Media Release



Tuesday 16 February 2010

Macmahon reports 52% increase in first half profit

MACMAHON HOLDINGS LIMITED (ASX: MAH) today announced a half year profit of \$21.5 million, up 52 per cent on the prior corresponding period.

Macmahon Chief Executive Officer, Nick Bowen, said that the Company has experienced a solid turn-around in performance across both Mining and Construction.

"Construction had a very strong half, delivering a 192 per cent increase in earnings, compared to the prior corresponding period.

"It is also pleasing to see a much improved margin performance from Mining, which experienced a challenging fiscal 2009.

Earnings per share were 2.9 cents and, on the back of the strong result, the Directors have declared a 1.5 cent per share unfranked interim dividend.

Importantly, the Company has won over \$1.25 billion of work since July 2009, with the order book currently standing at \$1.87 billion.

"The recently announced \$500 million, three year extension of the Orebody 18 and Wheelarra contract for BHP Billiton Iron Ore in the Pilbara is a great result and highlights our strong relationship with this client.

The Company's balance sheet is robust, with a cash balance of over \$100 million and no net debt.

"Our balance sheet strength provides us with greater working capital flexibility and positions us to capitalise on growth opportunities.

Macmahon has seen a significant rebound in the tender pipeline over the last six months with more work currently being tendered by clients than before the onset of the global financial crisis.

"Confidence has returned to the mining sector, shown through an increase in tendering activities and higher production rates.

"Government stimulus packages are providing ongoing support to the construction industry, and the resource infrastructure sector is being buoyed by growth in iron ore, coal and new LNG developments.

Based on the strong performance in the six months to December 2009 and improving outlook, Macmahon has upgraded its profit forecast.

"Macmahon now expects its 2010 profit to be in the range of \$36 to \$40 million, subject to the amount and timing of new work. With a robust pipeline of new work opportunities, we expect to deliver further profit growth in the 2011 financial year," Mr Bowen said.

*** ENDS ***

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