

2015 Full Year Results

Tuesday 18 August 2015



Company Profile

Monadelphous Group Limited (ASX:MND) is an S&P/ASX 200 company that provides construction, maintenance and industrial services to the resources, energy and infrastructure sectors throughout Australasia.

People	Revenue	NPAT	Earnings per share	Dividends per share
4,536	\$1,865m	\$105.8m	113.9c	92.0c

(as at 30 June 2015)

Engineering Construction



Maintenance and Industrial Services



Group Highlights

Financial

- Sales revenue down 19.9% to \$1,865m
- NPAT of \$105.8m down 23.6%^, EBITDA of \$168.0m
- EPS 113.9c, DPS 92c fully franked
- Robust cashflow from operations of \$117.8m, conversion rate of 88%

Operating

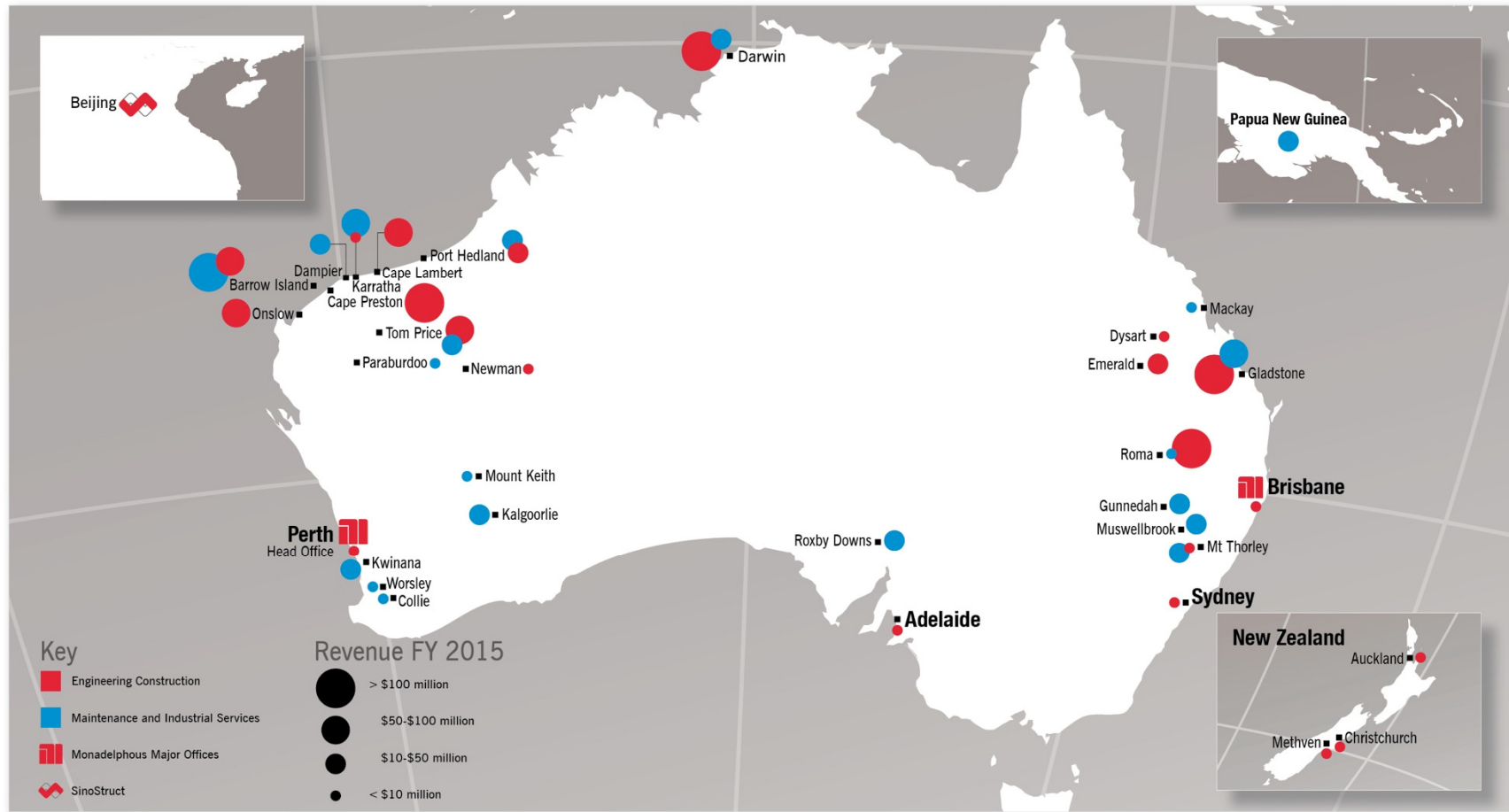
- Record safety performance – TCIFR 3.16, a 3% improvement
- \$450m new contracts and contract extensions secured, \$430m awarded post year end
- Margin pressure offset by focus on improving productivity and efficiency
- Cost reduction program delivered annualised savings of \$56m

Strategic

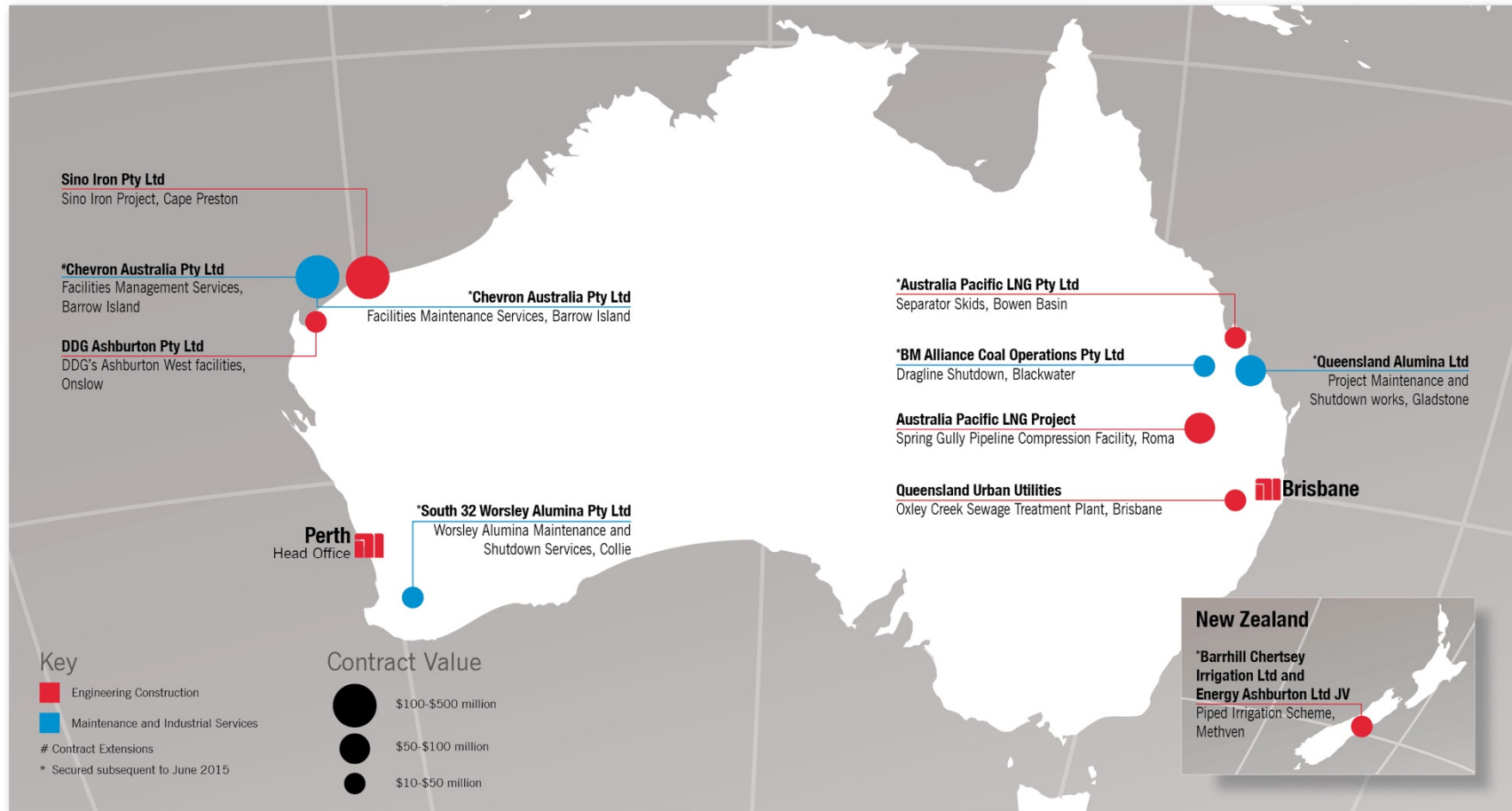
- Expanded water business with acquisition of Water Infrastructure Group
- Strengthened position in CSG market
- Commenced process to establish North American presence.

^Underlying basis. Refer to slide 21 for reconciliation.

Contract Activity

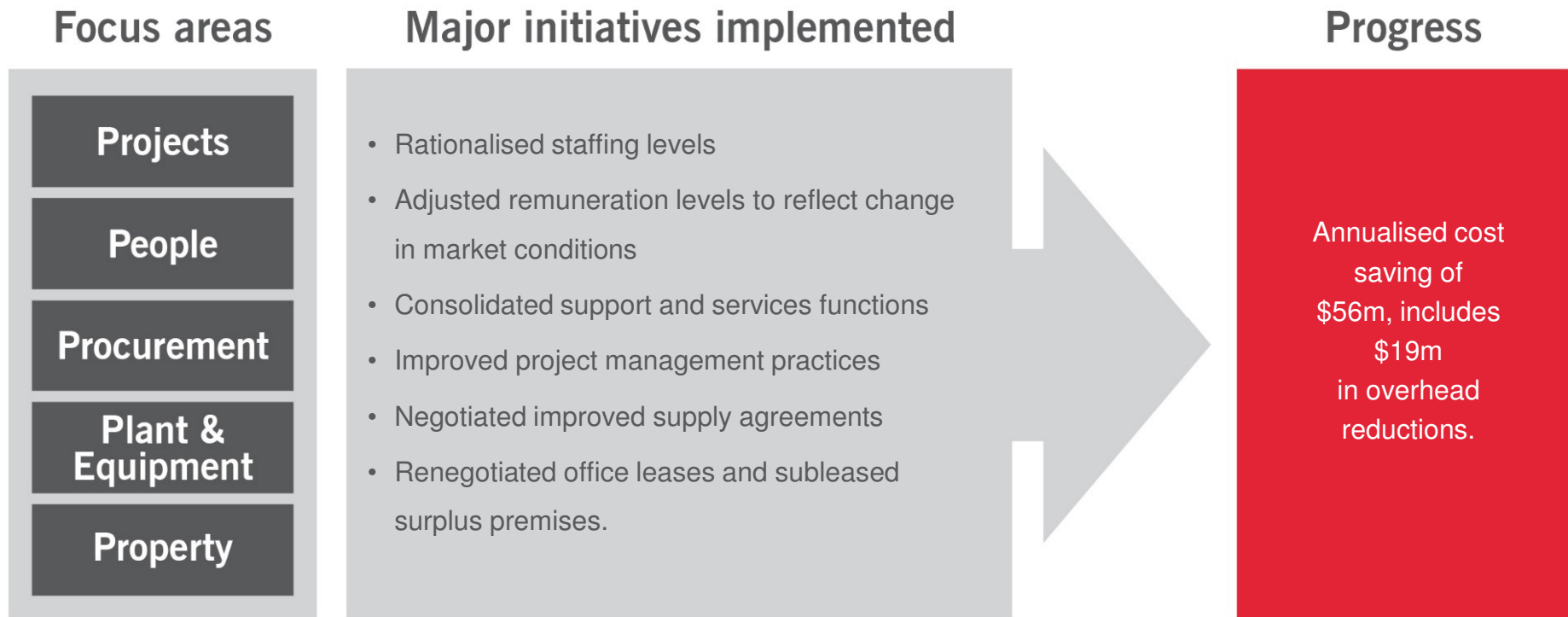


Contracts Secured

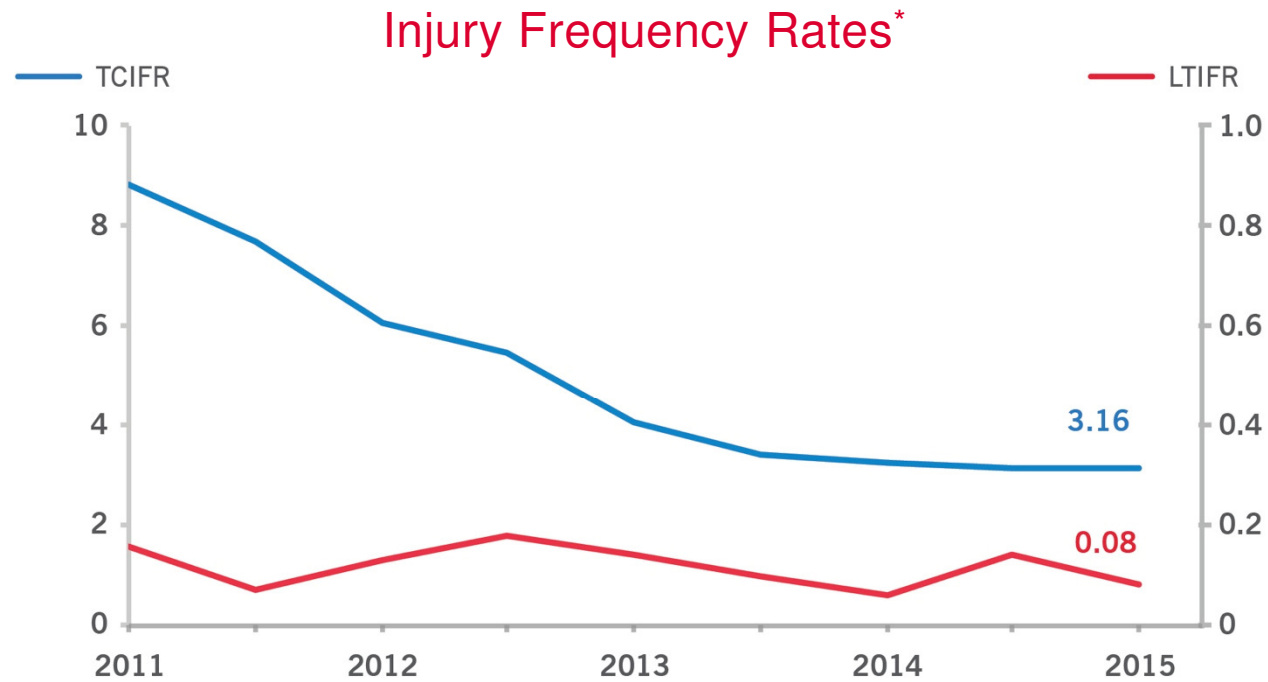


Productivity

Company-wide cost reduction program



Safety Scorecard

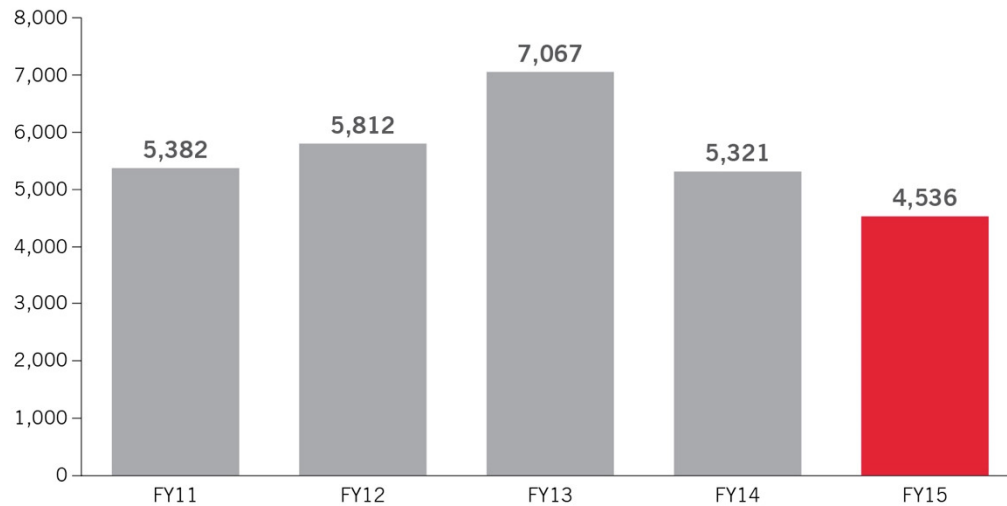


*12-month rolling average (per million man-hours worked)

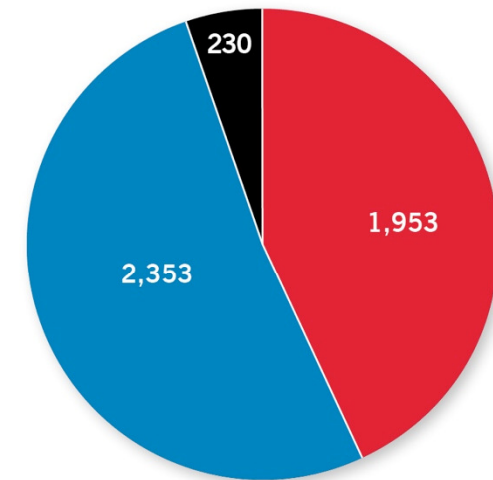
- Record safety performance – TCIFR improved 3%
- Implementation of incident management system has improved reporting
- Continued focus on safety leadership and risk management.

People Performance

Employee Numbers



Employees by Division



- Reduction in employee numbers in line with completion of projects, slowdown in construction activity and consolidation of support and services functions
- Tight market conditions led to improved availability of labour
- Key talent retention rates continue to be strong.

- Engineering Construction
- Maintenance & Industrial Services
- Group Support

Financial Performance

Group highlights

	Unit	FY15	FY14 [^]	Change
Sales Revenue	\$m	1,865.0	2,329.6	(19.9%)
EBITDA [^]	\$m	168.0	221.2	(24.1%)
EBITDA Margin [^]	%	9.00	9.50	(0.5pp*)
NPAT [^]	\$m	105.8	138.6	(23.6%)
NPAT Margin [^]	%	5.67	5.95	(0.28pp*)
EPS [^]	cps	113.9	150.4	(24.3%)
Operating Cash Flow	\$m	117.8	117.6	0.17%
DPS (Fully Franked)	cps	92.0	123.0	(25.2%)

*pp = percentage points.

[^]Underlying basis. Refer to Slide 21 for details.

Financial Position and Funding

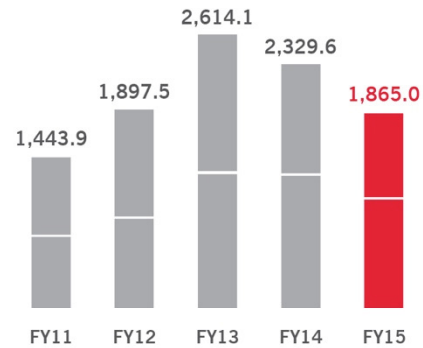
Strong balance sheet

	FY15 \$m	FY14 \$m	Change
Cash at Bank	209.8	217.9	(3.7%)
Net Cash Position (Cash less interest bearing loans and borrowings)	186.6	180.8	3.2%
Capital Expenditure (Cash and Hire Purchase)	11.5	7.1	62.0%

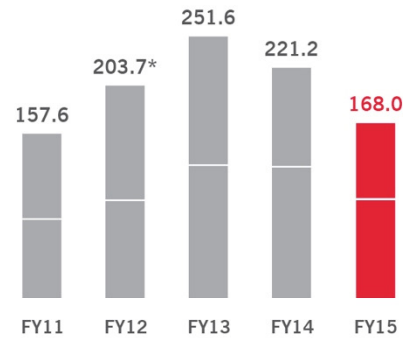
Bank Guarantee and Performance Bond Facilities

Utilised	392.6	507.3
Available	282.4	168.3
Total Facility	675.0	675.6

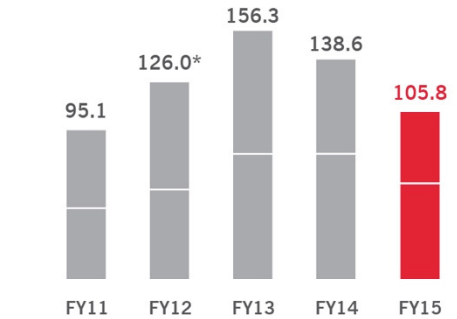
Historical Performance



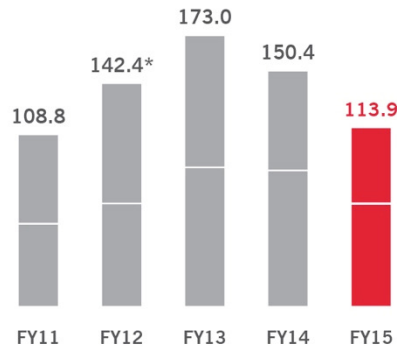
Sales Revenue (\$m)



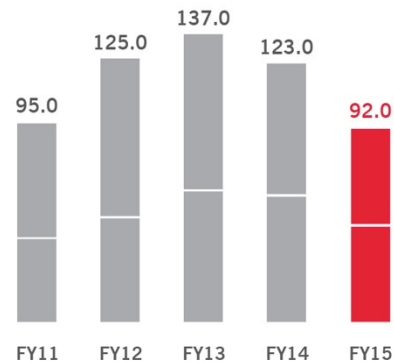
EBITDA ^ (\$m)



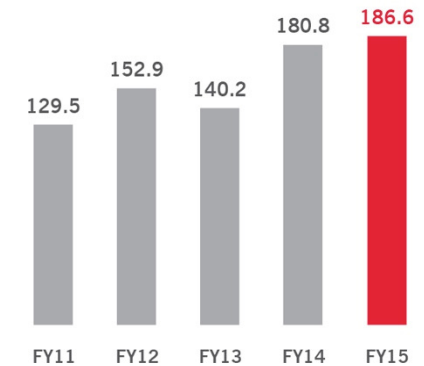
Net Profit After Tax ^ (\$m)



Earnings Per Share ^ (cents)



Dividends Per Share (cents)



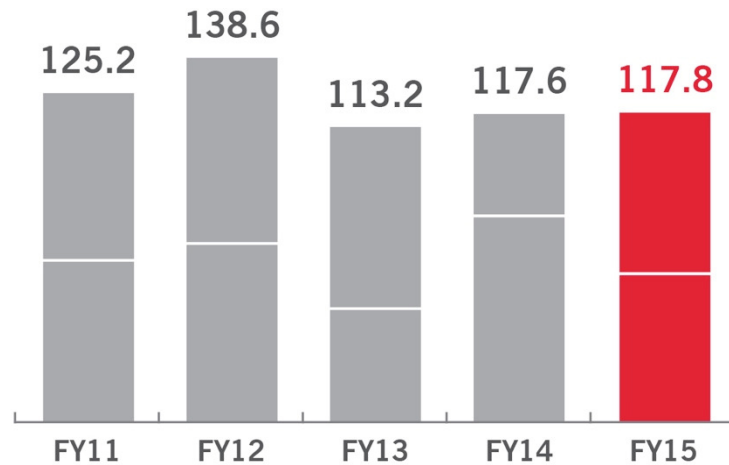
Net Cash Position (\$m)

^ Underlying basis. Refer to slide 21 for reconciliation.

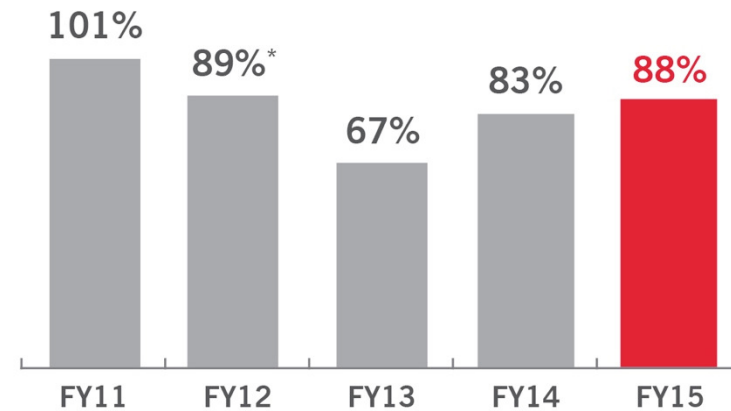
*2012 comparative excludes sale of Norfolk Group Limited shares. Refer to slide 21 for details.

Cash Flow Performance

Operating Cash Flow (\$m)



Cash Flow Conversion



$$\text{Cash flow conversion} = \frac{\text{Operating cash flow before interest \& tax}}{\text{EBITDA}^{\wedge}}$$

- Robust cash flow from operations and improved cash flow conversion

[^] Underlying basis. Refer to slide 21 for reconciliation.

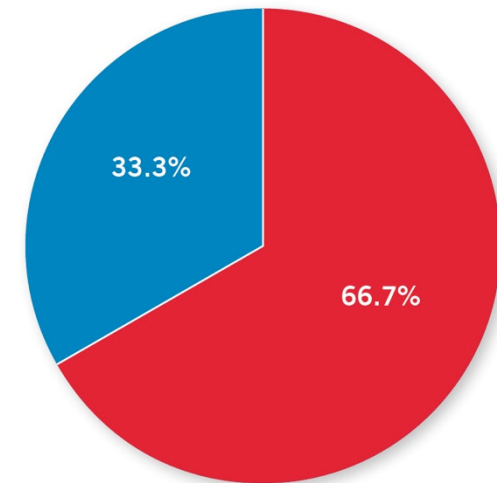
*2012 comparative excludes sale of Norfolk Group Limited shares. Refer to slide 21 for details.

Sales Revenue Summary

Divisional Highlights

	FY15 \$m	FY14 \$m	Change
Engineering Construction	1,245.5	1,670.8	(25.5%)
Maintenance & Industrial Services	621.2	663.5	(6.4%)
<i>Skystar</i>	-	7.9	
<i>Internal Eliminations</i>	(1.7)	(12.6)	
Total	1,865.0	2,329.6	(19.9%)

Revenue by Division



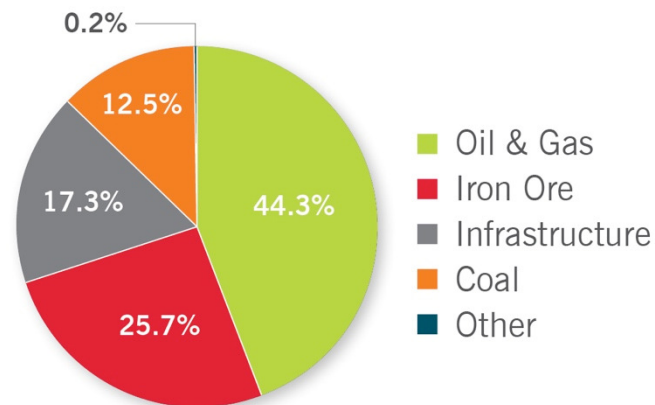
- Engineering Construction
- Maintenance & Industrial Services

Engineering Construction

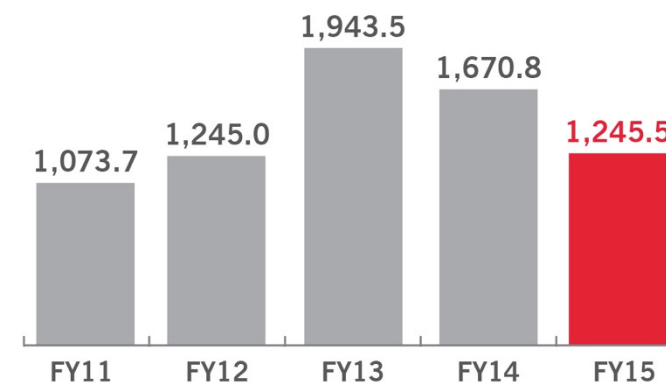
Highlights

- Growth in infrastructure work (pipelines and water)
- Established strong position in upstream CSG market
- Integrated WI Group.

End Customer



Sales Revenue (\$m)



Major Contract Activity

- APLNG CSG Projects, Queensland
- Ashburton Lyndhurst Irrigation Ltd, New Zealand
- Central Highland Regional Council, Queensland
- DBNGP Fortescue River Gas Pipeline, WA
- JKC Ichthys Project Onshore LNG Facility, NT
- JKC Ichthys Project Onshore Gas Pipeline, NT
- Rio Tinto, Cape Lambert Port B, WA
- WICET, (MMM JV), Queensland.

New Contract Awards

- Sino Iron, Sino Iron Project, WA
- APLNG, Spring Gully Pipeline Compression Facility, Queensland
- DDG Ashburton, Ashburton West Gas Pipeline, WA
- Queensland Urban Utilities, Oxley Creek Sewage Treatment Plant, Queensland
- APLNG, Wellhead separator skids, Queensland*
- BCI Ashburton Energy JV, Irrigation scheme, New Zealand*.

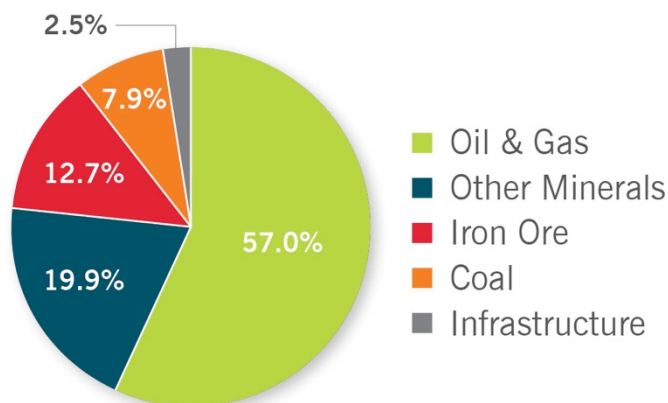
*Awarded subsequent to 30 June 2015.

Maintenance and Industrial Services

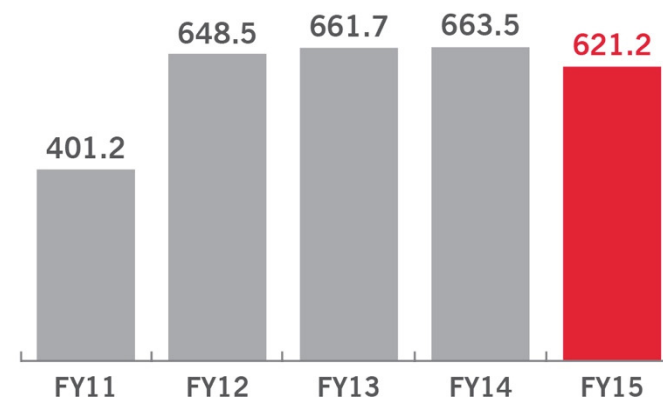
Highlights

- Worked with customers to reduce costs and improve productivity
- Retained all contracts
- Successful completion of three major LNG shutdowns
- Strengthened position with oil and gas customers.

End Customer



Sales Revenue (\$m)



Major Contract Activity

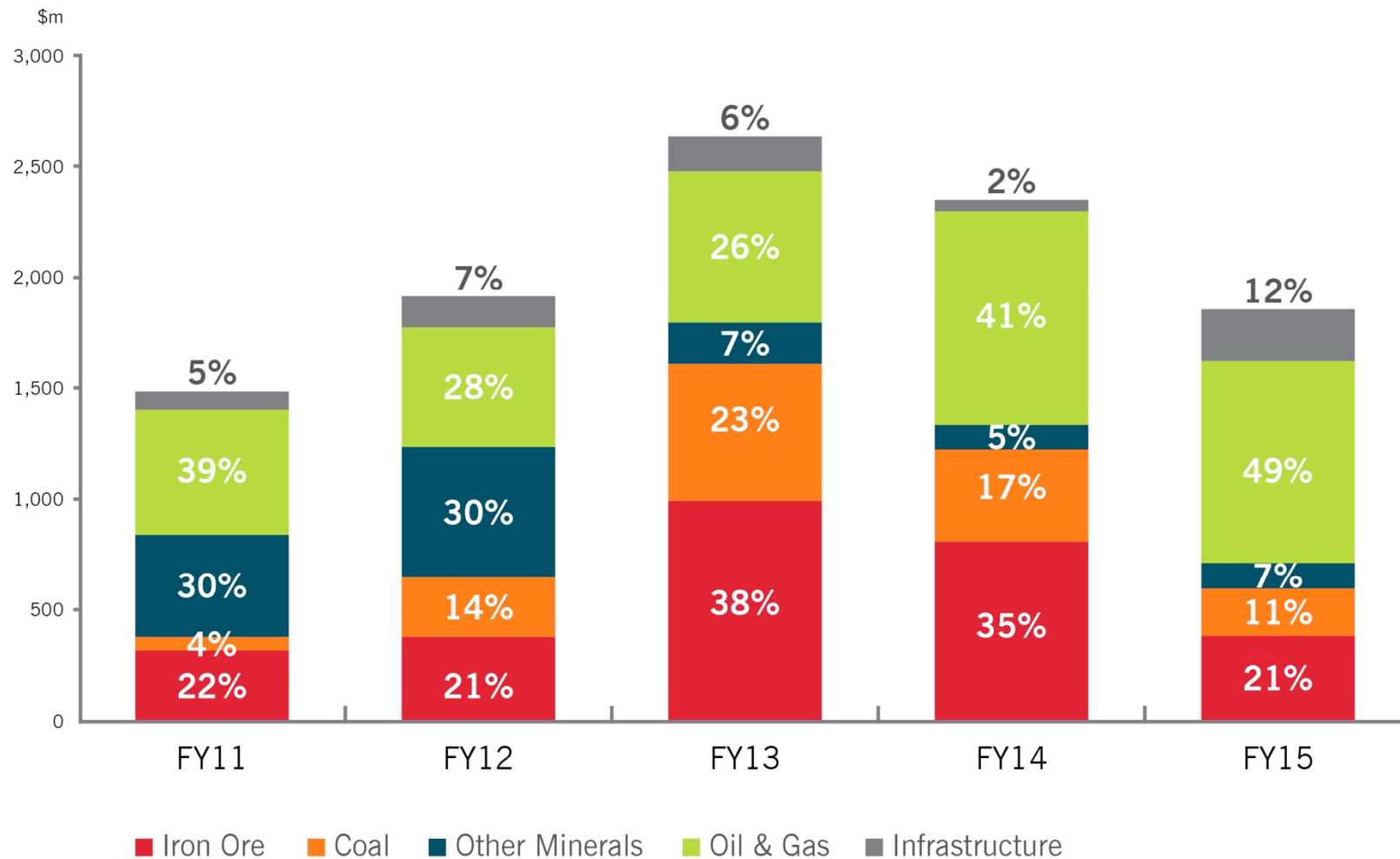
- BHP Billiton Nickel West, WA
- BHP Billiton, Olympic Dam Operations, SA
- Chevron-operated Gorgon Project, WA
- ConocoPhillips, Darwin LNG facility, NT
- Oil Search Limited, Papua New Guinea
- QGC, QCLNG Project, Queensland
- Rio Tinto, coastal and inland operations, WA
- Woodside-operated KGP and Pluto LNG Plant, WA.

New Contracts and Extensions

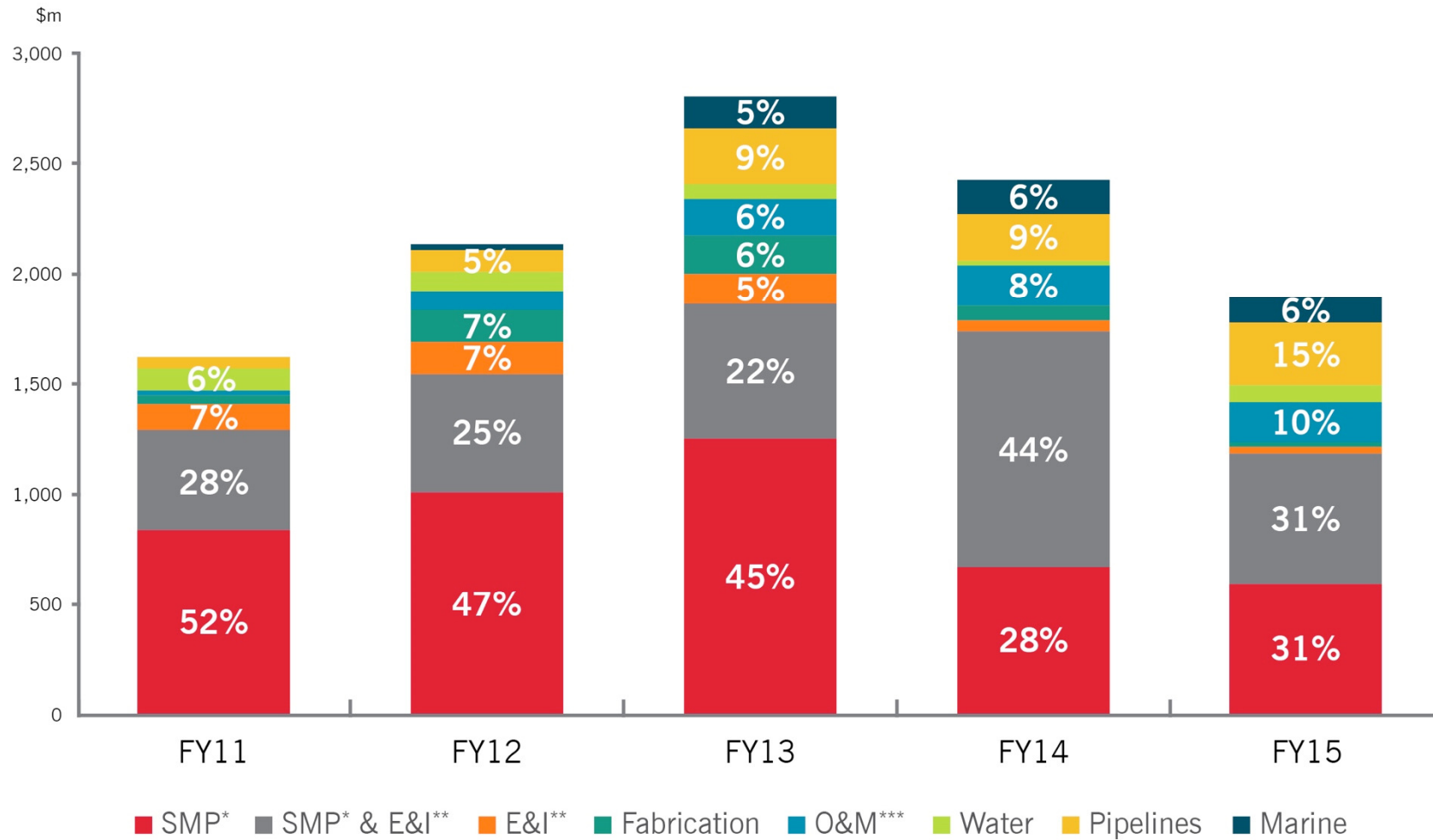
- Chevron, Gorgon facilities maintenance WA (13 month ext.)
- South 32, Worsley Alumina labour services, WA (3 years)*
- QAL, project, maintenance and shutdown, Queensland (3 years)*
- BM Alliance, dragline shutdown maintenance, Queensland*
- Chevron, facilities maintenance of Barrow Island assets (3 years)*.

*Awarded subsequent to 30 June 2015.

Revenue by End Customer Market



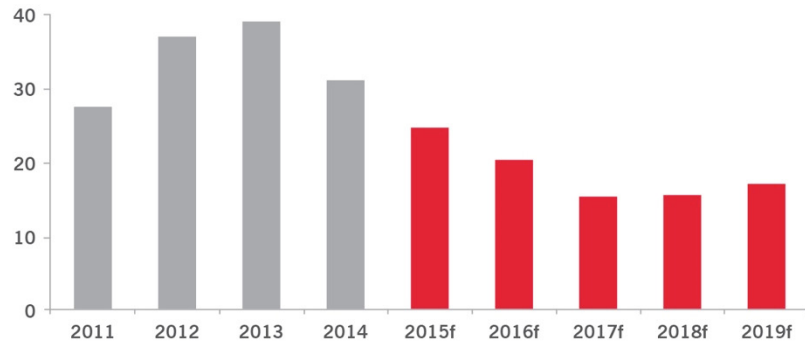
Revenue by Service Market



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

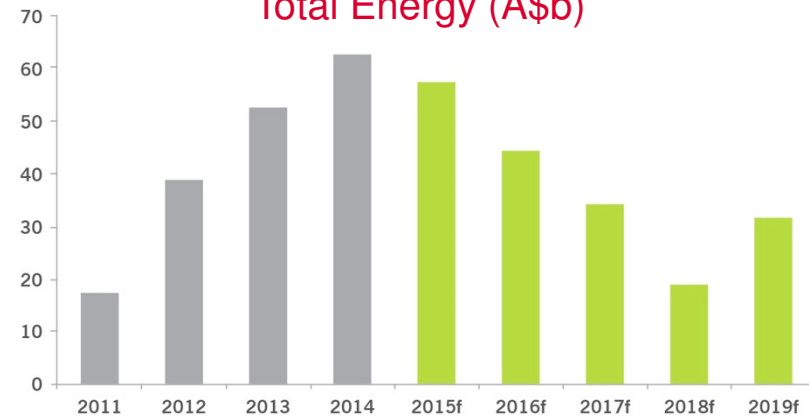
Australian Market Conditions

Total Resources (A\$b)



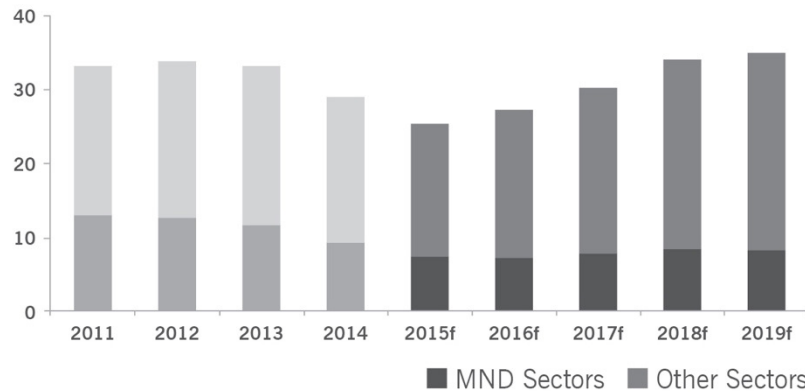
Source BIS Shrapnel - Total New Fixed Capital Expenditure Constant (updated May 2015)

Total Energy (A\$b)



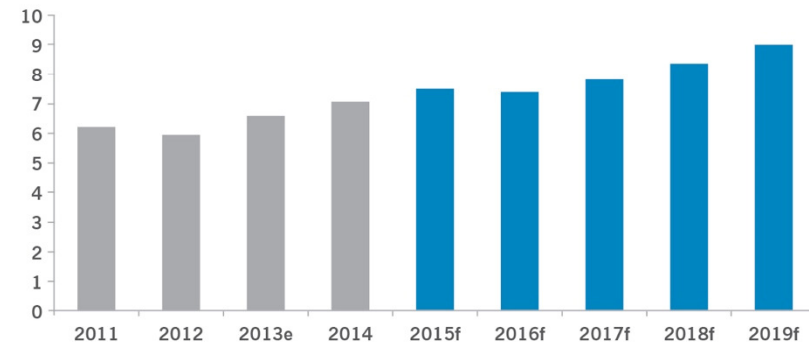
Source BIS Shrapnel - Total New Fixed Capital Expenditure Constant (updated May 2015)

Total Infrastructure (A\$b)



Source BIS Shrapnel - Value of work done Constant (April 2015)

Total Maintenance (A\$b)



Source BIS Shrapnel - Mining and Energy sector Constant (October 2014)

Market Growth Strategy

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

Maximise our position in core markets

- Efficient, competitive and productive delivery of core services
- Boost business development activities
- Apply full suite of multi-disciplinary services and capabilities

Enter new service markets

- Broaden maintenance market services
- Grow services in Water Infrastructure, Marine and related infrastructure
- Develop opportunities in power generation, transmission and distribution

Expand core services in overseas markets

- Establish presence in North American oil and gas market
- Pursue opportunities in PNG and Mongolia
- Convert global opportunities for China-based fabrication services.

Outlook

- Australian market conditions are expected to remain soft
- Customers will continue to focus on reducing operating expenditure, improving productivity and restraining capital expenditure
- Prospects for oil and gas maintenance and industrial services activities are expected to be positive
- Margins will remain under pressure as competition is high for a smaller pipeline of work
- Further consolidation of the fixed cost base will be a priority to protect margins and improve sustainability
- Company remains committed to advance its market growth strategy and diversification of revenue sources
- The strong balance sheet provides the capacity to pursue investment opportunities to support diversification objectives.

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.

	2015 \$'000	2014 \$'000
Underlying EBITDA		
Profit before income tax	147,041	205,203
Gain from sale of Skystar	-	(10,353)
Interest expense	1,701	3,101
Interest revenue	(4,478)	(3,371)
Depreciation expense	22,932	25,656
Amortisation expense	779	1,006
Underlying EBITDA	167,975	221,242
Reconciliation of profit after income tax to underlying NPAT (unaudited)		
Profit after income tax	105,825	146,510
Gain from sale of Skystar	-	(7,934)
Underlying NPAT	105,825	138,576

* Note to slides 11 and 12: - The 2012 EBITDA, NPAT, EPS and Cashflow Conversion figures exclude the gain from the sale of Norfolk Group Limited shares for comparative purposes to other financial years. The before tax gain was \$16,262,000 and the after tax gain was \$11,383,000.

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.

For more information

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**TOGETHER
WE DELIVER.**