

23 FEBRUARY 2018

A wide-angle photograph of an oil drilling rig in a desert landscape at sunset. The sun is a large, bright yellow-orange orb on the right side of the horizon, casting a long, soft glow across the sky and the ground. The rig is silhouetted against the bright sky on the left side of the frame. The foreground is a flat, dusty plain with some faint tracks.

# HALF YEAR RESULTS FEBRUARY 2018

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# OVERVIEW

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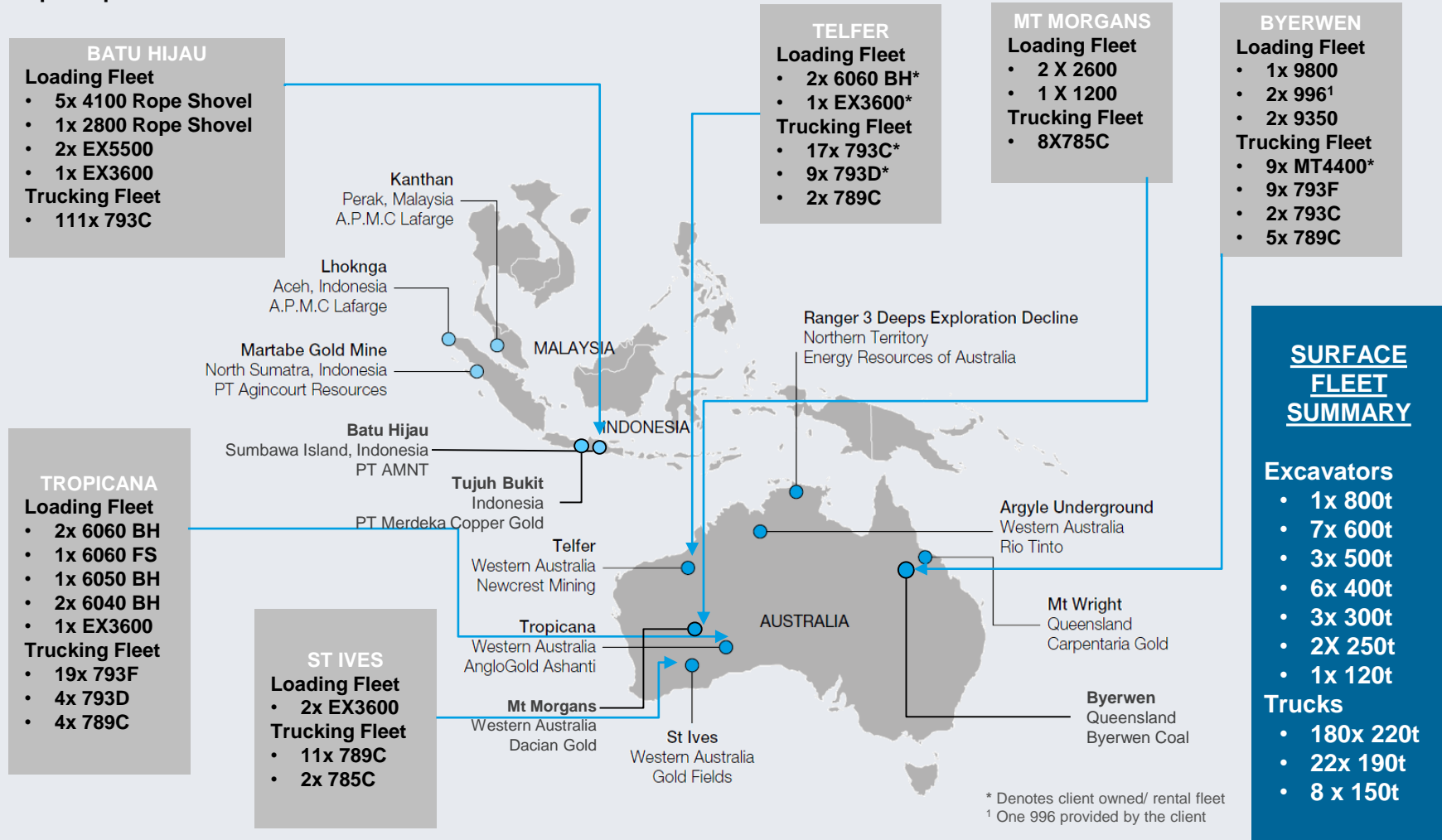
- Positive 1H financial performance
- 1H17 revenue from operations of \$270.0 million - up from \$168.3 million in the pcp
- EBIT of \$9.9 million
- NPAT of \$8.2 million
- FY18 EBIT guidance of \$40 million to \$50 million.
- Cash at bank of \$70.2 million
- Net cash of \$27.9 million
- Continually improving market conditions with healthy pipeline of opportunities
- Ongoing focus on safety performance



# MAP OF OPERATIONS INC. MAJOR FLEET



## Map of Operations



# INVESTMENT CASE



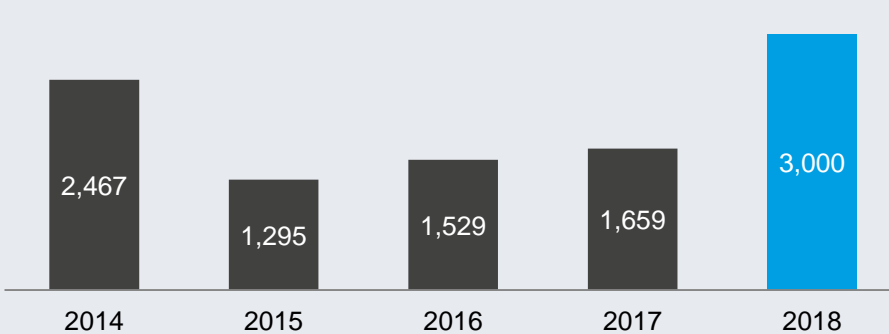
<b>FULL SERVICE MINING CONTRACTOR</b>	<ul style="list-style-type: none"><li>• Diversified mining contractor offering open-pit and underground mining services</li><li>• Strong existing relationships with major mining companies</li></ul>
<b>LEVERAGED TO RESOURCES RECOVERY</b>	<ul style="list-style-type: none"><li>• Mining services sector activity continuing to improve due to:<ul style="list-style-type: none"><li>– Return to investment by mining companies</li><li>– Increased availability of financing</li></ul></li></ul>
<b>STRONGER FINANCIAL POSITION</b>	<ul style="list-style-type: none"><li>• Improved financial performance in FY18 driven largely by Telfer turnaround and the commencement of Batu Hijau, Byerwen, Tujuh Bukit and Mt Morgans projects</li><li>• Successful completion (Aug 17) of transformational transaction with AMNT providing scale and stability to the business</li></ul>
<b>STRONG BALANCE SHEET</b>	<ul style="list-style-type: none"><li>• Cash balance of \$70.2 million at year end, provides flexibility to pursue growth options</li><li>• Net Tangible Assets (“NTA”) per share of \$0.17 per share</li></ul>
<b>FOCUSED STRATEGY</b>	<ul style="list-style-type: none"><li>• Core focus is on:<ul style="list-style-type: none"><li>– Executing current base load of work well</li><li>– Selectively pursuing new work</li><li>– Developing mine civil earthworks infrastructure capability</li><li>– Growing underground business</li></ul></li></ul>
<b>EXPERIENCED MANAGEMENT TEAM</b>	<ul style="list-style-type: none"><li>• Strong management team in place with significant Tier 1 contracting backgrounds</li><li>• Ongoing commitment to operational discipline, cost management and corporate governance</li></ul>

# OVERVIEW OF KEY CONTRACTS

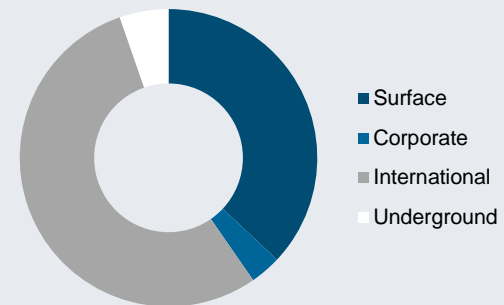


Project / Client	Location	Commodity / Type	Comments
<b>Tropicana</b> AngloGold Ashanti / Independence Group	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>Alliance model has resulted in reduction in unit cost by roughly 37% from 2015 levels</li> <li>Phase 1 of Long Island mining strategy approved by the project's JV partners in Dec 17, further extending mine life</li> </ul>
<b>Telfer</b> Newcrest	WA Australia	Copper-gold Open-pit	<ul style="list-style-type: none"> <li>Progressively moving into more profitable dig areas</li> <li>On track to report a break even result for FY18</li> </ul>
<b>St Ives</b> Goldfields	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>Contract performing well</li> </ul>
<b>Martabe</b> PT Agincourt Resources	North Sumatra, Indonesia	Gold Open-pit	<ul style="list-style-type: none"> <li>Joint venture continues to perform well</li> <li>Project exceeding diversity and community targets</li> </ul>
<b>Underground</b> Various	Australia	Various Mining Services	<ul style="list-style-type: none"> <li>Mining services business continues to secure repeat, sustainable work</li> <li>NKE joint venture chosen to undertake an exploration decline at Tujuh Bukit in Indonesia.</li> </ul>
<b>Batu Hijau</b> PT AMNT	Sumbawa Island, Indonesia	Copper / Gold Open Pit	<ul style="list-style-type: none"> <li>Currently in ramp-up</li> <li>On track to transition to phase 2 (mining services) in March 2018</li> </ul>
<b>Byerwen</b> Byerwen Coal Pty Ltd	QLD Australia	Coal Open-pit	<ul style="list-style-type: none"> <li>Project performing well</li> <li>First major digging fleet has been successfully commissioned</li> <li>First dig occurred in August 2017</li> </ul>
<b>Mt Morgans</b> Dacian Gold	WA Australia	Gold Open-pit	<ul style="list-style-type: none"> <li>Ramp-up currently underway</li> <li>Positive relationship with the client</li> </ul>

Group Employee Numbers



Employees by Division



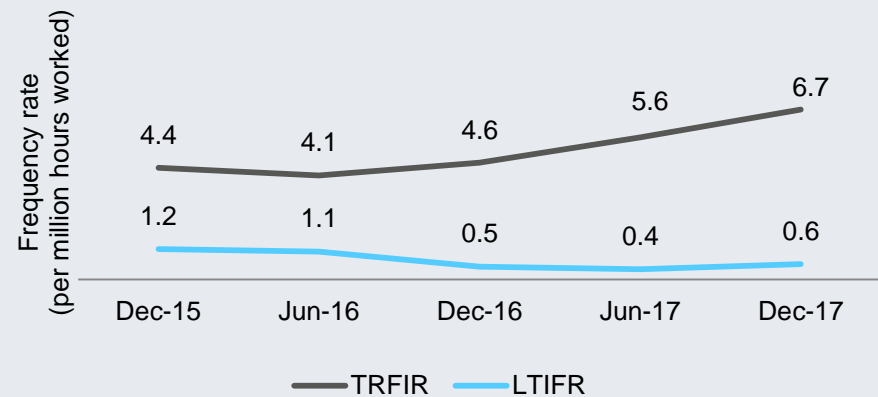
**1H18 highlights:**

- Rapid workforce establishment at Byerwen with significant interest from ex-Macmahon east coast employees to return
- Transition of Batu Hijau workforce from PT AMNT to Macmahon progressing well
- Commenced ramp up of the workforce for Tujuh Bukit and Mt Morgans
- Successful renegotiation of the Underground Enterprise Bargaining Agreement
- Significant focus on engagement strategy for business including new climate and engagement survey and targeted retention programs in various parts of the business
- Roll out of new Short-term Incentive Plan for all staff and Long Term Incentive Plan for key leaders within the business

## 1H18 highlights:

- Safe commencement of several project launches across multiple jurisdictions and commodities
- Development of two 'Green Starter' programs, involving screening and assessment centres, practical aptitude testing and site familiarisation
- Expansion of the Macmahon Registered Training Organisation Traineeship Program
- Development of Macmahon Mental Health program
- Completion of the 2018 Apprenticeship Intake Program, resulting in all candidates accepting the offer.

## Group Safety Performance





# FINANCIAL RESULTS





# INCOME STATEMENT



\$ Millions	Dec-17	Dec-16
<b>Total revenue<sup>1</sup> from continuing operations</b>	<b>270.0</b>	<b>168.3</b>
EBITDA (from continuing operations) <sup>2</sup>	46.1	10.4
EBIT (from continuing operations) <sup>3</sup>	9.9	(4.5)
Net finance costs	(0.7)	(0.1)
Tax expense	(1.0)	(0.4)
<b>Net profit / (loss) after tax from continuing operations</b>	<b>8.2</b>	<b>(5.0)</b>
Profit/ (Loss) from discontinued operations (net of tax)	0.2	(18.3)
<b>Profit/(Loss) for the year</b>	<b>8.4</b>	<b>(23.3)</b>

- Revenue increase attributable to new projects (Batu Hijau, Byerwen, Dacian) in combination with volume increases and improved performance at existing sites (Tropicana & Telfer)
- EBITDA & EBIT increase generated by improved performance on existing sites (marked improvement at Telfer) and successful ramp up of new projects
- Net finance costs include interest on finance leases entered during the period (Tropicana 6060 Excavators, Telfer 994 Loader & Byerwen 996 Excavator)
- Australian tax expense reduced due to the recognition of previously unrecognised deferred tax assets. Excluding these adjustments, the effective tax rate for the current period for continuing operations would be approximately 30%.

1. Total revenue excludes joint ventures and other income

Non – IFRS Financial Information:

2. EBITDA is earnings before interest, tax, depreciation and amortisation

3. EBIT is earnings, before interest and tax

# CASH FLOW



\$ Millions	Dec-17	Dec-16
<b>EBITDA</b>	<b>46.1</b>	<b>10.4</b>
Net interest paid	(0.7)	(0.1)
Income taxes paid	(1.0)	(0.4)
Working capital and other items	(21.6)	1.9
<b>Net cash from / (used in) operating activities</b>	<b>22.8</b>	<b>11.8</b>
Proceeds from sale of assets	0.6	9.9
Capital expenditure - cash <sup>1</sup>	(13.6)	(16.5)
<b>Net cash flows from investing activities</b>	<b>(13.1)</b>	<b>(4.8)</b>
<b>Net cash flows from financing activities</b>	<b>(2.4)</b>	<b>(1.9)</b>
Net increase / (decrease in cash)	7.3	5.2
Opening cash balance	62.9	56.7
<b>Cash on hand</b>	<b>70.2</b>	<b>59.6</b>

- Operating cash flow normalised compared to previous corresponding period (which was impacted by reduction in provisions, profit on asset sales and FX gains)
- Further positive movements due to improvements in working capital movements
- Cash capital expenditure largely relates to scheduled Tropicana fleet maintenance and the purchase of a number of key equipment items

1. Total capital expenditure for the half totalled \$232.1 million, comprising \$182.5 million for equipment acquired as part of the AMNT transaction, plant acquired under a finance lease of \$34.5 million and \$13.6 million of major componentry and additions.

# BALANCE SHEET



<b>\$ Millions</b>	<b>Dec-17</b>	<b>Jun-17</b>
Current assets	228.1	164.5
Non-current assets	329.5	130.5
<b>Total assets</b>	<b>557.6</b>	<b>295.0</b>
Current liabilities	148.6	103.0
Non-current liabilities	34.8	7.0
<b>Total liabilities</b>	<b>183.4</b>	<b>110.0</b>
Net assets	374.2	185.0
Borrowings	(42.3)	(8.8)
Net cash	27.9	54.1
<b>Gearing</b>	<b>(7.5%)</b>	<b>(29.2%)</b>

- Cash on hand of \$70.2 million
- Finance Leases totalling \$42.3 million for plant and equipment located in Australia
- Off balance sheet operating leases of \$31.1 million for plant and equipment located in Australia (includes residual value)
- Net cash of \$27.9 million
- Balance sheet significantly strengthened following the completion of AMNT transaction



# OUTLOOK

# OUTLOOK

- Market conditions are continuing to improve but competitive pressures still persist
- Ongoing focus on project execution
- Increased investment in technology and innovation
- Push into resource related civil construction through TMM acquisition<sup>1</sup>
- Strong balance sheet, backed by high quality assets
- Tropicana continues to perform well - phase 1 of Long Island mining strategy approved by the project's JV partners in Dec 17, further extending mine life
- Telfer turnaround well advanced, on track to achieve breakeven result in FY18 and expected to generate profits thereafter
- New projects (Batu Hijau, Byerwen, Tujuh Bukit and Mt Morgans) commenced well – on track to hit full run rate in FY19
- Ongoing focus on re-establishing underground project portfolio – consistent tender pipeline of underground projects
- Strong footprint in SE Asia – NKE JV working well, AMNT very supportive
- Batu Hijau and Byerwen expected to deliver significant EBIT uplift in 2H18, with full run rate to be realised in FY19
- Revenue for FY18 expected to be between \$620 – 680 million



1. Contract for purchase of TMM Group was signed on 13 February 2018



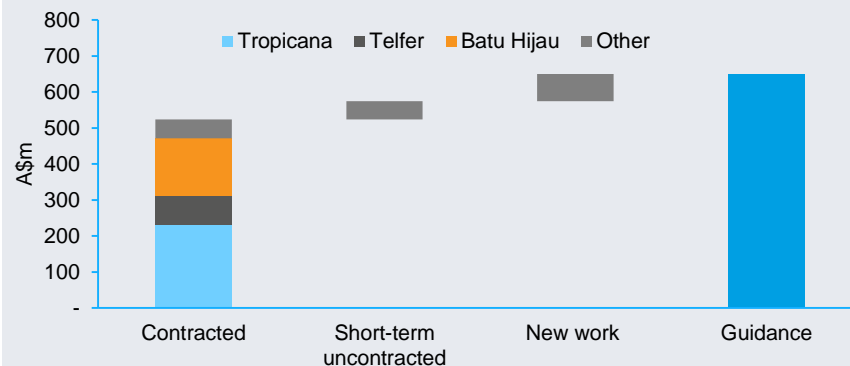
# FY2018 GUIDANCE



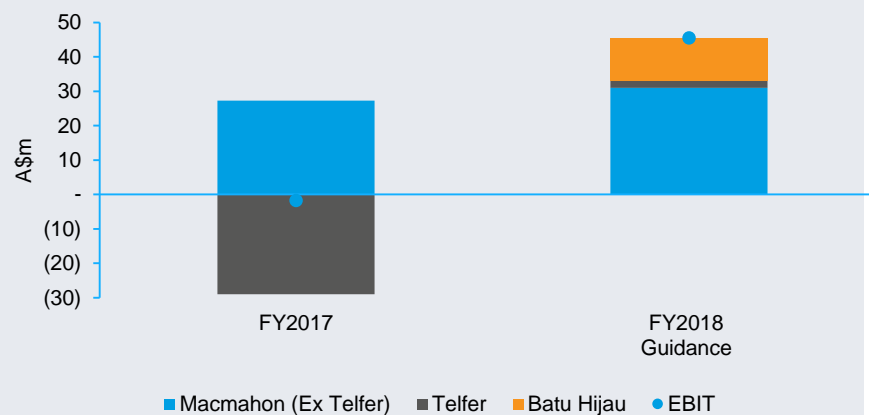
## Guidance and Assumptions

- FY2018 revenue of \$620 – 680 million
- FY2018 EBIT of \$40 – 50 million (excluding one-off costs and unrealised FX gains / losses)
- Key assumptions:
  - Macmahon commences full scope of Batu Hijau mining operations (Phase 2) in March 2018
  - First full year of Batu Hijau and Byerwen contribution will be FY2019
  - AUD:USD budgeted rate of 0.7518 throughout FY2018

## FY2018 Revenue – Key Movements



## FY2018 EBIT – Key Movements



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The background of the slide is a photograph of an oil drilling rig in a desert landscape at sunset. The sun is a large, bright yellow-orange orb on the right side of the horizon, casting a warm glow across the sky and the ground. The rig is silhouetted against the bright sky on the left side of the frame.

# HALF YEAR RESULTS FEBRUARY 2018