



MACMAHON

# Euroz Hartleys Industrial Forum

19<sup>th</sup> June 2024



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This presentation was authorised for release by the CEO and Managing Director.

# Our Business

A leading, ASX-listed (ASX:MAH) mining services company focussed on low-capital growth

- ✓ Track record in surface, underground and civil infrastructure across Australia and Southeast Asia
- ✓ Comprehensive range of integrated mining services: engineering, rehabilitation, plant maintenance and mine optimisation
- ✓ Long term relationships with clients – transparent, flexible alliance style approach

## Established

**1963**

## People<sup>1</sup>

**9,200**

58% Australia, 42% Indonesia

## Net Tangible Assets<sup>1</sup>

**28.9cps**

Share Price<sup>3</sup>: 29.0cps

## ROACE<sup>1</sup>

**15.5%**

## Tender Pipeline<sup>1</sup>

**\$11.6b**

\$2.2b tendered

## Orderbook<sup>1</sup>

**\$4.4b**

## FY24 Secured Revenue<sup>1</sup>

**\$1.8bn**

## FY24 Revenue Guidance<sup>2</sup>

**\$1.8bn – \$1.9bn**

## FY24 Underlying EBIT(A) Guidance<sup>2</sup>

**\$130m – \$140m**

1. As at 31 December 2023, orderbook excludes short term civil and underground churn work and future contract cost escalation recoveries

2. Guidance provided on 20 February 2024

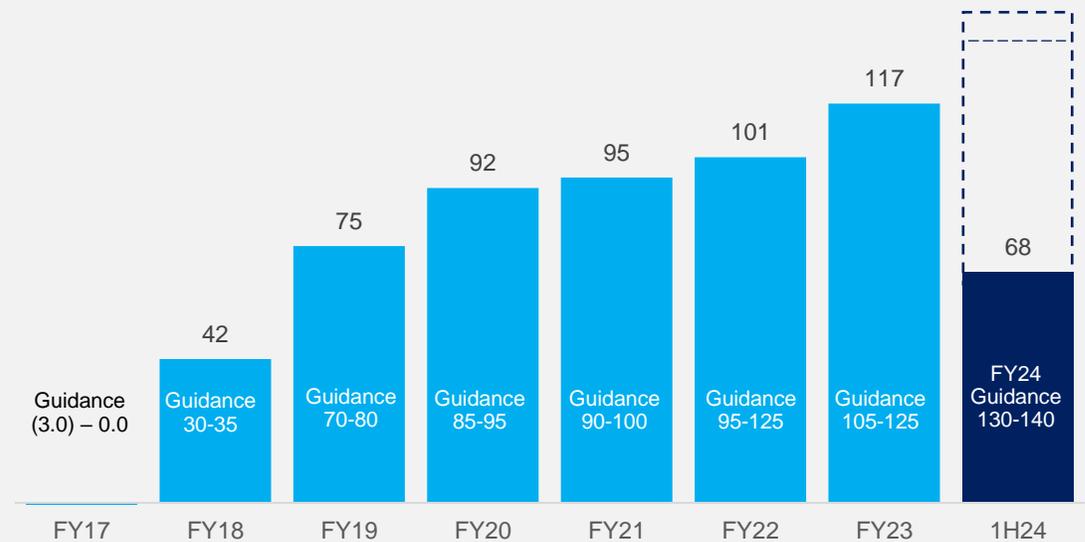
3. Share Price as at 17 June 2024

# Track Record of Delivering on Guidance and Earnings Growth

Revenue (\$m)



EBIT(A) (\$m)



***On track to deliver FY24 Guidance***

# Operational & Corporate Update

## Surface Mining

- **Greenbushes steady state** achieved in April 2024
- **Byerwen consistently** achieving targets
- Negotiating **new mining contract at Dawson South**
- **Actively lowering capital intensity of surface projects**
  - Executed **strategic rental agreement** with Emeco
  - Executed **equipment sale agreement at Dawson South** to sell a substantial portion of mobile equipment fleet at market rates (\$44m net cash inflow collected over FY24-25)

## Underground

- 1H24 revenue at 25% of group revenue and **targeting +50% increase in next 2-3 years**
- **Secured three-year \$352m contract extension at Boston Shaker**
- **Commenced at Ulysses**
- **\$3.7bn tender pipeline** with a focus on opportunities in both Australia and Indonesia
- **Successful PnP integration completed** with 200+ people and projects operating as BAU

## Civil Infrastructure

- **Scheme Implementation Deed executed with Decmil** (ASX:DCG) to acquire 100% of ordinary and preference shares with completion expected in August
- Bond facility executed to support Decmil in securing new work including **pursuing highly filtered combined civil tender pipeline of \$10bn**
- Targeting large scale **civil, engineering and rehabilitation** projects (mining and non-mining)
- **Teaming and strategic partnership** arrangements being pursued in Australia and Indonesia

## Corporate

- Successfully attracted talent to **increase workforce to +9,200 as at 1H24**
- **Skilled labour shortages** persist in Australia (equipment maintenance and operators), Southeast Asia remains a balanced market
- Contract structures provide **protection against rising input costs**, including labour, with approx. one third of order book being alliance style
- Focus on strengthening the balance sheet and improvement opportunities

# 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



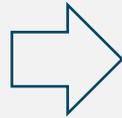
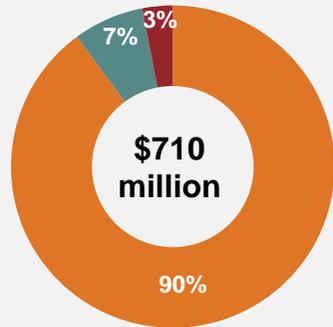
- Annual revenue circa +\$500 million per annum
- Macmahon's Mining Civil & Infrastructure workforce of 192 employees will be combined with Decmil's 310 employees across Australia
- Circa 10-15 projects varying from 6-24 months duration
- Strong presence in resources, renewables and government infrastructure



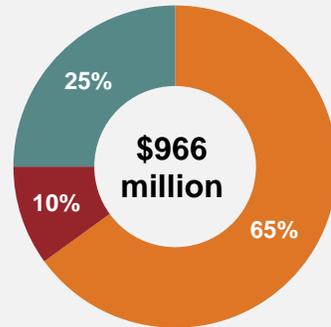
# Further Expanding into Lower Capital Intensity Services

Decmil adds scale and capability to existing civil offering, assisting execution of \$10 billion combined civil pipeline

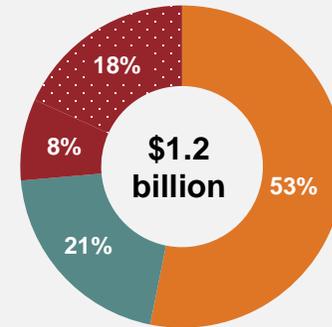
FY18 Revenue Mix



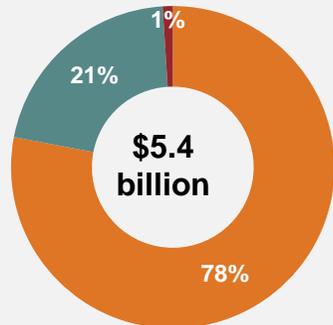
1H24 Revenue Mix



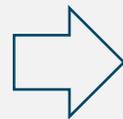
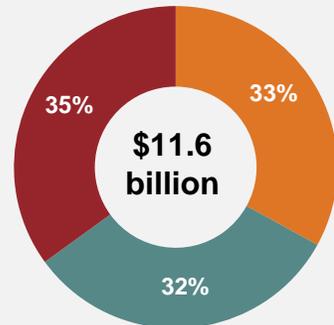
Pro-Forma 1H24 Revenue Mix



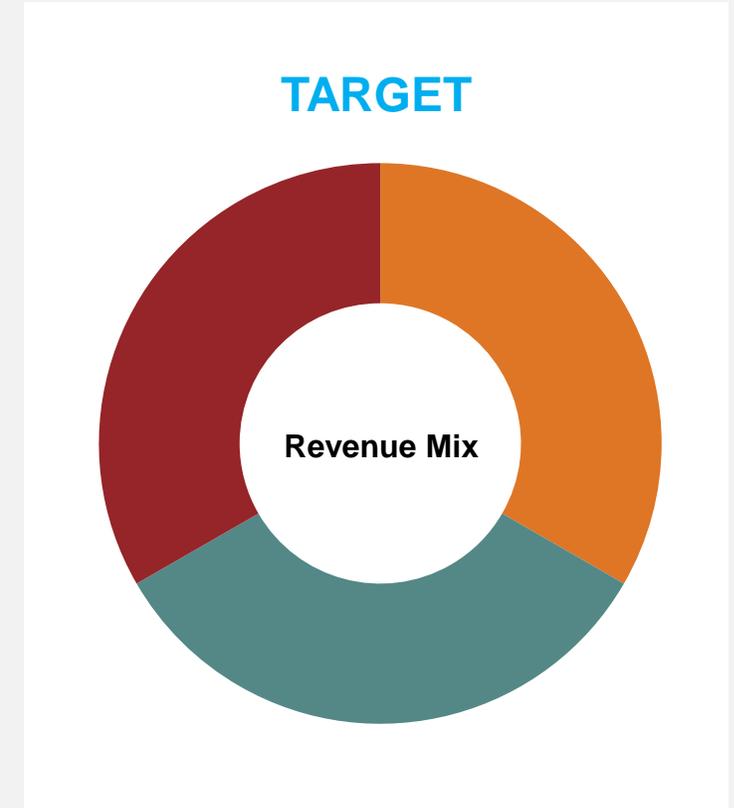
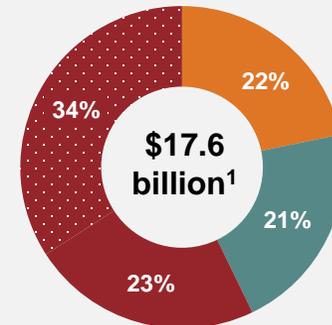
FY18 Pipeline



1H24 Tender Pipeline



Pro-Forma 1H24 Tender Pipeline



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

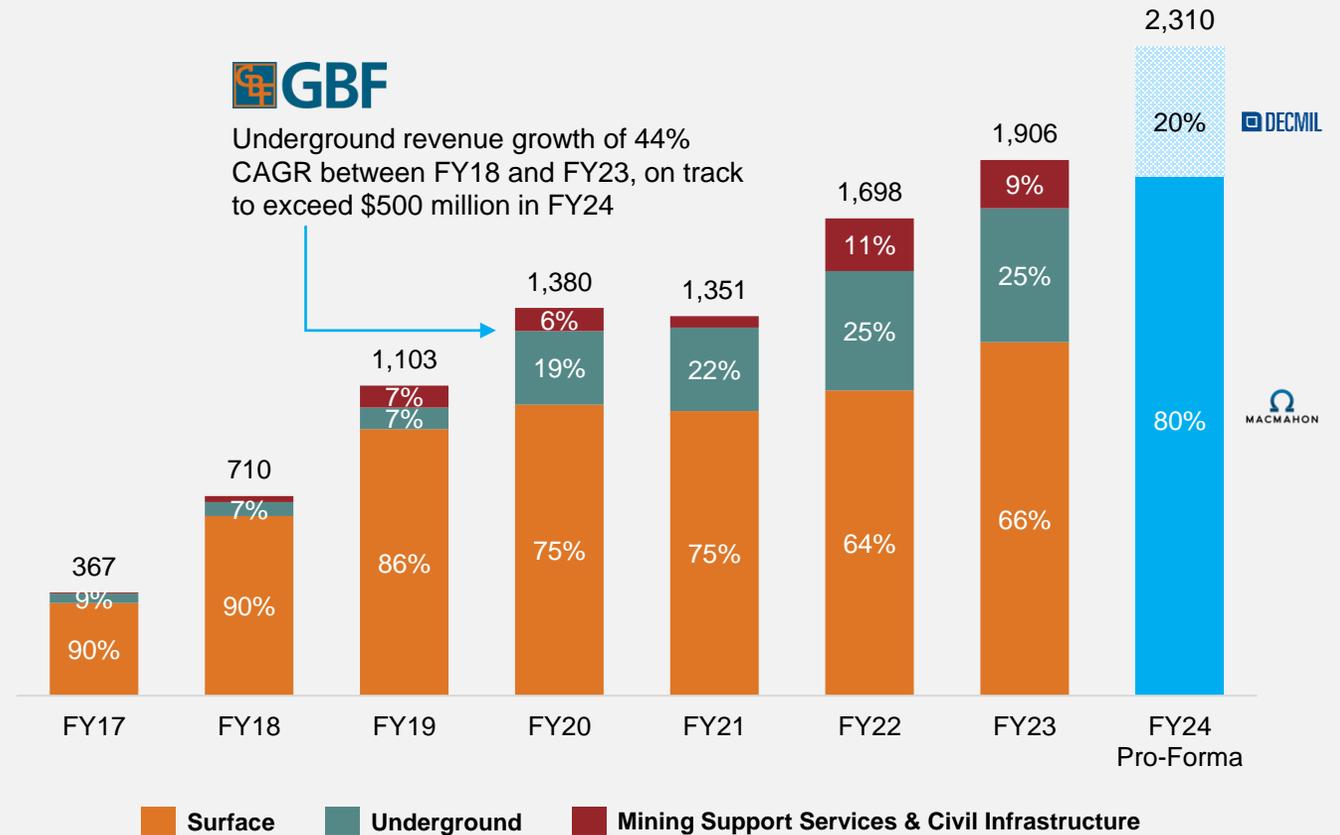
# Disciplined Strategy Execution has Delivered Consistent Growth

Successful growth track record through both organic initiatives and acquisitions

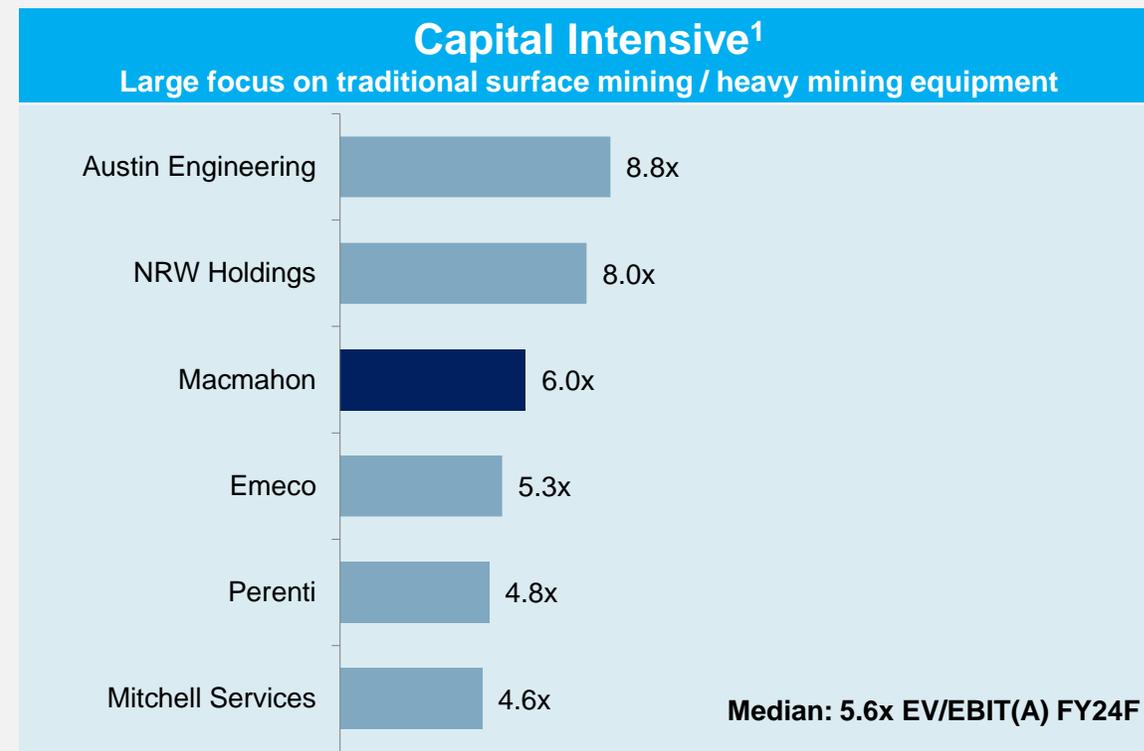
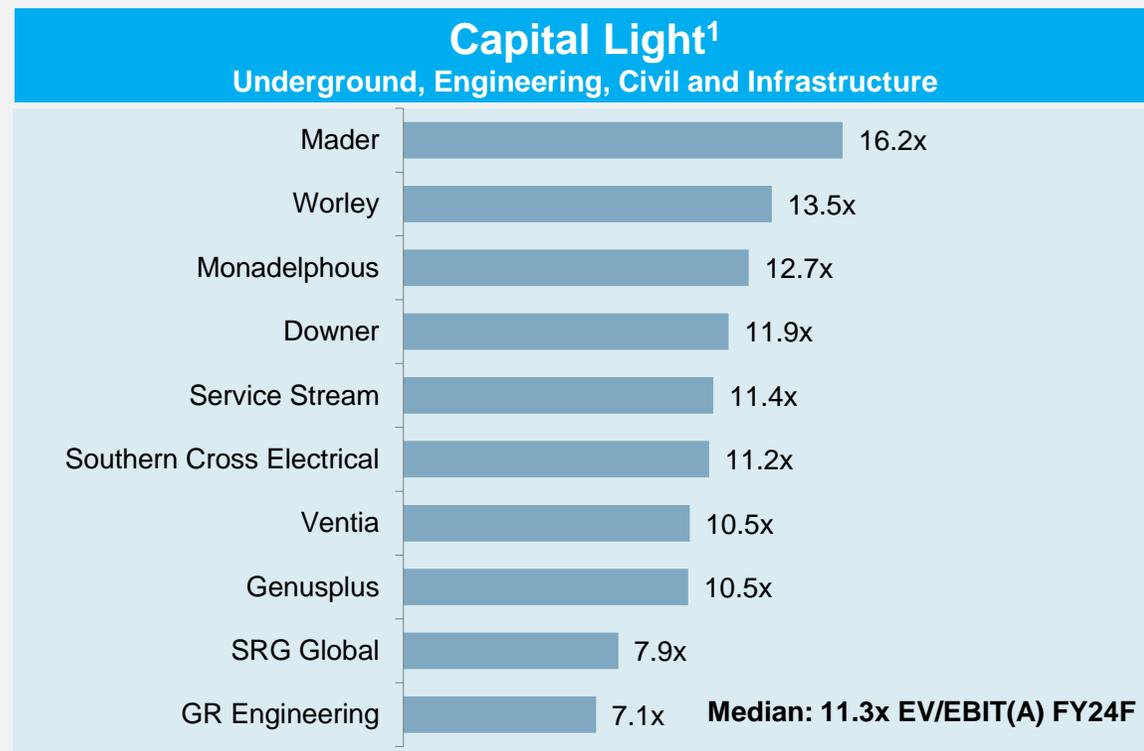
## Macmahon's M&A Track Record



## Total Revenue and Business Unit Contribution (\$ million)<sup>1</sup>



# Mining Services EV / EBIT(A) FY24F Multiples<sup>1</sup>



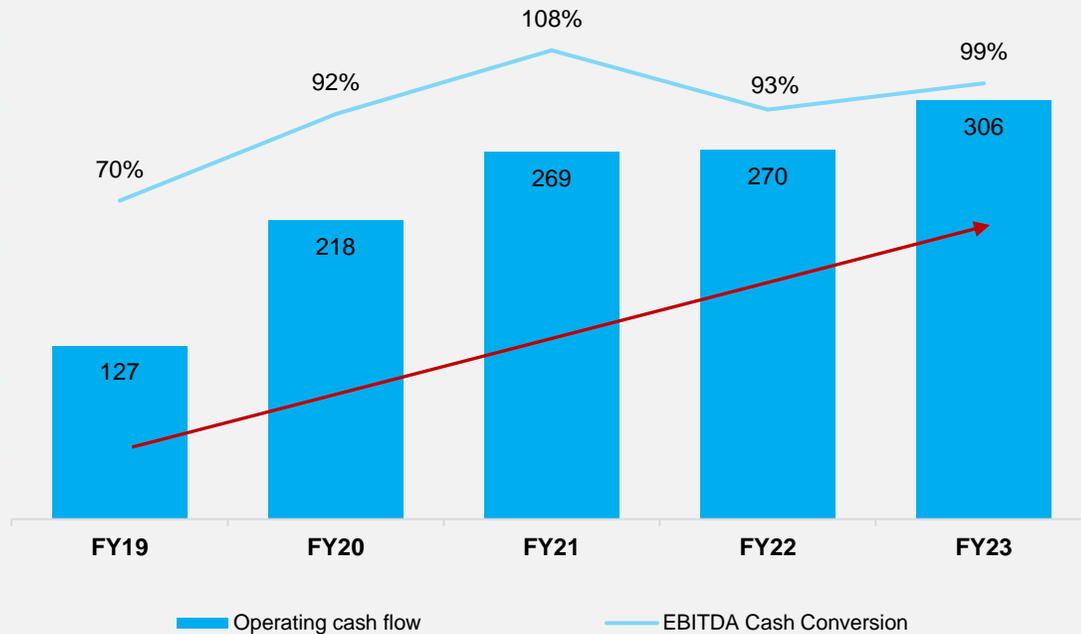
**Capital light resources and infrastructure contractors are trading on materially higher multiples than capital intensive contractors**

<sup>1</sup>. Source: Bloomberg as at 17 June 2024, Enterprise Value includes cash, debt and lease liabilities as at 31 December 2023, FY24F EBIT(A) forecasts are based on broker consensus derived from Bloomberg.

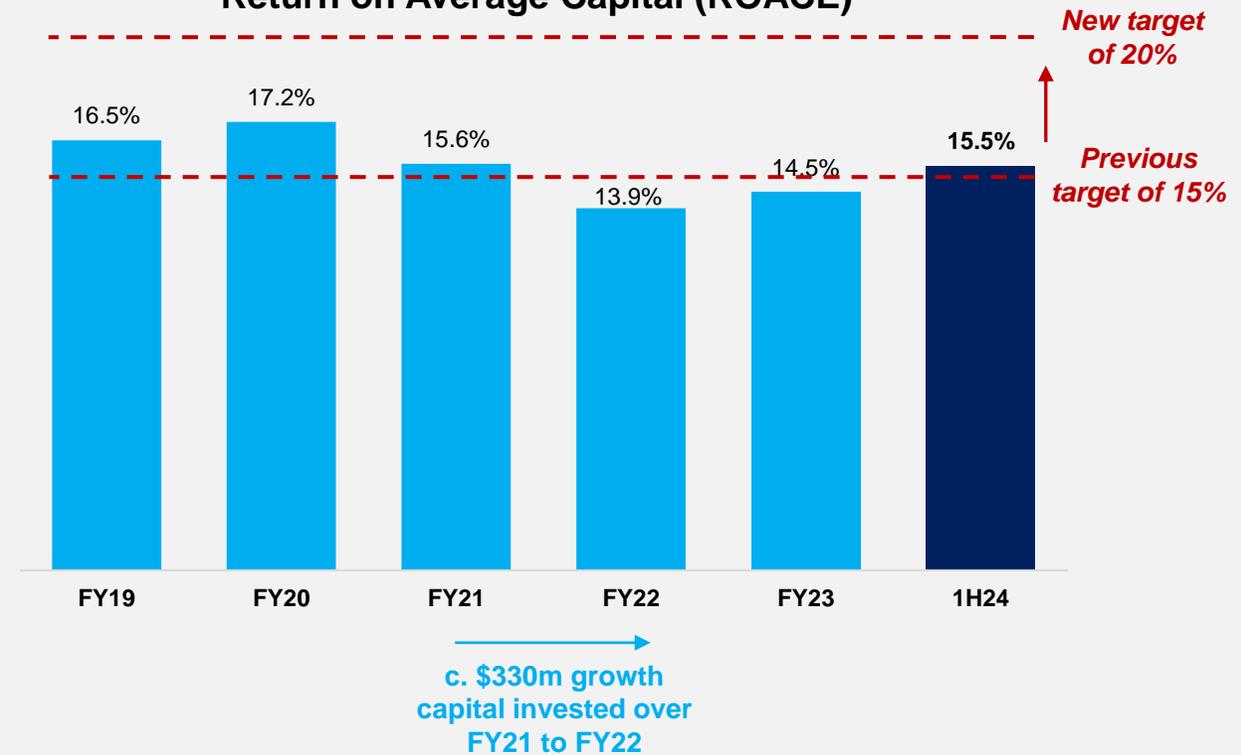
# Capital Management

Increasing cashflow generation and ROACE

### Underlying Operating Cash Flow (\$m)<sup>1</sup>



### Return on Average Capital (ROACE)<sup>2</sup>



1. Net operating cash flow excluding interest, tax, corporate development costs, SaaS customisation costs and share based payment costs

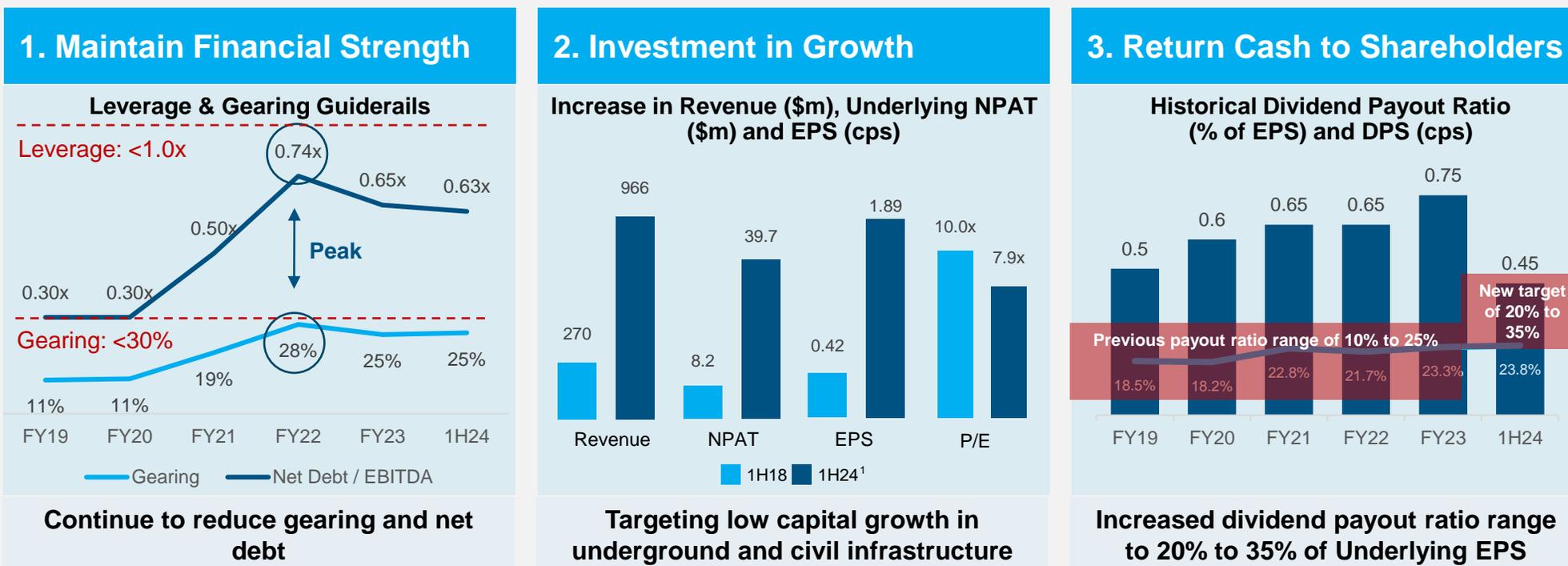
2. ROACE: Underlying EBIT(A) / Average ((Total Assets excluding Cash) – (Current Liabilities excluding Debt))

# Capital Allocation Policy to Support Growth and Shareholder Returns

## Our Priorities

- ✓ Maintain resilient balance sheet, ensure appropriate liquidity and gearing
- ✓ Retain flexibility to fund organic growth and accretive acquisitions
- ✓ Increase cash return to shareholders

## Capital Allocation

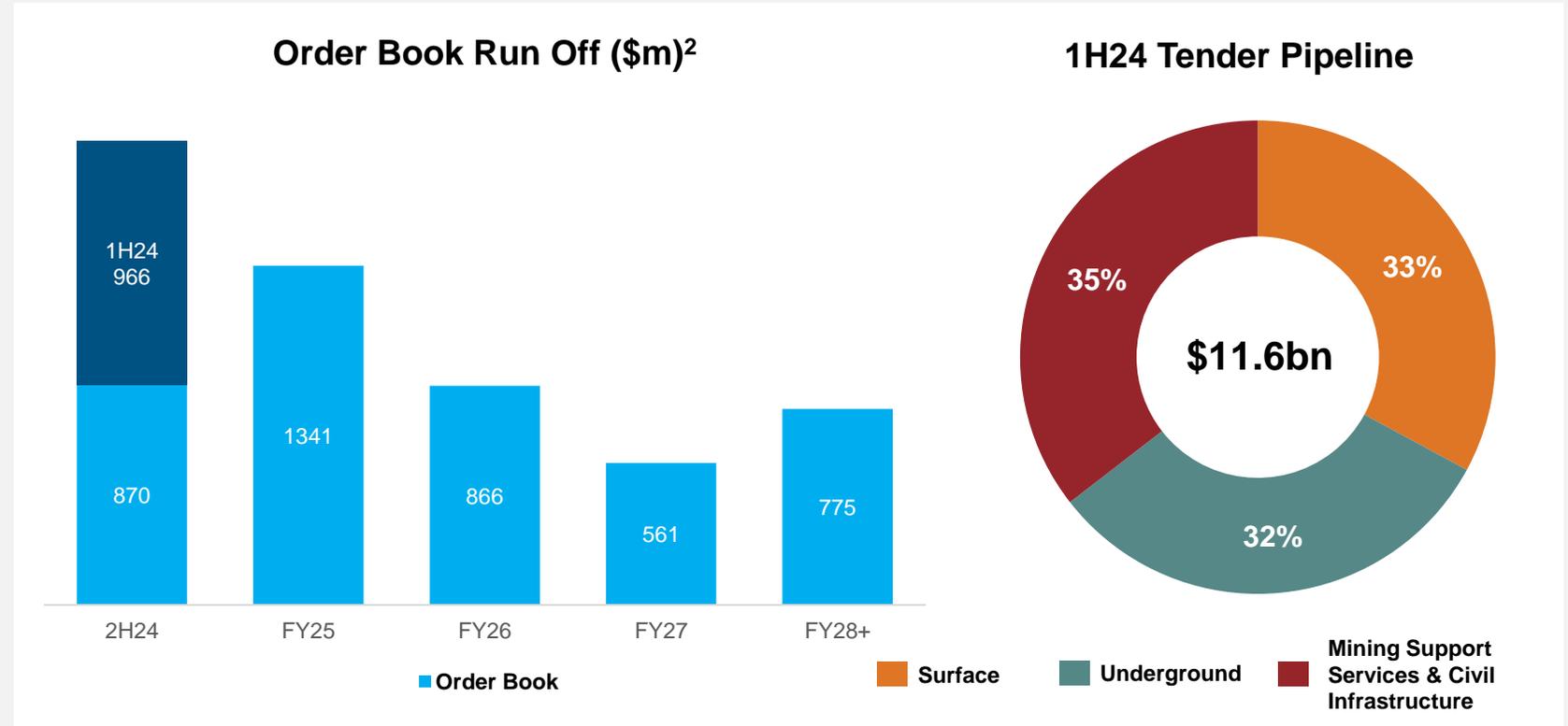


1. P/E Share Price as at 17 June 2024, Underlying EPS = 2H23 + 1H24

# Priorities and Outlook

## POSITIVE OUTLOOK

- 
**On track to deliver earnings guidance<sup>1</sup> for eighth consecutive year**
- 
**Order book of \$4.4bn<sup>2</sup> and highly filtered tender pipeline of \$11.6bn**
- 
**Order book provides high level of secured revenue and earnings for FY25+**
- 
**Progress capital light strategy with a focus on successful Decmil acquisition**
- 
**Focus on continuing to drive operational improvements**



1. Underlying EBIT(A) earnings guidance of \$130m - \$140m provided on 20 February 2024

2. As at 31 December 2023, excludes short term civil and underground churn work and future cost escalation



**Thank You**

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