

# 2018 FULL YEAR RESULTS

Tuesday 21 August 2018



TOGETHER WE DELIVER

# Company Profile

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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 2018*

<b>People</b>	5,828
<b>Market Capitalisation</b>	\$1.4b
<b>Net Cash</b>	\$187.8m



# Group Highlights

## FINANCIAL

- Sales Revenue \$1.784b\* ↑ 41%
- NPAT \$71.5m ↑ 24%
- EPS 76.1c ↑ 24%
- DPS 62c, fully franked ↑ 15%
- Net cash \$187.8m
- Operating cashflow \$51.6m

## OPERATING

- Strong demand for MND services in core resources and energy markets
- Growth from diversification into infrastructure and overseas
- Surge in oil and gas construction revenues
- Demand for maintenance services strengthened across all sectors
- Ramp up of offshore oil and gas maintenance contracts
- Increasing levels of activity in water and irrigation
- Improvement in safety performance
- Secured \$600m of new contracts
- Focused on improving operational productivity.

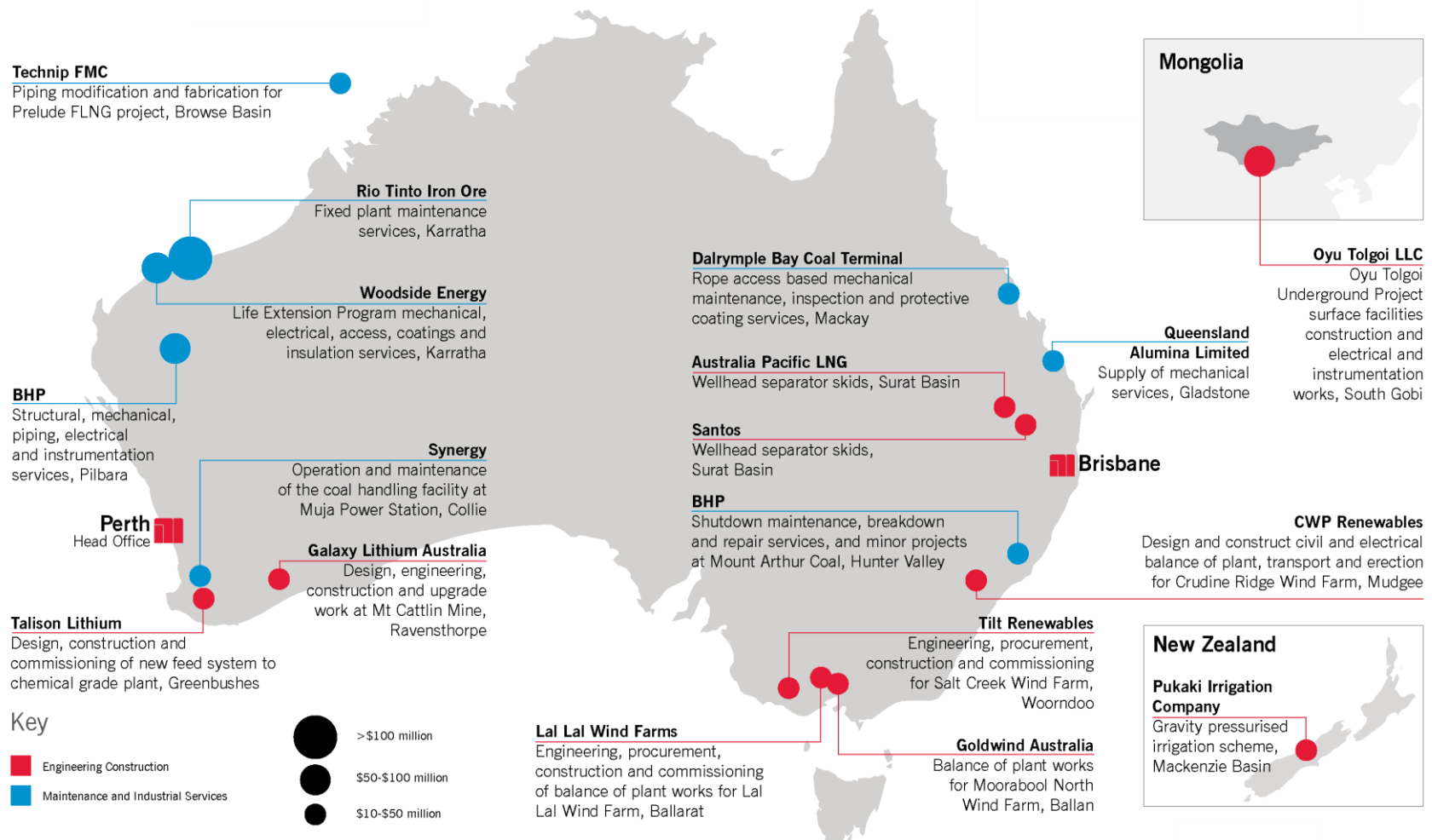
## STRATEGIC

- Embedded new maintenance services and expanded geographically
- Renewable energy business, Zenviron, secured four wind farm contracts
- EPC business, Mondium, successfully delivered first contract and secured further work
- Secured two packages on Oyu Tolgoi in Mongolia.

\* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 14



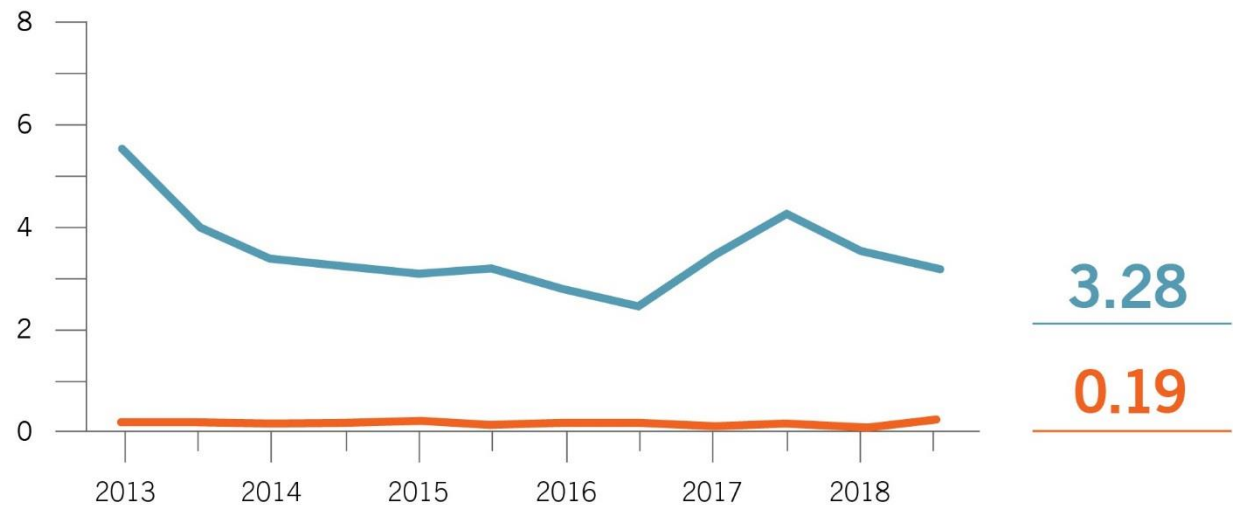
# Contracts Secured



# Safety Scorecard

## INJURY FREQUENCY RATES\*

- 23.2% improvement in TCIFR from prior year
- Focus on critical risk controls and enhancement of behavioural safety programs
- Growing maturity of operations in new markets.



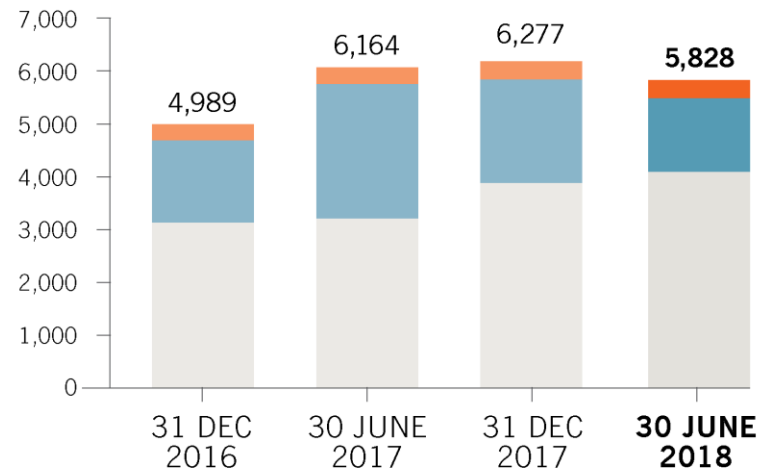
\*12-month rolling average (per million man-hours worked)

● TCIFR (Total case injury frequency rate)  
 ● LTIFR (Lost time injury frequency rate)

# People

## EMPLOYEE NUMBERS

- Focus on people development initiatives
- High levels of key talent retention
- Retention a focus as employment market tightens.



30 June 2018	
Maintenance and Industrial Services	4,092
Engineering Construction	1,384
Group Support	352

# Financial Performance

## PERIOD ENDED 30 JUNE

		FY18	FY17	CHANGE
Sales Revenue	\$m	<b>1,784.0*</b>	1,264.7*	41.1%
EBITDA	\$m	<b>119.0^</b>	98.2^	21.2%
EBITDA Margin	%	<b>6.67</b>	7.76	(1.09pp)
NPAT	\$m	<b>71.5</b>	57.6	24.2%
NPAT Margin	%	<b>4.01</b>	4.55	(0.54pp)
EPS	cps	<b>76.1</b>	61.4	23.9%
DPS (Fully Franked)	cps	<b>62.0</b>	54.0	14.8%
Cash Flow Conversion	%	<b>69.4</b>	130.8	(61.4pp)

\* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 14

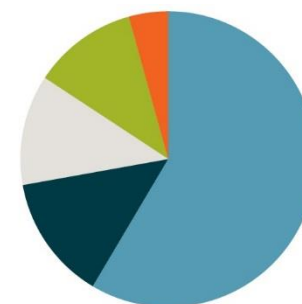
^ Refer to reconciliation on slide 14

# Sales Revenue Summary

## DIVISIONAL HIGHLIGHTS

	FY18 \$m	FY17 \$m	CHANGE %
Engineering Construction	949.9	615.4	54.4
Maintenance and Industrial Services	841.1	652.9	28.9
<i>Internal Eliminations</i>	<i>(7.0)</i>	<i>(3.6)</i>	
<b>Total</b>	<b>1,784.0*</b>	<b>1,264.7*</b>	<b>41.1</b>

## REVENUE BY END CUSTOMER



	%
Oil and Gas	58.5
Other Minerals	13.5
Iron Ore	12.2
Infrastructure	11.4
Coal	4.4

\* Includes Monadelphous' share of joint venture revenue – refer to reconciliation on slide 14

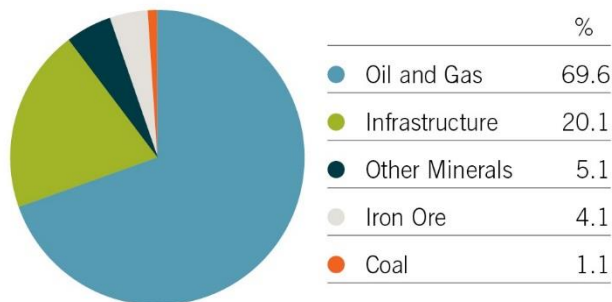


# Engineering Construction

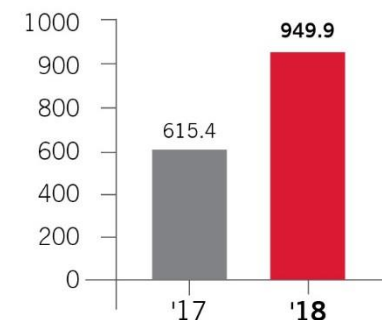
## HIGHLIGHTS

- Increase in oil and gas construction activity
- Growth in water and renewables
- Significant amount of additional work awarded on Ichthys Project Onshore LNG Facilities
- Two packages secured on Oyu Tolgoi project in Mongolia
- Mondium secured two EPC packages
- Heavy lift services business expanded fleet and opened new facility.

## END CUSTOMER



## SALES REVENUE (\$M)



## MAJOR PROJECT ACTIVITY

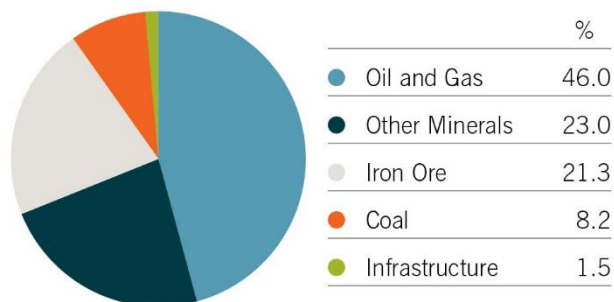
- JKC Australia LNG; SMPE&I works and completion of gas turbine generators and associated steam piping of combined cycle power plant at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- Kawasaki Heavy Industries; SMPE&I works on cryogenic tanks at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- Oyu Tolgoi LLC; mechanical decommissioning, demolition, civil, structural, mechanical, piping and electrical and instrumentation works, Oyu Tolgoi Underground Project, South Gobi region, Mongolia
- Jacobs Engineering; supply structural steel, fabricated spooling and preassembled modular pipe racks, Houston, US
- Sydney Water Corporation; network delivery management, delivery contractor panel for facilities and networks, Sydney, NSW
- CWP Renewables; civil works and electrical balance of plant, Sapphire Wind Farm, NSW
- Pukaki Irrigation; design, supply, installation and commissioning of gravity pressurized irrigation scheme, Mackenzie Basin, New Zealand
- Fortescue Metals Group; fixed plant maintenance and shutdown crane services at Solomon Hub, Pilbara, WA
- Unitywater; major upgrade to Kawana Sewage Treatment Plant, Sunshine Coast, Qld
- Tilt Renewables; engineering, procurement and construction and commissioning, Salt Creek Wind Farm, Vic
- Australia Pacific LNG, Santos; supply, fabrication and assembly of wellhead separator skids, Qld

# Maintenance and Industrial Services

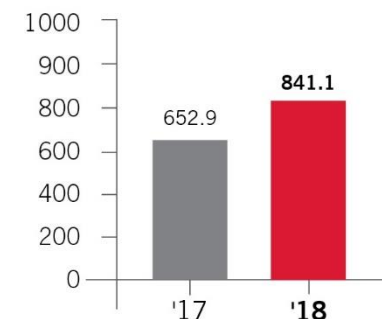
## HIGHLIGHTS

- Increase in demand for maintenance services
- Significant activity on offshore oil and gas contracts
- Broadened services
- Geographical diversification
- Focus on innovation and continuous improvement.

## END CUSTOMER



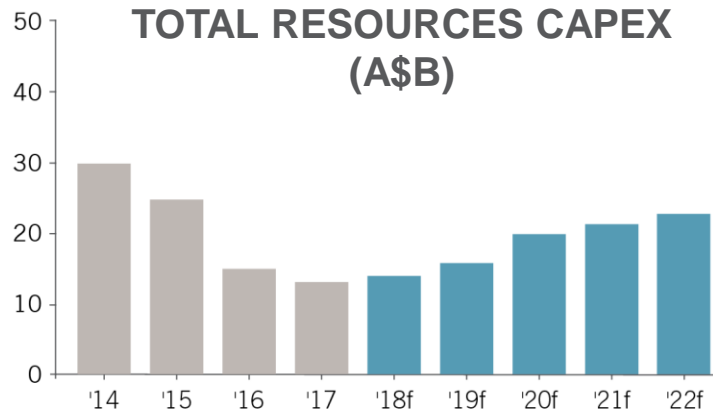
## SALES REVENUE (\$M)



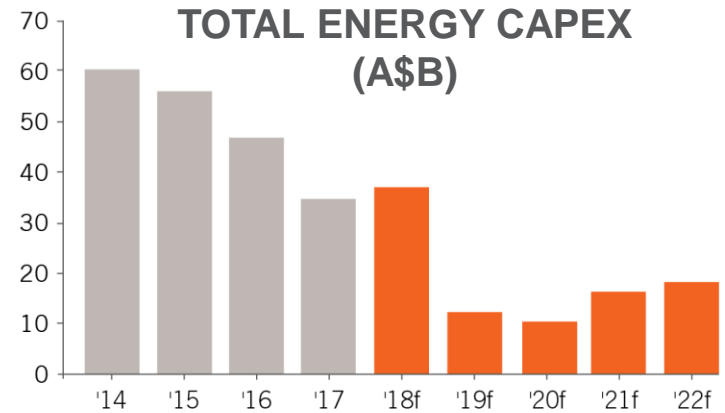
## MAJOR CONTRACT ACTIVITY

- BHP Iron Ore; sustaining capital works and shutdowns, Pilbara, WA
- BHP Nickel West, Olympic Dam; maintenance and shutdowns, Goldfields, WA, Roxby Downs, SA
- BHP Mitsubishi Alliance; dragline shutdowns, Blackwater Mine, Bowen Basin, Qld
- Chevron Australia; facilities maintenance at Barrow Island and Onslow, WA
- INPEX Operations Australia; offshore maintenance services, Browse Basin, WA
- Oil Search; engineering, procurement and construction services at oil and gas production and support facilities in Papua New Guinea
- QGC; shutdown and maintenance services at the LNG Plant, Curtis Island, Qld
- Rio Tinto; fixed plant maintenance services at coastal and part of inland operations, Pilbara, WA
- Shell Australia; maintenance and turnaround services on Prelude FLNG Facility, Browse Basin, WA
- Woodside; offshore maintenance and brownfields services for Woodside-operated gas production facilities in north west of WA, maintenance and turnarounds at Karratha Gas Plant and services under KLE Program through MGJV, Karratha, WA
- Yancoal; maintenance and turnarounds, Hunter Valley, NSW

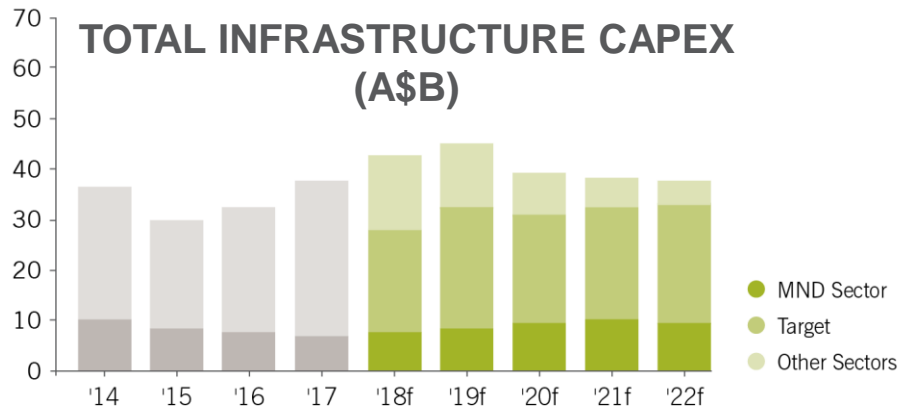
# Australian Market Conditions



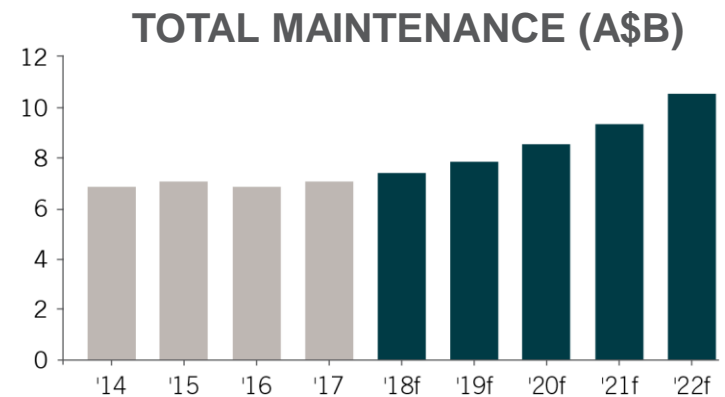
Source BIS Oxford Economics, ABS (Apr 2018)



Source BIS Oxford Economics, ABS (Apr 2018)



Source BIS Oxford Economics, ABS (May 2018)



Source BIS Oxford Economics, ABS (May 2018)

# Strategy

<b>MAXIMISE RETURNS FROM CORE MARKETS</b>	<b>BUILD AN INFRASTRUCTURE BUSINESS</b>	<b>DELIVER CORE SERVICES TO OVERSEAS MARKETS</b>
<ul style="list-style-type: none"> <li>✓ Awarded significant additional work on Ichthys Project Onshore LNG Facilities</li> <li>✓ Strengthened market position in maintenance</li> <li>✓ Ramping up of offshore oil and gas contracts</li> <li>✓ Mondium awarded second EPC contract</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Capitalise on major construction prospects</li> <li>• Continue to improve competitiveness in core markets</li> <li>• Secure further EPC projects through Mondium</li> <li>• Deliver broader range of services to customers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Strong growth in Zenviron</li> <li>✓ Water and irrigation business awarded new work in Australia and New Zealand</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>• Successfully deliver renewable energy projects through Zenviron</li> <li>• Progress options to enter other Australian infrastructure markets.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Secured first packages of work on Oyu Tolgoi in Mongolia</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Successfully deliver Oyu Tolgoi work and secure further packages</li> <li>• Exploring other overseas opportunities.</li> </ul>

# Outlook

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- Long term outlook for resources and energy continues to improve
- Operating and sustaining capital expenditure levels expected to increase
- Several major iron ore projects in early development
- Increasing opportunities in base metals and lithium
- Major resources construction projects expected to generate revenue opportunities in 2019/20 and beyond
- Project timing and Ichthys run off forecast to result in lower construction revenues in 2018/19
- Maintenance service activity forecast to increase
- Investment in infrastructure remains healthy
- Strong balance sheet provides capacity for investment.

# 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

	FY18 \$M	FY17 \$M
Total sales revenue including joint ventures	1,784.0	1,264.7
Share of revenue from joint ventures ^	(49.1)	(19.5)
<b>STATUTORY SALES REVENUE</b>	<b>1,734.9</b>	<b>1,245.2</b>
^ Represents Monadelphous' proportionate share of the revenue of joint ventures accounted for using the equity method		
Profit before income tax	102.8	82.7
Interest expense	0.5	0.7
Interest revenue	(2.6)	(3.8)
Depreciation expense	17.2	17.9
Amortisation expense	0.6	0.6
Share of interest, tax, depreciation and amortisation from joint ventures #	0.5	0.2
<b>EBITDA</b>	<b>119.0</b>	<b>98.2</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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