

2017 HALF YEAR RESULTS

Tuesday 21 February 2017



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 31 December 2016

People	4,989
Market Capitalisation	\$1.05b
Net Cash	\$226m



ENGINEERING CONSTRUCTION



MAINTENANCE AND INDUSTRIAL SERVICES

Group Highlights

FINANCIAL

- Sales Revenue \$630.7m*
- EBITDA \$50.5m^
- NPAT \$28.6m
- EPS 30.5c
- DPS 24c, fully franked
- Operating cashflow \$77.1m
- Net cash \$226.2m

OPERATING

- \$700m of new contracts
- Strengthened position in water infrastructure
- Secured first major renewable energy project
- Maintenance division expansion of services in core markets
- New Oil Search EPC contract in joint venture with Jacobs
- Strong balance sheet provides substantial capacity for investment opportunities.

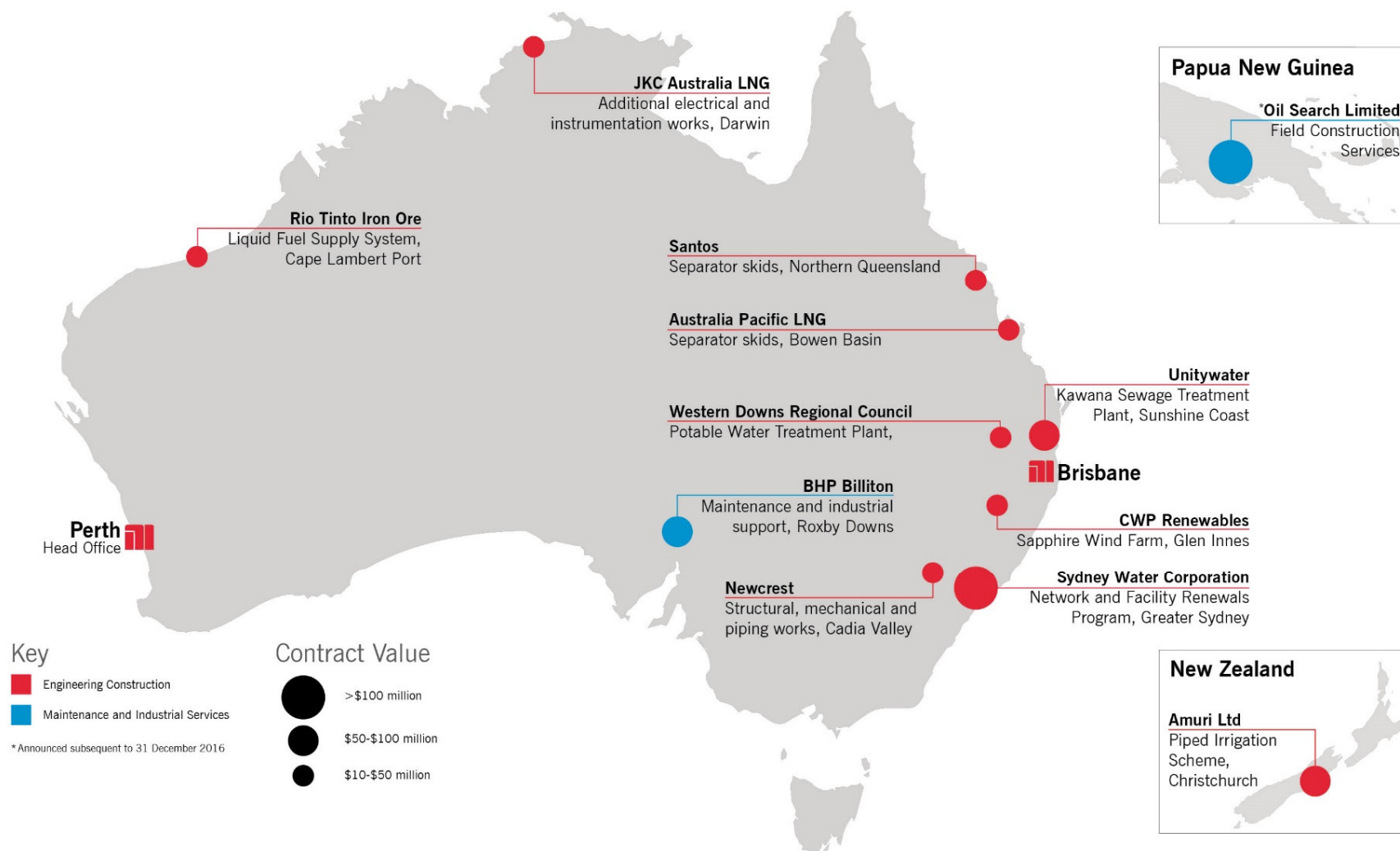
STRATEGIC

- Established Mondium – EPC partnership with Lycopodium
- Established Zenviron – renewable energy business
- Secured new work in overseas markets
- Implemented innovative technology solutions improving productivity
- Reduced cost base by offshoring various support services.

* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 15

^ Refer to reconciliation on slide 15

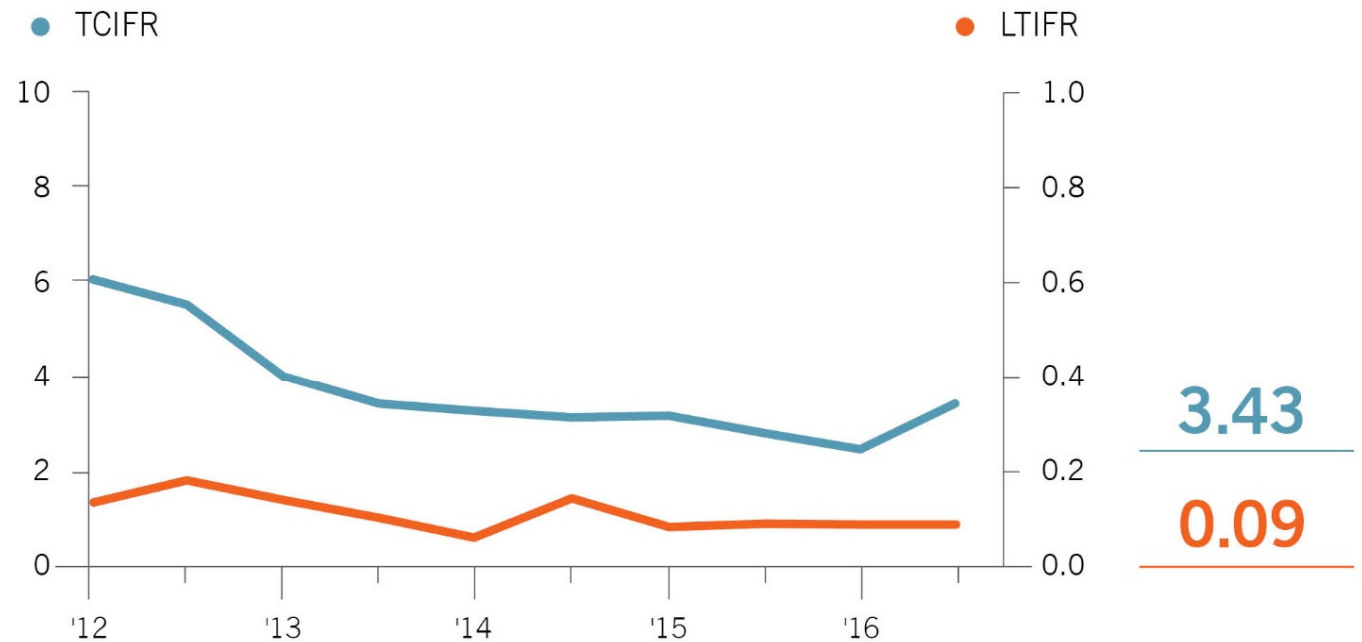
Contracts Secured



Safety Scorecard

INJURY FREQUENCY RATES*

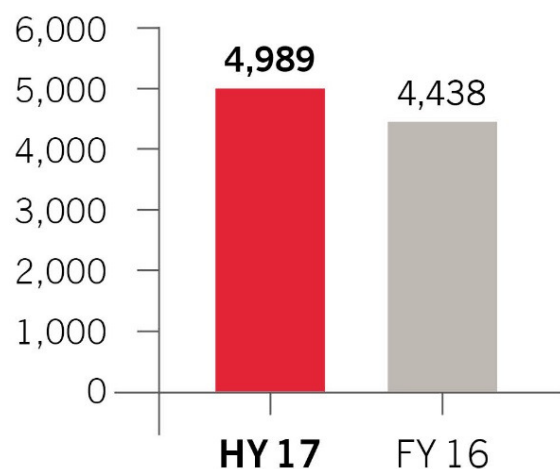
- Committed to maintaining goal of injury-free workforce
- Evolve and adapt safety initiatives to new services and markets.



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

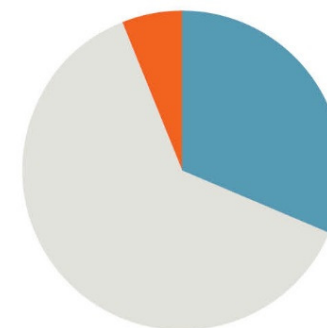
People

EMPLOYEE NUMBERS



- Growth in employee numbers driven by increased activity levels within Maintenance and Industrial Services
- Productivity continues to improve
- Key talent retention remains strong.

EMPLOYEES BY DIVISION AT 31 DECEMBER 2016



	No.
Engineering Construction	1,576
Maintenance and Industrial Services	3,120
Group Support	293

Financial Performance

PERIOD ENDED 31 DECEMBER

		HY17	HY16	CHANGE
Sales Revenue	\$m	630.7*	737.0	(14.4%)
EBITDA	\$m	50.5^	62.7	(19.5%)
EBITDA Margin	%	8.0	8.5	(0.5pp)
NPAT	\$m	28.6	37.6	(24.1%)
NPAT Margin	%	4.5	5.1	(0.6pp)
EPS	cps	30.5	40.4	(24.5%)
DPS (Fully Franked)	cps	24.0	28.0	(14.3%)
Operating Cash Flow	\$m	77.1	42.5	81.3%
Cash Flow Conversion	%	172.0	87.0	85.2pp

* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 15

^ Refer to reconciliation on slide 15

Financial Position and Funding

AT 31 DECEMBER

	HY17 \$m	HY16 \$m	CHANGE
Cash at Bank	244.7	202.6	20.8%
Net Cash Position (Cash less interest bearing loans and borrowings)	226.2	182.7	23.8%
Capital Expenditure (Cash and Hire Purchase)	6.3	4.5	34.9%

Bank Guarantee and Performance Bond Facilities

Utilised	154.2	289.7
Available	335.8	385.3
Total Facility	490.0	675.0

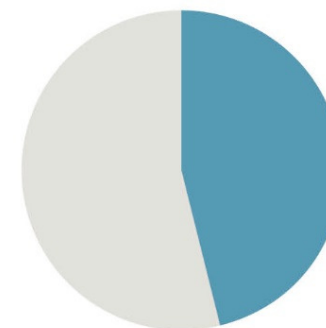
Sales Revenue Summary

DIVISIONAL HIGHLIGHTS

	HY17 \$m	HY16 \$m	CHANGE %
Engineering Construction	292.6	414.6	(29.4)
Maintenance and Industrial Services	339.6	323.3	5.0
<i>Internal Eliminations</i>	<i>(1.5)</i>	<i>(0.9)</i>	
Total	630.7*	737.0	(14.4)

- Reduction reflects lower construction activity partially offset by rising maintenance services revenues
- Continuing transition from investment to production phase in resources and energy sectors.

REVENUE BY DIVISION



	%
● Engineering Construction	46.3
● Maintenance and Industrial Services	53.7

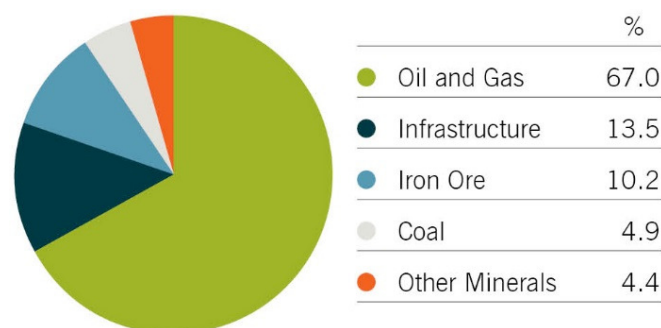
* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 15

Engineering Construction

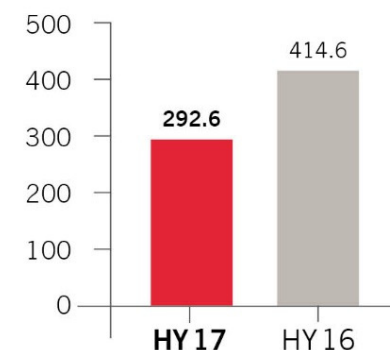
HIGHLIGHTS

- Secured \$400m of new work
- Strong execution and delivery on existing projects
- Solid growth in water infrastructure market
- SinoStruct overseas expansion
- Secured first major renewable energy project
- Established EPC JV - Mondium

END CUSTOMER



SALES REVENUE (\$M)



MAJOR PROJECT ACTIVITY

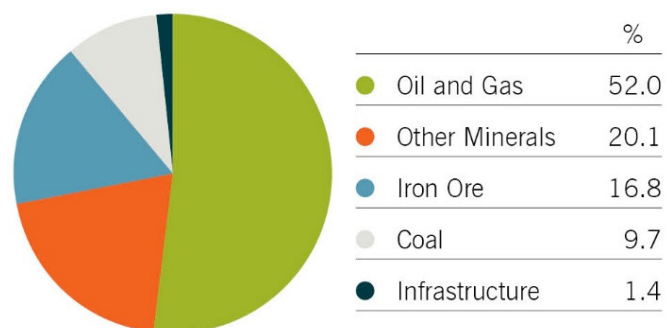
- Nyrstar, SMP works at Port Pirie Smelter, SA
- JKC, SMP and additional works at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- Rio Tinto, liquid fuel supply pipeline, Cape Lambert, WA
- APLNG, fabrication of wellhead separator skids, Surat Basin, Queensland
- Western Downs Regional Council, water treatment plant, Chinchilla, Queensland
- Amuri, design and construction of 130km irrigation scheme, Christchurch, New Zealand.

Maintenance and Industrial Services

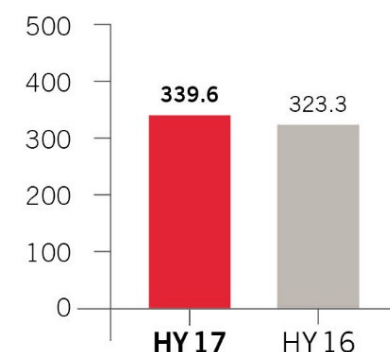
HIGHLIGHTS

- Strong sales result reflecting increased maintenance and support activity
- Awarded \$300m in new contracts
- New 5 year Oil Search EPC services contract
- Delivered innovative and cost effective solutions to customers
- Expanded industrial services to include rope access capability, dewatering and industrial pipelines and protective coating solutions
- Strong position to capitalise on new opportunities.

END CUSTOMER



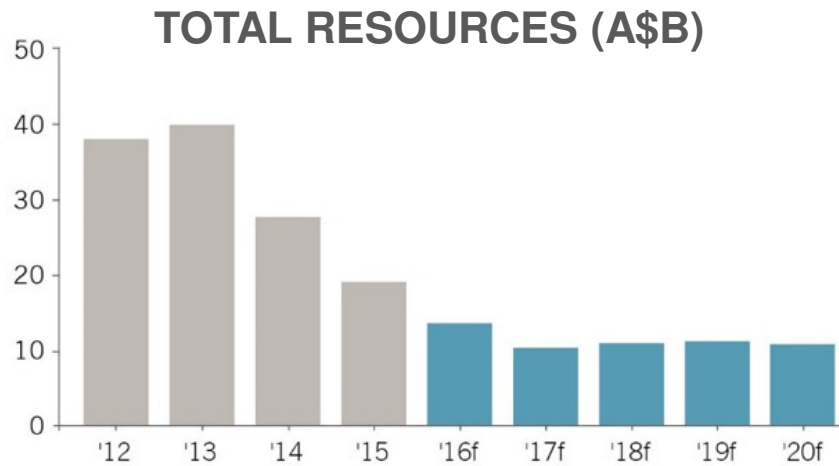
SALES REVENUE (\$M)



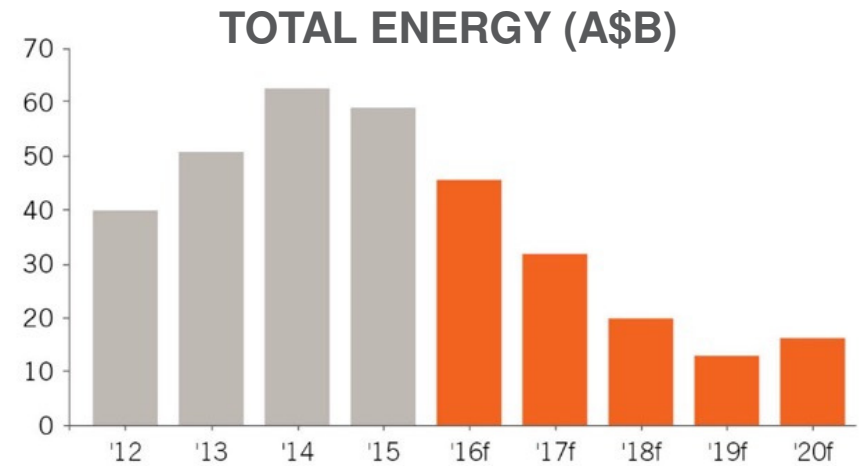
MAJOR CONTRACT ACTIVITY

- Chevron Australia, facilities maintenance at Barrow Island, WA
- Woodside, maintenance and turnarounds at Karratha Gas Plant and services under KLE Program through MGJV, Karratha, WA
- Rio Tinto, maintenance and minor capital works at coastal and inland operations, Pilbara, WA
- BHP Billiton Nickel West maintenance and shutdowns in the Goldfields, WA
- BM Coal Alliance, maintenance and turnaround works, Blackwater, Queensland
- Shell Australia, early works on FLNG facilities, Darwin, NT
- BP, capital works and maintenance events, Kwinana Refinery, WA
- Oil Search, project fieldwork services at production and support facilities in Papua New Guinea.

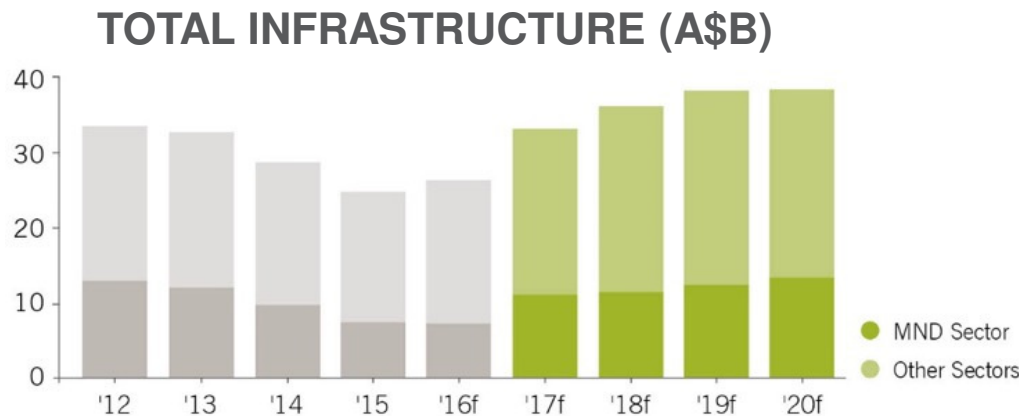
Australian Market Conditions



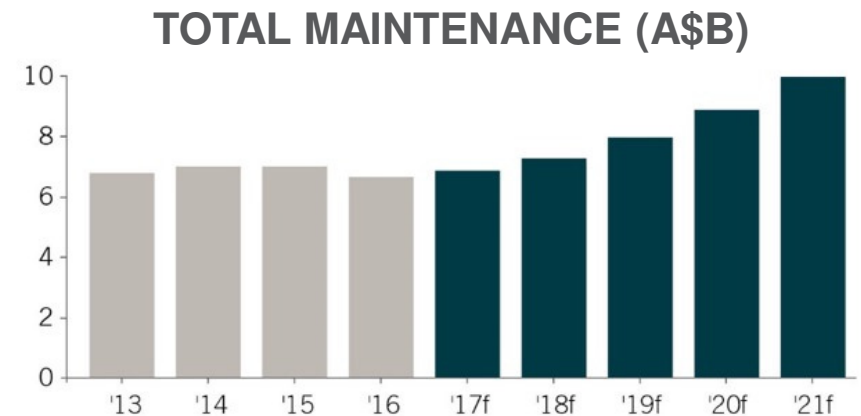
Source BIS Shrapnel - Mining in Australia (released May 2016)



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



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



Source BIS Shrapnel - Maintenance in Australia (November 2016)

Strategy

MAXIMISE POSITION IN CORE MARKETS

- ✓ Mondium joint venture bidding EPC projects to the minerals sector
- ✓ Protective coatings business, Arc West, acquired and integrated
- ✓ New Oil Search EPC contract for Monadelphous / Jacobs JV
- ✓ Further wellhead skid supply orders with CSG customers

PRIORITIES

- Retain and grow existing contracts through relationships and innovative solutions
- Secure additional oil and gas maintenance contracts
- Continue delivery of rope access capability, mine dewatering and corrosion protection solutions.

NEW SERVICES/MARKETS

- ✓ Further irrigation contracts secured in NZ
- ✓ Zenviron secured first wind farm project
- ✓ Contract wins and expansions with major clients Unitywater and Sydney Water

PRIORITIES

- Grow NZ water business and water network services in Australia
- Expand industrial services
- Establish presence in other infrastructure sectors.

EXPAND CORE SERVICES OVERSEAS

- ✓ Sinostruct secured and delivered orders to USA
- ✓ Actively bidding in Mongolia
- ✓ Monaro executed first contract in US
- ✓ Evaluation of other overseas markets progressed

PRIORITIES

- Monaro to secure and execute construction contracts
- Convert pipeline of overseas supply opportunities for SinoStruct
- Secure package on Oyu Tolgoi.

Outlook

- Australian market conditions in resources and energy are stabilising
- Solid levels of sustaining capital will continue to provide opportunities, particularly in iron ore and CSG
- Monadelphous in strong position to capitalise on new maintenance opportunities and grow recurring revenues
- Monadelphous' position in infrastructure markets expected to strengthen further, particularly in water and renewable energy
- Business activity levels stabilised with second half FY 2017 revenue expected to be similar to first half
- Diversification strategy will continue to provide new platforms for revenue growth
- Strong balance sheet will support investment in new business 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.

STATUTORY SALES REVENUE AND EBITDA RECONCILIATION

	HY17 \$'000	HY16 \$'000
Total sales revenue including joint ventures	630,736	737,043
Share of revenue from joint ventures ^	(5,542)	-
STATUTORY SALES REVENUE	625,194	737,043
^ Represents Monadelphous' proportionate share of the revenue of joint ventures accounted for using the equity method		
Profit before income tax	42,362	53,188
Interest expense	411	548
Interest revenue	(1,924)	(2,021)
Depreciation expense	9,379	10,961
Amortisation expense	187	65
Share of interest, depreciation and amortisation from joint ventures #	89	-
EBITDA	50,504	62,741

Represents Monadelphous' proportionate share of interest, depreciation and amortisation of joint ventures accounted for using the equity method

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.