



PERFORMANCE REVIEW

SIX MONTHS TO 31 DECEMBER 2003

Rebuilding Murray & Roberts





CORPORATE GOVERNANCE

APPOINTMENTS

Murray & Roberts Holdings Limited

- Board Chairman
- Board Committees
- Company Secretary

Murray & Roberts Limited

- Executive Directors
- Corporate Executives
- Operations Executives

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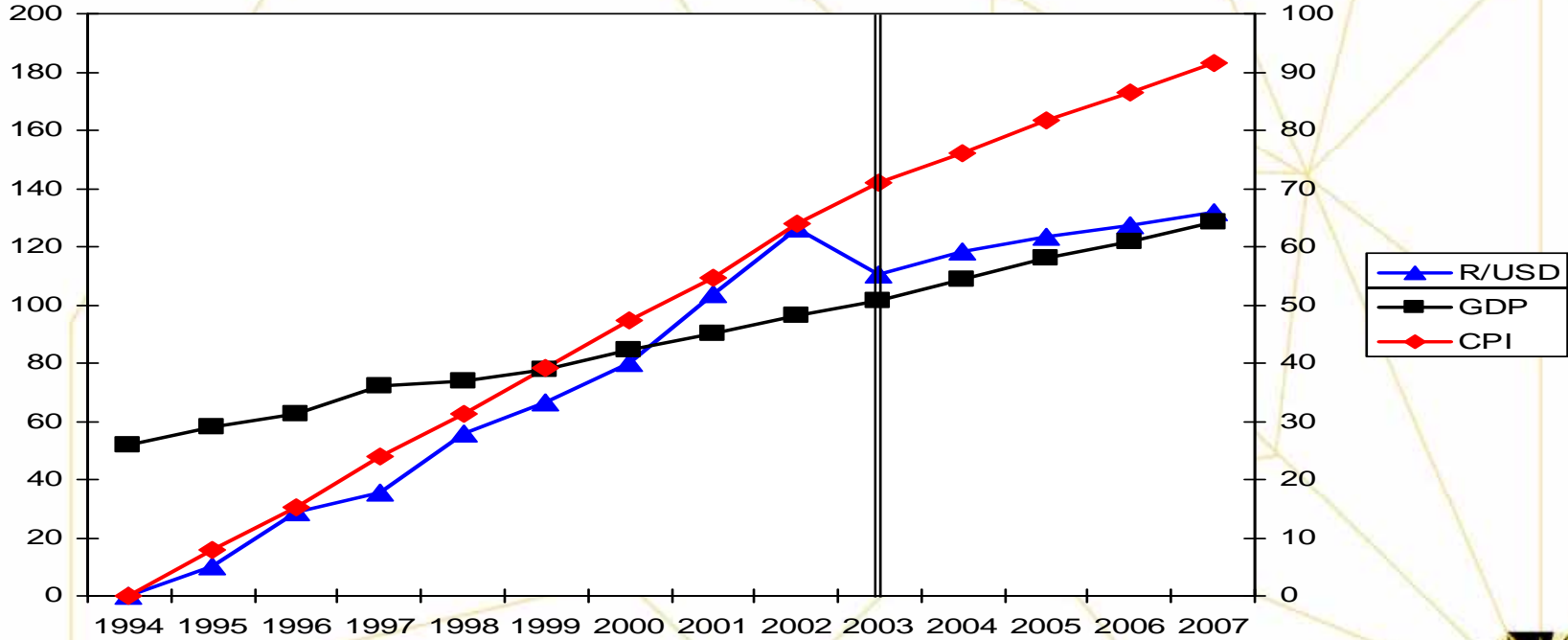




BUSINESS PLAN FRAMEWORK

SOCIO-ECONOMIC DEVELOPMENT

Source: Institute for Futures Research



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PROSPECTS STATEMENT

ANNUAL REPORT

A year of consolidation
where growth in earnings will be slower
but new opportunities engaged in preparation for
BEYOND REBUILDING MURRAY & ROBERTS

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PROSPECTS STATEMENT

ANNUAL GENERAL MEETING

- **Currency Volatility** - R 7,00 < USD 1,00 < R 7,50
- **Order Book** - Under Pressure
- **Working Capital** - Middle East and Africa
- **Market Positive** - Construction Materials
- **Market Negative** - Manufacturing



Six Months to 31 DECEMBER

SALIENT POINTS

2003

2002

(cents per share)

DIVIDEND

15,0

15,0

HEADLINE EARNINGS

70,7

71,3

(percentage)

OPERATING MARGIN

4,5

5,0

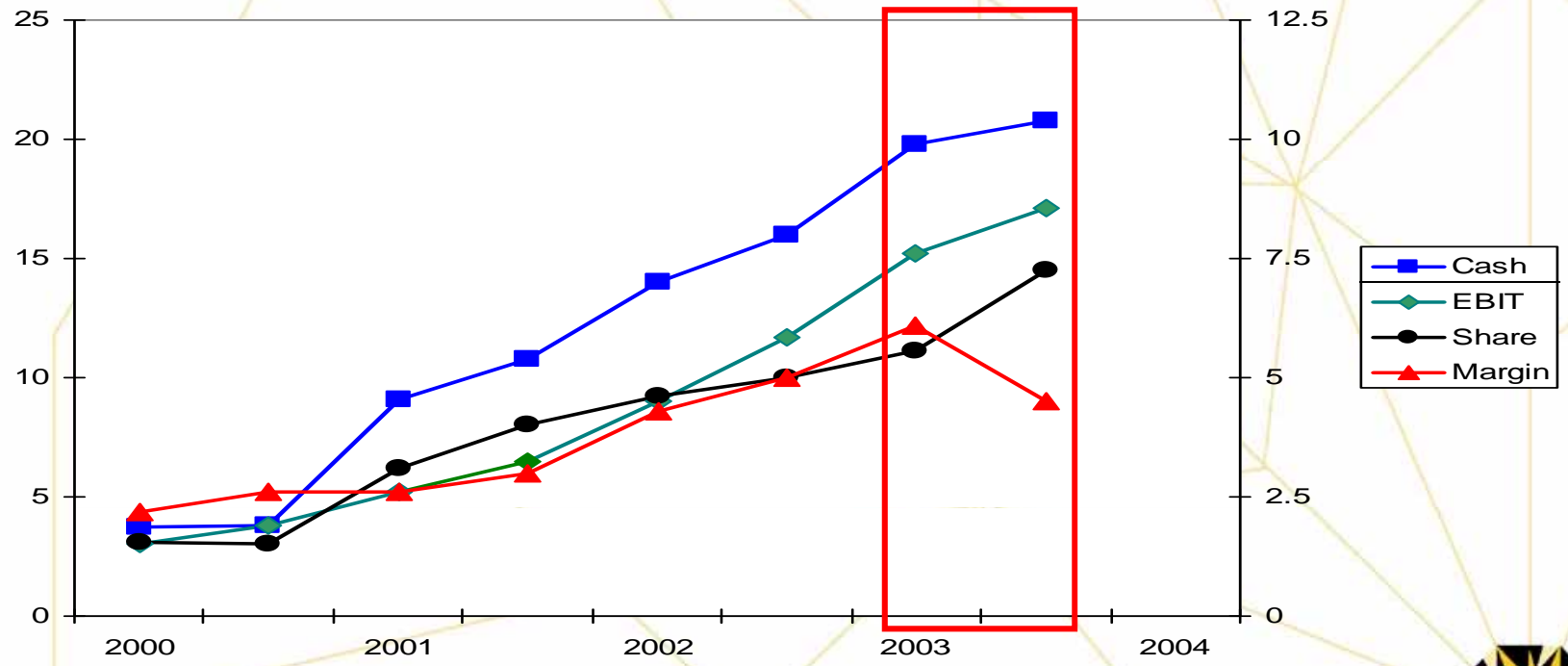
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STRATEGIC COMMITMENT

SUSTAINABLE GROWTH AND VALUE CREATION



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VALUE PER SHARE

December 2003 June 2003
(cents per share)

CASH & BANK BALANCES

325

465

NET ASSET

757

771

(Premium)

179%

144%

MARKET

1 355

1 110

+ 22%

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Six Months to 31 DECEMBER

44,3%

44,9%

2003

2002

(R million)

UNITRANS

HEADLINE EARNINGS

62

54

Profit on disposal of fixed assets
Goodwill Amortised

-
3

-
4

ATTRIBUTABLE

59

50

DIVIDEND

-

-

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PROJECT ORDER BOOK

December

June

2003

2003

(R million)

CONTRACTING

4 000

4 800

Turnover Relative

86%

86%

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Six Months to 31 DECEMBER

PROJECT ORDER BOOK

**2003
(R million)**

AT 1 JULY 2003

USD 7,51

4 800

**Utilised in Period
Cancelled in Period
Secured in Period
Exchange Rate Effect**

USD 6.99

**(2 087)
(300)
1 810
(223)**

AT 31 DECEMBER 2003

USD 6,68

4 000

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BENCHMARKING THE FUTURE

- Return on Shareholder Funds + 20%
- Operating Margin + 5%
- Attributable Earnings + R 600 million

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STRATEGIC RISK MANAGEMENT

OPERATING MARGIN

- **Optimum** **7,5%** **(Competition)**
- **Baseline** **5,0%** **(Diversity)**

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STRATEGIC RISK MANAGEMENT

VALUE PROPOSITION

**Our Commitment to Sustainable
Earnings Growth and Value Creation
is not negotiable**

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STRATEGIC RISK MANAGEMENT

MARKET PROPOSITION

The Destination is our Point of Departure

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STRATEGIC RISK MANAGEMENT

RISK PROPOSITION

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STRATEGIC RISK MANAGEMENT

ASPIRATION

**Design Build
is the fundamental building block
for our future aspiration**

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STRATEGIC COMMITMENT

WE ARE MURRAY & ROBERTS

CONSTRUCTION ECONOMY

- Construction Operations
- Construction Services and Material Supplies
- Engineering Contracting and Services

INDUSTRIAL MANUFACTURING

- Manufacture and Supply
- Fabrication and Assembly
- Industrial Services

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STRATEGIC COMMITMENT

WE ARE SOUTH AFRICAN

SOUTH AFRICA

- Employment Equity
- Economic Empowerment
- Direct Fixed Investment

INTERNATIONAL

- US Dollar Performance
- Delivery Fulfillment
- Business Best Practice

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Six Months to 31 DECEMBER

INCOME STATEMENT

2003

2002

(R million)

| | | | |
|--|--------------|--------------|--------------|
| REVENUE | 4 163 | 5 177 | - 20% |
| EBITDA | 281 | 379 | |
| Depreciation & Amortisation | (94) | (118) | |
| OPERATING PROFIT | 187 | 261 | - 28% |

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Six Months to 31 DECEMBER

INCOME STATEMENT

2003

2002

(R million)

OPERATING PROFIT

187

261

Exceptional items

-

-

Net Financing Income (Cost)

15

(51)

Taxation

(30)

(29)

Outside shareholders

(2)

(1)

Income from associates

59

50

ATTRIBUTABLE

229

230

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Six Months to 31 DECEMBER

CHANGE IN EQUITY

**2003
(R million)**

AT 1 JULY 2003

2 559

**Attributable earnings
Foreign Currency Translation
Other
Dividend**

**229
(141)
(10)
(124)**

AT 31 DECEMBER 2003

2 513

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BALANCE SHEET

December **June**
2003 **2003**
(R million)

| | | |
|---------------------------------|---------------------|---------------------|
| TOTAL ASSETS | <u>5 173</u> | <u>6 151</u> |
| Cash | 1 078 | 1 544 |
| Fixed & current | 4 095 | 4 607 |
| EQUITY & LIABILITIES | <u>5 173</u> | <u>6 151</u> |
| Permanent capital | 2 523 | 2 572 |
| Non-current liabilities | 392 | 515 |
| Current liabilities | 2 258 | 3 064 |



Six Months to 31 DECEMBER

CASH FLOW

2003

2002

(R million)

GENERATED BY OPS

274

367

Finance Costs & Taxation

(24)

(31)

Change in Working Capital

(156)

(359)

OPERATING CASH FLOW

94

(23)

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Six Months to 31 DECEMBER

CASH FLOW

2003

2002

(R million)

OPERATING CASH FLOW

94

(23)

**Dividends Paid
Investment Activities (Net)**

(124)

(116)

(81)

(90)

NET CASH OUT

(111)

(229)

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PRIMARY MARKET FOCUS

THE CONSTRUCTION ECONOMY

± 75 % of Total Business Activity

**Serving the markets of South and southern Africa
the rest of Africa, the Middle East,
Australasia (and Asia)**

Keith Smith, Sean Flanagan and Stephen Pell

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CONSTRUCTION ECONOMY

PROJECTS AND SERVICES

We have maintained focus on our performance commitment in what has become a challenging year for Murray & Roberts and our associated industries.

The general level of construction activity in South Africa has remained buoyant but new investment in major projects has stalled under the local impact of a weakened US Dollar and domestic investment uncertainty.



THE CONSTRUCTION ECONOMY

CONSTRUCTION OPERATIONS

- Murray & Roberts Construction
- Murray & Roberts Middle East
- Murray & Roberts Roads & Earthworks
- Murray & Roberts RUC

+ Nigel Harvey, Richard Saxby, Henry Laas

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Six Months to 31 DECEMBER

**CONSTRUCTION
OPERATIONS**

2003

2002

(R million)

REVENUE

Building & Industrial
Infrastructure
Mining

1 750

1 998

1 121

1 402

327

375

302

221

EBIT

Building & Industrial
Infrastructure
Mining

32

68

30

50

(4)

5

6

13

CAPITAL EMPLOYED

164

128

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THE CONSTRUCTION ECONOMY

CONSTRUCTION SERVICES & MATERIAL SUPPLIES

- **Murray & Roberts Steel**
- **Much Asphalt, Rocla and Tolcon**
- **Johnson, Criterion and Improvair**

+ Rob Noonan, Jim Wood

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**CONSTRUCTION SERVICES
AND MATERIAL SUPPLIES**

2003

2002

(R million)

| | 2003 | 2002 |
|-------------------------|--------------|--------------|
| REVENUE | <u>1 474</u> | <u>1 701</u> |
| Steel | 967 | 1 198 |
| Infrastructure | 361 | 312 |
| Services | 146 | 191 |
| EBIT | <u>126</u> | <u>122</u> |
| Steel | 52 | 76 |
| Infrastructure | 66 | 38 |
| Services | 8 | 8 |
| CAPITAL EMPLOYED | 638 | 715 |





THE CONSTRUCTION ECONOMY

ENGINEERING CONTRACTING & SERVICES

- **Murray & Roberts Engineering Solutions**
 - SNC Lavalin Murray & Roberts
- **Murray & Roberts MEI**

+ Simon Mordecai-Jones

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Six Months to 31 DECEMBER

**ENGINEERING CONTRACTING
AND SERVICES**

2003

2002

(R million)

| | 2003 | 2002 |
|-------------------------|-------------------|-------------------|
| REVENUE | <u>337</u> | <u>511</u> |
| Industrial | 255 | 451 |
| Mining | 59 | 30 |
| Infrastructure | 23 | 30 |
| EBIT | <u>46</u> | <u>44</u> |
| Industrial | 37 | 38 |
| Mining | 6 | 3 |
| Infrastructure | 3 | 3 |
| CAPITAL EMPLOYED | (10) | 27 |

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SECONDARY MARKET FOCUS

INDUSTRIAL MANUFACTURING

± 25 % of Total Business Activity

**Supplying the domestic and selected global markets
from the competitive platform of South Africa**

Keith Smith

Rebuilding Murray & Roberts



INDUSTRIAL MANUFACTURING

FABRICATION & MANUFACTURE

Manufacturing from South Africa has become relatively expensive for global markets, intensifying our internal focus on product and process improvement.

Manufacturing for export will remain marginal through the remainder of the financial year to 30 June 2004.



INDUSTRIAL MANUFACTURING

FABRICATION & MANUFACTURE

- **Murray & Roberts Foundries**
- **Consani Engineering**
- **Union Carriage & Wagon Co.**
- **Booker Tate, Elgin and Pefco**

+ Terry Rensen, Edwin Hewitt, John Hoare

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Six Months to 31 DECEMBER

**FABRICATION AND
MANUFACTURE**

2003 2002
(R million)

| | | |
|-------------------------|-------------------|-------------------|
| REVENUE | <u>602</u> | <u>816</u> |
| Automotive | 214 | 216 |
| Transport | 270 | 454 |
| Services | 118 | 146 |
| EBIT | <u>30</u> | <u>68</u> |
| Automotive | 15 | 17 |
| Transport | 9 | 43 |
| Services | 6 | 8 |
| CAPITAL EMPLOYED | 614 | 677 |

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PROSPECTS FOR 2004

**“Headline earnings for the full year to 30 June 2004
are not expected to be materially different
to the prior year.”**



PROSPECTS FOR THE FUTURE

International engineering and construction markets still offer focused opportunity but local country conditions increasingly dominate project risks. We are cautious on the rest of Africa, positive on Australasia and have increased our market capability in the Middle East.

With China set to dominate trade and investment affecting our sector over the next decade at least, Murray & Roberts is actively seeking new opportunities to access the potential of this growing market.





THANK YOU

This presentation is available on

www.murrob.com

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