

# 2018 HALF YEAR RESULTS

Tuesday 20 February 2018



**TOGETHER WE DELIVER**



# Company Profile

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Monadelphous Group Limited (ASX:MND) is an S&P/ASX 200 company that provides construction, maintenance and industrial services to the resources, energy and infrastructure sectors.

*At 31 December 2017*

<b>People</b>	6,277
<b>Market Capitalisation</b>	\$1.6b
<b>Net Cash</b>	\$206.1m

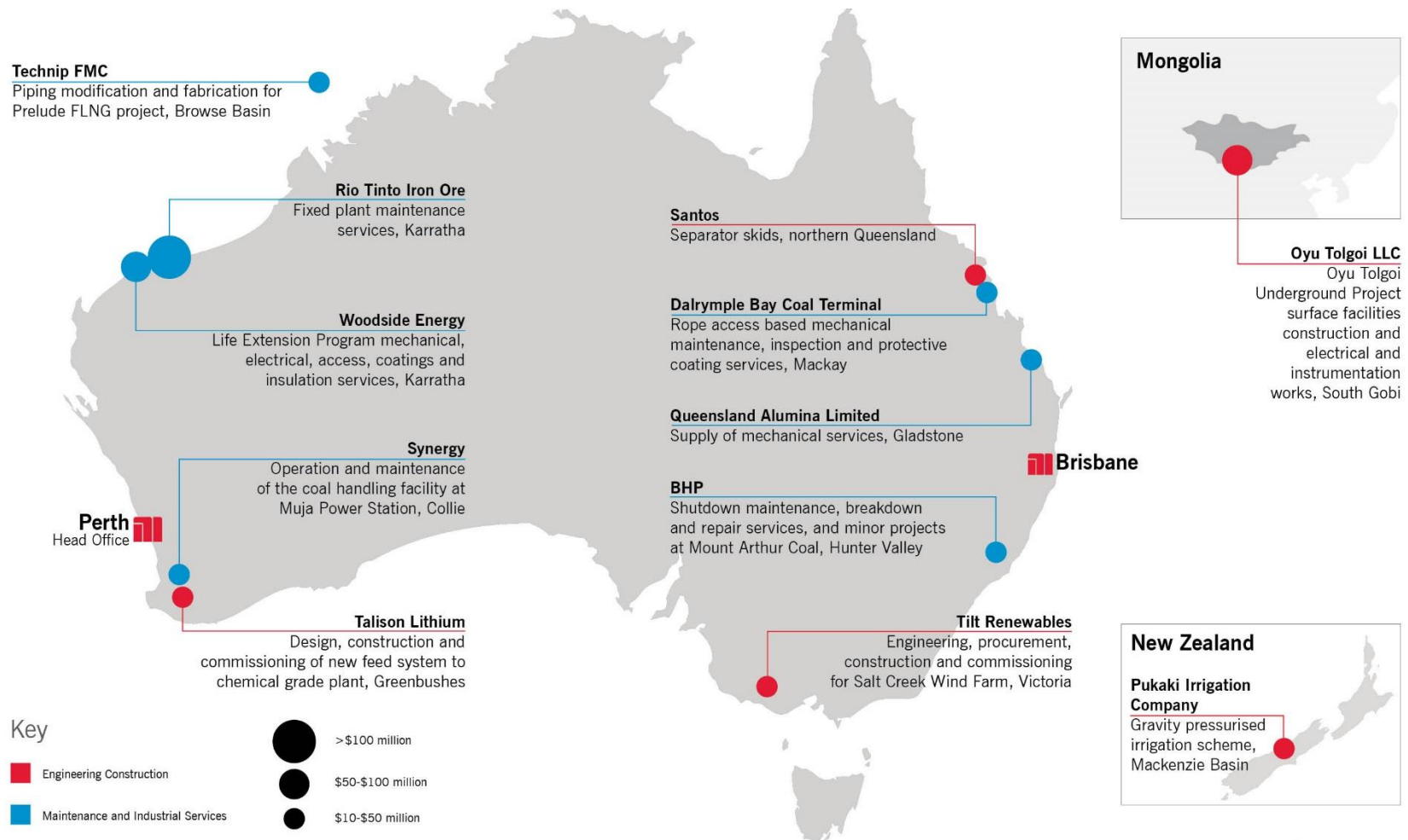


# Group Highlights

FINANCIAL	OPERATING	STRATEGIC
<ul style="list-style-type: none"> <li>• Sales Revenue \$874.1m* ↑ 39%</li> <li>• NPAT \$37.6m ↑ 32%</li> <li>• EPS 40.1c ↑ 31%</li> <li>• DPS 30c, fully franked ↑ 25%</li> <li>• Net cash \$206.1m</li> <li>• Operating cashflow \$21.0m</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand for maintenance services</li> <li>• Ramp up of offshore oil and gas maintenance contracts</li> <li>• Surge in activity at Ichthys Project Onshore LNG Facilities</li> <li>• Growth in water and irrigation business</li> <li>• Growing contribution from renewables</li> <li>• Improvement in safety performance</li> <li>• Secured \$385m of new contracts</li> <li>• Focussed on innovative solutions to deliver value enhancement.</li> </ul>	<ul style="list-style-type: none"> <li>• Broadened maintenance service offering and expanded customer base</li> <li>• Renewable energy business, Zenviron, secured second contract</li> <li>• Secured two packages on Oyu Tolgoi in Mongolia</li> <li>• SinoStruct continued focus on global growth</li> <li>• EPC business, Mondium, secured first contract.</li> </ul>

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

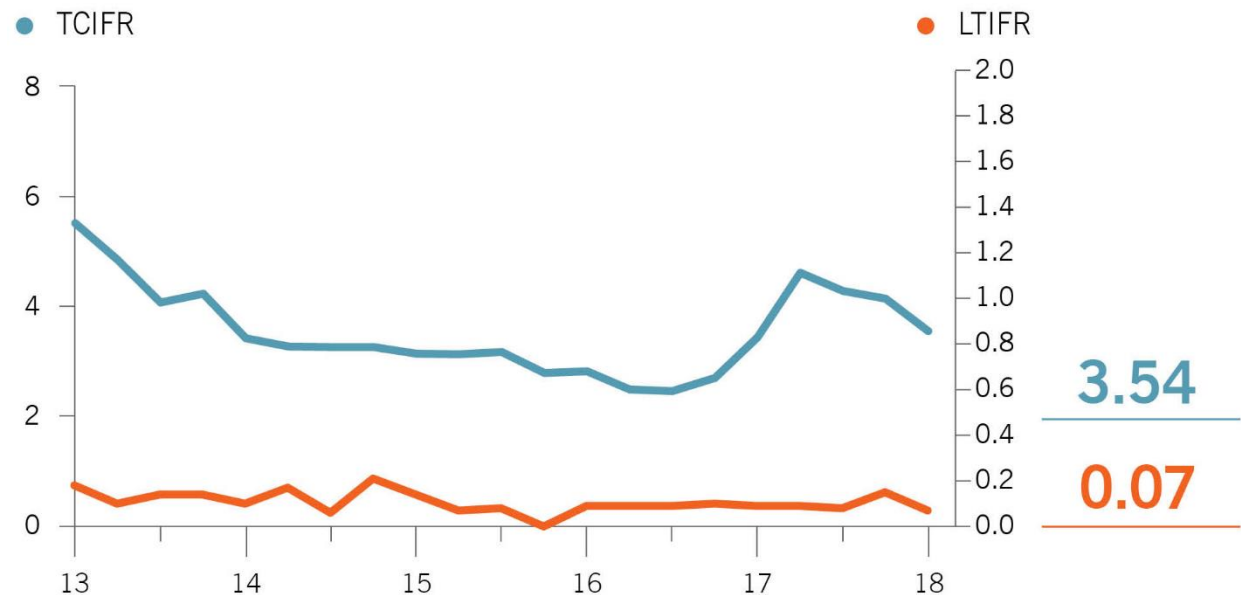
# Contracts Secured



# Safety Scorecard

## INJURY FREQUENCY RATES\*

- TCIFR improved by 17% since 30 June 2017
- Increasing maturity of operations in new markets
- Safety initiatives implemented to reinforce safety culture
- Renewed focus on positive safety communication.



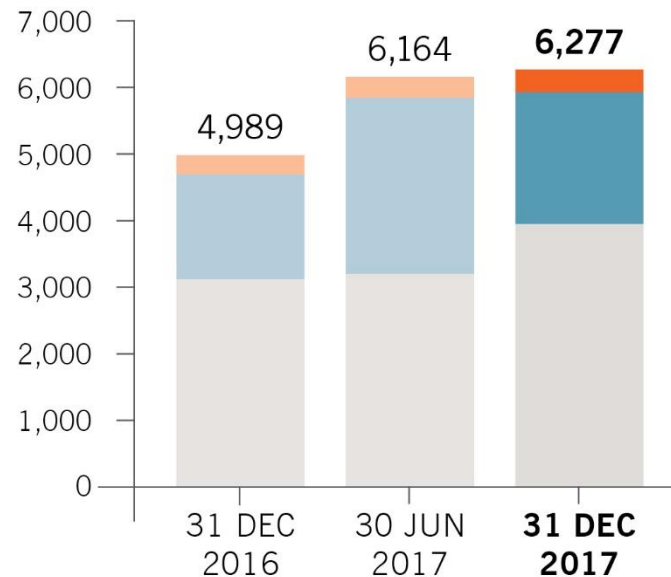
\*12-month rolling average (per million man-hours worked)

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

# People

## EMPLOYEE NUMBERS

- 26% growth in employee numbers in last 12 months
- Ramp up of offshore oil and gas maintenance contracts and increase in construction and maintenance activity
- Key talent retention levels remain high.



31 December 2017	
Maintenance and Industrial Services	3,949
Engineering Construction	1,989
Group Support	339

# Financial Performance

## PERIOD ENDED 31 DECEMBER

		HY18	HY17	CHANGE
Sales Revenue	\$m	874.1*	630.7*	38.6%
NPAT	\$m	37.6	28.6	31.6%
NPAT Margin	%	4.3	4.5	(0.2pp)
EPS	cps	40.1	30.5	31.3%
DPS (Fully Franked)	cps	30.0	24.0	25.0%
EBITDA	\$m	62.1^	50.5^	22.9%
EBITDA Margin	%	7.1	8.0	(0.9pp)
Operating Cash Flow	\$m	21.0	77.1	(72.8%)
Cash Flow Conversion	%	60.6	172.0	(111.4pp)
Net Cash Position (Cash less interest bearing loans and borrowings)	\$m	206.1	226.2	(8.9%)

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

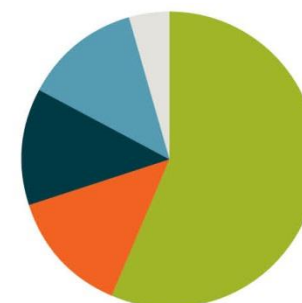
^ Refer to reconciliation on slide 14






# Sales Revenue Summary

## DIVISIONAL HIGHLIGHTS

	<b>HY18 \$m</b>	<b>HY17 \$m</b>	<b>CHANGE %</b>
Engineering Construction	<b>477.5</b>	292.6	63.2
Maintenance and Industrial Services	<b>400.7</b>	339.6	18.0
<i>Internal Eliminations</i>	<b>(4.1)</b>	(1.5)	
<b>Total</b>	<b>874.1*</b>	630.7*	38.6

## REVENUE BY END CUSTOMER



	<b>%</b>
 Oil and Gas	56.5
 Other Minerals	13.7
 Infrastructure	12.8
 Iron Ore	12.6
 Coal	4.4

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

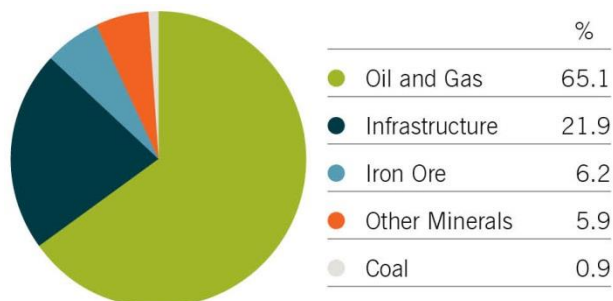


# Engineering Construction

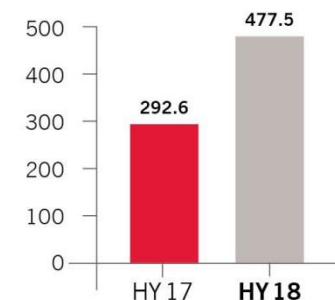
## HIGHLIGHTS

- Increased construction activity levels and growth in water and renewables
- Spike in construction activity on Ichthys Project Onshore LNG Facilities with strong safety performance
- Secured two packages on Oyu Tolgoi Underground Project in Mongolia
- Continued to grow SinoStruct in USA
- Strong performance on Zenviron's first project and secured second contract.

## END CUSTOMER



## SALES REVENUE (\$M)



## MAJOR PROJECT ACTIVITY

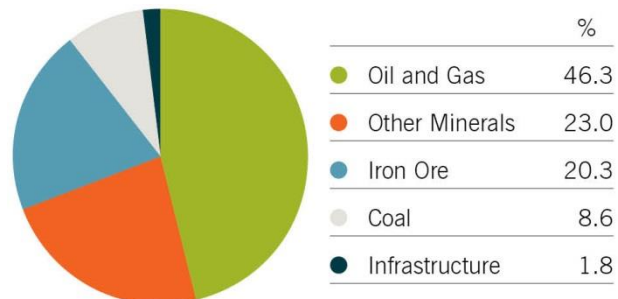
- JKC Australia LNG, SMPE&I works and completion of gas turbine generators and associated steam piping of combined cycle power plant at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- Kawasaki Heavy Industries, SMPE&I works on cryogenic tanks at the Ichthys Project Onshore LNG Facilities, Darwin, NT
- Oyu Tolgoi LLC, mechanical decommissioning, demolition, civil, structural, mechanical, piping and electrical and instrumentation works, Oyu Tolgoi Underground Project, South Gobi region, Mongolia
- CWP Renewables, civil and electrical balance of plant, Sapphire Wind Farm Project, NSW
- Unitywater, major upgrade to Kawana Sewage Treatment Plant, Sunshine Coast, Qld
- Townsville City Council, upgrade to Cleveland Bay Purification Plant, Townsville, Qld
- Fortescue Metals Group, fixed plant maintenance and shutdown crane services at Solomon Hub, Pilbara, WA

# Maintenance and Industrial Services

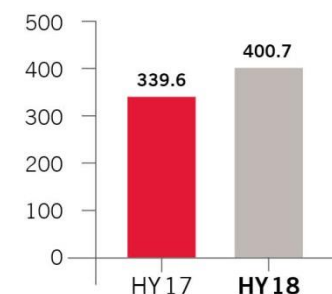
## HIGHLIGHTS

- Increase in demand for maintenance services
- Ramp up of activity on offshore oil and gas contracts with INPEX, Woodside and Shell
- Broadened range of services offered to new and existing customers
- Geographical diversification through RIG acquisition
- Innovation and continuous improvement focus.

## END CUSTOMER



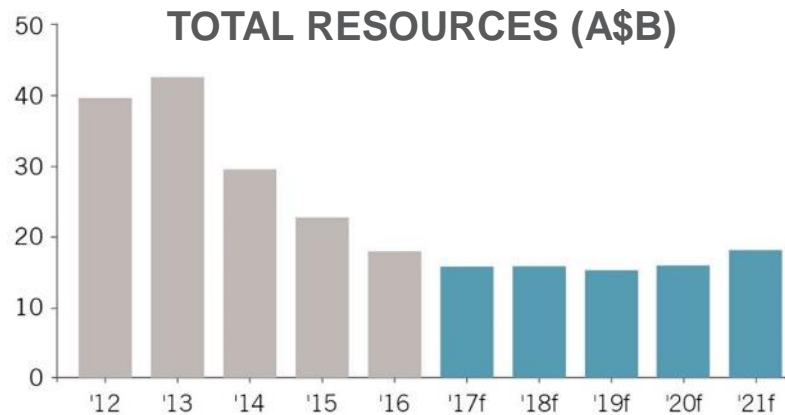
## SALES REVENUE (\$M)



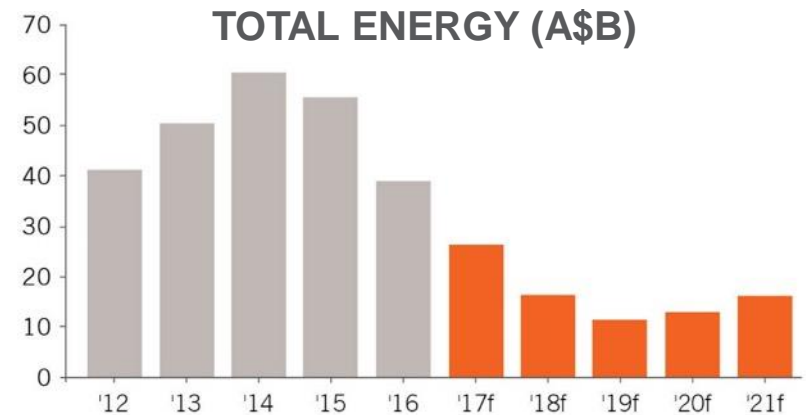
## MAJOR CONTRACT ACTIVITY

- BHP, Olympic Dam maintenance and shutdown works, Roxby Downs, SA
- Chevron Australia, facilities maintenance at Barrow Island and Onslow, WA
- Oil Search, engineering, procurement and construction services in joint operation with Jacobs at oil and gas production and support facilities in Papua New Guinea
- QGC, shutdown and maintenance services at the LNG Plant, Curtis Island, Qld
- Rio Tinto, fixed plant maintenance services at coastal and part of inland operations, Pilbara, WA
- Woodside, offshore maintenance and brownfields services for Woodside-operated gas production facilities in north west of WA
- Woodside, maintenance and turnarounds at Karratha Gas Plant and services under KLE Program through MGJV, Karratha, WA

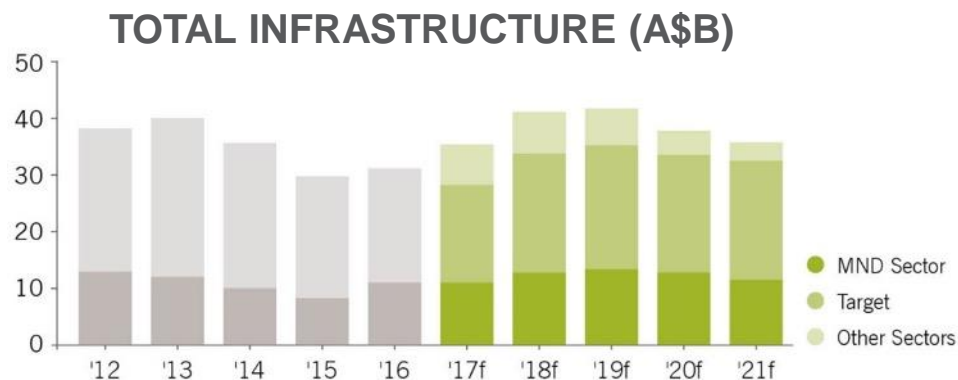
# Australian Market Conditions



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



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



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



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

# Strategy

<b>MAXIMISE RETURNS FROM CORE MARKETS</b>	<b>BUILD AN INFRASTRUCTURE BUSINESS</b>	<b>DELIVER CORE SERVICES TO NEW OVERSEAS MARKETS</b>
<ul style="list-style-type: none"> <li>✓ Increased activity in core markets</li> <li>✓ Successfully executed large number of contracts secured in prior year</li> <li>✓ Delivered broad range of maintenance services to existing and new customers</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Continue to improve cost competitiveness and drive innovation</li> <li>• Secure further EPC projects through Mondium</li> <li>• Deliver broader range of services to customers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased activity in water and irrigation and new work awarded in New Zealand</li> <li>✓ Zenviron successfully executing first contract and secured second wind farm contract</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Continue to grow water and irrigation in Australia and New Zealand</li> <li>• Secure and deliver further wind and solar projects through Zenviron</li> <li>• Progress options to enter Australian civil transport infrastructure market.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Work secured on Oyu Tolgoi in Mongolia</li> <li>✓ SinoStruct Houston workshop operational</li> </ul> <p><b>PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Successfully deliver Oyu Tolgoi work and secure further packages</li> <li>• Capitalise on SinoStruct North American presence.</li> </ul>



# Outlook

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- Full year revenue expected to be 30% up on last year
- Outlook for our core resources market has improved
- Solid demand for sustaining and brownfield capital work
- Major construction prospects improving particularly in iron ore
- Demand for maintenance services expected to strengthen further
- Ongoing focus on productivity as competition levels remain high
- Continue to grow position in infrastructure and develop opportunities overseas
- Strong balance sheet provides capacity for investment.

# Notes to Financials

## NON-IFRS FINANCIAL INFORMATION

Monadelphous Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

## STATUTORY SALES REVENUE AND EBITDA RECONCILIATION

	<b>HY18 \$'000</b>	<b>HY17 \$'000</b>
Total sales revenue including joint ventures	<b>874,103</b>	630,736
Share of revenue from joint ventures ^	<b>(25,793)</b>	(5,542)
<b>STATUTORY SALES REVENUE</b>	<b>848,310</b>	625,194
^ Represents Monadelphous' proportionate share of the revenue of joint ventures accounted for using the equity method		
Profit before income tax	<b>54,479</b>	42,362
Interest expense	<b>223</b>	411
Interest revenue	<b>(1,285)</b>	(1,924)
Depreciation expense	<b>8,123</b>	9,379
Amortisation expense	<b>375</b>	187
Share of interest, tax, depreciation and amortisation from joint ventures #	<b>172</b>	89
<b>EBITDA</b>	<b>62,087</b>	50,504

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

# Important Notice

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## DISCLAIMER

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