

# Investor Presentation



**Acquisition:**

**Underground Mining – Specialised Services Group**

**Monday 14 August 2006**

- Macmahon to acquire Australian Raise Drilling (ARD) and Combined Resource Engineering (CRE) for \$27 million
- Expands Macmahon underground mining business to provide a complete service - no other Australian contractor has this capacity and it lifts Macmahon to a higher level on the service chain
- Two current Managing Directors remaining with the business for a minimum of 2 years
- ARD and CRE employ 180 people and has strong growth potential
- Acquisition will be EPS accretive in FY 07 and provide margin lift to Mining Business

Two complementary businesses, established in 1988, that provide specialised underground mining services.



### **Australian Raise Drilling (ARD)**

Provides vertical and horizontal drilling of large diameter shafts for mine ventilation, access and mine development.

Leading raise drilling contractor in Australia with a fleet of 11 large raise drill rigs, including the largest raise drill in Australia and has more than 40 % market share.



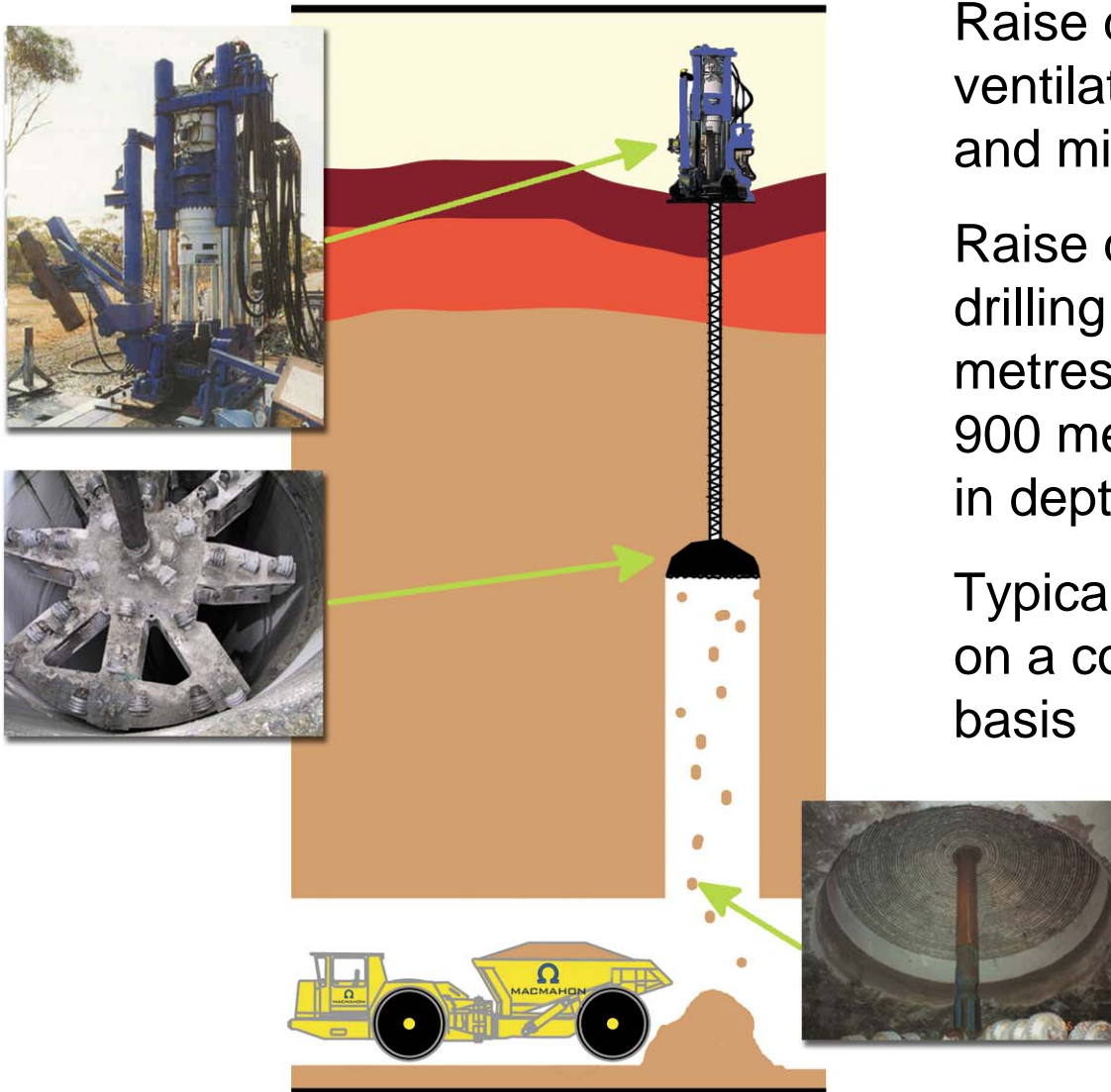
### **Combined Resource Engineering (CRE)**

Provides engineering design, manufacture and installation of underground mine infrastructure including shafts, winders, crushers, conveyors and pumping stations.

Operates a large fabrication workshop in Adelaide with an experienced workforce.

- Purchase of assets, contracts and transfer of employees
- Funding from existing bank facilities and cash reserves
- Total cost of \$27 million includes \$2 million of transaction costs
- Settlement on Friday 1 September 2006
- Purchase cost covered by FY07 Macmahon capital expenditure budget
- Acquisition on a projected FY 07 EBITA multiple of 4 times which is below Macmahon multiple

- Consistent with Macmahon strategy this acquisition expands the core capability within the Mining Business
- Specialised work not generally undertaken by owner miners
- ARD and CRE risk profile similar to Macmahon
- ARD and CRE are market leaders with high margins and low ongoing capital requirement
- ARD and CRE will benefit from access to Macmahon Group's balance sheet, systems and diverse customer base
- Opportunity to grow the business and increase returns



Raise drill holes for ventilation, ore haulage and mine access

Raise drills capable of drilling holes up to 5.8 metres in diameter and 900 metres in depth

Typical contracts are on a cost per metre basis

Leading specialist in providing complete underground infrastructure, design and installation

Typical contracts:

Design - hourly rate

Installation - cost reimbursable / hourly rate



Crusher and conveyor



Shaft sinking



Underground  
shaft equipping

## Key Customers



## Current & Recent Projects (Last 12 months)



AUSTRALIAN RAISE DRILLING



COMBINED RESOURCE ENGINEERING



FABRICATION WORKSHOP



OFFICES

## ➤ FY07 Projections\*:

▪ Revenue	\$55 million
▪ EBITA margin	12%
▪ EBITA multiple	4 times

## ➤ Purchase price allocated to:

▪ Plant & equipment	\$18 million
▪ Identifiable intangibles **	\$ 1 million
▪ Goodwill	\$ 8 million

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\$27 million

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\* Financial projections based on 12 months to June 2007

\*\* Majority of identifiable intangibles amortised within 12 months

- Established, long term, specialised business
- ARD and CRE will continue to operate as independent brands within the Macmahon mining business
- Combining Macmahon underground expertise with ARD and CRE will enable Mining Business to offer “complete mine construction and operation” capability
- Low purchase price EBITA multiple of 4 times
- Focus on growing the business and increasing returns



**MACMAHON**