Monadelphous

Annual General Meeting 2014

Thursday 20 November

Board of Directors and Chief Financial Officer

John Rubino
Chairman

Rob Velletri
Managing Director

Zoran Bebic
CFO and Company Secretary

Peter Dempsey
(Lead) Non-Executive Director

Chris Michelmore
Non-Executive Director

Dietmar Voss
Non-Executive Director

Agenda

1. Chairman's Address

2. Managing Director's Address

3. Items of Business

4. Other Business

1. Chairman's Address

John Rubino

Origin Energy, Talinga Pipeline Compression Facility Project, Condamine, Queensland

Company Profile

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

People	Revenue	Earnings per share ^	Dividends per share
5,321	$2,330m	150.4c	123c

(as at 30 June 2014)

Engineering Construction

Maintenance and Industrial Services

^ Underlying basis. Refer to slide 29 for reconciliation.

Chairman’s Address

- Sales revenue up over tenfold in ten years
- Investment wave in mining and minerals decreased from the peak of 2012/13
- Investment activity in oil and gas remains strong
- Share price under pressure, reflecting negative sentiment towards resources sector and a decline in commodity prices
- Leading capabilities, broad market coverage, multi-disciplinary service offering provide wide range of opportunities
- Committed to long term growth through ongoing development of new customer and service markets
- Balance sheet and management team to identify and invest in the right opportunities.

2. Managing Director's Address

Rob Velletri

Rio Tinto, Marandoo Mine Phase 2, Tom Price, WA

Group Highlights

Financial	• Sales revenue down 10.9% to $2,330m • NPAT of $146.5m down 6.3%, underlying NPAT^ down 11.3% to $138.6m • Underlying EPS^ down 13.1% to 150.4c, DPS 123c • Robust cashflow from operations of $117.6m, conversion rate^ of 83%
Operating	• Record safety performance – 21% improvement • Increasing LNG and CSG activity reducing impact of slowing mining and minerals • Awarded ~$1.8b of new contracts and contract extensions • Company-wide cost reduction program savings of ~$53m p.a
Strategic	• Strengthened position in new service markets (pipelines and marine) • Broadened exposure to oil and gas market • Sale of non-core aviation support services business, Skystar.

^ Underlying basis. Refer to slide 29 for reconciliation.

Financial Performance

Group highlights

	Unit	FY 2014	FY 2013	Change
Sales Revenue	$m	2,329.6	2,614.1	(10.9%)
EBITDA ^ #	$m	221.2	251.6	(12.1%)
EBITDA Margin ^ #	%	9.50	9.62	(0.12)pp*
NPAT ^	$m	138.6	156.3	(11.3%)
NPAT Margin ^	%	5.95	5.98	(0.03)pp*
EPS ^	cps	150.4	173.0	(13.1%)
Operating Cash Flow	$m	117.6	113.2	3.9%
DPS (Fully Franked)	cps	123.0	137.0	(10.2%)

*pp = percentage points.

^ Underlying basis. Refer to slide 29 for reconciliation.

Comparatives restated to reflect a change in accounting policy. Refer to slide 30 for details.

Financial Position and Funding

Robust balance sheet

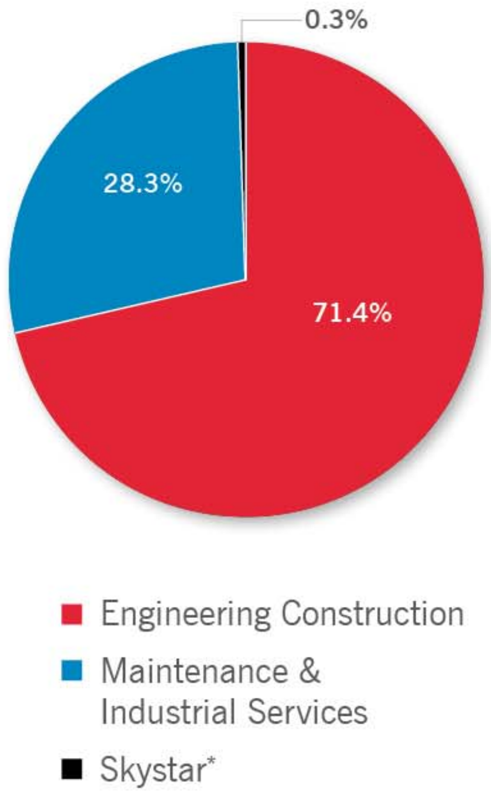
	FY 2014 $m	FY 2013 $m	Change
Cash at Bank	217.9	195.3	11.6%
Net Cash Position (Cash less interest bearing loans and borrowings)	180.8	140.2	29.0%
Capital Expenditure (Cash and Hire Purchase)	7.1	46.4	(84.7%)

Bank Guarantee & Performance Bond Facilities			
Utilised	507.3	400.5	
Available	168.3	105.6	
Total Facility	675.6	506.1	33.5%

Divisional Highlights

Engineering Construction	• $1.34b of new contracts • Largest ever contract award (Ichthys LNG~$680m) • Secured three upstream CSG contracts
Maintenance and Industrial Services	• $415m of new contracts and extensions • Continued growth in oil and gas maintenance • Expansion of services with Woodside.

Revenue by division



*During the period, Monadelphous completed the sale of Skystar Airport Services to Menzies Aviation.

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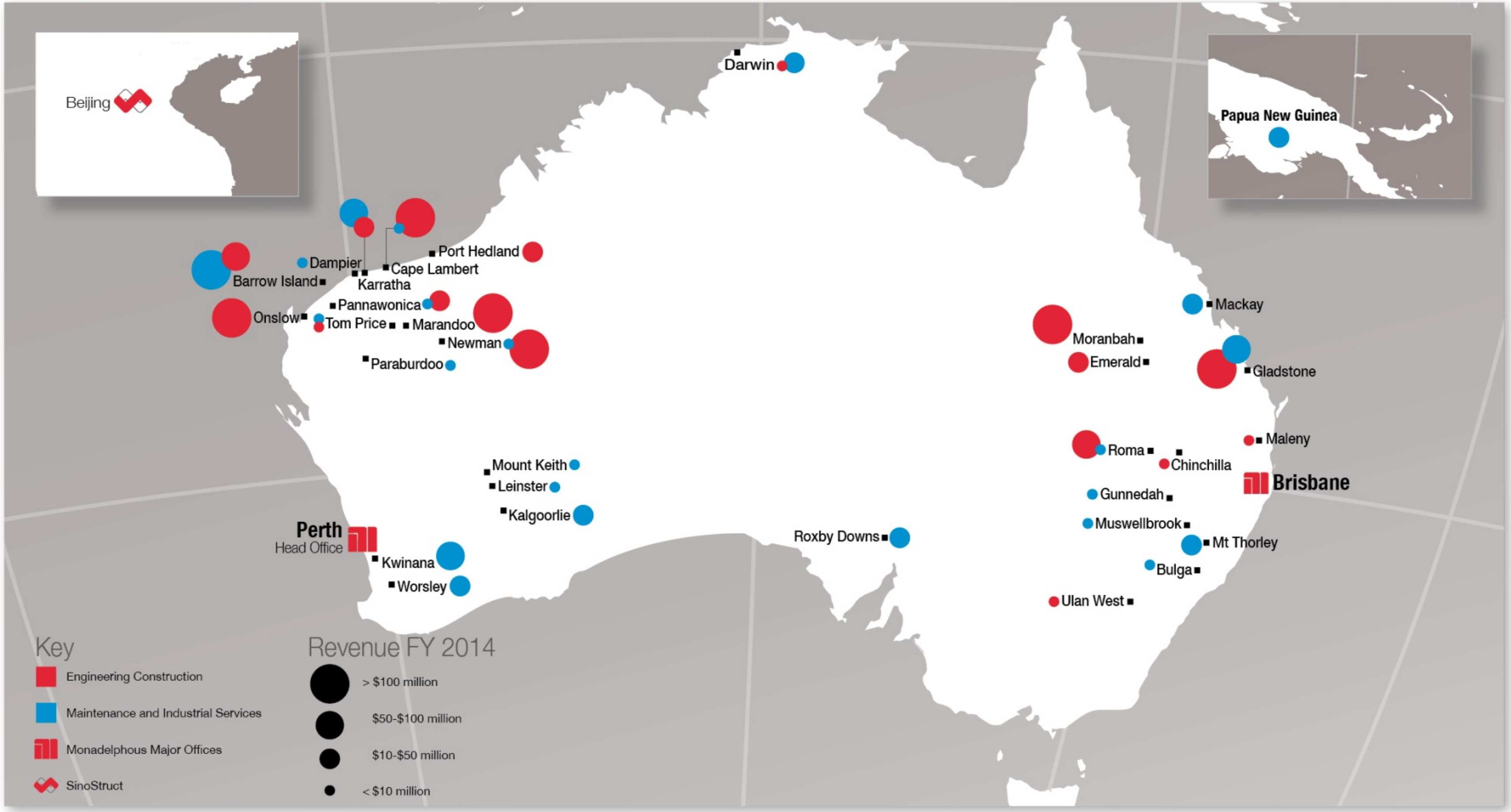
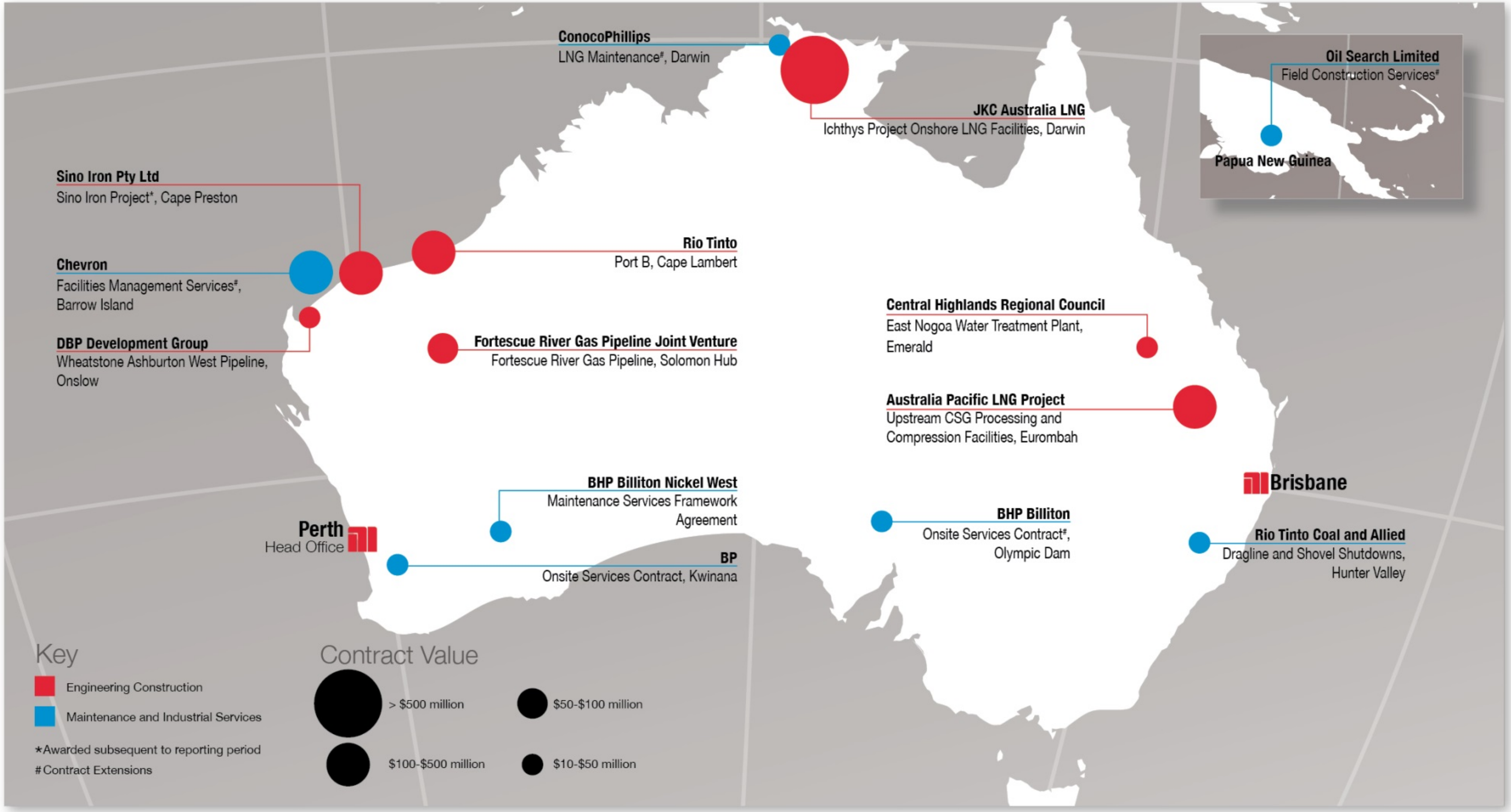
FY 2014 Contract Activity



FY 2014 Contracts Secured

$1.8 billion in new contracts



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Engineering Construction

Rio Tinto Western Turner Syncline, Tom Price, WA

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Engineering Construction

BMA Caval Ridge Mine Project, Moranbah, Queensland

Engineering Construction

Wiggins Island Coal Export Terminal, Gladstone, Queensland

Engineering Construction

Rio Tinto West Angelas Gas Pipeline, Newman, WA

Maintenance and Industrial Services

Woodside, Karratha Gas Plant, Karratha, WA

Maintenance and Industrial Services

Chevron-operated Gorgon Project, Barrow Island, WA

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FY 2015 ~$450M in new contracts awarded

Sino Iron

- Sino Iron Project, Cape Preston, WA

DBP Development Group (DDG)

- Ashburton Onslow Gas Pipeline near Onslow, WA

Australia Pacific LNG (APLNG)

- Spring Gully Pipeline Compression Facility, Roma, South Central Queensland

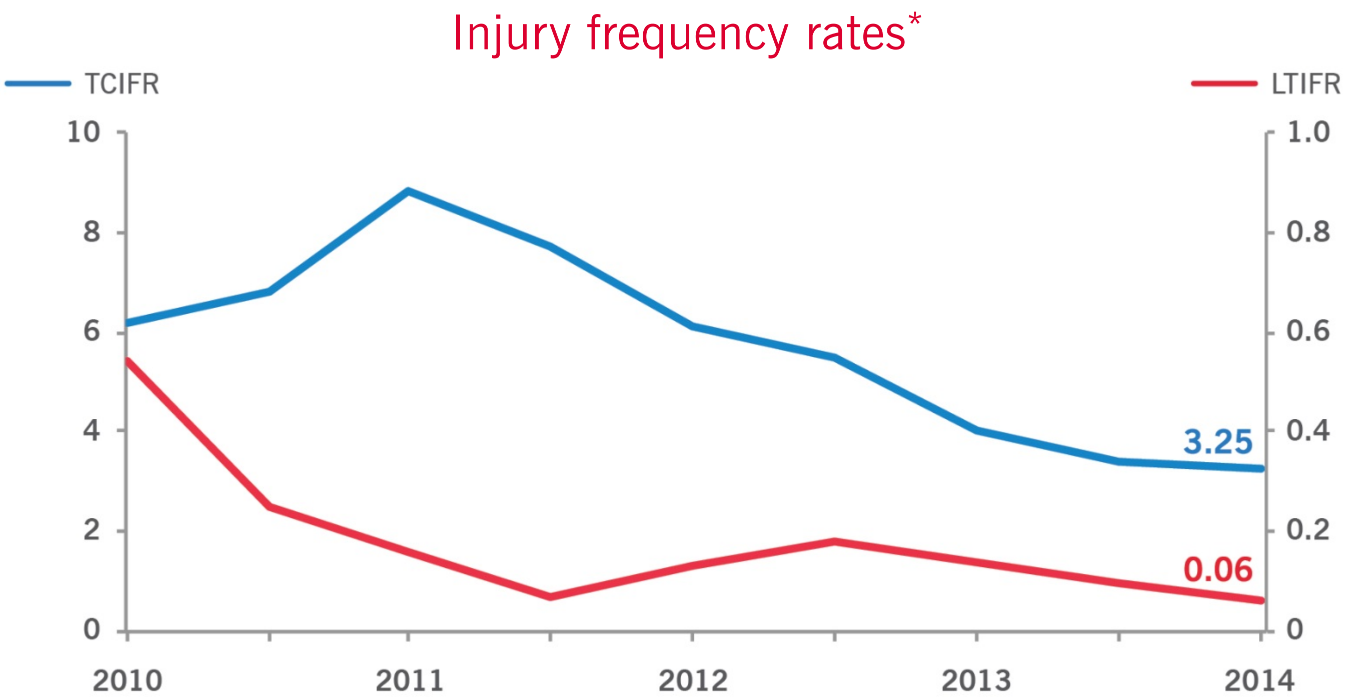
Queensland Urban Utilities

- Oxley Creek Sewage Treatment Plant, Brisbane, Queensland

Chevron

- Facilities management services contract at Barrow Island, WA (13 month extension)

Safety Scorecard

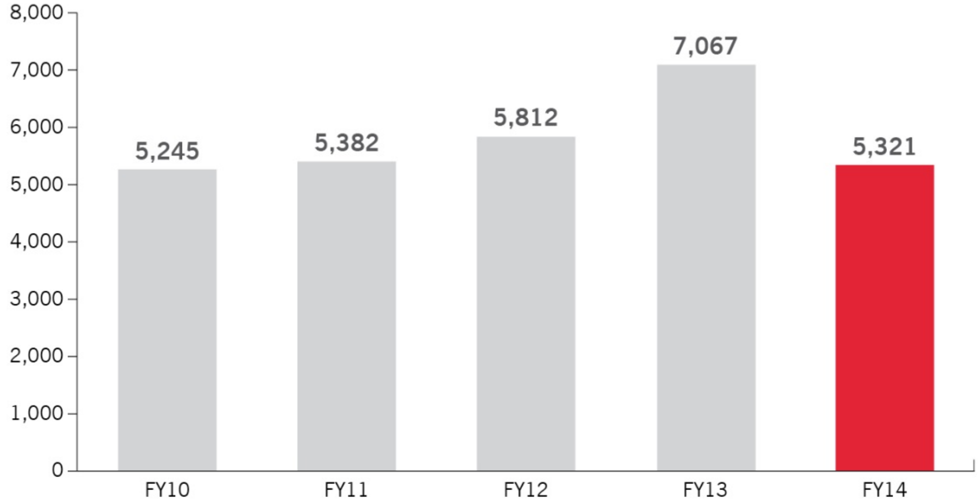


*12-month rolling average (per million man-hours worked)

- Record safety performance – TCIFR improved 21%, LTIFR result a 57% improvement
- New incident management system implemented.

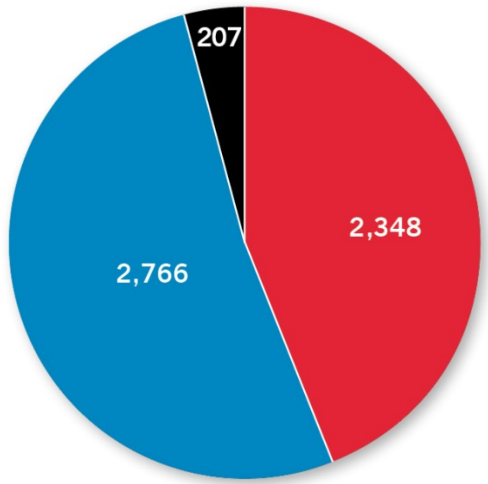
People Performance

Employee numbers*



*Comparatives rebased to exclude Skystar employees

Employees by division



- Employee numbers reduced in line with slowing resources construction activity and timing of ramp-up on oil and gas projects
- Improved availability of labour contributing to higher productivity
- Key talent retention remains high.

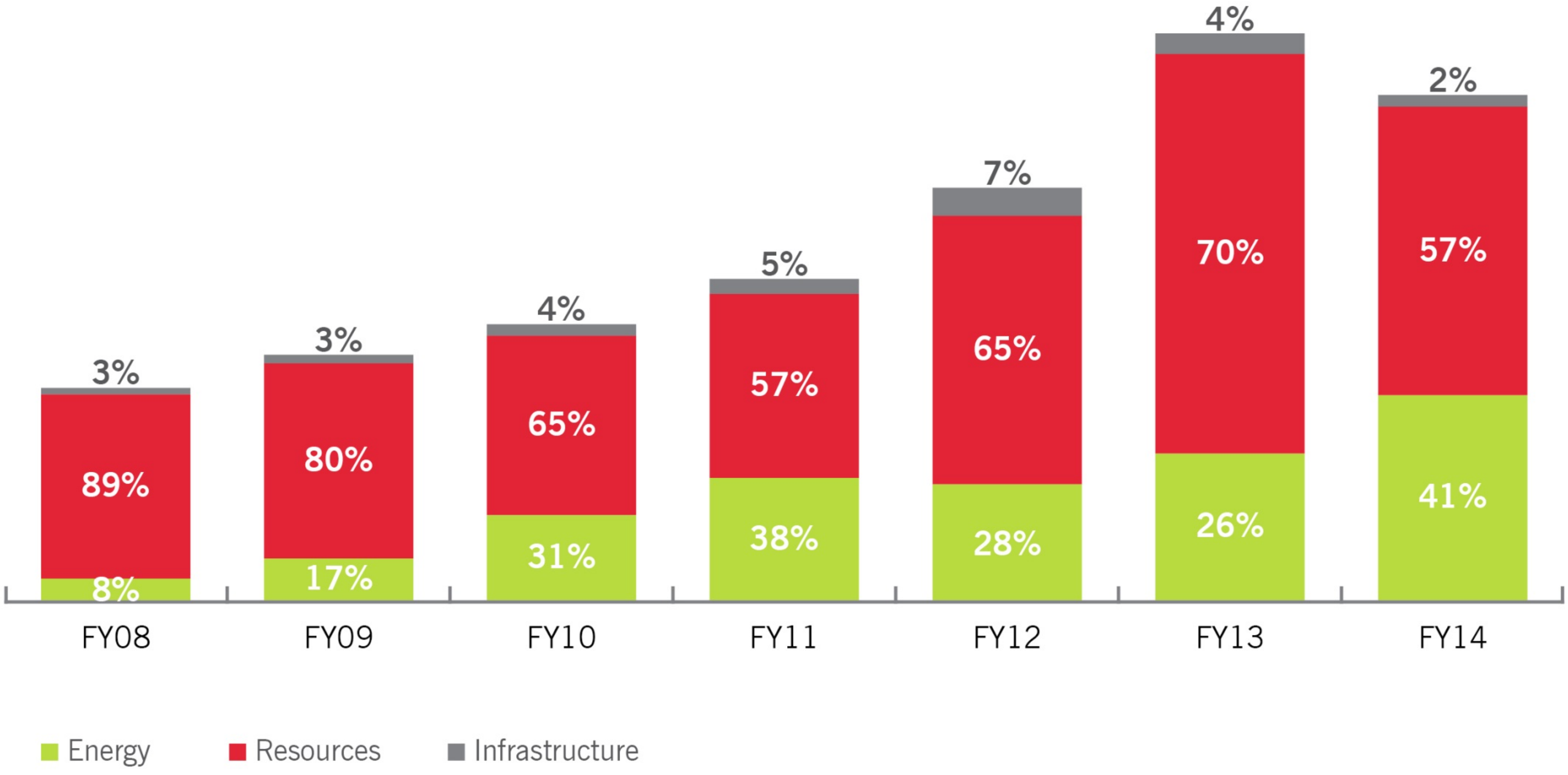
- Engineering Construction
- Maintenance & Industrial Services
- Group Support

Productivity

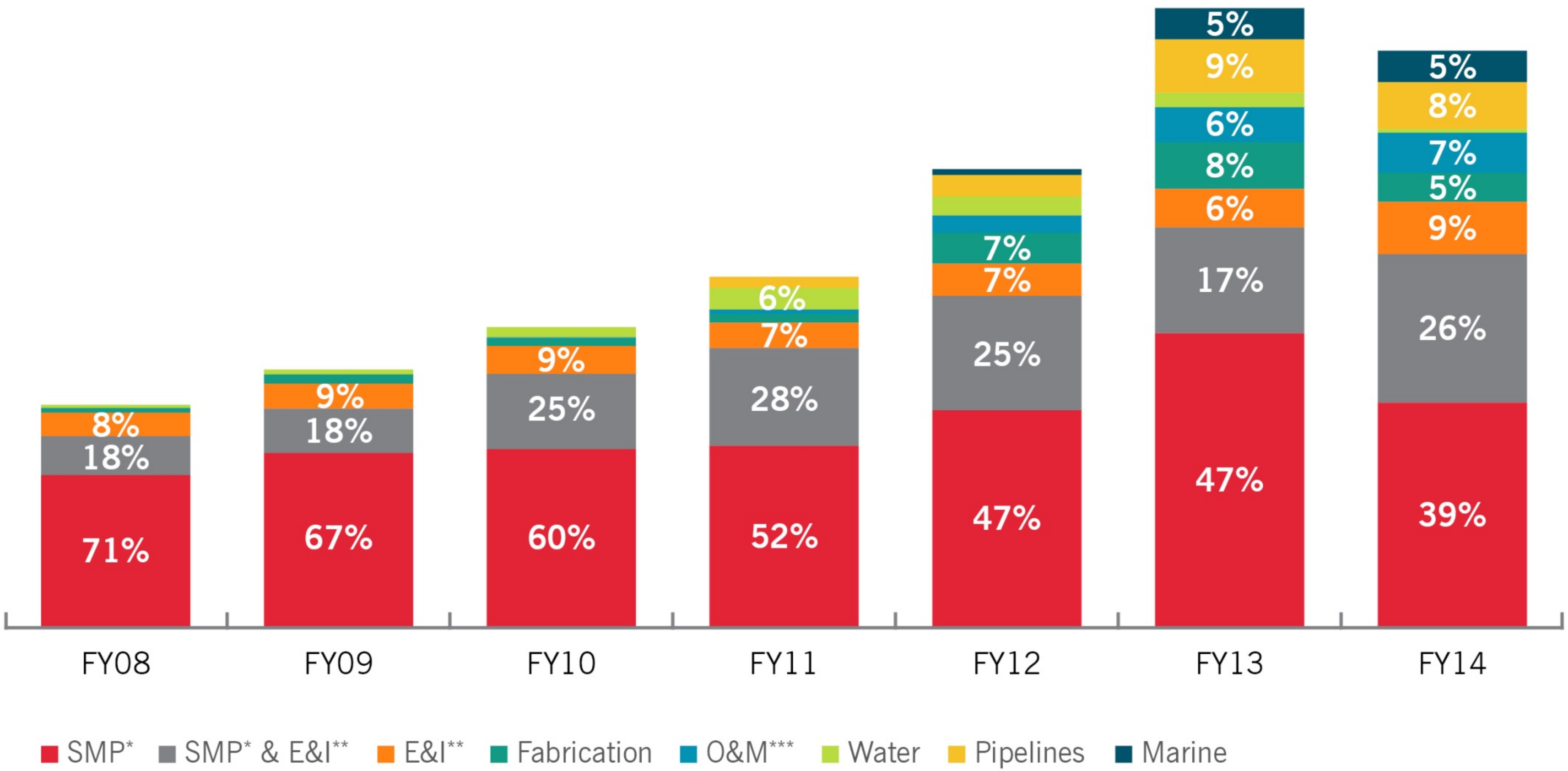
Company-wide cost reduction program

Focus areas	Major initiatives implemented	Progress
Projects People Procurement Plant & Equipment Property	• Consolidation of support and services structures • Remuneration levels adjusted to reflect change in market conditions • Review of project management and delivery methodologies • Renegotiation of major supply chain agreements • Rationalisation of plant and equipment • Focus on contract administration and collections	Cost saving of ~$53m p.a. realised to date including ~$22m p.a. in overhead reductions.

Revenue by Market



Revenue by Service Market



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

Market Growth Strategy

Monadelphous's long-term sustainable growth will come from maximising returns in our core service markets and broadening our revenue base through targeted entry into new customer markets and service markets.

Maximise our service offering in core markets

- Grow services in downstream LNG and position for FLNG
- Pursue CSG construction and maintenance opportunities
- Develop EPC capability and multi-disciplinary execution (civils)

Expand our presence in new markets

Grow services in

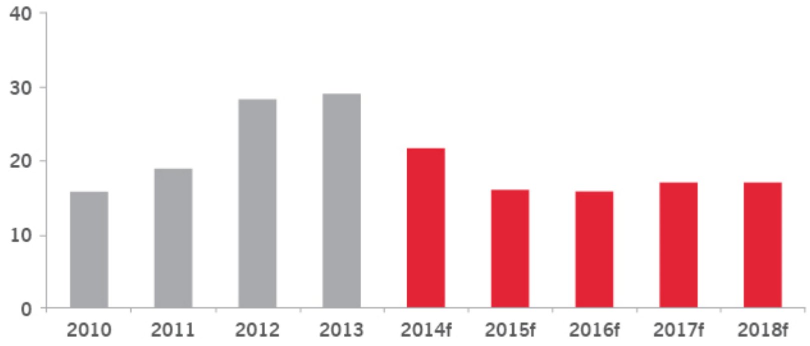
- Power
- Water
- Marine
- Transmission pipelines

Expand overseas in core service markets

- Build out position in PNG and Mongolia
- Leverage overseas opportunities with key customers
- Globalise China based fabrication services
- Explore opportunities to enter growing oil & gas market in North America.

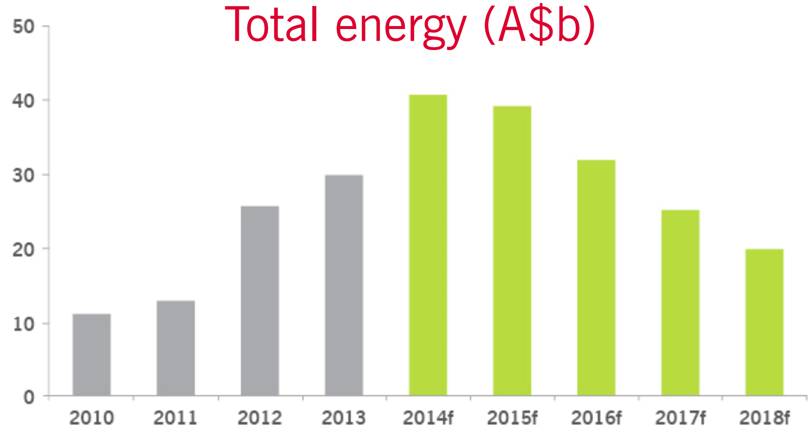
Australian Market Conditions

Total resources (A$b)



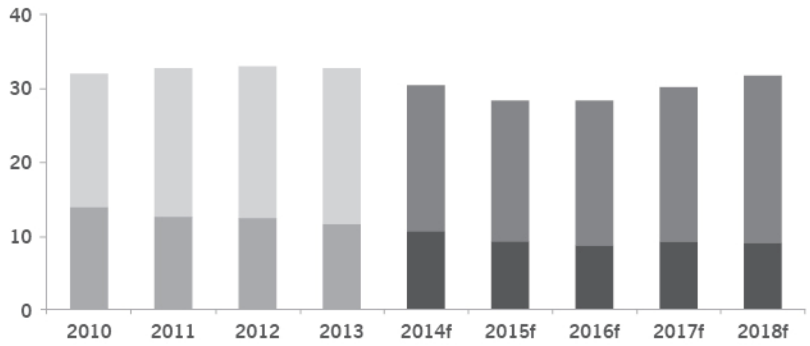
Source: BIS Shrapnel – Value of Work Done (Updated May 2014).

Total energy (A$b)



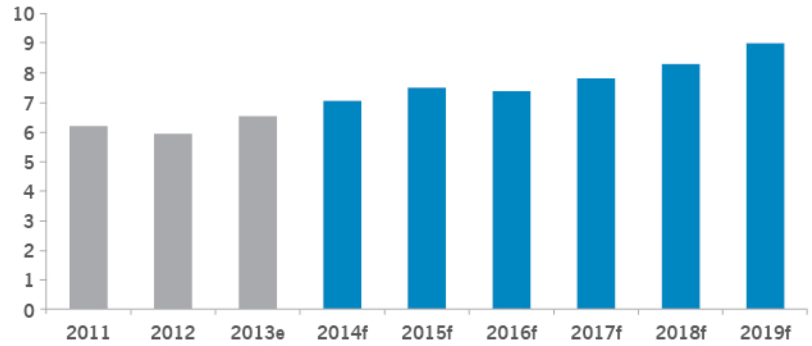
Source: BIS Shrapnel – Value of Work Done (Updated May 2014).

Total infrastructure (A$b)



Source: BIS Shrapnel – Value of Work Done (Updated May 2014).

Total maintenance (A$b)



Source: BIS Shrapnel – Maintenance Expenditure (Updated October 2014).

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Outlook

- Market conditions in mining and minerals continue to be challenging as customers drive down capital and operating costs
- Strong position to capitalise on prospects for brownfield expansion and sustaining capital works
- Broad exposure to oil and gas will continue to provide construction and maintenance opportunities
- Cost reductions and productivity improvements remain priorities to protect margins in a more competitive environment
- Anticipate 1H 2015 sales revenue will be ~15 to 20% lower than 1H 2014
- FY 2015 revenues will be dependent on new contract awards and project timing
- Committed to long term growth through diversification and well positioned to pursue investment opportunities.

Notes to Financials

Non-IFRS financial information

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.

^ The term "underlying" used within this document, is a non-IFRS profit measure which refers to the statutory result for the full-year ended 30 June 2014 excluding the one-off gain from the sale of subsidiaries, Skystar Airport Services Pty Ltd and Skystar Airport Services NZ Pty Ltd ("Skystar"). This measure is important to management as an additional way to evaluate the Company's performance. The underlying profit measure is unaudited.

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, tax, depreciation and amortisation and excluding the profit on sale of Skystar. Underlying NPAT represents NPAT excluding the after tax profit on sale of Skystar.

	FY 2014 $'000	FY 2013 $'000 Restated#
Underlying EBITDA		
Profit before income tax	205,203	221,159
Gain from sale of Skystar	(10,353)	-
Interest expense	3,101	3,971
Interest revenue	(3,371)	(3,386)
Depreciation expense	25,656	28,726
Amortisation expense	1,006	1,121
Underlying EBITDA	**221,242**	**251,591**
Reconciliation of profit after income tax to underlying NPAT (unaudited)		
Profit after income tax	146,510	156,314
Gain from sale of Skystar	(7,934)	-
Underlying NPAT	**138,576**	**156,314**

Comparatives restated to reflect a change in accounting policy. Refer to slide 30 for details.

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Notes to Financials (continued)

Restatement of comparatives – Change in accounting policy

From 1 July 2013, the Group has elected to recognise the excess of the research and development tax offset over the statutory rate ('the R&D offset') being an additional 10% deduction as a government grant under AASB 120. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable. In prior years, the whole R&D offset was recognised as a reduction to the income tax expense. The change results in the R&D offset being separately disclosed in the notes to the financial statements and simplifies the presentation of the financial statements by matching the benefit of the grant against the expenditure which generated the R&D offset. The change has been applied retrospectively in accordance with Australian Accounting standards and as a result the comparatives have been restated. Please refer to note 2b of the 2014 financial statements for more details.

The impact on the income statement is as follows:

	FY 2014 $'000	**FY 2013 $'000**
Decrease in cost of services rendered	10,463	4,581
Increase in profit before tax	10,463	4,581
Increase in income tax expense	(10,463)	(4,581)
Profit after tax	-	-

Important Notice

Disclaimer

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.

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.

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