Media Release

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Macmahon announces $23.2 million half year profit

MACMAHON HOLDINGS LIMITED (ASX: MAH) today announced a $23.2 million half year profit after tax and a welcome return to dividends with the declaration of a fully franked 1.5 cent interim dividend.

Financial Highlights
- Total revenue of $829 million (up 38% on pcp)
- Half year profit after tax of $23.2 million (up 27% on underlying pcp)
- Earnings per share of 3.3 cents (up 32% on underlying pcp)
- Return to dividends, interim dividend of 1.5 cents per share, fully franked
- Record order book of $3.4 billion (up 63% on pcp), with $2.2 billion of new projects and extensions awarded since 30 June 2011
- Cash flow from operating activities increased by 124% pcp
- Surplus cash over debt of $78.8 million
- Refinancing and upsizing of syndicated financing facility completed in December 2011

Strategic Highlights
- International footprint expanded into Mongolia
- MVM Rail now wholly owned
- New 'Macmahon Engineering' business established
- Meeting the challenge of attracting and retaining a skilled workforce
- Risk Management initiatives delivering value

Macmahon Chief Executive Officer Nick Bowen said the result was a big step in the right direction. Coupled with the strength of the Company's order book and management's renewed focus on risk and margins, the Company was on track to deliver a record full year profit for FY12.

The result is particularly pleasing as it signals the recommencement of franked dividends to shareholders.

Backed by a record order book of $3.4 billion, including $2.2 billion of new projects and extensions awarded since 30 June 2011, the half year saw total revenue of $829 million, up 38 per cent on the previous corresponding period.

Mr Bowen said revenue increases were achieved across all business units with the addition of new projects including Boddington, George Fisher, Gladstone LNG, Solomon Rail Spur and the Pilbara ISA, along with further expansion across a number of existing projects.

"We have secured total revenue of $903 million for the second half and this has us well positioned for an expected record revenue in excess of $1.8 billion for FY12," he said.

"A strong balance sheet and robust operating cash flow, together with the Company's upsized financing facilities mean that Macmahon is well placed to deliver ongoing growth well into the future.

"Macmahon has a current tendering pipeline in excess of $3 billion.

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"The Company's financial condition is close to the best it has been in its 49 year history. Cash flow from operating activities increased by 124 per cent to $85.3 million and resulted in surplus cash over debt of $78.8 million."

Mr Bowen said key strategic milestones had been achieved in the first half including the establishment of an expanded international footprint into Mongolia and a second quarrying contract in Nigeria. Additionally, Macmahon purchased the remaining 40 per cent of MVM Rail to now wholly own the business, while the new 'Macmahon Engineering' business was established to further the Company's mine related engineering and infrastructure services.

Mr Bowen added that Macmahon is also benefiting from the restructure of the Construction business which was completed in FY11 and the implementation of revised group-wide risk management initiatives which are importantly delivering value.

The Company is well positioned to build on this solid foundation and is committed to consistently delivering quality earnings and increasing shareholder returns.

"With a strong first half under our belts and a focus on maintaining scale and improving margins, Macmahon is expected to deliver a record full year profit in the range of $55 to $60 million for FY12," Mr Bowen said.

"With the strong order book and pipeline of opportunities Macmahon is on track to deliver not only a record profit for FY12, but further growth in FY13."

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About Macmahon

Macmahon is a leading Australian contract mining and construction company with major projects throughout Australia, in New Zealand, Asia, Mongolia and Africa.

An ASX/S&P 200 company, Macmahon has played a major role in the delivery of many of Australia's largest multi-disciplinary mining and construction projects throughout its 48 year history.

Directly employing more than 4000 people, Macmahon offers the full range of underground and surface mining services and comprehensive construction capabilities spanning transport, marine, water and resource infrastructure services.

With a commitment to providing end to end services, Macmahon's reputation for outstanding teamwork, integrity and commitment to the environment is underpinned by the company's core value - safety.

Visit www.macmahon.com.au for more information.