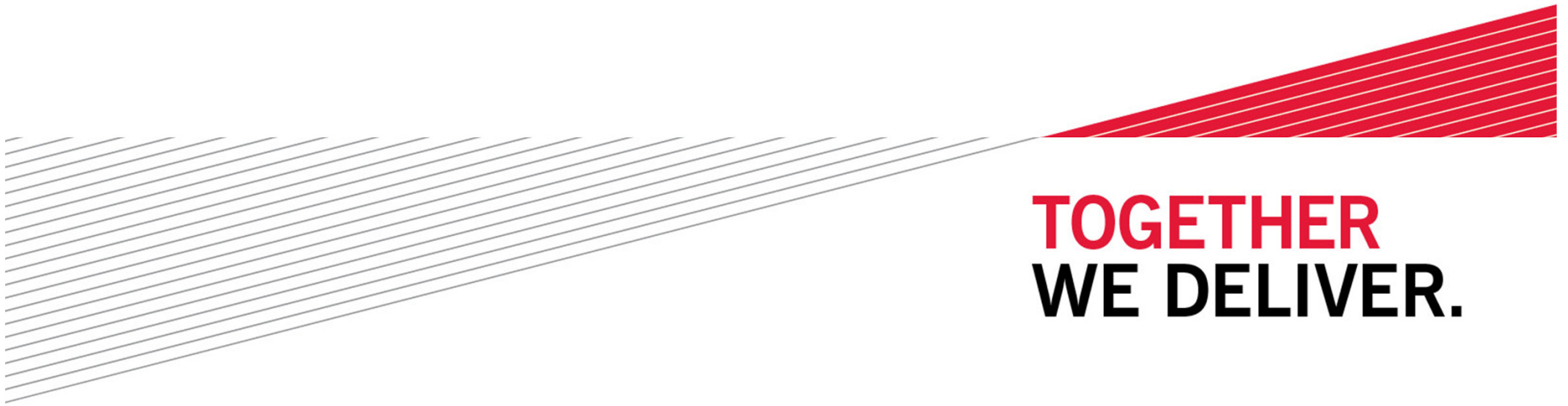


# 2013 Full Year Results

20 August 2013



**TOGETHER  
WE DELIVER.**

# Company Profile

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**Monadelphous Group Limited (ASX:MND) is an S&P/ASX 100 company that provides construction, maintenance and industrial services to the resources, energy and infrastructure sector throughout Australasia.**

|                                         |                        |                             |                                   |                                    |
|-----------------------------------------|------------------------|-----------------------------|-----------------------------------|------------------------------------|
| <b>Market capitalisation</b><br>~\$1.5b | <b>People</b><br>7,418 | <b>Revenue</b><br>~\$2,614m | <b>Earnings per share</b><br>173c | <b>Dividends per share</b><br>137c |
|-----------------------------------------|------------------------|-----------------------------|-----------------------------------|------------------------------------|

(as at 30 June 2013)

## Engineering Construction



## Maintenance & Industrial Services



## Infrastructure



# Group Highlights

---

## 12<sup>th</sup> consecutive year of earnings growth

### Financial

- Sales revenue up 37.8% to \$2,614m
- NPAT up 24.1% on prior year underlying<sup>^</sup> to \$156.3m
- EPS up 21.5%<sup>^</sup> to 173c, DPS up 9.6% to 137c

### Operating

- Extraordinary surge in construction activity
- Outstanding safety performance against abnormal growth
- Awarded ~\$1.3b of new contracts and contract extensions
- Group-wide cost reduction program launched

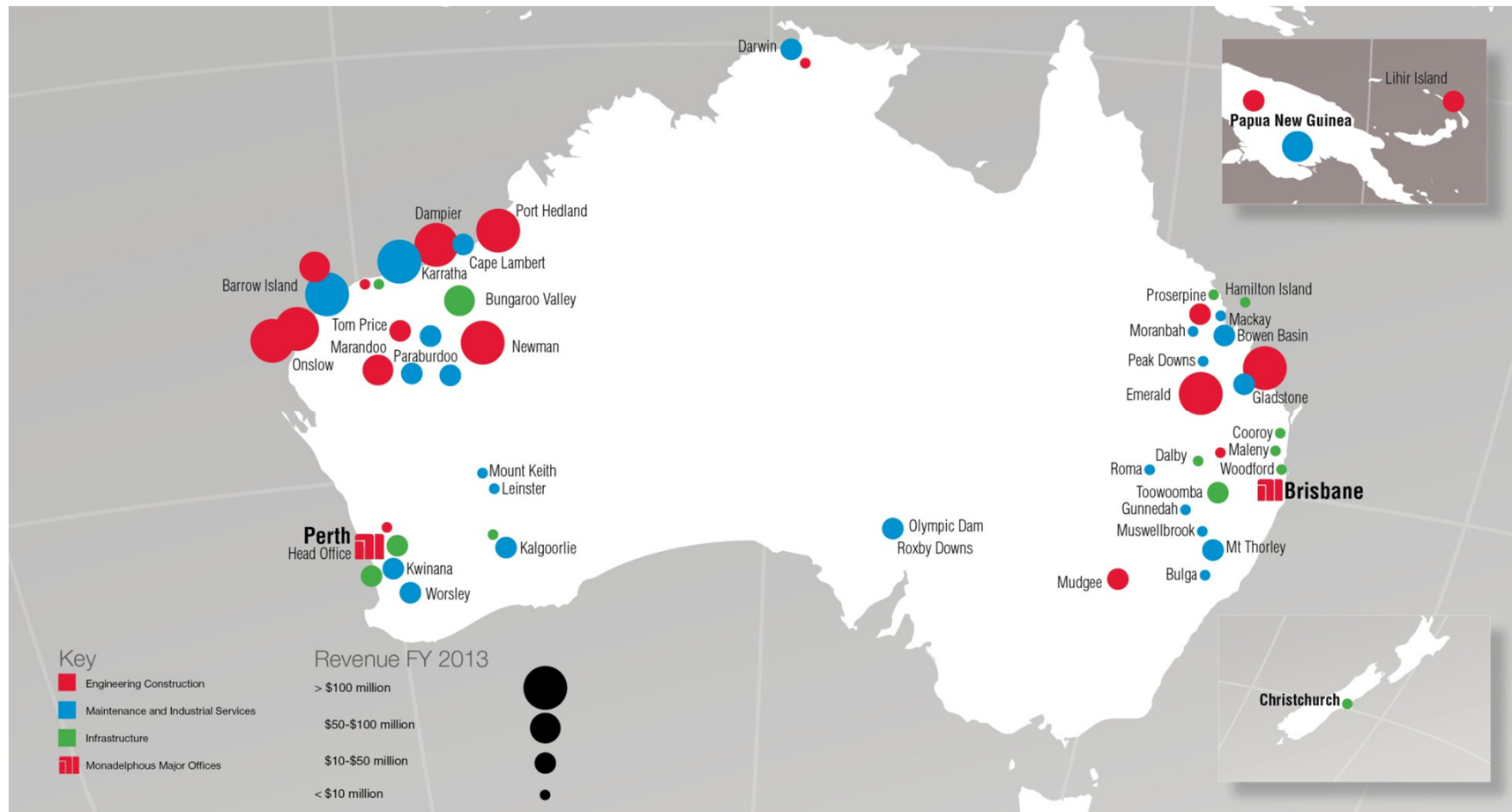
### Strategic

- Strengthened position in oil and gas services market
- Secured Woodside and QGC LNG maintenance contracts
- Consolidation of operating structure into two core divisions
- Opened office in Mongolia to pursue long-term opportunities

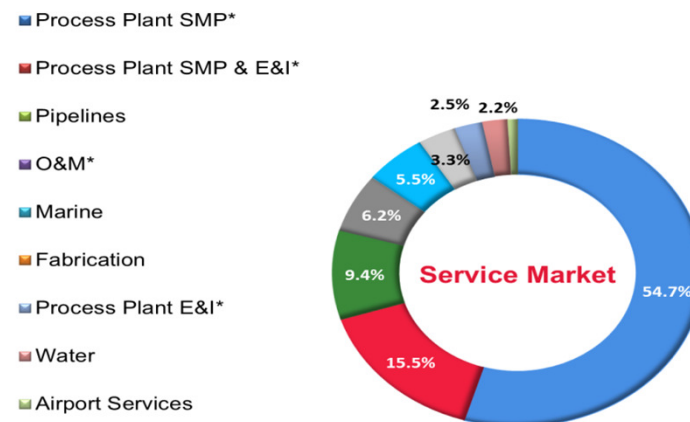
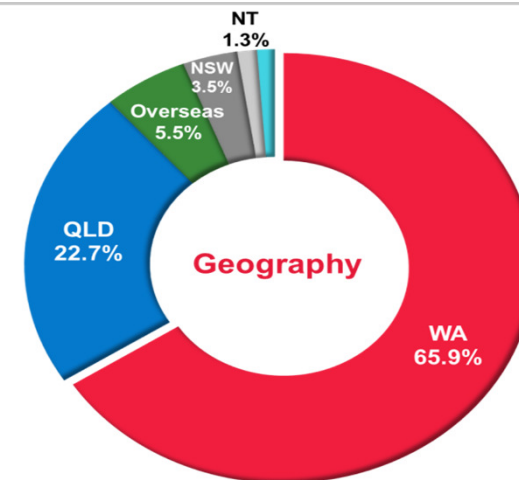
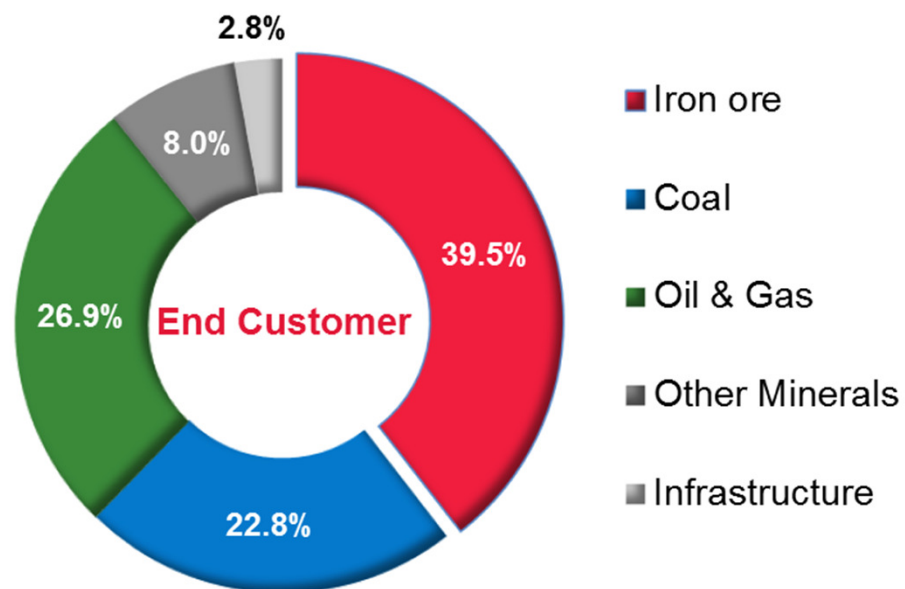
<sup>^</sup> = Underlying basis. Refer to slide 23 for reconciliation

# Contract Activity

## Geographic representation



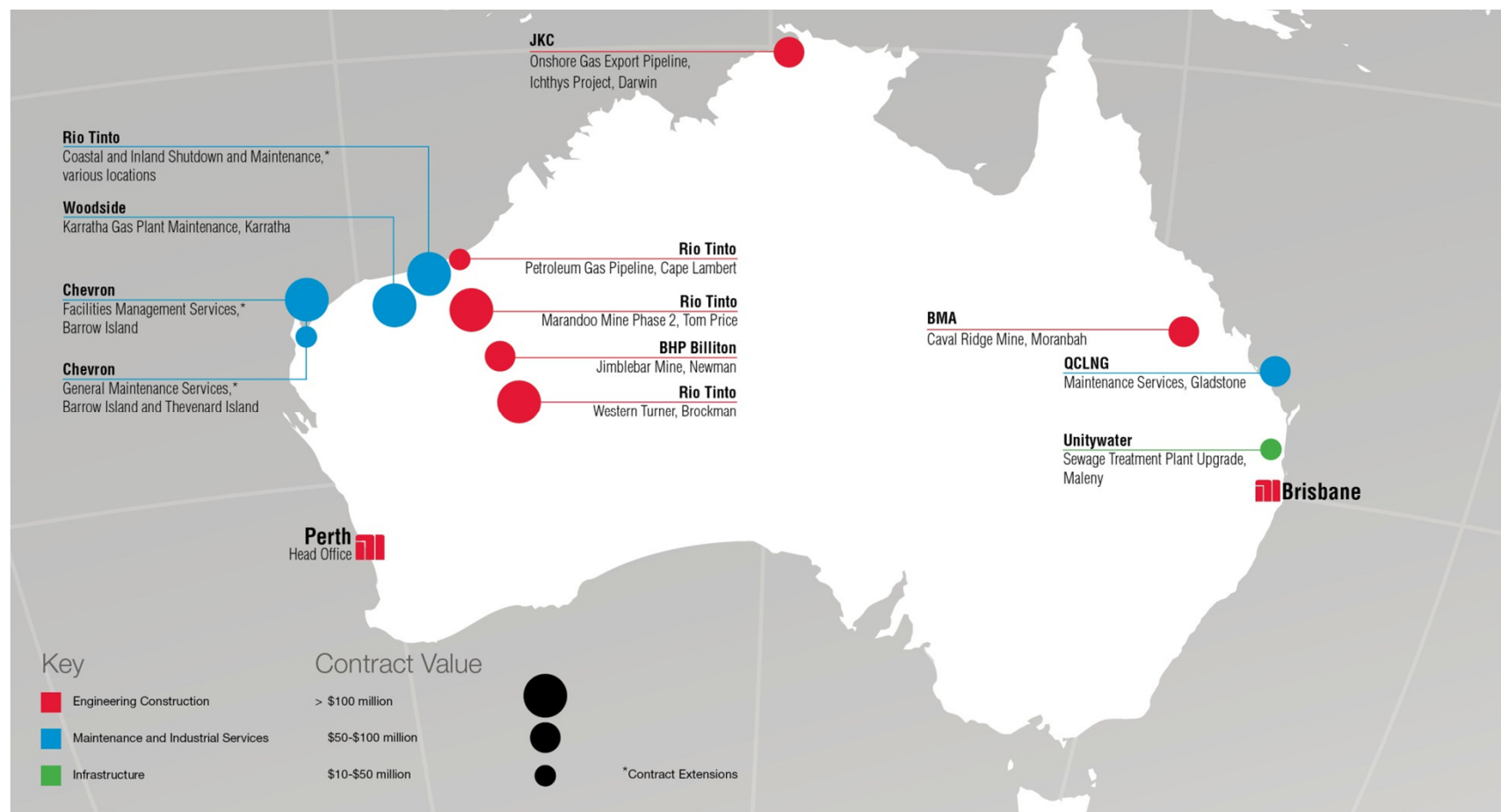
# Sales Revenue Analysis



\*SMP - Structural, mechanical and piping; E&I - Electrical and instrumentation; O&M - Operations and maintenance.

# Contracts Secured

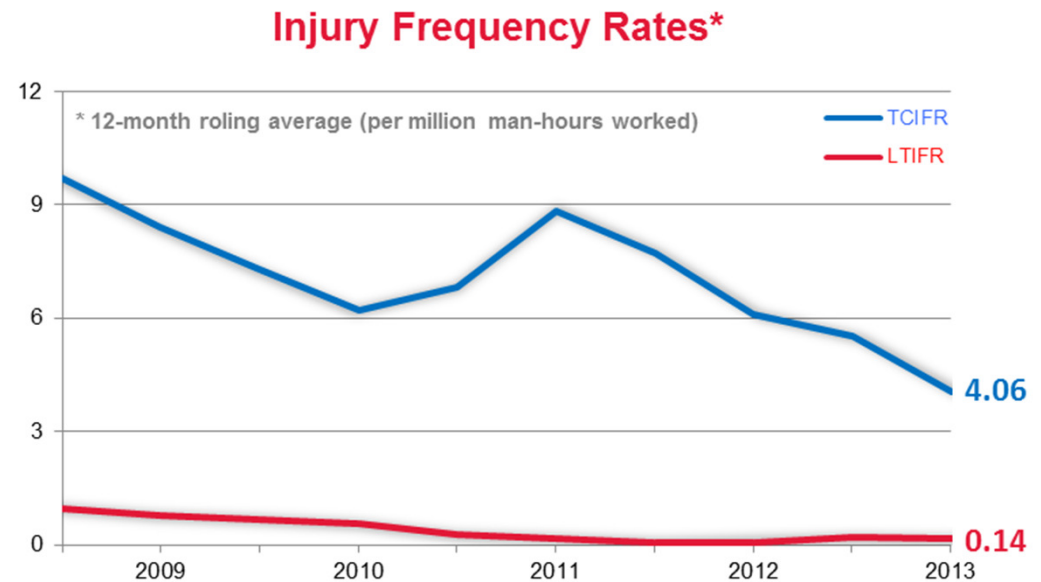
**\$1.3b of new contracts and contract extensions**



# Safety Scorecard

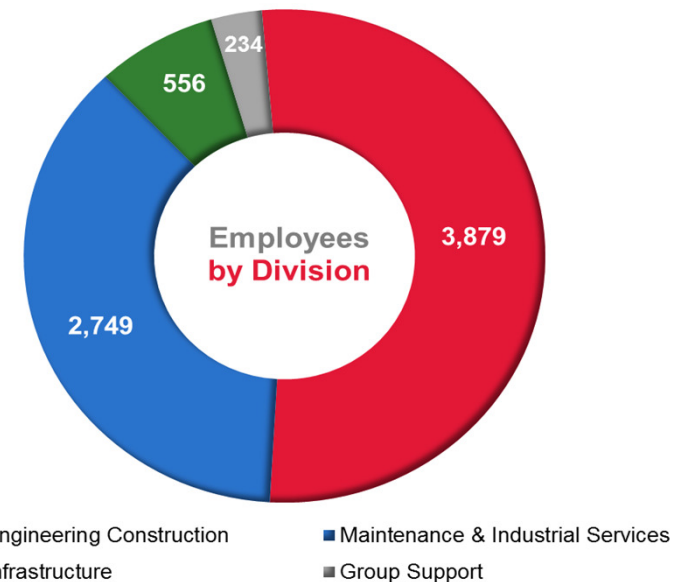
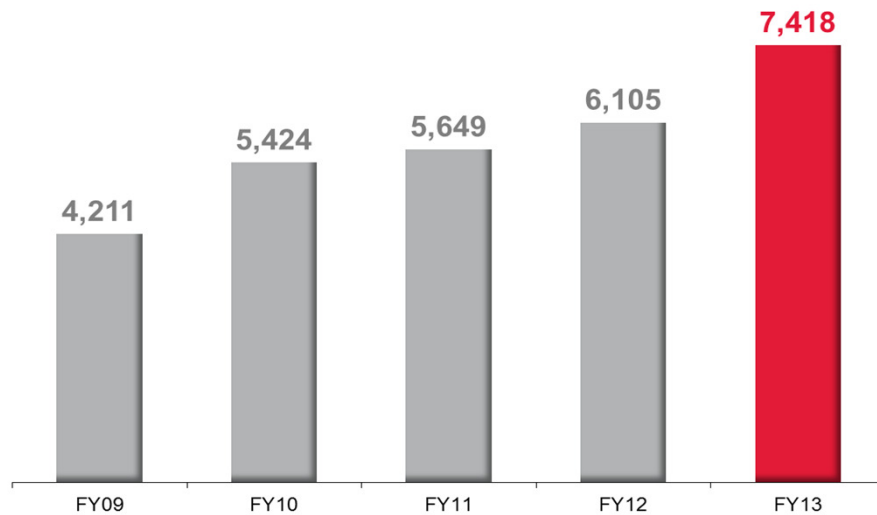
## Outstanding safety performance

- Record safety performance in rapid-growth environment
- TCIFR improved 31.6% to 4.1 incidents per million man-hours worked
- Launched Life Saving Rules
- Integrated Safety Leadership Program into operations



# People Performance

Employee Numbers



- Successful recruitment campaign to meet extraordinary project demands
- New website and enhanced corporate and employer branding
- Established Employee Development Centre
- Reconciliation Action Plan (RAP) launched

# Financial Performance

## Group highlights

|                               | Unit | FY13    | FY12    | Change   |
|-------------------------------|------|---------|---------|----------|
| Sales Revenue                 | \$m  | 2,614.1 | 1,897.5 | +37.8%   |
| EBITDA <sup>^</sup>           | \$m  | 247.0   | 196.5   | +25.7%   |
| EBITDA Margin <sup>^</sup>    | %    | 9.45    | 10.35   | -0.90pp* |
| NPAT <sup>^</sup>             | \$m  | 156.3   | 126.0   | +24.1%   |
| NPAT Margin <sup>^</sup>      | %    | 5.98    | 6.64    | -0.66pp* |
| EPS <sup>^</sup>              | cps  | 173.0   | 142.4   | +21.5%   |
| Operating Cash Flow           | \$m  | 113.2   | 138.6   | -18.3%   |
| DPS (Fully Franked)           | cps  | 137.0   | 125.0   | +9.6%    |
| Return on Equity <sup>^</sup> | %    | 50.8    | 53.8    | -3.02pp* |

<sup>^</sup> = Underlying basis. Refer to slide 23 for reconciliation

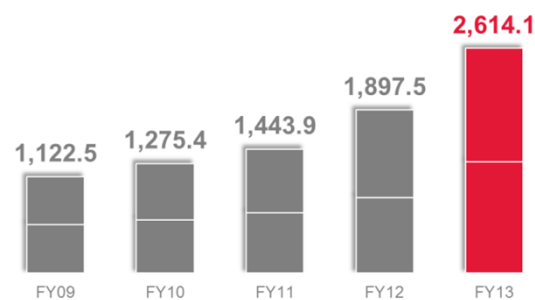
\*pp = percentage points

# Financial Position and Funding

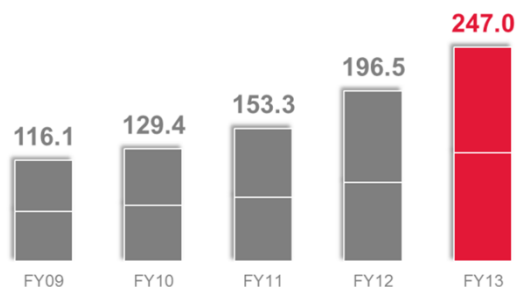
## Balance sheet remains robust

|                                                                        | Jun-13<br>\$m | Jun-12<br>\$m | Change |
|------------------------------------------------------------------------|---------------|---------------|--------|
| Cash at Bank                                                           | 195.3         | 203.6         | -4.0%  |
| Net Cash Position<br>(Cash less interest bearing loans and borrowings) | 140.2         | 152.9         | -8.3%  |
| Capital Expenditure<br>(Cash and Hire Purchase)                        | 46.4          | 74.2          | -37.5% |
| Capital Expenditure Commitments                                        | 1.6           | 19.6          | -92.1% |
| <br>Bank Guarantee & Performance Bond Facilities                       |               |               |        |
| Utilised                                                               | 400.5         | 331.4         | 20.9%  |
| Available                                                              | 105.6         | 89.8          | 17.6%  |
| Total Facility                                                         | 506.1         | 421.2         | 20.2%  |

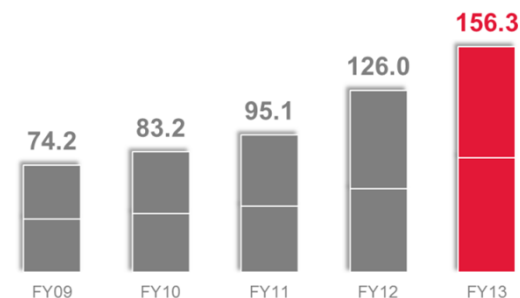
# Historical Performance



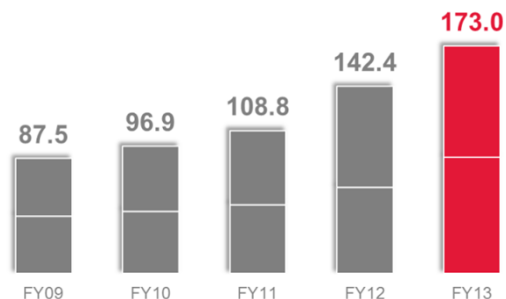
**Sales Revenue (\$M)**  
+37.8%



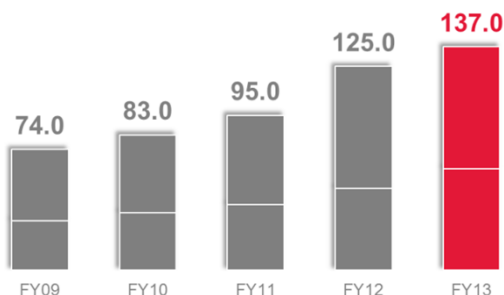
**EBITDA^ (\$M)**  
+25.7%



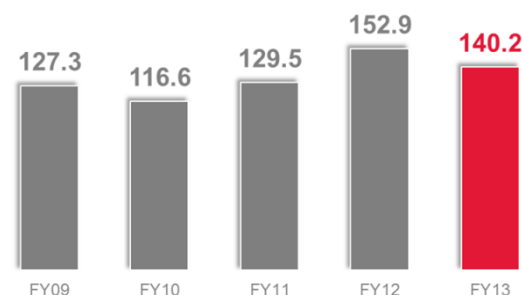
**Net Profit After Tax^ (\$M)**  
+24.1%



**Earnings Per Share^ (Cents)**  
+21.5%



**Dividends Per Share (Cents)**  
+9.6%



**Net Cash Position (\$M)**  
-8.3%

^ = Underlying basis. Refer to slide 23 for reconciliation

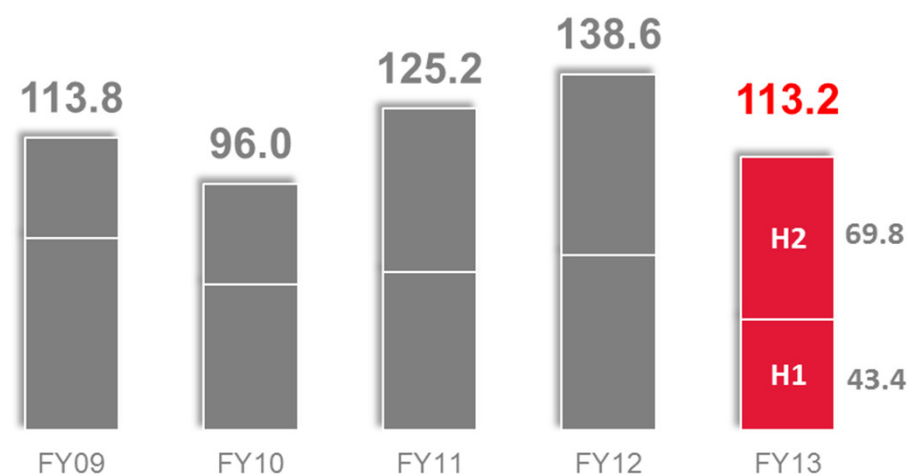
# Cash Flow Performance

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## Operating Cash Flow (\$M)

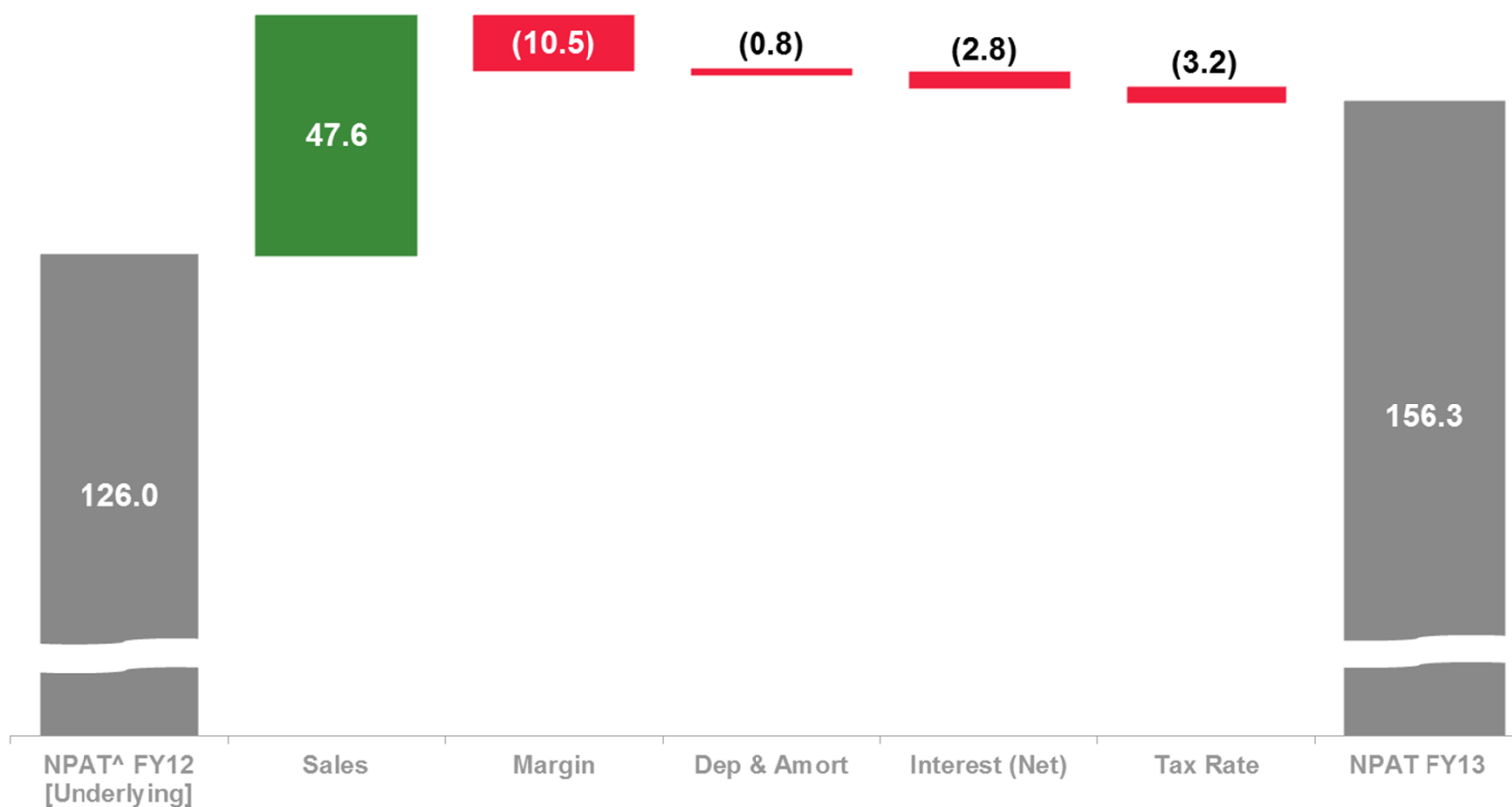
Operating cash flow impacted by working capital increase due to:

- Significant surge in construction activity
- Concurrency of large projects approaching completion
- Customers lengthening duration of contract claim and payment cycle



# Net Profit After Tax Analysis

## NPAT waterfall (\$M)



<sup>^</sup> = Underlying basis. Refer to slide 23 for reconciliation

# Divisional Sales Revenue Summary

## Growth in all divisions

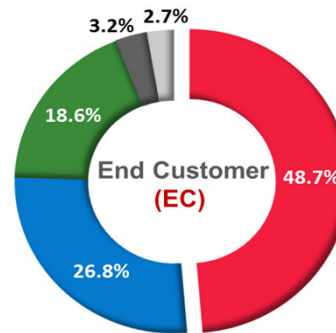
|                                   | FY13<br>\$m  | FY12<br>\$m  | Change |
|-----------------------------------|--------------|--------------|--------|
| Engineering Construction*         | 1,783.9      | 1,144.5      | +55.9% |
| Maintenance & Industrial Services | 644.0        | 634.5        | +1.5%  |
| Infrastructure                    | 199.8        | 133.3        | +49.9% |
| <i>Internal Eliminations</i>      | <i>-13.6</i> | <i>-14.8</i> |        |
| Total                             | 2,614.1      | 1,897.5      | +37.8% |

\* Comparative restated to include transmission pipelines revenue

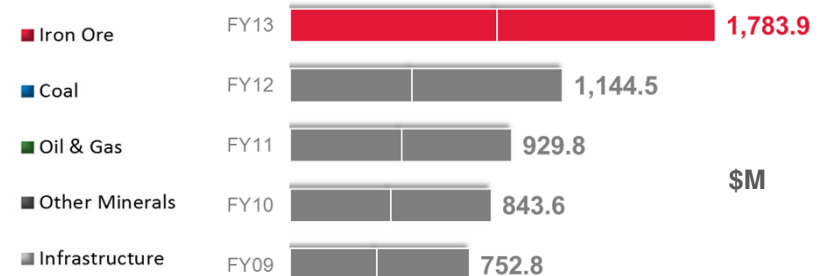
# Engineering Construction

## Highlights

- Revenue grew 56% to \$1.78
- Iron ore and coal projects dominate revenue landscape
- \$700m of new contracts



## Sales Revenue



## Major Project Involvement

- BHPB, PHIHP, Finucane Island & Nelson Point, WA
- Rio Tinto, Cape Lambert Port B Project, WA
- WA Chevron, Wheatstone Project, Onslow, WA
- Rio Tinto, Hope Downs 4, Pilbara, WA
- Rio Tinto, Kestrel Mine, Emerald, Qld
- BHPB, Macedon Gas Project Onslow, WA
- WICET, MMM Gladstone, Qld

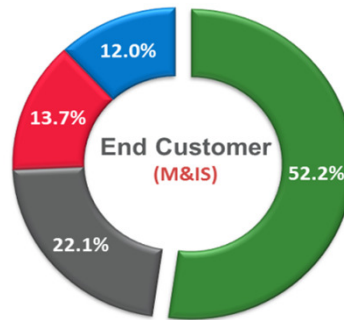
## Major Project Secured

- BHPB Jimblebar, Newman, WA
- Rio Tinto, Marandoo Phase 2 Expansion, WA
- BMA, Caval Ridge Mine Project, Moranbah, Qld
- JKC Ichthys Project, Darwin, NT
- Rio Tinto, Cape Lambert Petroleum Gas Pipeline (JV with OSD), WA
- Rio Tinto, Western Turner, Tom Price, WA

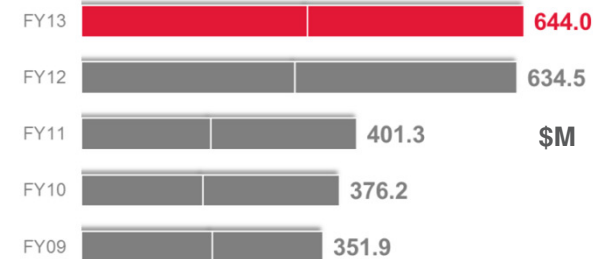
# Maintenance and Industrial Services

## Highlights

- \$600m in new contracts and extensions
- Strong growth in oil and gas maintenance activity
- Secured Woodside and QGC LNG services contracts
- Consolidation within division



## Sales Revenue



## Contract Extensions

- BHPB, coastal and inland west, Pilbara, (3yr), WA
- Chevron, facilities management services, Gorgon Project, Barrow Island, (1yr), WA
- Chevron, general maintenance, Barrow Island and Thevenard Island, (1yr), WA

## New Contracts

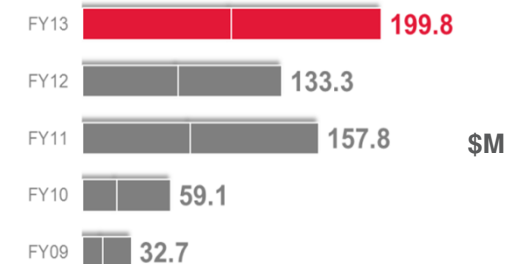
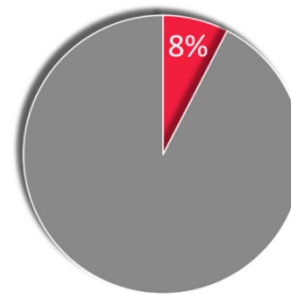
- Woodside, Karratha Gas Plant, (3yr), WA
- QGC, Queensland Curtis Island LNG Plant, (6.5yr), Gladstone, Qld

# Infrastructure

## Highlights

- Strong sales growth of 50%
- Transition of water into EC and energy services into M&IS
- 20% growth in aviation services

## Sales Revenue



## Major Project Involvement

- Rio Tinto, Coastal Waters Project, Pilbara Region, WA
- Toowoomba Regional Council, Wastewater Infrastructure project (JV with Transfield), Qld
- WMRC, DiCOM Waste Processing Facility (JV with AnaeCo), Shenton Park, Perth, WA

## New Contracts

- Unitywater, upgrade to Maleny Sewage Treatment Plant, Qld

# Strategy

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## Progress during the year

### Markets and Growth

- To maximise growth and returns from core markets of resources and energy
- To build a substantial business in infrastructure markets



- Capitalised on our leadership position in core markets
- Strengthened our position in oil and gas
- Established support office in Mongolia

### People

To attract, develop and retain the right people who are highly competent, live our values and actively contribute to the long-term, overall success of Monadelphous



- Integrated Safety Leadership Program
- New website and refreshed visual identity
- Established Employee Development Centre
- Launched Reconciliation Action Plan (RAP)

### Productivity

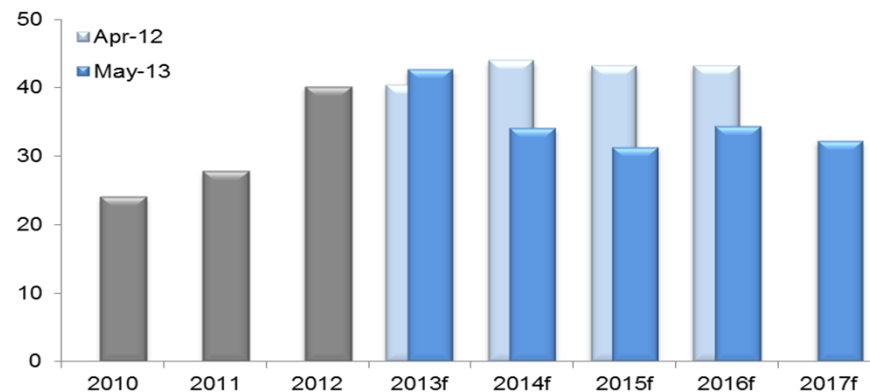
To continuously improve our service delivery and support processes to realise cost efficiency and margin improvement



- Introduced tender risk assessment tool
- Consolidated operating structure into two competencies
- Initiated Group-wide cost reduction program

# Australian Market Conditions

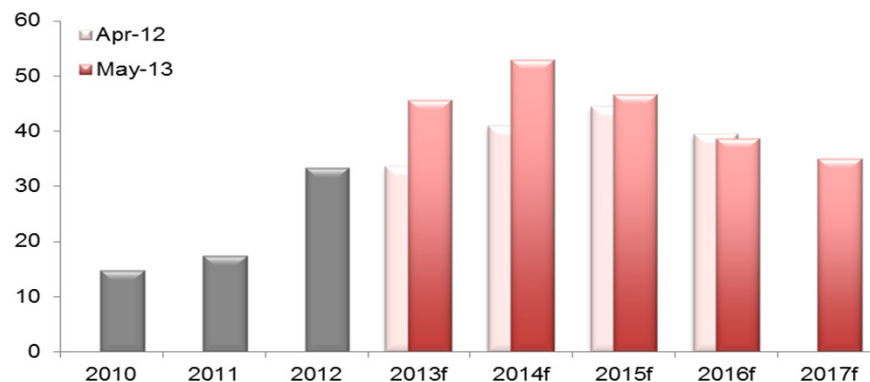
**Resources** (Mining Capex A\$b)



## Resources

- Significant change in outlook for the Australian resources sector in the past 12 months
- Construction activity forecast to peak in 2013
- Forecast capex is approximately \$204 b over five years

**Energy** (Oil and Gas Capex A\$b)



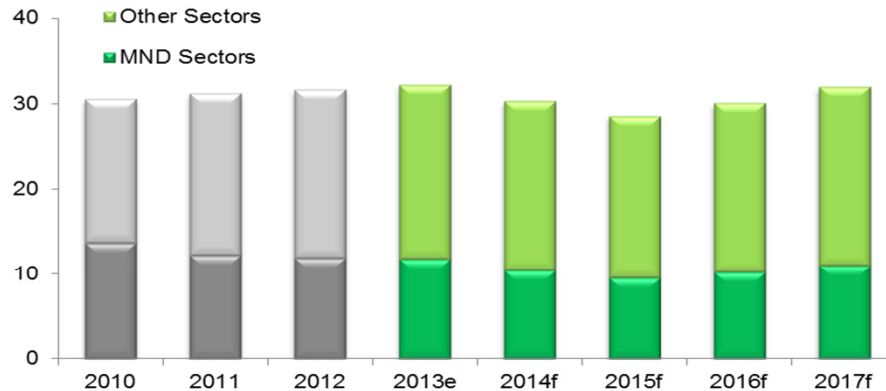
## Energy

- Increased activity in oil & gas sector expected to offset the decline in resources
- Increases largely due to updated forecast capex for existing commitments

Source: BIS Shrapnel Mining Investment by Commodity New Fixed Capital Expenditure by Commodity Fixed Current Prices (Updated May 2013)

# Australian Market Conditions (cont'd)

**Infrastructure (Public Sector Capex A\$b)**



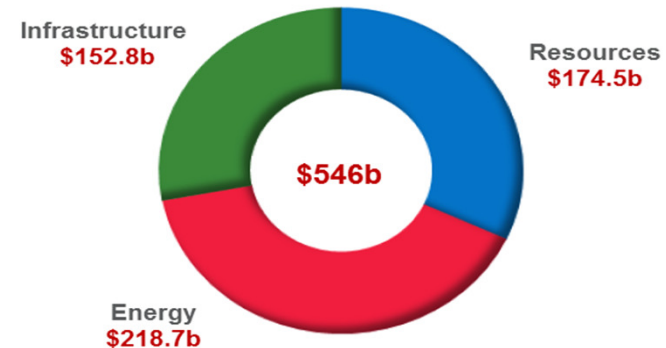
## Infrastructure

- Construction activity forecast to remain flat

## Maintenance

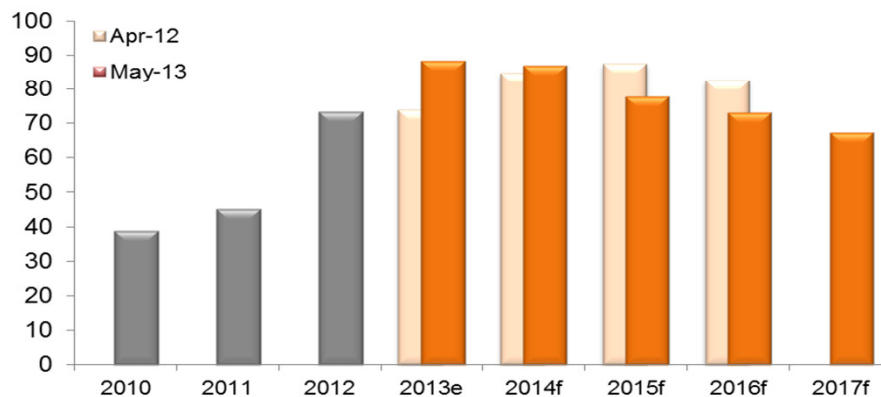
- Activity expected to grow as new projects are commissioned and operations come on stream

**Forecast Capex by Market (2013-2017)**



**Compared to April 2012 - \$561b**

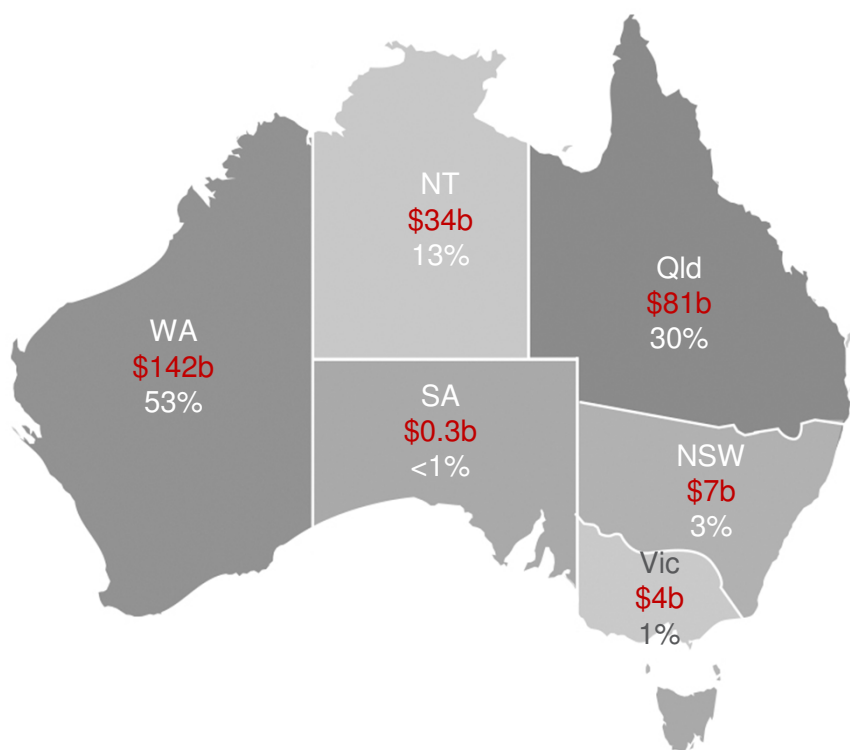
**Resources and Energy (Capex A\$b)**



Source: BIS Shrapnel Mining Investment by Commodity New Fixed Capital Expenditure by Commodity Fixed Current Prices (Updated May 2013)

# Project Pipeline

Regional investment for committed projects is ~\$268b



| Significant Prospects                                         | Expected Start-up | Capex  |
|---------------------------------------------------------------|-------------------|--------|
| Ichthys Gas Field (including Darwin LNG Plant)<br>Inpex/Total | Underway          | \$33b  |
| Wheatstone LNG<br>Chevron/Apache/KUFPEC/Shell                 | Underway          | \$29b  |
| <b>Upstream Queensland CSG Projects</b>                       |                   |        |
| - Queensland Curtis LNG<br>(BG Group, CNOOC)                  | 2014              | \$20b  |
| - Australia Pacific LNG<br>Origin / ConocoPhillips/Sinopec    | 2015              | \$25b  |
| - Gladstone LNG<br>(Santos/Petronas/Total/Kogas)              | 2015              | \$18b  |
| <b>Roy Hill</b>                                               |                   |        |
| - Hancock Prospecting                                         | 2015              | \$9.5b |
| <b>Rio Tinto (Expansions and Sustaining Capital)</b>          |                   |        |
| - Yandicoogina                                                | 2014              | \$1.7b |
| - Silvergrass                                                 | 2015              | \$2.1b |
| - Cape Lambert (Rio/Hancock Prospecting)                      | 2015              | \$3.1b |
| - Koodaideri                                                  | 2016              | \$7b   |

Source: BREE's Resources and Energy Major Projects, April 2013

# Outlook

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## **Consolidation after surge in growth**

- Market conditions in the resources sector have significantly tightened
- Revenue levels for FY2014 expected to moderate after abnormal growth surge
- Continued focus on cost reduction and productivity improvements to protect margins

## **Opportunity pipeline**

- Significant opportunities remain in iron ore and a large volume of committed LNG projects
- Maintenance services market robust as new resource and energy operations come on stream

## **Steady revenue momentum**

- Steady forward workload from \$1.3 billion in new contracts and extensions
- High level of bidding activity with over \$3 billion in tenders currently in progress
- Revenue flows dependent on new contract awards and timing

# Non-IFRS Financial Information

## ^ Reconciliation

Information, including forecast financial information, in this presentation, should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in Monadelphous Group Limited or any other company. Due care and attention has been used in the preparation of forecast information, however, actual results may vary from forecast and any variation may be materially positive or negative. Monadelphous Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

Underlying EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. Underlying EBITDA represents earnings before interest, income taxes, depreciation, amortisation and gain from sale of Norfolk Group Limited shares. This measure is important to management as an additional way to evaluate the Company's performance. The gain from sale of Norfolk Group Limited shares in FY12 has been excluded for comparative purposes to FY13. Underlying NPAT represents NPAT excluding the after tax gain from sale of Norfolk Group Limited shares in FY12 for comparative purposes to FY13.

The word "underlying" used within the Chairman's Report, refers to the statutory result for the year ended 30 June 2012 excluding the one-off gain from the sale of Norfolk Group Limited shares. This measure is important to management as an additional way to evaluate the Company's performance. Underlying measures are unaudited.

Forecasts, by their very nature, are subject to uncertainty and contingencies may occur which are outside the control of Monadelphous Group Limited. Before making or varying any decision in relation to holding, purchasing or selling shares, securities or other instruments in Monadelphous Group Limited, investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

|                                                              | 2013<br>\$'000 | 2012<br>\$'000 |
|--------------------------------------------------------------|----------------|----------------|
| <b>Underlying EBITDA</b>                                     |                |                |
| Profit before income tax                                     | 216,578        | 187,259        |
| Gain from sale of Norfolk Group Limited shares               | 0              | (16,262)       |
| Interest expense                                             | 3,971          | 3,447          |
| Interest revenue                                             | (3,386)        | (6,717)        |
| Depreciation expense                                         | 28,726         | 26,541         |
| Amortisation expense                                         | 1,121          | 2,195          |
| Underlying EBITDA                                            | 247,010        | 196,463        |
| <b>Underlying NPAT</b>                                       |                |                |
| Net profit after tax                                         | 156,314        | 137,335        |
| After tax gain from the sale of Norfolk Group Limited shares | 0              | (11,383)       |
| Underlying NPAT                                              | 156,314        | 125,952        |

# Important Notice

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## Disclaimer

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# Analyst Questions

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# Contact Information

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[www.monadelphous.com.au](http://www.monadelphous.com.au)

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