



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” or the “Company” or “Group”)

COVID-19 MARKET UPDATE

The health and safety of our employees is non-negotiable and ensuring that all our projects remain operational - to the extent possible during these testing times - is of critical importance to all stakeholders.

Due to the fluid nature of the current circumstances, it is too early to provide an accurate estimate of the potential effect that COVID-19 will have on earnings for the current financial year, and possibly for the new financial year. As at the time of this announcement, however, the impact has been limited. It is not anticipated that any of the Group’s current contracts will be cancelled. To date, the Group has not received any notice or indication of potential project cancellations.

The Group will continue to provide further updates on the impact of COVID-19.

BUSINESS IMPACT

The Group undertakes projects globally but predominantly in Australasia, the Americas and sub-Saharan Africa. Notwithstanding the rapid spread of COVID-19, the greater majority of our projects have not yet been impacted by COVID-19. Below follows an update on the known and current impact on projects.

Power & Water Platform (*Project for Sappi in South Africa*) – Additional specialist welders are required from Thailand but will not be mobilised onto the project and this work will now be undertaken by a smaller group of specialised local welders. The impact is that the specific scope of work will be completed a few weeks later than planned. All decisions are being taken in consultation with Sappi, who fully understands the circumstances.

Oil & Gas and Underground Mining Platforms (*Oyu Tolgoi project in Mongolia*) – The two platforms are in joint venture with a local partner to deliver a specific scope of work on Rio Tinto’s Oyu Tolgoi project. Work on this scope of work has slowed to a near standstill due to supply chain constraints (mainly from China) and travel restrictions. A large part of the workforce was demobilised or put on leave, to reduce costs during this unproductive period. All decisions are being taken in consultation with Rio Tinto, who fully understands the circumstances and most decisions are client driven. This delay will result in revenue to be deferred.

Bombela Concession Company - Although not a project, the ridership on Gautrain is down significantly, which may impact our investment returns in the Bombela Concession Company.

POTENTIAL IMPACT OF THE WEAKENING IN THE OIL PRICE

The oil price has weakened significantly over the past few days and some investors have asked what the impact on the Group might be. At the outset it is important to state that the Group is not undertaking any oil projects, although the weak oil price will impact the gas sector in the medium term, and thus also the Group's Oil & Gas platform.

The Group continues to hold a view that near term investment in large greenfield oil and gas engineering, procurement and construction opportunities in Australasia remains unlikely, and the Oil & Gas platform does not rely on these opportunities for its short term business plans. It is possible, however, that the weak oil price may delay investment in gas projects that the Group has been tracking in its project pipeline.

It is important to stress that currently the Oil & Gas platform continues to focus on its traditional infrastructure and metals and minerals markets and that the bulk of its significant order book of R30 billion comprise infrastructure sector work. There are currently only two significant oil and gas sector projects in the order book.

Next Wave – This is a greenfield Ethylene-to-Alkylate production facility in the United States, which is fully funded and has a completion date in about two-years' time. It is unlikely that the current weak oil price will impact this project.

Ichthys – The project scope includes the remaining commissioning work on the Ichthys project in Australia, with no chance of cancellation due to the weak oil price.

There are several gas sector projects that the Group has tendered and these tenders, which currently are under adjudication, are for gas fired power stations in Australasia. The low oil or gas price will only improve the viability of these projects and the Group remains confident to secure some of these projects in the short term.

PROSPECTS STATEMENT

The unexpected COVID-19 pandemic and dramatic market reaction has introduced substantial business uncertainty. Amidst this uncertainty, the Group is pleased that it has established a strong balance sheet and a stable foundation from where it plans to grow organically and through acquisition.

The outlook for an improvement in the Group's performance is encouraging. The strong order book of R50 billion as at December 2019, is expected to provide support for growth as from FY2021. The Oil & Gas platform has already secured a base load of work for the new financial year, which should enable it to again become a meaningful contributor towards Group earnings, whilst the Underground Mining platform is expected in the short term, to at least maintain earnings at current levels.

We remain optimistic about the longer-term outlook for the natural resources markets. The strategic decision to continue to pursue projects in selected infrastructure markets, is expected to bring some mitigation to the impact of cyclicity in the natural resources market. The Group's current focus is on cash management as we navigate the impact of COVID-19.

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

Bedfordview
20 March 2020

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