MACQUARIE WA CONFERENCE 2011

8 November 2011

Nick Bowen - Chief Executive Officer

MACMAHON

Overview

- Founded in 1963 – listed on the ASX in 1983
- Employs more than 3,700 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 mining solutions to mine owners:

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

Construction

Provides complete construction services for:

- Road
- Rail
- Resources Infrastructure
- Landside marine Infrastructure
- Water Infrastructure

Macmahon Strategy

Grow the business to maximise profits to shareholders

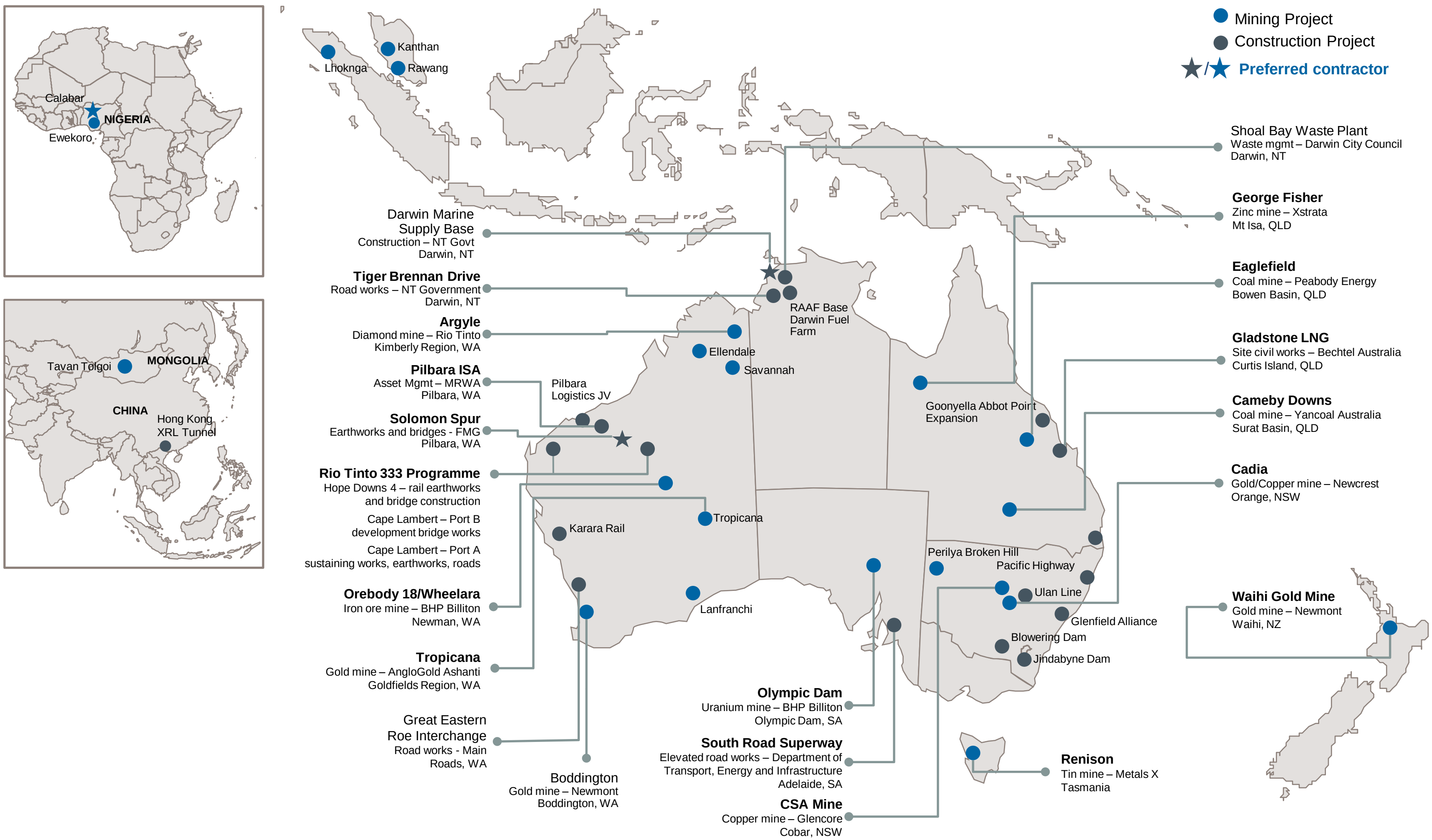
By a combination of:

- Balanced mix of mining and construction projects
- Broad geographical footprint – both domestically and overseas
- Blue chip client base with long life / low cost mines
- Low gearing
- Focus on people - recruitment, retention and safety

Changes made over the last 12 months

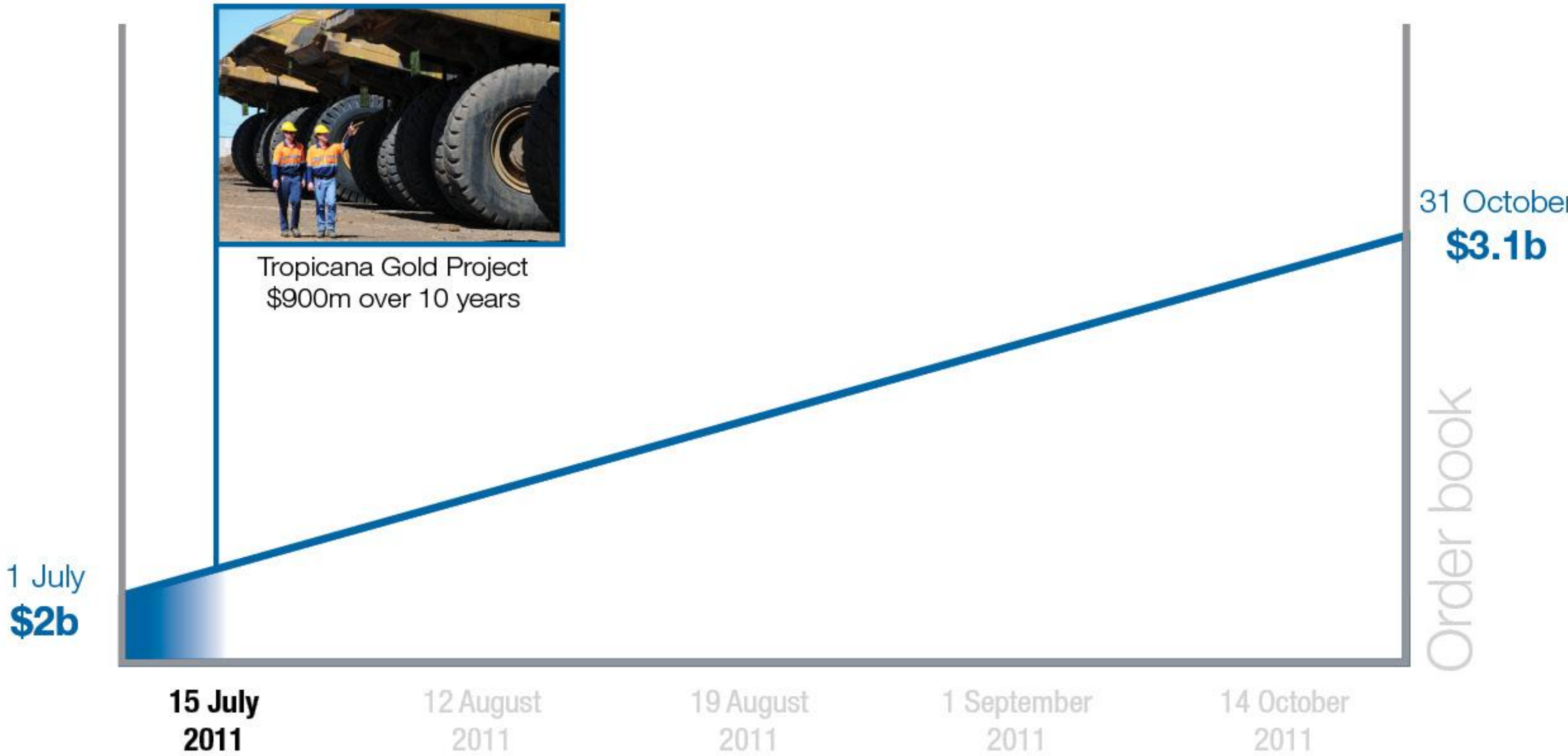
- Focus on ***winning work***, ***being safe*** and ***making profit***
- Strengthened senior management team
- Construction reorganisation, East and West
- Recently separated engineering capability into a separate business
- Improved contract risk management
- Increased focus on business development and building order book
- Increased level of negotiated contracts

Map of operations

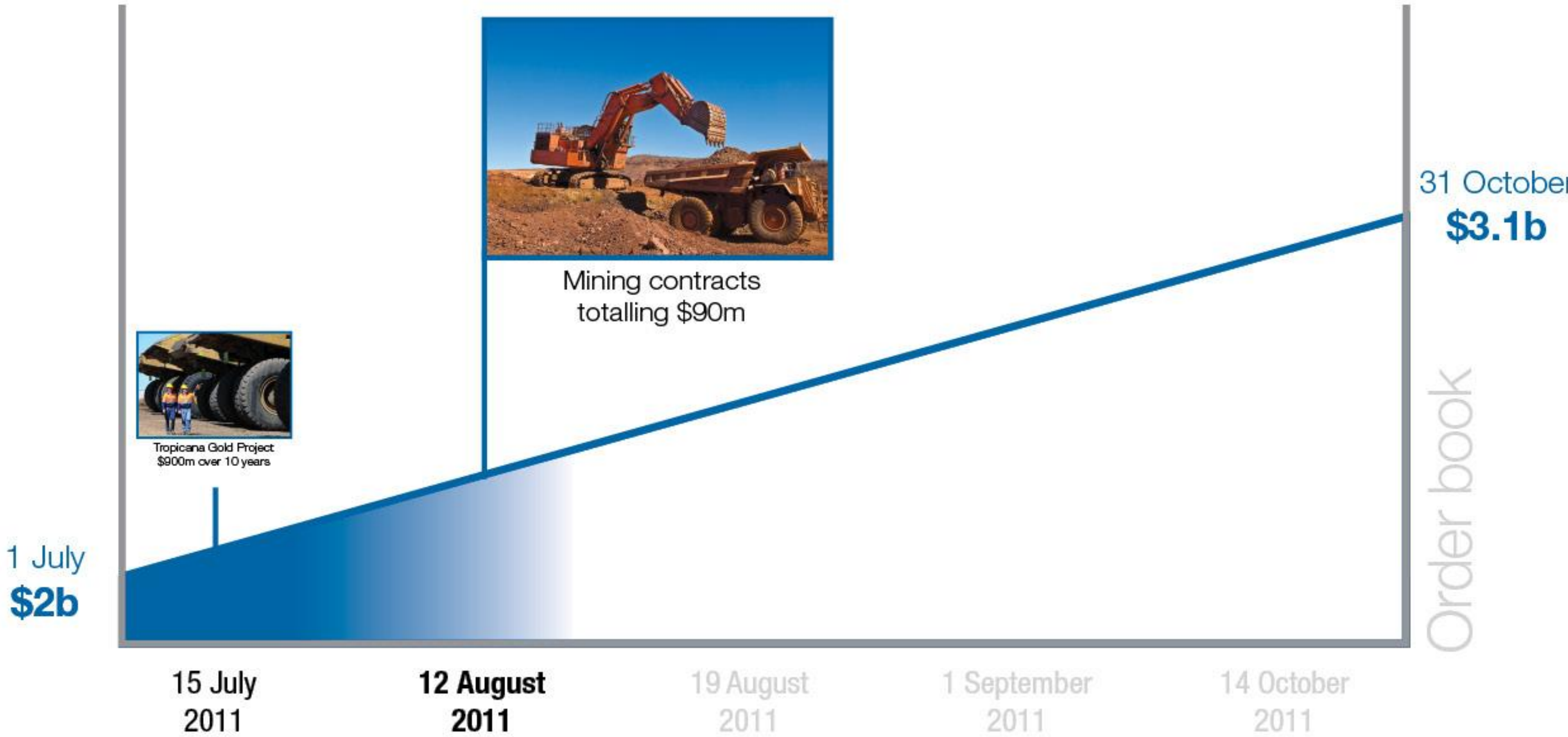


Winning Work

Continuous growth



Continuous growth



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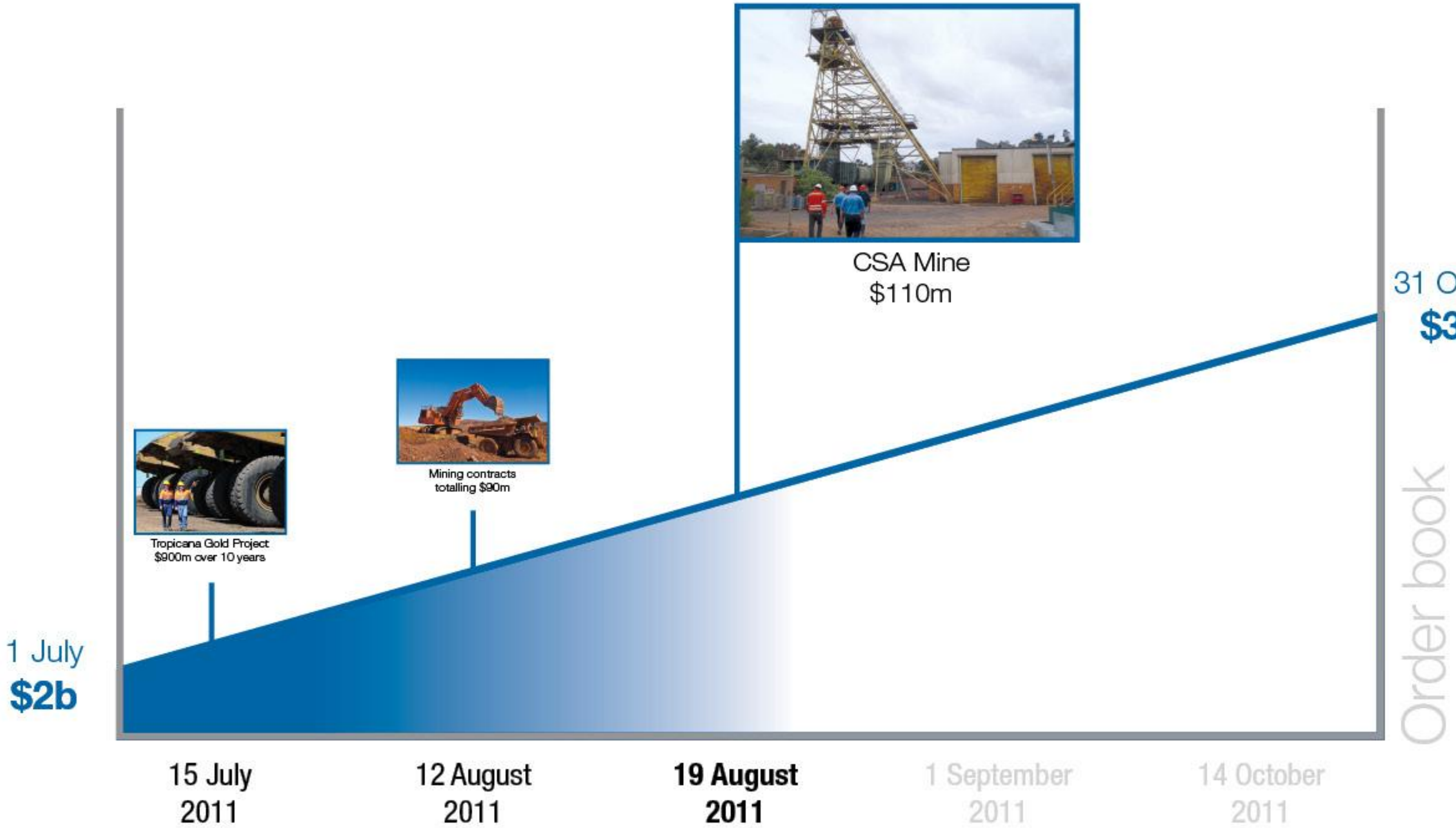
Continuous growth



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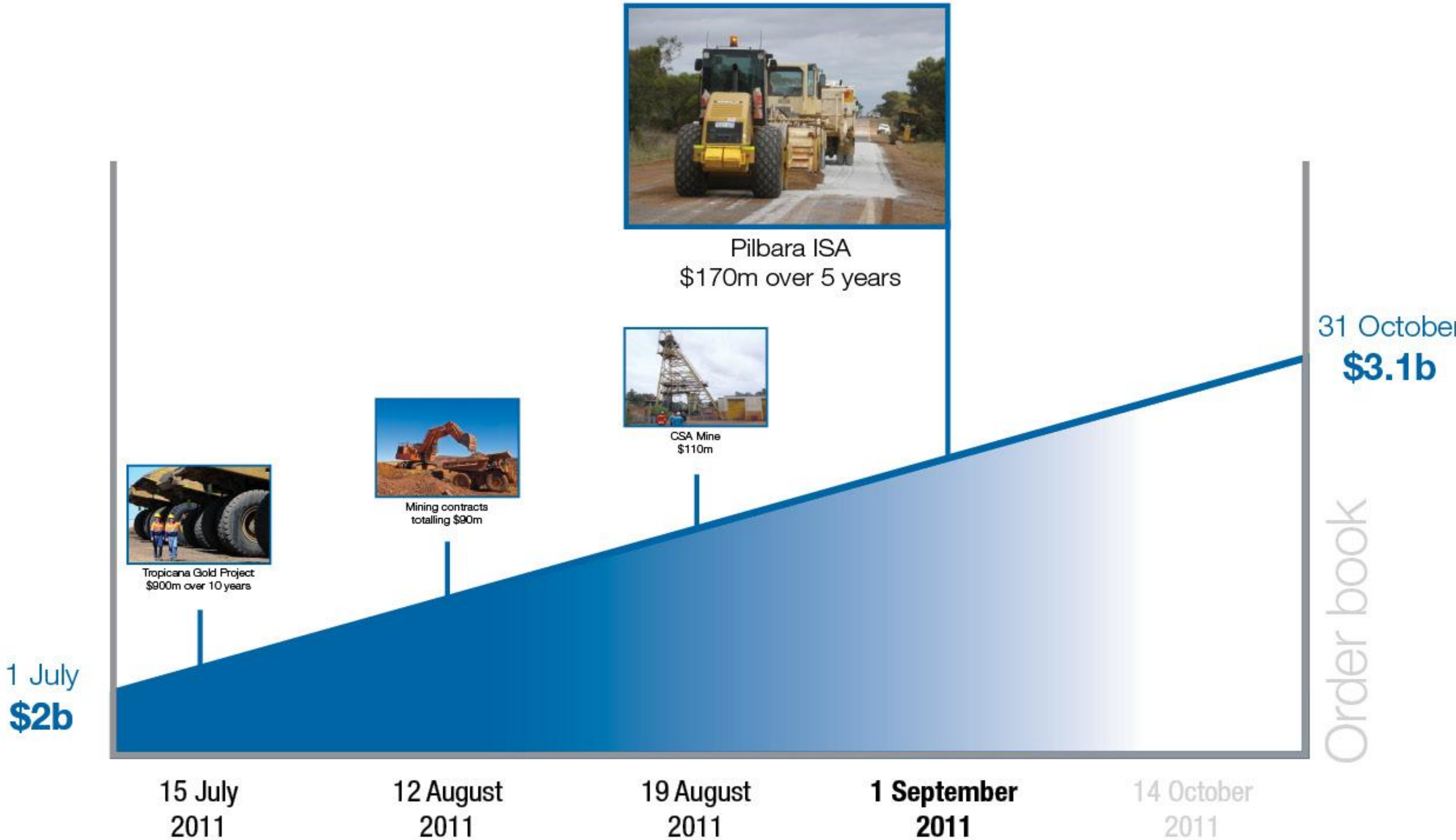
Continuous growth



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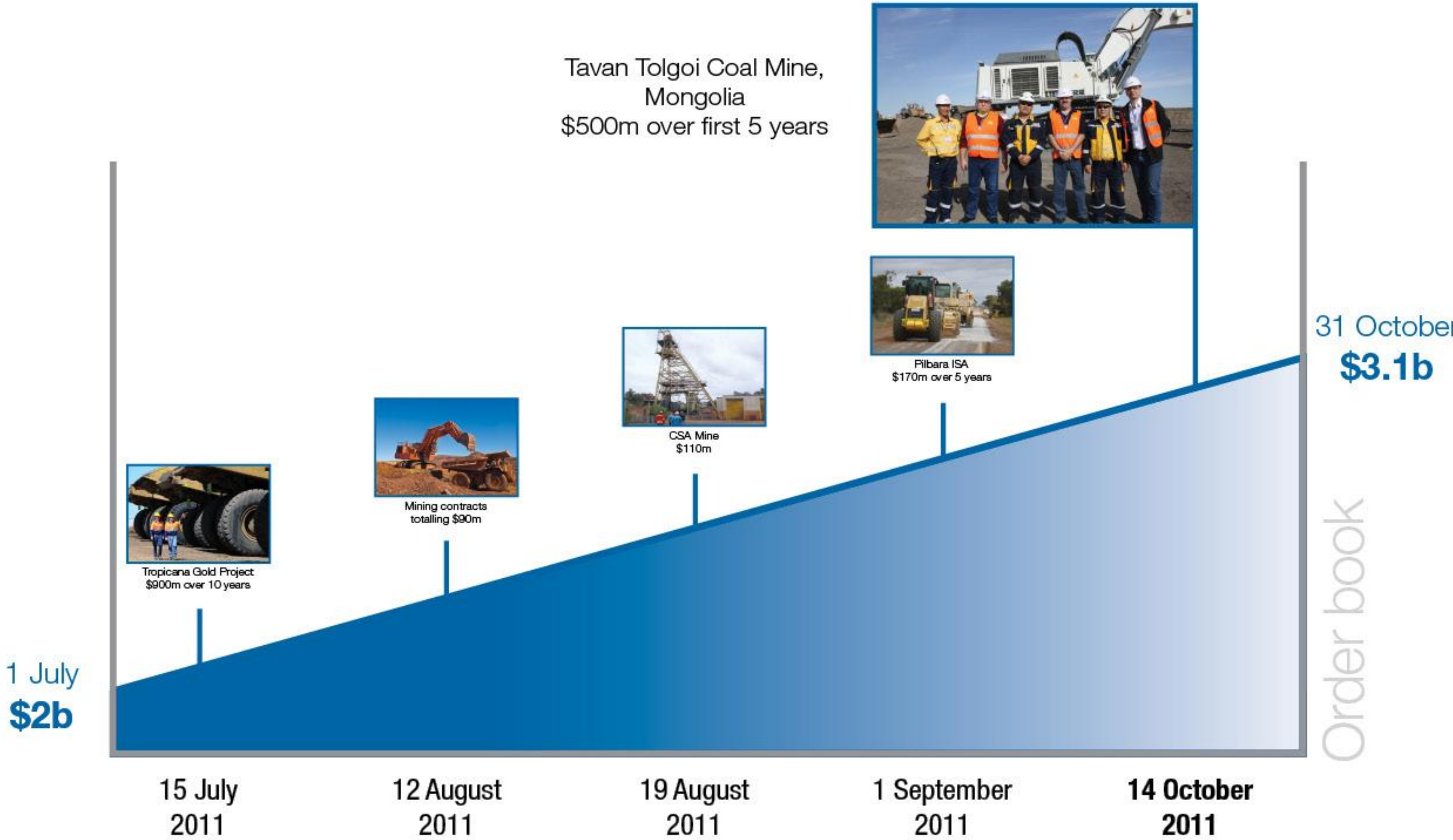
Continuous growth



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Tropicana Gold Project

- Awarded Tropicana Gold Project contract, $900 million over 10 years
- Greenfield mine operation located 330 kilometres east-north-east of Kalgoorlie
- Joint venture between AngloGold Ashanti Australia Ltd (70%) and Independence Group NL (30%)
- Alliance contract
- Contract activities include mine planning, drill and blast, load and haul, crusher feed and other associated works
- Mobilisation and construction of infrastructure to commence March 2012
- Work scheduled to commence July 2012

Test drilling at the Tropicana site – AngloGold Ashanti image

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Tavan Tolgoi Project Mongolia

- Five year US$500 million coal mining contract at the Tavan Tolgoi Coal Mine in Mongolia
- 50:50 joint venture with Germany's Operta GmbH
- Provides access into one of the world's largest emerging mining regions
- Contract activities include supply and maintenance of equipment, mine planning, drill and blast, load and haul, and other associated works
- Work scheduled to commence January 2012
- Initial rate of 3 million tonnes of coal per annum, expected to increase to 6 million tonnes per annum in second year. Target production +15 million tonnes per annum

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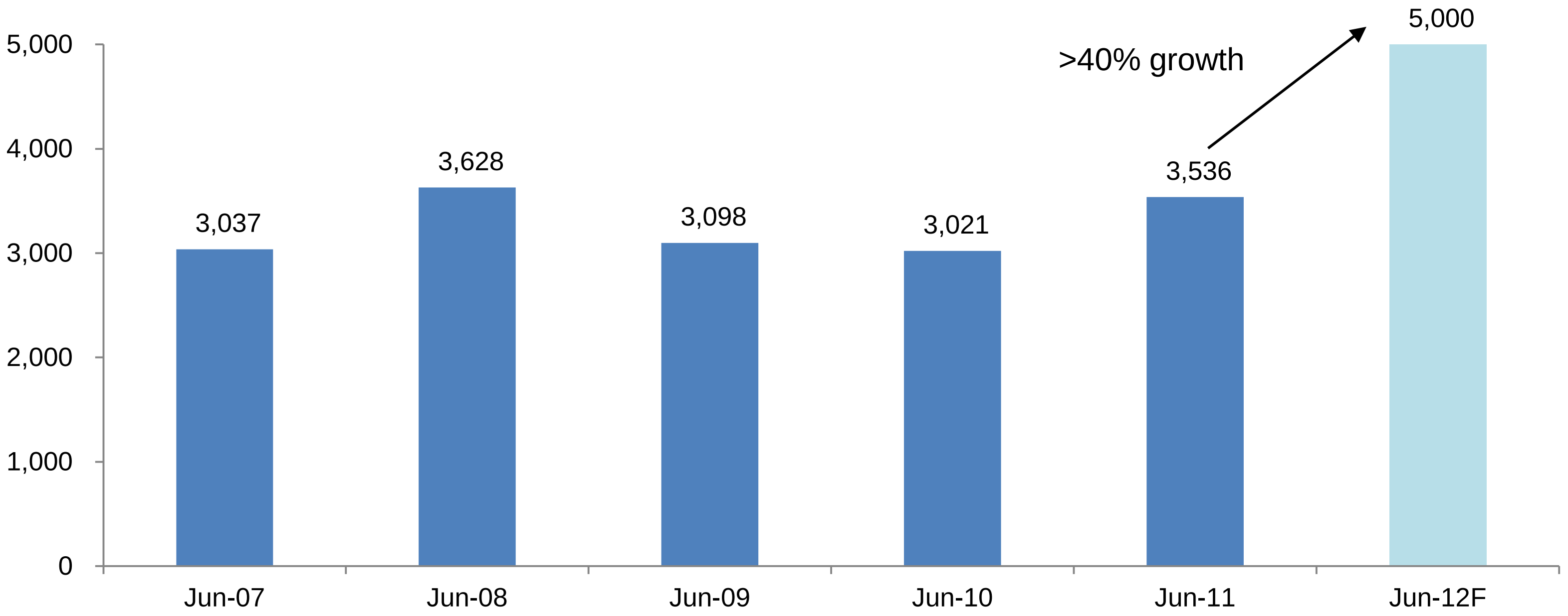
People

- In a constrained labour market, people have become our major focus
- Highly skilled workforce of more than 3,700 people
- Expected to grow to 5,000 in FY2012 to support major new contracts

Macmahon employee numbers



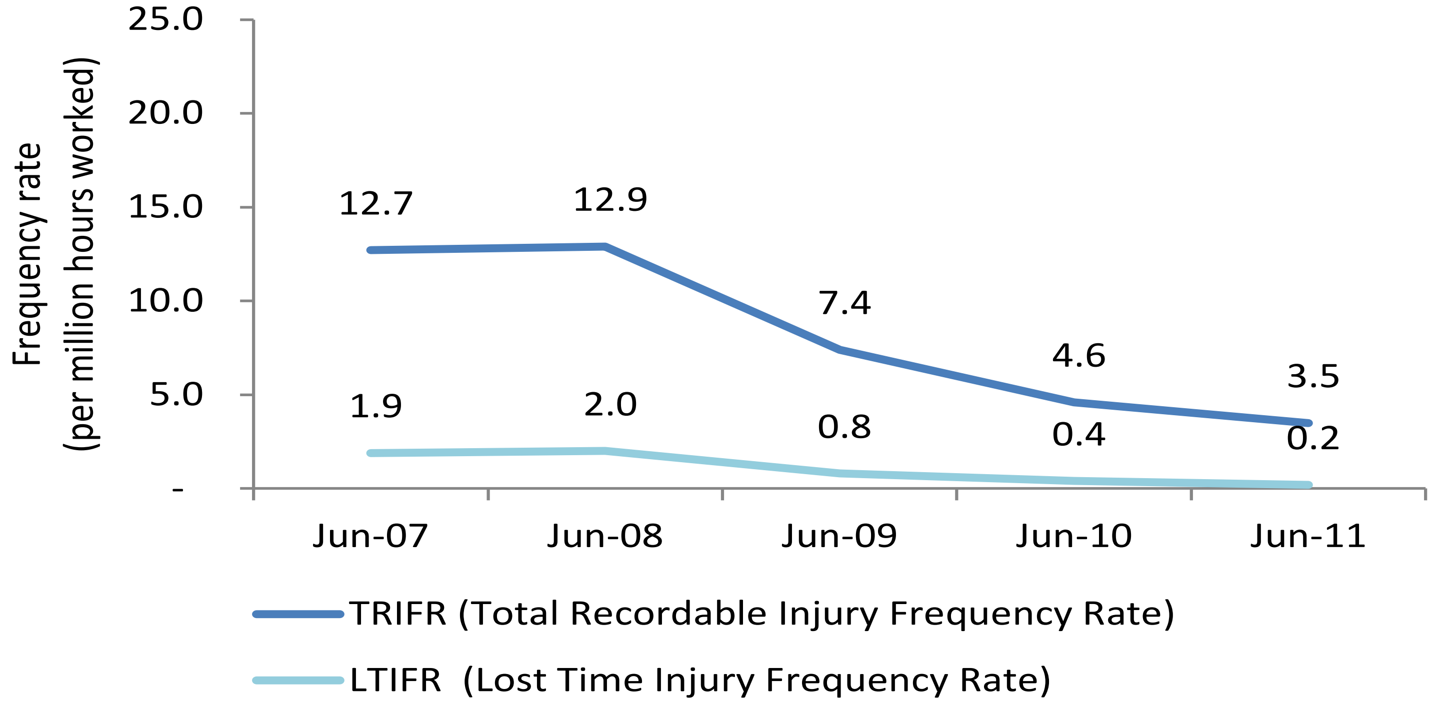
Recruitment and retention strategies

- Adequate access to labour is crucial to delivering on key client contracts
- Plans focused on the reduction in turnover and strategies to attract key personnel

Recruitment strategies	Retention strategies	
	Non-financial benefits	**Financial incentives**
– Apprenticeships	– Culture of opportunity & development	– Competitive Wages/salary
– Graduate program	– Culture of recognition	– Income Protection Insurance
– Traditional job agencies and website	– Succession planning	– Short Term Incentive Plan
– Offshore agencies	– Safety and track record crucial to retention	– Long Term Incentive Plan
– International job expos		
– Indigenous employment		

Safety

- Industry-leading safety performance
- Safety record a key differentiator with clients
- As our workforce numbers increase, managing our safety record becomes more challenging



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Improved contract/project risk management

- Greater accountability at all levels
- Enhanced project selection and tendering
- Project performance through people and systems
- Applying lessons learnt from past projects
- Monitoring and responding to external factors

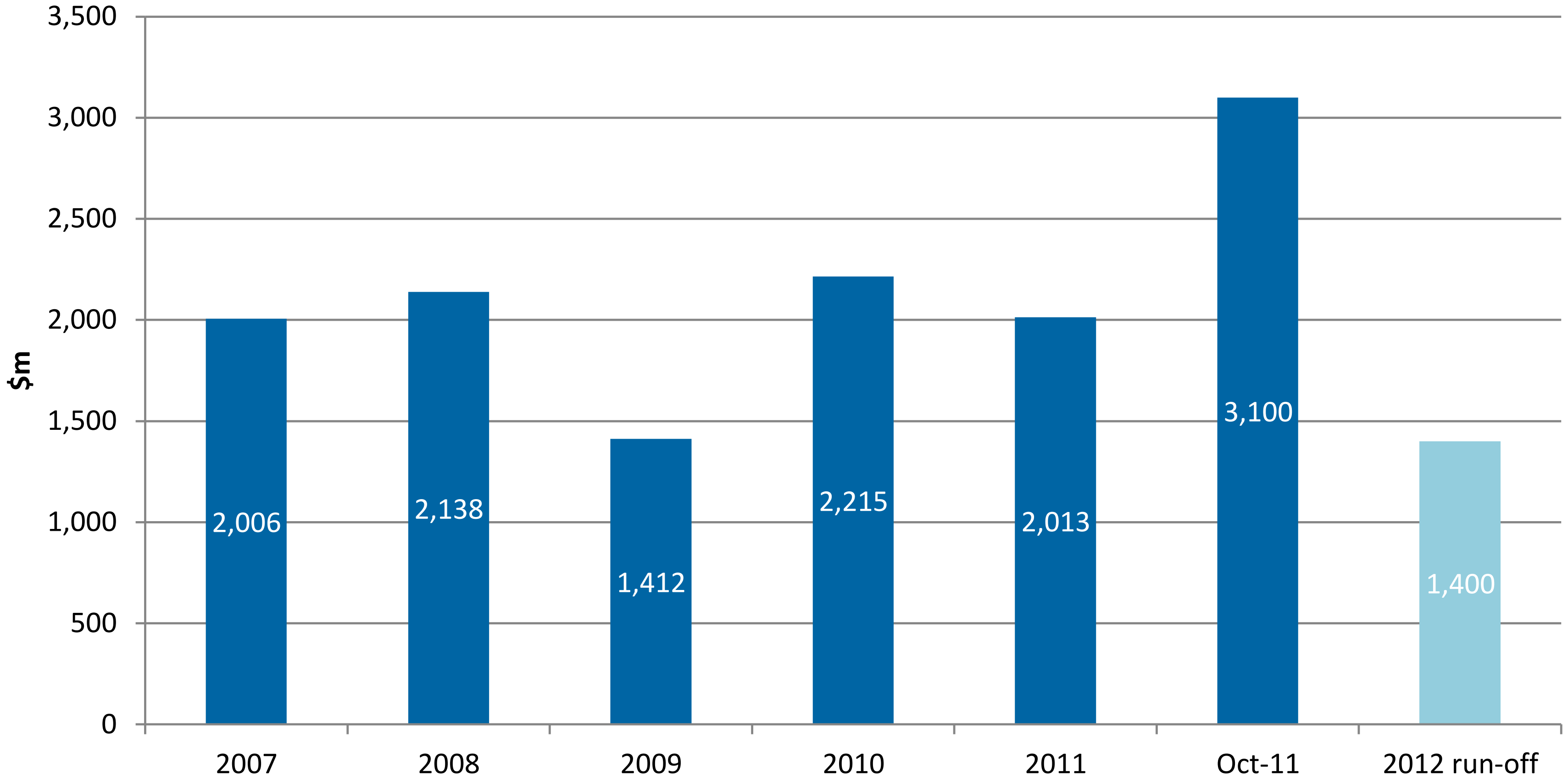
Balance sheet and funding

Strong financial base to fund growth opportunities

- Balance sheet remains in a solid position
- Net cash position of $39.5 million at 30 June 2011
- Negative gearing of 12%
- Excellent funding capacity with ample headroom in debt facilities
- Refinancing options under consideration, well in advance of maturity

Outlook

Order book



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Investment case

Attractive contract mix and geographic diversification	– Large and diversified mix of contracts minimise impact of business cyclicality and weather related events – Macmahon operates in all states in Australia and has a growing international business in 6 countries
Commodity diversification	– Diversified commodity exposure
Strong forward order book	– Attractive forward order book of A$3.1bn as at 31 Oct 2011 (almost 70% negotiated work) – Scale of operations delivers multi-year contracts with attractive future revenue transparency and certainty
Blue-chip client base + repeat business	– Stable, long-life project base that are long-life (low cost and low risk), and a demonstrated track record of repeat business with major customers
Strong industry fundamentals	– Growth outlook directly linked to developing countries – Supported by ongoing strength in commodity prices and backed by Tier 1 mining and governmental clients and projects
Leading safety record/credentials	– Industry-leading safety track record, quality accredited systems and people
Outstanding Industrial Relations track record	– Majority of workforce directly employed – No lost time from a direct industrial relations dispute in the last 10 years

Summary

- Order book at a record $3.1 billion
- Large and diversified mix of contracts
- Blue-chip client base and well placed for repeat business
- Diversified commodity exposure
- For the full year, revenue in excess of $1.6 billion and profit after tax in excess of $45 million
- Business focused on:
  - Safety
  - Winning work
  - Delivering sustainable profit growth and return to shareholders

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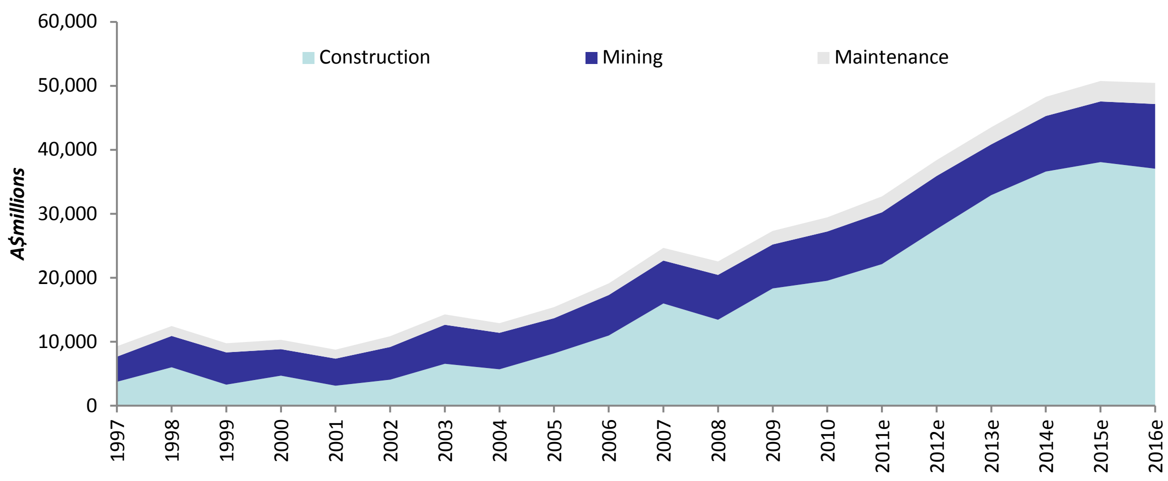
Current clients

Contract service sector outlook

- Uninterrupted growth in the market for contract mining services (construction, contract mining and contract maintenance)
- Value of contract mining services to mining sector est. at $32.7 billion in 2010/11
- Demand for contractors has grown strongly, driven by demand for Australian commodities
- Total contract services expected to reach $50.4 billion in 2015/16

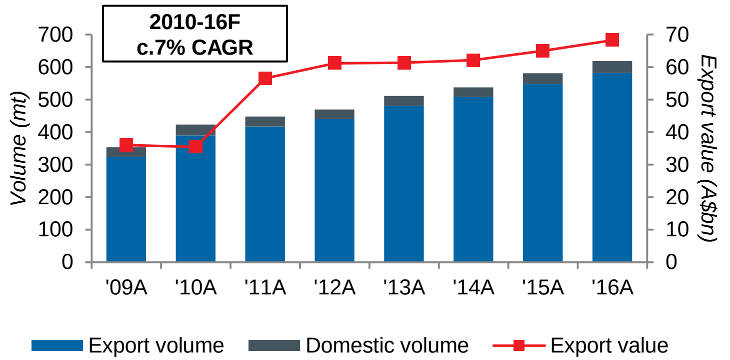
Contract services to the mining sector by service



Source: BIS Shrapnel, Mining in Australia 2011-2016

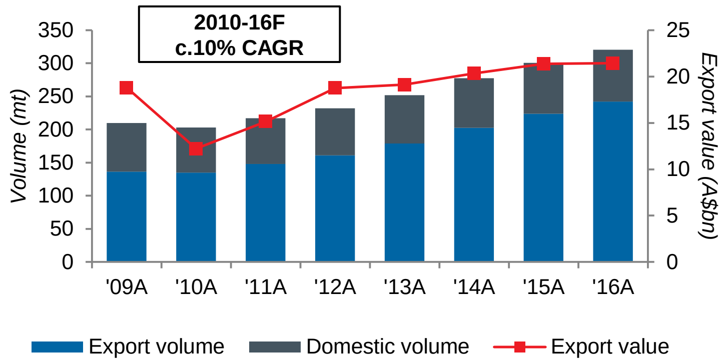
Outlook

Strong demand for Australian iron ore expected to continue, with volume growth c.7% CAGR (2010-16F) …



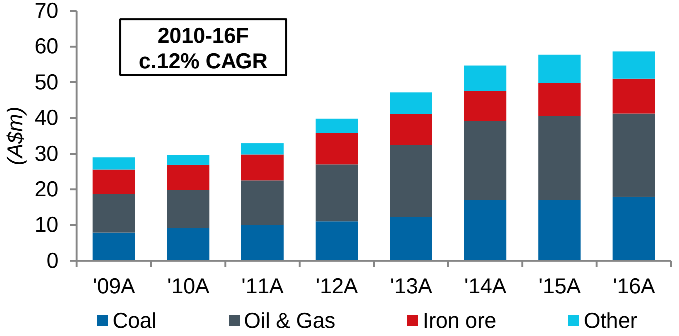
Source: ABARE Australian Commodities March Quarter 2011

… And similarly, Australian thermal coal exports are forecast to grow c.10% CAGR (2010-16F)



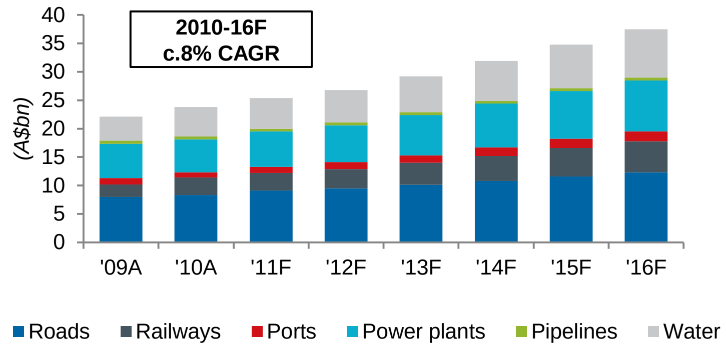
Source: ABARE Australian Commodities March Quarter 2011

Robust demand justifying significant levels of fixed capital investment, weighted towards coal, iron, O&G



Source: BIS Shrapnel Mining Forecasts (2011)

Government investment and mining sector expansion driving large infrastructure spend



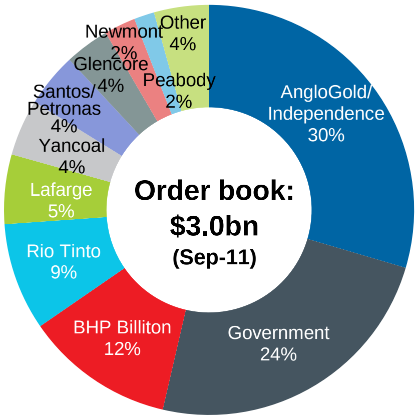
Source: BMI Australia Infrastructure Report Q4 2011

International outlook

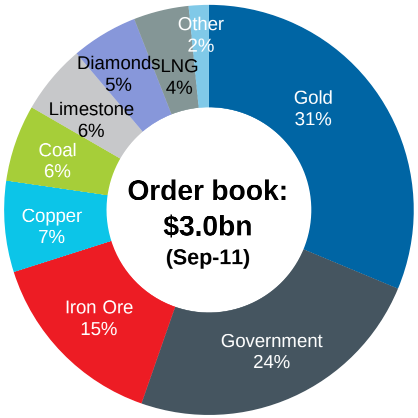
- Globalisation of mining services continues to increase as Australian contract mining operators pursue opportunities overseas
- Key international markets include Africa and Mongolia
- Mongolia is expected to experience one of the fastest rates of economic growth in the world over next 5 years.
- Massive new coal province with estimated reserves of 100 billion tonnes
- Close proximity to China’s steel producers
- Substantial road and rail infrastructure planned by Mongolian Government
- Mining investments expected to total US$13 billion in the coming years, with approximately US$5.2 billion of investment in infrastructure
- Africa, rich in mineral resources with 60% of the world’s diamonds, 40% of the world’s phosphate and 47% of worldwide cobalt reserves as well as large reserves of other base and precious metals
- The region is expected to benefit from the current low interest rate environment and worries about rising inflation, which are driving a sustained flow of investments into commodities

Order book diversity

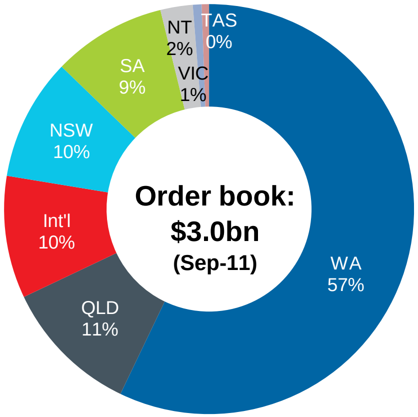
Diversified blue-chip client base



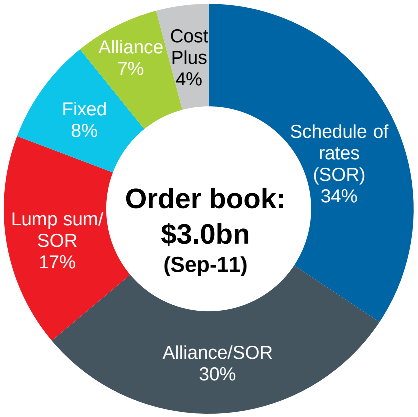
Diversified commodity exposure



Diversified geographic footprint



Diversified contract styles



Note : Figures above exclude a further ~$820m in additional works, including Tavan Tolgoi (US$250m contract awarded October 2011) and recently announced preferred contractor status for Solomon Spur (~$340m), Darwin Marine Supply Base Project (~$100m) and Calabar, Nigeria (~$130m)

Source: Company information

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