

ASX ANNOUNCEMENT

4 June 2020

Macmahon awarded \$700m Byerwen Contract and affirms pre-COVID guidance

- Macmahon secures expansion and extension of successful Byerwen contract
- New contract extends to November 2023 with forecast revenue of \$700 million, plus 2 year option
- On track to deliver FY20 guidance of \$1.3 billion - \$1.4 billion revenue and \$85 million - \$95 million EBIT(A)¹
- Work in hand for FY21 now exceeds \$1.2 billion

Byerwen Contract Award

Macmahon Holdings Limited (ASX:MAH) (**Macmahon** or **the Company**) is pleased to announce it has secured an expansion and three year extension of its work at the Byerwen coking coal mine in Queensland's Bowen Basin.

Macmahon has been providing open cut mining services at Byerwen since the establishment of the mine in November 2017, and employs more than 430 people on site. The mine is owned by Byerwen Coal Pty Ltd, a joint venture between QCoal Group and Japanese steel manufacturer, JFE Steel.

The new contract significantly expands production to 10 million tonnes of hard coking coal per annum, and applies from 1 June 2020 until 1 November 2023. The expected revenue over the contract period will be \$700 million, with full capacity expected from July 2020. There is also an option to extend the contract for a further two years after this period. If this option is exercised, revenue from the contract could exceed \$1 billion.

The expansion will involve capital expenditure by Macmahon of \$16 million on ancillary equipment. Macmahon has also procured two additional 800 tonne hydraulic excavators for the project worth \$37 million, however these machines are subject to a put and call option with Byerwen Coal, and so are not recognised on Macmahon's balance sheet.

Macmahon CEO and MD Michael Finnegan said:

"We are very pleased to have secured this expansion and extension at Byerwen, which is one of our cornerstone projects in Australia. Byerwen Coal is an excellent partner and the project has been very successful since its inception. We look forward to continuing to work with our client on the development of this premium asset."

QCoal Group Managing Director Christopher Wallin said it was very satisfying to be able to confirm increased production from the Byerwen mine, which was a testament to the favourable economics of the project and the work of the QCoal staff and contract partners involved in developing the mine over several years.

1. Guidance assumes an exchange rate of AUD:USD 0.70 and excludes one-off items and amortisation related to the GBF acquisition.

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“The development of the Byerwen project is a great success story for the industry, with the mine now emerging as a very low cost producer of hard coking coal. I am very proud that this expansion will enable us to further contribute to the Queensland economy with additional local employment and opportunities for regional communities,” he said.

Business Update

Following its ASX announcement on 3 April 2020, Macmahon wishes to confirm that the impact of COVID-19 on its overall financial performance this year continues to be minimal.

The Company is continuing with a range of operational measures to protect the health of its people and minimise the risk of transmission, however these measures are now well embedded and are not significantly disrupting day to day operations.

As a result, Macmahon’s overall financial performance for FY20 remains in line with pre-COVID-19 expectations, and the Company is on track to finish the financial year within its upgraded FY20 guidance of \$1.3 - \$1.4 billion of revenue, and \$85 - \$95 million of EBIT(A)¹.

Further, today’s confirmation of the Byerwen expansion and extension increases the Company’s work in hand for FY21 by approximately \$115 million to over \$1.2 billion, excluding expected revenue from civil and short term underground services churn work which has recently been around \$120 million per annum. Macmahon considers this platform of secured work provides a solid basis for the year ahead, and will provide formal guidance for FY21 following the release of its full year results.

Commenting on this performance and outlook, Mr Finnegan said:

“I am very happy with the way our projects and our people have performed over the past few months, and with the fact we were able to pay an interim dividend in April as originally planned. With this track record, our strong balance sheet, significant tender pipeline and today’s announcement of the Byerwen award, I am optimistic we will be able to continue to deliver in FY21.”

***** 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 Southeast 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.