MURRAY & ROBERTS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1948/029826/06
JSE Share Code: MUR
ADR Code: MURZY
ISIN: ZAE000073441

("Group" or "Murray & Roberts" or "Company")

SEVENTY-SIXTH ANNUAL GENERAL MEETING, BUSINESS UPDATE, TRADING STATEMENT AND CAUTIONARY ANNOUNCEMENT

The Group released its FY2024 results on 11 September 2024 and annual integrated report on 30 September 2024. Full details of the Group's FY2024 results, and annual integrated report, have also been published on its website at www.murrob.com.

REFLECTION ON FINANCIAL YEAR 2024

The Group achieved an improvement in its financial performance in FY2024, which saw it transition from a net debt position at the start of the year to a net cash position at the end and reducing its attributable loss significantly from R3.18 billion in FY2023 to R138 million in FY2024.

Revenue and earnings before interest and tax from continuing operations increased, despite the South African operations being severely impacted by liquidity constraints, which resulted in delays in procurement and project progress, especially at OptiPower's projects in the renewable energy sector.

Despite these headwinds, the Group's order book expanded, reflecting operational quality and client trust in the Group's core service offering.

RIGHTSIZING THE GROUP'S COST AND MANAGEMENT STRUCTURES

Following the loss of Clough and RUC in Australia in December 2022, which were both strong cash contributors, the Group's highly geared balance sheet and high cost structures in South Africa, relative to the reduced size of the Group, required urgent attention.

Murray & Roberts was required to navigate extreme liquidity constraints in its South African operations, and considerable effort went into rightsizing its cost structures. The Group's operating model and management structure was redesigned, and overhead costs were appropriately reduced across the Company, including in the corporate office.

The business platform operating model was discontinued as it was no longer appropriate in a truncated Group, thereby removing a layer of executive management and associated costs. The redesigned structure incorporates four operating companies, each under the leadership of a managing director reporting directly to the Group CEO. The four managing directors are also members of the Group's executive committee.

Besides the direct cost savings from its rightsizing, the Group entered into a new lease agreement for its office in Johannesburg, with effect from September 2024. The Company now occupies only 50% of the floor space previously rented, which has given rise to a 33% saving in the annual lease cost.

IMPLEMENTATION OF THE GROUP'S DELEVERAGING PLAN

The board of directors of the Company ("the Board") agreed to a deleveraging plan with the Group's consortium of South African banks ("Banking Consortium"), which entailed several measures to repay the debt due to the Banking Consortium, which peaked at approximately R2 billion in April 2023.

Through the implementation of the deleveraging plan, debt with the Banking Consortium reduced to R409 million as at 30 June 2024.

As reported on SENS on 30 August 2024, the Board reached an agreement with its Banking Consortium with regard to the remaining R409 million debt, which provides for the remaining quantum to be repaid by 31 January 2026.

The Board has further resolved to commence a process of disposing of non-core assets to meet the Group's obligations to its Banking Consortium and restore liquidity to the Group. If required, shareholder approval for asset sales will be sought at the appropriate time.

BUSINESS UPDATE

Efforts are continuing to refinance the Group's debt with the Banking Consortium and to raise a working capital facility for its South African businesses. In the absence of a working capital facility, the Group continues to experience liquidity constraints, which are having an impact on its operations, giving rise to unnecessary and substantial losses, especially in OptiPower, as a result of delays in procurement and project progress. The Group is in discussion with financial institutions regarding a working capital facility, to mitigate the continuing impact of the lack of liquidity on its operations.

The Group's mining business in the Americas had a slow start to the new financial year, mainly due to a later than expected and slow ramp-up of new work in Mexico and the USA.

This business, in joint-venture with Cementation APAC, a new company that was established in Australia to extend the Group's mining services to the Asia-Pacific region, is actively bidding for projects in Indonesia, and if successful, is expected to commence work during the final quarter of the current financial year.

The Group’s mining business in South Africa, Murray & Roberts Cementation, has for more than a decade been working with De Beers on its Venetia project. Recently, De Beers informed the Group that it is reviewing its operational plans at Venetia Mine, and that a significant portion of the works under Murray & Roberts Cementation’s contract will imminently be descoped.

Negotiations in this regard are underway and the impact on the Group’s financial results for FY2025 are yet to be determined. This impact will be material considering that the contract represented more than 50 percent of Murray & Roberts Cementation’s business in South Africa.

TRADING STATEMENT AND CAUTIONARY ANNOUNCEMENT

In terms of the Listings Requirements of the JSE Limited ("JSE"), companies are required to publish a trading statement as soon as they are reasonably certain that the financial results for the period to be reported on will differ by more than 20% from that of the previous corresponding period.

Accordingly, shareholders are advised that consolidated earnings per share and headline earnings per share for the six-month period ending 31 December 2024 is expected to decrease by at least 20% over the prior corresponding period, as a result of the information set out in the Business Update paragraph above. The Company is not yet able to provide a range, but shareholders will be kept informed in this regard as soon as the reasonable certainty exists in order to provide a further update.

Shareholders are accordingly advised to exercise caution when dealing in the Company's securities until a further announcement in this regard is made.

PROSPECTS

The Group has significantly reduced its debt with the Banking Consortium and has been conducting its business in South Africa with constrained working capital facilities for an extended period, which is unsustainable. It is important for the Group to find a solution for its constrained liquidity position, and negotiations in this regard are progressing.

Considering the losses in OptiPower, and the descoping of the Venetia contract, the Group is guiding that its financial results for FY2025 is expected to be at least 20% down on that of the prior year. There is, however, sufficient opportunity in the global mining sector for the Group’s core mining businesses to do well into the future.

The Group is positioned for substantial new work in relation to the copper mines in Zambia, which could replace part of the lost Venetia contract revenue, but the timing of this work is such that it will not have much of an impact on the FY2025 financial results.

The information contained in this announcement has not been reviewed or reported on by the Company’s external auditors.

Bedfordview
5 November 2024

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