

19 September 2012

Earnings Guidance Update

Macmahon Holdings Limited (ASX: MAH) today updated its earnings guidance for the 2013 Financial Year following a further management review of its Hope Downs 4 Rail Earthworks contract in WA (HD4), and increased uncertainty about the outlook for new construction work given recent market volatility.

At the HD4 project, a number of issues have been identified with earthworks productivities and the order in which work must now be performed to meet the revised completion program. Recent changes to the management of this project, together with the previously announced management restructure within the Construction business, are having a positive impact. However, the project issues will still result in significant additional costs being incurred to ensure that the client's schedule for track laying is met and that the project is substantially completed in the first half of this financial year.

"This is extremely disappointing, especially in light of similar problems in recent years," Macmahon Chairman Ken Scott-Mackenzie said.

Further, given recent market volatility and the associated uncertainty in relation to the commitment and timing of future construction projects, the Company has lowered its estimate of the volume of new construction work it may win and perform this financial year.

"HD4, together with the uncertainties surrounding the commitment and timing of new projects, will have a major impact on Macmahon's pre-tax earnings for Construction in FY13," Mr Scott-Mackenzie said.

Macmahon is confident that the outlook for its Mining business, which was previously under the direct control of the new Chief Executive Officer, Ross Carroll, remains solid. Operationally this business continues to perform well.

"The Mining Business has a high degree of visibility on work with existing clients and we are tendering new opportunities," Mr Carroll said.

Combining the forecasts for its two businesses, Macmahon now anticipates its full year profit after tax will be in the range of \$20 to \$40 million, with the major impact of reduced earnings to be incurred in the first half. Second half earnings are projected to return to more normal levels.

"The Company remains in a sound financial position and will be vigilant in monitoring changing market conditions. I am confident the Company can adapt to these changing conditions and deliver improved profits," Mr Carroll said.

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Media Release



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 49 year history.

Directly employing more than 4500 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.