HALF YEAR RESULTS 2015

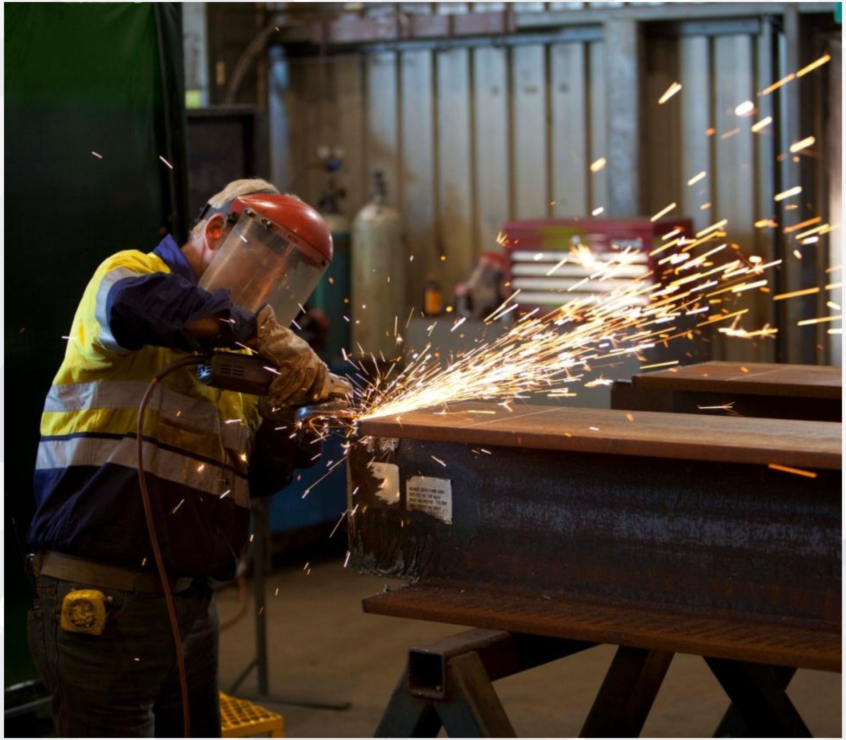
26 February 2015

MACMAHON

2015 HY Result Overview

Earnings	• Underlying net profit after tax $11.3 million, down 42% • Underlying earnings before interest and tax $23.3 million, down 38%
Revenue	• Revenue of $384.3 million, down 30%
Cash Flow	• Operating cash flow of $27.2 million
Balance Sheet	• Balance sheet underpinned by hard assets with a book value of $333.9 million and cash of $124.0 million
Safety	• Significantly improved safety performance. TRIFR improved 40% in 12 months

Cost Management



- Independent cost review commissioned
- Organisational restructure underway - targeting reduced overhead and operating costs (~$25 million)
- Consolidation of major facilities and offices
- Business improvement program delivered savings of $8 million – further opportunities
- Ongoing focus on lifting productivity and creating greater efficiency
- Commitment to further streamlining systems and processes

Investment Case

- Net Tangible Assets of 26 cents per share
- Quality assets ~$200M+ of premium equipment less than 3 years old
- Balance sheet underpinned by hard assets with a book value of $333.9 million and cash of $124 million
- Limited CAPEX resulting in stronger cash flow
- Successful resolution of Mongolia discussions represents material upside potential
- One of only a few contractors with full surface and underground mining capability
- $1.3 billion mining order book
- Significant cost reduction program underway
- Experienced management team
- Strong safety record / credentials

Current factors impacting valuation

Key issue	Macmahon response
▪ Loss of Christmas Creek contract	Aggressive cost reduction program and organisational restructure – ensuring profitability from lower revenue
▪ Mongolian contract	Negotiations are continuing – successful outcome represents potential material cash upside
▪ Concentration of order book	Revised selective tendering strategy implemented – focus on diversifying client base and increasing number of clients
▪ Inconsistent performance	New management team, revised mining strategy, greater focus on cost management
▪ Work winning	Bolstered BD capability – both in Australia and internationally, revised opportunity pipeline is robust

OPERATIONS

Surface Mining

- Commodity price volatility resulting in ongoing pressure for customers
- Strong focus on improving performance at existing projects through productivity and efficiency gains
- Major projects - Tropicana Gold Mine in WA and the Waihi Gold Mine in NZ
- Works successfully completed at Eaglefield Mine in QLD due to end of mine life
- Christmas Creek Mine Expansion in WA scheduled to conclude end of April 2015

Underground Mining

- Operations at Olympic Dam Mine in SA performing well
- RBR900VF raisedrill “Big Rig” successfully deployed. First shaft (RB40) completed ahead of schedule with a depth of 730 metres
- Exploration decline at Ranger 3 Deeps in NT successfully completed. Awaiting announcement of next phase of works
- Mining Services continues to operate at a number of projects supporting main contracts and stand alone work across a range of customers

International

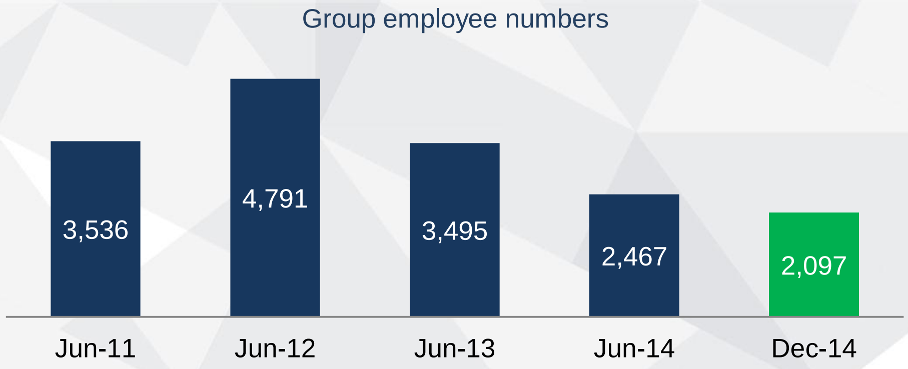
- South East Asia operations continuing to deliver in line with expectations
- Macmahon selected as preferred contractor for a five year extension at Kanthan in Malaysia
- Increased focus on productivity at Calabar and Ewekoro in Nigeria – limited new equipment deployed
- Additional BD resources employed in Ghana to help grow presence in Africa

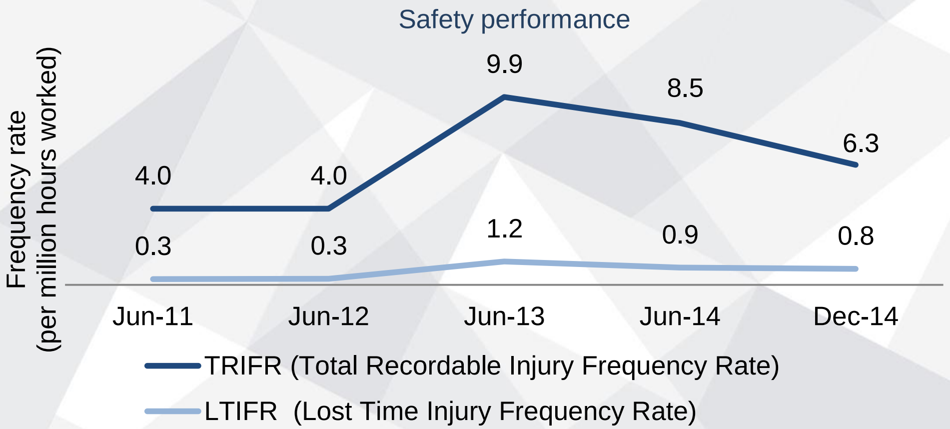
Mongolia Update

- Operations suspended in August 2014 following ongoing payment dispute for work completed
- Standstill agreement in place protecting the rights of Macmahon and the client
- Negotiations with the client regarding the dispute are continuing
- Macmahon currently pursuing sale options

People and Safety

- Employee numbers decreased following completion of Eaglefield and Ranger projects and reduction in overheads
- Leadership development remains a key focus
- Significant improvement in safety performance across the business
- Safety initiatives introduced to complement SAO program
- Enhanced Safety Management System implemented





FINANCIALS

Financial Performance

$ millions	Dec-14	Dec-13
Total revenue (including joint ventures) from continuing operations	**384.9**	**550.1**
EBITDA from continuing operations before significant items	55.9	89.4
EBIT from continuing operations before significant items	**21.0**	**37.1**
Interest	(7.5)	(8.7)
Tax expense	(3.7)	(10.9)
Profit after tax from continuing operations before significant items	**9.7**	**17.5**
Profit after tax from discontinued operations	1.6	1.8
Significant items: impairment, inventory write down & onerous lease (net of tax)	(123.8)	-
(Loss) / Profit for the period attributable to equity holders of the Company	**(112.5)**	**19.4**

Note: Numbers in the table may not add due to rounding

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Summary of Earnings

$ millions	Dec-14
Statutory EBIT from continuing operations	**(109.3)**
Add back significant items:	
- Impairment of PPE	90.4
- Goodwill	18.3
- Inventory (majority tyres)	15.7
- Onerous lease provision (including leasehold provisions)	5.8
EBIT from continuing operations before significant items	**21.0**

Note: Numbers in the table may not add due to rounding

Operating Cash Flow

$ millions	Dec-14	Dec-13
EBITDA from continuing operations before significant items	55.9	89.4
EBITDA from discontinued operations before significant items	2.2	0.5
Net interest paid	(5.4)	(8.2)
Income taxes received / (paid)	14.0	(3.9)
Working capital and provisions	(39.5)	(91.4)
Operating cash flow	**27.2**	**(13.6)**

Note: Numbers in the table may not add due to rounding

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Cash Flow

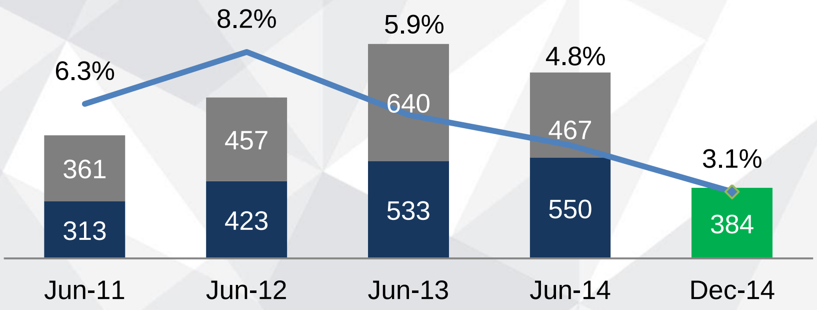
$ millions	Dec-14	Dec-13
Cash flow from operating activities	**27.2**	**(13.6)**
Proceeds from sale of assets	2.8	28.8
Capital expenditure	(10.3)	(59.3)
Cash flow used in investing activities	**(7.5)**	**(30.5)**
Cash flow used in financing activities	**(6.3)**	**(2.5)**
Net increase / (decrease) in cash	13.4	(46.6)
Effect of exchange rate changes	1.9	(0.9)
Cash on hand	**124.7**	**105.9**

Note: Numbers in the table may not add due to rounding

Mining Performance

$ millions	Dec-14	Dec-13
Segment revenue	384.3	550.1
Profit before tax before significant items	12.1	33.5
Profit before tax margin	3.1%	6.1%
Order book	1,325	2,826
Capex	10.2	59.3

Revenue ($ million) and PBT margin



- Mining revenue of $384.3 million, down 30% on pcp mainly due to project completions and limited new work opportunities
- Profit before tax of $12.1 million, margin of 3.1%
- Profit impacted by the completion of high margin projects and operating issues at Tropicana
- Order book of $1.3 billion[1]
- Capital expenditure reduced by 83% to $10.2 million

1. The mining order book as at 31 December 2014 excludes Tavan Tolgoi (Mongolia) and the Christmas Creek project.

Discontinued Operations

$ millions	Dec-14	Dec-13
Segment revenue	4.2	24.8
Profit before tax	2.2	0.5
Profit after tax	1.6	1.8
Order book	-	0.5

- Profit before tax of $2.2 million predominantly due to settlement of Trangie Nevertire Irrigation Project dispute

Balance Sheet and Gearing

$ millions	Dec-14	Jun-14
Total assets	660.7	823.7
Total shareholders' equity	332.3	432.2
Gross debt	161.2	165.3
Cash	124.7	109.4
Net debt	36.4	55.9
Gearing	11.3%	12.9%

Note: Numbers in the table may not add due to rounding

- Christmas Creek termination has triggered a review event under Syndicated Facility Agreement – Company discussing implications with lenders; robust cash position provides buffer for negotiations

STRATEGY AND OUTLOOK

Strategy

- Ensure business is structured to be competitive in key markets and profitable despite lower revenue
- Focus on ensuring performance is maximised on existing contracts
- Target key markets and sectors where we have a competitive advantage
- De-risk business by diversifying client base
- Investigate alternative growth options – joint ventures, acquisitions, mine equity options

Outlook

- Current market conditions are challenging
- Commodity price volatility expected to continue
- Greater emphasis on value adding solutions
- Shift from investment to production phase resulting in a cost focused environment
- Possible market consolidation

SUMMARY

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Summary

- Macmahon is adapting to challenging conditions
- Significant effort on cost management
- Ongoing focus on existing workload
- Balance sheet underpinned by hard assets and substantial cash
- Quality assets and people
- Continuing to drive greater safety performance

Disclaimer and Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the business. While Macmahon considers the assumptions on which these statements are based to be reasonable, whether circumstances actually occur in accordance with these statements may be affected by a variety of factors.

These include, but are not limited to, levels of actual demand, currency fluctuations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. These could cause actual trends or results to differ from the forward looking statements in this presentation.

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

References to “Macmahon”, “the Company”, “the Group” or “the Macmahon Group” may be references to Macmahon Holdings Ltd or its subsidiaries.

Disclaimer and Important Notice

These interim financial statements have been prepared on the going concern basis.

At 31 December, the Group had drawn $159.0 million in equipment finance facility and $8.9 million of outstanding bank guarantees against its total approved syndicated debt facility of $317.5 million. In addition the Group held cash of $124.7 million at that date. A risk for the Company is the concentration of its mining services order book whereby a significant portion of annual revenue is generated by a limited number of contracts.

On 20 February, the Company announced the early termination of its mining services contract at the Christmas Creek Expansion Project. Revenue from this contract for the six month period ended 31 December was $137.5 million. Under the terms of Macmahon's Syndicated Facility Agreement (SFA), this results in a Review Event. During the Review Event, the Company and the SFA Lenders have 90 days to discuss the impact the reduction in revenue will have on the Company and, if required, negotiate in good faith any amendments to the current SFA terms.

At the completion of the review period each syndicate lender has the option, if they choose, to withdraw from the facility. If this occurs, the lenders portion of the drawn debt will be required to be repaid within 60 days from the date the review period ends.

At 31 December, the Group has net current assets of $154.8 million and net assets of $322.3 million. Included in net assets is plant and equipment of $332.0 million, of which $97.7 million is recognised at its estimated fair value (refer Note 6). The Group has initiated a restructuring review with the aim of significantly reducing the cost base of the business consistent with its reduced revenue outlook in the near term.

The Directors have given consideration to scenarios where this Review Event leads to a repayment of drawn facility to the Group. In considering future scenarios the Directors have forecast that, by the end of the Lender's review period (90 days), the Group will continue to require a reduced facility to allow appropriate levels of liquidity in working capital for its anticipated operations.

The Directors are confident of the ability for the Group to continue as a going concern because in their opinion sufficient funding options are available in order to meet any potential facility repayment, including using existing cash reserves, selling assets and entering sufficient, alternative debt funding arrangements with existing or new lenders. In the event that sufficient debt facility is not agreed, then the Group may be required to pursue sales of surplus assets in a timeframe which might result in the realisation of values at amounts below their carrying values.

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