

## ASX ANNOUNCEMENT

22 February 2022

### Macmahon delivers growth in first half FY22

- **Continued growth in revenue and solid financial performance despite COVID**
  - Revenue of \$809.7m, up 24% (1H21: \$652.5m)
  - Underlying EBITDA<sup>1</sup> of \$138.7m, up 14% (1H21: \$121.2m)
  - Underlying EBIT(A)<sup>2</sup> of \$46.9m, up 1% (1H21: \$46.5m)
  - Underlying NPAT<sup>3</sup> up 4% to \$31.7m (1H21: \$30.4m)
  - Statutory NPAT of \$3.3m, down 92% (1H21: \$43.1m),
  - Underlying Operating Cash Flow<sup>4</sup> steady at \$96.6m, (1H21: \$96.7m)
- **Liquidity and balance sheet to support growth outlook**
  - Net Debt/EBITDA of 0.87x and gearing<sup>5</sup> at 31%
  - Available liquidity of \$241m including cash on hand of \$161m
- **Interim dividend maintained at 0.30cps (unfranked)**
- **FY22 underlying EBIT(A) guidance unchanged at \$95m – \$105m**

Macmahon Holdings Limited (ASX: MAH) (**‘Macmahon’** or **‘the Company’**) has delivered growth and solid performance in the first half despite COVID related factors as it continues to execute on its client order book and strategy of building a diversified scalable business.

Commenting on the first half and the outlook for the Company, Macmahon’s Chief Executive Officer and Managing Director Michael Finnegan said:

*“Macmahon has continued to perform well in the first half of FY22 and build upon our track record of successfully delivering for clients amid a challenging COVID environment.*

*The first half featured considerable new contract activity across all areas of the business. This included the ongoing ramp up at Gwalia and Foxleigh, mobilisation at Dawson South and Fimiston and recruitment and start of mobilisation to King of the Hills surface project.*

*New project activity will continue into the second half with recruitment and commencement planned for Warrawoona in March 2022 and King of the Hills Underground in April 2022, which will see our margins improve as these new projects move out of the start-up phase.*

*We remain committed to the safe and profitable delivery of our order book, protecting our people through the evolving COVID environment, progressing our technology transformation, and continuing the expansion of our service offerings across our surface and underground mining divisions, and mining support services.”*

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## Financial Performance

Revenue grew by 24% over the prior corresponding period to \$809.7 million driven by increased activity across all business areas, which included several new project start-ups in Australia and the impact of escalation recovery.

Underlying EBITDA increased by 14% to \$138.7 million, driven by the commencement of new projects, reflecting an EBITDA margin of 17.1%. Underlying EBIT(A) was up 1% to \$46.9 million at a margin 5.8% reflecting higher COVID related operating costs, increased labour costs and zero margin cost recoveries.

Statutory NPAT was \$3.3 million compared to \$43.1 million in the prior corresponding period primarily due to the finalisation of the GBF earn-out, Software as a Service (SaaS) costs and amortisation of customer contract assets recognised on acquisitions. Excluding these costs, underlying NPAT rose to \$31.7 million (H1 FY21: \$30.4 million).

Underlying operating cash flow generation was \$96.6 million representing an underlying EBITDA conversion rate of 70%. Cash conversion was impacted by increase in working capital relating to start-up of new projects and higher inventory levels to mitigate COVID related supply chain disruption.

Capital expenditure (“capex”) for the first half was \$152.7 million, comprising \$73.1 million in sustaining and \$79.6 million in growth capex for new projects.

Macmahon maintains a robust balance sheet with cash on hand of \$161.2 million. Net debt was \$242.5 million and gearing was 31.1% at 31 December 2021.

In August 2021, Macmahon executed a new syndicated asset finance facility for \$145 million of which \$95.8 million was utilised at 31 December 2021. The balance sheet and available liquidity of \$241m at 31 December 2021 continues to support the Company’s growth outlook.

## Dividends

The Board has declared an interim dividend of 0.30 cents per share for the half year (1H21: 0.30 cents per share). This represents a 20% payout ratio, which is consistent with the Company’s current dividend policy payout range of 10 - 25% of underlying NPAT. The interim dividend will be unfranked, has a record date of 16 March 2022 and will be paid on 6 April 2022.

## FY22 Full Year Guidance<sup>6</sup> and Outlook

With a number of new projects progressing through the ramp up phase to steady state operations, Macmahon expects second half performance to be stronger than its first half and maintains its underlying EBIT(A) guidance of \$95 million – \$105 million<sup>7</sup>.

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The Company is updating the revenue guidance to be in the range of \$1.6 billion - \$1.7 billion. The previous guidance range of \$1.40 billion - \$1.50 billion assumed certain pass through costs at Batu Hijau would transition to AMNT from 1 July 2021, however with focus on managing COVID in Indonesia, this has been delayed to likely FY23.

With an order book value of \$5.2 billion as at 31 December 2021 (30 June 2021: \$5.0 billion), an addressable tender pipeline of \$8.7 billion (30 June 2021: \$7.1 billion), robust balance sheet and significant liquidity, Macmahon is well positioned to continue its profitable growth momentum and effectively navigate the COVID environment.

**\*\*\* ENDS \*\*\*** This announcement was authorised for release by the Board of Directors.

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### About Macmahon

*Macmahon is an ASX listed company offering the complete package of mining services to miners throughout Australia and Southeast Asia.*

*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.*

*Macmahon is focused on developing strong relationships with its clients whereby both parties work in an open, flexible, and transparent way to ensure mutually beneficial outcomes whilst also minimising risks for both parties.*

Visit [www.macmahon.com.au](http://www.macmahon.com.au) for more information.

### Notes

1. Underlying EBITDA is earnings before interest, tax, depreciation, and amortisation from continuing operations, share based payments, M&A costs, SaaS write-off costs and amortisation of customer contracts. A reconciliation of Non-IFRS financial information is contained on slide 29 of the Company's half year results presentation.
2. Underlying EBIT(A) is earnings before interest and tax from continuing operations, share based payments, M&A costs, SaaS write-off costs and amortisation of customer contracts.
3. Underlying NPAT is Net Profit After Tax excluding share based payments, M&A costs, SaaS write-off costs, amortisation of customer contracts and DTA recognition benefit.
4. Net operating cash flow excluding interest and tax, SaaS write-off costs and M&A costs
5. Gearing = Net Debt / (Net Debt + Equity)
6. Guidance excludes one-off items including SaaS write-off expenses and amortisation related to customer contracts on acquisition.
7. Underlying EBIT(A) guidance is earnings before interest and tax from continuing operations, share based payments, M&A costs, SaaS write-off costs, amortisation of customer contracts and other non-recurring one-off costs.