



# MURRAY & ROBERTS

Investor Presentations

HJ Laas

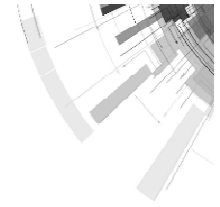
29 June 2015

ENGINEERED EXCELLENCE



## A NEW STRATEGIC FUTURE

The Group's 2020 vision is that of a diverse international engineering & construction group focused on the natural resource market segments



**A Group of world class companies and brands aligned to the same purpose and vision, and guided by the same set of values with a common owner, Murray & Roberts Holdings Ltd**

**Stop.Think.Act.24/7: Safety first in everything we do**

### Business Platforms

**Oil & Gas**

**Underground Mining**

**Power & Water**

**Infrastructure & Building**

### Murray & Roberts Values

- Integrity
- Respect
- Care
- Accountability
- Commitment

### Murray & Roberts Purpose

Delivery of infrastructure in a sustainable way to facilitate economic and social development

### Murray & Roberts Vision

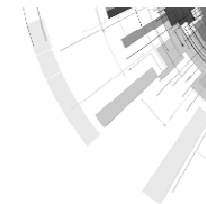
By 2020 the Group aims to be a leading diversified project engineering, procurement and construction group in selected natural resources sectors and supporting infrastructure

**PLATFORMS ARE NAMED AFTER PRIMARY MARKET SEGMENTS BUT ALSO UNDERTAKE WORK IN SELECTED COMPLIMENTARY MARKETS  
THE PREVIOUS ENERGY & INDUSTRIAL PLATFORM WAS RENAMED POWER & WATER**



## GROUP EXECUTIVE

### EXPERIENCED MANAGEMENT TEAM



**HENRY LAAS**  
BEng (Mining) MBA  
31 years in sector

#### GROUP CHIEF EXECUTIVE

Henry joined in 2001 and was appointed to the Board and as **Group chief executive** in July 2011.

**COBUS BESTER**  
BCom (Acc) Hons CA(SA)  
26 years in sector

#### GROUP FINANCIAL DIRECTOR

Cobus joined in 2006 and appointed to the Board as **Group financial director** in July 2011.

**KEVIN GALLAGHER**  
BEng (Mechanical) Hons,  
FIEAust  
25 years in the sector

#### OPERATIONS EXECUTIVE

Kevin joined the Group in 2011 and appointed to the executive committee on 11 December 2013. He is responsible for **the Oil & Gas operating platform**.

**ORRIE FENN**  
BSc (Hons) Eng MPhil Eng  
D Eng  
33 years in the sector

#### OPERATIONS EXECUTIVE

Orrie joined and was appointed to the executive committee in 2009. He is responsible for **the Underground Mining operating platform**.

**JEROME GOVENDER**  
BSc (QS) MSc MBA  
21 years in the sector

#### OPERATIONS EXECUTIVE

Jerome joined in 2002 and was appointed to the executive committee on 1 August 2012. He is responsible for **the Infrastructure & Building operating platform**.

**ANDREW SKUDDER**  
BSc PDM MBA  
14 years in the sector

#### SUSTAINABILITY EXECUTIVE

**IAN HENSTOCK**  
BCompt (Hons) CA(SA) HDip Tax Law MBA  
7 years in the sector

#### COMMERCIAL EXECUTIVE

**THOKOZANI MDLULI**  
BSc PBL MBL  
20 years in the sector

#### HEALTH, SAFETY & ENVIRONMENT EXECUTIVE



COBUS BESTER

ORRIE FENN

KEVIN GALLAGHER

JEROME GOVENDER

IAN HENSTOCK



HENRY LAAS

THOKOZANI MDLULI

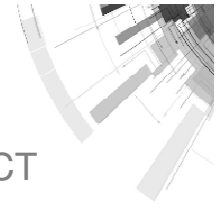
ANDREW SKUDDER

"Sector" is defined as the Engineering, Construction and Mining sectors.



## BUSINESS MODEL

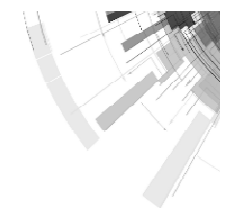
ENGINEERING AND CONSTRUCTION SERVICE OFFERING ACROSS PROJECT VALUE CHAIN IN SELECTED NATURAL RESOURCES MARKET SECTORS



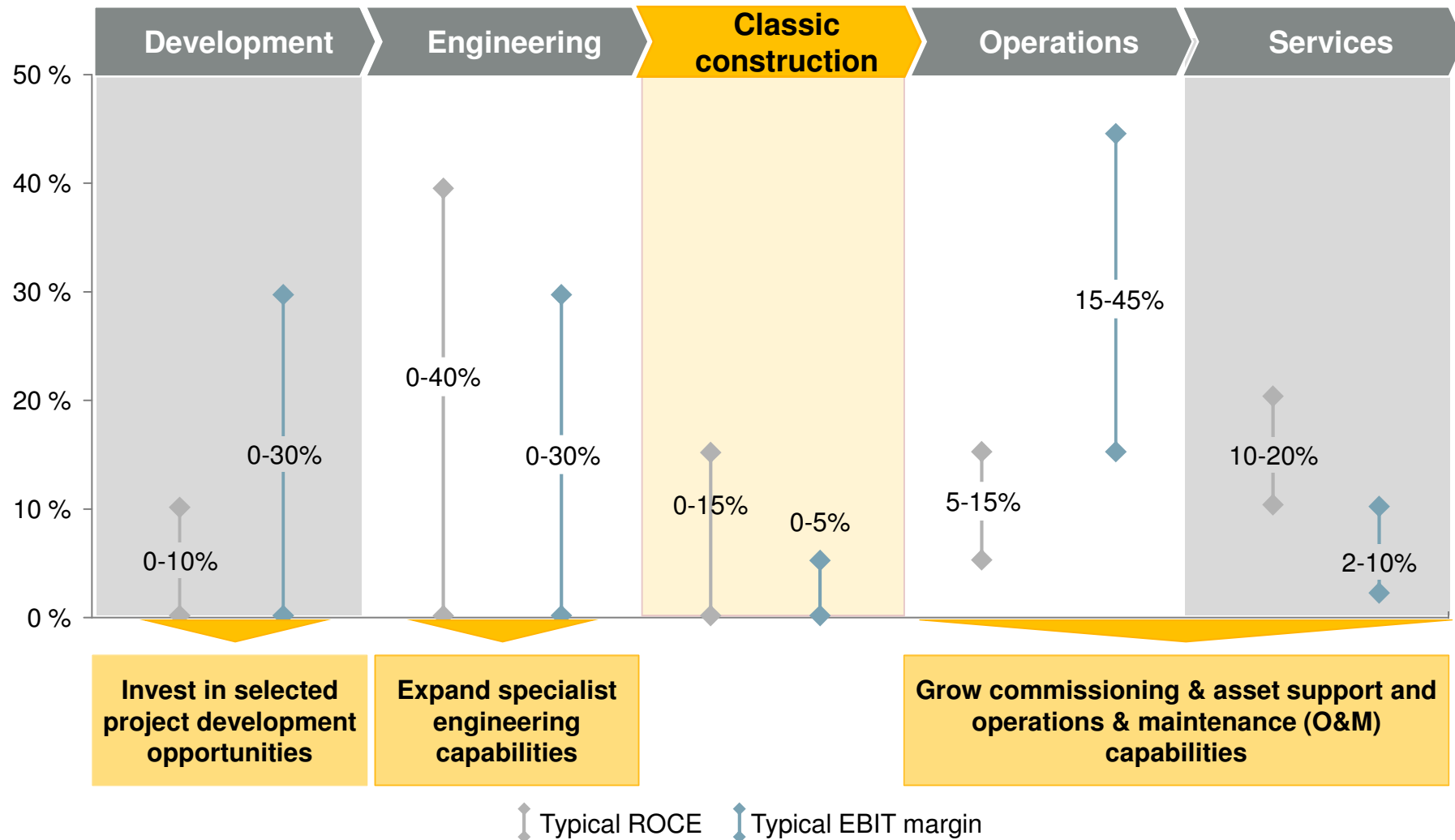
Platform	Capabilities	Geography	Project value chain
Oil & Gas	<ul style="list-style-type: none"><li>Detailed engineering</li><li>Procurement</li><li>Construction</li><li>Commissioning and maintenance</li></ul>	<ul style="list-style-type: none"><li>Australasia</li><li>Asia</li><li>Americas</li><li>EMEA</li></ul>	Design and Engineering / Technical Consulting
Underground Mining	<ul style="list-style-type: none"><li>Detailed engineering</li><li>Procurement</li><li>Construction</li><li>Commissioning and maintenance</li><li>Operations</li></ul>	<ul style="list-style-type: none"><li>Americas</li><li>Africa</li><li>Asia</li><li>Australia</li></ul>	Process EPC
Power & Water	<ul style="list-style-type: none"><li>Detailed engineering</li><li>Procurement</li><li>Construction</li><li>Commissioning and maintenance</li></ul>	<ul style="list-style-type: none"><li>Africa</li></ul>	Infrastructure Construction General
Infrastructure & Building	<ul style="list-style-type: none"><li>Detailed engineering</li><li>Procurement</li><li>Construction</li><li>Commissioning</li></ul>	<ul style="list-style-type: none"><li>Africa</li><li>Middle East</li></ul>	Service and Operations

# PROJECT VALUE CHAIN

IMPROVED RETURNS THROUGH BUSINESS MODEL DIVERSIFICATION  
INCREASE CONTRIBUTION OUTSIDE CLASSIC CONSTRUCTION



*Typical return and margin range per value chain segment*

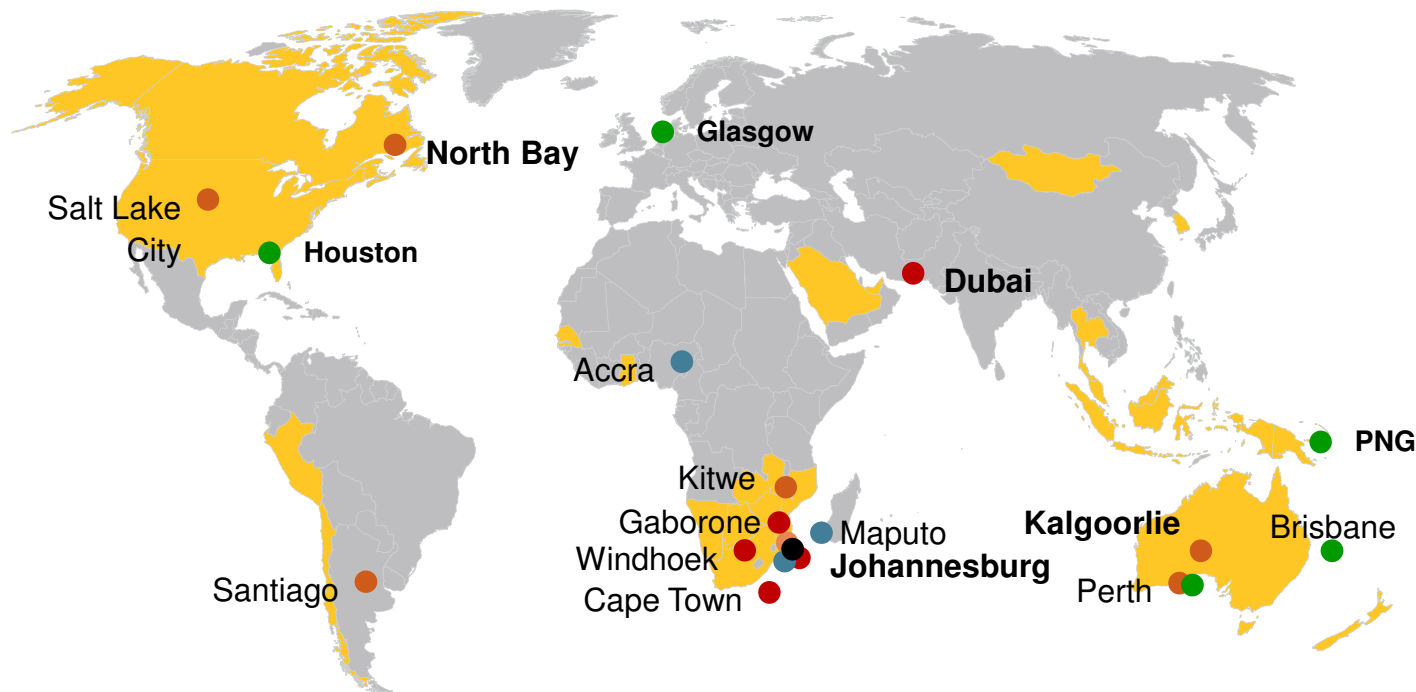
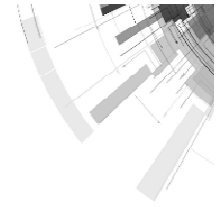


Source: Annual reports, Bloomberg, BCG



# GLOBAL REACH

INTERNATIONAL DIVERSIFICATION



## Offices

- Corporate
- Underground Mining
- Infrastructure & Building
- Oil & Gas
- Power & Water

 Murray & Roberts active projects

## International diversification approach:

➤ **Geographic positioning.**

**Permanent presence (offices) in regions with major opportunity in selected market segments**

➤ **Major clients.**

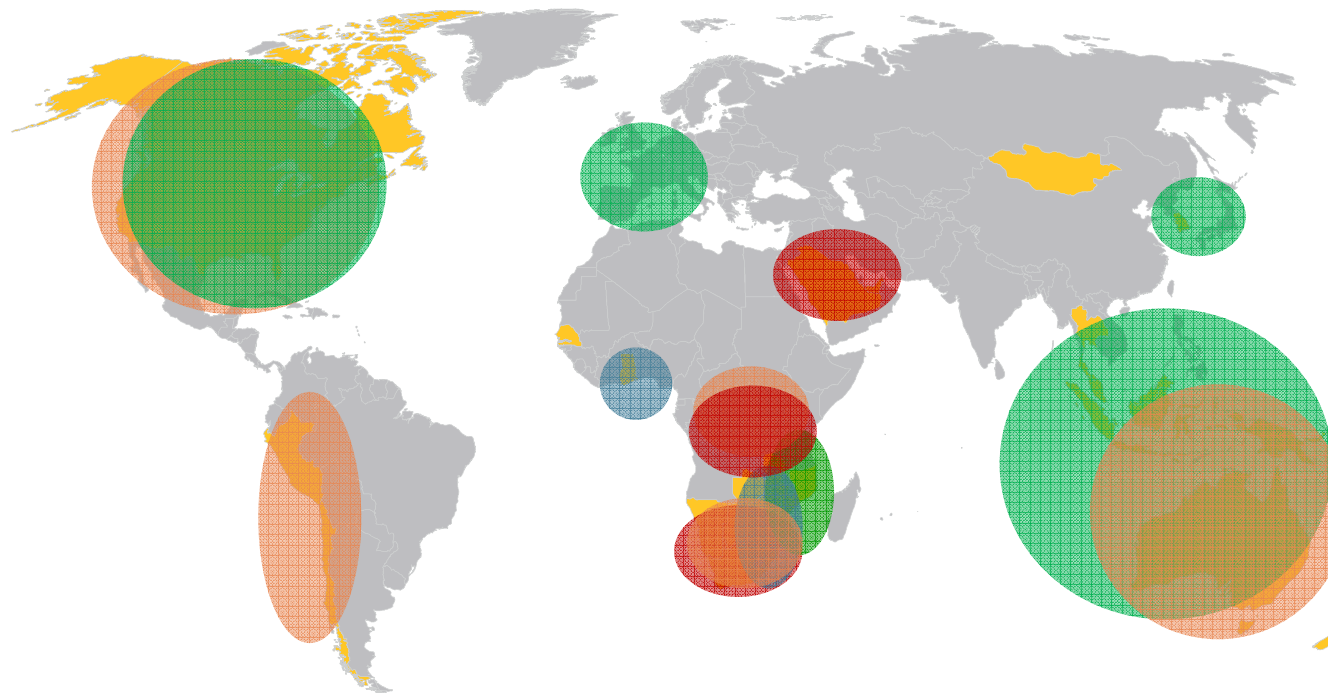
**Follow major clients on project-by-project basis into other regions**

**Globally employing more than 20 000 people**



# INTERNATIONAL FOCUS AREAS

POSITIONED FOR GROWTH IN TARGET GEOGRAPHIES



- Underground Mining
- Oil & Gas
- Infrastructure & Building
- Power & Water

## • Oil & Gas (International focus)

- Australasia commissioning over next 3 years followed by substantial O&M and brownfields opportunities (Accenture Australia LNG Readiness Report)
- Greenfield opportunities in PNG by FY17 and medium term in USA

## • Underground Mining (International focus)

- Growing opportunities from brownfields stay-in business capex
- Greenfield expansion from expected upturn in commodity cycle in the medium-term

## • Power & Water (Africa focus)

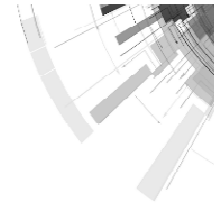
- Medupi & Kusile power station projects provide baseload
- Renewable sector opportunities. Ilanga solar in SA, financial close reached

## • Infrastructure & Building (Africa focus)

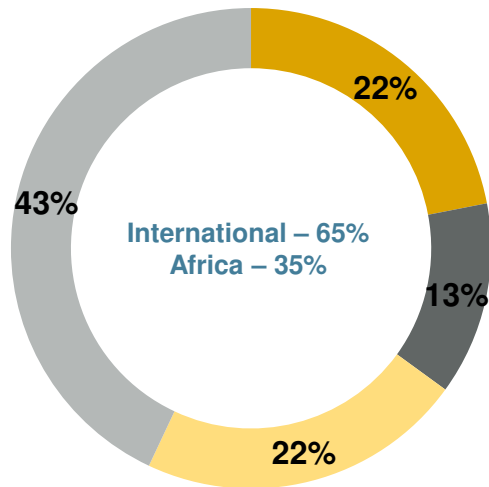
- Building opportunities in Africa with blue-chip SA financial institution
- Residential development opportunity in SA
- Anticipated SA public sector infrastructure spend

# PLATFORM CONTRIBUTION

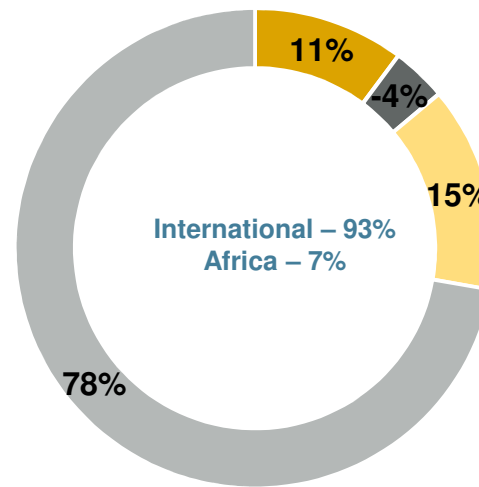
EARNINGS UNDERPINNED BY INTERNATIONAL PLATFORMS  
AS AT END-DECEMBER 14



**Revenue**



**EBIT (Before Corporate Cost)**



- Oil & Gas\*
- Underground Mining\*
- Power & Water
- Infrastructure & Building

- International platforms (Oil & Gas and Underground Mining) contribute 65% of revenue and 93% of EBIT (Before Corporate costs)
- Africa-focused platforms present growth potential from a low base as and when market becomes more favourable

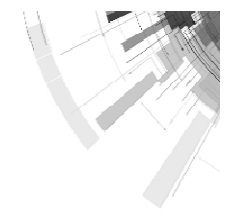
\* International





# A NEW STRATEGIC FUTURE

A LEADING DIVERSIFIED INTERNATIONAL PROJECT ENGINEERING,  
PROCUREMENT AND CONSTRUCTION GROUP BY 2020



## Strategic objectives

## Strategic priority

### Grow profitability and cash flows

- Resolve Gautrain and Dubai claims and Gautrain water ingress
- Enhanced EBT, free cash flow and ROICE performance

### Focus on international natural resource market sectors

- Grow gas (LNG), metals & minerals and power market presences
- Enter industrial water market sector

### Diversify business model into higher margin segments

- Expand specialist engineering capabilities into all project value chain segments to offer more complete project solutions to clients
- Grow commissioning, brownfields and O&M capabilities
- Invest in selected project development opportunities

### Deliver project and commercial management excellence

- Enhanced EPC and project management capabilities
- Entrench project, risk and commercial management best practice

### Enhance the safety, performance and diversity of our people

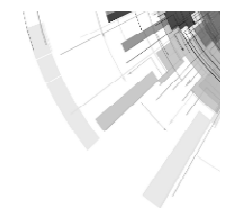
- Achieve industry leading HSE performance
- Enhance leadership capabilities and bench strength
- Improve employee relations and employee engagement

### Enhance shareholder value

- Reposition Murray & Roberts and its brand with all stakeholders
- Enhance market valuation and positioning
- Develop attractive dividend policy

# PREVAILING MARKET SECTOR DYNAMICS

## LONG TERM OUTLOOK SUPPORTS NATURAL RESOURCES FOCUS



### Oil & Gas

- Oil price is expected to recover from its current lows
- Growing Australasian LNG commissioning, operations & maintenance market. Clough has largest share of Australasian commissioning market
- 3 additional train LNG opportunity in PNG for O&G majors
- New geographies – strategic acquisitions CH-IV (USA) and Booth Welsh (Europe)
- Growth opportunities in the gas sector and the US / Africa expected to present major opportunity in LNG
- Growing energy demand in China and Europe expected to support investment in gas discoveries

### Underground Mining

- Commodity cycle upturn expected in the medium term
- Anticipated growth is reflected in a stronger order book largely from infrastructure replacement work
- Growing opportunities in USA, Canada and Africa and order book indicates promising early signs of market recovery
- Well positioned for major project opportunities: York Potash (UK), Oyu Tolgoi (Mongolia), Freeport scope growth (Indonesia)
- June 2015 secured R4.8bn manganese contract mining project in South Africa (Kalagadi)

### Power & Water

- Medupi & Kusile to provide baseload for the next 4 to 5 years, although declining year-on-year.
- Power sector is experiencing increased levels of private investment as government launches tenders for thermal generation IPPs
- South African nuclear capacity to be added to power mix by 2030
- Well positioned for significant opportunities in the renewable power sector – Ilanga solar opportunity reached financial close in March 2015 – mobilisation to site in FY16 H2
- Strategic acquisitions: Aquamarine (Water Treatment)

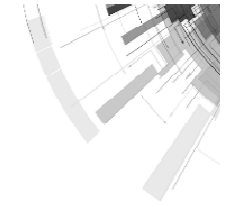
### Infrastructure & Building

- Co-developer of residential building opportunity with expected project value of about R1 billion
- Building opportunities in Africa with a South African blue chip financial services firm
- Need for new transport infrastructure with rail and port sectors as a key source of growth
- South African nuclear capacity to be added to power mix by 2030



# MURRAY & ROBERTS INVESTMENT CASE

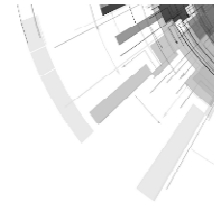
FOCUSING ON MAXIMISING SHAREHOLDER VALUE



- A focused international engineering and construction group
- Strong balance sheet post implementation of Recovery & Growth plan
- Clearly defined growth strategy and business model (A New Strategic Future)
- Murray & Roberts differentiator – natural resources market sectors and international diversification
- Growth opportunity from expected medium term recovery of resources cycle, through diversification of business model and international expansion
- Robust near orders (Infrastructure & Building and Underground Mining platforms) and project pipeline (all platforms) considering challenging market conditions
- Upside cash potential from claims resolution over the next two years (Gautrain and Dubai Airport)
- Analysts forecast upside to the current Murray & Roberts' share price, higher than local peers, supporting investment case



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29 June 2015

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