

18 February 2014

## **Macmahon posts sound half year result in challenging market**

### **Highlights:**

- **Company returns to profitability**
- **Revenue including joint ventures of \$574.9 million**
- **Net profit after tax for the period of \$19.4 million**
- **Mining operations performing well in challenging market**
- **Mining order book of \$2.8 billion**
- **Full year revenue in line with previous guidance**
- **Difficult market conditions increasing margin pressure and making it harder to secure new work**

Macmahon Holdings Limited (ASX:MAH) today announced its half year results to 31 December 2013, reporting sound performance from its mining business in a difficult market.

Revenue (including joint ventures) from the Company's operations was \$574.9 million for the half, resulting in a net profit after tax of \$19.4 million, which includes profit after tax of \$1.8 million from discontinued operations (the Group's former Construction Business). Revenue for the full year is expected to remain in line with previous guidance.

Macmahon Chief Executive Officer, Mr Ross Carroll, said the Company was focused on driving productivity gains and cost efficiencies in order to adapt to market conditions and remain competitive.

"There is no denying that current market conditions are extremely challenging, however our commitment to business improvement over the past six months has enabled us to maintain our renewed momentum," Mr Carroll said.

"The Company's new dedicated mining strategy is working well. Our order book is currently \$2.8 billion and currently we have funding headroom to manage future growth as and when market conditions improve. Our focus now is on securing new work both in Australia and overseas," he said.

In announcing the results, Mr Carroll detailed a number of operational highlights achieved by the Company during the period.

"Surface Mining has continued to underpin the business", Mr Carroll said.

“Over the past six months, revenue from surface operations increased by 23% compared to the prior corresponding period, with the Christmas Creek and Tropicana projects driving much of this growth.

“We are firmly focused on continuously improving our productivity on these long term projects and are currently implementing a number of initiatives to enhance our performance on site.

“Underground Mining maintained momentum with operations expanding at both the Olympic Dam and Ranger 3 Deeps projects. This reflects the quality of work being delivered and highlights the close relationship we have with our clients.

“Internationally our results for the first half were mixed. In Malaysia and Indonesia, operations continued to perform well and delivered consistent returns in line with expectations.

“Production at both Nigerian operations was impacted by lower client demand. These issues are currently being addressed and we expect to see a significant improvement moving forward.

“In Mongolia, the ROM stockpile is at full capacity and production has been scaled back to align with the client’s haulage capability. Discussions with the client regarding options to address payment delays are ongoing,” he said.

Mr Carroll said that over the next six months, the Company would continue to focus on improving its safety performance, achieving greater operational efficiencies and leveraging its strong relationships with existing clients.

“Looking ahead, we expect tough market conditions to persist for some time. However, with domestic mining production forecast to increase over the next three years, combined with continued strong economic growth in Asia and Africa, we are confident that we can secure future work and generate improved returns for shareholders,” he said.

\*\*\* ENDS \*\*\*

For further information, please contact:

Christian Sealey    Group Manager – Investor Relations & Communications    +61 497 828 300

## **About Macmahon**

*Macmahon is a leading Australian company providing the complete package of mining services to clients throughout Australia and in New Zealand, South East Asia, Mongolia and Africa.*

# ASX Release



*An ASX listed company, Macmahon's diverse and comprehensive capabilities provide an end to end service offering to its mining and engineering clients.*

*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.*

*With an expanding international footprint, Macmahon's reputation for outstanding teamwork, integrity and commitment to the environment is underpinned by the Company's core value – safety.*

Visit [www.macmahon.com.au](http://www.macmahon.com.au) for more information.