

27 February 2017

## Results for the six months ended 31 December 2016<sup>1</sup>

### Overview:

- **Financial performance anticipated to improve following rebound in commodity markets which is driving increased activity for the mining services sector**
- **1H17 revenue of \$168.3 million**
- **1H17 EBITDA of \$10.4 million**
- **1H17 EBIT of (\$4.5) million**
- **1H17 net loss after tax of \$5.0 million from continuing operations**
- **FY17 EBIT guidance of (\$3.0) million - breakeven<sup>2</sup>**
- **FY18 EBIT guidance of \$30 million to \$35 million.<sup>2</sup>**
- **Net cash at 31 December 2016 of \$49.8 million**
- **Order book at 31 December 2016 of \$1,295 million**
- **Tender pipeline at 31 December 2016 of \$6.4 billion**

Note: Figures quoted relate to continuing operations.

Macmahon Holdings Limited (ASX:MAH) today released its half year results to 31 December 2016.

Revenue for the half year was \$168.3 million, resulting in a net loss after tax from continuing operations of \$5.0 million. Revenue for the full year is expected to be in the range of \$350 - \$370 million, with FY2017 EBIT from continuing operations anticipated to be at or close to breakeven.

Chief Executive Officer, Michael Finnegan, said the Company had now largely resolved its outstanding legacy project issues and was anticipating a significant turnaround in financial performance over the next 18 months.

“Over the past several months, we have been steadily implementing a number of initiatives to lay the foundations for future success, including cost reductions, measures to turnaround performance at Telfer and the termination of operations in Nigeria,” Mr Finnegan said.

“In regards to our existing order book, Macmahon's revenue from the Tropicana project is expected to increase by approximately 25% in the 2017 calendar year, and may increase further from July 2018 if Tropicana's Long Island expansion proceeds.

“Macmahon's second largest contract, the Telfer project, is expected to start generating monthly profits for Macmahon during the latter part of the 2017 calendar year following the implementation

<sup>1</sup> Financial metrics quoted are in Australian dollars and relate to continuing operations.

<sup>2</sup> Refer to Macmahon's Target's Statement released on the ASX on 27 February 2017. The bases, assumptions and sensitivities relevant to the earnings guidance are set out in section 6.4 of the Target's Statement. You should also read the risk factors set out in section 8.2 of the Target's Statement.

of a number of turnaround initiatives. This is anticipated to make a significant impact on our overall financial performance.”

Commenting on future opportunities, Mr Finnegan said the Company had a number of significantly improved prospects from its tender pipeline.

“We are currently pursuing \$6.4 billion of potential new contracts in aggregate across 18 opportunities. Importantly, a number of these opportunities are now at the stage where Macmahon is among the shortlisted bidders”, Mr Finnegan said.

“These opportunities reflect the improving market for commodities and the mining services sector more generally and I am confident that we will be successful in securing some of this work in the near future.”

Mr Finnegan also highlighted the recent memorandum of understanding ("MOU") formed with Indonesian company PT Amman Mineral Nusa Tenggara ("AMNT") which operates the substantial Batu Hijau copper and gold mine in Indonesia. Details of that MOU were announced to the ASX on 13 February 2017.

“This agreement has the potential to transform Macmahon’s order book should AMNT decide to move to a contractor model,” Mr Finnegan said.

“We are very excited at the prospects that this MOU may bring to the Company, and look forward to working closely with AMNT as we assess ways to further develop this incredible resource,” Mr Finnegan said.

For further information, please contact:

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## **About Macmahon**

*Macmahon is a leading Australian company offering the complete package of mining services to miners 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.

## DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, Macmahon Holdings Limited's ACN 007 634 406 (**Macmahon**) assumptions, expectations, estimates, objectives, plans and intentions.

Forward looking statements are subject to inherent risks and uncertainties. Although Macmahon believes that the expectations reflected in any forward looking statement included in this announcement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the ASX Listing Rules, Macmahon does not undertake to update or revise these forward looking statements, nor any other statements whether written or oral, that may be made from time to time by or on behalf of Macmahon, whether as a result of new information, future events or otherwise.

None of Macmahon (nor any of its officers and employees), or any other person named in this announcement, or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this announcement reflect views held only as at the date of this announcement.

The directors of Macmahon consider that they have used reasonable care in preparing forward looking financial information (**Guidance**) in this announcement. However, the Guidance is not fact, rather it is predictive in character and there are margins of uncertainty surrounding any assumptions about future conditions and anticipated performance. The Guidance may differ materially from results ultimately achieved. You are cautioned not to place undue reliance on the Guidance. Forward looking information is by its very nature subject to uncertainties and can be affected by unexpected events, many of which are outside the control of Macmahon's directors. Any variation to the assumptions on which the Guidance has been prepared could be materially positive or negative to actual financial performance. Therefore Macmahon's directors cannot guarantee the achievement of the Guidance.

The Guidance should not be regarded as a representation or warranty with respect to its accuracy or the accuracy of the best estimate assumptions or that Macmahon will achieve, or is likely to achieve, the particular results. You are encouraged to read Macmahon's Target's Statement dated 27 February 2017 (which responds to CIMIC's unsolicited off-market takeover offer to acquire the shares in Macmahon which it does not own) and, in particular, the material best estimate assumptions and sensitivities in section 6.4(f) of the Target's Statement. You should also read the risk factors set out in section 8.2 of the Target's Statement.

The Guidance also takes no account of the adviser and other third party costs incurred to date and to be incurred by Macmahon in responding to CIMIC's offer, on the basis that they are non-recurring and therefore not reflective of the underlying performance of Macmahon. The expected reported statutory results for Macmahon in FY2017 will include costs associated with responding to CIMIC's offer and are estimated to be approximately \$2.5 million to \$3.0 million.

This announcement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain financial advice.

### Non- IFRS Financial Information

This announcement uses non-IFRS financial information (including EBIT) which is 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 Limited or its subsidiaries.