HALF YEAR RESULTS

24 FEBRUARY 2015

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1H FY2015 PERFORMANCE ON PLAN

KEY FINANCIAL RESULTS

- **Statutory NPAT** $52.5 million
- **NPAT** (pre significant items) $11.5 million
- **EBITDA** (pre significant items) $49.5 million
- **Net debt** reduced to $175.5 million at 31 December 2014

DELIVERING OPERATIONAL IMPROVEMENTS

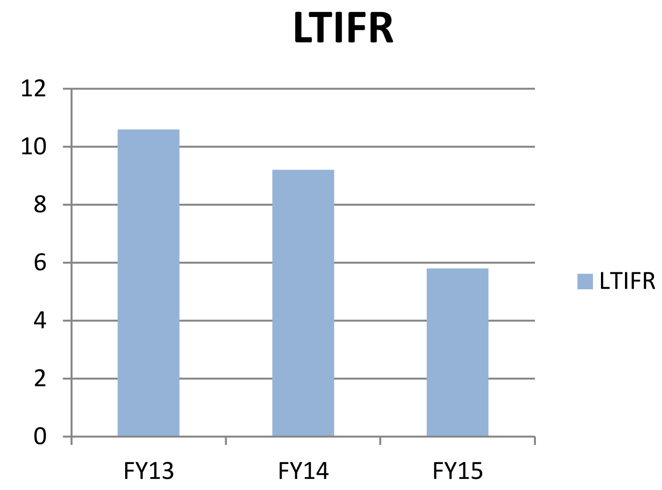
- TRIFR(i) reduced by 25% on pcp to 21.6
- Bulk Haulage ensured smooth start up to Mt Webber volumes
- Improved Oil & Gas profitability following restructure and fleet renewal
- Heavy Haulage & Lifting and Heavy Haulage Australia (HHA) working to best utilise complementary asset base
- Specialised Transport continues to implement profit improvement initiatives

(ii) Total Recordable Injury Frequency Rate

SAFETY: BUILDING UPON OUR 2014 INITIATIVES

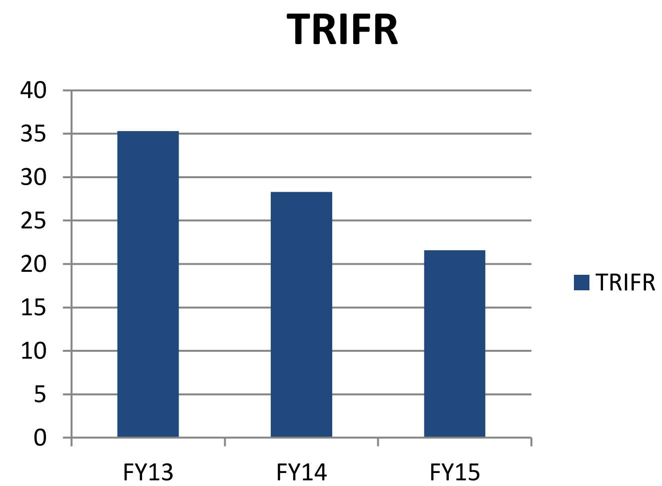
OUR VISION IS FOR EVERYONE HOME SAFE

- Focused on safer operations, safer systems and safer roads for our employees and the communities in which we operate
- Total Recordable Injury Frequency Rate (TRIFR) of 21.6
- TRIFR trend, a 25% improvement against pcp
- Lost Time Injury Frequency Rate (LTIFR) reduced from 9.4 to 5.8
- LTIFR trend, 38% improvement, against pcp
- These are important improvements, however we remain committed to reaching our target TRIFR <10



PROACTIVE SAFETY INITIATIVES

- Standardisation of Group HSE programs underway
- Safety Leadership program continues to evolve and be rolled out across Group Divisions for all front line leaders



BULK HAULAGE: CAPITAL BASE FULLY INVESTED

($millions)	31 Dec 14	31 Dec 13	% Change
Revenue	147.7	125.8	17.4%
EBITDA	27.2	24.2	12.1%
% margin	*18.4%*	*19.2%*	
EBIT	15.6	14.9	4.8%
% margin	*10.5%*	*11.8%*	

1H FY2015 PERFORMANCE

- Revenue and earnings growth reflects ramp up in Atlas Iron Mt Webber and overall increase in tonnes and kilometres hauled during the period
- Margin impacted by mix and price support for Atlas
- Continued to work with Atlas Iron on sustainable cost reduction and productivity improvement initiatives including;
  - reducing major cost inputs
  - improvements in payload and vehicle up time
- New business in North West WA is expected to substantially offset reduction in Kalgoorlie haulage volumes

2H FY2015 OUTLOOK

- Expected to sustain and extend operational improvements, with additional tonnes and kilometres hauled during second half to be offset by price support activities for Atlas

HEAVY HAULAGE & LIFTING: FOCUS ON COST AND ASSET BASE

($millions)	31 Dec 14	31 Dec 13	% Change
Revenue	78.6	102.1	(23.1%)
EBITDA	15.5	25.6	(39.4%)
% margin	*19.8%*	*25.1%*	
EBIT	9.7	19.7	(50.6%)
% margin	*12.4%*	*19.3%*	

1H FY2015 PERFORMANCE

- Earnings impacted by continuing weakness in the resources and infrastructure sectors
- Fleet rationalisation commenced in the first half with asset sales of $8.3 million completed during the period
- Focus on cost reduction to match business to the market
- Heavy Haulage & Lifting and Heavy Haulage Australia (HHA) working to best utilise complementary asset base

2H FY2015 OUTLOOK

- A comprehensive review has commenced and will consider fleet size, mix and valuation, and seek to reduce overheads and identify synergy opportunities with other divisions

OIL & GAS: EARNINGS PERFORMANCE IMPROVED

($millions)	31 Dec 14	31 Dec 13	% Change
Revenue	85.8	161.7	(47.0%)
EBITDA	7.9	9.6	(17.6%)
% margin	*9.2%*	*5.9%*	
EBIT	3.6	2.2	65.5%
% margin	*4.2%*	*1.3%*	

1H FY2015 PERFORMANCE

- Decline in revenue against pcp due to conclusion of fuel transportation contracts, extensive restructuring and softening autogas volumes
- Profitability improvement came as a result of national restructure and fleet renewal program which has reduced repairs, maintenance and labour costs compared to pcp
- Roads & Maritime Services (RMS) Notice to Show Cause and Improvement Notices concluded December 2014

2H FY2015 OUTLOOK

- Caltex NSW contract will conclude 31 March 2015 but will have an immaterial impact on EBIT
- Narrower customer base requires targeted growth to include other bulk markets

SPECIALISED TRANSPORT: SUBDUED GENERAL FREIGHT ACTIVITY

($millions)	31 Dec 14	30 Jun 14 (i)
Revenue	44.7	13.2
EBITDA	2.5	0.5
% margin	*5.6%*	*4.0%*
EBIT	1.2	0.1
% margin	*2.6%*	*0.7%*

(i) April 2014 trading to 30 Jun 2014 post acquisition

1H FY2015 PERFORMANCE

- WA Freight Group was acquired by McAleese Group in April 2014 and fully integrated into the existing portfolio
- The division continues to be impacted by a slowdown in the Australian manufacturing and resources sectors amid subdued general freight activity on the East/West corridor

2H FY2015 OUTLOOK

- Business improvement plan is underway to increase utilisation and improve operational efficiency

STRENGTHENING THE BASE AND IMPROVING THE UNDERLYING BUSINESSES

STRENGTHENING THE CAPITAL STRUCTURE

- Focused on further debt reduction
- Each division focused on a range of cost out programs
- Disciplined approach to capital

ENSURING SAFETY AND COMPLIANCE

- Implementing comprehensive Safety Management System and standardising group approach to HSE

PEOPLE AND POLICIES

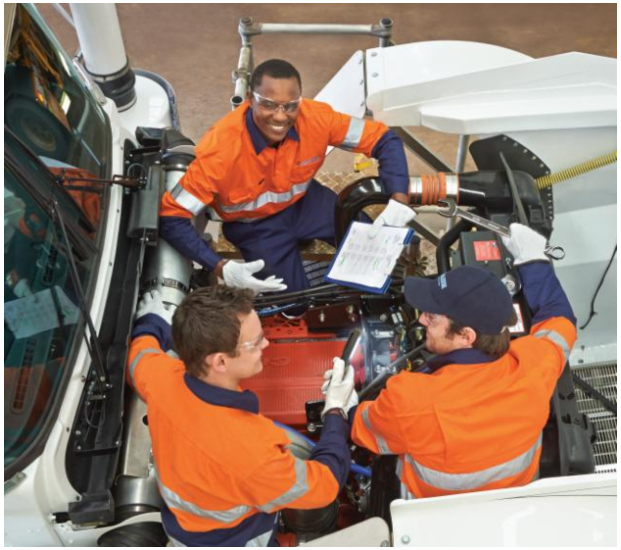
- Consistent HR policies developed to support strategy
- Mechanisms being put in place to ensure people management and development is consistent across the Group

STANDARDISING MANAGEMENT SYSTEMS

- Back office projects underway to improve efficiency and integration capabilities

ADVANCES IN PROCUREMENT

- Opportunities identified to rationalise supplier base and reduce costs
- Progress made in key spend categories of Fuels, Oil & Lubes, Tyres and Parts



FINANCIAL PERFORMANCE

24 FEBRUARY 2015

SUMMARY FINANCIAL PERFORMANCE PRO FORMA TRADING RESULTS

($ millions)	31 Dec 14	31 Dec 13
Revenue	**356.8**	**389.6**
Trading EBITDA	49.5	56.3
Trading EBIT	26.3	33.5
Net Interest Expense (i) (ii)	(9.1)	(8.7)
Pro forma trading profit (before tax)	**17.2**	**24.8**
Taxation (expense)/ benefit	(5.7)	(8.7)
Pro forma trading profit (after tax)	**11.5**	**16.1**
Interim Dividend Per Share	**-**	**-**

i. 1H FY2015 net interest includes a $1.5 million adverse impact of non-cash accounting for interest rate hedging

ii. 1H FY2014 interest has been normalised to reflect current funding arrangements and exclude those costs associated with exiting pre-IPO funding arrangements

SUMMARY FINANCIAL PERFORMANCE STATUTORY RESULTS

($ millions)	31 Dec 14	31 Dec 13
Revenue	**356.8**	**389.6**
Trading EBITDA	**49.5**	**56.3**
Depreciation	(22.3)	(21.3)
Amortisation	(0.9)	(1.5)
Trading EBIT	**26.3**	**33.5**
Total individually significant items	50.9	(44.7)
EBIT after significant items	**77.2**	**(11.2)**
Net interest expense	(9.1)	(29.0)
Net profit before tax	**68.1**	**(40.2)**
Taxation (expense) / benefit	(15.6)	2.3
NPAT	**52.5**	**(37.9)**
Earnings Per Share (cents)	**18.58**	**(28.12)**
NPAT (pre significant items)	**11.5**	**0.3**
Earnings Per Share (pre significant items)	**4.08**	**0.62**

- Net interest expense, tax, and NPAT and EPS measures for the period ended 31 December 2013 in part reflect pre-IPO capital structure

SIGNIFICANT ITEMS

i. Net profit on sale of Liquip International and Beta Fluid systems

ii. Other movements in provisions and impairments relate to the Oil & Gas division and stem largely from the Mona Vale accident

iii. Equity investment in HHA impaired in light of difficult market conditions and the leveraged capital structure of that entity

Significant Items (before tax) $millions	31 Dec 14	31 Dec 13
Profit or loss on disposal of subsidiary business (i)	48.7	2.5
IPO Costs	-	(2.5)
Acquisition costs	(0.3)	-
Impairment charges – goodwill & intangibles	-	(23.8)
Impairment charges / reversals – plant & equipment (ii)	1.4	(9.5)
Impairment charges – equity investment (iii)	(3.0)	-
Mona Vale accident	2.0	(11.4)
Restructure costs and superannuation provision (ii)	2.1	-
Total Significant Items	**50.9**	**(44.7)**

CASH FLOW AND FINANCING

i. HHA acquisition costs

ii. Predominantly redundancy and leave provision payments as a result of the Oil & Gas division restructure

iii. Dec 13 included prior period accrual of $10.7 million paid July 13 and payment of mezzanine facility capitalised interest of $5.7 million

iv. Additional 25% investment in National Crane Hire

v. Proceeds on the disposal of Liquip and Beta

vi. Acquisition of Busby Transport

($ millions)	31 Dec 14	31 Dec 13
EBITDA	**49.5**	56.3
Significant items (cash) (i)	(0.3)	(3.2)
Net movement in working capital	(6.7)	12.0
Movements in provisions (ii)	(9.6)	(0.4)
Net interest (iii)	(7.1)	(27.7)
Tax paid	-	(4.2)
Profit on disposal of PP&E	(1.3)	(1.6)
Other	0.1	0.4
Net cash inflow from operating activities	**24.6**	**31.6**
Capital expenditure (net of proceeds)	(24.4)	(34.0)
Purchase of additional investment in subsidiary (iv)	(4.0)	(4.0)
Sale of investments (v)	68.3	5.3
Purchase of convertible note	(4.0)	-
Advances to associated entities	(3.0)	-
Purchase of investment in joint venture	(3.0)	-
Acquisitions (vi)	(0.9)	-
Other	(0.1)	(1.1)
Net cash inflow/(outflow) from investing activities	**28.9**	**(33.8)**
Net cash inflow/(outflow) from financing	(61.3)	16.2
(Decrease)/increase in cash	**(7.8)**	**14.0**

FINANCING

- During the 6 months to 31 December 2014;
  - Net debt reduced to $175.5 million
  - Leverage ratio reduced to 2.33x following asset sales and solid underlying cash flows during the period and is expected to be further improved at 30 June 2015
- McAleese Group remains in compliance with all of its banking covenants

Financial undertakings	31 Dec 14	MCS target range	Banking Covenants
Net debt/ EBITDA	2.33x (i)	1.75 - 2.25x	< 2.75x
Interest cover	5.5x	> 5.0x	> 3.0x
Gearing ratio	31.9%	< 45%	< 55.0%

(i) Banking covenants are calculated biannually and continue to reflect weak trading and EBITDA in the Jan – Mar quarter 2014

CAPITAL EXPENDITURE: 1H FY2015 CAPEX TO SUPPORT GROWTH AND FLEET RENEWAL

- 1H FY2015 net capex $24.4 million driven by growth requirements, primarily Atlas Iron Mt Webber ramp up and Cootes Transport fleet renewal program
- Disposals during the period consisted primarily of underutilised HH&L fleet and surplus Cootes Transport equipment
- 2H FY2015 expenditure limited to maintenance, with some modest growth capex in Bulk Haulage

1H FY2015 ($ millions)	HHL	BH	O&G	ST	Corp	Total
Gross	1.6	32.7	4.4	3.3	0.9	42.9
Disposals	(8.3)	(0.4)	(9.8)	0	0	(18.5)
Net	(6.7)	32.3	(5.4)	3.3	0.9	**24.4**

OUTLOOK

- Expect difficult conditions in key end markets to continue
- Focus is on operational performance, productivity and efficiency
- Committed to strengthening our capital structure
- Positioned to take advantage of growth and diversification opportunities in the medium term

EARNINGS

- The Group now expects that for FY2015:
  - Trading NPAT is anticipated to be approximately 40% up on FY2014, which is the lower end of previous guidance. This includes approximately $1.2 million of adverse, non cash accounting adjustments for interest rate hedging(i)
  - Statutory Profit after tax will approximate $60 million
  - Trading EBIT to be materially in line with previous expectations
  - Trading EBITDA will approximate $85 million – $90 million
  - Net debt is expected to be further reduced during 2H FY2015 and be in the range of $145 – 150 million at 30 June 2015

DIVIDENDS

- In light of our commitment to strengthen our capital structure, the Directors have determined that an interim dividend will not be paid

(i) McAleese has not adopted hedge accounting. As a result, the non cash movement in the fair value of interest rate swaps is taken up in the Profit and Loss

Q&A

24 FEBRUARY 2015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McALEESE RESOURCES
McALEESE RESOURCES
McALEESE RESOURCES

APPENDIX

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

($ millions)	31 Dec 14	30 Jun 14
Current Assets		
Cash and cash equivalents	43.1	51.0
Trade and other receivables	80.7	96.2
Loans to associate	3.0	-
Prepayments	9.1	5.9
Inventories	4.7	2.2
Assets classified as held for sale	16.5	53.1
Total Current Assets	**157.1**	**208.4**
Non Current Assets		
Investment in convertible note	4.0	-
Investment in joint venture	-	-
Property, Plant & Equipment	386.4	374.2
Intangible assets	53.9	54.7
Total Non Current Assets	**444.3**	**428.9**
Total Assets	**601.4**	**637.3**
Current Liabilities		
Trade and other payables	49.2	67.0
Financial Instruments	1.8	1.6
Loans and Borrowings	6.0	18.5
Current tax provision	2.3	-
Employee service provision	22.0	24.4
Other provision	6.0	17.1
Liabilities held for sale	1.6	10.1
Total Current Liabilities	**88.9**	**138.7**
Non Current Liabilities		
Financial Instruments	3.6	2.2
Loans and Borrowings	210.1	258.4
Employee Provisions	2.5	2.3
Other provisions	3.0	3.1
Deferred tax liabilities	13.4	0.5
Total Non Current liabilities	**232.6**	**266.5**
Total Liabilities	321.5	405.2
Net assets	**279.9**	**232.1**
Equity		
Contributed equity	251.4	251.4
Reserves	(4.1)	(1.3)
Retained earnings / (accumulated losses)	32.6	(19.9)
Total Equity Attributable to equity holders of the Company	**279.9**	**230.2**
Non-controlling interests	-	1.9
Total Equity	**279.9**	**232.1**