2014 Full Year Results

20 August 2014

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This presentation contains forward looking statements that are subject to risk factors associated with the business. While Macmahon considers the assumptions on which these statements are based to be reasonable, whether circumstances actually occur in accordance with these statements may be affected by a variety of factors. These include, but are not limited to, levels of 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. These could cause actual trends or results to differ from the forward looking statements in this presentation.

All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated.

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

Delivering on the promise

- Completed or sold all remaining construction projects
- Returned the company to profitability
- Reduced debt
- Improved mining safety performance
- Cut costs and improved productivity
- Bolstered business development capability
- Grown tender pipeline
- Invested in people, systems and processes

Group Highlights

- Consolidated profit after tax of $30.4 million highlighting ongoing performance of mining operations
- Strong cash flow from mining operations with lower capital expenditure and increased focus on asset utilisation
- Balance sheet healthy with gearing at 12.9%
- Order book of $2.6 billion supported by quality long-term contracts
- Majority of projects with blue-chip clients with low cost, long life assets
- Contract extensions secured with BHP Billiton and Newmont Mining
- Tendering pipeline of $2.3 billion
- Ongoing focus on productivity – 300 business improvement initiatives undertaken

Current Operations

AUSTRALIA

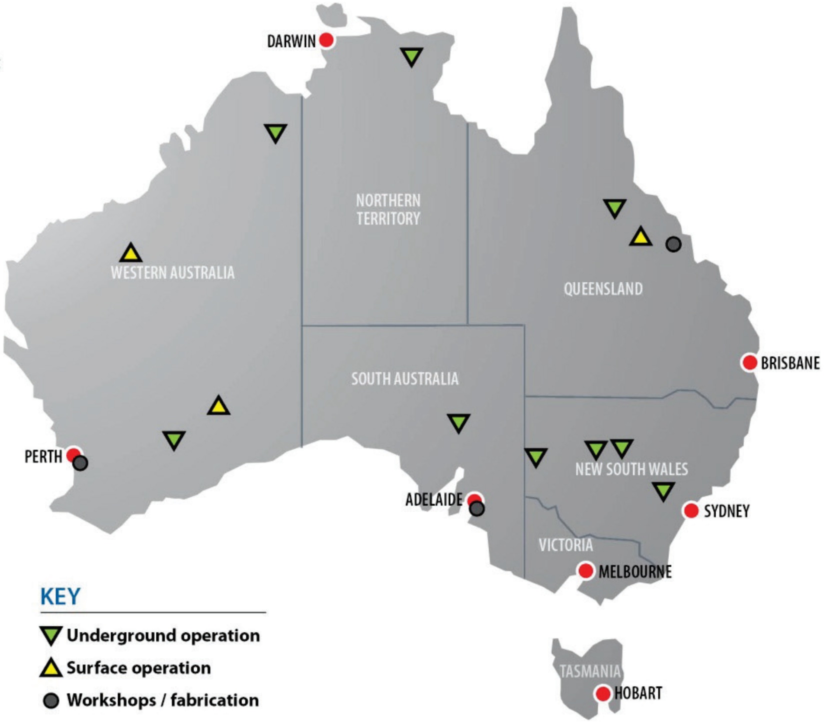
Western Australia
Christmas Creek Expansion Project
Lanfranchi
Savannah
Tropicana
WAC workshop

Northern Territory
Ranger 3 Deeps

South Australia
Olympic Dam
Lonsdale workshop

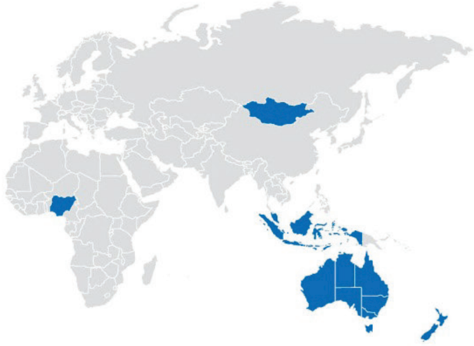
Queensland
Eaglefield / Lenton
Mt Wright
Nebo workshop

New South Wales
Broken Hill
Cadia
Peak
Tritton



KEY

- ▽ Underground operation
- △ Surface operation
- ● Workshops / fabrication



INTERNATIONAL

New Zealand
Waihi

Nigeria
Ewekoro
Calabar

Malaysia
Kanthan
Rawang

Indonesia
Lhok Nga

Mongolia
Tavan Tolgoi

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Operational Update – Surface Mining

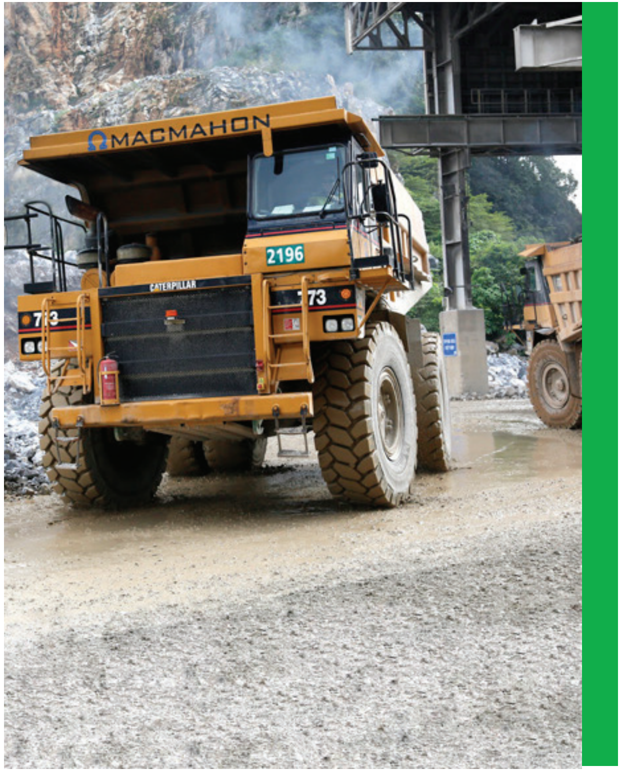
- Performance at Christmas Creek improved steadily over the year. Key achievements included:
  - Improved production
  - Implementation of real-time monitoring and analysis
  - Significant improvement in safety since February 2014
- Increased material movement at Tropicana following the commencement of second and third fleets
- Operations at Waihi progressed well - contract extended in June 2014 through until March 2016
- Works at Orebody 18 and Cameby Downs both successfully completed during the year - people and equipment redeployed where possible
- Eaglefield / Lenton continued to ramp down in line with the scheduled end of mine life in November 2014. Strong safety performance on site with the project 7 years LTI free

Operational Update – Underground Mining

- Operations at Olympic Dam performed well:
  - Company awarded a 4 year, raise-drilling contract
  - World's largest raise drill, the Herrenknecht RBRVF 900, designed in conjunction with Macmahon, commissioned and performing well
- Works at Ranger continued in line with expectations – negotiations regarding further work currently underway
- Mining services business continued to perform well – record 20,272 metres drilled by a single rig in just one month achieved at Carpentaria Gold's Ravenswood Mine in QLD
- Works at Argyle continued to ramp down during the year - coinciding with the completion of the contract
- George Fisher contract successfully completed – negotiations currently underway regarding additional work on site
- Safety performance improved year on year

Operational Update – International

- Productivity across Nigerian operations improved steadily over the year
- South East Asia operations performed well operationally – contract extensions currently being negotiated for Kanthan and Rawang projects
- Mongolia
    - Production continued during the year at lower levels to match reduced demand
    - ROM stockpiles contained 1,184 ,255 tonnes of coal at year end. Further 825,125 tonnes exposed in pit
    - Issues relating to payment delays are ongoing
    - Production now suspended by the client as part of disagreements over various issues
    - Parties in discussion to see whether matters can be resolved by agreement



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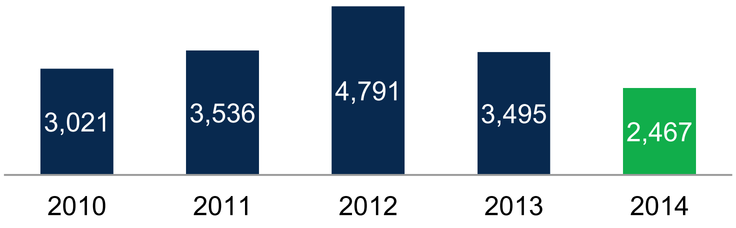
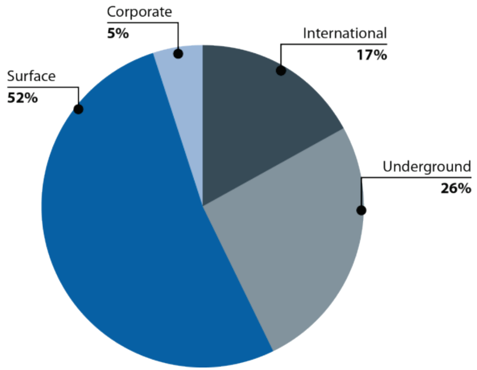
People

- Employee numbers reduced in line with sale of construction and completed contracts
- Strong focus on leadership and development across the organisation
- Several senior appointments made across Business Development, Operations and Human Resources – demonstrating ability to continually attract top talent
- Macmahon apprenticeship program recognised as industry leading via industry awards*
- On track to exceed commitment to employ 500 indigenous people by 2015 under the Australian Employment Covenant

Group employee numbers



Employees by division



*CCI Award for Excellence for Employers – Northern WA region

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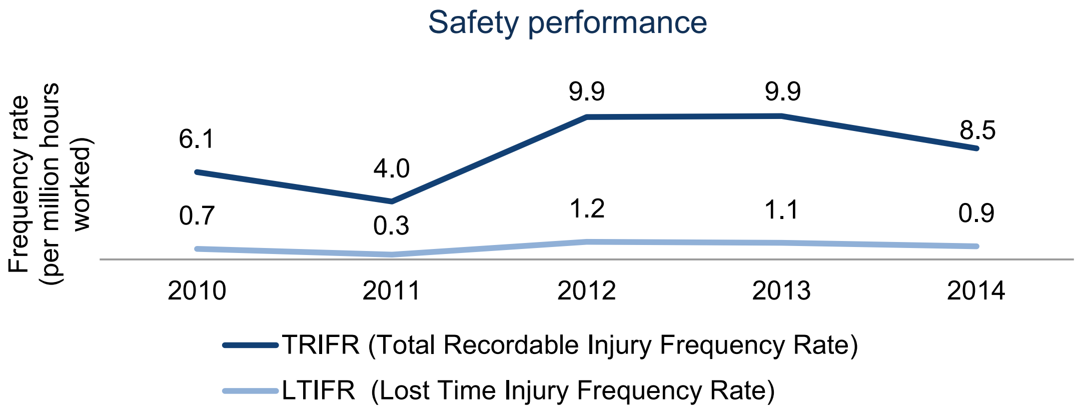
Safety

- Improved mining safety performance in 2014
- Top-down safety approach ensuring company-wide accountability
- Safety improvement plan delivering strong results
- 3 month TRIFR falling since December 2013



Note: Safety reporting amended to exclude discontinued construction activities

KEY MILESTONES

- **Kanthan, Malaysia operating 9 years LTI free**
- **Shotcreting division operating 7 years LTI free**
- **Eaglefield operating over 7 years LTI free**
- **George Fisher operating over 3 years LTI free**
- **Mongolia – 2 years TRI, LTI free**
- **Doorn-Djil – No LTI's recorded**
- **Perth and Nebo workshops – 6 years LTI free**

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Financials

Income Statement

$ millions	2014	2013	Change
Total revenue from continuing operations	**1,017.4**	**1,173.4**	**(13%)**
Earnings before interest and tax (EBIT) from continuing operations	**67.3**	**84.5**	**(20%)**
Interest	(18.8)	(18.3)	3%
Profit before tax from continuing operations	**48.5**	**66.3**	**(27%)**
Tax expense	(19.6)	(22.7)	(14%)
Profit after tax from continuing operations	**28.9**	**43.6**	**(34%)**
Profit / (loss) from discontinued operations (net of tax)	1.5	(73.1)	102%
Profit / (loss) for the period attributable to equity holders of the Company	**30.4**	**(29.5)**	**203%**
Profit after tax margin from continuing operations	2.8%	3.7%	
Earnings per share – continuing operations (cents)	2.30	4.37	(47%)
Earnings / (loss) per share – consolidated (cents)	2.42	(2.96)	182%
Dividends declared per share (cents)	nil	nil	

Note: Numbers in the table may not add due to rounding

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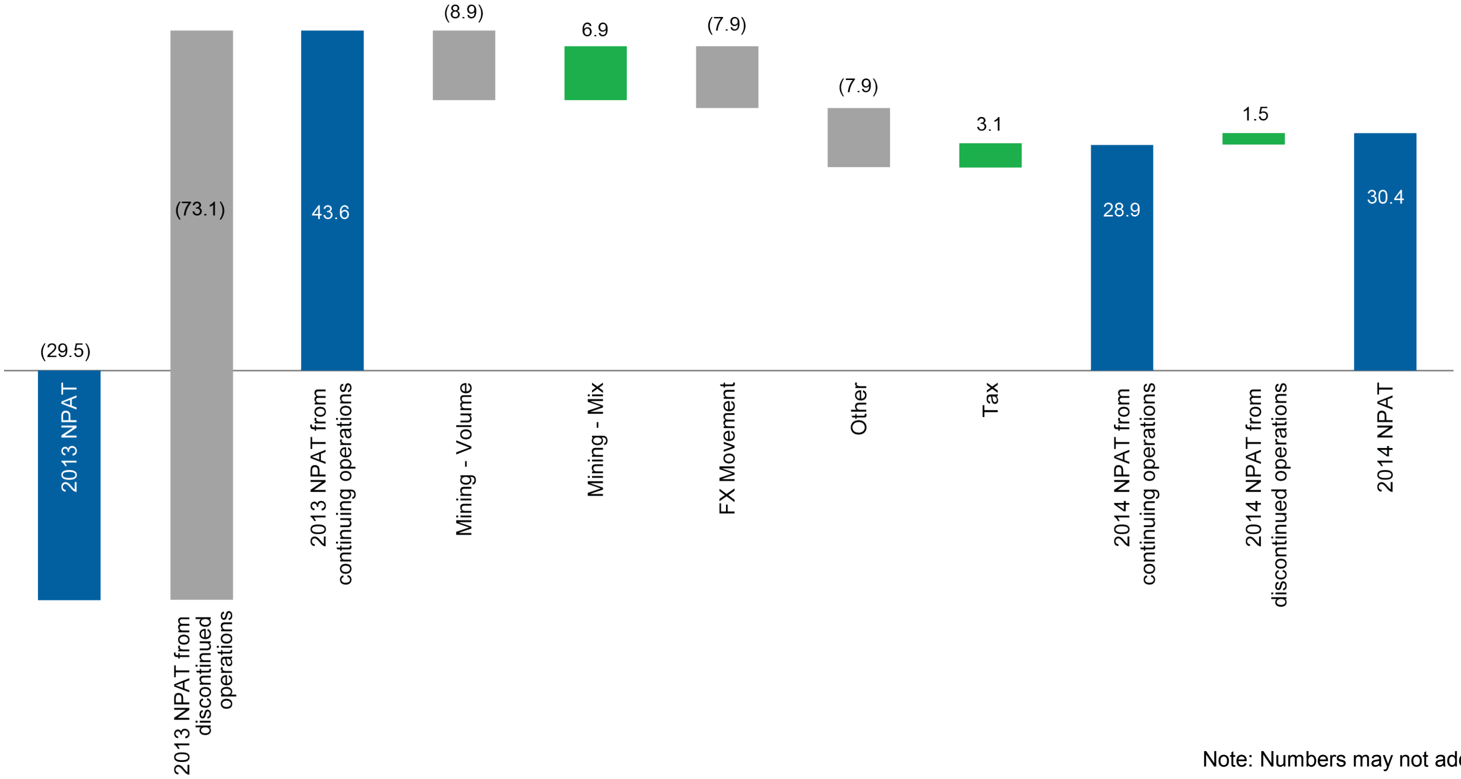
Profit Waterfall



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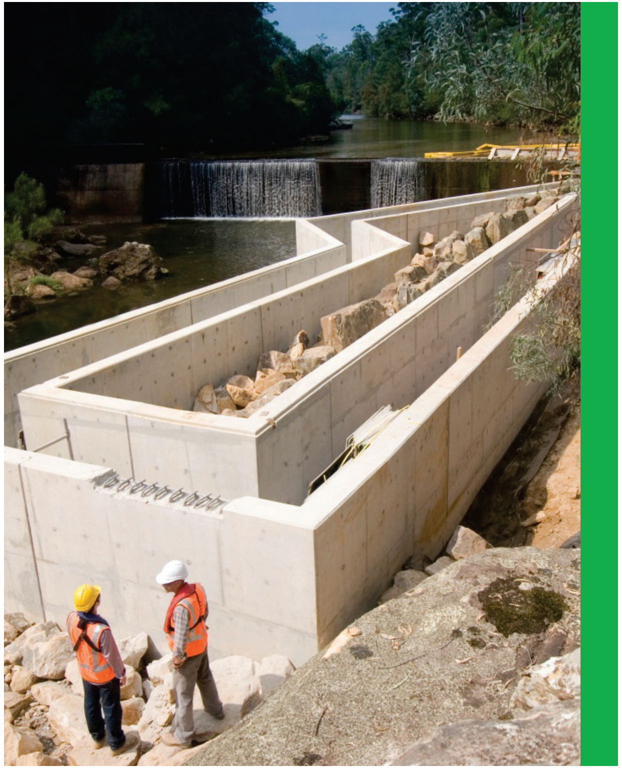
Continuing Operations

$ millions	2014	2013	Change
Segment revenue	1,017.4	1,173.4	(13%)
Profit before tax	48.5	66.3	(27%)
Profit before tax margin %	4.8	5.7	-
Order book	2,572	3,167	(19%)
Capex	99	197	(50%)

- Revenue of $1.0 billion (down 13% on pcp) predominantly driven by the completion of projects
- Profit before tax of $48.5 million, margin of 4.8%
- Sound order book of $2.6 billion underpinned by long-term contracts with blue-chip clients
- Capital expenditure reduced to $99 million in line with lower revenue and improved asset management

Discontinued Operations

$ millions	2014	2013
Segment revenue	26.9	581.7
Profit / (loss) before tax	(0.0)	(126.0)
Profit / (loss) after tax	1.5	(73.1)
Order book	-	63.0



- Revenue of $26.9 million relates to the Trangie Nevertire Irrigation Scheme project (completed) and the Hong Kong XRL-822 tunnel project (now sold)
- Profit after tax of $1.5 million, includes tax benefit of $1.5 million from the sale of Hong Kong XRL-822 project
- Exit from construction completed and legacy contracts fully provisioned
- Majority of contracts now novated to the Leighton Group following sale in February 2013

Cash Flow

$ millions	2014	2013
EBITDA	**172.9**	**67.5**
Net interest paid	(15.9)	(18.8)
Income taxes paid	(8.7)	(9.6)
Working capital and provisions	(70.4)	69.5
Operating cash flow	**77.9**	**108.6**
Proceeds from sale of assets	31.6	59.1
Capital expenditure [1]	(99.0)	(201.7)
Net repayment of borrowings	(50.0)	(6.4)
Equity raising and DRP	-	83.4
Dividend paid	-	(18.3)
Other items	(4.6)	(6.1)
Cash on hand at the beginning of year	153.5	134.9
Cash on hand	**109.4**	**153.5**

1. Excludes plant and equipment acquired under finance leases and hire purchase (2014: $nil; 2013: $9.3 million)

- Strong cash flow from continuing mining operations of $125.2 million
- Operating cash flow decreased due to the wind down of the discontinued construction business with net cash outflows of $47.3 million
- Capital expenditure declined to $99 million and was lower due to less growth capital requirements
- Syndicated facility repayment of $50 million

Operating cash flow: ($m)

Year	Discontinued Ops	Continuing Ops	Total
2014	**(47.3)**	**125.2**	**77.9**
2013	(9.3)	117.9	108.6

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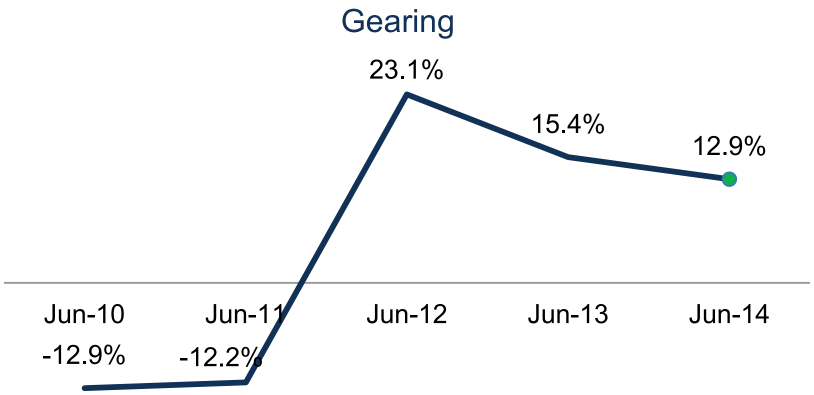
Balance Sheet and Gearing

$ millions	2014	2013	Change
Current assets	354.6	435.3	(19%)
Non-current assets	469.2	509.2	(8%)
Total assets	**823.7**	**944.5**	**(13%)**
Net assets	432.2	401.2	8%
Net debt	55.9	61.7	(9%)
Gearing	**12.9%**	**15.4%**	



- Capital investment program will be managed tightly with ample equipment available
- Syndicated term facility currently being re-financed (due to expire in 2015)
- Significant commitments to lend received from 8 lenders totaling $302.5 million, subject to execution of documentation and satisfaction of other customary conditions precedent
- Substantial headroom available for future growth

Note: Numbers may not add due to rounding

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Strategy and Outlook

Strategy – defend and extend

Aspiration

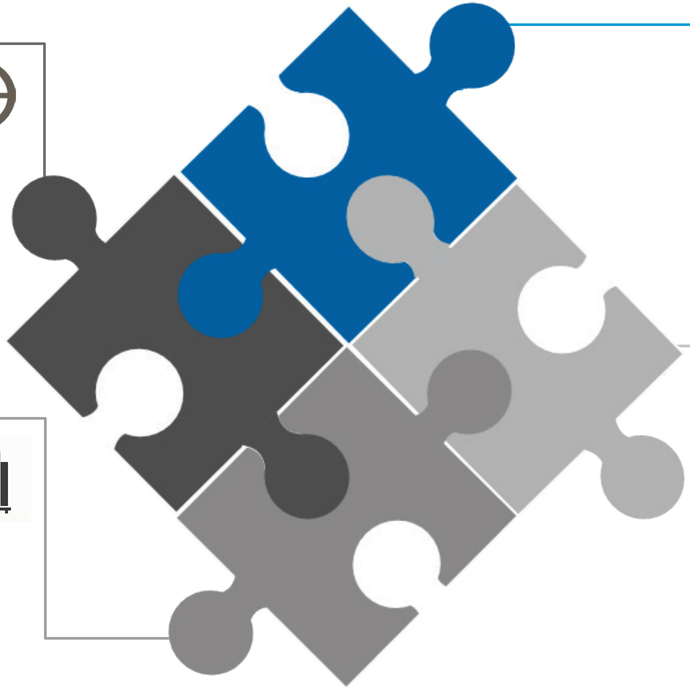
To be a leading provider of services to the resources sector

Achieve sustainable growth through operational excellence and superior project delivery.

Critical success factors

Ability to increase productivity and availability of equipment on existing sites

Proving Macmahon's worth to clients by demonstrating safety, productivity and quality.



Key markets

We will focus on retaining, improving and growing our domestic business in Australia while extending into the emerging markets of Africa, Central and South East Asia

Capability focus

Strengthening Business Improvement program in each country delivering tangible results to reduce input costs

Revising our Business Development structure to ensure we are identifying and actively pursue the right opportunities

Balance sheet capacity and innovative finance solutions to support further growth

Strategic priorities

Operational excellence

1

Our focus on business improvement will provide our clients with strategic solutions to lower their input costs in the medium to long term

Global diversification

2

We are actively pursuing international opportunities in Africa, Central and SE Asia where we already have an established presence

Reduced cost base

3

We will extend our cost reduction programs in the year ahead to drive further value from suppliers, increase efficiencies and reduce duplicated effort

Four pillars of success

Improved Safety Performance	Business Development	Business Improvement	People
▪ Simplified safety polices and procedures ▪ Visible safety leadership ▪ Safe Act Observation (SAO) for leaders program ▪ Greater accountability	▪ Centralised BD function ▪ New international BD team appointed ▪ Structured client engagement program ▪ Leveraging 'whole-of-business' expertise	▪ Governance and reporting ▪ Operational efficiencies ▪ Strategic procurement ▪ BI culture and engagement ▪ Cost reductions	▪ New hires ▪ Increased focus on training and development ▪ Establishing a culture of leadership and accountability ▪ Apprenticeship, graduate and Indigenous programs

Business Improvement Program

BI Framework

Key focus areas

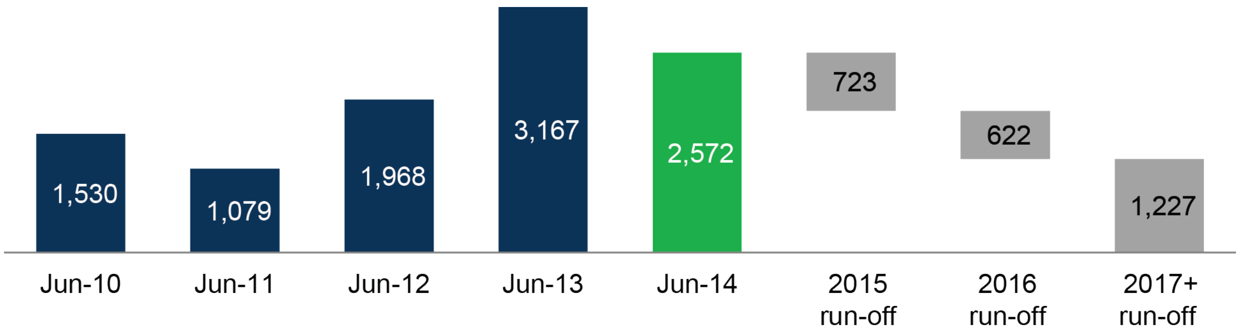
- Operations
- Plant & Equipment
- Procurement
- Systems
- People

Key activities to date

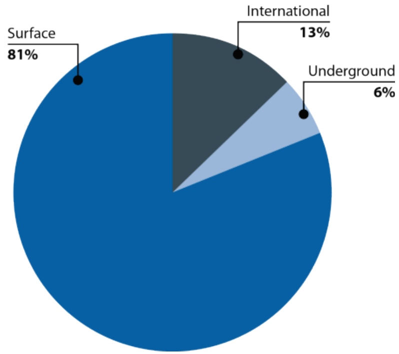
- Development of BI governance and reporting framework
- Continuation of strategic sourcing
- Upgraded procurement system
- Operational and maintenance improvement program at major project sites
- Improved financial reporting systems

Order Book

Mining order book and run-off ($ million)



Order book by division



- Mining order book of $2.6 billion consisting mainly of long-term contracts with blue-chip clients
- More than $700 million of FY15 revenue secured [1]

1. "Revenue secured" means revenue estimated to come from existing contracts. These estimates are subject to fluctuation for contract variations, termination, and other risk factors described in the Disclaimer slide.

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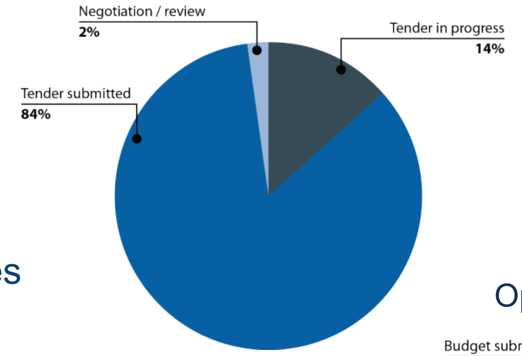
Business Outlook

- An environment of “survival of the leanest” is currently prevailing
- Industry has shifted its focus from expansion to cost reduction
- Margin pressure likely to increase

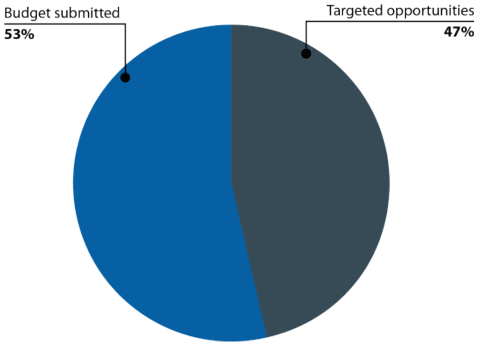
Macmahon well positioned to meet current challenges

- International outlook remains positive as strong economic growth continues in Asia and Africa
- ~$2.3 billion of new opportunities in the tender pipeline but timing and certainty remains variable
- Continued focus on business improvement
- Balance sheet management a priority

Tender Pipeline ~$2.3bn



Opportunity Pipeline ~$3.0bn



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Summary

Summary

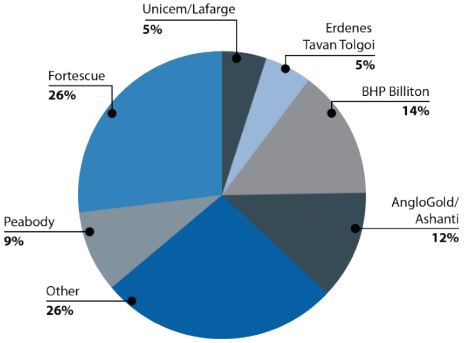
- We're delivering on our promise
- Consolidated profit after tax of $30.4 million
- Strong cash flow from mining operations combined with aggressive asset management program
- Balance sheet healthy with gearing at 12.9%
- Solid order book of $2.6 billion backed by quality long-term contracts with blue chip clients
- Forecast $0.75 – $1.0 billion for 2015 revenue
- Tendering pipeline of $2.3 billion with a further $3.0 billion of projects currently being targeted
- Business development team bolstered globally
- Ongoing focus on productivity – cost savings achieved with focus on further reductions

Major Projects and Key Clients

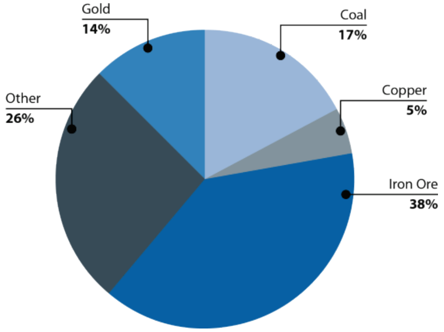
Project	Value	Started
Christmas Creek (WA)	$1.8 billion	2012
Tropicana Project (WA)	$900 million	2012
Eaglefield / Lenton (QLD)	$550 million	2003
Olympic Dam (SA)	$687 million	2004
Tavan Tolgoi (Mongolia)	US$250 million	2012
Calabar Quarry (Nigeria)	US$126 million	2012

Revenue and Order Book Diversity

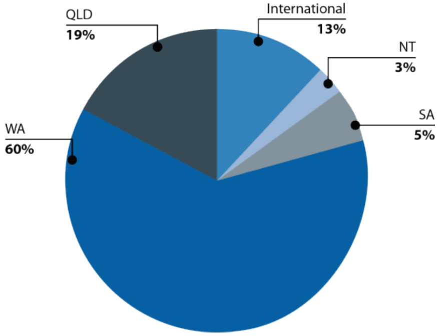
Revenue by client



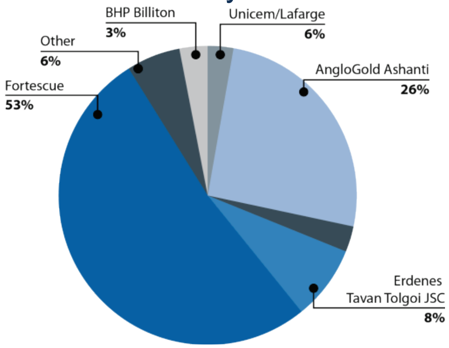
Revenue by commodity



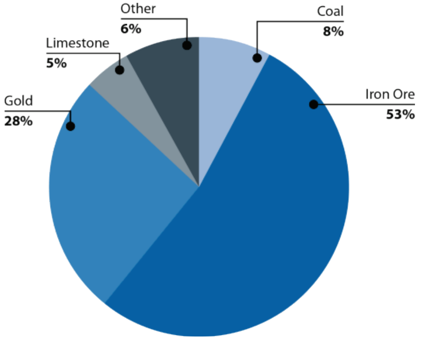
Revenue by location



Order book by client



Order book by commodity



Order book by location