

# ANNUAL GENERAL MEETING 2017

Tuesday 21 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 2017*

<b>People</b>	6,164
<b>Market Capitalisation*</b>	\$1.7b
<b>Net Cash</b>	\$228.1m

*\* As at 17 November 2017*





# 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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- Maintained leadership position in core markets
- Entered a number of new markets
- Strong focus on improving productivity
- Good progress in markets and growth strategy
- Strong cash position to pursue acquisitions and invest in equipment.

## 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 \$1.265b*</li> <li>• EBITDA \$98.2^</li> <li>• NPAT \$57.6m</li> <li>• EPS 61.4c</li> <li>• DPS 54c, fully franked</li> <li>• Operating cashflow \$111.2m</li> <li>• Net cash \$228.1m.</li> </ul>	<ul style="list-style-type: none"> <li>• Secured \$1.8b of new contracts</li> <li>• Awarded new construction works on Ichthys Project Onshore LNG Facilities</li> <li>• Strong growth in water and irrigation</li> <li>• Strengthened position in PNG</li> <li>• Rationalised support services structure</li> <li>• Expanded delivery of support services offshore.</li> </ul>	<ul style="list-style-type: none"> <li>• Secured major offshore oil and gas maintenance contracts</li> <li>• Entered renewable energy market – Zenviron</li> <li>• Broadened service offering</li> <li>• Established EPC business – Mondium</li> <li>• Secured new work in overseas markets</li> <li>• SinoStruct established facility in Houston, US</li> <li>• Secured work on Oyu Tolgoi in Mongolia.</li> </ul>

\* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 39

^ Refer to reconciliation on slide 39



# Financial Performance

## PERIOD ENDED 30 JUNE

		FY17	FY16	CHANGE
Sales Revenue	\$m	<b>1,264.7*</b>	1,364.7	(7.3%)
EBITDA	\$m	<b>98.2^</b>	113.6	(13.6%)
EBITDA Margin	%	<b>7.76</b>	8.33	(0.57pp)
NPAT	\$m	<b>57.6</b>	67.0	(14.1%)
NPAT Margin	%	<b>4.55</b>	4.90	(0.35pp)
EPS	cps	<b>61.4</b>	71.8	(14.4%)
DPS (Fully Franked)	cps	<b>54.0</b>	60.0	(10.0%)
Operating Cash Flow	\$m	<b>111.2</b>	78.0	42.6%
Cash Flow Conversion	%	<b>130.8</b>	83.2	47.6pp

\* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 39

^ Refer to reconciliation on slide 39

# Contracts Secured

**INPEX Operations**

Offshore maintenance services, Browse Basin

**\*Technip FMC**

Piping modification and fabrication for Prelude FLNG project, Browse Basin

**\*Rio Tinto Iron Ore**

Fixed plant maintenance services, Karratha

**Woodside Energy**

Gas asset maintenance services and offshore brownfields implementation, Karratha and Carnarvon Basin

**Chevron Australia**

Facilities maintenance services, Onslow

**\*Woodside Energy**

Life Extension Program mechanical, electrical, access, coatings and insulation services, Karratha

**Perth**  
Head Office

**Rio Tinto Iron Ore**

Liquid fuel supply system, Cape Lambert Port

**The Pilbara Infrastructure (a wholly owned subsidiary of Fortescue Metals Group)**

Carbon steel ore wagon abrasive blasting, cleaning and relining, Port Hedland

**BHP**

Mining Area C water treatment plant upgrade, Pilbara

**FMG Solomon (a wholly owned subsidiary of Fortescue Metals Group)**

Fixed plant crane services, Pilbara

**JKC Australia LNG**

Additional electrical and instrumentation works and completion of gas turbine generators and associated steam piping of combined cycle power plant, Darwin

**Kawasaki Heavy Industries**

Subcontract for structural, mechanical, piping, electrical and instrumentation on cryogenic tanks, Darwin

**\*Santos**

Separator skids, northern Queensland

**Australia Pacific LNG**

Separator skids, Bowen Basin

**Western Downs Regional Council**

Potable water treatment plant, Chinchilla

**BHP**

Maintenance and industrial services support, Roxby Downs

**Newcrest**

Structural, mechanical and piping works, Cadia Valley

**\*Tilt Renewables**

Engineering, procurement, construction and commissioning for Salt Creek Wind Farm, Victoria

**City of Townsville**

Cleveland Bay Purification Plant upgrade, Townsville

**Unitywater**

Kawana Sewage Treatment Plant upgrade, Sunshine Coast

**Brisbane**

**CWP Renewables**

Civil and electrical balance of plant for Sapphire Wind Farm, Glen Innes

**Sydney Water Corporation**

Network and Facility Renewals Program, greater Sydney

**Brolton Group**

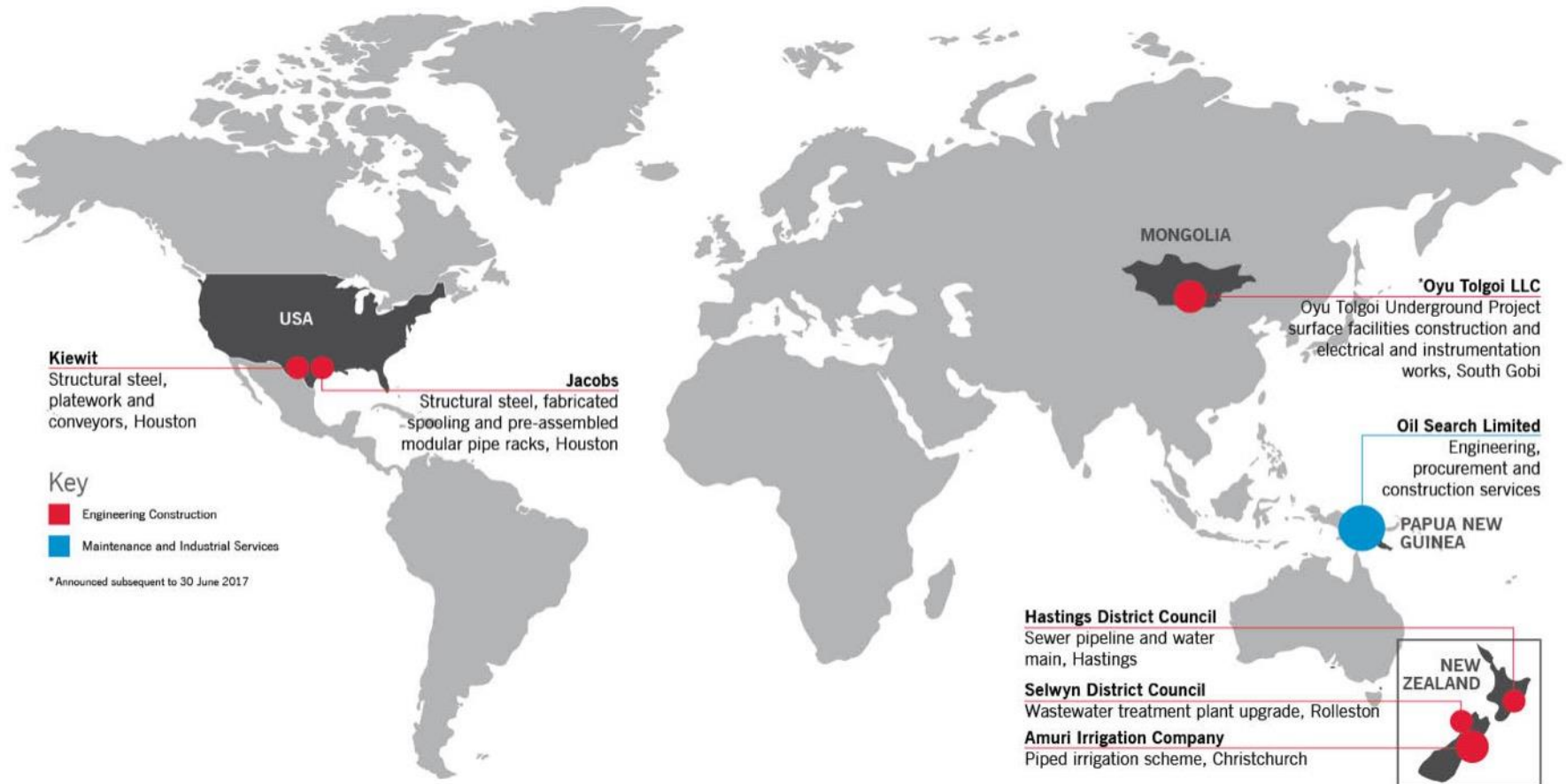
Fabrication and pre-assembly of structural steel, Bass Point

**Key**

- Engineering Construction
- Maintenance and Industrial Services

\* Announced subsequent to 30 June 2017

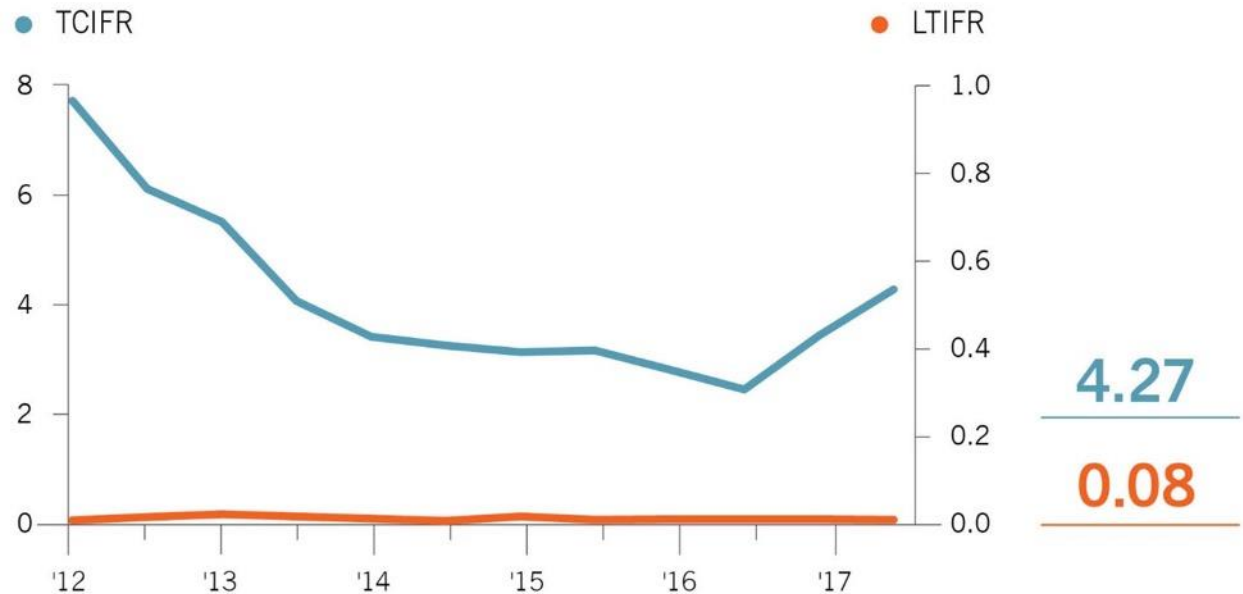
# Contracts Secured



# Safety Scorecard

## INJURY FREQUENCY RATES\*

- Diversification into new markets and changes in market conditions impacted injury rates
- Group-wide safety campaigns undertaken
- Safety initiatives implemented to support and embed strong safety culture in new areas of business.



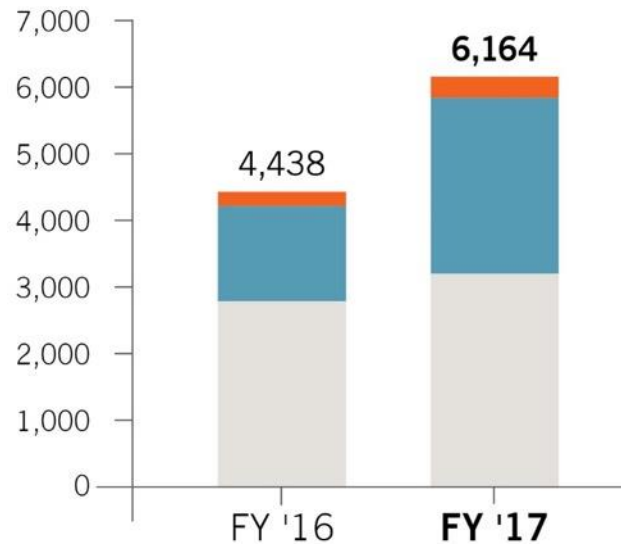
\*12-month rolling average (per million man-hours worked)



# People

## EMPLOYEE NUMBERS

- Growth in employee numbers
- Increasing levels of maintenance services activity and ramp-up of construction activity towards year-end
- Rationalised support services structure and expanded delivery of offshore business and project services
- Key talent retention remains strong.



	FY '17
Maintenance and Industrial Services	3,208
Engineering Construction	2,640
Group Support	316
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	FY '16
Maintenance and Industrial Services	2,794
Engineering Construction	1,430
Group Support	214

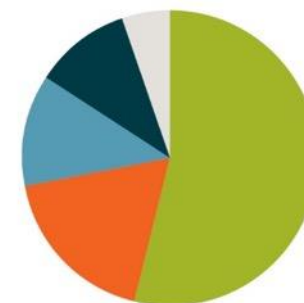
# Sales Revenue Summary

## DIVISIONAL HIGHLIGHTS

	FY17 \$m	FY16 \$m	CHANGE %
Engineering Construction	615.4	757.6	(18.8)
Maintenance and Industrial Services	652.9	608.4	7.3
<i>Internal Eliminations</i>	<i>(3.5)</i>	<i>(1.3)</i>	
<b>Total</b>	<b>1,264.7*</b>	1,364.7	(7.3)

- Lower activity levels within engineering construction market partially offset by an increase in maintenance activity in the resources and energy sector.

## REVENUE BY END CUSTOMER



	%
Oil and Gas	54.1
Other Minerals	17.9
Iron Ore	12.4
Infrastructure	10.5
Coal	5.1

\* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 39

# Engineering Construction



Ichthys Project Onshore LNG Facilities, Darwin, Northern Territory



# Engineering Construction



Amuri Irrigation Scheme and Ashburton Lyndhurst Irrigation Scheme, New Zealand



# Engineering Construction



SinoStruct steel modules and skid, as well as Houston fabrication facility, US

# Engineering Construction



Zenviron – Sapphire Wind Farm project, New South Wales



# Engineering Construction – Mongolia



# Maintenance and Industrial Services



Woodside's North Rankin and Angel platforms, as well as Karratha Gas Plant. Images courtesy of Woodside Energy Ltd.



# Maintenance and Industrial Services



Ichthys LNG Project's Floating Production Storage and Offloading facility, Ichthys Venturer. Image courtesy of INPEX Australia.

# Maintenance and Industrial Services



Olympic Dam, South Australia. Image courtesy of BHP.



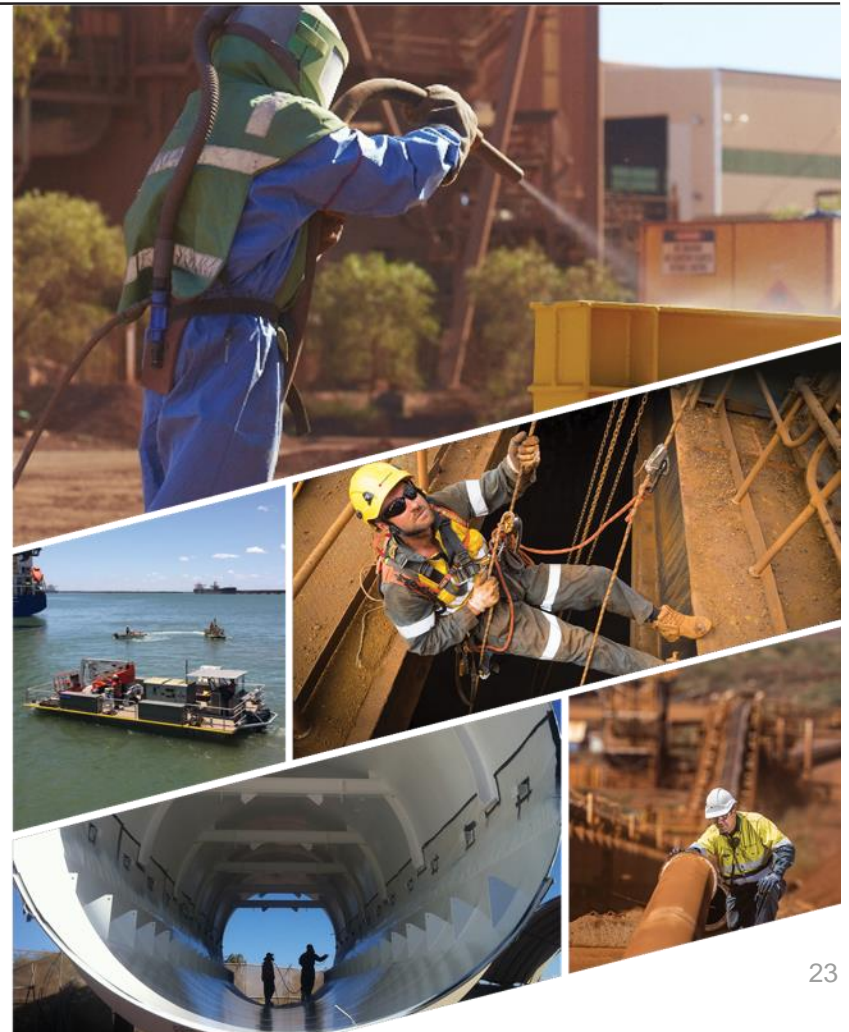
# Maintenance and Industrial Services Diversification

Maintenance and Industrial Services has broadened its service offering to existing customers, and expanded to new locations enabling access to new customers.

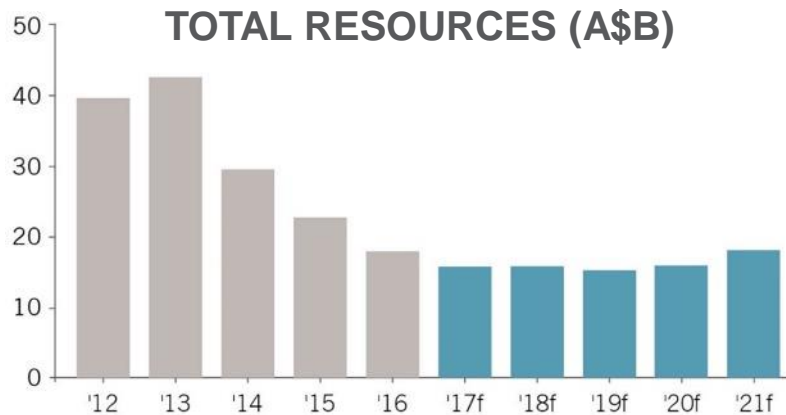
New services include:

- Corrosion management and protective coatings;
- Marine maintenance;
- Rope access services; and
- Dewatering services.

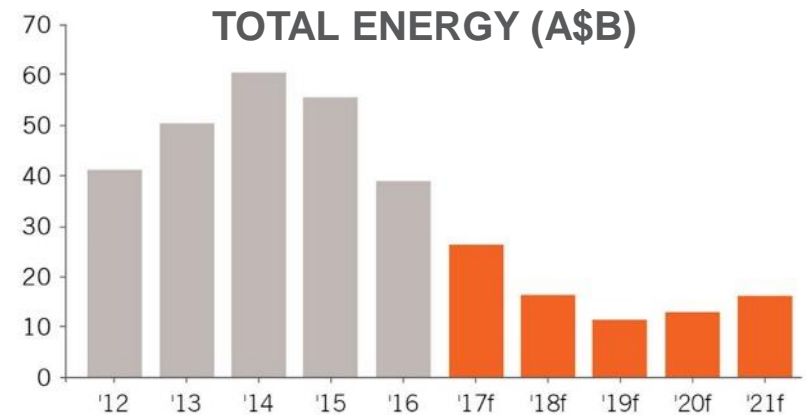
Geographically expanded to Port Hedland and Newcastle.



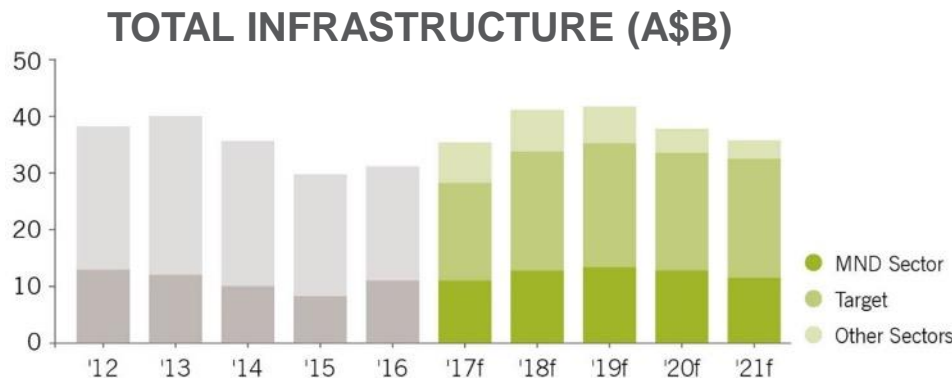
# Australian Market Conditions



Source BIS Shrapnel – Mining in Australia (released May 2017)



Source BIS Shrapnel – Mining in Australia (released May 2017)



Source BIS Shrapnel – Value of work done Constant (released November 2017)



Source BIS Shrapnel – Maintenance in Australia report (released December 2016)



# Strategy

<b>MAXIMISE RETURNS FROM CORE MARKETS</b>	<b>BUILD AN INFRASTRUCTURE BUSINESS</b>	<b>DELIVER CORE SERVICES TO NEW OVERSEAS MARKETS</b>
<ul style="list-style-type: none"> <li>✓ Secured major onshore and offshore oil and gas maintenance contracts with INPEX and Woodside Energy Ltd.</li> <li>✓ Awarded new construction works on the Ichthys Project Onshore LNG Facilities</li> <li>✓ Broadened specialist services offering</li> <li>✓ Awarded EPC contract for Oil Search in PNG</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Continue to improve cost competitiveness and drive innovation</li> <li>• Secure EPC projects through Mondium</li> <li>• Deliver broader range of services to new and existing customers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Awarded new contracts in water and irrigation in Australia and New Zealand</li> <li>✓ Entered renewable energy market through Zenviron and secured two wind farm contracts to date</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Continue to grow water and irrigation in Australia and New Zealand</li> <li>• Secure further renewable energy projects in wind and solar</li> <li>• Enter Australian civil transport infrastructure market.</li> </ul>	<ul style="list-style-type: none"> <li>✓ SinoStruct awarded fabrication contracts in North America and established workshop and logistics facility in Houston</li> <li>✓ Secured two packages of work at Oyu Tolgoi in Mongolia</li> <li>✓ Expansion of business and support services capability in Manila</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Capitalise on SinoStruct's North American presence</li> <li>• Secure further Oyu Tolgoi packages</li> <li>• Assess preferred overseas markets for future entry.</li> </ul>

# Outlook

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- Increasing levels of brownfields and sustaining capital expenditure across the resource sector
- Maintenance services prospects remain positive
- Revenues from infrastructure projects expected to grow
- Continue to pursue acquisition opportunities to deliver strategic growth
- Surge in activity to deliver 1H 2018 sales revenue growth > 30% on pcp
- 2H 2018 sales revenue expected to moderate
- Full year sales revenue expected to increase from 2017
- Margins expected to moderate as business portfolio diversifies.

# Shareholder Questions



Solomon Hub mine, Mount Sheila, Western Australia



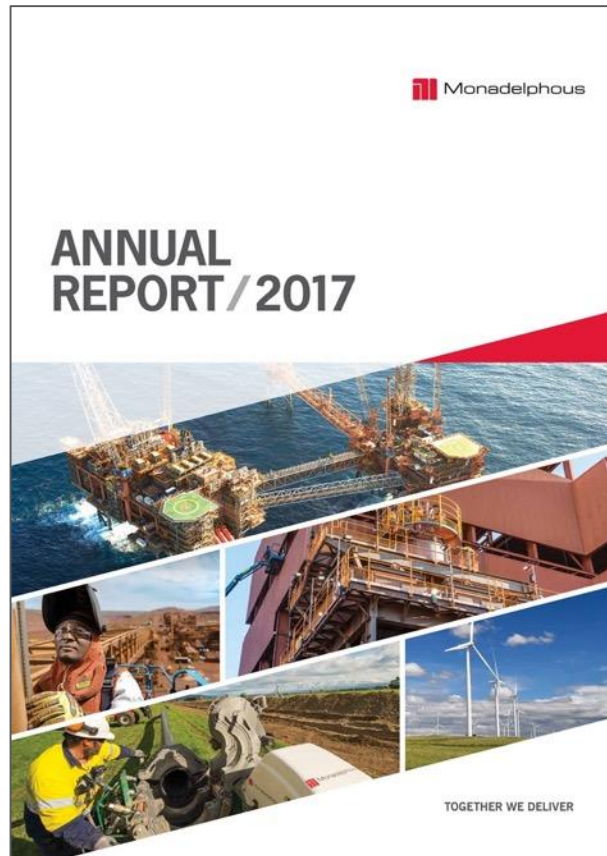
### 3. Items of Business



Sapphire Wind Farm site, New South Wales

# 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 2017.



# Resolution 1: Re-election of Director

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To re-elect a Director: Mr Dietmar Voss 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 48,786,326 being:

47,468,402	FOR the resolution
182,940	AGAINST the resolution
1,033,906	OPEN to proxy
101,078	ABSTAIN

## Resolution 2: Re-election of Director

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

## Resolution 2: Re-election of Director

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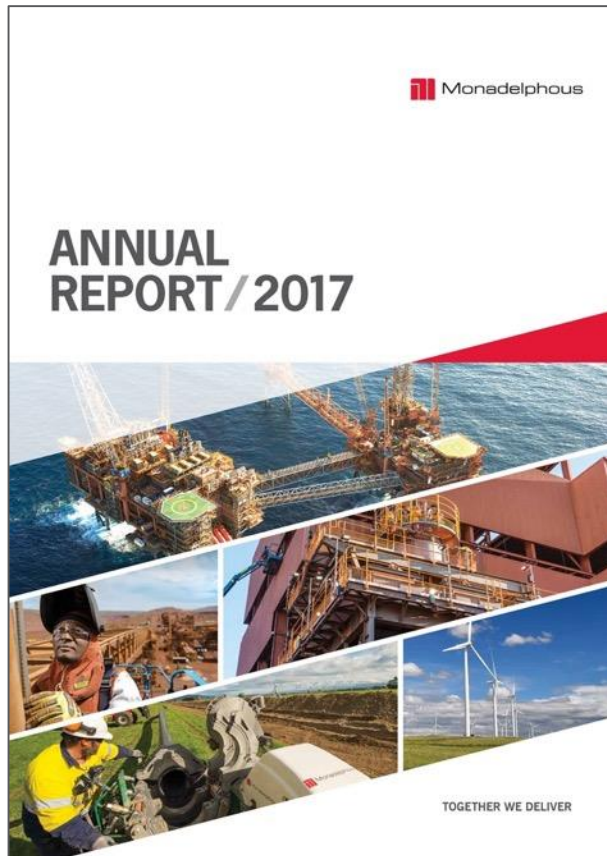
The total of valid proxies received for Resolution 2 is 48,786,326 being:

38,714,220	FOR the resolution
8,931,750	AGAINST the resolution
1,034,138	OPEN to proxy
106,218	ABSTAIN



# Resolution 3: Adoption of Remuneration Report

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To consider and adopt the Remuneration Report for the year ended 30 June 2017.

# Resolution 3: Adoption of Remuneration Report

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The total of valid proxies received for Resolution 3 is 44,582,821 being:

41,023,094	FOR the resolution
2,178,643	AGAINST the resolution
1,017,704	OPEN to proxy
363,380	ABSTAIN



# Poll



Artwork commissioned from Perth-based Walmajarri artist Clifton Bieundurry, which depicts the Monadelphous values using Aboriginal art symbols.



## 4. Other Business



Mining Area C, Newman, Western Australia

# For more information:

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Investor Relations

Telephone: +61 8 9316 6386

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

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

# 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

	FY17 \$M	FY16 \$M
Total sales revenue including joint ventures	1,264.7	1,364.7
Share of revenue from joint ventures ^	(19.5)	-
<b>STATUTORY SALES REVENUE</b>	<b>1,245.2</b>	<b>1,364.7</b>
^ Represents Monadelphous' proportionate share of the revenue of joint ventures accounted for using the equity method		
Profit before income tax	82.7	95.6
Interest expense	0.7	1.0
Interest revenue	(3.8)	(4.2)
Depreciation expense	17.9	21.1
Amortisation expense	0.6	0.1
Share of interest, tax, depreciation and amortisation from joint ventures #	0.2	-
<b>EBITDA</b>	<b>98.2</b>	<b>113.6</b>

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



# 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.