

# Murray & Roberts aims to seal deal with US firm

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Murray & Roberts expects to finalise the acquisition of a US oil and gas engineering and construction firm within the next four months, according to group CE Henry Laas.



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"We are in an advanced stage of negotiations," Laas said on Wednesday, 28 February. "We think we can do a deal before the end of June if all goes well".

The deal would not be "material" as the group was steering clear of large acquisitions in the US owing to inflated valuations.

"But we don't need to buy a big business to establish ourselves in that market. What we really need is a company with a good track record, an established client base and a reasonable order book that we can acquire and grow," Laas said.

In the six months to December, Murray & Roberts's cash reserves, net of debt, rose 18% to R1.3bn.

"Acquisitions for us are important, and the one in the US will impact the cash position in the second half of the year," as would the unwinding of a few oil and gas projects.

The group was also looking at other takeover opportunities although Laas said that "it is early days".

Revenue from continuing operations rose 10% to R11.8bn in the interim period, while diluted headline earnings per share from continuing operations more than doubled to 55c.

Higher profit came from a strong performance by the underground mining business and significantly reduced losses in the Middle East, where the group is withdrawing from.

The group's order book for continuing operations declined 10% to R22.1bn.

While the mining business had a strong pipeline of orders, there was a lack of work in the oil and gas and the power and water sectors, Laas said.

"I expect that the oil and gas business will have another tough 12 to 18 months post year-end, but there are early signs of investment returning."

In power and water, there were no sizeable projects to replace the Medupi and Kusile power station projects.

But Laas said the overall increase in the number of tenders submitted, feasibility studies and project estimates gave the firm "a bit of optimism that better times are waiting for us".

*Source: Business Day*

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