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2 March 2017

Singapore Exchange (SGX)
2 Shenton Way
19-00 SGX Centre 1
Singapore 068804

RE: CIM RESPONSE TO NON-BINDING CONDITIONAL AMNT ASSET PROPOSAL

Please find attached a copy of a media release issued by CIMIC Group Limited, parent company of CIMIC Finance (USA) Pty Ltd.

Yours faithfully
CIMIC GROUP LIMITED

LOUISE GRIFFITHS
Company Secretary

FIFTH SUPPLEMENTARY BIDDER'S STATEMENT

In relation to the Offer by

CIMIC GROUP INVESTMENTS PTY LIMITED

ACN 126 876 953

to acquire fully paid ordinary shares in

MACMAHON HOLDINGS LIMITED

ACN 007 634 406

ACCEPT

THE UNCONDITIONAL

CASH OFFER TO ACQUIRE ALL OF YOUR ORDINARY SHARES IN MACMAHON HOLDINGS LIMITED FOR \$0.145 CASH FOR EACH MACMAHON SHARE

The Offer Price of \$0.145 for each Macmahon Share is final and cannot be increased during the Offer Period, in the absence of a competing proposal

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read this document in its entirety. If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible. If you have any queries about the Offer, you may also call the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) between 9.00am and 5.00pm (AEDT) Monday to Friday.

FIFTH SUPPLEMENTARY BIDDER'S STATEMENT

This document is a supplementary Bidder's Statement under section 643 of the *Corporations Act 2001* (Cth).

It is the fifth supplementary Bidder's Statement (**Fifth Supplementary Bidder's Statement**) issued by CIMIC Group Investments Pty Limited ACN 126 876 953 (**CGI**) to the Bidder's Statement lodged with ASX, Macmahon Holdings Limited and ASIC on and dated 24 January 2017 (**Original Bidder's Statement**) as amended by the first supplementary bidder's statement dated 31 January 2017 (**First Supplementary Bidder's Statement**), the second supplementary bidder's statement dated 9 February 2017 (**Second Supplementary Bidder's Statement**), the third supplementary bidder's statement dated 17 February 2017 (**Third Supplementary Bidder's Statement**) and the fourth supplementary bidder's statement dated 1 March 2017 (**Fourth Supplementary Bidder's Statement**) issued by CGI in relation to its off-market takeover bid for all of the ordinary shares in Macmahon Holdings Limited ACN 007 634 406 (**MAH**).

This Fifth Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement, the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement, the Third Supplementary Bidder's Statement and the Fourth Supplementary Bidder's Statement. This document will prevail in the event of any inconsistency with the Original Bidder's Statement as amended by the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement, the Third Supplementary Bidder's Statement and the Fourth Supplementary Bidder's Statement. Unless the context requires otherwise, terms defined in the Original Bidder's Statement as amended by the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement, the Third Supplementary Bidder's Statement and the Fourth Supplementary Bidder's Statement have the same meaning where used in this document.

A copy of this Fifth Supplementary Bidder's Statement was lodged with ASIC on and is dated 2 March 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

2 MARCH 2017

CIMIC'S \$0.145 PER SHARE UNCONDITIONAL CASH OFFER IS THE ONLY OFFER AVAILABLE TO SHAREHOLDERS

NON-BINDING AMNT ASSET PROPOSAL IS UNCERTAIN, RISKY, HIGHLY CONDITIONAL AND DOES NOT DELIVER CASH TO SHAREHOLDERS

The choice for Macmahon Holdings Limited (**Macmahon**) shareholders is:

1. **ACCEPT** CIMIC Group Investments Pty Limited's (**CGI**) final¹ unconditional off-market takeover offer (**Offer**) of \$0.145² in cash per share, which is **available now** and **delivers cash to shareholders' within 7 business days**³ at an **attractive premium**⁴; or
2. Remain a Macmahon shareholder and be exposed to:
 - the uncertainty and risks already present in Macmahon's forecast financial performance; and
 - the added uncertainty of the highly conditional, non-binding AMNT asset proposal (**proposal**) which, if successful, will dilute shareholders and, fail to deliver shareholders cash, and will increase the risk profile of Macmahon.

AMNT asset proposal:

- ✗ Uncertain, non-binding and highly conditional proposal
- ✗ Increases the risk profile of Macmahon
- ✗ Pays no cash to Macmahon shareholders and Macmahon's need to fund its future growth remains unresolved
- ✗ Inherently conflicted as Macmahon will be controlled by its major client
- ✗ The market is flooded with mining equipment assets and the quality of AMNT's assets is unknown
- ✗ The profitability of the proposed AMNT mining contract is unknown
- ✗ Dilutes shareholders' interests and appears reactive, rushed and defensive

CGI Offer:

- ✓ Unconditional, all-cash Offer is the only offer capable of acceptance **NOW**
- ✓ All-cash Offer Price provides an attractive alternative to the significant risk and uncertainty of remaining a Macmahon shareholder
- ✓ Attractive premium of 31.8% to the price of Macmahon shares on ASX at the close of trading on 23 January 2017
- ✓ Absent the CGI Offer, Macmahon's share price may fall
- ✓ Enables you to sell **ALL** of your shares **NOW** in an orderly manner, with no brokerage payable
- ✓ Scheduled to close 9 March 2017

¹ The Offer Price is final, and cannot be increased during the Offer Period, in the absence of a competing proposal and is subject to the Offer terms specified in the Bidder's Statement.

² The Offer Price of \$0.145 per Macmahon Share is subject to the offer terms outlined in the Bidder's Statement. If Macmahon pays any dividend or capital distribution to Shareholders between 24 January 2017 and the close of the Offer Period, CGI will deduct the value of such dividends or capital distributions (but not any franking credits) from the \$0.145 per Share to be paid under the Offer.

³ Upon receipt of a valid acceptance form.

⁴ CGI's Offer is at a 31.8% premium to the price of Macmahon shares on ASX at the close of trading on 23 January 2017, the trading day prior to the announcement of the Offer, of \$0.110 per Macmahon Share.

Uncertainty and risks of the highly conditional non-binding proposal

1 Uncertain, non-binding and highly conditional proposal

The proposal is a non-binding Heads of Agreement which means there is no guarantee that it will develop into a transaction capable of being voted on by Macmahon shareholders.

The proposal is subject to numerous conditions including Foreign Investment Review Board approval, Indonesian regulatory requirements, consent from AMNT lenders and Macmahon shareholder approval.

- ✓ CGI's Offer is open for acceptance NOW and is scheduled to close at 7.00pm (Sydney time) on 9 March 2017.

2 It increases the risk profile of Macmahon

If successful, the proposal would result in the majority of Macmahon's assets and business being located in Indonesia, materially altering Macmahon's risk profile.

It will increase the capex, funding, asset and people burdens on Macmahon by creating a second major jurisdiction for its operations. This may place Macmahon's working capital under significant strain.

3 Control in Macmahon will pass to AMNT without paying shareholders a cash premium

The proposal will pass control to AMNT without paying shareholders any cash compensation at all.

AMNT's sale of approximately US\$150 million⁵ of assets does not provide any cash to Macmahon and will leave Macmahon with the cost of servicing additional assets.

- ✓ CGI's Offer pays Macmahon shareholders \$0.145² per share in cash and enables all Macmahon shareholders to sell ALL of their shares NOW with no brokerage payable
- ✓ CGI's Offer is at a 31.8% premium to the price of Macmahon shares on ASX at the close of trading on 23 January 2017, the trading day prior to the announcement of the Offer, of \$0.110 per Macmahon Share.

4 Macmahon's need to fund its future growth remains unresolved

The proposal does not deliver any immediate cash to Macmahon. Macmahon's Target Statement states that "new sources of funding will be required to assist with meeting the anticipated capital expenditure to carry out the new contracts"⁶.

If Macmahon is unable to fund its growth, it will be unable to expand its business, including winning the work it has stated that it requires in order to meet guidance.

⁵ Macmahon ASX Announcement, 1 March 2017 "Media Release - Macmahon Signs Heads of Agreement" (Page 1)

⁶ ASX announcement, 27 February 2017, "Target's Statement" (page 34)

5 It is inherently conflicted as Macmahon will be controlled by its major client

AMNT would be Macmahon's major shareholder with two directors appointed to the Macmahon Board **AND** the largest customer of Macmahon **AND** a direct competitor to Macmahon's clients.

This exposes shareholders to the potential for serious conflicts of interest and corporate governance issues, for example, AMNT could seek to minimise the margin it pays Macmahon (40 - 50.1% owned by AMNT) for work in order to maximise the margins for the mine (100% owned and operated by AMNT and its affiliates).

6 The market is flooded with mining equipment assets and the quality of AMNT's assets is unknown

Contrary to Macmahon's recent strategy of seeking to sell mining equipment assets and rely on client owned or leased equipment, Macmahon is now proposing to buy a significant asset base.

Macmahon has already impaired \$229.3 million⁷ of assets in FY15. If Macmahon's expert's valuation of the sale assets is higher than market value, Macmahon may face the risk of future impairments.

7 The profitability of the AMNT mining contract is unknown and Macmahon's track record is poor, especially in international markets

Macmahon's recent experience operating outside of Australia (e.g. Mongolia and Nigeria) highlights the potential challenges Macmahon may face with a new international contract of this scale.

Macmahon's largest recent new contract, at Telfer in Western Australia, was secured in 2015 and has incurred material losses since inception. This continuing poor experience highlights Macmahon's track record of entering into new projects with new clients.

The proposal contains no guarantees on the expected profitability of the proposed AMNT mining contract. Accordingly, the AMNT contract may not improve the future financial performance of Macmahon.

8 It may trigger termination rights in existing contracts

The change of control arising from the AMNT asset proposal may trigger termination rights in Macmahon's existing contracts, putting Macmahon's existing revenue, and guidance, at risk.

Given that AMNT is a gold and copper mine operator, the change in control may present a conflict with Macmahon's largest clients.

9 Macmahon will no longer be an independent operator, risking future contract wins

The proposal would mean that Macmahon is controlled by a direct competitor to Macmahon's clients.

⁷ Macmahon FY15 Annual report (Page 10), Includes the impairment of property, plant and equipment, of \$183.7 million, inventory write-downs of \$27.3 million and an impairment of goodwill of \$18.3 million.

This may limit Macmahon's ability to win contracts in the future from existing and potential new clients who are competitors of AMNT.

10 It dilutes shareholders' interests to win a new contract, highlighting the reactive, defensive appearance of the proposal

Macmahon announced on 13 February 2017 it was AMNT's preferred contractor⁸. However the proposal involves Macmahon issuing its shares and giving AMNT control of Macmahon to win the same contract. Macmahon is effectively giving control to AMNT for the right to mine the site.

CGI believes the proposal is a rushed, desperate reaction to CGI's Offer. CGI considers that the proposal is not aligned with Macmahon's stated strategy.

11 There is no guarantee the AMNT mining contract will not be terminated in the future

If the proposed AMNT mining contract is terminated, Macmahon shareholders will have given AMNT control of their company for limited benefit.

12 The outlook for Macmahon's share price is uncertain and it could fall to the levels recorded prior to CGI's Offer

If the proposal does not complete and CGI's Offer closes, Macmahon's share price may fall. In the three months prior to the announcement of the Offer, the closing price of Macmahon shares on ASX was no higher than \$0.115, which is materially below the Offer price of \$0.145² per Macmahon share.

CGI's unconditional all cash Offer is the only offer available to Macmahon shareholders NOW and delivers CASH to shareholders' within 7 business days at an attractive premium

In comparison to the risks and uncertainties of the non-binding AMNT proposal, CGI considers that Macmahon shareholders should **ACCEPT** the all-cash Offer **NOW**:

- ✓ **Unconditional all-cash Offer is the only offer capable of acceptance NOW:** CGI's unconditional, all cash, Offer of \$0.145² per Macmahon is open for acceptance NOW, and allows Macmahon shareholders to realise cash now at an attractive premium to the trading price of Macmahon shares before the Offer was announced.
- ✓ **All cash Offer Price provides an attractive alternative to the risk and uncertainty of remaining a Macmahon shareholder:** CGI's unconditional, all cash, Offer of \$0.145² per Macmahon share allows Macmahon shareholders to crystallise value now for their investment in Macmahon, providing an attractive alternative to remaining a Macmahon shareholder exposed to the significant risks and uncertainties of Macmahon.
- ✓ **Attractive premium:** CGI's Offer price of \$0.145² cash for each Macmahon share represents an attractive premium to the trading price of Macmahon shares before the Offer was announced.

⁸ ASX announcement 13 February 2017, "Macmahon signed MoU to become preferred Contractor for Batu Hijau mine."

CGI's Offer is at a 31.8% premium to the price of Macmahon shares on ASX at the close of trading on 23 January 2017, the trading day prior to the announcement of the Offer, of \$0.110 per Macmahon Share.



Macmahon's share price may fall: Absent the Offer, Macmahon's share price may fall below the Offer Price. In the three months prior to the announcement of the Offer, the closing price of Macmahon shares on ASX was no higher than \$0.115, which is materially below the Offer price of \$0.145² per Macmahon share.

ACCEPT the Offer now

CGI's Offer is now **unconditional**. This means that if you accept the Offer, CGI will pay you the Offer price 7 business days after receipt of your valid acceptance.

How you accept the Offer depends on whether your Macmahon Shares are in an Issuer Sponsored Holding or a CHESS Holding.

You have been sent an Acceptance Form with the Bidder's Statement (an Issuer Acceptance Form or a Chess Acceptance Form), which will be the Acceptance Form to be used in relation to your Macmahon Shares.

Issuer Sponsored Holders (Securityholder Reference Number beginning with "I"):

To accept the Offer you must complete, sign and return the Issuer Acceptance Form in accordance with the instructions on it to the address indicated on the form so that it is received **BEFORE 7.00pm (Sydney time), 9 March 2017⁹**.

Acceptance Forms can be sent by post, or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents).

For Acceptance Forms sent by email or fax, the original Acceptance Form (including any documents required in order to validly process acceptances, such as certified copies of powers of attorney) must still be posted in accordance with the instructions on the Acceptance Form, and CGI will not be obliged to pay the consideration until it receives those documents.

CHESS Holders (Holder Identification Number beginning with "X"):

If your Macmahon Shares are held in a broker sponsored holding, to accept the Offer contact your broker directly before the end of the Offer Period. Alternatively, you can return your validly completed Acceptance Form to the address indicated on the form or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents). Your Acceptance Form must be received by CGI in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

Information line

Macmahon shareholders who have any questions about the Offer or want to request a new Acceptance Form may call the CIMIC Offer Information Line on 1300 648 874 (for calls made

⁹ The Offer will close at this time unless extended further or withdrawn in accordance with the Corporations Act 2001 (Cth).

within Australia) or +612 8355 1000 (for calls made from outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

This Supplementary Bidder's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Any Macmahon shareholder who would like to receive a copy of any of those documents may obtain a copy free of charge (within two business days of the request) during the Offer Period by contacting the CIMIC Offer Information Line.

ENDS

Issued by CIMIC Group Limited ABN 57 004 482 982 www.cimic.com.au

Further information

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CIMIC Group Limited (ASX: CIM) is one of the world's leading international contractors and the world's largest contract miner. CIMIC Group has operations that have been in existence since 1934, was listed on the Australian Securities Exchange in 1962 and has its head office in Sydney, Australia. CIMIC provides construction, mining, mineral processing, engineering, concessions, and operation and maintenance services to the infrastructure, resources and property markets. It operates in more than 20 countries throughout the Asia Pacific, the Middle East, North America, Sub-Saharan Africa and South America and, as at 31 December 2016, employed approximately 50,500 people directly and through its investments.

APPROVAL OF FIFTH SUPPLEMENTARY BIDDER'S STATEMENT

This Fifth Supplementary Bidder's Statement has been approved by a resolution of the directors of CGI.

DATED 2 March 2017

SIGNED for and on behalf of CIMIC Group Investments Pty Limited by:



Angel Muriel

Director