

**Murray
& Roberts****Murray & Roberts
Cementation**

MURRAY & ROBERTS CEMENTATION

JAPIE DU PLESSIS

Managing director

Murray & Roberts Cementation is the Group's African mining business, providing best value services from concept to completion, with a strong track record of project delivery.



Murray & Roberts Cementation is one of few full-service engineering and construction contractors in the African mining sector....”

OVERVIEW

Murray & Roberts Cementation is one of few full-service engineering and construction contractors in the African mining sector, with a service offering that spans underground mine development and shaft sinking, trackless mechanised mining, mining services and raise drilling, engineering design, TMM machine rebuild and fabrication workshop services as well as underground infrastructure construction. A powerful feature of our competitive differentiation is our proven localisation model where employees recruited from local communities are upskilled, with the support of our world-class training centre in South Africa. We also have an extensive fleet of mining equipment that can be deployed at short notice. These features give us the agility to mobilise and commence projects quickly and efficiently, with no compromise on risk or quality outcomes.

FY2024 was a challenging year, with difficulties experienced on two of our projects. The Arnot coal mine was placed into business rescue in Q2 FY2023 by the client, with efforts to exit the mining project extending into FY2024, which negatively impacted earnings. We are working with the business rescue practitioner to determine a payment plan for the outstanding debt.

We acknowledge and honour the memory of 20 people, 17 of whom were our employees, who lost their lives in the tragic bus accident that occurred on a public road in September 2023. The tragic loss of our colleagues significantly impacted the morale of the Venetia project team and this, coupled with operational challenges, impacted project delivery during the year. We continue to support our project team in their recovery and look forward to an improvement in productivity in the new financial year.

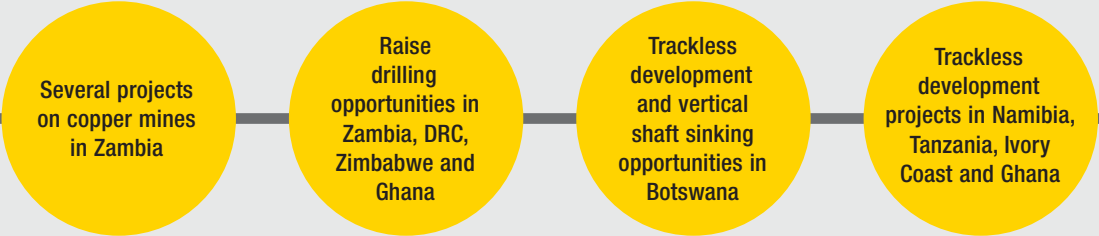
Our financial performance was better than the prior year, with revenue increasing by 5% to R4,2 billion, and operating profit increasing by 89% to R144 million. All our projects other than the two mentioned above performed to expectation.

Our active projects and strong project pipeline support an expectation of steady capital investment in the mining industry over the next five years. We have secured orders to the value of R6,3 billion, with near orders amounting to R7,1 billion and a pipeline of category 1 and 2 projects of R66,5 billion. To diversify our order book, specifically our exposure to the diamond market, which remains under pressure, we are actively looking to grow our footprint in other commodities through our strategic focus on Africa. This is based on a generally positive commodity outlook in the short to medium term.

OPPORTUNITY

Whereas our current projects are predominantly in South Africa, we are excited about increasing opportunities elsewhere in Africa. In particular, buoyant copper prices are unlocking the Zambian market, which has served us well in the past. Since reopening the Zambian office in March 2024 we have responded to heightened tender activity, and received positive feedback from prospective clients about our return to Zambia. Additionally, we are bidding for projects in the Ivory Coast, Côte d'Ivoire, Ghana and Botswana and intend to submit tenders in Namibia when those opportunities come to market.

Key opportunities that we are targeting across Africa include:



Other potential opportunities include: rising interest in hydro energy storage schemes in the SADC region, with four potential projects coming to market; feasibility studies for two shafts in Germany in collaboration with Cementation Americas; and in South Africa there are JV coal cutting projects available. Greenfields investment in South Africa remains muted, although there are mine extension projects on the horizon.

We are well placed to secure a fair share of these opportunities, and to benefit from higher-margin work outside of South Africa. We are therefore optimistic about our prospects for growth over

the medium term. We believe our differentiated service offering, and especially our track record of effective localisation, sets us apart from intensifying competition across Africa, specifically from Australian and Chinese contractors. We will continue to deepen engagement and awareness of our strategic focus on Africa through focused marketing campaigns, and submitting tenders that leverage our competitive advantages. We will, however, remain responsible in growing our order book, by being selective about the clients and projects we pursue.

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continued

STRATEGY

Murray & Roberts Cementation's objective is to continue to be a mining contracting partner of choice in selected markets in Africa. Our strategy rests on the following pillars.

Murray & Roberts Cementation Strategic Pillars

People and capability development

Staff evaluation

Performance assessment

Ensure EE targets are met

Individual development plans

Remuneration

Project excellence and improved profitability

Constantly review overhead structure

Project management office

Commercial awareness

Focused interventions where the need arises

Technology optimisation and innovation

Digitalisation:

- Asset maintenance
- Operational controls
- Remote operations

Strategic partnerships

Explore rock cutting technology

Explore shaft sinking technology

Sustainable growth

Marketing

Africa focus

Strategic partnerships

Project execution excellence

Superior TMM capabilities

Selectiveness in the coal market (thermal coal to Eskom, only in SA)



Contractor of Choice

Engineered Excellence

In line with the Group's operating philosophy of *Engineered Excellence*, we continuously assess the effectiveness and efficiency of our operations, where and how they can be improved, particularly with regard to commercial and project risk management, and maintaining industry leading HSE performance. To position ourselves for sustainable growth, we focus on delivering our projects with excellence, thereby building strong and sustainable relationships with our clients that increase our prospects for repeat business.

Given that most of our projects are contracted under rates-based commercial arrangements, which entail taking on more project risk compared to cost reimbursable commercial arrangements, we are emphasising commercial awareness and astuteness among our project managers, to ensure that our financial entitlements are not undermined. Where we identify gaps, we provide focused assistance to our project teams.

A central project management office is responsible for directing project execution. A robust project delivery governance system based on PMBOK best practice principles provides the basis for successful project outcomes. This system comprises five phases with stage gated approvals required to progress from one phase to the next.

Each phase has several deliverables that are audited internally and reviewed periodically. Included is a robust risk assessment and management system that ensures that all project risks are well understood and mitigated. The approval process for a project is also determined by the risk ranking, where lowest risk projects are approved at operating company level up to highest risk projects having to be approved by the Murray & Roberts Holdings Board. The planning and execution phases have rigorous requirements for reporting, reviews, risk management, change management and auditing.

Our reputation for project excellence is underpinned by the following global standards.

CERTIFICATIONS

ISO 9001:2015

Quality Management System

ISO 14001:2015

Environmental Management System

ISO 45001:2018

Occupational Health and Safety Management System

Zero Harm

Our approach to health and safety management centres on continual improvement, effective leadership, clear understanding of risks and the controls required to mitigate those risks, and individual accountability. Clear policies, standards and procedures and the competence and motivation of our employees support our aspiration of Zero Harm.

We have adopted the CRM programme to manage and respond to critical safety risks, and to eliminate the risk of fatalities. In support, we employ HPH and HPI reporting, which include the interrogation of control implementation and effectiveness, allowing us to introduce proactive measures to prevent high-risk situations.

In FY2024, we received an award from the Association of Mine Managers of South Africa for achieving seven million fatality free shifts, an excellent performance given the high-risk nature of our project work. However, our overall safety performance should always improve and is continuously receiving the necessary attention.

Our established and comprehensive safety improvement programme, developed in collaboration with external experts and long-term clients, is already seeing an improvement in both leading and lagging indicators.

The programme focuses on the following areas:

- Effective coaching: VFL; enforcing Group Values.
- Supervisor skills development.
- Digitalisation: CRM; Safe Sentry (a team based safety improvement initiative where individual team members observe their teams executing tasks).
- Consequence management.
- Pride and teamwork.
- Effective planning.

The programme emphasises the importance of VFL, and we bolstered training on the associated verifications. It also introduces consequence management for risks left unaddressed. It aims to ensure discipline and combat complacency that emerges when management controls become routine.

SAFETY HIGHLIGHTS

LOST TIME INCIDENTS

13

(FY2023: 7)

LTIFR

1.76

(FY2023: 0.87)

ALL INCIDENTS

25

(FY2023: 24)

TOTAL RECORDABLE INCIDENT RATE

3.66

(FY2023: 2.99)

Award from the Association of Mine Managers of South Africa for achieving

7 million fatality free shifts



**Murray & Roberts
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continued

Digitalisation

Our digital strategy aims to provide the digital tools and connectivity required to drive safety, productivity, and value for our stakeholders.

Over the last few years, we have been driving the digitalisation of business processes, including our asset management system and operational control processes which enable real-time tracking and management of operations. We have also digitalised aspects of our critical risk management processes, including critical control verifications, and aim to extend this to other aspects of safety management including safety declarations and machine operator checklists. We continue to consider opportunities to advance the digitalisation of business systems.

We continue to explore new technologies that could improve efficiencies in project delivery and that support safe, quality project outcomes. One such example is our strategic focus on establishing ourselves as a market leader in TMM capabilities, a key growth thrust in the medium term.

We continue to stay abreast of OEM innovation, and to explore developments in new mining technology that is relevant for our markets. To this end, we are collaborating with an OEM to explore opportunities for mechanical rock cutting. This OEM has worked with our sister company, Cementation Americas, to develop and prove the technology, and we now have an opportunity to be the contracting partner for piloting this technology in Africa. We are also considering new shaft sinking technology, which has been proven in European geological conditions. Whereas geology in Africa is typically more challenging, the feasibility of developing and implementing this technology in our markets is under investigation.

Employer of Choice

Best people practices

Leadership continuity is critical to achieving *Engineered Excellence* in all that we do. Our leadership development programme provides training and coaching to high potential and performing individuals that are identified through a structured performance management process, preparing them for career development and succession. They are included in the talent management programme, which incorporates a personal development plan and mentoring relationships with a senior executive.

We have had several leadership changes over the year, which presented us the opportunity to see our leadership development programme in action. Noteworthy is the promotion of Sipho Khulekani to the human resources executive role. Sipho has been instrumental in initiating a central recruitment hub to efficiently recruit new talent and manage our talent within the business.

With the untimely passing of our education, training and development executive, Tony Pretorius, we expanded the responsibilities of our engineering executive, Hercilus Harmse, to include those responsibilities. We would like to acknowledge the huge impact that Tony's visionary leadership had on the industry as a whole.

We have an established performance management system. Employees from middle management levels and above enter performance contracts and development plans with their managers at the start of each year – performance is assessed twice per year and linked to performance-based rewards. We offer competitive remuneration and a workplace culture where people feel that their service, their input and their ideas are valued and incorporated in driving the success of the business.

Skills shortages are a prevalent problem in the mining sector, one which we consistently strive to circumvent. In Sub-Saharan Africa, shaft sinking and mechanised mining skills are scarce, especially as mining investment in the region increases. These factors, together with the requirement for mine owners and contractors to recruit and employ from communities near mines, make effective training and development an essential feature of both our employee value proposition and our competitive advantage. Our strong training and development ethos and world-class training facility in South Africa have been recognised for the significant contribution we make to skills development in the region. Our training and development efforts do not only cater for our needs, but also provide a training service to many of our clients.

Employee relations are sound across our business. In South Africa, where the workforce is unionised, management has professional and constructive relationships with union representatives and officials. No significant strikes or work stoppages occurred at any of our projects during the year.

Diversity, equity and inclusion

In South Africa, Murray & Roberts Cementation met its transformation targets for FY2024, maintaining a Level 1 B-BBEE accreditation. This was achieved by ensuring that all major projects:

- Continue to transform the composition of the supervisory and management layers of project teams, by prioritising the development and recruitment of talent;
- Recruit and train people from local communities to be employed on projects; and
- Ensure local suppliers are selected to participate in supplier development programmes and procurement contracts.

STAKEHOLDER TRUST

Localisation

We have developed a localisation model that has proven to be highly successful in recruiting and training people from local communities. Given that we employ and upskill labour from our communities, the positive socioeconomic impact extends beyond providing employment on the mines that we build, to advancing the employability of people in remote communities. We also look for every opportunity to localise our supply chains and identify local businesses able to supply goods and services to our projects. We build the capacity of local suppliers to enable them to supply the necessary services required by us or the mine owner. We also enter local contracting partnerships in other countries in Africa, in line with their localisation requirements, and local opportunities are pursued in joint venture with them.

Ethical business practices

Our ethical business practices are non-negotiable, and we specifically seek clients and partners that are aligned with our Values and ethical standards.

Senior management and selected employees receive regular training on ethical business practices. Twice per year, members of senior management are required to complete a declaration to confirm that they are aware of the Group's anti-corruption and bribery policies and are not aware of any instances where these policies have been breached. For every tender that is submitted, those involved in compiling the tender, together with the managing director of the company, formally declare that there was no unethical behaviour involved in the compilation of the tender. All our businesses have an anonymous whistle-blower facility that can be used to report incidents of fraud, corruption, or other unethical behaviour. The administrators refer complaints to management and complaints are thoroughly investigated, with appropriate action taken when required.

Stakeholder engagement

Values-led, ethical conduct underpins our intention to be recognised as a trusted partner to our stakeholders, wherever we work. In particular, we recognise the importance of building constructive relationships with government and client stakeholders as we expand our presence on the African continent.

Various channels exist within our organisation for engagement with employees and employee representatives. Where formal union structures exist, engagements take place regularly within the formal engagement structures.

We strive for shared value through a commitment to positively impact the environments and communities in which we operate, sustainably leaving them in a significantly better state than before we arrived.



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Outlook

We are positive about opportunities for FY2025, and we are committed to improving our financial performance. This is underpinned by a strong order book and our strategy to expand into selected markets in Africa with a focus on metals supporting green energy. We are excited about the talent within our business, and are well positioned to deliver quality projects to our clients in FY2025 and beyond.



CEMENTATION AMERICAS

ERIC SMITH
Managing director

Cementation Americas is an underground mine engineering and contracting services company that is well known in the global mining sector, providing mine development and production services to clients throughout the world. Our primary market regions are the Western USA, the Canadian Arctic and Ontario, and Mexico.



“Securing additional scopes of work from existing clients is key to achieving our strong revenue growth ambitions in FY2025, off the back of our already solid order book and strong project pipeline across the business.”

OVERVIEW

Cementation Americas' competitive advantage rests on our ability to safely and efficiently execute complex scopes of work, while managing project risk effectively and in a transparent manner, on behalf of clients. We deliver a premium service, providing certainty of project delivery outcomes to our clients, underpinned by extensive design engineering and project planning capacity, and a well-developed system and culture of continuous improvement. We continue to invest in innovative equipment, and digital management systems to deliver the highest standards of safety and productivity.

We saw a mixed performance in metals and minerals markets during the year, with some commodities such as gold and silver performing well, whereas others, such as Platinum Group Metals and nickel, struggled. Greenfield project development in North America remains muted, due to ongoing uncertainty around input costs, specifically labour and material costs, but we did observe some investment activity in brownfield mine development. Notwithstanding new international competitors entering our market, we have done well to maintain our share of a smaller market in both the USA and Canada, and are well positioned to respond to increasing investment activity in Mexico.

We achieved strong revenue in FY2024 of R6,3 billion (FY2023: R6,4 billion), with operating profit exceeding our expectations at R280 million (FY2023: R430 million).

We grew our order book in Canada, as brownfield development opportunities are increasing, and maintained our presence in the Saskatchewan potash market. However, our Canadian shaft projects are nearing completion, which will result in reduced revenue from this region in FY2025, with limited new shaft tendering opportunities available in the short term. In Mexico, we have attracted interest from tier 1 clients due to our strong track record and differentiated service offering, and we secured a large, multi-year contract with a major mining house in Latin America.

OPPORTUNITY

In the medium term, we expect brownfield development activity to increase in our core markets of Canada and the USA; however, we will continue to position ourselves for new shaft sinking projects in Canada over the longer term. The skilled capacity we have built in Mexico on a previous project, and our differentiated service offering, will continue to support our growth potential in this buoyant market. Notably absent from our portfolio is copper, which is experiencing strong market growth. We are focused on engaging with major copper mining companies in the USA and APAC region to position Cementation Americas for new project opportunities.

Consolidation of the contracting market in the APAC region has thinned out the competitive landscape, with global mining clients in the region looking for optionality. This has created an opportunity for Cementation Americas as we support Cementation APAC's (a company recently established in Australia) entry into these markets, where we have good relationships with major clients.

We have registered a company and submitted tenders in Mongolia, and are doing the same in Indonesia, to participate in project opportunities in those countries. We have proven our model for working internationally, particularly in terms of local partnering, recruitment and upskilling of employees from local communities, and standards development, evident from our success in Mexico. This model will be replicated in the APAC region, specifically in Mongolia.

STRATEGY

Our focus is on market differentiation beyond pricing by delivering engineered outcomes through systems and technology, supported by the following strategic objectives:

- Ensure all employees apply proactive risk-based management practices, with elevated focus on implementation and verification of critical risk controls.
- Reduce our employees' exposure to harm by systematic implementation of higher-level risk controls.
- Strengthen our human resource talent through formal training programmes and continued career advancement opportunities.
- Improve project execution using standardised, structured continuous improvement systems and processes.
- Diversify our service offering and market footprint, both geographical and across the value chain. In order to minimise potential disruptions to capex spending, we aim to get involved before and after the mine construction aspect, with feasibility and design prior to construction, and operations, production and maintenance after construction, effectively increasing opportunities outside of the standard mine construction part of the life cycle.
- Further differentiate from our competitors by providing value through engineered outcomes and not only competing on price.
- Incorporate incremental disruptive technology and pioneer new technology to better serve our stakeholders.



Contractor of Choice

Engineered Excellence

Long-term, trusted relationships with major global mining clients demonstrate our differentiated service offering, which is based on providing certainty of project outcomes to our clients. This rests on our dedication to *Engineered Excellence*, supported by a robust risk management system that ensures all project risks are well understood and mitigated, particularly safety risks. We also employ a sophisticated project management system that enables continual improvement based on real-time monitoring of operational productivities and project progress. The planning and execution phases of projects include rigorous requirements for governance, reporting, reviews, change management and auditing.

An example of our application of technology to ensure optimal project outcomes is the Short Interval Control System, which provides a comprehensive, real-time view of resource utilisation and productivity. After every shift, our project teams are responsible for analysing the data to identify areas that need intervention for improvement. This system empowers our employees to participate in the success of the project, and its effectiveness demonstrates the culture of trust between our workforce and management.

Loosely defined scopes of work are common in the North American contracting market. However, we do not accept risk that we cannot mitigate effectively, preferring to work closely with our clients to identify and manage the risk on their behalf. This is reflected in the nature of the commercial arrangements we typically contract under, being mostly cost reimbursable contracts, with a performance-related contracting fee. Given that this model allows for more risk to be retained by the client, it is incumbent on us to be transparent and demonstrate the effectiveness of our systems and controls in proactively managing project risk. Across Mexico, Canada and the USA, we have a balanced mix of cost reimbursable contracts and unit rate contracts, where we take on a greater proportion of risk.

Our reputation is underpinned by the following global quality standards.

CERTIFICATIONS

ISO 9001:2015

Quality Management System

ISO 14001:2015

Environmental Management System

ISO 45001:2018

Occupational Health and Safety Management System

Zero Harm

Clear policies, standards and procedures, and the competence and motivation of our employees, support our aspiration of Zero Harm. Our fatality prevention efforts are largely focused on safety in design, detailed planning for safe execution, management of critical risks, and recognising and managing change in our work environment. We continue to engineer workflows and invest in equipment that removes our workforce from safety hazards, while optimising productivity.

Our CRM programme provides a mature system to manage risks that could cause serious injuries or fatalities, providing our employees with the means to ensure safe performance. Critical risks are identified and addressed prior to work being performed, with supervisors performing inspections and managers performing verifications to ensure that controls are working effectively. CRM is applied in conjunction with HPH and HPI reporting – or “near-miss” reporting. We trust our employees to report near misses, allowing us to proactively identify and rectify potential safety hazards.

Cementation Americas has purchased an automated loader for working underground, which is operated remotely, e.g. from the surface, thereby eliminating the risk of employees being exposed to potentially hazardous working conditions. This equipment can also be operated during blast time, enabling higher productivity without exposing our employees to dangerous blasting fumes.

Our injury prevention efforts are supported by:

- Appropriate safety training for all roles, supported by on-the-job coaching and training.
- Comprehensive standards and procedures implemented at all our project sites.
- Pre-work planning conducted by all teams to ensure understanding of what must be done, why it must be done, and how it will be done, and to allocate resources to do the work safely and efficiently.
- Accountability of leaders and supervisors for delivering safe, quality outcomes, making them responsible for ensuring that all employees have the means and ability to perform their work safely alongside sufficient observation, engagement and coaching of work teams.
- Encouraging all employees to report potential hazards and incidents to proactively address them.
- Learning and sharing the experience of our clients and partners to improve safety.
- PPE supplied to all employees appropriate for the jobs they perform.

SAFETY HIGHLIGHTS

ALL INCIDENTS
2
(FY2023: 3)

ALL INCIDENTS
25
(FY2023: 20)

LTIFR
0.77
(FY2023: 1.04)

**TOTAL RECORDABLE
INCIDENT RATE**
0.77
(FY2023: 1.04)

LTIFR IS AT A 10-YEAR LOW

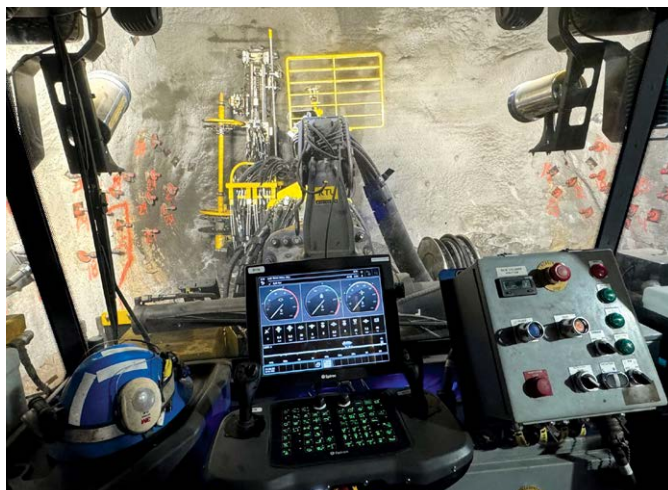
Digitalisation

Our digital strategy aims to provide the digital tools and connectivity required to drive safety, productivity, and value for our clients. The strategy has three themes:

- Asset maintenance, encompassing initiatives that manage the life cycle of assets to minimise total cost of ownership by maximising availability while balancing maintenance costs and operational risk.
- Operational effectiveness, encompassing initiatives that increase productivity and reduce variation within operations through continuous improvement of processes, feedback/reporting, decision-making, quality control, deployment of resources and waste removal.
- Autonomous and remote operations, encompassing initiatives that utilise automation and remote operation of both fixed and mobile equipment to achieve improved safety and/or labour efficiencies by using multi-machine functionality.

We continue to develop our Short Interval Control System for seamless data capture and integration, not only to accurately track productivities against project scopes of work and schedules, but to enable these datasets to inform estimates for future projects. We aim to complete this development in FY2025.

Our engineering teams use virtual designs, allowing for rapid prototyping in collaboration with our clients. This enables the identification of safety or construction issues before implementation, which supports project excellence and reduces the risk of rework. Additionally, designs can be reviewed virtually, allowing our teams to collaborate across jurisdictions. This is important given the escalating shortage of skills in our industry, enabling us to leverage specialist skills across different project sites.



Employer of Choice

Best people practices

Our diverse, integrated and highly skilled team of engineering and construction professionals enable a full service across the project life cycle and are the backbone of our business – their contributions to our ethos of continuous improvement and innovation support our competitive advantage. Besides offering competitive remuneration and benefits, we strive to maintain a culture where employees feel valued and empowered to participate in our success.

On-the-job training and development plays an important part in developing the skills required to deliver the standard of work that we are known for, and we have well-developed systems and processes to ensure that this is achieved in all regions where we operate. We continually look for ways to make training more effective and accessible to our employees. Our interactive training programmes provide a tailored learning experience with real-life examples that prepare our employees to apply their new skills in workplace situations. We provide a wide range of learning modules including supervisory skills, conflict resolution skills, ethics awareness, and new miner training specifically targeted at local skills development.

Diversity, equity and inclusion

We appreciate the unique perspectives brought to problem-solving and project requirements by our diverse workforce. We have an established diversity and inclusion policy with a DEI working group that identifies actions to promote inclusivity and remove any barriers to it. We continue to encourage young people, including diversity candidates, to consider mining and construction as career options, given the ageing population of specialists in our industry.

Our flagship new miner training programme at Cementation Canada aims to improve skills and employment opportunities for local communities, providing theoretical and practical training. We continue to provide cultural awareness and induction programmes to enhance the understanding around indigenous culture and heritage.



STAKEHOLDER TRUST

Localisation

In the Americas, our commitment to localisation is also driven through our diversity and inclusion policy, which demonstrates our respect for the rights of ancestral indigenous citizens. The policy applies to our workforce and subcontractors and includes indigenous employment, and procurement from indigenous companies near to our projects.

We view Canadian localisation regulations as minimum requirements when engaging with our indigenous partners. An example of our commitment is the longstanding relationship we have forged with our indigenous contracting partners through the Kitikmoet Cementation Mining and Development Ltd joint venture. This partnership has provided meaningful opportunities for local communities in the Nunavut and Northwest Territories since 2005. We employ the same localisation blueprint on most of our projects in Canada, whereby we engage and involve our indigenous partners to ensure that local communities and businesses benefit meaningfully from our presence.

Ethical business practices

We are highly selective in the clients and partners we work with, the scopes of work we take on, and how we operate; based on shared values and ethical standards. We have systems in place to ensure that all contracts, operations and procurement are both legal and ethical, without exception.

Senior management and employees receive regular training on ethical business practices.

Stakeholder engagement

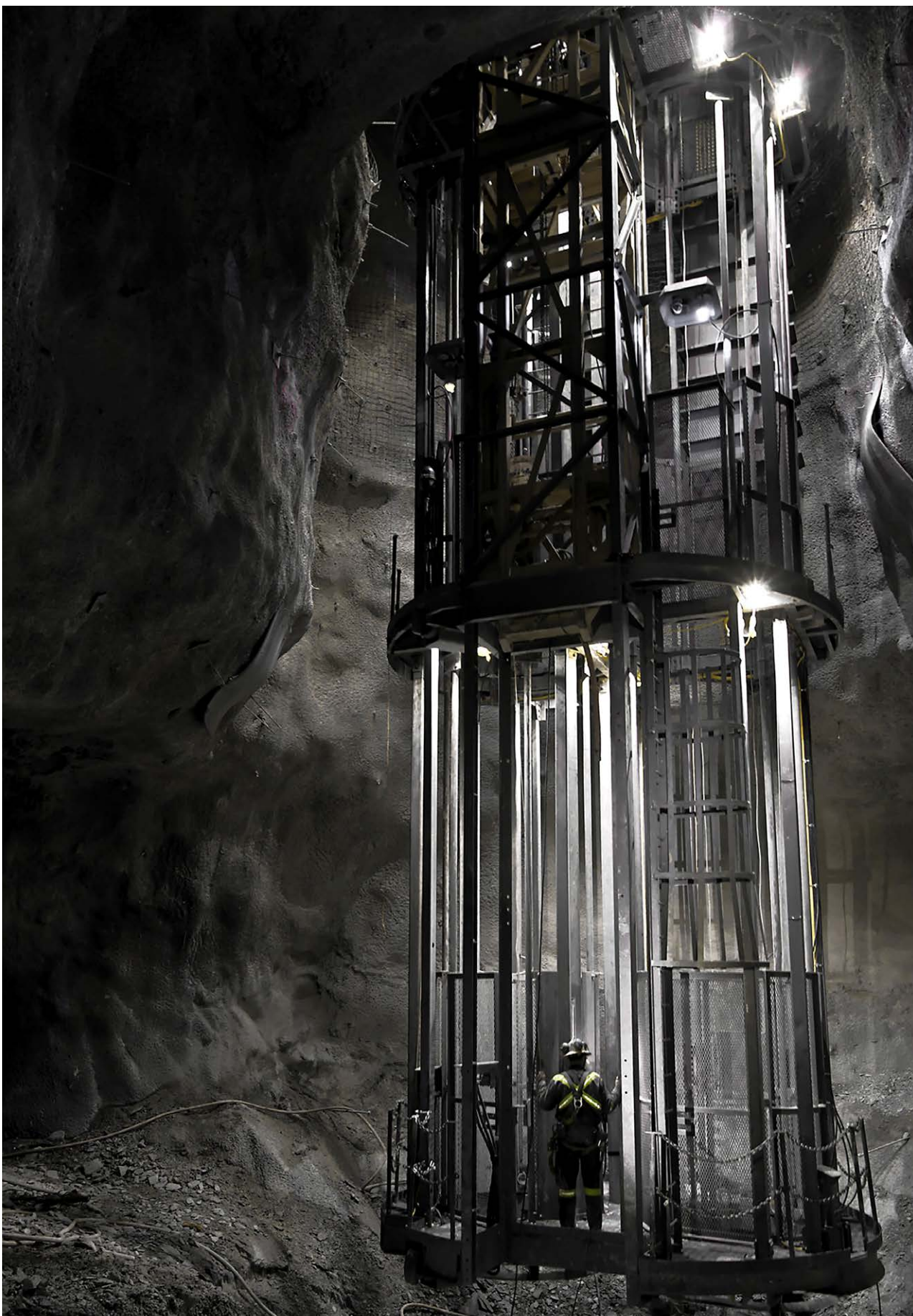
Values-led, ethical conduct underpins our intention to be recognised as a trusted partner to our stakeholders, wherever we work in the world. We strive for shared value through a commitment to positively impact the environments and communities in which we operate, leaving them in a better state than before we arrived. We achieve this through the development of local businesses by establishing joint ventures with local communities, creating opportunities for local businesses, investing in community infrastructure development, and recruiting and training people from the local communities for employment on our projects.



Values-led, ethical conduct underpins our intention to be recognised as a trusted partner to our stakeholders, wherever we work in the world. We strive for shared value through a commitment to positively impact the environments and communities in which we operate.”

Outlook

We increased our order book in the USA, which includes our business in Mexico, by securing one of the few greenfield projects in the market. Securing additional scopes of work from existing clients is key to achieving our strong revenue growth ambitions in FY2025, off the back of our already solid order book and strong project pipeline across the business. Mexico and Canada will provide steady earnings potential in the coming years, while we rebuild the USA order book, a key focus of our business development efforts.





TERRA NOVA TECHNOLOGIES

STEPHEN KOU
Managing director

A technology partner of choice, Terra Nova Technologies specialises in materials handling product and system design and construction services to the mining and minerals industries throughout the world. TNT supplies mobile stacking systems, overland conveyors, underground conveyors, mineral processing plant conveyors, crushing and screening systems, modular crushing stations, and agglomeration drums. TNT has offices in San Diego and Boise in the USA, and Santiago in Chile.



“Based on our order book at the end of FY2024, we are confident of reaching pre-COVID levels of earnings by the end of FY2025. Prospects are improving as commodity prices in our core markets remain strong, with new geographic opportunities emerging.”

OVERVIEW

TNT's key competitive advantage lies in our turnkey service offering, where we provide the design, supply and construction of projects. Typically, our competitors shy away from the construction component. As such, TNT has a good strategic fit with our parent company, Murray & Roberts, enabling end-to-end expertise and capacity which offers significant advantages, especially in managing project risk for potentially higher returns.

Since the severe impact of worldwide COVID lockdowns, which resulted in us exhausting our order book by 2021, TNT has been loss-making. However, strong order book recovery from late FY2023 has seen us return to a profit position in FY2024. Revenue increased by 95% to R1,4 billion, and operating profit increased to R75 million. Despite the challenges we have faced over the last several years, in a sector that has seen much consolidation, our business has remained stable in terms of retaining capacity and established clients.

Based on our order book at end FY2024, we are confident of reaching pre-COVID levels of earnings by the end of FY2025. The new project in Chile represents the bulk of our order book at R1,5 billion, with smaller projects in the USA bringing our total order book to R1,7 billion. For FY2025, we are well positioned to secure additional projects from selected clients, Freeport-McMoRan and BHP, with whom we have strong relationships and a track record for excellent project delivery. These projects could provide baseline work through FY2027 and beyond, which we aim to supplement with growth opportunities in new regions and for new clients.

OPPORTUNITY

Our traditional core market has been in copper and gold projects for established clients, primarily in the USA and Chile, and we expect this workflow to continue over the medium term. Our growth over the longer term, however, depends on us diversifying into other commodities, new markets and clients.

Delayed capital investment in hard rock mining is limiting our opportunities. Despite strong prices for copper and gold, capital investment in greenfield mining projects remains subdued. Rigorous environmental regulations have made it difficult to get new mines approved, particularly in the USA and Chile. Our growth potential is therefore mainly in brownfield mine expansions. Our approach of delivering premium products and exceptional service brings repeat business, an important driver for the sustainability and growth of our business.

We continue to evaluate growth opportunities beyond our traditional markets. Argentina presents a promising emerging market for copper and gold projects, with several potential projects in the pipeline for FY2025-2027. Immediate challenges include strict capital controls, and very high inflation and tax rates. However, the new Argentinian administration is pursuing reforms to attract private investment into the mining sector, including removing export tax on mining products, which should support higher activity. We have also identified regions in Central Asia with the potential for growth – specifically Mongolia, Kazakhstan and Uzbekistan.

We have been developing innovative solutions to minimise water use in the wet process waste stream of mining operations (i.e. tailing), by modifying our technology to create dried tailings that can be transported on a conventional belt conveyor. Traditionally, tailings from gold and base metals are disposed of as a slurry with a high water content, which are stored in tailings dams. High water consumption is becoming unacceptable amid increasing water scarcity and the associated cost; and tailings dam failures pose safety and environmental risk to surrounding communities. As the dewatering of mine tailings escalates in importance, we believe our innovative solutions will be a key differentiator and growth driver for TNT over the long term.

STRATEGY

Our strategy is centred on rebuilding and growing our order book over three horizons, without compromising on project services which are underpinned by *Engineered Excellence*. Our growth in the longer term will depend on building additional skilled capacity in our business.

Horizon 1	Rebuild order book – focus on core copper and gold markets.	Leverage relationship with selected clients in the Americas.	Build strategic relationships in emerging markets.	
Horizon 2	Product development to diversify our product offering.	Geographic expansion into selected mining countries based on long-term revenue potential (e.g. Mongolia).	Shift revenue profile to substantially increase high-margin aftermarket business.	Ongoing investment in people and organisational development.
Horizon 3	Further diversification into complementary mineral processing equipment.	Achieve scale to compete against tier 1 material handling companies.		



continued

Contractor of Choice

Engineered Excellence

Strategically, we target opportunities with specific clients, with our focus on consistently providing a differentiated premium service as opposed to competing only on price and chasing market share. We engineer customised solutions during the tender phase, demonstrating our specialist expertise, and leveraging our competitive difference in end-to-end project services. Our service-centric model allows us to cultivate longstanding client relationships, and secure preferred contractor status – as our order book over many years shows.

In addition to our product offerings, we provide several high-value services. Our design consulting focuses on optimal selection and design of equipment to meet unique client needs. For every project we develop, we are able to provide preventative and predictive maintenance programmes, comprising computerised maintenance systems supply and integration, maintenance programme management and personnel support, critical spare parts planning and procurement, and contract operations and maintenance.

Fundamental to our business success is project risk management, particularly because of the more onerous fixed-price, lump sum contractual arrangements typical in our markets, which, if well managed, also allows opportunity for higher returns. To mitigate the higher risk associated with this contractual model, we invest substantially in pre-engineering early in the tendering process. Our bids are therefore substantiated by well-developed pre-designs, ensuring accurate pricing and a high degree of confidence in our tender submissions. We are also rigorous in establishing strategic partnerships with suppliers and subcontractors, capable of delivering the high standard of supplies and services we require to ensure a consistently premium offering.

TNT's reputation for project delivery excellence is underpinned by the following global quality standards.

CERTIFICATIONS

- ISO 9001:2015**
Quality Management System
- ISO 45001:2018**
Occupational Health and Safety Management System
- UL 508A**
Certified Industrial Control Panel Fabricator

Zero Harm

TNT has maintained a remarkable safety record, with zero lost-time incidents and fatalities since we were founded in 1997. The nature of our work includes construction management, field work, and technical advisory services onsite, making our safety record noteworthy.

We ensure that subcontractors or JV partners align to our safety processes and procedures, and that these meet Murray & Roberts Group expectations.

Digitalisation

The products we provide are largely mechanical, with little opportunity for digital innovation. However, there is potential for increasing efficiency through digitalisation and automation of business processes, as well as AI integration. Such opportunities will be explored as we grow profitability.



TNT has maintained a remarkable safety record, with zero lost-time incidents or fatalities since we were founded in 1997.”

Employer of Choice

Best people practices

As a small, specialised business, we compete hard for scarce talent. Over several years, the number of graduates in mechanical and structural engineering with interest in pursuing a career in heavy industrial goods has diminished, and the pool of subject matter experts in mining and material handling has declined. To attract and retain the skills we need, particularly younger talent required to drive innovation in our industry, we focus on best-in-class compensation packages and benefits, bolstered by performance-linked rewards, employment stability and career growth potential.

We invest substantially in the development of our employees, by supporting them in obtaining higher education and accreditations. Our professional development programme is well established, which includes mentoring and skills transfer, and cross-functional and stretch assignments to support career development. The lean structure of our organisation gives our people exposure to different roles and responsibilities, unlike in larger businesses, with the opportunity to develop well-rounded skills and early career advancement. Workplace flexibility and work-life balance, within a dynamic and high-performance culture, are important features of our employee value proposition.

Diversity, equity and inclusion

TNT is focused on improving gender representation, even though no DEI policies have been formalised yet.

STAKEHOLDER TRUST

Localisation

Where possible, it is our objective to recruit and train people from local communities to supplement our project teams. We also look for opportunities to localise our supply chains and identify local businesses able to supply goods and services to our projects.

Ethical business practices

We provide a premium service aligned to our values of care, commitment and courage. We work safely and with integrity, respecting and valuing each other and our host communities. We consistently push the boundaries to create smarter, more sustainable solutions.

Stakeholder engagement

We aim to be recognised as a trusted partner to our stakeholders, wherever we work. Various channels exist within our organisation for engagement with our stakeholders.

Outlook

TNT's recent project success in Latin America has been welcome, considering that the business has had to rebuild its order book after COVID as limited materials handling opportunities came to market during this period. Prospects are improving as commodity prices in our core markets remain strong, with new geographic opportunities emerging for copper and gold projects in Argentina. TNT aims to return to pre-pandemic levels of financial returns and to be a more meaningful contributor to Group earnings.





OPTIPOWER

STEVE HARRISON
Managing director

OptiPower is a leading energy infrastructure company, providing turnkey engineering, procurement and construction solutions for high and medium voltage power lines and substations, overhead and below ground fibre optic lines, and renewable energy projects, in Sub-Saharan Africa.



“The focus for the year ahead is the closing out of our existing projects, the profitable delivery of new projects and continuing to pursue opportunities in the renewable energy, as well as the significant transmission and distribution sectors.”

OVERVIEW

The restructuring of the Murray & Roberts Group during the year resulted in OptiPower being the only business retained from the previous PIW platform.

This fundamental shift gave us the opportunity to refocus the business on what we do best, and where we can compete effectively for promising market opportunity. We closed Wade Walker Solar, acknowledging its lack of competitive edge in the rooftop solar market; took the decision not to undertake any structural, mechanical and piping projects; and to exit our remaining interest in the wastewater market sector by starting the process to sell our Organica wastewater treatment plant to the V&A Waterfront, where it is currently in operation.

The rationalisation of overhead costs was aggressive, but implemented responsibly, and we retained our core project management and technical capacity required for OptiPower to respond to growing market opportunity.

The Group's strained liquidity position in South Africa made securing new work in FY2024 more challenging than expected and caused delays in project progress and milestone payments. Onerous supplier terms, due to our strained liquidity position, placed additional pressure on the Group, which was extremely difficult to manage. However, with the support of our clients and suppliers, we were able to overcome many of these challenges.

Revenue increased to R1,7 billion (FY2023: R1,3 billion) and our operating loss was R98 million. The Group's financial result was unfortunately heavily impacted by the loss incurred, largely resulting from liquidity constraints giving rise to delays in procurement and project progress. Although OptiPower remained loss-making, we expect to report a profit in FY2025, based on the pipeline of new projects.

OPPORTUNITY

OptiPower is known as a specialist contractor, and our accreditations, and ability to manage on-the-ground realities and local circumstances are strong competitive advantages. We are well positioned to secure projects expected to come to market in the next three to five years.

Planned investment in South Africa's renewable energy and power transmission and distribution sectors presents substantial opportunities in the near to medium term. South Africa's constrained transmission and distribution infrastructure requires urgent upgrading and expansion, particularly to accommodate the renewable energy projects coming on stream in the next few years. South Africa's national power utility, Eskom, plans to build over 1 500km of 400kV overhead lines per year in South Africa as part of its Transmission Development Plan by 2032. After a long period of malaise, the turnaround at Eskom is gaining traction, auguring well for accelerated implementation of the plan.

OptiPower is certified to build high voltage overhead lines, a certification that very few accredited contractors have. Eskom's procurement process entails a panel approach, with Panel A as full-service EPC; panel B as procure and construct; and Panel C as construct only. As per Eskom's announcement on 20 August 2024, OptiPower individually qualified for both Panel B (one of nine companies) and C (one of 17 companies) scopes of work and has an established relationship with a Spanish energy firm, Coxabengoa Energia, to pursue work in JV on utility photovoltaic installations and this JV has also qualified for Panel A (one of five companies) work.

Besides the significant opportunity in South Africa, we are also assessing opportunities in transmission and distribution in Botswana, Namibia, and Zambia. Historically, we have worked in Malawi, Namibia and Zambia, and currently we have projects in Botswana and eSwatini.

As a percentage of South Africa's total generation capacity, renewable energy is expected to reach 46% and conventional generation to decrease to 47% by 2032, a significant shift in the energy mix. The procurement of large-scale solar PV in the private sector is estimated to be worth R19,3 billion per year, to a total of R116 billion, and in the public sector R8,3 billion per year to a total of R50 billion by 2030¹. Wind generation of 22 799 MW is expected to be added to the energy mix over the period of Eskom's TDP. Battery capacity is expected to reach 6 550MW by 2032, far exceeding the previous estimate of 2 088MW.

¹ Source: GreenCape: 2024 Market Intelligence Report : Large-scale Renewable Energy.

STRATEGY

Our growth strategy has four thrusts:

<div>Geography</div> <div>1</div> <ul style="list-style-type: none"> ■ Sub-Saharan Africa – primary focus on South Africa with select opportunities being tracked in SADC. 	<div>Sectors</div> <div>2</div> <ul style="list-style-type: none"> ■ Transmission and distribution overhead lines. ■ Utility scale PV (in JV with Coxabengoa). ■ Renewable power electrical balance of plant (wind and BESS). ■ High voltage substations. 	<div>Service</div> <div>3</div> <ul style="list-style-type: none"> ■ Detailed engineering (outsourced). ■ Procurement. ■ Construction. ■ Commissioning. ■ Operations and maintenance (PV). 	<div>Focus</div> <div>4</div> <ul style="list-style-type: none"> ■ Utility scale PV (in JV) for the private and public sectors. ■ Substation and transmission work for renewable energy projects in the private and public sectors. ■ 400kV and 765kV overhead lines projects for Eskom.
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continued

Contractor of Choice

Engineered Excellence

Our specialist positioning requires a commitment to quality standards and ethical business, which we hold ourselves and our partners to, in line with the Group's operating philosophy of *Engineered Excellence*, and the associated frameworks and procedures. Our competitive differentiation is underpinned by our ISO certifications, Construction Industry Development Board rating and Eskom vendor registrations.

We operate in a highly competitive sector with onerous contractual terms – being lump sum, fixed-price contracts. This higher risk requires that we continue to emphasise commercial and project excellence, which begins at tender stage. We work with trusted engineering partners to produce certified plans that enable the accurate pricing of project bids. During the year, we focused on optimising the link between the engineering design and procurement process to increase accuracy and efficiency.

Our safety, health, environment and quality management system received ISO recertification and we retained all required accreditations to work as an Eskom vendor.

CERTIFICATIONS

ISO 9001:2015

Quality Management System

ISO 45001:2018

Occupational Health and Safety Management System

ISO 14001:2015

Environmental Management System



Zero Harm

OptiPower's safety performance was good in FY2024, with a TRCR of 2.27 (PIW FY2023: 1.57), and a LTIFR of 0.38 (PIW FY2023: 0.0). Our individual projects, with one exception, had achieved more than 200 000 hours without an LTI at year end.

A key focus for FY2024 was the introduction of the MAP self-audit programme. This is providing valuable leading indicator data, allowing us to drive more effective visible felt leadership and an improvement in the reporting of hazard observations. We also emphasised work on and near overhead power lines as an area of major safety risk. The narrower scope of OptiPower's business has supported improvements in safety assessment and reporting.

SAFETY HIGHLIGHTS

LOST TIME INCIDENTS

1

(FY2023: 0)

LTIFR

0.38

(FY2023: 0.00)

ALL INCIDENTS

6

(FY2023: 2)

TOTAL RECORDABLE INCIDENT RATE

2.27

(FY2023: 1.57)

Digitalisation

The work OptiPower undertakes presents limited opportunity for automation or digitalisation. Our digital strategy is therefore primarily concerned with refining and improving our business systems. Specifically, we are improving the engineering-estimating-procurement interface with our engineering partners, as well as project performance monitoring. We continue the use of biometric reporting, including employee data, onboarding, time and attendance management, safety behaviour, and operational performance – allowing real-time analysis of project performance.

Employer of Choice

Best people practices

Headcount increased from 849 in FY2023 to 1 034 in FY2024, due to the addition of new projects, with most employees being redeployed within the new business structure. Due to the close-out of Wade Walker Solar, 10 people were retrenched in terms of section 189 of the Labour Relations Act.

Deepening our capacity will be necessary as we grow, and skills remains scarce in our increasingly buoyant markets. Top talent is identified and reviewed every year through a structured process, including formal performance evaluations. Focused development plans are implemented to allow career progression and retention of these individuals.

Training spend increased to R2,0 million from R1,6 million, with 2009 training interventions compared to 1379 interventions in FY2023. Most of our training initiatives are project focused, ensuring that employees can perform their duties safely and productively.

Diversity, equity and inclusion

In FY2024, we improved our representation at black senior management level from 20% in FY2023 to 37.5% in FY2024. Our middle management decreased from 61% FY2023 to 48% in FY2024, due to the completion of the Kusile project in December 2023. Our junior management increased from 83% in FY2023 to 85% in FY2024. Overall, our total percentage of black employees increased from 88% in FY2023 to 93% in FY2024, with female employees decreasing from 18% in FY2023 to 17% in FY2024. We will continue to focus on diversity, particularly for middle management positions.

STAKEHOLDER TRUST

Localisation

As much as possible, we utilise local SMEs and suppliers, and employ unskilled and semi-skilled people from our host communities, with a focus on women and youth. This supports good local relationships and is essential to the sustainability of long-term projects, ensuring that we not only provide value to our clients, but to our host communities as well.

The recruitment process is agreed with the host communities and facilitated by the client and an elected community liaison officer. Unskilled employees receive on-the-job training, many of whom become semi-skilled and more employable for future opportunities.

We continue to meet preferential procurement targets and have implemented several supplier development programmes.

Ethical business practices

Senior management and selected employees in specific roles receive regular training on ethical business practices. They are required to sign a declaration that confirms there was no unethical or anticompetitive conduct in the preparation of tenders. A whistle-blower hotline exists for employees to report any unethical behaviour, and independent forensic consultants thoroughly investigate all reported cases, any findings of which are actioned.

Stakeholder engagement

We recognise that the challenges OptiPower and the Group have faced over the last year has strained relationships with clients and suppliers. A priority for our senior management team will be to engage closely with major stakeholders to strengthen these relationships.

The Group's stakeholder engagement framework guides our relationships with clients, employees, the community and other stakeholders. The business is accountable for stakeholder inclusion in identifying, understanding, and responding to sustainability issues and concerns in our business environment.

Outlook

The business is supported by solid prospects although the order book at year end reflects only 43% of planned revenue secured for FY2025. The focus for the year ahead is the closing out of our existing projects, the profitable delivery of new projects and continuing to pursue opportunities in the renewable energy, as well as the significant transmission and distribution sectors. OptiPower is one of a select group of contractors certified to build high voltage overhead lines and through its track record it is well positioned to secure work as soon as Eskom starts awarding opportunities in the market. With the restructuring of the business behind us and accelerated activity in our target markets, we are optimistic about our prospects.