

MUR - Murray & Roberts Holdings Limited - Business Update

28 Oct 2008

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MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1948/029826/06

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("Murray & Roberts" or "Group")

60TH ANNUAL GENERAL MEETING

28 OCTOBER 2008

BUSINESS UPDATE

Murray & Roberts is pleased to report that R 12,5 billion of new orders were secured in the first quarter, and that the Group consumed about R 6,5 billion of the previous year-end order book in the same period.

This has resulted in an 11,0% growth in order book to R 61 billion at 30 September 2008. Shareholders are advised that the value of work recorded in the Group's order book register is based on signed and committed contracts for which the appropriate securities are in place.

The pipeline of potential work in the Group's Opportunity Management System, which filters all current project opportunities against a suite of risk management criteria, amounts to more than R 100 billion, of which almost R 20 billion is for projects where the Group is already selected as Preferred Bidder, but has not finalised negotiations and signed formal contracts.

The majority of secured and potential order book is with South Africa and Middle East public sector clients and reputable global resources groups. It represents more than 200 projects in various stages of completion, distributed amongst 17 operating companies and 12 countries, of which about 60% is in South Africa and other SADC countries. About 80% of order book is in 40 projects (20%), 14 of which have remaining value of more than R 1,0 billion each.

The Group's construction & engineering sector is in a strong position to weather the cyclical impact of worsening conditions in global financial and investment markets, including a significant weakening in the exchange value of the SA Rand. Preliminary indications of first quarter trading support the prospects statement included in the Group's 2008 Annual Report. However, the final result for the year will in all likelihood be influenced both positively and negatively by factors such as commodity price and exchange rate volatility, tighter access to all forms of credit and some market weakness in the Group's construction materials sector.

The Directors meet at end-November 2008 to consider and approve the Group's first quarter financial results and review market conditions and budget assessments for the year to 30 June 2009. A trading statement will be issued thereafter should this be necessary in terms of the JSE Listings Requirements. The Construction Economy

Murray & Roberts is wholly focused on the construction economy of South Africa and related specialist sectors in selected international markets. This strategy was approved in June 2000 on the basis that South Africa and the developing world in general were entering a long cycle of increased investment into gross fixed capital formation. Significant value has since been created through the disposal of non-core and underperforming business and the acquisition of a number of selected businesses that operate within the Group's strategic marketplace.

The Group remains confident even through these current troubled times, that the strategic decision taken in 2000 is valid and that the global case for fixed capital formation is sound.

The message from the South African Finance Minister in his Medium Term Budget speech delivered last week underpins and supports this view. Amongst many important statements, he made the following points of importance to Murray & Roberts and the construction industry in general.

"Stronger cooperation between government and the private sector and raising our level of investment in economic infrastructure are also imperative."

"It is recognised that the electricity outages that South Africans experienced in the first quarter of this year signal capacity constraints in several areas of infrastructure, including roads, rail, ports and most critically in skills." "These capacity constraints have also slowed economic activity and will restrict growth in the near term. To break these constraints, we must invest more." "Financing these investments in the period ahead will be challenging. Government will support our state-owned enterprises through providing selective guarantees on their borrowing and through increasing the capacity of our development finance institutions to contribute to funding major infrastructure projects. At the same time, it is essential to price utility services appropriately so that we encourage more efficient use of these inputs and to generate the resources to fund greater expansion in capacity. We must also create a more amenable environment for the private sector to invest in economic and social infrastructure."

"Over the next three years, we will continue to step up investment in infrastructure that will drive long term growth, we will continue to expand and improve the quality of public services, and most importantly, we will continue to take the necessary steps to protect the poor and most vulnerable." Murray & Roberts is committed to the South African national agenda and to ensure optimum localisation and empowerment of government`s current and planned investment programs, it committed significant capital expenditure over the past number of years, initiated and engaged in numerous broad-based skills development initiatives, significantly enhanced its corporate social involvement and empowerment programs, and substantially strengthened its balance sheet.

The Group established the leadership, performance and empowerment capacity to have taken a lead position in major infrastructure programs such as 2010 Soccer World Cup, Gautrain, Transnet`s locomotive recapitalisation and multi-product pipeline, Eskom`s thermal and nuclear power stations, SANRAL`s rehabilitation and new road construction, and others.

International Operations

Over the past few weeks management has visited the Group`s operations in Australia, Canada and Middle East. Clough in Australia is performing ahead of expectation with a more focused project portfolio in the strong upstream oil & gas market, specifically LNG. Its Indonesia subsidiary Petrosea has suspended work on a coal mining project where a client is experiencing cash flow constraints. The economics of the reserve indicate that a resolution is likely, but if unresolved in the short-term, the potential financial impact is not considered material to the Group and there is still unrealised value in its Santan coal concession.

Demand for underground mining infrastructure in North and South America and Australasia remains strong. The Group is conscious of recent pressure on most commodities but is confident of the long-term demand cycle. The recent electricity crisis foreshadowed this decline in South Africa and a low growth future was predicted for the foreseeable future.

Middle East operations remain strong and although caution is expected to temper new investment decisions, there is no indication at this time that the level of activity in sectors important to the Group will diminish in the short-term. Clients and financiers of major projects are tending to work mainly with substantial contractors who have a track record of project delivery. In this respect, the partnership between Murray & Roberts and Leighton Habtoor presents a formidable presence in the market.

It is worthy of note that Dubai International Airport Terminal 3 and Concourse 2 was successfully commissioned this month. This is a magnificent facility and is testimony to the world class capability of Murray & Roberts and its partners. The Business Update a year ago to the 2007 AGM introduced a note of caution to shareholders in response to what the Group felt at the time was an overheated upward trend in construction stocks, with Murray & Roberts priced at more than 30 times earnings. A year later the situation is exactly the opposite and therefore bears comment, with the share now traded at just above 10 times earnings, despite another exceptional performance in 2008.

Murray & Roberts is a solid world class company in a robust long-term market sector serving the development needs of emerging societies and nations. The

Group is strategically designed to engage construction sector growth within gross fixed capital formation in key selected global economies. The world will resolve its current financial turmoil in time and a new order will emerge, hopefully focused on a better distribution of opportunity for the approximately two thirds of humanity who do not yet have access to better quality of life. Murray & Roberts will prosper in this new order, having experienced and survived numerous market corrections, political shifts and financial crises over more than 106 years. Over the past eight years, Rebuilding Murray & Roberts has restored a strong institutional memory which serves it well as the risk profile of business increases in the short-term.

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Sponsor

Merrill Lynch South Africa (Pty) Ltd

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