MURRAY & ROBERTS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1948/029826/06
JSE Share Code: MUR
ADR Code: MURZY
ISIN: ZAE000073441
("Murray & Roberts" the "Group" or the "Company")

BUSINESS UPDATE & TRADING STATEMENT

Stakeholders are referred to the previous COVID-19 market updates published by the Group on SENS during March and April 2020.

PROJECT PORTFOLIO UPDATE

The Group's global portfolio of projects experienced a significant impact as a result of the restrictions implemented to limit the spread of COVID-19. Few projects continued with little or no disruption, with the suspension of certain projects and others placed on care and maintenance. Where projects were able to operate, measures were implemented to safeguard employees as far as possible from exposure to the virus. Currently, the majority of the Group's projects are again operational and ramping up to pre-restriction production levels.

Support from clients has varied from compensation for costs incurred and time lost, to only allowing extensions of time for the delay as a result of COVID-19 regulations. It is expected that the commercial close out of all COVID-19 related impacts will take some time and only after some level of normality has returned.

The current status of project activity is as follows:

- **Underground Mining platform** - Projects in Australasia are operational, although restrictions on the movement of people continue to impact progress. The Oyu Tolgoi shaft sinking project in Mongolia is still on lockdown. In the Americas, most projects are now operational. In South Africa, projects are now operating at 50% of capacity under the current Level 4 restrictions and will return to full production levels under Level 3 restrictions. In Zambia, Glencore has terminated all contracts with its contractors, including its Mufulira contract with Murray & Roberts.

- **Oil & Gas platform** - Projects in Australasia are all operational, although modified work rosters and supply chain constraints are impacting progress and efficiencies. In the USA and Canada, works on projects are continuing, albeit at limited capacities due to supply chain constraints.

- **Power & Water platform** - Most projects are now operational, and OptiPower's projects on the renewable energy sites were permitted to resume work on 20 May 2020.

The **Gautrain** is operating at limited capacity in accordance with the South African lockdown regulations. Ridership is low and the duration that ridership will be impacted by these regulations is uncertain.

Globally, most office-based employees who are able to do so, continue to work remotely and efficiently. The Group continues to focus on the safety and well-being of all its people and ensuring the long-term sustainability of the business.

The Group has several tenders under adjudication and believes clients will go ahead with the award of many, if not most of these projects. Some awards may be delayed, as clients are considering the effects of COVID-19 on their investment decisions. However, the Group's strong order book is expected to provide a good platform for future performance.

As at 31 March 2020, the Group recorded a significant order book of some R51,5 billion (December 2019: R50,8 billion), with near orders of around R6,6 billion (December 2019: R6,4 billion) and an opportunity pipeline of around R721,1 billion (December 2019: R667,7 billion).

While current market conditions continue to impact the Group adversely, the growth outlook in the Group's performance is encouraging, especially as from FY2022.

OPERATIONAL UPDATE

UNDERGROUND MINING PLATFORM

COVID-19 has had an adverse impact on demand for commodities, and producers may delay capital investment decisions. This impact is expected to extend into FY2021, however growth is forecast for FY2022 and FY2023.

The platform continues to increase its market share and to expand into new regions, and is focused on effective project delivery and to increase the relative contribution of its contract mining business.

Integration into the regional Americas mining businesses of Terra Nova Technologies ("TNT"), the international provider of above and underground material handling solutions, acquired in the previous financial year, is complete. Good opportunities exist to expand TNT's services to other mining territories, such as Africa and Australasia, where the Underground Mining platform is well established.

Platform leadership is making good progress with the implementation of digital mine automation solutions, which are expected to create a leading advantage in underground mining in the near to medium term.

The platform order book as at end-March 2020 was some R18 billion (June 2019: R22,8 billion; December 2019: R19,6 billion).

OIL & GAS PLATFORM

A large number of new oil and gas projects were being planned globally, but are expected to be delayed due to current oil price weakness. The depressed situation is likely to recover in line with the pace of the post COVID-19 economic recovery. Natural gas, renewable energy and hydro power are expected to increase as a percentage of the primary energy market, and combination power generation facilities are predicted to dominate future gas and renewable energy projects. Addressable gas opportunities, however, remain limited in the near term.

The business platform has implemented a regional management structure (Asia-Pacific, EMEA and Americas), similar to the well performing Underground Mining platform structure. The platform has successfully positioned its business for strong and growing resources and infrastructure markets in Australia, which provides substantial opportunity to the platform. Annual spend on road and rail infrastructure is forecast to rise from AU$15 billion to AU$22 billion over the next four years, whilst water treatment, desalination plant and dam remediation projects also offer niche market opportunities.

Engineering and procurement services are progressing on the multi-billion rand Snowy Hydro (Australia) and Next Wave (USA) projects. Over and above the COVID-19 impact, platform results for the current financial year will be impacted by losses incurred on the BHP NPI project in Australia and the now completed Enterprise project in the USA, which was taken over by Clough USA as part of the acquisition of Saulsbury's engineering, procurement and construction ("EPC") business, acquired in the previous financial year. Commercial processes are underway to settle claims on both these projects.

The platform order book as at end-March 2020 was some R32,9 billion (June 2019: R23,1 billion; December 2019: R30,5 billion).

POWER & WATER PLATFORM

The business platform is experiencing a lack of work in South Africa as there have been no new project developments of scale in recent years following the Medupi and Kusile power projects. Structural reforms and policy certainty have been established through the issuing of the Integrated Resource Plan 2050 and Round 5 of the Renewable Energy Independent Power Producer Procurement Programme, although the timing of the underlying projects remains uncertain.

The power transmission and distribution sector in both South Africa and sub-Saharan Africa presents a large pipeline of prospects. OptiPower, acquired in the current financial year, is well positioned to take advantage of these opportunities.

The business platform has been awarded the Athlone wastewater project in Cape Town, and continues to focus its efforts on securing additional work out of the City of Cape Town's water resilience pipeline of projects. The successful performance of the Organica wastewater treatment demonstration plant at Verulam has positioned this technology favourably in the local market, with an in-principle agreement to relocate the facility to the V&A Waterfront.

Mozambique LNG Area 1 project has entered its execution phase, presenting the largest opportunity to the platform. The main EPC contractors have been appointed and the business platform is well positioned to respond to tenders for selected work packages. The first awards are expected towards the end of FY2021.

The platform order book as at end-March 2020 was some R0,6 billion (June 2019: R0,9 billion; December 2019: R0,6 billion).

MIDDLE EAST (Discontinued operation)

The business in the Middle East was classified as a discontinued operation during the current financial year. A concerted effort to close all outstanding commercial matters continues. The two remaining significant matters to be settled are the commercial close-out of the Dubai International Airport project and the Shaikh Shakhbout Medical City (Mafraq Hospital) project in Abu Dhabi. It is expected that final commercial outcomes will support the Group's adopted accounting position.

BALANCE SHEET AND LIQUIDITY

The Group entered this COVID-19 period of disruption and uncertainty with a strong balance sheet and took early action to preserve its financial position. Prudent cash and working capital management initiatives were implemented across the Group and no clients have defaulted on payments due to the COVID-19 impact.

The Group's liquidity position remains strong. At the end of March 2020, the Group had in excess of R1,7 billion of cash available and R1,1 billion of unutilised credit facilities, and a robust balance sheet with a net asset value of circa R5,6 billion (R13 per share).

The Group does not anticipate the need to seek covenant relief on its banking facilities in the short to medium term and enjoys ongoing commitment and support from its funding providers. There has also been no need to raise further facilities since the outbreak of the COVID-19 pandemic.

TRADING STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

In accordance with paragraph 3.4(b) of the Listings Requirements of the JSE, a company is required to publish a trading statement as soon as it is satisfied, with a reasonable degree of certainty that the financial results for the next period to be reported on are likely to vary by at least 20% from the previous corresponding period.

Murray & Roberts advises stakeholders that its annual financial results for the year ending 30 June 2020 are expected to show considerably more than a 20% deterioration in total diluted and basic earnings per share ("EPS") and total headline earnings per share ("HEPS") respectively, when compared to total

HEPS of 78 cents (diluted) & 80 cents (basic) and total EPS of 83 cents (diluted) & 85 cents (basic) reported for the previous corresponding period ended 30 June 2019. The Company is expecting to report a profit at an attributable earnings level for the year to 30 June 2020. Looking ahead, FY2021 is expected to be a tale of two halves, with FY2021 H1 to continue experiencing the effects from the COVID-19 impact and FY2021 H2 delivering a much stronger earnings response, supported by the current order book.

Stakeholders are advised that a further trading statement will be released on SENS as soon as there is a reasonable degree of certainty as to the likely range of the Company's EPS and HEPS.

The information contained in this announcement has not been reviewed and reported on by Murray & Roberts' external auditors.

Bedfordview

25 May 2020

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The Standard Bank of South Africa Limited