MACMAHON


# Macquarie WA Forum
1 December 2020

# Company Overview

A leading mining services company

- ✓ Offers the complete package of mining services primarily in Australia and Southeast Asia
- ✓ Extensive experience in both surface and underground mining
- ✓ Developed strong relationships with clients – transparent, flexible alliance style approach

**Established**
**1963**

**ASX 300 – Market Capitalisation**
**$540m**

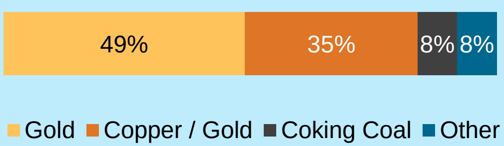
**People**
**7,000+**

**Australian Mining**
**Contract Miner of the Year**

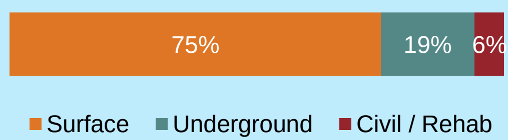
**Major Equipment**
**500**

**WAAMH Award**
**Mentally Healthy Workplace**

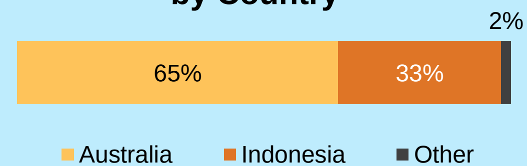
### FY20 Revenue by Commodity




### FY20 Revenue by Activity




### FY20 Revenue by Country




**Civil Mining Services** → **Surface Mining** → **Underground Mining** → **Rehabilitation**

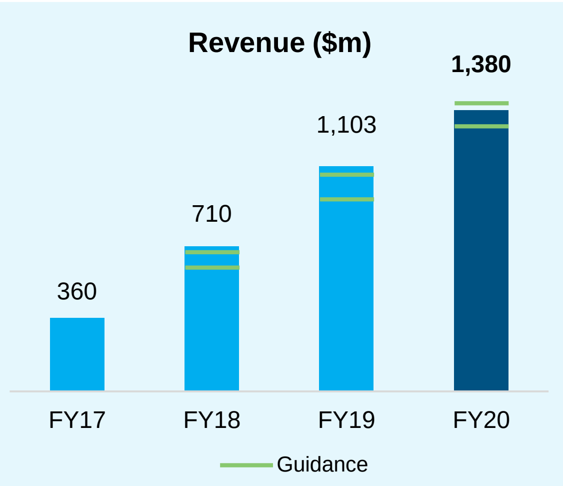
**Engineering • Plant & Maintenance • Performance Enhancement**

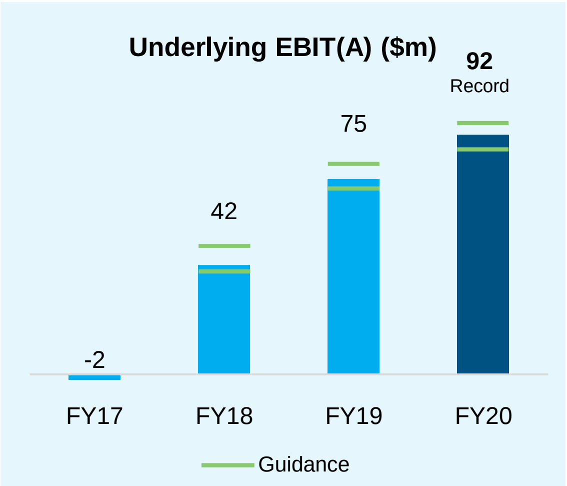
# Financial Snapshot

Achieved guidance for 3rd consecutive year

**Another successful year**

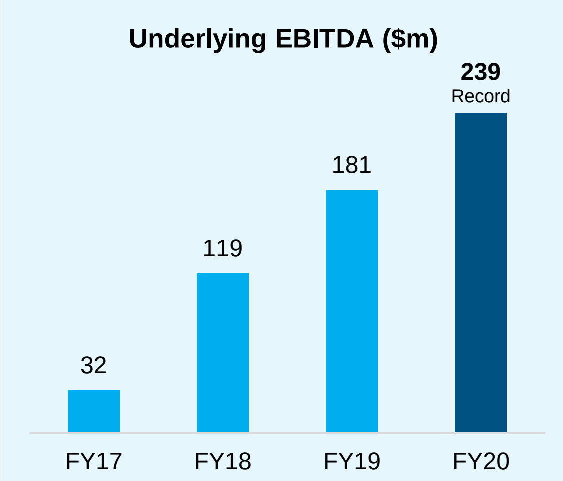
- 3 year revenue CAGR of 57%
- Delivered record EBIT(A)

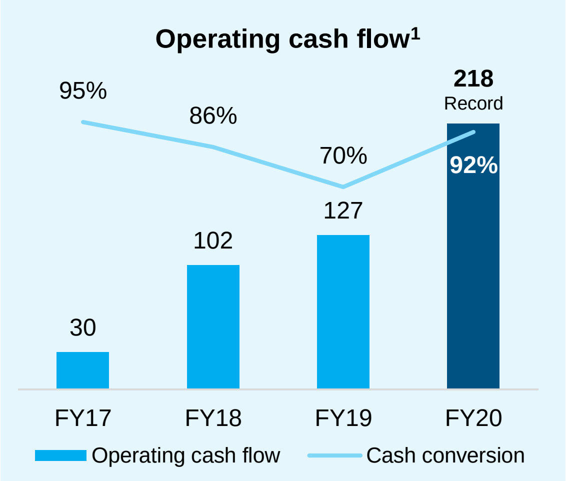



**Delivered record EBITDA**

- 3 year EBITDA CAGR of 96%
- Delivered record cash flow
- Strong cash conversion




1. OCF: Net operating cash flow excluding interest, tax, M&A costs and non-recurring items

# Recent Business Highlights

Tripled underground business over past year

**Expanded Underground**

- Successful Boston Shaker project
- Completed GBF acquisition
- Extended Silver Lake contract
- Secured Bellevue contract

Mount Monger, WA (Silver Lake Resources)

Boston Shaker, WA (AngloGold Ashanti / IGO)

**COVID-19**

- Ensured business continuity
- Protected the wellbeing of our people and communities

Batu Hijau, Indonesia (PT AMNT)

Tropicana, WA (AGA / IGO)

# A Record Year

## Strong free cash flow potential

MACMAHON

**FY20 Results Highlights**

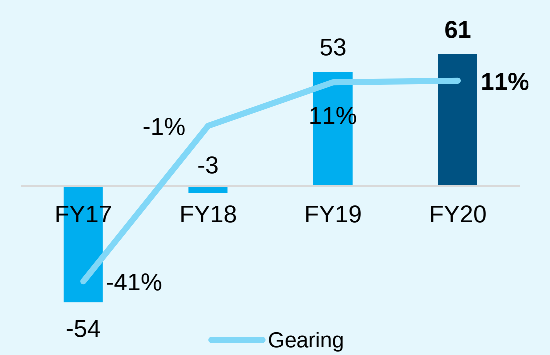
| Revenue | Record underlying EBITDA[1] | Leverage[2] |
|---|---|---|
| **$1,380.4m** | **$238.7m** | **0.3x** |
| ▲ 25% on FY19 | ▲ 32% on FY19 | |

| Net Operating Cash Flow | Capex | Free Cash Flow |
|---|---|---|
| **$193.6m** | **$141.6m** | **$52.0m** |

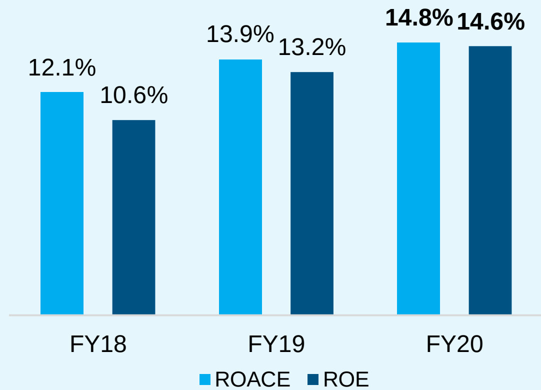
**Improving ROC driven by:**

- Diversification into lower capital intensive businesses
- Low capex contract extensions
- Top class maintenance capability
- Strict capex hurdles

**Conservative balance sheet**
net debt / (net cash)



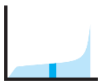
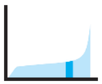
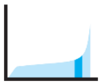
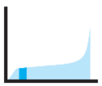
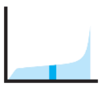
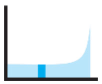
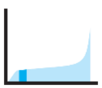

**Improving returns[3]**




1. Underlying numbers include total adjustments of $4.2m – refer to slide 30 of FY20 results presentation
2. Net debt / Underlying EBITDA
3. ROACE: Underlying EBIT(A) annualised / Average (Total Assets – Current Liabilities). ROE: Underlying NPAT (A) / Average Equity

# Key Projects

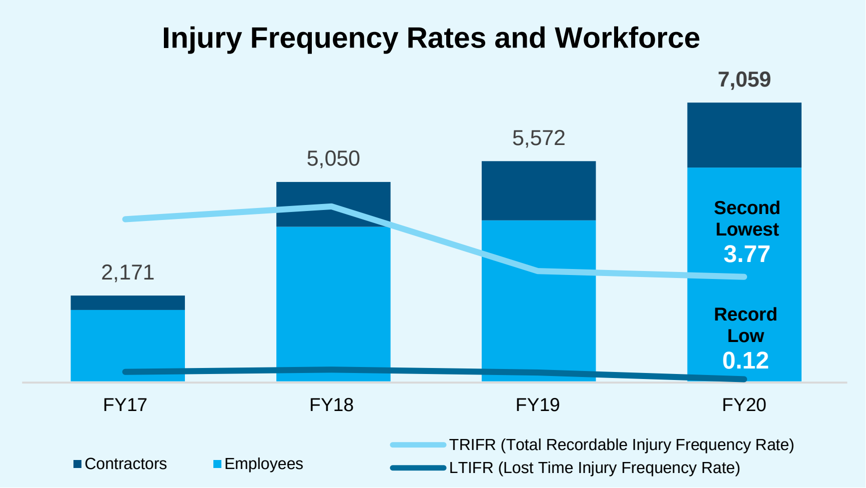
## Growing activity in WA

| Project | Clients | Location | Commodity | Type | End (unless extended) | Global Cost Curve[1] |
|---|---|---|---|---|---|---|
| Tropicana | AngloGold Ashanti, igo | WA, Australia | Gold | Surface | 2023 |  |
| Boston Shaker | | | | Underground | May 2024 | |
| Telfer | Newcrest Mining Limited | WA, Australia | Gold | Surface | Jan 2023 |  |
| Mount Morgans | Dacian Gold Limited | WA, Australia | Gold | Surface | Dec 2022 |  |
| Mount Monger | silverlake resources | WA, Australia | Gold | Underground | April 2023 |  |
| Deflector | silverlake resources | WA, Australia | Gold | Underground | May 2021 |  |
| Bellevue Gold | Bellevue Gold Limited | WA, Australia | Gold | Underground | Aug 2021 | |
| Byerwen | QCoal Group | QLD, Australia | Coking coal | Surface | Nov 2023 |  |
| Batu Hijau | Amman Mineral | Sumbawa, Indonesia | Copper/Gold | Surface | 2031 |  |
| Civil / Rehabilitation | Various | Indonesia/Australia | Various | Surface | | |

1. Minespans 2020 data by McKinsey

# People, Safety and Sustainability

Record low LTI safety performance




Team Macmahon – MACA Cancer 200: 2020 Challenge

- Strengthen ESG culture and reporting
- Progressing materiality assessment with stakeholders
- Strong Minds, Strong Mines
  - WA Association of Mental Health Award 2020
  - Program offered to industry


Head Office – Perth Office, WA

# Key Strategic Priorities

Diversify into adjacent services

## Mining Value Chain

Explore → Evaluate → Develop / Open-Cut / Underground → Process → Rehab

- Explore
- Evaluate
- **Develop** Civil / Engineering
- **Open-Cut** Operations / Engineering
- **Underground** Operations / Engineering
- **Plant & Maintenance** Supply / Hire / Maintain
- Process
- **Rehab** Operations / Engineering
- **Plant & Maintenance**

## Key Strategic Focus

### Safety
- Continue focus on improving safety

### Execution and Relationships
- Enhance margins and execution
- Improve productivities

### Technology
- Integrate high performing systems
- Deliver value via tech enabled efficiency tools

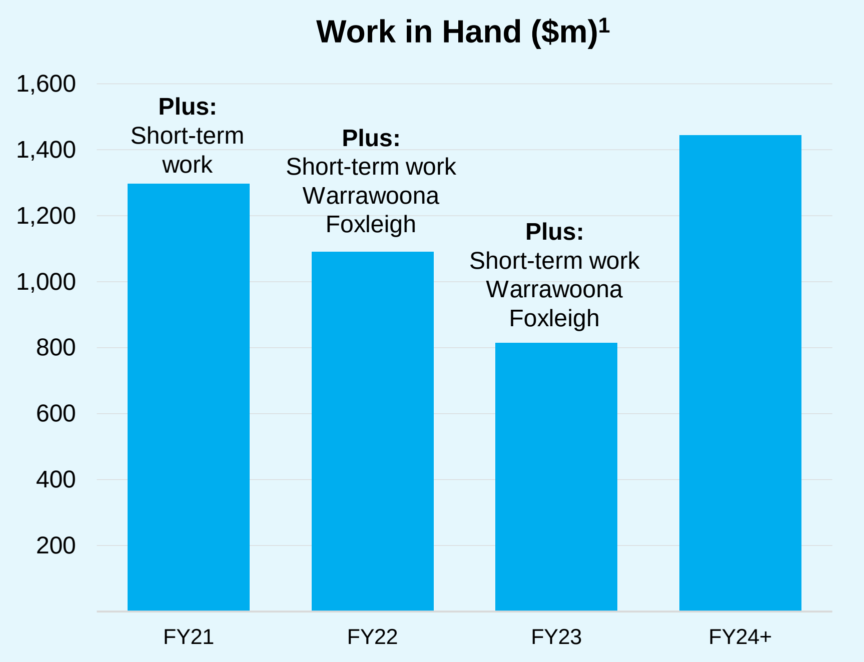
### People and Culture
- Build proactive and positive culture

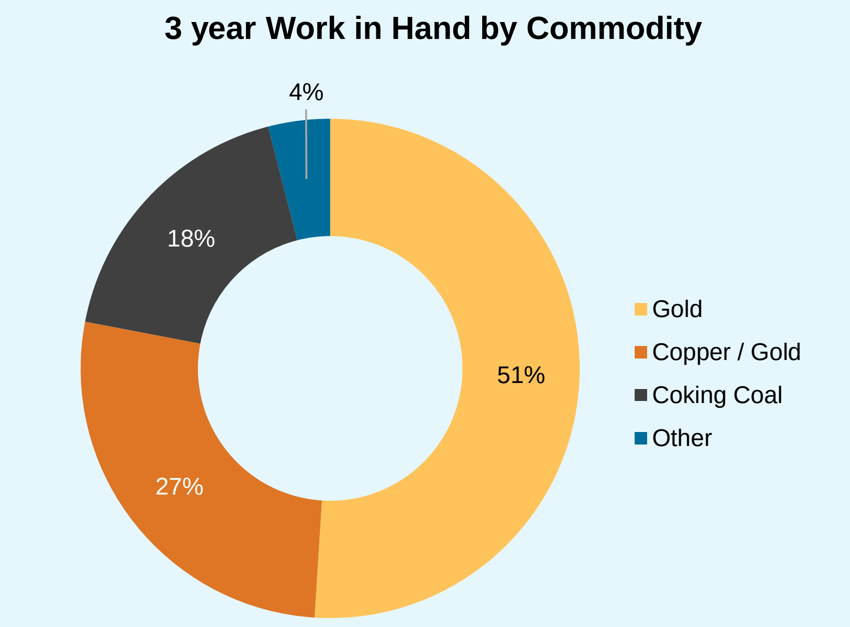
### New Work
- Grow and diversify market share
- Capitalise on ~$8.5bn tender pipeline

### Diversification
- Civil
- Underground
- Rehabilitation

# Order Book

$4.2 billion (at October)



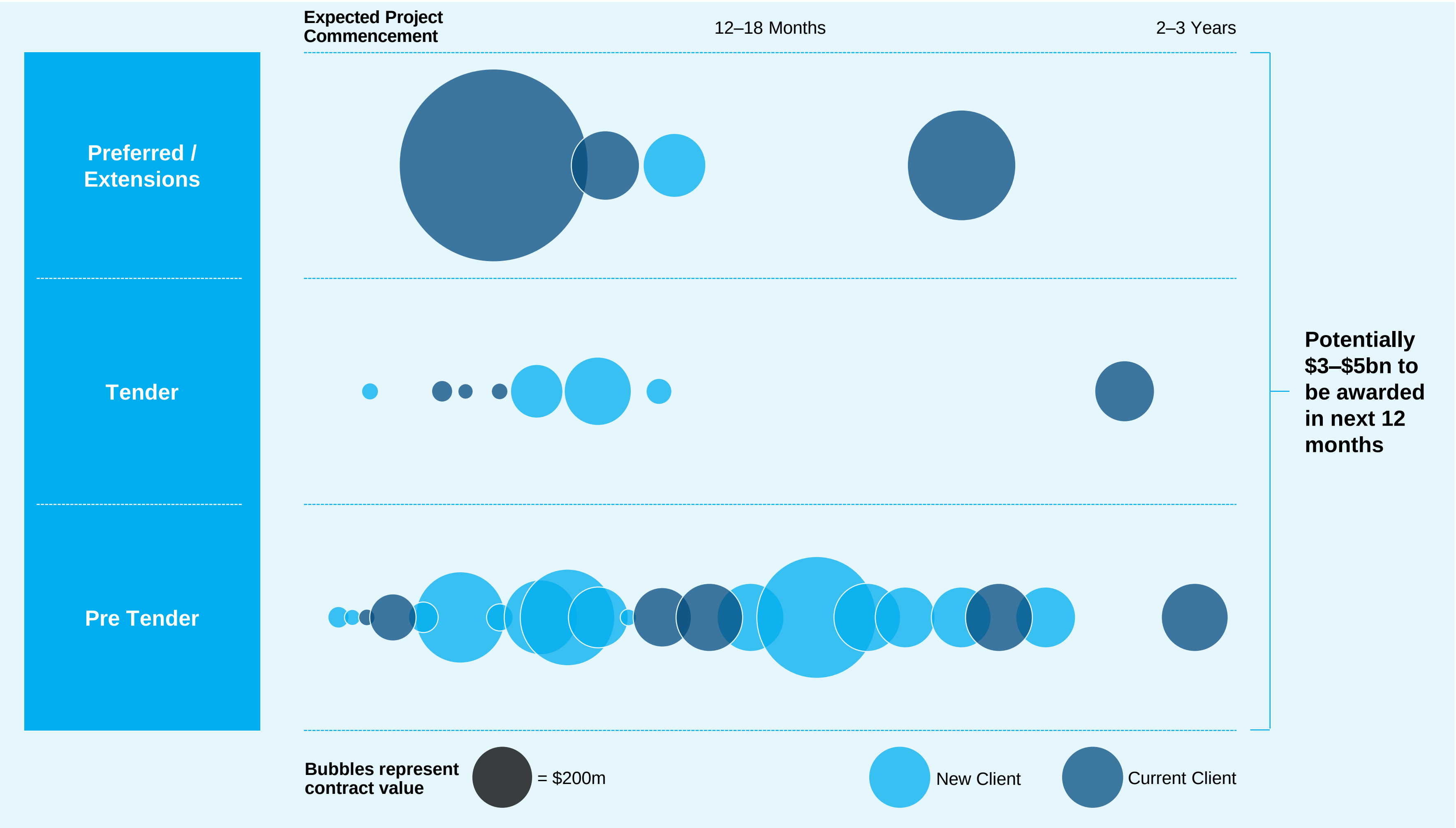

**Early Success**
secured/preferred contractor for $500m of new work with new clients

| Coburn Mineral Sands | Bellevue Gold Mine | Warrawoona | Foxleigh |
|---|---|---|---|
| Civil | Underground | Open pit | Hire and Maintenance |
| $20m • 1.5 years | $10m • 1.5 years | $220m • 4.5 years | $250m • 5 years |

1. Excludes civil, short term underground churn and JV revenue. Includes Coburn Mineral Sands Civil and Bellevue Gold work and ~$100m scope growth

# Tender Pipeline

~$8.5bn of opportunities



# Strong Outlook

## Well positioned for sustainable growth

| | |
|---|---|
| **A leading mining services business** | ✓ Scalable – systems, processes, structure<br>✓ Successful flexible alliance style approach<br>✓ Proven capabilities across the whole mining value chain<br>✓ Focused on developing technological competitive advantage |
| **Strong client base and order book** | ✓ $4.2 billion work in hand at October 2020<br>✓ Solid medium term earnings visibility from high quality clients<br>✓ ~80% of revenue is from Gold and Copper/Gold projects |
| **Conservative Balance Sheet** | ✓ Provides flexibility to enable execution of growth strategy<br>✓ Supported by strong cash flows and return on capital |
| **Strong Board and Management team** | ✓ Proven track record of:<br>  ✓ Delivering strong growth<br>  ✓ Completing strategic and value enhancing acquisitions |
| **Reiterate FY21 Guidance[1]** | ✓ Revenue $1.4–$1.5 billion<br>✓ EBIT(A) $90–$100 million<br>✓ On track to achieve earnings guidance for 4 consecutive years |

1. Guidance assumes an exchange rate of AUD:USD 0.72, and excludes one-off items and amortisation related to the GBF Group acquisition.