



# **2013 dbACCESS SOUTH AFRICA CONFERENCE**

**CREATING VALUE THROUGH A NEW STRATEGIC FUTURE**

**19 & 20 June 2013**

**RECOVERY & GROWTH**

**Safety  
Performance**

**Overview,  
Historical  
Performance &  
Capabilities**

**Order Book and  
Market Prospects**

**Key Investment  
Margins &  
Aspirations**

**Market Concerns**

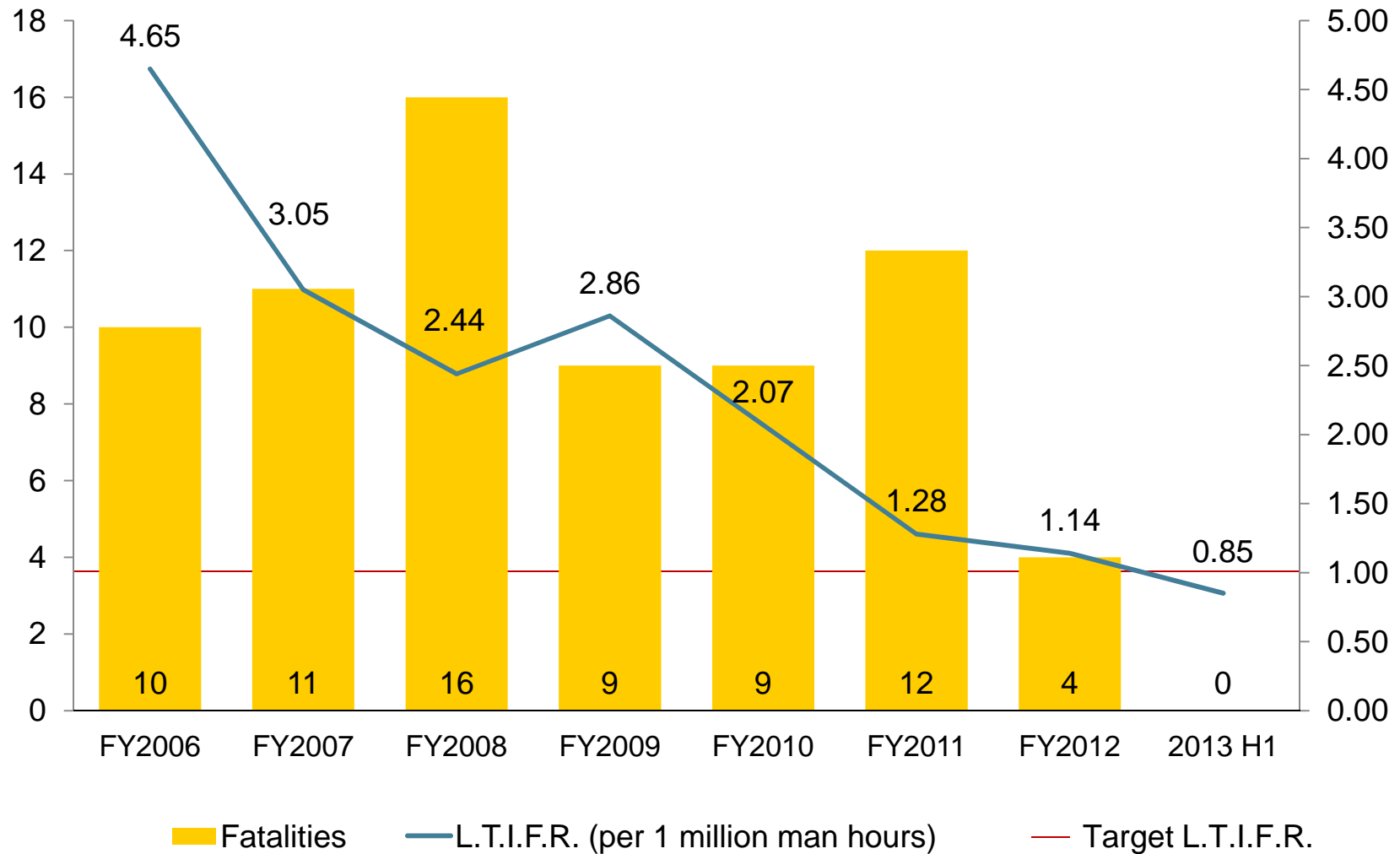
**Strategy  
Phase 1 : FY12**

**Strategy  
Phase 2 : FY13/14**

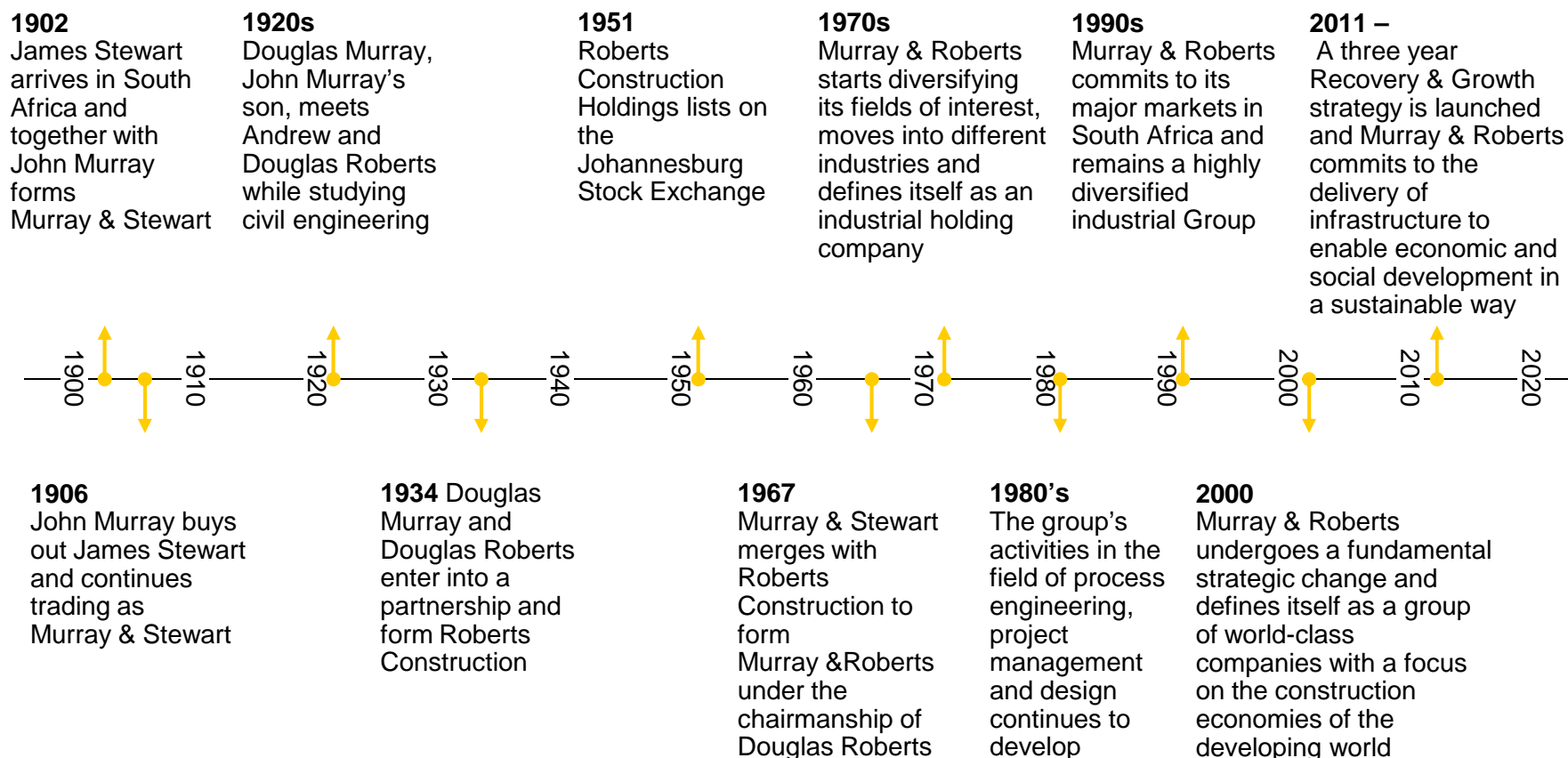
**Strategy  
Phase 3 : FY15  
and Beyond**

# SAFETY PERFORMANCE

SIX MONTHS TO 31 DECEMBER 2012

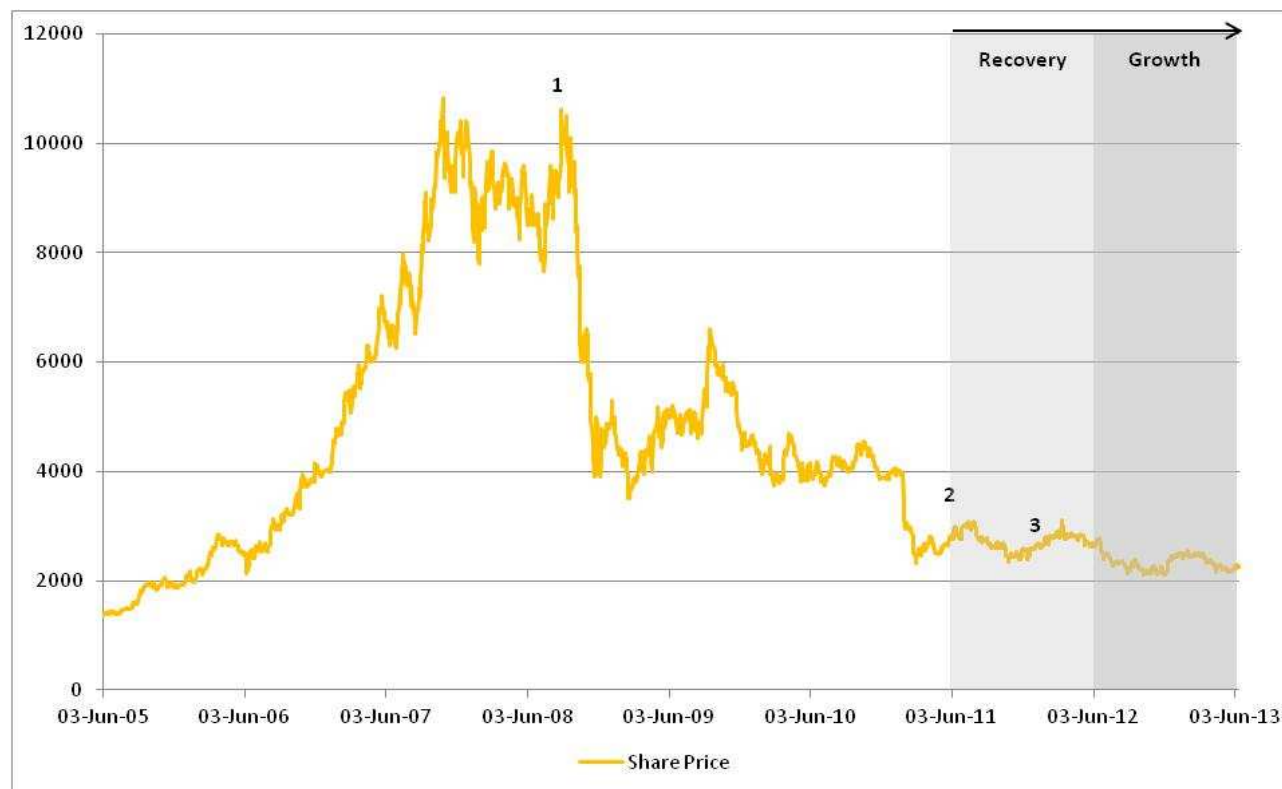


## 1902 TO PRESENT – A PROUD HERITAGE



# HISTORICAL PERFORMANCE

## MARKET VOLATILITY



1 – Global Financial Crisis

2 – New Leadership

3 – Rights Issue

- **>2005** - The Group experienced significant growth in its order book and share price up until the Global Financial Crisis
- **2009** - Deepening GFC brings volatility to the Group's order book (down 27% YoY), impacting capital projects, primarily in Dubai and the global commodity resources sector
- **>2009** - Post-GFC the Group encountered significant challenges mainly on three major projects: Gautrain Rapid Rail, Dubai International Airport and GPMOF, highlighting profitability and liquidity concerns
- **2011** - New Group leadership is appointed and a three year Recovery & Growth plan is developed

## OUR CAPABILITIES

DELIVERED THROUGH FOUR OPERATING PLATFORMS

OUR CORE COMPETENCE IS ENGINEERING AND CONSTRUCTION

	Companies	Geography	Segments	Value chain	Contracts
<b>Construction Africa and Middle East</b>	<ul style="list-style-type: none"> <li>• MUR Construction</li> <li>• MUR Marine</li> <li>• MUR Middle East</li> <li>• Concessions</li> <li>• Tolcon</li> </ul>	<ul style="list-style-type: none"> <li>• REGIONAL</li> <li>- Africa</li> <li>- Middle East</li> </ul>	<ul style="list-style-type: none"> <li>• Metals &amp; Minerals(surface)</li> <li>• Energy,Industrial</li> <li>• Infrastructure</li> <li>• Building</li> </ul>	<ul style="list-style-type: none"> <li>• Project Dev. &amp; Design</li> <li>• Planning and Eng.</li> <li>• Construction works</li> <li>• Operations</li> <li>• Maintenance</li> </ul>	<b>104</b>
<b>Engineering Africa</b>	<ul style="list-style-type: none"> <li>• MUR Projects</li> <li>• Wade Walker</li> <li>• Concor Engineering</li> <li>• Genrec</li> </ul>	<ul style="list-style-type: none"> <li>• REGIONAL</li> <li>- Africa</li> </ul>	<ul style="list-style-type: none"> <li>• Metals &amp; Minerals</li> <li>• Energy (Oil &amp; Gas, Power)</li> <li>• Industrial</li> </ul>	<ul style="list-style-type: none"> <li>• Project Dev. &amp; Design</li> <li>• Planning and Eng.</li> <li>• Construction works</li> <li>• Maintenance</li> </ul>	<b>67</b>
<b>Construction Global Underground Mining</b>	<ul style="list-style-type: none"> <li>• MUR Cementation</li> <li>• Cementation Canada</li> <li>• RUC Cementation</li> <li>• Cementation Sud Am.</li> </ul>	<ul style="list-style-type: none"> <li>• INTERNATIONAL</li> <li>- Africa</li> <li>- South East Asia</li> <li>- Australasia</li> <li>- Americas</li> </ul>	<ul style="list-style-type: none"> <li>• Metals &amp; Minerals</li> </ul>	<ul style="list-style-type: none"> <li>• Project Dev. &amp; Design</li> <li>• Planning and Eng.</li> <li>• Construction works</li> <li>• Operations</li> </ul>	<b>67</b>
<b>Construction Australasia Oil &amp; Gas and Minerals</b>	<ul style="list-style-type: none"> <li>• Clough</li> </ul>	<ul style="list-style-type: none"> <li>• INTERNATIONAL</li> <li>- Australasia</li> <li>- South East Asia</li> <li>- Africa</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial</li> <li>• Metals &amp; Minerals(surface)</li> <li>• Energy (Oil &amp; Gas)</li> </ul>	<ul style="list-style-type: none"> <li>• Project Dev. &amp; Design</li> <li>• Planning and Eng.</li> <li>• Construction works</li> <li>• Maintenance</li> </ul>	<b>59</b>

Contracts: As at April 2013

## Construction Africa and Middle East (Regional Platform)



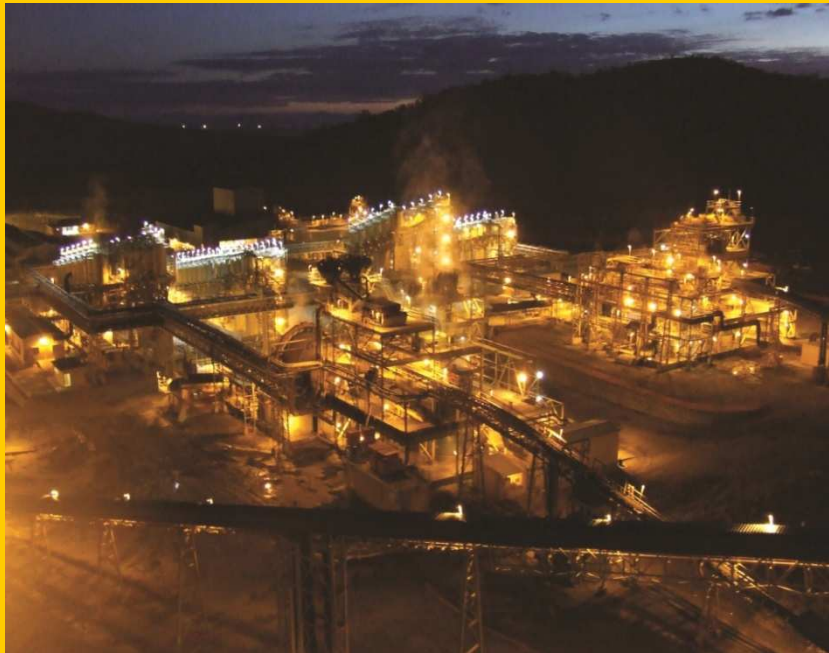
- **Project:** Portside
- **Location:** Cape Town, South Africa
- **Client:** Eris Property Group and Old Mutual Property
- **Capability:** Building a AAA-grade commercial office tower which will be Cape Town's tallest building



- **Project:** Medupi Power Station
- **Location:** Lephalale, South Africa
- **Client:** Eskom and Hitachi Power Africa
- **Capability:** Power generation – mechanical, electrical and civil construction, structural steel fabrication, erection and mechanical installation



## Engineering Africa (Regional Platform)



- **Project:** Pilanesberg Platinum Concentrator
- **Location:** Pilanesberg, South Africa
- **Client:** Boynton Investments (DRA Mineral Projects)
- **Capability:** Detailing, supply, erection of structural steelwork, platework sheeting, installation of free issue mechanicals and commissioning



- **Project:** Hillendale to Fairbreeze Relocation
- **Location:** KwaZulu-Natal, South Africa
- **Client:** Exxaro
- **Capability:** Pre-feasibility and feasibility studies, detailed logistics, plant layout and engineering, complete new electrical and instrumentation design



## Construction Global Underground Mining (International Platform)



- **Project:** Diavik Diamond Mine
- **Location:** Northwest Territories, Canada
- **Client:** Diavik Diamond Mines Inc.
- **Capability:** Underground decline and drift development



- **Project:** Picadilly Project
- **Location:** New Brunswick, Canada
- **Client:** PotashCorp
- **Capability:** Shaft surface plant, construction management of surface facilities and engineering and sinking of two 5.5 m diameter shafts

## Construction Australasia Oil & Gas and Minerals (International Platform)



- **Project:** Gorgon Downstream LNG
- **Location:** Barrow Island, Western Australia
- **Client:** Kellogg Joint Venture Gorgon (KJVG)
- **Capability:** Front End Engineering Design (FEED), Engineering, Procurement and Construction Management (EPCM)



- **Project:** Pluto LNG Jetty
- **Location:** Karratha, Western Australia
- **Client:** Woodside Energy Limited
- **Capability:** Construction of 300m approach LNG jetty berth, includes a 40 x 50m platform, breasting and mooring dolphins and navigational aids

# ORDER BOOK







## PER PLATFORM WITH TIME DISTRIBUTION

### SIX MONTHS TO 31 DECEMBER 2012

	Order book % split		Order book Rbn		Order book Rbn FY Time Distribution		
	SADC	Int.	Dec 2012	Jun 2012			
Construction Africa and Middle East	80	20	8.6	9.0	2013	3.2	
					2014	4.6	
					>2014	0.8	
Construction Global Underground Mining	50	50	9.1	8.8	2013	2.9	
					2014	3.4	
					>2014	2.8	
Construction Australasia Oil & Gas and Minerals	0	100	22.0	19.4	2013	6.1	
					2014	9.0	
					>2014	6.9	
Engineering Africa	100	0	7.7	6.8	2013	2.1	
					2014	2.9	
					>2014	2.7	
Construction Products Africa	100	0	0.9	1.3	2013	0.5	
					2014	0.4	
					>2014	0	
	40	60	48.3	45.3	2013: R14.8bn	2014: R20.3bn	>2014: R13.2bn

<b>Construction Africa and Middle East</b>	<ul style="list-style-type: none"> <li>• Will in the short term be marginally profitable</li> <li>• Participation in SA Government's major infrastructure development programme (roads, dams, power stations, railway lines, sea ports, schools and hospitals)</li> <li>• Well positioned to take advantage of infrastructure opportunities in South Africa and the rest of Africa (private clients)</li> </ul>
<b>Construction Global Underground Mining</b>	<ul style="list-style-type: none"> <li>• SA mining industry suffered increased industrial action</li> <li>• Ongoing commodity price volatility has increased demand uncertainty</li> <li>• Despite short to medium term uncertainty, long term commodity demand from industrialised countries is projected to increase</li> <li>• Based on the commodities outlook will target projects in Copper, Platinum, Gold and Coal sectors</li> <li>• Cementation Africa awarded its single largest project by De Beers valued at &gt;R8 billion (Venetia - not included in December 2012 order book)</li> <li>• Growth in underground mining expected in Australia and Asia Pacific region, as well as in North America, Africa and South America in the medium to long term</li> </ul>
<b>Construction Australasia Oil &amp; Gas and Minerals</b>	<ul style="list-style-type: none"> <li>• Murray &amp; Roberts has a 62% shareholding in Clough</li> <li>• Strong LNG project capital spend in Australia to continue for at least the next two years</li> <li>• Significant ongoing capital spend expected in LNG plant asset support and maintenance for which Clough is very well positioned – a new opportunity</li> <li>• Minimum EBIT margin (ex Forge) FY13 and FY14: 5.5%</li> <li>• Longer term EBIT margin target: 7%</li> </ul>
<b>Engineering Africa</b>	<ul style="list-style-type: none"> <li>• Focus on engineering and construction opportunities (petrochemical, power, oil &amp; gas, metals &amp; minerals and industrial) in Sub-Saharan Africa</li> <li>• Established a presence in the water sector – good opportunity</li> <li>• Power programme order book (Medupi &amp; Kusile) has performed well</li> </ul>

## PERFORMANCE AGAINST KEY INVESTMENT MARGINS AND ASPIRATIONS

Criteria	Method	Range	
Margin	$\frac{\text{EBIT}}{\text{Revenue}}$	5% - 7.5%	
Gearing	$\frac{\text{Total Interest Bearing Debt}}{\text{Ordinary Shareholders Equity}}$	20% - 25%	
Return on Equity (ROE)	$\frac{\text{Net Profit Attributable to Ordinary Shareholders}}{\text{Average Ordinary Shareholders Equity}}$	17.5% through cycle	
Return on Invested Capital Employed (ROICE)	$\frac{(\text{Taxed EBIT} + \text{Income from Associates})}{\text{Total Capital Employed}^*}$	WACC plus 3% - 4%	
Free Cash Flow Per Share	$\frac{\text{Operating Cash Flow} - \text{CAPEX} + \text{Proceeds on disposal of PPE}}{\text{Number of shares}}$	Cash Positive	
Return on Net Assets (RONA)	$\frac{\text{Taxed EBIT} + \text{Income from Associates}}{\text{Total Net Assets (Excl Tax and Cash)}}$	18% after Taxed EBIT	
Total Shareholders Return (TSHR)	$\frac{(\text{Increase in share price year on year} + \text{Dividend per share})}{\text{Share price (PY)}}$	Relative to others	TBD

For FY2013



## MARKET CONCERNS

### MITIGATION PLANS WELL MANAGED

<b>South African Operations</b>	<ul style="list-style-type: none"> <li>• In the short term marginally profitable</li> </ul>
<b>Competition Commission</b>	<ul style="list-style-type: none"> <li>• Fine quantum (end June 2013) and the threat of potential civil claims (?)</li> </ul>
<b>Major Claims</b>	<ul style="list-style-type: none"> <li>• Slow resolution of claims and uncertainty about recoverability of R1.8bn uncertified revenues (Gautrain, Dubai Airport and GPMOF – Dec 2015)</li> </ul>
<b>Gautrain Water Ingress</b>	<ul style="list-style-type: none"> <li>• Risk of potential future cost to address water ingress issue (8 Nov 2013)</li> </ul>
<b>South African Labour Situation</b>	<ul style="list-style-type: none"> <li>• Impact of increasing deterioration of labour situation in South Africa – exposure on major power projects</li> </ul>
<b>DSE Claim</b>	<ul style="list-style-type: none"> <li>• Uncertainty about the potential financial impact of Aveng's DSE claim against Genrec ( no risk to MUR - Hitachi liability, not MUR)</li> </ul>
<b>MUR Investment Case</b>	<ul style="list-style-type: none"> <li>• Clarity regarding Strategy and Investment Case</li> </ul>



## **3 PHASES TO GROUP'S RECOVERY & GROWTH STRATEGY**

### **Phase 1 – FY2012 – The Recovery year**

- **No structural strategic changes**
- Group alignment – **Purpose, values & vision**
- **New structures:** company and management
- Address **liquidity challenge**
- Operational **performance and culture** shift
- Develop a **growth strategy**

### **Phase 2 – FY2013/14 – The two growth years**

- Return to **profitability and resume dividend payments** – enhancing **shareholder value**
- Deliver **operational, risk and contract management** excellence
- Selective **market segment re-positioning** in support of long term growth objective
- **Construction and Engineering** focus
- Increase **offshore revenue base** in support of long term growth objective
- Enhance **attraction, retention, performance and diversity** of our people
- Develop the **New Strategic Future** plan

### **Phase 3 – FY2015 and beyond – A New Strategic Future**

- Implement the **new strategic future**

## **STRATEGY PHASE 1 : FY 2012**

### **THE RECOVERY YEAR & CURRENT FAMILY PORTRAIT**

*During the Recovery Year Murray & Roberts has defined its position in the market with a 'Family Portrait' which includes 5 operating platforms*

A Group of world class companies and brands aligned to the same purpose and vision, and guided by the same set of values with a common owner, Murray & Roberts Holdings Ltd

**Stop.Think.Act.24/7: Safety first in everything we do**

**Construction Africa  
and Middle East**

**Construction Global  
Underground Mining**

**Construction  
Australasia Oil &  
Gas and Minerals**

**Engineering  
Africa**

**Construction  
Products Africa**

#### **Murray & Roberts Values**

- Integrity
- Respect
- Care
- Accountability
- Commitment

#### **Murray & Roberts Purpose**

**Delivery of infrastructure to enable economic and social development in a sustainable way**

#### **Murray & Roberts Vision**

**By 2020 we will be the leading diversified engineering and construction group**


- in the global underground mining market, and
- selected emerging market natural resources and infrastructure sectors

**Continue to build on Phase 1, implement Phase 2 and develop Phase 3**

**Phase 2 is primarily about disposals and acquisitions with the objective to**

- Enhance shareholder value and resume dividend payments
- Return focus to core competence of Engineering and Construction
- Align portfolio of subsidiary companies with identified growth sectors; focus on energy (oil & gas, power) and mining (metals & minerals)

**First, disposals to be concluded**

- |                  |  |                                  |   |
|------------------|--|----------------------------------|---|
| • Steel business |   | • Construction Products Platform |  |
| • UCW            |   | • Clough's investment in Forge   |  |
| • Project X      |  |                                  |   |

**Then, acquisitions to be made**

- Project Y
- Engineering business in Australia
- Offshore mining contracting company

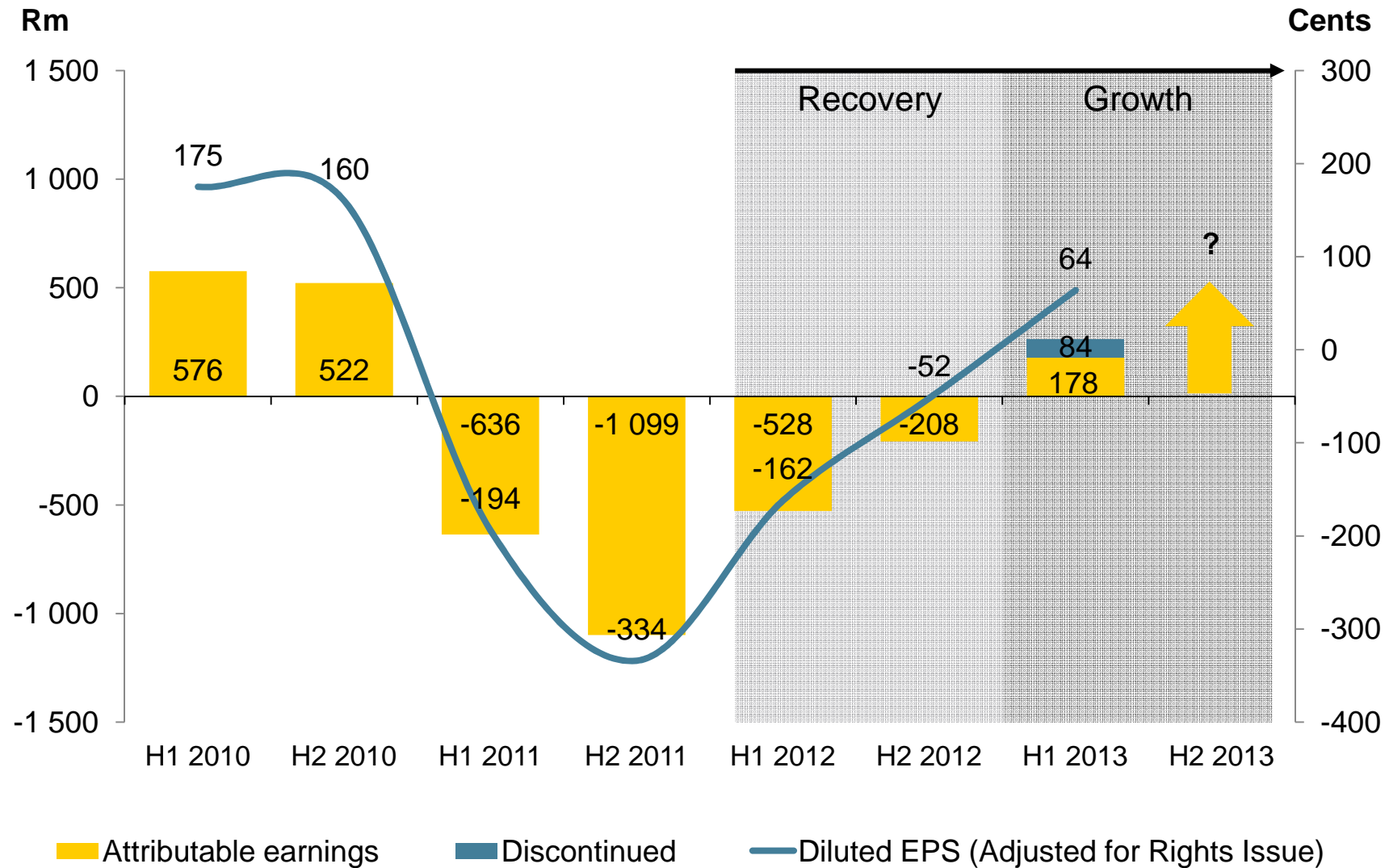
## STRATEGY PHASE 2 : FY 2013/14

STRATEGIC OBJECTIVES - ALL IN PROGRESS

• Enhance shareholder value – rerating and growth beyond	
• Resume dividend payments	
• Selective market segment re-positioning in support of long term growth objective	
• Increase offshore revenue base in support of long term growth objective	
• Deliver operational, risk and contractual management excellence	
• Enhance the attraction, retention, performance and diversity of our people	

## STRATEGY PHASE 2 : FY 2013/14

### RETURN TO PROFITABILITY EARNINGS TREND



## **STRATEGY PHASE 2 : FY 2013/14**

**AT THE END OF THE GROWTH PHASE**

*Murray & Roberts will have re-defined its position in the market with a  
‘Family Portrait’ which reflects only 4 operating platforms*

**A Group of world class companies and brands aligned to the same purpose and vision, and  
guided by the same set of values with a common owner, Murray & Roberts Holdings Ltd**

**Stop.Think.Act.24/7: Safety first in everything we do**

**Construction Africa and  
Middle East**

**Engineering  
Africa**

**Construction Global  
Underground Mining**

**Construction Australasia  
Oil & Gas and Minerals**

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## **STRATEGY PHASE 3 : FY 2015 AND BEYOND**

### **IMPLICATIONS FOR THE NEW STRATEGIC FUTURE**

A business with **increasing international focus**

Group to be restructured accordingly - mainly in an **international structure** and a **regional structure**

Focus on **4 strategic platforms**

- **Regional** : Construction Africa & Middle East; Engineering Africa
- **International** : Construction Global Underground Mining; Construction Australasia Oil & Gas and Minerals

Primary **Growth initiatives**

- **Regional** : Market consolidation and organic
- **International** : Strategic Acquisitions and organic

Expecting **EBIT** from **international platforms** to **grow faster** than EBIT from regional platforms

MUR – a **leading international engineering and construction Group** of companies focussing on selected market sectors underpinned by **emerging market** demand, presenting **growth and long term value to shareholders**



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