



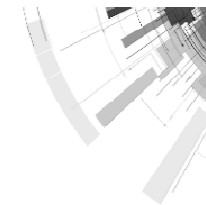
# **REPORT TO STAKEHOLDERS**

SIX MONTHS TO  
31 DECEMBER 2018

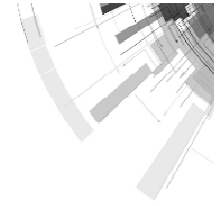
**07 March 2019**

ENGINEERED EXCELLENCE

# PRESENTATION OVERVIEW



<b>Henry Laas</b>	<i>A New Strategic Future</i>	Slides 3-5
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The Group has been **transformed** from being a predominantly **South African civil and building contractor**, to a **multinational engineering and construction** Group focused on the **natural resources** market sectors.

The Group's three business platforms provide **portfolio diversification**. **Core market segments** and **selected complementary market segments** are of **strategic importance** to each of the three platforms, as **these segments collectively mitigate** the impact of **market cyclical**ity.



# THE MURRAY & ROBERTS GROUP

A MULTINATIONAL SPECIALIST ENGINEERING AND CONSTRUCTION GROUP FOCUSED ON THE NATURAL RESOURCES MARKET SECTOR



**STOP.THINK.ACT.24/7: SAFETY FIRST IN EVERYTHING WE DO**

## BUSINESS PLATFORMS

**OIL & GAS**

**UNDERGROUND MINING**

**POWER & WATER**

### PURPOSE

Enabling fixed capital investments that support the advancement of human development

### VISION

To be a leading multinational engineering and construction group that applies our project life cycle capabilities to optimise fixed capital investment

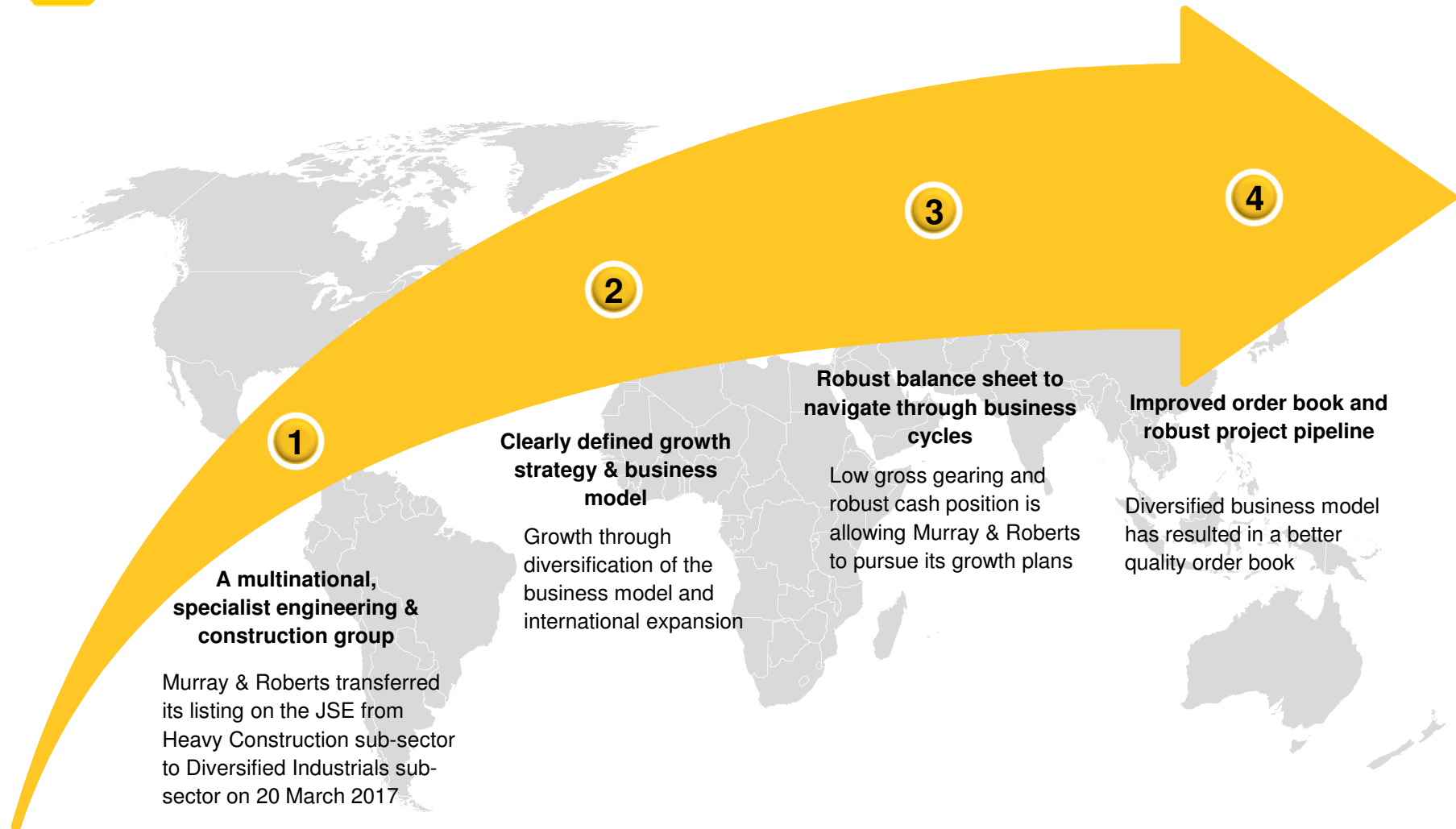
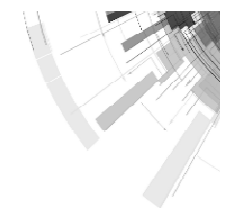
### VALUES

Integrity  
Respect  
Care  
Accountability  
Commitment

**PLATFORMS ARE NAMED AFTER CORE MARKET SEGMENTS BUT ALSO UNDERTAKE WORK IN SELECTED COMPLEMENTARY MARKETS**

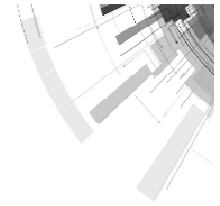


# A NEW STRATEGIC FUTURE UNFOLDING



## STRATEGIC FLEXIBILITY

ACCELERATING THE GROUP'S ACQUISITIVE GROWTH



### Oil & Gas

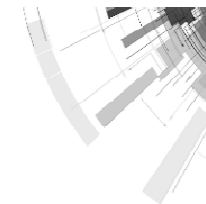
- Acquired a **USA-based engineering, procurement and construction business** (Saulsbury's Gulf Coast downstream and chemical business unit)
- Strong organisation, staffed by experienced people with full EPC capability for projects up to US\$500 million
- Small acquisition, valued at **US\$5,2m**, but strategically significant
- Gives the platform the ability to deliver projects to a rapidly growing market in the USA

### Power & Water

- Acquired **South Africa-based Optipower** for a purchase consideration of **R37m**
- The acquisition takes the platform firmly into the transmission, distribution and substation sectors of the power market
- Eskom requires extensive transmission work in South Africa, with 300km of 400KV overhead line currently out on enquiry
- Several other transmission opportunities are being actively pursued in sub-Saharan Africa – specifically Mozambique, Kenya, Ghana, Angola and Uganda

# MANDATORY OFFER BY ATON GMBH

## INDEPENDENT BOARD UPDATE



### Regulatory Approval

- Implementation of ATON's Mandatory Offer to acquire up to 100% of the issued ordinary shares of Murray & Roberts, not already owned by ATON, remains subject to certain suspensive conditions, specifically receipt of the required regulatory approvals in relevant jurisdictions
- Conditional merger approval was obtained in Zambia and unconditional approval in Namibia
- Merger approval is still under consideration by the relevant authorities in South Africa and Canada

### Timeline

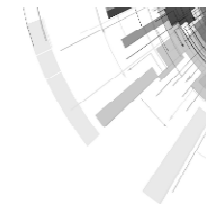
- The long-stop date for the Mandatory Offer is 31 March 2019, a date which may be extended by ATON
- In the event of ATON announcing that the Mandatory Offer has become unconditional in all respects prior to the long-stop date, Murray & Roberts' shareholders will have 10 business days from the date of such announcement to accept the Mandatory Offer, should they choose to accept the offer
- In the event that the Mandatory Offer does not become unconditional prior to the long-stop date and ATON elect not to extend the long-stop date, the Mandatory Offer will terminate in accordance with its terms

### Valuation

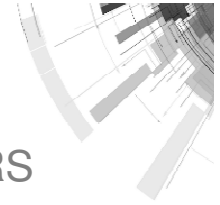
- Shareholders are reminded that ATON's cash offer price of ZAR17.00 per Murray & Roberts' ordinary share remains below the view of the Independent Board that a fair value price range for control of Murray & Roberts is between ZAR20.00 and ZAR22.00 per ordinary share
- The Independent Board has refreshed its valuation of the Group, taking into account the latest market developments, and maintains its view that a fair value price range for control is between ZAR20.00 and ZAR22.00 per share

# SALIENT FEATURES

## SIX MONTHS TO DECEMBER



	FY2019 H1		FY2018 H1	
Revenue	R9,8 billion	↓	R11,8 billion	<b>Financial performance:</b> <ul style="list-style-type: none"> <li>Underground Mining performing exceptionally well</li> <li>Oil &amp; Gas and Power &amp; Water experiencing tough market conditions</li> <li>No further project losses in the Middle East</li> <li>Loss in discontinued operations significantly reduced</li> </ul>
Attributable profit	R186 million	↑	R110 million	
Diluted continuing HEPS	54 cents	↔	55 cents	
Order book (continuing operations)	R31,7 billion	↑	R22,1 billion	<b>Strong Underground Mining order book and significant opportunities in Oil &amp; Gas complementary markets</b>
Cash net of debt	R1,0 billion	↓	R1,3 billion	<b>Maintained strong cash position</b>



- **Platform experiencing significant pressure on revenue in FY2019**

- Major oil and gas projects completed early FY2019 H2
- Ongoing new project delays

- **New opportunities in the Liquefied Natural Gas (“LNG”) market in Australia remain limited, although globally, new supply capacity must be developed to meet LNG forecast demand as from 2021/22**

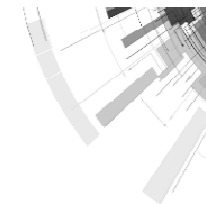
- The platform is targeting potential LNG projects in the USA, Canada, Mozambique and Papua New Guinea

- **Target opportunities are being pursued in complementary growth markets, such as the metal & minerals and infrastructure sectors in Australia, in which this platform has experience and capability**

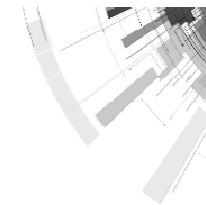
- The Clough-Salini joint venture was selected as the preferred tenderer for the civil work packages on the multi-billion dollar Snowy 2.0 project in Australia. Clough has a 35% share in the joint venture. Formal award of this project is expected during FY2019 H2
- The platform also secured the AU\$130 million BHP Billiton Ore Handling Plant project in Australia (FY2019 H2)
- Significant order book growth expected in FY2019 H2

- **Acquired a USA-based engineering, procurement and construction business from Saulsbury Industries for a purchase consideration of US\$5,2m**

- Rapidly growing market in the USA
- Clough USA to consolidate this acquisition with CH-IV and Enercore

**Murray  
& Roberts****Murray & Roberts  
Cementation****RUC**  
Cementation  
MINING**Cementation****Cementation AG**  
SAFELY HANDLING & PROCESSING MINERALS**MERIT**  
CONSULTANTS INTERNATIONAL INC.

- **At the start of a gradual, but possibly extended mining capex upcycle**
- **Excellent performance and platform will continue to make significant contribution to Group earnings**
  - Exploration is at its highest level in many years and mining equipment delivery times are extending
  - Commodity prices in general have increased and there is a positive change in sentiment towards investment in the industry
- **The platform operates globally and is engaged in projects in Australia, Indonesia, Mongolia, USA, Canada, Mexico, South Africa and Zambia**
  - Current projects include 18 vertical shaft sinking and equipping projects, 21 decline shaft and mine development projects, 8 contract mining projects and 13 support and construction services projects
  - The platform also has 37 raise drilling machines deployed in various locations across the globe
- **Its global reach, broad range of services and reputation for safe and successful project delivery, has positioned the platform favourably to capitalise on the underground mining market's large project investment pipeline**



**Murray & Roberts**  
Power & Energy  
Engineers and Constructors



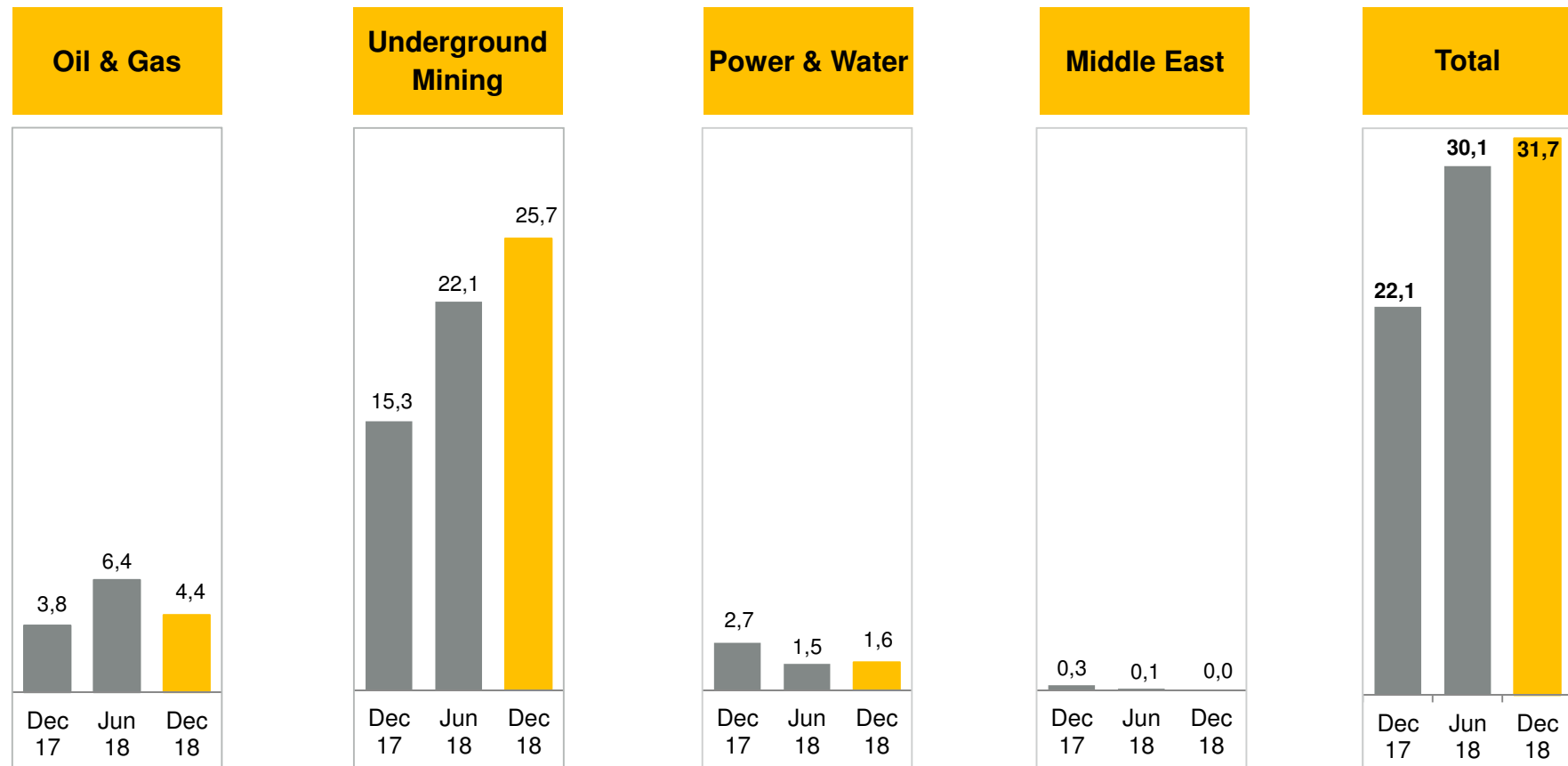
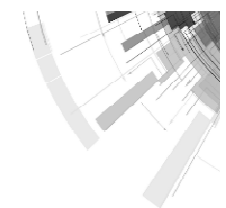
**Murray & Roberts**  
Water  
Engineers and Constructors



- **The platform's scope of work on the Medupi power station has been completed and its work on the Kusile power station will continue into FY2020**
  - The lack of meaningful work to replace Medupi and Kusile will result in reduced platform revenue and earnings
  - Baseload Coal Independent Power Producer Procurement Programme continues to be delayed
- **The platform is targeting the broader power sector by pursuing power plant repair and maintenance work in South Africa and high voltage transmission and distribution projects in South Africa and sub-Saharan Africa**
  - Acquired South Africa-based Optipower for a purchase consideration of R37m
  - Unbundling of Eskom should bring opportunity for boiler maintenance and transmission
- **Two projects were recently secured in complementary markets at a combined value of R600m; work on a sulphur dioxide abatement facility for Anglo Platinum and the erection of a recovery boiler for Sappi**
- **Investment in the local water sector continues to be limited and fragmented, notwithstanding increasing pressure to upgrade dysfunctional municipal wastewater treatment plants**

# ORDER BOOK

COMMODITY CYCLE DEPENDENT

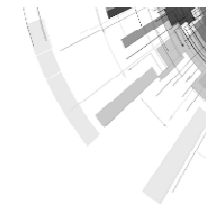


1. Oil & Gas order book low due to tough market conditions. Significant order book growth expected in FY2019 H2
2. Underground Mining reflects a strong order book in a buoyant market (all regions)
3. Power & Water order book low due to Power Programme nearing completion and lack of meaningful replacement work
4. Middle East projects substantially completed



# ORDER BOOK

## GEOGRAPHY & TIME DISTRIBUTION

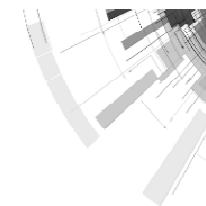


Platform	Order book % split		Order book Rbn		Order book Rbn		
	SADC	Int.	Dec 2018	Dec 2017	FY Time Distribution		
Oil & Gas		100	4,4	3,8	2019	1,9	
					2020	2,1	
					>2020	0,4	
Underground Mining	47	53	25,7	15,3	2019	5,0	
					2020	10,3	
					>2020	10,4	
Power & Water	100		1,6	2,7	2019	0,9	
					2020	0,7	
					>2020		
Middle East*			0,0	0,3			
	43%	57%	31,7	22,1	7,8	13,1	10,8
					FY2019	FY2020	>FY2020

\*Takeover certificates for the final four projects now completed should be received by end-April 2019

# ORDER BOOK, NEAR ORDERS & PIPELINE

STRONG PIPELINE BUT TIMING UNCERTAIN



Rbn	Order book	Pipeline			
		Near orders	Category 1	Category 2	Category 3
Oil & Gas <sup>1</sup>	4,4	14,2	33,2	73,0	298,7
Underground Mining <sup>2</sup>	25,7	8,1	20,5	31,3	22,0
Power & Water	1,6	-	4,2	9,3	26,3
<b>31 December 2018 totals</b>	<b>↑ 31,7</b>	<b>↑ 22,3</b>	<b>↓ 57,9</b>	<b>↓ 113,6</b>	<b>↓ 347,0</b>
<b>30 June 2018 totals</b>	<b>30,1</b>	<b>7,9</b>	<b>63,8</b>	<b>125,9</b>	<b>417,4</b>

<sup>1</sup> Oil & Gas - near orders include Snowy Hydro. Category 1 includes BHP OHP which has been secured subsequent to the reporting period (R1,3 billion)

<sup>2</sup> Underground Mining - near orders include additional work at Venetia (circa R4 billion) and a chrome contract mining project (circa R3 billion)

## PIPELINE DEFINITION

**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 obtained – chance of being secured as projects a function of final client approval as well as bid win probability

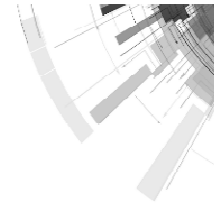
**Category 2:** Budgets, feasibilities and prequalification the Group is currently working on – project planning underway, not at a stage yet where projects are ready for tender

**Category 3:** Opportunities which are being tracked and are expected to come to market in the next 36 months – identified opportunities that are likely to be implemented, but still in pre-feasibility stage

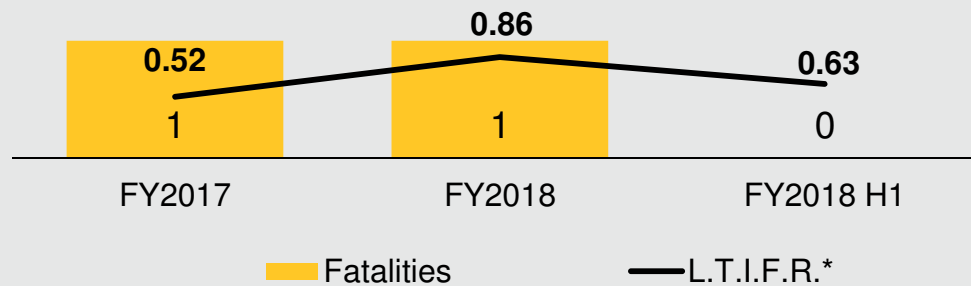


# SAFETY PERFORMANCE

TOGETHER TO ZERO HARM



*"We remain firm in the belief that Zero Harm is possible, notwithstanding the risk conditions in which projects are being built."*



- Industry leading LTIFR at 0.63 (FY2018 H1: 1.19)
- No fatal injuries occurred

\* Lost Time Injury Frequency Rate per million man-hours worked

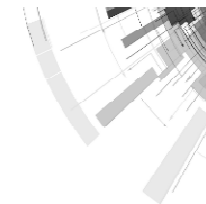






## FINANCIAL RESULTS & SEGMENTAL ANALYSIS

# COMPARATIVE FINANCIAL PERFORMANCE



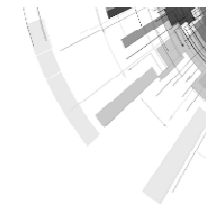
FY2019 H1 VS. FY2018 H1	Result	Comments
Underground Mining	↑	Excellent performance with increased EBIT and order book compared to prior half year
Oil & Gas	↓	Break-even EBIT due to low revenue in a challenging Oil & Gas market
Power & Water	↓	Marginal EBIT contribution reflective of Power Programme coming to an end and lack of meaningful replacement work. One loss-making project
Investments	↔	Continue to yield excellent returns. Prior half year included a one-off fair value gain
Middle East	↑	No further project losses. Foreign currency exchange gain on intercompany loans
Interest	↑	Decrease in net interest paid
Taxation	↔	Effective tax rate remained at 38%
<b>Continuing operations</b>	↔	Lower contributions from Oil & Gas and Power & Water, partly offset by strong Underground Mining performance
<b>Discontinued operations</b>	↑	Genrec disposal completed at the end of FY2018
<b>Attributable profit</b>	↑	69% improvement





# GROUP FINANCIALS

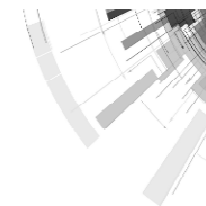
## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
<b>Revenue</b>	<b>9 782</b>	<b>11 809</b>	<b>(2 027)</b>
<b>EBITDA</b>	<b>600</b>	<b>589</b>	<b>11</b>
<b>EBIT</b>	<b>376</b>	<b>349</b>	<b>27</b>
Continuing operations excluding Middle East	365	416	(51)
Middle East	11	(67)	78
Net interest expense	(8)	(17)	9
Taxation	(140)	(126)	(14)
(Loss)/Income from equity accounted investments	(1)	15	(16)
<b>Income from continuing operations</b>	<b>227</b>	<b>221</b>	<b>6</b>
Discontinued operations*	(39)	(114)	75
Non-controlling interests	(2)	3	(5)
<b>Attributable profit</b>	<b>186</b>	<b>110</b>	<b>76</b>

- EBIT – Lower contributions from Oil & Gas and Power & Water, partly offset by strong Underground Mining performance
- Discontinued operations – Decrease in loss recorded due to sale of Genrec completed at end of FY2018. Current period includes movement on net retained assets and liabilities associated with the sale of Genrec and the Infrastructure & Building businesses

\* Reported numbers are after tax and interest



### Oil & Gas

### Underground Mining

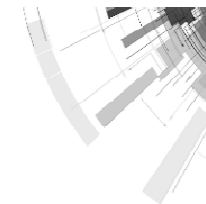
### Power & Water

### Bombela & Middle East

Rm	Engineering		Construction		Global Marine		Commissioning & Maintenance		Corporate & Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	430	536	1 049	118	-	-	1 667	3 963	210	76	3 356	4 693
Operating profit / (loss)	23	48	(40)	(44)	(9)	(21)	281	293	(255)	(177)	-	99
Operating margin (%)	5%	9%	(4%)	(37%)	-	-	17%	7%	-	-	-	2%
Order book	507	283	2 747	992	-	-	1 122	2 540	-	-	4 376	3 815

### Results down on prior period – market conditions remain challenging, but definite signs of recovery

- Engineering:** Revenue, earnings and order book contribution remain solid with ongoing contributions from international businesses. HY2018 included the successful close out of historical contracts at higher margins than current work in hand
- Construction:** Increase in construction revenue is reflective of small awards in complementary markets late in FY2018 and early in FY2019. Loss reflective of associated overheads and one loss-making project (to be completed in FY2019)
- Global Marine:** No new work secured. Loss reflective of associated overheads. Tendering continues for a number of key opportunities
- Commissioning & Maintenance:** Reduction in revenue reflects completion in the prior and current year of the Wheatstone and Ichthys LNG hook up and commissioning projects. Improved margins for FY2019 reflect successful ramp down on Ichthys
- Corporate & Other:** Increase in corporate overheads for FY2019 due to higher business development and tender costs in pursuit of complementary market projects



Oil & Gas

**Underground Mining**

Power & Water

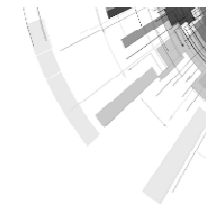
Bombela & Middle East

Rm	Africa		Australasia		The Americas		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	1 340	1 874	1 378	926	2 231	1 325	<b>4 949</b>	<b>4 125</b>
Operating profit	107	101	77	70	<b>162</b>	68	<b>346</b>	<b>239</b>
Operating margin (%)	<b>8%</b>	5%	<b>6%</b>	8%	7%	5%	<b>7%</b>	<b>6%</b>
Order book	12 177	9 307	4 627	2 694	8 866	3 287	<b>25 670</b>	<b>15 288</b>

## Excellent order book and pipeline - business well positioned across all regions

- Africa:** The successful close out of the Booyse dal contract contributed to earnings being maintained, despite lower revenue levels. The business has been selected as preferred bidder for a circa R3bn chrome mining project and has a strong pipeline of significant near term prospects
- Australasia:** Significant increase in revenue and order book. Projects in Australia (Dacian Mt Morgans), Indonesia (Freeport) and Mongolia (Oyu Tolgoi) set a strong base for the near term
- The Americas:** Very strong order book contributing to significant improvement in revenue and operating profit. Key project earnings contributors include Pumpkin Hollow, Kirkland Lake and Onaping Depth





Oil & Gas

Underground Mining

**Power & Water**

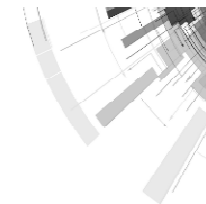
Bombela & Middle East

Rm	Power <sup>1</sup>		Water		Oil & Gas		Electrical & Instrumentation		Corporate & Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	1 143	2 358	14	26	231	178	20	81	-	-	1 408	2 643
Operating profit / (loss)	131	150	1	7	(79)	(19)	5	11	(55)	(98)	3	51
Operating margin (%)	11%	6%	7%	27%	(34%)	(11%)	25%	14%	-	-	-	2%
Order book	968	2 387	-	-	21	287	4	23	592	-	1 585	2 697

### Operating results down on prior period – lack of new project opportunities, one loss-making project

- Power:** Reduced revenue as Power Programme nears completion. Profit includes release of power sector provisions
- Water:** Lower demand for Aquamarine water treatment solutions as the water crisis in Cape Town eased
- Oil & Gas:** R94m loss for the period on CTF East Filter Press project due to commissioning taking much longer than expected. Construction work completed in November 2018
- Electrical & Instrumentation:** Lower revenue and earnings due to lack of replacement work following the completion of the Air Liquide project
- Corporate & Other:** Smaller overhead, in line with business requirements

<sup>1</sup> All power sector projects, including Power Programme (Medupi & Kusile)



Oil & Gas

Underground Mining

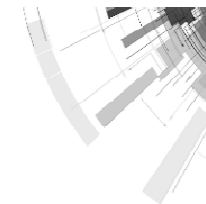
Power & Water

**Bombela & Middle East**

Rm	Bombela Investments		Middle East		Total	
	2018	2017	2018	2017	2018	2017
Revenue	-	-	66	347	<b>66</b>	<b>347</b>
Operating profit / (loss)	114	139	11	(67)	<b>125</b>	<b>72</b>
Operating margin (%)	-	-	17%	(19%)	<b>189%</b>	<b>21%</b>
Order book	-	-	46	267	<b>46</b>	<b>267</b>

### Operating results improvement on prior period

- Bombela Investments:** Current year fair value adjustment of R114m (FY2018 H1: R139m) on the Bombela Concession Investment. The prior half year included a one-off fair value gain (R25m) following an amendment in the operating company fee structure that resulted in a reduction in the fee payable to the operator
- Middle East:** The operating profit is due to a foreign currency translation gain on intercompany loans (R30m), partly offset by overheads and legal fees. No further project losses recognised. All projects are substantially completed
  - Dubai Airport claim: arbitration award expected by 31 March 2019



### Application of IFRS 15

#### IAS 11 – Construction Contracts

1. Effective date: Periods beginning on or after 01 January 1995
2. “Contract revenue shall comprise:
  - a. the initial amount of revenue agreed in the contract; and
  - b. variations in contract work, claims and incentive payments:
    - i. to the extent that it is **PROBABLE** that they will result in revenue and
    - ii. they are capable of being reliably measured.”

**Probable is defined as  
“more likely than not”**

#### IFRS 15 – Revenue from Contracts with Customers

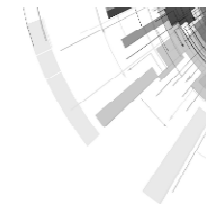
1. Effective date: Periods beginning on or after 01 January 2018 (supersedes IAS 11)  
“An entity shall include in the transaction price some or all of an amount of variable consideration estimated in accordance with paragraph 53 only to the extent that is **HIGHLY PROBABLE** that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.”

**Highly probable is  
defined as  
“significantly more  
likely than probable”**

1. The total adjustment to uncertified revenue and revenue previously recognised, reflected as an adjustment to equity, came to R1,1bn
2. **The Group remains confident that all uncertified revenue and revenue previously recorded as such, will be recognised once attendant commercial matters have been settled**

# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION



Rm	Dec 2018	Jun 2018	Variance
<b>Total assets</b>	<b>13 645</b>	<b>14 286</b>	<b>(641)</b>
Property, plant and equipment	2 139	1 996	143
Other non-current assets	2 910	3 257	(347)
Current assets	6 305	6 518	(213)
Cash and cash equivalents	2 240	2 464	(224)
Assets classified as held for sale	51	51	-
<b>Total equity and liabilities</b>	<b>13 645</b>	<b>14 286</b>	<b>(641)</b>
Shareholders' equity	5 615	6 744	(1 129)
Interest bearing debt - short term	677	345	332
- long term	526	147	379
Other non-current liabilities	322	358	(36)
Current liabilities	6 505	6 692	(187)
Liabilities classified as held for sale	-	-	-
<b>Net cash</b>	<b>1 037</b>	<b>1 972</b>	<b>(935)</b>

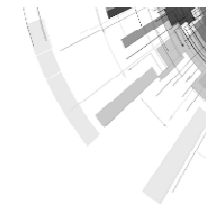
- Decrease in equity mainly due to the implementation of IFRS 15 (R1,1bn adjustment to equity)
- Gross debt increased by R711m, due to the refinancing of the increased shareholding in the Bombela Concession Company and increase in asset based finance for new mining projects
- Gross gearing increased to 22% (FY2018: 7%), due to reduction in equity (IFRS 15) and increase in debt
- Net cash of R1bn (FY2018: R2bn)



## KEY PRESENTATION TAKEAWAYS



## KEY PRESENTATION TAKEAWAYS



Murray & Roberts is committed to drive sustainable growth and remains confident that its growth plans over the medium term are achievable, factoring in constraints of current market dynamics



Strong balance sheet and cash position allowed Murray & Roberts to pursue its growth plans. Two recent acquisitions to contribute towards earnings in FY2020



FY2019 earnings negatively impacted by lower earnings from Oil & Gas and Power & Water, partly offset by earnings growth in Underground Mining



The Underground Mining platform is operating in a buoyant market and will continue to make a significant contribution over the next few years



The Oil & Gas platform has achieved success in its complementary growth markets in Australia. The oil and gas market is showing definite signs of recovery



The Power & Water platform is targeting opportunities in other sectors of the power market and complementary markets. Unbundling of Eskom should present opportunities



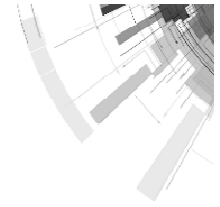
Substantial near orders of R22,3bn. Strong project pipeline of R518,5bn



*Engineered Excellence* is not negotiable to achieve sustainable growth and earnings improvement



## DISCLAIMER



- 1. This presentation includes certain various “forward-looking statements” within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group’s strategy; the economic outlook for the industry and the Group’s liquidity and capital resources and expenditure. These forward-looking statements speak only as of the date of this presentation and are not based on historical facts, but rather reflect the Group’s current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “expect”, “anticipate”, “intend”, “should”, “planned”, “may”, “potential” or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of any unexpected events. Any forward-looking information contained in this presentation has not been reviewed nor reported upon by the Group’s external auditors.*
- 2. The financial information on which this presentation is based, has not been reviewed and reported on by the Company’s external auditors.*
- 3. Neither the content of the Group’s website, nor any website accessible by hyperlinks on the Group’s website is incorporated in, or forms part of, this presentation.*



# **REPORT TO STAKEHOLDERS**

**SIX MONTHS TO  
31 DECEMBER 2018**

This presentation is available on [www.murrob.com](http://www.murrob.com)

ENGINEERED EXCELLENCE





# **REPORT TO STAKEHOLDERS**

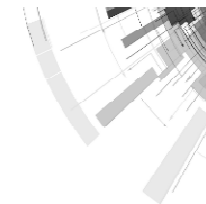
SIX MONTHS TO  
31 DECEMBER 2018

## **APPENDIX**



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



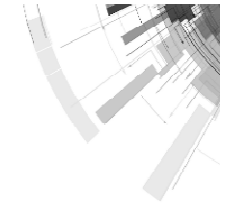
Rm	FY2019 H1	FY2018 H1	Variance
<b>Revenue</b>	<b>9 782</b>	<b>11 809</b>	<b>(2 027)</b>
<b>EBITDA</b>	<b>600</b>	<b>589</b>	<b>11</b>
<b>EBIT</b>	<b>376</b>	<b>349</b>	<b>27</b>
Continuing operations excluding Middle East	365	416	(51)
Middle East	11	(67)	78
Net interest expense	(8)	(17)	9
Taxation	(140)	(126)	(14)
(Loss)/Income from equity accounted investments	(1)	15	(16)
<b>Income from continuing operations</b>	<b>227</b>	<b>221</b>	<b>6</b>
Discontinued operations*	(39)	(114)	75
Non-controlling interests	(2)	3	(5)
<b>Attributable profit</b>	<b>186</b>	<b>110</b>	<b>76</b>

\* Reported numbers are after tax and interest



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
<b>Revenue</b>	<b>9 782</b>	<b>11 809</b>	<b>(2 027)</b>

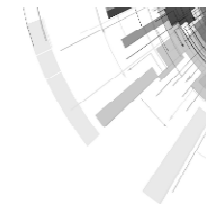
### Revenue decreased by 17%

1. Decrease in revenue mainly due to the lower contributions from Power & Water and Oil & Gas
2. Decrease was partly offset by a stronger performance from Underground Mining



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
Revenue	9 782	11 809	(2 027)
<b>EBITDA</b>	<b>600</b>	<b>589</b>	<b>11</b>

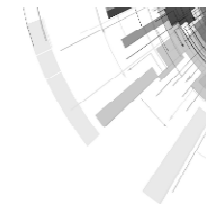
### EBITDA is reflected before:

1. Depreciation charge of R204m (FY2018 H1: R218m)
2. Amortisation of intangible assets of R20m (FY2018 H1: R22m)



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
Revenue	9 782	11 809	(2 027)
EBITDA	600	589	11
<b>EBIT</b>	<b>376</b>	<b>349</b>	<b>27</b>
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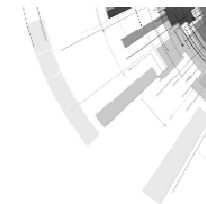
### Decrease in EBIT is mainly due to:

1. Lower contributions from Oil & Gas and Power & Water due to lack of replacement work, as well as two loss-making contracts
2. Partly offset by strong Underground Mining performance, driven by an improvement in the Americas
3. Middle East profit is due to a foreign currency gain on intercompany loans (R30m), partly offset by overheads and legal fees. No further project losses recognised



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
Revenue	9 782	11 809	(2 027)
EBITDA	600	589	11
EBIT	376	349	27
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<b>Net interest expense</b>	<b>(8)</b>	<b>(17)</b>	<b>9</b>

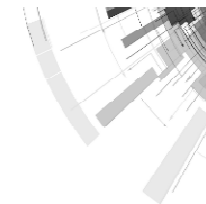
### Decrease in net interest expense

1. Interest earned on favourable tax audit award in favour of the Group in Australia



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
Revenue	9 782	11 809	(2 027)
EBITDA	600	589	11
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Net interest expense	(8)	(17)	9
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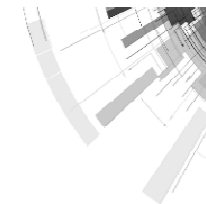
### Effective tax rate of 38% remains high due to:

1. Profits earned in higher tax jurisdictions
2. Foreign withholding taxes on profits repatriated
3. No deferred tax assets could be raised on South Africa and African jurisdiction tax losses



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
Revenue	9 782	11 809	(2 027)
EBITDA	600	589	11
EBIT	376	349	27
Continuing operations excluding Middle East	365	416	(51)
Middle East	11	(67)	78
Net interest expense	(8)	(17)	9
Taxation	(140)	(126)	(14)
<b>(Loss)/Income from equity accounted investments</b>	<b>(1)</b>	<b>15</b>	<b>(16)</b>

### Decrease is attributable to:

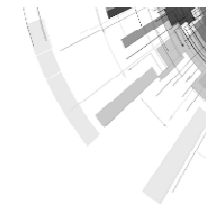
1. Marginal loss from a joint venture
2. Prior period profit of R15m related to profit earned in Bombela Operating Company (associate) that was sold at the end of FY2018





# GROUP FINANCIALS

## STATEMENT OF FINANCIAL PERFORMANCE



Rm	FY2019 H1	FY2018 H1	Variance
Revenue	9 782	11 809	(2 027)
EBITDA	600	589	11
EBIT	376	349	27
Continuing operations excluding Middle East	365	416	(51)
Middle East	11	(67)	78
Net interest expense	(8)	(17)	9
Taxation	(140)	(126)	(14)
Income from equity accounted investments	(1)	15	(16)
<b>Income from continuing operations</b>	<b>227</b>	<b>221</b>	<b>6</b>
<b>Discontinued operations*</b>	<b>(39)</b>	<b>(114)</b>	<b>75</b>

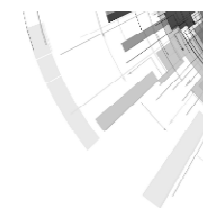
### Loss in discontinued operations of R39m relates primarily to:

1. Movement on net retained assets and liabilities associated with the sale of the Infrastructure & Building businesses
2. Close-out costs of retained projects in Genrec

\* Reported numbers are after tax and interest

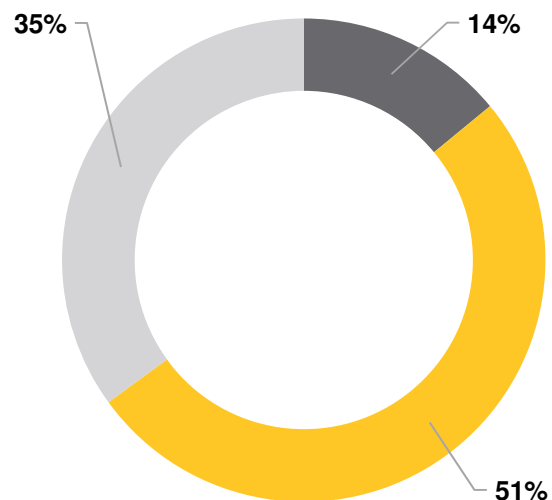
# PLATFORM CONTRIBUTION

## CONTINUING REVENUE AND EBIT



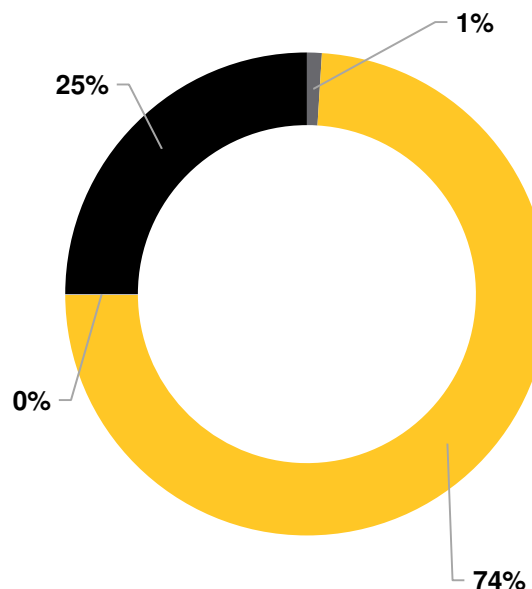
### Revenue

(excluding Corporate, Middle East and Bombela Civils Joint Venture)



### EBIT

(excluding Corporate Cost, Middle East and Bombela Civils Joint Venture)

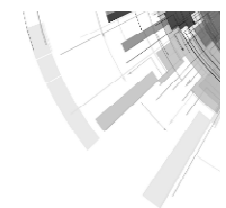


- Power & Water
- Underground Mining
- Oil & Gas
- Investments

- Outstanding contribution from Underground Mining platform
- Investments relate to Bombela Concession Company
- Diversification across three core market sectors brings resilience throughout economic cycles
- Oil & Gas and Power & Water are experiencing tough market conditions

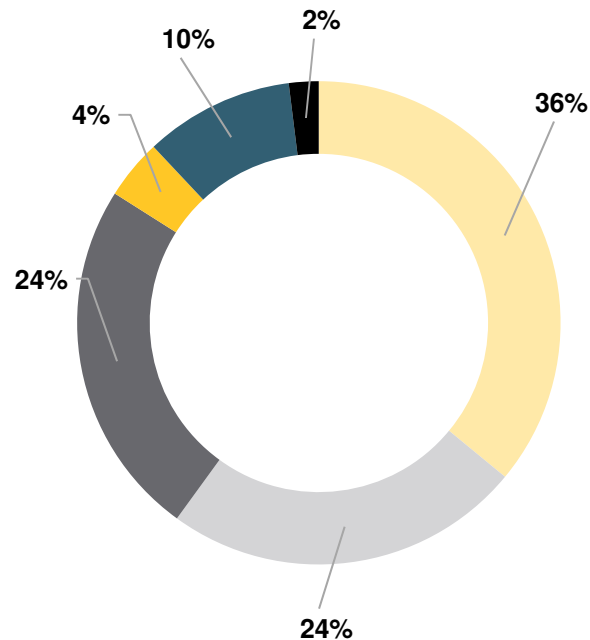
# GEOGRAPHIC DIVERSIFICATION

## CONTINUING REVENUE AND EBIT



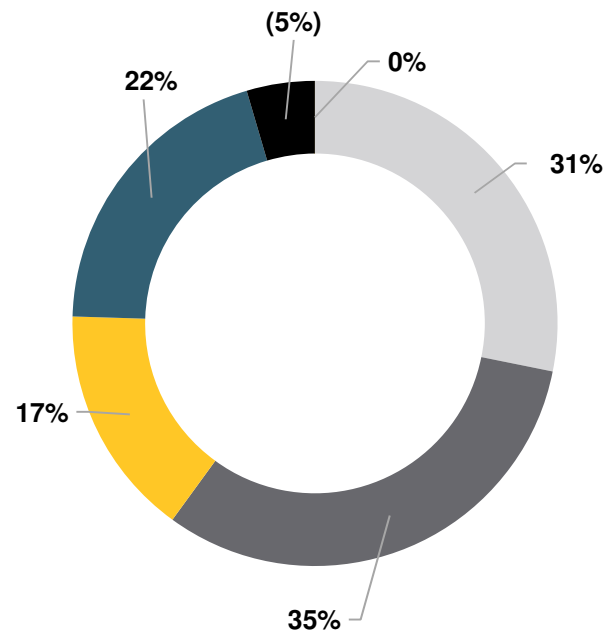
### Geographic Revenue

(excluding Corporate, Middle East and Bombela Civils Joint Venture)



### Geographic EBIT

(excluding Corporate Cost, Middle East and Bombela Civils Joint Venture)

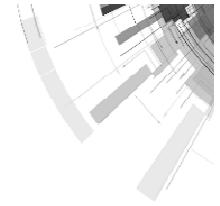


- Oceania
- South Africa
- Americas
- Rest of Africa
- Asia
- Europe

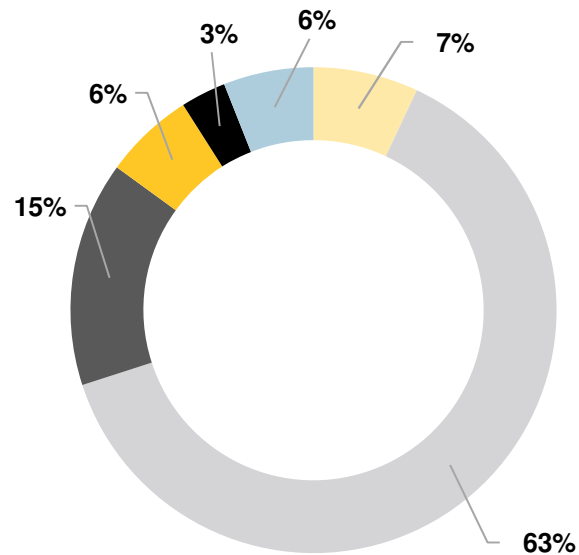
- A multinational business with 76% of revenue and 69% of EBIT generated outside of South Africa
- Geographic diversification also brings resilience throughout economic cycle
- Increased future contribution expected from international businesses due to:
  - Increasing order book in international Underground Mining businesses
  - Acquisitions made in the international platforms
  - Conclusion of the Power Programme in South Africa

# PROJECT LIFE CYCLE DISTRIBUTION

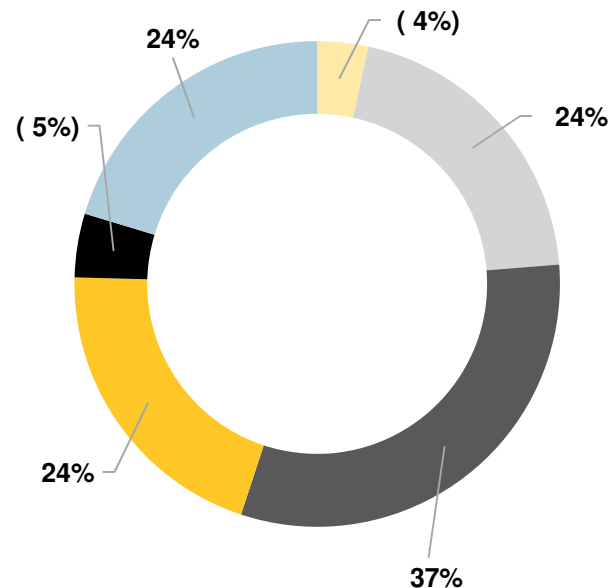
## CONTINUING REVENUE AND EBIT



**Life Cycle Revenue**  
(excluding Corporate, Middle East and Bombela Civils Joint Venture)



**Life Cycle EBIT**  
(excluding Corporate Cost, Middle East and Bombela Civils Joint Venture)



- Planning & Engineering
- Construction\*
- Commissioning
- Operations
- Maintenance & Refurbishment
- Development/Investment

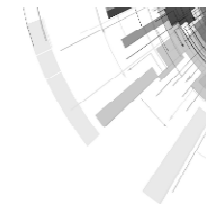
- Contribution from construction activities - revenue (63%) and EBIT (24%)
- Meaningful contribution from all segments of project life cycle
- Operations contributions gives a more consistent base of earnings

\* Not civil and building construction



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION

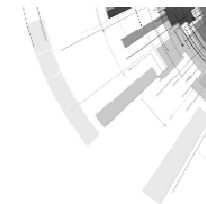


Rm	Dec 2018	June 2018	Variance
<b>Total assets</b>	<b>13 645</b>	<b>14 286</b>	<b>(641)</b>
Property, plant and equipment	2 139	1 996	143
Other non-current assets	2 910	3 257	(347)
Current assets	6 305	6 518	(213)
Cash and cash equivalents	2 240	2 464	(224)
Assets classified as held for sale	51	51	-
<b>Total equity and liabilities</b>	<b>13 645</b>	<b>14 286</b>	<b>(641)</b>
Shareholders' equity	5 615	6 744	(1 129)
Interest bearing debt - short term	677	345	332
- long term	526	147	379
Other non-current liabilities	322	358	(36)
Current liabilities	6 505	6 692	(187)
Liabilities classified as held for sale	-	-	-
<b>Net cash</b>	<b>1 037</b>	<b>1 972</b>	<b>(935)</b>



# GROUP FINANCIALS

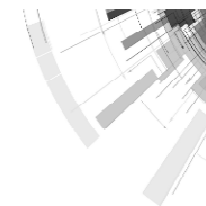
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Rm	Dec 2018	June 2018	Variance
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<b>Property, plant and equipment</b>	<b>2 139</b>	<b>1 996</b>	<b>143</b>

### Increase in property, plant and equipment

1. Capex (R357m) being offset by depreciation (-R204m), disposals (-R15m) and foreign currency movements (R5m)
2. Capex comprises of expansion capex (R340m) and replacement capex (R17m)



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION

Rm	Dec 2018	June 2018	Variance
<b>Total assets</b>	<b>13 645</b>	<b>14 286</b>	<b>(641)</b>
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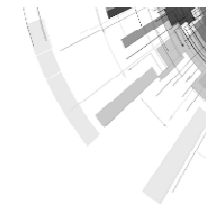
**Non-current assets comprise of:**

1. Deferred taxation assets (R315m)
2. Goodwill and intangible assets (R795m)
3. Equity accounted and other investments (R77m)
4. Bombela Concession Investment (R1 270m)
5. Amounts due from contract customers (R345m)
6. Other non-current assets (R108m)



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION



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<b>Current assets</b>	<b>6 305</b>	<b>6 518</b>	<b>(213)</b>

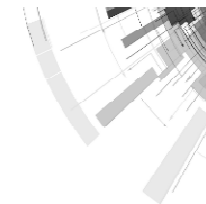
### Current assets comprise of:

1. Contracts in progress and contract receivables (R4 791m)
2. Receivables (R1 147m)
3. Inventories (R345m)
4. Current taxation asset (R22m)



# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION



Rm	Dec 2018	June 2018	Variance
<b>Total assets</b>	<b>13 645</b>	<b>14 286</b>	<b>(641)</b>
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<b>Cash and cash equivalents</b>	<b>2 240</b>	<b>2 464</b>	<b>(224)</b>

### Cash consists mainly of:

1. Unrestricted cash of R1 657m
2. Restricted cash of R583m

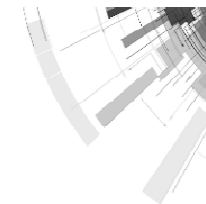
### The cash balance mainly split between:

1. South African cash of R555m
2. International cash of R1 685m



# GROUP FINANCIALS

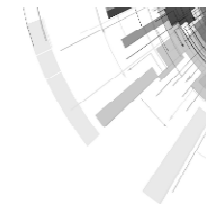
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Current assets	6 305	6 518	(213)
Cash and cash equivalents	2 240	2 464	(224)
<b>Assets classified as held for sale</b>	<b>51</b>	<b>51</b>	<b>-</b>
<b>Net assets classified as held for sale comprise:</b>			
1. Clough Properties (R29m)			
2. Property in Botswana (R22m)			
<b>Liabilities classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash</b>	<b>1 037</b>	<b>1 972</b>	<b>(935)</b>

# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION



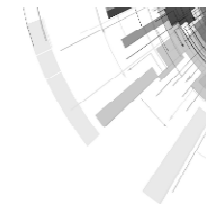
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<b>Shareholders' equity</b>	<b>5 615</b>	<b>6 744</b>	<b>(1 129)</b>

### Movement in shareholders' equity

1. IFRS 9 and IFRS 15 adjustment (-R1 105m)
2. Attributable earnings (R186m)
3. Dividend declared and paid (-R211m)
4. Share-based payment reserve and other movements (R1m)

# GROUP FINANCIALS

## STATEMENT OF FINANCIAL POSITION



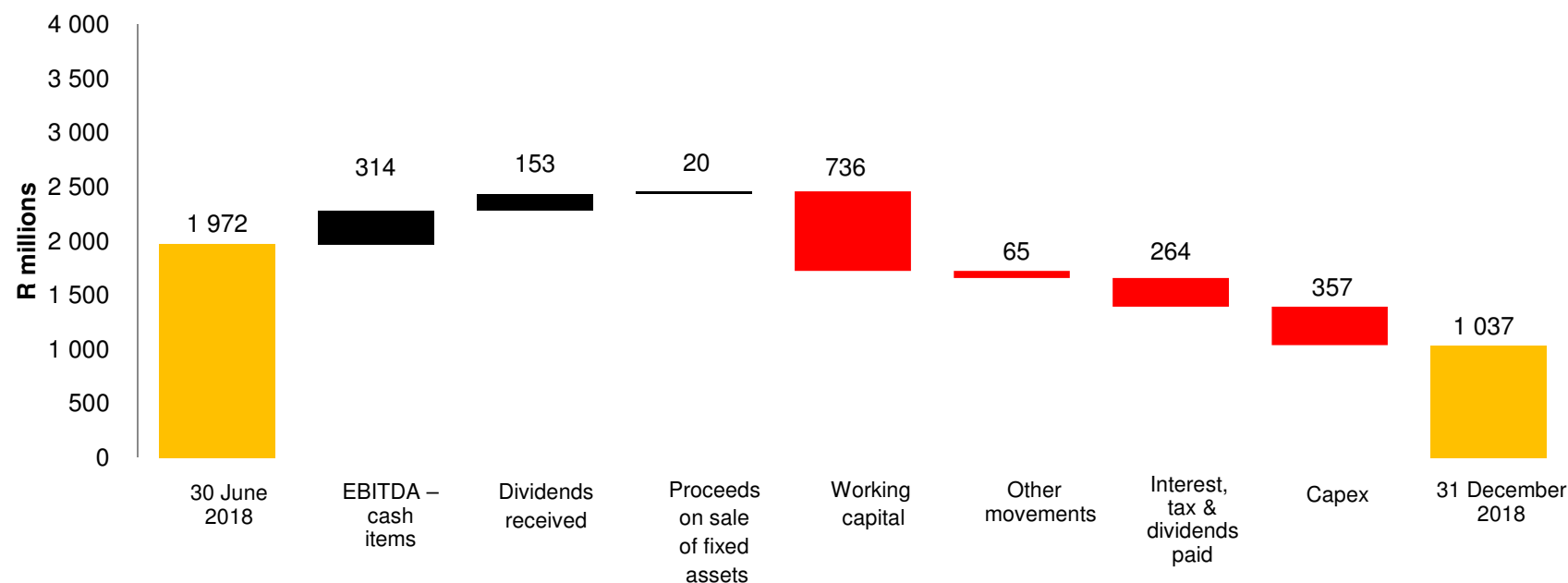
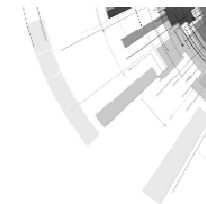
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Shareholders' equity	5 615	6 744	(1 129)
<b>Interest bearing debt - short term</b>	<b>677</b>	<b>345</b>	<b>332</b>
<b>- long term</b>	<b>526</b>	<b>147</b>	<b>379</b>

### Increase in interest bearing debt due to:

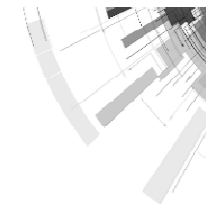
1. The refinancing of the increased shareholding in the Bombela Concession Company investment
2. An increase in asset based finance for new mining projects

# GROUP FINANCIALS

## NET CASH RECONCILIATION



1. Dividends received relate to Bombela Concession Company (R153m)
2. Working capital outflow relates mainly to the Underground Mining platform as a result of new projects starting up
3. Capex relates to Underground Mining (R308m) of which 97% is expansion capex, Oil & Gas (R41m) of which 100% is expansion capex and Power & Water (R1m) of which 100% is replacement capex



### Discontinued Operations

Rm	I&B Businesses & other*		Clough Properties		Genrec Engineering		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	-	145	-	3	45	189	<b>45</b>	<b>337</b>
Operating loss**	(24)	(43)	(1)	(1)	(12)	(90)	<b>(37)</b>	<b>(134)</b>

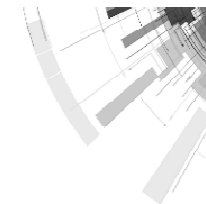
#### Discontinued operations loss relates primarily to:

1. Movement on net retained assets and liabilities associated with the sale of the Infrastructure & Building businesses
2. Close-out costs of retained projects in Genrec

\* Includes Construction Products Africa

\*\* Before tax and interest





### Corporate & Properties

Rm

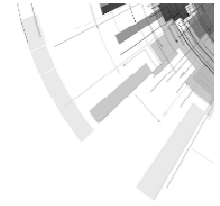
Total

	2018	2017
Operating loss	(98)	(112)
Corporate overheads	(84)	(82)
Forex profit/(loss)	13	(6)
Share-based payments	(15)	(11)
Properties	(12)	(13)

1. Movement in forex profit/(loss) relates to intercompany loans



## STRATEGY OVERVIEW AND PLATFORM CAPABILITY



To be a multinational specialised engineering and construction Group focused on the natural resources sector (oil & gas, metals & minerals, power & water)



To provide services across the project lifecycle



To achieve *Engineered Excellence* in all aspects of the business (health & safety, risk & commercial, project delivery)



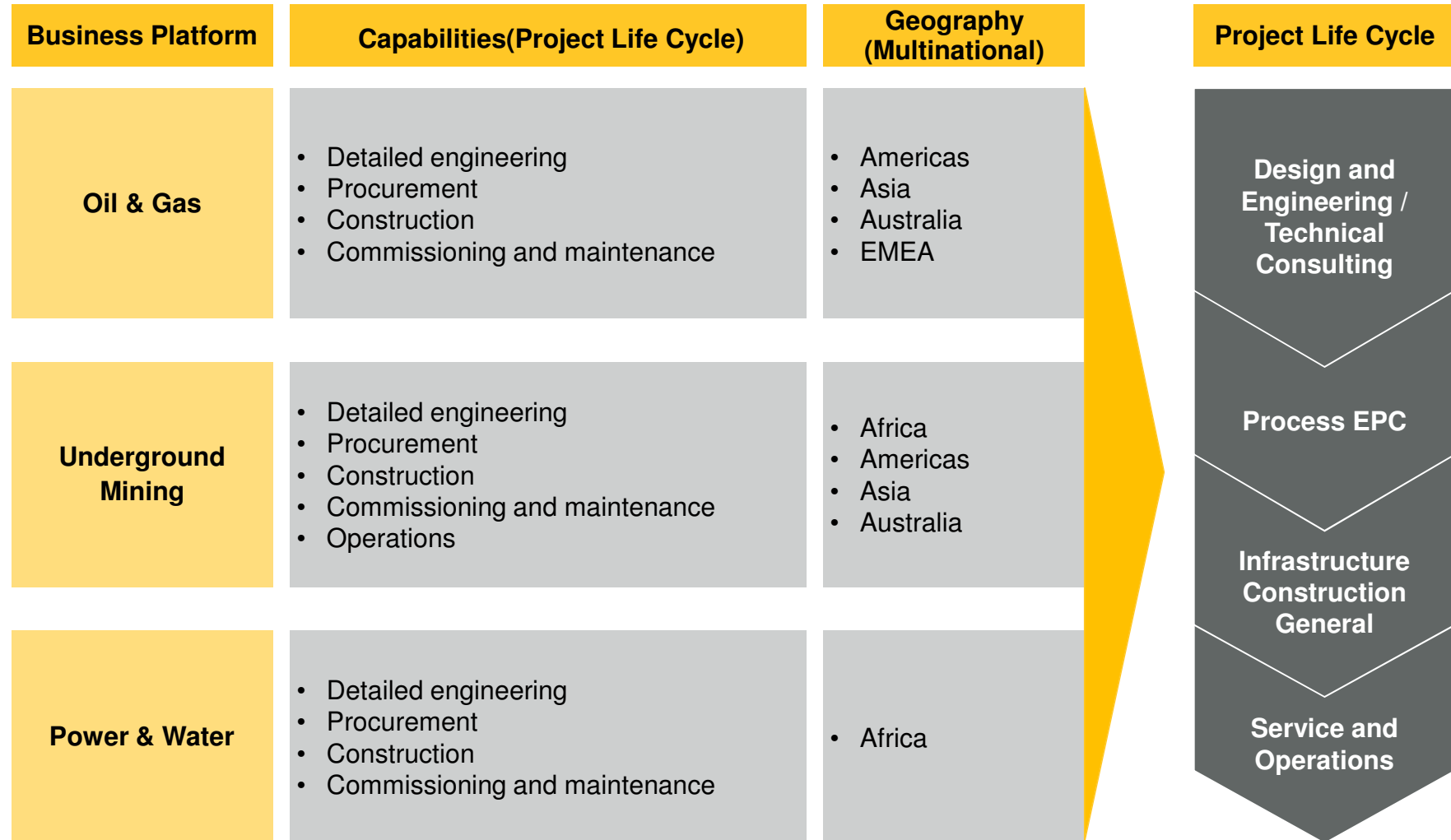
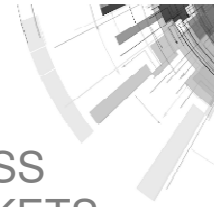
To achieve growth through acquisition and organic growth



To enhance shareholder value

# STRATEGIC DIRECTION

BUSINESS MODEL: COMPREHENSIVE SERVICE OFFERING ACROSS PROJECT LIFE CYCLE IN SELECTED NATURAL RESOURCES MARKETS



# STRATEGIC DIRECTION: MULTINATIONAL

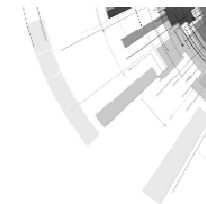
INTERNATIONAL DIVERSIFICATION INTO CORE GEOGRAPHIC MARKETS





# STRATEGY PROGRESSION

## FOCUS ON VALUE CREATION



Value drivers	Corporate action	Key considerations & next steps	FY 19	FY 20	FY 21
<b>Strategy execution and delivery</b>	Strategic focus	Focus on strategic framework (project lifecycle, natural resources sector)	X	X	X
		International expansion strategy	X	X	X
		Close out Middle East and settle Dubai claim	X		
		Deliver organic growth for each business platform	X	X	
	M&A	Value accretive acquisitions in key growth markets – USA, Asia	X	X	
		Continue to reposition business towards developed markets & higher margin segments	X	X	X
		Pursue selected acquisitions across platforms to meet aggressive growth plan	X	X	X
<b>Operational performance</b>	Performance management	<i>Engineered Excellence</i>	X	X	X
		Deliver/exceed ROICE targets and earnings guidance		X	X
		Moving from avg performance overhead ratio (8.4%) to approach best-in-class (5.0% through cycle)		X	X
<b>Optimal capital structure</b>	Balance sheet management	Maintain dividend policy and reinvest excess cash in M&A		X	X
<b>Cash returns to shareholders</b>	Dividend policy	Maintain dividend policy and reinvest excess cash in M&A	X	X	X
<b>Strong shareholder register</b>	Shareholder engagement	Secure support from key shareholders on strategy and value proposition	X	X	X
		Strengthen register/focused shareholder targets	X	X	X

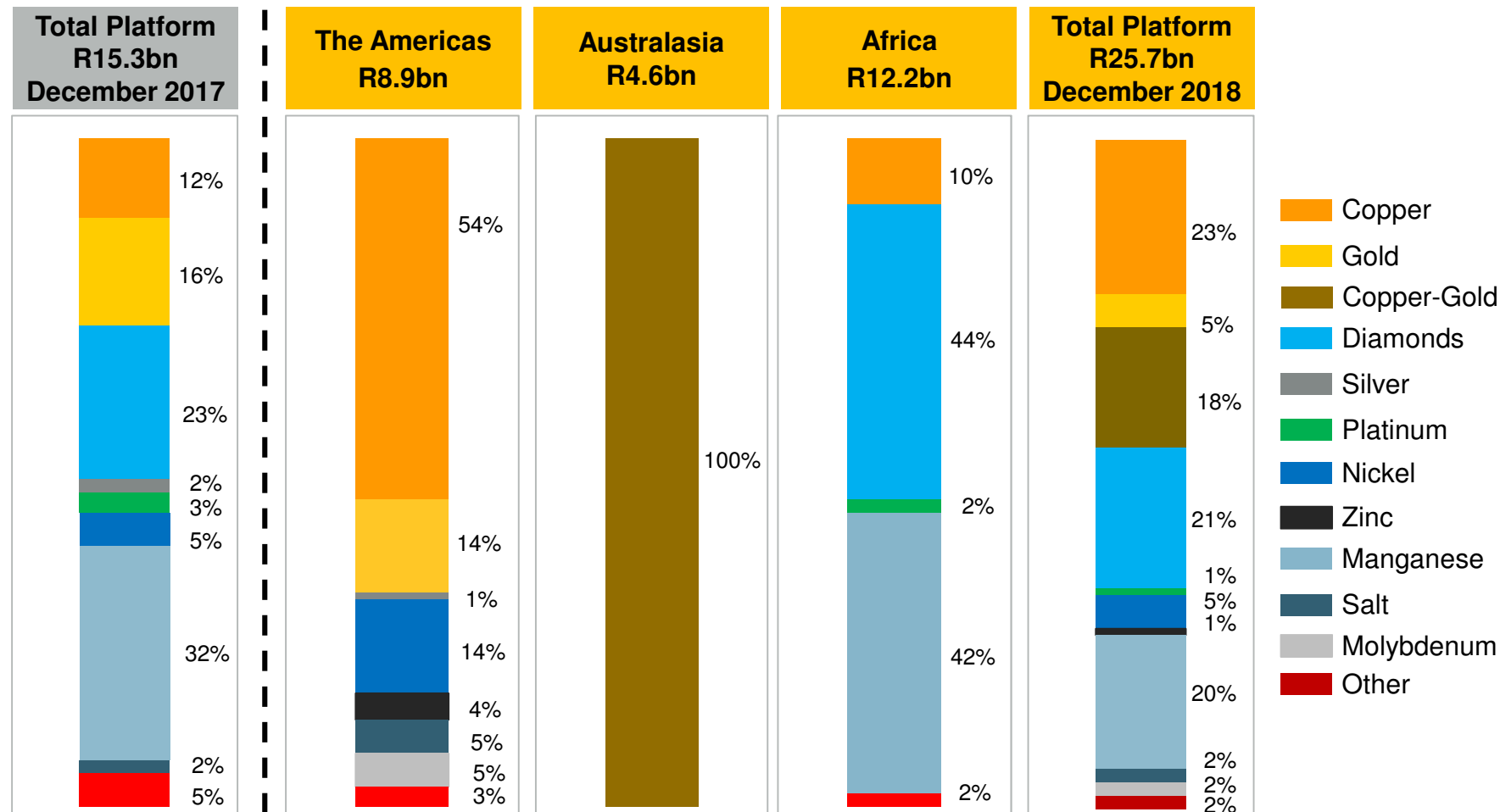
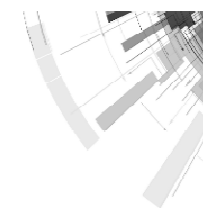
The Boston Consulting Group, Inc. M&R Strategy Review, March 2018





# UNDERGROUND MINING PLATFORM

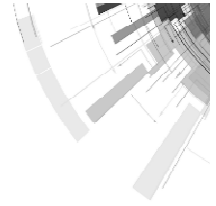
## COMMODITY ORDER BOOK BREAKDOWN %



GOOD SPREAD OF COMMODITIES IN ORDER BOOK

This platform contains no exposure to opencast mining projects



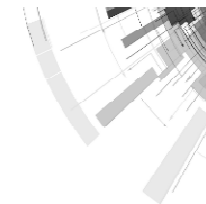


The Oil & Gas platforms' extensive service offering spans the full asset life cycle, including specialist engineering, construction & EPC, commissioning, and operations & maintenance. Services are provided on new build facilities (greenfields) and operating facilities (brownfields)

In response to challenging oil and gas market conditions, the platform has diversified into complementary growth markets such as Australia's metals & minerals and infrastructure markets, which mitigates the impact of low activity and high competition in its core oil and gas market

The businesses within this platform are:

- Booth Welsh – Ayrshire, Scotland
- CH-IV – Houston, USA
- Clough EPC – Houston, USA
- Clough – Perth, Australia
- Clough Enercore – Calgary, Canada
- Clough Murray & Roberts – Cape Town, South Africa
- e2o – Adelaide, Australia



**Clough** works with some of the world's largest companies to engineer, construct, commission and maintain a comprehensive range of facilities for oil and gas, metals and minerals, and infrastructure projects. The company's full project lifecycle delivery model reduces risk and optimises safety, productivity and cost across every phase of a project



**Clough Enercore (Canada)** brings together leading engineering and project management contractor, Clough, with Canada's niche but renowned oil and gas EPCM contractor Enercore, to offer a fresh approach to contracting for the Canadian oil and gas sector



**Clough Murray & Roberts Marine (CMR Marine)** utilises a global network of in-house engineering centres and productivity enhancing construction methods to design and construct the full spectrum of marine facilities for the oil and gas, mining, power and related sectors



**e2o** is Australia's leading multi-discipline commissioning contractor. The company provides an independent commissioning solution across the entire project lifecycle. This service plans and integrates commissioning requirements throughout the engineering, construction, start up and handover phases of the project



**Booth Welsh (Scotland)** specialises in the provision of electrical, instrumentation and automation design, process consultancy, project management, implementation and commissioning services

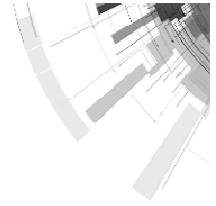


**CH-IV (USA)** provides consulting services to global LNG asset developers, regulators, facility owners, operators and lenders to ensure assets are designed, developed, constructed and operated safely and in accordance with codes, regulations, and the project's technical and commercial specifications



**EPC North America**

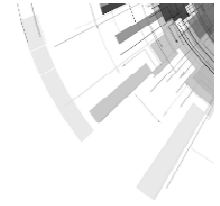
**Clough EPC North America (USA)** is an EPC contractor in the oil and gas sector which gives Clough the ability to deliver projects to a rapidly growing market in the USA. It's a strong project controls organisation, staffed with competent people with a full EPC capability for projects up to US\$300 million



The Underground Mining platform's geographic footprint covers six continents and its service offering spans the project life cycle, including feasibility studies, specialist engineering, vertical and decline shaft construction, mine development, specialist mining services such as raise boring and grouting, and contract mining

The businesses within this platform are:

- Cementation AG – Salt Lake City, USA
- Cementation Canada – North Bay, Canada
- Cementation USA – Salt Lake City, USA
- Merit Consultants International – Vancouver, Canada
- Murray & Roberts Cementation – Johannesburg, South Africa
- RUC Cementation Mining – Perth, Australia



**Cementation Canada & USA** is a leading provider of underground mining contracting and engineering services throughout North and South America. The company specialises in the design and construction of underground facilities including shaft, ramp accesses, mine development and raises, as well as large diameter raise drilling



**Murray & Roberts  
Cementation**

**Murray & Roberts Cementation (Africa)** is a first-choice mining contractor providing the best value for mining development and contracting services. The company offers a comprehensive range of capabilities and services, from concept to commissioning, and is the reputed leader in exploration drilling, shaft sinking, tunnelling, contract mining, raisedrilling and specialised mining services (engineering and design), with a strong track record of successful mine project delivery



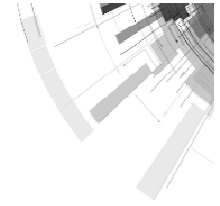
**RUC Mining (Australasia)** is a shaft sinking and raise drilling specialist. RUC is based in Western Australia and operates in Australia and the Asia Pacific region. RUC's shaft sinking capability includes blind sinking and strip and line operations and offers a complete solution from installing shaft collars and excavating pre-sinks to main sinking and equipping large diameter shafts, in some of the most challenging environments in the world. The company has offices in Australia, Hong Kong, Indonesia and Mongolia



**Merit** is based in Vancouver, Canada and provides project and construction management services. Committed to keeping the scope of a project in the "owner's control", Merit acts as an extension of a project owner's development team and assists in the selection and co-ordination of resources best suited to a particular project



**Cementation AG** is an underground mine contracting and engineering company providing mine development and production services to the mining sector worldwide

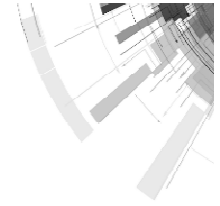


The Power & Water platform operates predominantly in Southern Africa and sub-Saharan Africa. Its service offering includes feasibility studies, detailed engineering, procurement, construction, commissioning and repairs and maintenance work. The platform has a primary focus on the power sector and extends its services to complementary markets, including:

- Repairs and maintenance
- Power transmission and distribution
- Industrial and domestic wastewater treatment
- Water sector chemical supply
- SMEIPP service offering to the mining, pulp, paper and chemical industries

The businesses within this platform are:

- Murray & Roberts Power & Energy
- Murray & Roberts Water
- Aquamarine Water



**Murray & Roberts  
Power & Energy**  
Engineers and Constructors

**Murray & Roberts Power & Energy** is the platform's engineering, procurement and construction ("EPC") projects implementer, adding unique value to the constructability, integration and ultimate performance of the projects it undertakes. Murray & Roberts Power & Energy offers the full spectrum of multi-disciplinary EPC services including piping, tanks farms & platework, mechanical, electrical, process equipment, structural steel & instrumentation. Murray & Roberts Power & Energy offers a comprehensive engineering and design service incorporating all the major engineering disciplines



**Murray & Roberts  
Water**  
Engineers and Constructors

**Murray & Roberts Water** has the capability and expertise to design, supply equipment, construct, commission, operate and maintain water treatment plants in Africa. Services include: mine water treatment; sea water desalination; industrial effluent treatment; municipal water & waste water re-use and water supply for power generation infrastructure. These can be offered as large scale permanent plants or modular containerised plants with the option to scale up if necessary



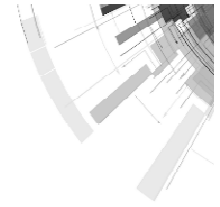
**Aquamarine** designs, manufactures and installs water treatment solutions. It offers a complete customised solution, including support for and maintenance of its installations. Aquamarine currently operates in a niche market for mainly small to-medium size installations and has developed a network of resellers throughout the African continent that serves as an extended business development network



**OptiPower Projects** delivers projects in the transmission, distribution and substation sectors of the power market. OptiPower also has its own in-house engineering department that offers full turn-key design and specialised construction solutions to its customers



## AMERICAN DEPOSITORY RECEIPTS



**Murray & Roberts has a sponsored Level 1 ADR programme (Since 2009)**

**Bloomberg ticker:** MURZY

**CUSIP:** 626805204

**Ratio: 1 ADR:** 1 Ordinary Share

**Exchange Traded:** Over-the-counter (OTC) market

**Depository bank:** Deutsche Bank Trust Company Americas

**Depository bank contact:** Begonia Roberts (begonia.roberts@db.com)

**ADR broker helpline:** +1 212 250 9100 (New York)

+44 207 547 6500 (London)

**E-mail:** adr@db.com

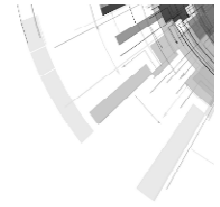
**ADR website:** www.adr.db.com

**Depository bank's local custodian:** Computershare, South Africa





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# **REPORT TO STAKEHOLDERS**

**SIX MONTHS TO  
31 DECEMBER 2018**

This presentation is available on [www.murrob.com](http://www.murrob.com)

ENGINEERED EXCELLENCE