ASX ANNOUNCEMENT

27 August 2014

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

McAleese Group strengthening position and performance despite challenging year

- **EBITDA of $85.3 million (before individually significant items) slightly above guidance range**
- **Revenue increased to $760.3 million with contract wins and renewals in Bulk Haulage offsetting decline in Heavy Haulage & Lifting**
- **Significant write downs due to restructuring, Mona Vale accident and a decline in market conditions**
- **Business performance stabilised with annualised trading EBITDA run rate for the three months to July double that of the previous three months and in line with Q1FY15 forecast of $90 - $95 million**
- **Non-core asset sale program on track to generate proceeds in excess of $95 million during FY15**
- **Proposed changes to the Board including the addition of skills and expertise to complement those of existing Directors**
- **Balance sheet strengthened with leverage ratio approximately 2.0x post completion of sale of Liquip business**

McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company)** today announced its annual results for the 2013/14 financial year. Group EBITDA of $85.3 million (before individually significant items) is slightly ahead of guidance on revenue of $760.3 million (FY13: $745.5 million). The increase in revenue was driven by contract wins and renewals in the Bulk Haulage division which was offset by a sharp decline in North Queensland project work impacting Heavy Haulage & Lifting. Pro forma trading profit (after tax) is $12.9 million, or 4.6 cents per share excluding the impact of significant items of $60.7 million after tax**.**

Managing Director and CEO of McAleese Group, Mr Mark Rowsthorn commented, “We have implemented a range of initiatives to improve performance following a series of significant and unforeseen challenges encountered during FY14. Our annualised trading EBITDA run rate for the three months to July has doubled that of the previous three months and continues to be in line with the Q1FY15 forecast of $90 - $95 million.

“As we stabilise each of our divisions and demonstrate improved performance during the first quarter of FY15, we will continue to strengthen our management and governance systems to ensure sustainable growth and performance in every division.

“Our asset sale program is on plan with the sale of Heavy Haulage & Lifting equipment, surplus Cootes Transport assets, the Cloncurry Quarry and Liquip International expected to generate proceeds in excess of $95 million.

“Our medium term aim is to diversify our business across a range of activities, geographies and industries. Our vision is to become a significant third force in Australian logistics through sustainable growth in specialist areas and we are laying a solid foundation for this strategy.”

Strengthened Operational Performance

Operational improvements undertaken in the Bulk Haulage division have ensured the smooth start up in haulage of the first 3mtpa[1] for Atlas Iron's Mt Webber mine with truck utilisation on track to reach the target of 87% by September. Continued organic growth in this division remains a focus for FY15.

Cootes Transport has undergone a complete national restructure and has concluded marginal contracts while addressing safety issues, reducing its fleet to 460 units and total workforce to 470. The sale of non-core business, Liquip International, was settled on 22 August 2014 with profit on the sale[2] of approximately $45 million to be included in the FY15 accounts. Cootes Transport continued the haulage of LPG nationally for Origin in July with a new five year agreement expected to generate $7 million in revenue per annum. The restructured Oil & Gas division is expected to generate revenue of $120 million in FY15 with improved EBITDA margins.

The Heavy Haulage & Lifting division commenced a cost reduction and asset sales program in 2HFY14 which has partially offset a decline in project work compounded by a deferral in mine maintenance spending. The division has progressively reduced its total workforce from 630 to 465 and commenced the sale of transport and crane fleet assets to reduce its asset base. The Heavy Haulage & Lifting division continues to pursue opportunities in areas outside its core operating region of Queensland, including energy and civil infrastructure projects.

The recently acquired WA Freight Group has been successfully integrated into the Specialised Transport division and is expected to continue to perform in line with expectations.

Capital Expenditure and Financing Activities

The second half of FY14 saw the redirection of capital into higher performing businesses with an increase in Bulk Haulage capital expenditure driven by new Atlas Iron contracts. The Cootes Transport restructure will reduce capital expenditure by $5 million in FY15 before any proceeds from the sale of surplus fleet. Group capital expenditure is projected to decrease to $67 million in FY15 due to a reduction in growth capital requirements.

At 30 June, McAleese Group was in compliance with all of its banking covenants and has since reduced its leverage ratio to approximately 2.0x after settlement of the sale of Liquip International in August. New debt structures were put in place with long term facilities concurrent with the IPO.

Board Composition

McAleese Group is pleased to announce that Ms Kerry Gleeson (LLB Hons, FAICD) will join the Board as an Independent Non-Executive Director from 1 September 2014.

Ms Gleeson has extensive board and senior management experience, having worked both nationally and internationally across a number of industries including chemicals, mining, agriculture, manufacturing and logistics. A corporate lawyer who has practiced in Australia, the UK and Europe, Ms Gleeson has most recently held a senior management position with an Australian-based global chemical company.

Founding shareholder and Executive Director, Mr Keith Price, has also indicated his desire to retire from the Board, effective from the Company's AGM on 20 November 2014. It is further proposed that Mr Warren Saxelby will join the Board as a Non-Executive Director following completion of his contract as Interim Chief Financial Officer.

Mr Saxelby has played a key leadership role in strengthening the McAleese Group since joining as Interim Chief Financial Officer on 8 April 2014. He brings a wealth of experience working across a

[1] Million Tonnes Per Annum
[2] Pre tax profit

diverse range of Australian publicly listed companies. Succession planning is being undertaken for the appointment of a permanent Chief Financial Officer in the near future.

McAleese Group Chairman, Mr Don Telford, today paid tribute to the contribution of Mr Price to the Board.

"Keith has been instrumental in the establishment and growth of the Company. He has over 40 years of industry experience and will continue to play a critical role in the evolution of the organisation."

Mr Telford added, "The proposed Board additions announced today will provide invaluable skills to complement those of the existing Directors and provide further leadership to guide the Company as it enters its next phase."

Safety Improvement

The Group has worked to improve the safety of its fleet and operating systems during FY14 resulting in a 20% reduction in the Group's Total Recordable Injury Frequency Rate (TRIFR) and 13% reduction in Lost Time Injury Frequency Rate (LTIFR). These are important improvements but still short of the Group target of TRIFR <10.

Mr Rowsthorn commented, "The McAleese Group Board and Management continue to be mindful of, and committed to, the safety of our employees and road users, and have instigated significant equipment and safety system upgrades in FY14. In again extending condolences to all those affected by the Mona Vale tragedy of 2013, we reiterate our commitment to ensuring the safety of all those with whom we work and with whom we share the roads."

AGM and Outlook

The Company confirms that its AGM will be held in Melbourne on 20 November 2014 and an outlook statement for FY15 will be provided at that time.

The Board of Directors have determined that a final dividend for FY14 will not be paid. In making this decision, the Directors have taken into account the unforeseen events and difficult trading conditions experienced during FY14 and the material restructuring costs incurred. Dividend payments are expected to commence in 1H15.

- Ends -

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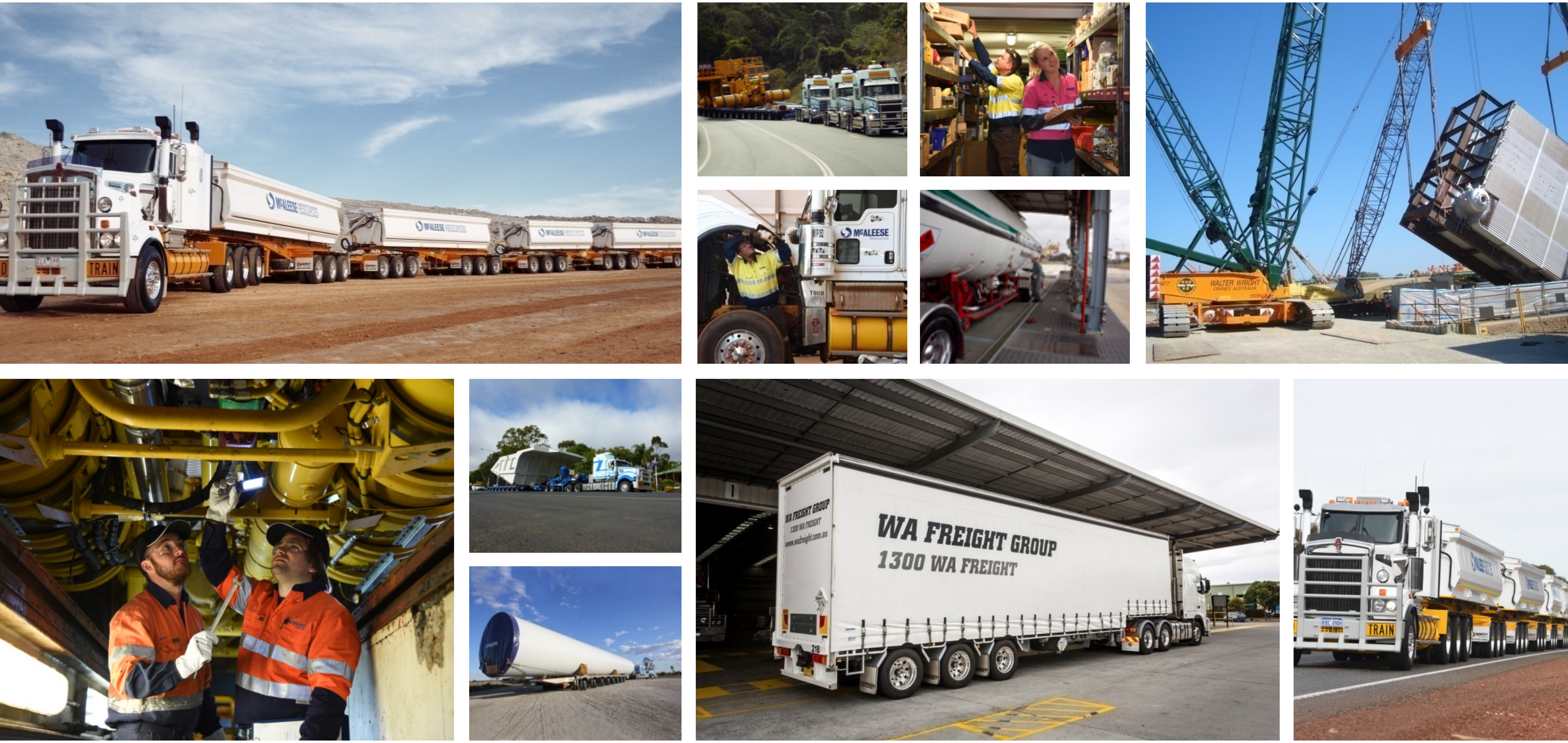
About McAleese Group

The Group's principal activities are the provision of heavy haulage and craneage, bulk haulage, liquid fuels distribution, and transport and logistics services across Australia.



McAleese Group Presentation
Full Year Results 2014

27 August 2014

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Despite facing a series of significant unforeseen events since listing, McAleese has emerged a stronger organisation

Operational Metrics improving

- Business improvement initiatives in Bulk Haulage ensured smooth start up to first 3mtpa of Atlas Mt Webber
- Cootes Transport exited from marginal contracts and restructure nearing completion
- Cash proceeds of Liquip sale received 22 August 2014
- Right sized the HHL business to a lower revenue base
- Total workforce reduction of 750 over the 6 months to August 2014

Board Composition and Oversight

- Appointment of Kerry Gleeson (LLB Hons, FAICD) effective 1 September 2014
- Warren Saxelby will join the Board as a Non-Executive Director on completion of his contract as Interim Chief Financial Officer
- Improved risk management and governance processes

Balance sheet improvements

- Realised significant value in the sale of non core business
- Leverage ratio is at target level

Diversification of earnings

- Acquisition and integration of Specialised Transport WAFG provides base to grow LTL network business

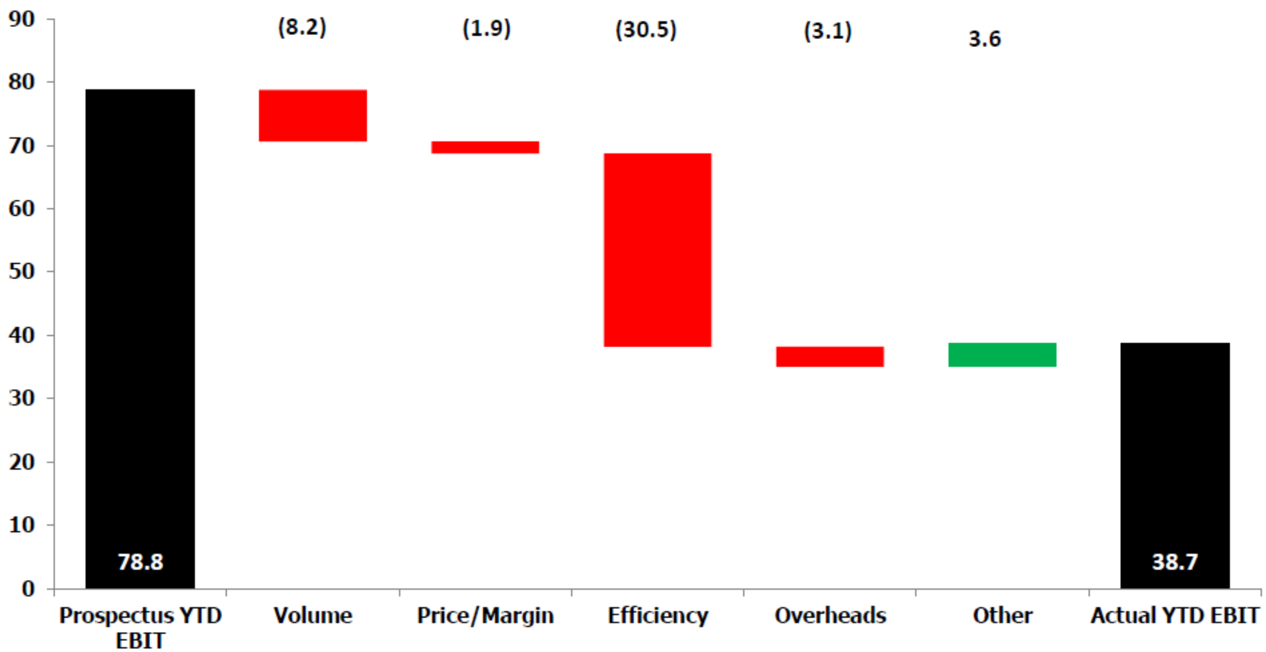
Group Performance – Pro forma results

Year ended 30 June	2014 Actual ($m)	2014 Prospectus ($m)	Change (%)
Revenue	760.3	775.3	(2.0)
Trading EBITDA	**85.3**	**126.8**	**(32.7)**
Trading EBIT	**38.7**	**78.8**	**(51.0)**
Interest Expense (i)	(18.9)	(14.4)	(31.3)
Pro forma trading profit before tax	19.8	64.4	(69.3)
Tax	(6.9)	(20.0)	65.5
Pro forma Trading Profit (after tax)	**12.9**	**44.4**	**(71.0)**
Significant Items (after tax)	(60.7)	(7.9)	(668.4)
NPAT	**(47.8)**	**36.5**	**(231.0)**

(i) To enable comparison with the Prospectus, interest has been normalised to reflect current funding arrangements and exclude those costs associated with exiting prior funding arrangements

Trading EBIT reflects unforeseen adverse factors which impacted efficiency and volume across all businesses

EBIT Variance v Prospectus



O&G	↓ 6.4	↓ 11.3	↑ 1.5
HH&L	↓ 9.4	↓ 3.3	
BH	↑ 7.5	↓ 16.0	↓ 5.2

Group Performance – Statutory results

Year ended 30 June	2014 ($m)	2013 ($m)	Change from Prior Year (%)
Revenue (i)	760.3	745.5	2.0
Trading EBITDA	**85.3**	**128.4**	**(33.6)**
Depreciation	(43.9)	(38.2)	(14.9)
Amortisation	(2.7)	(4.4)	38.7
Trading EBIT	**38.7**	**85.8**	**(54.9)**
Total Individually significant items	(75.8)	(2.8)	
EBIT after significant items	**(37.1)**	**83.0**	**(144.6)**
Interest Expense (ii)	(39.2)	(55.1)	28.8
Taxation Expense	12.7	(10.3)	223.6
NPAT	**(63.6)**	**17.6**	**(462.1)**
NPAT (pre significant items)	**(2.9)**	**19.6**	**(114.8)**

(i) Increase in Bulk Haulage revenue offset by reduction in Heavy Haulage & Lifting
(ii) Reflects pre IPO debt levels

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Significant items impacting results

Year ended June 30	$ million
Impairment charges impacting goodwill & intangibles	30.6
Impairment charges impacting plant and equipment	16.7
Mona Vale accident	11.3
Restructuring costs and superannuation	17.0
IPO costs	2.7
Profit on disposal of subsidiary	(2.5)
Total significant items	**75.8**

Cash flow – funding of growth capital impacted cash flow

- Includes redundancy payments (i)
- Net interest cost reduced post IPO with recapitalisation (ii)
- Capital expenditure includes $30.6 million in growth capital for Atlas contracts (iii)
- Sale of Watt Wah (iv)
- Acquisitions include WAFG ($14.1m) and additional 25% equity in National Crane Hire ($4.0m) (v)
- Net debt has been reduced with proceeds from sale of Liquip received in August (vi)

Year ended June 30	2014 ($m)
EBITDA	85.3
Significant Items (cash) (i)	(8.7)
Net movement in working capital	14.9
Movements in provisions	(1.0)
Net Interest (ii)	(35.3)
Tax paid	(2.1)
Profit on disposal of PP&E	(2.0)
Net cash flow from operating activities	51.1
Capital expenditure (net of disposals) (iii)	(61.6)
Sale of investments (iv)	5.3
Acquisitions (v)	(18.1)
Other	(1.2)
Net Cash flow from investing activities	(75.6)
Net cash flow from financing	52.9
Increase in cash	28.4
Net debt (vi)	**229.8**

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Financing

- McAleese Group remains in compliance with all of its banking covenants
- Liquip International sale completed reducing leverage ratio to approximately 2.0x
- Focused on a leverage ratio in the range of 1.75x to 2.25x through the cycle
- New debt structures were put in place with long term facilities post IPO
  - $150 million, 4 year term loan
  - $150 million, 3 year revolving loan
  - $25 million, 3 year working capital facility

($ millions)	June 2014	Prospectus forecast	Banking Covenants	Target
Net debt/EBITDA	2.64x	1.68x	2.75x	1.75 - 2.25x
EBITDA/net interest expense	6.1x	8.8x	3.0x	> 5
Gearing ratio	41.1%	33.6%	55.0%	< 45%

Capital expenditure

- 2H of 2014 saw a redirection of capital into higher return businesses
- Increase in Bulk Haulage capital expenditure driven by Atlas contracts
- Cootes Transport restructure will reduce capital expenditure by $5.3 million in FY15 before any proceeds from sale of surplus fleet
- Depreciation in the restructured Cootes business will reduce by ~$6 million per annum
- Capital expenditure projected at $67 million for FY15 driven by need for growth capital

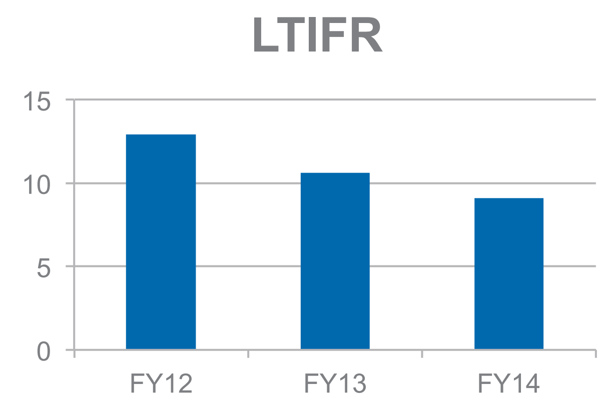
As at June 30	2014 ($m)	2013 ($m)
Heavy Haulage & Lifting (i)	9.2	28.6
Bulk Haulage	48.2	29.6
Oil & Gas	14.6	13.4
Total	**72.0**	**71.6**

(i) HH&L 2014 total includes $2.5m leased assets (2013: $4.7m)

(ii) Specialised Transport acquired in April 2014, capital expenditure immaterial

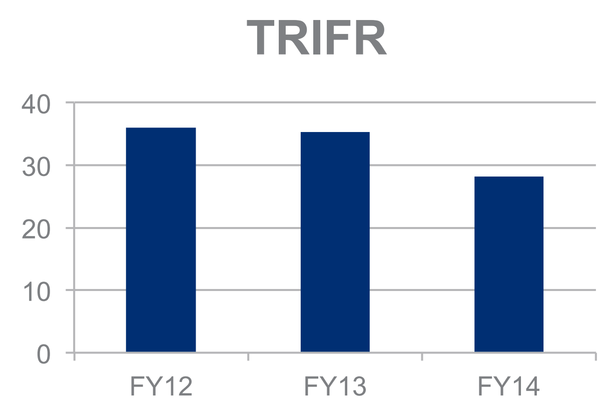
Safety: plan to strengthen and accelerate improvement initiatives to build on 2014 achievements

- TRIFR (recordable incident frequency rate) 28.3 which is a 20% improvement from 2013
- 13% improvement in LTIFR from 10.6 to 9.2
- These are important improvements but still short of our target TRIFR <10
- Our vision is for Everyone Home Safe
- Focussed on safer operations, safer systems and safer roads for our employees and the communities in which we operate



Proactive safety initiatives

- Comprehensive Safety Management System established
- Safety Leadership training program completed by all front line leaders
- Over 580 safety observations / conversations conducted
- Establishment of McAleese Golden Rules - 11 key expectations
- Commenced roll out of Personal Safety Checks - 3000 since undertaken



Significant progress made on fleet improvement

- National safety audit of Cootes Transport vehicles completed
- Introduction of additional safety checks for all vehicles in between normal servicing cycles
- A total additional investment of $7.2m on fleet infrastructure and upgrades and a further $4.5million on repairs and maintenance
- Commissioning of 32 new Prime movers in NSW fleet ($7.2 million)
- De-commissioning of 160 units, substantially reducing our national average fleet age. At June 30 the average age of prime movers in NSW is 2.3 years for prime movers and 4.5 years for fuel tankers
- Installation of brake roller testing systems set in advance of regulatory standards
- The acceleration of programs to ‘retro-fit’ Electronic Braking Systems on all trucks, now due for completion by December 2014 (five years ahead of requirement date in 2019)
- Establishment of a second workshop facility at Smithfield to reduce reliance upon third parties
- Independent third party review of all brake testing processes and equipment
- Additional training of maintenance staff by third party specialist in braking system diagnostics and maintenance
- The Company continues to maintain a constructive and transparent relationship with all regulatory authorities in relation to its improvement program

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Heavy Haulage & Lifting – rapid decline in project work compounded by deferral of mine maintenance spending

($ millions)	2014	2013	% Change
Revenue	186.5	253.4	(26.4)
EBITDA (i)	39.6	66.1	(40.1)
% margin	*21.2%*	*26.1%*	
EBIT (i)	27.8	54.9	(49.4)
% margin	*14.9%*	*21.7%*	
ROFE	11.4%	21.9%	

(i) Before significant items

Year in review

- Revenue decline partially offset by cost reduction focus and commencement of fleet asset sales in 2H14
- Successfully pursued opportunities in other resource producing regions and in civil infrastructure projects
- Right sized organisation to reflect decline in market activity, total workforce reduced from 630 to 465
- Commenced integration, consolidation and rebranding of the National Crane Hire business to Walter Wright Cranes

Outlook

- Trading conditions bottomed at current rate with recent lift in mine maintenance spending
- Continued pursuit of opportunities in areas outside core region including energy and civil infrastructure projects

Bulk Haulage – performance recovered following weather and operational issues in Q3

($ millions)	2014	2013	% Change
Revenue	265.2	175.4	51.2
EBITDA (i)	41.8	36.4	14.8
% margin	*15.7%*	*20.7%*	
EBIT (i)	21.6	20.6	4.8
% margin	*8.1%*	*11.7%*	
ROFE	14.7%	21.1%	

(i) Before significant items

Year in Review

- Revenue increase reflects increased haulage volumes while margin decline reflects impacts of operational issues and unseasonal weather
- Operational initiatives executed in response to these challenges has seen significant productivity improvement in Q4
- Secured additional 6mpta Mt Webber haulage contract (4 years) and commenced five year performance based contract for Goldfields (St Ives). Retained Norton, a cornerstone Goldfields region customer for a further four years
- Port Hedland workshop expansion underway to provide necessary capacity for growth in operations

Outlook

- Focussed on delivering efficient haulage solutions and ramp up in volume as Webber commences phases 1 and 2
- Organic growth a focal point

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Oil & Gas – national restructure complete after a challenging year

($ millions)	2014	2013	% Change
Revenue	295.4	316.6	(6.7)
EBITDA (i)	9.9	30.5	(67.5)
% margin	*3.3%*	*9.6%*	
EBIT (i)	(4.2)	14.9	(128.3)
% margin	*(1.4%)*	*4.7%*	
ROFE	(4.6%)	11.2%	

(i) Before significant items

Year in Review

- Severe operational environment with vehicle inspections following Mona Vale Accident
- Concluded marginal contracts
- Comprehensive national restructure now complete with redundancy costs expected to be fully funded by the sale of surplus equipment
- Successful sale of non-core businesses Watt Wah (Singapore) and Liquip International
- Renegotiated a new 5 year, LPG transport agreement with Origin Energy which commenced July 1 2014
- Business now focussed on three key contracts with $120 million revenue

Outlook

- Business stabilised
- Narrower customer base requires targeted growth to include other bulk supply

Specialised Transport – strategy is to grow the LTL network business

($ millions)	2014 (i)	Post Acquisition
Revenue	79.9	13.2
EBITDA	5.4	0.5
% margin	*6.7%*	*3.8%*
EBIT	3.6	0.1
% margin	*4.5%*	*0.8%*
ROFE	*16.5%*	

(i) McAleese Group acquired WAFG in April 2014

Year in Review

- All customers retained during FY14 through provision of consistently high service standards although the prolonged sale process affected organic revenue growth, with trading revenue down slightly on the prior year (3%)
- Renewed agreement for a further 12 months with Bauer Media Group, WA Freight Group's largest customer, contributing ~8% of overall revenue
- WA Freight Group has since been successfully integrated into the McAleese Group without any major issues

Outlook

- WAFG performing in line with expectations
- Looking to scale up and improve market offering

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Strategy & Outlook

Our strategy is to create a significant third force in Australian logistics

- Our focus is to gain strong positions in market niches requiring specialist capabilities
- The medium term aim is to de-risk our business and diversify across a range of activities, geographies and industries
- We will also work with our customers to grow organically
- All of our businesses have either the strategic need or opportunity to grow
- We will target acquisition opportunities that meet our strategic and financial criteria
    - Diversify and de-risk
    - Specialist capabilities
    - EPS positive year one
    - ROFE >15%
    - Post acquisition leverage ratio of 1.75 – 2.25x

Each of our businesses are positioned to grow

Focus on Stability

Fix short term issues

- Sell non core assets
- Complete Oil & Gas restructure
- Right size the HH&L business to lower revenue base
- Execute ramp up in Atlas contract

May – July 2014

Create a sustainable base

Stabilise the businesses

- Improve management and governance systems
- Stabilise management
- Expand the Board to broaden expertise

July – Nov 2014

De-risk & Diversify

Expand through sensible growth opportunities

- Build a significant transport and logistics business in Australia
- Target specialised transport businesses that have distinct competitive advantages in their market niches
- Grow organically with our customers

Dec 2014 onwards

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Outlook for the full year will be provided at the AGM on 20 November 2014

McAleese Group

- Current performance equal to annualised rate of $90 to $95 million EBITDA
- Dividend payments expected to commence in 1H15

Heavy Haulage & Lifting

- Trading conditions bottomed at current rate with recent lift in mine maintenance activity
- Continued pursuit of opportunities in areas outside core region including energy and civil infrastructure projects

Bulk Haulage

- Focussed on delivering efficient haulage solutions and ramp up in volume as Webber commences phases 1 and 2
- Organic growth a focal point

Oil & Gas Division

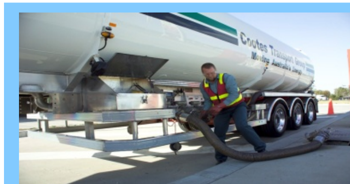
- Business stabilised
- Narrower customer base requires targeted growth to include other bulk supply

Specialised Transport

- WAFG performing in line with expectations
- Looking to scale up and improve market offering

Q & A

Group Overview

McAleese Group	Heavy Haulage & Lifting	Bulk Haulage	Oil & Gas	Specialised Transport
Divisions				
Overview	▪ Provider of integrated heavy haulage and lifting solutions (wet and/or dry crane hire) for equipment required in the construction, operation and maintenance of resources, energy and infrastructure projects ▪ Provision of storage and transport of mining inputs	▪ Provider of bulk commodities haulage to port facilities and/or processing infrastructure by truck across off-road and on-road (highway) routes ▪ Provider of ancillary on-site services	▪ Comprises an LPG business and a reduced fuels business ▪ Cootes Transport fleet travelled more than 52 million kilometres to deliver more than 11 billion litres of fuel and gas during FY14.	▪ National service offering interstate express line-haul ▪ Depots in all Australian capital cities
Competitive Strengths	▪ Specialist technical skills, expertise and equipment ▪ Substantial equipment and management base in Queensland ▪ Long standing relationships with leading EPCM and OEM companies	▪ Substantial equipment and management base in the Pilbara and Kalgoorlie ▪ Long-term contracts with key regional companies ▪ Systems expertise to optimise payloads and cycle times	▪ Significantly improved fleet profile and operating structure ▪ Servicing major gas and oil companies	▪ Leader in east-west LTL express road freight ▪ Mix of owned prime mover fleet, supplemented with tow & full-rig operators

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Appendix

– McAleese Group has a strategically located network of operations located across Australia