

# ANNUAL GENERAL MEETING 2016

Tuesday 22 November



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>	\$950m
<b>Net Cash</b>	\$186m

*\* As at 18 Nov 2016*



**ENGINEERING CONSTRUCTION**



**MAINTENANCE AND INDUSTRIAL SERVICES**



# Board of Directors

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**John Rubino**  
Chairman



**Rob Velletri**  
Managing Director



**Peter Dempsey**  
(Lead) Independent  
Non-Executive Director



**Helen Gillies**  
Independent Non-Executive  
Director



**Dietmar Voss**  
Independent Non-Executive  
Director



**Chris Michelmore**  
Independent Non-Executive  
Director

# Agenda

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1. Chairman's Address
2. Managing Director's Address
3. Items of Business
4. Other Business

# 1. Chairman's Address

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**JOHN RUBINO**

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# Chairman's Address

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## JOHN RUBINO

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- Significant change in industry over recent years
- Positioned the business for long term growth
- Focused on maximising returns in core markets
- Targeted entry into new customer and service markets
- Strong balance sheet provides opportunity to advance market growth strategy
- Helen Gillies appointed as non-executive director

## 2. Managing Director's Address

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**ROB VELLETRI**

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# Group Highlights

FINANCIAL	OPERATING	STRATEGIC
<ul style="list-style-type: none"> <li>• Sales Revenue \$1.36b</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>



# Financial Performance

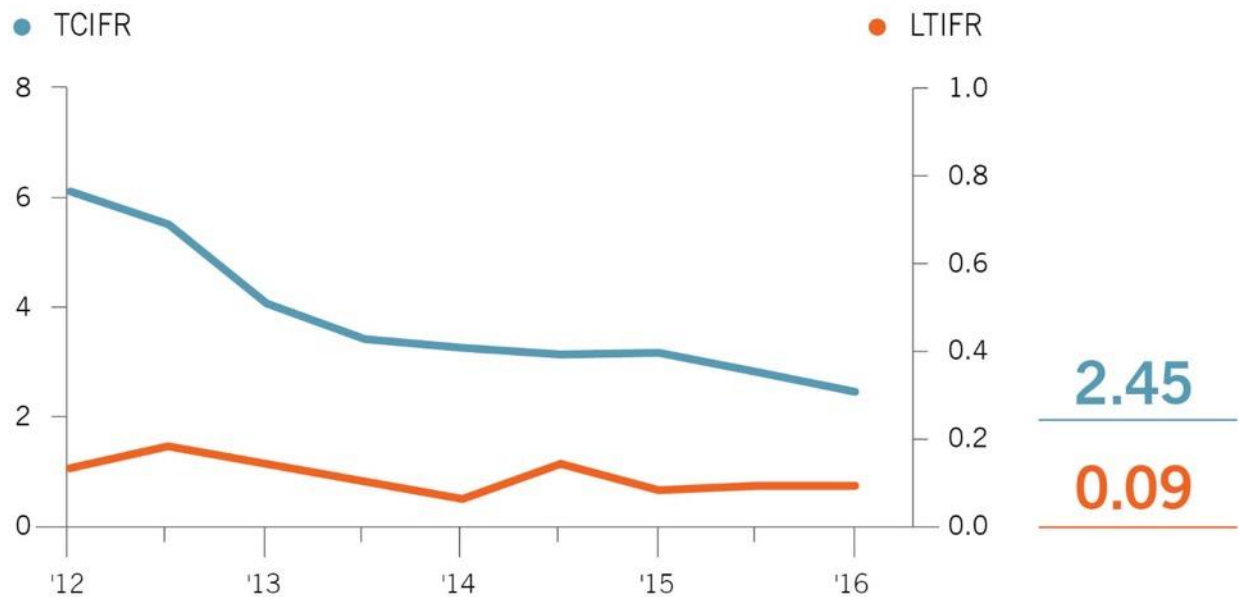
## YEAR ENDED 30 JUNE

		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)
Cash at Bank	\$m	<b>203.5</b>	209.8	(3.0%)

# Safety Scorecard

## INJURY FREQUENCY RATES\*

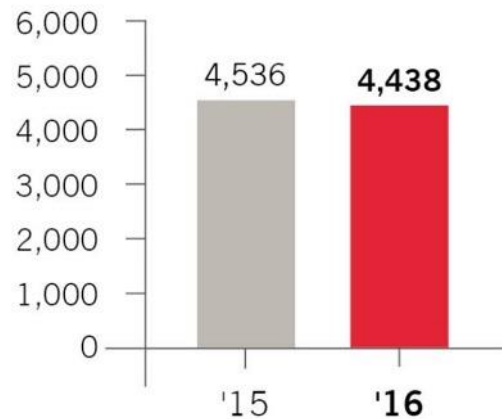
- Record safety performance
- 22% improvement
- TCIFR of 2.45
- Focus on safety leadership and culture underpins continued improvement



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

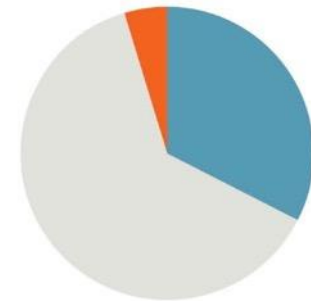
# People

## EMPLOYEE NUMBERS



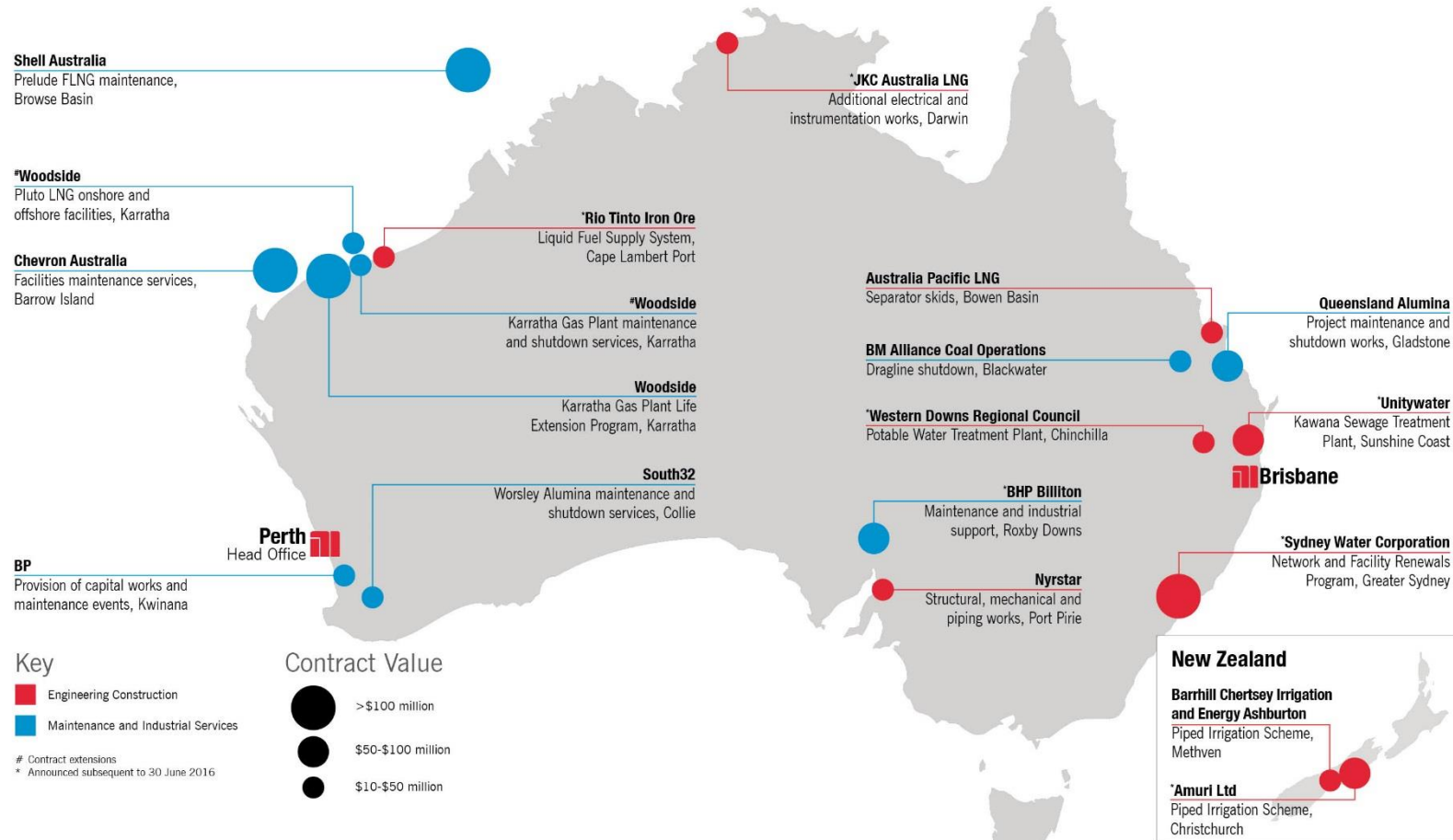
- Labour availability continues to improve
- Decreasing construction workforce offset by increasing maintenance activity
- Key talent retention remains strong
- Consolidated and rationalised support services

## 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% ↓

# Contracts Secured



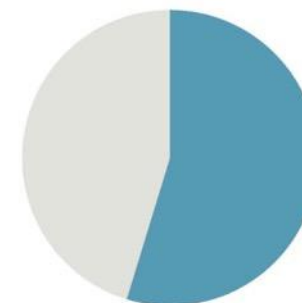
# Sales Revenue Summary

## 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>	<b>(1.3)</b>	(1.7)	
<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



Inpex-led Ichthys Project Onshore LNG Facilities, Darwin, Northern Territory



# Engineering Construction (cont'd)



Ashburton Lyndhurst Irrigation Scheme (ALIS), South Island, New Zealand



# Engineering Construction (cont'd)



Well head separator skids, pipework and one of five welding cells commissioned at SinoStruct in China

# Engineering Construction (cont'd)



Relocating gas export pipeline 'string' at the Inpex-led Ichthys Project Onshore LNG Facilities, Darwin, Northern Territory



# Maintenance and Industrial Services



QGC plant, Curtis Island, Queensland



# Maintenance and Industrial Services (cont'd)



Woodside-operated Karratha Gas Plant, Karratha, Western Australia (image courtesy of Woodside Energy Ltd.)



# Maintenance and Industrial Services (cont'd)



CITIC Pacific Mining's Sino Iron Project, Cape Preston, Western Australia



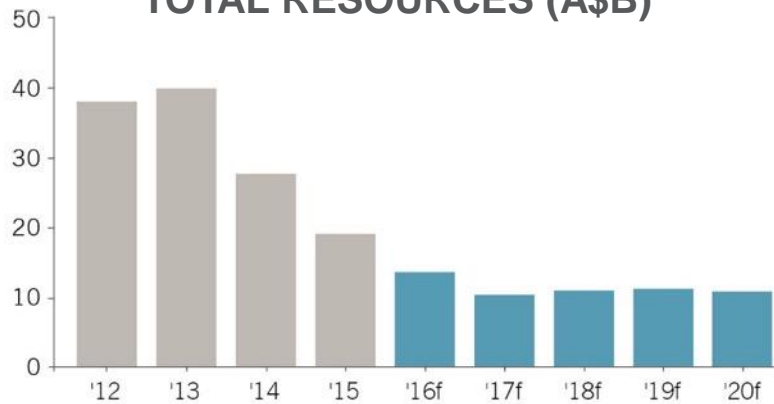
# Maintenance and Industrial Services (cont'd)



Oil Search Limited's Central Production Facility, Southern Highlands Province, Papua New Guinea

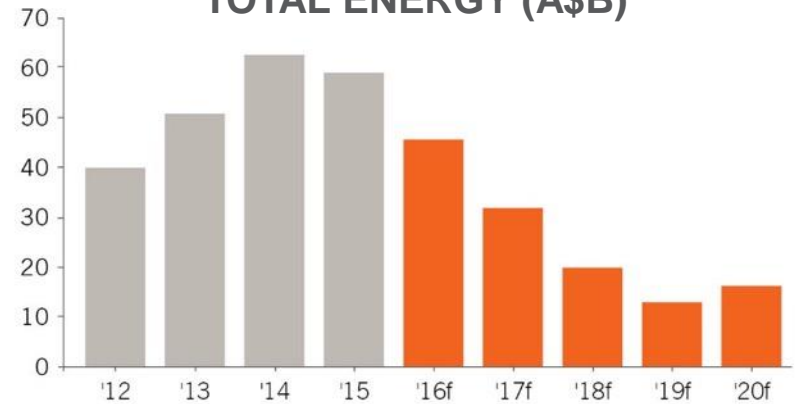
# Australian Market Conditions

**TOTAL RESOURCES (A\$B)**



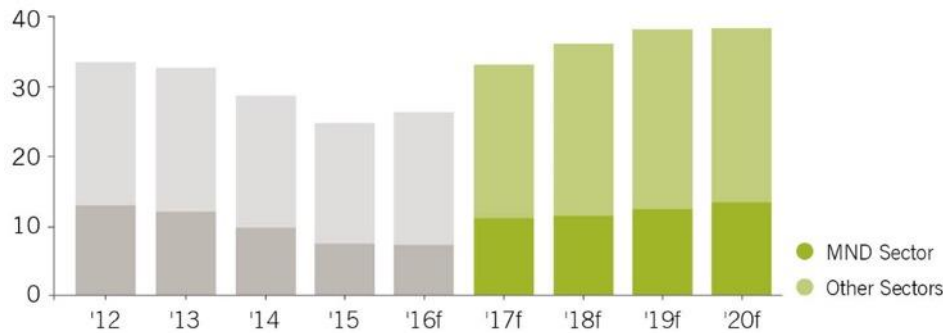
Source BIS Shrapnel - Mining in Australia (released May 2016)

**TOTAL ENERGY (A\$B)**



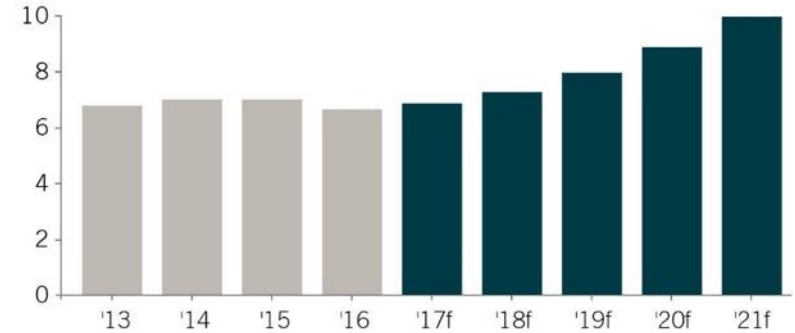
Source BIS Shrapnel - Mining in Australia (released May 2016)

**TOTAL INFRASTRUCTURE (A\$B)**



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

**TOTAL MAINTENANCE (A\$B)**



Source BIS Shrapnel - Maintenance in Australia (November 2016)

# Markets and Growth Strategy

MAXIMISE POSITION IN CORE MARKETS	NEW SERVICES/MARKETS	EXPAND CORE SERVICES OVERSEAS
<ul style="list-style-type: none"> <li>✓ Secured a number of long-term maintenance contracts</li> <li>✓ New facilities maintenance contract on Barrow Island</li> <li>✓ Formed EPC JV Mondium</li> <li>✓ Access Solutions and mine dewatering services</li> <li>✓ Acquired protective coatings business – Arc West</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Retain and grow existing contracts through relationship and innovative solutions</li> <li>• Secure additional oil and gas maintenance contracts</li> <li>• Secure EPC package</li> </ul>	<ul style="list-style-type: none"> <li>✓ Secured Shell Australia Prelude FLNG services</li> <li>✓ Secured NZ irrigation contracts</li> <li>✓ Established Zenviron</li> <li>✓ Selected for Sydney Water South Region Delivery Contract works</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Secure opportunities in renewable energy</li> <li>• Grow water infrastructure business in Australia and NZ</li> <li>• Pursue opportunities in new infrastructure sectors</li> </ul>	<ul style="list-style-type: none"> <li>✓ Developing position in US, Monaro</li> <li>✓ Sinostruct enters US market</li> <li>✓ Actively bidding in Mongolia – Oyu Tolgoi</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Monaro to secure and execute construction contracts</li> <li>• Convert overseas supply opportunities for SinoStruct</li> <li>• Secure package on Oyu Tolgoi</li> </ul>





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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.

- Based in Newcastle, NSW, currently has workforce of over 20
- Pursuing a number of opportunities in wind-farm and large-scale solar installations
- 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

# MONDIUM

ENGINEERS AND CONSTRUCTORS

## INCORPORATED JOINT VENTURE BETWEEN MONADELPHOUS AND LYCOPODIUM

Mondium brings together the complementary strengths, resources and experience of **Monadelphous'** multidisciplinary engineering and construction capabilities with **Lycopodium's** technical expertise and minerals project delivery.

- Mondium will provide a new EPC offering to the minerals market both locally and overseas
- Well placed to take advantage of increasing customer demand for lump sum turnkey/EPC style contracts
- Currently pursuing tender opportunities in the minerals processing sector
- Key milestone in the Company's growth and diversification strategy



# Outlook

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- Australian market conditions in resources and energy to remain challenging
- Capex required to sustain increased production levels
- Monadelphous in strong position to capitalise on new maintenance opportunities
- Forecast increase in infrastructure investment
- Monadelphous' position in infrastructure expected to strengthen
- First half revenue on par with second half of 2015/16
- Margins likely to remain under pressure
- Diversification strategy providing new platforms for revenue growth
- Strong balance sheet to pursue investment opportunities

# Shareholder Questions



CITIC Pacific Mining's Sino Iron Project, Cape Preston, Western Australia



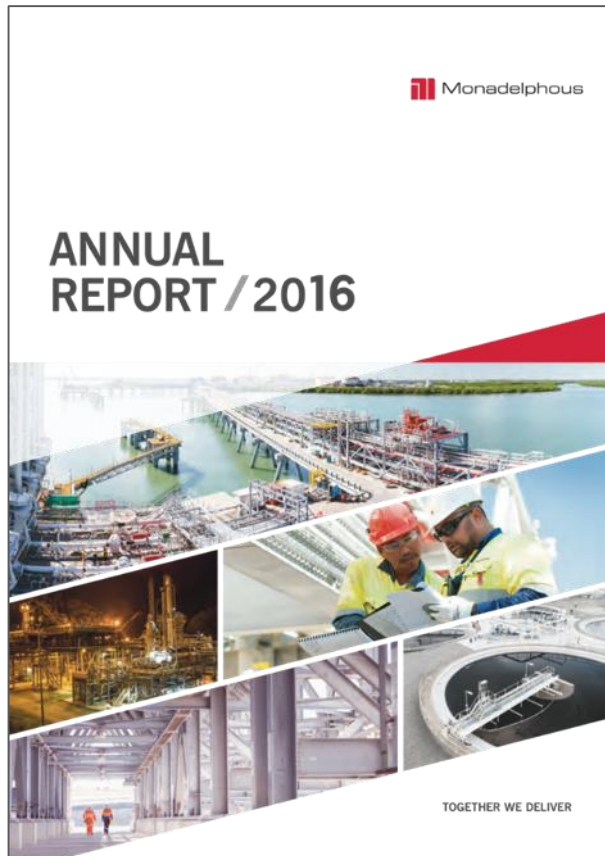
### 3. Items of Business



Oxley Creek Sewage Treatment Plant, Rocklea, Queensland

# Annual Reports

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To receive and consider the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2016.

# Resolution 1: Re-election of Director

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To re-elect a Director: Mr John Rubino who, being eligible, offers himself for re-election.



# Resolution 1: Re-election of Director

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The total of valid proxies received for Resolution 1 is 33,167,518 being:

27,872,936	FOR the resolution
3,649,062	AGAINST the resolution
1,577,292	OPEN to proxy
68,228	ABSTAIN

## Resolution 2: Re-election of Director

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To re-elect a Director: Ms Helen Gillies who, being eligible, offers herself for re-election.

## Resolution 2: Re-election of Director

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The total of valid proxies received for Resolution 2 is 33,166,518 being:

31,372,272	FOR the resolution
98,676	AGAINST the resolution
1,598,036	OPEN to proxy
97,534	ABSTAIN

# Resolution 3: Fees to Non-Executive Directors

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To consider that for the purposes of ASX Listing Rule 10.17 and Clause 11.15 of the Company's Constitution, the maximum aggregate amount of directors' fees that may be paid to the Company's non-executive directors per annum is increased by \$150,000, from \$600,000 per annum to \$750,000 per annum.



## Resolution 3: Fees to Non-Executive Directors

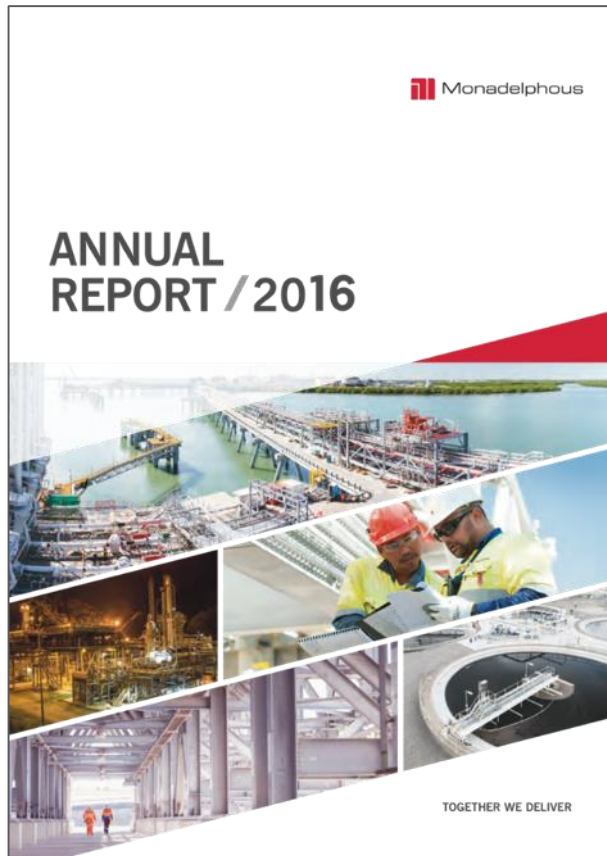
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The total of valid proxies received for Resolution 3 is 33,167,518 being:

29,256,082	FOR the resolution
1,916,670	AGAINST the resolution
1,588,395	OPEN to proxy
406,371	ABSTAIN

# Resolution 4: Adoption of Remuneration Report

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To consider and adopt the Remuneration Report for the year ended 30 June 2016.

# Resolution 4: Adoption of Remuneration Report

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The total of valid proxies received for Resolution 4 is 33,162,518 being:

27,707,043	FOR the resolution
2,515,588	AGAINST the resolution
1,577,175	OPEN to proxy
1,362,712	ABSTAIN

# Poll





## 4. Other Business



# For more information:

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Investor Relations

Telephone: +61 8 9315 7312

Email: [investor\\_relations@monadel.com.au](mailto:investor_relations@monadel.com.au)

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

# Important Notice

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## DISCLAIMER

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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.

# Appendix - 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>