



MACMAHON

ACQUISITION OF MVM RAIL BUSINESS

23 JANUARY 2006

PRESENTATION



- ➔ Macmahon has acquired 60% shareholding in MVM Rail Pty Ltd (MVM) from Grupo COMSA (Spain) and FerFin (Italy)
- ➔ COMSA will retain a 40% shareholding in MVM
- ➔ MVM is a provider of rail track construction and maintenance services in Australia & Asia
- ➔ Purchase price of \$5.3million for 60% shareholding
- ➔ MVM forecast to deliver \$35m of revenue in 2006 FY
- ➔ Macmahon and MVM will provide a complete rail construction and maintenance service (earthworks and track laying)
- ➔ MVM to focus on rail markets in Australia, Asia and Middle East
- ➔ Opportunities for substantial growth in the expanding Australian rail sector



➔ What is MVM

- A specialist rail contractor involved in new track laying, rail track refurbishment and maintenance
- Founded in 1992 with Australian, Spanish & Italian shareholders
- Successfully completed rail projects in Australia, Malaysia, Philippines, Taiwan, Thailand, India & Ireland

➔ Assets

- Specialist rail track construction and maintenance equipment
- Access to specialist equipment, technical assistance and people from COMSA
- Quality client base

➔ People

- Experienced workforce of 50 in Australia & Asia

➔ Major Contracts

- Southern Improvement Alliance – MVM is a 20% Joint Venture partner in the Australian Rail Consortium which has a \$500 million contract with Australian Rail Track Corporation (ARTC) for the upgrade of the Main South Line from Sydney to Melbourne.

The works include 220km of new track, extensive sleeper replacement and track geometry improvement.

➔ Other Contracts

- Port of Fremantle new trackworks
- Boggabri coal mine spur line, NSW
- Wilpinjong coal mine spur line, NSW
- Passing loops for BHP Billiton Iron Ore in WA
- Rail flash butt welding in Malaysia

➔ Total MVM order Book of \$110 million



- ➔ Provides access to new markets for Macmahon
 - Significant rail capital projects in next 3 - 5 years
 - Large rail maintenance market
 - MVM will continue to pursue key opportunities in QLD, NSW, VIC and WA
 - Industry trend is towards increased outsourcing

- ➔ Natural fit with Macmahon's Civil business
 - Provides extension to Macmahon's rail construction capabilities
 - Increased customer base and geographical spread
 - Foundation for further growth

- ➔ Macmahon will be able to offer complete rail infrastructure service
 - Earthworks (Macmahon)
 - Bridges (Macmahon)
 - Tracklaying (MVM)
 - Maintenance (MVM)
 - Signalling, systems and design (COMSA brings capability to MVM)

Benefits of retaining COMSA as a 40% shareholder



- ➔ COMSA has reduced its shareholding in MVM from 75% to 40%, with FerFin SpA selling its entire 25% stake to Macmahon

- ➔ What is COMSA
 - Privately owned Spanish Construction Company founded in 1891
 - Operations in Spain, Portugal, Italy, Poland, Chile and Argentina
 - Operates in rail sectors, civil construction, tunnelling and property
 - Turnover in excess of \$1.5 billion pa
 - The largest specialist rail track contractor in Europe with expertise in design, construction, maintenance, operations and ownership

- ➔ COMSA will provide to MVM
 - Extensive experience in track design, construction and maintenance
 - Technology for high speed rail systems
 - Specialist personnel and equipment
 - Rail freight operations experience

- ➔ Price of \$5.3 million for Macmahon 60% share
- ➔ Funded from existing Macmahon cash reserves
- ➔ Transaction effective date of 1 February 2006
- ➔ Assets
 - Rail tracklaying and maintenance equipment
 - Current contracts, expertise and people
 - Relationship with COMSA
- ➔ Revenues
 - Forecast \$35 million in 2006 FY
 - Revenue in 2007 FY forecast to exceed \$60 million with \$40 million of work already secured
- ➔ Margins
 - Targeted to deliver +6% EBIT Margins
 - EPS positive for Macmahon in 2007 FY



➔ Rail Construction in Australia

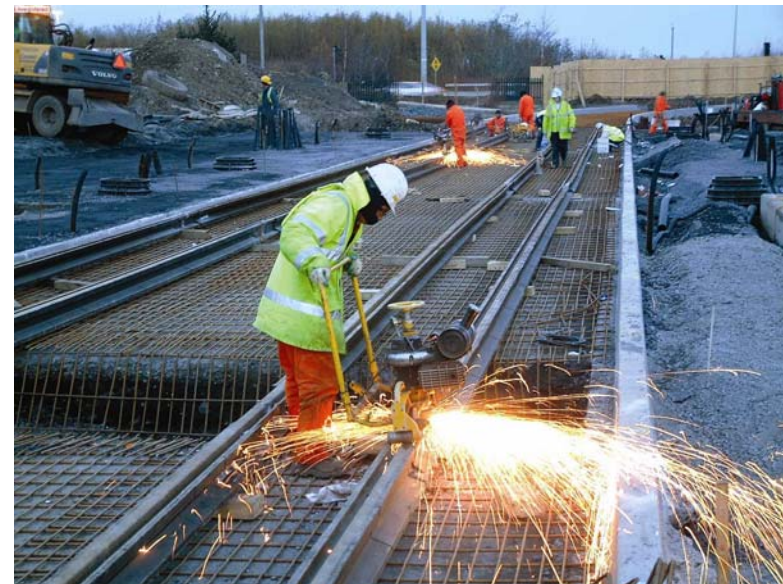
- Current construction market is \$2 billion pa with substantial growth forecast
- High number of large projects in NSW and QLD
- Increased transport infrastructure required for resource sector and general freight
- Significant Government funding as part of AusLink

➔ Maintenance Services

- Strong growth expected
- Increased percentage to be outsourced

➔ Competitors

- John Holland Rail
- Barclay Mowlem
- Works Infrastructure
- Transfield
- United Group



- ➔ MVM will operate as a separate company with its own Board and Management
- ➔ All key MVM people retained
- ➔ Macmahon to provide additional senior management
- ➔ Macmahon will provide support in areas of;
 - People
 - Finance
 - Systems (QA, Environmental, Community Relations)
 - IR / HR
- ➔ COMSA will provide support in areas of;
 - Systems (Asset Management for Rail)
 - Specialist resources (personnel & equipment)
 - Technical assistance
- ➔ Strategies
 - Increased capability offer to existing Macmahon and MVM client base
 - Increase market share on East Coast
 - Develop and grow maintenance capability
 - Future expansion into Asia and Middle East