

ASX ANNOUNCEMENT

13 November 2019

2019 Annual General Meeting – Address to Shareholders

Non-Executive Chair: Eva Skira

Good morning ladies and gentlemen.

Welcome to the Annual General Meeting of Macmahon Holdings and thank you for joining us. My name is Eva Skira and as Chair 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.

I would like to introduce my fellow directors. Joining us today is, Alex Ramlie, Arief Sidarto, Vyril Vella, Bruce Munro and Hamish Tyrwhitt. I would like to extend a special welcome to Vyril who has re-joined the Board and Bruce and Hamish who joined the Board 6 weeks ago.

Seated with the Board is our Chief Executive Officer and Managing Director, Mick Finnegan, and our Company Secretary, Katina Nadebaum. Seated in the audience are other members of our executive team, along with representatives from our auditor, KPMG.

Before we consider the four resolutions, I would like to make some general comments.

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

Overview

Let me begin by saying that I feel very privileged to have taken over the Chair role of this 56 year old business.

This year has not been without its challenges, but we have also made tremendous progress across several areas.

The 2019 financial year was a landmark year for Macmahon.

Two years ago, we made the transformational transaction with PT AMNT and last year was our first full year of earnings at the Batu Hijau project. It has been a successful contract, and has facilitated the significant growth we have seen in our earnings over the past 2 years, including a tripling of our revenue to over \$1.1 billion.

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This performance reflects the consistent delivery and execution of our order book. It also provides us with a solid foundation and gives our strong executive team the confidence to further grow returns for shareholders over the coming years.

Enhanced Service Offering

Strategically, we have significantly expanded our footprint and diversified our service offering over the past two years.

First, via the acquisition of civil mine services business TMM Group, and more recently, with the acquisition of underground mining business GBF Group.

GBF has an enviable track record in Western Australia as a leading underground mining company. It also offers a culturally aligned workforce of over 450 employees who I am pleased to say are now a part of our team, along with GBF founders Mick Foulds and Ross Graham.

In addition to building enhanced scale and capability with the acquisition of GBF, we were also pleased to drive growth in our underground division during the year after we secured the Boston Shaker underground contract at the Tropicana gold mine in Western Australia, where we have been operating the surface mining contract successfully since 2012.

Board Renewal

Board renewal has been a major focus of late.

In June we were pleased to have Vyril Vella re-join the company as a Director. Vyril served as a Director of Macmahon for 10 years until October 2018 and comes back at an important time with insights and experience that are of significant value to the business.

Last month we were pleased to announce the appointment of two additional independent Non-Executive Directors to the Macmahon Board - Bruce Munro and Hamish Tyrwhitt.

Both Bruce and Hamish are highly credentialed and experienced veterans of the industry, bringing invaluable knowledge to our business. They both have extensive contracting experience, have been responsible for navigating large companies in challenging operating environments and bring significant global networks to our company that will be immensely valuable as we pursue our long-term strategy to grow into an industry leading company.

As I said at the time of their appointment, Macmahon's ability to attract Directors of such high calibre speaks to the current strength of our business and its prospects, and I welcome them here with us today.

In addition to the appointments of Bruce and Hamish, we were also pleased to welcome last month Macmahon's CEO Mick Finnegan to the company's Board as Managing Director.

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Since his appointment as CEO in 2016, Mick and his executive management team have overseen a significant turnaround in Macmahon's performance, and we look forward to continuing to work with him in this new capacity.

As always, we continue to assess the composition of the Board, and shareholders will be updated on any further appointments in due course.

Capital Allocation

Which brings me to my last point on capital management.

As announced in August, the Board has adopted a new capital allocation policy which is designed to balance:

- the priorities of retaining balance sheet strength;
- the flexibility to fund new and existing projects; and
- returning cash to shareholders.

Accordingly, the Board was pleased to reinstate sustainable dividends to shareholders by approving the payment of a final dividend of 0.5 cents per share for financial year 19.

Closing

To close, I would like to extend the Board's appreciation to all shareholders and employees for their ongoing support. Overall, Macmahon is in very good shape and is well positioned for continued growth.

I will now hand over to Mick Finnegan for his CEO and Managing Director address.

Eva Skira

Non-Executive Chair

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CEO & Managing Director: Mick Finnegan

Thank you, Eva, and good morning everyone.

Thank you for joining us today for the 2019 Annual General Meeting.

As Eva just touched on, this year has been another successful year for Macmahon. The ongoing delivery of our significant order book saw us achieve strong financial results in line with our financial year 19 guidance.

Before discussing our performance in more detail, I would like to call out a few key highlights from the last 12 months. These include:

- A 37% improvement in our Total Recordable Injury Frequency Rate (TRIFR);
- Joining the ASX300;
- The reinstatement of dividends after 7 years;
- Achieving record monthly volumes on some of our largest contracts, including Batu Hijau, Byerwen and Tropicana;
- Securing the new Boston Shaker underground contract; and
- The acquisition of GBF Group.

Financial Performance

I would now like to provide a brief overview of our financial performance for the year.

As announced at our full year results in August, revenues grew to \$1.1 billion during the year, up 55% from the prior period. In addition to top line growth, earnings also increased substantially, and the business reported an underlying EBIT of \$75.1 million, up 81% on the prior period. Underlying EBIT margin also increased from 5.8% to 6.8%.

Operating cash flow before interest, tax and the class action improved to \$125.9 million, up 24%. Net tangible assets per share increased to 20.3 cents per share, up 8%.

This performance is a substantial improvement on recent years and is a result of the successful ramp up of several projects, combined with our focus on excellence in project development and execution.

With a robust balance sheet, we are now well positioned to pursue our extensive tender pipeline and assess strategic growth opportunities over the coming years. Our order book of \$4.7 billion also gives us confidence we can continue to deliver this earnings growth into the future.

Update on Projects

I would like to now provide an overview of our key projects.

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In Western Australia, we continue to perform well at Tropicana where we have a close and productive relationship with our client. We are now well into the Long Island expansion which extends the mine life to 2023. As mentioned earlier, we were also delighted to have secured the underground Boston Shaker contract at Tropicana in March of this year, which is a testament to our relationship and our enhanced capabilities and reputation for underground mining. This project has started very well and demonstrates the efficiencies of having one contractor perform both disciplines on the same site.

At Telfer, it is very positive for us to have resolved the dispute with Newcrest. This means the project will be cash flow positive for us from 1 July onwards. Importantly, we can now move forward and focus on the rest of the business where many of our existing and potential clients have strong growth prospects in their pipeline.

At Mount Morgans, our good relationship with the Dacian team continues and the project is progressing well.

In Queensland, we are very happy with the progress made at Byerwen, which is a significant long-life deposit and a great project for Macmahon. There is an expected increase in scope as the project develops and we hope to be providing support for that in the near term.

In Indonesia, our Batu Hijau project with PT AMNT is our largest single contract and we are proud and excited to be working on this world class project. Over the last 18 months the team has done an excellent job of ramping up and we have consistently achieved record KPIs, month on month this year. This can only be achieved by the good work of the alliance team, and it's a testament to them that we are achieving some of the best productivities I have seen in my career. Encouragingly, on the back of this good performance, PT AMNT is now investigating a significant extension of the Batu Hijau pit, in addition to the development of its large Elang deposit which we have previously discussed. We look forward to seeing further progress with this project over the next 12 months.

Meanwhile, all our other mining and quarry projects in Southeast Asia continue to perform well and there are also good prospects in this part of the business for further growth. For instance, at Martabe, where we have been performing surface works since 2015, the client is considering an extension of our surface contract.

Overall, we know this region well and have been operating there for over 15 years. It remains very important to the future of our business, and we continue to target an equal weighting between work there and here in Australia.

Our underground division continued to secure repeat sustainable services work, which is encouraging, and we have seen growth at Nifty and Fosterville for a range of services including production and cable bolt drilling, shotcreting, raise drilling and shaft sinking.

Raise drilling services at Olympic Dam continued, and short-term contracts were secured and/or completed at Leinster, Pajingo, and Thalanga. Finally, the Tujuh Bukit exploration decline supporting that project's expansion plans continues to make good progress.

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Importantly, following the acquisition of GBF, we see significant opportunity for us to grow our underground mining business and this is a key focus for us over the coming years. It is my pleasure to welcome Mick, Ross, and the entire GBF team to the broader Macmahon family. Whilst it is early days, we like what we see and it's already evident that GBF is a good cultural fit.

Finally, our civil business, TMM Group, successfully carried out a range of mine infrastructure and rehabilitation projects at Peak Downs, Saraji, Rolleston, Poitrel and South Walker Creek.

People, Culture and Safety

I would now like to touch on the most important parts of our business - People, Culture and Safety.

We have continued to improve our safety performance, with the company's TRIFR during the year decreasing to 3.98, representing an improvement of 37%. However, this result was overshadowed by the fatality at our Batu Hijau operations. We express our sincere condolences to the family, friends and colleagues of the late Pak Agustiman.

We take safety seriously, and the provision of a safe working environment for our employees is our foremost priority. We remain committed to the highest safety standards and continuous improvement of our processes to ensure every team member can return home safely every day.

A key priority for our team is continuing to focus on the health and wellbeing of our people, and one program I would like to highlight is our leading mental health program, 'Strong Minds, Strong Mines' which has improved mental health awareness across our business. In addition, we are proud to be recognised as a finalist in the WA mental health awards run by the Western Australian Association for Mental Health.

Throughout the year, we also invested heavily in providing opportunities for our entire workforce to grow and develop professionally. I'm also pleased to report that we have increased both Indigenous and female representation in our workforce over the course of the year. Indigenous employees increased from 2.9% to 5.4% of our total Australian workforce, whilst female representation increased from 12.1% to 13.8%.

The management team and I continue to strive for an inclusive workplace environment that provides value for our employees, customers and shareholders alike.

Outlook

Looking forward, we plan to continue building on our current positive momentum over the next 12 months and beyond. It is a very exciting time to be a part of this company.

The \$4.7 billion order book we have in hand affords us great visibility and a strong platform to grow our business. Furthermore, we have a substantial pipeline of project opportunities ahead of us and are well placed to capitalise on this work.

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This includes \$7 billion of potential work across more than 20 surface and underground projects covering Southeast Asia and Australia for new and existing clients. We are the preferred or exclusive partner on over \$4.5 billion of these opportunities, most of which are with existing clients. Around \$1.5 billion of this tender pipeline is expected to be awarded over the coming twelve months.

Confidence in our future growth comes from the fact that Macmahon is well positioned to secure more opportunities, particularly on projects where having one provider complete multiple disciplines is beneficial to our clients. Leveraging this end to end offering for our clients and shareholders is a major focus. Furthermore, we will continue to strengthen the business through our ongoing investment in people, systems and mining technology.

Overall, we are well positioned with a strong balance sheet and are on track to deliver our financial year 20 guidance of revenue between \$1.2 to \$1.3 billion and underlying EBIT of between \$80 to \$90 million. Our guidance is underpinned by \$1.2 billion of secured work in financial year 20.

With a strong platform offering the full suite of services across the mining chain, and an excellent team in place, I believe we are on the way to becoming true leaders in our industry, which I am incredibly proud of.

Closing

In closing, I would like to thank everyone in the Macmahon team for their commitment and strong contributions during the year.

I would also like to extend my appreciation to Eva, the rest of the Board and the senior management team for their unwavering support as we continue to deliver value for shareholders.

I would also like to thank our shareholders, clients and suppliers for their ongoing support.

With that, I will now hand back to Eva who will continue with the items outlined in the notice of meeting. Thank you.

Mick Finnegan
CEO & Managing Director

*** 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.