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Macmahon settles CSA dispute – bolsters restructure program

Macmahon Holdings Ltd (ASX:MAH) today advises that it has reached a settlement with Cobar Management Pty Ltd, over the termination of its shaft sinking contract at the CSA Mine in New South Wales in 2013.

Under the terms of the settlement, Cobar Management Pty Ltd has agreed to pay Macmahon \$19 million. This includes a payment for project related assets currently held by Macmahon valued at \$3 million. Accordingly, Macmahon will recognise a profit of approximately \$16 million from this settlement in the current financial year.

Executive Chairman, Jim Walker, said the settlement represented a great outcome for the business adding that the \$19 million cash inflow would be used to repay debt.

“We have been working hard to sell surplus assets with a view to reducing over time the amount drawn under our syndicated banking facility,” Mr Walker said.

“This settlement will provide a significant boost to our financial restructuring program and will help us to further reshape our organisation to become more resilient and sustainable against the backdrop of a challenging market.

Mr Walker said a broad ranging independent review of Macmahon’s cost structure had recently been completed, identifying a number of specific cost reduction initiatives.

“We have moved quickly to implement these initiatives and as a result we expect to see a step reduction in our overhead cost base from \$83.7m in FY14 to c\$46.0m in FY16 and beyond,” Mr Walker said.

“We are continuing to look at every aspect of the way we operate in an effort to further improve our productivity and reduce costs, which is essential given the state of the market,” he said.

Mr Walker said revenue for the 2015 financial year is expected to be in the range guidance of \$600 – \$700 million.

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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.

ASX Release



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 for more information.