

ASX ANNOUNCEMENT**11 November 2014**

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

By electronic lodgement**MCS makes strategic equity investment in Heavy Haulage Australia (HHA)**

- **MCS will pay \$3 million for a 50% equity investment in HHA and an option to acquire the remaining 50% in 2 to 5 years**
- **The shareholders will jointly provide \$7 million in working capital facilities**
- **HHA presents a significant opportunity for McAleese to diversify its activities into new geographies, expand the customer base and add value by funding future growth through investment or equipment**
- **HHA doubled revenue in the past two years to deliver ~\$49 million in FY14 and based on Q1 FY15 trading a revenue run rate of \$55 to \$60 million is expected**

Australian specialised transport and logistics provider, McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company**) has agreed to pay \$3 million for a 50% equity investment in HHA Group Pty Ltd (**Heavy Haulage Australia** or **HHA**) and an option to acquire the remaining 50% in 2 to 5 years. The initial investment equates to approximately 3.75 times forecast FY15 EBITDA.

The shareholders of HHA have agreed to provide \$7 million of working capital facilities, with McAleese Group contributing \$4 million of this amount. McAleese Group will also support the growth opportunities of HHA through the provision of existing assets or investment in specialised new equipment to accelerate the expansion of HHA in its target sectors.

McAleese Group Managing Director and CEO, Mark Rowsthorn commented, "The key strategic reason for this investment is the opportunity to diversify into the attractive infield oil and gas sector, which demonstrates strong long term growth prospects. Further, this investment will see both businesses improve asset utilisation and expand their range of services."

Heavy Haulage Australia is a leading provider of heavy haulage transport services with a recognised safety culture and a modern fleet of specialised equipment. Its services include out of gauge and project freight transportation, lifting, storage solutions and self propelled modular trailer support. HHA is primarily focussed on strategically developing its service capability in the infield oil and gas sector, however its fleet base also offers unique value to the resources and infrastructure sectors.

The HHA facilities in Brisbane, Toowoomba and Darwin, and its geographical reach into the regions of North West Australia, Central Australia and South East Queensland provide a strong complement to the existing operating locations of the McAleese Heavy Haulage & Lifting division.

A fact sheet providing further information on HHA is attached to this announcement.

Ends

HHA Fact Sheet

- HHA commenced in November 1999
- Jon Kelly is the founder and Managing Director of HHA
- FY14 revenue ~\$49m
- Q1 FY15 revenue ~\$15m
- Significant growth experienced from FY11 mainly attributed to oil and gas infrastructure projects with FY15 focus to include gas rig and camp logistics services
- Employs 124 staff nationally
- Locations include:
 - Brisbane (Head Office)
 - Toowoomba
 - Darwin
 - Port Hedland
 - Perth
 - Adelaide
- Key customers include major infield oil and gas producers and key drilling service providers, freight forwarders and mining and infrastructure companies
- Assets include:
 - 57 Prime Movers (average age 4 years)
 - 750 Axle Lines of Trailers (average age 3 years)
 - 14 Cranes (average age 7 years)
- Divisions are:
 - Heavy Haulage
 - Lifting
 - Oil and Gas
- Shared Services are:
 - Health and Safety
 - Engineering
 - Workshop (including On Road Support)
 - High Wire Escorts
 - On Road Pilot Escorts
- Accreditations include:
 - NHVAS
 - Mass Management
 - Maintenance Management
 - Fatigue Management
 - ISO 9001
 - Electrical Contractors Licence

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