



# JP Morgan Investor Conference 2007

**“WE HAVE BUILT A  
FORMIDABLE PERFORMANCE PLATFORM  
TO MEET THE FUTURE POTENTIAL  
OF ALL OUR MARKETS”**

## 2007 Interim Report



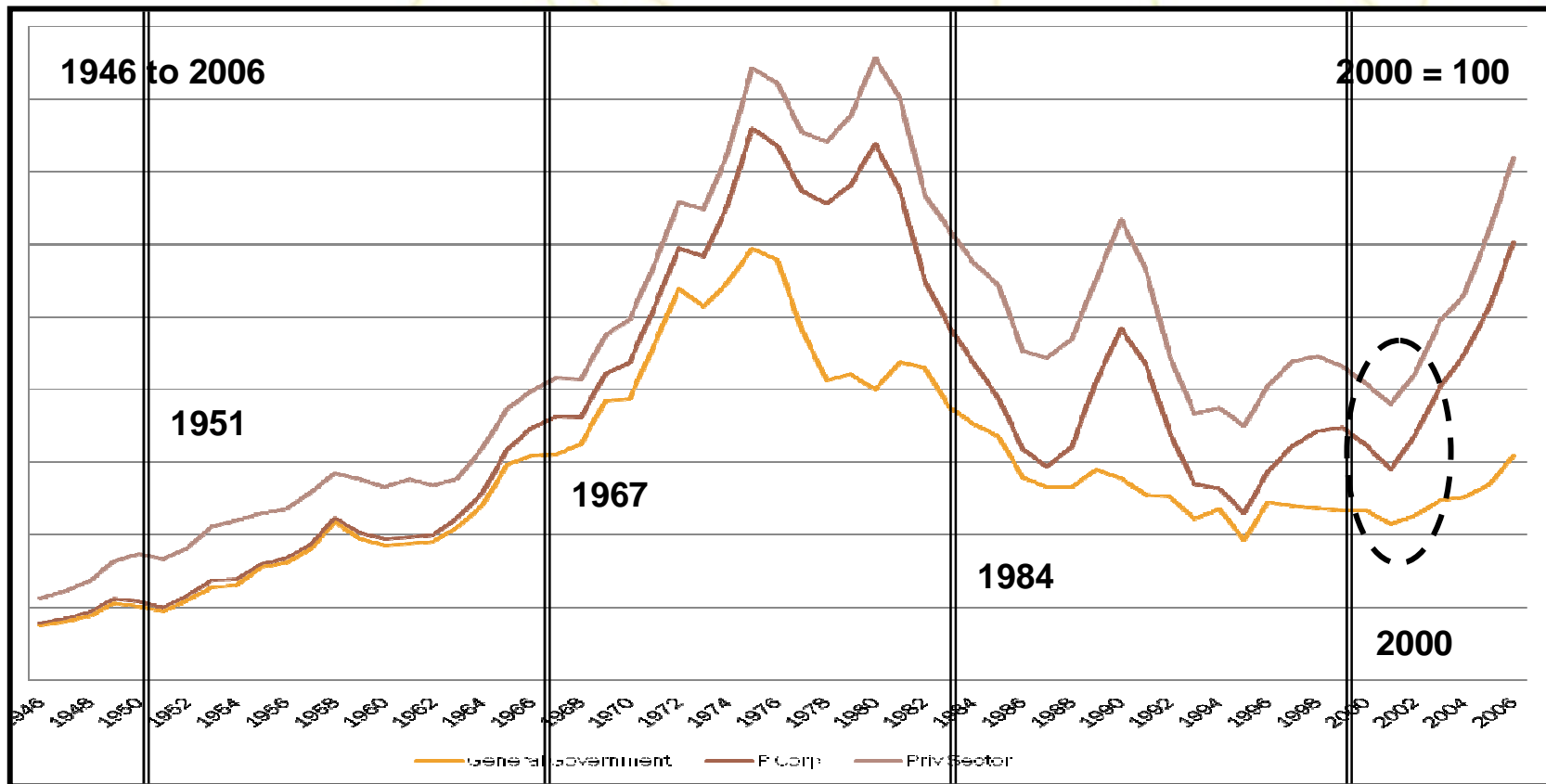
## Capacity to Deliver

- This presentation offers no detail on Murray & Roberts
  - Everything is available in the Annual Report or [www.murrob.com](http://www.murrob.com)
- All economic data is available through various public sources
  - Information is used to establish trends rather than provide fact
- Construction is a dog-eat-dog & low-barrier-to-entry industry
  - One of most fragmented of industry sectors
  - JSE listed companies in sector comprise < 25% of E&C market
- Sustainable market conditions is key to performance growth
  - At worst, E&C is a highly inefficient system for delivery of significant economic investment
  - At best, it does this in an orderly, innovative, competent manner



# South African Construction Works Investment

OPPORTUNITY TIMELINE



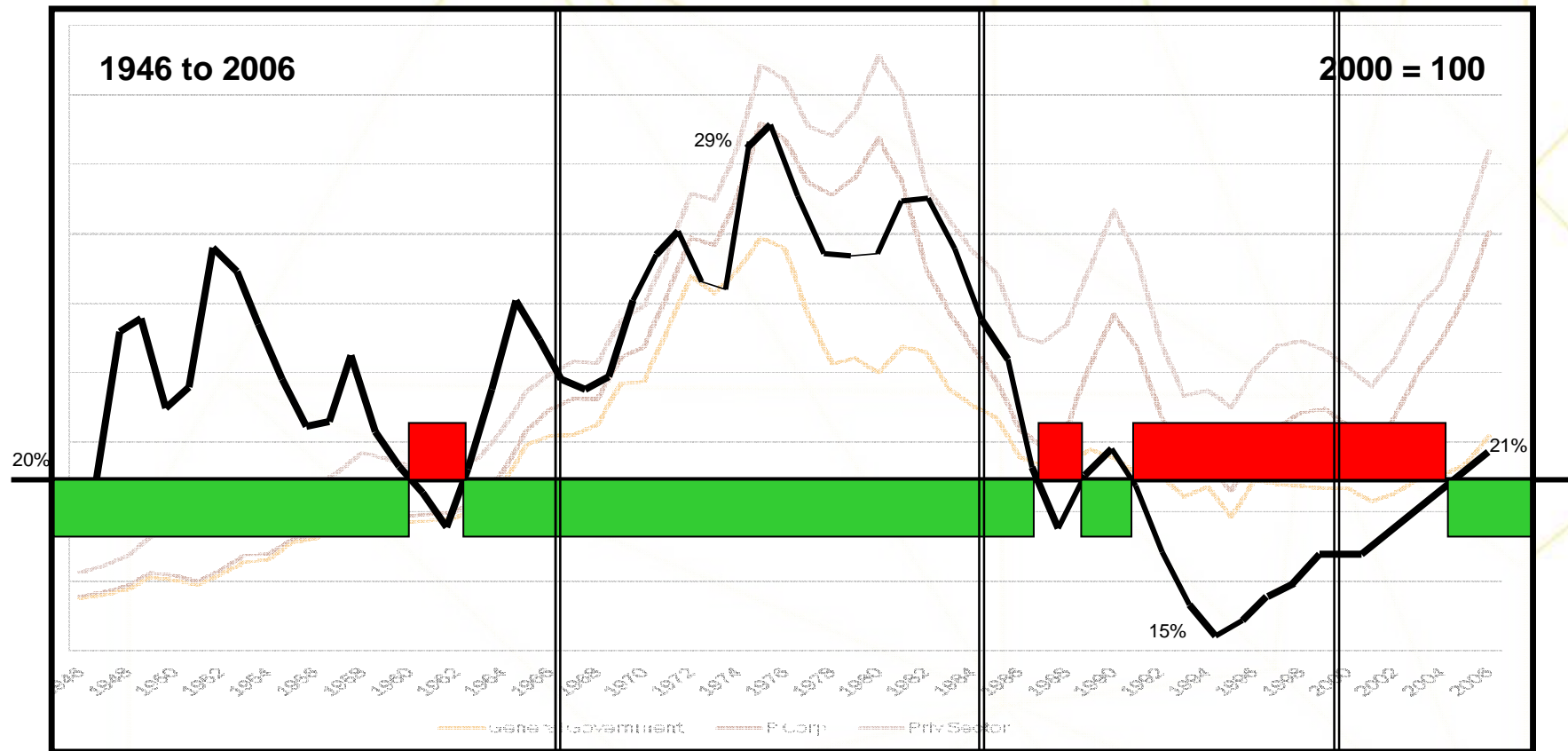
Source: SAFCEC



**Capacity to Deliver**

# South African Construction Economy

GFCF vs GDP



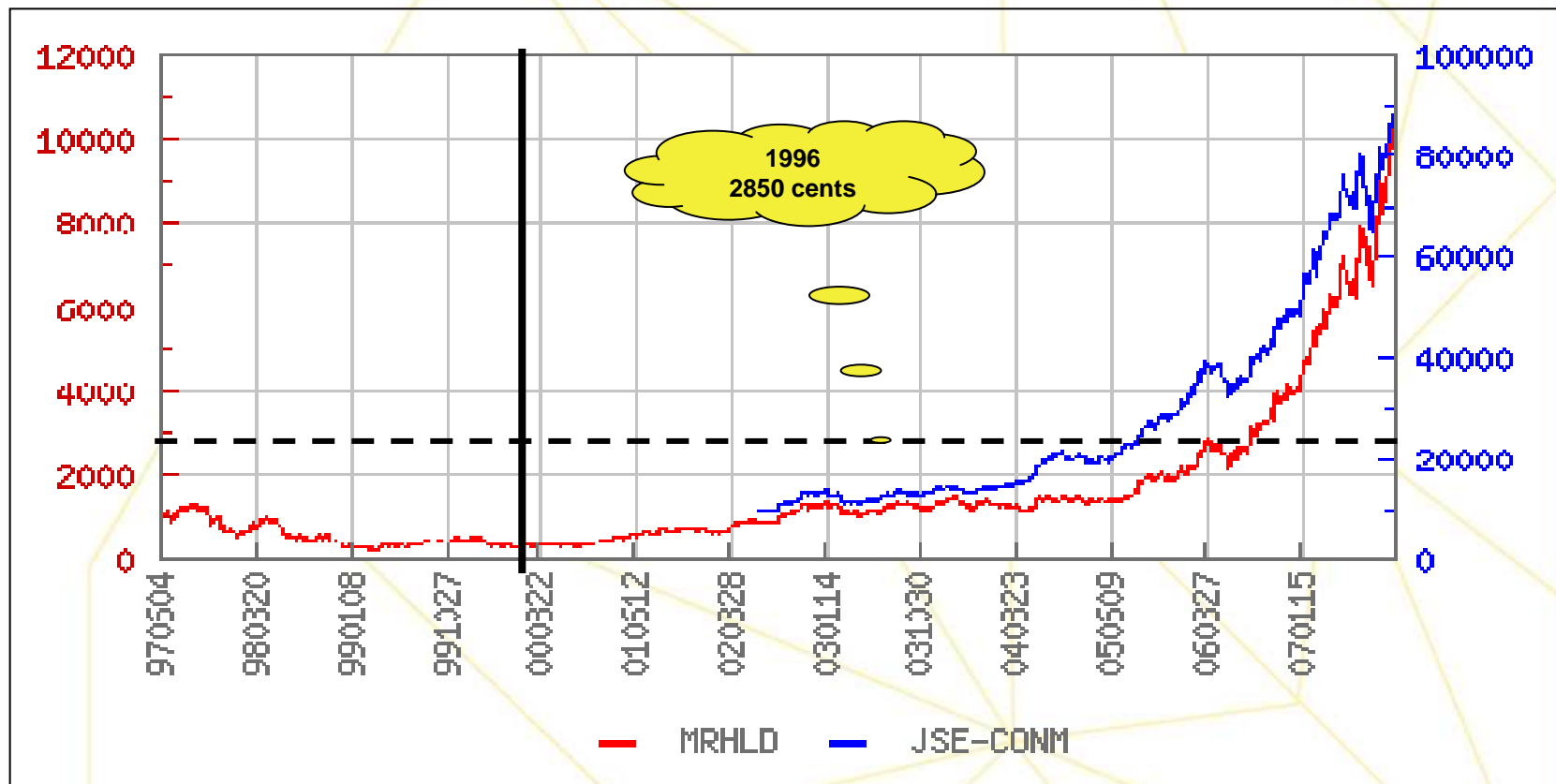
Source: BER



**Capacity to Deliver**

# Rebuilding Murray & Roberts

2000 TO 2007



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## Critical Mass in the Market

RISK RELATIVE TO RATING

Company	Market Capitalisation	P:E
<b>MUR</b>	<b>R 33,0 billion</b>	<b>30,0</b>
<b>AEG</b>	<b>R 25,0 billion</b>	<b>18,5</b>
<b>PPC</b>	<b>R 25,0 billion</b>	<b>18,0</b>
<b>WBO</b>	<b>R 8,5 billion</b>	<b>25,5</b>
<b>GRF</b>	<b>R 7,5 billion</b>	<b>23,0</b>
<b>RBX*</b>	<b>R 6,0 billion</b>	<b>43,0</b>
<b>SFB*</b>	<b>R 4,0 billion</b>	<b>-</b>
<b>BSR</b>	<b>R 3,0 billion</b>	<b>31,0</b>
JSE-ALSI 40		16,0
JSE-CONM		22,0

\* New Listings



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**105 Years of Experience & Growth**

**Murray & Roberts is South Africa's Leading  
Construction & Engineering Group**

*and has chosen to lead the market with sector guidance*



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**“The South African construction economy continues to grow faster than GDP and based on macro-economic commitments**

- **from government through ASGISA,**
- **state enterprise and public sector investment programs, and**
- **the unabated global demand for natural resources,**

**is in our opinion, set to maintain this trend for the foreseeable future.”**

*Growth 15% to 25% nominal for foreseeable future*

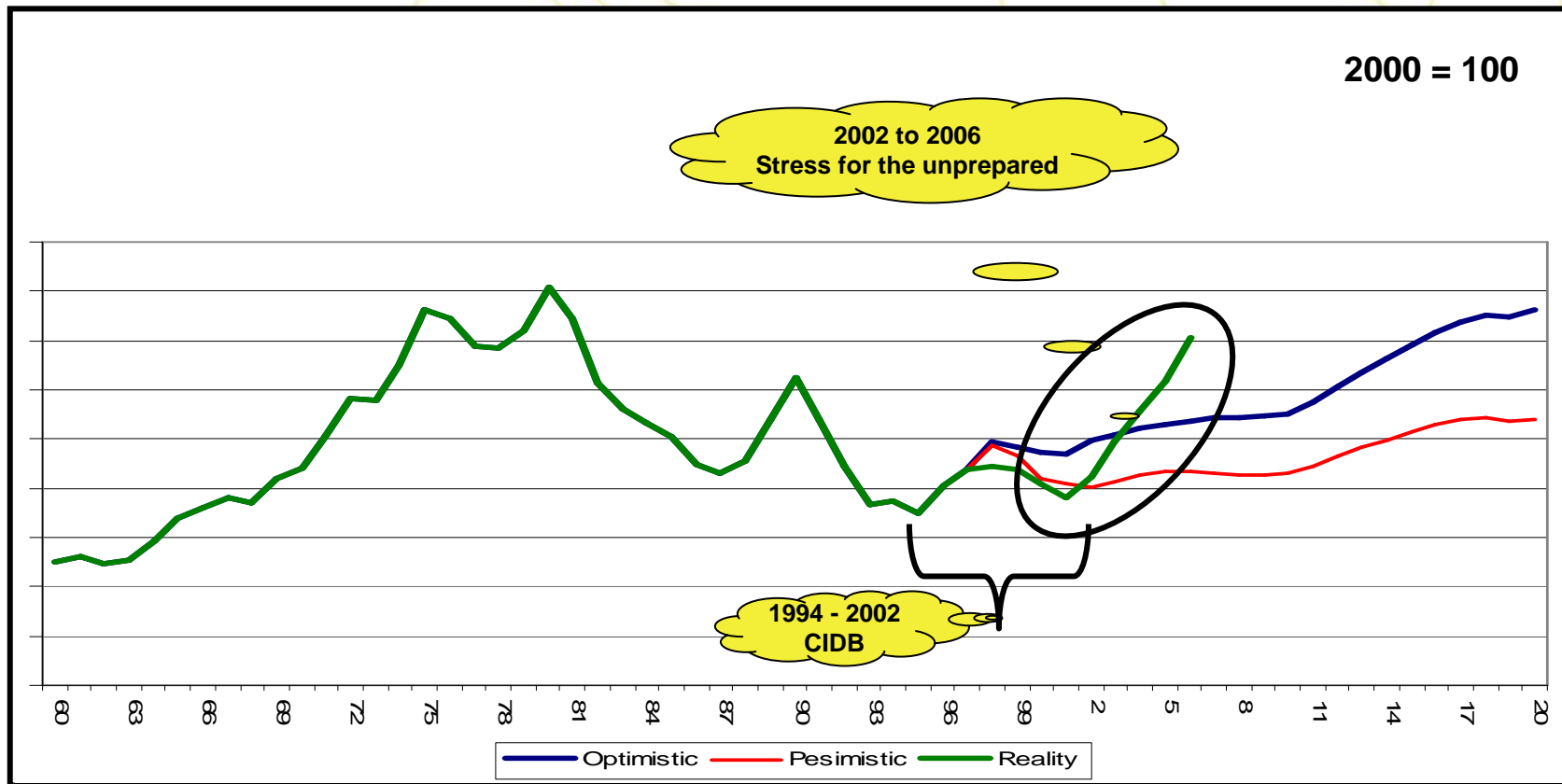


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# Future Construction Works : 1995 Scenario

ECONOMIST CONSENSUS



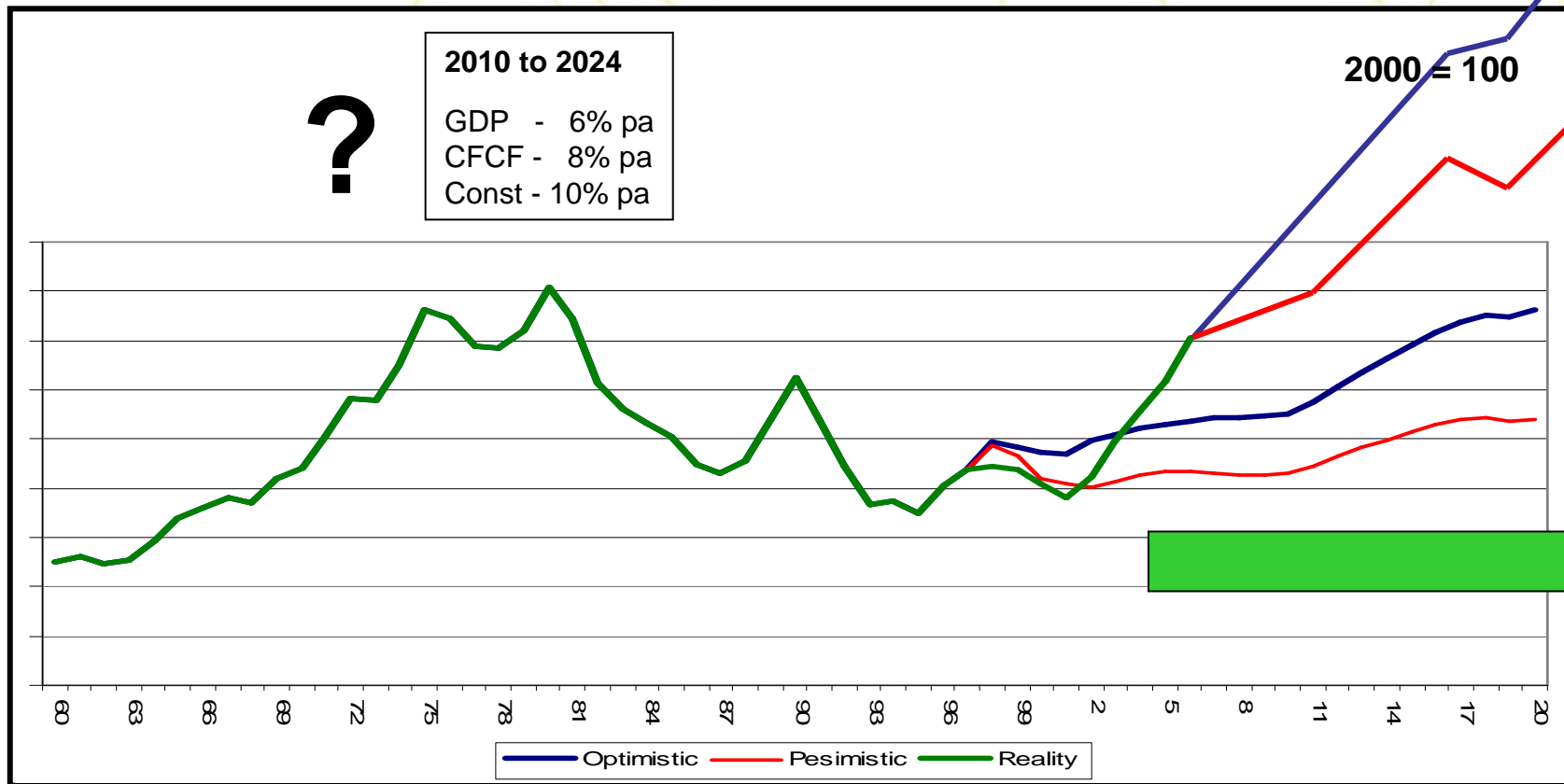
Source: SAFCEC



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# Future Construction Works : 2006 Scenario

ECONOMIST CONSENSUS



Source: SAFCEC



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**“----- was consolidated into the Group’s accounts from 1 July 2007 and we are pleased to report that the company has delivered its budget performance for the first quarter to 30 September 2007.**

**The new chief executive has set out a clear strategy for the company that primarily serves the Asia-Pacific upstream Oil & Gas market.”**

*Clough share trading above 75 cents on confidence in future potential*



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## GLOBALLY, RESOURCE CONSTRAINTS

**“----- now play a key role in the planning, procurement and implementation of capital projects.**

**This challenge is significantly enhanced in South Africa where the Group has a number of initiatives to ensure it remains capable of meeting its contracted and performance commitments as well as engage new opportunity for growth.”**

*Largest and best quality EBE Faculty intake since 1968*



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## UNPREDICTABLE INCREASES

**“----- in most cost inputs into the construction process over the past four years have increased financial risks for clients and contractors alike.**

**While global demand for construction skills and equipment is likely to intensify, we believe that new capacity investments will bring stability to local construction materials prices.”**

*Input cost increases averaged 12,5% p.a. since 2001*



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**“----- the increasing costs of transportation logistics between fixed source and variable utilisation will remain unabated until the country's road and rail networks are substantially improved.”**

**[Logistics cost represents between 15% and 35% of revenues]**

*Logistics cost increases averaged 17,5% p.a. since 2001*



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## SHAREHOLDERS ARE CAUTIONED

**“----- that significant delays are evident in the time taken by most clients to convert feasibility studies into tenders and then tenders into contracts.**

**Many contracts commence with inadequate design information to allow optimum performance.**

**These factors delay the development of order book and potentially increase risks to both clients and contractors.”**

*> 80% of Capital Projects no longer meet Client criteria for success*



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## THE GROUP PROJECT ORDER BOOK

**“----- was stable at about R 22 billion at 30 September 2007, including AUD 750 million in Clough.**

**The current reservoir of project opportunity registered within the Group’s Opportunity Risk Management pipeline amounts to more than R 85 billion in about 120 projects. This is ample evidence of the forward potential evident in all the Group’s domestic and international markets”**

*Murray & Roberts consuming > R 5,0 billion per quarter*



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## INCLUDING

**“----- work associated with South Africa’s power generation program for which no major contracts have yet been awarded.”**

*Power opportunities will be won or lost within November 2007*



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## THERE IS INCREASED ACTIVITY

**“----- evident in the Group’s construction materials, and  
fabrication and manufacturing operations,  
while a general slowdown in consumer demand has  
dampened performance in the building materials operations.”**

*Significant growth possible in Fabrication & Manufacture*



## Capacity to Deliver



## MAJOR PROJECTS



## Capacity to Deliver

**GAUTRAIN RAPID RAIL LINK**

- Progress essentially on schedule for Phase 1
- TBM under assembly at Rosebank for 1 January 2008
- Zonki-zizwe (Midrand) substantially delayed
- Phase 2 (North Section) EIA troublesome
- Material prices OK, but subcontractors ahead of inflation
- Labour restless and testy
- Scope changes cause design inefficiency



**GREENPOINT STADIUM**

- Progress delayed by design review
- FIFA seeking October 2009 completion (February 2010 contracted)
- Project fully resourced
- Roof subcontract award imminent
- Substantial price variation on cards
- Labour restless and testy
- Design inefficiency causing time and cost challenges



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**DUBAI INTERNATIONAL AIRPORT**

- Substantial completion scheduled for December 2007
- Final commission and handover scheduled for April 2008
- Facility is awesome!
- Satisfied Client (DCA) and Customer (Emirates)
- Significant working capital being resolved
- Value has increased 50%
- Concourse 3 under negotiation



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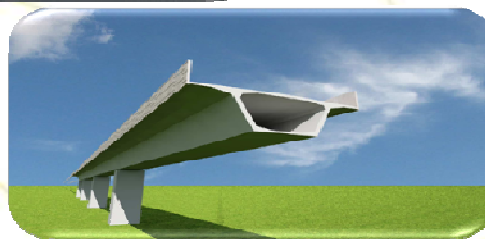
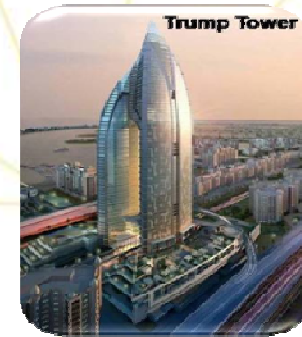
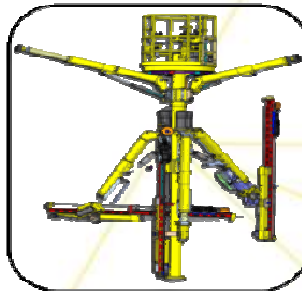
# COEGA ALUMINIUM SMELTER

- **First metal scheduled for May 2010**
- **Front-end Engineering & Design underway in Montreal**
- **South African establishment (Bedfordview) in March 2008**
- **Eskom constructing Transmission System to E Cape**
- **Commencement of construction April 2008**
- **Significant training & development planned**
- **Construction plan to suit domestic contracting industry**





## REGIONAL & RESOURCE MARKETS



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**MIDDLE EAST**

- Free cash flow petro-dollars ensures no shortage of opportunity
- Key clients negotiating all work following prequalification
- Murray & Roberts increasingly managing design on behalf of client
- Sama Contracting established and developing steadily (Al Salaam)
- Johnson Crane very buoyant and growing
- Steel rebar expansion underway
- Marine design and civil construction more prevalent



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**REST OF AFRICA**

- No place for sissies
- Bribery & corruption endemic in many countries
- Government funded infrastructure sporadic and risky
- Privately funded construction continental vs national
- Resource extraction and sometimes beneficiation is key market
- China and India dominate new development with different strategies
- Murray & Roberts Zimbabwe holding on



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**“----- in the Group has continued from the benchmark set through the previous financial year.**

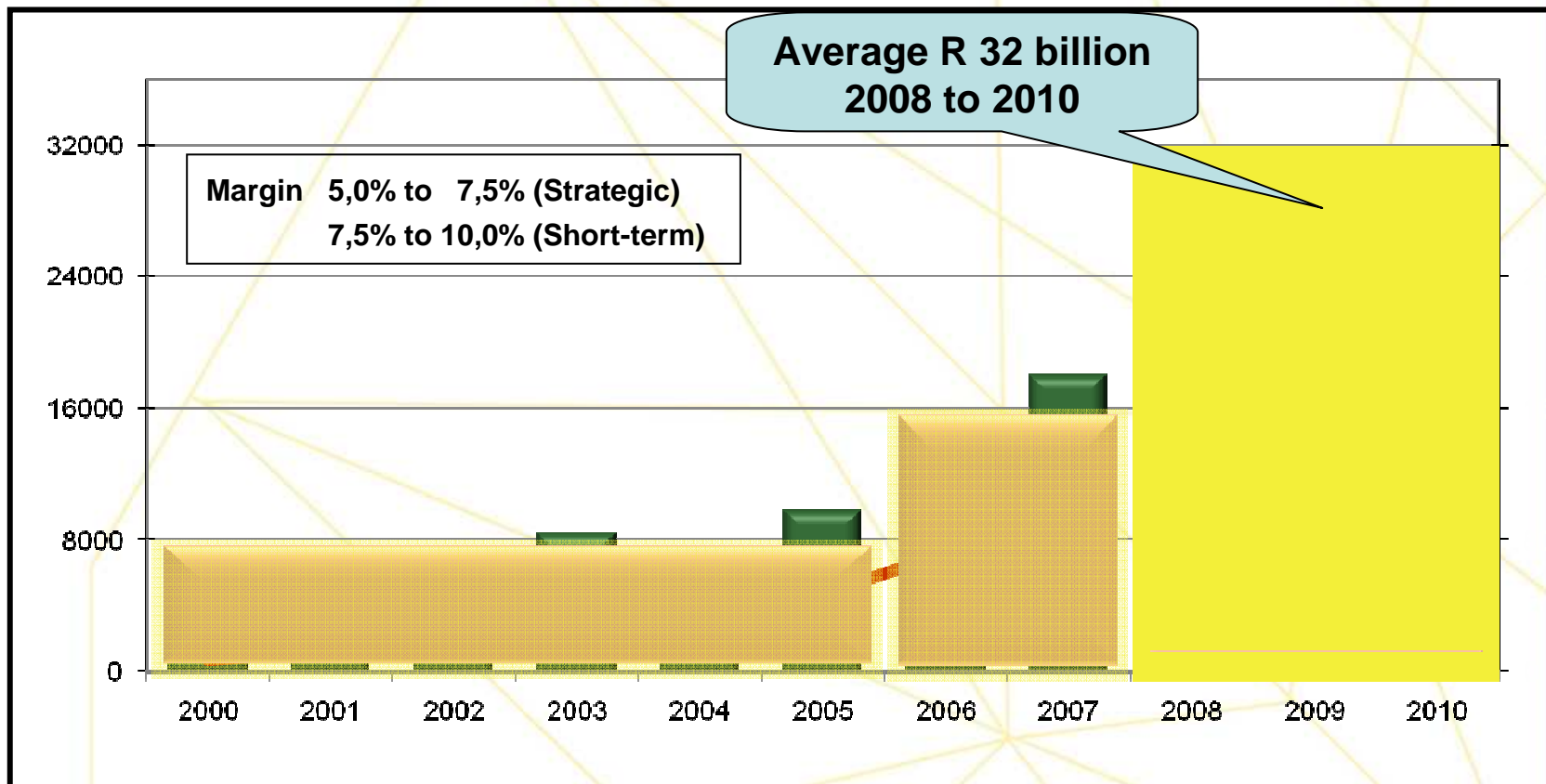
**There is, however, some weakness in the industrial engineering market and the strong SA Rand is impacting the translation of international earnings.”**

*Margin > 7,5% but 2002 to 2003 project feasibilities under pressure*



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## Revenue Scenario to 2010



### Clough consolidated but excluding further acquisition



## Capacity to Deliver