

# 2016 FULL YEAR RESULTS

Tuesday 23 August 2016



**TOGETHER WE DELIVER**

# 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.

*At 30 June 2016*

<b>People</b>	4,438
<b>Market Capitalisation</b>	\$700m
<b>Net Cash</b>	\$186m



**ENGINEERING CONSTRUCTION**

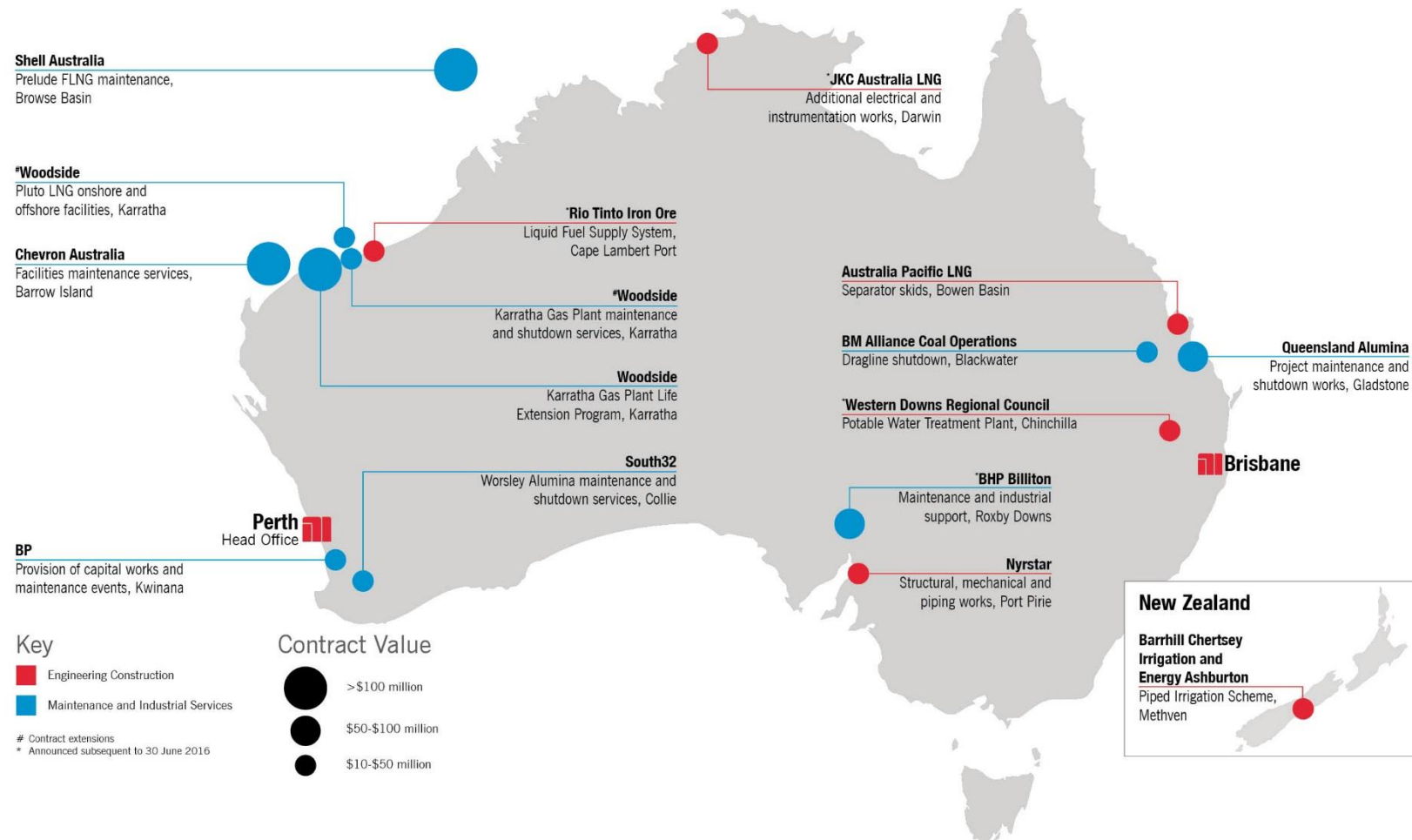


**MAINTENANCE AND INDUSTRIAL SERVICES**

# Group Highlights

FINANCIAL	OPERATING	STRATEGIC
<ul style="list-style-type: none"> <li>• Sales Revenue \$1.365b</li> <li>• EBITDA \$113.6m</li> <li>• NPAT \$67.0m</li> <li>• EPS 72c</li> <li>• DPS 60c, fully franked</li> <li>• Operating cashflow \$78m</li> <li>• Net cash \$186m</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.1b new contracts and contract extensions</li> <li>• Three new long-term oil and gas contracts</li> <li>• Strengthened position in upstream CSG and water infrastructure</li> <li>• Solid operational performance</li> <li>• Record safety performance - TCIFR 2.45</li> <li>• Maintenance division well-positioned for growth</li> </ul>	<ul style="list-style-type: none"> <li>• Secured Shell Australia Prelude FLNG services</li> <li>• Established presence in the US</li> <li>• Secured new work in overseas markets</li> <li>• Expansion of industrial services into access solutions and mine dewatering services</li> <li>• Established renewable energy business (July '16).</li> </ul>

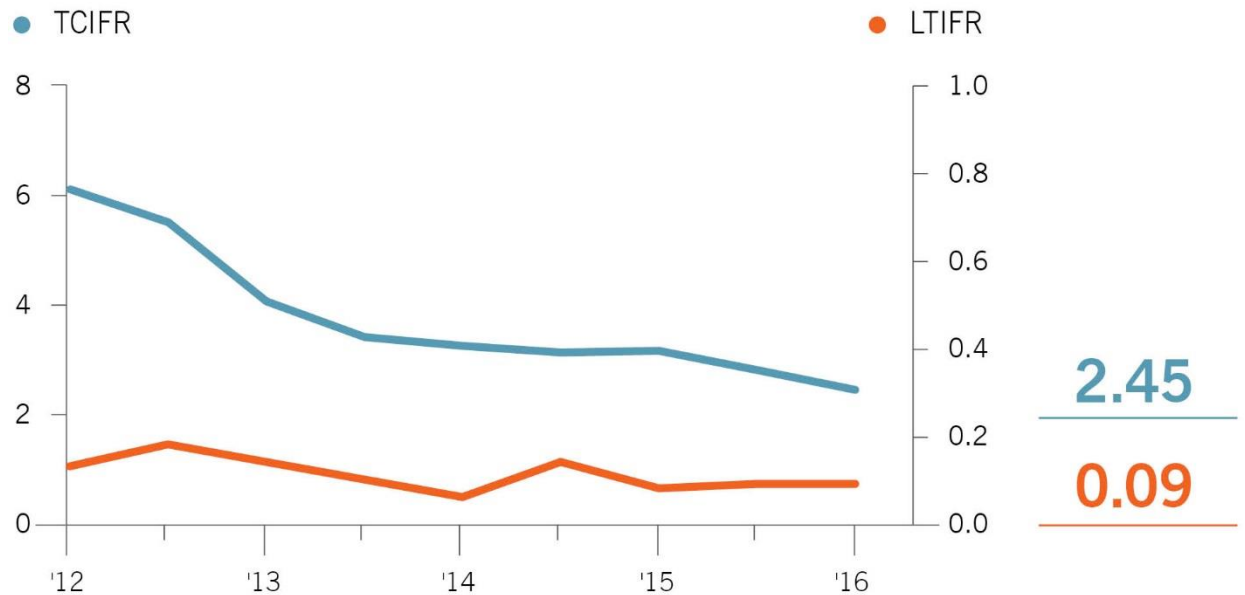
# Contracts Secured



# Safety Scorecard

## INJURY FREQUENCY RATES\*

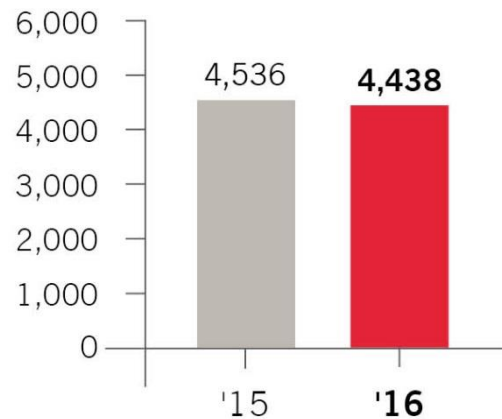
- Record safety performance
- 22% improvement
- TCIFR of 2.45
- Focus on safety leadership and culture underpins continued improvement.



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

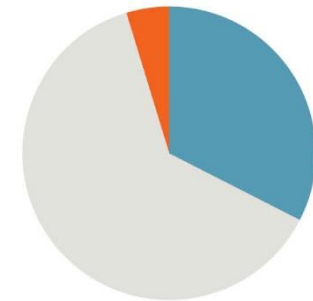
# People

## EMPLOYEE NUMBERS



- Labour availability continues to improve
- Decreasing construction workforce offset by increasing maintenance activity
- Key talent retention remains strong
- Consolidated and rationalised support services.

## EMPLOYEES BY DIVISION AT 30 JUNE 2016



	No.	Δ from '15
Engineering Construction	1,430	-27% ↓
Maintenance and Industrial Services	2,794	19% ↑
Group Support	214	-7% ↓

# Financial Performance

## YEAR ENDED 30 JUNE

		FY16	FY15	CHANGE
Sales Revenue	\$m	<b>1,364.7</b>	1,865.0	(26.8%)
EBITDA	\$m	<b>113.6</b>	168.0	(32.4%)
EBITDA Margin	%	<b>8.33</b>	9.01	(0.68pp)
NPAT	\$m	<b>67.0</b>	105.8	(36.7%)
NPAT Margin	%	<b>4.90</b>	5.67	(0.77pp)
EPS	cps	<b>71.8</b>	113.9	(37.0%)
DPS (Fully Franked)	cps	<b>60.0</b>	92.0	(34.8%)
Operating Cash Flow	\$m	<b>78.0</b>	117.8	(33.8%)
Cash Flow Conversion	%	<b>83.2</b>	87.7	(4.50pp)

# Financial Position and Funding

AT 30 JUNE

	FY16 \$m	FY15 \$m	CHANGE
Cash at Bank	203.5	209.8	(3.0%)
Net Cash Position (Cash less interest bearing loans and borrowings)	186.0	186.6	(0.3%)
Capital Expenditure (Cash and Hire Purchase)	8.7	11.5	(24.7%)

## Bank Guarantee and Performance Bond Facilities

Utilised	209.8	392.6
Available	365.2	282.4
<b>Total Facility</b>	<b>575.0</b>	<b>675.0</b>



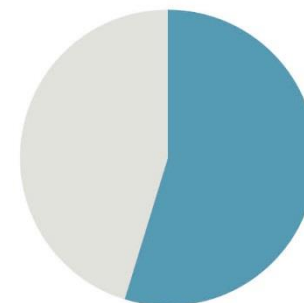
# Sales Revenue Summary

## DIVISIONAL HIGHLIGHTS

	FY16 \$m	FY15 \$m	CHANGE %
Engineering Construction	<b>757.6</b>	1,245.5	(39.2)
Maintenance and Industrial Services	<b>608.4</b>	621.2	(2.1)
<i>Internal Eliminations</i>	<i>(1.3)</i>	<i>(1.7)</i>	
<b>Total</b>	<b>1,364.7</b>	1,865.0	(26.8)

- Lower demand for construction work combined with delays to some existing project work
- Higher levels of activity in maintenance; volume increase offset by reduced costs and pricing.

## REVENUE BY DIVISION



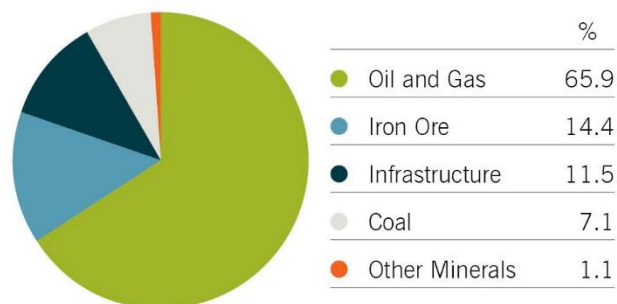
	%
● Engineering Construction	55.5
● Maintenance and Industrial Services	44.5

# Engineering Construction

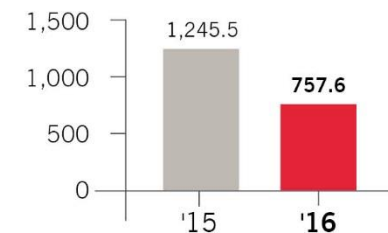
## HIGHLIGHTS

- Strong execution and delivery on existing projects
- Strengthened position in water infrastructure market
- Established renewable energy JV – Zenviron
- Secured new work in overseas markets
- Established presence in US.

## END CUSTOMER



## SALES REVENUE (\$M)



## MAJOR PROJECT ACTIVITY

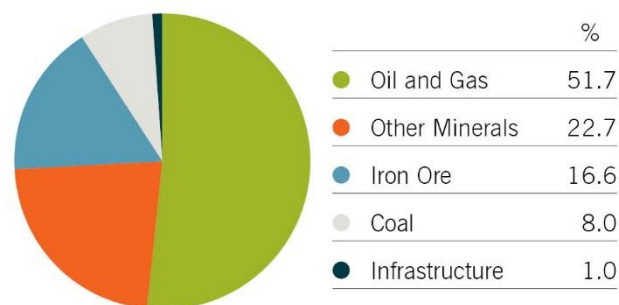
- JKC, SMP works at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- JKC, EPC works on the gas export pipeline at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- Sino Iron, SMP works for Sino Iron Project, Cape Preston, WA
- ALIS, design and construction of 240km irrigation scheme, Methven, New Zealand
- APLNG, fabrication of wellhead separator skids, Surat Basin, Queensland
- BCI, design and construction of 40km irrigation scheme, Methven, New Zealand
- Nyrstar, SMP works at Port Pirie Smelter, SA.

# Maintenance and Industrial Services

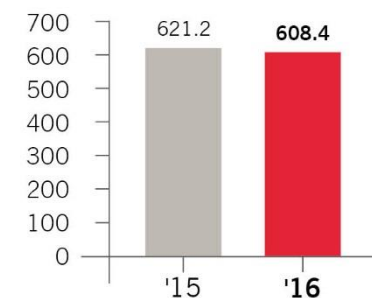
## HIGHLIGHTS

- Awarded \$1b in new contracts and extensions
- Secured Shell Australia Prelude FLNG services
- Strengthened leading position in oil and gas services
- Delivered innovative and cost effective solutions to customers
- Expanded industrial services to access solutions and mine dewatering.

## END CUSTOMER



## SALES REVENUE (\$M)



## MAJOR CONTRACT ACTIVITY

- Chevron Australia, facilities maintenance at Barrow Island, WA
- Woodside, maintenance and turnarounds at Karratha Gas Plant, WA
- Rio Tinto, maintenance and minor capital works at coastal and inland operations, Pilbara, WA
- BHP Billiton maintenance and shutdown services in the Goldfields, WA
- QAL, project and maintenance services, Gladstone, Queensland
- BM Coal Alliance, maintenance and turnaround works, Blackwater, Queensland.

# Zenviron

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## INCORPORATED JOINT VENTURE BETWEEN MONADELPHOUS AND ZEM ENERGY

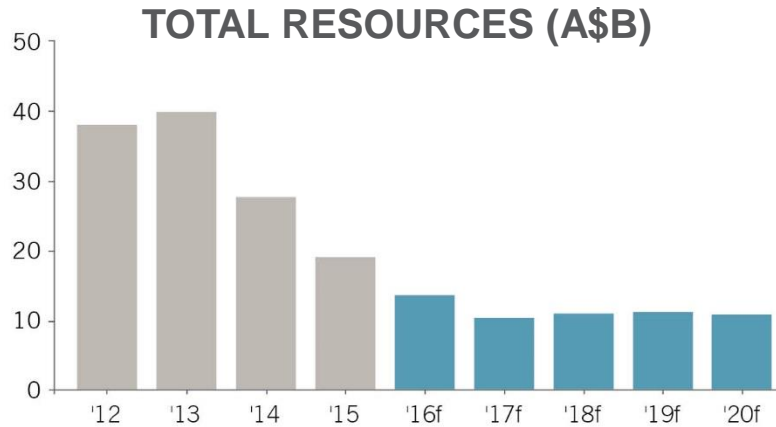
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Zenviron is a full service balance-of-plant (BoP) contractor providing engineering, procurement and construction services to the renewable energy sector in Australia and New Zealand.

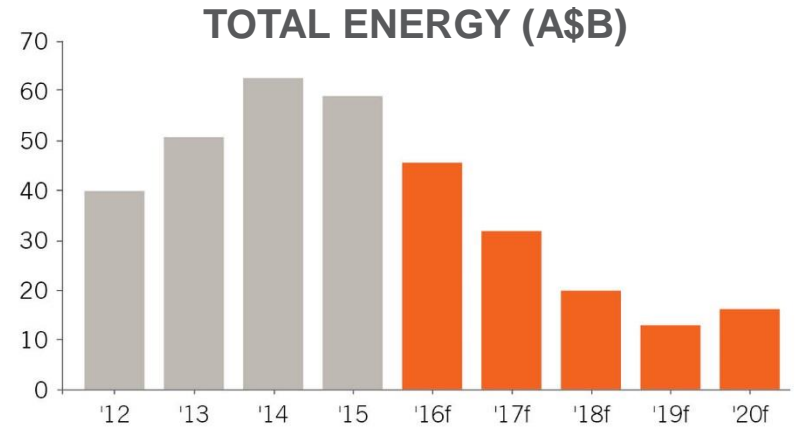
- Partnership with ZEM Energy, renewable energy specialist with direct involvement in numerous large-scale wind farm developments
- Monadelphous to provide multidisciplinary engineering and construction capabilities
- An estimated 6000 Megawatts of renewable energy capacity to be built by 2020
- Zenviron selected as preferred tenderer for BoP associated with CWP's Sapphire Wind Farm in NSW
- Key milestone in strategy to extend services into new infrastructure markets.



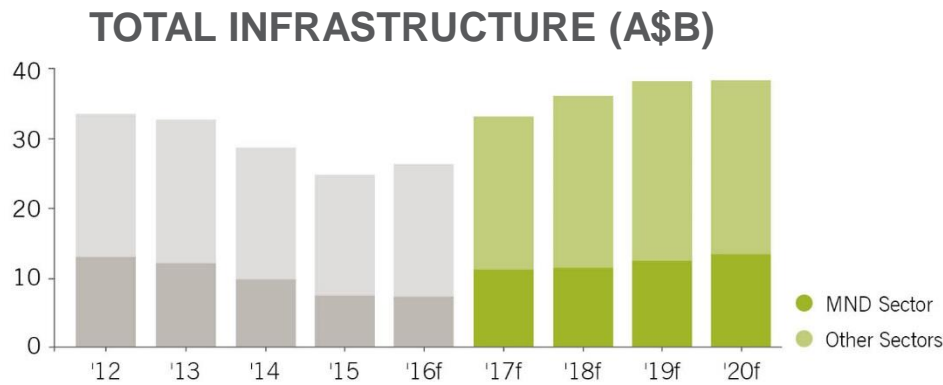
# Australian Market Conditions



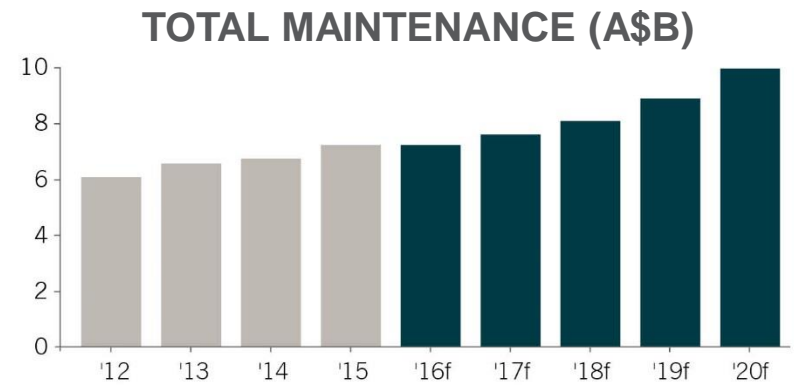
Source BIS Shrapnel - Mining in Australia (released May 2016)



Source BIS Shrapnel - Mining in Australia (released May 2016)



Source BIS Shrapnel - Value of work done Constant (released May 2016)



Source BIS Shrapnel - Mining in Australia (released November 2015)

# Strategy

## MAXIMISE POSITION IN CORE MARKETS

- ✓ Secured a number of long-term maintenance contracts
- ✓ New facilities maintenance contract on Barrow Island
- ✓ Successful execution and delivery on existing contracts

### PRIORITIES

- Maintain cost competitiveness
- Drive innovation program
- Retain and grow existing contracts through relationship and innovative solutions
- Secure additional oil and gas maintenance contracts.

## NEW SERVICES/MARKETS

- ✓ Secured Shell Australia Prelude FLNG services
- ✓ New irrigation contracts
- ✓ Access solutions and mine dewatering services
- ✓ Entered renewable energy market

### PRIORITIES

- Progress EPC solution for resources sector
- Secure renewable energy contracts
- Expand industrial services
- Expand presence in new infrastructure sectors.

## EXPAND CORE SERVICES OVERSEAS

- ✓ Established presence in US, Monaro
- ✓ Sinostruct secured first US order
- ✓ Actively bidding in Mongolia

### PRIORITIES

- Grow NZ water business
- Monaro to secure and execute construction contracts
- Convert overseas supply opportunities for SinoStruct
- Secure package on Oyu Tolgoi.

# Outlook

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- Resources and energy markets to remain challenging
- Customers will continue to focus on productivity improvements
- Maintenance services outlook is positive with growth opportunities expected
- Company well positioned to increase market share in water and renewable energy
- Focus on service expansion in EPC and industrial services
- Further development overseas, US and SinoStruct
- Strong balance sheet will support investment in the continued expansion of markets.

# 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.

## EBITDA RECONCILIATION

	FY16 \$'000	FY15 \$'000
Profit before income tax	95,610	147,041
Interest expense	1,025	1,701
Interest revenue	(4,164)	(4,478)
Depreciation expense	21,094	22,932
Amortisation expense	65	779
<b>EBITDA</b>	<b>113,630</b>	<b>167,975</b>



# Important Notice

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## DISCLAIMER

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