

WILSON BAYLY HOLMES - OVCON LIMITED
Building and civil engineering contractors
(Registration no. 1982/011014/06)
ISIN No: ZAE 000009932
Share code: WBO
("WBHO", "the Group" or "the Company")

TRADING STATEMENT IN RESPECT OF THE YEAR ENDED 30 JUNE 2021

Impact of Covid-19

It is well known that governments around the world continue to legislate measures to contain further outbreaks of the Covid-19 pandemic. Due to the Group's geographic diversity, these measures have affected operations within each country to varying degrees and severity at different times during the reporting period under review.

Although Covid-19 continued to exert some influence, particularly with regard to procurement of new work, the operational performance of the Group improved significantly over the course of the reporting period.

Building and civil engineering

Revenue and operating profit for the reporting period to 30 June 2021 are expected to be at least 20% and 125% up respectively in comparison to the prior period.

Roads and earthworks

Revenue is expected to be at least 5% up and operating profit at least 25% up in relation to the comparative period.

Australia

Revenue is expected to decrease by 23% over the comparative period, however the operating loss will likely decrease by at least 65% over the comparative period as no further costs have been provided for on the WRU project since the interim reporting period. Although physical completion has been obtained on the WRU project, the team has encountered additional delays in achieving commercial acceptance. A "cure plan" has been agreed with the client that allows for the outstanding items to be completed by 30 September 2021. Further difficulties have been encountered in the completion of 443 Queen Street and further costs to complete the project have been raised in the six months period to 30 June 2021. The business has also adopted a pragmatic view on the value attainable from claims and variations not yet agreed with the particular clients on two infrastructure projects in the Western region.

United Kingdom

Covid-19 has negatively impacted new work procurement in the region resulting in revenue and profit for the period to 30 June 2021 to likely decrease by at least 15% and 15% respectively over the comparative period.

Construction materials

Revenue is expected to be at least 60% up as the business has returned to profitability in the current period, delivering a strong second six months to 30 June 2021.

Liquidity

WBHO has maintained its strong financial position with R5.6 billion in cash reserves at 30 June 2021. The Group has appropriate processes and systems in place to provide the necessary information to proactively manage cash and liquidity. During the current period the Group has successfully managed the negative cash flow effects from Covid-19 and the onerous contracts in Australia and has adequate cash reserves to manage its liquidity position.

Liquidity in each region has been forecast to the end of June 2022. Cash generated from the UK and African regions is anticipated to remain strong although the Australian operations will likely require further funding to support liquidity levels due to the cash settlement of the provisions previously raised to complete the onerous contracts.

Order book at 30 June 2021

R'm	June 2021	December 2020	June 2020
Building and civil engineering	8 558	7 079	5 858
Roads and earthworks	4 312	4 656	4 523
Australia	12 318	19 866	19 573
United Kingdom	2 699	4 177	5 407
Total	27 888	35 777	35 361

Order book at 30 June 2021 in respect of Australia and United Kingdom in foreign currency

'm	June 2021	December 2020	June 2020
Australia (AU\$)	1 143	1 764	1 702
United Kingdom (£)	136	209	261

The Group has been awarded R2,8 billion of new work subsequent to 30 June 2021, R1,7 billion awarded in the UK, R0,6 billion in the Roads and earthworks division and R0,5 billion in the Building and civil engineering division.

Trading statement

In terms of the JSE Limited Listing Requirements (“Listing Requirements”), companies are obligated to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon next will differ by at least 20% from the financial results for the previous corresponding reporting period.

Shareholders are accordingly advised that the Company’s earnings per share and headline earnings per share are expected to improve to earnings of 562 cents and 600 cents respectively, for the year ended 30 June 2021 compared to a loss of 937 cents and a loss of 923 cents respectively for the year ended 30 June 2020.

The financial information on which this trading statement is based, has not been reviewed or reported on the by the Company’s external auditors.

The results for the year ended 30 June 2021 are expected to be announced on SENS on 31 August 2021.

By order of the board

Johannesburg

18 August 2021

Sponsor: Investec Bank Limited