

3 March 2017

## REJECT THE INADEQUATE AND OPPORTUNISTIC CIMIC OFFER BY TAKING NO ACTION

- **CIMIC has declared that its Offer will not be extended and the Offer price will not be increased<sup>1,2</sup>**
- **CIMIC has said that it will not increase its Offer price<sup>2</sup>, despite the Independent Expert concluding that its Offer is neither fair nor reasonable<sup>3</sup>**
- **CIMIC's Offer is at a material discount to the Independent Expert's valuation and Macmahon's current trading price<sup>4</sup>**
- **Macmahon Directors believe that the AMNT Proposed Transaction has the potential to be transformational and to deliver substantial benefits to Macmahon shareholders**

Macmahon Holdings Limited ACN 007 634 406 (**Macmahon**, ASX:MAH) refers to the unconditional takeover Offer by a subsidiary of CIMIC Group Limited (**CIMIC Offer**). Macmahon has been actively seeking opportunities in Indonesia and has formed a relationship with PT Amman Mineral Nusa Tenggara (**AMNT**) over the past year. As announced in Macmahon's First Supplementary Target's Statement on 1 March 2017, Macmahon believes that the Heads of Agreement with AMNT (**AMNT Proposed Transaction, HOA**) has the potential to deliver a number of benefits to Macmahon shareholders.

### AMNT Proposed Transaction

- ✓ AMNT Proposed Transaction aimed at increasing the scale, operational diversity, revenue and order book, profitability and growth prospects of Macmahon
- ✓ Key commercial terms have been negotiated in the AMNT HOA
- ✓ AMNT proposing to subscribe for new Macmahon shares at value equivalent to \$0.203 per share, which represents a 40% premium to CIMIC's Offer price
- ✓ Sale assets proposed to be acquired based on independent valuation
- ✓ Proposed mining contract with AMNT will be designed as an alliance style contract with mechanisms to limit downside risk
- ✓ HOA contemplates that parties will work together to pursue further opportunities beyond Batu Hijau
- ✓ Macmahon's shareholders will have the opportunity to vote on the AMNT Proposed Transaction

### CIMIC's Offer

- ✗ Inadequate and opportunistic and does not reflect the improved outlook for Macmahon
- ✗ Independent Expert has determined that the CIMIC Offer is neither fair nor reasonable<sup>3</sup>
- ✗ CIMIC's Offer is at a material discount to the Independent Expert's valuation and Macmahon's share price<sup>4</sup>
- ✗ Despite this, CIMIC has refused to increase its Offer price to bridge this material value gap<sup>2</sup>
- ✗ CIMIC's opportunistic Offer has no momentum – 75% of recent on-market trading in Macmahon shares has been above CIMIC's Offer price<sup>5</sup>
- ✗ CIMIC has repeatedly criticised Macmahon's performance,<sup>6</sup> directly contradicting its desire to own Macmahon
- ✗ Accepting the CIMIC Offer will not allow shareholders to participate in the possible significant benefits which the AMNT Proposed Transaction is designed to deliver

<sup>1</sup> If, within the last 7 days of the Offer Period, CIMIC Group Investments Pty Limited's voting power in Macmahon increases to more than 50%, the Offer Period is automatically extended under section 624(2) of the Corporations Act so that it ends 14 days after that event.

<sup>2</sup> As per CIMIC's Sixth Supplementary Bidder's Statement dated 2 March 2017.

<sup>3</sup> Refer to Annexure B in the Macmahon Target's Statement dated 27 February 2017.

<sup>4</sup> CIMIC's Offer represents a 23.7% discount to the mid-point of the Independent Expert's valuation range contained in the Macmahon Target's Statement dated 27 February 2017 and a 9.4% discount to Macmahon's last closing price on ASX as at 2 March 2017. Trading data sourced from IRESS without consent.

<sup>5</sup> Since 24 January 2017, being the date that CIMIC first announced its intention to make the Offer for Macmahon. Data sourced from IRESS without consent. Data encompasses all trades from and inclusive of 24 January 2017 to market close on 2 March 2017.

<sup>6</sup> As provided in CIMIC's Third and Fourth Supplementary Bidder's Statements, respectively dated 17 February and 1 March 2017.

This announcement is intended to be summary in nature and Macmahon shareholders should refer to Macmahon's Target Statement dated 27 February 2017 (for example, the risk factors in section 8.2) and Macmahon's First Supplementary Target's Statement dated 1 March 2017 (the latter of which includes information regarding the AMNT Proposed Transaction) ahead of making any investment decision.

Macmahon shareholders can call the Macmahon Shareholder information line: 1300 449 257 (within Australia) or +61 2 8022 7948 (from outside Australia) with any questions in relation to the Offer from CIMIC or AMNT Proposed Transaction.

## ENDS

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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.

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