

23 November 2021

Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000
AUSTRALIA

Dear Sir / Madam

RE: 2021 ANNUAL GENERAL MEETING ADDRESS TO SHAREHOLDERS

Please find attached a copy of the address to shareholders by Deputy Chair and Lead Independent Non-Executive Director Sue Murphy AO on behalf of Chairman John Rubino, and Managing Director Rob Velletri at the Annual General Meeting held today, online and at The University Club in Perth, Western Australia.

Authorised by



Philip Trueman
Company Secretary

ASX RELEASE

23 November 2021

2021 ANNUAL GENERAL MEETING ADDRESS TO SHAREHOLDERS

Deputy Chair and Lead Independent Non-Executive Director Sue Murphy AO on behalf of Chairman John Rubino

Good morning everyone. I am delighted to have been afforded the opportunity to talk to you this morning.

On behalf of our Chairman, John Rubino, I would like to thank you for joining us today, either in person or online, and I extend a warm welcome to you all.

Next year will mark 50 years since Monadelphous' inception. Over that time, we have developed a terrific reputation for consistently delivering high-quality, safe and cost-effective service solutions for our customers. Our commitment to delivering what we promise has led to the development of many enduring and mutually beneficial relationships with our stakeholders, and we have a track record that is widely respected across the industry.

While life as we know it has changed significantly over the last couple of years especially, I am pleased to report that we have continued to strengthen our position as a leader in our markets, and are well placed to build on the strong foundations that have been developed over the last five decades.

Through the efforts and commitment of our dedicated group of people we have established ourselves both as the preeminent construction contractor to the resources and energy sector, and as a leader in the provision of maintenance and industrial services, which provides us with a strong recurring revenue base to support our long-term sustainability.

In more recent times, we have focused on diversifying the business, broadening our service offering and expanding our footprint into other industry sectors and geographical markets.

Over the last few years, we had added a variety of other services to our repertoire, including offering rail, civil construction and bespoke heavy lift services to our customers. Through our strategic joint venture with Lycopodium we have developed a highly regarded presence in the engineering, procurement and construction market to the resources sector. Our other joint venture, Zenviron, has earned a leading reputation for the provision of balance-of-plant EPC services to the growing renewable energy market. We have also expanded the Company internationally into the buoyant copper sector in Chile and Mongolia, which we believe will provide further opportunities for us.

As we grow and diversify the business, the safety of our people will continue to be our number one priority. Pleasingly, we have seen a big improvement this year in our safety performance, and we will continue to focus our efforts on the implementation of initiatives that reinforce that at Monadelphous 'The safe way is the only way'.

Our people are our greatest strength, and the attraction and retention of the right people who live our values will continue to be one of our key areas of focus. Over the past year we have experienced an unprecedented shortfall of available skilled resources with industry activity levels at extremely high levels, particularly in Western Australia where border restrictions have significantly impacted the availability of labour. Activity levels across Australia are predicted to remain at these levels for some time yet, with labour pressures to persist.

Industry forecasts indicate a strong pipeline of opportunities for Monadelphous, both within our core sectors, such as iron ore and oil and gas, as well as within the fast developing market segments which support decarbonisation, including renewable energy and battery metals, as well as the rapidly emerging hydrogen sector. Our long-standing reputation as a leader in our chosen markets and as an employer of choice, ensures we are well placed to capitalise on these market opportunities, as well as to deal with the challenges ahead.

Before I hand over to Rob, John has asked me to extend a warm welcome to our newest Board member, Ric Buratto, who was appointed as a Non-Executive Director last month. By way of introduction, Ric is a civil engineer with more than 45 years of experience in the resources and infrastructure sectors. He has enjoyed a distinguished career at a number of ASX listed companies, including Cimic, Decmil and, most recently, NRW. Ric brings an abundance of industry knowledge, experience and relationships, which strongly complement the existing capabilities of our Board.

John has also asked me to acknowledge outgoing Non-Executive Director, Chris Michelmore, for his loyalty and hard work over the last 14 years. Chris has been a highly valued member of the Board and its subcommittees and has played a key role in the Company's success over that time. We would like to take this opportunity to wish him the very best in his retirement and sincerely thank him for the wonderful contribution he has made to Monadelphous.

In conclusion, on behalf of John and the Board, I would like to take this opportunity to sincerely thank our loyal and dedicated team for their continued efforts - we truly have a very talented group of people at Monadelphous. I would also like to extend our appreciation to all our shareholders, our customers and our other stakeholders for their ongoing support.

I will now hand over to Rob who will provide you with a more detailed insight into our 2021 performance.

Managing Director Rob Velletri

Thanks Sue and good morning everyone.

Firstly, I would like to reiterate John's comments regarding the outstanding contribution made by Chris over the many years he's been with us. Monadelphous has seen significant growth throughout your tenure, and I wish you all the best for the future.

Moving now to our financial highlights (slide 12).

The 2020/21 financial year was a busy one. After the previous year, where sales revenues were stalled by the initial impact of the COVID-19 pandemic, the 2020/21 year saw a rapid progressive recovery in demand, resulting in an 18.3 per cent increase in sales revenue to \$1.95 billion.

Our Engineering Construction division's revenue surged almost 60 per cent to \$979 million, on the back of significant progress made on our large portfolio of major construction projects, while our Maintenance and Industrial Services division reported revenue of \$977 million. Demand for maintenance services within the iron ore sector was particularly strong, with reduced levels of activity in oil and gas.

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

The Board declared a final dividend of 21 cents per share fully franked, taking the total full year dividend to 45 cents per share.

We ended the year with a strong cash balance of around \$176 million.

Since the beginning of the financial year, we have been awarded over \$1.2 billion of new work, including around \$460 million since 30 June.

This slide (slide 13) highlights the size and location of each of our new contracts. As you can see, a large portion of this work is in the buoyant iron ore sector, with our major, long-term customers, BHP and Rio Tinto. Around 20 per cent of this work was secured in the copper sector in both Chile and Australia, and we secured our largest wind farm contract to date, via our joint venture, Zenviron.

Further information about our new contracts can be found in the appendix.

Now to our safety performance (slide 14).

In a year where more than 2,000 new employees joined our team, I am particularly pleased to report a 39 per cent improvement to our total recordable injury frequency rate, down to 2.26 incidents per million hours worked.

Driven by our core value of safety and wellbeing, our unwavering focus on safety improvement saw us continue to strengthen safety leadership throughout our business. We introduced a new Fatal Risk Standard and Life Saving Rule relating to the use of mobile plant and equipment, we released a revised and updated supervisor safety leadership program and completed the roll out of our Delivering the Safe Way behaviour framework.

We also continued to focus on the mental health and wellbeing of our employees, implementing and participating in a range of initiatives relating to resilience development and improvements in mental health awareness.

Our safety culture is focused on finding better and safer ways of doing things.

One example I have of this comes from our Heavy Lift team. The team was tasked with moving and installing gas pipeline sections weighing up to eight tonnes each on unusually steep terrain and near another live gas pipeline at the Woodside-operated Pluto Liquefied Natural Gas Plant in Karratha.

Conventional crange and equipment couldn't be used, so our team developed a unique solution, the Self-Propelled Modular Transporter Davit Frame, which is what's being shown here on this slide (slide 15).

The solution significantly reduced manual handling risks, reduced exposure to pinch points and crush injuries as well as reducing property damage risks. The solution also delivered significant savings in cost and time. The innovation was subsequently nominated for the 2021 Managing Director's Safety Innovation Award, for which it received a special commendation.

It was also a finalist in the 2021 Western Australian Work Health and Safety Excellence Awards.

Well done to our Heavy Lift team for developing such a unique solution, and for continuing to make our workplace safe.

Turning now to our people highlights (slide 16).

We ended the year with a total workforce, including subcontractors, of around 7,800, up 37 per cent. During the year, we achieved our largest employee-base since May 2013, with our direct employee numbers peaking at over 7,600.

As Sue mentioned, 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 our ability to attract and retain labour. In response, we undertook a number of initiatives to bolster employee engagement and attract new employees. I'll touch on some of these initiatives now.

Our people have always been our biggest strength and there's no question, employee retention and development are vital to our ongoing success.

With this, we continue to focus our efforts on what makes Monadelphous a great place to work. This includes building on our already strong culture, identifying and facilitating challenging and rewarding career opportunities for our employees, supporting employee growth and development, creating an inclusive and flexible work environment and constantly reviewing and updating our benefit and reward programs to ensure we remain competitive.

During the year, we strengthened our employee development programs with a focus on performance management and succession planning, and we formally established a Workplace Flexibility Policy to support work/life balance and enhanced our existing Parental Leave Policy.

We also progressed a number of strategic attraction initiatives. This included streamlining our internal processes to ensure application and onboarding is as easy as possible, updating our employer branding program, which now clearly articulates why our employees choose to work with us and what's on offer to prospective employees, and having the right entry-level programs in place to help get the right people in the door from the get-go.

Importantly, we have also continued to invest in a range of technology to support our attraction strategy, including our new and improved recruitment, onboarding and talent management system, which will help ensure we are set up to efficiently and effectively source, select and mobilise the right people at the right time.

We have spent a significant amount of time this year reviewing and refreshing our code of conduct, and supporting policies, with the aim of reinforcing acceptable workplace behaviour. As part of this, we recently rolled out our 'It's Up to Us' campaign across our worksites. The campaign aims to reinforce the important role every employee at Monadelphous plays in creating a safe, respectful and inclusive work environment - one free of sexual harassment and sexual assault - while also reminding employees of appropriate behaviours and how to manage associated situations. This slide (slide 18) shows some of the posters displayed at our worksites and offices as part of the campaign.

Moving now to our operational highlights (slide 19).

This year, our Engineering Construction division achieved significant revenue growth, recording its highest revenue since 2015. On the back of our long-term track record and strong relationships with our customers, the division secured new contracts totalling approximately \$620 million, including \$200 million since 30 June. As you can see, a lot of our work during the year was undertaken in the iron ore sector, as well as in battery metals and renewable energy sectors.

This slide outlines some of the division's key highlights from the year. Over the next few slides, I will take you through some of these in a bit more detail.

We have now completed all three of our packages of work at BHP's South Flank Project, including the construction of the project's inflow and outflow infrastructure, as well as the installation and construction of the world's largest rail mounted stockyard machines. The project's inflow infrastructure is what's pictured here (slide 20).

In what was a significant milestone for our customer, as well as our own team involved in this major construction project, BHP officially opened its South Flank mine last month, after achieving first production in May.

Our major construction contract at Rio Tinto's West Angelas Deposits C and D Project, valued at in excess of \$100 million, has now been completed. Our work included the supply and installation of structural, mechanical, piping and electrical and instrumentation works associated with the construction of new iron ore facilities, as well as modifications to existing plant.

This image (slide 21) is of some of our employees on the newly constructed primary crusher, an integral part of the project.

Last month, a number of the directors and I visited the Kemerton lithium hydroxide plant, in the south-west of Western Australia, where our team is completing the structural, mechanical and piping package of work associated with the pyromet plant. The project continues to progress well, and we expect to finish our scope of work over the coming months.

Our solid performance on this project demonstrates our growing capability in the lithium sector, which is important given further opportunities on, not only this project, but more broadly in the lithium sector as the demand for battery metals grows.

Mondium, our engineering, procurement and construction joint venture with Lycopodium, made good progress on its strategically important contract with Rio Tinto for the Western Turner Syncline Phase 2 Project. First ore was achieved last month, a significant milestone for the project, with completion expected by the end of this calendar year.

Our demonstrated performance on this project places us in a strong position for new, large EPC work currently in the market.

Our renewable energy business, Zenviron, has now completed our work at the Dundonnell Wind Farm in Victoria, as well as at the Crudine Ridge Wind Farm in New South Wales. During the year, Zenviron also commenced work on the Murra Warra Stage II Wind Farm in Victoria, which is pictured here (slide 24).

Subsequent to year end, Zenviron secured a contract for the balance-of-plant work at Rye Park Wind Farm, the largest wind farm ever to be constructed in New South Wales. The \$250 million contract is expected to be complete in 2024.

Since establishment five years ago, Zenviron has worked on ten wind farms with around 400 wind turbines installed to date, with about another 100 currently under construction. Collectively, these will provide enough energy to power 1.1 million homes, displacing nearly six million tonnes of carbon annually.

During the year, we were awarded a five-year crane services contract with Fortescue Metals Group at their Solomon and Eliwana operations in the Pilbara, valued at approximately \$150 million.

We continued to supply specialist heavy lift services and equipment to our existing construction and maintenance contracts, including at the Woodside-operated Pluto Liquefied Natural Gas Plant in Karratha. Pictured on the left (slide 25) is a heat exchanger module being lifted into position at the site. In collaboration with global heavy lifting services company, Fagioli, we also secured a contract to deliver lifting and haulage services at Fortescue's Iron Bridge Project in the Pilbara, which is what's pictured here on the right-hand side (slide 25).

And now to our Maintenance division (slide 26).

Our Maintenance division reported revenue of \$977 million, reflecting the significant volume of work we undertook in the iron ore sector, with customers seeking to optimise production and manage maintenance deficits created during the initial stages of COVID-19. Demand in the oil and gas sector improved steadily during the year and has recently returned to pre-COVID-19 levels.

The division has secured \$585 million in new contracts and contract extensions since the beginning of the financial year, including approximately \$260 million since 30 June.

I will now take you through some of our key maintenance highlights from the year.

This year, we delivered a number of packages of work under our BHP Western Australian Iron Ore Site Engineering Panel Agreement.

In this video, you can see our team removing, refurbishing and reinstalling car dumper 3 at BHP's Nelson Point in Port Hedland. Rail car dumpers are an integral part of the site's inflow infrastructure and have a direct impact on production, so this project was a high-profile piece of work. Our scope for this project included civil, mechanical, structural, electrical and blast and paint work. The project required a comprehensive planning process and collaborative approach with the customer and was successfully and safely executed over a five-month period.

The team also completed work on car dumper 2 during the financial year, and in October this year, completed the refurbishment of car dumper 1.

During the year, we were awarded three multi-year master services contracts with Rio Tinto for the delivery of sustaining capital projects across their operations in the Pilbara. Under these contracts we've delivered a significant number of projects, most recently securing work at Marandoo, Cape Lambert, East Intercourse Island and Tom Price. You can see pictured (slide 28) some design and installation work undertaken recently at Parker Point near Dampier.

In the oil and gas sector, we continued to provide services under our existing, long-term maintenance contracts, performing turnarounds for both Woodside and INPEX during the year.

Planning has commenced for major turnarounds scheduled across Woodside, Shell and INPEX-operated facilities over the next couple of years, and the division continues to provide EPC services to Oil Search in Papua New Guinea.

Our Chile-based maintenance and construction services business, Buildtek, performed strongly, securing approximately \$100 million of new contracts since the beginning of the financial year.

Capitalising on strong copper prices, the business progressed several contracts with major operators, Codelco and Minera Escondida, which is majority owned by BHP.

Leveraging Monadelphous' experience within the LNG sector, Buildtek also secured a significant LNG contract with GNL Quintero for the removal and replacement of LNG loading arms.

In the two years since acquiring Buildtek, we've seen their revenue grow by more than 40 per cent, with similar growth seen in their workforce numbers, which are currently sitting at more than 1,000 people.

We remain committed to strengthening our position in South America and are currently reviewing further growth opportunities in the region.

We continue to diversify our service offering, expanding our rail, civil and industrial services capabilities, and investing in specialist plant and equipment to support this growth.

During the year, we started providing general rail maintenance services to multiple customers on the east coast of Australia, complementing our existing track resurfacing capability in the region. In addition, we commenced underground rail maintenance services at BHP's Olympic Dam mine site in Roxby Downs in South Australia. We also purchased dedicated equipment to support our strategically important rail services contract with Rio Tinto in the Pilbara.

In addition to organic growth, we acquired fabrication business, RTW Steel Fabrication and Construction. The acquisition complements our existing operations in the south-west region of Western Australia and gives us the opportunity to offer additional services to our existing customers.

Moving from our operational highlights to social value now (slide 32).

At Monadelphous, we are committed to making a positive contribution to the communities in which we operate. Our efforts are focused around the key areas of diversity, community support, education and environment.

Across our operations, we took part in around 70 community events and initiatives throughout the year, such as the Explore the Goldfields Community Expo in Kalgoorlie, the Welcome to Hedland event in Port Hedland, the Shift Youth Festival in Bunbury and the Junior Rugby League Club in Mackay.

Our commitment to the environment saw the establishment of an environmental lead team to review and refresh our environmental strategy, ensuring due consideration for key stakeholders, as well as greater focus at an operational level on implementing initiatives that make a difference. Our environmental initiatives helped to reduce the potential for uncontrolled emissions and impacts to the atmosphere, minimised waste to landfill, prevented ground and water pollution and removed the potential impacts to heritage sites associated with our work.

During the year, we significantly progressed our reconciliation journey, which is underpinned by our Stretch Reconciliation Action Plan.

We were 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. The program aims to increase the number of skilled and tertiary Indigenous people in the resources sector, and is open to prospective apprentices, trainees and tertiary cadets in a range of fields.

We also commenced a pre-employment upskilling program for Indigenous jobseekers, as well as renewing our partnership with the Graham (Polly) Farmer Foundation. In addition, we participated in more than 20 career information sessions for Aboriginal and Torres Strait Islander peoples, educating participants on career pathways available within the sectors in which we operate.

This year, we continued our commitment to developing sustainable relationships with Indigenous businesses and achieved a 45 per cent increase in Indigenous business spend.

Our fourth Reconciliation Action Plan, which is currently with Reconciliation Australia for final endorsement, places a renewed focus on engagement with Indigenous businesses and improving mentoring and support for existing and new Indigenous employees.

In line with our focus on gender diversity and inclusion, we successfully maintained female participation in excess of our 20 per cent target for graduate and vacation programs, and retained more than 90 per cent of our key female talent over the course of the financial year. We also announced the appointment of our first female operational General Manager.

I was proud to see more than 1,000 members of our team participate in our in-house International Women's Day panel discussion. This high level of interest and support is what will help us achieve sustainable and meaningful change in this space. Our team's commitment also extended to external events, where our employees volunteered at local schools to promote STEM subjects and participated in events and conferences to educate and engage with females regarding our industry.

During the year, we commenced the consultation process for our second Gender Diversity and Inclusion Plan, 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 our Vacation and Graduate programs. The new Plan was endorsed by our management team in October and will be officially launched next week.

This slide (slide 35) shows relevant current and forecast Australian market conditions for our business.

As you can see, the sectors in which we operate are expected to remain strong over coming years.

Looking forward, the outlook for Monadelphous continues to be positive.

In resources, whilst iron ore prices have normalised in recent times, the Australian iron ore industry remains buoyant. The significant levels of capital and operating expenditures required to sustain current production levels continue to drive heightened demand for the Company's services. Maintenance activity is expected to be strong on the back of aging assets and customers deferring work in prior periods.

With demand for battery metals increasing rapidly, related developments in lithium, copper, nickel and rare earths will provide a solid pipeline of opportunities in the coming years. These markets, along with the gold sector, will present opportunities for Monadelphous in Australia, South America, Mongolia and Papua New Guinea.

Conditions in the oil and gas sector have been improving, with construction opportunities from the development of new LNG projects expected to emerge in the next year or so. Maintenance demand in this sector has returned to more normal levels following major demand disruption during the early stages of the pandemic.

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

The 2020/21 financial year saw an extraordinary surge in construction activity. This momentum has continued into the current financial year with first half revenues expected to be similar to the previous corresponding period. With several of our large construction projects completing in the first half, full year revenue for FY22 is forecast to be lower than the previous year due to the timing of award and commencement of new major projects. Construction activity is expected to be stronger in the 2023 financial year.

As I mentioned, the shortage of skilled labour has been, and will continue to be, a major challenge for the Company's operations, especially in Australia. While the effects in Western Australia are being felt across all industry sectors, the impacts are particularly acute in WA fly-in fly-out operations, where interstate border restrictions are directly impacting the supply of labour, the mobility of personnel and as a consequence, operational productivity levels.

Border restrictions are expected to be relaxed in the coming months, however with demand remaining strong across all industries, labour constraints are expected to continue for some time.

In response to this issue, the Company will continue to focus on initiatives to enhance the attraction and retention of people, work collaboratively with customers and take a more strategic approach to targeting new work opportunities. A remuneration strategy that specifically focuses on the retention of talent will be key in this environment.

Our reputation as a leader in our markets and as an employer of choice, together with our longstanding commitment to delivering safe, reliable and cost competitive solutions, places us in a strong position to capitalise on opportunities and deal with the challenges ahead.

In conclusion, I would like to take this opportunity to thank our loyal and talented team for their continued commitment and dedication. I would also like to extend my appreciation to our shareholders, customers and other stakeholders for their ongoing support during these challenging times.

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Further Information

Analysts/Investors

Kristy Glasgow

Investor Relations

T +61 8 9316 6386

M +61 403 781 909

Investor_relations@monadel.com.au

Media

Ella McCarthy

Group Manager - Marketing and Communications

T +61 8 6311 1018

M +61 401 404 874

EMcCarthy@monadel.com.au

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.