



WILSON BAYLY HOLMES - OVCON LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1982/011014/06)
JSE and A2X Code: WBO
ISIN: ZAE000009932
("WBHO", "the Group" or "the Company")

BUSINESS UPDATE AND TRADING STATEMENT IN RESPECT OF THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

The Group

The high order book levels secured in Africa over the course of the previous reporting period translated into increased activity across all divisions over the six-month period to 31 December 2023. Despite the elevated level of work executed over the period, the African order book has also been sustained. The Group's businesses in the United Kingdom (UK) demonstrated an improved performance, however the impact of persistent economic factors continues to hamper work procurement within certain sectors. The Group's total operating profit is expected to increase by between 25% and 35%.

Building and civil engineering

The division's revenue is expected to increase by at least 15% while operating profit for the reporting period to 31 December 2023 is expected to increase by at least 5%.

Roads and earthworks

Following strong work procurement in FY2023 which contributed toward elevated order book levels at 30 June 2023, revenue from the Roads and earthworks division is expected to increase by at least 50% over the comparative reporting period. Operating profit is anticipated to increase by at least 60%.

United Kingdom (UK)

New work procurement continues to be challenging in the UK. The impact of inflation on the cost of construction together with the higher cost of financing is affecting the feasibilities of new developments. The UK operations continue to adopt a bidding strategy of securing the right types of projects. A marginal decline in activity from the Byrne Group is expected to be offset by growth within Russell-WBHO which managed to convert two pre-construction agreements into contract. Revenue from the UK operations is expected to grow by between 15% and 20% while operating profit for the period is expected to grow by at least 40% over the comparative period.

Construction materials and property developments

Operating profit is expected to be in line with the prior period.

Finance income, Finance costs and share of profits from associates

Higher interest rates have supported finance income which is expected to increase by at least 65%. Finance costs will likely increase by approximately 65% as a consequence of increased asset-based finance requirements. The share of profits from associates and joint ventures is expected to decrease by at least 60% as a result of the once-off effect of the refinancing of the Gigawatt Power Station in Mozambique in the prior reporting period.

Liquidity

The Group continues to improve its financial position with strong profitability and healthy cash generation. Cash reserves were maintained in excess of R3 billion at 31 December 2023 despite reducing the external debt obtained from Standard Bank in support of the Group's obligations in Australia.

Order book at 31 December 2023

Rm	December 2023	June 2023	December 2022
Building and civil engineering	13 119	12 947	11 744
Roads and earthworks	14 125	14 789	9 682
United Kingdom	5 069	4 815	5 080
Total	32 313	32 551	26 506



Australia

The loss from discontinued operations is expected to decrease by at least 90%. The Group continues to incur limited legal costs in pursuit of the spuriously called guarantees we believe have a likelihood of success in recovering. As previously reported, the administration period of the Deed of Company Arrangement has been extended to ensure creditors that might have access to the Australian companies' insurance policies are not adversely affected by the closure of those businesses. The ongoing monitoring of this process will also result in minor administration costs being incurred by the Group.

Trading statement

In terms of the JSE Listing Requirements, companies are obliged 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 will differ by at least 20% from the financial results of the previous corresponding reporting period.

Shareholders are advised that the Group expects to report an increase in earnings per share from continuing operations of between 5% and 15% amounting to a range of between 870 cents and 953 cents per share for the period ended 31 December 2023, compared to 829 cents per share in the prior reporting period. Headline earnings per share from continuing operations are also expected to increase by between 5% and 15% amounting to a range of between 860 cents and 942 cents per share compared to 819 cents per share for the period ended 31 December 2022.

The Group expects to report an increase in total operations earnings per share of between 35% and 45% for the period ended 31 December 2023 amounting to a range of between 864 cents and 928 cents per share compared to 640 cents per share in the comparative period. Total operations headline earnings per share is also expected to increase by between 35% and 45% amounting to a range of between 851 cents and 914 cents per share compared to 630 cents per share in the comparative period.

The financial information on which this trading statement is based has not been reviewed or reported on by the Group's external auditors. The results for the period ending 31 December 2023 are expected to be announced on SENS on 5 March 2024.

By order of the board

Johannesburg

20 February 2024

Sponsor: Investec Bank Limited