



Murray & Roberts

MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

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(“Murray & Roberts” or the “Group”)

FURTHER COVID-19 MARKET UPDATE

Stakeholders are referred to the COVID-19 Market Update published on SENS on 20 March 2020.

The Group’s global portfolio of projects are now experiencing an increased impact from the spread of COVID-19. The actions taken globally by governments and clients to contain the spread of the virus, and our response to those actions, has been varied and region specific.

Where projects are continuing to operate, we have worked with our clients to implement measures to safeguard employees as far as possible from exposure to the virus. Globally, most office-based employees, who are able to do so, are working remotely and efficiently.

The Group has several tenders under adjudication and we have no reason to believe that its clients will not go ahead with the award of these projects. Some awards, however, may be delayed as clients are considering the effects of COVID-19 on their investment decisions.

As the current complex situation is evolving at a rapid pace, it is not possible at this point to give an accurate estimate of the financial impact that the pandemic will have on the Group.

BALANCE SHEET AND LIQUIDITY

As the extent of the COVID-19 impact remain uncertain at this time, it is important to ensure that the Group maintains a position of adequate liquidity, also taking into consideration that the lockdown in South Africa might be extended and that more stringent regulations might be implemented in any of the Group’s operations in Australasia and the Americas.

The Group entered this period of uncertainty with a strong balance sheet and has taken further action to protect its financial position. Cost saving initiatives have been implemented across the Group, together with prudent cash and working capital management.

The Group’s current liquidity position is strong, supported by approximately R1,5 billion of available cash and unutilised credit facilities of approximately R1,0 billion. The Group does not have any covenants on its South African facilities and do not anticipate any breaches of covenants on its international facilities in the short to medium term. The Group is also pleased to report strong support from funding providers.

BUSINESS UPDATE

UNDERGROUND MINING PLATFORM

Australasia - The Oyu Tolgoi project in Mongolia (in joint venture with the Oil & Gas and Underground Mining platforms as two of the three joint venture partners) has experienced the biggest impact to date. As Mongolia shares a border with China, the project was brought to a halt over a few weeks due to supply chain constraints and travel bans. The businesses have, in conjunction with the client, taken the necessary action to reduce costs and preserve cash on the project.

Projects in Australia and Asia Pacific continue to operate, albeit with added restrictions on people movement that have necessitated a revision of work rotations on most of the remote mining sites.

Sub-Saharan Africa - Most of the project sites are shut down for the duration of the 21-day lockdown period that has been instituted by the South African government. Certain of the projects are on care and maintenance and limited essential work, as directed by clients. Some clients have indicated that our costs will be covered during this period. Projects in Zambia continue uninterrupted.

Americas – Approximately 50% of the project portfolio in the region is affected. These projects, mainly in Canada, have been suspended by clients for periods ranging from two weeks to two months, as a measure to prevent the virus from spreading to some of the remote project locations. Certain states in Canada have declared mines as essential services. We have demobilized employees from affected projects and have instituted measures to reduce costs and preserve cash. In the USA, only one project is on reduced level of work at this stage.

OIL & GAS PLATFORM

Australia – A complete lockdown has not been implemented at this time, although interstate travel is no longer allowed. Projects are continuing, but clients are implementing modified work rosters which will impact project resourcing and progress. Engineering and procurement services are continuing on the multi-billion rand Snowy Hydro project and construction teams have since remobilised to site post the tragic Australian bush fires earlier this year, though activities are still site preparation works.

Americas – A complete lockdown has not been implemented, however, most states have imposed various levels of lockdown measures over the past month. The Group's multi-billion rand Next Wave project in Texas has been classified as an essential service, with engineering and procurement services continuing.

Europe (UK) - Integrated engineering services company, Booth Welsh's projects are on hold – at this stage there is no indication when projects will recommence.

POWER & WATER PLATFORM

Sub-Saharan Africa - Most of the project sites are shut down for the duration of the 21-day lockdown period that has been instituted by the South African government. Maintenance and outage work are continuing at Medupi and Kusile power stations. Some projects have invoked force majeure clauses and commercial teams will respond accordingly in line with contractual requirements. Some clients have indicated that our costs will be covered during this period.

BOMBELA CONCESSION COMPANY

The Gautrain is not operating during the lockdown period. The system's infrastructure has been secured while essential maintenance functions are continuing. It is expected that this shutdown will impact the fair value adjustment of the investment in the Bombela Concession Company in the current year.

CONCLUSION

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 safe restart and ramping up of affected projects, once allowed, will be a priority.

It is expected that market conditions will be adversely impacted in the medium term, considering the global COVID-19 pandemic, further deterioration of the oil price and the downgrade of South Africa's credit rating by Moody's.

It is important to re-emphasise that the Group does not undertake any oil projects, although the weak oil price will impact the gas sector in the medium term. Currently, the bulk of the Oil & Gas platform's significant order book of R30 billion, comprises infrastructure sector work.

The Group will continue to provide further updates to stakeholders as appropriate.

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

Bedfordview
03 April 2020

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The Standard Bank of South Africa Limited