

31 July 2015

## **Macmahon utilises cash surplus to repay bank debt**

- **Net cash in excess of \$50 million at year end**
- **Banking review complete – current syndicated facility no longer required**
- **New projects likely to be funded using cash reserves and equipment finance**
- **\$30 million multi option facility ‘buffer’ being negotiated with a major Australian bank – term sheet agreed**
- **Current tendering pipeline of ~\$2 billion**

Macmahon Holdings Limited (ASX:MAH) today announced that given its strong cash reserves, it would be retiring its existing bank debt. The decision follows the sale of the Company’s Mongolian subsidiary for approximately \$80 million (AUD). The repayment will conclude the Company’s banking review which commenced in February 2015.

Macmahon Chief Executive Officer, Sybrandt van Dyk said Macmahon’s strong cash balance of approximately \$230 million at 30 June 2015 had enabled the Company to reassess its existing financing arrangements and pursue alternative funding solutions.

“We are in a very strong financial position right now, with net cash at the end of the 2015 financial year in excess of \$50 million (after deducting debt and other financial commitments),” Mr van Dyk said.

“Given the size of our business, this is more than enough cash to fund our existing operational requirements.”

Mr van Dyk said closing down the syndicated facility would reduce Macmahon’s financing costs considerably. He added that the Company would seek to utilise asset-backed financing for new growth projects as they are awarded.

“The market has shifted to a point where equipment financing has become more readily available and accessible than it has been previously. Given this shift, we intend to fund future projects using a mix of cash reserves and equipment finance,” Mr van Dyk said.

Moving forward, the Company’s existing bank guarantees will be cash backed. Advanced negotiations are also currently underway with a major Australian bank to establish a \$30 million multi option facility.

Mr van Dyk said the establishment of a new multi option facility was a prudent measure and would provide Macmahon with greater financial flexibility to capitalise on future work opportunities. He added that the Company had been shortlisted for a number for tenders currently under consideration.

“In total we are tendering for more than \$2 billion worth of projects both in Australia and overseas at present, and I am hopeful that given our significantly lower operating costs, we will be successful in securing some of this work in the near future,” he said.

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For further information, please contact:

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### **About Macmahon**

*Macmahon is a leading Australian company providing the complete package of mining services to clients throughout Australia and in New Zealand, South East Asia and Africa.*

*An ASX listed company, Macmahon's diverse and comprehensive capabilities provide an end to end service offering to its mining and engineering clients.*

*Macmahon's extensive experience in both surface and underground mining has established the Company as the contractor of choice for resources projects across a range of locations and commodity sectors.*

*With an international footprint, Macmahon's reputation for outstanding teamwork, integrity and commitment to the environment is underpinned by the Company's core value – safety.*

Visit [www.macmahon.com.au](http://www.macmahon.com.au) for more information.