



Acquisition of GBF Group

18 June 2019

Transaction Overview



Overview of GBF

- GBF Underground Mining Group (**GBF**) is a privately-owned specialist underground contractor
- Established in 1988 with a focus on the Goldfields region in Western Australia
- GBF has solid track record with WA-based gold clients and a strong safety culture
- Currently employs around 450 people
- Forecast to generate FY20 revenue of circa \$180m and EBITDA of circa \$20m¹

Consideration

- Macmahon to acquire 100% of GBF
- Upfront component of purchase price reflects an enterprise value of circa \$48m²
 - Represents small premium to NTA
 - Implies FY20 EV/EBITDA multiple of circa 2.4x
- GBF's founders will remain as key executives, and are incentivised with earnouts over FY20 and FY21 performance, payable in cash (or if Macmahon elects, up to 20% in scrip)
- Expected to be EPS accretive in FY20 pre synergies

Funding and Conditions

- To be funded by Macmahon's cash on hand and assumption of GBF finance leases
- Robust balance sheet maintained
- Transaction is subject to the satisfaction of customary conditions, including completion of due diligence and obtaining appropriate consents
- Transaction expected to complete by mid-August

1. Forecast GBF FY20 revenue and EBITDA is based on GBF's current revenue and EBITDA run rates assuming the Comet Vale contract is restructured to a conventional payment model, and excluding certain current Mineral Ventures expenses, one-off costs and transaction costs.

2. As at 1 December 2018

Map of Operations

Surface Mining

- 1 Argyle
- 2 Batu Hijau
- 3 Byerwen
- 4 Kanthan
- 5 Langkawi
- 6 Lhoknga
- 7 Martabe
- 8 Mt Morgans
- 9 Telfer
- 10 Tropicana

TMM Group

- 11 Norwich Park
- 12 Peak Downs
- 13 Poitrel
- 14 Rolleston
- 15 Saraji

Underground Mining/Services

- 16 Ballarat
- 17 Boston Shaker
- 18 Fosterville
- 19 Granny Smith
- 20 Leinster
- 21 Mt Wright
- 22 Nifty
- 23 Olympic Dam
- 24 Ranger 3 Deeps
- 25 Tujuh Bukit

GBF Underground

- 26 Deflector
SILVERLAKE - SLR 
- 27 Maxwells
SILVERLAKE - SLR 
- 28 Daisy Milano
SILVERLAKE - SLR 
- 29 Bartons
MILLENNIUM - MOY 
- 30 Nicolsons
PANTORO - PNR 
- 31 Comet Vale
ORMINEX - ONX 

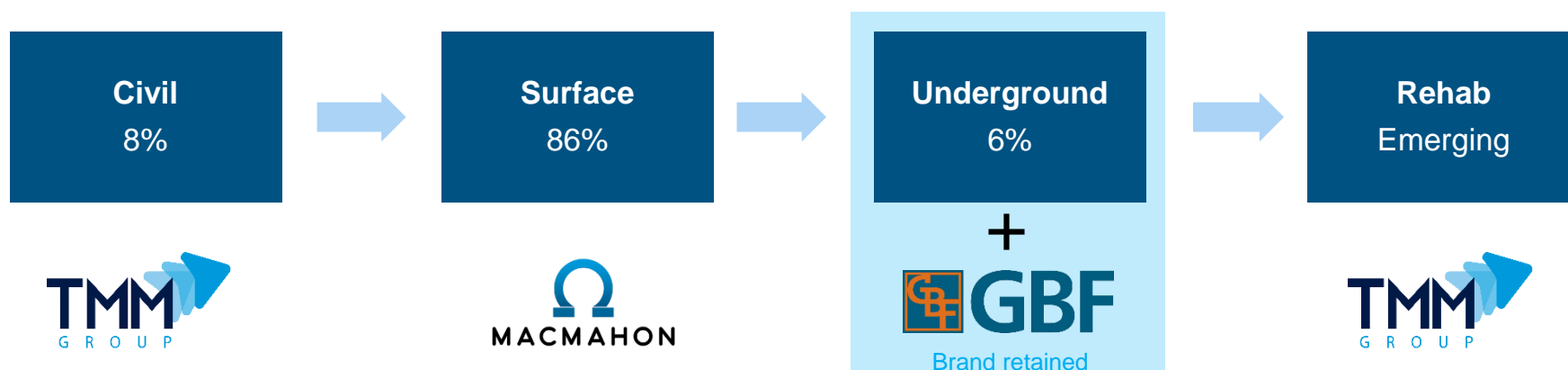


Meaningful participation from start to end of the mining value chain

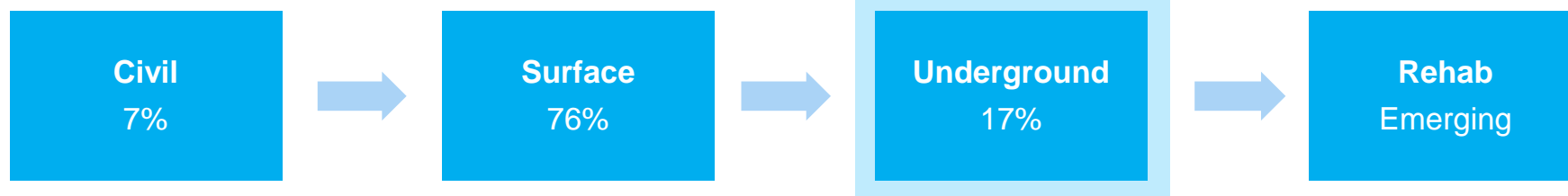


GBF immediately diversifies and grows Macmahon's footprint across the mining value chain

Pre Acquisition – Revenue Contribution ¹



Post Acquisition – Revenue Contribution ¹



1. Revenue contributions based on 1H FY19 results

Strategic Rationale



Our strategy

A leading contractor in underground mining

GBF delivers

Scale, depth and capability in underground contracting

Complementary business, consistent with growth strategy

A proven and experienced team with aligned culture

GBF continues to be managed by founders and management team

Broader set of relationships and opportunities

GBF brings experience and strong client relationships

Diversification of client and earnings base

Increases gold and Australian earnings

Stronger business performance

Stronger combined offering to service underground and surface

Higher return on capital; margin improvement through scale, skills and discipline

Expected earnings accretive in FY20 pre synergies, with price linked to performance

Underground is an attractive opportunity



GBF increases chance of winning new underground work

- Together, MAH and GBF have \$2.3bn+ of underground tender opportunities across 11 projects
 - MAH: \$1.7bn across 5 projects
 - GBF: \$230m across 4 projects
 - GBF and MAH: separately tendering for \$430m across 2 projects
 - Split 67% Australia, 33% Indonesia
- Overall expect underground opportunities to grow in time

UG Tender Pipeline

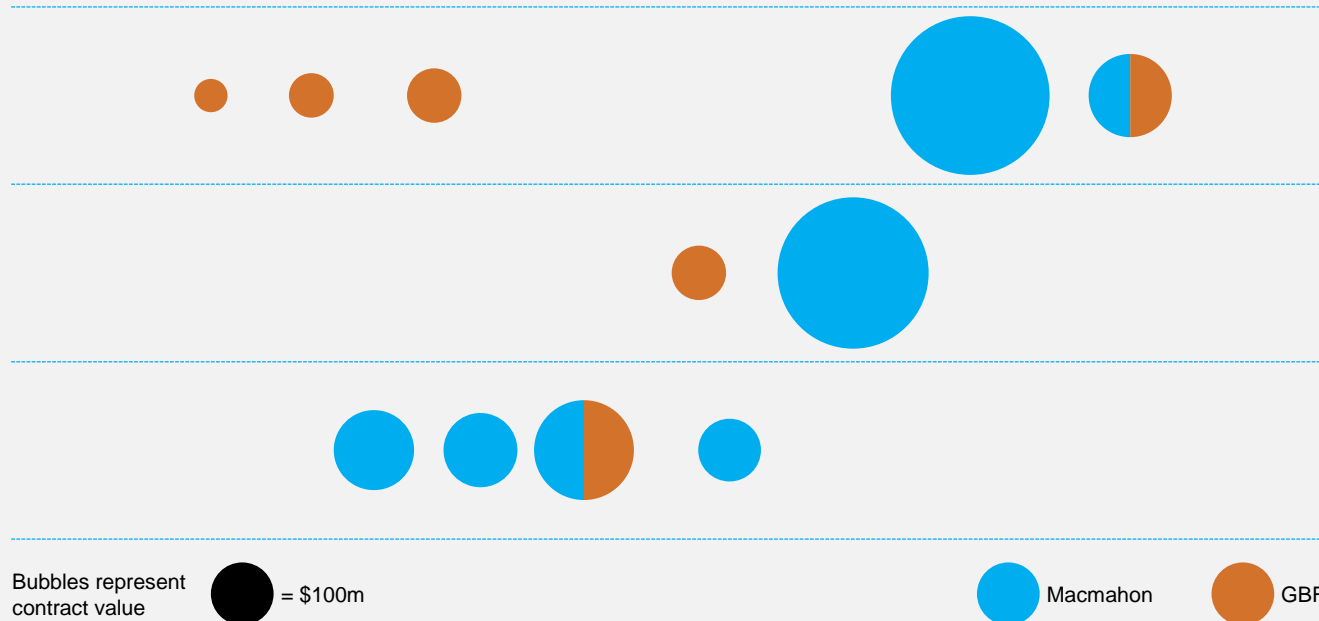
Exclusive / Preferred

Tender

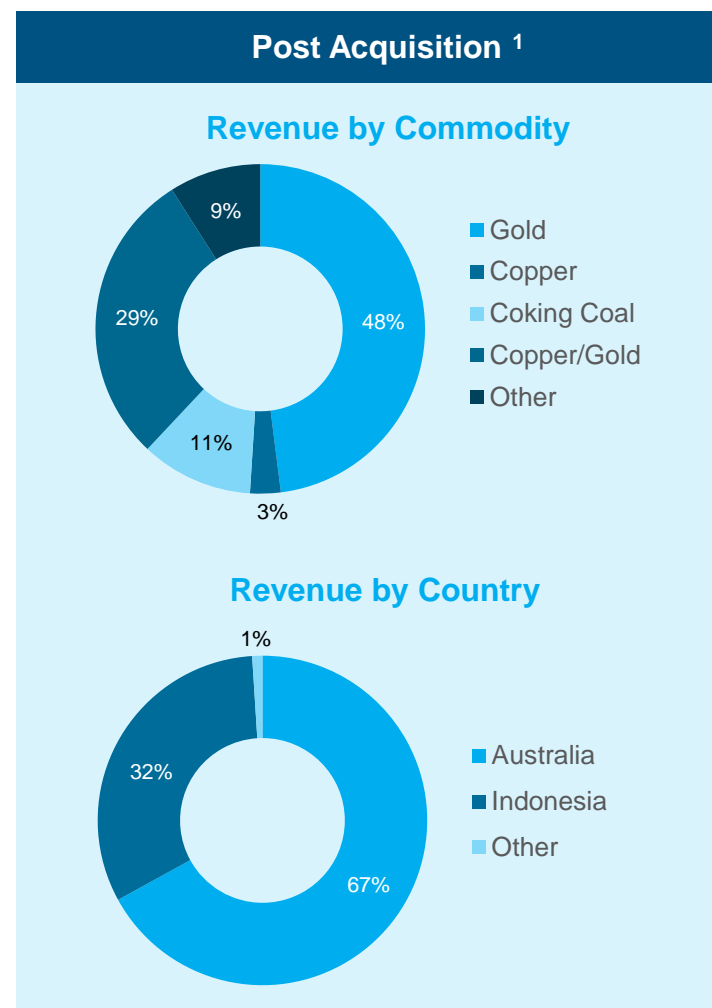
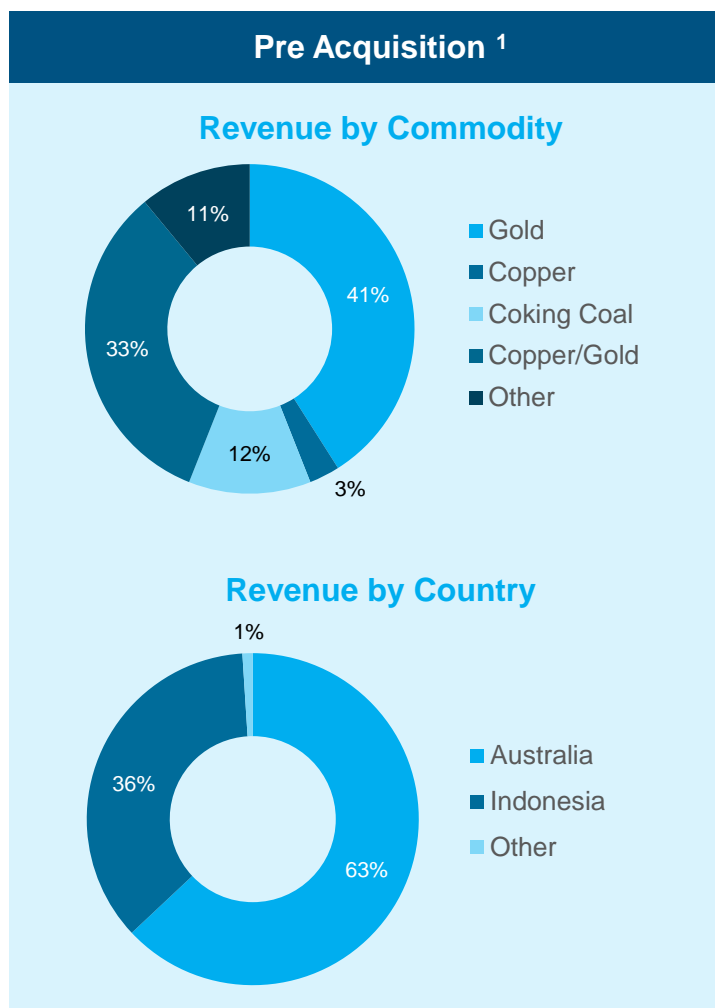
Pre Tender

Near Term

Medium Term



GBF expands Australian earnings and gold exposure



1. Revenue contributions based on 1H FY19 results

Summary

- **GBF Group will deliver:**
 - ✓ Step change in scale and strong capability in the underground contract mining sector
 - ✓ A pipeline of existing and new contracts which:
 - Diversifies our client base and expands our earnings footprint
 - ✓ A proven experienced management team that is aligned with Macmahon's earnings aspirations
 - ✓ Expected earnings accretion
- The transaction is subject to the satisfaction of customary conditions. See announcement for further detail
- Targeting to achieve completion by mid August 2019



Thank you



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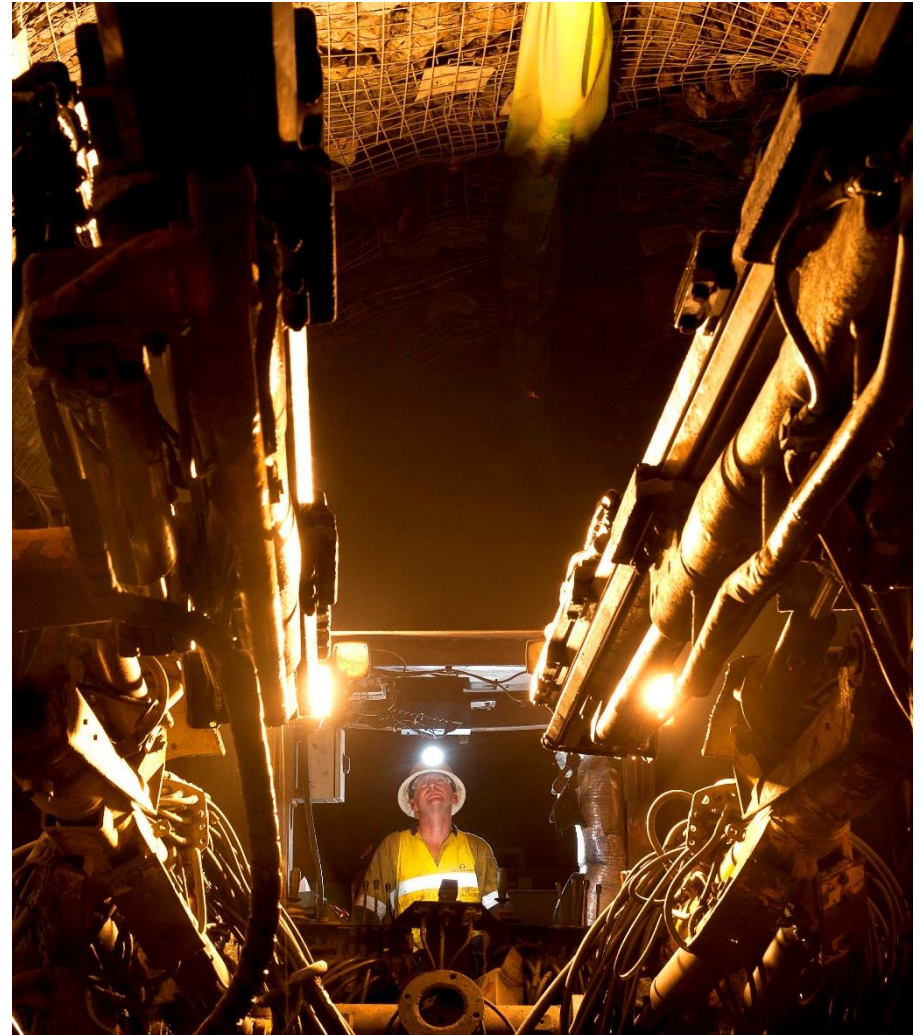
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