



14th November 2017

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Chairman's Address to Shareholders

During the past 12 months, activity levels in the markets in which MACA operates have continued to increase which was foreshadowed this time last year.

Against the backdrop of competitive markets, the Group has increased its revenue base from \$431 million in the 2016 financial year to \$498 million in the 2017 financial year, with expected revenue of \$560 million in the 2018 financial year.

MACA's engine room continues to be its Mining Division. In FY 17 this division contributed some 85% of Group revenue and all of the group EBITDA, owing to losses being incurred by the Group's other divisions as we made deliberate investments to establish a platform from which to diversify and expand the Group's activities.

The Mining Division has been performing well and in line with expectations. This division has demonstrated a strong track record of consistent and safe operational performance, and continues to win new projects to sustain the work in hand at above \$1 billion.

By contrast, the trading performance of the MACA Interquip (60% owned by MACA) and Victorian Civil & Infrastructure divisions have underperformed. As announced yesterday in our trading update, earnings this half have been adversely affected by loss making contracts in these divisions. Costs in respect of these contracts have now been recognised and are contained. Actions have and are being taken to improve our contract management processes in these divisions as well as the management and integration of business acquisitions. The Board remains supportive of the strategy to expand and diversify the Group's revenue base outside of the Mining Division; nevertheless, we also fully acknowledge the need to ensure positive financial performance in these other divisions. We remain confident that these relatively new divisions will deliver strong results for our shareholders over the years to come.

The outlook for the Group remains positive and there is a large pipeline of prospective opportunities. MACA is currently in contention on a number of significant mining and crushing projects, which if won, will materially contribute to earnings in FY 19 and beyond. In addition, we continue to win moderately sized, shorter term civil jobs in Western Australia and Victoria. Our strong balance sheet makes us well placed to win new work as sector conditions continue to strengthen.

MACA is proud of its health and safety record and your Company remains committed to the goal of 'zero harm' for every employee and service provider engaged in our works as a fundamental for our business success.

We are also proud of our support for the communities in which we operate. MACA's sponsorship of the Ride to Conquer Cancer has raised a significant amount for the Harry Perkins Institute of Medical Research, and in this year's ride over 200 people participated for 'team MACA'. The Company also continues to support a number of other worthy causes, such as the Perth Children's Hospital Foundation.

In conclusion, I would like to once again thank all our hard working staff at MACA and my fellow directors, and thank all of our shareholders for your ongoing support.

Andrew Edwards
Chairman

