

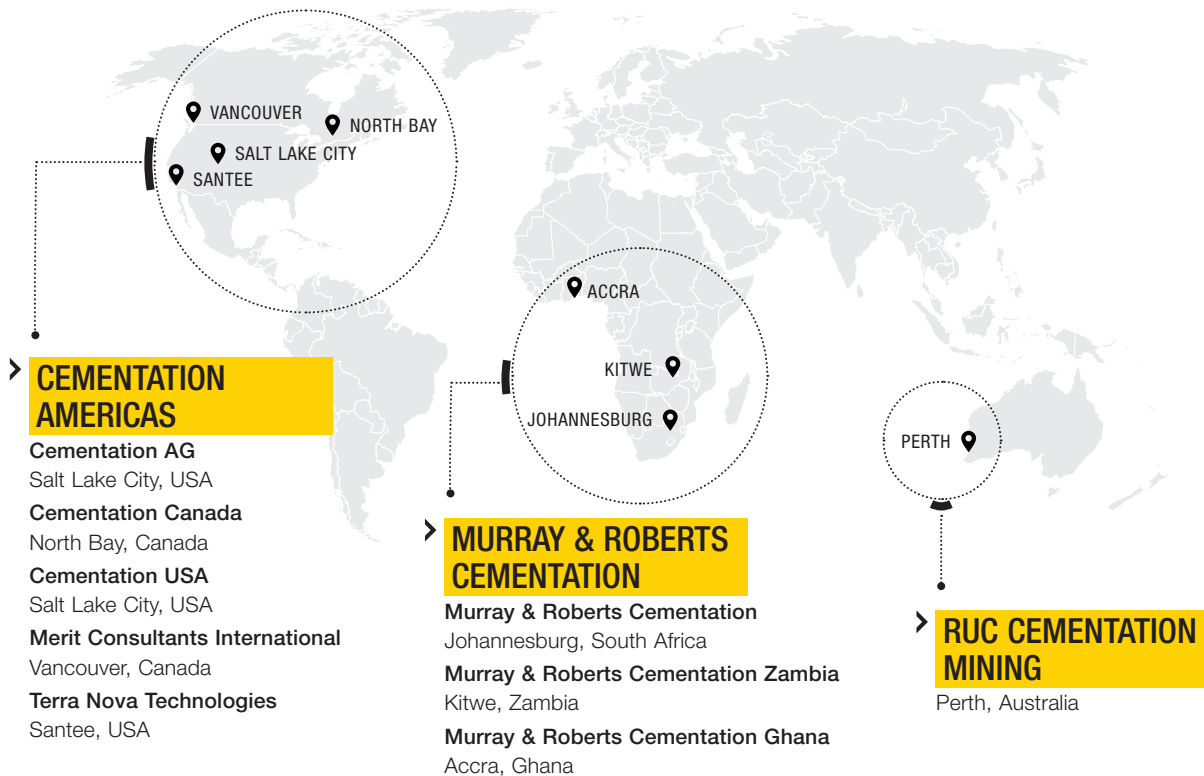
MINING



MIKE DA COSTA
Platform CEO

The platform was renamed to reflect the Group's consideration of its service offering extension into the open pit mining sector. The platform operates globally and its services span the project life cycle, including feasibility studies, specialist engineering, vertical and decline shaft construction, mine development, specialist mining services such as raise boring and grouting, underground construction, contract mining and material handling solutions.

THE PLATFORM'S BUSINESSES:



AS ONE OF THE LARGEST UNDERGROUND MINING CONTRACTORS IN THE WORLD, THE PLATFORM HAS SIGNIFICANT MARKET SHARES IN THE JURISDICTIONS IN WHICH IT OPERATES.



OVERVIEW

The platform is currently engaged on projects in Australia, Indonesia, Mongolia, Kazakhstan, South Africa, sub-Saharan Africa, Canada, USA, Mexico and Chile. These include 15 shaft sinking, equipping and shaft rehabilitation projects, 10 decline shaft and mine development projects, 10 production mining projects, 24 support and construction projects, and nine major ore handling infrastructure construction projects. From a total fleet of 52 raise drilling machines, 33 are currently deployed globally on projects.

The severe disruption to the world economy caused by COVID-19, and the measures taken in response to the pandemic, hit the global mining industry hard. In most jurisdictions, mining operations were forced to shut down to meet regulations aimed at curbing the spread of the virus.

The pandemic-related interruption to some of our projects affected the platform's FY2020 performance. Despite this setback, the platform achieved an acceptable financial result for the year. Consensus among most market analysts is that the world economy will begin to recover in late 2020 and into 2021, with a corresponding recovery in commodity prices. Most mining companies have robust balance sheets, and should continue with their planned capital investment programmes. The platform has had few COVID-19 related project cancellations and its order book is robust, with a strong pipeline of near orders. Tender departments in all businesses remained busy throughout the year.

PERFORMANCE

The platform delivered a commendable result considering the R206 million COVID-19 profit impact. Revenue increased to R12,0 billion (FY2019: R10,9 billion) and operating profit decreased to R630 million (FY2019: R814 million). The order book decreased to R19,4 billion (FY2019: R22,8 billion), but is supported by a significant project pipeline.

As a leader in the international underground mining contracting market the platform has been able to navigate this challenging environment better than many of our competitors, allowing us to grow our market share. The platform's operating model, of three fairly autonomous regional businesses, has been an advantage as the limitations to the movement of people and interruptions to international supply chains have had less of an impact.

At the FY2020 half year, the platform's revenue and earnings were in line with the comparative period last year. In early January 2020, COVID-19 related disruptions impacted the platform's performance in the second half of the year. The value of the order book was also reduced compared to the end of the prior financial year, mainly due to a decline in orders in Cementation Americas. Given our confidence that significant near orders will be secured, we expect the value of the order book to increase during the first quarter of FY2021.

The platform's businesses experienced varying impacts of COVID-19 largely due to the containment measures imposed by clients and the countries in which they operate.

CEMENTATION AMERICAS

The business delivered an outstanding performance for the year, notwithstanding the impact of COVID-19 and the unexpected loss of two major contracts. Thirteen projects were either curtailed or suspended for up to three months, as clients acted

to limit the spread of the virus among employees and neighbouring communities. The business responded with various initiatives to minimise costs and manage cash.

Losing the Kirkland Lake Gold, Macassa #4 Shaft sinking project early in the financial year, after the client decided to self-perform the work, and the loss of Nevada Copper's Pumpkin Hollow project, midway through the financial year, constrained revenue and earnings as well as order book growth. The replenishment of the order book remains a high priority for this management team.

MURRAY & ROBERTS CEMENTATION

The business performed exceptionally well, considering the difficult operating environment in Southern Africa, which was compounded by the impact of COVID-19. The strict lockdown in South Africa from the end of March closed the mining industry for four weeks, after which restrictions were eased to allow mines to operate at half capacity. Further easing at the beginning of June saw mines resume full operations. Many clients invoked Force Majeure in their contractual obligations and did not compensate contractors for any costs incurred during the period that work was suspended. The Group's decision to support employees by paying them in full during the lockdown also affected revenue and earnings.

Adding to the COVID-19 impact, a major contract for Glencore's Mopani Copper Mining Company in Zambia was cancelled during March, with the client placing the operation in care and maintenance.

Order book value was in line with the end of FY2019 and is expected to strengthen with significant near orders that should convert to orders in the near term.

MINING *continued*

RUC CEMENTATION MINING

The business had a difficult year. The shaft sinking project at Oyu Tolgoi in Mongolia suffered a number of delays, with commencement of shaft sinking work impacted by pre-sinking construction work falling behind schedule in the first half of the year. Further delays came as Mongolian borders closed in early January 2020. The shutdown significantly disrupted the movement of people and supply chains, with most equipment and fabricated infrastructure supplied from China. This forced the client to place the project in care and maintenance. With restrictions still in place, it is uncertain when the project will restart.

Underperformance on a contract in Australia also weighed on performance. All projects in Australia were able to operate with limited COVID-19 related disruptions. The Freeport project in Indonesia remained open and has continued to deliver good results, despite travel restrictions.

The order book value was maintained at a similar level to the end of the previous financial year.

BUSINESS MODEL RESILIENCE

The platform's operating model empowers the respective management teams to execute their mandates, based on a deep understanding of their regional markets, mining cultures, and local networks.

To build on the successes already achieved, the platform will focus on two primary objectives: driving growth, and deepening *Engineered Excellence*.

DRIVING GROWTH

Organic and acquisitive means will be required to sustainably grow platform earnings.

Plans for organic growth include:

- Increasing market share in regions where the platform currently operates;
- Expanding existing businesses into new regions, specifically Mexico, Chile, Peru, Africa (outside of South Africa and Zambia), and Kazakhstan;
- Achieving a higher proportion of contract mining in the project portfolio; and
- Improving project delivery and margins.

Acquisitive growth will need to satisfy the following measures:

- Diversify the platform's services into open pit mining;
- Significantly increase the proportion of contract mining in the project portfolio;
- Potential to expand into new regions; and
- Significantly increase the platform's earnings profile.

CONTRACTOR OF CHOICE

ENGINEERED EXCELLENCE

Engineered Excellence demands that we strive for excellence in everything that we do. Deliberate planning, measurement and control is required to be widely recognised as a contractor of choice in our market sector.

Over the next year, the platform will focus on improving excellence in:

Safety and risk management

- Improving risk assessment processes and higher-level controls;
- Strengthening the CRM programme to improve critical risk management and reporting, and more proactive responses to safety challenges; and
- Reducing people/process interaction through mechanisation, remote control and automation.

Productivity levels

- Sharpening accuracy of execution;
- Improving daily, short-term and medium-term planning;
- Applying short interval control systems for more effective and timely responses to process interruptions;
- Maximising the 24-hour day through remote control and automation; and
- Improving equipment availability and utilisation.

Asset performance

- Tracking equipment movements underground in real time;
- Monitoring fixed and mobile equipment operating data to improve performance and eliminate wastage;
- Condition monitoring of major components on mobile and fixed equipment to support a predictive maintenance philosophy; and
- Improving maintenance practices.

Strategic procurement

- Building a consolidated global procurement database;
- Identifying opportunities for global supply contracts with better terms than those secured on a regional basis; and
- Exploring alternative asset ownership models that allow better leverage of global spending power and reduce the drag on working capital of idle equipment.

Management information

- Consolidating a database of management information for the platform;
- Benchmarking performance internally and externally; and
- KPI reporting on all major projects, to provide more granular and accurate visibility of project performance at platform level.

PROJECT DELIVERY

Murray & Roberts Cementation has a formal Project Management Assurance Framework that ensures management and control of each project phase. It formalises a gated process that does not allow project progression, unless all requirements of the preceding phase

are met and permission has been obtained to proceed to the next phase. The framework specifies five phases: tendering; start-up; planning; execution; and close-out of projects. The introduction of a similar framework to Cementation Americas and RUC Cementation Mining will be explored during FY2021.

CEMENTATION AMERICAS



GLENCORE: ONAPING DEPTH SHAFT

The project scope involves the detailed design and construction of headworks, sinking plant, permanent hoisting plant, shaft, furnishings and conveyances. A sub-vertical shaft, with collar elevation at 1 150m below surface, will be sunk to a depth of 1 480m below collar. The project is on schedule, with the pre-sink completed. Assembly of the hoists is nearing completion, with the construction and commissioning of the stage almost complete. The headgear and sheave deck are under construction.



ALAMOS GOLD: YOUNG DAVIDSON

The Lower Mine Expansion at the Young Davidson mine was completed in July 2020. Total hoisting capacity will increase to a nominal 8 000 tonnes a day from the 1 500m level, increasing throughput by about 14%. The excavation and construction scope included a shaft loading pocket, including conveyor and ore/waste bins, a loadout system, crushers, rockbreaker station, shaft pentice removal and commissioning of new ropes and skips. This work completed the third leg of the mine hoisting system and culminated in almost 10 consecutive years on site.



RIO TINTO: RESOLUTION COPPER #9 SHAFT

The project scope involves the detailed design of the sinking plant, surface infrastructure, shaft, furnishings and conveyances, as well as the reconditioning and deepening of the shaft to a depth of 2 150m below surface. The project is in the main sinking and construction phase and is on schedule.



LUNDIN: EAGLE MINE

The project scope involves a full-service contract for the life of the mine. The development of a decline ramp to reach a satellite orebody to extend life of mine, has been completed and mining of the new orebody has commenced. This project has been LTI free from inception and consistently delivers around 60 000 tonnes of ore per month, regularly meeting and exceeding the client's expectations.



MINING *continued***➤ MURRAY & ROBERTS CEMENTATION****📍 DE BEERS: VENETIA MINE**

The project scope is to construct the required infrastructure to transition the mine from an open pit to an underground mine. The sinking of two 1 080m deep shafts has been completed. The equipping of the production shaft and shaft infrastructure development is underway. The decline ramp access system has reached the first production level, which is under development.

📍 KALAGADI: MANGANESE MINE

The project scope is to complete ore development, production ramp-up and contract mining for the first five years of operation. Initial challenges required the completion and de-bottlenecking of the existing underground and surface ore handling infrastructure, which delayed the ramp-up of production. However, good progress with the de-bottlenecking will enable project teams to accelerate production.

📍 PALABORA MINING COMPANY: PALABORA MINE

The project scope is to sink a 1 000m deep ventilation shaft. Other than delays due to COVID-19 progress is on schedule. The pre-sink was completed and construction work, ahead of the main shaft sink, is progressing well.

**➤ RUC CEMENTATION MINING****📍 RAMELIUS: EDNA MAY GOLD MINE**

The project scope includes developing a decline shaft, ore development and production mining, as well as mining support services. Work is progressing well with the project team delivering around 50 000 tonnes of ore a month and meeting most monthly KPI targets on a consistent basis.

📍 FREEPORT: OPERATIONS

The project scope entails shaft construction, installation, operation, maintenance and support of rail chutes at Grasberg Block Cave, as well as shaft operation, maintenance and production mining at Big Gossan. Performance on this project site continues to be outstanding with the team consistently exceeding monthly KPI targets.

📍 RIO TINTO: OYU TOLGOI MINE

The scope of work, part of the GCR joint venture contract, is to construct the surface infrastructure, sinking and associated infrastructure for two large-diameter shafts, and an underground crusher and ore flow infrastructure. This project has been severely impacted by the COVID-19 related shutdown, resulting in the client placing the shaft sinking projects on care and maintenance. Shaft 4 sinking infrastructure is complete and commissioned and sinking can begin as soon as work is allowed to resume. Shaft 3 sinking infrastructure construction will resume when the project restarts.



TOWARDS ZERO HARM

Murray & Roberts Cementation has operated for four years and nine months without a fatality, Cementation Americas for five years and six months and RUC Cementation Mining for two years and eight months.

Unfortunately, the LTIFR increased 27% to 1.37 (FY2019: 1.08) and the TRCR deteriorated by 3% to 6.60 (FY2019: 6.41). The biggest contributor to the deterioration in LTIFR was seen in Cementation Americas. A management-led response plan, which focused on increased leadership involvement in safety and risk management on site, resulted in a significant improvement with no LTIs being recorded since February to the end of FY2020.

The platform's safety focus in the year ahead will also include:

- Continuous work to reduce safety risk through comprehensive risk mitigating controls.
- Embedding neuroleadership principles in our leadership training programmes.

COVID-19 remains a significant health risk. Procedures, risk assessments, audits, screening and testing protocols have been developed and implemented.

DIGITALISATION

Progress has been made in developing remote control and automation applications through a collaborative effort between RUC Cementation Mining and InSig Technologies. In the next year, the platform will refine its digital strategy and finalise the roadmap for the next two to three years.

Main focus areas over the next 18 months will be:

- Support InSig Technologies in developing a digital mining platform. The platform will have exclusive access to and use of the related applications, supporting its efforts to improve efficiency and margins. Successful commercialisation of this digital platform is expected to create significant competitive advantage.
- Evolve the Operational Mine Management application into the mining equivalent of a Building Information Modelling application that can be used to significantly improve project control, and more accurate and efficient tendering.
- Create a platform database for management reporting and KPI management.
- Expand the use of virtual and augmented reality in training, constructability reviews and onsite troubleshooting.

The platform is also the sponsor of the Murray & Roberts Research Chair in Industry Leadership 4.0 at the University of Pretoria in South Africa. The objective is to conduct research into the leadership changes needed to accelerate the adoption of new technology in mining practices. The first post graduate students have been enrolled.

EMPLOYER OF CHOICE

LEADERSHIP AND SUCCESSION

We are pleased to welcome back Trevor Naidoo as platform chief financial officer.

Good leadership is critical to *Engineered Excellence*. To this end, each of our businesses have leadership development programmes designed to provide training and coaching. High-performing individuals are identified through a structured performance management process. Those earmarked for succession join the Talent Management Programme, which includes a personal development plan and mentoring relationship with a senior colleague. Their progress is reviewed periodically by a panel of senior executives.

BEST PEOPLE PRACTICES

A Groupwide performance management system is in place. Employees and their managers or supervisors agree on performance contracts and development plans, which are evaluated twice a year and linked to appropriate performance-based rewards.

The recovery in mining activity in Australia and North America over the past few years has led to increased competition for skills in these regions. In Southern Africa, shaft sinking and mechanised mining skills are scarce. These factors, together with the demand for mine owners and contractors to employ from communities in close proximity to mines, make effective training and development essential.

The platform has a strong training and development ethos and its two world-class training facilities, one in South Africa and a recent addition in Mongolia, have been recognised for their significant contribution to skills development in their respective regions. These training centres not only cater for the platform's training needs, but also supply a training service to many of our clients. In South Africa, the training centre also delivers training for learnerships sponsored by the Mining Qualifications Authority.

Employee relations are sound across all businesses. In South Africa, where the workforce is unionised, management have professional and constructive relationships with union representatives and officials. No significant strikes or work stoppages occurred at any of our projects during the year.

MINING *continued*

TRUSTED PARTNER

ETHICS MANAGEMENT

Values-led and ethical conduct is the foundation of our intention to be recognised as a trusted partner wherever we work. Senior management are required to complete a declaration twice a year to confirm that they are aware of the Group's anti-corruption and bribery policies and are not aware of any instances where these policies have been breached. For every tender that is submitted, those involved in compiling the tender, together with the managing director of the company, formally declare that there was no unethical behaviour involved in the compilation of the tender.

All businesses have an anonymous call line that can be used to report incidents of fraud, corruption or other unethical behaviour. The administrators of the call line refer complaints to management, which are thoroughly investigated and appropriate action taken.

DIVERSITY AND LOCALISATION

The businesses employ diversity policies appropriate to their regions of operation.

In South Africa, Murray & Roberts Cementation met its transformation targets for FY2020, achieving a Level 2 BBBEE score.

The Department of Minerals and Energy in South Africa recently published Mining Charter III, the legal framework for BBBEE in the sector. The most material impact on Murray & Roberts Cementation will be its contractual obligation to meet the local employment and procurement targets required of its clients. For single-asset junior companies, Murray & Roberts Cementation provides the only means for them to meet their charter obligations.

Murray & Roberts Cementation established the Boipelo joint venture with Amandla, a black-owned mining contracting company, during FY2019. Boipelo is 51% owned by Amandla and provides contract mining services to the coal mining industry in South Africa. The joint venture performed well during FY2020 and is poised to win more work and grow into a successful mining business. Murray & Roberts Cementation also has local partners in other countries in Africa and local opportunities are pursued in joint venture with them. A recent example is the contract awarded in Namibia by B2 Gold to Murray & Roberts Cementation in joint venture with Lewcor, a local Namibian company.

Cementation Canada has joint ventures with First Nations groupings, which tender for work in the territories where they are resident. The company also works with local partners in Peru and Chile in the execution of projects in those countries. The business has a diversity policy and has established a work group to identify barriers that inhibit diversity in the organisation. The work group made good progress in the year, identifying actions to promote inclusivity and increased diversity.

RUC Cementation Mining also has a diversity policy and employs a highly diverse workforce. A large percentage of local people are hired to resource the business's international projects, currently in Indonesia and Mongolia.



PROSPECTS

COVID-19 has significantly disrupted the world economy and the shape and rate of recovery remains uncertain. However, commentary from mining clients suggest that most will return to their investment plans from 2021 onward. Against this backdrop, the platform expects to deliver earnings for FY2021 in line with last year.

Senior management's attention on tangible measures to improve safety performance should support a better LTIFR in the coming year.

Notwithstanding the uncertainty, we remain focused on both organic and acquisitive growth, with higher levels of revenue and earnings expected from FY2022 and into the medium term.



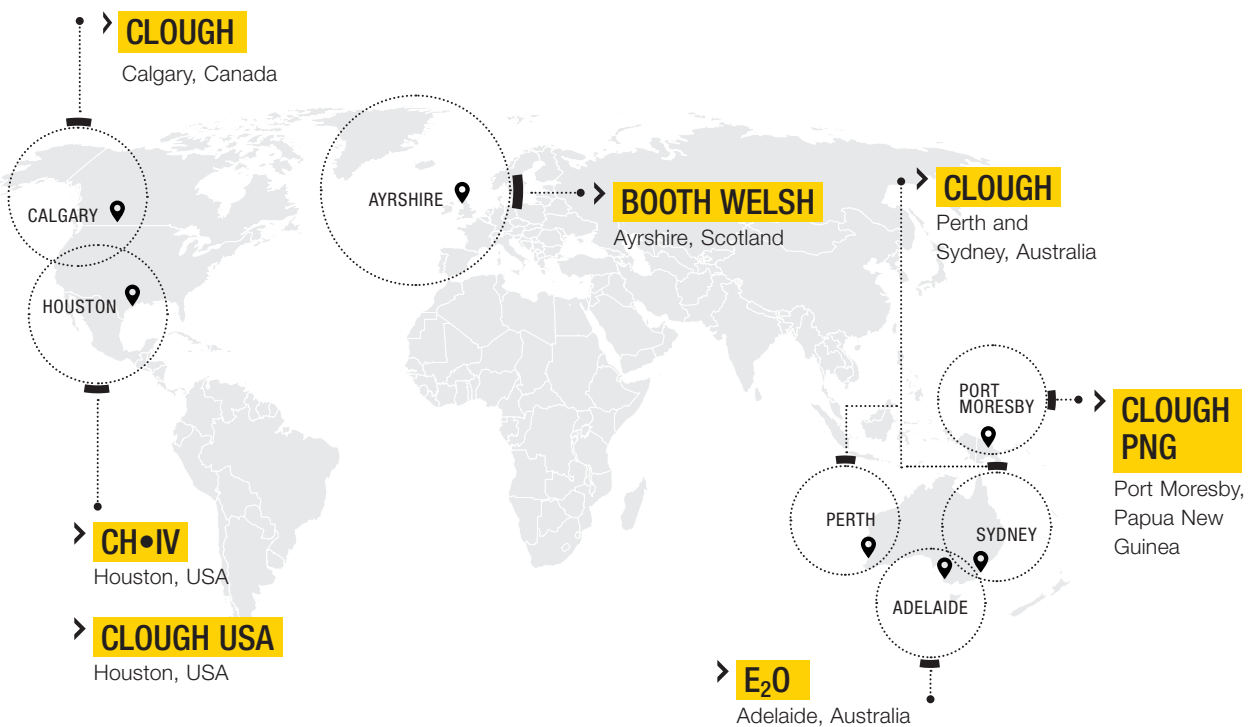
ENERGY, RESOURCES & INFRASTRUCTURE



PETER BENNETT
Platform CEO

The platform was renamed to better represent the scope and scale of its capabilities to deliver engineering and contracting services in selected market sectors. It provides these services across the full project life cycle, including specialist engineering, procurement, construction, commissioning, operations and maintenance. The platform is headquartered in Perth and operates under the Clough brand.

THE PLATFORM'S BUSINESSES:



**THE ORDER BOOK PEAKED AT
R39,4 BILLION, A RECORD IN
CLOUGH'S 100-YEAR HISTORY.**



OVERVIEW

COVID-19 impacted the platform's businesses in a variety of ways with varying severity. The most material impact was the significant decline in oil prices and the knock-on effect on project investments. Upstream developments such as Waitsia and Perdaman, both in Australia, continue, but most large-scale projects including PNG LNG and Mozambique LNG have been deferred. The Clough Coens joint venture in Busan, South Korea, was closed in the year due to a lack of near-term opportunities.

In Australia, resources clients have been deemed essential services and projects continued during the lockdown, although modified work rosters and supply chain delays had

a material impact on project progress. The infrastructure sector proved to be more resilient to the impact of COVID-19 and is seen by the government as critical to the recovery of the Australian economy. "Shovel ready" projects will be brought to market and Clough is well positioned to engage in this programme.

The North American market has been hit hard by the severity of the pandemic. The recently awarded Next Wave project, the platform's multi-billion rand downstream petrochemical construction project in Texas is performing well, despite initial delays.

PERFORMANCE

Revenue increased marginally to R6,9 billion (FY2019: R6,7 billion) and the platform recorded a disappointing operating loss of R454 million (FY2019: R98 million loss). This loss reflected an estimated COVID-19 profit impact of R179 million, a goodwill impairment of R33 million, challenging market conditions which caused a delay in project awards, and losses on two projects. The platform was however successful in growing its order book to R34,4 billion (FY2019: R23,1 billion), supporting its prospects for a return to profitability in the new financial year.

Clough's diversification into resources and large infrastructure offset the worst of the collapse in the global oil and gas construction market. The multi-billion rand Snowy 2.0 project and the portfolio of iron ore related projects in Australia, supported revenue in the year, and provide a strong platform for growth.

Unfortunately, regulatory approvals and client delays hindered the commencement of major field construction work on both Snowy 2.0 and Next Wave, resulting in some R2 billion of anticipated revenue moving into the next financial year.

Gross earnings from projects were materially impacted by these events and also by significant project losses incurred on the BHP NPI project in Australia and the Enterprise project in the USA. The issues that gave rise to the losses are confined to these two projects and have been addressed through several operational changes.

Due to COVID-19, the platform's projects in Canada and Mongolia, where international borders remain closed, have been placed on care and maintenance. The platform has been protected to date by these arrangements, but the longer-term impact remains to be seen and will depend on the timing and conditions of lifting border restrictions.

Focus on reducing overhead costs continued during the year. Before accounting for the impact of foreign exchange movements, these costs were reduced to 7.5% below target, creating a sustainable overhead base to support the business for the foreseeable future.

Approximately 30% of the overhead budget is currently dedicated to business development and building the order book, and significant project awards were secured during the year. The order book peaked at R39,4 billion, a record in Clough's 100-year history. Major new project awards during the year included Next Wave in the USA and the LNG Canada marine construction project, Clough's first major international marine contract since 2010.

Diversifying our project work across industry sectors and geographies has continued this year. Oil and gas projects, concentrated in the USA, make up about one third of the order book value, with infrastructure projects in Australia at about 60%. The longevity of these projects positions the platform well for future earnings growth.

BUSINESS MODEL RESILIENCE

Within the APAC region, the platform's strategic focus remains unchanged and appropriate for the markets we serve. Despite the poor earnings contribution for FY2020, we have validated our strategic plan and approach the new financial year with confidence and the largest order book in our history. The ongoing impact of COVID-19, which include potential delays in project awards, has been taken into consideration in our planning for the new financial year.

The Australian government has communicated their intent to accelerate the delivery of infrastructure programmes as a major part of their economic recovery plans. The strategic shift to

ENERGY, RESOURCES & INFRASTRUCTURE *continued*

engage in this market sector positions the platform for a strong pipeline of opportunities in the near term. Power generation and transmission, and complex transport infrastructure such as roads, tunnels and water projects, remain a priority based on our track record in these types of projects. This supports our confidence of further quality order book growth.

Resources markets in Australia have also remained resilient, given the ongoing demand from China and the government's decision to classify this sector as essential.

Globally, the lowest oil price in recent history has stunned the oil and gas sector, with LNG investments deferred in Mozambique and PNG. In Australia, the platform has two strong prospects: a large gas conditioning plant and a large ammonia/urea project, which continue to progress towards an EPC award following FID

in 2021. In North America, the impact has also been severe and curtailed significant investment in the upstream gas gathering sector; however, some optimism remains in the downstream petrochemical markets.

CONTRACTOR OF CHOICE

ENGINEERED EXCELLENCE

Engineered Excellence, an operating philosophy that is rooted in our culture, demands that we strive for excellence in everything that we do. This requires deliberate planning, measurement and control to drive continual improvement towards our aim of being widely recognised as a contractor of choice in our market sector.

PROJECT DELIVERY



SNOWY HYDRO: SNOWY 2.0 PROJECT

Snowy Hydro is an existing hydro-electric power station scheme in New South Wales, Australia. Snowy 2.0 will add another hydro-electric power station to the existing scheme. This multi-billion rand EPC project is being delivered in joint venture with Italian firm, Salini Impregilo.

The main works include a new underground power station linked by tunnels to the existing scheme reservoirs. The underground excavations will include massive powerhouse caverns and approximately 40km of tunnels. The surface works include intake-outlets, a surge shaft and cable, as well as ventilation portals. Supporting works to deliver this project include establishing or upgrading approximately 45km of access tracks and roads, along with electricity connections to the various construction sites.

Three 11m diameter tunnel boring machines ("TBM") have been procured and are being prepared for delivery to site to commence tunnelling later in 2020. The excavation of the powerhouse caverns will commence once tunnel boring is complete.

The construction phase has started, with portal development for the first TBM launch under way. Following the successful factory acceptance testing of TBM 1 by Herrenknecht, it is now in Australia. At 205m long and 11m in diameter, it is large by global standards and has been specially designed to tunnel on an incline.



RIO TINTO: OYU TOLGOI PROJECT

Oyu Tolgoi in Mongolia mines one of the world's largest known copper and gold deposits. The project scope, undertaken by the GCR Mongolia joint venture, is for the design, construction and commissioning of Shafts No 3 and No 4, as well as the underground materials handling system that includes civil, structural, architectural, mechanical, piping, electrical, instrumentation, control, and communication works. Due to COVID-19 and the resulting closure of international borders, especially with China, the project has been placed on care and maintenance.



NEXT WAVE ENERGY PARTNERS: TRAVELER PROJECT

The project is located near Houston in Texas, USA. This is another multi-billion rand project for the engineering, procurement, construction, commissioning and start-up of a petrochemical facility. The 28 000bpd alkylate facility will consist of a new ethylene dimerization and alkylation units to produce high octane alkylate for sale into the gasoline blending market.

COVID-19 shutdowns are affecting vendors and suppliers, and permit delays are impacting site mobilisation at this time, although we anticipate that this will be completed in the coming months. Engineering is advancing well, and procurement activities are on track.





PERDAMAN INDUSTRIES: DESTINY UREA PLANT PROJECT

The project is located near Perth in Western Australia. The facility will consist of a urea fertiliser plant and related facilities with a capacity of two million tonnes per annum. Related facilities include a water treatment plant, a 100MW power plant, as well as urea storage, and loading and unloading facilities. Clough, in joint venture with Saipem, will be responsible for the engineering, construction, pre-commissioning and commissioning of the ammonia and urea plant. FID is expected in 2021.



BHP: SOUTH FLANK NPI PROJECT

This project is located in the central Pilbara region of Western Australia. The scope of work includes engineering design, procurement, management, delivery, installation, construction, testing and commissioning of the non-process infrastructure facilities to support the mining activities at BHP's South Flank Project and Mining Area C.

The project experienced financial difficulties that were identified early in 2020 and a mitigation plan was put in place to improve its position. The project is in completion and commissioning phase with 88% of the project completed.



ENTERPRISE: DEHYDRATION UNIT PROJECT

Clough inherited the Enterprise Dehydration Unit Project located in Mont Belvieu, Texas, through the acquisition of Saulsbury's Gulf Coast assets. At the time of acquiring the project, it was at around 50% completion.

The project scope included engineering, procurement and construction to install facilities and equipment for a new ethylene storage and dehydration system within Enterprise's existing storage facility. One of the biggest challenges was to integrate the Clough culture and systems, while keeping the team focused. The project was completed in April 2020 and was delivered with Zero Harm, with over 500 000 workhours and 200 people mobilised at peak activity.



TOWARDS ZERO HARM

The platform maintained a high standard of safety performance, with an LTIFR of 0.17 (FY2019: 0.17). This was achieved while implementing three new joint-venture arrangements and starting five new projects, all with a backdrop of COVID-19 health risk mitigation. Upfront effort in aligning HSE values and expectations, and the required adoption of Clough's HSE management systems in all joint ventures, are the foundation for effective HSE management in the delivery of our projects.

During FY2020, Clough successfully achieved ISO 45001:2018 Safety Management Systems accreditation, which superseded AS4801 and OHSAS 18001. Clough has also maintained the Federal Safety Commissioner accreditation, which assures high standards in managing high-risk construction activities and is a condition of bidding on federal government funded work in Australia.

We continue to apply the MAP programme to assess risk and integrate safety improvements across the organisation. Lessons learnt from tender stage to project completions, such as improvements in the management of mobile equipment, cranes, public safety, transport and logistics are translated into high-risk work instructions and MAP verifications.

Five of our current projects had not recorded any safety incidents by the end of the financial year and the platform has completed eight projects with Zero Harm since 2017.

When Clough acquired Saulsbury's EPC business in the USA (subsequently renamed Clough USA) it also took over the obligation to complete the Enterprise project. Prior to the acquisition, HSE standards below Clough's requirements were identified on the project. This was addressed by an early HSE engagement plan, which included training and coaching from senior HSE professionals, understanding gaps in expectations and standards, and assisting management and site teams to adapt to higher HSE requirements. Notwithstanding that the completion of the project came at a material loss, a positive outcome of the integration was celebrating Zero Harm on completion of the project in May 2020. All Clough businesses in North America reached one million workhours without any injuries at the same date.

COVID-19 remains a significant health risk. Procedures, risk assessments, audits, screening and testing protocols are in place. After lockdown restrictions were eased, remote working and flexible working arrangements were evaluated as a permanent option for employees in Australia and standards have been developed to guide this process.

ENERGY, RESOURCES & INFRASTRUCTURE *continued*

DIGITALISATION

The platform developed a three-year strategy designed to meet the demands of a global EPC business, with a focus on global technology standards, scalability and defining a data management framework. In the first year, the focus was on simplification, security and automation. The second year emphasised digital transformation and the third year embraced business synergy.

The pandemic fast-tracked the outcomes planned for the third year. The result was an organisation ready for the demands of remote working and a security framework that enhanced collaboration and productivity. The platform will now build on this foundation by introducing digital solutions to further enhance efficiencies, safety outcomes and competitiveness.

EMPLOYER OF CHOICE LEADERSHIP AND SUCCESSION

With the platform's diversification across market sectors and permanent EPC presence in North America, it was appropriate in the year to reshape the organisation to better reflect its strategic focus. This involved reorganisation to a more efficient, cost-effective regional operating model suited to an increasingly competitive marketplace. The revised structure empowers two regional executive management teams to grow and develop their businesses in North America and APAC, under the leadership of a lean platform executive committee. This structure has already improved agility and resilience to COVID-19 related restrictions, and supported more efficient and cost-effective project delivery.

The EXECONNECT programme was launched to identify and nurture talent within the organisation and to promote improved communication between the executive committee and employees.

EXECONNECT is designed to provide employees with regular and direct contact with the leadership team. Employees are selected to join the programme and are paired with a member of the executive committee for a period of six months after which the opportunity is offered to a new cohort of employees. Participants are able to seek guidance on their career aspirations and personal growth ambitions.

BEST PEOPLE PRACTICES

The key findings of the platform's 2020 Employee Experience Survey, based on a 47% participation rate, highlighted the following:

- More than 80% of employees agreed or strongly agreed that the platform's principles and goals are clearly communicated and that communication is honest and efficient.
- 79% agreed or strongly agreed that their experience at Clough is positive.
- 77% agreed or strongly agreed that they are clear on what the organisation wants to achieve.
- 72% agreed or strongly agreed that we make effective use of technology, an improvement of more than 20% compared to the 2018 survey.

The platform improved the pre-mobilisation medicals which evaluates the health of FIFO workers against project conditions and health risks. The medicals identified approximately 10% of workers as unsuitable for FIFO working conditions. The medicals identified previously undiagnosed and serious health conditions such as hypertension, diabetes and sleep apnoea, for treatment.

TRUSTED PARTNER DIVERSITY AND LOCALISATION

The platform aims to create an inclusive working environment, where employees can develop their full potential.

Last year we implemented a Gender Equality Plan and in February 2020, Clough was granted the Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency. The citation is designed to encourage, recognise and promote active commitment to achieving gender equality in Australian workplaces. Only 119 organisations qualified for the citation in Australia, with very few from the engineering and construction industry.

The platform's first Reconciliation Action Plan ("RAP") was endorsed by Reconciliation Australia in January 2020. The RAP is a framework to create meaningful opportunities with Aboriginal and Torres Strait Islander peoples.

Clough's journey with Aboriginal and Torres Strait Islander communities has reflected our lasting commitment to create meaningful change for First Australians.

The RAP will:

- Maximise and grow supply chain diversity by including Aboriginal and Torres Strait Islander businesses into our supply chain.
- Increase opportunities to employ, develop and retain indigenous people through better engagement with the communities in which we work and live.
- Increase cultural awareness and competency in our business.
- Increase meaningful engagement with Aboriginal and Torres Strait Islander peoples and communities, through education and mentoring programmes in partnership with like-minded organisations.

PROSPECTS

The last two years have been challenging for the platform. However, the work that went into market diversification and business development has established a large and quality order book, which will provide the revenue base for a return to profitability in the new financial year and growth thereafter.

A significant number of new oil and gas projects are planned globally, but are likely to be delayed on expectations of a low oil price in the short to medium term. No new LNG projects are expected to reach FID in 2020. 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 economic recovery in Australia post COVID-19, will rely heavily on state and federal funded investment in public infrastructure, with programmes that include transport, water and energy projects. The platform's proven specialist capability to deliver complex infrastructure and energy projects will convert into opportunities for accelerated earnings growth in the short and medium term.



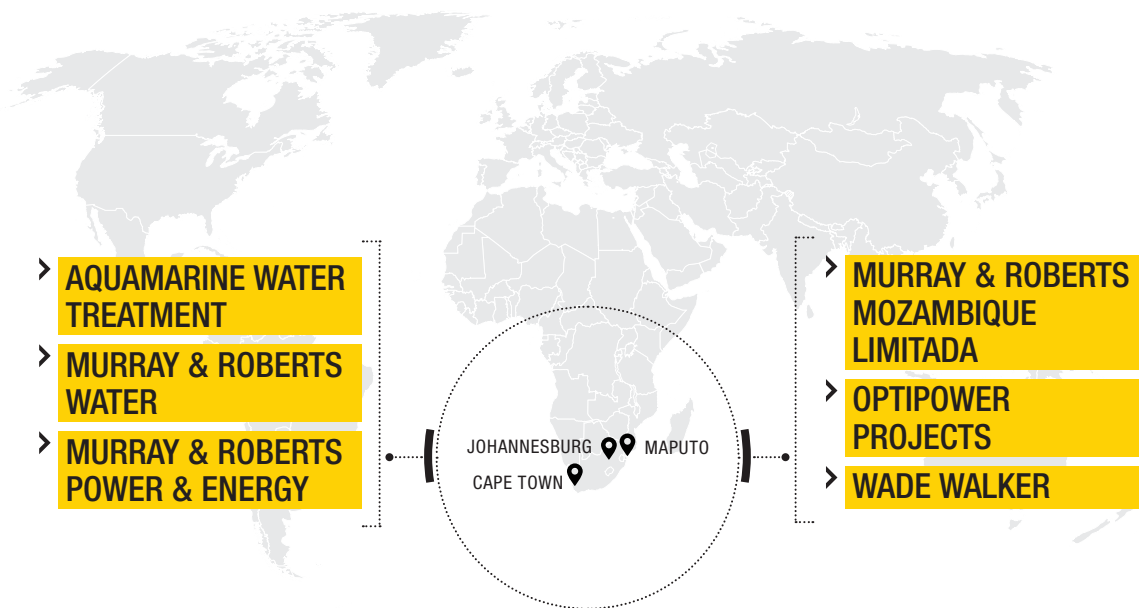
POWER, INDUSTRIAL & WATER



STEVE HARRISON
Platform CEO

The platform was renamed to better represent the scope and scale of its capabilities to deliver engineering and contracting services in its target market sectors. The platform provides full asset life cycle development, engineering, procurement, construction, operations and maintenance solutions in the power, water, oil and gas, petrochemical, resources, industrial, and transmission and distribution markets; primarily in South Africa and sub-Saharan Africa. The limited opportunity presented by the South African power and water markets has required this broader market focus.

THE PLATFORM'S BUSINESSES:



THE SOUTH AFRICAN GOVERNMENT HAS INDICATED THAT A KEY ELEMENT OF IGNITING THE SOUTH AFRICAN ECONOMY IN THE WAKE OF COVID-19, WILL BE A SIGNIFICANT INCREASE IN INFRASTRUCTURE SPEND. SHOULD THIS INITIATIVE GAIN MOMENTUM, IT IS EXPECTED TO PROVIDE THE PLATFORM WITH OPPORTUNITIES IN THE REIPPP AND GAS-TO-POWER, MAINTENANCE, TRANSMISSION AND WATER SECTORS.



OVERVIEW

The platform has been engaged on the construction of the Medupi and Kusile power stations for the past decade. Over this time, concerted effort went into repositioning the platform in the South African market for a future beyond these two mega-projects. Mainly due to a lack of new project investments in South Africa, these efforts have not yielded the desired outcome.

However, we do see substantial potential in the transmission, distribution and substation sectors in South Africa and sub-Saharan Africa, albeit for smaller-scale projects. The recent acquisition of OptiPower Projects, which provides services in these growth markets, has been a strategic highlight given its contribution to earnings during the year and strong prospects for growth in the short term. With the commencement of the Mozambique Rovuma Area 1 LNG project, we expect to benefit from a pipeline of larger project opportunities, with awards expected late in calendar year 2020.

Given the current lack of project opportunity in South Africa the platform had a challenging year. The lockdown in South Africa led to a material reduction in planned project revenue, cost containment measures on all projects and a delay in new project awards. At year end, all platform projects had returned to operation with COVID-19 protocols in place.

Whereas the full operational impact of COVID-19 is yet to be determined, ongoing challenges on our projects include the higher costs and lower efficiency associated with health protocols, and the effect on morale and productivity. The impact of the pandemic on the project pipeline and the platform's ability to secure projects in the short term, is still unclear. Tendering activity, however, remains high.

The South African government has indicated that a key element of igniting the South African economy in the wake of the pandemic, will be a significant increase in infrastructure spend. Should this initiative gain momentum, it is expected to provide the platform with opportunities in the REIPPP and gas-to-power, maintenance, transmission and water sectors.

PERFORMANCE

Revenue and order book decreased to R2,0 billion (FY2019: R2,5 billion) and R0,4 billion (FY2019: R0,9 billion) respectively. Given the platform's relatively low revenue base, goodwill impairment of R29 million, uncertified revenue impairment of R46 million and the COVID-19 profit impact of R43 million, the platform recorded an operating loss of R44 million (FY2019: R32 million loss).

In South Africa, the COVID-19 lockdown affected both projects under construction, with delays experienced at Sappi and Anglo Platinum, and tenders under adjudication. It has also pushed out anticipated project opportunities.

The platform's contract at the Medupi power station has been completed and its work at the Kusile power station project is nearing completion with limited construction work remaining on Unit 6. MRPE executed small packages of maintenance outage work on both power stations during FY2020.

Targeted opportunities include repair and maintenance services on Eskom's ageing fleet of power stations, with a tender for boiler maintenance work on 15 power stations submitted and under adjudication. Eskom awarded MRPE a mill maintenance contract at the Medupi power station in the year and work is progressing well.

OptiPower Projects, acquired in FY2020, is strongly positioned to benefit from the growth expected in the South African and sub-Saharan Africa transmission and substation markets. Eskom's transmission and distribution opportunities are substantial, with projects to the value of more than R2 billion currently under adjudication.

Although MRW is a new entrant to the market, the business is well positioned for opportunities in the water and wastewater treatment sector, considering the threat of water shortages in South Africa. In the year, MRW was awarded its first contract by the City of Cape Town, in consortium with Lektratek Water Technology, to design and build the mechanical and electrical works associated with refurbishing the Athlone Wastewater Treatment Works. This award is significant in that it positions MRW for similar projects planned by the City of Cape Town in the first half of FY2021.

The successful performance over the past two years of the Organica Water resource recovery demonstration facility 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. The success achieved in demonstrating the benefits of this leading technology positions MRW for two PPP greenfield wastewater treatment plants being developed by the eThekweni Municipality, with the potential for long-term annuity-

POWER, INDUSTRIAL & WATER *continued*

type income. At the South African President's Sustainable Development Investment Symposium earlier this year, 42 new water projects totalling around R170 billion were announced, which bodes well for potential opportunities over the next 10 years.

To secure our participation on the Mozambique LNG Area 1 project, we established Murray & Roberts Mozambique Limitada during the year. Energy giant Total has appointed the CCS joint venture (McDermott, Saipem and Chiyoda) as the main EPC contractor on this project, with onsite construction works expected to ramp up in calendar years 2021 and 2022. The platform is targeting smaller packages of work as a subcontractor to the CCS joint venture.

Despite this pipeline of potential projects, uncertain timing of project awards meant that we had to reduce overhead costs in line with lower anticipated revenue. The restructuring was undertaken without compromising the platform's capacity to pursue its strategic objectives.

BUSINESS MODEL RESILIENCE

The platform continues to adjust its strategic scope to ensure its future sustainability. Some of the initiatives aimed at accessing broader market opportunities include:

- Expanding into new geographies;
- Diversifying into new market sectors; and
- Leveraging digitalisation to differentiate project execution.

We continue to develop our own capacity, and to form strategic partnerships with local and international service providers, to offer turnkey solutions. A key differentiator in the sub-Saharan Africa market is the ability to offer funded EPC solutions. We have established good relationships with project development finance institutions and commercial lenders, and discussions are underway with energy ministries in several sub-Saharan Africa countries.

Low electrification rates across sub-Saharan Africa, including South Africa, and the need for cross-border connectivity to enable power trade between countries in the region, is driving the accelerated development of transmission and substation infrastructure. This supports our expectation of securing significant short-term opportunities, given OptiPower Projects' capability in high and medium voltage transmission, distribution and substation sectors across the region.

Notwithstanding the impact of COVID-19, green shoots are showing in the South African power, resources and energy sectors. Ironically, the pandemic might be the catalyst for the expedited structural reforms and policy certainty needed to encourage foreign and government investment. The momentum is apparent in the promulgation of IRP2019, opening the door for procurement on the Risk Mitigation Power Purchase Programme and Bid Window 5 of the REIPPP Programme, as well as other technologies including gas and coal. Associated projects are expected to come to market in calendar year 2020 and 2021.

The water sector in South Africa remains inactive, with few opportunities. However, many projects have been gazetted in terms of the new Infrastructure Development Act, including national water and sanitation projects totalling R106 billion. With the country's ailing water infrastructure intensifying the threat of water shortages, we are confident that the Organica Water technology will find purchase in the country, and elsewhere on the continent. We believe housing the demonstration facility at the high-profile V&A Waterfront will support a breakthrough in commercialising this technology.

CONTRACTOR OF CHOICE

ENGINEERED EXCELLENCE

The platform provides project services to market sectors characterised by complex commercial relationships between clients and contractors, often leading to disputes and litigation. As part of our commitment to differentiating our services through *Engineered Excellence*, we continue to engage with prospective clients to explore alternative contracting models. These models include alliance-type contracts, which aim for closer cooperation between clients and contractors to align expectations and enhance project outcomes.

PROJECT DELIVERY



ANGLO PLATINUM: SO₂ ABATEMENT PROJECT

This project forms the pilot to a series of emission abatement projects for Anglo Platinum at its fleet of processing plants. The scope includes the construction, erection and commissioning of an SO₂ abatement plant at the Polokwane smelter, to reduce SO₂ emissions from the ore furnace, via a series of ducts, converters and scrubbers. MRPE has erected the abatement plant, with insulation of ducting and fan systems underway. This facility will begin operations toward the end of 2020.



SAPPI: SAICCOR VULINDLELA PROJECT

The project scope is to construct and erect a recovery boiler and secondary recovery plant at Sappi's existing Umkomaas facility. The new plant is a twin of the existing plant, and is being erected without disruption to operations in the rest of the plant. MRPE has completed the structural steel components and will shortly pressure test the boiler system. Installation of ducting, tanks and mechanical units are close to completion, with piping at the secondary plant remaining. This facility is planned to be commissioned in April 2021.



GOLDEN VALLEY AND EXCELSIOR WIND FARMS

OptiPower Projects are executing the electrical balance of plant, 132kV overhead lines and substation scopes for two wind farm facilities. Golden Valley is in the Bedford area of the Eastern Cape and Excelsior is located near Swellendam in the Western Cape. The 32.5MW Excelsior facility is currently being commissioned and the 120MW Golden Valley facility is scheduled for completion towards the end of 2020.



POWER, INDUSTRIAL & WATER *continued***TOWARDS ZERO HARM**

The platform's safety performance improved significantly, with a decrease in LTIFR to 0.16 (FY2019: 0.40).

The MAP programme is fully embedded and all projects continue to improve their total incident frequency rates. A neuroleadership pilot programme, which uses neuroscience to drive safer behaviour, has been rolled out at Anglo Platinum's SO₂ Abatement Project in Polokwane, and will be revised in line with lessons learnt before implementation across all projects.

An external audit on a sample of the Group's health and safety standards concluded that they were well entrenched across the business. The audited standards included: MAP, fatigue management, training and awareness, risk-based medical surveillance, hearing conservation and management of diesel particulate exposure.

COVID-19 remains a significant health risk. Procedures, risk assessments, audits, screening and testing protocols are in place.

Near-miss and hazard observation reporting will be a major safety focus during the new financial year. Requirements for the frequency of reporting on projects were established and will be incorporated into employee performance contracts.

All businesses are ISO 45001, ISO 9001 and ISO 14001 certified. The platform also maintained the prestigious South African Institute of Welding ISO 3834 accreditation.

**EMPLOYER OF CHOICE
LEADERSHIP AND SUCCESSION**

During FY2020, a comprehensive talent review of senior and middle management levels was done. The review identified high-potential employees for participation in mentorship, leadership and management development programmes.

Diversity targets have been revised in line with the platform's restructuring and the reality of the current business environment.

BEST PEOPLE PRACTICES

The platform is developing a core group of artisans and supervisors, with ongoing investment in their career development. This core group will be supplemented by employees with limited duration project specific employment contracts to meet fluctuating project requirements. During the past year, most of the investment in training was allocated to technical artisan training.

As the power programme comes to an end, there has been a significant reduction in the workforce due to the demobilisation of project employees. Unfortunately, this is impacting negatively on employment equity at some levels, as well as our skills development plans.

**TRUSTED PARTNER
DIVERSITY AND LOCALISATION**

The platform achieved a Level 5 BBBEE (FY2019: Level 3) rating. The uncertain timing of potential projects, the resultant restructuring of the platform and the reduction in headcount after the power programme demobilisation has negatively impacted the platform's employment equity profile.

Localisation is a strategic imperative for the platform and presents significant challenges, including the lack of experience and skills in local communities, as well as their employment and economic investment expectations. The platform works closely with clients, local community forums and leaders to find innovative solutions to solve these challenges.





PROSPECTS

In South Africa, the issuing of the Integrated Resource Plan 2050 and Round 5 of REIPPP has brought increased policy certainty to the power sector, although the timing of the underlying projects remains uncertain.

Although the platform is well positioned for selected projects in the short to medium term, its sustainability and future performance will be largely determined by the extent of investment in its target market sectors. These opportunities include securing:

- Repair and maintenance work on Eskom's ageing power station fleet;
- Selected project development including EPC participation in the renewable energy sector (wind, solar and gas-to-power);
- Transmission, distribution and substation projects in South Africa, and elsewhere in sub-Saharan Africa;
- Opportunities in the resources and industrial, paper and pulp industries;
- Opportunities in the refined fuel storage sector in South Africa and the LNG sector in Mozambique; and
- Water infrastructure in South Africa, especially in wastewater treatment.

Considering the platform's capacity to deliver projects in the South African power, industrial and water sectors, and with these sectors in dire need of investment, the platform is expected to return to profitability in the medium term and make a more meaningful contribution to Group earnings.

