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ASX ANNOUNCEMENT

18 February 2025

Macmahon delivers continued growth in first half supported by new work and Decmil acquisition

Key Highlights

- Delivered revenue and earnings growth:
  - Revenue of $1.2 billion, up 22.0% (1H24: $966 million)
  - Underlying EBITDA[1] of $181.3 million, up 3.0% (1H24: $176.0 million)
  - Underlying EBIT(A)[2] of $78.1 million, up 14.7% (1H24: $68.1 million)
  - Underlying NPAT(A)[3] of $47.1 million, up 18.7% (1H24: $39.7 million)
  - Reported NPAT of $30.0 million, down 17.8% (1H24: $36.5 million)
  - Underlying Operating Cash Flow[4] of $163.4 million, up 18.2% (1H24: $138.2 million)
- Decmil acquisition completed on 15 August 2024 and the integration is now complete
- Free Cash Flow[5] of $49.0 million (1H24: -$0.8 million)
- ROACE[8] at 17.5% (1H24:15.5%)
- Net Debt of $236.9 million, Gearing[6] at 26.2% and Leverage of 0.66x, temporarily up from FY24 following the acquisition of Decmil, but expected to reduce by 30 June 2025
- Order Book $4.3 billion[7] (FY24: $4.6 billion) with $2.2 billion secured[7] for FY25
- Interim Dividend increased to 0.55cps fully franked (1H24: 0.45cps unfranked)
- FY25 Guidance[9] reaffirmed:
  - Revenue of $2.4 billion to $2.5 billion
  - Underlying EBIT(A)[2] $160 million to $175 million

Macmahon Holdings Limited (ASX:MAH) (‘**Macmahon’** or ‘the **Company’**) is pleased to deliver another strong half year result as at 31 December 2024 (‘**1H25**’).

Macmahon’s Managing Director and Chief Executive Officer, Michael Finnegan, said:

“We are pleased with the half year result which saw continued revenue diversification and earnings growth across our divisions. This result is a credit to the performance of our team of nearly 10,000 people across Australia and Indonesia, all of whom I’m incredibly proud of.

Our focus in the half remained on the safe and profitable execution of our order book. This included delivering both operational improvements for our clients and the successful integration of Decmil following the acquisition in August 2024. The financial results reflect that, with revenue and underlying earnings significantly higher than the prior corresponding period. So was free cash flow excluding the one-off Decmil cash acquisition payment, and we also added over $800 million in new work to Macmahon’s secured order book.

“This highlights the fundamental strength of the business and positions us well to meet our FY25 guidance, generate strong free cash flow, and reduce gearing and net debt back to around FY24 levels following the recent spike on acquisition of Decmil. Macmahon is well

placed for a strong second half performance and will continue to effectively manage our capital position, our people requirements, and our costs. Most importantly, we will work with our clients to deliver their projects safely and efficiently."

Financial Performance

Revenue increased by 22.0% to $1.2 billion (1H24: $966 million) and Underlying EBIT(A)[2] increased by 14.7% to $78.1 million (1H24: $68.1 million). This is attributable to the acquisition of Decmil and organic growth in existing projects including the ramp up to steady state at Greenbushes, extensions at Daisy Milano and Ulysses and the commencement of the Poboya Gold project in Indonesia.

Underlying EBITDA[1] was up 3.0% to $181.3 million (1H24: $176.0 million) impacted by the inclusion of Decmil which has proportionately lower depreciation.

The Underlying EBIT(A)[2] margin was 6.6% (1H24: 7.1%) impacted by the inclusion of the Decmil business.

Reported NPAT was $30.0 million (1H24: $36.5 million) with Underlying NPAT(A)[3] increasing to $47.1 million (1H24: $39.7 million) after adjusting for costs primarily related to corporate development acquisition costs, share based expenses and customer contracts amortisation.

Cash Flow and Balance Sheet

Macmahon generated increased Underlying Operating Cash Flow[4] (excluding interest, tax and various adjusting items) of $163.4 million (1H24: $ 138.2 million), representing a higher overall cash conversion rate of 90.1% (1H24: 78.6%). Cash conversion was impacted by the timing of receipts of certain receivables, VAT and increases in working capital for project ramp ups and is expected to be higher over the full year period.

Capital expenditure for the first half was in line with expectations at $102.8 million, including $94.0 million sustaining and $8.8 million growth (primarily related to the Martabe and Greenbushes projects). Free Cash Flow[5] after all capital expenditure, financing costs and other investing activities, but before the cash payment for Decmil, was $49.0 million (1H24: -$0.8 million), substantially higher than 1H24.

In August 2024 Macmahon acquired Decmil for a cash payment of $104 million and $11.4 million in net debt assumed. In addition to the Decmil civil business, the acquisition also included $58 million in tax losses, $54 million of franking credits and the Homeground accommodation camp. Macmahon utilised debt for this transaction resulting in an increase in 1H25 Net Debt to $236.9 million (FY24: $147.0 million) and Gearing[6] to 26.2% (FY24: 18.8%).

Reducing net debt and gearing, which have temporarily spiked post the Decmil acquisition is a priority following the successful integration of Decmil. Stronger operating cashflow in the second half is expected to drive these down to around FY24 levels by year end.

The business delivered higher ROACE[8] at 17.5% (1H24:15.5%) which is approaching our strategic target of 20%. This target was increased from 15% in FY24 as the business continues to grow the lower capital civil infrastructure and underground business.

The balance sheet supports the increased size of the business with cash and unutilised bank facilities totalling $274.0 million. In August 2024, Macmahon executed an $80 million additional syndicated finance facility for the acquisition of Decmil.

Dividends

The Board has declared an increased interim dividend of 0.55 cents per share for the half year (1H24: 0.45 cents per share). This represents a 24.8% payout ratio which is in line with the Company's dividend policy payout range of 20% - 35% of underlying earnings per share. The interim dividend will be fully franked, has a record date of 20th March 2025, and will be paid on 10th April 2025.

FY25 Guidance and Outlook

Macmahon reaffirms guidance[9] for FY25 Revenue of $2.4 billion to $2.5 billion (including $2.2 billion already secured[7]) and Underlying EBIT(A) of $160 million to $175 million.

Targeted FY25 Capital Expenditure remains unchanged at approximately $233 million.

Macmahon expects second half performance to be stronger than the first half with the current Order Book[7] and robust Tender Pipeline ($4.3 billion and $24.8 billion respectively) providing a strong foundation for executing our capital light strategy. This will see continued growth in the underground and civil infrastructure businesses and the pursuance of lower capital intensity surface mining projects.

***** ENDS *****

This announcement was authorised for release by the Macmahon Board of Directors.

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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.

Notes

1. *Underlying EBITDA is earnings before interest, tax, depreciation, and amortisation from continuing operations and excludes various adjusting items. A reconciliation of Non-IFRS financial information is contained on slide 25 of the Company's Half Year Results Presentation*
2. *Underlying EBIT(A) is earnings before interest and tax from continuing operations and excludes various adjusting items. A reconciliation of Non-IFRS financial information is contained on slide 25 of the Company's Half Year Results Presentation*
3. *Underlying NPAT(A) is earnings after interest and tax from continuing operations and excludes various adjusting items. A reconciliation of Non-IFRS financial information is contained on slide 25 of the Company's Half Year Results Presentation*
4. *Underlying Operating Cash Flow excluding interest and tax and various adjusting cash costs. A reconciliation of Non-IFRS financial information is contained on slide 25 of the Company's Half Year Results Presentation*
5. *Free Cash Flow = Underlying Operating Cash Flow less Capital Expenditure plus proceeds from PPE disposal less Interest and Tax paid/(received)*
6. *Gearing = Net Debt / (Net Debt + Equity)*
7. *As at 31 December 2024 and includes the Awak Mas and Ison Road contracts awarded in January 2025; excludes short term civil and underground churn work and does not take into account future contract cost escalation recoveries*
8. *Return on Average Capital Employed = Rolling 12 months Underlying EBIT(A) / Average ((Total Assets excluding Cash) – (Current Liabilities excluding Debt))*
9. *Revenue guidance does not take into account future contract cost escalation recoveries*