

OUR NEW STRATEGIC FUTURE

Implementation of the Group's strategy has consolidated our longer-term growth potential, strengthening the Group's investment case.

A MULTINATIONAL SPECIALISED ENGINEERING AND CONSTRUCTION GROUP...

Our broadened strategic scope includes the market sectors and regions with the best opportunities for growth, diversification and differentiation for each of our platforms, as specialist, rather than generalist contractors.

...FOCUSED ON THE NATURAL RESOURCES SECTOR...

High uncertainty in the near-term outlook for global economic growth and commodity price recovery, but medium-term structural shifts and long-term demand fundamentals in our market sectors remain favourable.

...DIVERSIFIED TO COUNTER MARKET CYCLICALITY...

Diversification across market sectors, regions and service offerings that encompass the full engineering and construction project life cycle, allows us to optimise our earnings potential and spread our risk through the cycle.

...DIFFERENTIATED BY ENGINEERED EXCELLENCE...

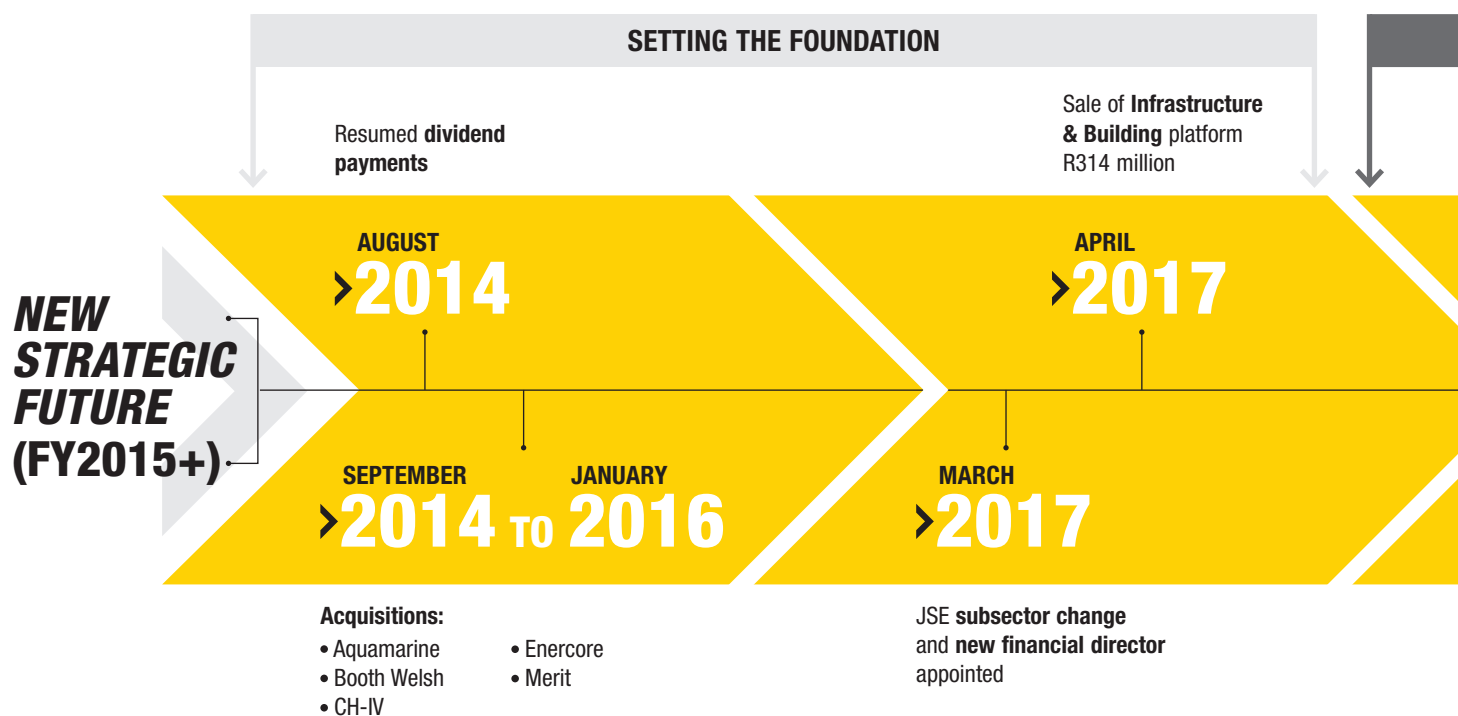
The Group's culture of *Engineered Excellence*, which embeds shared learning and continual improvement in every aspect of our business, supports the competitiveness of our business platforms in highly contested markets.

...SET FOR GROWTH IN HIGH-POTENTIAL MARKET SECTORS.

With the capacity to fund growth and navigate business cycles, and a significant, high-quality order book and project pipeline, we are confident in our expectation of long-term profitable growth.

CONSOLIDATING OUR STRATEGIC GAINS

In the last five years, despite the pressures of a trying external environment and the work needed to resolve a long tail of complex legacy issues, we achieved significant milestones. The Group entered this year, with a more diversified international presence and stronger positions in our chosen market sectors. We were also able to establish, by acquisition, strategic positions in new high-growth areas. Despite the set-back to our operations caused by the COVID-19 pandemic, our growth ambitions remain compelling.





GATHERING MOMENTUM

Increased investment
in Bombela (50%)

Acquisitions:
• Clough USA

• Terra Nova Technologies
• Boipelo Mining Contractors

DECEMBER
>2017

FEBRUARY TO MAY
>2019

APRIL
>2018

SEPTEMBER
>2019

ATON offer to
shareholders

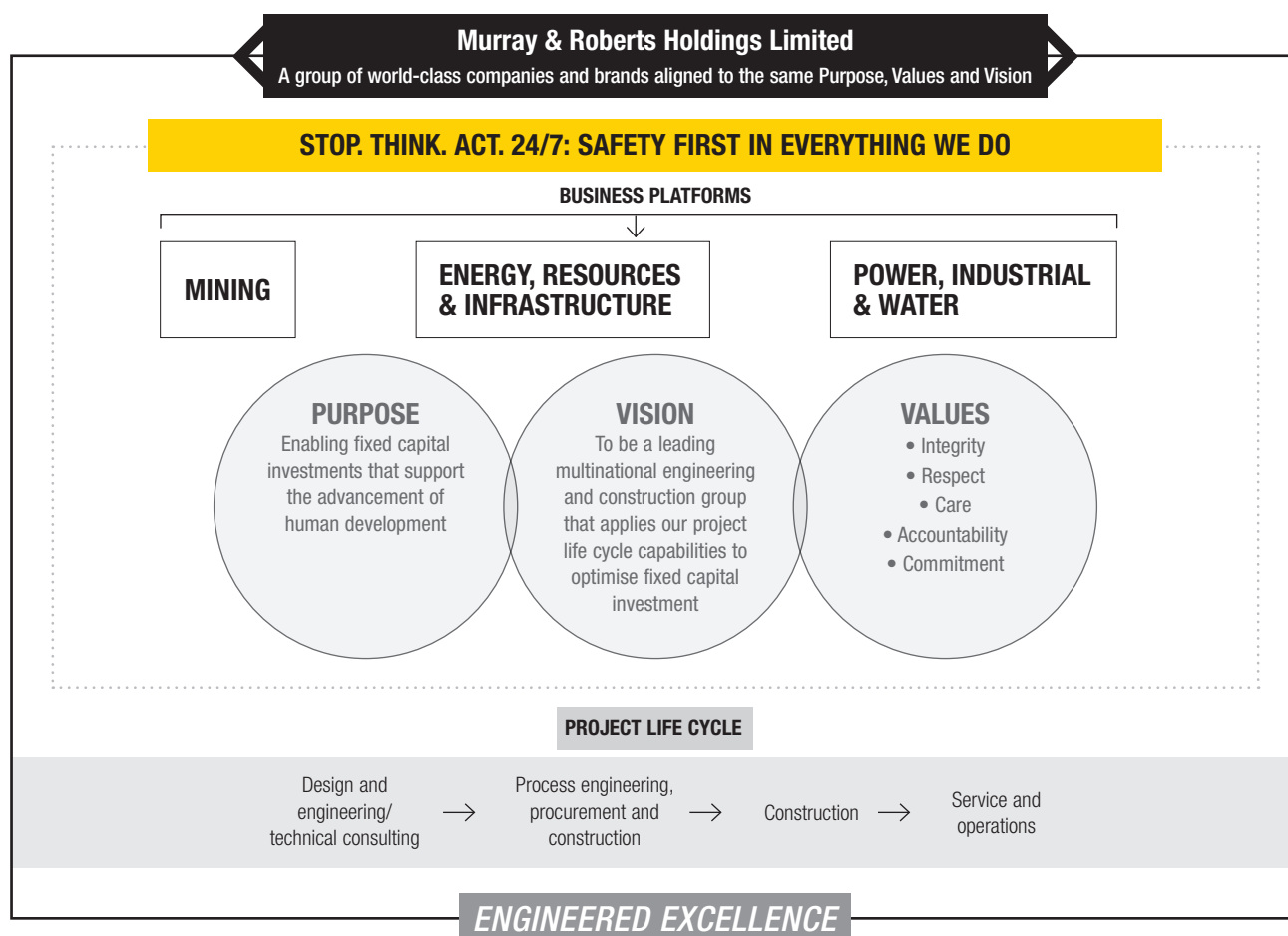
ATON offer fails
Acquisitions:
• OptiPower Projects

SET FOR SUSTAINABLE GROWTH

We enable fixed capital investment that allows people to live better lives. We are both a service provider to society and an integral part of the socioeconomic ecosystem.

Our Purpose connects our capabilities to the investment our clients make in the infrastructure required for long-term economic and social development of industries, countries and communities. We design, construct and maintain the mining operations that provide the resources on which all real economic activity is based; the plant that turns gas, water and sun into electricity, and takes it to industries and individuals; and the complex transport infrastructure like roads, tunnels and water works that serve growing urban populations.

Our Values guide us individually and collectively in everything we do, in every country we work, and our culture of *Engineered Excellence* defines, governs and informs our management approaches throughout the organisation. This reinforces the competitiveness of our operations, and our reputation as a well-governed, values-driven and ethical multinational organisation, which is how we define the leadership aspiration in our Vision.



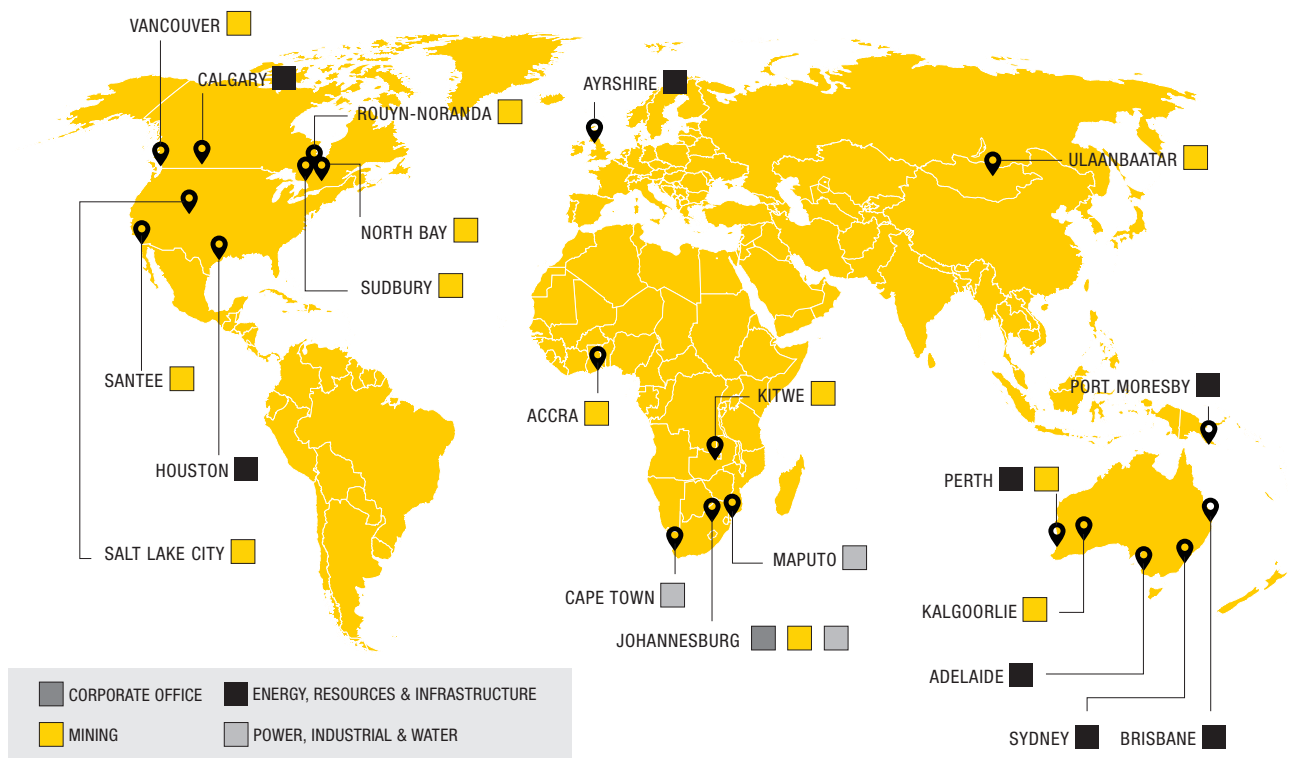
The Group's ability to create and sustain value, rests on achieving sustainable growth. This requires that we differentiate our services through a high degree of specialism and excellence in project delivery.

BUSINESS MODEL RESILIENCE

Long-term demand drivers of global population growth, rapid urbanisation and economic growth, inform the Group's focus on selected global natural resources market sectors. The relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-COVID-19 world is clear. The Group's diversified exposure to these activities positions it to benefit from economic stimulus centred on infrastructure development and opportunities emerging from the shift to lower-carbon and renewable energy sources.

Because the Group is exposed to the cyclicity of commodity demand, its business model is designed to diversify its earnings potential through the cycle. The combination of portfolio, geographic and capability diversification across our business platforms, provides a blend of revenue and earnings potential across our market sectors. This buffers the Group against over-exposure to the risk dynamics in any one market sector, each of which respond differently to commodity demand and supply cycles.

The Group's **geographic footprint** is focused on establishing a permanent presence in high-growth regions for our clients. We also support clients in other geographies where we do not have a permanent presence, occasionally in joint venture with local partners.



The Group's **capabilities across the project life cycle** enable us to provide specialised and competitive end-to-end service offerings to clients in our market sectors, while diversifying our revenue and margin mix.

MINING

- Detailed engineering
- Procurement
- Construction
- Commissioning and maintenance
- Operations

Market focus

Global: Underground and open pit mining services and material logistics, in global metals and minerals markets

ENERGY, RESOURCES & INFRASTRUCTURE

- Detailed engineering
- Procurement
- Construction
- Commissioning and maintenance

Market focus

Global: Energy
Australasia: Energy, resources (metals and minerals) and infrastructure markets

POWER, INDUSTRIAL & WATER

- Detailed engineering
- Procurement
- Construction
- Commissioning and maintenance

Market focus

Sub-Saharan Africa: Power, industrial and water markets

The Group favours **lower-risk, developed markets and higher-margin market segments**, in which the regional capabilities and competitive advantages of our platforms can be fully leveraged to achieve growth.



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Business platform review

A STRATEGY FOR VALUE CREATION

VALUE DRIVERS	CORPORATE ACTIONS	KEY CONSIDERATIONS	FY21	FY22	FY23
STRATEGY EXECUTION AND DELIVERY	Strategic focus	■ Deliver clear medium-term business plans across our platforms.	✓	✓	✓
		■ Continue to expand internationally.	✓	✓	✓
		■ Close-out Middle East projects and office.	✓		
	Mergers and acquisitions	■ Position platforms in developed markets and higher-margin segments of the project life cycle.	✓	✓	✓
		■ Identify and conclude selected acquisitions in high-potential markets across platforms to support growth.	✓	✓	✓
OPERATIONAL PERFORMANCE	Performance management	■ Improve business platform accountability for the standards, systems, practices and reporting of <i>Engineered Excellence</i> .	✓	✓	✓
		■ Deliver/exceed ROICE targets and earnings guidance.		✓	✓
		■ Achieve target overhead costs through the cycle.	✓	✓	✓
OPTIMAL CAPITAL STRUCTURE	Balance sheet management	■ Target appropriate gearing level to support sustainable growth through commodity cycles and market volatility.	✓	✓	✓
CASH RETURNS TO SHAREHOLDERS	Dividend policy	■ Stable annual dividend, supplemented from time to time with a special dividend.	✓	✓	✓
SHAREHOLDER REGISTER	Shareholder engagement	■ Secure support from shareholders on strategy and value proposition.	✓	✓	✓



Our strategic focus will secure a path to earnings growth from FY2021. This expectation depends primarily on market opportunity. However, we will continue to develop the strategic maturity of each business platform through organic growth, supplemented by carefully selected acquisitions, braced by our culture of *Engineered Excellence*.

The Group's disciplined approach to managing the complex risks across our multinational operations, through robust and well-defined risk management processes and practices, supports our ability to deliver on our strategy and create value in the longer term. The table below connects our strategic objectives and related top risks, the mitigation of which is detailed in the risk management report, and incorporated in the priorities associated with our material issues.

RISK DRIVERS	LINK TO MATERIAL ISSUES
<p>STRATEGIC RISKS</p> <ul style="list-style-type: none"> ■ Vulnerability to macroeconomic factors. ■ Group liquidity. ■ Capitalising on the recovery of energy markets. <p>PROJECT RISK</p> <ul style="list-style-type: none"> ■ Uncertified revenues. 	<p>Business model resilience</p> <ul style="list-style-type: none"> ■ Leverage market positions to drive order book growth. ■ Further diversify earnings potential through organic and acquisitive means. ■ Manage liquidity and allocate capital effectively. <p>Employer of choice</p> <ul style="list-style-type: none"> ■ Ensure leadership quality and depth through constant and proactive development. ■ Maintain competitive employee value proposition to retain and attract critical skills and to ensure flexible capacity. <p>Trusted partner</p> <ul style="list-style-type: none"> ■ Be respected as a values-led, ethical and responsible multinational.
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ENGINEERED EXCELLENCE **FOR STRATEGIC ADVANTAGE**



Engineered Excellence, interwoven into the Group's culture, brings rigour and discipline to everything we do and aims to remove chance from the outcomes we seek. It reinforces our pursuit of resilience, competitiveness and the trust of our clients, employees, and commercial and social partners.

Engineered Excellence defines our management approach at every level of the organisation. It supports our ability to offer specialist services, clearly differentiated by excellence, to clients in our market sectors.

It drives continuous improvement through shared learning in project risk management and delivery, and in achieving industry-leading health, safety and environmental performance, which is as important to our clients as it is to our employees. It underlines the Group's reputation as a well governed, values-driven and ethical organisation.

CONTRACTOR OF CHOICE

Project excellence is an important differentiator in competitive markets. Recognition as a contractor of choice supports our ability to secure work, negotiate fair commercial terms and engage with clients earlier in the design phase of projects. Early engagement enables us to propose solutions that mitigate risk and enhance project delivery. Disciplined management of commercial and execution risk in tendering for and delivering projects, aims to minimise losses and protect

margins. This extends to ensuring that contracting partners align to the Group's project delivery standards, including health and safety risk management, and compliance, conduct and reputational risk management. To support our specialism, productivity and cost-effective project delivery, the Group is accelerating the digitalisation of its businesses and project management systems.



PG 45

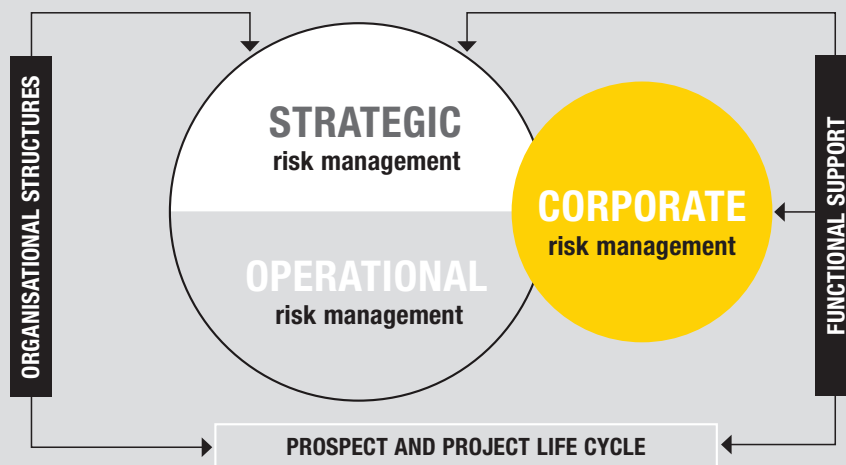
Business platform review

GROUP RISK MANAGEMENT FRAMEWORK

Our integrated governance, risk and sustainability management frameworks support our competitiveness.

The business platforms are held accountable for implementing the non-negotiable standards, systems, practices and reporting that bring *Engineered Excellence* to life. Risk is managed by the platforms within the Group's defined risk tolerance framework and aligned to specific contracting principles. Our lessons learnt and contracting principles schedules are regularly updated in response to operational challenges. As we anticipate shifts in the Group's opportunity and risk profile, we amend these frameworks accordingly.

A well-constituted governance structure ensures effective strategic direction and oversight of the business platforms from the corporate office and the Board.



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Risk management report

ENGINEERED EXCELLENCE for strategic advantage continued

EMPLOYER OF CHOICE

Ethical leadership, employee health and safety, and diversity, inclusion and localisation are strategic priorities, enabling us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values.

Our Values are central to the appointment and succession of quality leaders, who are ultimately responsible for implementing Group strategy. Career advancement through training and mentorship, best people practices and adherence to the Group's diversity policy, are important aspects of our value proposition to employees. The Group is recognised for its ability to recruit locally, across the culturally diverse regions in which we operate, and provide effective training methodologies to meet the Group's high standards for safety and productivity.

During the year, we conducted a Groupwide employee experience survey to measure how our employees perceive Murray & Roberts. We are pleased with our overall score of 3.7 out of 5.



ONLINE
Employer of choice

TRAINING SPEND

**R104
million**

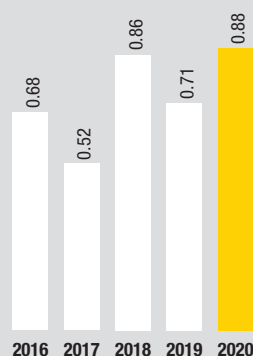
FY2019: R105 million

BURSARIES AWARDED

**R3,1
million**

FY2019: R4,4 million

LTIFR



TOWARDS ZERO HARM

The Group's safety culture has matured over the last few years, supporting our belief that Zero Harm is achievable.

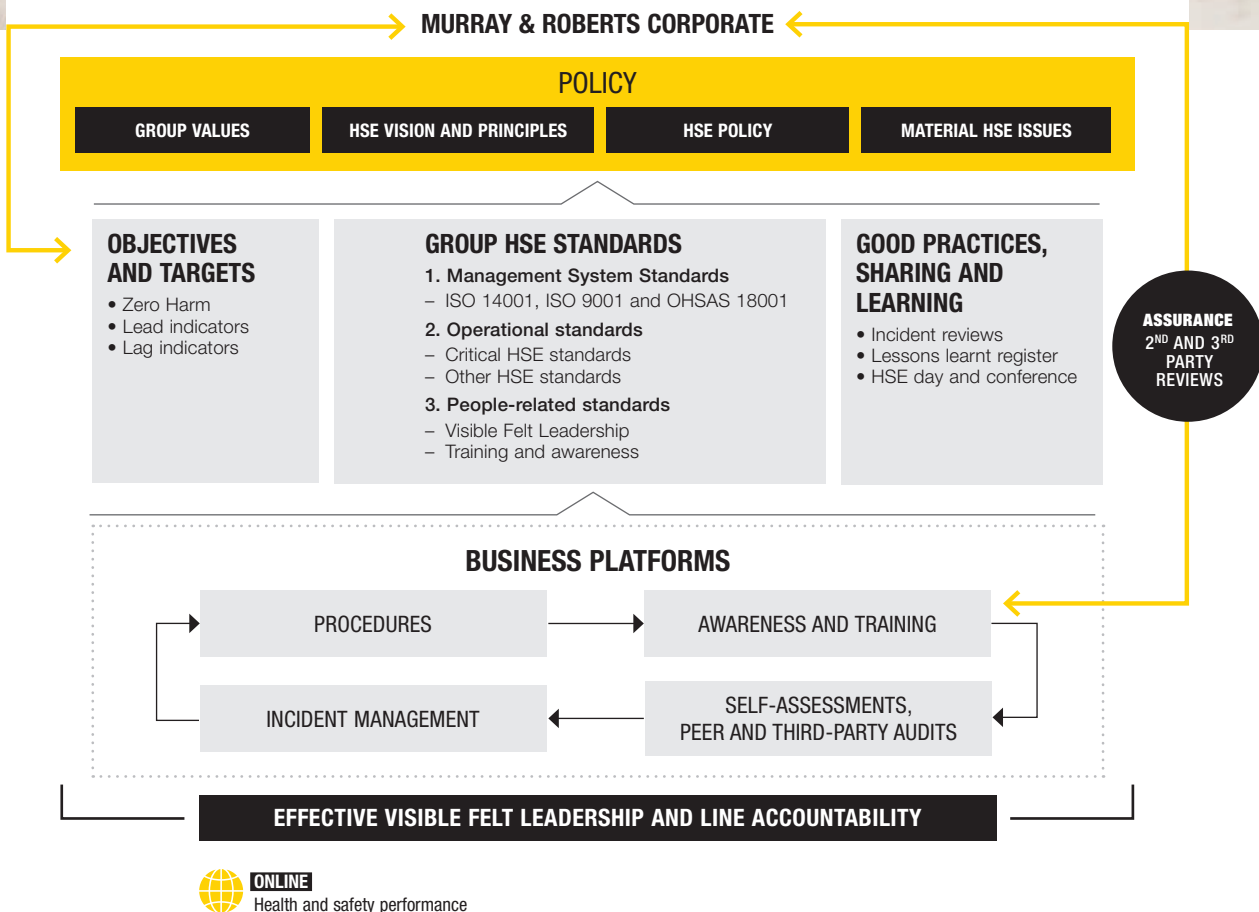
We continue to make health and safety improvements by better understanding our exposure risk, benchmarking ourselves against clients and peers and implementing lessons learnt from incidents and audits. We are deploying technology that lowers the baseline risk at project level and applying innovative approaches to avoid plateaus in improvement.

After two successive years of zero fatalities, it is with deep regret that we record the death of a colleague, Wilfred Moleofi, an employee of OptiPower Projects, on the first day of the new financial year. Fatalities and injuries at work are unacceptable and avoidable, and the Group continues to focus on understanding and managing the complex interplay of factors required to ensure Zero Harm to our employees, service providers and communities.



HEALTH, SAFETY AND ENVIRONMENT FRAMEWORK

The Group HSE framework outlines the role, responsibility and accountability of the corporate office and business platforms, and incorporates recommendations from independent experts and from ongoing risk assessments and audits.



FINANCIAL CAPACITY

FOR RESILIENCE

The Group's financial position provides adequate capacity to fund our organic and acquisitive growth plans. Ongoing attention on effective liquidity management and measured capital allocation will enable us to withstand short-term pressures, while advancing the Group along its long-term strategic trajectory.

With the caveat of an ongoing global pandemic, on balance, we remain confident that the COVID-19 global markets shock will not erode our financial stability, nor delay our growth ambitions to an unmanageable extent.

The Group's cash position is solid and debt is within our target range. Cost management, targeting optimal overhead costs through the cycle, and measures to improve working capital management, are top priorities. The resilience of our business model, and the strategic positions achieved by our business platforms in high-potential market sectors, are reflected in a quality multi-year order book, providing a solid platform for future performance.

REVENUE (CONTINUING)

**R20,8
billion**

FY2019: R20,1 billion[#]

ORDER BOOK

**R54,2
billion**

30 June 2019: R46,8 billion

NET ASSET VALUE PER SHARE

R13

FY2019: R13

ATTRIBUTABLE LOSS

**R352
million**

FY2019: R337 million profit

NET CASH (EXCL. IFRS 16)

**R0,7
billion**

30 June 2019: R1,8 billion

HEADLINE LOSS PER SHARE (DILUTED CONTINUING)

**88
cents**

FY2019: 114 cents profit[#]

[#] Restated for discontinued operations.



STRONG MEDIUM-TERM GROWTH PROFILE

The value of our order book is a lead indicator of future earnings potential, and our multi-year project pipeline categorises the opportunities expected to grow that value.

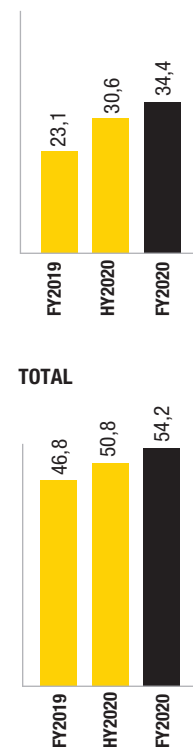
Our significant, quality order book, which is well diversified over time, region, margin and contractual risk, provides a solid foundation in an uncertain time. The order book also shows an increasing proportion of orders extending beyond two years, offering stability to our earnings expectations. Our ability to maintain or grow the order book from current levels is, however, subject to downside risks. A weak global economic recovery, exacerbated by a possible resurgence of COVID-19 and associated disruption, could dampen investor confidence and impede the flow of large capital projects coming to market.

ORDER BOOK HISTORY (R BILLION)

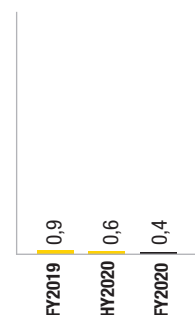
MINING



ENERGY, RESOURCES & INFRASTRUCTURE



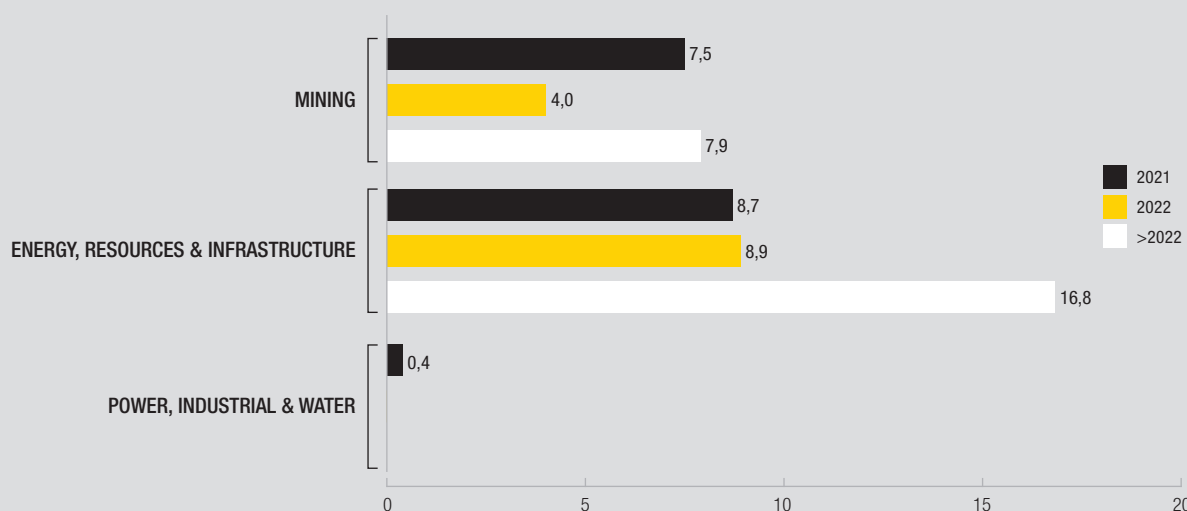
POWER, INDUSTRIAL & WATER



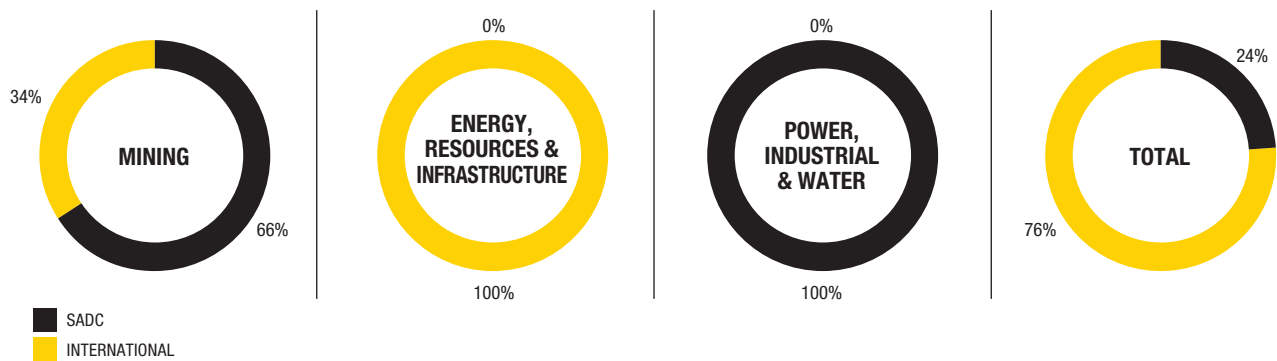
TOTAL



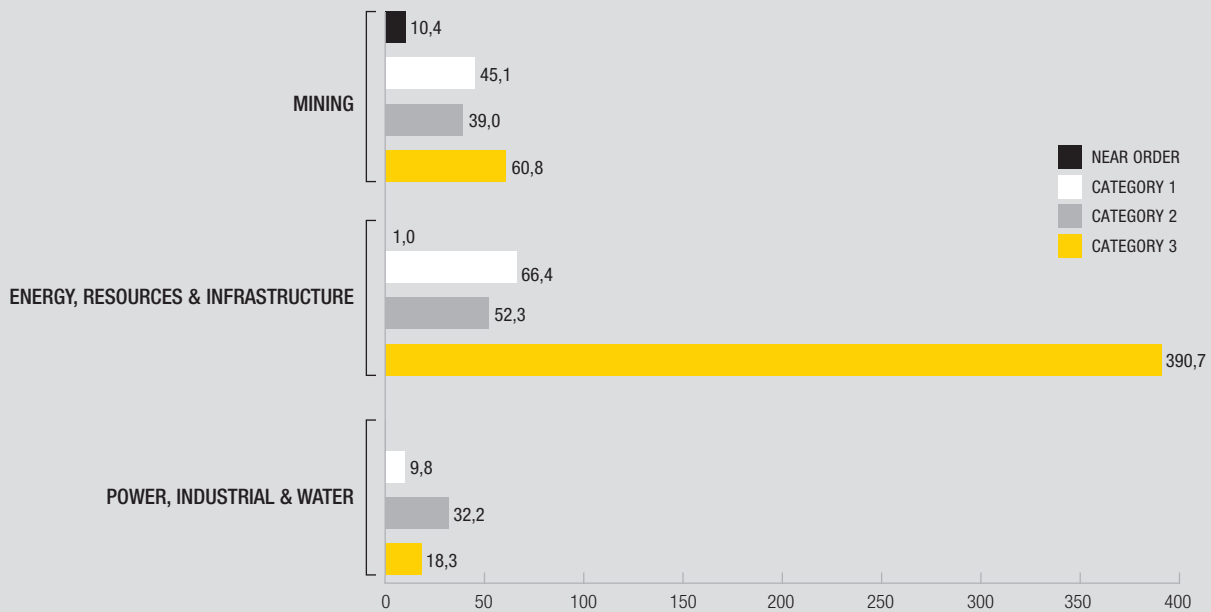
ORDER BOOK TIME DISTRIBUTION (R BILLION)



ORDER BOOK GEOGRAPHIC SPLIT



NEAR ORDERS AND PIPELINE (R BILLION)



■ Near orders

Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close – there is more than a 95% chance that these orders will be secured.

□ Category 1

Tenders submitted or tenders the Group is currently working on (excluding near orders) – projects developed by clients to the stage where firm bids are being invited – reasonable chance of being secured as projects are a function of (1) final client approval and (2) bid win probability.

■ Category 2

Budgets, feasibilities and prequalification the Group is currently working on – project planning underway, not at a stage yet where projects are ready for tender.

■ Category 3

Opportunities which are being tracked and are expected to come to the market in the next 36 months – identified opportunities that are likely to be implemented, but still in pre-feasibility stage.

GROUP LEADERSHIP

The Board leads an experienced management team in aspiring to the highest standards of integrity as a well-governed, values-driven and ethical multinational organisation.


The Group has an accomplished Board, with competencies aligned to its strategy, and deep collective experience, relevant to the macroeconomic and socioeconomic realities of our markets. The Board's effectiveness is supported by the way it functions, which ensures that diverse and independent perspectives inform all deliberations.

Three new non-executive directors, Clifford Raphiri, Billy Mawasha and Jesmane Boggendoel, were appointed to the Board.

An effective governance structure aligned to King IV™ is in place and a clear organisational framework defines the relationships and decision-making rights between governing bodies and business platforms.



INDEPENDENT NON-EXECUTIVE DIRECTORS

	 SURESH KANA Chairman	 RALPH HAVENSTEIN Lead independent director
APPOINTED	01 July 2015	01 August 2014
RESPONSIBILITIES	Oversees Board governance and performance, and stakeholder engagement.	Addresses shareholders' concerns where regular channels fail to resolve concerns, or where the chairman may be conflicted.
SKILLS AND EXPERTISE	Accounting, Finance, Strategic Leadership, Governance, Ethics	Petrochemical and Mining, Chemical Engineering, Strategic Leadership
COMMITTEES	RHR NC	RC HSE RHR NC
QUALIFICATIONS	CA(SA), MCom	MSc (Chemical Engineering), BCom
EXPERIENCE	Former territory senior partner for PwC Africa	Former chief executive officer of Anglo American Platinum, former chief executive officer of Norilsk Nickel International
OTHER DIRECTORSHIPS	JSE Limited, King Committee on Corporate Governance	Northern Platinum, Reatile Group, Omnia Holdings, Herculite Ferrochrome

EXECUTIVE DIRECTORS



HENRY LAAS

Group chief executive

APPOINTED

Joined the Group in 2001.

Appointed to the Board and as Group chief executive in 2011.

RESPONSIBILITIES

Leads the design and delivery of Group strategy and performance, and reporting.

SKILLS AND EXPERTISE

Mining and Engineering, Commercial Negotiations, Strategic Leadership

QUALIFICATIONS

BEng (Mining), MBA

EXPERIENCE

Former chairman of Murray & Roberts Engineering SADC, former managing director of Murray & Roberts Cementation, various senior management and executive positions within the Group since 2001



DANIËL GROBLER

Group financial director

APPOINTED

Joined the Group in 2010.

Appointed to the Board and as Group financial director in 2017.

RESPONSIBILITIES

Leads the delivery of Group financial performance against aspirations, and reporting.

SKILLS AND EXPERTISE







Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance

QUALIFICATIONS

CA(SA)

EXPERIENCE

Former managing director of Murray & Roberts Cementation, various leadership functions within the Group since 2010

					
JESMANE BOGGENDOEL	NTOMBI LANGA-ROYDS	ALEX MADITSI	BILLY MAWASHA	DIANE RADLEY	CLIFFORD RAPHIRI
1 April 2020	01 June 2013	23 August 2017	5 March 2020	23 August 2017	5 March 2020
Provide independent and objective judgement as well as to counsel, challenge and monitor the executive directors' delivery of strategy within the approval framework and risk appetite agreed by the Board.					
Finance, Strategic Leadership, Governance, Investments	Human Capital, Law, Leadership, Governance, Strategy, Remuneration	Law, Commercial, Remuneration	Mining, Automotive, Strategic Leadership, Investments, Project Delivery	Accounting, Corporate Finance, Investment, Strategic Leadership	Operations and Human Capital, Engineering, Risk Management, Strategic Leadership
AS RC	SE ^C RHR RC NC	RHR HSE SE	HSE SE	AS ^C RC	AS RC ^C
CA(SA), MPA	BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM	BSc. Eng (Electrical), AMP	CA(SA), MBA, AMP (Harvard)	BSc Eng (Mechanical), MBA
Former deal executive for Brait Private equity, former Head of Business Engagement Africa, World Economic Forum	Director of Companies, former chief executive HR at Independent Newspapers, SABC, Nampak, Human Resources Executive	Managing director of Copper Moon Trading, former operations planning and legal director for Coca-Cola Southern and East Africa	CEO Kolobe Nala Investment Company, former Rio Tinto Country Head South Africa and MD of Richards Bay Minerals	Former chief executive officer of Old Mutual Investment Group, Former chief financial officer of Old Mutual SA	Former executive director of SAB (Pty) Ltd, former Chairman of Adcock Ingram Holdings Ltd
EOH Holdings, ETG Input Holdings, BMF Investments, Independent Regulatory Board for Auditors, Sybrin, AWCA Investment Holdings	Mpact, Redefine Properties, Europe Assistance Worldwide Services (South Africa), Kumba Iron Ore	Bidvest Group, African Rainbow Minerals, Famous Brands	Metair Investments	Base Resources, Transaction Capital, DG Murray Trust, Redefine Properties	Nampak, Energy Partners Holdings, Thesele Holdings, Talbot & Talbot Holdings

GROUP SECRETARY



BERT KOK
Group secretary

APPOINTED

Joined the Group in 2011.

Appointed Group secretary in 2014.

RESPONSIBILITIES

Ensures sound corporate governance and Board administration including director induction and training

SKILLS AND EXPERTISE

Corporate Governance, Company Secretarial, Administration

QUALIFICATIONS

FCG (CS), FCIBM

EXPERIENCE

More than 10 years as Listed Company Secretary, former (2010) President of Chartered Secretaries of Southern Africa.

COMMITTEES

AS Audit & sustainability

RC Risk management

HSE Health, safety & environment

SE Social & ethics

RHR Remuneration & human resources

NC Nomination

C Indicates committee chair

GROUP EXECUTIVE



**PETER
BENNETT**
Platform
chief executive

Peter joined the Group and was appointed to the executive committee in 2016. He is responsible for the Energy, Resources & Infrastructure business platform.

- Booth Welsh
- CH•IV
- Clough Asia Pacific
- Clough North America
- e₂O

COMMITTEE PARTICIPATION

- Health, safety & environment



**MIKE
DA COSTA**
Platform
chief executive

Mike joined the Group and was appointed to the executive committee in 2018. He is responsible for the Mining business platform.

- Cementation AG
- Cementation Canada & USA
- Merit Consultants International
- Murray & Roberts Cementation
- RUC Cementation Mining
- Terra Nova Technologies

COMMITTEE PARTICIPATION

- Health, safety & environment



**DANIËL
GROBLER**
Group financial
director

Daniël joined the Group in 2010 and was appointed to the executive committee and as Group financial director in 2017. Daniël is a director of Bombela Concession Company and Clough.

- Finance and payroll
- Financial control & reporting
- Information management and technology
- Murray & Roberts Properties
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION

- Audit & sustainability
- Remuneration & human resources
- Risk management
- Social & ethics



**STEVE
HARRISON**
Platform
chief executive

Steve joined the Group in 2011 and was appointed to the executive committee in 2015. He is responsible for the Power, Industrial & Water business platform.

- Aquamarine Water Treatment
- Murray & Roberts Power & Energy
- Murray & Roberts Water
- Murray & Roberts Mozambique Limitada
- OptiPower Projects
- Wade Walker

COMMITTEE PARTICIPATION

- Health, safety & environment



IAN HENSTOCK

Commercial
executive

Ian joined the Group and was appointed to the executive committee in 2008. He is responsible for the assurance, commercial and legal portfolios. Ian is a director of Bombela Concession Company and Clough.

- Commercial
- Forensics
- Internal audit
- Legal, compliance and ethics
- Insurance

COMMITTEE PARTICIPATION

- Audit & sustainability
- Risk management
- Social & ethics



THOKOZANI MDULI

Risk and health,
safety & environment
executive

Thokozani joined the Group in 2010 and was appointed to the executive committee in 2013. He is responsible for risk, health, safety and environment. Thokozani oversees the Group's BBBEE and transformation plans.

- Risk
- Health, safety & environment
- Transformation

COMMITTEE PARTICIPATION

- Health, safety & environment
- Risk management
- Social & ethics



HENRY LAAS

Group chief
executive

Henry joined the Group in 2001 and was appointed to the executive committee and as Group chief executive in July 2011. Henry is a director of Bombela Concession Company and Clough.

- Sustainable delivery of Group strategy and performance.

COMMITTEE PARTICIPATION

- Audit & sustainability
- Health, safety & environment
- Remuneration & human resources
- Risk management
- Social & ethics

MANAGING OUR MATERIAL ISSUES

In view of our external environment, the expectations of our stakeholders and the intent of our strategy, the Group's ability to create and sustain value rests on achieving sustainable growth.

This requires that we differentiate our services through a high degree of specialism and excellence in project delivery. Our material issues and associated priorities, which focus on the factors within our control, show how we intend to achieve these dimensions of sustainable value creation.

SUSTAINABLE GROWTH

01 BUSINESS MODEL RESILIENCE

Leverage market positions to drive order book growth

Further diversify earnings potential through organic and acquisitive means

Manage liquidity and allocate capital effectively

02 CONTRACTOR OF CHOICE

Deepen Group culture of *Engineered Excellence* through continuous learning

Invest in digital solutions to improve safety, productivity and cost-efficiency in project delivery

03 EMPLOYER OF CHOICE

Ensure leadership quality and depth through constant and proactive development

Maintain competitive employee value proposition to retain and attract critical skills and to ensure flexible capacity

04 TRUSTED PARTNER

Be respected as a values-led, ethical and responsible multinational

Remain responsive to local circumstances and social needs

SUSTAINABLE BUSINESS

SUSTAINABLE COMPETITIVENESS

01 BUSINESS MODEL RESILIENCE

CONTEXT

The shape and rate of global economic recovery is uncertain in the near term.

The collapse in the oil price continues to weigh on commodity prices, but pending recovery expected.

Consensus forecasts see global economic recovery from late 2020 and into 2021, with a corresponding lift in commodity prices.

Variable dynamics across our target market sectors, with some proving highly resilient.

Solid medium-term pipeline of opportunities.

Long-term demand fundamentals for natural resources remain sound.

Prospects for mining investment in the near-term uncertain due to COVID-19 disruptions.

Mining majors have strong capital positions and are expected to continue with their investment plans.

Consensus forecasts assume commodity price recovery to pre-COVID-19 levels by 2021.

High growth potential in Australian infrastructure and resources markets.

COVID-19 impact in USA curtailed investment in upstream gas projects, but better prospects for downstream petrochemicals.

Addressable global gas opportunities expected to remain limited due to oil price weakness in the near term.

Natural gas, renewable energy and hydro power expected to increase as a percentage of the primary energy market in line with the move to a lower-carbon economy.

High-growth potential in transmission and distribution in sub-Saharan Africa in the short to medium term.

Increasing activity in renewable energy in South Africa.

Some evidence of increasing PPP activity in the water sector in South Africa.

Mozambique LNG opportunities expected to come to market in the short to medium term.

MATERIAL ISSUE

Leverage market positions to drive order book growth

GROUP

- Maximise growth potential in mining markets.
- Accelerate revenue replacement in resilient infrastructure, energy and resources market sectors in Australia.
- Secure projects in water and industrial market sectors in South Africa.
- Develop recently added service offerings by leveraging Group relationships and geographic footprint.
- Anticipate and respond to longer-term market shifts to position businesses for sustainable growth.

MINING

- Leverage proven resilience of regional operating model to drive order book replenishment.
- Expand existing businesses into new regions.
- Secure higher proportion of contract mining projects in the project portfolio.
- Optimise and innovate to grow market share and margins.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage position in resilient Australian infrastructure and resources sectors to secure further orders from a significant pipeline of opportunities.
- Harness EPC capabilities in the USA to secure work and longer-term opportunities in this important market.
- Grow the order book with a focus on long-term projects.

POWER, INDUSTRIAL & WATER

- Optimise OptiPower Projects' track record to win work in transmission, distribution and substation sectors.
- Secure further opportunities in power plant repair and maintenance.
- Secure opportunities in renewable energy, including solar and gas-to-power.
- Develop market share in resources and industrial market sectors.
- Establish scale in water business by securing wastewater and industrial water treatment opportunities.
- Grow Aquamarine market share in chemicals and components market.

MANAGING OUR MATERIAL ISSUES *continued*

01 BUSINESS MODEL RESILIENCE *continued*

MATERIAL ISSUE

Further diversify earnings potential through organic and acquisitive means

GROUP

- Pursue targeted geographic and service offering diversification.
- Optimise business potential from exposure to all phases of project life cycle phases, in particular operations and maintenance.
- Leverage strategic partnerships, based on best capacity, specialism, local understanding, as well as value system, safety and commercial alignment, according to specific project scope and requirements.
- Access new sources of annuity-type income through investment as project developer and operator.

MINING

- Increase commodities footprint where market outlook is positive.
- Acquire new service offering in open pit mining.
- Secure a greater proportion of total income from contract mining type projects, to counter market cyclicalities.

ENERGY, RESOURCES & INFRASTRUCTURE

- Leverage position in resilient Australian infrastructure and resources sectors to secure further orders from a significant pipeline of opportunities.
- Expand service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Target opportunities in the international LNG market with global clients.

POWER, INDUSTRIAL & WATER

- Expand project development and operations and maintenance service offering.
- Secure annuity-type income through operation and maintenance of wastewater treatment plants.
- Develop relationships with project equity and funding partners.





MATERIAL ISSUE

Manage liquidity and allocate capital effectively

GROUP

- Preserve liquidity by managing cyclical impacts on working capital due to:
 - Project performance.
 - Project delays and deferrals due to COVID-19 impacts and market conditions.
 - Upswings in activity as markets recover.
- Manage free cashflow in operations.
- Manage short-term liquidity facilities per platform.
- Cost management to achieve targeted overhead costs through the cycle.
- Manage financial impact of business closures and claims on projects:
 - Recover uncertified revenue on projects.
 - Manage costs associated with the closure of the business in the Middle East.

MINING

- Improve asset utilisation through real-time tracking of equipment and operating data.
- Implement platform-wide procurement initiatives to achieve savings through economies of scale.
- Minimise the risk of idle assets by alternative ownership models.

ENERGY, RESOURCES & INFRASTRUCTURE

- Reduce overhead costs to achieve a sustainable cost base.
- Manage costs incurred for business development and tenders to secure new work.
- Reduce working capital by recovering uncertified revenues through settlement of claims.
- Leverage a more cost-effective regional operating model, appropriate for an increasingly competitive marketplace.

POWER, INDUSTRIAL & WATER

- Reduce working capital by recovering uncertified revenues through settlement of claims.
- Expedite claims resolution.
- Develop external funding solutions to unlock project development opportunities.
- Reduce overhead costs in line with lower anticipated revenue.

MANAGING OUR MATERIAL ISSUES *continued*

02

CONTRACTOR OF CHOICE

CONTEXT

Sustained excellence in all areas of project delivery, especially HSE, supports our competitiveness beyond pricing and builds strong client partnerships.

Delivering world-class projects safely and efficiently, is contingent on our ability to attract and retain the best management and technical expertise through different market cycles.

Strategic joint-venture partners are essential to secure large and complex projects and to meet local contracting requirements, making it critical to align values, principles and standards.

MATERIAL ISSUE

Deepen culture of *Engineered Excellence* through continous learning

GROUP

- Strive for Zero Harm:
 - All injuries at work are preventable.
 - Focus on lead indicators to break through plateau in safety improvement.
 - Continue to develop, enhance and share interventions to maintain world-class safety performance.
 - Improve effectiveness in managing critical controls below supervisory level by evolving the MAP/CRM programmes.
- Minimise project losses through adherence to the Group's project management systems and standards, and respond swiftly and widely to lessons learnt.
- Ensure discipline in:
 - Competitive and accurate pricing of projects, considering project specific risks and applying lessons learnt.
 - Concluding contracts on reasonable commercial terms, considering Group contracting principles.
 - Effective resourcing of projects.
 - Effective project and risk management to achieve outcomes in line with tender expectations.
 - Aligning contracting standards with changes in commercial risk profile.
- Revise management KPAs to ensure adherence to Group commercial principles and standards.

MINING

- Drive safety improvement through the management-led response plan, focused on increased management involvement in safety and risk management on project sites.
- Continue to reduce safety risk by assessing work practices and implementing risk mitigating controls, and expanding the role of technology in safety improvement.
- Introduce the CRM programme across the platform to improve critical risk management and proactive responses to safety challenges.
- Reduce people interaction through mechanisation, automation and remote control.
- Build a consolidated database of management information for the platform, which supports internal and external benchmarking.

ENERGY, RESOURCES & INFRASTRUCTURE

- Maintain world-class safety performance through real-time reporting and innovative approaches to HSE leadership training.
- Maintain safety management system accreditation to retain access to federal government funded work in Australia.
- Continue to apply MAP programme to drive improvements in safety.
- Consistently apply all lessons learnt from tender stage to project completion.
- Improve project delivery by ensuring alignment between commercial and project management with project-specific tender plans.
- Ensure application of HSE standards and adoption of management systems in newly acquired businesses and joint ventures.

POWER, INDUSTRIAL & WATER

- Maintain world-class safety performance and accelerate Neuroleadership programme to deepen safety culture maturity.
- Ensure compliance with all contracting standards.
- Maintain operational and commercial discipline throughout tendering process and project delivery.
- Effective resourcing of projects.



MATERIAL ISSUE

Invest in digital solutions to enhance safety, productivity and cost-efficiency in project delivery

GROUP

- Allocate resources to accelerate implementation of digital strategies at platform level.
- Accelerate technologically-enabled operations, by investing in and commercialising innovative and relevant technology.
- Establish appropriate technology partnerships.
- Build on the results of the Group digital readiness review.

MINING

- Refine platform digital strategy and three-year road map and adopt key digital initiatives.
- Support InSig Technologies in developing a digital platform for mining to improve efficiencies and margins, and create competitive advantage.
- Progress applications (the mining equivalent of a Building Information Modelling) for improved project control, and more accurate and efficient tendering.
- Expand the use of virtual and augmented reality in training, constructability reviews and on-site troubleshooting.

ENERGY, RESOURCES & INFRASTRUCTURE

- Implement three-year digital strategy to enhance efficiencies, safety outcomes and competitiveness.
- Adopt global technology standards, scalable applications and a data management framework to meet the demands of a global EPC business.

POWER, INDUSTRIAL & WATER

- Commercialise Organica Water wastewater treatment technology.
- Enable digitalisation in core and project support systems.



MANAGING OUR MATERIAL ISSUES *continued*

03 EMPLOYER OF CHOICE

CONTEXT

The Group's value proposition to employees centres on our Values of Integrity, Respect, Care, Accountability and Commitment.

Our aspiration to be an employer of choice in all our markets enables us to retain and attract key skills.

Our value proposition and employee practices are designed to attract, develop, support and reward competent and high-performing individuals from diverse backgrounds, and to fully engage their innovation and creativity.

MATERIAL ISSUE

Ensure leadership quality and depth through proactive development

GROUP

- Continue to align leadership succession to diversity objectives in all platforms.
- Accelerate and support career progression of high-performing talent identified for future leadership roles.
- Align performance contracts with Group strategic objectives across platforms for middle management and above.
- Continue to deliver leadership development programmes, equipping potential successors with the competencies needed to lead in the future.

MINING

- Deliver training and coaching programmes for individuals in leadership positions.
- Develop and mentor high-performing employees identified for succession through the performance management process and Talent Management Programme.

ENERGY, RESOURCES & INFRASTRUCTURE

- Enable more agile, efficient and cost-effective regional management structures.
- Embed EXECONNECT programme for improved talent and career development of future leaders, and enhanced communication between executives and employees.
- Coach and mentor high-potential employees for future leadership roles.

POWER, INDUSTRIAL & WATER

- Develop and mentor a high-performing core group of leaders and supervisors.



MATERIAL ISSUE**Maintain competitive employee value proposition to retain critical skills and to ensure flexible capacity****GROUP**

- Continue to prioritise the safety of our employees and their families and minimise the impact of the COVID-19 pandemic on their livelihoods.
- Embrace international standards of social justice, decent work and human rights, while also aligning policies and procedures to the legislation and basic conditions of employment of the countries we operate in.
- Maintain the relevant accreditation of management systems in all platforms.
- Maintain effective employee wellness and 24-hour assistance programmes.
- Provide career advancement through work experience, skills development and training, and coaching opportunities.
- Offer structured performance management and development linked to market-related remuneration and incentive schemes.
- Host induction sessions for new employees to communicate Group Values, culture and performance expectations.
- Ensure responsible resourcing despite market and project cycles:
 - Retain core skills through continuous engagement.
 - Attract required skills timeously through effective people planning to mobilise projects on time and within budget.
 - Maintain a responsible approach to retrenchments when right-sizing operations during downturns and demobilising.

MINING

- Improve performance management through consultative performance contracting and development plans.
- Facilitate skills development and training at the platform's industry-leading training facilities.
- Minimise the risk of strikes and work stoppages by maintaining effective relationships with employees and union representatives.

ENERGY, RESOURCES & INFRASTRUCTURE

- Expand on the positive outcomes of the 2020 Employee Experience Survey, including formalising flexible working arrangements successfully tested during COVID-19 lockdowns.
- Continue to monitor feedback from well-being surveys to address physical and mental health concerns linked to COVID-19.
- Provide depth and variety of work experiences to attract and retain talent.

POWER, INDUSTRIAL & WATER

- Provide training and development interventions to develop a high-performing core group of artisans.



MANAGING OUR MATERIAL ISSUES *continued*

04 TRUSTED PARTNER

CONTEXT

Maintaining stakeholder trust given intensifying activism, public scrutiny and expectations of greater transparency and reporting, is critical to the Group's resilience and sustainability.

All businesses and partners are expected to align to the Group's frameworks, standards and Values as minimum best practice, in tandem with local laws, regulations and contracting norms.

Managing the impact of local dynamics on project delivery is imperative for the Group's reputation as a credible global operator and respected multinational.

Being a responsible local corporate citizen that responds to social needs is critical to the Group's social licence to operate in countries and communities.

MATERIAL ISSUE

Be respected as a values-led, ethical and responsible multinational

GROUP

- Incorporate the Group's position on climate change and ensure consistency in its application.
- Instill Group frameworks, standards and Values in acquired businesses.
- Continued application of the Group's diversity policy.
- Maintain toll-free call line for the anonymous reporting of fraud, corruption or unethical behaviour.
- Uphold reputation for responsible and ethical conduct:
 - Comply with laws, standards and codes in all operations.
 - Senior management declaration on ethical behaviour every six months.
 - Conduct ongoing compliance and ethics training.
- Ensure that platforms subscribe to ethical business principles supported by policies, standards and procedures.
- Ensure leadership and management lead by example, maintaining an ethical culture through open and ethical decision-making.



MATERIAL ISSUE**Remain responsive to local circumstances and social needs****GROUP**

- Accelerate diversity and localisation to remain competitive and relevant.
- Establish local partnerships that contribute to the socioeconomic development of host communities.
- Respond to local requirements and norms within the context of Group ambitions, and ensure that initiatives are aligned with the needs and expectations of host communities.
- Effectively manage local factors pertinent to safety, work culture, labour and community relations, local procurement and community development.
- Invest in local communities through corporate social responsibility programmes.

MINING

- Continue to implement diversity policies appropriate to regions of operation.
- Align to the Department of Minerals and Energy's recently published Mining Charter III, including local employment and procurement targets required of its clients, in South Africa.
- Develop the Boipelo joint venture with Amandla, a black-owned mining contracting company in South Africa.
- Progress joint ventures with First Nations groupings in Canada, and other local partners in Australia, Indonesia, Mongolia, Peru and Chile in executing projects in those countries.
- Promote inclusivity through the diversity work group in the North American operations.

ENERGY, RESOURCES & INFRASTRUCTURE

- Continue to implement the Gender Equality Plan with measurable targets for improving gender equality.
- Further embed the Reconciliation Action Plan to accelerate engagement among Aboriginal and Torres Strait Islander peoples.
- Develop community engagement plans for new projects to support project delivery and benefit local communities.
- Support organisations, communities and causes that improve the lives of host communities through the Clough Foundation.

POWER, INDUSTRIAL & WATER

- Maintain BBBEE credentials to access opportunities in South Africa.
- Establish BBBEE partnerships in power maintenance, transmission and distribution, and water.
- Continue to work closely with clients, local community forums and leaders to manage economic and employment expectations.
- Develop local partnerships in East and West Africa to access new markets and sectors.





02

LEADERSHIP REVIEW



CHAIRMAN'S STATEMENT



SURESH KANA

The Group's resilience relies on achieving strategic maturity in its business platforms – sufficient diversification across market sectors, regions and service offerings that encompass the full engineering and construction project life cycle. In 2020, the Group proved that this approach holds true, even in the face of great uncertainty.

With the caveat of an ongoing global pandemic, the Board remains confident that this market shock and the unprecedented global response, will not erode the Group's financial stability, nor delay its growth ambitions to an unmanageable extent. The Group is well positioned to benefit from new project developments as economic recovery unfolds in its market sectors, as well as from the opportunities emerging from the shift to lower-carbon and renewable energy sources.

Murray & Roberts is a multinational, specialist engineering and construction group, with a resilient business model and strategy. The Group has a significant order book and project pipeline to navigate market cyclicalities, supporting the Board's positive long-term growth expectation.

It strikes me on re-assessing this proposition, that less than 10 years before this statement could be made, the Group had to approach shareholders for support. What followed was a period of recovery, in which the Group was stabilised and its credibility restored. This involved addressing a number of legacy matters, including complex claims, an unacceptable safety record, challenges to the Group's integrity, and significant corporate action needed to put the Group back on a sustainable path to growth.

Murray & Roberts' turnaround bears testimony to the foresight and determination of its Board and management. They appreciated, as recent corporate failures of companies with long histories and iconic brand names confirm, that longevity is no guarantee of sustainability in a fast-changing world. Only companies and their leaders, who are prepared to adapt to a changing business environment and to make improvements in how they operate, can credibly give some comfort of sustainability.

The Group's track record of dealing with challenges to its sustainability, shows that despite the pressures of a generally difficult external environment, and high stakeholder expectations, no undue trade-offs for short term gain were made at the expense of the Group's long-term strategic trajectory.

Going into this year, the Group had done well to diversify its international presence and enhance its market sector positioning, while also establishing itself in new, high-growth areas. The Group's target markets now include the resources, industrial, energy, water and specialised infrastructure sectors.

Although we are disappointed in the Group's financial performance – particularly the project failures that were inconsistent with our commitment to *Engineered Excellence* – the Group's safety performance is a source of pride.

To record no fatal incidents across a portfolio of more than 100 projects, for a second and consecutive financial year, and despite the risks added by the disruption and distraction caused by the COVID-19 pandemic, is a remarkable outcome.

It is distressing, however, that we lost a colleague on the first day of the new financial year. Wilfred Moleofi (33), who worked for OptiPower Projects, sustained fatal injuries while he and his colleagues were performing their duties at one of our projects in the North West province of South Africa. The Board deeply regrets Wilfred's death and offers its deepest sympathies to his family and friends. Fatalities and injuries at work are unacceptable and avoidable. We continue to focus on understanding and managing the complex interplay of factors required to ensure Zero Harm to our employees, and those exposed to our business activities.

Engineered Excellence is more than a philosophy, it is a commitment to consistently deliver excellence, supported by our Values, comprehensive policies, business systems and a well-established governance framework. It is an approach that brings rigour and discipline to everything we do and is meant to remove chance from the outcomes we seek. I believe that the Group's resilient response to COVID-19 is a demonstration of *Engineered Excellence* – a strength bound into the Group's culture.

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GOING INTO THIS YEAR, THE GROUP HAD DONE WELL TO DIVERSIFY ITS INTERNATIONAL PRESENCE AND ENHANCE ITS MARKET SECTOR POSITIONING, WHILE ALSO ESTABLISHING ITSELF IN NEW, HIGH-GROWTH AREAS.

COVID-19 AND THE 'NEW NORMAL'

We do not know how long the pandemic will last, but it will certainly take years to count its cost – and those costs in human, social and economic terms show no signs of retreat.

Although scientists have been warning for years that it was only a matter of time for a highly contagious and lethal virus to make the zoonotic jump from infected animals to humans – SARS, MERS and Ebola clearly showed the risk – our disaster preparedness plans could not have anticipated the impact of an unprecedented shutdown of global economic activity.

We also do not know what the post-pandemic world will look like and it might be the most challenging of times this generation has experienced. However, the green shoots of economic recovery are showing as investors around the world look optimistically at the extraordinary effort of the scientific community to develop a vaccine, and governments plan large-scale infrastructure investments to kickstart their economies.

Other uncertainties, some influenced by COVID-19 and others in play before, add to the downside risks to growth expectations for the world economy.

However, we enter this uncertain future with a significant, quality order book and confidence that our engineering and contracting services will be in demand, whatever the new normal might look like. But one cannot underestimate the extent to which a stuttering global economic recovery could slow down the flow of large capital projects.

It is our view that any effort at economic and social recovery will fail, if not built on the development of infrastructure that serves sustainable human development. Fixed capital formation, through long-term infrastructure investment, has shown repeatedly to be a reliable instrument for economic recovery.

CHAIRMAN'S STATEMENT *continued***RESPONSIBILITY AND ETHICS**

Agility must never be confused with cutting corners, especially in hard times. Our reputation, or the value of our integrity in the eyes of our stakeholders, has never been more important. Reputation capital, more than any other form of capital, determines long-term resilience. Crises illuminates true character, and stakeholders will remember our conduct during this pandemic long after the other impacts have faded into memory. With so many businesses under pressure to survive, we need to be vigilant to maintain the Values on which our reputation as a well-governed and ethical multinational rests.

Business partnerships are critical to our growth ambitions – it is through partnerships that we access the capacity and technology required to win and effectively deliver large, complex multi-disciplinary projects. It would not be possible or economical for us to develop or acquire such capacity in-house, where it falls outside of our scope of specialism. Without the right business partners who share our Values, and complement our expertise, many projects simply cannot get off the ground.

Our reputation, and the trust it instils, is built on our Values. As a strategic rather than a philosophical imperative, being purpose-led and values-driven is more important than ever. The Group's Purpose is to support sustainable human development, both through the services we provide and in the way that we advance the interests of our stakeholders – we seek to enable fixed capital investment that will allow people to live better lives. Thus, in our view, Murray & Roberts is not only a service provider to society, but an integral part of the social ecosystem.

Our commitments in this regard begin close to home as a South African group, albeit with an international footprint and presence. We remain committed to investing in the development of our employees, but economic circumstances will make it difficult to maintain the budgets previously devoted to this purpose. The pandemic has highlighted the dangers of socioeconomic inequality and the need for meaningful social and economic transformation, to limit the disproportionate impact that future systemic shocks may have on the most vulnerable and marginalised in our society.

Last year, I noted the Board's concern about the deterioration of national infrastructure in South Africa. That concern has grown, particularly as we witnessed the correlation between poor infrastructure and the spread of the pandemic. For example, it is an indictment against South African society that emergency measures had to be put in place so children in our schools had clean water to wash their hands.

This pandemic is proving that our national infrastructure is failing, largely due to a lack of ability at national and provincial level to fairly procure large capital projects. The impact of that incapacity is debilitating our industrial and social development. In this instance, notwithstanding that South Africa is a water-poor country, our water reticulation network continues to deteriorate and if it continues unchecked, it will not only impact our economic capacity, but also the health and productivity of the country's citizens.

Murray & Roberts would be highly supportive of a South African post-pandemic economic restoration programme that emphasises improvement and expansion of infrastructure. This would emulate what we are seeing in many of our other markets around the world, particularly in energy, water and industrial development. We are heartened that the cabinet recognises this potential and we are looking forward to seeing concrete measures in this regard.

More broadly, in view of global trends and increasing public and regulatory scrutiny on corporate responsibility for climate change, we published a Group position on the issue. We are exposed to coal mining, particularly in South Africa. In line with our position on climate change, coal-related projects can only be undertaken outside of South Africa with Murray & Roberts Limited Board approval. While we are committed to growing our service offerings in the cleaner energy sector, it is inescapable that South Africans still rely mainly on coal-fired power for their electricity supply, as cleaner forms of energy remain insufficient to meet base-load demand. Within this reality, we will continue to be selective in the coal projects we undertake.



OUR REPUTATION, AND THE TRUST IT INSTILS, IS BUILT ON OUR VALUES. AS A STRATEGIC RATHER THAN A PHILOSOPHICAL IMPERATIVE, BEING PURPOSE-LED AND VALUES-DRIVEN IS MORE IMPORTANT THAN EVER.

We recognise that climate change poses significant risks to the global natural ecosystem. The world's growing demand for energy is likely to continue to increase greenhouse gas emissions and exacerbate climate change, unless environmentally-benign energy alternatives are adopted on a large scale. Apart from the business opportunity that we cannot afford to forego, a just transition away from fossil fuel dependence simply cannot happen overnight. Our response to this challenge is guided by our ultimate objective of sustainable value creation. Although our operations have an inherently low carbon footprint and demand for water, opportunities lie in our ability to assist our clients in transitioning their operations to a low-carbon and water-scarce future. Our aim is to be part of the solution, which we believe can only be delivered through a collective effort.

GOVERNANCE AND SHAREHOLDER MATTERS

The Board's strength does not lie in the individual skills and competencies of its members but in the way it functions, which ensures that diverse and independent perspectives are brought to bear on all deliberations. This diversity of perspectives allows us to approach matters with insight based on experience and professional scrutiny.

Shareholders will be aware that ATON abandoned their approach by not extending the Long Stop Date on the mandatory offer, ahead of the ruling of the Competition Tribunal. ATON's large shareholding has limited the trading liquidity of our shares and as our major shareholder, it has not yet publicly communicated its intention for its investment in Murray & Roberts. This has likely depressed the price of our shares.

After the restrictions to director changes imposed during the period of ATON's mandatory offer were lifted, we appointed three additional non-executive directors to the Board: Clifford Raphiri, Billy Mawasha and Jesmane Boggenpoel. Clifford was appointed as member of the audit & sustainability committee and as chairman of the risk management committee. Billy was appointed to the health, safety & environment and social & ethics committees. Jesmane was appointed as a member of the risk management and audit & sustainability committees. The new directors have completed a robust induction programme and I am confident they will make a meaningful contribution to the Board.

Keith Spence and Emma Mashilwane have stepped down as directors. The Board is indebted to them for their contribution and we wish them well with their future endeavours. Our sincere condolences go to the Mkhwanazi family on Xolani Mkhwanazi's passing. His contribution and presence will be missed.

OUTLOOK AND APPRECIATION

As from March 2021, the Group's strategic evolution into a specialised engineering and contracting group will be more accurately reflected in a change to our classification on the JSE, from diversified industrials to the new engineering and contracting services subsector.

As we move forward there is no room for complacency. We have learned during this pandemic that predictive models and budgets are only as good as the information put into them. With many variables still unknown, we cannot claim certainty about the Group's prospects, and we have to be clear about the assumptions on which we are basing our expectations and plans for the future.

The Board is reassured by the significant, quality order book and its longevity, with an increasing proportion of orders now extending beyond two years. At the same time, we recognise that the risk of a second wave of the pandemic and the associated disruption and impact on investor confidence poses a threat to our ability to maintain or grow the order book from current levels.

Assuming that COVID-19 is brought under control, we have reason to be optimistic. Our secured base of longer-term projects and our positioning in markets that stand to benefit from short-term economic stimulus and longer-term structural shifts in the world economy, should translate into a strong recovery in earnings growth from the next financial year, with a sustainable growth trajectory thereafter.

Although guarded in our optimism, the demand fundamentals of the natural resources markets where we undertake most of our work, remain sound. A growing global population that is increasingly urbanised, the need for climate change amelioration and consensus that infrastructure development must be a cornerstone of economic recovery, combine to support confidence that we are in the right markets at the right time, and with the right value propositions.

The COVID-19 pandemic has brought a renewed appreciation of our interdependence. We have been reminded that it is the calibre of our management teams, the dedication of our employees, the support of our shareholders and the trust of our stakeholders, that equip us to navigate the headwinds and position ourselves for the tailwinds more effectively than ever before.

SURESH KANA

Group chairman

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT



HENRY LAAS
GROUP CHIEF EXECUTIVE



DANIËL GROBLER
GROUP FINANCIAL DIRECTOR

Murray & Roberts is a multinational, specialist engineering and construction group, currently delivering some 100 projects across six continents.

Implementation of our strategy over the last five years, has developed and diversified our business platforms and established their competitive differentiation of *Engineered Excellence*. During this period, despite adverse conditions in our markets, steady strategic gains have positioned the Group well for the future.

Geographic and project life cycle diversification is at the core of our strategy, designed to achieve a more sustainable earnings profile, through often volatile market cycles. Our business platforms are well equipped to provide services across the engineering and construction value chain in their regional markets. This diversification creates a more balanced risk profile, exposing us to a wide range of contracting models, which in turn provide further opportunity to optimise earnings potential.

In the past three years, we have broadened our market focus to bolster the Group's response to market cyclicalities, typical of the natural resources markets. This focus includes sectors presenting the best opportunities for growth, diversification and differentiation for each of the business platforms. The resources, industrial, energy, water and specialised infrastructure sectors are now included as target markets. Accordingly, the business platforms have been renamed to better reflect the markets in which they compete as specialist contractors.

The Oil & Gas platform has been renamed the Energy, Resources & Infrastructure ("ERI") platform and the Power & Water platform has been renamed the Power, Industrial & Water ("PIW") platform, to more accurately represent their target market sectors. The Underground Mining platform has been renamed the Mining platform, to reflect the Group's consideration of an open pit mining service offering.

Acquisitions remain important to the Group's long-term growth aspirations, especially where organic growth potential is limited, either as a result of market conditions or concentrated market shares. We have a bias for acquisitions in developed markets and in higher-margin market segments. The recent acquisitions across the platforms have provided entry into specific higher-growth regional markets.

In FY2020, the platforms focused on consolidating their market positions, integrating new acquisitions and growing their order books, which included intensifying their business development efforts in markets showing signs of recovery.

The Mining platform continued to perform well in the global metals and minerals market and maintained a good order book. Capital investment in the mining sector, mainly in brownfield expansions, held up even as concerns of a plateau in investment were escalated by the disruption and uncertainty accompanying COVID-19. The integration of the California-based business acquired last year, Terra Nova Technologies, was well executed and its earnings contribution was in line with expectation. The performance of the Boipelo joint venture, established last year, also met expectation. This joint venture works exclusively in the South African coal mining sector.

Earnings from both the ERI and PIW platforms were disappointing. Their frail markets, exacerbated by the impact of COVID-19, remained challenging. The lack of new investment in

the Australasian oil and gas market and the delayed commencement of targeted large projects in this region, combined with project specific challenges, culminated in a difficult year for the ERI platform. The PIW platform was again held back by a lack of new project investments in South Africa. The platform had to embark on extensive restructuring to right-size the business, which compounded the challenge of working in a depressed market.

Nonetheless, ERI did well to broaden its market focus and establish itself in the specialist infrastructure and resources growth sectors in Australia, as well as the gas and petrochemicals sectors in the United States. During the year, the platform grew its order book by 71% to a historic high of R39,4 billion. This order book includes a healthy proportion of long-term orders, supporting prospects for a return to profitability in the new financial year.

The PIW platform secured no projects of any material value during the year. Considering the platform's relatively low revenue base, the effect of the COVID-19 lockdown restrictions on project delivery translated into an earnings loss for the year. The platform is, however, well positioned to participate in the LNG project developments in Mozambique. The commencement of the Mozambique Rovuma Area 1 LNG project, provides potential for larger-scale projects, with expected awards in the next 12 months. The integration of OptiPower Projects, acquired in the previous year, has been effective.



OUR BROADER MARKET FOCUS INCLUDES SECTORS PRESENTING THE BEST OPPORTUNITIES FOR GROWTH, DIVERSIFICATION AND DIFFERENTIATION FOR EACH OF OUR BUSINESS PLATFORMS.

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT *continued*

FINANCIAL PERFORMANCE

In terms of overall financial performance and prior to the impact of COVID-19, the Group was tracking well to meet its guidance of an improved performance in FY2020, relative to the previous reporting period. The direct profit impact of this pandemic on projects during the year is estimated at R622 million. This impact, combined with the impairment of an R80 million vendor loan relating to the sale of Genrec, now in business rescue, the impairment of R63 million relating to goodwill on two Group companies due to market uncertainty, and the impairment of R46 million of uncertified revenue on a claim, created a perfect storm for the Group. Execution challenges on a few projects, also disappointed.

Revenue from continuing operations marginally increased to R20,8 billion (FY2019: R20,1 billion). The Group reported a loss before interest and tax of R17 million (FY2019: R847 million profit) and an attributable loss of R352 million (FY2019: R337 million profit). A diluted continuing headline loss per share of 88 cents was recorded (FY2019: 114 cents profit). Cash, net of debt, before IFRS 16 adjustment, decreased to R0,7 billion (FY2019: R1,8 billion), and after IFRS 16 adjustment, to net debt of R0,1 billion.

Considering current market conditions, the Group is pleased to report a significant, quality order book of R54,2 billion (FY2019: R46,8 billion), providing a solid basis for improved future performance.

The Mining platform delivered a commendable result considering the R206 million COVID-19 profit impact. Revenue increased to R12,0 billion (FY2019: R10,9 billion) and operating profit decreased to R630 million (FY2019: R814 million). The order book decreased to R19,4 billion (FY2019: R22,8 billion), but is supported by a strong project pipeline.

In the ERI platform, revenue increased marginally to R6,9 billion (FY2019: R6,7 billion) and the platform recorded a disappointing operating loss of R454 million (FY2019: R98 million loss). This loss is reflective of the estimated COVID-19 profit impact of R179 million, a goodwill impairment of R33 million, challenging market conditions which caused a delay in project awards, and losses on two projects. One of the lossmaking projects formed

part of the business acquired in the USA in 2019, where project losses far exceeded the warranties provided by the seller. The platform was however successful in securing an increased and strong order book of R34,4 billion (FY2019: R23,1 billion), supporting prospects for a return to profitability in the new financial year.

The PIW platform revenue and order book decreased to R2,0 billion (FY2019: R2,5 billion) and R0,4 billion (FY2019: R0,9 billion) respectively. Given the platform's relatively low revenue base, goodwill impairment of R29 million, uncertified revenue impairment of R46 million and the COVID-19 profit impact of R43 million, the platform recorded an operating loss of R44 million (FY2019: R32 million loss).

The Group's 50% investment in the Bombela Concession Company was severely impacted by COVID-19 and the restrictions and measures government enacted to limit the spread of the pandemic. The Gautrain was shut down for a period of 38 days in accordance with the South African lockdown regulations and has since commenced operations, although with capacity restrictions. Ridership remains very low and the duration of the impact is uncertain. Following a COVID-19 related R194 million impact of Murray & Roberts' investment in the concession, a profit of R119 million was reported for the year (FY2019: R306 million).

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year. In the current financial year, the Middle East operation was classified as a disposal group that was abandoned and as such has been classified as a discontinued operation.

The operating profit from discontinued operations was R19 million (FY2019: R146 million operating loss). This included an impairment of a vendor loan extended to the purchasers of Genrec, now in business rescue. This impairment and operating costs incurred in the Middle East, was offset by an exchange rate gain on intercompany loans to the business in the Middle East.

The arbitration outcome of the Dubai Airport claim was inconclusive and the claims and counter claims will have to be finally settled by the agreement between the parties.



OUR ABILITY TO DELIVER ON EXPECTATIONS RELIES ON MARKET OPPORTUNITY AND ACHIEVING STRATEGIC MATURITY IN EACH BUSINESS PLATFORM. THIS WILL BE ACHIEVED THROUGH ORGANIC GROWTH, SUPPLEMENTED BY CAREFULLY SELECTED ACQUISITIONS AND BRACED BY OUR COMMITMENT TO *ENGINEERED EXCELLENCE*.

Net interest expense increased to R221 million (FY2019: R56 million) largely due to the implementation of IFRS 16 (Leases) and working capital management.

The effective rate of tax remains high, mainly due to withholding tax in foreign jurisdictions, as well as losses incurred in entities where future taxable earnings are uncertain. Consequently, no tax assets could be recognised on these losses.

STRATEGIC PERFORMANCE

Despite the uncertainty in the global economic outlook, we believe the *New Strategic Future* plan and the assumptions on which it is based, remain sound. In the year ahead, to support earnings growth in FY2021 and beyond, our focus will be on growing the order book, improving project execution, improving liquidity, progressing the digitalisation of our business and exiting the Middle East.

Our ability to deliver on expectations relies on market opportunity and achieving strategic maturity in each business platform. This will be achieved through organic growth, supplemented by carefully selected acquisitions and braced by our commitment to *Engineered Excellence*.

Realising earnings growth potential in uncertain markets

As the most strategically mature, the Mining platform has established a leading position in all major regional mining markets in the western world. The exception is in Australia, where we are progressing well to become a tier one contractor. The platform remains focused on expanding into new territories and improving operating margins.

Uncertainty about capital investment in the global mining sector has increased significantly due to COVID-19 disruptions and fears of retreating commodity demand. If investment levels do not show too much of a retreat, they should be sufficient to maintain the platform's order book at current levels in the medium term.

Given its high market shares in global underground mining markets, the Group's considering expanding the platform's offering to include open pit mining services to provide a step-change required to grow this business. To establish a meaningful position in this market segment will require an acquisition, which will diversify the platform's income streams beyond commodity exposure, geography and life cycle segment, to mining type. Expanding into open pit mining will also enable the platform to secure a greater proportion of its total income from contract mining projects, in line with its strategic objective to derive at least half of total earnings from this annuity-type income.

The shift to different segments of the mining sector was put in progress last year with the acquisition of TNT, which supplies material handling services to mining operations. TNT is well established in the Americas and expanding its services into

Africa and Australasia, by capitalising on the platform's regional relationships, presents a strong opportunity.

For the ERI platform, the infrastructure and resources market sectors in Australia, is expected to remain buoyant over the next decade. The country's economic recovery will rely heavily on state-funded investment in public infrastructure, with annual transport infrastructure expenditure over the next five years, expected to peak at AU\$22 billion in 2023. Mining majors in Australia are forecasting a collective capital project spend of over AU\$3,5 billion per year for the next decade. In the United States, the energy market presents opportunity and Clough USA is considering several partnerships that will make it a strong contender for EPC contracts. We expect the United States to become the platform's largest market by revenue in the medium term.

The signs seen last year of new capital investment in the global oil and gas market have translated into a number of projects in the planning stages, but further delays in final investment decisions are likely in the short to medium term. No new LNG projects are expected to reach final investment decision in the 2020 calendar year. However, as a cleaner feedstock for power generation, LNG demand is expected to recover as the global transition to a low-carbon economy gathers momentum. Renewable energy project opportunities are also expected to accelerate as global activism on climate change intensifies.

Opportunities in the specialist infrastructure and resources sectors in Australia and the United States' gas and petrochemicals sectors, will in the short to medium term enable ERI to achieve its expected earnings contribution. We believe our expectation of a return to profitability from FY2021 is realistic, even as the global energy market takes time to recover. Obvious downside risks to this expectation include further delays in the award of new projects, specifically in a COVID-19 constrained environment.

The platform's businesses in the United States have been consolidated as Clough USA under an experienced management team. The focus is on growing the order book in this region, after being awarded the multi-billion rand Next Wave petrochemical project and its successful delivery. Executive management structures across the APAC, Americas and EMEA are now firmly established.

The PIW platform's scope for growth and diversification, as a regional business focused on sub-Saharan Africa, is more limited than the two international platforms. It is dependent on the level of fixed capital formation in its markets and the effectiveness of the policymaking and procurement processes that support it. Apart from the LNG investments in Mozambique, which will present opportunity from FY2022, capital investment in the platform's target market sectors across sub-Saharan Africa is expected to remain limited. The exception is overland power transmission and distribution in the short to medium term, and OptiPower Projects is well placed to secure a sizable share of this opportunity. Several projects in sub-Saharan countries are at

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT *continued*

advanced stages of development and implementation, and South African state-owned utility Eskom has transmission tenders under adjudication to an estimated value of R2,5 billion.

With South Africa's economic recovery stimulus to be channelled through state-owned enterprises and significant investment in public infrastructure projects, opportunities should accelerate. The necessary structural reforms and policies, including the formal approval for private sector power generation to supply the national grid, have been initiated for the implementation of the country's Integrated Resource Plan 2050. Indications are that the next tranche of projects under REIPPP is imminent, although stated timelines have proven unreliable in the past.

Investment in the South African water sector continues to be limited and fragmented. The PIW platform was awarded the Athlone wastewater project in Cape Town and aims to secure additional work from the City of Cape Town's pipeline of water resilience projects. The successful performance of the Organica Water resource recovery demonstration facility at Verulam, has positioned this technology favourably in the local market, with an in-principle agreement to relocate the facility to the V&A Waterfront.

It has been an arduous journey to extract ourselves from the Middle East. The business in the Middle East was classified as a discontinued operation during the year under review. Considering the progress made in the complex legal processes required to close out our remaining projects and to secure our entitlements in the Middle East, we are reasonably confident that our exit plan will be achieved within the next calendar year.

FOCUS ON *ENGINEERED EXCELLENCE*

Realising the growth potential of our platforms relies on consistently delivering safe, well executed and profitable projects. This outcome is reinforced by our Values and realised through our culture of *Engineered Excellence*. It is supported by the application of the related policies, systems, principles and practices, which enable our platforms to differentiate their services beyond competitive pricing.

Zero Harm

Nowhere is this focus on excellence clearer than in our approach to safety. The continuous improvement in the evolution and diligent application of our Groupwide HSE system has measurably enhanced the maturity of the Group's safety culture.

The Group recorded a second consecutive year without any fatalities. This is a major achievement, albeit tempered by a deterioration in the mining platform's injury rates. The Group's safety performance compares to the best in the world in our market sectors and we continue to work towards achieving Zero Harm. However, we are deeply saddened by the death of our colleague, Wilfred Moleofi, on the first day of the new financial year. We extend our sympathy to his family and friends.

Many of our projects are demonstrating that production, quality and safety performance go hand in hand. Notwithstanding the perennial challenge of resourcing projects with suitably qualified

skills, newly acquired businesses, joint venture partners and subcontractors are expected to align with our safety systems. As a multinational business, we are alert to the fact that we deal with an array of local factors, such as cultural and social differences, that often influence safety performance.

Strategic partnership is a necessity given the scale and complexity of projects undertaken by the Group. Identifying and managing these partnerships effectively is an important driver of value, and cultural and operational alignment is critical in this regard. Our participation in joint ventures is subject to the adoption of our safety systems and adequate representation in HSE, commercial and project leadership roles.

To help our employees deal with the personal impacts of COVID-19, we have provided additional services to support their physical and mental well-being. The focus has been on COVID-19 self-assessments and testing (where eligible) at project sites and those working under isolation from home. We continue to manage the realities of varying COVID-19 impacts across the business and maintain appropriate health risk controls based on health advice and local government directives.

Commercial and project management

Costly failures on certain projects deflated our profit expectations for the year. These failures were further impacted by the unexpected and uncontrollable disruption caused by COVID-19 to our projects and markets during the second half of the year. Poor project delivery also compromises the quality of the Group's order book and to protect our margin expectations, it is essential that all the dimensions of *Engineered Excellence* are applied across the Group.

Lessons were learnt and corrective actions taken in instances where procedures were flouted. In the cases where losses were due to factors beyond our control, negotiations are underway to seek commercial settlement. In the year ahead, focus will be on ensuring that our project and commercial management systems are applied without exception.

Contractor and employer of choice

Our aspiration to be recognised by our clients as a specialist provider of services and a contractor of choice, is contingent on our ability to attract and retain the best management and technical expertise. This turns on us being recognised as an employer of choice in our industry and countries of operation. As the skillsets required by organisations in the digital era are changing, so our attractiveness to a new generation of employees has to keep up the pace.

Our value proposition to employees includes career advancement opportunities through experience on high-profile projects, as well as training, education and mentorship, together with a values-driven ethos. As a multinational organisation, a diverse workforce contributes to an improved business performance and supports our social licence to operate. The Group diversity policy guides our businesses in their responses to the diversity priorities of the countries and cultures in which they operate.

Digitalisation

In our previous report, we outlined the increasing role that digital systems and solutions will play in the way we do business.

During the year we commenced a Group digital readiness review, which showed that our platforms are at different stages of readiness. Digitalisation presents a range of opportunities and relevant digital strategies are being developed by each platform. The opportunities being considered are those that will improve productivity, safety and efficiency. Investment in the implementation of key initiatives will be required to create a competitive edge as a specialist contractor, as productivity optimisation and solutions innovation become a standard expectation among clients.

CREATING SHAREHOLDER VALUE

The expectations for economic recovery after the pandemic and its potential impact on our business are uncertain and revised frequently. However, the relevance of natural resources – of commodities, utilities, energy and infrastructure – to a post-COVID-19 world and the Group's diversified exposure to these market sectors, support our view of earnings growth, especially from FY2022/3.

The International Monetary Fund estimates that the global economy will contract by some 3% in 2020 due to the disruption caused by COVID-19. While most analysts are forecasting a recovery in commodity prices during the second half of 2020 and into 2021, these forecasts remain highly uncertain.

The Group has several tenders under adjudication and we believe clients will proceed with most of these projects, although some awards may be delayed, as clients consider the effects of COVID-19 on their investment decisions. The Group's significant order book, however, is expected to provide a solid platform for improved future performance.

During the past decade, the Group has faced challenges to its stability, sustainability and reputation. Having successfully dealt with and recovered from these experiences, we have not only improved our competitiveness, but also our relationships with our stakeholders. This should give all stakeholders confidence in the Group's resilience in these unpredictable times.

HENRY LAAS

Group chief executive

DANIËL GROBLER

Group financial director



THE RELEVANCE OF NATURAL RESOURCES – OF COMMODITIES, UTILITIES, ENERGY AND INFRASTRUCTURE – TO A POST-COVID-19 WORLD AND THE GROUP'S DIVERSIFIED EXPOSURE TO THESE MARKET SECTORS, SUPPORT OUR VIEW OF EARNINGS GROWTH, ESPECIALLY FROM FY2022/3.



