



 MACMAHON

FULL YEAR RESULTS

22 AUGUST 2016

- Revenue for FY16 of \$347.4 million
- Consolidated full year profit after tax of \$1.7 million
- EBITDA of \$39.1 million
- Operating cash flow from operations of \$9.1 million
- Net cash position at year end of \$56.5 million
- Healthy balance sheet underpinned by quality assets
- Order book of \$1.5 billion supported by long-term contracts (\$624 million new work contracted in 2016)
- Mining industry showing signs of improvement – services sector expected to follow.
- Revenue for FY17 expected to be in the range of \$350 – 370 million (>\$320 million secured)

- Solid base load of work – underpinning the Company
- Majority of projects are low cost, long life assets
- Strong existing client relationships
- Ongoing business transformation - continued focus on cost reduction, productivity and project delivery
- Capital expenditure has been restricted to essential items and maintenance
- Company remaining disciplined in regards to tendering – profit and cash flow is the main focus

- Australia:
 - St Ives Gold Mine
 - Initial 6 month contract awarded by St Ives Gold Mining Company Pty Ltd in Nov 2015 – has since been extended by a further 2 years.
 - Scope includes providing plant and personnel for large scale open cut mining operations at the St Ives Gold Mine near Kambalda in WA.
 - Telfer Gold Mine
 - Life of mine contract awarded by Newcrest Mining Limited in Nov 2015 – currently scheduled to run until 2022.
 - Scope includes the provision of contract mining including open pit mining and bulk earthworks related services, including drill and blast, mining of waste materials, equipment hire and subcontractor management.
- International:
 - Martabe Gold Mine
 - 5 year, 50:50 JV contract awarded by PT Agincourt Resources in Nov 2015.
 - Scope includes the provision of mining services at the Martabe gold mine, in the North Sumatran province of Indonesia.

- Surface
 - Tropicana operations performed well – discussions underway regarding significant increase in volumes.
 - St Ives operations performing well - 24 month extension secured.
 - Telfer operations underperformed - see slide 6
- Underground
 - Underground mining services contracts exceeded expectations – new world record achieved at Mount Wright Mine for UG production drilling.
- International
 - Martabe operation performed well – setting a strong foundation for additional work in the region.
 - Lafarge projects in SE Asia continued to perform in line with expectations.
 - Operations in Nigeria underperformed - see slide 6

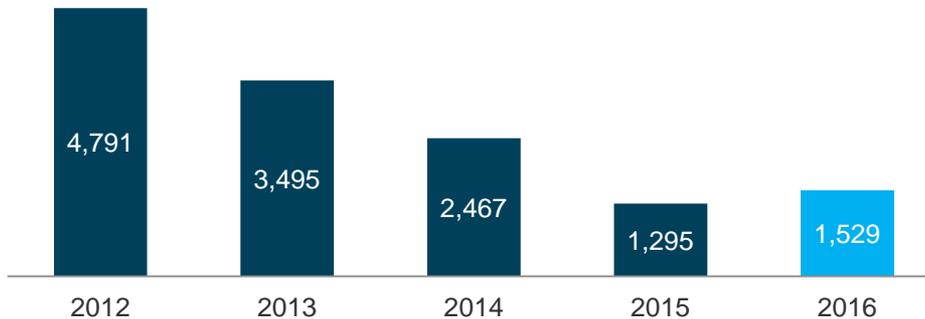
- Telfer
 - Telfer operations incurred a loss since commencement in Feb 2016
 - Performance impacted primarily by start-up costs, complicated site conditions and additional maintenance rectification costs for client supplied equipment
 - Losses expected to abate in second half FY17
 - MAH working collaboratively with the client to further improve position
- Nigeria
 - Operations in Nigeria incurred losses due to low volumes, increased maintenance costs, industrial action and project closure costs at Ewekoro
 - Calabar financial performance in FY17 at risk if these conditions persist
 - Due to heightened security concerns, MAH is now reviewing whether it should continue its business in Nigeria
 - Possible reclassification of Foreign Currency Translation Reserve losses (currently \$6.4 million) to the Profit and Loss statement if decision taken to withdraw completely from Nigeria



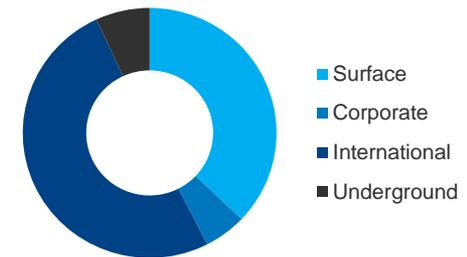
 MACMAHON

PEOPLE AND SAFETY

Group Employee Numbers



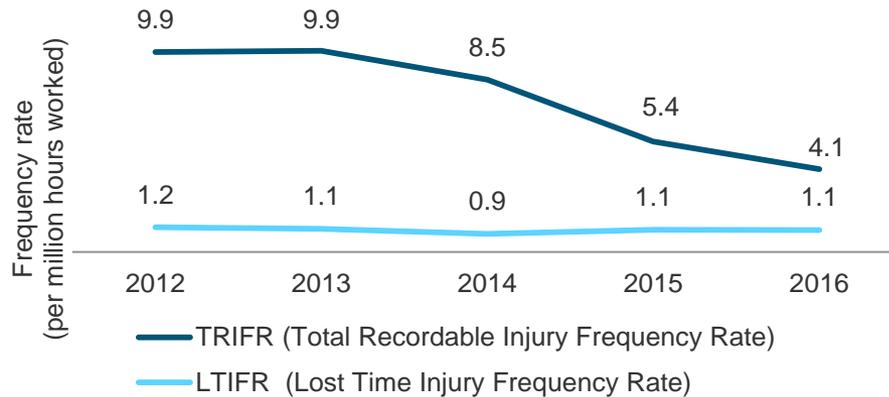
Employees by division



FY16 key activities:

- Increased support for line managers in the areas of people management and engagement
- Streamlining systems and providing quality training and development programs - maximising the potential of our existing workforce
- Working closely with our clients to keep their operations efficient and productive
- Ensuring we are able to compete effectively for new work

FY16 Performance:



MAH safety system – 3 core elements:

- Culture - accountability for one's own health and safety and that of others
- Leadership - leaders who are passionate about safety and believe that workplace injuries and illnesses are preventable
- Systems & processes - robust practices that workers understand and believe in

KEY MILESTONES

- The lowest TRIFR in the last five years *
- Successful start-up of three major projects without a lost time injury
- Kanthan operating 11 years LTI free
- Shotcreting Division operating 9 years LTI free
- WAC Workshop operating 8 years LTI free
- Underground Drilling Division operating 7 years LTI free
- Lhok Nga operating 7 years LTI free
- Maintenance of ISO Certification to ISO18001 and AS/NZS 4801.

* Graph excludes the impact of the Nigerian incident



 MACMAHON

FINANCIAL RESULTS

\$ m	2016	2015
Total revenue¹ from continuing operations	347.4	660.2
EBITDA (from continuing operations) ²	39.1	97.1
EBIT (from continuing operations) ³	6.0	37.4
Asset write-downs and onerous lease provision	(2.1)	(233.8)
Net finance costs	(2.4)	(23.7)
Tax expense	(0.4)	(0.5)
Net profit / (loss) after tax from continuing operations	1.1	(220.6)
Profit from discontinued operations (net of tax)	0.6	2.6
Profit/(loss) for the period	1.7	(217.9)

1. Total revenue excludes Martabe joint venture and other income

Non – IFRS Financial Information:

2. EBITDA is earnings before interest, tax, depreciation, amortisation, asset write-downs and onerous lease provision

3. EBIT is earnings, before interest, tax, asset write-downs and onerous lease provision

\$ m	2016	2015
EBITDA (consolidated)¹	40.0	100.8
Net interest paid	(1.0)	(10.8)
Income taxes paid	(2.8)	(1.9)
Working capital and other items	(27.1)	(34.3)
Operating cash flow	9.1	53.8
Proceeds from sale of assets	17.6	14.0
Capital expenditure	(23.5)	(19.7)
Net repayment of borrowings and associated costs	(171.6)	-
Sale of subsidiaries	-	84.6
Share buy-back	(5.4)	-
Other items	(6.4)	(5.2)
Cash on hand at the beginning of year	236.9	109.4
Cash on hand	56.7	236.9

1. Including EBITDA from discontinued operations

- Operating cash flow impacted by increase in working capital and reduction in provisions, profit on asset sales and FX gains
- Repayment of borrowings includes settlement of derivatives and repayment of SFA in July 2015
- Other items include investment in Martabe JV

\$ m	2016	2015
Current assets	175.5	382.6
Non-current assets	124.6	141.7
Total assets	300.1	524.3
Net assets	207.4	221.8
Net cash	56.5	74.2
Gearing	(27.2%)	(33.5%)

- No debt
- Existing \$30 million debt facility to be refinanced by Oct 2016 on improved terms
- Balance sheet includes surplus assets and inventory for resale

STRATEGY AND OUTLOOK

- Industry is showing signs of improvement - gold sector remains strong
- Competitive pressures still remain - particularly for mining services – but increase in opportunities
- Strong balance sheet - critical for contractors
- Tropicana volumes expected to expand – discussions currently underway
- Focus on re-building underground development order book
- Strong footprint in SE Asia – Martabe JV working well
- Continued upside opportunity from disposal of surplus assets and inventory
- Revenue for FY17 expected to be between \$350 – 370 million (>\$320 million contracted)
- 1H17 profitability may be impacted by Telfer and Nigeria outcomes:
 - Review of Nigeria presence, possible FCTR and asset sales
 - Timing of Telfer turnaround may improve based on discussions with the client

- Core objective is to secure and deliver work that is profitable and repeatable in order to deliver sustainable returns to shareholders.
- Currently investigating a range of options to:
 - broaden current capability through developing enhanced technology solutions
 - improve existing systems and processes to drive productivity and efficiency gains
 - develop a culture of innovation and flexibility by investing further in human capital
- Key success factors:
 - operational excellence and strong customer focus
 - increasing tender win rates while maintaining discipline on the use of balance sheet and resources
 - long-term client engagement – assisting throughout the project lifecycle

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, termination of key contracts, 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.

Non- IFRS Financial Information

This presentation uses non-IFRS financial information including EBITDA, EBIT, GROUP EBITDA and Group EBIT which are used to measure both group and operational performance. Non – IFRS measures have not been subject to audit or review.

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

Thank you



macmahon.com.au