

2014 Full Year Results

19 August 2014



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Company Profile

Monadelphous Group Limited (ASX:MND) is a S&P/ASX 100 company that provides construction, maintenance and industrial services to the resources, energy and infrastructure sectors throughout Australasia.

Market capitalisation	People	Revenue	Earnings per share ^	Dividends per share
~\$1.5b	5,321	~\$2,330m	150.4c	123c

(as at 30 June 2014)

Engineering Construction



Maintenance and Industrial Services



^ Underlying basis. Refer to slide 23 for reconciliation.

Group Highlights

Financial

- Sales revenue down 10.9% to \$2,330m
- NPAT of \$146.5m down 6.3%, underlying NPAT ^ down 11.3% to \$138.6m
- Underlying EPS ^ down 13.1% to 150.4c, DPS 123c
- Robust cashflow from operations of \$117.6m, conversion rate ^ of 83%

Operating

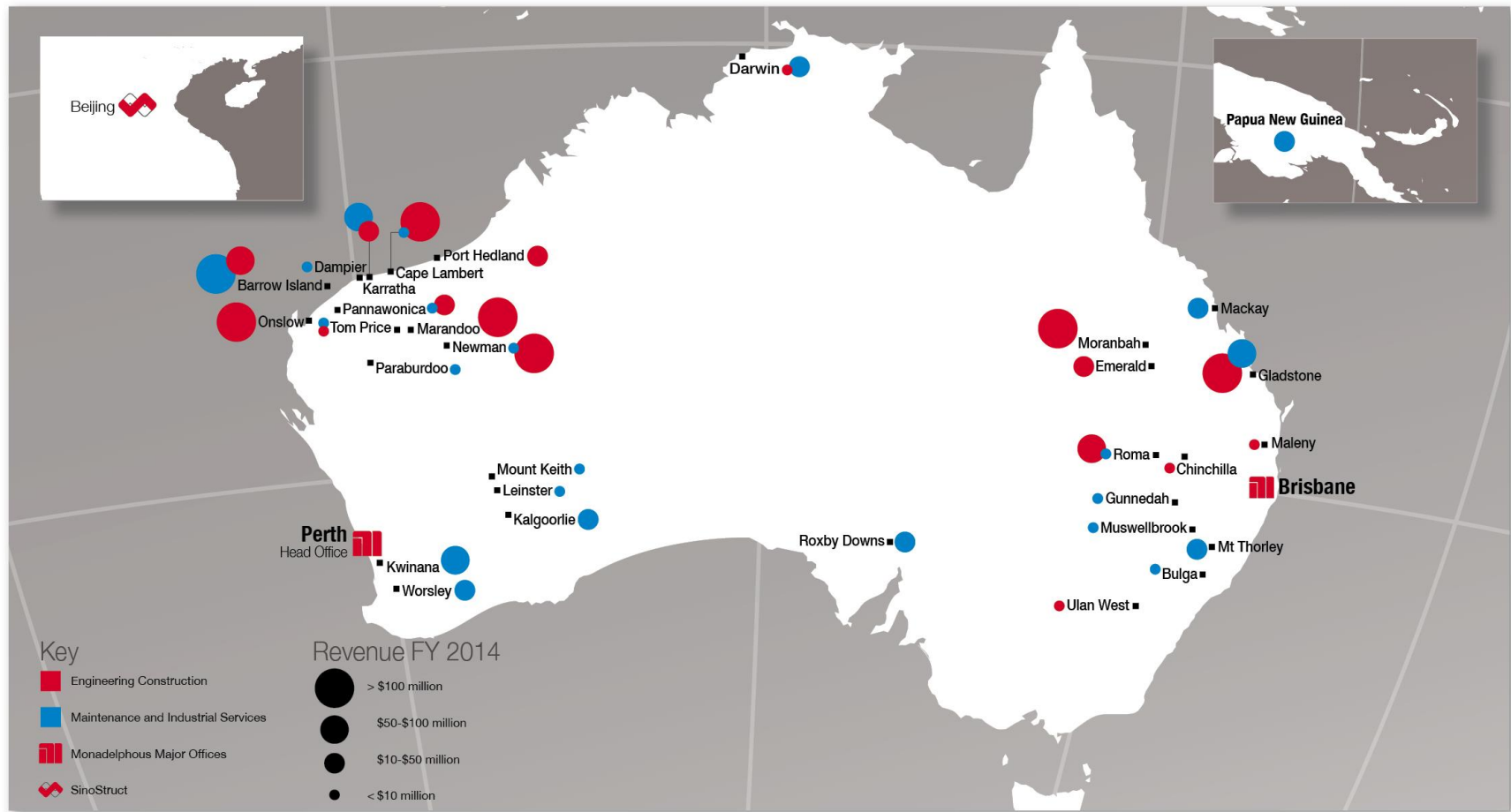
- Record safety performance – 21% improvement
- Increasing LNG and CSG activity reducing impact of slowing mining and minerals
- Awarded ~\$1.8b of new contracts and contract extensions
- Company-wide cost reduction program savings of ~\$53m p.a

Strategic

- Strengthened position in new service markets (pipelines and marine)
- Broadened exposure to oil and gas market
- Sale of aviation support services business, Skystar.

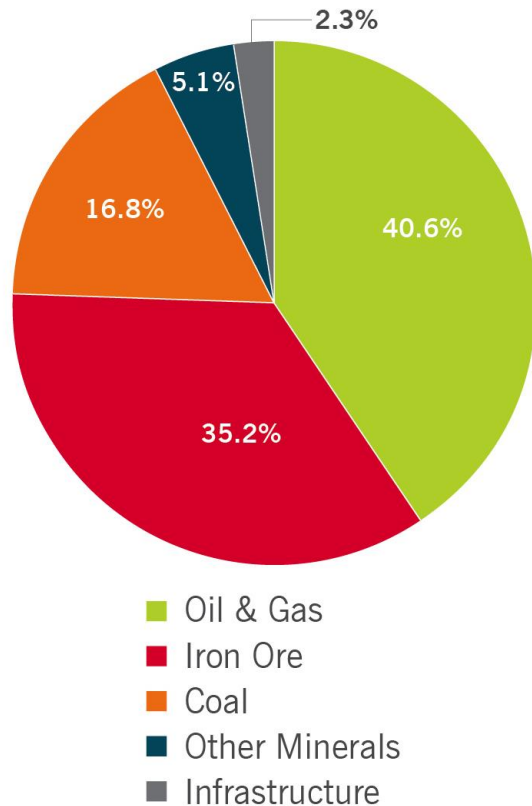
^ Underlying basis. Refer to slide 23 for reconciliation.

Contract Activity

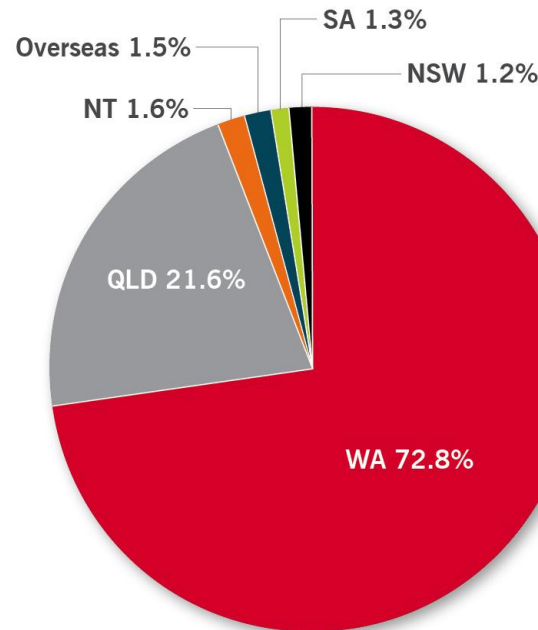


Sales Revenue Analysis

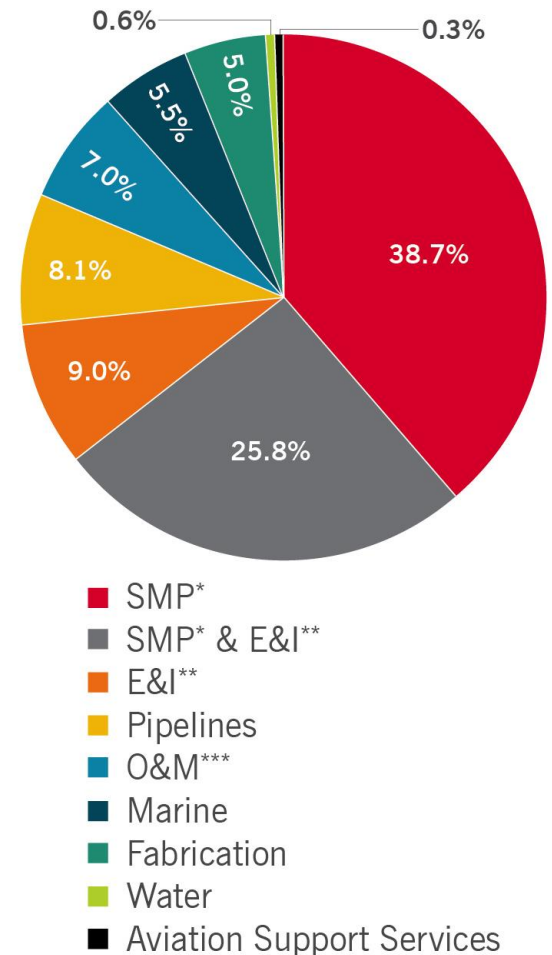
End Customer Market



Geography



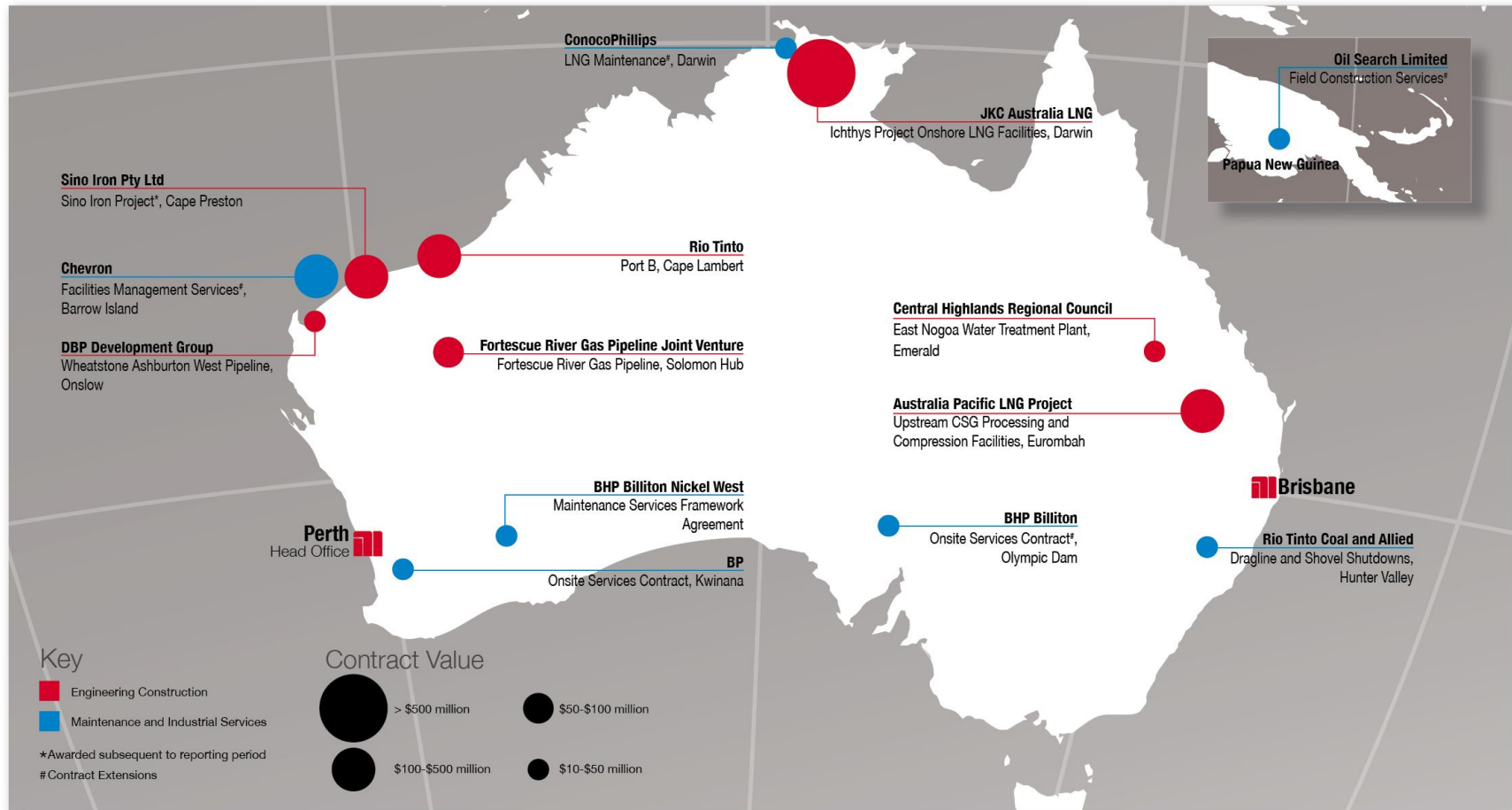
Service Market



*SMP - Structural, mechanical and piping; ** E&I - Electrical and instrumentation; *** O&M - Operations and maintenance.

Contracts Secured

\$1.8 billion in new contracts

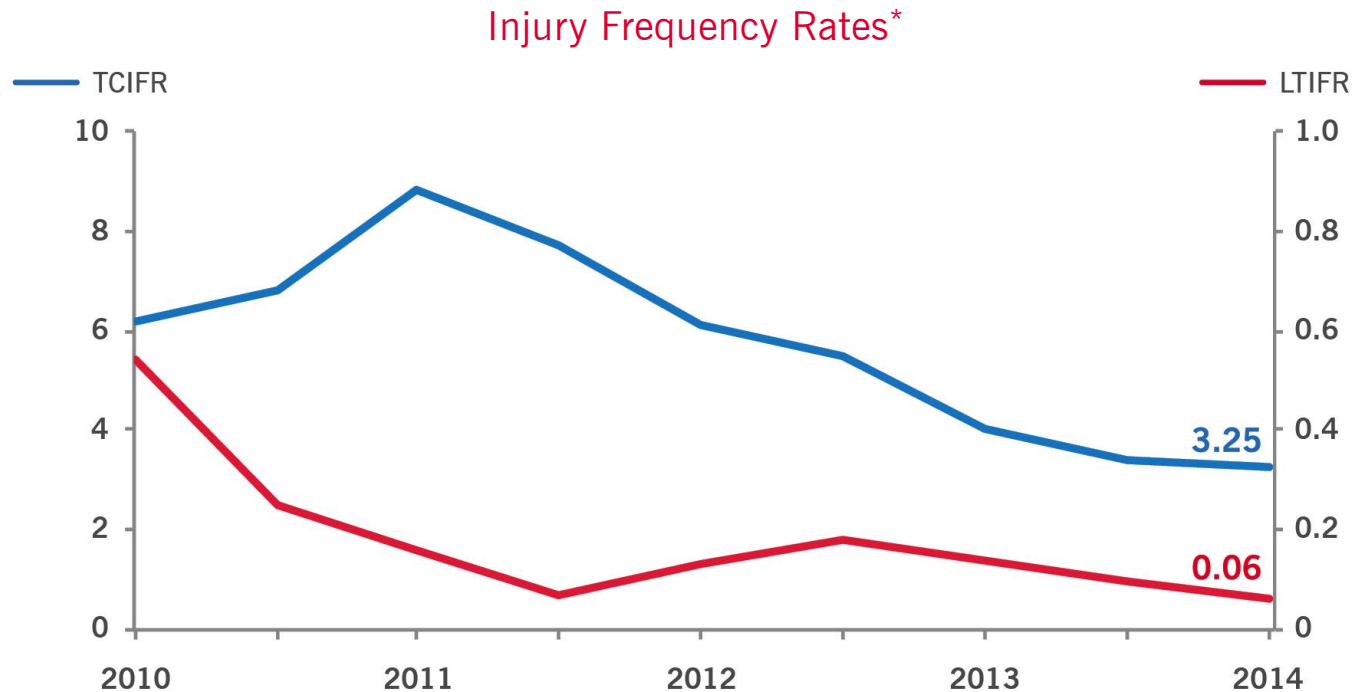


Productivity

Company-wide cost reduction program



Safety Scorecard

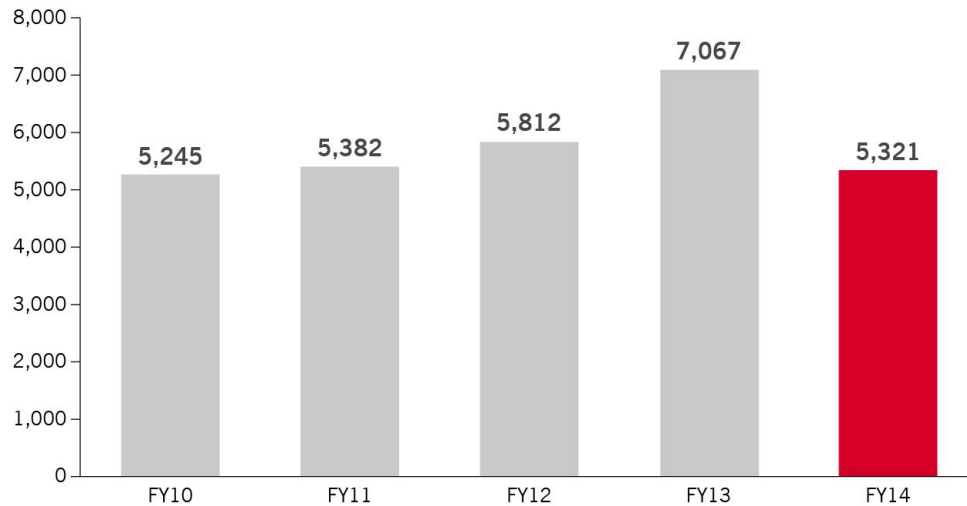


*12-month rolling average (per million man-hours worked)

- Record safety performance – TCIFR improved 21%, LTIFR result a 57% improvement
- New incident management system implemented.

People Performance

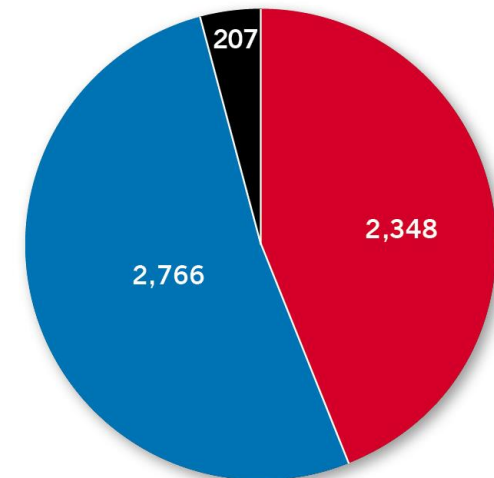
Employee Numbers*



*Comparatives rebased to exclude Skystar employees

- Employee numbers reduced in line with slowing resources construction activity and timing of ramp-up on oil and gas projects
- Improved availability of labour contributing to higher productivity
- Key talent retention remains high.

Employees by Division



- Engineering Construction
- Maintenance & Industrial Services
- Group Support

Financial Performance

Group highlights

	Unit	FY14	FY13	Change
Sales Revenue	\$m	2,329.6	2,614.1	(10.9%)
EBITDA [^] #	\$m	221.2	251.6	(12.1%)
EBITDA Margin [^] #	%	9.50	9.62	(0.12)pp*
NPAT [^]	\$m	138.6	156.3	(11.3%)
NPAT Margin [^]	%	5.95	5.98	(0.03)pp*
EPS [^]	cps	150.4	173.0	(13.1%)
Operating Cash Flow	\$m	117.6	113.2	3.9%
DPS (Fully Franked)	cps	123.0	137.0	(10.2%)

*pp = percentage points.

[^] Underlying basis. Refer to slide 23 for reconciliation.

Comparatives restated to reflect a change in accounting policy. Refer to slide 24 for details.

Financial Position and Funding

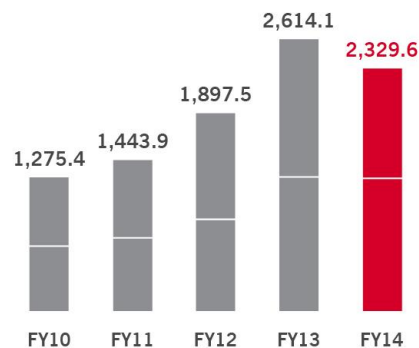
Robust balance sheet

	FY14 \$m	FY13 \$m	Change
Cash at Bank	217.9	195.3	11.6%
Net Cash Position (Cash less interest bearing loans and borrowings)	180.8	140.2	29.0%
Capital Expenditure (Cash and Hire Purchase)	7.1	46.4	(84.7%)

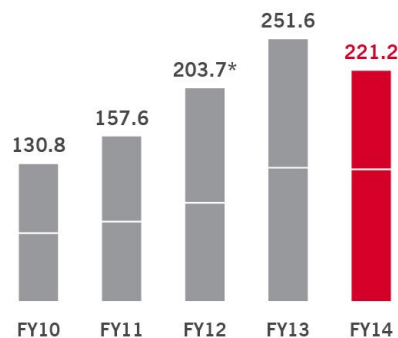
Bank Guarantee & Performance Bond Facilities

Utilised	507.3	400.5	
Available	168.3	105.6	
Total Facility	675.6	506.1	33.5%

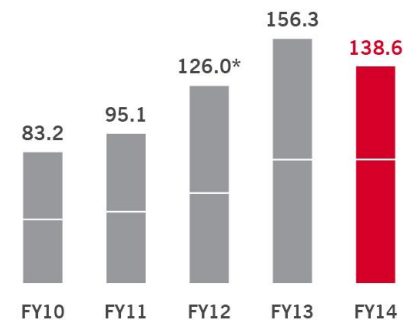
Historical Performance



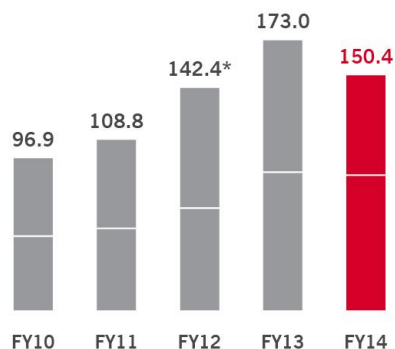
Sales Revenue (\$m)



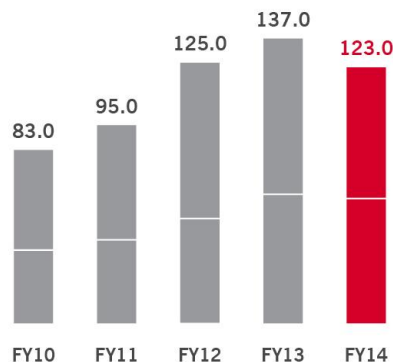
EBITDA ^# (\$m)



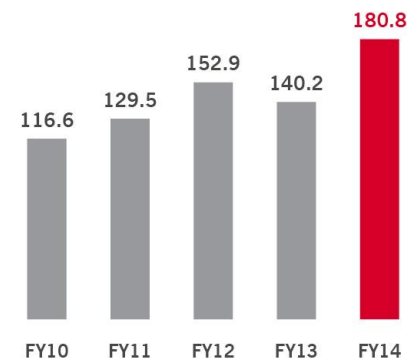
Net Profit After Tax ^ (\$m)



Earnings Per Share ^ (cents)



Dividends Per Share (cents)



Net Cash Position (\$m)

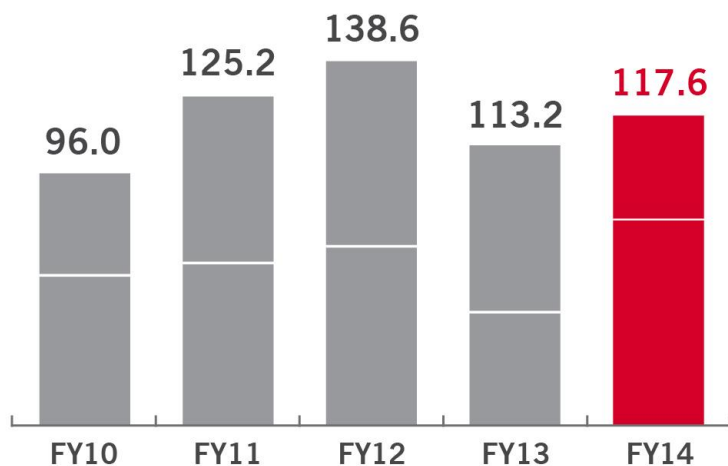
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Comparatives restated to reflect a change in accounting policy. Refer to slide 24 for details.

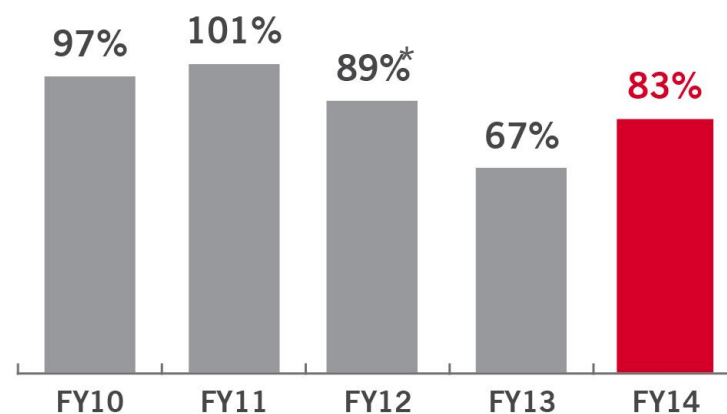
*2012 comparative excludes sale of Norfolk Group Limited shares. Refer to slide 23 for details.

Cash Flow Performance

Operating Cash Flow (\$m)



Cash Flow Conversion



$$\text{Cash flow conversion} = \frac{\text{Operating cash flow before interest \& tax}}{\text{EBITDA}^{\wedge \#}}$$

- Robust cash flow from operations and cash flow conversion
- Continued focus on contract administration and collections driving improved performance.

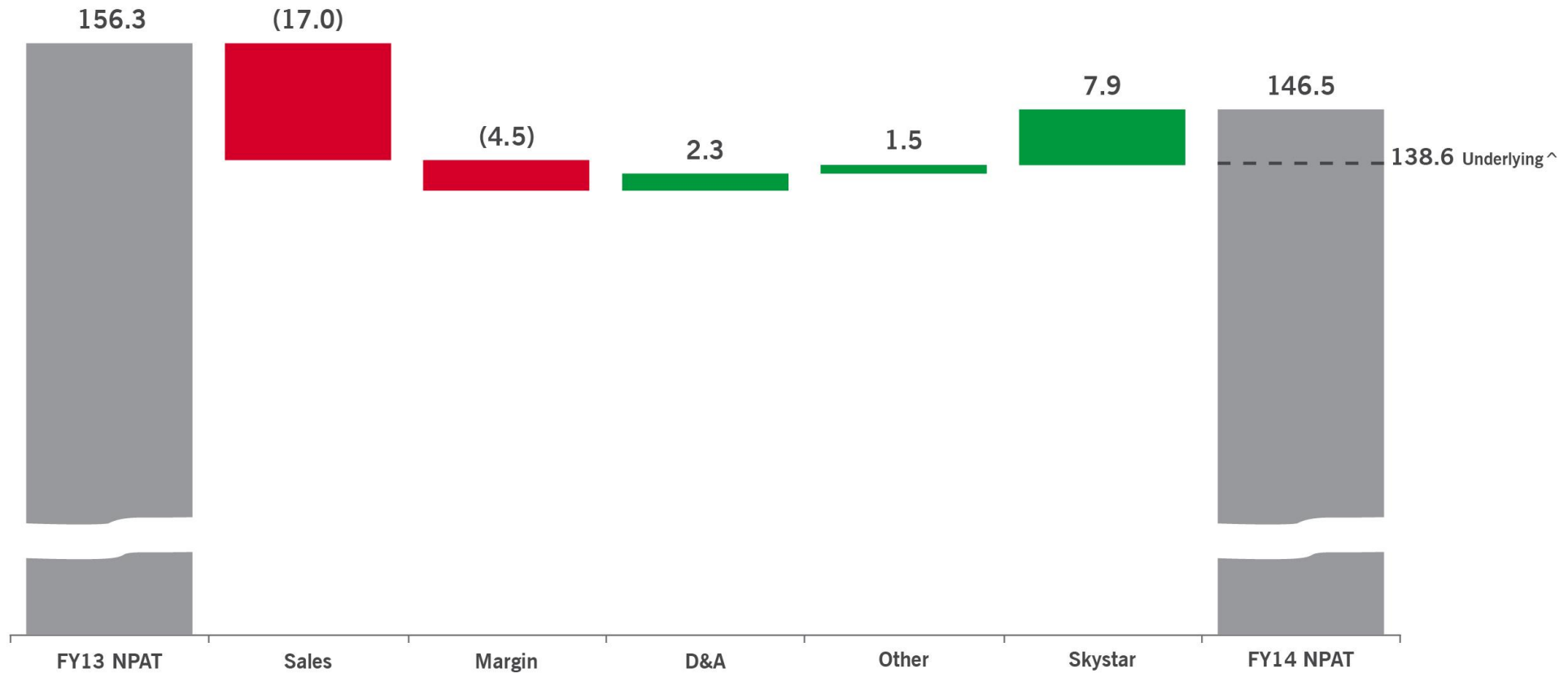
[^] Underlying basis. Refer to slide 23 for reconciliation.

[#] Comparatives restated to reflect a change in accounting policy. Refer to slide 24 for details.

*2012 comparative excludes sale of Norfolk Group Limited shares. Refer to slide 23 for details.

Net Profit After Tax Analysis

NPAT Waterfall (\$m)



^ Underlying basis. Refer to slide 23 for reconciliation.

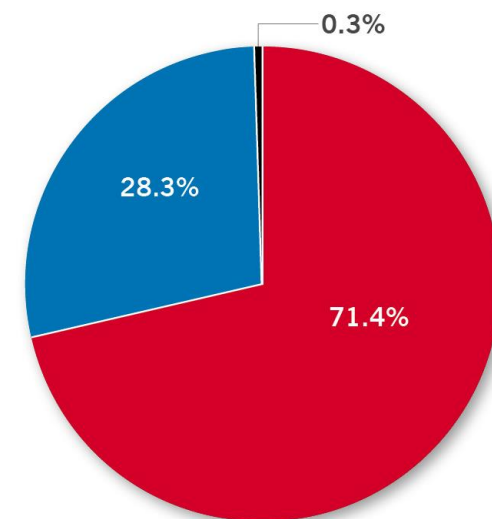
Sales Revenue Summary

Divisional Highlights

	FY14 \$m	FY13 \$m	Change
Engineering Construction*	1,670.8	1,943.5	(14.0%)
Maintenance & Industrial Services*	663.5	661.7	0.3%
Skystar	7.9	22.5	
Internal Eliminations	(12.6)	(13.6)	
Total	2,329.6	2,614.1	(10.9%)

*Comparative restated to reflect consolidation of Infrastructure division's revenue.

Revenue by Division



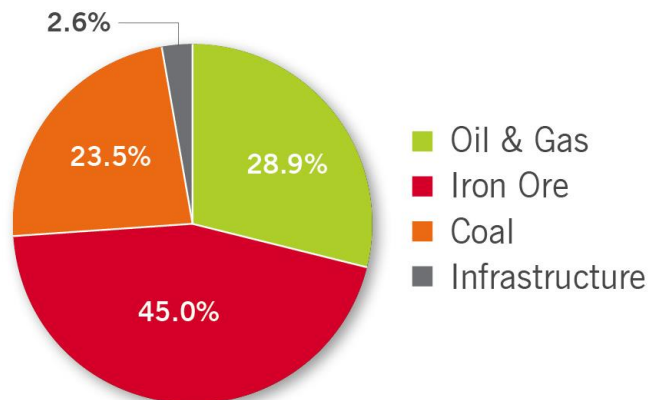
- Engineering Construction
- Maintenance & Industrial Services
- Skystar

Engineering Construction

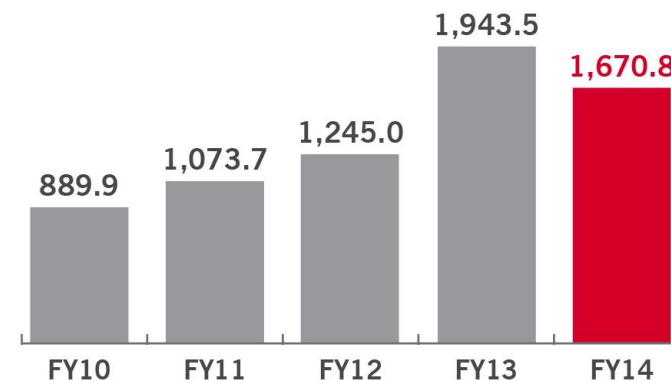
Highlights

- \$1.34b of new contracts
- Largest ever contract award (Ichthys LNG Project ~\$680m)
- Secured three upstream CSG contracts.

End Customer



Sales Revenue (\$m)



Major Contract Activity

- Bechtel, Wheatstone Project, Onslow, WA
- BMA, Caval Ridge Mine Project, Moranbah, Qld
- Rio Tinto, Marandoo Phase 2 Expansion, WA
- Rio Tinto, Western Turner Syncline, Tom Price, WA
- Rio Tinto & Hancock Prospecting Hope Downs 4, Newman, WA
- WICET, (MMM), Gladstone, Qld.

Major Contract Awards

- JKC, Ichthys LNG Project, Darwin, NT
- APLNG, Upstream CSG, Eurombah, Qld
- Rio Tinto, Cape Lambert Port B, WA
- DDG, Wheatstone Ashburton West Pipeline, Onslow, WA
- East Nogoa Water Treatment Plant, Emerald, Qld
- DDG, Fortescue River Gas Pipeline, Pilbara, WA
- Sino Iron, Sino Iron Project, Cape Preston, WA*.

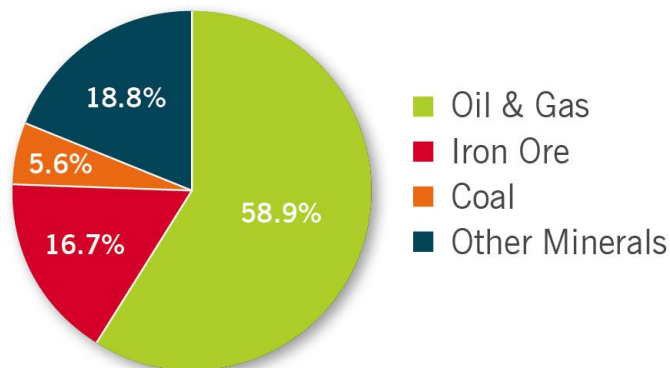
*Awarded subsequent to reporting period.

Maintenance and Industrial Services

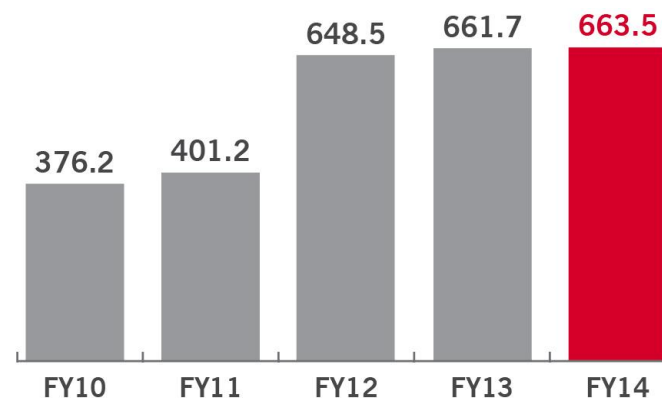
Highlights

- \$415m of new contracts and extensions
- Continued growth in oil and gas maintenance
- Expansion of services with Woodside.

End Customer



Sales Revenue (\$m)



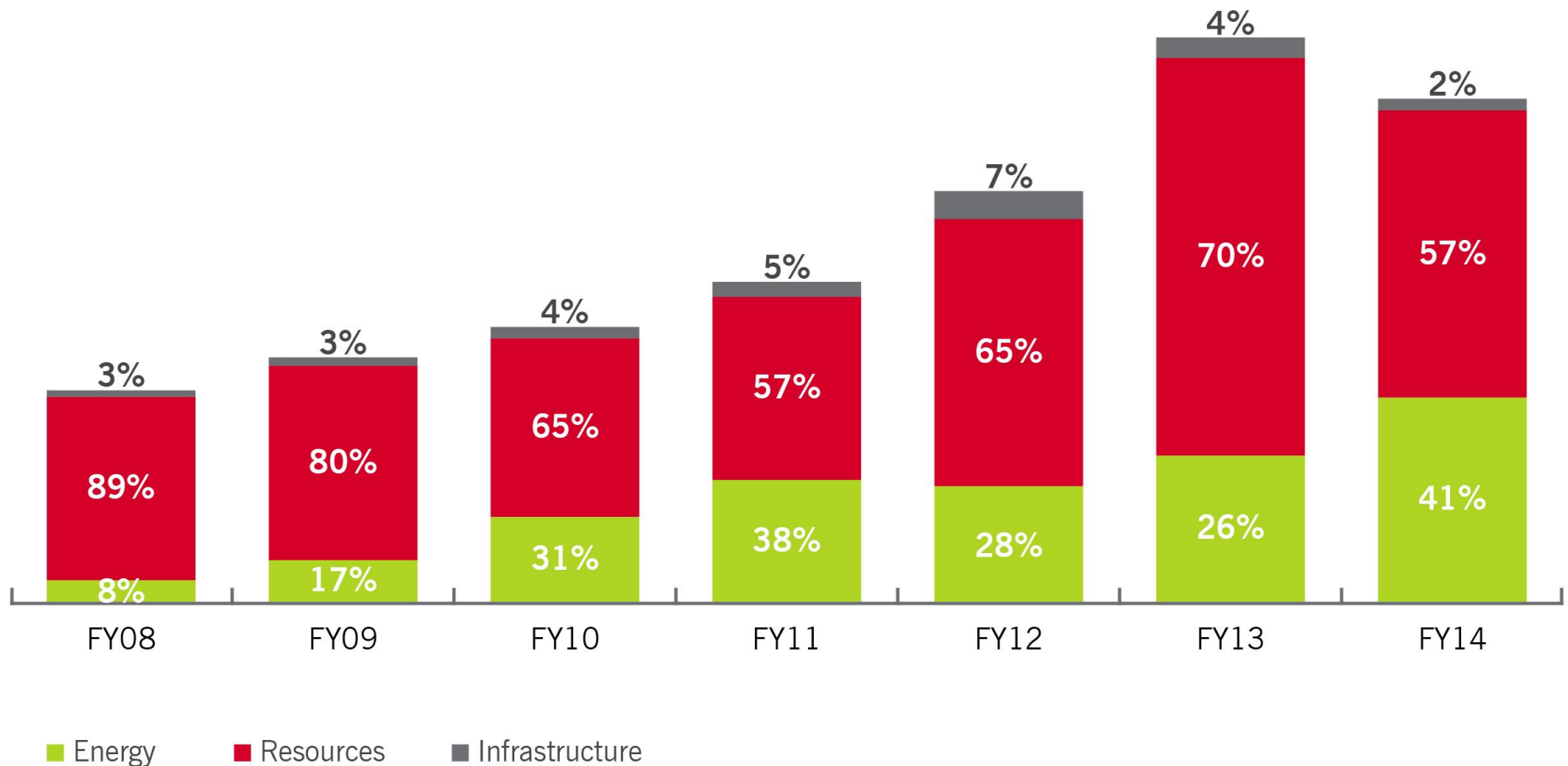
Major Contract Activity

- BHP Billiton Olympic Dam, Roxby Downs, SA (2yr ext)
- Chevron-operated Gorgon Project, Barrow Island, WA (1yr ext)
- ConocoPhillips, Darwin LNG facility, NT (2yr ext)
- Oil Search Limited, Papua New Guinea (3yr ext)
- Rio Tinto, coastal and inland west, Pilbara, WA
- Woodside-operated Karratha Gas Plant and Pluto LNG Plant, WA.

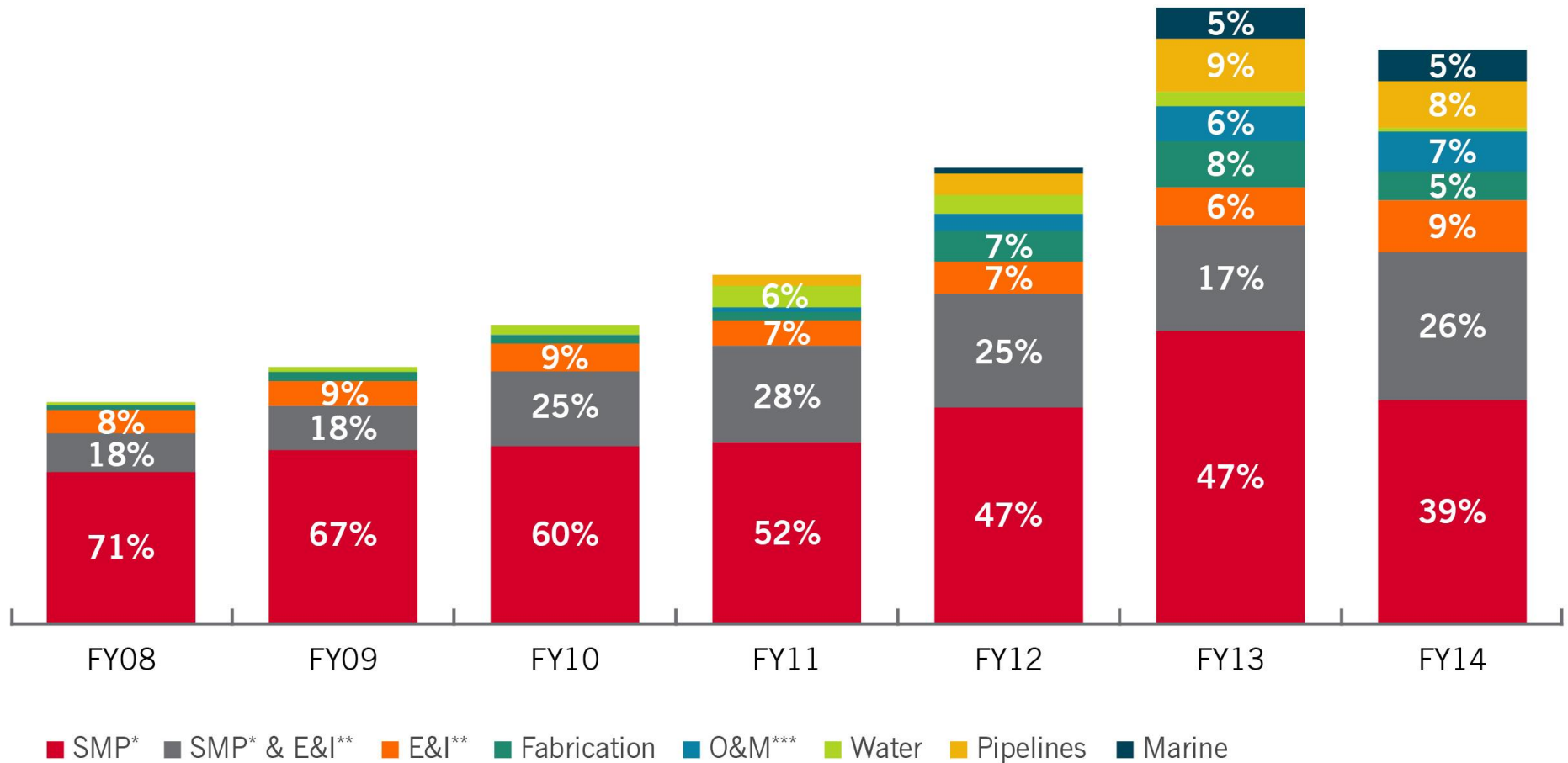
New Contract Awards

- Maintenance Services Framework Agreement, BHP Billiton Nickel West, mechanical and electrical services (3yrs)
- Rio Tinto Coal and Allied, dragline and shovel shutdowns, NSW (1yr and options up to 4yrs).

Revenue by End Customer Market



Revenue by Service Market



*SMP - Structural, mechanical and piping; **E&I - Electrical and instrumentation; ***O&M - Operations and maintenance

Market Growth Strategy

Monadelphous's long-term sustainable growth will come through maximising returns in our core service markets and broadening our revenue base through targeted entry into new customer markets and service markets.

Maximise our service offering in core markets

- Grow services in downstream LNG and position for FLNG
- Pursue CSG construction and maintenance opportunities
- Develop EPC capability and multi-disciplinary execution (civils).

Expand our presence in new markets

Grow services in

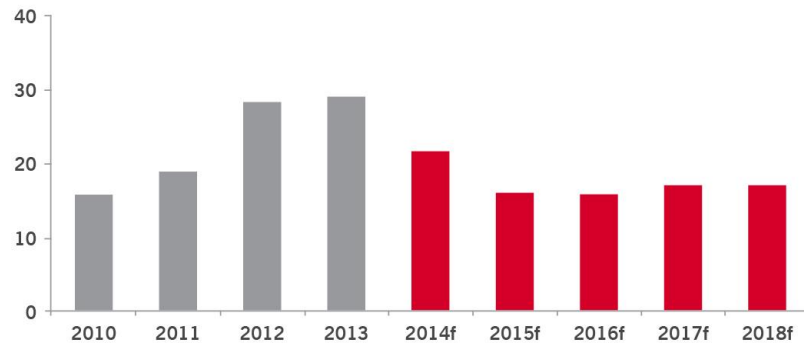
- Power
- Water
- Marine
- Transmission pipelines.

Expand overseas in core service markets

- Build out position in PNG and Mongolia
- Leverage overseas opportunities with key customers
- Globalise China based fabrication services
- Explore opportunities to enter growing oil & gas market in North America.

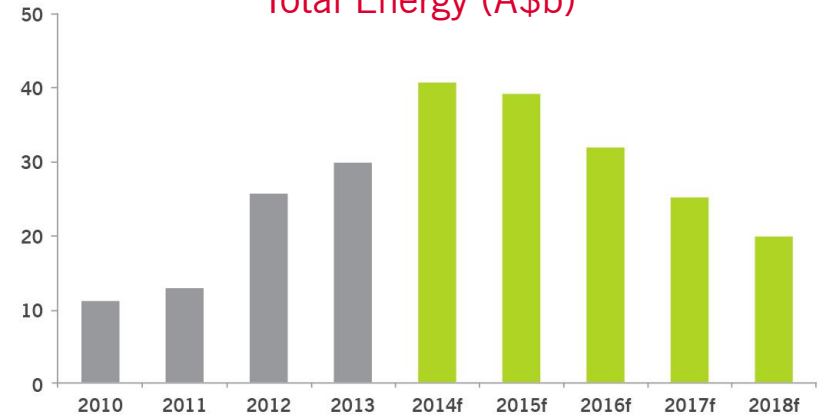
Australian Market Conditions

Total Resources (A\$b)



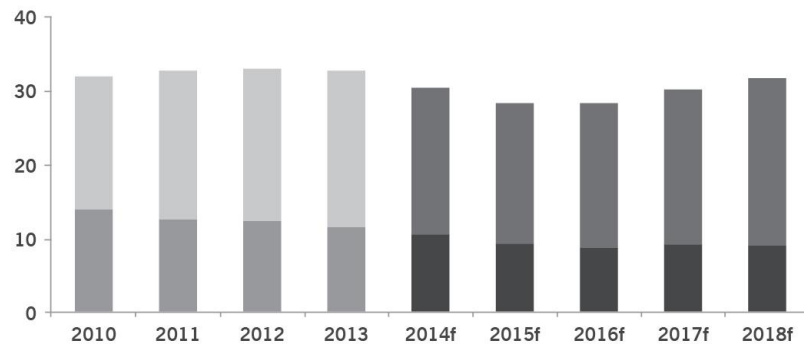
Source: BIS Shrapnel – Value of Work Done (Updated May 2014).

Total Energy (A\$b)



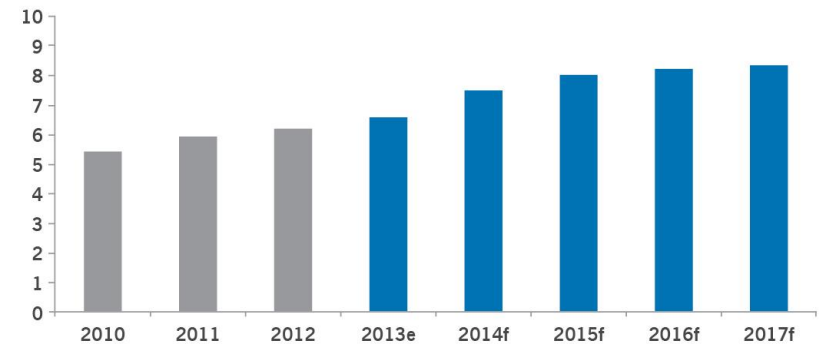
Source: BIS Shrapnel – Value of Work Done (Updated May 2014).

Total Infrastructure (A\$b)



Source: BIS Shrapnel – Value of Work Done (Updated May 2014).

Total Maintenance (A\$b)



Source: BIS Shrapnel – Maintenance Expenditure (Updated October 2013).

Outlook

- Mining and minerals market forecast to remain tight
- Iron ore expansions, optimisations and sustaining capital will provide ongoing opportunities
- LNG developments continue to provide construction and maintenance opportunities (upstream and downstream)
- Decreased level of overall opportunities in core markets will lead to some moderation of sales revenue in FY 2015
- Focus on further cost reduction and productivity improvements to protect margins
- Increasingly diversified revenue base will continue to expand range of opportunities.

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.

^ The term “underlying” used within this document, is a non-IFRS profit measure which refers to the statutory result for the full-year ended 30 June 2014 excluding the one-off gain from the sale of subsidiaries, Skystar Airport Services Pty Ltd and Skystar Airport Services NZ Pty Ltd (“Skystar”). This measure is important to management as an additional way to evaluate the Company’s performance. The underlying profit measure is unaudited.

Underlying 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. Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation and excluding the profit on sale of Skystar. Underlying NPAT represents NPAT excluding the after tax profit on sale of Skystar.

	2014 \$'000	2013 \$'000 Restated [#]
Underlying EBITDA		
Profit before income tax	205,203	221,159
Gain from sale of Skystar	(10,353)	-
Interest expense	3,101	3,971
Interest revenue	(3,371)	(3,386)
Depreciation expense	25,656	28,726
Amortisation expense	1,006	1,121
Underlying EBITDA	221,242	251,591
Reconciliation of profit after income tax to underlying NPAT (unaudited)		
Profit after income tax	146,510	156,314
Gain from sale of Skystar	(7,934)	-
Underlying NPAT	138,576	156,314

[#]Comparatives restated to reflect a change in accounting policy. Refer to slide 24 for details.

*Note to slides 12 and 13:

The 2012 EBITDA, NPAT, EPS and Cashflow Conversion figures exclude the gain from the sale of Norfolk Group Limited shares for comparative purposes to other financial years. The before tax gain was \$16,262,000, and the after tax gain was \$11,383,000.

Notes to Financials (continued)

Restatement of Comparatives – Change in Accounting Policy

From 1 July 2013, the Group has elected to recognise the excess of the research and development tax offset over the statutory rate ('the R&D offset') being an additional 10% deduction as a government grant under AASB 120. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable. In prior years, the whole R&D offset was recognised as a reduction to the income tax expense. The change results in the R&D offset being separately disclosed in the notes to the financial statements and simplifies the presentation of the financial statements by matching the benefit of the grant against the expenditure which generated the R&D offset. The change has been applied retrospectively in accordance with Australian Accounting standards and as a result the comparatives have been restated. Please refer to note 2b of the 2014 financial statements for more details.

The impact on the income statement is as follows:

	2014 \$'000	2013 \$'000
Decrease in cost of services rendered	10,463	4,581
Increase in profit before tax	10,463	4,581
Increase in income tax expense	(10,463)	(4,581)
Profit after tax	-	-

Important Notice

Disclaimer

Information, including forecast financial information, in this presentation, should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in Monadelphous Group Limited or any other company. Due care and attention has been used in the preparation of forecast information, however, actual results may vary from forecast and any variation may be materially positive or negative.

Forecasts, by their very nature, are subject to uncertainty and contingencies may occur which are outside the control of Monadelphous Group Limited. Before making or varying any decision in relation to holding, purchasing or selling shares, securities or other instruments in Monadelphous Group Limited, investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

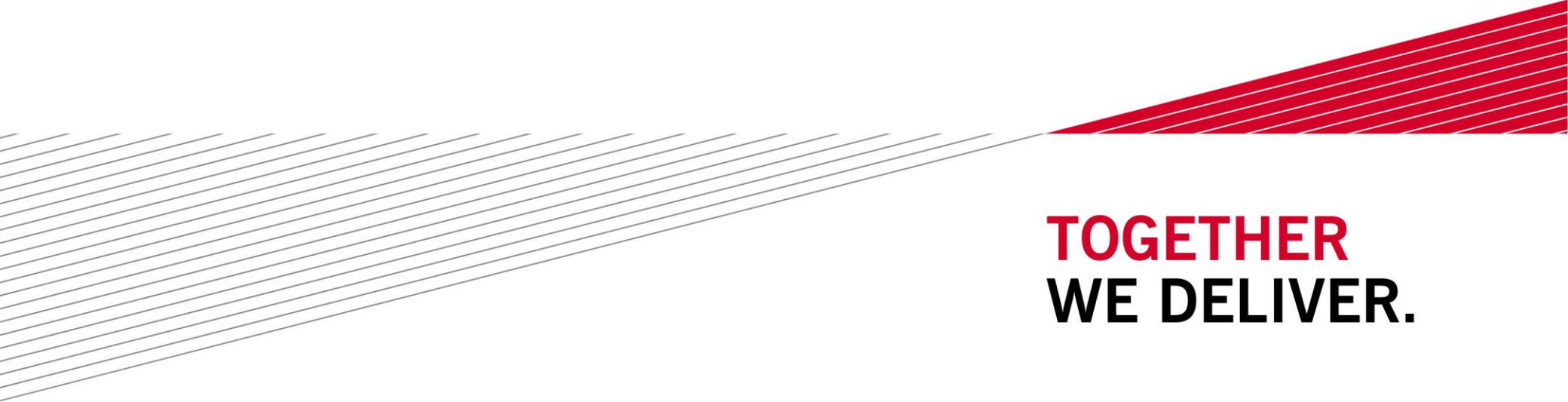
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www.monadelphous.com.au

A decorative graphic consisting of a series of parallel lines that fan out from the left side of the page towards the right, where they meet a solid red triangular shape.

**TOGETHER
WE DELIVER.**