

ASX ANNOUNCEMENT

2 November 2018

2018 ANNUAL GENERAL MEETING – CHAIRMAN AND CEO'S ADDRESS

CHAIRMAN'S ADDRESS

Chairman: Mr Jim Walker

Good morning ladies and gentlemen.

Welcome to the 55th Annual General Meeting of Macmahon Holdings and thank you for joining us. My name is Jim Walker and as Chairman of Macmahon's Board of Directors, I will Chair today's meeting.

As it is now past 9.30am and a quorum is present, I declare this meeting open.

I am pleased to advise that the notice of this meeting has been provided to shareholders in accordance with the requirements of the Corporations Act and with your permission I propose to take the notice of meeting as read.

Board of Directors

I would like to introduce my fellow directors. Joining us today is Eva Skira, Alex Ramlie and Kim Horne. Unfortunately Arief Sidarto cannot be with us today. I would like to extend a special welcome to Kim who joined the Board recently, and also to acknowledge our recently retired director Vyril Vella. Vyril is not here today but I expect he will still be following today's proceedings.

Seated with the Board is our Chief Executive Officer, Mick Finnegan, and our Company Secretary, Greg Gettingby.

Seated in the audience are other members of our Executive Team, along with representatives from our auditor, KPMG.

Today, we have three resolutions to consider, however before we commence the formal part of the meeting, I will give a brief overview of the Company's current financial position.

I will then invite our CEO, Mick Finnegan, to provide an operational update. After Mick's presentation, there will be an opportunity to ask questions.



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Moving then to a brief summary of the company's financial position.

Financial Position

The 2018 financial year was a successful and transformational period for Macmahon.

During the year we generated revenue of \$710.3 million, which represented almost a doubling on our FY17 revenue. This growth was driven by the ramp up of five new projects during the period. EBIT for the year was \$41.2 million, which was in-line with our guidance.

Today, we are in the very fortunate position of having a record order book of over \$5 billion. Of this, \$1 billion relates to work in the current financial year, which underpins our FY19 guidance of underlying EBIT (excluding one-offs) of \$70-80 million, and revenue of \$950 million to \$1.05 billion.

We also have a healthy balance sheet with low levels of debt, which puts us in a strong position to fund our current order book and to pursue our extensive tender pipeline.

Recently, we were also able to settle the class action relating to events in 2012, which resolves an issue that was a source of uncertainty for some investors.

I will leave it to Mick to run through our key projects in more detail, however as an overall comment the Board and management are absolutely committed to executing our existing base load of work in a safe and efficient manner, and to continuing to grow the business. We currently see many opportunities for additional work in our existing markets, and also in some entirely new ones.

We are also very committed to generating value for shareholders, and while the Board determined that there would not be a dividend declared for the 2018 financial year, we will continue to assess the possibility of dividends as our earnings continue to grow.

Closing

It is very pleasing to see Macmahon return to such a healthy position, and I would like to thank all our employees for their contribution during FY18.

I will now invite our Chief Executive Officer, Mick Finnegan to the lectern, to provide an update on some of our current projects and outlook.

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CEO ADDRESS

Chief Executive Officer: Mr Mick Finnegan

Thank you Jim.

Good morning ladies and gentlemen and thank you for joining us today.

Over 12 months ago, both as part of our defence of the hostile takeover bid from CIMIC and as part of seeking approval for the AMNT transaction, we guided that we would achieve a significant turnaround in FY18.

Understandably, there was some scepticism that we would be able to achieve such ambitious targets, but I am very pleased to report that we have delivered on our promise, and that we expect further growth in FY19.

As Jim mentioned, we achieved significant growth in revenue and EBIT during FY18, and notwithstanding the ramp up of five new projects, we also had strong cash conversion and maintained a healthy balance sheet.

While there was a very strong weighting in our FY18 earnings to the second half, we have now moved out of a turnaround and ramp up phase, and into an execution and optimisation phase of our growth.

We are currently operating at an annualised revenue run-rate of \$1 billion per year. This gives us confidence to reiterate our FY19 revenue guidance of \$950 million to \$1.05 billion, and our earnings guidance of underlying EBIT (excluding one-offs) of \$70-80 million. This guidance represents at least 34% growth in revenue and 70% growth in EBIT from FY18, which does not depend on significant new work as last year's turnaround did.

Key projects

I'll now provide a run-down of the key projects that will contribute to our performance in FY19.

Batu Hijau

Our Batu Hijau project with AMNT in Indonesia is our largest single contract, and was a significant contributor to our earnings in FY18. Given the scale of the operation, our ramp-up

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of mining work there from August last year was a significant undertaking, and I'm pleased to report that the project is delivering the expected returns for us.

Under the Batu Hijau alliance contract, there is a gain share amount payable if target production volumes are achieved, and costs are below target. The gain share amount is calculated by sharing any cost savings below the target 40% to Macmahon, and 60% to AMNT. Encouragingly we are currently operating below our target costs, so I believe there is gain share potential next year.

We are delighted to be working on this project and look forward to seeing how AMNT's Elang project progresses. Elang is another world class deposit that is 60 kms east from Batu Hijau. We understand detailed feasibility studies will commence next year following the release of its JORC reserve.

Martabe gold project and limestone quarries

Also in South-East Asia, our Martabe project in Sumatra continues to perform well, as do the limestone quarries we operate for LafargeHolcim in Indonesia and Malaysia.

The Martabe project was sold earlier this year to an entity in the PAMA group, which also runs its own mining contracting business in Indonesia. To date, PAMA has not indicated any intention to change the mining operation at Martabe, so we are hopeful that this contract will continue to run at least until the expiry of the current contract in 2020.

Tropicana

In Western Australia, our life of mine alliance contract with AngloGold Ashanti for the Tropicana project remains a cornerstone of our work here.

Pleasingly, Phase 1 of the Long Island expansion of this project was confirmed in December 2017, which extends the mine life to 2023. There is further potential to extend this project out to 2027 if additional phases of the Long Island expansion are approved. There is also the possibility of underground work at this project.

Telfer

Also in Western Australia, we have a life of mine contract for Newcrest's open cut operation at Telfer. This project has been well-documented as a problematic contract for us, but it did achieve a significant operational turnaround in FY18.

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While risks and difficulties do remain, we now expect small operational profits from this contract in FY19 and beyond.

Mt Morgans

Our other open cut work in WA is for Dacian Gold at its Mt Morgans project. We commenced work under a five year contract at this site in December 2018. We are pleased with the progress to date and enjoy working with the Dacian team.

Byerwen

On the east coast of Australia, Macmahon is working on the new Byerwen Coal Mine in Queensland's Bowen Basin.

This is a significant, long life deposit and a great project to be associated with. Our contract is for an initial 3 year term plus a potential 2 year extension. There is an expected increase in scope as the project develops and we hope to be providing support for that.

Underground mining

In our underground business, our services division continues to deliver on a steady flow of short term contracts.

Pleasingly, we also secured two new underground development projects during the period. In January 2018 our JV entity in Indonesia commenced an exploration decline at the Tujuh Bukit mine in Java, and in March 2018 we commenced development work at the Endeavour Mine near Cobar in New South Wales.

Outlook

As you can see, it has been a very busy year for Macmahon, and we see great potential to continue growing in the near term.

To give you a sense of some of the opportunities before us, our current tender pipeline is valued at around \$7 billion on top of our order book of \$5.4 billion. The projects in this pipeline are fairly evenly split between Australia and Indonesia, and comprise of gold, copper and other base metals and coal projects, and include both surface and underground operations.

Importantly \$6 billion of our tender pipeline is either with current clients, or relates to projects where we are the preferred contractor. Hence, if we continue to focus on executing well and

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building on our good relationships, we believe we have a better than usual chance of winning this additional work.

When you overlay our tender pipeline on our current order book, you can see that we have the potential to organically grow our revenue to over \$1.5 billion per year over the next 3 years.

Closing

In summary, there is a lot of positive energy in our business and I am optimistic about our future. We are determined to re-establish Macmahon as one of Australia's leading mining services providers.

In closing, I would like to thank all of our people for their hard work and dedication. I would also like to thank our shareholders, clients and suppliers for their ongoing support.

With the opportunities now ahead of us it is a very exciting time to be a part of Macmahon and we look forward to rewarding the support that has been extended to us by our shareholders and others.

With that, I will now hand back to Jim who will continue with the items outlined in the Notice of Meeting.

***** ENDS *****

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About Macmahon

Macmahon is an ASX listed company offering the complete package of mining services to miners throughout Australia and South East Asia.

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 for more information.