



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”)

POST INTERIM RESULTS ROADSHOW MARKET FEEDBACK

Stakeholders are referred to the Stock Exchange News Service of the JSE Limited (“SENS”) announcement published on 28 February 2018, regarding the Group’s interim financial results for the six months ended 31 December 2017.

Post its interim results announcement, the Company embarked on its customary results roadshow to the investment market and also attended the Bank of America Merrill Lynch Sun City Conference on 6 March 2018. In the interest of comprehensive communication and transparency with all stakeholders, the Company has aggregated the main themes discussed at both the results roadshow and conference meetings below.

Investment by Aton Austria Holding GmbH (“ATON”)

ATON holds 29.998% of the total issued ordinary share capital of the Company. The Company engages with ATON, as it does with some of its larger shareholders, at least twice per year post interim and annual results. The Company confirms that ATON’s shareholding remained unchanged since its SENS announcement on 16 November 2017, regarding ATON’s shareholding in the Company. The Company has not received any communication from ATON regarding its intentions with this investment.

Closure of the businesses in the Middle East and update on the Dubai Airport arbitration

In line with the Group’s strategy to exit the civil engineering and buildings market, the Company resolved to close the business in the Middle East. There are four remaining projects in the Middle East, which should all be completed by June 2018. No further material project losses are envisaged. Costs during FY2018 should be limited to a significantly reduced overhead cost and legal fees on the Dubai Airport dispute, for which an award is anticipated in early November 2018.

Decrease in Oil & Gas and Power & Water order books

The lower order book in the Oil & Gas and Power & Water platforms is reflective of current market conditions. In this context, these platforms are placing greater emphasis on complimentary markets and continue to focus on cost reduction and operational excellence to maintain and improve margins. The Group notes the increase in Category 1 and 2 project pipeline values, which is a leading indicator that market conditions may be improving with more projects being tendered.

Acquisition of an additional 17% in the Bombela Concession Company (“BCC”)

This acquisition was undertaken as part of Murray & Roberts’ broader capital allocation strategy and provides strong investment returns. The Group holds a 50% shareholding in BCC which translates to an annual profit contribution of circa R250 million, resulting from the fair value adjustment of the investment. The fair value of BCC is based on the discounted cash flow of dividends at a discount rate of 18.5% over the concession period, which extends to March 2026.

Group’s cash position

The Group’s robust financial position provides the capacity to support its organic and acquisitive growth plans. As reported in the Group’s interim results announcement, cash, net of debt, was R1,3 billion (FY2017 H1: R1,1 billion) at 31 December 2017. A large portion of the cash is unrestricted and held by international operations.

Share repurchase programme and the reason it was ended prematurely

The Group’s planned R250 million share repurchase programme, announced on SENS on 30 June 2017, was terminated at the annual general meeting of shareholders held on 2 November 2017. The Group’s major shareholder, ATON, voted against the special resolution proposed to authorise the directors of the Company to repurchase shares issued by the Company. Prior to termination of the programme, 2.46 million Murray & Roberts’ shares were repurchased in the open market at an average price of R15.36 per share, for a total consideration of R37.8 million. Considering Murray & Roberts’ current share price, the merits supporting a share repurchase programme remain intact.

Any forward looking information contained in this market feedback has not been reviewed and reported on by the Group’s external auditors.

Bedfordview
12 March 2018

Sponsor: Deutsche Securities (SA) Proprietary Limited