

24 August 2021

MONADELPHOUS REPORTS 2021 FULL YEAR RESULTS

Performance Highlights

Revenue \$1.95 billion¹, an 18 per cent increase on pcp

Unprecedented shortfall of available skilled resources experienced

Net profit after tax \$47.1 million, up 29 per cent

Secured **\$950 million of new contracts** and extensions

39 per cent improvement in safety performance

Skills labour shortage to continue to be major challenge

Engineering company Monadelphous Group Ltd (ASX: MND) (“the Company”) today announced revenue of \$1.95 billion¹ for the year ended 30 June 2021, an 18.3 per cent increase on the prior period.

The result reflects an increased demand for the Company’s services as the industry recovered from the delays and disruptions experienced during the initial phases of COVID-19, with customers seeking to capitalise on strong commodity prices, especially in the iron ore sector. The Company’s Engineering Construction division reported revenue of \$979.0 million, a 59 per cent increase on last year, reflecting the significant progress made during the year on the Company’s large portfolio of major construction contracts. Demand for maintenance services within the iron ore sector was also particularly strong, with reduced levels experienced in the oil and gas sector.

With industry activity high, particularly in Western Australia, measures taken by state governments across the country to control the spread of the COVID-19 pandemic, including international and interstate border restrictions, significantly impacted the industry’s ability to source the required levels of skilled labour. The resultant shortfall of available skilled resources was unprecedented and resulted in labour cost and productivity pressures across the industry.

Net profit after tax was \$47.1 million, an increase of 29 per cent, representing earnings per share of 49.7 cents.

The Company made good progress on its markets and growth strategy, securing approximately \$950 million in new contracts and contract extensions across the resources, energy and infrastructure sectors since the beginning of the financial year. A large proportion of new work was secured in the iron ore sector, including a significant number of sustaining capital work projects with both BHP and Rio Tinto, as well as a five-year crane services contract with Fortescue Metals Group. Buildtek continued to perform strongly in Chile, securing several new contracts valued at approximately \$100 million, and strengthening its position in South America.

Pleasingly, the Company’s total recordable injury frequency rate (TRIFR) improved by 39 per cent over the year to 2.26 incidents per million hours worked. The Company continued to maintain focus on the mental health and wellbeing of employees, especially as a result of the extraordinary challenges experienced throughout the COVID-19 pandemic, implementing and participating in a range of initiatives relating to resilience development and improving mental health awareness.

Monadelphous Managing Director Rob Velletri said that buoyant economic conditions forecast for the resources, energy and infrastructure sectors in coming years are expected to provide the Company with a strong pipeline of opportunities.

“While market conditions are expected to be strong, COVID-19 impacts and the skills labour shortage will continue to be a major challenge for the industry. Our attraction and retention initiatives, strategic approach to targeting new work and collaborative working relationships with our customers will become more important than ever”, he said.

¹ Includes Monadelphous’ share of joint venture revenue – refer to page 10 for reconciliation

2021 FULL YEAR RESULTS

Revenue

Monadelphous recorded revenue for the year of \$1,953 million¹, an 18.3 per cent increase on the prior period. Demand for the Company's services increased as the industry recovered from the delays and disruptions experienced during the initial phases of COVID-19, with customers seeking to capitalise on strong commodity prices, especially in the iron ore sector.

The Engineering Construction division reported revenue of \$979.0 million, a 59 per cent increase on last year, reflecting the significant progress made during the year on the Company's large portfolio of major construction contracts.

The Maintenance and Industrial Services division reported revenue of \$976.9 million, down 6.9 per cent on the prior corresponding period. Demand for maintenance services within the iron ore sector was particularly strong, with reduced levels of activity experienced in the oil and gas sector.

Statutory revenue, which excludes Monadelphous' share of revenue from joint ventures, was \$1,753.7 million.

Earnings

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$108.7 million², an improvement of 18 per cent on the prior period, with the industry regaining momentum following the initial impact of COVID-19.

Industry activity levels were very high during the year, particularly in Western Australia (WA), significantly increasing the demand for labour. Measures taken by state governments across the country to control the spread of the COVID-19 pandemic, including interstate border restrictions, impacted the industry's ability to source the required levels of skilled labour, further exacerbating the already stretched labour market. The resultant shortfall of available skilled resources was unprecedented and resulted in labour cost and productivity pressures across the industry.

In 2019, the Company received Notices of Amended Assessments (NOAAs) from the Australian Taxation Office (ATO) for research and development tax incentives claimed in previous years which were determined to be ineligible, and consequently included a one-off provision of \$6.5 million in the 2019 financial year. The NOAAs were issued by the ATO to give effect to adverse findings made by Innovation and Science Australia, which determined that the activities undertaken were ineligible for such incentives. Monadelphous applied for an internal review of these findings and, prior to issuing the NOAAs, the ATO advised the Company in writing that if the finding was subsequently set aside then the Commissioner would make further amendments to accord with such findings.

In December 2020, the Company was notified that, upon review, the original findings had been set aside in full, and the research and development activities conducted by the Company were in fact eligible activities. As a consequence, and based on the earlier advice provided by the ATO, the Company reversed the provision made in the 2019 financial year in its half-year results for the period ended 31 December 2020, and commenced the process to obtain a refund of the amounts paid to the ATO.

Subsequent to 30 June 2021, the Company has been informed by the ATO that the amended assessments required to facilitate the refund will not be issued. Monadelphous has lodged Notices of Objection with the ATO in respect of this matter. The Company has reinstated the provision, which was reversed earlier in the reporting period, until the matter is finalised.

Net profit after tax for the period was \$47.1 million, an increase of 29 per cent on the prior period, representing earnings per share of 49.7 cents.

¹ Includes Monadelphous' share of joint venture revenue – refer to page 10 for reconciliation

² Refer to page 10 for reconciliation of EBITDA

Dividend

Monadelphous' Board of Directors declared a final dividend of 21 cents per share, taking the full year dividend to 45 cents per share fully franked. This equates to a payout ratio of approximately 90 per cent of reported net profit after tax.

The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the final dividend.

Strong balance sheet

Monadelphous ended the year with a strong cash balance of \$175.7 million.

The Company has experienced vastly different cash flow conversion rates over the last two financial years as a result of the initial impact of COVID-19 and the subsequent recovery therefrom, and the effects these events have had on the Company's activity and working capital levels. The average cash flow conversion rate for the two financial years ending 30 June 2020 and 30 June 2021 is a solid 87 per cent.

The materially reduced operating activity levels experienced in the months leading up to 30 June 2020, at the initial height of the COVID-19 pandemic, significantly reduced the working capital requirements of the business at that time, and delivered an unusually high cash flow conversion rate of 151 per cent for the financial year ended 30 June 2020.

The improvement in the operating environment post 30 June 2020, and the consequent increase in working capital as the Company's requirements returned to more normal levels, meant the cash flow conversion rate for the financial year ended 30 June 2021 was 35 per cent.

The strength of Monadelphous' balance sheet provides the Company with the financial capacity required to effectively deal with the unpredictable and volatile effects of the pandemic and take advantage of any potential investment opportunities that may arise.

Settlement of Claim

During August 2020, Monadelphous was notified that Rio Tinto had filed a Writ of Summons in the Supreme Court of Western Australia against one of Monadelphous' wholly owned subsidiaries in respect of a fire incident which occurred at Rio Tinto's iron ore processing facility at Cape Lambert, WA, in January 2019.

In April 2021, the Company announced a confidential out-of-court settlement had been reached in this matter, with the settlement being covered by the proceeds of insurance.

Strategic Progress

Monadelphous made good progress on its markets and growth strategy during the year, despite the impacts and uncertainty caused by COVID-19. The Company was awarded approximately \$950 million in new contracts and contract extensions across the resources, energy and infrastructure markets since the beginning of the financial year, including approximately \$200 million subsequent to year end.

A large proportion of the Company's new work was secured in the iron ore sector, with Monadelphous being awarded a significant number of sustaining capital work projects under panel agreements with both BHP and Rio Tinto, and in addition, being awarded work at Rio Tinto's Gudai-Darri iron ore project.

Monadelphous' Heavy Lift business was awarded a five-year crane services contract with Fortescue Metals Group, valued at approximately \$150 million in total. The contract is for the provision of crane services supporting general repairs, maintenance and shutdown activities to Fortescue's Solomon and Eliwana operations in the Pilbara region of WA.

During the year, Monadelphous was awarded its first contracts under the BHP Olympic Dam Asset Projects Framework Agreement, including the supply and construction of acid storage tanks and smelter campaign maintenance works at BHP's Olympic Dam copper mine in Roxby Downs, South Australia (SA). The Company was also awarded a two-year extension to its existing maintenance services contract at Olympic Dam to

provide civil, structural, mechanical, building maintenance and electrical services, and underground rail maintenance services.

The Company's Chile based maintenance and construction services business, Buildtek, continued to perform strongly securing approximately \$100 million of new work, which included several new contracts with Codelco, as well as with Minera Escondida which is majority owned by BHP. Subsequent to year end, Buildtek also secured a contract with Codelco for construction work associated with the development of a new underground section of the El Teniente copper mine in Rancagua. Monadelphous, through Buildtek, remains committed to strengthening its position in South America and is currently reviewing further growth opportunities.

Mondium, the Company's engineering, procurement and construction (EPC) joint venture with Lycopodium, made good progress on its strategically important \$400 million contract with Rio Tinto for the Western Turner Syncline Phase 2 Project, located in the Pilbara. The project continues to progress in line with expectations and is due to be completed in 2021.

Monadelphous continued to grow its rail portfolio, particularly on the east coast of Australia. In addition to providing track resurfacing services in New South Wales (NSW), the Company is now providing general rail maintenance services to multiple customers on the east coast and in the Pilbara, as well as underground rail maintenance services at BHP's Olympic Dam mine site, SA.

Health and Safety

The Company's Total Recordable Injury Frequency Rate (TRIFR) improved by 39 per cent over the year to 2.26 incidents per million hours worked, which was a very pleasing result given the extraordinarily high levels of recruitment activity.

Throughout the period, Monadelphous implemented a number of key health and safety initiatives, including the introduction of a new Fatal Risk Standard and Life Saving Rule relating to the use of mobile plant and equipment, the release of the Company's revised and updated supervisor safety leadership program and further training in relation to the Delivering the Safe Way behaviour framework.

The Company continued to maintain focus on the mental health and wellbeing of employees, implementing and participating in a range of initiatives relating to resilience development and improving mental health awareness.

People

The Company's direct employee numbers peaked at over 7,600 employees during the period, its largest employee base since May 2013, and ended the year with a total workforce, including subcontractors, of 7,791 representing an increase of 37 per cent from 12 months prior.

High levels of industry activity in an already tight labour market, combined with COVID-19 related travel restrictions and border closures, placed significant pressure on the Company's ability to attract and retain labour. During the period, Monadelphous undertook a number of initiatives to bolster its employee engagement and attraction processes to ensure it continues to retain and attract highly competent employees who are culturally aligned to the Company's core values.

The continued retention and development of key talent is critical to Monadelphous' ongoing growth and success. The Company strengthened its employee development programs with a focus on performance management and succession planning processes to ensure the pipeline of key talent is provided with challenging and rewarding career opportunities. Some of its highest achieving future leaders were also invited to participate in the Company's Emerging Leaders and Group Mentoring programs during the year. The Company also performed a review of its benefit and reward programs to ensure that remuneration and employee benefits remain competitive.

To support its commitment to attracting and retaining a diverse workforce and acknowledging the important role that workplace flexibility plays in improving employee wellbeing and job satisfaction, Monadelphous formalised its commitment to workplace flexibility with its Workplace Flexibility Policy, and implemented further improvements to its existing Parental Leave Policy.

The Company also progressed a number of strategic attraction initiatives during the period, including launching its updated employer branding programme, advancing the implementation of its new and improved recruitment,

onboarding and talent management system, and reviewing its approach to alumni relations with the view to winning back departed talent. These initiatives focus on optimising the sourcing, selection and mobilisation of new talent across the business.

In the first half of the financial year, certain Monadelphous subsidiaries received wage subsidy support under the Australian Government's JobKeeper scheme, totalling approximately \$7 million. The JobKeeper scheme was implemented in the prior year to minimise the financial hardship to employees of businesses affected by the significant economic impact of COVID-19 and keep more Australians in jobs. The Company utilised the JobKeeper subsidy to pay employees placed on stand down, provide temporary uplifts for those eligible under the scheme, and to maintain, where possible, employment levels.

To show leadership support at the height of the pandemic, and in response to the impact of COVID-19 on the Company's business and operations, the Board agreed to a 30 per cent salary and fee reduction for a six month period from May to October 2020, with the Executive and General Management teams agreeing to salary reductions of between 10 and 20 per cent for the same period.

Social Value

Monadelphous remains committed to making a positive contribution to the societies and communities in which it operates focusing its efforts in the key strategic areas of diversity, community support and education.

During the year, the Company continued to make significant progress on its reconciliation journey, underpinned by its Stretch Reconciliation Action Plan for 2017 – 2020. Monadelphous is proud to have once again reached Indigenous 'Employment Parity', achieving its goal of more than three per cent Indigenous employment.

In late 2018, Monadelphous became a signatory to the Employment Parity Initiative and committed to creating 200 new roles for Aboriginal and Torres Strait Islander jobseekers over a four-year period. Pleasingly, the Company has now employed more than 190 Indigenous jobseekers and has upskilled more than 50 Aboriginal and Torres Strait Islander members of its workforce.

Monadelphous was proud to launch a three-year Indigenous Employment Pathways Program, in partnership with Rio Tinto, showcasing our joint commitment to creating meaningful and sustainable employment for Aboriginal and Torres Strait Islander peoples. Supported by dedicated coaching and mentoring, the Program aims to increase the number of skilled and tertiary qualified Aboriginal and Torres Strait Islander peoples in the resources industry. It will be open to prospective apprentices, trainees and tertiary cadets in a variety of fields including mechanical fitting, electrical, boiler making and welding, as well as traineeships in civil construction, crane operations, rigging, business administration and health, safety and environment.

Throughout the period the Company continued to provide cultural awareness training for its staff. The training aims to improve understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights, and demonstrating respect for Aboriginal and Torres Strait Islander communities and their cultures.

During the year, the Company developed its fourth Reconciliation Action Plan 2021 – 2024, which will come into effect in the first half of the 2022 financial year. The plan, which was informed by consultation with Aboriginal and Torres Strait Islander employees and the broader workforce, places a renewed emphasis on engagement with Indigenous businesses to increase opportunities for business spend, maintaining a minimum of three per cent Indigenous employment, and improving mentoring and support for existing and new Aboriginal and Torres Strait Islander employees. It demonstrates Monadelphous' continued commitment to achieving reconciliation, and its genuine desire to make a positive contribution to Australia's Aboriginal and Torres Strait Islander community.

In keeping with its ongoing commitment to gender diversity and inclusion, the Company successfully retained more than 90 per cent of its key female talent and announced the appointment of its first female operational General Manager. To support sustainable and meaningful change, the Company rolled out a number of training initiatives across its workforce relating to unconscious bias and equal employment opportunities. In addition, Monadelphous employees presented at, and participated in, a number of events focused on positively challenging perceptions and promoting gender diversity, including the Women in Mining and Resources Leadership Summit and an in-house International Women's Day panel discussion, viewed online by almost 1,000 Monadelphous employees.

During the year, the Company commenced the consultation process for its second Gender Diversity and Inclusion Plan 2021 – 2023, which will focus on ensuring a safe working environment for women, removing gender-based barriers, offering opportunities for women to enter trade roles, and extending targets for female candidates in the Company's Vacation and Graduate programs. The Plan will be launched in the first half of the 2022 financial year.

Finally, the Company took part in almost 70 community events and initiatives during the course of the year. This included extending its partnership with the Graham (Polly) Farmer Foundation for another year, sponsoring the second Monadelphous CQUniversity Yallarm STEM Camp for Aboriginal and Torres Strait Islander high school students in Gladstone, Queensland, participating in the Welcome to Hedland community event in Port Hedland, WA, and supporting International Women's Day across a number of its locations.

Productivity and Innovation

Monadelphous continues to focus on the implementation of proven technologies to improve productivity and deliver value for its customers. During the year, further progress was made on systems optimisation and the digitalisation of data capture and processing as an enabler of future initiatives focused on data analytics and automation.

In-field productivity remains a priority for Monadelphous, ensuring employees are equipped with the tools and technology to efficiently and safely execute their work. A number of technology trials were conducted during the period, including robotic process automation and asset tracking. Different hardware and software technologies were also evaluated to determine their compatibility with Monadelphous' processes, and to assess suitability for widespread replication across the business. The use of drone technology increased for both videography and survey purposes, as well as equipment installation on customer sites.

Coupled with an internal focus on improving efficiency, Monadelphous recognises the benefits of open innovation activities that seek to drive innovation at an industry level. During the year, Monadelphous employees participated in several open innovation challenges hosted by customers. The initiatives provided the Company with greater insight into the operational challenges faced by customers and provided Monadelphous with an opportunity to build on its reputation as a collaborative partner with an innovative approach to problem solving.

Employee engagement with the Company's internal collaboration platform, the Ideas Hub, increased during the period following the addition of new functionality.

OPERATIONAL ACTIVITY

Engineering Construction

The Engineering Construction division, which provides large-scale, multidisciplinary project management and construction services, reported revenue of \$979.0 million¹ for the year, an increase of 59 per cent on the previous corresponding period. The result reflected the significant execution progress made during the year on the Company's large portfolio of major construction contracts. Since the beginning of the financial year, Monadelphous secured new construction contracts within the resources, energy and infrastructure sectors totaling approximately \$480 million.

A number of packages of work were secured under the BHP Western Australia Iron Ore (WAIO) Panel Agreement across various sites in the Pilbara including providing multidisciplinary brownfield modification works at Nelson Point and Finucane Island, structural, mechanical and electrical upgrades at the Newman Hub, and dewatering of surplus water and fabrication of the train loadout rectification works at Jimblebar mine site.

Monadelphous continued to provide construction services on its three packages of work at BHP's South Flank Project. The structural, mechanical, piping and electrical and instrumentation work on the project's inflow and outflow infrastructure is expected to be completed in the second half of 2021, with the Company having completed the installation and construction of the world's largest rail mounted stockyard machines for thyssenkrupp Industrial Solutions (Australia) during the period. The division also completed a number of other packages of work for BHP secured under the WAIO Panel Agreement.

¹ Includes Monadelphous' share of joint venture revenue

Construction activities substantially progressed at Rio Tinto's West Angelas Deposits C and D Project. The fully integrated project, which includes the supply and erection of fabricated products provided by SinoStruct, is expected to be completed in the second half of 2021. Work also continued on the structural, mechanical and piping package associated with the pyromet plant at MARBL Lithium Joint Venture's Kemerton lithium hydroxide plant in the south-west region of WA.

Zenviron, the Company's renewable energy joint venture, completed its works at the Dundonnell Wind Farm in regional Victoria for Vestas – Australian Wind Technology and significantly progressed works on the Crudine Ridge Wind Farm for CWP Renewables in regional NSW. During the period, Zenviron was awarded, and commenced, the balance of plant work on the Murra Warra Stage II Wind Farm for General Electric International in regional Victoria.

To better support its customers through the self-performance of selected fabrication and assembly work, SinoStruct established its own fabrication facility in Tianjin, China, during the period. It also secured several new contracts, delivering stand-alone packages of work for Origin Energy and Rio Tinto, in both Australia and Mongolia, as well as for major Monadelphous construction and maintenance projects, including for Newcrest Mining Limited in Papua New Guinea. The business also provided professional services in South America for the first time. Subsequent to year end, SinoStruct secured a new four-year agreement to supply wellsite equipment to Origin Energy. The packaged equipment is used to separate, meter and control coal seam gas for the Australia Pacific LNG plant located in Gladstone, Queensland. SinoStruct has been supplying packaged and modularised equipment to Origin Energy since 2015.

Mondium recommenced works at Talison Lithium's Greenbushes mine in the south-west region of WA. Work on the tailings retreatment processing plant, which includes engineering, procurement and management of subcontractors, is expected to be completed by the end of 2021.

Monadelphous' specialist Heavy Lift business entered into a strategic collaboration with global heavy lifting services company, Fagioli, during the period, with the objective of offering increased capacity and broadened capability within the Australian resources and energy markets. The joint venture has already been awarded its first contract, securing work with NMT International (Australia) to deliver lifting and haulage services at Fortescue's Iron Bridge Magnetite Project in the Pilbara.

Following the decision to discontinue the Company's water operations in New Zealand and significantly consolidate its position in the Australian market, the division continued to focus on the safe delivery of contracted works. In NSW, work was completed on the Wyee Backlog Sewer Scheme under the Hunter Water Corporation Complex Capital Works Design and Construct Panel program, while activities are continuing to be closed out on Sydney Water's Network and Facilities Renewal Program. In Queensland, commissioning activities approached completion on the Kawana Sewerage Treatment Plant on the Sunshine Coast. In New Zealand, work on the Selwyn Pines solar drying project and the Kurow Duntroon Irrigation Scheme project are expected to be completed by the end of 2021.

Maintenance and Industrial Services

The Maintenance and Industrial Services division provides planning, management and execution of multidisciplinary maintenance services, sustaining capital works and turnarounds. The division recorded revenue of \$976.9 million for the financial year, down 6.9 per cent on last year.

The result reflects the significant amount of work undertaken in the iron ore sector, with customers seeking to optimise production levels and capitalise on the strong iron ore price, as well as manage a maintenance deficit created during the initial stages of COVID-19. The Company experienced lower levels of demand for maintenance and turnaround services within the oil and gas sector, albeit improving steadily following the early impact of the pandemic.

In the oil and gas sector Monadelphous continued to provide maintenance services under its existing major onshore and offshore contracts, executing significant turnarounds during the period for both Woodside and INPEX. Planning commenced for major turnarounds scheduled across Woodside, Shell and INPEX-operated facilities over coming years.

During the period, the Company invested in specialist plant and equipment to support the growth of its industrial services and civil teams, as well as to further enhance its specialist oil and gas fabric maintenance capability. These investments will provide opportunities for growth across existing major, long-term contracts, as well as with new customers in the mining and oil and gas sectors.

The division has been awarded approximately \$470 million in new contracts and contract extensions since the beginning of the financial year.

Major contract awards within the iron ore sector included three three-year master services contracts with Rio Tinto for the delivery of sustaining capital projects across various mine sites and port operations, as well as a number of contracts with BHP under the division's existing WAIO Site Engineering Panel Framework Agreement. The division successfully completed a number of packages of work under these contracts during the period, supplying and installing the Jimblebar Transfer Station for BHP and completed the Car Dumper 3 Mega Shut at Nelson Point for BHP. A number of other major shutdowns were also completed under these contracts with both BHP and Rio Tinto.

Outside of the iron ore sector, Monadelphous was awarded a 12-month extension to its existing mechanical and electrical maintenance, shutdown and project services contract across BHP's WA nickel operations, as well as a three-year contract with Rio Tinto to provide mechanical, electrical and access maintenance services for fixed plant shutdowns at its Gove operations in the Northern Territory.

In the east, the Company was awarded a contract to undertake a major dragline shutdown for BHP Mitsubishi Alliance at its Saraji Mine in Queensland, as well as a multidisciplinary contract with AGL Macquarie for the Bayswater Fly Ash Plant Refurbishment and Slurry Lines Replacement project near Muswellbrook, NSW.

In Chile, Buildtek was awarded a number of new contracts with Minera Escondida for the construction of a communications tower and modularised pump stations at the Escondida copper mine in Coloso, as well as for an upgrade to the conveyer system feeding the Filter Plant Warehouse at Coloso Port. Buildtek was also awarded a three-year contract with Codelco for the operations and maintenance of water infrastructure at the Chuquicamata underground mine in Calama as well as a further two new contracts, also with Codelco, for maintenance activities associated with the concentrator plant at El Teniente mine in Rancagua.

Pleasingly, leveraging Monadelphous' experience within the liquefied natural gas (LNG) sector, Buildtek managed to secure its most significant LNG contract to date with GNL Quintero for the removal and replacement of five LNG discharge arms, three of which have been replaced to date.

Subsequent to year end, the Company announced the award of a number of new contracts, including a new three-year contract with Queensland Alumina Limited to continue to provide general mechanical maintenance services at its operations in Gladstone, and a 10-month extension to its existing contract with BHP Mitsubishi Alliance for the provision of dragline shutdown and maintenance services to its operations in the Browse Basin, both in Queensland. The Company also secured a number of new contracts in the iron ore sector in the Pilbara region of WA with BHP and Rio Tinto.

Other significant contract activity undertaken during the year included:

- Maintenance, shutdown and sustaining capital works services for BHP's Pilbara-based iron ore operations, WA;
- Fixed plant maintenance and sustaining capital works services for Rio Tinto's Pilbara-based iron ore operations, WA;
- Maintenance and shutdown services for BHP's Olympic Dam copper-uranium operation at Roxby Downs, SA;
- Engineering, procurement and construction services on Oil Search's oil and gas production and support facilities in the Highlands region of Papua New Guinea, in joint operation with Worley;
- Minor capital project services at Newcrest Mining Limited's Lihir Gold Mine in Papua New Guinea;
- Maintenance and projects for Queensland Alumina Limited in Gladstone, Queensland;
- Mechanical shutdown and tank maintenance and refurbishments for Newmont at Boddington, WA;
- Rail maintenance services for Rio Tinto on its privately-owned rail network in the Pilbara, WA;
- Shutdown and mechanical services for South32's Worsley Alumina Refinery, WA;
- National Services Agreement to complete maintenance, shutdown and sustaining capital works across APA Group's assets;

- Operation and maintenance of the coal handling facility at the Muja Power Station for Synergy in Collie, WA;
- General mechanical and maintenance services for Incitec Pivot Limited in Gibson Island, Queensland; and
- Maintenance and turnaround services in the Hunter Valley, NSW, for Glencore.

Markets and Outlook

The buoyant economic conditions forecast for the resources, energy and infrastructure sectors in coming years are expected to provide Monadelphous with a strong pipeline of opportunities.

In the resources sector, the outlook for the Australian iron ore industry remains positive, with ongoing significant levels of capital and operating expenditures to sustain high levels of production driving strong demand. Maintenance activity is expected to grow steadily on the back of aging assets and customers deferring discretionary work in prior periods.

Strong commodity prices are also contributing to a positive outlook for developments in lithium, gold, copper and nickel. These markets will continue to present opportunities for Monadelphous in Australia, as well as its international operations in South America, Mongolia and Papua New Guinea.

After unprecedented demand disruption during the height of the pandemic, conditions in the oil and gas sector are improving with construction opportunities from the development of new LNG projects expected to emerge in the next one or two years.

Australia's transition towards clean energy continues to gain momentum, with the portfolio of new wind farms coming to market in the next few years expected to provide opportunities for Zenviro, particularly as electrical grid access improves in NSW and Victoria. Rapid development of the hydrogen sector will also provide opportunities in the coming years.

The 2020/21 year has seen an extraordinary surge in construction activity after the initial impact of COVID-19. With several large construction projects all completing in the next six months, full year 2021/22 revenues are likely to be lower than the previous year due to the timing of award and commencement of new major projects. Construction activity is forecast to be stronger in the 2022/23 financial year. The performance of the business will be dependent on the unpredictable and uncertain nature of the COVID-19 pandemic and its impact on the Company's operations.

The shortage of skilled labour will continue to be the major challenge for the Company's operations in Australia. High levels of industry activity and the prolonged effects of COVID-19 international border restrictions limiting skilled migration are contributing factors. As highlighted earlier, the impacts are particularly acute for fly-in fly-out construction work in the resources and energy sectors where restrictions in the mobility of personnel due to unpredictable interstate border restrictions are impeding labour mobilisation and impacting operational productivity.

In response, Monadelphous will strategically target new work opportunities that best utilise the skills of its workforce, working collaboratively with customers in this regard. The Company will also focus on bolstering its employee attraction and retention practices, including performing a review of its variable remuneration practices to support the retention of key talent.

The Company will continue to assess market opportunities to achieve ongoing service and customer market diversification and support long-term sustainable growth.

Monadelphous' reputation as a leader in its markets and as an employer of choice, together with its longstanding commitment to the delivery of safe, reliable and cost competitive service solutions, places it in a strong position to capitalise on the opportunities and deal with the challenges ahead.

In conclusion, I would like to take this opportunity to sincerely thank our loyal and talented team for their truly herculean efforts. Our team has worked incredibly hard to deal with extraordinary challenges and unprecedented constraints imposed throughout the COVID-19 pandemic. I also extend my appreciation to our shareholders, customers and other stakeholders for their ongoing support during these difficult and unusual times.

Revenue including joint ventures is a non-IFRS measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to revenue presented by other companies. This measure, which is unaudited, is important to management when used as an additional means to evaluate the Company's performance.

Reconciliation of Total Revenue from Contracts with Customers Including Joint Ventures to Statutory Revenue from Contracts with Customers (unaudited)

	2021 \$'000	2020 \$'000
Total revenue from contracts with customers including joint ventures	1,953,180	1,650,768
Share of revenue from joint ventures ¹	(199,442)	(163,375)
Statutory revenue from contracts with customers	1,753,738	1,487,393

¹ Represents Monadelphous' proportionate share of the revenue from joint ventures accounted for using the equity method.

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. This measure, which is unaudited, is important to management as an additional way to evaluate the Company's performance.

Reconciliation of Profit Before Income Tax to EBITDA (unaudited)

	2021 \$'000	2020 \$'000
Profit before income tax	70,372	55,086
Interest expense on loans and hire purchase finance charges	1,476	1,753
Interest expense on other lease liabilities	1,598	1,941
Interest revenue	(414)	(1,171)
Depreciation of owned and hire purchase assets	23,542	22,608
Depreciation of right of use assets	8,934	7,962
Amortisation expense	445	644
Share of interest, depreciation, amortisation and tax of joint ventures ²	2,743	3,254
EBITDA	108,696	92,077

² Represents Monadelphous' proportionate share of the interest, depreciation, amortisation and tax of joint ventures accounted for using the equity method.

DIVIDEND ENTITLEMENTS

The fully franked interim dividend of 21 cents per share will be paid to shareholders on 1 October 2021 with the record date for entitlements being 10 September 2021.

FURTHER INFORMATION

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About Monadelphous

Monadelphous Group Limited (ASX: MND) is a leading Australian engineering group providing construction, maintenance and industrial services to the resources, energy and infrastructure sectors. The Company has two operating divisions – Engineering Construction, providing large-scale multidisciplinary project management and construction services, and Maintenance and Industrial Services, specialising in the planning, management and execution of mechanical and electrical maintenance services, shutdowns, fixed plant maintenance services and sustaining capital works.

Monadelphous is headquartered in Perth, Western Australia, with a major office in Brisbane, Queensland, and offices, projects, facilities and workshops across Australia and in New Zealand, China, Mongolia, Papua New Guinea, Chile and the Philippines. Please visit www.monadelphous.com.au for further information.