



MACMAHON

# Euroz Hartleys

Rottnest Conference

March 2023

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## Non-IFRS Financial Information

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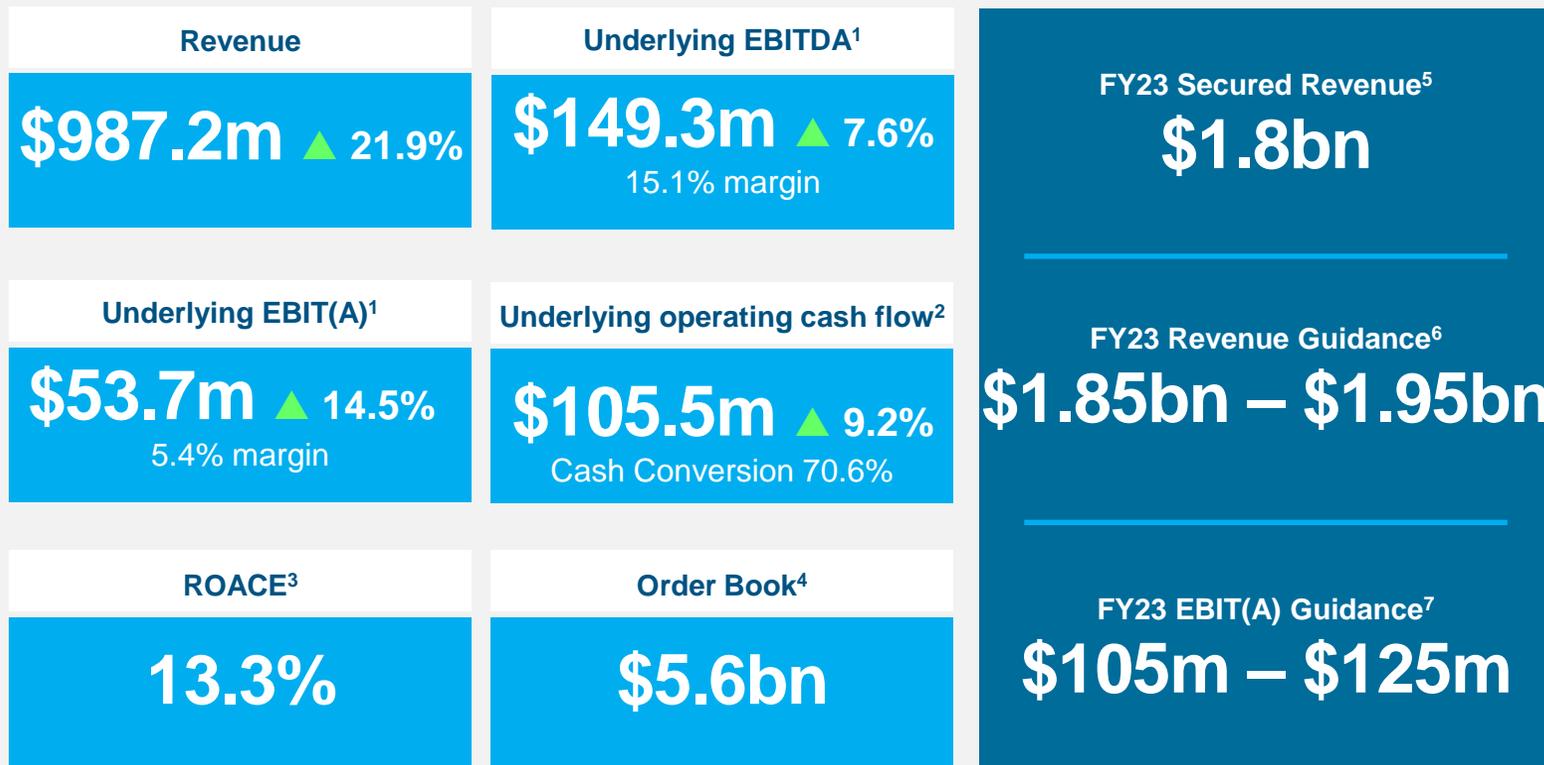
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# Our Business – 60 Year Anniversary

- ✓ Established 1963
- ✓ Comprehensive range of integrated mining services in Australia and Southeast Asia
- ✓ Extensive track record in surface, underground mining and mining support services
- ✓ Long term relationships with clients – transparent, flexible alliance style approach



1. Underlying numbers exclude adjusting items of \$6.5m

2. Underlying operating cash flow excluding interest, tax, M&A costs and SaaS implementation and development costs

3. ROACE: Underlying annualised EBIT(A) / Average ((Total Assets excluding Cash) – (Current Liabilities excluding debt))

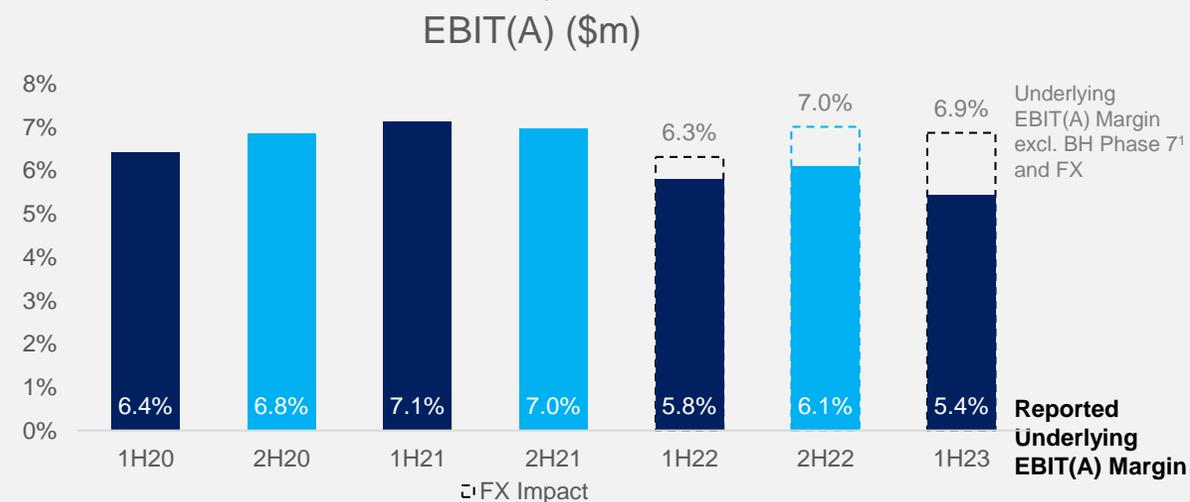
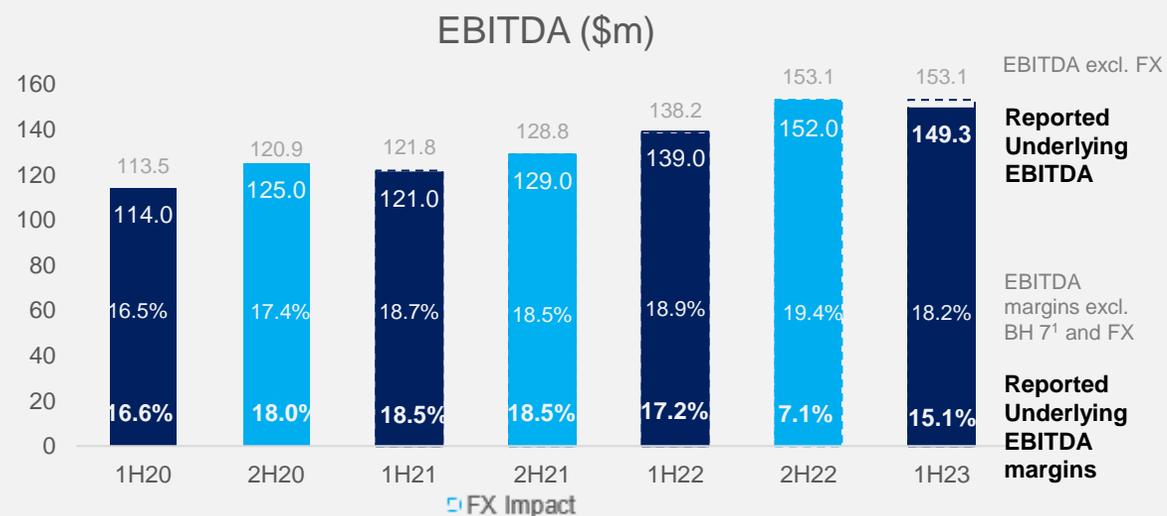
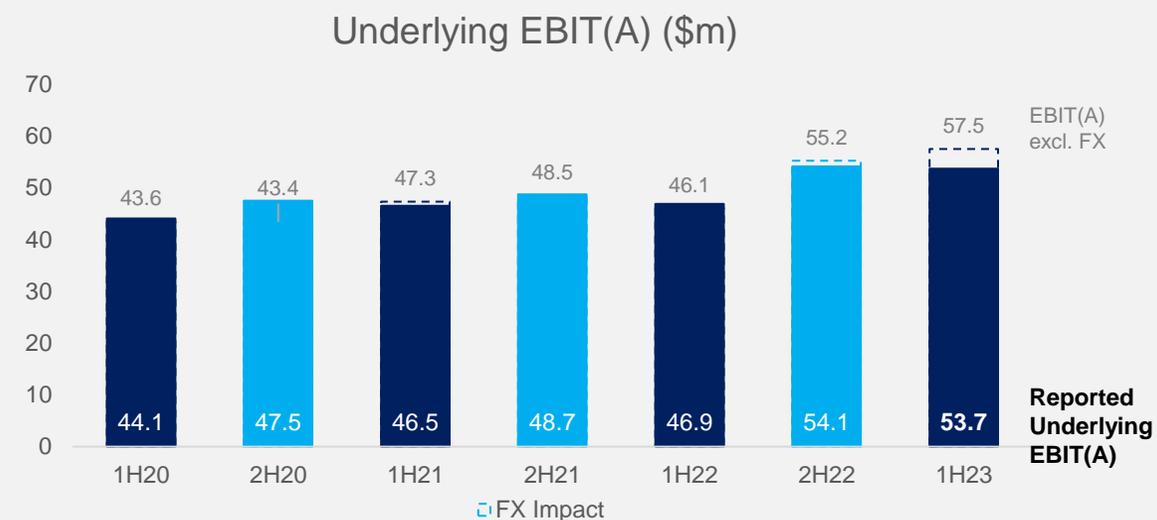
4. As at 31 December 2022 and includes Greenbushes. Excludes reduction for Batu Hijau Phase 8 (approximately US\$500m at 0.72USD) removal of pass through cost recoveries that do not impact earnings

5. Excludes short term civil and underground churn work and future contract cost escalation recoveries

6. Guidance assumes an exchange rate of AUD:USD 0.72 and has increased due to ongoing Batu Hijau Phase 7 zero margin cost recoveries and contract rise and fall adjustments across other projects

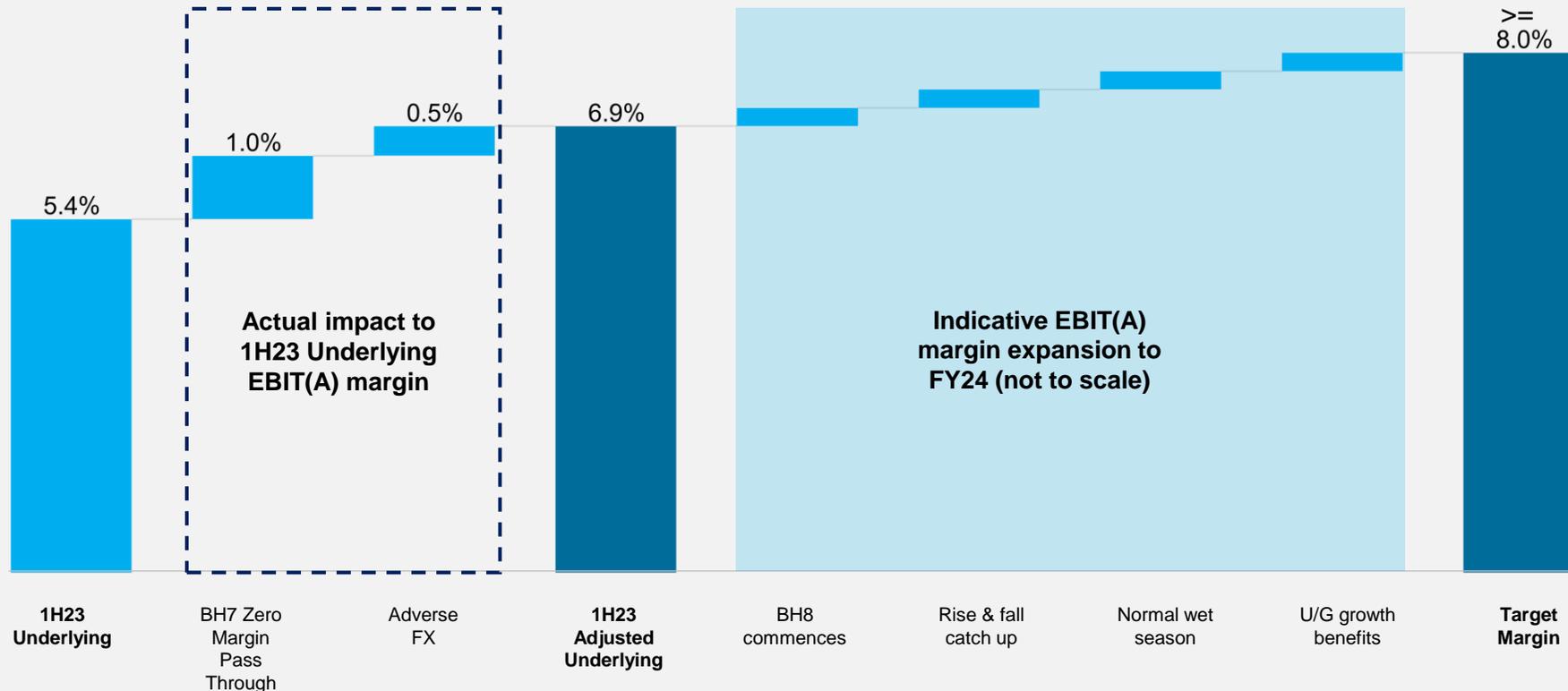
7. Excludes adjusting items and amortisation related to the GBF Group and Martabe acquisition

# Delivering Growth



1. Relates Batu Hijau Phase 7 adjustments for depreciation and zero margin cost recoveries

# Clear Pathway to Target Margins



## Targeting greater than 8% EBIT(A) margins

- **Batu Hijau Phase 7 zero margin pass through costs removed on commencement of Phase 8**
- **Inflation to moderate** allowing rise and fall mechanisms to catch-up
- **Unseasonal wet weather returns to normality**
- **Demonstrated growth in Underground business to continue**

# Strategic Focus

Building a sustainable diversified scalable business

## Improve

Margins & execution

- Systems and processes
- Contract management
- Operational excellence



## Invest

Relevance & competitive advantage

- Advanced contractor
- Structure and capability
- Technology solutions to enhance sustainability



## Expand

Growth in current markets

- Additional services with existing clients
- Grow market share in Indonesia with trusted clients where skilled labour market supports organic growth



## Diversify

Build scalability

- Mining Support Services
- Underground
- Future/battery minerals



## Value

Grow shareholder value

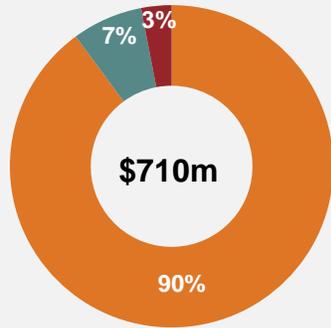
- Strengthen balance sheet
- Acquisitions, JV's and/or Teaming arrangements
- Exit non-core businesses



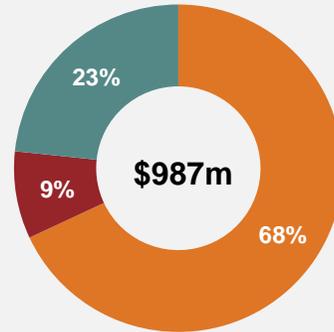
# Diversify and Expand

Business has evolved and is progressing towards long term targets

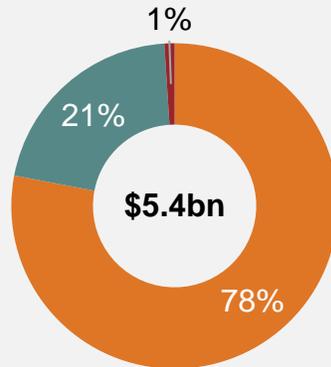
FY18 Revenue Mix



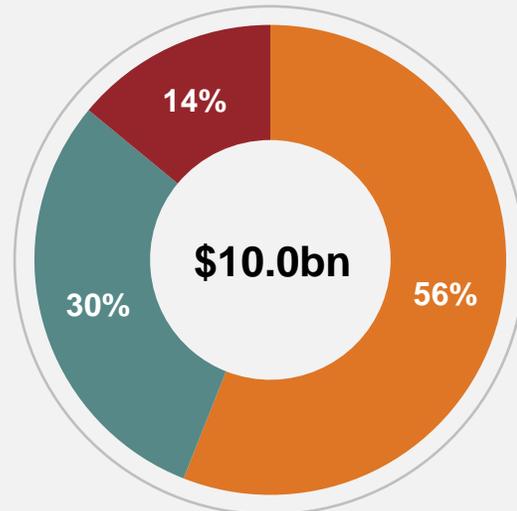
1H23 Revenue Mix



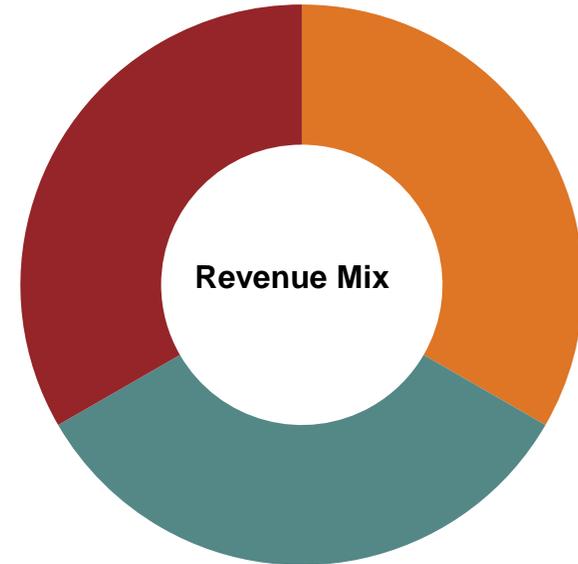
FY18 Pipeline



1H23 Pipeline



TARGET



EBIT(A)  
Margin

▲ 8%

ROACE

▲ 15%

# Client & Commodity Diversification

CLIENT	PROJECT	COMMODITY	COST CURVE <sup>1</sup>
	Tropicana, WA	Gold	
	Telfer, WA	Gold	
	Byerwen, QLD	Met Coal	
	Batu Hijau, Indonesia	Copper / Gold	
	<b>Greenbushes, WA</b>	Lithium	
	King of the Hills, WA	Gold	
	Dawson South, QLD	Met Coal	
	Warrawoona, WA	Gold	
	Martabe	Gold / Silver	
	Boston Shaker, WA	Gold	
	Deflector, WA	Gold	
	Gwalia, WA	Gold	
	Mount Monger	Gold	
	Foxleigh, QLD	Met Coal	

1. GlobalData Alliance Surface Project Underground Project Mining Support Services



Greenbushes project supplies 30% of the world's lithium supply and has 40% of the world's lithium resource.

Will further improve MAH client and commodity diversification from FY24 onwards.

## Client



## Commodity



# Batu Hijau Phase 8 Agreement

Consolidates on strong relationship and capital management focus

## Phase 7 Completes FY23

- Batu Hijau Phase 7 commenced 2017 with US\$145m capital deployed
- Risk mitigant – full repayment from AMNT of US\$145M capital over a 60 month period. Last payment 31 July 2022
- Sustaining capital (maintenance and component replacements) 100% funded by AMNT with no further funding from MAH
- On termination – assets required to transfer to AMNT after full payment of original \$145m received
- Cost plus contract with full management fee subject to KPI's

## Phase 8 Extended Mining Expected to FY28

- Improved operating margins and stronger return on capital (15% minimum)
- Macmahon to provide a sustainable investment in equipment and/or major rebuilds at Batu Hijau over the period – quantum of investment at Macmahon's discretion
- Third party arrangement in place for partial off balance sheet funding
- Guaranteed 15% return on average capital investment paid by AMNT (not subject to KPIs)
- Potential to earn up to US\$5.1 million KPI fee every six months based on overall project performance against project KPIs
- Pass through costs no longer grossed up into revenue which will reduce future revenue and the order book by approximately US\$500m<sup>1</sup>
- Subject to shareholder approval to be sought at an extraordinary general meeting

## About AMNT



- Batu Hijau is owned by AMNT, an Indonesian mining company backed by prominent local investors including MedcoEnergi and Salim Group (large Indonesian conglomerate) and API.
- AMNT is a supportive 44.3% shareholder of Macmahon

## Sumbawa Island



## Map location

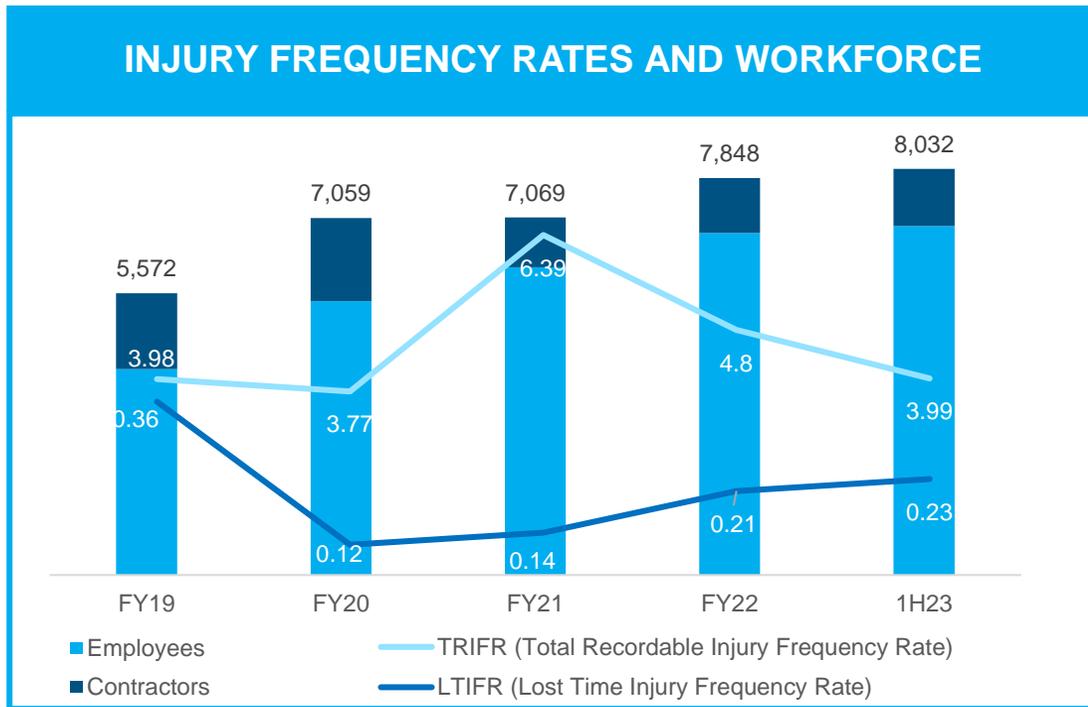


1. USD:IDR 0.72, reduces revenue and order book by removing pass-through costs (which does not attract any margin), but earnings for Phase 8 anticipated to be higher compared to the existing contract for the corresponding period

# People & Safety

Workforce growth, improved safety and continued investment in people

## SAFETY AND WELLBEING



## PEOPLE

**8,032**

GROUP

**4,417**

AUSTRALIA

Promoting growth from within including upskilling

Delivering cultural initiatives (training, internal audits, workforce engagements) to drive and maintain inclusion

Launch of our evolved values to guide behaviour and align with operation

Strong Minds, Strong Mines - mental, physical and social health program now expanded to Strong Minds Strong Schools

# People Resourcing

Continued investment in our people



## TRAINING AND DEVELOPMENT

742

TRAINEE PARTICIPANTS

357

NEW TO INDUSTRY COMMENCEMENTS

Grow Our Own – 219 new recruits and 138 external trained

Expanded Apprenticeship programs to provide opportunities for new to industry trade transfers and upskilling

New to industry programme launched for Australian Defence Force veterans

Partnering with Indonesian training teams to identify opportunities to expand training and cross skill teams

## GROW OUR OWN

# Trusted. Diversified. Experienced.

- ✓ Invest in people
- ✓ Diverse mining service provider
- ✓ Well-balanced client portfolio with future facing battery minerals
- ✓ Committed to sustainability
- ✓ Accelerate mine technology
- ✓ Robust balance sheet
- ✓ Focus on disciplined capital management
- ✓ Demonstrated track record

# Thank You

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