



CIMIC Group Limited
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31 January 2017

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

RE: FIRST SUPPLEMENTARY BIDDER'S STATEMENT

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

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

In relation to the Offer by

CIMIC GROUP INVESTMENTS PTY LIMITED

ACN 128 876 953

to acquire fully paid ordinary shares in

MACMAHON HOLDINGS LIMITED

ACN 007 634 406

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.

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

It is the first supplementary Bidder's Statement (**First 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**) in relation to its off-market takeover bid for all of the ordinary shares in Macmahon Holdings Limited ACN 007 634 406 (**MAH**).

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

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on and is dated 31 January 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

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

31 JANUARY 2017

**ADDITIONAL INFORMATION FOR MACMAHON
SHAREHOLDERS**

CIMIC Group Limited (**CIMIC**), through its wholly owned subsidiary CIMIC Group Investments Pty Limited (**CGI**) has announced a final¹ unconditional² off-market takeover offer (**Offer**) for all Macmahon Shares that CGI does not already own at a price of **\$0.145**³ in cash per Macmahon Share.

In light of the Macmahon independent directors' preliminary views announced to ASX on 27 January 2017, CGI would like to bring the following information to the attention of Macmahon Shareholders to assist them in assessing whether to **ACCEPT** the Offer, and whether to sell their Macmahon Shares to CGI on-market **now**⁴.

Factual information about Macmahon

- X** **66% decline in revenue:** Macmahon's revenue has declined from \$1,015.9 million⁵ in FY14 to \$347.4 million⁶ in FY16.
- X** **91% decline in EBIT:** Macmahon's Earnings Before Interest and Tax has declined from \$69.3 million⁷ in FY14 to \$6.0 million⁸ in FY16.
- X** **Loss of \$217.9 million⁹ in FY15:** Macmahon reported profits of \$30.4 million¹⁰ in FY14 and \$1.7 million¹¹ in FY16.
- X** **89% decline in underlying basic EPS:** Macmahon's underlying basic Earnings Per Share has declined from 2.30 cents per share in FY14 to 0.25 cents per share in FY16¹².
- X** **87% decline in operating cash flow per share:** Macmahon's operating cash flow per share has declined from 6.2 cents per share in FY14 to 0.8 cents per share in FY16¹³.

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 Other than in respect of a "prescribed occurrences" condition.

³ 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.

⁴ Macmahon shareholders who sell on-market may need to pay brokerage. No brokerage is payable for acceptances of the Offer.

⁵ Macmahon FY15 Annual Report (page 68), revenue from mining segment.

⁶ Macmahon FY16 Annual Report (page 36), revenue from mining segment.

⁷ Macmahon FY15 Results Presentation (page 7), EBIT from continuing operations.

⁸ Macmahon FY16 Results Presentation (page 11), EBIT from continuing operations.

⁹ Macmahon FY16 Results Presentation (page 11).

¹⁰ Macmahon FY15 Results Presentation (page 7).

¹¹ Macmahon FY16 Results Presentation (page 11).

¹² Macmahon FY16 Annual Report (page 88).

¹³ Macmahon FY16 Annual Report (page 88).

- X 41% decrease in value of order book:** The value of Macmahon's order book has decreased in size from \$2,573 million¹⁴ in FY14 to \$1,507 million¹⁵ in FY16.
- X Approximately 48% of Macmahon's consolidated revenue is attributable to sale transactions with a single customer¹⁶:** Macmahon's major contract (Tropicana) can be terminated for convenience by the counterparty, which places a significant proportion of Macmahon's revenues at risk. Macmahon also has experienced contract terminations for major contracts that form part of its order book including Christmas Creek (20 February 2015¹⁷) and Orebody 18 (25 February 2014¹⁸), and the conclusion of Olympic Dam contracts (September 2015 and March 2016¹⁹).
- X Incurred a number of losses on projects:** Macmahon has incurred losses on the Telfer project since it commenced on site in February 2016²⁰, and has previously suffered operational issues including losses in projects in Mongolia²¹ and Nigeria²².
- X Failure to pay a dividend for four consecutive years and uncertainty for future payments:** Macmahon has not declared or paid a dividend since 17 October 2012²³. The Macmahon Board has determined that no dividend will be declared for the year ended 30 June 2016, and has not indicated when Macmahon Shareholders will again receive a dividend.

Additional factors to consider

Macmahon Shareholders should consider the following additional factors in assessing whether to **ACCEPT** the Offer, and whether to sell their Macmahon Shares to CGI on-market **now**⁴:

- X Continual Board and management changes:** In the past four years, Macmahon has had five CEOs²⁴, three CFOs and two Chairmen. This raises questions about Macmahon's capacity to set and execute a sustainable strategy, drive returns for Macmahon Shareholders and capture future growth.
- X Uncertain earnings outlook for Macmahon:** In its announcement on 27 January 2017, the Macmahon Board did not provide any detailed information (expected revenues, costs, profitability, cash flows or terms of the potential new contracts) to provide certainty on how Macmahon will deliver a pipeline of new work.

¹⁴ Macmahon FY16 Annual Report (page 88).

¹⁵ Macmahon FY16 Annual Report (page 88), includes a proportional share of joint venture order books.

¹⁶ Macmahon FY16 Annual Report (page 60).

¹⁷ Macmahon ASX Announcement, 20 February 2015: "Macmahon to conclude operations at Christmas Creek".

¹⁸ Macmahon ASX Announcement, 25 February 2014: "Transition of Orebody 18 Contract".

¹⁹ Macmahon FY16 Annual Report (page 5).

²⁰ Macmahon ASX Announcement, 30 November 2016: "Chairman's Address to Shareholders".

²¹ Macmahon ASX Announcement, 20 August 2014: "Mongolia Update" referred to operations at Tavan Tolgoi being "suspended by ETT, as part of a range of disagreements between the parties". Macmahon sold its Mongolian business in June 2015 per Macmahon ASX Announcement, 25 June 2015: "Business update".

²² Referred to in Macmahon FY16 Results Presentation, 22 August 2016 on page 6: "Operations in Nigeria incurred losses due to low volumes, increased maintenance costs, industrial action and project closure costs at Ewekoro."

²³ Macmahon has conducted a share buy-back of \$6.58 million. (Appendix 3F - Macmahon Final Share Buy-back notice (21 October 2016).)

²⁴ Includes Jim Walker acting as Executive Chairman.



Trading below NTA per share since March 2013: Macmahon's Directors have referred to NTA per share relative to the Offer Price. However, Macmahon's share price has traded below its NTA per share since March 2013. Also, any assessment of NTA should take into account Macmahon's historical financial performance including the \$213 million²⁵ or \$0.18²⁶ per share write downs in NTA since FY14.

In comparison to the above, Macmahon Shareholders should consider the below factors in assessing whether to **ACCEPT** the Offer, and whether to sell their Macmahon Shares to CGI on-market **now**⁴:



Attractive premium: CGI's cash Offer Price of **\$0.145**³ per Macmahon Share represents an attractive premium of:

- 31.8% 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;
- 37.6% to the Macmahon one month volume weighted average price (VWAP) as at the Trading Day prior to Announcement Date, of \$0.105 per Macmahon Share;
- 45.6% to the Macmahon three month VWAP as at the Trading Day prior to Announcement Date, of \$0.100 per Macmahon Share; and
- 22.1% to the Macmahon six month VWAP as at the Trading Day prior to the Announcement Date, of \$0.119 per Macmahon Share.

CIMIC considers the premia to be particularly attractive given Macmahon's net cash balance of \$56.5 million as at 30 June 2016²⁷.



Certain cash price: CGI's all cash Offer provides cash certainty to Macmahon Shareholders.



Liquidity for all of your Macmahon Shares now: Should CGI be successful in increasing its ownership stake in Macmahon, this may lead to reduced liquidity and make it more difficult for you to sell your Macmahon Shares outside the Offer.



Macmahon's share price may fall: The Macmahon share price may trade at levels below the Offer Price once the Offer has lapsed given the premium currently being offered to Macmahon Shareholders under the Offer. Macmahon's share price on the Trading Day prior to the announcement of the Offer was \$0.11.

ENDS

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²⁵ Total impairment includes \$183.7 million impairment of property, plant and equipment, and \$27.3 million write down of inventory to net realisable value in FY15 (Macmahon FY15 Annual Report (page 22, page 75)) and \$2.0 million impairment of property, plant and equipment in FY14 (Macmahon FY15 Annual Report (page 75)).

²⁶ Calculated based on current basic shares outstanding which reflects 1,261,699,966 Macmahon Shares (as set out in Macmahon's Appendix 3C dated 6 October 2015) less the 60,779,072 Macmahon Shares bought back pursuant to Macmahon's on-market buy-back (as set out in the Appendix 3F dated 21 October 2016).

²⁷ Macmahon FY16 Results Presentation (page 13).

Further information

Ms Marta Olba, Group Manager Investor Relations T+61 2 9925 6134

Ms Fiona Tyndall, General Manager Communications T+61 2 9925 6188

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.

DATED 31 January 2017

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



Angel Muriel

Director