



## **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”)

## **TRADING STATEMENT AND BUSINESS UPDATE FOR THE SIX-MONTH PERIOD TO 31 DECEMBER 2017**

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, that a reasonable degree of certainty exists, 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.

Accordingly, Murray & Roberts advises stakeholders that its interim financial results for the six months to 31 December 2017 are expected to show an improvement of at least 20% in diluted and basic earnings per share (“EPS”) and headline earnings per share (“HEPS”) respectively, when compared to the previous corresponding period to 31 December 2016.

Stakeholders are advised that a further trading statement will be released on the Stock Exchange News Service of the JSE Limited (“SENS”), as soon as there is a reasonable degree of certainty as to the likely range by which the Company’s EPS and HEPS are expected to increase.

### **BUSINESS UPDATE**

Murray & Roberts is a multinational engineering and construction group, with a focused portfolio of businesses providing services primarily in the natural resources market sectors of metals & minerals, oil & gas, and power & water. The Group is no longer active in civil and building construction and is listed under the Diversified Industrials subsector of the JSE Limited.

**Oil & Gas** – This business platform is expected to maintain its financial performance in line with the previous reporting period, within the context of a market presenting limited opportunity considering low levels of investment by energy producers. However, the Group is pleased to note the stabilisation in the crude oil price around US\$70 per barrel and the general improvement in market outlook for LNG demand. The Company expects improved trading conditions in the medium term, when investment by global energy producers are expected to return, supported by increasing demand from China and Japan. Whilst project opportunity in the primary oil and gas markets is limited, projects are being pursued in the complementary and growing infrastructure sector in Australia.

Progress is being made with the potential acquisition of a small oil and gas engineering and construction project implementer in the USA.

**Underground Mining** – This business platform is expected to report an increase in earnings compared to the previous reporting period, as it continues to deliver strong results across all three main geographic regions – Australasia, Africa and the Americas. Based on market research guidance, the Group expects a sustained improvement in commodity prices and subsequent increase in capital spending by mining companies to represent long-term upside for this business. Tendering departments are currently experiencing a very high level of activity.

After being delayed for several years, the Kalagadi project in South Africa has received a notice to proceed and mobilisation for this project is underway.

**Power & Water** – The boiler erection work on the mega power station projects at Medupi and Kusile is expected to be largely completed by the end of the 2018 calendar year. Efforts are underway to replenish the platform's order book, both in South Africa and the rest of sub-Saharan Africa, with a particular focus on prospects in complementary markets such as mining, pulp and paper, chemicals and energy. Market conditions remain challenging and highly competitive, as the large new power projects in South Africa have been delayed, with no other large alternative project opportunities identified for the short to medium term.

The water business is experiencing increasing demand for its services in the Western Cape, but it is not of sufficient scale to materially and positively impact the platform's financial performance.

**Investments** - The acquisition of a further 17% shareholding (total shareholding now at 50%) in the Bombela Concession Company (RF) (Proprietary) Limited ("BCC") was concluded on 8 December 2017 and the subsequent increase in the fair value adjustment of this investment was recorded. This investment is yielding strong returns and the Group continues to explore other investment opportunities in projects to complement its three business platforms.

**Middle East** – As previously reported, the Group has decided to exit this market and is progressing well to close out its remaining business obligations. The Group is pleased to report that the last four projects will be completed by end-June 2018 and no further material losses are envisaged from this region.

The Dubai Airport arbitration hearing was concluded towards the end of the 2017 calendar year and the tribunal's ruling is expected by May 2018.

## **STATEMENT OF FINANCIAL POSITION**

As at 31 December 2017, the Group expects to report cash, net of debt, of not lower than R1,3 billion (31 December 2016: R1,1 billion). In the period under review, the acquisition of the additional 17% shareholding in BCC, at a value of R0,4 billion, was funded from the Group's cash resources.

## **SHARE REPURCHASE PROGRAMME**

The Group's 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 as a result of the Group's major shareholder, Aton Austria Holding GmbH, voting against the special resolution proposed to authorise the directors of the Company to repurchase shares issued by the Company. During the period 3 July 2017 and 1 November 2017, a total of 2.46 million Murray & Roberts' shares were repurchased in the open market at an average price of R15.36 per share, totalling a value of R37.8 million, which represents approximately 15% of the planned repurchase programme value.

## **PUBLICATION OF INTERIM FINANCIAL RESULTS**

Murray & Roberts intends to publish its interim financial results for the six months to 31 December 2017 on SENS on Wednesday, 28 February 2018 before 17:00 (CAT).

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed and reported on by the Group's external auditors.

Bedfordview  
2 February 2018

Sponsor: Deutsche Securities (SA) Proprietary Limited