

ASX ANNOUNCEMENT

19 December 2023

Macmahon to Acquire Key Pit n Portal Contracts and Enter Strategic Rental Partnership with Emeco

- Advances Macmahon's strategy of growing underground mining business with focus on capital light growth through rental solution with Emeco
- Expected to add more than \$140m to Macmahon's order book with strategic clients
- Purchase consideration of circa \$10m to be satisfied via an asset sale arrangement resulting in a neutral cash position
- Brings approximately 260 skilled employees to Macmahon's underground workforce and includes the contracts, site infrastructure assets, inventory and light vehicles of the key Pit n Portal projects which upscales Macmahon's capacity to deliver project wins from our \$4.5b underground pipeline
- Strategic rental partnership with Emeco across Macmahon's business at competitive commercial rental rates facilitating capital light growth and free cash flow generation
- FY24 revenue, EBIT(A) and capital expenditure guidance unchanged

Macmahon Holdings Limited (ASX:MAH) (**Macmahon** or the **Company**) is pleased to announce it has executed a binding agreement to acquire the key contracts of the Pit n Portal (**PnP**) underground services business from Emeco Holdings Limited (ASX: EHL) (**Emeco**).

Macmahon and Emeco have concurrently entered a strategic rental partnership where Emeco is the preferred supplier of rental equipment to Macmahon in Australia for applications in surface mining, underground mining and civil infrastructure projects. The rental partnership incorporates the PnP underground fleet and is at competitive commercial rates, facilitating growth flexibility and maximising free cash flow for Macmahon.

The acquisition and strategic rental agreement are consistent with Macmahon's strategy of building scale and capability in its underground division, diversifying its services and operations, and growing in a capital light manner.

The acquisition includes the contracts, inventory, site fixed infrastructure assets and light vehicles of certain PnP projects, and brings additional skilled employees to Macmahon's workforce. The circa \$10 million consideration payable will be satisfied by an asset sale and offset arrangement. The transaction is expected to add in excess of \$140 million to Macmahon's order book, and be immediately EPS accretive.

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About the Pit n Portal Contracts and Assets

PnP specialises in the provision of hard-rock underground mining equipment and services to the Australian underground mining sector. The business was established in 2002 and was acquired by Emeco in 2020. Core activities include mining services and maintenance solutions for underground mines in Australia.

Under the transaction Macmahon will employ transferring employees across strategic locations in Perth, Kambalda and Kalgoorlie, as well as customer sites in Western Australia. Key project contracts include Durkin, Cassini, Tank and Daisy Milano.

Key Transaction Metrics and Terms

- Consideration: \$10 million paid to Emeco and Emeco has purchased approximately \$10 million of mining equipment from Macmahon, resulting in a neutral cash position.
- Assets: PnP Contracts, inventory, fixed infrastructure assets and light vehicles. PnP underground mining fleet will form part of the strategic rental agreement with Emeco.
- Employees: Around 260 PnP employees to join Macmahon's workforce with existing employee liabilities to be transferred to Macmahon.
- Timing: Effective economic transfer from 31 December 2023, with transaction completion expected in early 2024, subject to the satisfaction of customary conditions which include:
 - Project contract and vehicle lease novations;
 - No material adverse change;
 - Successful transfer of employees; and
 - Requisite banking approvals.
- Strategic Rental Agreement: Emeco is the preferred supplier of rental equipment to Macmahon in Australia for applications in surface mining, underground mining and civil infrastructure projects and incorporates PnP's existing underground mining fleet. The agreement comprises mutually agreed, competitive commercial rates reflecting a secure long term rental partner and includes rebates for agreed rental volumes, minimum hours and a commitment from Macmahon to provide Emeco with an opportunity to bid on future rental requirements in Macmahon's open-pit, underground and civil infrastructure operations. Initial agreement term is to 31 December 2028 and evergreen thereafter with customary termination rights.

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Macmahon's Chief Executive Officer and Managing Director, Michael Finnegan said:

"A key driver of Macmahon's recent growth has been the underground mining division which has grown to approximately 25% of the Company's revenue, facilitated by the acquisition of GBF in 2019. Our strategic objective has been to continue building scale in underground to diversify earnings and operations and the acquisition of these Pit n Portal contracts and assets is 100% consistent with this. It adds significant capability to our underground business with the addition of around 260 skilled employees and builds on our existing client relationships. We look forward to working with Pit n Portal's customers and strengthening our relationships with them.

"Importantly, we have been able to execute this transaction in a capital light manner, preserving our cash and entering into a strategic rental partnership with Emeco which provides us enhanced capital flexibility for our broader business into the future.

"The rental partnership allows Emeco to exit from its underground contracting portfolio and to focus on its core rental business while building a long-term relationship with Macmahon with increased fleet rental opportunities in open-pit, underground and civil operations. For Macmahon it allows us to maintain capital discipline, enhance return on average capital employed and maximise our free cash flow generation."

***** ENDS *****

This announcement was authorised for release by the Board of Directors of Macmahon.

For further information, please contact:

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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.