





# BUSINESS PLATFORM OVERVIEWS

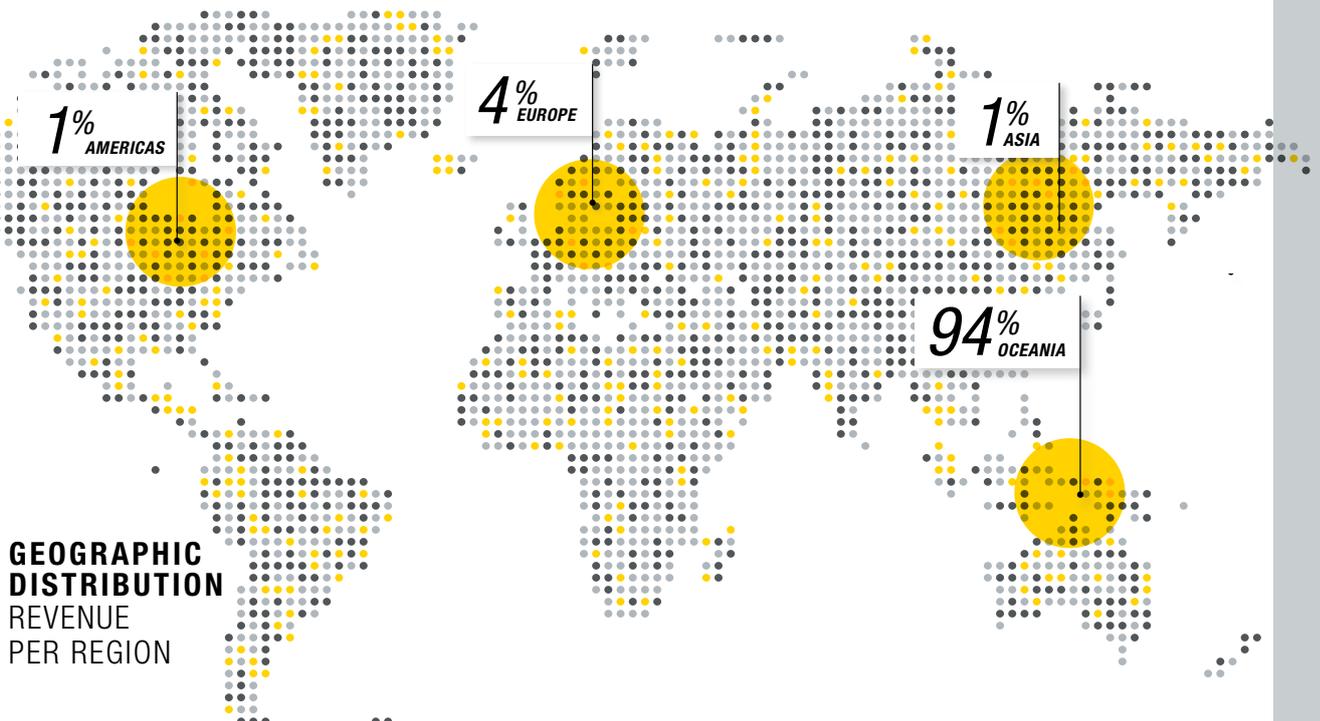


# OIL & GAS

PETER BENNETT | BUSINESS PLATFORM CEO

“IN RESPONSE TO CHALLENGING OIL AND GAS MARKET CONDITIONS, CLOUGH'S TACTICAL SHIFT TO COMPLEMENTARY GROWTH MARKETS SUCH AS AUSTRALIA'S METALS & MINERALS AND INFRASTRUCTURE MARKETS WAS REWARDED. IN FY2018 IT GAINED SIGNIFICANT PROJECT AWARDS FOR BHP AND ALCOA IN AUSTRALIA AND RIO TINTO IN MONGOLIA.”

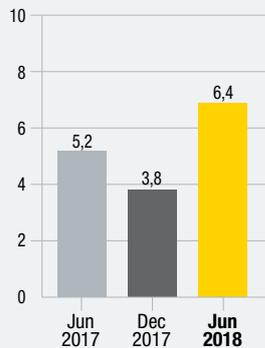
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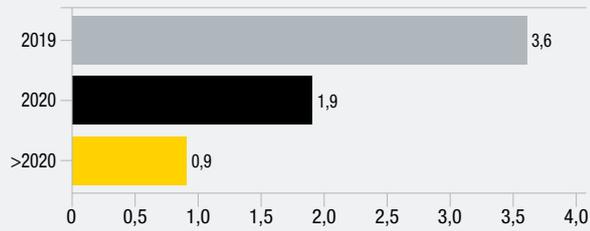


## ORDER BOOK

### HISTORY (R billion)

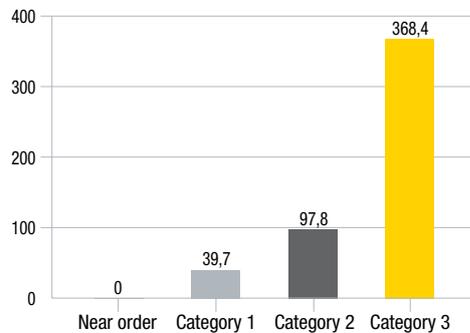


### ORDER BOOK TIME DISTRIBUTION (R billion)



### 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.

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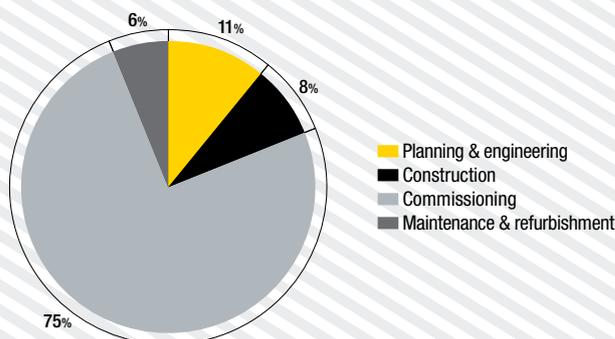
**Category 3:** Opportunities which are being tracked and are expected to come to the market in the next 36 months – identified opportunities that are likely to be implemented, but still in pre-feasibility stage.

R million	Engineering		Construction		Global Marine		Commissioning & Maintenance		Corporate & Other		Total	
June	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	971	1 297	504	30	–	425	6 894	4 862	173	100	8 542	6 714
Operating profit/(loss)	77	28	4	(52)	(26)	71	466	576	(312)	(406)	209	217
Margin (%)	8%	2%	1%	(173%)	–	17%	7%	12%	–	–	2%	3%
Order book	639	492	3 552	1 070	–	–	2 245	3 589	–	–	6 436	5 151
Segment assets											2 808	2 528
Segment liabilities											2 334	1 978
LTIFR (Fatalities)											0.14(0)	0.25(0)



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### PROJECT LIFE CYCLE REVENUE DISTRIBUTION (%)



### PLATFORM BRANDS



# OIL & GAS – continued



**STRATEGIC GOAL**

**Establish strong businesses in complementary growth markets**

**STRATEGIC OBJECTIVES**

- + Australian infrastructure and mining EPC business
- + HUC & shutdowns business



**STRATEGIC GOAL**

**Maintain current strong businesses in core markets**

**STRATEGIC OBJECTIVES**

- + Oil and gas EPC business
- + Marine, water and power EPC business
- + Maintenance opportunities with compelling value proposition



**STRATEGIC GOAL**

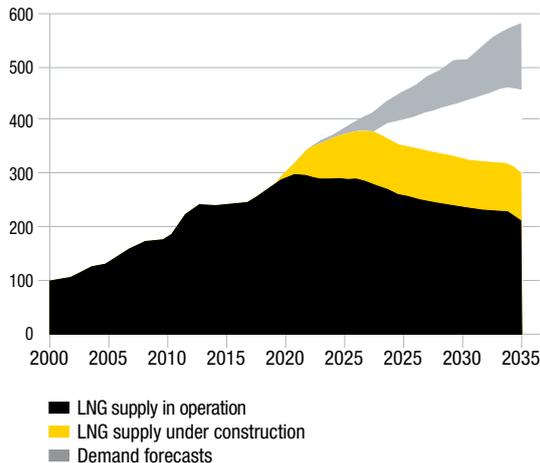
**Grow international businesses in core markets**

**STRATEGIC OBJECTIVES**

- + North America midstream and petrochemical EPC business (CH•IV, Enercore + acquisition)
- + Establish African EPC business
- + Build United Kingdom business (Booth Welsh)
- + Establish credible South East Asian marine business

48

**EMERGING LNG SUPPLY-DEMAND GAP**  
MILLION TONNES PER ANNUM (DES)



## LNG market outlook

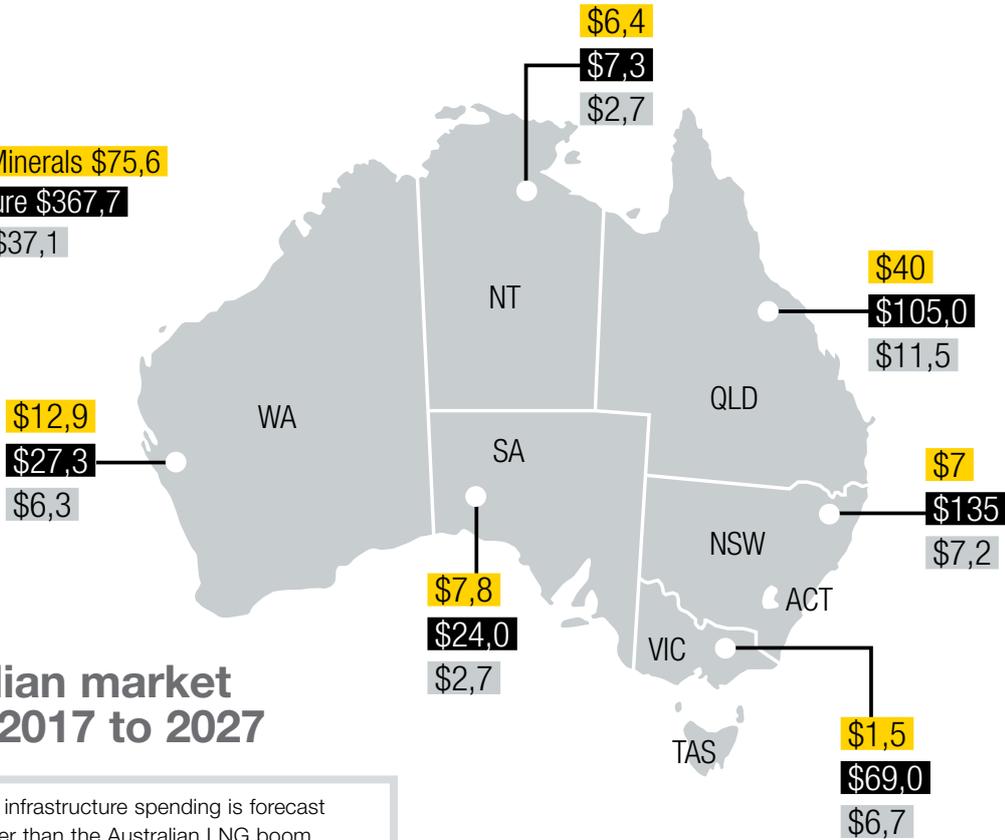
- + Over the medium term new markets will emerge, and Australia is forecast to hold its current production rates with Qatar, the USA and Russia each seeking to expand LNG production.
- + Driven by East Asian nations, actual demand for LNG is higher than previously forecasted, though markets are currently in oversupply.
- + This demand is driving a new LNG supply-demand gap, with markets falling into deficit from 2020/21, which is earlier than previously forecasted.

AU\$'bn

**Metals & Minerals \$75,6**

**Infrastructure \$367,7**

Oil & Gas \$37,1



## Australian market spend 2017 to 2027

- + East Coast infrastructure spending is forecast to be greater than the Australian LNG boom (2008 – 2018).
- + Most major project opportunities will be in transport infrastructure.
- + Water treatment and desalination plants, and dam remediation opportunities offer niche markets.
- + Western Australian transport infrastructure is also attractive to Clough.
- + Mining spending has rebounded faster than oil and gas due to stronger price recoveries.
- + Large-scale oil and gas opportunities in Australia remain distant.



## KEY GROWTH DRIVERS

- The crude oil price has stabilised above US\$70 per barrel and global LNG markets are expected to remain in oversupply until 2020/21.
- New supply capacity must be developed in the near term to meet LNG forecast demand as from 2021/22.
- Extending the platform's service offering to complementary markets with active investment programmes is critical for growing earnings and mitigating exposure to the cyclical nature of the resources sector.
- The platform secured significant projects with BHP and Alcoa in Australia and with Rio Tinto in Mongolia.
- The capital expenditure on infrastructure in Australia is forecast to be more than 10 times the oil and gas spend over the next 10 years.
- The platform is expanding its international footprint (planned USA acquisition), which will enable it to extend its construction services to the growing oil and gas sector in the USA.

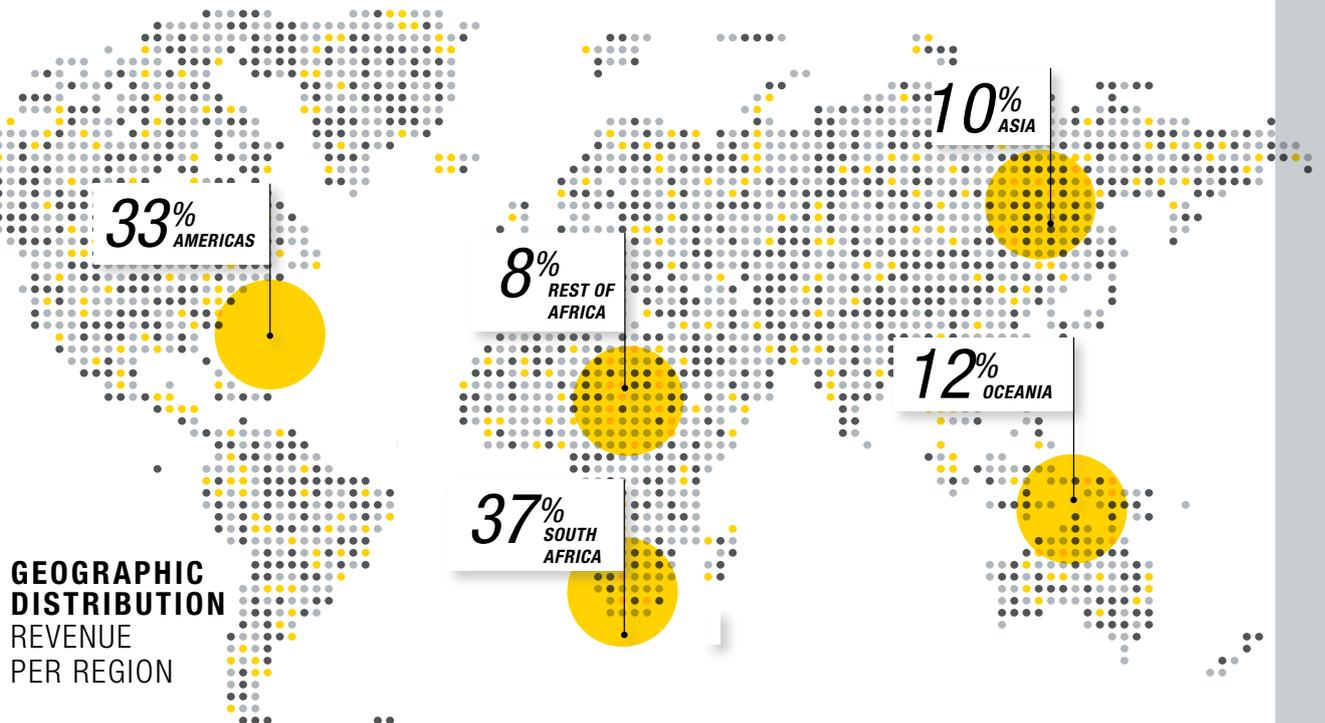
# UNDERGROUND MINING



ORRIE FENN | BUSINESS PLATFORM CEO

“EXPLORATION IS AT ITS HIGHEST LEVEL IN SIX YEARS AND MINING EQUIPMENT DELIVERY TIMES ARE EXTENDING. THESE KEY LEAD INDICATORS SUGGEST THAT THE INDUSTRY HAS MOVED INTO AN UPTURN.”

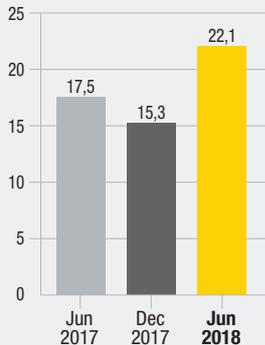
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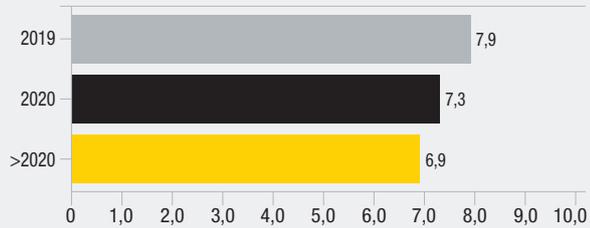


ORDER BOOK

HISTORY (R billion)

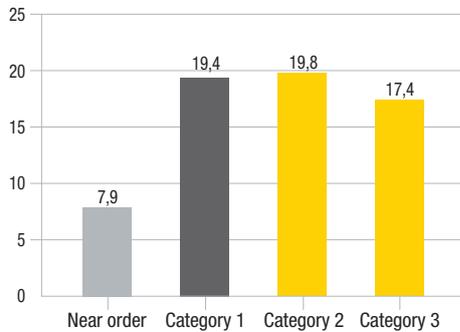


ORDER BOOK TIME DISTRIBUTION (R billion)



NEAR ORDERS AND PIPELINE

(R billion)



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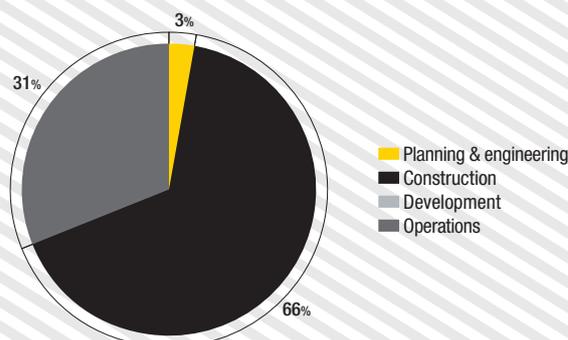
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R million	Africa		Australasia		The Americas		Total	
June	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	3 524	3 565	1 779	1 727	2 701	2 754	8 004	8 046
Operating profit	215	124	109	217	147	123	471	464
Margin (%)	6%	3%	6%	13%	5%	4%	6%	6%
Order book	10 738	11 021	4 799	3 117	6 533	3 368	22 070	17 506
Segment assets	879	1 139	1 167	982	1 711	1 494	3 757	3 615
Segment liabilities	1 007	1 093	484	377	504	439	1 995	1 909
LTIFR (Fatalities)	1.75(0)	1.15(0)	1.49(1)	0.96(0)	3.0(0)	1.97(0)	1.89(1)	1.23(0)

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Full business platforms reviews

PROJECT LIFE CYCLE REVENUE DISTRIBUTION (%)



PLATFORM BRANDS

**Murray & Roberts** **Murray & Roberts Cementation**

**Cementation**

**RUC**  
Cementation MINING

**MERIT**  
CONGLAUMES INTERNATIONAL INC.

**Cementation AG**  
SAFELY HANDLING & PROCESSING MINERALS

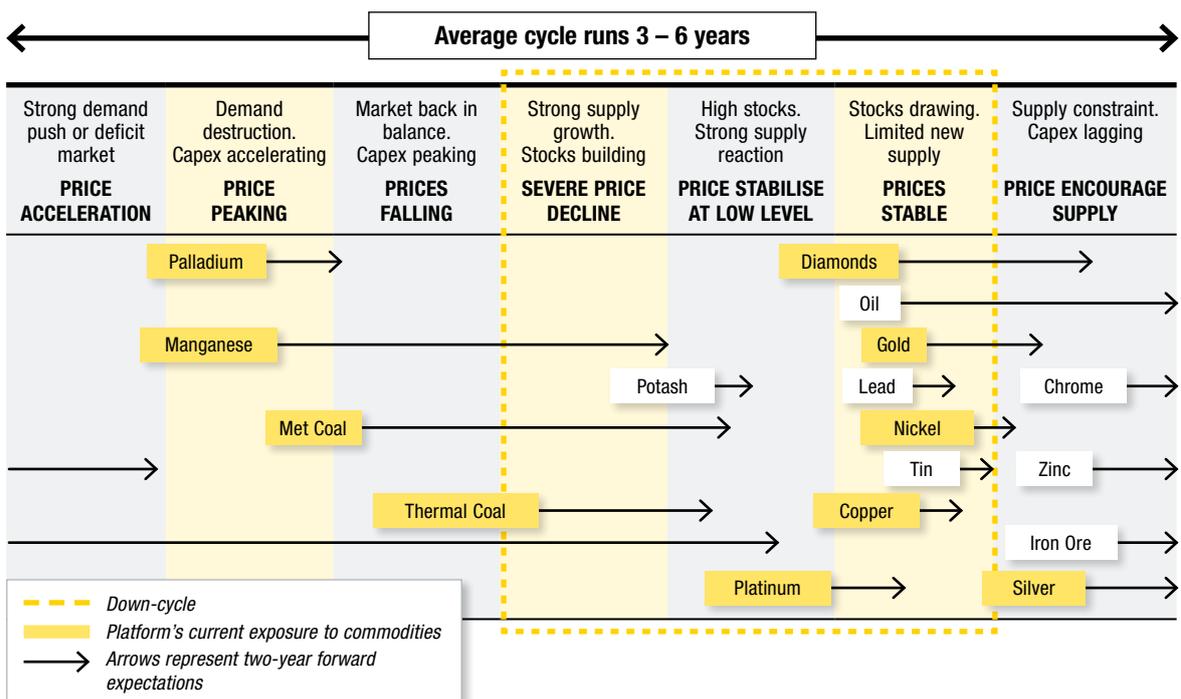
# UNDERGROUND MINING – continued

AFRICA	AUSTRALASIA	AMERICAS
<ul style="list-style-type: none"> <li>+ Grow African footprint (outside Zambia) by leveraging Ghana office and growing Central Africa opportunity through targeted client engagement.</li> <li>+ Enhance rapid access development capability to achieve preferred contractor status among clients.</li> <li>+ Enhance systems, skills and processes to become the leading mechanised mining contractor in Africa.</li> </ul>	<ul style="list-style-type: none"> <li>+ Continue to promote and expand mine development service offering.</li> <li>+ Maximise high-margin (large hole) raise boring work.</li> <li>+ Further develop Asia Pacific Rim market (India, Indonesia, PNG, New Zealand, Philippines, Mongolia).</li> <li>+ Secure additional long-term orders in block cave projects (Indonesia).</li> </ul>	<ul style="list-style-type: none"> <li>+ Increase North America (Canada) market penetration.</li> <li>+ Adopt a 'selective' engineering-driven (client engagement) approach to pursue ad hoc international opportunities.</li> <li>+ Focus on growing Cementation AG and Merit Consultants International.</li> </ul>

**GROW CONTRACT MINING TO AT LEAST 50% OF PLATFORM REVENUE**

52

## Key commodities position in the cycle

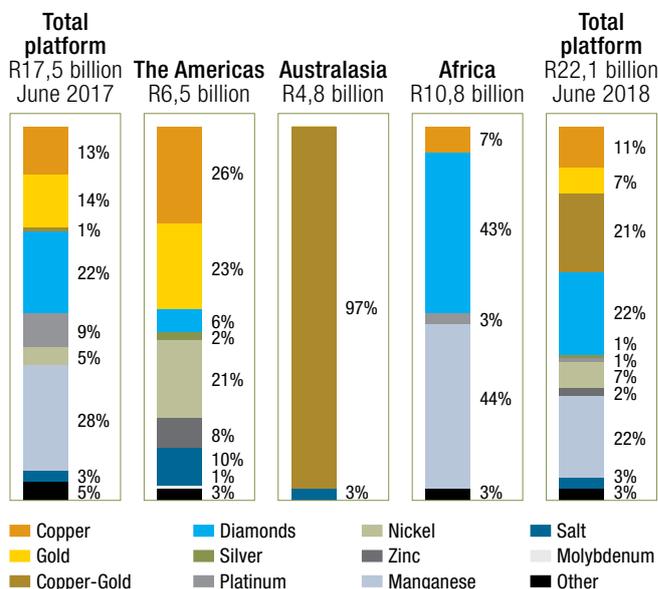




## KEY GROWTH DRIVERS

- Exploration is at its highest level in six years and mining equipment delivery times are extending – strong lead indicators of an upturn.
- The Group expects the continued improvement in commodity prices and increased investment by mining companies.
- The platform continues to secure ongoing infrastructure replacement and development projects (a function of 'stay-in-business' capital spending by mining companies), as well as contributions from contract mining work.
- Recently completed and current projects include the construction or rehabilitation of 20 vertical shafts and some 30 decline shaft projects in Australia, Canada, Indonesia, Mongolia, South Africa, USA and Zambia.
- The platform has contract mining projects in Australia, Canada, Indonesia, South Africa and the USA and is pursuing new contract mining opportunities, primarily in South Africa and the USA.
- Collaboration between Group companies recently contributed to the award of the 1 000m deep twin shafts at Rio Tinto's Oyu Tolgoi copper mine in Mongolia.

## Platform's projects represent most key commodities



# POWER & WATER

**STEVE HARRISON** | BUSINESS PLATFORM CEO

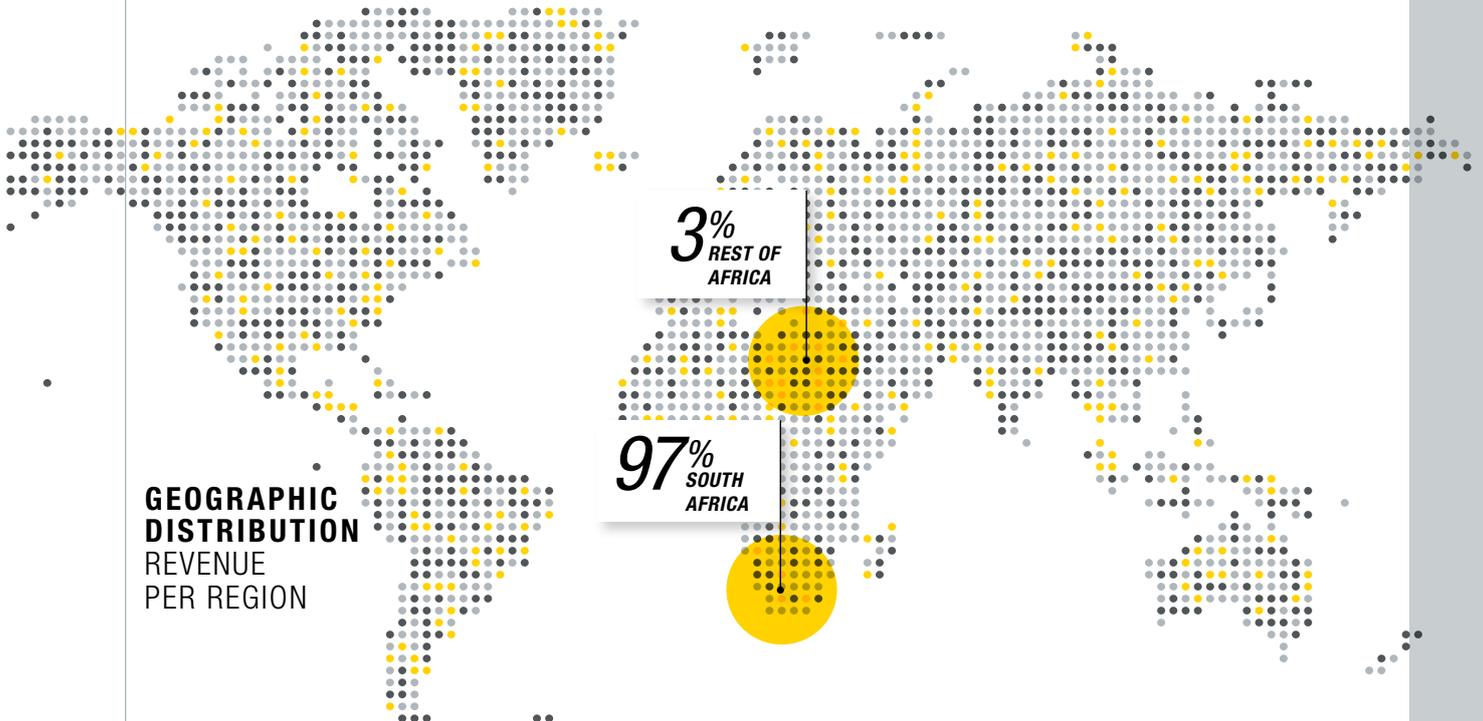
“GROWTH FOR THE PLATFORM WILL BE MAINLY ORGANIC, SUPPORTED BY TARGETED BOLT-ON ACQUISITIONS – SPECIFICALLY TRANSMISSION, INDUSTRIAL WATER TREATMENT AND PETROCHEMICAL MAINTENANCE – TO BETTER POSITION THE PLATFORM FOR OPPORTUNITIES IN THESE MARKETS, AS WELL AS TO EXPAND AND COMPLEMENT ITS EXISTING SERVICE OFFERING.”

54

**GEOGRAPHIC DISTRIBUTION**  
REVENUE  
PER REGION

**3%**  
REST OF  
AFRICA

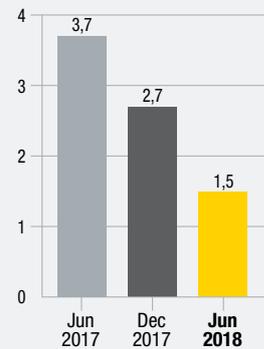
**97%**  
SOUTH  
AFRICA



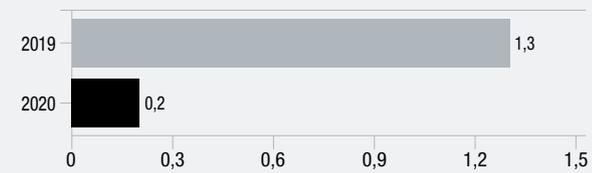


## ORDER BOOK

**HISTORY**  
(R billion)

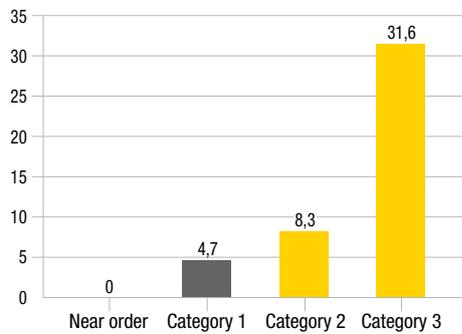


**ORDER BOOK TIME DISTRIBUTION**  
(R billion)



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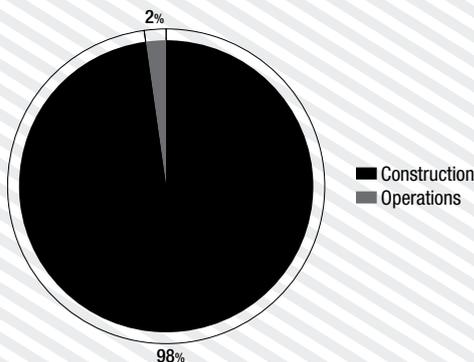
R million	Power <sup>1</sup>		Water		Oil & Gas		Electrical & Instrumentation		Corporate & Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>June</b>												
Revenue	4 180	5 063	95	56	412	669	138	106	4	14	4 829	5 908
Operating profit/(loss)	287	243	(8)	(20)	(87)	5	32	35	(90)	(92)	134	171
Margin (%)	7%	5%	(8%)	(36%)	(21%)	1%	23%	33%	–	–	3%	3%
Order book	1 278	3 198	–	–	188	483	13	26	–	–	1 479	3 707
Segment assets											1 292	1 527
Segment liabilities											956	1 341
LTIFR (Fatalities)											0.12(0)	0.43(0)

<sup>1</sup> Including power programme contracts.



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## PROJECT LIFE CYCLE REVENUE DISTRIBUTION (%)



## PLATFORM BRANDS



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



**Murray & Roberts Water**  
Engineers and Constructors



# POWER & WATER – *continued*

In the absence of major thermal coal power station build opportunities, the platform is extending services to broader power sector and complementary markets.



## Enter repairs and maintenance market (Eskom and Sasol)

- + Boilerserve JV being formed, bolt-on acquisition targets for maintenance.



## Enter power transmission and distribution market

- + Bidding commenced, acquisition targets identified and JVs being formed.



## Establish Organica Water technology in wastewater treatment

- + Organica Water demonstration plant established at the Verulam wastewater treatment plant to showcase this innovative technology.

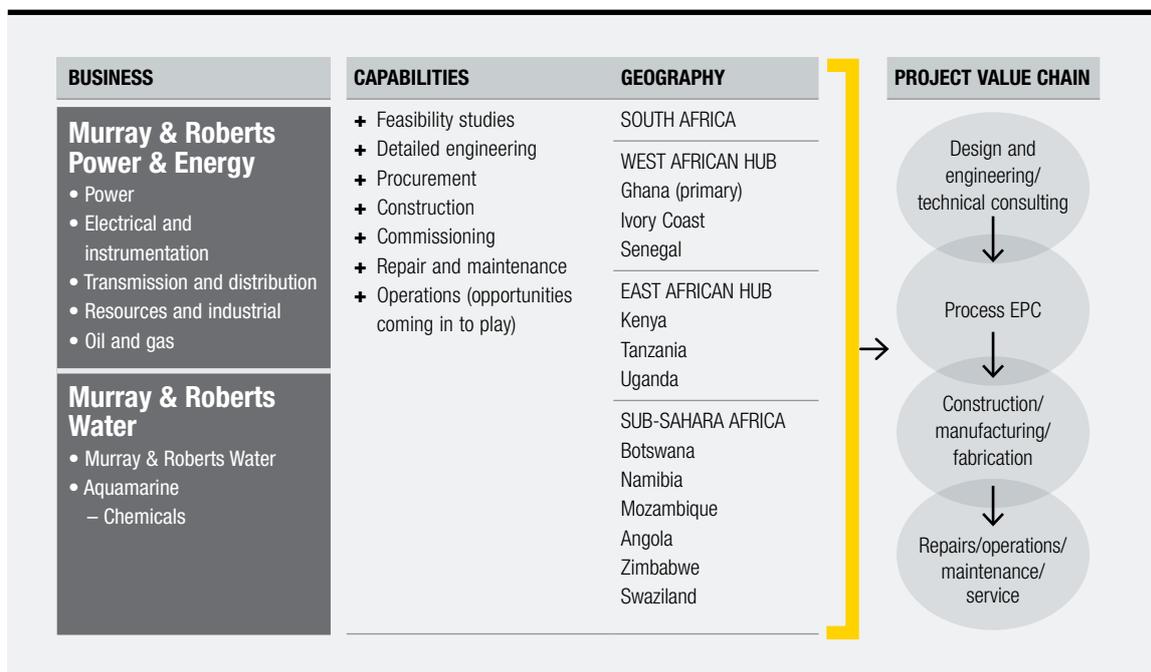


## Establish water sector chemical supply business



## Extend SMEIPP service offering to mining, pulp, paper, chemical industries

## Business model



### KEY GROWTH DRIVERS

- Reduction in revenue, operating profit and order book is due to the phased completion of the Medupi and Kusile mega projects.
- The platform's overhead function was restructured to prepare it for a lower revenue base, without compromising its capacity to deliver on its strategic objectives and to pursue new work.
- 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.
- In the complementary oil and gas market, the platform is supporting Sasol's operations at Secunda with structural, mechanical and piping construction services.
- Successful completion of an EPC fuel storage project in Takoradi Port, Ghana, has created opportunities in refined products storage facilities.
- Murray & Roberts Water erected and commissioned an Organica Water resource recovery demonstration facility at the Verulam wastewater treatment plant, to showcase this innovative technology.
- The Aquamarine business performed well with supply of containerised water treatment plants to hospitals, industrial and agricultural users.

