



Notice of Annual General Meeting

Monadelphous Group Limited
2018 Annual General Meeting (AGM)

The University Club
University of Western Australia (UWA), Crawley
Tuesday, 20 November 2018

Theatre Auditorium
10:00am (AWST)

Map



The University Club, University of Western Australia, Theatre Auditorium
Hackett Drive, Entrance 1, Carpark 3

Agenda

Ordinary Business

1. Chairman's Address

The Chairman will address the Meeting.

2. Managing Director's Address

The Managing Director will address the Meeting.

3. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report for the year ended 30 June 2018, together with the Directors' Report and Auditor's Report for that period.

4. Resolutions

Resolution 1: Re-election of Director – Mr Christopher Michelmore

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Christopher Michelmore, who retires by rotation in accordance with clause 11.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.

Resolution 2: Re-election of Director – Ms Helen Gillies

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Ms Helen Gillies, who retires by rotation in accordance with clause 11.3 of the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director.

Resolution 3: Grant of Performance Rights to Managing Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to grant up to a maximum of 20,011 performance rights to the Company's Managing Director, Mr Robert Velletri, or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this notice of meeting.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Mr Velletri or any of his associates.

However, the Company need not disregard the vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form, to vote as the proxy decides.

Resolution 4: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the Remuneration Report for the year ended 30 June 2018 be adopted.

Note: Pursuant to the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion:

To the extent required by section 250R of the Corporations Act, a vote on Resolution 4 must not be cast (in any capacity) by or on behalf of a member of the Company's Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member. However, a person (the "**voter**") may cast a vote as a proxy where the vote is not cast on behalf of such a member or a closely related party of such a member and the voter is either:

- (a) appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 4; or
- (b) the chair of the meeting and the appointment of the chair as proxy does not specify how the proxy is to vote on Resolution 4 and expressly authorises the chair to exercise the proxy even though Resolution 4 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

General Business

5. Other Business

Shareholders will be provided with an opportunity to transact any other business which may be properly brought before the Meeting.

How to Vote

Shareholders can vote by:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Annual General Meeting; or
- submitting their proxy appointment and voting instructions online at www.investorvote.com.au, by post using the pre-addressed envelope provided with this Notice of Annual General Meeting, or by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 or Resolution 4 if the person is either a member of the Company's Key Management Personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on the relevant Resolution. However, the proxy may vote if the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

A proxy form has been enclosed and forms part of this Notice of Annual General Meeting.

By Order of the Board



Philip Trueman
Company Secretary

15 October 2018

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of Monadelphous Group Limited (ACN 008 988 547) to be held at The University Club, University of Western Australia, Crawley, Western Australia on Tuesday, 20 November 2018 at 10:00am (AWST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

If you appoint the Chairman as your proxy, or the Chairman is appointed as your proxy by default, **please note that the Chairman of the Meeting intends to vote all undirected proxies held by him, and which are able to be voted, in favour of all Resolutions.**

2. Glossary

The following terms and abbreviations used in this Explanatory Memorandum (and the Notice of Annual General Meeting to which it relates) have the following meanings:

"ASX"	ASX Limited trading as Australian Securities Exchange
"ASX Listing Rules"	The Official Listing Rules of the ASX, as amended from time to time
"Company"	Monadelphous Group Limited
"Company's Constitution"	The Constitution of the Company as last amended at the Company's Annual General Meeting held on 22 November 2011
"Corporations Act"	Corporations Act 2001 (Cth) as amended from time to time
"Directors" or "Board"	The directors of the Company in office at the date of this Notice of Annual General Meeting
"Key Management Personnel"	Has the same meaning as in the accounting standards and broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director (executive and non-executive)
"Meeting"	The 2018 Annual General Meeting of the Company to be held on 20 November 2018
"Notice"	This notice of Annual General Meeting, including this explanatory memorandum and the proxy form
"Remuneration Report"	The remuneration report included in the Directors' Report of the Company's 2018 Annual Report for the year ended 30 June 2018
"Resolution"	A Resolution in the Notice of Annual General Meeting to which this Explanatory Memorandum relates
"Shares"	Fully paid ordinary shares in the capital of the Company
"Shareholder"	Person registered as the holder of Shares in the register of members of the Company

3. Financial Reporting

As required by section 317 of the Corporations Act, the Financial Report of the Company (including consolidated financial statements of the Company and its controlled entities), Directors' Report and Auditor's Report for the most recent financial year will be laid before the Meeting. Shareholders will be provided with an opportunity to ask questions about the reports or about the Company and the consolidated entity generally but there will be no formal resolution put to the Meeting. The Auditor will be available at the meeting to answer any questions in relation to the Auditor's Report or the conduct of the audit. Questions to the Auditor should ideally be submitted 48 hours prior to the Annual General Meeting using the Shareholder Questions form attached, or email your question(s) to agmquestion@monadel.com.au.

4. Shareholder Approvals Required

Resolution 1: Re-election of Director – Mr Christopher Michelmore

Mr Christopher Percival Michelmore retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Michelmore was first appointed to the Board on 1 October 2007. He is a civil and structural engineer with 46 years of experience in the construction and engineering services industry throughout Australia, South East Asia and the Middle East and is a Fellow of the Institution of Engineers Australia. Mr Michelmore was formerly a director of Connell Wagner and served 36 years with the company which now trades globally as Aurecon. Mr Michelmore was last re-elected as a Director of the Company at the 2015 Annual General Meeting and is Chairman of the Monadelphous Remuneration Committee and a member of the Company's Nomination Committee.

The Board considers that Mr Michelmore qualifies as an independent Director.

The Board (other than Mr Michelmore, who abstained) unanimously recommends that shareholders vote in favour of Mr Michelmore's re-election.

Resolution 2: Re-election of Director – Ms Helen Gillies

Ms Helen Jane Gillies retires by rotation in accordance with the Company's Constitution and, being eligible, offers herself for re-election.

Ms Gillies was appointed to the Board on 5 September 2016. Ms Gillies holds a Master of Business Administration and a Master of Construction Law, as well as degrees in commerce and law, and is a Fellow of the Australian Institute of Company Directors. She has a strong background in risk, law, governance and finance, as well as extensive experience in mergers and acquisitions, and has 22 years of experience in the construction and engineering services industry. Ms Gillies was last re-elected as a Director of the Company at the 2016 Annual General Meeting and is a member of the Company's Audit, Remuneration and Nomination Committees.

Ms Gillies is also currently a non-executive director of The Red Flag Group, Bankstown and Camden Airports, and ASX listed entity, Yancoal Australia Limited. Ms Gillies has previously served as a director of Sinclair Knight Merz and the Australian Civil Aviation Authority.

The Board considers that Ms Gillies qualifies as an independent Director.

The Board (other than Ms Gillies, who abstained) unanimously recommends that Shareholders vote in favour of Ms Gillies' re-election.

Resolution 3: Grant of Performance Rights to Managing Director

Mr Velletri has 39 years of experience in the construction and engineering services industry. He was appointed to the Board in August 1992 and commenced as Managing Director of the Company in May 2003.

It is proposed that Mr Velletri (or his nominee) be issued with up to a maximum of 20,011 performance rights under, and pursuant to the terms and conditions set out in, the Monadelphous Group Limited Combined Reward Plan (CR Plan) for the year ended 30 June 2018 and the related Monadelphous Group Limited Performance Rights Plan Rules. The issue of performance rights to Mr Velletri (or his nominee) is designed to recognise and reward Mr Velletri's contribution to the success of the Company with a reward that is aligned to the creation of shareholder wealth over time and that (by being dependent on continuity of employment and by incorporating disposal restrictions) is designed to promote long term retention and encourage long term share ownership.

ASX Listing Rule 10.11 provides that a company must not issue equity securities (including performance rights) to a Director or their associates without the approval of shareholders. Resolution 3 seeks Shareholder approval to issue performance rights to Mr Velletri.

Awards under the CR Plan for the year ended 30 June 2018 comprised a 25% cash payment and 75% to be issued in the form of performance rights. Mr Velletri's performance right component is \$314,775. The number of performance rights to be granted is calculated by using the arithmetic average of the ten-day daily volume weighted average market price of the Company's shares commencing on the second trading day after the record date in respect of the 2018 final dividend, which is \$15.73. This calculation is the same as that used to determine the undiscounted share price for the dividend reinvestment plan.

Resolution 3: Grant of Performance Rights to Managing Director (continued)

The performance rights vest into shares in equal instalments, one, two and three years subsequent to award, subject to Mr Velletri remaining in the employ of the Company at those particular dates. The performance rights will vest and result in an issue (or transfer) of shares at those dates, with one share issued or transferred for each vested performance right. No amount is payable by Mr Velletri upon the vesting of performance rights or the issue or transfer of resultant shares. The total number of shares acquired by Mr Velletri will be subject to escrow restrictions until the opening of the share trading window (in accordance with the Company's Share Trading Policy) following the release of the financial results for the year ended 30 June 2021, in or around August 2021.

A summary of the key terms of the performance rights is set out in Appendix A to this Explanatory Memorandum and details of the performance rights issued will be published in the 2019 Annual Report.

As the performance rights will be issued for nil consideration, no funds will be raised from the issue of the performance rights (or from the award of shares upon vesting of performance rights).

The performance rights will be issued to Mr Velletri as soon as is practicable, and in any event within one month of the date of the Meeting.

If Shareholders approve the issue of the performance rights under Listing Rule 10.11, approval is not separately required under Listing Rule 7.1 (which Listing Rule provides that a listed company must not issue equity securities representing more than 15% of its issued capital in any 12 month period unless the issue is approved by shareholders or fits within an exception). Accordingly, if Shareholders approve Resolution 3, the 20,011 performance rights (or any shares issued upon exercise of those performance rights) will not count towards the Company's 15% capacity to issue securities for the purposes of Listing Rule 7.1.

The Board (with the exception of Mr Velletri, given his interest in the matter) acknowledges the outstanding contribution that Mr Velletri has made and will continue to make to the Company, and therefore recommends shareholders vote in favour of Resolution 3.

Resolution 4: Adoption of Remuneration Report

Section 300A of the Corporations Act requires the Directors to include a Remuneration Report in the Directors' Report for a financial year. Section 250R(2) requires that the Remuneration Report be put to the vote at the Company's Annual General Meeting.

In accordance with the Corporations Act, the vote on Resolution 4 is advisory only and does not bind the Directors or the Company. However, under the "two strikes" rule, the Company will be required to put a resolution to Shareholders to hold new elections for Directors if, at two consecutive annual general meetings, more than 25% of the votes cast on a resolution to adopt the Remuneration Report (such as Resolution 4) are cast against that resolution. Accordingly, if 25% or more of the votes cast at the Meeting on Resolution 4 are against that Resolution and if, at the next annual general meeting in 2019, 25% or more of the votes are again cast against the resolution to adopt the Remuneration Report, then the Company will be required to propose a resolution to hold another general meeting within the following 90 days (a "Spill Meeting"). If more than 50% of Shareholders vote in favour of this resolution, then at the Spill Meeting all Directors (other than a Managing Director) will cease to hold office immediately before the end of the Spill Meeting, but may, if eligible, stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved would be the Directors of the Company.

Key Management Personnel, details of whose remuneration are included in the Remuneration Report, and their closely related parties, are prohibited from voting on Resolution 4, except in the circumstances described in the voting exclusion set out in the Notice of Annual General Meeting.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

5. Questions

Shareholders are invited to put any questions to the Company in writing before the Meeting using the attached form at Appendix B. Submitting a question in advance of the Meeting does not in any way limit your ability to ask questions in person at the Annual General Meeting.

Appendix A – Terms of Performance Rights

Set out below is a summary of the key terms of the performance rights.

<p>Nomination Right</p>	<p>The Eligible Participant may renounce their Performance Rights in favour of one of the following persons (Nominated Person):</p> <ul style="list-style-type: none"> • a company of which the Eligible Participant is the sole director; or • a trust where the Eligible Participant is the trustee. <p>The Company may refuse an election to renounce an offer to a Nominated Person at its sole and absolute discretion.</p>
<p>Performance Right Fee</p>	<p>No fee is payable upon grant of Performance Rights.</p>
<p>Performance Right Exercise Price</p>	<p>No exercise price is payable by the holder upon exercise of Performance Rights or the issue or transfer of resultant shares by the Company.</p>
<p>Vesting Conditions</p>	<p>Performance Rights will be subject to a vesting condition of the Participant being continuously employed or holding office continually by or with one or more members of the Monadelphous Group during the period from the Grant Date to the relevant vest date:</p> <ul style="list-style-type: none"> • One-third of the Performance Rights will vest on 1 July 2019, subject to meeting the employment condition. • One-third of the Performance Rights will vest on 1 July 2020, subject to meeting the employment condition. • One-third of the Performance Rights will vest on 1 July 2021, subject to meeting the employment condition. <p>If the Vesting Condition relevant to a Performance Right is not satisfied, that Performance Right will lapse.</p> <p>If the Participant becomes a Good Leaver (as defined below), the Board will allow the Participant to retain unvested Performance Rights only to the extent determined by the Board in its absolute discretion. All other unvested Performance Rights will be forfeited.</p> <p>If the Participant becomes a Bad Leaver (as defined below), all Performance Rights will be forfeited, subject to any alternative determination by the Board in its absolute discretion.</p> <p>A Bad Leaver means a Participant who ceases to be an Eligible Participant in any of the following circumstances:</p> <ul style="list-style-type: none"> (a) the Participant's employment contract is terminated due to: <ul style="list-style-type: none"> (i) the Participant's serious and wilful misconduct (including, without limitation, fraud or dishonesty); (ii) the Participant's material breach of their employment contract; (iii) the Participant's gross negligence in the performance of their duties; (iv) the Participant having committed an act, whether at work or otherwise, which brings a member of the Group into disrepute; (v) the Participant having been convicted of an offence punishable by imprisonment; or (vi) other conduct justifying termination of the Participant's employment contract without notice, or at common law; (b) the Participant terminates their employment contract of their own volition; or

	<p>(c) the Participant is ineligible to hold his or her office for the purposes of Part 2D.6 of the Corporations Act.</p> <p>A Good Leaver means a Participant who ceases to be an Eligible Participant and:</p> <p>(a) who does not meet the Bad Leaver criteria noted above; or</p> <p>(b) who meets the Bad Leaver criteria but the Board has determined in writing that they be treated as a Good Leaver.</p>
Exercise of Vested Performance Rights	<p>Upon vest, each Performance Right will be automatically exercised and will result in the issue (or transfer) of one fully paid ordinary share in the Company.</p>
Forfeiture of Performance Rights	<p>Performance Rights will be forfeited if:</p> <p>(a) the Vesting Conditions relevant to those Performance Rights are not satisfied by the relevant time;</p> <p>(b) the Board determines (acting reasonably and in good faith) that any applicable Vesting Conditions relevant to those Performance Rights have not been met or cannot be met by the relevant date;</p> <p>(c) the Participant acts fraudulently or dishonestly; or</p> <p>(d) the Participant becomes insolvent.</p>
Disposal Restrictions	<p>Performance Rights are not able to be transferred.</p> <p>Any shares acquired on exercise of Performance Rights will be restricted from disposal until the earlier of:</p> <ul style="list-style-type: none"> • The opening of the share trading window following the release of the 30 June 2021 financial results in or around August 2021; and • The date on which the Eligible Person ceases to be employed or engaged (as applicable) by the relevant member of the Group. <p>The Company's Share Trading Policy and applicable laws may also impact when Resulting Shares may be disposed of.</p>
Employee Share Trust	<p>Any Resulting Shares issued and/or transferred as a result of the vesting and automatic exercise of Performance Rights will be required to be held via the Monadelphous Group Limited Employee Share Trust under the terms of the Monadelphous Group Limited Employee Share Trust Deed for the purposes of ensuring compliance with the disposal restrictions.</p> <p>The trustee of the Trust is a third party provider of trustee services, CPU Share Plans Pty Limited.</p>
Change of Control Event	<p>If a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may determine the manner in which Performance Rights will be dealt with, including, without limitation, in a manner that allows participation in and/or benefit from any transaction arising from or in connection with the Change of Control Event.</p> <p>A Change of Control Event means:</p> <p>(a) a change in control of the Company;</p> <p>(b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its associates) owning more than fifty per cent (50%) of the issued capital of the Company;</p>

	<p>(c) where a person becomes the legal or the beneficial owner of, or has a relevant interest in, more than fifty per cent (50%) of the issued capital of the Company;</p> <p>(d) where a person becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of the issued capital of the Company;</p> <p>(e) where a takeover bid is made to acquire more than fifty per cent (50%) of the issued capital (or such lesser number of shares that when combined with the shares that the bidder (together with its associates) already owns will amount to more than 50% of the issued capital of the Company) and the takeover bid becomes unconditional and the bidder (together with its associates) has a relevant interest in more than 50% of the issued capital of the Company;</p> <p>(f) a resolution is passed for the voluntary winding-up of the Company;</p> <p>(g) an order is made for the compulsory winding up of the Company; or</p> <p>(h) any other event determined by the Board in good faith to constitute a “Change of Control Event”,</p> <p>but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.</p>
<p>Adjustment of Performance Rights</p>	<p><i>Reorganisation</i></p> <p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital), the rights of a Performance Rights holder (including the number of Performance Rights to which each Participant is entitled or the exercise price (if any)), will be adjusted in the manner specified by the Listing Rules to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p> <p><i>Bonus Issue</i></p> <p>If Shares are issued by the Company pro rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Performance Rights is entitled, upon exercise of the Performance Rights, to receive, in addition to the Shares in respect of which the Performance Rights are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Performance Rights are exercised.</p> <p><i>Rights Issue</i></p> <p>Unless otherwise determined by the Board, a holder of Performance Rights does not have the right to participate in a pro rata issue of Shares made by the Company or to receive or sell renounceable rights.</p> <p><i>No other participation</i></p> <p>Subject to the above, during the currency of any Performance Rights and prior to their exercise, the holders of Performance Rights are not entitled to participate in any new issue of Shares of the Company as a result of their holding of Performance Rights.</p>
<p>Rights to Dividend</p>	<p>Performance Rights do not carry any entitlement to dividend, or to receive notice of, attend, or vote at meetings of the Company until such time as they vest and result in an issue of Shares.</p>

Clawback	Unvested Performance Rights remain subject to Monadelphous' clawback policy that may apply where adverse events or outcomes arise that should impact on a Participant's grant. The Board will have discretion as to the circumstances that would result in clawback of unvested Performance Rights, and may give consideration to factors resulting in material financial misstatement, significant Company financial underperformance, negligence, lack of compliance, significant personal underperformance or behaviour or damage to the Company's reputation.
Board Discretion	The Board may amend any provisions of the Monadelphous Group Limited Performance Rights Plan Rules (Rules), including the terms and conditions upon which any Performance Rights have been granted and determine that any amendments to the Rules be given retrospective, immediate or future effect.

Appendix B - Shareholder Questions

The Board of Monadelphous Group Limited welcomes your questions in relation to the Company.

Registered Shareholders will be provided with the opportunity to ask questions at the Annual General Meeting. However, as an alternative, Shareholders are invited to submit their questions in advance of the meeting.

The Board will endeavour to address as many of the more frequently asked questions during the course of the Annual General Meeting presentations.

If you would like to submit a question, please complete this form and forward to: The Company Secretary, Monadelphous Group Limited, PO Box 600, Victoria Park, WA 6979 or email your question(s) to agmquestion@monadel.com.au

All questions should be submitted to the Company by 19 November 2018.

YOUR QUESTION(S)

(Please complete all sections)

Shareholder Name

Address

General Shareholder Question(s):

Signature

Date