



# FULL YEAR RESULTS AUGUST 2017

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# YEAR IN REVIEW



- Transformational transaction with PT AMNT (completed in August 2017)
- Defended hostile takeover attempt from CIMIC
- Execution of existing strategy with a greater focus on successful delivery of current work – all projects (except Telfer, which is in a turnaround phase) performed in line with expectations
- Positive outlook due to greater scale and diversity and improving market conditions
- Revenue for FY17 of \$359.6 million – up 15.2% on FY16
- Revenue for FY18 expected to be in the range of \$620 – 680 million (\$550 million currently under contract)
- FY17 underlying EBIT<sup>1</sup> loss of \$1.7 million (H2 profit of \$2.8 million a clear improvement on H1 loss of \$4.5 million)
- FY17 operating cash flow from operations of \$30.2 million compared to \$9.1 million in FY16
- Net cash position at year end of \$54.1 million
- Significantly improved balance sheet (strengthened by AMNT transaction)
- Order book approaching \$5 billion (excluding potential Tropicana expansion and Byerwen project)
- Mining services sector showing continued signs of improvement
- Several senior appointments including GM Underground and Surface Operations Manager bolstering leadership capacity



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

# INVESTMENT HIGHLIGHTS



<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>STRONG TENDER PIPELINE</b>	<ul style="list-style-type: none"><li>• Multiple tender opportunities representing &gt;\$6.1 billion in potential aggregate contract value</li><li>• 45% of tender pipeline is at exclusive, preferred or shortlisted stage</li></ul>
<b>LEVERAGED TO RESOURCES RECOVERY</b>	<ul style="list-style-type: none"><li>• Mining services sector activity expected to improve driven by:<ul style="list-style-type: none"><li>– Reinvestment by mining companies in existing operations, particularly for reserve extensions</li><li>– Increased levels of bank financing available</li><li>– Increase in tendering opportunities</li></ul></li><li>• Improvement in financial performance in FY18 driven largely by Telfer turnaround and the commencement of Batu Hijau and Byerwen projects</li><li>• Recently finalised a 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>• Strong net cash of \$54.1 million at year end, provides flexibility to pursue growth options</li><li>• Net Tangible Assets (“NTA”) per share of \$0.15 per share</li></ul>
<b>FOCUSED STRATEGY</b>	<ul style="list-style-type: none"><li>• Major focus on cost reductions, productivity and growing order book</li><li>• Focus now shifting to executing current base load of work</li></ul>
<b>STRONG MANAGEMENT TEAM</b>	<ul style="list-style-type: none"><li>• Experienced 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



Macmahon's current key contracts are with tier one global mining companies

Project / Client	Location	Commodity / Type	Comments
<p><b>Tropicana</b></p> <p>AngloGold Ashanti / Independence Group</p>	<p>WA Australia</p>	<p>Gold</p> <p>Open-pit</p>	<ul style="list-style-type: none"> <li>• Macmahon's second largest contract (after Batu Hijau) and has been profitable since inception</li> <li>• Successful alliance style contract in place since 2012</li> <li>• Life of Mine contract for AngloGold Ashanti and Independence Group anticipated to run to 2024 with a further 7 year extension anticipated (subject to Long Island Study)</li> <li>• Studies underway re Long Island and other deposits, which, if approved, could potentially extend the life of mine at Tropicana through to 2027-2030</li> <li>• Tropicana Reserves increased by +58% to 3.8Moz gold</li> </ul>
<p><b>Telfer</b></p> <p>Newcrest</p>	<p>WA Australia</p>	<p>Copper-gold</p> <p>Open-pit</p>	<ul style="list-style-type: none"> <li>• Macmahon's third largest contract (LOM - schedule of rates) scheduled to run to 2022</li> <li>• Macmahon has been incurring significant losses since commencement</li> <li>• Macmahon expects to achieve monthly profits at Telfer during the latter part of CY2017</li> </ul>

# OVERVIEW OF KEY CONTRACTS (CONT.)



Macmahon's current key contracts are with tier one global mining companies

Project / Client	Location	Commodity / Type	Comments
<b>St Ives</b>  Goldfields	WA Australia	Gold  Open-pit	<ul style="list-style-type: none"> <li>• Schedule of rates contract for equipment and labour hire</li> <li>• 24 month extension signed in 2016</li> <li>• Over the past year Macmahon has exceeded forecast production targets and achieved very high equipment availability and utilisation.</li> <li>• Possibility of extending operations beyond the current contract term</li> </ul>
<b>Martabe</b>  PT Agincourt Resources	North Sumatra, Indonesia	Gold  Open-pit	<ul style="list-style-type: none"> <li>• 5-year contract covering full scope of mining and bulk earthworks related services, including drill and blast, mining of waste materials, equipment hire and subcontractor management across three operating areas</li> <li>• 50/50 JV with a leading Indonesian contractor</li> <li>• Contract commenced in January 2016 and has exceeded production targets</li> <li>• Strong relationship with the client and community</li> </ul>
<b>Underground</b> Various	Australia	Various Mining Services	<ul style="list-style-type: none"> <li>• Raise drilling activities at Olympic Dam in SA and Pajingo in QLD</li> <li>• Cablebolting services at Cadia in NSW and Ballarat in VIC</li> <li>• Production drilling at Mount Wright in QLD</li> <li>• Production drilling, cablebolting and shotcreting at Nifty in WA</li> </ul>

# NEW PROJECTS – BYERWEN COAL MINE

Macmahon has been selected by Byerwen Coal Pty Ltd as its preferred mining contractor to establish and then operate the new Byerwen Coal Mine near Glenden in the Queensland Bowen Basin.

## Asset Overview

- Macmahon selected as preferred contractor - currently exclusively negotiating a 3 year mining contract with possible 2 year extension
- Potential total material movement over this period is indicatively 50 million bank cubic metres per year
- Mine located 20 kilometres west of Glenden in Queensland's Bowen Basin
- Once operational the Byerwen Mine is expected to produce up to 10 million tonnes of hard coking coal per year
- Coal from the Byerwen Mine will be railed to Abbot Point Coal Terminal for export

<b>Product</b>	Hard coking coal
<b>Mine Type</b>	Open cut
<b>Production</b>	10mtpa
<b>Employment</b>	- Stage 1: up to 100 during construction and 300 during operations - Once fully operational: up to 500
<b>First Coal</b>	2017



# NEW PROJECTS – BATU HIJAU COPPER / GOLD MINE



Macmahon has been awarded a Life-Of-Mine mining services contract at the Batu Hijau Mine in Indonesia

## Asset Overview

- Large, open pit, owner-mined, porphyry copper-gold deposit located on Sumbawa Island, Indonesia
- Second largest copper-gold mine in Indonesia (behind Grasberg)
- Infrastructure includes: 120ktpd processing plant, 112MW coal-fired power plant, Benete port, town-site
- First quartile of the global copper cost curve with a C1 cash cost of US\$1.17/lb Cu<sup>1</sup>
- ‘Cost-plus’ payments with upside and downside sharing (subject to a floor on downside)
- US\$2.9 billion expected revenue for Macmahon over 14 year life-of-mine
- US\$1.8 billion expected revenue over the first 5 years from commencement of Full Operations
- Potential to extend the scope of work to include significant future development options



<b>Product</b>	Copper / Gold
<b>Mine Type</b>	Open cut
<b>Production</b>	Crusher Feed of >32 Mtonnes per annum
<b>Employment</b>	Once fully operational: up to 1,250 MAH employees

1. Source – Wood Mackenzie Ltd. Dataset 2017 Q1.



# STRATEGIC PRIORITIES



By providing its services safely and efficiently, Macmahon aims to secure and deliver work that is profitable and repeatable in order to deliver sustainable returns to shareholders.

TECHNOLOGY AND INNOVATION	PROJECT EXECUTION	<ul style="list-style-type: none"> <li>• Greater investment in technology and innovation in order to provide differentiated service offering</li> <li>• Recent success includes the digitisation of several key mining management systems in FY17 enabling real-time operation monitoring and management</li> </ul>
PEOPLE AND CULTURE		<ul style="list-style-type: none"> <li>• New management appointments – bolstering leadership capacity</li> <li>• Alignment of strategic priorities with appropriate financial incentives</li> <li>• Management focus on cost reduction, productivity and project delivery</li> </ul>
SAFETY		<ul style="list-style-type: none"> <li>• Continue focus on safety leadership</li> <li>• Lowest LTIFR in 5 years, 93% of projects remained LTI free for entire year</li> </ul>
NEW WORK / DIVERSIFY	ENABLING FACTORS	<ul style="list-style-type: none"> <li>• Enhance tender pipeline built on deeper client relationships</li> <li>• Expectation of new contract wins from existing portfolio of opportunities</li> <li>• Develop and expand international presence</li> <li>• Diversify the business and seek 'capital light' growth opportunities</li> <li>• New contract wins Batu Hijau Copper / Gold project and preferred contractor for Byerwen Coal</li> </ul>
FINANCING CAPACITY		<ul style="list-style-type: none"> <li>• Maintain sufficient financial capacity to grow and evolve</li> <li>• Leverage increased scale to maximise value</li> </ul>
SHAREHOLDER BASE		<ul style="list-style-type: none"> <li>• Ensure consistent and reliable earnings in order to foster a stable a supportive shareholder base</li> <li>• Pro-actively seek out long-term value driven, strategically aligned investors</li> </ul>

# AMNT TRANSACTION



Macmahon is the life-of-mine mining services provider at the Batu Hijau copper-gold mine in Indonesia and has purchased relevant mobile equipment with new Macmahon shares.

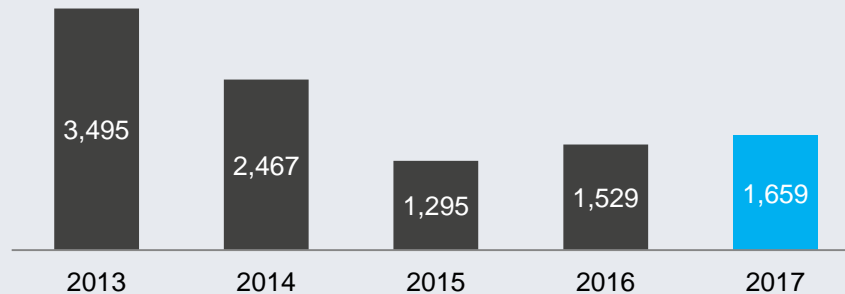
<b>TRANSFORMATIONAL TRANSACTION</b>	<ul style="list-style-type: none"> <li>• MAH now one of the world's largest contract mining companies with no sacrifice to margins or ROE</li> <li>• Larger order book; diversified client base; stronger balance sheet</li> <li>• Management has the experience to successfully deliver</li> </ul>
<b>MINING SERVICES CONTRACT</b>	<ul style="list-style-type: none"> <li>• Life-of-mine, alliance-style Mining Services Contract awarded by AMNT (owner of Batu Hijau mine)</li> <li>• 'Cost-plus' payments with upside and downside sharing (subject to a floor on downside)</li> <li>• US\$2.9 billion expected revenue for Macmahon over 14 year life-of-mine</li> <li>• US\$1.8 billion expected revenue over the first 5 years from commencement of Full Operations</li> <li>• Potential to extend the scope of work to include significant future development options</li> </ul>
<b>MOBILE EQUIPMENT</b>	<ul style="list-style-type: none"> <li>• Macmahon has acquired certain existing mobile equipment from AMNT</li> <li>• Mobile equipment has been independently valued at US\$145.6 million</li> </ul>
<b>CONSIDERATION SHARES</b>	<ul style="list-style-type: none"> <li>• 954,064,924 Macmahon shares have been issued to AMC (a subsidiary of AMNT) as consideration for acquisition of Mobile Equipment</li> <li>• AMC (AMNT related company) now has a 44.3% shareholding in Macmahon</li> </ul>
<b>STRATEGIC ALLIANCE AGREEMENT</b>	<ul style="list-style-type: none"> <li>• AMC and AMNT are committed to Macmahon's growth including pursuing further opportunities</li> <li>• Supportive major shareholder to promote the business and to assist with delivery on existing strategy</li> </ul>



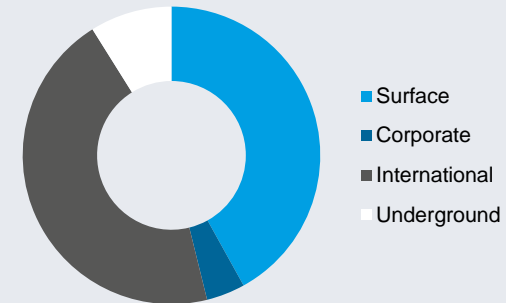
# PEOPLE AND SAFETY

# PEOPLE

Group Employee Numbers



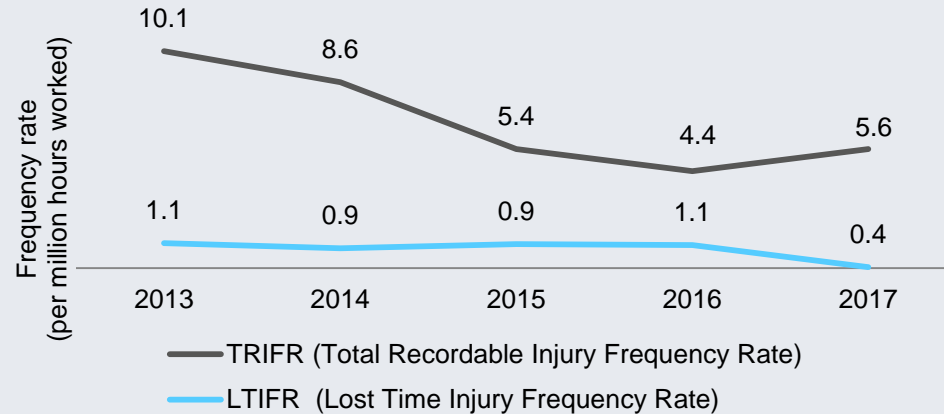
Employees by Division



**FY17 highlights:**

- Several senior appointments including GM Underground and Surface Operations Manager - bolstering leadership capacity
- Development of new Short Term Incentive Scheme for FY18, for all permanent Australian based staff providing greater alignment of employees with business goals
- Implementation of new Company-wide employee communications App, designed to improve workforce engagement and improve information flow throughout the organisation
- Chosen among the Top 25 of Randstad's Most Attractive Employers for 2017 clearly reinforcing Macmahon's brand as an attractive place to work
- Continued working closely with our clients to keep their operations efficient and productive
- Further development of simple people-orientated processes to enhance the employee work environment

## Group Safety Performance



### FY17 highlights:

- Total of 2 Lost Time Injuries (LTI) recorded in the FY17
- No permanent disabling injuries or fatalities recorded across the Company's operations
- 93% of all Macmahon projects remained LTI free
- 66% of all projects were both LTI and Total Recordable Injury (TRI) free
- Ongoing commitment to building strong and effective relationships with clients and alliance partners

## KEY MILESTONES

- The lowest LTIFR in the last five years
- 2017 Kanthan, Malaysia operating 12 years LTI free
- 2017 Lhok Nga, Indonesia operating 8 years LTI free
- 2017 Underground Drilling and Ground Support operating 8 years LTI Free
- Maintenance of ISO Certification to ISO18001 and AS/NZS 4801.
- \* Graph excludes the impact of the Nigerian incident



# FINANCIAL RESULTS

# INCOME STATEMENT



\$ Millions	2016	2017
<b>Total revenue<sup>1</sup> from continuing operations</b>	<b>312.2</b>	<b>359.6</b>
EBITDA (from continuing operations) <sup>2</sup>	42.5	31.8
EBIT (from continuing operations) <sup>3</sup>	13.8	(1.7)
Asset write-downs and onerous lease provision	(2.1)	-
Takeover defence costs	-	(3.4)
Net finance costs	(0.7)	(0.1)
Tax expense	(0.2)	(0.3)
<b>Net profit / (loss) after tax from continuing operations</b>	<b>10.8</b>	<b>(5.5)</b>
Loss from discontinued operations (net of tax)	(9.1)	(17.3)
<b>Profit/(Loss) for the year</b>	<b>1.7</b>	<b>(22.8)</b>

- Revenue growth driven largely by increased volumes at Tropicana
- Nigeria costs of \$19.2 million reflected in discontinued operations
- One off costs for takeover defence of \$3.4 million

1. Total revenue excludes Martabe joint venture and other income

Non – IFRS Financial Information:

2. EBITDA is earnings before interest, tax, depreciation, amortisation, asset write-downs and onerous lease provision and takeover defence costs

3. EBIT is earnings, before interest, tax, asset write-downs and onerous lease provision and takeover defence costs

# CASH FLOW



\$ Millions	2016	2017
<b>EBITDA from continuing operations</b>	<b>42.5</b>	<b>31.8</b>
Net interest paid	(1.0)	(0.1)
Income taxes paid	(2.8)	-
Working capital and other items	(29.6)	(1.5)
<b>Operating cash flow</b>	<b>9.1</b>	<b>30.2</b>
Proceeds from sale of assets	17.6	12.6
Capital expenditure	(23.5)	(34.9)
Net repayment of borrowings and associated costs	(171.6)	(1.4)
Share buy-back	(5.4)	(1.2)
Other items	(6.4)	0.9
Cash on hand at the beginning of year	236.9	56.7
<b>Cash on hand</b>	<b>56.7</b>	<b>62.9</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
- Increase in capital expenditure largely due to scheduled Tropicana fleet maintenance and the purchase of a number of key equipment items



# BALANCE SHEET



<b>\$ Millions</b>	<b>2016</b>	<b>2017</b>	<b>Pro-forma<sup>1</sup></b>
Current assets	175.5	164.5	164.5
Non-current assets	124.6	130.5	313.0
<b>Total assets</b>	<b>300.1</b>	<b>295.0</b>	<b>477.5</b>
Net assets	207.4	185.0	367.5
Net cash	56.5	54.1	54.1
<b>Gearing</b>	<b>(27.2%)</b>	<b>(29.2%)</b>	<b>(14.7%)</b>

- No debt – net cash of \$54.1 million
- Balance sheet significantly strengthened following the completion of AMNT transaction
- \$10 million multi-option financing facility in place until November 2017 – negotiations regarding a new multi-purpose facility underway

1. The Pro-forma Balance Sheet reflects the AMNT Transaction whereby 954,064,924 shares were issued for the purchase of \$182.5 million of plant and equipment (net of costs)



# OUTLOOK

# OUTLOOK

- Market is showing encouraging signs of improvement
- Key commodity prices (Gold, Copper, Coal) – stable and/or improving
- Noticeable shift in market sentiment and corporate activity
- Competitive pressures still present – MAH focusing on opportunities where it has a strategic advantage and deep client relationships
- Strong balance sheet, backed by high quality assets
- Tropicana continues to perform well - discussions currently underway regarding potential increase in mine life pending Long Island approval
- Telfer turnaround well advanced, targeting monthly profits during the latter part of CY17
- Greater focus on re-building underground business – appointment of new General Manager
- Strong footprint in SE Asia – Martabe JV working well
- Batu Hijau and Byerwen expected to deliver significant revenue and EBIT uplift in FY18, with full run rate to be realised in FY19
- Revenue for FY18 expected to be between \$620 – 680 million (>\$550 million secured)
- New strategic major shareholder in AMNT to assist with growth opportunities



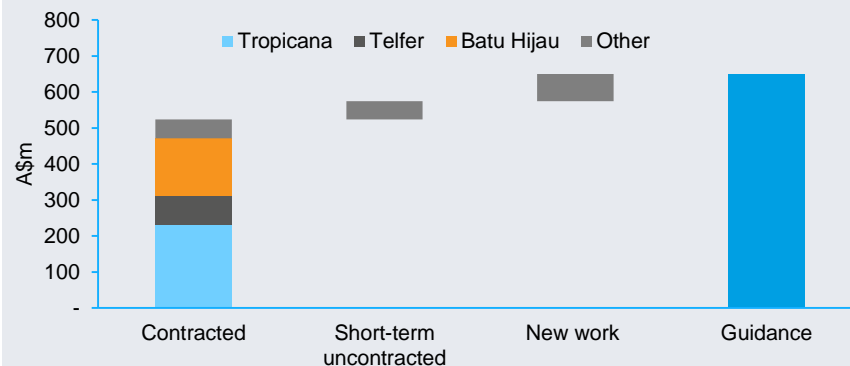
# FY2018 GUIDANCE



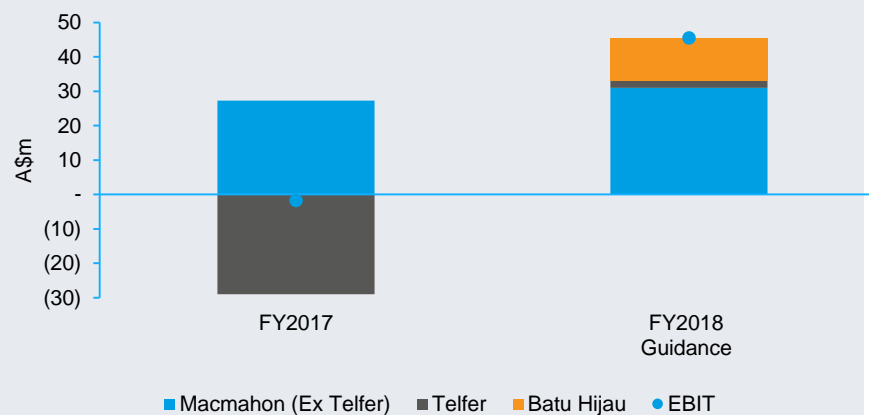
## Guidance and Assumptions

- FY2018 revenue of \$620 – 680 million
- FY2018 EBIT of \$40 – 50 million (excluding one-off costs and unrealised FX gains / losses)
- Key assumptions:
  - Commencement of initial Phase 1 ramp up at Byerwen from August 2017
  - Macmahon commences full scope of Batu Hijau mining operations (i.e. Full Operations) from 1 March 2018
  - First full year of Batu Hijau contribution will be FY2019
  - AUD:USD rate of 0.7518 prevails throughout FY2018

## FY2018 Revenue – Key Movements



## FY2018 EBIT – Key Movements



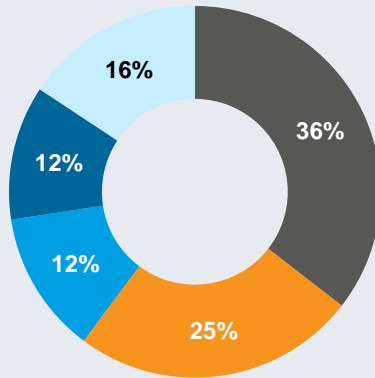
Note: Macmahon has provided earnings guidance on the basis of a number of assumptions and forecasts, which may subsequently prove to be incorrect. Earnings guidance is not a guarantee of future performance and involves known and unknown risks. Macmahon's actual results may differ materially from its earnings guidance and the assumptions on which that earnings guidance is based. Accordingly, you should not place undue reliance on Macmahon's earnings guidance. Refer to the important notice and disclaimer. Revenue and EBIT guidance relates to continuing operations only, excludes significant items (including takeover and transaction costs). Charts show mid-point of earnings guidance range.

# FORECAST FY18 REVENUE AND ORDER BOOK



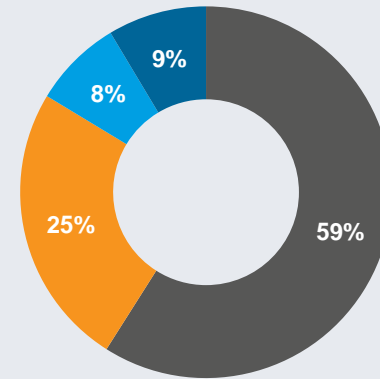
Revenue by client

- AngloGold
- AMNT
- Newcrest
- Unsecured New
- Other



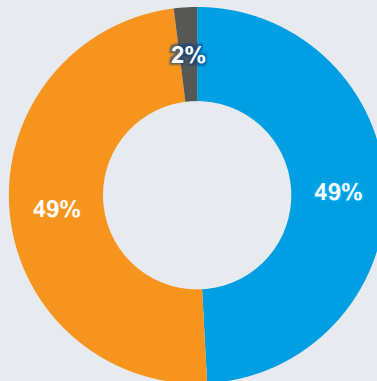
Revenue by Commodity

- Gold
- Copper-Gold
- Coal
- Other



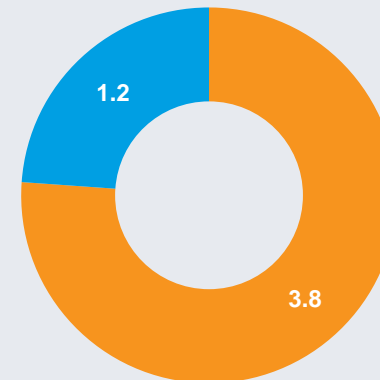
Order book by Commodity

- Gold
- Copper-Gold
- Other



Order book \$5Bn

- Batu Hijau Mining Contract
- Order Book (excluding Byerwen and Tropicana expansion)



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# APPENDIX

# COMPANY OVERVIEW



Macmahon is a leading Australian based mining services provider with both open-pit and underground mining expertise

## Business Overview

- Macmahon is a pure play ASX-listed company which offers both open-pit and underground mining contracting services
- Primarily Australian business with a growing presence and focus in South-East Asia
- Employs 1,600 FTE's
- Owns and operates a large fleet of mobile equipment including >120 excavators and loaders, >260 dump-trucks, >50 drill rigs and world-class maintenance facilities
- Recently signed binding documentation for potentially transformational transaction with PT AMNT, subject to conditions

## Key Services

<b>Open Pit Mining</b>	Mine planning & management, drill and blast, bulk & selective mining, crushing & screening, equipment operation & maintenance
<b>Underground Mining</b>	Total mine management, underground development, underground production, portal establishment, raisedrilling, cablebolting, shotcreting, remote shaft lining, shaft sinking
<b>Plant Maintenance &amp; Engineering</b>	Commissioning, shutdown & maintenance management, water management, tailings dam services, plant modification, fittings & fabrication

## Capitalisation Summary

	Unit	Pro-forma Inc. AMNT
Share price <sup>1</sup>	A\$/share	0.175
Fully paid ordinary shares	m	2,155
<b>Market Cap.</b>	<b>A\$m</b>	<b>377</b>
Net Cash	A\$m	54.1
<b>Enterprise Value</b>	<b>A\$m</b>	<b>323</b>
Net Tangible Assets per Share <sup>2</sup>	A\$/share	0.17

## Directors and Senior Management

Jim Walker	Non-executive Chairman
Vyiril Vella	Non-executive Director
Eva Skira	Non-executive Director
Giles Everist	Non-executive Director
Alex Ramlie	Non-executive Director
Arief Sidarto	Non-executive Director
Michael Finnegan	Chief Executive Officer
José Martins	Chief Financial Officer
Greg Gettingby	General Counsel/Company Secretary

Source: Company filings.

1. As at 21 August 2017

2. Based on Balance Sheet as at 30 June 2017 and adjusted for issue of shares to AMNT on 8 August 2017



# EXECUTIVE TEAM



## **Michael Finnegan**

*Chief Executive Officer*

Mr Finnegan holds a Bachelor of Science (Mining) with 24 years' experience in the mining industry. The last 15 years have primarily been spent in senior line management positions. Mr Finnegan has a strong commercial and technical background and has spent time in operations on the east and west coast of Australia as well as a number of countries throughout Asia.

## **José Martins**

*Chief Financial Officer*

Mr Martins was appointed as Chief Financial Officer in December 2015. He has more than 30 years finance experience primarily within the resources sector. He holds a Bachelor of Accountancy (with Distinction) and is a Chartered Accountant. Prior to joining Macmahon, Mr Martins held the position of Chief Financial Officer for the Ausdrill Group.

## **Greg Gettingby**

*General Counsel and Company Secretary*

Mr Gettingby holds a Bachelor of Arts and a Bachelor of Laws and has more than 16 years' experience in the contracting industry. Mr Gettingby joined Macmahon in 2002 and was appointed to the position of Group General Counsel/Company Secretary in 2011. He previously held commercial management and legal roles with the Company. Prior to joining Macmahon Mr Gettingby worked as a lawyer in private practice.

## **Russell Taylor**

*General Manager, Surface*

Mr Russell Taylor holds a master's degree in Mining Engineering and was appointed General Manager, Surface Mining Australia for Macmahon in January 2017. Mr Taylor has 25 years'

experience, commencing his career in technical positions, with the last 10 years in senior operational roles in Australia, Mongolia and India. He has worked for both major resource houses and international contracting firms, where he led international teams developing green field mines.

## **Warren Uyen**

*General Manager, Underground*

Mr Uyen holds an MBA (Project Management) and Bachelor of Science in Mining along with a First Class Mine Managers Certificate. Mr Uyen has over 30 years mining industry experience working for both contractors and mining companies. He has spent the last 14 years in various senior management operational roles throughout Australia, PNG and China.

## **Brett Maney**

*Manager, Mining Services*

Mr Maney commenced with Macmahon in 2006 to assist with the growth and development of a newly formed underground drilling division and was appointed Manager of Mining Services in 2012. He has more than 30 years of experience as a miner and equipment operator working through to supervisory, tendering and safety and training roles.

## **Dan Peel**

*Manager, Surface Operations*

Mr Peel holds a Bachelor of Engineering (Mining) and a Graduate Diploma of Applied Finance and has 15 years' experience in the mining industry. Prior to joining Macmahon in May 2017, Mr Peel was General Manager at RPM Global where he provided technical advice to mining companies and investors in Australia and internationally.

## **Grahame White**

*Manager, Qld Operations*

Mr White is a construction and mining executive with extensive experience in engineering and resource business management, strategic and business planning, project technical and commercial analysis, and project development and operations management. Mr White has held numerous executive management positions with responsibility for strategic planning, business planning and operations with a requirement to develop teams with a values based culture to achieve business objectives.

## **Michael Fisher**

*President Director, PT Macmahon Mining Services*

Mr Fisher has 20 years' experience in the mining industry, the last 8 years of which have primarily been spent in senior management positions. Mr Fisher holds a Graduate Diploma of Mine Engineering. He has a strong commercial and operational background, with experience in mineral and coal operations in the Northern Territory, east coast of Australia and several provinces across Indonesia.

## **Mark Hatfield**

*General Manager, Plant and Maintenance Services*

Mr Hatfield has more than 16 years' experience within the mining and heavy equipment industry and has fulfilled numerous operational and senior leadership roles. Mr Hatfield has a strong technical background and has spent time in operations on the west coast of Australia as well as a number of countries throughout Asia.

## **David van den Berg**

*Chief Technology and Innovation Officer*

Mr van den Berg was appointed as Chief Technology and Innovation Officer in August 2016. He brings an extensive technology and

commercial background to Macmahon through his 23 years' experience across the mining, management consulting and technology sectors. Mr van den Berg commenced with Macmahon in 2008, as Chief Information Officer. Prior to Macmahon, Mr van den Berg held senior management and technology positions in both Australia and the UK, including BHPBilliton, PriceWaterhouseCoopers and CitiGroup.

## **Katherine Blacklock**

*Manager, Human Resources*

Katherine Blacklock was appointed Manager – Human Resource in November 2016. She holds a Bachelor of Science (Psychology and Anatomy) and Grad. Dip. Bus (HRM) with 25 years in Human Resource management in the resources sectors. Prior to joining Macmahon, Mrs Blacklock was the Human Resources Manager – International Projects at Bis industries and was the founding Director of HRwise, an HR consultancy providing hands-on HR support to resource sector clients both in Australian and internationally for 10 years.

## **Kale Ross**

*Manager, HSEQT*

Kale Ross has more than 16 years' experience working across construction, underground and surface mining operations in numerous operational and senior leadership roles. Mr Ross has a strong operational and technical, safety and training background and has worked across multiple jurisdictions with Australia and more recently in Nigeria and South-East Asia.

# AMNT TRANSACTION BENEFITS

## (1 OF 2)



<b>IMPROVED FORECAST EARNINGS</b>	<ul style="list-style-type: none"> <li>FY2018 EBIT guidance has increased from A\$30-35 million to A\$40-50 million</li> <li>Full benefit of the Mining Services Contract expected to be realised in FY2019 following ramp-up to Full Operations</li> </ul>	<b>↑ A\$10-15 million FY2018 EBIT</b>
<b>INCREASED DIVERSITY &amp; SCALE OF ORDER BOOK</b>	<ul style="list-style-type: none"> <li>Significant increase in order book (4.2x existing order book) by adding expected US\$2.9 billion over the anticipated 14 year LOM at Batu Hijau, with US\$1.8 billion expected to occur over the first 5 years from commencement of Full Operations<sup>1</sup></li> <li>Increased diversity of the order book across commodities and customers</li> </ul>	<b>4.2x increase in order book</b>
<b>ATTRACTIVE SUBSCRIPTION PRICE</b>	<ul style="list-style-type: none"> <li>Subscription price of A\$0.203</li> <li>Subscription price is a significant premium to the last close of trading (prior to the announcement of the transaction) of \$0.155<sup>2</sup></li> </ul>	<b>Shares issued at significant premium</b>
<b>IMPROVED ASIAN GROWTH PROSPECTS</b>	<ul style="list-style-type: none"> <li>Macmahon has successfully operated in Indonesia since 2008 and has existing projects at Martabe and Lhok Nga</li> <li>Potential to extend scope of work for AMNT beyond Batu Hijau to include the Elang deposit and Nangka prospects if they are developed</li> <li>Enhanced operating platform to facilitate further Asian opportunities</li> </ul>	

Notes:

- Based on an order book of A\$1,213m as at 31 March 2017, an indicative order book for Batu Hijau of US\$2.9 billion and an AUD:USD exchange rate of 0.7518.
- Last close on ASX of A\$0.155 per share as at 3 May 17 (being the last Macmahon trading day prior to announcement of the transaction)

# AMNT TRANSACTION BENEFITS

## (2 OF 2)

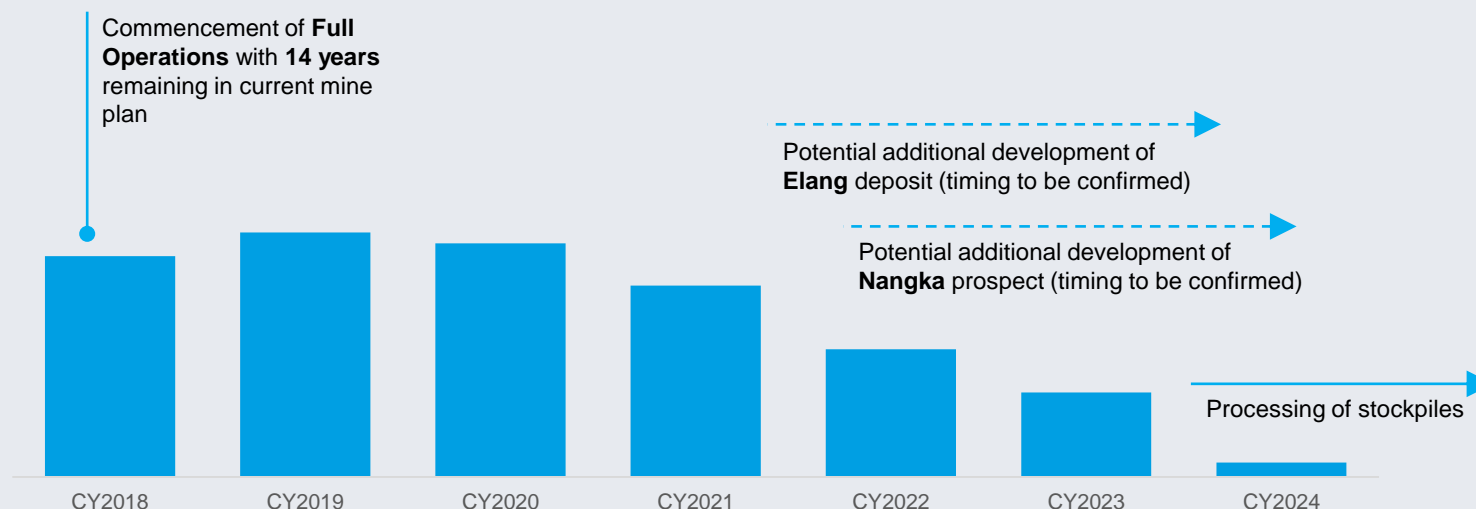


<b>SUPPORTIVE MAJOR SHAREHOLDER</b>	<ul style="list-style-type: none"> <li>• MAH now has a new major shareholder in AMC (AMNT's related company)</li> <li>• AMC and AMNT will support existing strategy</li> <li>• AMC and AMNT will assist Macmahon in securing further opportunities in Asia and Australia</li> </ul>	
<b>IMPROVED BALANCE SHEET STRENGTH AND FLEXIBILITY</b>	<ul style="list-style-type: none"> <li>• Strengthened balance sheet with the addition of US\$145.6 million in plant and equipment</li> <li>• Pro forma net assets have increased by 101% from A\$185 million to A\$368 million</li> <li>• Pro-forma NTA has increased from A\$0.154 per share to A\$0.171 per share</li> <li>• Increased cashflows expected to provide additional financial flexibility in tendering and funding capex associated with future work, particularly larger projects</li> </ul>	<b>↑ A\$182.5 million net Assets</b>
<b>RISK MANAGEMENT MECHANISMS</b>	<ul style="list-style-type: none"> <li>• AMC's shares to be held in escrow for 30 months by a custodian with potential to have these bought back if Mining Services Contract terminates during this period</li> <li>• Payments to Macmahon for mining services will be 'cost plus' and made monthly in advance</li> <li>• Downside sharing limited to margin if costs are more than expected (i.e. floor at nil contract margin)</li> </ul>	

# ABOUT BATU HIJAU

- Production at Batu Hijau commenced in 2000 with remaining LOM production of approximately 1.5Mt of Cu and 3.5Moz of Au anticipated over 14 years (excluding potential development opportunities at Elang and Nangka)
- Resource of 3.0 billion lb Cu / 3.5 million oz Au and reserve of 2.3 billion lb Cu / 3.3 million oz Au<sup>1</sup>
- AMNT's mine plan includes removal of waste to access the next stage of ore reserves, with processing of stockpiles thereafter
- In addition to the current mine plan, there is significant development potential at the Elang deposit and Nangka prospect<sup>2</sup>

## Batu Hijau – Forecast Total Material Mined (Mt)<sup>3</sup>



Notes:

1. Sourced from PT Medco Energi Internasional Tbk company website (see <http://www.medcoenergi.com>).
2. There can be no guarantee that this additional development work will eventuate.
3. Sourced from AMNT mine plan.

# RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION



\$ Millions	2016	2017
<b>Profit/(Loss) for the year (as reported)</b>	<b>1.7</b>	<b>(22.8)</b>
Add back: Loss from discontinued operations (net of tax)	9.1	17.3
<b>Net profit / (loss) after tax from continuing operations (as reported)</b>	<b>10.8</b>	<b>(5.5)</b>
Add back:		
• Asset write-downs and onerous lease provision	2.1	-
• Takeover defence costs	-	3.4
• Net finance costs	0.7	0.1
• Tax expense	0.2	0.3
<b>EBIT (from continuing operations excluding significant items)</b>	<b>13.8</b>	<b>(1.7)</b>
Add back: Depreciation and amortisation expense	28.7	33.5
<b>EBITDA (from continuing operations excluding significant items)</b>	<b>42.5</b>	<b>31.8</b>