



HALF YEAR RESULTS

19 FEBRUARY 2016

- Market conditions remain challenging - operating environment likely to remain subdued over the near term due to ongoing pressure on commodity prices
- Continued push for cost reductions by mine owners resulting in opportunities for mining contractors
- Macmahon well placed to secure new work given new management structure and strong financial position
- 1H revenue from operations of \$174.1 million
- NPAT of \$3.3 million after significant items expense of \$2.1 million
- Cash generated from operating activities of \$11.7 million despite tough market
- Net cash at bank of \$66.7 million
- Capital expenditure remains restricted with ongoing focus on asset utilisation
- Continued focus on improved safety performance

- Key projects performing to expectations:
 - Tropicana operations continued to improve during the period
 - All other projects (with the exception of Nigerian operations) performing largely in line with expectations
- Nigerian operations underperforming:
 - Ewekoro operations due to conclude in June 2016
 - Corrective actions to be implemented at remaining Calabar operations to rectify productivity and financial performance
- Underground division impacted due to lack of available work
- Safety – LTIFR remains significantly lower than mining industry average with most of the Company's projects remaining LTI free for the reporting period
- Employee numbers decreased to 1179 at 31 December 2015 following the completion of the Olympic Dam development contract

During the period, contracts secured by Macmahon included:

- Australia:
 - An evergreen contract by Newcrest valued at ~\$62 million annually to undertake contract mining services at its Telfer operation in Western Australia
 - A 6 month 'wet-hire' contract valued at ~\$2 million per month by Goldfields for its St Ives operation in Western Australia – options for Goldfields to extend contract length
- International:
 - A \$170 million contract in Indonesia with PT Agincourt Resources to provide contract mining services at the Martabe gold mine, in the North Sumatra province
 - This contract is undertaken in a 50:50 Joint Venture with a local partner

- Net Tangible Assets of 18cps versus share price of 8.9c at 19 February 2016
- Balance sheet underpinned by quality hard assets with a book value of \$143 million (excluding cash and working capital)
- Net cash position of \$66.7 million at 31 Dec 2015
- Undrawn financing facilities available
- Limited CAPEX
- One of only a few contractors with complete surface and underground mining capability
- \$1.5 billion order book, currently pursuing tenders in Australia, Africa and Asia.
- Positive momentum in depressed market – 3 x contract wins this FY
- Announced 10/12 share buy-back in October 2015
- Experienced management team in place
- Strong safety record / credentials



FINANCIAL RESULTS

\$ m	Dec-15	Dec-14
Total revenue from operations	174.1	384.9
EBITDA (from continuing operations) ¹	23.2	55.9
EBIT (from continuing operations) ²	8.2	21.0
Finance costs	(2.4)	(7.5)
Tax expense	(0.5)	(3.8)
Net profit after tax from continuing operations	5.3	9.7
Profit from discontinued operations (net of tax)	0.1	1.6
Significant items: impairment, inventory write down & onerous lease (net of tax)	(2.1)	(123.8)
Profit / (loss) for the period	3.3	(112.5)

Non – IFRS Financial Information:

1. EBITDA is earnings before interest, tax, depreciation, amortisation, asset write-downs and onerous lease provision

2. EBIT is earnings, before interest, tax, asset write-downs and onerous lease provision

\$ m	Dec-15	Dec-14
EBITDA (consolidated)	23.3	58.5
Net interest (paid)	(1.0)	(5.4)
Income taxes (paid) / received	(2.4)	14.0
Working capital, provisions and non-cash items	(11.5)	(39.9)
Net cash from / (used in) operating activities	8.4	27.2
Proceeds from sale of assets	8.6	2.8
Capital expenditure and JV investment	(13.8)	(10.3)
Net cash flows from investing activities	(5.2)	(7.5)
Net cash flows from financing activities	(171.1)	(6.3)
Net increase / (decrease in cash)	(167.9)	13.4
Effect of exchange rate changes	(0.3)	1.9
Opening cash balance	236.9	109.4
Cash on hand	68.7	124.7

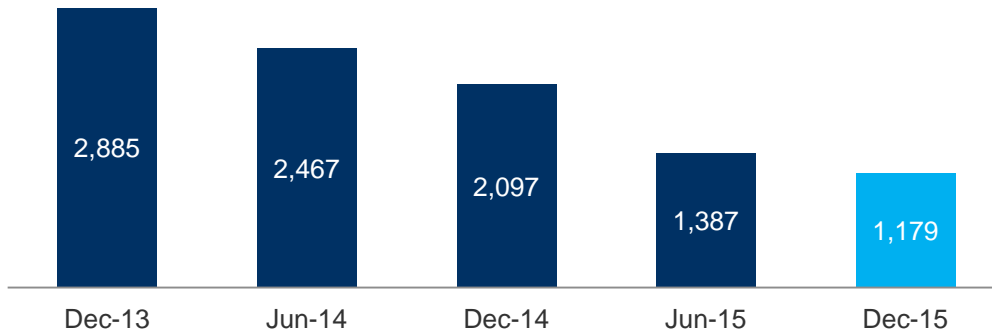
Note: Columns may not add due to rounding

\$ m	Dec-15	Jun-15
Current assets	178.0	382.6
Non-current assets	136.9	141.7
Total assets	314.9	524.3
Current liabilities	90.9	301.3
Non-current liabilities	0.9	1.2
Total liabilities	91.8	302.5
Net assets	223.1	221.8
Total equity	223.1	221.8
Net cash	66.7	74.2
Gearing (Net cash: Equity)	(29.9%)	(33.5%)

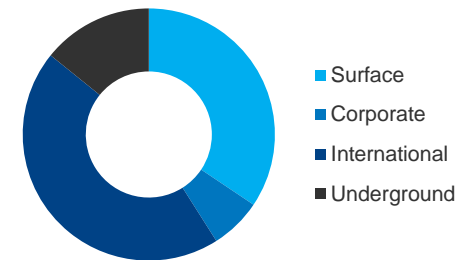
- External debt limited to finance leases
- Capital management – 10/12 share buy back commenced in October

PEOPLE AND SAFETY

Group Employee Numbers

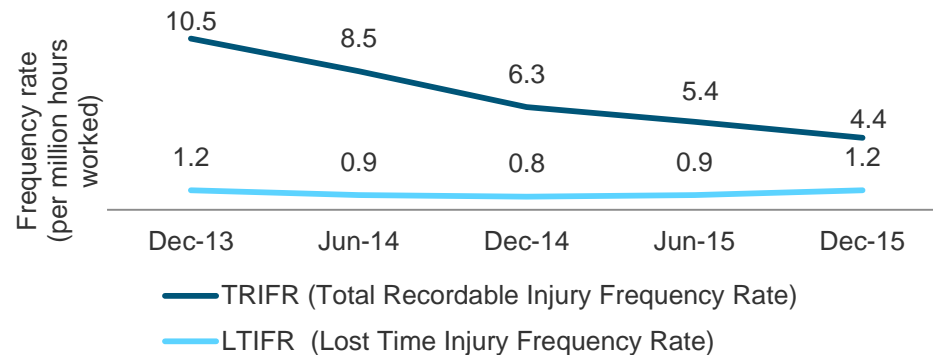


Employees by division



Key achievements:

- Finalisation of new organisational structure
- Preparation and implementation of recruitment, mobilisation, induction and training of personnel across new projects
- Ongoing focus on learning and development - Cert III in Surface Mining Extraction offered to 50 trainees at Tropicana
- Continued support for 41 apprentices to complete their training programs



- No LTI's since September
- Majority of projects LTI free for the period

Key safety initiatives during the period:

- Focus on improving the quality of visible felt leadership
- Strengthening of company-wide risk controls
- Internal audits of projects and functional areas undertaken to improve compliance with company standards and the quality of internal processes
- Introduction of new system (Injury Connect) resulting in a reduction in costs associated with injury management



STRATEGY AND OUTLOOK

- Challenging market conditions are expected to remain for the near to medium term
- Bulk commodities still under pressure due to China growth concerns
- Gold price is improving, but is still volatile – Tropicana amongst the lower cost producers / operations
- Falling \$A is assisting Australian mining companies but not able to offset decline in commodities
- Ongoing focus on cost reduction and productivity improvements
- FY16 revenue expected to be between \$330 - \$360 million
- 2H result expected to be impacted by project start-up costs and conclusion of Olympic Dam development, cablebolting and shotcreting contracts

Macmahon is focused on delivering sustainable profits and returning value to shareholders by:

- Successfully commencing all new projects
- Maintaining a low cost base, restricting CAPEX and pursuing ongoing productivity improvements
- Streamlining operating systems and processes
- Improving safety performance across all operations
- Maintaining current contracts by meeting clients needs and expectations
- Improving work winning ratio by focusing on early client engagement, selective tendering and leveraging existing operations and experience
- Growing presence in established overseas markets

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All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

Non- IFRS Financial Information

This presentation uses non-IFRS financial information including EBITDA, EBIT, GROUP EBITDA and Group 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 Ltd or its subsidiaries.

Thank you



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