates to timing differences between the date certificates for work executed are submitted and approved, and do not represent claims or disputes over work done. Materials-on-site has increased significantly due to the requirements of certain large-scale mining and energy infrastructure projects.

Cash

Cash balances grew from R3.3 billion to R3.7 billion despite cash outflows of R782 million utilised to settle obligations in Australia. Cash balances in South Africa grew from R1.1 billion to R2 billion commensurate with the strong operational growth achieved alongside positive working capital movements. Cash balances in the rest of Africa decreased from R1 billion to R838 million following the repatriation of excess cash reserves utilised to support obligations in Australia. Cash in the UK decreased from R1.2 billion to R838 million following the acquisition of a new property by the Byrne Group following the termination of the lease at its plant yard.

Cash outflows relating to investing activities from continuing operations amounted to R352 million and include capital expenditure acquired for cash of R192 million. Additional capital expenditure of R319 million was financed. Depreciation in respect of property, plant and equipment amounted to R202 million (2022: R146 million). Property plant and equipment and the rights to certain contracts in respect of O'Keefe Construction in the United Kingdom were acquired for R209m.

Long-term liabilities

Long-term liabilities increased primarily due to the loan of R350 million drawn from the Group's primary banker to support local operational cash flows given the large outflow of funds to Australia. Repayments of R180 million were made against the debt over the second six months of the reporting period.

Capital expenditure increased significantly over the period in order to meet the operational needs of the business and address the impact of reduced expenditure in 2021 and 2022 arising from the uncertainty around Covid-19 and the Group's decision to exit Australia. Consequently, there has also been an increase in asset-based finance to support this expenditure.

Contingent liabilities

Financial guarantees issued to third parties amounted to R6.9 billion compared to R5 billion in issue at 30 June 2022.

OPERATIONAL REVIEW

BUILDING AND CIVIL ENGINEERING

		30 June 2023 Rm	30 June 2022 Rm
Revenue	46% growth	10 981	7 498
Operating profit	4.6% margin	504	342
Capital expenditure		6	21
Depreciation		10	23

Revenue from the Building and civil engineering division increased by 46% over FY2022. Operating profit improved to R504 million at a margin of 4.6% compared to R342 million in the preceding reporting period.

Building

Revenue from the Building division increased by 28% over the comparative period reflecting 27% revenue growth in Gauteng and 29% growth from the coastal regions. Revenue from the rest of Africa remains at relatively low levels but was consistent with that of the prior period.

In Gauteng, the division has large-scale anchor projects across all key sectors which underpinned the growth achieved and supported a strong operational performance where margins were maintained. Following the award of the R2.5 billion extension and refurbishment of the South African Reserve Bank building in Tshwane and the completion of the construction phase of the public-private partnership (PPP) contract for the design, build, operation and maintenance of a new serviced working environment for the Department of Agriculture, Land Reform and Rural Development, the commercial office sector demonstrated a resurgence in activity contributing 46% (FY2022 26%) toward revenue from the region. Two projects from the sub-R250 million commercial office sector were completed during the year with a further two projects continuing into FY2024. The division continues to maintain a strategic presence in this sub-sector. The industrial and warehousing sector contributed 21% of revenue generated down from 52% in FY2022. Within this sector, the completion of a new logistics and distribution centre for Fortress, with Pick 'n Pay as the tenant, was the largest single contributor toward revenue from the sector. Construction for SAB InBev at its Rosslyn plant in Tshwane was also completed while the construction of a manufacturing facility supplying automotive parts to BMW, also in Rosslyn is ongoing. The residential sector contributed 17% up from 4% in FY2022. The large-scale residential project at Steyn City comprising numerous apartment blocks is progressing well and will continue into FY2025. As a front runner within the data centre sector, the division secured new projects in excess of R1.5 billion in the Gauteng region during the reporting period. The division secured a data centre for Teraco and two for Vantage (a previous client) later in the financial year. Within the healthcare sector, the division secured a R1 billion upgrade and extension to the Siloam District Hospital in Limpopo to be executed in a joint venture.

In the coastal regions, the division delivered solid growth in KwaZulu Natal (KZN) and the Western Cape while activity in the Eastern Cape was in line with the prior period. The industrial building and warehousing sector remained the predominant source of activity in the KZN region comprising 63% of revenue generated. Work was centred at the Northfield, Clairwood and Brickworks logistics parks together with warehousing projects for Zenprop, Shoprite, Coca Cola and Growthpoint. Within the retail sector, the Springfield Value Centre and retail component of the large-scale, mixed-use Oceans development in Umhlanga were completed with two new sizeable awards secured in the second six months of the year. The retail sector contributed 25% toward revenue in the region. In the Western Cape, commercial offices and mixed-use developments comprised 75% of activity in the region where construction at three anchor projects, namely the Harbour Arch and River Club mixed-use developments and new offices for Investec at the V&A Waterfront, were the most significant contributors in this sector. Activity within the residential sector which contributed 17% toward activity, comprised the completion of two student accommodation developments, the construction of a retirement village consisting of 250 apartments, 190 freestanding houses and a lifestyle centre at the secure Sitari Estate in Somerset West, 132 apartments at 9 Palms in Century City and 104 apartments at the Val de Vie Estate in Paarl, all of which continue into FY2024. During the year the division was also appointed onto a framework for the Western Cape Department of Health and Education and several projects have already materialised from this appointment. Activity in the Eastern Cape is spread across the retail, industrial buildings, residential and education sectors. Significant projects under construction during the period comprised the now complete Boardwalk Mall, the Westbrook residential development at Riverdale in Port Elizabeth, an expansion of the SAB iBhayi brewery and the commencement of a new luxury residential and hotel development in Plettenberg Bay.

In the rest of Africa, construction of residential housing and hotel and conferencing facilities at the Polihali Village in Lesotho successfully achieved its first milestone in March 2023 with the project due for completion in November 2023. The division was recently awarded the enabling works for a data centre in Ghana with negotiations for the main works progressing.

Civil engineering
Revenue from Civil engineering increased by 162% due to a surge in activity within the renewable energy sector. The Projects division of the Group has been particularly successful in the renewable energy sector, having secured three EPC contracts for the delivery of a 30MW, 130MW and 200MW solar farm as well as a 140MW wind farm near Coleskop in the Northern Cape. The Projects team is responsible for the overall delivery and electrical design, installation and output of the projects, with the Roads and earthworks divisions assisting with the civil infrastructure works. The Civil engineering division also secured a standalone large-scale contract in joint venture for the manufacture and supply of seventy-eight pre-cast concrete towers to be installed at the San Kraal, Phezukumoya and Coleskop wind farms which form part of the Koruson 1 wind farm cluster in the Eastern Cape. Despite traditional civil engineering activity in South Africa remaining flat over the financial year, procurement activity over the latter half of the period improved significantly with the value of work secured for FY24 already exceeding that of work executed in FY2023. Existing activity consisted of the construction of civil infrastructure at the Two Rivers Platinum mine, marine works at the Durban Harbour, ongoing works at the Kusile Power Station and the completion of the Vlakfontein reservoir. During the second half of the year the division secured two mining infrastructure projects for Anglo American Platinum at the Der Brochen mine in Limpopo and at their Rustenburg Base Metals Refinery as well a project for Tronox alongside the Roads and earthworks division at the Namakwa Sands East OFS Project in the Western Cape.

ROADS AND EARTHWORKS

		30 June 2023 Rm	**30 June 2022 Rm**
Revenue	46% increase	6 857	4 713
Operating profit	6.6% margin	450	322
Capital expenditure		472	195
Depreciation		157	85

Revenue from the Roads and earthworks division increased by 46% over the comparative period to R6.8 billion. Operating profit increased by 40% to R450 million at margin of 6.6% (FY2022: 6.8%).

Following a significant uptick in roadwork activity, revenue generated from South Africa increased substantially over FY2022. In the previous reporting period, infrastructure projects for the mining and energy sectors accounted for 46% of total revenue in South Africa, while roadwork accounted for 43%. The strong growth in roadwork over the current period has shifted the contribution from roadwork to 50% while the contribution from mining and energy infrastructure related projects reduced to 40%. The division has a strong baseload of large-scale mining infrastructure projects for various of the major mining houses that extend throughout FY2024 and into FY2025. The current work on hand includes projects for Seriti Coal, Kumba Iron Ore, South 32, Harmony and Anglo Platinum. Within the energy infrastructure sector, the division has ongoing work for Sasol as well as various projects for Eskom at the Medupi, Matimba and Majuba power stations. In addition, the division is active within the renewable energy space, executing the civil works at the Coleskop windfarm and Tronox solar farm alongside the Group's Projects division. A significant uptick in activity from Sanral resulted in a 43% increase in activity from the local roadwork sector. The high levels of roadwork on hand at the beginning of the period were further supplemented by the award of the R3.5 billion Keyridge project along the N3, a R1.2 billion improvement project along the R63 to the intersection of the N6 near Bhisho, a R2.9 billion project in joint venture for the construction of section 20 of the N2 Wild Coast Highway Section 20 between the Msikaba Bridge and the Mtentu Bridge as well as four additional mid-sized projects with a combined value of R1.4 billion. Roadspan, the division's road surfacing, road rehabilitation and asphalt and bitumen supply business has also benefitted from the elevated levels of roadwork delivering 66% growth over the prior period. Pipeline activity remains limited to smaller mining infrastructure projects and work for the City of Cape Town on various bulk water schemes.

Revenue from the rest of Africa increased by 50% and comprises 38% of the division's total revenue. This increase in revenue is due to improved activity in Ghana and Mozambique, further assisted by the division's entry into Liberia and Tanzania. Revenue from Botswana decreased as projects were completed through the year with fewer and smaller projects secured to replace them. In Mozambique, construction activity was focused on three projects for Sasol at the Temane gas fields and the advance site infrastructure works related to the large-scale gas infrastructure project for Total. Revenue from the West African region improved substantially over the period due to two sizeable mining infrastructure projects at the Ahafo and Iduapriem mines in Ghana and the rail and mining infrastructure projects secured in Liberia. The mining infrastructure project in Madagascar was successfully completed in April 2023 and ultimately returned a small profit.

UNITED KINDOM

	% change	**30 June 2023 Rm**	**30 June 2022 Rm**
Revenue	19% increase	4 988	4 210
Operating profit	2.4% margin	117	158
Capital expenditure		239	10
Depreciation		66	76

Overall revenue from the UK increased by 19% in rand terms and 13% in pound terms. Any meaningful post-covid 19 recovery within the construction sector in the UK has been hampered by high levels of inflation arising from a combination of Brexit and the war in Ukraine. As a result, the businesses have prioritised careful project selection over securing work in an inflationary environment at uncompetitive margins and have in fact performed well to avoid potential losses. Operating profit decreased to R117 million and the overall margin from the UK declined from 3.8% to 2.3%. The decline in margin can be attributed to a heavier weighting toward lower margin work from Ellmers Construction within the Byrne Group and Russell WBHO breaking even. On a positive note, procurement activity and the award of new work and pre-construction contracts improved over the second six months of the year.

Byrne Group

Overall revenue from the Byrne Group increased by 26% from £153 million to £192 million supported by growth within Ellmers Construction and the acquisition of select contracts from O'Keefe, a business that entered administration in FY2022. O'Keefe is a groundwork, demolition, soil stabilisation and concrete frame specialist that targets commercial and residential markets. The addition of O'Keefe to the Byrne Group operations adds further substance to the business's presence in the UK construction market by expanding its client base and creating a skill set that offers clients a holistic solution from demolition through to fit-out.

The Byrne Group achieved a combined operating profit of £6.1 million at a margin of 3.2% compared to the £6.5 million in FY2022 at a margin of 4.3%.

Byrne Bros. has performed reasonably well against the backdrop of turbulent market conditions. Current secured projects include the North London Heat & Power Plant for Acciona, a 'build to rent' development in Wembley for Sisk and two projects for the Atomic Weapons Establishment (AWE). In addition, we continue to support the High Speed 2 (HS2) Infrastructure network with projects at Area Central for SCS and various sites in Birmingham for BBV. Contracts completed during the year include the Paddington Amphitheatre, a low-carbon concrete venture, the Elephant Park residential development and the Euston Station project as part of the wider HS2 scheme.

Current projects for Ellmers include fit-out work at Google's new offices in Kings Cross, the fit-out of 18 luxury residential apartments at the Peninsula in Belgravia, the main contract works at the Marylebone Lane Hotel, 15 high-end residential apartments in Vauxhall, a 155 bed hotel in Covent Garden, and 36 apartments in Bayswater. Completed projects comprised of refurbishment works to the Mansion and Pavilion at Stoke Park.

In the first year of trading within the Byrne Group, O'Keefe executed its existing projects well, while at the same time growing a healthy order book for FY24. Revenue for the year exceeded management expectations and the projects performed strongly delivering a strong operating profit hampered only by the impairment of an outstanding debtor, following the collapse of a key client. Current projects include Shinfield Film Studios, Kitchener Barracks, KYN Kensington, North London Heat and Power and Pentonville Road, spanning the commercial, infrastructure and residential sectors.

Russell-WBHO

Revenue from Russell-WBHO decreased by 23% to £43 million compared to £55 million in FY2022. The high levels of inflation have continued to impact the feasibility of new developments. Two projects with a combined value of £97 million that were expected to commence early in FY2023 did not materialise which consequently affected revenue for the current reporting period. One of these projects has fallen away completely while the other was delayed until the end of FY2023 with only £2 million in revenue generated this year. Operating profit decreased from £2 million last year to a small operating loss of £0.5 million in FY2023 where contracting profits were insufficient to fully cover the business's overhead cost.

During the year, Russell WBHO secured and commenced the first project under the Crown Commercial Services Framework, to which the company was appointed in December 2019 namely, the £30m super-computing centre at Sci-Tech Daresbury for the Hartree Centre, part of the UK government's Science and Technologies Facilities Council. Other projects under construction during the year included completing the £46 million conversion of Liverpool's Grade II listed Municipal Building into a luxury hotel, a £10 million, 76-bed care home for Care UK and a £14 million industrial build for pharmaceutical wholesaler and distributor Mawdsleys.

The commercial team also successfully secured appointments on to two of the region's biggest and most high-profile frameworks. Russell WBHO is just one of eight contractors named by the North West Construction Hub, Manchester City Council's £1.5bn high value framework and is also among a small number of contractors appointed to the £1bn Refurbishment and Refit Pagabo Framework.

CONSTRUCTION MATERIALS

	% change	30 June 2023 Rm	30 June 2022 Rm
Revenue	12.1% growth	1 263	1 127
Inter-company sales		(345)	(324)
Revenue to external customers		**919**	**803**
Operating profit	2.5% margin	23	18
Capital expenditure		4	4
Depreciation		15	15

Reinforced Mesh Solutions (RMS), the Group's steel supply business continues to operate profitably amid challenging industry conditions characterised by highly competitive pricing particularly on large-scale projects. The focus on growing cash sales in recent years has supported overall margins. Sales volumes increased by 20% over the comparative period on the back of improving conditions in the wider construction industry. Activity was evenly split between the inland and coastal regions although the Johannesburg factory continues to operate well below full capacity. The large volume of roadwork awarded to the industry over the last 12 months together with growth in windfarm activity offer opportunities for growth over the short-term. Despite the low margin nature of the industry, RMS remains a strategic asset for the Group.

ORDER BOOK AND OUTLOOK

Order book by segment (Rm)	**%**	**At 30 June 2023**	**12 months to 30 June 2024**	**Beyond 30 June 2024**	**%**	**At 30 June 2022**
Building and civil engineering	40	12 947	9 839	3 108	52	11 540
Roads and earthworks	45	14 789	6 140	8 649	29	6 400
United Kingdom	15	4 815	4 184	631	19	4 270
Total	**100**	**32 551**	**20 163**	**12 388**	**100**	**22 210**
Order book by geography (Rm)	**%**	**At 30 June 2022**	**To 30 June 2024**	**Beyond 30 June 2024**	**%**	**At 30 June 2022**
South Africa	76	24 738	14 117	10 621	71	15 786
Rest of Africa	9	2 998	1 862	1 136	10	2 154
United Kingdom	15	4 815	4 184	631	19	4 270
Total	**100**	**32 551**	**20 163**	**12 388**	**100**	**22 210**

The Group order book increased by 47% from R22 billion to R33 billion. Order book levels within the Roads and earthworks division increased by 131% while the Building and civil engineering division increased order book levels by 12%. The order book in the UK improved by 13% following 58% growth over the course of FY2022.

Africa (including South Africa)

The order book for the African operations increased by 55% which comprises a 57% increase in the order book in South Africa and a 40% increase in the order book for the rest of Africa. At these elevated order book levels, the Group has a strong baseload of work on hand to support activity levels through FY2024 and well into FY2025.

Locally, the Building division continues to maintain high volumes of work across all regions, however order book levels have begun to subside from the elevated levels achieved at 30 June 2022 as progress is made on various large-scale contracts.

In Gauteng, the large-scale projects within the residential and commercial office sectors alongside ongoing construction of three data centres will comprise the bulk of activity during FY2024, supported by smaller projects including industrial, mixed-use, student accommodation and sub-R250 million commercial office developments. These sectors, alongside the data centre sector where ongoing growth is anticipated, remain key markets offering opportunities in this region as the type of large-scale projects awarded over previous reporting periods are unlikely to be repeated on a regular basis. All divisions within the coastal region commence FY2024 with increased volumes of work on hand. In the Western Cape, work for the Western Cape Department of Education awarded under the existing framework agreement will form a significant proportion of work undertaken next year alongside a good mix of residential, hotel, and commercial projects. The division currently has one data centre project under design with the division's design and construct team, construction is expected to commence in late in 2023. Construction of a new hospital in George for Mediclinic was also awarded late in the reporting period which will be delivered together with the Eastern Cape region. The industrial and warehousing sector will likely continue to underpin activity in KZN. Two new retail projects have been secured to replace the retail component of the now complete Oceans development and various projects from the residential, hotel, healthcare and commercial office sectors comprising the balance of work to be executed. In the Eastern Cape, the award of the new hospital in George for Mediclinic and a new warehouse with accompanying office space for Shoprite, toward the end of the reporting period will likely result in increased activity in the region in FY2024.

In FY2024, building work in rest of Africa will initially be centred on completing the Polihali Village in Lesotho, followed hopefully by the successful negotiation of the main works for a data centre in Ghana. Opportunities continue to exist in Ghana, Rwanda, Kenya and Swaziland, however these projects take a substantial amount of time to finally reach the market and the division will continue to adopt its conservative risk appetite when evaluating and bidding on any new projects in these regions.

The removal of the 100MW cap on private energy generation has resulted in a strong uptick in both current activity and the forward-looking pipeline in respect of renewable energy projects. The Projects team have secured over R6 billion in design and construct contracts in joint venture and on a stand-alone basis over the last 18 months, and is targeting a potential pipeline in excess of R40 billion over the short and medium term. As the civil engineering elements of these projects are executed by the Roads and earthworks divisions, these projects are able to support future activity across all divisions of the Group.

After a protracted period of subdued procurement activity, the order book of the Civil engineering division finally demonstrated solid growth in South Africa. New awards within the mining infrastructure and renewable energy sectors will bolster activity through FY2024. Each of these sectors and the traditional energy sector offer additional opportunities for new work to be secured later in the FY2024 year. The security environment in the north of Mozambique has improved and interactions with the client around remobilisation have gained traction. In the rest of Africa, while prospects in Zambia remain limited, the division is one of two final bidders on a large-scale industrial project for Zambia Sugar which if successful will revive activity in the region until FY2025. The division is also awaiting the outcome of a tender for marine work in Madagascar.

While the Roads and Earthworks division grew its order book level by 150%, the order book has an extended horizon until FY2027, with a manageable R6.1 billion expected to be executed in FY2024. In addition, the order book in South Africa has probably now peaked and will likely begin to taper as the multibillion rand roadwork projects begin to make headway. Following the significant volumes of roadwork that have recently entered the market, this sector together with the mining infrastructure sector where softening commodity prices have been experienced, have shown signs of lower procurement activity. The energy sector should continue to provide ongoing opportunities both on existing coal-fired power stations and in the renewable energy space for as long as load shedding remains prevalent. Included in the order book is the R2 billion N2 Lingeni to Msikaba road project in which the division is a 50% joint venture partner, that is subject to court proceedings to determine the validity of the award. However, not included in the order book is a conditional award of R1.3 billion for construction of the Ngwadini Dam for Umgeni Water. The award subject only to the finalisation of the contract participation plan for emerging contractors which is the client's responsibility. Two sizeable mining infrastructure projects with a combined value of R1.2 billion were awarded shortly after the reporting period. The strong baseload of work on hand will allow the division to be selective on which projects to target when procuring additional work for future reporting periods.

In the rest of Africa, increased volumes of work in both east and west Africa have alleviated reduced procurement activity in southern Africa, namely Lesotho, Swaziland and Botswana. Security works for the Ministry of Defence in the north of Mozambique and completion of the three projects for Sasol at the Temane gas fields comprise the work still to be executed in FY2024. When released for tender, opportunities exist for further packages to be secured for Sasol later in the year. In the north of Mozambique, opportunities for additional security works exist alongside the possible recommencement of the suspended projects related to the LNG gas project for Total in the second half of the reporting period. The remobilisation in Tanzania was completed in FY2022 and the division has since targeted various opportunities in partnership with citizen-owned companies on which it has been successful. The medium-term pipeline in the region is positive, particularly as the gold price has shown resilience over the last 12 months. In West Africa, the tailings storage facilities at the Ahafo and Iduapriem mines will be completed during the FY2024 year. The division continues to bid upon further phases at Iduapriem. A recent directive from the Minerals Commission in Ghana that all mining sector projects be undertaken by 100% citizen-owned companies has cast some uncertainty over future work available from the region. The large-scale rail rehabilitation contract and construction of a tailings facility and waste management plant for Arcelor Mittal at its Liberia mining project have provided good diversification within the West African construction market. Additional works on both projects should offer further opportunities in the country. In addition, the division is pursuing new projects in Madagascar.

United Kingdom

The UK order book increased by 13% at 30 June 2023.

In the current challenging economic environment, Byrne Bros. continues to diversify its client base and is positioned well to grow and expand its offering. Government's decision to postpone sections of HS2 and the effect of high interest rates have impacted opportunities within some sectors, however there are adequate opportunities within the broader construction market, which together with the current work on hand, should be sufficient to sustain activity levels. Within Ellmers Construction, the secured order book for FY2024 stands at 135% of FY2023 revenue, providing a strong platform for the year ahead. New projects secured include the fitout of the penthouses of both the N6 Tower and Damac Tower in Nine Elms, London. The London and South-East construction market will remain the principal focus of the business with continued opportunities in our core strength areas of high-end residential, hotel and leisure and commercial developments. The pipeline of projects that suit O'Keefe's capabilities is promising and offer good opportunities for increased activity levels over the short term.

In Manchester, as inflation stabilised over the year procurement activity showed visible signs of improvement. Russell WBHO commences the year with a secured order book of £35 million comprising 83% of FY2023 revenue. In addition, the business is in direct negotiations with various clients for work to the value of approximately £164 million. While these projects are expected to commence in earnest in the first six months of FY2024, Russell WBHO has already taken site and begun the works under initial instructions or pre-contract services agreements on four of these projects.

OUTLOOK

With a record order book levels achieved within the African operations and an improving construction outlook in the UK, successful project delivery will be the Group's primary focus to achieve the growth needed to r to maximise shareholder returns. Within the order book, there are large-scale projects which should offer promising career opportunities for employees and could help stem the emigration of professional engineering skills from South Africa.

A key element in the order book is the growth in both domestic and commercial renewable energy solutions, which not only create a source of work for the Group but should also assist in reducing load shedding and support domestic economic activity over the coming years.

The Group is fortunate to have such high volumes of work in these difficult times and remains committed to making a meaningful contribution to the economy, employment rates, SMME upliftment and shareholders over this period.

SAFETY

Having achieved record safety statistics in FY2022, the Group improved its safety even further this year. The lost-time injury frequency rate (LTIFR) decreased from 0.30 injuries per million man-hours worked in the previous period to 0.27 at 30 June 2023.

Despite the extensive efforts of the Group to eliminate all fatalities, a single fatality was regrettably suffered during the year. Sadly, on the 4th of July 2022, Mr Doctor Shabangu succumbed to his injuries from a work-related incident in South Africa. The Board and management extend their heartfelt condolences to the family, friends and colleagues of the deceased for their loss.

APPRECIATION

As we navigate through an exciting period for the Group, the Board and management extend their gratitude to all our existing employees and welcome the many new employees who have joined our team this year. We also thank our many clients who, through their efforts to continuously deliver new projects to the market, have laid the platform for our renewed growth.

DIVIDEND DECLARATION

Having given due consideration to the sizeable cash outflows incurred over the first six months of the reporting period to meet its Group's contractual obligations in Australia, and the re-strengthening of the financial position of the Group necessary to optimize strategic and targeted opportunities, the Board has elected not to declare a dividend for period ending 30 June 2023.

PRESENTATION OF THE FINANCIAL RESULTS AT 30 JUNE 2023

Shareholders and interested parties are advised that a presentation of the Company's audited consolidated financial results for the year ended 30 June 2023 will be held at Investec's offices in Sandton on Wednesday, 13 September 2023 at 10:00. The presentation will also be made available on the Company's website at www.wbho.co.za.

WP Neff CV Henwood EL Nel

12 September 2023

Sponsor: Investec Bank Limited