

27 February 2013

Macmahon announces half year results, confirming strategy for mining future

Highlights:

- **Mining operations achieved record \$533.3 million revenue and record \$23.1 million net profit after tax**
- **Net loss of \$60.7 million for discontinued Construction operations, leading to overall loss of \$37.6 million for the first half of FY13**
- **Mining services focus confirmed with overwhelming shareholder support for sale of Construction projects to the Leighton Group ("Leighton")**
- **FY13 earnings guidance revised to now include impact of sale and wind down of Construction operations - net loss after tax in the range of \$10 to \$20 million**
- **Robust foundation for sustainable growth of Mining Business**
 - **Record mining order book of \$3.6 billion, following award of Christmas Creek contract in January 2013**
 - **Strong balance sheet following completion of \$80.7 million equity raising**
 - **Gearing currently low, 9.4 per cent at 31 December 2012**

Macmahon Holdings Limited (ASX:MAH) today announced its half year results to 31 December 2013, reporting an excellent performance from its Mining Business which underpins the Company's future growth strategy. The Mining operations achieved a record \$533.3 million in revenue for the half, resulting in a net profit after tax of \$23.1 million, a 70% increase on the prior corresponding period.

The Company reported an overall loss (net after tax) of \$37.6 million, which includes \$60.7 million from its discontinued Construction Business, following major write-downs at its Hope Downs 4, Solomon and Urban Superway projects.

Macmahon Chief Executive Officer Ross Carroll said while the overall result was extremely disappointing, the performance of the Company's Mining Business was a strong endorsement of the new strategy.

"With a record order book, strong balance sheet and low gearing, we are in a good position to grow the areas of the business that are already performing well," he said.

"The recent growth of our Mining Business in a time of challenging market conditions highlights its sustainability and holds the Company in good stead for its mining focused future."

The Company has strengthened its balance sheet through the recent \$80.7 million equity raise and currently has low gearing (9.4 per cent at 31 December 2012), positioning it well to take on future commitments.

Following confirmation of the sale of Construction projects to Leighton at an Extraordinary General Meeting of shareholders on 26 February 2013, the Company has revised its earnings guidance for the 2013 Financial Year to a net loss after tax in the range of \$10 to \$20 million.

As advised to the market, the Company's previous guidance pre-dates the sale of the Construction projects to Leighton. Guidance now includes the impacts of the sale, specifically the removal of previously forecast profits for transferring Construction projects, the inclusion of closure costs including the write-off of goodwill and redundancy costs for non-transferring employees.

Importantly, the profit before tax guidance for the ongoing Mining Business is expected to be in excess of \$85 million, subject to unexpected events including wet weather.

In announcing the results, Mr Carroll confirmed the Company's new strategy would build on the success of the existing business.

"Surface Mining commenced operations for its two largest contracts during the half, providing a stable base for further growth.

"Underground Mining secured its sixth contract extension at Olympic Dam, highlighting the outstanding work of the team on site and the Company's strong and productive relationship with the client.

"Our Engineering Business grew its revenue through scope variations to its major project, a shaft upgrade at the CSA Mine, and is implementing its strategy for growth into the surface mining sector.

"We also continue our offshore expansion with the establishment of a new office in Ghana to pursue further opportunities in Africa."

The Company's new business strategy will focus on its end to end service model, leveraging its strong relationships with existing blue chip clients.

With a record order book and a diverse business that has exposure to key geographic regions, multiple commodities and top quality clients, Macmahon is well placed to deliver future growth and consistent earnings.

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About Macmahon

Macmahon is a leading Australian company providing the complete package of mining services to clients throughout Australia and in New Zealand, South East Asia, Mongolia and Africa.

An ASX listed company, Macmahon's diverse and comprehensive capabilities provide an end to end service offering to its mining and engineering clients.

Macmahon's extensive experience in both surface and underground mining has established the Company as the contractor of choice for resources projects across a range of locations and commodity sectors.

With an expanding international footprint, 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.