Macquarie Annual Australia Conference

Nick Bowen – Chief Executive Officer

6 May 2011

MACMAHON

Business overview

- Founded in 1963 - listed on the ASX in 1983
- Employs 3,500 people
- The Company operates two key businesses – Mining and Construction
- Operations throughout Australia, New Zealand, South East Asia and Africa
- Blue-chip client base includes BHP Billiton, Rio Tinto, Newmont, AngloGold Ashanti, Peabody, Lafarge and Federal and State Governments of Australia

Mining

Provides total ‘pit to port’ mining solutions to mine owners.

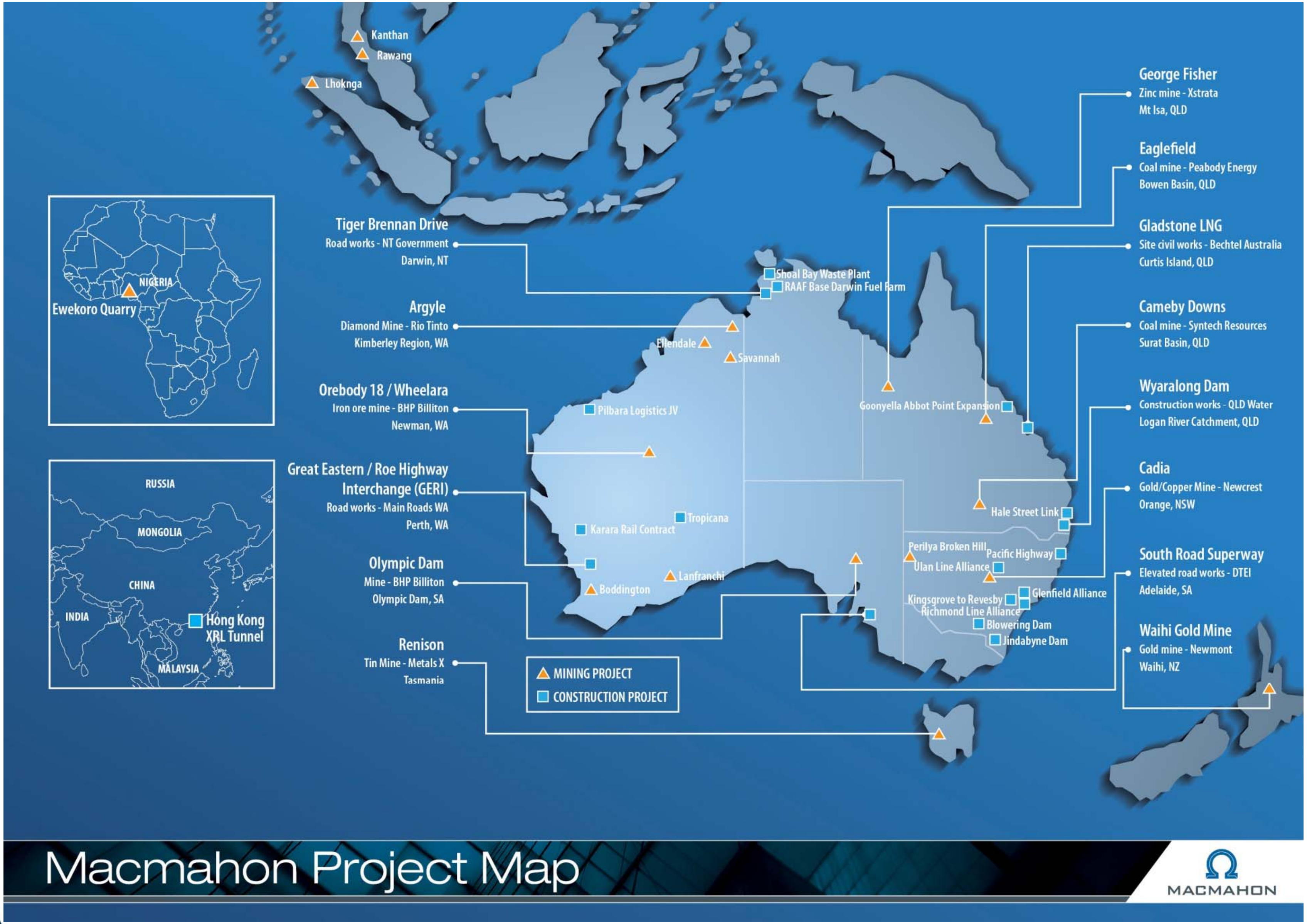
- Surface Mining
- Underground Mining
- Plant & Maintenance Services
- Mining Services – crushing, raise drilling, shotcreting, electrical, structural

Construction

Provide complete construction services for:

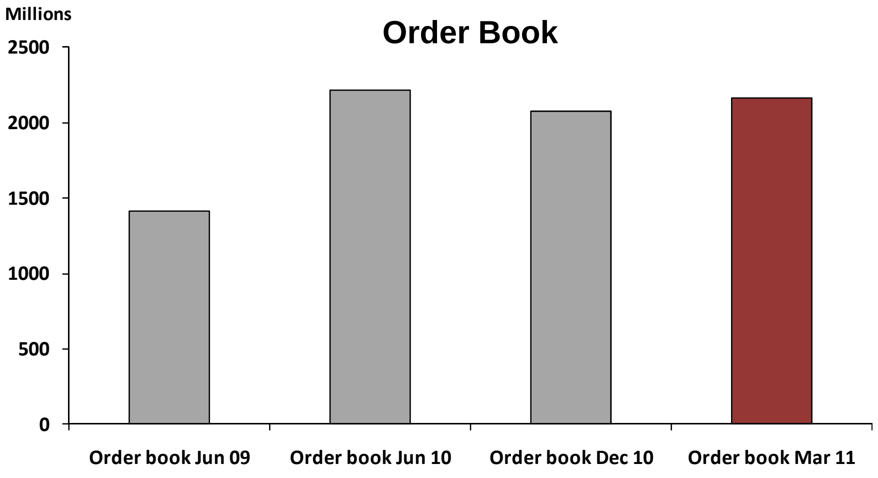
- Road
- Rail
- Marine Infrastructure
- Water Infrastructure
- Resource Infrastructure

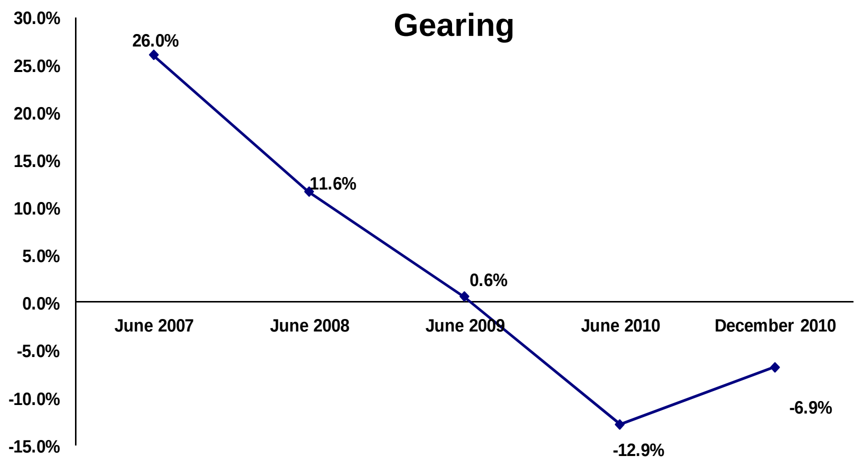
Major Projects



Financial overview

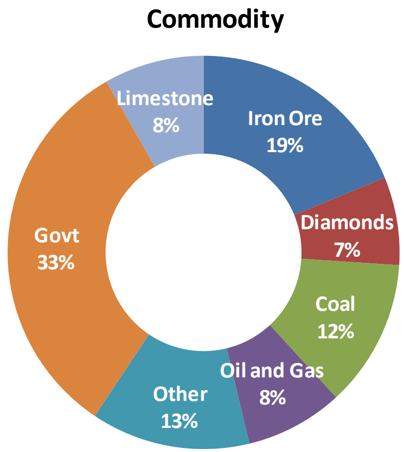
- Turnover for FY11 approximately $1.3 billion
- Gearing – focused reduction over last few years (surplus cash over debt of $21 million) as at 31 December 2010
- Funds available to deliver growth
- Full year FY11 profit result expected to be breakeven
  - First half result significantly impacted by RGP5 Rail North contract ($34m after tax)
  - Weather impacts have totalled $6 million after tax for the year
  - Second half financial performance is on track with earnings guidance
- FY11 breakeven result does not include any potential RGP5 Rail North claims settlement
- Order book of $2.2 billion*

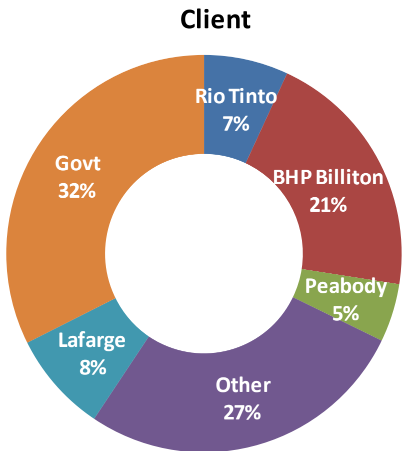


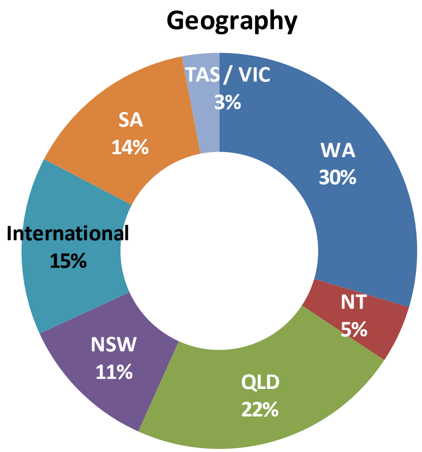


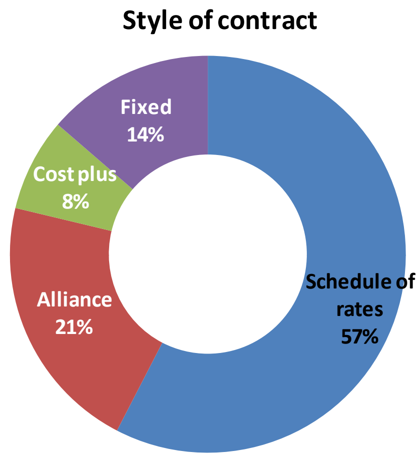
* - As at 31 March 2011

Order book diversity





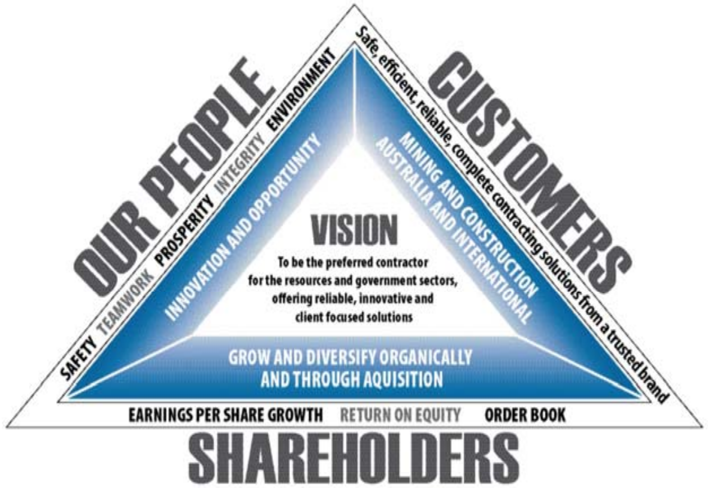




Order book comprised of:

- Strong blue-chip client base
- Geographical and commodity diversity
- High percentage of schedule of rates and alliance style contracts

Our strategy



Shareholders: Deliver sustainable, sector-leading returns

Our People: Provide diverse and exciting career opportunities that inspire, motivate and drive success – in a safe work environment

Customers: Offer a differentiated service that delivers what is promised

Focus Areas:

Working Safely

- Safety of our workforce is paramount
- Maintaining industry leading safety outcomes is our licence to operate

Winning Work

- Mining
  - Grow domestic business through iron ore, coal, base and precious metals sectors
  - Grow international business in Asia and Africa
  - Capitalise on end-to-end mine service offering
- Construction
  - Consolidate business in Government and Resource sectors
  - Selective and targeted clients /contract styles

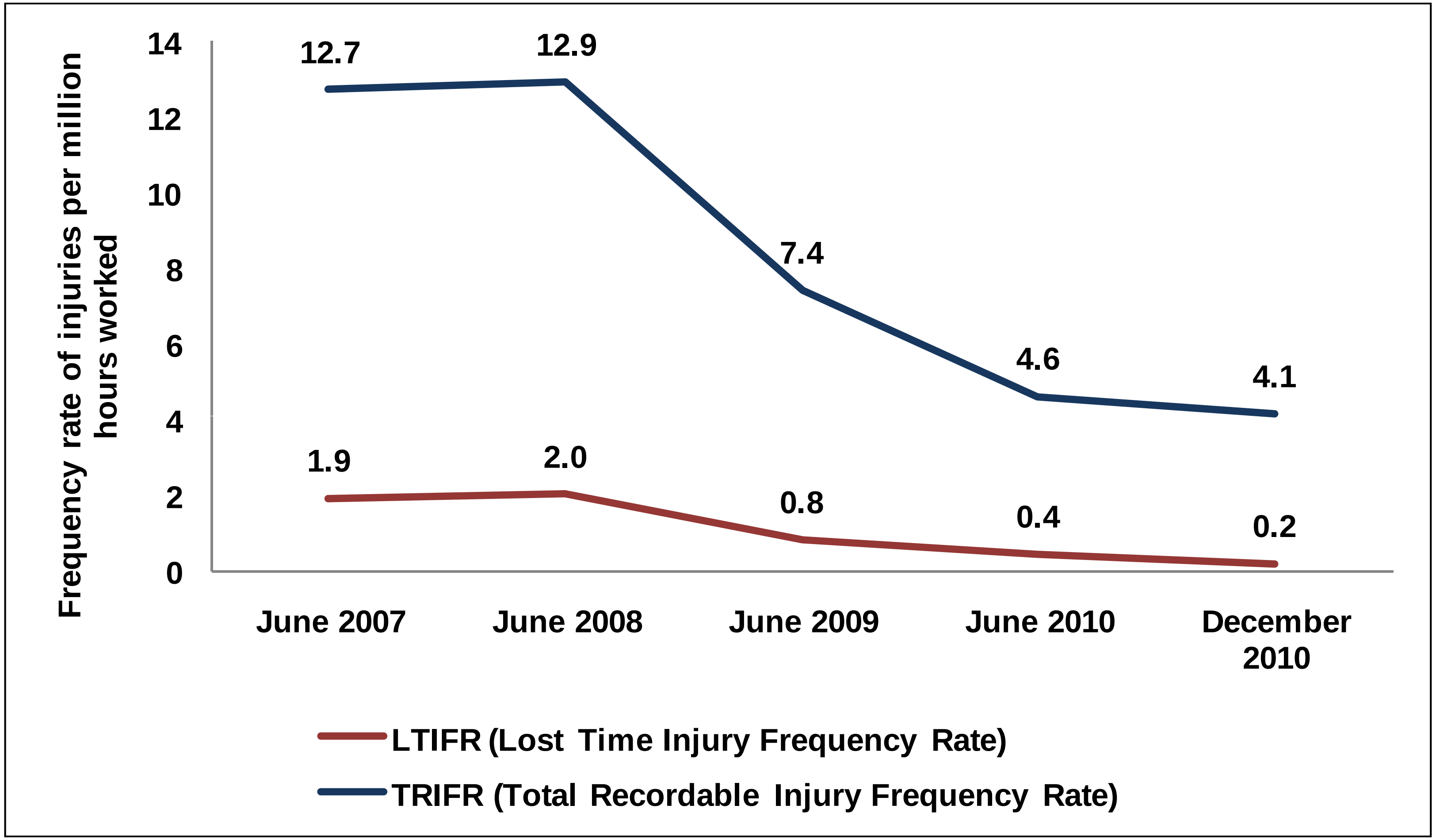
Making Profit

- Reduce cost and increase scale of operations
- Improve equipment utilisation and returns on capital at mining operations
- Target higher margin opportunities
- Strengthen commercial management of contracts

Working Safely

Safety Performance

- Macmahon sets the standard with industry leading safety performance
- Safety record a key differentiator with clients
- Safety programmes in place to ensure vigilance and to further improve performance



Winning Work

Winning work

MACMAHON

- Outlook for mining and construction sectors is strong
- Opportunities for growth appearing across all sectors domestically
- Higher margin opportunities being targeted
- Plans in place to ensure the company can access critical resources to grow
- Successful in winning $350 million of work since 31 December 2010
- Preferred tenderer on a further $1.5 billion of work
- Order book expected to reach a record $3 billion by 30 June 2011

Mining outlook

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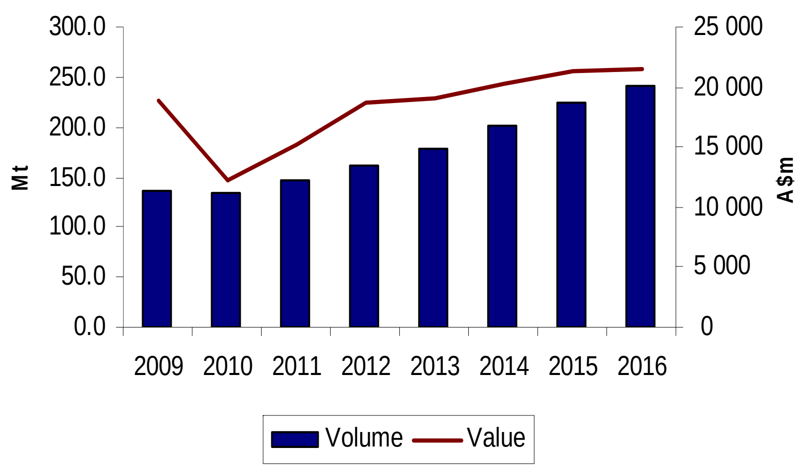
Market conditions

- Demand from Asia strong – prices for key commodities remain elevated
- Substantial opportunities in iron ore, coal and metals
- Consistent pipeline of work in the underground market
- International providing growth opportunities
- Availability of people and equipment remain the key impediments to growth

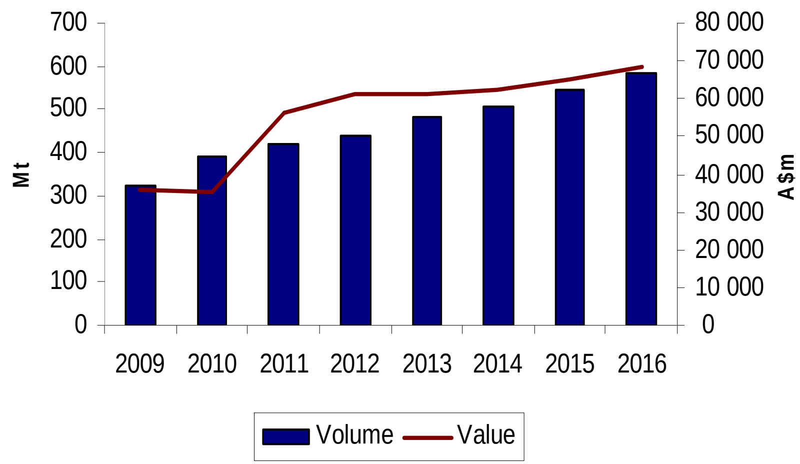
Outlook for the business

- Strong current order book
- Anticipate ongoing growth in Australia and overseas
- Tendering activities remain high, with a substantial pipeline of work available
- Increasing surface mining returns through improved equipment utilisation
- Underground equipment now fully utilised with recent underground work won – focus on improving margins

Coal exports by volume and value



Iron ore exports by volume and value



Source: Abare, March 2011 quarter update

Construction outlook

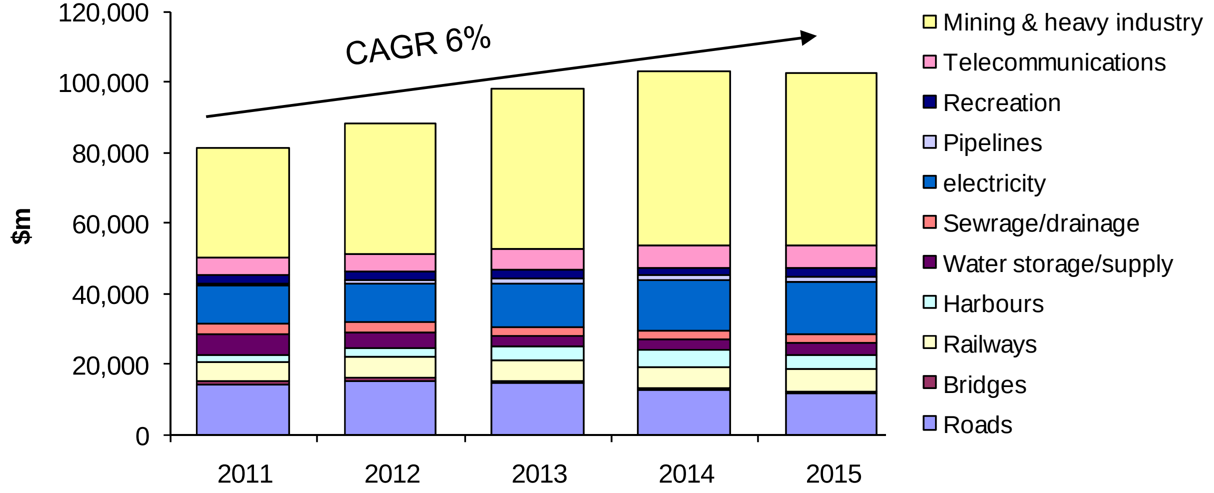
Market conditions

- Resources expansion plans driving pipeline of construction work
- Mining related construction is forecast to almost double over the next 4 yrs to $57bn
- Resource clients looking at long term alliances to lock in available capability
- Continued government infrastructure spending forecast on road and rail
- Tendering activity is high with an improved pipeline of work
- Availability of people and equipment remain the key impediments to growth

Outlook

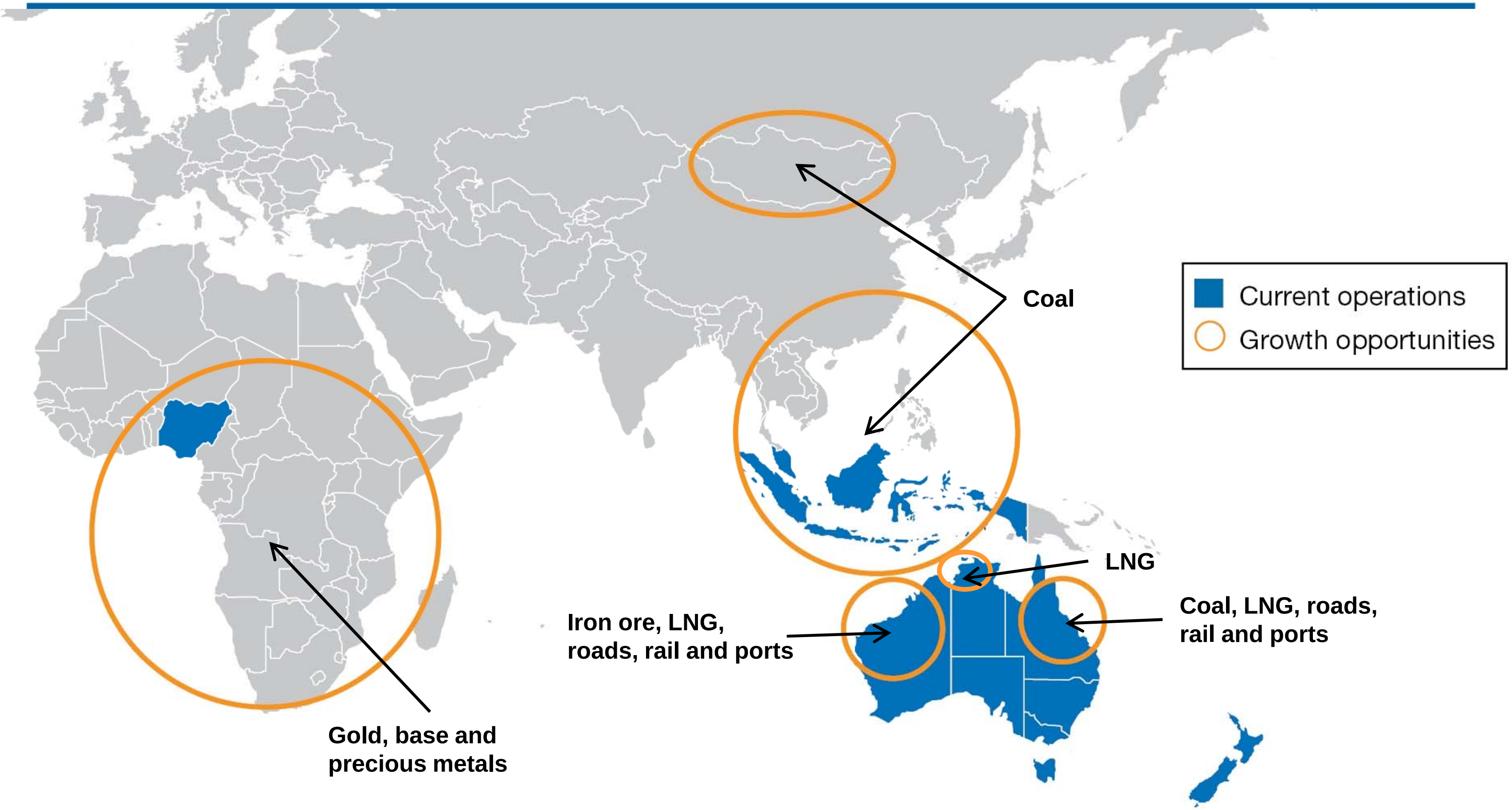
- Focus on improving profit and delivering consistent returns
- Implement findings of the business review
- Massive opportunities in WA and Qld in iron ore, coal and LNG
- Order book growth – focus on margins

Value of Engineering construction



Source: BIS Shrapnel, Engineering Construction in Australia, 2011

Growth opportunities



- Tendering work across Australia and overseas
- Ensuring work undertaken is appropriate to risk appetite
- Targeting higher margin work

$350m in contract wins since 31 December

Key wins:

- Curtis Island civil subcontract, Bechtel Australia Pty Ltd, Queensland, $150+ million
- Underground project wins, $100 million
  - Olympic Dam extension, BHP Billiton, South Australia
  - Cadia Valley, mine development works, Newcrest, New South Wales
  - George Fisher mine, development of two new mine shafts, Xstrata, Queensland
- Copeton Dam upgrade, State Water Corporation, NSW, $32 million

In addition:

- Preferred tenderer on $1.5 billion of new work
  - Tropicana gold project
  - Indonesian coal mining contract
  - Underground contracts
  - Resource infrastructure construction work

Construction Business – Curtis Island

- Awarded $150+ million Gladstone LNG (GLNG) civil works subcontract
- GLNG is a US$16 billion, 7.8 mtpa LNG project between Santos, PETRONAS, Total and KOGAS
- Works include clearing, bulk earthworks, pavements, roads and drainage for a 144 hectare greenfield site on the south-west side of Curtis Island
- Signifies our return to the rapidly growing LNG sector
- Adds further depth and diversity to the Construction order book

GLNG Plant schematic, Curtis Island, Qld – GLNG image

Mining Business – Preferred at Tropicana

- Preferred on ten year surface mining contract for the Tropicana Gold Project (TGP)
- TGP is located 330 kilometres east-north-east of Kalgoorlie on the edge of Western Australia's Great Victoria Desert
- Joint venture between AngloGold Ashanti Australia Ltd (70%) and Independence Group NL (30%)
- TGP is the most significant gold discovery in Australia for more than a decade and based on the current resource is expected to produce 3.45 million ounces of gold over a 10 year mine life
- Contract activities include mine planning, drill and blast, load and haul, crusher feed and other associated works
- Work scheduled to commence at the beginning of FY13

Test drilling at the Tropicana site – AngloGold Ashanti image

Indonesian Coal Opportunities

- Mature coal market close to Australia
- Opportunities with blue-chip clients
- Access to large and trained resource base
- Preferred tenderer on a coal project
- Utilise rental fleet to minimise capex
- Award expected before 30 June with December 2011 start-up

Coal Mine, Kalimantan, Indonesia

Opportunities

Indonesia coal industry:
Production: forecast 260-270 million tonnes in 2011
Exports: 200+ million tonnes 2nd largest coal exporter (behind Australia)
Recoverable Reserves: 5.5 billion tonnes*
Maturity: Industry has been developed for over 25 years

*Source of reserves data: World Energy Council, 2010

Accessing Critical Resources

INITIATIVE

PLANS & ACTIONS

- People

- Strategies to retain key talent
- Indigenous training, apprenticeships, graduate programs to grow domestic labour market
- Geographical spread provides access to a larger talent pool
- Target “local” labour internationally

- Equipment

- Current surplus surface mining equipment positions the company strongly in the short term
- Leverage our workshop rebuild capability to lengthen the life of used fleet
- Strategic alliances with equipment suppliers

Making Profit

Profit Performance

- Overall FY11 profit performance unacceptable
- Underlying profit performance, excluding RGP5 North and weather impacts, has been sound
- Focus for FY12 is to dramatically improve Group profitability and shareholder returns by:
    - Improving margins
    - Strengthening contract commercial management

Margin Improvement

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INITIATIVE	PLANS
• Efficient and effective cost and management structure	• Strengthening of the executive team • Organisational restructure to reduce duplication • Continuous improvement program
• Improve return on capital	• Increase equipment utilisation • More stringent capital allocation
• Target higher margin opportunities	• More selective in projects/clients • High margin opportunities pursued
• Apply learnings from Construction review	• Increase level of front-end risk management • More selective in contract style • Improve commercial management • Management restructure

Summary

- Order book expected to be at a record $3 billion+ at 30 June 2011
  - Equates to approximately $1.3 billion in revenue being secured for FY12 (at 30 June 2011)
- Business is now well positioned to deliver this growth – funding, equipment and people
- Business focused on:
  - Safety
  - Winning work
  - Delivering sustainable profit growth and returns to shareholders
- For the full year the Group maintains its guidance of revenue of around $1.3 billion and a breakeven result – with potential upside from RGP 5
- Medium term outlook positive - strong tendering activity across both Mining and Construction businesses

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Income statement

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$ millions	Dec 10	Dec 09	Change %
Revenue	**601.0**	**656.3**	**(8%)**
EBIT – before significant item	**31.4**	**33.4**	**(6%)**
Interest	(5.8)	(3.1)	(87%)
Profit before tax – before significant item	25.6	30.3	(16%)
Significant item – write down of RGP5 Rail North contract	(48.9)	-	
(Loss)/profit before tax	**(23.3)**	**30.3**	**(177%)**
Tax benefit/(expense)	7.0	(8.3)	
Minorities	3.1	(0.5)	
Net (loss)/profit after tax & minorities	**(13.2)**	**21.5**	**(161%)**
PBT margin – before significant item %	4.3	4.6	
Earnings per share (cents)	(1.8)	2.9	
Dividends per share (cents)	0.0	1.5	

Balance sheet

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	Dec 10	Dec 09	Change %
Current assets	**264.4**	**236.1**	**12%**
Non current assets	349.0	333.9	5%
Total assets	**613.4**	**570.0**	**8%**
Net assets	308.9	332.3	(7%)
Net debt	(21.2)	(27.5)	(23%)
Current ratio*	0.9	1.4	

* Note – Non-current loans have been reclassified as current as a result of the variation to a banking covenant as required under accounting standards

Cash flow

$ millions	Dec 10	Dec 09	Change %
Operating cash flow	**37.2**	**60.6**	**(39%)**
Disposals	0.7	2.4	(71%)
Capital expenditure	45.3	32.4	40%
Cash at hand	96.5	100.7	(4%)
Op. cash flow per share - cents	5.1	8.3	

Disclaimer and important notice

This presentation contains forward looking statements that are subject to risk factors associated with the mining and construction businesses.

It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to:

> actual demand, currency fluctuations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated.

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