

ASX ANNOUNCEMENT

29 October 2024

2024 Annual General Meeting Address to Shareholders

Non-Executive Chair: Hamish Tyrwhitt

Before discussing Macmahon's 2024 financial year, I would like to address upfront that sadly since year end there have been two fatal on-site incidents at Byerwen including a Macmahon employee. Investigations are continuing due to the unique nature of these incidents, and we are fully co-operating with the relevant authorities. We would like to pass on our deepest condolences to the family, friends and colleagues of Chris and John.

At Macmahon we are genuinely committed to building a safe, respectful and inclusive work environment to ensure our team go home safely and well every day. With our workforce now sitting at nearly 10,000 following the acquisition of Decmil, the Company has successfully attracted and retained talent in what is still a tight labour market. We also delivered our evolved company values through the Respect@Macmahon roadmap and expanded our industry leading Strong Minds, Strong Mines program, providing mental, physical and social health support to our people and the broader mining industry.

Overall, this year Macmahon has made significant progress in building a more scalable, diverse and resilient business. Our people have been critical to this success, and I would like to thank them for their continuous hard work across our operations in Australia and Southeast Asia.

In FY24 the Company pleasingly met revenue and earnings guidance for the eighth consecutive year, and we saw a record level of revenue and underlying earnings, with margin improvement and increased positive free cash flow to \$75 million. This enabled the business to reduce gearing and net debt. With a stronger balance sheet, the Board declared an increased final dividend of 0.60 cents per share, bringing our full year dividend up 40% to 1.05 cents per share, at a payout ratio of just over 24%.

Macmahon's strategy is centred around building a sustainable, diversified and scalable business. Key to this is reducing capital intensity in the business and improving diversity of earnings through further expansion into underground mining, mining support services and civil infrastructure. The Company made significant progress on this during the year including the acquisition of key Pit N Portal contracts, a long term strategic rental partnership with Emeco and the acquisition of Decmil, which will provide the foundation for Macmahon to accelerate civil infrastructure growth.

With \$4.6 billion of contracted work in hand at year end, positive free cash flow generation and a strong balance sheet, the Company is very well positioned to capitalise on future growth opportunities.

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Sustainability

Operating our business sustainably is a key objective for the Company, and we continued to take important steps during the year to manage our environmental impact and embed sustainability principles in our business planning, operations and culture. I encourage you to read our stand-alone Sustainability Report for FY24, which outlines progress on our Environmental, Social and Governance activities and initiatives.

A few highlights on our progress include:

- Delivering the Respect@Macmahon Roadmap, a cross-functional program to drive a respectful and inclusive culture;
- Extended Strong minds, strong mines to include Strong Minds, Strong Schools with successful pilots in a number of Western Australian schools during the year, providing an opportunity for larger scale deployment;
- Establishing our Sustainability Framework and three-year roadmap;
- Rehabilitating 191 hectares of land across Australia and Indonesia; and
- Implementing The Macmahon Winning Way front line leadership training.

Macmahon Board

In February of this year, we welcomed Grahame and Dharma to the Board as independent non-executive directors and whom are up for election today.

As previously announced, Denise McComish will retire from the Board following the completion of today's AGM. Macmahon has been very fortunate to benefit from Denise's significant contributions as we have executed our growth strategy and recent strategic acquisitions. On behalf of the Board, executive and the entire Macmahon team, we would like to thank Denise for her service and the positive impact she has imparted during her time with us. We wish Denise all the very best in her future endeavours.

Following today's meeting we will have two new, independent non-executive directors starting on 1 November, Ms Maree Arnason and Mr Greg Evans. On behalf of my fellow directors, I am delighted to welcome Maree and Greg to the Board, both of whom have extensive sector experience. We are confident these appointments bring complementary skills, experience and diversity to the Board as we continue to pursue our growth strategy.

Closing

In closing I would like to acknowledge the considerable contribution of Mick and the entire Macmahon team. I would also like to extend my thanks to our clients, shareholders and other key stakeholders for their ongoing support. I look forward to reporting on further positive progress and success as we execute our growth strategy. I would now like to invite Mick to deliver his CEO and Managing Director's address. Thank you.



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CEO & Managing Director: Michael Finnegan

Good morning, everyone and thank you for joining us today for our 2024 Annual General Meeting.

Before I discuss Macmahon's performance for FY24, I want to reiterate Hamish's acknowledgement upfront and recognise the tragic and sad incidents at Byerwen which have deeply impacted our whole team. We continue to support our people, especially friends and family of John and Chris.

FY24 Financial Performance

Turning to our financial performance, Macmahon performed well in FY24, with all parts of the business contributing to record revenue and underlying earnings, margin improvement and positive free cash flow. This is consistent with our strategy that is focused on capital light growth and follows the end of our capex heavy growth cycle.

An important highlight is that we have improved our return on average capital employed, delivered by both increasing returns and reducing capital employed. All whilst we increased cash dividends to shareholders. Reducing capital intensity in the business has been a focus for management and we are seeing tangible results from these efforts now, and importantly we expect to see it continue. Broadly speaking, our key metrics were largely up across the board, and we believe we have positioned the business for continued earnings growth in FY25 in line with our strategy.

We have a strong order book, which as at 30 June was \$4.6 billion, and at least \$2 billion of work secured for FY25. Pleasingly since year end, we have won approximately \$300 million in new work and have a tender pipeline to support our consistent track record of growth.

FY24 Operational Highlights

There was a lot of activity across the business during the year, so I'd now like to cover off on some of the operational highlights.

In Surface Mining the Greenbushes project ramped up to reach steady state in April-24 and Byerwen production was consistently on target throughout the year. We signed a new mining contract at Dawson South which included selling a substantial portion of the mobile equipment on site for \$44 million net cash to continue actively lowering the capital intensity of our business. In the same vein, we also executed a strategic rental agreement with Emeco which is positive for both businesses.

Underground continued to grow and now comprises 26% of Group Revenue and we continue to target growth of over 50% in the next two to three years. Pleasingly, we commenced at Ulysses, which is now ramping up, and we secured a three-year, \$352 million contract extension at Boston Shaker. This is underpinned by a strong tender pipeline in underground of around \$5.1 billion with a focus on opportunities in both Australia and Indonesia. Additionally, we successfully integrated Pit N Portal, adding more than 220 skilled people to our workforce.

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FY24 was a transformational year for our Civil Infrastructure business with the acquisition of ASX listed Decmil to accelerate growth in the civil infrastructure area. The transaction completed in August and the integration process is substantially completed with expected synergies on track. There is now a heavy focus on securing new work and I am pleased the business has achieved initial success with \$240 million in new civil contract awards recently announced.

We are targeting large scale civil, engineering and rehabilitation projects across Australia and Indonesia, and are pursuing a highly filtered combined civil tender pipeline of around \$11.6 billion. At the Corporate level our workforce has grown to nearly 10,000 people with the Decmil team coming on board. This is significant given the ongoing shortage of skilled labour in the mining industry in Australia. And of course, we continue to focus on retaining strength in the balance sheet and ongoing improvement opportunities.

Safety & People

The safety and wellbeing of our people is our highest priority and while we saw our safety performance continue to improve in FY24, with a lowering TRIFR, the Byerwen incidents are a stark reminder to us all.

We have implemented several new training and culture initiatives through the delivery of our Respect@Macmahon roadmap. This encompasses, psychosocial, Sexual Harassment, Culture and Winning at Macmahon, and included updating our critical risk standards. We also rolled out The Macmahon Winning Way, a new leadership program to enhance effective leadership and promote psychosocially safe work environments, something that is crucial for the Company's success.

The development of our people continues to advance with ongoing investment in our Grow Our Own program, involving new to industry and skills upgrade programs. This saw us register 685 traineeships with 236 successfully completing their programs during FY24. Other development initiatives included the launch of a new to industry program for Australian Defence Force veterans to transition them to skilled mining roles operating equipment or gaining a Heavy Diesel Trade.

Our commitment to workplace safety and wellbeing includes the commitment to continue building a safe, respectful and inclusive workplace. Overall female representation in the Australian-based workforce was 18% across all occupations and First Nations People represent 4.4% of the Australian workforce.

Strategy

Expanding into lower capital-intensive services has been a key part of Macmahon's growth strategy. In FY18 Macmahon was predominantly a surface contracting business. While the business had scale, strong competitive advantage and tenure in surface, we needed to reduce capital intensity as we continued to grow.

We have done this by expanding our underground mining, and civil infrastructure businesses. This has been driven by some tactical acquisitions and the execution of our highly filtered tender pipeline. This will continue to be critical in progressing towards our long-term target of balanced revenue across the three sectors.

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Capital light growth remains a key strategic objective and today the business sources nearly 50% of group revenue outside of surface (on a pro-forma basis including Decmil). As we have expanded our footprint in Underground and Civil, so too has our tender pipeline grown, from \$5.4 billion in FY18, to \$13.8 billion in FY24, and \$21.4 billion following the acquisition of Decmil. This is nearly a four-fold increase in our filtered growth opportunities, largely focused in the targeted areas outside surface.

Our current ROACE target is 20% which will be delivered from a diverse revenue mix across commodities and customers. Macmahon will continue to build upon this from our robust pipeline of opportunities aiming to ultimately achieve greater than 25% ROACE in the future. We will continue to execute on our strategy to deliver value for our clients and our shareholders.

FY25 Priorities & Guidance

That brings us to our priorities and guidance for FY25, which confirms expectations for continued growth. Revenue and EBIT(A) are guided to be higher compared to FY24. Revenue is expected to be in the range of \$2.4 billion to \$2.5 billion; and Underlying EBIT(A) is in the range of \$160 million to \$175 million. This positive outlook is supported by our strong \$4.6 billion order book and at least \$2 billion of work already secured for this financial year, plus nearly \$300 million in new contract awards announced post year end. I am confident we are focused on our priorities and well positioned to continue our growth trajectory, with a view to increasing revenue, earnings and free cash flow generation.

Capital Allocation Policy

Macmahon's capital allocation policy continues to reflect the importance of balancing dividend payments to our shareholders and retaining financial flexibility to enable the continued execution of our strategy.

In this regard, we increased our Payout Ratio Range for FY24 in line with our focus on capital light growth, improving business performance and confidence in the outlook. This has been achieved while maintaining focus on a resilient balance sheet and retaining flexibility to fund growth and acquisitions. We have successfully executed on those fronts and at the same time lowered our leverage and gearing, well within our guidrails. With a consistent track record of sustainably increasing dividend payments to shareholders, we expect this to continue alongside increasing free cash flow from the business.

Macmahon has delivered significant growth in revenue and earnings over the past eight years and whilst there has been significant improvement in our share price in recent times the price to earnings ratio is still lower. Given we are past the capex heavy growth cycle, and the business has never been better positioned to deliver cash-backed ROACE growth into the future, we feel there is still significant opportunity in the share price, particularly if there is an increase in the dividend patio ratio over the coming years.



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Closing

I would like to close by thanking all our stakeholders for their ongoing support. This includes you our shareholders, and also our clients, for their trust in us and their shared approach to supporting and protecting the health and wellbeing of our people.

Hamish acknowledged the contribution of Macmahon's people in delivering another year of growth. I would also like to join him in thanking our team for their crucial contribution and resilience over the year and for being a vital part of the Macmahon Winning Formula.

It is also important to acknowledge the continued support and confidence in our team by the Board. This support in our leadership and our strategy is a significant factor in our performance for the year.

I will now hand back to the Chair. Thank you.

***** ENDS *****

This announcement was authorised for release by Michael Finnegan, Managing Director and Chief Executive Officer.

For further information, please contact:

Investors/Analysts

Donald James

Chief Commercial Officer

investors@macmahon.com.au

+61 8 9232 1705

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About Macmahon

Macmahon is an ASX listed company offering the complete package of mining and civil infrastructure services throughout Australia and Southeast Asia.

Macmahon's extensive experience in surface mining, underground mining and civil infrastructure has established the Company as the contractor of choice for resources, non-resources, public infrastructure and renewables projects across a range of locations and sectors.

Macmahon is focused on developing strong respectful 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 for more information.