

**4 May 2015**

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**By electronic lodgement**

**McAleese Limited reinstatement to official quotation and revised outlook for FY 2015**

McAleese Limited (ASX: MCS) (**McAleese Group** or the **Company**) confirms that it expects to recommence haulage services to Atlas Iron Limited (ASX: AGO) (**Atlas**) at its Abydos and Wodgina mines during May.

This announcement follows constructive discussions between McAleese Group, Atlas and its stakeholders with a view to maintaining mining and haulage activities from Atlas' mines. As announced by Atlas, the parties are now working to finalise commercial terms, which include a lower base haulage rate with profit share dependent on the AUD iron ore price.

The Company continues to hold discussions with Atlas and its other major contractors about the potential recommencement of the Mt Webber mine.

In light of the material changes to McAleese Group's commercial relationship with Atlas and a weaker trading environment for the Company's other divisions, FY2015 Trading EBITDA is now expected to be approximately \$70 million. This replaces McAleese Group's previous guidance with respect to FY 2015 earnings.

Net debt at 30 June 2015 is now expected to be \$160 - \$165 million, reflecting lower EBITDA and adverse movements in working capital offset by a \$4.4 million reduction in net capital expenditure. This net debt forecast anticipates non-core asset sales of approximately \$10 million on or before 30 June 2015.

McAleese Group is compliant with all Financial Undertakings in its Syndicated Facility Agreement and, based on currently available information and expectations of the outcome of the discussions with Atlas, expects to be compliant at 30 June 2015.

**Divisional Update**

The review of the Heavy Haulage & Lifting division announced on 24 February 2015 is ongoing. While the review is yet to be finalised, McAleese Group anticipates a non-cash impairment of the HHL asset base. The expected non-cash impairment reflects low activity levels and a reduced pipeline of capital projects in the resources and infrastructure sectors across Australia.

In light of the downturn in the resources sector and recent developments with Atlas, McAleese Group also anticipates a non-cash impairment of Goodwill in the Bulk Haulage division.

Trading conditions in the Specialised Transport division remain challenging, with reduced freight volumes impacting on the East-West corridor in particular.

Results from the Oil & Gas division continue to improve, reflecting significant investment in the fleet and safety systems and processes.

The carrying value of all divisions will be assessed as part of the Company's usual year-end processes.

## **Financial and Strategic Review**

The Company's current initiatives are aimed at improving the viability of Atlas' mines and restructuring our businesses to reflect ongoing weakness in the resources and infrastructure sectors. In parallel with this work, 333 Group has been appointed to provide an independent review of financial performance, with a focus on creating a sustainable capital structure and maximising value for shareholders.

This review has commenced and will assist with developing robust and sustainable plans beyond the immediate initiatives. This will include debt reduction, profitability improvement, and strategic options for the broader group. We expect substantial progress on the review by the end of the current financial year.

## **Heavy Haulage Australia**

As a result of the performance of the Company's equity investment in Heavy Haulage Australia (HHA), Ferrier Hodgson was appointed to review the activities of HHA.

The review presented options for improving the operations and balance sheet of HHA. HHA and McAleese Group remain in discussion with the financiers to HHA regarding the terms of a financial and operating restructure.

In light of the circumstances, the Company is reviewing the carrying value of loans extended to HHA and expects a non-cash impairment to be reflected in the FY 2015 accounts.

\$4 million of working capital loans have been advanced to HHA since 31 December 2014.

The Company confirms that it is in compliance with ASX Listing Rule 3.1.

**Ends**

## **McAleese Communications & Investor Relations**

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