

21 November 2023

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

Dear Sir / Madam

RE: 2023 ANNUAL GENERAL MEETING ADDRESS TO SHAREHOLDERS

Please find attached a copy of the address to shareholders delivered at the Annual General Meeting held today at The University Club in Crawley, Western Australia.

Authorised by



Philip Trueman
Company Secretary

ASX RELEASE

21 November 2023

2023 ANNUAL GENERAL MEETING ADDRESS TO SHAREHOLDERS

Chair Rob Velletri

Good morning everyone.

Before I commence, I wanted to take some time to acknowledge the passing early this year of our former Chair, mentor and friend, John Rubino. Many of you will have had the opportunity to meet John over the years and I'm sure you would agree he had a great charisma, and he is very missed by us all.

John spent three decades dedicating himself to building the successful business we now know today as Monadelphous. His 'no airs and graces' leadership style, and his innate ability to forge long-term, trusting and mutually rewarding relationships are the stuff of legend.

Even though John is no longer with us, his memory will always be present in our corridors at Monadelphous, and in the hearts and stories of our people. The legacy of the business he has built is a great one, and we look forward to continuing to develop a business he is proud of.

I'm delighted to address all of you today in my new capacity as the Chair of the Monadelphous Board. After serving as the Managing Director and CEO for 19 years, it's an honour for me to step into the role that John so effectively carried out during his long tenure.

During my time in the Company, we've embarked on a significant and continuous journey of organic growth and development (slide 10). Our story began as a modest small-to-medium-sized contractor in the iron ore and minerals sector. We earned a strong reputation for safe and reliable project and services delivery and through the growth years, we ventured into more substantial contracts with larger customers across a growing number of industries and played a crucial role in the massive growth of the Australian resources and energy sector during the 2000s.

In recent times, our Company has continued to diversify, pushing into new markets such as rail, power, renewable energy, and battery metals, and in other sectors that support the global energy transition.

Simultaneously, we've expanded our reach to encompass broader geographical areas, expanded our service offerings, and importantly, significantly grown our maintenance services and recurring revenue base (slide 11).

Today, we stand as a far more sustainable and robust business with a formidable competitive edge that positions us well for continued growth and the delivery of solid returns to our valued shareholders.

Looking now at 2023 in review (slide 12).

The 2023 financial year saw another solid performance by Monadelphous. We've seen buoyant conditions across the resources and energy sectors, with our Maintenance and Industrial Services division recording record sales revenue for a second year in a row. In fact, the division has now reported record sales revenues in six out of the past seven years, which has driven the long-term growth in our recurring revenues.

While the level of activity in our Engineering Construction division for the year was impacted by delays in major project awards, it has been good to see a strong series of contract awards late in the year and into the early months of the current year, positioning the division for a return to growth.

Pleasingly, we have secured around \$2.6 billion in new contracts and extensions since 1 July 2022, including \$1.1 billion since the start of this financial year alone.

In line with our markets and growth strategy, we continued to expand our services and geographic footprint. In support of our efforts to develop a presence in the east coast-based energy generation market, we acquired Victorian-based BMC late in the financial year and earlier in this financial year, finalised the acquisition of Melchor Contracting to add major civil construction capability to our suite of service offerings.

Our unrelenting focus on the safety and wellbeing of our people remains at the heart of how we work. We continue to work hard in this area to make sure that at Monadelphous, *The Safe Way is the Only Way*.

Industry forecasts indicate a strong pipeline of opportunities for Monadelphous, within our core sectors, as well as within the fast-growing market segments which support decarbonisation. Armed with a loyal and dedicated workforce with a long-standing reputation for safe and dependable delivery, and supported by a strong balance sheet, we are in a great position to capitalise on these opportunities.

The shortage of skilled labour in Australia continues to be a challenge for us with activity levels high across multiple industries. As always, we'll continue to focus on our people and our culture to ensure Monadelphous remains a great place to work.

In November last year, at the conclusion of our 2022 Annual General Meeting, we saw several changes take effect to our Board in line with our succession plan. As I mentioned earlier, our long-serving Executive Chair, John Rubino, retired and I took on the role, and Zoran Bebic, a long-serving executive and the previous Executive General Manager of our Maintenance and Industrial Services division was appointed to the role of Managing Director. In addition, Peter Dempsey, who served on the Board for almost 20 years, retired as a Non-Executive Director of the Company. I am pleased to say that the transition of these roles has gone very smoothly and has received strong support from the business and other stakeholders.

In conclusion, on behalf of the Board, I would like to take this opportunity to congratulate Zoran on the fantastic job he's done in his first year as Managing Director, and to Adam Cook and Alastair Reid each for an excellent first year as Executive General Managers of our Engineering Construction and Maintenance and Industrial Services divisions, respectively.

I would also like to thank our very dedicated and hard-working team, as well as our customers, our shareholders, and all our friends in the communities where we work.

I will now hand over to Zoran (slide 13).

Managing Director Zoran Bebic

Thanks Rob and good morning everyone.

Turning to Monadelphous' performance in the 2023 financial year (slide 14).

The Company delivered sales revenue of \$1.83 billion for the year, including a record \$1.3 billion from Maintenance and Industrial Services and \$542 million from Engineering Construction.

The result reflects strong demand for our maintenance services across all sectors, particularly in energy. Construction activity was impacted by delays in the timing of award and commencement of new major projects, however we continued to experience high levels of tendering, which has resulted in a large number of contract awards post year end.

Our earnings before interest, tax, depreciation and amortisation (EBITDA) was \$109.1 million, delivering an improved EBITDA margin of almost 6 per cent. The continued focus on driving improved productivity, maintaining operational discipline and increasing efficiency across our business was a significant factor in this margin improvement, and mitigated the effects of heightened inflation and an escalating cost environment.

Net profit after tax (NPAT) increased slightly to \$53.5 million, generating earnings per share of 55.8 cents.

The Board declared a final dividend of 25 cents per share, taking the total full year dividend to 49 cents per share, fully franked, yielding a payout ratio of approximately 88 per cent of reported NPAT.

We ended the year with a strong cash balance of \$178.3 million, a cash flow from operations of \$93 million and a very pleasing cash flow conversion rate of 112 per cent.

Our discipline in maintaining a strong balance sheet continued to support our markets and growth strategy, and enabled us to invest in opportunities, including BMC and Melchor Contracting, as Rob mentioned.

As announced last month, UnityWater filed an amendment to the Statement of Claim served against Monadelphous in July, amending the value of the claim to approximately \$200 million. Whilst the amount of the claim has increased, Monadelphous continues to deny the allegations and will vigorously defend the claims, as well as pursuing available counterclaims.

Strategically, we continued to target new work opportunities while ensuring the appropriate allocation of risk. As Rob said, since the beginning of the last financial year, we have announced approximately \$2.6 billion of new contracts and contract extensions, supporting a strong pipeline of work.

This slide (slide 15) highlights the size and location of our new contracts secured since the beginning of the 2023 financial year.

As you can see, we've secured new contracts and extensions across Australia, as well as in Papua New Guinea and Mongolia, particularly in the resources and energy sectors. This includes a number of significant construction contracts in Western Australia secured after year end.

In iron ore, we have been awarded approximately \$800 million of new work with long-term customers, including BHP, Rio Tinto and Fortescue. We have also secured around \$600 million of work in the growing lithium sector, which includes a number of major construction and strategic long-term maintenance contracts with Albemarle, Talison Lithium and Liontown Resources. We'll talk about some of these a little later.

Overall, we are well placed moving forward.

Now to people (slide 16).

We finished the year with a workforce, including subcontractors, of around 5,700 people.

In light of the competitive labour market, we continued to strengthen our approach to the recruitment and retention of our people. Our focus included leveraging our new talent acquisition and performance management system, improving how we manage people data and enhancing the way we view our talent pipelines, recruit new talent, and develop and mobilise our workforce.

To support the attraction and retention of employees, we completed an employee survey during the year, with feedback shaping our People and Culture Strategy. In addition, we continue to review the structure of our leadership reward and incentive programs to ensure they support retention and promote an owner's mindset.

We launched our Respect at Monadelphous program which aims to further embed respectful behaviours across our operations. The program includes Acceptable Workplace Behaviour and Code of Conduct training and is rolled out to all employees.

Our leadership programs continue to support the development of current and future leaders, and we are very pleased to have been recognised as Australia's top Construction and Property Services Graduate Employer for 2023.

Turning now to safety and wellbeing (slide 17).

Our unrelenting focus on improving safety and wellbeing through the identification, elimination and mitigation of fatal risks continued.

We implemented a number of safety initiatives to ensure the sustained improvement in health and safety outcomes. This included improvements to infield risk management tools and the rollout of a series of fatal risk awareness campaigns. We also completed a number of technology-based safety improvement trials relating to the use of mobile fleet.

Pleasingly, our serious incident frequency rate remains at historically low levels.

We continued to support the mental and physical health of our people through our Health and Wellbeing program, engaging our people in relatable, proactive wellbeing strategies.

Additionally, we were recognised for our efforts and contribution to safety innovation, and were named the winner of a number of state and national work health and safety excellence awards. Most recently, the team took home a 2023 Work Well Award from WorkSafe Queensland for the best demonstrated healthy and safe work design.

Following the launch of our second Stretch RAP in July last year, we continued to collaborate with Indigenous-owned businesses, along with offering career pathways and upskilling for Indigenous peoples across our operations (slide 18).

Our Indigenous Pathways Program, which is run in partnership with Rio Tinto, is now entering its third year in operation and we engaged with Madalah to support Indigenous students from regional communities with their tertiary studies. We also renewed our long-term partnership with the Polly Farmer Foundation.

We progressed the initiatives under our gender diversity and inclusion strategy, which included establishing a buddy program to connect women new to our business in both our offices and on site, and participation in in-school engagements supporting girls and young women to understand the STEM career pathways on offer at Monadelphous.

In our local communities, we were involved in over 120 events and initiatives across 20 locations and, as always, our community investment focused on getting behind the grassroots clubs and groups that our employees support.

We formalised our Emissions and Energy Reduction Roadmap, which outlines a series of targets and actions to achieve our goal of net zero emissions by 2050. We also established working groups focused on our transition to renewable power and to support the optimisation of operational activities.

Moving to our operational highlights (slide 19).

Our Engineering Construction division reported revenue of \$541.9 million for the year. The division experienced high levels of tendering activity and was involved in a number of early contractor engagement assignments.

We successfully completed several large resources projects in the Pilbara region of Western Australia, including packages at the Iron Bridge Magnetite Project and Rio Tinto's Gudai-Darri iron ore project, as well as a series of shutdowns at Rio Tinto's Western Turner Syncline Phase 2 Project.

We were also reappointed to the BHP Western Australian Iron Ore Projects Framework Agreement for a further three years.

Overseas, we undertook a strategic review of our China-based fabrication business to ensure it remains aligned to customer expectations and is appropriately structured to grow in its core markets, geographically diversify its supply chain into South East Asia and deliver in new and related sectors. We also rebranded the business to 'Inteforge' to better align with its revised strategic direction.

In Mongolia, we secured a contract for the construction of surface infrastructure at the Oyu Tolgoi Underground Project, where we have previously completed construction works.

Since the beginning of the 2023 financial year, the division has secured approximately \$900 million of new contracts, predominantly in the lithium and iron ore sectors.

I would now like to introduce Adam Cook, Executive General Manager of our Engineering Construction division (slide 20).

Adam started with Monadelphous as Head of Projects in Engineering Construction in 2022, before transitioning into the role of Executive General Manager in December last year. Adam brings over 25 years of experience working in engineering and construction for both customers and contractors, including Fortescue, BHP, Clough and Downer.

I'll now hand over to Adam to talk through some more of the Engineering Construction divisional highlights (slide 21 – 24).

Executive General Manager Engineering Construction Adam Cook

Thanks Zoran and good morning everyone.

In the first half of the financial year, we were engaged on the Iron Bridge Magnetite Project, an unincorporated joint venture between FMG Magnetite Pty Ltd and Formosa Steel IB Pty Ltd, to provide multidisciplinary construction services.

Our work was later expanded to support the construction of a 135-kilometre pipeline connecting the plant to the Port of Port Hedland. At the height of activity, our workforce peaked at more than 380 people. We mobilised to site in just three days and our delivery on the project played a critical role in the customer achieving first ore in March this year.

We secured a contract under our BHP Western Australian Iron Ore Asset Projects Framework Agreement for the Car Dumper 3 Renewal Project at Nelson Point, valued at over \$115 million. With employees mobilised in April this year, we completed early works and planning, including an early works shutdown. The focus ahead is on the structural, mechanical and piping works associated with the Car Dumper 3 replacement, as well as the electrical and instrumentation package, which we have since secured for this project.

These awards come on the back of the successful completion of various car dumper refurbishment projects in recent years, including the removal, refurbishment and reinstallation of car dumper cells in 2020, as pictured on this slide (slide 22).

Our renewable energy business, Zenviron, continued to enhance its reputation as a market leader in the delivery of balance-of-plant works for wind farms.

During the year, Zenviron achieved substantial completion on its work at the Rye Park Wind Farm, the largest wind farm to ever be constructed in New South Wales, which will comprise 66 wind turbines to produce enough clean energy to power 215,000 homes.

In addition, Zenviron was engaged on early works packages for several other wind farm and battery storage projects on the east coast of Australia. These markets are expected to provide an increasing pipeline of opportunities in coming years as Australia continues its transition towards clean energy.

As mentioned previously, we have secured a number of major resources construction contracts subsequent to year end.

Our most recently awarded contract with Liontown Resources at the Kathleen Valley Lithium Project in Western Australia's Northern Goldfields is a multidisciplinary contract for construction of the wet plant. Work is already underway, with completion expected in mid-2024.

We have secured a contract for the construction of the Chemical Grade Plant 3 at Talison Lithium's Greenbushes site in Western Australia. With the support of our growing specialist Heavy Lift team, this is a terrific opportunity to build on our strengths and deliver projects as an integrated team.

On this slide (slide 24), you can see Albemarle's Lithium Hydroxide Plant at Kemerton. Following our successful delivery of construction packages on trains 1 and 2 last year, we were awarded a significant multidisciplinary construction contract for the front-end pyromet works for two new lithium processing trains, trains 3 and 4. Importantly, delivering this project means we are playing a key role in our customer's plans to double the capacity of their Kemerton operations.

We have also secured a multidisciplinary contract with new customer, Lynas Rare Earths, for stage 1 of the Mt Weld Expansion Project, located near Laverton in the Goldfields region of Western Australia.

The awards I have just mentioned demonstrate our growing presence in the burgeoning energy transition metals market.

In iron ore, we have secured construction contracts with Fortescue for the supply and construction of an overland conveyor and transfer station at the Christmas Creek mine site, and for a series of upgrades at its Anderson Point iron ore stockyard in Port Hedland, Western Australia.

And now I will hand back to Zoran to introduce our Maintenance divisional highlights (slide 25).

Managing Director Zoran Bebic

Thanks Adam.

As mentioned earlier, our Maintenance and Industrial Services division had another fantastic year, achieving a record annual revenue of \$1.3 billion, which was up 11.4 per cent on the prior year.

A significant volume of maintenance, shutdown and project work was performed in the energy and iron ore sectors, as our customers continued to maintain high levels of production and capitalise on favourable commodity prices.

On the back of the successful delivery of construction packages and the strong relationship developed with Albemarle, we were awarded two strategic five-year contracts for maintenance and sustaining capital projects at Albemarle's Kemerton operations. These contracts, which include two-year extension options, position us well to continue to expand in the south west region of Western Australia.

In total, our Maintenance division secured more than \$1.25 billion in new contracts and contract extensions during the year, with an additional \$470 million since 30 June.

In November 2022, I was pleased to hand over the reins to Alastair Reid, as he was promoted to Executive General Manager of our Maintenance and Industrial Services division (slide 26).

Al joined Monadelphous in January 2015 as General Manager Strategy and Innovation within our Maintenance division, and has played a key role in the development of the division's growth and diversification strategy and our new business portfolio over a period of seven years.

Al has over 25 years of experience in the delivery of engineering and construction projects and the management of maintenance and construction businesses in the energy, resources and infrastructure sectors throughout Australia, the Middle East and South East Asia, for Clough, UGL, Ventia and Worley.

I'll now invite Al to take you through some further maintenance highlights from the year (slide 27 – 30).

Executive General Manager Maintenance and Industrial Services Alastair Reid

Thanks Zoran and good morning everyone.

In the energy sector, we were awarded both available two-year extensions to our long-term offshore maintenance services contract with INPEX Operations Australia supporting the Ichthys LNG Project. The scope of work includes operational, campaign and shutdown maintenance services and brownfield projects implementation.

We have also recently secured a variation to this contract to provide similar services at the INPEX-operated Ichthys LNG onshore processing facilities at Bladin Point in Darwin. This is a testament to the strength of our relationship with INPEX and the delivery of quality outcomes at Ichthys LNG over the past 10 years, dating back to when we played a significant role in the construction phase of the project.

We continued to grow our relationship with Fortescue during the year, and were awarded a number of significant new contracts, including a five-year contract to provide maintenance, general shutdown services and minor project works across their Pilbara operations. We were also appointed to a panel for non-process infrastructure services for a term of three years, which has already brought many scopes of work our way, including the refurbishment of about 350 rooms at Solomon Castle accommodation camp.

Strategically, non-process infrastructure presents a big opportunity and area of growth for Monadelphous, as our customers continue to invest in new and expanded mine sites and associated facilities.

As Rob mentioned, in June we acquired Victorian-based specialist electrical and maintenance service provider, BMC. BMC provides services to major industry and key utilities throughout Australia, employs around 180 people and generates approximately \$60 million of revenue per annum.

This strategic acquisition enabled us to develop a presence in the east coast energy generation, transmission and storage market and expand our footprint in the growing offshore oil and gas decommissioning sector, particularly into the Bass Strait.

Among a number of contracts secured with Rio Tinto's iron ore operations in Western Australia's Pilbara region, earlier this year was a scope of work associated with the replacement of an overland conveyor belt at the Western Turner Syncline mine.

On the screen, you will see a video of the project where we hear from the team.

As you heard, the Western Turner Syncline circuit was built by Monadelphous in 2014, and at 13 kilometres long, is Rio Tinto's longest single flight conveyor. The belt replacement was the first of its kind for our maintenance team, and despite tight turnarounds, our overall performance was very strong.

I will now pass you back to Zoran to present the outlook.

Managing Director Zoran Bebic

Thanks AI.

This slide (slide 31) shows relevant current and forecast Australian market conditions for our business. As you can see, the sectors in which we operate have a positive outlook for capital investment and operating expenditure over the next few years.

Now to the outlook (slide 32).

Longer-term demand forecasts remain strong across commodity markets, despite some global economic uncertainty.

The resources and energy sectors are providing a significant pipeline of prospects across a broad range of commodities, with expenditure related to decarbonisation representing an increasingly larger proportion of investment activity. Production across most commodities is forecast to remain at current levels or higher, supporting continued sustaining capital and maintenance spend.

Levels of mining and mineral processing development in the energy transition metals sector are high, and investment to sustain iron ore production levels will continue over coming years.

In the energy sector, there are several new gas construction projects currently in the development pipeline and strong demand for maintenance services remains, with decommissioning prospects expected to grow over coming years. The development of the hydrogen market will also provide opportunities.

Maintenance activity levels in the resources sector are forecast to remain high with new mining developments and expansions moving into the operating phase.

Accelerating decarbonisation efforts in Australia's power sector are driving an expanding pipeline of renewable energy opportunities, including a large number of new wind farms and battery energy storage projects. Zenviron remains well placed to capitalise on the growth expected in this sector over coming years, and is currently engaged on early works packages for several new wind and battery energy storage projects.

The shortage of skilled labour in Australia continues to be a challenge, and we remain focused on our employee attraction, training and development initiatives to ensure Monadelphous remains a great place to work.

With the new wave of major construction activity underway, we have secured over \$600 million of new projects, bringing the total of contract awards post year end to approximately \$1.1 billion.

At this stage, we are anticipating an increase in Group revenue for the first half of around 5 per cent compared to the prior corresponding period. Full year revenue for the Group will be dependent on the ramp up of new construction projects and at this stage Group revenue for the second half is expected to be similar to the first half.

With capacity constrained, we will continue to leverage our strong position and take a strategic and targeted approach to new work, engaging and collaborating early with customers, maintaining an appropriate approach to the allocation of risk and focusing on earnings quality.

Supported by a strong balance sheet, we will continue to assess potential acquisition opportunities to facilitate service expansion, market diversification and long-term sustainable growth.

I would like to take this opportunity to thank our fantastic employees for another solid year. We have a very loyal and talented team at Monadelphous who are committed to helping the Company continue to grow and prosper. I would also like to extend my appreciation to our shareholders, customers and other stakeholders for their ongoing support.

<ENDS>

Further Information

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About Monadelphous

With over 50 years of experience, 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 China, Mongolia, Papua New Guinea and the Philippines. Please visit www.monadelphous.com.au for further information.