



19th November 2020

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2020 ANNUAL GENERAL MEETING – CHAIRMAN AND MANAGING DIRECTOR ADDRESS

Chairman's Address

As I noted in this year's annual report, in FY 2020 MACA has seen improved performance in our underlying business operations, again achieving record levels of revenue and work in hand, alongside a positive recovery in our underlying margins.

As with many other businesses, MACA's statutory results were impacted by the outbreak of COVID-19 in the second half of the financial year. The pandemic thankfully had limited operational impact. However, it did significantly influence the reported results through its detrimental effect on broader economic drivers, such that MACA reported an overall net loss after tax of \$17.4m.

The softening price for PCI Coal resulted in MACA recognising an impairment to the carrying value of receivables on amounts owing from Carabella Resources in relation to the Bluff PCI Project. This is currently transitioning to care and maintenance and in the past few days MACA has made the decision to appoint a Receiver in the interests of best protecting the Company's investment in the Project.

The other broader economic factor which adversely affected our FY20 results was the deterioration in the value of the Brazilian Real. This was a major contributor to our discontinued Brazilian operations reporting a net loss after tax for the year.

Most importantly, we are currently observing positive market conditions across the mining and civil construction sectors, and the Company is actively pursuing many mining, civil and infrastructure opportunities. As previously announced, MACA is expecting revenue to exceed \$850m in FY21, which is largely secured.

We are targeting enhanced operating performance across all of MACA's operating segments. Since the start of this financial year, we have been awarded a number of new major contracts, including Atlas Iron's Corunna Downs project, Capricorn Metals' Karlawinda project, Fenix Resources' Iron Ridge project, the South West Gateway Alliance (BORR) of which MACA is a member, and Red 5's King of the Hills EPC project. These successful appointments, combined with our continuing contract extensions from Ramelius Resources at Mount Magnet and BHP Eastern Ridge crushing, will underpin the forecast growth in FY21 and beyond.

Central to our strategy is that MACA's growth be profitable and sustainable. This means maintaining sharp focus on our core values – caring for our people, continually improving, showing leadership in the communities in which we operate, and exceeding the expectations of our clients and other stakeholders by being accountable and delivering on our commitments.

From a balance sheet perspective, MACA remains financially strong with a net debt position of \$73.4m at 30 June 2020 and cash on hand of \$114.7m. Our strong balance sheet has enabled us to fund significant capital investment in existing and new projects, as well as increasing our dividends per share to 5.0 cents for the financial year just gone.

Our order book remains strong, with current work in hand of approximately \$2.4 billion. We are experiencing increased demand for our services and are pursuing many opportunities with both existing and new clients. We believe that the sector outlook is positive and that MACA is well positioned to take advantage of this and achieve its growth objectives.

The past year has seen changes in both the Executive Leadership Team and the Board. Mike Sutton was appointed as CEO and Managing Director after an extensive selection process, following the resignation of Chris Tuckwell, who served in these roles for 11 years. Additionally, David Greig was appointed to the senior leadership role of Chief Operating Officer.

In October 2020, MACA appointed Ms Sandra Dodds as an Independent Non-Executive Director. Sandra has diverse and extensive executive experience gained at ASX 100 and ASX 200 companies, and brings proven leadership skills and senior operational experience and networks to benefit MACA. These appointments at both Executive and Board level further enhance MACA's capability and better enable the Company to achieve its strategic objectives and deliver shareholder value.

In October 2020, I announced my intention to retire as a Director of MACA at this Annual General Meeting, having been Chairman of the Company since its public listing on the ASX in October 2010. Current Non Executive Director, Mr Geoff Baker, is Chairman-elect to succeed me and I wish him and the board and management team every future success. I am confident that I am leaving MACA in good hands and with a sound platform from which to take the business on a strong upward trajectory.

In conclusion, I would like to once again thank all our hard working staff at MACA and my fellow directors, as well as all our shareholders for your ongoing support.

I will now hand over to our Managing Director Mike Sutton to make his presentation.

MANAGING DIRECTOR'S ADDRESS – Mr Mike Sutton

Good afternoon to you all and thank you for joining us today.

It's a pleasure to attend my first Annual General Meeting for MACA, having commenced in the CEO role in February this year, and as Managing Director in June. This financial year has represented one of significant growth and change for MACA, and while we look forward to the future and its opportunities, we acknowledge the significant challenges faced by the business and broader global economy in 2020.

SAFETY & WELLBEING

MACA is committed to providing a safe and healthy workplace to our employees, contractors and visitors, and delivers our work responsibly in order to minimise impact to the environment.



With our workforce (including contractors) having expanded to over 2,300 people, creating a safe working environment for our people is our highest priority and we continue to strive to improve our safety performance. In FY20, MACA refreshed its approach to health and safety, with engagement of leadership at all levels of the business, and we are now collectively focused to deliver a “Working Safely” workplace culture. It is also pleasing to note that during the second half of the financial year, MACA worked proactively with its clients, suppliers and employees and was able to manage the impact of COVID-19 in such a way that the impact on day to day operations was minimal.

FY20 RESULTS OVERVIEW

In FY20, MACA’s “pre impairment and forex” financial results were in line with guidance provided to the market, with revenue of \$808m (up 21% on FY19) and EBITDA of \$120m (up 70% on FY19). Statutory results included the impairment of receivables (\$48m) and goodwill (\$3m) and the transfer of foreign exchange loss reserves on discontinued operations to the profit and loss statement (\$10m) resulting in a Net Loss After Tax of \$17.4m.

MACA’s operating cash flow was \$116.6m, up from \$57.5m in FY19. Capital expenditure for the financial year was \$124.5m, which was largely associated with growth capex for the Ravensthorpe Nickel Project, preparing fleet for the Okvau Gold Project, the Crushing Division and sustaining capital. With an increase in revenue and assets employed, the Group as at 30 June 2020 remains in a strong financial position with a net debt position of \$73.4m and with cash on hand of \$114.7m.

FY20 OPERATIONAL OVERVIEW

MINING

Our Australian mining operations have continued to grow, with MACA continuing its contract mining operations for Regis Resources at the Duketon South and Duketon North operations, with Ramelius Resources at the Mount Magnet and Edna May projects, with Wiluna Resources at the Matilda project, with Pilbara Minerals at the Pilgangoora lithium project and with new client FQM Australia Nickel Pty Ltd at the Ravensthorpe Nickel Project, which commenced successfully in the first quarter of this year.

With regards to our Bluff PCI Coal project, in conjunction with our client, Carabella Resources, in October 2020, MACA agreed to place the mine on care and maintenance whilst working to fulfill current coal sales obligations with mining services expected to halt around the end of November 2020. Further to this, MACA has made the decision to enforce its security position and has appointed a receiver to the assets of Carabella

CRUSHING

MACA continued to deliver on its crushing contracts for BHP Iron Ore during the year, which included a contract to crush blast-hole stemming material across its Western Australian Iron Ore operations, a contract to crush and screen up to 12Mtpa at the Mining Area C operation, and a contract to crush and screen up to 5Mtpa at the Eastern Ridge operations. Additionally, MACA was awarded a contract by Atlas Iron in October 2019 for the provision of crushing and screening at their Mt Webber operations.

MINING INTERNATIONAL

In March 2020, MACA executed a mining contract with a wholly owned subsidiary of Emerald Resources Ltd, for provision of contract mining services at the Okvau Gold Project in Cambodia. The term of the contract is for seven years, with mobilization to site commencing in August 2020 and operations commencing October 2020.



MACA ceased operations for Avanco Resources (now fully owned by Oz Minerals) at the Antas project in Brazil in early 2020 and is currently relocating those assets to other operations.

CIVIL & INFRASTRUCTURE

MACA's Civil and Infrastructure business delivered a record result in FY20, benefiting from increased scale and a heightened focus on project delivery. Additionally, MACA has been upgraded to R4/B3 conditional under the National Prequalification Scheme for Main Roads Western Australia, which will enable MACA to participate in larger road and bridge projects in capital cities for various road agencies around the country.

During FY20, our West Australian Civil division substantially completed its work package in relation to the Karratha / Tom Price Road for Main Roads Western Australia, which included the construction and sealing of a 45km section of road. In addition, MACA has commenced a number of packages for Fortescue Metals Group Ltd subsidiary FMG Iron Bridge and Formosa Steel IB Pty Ltd, including general earthworks, camp expansion, construction of a 26km mine access road, construction of the explosive facility and further road upgrades. MACA also commenced work for Atlas Iron on the Corunna Downs haul road.

In Victoria, our business continues to grow in scale and capability, with the award of a number of projects for VicRoads in FY20 along with a number of minor works contracts with VicRoads and local Victorian shires.

MACA INTERQUIP

In FY20, MACA Interquip completed the Kirkalocka gold project for Adaman Resources which included the installation of a new semi-autogenous mill and the refurbishment of an existing processing plant, with MACA Interquip also awarded the ongoing contract in relation to its maintenance. Additionally, MACA Interquip completed tank upgrade works for Saracen at Carosue Dam and the build, refurbish and install of the Mt Webber crushing circuit at Atlas Iron Mt Webber

COMMUNITY

The Community has always been in the forefront of MACA – it is one of our Core Values – we show leadership and take responsibility for our community. MACA has been involved with the MACA Cancer 200 Ride for Research in support of the Harry Perkins Institute of Medical Research for over 8 years now, and just recently completed the 2020 ride, raising significant funds for a worthy cause.

Other events that MACA is connected to are the Perth Children's Hospital Foundation, the Hawaiian Ride for Youth Focus and the West Australian Symphony Orchestra.

BUSINESS OUTLOOK

MACA holds a positive outlook for FY21, supported by its strong work in hand position of \$2.4b at Sep20 and a robust tender pipeline of near-term quality opportunities. We are observing a particularly strong gold and iron ore market, as evidenced by our significant contract wins and extensions in this financial year to date, including:

- Atlas Iron Corunna Downs – Mining
- Ramelius Resources Mount Magnet Extension – Mining
- Capricorn Metals Karlawinda – Mining
- Fenix Resources Iron Ridge – Mining and Crushing



- South West Gateway Alliance (BORR), MACA is a 10% non-owner participant – Civil
- Eastern Ridge Crushing – Crushing
- Red 5 King of the Hills – EPC MACA Interquip and Civil
- Major Road Projects Victoria (“MRPV”) panel works (Golf Links Road) - Civil

The improved performance of our Mining division in FY20 is expected to continue into FY21, with the first quarter project awards listed above driving growth in the buoyant market. Closely related, MACA's crushing division will continue to pursue additional opportunities with new clients and leverage opportunities within our existing client base, with a number of advanced opportunities in the pipeline.

Our Civil & Infrastructure division continues to see increased activity levels due to the significant capital works programs in WA underway. While our Victorian Civil & Infrastructure business has experienced some project delays as a result of COVID-19 lockdowns, the division is well positioned to benefit from any increased or accelerated infrastructure spend, entering FY21 with \$41m of work in hand, and has recently been selected to deliver works on the MRPV panel.

MACA Interquip entered FY21 with a strong tender pipeline in both the gold and iron ore sectors, and has recently been awarded the notice of award for an EPC contract for Red 5 Limited at their King of the Hill gold project in Western Australia.

MACA continues to take a disciplined approach to strategically assessing a number of opportunities in the sector, including acquisitions, and requires any opportunity to be able to deliver long term, sustainable value to MACA's shareholders.

Our revenue guidance for FY21 is to exceed \$850m, which is now largely secured.

In closing I would like to thank all our team for their hard work and loyalty, and our shareholders, clients and suppliers who all play an important part in building a successful MACA.

**** ENDS ****

This ASX announcement has been authorised for release by the Board of MACA Limited. For further information please contact

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