



14th November 2019

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2019 ANNUAL GENERAL MEETING – CHAIRMAN AND MANAGING DIRECTOR ADDRESS

Chairman's Address

As I noted in this year's annual report, in FY 2019 MACA achieved record high levels of revenue and work in hand, alongside a continuing focus to diversify the business. The year also presented challenges, which we continue to address in order to best position MACA for the future.

We expect an improved financial performance this year, driven both by revenue growth and a continuation of the improved margins achieved in the second half of FY19. Group revenue is forecast to increase by approximately 8% to \$720 million in FY20, of which over \$500 million relates to Mining and Crushing. Importantly, this growth includes a significant, and deliberately pursued, diversification component to provide a broader platform for future success. Profitability is expected to be weighted slightly towards the second half due to an increased contribution from the Civil and Interquip Divisions.

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.

We are targeting enhanced operating performance across all of MACA's activities, and in particular by our Civil & Infrastructure business. Cost overruns on some key civil projects led to an overall loss being incurred in that division in the year just completed, and project delivery and financial monitoring processes have been tightened to address this. As previously announced, since the end of the financial year we have been awarded two major contracts in the Pilbara region which, combined with continuing contract wins in Victoria in road and asset management, will underpin the forecast growth in this business.

From a balance sheet perspective, MACA remains financially strong with a net debt position of \$82.8m at 30 June 2019 and cash on hand of \$59.3m. Our strong balance sheet has enabled us to fund significant capital investment in existing and new projects, as well as maintain our dividends toward the higher end of our targeted dividend payout ratio of 30 to 60% of annual after-tax profits.

In addition, we continue to provide financial support to our mining clients where we consider this to be in the long-term best interests of MACA and its shareholders. Whilst the associated risks have weighed on the Company's share price, we remain strongly focused on realising the benefits of these investments, including the full recovery of the related loans, equity and trade receivables.

Our order book remains strong, with current work in hand of approximately \$2 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.

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

I will now hand over to our Managing Director Chris Tuckwell to make his presentation. There will be a time for general questions at the end of today's proceedings, so can I please ask that shareholders save any general questions of the Board until that time.

MANAGING DIRECTOR'S ADDRESS – Mr Chris Tuckwell

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

The last year at MACA has seen the business continue to grow and become a more diversified group. We will continue to focus on our core business whilst maintaining a watching brief for new opportunities which deliver value. This has been a deliberate strategy over the last 3 years.

Our Growth Plan is the cornerstone of our over-arching strategy, and it's underpinned by the following:

- Delivering for our existing clients while winning new work.
- Diversifying into new markets, services and commodities.
- Implementing long-term strategic plans for human resources and technology.
- Supporting our trading divisions to extract the full value of our assets.
- Encouraging an environment of continuous improvement to drive operational efficiencies.

SAFETY & WELLBEING

We continue to focus on health and safety and the wellbeing of our employees and subcontractors. Our highest priority is to keep our people safe as we conduct our business, and through our proactive processes and risk-based approach we actively engage our people to be the best they can be. Through this diligent approach we are maintaining our safety metrics within industry guidelines and continue to look for ways to improve. As our business grows in number of overall personnel, nearing 2,000 as of last month, we recognise that our ability to attract and retain great people sets us apart and forms the cornerstone of our business.

MINING

The Mining Division has seen significant capital investment of \$165 million in FY19 - with \$121 million into the Mining division and \$45 million into the Crushing division, establishing a platform for growth for the years ahead. Whilst some projects have come to completion, these have been more than offset by extensions in projects from existing clients and winning work with new clients.

Regis Resources

We have been able to build on our long-term relationship with Regis Resources by extending our tenure at the Duketon South operations for a further 5 year \$590 million contract extension, with an option for another 5-year extension. We are immensely proud of our longstanding partnership with Regis Resources which dates back to 2009.



Carabella Resources

In December of last year, MACA commenced operations in Queensland on the 10-year life of mine contract with Carabella Resources for the provision of all mining services at the Bluff Coal project near Blackwater in the Bowen Basin. This represents a geographical expansion and a marked change in commodity mix for MACA. The project commenced in December of 2018 and shipping of first coal occurred in June 2019.

Pilbara Minerals

MACA continued works for Pilbara Minerals at the Pilgangoora Lithium project. The project settled down to a steady production rate until a short-term suspension to works was made in September 2019.

Ramelius Resources

We continue our current contract with Ramelius Resources at the Mount Magnet operations having increased the volumes moved by 20%. We look forward to growing our positive relationship with Ramelius on this operation and others that they are developing by way of acquisition.

CRUSHING

BHP

MACA executed a framework agreement with BHP, allowing the Mining Area C (up to 12 Mtpa) package of work to be awarded for a period of 3 years plus two-yearly extensions. The plant commenced crushing in April 2019. Further to these works, under the Agreement, BHP awarded MACA the Eastern Ridge crushing works (5Mtpa) commencing in June of 2019. We look to build on this relationship using our considerable experience in the sector.

Atlas Iron

Early last year we completed our crushing project for Atlas Iron at Mt Dove. MACA has delivered 4 in 5 iron ore projects for Atlas Iron which is testament to building long-term relationships through our partnering model and an innovative collaboration model, whilst leveraging our capabilities and focus on safety. Under new ownership we have recently been awarded a further crushing and screening contract at their Mt Webber Mine site for a period of 12 months (plus 2 x 6-month extensions) which is expected to generate approximately \$8 million of revenue over the term of the project.

MINING INTERNATIONAL

We continue to deliver mining services to OZ Minerals at the Antas Copper and Gold Project in Brazil. This contract is scheduled to end in October 2020 and MACA is currently in discussions with our client regarding the ongoing provision of services. MACA has a preferred contractor status for the Okvau Gold Project with Emerald Resources in Cambodia which is awaiting final approvals.

MACA continues to see a reduction in the outstanding debtor amount owed by Beadell (Great Panther Mining) which now sits at \$23.5 million.

CIVIL & INFRASTRUCTURE

We continued the expansion of our Civil Construction & Infrastructure division in FY19 and expect this to continue in FY20 underpinned by recent contract awards in WA and Victoria.



In Western Australia since year end we have been awarded an \$81 million Construct Only contract for the Karratha / Tom Price road by Main Roads Western Australia and the “Bulk Earthworks For Access Roads and Infrastructure” Contract for the Iron Bridge Magnetite Project, a joint venture between Fortescue Metals Group Ltd subsidiary FMG Iron Bridge and Formosa Steel IB Pty Ltd. The contract is expected to generate revenue of \$26 million for MACA.

In Victoria, our Civil and Infrastructure business commenced the year with several large projects including the O’Herns Road Intersection valued at \$21 million and the Shepparton Road Roundabouts valued at \$9 million and some extensions to several road and asset maintenance contracts.

MACA Civil was successful in being invited to join a panel of local contractors to deliver safety barrier improvements for VicRoads. Pleasingly, MACA Civil was recently voted Number 1 Contractor from 16 participants in a VicRoads internal survey measuring supplier quality and satisfaction. This bodes well for MACA Civil to grow and foster our relationship with VicRoads.

MACA INTERQUIP

The acquisition of Interquip has enabled MACA to establish a Structural, Mechanical and Piping (SMP) business within the mining industry. During FY19 and continuing into this year MACA undertook civil and electrical upgrades, and the supply and installation of a 6MW ball mill as part of the plant refurbishment for Adaman Resources at Kirkalocka. The works valued at \$28 million were completed in September 2019. MACA were awarded a long-term maintenance contract on the back of the installation of these services.

The business supported MACA’s crushing division to construct both crushing plants at Mining Area C and Eastern Ridge for BHP and the just completed Mt Webber plant.

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 7 years now, and just recently completed the 2019 ride raising over \$1.6 million for the year, taking the cumulative total raised to \$11 million.

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

BUSINESS OUTLOOK

Our current order book is approximately \$2 billion, with many tender opportunities presenting across all divisions which will positively impact both revenue and profitability. We reaffirm our revenue guidance of \$720 million for the current financial year.

Our Growth Plan remains on track and I am confident about the continued success of the business. Our future looks very bright and our team is excited about this.

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.

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