



# FULL YEAR RESULTS 2018

# 2018 HIGHLIGHTS



## ✓ Significant turnaround in financial performance

- FY18 Revenue of \$710.3m, up 98% on FY17
- FY18 EBIT<sup>1</sup> of \$41.2m (in-line with guidance), vs EBIT loss in FY17
- FY18 EBITDA<sup>1</sup> of \$118.9m, up 274% on FY17
- FY18 NPAT of \$31.3m and basic EPS of 1.53cps from continuing operations
- FY18 Operating cash flow of \$101.9m, up 236% on FY17
- Net cash position at year end of \$3.4m

## ✓ Key Achievements

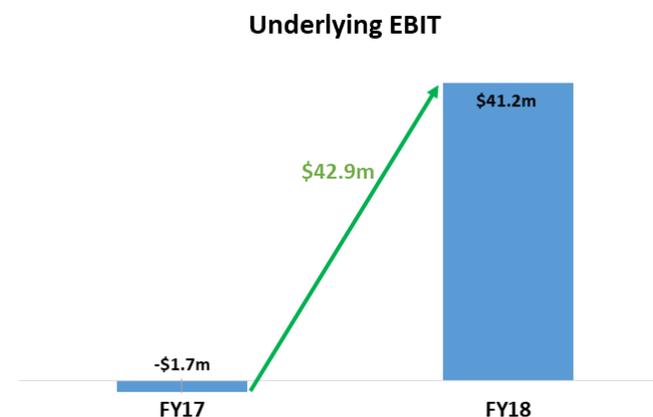
- Secured ~\$1.1 billion of new work and contract extensions in Australia
- Completed transformational AMNT transaction and started work at Batu Hijau
- Commenced new surface operations at Byerwen and Mount Morgans
- Started new underground development at Endeavour and exploration decline at Tujuh Bukit
- Successful acquisition and integration of TMM Group - civil earthworks business

## ✓ Strong Outlook

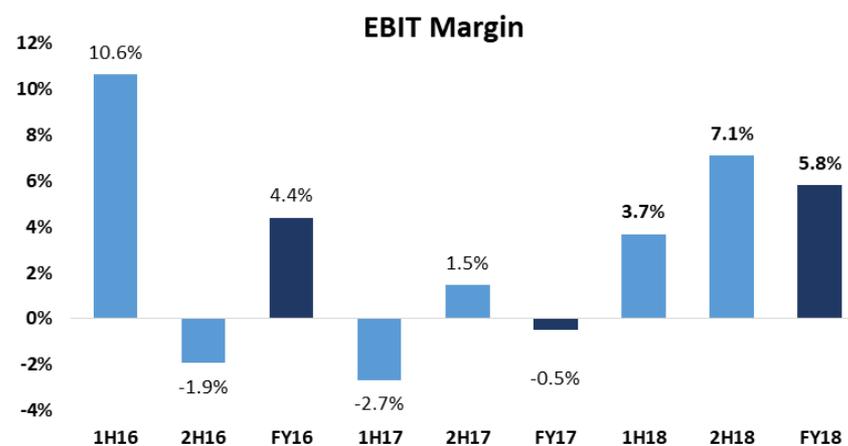
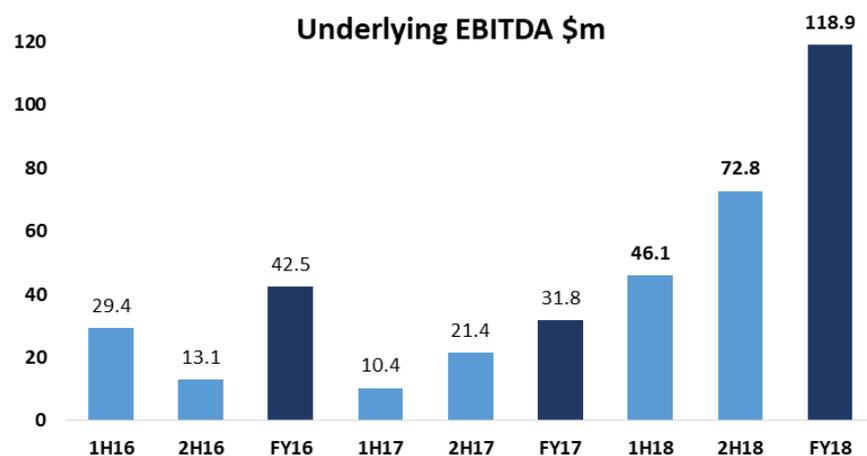
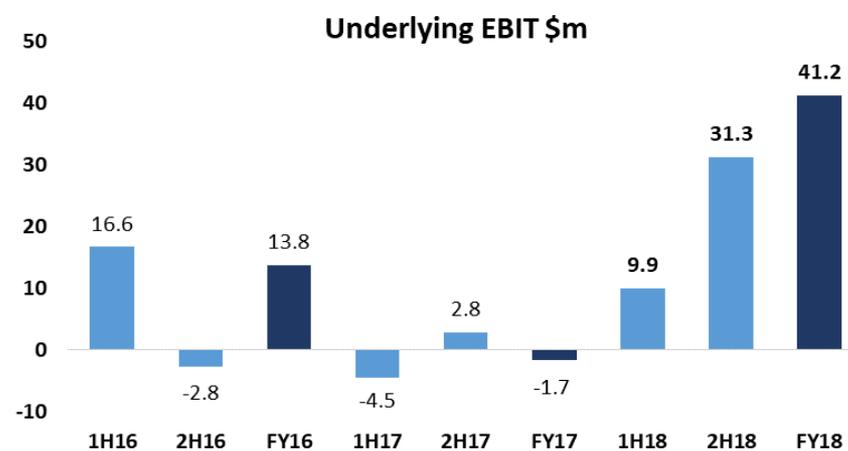
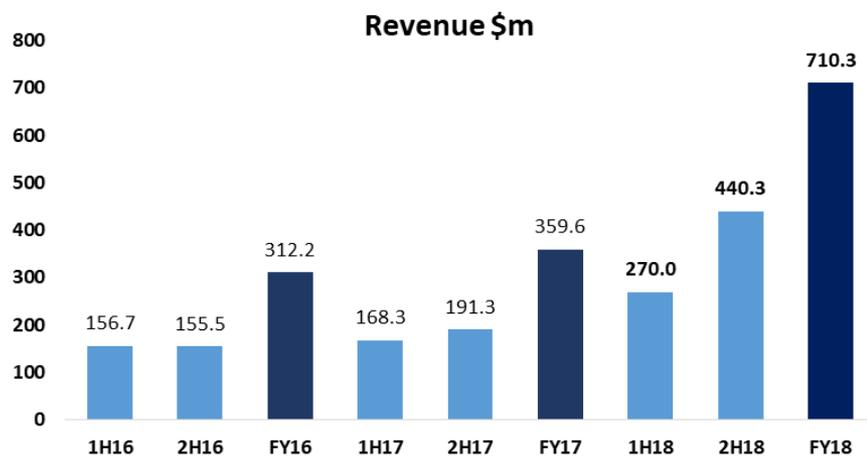
- Record order book of ~\$5.4 billion
- Tender pipeline of \$7 billion+
- **FY19 expected Revenue of \$950 million - \$1050 million<sup>2</sup> (\$1 billion contracted)**
- **FY19 expected EBIT of \$70 - 80 million<sup>2</sup>**

1. Underlying numbers, refer to reconciliation on slide 21

2. Guidance is not a guarantee of future performance and is subject to known and unknown risks. This guidance assumes an exchange rate of AUD:USD 0.76, and excludes the potential impact of one-offs including unquantified contingent liabilities such as the shareholder class action noted in Macmahon's Annual Report.



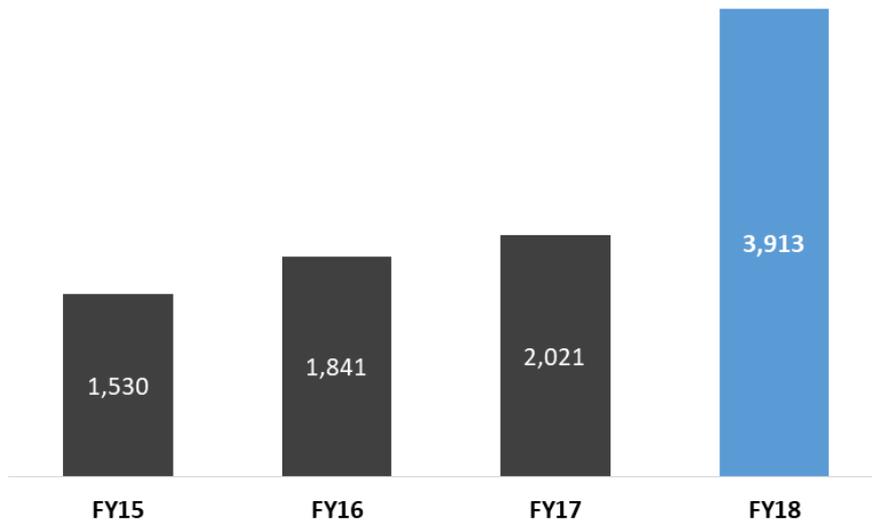
# FINANCIAL PERFORMANCE



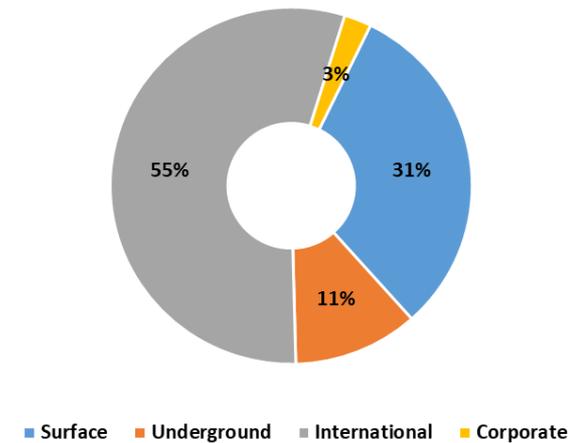
# KEY CONTRACTS

Project / Client	Location	Commodity / Type	Comments
<b>Tropicana</b> AngloGold Ashanti / Independence Group	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>• Alliance life-of-mine contract</li> <li>• Achieved reduction in unit cost by ~37% from 2015</li> <li>• Phase 1 of Long Island expansion approved in Dec 17</li> <li>• Strong relationship</li> </ul>
<b>Telfer</b> Newcrest	WA Australia	Copper-gold Open-pit	<ul style="list-style-type: none"> <li>• Difficult and risky project but achieved significant operational turnaround in FY18</li> <li>• Achieved record monthly mine production in June quarter</li> </ul>
<b>Martabe</b> PT Agincourt Resources	North Sumatra, Indonesia	Gold Open-pit	<ul style="list-style-type: none"> <li>• 50:50 NKE Joint venture commenced 2015</li> <li>• Project continues to perform well</li> <li>• Contract maturity FY21</li> </ul>
<b>Underground</b> Various	Australia & Indonesia	Various Mining Services	<ul style="list-style-type: none"> <li>• Mining services business continues to secure repeat, sustainable work</li> <li>• January 2018, 50:50 NKE joint venture commenced work to develop an exploration decline at Tujuh Bukit for PT Merdeka (IDX: MDKA) in Indonesia</li> <li>• March 2018, commenced development project at Endeavor Mine for CBH Resources near Cobar, NSW</li> </ul>
<b>Batu Hijau</b> PT AMNT	Sumbawa Island, Indonesia	Copper / Gold Open Pit	<ul style="list-style-type: none"> <li>• Transformational alliance contract at Tier 1 asset</li> <li>• Expected revenue of US\$1.8bn over 5 years</li> <li>• Successful commencement in August 2018 and ramp up in 2H FY18.</li> <li>• Potential to extend scope to include significant future development such as Elang</li> <li>• Strong relationship and performing well</li> </ul>
<b>Byerwen</b> QCoal (majority owned)	QLD Australia	Coking Coal Open-pit	<ul style="list-style-type: none"> <li>• Commenced August 2017</li> <li>• \$350m 3 year contract</li> <li>• Project performing well</li> </ul>
<b>Mount Morgans</b> Dacian Gold	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>• Commenced December 2017</li> <li>• \$250m 5 year contract</li> <li>• Project performing well</li> </ul>

## Group Employee Numbers

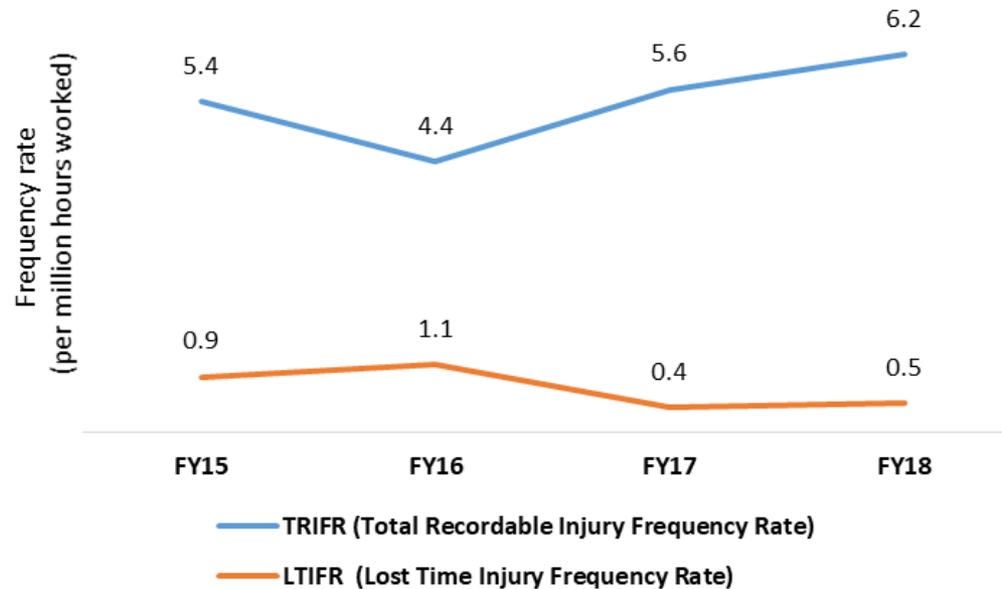


## Employees by Business Unit



- Employee base almost doubled, largely due to the successful transition at Batu Hijau
- Successful integration of TMM workforce and ramp up of workforce at Byerwen, Mount Morgans, Endeavour and Tujuh Bukit
- Roll out of Short-term Incentive Plan for staff and Long Term Incentive Plan for key leaders within the business
- Expansion of the Cert III Traineeship Program
- Commenced Mid Year Apprenticeship Intake program
- Development and implementation of multiple Green Starter programs

1. Group employee numbers includes Full Time Equivalent contractors



- Improvement in safety performance remains a key focus
- No permanent disabling injuries or fatalities recorded
- 85% of Projects were LTI Free; 67% of Projects were Recordable Injury Free
- Mental and Physical Health program roll out
- Successfully completed to new 2015 ISO 9001 Quality Standards
- Completed 5 project launches within the reporting period

1. Graph excludes the impact of the Nigerian incident in 2016

# INCOME – STRONG 2H



\$ Millions	FY17	1H18	2H18	FY18	Change
<b>Sales revenue<sup>1</sup></b>	<b>359.6</b>	<b>270.0</b>	<b>440.3</b>	<b>710.3</b>	<b>+98%</b>
<b>EBITDA<sup>2</sup></b>	<b>31.8</b>	<b>46.1</b>	<b>72.8</b>	<b>118.9</b>	<b>+274%</b>
<i>EBITDA margin</i>	8.8%	17.1%	16.5%	16.7%	+789bps
<b>EBIT<sup>2</sup></b>	<b>(1.7)</b>	<b>9.9</b>	<b>31.3</b>	<b>41.2</b>	<b>+\$42.9m</b>
<i>EBIT margin</i>	(0.5%)	3.7%	7.1%	5.8%	+626bps
Net finance costs	(0.1)	(0.7)	(1.7)	(2.4)	-\$2.3m
<b>PBT<sup>2</sup></b>	<b>(1.8)</b>	<b>9.2</b>	<b>29.6</b>	<b>38.8</b>	<b>+\$40.6m</b>
<i>PBT margin</i>	(0.5%)	3.4%	6.7%	5.5%	+596bps
Tax expense	(0.3)	(1.0)	(6.5)	(7.5)	-\$7.2m
<i>Effective tax rate</i>	(17.8%)	11.2%	22.0%	19.4%	-
<b>Net profit / (loss) after tax<sup>2</sup></b>	<b>(2.1)</b>	<b>8.2</b>	<b>23.1</b>	<b>31.3</b>	<b>+\$33.4m</b>
<i>NPAT margin</i>	(0.6%)	3.0%	5.2%	4.4%	+499bps
Underlying EPS (basic)	(0.47 cps)	0.42 cps	1.11 cps	1.53 cps	+2.00 cps
<b>Average ROE<sup>2</sup></b>	<b>(1.1%)</b>			<b>10.5%</b>	-

- Strong financial performance delivering outstanding profit growth, in line with guidance<sup>3</sup>
- Significant margin improvement driven by Telfer turnaround and successful ramp up of new projects
- Australian tax expense reduced due to deferred tax assets. Expect benefit over next 3 years

1. Total revenue excludes Martabe joint venture and other income

2. Underlying earnings from continuing operations, refer to reconciliation on slide 21. FY17 excludes takeover defence costs of \$3.4m

3. FY18 Revenue of \$620-680m and EBIT of \$40-50m

# CASH FLOW – SIGNIFICANT GROWTH



\$ Millions	FY17	1H18	2H18	FY18
<b>EBITDA</b>	<b>31.8</b>	<b>46.1</b>	<b>72.8</b>	<b>118.9</b>
Interest and tax	(0.1)	9.4	(5.5)	3.9
Working capital and other	(1.5)	(32.7)	15.7	(17.0)
<b>Net operating cash flow</b>	<b>30.2</b>	<b>22.8</b>	<b>83.0</b>	<b>105.8</b>
Proceeds from sale of assets	12.6	0.6	2.5	3.1
Capital expenditure (cash)	(34.9)	(13.6)	(30.5)	(44.1)
Net repayment of borrowings and finance leases	(1.4)	(2.4)	(9.9)	(12.3)
Other movements	0.6	(0.1)	(5.8)	(5.9)
<b>Net cash flow</b>	<b>7.1</b>	<b>7.3</b>	<b>39.3</b>	<b>46.6</b>
<b>Operating cash flow<sup>2</sup></b>	<b>30.3</b>	<b>13.4</b>	<b>88.5</b>	<b>101.9</b>
<b>EBITDA conversion</b>	<b>95.3%</b>	<b>29.0%</b>	<b>121.6%</b>	<b>85.7%</b>

- Operating cash flow of \$101.9m, up 236% on pcp
- Strong cash conversion of 85.7%
- FY18 capex of \$129.8m<sup>1</sup>, driven by new contracts
- FY19 capex expected to be \$180m
- Investment in capex to fund growth and new projects and extensions, primarily:
  - Byerwen project: \$80m capex will be treated as operating lease in FY19
  - Tropicana Long Island Phase 1 expansion

1. Excludes \$182.5m of equipment acquired from AMNT transaction which was paid in shares

2. Net operating cash flow excluding interest and tax

# BALANCE SHEET – NET CASH



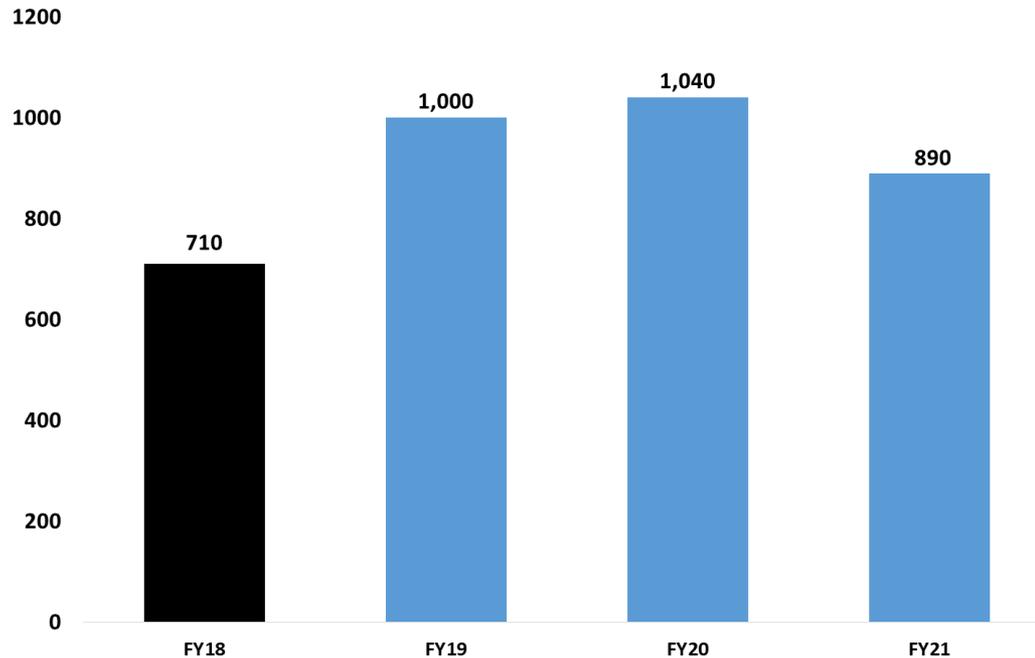
\$ Millions	FY17	1H18	FY18
Cash	62.9	70.2	109.6
Receivables	53.4	120.3	152.3
Inventories	32.1	31.8	42.0
Property, plant and equipment	122.7	310.8	380.1
Other assets	23.9	24.5	39.3
<b>Total assets</b>	<b>295.0</b>	<b>557.6</b>	<b>723.3</b>
Payables	74.0	112.1	175.0
Borrowings	8.8	42.3	106.3
Other liabilities	27.2	29.0	32.2
<b>Total liabilities</b>	<b>110.0</b>	<b>183.4</b>	<b>313.5</b>
<b>Shareholders' Equity</b>	<b>185.0</b>	<b>374.2</b>	<b>409.8</b>
<b>Net Cash</b>	<b>54.1</b>	<b>27.9</b>	<b>3.4</b>
<b>Net Tangible Assets</b>	<b>15.4cps</b>	<b>17.4cps</b>	<b>18.7cps</b>

- Robust balance sheet (net cash \$3.4m) – strong platform to fund further growth
- Balance sheet significantly strengthened following the completion of AMNT transaction and transfer of \$182.5m of equipment
- NTA increased 21.4% to 18.7cps
- CBA credit approval to increase corporate debt facility to \$50m

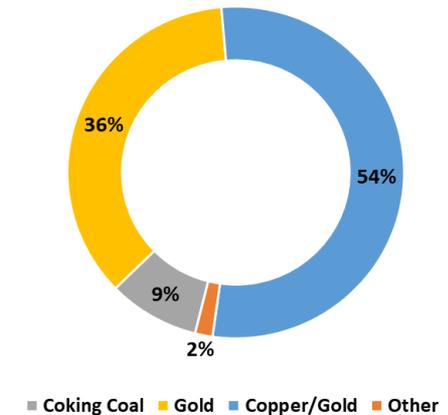
# RECORD ORDER BOOK ~\$5.4 BILLION



Work in hand \$m - June 2018

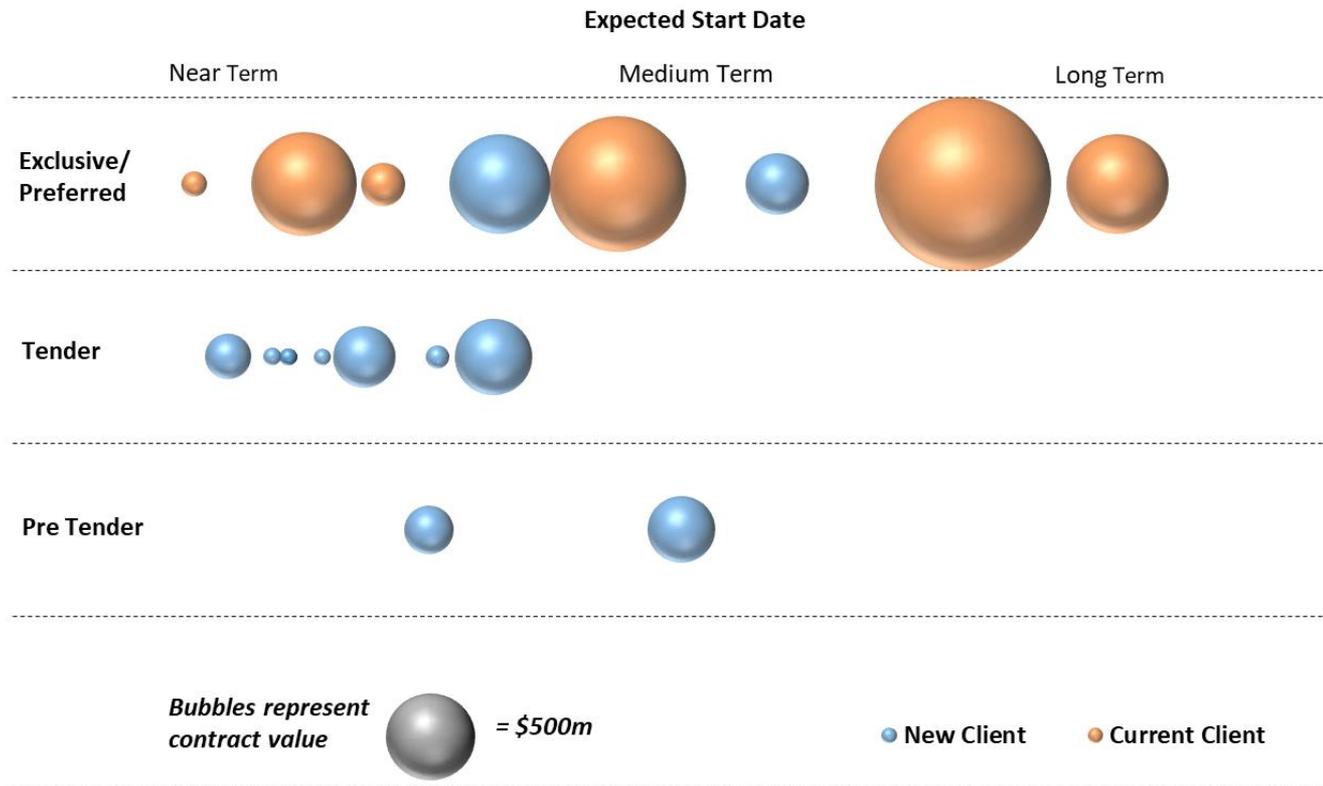


3 year order book by commodity



- In addition to Batu Hijau, new work and extensions of ~\$1.1bn secured over FY18; bidding discipline maintained
- Record order book at 30 June 2018 with work in hand of ~\$5.4bn, up 9% on FY17
- Provides solid platform
- Current revenue run rate at \$1bn

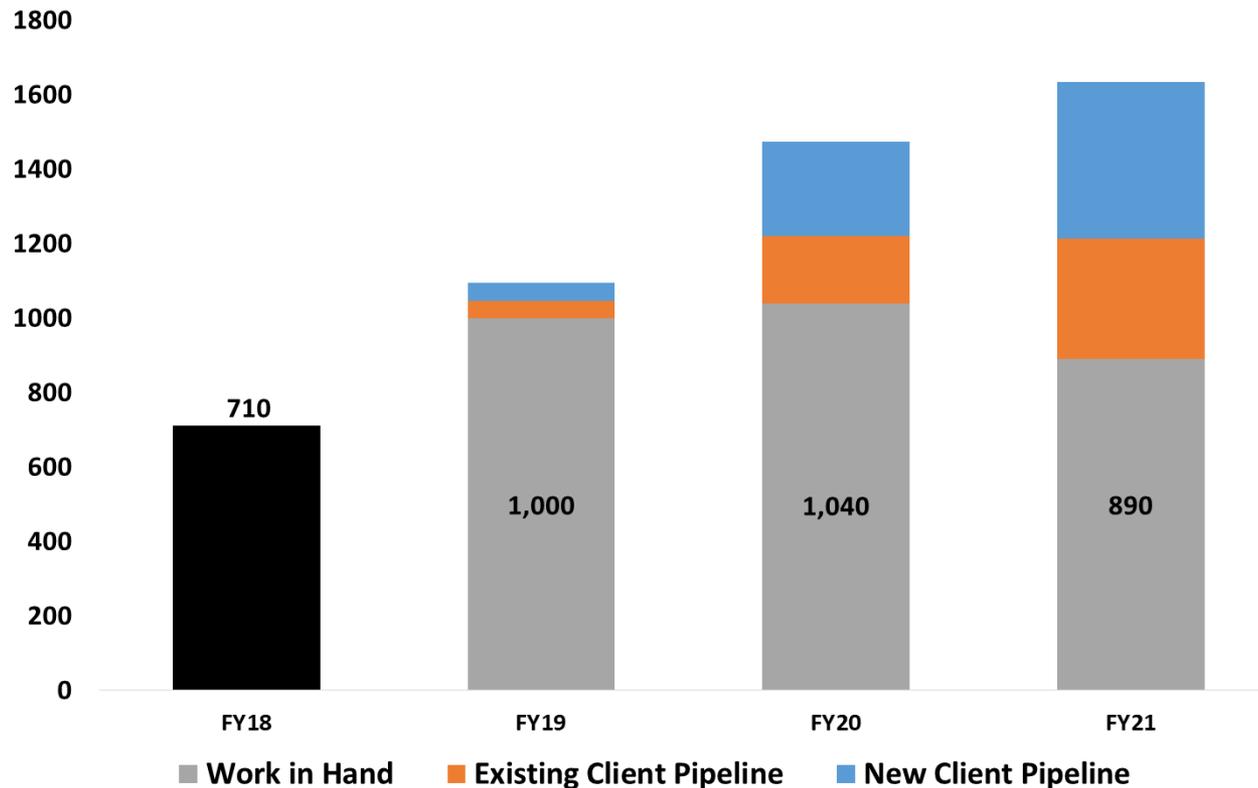
# HEALTHY TENDER PIPELINE \$7 BILLION+ MACMAHON



- 18 opportunities worth \$7bn+, split evenly between Australia and Southeast Asia
- Organic tender pipeline \$5bn+ (70%) sits with current clients
- New client tender pipeline \$2bn+
- Split between gold, base metals and coal

# POTENTIAL REVENUE GROWTH

Potential Revenue \$m - June 2018



• Note: the figures in this graph are indicative only and should not be treated as guidance

# FY19 OUTLOOK & STRATEGY



## Positive outlook supported by:

- ✓ Record order book of \$5.4bn
- ✓ FY19 work in hand of \$1bn
- ✓ Significant \$7bn+ tender pipeline
- ✓ Robust balance sheet
- ✓ Greater scale, diversity and improving market conditions

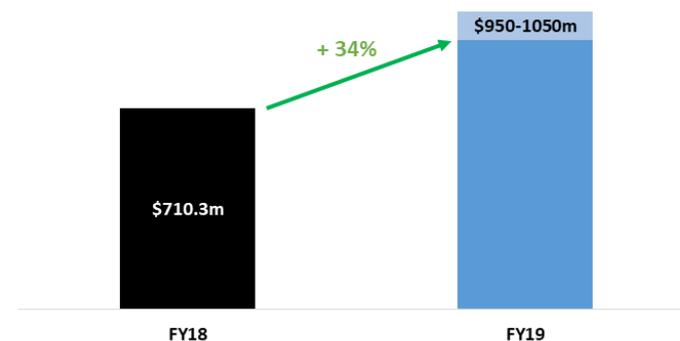
## Earnings guidance for FY19<sup>1</sup>

- Expected Revenue of \$950m - \$1,050m (at least 34% growth)
- Expected EBIT of \$70 - 80m (at least 70% growth)

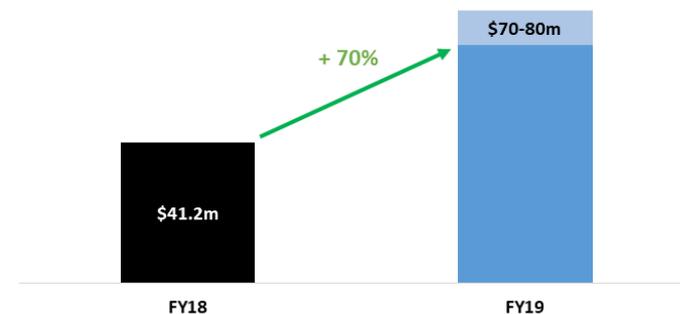
## Strategic Priorities

- Improving safety performance
- Ongoing focus on project execution and disciplined bidding
- Disciplined approach to capital allocation
- Fostering strong relationships with clients
- Recruitment and retention
- Increased investment in technology and innovation
- Pursuing accretive acquisition opportunities to grow and expand offering

## Revenue guidance



## EBIT guidance



1. Guidance is not a guarantee of future performance and is subject to known and unknown risks. This guidance assumes an exchange rate of AUD:USD 0.76, and excludes the potential impact of one-offs including unquantified contingent liabilities such as the shareholder class action noted in Macmahon's Annual Report.



# APPENDIX

# CORPORATE OVERVIEW



## Capital Structure

<b>Share price (23 August 2018)</b>	<b>\$0.235</b>
Fully paid ordinary shares (m)	2155
<b>Market Capitalisation</b>	<b>\$506.4m</b>
Cash	\$109.6m
Debt	\$106.2m
<b>Enterprise Value</b>	<b>\$503.0m</b>

## Directors and Senior Management

Jim Walker	Non-executive Chairman
Vyril Vella	Non-executive Director
Eva Skira	Non-executive Director
Alex Ramlie	Non-executive Director
Arief Sidarto	Non-executive Director
Kim Horne	Non-executive Director
Michael Finnegan	CEO
Giles Everist	CFO
Greg Gettingby	General Counsel/Company Secretary

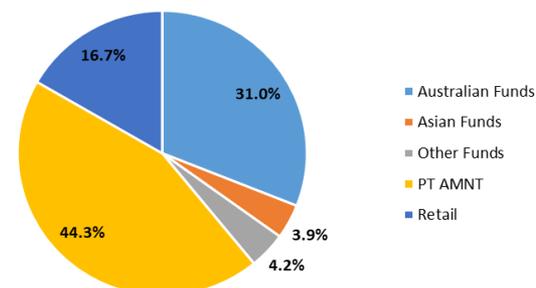
## Analyst Coverage

Euroz	Gavin Allen
Hartleys	Trent Barnett
Moelis	Sean Kiriwan

## Share Price

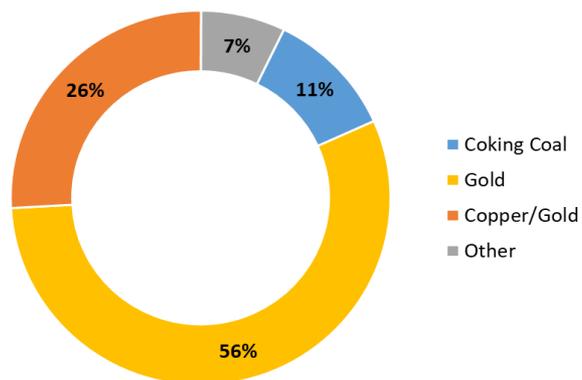


## Register – Top 20 account for 80%

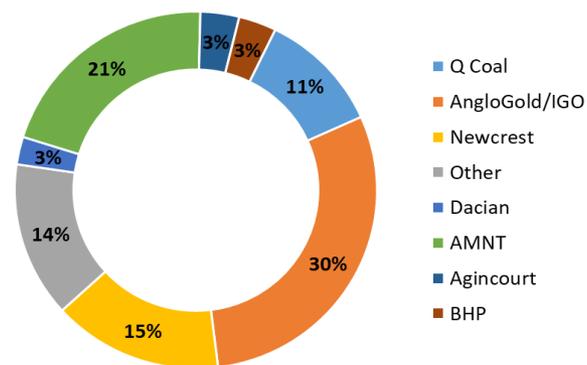


# FY18 REVENUE BREAKDOWN

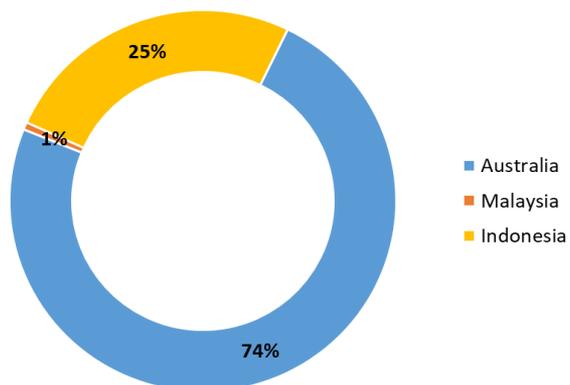
### Revenue by Commodity



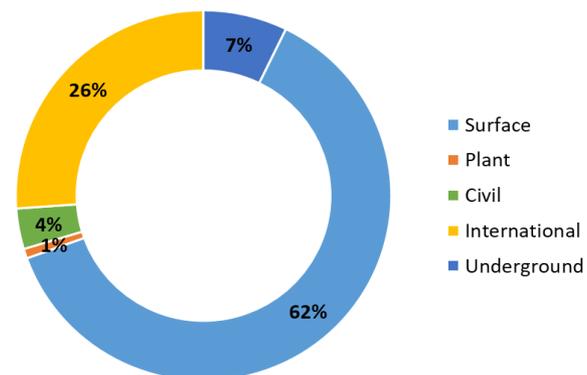
### Revenue by Customer



### Revenue by Country



### Revenue by Activity



# OUR SERVICES



## UNDERGROUND MINING

- Mine development
- Mine production
- Raise drilling
- Cablebolting
- Shotcreting
- Remote shaft lining
- Shaft sinking



## CIVIL/MINING SERVICES

- Mining infrastructure
- Overburden stripping
  - Bulk earthworks
  - Road design & construction
  - Train loading facilities
  - Water infrastructure – dams, creek diversions, flood levies, and drainage structures

- Rehabilitation
- Design
  - Bulk earthworks
  - Revegetation
  - Monitoring
  - Maintenance



## SURFACE MINING

- Mine planning & analysis
- Mine management
- Drill and blast
- Bulk & selective mining
- Crushing & screening
- Fixed plant maintenance
- Water management
- Equipment operation & maintenance



## PLANT & MAINTENANCE

- Service and maintain equipment
- Rebuild components and complete repairs in-house

---

# OUR EQUIPMENT

---

Dump Trucks

243



Excavators and Loaders

101



Drill Rigs

14



# MAP OF OPERATIONS

## LEGEND

### Offices

- 1 Perth
- 2 Brisbane
- 3 Jakarta

### Surface Mining

- 4 Kanthan
- 5 Lhoknga
- 6 Martabe
- 7 Batu Hijau
- 8 Telfer
- 9 Tropicana
- 10 Mt Morgans
- 11 Byerwen
- 12 Argyle

### Underground Mining

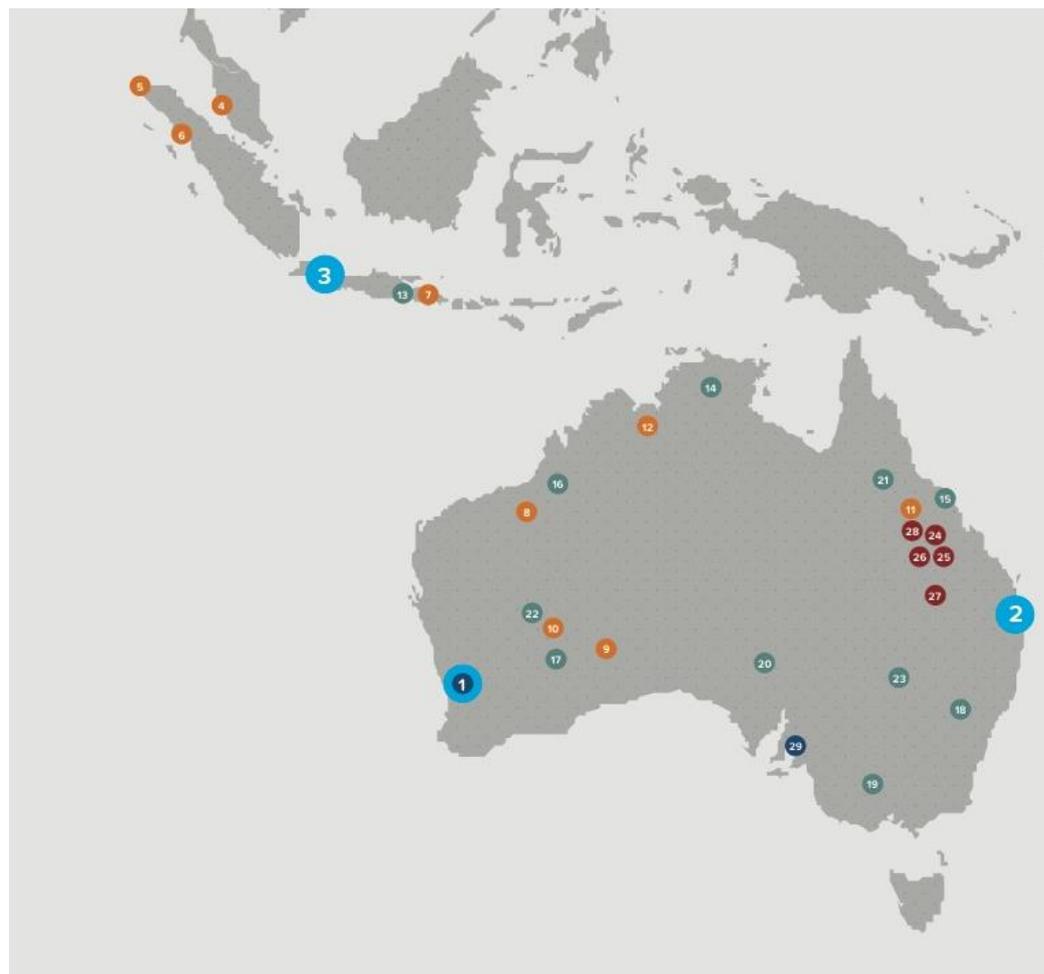
- 13 Tujuh Bukit
- 14 Ranger 3 Deeps
- 15 Mt Wright
- 16 Nifty
- 17 Granny Smith
- 18 Cadia
- 19 Ballarat
- 20 Olympic Dam
- 21 Pajingo
- 22 Leinster
- 23 Endeavor

### TMM

- 24 Peak Downs
- 25 Norwich Park
- 26 South Walker
- 27 Rolleston
- 28 Saraji

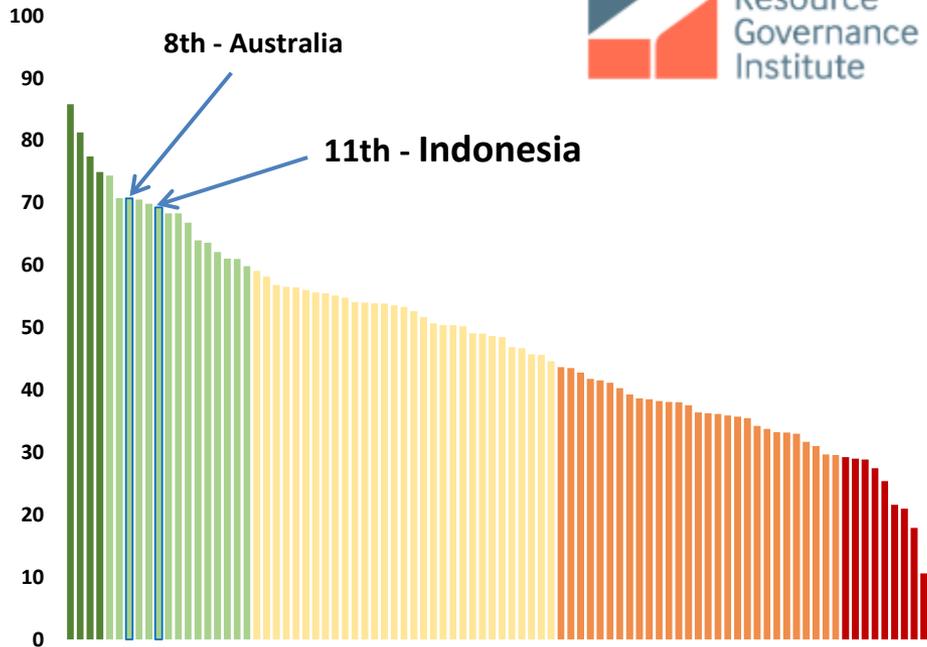
### Workshops

- 1 Perth
- 29 Lonsdale



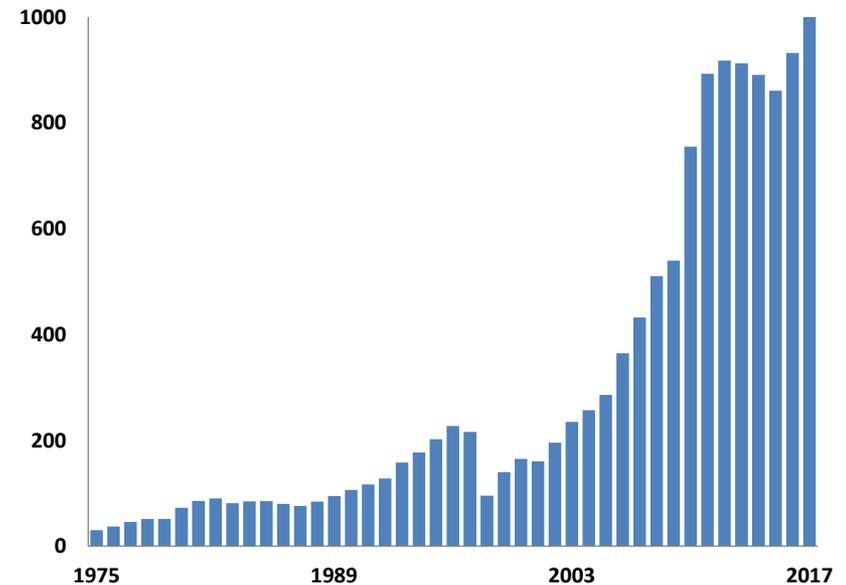
# INDONESIA

Ranked 11 out of 89 countries



Source: Resource Governance Institute 2017 RGI

GDP current (US \$Bn) - Large growing economy



Source: World Bank

- Indonesia has a long successful mining history
- Macmahon has successfully operated in Indonesia for many years
- Currently at Martabe (since 2015) and Lhoknga quarry (since 2010)

# RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION



\$ Millions	2017	2018
<b>Profit / (loss) for the year (as reported)</b>	<b>(22.8)</b>	<b>33.2</b>
Add back: Loss from discontinued operations (net of tax)	17.3	
Less: Profit from discontinued operations (net of tax)		(1.9)
<b>Net profit / (loss) after tax from continuing operations (as reported)</b>	<b>(5.5)</b>	<b>(31.3)</b>
Add back:		
• Takeover defence costs	3.4	-
• Tax expense	0.3	7.5
• Net finance costs	0.1	2.4
<b>Underlying earnings before interest and tax (EBIT)</b>	<b>(1.7)</b>	<b>41.2</b>
Add back: Depreciation and amortisation expense	33.5	77.7
<b>Underlying earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>31.8</b>	<b>118.9</b>

# IMPORTANT NOTICE AND DISCLAIMER



## **Disclaimer as to forward looking statements**

This presentation contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, Macmahon Holdings Limited's ACN 007 634 406 (Macmahon) assumptions, expectations, estimates, objectives, plans and intentions.

Forward looking statements are subject to inherent risks and uncertainties. Although Macmahon believes that the expectations reflected in any forward looking statement included in this presentation are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the ASX Listing Rules, Macmahon does not undertake to update or revise these forward looking statements, nor any other statements whether written or oral, that may be made from time to time by or on behalf of Macmahon, whether as a result of new information, future events or otherwise.

None of Macmahon (nor any of its officers and employees), or any other person named in this presentation, or any person involved in the preparation of this presentation makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this presentation reflect views held only as at the date of this presentation.

The directors of Macmahon consider that they have used reasonable care in preparing forward looking financial information (Guidance) in this presentation. However, the Guidance is not fact, rather it is predictive in character and there are margins of uncertainty surrounding any assumptions about future conditions and anticipated performance. The Guidance may differ materially from results ultimately achieved and does not take into account the potential impact of some risks, such as the unquantified contingent liabilities noted in Macmahon's Annual Report, including the shareholder class action. You are cautioned not to place undue reliance on the Guidance. Forward looking information is by its very nature subject to uncertainties and can be affected by unexpected events, many of which are outside the control of Macmahon's directors. Any variation to the assumptions on which the Guidance has been prepared could be materially positive or negative to actual financial performance. Therefore Macmahon's directors cannot guarantee the achievement of the Guidance.

The Guidance should not be regarded as a representation or warranty with respect to its accuracy or the accuracy of the best estimate assumptions or that Macmahon will achieve, or is likely to achieve, the particular results.

This presentation does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain financial advice. You should consider seeking independent legal, financial and taxation advice in relation to the contents of this presentation.

## **Non- IFRS Financial Information**

This presentation uses non-IFRS financial information including EBITDA and EBIT which are used to measure both group and operational performance. Non – IFRS measures have not been subject to audit or review.

References to "Macmahon", "the Company", "the Group" or "the Macmahon Group" may be references to Macmahon Holdings Limited or its subsidiaries.

## **Not a disclosure document**

This presentation is not a disclosure document and should not be considered as investment advice or an offer or invitation to subscribe for or purchase any securities in Macmahon, or an inducement to make an offer or invitation with respect to such securities. This presentation does not purport to cover all relevant information about any potential investment in Macmahon or any decision relating to Macmahon.

---

# THANK YOU

---



**For further information contact:**

**Chris Chong**  
Investor Relations and Corporate Development  
[cchong@macmahon.com.au](mailto:cchong@macmahon.com.au)

**Mick Finnegan**  
CEO  
[mfinnegan@macmahon.com.au](mailto:mfinnegan@macmahon.com.au)

**Giles Everist**  
CFO  
[geverist@macmahon.com.au](mailto:geverist@macmahon.com.au)

[www.macmahon.com.au](http://www.macmahon.com.au)

