



# FIRST HALF YEAR RESULTS 2019

# 1H19 HIGHLIGHTS

## ✓ Significant uplift in financial performance

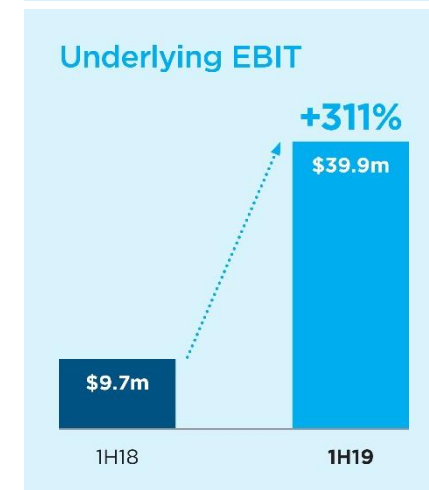
- 1H19 Revenue of \$542.2m, up 101% on 1H18
- 1H19 EBIT<sup>1</sup> of \$39.9m, up 311% on 1H18
- 1H19 EBITDA<sup>1</sup> of \$89.1m, up 94% on 1H18
- 1H19 NPAT<sup>1</sup> of \$32.3m, up 304% on 1H18
- Underlying basic EPS<sup>1</sup> of 1.53cps, up 273% on 1H18

## ✓ Key Achievements

- Successful ramp-up of Batu Hijau capacity, performance (gain-share) payment of \$780k achieved in 1H
- Ongoing improvement in safety performance including rollout of mental health program
- Secured new work at Nifty, Fosterville and a new quarry project

## ✓ Reaffirm FY19 Guidance and strong outlook

- Significant order book of ~\$4.8 billion
- Healthy tender pipeline of ~\$7 billion
- Forecast net debt position of \$25 million to \$35 million at June 19
- FY19 expected Revenue of \$0.95 billion - \$1.05 billion<sup>2</sup>
- FY19 expected EBIT of \$70 - 80 million<sup>2</sup>



1. Underlying numbers, refer to reconciliation on slide 25

2. Guidance is not a guarantee of future performance and is subject to known and unknown risks. This guidance assumes an exchange rate of AUD:USD 0.76, and excludes the impact of one-offs including the shareholder class action that was settled in FY19. Guidance excludes Performance (gain-share) payments and share based payments.

# FINANCIAL PERFORMANCE



Revenue \$m



Underlying EBIT \$m



Underlying EBITDA \$m



Underlying EBIT Margin



\* FY18 has been restated for consistency with the current year's presentation

# KEY CONTRACTS



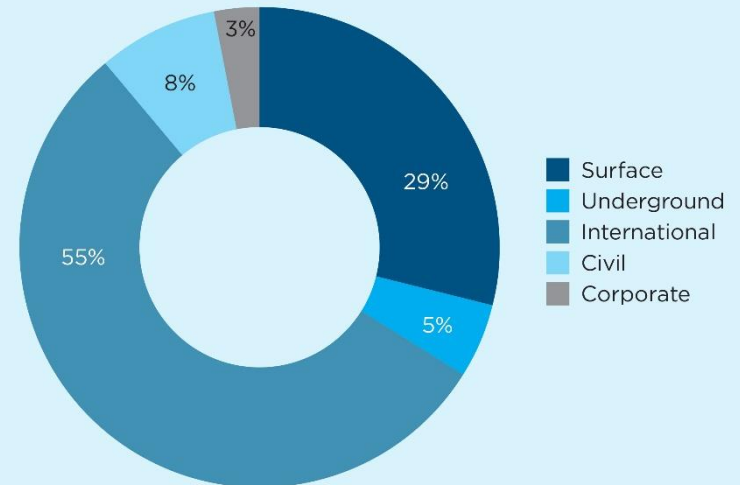
Project / Client	Location	Commodity / Type	Comments
<b>Tropicana</b> AngloGold Ashanti / Independence Group	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>• Alliance life-of-mine contract</li> <li>• Achieved reduction in unit cost by ~37% from 2015</li> <li>• Phase 1 of Long Island commenced</li> </ul>
<b>Telfer</b> Newcrest	WA Australia	Copper-gold Open-pit	<ul style="list-style-type: none"> <li>• Commenced February 2016</li> <li>• Life of mine contract</li> </ul>
<b>Mount Morgans</b> Dacian Gold	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>• Commenced December 2017</li> <li>• 5 year contract</li> </ul>
<b>Byerwen</b> QCoal	QLD Australia	Coking Coal Open-pit	<ul style="list-style-type: none"> <li>• Commenced August 2017</li> <li>• 3 year contract</li> </ul>
<b>Martabe</b> PT Agincourt Resources	North Sumatra, Indonesia	Gold Open-pit	<ul style="list-style-type: none"> <li>• 50:50 NKE Joint venture commenced 2015</li> <li>• Contract maturity FY21</li> </ul>
<b>Batu Hijau</b> PT AMNT	Sumbawa Island, Indonesia	Copper / Gold Open Pit	<ul style="list-style-type: none"> <li>• Alliance life-of-mine contract</li> <li>• Commenced in August 2017</li> <li>• Potential to extend scope to include future developments such as Elang</li> <li>• Performance fee (Gain share) achieved in 1H</li> </ul>
<b>Underground</b> Various	Australia & Indonesia	Various Mining Services	<ul style="list-style-type: none"> <li>• In Australia, continued to secure repeat, sustainable work including at Nifty, Fosterville and Olympic Dam.</li> <li>• 50:50 NKE joint venture developing an exploration decline at Tujuh Bukit</li> </ul>
<b>Civil (TMM Group)</b> Various	Australia	Various Mining Services	<ul style="list-style-type: none"> <li>• TMM undertook various civil work for Peak Downs, Rolleston and Poitrel</li> </ul>

# PEOPLE

## Group Employee Numbers <sup>1</sup>



## Employees by Business Unit

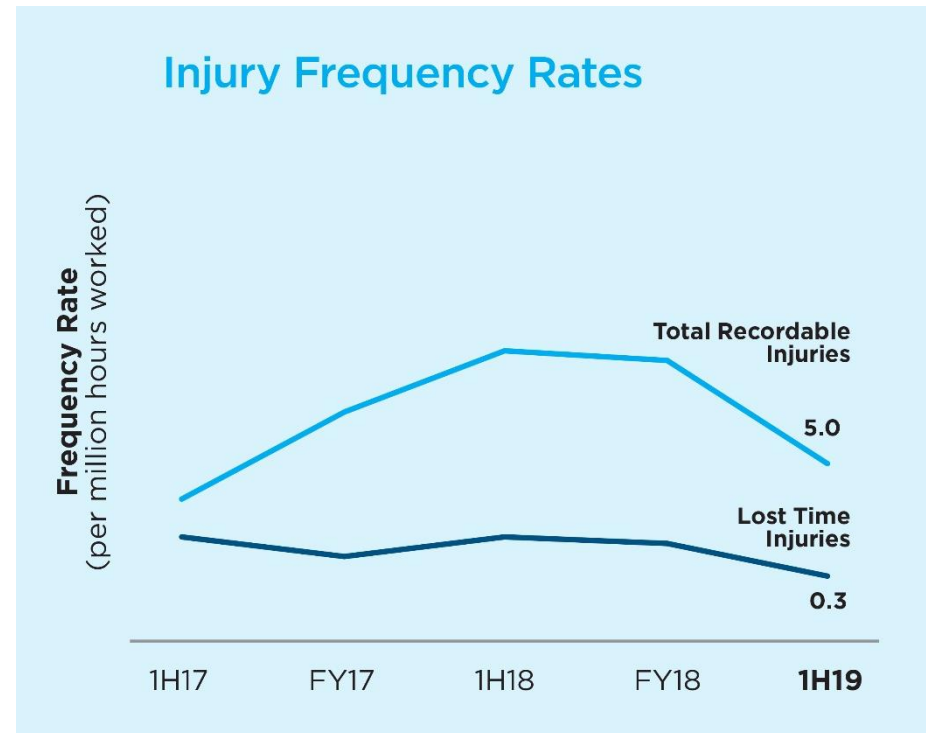


- Employee increase driven by ramp up of existing projects to steady state
- In Australia, 5% of our total workforce is Indigenous
- Indonesian workforce 99% national, 10% from local communities
- 11.3% of our total workforce is female
- Survey showed high levels of engagement across the business
- Continued investment in people including expansion of the traineeship program, introduction of an accelerated apprenticeship program, and rollout of a leadership development program

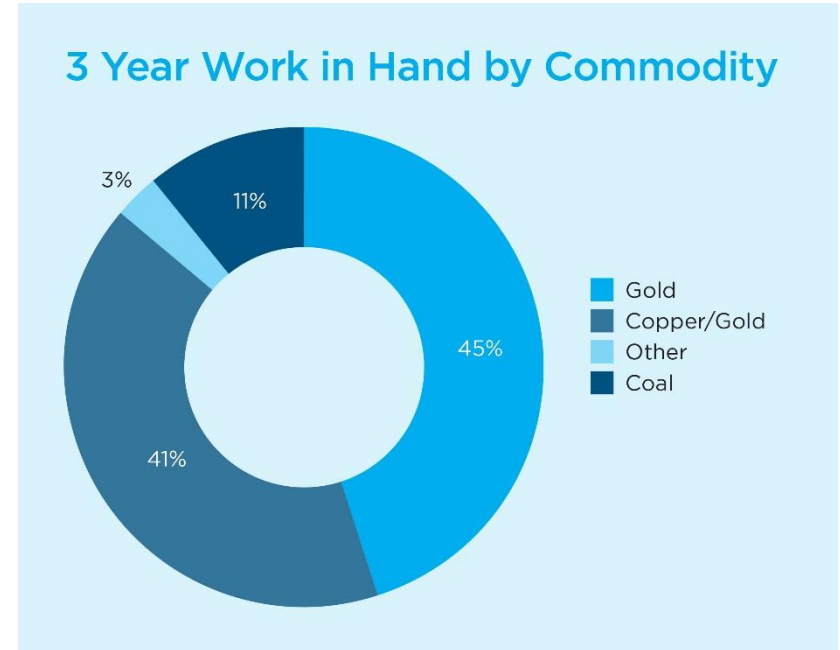
1. Group employee numbers includes Full Time Equivalent contractors

# SAFETY

- Safety performance continues to improve
- TRIFR on track to be below industry average by end of FY19
- No permanent disabling injuries or fatalities recorded
- Ongoing rollout of successful Mental and Physical Health Program

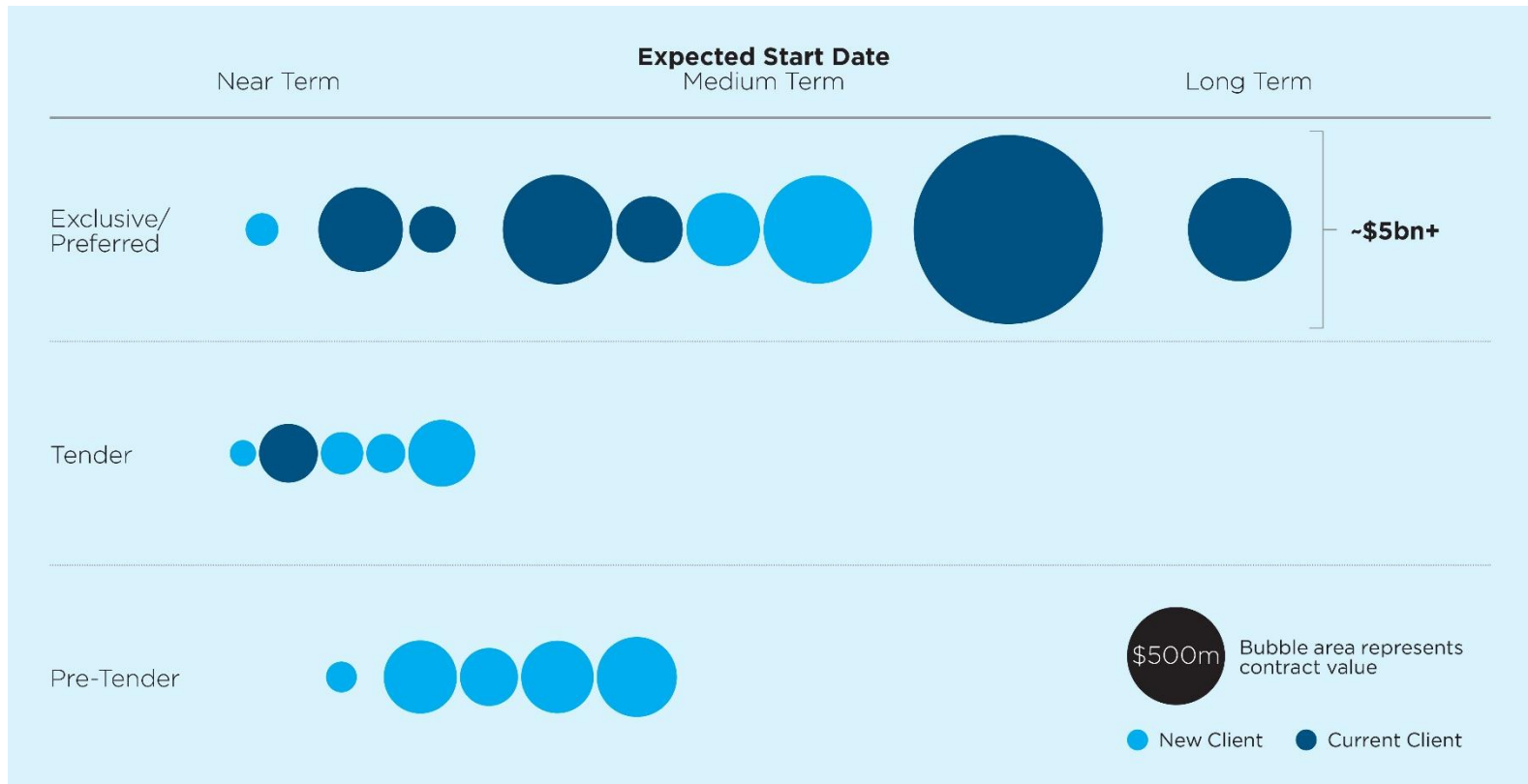


# WORK IN HAND



- Order book of ~\$4.8bn
- Excellent visibility and solid platform
- Operating at revenue run rate of ~\$1bn

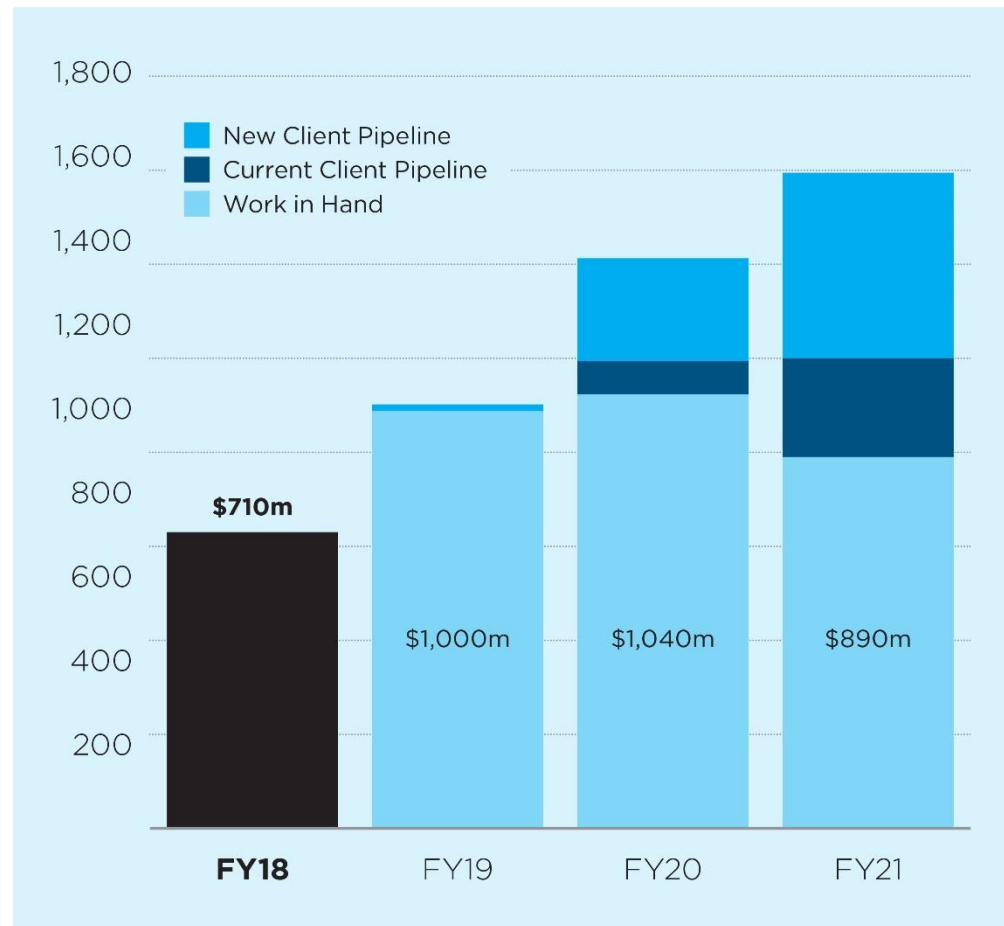
# TENDER PIPELINE



- 19 tender opportunities worth ~\$7bn, split between Australia and Indonesia, and gold, base metals, lithium and coal
- \$5bn+ (~70%) – preferred tenderer
- \$4bn+ (~60%) – current clients
- \$1.5bn potentially to be awarded in 2019



# POTENTIAL REVENUE GROWTH



• Note: the figures in this graph are indicative only and should not be treated as guidance

# PROFIT & LOSS



\$ Millions	1H18	1H19	Change
<b>Sales revenue</b>	<b>270.0</b>	<b>542.2</b>	<b>+101%</b>
<b>EBITDA<sup>1</sup></b>	<b>45.9</b>	<b>89.1</b>	<b>+94%</b>
<i>EBITDA margin</i>	17.0%	16.4%	
<b>EBIT<sup>1</sup></b>	<b>9.7</b>	<b>39.9</b>	<b>+311%</b>
<i>EBIT margin</i>	3.6%	7.4%	
Net finance costs	(0.7)	(4.8)	
<b>PBT<sup>1</sup></b>	<b>9.0</b>	<b>35.1</b>	<b>+290%</b>
<i>PBT margin</i>	3.3%	6.5%	
Tax expense	(1.0)	(2.8)	
<b>NPAT<sup>1</sup></b>	<b>8.0</b>	<b>32.3</b>	<b>+304%</b>
<i>NPAT margin</i>	3.0%	6.0%	
<b>Underlying EPS<sup>1</sup> (basic)</b>	<b>0.41 cps</b>	<b>1.53cps</b>	<b>+273%</b>

- Strong 1H19 results highlights we are on track to FY19 guidance<sup>2</sup>
- Margin improvement driven by successful ramp up of new work, optimisation of current work and Batu Hijau gain share payment of \$780k
- Australian tax expense reduced due to deferred tax assets. Expect benefit over next 3 years

1. Underlying earnings from continuing operations, refer to reconciliation on slide 25.

2. FY19 Revenue of \$0.95 – 1.05bn and underlying EBIT of \$70-80m

3. Columns may not add due to rounding

# CASH FLOW



\$ Millions	1H18	1H19
<b>EBITDA</b>	<b>45.9</b>	<b>89.1</b>
Interest and tax	9.4	(10.0)
Class Action Settlement	-	(7.6)
Working capital and other	(32.5)	(54.4)
<b>Net operating cash flow</b>	<b>22.8</b>	<b>17.1</b>
Proceeds from sale of assets	0.6	0.2
Capital expenditure (cash)	(13.6)	(25.4)
Net repayment of borrowings and finance leases	(2.4)	(9.8)
Shares purchased on market for Long Term Incentive Plan <sup>1</sup>	-	(11.3)
Other movements	(0.1)	(3.8)
<b>Net cash flow</b>	<b>7.3</b>	<b>(33.1)</b>
<b>Operating cash flow<sup>2</sup></b>	<b>13.4</b>	<b>34.6</b>
<b>EBITDA conversion</b>	<b>29.2%</b>	<b>38.8%</b>

- Operating cash flow impacted by December revenue accruals and late debtor payments of \$37.9m
- EBITDA conversion would have been 81% including these payments
- 1H19 capex of \$87.6m, \$62.2m funded via finance lease
- Expected 2H19 capex of \$50m, \$20m to be finance leased
- FY20 capex expected to be \$70m

1. See announcement on 5 July 2019

2. Net Operating cash flow excluding interest, tax and class action settlement

3. Columns may not add due to rounding

# BALANCE SHEET



\$ Millions	FY18	1H19
Cash	109.6	77.4
Receivables	152.3	183.0
Inventories	42.0	45.8
Property, plant and equipment	380.1	408.2
Other assets	39.3	76.8
<b>Total assets</b>	<b>723.3</b>	<b>791.2</b>
Payables	175.0	175.0
Borrowings	106.3	158.6
Other liabilities	32.2	33.2
<b>Total liabilities</b>	<b>313.5</b>	<b>366.8</b>
<b>Shareholders' Equity</b>	<b>409.8</b>	<b>424.4</b>
<b>Net Debt / (Cash)</b>	<b>(3.3)</b>	<b>81.2</b>
<b>Net Tangible Assets</b>	<b>18.7cps</b>	<b>19.2cps</b>

- Robust balance sheet
- Cash was impacted by class action settlement (\$7.6m) and purchase of shares for executive LTIP (\$11.3m)
- Net Debt position \$81.2m would improve to \$24.4m, excluding the impact of delayed receivables, class action and share purchases
- Forecast net debt position of \$25m - \$35m at June 19
- NTA increased to 19.2cps
- General corporate credit facility of \$50m with CBA which was drawn to \$17.3m

1. Columns may not add due to rounding

# FY19 OUTLOOK & STRATEGY

## Positive outlook supported by:

- ✓ Strong order book of \$4.8bn
- ✓ FY19 work in hand of \$1bn
- ✓ Significant \$7bn tender pipeline
- ✓ Robust balance sheet
- ✓ Greater scale, diversity and improving market conditions

## Reiterate Earnings guidance for FY19<sup>1</sup>

- Expected Revenue of \$0.95 - \$1.05bn (at least 34% growth)
- Expected EBIT of \$70 - 80m (at least 69% growth)

## Strategic Priorities

- Improving safety performance
- Ongoing focus on project execution and disciplined bidding
- Returns to shareholders and disciplined approach to capital management
- Fostering strong relationships with clients
- Continued investment in recruitment, retention and the development of our people
- Increased investment in technology and innovation
- Pursuing accretive acquisition opportunities to grow and expand offering



1. Guidance is not a guarantee of future performance and is subject to known and unknown risks. This guidance assumes an exchange rate of AUD:USD 0.76, and excludes the impact of one-offs including the shareholder class action which was settled in FY19. Guidance excludes Performance (gain-share) payments and share based payments.

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# THANK YOU

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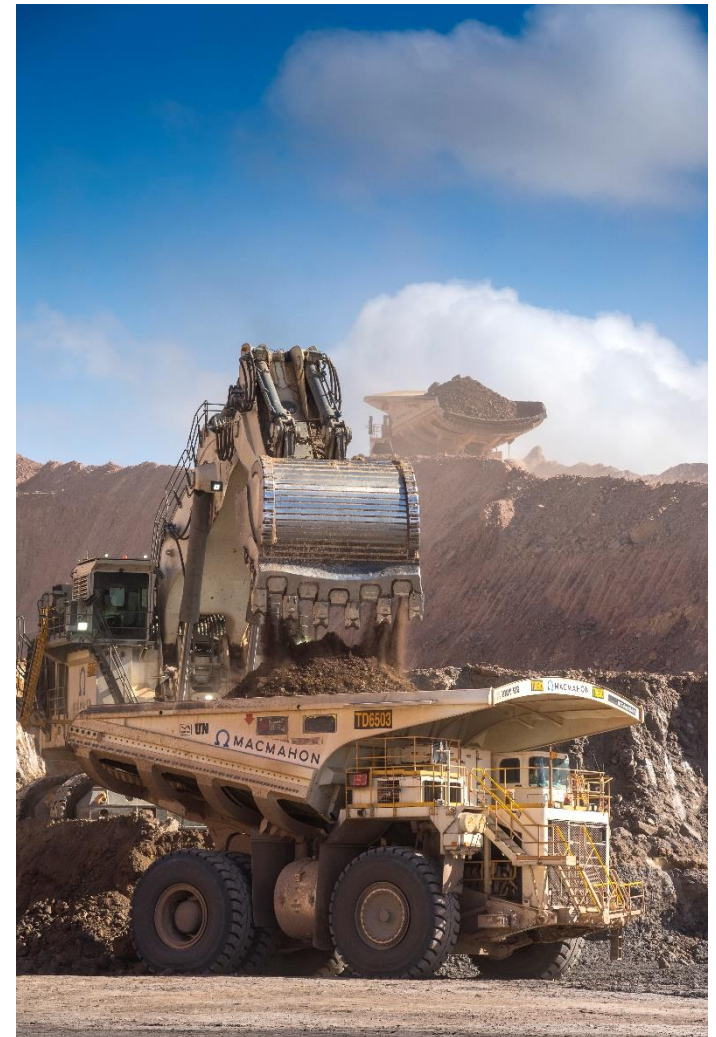
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# APPENDIX

# CORPORATE OVERVIEW

## Capital Structure

<b>Share price ( February 2019)</b>	<b>\$0.26</b>
Fully paid ordinary shares (m)	2,155
<b>Market Capitalisation</b>	<b>\$560.3m</b>
Cash	\$77.4m
Debt	\$158.6m
<b>Enterprise Value</b>	<b>\$641.5m</b>

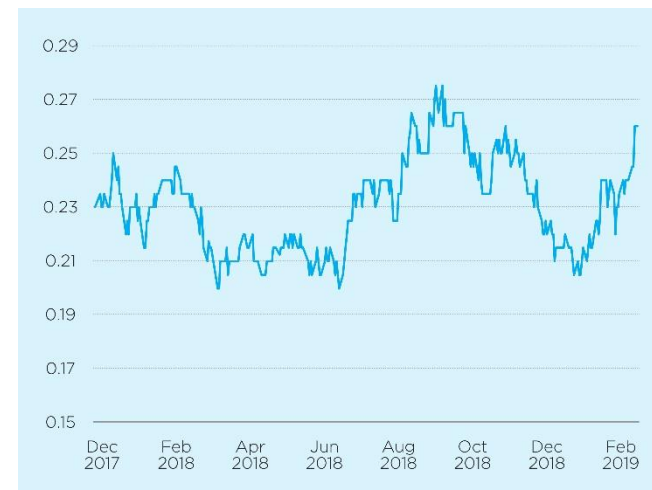
## Directors and Senior Management

Jim Walker	Non-executive Chairman
Eva Skira	Non-executive Director
Alex Ramlie	Non-executive Director
Arief Sidarto	Non-executive Director
Kim Horne	Non-executive Director
Michael Finnegan	Chief Executive Officer
Giles Everist	Chief Financial Officer
Greg Gettingby	Chief Development Officer

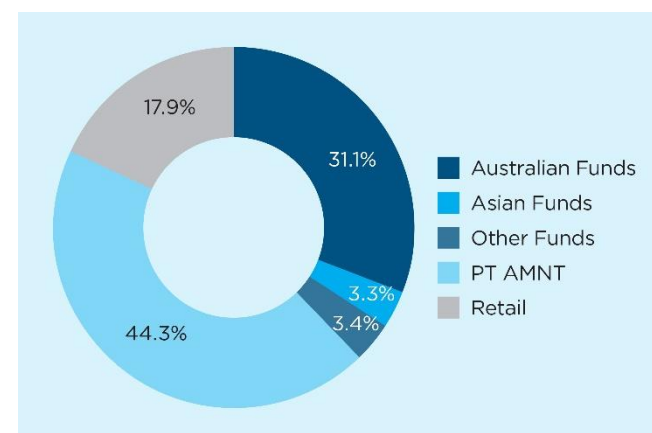
## Analyst Coverage

Euroz	Gavin Allen
Hartleys	Trent Barnett
Moelis	Sean Kiriwan
Patersons	Phil Carter

## Share Price

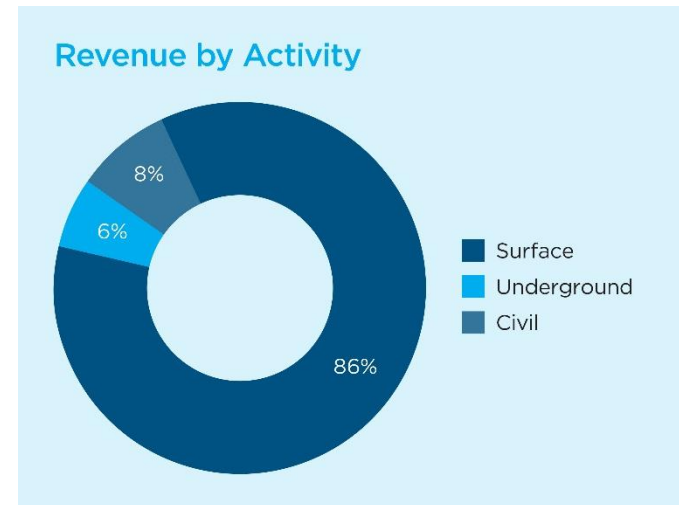
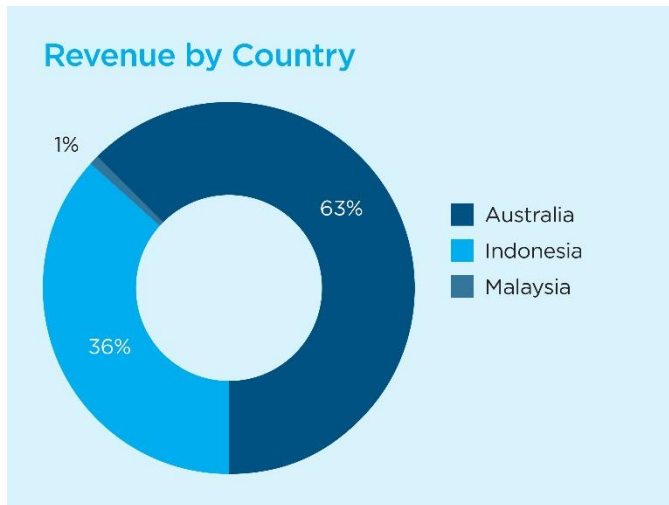
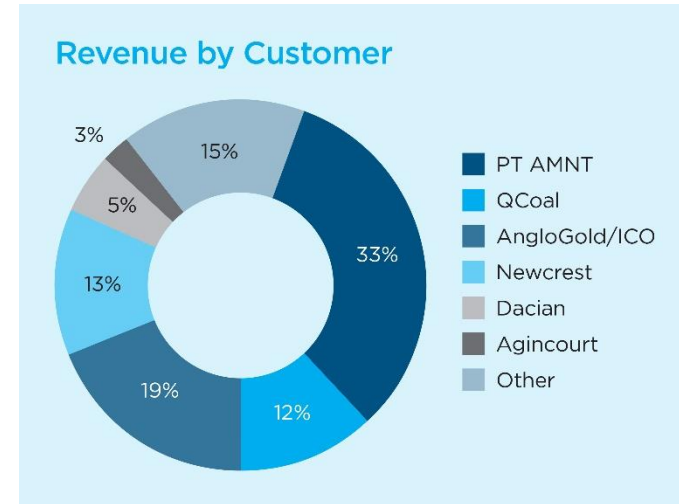
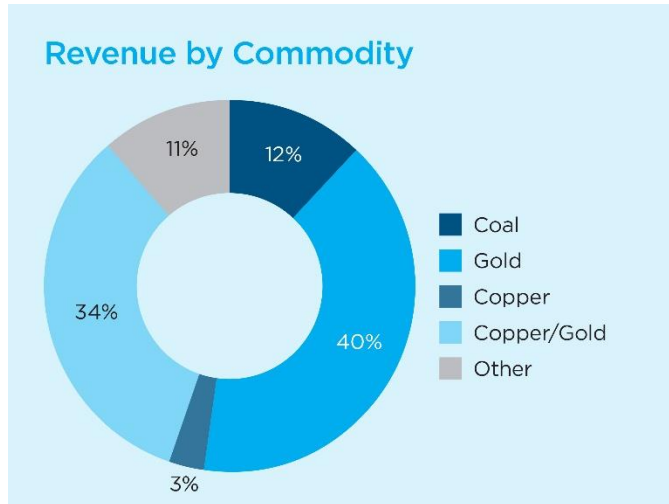


## Register – Top 20 account for 80%





# 1H19 REVENUE DIVERSIFICATION



# OUR SERVICES



## UNDERGROUND MINING

- Mine development
- Mine production
- Raise drilling
- Cablebolting
- Shotcreting
- Remote shaft lining
- Shaft sinking



## CIVIL / MINING SERVICES

- Mining infrastructure**
  - Overburden stripping
  - Bulk earthworks
  - Road design and construction
  - Train loading facilities
  - Water infrastructure
- Rehabilitation**
  - Design
  - Bulk earthworks
  - Revegetation
  - Monitoring
  - Maintenance



## SURFACE MINING

- Mine planning and analysis
- Mine management
- Drill and blast
- Bulk and selective mining
- Crushing and screening
- Fixed plant maintenance
- Water management
- Equipment operation and maintenance



## PLANT & MAINTENANCE

- Service and maintain equipment
- Rebuild components and complete repairs in-house

# OUR EQUIPMENT

Dump Trucks

268



Excavators  
and Loaders

112

Drill Rigs

72



# MAP OF OPERATIONS

## Offices

- 1 Perth
- 2 Brisbane
- 3 Jakarta

## Surface Mining

- 4 Kanthan
- 5 Lhoknga
- 6 Martabe
- 7 Batu Hijau
- 8 Telfer
- 9 Tropicana
- 10 Mt Morgans
- 11 Byerwen
- 12 Argyle

## Underground Mining

- 13 Tujuh Bukit
- 14 Ranger 3 Deeps
- 15 Mt Wright
- 16 Nifty
- 17 Granny Smith
- 18 Ballarat
- 19 Olympic Dam
- 20 Leinster
- 21 Fosterville

## TMM Group

- 22 Peak Downs
- 23 Norwich Park
- 24 Rolleston
- 25 Saraji
- 26 Poitrel

## Workshops

- 1 Perth
- 27 Lonsdale
- 28 Coppabella



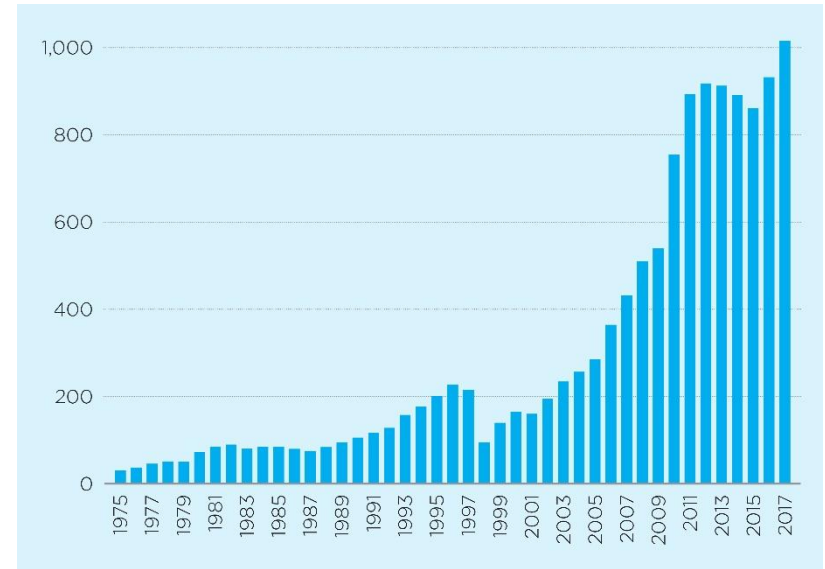
# INDONESIA

Ranked 11 out of 89 countries



Source: Resource Governance Institute 2017 RGI

GDP current (US \$Bn) - Large growing economy



Source: World Bank

- Indonesia has a long successful mining history
- Macmahon has successfully operated in Indonesia for many years
- Currently at Martabe (since 2015) and Lhoknga quarry (since 2010)

# BATU HIJAU

## AMNT

- AMNT is an Indonesian mining company that acquired 82.2% of Batu Hijau mine from Newmont and Sumitomo in November 2016
- Supportive shareholder and two board representatives

## Batu Hijau

- Open pit, copper-gold porphyry located on Sumbawa Island, Indonesia
- Second largest copper-gold mine in Indonesia (behind Grasberg)
- Commenced production in 2000
- Infrastructure includes: 120ktpd processing plant, 112MW coal-fired power plant, Benete port, town-site
- Conducting smelter feasibility currently
- First quartile of the global copper cost curve with a C1 cash cost of US\$1.17/lb Cu<sup>1</sup>

## Elang

- Potential to extend scope of work to Elang if developed
- Elang is one the world's largest undeveloped copper-gold porphyry deposits with a 13 billion lb Cu/ 20 million oz Au resource<sup>2</sup>
- Potential production of ~365mlbs Cu and ~480k oz Au per annum<sup>2</sup>

1. Wood Mackenzie Ltd. Dataset 2017 Q1.  
2. PT Medco Energi Internasional Tbk company website (see [www.medcoenergi.com](http://www.medcoenergi.com))



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## Life-of-mine Alliance Style contract

- Approved by shareholders in July 2017 and commenced in August 2017
- Cost reimbursable with a management fee and gain/pain share mechanism subject to cost and production targets
- Management fee payable if 90% of production target achieved
- US\$2.9 billion over 14 year life-of-mine
- US\$1.8 billion over the first 5 years from commencement – mining of cut back, movement of stockpiles thereafter

## Gain share/pain share mechanism

- Gain share payable if 100% of production volume achieved and costs are below target
- Cost savings below target will be shared between MAH and AMNT, 40%/60% respectively
- Gain share/pain share to be tested every 6 months

## Risk Management mechanisms

- Cost payments made monthly in advance
- AMNT shares held in escrow for 30 months
- Batu Hijau equipment depreciated over 60 months and paid in cash by AMNT ( $\text{\$US145.6m} / 60 \text{ months} = \text{US\$2.4m} / \text{month}$ )
- If contract terminated, AMNT obligated to purchase equipment back at written down value or have MAH shares to same value cancelled
- Pain share capped at the management fee - if costs are more than expected this will only erode the profit component

## Performance Update

- Project performing well
- Operating below target costs - supplier contracts renegotiated and we are achieving good truck and excavator productivities
- FY19 guidance does not include any potential gain share

# DIGITAL TRANSFORMATION

## Optimising performance and equipment health through deployment of next generation operational technology

- Increasing visibility of business performance – implemented phase 1 of our ERP digital transformation project
- Improving decision making through near real time actionable insights directly to our frontline team
- Extending our technology capability through Co-development programs

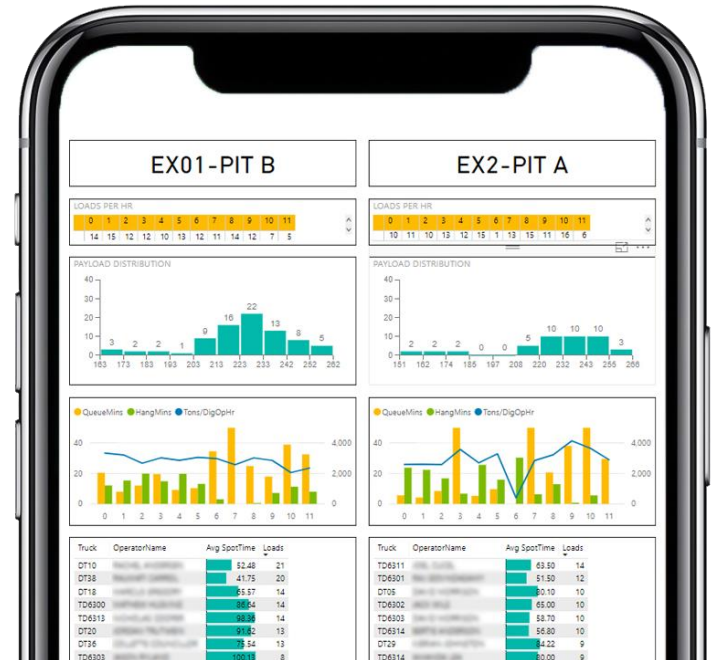
Up to 1.4 million data points per truck per hour



Big Data  
Artificial Intelligence  
Automated Reporting



Operator behaviour, machine performance, mine conditions,  
machine health, diagnostic tools





# RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION



\$ Millions	1H18 Restated <sup>1</sup>	1H19
<b>Profit for the year (as reported)</b>	<b>8.4</b>	<b>23.5</b>
Add back: Loss from discontinued operations (net of tax)	-	0.1
Less: Profit from discontinued operations (net of tax)	(0.2)	-
<b>Net profit after tax from continuing operations (as reported)</b>	<b>8.2</b>	<b>23.6</b>
Add back:		
• Share Based Payment expense	-	1.4
• Class Action Settlement	-	7.3
Less: Share Based Payment gain	(0.2)	-
<b>Underlying Net profit after tax (NPAT)</b>	<b>8.0</b>	<b>32.3</b>
Add back: Tax expense	1.0	2.8
<b>Underlying Profit before tax (PBT)</b>	<b>9.0</b>	<b>35.1</b>
Add back: Net finance costs	0.7	4.8
<b>Underlying earnings before interest and tax (EBIT)</b>	<b>9.7</b>	<b>39.9</b>
Add back: Depreciation and amortisation expense	36.2	49.3
<b>Underlying earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>45.9</b>	<b>89.1</b>
Weighted Average Number of Shares (m)	<b>1,941</b>	<b>2,115</b>
Underlying basis EPS (cents)	<b>0.41</b>	<b>1.53</b>

1. 1H18 has been restated for consistency with the current year's presentation  
 2. Columns may not add due to rounding

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