



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

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

SEVENTY-FIFTH ANNUAL GENERAL MEETING

The Group released its FY2023 annual financial results on 30 August 2023 and annual integrated report on 29 September 2023. Full details of the Group’s financial results and annual integrated report have been published on its website at www.murrob.com.

REFLECTION ON FINANCIAL YEAR 2023

The financial year ended 30 June 2023 has been the most challenging period for Murray & Roberts since the 2008 global financial crisis. The pandemic created an exceptionally difficult operating environment, impacting to different degrees the Group’s entire multibillion rand project portfolio, a material outcome of which was a significant increase in working capital. Exacerbating this outcome was that the Company did not receive any dividends from its investment in the Bombela Concession Company (RF) Proprietary Limited (“Bombela”) or its international businesses, for the entire period of the pandemic.

Ultimately, the Group’s balance sheet and funding facilities could not sustain the increased working capital requirements and Murray & Roberts Pty Ltd (“MRPL”), the Group’s holding company in Australia, was placed under voluntary administration by the directors of MRPL on 5 December 2022. In consequence, the Group’s ownership in MRPL and its two subsidiary companies (Clough Limited (“Clough”) and RUC Cementation Mining Contractors Pty Ltd (“RUC”)) terminated.

These developments, combined with the Company’s level of prevailing debt, led to stakeholder concern regarding the sustainability of Murray & Roberts.

BUSINESS UPDATE

GROUP LIQUIDITY AND DELEVERAGING

At 30 June 2023 the Company reported a manageable net debt position of R300 million. Although the serviceability and amortisation of this level of debt is not a cause for concern, the Company’s total debt in South Africa amounted to circa R1 billion (down from circa R2 billion following the sale of the Company’s 50% shareholding in Bombela in April 2023), and its cash was predominantly held in its international operations where the majority of the Group’s cash is being generated.

This imbalance in local debt and international cash was a source of some concern to the Company's South African lending banks, and the Company embarked on a plan to deleverage the South African debt. Meaningful progress has been made and the primary actions include the following:

- Cementation Canada and Cementation USA renegotiated their facility agreement with their Canadian lender, and the revised facility provides for dividends to be paid to the Company of circa R410 million in January 2024 and circa R140 million in June 2024, which will be applied to reduce debt in South Africa.
- The Group concluded new commercial terms on one of its largest projects, which together with other actions within its project operations, will allow for circa R180 million of debt reduction in South Africa by November 2023.

It is expected that the Group's remaining debt with the South African lending banks will reduce to circa R300 million by June 2024, from the high of circa R2 billion in March 2023. The Group has also meaningfully reduced corporate overhead costs and will continue to focus on operational efficiencies and liquidity management.

Considering the deleveraging progress outlined above, the Board is not considering a rights issue for purposes of debt reduction in South Africa but is working towards implementing a sustainable capital structure over the next six months, which will include the refinancing of the remaining debt.

MAINTAINING A PRESENCE IN THE ASIA-PACIFIC REGION

Over the past few months, the Group has been working with the administrators of MRPL to agree a Deed of Company Arrangement ("DOCA"), which would have provided for MRPL to come out of administration, and for the Group to regain ownership and control of MRPL and RUC.

Shareholders are referred to the SENS announcement released on 4 October 2023, where the Company announced that at the MRPL creditors' meeting at that date, a MRPL secured creditors' DOCA was approved. The result of this is that the Group was not able to regain control of RUC.

As a provider of specialist mining services, it is the Group's intent to maintain a presence in the Asia-Pacific ("APAC") region, which is the region formerly serviced by RUC. Murray & Roberts has recently established a subsidiary company in Australia, Cementation APAC Pty Ltd, which is being developed and resourced to provide engineering and contracting services to mining clients in the APAC region, a key region in the global mining sector. The Cementation brand is well known and respected, and the Group will target project opportunities in Australia, leveraging the capabilities of our existing mining businesses in North America (Cementation Canada and Cementation USA) and in Sub-Saharan Africa (Murray & Roberts Cementation).

MINING PLATFORM

The Mining platform always was and is expected to continue to be the main contributor to Group earnings, and it retains its position as a leading mining services provider.

As reported in the annual integrated report, the platform is currently engaged on mining projects in Canada, USA, Chile, Argentina, South Africa and elsewhere in Sub-Saharan Africa. This includes work on nine vertical shafts, equipping and rehabilitation projects, eight decline

shafts and mine lateral development projects, five production mining projects, 32 support and construction projects and five major ore handling infrastructure construction projects. In addition, 30 raise drilling machines are deployed on projects around the world.

The platform is performing to management's expectation and its order book and near-term project pipeline is robust. As at 30 September 2023, the order book was R14,0 billion (June 2023: R13,6 billion), with near orders of R8,6 billion (June 2023: R9,1 billion).

The platform is expected to continue to deliver strong growth and earnings as the emphasis on energy transition gains pace, with increased demand for related commodities and, in turn, the diverse range of services provided by the platform.

POWER, INDUSTRIAL & WATER ("PIW") PLATFORM

The PIW platform provides project services to the power generation (mainly renewable energy), power transmission & distribution, wastewater, and resources & industrial market sectors, primarily in South Africa, but also in Sub-Saharan Africa.

The short-term objective is for this platform to return to profitability in FY2024, and it is expected that this objective will be achieved.

In the renewable energy and power sectors, new projects are starting to be unlocked, albeit slowly, as developers reach financial close on their projects. As at 30 September 2023, the platform's order book was R1,5 billion (June 2023: R1,8 billion), with no near orders, consistent with the 30 June 2023 position.

The Group is of the view that project opportunities, specifically in the renewable energy and power transmission & distribution sectors, will be sufficient to enable the platform to continue profitably.

PROSPECTS

Following the loss of its businesses in Australia, Murray & Roberts emerged as a smaller group.

The Group has made good progress with the implementation of initiatives to reduce its debt in South Africa and is committed to creating shareholder value from its current low base.

Murray & Roberts will continue to excel as a leading engineering and contracting services provider in its chosen market sectors.

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

Bedfordview
2 November 2023

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