



PERFORMANCE REVIEW

FINANCIAL YEAR TO 30 JUNE 2003

Rebuilding Murray & Roberts





CORPORATE GOVERNANCE

APPOINTMENTS

Murray & Roberts Holdings Limited

Director Appointments

Board Chairman

Board Committees

Company Secretary

Murray & Roberts Limited

Director Appointment

Rebuilding Murray & Roberts





CORPORATE GOVERNANCE

COMPLIANCE

King Report on Corporate Governance for South Africa 2002

Board Independence and Structure

Qualitative Emphasis

JSE Securities Exchange South Africa

New Listing Requirements

Employment Equity Act

Engaging the Challenge

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PROSPECTS 2002

“Overall, the Group has planned for revenue growth, improved margins and a material increase in earnings per share in the year ahead.”

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BENCHMARKING THE FUTURE 2001

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

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HIGHLIGHTS

Year to 30 JUNE

2003 2002
(cents per share)

DIVIDEND	52,5	35,0	+ 50%
CORE EARNINGS	190,3	129,3	+ 47%
			(percentage)
OPERATING MARGIN	6,1	4,3	+ 42%

* Denotes restatement of Prior Year

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Year-end 30 JUNE

VALUE PER SHARE

2003 **2002**
(cents per share)

CASH & BANK BALANCES	465	596
NET ASSET	771	798
(Premium)	144%	116%
MARKET	1110	925

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PROJECT ORDER BOOK

Year-end 30 JUNE

2003 2002
(R million)

CONTRACTING

4 800

5 800

Turnover Relative

96%

121%

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Year-end 30 JUNE

PROJECT ORDER BOOK

2003
(R million)

AT 1 JULY 2002	USD 10,35	5 800
Utilised in Period		(2 600)
Secured in Period	USD 8,96	2 500
Exchange Rate Effect		(900)
AT 30 JUNE 2003	USD 7,51	4 800

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STRATEGIC COMMITMENT

WE ARE SOUTH AFRICAN

SOUTH AFRICA

- Employment Equity
- Economic Empowerment
- Direct Fixed Investment

INTERNATIONAL

- UD Dollar Performance
- Delivery Fulfillment
- Business Best Practice

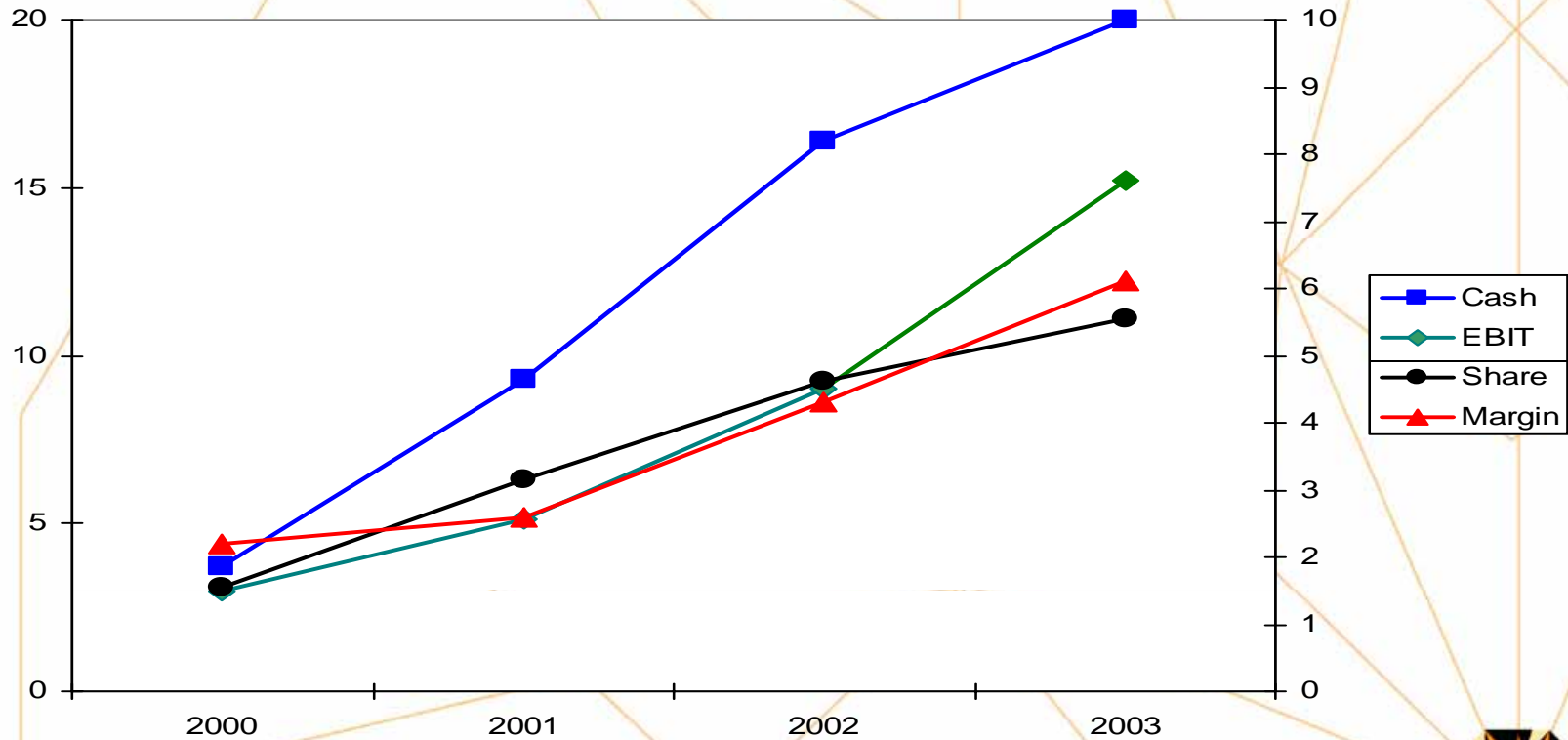
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STRATEGIC COMMITMENT

SUSTAINABLE GROWTH AND VALUE CREATION



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Year to 30 JUNE

CORPORATE

2003
(R million) 2002

- Rebuilding Murray & Roberts
- Risk and governance
- Strategic intervention
- Rationalisation and resolution
- Beyond Rebuilding Murray & Roberts

OVERHEADS

(95)

(91)

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ACCOUNTING STANDARDS

- **Financial Instruments** **AC 133**
- **Deferred Taxation Asset** **AC 102**
- **Headline Earnings** **SAICA 07/2002**

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Year to 30 JUNE

CHANGE IN EQUITY

2003
(R million)

AT 1 JULY 2002

2 648

Attributable earnings
Foreign Currency Translation
AC 133
Other
Dividend

564
(440)
(14)
(33)
(166)

AT 30 JUNE 2003

2 559

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Year-end 30 JUNE

BALANCE SHEET

2003

2002

(R million)

TOTAL ASSETS

Cash

Fixed & current

6 151

*

6 526

1 544

1 979

4 607

4 547

EQUITY & LIABILITIES

Permanent capital

Non-current liabilities

Current liabilities

6 151

*

6 526

2 573

2 657

515

733

3 063

3 136

* Denotes restatement of Prior Year

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Year to 30 JUNE

INCOME STATEMENT

2003

2002

(R million)

REVENUE	10 111	9 027
EBITDA	844	619
Depreciation & Amortisation	(223)	(233)
EBIT	621	386

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Year to 30 JUNE

INCOME STATEMENT

2003

2002

(R million)

OPERATING PROFIT	621	386
Exceptional items	(5)	(2)
Net Financing Cost	(66)	71
Taxation	(74)	(36)
Outside shareholders	(9)	(4)
Income from associates	97	90
ATTRIBUTABLE	564	505

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Year to 30 JUNE

CASH FLOW

2003

2002

(R million)

GENERATED BY OPS	824	592
Finance Costs & Taxation	(99)	(15)
Change in Working Capital	(369)	135
OPERATING CASH FLOW	356	712

* Denotes restatement of Prior Year

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Year to 30 JUNE

CASH FLOW

2003 2002
(R million)

OPERATING CASH FLOW	356	712
Dividends Paid	(170)	(3)
Investment Activities (Net)	(142)	(247)
NET CASH IN	44	462

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Year to 30 JUNE

44,7% **44,9%**

2003 **2002**

(R million)

UNITRANS

HEADLINE EARNINGS	105	88
Profit on disposal of fixed assets Goodwill Amortised	0 (8)	8 (6)
ATTRIBUTABLE	97	90
DIVIDEND	32	29

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UNITRANS

SEEKING A STRATEGIC SOLUTION

The Unitrans share has recently shown strong support up to 2500 cents. This is encouraging as we make progress in the development of an environment in which the Group might achieve a strategic solution.

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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 and the Middle East**

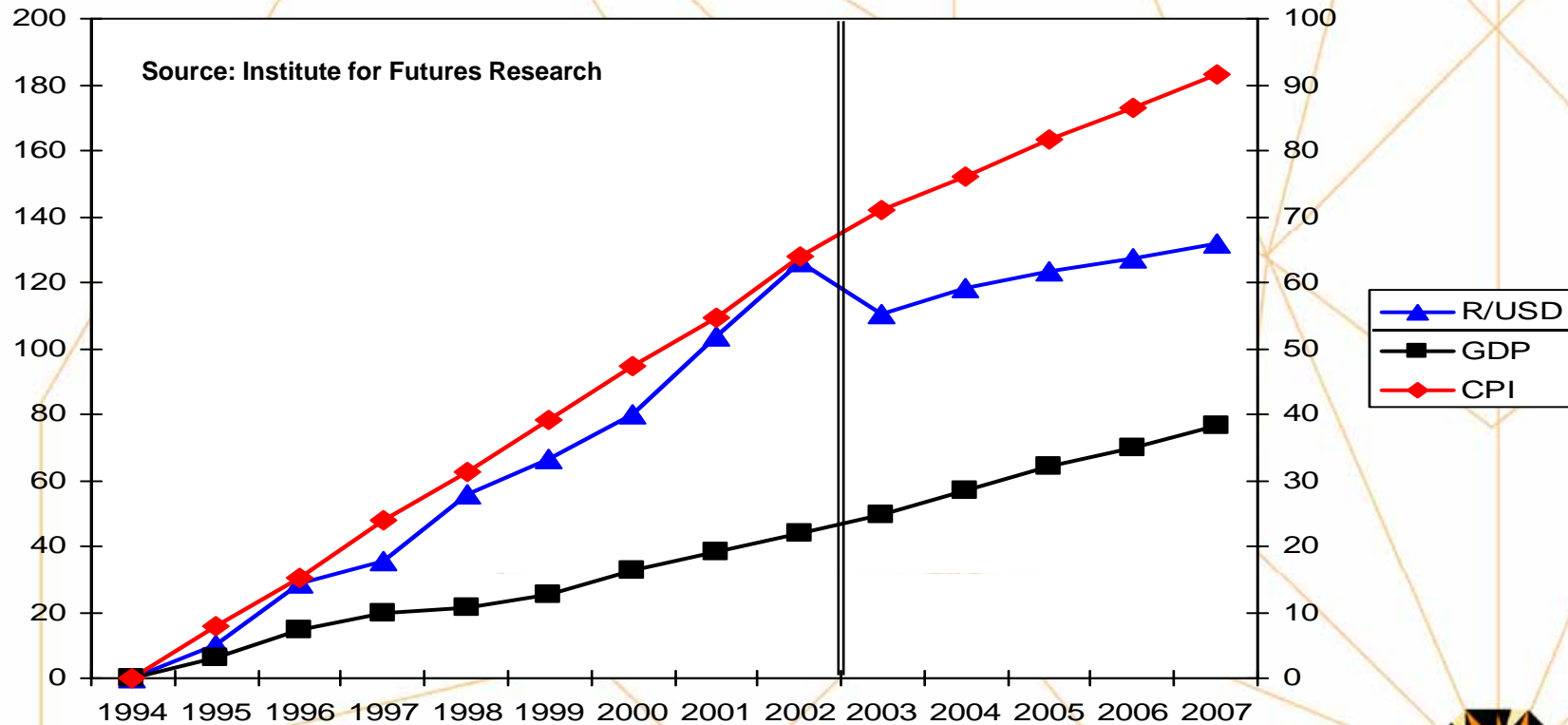
Keith Smith, Sean Flanagan and Stephen Pell

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THE CONSTRUCTION ECONOMY

SOCIO-ECONOMIC DEVELOPMENT



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THE CONSTRUCTION ECONOMY

SOCIO-ECONOMIC DEVELOPMENT

We are in a time of unprecedented human migration

URBANISATION

- In 1970 30% of world's population
- In 2000 this had increased to 49%
- By 2020 as much as 70% expected

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THE CONSTRUCTION ECONOMY

CONSTRUCTION OPERATIONS

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

+ Richard Saxby, Henry Laas, Geoff Turner

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Year to 30 JUNE

**CONSTRUCTION
OPERATIONS**

2003

2002

(R million)

REVENUE	<u>3 981</u>	<u>3 523</u>
Building & Industrial	2 758	2 472
Infrastructure	728	604
Mining	495	447
EBIT	<u>187</u>	<u>145</u>
Building & Industrial	122	87
Infrastructure	33	30
Mining	32	28
CAPITAL EMPLOYED	153	(68)

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THE CONSTRUCTION ECONOMY

CONSTRUCTION OPERATIONS

- **Design Build defines our aspiration**
- **South and southern Africa – Market improvements**
- **Rest of Africa – Challenge and opportunity**
- **Middle East – Growth and opportunity**
- **Southeast Asia – New market opportunity**

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THE CONSTRUCTION ECONOMY

SOCIO-ECONOMIC DEVELOPMENT

OVER THE 100 YEARS BETWEEN 1900 TO 2000

The NPV of society's expressed aspiration for quality of life has outgrown construction industry and government capacity to deliver on that aspiration.

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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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Year to 30 JUNE

**CONSTRUCTION MATERIALS
AND SERVICES**

2003

2002

(R million)

REVENUE	<u>3 383</u>	<u>2 811</u>
Steel Conversion	2 358	1 844
Infrastructure	634	551
Services	391	416
EBIT	<u>288</u>	<u>180</u>
Steel Conversion	167	121
Infrastructure	92	60
Services	29	(1)
CAPITAL EMPLOYED	605	525

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THE CONSTRUCTION ECONOMY

CONSTRUCTION SERVICES & MATERIAL SUPPLIES

- **Strategic locations**
- **SADC – Market opportunity**
- **South Africa - Market leadership**
- **Performance improvement**
- **Economies of scale**

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THE CONSTRUCTION ECONOMY

SOCIO-ECONOMIC DEVELOPMENT

OVER THE 100 YEARS BETWEEN 1900 TO 2000

- **1900 1,5 billion people 20% relatively dissatisfied**
- **2000 6,0 billion people 80% relatively dissatisfied**

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THE CONSTRUCTION ECONOMY

ENGINEERING CONTRACTING & SERVICES

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

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Year to 30 JUNE

**ENGINEERING SERVICES
AND CONTRACTING**

2003 2002
(R million)

REVENUE	<u>955</u>	<u>714</u>
Industrial	800	570
Mining	50	113
Infrastructure	105	31
EBIT	<u>116</u>	<u>75</u>
Industrial	103	47
Mining	4	11
Infrastructure	9	17
CAPITAL EMPLOYED	(7)	15

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CONSTRUCTION ECONOMY

ENGINEERING CONTRACTING & SERVICES

- **Industrial Design is our core competence**
- **SADC – A decade of aluminium smelters**
- **South Africa – Currency strength and volatility**
- **South Africa – Mining and empowerment legislation**
- **Australasia and Middle East – Market opportunity**

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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

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INDUSTRIAL MANUFACTURING

FABRICATION & MANUFACTURE

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

+ Terry Rensen, Edwin Hewitt, Bryan Dyer, John Hoare

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Year to 30 JUNE

**FABRICATION AND
MANUFACTURE**

2003

2002

(R million)

REVENUE	<u>1 762</u>	<u>1 919</u>
Automotive	673	998
Transport	818	643
Services	271	278
EBIT	<u>125</u>	<u>77</u>
Automotive	52	27
Transport	62	51
Services	11	(1)
CAPITAL EMPLOYED	699	709

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INDUSTRIAL MANUFACTURING

FABRICATION & MANUFACTURE

- **Competitive platform for world class fulfillment**
- **South Africa – Currency strength and volatility**
- **Rationalisation and new capital investment**
- **Market leadership**
- **Empowerment partnerships**

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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
as the fundamental building block
for our future aspiration**

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STRATEGIC RISK MANAGEMENT

OPERATING MARGIN

- | | | |
|------------|------|-------------|
| • Optimum | 7,5% | Competition |
| • Baseline | 5,0% | Diversity |

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STRATEGIC RISK MANAGEMENT

ACQUISITION STRATEGY

Order of Priority

1. **Capital expenditure for organic growth**
2. **Partnership for access to new markets**
3. **Acquisition for core business expansion**
4. **Acquisition for new market access**

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PROSPECTS 2003

MARKETS BY REGION

- | | |
|----------------------------------|-----------------|
| • South and southern Africa | Consolidation |
| • Rest of Africa | Difficult |
| • Middle East | High growth |
| • Australasia and Southeast Asia | New opportunity |

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PROSPECTS 2003

MARKETS BY DISCIPLINE

- Infrastructure
- Building
- Industry and Mining
- Manufacturing

Growth
Steady
High potential
New potential

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PROSPECTS 2003

YEAR TO 30 JUNE 2004

**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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THANK YOU

This presentation is available on

www.murrob.com

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