

24 August 2017

## Full Year Results

### Macmahon results in line with guidance – foundation set for return to profitability in FY18

- **Revenue for FY17 of \$359.6 million – up 15.2% on FY16**
- **FY17 underlying EBIT<sup>1</sup> loss of \$1.7 million, in line with guidance**
- **FY17 operating cash flow from operations of \$30.2 million vs \$9.1 million in FY16**
- **Net cash position at year-end of \$54.1 million**
- **Transformational transaction with PT AMNT (completed in August 2017)**
- **Order book approaching \$5 billion (excluding potential Tropicana expansion and Byerwen project)**
- **Strong pipeline with more than more than \$6 billion of opportunities being pursued**
- **Revenue for FY18 expected to be in the range of \$620 – \$680 million (\$550 million currently under contract)**

Macmahon Holdings Limited (ASX: MAH) today announced its full year results, reporting an underlying EBIT<sup>1</sup> loss of \$1.7 million for the year ended 30 June 2017.

Consistent with Company's forecast financial turnaround, the second half result of \$2.8 million (measured as EBIT from continuing operations and excluding takeover defence costs) was a clear improvement from the first half loss of \$4.5 million. Revenue for the year totalled \$359.6 million, an increase of 15.2% on the previous year, whilst net operating cash flow from operations was \$30.2 million, also representing a significant increase from the prior corresponding period.

Macmahon Chief Executive Officer, Mr Michael Finnegan said the result was in line with guidance provided in February 2017.

"We have worked hard this year to prepare the business to capitalise on the opportunities ahead of us. With the exception of Telfer, which remains a key focus for us, all of our current projects are performing well and in line with our tendered expectations," Mr Finnegan said.

Mr Finnegan said a major development during the year was the (now completed) transaction with Indonesian mining firm PT Amman Mineral Nusa Tenggara (AMNT).

"The AMNT Transaction will be transformational for Macmahon," Mr Finnegan said.

"It has already delivered a much improved balance sheet and order book, and will enable us to pursue further work in the region from a position of strength, with the support of our largest shareholder," he said.

The AMNT transaction comprised the award of a life-of-mine mining services contract at AMNT's Batu Hijau Mine in Indonesia worth approximately US\$2.9 billion. It also involved Macmahon

acquiring US\$145.6 million worth of plant and equipment to deliver the contract by issuing new Macmahon shares to a subsidiary of AMNT. Accordingly, this subsidiary now has a 44.3% shareholding in Macmahon.

“I am very pleased to welcome AMNT to our share register as our largest shareholder. With its ongoing support, our focus will continue to remain firmly on executing every project in our portfolio well, whilst also seeking out new opportunities where we have a competitive advantage,” Mr Finnegan said.

## **Operational Update**

During the year Macmahon’s major domestic surface operation, Tropicana, continued to perform well with record production levels being achieved. The alliance team on site continued to work extremely well, achieving industry best productivity and efficiency benchmarks as evidenced by monthly analysis of equipment productivities. Macmahon’s relationship with its client remains strong and discussions are continuing regarding a possible extension to the life of the mine.

Macmahon’s operations at the St Ives gold mine in Western Australia also performed well during the period. Over the past year Macmahon exceeded its forecast production targets, achieving high levels of equipment availability and utilisation. Based on this performance and the strength of the client relationship, Macmahon is hopeful of continuing its relationship with the client beyond the current contract term.

Offsetting the positive performance at Tropicana and St Ives, were ongoing losses at the Telfer project which were well documented and communicated to the market during the year. Macmahon expects this contract to be reporting a monthly profit by the latter part of the calendar year 2017.

In the Underground division Macmahon’s mining services business continued to perform well. During the year the Company provided an extensive range of services to a number of projects including the Mount Wright Gold Mine in Queensland for Carpentaria Gold, the Ballarat Gold Project in Victoria for Castlemaine Gold Fields and the Newcrest Cadia Project in New South Wales. Looking ahead, securing new underground development work remains a core priority for the Company.

Internationally, Macmahon continued to perform well in South East Asia at the Martabe gold mine in Indonesia, the LhokNga Quarry in Indonesia and the Kanthan Quarry in Malaysia. The Company is currently reviewing a number of new work opportunities in the region.

In Africa, Macmahon ceased operations at the Calabar mine site in Nigeria in October 2016, with demobilisation commencing shortly thereafter. The project had been underperforming due to ongoing low mining volumes linked to the client’s production plant and high rental and maintenance costs. Macmahon has no further financial exposure in Nigeria other than closure costs which are provided for as part of the loss on discontinued operations.

## Outlook

During the year the mining sector continued to show encouraging signs of improvement evidenced within Macmahon by a tightening of key market indicators such as labour rates, equipment availability and fast moving consumables, as well as an increase in the number of new work opportunities.

Reflecting this improvement, Macmahon is currently tendering new work opportunities worth in excess of \$6 billion in aggregate. At 30 June 2017, Macmahon was in an exclusive, preferred or shortlisted position for 45% of its tender pipeline, which suggests the Company's growth trajectory will continue positively for the year ahead.

In line with recent market guidance, Macmahon expects to achieve significantly improved results in the 2018 financial year. Revenue for FY18 is forecast to be in the range of \$620 – \$680 million, resulting in earnings before interest and tax (excluding one off costs and unrealised FX gains / losses) of between \$40 and \$50 million.

\*\*\* ENDS \*\*\*

For further information, please contact:

Christian Sealey    General Manager – Investor Relations & Communications    +61 497 828 300

## About Macmahon

*Macmahon is an ASX listed company offering the complete package of mining services to miners throughout Australia and in New Zealand, South East Asia and Africa.*

*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.*

*Macmahon is focused on developing strong relationships with its clients whereby both parties work in an open, flexible and transparent way to ensure mutually beneficial outcomes whilst also minimising risks for both parties.*

Visit [www.macmahon.com.au](http://www.macmahon.com.au) for more information.

### Notes:

1. Underlying EBIT loss is calculated as loss before income tax from continuing operations and adding back finance costs and takeover defence costs.