



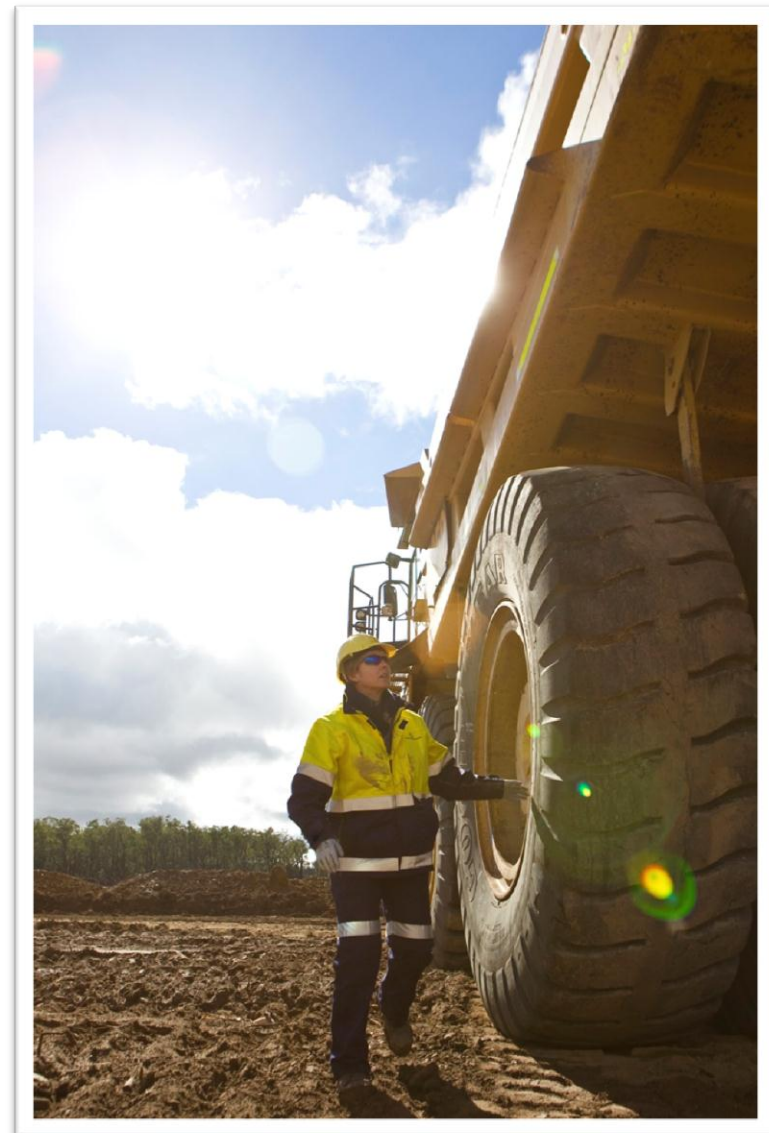
Macmahon 2011 Full Year Results

Nick Bowen – Chief Executive Officer
Theresa Mlikota – Chief Financial Officer

16 August 2011

Overview

- Full year profit after tax of \$1.0 million
- First half significantly impacted by RGP5 Rail North contract write-down
- Improved second half performance in accordance with earnings guidance – solid result given the impacts of the unprecedented wet weather events
- Underlying profit of \$39 million (excluding RGP5 Rail North contract and wet weather events)
- Excluding RGP5, all Construction projects operated profitably during the period
- Organisation restructured to address risks and better position the Company to deliver growth
- Order book now at a record level of \$2.8 billion
- Strong balance sheet with surplus cash over debt of \$39.5 million
- Continued outstanding industry-leading safety performance



Underlying Profit and Loss

\$ millions	June 11	June 10	Change %
Reported Net Profit After Tax (NPAT)	1.0	37.9	(97%)
Add back significant items (before tax):			
- Write-down of RGP5 Rail North contract	48.9	-	n/a
- Wet weather impacts	9.0	-	n/a
Less tax on significant items	(17.4)	-	n/a
Less minority interests impacts	(2.7)	-	n/a
Underlying NPAT (after minority interests)	38.8	37.9	2%
Underlying EPS	5.3	5.2	

RGP5 Rail North contract

- No change to the total write-down of \$49 million before tax in contract value announced at the half year
- Project now complete
- Variations and claims still being negotiated
- FY11 result does not include any assumed claims settlement

Severe wet weather

- Flooding and rains in Queensland and Western Australia had a combined impact of \$9 million before tax on the FY11 result
- Cameby Downs and Orebody 18 surface mining projects were the most adversely impacted

Addressing risks

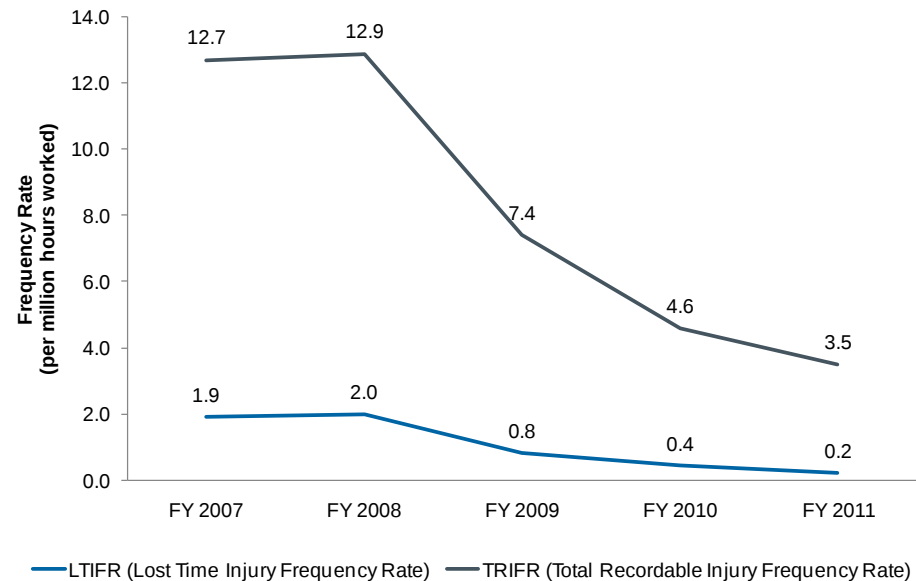
- Strengthening of senior executive team to inject further experience into the Group
- Construction Business restructured into two regional businesses, East and West, to improve strategic focus in each market
- Project tender process has been reviewed and upgraded to further improve project selection criteria
- Improving access to equipment through forward ordering and strategic supplier relationships
- Accessing people through broad geographical spread, international recruitment and focus on Indigenous training, apprenticeship and graduate programs



Safety and People

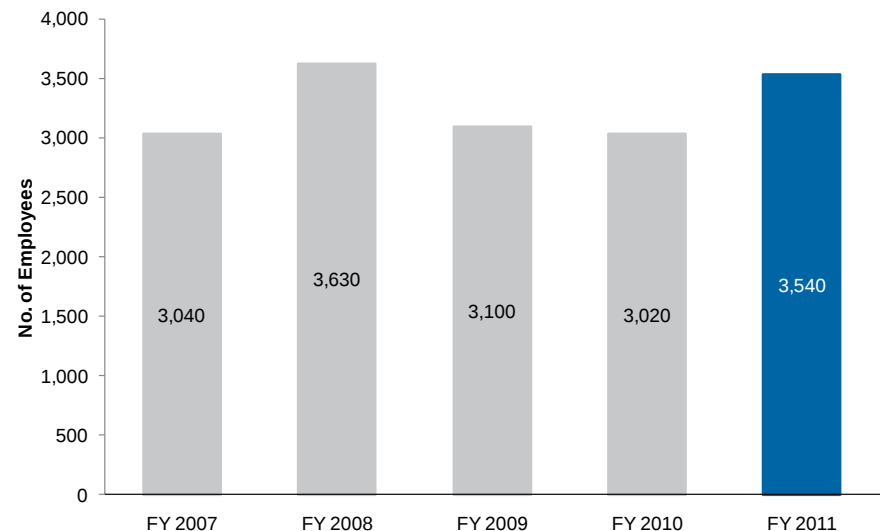
Safety

- Delivered excellent industry-leading safety performance
- TRIFR improved 24% to 3.5
- LTIFR improved 50% to 0.2
- Construction, Underground Mining and International Businesses – 12 months LTI free to June 2011



People

- Employee numbers increased by 17% during the year
- Plans focused on the reduction in turnover and strategies to attract key personnel
- Initiatives in place for the development and retention of key talent and reduction in turnover



To 30 June - \$1 billion, including:

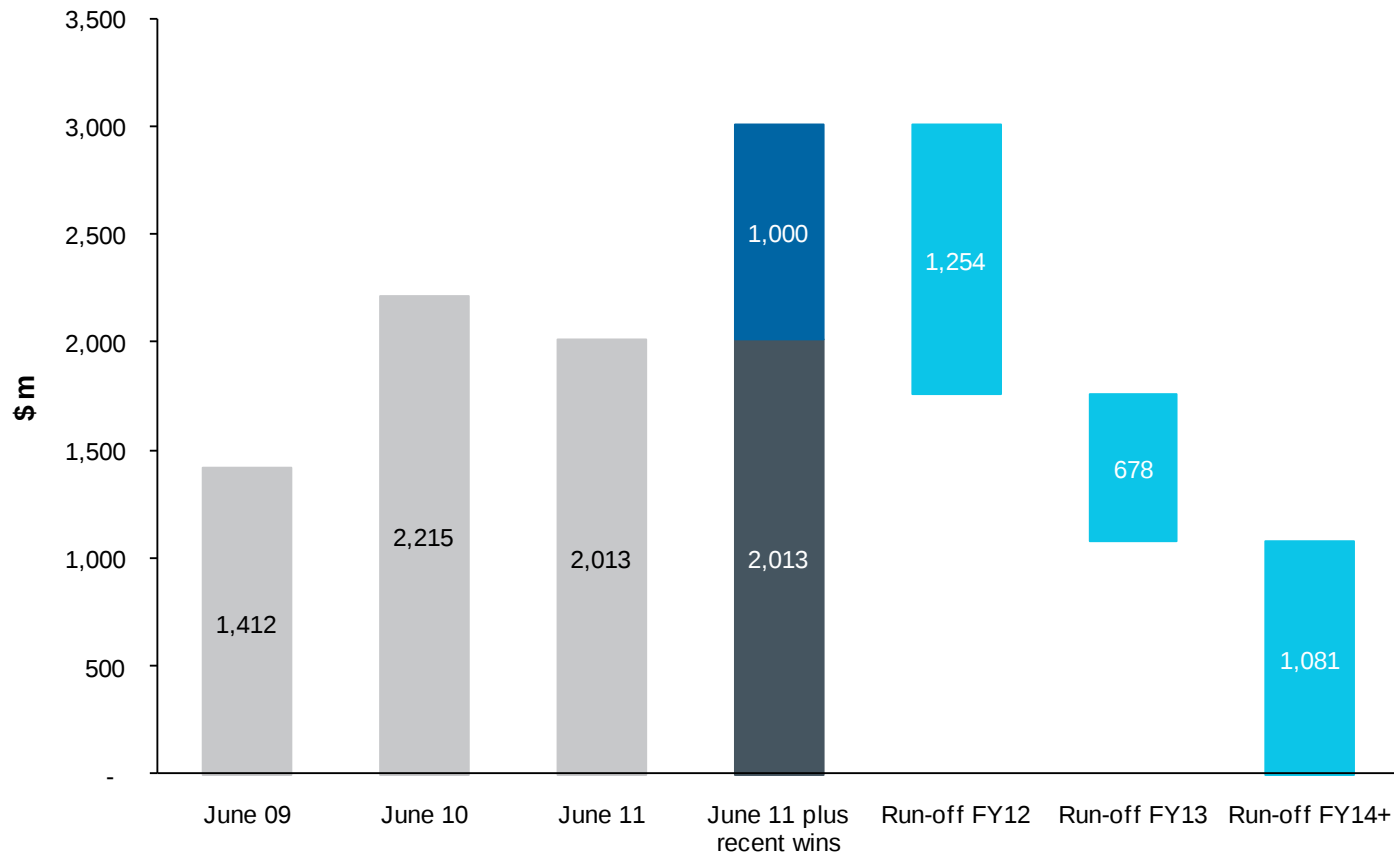
- South Road Superway project, Department of Transport, Energy & Infrastructure, South Australia, \$230 million
- Combined Underground contracts, \$210 million
- Gladstone LNG, Bechtel Australia Pty Ltd, \$150 million
- Rio Tinto Iron Ore construction works, total \$129 million
- Karara rail contract, Karara Mining Limited, Western Australia, \$86 million
- GE/Roe Hwy interchange project, Main Roads WA, Western Australia, \$74 million
- RAAF Base Darwin Fuel Farm, \$25 million

Subsequent to 30 June – \$1 billion, including:

- Tropicana Gold Project, Tropicana JV between AngloGold Ashanti Australia and Independence Group NL, \$900 million
- Various mining contracts, totalling \$90 million

In addition, preferred contractor on the \$300 million FMG Solomon Rail Spur contract

Record order book



Note – Order book balance “June 11 plus recent wins” includes the revenue run-off for 2012 YTD revenue

- \$1.25 billion already secured for FY12
- Current order book stands at \$2.8 billion (as at 16 August)
- In addition, preferred contractor on the \$300 million FMG Solomon Rail Spur contract

Financials

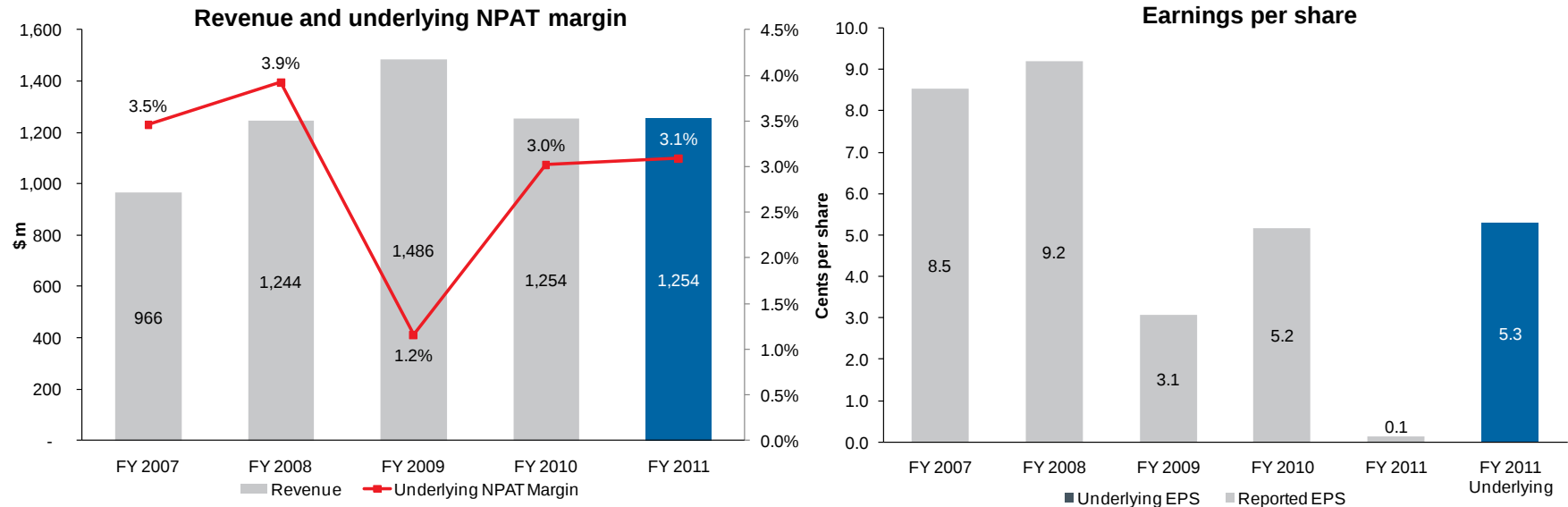


Income statement

\$ million	June 11	June 10	Change %
Revenue	1,254.4	1,254.4	0%
Underlying earnings before interest and tax	66.1	55.3	20%
Net interest	(12.0)	(5.8)	(107%)
Underlying profit before tax (PBT)	54.1	49.5	9%
Significant items			
– Write-down of RGP5 Rail North contract	(48.9)	-	n/a
– Extreme wet weather events	(9.0)	-	n/a
Reported (loss)/profit before tax	(3.8)	49.5	(108%)
Tax benefit/(expense)	1.1	(10.7)	
Minorities	3.8	(0.9)	
Reported net profit after tax & minorities	1.0¹	37.9	(97%)
Underlying PBT margin %	4.3%	3.9%	
Reported earnings per share (cents)	0.1	5.2	
Dividends per share (cents)	0.0	3.0	

¹ Does not add due to rounding

Underlying results



- Underlying business performance delivered a similar margin and earnings result to FY 2010 over a comparable revenue base

Underlying results – half on half

\$ million, underlying	H2 FY11	H1 FY11	H2 FY10
Revenue	653.4	601.0	598.1
Earnings before interest and tax	34.7	31.4	21.9
Net interest	(6.2)	(5.8)	(2.7)
Profit before tax	28.5	25.6	19.2
Tax expense	(8.6)	(7.7)	(2.4)
Minorities	0.7	0.3	(0.4)
Net profit after tax & minorities	20.6	18.2	16.4
Profit before tax margin %	4.4%	4.3%	3.2%
Earnings per share (cents)	2.8	2.5	2.3

- Underlying business performance has steadily improved over the last three halves
- Margin improvement has occurred as the revenue base has grown

Mining performance

\$ million	June 11	June 10	Change %
Revenue	674.4	465.6	45%
Underlying profit before tax (PBT)	51.1	34.8	47%
Wet weather impacts	(8.5)	-	n/a
Profit before tax	42.6	34.8	22%
Underlying PBT margin %	7.6%	7.5%	
Order book	1,079	1,530	(29%)

- Revenue growth of 45% driven by the strong performance in the Underground business and a full year's contribution from Cameby Downs open cut coal project
- Underlying mining profit performance improved by almost 50%
- Cameby Downs and Orebody 18 impacted by rain and flooding
- \$990 million secured since year end including:
 - Significant win with the \$900m Tropicana Project
 - \$90 million in new Mining work

Construction performance

\$ million	June 11	June 10	Change %
Revenue	580.0	788.8	(26%)
Underlying profit before tax (PBT)	13.7	34.8	(61%)
Write-down of RGP5 Rail North contract	(48.9)	-	n/a
Wet weather impacts	(0.5)	-	n/a
Profit before tax	(35.7)	34.8	(203%)
Underlying PBT Margin %	2.4%	4.4%	
Order book	934	685	36%

- Revenue and profit down due to reduced rate of contract awards
- Underlying margins down due to overheads being distributed over a lower revenue base and new projects commencing that delivered revenue but were not progressed enough for profit recognition
- All contracts except RGP5 Rail North performed or continue to perform profitably
- Added \$830 million of new work to 30 June 2011

\$ million	June 11	June 10	Change %
Operating cash flow	92.4	117.1	(21%)
Disposals	1.1	4.5	(76%)
Capital expenditure	82.1	51.7	59%
Cash at hand	115.6	102.2	13%
Op. cash flow per share - cents	12.6	16.0	

- Strong operating cash flow generation in spite of RGP5 and wet weather impacts
- Capital expenditure increased by \$30 million consistent with the growth in mining revenues
 - Majority of the increased spend was directed at the Cameby Downs coal project in Queensland, the Ewekoro project in Nigeria and Underground projects
- Strong cash position maintained

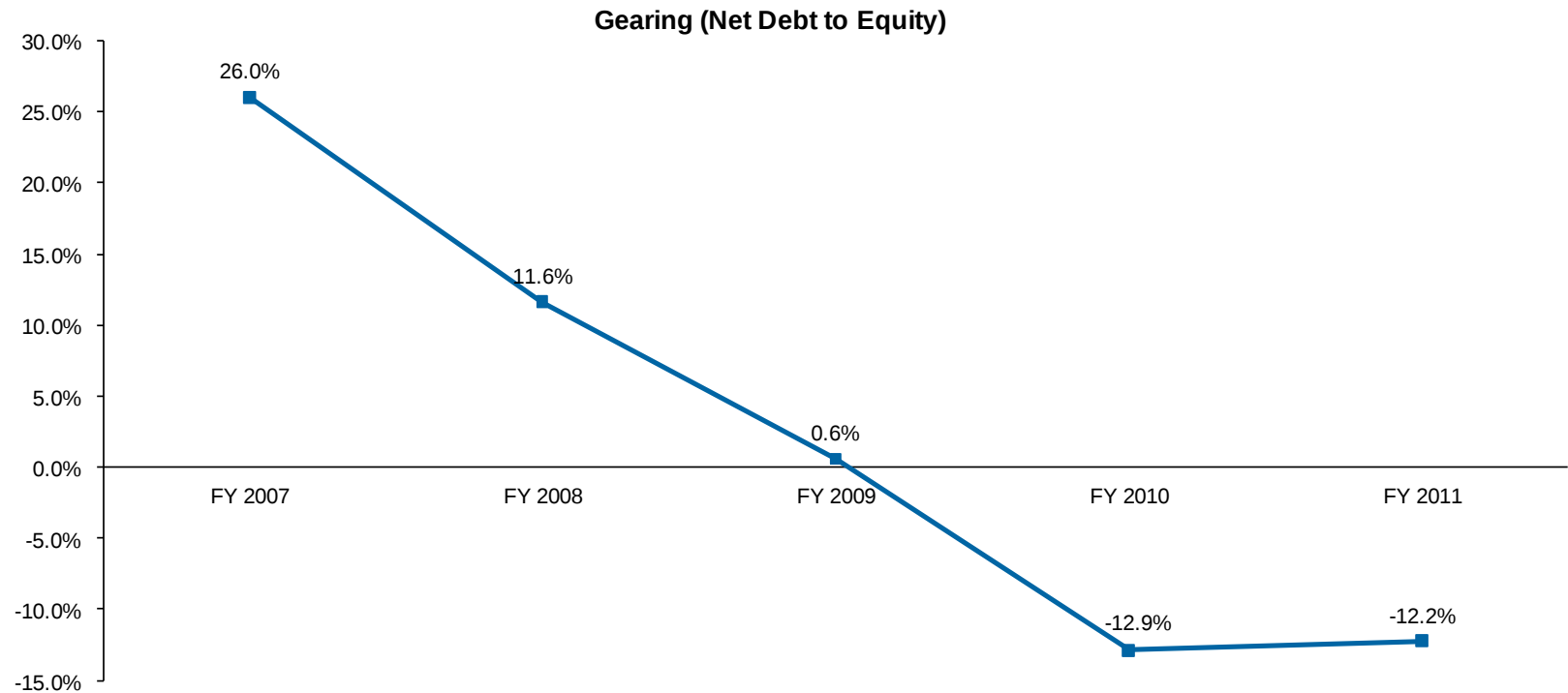
Balance sheet and funding

\$ million	June 11	June 10	Change %
Current assets	331.6	227.4	46%
Non-current assets	354.2	353.4	0%
Total assets	685.7	580.8	18%
Net assets	323.1	339.7	(5%)
Net cash/(debt)	39.5	43.8	(10%)
Gearing	(12.2%)	(12.9%)	

Strong financial base to fund growth opportunities

- Balance sheet remains in a solid position
- Net cash position
- Headroom in debt facilities

Low gearing base will facilitate growth

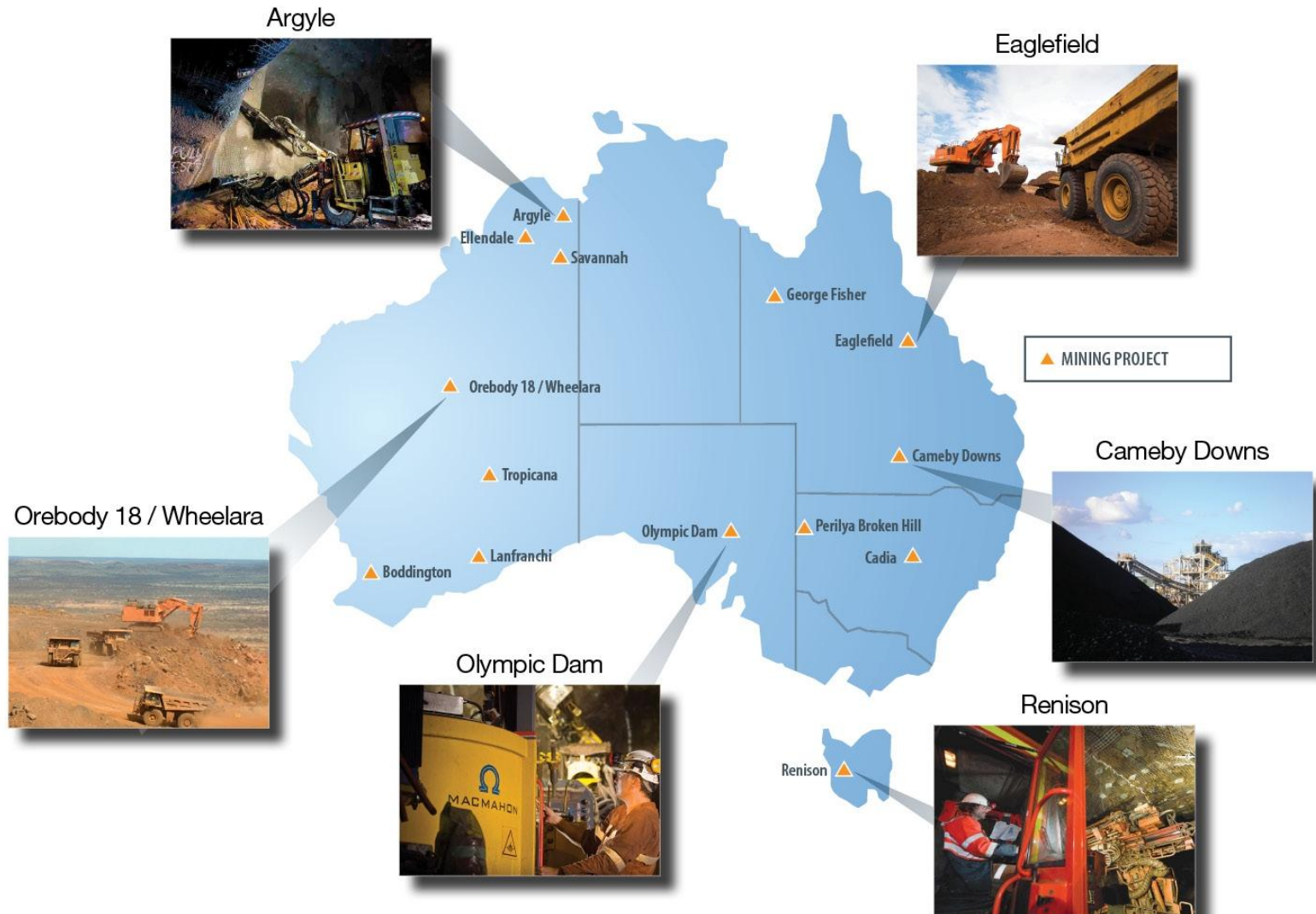


- Net cash surplus over debt of \$39.5 million at 30 June 2011
- Undrawn facilities totalling \$112 million at 30 June 2011

Business overview



Australian Mining Business – major projects

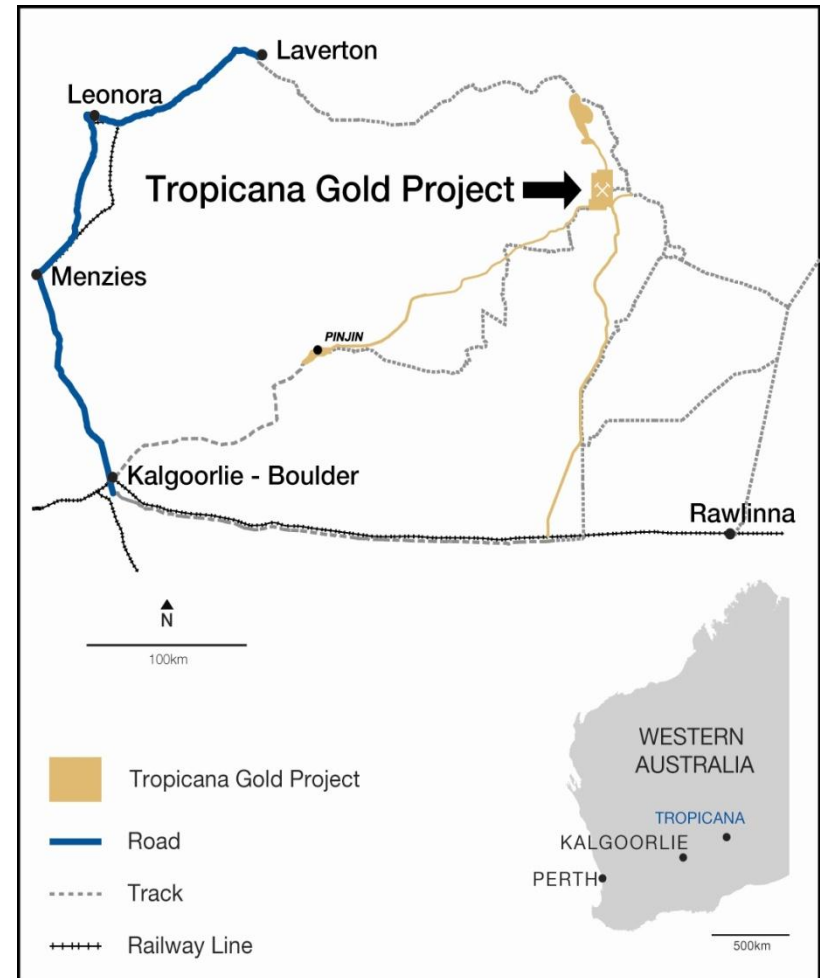


International Mining – current projects



Mining Business growth – Tropicana Project

- Ten year \$900m surface mining contract for the Tropicana Gold Project (TGP)
- Joint venture between AngloGold Ashanti Australia Ltd (70%) and Independence Group NL (30%)
- Largest single contract awarded to Macmahon
- Provides a strong foundation for the Surface Mining business for the next decade
- 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



Construction Business – Major projects



- Awarded three contracts with Rio Tinto worth approximately \$128 million
- The work packages form part of Rio Tinto's 333 expansion program and ongoing sustaining works
- Projects are:
 - Hope Downs 4 - Rail Earthworks and Bridge Construction
 - Cape Lambert Port B Development - Bridges over Boat Beach Road
 - Cape Lambert Port A Sustaining Works – Bulk Earthworks, Roadworks and Civil Works
- The majority of the works on the projects are expected to be completed in the 2012 financial year
- Work has commenced



Photo courtesy of Rio Tinto

Construction Business growth – FMG Solomon Rail

- Preferred contractor for \$300 million project to construct the first stage of the Solomon Rail Spur in the Pilbara region of Western Australia for Fortescue Metals Group (FMG)
- The contract will involve the construction of 81 km of railway from the FMG main rail line through the Chichester range towards the Solomon deposit
- Scope includes earthworks of more than six million cubic metres to establish the rail formation, sidings and associated drainage, construction of four bridges and level crossings
- Preliminary work will start immediately, with the project scheduled for completion by end of calendar 2012



Photo courtesy of Fortescue Metals Group

Outlook





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 performance 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, Africa and Mongolia
 - 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

Growth opportunities



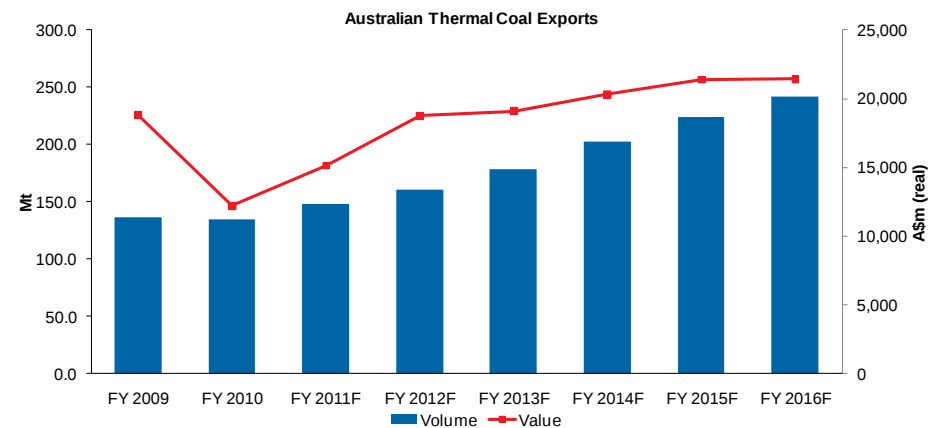
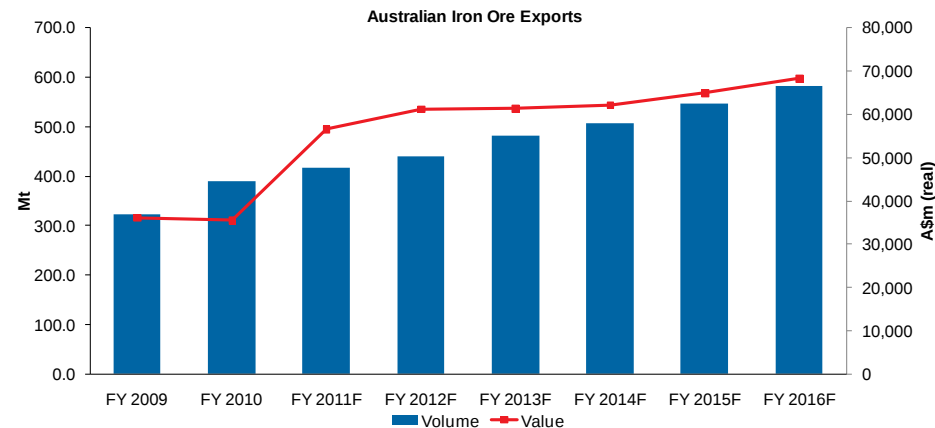
- Tendering activity remains high in Australia
- Construction offers the greatest prospect for revenue growth in the short-term
- Mongolia a significant opportunity
- Africa and Asia offer further avenues for growth
- Establishment of Macmahon Engineering Business
- Focused on winning longer term contracts to provide steady revenue streams

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 provides excellent options for growth
- Availability of people and equipment remain the biggest constraints to growth

Outlook for the business

- Strong current order book
- Ongoing growth expected 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



Source: ABARE, March 2011 quarter update

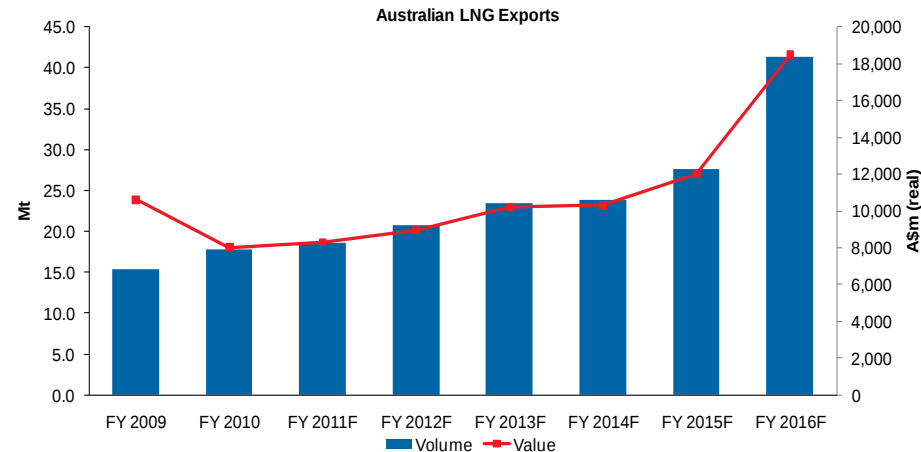
Construction outlook

Market conditions

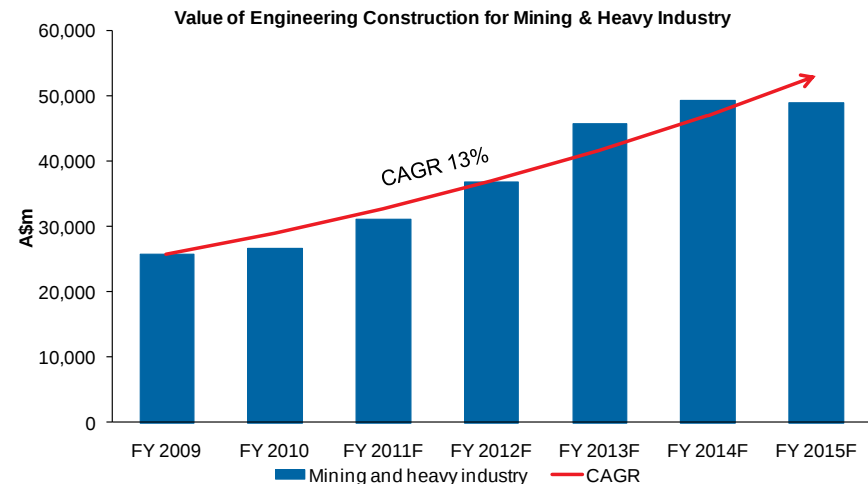
- Resources expansion plans driving pipeline of construction work
- Mining related construction is forecast to almost double over the next 4 yrs to \$57bn
- \$250bn worth of LNG projects are under construction or in advanced stages of planning
- Resource clients looking at long term alliances to lock in available capability
- Continued government infrastructure spending forecast on road and rail
- Tendering activity is high
- Availability of people and equipment remain the biggest constraints to growth

Outlook for the business

- Focus on improving profit and delivering consistent returns
- East and West structural change to drive growth in each market
- Massive opportunities in WA and Qld in iron ore, coal and LNG
- Order book growth – early success in FY12
- Focus on margin improvement
- Tendering targeted at key clients, projects and contract styles suited to the Company's core skills



Source: ABARE, March 2011 quarter update



Source: BIS Shrapnel, Engineering Construction in Australia, 2011

Company Snapshot

- The Company's operations are performing profitably
- Construction tendering activity remains extremely high and with the change in strategy and restructure, offers the greatest potential for growth in the short-term
- Surface Mining in FY11 provided a steady revenue and profit performance with growth expected in the future from the recently awarded Tropicana project and through an increased focus on equipment utilisation
- Underground Mining Business recorded strong revenue growth as a result of increasing demand for its full service mining capabilities. Further improvement in FY12 is expected from a full year of revenues from new projects
- New Engineering Business will expand the Company's delivery capabilities
- International Mining in Asia, Africa and Mongolia provides a significant avenue for diversity and growth
- Company balance sheet is in good shape with additional headroom in debt facilities



- Outlook is positive – record order book of \$2.8 billion
- \$1.25 billion of revenue already secured for 2012
- Solomon and further new work will take 2012 revenue above \$1.5 billion
- Tendering activity remains high across Mining and Construction
- Organisational restructure better positions the Company to deliver new opportunities
- Good pipeline of work beyond 2012 is visible
- Positioned well to address key risks of accessing people and equipment
- Strong balance sheet and funding will facilitate growth
- Strong profit recovery in 2012



Macmahon 2011 Full Year Results

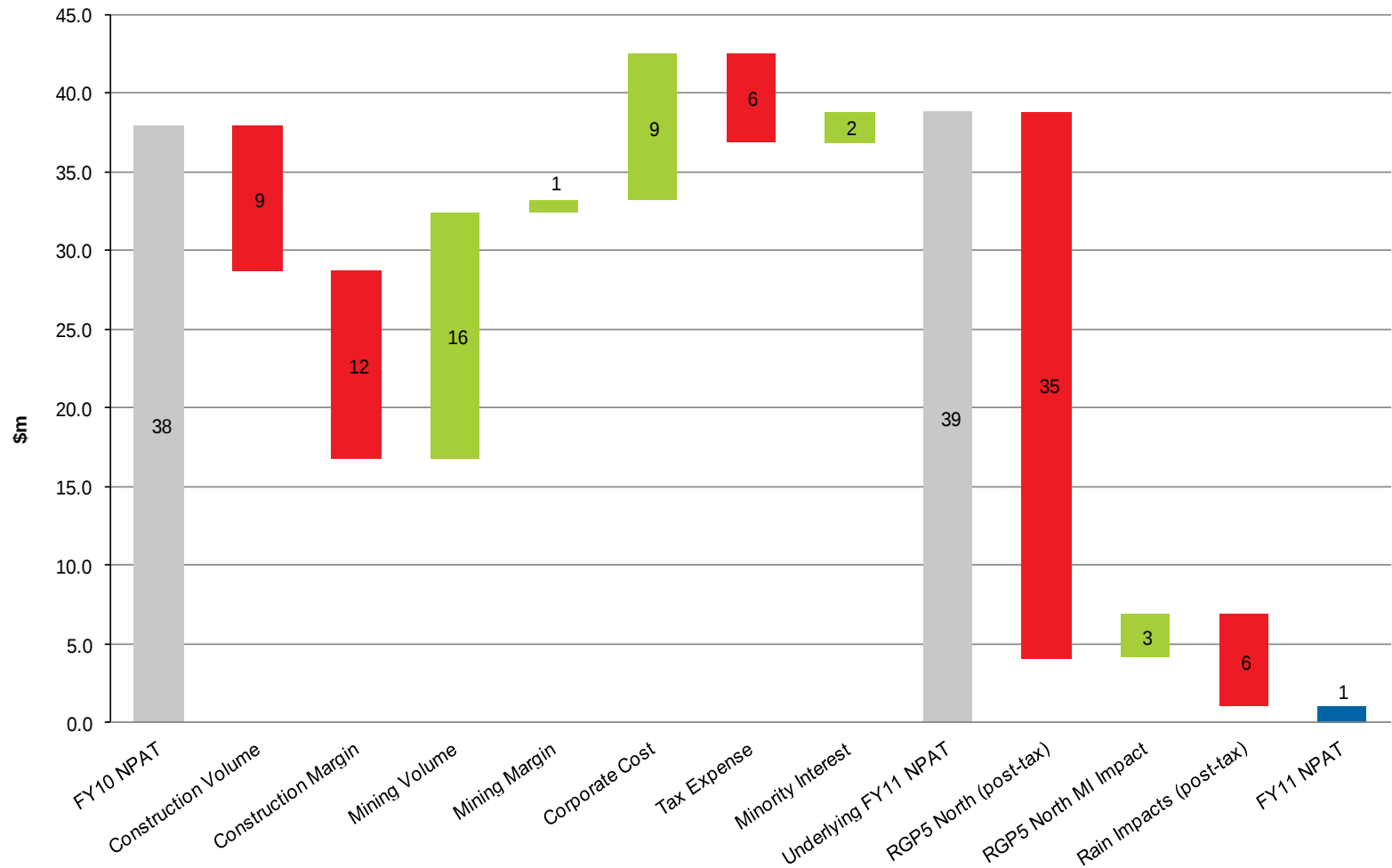
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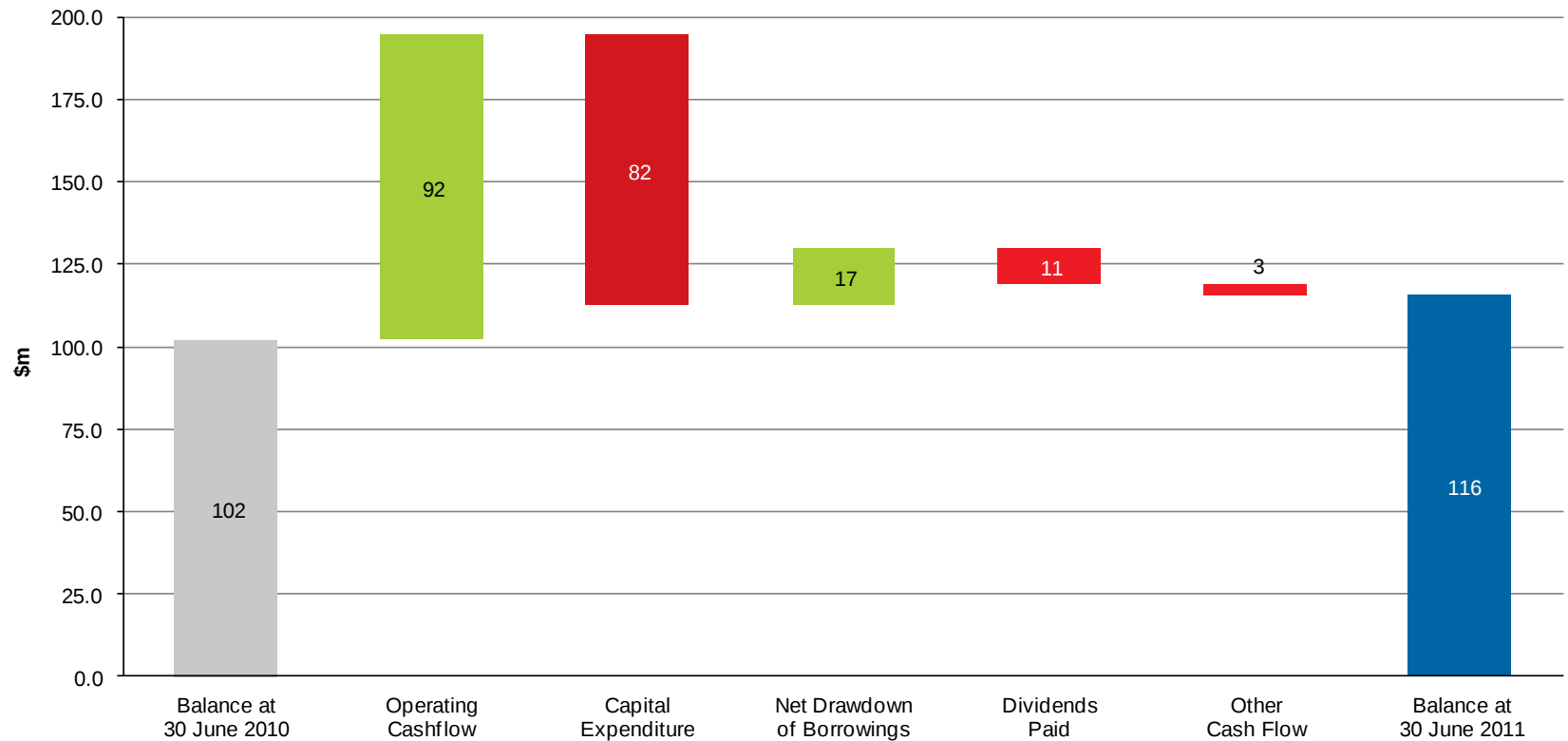
Appendix - current customers



Appendix - Profit after tax variance analysis

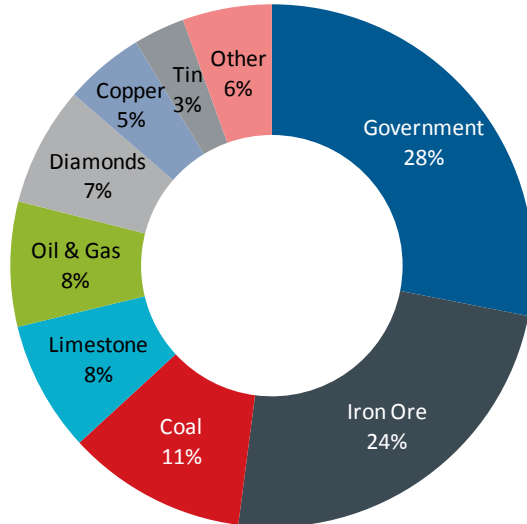


Appendix - Cash flow analysis

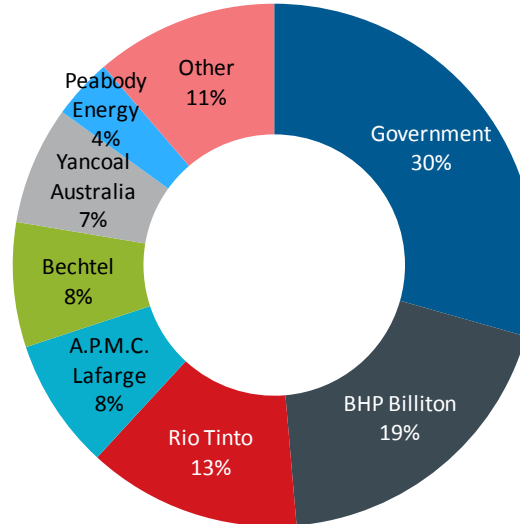


Appendix - order book at 30 June

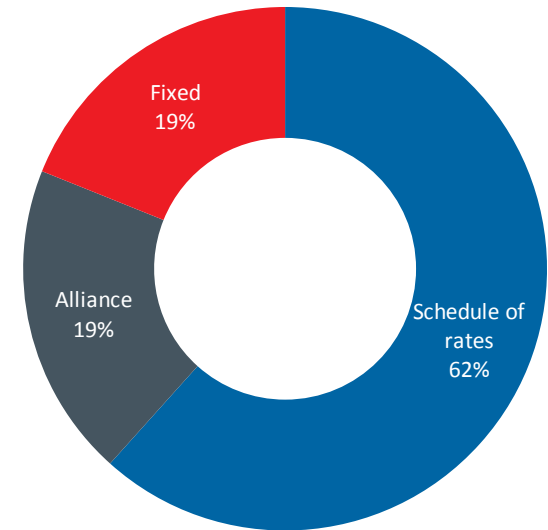
Commodity %



Client %



Style of contract %



Order book comprised of:

- Solid client base
- Geographical diversity
- High percentage of schedule of rates and alliance style contracts

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.

References to “Macmahon”, “the Company”, or “the Group” may be references to Macmahon Holdings Ltd or its subsidiaries.