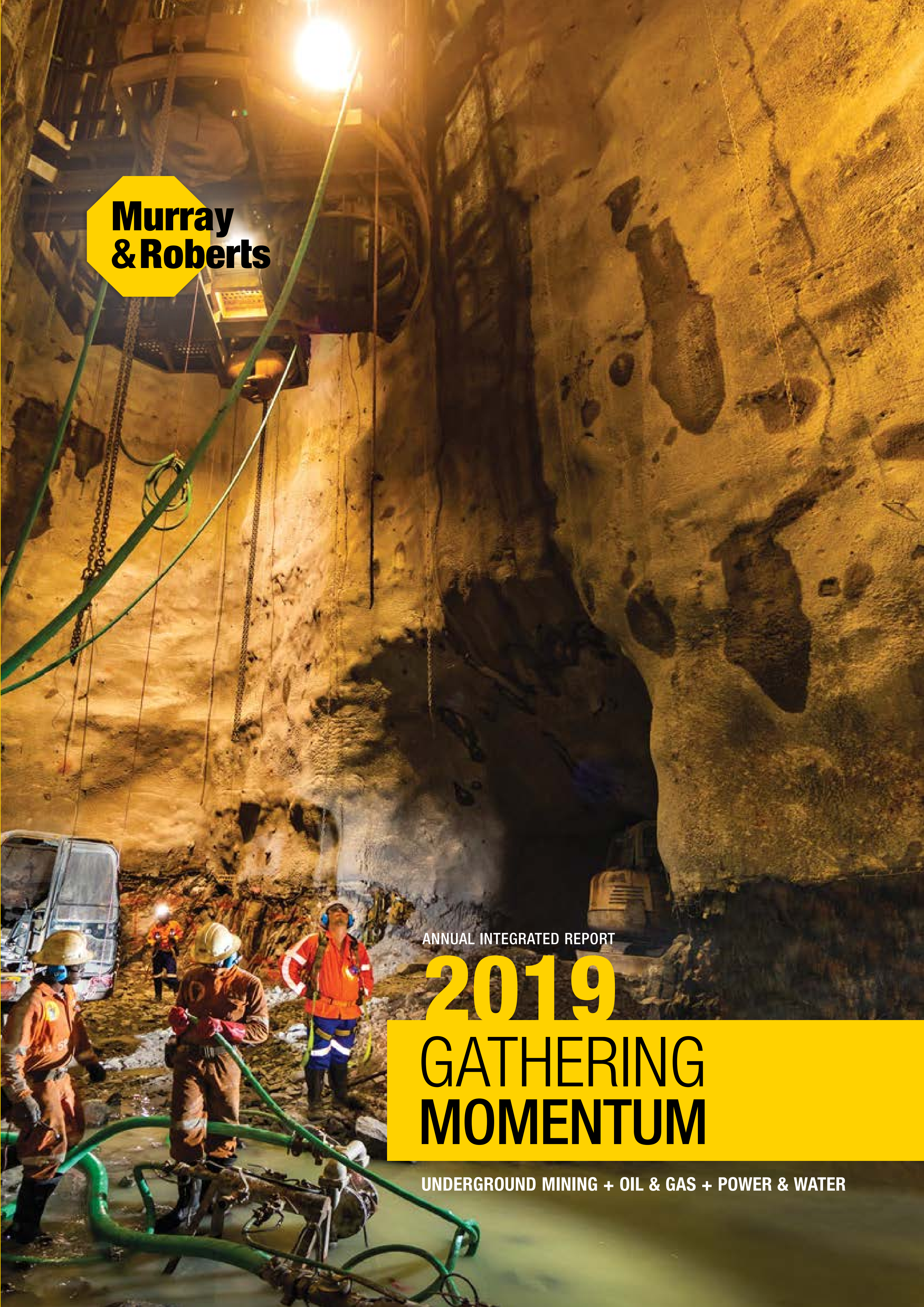


Murray & Roberts

ANNUAL INTEGRATED REPORT

2019

GATHERING MOMENTUM

UNDERGROUND MINING + OIL & GAS + POWER & WATER

ABOUT THIS REPORT

OUR ANNUAL INTEGRATED REPORT FOR THE YEAR ENDED 30 JUNE 2019, PRESENTS THE STRATEGY, GOVERNANCE, PERFORMANCE AND PROSPECTS OF THE GROUP, INCLUDING OUR WHOLLY-OWNED BUSINESS PLATFORMS, INVESTMENTS AND JOINT VENTURES IN WHICH WE HAVE SIGNIFICANT INFLUENCE.

The report is aimed primarily at providers of financial capital, our employees, clients and business partners. It is also likely to be of interest to a broader readership, as it covers our relationships with stakeholders deemed to be material to our ability to deliver on our strategy and to our reputation as a well-governed, ethical and responsible multinational organisation.

The report follows the same structure as last year, with the content index below setting out what is available in print and in the supplementary information provided online.

Materiality

Murray & Roberts defines material issues as those issues that substantively affect its ability to sustain its strategic, operational and financial performance, and those that are most likely to affect stakeholders' assessments of the Group's ability to create value over time. The materiality determination process considered the top issues that the Board and management dealt with during the year, the strategic plans of the Group and business platforms, the Group's register of strategic risks, and issues raised through engagement with analysts and investors, business associations, non-governmental organisations and other civil society structures, as well as those reported on in the media. These issues were workshopped into four themes and related material issues for the Group and each business platform, and were reviewed and approved by the Group executive leadership. The material issues provided the basis for preparing the report, and supplementary information, to support focused and connected reporting.

PG 20
Managing our material issues

CONTENTS

FEEDBACK

This integrated report is intended to provide the basis for meaningful engagement with our stakeholders. We welcome your feedback which can be provided to Ed Jardim, Group investor and media executive at *ed.jardim@murrob.com.*

GLOSSARY

A glossary of acronyms and terms used in this report is provided on **PG 122**

SUPPLEMENTARY INFORMATION ONLINE

www.murrob.com/inv-annual-reports.asp

Integrated thinking

The Board committee structure, which has significant overlap in membership, and the Group's organisational, integrated assurance and sustainability frameworks promote integrated decision-making through defined policy, approval and assurance processes. The Group's organisational and risk management frameworks were revised during the year to align to King IV™ requirements and to reflect adaptions to oversight processes in line with changes in the Group's risk profile. The Group's approach to ethical leadership, corporate citizenship and sustainability, both in managing the pertinent risks and impacts, and in seeking competitive advantage as a contractor of choice and an employer of choice in its markets, are consolidated in its philosophy of *Engineered Excellence*. Continual improvement in the Group's standards, systems, best practices and reporting, in response to the operating environment and the needs of stakeholders, embed this philosophy at every level of the Group.

PG 62 Governance overview

PG 10 *Engineered Excellence* for strategic advantage

Reporting frameworks

The information included in this integrated report is provided in accordance with IFRS, the South African Companies Act 71 of 2008 (as amended), the JSE Listings Requirements and King IV™. The Board has considered the requirements of King IV™ and adheres to its principles. We have taken cognisance of the International Integrated Reporting Council's <IR> Framework published in December 2013, and subsequently adopted by the JSE. Our sustainability reporting across the printed and online platforms has been prepared in accordance with the GRI Sustainability Reporting Standards at a core application level.

ONLINE King IV™ application register

ONLINE GRI G4 content index

ONLINE Auditors' report

Assurance

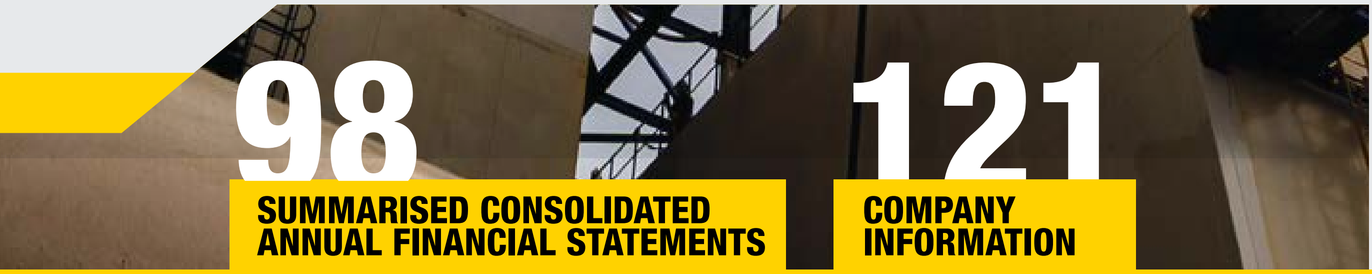
Our independent sustainability auditors, IBIS ESG Assurance (Proprietary) Limited, provided limited assurance over selected non-financial performance indicators. Accredited rating agency, EmpowerLogic, verified the Group's BBBEE rating and scorecard.

ONLINE Assurance statement

Approval

The audit & sustainability committee, responsible for overseeing the preparation and presentation of the integrated report and supplementary information, and ensuring its integrity, believes that the integrated report addresses all the material issues that have a bearing on the Group's ability to create value over the short, medium and long term. The committee recommended it for Board approval, which was obtained on 28 August 2019.

PG 124 Important information on forward looking statements



98 SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

121 COMPANY INFORMATION

LOOSE INSERTS

Notice of annual general meeting
Form of proxy

Group sustainability report 2019
- About this report
- Our sustainability management framework
- Health and safety performance
- Employer of choice
- Corporate reputation
- Environmental management
- Key data
- Independent Limited Assurance Report to the directors of Murray & Roberts Limited
- GRI G4 content index

Supplementary governance information
- Full governance report, including Board committee report and record of attendance
- King IV™ application register

Full annual financial statements including:
- Accounting policies
- Notes to the annual financial statements
- Murray & Roberts Holdings Limited annual financial statements
- Notes to the Murray & Roberts Holdings Limited annual financial statements
- Annexure 1: Major operating subsidiaries and associate companies
- Annexure 2: Interest bearing borrowings
- Annexure 3: Group segmental report


RUC
ementation
MINING
UJ10

01 GROUP OVERVIEW

The Group's philosophy of *Engineered Excellence* underpins our competitiveness and reputation as a well-governed values-driven and ethical organisation wherever we are in the world.

THE *NEW STRATEGIC FUTURE* UNFOLDS

A MULTINATIONAL, SPECIALIST ENGINEERING AND CONSTRUCTION GROUP…

Murray & Roberts transferred its listing on the JSE from Heavy Construction to Diversified Industrials on 20 March 2017, the beginning of a new development trajectory.

…WITH A RESILIENT BUSINESS MODEL AND CLEARLY DEFINED STRATEGY…

Diversification of the business model and international expansion has deepened the Group's resilience and growth potential, underpinned by its philosophy of *Engineered Excellence* and progress towards Zero Harm.

…A ROBUST FINANCIAL POSITION TO NAVIGATE BUSINESS CYCLES AND FUND GROWTH…

Low gross gearing and a robust cash position has enabled the Group to withstand market cyclicality and pursue its growth plans.

…AND A STRONG ORDER BOOK AND PROJECT PIPELINE SUPPORTING A POSITIVE LONG-TERM OUTLOOK.

Diversification across core and complementary markets, geographies and the project life cycle has resulted in a much-improved, high-quality order book that will support an improving performance in the next few years.

FROM THE FOUNDATION SET OVER THE PAST EIGHT YEARS, MOMENTUM IS GATHERING IN THE GROUP'S IMPLEMENTATION OF THE *NEW STRATEGIC FUTURE* PLAN. AS ITS BUSINESS PLATFORMS GAIN STRATEGIC MATURITY, THE OUTCOMES OF BUSINESS MODEL RESILIENCE, SUSTAINABLE GROWTH AND PROFITABILITY, AND EXCELLENCE AS A COMPETITIVE ADVANTAGE, ARE MOVING THE GROUP TOWARDS ITS ASPIRATIONS.

STRATEGIC MILESTONES IN THE PAST EIGHT YEARS

RECOVERY TO RESTORE STABILITY

JUL 2011
New CEO and FD appointed

NOV 2011
Negotiated debt package
R4,0 billion

MAR 2012
Rights issue
R2,0 billion

RECOVERY YEAR FY2012

RETURN TO PROFITABILITY

MAR 2013
Disposal of investment in Forge
R1,8 billion

DEC 2013
Clough becomes wholly-owned subsidiary
R4,4 billion

MAR 2014
Proceeds from disposal of companies
R3,2 billion

JUN 2014
Settled GPMOF claim
R300 million

GROWTH YEARS FY2013 – FY2014

SETTING THE FOUNDATION FOR SUSTAINABLE GROWTH

AUG 2014
Dividend payment resumed

SEP 2014 TO JAN 2016
Acquired:
- Aquamarine (SA)
- Booth Welsh (EU)
- CH•IV (USA)
- Enercore (CA)
- Merit (CA)

MAR 2017
JSE sub-sector change and new FD appointed

APR 2017
Sale of Infrastructure & Building platform

R314 million

GATHERING MOMENTUM

DEC 2017
Increased investment in BCC

APR 2018
ATON mandatory offer

MAY 2019
Acquired:
- Clough USA (USA)
- Terra Nova Technologies (USA)
- Boipelo Mining Contractors (SA)
- OptiPower Projects (SA)

R0,8 billion

***NEW STRATEGIC FUTURE* FY2015 +**

DIVERSIFIED FOR SUSTAINABLE GROWTH

THE GROUP'S PURPOSE CONNECTS OUR CAPABILITIES TO THE INVESTMENT OUR CLIENTS MAKE IN PROJECT INFRASTRUCTURE THAT SUPPORTS THE LONG-TERM DEVELOPMENT OF COUNTRIES, INDUSTRIES AND COMMUNITIES, WHICH IS THE SHARED OUTCOME OF OUR BUSINESS MODEL.

Our Values guide us individually and collectively in everything we do, in every country we work, and our philosophy of *Engineered Excellence* informs our management approach at every level of the organisation. This underpins the Group's competitiveness and reputation as a well-governed, values-driven and ethical multinational organisation, which is how we define the leadership aspiration in our Vision.

Murray & Roberts Holdings Limited

A group of world-class companies and brands aligned to the same Purpose, Values and Vision

STOP. THINK. ACT. 24/7: SAFETY FIRST IN EVERYTHING WE DO

PURPOSE
Enabling fixed capital investments that support the advancement of human development

VALUES
- Integrity
- Respect
- Care
- Accountability
- Commitment

VISION
To be a leading multinational engineering and construction group that applies our project life cycle capabilities to optimise clients' fixed capital investment

Full service offering across regions and project life cycle

PLATFORMS	CAPABILITIES	GEOGRAPHIES
UNDERGROUND MINING	Detailed engineering Procurement Construction Commissioning & maintenance Operations	Africa Americas Asia Australia
OIL & GAS	Detailed engineering Procurement Construction Commissioning & maintenance	Africa Americas Asia Australia Europe
POWER & WATER	Detailed engineering Procurement Construction Commissioning & maintenance	Africa

PROJECT LIFE CYCLE

Design and engineering/ technical consulting
↓
Process engineering, procurement and construction
↓
Construction
↓
Service and operations

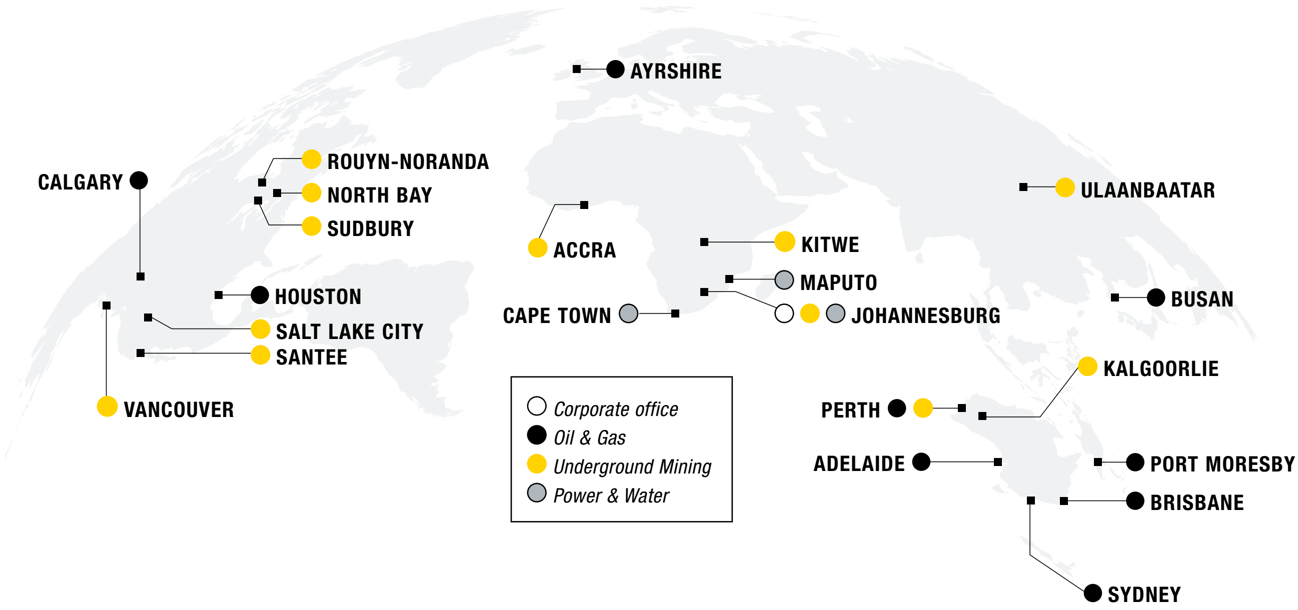
ENGINEERED EXCELLENCE

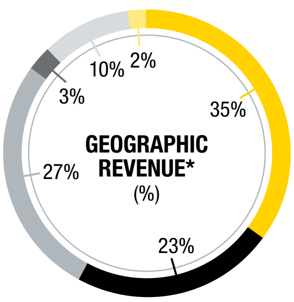
PG 36
Group chief executive's and financial director's report

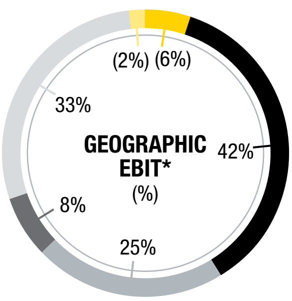
Business model resilience

Positive long-term demand drivers including global population growth, rapid urbanisation and economic growth inform the Group's core focus on selected global natural resources market sectors. Although the Group is exposed to the cyclicality of commodity demand, its business model is designed to diversify its growth potential through the cycle. The combination of portfolio, geographic and capability diversification provides a blend of revenue and earnings in our core market sectors. Diversification into complementary markets mitigates the impact on the Group of commodity downcycles.

- The Group's geographic footprint is focused on establishing a permanent presence in high-growth regions for our clients. We also support clients on an ad hoc basis in other geographies where we do not have a permanent presence.
- The Group's capabilities across the project life cycle enable us to provide a seamless and competitive service offering, while diversifying our revenue and margin mix.
- The Group identifies high-growth complementary markets based on the regional capabilities and competitive advantages of the platforms.

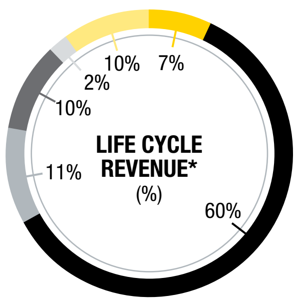


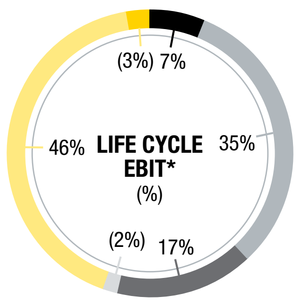




Oceania
Rest of Africa
South Africa
Asia
Americas
Europe

** Excluding Corporate, Middle East and BCJV.*





Planning & engineering
Commissioning
Maintenance & refurbishment
Construction^
Operations
Development/Investment

^ Not civil and building construction.

PG 42
Business platform reviews

STRATEGY FOR FOCUSED VALUE CREATION

Value drivers	Corporate action	Key considerations	FY20	FY21	FY22
STRATEGY EXECUTION AND DELIVERY	**Strategic focus**	Delivery of clear medium-term business plans across platforms.	✓	✓	✓
		Continue to expand internationally.	✓	✓	✓
		Leverage market position to deliver organic growth in each platform.	✓	✓	✓
		Closure of the Middle East operation and the Dubai airport claim.	✓		
	Mergers and acquisitions	Identify and conclude value-accretive acquisitions in growth markets across platforms to support growth.		✓	✓
		Position platforms in developed markets and higher margin segments of the project life cycle.	✓	✓	✓
OPERATIONAL PERFORMANCE	**Performance management**	Keep platforms accountable to the standards, systems, practices and reporting of *Engineered Excellence.*	✓	✓	✓
		Deliver/exceed ROICE targets and earnings guidance.	✓	✓	✓
		Target overhead costs of about 5% of revenue, through the cycle.		✓	✓
OPTIMAL CAPITAL STRUCTURE	**Balance sheet management**	Target appropriate gearing level to support sustainable growth in context of commodity cycle and market volatility.	✓	✓	✓
CASH RETURNS TO SHAREHOLDERS	**Dividend policy**	Stable annual dividend, may be supplemented from time to time with a special dividend.	✓	✓	✓
STRONG SHAREHOLDER REGISTER	**Shareholder engagement**	Secure support from shareholders on strategy and value proposition.	✓	✓	✓

PG 36
Group chief executive's and financial director's report

Implementation of the *New Strategic Future* plan gathered momentum in the year, with the business platforms consolidating their strategic positions, growth prospects and earnings potential in line with market opportunities.

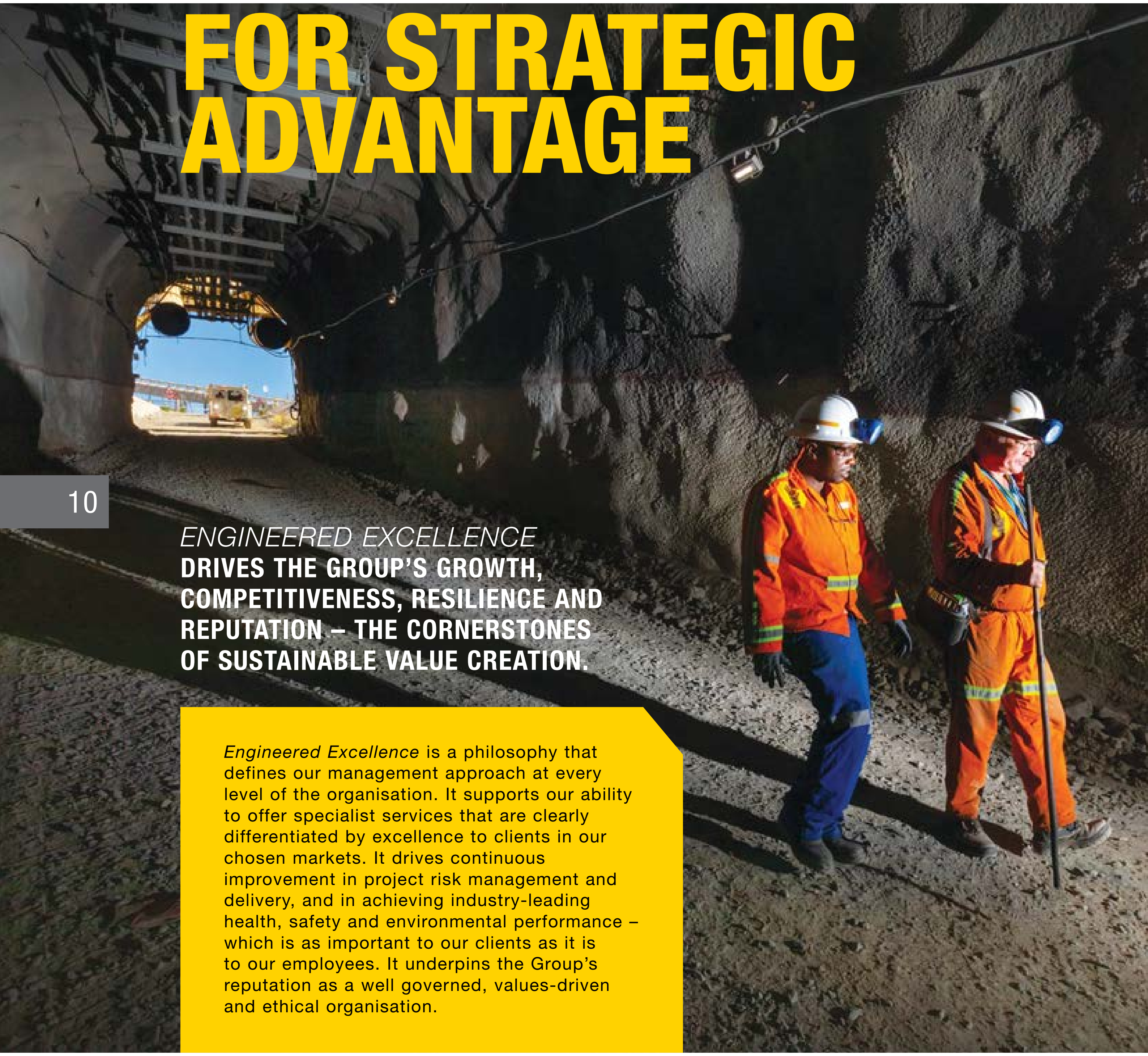
The Group's disciplined approach to managing the complex risks across our multinational operations, through robust and well-defined risk management processes and practices, supports our ability to deliver on our strategy and create value in the longer term. The table below connects our strategic objectives and related top risks, the mitigation of which is detailed in the risk management report, along with the actions we are taking to manage our material issues.

Risk drivers	Link to material issues
STRATEGIC RISKS • Vulnerability to macroeconomic factors. • Group liquidity. • Capitalising on the recovery of oil and gas markets. **PROJECT RISK** • Uncertified revenues.	**Business model resilience** • Leverage market position to drive short-term growth. • Diversify earnings potential through organic and acquisitive means. • Manage capital and liquidity effectively. **Employer of choice** • Ensure leadership quality and succession depth through proactive development. • Attract and retain high-performing talent. **Corporate reputation** • Respond effectively to local requirements.
STRATEGIC RISKS • Vulnerability to macroeconomic factors. • Group liquidity. • Capitalising on the recovery of oil and gas markets. **OPERATIONAL RISKS** • Health, safety and environmental exposures. • Community and industrial unrest. **PROJECT RISKS** • Project losses. • Uncertified revenues.	**Contractor of choice** • Deepen *Engineered Excellence* philosophy. • Accelerate the application of relevant technology. **Employer of choice** • Maintain best people practices. **Corporate reputation** • Maintain reputation as an ethical and responsible multinational organisation. • Respond effectively to local requirements.
STRATEGIC RISK • Group liquidity. **PROJECT RISK** • Uncertified revenues.	**Business model resilience** • Manage capital and liquidity effectively.
STRATEGIC RISK • Group liquidity.	**Business model resilience** • Manage capital and liquidity effectively.
STRATEGIC RISKS • Vulnerability to macroeconomic factors. • Group liquidity.	**Business model resilience** • Leverage market position to drive short-term growth. • Diversify earnings potential through organic and acquisitive means. • Manage capital and liquidity effectively.

PG 70 Risk management report

PG 20 Managing our material issues

ENGINEERED EXCELLENCE FOR STRATEGIC ADVANTAGE



ENGINEERED EXCELLENCE **DRIVES THE GROUP'S GROWTH, COMPETITIVENESS, RESILIENCE AND REPUTATION – THE CORNERSTONES OF SUSTAINABLE VALUE CREATION.**

Engineered Excellence is a philosophy that defines our management approach at every level of the organisation. It supports our ability to offer specialist services that are clearly differentiated by excellence to clients in our chosen markets. It drives continuous improvement in project risk management and delivery, and in achieving industry-leading health, safety and environmental performance – which is as important to our clients as it is to our employees. It underpins the Group's reputation as a well governed, values-driven and ethical organisation.

PG 32 Chairman's statement

PG 36 Group chief executive's and financial director's report

CONTRACTOR of choice

Our reputation for project excellence is an important differentiator in competitive markets.

Recognition as a contractor of choice supports our ability to secure work, negotiate fair commercial terms and engage with clients earlier in the design phase of projects. Early engagement enables us to propose solutions that mitigate risk and enhance project delivery. Disciplined management of commercial and execution risk in tendering for and delivering projects, aims to minimise losses and protect margins. This extends to ensuring that local contracting partners align to the Group's project delivery standards including health and safety risk management, as well as risks pertaining to compliance, conduct and reputational risk management. To support enhanced competitiveness and productivity, the Group is formulating a digital strategy.

ORDER BOOK
(CONTINUING)

R46,8 BILLION

30 JUNE 2018: **R30,1 billion**

ATTRIBUTABLE EARNINGS

R337 MILLION

FY2018: **R267 million**

EBIT

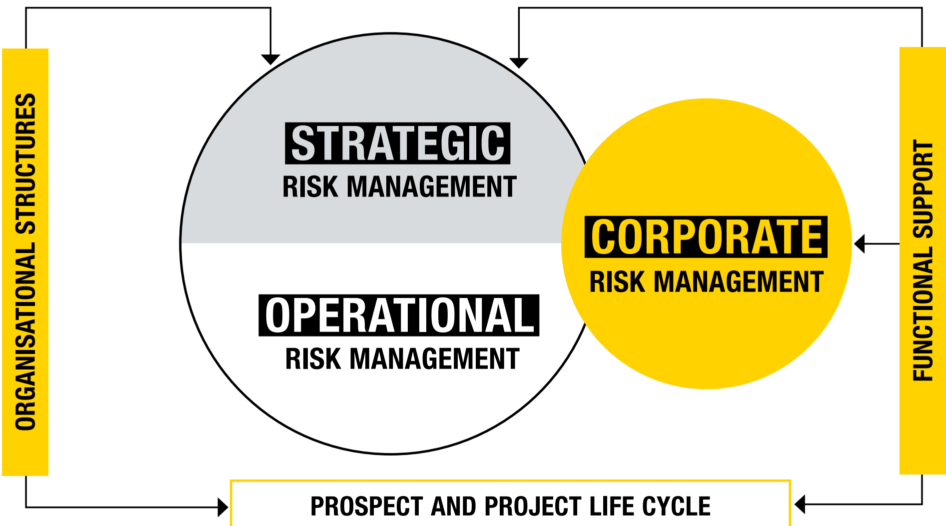
R791 MILLION

FY2018: **R864 million**

PG 42
Business platform reviews

Group risk management framework

Our integrated governance, risk and sustainability management frameworks support our competitiveness. The business platforms are held accountable for implementing the non-negotiable standards, systems, practices and reporting that brings *Engineered Excellence* to life. Risk is managed by the platforms within the Group's defined risk tolerance framework and aligned to specific contracting principles. The lessons learnt and contracting principles schedules are regularly updated in response to specific issues. As we anticipate shifts in the Group's opportunity and risk profile, we amend these frameworks accordingly. A well-constituted governance structure ensures effective strategic direction and oversight of the business platforms from the corporate office and the Board.



PG 70
Risk management report

EMPLOYER of choice

Ethical leadership, employee health and safety, and diversity and localisation are strategic priorities, enabling us to attract, retain and engage high-calibre and high-performing employees who live the Group's Values.

The Group's value system is a condition of the attraction, appointment and succession of quality leaders, who are ultimately responsible for implementing Group strategy. Career advancement through training and mentorship, best people practices and adherence to the Group's diversity policy, are important aspects of our value proposition to employees. The Group is recognised for its ability to recruit locally, across the culturally diverse regions in which we operate, and provide effective training methodologies to meet the Group's high standards for safety and productivity.

TRAINING SPEND

R105* MILLION

FY2018: **R130 million**

BURSARIES AWARDED

R4,4* MILLION

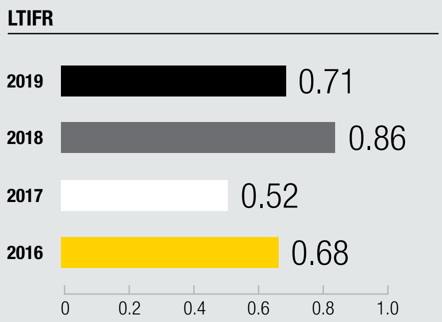
FY2018: **R5,2 million**

ALL BUSINESSES CONDUCTED EMPLOYEE SURVEYS IN FY2019, TO INFORM IMPROVEMENTS IN PEOPLE MANAGEMENT.

ONLINE
Employer of choice

** Decrease mainly attributable to reduction in headcount.*

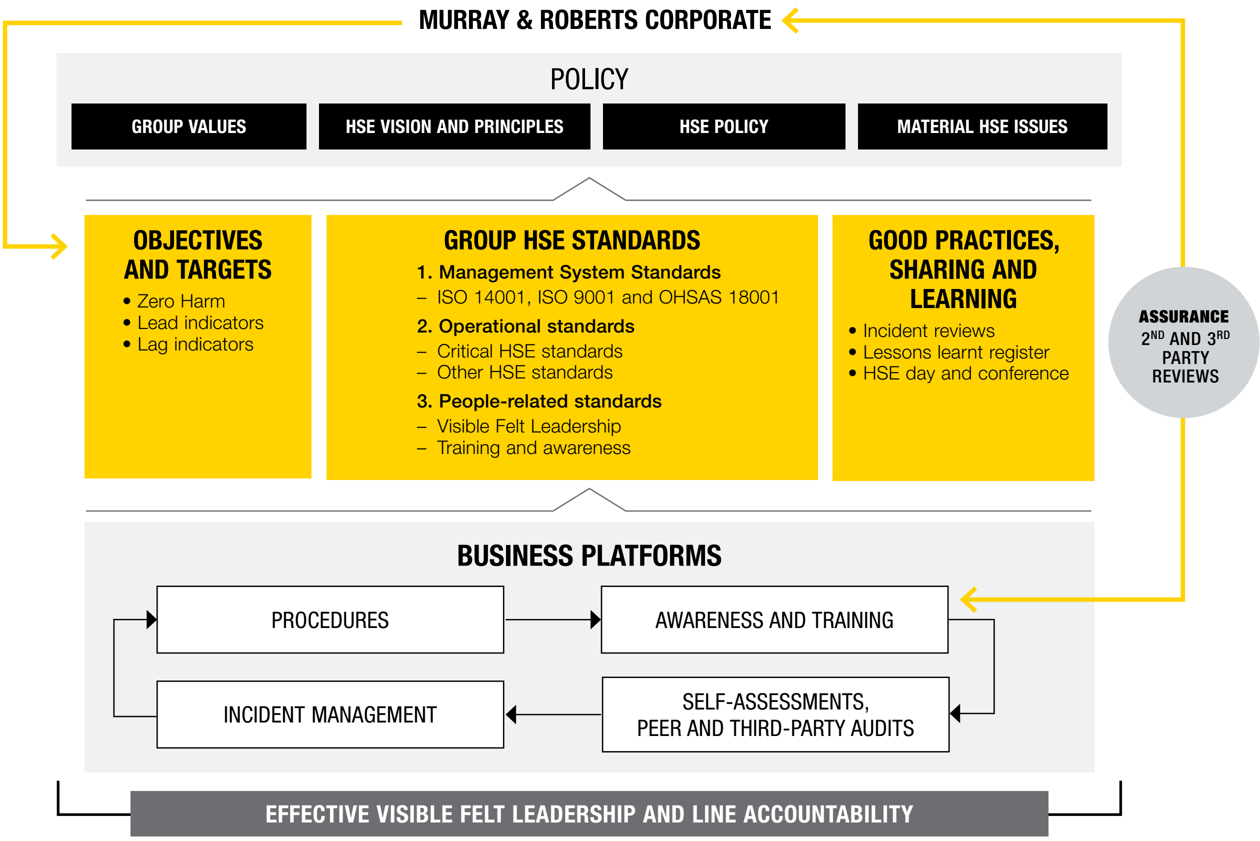
Towards Zero Harm



THE GROUP RECORDED **NO FATALITIES** AND IMPROVED ON ITS INDUSTRY-LEADING SAFETY PERFORMANCE DURING THE YEAR.

The Group's safety culture has matured over the last few years, supporting our belief that Zero Harm is achievable. We continue to make health and safety improvements by better understanding our exposure risk, benchmarking ourselves against clients and peers and implementing lessons learnt from incidents and audits. We are deploying technology that lowers the baseline risk at project level and applying innovative approaches to avoid plateaus in improvement. The Group HSE framework outlines the role, responsibility and accountability of the corporate office and business platforms, and incorporates recommendations from independent experts and from ongoing risk assessments and audits.

MURRAY & ROBERTS HEALTH, SAFETY AND ENVIRONMENT FRAMEWORK



ONLINE
Health and safety performance

FINANCIAL CAPACITY FOR DELIVERY

THE GROUP'S ROBUST FINANCIAL POSITION PROVIDES ADEQUATE CAPACITY TO FUND OUR ORGANIC AND ACQUISITIVE GROWTH PLANS.

The Group is in a strong cash position and debt is within our target range. Cost management is a focus with all platforms targeting overhead costs of about 5% of revenue through the cycle. The resilience of our business model, clearly defined plans to capitalise on the strategic positions of our business platforms in their markets and a quality order book, positions the Group to deliver sustainable growth and improved earnings.

REVENUE (CONTINUING)

R20,2 BILLION

FY2018: **R21,8 billion**

ORDER BOOK (CONTINUING)

R46,8 BILLION

30 June 2018: **R30,1 billion**

DIVIDEND

55 CENTS

FY2018: **50 cents**

ATTRIBUTABLE EARNINGS

R337 MILLION

FY2018: **R267 million**

HEPS (DILUTED CONTINUING)

101 CENTS

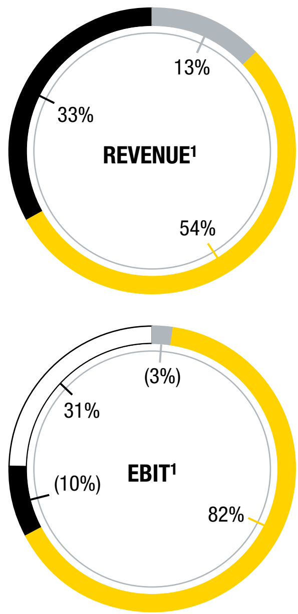
FY2018: **112 cents**

NET CASH

R1,8 BILLION

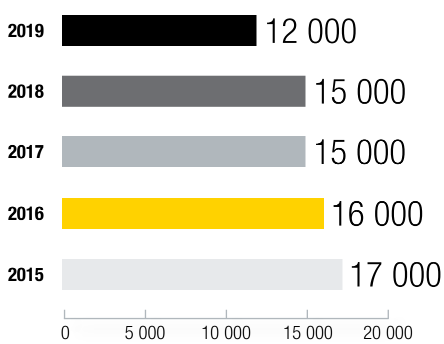
30 June 2018: **R2,0 billion**

PLATFORM REVENUE AND EBIT[1] CONTRIBUTION (%)

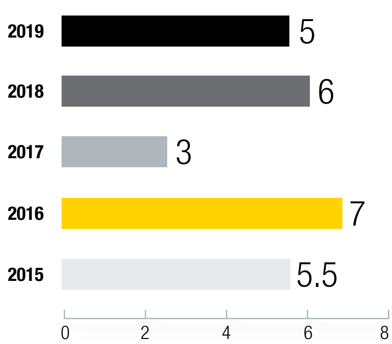


1. Excluding Corporate costs, Middle East and BCJV.

CREATION OF VALUE (R million)



RETURN ON AVERAGE TOTAL ASSETS (%)



PG 114 Statement of value created

Investment margins and aspirations

Our aspirations for the medium to longer term remain unchanged, supported by the evolution of the Group's strategy.

CRITERIA AND METHOD	ASPIRATION	RESULTS
MARGIN EBIT[1] / Revenue	5% – 7.5%	FY2019 **4%** FY2018 4.0% FY2017 2.3% FY2016 4.9%
GEARING Total interest bearing debt / Ordinary shareholders equity	20% – 25%	FY2019 **29%** FY2018 7.3% FY2017 8.9% FY2016 14.4%
ROE[2] Net profit attributable to ordinary shareholders / Average ordinary shareholders equity	17.5% through cycle	FY2019 **5%** FY2018 4.0% FY2017 0.7% FY2016 11.0%
ROICE[3] (Taxed EBIT + Income from associates) / Total capital employed[5]	WACC[4] (13%) plus 1% – 4%	FY2019 **9%** FY2018 7.5% FY2017 2.6% FY2016 10.9%
FREE CASH FLOW Operating cash flow – Replacement CAPEX[6] + Proceeds on disposal of PPE & intangibles / Number of shares	Budget	FY2019 **cash positive** FY2018 Cash positive FY2017 Cash positive FY2016 Cash positive
RONA[7] Taxed EBIT + Income from associates / Total net assets (excl tax and cash)	18% after Taxed EBIT	FY2019 **24%** FY2018 11.1% FY2017 4.1% FY2016 17.0%
TSR[8] (Increase in share price year on year + Dividend per share) / Share price (PY)	Relative to peers	FY2019 **above average** FY2018 Above average FY2017 Above average FY2016 Above average

1. *Earnings before interest and tax.*
2. *Return on equity.*
3. *Return on invested capital.*
4. *Weighted average cost of capital.*
5. *Total capital employed = total equity + interest bearing debt – net assets held-for-sale – cash + advance payments.*
6. *Capital expenditure.*
7. *Return on net assets.*
8. *Total shareholder return.*

PG 36 Group chief executive's and financial director's report
PG 98 Summarised financial report
ONLINE Full annual financial statements

OUR LEADERSHIP

THE BOARD LEADS AN EXPERIENCED MANAGEMENT TEAM IN ASPIRING TO THE HIGHEST STANDARDS OF INTEGRITY AS A WELL-GOVERNED, VALUES-DRIVEN MULTINATIONAL ORGANISATION.

The Group has an accomplished and diverse Board, with competencies aligned to the Group's strategy and deep collective experience, relevant to the macroeconomic and socioeconomic realities of our markets. An effective governance structure, aligned to King IV™, is in place and a clear organisational framework defines the relationships and decision-making rights between governing bodies and business platforms.

PG 62 Governance overview

ONLINE Full governance report

INDEPENDENT NON-EXECUTIVE DIRECTORS

	SURESH KANA Chairman	**RALPH** HAVENSTEIN Lead independent director
QUALIFICATIONS	BCom Hons, BCompt, CA(SA), MCom	MSc (Chemical Engineering), BCom
APPOINTED	**01 July 2015**	**01 August 2014**
RESPONSIBILITIES	**Oversees Board governance and performance, and stakeholder engagement.**	**Addresses shareholders' concerns where regular channels fail to resolve concerns, or where the chairman may be conflicted.**
EXPERIENCE	Former territory senior partner for PwC Africa	Former chief executive officer Anglo American Platinum, former chief executive officer Norisk Nickel International
OTHER DIRECTORSHIPS	Quilter, JSE Limited, King Committee on Corporate Governance	Northern Platinum, Omnia Holdings, Reatile Group, Hernic Ferrochrome
RELEVANT SKILLS AND EXPERTISE	Accounting, Finance, Strategic Leadership, Governance, Ethics	Petrochemistry and Mining, Chemical Engineering, Strategic Leadership
COMMITTEES	RHR, N	HSE, N, RHR, SE

EXECUTIVE DIRECTORS

HENRY LAAS
Group chief executive

QUALIFICATIONS
BEng (Mining), MBA

APPOINTED
Joined the Group in 2001.
Appointed to the Board and as Group chief executive in 2011.

RESPONSIBILITIES
Leads the design and delivery of Group strategy and performance, and reporting.

EXPERIENCE
Former chairman of Murray & Roberts Engineering SADC, former managing director of Murray & Roberts Cementation

RELEVANT SKILLS AND EXPERTISE
Mining and Engineering, Commercial Negotiations, Strategic Leadership

DANIËL GROBLER
Group financial director

QUALIFICATIONS
CA(SA)

APPOINTED
Joined the Group in 2010.
Appointed to the Board and as Group financial director in 2017.

RESPONSIBILITIES
Leads the delivery of Group financial performance against aspirations, and reporting.

EXPERIENCE
Former managing director of Murray & Roberts Cementation, various financial and leadership functions within the Group since 2010

RELEVANT SKILLS AND EXPERTISE
Accounting, Commercial Negotiations, Strategic Leadership, Corporate Finance






NTOMBI LANGA-ROYDS	**ALEX** MADITSI	**EMMA** MASHILWANE	**DIANE** RADLEY	**XOLANI** MKHWANAZI	**KEITH** SPENCE
BA Law (Lesotho), LLB (Lesotho)	BProc, LLB, LLM	BCom Hons, BCompt, CA(SA), MBA	CA(SA), MBA, AMP (Harvard)	BSc, MA, PhD, EDP	BSc Hons
01 June 2013	**23 August 2017**	**23 August 2017**	**23 August 2017**	**01 August 2015**	**25 November 2015**

Provide independent and objective judgement as well as to counsel, challenge and monitor the executive directors' delivery of strategy within the approval framework and risk appetite agreed by the Board.

Human resources executive	Former operations planning and legal director for Coca-Cola Southern and East Africa	Chief executive officer Masa Risk Advisory Services	Former chief executive officer Old Mutual Investment Group Former chief financial officer Old Mutual SA	Former chairman of BHP Billiton SA Operations, former head of National Energy Regulator	Former chairman of Clough, former executive at Woodside, former executive at Shell
Mpact, Redefine Properties, Kumba Iron Ore, Europe Assistance Worldwide Services (SA)	Bidvest Group, African Rainbow Minerals	Tiger Brands, Famous Brands	Transaction Capital, Base Resources, DG Murray Trust	Public Investment Corporation, South 32	Santos, Base Resources, Independence Group NL
Human Capital, Law	Law, Commercial, Remuneration	Accounting, Finance, Risk Management, Internal Audit	Accounting, Corporate Finance, Investment, Strategic Leadership	Applied Physics, Power, Engineering, Mining	Oil & Gas, Strategic Leadership
SE RHR N RM	RHR HSE SE	RM AS	RM AS	RM HSE SE	AS HSE RM

GROUP SECRETARY

BERT KOK

QUALIFICATIONS
FCIS, FCIBM

APPOINTED
Joined the Group in 2011.
Appointed Group secretary in 2014.

RESPONSIBILITIES

Ensures sound corporate governance and Board administration including director induction and training.

EXPERIENCE
More than 10 years as Listed Company Secretary, former (2010) President of Chartered Secretaries of Southern Africa

RELEVANT SKILLS AND EXPERTISE
Corporate Governance, Company Secretarial Administration

COMMITTEES

N	**Nomination committee** Chairman: Suresh Kana
SE	**Social & ethics committee** Chairman: Ntombi Langa-Royds
RHR	**Remuneration & human resources committee** Chairman: Ralph Havenstein
HSE	**Health, safety & environment committee** Chairman: Ralph Havenstein
RM	**Risk management committee** Chairman: Keith Spence
AS	**Audit & sustainability committee** Chairman: Diane Radley

GROUP EXECUTIVE

PETER BENNETT

Business platform chief executive

Peter joined the Group in 2016 and was appointed to the executive committee in February 2016. He is responsible for the Oil & Gas business platform.

- Booth Welsh
- CH•IV
- Clough
- Clough Coens
- Clough Enercore
- Clough USA
- e_2o

COMMITTEE PARTICIPATION
- Health, safety & environment

MIKE DA COSTA

Business platform chief executive

Mike joined the Group and was appointed to the executive committee in 2018. He is responsible for the Underground Mining business platform.

- Cementation AG
- Cementation Canada & USA
- Merit Consultants International
- Murray & Roberts Cementation
- RUC Cementation Mining
- Terra Nova Technologies

COMMITTEE PARTICIPATION
- Health, safety & environment

DANIËL GROBLER

Group financial director

Daniël joined the Group in 2010 and was appointed to the executive committee in 2017. Daniël is a director of Murray & Roberts International, Bombela Concession Company and Clough.

- Corporate office finance & payroll
- Financial control & reporting
- Information management & technology
- Murray & Roberts Properties
- Secretarial
- Taxation
- Treasury

COMMITTEE PARTICIPATION
- Audit & sustainability
- Remuneration & human resources
- Risk management
- Social & ethics

STEVE HARRISON

Business platform chief executive

Steve joined the Group in 2011 and was appointed to the executive committee in September 2015. He is responsible for the Power & Water business platform

- Aquamarine
- Murray & Roberts Power & Energy
- Murray & Roberts Water
- OptiPower Projects

COMMITTEE PARTICIPATION
- Health, safety & environment

IAN HENSTOCK

Commercial executive

Ian joined the Group and was appointed to the executive committee in 2008. He is the corporate executive responsible for the assurance, commercial and legal portfolios. Ian is a director of Murray & Roberts International and Clough.

- Commercial
- Forensics
- Internal audit
- Legal, compliance and ethics

COMMITTEE PARTICIPATION
- Audit & sustainability
- Risk management
- Social & ethics

HENRY LAAS

Group chief executive

Henry joined the Group in 2001 and was appointed to the Board and as Group chief executive in July 2011. Henry is a director of Murray & Roberts International, Bombela Concession Company and Clough.

- Sustainable delivery of Group strategy and performance

COMMITTEE PARTICIPATION
- Audit & sustainability
- Health, safety & environment
- Remuneration & human resources
- Risk management
- Social & ethics

THOKOZANI MDLULI

Risk and health, safety & environment executive

Thokozani joined the Group in 2010 and was appointed to the executive committee in 2013. He is responsible for risk and health, wellness, safety and environment. Thokozani oversees the Group's BBBEE verification and transformation plans.

- Risk
- Health, safety & environment
- BBBEE

COMMITTEE PARTICIPATION
- Health, safety & environment
- Risk management
- Social & ethics

MANAGING OUR MATERIAL ISSUES

Strategic maturity

1 BUSINESS MODEL RESILIENCE

- Leverage market positions to drive short-term growth
- Diversify earnings potential through organic and acquisitive means
- Manage capital and liquidity effectively

2 CONTRACTOR OF CHOICE

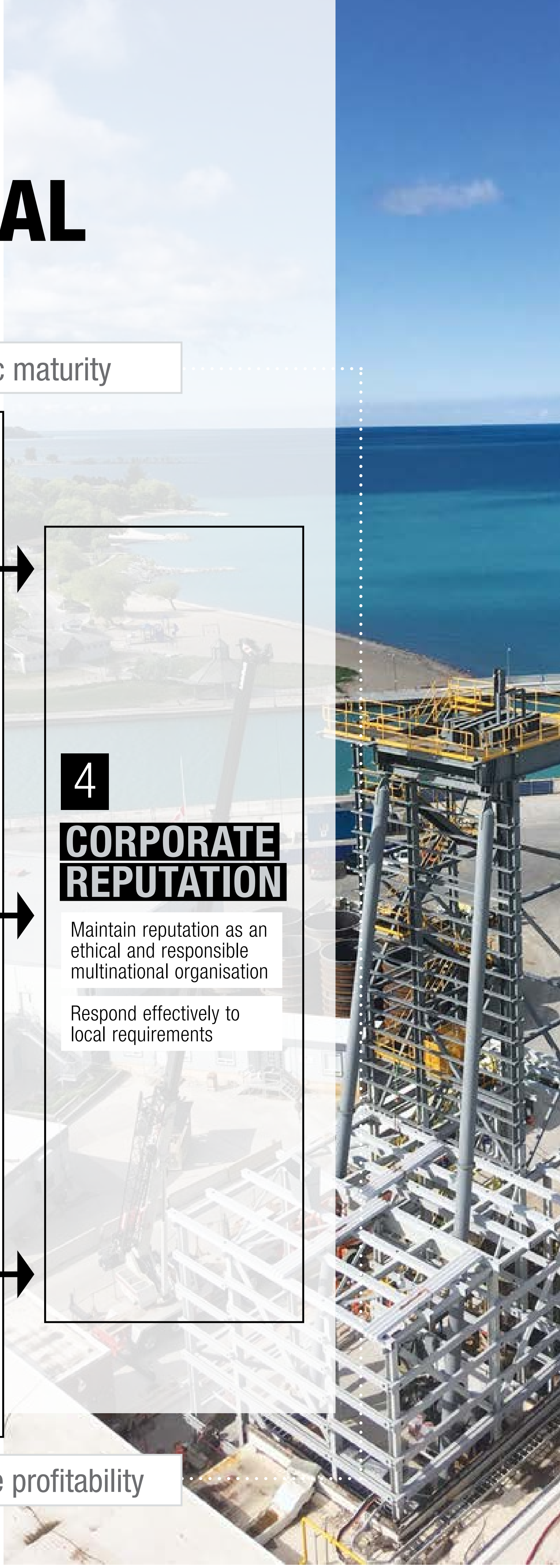
- Deepen *Engineered Excellence* philosophy
- Accelerate the application of relevant technology

3 EMPLOYER OF CHOICE

- Ensure leadership quality and succession depth through proactive development
- Maintain best people practices to attract and retain high-calibre talent

4 CORPORATE REPUTATION

- Maintain reputation as an ethical and responsible multinational organisation
- Respond effectively to local requirements



Sustainable profitability

1 BUSINESS MODEL RESILIENCE

CONTEXT:

Variable cyclical dynamics will continue to characterise core and complementary market sectors.	Underground Mining is expected to maintain profits at current high levels in the medium term.	Foundations are in place for Oil & Gas profit recovery from a low base: in metals & minerals and infrastructure markets in the short term; and gas & petrochemical markets in the medium term.	The sustainability of the Power & Water business model is dependent on opportunities emerging in target segments of core and complementary markets.	The Group's financial position is robust and sufficient to fund our organic and acquisitive growth plans.

MATERIAL ISSUE

LEVERAGE MARKET POSITIONS TO DRIVE SHORT-TERM GROWTH

GROUP

- Maximise growth potential in buoyant markets in Underground Mining.
- Harness competitive advantages in Oil & Gas to secure work in metals & minerals and infrastructure.
- Secure projects in target market segments in Power & Water.
- Integrate and grow new acquisitions by utilising Group relationships and scale.
- Anticipate and respond to market shifts to tactically position businesses for growth.

OIL & GAS

- Increase presence in Australian infrastructure and Australasian mining market sectors.
- Enhance skills and contracting expertise and leverage reputation for complex project delivery in metals & minerals and infrastructure markets.
- Maximise new EPC capability in the USA to secure opportunities in this high-growth market:
  - Complete the integration of Clough USA.

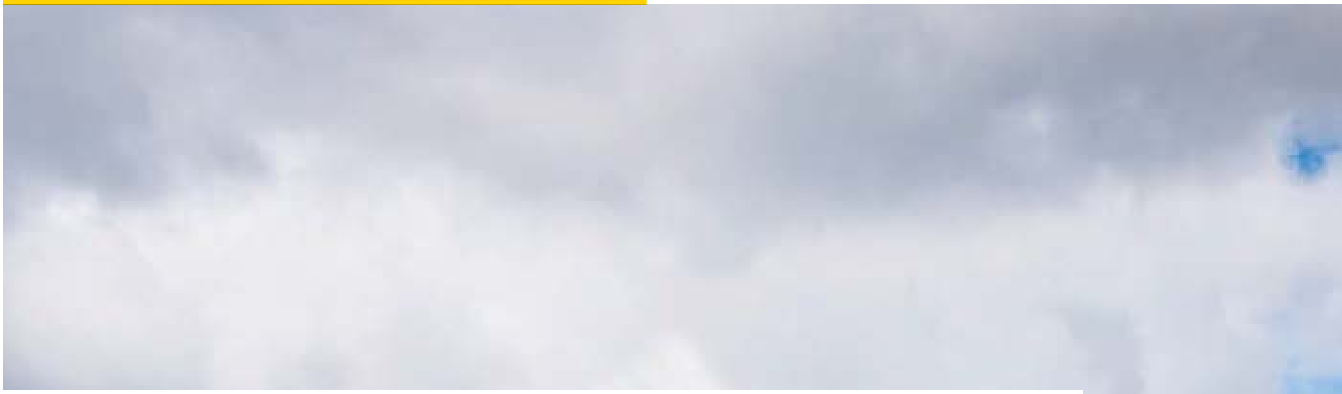
UNDERGROUND MINING

- Improve project delivery efficiency and innovate to optimise margins and grow market share.
- Cementation Canada & USA:
  - Integrate TNT and develop new material handling service offering.
- Murray & Roberts Cementation:
  - Integrate Boipelo JV and develop new contract mining service offering in the coal sector.

POWER & WATER

- Accelerate revenue replacement by targeting complementary market segments.
- Optimise OptiPower's track record to win work from Eskom in transmission, distribution and substation sectors.
- Secure opportunities in power plant repair and maintenance.
- Secure opportunities in renewable energy, including solar and gas-to-power.
- Secure opportunities in resources and industrial, and paper and pulp industries.
- Grow Aquamarine market share in chemicals and components market.

1 BUSINESS MODEL RESILIENCE *continued*



MATERIAL ISSUE

DIVERSIFY EARNINGS POTENTIAL THROUGH ORGANIC AND ACQUISITIVE MEANS

GROUP

- Pursue targeted geographic diversification and growth opportunities.
- Optimise margins and balance of risk by exposure to project life cycle phases, in particular operations and maintenance.
- Enhance competitiveness through selective cross-platform collaboration.
- Maintain strategic flexibility by leveraging positions in complementary markets to ensure long-term resilience.
- Drive organic growth through local partnerships.
- Access new sources of annuity-type income through investment as project developer and operator.

UNDERGROUND MINING

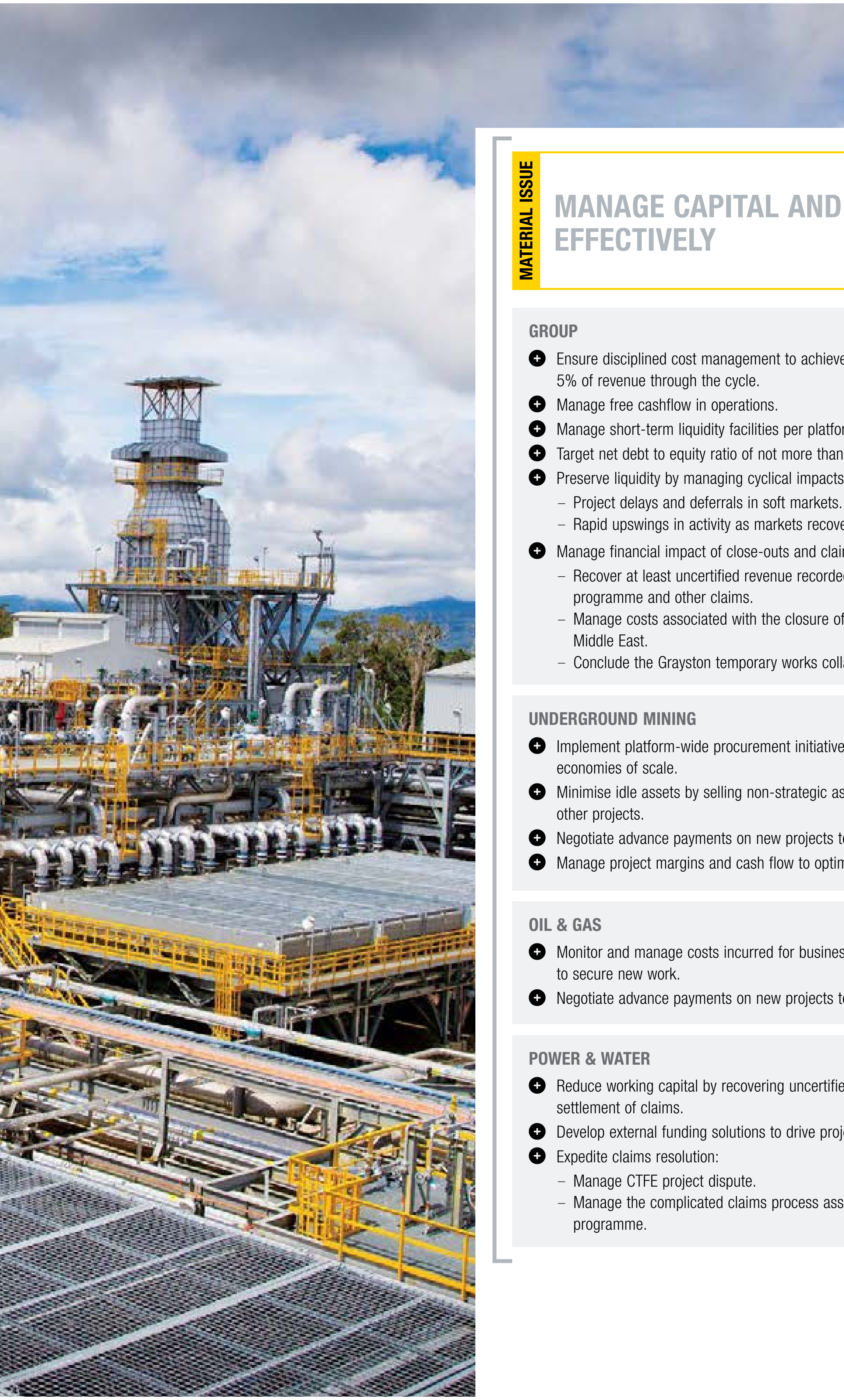
- Increase commodities footprint where market outlook is positive.
- Cementation Canada & USA:
  - Increase North American market share.
  - Access opportunities in South America and with existing clients in Europe.
- Murray & Roberts Cementation:
  - Develop local partnerships in Central and West Africa, with a focus on raise boring project opportunities.
  - Grow annuity-type income by securing contract mining projects.
- RUC Cementation Mining:
  - Develop opportunities in Asia and other markets with the Oil & Gas platform.
- Explore opportunities in opencast mining to increase contract mining income and mitigate impact of project investment cycles.

OIL & GAS

- Expand Clough USA's service offering and market presence by leveraging synergies across the platform's geographic footprint.
- Capitalise on track record to secure opportunities in PNG's LNG expansion.
- Target opportunities in the international oil and gas market with global clients:
  - Kazakhstan, Canada and Mozambique.

POWER & WATER

- Expand project development, EPC, and operations and maintenance service offering.
- Target transmission, distribution and substation projects in sub-Saharan Africa.
- Target opportunities in the refined fuel storage sector in South Africa and the LNG sector in Mozambique.
- Establish scale in water business:
  - Pursue municipal wastewater opportunities based on Organica demonstration plant results.
  - Offer bespoke solutions for industrial water treatment in mining and power sectors.
  - Secure annuity income through chemical supply contracts and operation of wastewater treatment plants.
- Develop relationships with equity and funding partners.



MATERIAL ISSUE

MANAGE CAPITAL AND LIQUIDITY EFFECTIVELY

GROUP

- Ensure disciplined cost management to achieve overhead costs of about 5% of revenue through the cycle.
- Manage free cashflow in operations.
- Manage short-term liquidity facilities per platform.
- Target net debt to equity ratio of not more than 35%.
- Preserve liquidity by managing cyclical impacts on working capital due to:
  - Project delays and deferrals in soft markets.
  - Rapid upswings in activity as markets recover.
- Manage financial impact of close-outs and claims:
  - Recover at least uncertified revenue recorded for Dubai Airport, power programme and other claims.
  - Manage costs associated with the closure of the business in the Middle East.
  - Conclude the Grayston temporary works collapse matter.

UNDERGROUND MINING

- Implement platform-wide procurement initiatives to drive savings through economies of scale.
- Minimise idle assets by selling non-strategic assets or deploying them on other projects.
- Negotiate advance payments on new projects to improve working capital.
- Manage project margins and cash flow to optimise working capital.

OIL & GAS

- Monitor and manage costs incurred for business development and tenders to secure new work.
- Negotiate advance payments on new projects to improve working capital.

POWER & WATER

- Reduce working capital by recovering uncertified revenues through settlement of claims.
- Develop external funding solutions to drive project development opportunities.
- Expedite claims resolution:
  - Manage CTFE project dispute.
  - Manage the complicated claims process associated with the power programme.

2 CONTRACTOR OF CHOICE

CONTEXT:

Excellence in all areas of project delivery underpins our aspiration to be a contractor of choice.

Our ability to attract and retain the best management and technical expertise is critical to this aspiration.

Local contracting and technology partners are a requirement when securing work, making it necessary to ensure alignment of principles and standards.

MATERIAL ISSUE

DEEPEN *ENGINEERED EXCELLENCE* PHILOSOPHY

GROUP

- Strive for Zero Harm:
  - Maintain fatality-free operations across the Group.
  - Focus on lag and lead indicators.
  - Continue to develop, enhance and share effective interventions to maintain world-class safety performance.
  - Assess effectiveness in managing critical controls using the MAP/CRM programme.
  - Continue to innovate towards Zero Harm.
  - Align with client safety systems, where appropriate.
- Minimise project losses:
  - Competitive and correct pricing of projects, considering project risk and minimum standards.
  - Conclude contracts on reasonable commercial terms, considering Group lessons learnt and contracting standards.
  - Effective resourcing and start-up of projects.
  - Achieve predictable outcomes in line with tender expectations through effective project and risk management.
  - Align contracting standards with changes in commercial risk profile.

OIL & GAS

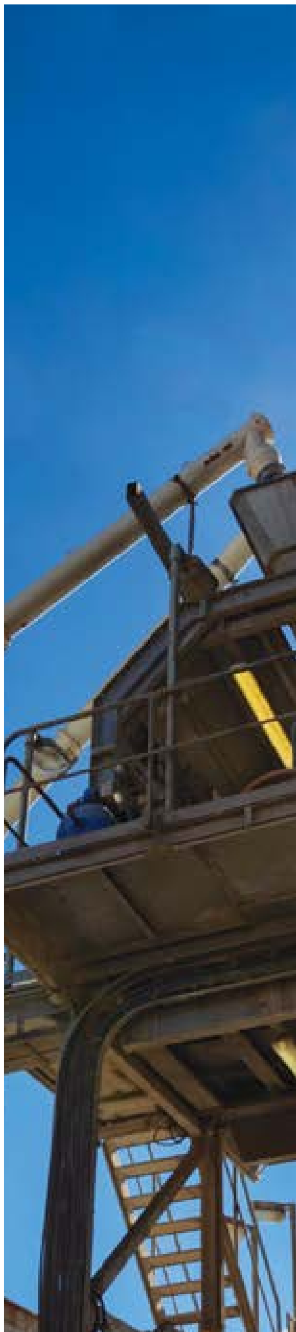
- Maintain world-class safety performance through real-time reporting and innovative approaches to HSE leadership training.
- Continue to deepen client relationships and business partnerships.
- Ensure commercial and operational discipline to manage financial risk of fixed-price contracts.

POWER & WATER

- Maintain world-class safety performance:
  - Maintain LTIFR at record-low.
  - Implement Neuroleadership programme to deepen safety culture maturity.
- Ensure compliance with new contracting standards, especially for cost-reimbursable commercial arrangements on projects taken over from other contractors.
- Maintain operational and commercial discipline throughout tendering process.

UNDERGROUND MINING

- Maintain world-class safety performance through steady reduction in LTIFR and sustained improvement in TRCR.
- Streamline safety and project management systems.
- Share best practices to support safety and efficiency improvements.
- Provide ongoing commercial and project management training.
- Apply technology to enhance project performance and maintain leading market position:
  - Update IT platforms to cloud-based infrastructure.
  - Improve productivity and drive efficiency by investing in automation and innovation.



MATERIAL ISSUE

ACCELERATE THE APPLICATION OF RELEVANT TECHNOLOGY

GROUP

- Understand the potential of technology to enhance competitiveness:
  - Perform Group technology maturity assessment.
  - Understand which technologies can enhance productivity in specific sectors and service offerings.
  - Develop leadership mindset and capacity to adapt to technological advances.
- Accelerate technologically enabled operations to achieve efficiency gains:
  - Invest in and commercialise innovative technology.
  - Establish appropriate technology partnerships.

UNDERGROUND MINING

- Operationalise technology-enabled processes including training applications, remote controlled and automated production processes, and asset maintenance systems.
- Drive current innovations to commercial maturity and monitor technological innovation.
- Cementation Canada & USA:
  - Improve asset management, cost accounting and project management systems to improve project delivery.
- Murray & Roberts Cementation:
  - Enhance systems, skills and processes to be a leading mechanised mining contractor in Africa.
- RUC Cementation Mining:
  - Leverage investment in Insig Technologies to drive application of automation technology, to enhance competitiveness.

OIL & GAS

- Invest selectively in innovation and technology to support transformation of supply chains.
- Develop a digital platform that focuses on scalable technology that meets the demands of a global EPC business.

POWER & WATER

- Commercialise environmentally friendly class-leading Organica wastewater treatment technology.
- Enable digitalisation in core and project support systems, and increase productivity, flexibility, adaptability as well as efficient asset management.

3 EMPLOYER OF CHOICE

CONTEXT:

Our aspiration to be an employer of choice in all our markets supports the recruitment, development and retention of competent, high-performing and ethical employees.

It underpins our ability to resource effectively according to the realities of market and project cycles.

A key driver of success is the Group's culture, which is centred on our Values of Integrity, Respect, Care, Accountability and Commitment.

MATERIAL ISSUE

ENSURE LEADERSHIP QUALITY AND SUCCESSION DEPTH THROUGH PROACTIVE DEVELOPMENT

GROUP

- Continue to align leadership succession to diversity objectives in all platforms.
- Emergency successors identified for all executive roles across all platforms.
- Accelerate and support career progression of high-performing talent identified for future leadership roles.
- Align performance contracts with Group strategic objectives across platforms for middle management and above. Where formal performance contracts are not in place, team-based targets clarify performance requirements.
- Deliver leadership development programmes.

UNDERGROUND MINING

- Deliver leadership training from supervisors to future leaders, and maintain succession plans through training interventions:
  - A new Management Training programme in Cementation Canada & USA.
  - Murray & Roberts Training Academy's programmes for first-time supervisors.
  - RUC Cementation's Leadership Development programme.
  - Drive a learning culture in Cementation North America.

OIL & GAS

- Coach and mentor high-potential employees to develop into future leadership roles.
- Develop future leaders through Clough's Construction Management Academy, Project Management Academy and Young Professionals Group for talented employees.

POWER & WATER

- Develop and mentor a high-performing core group of leaders and supervisors, with a focus on black talent.

MATERIAL ISSUE

MAINTAIN BEST PEOPLE PRACTICES TO ATTRACT AND RETAIN HIGH-CALIBRE TALENT

GROUP

- Embrace international standards of social justice, decent work and human rights, while also aligning policies and procedures to the legislation and basic conditions of employment of the counties we operate in.
- Maintain ISO 9001 accreditation in all platforms and the associated audits.
- Safety first philosophy to achieve Zero Harm across all platforms.
- Maintain effective employee wellness programmes.
- Offer career advancement through job experience on high-profile projects and extensive skills development and training, and coaching opportunities.
- Offer structured performance management and development linked to market-related remuneration and incentive schemes.
- Conduct new employee induction sessions with all employees to communicate the Group's Values, culture and performance expectations.
- Ongoing communication and engagement initiatives between Group leadership and employees.
  - Address areas of improvement identified in the employee engagement surveys undertaken in all businesses.
- Ensure responsible resourcing despite market and project cycles:
  - Retain core skills through continuous engagement.
  - Attract required skills timeously through effective people planning to mobilise projects on time and within budget.
  - Responsible approach to retrenchments to right-size operations during downturn and when demobilising projects.

UNDERGROUND MINING

- Regional training centres offer best practice technical and supervisory training.
- Murray & Roberts Cementation:
  - Offer innovative training solutions, including virtual and augmented reality applications.
- Resource growth at the top of the cycle by attracting scarce specialised skills and investing in training.

OIL & GAS

- Strengthen capabilities to deliver excellent project outcomes.
- Provide depth and variety of work experiences to attract and retain the right talent.
- Implement process and workflow improvements identified in employee engagement survey.
- Provide flexible employment options.

POWER & WATER

- Provide training and development interventions to build a high-performing core group of artisans and supervisors to meet strategic objectives.

4 CORPORATE REPUTATION

CONTEXT:

Stakeholder trust and support is critical to the Group's success and sustainability.

Governance frameworks and reporting structures ensure visibility of and compliance across all platforms.

Businesses are expected to align to the Group's frameworks, standards and Values as minimum best practice, despite local operating differences.

Managing the impact of local dynamics on project delivery to limit contagion risk is imperative for the Group's credibility with multinational clients.

Recognition as a responsible corporate citizen that responds to national objectives and complies with local laws, codes and standards is critical to the Group's licence to operate.

MATERIAL ISSUE

MAINTAIN REPUTATION AS AN ETHICAL AND RESPONSIBLE MULTINATIONAL ORGANISATION

GROUP

- Embed and align Group frameworks, standards and Values in acquired businesses.
- Ensure adherence to the Group diversity policy across the platforms.
- Uphold reputation for responsible and ethical conduct:
  - Comply with laws, standards and codes in all operations.
  - Senior management declaration on ethical behaviour every six months.
  - Conduct ongoing compliance and ethics training.

UNDERGROUND MINING

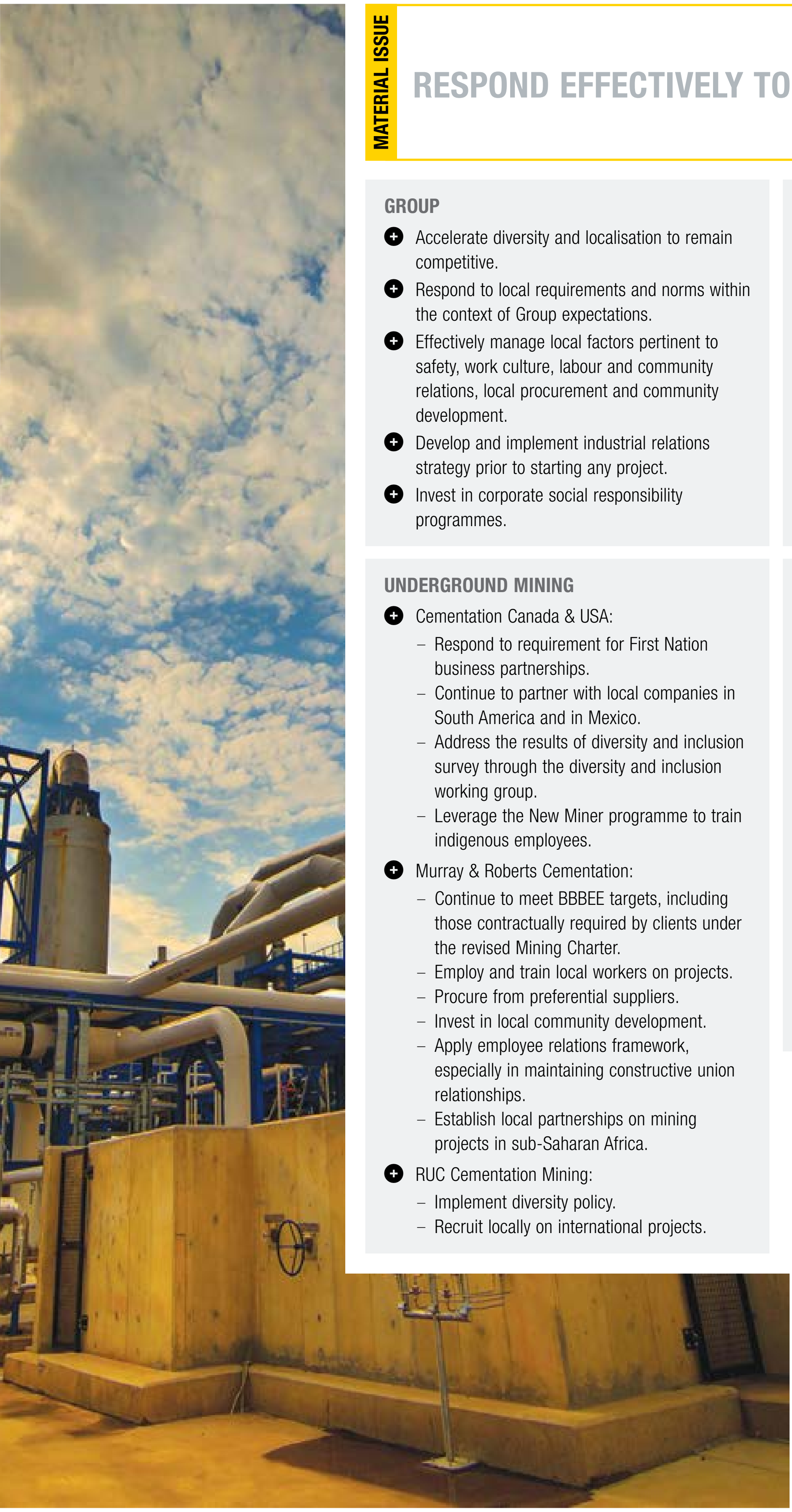
- Embed Group frameworks, standards and Values in TNT acquisition.

OIL & GAS

- Embed Group frameworks, standards and Values in Clough USA acquisition.

POWER & WATER

- Embed Group framework, standards and Values in OptiPower Projects acquisition.



MATERIAL ISSUE

RESPOND EFFECTIVELY TO LOCAL REQUIREMENTS

GROUP

- Accelerate diversity and localisation to remain competitive.
- Respond to local requirements and norms within the context of Group expectations.
- Effectively manage local factors pertinent to safety, work culture, labour and community relations, local procurement and community development.
- Develop and implement industrial relations strategy prior to starting any project.
- Invest in corporate social responsibility programmes.

OIL & GAS

- Improve workforce participation by indigenous communities and women.
- Drive workplace equality through memberships in the Diversity Council of Australia and the Gender Equity Group.
- Develop community engagement management plans for new projects to support project delivery and benefit communities.
- Support organisations, communities and causes that improve the lives of people living near projects through the Clough Foundation.

UNDERGROUND MINING

- Cementation Canada & USA:
  - Respond to requirement for First Nation business partnerships.
  - Continue to partner with local companies in South America and in Mexico.
  - Address the results of diversity and inclusion survey through the diversity and inclusion working group.
  - Leverage the New Miner programme to train indigenous employees.
- Murray & Roberts Cementation:
  - Continue to meet BBBEE targets, including those contractually required by clients under the revised Mining Charter.
  - Employ and train local workers on projects.
  - Procure from preferential suppliers.
  - Invest in local community development.
  - Apply employee relations framework, especially in maintaining constructive union relationships.
  - Establish local partnerships on mining projects in sub-Saharan Africa.
- RUC Cementation Mining:
  - Implement diversity policy.
  - Recruit locally on international projects.

POWER & WATER

- Maintain strong BBBEE credentials to access opportunities in South Africa:
  - Build on improvement in black representation in senior, middle and junior management levels.
  - Initiatives in place to achieve BBBEE Level 2 in FY2020.
- Establish BBBEE partnerships in power maintenance, transmission and distribution and water.
- Continue to work closely with clients, local community forums and leaders to manage expectations around economic and employment investment.
- Develop local partnerships in East and West Africa to access new markets and sectors to deliver growth.

02 LEADERSHIP REVIEW

Engineered Excellence **informs our drive for continual improvement and consistent outcomes, in positioning the Group as a provider of specialist services clearly differentiated by excellence.**

SURESH KANA / GROUP CHAIRMAN

CHAIRMAN'S STATEMENT

"Taking *Engineered Excellence* from a slogan to a philosophy that pervades decisions and actions throughout the Group, depends largely on the calibre and commitment of Group leadership."

Introduction

The reclassification in March 2017 from the heavy construction to the diversified industrial subsector of the JSE, marked the beginning of a new development trajectory for the Murray & Roberts Group as a multinational provider of specialised engineering and construction services, primarily in the metals and minerals, oil and gas and power and water market sectors.

This strategic definition is an effective response to market cyclicality, and the plan on which the Group's resilience and growth depends. It is gratifying to reflect on the progress made in the last year to further diversify the Group's international presence and to enhance its core market segments positioning, as well as the progress made to achieve strategic positions in selected high-growth complementary market sectors. Most pleasing has been the Group's outstanding safety performance, with no fatal incidents and a world-class lost-time injury frequency rate. This was achieved with a project portfolio of more than 100 projects around the world and is a remarkable outcome.

The Independent Board has been at the forefront of the engagement with ATON, shareholders and regulators, in respect of ATON's mandatory offer to acquire up to 100% of the issued ordinary shares of Murray & Roberts it does not already own. Developments in the year were mostly related to the regulatory approval processes. It is worth mentioning that the Independent Board has enjoyed a more positive rapport with ATON as a 44% shareholder in the Group, since the appointment of its new chief executive officer, Georg Denoke, in July last year. Following the recommendation by the Competition Commission that the merger involving ATON and Murray & Roberts be prohibited, the parties settled a timetable for contested proceedings to be conducted before the Competition Tribunal. The hearing of the matter will take place in December 2019 and January 2020.

The Independent Board has, through the appointed independent expert, BDO Corporate Finance Proprietary Limited, refreshed the Group's valuation twice since the Group's interim results in March 2019, taking into account the latest market developments. The Independent Board maintains its view that a fair value price range for control of Murray & Roberts is between ZAR20.00 and ZAR22.00 per ordinary share. Further detail on the Independent Board and its duties is disclosed in the governance report on page 65.

The Group's financial performance in the year was in line with expectations. A record performance from the Underground Mining platform was offset by disappointing financial results from the Oil & Gas and Power & Water platforms, which continued to experience weak market conditions and suffered substantial losses on a few projects in highly competitive markets.

With the building blocks of the *New Strategic Future* plan firmly in place and a generally more positive medium-term outlook across the Group's market sectors, reflected in a much-improved order book, the Board expects an improvement in shareholder value creation in the coming years.

Engineered Excellence

The Group's philosophy of *Engineered Excellence* underpins its competitiveness and reputation as a well-governed, values-driven and ethical organisation. This approach, not only to project delivery, but across all activities – including how the Board discharges its fiduciary responsibilities – is achieved through continual improvement of the standards, systems, practices and reporting that brings this philosophy to life.

Taking *Engineered Excellence* from a slogan to a philosophy that pervades decisions and actions throughout the Group, depends largely on the calibre and commitment of its leadership. Culture, whether it pertains to specific aspects such as health and safety or more broadly to ethical conduct, must be exemplified by leaders. The Group's high standards, evident in all businesses and projects, demonstrate that the Group's value system is reflective of the attraction, appointment and succession of quality leaders who are responsible for implementing Group strategy.

The philosophy is best displayed by the extent to which the Group's health and safety culture has matured. A confluence of initiatives contributed to this progress, including the formulation of a Group HSE Framework that defines policies, minimum standards, reporting and assurance processes, personal commitment and accountability, and the sharing and implementation of lessons learnt across the Group. An important initiative in the year was to review the effectiveness of this framework, which included a culture survey on a sample of projects across the business platforms. We are encouraged by the outcome of this review, which indicates that the Group's safety culture continues to mature. Our strength is leadership commitment to safety, with employees feeling there is genuine care for their safety and that they are empowered to stop work in unsafe circumstances. Opportunities to improve include further streamlining of the operating standards, change management, training, contractor safety performance and recognising safety achievements. Furthermore, innovative approaches are considered and applied to drive continual improvement. A recent example is the Neuroleadership programme, which applies neuroscience to safety leadership, aimed at improving leadership engagement skills and employee involvement in health and safety practices.

Engineered Excellence also requires effective risk management that responds to changes in the Group's risk profile. Stronger oversight processes have been put in place to mitigate the risk associated with an increasing proportion of fixed-price commercial arrangements in the Group's order book. With an emerging trend of clients shifting more risk towards contractors, in certain instances also by requiring project funding solutions and possible equity participation, the Board is comfortable that the necessary oversight is in place to assess all opportunities.

The fourth industrial revolution is a multi-faceted concept that impacts every company differently depending on its business model. The Board is cognisant of the profound opportunities that digitalisation heralds for operational excellence, based on the pockets of technological advancement that already exist within the Group as well as developments in other sectors. To develop an understanding of the likely impact on the Group, the Board has commissioned a digital maturity assessment, which will provide insight and establish a baseline for the development and measurement of a consolidated digital strategy. *Engineered Excellence* will inform our approach – carefully researched assumptions, detailed planning and systematic execution to ensure that the intended outcomes are achieved.

Legitimacy

The Group has a wide international footprint and its reputation is in effect determined by regional businesses executing local projects. Legitimacy at national and community levels is critical, not only in managing the impact of local dynamics on project delivery but also on the Group's credibility as an ethical and responsible multinational organisation. This extends to ensuring that local contracting partners align to the Group's standards in terms of project delivery imperatives such as managing health and safety risks, as well as those pertaining to compliance, conduct and reputation.

The Group's diversity policy, introduced last year, formalises our belief that diversity of race, gender, skills and perspectives can improve performance. It guides the Group's businesses in their responses to the specific diversity priorities in the countries where they operate. Board targets for gender and race diversity were met last year, with Board composition at 50% black and 30% female directors. For businesses in South Africa, succession planning has been aligned to employment equity objectives.

The emphasis on Board succession planning over several years has resulted in a well-constituted and diverse Board, with collective expertise relevant to the Group's strategy and the macroeconomic and socioeconomic realities within its markets. No directors were appointed to, or resigned from, the Board in the year due to the ATON mandatory offer and resulting restrictions to director changes. Self-assessments on Board and committee effectiveness in the year were positive overall. The committees are working well and in an integrated way to ensure that all relevant considerations are brought to bear on our deliberations and decisions.

Ethical leadership is inculcated in the Group through policies, procedures and a Code of Conduct. Mechanisms to ensure adherence with the code include a declaration that all executives involved in preparing and authorising project tenders must sign. They declare that they have not committed and are unaware of anyone else affiliated with the tender having directly or indirectly committed any unethical, unlawful or uncompetitive practice in the preparation and submission of the tender. The declaration is binding throughout the project life cycle. Similarly, all Group executives make written declarations twice a year, also in relation to competition law compliance.

The Group is recognised for its ability to recruit employees from local communities in line with localisation requirements, in many countries with different cultures, and to train them to meet the Group's high expectations for safety and productivity. It is worth recording the extensive training and development provided to employees from local communities during the construction of the Medupi and Kusile power station projects in South Africa, with approximately 1 900 artisans trained to date. It is concerning that due to the weak local economic environment only a few of these artisans are likely to find employment on completion of these projects, despite their skills and experience. During the year, as a result of the South African Government's commitment to provide free higher education, it was decided to shift the focus of the South African bursary programme from providing support for tertiary study to technical skills training.

Retrenchments are an unfortunate reality in a project business. However, the process of right-sizing for lower future revenue potential in the Power & Water platform has been carefully considered to ensure that the platform remains capacitated to pursue its strategy. Retrenchments have been dealt with in a fair and responsible manner.

By way of an update on the Department of Labour's public inquiry to determine the cause of the tragic incident that occurred in October 2015 at our Grayston temporary works project in Sandton, Johannesburg; the inquiry was concluded in September 2018 and we await the findings. It is our sincere hope that this matter will be resolved soon to bring some closure to everyone affected.

Expectations and appreciation

The IMF has revised its forecast for global economic growth in 2020 to 3.5%, marginally down from its earlier forecast of 3.6%. Downside risks to the global economy and therefore also to growth prospects in the Group's markets include escalation in trade and technology tensions between the USA and China, a no-deal Brexit and geopolitical volatility specifically in the Middle East. These factors could weaken confidence, discourage investment and dislocate global supply chains, slowing global growth.

The strategic maturity of the Underground Mining platform, with its leading regional positions and exposure to a diverse range of commodity types, should enable it to maintain its earnings at current high levels. The Oil & Gas platform's tactical shift into high-growth infrastructure and mining markets in Australasia, and its newly established presence in the USA, should support a return to profitability in the coming year. With the upswing in capital expenditure in its core markets still envisioned from 2022, the platform is expected to accelerate earnings recovery in the medium term, especially given the buoyant USA petrochemicals market. The sustainability of the Power & Water platform is predominantly dependant on investment in its core market sectors in South Africa, although it is also focused on expanding in sub-Saharan Africa. Strategically, the platform has taken all the right steps to position itself in market segments with growth potential, such as the power transmission and distribution sector. The South African Government's intention to unbundle the national power utility, Eskom, into three divisions focused on generation, transmission and distribution, combined with the much-needed investment in South Africa's water infrastructure, should open up opportunities for this platform.

As a multinational Group headquartered in South Africa, and with businesses that depend on investment in the South African economy, the Board welcomes the intentions of the newly elected administration to revitalise an ailing local economy. However, we are under no illusions about the difficulties that lie ahead, especially given the unpopular policy choices needed to achieve economic growth in excess of population growth. In particular, real progress must be made in the fight against corruption, given its profound implications for the country's credibility as an investment destination. Besides the staggering cost of governance failure and the pressure it places on government spending, impunity for wrongdoers poses a wider threat to political, economic and social stability. Whereas the Board welcomes the transparency of the commissions of inquiry instituted by the President, a step-change in accountability depends on rebuilding the key institutions that spearhead the fight against corruption and the successful prosecution of those in the public and private sectors found to be corrupt. These complicated imperatives will take time and the commitment of appropriate resources.

The Group's strategy is well defined and implementation is gathering momentum. The outlook for an improvement in the Group's performance is encouraging. With an order book nearing record levels, gearing at a comfortable level and a robust cash position, the Group is well positioned to pursue its growth plans. *Engineered Excellence*, underpinned by continuous improvement and innovative approaches, will drive the Group's competitiveness, resilience and reputation – the cornerstones of sustainable value creation.

On behalf of the Board, I convey our thanks to all our stakeholders, specifically our shareholders for their support, and to the Group's executive teams and employees for their extraordinary commitment to delivering excellence.

SURESH KANA
Group chairman

GROUP CHIEF EXECUTIVE'S AND FINANCIAL DIRECTOR'S REPORT

HENRY LAAS / GROUP CHIEF EXECUTIVE

DANIËL GROBLER / GROUP FINANCIAL DIRECTOR

> **"The Group's ability to sustainably deliver profitability relies on achieving strategic maturity. This entails diversifying our exposure across the natural resources market sectors in which we operate, across selected geographic regions with different market dynamics, and across the different phases of the engineering and construction project life cycle."**

Introduction

Implementation of the *New Strategic Future* plan gathered momentum in the year, with our business platforms making headway in consolidating their strategic positions, competitive advantages and growth prospects. A quality order book of R46,8 billion and near orders of R14,4 billion, supports confidence that the Group's strategy is beginning to deliver.

The Underground Mining platform delivered an outstanding performance in a buoyant commodities environment. The Oil & Gas platform endured a difficult year. Several of its large projects in the Australasian LNG market came to an end and potential new projects to substitute its income were delayed. The platform has secured a strong order book in the Australian infrastructure market, providing a good base for the short to medium term. In the Power & Water platform, a lack of project opportunities in the South African market has hampered its ability to rebuild its order book as the Medupi and Kusile power station projects have wound down. In both these platforms, extensive effort has gone into repositioning them for opportunities in complementary markets, although project wins have not come fast enough to stem the decline in revenues during the past year.

Weak market conditions for the Oil & Gas and Power & Water platforms weighed heavily on the Group's profitability in the year under review. However, the strategic acquisitions in each of the platforms have further diversified our market position, strengthening the Group's resilience and ability to withstand future market cyclicality.

The policies, systems and processes that manifest the philosophy of *Engineered Excellence* throughout the Group are entrenched and supported by a culture of continuous improvement. The Group delivered an outstanding safety performance and recorded zero fatalities during the year, a first in the history of Murray & Roberts. The financial losses experienced on a few of our projects were a setback and strained our financial performance.

Financial performance

The Group reported revenue from continuing operations of R20,2 billion (FY2018: R21,8 billion). Attributable earnings increased by 26% to R337 million (FY2018: R267 million). Diluted continuing HEPS decreased by 10% to 101 cents (FY2018: 112 cents). Cash, net of debt, remained strong at R1,8 billion (30 June 2018: R2 billion).

The order book for continuing operations increased by 55% to R46,8 billion (FY2018: R30,1 billion).

The Underground Mining platform delivered an outstanding result by achieving a record operating profit of R814 million (FY2018: R471 million) in a buoyant market. The business, which is well positioned across all regions and in the context of a recovery in commodity markets, has done well to capitalise fully on its growth potential and substantially growing its regional market shares. The platform order book remains strong at R22,8 billion (FY2018: R22,1 billion).

The Oil & Gas platform delivered an operating loss of R98 million (FY2018: R209 million operating profit) in a competitive market. The loss is primarily due to a delay in the progressing and awarding of new projects resulting in insufficient project earnings to cover overhead costs, and losses incurred on two, now largely completed projects. Considering the large and growing order book, the platform is expected to return to profitability in FY2020 and to grow earnings steadily thereafter.

The Power & Water platform delivered an operating loss of R32 million (FY2018: R134 million operating profit). The loss is due to reducing levels of revenue with limited new project opportunities in South Africa, as well as a loss incurred on a project for Sasol, which is in dispute. The platform is strategically positioned to target maintenance contracts for Eskom, projects in transmission and distribution, renewable energy and new fuel storage terminals, as well as wastewater treatment, which should provide complementary market opportunities.

The Group's investment in BCC continues to yield strong cash returns of 18% after tax. The current year earnings included a R306 million (FY2018: R277 million) fair value adjustment.

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year and the business recorded an operating loss of R56 million (FY2018: R34 million operating loss), primarily due to ongoing legal costs and a small overhead cost. Going forward, this business is expected to be accounted for as a discontinued operation.

Unfortunately, the arbitration outcome of the Dubai Airport claim was inconclusive and the claims and counter claims will have to be finally settled by agreement between the parties. Current deliberations with our legal team are focused on defining the best possible way forward in determining the final account for this project.

Capital expenditure for the year was R816 million (FY2018: R436 million) of which R775 million (FY2018: R358 million) was for expansion and R41 million (FY2018: R78 million) for replacement. The capital expenditure was largely incurred in the Underground Mining platform.

Net financing costs marginally increased to R53 million (FY2018: R41 million).

The high effective taxation rate of 40% (FY2018: 36%) was mainly due to withholding tax in foreign jurisdictions, as well as losses incurred in jurisdictions where a deferred tax asset cannot be recognised.

Losses from equity accounted investments reflects marginal losses from joint ventures. The prior year reflected a profit of R22 million earned in the Bombela Operating Company, which the Group divested from at the end of FY2018.

The loss from discontinued operations was R91 million (FY2018: R278 million). The loss mainly relates to final costs associated with the disposal of Genrec and the infrastructure and buildings businesses.

Strategic performance

Strengthening the growth potential of our business platforms

The Group's ability to sustainably deliver profitability relies on it achieving strategic maturity. This requires diversifying our exposure across the natural resources market sectors in which we operate, across selected geographic regions with different market dynamics, and across the different phases of the engineering and construction project life cycle. Furthermore, to protect revenues during protracted down-cycles in natural resources markets, and without diluting core market focus in anticipation of an upturn, our business platforms will leverage their competencies to secure work in selected complementary markets.

This strategic flexibility is critical to the near-term recovery in earnings in the Oil & Gas platform. Considerable work over the last two years has positioned the platform in the buoyant Australian infrastructure and metals and minerals sectors, with the ability to deliver complex projects differentiating the platform in these markets. Its credibility as a tier-one contractor was made evident in the award of the Snowy Hydro-Electric scheme to the Future Generation Joint Venture, in which the platform has a 35% stake. This AU$5 billion mega project is to be delivered over five years. The metals and minerals sector in Australia promises to provide a large and reliable pipeline of surface infrastructure work, as mining companies seek to maintain production output by extending existing or developing new mines. Importantly, the platform is maintaining its capability to pursue opportunities in its core market sector, with signs of the recovery in capital expenditure in the global oil and gas market becoming more persuasive.

A strategic milestone in the internationalisation of the Oil & Gas platform was the acquisition of Saulsbury's Gulf Coast downstream and chemical EPC division, for US$8,5 million. Rebranded as Clough USA, this has given the platform a relatively low-risk entry to the fast-growing gas and petrochemical market in the USA. This business has a good track record and is based in Houston, Texas. Early focus on building a project pipeline has been successful with the award in August 2019 (thus not included in the June FY2019 order book) of a US$620 million greenfield project in the USA. The multi-year project scope includes the engineering, construction and commissioning of a petrochemical facility. Clough USA's longer-term growth will entail expanding its service offering and market presence by leveraging synergies across the platform's international footprint. For management purposes, CH•IV in the USA and Clough Enercore in Canada will be consolidated with Clough USA.

In the context of a recovery in commodity markets, the Underground Mining platform has done well to capitalise fully on its growth potential, outperforming its peers and substantially growing its regional market shares. As the largest contractor in Africa and North America, and among the top three in Australasia, the Underground Mining platform's organic growth potential is limited. However, during the year we acquired Terra Nova Technologies (TNT), an international provider of material handling solutions for underground and aboveground mines, for US$38 million. Based in the USA, TNT adds a new capability to the platform's service offering, diversifying its revenue and risk profile. The business is expected to grow meaningfully in the years ahead, benefitting from the platform's strong client relationships and global footprint.

A further two, small but strategic acquisitions were completed in this platform. In South Africa, we established a 49% JV called Boipelo Mining Contractors, a business providing contract mining services to coal mines. This further extends the platform's contract mining exposure. As a less cyclical source of revenue, we aim to grow contract mining to some 50% of the platform's revenue in the medium term. In Australia, we took a 30% stake in Insig Technologies, a specialist in the application of automation technology. This partnership is expected to provide significant competitive advantage in our contract mining operations, especially in reducing safety risk and improving productivity.

The hard reality for the Power & Water platform is that as the Medupi and Kusile power station projects come to an end, there currently is insufficient investment in its core markets in South Africa to maintain its earnings potential. As such, it completed another major restructuring to right-size the business for weak market conditions and smaller project opportunities. Significant project flow is required to secure the platform's sustainability, which depends largely on accelerated investment in the power and water sectors in South Africa in the near term. The platform must also convert its market engagement efforts into project wins, but this is often subject to flawed public sector procurement procedures. Despite these significant challenges, the platform has done extensive work to gain a foothold in its core market segments, as well as the mining, oil and gas, pulp and paper, and chemical industries.

The R38 million acquisition of OptiPower Projects has given the Power & Water platform the capability to undertake work in the transmission, distribution and substation sub-sectors of the power market. We see substantial growth potential in these segments in the next few years in both South Africa and sub-Saharan Africa. OptiPower Projects provides turnkey construction of overhead power transmission lines and substations, with extensive experience in Southern Africa. This acquired capability, combined with the Group's capacity to undertake large projects, will enable it to offer EPC turnkey project and funding solutions, increasingly the preferred contracting model for utilities across the continent. Besides this positive development, the platform has established joint ventures to secure repair and maintenance work from Eskom, and has been awarded two projects in complementary markets.

Considering the country's aging municipal water infrastructure and vulnerability to water scarcity, the water sector in South Africa must inevitably present significant opportunities. This, however, will require a far more decisive response from the public sector than we have seen so far. Although the Organica Water resource recovery demonstration plant achieved good results in its one-year test cycle, the interest in this innovative water treatment technology has not converted into uptake. In the industrial water sector, the platform has partnered with technology providers that specialise in the treatment of effluent and it continues to seek suitable empowerment partners to unlock public private partnerships in municipal water treatment.

Deepening *Engineered Excellence* for competitive advantage

The ability of our business platforms to realise their growth potential rests ultimately on *Engineered Excellence*. This philosophy informs our interrelated aspirations to be a contractor and an employer of choice; a provider of specialist services that is clearly differentiated by excellence, not only in project delivery but in every aspect of how we operate.

Safety, in this respect, is a main priority. All business platforms have adopted the Group Safety Framework and compliance is reviewed on an ongoing basis. Platform leadership are expected to demonstrate consistent commitment, vigilance and innovation to avoid plateaus in performance. Zero Harm has been achieved by several projects across the Group, despite considerable safety challenges and substantial hours worked.

The Underground Mining platform achieved a 43% improvement in LTIFR and sustained improvement in TRCR. In the year ahead, it will focus on reducing safety risk through pre-work hazard identification, risk assessment and work planning and ensuring that all critical controls are consistently applied. In the Oil & Gas platform, a focus on lead indicators, real-time reporting and maintaining high engagement among employees supported another world-class safety performance. The Power & Water platform piloted a Neuroleadership programme at a project in Polokwane, with training delivered and implementation scheduled for FY2020. In the year ahead, attention will be given to managing the higher safety risk associated with significant growth in the Group's order book. A key focus in integrating the acquired businesses will be to implement the initiatives and practices that have proven most effective in deepening the Group's safety culture.

The Group continues to improve and implement best people practices. Its specialist service offerings, demonstrated in a remarkable profile of projects around the world, are a feature of our value proposition to our people. Career advancement opportunities through job experience on high-profile projects are supported by extensive skills development and coaching, and the Group is recognised by clients for setting the benchmark in training and developing employees from local communities. Our investment in being an employer of choice underpins our ability to effectively resource our projects. This extends to the unfortunate reality of retrenchments to right-size operations during market downturns and project demobilisation at completion, which are dealt with responsibly and consultatively.

Another critical aspect of *Engineered Excellence* is the maturity of the Group's risk recognition and management systems. However, the loss-making projects in the year were a harsh reminder that market dynamics and the many variables at play make it impossible to eliminate all project risk. This is especially the case where tenders are awarded on a competitive basis, in which price is of primary importance and negotiating power vests in the hands of clients. With limited opportunity to negotiate favourable commercial terms or price sufficiently for assessed risk, there is a narrow margin for error in project implementation. Where risk drivers are not within our control, we endeavour to limit the risk of potential project losses through appropriate commercial arrangements.

Key to de-risking our projects to the extent possible in highly competitive markets is that we are a learning organisation. Our lessons learnt and contracting principles schedules are regularly updated in response to specific issues, which in turn inform the new project mandates that guide platforms. More broadly, we anticipate shifts in the Group's opportunity and risk profile and amend these frameworks accordingly. A current instance is the higher proportion of fixed-price EPC contracts in the Group's order book. To mitigate this risk, a new Group contracting standard has been implemented, which requires additional levels of oversight in tender processes, to mitigate the higher project risk associated with this type of commercial arrangement. Another development has been to make cost-reimbursable commercial arrangements a condition of taking over partly implemented work from contractors that have failed on a project.

Being recognised by clients as a specialist in the services we offer, opens the door for early involvement in project design. This enables us to propose solutions that improve project constructability, which mitigates risk and enhances delivery. As the most strategically mature business, the Underground Mining platform is being engaged during the project development phase more frequently and has had instances where finance providers have made the platform's involvement a condition of funding. This degree of recognised specialism and competitive edge is the strategic outcome we are working towards in all our platforms.

Since we identified it as a strategic driver last year, there is heightened awareness of technology enabling a step-change in competitiveness and productivity. We are formalising our approach to digitalisation, and will undertake a digital readiness audit to inform the development of a strategy for technology investment. The audit will also assess the extent to which the existing digital capabilities in the Group can be transferred and leveraged across the platforms.

Delivering enhanced shareholder value

The intricate process of closing the business in the Middle East is reaching its final stage, after the last four projects were completed during the year. Unfortunately, the arbitration outcome of the Dubai Airport claim was inconclusive and the claims and counter claims will have to be settled by agreement between the parties. Current deliberations with our legal team are focused on finding the best possible way forward in determining the final account on this project. As part of the year-end audit and considering the arbitration award, there was an extensive review of our accounting position on the Dubai Airport project and it was concluded that no material adjustments were required.

The Group's financial position, even after a number of years of subdued profits, is robust and sufficient to fund our organic and acquisitive growth plans. The Group is in a strong cash position and debt is within our targeted range. We do not expect to make further acquisitions in the next twelve months, although we will continue to identify and assess potential targets, specifically in the mining sector. An important focus in the coming year will be to grow the order books of our newly acquired businesses. Cost management will continue to be a focus and all platforms are targeting overhead costs of about 5% of revenue, through the cycle.

With several projects secured late in the year under review, the Oil & Gas platform is well positioned for opportunities in the Australian infrastructure and mining markets. In the oil and gas sector there are signs of a medium-term recovery. The International Energy Agency expects a 10% rise in oil consumption, mainly for petrochemicals, and demand for natural gas to grow sharply by 45% in the next decade. Natural gas is forecast to surpass coal to become the second-largest source of fuel worldwide in the same period. New capacity in North America is expected to show the greatest capital expenditure growth. This bodes well for our new business in that market, which secured a US$620 million project within months of the acquisition. The platform is targeting LNG projects in Australia, Canada, USA, Mozambique, Kazakhstan and PNG, with meaningful growth anticipated in the medium term as global energy producers move to meet demand. The platform is poised to return to profitability in the coming year – supported by its strong order book – and to grow earnings steadily thereafter.

Capital expenditure in the mining and mining services markets is expected to level off over the next three years. Although we believe there is still considerable opportunity for the Underground Mining platform, we expect earnings to show modest growth from current levels. Accelerating innovation is a key strategic theme for the platform, to ensure that it stays ahead of its competition and retains its leading position. However, market share gains will be incremental and organic growth within the platform's existing capabilities and regions is not expected to yield the required returns. As such, the value-accretive potential of an acquisition in open cast mining is under consideration. Certain targets have been identified, given the expectation that future mining capital investment will be weighted towards this mining method. Adding this capability would lift the proportion of platform revenue generated from production or contract mining, thereby reducing vulnerability to commodity market cycles. However, these benefits will need to be weighed up against the capital intensity and lower profit margins associated with open cast contract mining.

For the Power & Water platform, the claims resolution and commercial close-out on the Medupi and Kusile power station projects is likely to be complicated and protracted. However, the accounting position on these projects is considered to be prudent and risk provisions to be adequate. The sustainability of this platform is dependent on the level of investment in the South African economy, which has been disappointing in recent years. Strategically, the platform is positioned well for the future, but there is a lack of project opportunity in the power and water sectors. It is essential that the platform secures further repair and maintenance projects from Eskom on its aging fleet of power stations. Investment in renewable energy and in fuel storage terminals for the clean fuels programme should provide complementary market opportunities in South Africa. We expect strong growth and sizeable projects in the transmission and distribution sub-sector in the short to medium term, for which OptiPower is well positioned. The platform is focused on converting its pipeline of opportunities into significant project wins, but it may take time for it to deliver results that match our expectations of its earnings potential.

Another way we diversify our revenue sources to counter market cyclicality is to participate in long-term investment opportunities that generate constant income at attractive rates of return, either as a project co-developer or operator. In particular, we will consider transmission project development opportunities in sub-Saharan Africa, which may unlock opportunities for the Power & Water platform to construct these projects.

We remain optimistic about the longer-term outlook for natural resources markets and our selected complementary markets to bring some balance to the impact of cyclicality. Besides the usual cycles, we expect no major structural shifts in our markets that would negatively impact demand for our services. Subject to unforeseen dynamics in our market sectors due to global economic or geopolitical events, we expect to meet our investment aspirations by 2021, as our strategic plans in each of our platforms come to fruition. Organic growth, at a Group level, is expected to be slow, however, mergers and acquisitions will continue to support our growth aspirations.

We thank the Board, our executive team and all our employees around the world. Your collective effort is moving the Group towards the outcomes envisaged in our *New Strategic Future* plan.

HENRY LAAS
Group chief executive

DANIËL GROBLER
Group financial director


ZERO HARM


CLOUGH
pursuit of excellence

03 BUSINESS PLATFORM REVIEWS

The ability of our business platforms to realise their growth potential rests ultimately on *Engineered Excellence*, which informs our interrelated aspirations to be a contractor and an employer of choice.

UNDERGROUND MINING PLATFORM REVIEW

MIKE DA COSTA I ***BUSINESS PLATFORM CEO***

OVERVIEW

The Underground Mining platform operates globally and its service offering spans 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, and contract mining.

The platform's businesses are:

1. **CEMENTATION NORTH AMERICA**
   - **Cementation AG** – Salt Lake City, USA
   - **Cementation Canada** – North Bay, Canada
   - **Cementation USA** – Salt Lake City, USA
   - **Terra Nova Technologies** – San Diego, USA
   - **Merit Consultants International** – Vancouver, Canada.
2. **MURRAY & ROBERTS CEMENTATION** – Johannesburg, South Africa.
3. **RUC CEMENTATION MINING** – Perth, Australia.

As one of the largest underground mining contractors in the world, the platform has significant market share in the jurisdictions in which it operates. It is currently engaged on projects in Australia, Canada, Indonesia, Mongolia, South Africa, USA, Mexico, Chile, and Zambia. These include 18 shaft sinking and equipping projects, 21 decline and mine development projects, eight production mining projects, 13 support and construction projects, and two major ore handling infrastructure construction projects. Of a total fleet of 56, 40 raise drilling machines are currently active globally.

PERFORMANCE

Commodity prices have generally held the gains they made in the last two years. This has improved the balance sheets of many mining companies. Although few greenfield projects have come to market, companies have invested in brownfield projects on existing mines. This has been largely in commodities associated with the development of electric vehicles such as copper, cobalt, nickel and manganese. In addition, investment in gold mining operations in North America and Australia has increased.

The platform has been able to capitalise on these conditions, with meaningful growth in the order book and significant year-on-year growth in revenue and earnings. Revenue of R10,9 billion was up 36% on the prior year, and operating profit of R814 million grew significantly by 73%. The order book was R22,8 billion at year end and the pipeline of tender opportunities is strong.

Cementation North America delivered an outstanding performance, more than doubling its EBIT contribution. In the past 18 months, the business secured several large projects, including Glencore's Onaping Depth in Canada, Nevada Copper's Pumpkin Hollow, and Rio Tinto's Resolution #9 Shaft in the USA. These gains were slightly offset by the client's decision to discontinue the Hermosa decline, a South 32 project in the USA.

Murray & Roberts Cementation had a challenging year. One of its biggest contracts, a contract mining project for Northam Platinum at Booysendal, came to an end in the previous year. The business was nonetheless able to maintain its EBIT contribution, a solid performance under the circumstances. The start of the Kalagadi contract mining project midway through the previous year helped to offset the loss in earnings from the Booysendal project. Excellent project management resulted in no loss-making projects.

RUC Cementation Mining delivered a remarkable result, more than doubling its EBIT contribution. The securing of a significant shaft sinking contract for two large diameter vertical shafts for Rio Tinto at its Oyu Tolgoi mine in Mongolia supported this performance. Further scope growth in the contract with Freeport in Indonesia, and the exceptional efficiencies achieved by this project team contributed significantly to earnings. Smaller contract wins in Australia for Ramelius Resources, Edna May, Grange Resources and Savage River also contributed.

BUSINESS MODEL RESILIENCE

The Underground Mining platform businesses share a common vision to deliver profitability-centered growth by safely providing services across the mining value chain and life cycle in all relevant geographies.

Three strategic objectives underpin the achievement of this vision:

Growth

The platform targets a mix of organic and acquisitive growth. Organic growth comes from improving the efficiency of project delivery, thereby optimising margins, and from growing market share. As the platform is already a significant participant in the global underground contracting market, there is only incremental potential for organic growth. More significant growth depends on mergers and acquisitions that diversify the platform's revenue stream by geography, capability and value chain. Value chain expansion includes increasing the proportion of revenue derived from contract mining, which tends to be a more secure source of revenue during down cycles in the market.

Acquisition/joint ventures in the year included:

- Terra Nova Technologies, specialising in the design and building of ore handling infrastructure in the USA, provides capability and geographic diversification.
- Boipelo Mining Contractors, a coal cutting services joint venture in South Africa, provides life cycle expansion into contract mining.
- Insig Technologies, a technology company in Australia, with in-house capability to support the implementation of digital technology, provides capability diversification.

Engineered Excellence

This philosophy is a major driver of efficient project delivery. Sharing best practices supports platform-wide efficiency improvements in critical areas, focusing on:

Safety and risk management standards

- Best-in-class systems and practices across the Group, as well as in the broader industry, are assessed and customised for application in the platform.

Asset performance

- We are applying technology to improve overall asset management by developing fit-for-purpose asset maintenance systems, implementing advanced predictive maintenance models, gathering and analysing asset performance data and implementing machine learning and automation.

Strategic procurement

- We continue to capitalise on the platform's global presence for favourable procurement terms.

Productivity enhancement

- Achieved through leadership and technical training for management and supervisors, enhanced operator training and the introduction of technology to improve machine performance and enable remote operation and automation.

Innovation

The platform is driving several innovations to commercial maturity and continuously monitors technological innovation. The following applications are being explored:

- Mechanical blind sinking
- Mechanised sidewall support for shaft sinking
- Remote control and automation
- Battery powered equipment
- Virtual and augmented reality.

CONTRACTOR OF CHOICE

Towards Zero Harm

The platform delivered an excellent safety performance and completed the year with no fatalities. Murray & Roberts Cementation has operated for three years and nine months without a fatality, Cementation North America has operated for four years and six months without a fatality and RUC Cementation Mining for 20 months without a fatality. The LTIFR for the platform improved by 43% to 1.08 (FY2018: 1.89). TRCR improved by 19% to 6.41 (FY2018: 7.91).

The MAP/CRM programme has been rolled out to all projects and the quality of implementation is audited regularly. The platform participated in the Group safety culture survey which indicated a positive shift towards a more interdependent safety culture among the businesses.

The focus in the year ahead will be to:

- Complete the Neuroleadership programme pilot at the Kalagadi project and determine a platform-wide implementation plan.
- Effect improvements identified during the safety culture survey.
- Continue leadership and supervisory training.
- Reduce the project-level safety risk profile by continuously assessing work practices, equipment and the role of technology.
- Emphasise risk assessment and pre-work hazard identification and planning among supervisors and work teams.
- Improve the frequency of incident reporting.

Project delivery

Murray & Roberts Cementation

South Africa:

DE BEERS VENETIA MINE

Project to construct the required infrastructure to transition the mine from an open cast to an underground mine. The sinking of two 1 080m shafts is progressing well, with both approaching final depth. The production and service shafts are underway.

KALAGADI MANGANESE MINE

Project to construct the mine's underground infrastructure, ore development, production ramp-up and contract mining for the first five years of operation. The first period of the contract presented challenges and required the de-bottlenecking of the existing underground and surface ore handling infrastructure. As a result, the ramp-up is slightly behind schedule, but good progress is being made.

PALABORA MINING COMPANY PALABORA MINE

The project is to sink a 1 000m ventilation shaft. Progress is on schedule with the ground consolidation work and surface civils completed.

A CHROME MINE ON THE EASTERN LIMB OF THE BUSHVELD COMPLEX

Contract awarded to construct the decline shaft access infrastructure, ore development, production ramp-up with contract mining for five years. Work is set to commence in September 2019.

Cementation North America

Canada:

GLENCORE ONAPING DEPTH SHAFT

Project involves the detailed design and construction of headworks, sinking plant, permanent hoisting plant, shaft, furnishings and conveyances. This is a sub-vertical shaft that has its collar elevation at 1 150m below surface and will be sunk to a depth of 1 480m below collar. Progress is slightly behind schedule with the headworks excavation nearing completion, and the equipping of the headworks and installation and commissioning of the hoisting plant to follow before the main sink commences.

USA:

RIO TINTO RESOLUTION COPPER #9 SHAFT

Project 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 134m below surface. Work is progressing on schedule with the rehabilitation portion of the work complete and deepening begun.

NEVADA COPPER PUMPKIN HOLLOW SHAFT

The project entails a 36-month construction and operation period with potential to extend production mining services. Scope includes the sinking of the main shaft to a depth of 655m below surface, sinking a ventilation shaft from surface to a depth of 580m, equipping and commissioning the main shaft, ore development and production mining. The project is progressing well with the main shaft having reached the loading pocket and development towards the orebody having commenced on the two main production levels. Good progress is being made on the sinking of the ventilation shaft.

RUC Cementation Mining

Australia:

DACIAN GOLD MOUNT MORGANS MINE

Project to develop three underground declines, ore development and production mining, as well as mining support services. This operation has proven challenging, but the client mining plan has been optimised to address the challenges.

RAMELIUS EDNA MAY GOLD MINE

Project to develop an underground decline shaft, ore development and production mining, as well as mining support services. Site establishment and the initial phase of contract execution has progressed well and is currently ahead of schedule.

Indonesia:

FREEPORT OPERATIONS

Project entails the shaft operation & maintenance and construction & installation of support and rail chutes at the Grasberg Block Cave operation, shaft operation & maintenance and production mining at the Big Gossan operation. The scope of work on these contracts increased further in the year, based on the project team's excellent performance in safety, quality and efficiency.

Mongolia:

RIO TINTO OYU TOLGOI MINE

Part of the GCR JV contract to construct the surface infrastructure, sinking and associated infrastructure for two large-diameter shafts and the construction of underground crusher and ore flow infrastructure. Surface infrastructure was successfully completed during the year, with the other works progressing well.

Technology

The acquisition of 30% of Insig Technologies provides preferential access to their consulting and advisory services, big data acquisition and analytics, IoT platform services, and technical and industry solutions. The partnership agreement with Insig aims to accelerate the application of digital technology for competitive advantage. The partnership has already delivered a successful proof of concept in Australia, where RUC Cementation are executing a full production mining contract. This has enabled multi-machine remote control from the surface and Wi-Fi coverage to underground works. The success of this project provides the credibility to expand the utilisation of digital technology, first within RUC Cementation's domestic mining operations and then further afield across the platform. We have begun the process of identifying projects in Africa and North America where these technology solutions can be applied.

Other examples of the application of digital technology include the use of virtual reality for training purposes, the use of augmented reality to present engineering designs to clients and to conduct constructability assessments on engineering designs.

EMPLOYER OF CHOICE

Leadership and succession

Platform chief financial officer, Trevor Naidoo, resigned at the end of July 2019 to pursue an international opportunity. A process to find a successor for Trevor is underway.

Leadership development is critical to *Engineered Excellence*. To this end, businesses have development programmes for all levels of management. A robust talent management process is in place to identify high-performing employees. A personal development plan is then formulated and progress is monitored through regular engagement with senior executives. The development plan is reinforced by an effective mentorship programme which supports talented employees to advance to executive level.

Best people practices

Training and coaching ensures that employees are equipped to work effectively. A structured Group-wide 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 strong 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.

Employee relations are sound in all business units. In South Africa, where the workforce is unionised, management have professional and constructive relationships with union representatives and officials. Wage negotiations were concluded during the second quarter of the financial year, notwithstanding a protracted strike by the National Union of Mineworkers at the Venetia project. An agreement was reached for the next three years.

REPUTATION

Diversity and localisation

The business units employ diversity policies appropriate to their regions of operation.

In South Africa, Murray & Roberts Cementation met its transformation targets for FY2019, achieving a Level 4 BBBEE score and HDSA representation of 50% in senior management, 22% in middle management and 51% in junior management.

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 is that it will be contractually obliged 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.

In North America, Cementation Canada has joint ventures with First Nations groupings, which tender for work in the territories where they are resident. The business has a diversity policy with a diversity work group established to identify barriers that inhibit diversity in the organisation.

In Australia, RUC Cementation has also developed a diversity policy. Their workforce is diverse and where the company operates outside of Australia, for example in Indonesia and Mongolia, a high percentage of the workforce is comprised of local residents.

PROSPECTS

Capital expenditure forecasts for mining and mining services show that after the recovery period from 2017 to 2020, expenditure is set to level off until 2022. This will limit prospects for organic growth. Growth in commodity prices should be reasonable for gold, platinum, diamonds, copper and nickel, but price growth will be more subdued in other commodities. The platform therefore expects to maintain earnings at current levels for the medium term, with upside potential for modest growth.

OIL & GAS PLATFORM REVIEW

PETER BENNETT I ***BUSINESS PLATFORM CEO***

OVERVIEW

The Oil & Gas platform is headquartered in Perth and operates under the Clough brand. It delivers projects across the full project life cycle, including specialist engineering, construction, EPC, commissioning, and operations and maintenance, on new build and operating facilities.

The platform's businesses are:

1. **BOOTH WELSH –** Ayrshire, Scotland
2. **CLOUGH –** Perth, Australia
3. **CLOUGH COENS –** Busan, South Korea
4. **CLOUGH ENERCORE –** Calgary, Canada
5. **CLOUGH USA AND CH•IV –** Houston, USA
6. **e_2o –** Adelaide, Australia.

The platform is targeting oil and gas opportunities in international markets including Canada, Kazakhstan, Mozambique, PNG and the USA, where meaningful growth is anticipated in the medium term. The platform has extended its services to opportunities in the growing infrastructure and mining markets in Australasia.

The Jakarta and Cape Town offices were closed in the year due to a lack of opportunities in these regions.

PERFORMANCE

Revenue was down 21% to R6,7 billion in the year (FY2018: R8,5 billion), predominantly due to multi-year commissioning and engineering projects in Australia coming to an end without any significant replacement projects. In a challenging transition year, the platform incurred an operating loss of R98 million (FY2018: profit of R209 million). This was mainly due to the delay of several Australian construction projects, losses incurred on two largely completed fixed-price contracts and difficult market conditions in the United Kingdom and Canada.

Overhead costs were well managed and included integration costs in relation to the acquisition of Clough USA. In the context of a tough oil and gas market, about 30% of overhead costs were incurred in business development and tenders to secure new work. This yielded good results and significant inroads were made into the infrastructure and mining markets in Australasia.

These efforts drove the order book to R23,1 billion (FY2018: R6,4 billion), the highest since June 2013 at the peak of the LNG construction boom. The order book is made up of diverse projects across multiple sectors and countries, and positions the platform for growth over the next few years. Projects in Australia make up the highest proportion of the order book, although a significant EPC project in the USA was added after year end.

During the year, the joint venture between Clough and Italian hydro power and tunnelling specialist Salini Impregilo, was awarded the multi-billion dollar civil and electro-mechanical contract for the iconic Snowy 2.0 Hydro-Electric project in New South Wales, Australia. This is a landmark project and cements Clough's position as a tier one contractor in this sector.

Clough also secured additional mining contracts, including BHP's South Flank Iron Ore development and Rio Tinto's Koodaideri development, both in Western Australia. A number of significant tenders are underway in this sector, which is expected to provide a strong pipeline of future projects. Clough, as part of the GCR Mongolia joint venture with RUC Cementation Mining and Gobi Infrastructure Partners, is also participating in Rio Tinto's Oyu Tolgoi project in Mongolia.

Two major commissioning contracts on the INPEX LNG development were completed in the third quarter of the year. Minor contracts to support the operation of the facilities are ongoing, although these are expected to conclude in a few months.

BUSINESS MODEL RESILIENCE

To achieve sustainable growth through the cycle, the platform has three key strategic objectives:

- Target growth markets in Australasia
- Maintain core capability in oil and gas sector
- Achieve focused growth in international oil and gas.

Significant progress has been made in Australia, with Clough recently awarded several contracts in the Australian infrastructure market. A major investment boom is being experienced in this market, with a government-funded programme expected to last for the next 10 years, particularly on the East Coast. Although this market is not as large, West Coast infrastructure contracts are also being pursued.

The iron ore sector in Australia continues to provide a large and reliable pipeline of projects, as mining companies seek to maintain production output by extending existing mines or developing new ones. Clough has continued to build on its mining capabilities with several contracts underway in the Pilbara region, and many opportunities being tendered for.

A major milestone for the platform was the acquisition of Saulsbury's Gulf Coast EPC downstream and chemical business unit in February 2019 for US$8,5 million. Clough USA now provides a base from which to extend the platform's EPC service offering to the growing oil and gas and petrochemical sectors in North America. Integration is underway to implement the platform's business systems and best practices. Clough USA's management team combines existing personnel, management from Australia with extensive Australasian oil and gas experience and new appointments.

The shale gas and shale oil resource boom in the USA has established a competitive feedstock source that is stimulating new midstream and downstream processing plant developments. There is a large long-term spectrum of potential projects for Clough USA and this business is expected to contribute significantly to the platform's earnings in the near term.

PNG's long-awaited LNG expansion is a key focus area for the platform, given its over 40-year track record of successful project delivery in this country. With three major gas gathering and conditioning plants to be developed, in addition to a major expansion of the existing LNG facility, this market will provide significant project opportunity in the next three to five years.

The platform continues to target opportunities in the international oil and gas market with its global clients, and is pursuing contracts in Canada, Kazakhstan and Mozambique. The latter represents the single largest potential investment in the southern hemisphere, with indications of an acceleration in project opportunities.

CONTRACTOR OF CHOICE

Towards Zero Harm

The platform's pursuit of *Engineered Excellence* is underpinned by its commitment to setting new benchmarks in its world-class HSE performances. The platform achieved a LTIFR of 0.17 (FY2018: 0.14), in line with last year and the TRIR performance improved to 1.47 (FY2018: 1.71). The platform achieved 11 consecutive months without a lost time injury and delivered seven projects with Zero Harm during the year.

Clough's HSE leadership training applies cognitive neuroscience to improve better communication within project teams resulting in safer outcomes and ultimately Zero Harm. All line managers, employees and subcontractors participate in HSE programmes. The MAP/CRM programme, aimed at critical controls to prevent major accidents, has been implemented and is proving effective across all Clough-managed project sites.

Technology

The platform is adapting its IT architecture to support the complexity of a growing business and rapid changes in the technology landscape. A three-year strategy has been developed to lay the foundation for a digital platform. This strategy follows a hybrid approach, focusing on scalable technology to meet the demands of a global EPC business.

Project delivery

NIUPOWER POM POWER STATION

Clough, in consortium with Wartsila, delivered the EPC contract on the power station near Port Moresby in PNG. The project presented challenges such as remote location, high-risk activities with a relatively low-skill labour force, complex immigration coordination and the management of a large workforce. The project was successfully completed during the year without any injuries.

BHP SOUTH FLANK PROJECT

Clough is developing the ore handling plant and non-process infrastructure projects. Site mobilisation for the ore handling plant and the non-process infrastructure is expected to reach practical completion in October 2020, with more than 90% completion expected by June 2020. The project will replace production from the 80Mtpa Yandi mine, which is reaching the end of its economic life.

RIO TINTO IRON ORE KOODAIDERI PROJECT

Awarded in April 2019 to the Acciona Clough JV, the project involves the civil works for the construction of the northern rail formation of this greenfield mine development in the East Pilbara mining region. Site mobilisation commenced in July 2019 and completion is expected by November 2020.

SNOWY 2.0 HYDRO-ELECTRIC PROJECT

The project involves linking two existing Snowy Scheme dams through underground tunnels to depths of up to one kilometre, and constructing an underground power station with pumping capabilities. It is in its early works phase, with main construction expected to commence in late FY2020. Snowy 2.0 will add 2 000 megawatts of energy generation and provide 175 hours of energy storage for the national electricity market, enough to ensure the stability and reliability of the system during prolonged weather events, such as wind or solar droughts.

RIO TINTO OYU TOLGOI PROJECT

As part of the GCR joint venture, the project involves construction and commissioning of two large-diameter shafts and the underground material handling system, expected to be completed in April 2020 and April 2021, respectively. Situated in the southern Gobi Desert of Mongolia, Oyu Tolgoi contains reserves and resources that make it one of the world's largest known copper and gold deposits.

ENTERPRISE ETHYLENE DEHYDRATION PROJECT

Acquired through Clough USA, this project is expected to be completed by October 2019, and is on track to achieve Zero Harm.

EMPLOYER OF CHOICE

Leadership and succession

Developing the capacity and capability of the platform's leadership and management teams is critical to achieving its strategic goals and objectives.

Clough's Training Academy programmes are an integral part of its strategic initiative to build capability across the business. Through its Construction Management Academy and Project Management Academy, employees with leadership potential are encouraged to develop skills for their own career advancement and for the long-term success and evolution of the business. The academies apply transparent selection criteria and prepare participants for the next steps in their careers.

Clough recognises that an effective succession plan is dependent on the attraction and retention of employees and is committed to develop young professionals with leadership potential. The Young Professionals Group was established in the year for employees with less than 10 years' experience, to provide them with an opportunity for shared development across a range of learning activities.

Clough also runs a Graduate Programme and Internship Programme. The structured, three-year Graduate programme is designed to provide a challenging and rewarding career start that supports the development of core competencies and capabilities through experience and training. The Internship programme offers students in their penultimate year an opportunity to gain practical experience in their field of study and prepare them for future employment.

Best people practices

Formal performance reviews are held annually to ensure employees are achieving specific goals that support overall business objectives, and to identify their development needs. The human resources function has developed a reward and recognition programme aimed at identifying and rewarding high-performing staff on a more frequent and less formal basis.

An employee engagement survey across all business functions was undertaken in the year. The survey identified areas for improvement, with new processes and programmes actioned to address these. New IT and management systems have also been implemented to improve process and workflow issues identified in the survey.

All employees are required to renew their Code of Conduct training annually and to foster an environment that encourages ethical behaviour. Breaches or suspected breaches must be reported to management or to an external confidential hotline, available to all employees.

REPUTATION

Diversity and localisation

Gender and cultural inclusion are receiving attention across the platform. The aim is to create a culture that embraces and encourages diversity as a core value, while working towards an employee profile that more accurately reflects the local communities in which it operates. Specific targets are set for participation by women and indigenous employees in its projects.

Working alongside the Workplace Gender Equality Agency, Clough has conducted research to measure equality in the workplace and to inform initiatives for improvement. Support is provided to all employees, regardless of gender, to help them balance careers and family responsibilities.

Numerous initiatives are underway to increase the participation of indigenous communities. The platform is committed to developing indigenous business and individual employment experience beyond low-skilled roles.

In Australia, Clough has been working to create opportunities for Aboriginal and Torres Strait Islander People and recently developed a Reconciliation Action Plan to increase diversity in all operations. The plan outlines Clough's actions, responsibilities and accountabilities, and aims to build strong relationships and facilitate connections with these communities.

Clough has been delivering projects in PNG for over 40 years and is one of the most experienced contractors in the region. Good community relations play a critical role in the successful delivery of projects. Clough's specialised community relations professionals have extensive experience in working with the local communities and have earned their respect and trust through effective consultation and engagement. Community engagement plans support project delivery and community benefits; such as local employment and procurement of goods and services, business development, improvements in local infrastructure, utilities and services, and community support initiatives.

The Clough Foundation focuses on improving the lives of people living in communities where it operates. Overseen by a semi-independent board, the trust supports organisations and communities that provide sustainable benefits to society and represent the company's diverse operations. An example is ChildFund, which provides maternal and child health care, health clinic upgrades and immunisation patrols to remote regions in PNG.

PROSPECTS

After a difficult year for the platform, the substantial order book secured will provide the revenue base for a return to profitability in the new financial year and growth thereafter. Infrastructure projects in Eastern and Western Australia, and in the Western Australian mining sector, will provide opportunities in the short term. Internationally, the platform's history of successful project delivery in PNG positions it well for oil and gas and mining opportunities there. Several near shore marine opportunities are being pursued in the LNG market in Africa and North America. Clough USA will continue to expand its market presence and is developing a strong pipeline of petrochemical project opportunities for FY2020 and beyond.

The buoyancy of Australia's infrastructure and mining markets, coupled with the LNG market in PNG and North America, gives the platform clear visibility of its pipeline of work and confidence in its return to a substantial earnings contribution to the Group.

STEVE HARRISON | *BUSINESS PLATFORM CEO*

POWER & WATER PLATFORM REVIEW

OVERVIEW

The Power & Water platform operates predominantly in South Africa and sub-Saharan Africa. Its service offering includes feasibility studies, detailed engineering, procurement, construction, commissioning, and repairs and maintenance work.

The platform's businesses are:

1. **AQUAMARINE WATER TREATMENT**
2. **MURRAY & ROBERTS COSMOS MOZAMBIQUE LIMITADA**
3. **MURRAY & ROBERTS POWER & ENERGY (MRPE)**
4. **MURRAY & ROBERTS WATER (MRW)**
5. **OPTIPOWER PROJECTS.**

Given the challenging state of the South African power and water sectors, the platform is extending its service offering to other markets, including petrochemicals, metals and minerals, and paper and pulp. There is also substantial growth potential in the transmission, distribution and substation sectors in South Africa and sub-Saharan Africa.

PERFORMANCE

With the Medupi and Kusile power station projects nearing completion and in the absence of large replacement projects, revenue for FY2019 decreased to R2,5 billion (FY2018: R4,8 billion) and the order book declined to R0,9 billion (FY2018: R1,5 billion). The platform incurred an operating loss of R32 million compared to a R134 million operating profit in the prior year. This was primarily due to losses incurred at Sasol's CTFE project in Secunda, a dispute has been declared. Operational performance was satisfactory on all other projects.

Overhead costs were reduced in line with the anticipated lower future revenue stream. The restructuring was undertaken without compromising the platform's ability to deliver on its strategic objectives, service the current order book and develop its project pipeline.

MRPE's work on the Medupi and Kusile power station projects is nearing completion and focus has shifted to provide repair and maintenance services to Eskom's ageing fleet of power stations. There is substantial growth potential in the transmission, distribution and substation sectors in South Africa and sub-Saharan Africa and to position the business for this opportunity, specialist contractor OptiPower Projects was acquired for R38 million on 1 July 2019. OptiPower Projects owns specialised plant and equipment needed to undertake transmission and refurbishment projects.

In line with the platform's strategy to pursue opportunities in complementary markets, structural, mechanical and piping construction contracts were secured from Anglo Platinum at its Polokwane smelter and from SAPPI at its SAICCOR complex at Umkomaas.

MRW remains small and needs to develop critical mass, but is well positioned to take advantage of opportunities in the water and wastewater treatment sector, driven by water shortages. During FY2019, the benefits of the Organica Water technology were successfully proven at the Verulam wastewater treatment plant in the eThekwini Municipality. The demonstration facility hosted visits from prospective public and private sector clients, funding institutions, consulting engineers and other key water sector stakeholders. It is important that the business achieves a breakthrough in securing wastewater treatment projects that apply this innovative technology.

Murray & Roberts Cosmos Mozambique Limitada, a subsidiary of Murray & Roberts Mozambique Limitada, was formed in the year to position the platform for opportunities in Mozambique, especially in LNG.

BUSINESS MODEL RESILIENCE

Given market uncertainty and the lack of transparency in procurement processes for local government projects, the platform continues to refine its strategy to ensure its future sustainability. Some of the initiatives aimed at accessing broader market opportunities include:

- Geographic diversification
- Diversification into new market sectors
- Right-sizing in line with market demand
- Leveraging digitalisation in execution.

Implementation plans include a focus on project development and investment through an EPC model with funding options where appropriate. Platform leadership continues to develop the necessary capacity and strategic partnerships with local and international service providers to offer turnkey project solutions. A key differentiator in the sub-Saharan Africa market is the ability to offer funded turnkey EPC solutions. A formalised relationship with project development finance institutions and commercial lenders has been established and term sheets are under discussion with energy ministries in several sub-Saharan Africa countries.

For MRPE, the best opportunity in the short term is in the transmission sector. The primary driver for transmission and substation demand is low electrification rates and access across African economies including South Africa and Angola. The secondary driver is cross-border interconnectivity to enable power trade between countries in sub-Saharan Africa. The platform's acquisition of OptiPower procured entry into the high and medium voltage transmission, distribution and substation sectors in South Africa and sub-Saharan Africa. OptiPower's technical capability combined with MRPE's capacity, make for a compelling combination to unlock market potential.

Notwithstanding the ailing water infrastructure in South Africa, the water sector remains very inactive with few opportunities coming to market. However, it should be only a matter of time before the platform's licensed Organica Water technology will achieve a breakthrough for the first time in Africa. Aquamarine Water Treatment has been relocated from the Western Cape to Gauteng with expectations for considerable geographic growth, albeit from a low base. Along with its traditional design and assembly business, a new focus on chemical sales and components was established with several distribution agreements signed. During FY2019, MRW operated and maintained small water treatment plants to treat borehole water to potable standard (SANS 241) at two Life Healthcare hospitals and five additional projects are expected to commence in FY2020.

The ageing refining and petrochemical infrastructure in South Africa presents an opportunity for the platform to diversify into other market sectors. The platform is engaging with satellite operations of the large oil and gas majors, to offer a value proposition for the long-term sustainability of their operations in refining, fuel storage and distribution. Opportunities are being explored in renewable energies, as well as structural, mechanical and electrical services for mining projects.

In Mozambique, emphasis is on the LNG developments in the Rovuma Basin. MRPE is working with the Oil & Gas platform and various partners to respond to opportunities in what promises to be the single largest potential investment in the southern hemisphere.

The platform provides project services to market sectors which, domestically and internationally, are characterised by complex commercial relationships between clients and contractors, often leading to disputes and litigation. Platform leadership is committed to engage with prospective clients with the objective of proposing alternative but established contracting models that require a more collaborative approach to project delivery. These models include alliance-type contracts, which establish closer cooperation between clients and contractors with the ultimate objective of enhancing project outcomes.

CONTRACTOR OF CHOICE

Towards Zero Harm

Safety is paramount and the platform is committed to the Group's vision of Zero Harm. A safety culture survey undertaken during the year showed improved levels of safety maturity on major projects. A Neuroleadership programme has been rolled out at Anglo Platinum's SO_2 Abatement Project in Polokwane. Further application of this programme will be aimed at improving an already impressive safety performance.

The platform's health and safety performance for FY2019 was industry leading. The LTIFR increased to 0.40 (FY2018: 0.12), primarily due to a significant reduction in hours worked as the Medupi and Kusile projects come to an end. This rate equates to three lost-time injuries incurred over more than eight million work-hours. The TRCR at 1.19 (FY2018: 0.98), was a world-class result. The MAP/CRM programme is fully entrenched and all projects continue to show a significant improvement in their total incident rate.

All businesses are ISO 45001, ISO 9001 and ISO 14001 certified. In FY2019, the platform maintained the prestigious South African Institute of Welding ISO 3834 accreditation.

Project delivery

MEDUPI AND KUSILE POWER STATION PROJECTS

Construction work is complete at Medupi, with units 2, 3, 4, 5 and 6 generating power. Unit 1 is expected to be synchronised to the grid during the first quarter of calendar year 2020. Electrical and instrumentation services at Medupi continued throughout FY2019. At Kusile, units 1, 2 and 3 are providing power to the grid and planned maintenance outages on these units were successfully executed during the year.

SAPPI VULINDLELA AND ANGLO PLATINUM SO_2 ABATEMENT PROJECTS

Both projects are under construction with scheduled completion for FY2020.

SASOL CTFE PROJECT

Commercial challenges resulted in significant project losses. The project is in the handover stage and should be completed by October 2019.

Technology

The engineering and construction industry has been a late adopter of digital technologies, but digitalisation will be a key requirement for future success. The platform has developed a digital strategy, which will be executed in two phases over the next two-and-a-half years.

The first phase is focused on digital enablement – the implementation of an integrated digital/software platform to enable core project and support functions, which will also provide the opportunity to critically re-engineer certain processes. Mobile solutions, particularly in the field, will replace inefficient paper-based systems. Benefits will include productivity improvements and cost reductions.

The second phase will focus on digital transformation. This will add digital technologies to the integrated software platform to improve project delivery, increase productivity, flexibility and adaptability, and more efficient asset management. Furthermore, innovative client solutions have been identified.

EMPLOYER OF CHOICE

Leadership and succession

During FY2019, a comprehensive talent review was undertaken at senior and middle management levels. High potential employees have been identified and will participate in specific development programmes, with an emphasis on leadership and management development. A mentorship programme has been implemented for talented black employees, with specific plans to develop them for leadership positions.

Best people practices

As the power programme comes to an end, there has been a significant reduction in the workforce, mainly due to the demobilisation of project employees.

The platform's employment model provides for flexibility and a high proportion of employees are engaged by way of project-specific limited duration contracts. In FY2019, R18,5 million (FY2018: R42,2 million) was invested in skills development, of which 96% was allocated to these employees. The majority of the platform's training investment has been focused on technical training of artisans.

The platform intends to develop a core group of artisans and supervisors, who will benefit from ongoing investment in their career advancement. These permanent employees will be supplemented by employees with limited duration contracts to meet project requirements.

REPUTATION

Diversity and localisation

MRPE achieved a Level 3 BBBEE rating in FY2019 and is targeting Level 2 in FY2020. This is an outstanding performance and the improvement will be primarily achieved in areas such as preferential procurement, skills development and CSI.

The platform's employment equity profile improved during the year, particularly at middle management level. Representation of black employees was stable or improved across all levels: senior management at 27% (FY2018: 25%); middle management at 57% (FY2018: 47%) and junior management at 93% (FY2018: 93%). The platform continues to develop young black talent through its talent management programmes.

Localisation is a strategic imperative and although it presents significant challenges, innovative solutions are employed. Major challenges relate to experience and skills in local communities, as well as employment and economic investment expectations. The platform works closely with clients, local community forums and leaders to manage expectations and to provide support for local suppliers.

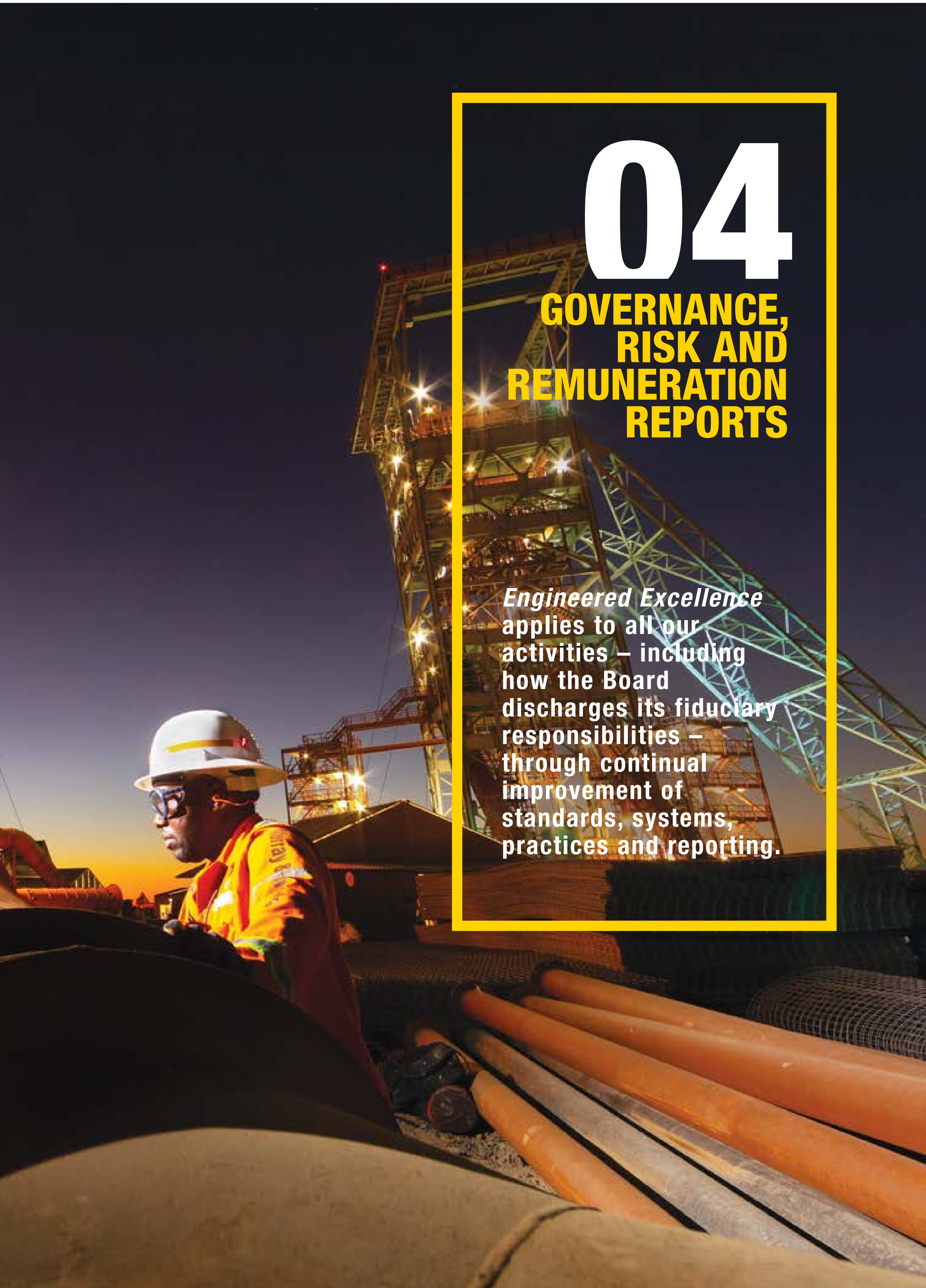
PROSPECTS

While the Medupi and Kusile power stations were under construction, platform leadership worked hard to establish a sustainable business that could make a meaningful contribution to Group income. Unfortunately these efforts have not yet yielded the desired outcome, mainly due to a lack of investment and therefore project opportunities in the South African economy. Consequently, the platform has had to prepare itself for becoming a smaller business by rationalising cost structures, while maintaining growth capacity for the future.

The platform has strategically positioned itself for identified short- to medium-term project opportunities, and its future performance will be largely determined by the extent of investment in its target market sectors. These opportunities include:

- Repair and maintenance work on Eskom's ageing power station fleet
- The renewable energy sector, including wind, solar & biomass and gas-to-power
- Transmission, distribution and substation projects in South Africa, as well as sub-Saharan Africa
- Opportunities in the resources and industrial, and paper and pulp industries
- Opportunities in the refined fuel storage sector in South Africa and the LNG sector in Mozambique
- Water infrastructure in South Africa, especially wastewater treatment.

Considering its capacity to deliver projects in the South African power and water sectors, and with both sectors in dire need of investment, the platform should return to profitability in the medium term, making a more meaningful contribution to Group income.



04
GOVERNANCE, RISK AND REMUNERATION REPORTS

Engineered Excellence **applies to all our activities – including how the Board discharges its fiduciary responsibilities – through continual improvement of standards, systems, practices and reporting.**

GOVERNANCE OVERVIEW

OUR CORPORATE GOVERNANCE PHILOSOPHY

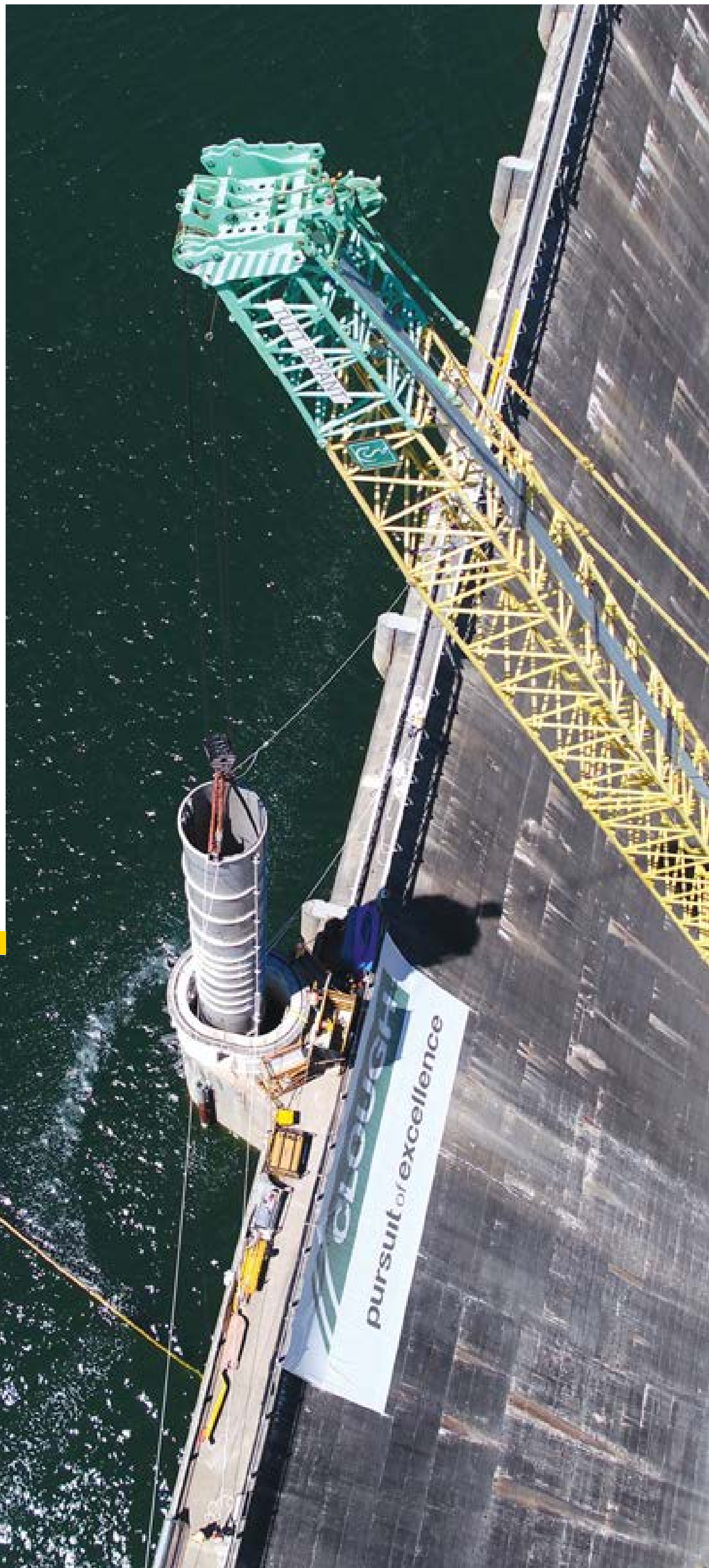
Statement of commitment

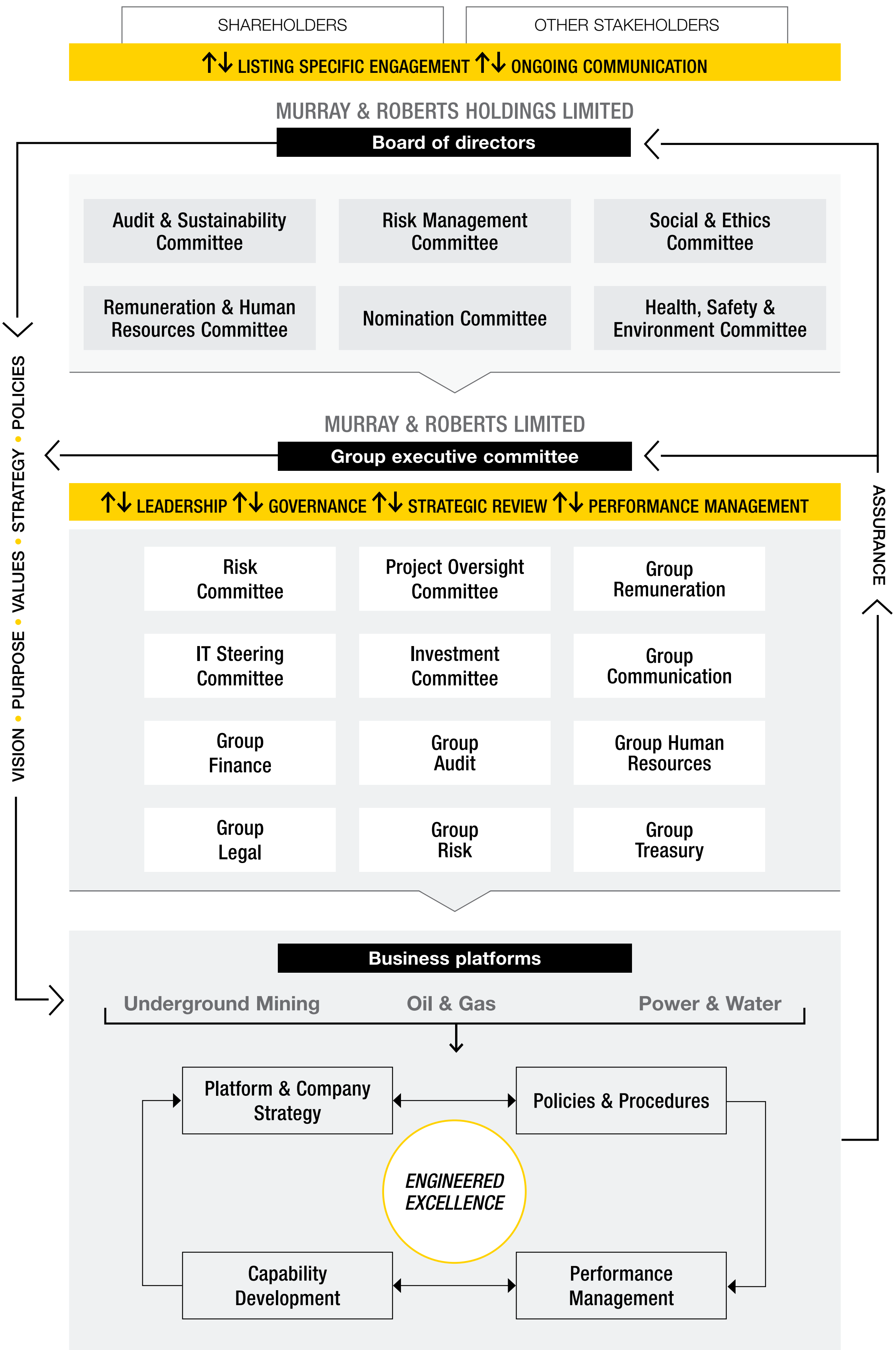
Underpinned by the highest standard of corporate governance, integrity and ethics are non-negotiable features of the Group's pursuit of its strategy and business conduct. As the highest governing authority in the Group, the Board is ultimately accountable for ethical and effective leadership.

The ethical principles set out in the Group's Code of Conduct guide the decisions and actions of the Board and executive team. An effective governance structure, aligned with the principles and practices of King IV™, is in place. The Board is confident that the Group's governance processes support ethical culture, good performance, effective control and legitimacy, as illustrated in this summary report.

ONLINE
Full governance report

The relationships and decision-making rights between governing bodies and business platforms are shown in the organisational framework alongside.




SHAREHOLDERS
OTHER STAKEHOLDERS
↑↓ LISTING SPECIFIC ENGAGEMENT ↑↓ ONGOING COMMUNICATION
MURRAY & ROBERTS HOLDINGS LIMITED
Board of directors
Audit & Sustainability Committee
Risk Management Committee
Social & Ethics Committee
Remuneration & Human Resources Committee
Nomination Committee
Health, Safety & Environment Committee
MURRAY & ROBERTS LIMITED
Group executive committee
↑↓ LEADERSHIP ↑↓ GOVERNANCE ↑↓ STRATEGIC REVIEW ↑↓ PERFORMANCE MANAGEMENT
Risk Committee
Project Oversight Committee
Group Remuneration
IT Steering Committee
Investment Committee
Group Communication
Group Finance
Group Audit
Group Human Resources
Group Legal
Group Risk
Group Treasury
Business platforms
Underground Mining
Oil & Gas
Power & Water
Platform & Company Strategy
Policies & Procedures
ENGINEERED EXCELLENCE
Capability Development
Performance Management
VISION • PURPOSE • VALUES • STRATEGY • POLICIES
ASSURANCE

Achieving our governance outcomes

The Group complies with all the principles of King IV™, which forms the foundation of the Group's approach to governance. This supports the Group in meeting the following goals of King IV™:

EFFECTIVE CONTROL | ETHICAL CULTURE | GOOD PERFORMANCE | LEGITIMACY

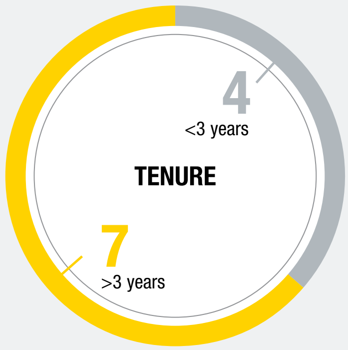
Value creating governance structures	Value protecting activities
Our Board and executive leadership set the tone for an ethical culture, ensuring good governance and appropriate business practices. Our Board has the appropriate balance of relevant experience and expertise required to deliver the *New Strategic Future* plan, and is supported by appropriate succession planning.	The Group's Code of Conduct supports ethically robust and defensible decision-making by the Board and executive leadership, enabling a culture of continuous learning across the Group.
Our executive leadership has the depth of skill needed to deliver specialised sector focus on a decentralised platform basis and are appropriately incentivised to lead our people in achieving our strategy.	The Group's Code of Conduct, Purpose, Values and integrated management approach ensure that the Group delivers the *New Strategic Future* plan within the appropriate risk appetite, supporting a prudent risk and return balance.
The Group's embedded engagement model and structure supports our strong relationships with clients, employees and other stakeholders; this in turn enhances our credibility.	The Group's response to local and regional dynamics, as well as national objectives, minimise operational and project risks, and support the Group's legitimacy.
Our philosophy of *Engineered Excellence* informs how the Board and executive leadership conduct the business of the Group, using planning and rigorous oversight to deliver excellence.	The Group's governance frameworks and reporting structures ensure visibility and compliance across all platforms.

OUR LEADERSHIP

The Board is responsible for corporate governance across the Group. It approves strategic direction, which addresses and integrates strategy, risk, performance and sustainability as interdependent elements of value creation.

Succession planning over several years has aligned Board competencies to Group strategy, resulting in a diverse Board with deep collective experience relevant to the macro- and socioeconomic realities of the Group's geographic markets in core and complementary market sectors.

The composition of the Board promotes a balance of authority, preventing any one director from exercising undue influence over decision-making while bringing diverse perspectives to board deliberation. The Board has ten directors: eight independent, non-executive directors and two executive directors.



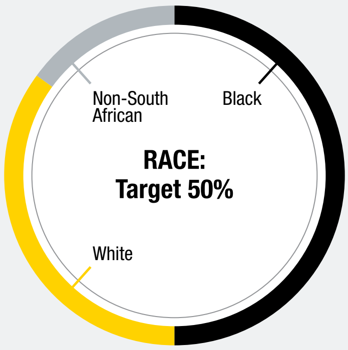
AGE

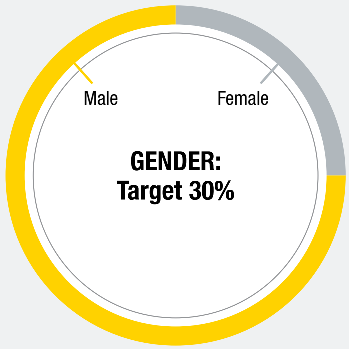
Between 40 – 50 years	2
Between 50 – 60 years	4
Older than 60 years	4

Board retirement age
= 70 years

Strengthening diversity and transformation

A formal diversity policy was adopted in 2018, setting targets for gender and race diversity at the Board level. These targets have been met and board composition is now 50% black and 30% female.





PG 16
Our leadership

ONLINE
Full governance report

INDEPENDENT BOARD

Following ATON's announcements during FY2018 to initially make a general offer and later a mandatory offer to acquire shares in Murray & Roberts, in accordance with the requirements of the Companies Act, the Board has constituted an Independent Board comprising the following independent non-executive directors:

- Suresh Kana (chairman)
- Ralph Havenstein
- Alex Maditsi
- Diane Radley

The Independent Board's duties are set out in the Takeover Regulations and they are assisted by Board appointed legal advisors, Webber Wentzel.

Key activities of the Independent Board

- Engaged with ATON, other shareholders and regulators in relation to ATON's mandatory offer
- Assessed developments in the regulatory approval process
- Regularly refreshed the Group's valuation, taking into account the latest market developments
- Kept the main Board informed on a regular basis

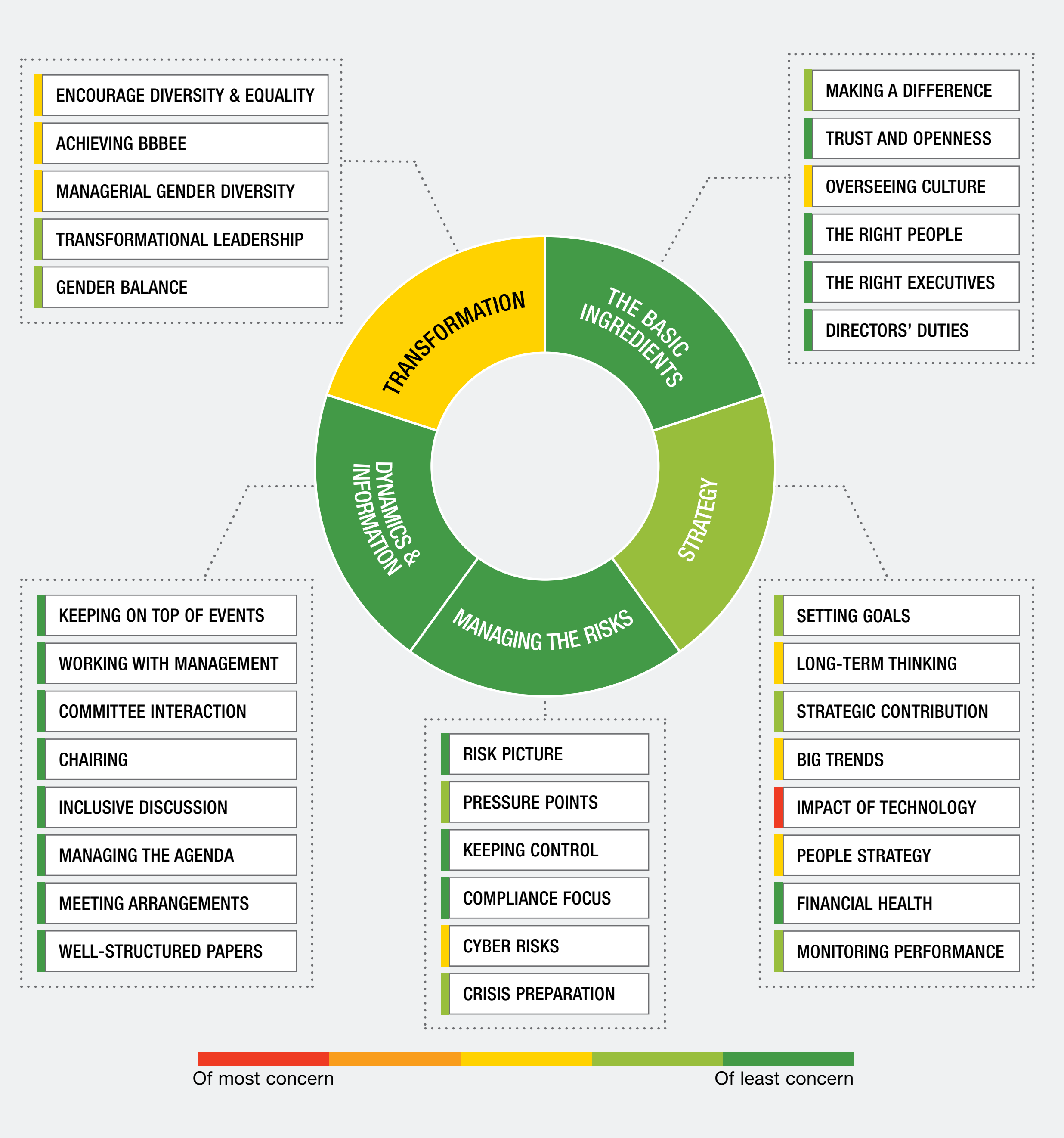
BOARD EVALUATION

The Board undertook an in-depth self-assessment of its performance during the year, measured against five performance dimensions:

- Dynamics and information
- Basic ingredients
- Managing the risks
- Strategy
- Transformation

Following the self-assessment, the Board identified the following focus areas for improvement:

- Understanding the impact of technology on the strategy
- Driving long-term thinking throughout the Group and understanding of mega trends
- Deliver an effective people strategy
- Effective management of cyber risk
- Achieving transformation



OUR GOVERNANCE OUTCOMES

EFFECTIVE CONTROL

A Board-approved charter sets out its accountability, responsibility and duty to the Group, including requirements for its composition, meeting procedures, work plan and performance evaluation.

PG 70
Risk report

ONLINE
Full governance report

ACTIVITIES	OUTCOMES
Governance, risk management, systems of control and internal audit	
Reviewed and evaluated strategic risks and associated opportunities.	Mitigation of strategic risks and positioning business to develop opportunities.
Approved the integrated assurance model comprising risk management, regulatory compliance, internal and external audit, and related Group Integrated Assurance policy.	Asserts control over how risks facing the Group are mitigated with mechanisms to ensure compliance and monitor effectiveness.
Updated and approved the governance framework.	Governance framework embedded throughout the Group and across platforms.
Succession planning	
Board review of succession planning for senior management across the Group.	Formal succession plans aligned with transformation objectives for senior management across the Group.
No changes to the Board and Board committees, due to Takeover Regulations restrictions during an offer period.	

ETHICAL CULTURE

The ethical principles set out in the Code of Conduct require individual directors to:

- Adhere to legal standards of conduct set out in the Companies Act
- Exercise their fiduciary duties in the best interest of the Group
- Take independent advice if needed to discharge their duties according to an agreed procedure
- Disclose real or perceived conflicts to the Board and deal with them accordingly
- Deal in securities only in accordance with the relevant policy.

PG 16
Our leadership

ONLINE
Full governance report

ACTIVITIES	OUTCOMES
Leadership and organisational ethics	
Reviewed compliance with laws, rules, codes and standards.	Any instances of unethical behaviour are reported, investigated and addressed.
Approved revised Code of Conduct.	Reputation as a well-governed, ethical and responsible multinational organisation.
Ensures that the Group subscribes to ethical business principles supported by policies, standards and procedures.	
Independence assessment and conflicts of interest	
Initiated procedures to ensure conflicts of interest are addressed.	Ensures effective and ethical decision-making and sets the tone from the top for an ethical culture.
Performed an independent assessment of Board members.	
Assessed and discussed any conflicts of interest identified.	

GOOD PERFORMANCE

The Board is responsible for corporate governance and determining the Group's strategic direction. All decisions, deliberations and actions are based on the Group's Values, which ultimately support the performance of the Group.

PG 36
Group chief executive's and financial director's report

PG 78
Remuneration report

ONLINE
Full governance report

ACTIVITIES	OUTCOMES
Strategy, performance and reporting	
• Approved annual Group and business platform strategies and budgets. • Considered material acquisitions. • Conducted review of policies and procedures to ensure effective implementation of strategy.	• Realising Purpose, Vision and Values through strategic delivery. • Reliable and transparent communication with stakeholders.
Board evaluation	
• Reviewed compliance with laws, rules, codes and standards. • Ensure Group subscribes to ethical business principles supported by policies, standards and procedures. • Self-assessment of Board performance during the year.	• Appropriate governance structures and processes in place to ensure effective performance of the Group. • Achieved diversity targets at Board level. • Continued improvement in performance and effectiveness of the Board.
Remuneration	
• Approved remuneration policy. • Approved and implemented long-term incentive scheme awards.	• Fair, responsible and transparent remuneration. • Voting by shareholders on remuneration policy (99.87%) and implementation report (99.98%) for FY2018.

LEGITIMACY

The Board provides strategic direction and approves policies and frameworks to ensure that all sustainability-related economic, financial, social, environmental and ethical issues are addressed. The Board has established committees to assist in discharging its duties as set out in the approved committee mandates and terms of references.

With the Board's strategic direction, the Group seeks to protect, enhance and invest in the wellbeing of the economy, society and the environment. The social & ethics committee ensures that the Group formulates collaborative responses to sustainability challenges. The remuneration & human resources committee ensures fair and responsible remuneration and reward practices aligned to performance and the Group's Values.

PG 78
Remuneration report

ONLINE
Full governance report

ACTIVITIES	OUTCOMES
Stakeholder relationships	
• Communicated and engaged transparently, effectively and inclusively with all stakeholder groups. • All directors and designated partner of the external audit firm available at the AGM to respond to shareholder queries.	• Stakeholder engagement framework is proactively implemented and followed by management. • Detailed discussion and review of customer/client relationships. • Employee relationships, particularly relating to demobilisations in the Power & Water platform.
Diversity and transformation	
• The remuneration & human resources committee performs an annual assessment of succession, including strategies for transformation across the Group.	• License to operate in chosen markets.

RISK MANAGEMENT REPORT

RISK MANAGEMENT IS INTEGRAL TO GOVERNANCE AND OUR VALUE CREATION STRATEGY. SIGNIFICANT EFFORT IS MADE TO EMBED RISK AWARENESS, PREVENTION AND MITIGATION MEASURES ACROSS GROUP OPERATIONS.

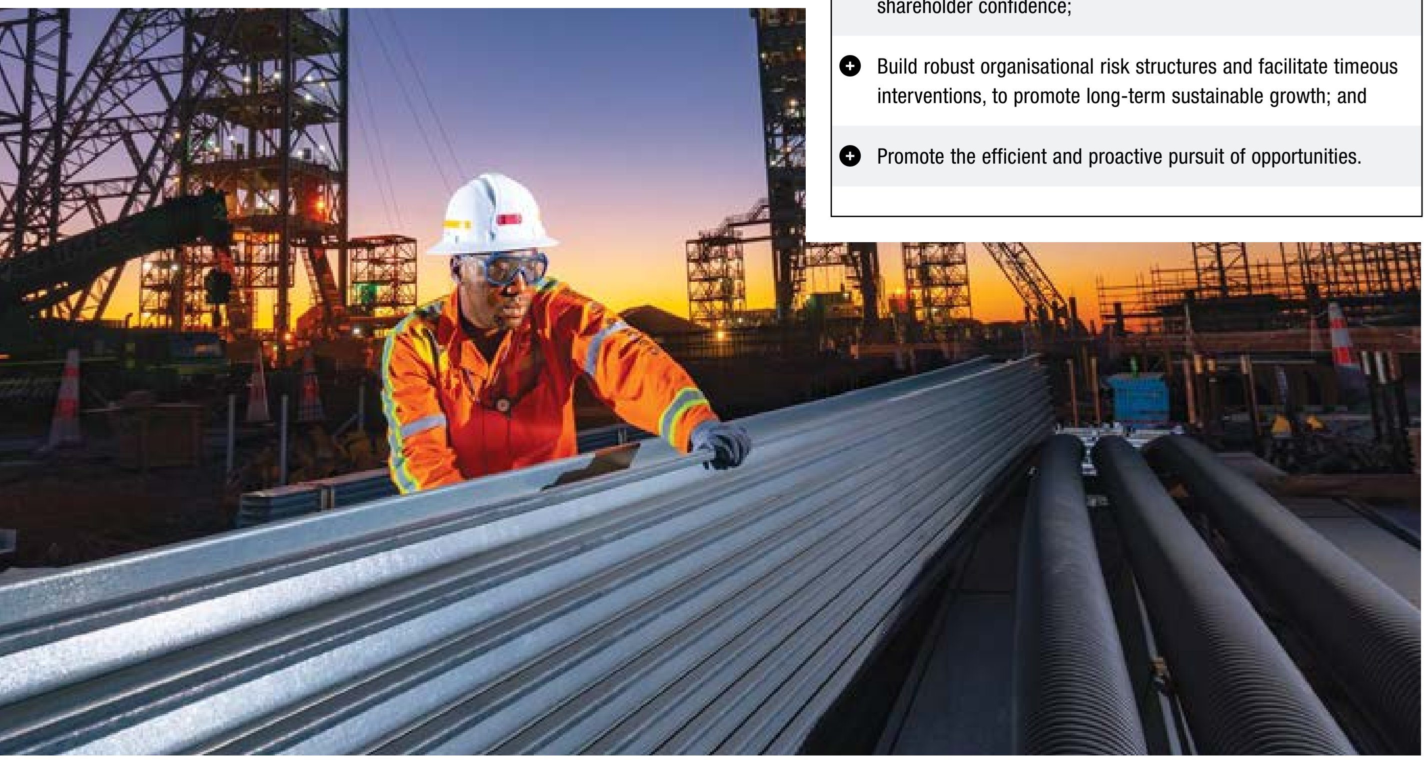
The appropriate governance structures, including the Board risk committee, executive risk committee, project oversight committee and business platform risk committees, ensure that the appropriate operational and functional procedures, systems and controls are in place to mitigate risks and harness opportunities in pursuit of our strategic objectives.

Given the Group's scale and complexity, it is not possible to completely eliminate all risks arising from internal and external business and commercial interfaces. Our experienced management teams manage and maintain a planned, coordinated and structured approach to identify, assess, address, monitor, communicate and report the Group's risks. The mitigation of those risks, most likely to prevent the Group from achieving its strategic objectives are prioritised. Guiding this approach is the Group Risk Management Framework, which promotes a consistent risk management culture across the Group.

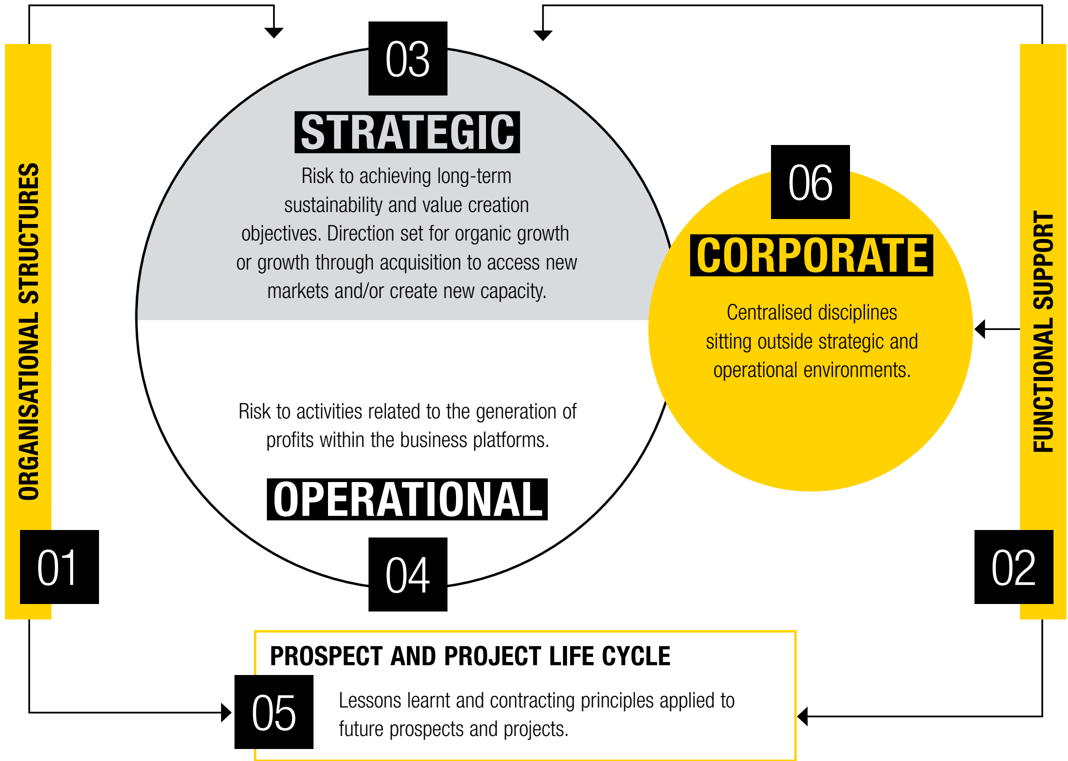
Risk Management, Regulatory Compliance and Independent Assurance (internal and external audits) are the three pillars of the Group Integrated Assurance Framework.

THE GROUP RISK MANAGEMENT FRAMEWORK AIMS TO:

- Align strategy with risk tolerance;
- Improve and streamline decision-making, which improves the Group's risk profile;
- Promote the strategic and coordinated procurement of a quality order book, which contains a known and planned level of risk and an appropriate level of reward;
- Ensure reasonable commercial terms and conditions are contracted based on a predetermined set of acceptable contracting principles, together with the rational pursuit of commercial entitlement;
- Promote rigorous project reviews, and early responses to projects deviating from planned and tendered expectations;
- Promote continuous improvement through the institutionalisation and application of lessons learnt;
- Reduce operational surprises, improve predictability and build shareholder confidence;
- Build robust organisational risk structures and facilitate timeous interventions, to promote long-term sustainable growth; and
- Promote the efficient and proactive pursuit of opportunities.



THE GROUP RISK MANAGEMENT FRAMEWORK



01 ORGANISATIONAL STRUCTURES

In addition to the various Group operating board responsibilities, organisational structures have been created and tasked with risk governance, including the business platform risk committees, the Murray & Roberts Limited risk committee and the Murray & Roberts Limited project oversight committee.

02 FUNCTIONAL SUPPORT

Dedicated risk management support has been created at Group level and within businesses. This includes enterprise-wide risk leadership, risk management monitoring, risk-based auditing and operational and risk committees.

03 STRATEGIC RISK MANAGEMENT

Strategic risk is evaluated as a hurdle to achieving the Group's long-term strategy. Direction is set for organic and acquisitive growth to access new markets and create new capacity, and is also applied to acquisitions, disposals, new business development, timely and necessary leadership intervention.

04 OPERATIONAL RISK MANAGEMENT

Operational risk is a potential barrier to achieving planned profits within the Group's business platforms. Methodologies for identifying, evaluating, mitigating, monitoring and communicating risk are applied in the operational business environment. Business plans with a three-year horizon are developed and performance against these is subject to quarterly review.

05 PROSPECT AND PROJECT LIFE CYCLE

Project risk is evaluated as a potential barrier to delivering contracted scope against cost, time and technical performance targets, while maintaining HSE performance. A Project Management Framework sets the minimum standard for project management required in the delivery of projects across the Group. A Project Management Development programme is in place to enhance and refresh project management skills across the Group. The framework also provides internal audit with a consistent set of processes and controls against which project performance is tested. Project risk management activities include the Group risk tolerance filters, lessons learnt and contracting principles schedules, project reviews and project dashboards.

06 CORPORATE RISK MANAGEMENT

Corporate risk management relates to a range of portfolios within the corporate office, which address various forms of risk including risk management standards and procedures, the Group Code of Conduct, the Statement of Business Principles, regulatory compliance, commercial & legal oversight, integrated assurance, business continuity & IT disaster recovery, treasury, bonds & guarantees, tax, insurance, crisis communication and forensic investigations.

RISK MANAGEMENT PRACTICES

The Board approves the risk appetite for the Group at several levels and has established a clear line of sight and responsibility to ensure effective risk management across the organisation. Several factors are considered in determining the risk appetite in each risk category. This Risk Appetite Statement categorises the Group's appetite for each risk as low, moderate or high, according to the following definitions:

LOW – The level of risk will not impede the Group's ability to achieve its strategic objectives.

MODERATE – The level of risk may delay or disrupt the achievement of its strategic objectives.

HIGH – The level of risk will significantly impede its ability to achieve its strategic objectives.

Where applicable, controls are in place to reduce the likelihood or alternatively mitigate the impact of risk events.

Key risk categories

Key risks are those that have a financial, operational and reputational impact and include:

- **HEALTH, SAFETY & ENVIRONMENT:** The Group has a low appetite for health, safety and environment risk and strives for Zero Harm in the workplace. This is supported by the Group HSE Framework.
- **FINANCIAL:** The Group has a moderate appetite for financial risk and is willing to accept risk in order to achieve its financial objectives. The risks are managed and mitigated to an acceptable level through several controls, with oversight from Group executive leadership.
- **LEGAL & COMPLIANCE:** The Group strives for the highest standards of business integrity, ethics and governance. It has zero tolerance for unethical behaviour and has a Code of Conduct and a number of related procedures in place to address this risk.
- **PROJECT PERFORMANCE:** The Group is prepared to accept a moderate level of risk in the projects it undertakes, to achieve its financial targets. A Project Management Framework, as well as contracting principles and past project lessons learnt schedules are in place and enforced to mitigate project delivery risk.
- **TECHNOLOGY:** The Group has a moderate appetite for innovative technology and digitalisation solutions that could add value in meeting its strategic objectives. As the Group formalises and advances its digital strategy, an IT Security Framework is in place to manage the risk of cybercrime and data breaches.

The Group has defined four discrete risk environments: strategic, corporate, operational and project. Each risk has a specific owner, be it a business platform CEO, operating board or an individual executive.

The primary responsibility for managing risk lies with business line management. The risk management, regulatory compliance and internal audit functions in the corporate office advise on risk management approaches, methodologies and systems. They also monitor the diligent execution of risk management at every level of the Group, reporting to various boards and committees on inherent and residual risks in each risk area.

Murray & Roberts is a specialised multinational contractor that contracts on projects which differ in complexity, scope and size. Project risk is therefore the predominant source of risk for the Group. Critical to the preparation of tenders and effective project delivery is the application of three standards, which have been formulated and are regularly updated on the basis of past performance:

- Group Schedule of Contracting Principles;
- Group Schedule of Lessons Learnt; and
- Minimum Requirements for Contracts.

All bids submitted are tested against these standards to ensure that the identified risks are correctly addressed and past failures are not repeated.

Operational risk exposures typically relate to the infringement of laws, including competition, company, labour, health and safety and environment, as well as commercial, technical and logistical aspects of a project. Each business platform has its own risk committee ensuring that these risks are regularly reviewed and assessed, and effectively mitigated.

To reduce project risk as far as possible, the following procedures are followed:

- Competent and experienced executives oversee the preparation and submission of bids.
- An Opportunity Management System tracks and processes all opportunities, subjecting them to a series of risk filters to develop a risk profile. These filters are extracted from the Risk Appetite Matrix, which is approved by the Board.
- Estimating tools used across the Group to prepare bids are proven and validated. The costing process is comprehensive, and subject to rigorous internal reviews, including independent and peer reviews where necessary.
- Risks are identified based on past experience and mitigated either through contractual terms or priced for and managed within budget.

- Critical bid requirements are (i) the exclusion and/or pricing of known risks, (ii) that projects must be cash positive, (iii) the prohibition of unacceptable risks and unusual contracting terms, and (iv) the inclusion of limits of liability in contracts.
- Where a fixed-price project is accepted, the design must be mature, the scope and/or specification clear and an efficient mechanism for change management and dispute resolution must form part of the contract.
- An allowance for contingencies (unforeseen or unplanned risks) is added to the bid price to cater for potential risks that cannot be priced and mitigated at bidding stage. These allowances are a hedge against risk, are utilised within the framework for which they are established and fall under the control of the project director. The project review committee plays an oversight role on the use of the contingency allowances.
- Generally known types of contracts such as FIDIC, NEC, JBCC, GCC, are preferred, and specific attention is placed on special conditions. Bespoke contracts are negotiated based on the detailed guidance of internal and external legal counsel.
- Large and complex project bids are subject to independent review and approval by the Murray & Roberts Limited Board risk committee, which issues a mandate to the project negotiation team. Projects above US$300 million are escalated to the Board for approval. Any deviation from a mandate is referred back to the relevant risk committee for a final decision.
- The Murray & Roberts Limited Board project oversight committee reviews large and complex projects to ensure performance is in line with the tendered terms and prevailing market conditions. The committee also reviews projects showing early signs of deviation from planned and tendered expectations. This helps to prevent distressed projects by identifying early signs of difficulty and ensuring that corrective actions and interventions are initiated.

Strategic and corporate risks are associated with the activities of the Group chief executive and executive committee and include risks associated with:

- Organic and acquisitive growth;
- New markets and new capabilities; and
- Accounting, taxation, banking/bonding and funds transfers etc.

The corporate office manages these risks which are reviewed by the executive risk committee quarterly and reported to the boards of Murray & Roberts Limited and Murray & Roberts Holdings Limited.

A Group business continuity standard and associated procedures are in place within each business platform. Internal audit provides assurance on these business continuity plans.

REGULATORY COMPLIANCE

Regulatory compliance is the second pillar of the Group Integrated Assurance Framework. The implementation of the Group Regulatory Compliance Framework focuses on the seamless integration of regulatory compliance (with risk management and internal audit) into business planning, execution and management. The regulatory compliance function provides focus on these risks in line with the Group Integrated Assurance Framework.

As a multinational organisation, regulatory compliance is complex. It is therefore imperative to ensure that the Group complies, across all jurisdictions, with legal and other requirements that could materially impact its performance and sustainability, whether from a financial, legal or reputational perspective. The Group employs a structured approach to evaluate potential compliance failures and ensures adequate responses to prevent and, where necessary, to mitigate any negative impact.

INDEPENDENT ASSURANCE

Independent assurance, the third pillar of the Group Integrated Assurance Framework, consists of two complementary parts i.e. internal and external audit. This function provides an independent and objective challenge to the levels of assurance provided by business operations, risk management and regulatory compliance.

The internal audit function is well resourced and qualified to carry out its mandate. In executing its mandate, internal audit applies a robust, risk-based approach to identify critical risk management controls that management relies on, and which must be tested and evaluated to provide the Board with the risk management and regulatory compliance assurance it requires to meet its governance objectives.

The development of the internal audit plan includes interactions with the Group risk and legal functions, with specific reference to their respective risk and compliance mitigation objectives, strategies and plans. The audit plan also encompasses the assessment of Group-wide corporate governance, financial controls and risk management procedures, as well as specific areas highlighted by the audit & sustainability committee, Group executive committee and by executive and operational management for dedicated review.

External audit provides assurance on the Group's financial statements.

TOP RISKS

The Group's material risks, in no order of priority, are outlined below.

TREND KEY:
- Opportunity
- Threat increasing
- Threat stable
- Threat decreasing
- Closed out

STRATEGIC RISKS

VULNERABILITY TO MACROECONOMIC FACTORS

Changes in the global economy have a direct impact on the markets in which the Group operates, particularly Underground Mining and Oil & Gas. Global demand for commodities (metals and minerals) has continued to improve in step with global economic recovery. However, the sustainability of rising commodity prices remains uncertain. Downside risks to the global economy, and therefore to growth prospects in the Group's markets, include escalation in trade tensions between the USA and China, a no-deal Brexit, impacts of climate change and geopolitical volatility. In South Africa, economic growth remains subdued despite various economic measures introduced by the new administration.

MITIGATION

- Continue to focus on growth in the natural resources sector, underpinned by positive long-term demand drivers.
- Position businesses in selected high-growth complementary markets to mitigate the impact of adverse cycles in core markets.
- Focus on client relationships and maintain competitive advantages to secure negotiated contracts with reasonable terms and opportunities for early contractor involvement.
- Continue to diversify services across the project life cycle, which includes an emphasis on front-end engineering and operations and maintenance.
- Invest in long-term investment opportunities that generate constant income at attractive rates of return, either as a project co-developer or operator.
- Establish JVs with local contractors to win work in geographies where this is a requirement.

OIL & GAS MARKETS

Oil and gas are needed to fuel growing global energy demands. However, the continued soft and volatile oil price and fluctuating supply continues to impact revenues of producers resulting in subdued growth in new capital projects in the sector. A recovery in the global LNG sector is expected from 2022, as global energy producers move to meet demand.

MITIGATION

- Leverage established capability in Australasia to win work in infrastructure and mining markets.
- Leverage new capacity in North America to secure additional work in petrochemicals and gas projects, as these are expected to show the greatest capital expenditure growth.
- Target international LNG projects in geographic areas where the oil and gas majors are located.
- Diversify across the project life cycle, including an emphasis on operations and maintenance.

GROUP LIQUIDITY

The Group remains in a strong cash positive position, outstanding claims, project losses and working capital demands may constrain our ability to make additional acquisitions and meet growth targets.

MITIGATION

- Resolve outstanding claims, specifically on the Dubai Airport project.
- Expedite claims resolution and commercial close-out on the Medupi and Kusile power projects.
- Continue to manage overheads, with all platforms targeting overhead costs of about 5% of revenue through the cycle, and continually improve project performance.
- Procure advance payments on projects and ensure that all projects remain cash positive or at least cash neutral.
- Vigorously drive the philosophy of *Engineered Excellence* to ensure excellent project delivery.
- Continue to ensure high quality earnings through a diversified order book.

OPERATIONAL RISKS

HEALTH, SAFETY AND ENVIRONMENTAL EXPOSURES

Although the Group has made significant progress in managing safety risk, anything more than Zero Harm remains a concern and continues to receive diligent and proactive attention from the executive team across the Group.

MITIGATION

- The Group HSE Framework guides operations in managing material health, safety and environment issues.
- The Zero Harm Through Effective Leadership programme, aimed at establishing a purpose-driven culture, ensures sustainable improvement in health and safety.
- The MAP/CRM programme has been rolled out across all operations to proactively manage material HSE issues and prevent major incidents.
- Programmes aimed at improving employee health and wellness are in place across all operations.
- The Environmental Framework, which incorporates a number of critical standards and is implemented to regulate important environmental issues such as energy efficiency, carbon emissions, waste and water, is in place across the Group's operations.

COMMUNITY AND INDUSTRIAL UNREST

Community and industrial unrest have an impact on productivity, safety and profitability by causing project delays and disruptions. This has emphasised the need for ongoing, direct and meaningful engagement with all employees and host communities.

MITIGATION

- The Employee Relations Framework has been embedded across the Group's South African operations.
- Improved working relations with employee representatives, who are appointed on all sites, has served to mitigate the risk and the visible felt leadership safety initiative is addressing a broader range of issues that affect employees.
- Strike mitigation plans are in place at each operation and project site.
- The Group engages in strategic CSI and socioeconomic development activities, focusing on the communities in which we operate.
- The focus on growing our footprint in less risky markets and sectors continues.
- Key areas of the business are under suitable insurance cover.

TREND KEY:

- Opportunity
- Threat increasing
- Threat stable
- Threat decreasing
- Closed out

PROJECT RISKS

PROJECT LOSSES

Some of our projects are technically complex with long durations, increasing risk exposures during execution. These risks, together with risks beyond our direct control, may result in our failure to meet contractual cost or schedule commitments and other performance parameters, leading to material loss of project earnings. An emerging trend is an increasing expectation among clients for fixed-price and hybrid-type contracts, resulting in 38% of the Group's project portfolio consisting of fixed-price contracts.

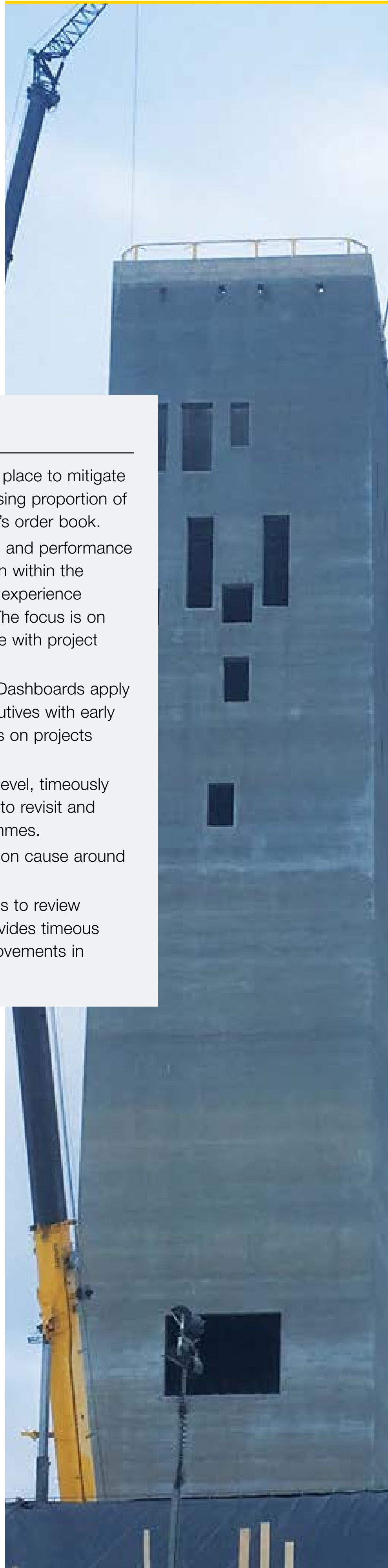
The table below reflects the number of projects across the Group at year end with losses in excess of R15 million. These loss-making projects are subject to additional oversight by the Group executive committee.

Middle East project losses have been accounted for in previous years. These projects have been delivered and the risk will close out when commercial closure on the projects is achieved.

CONTRACT VALUE	ACTIVE PROJECTS AT 30 JUNE 2019	PROJECTS WITH LOSSES > R15 MILLION
≤ R100 million	29	1
≥ R100 million and ≤ R500 million	37	2
≥ R500 million and ≤ R1 billion	19	2
≥ R1 billion	20	1

MITIGATION

- Strong oversight processes are in place to mitigate the risk associated with an increasing proportion of fixed-price contracts in the Group's order book.
- Comprehensive project assurance and performance management tools are in operation within the business platforms, based on the experience gained from past project losses. The focus is on obtaining assurance of compliance with project management systems.
- Project Critical Control Executive Dashboards apply across the Group to provide executives with early insight into performance indicators on projects under their control.
- Management, including at Group level, timeously reviews underperforming projects to revisit and revise recovery plans and programmes.
- Clients are engaged to find common cause around the recovery plans.
- The oversight committee continues to review underperforming projects and provides timeous intervention aimed at driving improvements in project performance.



SOUTH AFRICAN POWER PROGRAMME

The power programme has reached the completion phase, which includes the demobilisation of project personnel. This phase is subject to heightened risks mainly relating to safety, productivity and industrial action, which may give rise to commercial disputes on the Medupi and Kusile power station projects. The outcome of these disputes may impact cash flows, although the accounting position on these projects is considered to be prudent and risk provisions to be adequate.

MITIGATION

- Consultation with employees and trade unions regarding demobilisation terms and conditions are ongoing.
- Clients are engaged to resolve outstanding commercial matters.
- Disputes are immediately referred to adjudication if they cannot be resolved amicably and within reasonable timeframes.

UNCERTIFIED REVENUES

Occasionally the Group raises claims against clients for costs incurred relating to matters not included in the contract price of the project. These claims or commercial entitlements, often arising from delays caused by clients or changes to initially agreed project scopes, are accounted for in our financial statements as uncertified revenues, until such time that the claims are approved by the client at which time the uncertified revenue becomes certified. Failure to convert uncertified revenue to certified revenue, may result in the reversal of previously declared income.

The uncertified revenues taken to book on the Dubai Airport and other projects must still be realised through extensive claims resolution processes. This creates the risk of income accounted for in prior financial periods being reversed to the extent that the outcomes of the claim settlement process are less favourable than the accounting position taken.

MITIGATION

- Claims are pursued through negotiation, mediation and/or arbitration to ensure the most beneficial outcome for the Group.

REMUNERATION REPORT

The report outlines our remuneration policy, provides context for the remuneration considerations and presents an implementation report on the remuneration outcomes based on our policy. The Group's total remuneration consists of fixed (guaranteed pay) and variable (short-term and long-term incentives) components.

The remuneration committee contracted the services of PwC for independent external advice and Deloitte verified the extent to which the performance conditions of incentive schemes were met. During the year, the remuneration committee considered the following key matters:

- Approval of increases to guaranteed pay;
- Approval of executive director and prescribed officer guaranteed pay increases for FY2020;
- Performance testing and approval of short-term incentive ("STI") payments in respect of FY2019;
- Performance testing and approval of vesting of the November 2016 long-term incentive ("LTI") awards;
- Approval of September 2019 LTI awards and underlying performance conditions;
- Review and recommendation of non-executive director fees for FY2020, excluding recommendation on their own fees; and
- Review and approval of the Group's remuneration report for inclusion in the FY2019 annual integrated report.

The STI scheme is not a profit share scheme, but a scheme that incentivises performance towards achieving financial and non-financial targets set for each financial year. The financial targets set at the beginning of FY2019, were derived from the budget for the year upon conclusion of a bottom-up budgeting process, which took into account the Group's order book and prevailing market conditions. The financial targets for FY2019 were lower than that of the previous year, cognisant of the market conditions in the oil and gas and power and water sectors. The EBIT target decreased to R805 million in FY2019, from R872 million in FY2018 and the diluted HEPS for continuing operations target decreased to 94 cents, from 117 cents. The actual financial results were close to the targets for FY2019, with EBIT at 98% and diluted continuing HEPS at 107% of target, which together with performance measured against the cash and return targets, translated into the financial component for STI performance outcomes, as detailed in this report.

The financial targets for the year were stretching considering the difficult trading environment and the scheme participants performed well to achieve the financial results reported for the year. The remuneration committee furthermore considered the STI payment in the context of total reward for the year, and not in isolation. In this regard, 50% of the LTI for the performance period ended 30 June 2019 has been forfeited.

Executive directors and prescribed officers' remuneration:

- Average guaranteed pay increases of 5,6% were implemented with effect 1 July 2019, similar to the increases awarded to salaried staff across the Group, largely in line with inflation.
- A STI award equating to 58% of the maximum value possible in terms of this scheme have been awarded for FY2019. Operating profit was close to target at R791 million, measured as Earnings before Interest and Tax ("EBIT") for continuing operations. Return on Invested Capital Employed ("ROICE") at 9% was below threshold. Adjusted net cash of R757 million was much better than target, and adjusted Free Cash Flow ("FCF") of R389 million was also above target. This performance is commendable considering market conditions. This STI outcome is reflective of the Group's financial performance, relative to the financial targets and the good performance against individual non-financial targets that were set at the beginning of the year.
- The performance period for the November 2016 Forfeitable Share Plan ("FSP") LTI award ended on 30 June 2019. Based on performance over the three year performance period, 50% of the November 2016 FSP award vests on 1 November 2019. Half of the award was based on ROICE performance, 25% on relative Total Shareholder Return ("TSR") performance and 25% on FCF. The ROICE target was Weighted Average Cost of Capital ("WACC") plus 4%, or 16,9%. Actual performance of 6,4% was below threshold hence no shares vested for this performance measure. The Group's TSR over the performance period was positive 7,6%, which was better than the weighted negative compound rate of 33,9% of the peer group. Cumulative FCF was above the budgeted target with a positive FCF of 242 cents per share. As from September 2015, in terms of the revised remuneration policy adopted in that year, only 30% of the award will vest at threshold performance and 100% at target performance. Refer to the LTI performance measures in the remuneration policy overview on page 85 for more detail in this regard.

Given the changes introduced to the remuneration policy in 2015 and subsequent shareholder support for this policy, as well as the policy's general alignment with King IV™, no policy changes were introduced during the year. The Group's remuneration policy and implementation report respectively received the support of 99,8% and 99,9% of shareholders who voted at the AGM in November 2018. We believe our remuneration policy is best practise and that its application encourages a performance culture in the Group that will lead to sustained shareholder value creation.

As required by the Companies Act and King IV™, the following resolutions will be tabled for shareholder voting at the AGM on 28 November 2019, details of which can be found in the AGM notice:

- Binding vote on non-executive directors' fees;
- Advisory vote on the remuneration policy; and
- Advisory vote on the remuneration policy implementation report.

I would like to thank my fellow remuneration committee members for their contribution and support. Remuneration is a complex and controversial matter and I am satisfied that the remuneration committee discharged its obligations in a responsible and professional manner.

RALPH HAVENSTEIN
Chairman

REMUNERATION POLICY OVERVIEW

Introduction

The remuneration report has been prepared by the remuneration committee in line with the principles outlined in King IV™ and has been approved by the Board. The report covers executive director, prescribed officer and non-executive director remuneration.

The remuneration report outlines the remuneration policy that guides the remuneration committee's decisions, and the remuneration outcome from the application of the remuneration policy during FY2019.

Remuneration policy principles

Murray & Roberts believes that directors, senior executives and employees should be paid fair, competitive and appropriately structured remuneration in the best interests of shareholders. It also recognises that its remuneration philosophy has a direct effect on the behaviour of employees and that it has to support delivery of the Group's business strategy. The remuneration policy continues to be driven by the principles of developing a performance culture and motivating and retaining key and critical talent.

The Murray & Roberts remuneration policy is aligned to the Group strategy, which aims to deliver enhanced shareholder value through growth in profitability and cash flows. This strategy focuses the Group on selected international natural resource market sectors, the diversification of the Group's business model, the delivery of project, commercial management and safety excellence, enhanced performance and diversity of the Group's employees.

Murray & Roberts' remuneration policy applies to all businesses in the Group to ensure consistency and fairness in remuneration. Some flexibility, however, is allowed to acknowledge differences across businesses with varying market conditions, and external benchmarking per business platform.

Remuneration policy for executive directors and prescribed officers

To give effect to the general remuneration philosophy that executive directors, prescribed officers and salaried employees should be paid fair, competitive and appropriately structured remuneration in the best interests of the Company and shareholders, the following broad principles are applied:

- Total remuneration consists of fixed and variable components, with emphasis on variable pay at senior levels to encourage performance and shareholder value creation;
- Remuneration structures support the development of a performance culture and the Group's business strategy;
- Remuneration components are set at a competitive level to motivate key talent and to attract and retain the services of high-calibre employees;
- The STI plan aligns the interests of executives with those of shareholders in the short-term, as performance incentives are subject to Company key financial performance and individual non-financial key performance indicators; and
- The LTI plan rewards achievement of financial performance measures supporting long-term shareholder value creation.

Components of remuneration

The remuneration committee ensures that the mix of remuneration components supports the Group's strategic objectives. Murray & Roberts has the following remuneration components:

- Guaranteed pay (consisting of salary, benefits and retirement fund contributions);
- Short-term incentives; and
- Long-term incentives.

The Company seeks to position guaranteed pay at the median against appropriate benchmarks, however, for total remuneration the policy is to position at the 75th percentile for executives, senior management and key talent and critical skills, where the 75th percentile is achieved at between "on-target" and "stretch" performance. This policy supports the underlying principle of paying for performance and the focus on variable pay.

The table on the following pages summarises the key components of executive directors' and prescribed officers' remuneration, the link to strategy, how each component operates and the maximum opportunity for each element.

Summary of remuneration components and link to strategy

GUARANTEED PAY

is a fixed component, which reflects individual contribution and market value for respective roles, with internal and external equity being cornerstones for setting guaranteed pay.

Operation

- Guaranteed pay consists of salary, benefits and retirement fund contributions.
- Positioned at market median (per job grade taking into consideration the size and complexity of the role). The remuneration committee considers the impact of any guaranteed pay increase on the total remuneration package.
- Paid monthly in cash net of allocations to retirement fund, insured benefits and medical aid.
- Guaranteed pay (and other elements of the remuneration package) is paid in different currencies as appropriate to reflect the geographic location of the executive.
- Reviewed annually, taking account of Group performance, individual performance, changes in responsibility, levels of increase in the market and levels of increase for the broader employee base.
- Benchmarking is performed relative to peer companies listed on the JSE for executive directors and for prescribed officers. The Oil & Gas business platform CEO is benchmarked against an appropriate peer group of Australian companies.

Maximum opportunity

- There is no prescribed maximum annual increase. However, increases will normally be in line with the general level of increase in the market against which the executive's salary is benchmarked.
- On occasions a larger increase may be awarded to recognise, for example, development in role or change in responsibility.

BENEFITS

are provided at competitive levels to attract and retain suitably qualified and experienced executives.

Operation

- Benefits such as travel allowances, insurance policies relating to death-in-service and disability benefits and medical aid are included in guaranteed pay.

Maximum opportunity

- There are no prescribed maximum values. However reference is made to market practice and benchmarks.
- Company contributions for disability and death benefits in South Africa are based on pensionable salary. The contribution rates are reviewed annually.

RETIREMENT FUND

contributions are made to provide competitive post-employment income to attract and retain suitably qualified and experienced executives.

Operation

- Executives in South Africa contribute to the Sanlam Umbrella Pension Fund, which is a defined contribution pension fund.
- In Australia contributions are made, as part of guaranteed pay, to a superannuation fund structured as a defined contribution fund.

Maximum opportunity

- Maximum company contributions are set according to local retirement fund rules.

SHORT-TERM INCENTIVES

drive Company and team financial performance, as well as individual performance for non-financial measures, in order to deliver sustained shareholder value. It also provides alignment with shareholders through a deferred component.

Operation

- The STI scheme is designed to be self-funding. Bonus projections for on-target performance are used to ensure affordability. Financial measures such as earnings before interest and tax and actual profit are used to calculate the bonus provision accrual.
- Awards are based on annual performance against a balanced scorecard of metrics as determined by the remuneration committee from time to time.
- The Group chief executive, Group financial director and business platform CEOs have a 70% weighting in favour of financial targets, while other prescribed officers have a 60% weighting. For the 70% financial target weighting for business platform CEOs, 50% is linked to their platform financial measures and 20% to Group financial targets.
- Individual performance is also assessed against suitable non-financial targets related to leadership, relationship, operational and risk (including safety) targets.
- 70% of the award is delivered in cash and 30% in deferred forfeitable shares or cash under the LTI schemes, which vests equally over three years, subject only to continued employment.
- Financial performance targets are measured against audited annual financial performance, net of bonus accruals. Individual non-financial performance targets are based on a formal performance and development evaluation conducted by the executive's direct manager and by the committee and board chairman for the Group chief executive.

Maximum opportunity

- The STI disbursement is based on incentive qualification levels as a percentage of guaranteed pay, which is a function of job grade and performance against agreed financial and/or individual targets as per the individual's performance contract, and applied on a sliding scale between threshold, target and stretch performance.
- Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.
- The STI disbursement is capped at stretch performance or 120% of target.
- The maximum STI disbursement as a percentage of guaranteed pay is 200% for the Group chief executive, 150% for the Group financial director and between 100% and 150% for prescribed officers depending on their job grade.
- Clawback provisions, as described on page 86, apply to STI awards made from August 2015.

LONG-TERM INCENTIVES

provide general alignment between the executives and shareholders of the Group. They also motivate and reward executives who have contributed to the Group's value creation over the long term and support the retention and attraction of executives.

Maximum opportunity

- LTI award levels, expressed as a percentage of guaranteed pay, will be made based primarily on an employee's guaranteed pay, job grade, performance, retention & attraction requirements and market benchmarks.
- The maximum allocation limit as a percentage of guaranteed pay is 190% for the Group chief executive, 140% for the Group financial director and between 80% and 140% for prescribed officers, depending on their job grade (face value of shares at grant).
- For FSP allocations from September 2015, 30% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance.
- For LTCSIP allocations, 30% of the award vests for threshold performance, rising on a sliding scale to 100% of the award for performance at target performance. The performance conditions are exactly the same as for the FSP.
- Clawback provisions, as described on page 86, apply to LTI awards made from August 2015.

Operation

- Murray & Roberts operated the following LTI schemes in FY2019: the FSP introduced in October 2012, the Letsema Vulindlela Black Executives Trust ("Vulindlela"), which was established in December 2005 as part of the Group's BBBEE shareholding structure and the Clough Phantom Share Plan ("CPSP") introduced in 2014, following the acquisition of the minority interests in Clough. As reported last year, no further allocations have been made under the CPSP since 2016 and the last allocations under the CPSP will vest in October 2019. A Long Term Cash Settled Incentive Plan ("LTCSIP") was introduced in 2017 to replace the CPSP and is also used as an LTI scheme for other executives operating outside South Africa.

Forfeitable Share Plan

- Forfeitable Murray & Roberts shares are awarded subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant.
- Cliff vesting occurs at the end of the three-year period.
- Settlement of the forfeitable shares can be by way of an acquisition of the required number of shares on the market or the use of shares held in treasury account or an issue of shares. The remuneration committee has the ability to cash-settle awards, if necessary, in exceptional circumstances. There is no current intention for awards to be delivered in this way.
- In very specific circumstances, on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and will not form part of the annual awards.

ONLINE
A summary of the salient features of the FSP is available in the 2012 integrated report.

Long Term Cash Settled Incentive Plan

- A cash settled long term incentive is awarded to senior executives operating outside South Africa, subject to continued employment and satisfaction of challenging performance conditions measured over a three-year performance period, which are set by the remuneration committee before each grant. The performance conditions mirror those used under the FSP.
- Cliff vesting occurs at the end of the three-year period.
- In very specific circumstances, on an ad-hoc basis, where it is necessary to retain critical talent, the remuneration committee may make awards only subject to continued employment with no performance conditions. These awards are aimed at retention and will not form part of the annual awards.

Letsema Vulindlela Black Executives Trust

- The beneficiaries of Vulindlela are black (African, Coloured and Indian) South African citizens, who are employed on a permanent basis within the Group as top, senior and middle managers. Black prescribed officers have several outstanding allocations under Vulindlela and have been allocated forfeitable shares under the FSP since November 2012.

  In terms of the Trust deed, this Trust is to be terminated on 31 December 2022. As the awards are subject to a five year lock-in period a final allocation was made in November 2016. High potential middle management employees qualify for an award under the FSP.

Clough Phantom Share Plan

- Clough phantom shares or conditional rights were awarded subject to continued employment and satisfaction of challenging performance conditions measured over three years, which were set by the remuneration committee before each grant. As stated above, this plan has been replaced by the LTCSIP.

EXECUTIVE SHARE OWNERSHIP

aims to better align the interests of executives with those of shareholders by encouraging executives to build a meaningful shareholding in the Company.

Operation

- Executive share ownership is encouraged through the part deferral of STIs into forfeitable shares, where 30% of the STIs are deferred into forfeitable shares under the FSP.
- In a bid to further encourage executives to hold more shares, the Group chief executive is encouraged to build a shareholding, in "unfettered" shares, equivalent to at least 100% of guaranteed pay, other executive directors equivalent to 75% of guaranteed pay, and prescribed officers equivalent to 50% of guaranteed pay over a period of not more than five years.
- Executives are encouraged to retain at least 50% of any vested shares after meeting necessary tax obligations under the LTI schemes.

Maximum opportunity

- Not applicable.

Choice of performance measures

The table below and alongside shows the performance measures set for FY2019, which will again be applied for FY2020. The weightings presented below are for the executive directors. Targets are set every year following a bottom-up business planning process taking account of strategic goals and the prevailing market conditions.

STI performance measures

Metric	Weighting for Group chief executive and financial director	Rationale
FINANCIAL PERFORMANCE MEASURES		
EBIT	20%	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and costs.
Continuing Diluted HEPS	20%	A key indicator of the value add for shareholders.
Net Cash	10%	A key indicator of the Group's liquidity and ability to meet its debt requirements.
Free Cash Flow	10%	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCF is an indication of the ability of the Group to pursue opportunities that enhance shareholder value.
ROICE	10%	A key indicator of the effective use of shareholder capital.
INDIVIDUAL PERFORMANCE MEASURES		
Leadership	7,5%	A key indicator of the extent to which strategy implementation, transformation & diversity and leadership succession & development objectives are achieved.
Relationship	7,5%	A key indicator of the extent to which stakeholder engagement and employee relations objectives are achieved.
Operational	7,5%	A key indicator of the extent to which governance, commercial management and project performance objectives are achieved.
Risk	7,5%	A key indicator of the extent to which health, wellness & safety, risk management and environmental objectives are achieved.

LTI performance measures

FSP performance measures over a three year vesting period

FOR AWARDS MADE UP TO SEPTEMBER 2017

METRIC AND WEIGHTING	RATIONALE	VESTING
ROICE **50%**	A key indicator of the effective use of shareholder capital.	30% vests for threshold performance and 100% vests for target, where threshold performance is WACC and target performance is WACC + 4%. Linear vesting will be applied between these points.
TSR relative to a peer group of companies **25%**	TSR measures the total returns to the Group's shareholders, and provides close alignment with shareholder interests.	A peer group of South African listed companies is used to evaluate TSR. TSR is weighted for each of the peer companies according to their market capitalisation at the beginning of the performance period. 30% vests for threshold performance and 100% vests for target performance against a market cap weighted index of the peer companies. Threshold is 90% of the combined peer TSR Compound Annual Growth Rate ("CAGR") and target is the combined peer TSR CAGR plus 5%. Linear vesting will be applied between these points.
Free Cash Flow per Share ("FCFPS") **25%**	A key indicator of the Group's ability to generate cash after providing for maintaining or expanding its asset base. FCFPS is an indication of the Group's ability to pursue opportunities that enhance shareholder value.	30% vests at threshold performance and 100% vests at target, where target performance is 120% of cumulative budgeted FCFPS and threshold performance is 80% of budget. Linear vesting will be applied between these points.

FSP performance measures over a three year vesting period

FOR AWARDS MADE FROM SEPTEMBER 2018

The remuneration committee considered the FSP performance metrics and decided to introduce new performance metrics as from the September 2018 FSP awards, as the relevance of TSR and ROICE has diminished.

Subsequent to the Company's divestment from its Infrastructure and Building ("I&B") business in 2017, its listing on the JSE was moved from the Heavy Construction sub-sector to the Diversified Industrial sub-sector. Murray & Roberts is now in a unique position, without true comparator companies in the market to benchmark TSR performance.

The Group's capital expenditure is also primarily project related and short term in nature, and in the context of the natural resources markets with its volatile business cycles, the relevance of ROICE as a performance measure has reduced.

After obtaining external advice, the Remuneration Committee introduced new stretching FSP performance targets, that are independently measurable and industry relevant.

METRIC AND WEIGHTING	RATIONALE	VESTING
EBIT margin (Earnings before interest and tax divided by revenue) **50%**	A key indicator of the underlying profit performance of the Group, encouraging performance in terms of both revenues and cost control.	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 3% EBIT margin and target performance is 5% EBIT margin. Linear vesting will be applied between these points.
Conversion ratio of EBITDA into cash (Operating cash flow plus dividends received divided by earnings before interest, tax, depreciation and amortisation) **50%**	A key indicator of the ability of the Group to convert profits into cash, which requires good working capital management	30% vests for threshold performance and 100% vests for target performance, where threshold performance is 60% conversion ratio and target performance is 80% conversion ratio. Linear vesting will be applied between these points.

Clawback of incentives

For STI and LTI awards made from August 2015, the remuneration committee introduced clawback provisions, where the committee may reduce or clawback STI and LTI awards in the following circumstances:

- The participant acting fraudulently, dishonestly or with malice, or being in material breach of their obligations to the Murray & Roberts Group; or
- Where Murray & Roberts becomes aware of a material misstatement or omission in the financial statements of a Group company or the Group.

These clawback provisions apply whether or not awards are made in the form of cash or equity, and whether or not the equity has vested.

Differences in remuneration policy for executives compared to other employees

There are differences in the structure of the remuneration policy for the executive directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role. Only the most senior executives in the Group participate in the FSP and LTCSIP schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance. As Murray & Roberts believes that all employees should be aligned with key business drivers, participation in the STI also includes middle management, junior management and general employees, subject to the meeting of individual performance targets.

Executive directors' and prescribed officers' employment contracts and policy on termination of employment

Executive directors and prescribed officers do not have fixed-term contracts, but are subject to notice periods of three months. The employment contracts include pay in lieu of notice provisions which may be invoked at the discretion of the Group. Normal retirement of executive directors and senior management is at age 63, however, this is subject to specific legislation in the countries within which Murray & Roberts operates.

As at 30 June 2019, there was no material liability to the Group with respect to the termination of employment of any executive director or prescribed officer. The contracts of employment do not include provisions entitling the individual to a specified payment on termination of employment or on a change of control of Murray & Roberts, other than as stipulated in the LTI schemes. The only provision in the contract of employment for executive directors and prescribed officers (other than the Oil & Gas business platform CEO) relating to a payment on termination of employment is that, where termination occurs during the first year of employment, any payment to which the individual is entitled by law will be limited to a maximum of 25% of annual Total Fixed Cost of Employment ("TFCE").

Any LTI entitlements awarded to an executive director or prescribed officer under the Group's LTI schemes will be determined based on the relevant plan rules. Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding, will forfeit all unvested LTI awards and deferred STI into LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill-health, disability, injury or the sale of the employer company will be classified as good leavers and a portion of the LTI awards and deferred STI into LTI awards will vest on the date of termination of employment. This portion will reflect the number of months served since the award date, to the date of termination of employment over the total number of months in the vesting period and the extent to which the performance conditions imposed have been met. The remainder of the awards will lapse.

No agreements have been entered into with the executive directors or prescribed officers regarding restraint of trade, other than the Oil & Gas business platform CEO, who has a non-competition clause in his contract of employment.

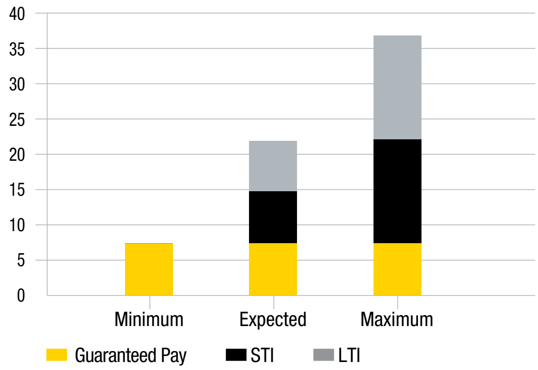
Retention schemes

There are currently no retention schemes in place for executive directors or prescribed officers.

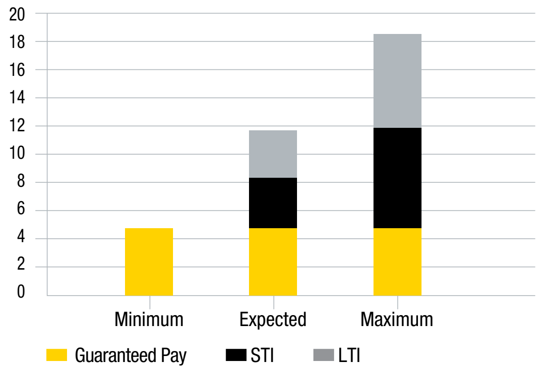
TOTAL REMUNERATION SCENARIOS AT DIFFERENT PERFORMANCE LEVELS

The charts below illustrate the total potential remuneration for the executive directors.

GROUP CHIEF EXECUTIVE[1] (R million)



GROUP CHIEF FINANCIAL OFFICER[1] (R million)



1 Assumptions:

Minimum = guaranteed pay only (salary, benefits and retirement fund contributions).

Expected = on-target STI allocation and expected value (50%) of LTI award.

Maximum = stretch STI allocation and face value of LTI award.

Guaranteed pay levels (on which other elements of the package are calculated) are based on those applying on 1 July 2019.

Remuneration policy for non-executive directors

Components of remuneration

Non-executive directors receive a fee for their contribution to the Board and its committees of which they are members. This fee structure reflects the skill and experience brought to the Group by each non-executive director, responsibilities undertaken, the time commitment involved and the importance of attendance and contribution to Board and committee meetings. The fee structure is reviewed annually.

Fees are benchmarked against companies listed on the JSE which are of a similar size and nature, in terms of market capitalisation and sector. This includes companies in the construction, mining and industrial sectors. It is the Company's policy to align fees to the upper quartile of the benchmark, in alignment with the total remuneration policy for executives and in order to ensure that suitably qualified and experienced non-executive directors are attracted to the Group.

Remuneration governance

The remuneration committee assists the Board to fulfil its corporate governance supervision responsibilities and to align the remuneration policy with the Company's business strategy. The key focus in this regard is to attract, retain, motivate and reward directors, senior executives and employees through the payment of fair, competitive and appropriately structured remuneration, in the best interests of the Company and shareholders. The committee operates under terms of reference reviewed and approved annually by the Board.

Membership

Ralph Havenstein chairs this committee. Ntombi Langa-Royds, Suresh Kana and Alex Maditsi serve as members of the committee. The Group chief executive and Group financial director attend meetings in an *ex officio* capacity. The executives who attend meetings in an *ex officio* capacity do not participate in any discussions or decisions pertaining to their own remuneration. Specialised advice is sought from time to time.

Terms of reference

The chairman of the committee reports to the Board on the committee's deliberations and decisions. The committee assists the Board by submitting reports and recommendations on the Group's employment framework and policies, and remuneration philosophy.

The committee is responsible for considering and approving proposals regarding guaranteed pay, benefits, short-term incentives, long-term incentives and related matters pertaining to executive directors of the Group, prescribed officers, all managing directors of the Group's businesses and other senior Group executives. It also considers and approves the remuneration and benefits paid to general employees. It has responsibility for oversight of the Group pension, provident and other benefit plans.

The functions, role and mandate of the Group chief executive are considered by the committee and his performance is assessed. Succession planning to the Group chief executive and senior executives is also considered by the committee, as well as the Group's leadership succession and development strategy and employment equity status.

The committee oversees the preparation of the remuneration report and recommends the report to the Board, ensuring that this report is accurate, complete and transparent and provides a clear explanation of how the remuneration policy has been implemented. The committee ensures that the remuneration policy and implementation report are put to a non-binding advisory vote of shareholders at the annual general meeting.

Assessment

The committee evaluated its performance and effectiveness by way of self-assessment questionnaires. Based on the results, the committee believes that it functions effectively and has complied with its terms of reference in all material respects.

IMPLEMENTATION REPORT

The implementation report details the outcomes of implementing the approved remuneration policy detailed in the previous section.

Single total figure of remuneration

The table below includes the total remuneration for the reported financial year and the previous financial year. The table includes guaranteed pay, the short-term incentive (excluding the 30% deferred STI) paid and the long-term incentives that will vest due to performance in the financial year (including the 30% deferred STI award).

Single total figure of remuneration for period to 30 June 2019

PAYMENT IN RAND (R'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
da Costa, Mike[1]	**3 942**	–	**2 537**	–	**1 088**	–	**2 800**	–	**10 367**	–
Fenn, Orrie[2]	**407**	4 880	**–**	3 115	**–**	2 920	**8**	70	**415**	10 985
Grobler, Daniël	**4 452**	4 200	**2 887**	3 306	**2 491**	2 721	**–**	–	**9 830**	10 227
Harrison, Steve	**3 500**	3 340	**640**	1 880	**2 072**	2 093	**–**	–	**6 212**	7 313
Henstock, Ian	**4 100**	3 900	**3 139**	2 987	**2 110**	2 298	**73**	61	**9 422**	9 246
Laas, Henry	**6 996**	6 600	**6 048**	6 363	**8 700**	9 381	**101**	475	**21 845**	22 819
Mdluli, Thokozani	**3 200**	2 670	**1 317**	1 159	**1 736**	1 771	**–**	–	**6 253**	5 600

1 Mike da Costa appointed 1 August 2018.
2 Orrie Fenn retired 31 July 2018.

PAYMENT IN AU$ (AU$'000)

EMPLOYEE	Guaranteed pay		STI		LTI		Other		Total remuneration	
NAME	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Bennett, Peter	**894**	894	**363**	372	**156**	159	**–**	61	**1 413**	1 486

The single total figure of remuneration is calculated as set out below.

	2019	2018
GUARANTEED PAY	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2019 (effective 1 July 2019) was 5,58% (FY2018: 5,60%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2019 for other salaried employees of 5,45%.	Guaranteed pay earned for the period including benefits and retirement fund contributions. The average remuneration adjustment for executive directors and prescribed officers for FY2018 (effective 1 July 2018) was 5,60% (FY2017: 5,91%). The total adjustment was aligned to the average Murray & Roberts increase awarded in March 2018 for other salaried employees of 5,75%.
STI	STI awarded for FY2019 performance. 70% of the award is payable in cash in September 2019, and 30% deferred as an LTI award, which will vest one third each year from FY2020 to FY2022.	STI awarded for FY2018 performance. 70% of the award was payable in cash in September 2018, and 30% deferred as an LTI award, which will vest one third each year from FY2019 to FY2021. The STI for the Group chief executive and Group financial director includes an *ex gratia* amount of R1,5 million and R1,1 million respectively in view of their contribution in respect of corporate action activity during FY2018.
LTI	The value of LTI awards under the November 2016 FSP that vest 1 November 2019, based on performance during the three-year period to 30 June 2019. The value of that award is based on a share price on 30 June 2019 of R14,50. 50% of the November 2016 FSP awards lapsed due to the actual ROICE being below threshold. TSR and FCF targets were met.	The value of LTI awards under the September 2015 FSP that vested on 15 September 2018, based on performance during the three-year period to 30 June 2018. The value of these award was based on a share price on 30 June 2018 of R17,51. 50% of the September 2015 FSP awards lapsed due to the actual ROICE being below threshold. TSR and FCF targets were met. No LTI vesting occurred for Peter Bennett under either the CPSP or LTCSIP as he only joined these plans in FY2016 and FY2017 respectively. The 30 August 2011 Share Option Scheme allocation that vested on 30 August 2017 carried no value as the performance condition was not achieved and consequently lapsed.
OTHER	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle. The benefit to Ian Henstock and Orrie Fenn represents payment to them to secure private life cover. The payment to Mike da Costa represents a sign-on bonus of R1,3 million in September 2018 as well as R1,5 million in lieu of foregone long-term incentives at his previous employer.	The benefit to Henry Laas consists of a fringe benefit on the use of a company vehicle and accumulated leave pay-out. The benefit to Ian Henstock and Orrie Fenn represents payment to them to secure private life cover. The benefit to Peter Bennett represents payment of accumulated leave.

FY2019 STI performance outcomes

Financial performance key performance indicators ("KPIs") are measured against audited annual financial results, net of STI accruals. Non-financial individual performance KPIs are based on a formal performance and development evaluation conducted by the Group chief executive for the executives and by the remuneration committee and Board chairman for the Group chief executive.

Performance below threshold attracts no STI payment for the specific component of the STI below threshold, where threshold for financial targets is 80% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale from 1 to 5, where a score of 2 represents threshold performance, 3 on-target performance, 4 excellent performance and 5 stretch performance.

Performance against the FY2019 Group targets are summarised below, where the outcome represents the overall Group performance expressed as a percentage achievement against target for the specific KPI.

KPA	KPI	OUTCOME	COMMENTS
FINANCIAL			
Weighting 70%	**Profitability – EBIT** (Weighting 20%)	**98%**	EBIT of R791 million achieved relative to target of R805 million for continuing operations.
	Profitability – Diluted HEPS (Weighting 20%)	**107%**	Diluted HEPS from continuing operations of 101 cents achieved relative to target of 94 cents.
	Cash flow – net cash (Weighting 10%)	**735%** (capped at 120%)	Adjusted net cash of R757 million achieved relative to target of R103 million.
	Cash flow – FCF (Weighting 10%)	**240%** (capped at 120%)	Adjusted free cash flow of R389 million relative to target of R162 million.
	Returns (Weighting 10%)	**64%** (below threshold)	ROICE of 9% achieved relative to WACC plus 1,5% (on target) or 14%. Performance of less than WACC compared to target attracts no STI payment for the element.
LEADERSHIP			
Weighting 7,5%	**Strategy implementation**	**3.71** out of 5	Maintained strategic direction of the *New Strategic Future* plan. International expansion strategy gained momentum with the acquisition of Terra Nova Technologies (Underground Mining platform) and Saulsbury's EPC division (Oil & Gas platform). All projects in the Middle East are now completed and closing of businesses is progressing well. In South Africa, achieved level 2 BBBEE. Diversity is an area of focus with relevant specific transformation initiatives underway in various geographic regions. Performance management and succession planning is effectively applied across the Group. Leadership development and technical training is a main area of focus, with extensive development and training provided during the year.
	Transformation & diversity		
	Leadership succession & development		

KPA	KPI	OUTCOME	COMMENTS
RELATIONSHIPS			
Weighting 7,5%	**Stakeholder engagement** **Employee relations**	**3.71** out of 5	Maintained good relationships with all key internal external stakeholders. Public relations and investor relations were well managed against the background of the bid by ATON to acquire control of Murray & Roberts. The employee relations plans to mitigate the increased level of labour unrest in South Africa are embedded in the Group companies with limited instability during the year. Employee experience surveys were conducted by most businesses and yielded positive results.
OPERATIONAL			
Weighting 7,5%	**Good governance** **Commercial management** **Project performance**	**3.0** out of 5	Group-wide compliance with good governance practices with adherence to policy and authority frameworks – verified by internal audit. King IV™ compliant. Commercial risk on Medupi and Kusile and all other projects well managed. Dubai Airport arbitration outcome was inconclusive in many respects and claims between parties to be finally agreed in settling the project final account. Further improvement made in contract management and lessons learnt practices across all operations, especially considering the increased level of EPC projects in order book. Significant increase in the Group's order book approaching record levels. Global portfolio of more than 100 projects with only one major loss-making project in South Africa.
RISK			
Weighting 7,5%	**Health, wellness & safety** **Risk management** **Environment**	**3.14** out of 5	No fatal incidents suffered during the year, the first in the history of the Group. LTIFR of 0.71 and TRCR of 4.01 were industry leading performances. Risk management practices and internal audit are well-established disciplines and no material findings were reported. Opportunity Management System, based on Group risk tolerance framework, was upgraded. Environmental reporting and awareness has improved. No major environmental incidents were reported.

THE STI BREAKDOWN FOR THE GROUP CHIEF EXECUTIVE FOR FY2019 IS SET OUT BELOW

	R'000
Financial (70%)	6 016 600
Diluted HEPS	1 888 960
EBIT	1 329 240
Net Cash	1 399 200
Free Cash Flow	1 399 200
Non-financial (30%)	2 623 500
Leadership	787 050
Relationships	787 050
Operational	524 700
Risk	524 700
Total STI (of which 30% is deferred into the FSP)	8 640 100

* *Total STI of R8 640 100 includes 30% which is deferred into the FSP (R2 592 000), the cash portion of the STI is R6 048 100.*

FY2019 LTI performance outcomes

Vesting of the November 2016 FSP award

The three-year performance period for the November 2016 FSP award ended on 30 June 2019. The November 2016 FSP award comprised 4 413 236 shares, with a total of 1 716 000 shares awarded to the executive directors and prescribed officers. Half of the award was subject to the ROICE performance condition, 25% to relative TSR performance and 25% to FCFPS performance. The ROICE of 6,4% for the three year performance period was below threshold – the target was 16,9%, or WACC plus 4%. The Group's TSR over the performance period was at a positive compound rate of 7,6% compared to the weighted negative compound rate of 33,9% for the peer group. Cumulative free cash flow per share was above 120% of budgeted free cash flow over the performance period at 242 cents per share. The performance in ROICE resulted in 50% of the November 2016 FSP award being forfeited and these shares lapsed on 26 August 2019. The remaining 50% of the November 2016 FSP award vests on 1 November 2019. The calculation of the vesting percentage of these awards were audited by the Company's external auditors.

LTI awards granted in 2019

An allocation of forfeitable shares was made in September 2019 under the FSP.

The September 2019 FSP is the annual allocation of forfeitable shares to senior executives including the executive directors and prescribed officers and will vest in 2022. A total number of 6 700 000 forfeitable shares were allocated, of which 2 704 000 forfeitable shares to the value of R31 million were allocated to the executive directors and prescribed officers. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of the September 2019 FSP award is subject to meeting performance conditions for the three year performance period from 1 July 2019 to 30 June 2022, as shown in the table below.

30% of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points. The remuneration committee considers the performance targets to be stretching in the context of the Group's business strategy and the market conditions.

SEPTEMBER 2019 FSP AWARD PERFORMANCE CONDITIONS

CRITERIA	PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET FOR MAXIMUM VESTING
EBIT margin	Earnings before interest and tax divided by revenue	50%	3%	**5%**
Conversion ratio of EBITDA into cash	Operating cash flow plus dividends received divided by Earnings before interest, tax, depreciation and amortisation	50%	60%	**80%**

The September 2019 FSP award was settled through the use of shares that lapsed under the November 2016 FSP, treasury shares as well as shares bought on market, thereby not resulting in any dilution to shareholders.

In terms of the scheme rules, the aggregate number of shares at any one time which may be allocated under the Share Option Scheme and the FSP may not exceed 5,0% of the number of shares in issue. This represents 22 236 806 shares. As at 30 June 2019, there were no shares allocated under the Share Option Scheme and 13 589 466 shares under the FSP, which is less than the aggregate cap. This includes FSP awards under the STI deferral. It should be noted that these shares were not allocated by way of an issue of new shares and as such are not dilutive to shareholders.

The maximum number of shares allocated to any participant in respect of all unvested awards under the FSP and the Share Option Scheme, will not exceed 2 223 681 shares. This represents 0,50% of the number of shares currently in issue. As at 30 June 2019, the Group chief executive had the highest number of unvested awards at 1 923 326 awards, representing 0,43% of the shares currently in issue, which is less than the cap.

This limit was set in 2012, when the share price was trading at higher levels and the subsequent reduction in the share price has led to an increase in the number of shares awarded to achieve the award value as per the remuneration policy. As the Group chief executive will reach the limit in FY2020, he has been awarded 1 072 500 forfeitable shares under the FSP, instead of 1 222 500 in terms of the policy.

The difference of 150 000 shares to the value of R1,72 million has been awarded as cash-settled conditional rights on 1 September 2019 with a mandatory share purchase. The cash-settled conditional rights will not result in a more favourable financial outcome compared to the FSP. This award, including performance conditions, will mirror the FSP award and does not cause any shareholder dilution. In terms of this award, the Group chief executive must acquire shares with the after-tax cash payment and is hence in the same share ownership position he would have been under the FSP.

Long term cash settled awards were made to executives operating outside South Africa in October 2019 under the LTCSIP.

The October 2019 LTCSIP award is the annual allocation of awards to senior executives outside South Africa, including the Oil & Gas Platform CEO, and will vest in 2022. The allocation took job grade, individual performance and retention risk into consideration.

The vesting of these awards is subject to meeting the same performance conditions as the September 2019 FSP awards, over the three year performance period from 1 July 2019 to 30 June 2022.

Thirty percent of the award will vest at threshold and 100% at target, with no vesting for below-threshold performance. Linear vesting will apply between these points.

The Oil & Gas Platform CEO was awarded a cash settled long term incentive to the value of AU$910 800 on 1 October 2019 (October 2018: AU$897 600).

Outstanding Long-term Incentives

FSP AWARDS AND STI DEFERRED INTO FSP AWARDS

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Fenn, O	Sep 2015	333 500	–	–	162 118	171 382	–	Sep 2018	2 592	–
	Nov 2016	366 000	–	–	106 750	259 250	–	Sep 2018	1 706	–
Grobler, D	Sep 2015	149 000	–	–	74 500	74 500	–	Sep 2018	1 202	–
	Nov 2016	173 000	–	–	–	–	173 000		–	1 254
	Sep 2017	405 000	–	–	–	–	405 000		–	2 936
	Sep 2018	–	361 000	5 848	–	–	361 000		–	2 617
	STI 2015	9 193	–	–	9 193	–	–	Sep 2018	143	–
	STI 2016	45 432	–	–	22 715	–	22 717	Sep 2018	352	329
	STI 2017	54 942	–	–	18 312	–	36 630	Sep 2018	284	531
	STI 2018	–	89 895	1 417	–	–	89 895		–	1 303
Harrison, S	Sep 2015	147 000	–	–	73 500	73 500	–		1 186	–
	Nov 2016	248 000	–	–	–	–	248 000		–	1 798
	Sep 2017	253 000	–	–	–	–	253 000		–	1 834
	Sep 2018	–	223 000	3 613	–	–	223 000		–	1 617
	STI 2015	7 661	–	–	7 661	–	–	Sep 2018	119	–
	STI 2016	18 338	–	–	9 168	–	9 170	Sep 2018	142	133
	STI 2017	35 317	–	–	11 771	–	23 546	Sep 2018	183	341
	STI 2018	–	51 133	806	–	–	51 133		–	741
Henstock, I	Sep 2015	262 500	–	–	131 250	131 250	–		2 118	–
	Nov 2016	291 000	–	–	–	–	291 000		–	2 110
Laas, H	Sep 2015	760 000	–	–	380 000	380 000	–		6 133	–
	Nov 2016	842 500	–	–	–	–	842 500		–	6 108
	Sep 2018	–	770 500	12 482	–	–	770 500		–	5 586
	STI 2015	24 600	–	–	24 600	–	–	Sep 2018	382	–
	STI 2016	117 430	–	–	58 715	–	58 715	Sep 2018	911	851
	STI 2017	117 860	–	–	39 282	–	78 578	Sep 2018	609	1 139
	STI 2018	–	173 033	2 727	–	–	173 033		–	2 509
Mdluli, T	Sep 2015	145 500	–	–	72 750	72 750	–		1 174	–
	Nov 2016	161 500	–	–	–	–	161 500		–	1 171
	Sep 2017	165 500	–	–	–	–	165 500		–	1 200
	Sep 2018	–	167 000	2 705	–	–	167 000		–	1 211
	STI 2015	6 974	–	–	6 974	–	–	Sep 2018	108	–
	STI 2016	22 768	–	–	11 384	–	11 384	Sep 2018	177	165
	STI 2017	25 735	–	–	8 577	–	17 158	Sep 2018	133	249
	STI 2018	–	31 532	497	–	–	31 532		–	457
da Costa, M	Sep 2018	–	274 000	4 439	–	–	274 000		–	1 987

CASH SETTLED CONDITIONAL RIGHTS

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (R'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (R'000)	Estimated value (R'000)
Laas, H	Sep 2017	864 000	–	12 537	–	–	864 000		–	6 264

LONG TERM CASH SETTLED INCENTIVE PLAN (LTCSIP)

NAME	Date awarded	Opening balance	Number of shares allocated	Value at grant date (AU$'000)	Number settled in the year	Number forfeited in the year	Closing balance	Settlement date	Settlement value (AU$'000)	Estimated value (AU$'000)
Bennett, P	Oct 2017	880	–	–	–	–	880		–	440
	Oct 2018	–	898	898	–	–	898		–	449

Executives receive dividend payments on the FSP and Conditional Rights allocations held from the award date.

For the FSP, Conditional Rights and LTCSIP performance conditions, a vesting percentage of 50% is applied to calculate the estimated value.

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NAME	Date awarded	Number of shares allocated	Strike price	Condition	Number forfeited in the year	Closing balance	Vesting date	Estimated value
Mdluli, T	24 Aug 2010	11 500	41,02	Standard	–	11 500	31 Dec 2021	–
	20 Apr 2011	10 000	25,16	Hurdle	–	10 000	31 Dec 2021	–
	30 Aug 2011	25 500	27,70	Standard	–	25 500	31 Dec 2021	–

Remuneration outcomes for non-executive directors

The remuneration policy for the non-executive directors set out in the remuneration policy report was applied in FY2019. The remuneration of non-executive directors for the year ended 30 June 2019 was:

NON-EXECUTIVE DIRECTORS' REMUNERATION

NAME	Directors' fees R'000	Non-attendance R'000	Special board R'000	Committee fees R'000	Lead independent fee R'000	Chairman's fees R'000	**Total 2019 R'000**	Total 2018 R'000
DD Barber[1]	–	–	–	–	–	–	**–**	179
R Havenstein	–	–	362	17	1 103	–	**1 482**	1 148
SP Kana	–	–	–	–	–	1 568	**1 568**	1 424
NB Langa-Royds	318	(11)	259	519	–	–	**1 085**	844
A Maditsi	318	–	259	327	–	–	**904**	639
E Mashilwane	318	(11)	209	267	–	–	**783**	570
D Radley	318	–	362	403	–	–	**1 083**	771
XH Mkhwanazi	318	(31)	259	327	–	–	**873**	716
M Sello[2]	–	–	–	–	–	–	**–**	472
Total	1 590	(53)	1 710	1 860	1 103	1 568	**7 778**	6 763

NAME	Directors' fees AU$'000	Non-attendance AU$'000	Special board AU$'000	Committee fees AU$'000	Chairman's fees AU$'000	**Total 2019 AU$'000**	Total 2018 AU$'000
K Spence	100	(2)	102	41	–	**241**	189

1. Retired on 31 October 2017.

2. Retired on 2 November 2017.

The Chairman's fee includes attendance at committee meetings, excluding the Independent Board.

INDEPENDENT BOARD	**Committee fees 2019 R'000**	Committee fees 2018 R'000
R Havenstein	**1 008**	500
SP Kana	**958**	400
A Maditsi	**696**	400
D Radley	**699**	400
Total	**3 361**	1 700

Fee proposal for 2020

In accordance with King IV™, the remuneration committee reviews and recommends fee structures to the Board for approval (excluding recommendation on their own fees) before submitting recommendations for approval by shareholders at the annual general meeting.

An inflation-linked increase to the non-executive directors' fees is proposed for 2020.

The proposed fees (excluding Value Added Tax) are tabled below:

		Previous per annum	Proposed per annum
DIRECTOR FEES			
Chairman	Includes director and committee fees[1]	R1 590 000	R1 677 000
Lead independent director	Includes director and relevant committee fees	R1 120 000	R1 181 000
Resident director	Per annum[2&3]	R322 000	R340 000
Non-resident director	Per annum[3,4&5]	AU$100 000	AU$101 500
COMMITTEE FEES			
Audit & sustainability	Chairman	R298 000	R314 000
	Resident member	R160 000	R168 500
	Non-resident member	AU$10 000	AU$10 300
Health, safety & environment	Chairman	R216 000	R228 000
	Resident member	R110 500	R116 500
	Non-resident member	AU$10 000	AU$10 150
Nomination	Member	R70 500	R74 500
Remuneration & human resources	Chairman	R216 000	R228 000
	Member	R110 500	R116 500
Risk management	Chairman (Rand)	R216 000	R228 000
	Chairman (AU$)	AU$21 600	AU$21 950
	Resident member	R110 500	R116 500
	Non-resident member	AU$10 000	AU$10 150
Social & ethics	Chairman	R216 000	R228 000
	Resident member	R110 500	R116 500
	Non-resident member	AU$10 000	AU$10 150
AD HOC MEETINGS			
Board	Resident member	R53 000	R56 000
	Non-resident member	AU$17 000	AU$17 260
Committee	Resident member	R27 000	R28 500
	Non-resident member	AU$8 900	AU$9 040

1. *Includes fees for chairing the nomination committee and attending all Board committees.*
2. *Calculated on the basis of five meetings per annum.*
3. *A deduction of R28 500 or AU$9 040 per meeting will apply for non-attendance at a scheduled Board meeting.*
4. *A deduction of R11 600 or AU$1020 per meeting will apply for non-attendance at a scheduled Committee meeting.*
5. *Australian resident non-executive directors will receive an annual travel allowance of AU$25 400 to compensate for the time spent travelling to attend meetings.*

In terms of section 66(8) of the Companies Act, shareholders are referred to special resolution 1 included in the loose insert of the printed report, regarding approval of the proposed non-executive director fee structure for FY2020.

05 SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Engineered Excellence **demands carefully researched assumptions, detailed planning and systematic execution, moving us towards the performance aspirations allied to our Vision.**

RESPONSIBILITIES OF DIRECTORS FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The directors of Murray & Roberts Holdings Limited ("Company") are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the Company and Murray & Roberts Holdings Limited and its subsidiaries ("Group") at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards ("IFRS") and per the requirements of the Companies Act No. 71 of 2008 ("Companies Act"). The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

To enable directors to meet these responsibilities:

a) The Murray & Roberts Board of directors ("Board") and management set standards and management implement systems of internal controls, accounting and information systems; and

b) The Audit & Sustainability Committee recommends Group accounting policies and monitors these accounting policies.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The internal audit function is led by the Group chief audit executive and comprises both internal employees and external resources when required. It serves management and the Board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The Group continues to address any control weaknesses which are identified, however, the Group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year except for the adoption of new or revised accounting standards as set out in note 46 of the consolidated financial statements. The annual financial statements have been compiled under the supervision of DF Grobler (CA)SA, (Group financial director) and have been audited in terms of Section 30(2) of the Companies Act of South Africa.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the external auditors to express an opinion on the consolidated and separate annual financial statements. For their unmodified report to the shareholders of the Company and Group refer to the online financial statements.

Approval of annual financial statements

The annual financial statements of the Company and the Group for the year ended 30 June 2019 is available in the online annual financial statements, and were approved by the Board of directors on 12 September 2019 and are signed on its behalf by:

SP Kana
Group chairman

HJ Laas
Group chief executive

DF Grobler
Group financial director

CERTIFICATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2019

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008, as amended ("Companies Act"), I, L Kok, in my capacity as Group company secretary, confirm that, to the best of my knowledge and belief, for the year ended 30 June 2019, Murray & Roberts Holdings Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.

L Kok
Group company secretary
12 September 2019

AUDIT & SUSTAINABILITY COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The Audit & Sustainability Committee ("Committee") assists the Board to fulfil its supervisory role to ensure the integrity of financial reporting in terms of accounting standards and the Listings Requirements of the Johannesburg Stock Exchange ("JSE") Limited. It does so by evaluating the findings of the internal and external auditors, remedial actions taken and the adequacy and effectiveness of the system of internal financial controls required to form the basis for the preparation of reliable financial statements.

The committee chairman reports on committee deliberations and decisions at the Board meeting immediately following each committee meeting. The internal and external auditors have unrestricted access to the committee chairman. The independence of the external auditor is regularly reviewed and non-audit related services are pre-approved and notified.

Membership

Disclosed under the Group directorate in the Integrated Report.

The Group chairman, Group chief executive, Group financial director, Group commercial executive, chief audit executive and the external auditors all attend meetings by invitation. The chairman of the committee also serves on the risk management committee. This ensures that overlapping responsibilities are appropriately addressed.

Terms of reference

The committee's responsibilities include:

- Assisting the Board to fulfil its responsibility with regard to financial and auditing oversight including internal financial controls;
- Monitoring and reviewing the Group's accounting policies, disclosures and financial information issued to stakeholders;
- Making recommendations to the Board to ensure compliance with International Financial Reporting Standards;
- Discussing and agreeing the scope, nature and priority of the external and internal audits including the reviewing of the quality and effectiveness of the external audit process;
- Nominating an independent auditor for shareholder approval, terms of audit engagement, determining external auditor fees, the nature and extent of non-audit related services and pre-approving contracts for non-audit related services;
- Reviewing fraud and information technology risk as they relate to financial reporting;
- Receiving and dealing appropriately with any complaints relating to either accounting practices and internal audit or to the content or auditing of entities in the Group's annual financial statements or related matters;
- Reviewing the annual integrated report and recommending approval to the Board;
- Reviewing price sensitive information such as trading statements; and
- Performing functions required of an audit committee on behalf of subsidiaries incorporated in the Republic of South Africa.

Statutory duties

In addition to the duties set out in the terms of reference, the committee performed the required statutory functions in terms of Section 94(7) of the Companies Act of South Africa.

Effectiveness of the external audit process

The committee reviews the quality and effectiveness of the external audit process. In particular, the committee considers the independence of the external auditor. In this regard, the committee has established an approvals framework for the pre-approval of non-audit services to be rendered by the external auditor and reviews these fees on an ongoing basis. The designated auditor, Graeme Berry, has served in this capacity since FY2017. The committee considers his tenure and that of other key audit partners within the Group in order to reduce familiarity threats to independence. The committee is satisfied that the external auditor is independent.

The Independent Regulatory Board for Auditors ("IRBA") published the rule on Mandatory Audit Firm Rotation in 2017. Public Interest Entities are now required to rotate their audit firms with effect from financial years commencing after 1 April 2023.

The Committee decided to early adopt IRBA's Mandatory Audit Firm Rotation requirements and after following due process as set out in paragraph 3.84(g)(iii) of the JSE Listings Requirements, recommended the appointment of PwC as the Company's external auditor with Michal Kotzé as designated lead audit partner.

The appointment of PwC as external auditor will be for the financial year ending 30 June 2020 and the current auditors, Deloitte, completed the audit of the financial results for the financial year ending 30 June 2019. PwC will be appointed post the finalisation of the current year audit by Deloitte.

Shareholders will be asked to approve the appointment of PwC as external auditors for Murray & Roberts at the Company's 2019 Annual General Meeting, scheduled on 28 November 2019.

Financial director and finance function

The committee considered and satisfied itself of the appropriateness of the expertise, experience and performance of the Group financial director during the year. The committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function as well as the experience of senior members of management responsible for the finance function.

Internal audit

The Group internal audit function was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal audit is an independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes. The centralised function operates in terms of a formal mandate, in conformance with the International Professional Practices Framework for Internal Audit. Internal audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

The chief audit executive leads the internal audit function which covers the global operations and is resourced with both internal employees and external resources. It assists the Board and management in maintaining an effective internal control environment by evaluating those controls continuously, using a risk-based approach, to determine whether they are adequately designed, operating efficiently and effectively, and to recommend improvements. The internal audit assurance consists of independent evaluations of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets (including fraud prevention) and adherence to laws and regulations. It includes a review of strategic risk mitigations, a risk-based review of major projects, key business processes and systems, the Group's sustainability information, IT governance and IT general controls. An integrated assurance model was applied to ensure a coordinated approach to all assurance activities, appropriate to address the significant risks facing the Group.

The annual plan is based on an assessment of risk areas internal audit and management identify, as well as focus areas highlighted by the committee and management. The plan also considers work performed by other assurance providers in the Group. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on internal audit findings is presented to the audit committee quarterly. Follow-up audits are conducted in areas where major internal control weaknesses are found. The independence, organisational positioning, scope and nature of work of the internal audit function were evaluated by the committee in June 2019 and determined to be appropriate and consistent with the internal audit strategy and mandate. The committee approved internal audit's risk-based audit plan for financial year 2020. The internal audit function reports directly to the audit committee and their mandate in relation to the internal audit function is to:

- Approve the appointment, performance and dismissal of the chief audit executive;
- Review and recommend to the Board for final approval, the internal audit charter including, inter alia, the purpose, authority and responsibility of the internal audit activity;
- Review the internal audit program, coordination between the internal and external auditors and the resourcing and standing within the Company of the internal audit function;
- Monitor and evaluate the performance of the internal audit function in terms of agreed goals and objectives;
- Receive confirmation that Group internal audit is in general conformance with the IIA's International Standards for the Professional Practice of Internal Auditing; and
- Ensure that the chief audit executive has unrestricted access to the chairman of the audit committee.

An internal audit charter, reviewed by the committee and approved by the Board, formally defines the purpose, authority and responsibility of the internal audit function.

The charter gives the chief audit executive direct access to the chief executive officer, Group financial director, chairman of the audit committee and chairman of the Board.

Internal financial controls

The internal audit plan works on a multi-year programme and based on the work and findings to date of the Group's system of internal control and risk management in 2019, which included the design implementation and effectiveness of internal control, considering information and explanations provided by management and the results of the external audit, the Group's system of financial controls provides a reasonable basis for the preparation of reliable annual financial statements in all material aspects.

Audit and administration

Financial leadership in Murray & Roberts caters for growth in the business, including ongoing employment and redeployment of senior financial executives. The Group financial director and lead external audit partner attend selected contract and subsidiary reviews throughout the year. Audit close-out meetings are held between external auditors and operational management at year end. A detailed audit summary memorandum is prepared for all Group operating entities and a consolidated report is presented to the committee. There are agreed procedures for the committee to seek professional independent advice at the Company's expense.

Integrated reporting

During the year under review, external service providers were appointed to provide assurance on the sustainability information. The committee recommended the annual integrated report and the Group's annual financial statements for Board approval. It is satisfied that they comply with International Financial Reporting Standards on a going concern basis following an assessment of solvency and liquidity requirements.

In preparation of the annual financial statements the Group has taken into consideration the feedback included in the Report Back on Proactive Monitoring of Financial Statements provided by the JSE.

Assurance

Group assurance activities are embedded, sound and are continuously reviewed and where required redirected to ensure appropriate and effective coverage of the Group's operations, implementation of King IV principles and recommendations, and sustainability assurance.

The Group's commitment to continuous improvement in achieving acceptable levels of assurance is underscored by various policy frameworks that were developed and implemented, including a stakeholder management framework, regulatory compliance and information management frameworks. The Opportunity Management System was developed in-house and continues to be enhanced to highlight project risks entering the Group's environment.

The multi-year rolling internal audit plan is designed to provide assurance that the major risks and key processes are effectively mitigated and managed, to recommend improvements and track the implementation of audit recommendations.

The Group Integrated Assurance Framework governs and coordinates the overall approach to Group risk management. This entails understanding, identifying, reporting, managing and mitigating Group risk, and includes the process of independently auditing Group policies, plans, procedures, practices, systems, controls and activities to ensure that the Group achieves the level of operational efficiency and compliance required by the Board.

The efforts of the various internal and external assurance providers are coordinated to ensure coverage of agreed risk areas and to minimise duplication and eliminate gaps.

Key audit matters

Key audit matters are those that, Deloitte & Touche, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period:

- Recognition of contract revenue, margin and related receivables and liabilities,
- Recognition and recoverability of claims and variation orders, and
- Adoption of IFRS 15 and adjustment processed to opening equity.

Significant areas of judgement

Further information on significant areas of judgement can be found in note 45 of the consolidated financial statements.

Consolidated and separate financial statements and integrated report

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the Company and its subsidiaries as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act. In preparation of the annual financial statements the Group and the Committee has taken into consideration the feedback included in the most recent Report Back on Proactive Monitoring of Financial Statements provided by the JSE. The Committee recommended the annual integrated report and the Group's and Company's annual financial statements to the Board for approval. It is satisfied that they comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

On behalf of the Committee:

DC Radley
Audit Committee chair
12 September 2019

BASIS OF PREPARATION

The Group operates in the construction, engineering and mining environment and as a result the revenue is not seasonal in nature but is influenced by the nature of the contracts that are currently in progress. Refer to the Business Platform Reviews for a more detailed report on the performance of the different operating platforms within the Group.

The summarised consolidated financial statements have been derived from the Group's consolidated financial statements for the year ended 30 June 2019, which was approved by the Board of directors on 12 September 2019. The summarised consolidated financial statements are consistent in all material respects with those consolidated financial statements. These summarised consolidated financial statements comprise a consolidated statement of financial position at 30 June 2019, a consolidated statement of financial performance, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended. The complete set of consolidated financial statements was compiled under the supervision of DF Grobler (CA)SA, Group financial director. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practises Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group's consolidated financial statements for the year ended 30 June 2019 were audited by the auditor, Deloitte & Touche, on which an unmodified audit opinion was expressed on 12 September 2019.

The complete set of the consolidated financial statements together with the auditor's report is available in the online annual financial statements at www.murrob.com.

REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2019

This report presented by the directors is a constituent of the consolidated and separate annual financial statements at 30 June 2019, except where otherwise stated. All monetary amounts set out in tabular form are expressed in millions of Rands, except where otherwise stated.

1 Nature of business

Main business and operations

Murray & Roberts Holdings Limited is an investment holding company with interests in the underground mining, oil & gas and power & water markets.

The Company does not trade and its activities are undertaken through subsidiaries, joint arrangements and associates. Information regarding the Group's major subsidiaries and associate companies appears in Annexure 1 of the consolidated financial statements.

Group financial results

At 30 June 2019 the Group recorded attributable earnings of R337 million (FY2018: R267 million), representing diluted earnings per share of 83 cents (FY2018: 66 cents). Diluted headline earnings per share was 78 cents (FY2018: 46 cents).

Full details of the financial position and results of the Group are set out in these consolidated and separate financial statements. The consolidated and separate financial statements have been prepared in accordance with IFRS. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 46 of the consolidated financial statements.

Going concern

The Board is satisfied that the consolidated and separate financial statements comply with IFRS on a going concern basis following an assessment of solvency and liquidity requirements.

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

Uncertified revenue

The Group's uncertified revenue is included in amounts due from and to contract customers in the statement of financial position. The uncertified revenue has been recognised through the statement of financial performance in current and prior periods in respect of claims and variation orders on projects (refer to note 9 of the consolidated financial statements), relating mainly to claims on projects in the Middle East and in Power & Water.

A cumulative total revenue of R0,7 billion being amounts due from contract customers (net of payments received on account of R290 million (FY2018: R288 million)) has been recognised in the statement of financial position at 30 June 2019 (FY2018: R1,3 billion) as the Group's uncertified revenue in respect of claims and variation instructions on the Group's projects. Recognition of these assets is in accordance with IFRS 15: *Revenue from Contracts with Customers*.

In FY2016 the Board decided to close the business in the Middle East. The final four projects have been completed during the year and the business recorded an operating loss of R56 million (FY2018: R34 million operating loss), primarily due to ongoing legal costs and a small overhead cost. Going forward, the business in the Middle East is expected to be accounted for as a discontinued operation.

Resolution of these extremely complex legal and financial claims and variation instructions is yet to be finalised, and may be subject to arbitration and/or negotiation. This could result in a materially higher or lower amount being awarded finally, compared to that recognised in the statement of financial position at 30 June 2019.

Implementation of IFRS 15 (Revenue from Contracts with Customers)

The Group has applied IFRS 15 for the first time in the current financial year. IFRS 15 superseded all previous revenue requirements in IFRS (IAS 11: *Construction Contracts*, IAS 18: *Revenue*, IFRIC 13: *Customer Loyalty Programmes*, IFRIC 15: *Agreements for the Construction of Real Estate*, IFRIC 18: *Transfers of Assets from Customers* and SIC 31: *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers.

The cumulative effect of initially applying IFRS 15 was concluded at an amount of R1,1 billion at 1 July 2018. The IFRS 15 adjustment relates mainly to amounts in the Power & Water platform and the Middle East. The Group remains confident that all revenue recorded as uncertified will be certified and paid once attendant commercial matters have been resolved.

Refer to note 46 (New standards and interpretations) of the consolidated financial statements for more detail.

New standards not yet effective

Implementation of IFRS 16 (Leases)

In the 2020 financial year IFRS 16 will be implemented, as the standard is applicable to financial years commencing on or after 1 January 2019.

The Group has decided that it will apply this standard to its leases retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore comparatives will not be restated.

The cumulative effect of initially applying IFRS 16 is currently estimated to be between R0,7 billion and R1,1 billion as at 1 July 2019. This will result in both the recognition of a right-of-use asset and a lease liability in terms of the standard.

Refer to note 46 (New standards and interpretations) of the consolidated financial statements for more detail.

Segmental disclosure

The Group operated under three strategic platforms in financial year 2019. An analysis of the Group's results reflects the results and financial position of each platform (refer to Annexure 3 of the consolidated financial statements).

2 Authorised and issued share capital

Full details of the authorised and issued capital of the Company at 30 June 2019 are contained in note 12 of the consolidated financial statements.

Particulars relating to the Vulindlela Trust are set out in note 13 of the consolidated financial statements.

At 30 June 2019 the Vulindlela Trust held 10 624 366 (FY2018: 10 624 366) shares against the commitment of shares granted by the Vulindlela Trust totalling 5 452 905 (FY2018: 5 759 573) ordinary shares. The shares held by the Vulindlela Trust were purchased in the market and have not been issued by the Company.

The total number of ordinary shares that may be utilised for purposes of the Murray & Roberts Holdings Limited Employee Share Incentive Scheme ("Scheme") is limited to 5,0% (FY2018: 5,0%) of the total issued ordinary shares of the Company, currently 22 236 806 (FY2018: 22 236 806) ordinary shares. As no shares have been issued to date in connection with the Scheme, this limit remains unutilised.

In terms of the Forfeitable Share Plan ("FSP"), employees were allocated shares during the year by the remuneration committee totalling 5 092 328 shares (FY2018: 4 696 591). The shares held in escrow by the FSP on behalf of the beneficiaries were purchased on the market and have not been issued by the Company.

3 Dividend

The Board reconsidered the Company's dividend policy and decided to maintain a stable annual dividend. This annual dividend will be subject to the Group's financial position and market circumstances and may be supplemented from time-to-time with a special dividend. Considering the Group's strong cash position, the Board resolved to increase the gross annual dividend to 55 cents (FY2018: 50 cents) per ordinary share for the year ended 30 June 2019. The dividend will be subject to the dividend tax rate of 20%, which will result in a net dividend of 44 cents per share to those shareholders who are not exempt from paying dividend tax. The dividend has been declared from income reserves.

The number of shares in issue as at the date of this declaration is 444 736 118 and the Company's tax reference number is 9000203712.

The relevant dates are:

EVENT	DATE
Last day to trade (cum-dividend)	Tuesday, 1 October 2019
Shares to commence trading (ex-dividend)	Wednesday, 2 October 2019
Record date (date shareholders recorded in books)	Friday, 4 October 2019
Payment date	Monday, 7 October 2019

No share certificates may be dematerialised or rematerialised between Wednesday, 2 October 2019 and Friday, 4 October 2019, both dates inclusive.

On Monday, 7 October 2019, the dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. No dividend will be paid to shareholders who have not provided their banking details to the transfer secretary (Link Market Services South Africa Proprietary Limited). Accordingly, for non-compliant shareholders, their cash dividend will remain unpaid until such time as they have provided relevant banking details to the transfer secretary. No interest will be paid for unpaid dividends.

Shareholders who hold their shares in dematerialised form will have their accounts held by the Central Securities Depository Participant or broker credited with their dividend on Monday, 7 October 2019.

4 Subsidiaries and investments

Acquisitions

Acquisition of Gulf Coast Division

On 15 February 2019, Clough USA Inc., which forms part of the Oil & Gas platform, acquired the business of Saulsbury Industries Inc., Gulf Coast division for a consideration of R79 million.

In accordance with the asset purchase agreement an additional consideration of up to approximately R42,3 million may be payable to Saulsbury Industries Inc., subject to the successful award of a significant contract within the US to Clough USA Inc. R38,6 million of this amount has been recognised as contingent consideration at statement of financial position date.

With respect to the above mentioned contingent consideration, in August 2019, Clough US Inc. was awarded a petrochemical engineering, procurement and construction contract (EPC) in the US, valued at $620 million. Clough US Inc. expects to receive full notice to proceed on the project by October.

The acquisition of the Gulf Coast division was structured through an acquisition of assets.

The Gulf Coast division's capabilities includes engineering services, a construction operation, equipment hire, a project controls organisation and a supply chain organisation. The acquisition aligned with Clough's strategy to extend the Oil & Gas platform's EPC service offering to the growing oil and gas and petrochemical sectors in North America.

The net cash outflow arising from the acquisition was R79 million.

Acquisition of Terra Nova Technologies ("TNT")

On 1 May 2019, Cementation Americas, which forms part of the Underground Mining platform, acquired 100% of TNT for a total consideration of R635 million.

The acquisition of the TNT business was structured through an acquisition of assets of TNT USA Inc. and a 100% share purchase of TNT Chile Limitada.

TNT provides services to the global mining industry (both surface and underground) and design, supply and commission overland conveyors, crushing/conveying systems, mobile stacking systems, including dry stack tailings and heap leach systems, crushing and screening plants and in-pit crushing and conveying systems. TNT also provides process equipment for mining projects. The acquisition of TNT complements the engineering and construction services of Cementation Americas and the Underground Mining platform.

The net cash outflow arising from the acquisition was R585,6 million.

Refer to note 35 of the consolidated financial statements for more details on the above acquisitions.

Discontinued operations

Discontinued operations include the close out of retained assets and liabilities, following the sale of Genrec operations and the Southern African Infrastructure & Building businesses in prior financial years. These operations meet the requirements in terms of IFRS 5: *Discontinued Operations* and have been presented as discontinued operations in the Group's statement of financial performance.

5 Special resolution

During the year under review the following special resolutions were passed by shareholders:

1. Fees payable quarterly in arrears to non-executive directors.
2. Financial assistance to related or inter related parties.

6 Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year not otherwise dealt with in the Group and Company annual financial statements which significantly affects the financial position at 30 June 2019 or the results of its operations or cash flows for the year then ended. Events that occurred after the reporting period were indicative of conditions that arose after the reporting period. Such events include, but are not limited to the receipt of the vendor loan receivable outstanding at year end as well as the acquisition of OptiPower Projects by the Power & Water platform, effective 1 July 2019. The above mentioned events were non-adjusting events and hence had no impact on the Group's results for the year ended 30 June 2019.

7 Interest of directors

The directors of the Company held direct beneficial interests in 1 059 813 ordinary shares of the Company's issued ordinary shares (FY2018: 724 256). Details of the ordinary shares held per individual director are listed below and also set out in note 42 of the consolidated financial statements.

BENEFICIAL	Direct	Indirect
30 June 2019		
DF Grobler	**108 296**	**1 088 242**
HJ Laas	**951 517**	**1 923 326**
30 June 2018		
DF Grobler	41 569	836 567
HJ Laas	682 687	1 862 390

At the date of this report, these interests remain unchanged.

8 Directors

At the date of this report, the directors of the Company were:

Independent non-executive

SP Kana (chairman); R Havenstein; NB Langa-Royds; XH Mkhwanazi; KW Spence; AK Maditsi; TE Mashilwane and DC Radley.

Executive

HJ Laas (Group chief executive) and DF Grobler (Group financial director).

9 Company secretary

L Kok

The company secretary's business and postal addresses are:

Postal address
PO Box 1000, Bedfordview, 2008

Business address
Douglas Roberts Centre, 22 Skeen Boulevard
Bedfordview, 2007

10 Auditors

The appointment of PwC as external auditor will be for the financial year ending 30 June 2020 and the current auditors, Deloitte, will complete the audit of the financial results for the financial year ending 30 June 2019. PwC will be appointed post the finalisation of the current year audit by Deloitte.

Shareholders will be asked to approve the appointment of PwC as external auditors for Murray & Roberts at the Company's 2019 Annual General Meeting, scheduled on 28 November 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	**2 203,4**	1 995,7
Investment property	3	**–**	–
Goodwill	4	**916,4**	615,8
Other intangible assets	5	**483,7**	171,3
Investment in joint ventures	37	**111,4**	72,1
Investments in associate companies	6	**4,5**	2,9
Other investments	7	**1 436,7**	1 311,5
Deferred taxation assets	21	**421,7**	385,3
Amounts due from contract customers	9	**–**	568,1
Non-current receivables		**107,8**	130,0
Total non-current assets		**5 685,6**	5 252,7
Current assets			
Inventories	8	**337,2**	279,2
Amounts due from contract customers	9	**5 156,7**	5 089,0
Trade and other receivables	10	**1 668,7**	1 076,0
Current taxation assets	34	**13,9**	74,1
Cash and cash equivalents	11	**3 455,0**	2 464,2
Total current assets		**10 631,5**	8 982,5
Assets classified as held for sale	31	**21,2**	50,5
Total assets		**16 338,3**	14 285,7
EQUITY AND LIABILITIES			
Stated capital	12	**2 593,7**	2 591,3
Reserves	14 & 15	**1 026,1**	1 058,7
Retained Earnings		**2 096,8**	3 046,4
Equity attributable to owners of Murray & Roberts Holdings Limited		**5 716,6**	6 696,4
Non-controlling interests	16	**34,1**	47,5
Total equity		**5 750,7**	6 743,9
Non-current liabilities			
Long term loans	18	**1 127,4**	146,8
Retirement benefit obligations	19	**12,2**	12,8
Long term provisions	20	**80,1**	125,7
Deferred taxation liabilities	21	**74,4**	74,5
Non-current payables		**129,2**	145,3
Total non-current liabilities		**1 423,3**	505,1
Current liabilities			
Amounts due to contract customers	9	**2 819,9**	1 527,0
Trade and other payables	23	**4 357,2**	3 396,3
Short term loans	24	**521,4**	296,1
Current taxation liabilities	34	**134,9**	63,0
Provisions for obligations	25	**220,9**	232,7
Subcontractor liabilities	22	**1 074,5**	1 410,8
Bank overdrafts	11	**35,5**	110,8
Total current liabilities		**9 164,3**	7 036,7
Liabilities classified as held for sale	31	**–**	–
Total liabilities		**10 587,6**	7 541,8
Total equity and liabilities		**16 338,3**	14 285,7

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
Continuing operations			
Revenue	26	**20 167,0**	21 847,0
Continuing operations excluding Middle East		**20 112,6**	21 379,5
Middle East		**54,4**	467,5
Profit before interest, depreciation and amortisation		**1 268,1**	1 330,6
Depreciation		**(418,4)**	(428,6)
Amortisation of intangible assets		**(58,8)**	(38,2)
Profit before interest and taxation	27	**790,9**	863,8
Continuing operations excluding Middle East		**846,7**	898,2
Middle East		**(55,8)**	(34,4)
Interest expense	28	**(125,5)**	(104,4)
Interest income	29	**72,4**	63,3
Profit before taxation		**737,8**	822,7
Taxation expense	30	**(296,9)**	(297,7)
Profit after taxation		**440,9**	525,0
(Loss)/income from equity accounted investments		**(4,2)**	20,9
Profit for the year from continuing operations		**436,7**	545,9
Loss from discontinued operations	31	**(90,6)**	(278,1)
Profit for the year		**346,1**	267,8
Attributable to:			
Owners of Murray & Roberts Holdings Limited		**336,9**	266,8
Non-controlling interests	16	**9,2**	1,0
		346,1	267,8

Basic and diluted earnings per share were 85 cents (2018: 67 cents) and 83 cents (2018: 66 cents) respectively.
Continuing basic and diluted earnings per share were 108 cents (2018: 137 cents) and 105 cents (2018: 134 cents) respectively.
For further details refer to note 32 of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
Profit for the year		**346,1**	267,8
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Effects of remeasurements on retirement benefit obligations	15	**(2,9)**	3,2
		(2,9)	3,2
Items that may be reclassified subsequently to profit or loss:			
Exchange (losses)/gains on translating foreign operations and realisation of reserve	14 & 16	**(27,4)**	94,9
		(27,4)	94,9
Other comprehensive (loss)/income for the year net of taxation		**(30,3)**	98,1
Total comprehensive income		**315,8**	365,9
Total comprehensive income attributable to:			
Owners of Murray & Roberts Holdings Limited		**305,0**	362,9
Non-controlling interest		**10,8**	3,0
		315,8	365,9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Stated capital	Hedging and translation reserve	Other capital reserves	Retained earnings	**Attributable to owners of Murray & Roberts Holdings Limited**	Non-controlling interests	**Total equity**
Balance at 30 June 2017	2 566,1	891,6	104,8	2 978,2	**6 540,7**	64,5	**6 605,2**
Total comprehensive income for the year	–	92,9	3,2	266,8	**362,9**	3,0	**365,9**
Treasury shares disposed (net)	25,2	–	–	–	**25,2**	–	**25,2**
Transfer to retained earnings	–	–	(1,5)	1,5	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(53,9)	–	**(53,9)**	–	**(53,9)**
Recognition of share-based payment	–	–	21,6	–	**21,6**	–	**21,6**
Repayment of equity loans from non-controlling interests	–	–	–	–	**–**	(20,0)	**(20,0)**
Dividends declared and paid	–	–	–	(200,1)	**(200,1)**	–	**(200,1)**
Balance at 30 June 2018	2 591,3	984,5	74,2	3 046,4	**6 696,4**	47,5	**6 743,9**
Impact of IFRS 9 adjustment	–	–	–	(8,8)	**(8,8)**	–	**(8,8)**
Impact of IFRS 15 adjustment	–	–	–	(1 071,7)	**(1 071,7)**	(24,2)	**(1 095,9)**
Balance at 01 July 2018 restated	2 591,3	984,5	74,2	1 965,9	**5 615,9**	23,3	**5 639,2**
Total comprehensive (loss)/income for the year	–	(29,0)	(2,9)	336,9	**305,0**	10,8	**315,8**
Treasury shares disposed (net)	2,4	–	–	–	**2,4**	–	**2,4**
Transfer to retained earnings	–	–	(1,0)	1,0	**–**	–	**–**
Utilisation of share-based payment reserve	–	–	(31,6)	–	**(31,6)**	–	**(31,6)**
Recognition of share-based payment	–	–	31,9	–	**31,9**	–	**31,9**
Dividends declared and paid	–	–	–	(207,0)	**(207,0)**	–	**(207,0)**
Balance at 30 June 2019	2 593,7	955,5	70,6	2 096,8	**5 716,6**	34,1	**5 750,7**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	Notes	2019	2018
Cash flows from operating activities			
Receipts from customers		21 148,1	22 624,0
Payments to suppliers and employees		(19 584,8)	(21 690,3)
Cash generated from operations	33	1 563,3	933,7
Interest received		74,1	65,5
Interest paid		(120,2)	(111,8)
Taxation paid	34	(206,0)	(174,0)
Operating cash flow		1 311,2	713,4
Dividends paid to owners of Murray & Roberts Holdings Limited		(207,0)	(200,1)
Net cash inflow from operating activities		1 104,2	513,3
Cash flows from investing activities			
Acquisition of businesses	35	(664,5)	–
Dividends received from associate companies	6	–	19,6
Acquisition of associate	6	(2,0)	–
Purchase of intangible assets other than goodwill	5	(50,4)	(13,5)
Purchase of property, plant and equipment	2	(142,0)	(311,5)
– Replacements		(41,2)	(78,3)
– Additions		(774,9)	(358,0)
– Capitalised finance leases raised (non-cash)		674,1	124,8
Purchase of property, plant and equipment by entities classified as held for sale		–	(0,8)
Proceeds on disposal of property, plant and equipment		208,2	115,6
Net inflow on disposal of business		–	39,6
Proceeds on disposal of investment in associate		–	87,0
Purchase of additional investments		–	(357,9)
Cash related to assets held for sale		–	1,5
Proceeds from realisation of investment	7	183,5	220,1
Other		(0,2)	1,2
Net cash outflow from investing activities		(467,4)	(199,1)
Cash flows from financing activities			
Net acquisition of treasury shares		(36,2)	(28,7)
Loans raised^		876,7	59,2
Loans repaid^		(161,9)	(109,8)
Capitalised leases repaid^	36	(165,1)	(167,0)
Net cash inflow/(outflow) from financing activities		513,5	(246,3)
Total increase in net cash and cash equivalents		1 150,3	67,9
Net cash and cash equivalents at beginning of year		2 353,4	2 253,1
Effect of exchange rates		(84,2)	32,4
Net cash and cash equivalents at end of year	11	3 419,5	2 353,4

^ *In previous years the net movement in borrowings has been reflected in the cash flow with supporting note 33 of the consolidated financial statements reflecting the gross movement thereof. In the current year, the gross movements have been reflected separately in the cash flow above for the current and prior year.*

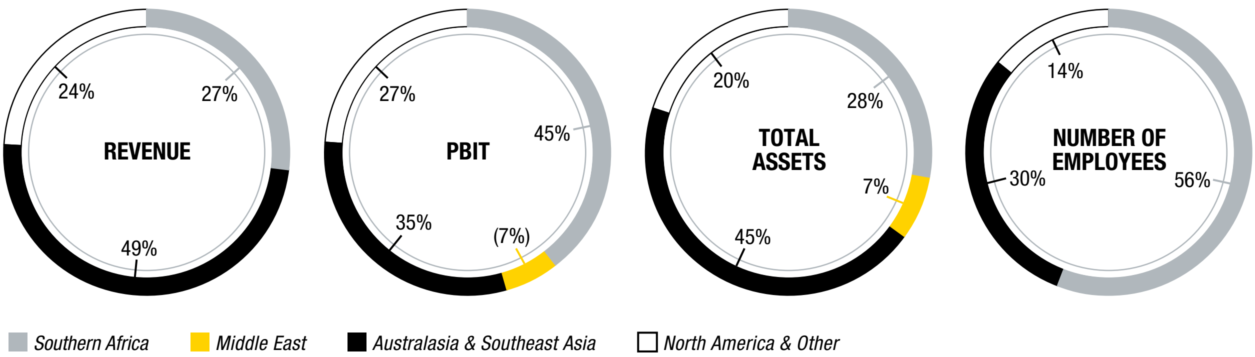
STATEMENT OF VALUE CREATED

FOR THE YEAR ENDED 30 JUNE 2019

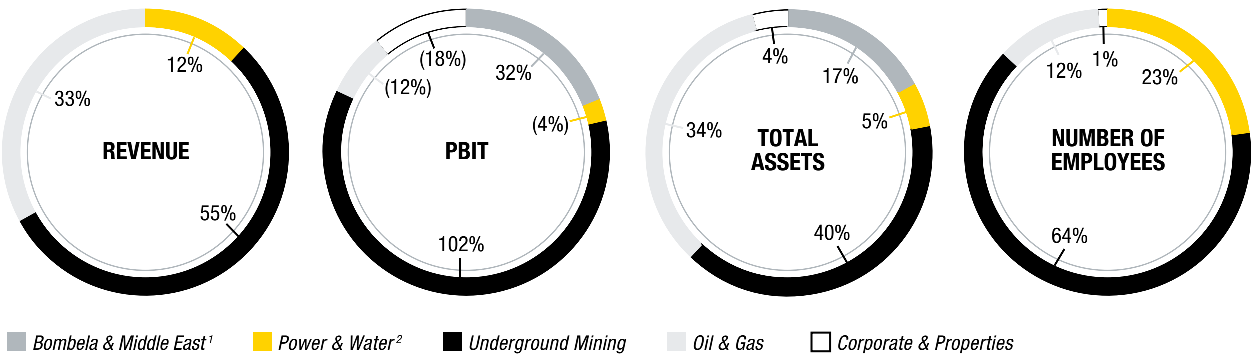
ALL MONETARY AMOUNTS EXPRESSED IN MILLIONS OF RANDS	2019	%	2018	%
Revenue	**20 167,0**		21 847,0	
Less: Cost of materials, services and subcontractors	**(8 380,5)**		(7 115,1)	
Value created	**11 786,5**		14 731,9	
Distributed as follows:				
To employees				
Payroll costs	**10 575,8**	**89,7**	13 810,9	93,7
To providers of finance				
Net interest on loans	**53,1**	**0,5**	41,1	0,3
To government				
Company taxation	**343,5**	**2,9**	146,3	1,0
To maintain and expand the Group				
Reserves available to ordinary shareholders	**336,9**		266,8	
Depreciation	**418,4**		428,6	
Amortisation	**58,8**		38,2	
	814,1	**6,9**	733,6	5,0
	11 786,5	**100,0**	14 731,9	100,0
Number of people[1]	**9 650**		10 649	
State and local taxes charged to the Group or collected on behalf of governments by the Group				
Company taxation	**343,5**		146,3	
Indirect taxation	**816,5**		1 428,1	
Employees' tax	**1 227,4**		1 348,5	
	2 387,4		2 922,9	

1. People includes direct joint arrangement hires and third party contractors of 1 692 (2018: 1 857).

GEOGRAPHIC

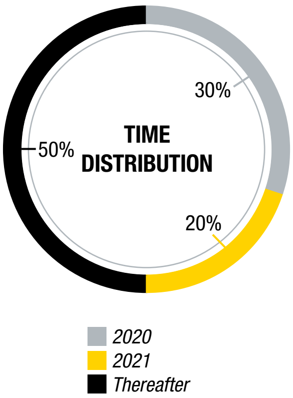


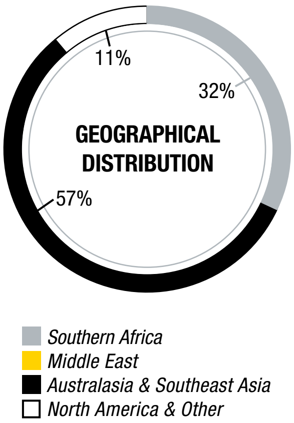
SEGMENTAL

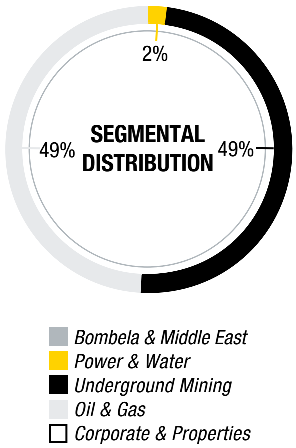


1. Bombela and Middle East total assets includes amounts for discontinued Southern African construction operations.
2. Power & Water platform total assets includes amounts for discontinued Genrec Engineering.

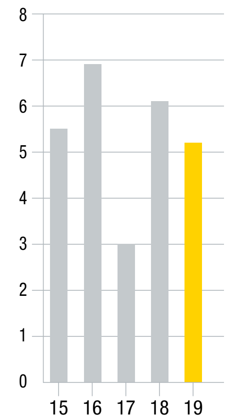
ORDER BOOK



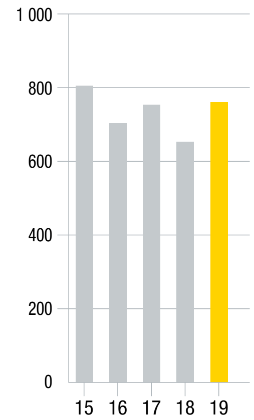




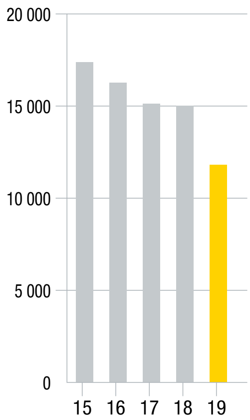
RETURN ON AVERAGE TOTAL ASSETS (%)



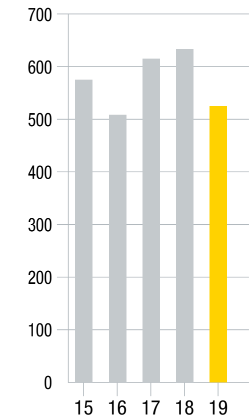
PRODUCTIVITY OF ASSETS
(ASSETS PER R1 000 TURNOVER)



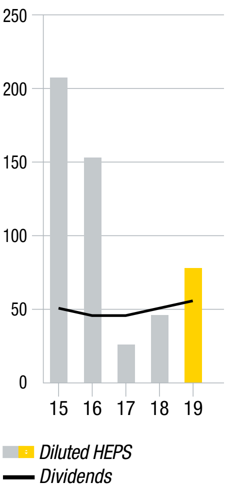
CREATION OF VALUE
(R MILLION)



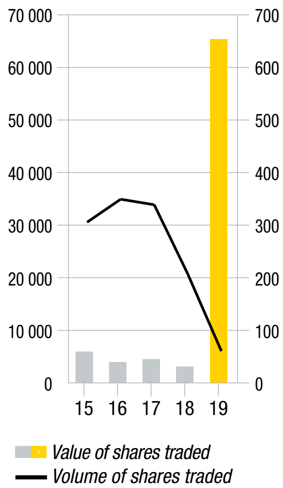
PEOPLE PRODUCTIVITY
(VALUE RATIO)



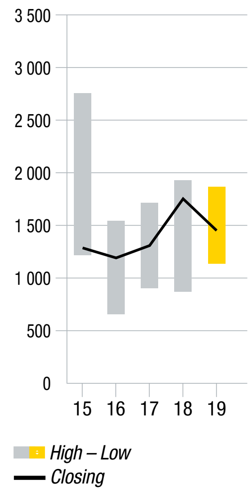
DILUTED HEPS AND DIVIDENDS
PER SHARE (CENTS)



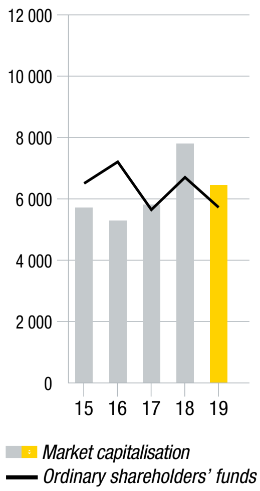
VALUE OF SHARES TRADED
(R MILLION)



SHARE PRICE MOVEMENT
(CENTS)



MARKET CAPITALISATION
(R MILLION)



TEN-YEAR REVIEW

30 JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS		IFRS Restated[1]								
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Summarised statements of financial performance[1]										
Revenue	**20 167**	21 847	21 397	26 148	24 013	29 620	28 071	25 107	19 323	15 342
Profit/(loss) before interest and taxation	**791**	864	487	1 275	1 064	1 480	2 007	(522)	(1 273)	641
Net interest (expense)/income	**(53)**	(41)	(42)	(71)	(68)	(59)	(122)	(253)	(194)	(170)
Profit/(loss) before taxation	**738**	823	445	1 204	996	1 421	1 885	(775)	(1 467)	471
Taxation expense	**(297)**	(298)	(161)	(296)	(187)	(483)	(619)	(175)	(97)	(14)
Profit/(loss) after taxation	**441**	525	284	908	809	938	1 266	(950)	(1 564)	457
(Loss)/income from equity accounted investments	**(4)**	21	7	18	3	1	164	144	88	15
(Loss)/profit from discontinued operations	**(91)**	(278)	(253)	(136)	82	461	40	214	(172)	757
Non-controlling interests	**(9)**	(1)	10	(37)	(13)	(139)	(466)	(144)	(87)	(131)
Profit/(loss) attributable to owners of Murray & Roberts Holdings Limited	**337**	267	48	753	881	1 261	1 004	(736)	(1 735)	1 098
Summarised statements of financial position										
Non-current assets	**4 347**	4 252	3 857	4 849	6 411	6 410	6 017	7 323	4 658	5 247
Current assets	**10 653**	9 033	9 154	11 870	11 160	12 488	17 365	14 042	13 976	14 937
Goodwill	**916**	616	607	642	636	486	488	437	435	554
Deferred taxation assets	**422**	385	585	604	596	427	657	634	470	343
Total assets	**16 338**	14 286	14 203	17 965	18 803	19 811	24 527	22 436	19 539	21 081
Equity attributable to owners of Murray & Roberts Holdings Limited	**5 717**	6 696	6 541	7 201	6 498	5 905	7 041	5 887	4 221	6 203
Non-controlling interests	**34**	48	64	63	25	27	1 657	1 215	1 100	974
Total equity	**5 751**	6 744	6 605	7 264	6 523	5 932	8 698	7 102	5 321	7 177
Non-current liabilities	**1 423**	505	665	1 117	2 526	1 908	1 958	1 596	1 873	2 367
Current liabilities	**9 164**	7 037	6 933	9 584	9 754	11 971	13 871	13 738	12 345	11 537
Total equity and liabilities	**16 338**	14 286	14 203	17 965	18 803	19 811	24 527	22 436	19 539	21 081

1. *Comparatives before financial year 2017 have been restated for discontinued operations and the adoption of IFRS 11: Joint Arrangements. The results of affected joint ventures are equity accounted for rather than proportionately consolidated, and the net asset value included under investment in joint ventures.*

RATIOS AND STATISTICS

30 JUNE 2019

		IFRS Restated[1]								
	2019	2018	2017	2016	2015	2014	2013	2 012	2011	2010
EARNINGS										
Earnings/(loss) per share (cents)										
– Basic	**85**	67	12	189	218	310	247	(214)	(530)	336
– Diluted	**83**	66	12	182	213	305	245	(214)	(528)	335
Headline earnings/(loss) per share (cents)										
– Basic	**80**	47	27	158	212	221	188	(246)	(456)	308
– Diluted	**78**	46	26	153	207	217	186	(246)	(454)	307
Dividends per share (cents)	**55**	50	45	45	50	50	–	–	–	105
Dividend cover[2]	**1,4**	0,9	0,6	3,4	4,1	4,3	–	–	–	2,9
Interest cover	**6,3**	8,3	4,4	10,2	8,2	7,6	8,8	(1,4)	(4,0)	1,9
PROFITABILITY										
PBIT on revenue (%)	**3,9**	4,0	2,3	4,9	4,4	5,0	7,1	(2,1)	(6,6)	4,2
PBIT on average total assets (%)	**5,2**	6,1	3,0	6,9	5,5	6,7	8,5	(2,5)	(6,3)	2,9
Attributable profit on average ordinary shareholders' funds (%)	**5,4**	4,0	0,7	11,0	14,2	19,5	15,5	17,1	5,7	29,1
PRODUCTIVITY										
Per R1 000 of revenue:										
Payroll cost (Rands)	**524**	632	614	508	574	459	443	463	420	413
Total average assets (Rands)	**759**	652	752	703	804	748	836	836	1 051	1 452
Value created (Rm)[3]	**11 800**	14 993	15 098	16 246	17 352	17 773	17 660	15 237	10 069	11 651
Value ratio[3]	**1,11**	1,07	1,05	1,11	1,13	1,16	1,20	1,05	1,00	1,33
FINANCE										
As a percentage of total equity										
Total interest bearing debt	**29**	7	9	14	23	42	23	31	44	45
Total liabilities	**184**	112	115	147	188	234	182	216	267	194
Current assets to current liabilities	**1,16**	1,28	1,32	1,24	1,14	1,04	1,25	1,02	1,13	1,29
Operating cash flow (Rm)	**1 311**	713	795	762	586	931	1 653	(2 318)	462	943
Operating cash flow per share (cents)	**294,8**	160,3	178,8	171,4	132	209	372	(521)	139	284
OTHER										
Weighted average ordinary shares in issue (millions)	**444,7**	444,7	444,7	444,7	444,7	444,7	444,7	382,7	367,8	367,8
Weighted average number of treasury shares (millions)	**47,3**	46,6	47,1	46,1	41,4	38,3	37,9	39,2	40,3	41,3
Number of employees – 30 June[3]	**9 650**	10 649	20 642	33 893	29 581	25 498	33 281	44 710	42 422	40 413

Definitions

Dividend cover	Diluted headline earnings/(loss) per share divided by dividend per share
PBIT	Profit/(loss) before interest and taxation
Interest cover	PBIT divided by interest expense
Value ratio	Value created as a multiple of payroll cost
Net asset value (NAV)	Ordinary shareholders' equity
Average	Arithmetic average between consecutive year ends

1. Comparatives before financial year 2017 have been restated for discontinued operations.

2. Based on total HEPS.

3. Includes continuing and discontinued operations.

SEGMENTAL ANALYSIS

JUNE 2019

ALL MONETARY AMOUNTS ARE EXPRESSED IN MILLIONS OF RANDS	GROUP		DISCONTINUED OPERATIONS EXCLUDED FROM ONGOING OPERATIONS[1]	
	2019	2018	**2019**	2018
Summarised statement of financial performance				
Revenue	**20 167**	21 847	**91**	525
Profit/(loss) before interest and taxation	**791**	864	**(90)**	(273)
Net interest (expense)/income	**(53)**	(41)	**(3)**	(5)
Profit/(loss) before taxation	**738**	823	**(93)**	(278)
Taxation (expense)/credit	**(297)**	(298)	**2**	–
Profit/(loss) after taxation	**441**	525	**(91)**	(278)
(Loss)/income from equity accounted investments	**(4)**	21	**–**	–
Loss from discontinued operations	**(91)**	(278)	**–**	–
Non-controlling interests	**(9)**	(1)	**–**	–
Profit/(loss) attributable to holders of Murray & Roberts Holdings Limited	**337**	267	**(91)**	(278)
Summarised statement of financial position				
Non-current assets	**4 769**	4 637	**–**	–
Current assets[2]	**10 653**	9 033	**73**	188
Goodwill	**916**	616	**–**	–
Total assets	**16 338**	14 286	**73**	188
Equity attributable to owners of Murray & Roberts Holdings Limited	**5 717**	6 696	**(122)**	(62)
Non-controlling interests	**34**	48	**–**	–
Total equity	**5 751**	6 744	**(122)**	(62)
Non-current liabilities	**1 423**	505	**–**	–
Current liabilities[2]	**9 164**	7 037	**195**	250
Total equity and liabilities	**16 338**	14 286	**73**	188
Summarised statement of cash flows				
Cash generated from/(utilised by) operations before working capital changes	**890**	620	**(84)**	(308)
Change in working capital	**683**	314	**54**	293
Cash generated from/(utilised by) operations	**1 573**	934	**(30)**	(15)
Interest and taxation	**(262)**	(220)	**(1)**	(14)
Operating cash flow	**1 311**	714	**(31)**	(29)

1. Mainly includes the Southern African Infrastructure & Building businesses and Genrec Engineering.

2. Includes assets/liabilities classified as held for sale.

	BOMBELA & MIDDLE EAST		POWER & WATER		UNDERGROUND MINING		OIL & GAS		CORPORATE AND PROPERTIES	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	54	468	2 517	4 829	10 861	8 004	6 728	8 542	7	4
	250	243	(32)	134	814	471	(98)	209	(143)	(193)
	(17)	3	14	13	(16)	4	15	9	(49)	(70)
	233	246	(18)	147	798	475	(83)	218	(192)	(263)
	–	–	(5)	(9)	(300)	(134)	36	(129)	(28)	(26)
	233	246	(23)	138	498	341	(47)	89	(220)	(289)
	–	–	–	–	(1)	–	–	–	(3)	21
	–	–	–	–	–	–	–	–	–	–
	1	–	(7)	(7)	(8)	–	5	7	–	(1)
	234	246	(30)	131	489	341	(42)	96	(223)	(269)
	1 436	1 879	46	75	2 375	1 725	507	389	405	569
	1 241	1 468	649	1 242	3 832	2 805	4 533	3 098	325	232
	–	–	81	81	289	57	546	478	–	–
	2 677	3 347	776	1 398	6 496	4 587	5 586	3 965	730	801
	1 114	1 986	(199)	417	2 797	2 472	1 755	1 927	372	(44)
	16	33	33	33	8	–	(23)	(18)	–	–
	1 130	2 019	(166)	450	2 805	2 472	1 732	1 909	372	(44)
	331	7	4	1	862	211	87	139	139	147
	1 216	1 321	938	947	2 829	1 904	3 767	1 917	219	698
	2 677	3 347	776	1 398	6 496	4 587	5 586	3 965	730	801
	(62)	(38)	(14)	183	1 203	807	(80)	234	(73)	(258)
	39	(67)	14	(237)	(288)	32	1 068	269	(204)	24
	(23)	(105)	–	(54)	915	839	988	503	(277)	(234)
	(80)	(44)	42	(131)	(259)	(70)	194	(83)	(158)	122
	(103)	(149)	42	(185)	656	769	1 182	420	(435)	(112)

ANALYSIS OF SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2019

SIZE OF HOLDING	Number of shareholders	% of shareholders	Number of shares	%
1 – 1 000	3 075	67,31	686 588	0,15
1 001 – 10 000	1 046	22,90	3 366 090	0,76
10 001 – 100 000	321	7,03	10 692 504	2,40
100 001 – 1 000 000	94	2,06	26 449 117	5,95
1 000 001 shares and over	32	0,70	403 541 819	90,74
Total	**4 568**	**100,00**	**444 736 118**	**100,00**
Category				
Unit Trusts/ Mutual Fund	94	2,06	60 209 719	13,54
Pension Funds	86	1,88	107 216 563	24,11
Private Investor	59	1,29	203 602 691	45,77
Mutual Fund	17	0,37	15 921 421	3,58
Insurance Companies	15	0,33	5 664 432	1,27
Trading Position	13	0,28	7 018 411	1,58
Custodians	8	0,18	871 434	0,20
Hedge Fund	7	0,15	2 148 382	0,48
Exchange-Traded Fund	5	0,11	1 782 355	0,40
University	5	0,11	363 878	0,08
Black Economic Empowerment	3	0,07	31 696 039	7,13
Sovereign Wealth	2	0,04	292 274	0,07
American Depository Receipts	2	0,04	132 006	0,03
Local Authority	2	0,04	117 605	0,03
Treasury Shares	1	0,02	1 697 834	0,38
Foreign Government	1	0,02	232 378	0,05
Medical Aid Scheme	1	0,02	178 850	0,04
Charity	1	0,02	39 226	0,01
Other	4 246	92,97	5 550 620	1,25
Total	**4 568**	**100,00**	**444 736 118**	**100,00**

MAJOR SHAREHOLDERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES	Number of shares	% of shares
ATON GmbH (DE)	194 855 660	43,81
Government Employees Pension Fund (ZA)	90 387 964	20,32

FUND MANAGERS HOLDING 5% OR MORE OF THE COMPANY'S ORDINARY SHARES		
ATON GmbH (DE)	194 855 660	43,81
Public Investment Corporation (ZA)	93 696 310	21,07

SHAREHOLDER SPREAD	Number of shareholders	% of shareholders	Number of shares	% of shares
Non-public*	14	0,31	332 893 333	74,85
Public	4 554	99,69	111 842 785	25,15
Total	**4 568**	**100,00**	**444 736 118**	**100,00**
Domestic			192 127 455	43,20
International			252 608 663	56,80
			444 736 118	**100,00**

* *Includes ATON GmbH, Public Investment Corporation (ZA), directors, Murray & Roberts Retirement Fund, employees and associates.*

SHAREHOLDERS' DIARY

FINANCIAL YEAR-END	MAILING OF ANNUAL INTEGRATED REPORT	ANNUAL GENERAL MEETING	PUBLICATION OF FY2020 HALF YEAR RESULTS	PUBLICATION OF FY2020 PRELIMINARY REPORT
End-June	End-September	November	February 2020	August 2020

ONLINE
Shareholders' diary

ADMINISTRATION AND CORPORATE OFFICE

Company Registration Number: 1948/029826/06
JSE Share Code: MUR
ISIN: ZAE000073441

Business address and registered office

Douglas Roberts Centre
22 Skeen Boulevard, Bedfordview 2007
Republic of South Africa

Postal & electronic addresses and telecommunications numbers

PO Box 1000, Bedfordview 2008
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Telephone: +27 11 456 6200
Email: info@murrob.com
Website: www.murrob.com

Share transfer secretaries

Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street, Braamfontein 2001
PO Box 4844, Johannesburg
Republic of South Africa
Telephone: +27 11 713 0800
Fax: +27 86 674 4381

Sponsored level 1 American Depository Receipt (ADR) Programme

US Exchange: OTC
US Ticker: MURZY
Ratio of ADR to Ordinary Share: 1:1
CUSIP: 626805204
Depository Bank: Deutsche Bank Trust Company Americas

Auditors

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead, Sandton 2196
Private Bag X6, Gallo Manor 2052

Deloitte & Touche completed the audit of the financial results for the financial year ending 30 June 2019. PwC was appointed as the Company's external auditor for the financial year ending 30 June 2020. Shareholders will be asked to approve the appointment of PwC as external auditors for Murray & Roberts at the Company's 2019 AGM, scheduled on 28 November 2019.

PricewaterhouseCoopers Inc
4 Lisbon Lane
Waterfall City, Jukskei View
2090
Telephone: +27 (0) 11 797 4000

Sponsor

The Standard Bank of South Africa Limited
3rd Floor East Wing
30 Baker Street, Rosebank
2196

Investor relations and media enquiries

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Email address: ed.jardim@murrob.com

GLOSSARY OF TERMS

AGM	Annual General Meeting
ATON	ATON GmbH
BBBEE	Broad-based Black Economic Empowerment
BCC	Bombela Concessions Company
BCJV	Bombela Civils Joint Venture
Board	The Board of Murray & Roberts Holdings Limited
BOC	Bombela Operating Company
Brownfield	Existing, developed infrastructure on which expansion or redevelopment occurs
CA	California
CEO	Chief executive officer
CFO	Chief financial officer
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
Cementation AG	Cementation Above Ground
Company	Murray & Roberts Holdings Limited
CPSP	Clough Phantom Share Plan
CSI	Corporate social investment
Companies Act	Act 71 of 2008 (as amended)
CTFE	Coal Tar Filtration East
Dubai Airport	Dubai International Airport Concourse 2
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EE	Employment Equity
Enercore	Enercore Projects Limited
EPC	Engineering, Procurement and Construction
EPCM	Engineering, Procurement, Construction and Management
EPS	Earnings Per Share
EU	European Union
FCF	Free Cash Flow
FD	Financial director
FIDIC	Fédération Internationale Des Ingénieurs-Conseils
FSP	Forfeitable Share Plan
FY2017	For the year ended 30 June 2017
FY2018	For the year ended 30 June 2018
FY2019	For the year ended 30 June 2019
FY2020	For the year ended 30 June 2020
GCR Mongolia	Joint venture between Clough, RUC Cementation Mining and Gobi Infrastructure Partners
GPMOF	Gorgon Pioneer Materials Offloading Facility
Greenfield	New, undeveloped property where there is no need to work within the constraints of existing buildings or infrastructure
GRI	Global Reporting Initiative
Group	Murray & Roberts Holdings and its subsidiaries
HEPS	Headline Earnings per Share
HDSA	Historically Disadvantaged South Africans
HUC	Hook-up and commissioning
HSE	Health, Safety and Environment
IFRS	International Financial Reporting Standards
Independent Board	Independent Board constituted to respond to the offer by ATON
IPP	Independent Power Producers
IRBA	Independent Regulatory Board for Auditors
IT	Information Technology
JSE Limited	Johannesburg Stock Exchange
JV	Joint Venture
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
KLE	Karratha Life Extension project
KPI	Key Performance Indicator
KPA	Key Performance Area
LNG	Liquefied Natural Gas
LTI	Long-term incentives
LTI	Lost-time injury
LTIFR	Lost Time Injury Frequency Rate
LTCSIP	Long-Term Cash Settled Incentive Plan
MAP/CRM	Major Accident Prevention Critical Risk Management
M&A	Mergers & Acquisitions
MRG	Murray & Roberts Ghana Limited
MRML	Murray & Roberts Mozambique Limitada
MRPE	Murray & Roberts Power & Energy
MRW	Murray & Roberts Water
Mtpa	Million Metric Tonnes Per Annum
Near Orders	Tenders where the Group is the preferred bidder and final award is subject to financial/commercial close
NPI	Non-process Infrastructure
OHP	Ore Handling Plant
OMS	Opportunity Management System
O&M	Operations & Maintenance
Order Book	Confirmed and signed project orders
Order Book Pipeline	Tenders, budgets, feasibilities and prequalifications the Group is currently working on (excluding Near Orders). It also includes opportunities which are being tracked and are expected to come to the market in the next 36 months
PNG	Papua New Guinea
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
RAP	Reconciliation Action Plan
REIPPP	Renewable Energy Independent Power Producer Procurement
ROE	Return on Equity
ROICE	Return on Invested Capital Employed
RONA	Return on Net Assets
SA	South Africa
SADC	Southern African Development Community
Share Option Scheme	Murray & Roberts Holdings Limited Employee Share Incentive Scheme
SMEIPP	Structural, Mechanical, Electrical, Instrumentation, Platework & Piping
SPV	Special Purpose Vehicle
STI	Short-term incentives
TFCE	Total Fixed Cost of Employment
TNT	Terra Nova Technologies
TRCR	Total Recordable Case Rate
TRIR	Total Recordable Incident Rate
TSR	Total Shareholder Return
USA	United States of America
VFL	Visible Felt Leadership
Vulindlela	Letsema Vulindlela Black Executives Trust
WACC	Weighted Average Cost of Capital

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DISCLAIMER

This report includes certain various "forward-looking statements" within the meaning of Section 27A of the US Securities Act 10 1933 and Section 21 E of the Securities Exchange Act of 1934 that reflect the current views or expectations of the Board with respect to future events and financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the Group's strategy; the economic outlook for the industry; and the Group's liquidity and capital resources and expenditure.

These forward-looking statements speak only as of the date of this report and are not based on historical facts, but rather reflect the Group's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "should", "planned", "may", "potential" or similar words and phrases. The Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of any unexpected events.

Neither the content of the Group's website, nor any website accessible by hyperlinks on the Group's website is incorporated in, or forms part of, this report.

The principle of ***Engineered Excellence*** informs all our decision-making. It means we **engineer** or plan everything we do, in such a way that we achieve an outcome of **excellence.**

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