17 November 2015

Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000
AUSTRALIA

Dear Sir / Madam

RE: 2015 Annual General Meeting Address and Updated Outlook

Please find attached a copy of the address to shareholders by Chairman John Rubino and Managing Director Rob Velletri at the Annual General Meeting held today at The University Club in Perth, Western Australia.

Yours sincerely,

Philip Trueman
Company Secretary

ASX RELEASE

17 November 2015

2015 Annual General Meeting Address

Report by Chairman John Rubino

Good morning ladies and gentlemen. It is my pleasure to speak to you this morning about our performance for the 2015 financial year, and provide an overview of the Company's future strategic direction.

Monadelphous achieved a satisfactory performance during the period despite tighter market conditions in the resources and energy sectors. Market changes over the past two years resulted in reduced activity levels across the business and the Company's performance is a reflection of the trends in commodity prices during this period.

Sales revenue was a little over $1.86 billion, down approximately 20 per cent on 2014. Our focus on improving efficiency and productivity largely offset the downward pressure on margins. A number of initiatives were implemented during the year to protect our profitability and ensure overheads remain in line with business activity levels.

I am very pleased to report another record safety performance at 30 June, with a 3 per cent improvement in the total case injury frequency rate.

In the new financial year, Monadelphous will look to build on its core services and boost its presence in new markets domestically. We aim to grow our core capabilities in overseas markets such as PNG, and as recently announced, develop our position in the energy market in North America. Rob will expand on this later.

We maintain our commitment to long term growth as we continue to broaden our revenue base in new customer and service markets. The acquisition of Water Infrastructure Group in March 2015 expanded our geographical presence into the New Zealand market, and provides opportunities in the infrastructure maintenance market within Australia.

We will continue to drive enhancements in productivity, maintain a healthy balance sheet and deliver strong financial performance.

Our achievements in the current year are a testament to the focus placed throughout the business on maximising opportunities, reducing costs and improving our productivity and financial discipline in this challenging environment.

In closing, I would like to thank all our people for their dedication and commitment, our customers for their continued support, our Board for their valued advice and our shareholders for their continued loyalty.

I will now hand over to Rob who will provide you with a deeper insight into the performance of the business during the 2015 year, and provide an overview of the company's future.

Report by Managing Director Rob Velletri

As John has mentioned, sales revenue for the year was $1.86 billion, down 19.9 per cent on the previous corresponding period. Our results reflected further deterioration of market conditions and the continued focus by customers on reducing capital and operating expenditure.

Net profit after tax (NPAT) was $105.8 million, down 23.6 per cent from the previous year's underlying result. Earnings per share (EPS) was a little under 114 cents.

Following this result, a final dividend of 46 cents per share fully franked was paid on 2 October. This took the full-year dividend to 92 cents per share.

We finished the year with a record low total case injury frequency rate of 3.16 incidents per million man-hours worked.

We secured approximately $450 million in new contracts and contract extensions during the year and subsequent to the reporting period, we have announced further new contract awards valued at approximately $600 million.

In an increasingly competitive environment, we maintained our focus on improving efficiency and productivity. The company-wide cost reduction program delivered savings of $56 million on an annualised basis.

We announced the acquisition of Water Infrastructure Group (WI Group), which broadened our exposure to the water infrastructure market in Australia and New Zealand. We also cemented our position in the Queensland coal seam gas (CSG) market.

As recently announced, we have entered into an agreement with a US based contractor for the establishment of a jointly-owned company in Pittsburgh USA. I will speak more about the US market entry later in the presentation.

Slide 9 looks at our financial performance in more detail, compared with the previous year's underlying results.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $168.0 million, down 24.1 per cent on the previous corresponding period. Margins were impacted by customer cost pressures and an increasingly competitive environment.

A disciplined approach to working capital management helped the company achieve a record net cash position at 30 June of $186.6 million, and cashflow from operations was $117.8 million for the year.

Turning now to Financial Position and Funding.

We ended the financial year with $209.8 million of cash at bank and we continue to maintain a strong balance sheet.

While our net working capital position remains in line with that of the previous period, we have experienced a slowing in the collection of receivables, with a number of customers applying extended payment terms.

Capital expenditure was a modest $11.5 million.

At year end our total bank guarantee and performance bond facilities stood at $675 million, of which just less than $400 million was utilised.

Slide 11 shows our Safety Scorecard.

We achieved another record safety performance for the year.

Injury frequency rates continued to trend downwards, highlighting our reputation as an industry leader in the all-important area of health and safety management.

Moving to our People Performance.

Our total workforce at 30 June 2015 was 4,536, down approximately 15 per cent on 12 months earlier, in line with project completions and slowing construction activity.

The decrease included the consolidation of a number of support and services functions. Key talent retention rates continue to be strong.

Moving to Productivity.

Over the past two years, the cost reduction program has delivered cost savings in excess of $100 million on an annualised basis, including $56 million in 2014/15, of which $19 million related to overheads.

We continue to prioritise cost reduction and productivity improvements to protect margins in light of the challenging market conditions and increasing competition.

Slide 14 shows the contract revenue by division and location during the period. The red circles represent Engineering Construction and those coloured in blue relate to Maintenance and Industrial Services.

As you can see, the majority of revenue comes from large contracts in Western Australia, Northern Territory and Queensland, with a growing contribution from New Zealand.

Slide 15 provides a summary of the highlights by division.

As John mentioned earlier, the reduced activity levels experienced across the business reflect the trends in commodity prices, particularly those in the mining and oil and gas markets. This impact was predominantly felt in our Engineering Construction division where sales revenues reduced by 25% to $1.25 billion for the year.

The division consolidated its position in the Queensland coal seam gas market and successfully completed projects throughout a broad range of sectors in resources, energy and infrastructure. The year also saw the integration into the division of the Water Infrastructure Group.

Our Maintenance and Industrial Services division continued to foster strong relationships with key customers, working closely with them to reduce costs and improve productivity and most importantly, retained all of its service contracts.

The division strengthened its leading position in its markets, and completed three major LNG shutdowns in the period as revenue contribution from oil and gas customers continued to dominate.

I will now provide you with an overview of a number of projects which the company undertook during the year.

This photo on slide 16 shows gathering lines feeding inlet separators on Train 1 of the Eurombah Creek Gas Processing Facility in Queensland. Monadelphous' contract scope included construction of all civil, mechanical, and electrical works as well as commissioning.

The contract was one of four secured with the Australia Pacific LNG Project for the construction of upstream gas processing and compression facilities associated with its CSG to LNG project in central Queensland.

Slide 17 shows the main North/South pipe rack at the Ichthys Project Onshore LNG Facilities at Bladin Point near Darwin, NT. Our scope on this our largest ever contract to date, includes the erection of piping, mechanical and structural steel for the Utility and Offsite Area.

The Ichthys LNG Project is one of the world's largest LNG developments, where gas from the Ichthys Field in the Browse Basin off north-west Australia is piped to the onshore processing facilities in Darwin via an 890km pipeline for processing into LNG prior to export to overseas customers.

This photo on slide 18 shows the lowering in of the welded section of a typical cross country pipeline into the excavated trench on the Fortescue River Gas Pipeline Project, completed by Monadelphous KT in March this year.

The project was undertaken for the DBP Development Group, in partnership with TransAlta, and involved the construction of the 270km long, 400mm diameter pipeline to transport natural gas to TransAlta's power station located at FMG's Solomon Hub mine in the Pilbara Region of WA.

The photo on Slide 19 shows structural engineering works at the Sino Iron Project at Cape Preston, in Western Australia, which comprises 20,000 tonnes of steel.

The project consists of structural, mechanical and piping works within Concentrator lines 3 to 6. The facilities being constructed on each Concentrator line include primary and secondary magnetic separators and a ball mill.

The Slide 20 photo shows the Wiggins Island Coal Export Terminal in Gladstone, Queensland, constructed by the MMM joint venture in which Monadelphous holds a 50 per cent interest.

The works included a 1.8 kilometre approach jetty, a 485 metre wharf structure and a 1,300 tonne shiploader and were completed in January 2015. All of the wharf and jetty decking was constructed in modules and fabricated through our China-based fabrication business, Sinostruct.

As previously announced, the MMM joint venture is continuing to pursue its claims and variations from WICET on this project, in both the Supreme Court and the Building and Construction Industry Payment Agency (BCIPA), and will vigorously defend the proceedings filed by WICET.

While it is difficult to determine the length of time required to resolve the issues, Monadelphous will continue to inform the market of any material developments as and when they arise.

Turning to the Maintenance and Industrial Services Division.

This photo on Slide 21 was taken at the Woodside-operated Karratha Gas Plant, where the Maintenance and Industrial Services division have a major long-term contract that includes the provision of maintenance and shutdown services.

During the year we completed a major LNG turnaround at the Karratha Gas Plant. Several hundred people were employed on the shutdown and the division was able to transition a large portion of the workforce to other LNG turnarounds undertaken throughout the year.

Slide 22 shows a photo of the Chevron Australia-operated Gorgon Project on Barrow Island in Western Australia, where we have provided facilities management services since 2009.

In August we announced a new facilities maintenance contract to support the Barrow Island assets operated by Chevron Australia for three years.

The scope of services includes the operation and maintenance of water and wastewater treatment plants, power generation and distribution systems, as well as the management and maintenance of various buildings, vehicles, plant and equipment. The contract currently employs more than 500 people.

Now to new contracts secured.

As highlighted earlier, we have secured approximately $600 million of new work since July 2015, across a broad spectrum of industries, including water infrastructure, coal, alumina, base metals, oil, coal seam gas and LNG.

Our contracts include:

- A three-year contract to provide project, maintenance and shutdown works for QAL in Gladstone, Queensland;
- A three-year contract with APLNG for the fabrication and supply of wellhead separator skids in Queensland;
- A three-year contract for maintenance and shutdown services for South32 Ltd at Worsley Alumina in Collie;
- The Barrow island maintenance services contract with Chevron Australia; and
- A contract with Nyrstar for structural, mechanical and piping works at its Port Pirie Smelter, in South Australia.

Slide 24 provides a snapshot of historical and projected Australian market conditions.

Capital expenditure in the resources and energy markets is forecast to decline as major construction projects are completed. Uncertainty remains as to the timing and nature of new major investment in these markets.

Activity in the broader Infrastructure market is projected to improve and maintenance and sustaining capital work is expected to ramp up over the next few years as more multi-billion dollar projects commence operation.

I will now provide you with a deeper insight into our market growth strategy.

In our core markets, we will continue to maximise our service offering through cost-effective multidisciplinary service solutions for customers.

We are seeking to grow our presence in new service markets by broadening the range of maintenance support provided to customers, expanding services in water, marine construction and related infrastructure, and developing opportunities in power generation, transmission and distribution. We are also aiming to deliver EPC projects for the mining and mineral processing sector.

As I mentioned earlier, we will look to develop our position in the growing oil and gas market in North America. In overseas locations where we already operate, like PNG, we will build out our position as opportunities present themselves, as well as leverage global opportunities with key customers.

Our China-based fabrication business will focus on developing opportunities and relationships with customers and partners in the international market.

Moving to Slide 26, our Strategic Progress.

I'd now like to provide a summary of our progress against this strategy.

As I reported earlier, we have recently secured a number of new contracts, renewals and contract extensions, building upon long-term relationships with key customers in our core markets.

These awards are a direct result of our strong delivery focus, successfully reducing our costs and collaborating with our customers to implement cost-effective solutions. Business development activities have been extended to leverage the broad range of services we now provide.

We continued to cement our position in the upstream coal seam gas market securing panel service contracts for sustaining capital works as well as the supply of wellhead skids for APLNG.

The award of a new facilities maintenance contract in August, to support the Barrow Island assets operated by Chevron Australia for three years, demonstrates our leadership in oil and gas maintenance and our capability to deliver a diverse range of operations and maintenance services. We are particularly well placed to secure new major LNG maintenance contracts of strategic importance.

In newer markets, the award of additional irrigation contracts through our Water Infrastructure business reinforces our infrastructure service expansion, and has opened new opportunities particularly in New Zealand. We see considerable growth available to us in this market. Other maintenance opportunities incorporating access solutions and corrosion management are significantly progressed, and we continue to actively pursue opportunities in power and utility network services.

Overseas, the formation of a new company in the US is a major step to developing a position in the US shale gas market, which I will expand on our next slide.

Further strategic partnerships for global EPC projects to the resources sector are also under development.

Our SinoStruct team has made good progress, highlighted by the award of a contract to supply wellhead skids to APLNG which has attracted strong interest from other Australian and North American operators. SinoStruct now aims to convert a number of overseas prequalifications and tenders into supply contracts.

Turning now to Monaro LLC.

I thought I would elaborate a little further on our USA market entry as it is a key element of our strategy to deliver our core services in overseas markets. Following significant market research we have established a partnership with a US contractor and incorporated a jointly-owned company, Monaro LLC.

Monaro is based in Pittsburgh, USA, and will deliver multidisciplinary construction services in the Marcellus and Utica gas regions of North East USA, including the states of Pennsylvania, Ohio and West Virginia.

The Marcellus and Utica regions contain an abundance of shale gas, and have seen significant investment in recent years in gas extraction, processing and downstream production. Monaro will target continued work in this region for the gas, energy and chemical processing industries.

In spite of the low oil and gas price, the Marcellus region has shown remarkable resilience and continues to invest in new takeaway and downstream infrastructure.

Our partner in Monaro is Mascaro Construction, a well-regarded Pittsburgh-based civil contractor which was established more than 25 years ago. With a strong civil construction capability, established customer relationships and a track record in the delivery of construction services to the region's gas, infrastructure and power sector, Mascaro represents an ideal, complementary partner to the Monadelphous mechanical/electrical capability.

Bob Santillo has been appointed as CEO of Monaro and will be ably assisted by two long-term senior Monadelphous project people, in initially establishing the business. Bob brings more than 40 years' experience in the delivery of multidisciplinary construction services in the region, and Monaro will be seeking to bid and secure contracts for execution in early to mid-2016.

Finally, to the Outlook.

Australian market conditions continue to be competitive and are expected to remain challenging on the back of lower resource and energy commodity prices.

Customers will continue to focus on reducing operating costs and improving efficiency.

Opportunities for new major construction contracts in these markets are likely to remain at reduced levels.

Prospects for maintenance and industrial services are expected to be more positive particularly in the oil and gas sector. More broadly, we are seeing maintenance service activity normalise following a long period of deferral.

We currently have approximately $1 billion of maintenance service tenders in progress, with award decisions on a number of these expected before the end of 2015. Our leading reputation in the services market puts us in a strong position to capitalise on these opportunities.

A significant reduction in construction demand is continuing to impact sales revenue and at this stage we anticipate that first half revenues will be around 10% lower than the 2nd half of 2014/15 financial year. Full year sales revenues will be dependent on project timing and new awards.

Margins will remain under pressure as competition is high for a smaller pipeline of work. The company remains focused on initiatives aimed at reducing costs to protect margins and improve sustainability, and further consolidation of the Company's fixed cost base will be a priority.

As I mentioned earlier, we remain committed to progressing our long term market growth strategy and the diversification of revenue sources, and our strong balance sheet provides the capacity to pursue investment opportunities that support these objectives.

On behalf of the Board, I would like to take this opportunity to thank all of our stakeholders for their loyalty and support and particularly our people for their ongoing dedication, commitment and highly valued contribution.

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Further Information

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Monadelphous Group Limited (ASX: MND) is an Australian engineering group providing construction, maintenance and industrial services to the resources, energy and infrastructure sectors. The Company has two operating divisions – Engineering Construction, providing large-scale multidisciplinary project management and construction services, and Maintenance and Industrial Services, specialising in the planning, management and execution of mechanical and electrical maintenance services, shutdowns, fixed plant maintenance services and sustaining capital works.

Monadelphous is headquartered in Perth, Western Australia, with a major office in Brisbane, Queensland, and projects, facilities and workshops across Australia and in New Zealand, China and Papua New Guinea. Please visit our website www.monadelphous.com.au for more information.