



Acquisition of Decmil Group (ASX:DCG)

16 April 2024



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Acquisition Strategic Rationale

Accelerates expansion and diversification into civil infrastructure

Macmahon to acquire 100% of Decmil, by way of Schemes of Arrangement

- Decmil is an ASX listed, integrated provider of civil construction and infrastructure solutions across Australia
- Acquisition represents a significant milestone for Macmahon in accelerating civil infrastructure growth and establishing a foundation for scalable growth in both mining and non-mining sectors

Decmil provides a strong foundation to pursue \$1 billion civil infrastructure revenue ambition

- Adds capabilities, processes and operating systems to Macmahon's existing civil business
- Complementary services across renewables, government infrastructure and resources, providing earnings and geographic diversification with less mining commodity exposure
- Increased exposure to non-resource work in government infrastructure (e.g. roads, bridges) and renewables (e.g. wind farms) to offset cyclicality of the mining sector
- Holds the licenses to carry out a full range of road and bridge projects throughout Australia to enable tendering nationally for Tier 1 opportunities including a combined civil tender pipeline of circa \$10 billion

Strategic growth with opportunities for cost synergies

- Earnings accretive pre-synergies, with future cash flow generation to drive growth initiatives and achieve Macmahon goal of exceeding 20% ROACE target
- Valuation underpinned by expected improved earnings for Decmil's civil construction business, considerable property asset, and ability to utilise tax losses (of circa \$185 million) and franking credits over time
- Cost synergies of circa \$5 million per annum expected to be delivered and acquisition will unlock Decmil's growth constraints



Transaction Details

Unanimous support from Decmil's Board of Directors and major shareholders

Transaction Overview	<ul style="list-style-type: none">• Schemes of arrangement under which Macmahon will acquire 100% of the issued capital in Decmil (the 'Transaction')• Transaction to comprise separate schemes in relation to Decmil's (i) ordinary shares ('Ordinary Scheme') and (ii) redeemable convertible preference shares ('RCPS') ('RCPS Scheme') (together the 'Schemes')• Ordinary shareholders to receive \$0.30 cash per share, representing a 81.9% premium to Decmil's 30-day VWAP• Decmil RCPS holders to receive \$0.343 cash per share representing a 71.5% premium to the face value of the RCPS
Board Recommendation & Shareholders Support	<ul style="list-style-type: none">• Transaction unanimously recommended by the Decmil Board of Directors• In addition to the Decmil Board of Directors, management and major shareholders who together hold 27.8% of the ordinary shares and 40.1% of the RCPS, have indicated an intention to vote in favour of the Transaction
Offer Conditions	<ul style="list-style-type: none">• Independent Expert concluding that the Schemes are in the best interests of Decmil shareholders• No material adverse change• Other regulatory and customary approvals
Governance	<ul style="list-style-type: none">• Decmil to operate as wholly owned subsidiary of Macmahon• Branding to be maintained, with the existing Macmahon civil business to merge with and be rebranded Decmil• Senior management to remain in leadership roles to support integration and business plan objectives
Funding	<ul style="list-style-type: none">• Transaction fully funded from cash reserves (including recently announced equipment sale proceeds), plus an extension of existing debt facilities – fits within internal gearing and leverage guiderails• Net debt at the end of FY25 is not expected to increase due to the transaction
Exclusivity	<ul style="list-style-type: none">• Customary deal protection mechanisms including "no shop", "no talk" and "no due diligence" restriction, matching rights and break fee
Timetable & Next Steps	<ul style="list-style-type: none">• Scheme Booklet, which is subject to court approval, is expected to be despatched in July 2024• Targeting Implementation of Schemes in August 2024

Decmil is Highly Complementary to Macmahon

Established civil business to drive diversification and growth with lower capital intensity

Surface Mining



- Tier 1 surface miner with full suite of services
- +\$1 billion annual revenue – maintained over the short to medium term
- 7,261 employees across 11 contracts in Australia and Indonesia
- Focussed on operational efficiency with continuous improvement initiatives implemented portfolio wide
- Actively pursuing opportunities to reduce capital intensity of surface projects including a strategic rental partnership with Emeco



Underground Mining



- Annual revenue circa \$500 million, with 1H24 revenue at 25% of Macmahon group revenue
- Targeting +50% revenue increase in next 3 years
- Progressing Macmahon as a key provider of underground services
- 1,381 employees across 12 contracts
- Acquisition of key PnP contracts and assets in 1H24 added circa \$100 million to order book and 200+ employees
- Targeting growth in Indonesian hard rock mining projects



Civil Infrastructure



- Annual revenue circa +\$500 million per annum
- Macmahon's Mining Civil & Infrastructure workforce of 192 employees combined with Decmil's 310 employees across Australia
- Circa 10-15 projects varying from 6-24 months duration
- Strong presence in resources, renewables and government infrastructure



Provides Exposure to Attractive Sectors

Decmil acquisition enhances through-the-cycle business resilience

- Decmil adds new exposure to both government infrastructure and renewable sectors which have favourable market conditions that enhance the resilience of Macmahon's business

Infrastructure

- Robust demand for Government infrastructure capital projects in Australia over the next 3-5 years
- Circa \$691 billion combined infrastructure pipeline across Australia

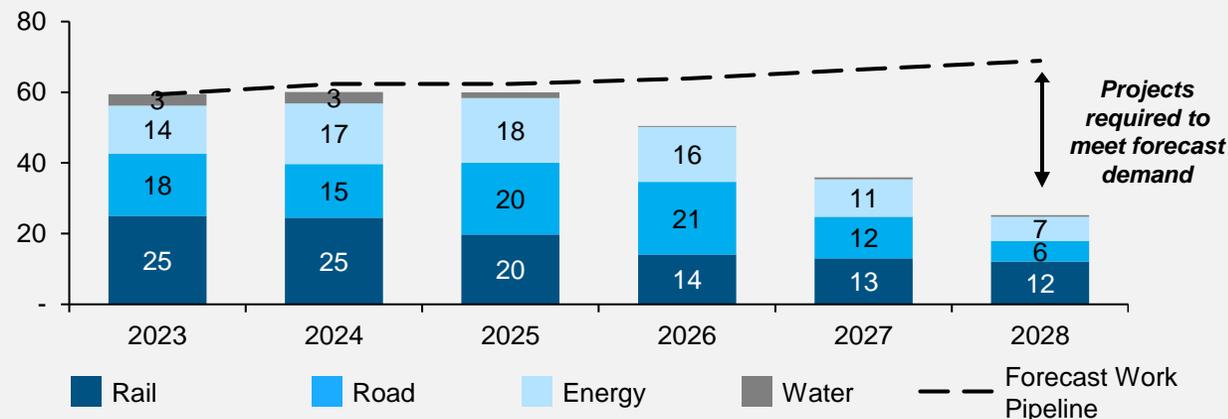
Renewables

- Attractive pipeline of wind farm projects committed across east coast of Australia, with additional new demand in Western Australia
- Private sector decarbonisation initiatives and renewable targets adopted by the Federal Government driving strong growth outlook

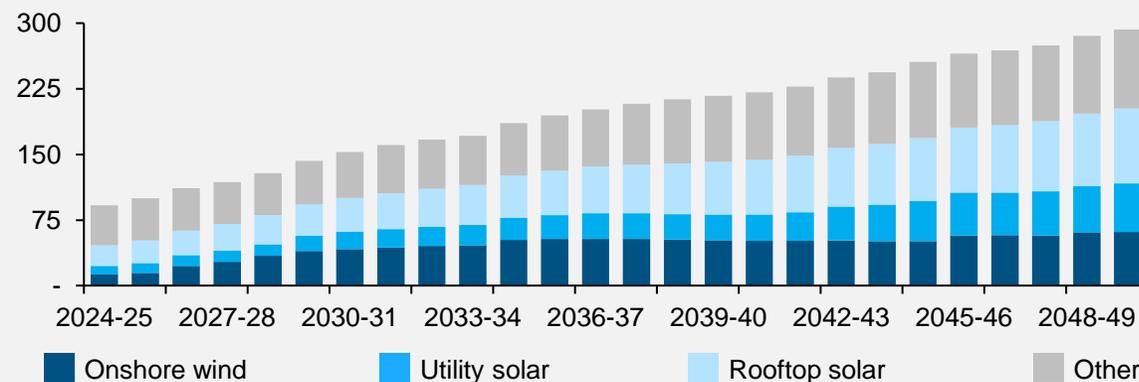
Resources

- Forecast capital expenditure by Australian mine owners expected to be circa \$22 billion mining in 2024, with 80+ committed developments and another 40+ projects at the advanced feasibility stage³

Infrastructure Pipeline Annualised Work Done (\$ billion)¹



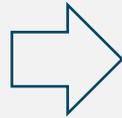
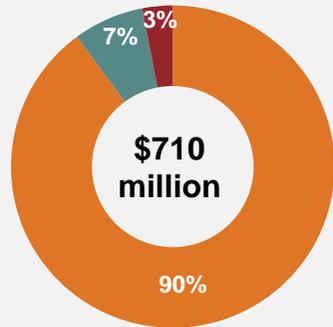
Forecast National Electricity Market (NEM) Capacity (GW)²



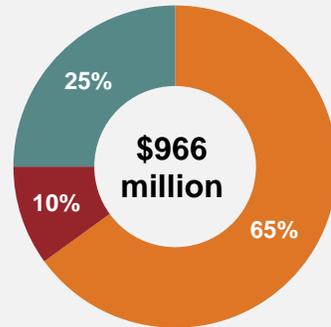
Further Expanding into Lower Capital Intensity Services

Adds scale and capability to existing civil offering to assist in execution of circa \$10 billion combined civil pipeline

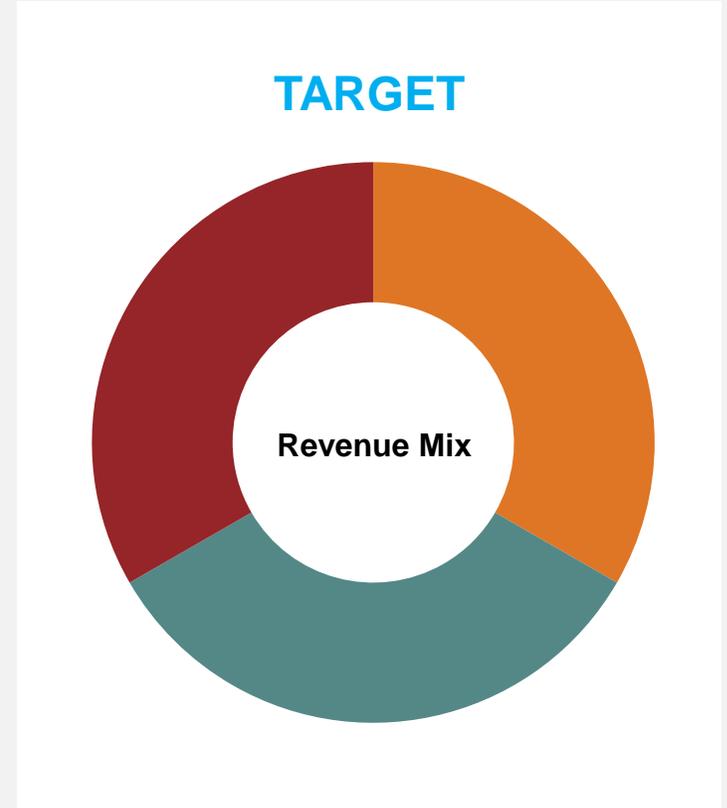
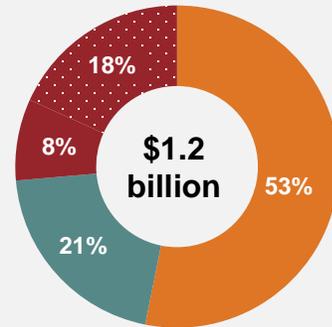
FY18 Revenue Mix



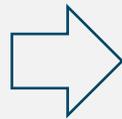
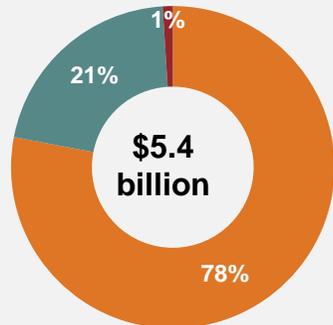
1H24 Revenue Mix



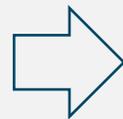
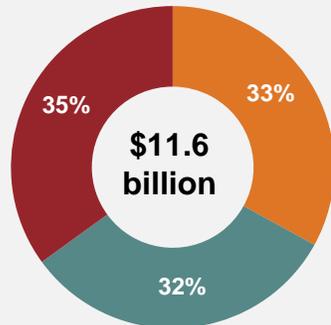
Pro-Forma 1H24 Revenue Mix



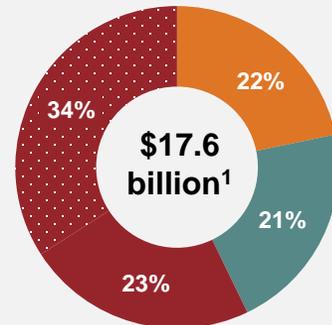
FY18 Pipeline



1H24 Tender Pipeline



Pro-Forma 1H24 Tender Pipeline



■ Surface
 ■ Underground
 ■ Mining Support Services & Civil Infrastructure
 ■ Decmil

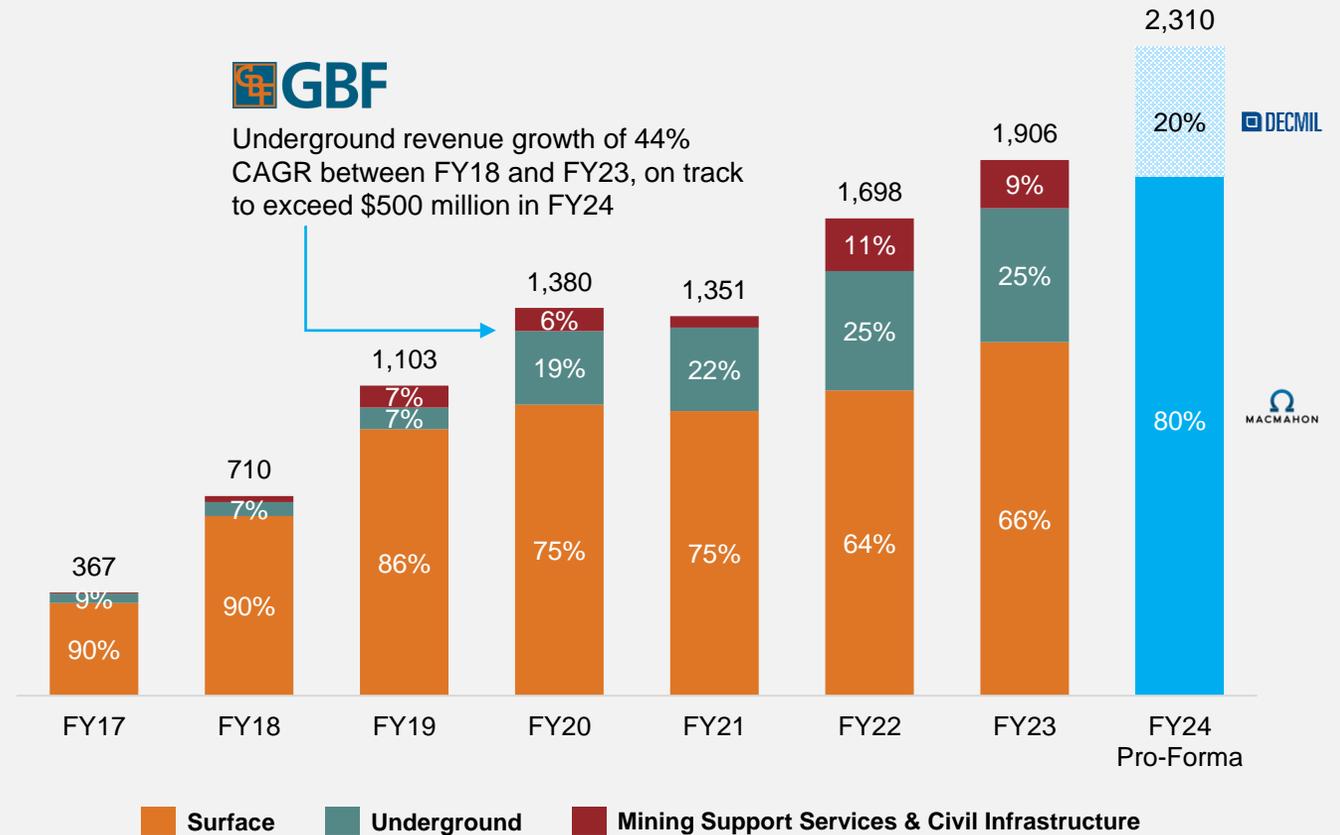
Disciplined Strategy Execution has Delivered Consistent Growth

Successful growth track record through both organic initiatives and acquisitions

Macmahon's M&A Track Record



Total Revenue and Business Unit Contribution (\$ million; %)¹



Decmil Snapshot

Providing civil construction solutions across Australia for more than 40 years

Business Overview

- Established in 1978
- ASX listed civil construction business providing design, engineering, construction and maintenance engineering construction services across Australia
- 310 employees with locations in WA, VIC and QLD
- Highest roads, bridges and financial qualifications in Australia

Key Businesses

- **Infrastructure** - Government infrastructure (road, bridge civil engineering), Integrated transport solutions (railway networks, airports) and the construction of schools, medical centres, facilities, airports, accommodation units, industrial and commercial buildings
- **Renewables** - ECI, project management and construction services for the renewable energy sector with a focus on wind farm civil balance of plant projects
- **Resources** - NPI, SMP, earthworks, civil construction works (bulk earthworks, roads, bridges), workforce accommodation and mining and chemicals projects
- **Homeground accommodation village** - 1,392 bed facility in Gladstone, QLD



Warradarge Wind Farm



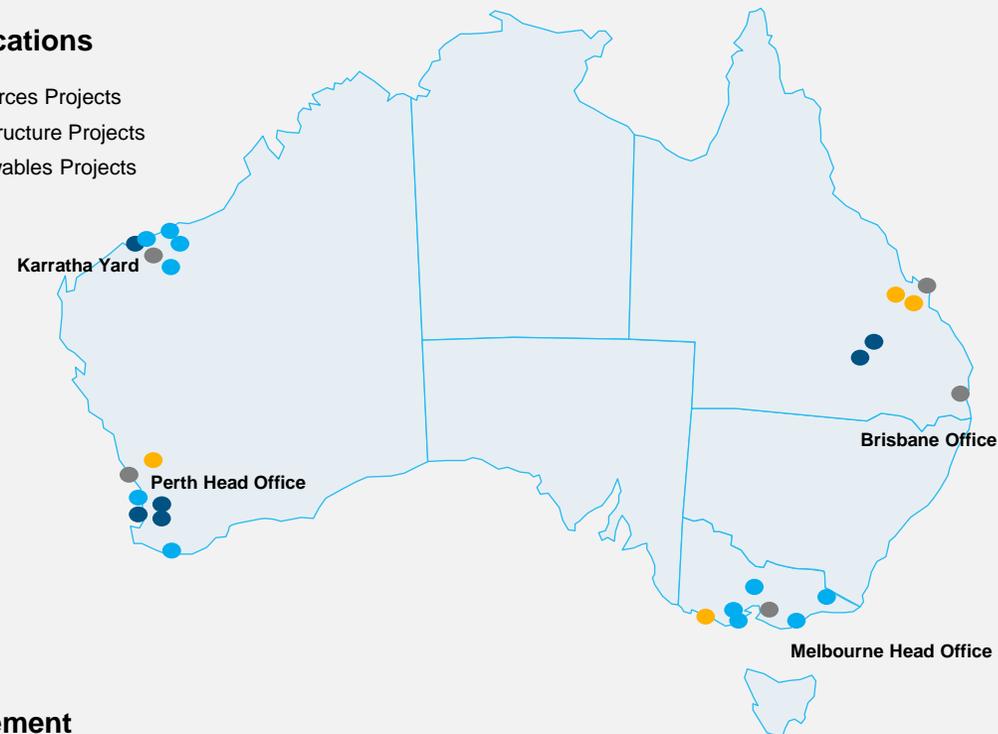
Barwon Heads



Rio Tinto Mesa Mine

Key Locations

- Resources Projects
- Infrastructure Projects
- Renewables Projects



Management

Senior team with deep industry experience, a proven track record of operating Tier 1 civil contractors, and strong industry relationships

Rod Heale

Chief Executive Officer
30+ years' experience
Ex. John Holland, Thiess and CPB

Peter Thomas

Chief Financial Officer
25+ years' experience
Ex. FMG, Adani and Todd Corporation

Deon Baddock

Executive GM (West)
25+ years' experience
Ex. NRW Holdings and Main Roads WA

Simon Barnes

Executive GM (East)
25+ years' experience
Ex. ACCIONA, Abigroup and Lendlease

Operations Stabilised

Decmil business reset, with new management and legacy problems resolved



Legacy projects largely settled and commercial risk substantially reduced (including SCEE, Sunraysia and Munjina in 2022 & 2023)



Have installed strong and experienced tier 1 senior management team in the last 2 years



Balance sheet and working capital normalising



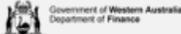
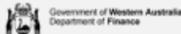
Renewed operational management focus and disciplined tendering approach



Targeting gross margins greater than 10% and equitable risk allocation on new projects



Summary of Key Projects

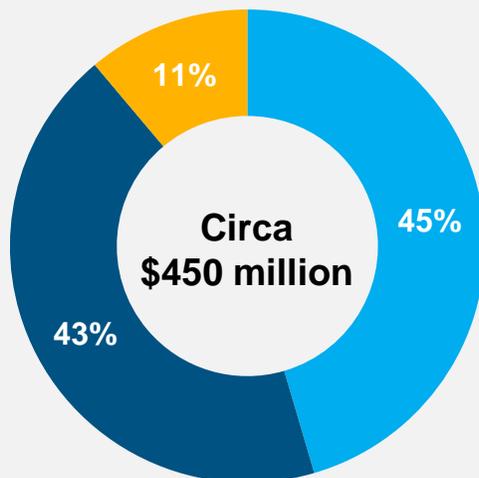
CLIENT	PROJECT	LOCATION	SECTOR	CONTRACT SIZE	PERCENTAGE COMPLETED	EXPECTED COMPLETION
 covalent LITHIUM	Covalent Kwinana NPI	WA	Resources	<\$25 million	100%	Complete
 Town of Port Hedland	Port Hedland Community Centre	WA	Infrastructure	<\$25 million	100%	Complete
 Government of Western Australia Department of Finance	Karratha Senior High School	WA	Infrastructure	\$25-50 million	100%	Complete
 GPG Naturgy Group	Ryan Corner Wind Farm	VIC	Renewables	\$100-200 million	100%	Complete
 mainroads WESTERN AUSTRALIA	Albany Ring Road Stage 2	WA	Infrastructure	\$100-200 million	81%	Q4 FY24
 Government of Western Australia Department of Finance	Pundulmurra TAFE Expansion	WA	Infrastructure	\$25-50 million	79%	Q4 FY24
 City of Stirling	Florin Parkside	WA	Infrastructure	\$25-50 million	72%	Q4 FY24
 RAIL PROJECTS VICTORIA	Gippsland Line Upgrade	VIC	Infrastructure	\$200-300 million	71%	Q2 FY26
 TIP Renewables	Waddi Wind Farm Early Works	WA	Renewables	<\$25 million	40%	Q1 FY26
 PERDAMAN INDUSTRIES CHEMICALS & TECHNOLOGY	Perdaman Bulk Earthworks	WA	Infrastructure	\$50-100 million	27%	Q3 FY25
 covalent LITHIUM	Covalent Logistics Road	WA	Resources	TBC	16%	Q4 FY25
 MAJOR ROAD PROJECTS VICTORIA	Ison Road Rail Overpass	VIC	Infrastructure	\$50-100 million	13%	Q4 FY25
			Resources	Infrastructure	Renewables	



Order Book and Tender Pipeline

Circa \$450m of work in hand extending to FY27, with emphasis on larger and higher quality work

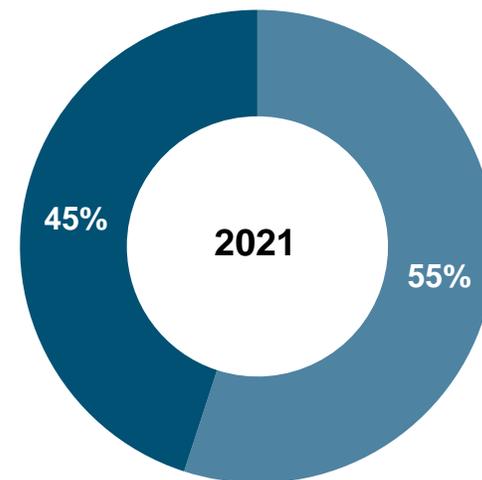
Work in Hand¹



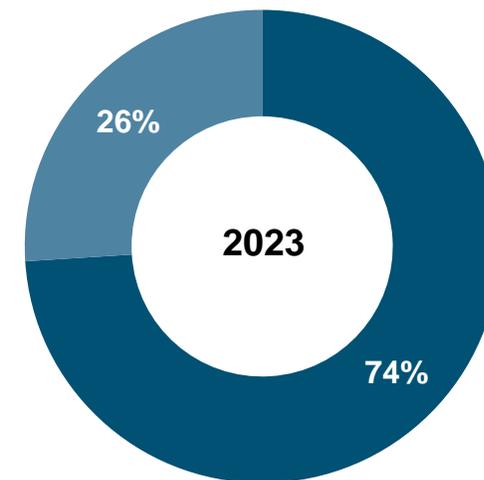
■ Resources ■ Infrastructure ■ Renewables

Complementary sector exposures and limited overlap with existing Macmahon civil clients and tender pipeline

Tenders Submitted Size Mix



■ Project Bids >\$50 million



■ Project Bids <\$50 million

Bidding on larger quality projects with benefits across the supply chain

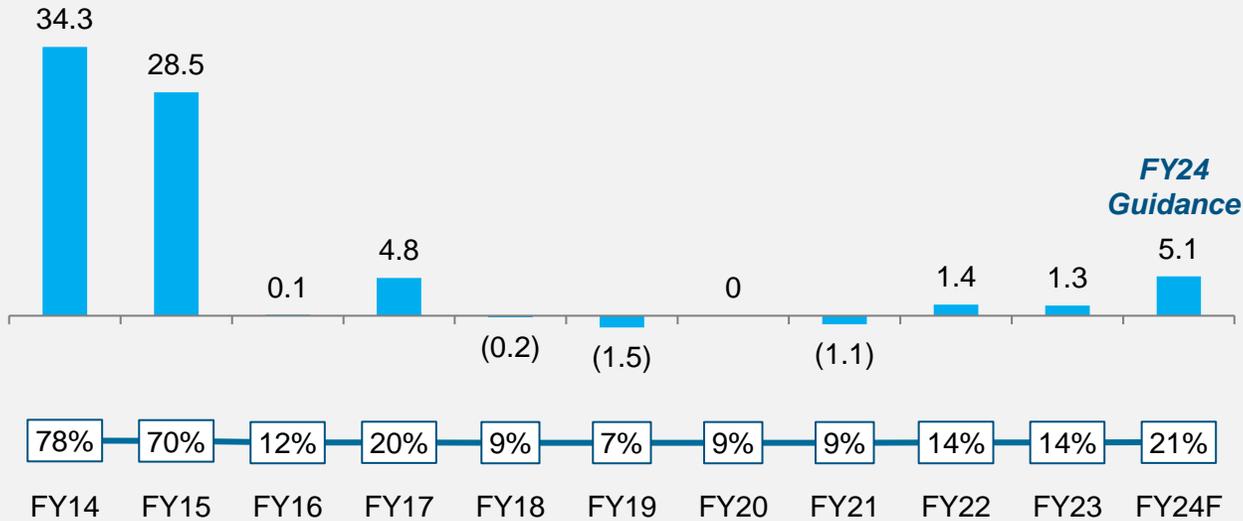
Homeground Overview

Only large-scale worker accommodation village in Greater Gladstone

Summary

- 1,392 bed, fully serviced workforce accommodation village
- Located 25km southwest of Gladstone, Queensland
- Gladstone is the largest multi-industry port in Australia and the key energy hub for Australia's east coast
- Several large-scale development projects are planned in the region, with many having already commenced

Historical EBITDA (\$ million) and Occupancy Rates (%)



Combined Financials and Synergies

Decmil has an improved earnings outlook. Transaction expected to deliver synergies

	Macmahon	Decmil	
Financials	FY24 Guidance	FY24 Guidance	2H FY24 Annualised (Implied from Guidance)
Revenue	\$1,800 million - \$1,900 million	\$440 million - \$480 million	\$450 million - \$530 million
EBITDA	-	\$15 million - \$20 million	\$25 million - \$35 million
EBIT(A) ¹	\$130 million - \$140 million	-	-
EBITDA Margin	-	3.4% - 4.2%	5.5% - 6.6%
EBIT(A) Margin	7.2% - 7.4%	-	-

Synergies	Description
Cost	<ul style="list-style-type: none"> • Savings associated with costs of a public company • Bonding cost reduction • Leveraging combined strengths to streamline overhead integration
Tax	<ul style="list-style-type: none"> • Existing Decmil tax loss balance of circa \$185 million can be utilised by Macmahon and offset against earnings over time
Franking credits	<ul style="list-style-type: none"> • Approximately \$54 million available to be utilised

Summary

Strategically aligned acquisition to accelerate earnings diversification

- ✔ Significantly enhances existing civil construction platform
- ✔ Creates leading integrated mining service and civil construction provider
- ✔ Access to attractive non-mining sectors, generating lower capital-intensive earnings
- ✔ Synergistic and accretive to Macmahon shareholders



Next Steps and Indicative Timetable

Structured Scheme of Arrangement process

Milestone	Indicative Date
Draft Scheme Booklet Submitted to ASIC	5 June 2024
First Court Hearing	26 June 2024
Dispatch of Scheme Booklet to Decmil Shareholders	3 July 2024
Scheme Meetings	7 August 2024
Second Court Hearing	12 August 2024
Effective Date	13 August 2024
Record Date	19 August 2024
Implementation Date	26 August 2024



Thank You

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