

22 November 2022

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

Dear Sir / Madam

RE: 2022 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 Chair John Rubino, Managing Director Rob Velletri and Incoming Managing Director Zoran Bebic 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

22 November 2022

2022 ANNUAL GENERAL MEETING ADDRESS TO SHAREHOLDERS

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

Good morning everyone.

Unfortunately our Chair, John Rubino, can't be here in person today due to health reasons, but I am honoured to be able to deliver his address on his behalf.

I start by thanking you all for joining us today, either in person or online, and I extend a warm welcome to you all.

This year Monadelphous is celebrating its 50th year in operation, providing a wonderful opportunity for our team to reflect and celebrate everything that has made Monadelphous into the fantastic Company it is today.

Over the past five decades, Monadelphous has developed a reputation for delivering high-quality, safe and cost-effective service solutions. Our commitment to delivering what we promise has cemented our long-term customer relationships and, in more recent times, has helped us to diversify our customer base.

The sustained efforts of our very dedicated people over such a long period of time have culminated in Monadelphous being recognised today as a construction contractor of choice in the resources and energy sectors, and a leader in the provision of maintenance and industrial services.

The 2022 financial year represented another good performance by Monadelphous. We secured a significant volume of new contracts and contract extensions, built on our already expansive service offering and continued to grow and diversify internationally.

Our engineering, procurement and construction joint venture, Mondium, successfully completed its largest ever contract, and our renewable energy joint venture, Zenviron, continued to build on its strong reputation, securing a substantial package of work on the largest wind farm ever to be constructed in New South Wales.

Through all of this the safety of our people remains at the heart of how we work, and we will continue to focus our efforts on the implementation of initiatives that reinforce the Monadelphous philosophy that The Safe Way is the Only Way.

Our team of almost 8,000 loyal and passionate people from around the globe continue to drive our success. Our team strives to operate with an 'owner's mindset', which is something of which I am extremely proud. Their integrity, passion, desire to learn and willingness to roll up their sleeves never ceases to amaze me.

We continue to experience an unprecedented shortfall of available skilled resources, and this is expected to persist for some time. This is likely to continue to constrain our capacity, which means people retention and attraction remains more important than ever.

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. Our long-standing reputation for reliable delivery ensures we are well placed to capitalise on these opportunities.

Before I hand over to Rob, John has asked me to acknowledge outgoing Non-Executive Director, Peter Dempsey, for his significant contribution to our sustained growth and success over almost 20 years.

Peter has played an instrumental role on the Board and its subcommittees over that time and we sincerely thank him for his loyalty, dedication, commitment and hard work, and wish him all the very best in his retirement.

As you are aware, at the conclusion of today's meeting, our Executive Chair John Rubino will retire as a Director of the Company. Following John's retirement, and in accordance with our long-term Board succession plan, Rob Velletri, will take on the role of Executive Chair of the Board, and Zoran Bebic will take on the role of Managing Director.

Rob joined us in 1989 as Group General Manager and was appointed to the role of Managing Director in 2003, almost 20 years ago. Under his guidance, Monadelphous has become one of the most trusted and respected engineering services providers in Australia. Rob has worked extremely closely with John throughout their time at Monadelphous, and the two of them have played a pivotal role in making Monadelphous into the successful business it is today. Rob's experience and knowledge of the industry, the Company and all its stakeholders make his appointment to the role of Executive Chair an obvious one, underlining the significant and valuable contribution he makes to our great Company. On behalf of the Board Rob, we thank you for your time as Managing Director and are looking forward to working with you in your new role.

On a personal note, I would also like to take this opportunity to acknowledge our outgoing Chair, John Rubino, after more than 30 years of service. John has spent three decades dedicating himself to building the successful business we enjoy today, commencing as Chair and Managing Director in January 1991, before handing over the role of Managing Director to Rob in 2003. John's 'no airs and graces' leadership style, and his innate ability to forge long-term, trusting and mutually rewarding relationships are the stuff of legend. On behalf of the Board, our Monadelphous team and our shareholders, thank you, John.

In conclusion, on behalf of John, I 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 also extend our appreciation to all our shareholders, customers and other stakeholders for their ongoing support.

I will now hand over to Rob who will provide you with a more detailed insight into our 2022 performance.

Managing Director Rob Velletri

Thanks Sue and good morning everyone.

Firstly, I would like to reiterate the comments about Peter's outstanding contribution to our Company over many years. Peter, I'd also like to express my personal thanks for the tremendous support and wise counsel you have provided to me over my time as Managing Director, and I wish you all the very best for the future.

I would also like to take this opportunity to thank our Chair, and my long-term mentor, John.

John described his early foray into Monadelphous as 'the best mistake he ever made', having bought shares in a company he would later find out was on the brink of collapse. Since that time, he has been instrumental in transforming Monadelphous into the successful business it is today.

For so many of us who have had the opportunity to work with John, we have admired his generosity, his phenomenal negotiation skills, and his ability to charm any room. His strong belief in relationships and values defines us as a company, and we are lucky to have spent more than three decades with John at our helm.

On a personal note, John is a wonderfully kind and generous person and a family-first man. He has played a huge role as my mentor during our time working together. He has so many attributes that make him such a great person, but above all his integrity, honesty and loyalty stand out the most to me. I am truly grateful to John for all of his support during my time working with him, and I am honoured to call him my friend.

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.

Moving to slide 11 now.

As Sue mentioned earlier, this year, we are celebrating 50 years in operation and I wanted to highlight some of the milestones in the Monadelphous journey so far.

Established in 1972, our Company was once a small labour hire business called Contract Engineering Associates. From there it expanded into manufacturing, fabrication, and construction services and, in 1978, the name was changed to Monadelphous.

Growth and diversification continued at pace, both here in Australia and overseas. From the outside, Monadelphous looked like a company that was going places. From the inside however, the strains of rapid growth were beginning to show and in the highly competitive environment and largesse of the late 80s, Monadelphous fell into receivership in 1988.

John Rubino and his United Construction partners, who had only just invested significantly in the Company, engineered a major corporate restructure. John and his partners, together with a new management team, set out to revive Monadelphous and the Company eventually relisted in 1990 with a market capitalisation of around \$2.5 million.

John, and many of the current senior management who joined at that time, got to work and inch by inch began to rebuild the Company and our reputation. We had to work harder, offer better value, and deliver on our promises over and over again.

Suffice to say, since that time there has been no looking back. Monadelphous has gone from strength-to-strength, firmly establishing its engineering construction credentials, tackling resource development projects of ever-increasing size and complexity and continuously building out an enviable track record in maintenance and industrial services.

We have entered new markets, expanded our services, established joint ventures, grown our global reach and worked on some of the largest and most challenging projects.

Over the years, we have learnt what we are good at and tried not to stray too far from that, which continues to pay off.

We have grown into a multibillion-dollar Australian company which employs around 8,000 people globally. We have a significant presence in many of Australia's regional mining hubs and are proud to be able to give back to those communities.

And for our shareholders, we have funded our own growth and delivered a 28-year unbroken record of dividend payments, which now totals over \$1.17 billion.

A pretty good story for a company once in receivership.

Turning now to the present and Monadelphous' performance in the 2022 financial year (slide 12).

The Company delivered solid sales revenue of \$1.93 billion for the year, which was a similar result to the previous corresponding period.

Our Maintenance and Industrial Services division achieved record revenue of \$1.17 billion, up 19.4 per cent. We saw strong demand across the board, with increased activity in the oil and gas sector, as well as significant growth overseas in Chile and Papua New Guinea.

Our Engineering Construction division reported revenue of \$774 million, which was down 21 per cent. As forecast, following a busy first half, construction revenue declined in the second half due to several

major resources projects reaching completion, and the timing of award and commencement of new projects.

Net profit after tax was \$52.2 million, an increase of 11 per cent, representing earnings per share of 54.9 cents, up a similar amount.

The Board declared a final dividend of 25 cents per share, taking the total full year dividend to 49 cents per share fully franked, up from 45 cents in the previous year.

We ended the year with a strong cash balance of \$183.3 million.

Importantly, we secured approximately \$1.1 billion of new contracts and contract extensions, with a further \$630 million since June 30, which I'll talk about more on the next slide.

Slide 13 highlights the size and location of each of our new contracts. As you can see, our contracts are spread across a broad range of industries and geographies.

Within our core markets, we secured new work in the iron ore sector with long-term customers, BHP and Rio Tinto, as well as with newer customers, Fortescue Metals Group and Roy Hill. In addition, we were awarded new contracts and contract extensions in the oil and gas sector with Woodside and Origin.

Also in Australia, you can see our renewable energy joint venture, Zenviron's \$250 million contract for the balance-of-plant work at Rye Park Wind Farm in New South Wales.

Internationally, we also secured new contracts in Chile, Papua New Guinea and Mongolia.

Now to our safety performance on slide 14.

Our 12-month total recordable injury frequency rate was up on the previous year at 3.07 incidents per million hours worked, with our performance affected by high levels of operational activity and a large number of new employees onboarded during the period.

In response, we rolled out a series of targeted safety campaigns and increased our focus on front-line safety programs to further promote and support in-field safety leadership.

The good news is, our serious incident frequency rate improved by 55 per cent over the course of the year as a result of our sustained focus on fatal risk hazards, and application of our Fatal Risk Control Standards.

We continued to invest in the important area of safety innovation and were pleased to be recognised in a number of industry safety awards during the year, including one for breaking down the stigma associated with mental health.

More recently, we were named a winner at the WA Department of Mines Safety Excellence Awards in the 'Best Solution to a Work Health and Safety Risk' category for our Ergonomic Poly Weld Stands, shown here on slide 15.

Turning now to our people highlights (slide 16).

We finished the year with a workforce of around 8,000 people, with growth at our operations in Chile and Papua New Guinea.

As mentioned earlier, high levels of industry activity and COVID-19 travel restrictions significantly impacted our ability to source and retain talent.

The last couple of years have seen us implement a number of employee-related cost reductions in response to COVID-19 impacts including salary reductions and freezes, while also putting a hold on the

award of any short-term incentives. As a result, our key equity-based employee retention measures had become diluted.

In response to the extremely competitive labour market which rapidly emerged post this period, we implemented an Employee Retention Plan to bolster the retention of our key employees. The plan provided a one-off issue of Retention Rights to around 180 key employees vesting over a three-year period, subject to continued service conditions.

To help with employee attraction, we launched our new talent acquisition and performance management system, continued to enhance our employee referral and Alumni programs and reinvigorated our international sourcing strategy.

During the year, we spent a significant amount of time reviewing and refreshing our code of conduct and supporting policies, to reinforce acceptable workplace behaviour. As part of this, we rolled out our 'It's Up to Us' campaign, which highlights the important role every employee at Monadelphous plays in creating a safe, respectful and inclusive work environment.

Looking at our operational highlights now on slide 17.

As highlighted earlier, our Engineering Construction division successfully completed a number of large resources projects, including packages of work at BHP's South Flank Project, Rio Tinto's West Angelas Deposits C and D Project and MARBL Lithium Joint Venture's Kemerton lithium hydroxide plant.

During the year, we also successfully delivered one of the largest shutdown campaigns ever undertaken at BHP's Olympic Dam copper mine in South Australia and provided construction services to assist Rio Tinto to complete the Gudai-Darri iron ore project in the Pilbara.

Most recently, we have also been engaged to provide construction services at Fortescue Metals' Iron Bridge Magnetite Project in the Pilbara.

The division is currently busy working on a number of tenders and early engagements with customers for a large wave of new resource development projects in the pipeline.

Over the next couple of slides (slide 18 – 21), I will talk through some of the division's overseas and joint venture highlights.

We have been operating in Mongolia since 2017, with a strong focus on upskilling Mongolian national employees. Our last contract at Rio Tinto's Oyu Tolgoi Underground Project spanned two years onsite, during which time our workforce peaked at around 1,500 people.

With the commencement of the next phase of the project, we have recently recommenced work onsite after securing another strategically important construction contract, with further prospects at the project becoming available in the near future.

Mondium, our engineering, procurement and construction joint venture with Lycopodium, successfully completed a major \$400 million design and construct contract with Rio Tinto for the Western Turner Syncline Phase 2 mine during the year.

The joint venture also completed works on a tailings retreatment plant at Talison Lithium's Greenbushes mine.

Earlier this year, we established a joint venture with Fagioli, which is a global logistics and heavy lift company, to provide turnkey heavy lift solutions to the Australian market. The joint venture, named Alevro, extends our heavy lift capability and capacity to deliver large-scale heavy lift and logistics services.

Alevro aims to capitalise on the large number of opportunities that are in the pipeline in the resources and energy sector.

Our renewable energy business, Zenviron, continues to cement its reputation as a market leader in the delivery of balance-of-plant works for wind farms. Since being established in 2016, Zenviron has completed balance-of-plant work on 425 wind turbines, with an additional 66 currently in progress.

During the year, Zenviron completed its works at the Murra Warra Stage II Wind Farm in regional Victoria, as well as for the Crudine Ridge Wind Farm in New South Wales. Zenviron also commenced works at the Rye Park Wind Farm in New South Wales.

Favourable government policies and a robust energy market are driving accelerating growth in the renewable energy market and Zenviron is in a great position to capitalise on an increasing number of wind farm opportunities in the pipeline.

And now to our Maintenance division (slide 22).

As I mentioned earlier, our Maintenance and Industrial Services division had a stellar year, achieving a record annual revenue of \$1.17 billion.

The result reflects strong demand for maintenance services across the resources and energy sectors as customers maintain high levels of production and capitalise on favourable commodity prices, both in Australia, as well as overseas in Chile and Papua New Guinea.

Our Maintenance division secured more than \$850 million in new contracts and contract extensions during the year, with an additional \$500 million since 30 June.

I will now take you through some of our key maintenance highlights from the year (slide 23 – 26).

We continue to deliver a significant volume of maintenance, shutdown and project works within the iron ore sector.

During the year, our long-term customers, BHP and Rio Tinto, awarded us several new contracts, as well as new packages of work under existing Panel Agreements. Importantly, we continued to diversify our customer-base, securing a five-year maintenance and shutdown services contract for Fortescue Metals' Pilbara operations, as well as a contract for the construction of dewatering pipelines and associated infrastructure at the Roy Hill mine site.

To better support our customers in the Pilbara, we established a new workshop facility in Port Hedland, opened an expanded facility in Tom Price and approved the development of a new, larger facility in Karratha.

In oil and gas, we secured a two-year extension on our existing maintenance contract with Woodside at their onshore and offshore gas production facilities. We have also recently commenced decommissioning work on the Northern Endeavour FPSO facility, which will be the first of a growing number of decommissioning opportunities in the oil and gas sector in the years to come.

We saw record levels of activity in Papua New Guinea during the year, where we have been providing brownfield project and maintenance services since 2007.

A key highlight was the award of further work with Newcrest at Lihir Island, including a construction contract on the Front End Recovery Project.

And earlier this month, we also announced we had secured a 12-month extension to our existing contract with Santos for the provision of engineering, procurement, and construction services, in joint venture with Worley, on their oil and gas production facilities in the Highlands region of Papua New Guinea.

Our Chile-based maintenance and construction services business, Buildtek, continued to grow strongly, capitalising on a buoyant copper market.

Buildtek secured around \$80 million of new work during the year, including several important contracts with Codelco, the world's largest copper producer.

The outlook continues to be positive for us and we remain committed to strengthening our position in South America and pursuing growth opportunities in the region.

Moving now to sustainability (slide 27).

We continue to make a positive contribution to the communities in which we operate, focusing on the key areas of diversity, community and environment.

During the year, we launched our latest Stretch Reconciliation Action Plan, which Claudia spoke about earlier. Together with our partner, Rio Tinto, we continued to deliver traineeships through our Indigenous Pathways Program and renewed our partnership with the Polly Farmer Foundation.

In 2021, we launched our second Gender Diversity and Inclusion Plan, aimed at ensuring a safe and respectful working environment for all employees, the removal of gender-based barriers and increasing our targets for female candidates in Vacation and Graduate programs.

We extended our partnerships with the University of Western Australia and the Queensland University of Technology, supporting programs which aim to increase female participation in early STEM career pathways.

We participated in more than 100 community initiatives across 25 of our operating locations, contributed over \$370,000 in funds and supported our employees who participated in 600 hours of voluntary work.

Finally, during the year we formalised our goal of achieving net-zero emissions by 2050, underlining our commitment to the sustainable management of the unique environments in which we work. Our environmental strategy is focused on decarbonising our operational activities, as well as supporting our customers with their decarbonisation goals. Our objectives include improving energy efficiency, the transition to renewable power, 'greening' our fleet and offsetting carbon emissions.

As Sue mentioned earlier, given John Rubino's retirement, I will be taking on the role of Executive Chair of the Board at the conclusion of today's AGM, in line with our long-term succession plan.

When I joined Monadelphous, it was a very different company to the one we know today. It's a great honour to have been Managing Director of Monadelphous since 2003, and to have played a part in seeing Monadelphous grow into one of the most respected engineering service providers in Australia.

With this, I would like to formally introduce, or perhaps re-introduce given he has met many of our shareholders over the years, Zoran Bebic, our incoming Managing Director (slide 28).

Zoran has been part of the Monadelphous business for almost 30 years, and has held a broad range of operational, financial and management positions.

During his time as Executive General Manager of Maintenance and Industrial Services, his current role, the division has broadened its scope of services, geographies and customer markets and nearly doubled its sales revenue to over \$1 billion per annum. Prior to this, Zoran was our Chief Financial Officer and Company Secretary.

The Board and I believe that Zoran's personal attributes, Company and industry experience, financial acumen and deep understanding of the markets where we work makes him the perfect choice for Monadelphous.

I now take the opportunity to handover to Zoran, who will provide an update on the Company's outlook for the future.

Incoming Managing Director Zoran Bebic

Thank you and good morning everyone.

Firstly, I would like to thank you Rob for your kind words and, more importantly, I would like to acknowledge you, on behalf of the Monadelphous team, for your contribution, which has spanned more than 33 years, and counting.

Change provides the opportunity for new growth and, as we look forward to our 51st year in operation, I am extremely pleased to be able to build on our already strong foundations, as we work hard to achieve our Monadelphous vision and strategy for continued growth into our next chapter.

Moving now to our industry outlook (slide 29).

This slide 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.

The resources sector in Australia (slide 30), and in our overseas locations, continues to provide a significant number of prospects for our services across a broad range of commodity markets.

The Australian iron ore industry is expected to remain buoyant with capital and operating expenditures required to sustain and maximise production levels driving demand for our services.

High global demand for battery metals is driving significant investment in lithium, copper, nickel and rare earths, and these markets, along with the gold sector, will present ongoing opportunities, not only in Australia, but also in South America, Mongolia and Papua New Guinea.

In the oil and gas sector, there are a number of new LNG construction projects currently in the pipeline, with heightened demand for maintenance services expected to remain.

Australia's transition towards clean energy is strengthening and an increasing pipeline of new wind farms will provide opportunities for Zenviron, both in the electricity market, as well as in the private sector as industrial operators move quickly to meet their decarbonisation objectives. The development of the hydrogen sector will also provide prospects in coming years.

More broadly, favourable conditions and aging assets across all resources and energy sectors are driving demand for maintenance services.

As reported in the full year results, the shortage of skilled labour is the most significant challenge for our operations, especially in Australia. We are also seeing challenges posed by heightening supply chain risks and an escalating cost environment.

With capacity constrained, we are taking a strategic and targeted approach to new work - engaging and collaborating earlier with customers and an increasing focus on earnings quality.

We remain focused on employee attraction, training and development and making Monadelphous a great place to work. With travel restrictions lifted, we have also recently re-engaged our international labour sourcing strategy.

Following a ramp down of construction activity last financial year, a new wave of major construction projects is in the pipeline. We currently have over \$2 billion of new project work in the tendering phase, however we are seeing some delays in the timing of awards and commencement. Consequently, we are anticipating engineering construction revenue to decrease this year before ramping up in the 2024 financial year.

At this stage, we are expecting to see a reduction in Group revenue for the first half of 10 to 15 per cent compared to the prior corresponding period. Full year revenue for the Group will be dependent on the award and commencement of new construction contracts.

Supported by a strong balance sheet, we will continue to assess acquisition opportunities to achieve ongoing service and customer market diversification and support long-term sustainable growth.

In conclusion, both Rob and I take this opportunity to thank our loyal and talented team. At the heart of our success is our people. They are the ones who have made Monadelphous successful over the past 50 years, and who will no doubt drive our success into the future.

We would also like to extend our appreciation to our shareholders, customers and other stakeholders for their ongoing support.

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Further Information

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About Monadelphous

With 50 years' 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, Chile and the Philippines. Please visit www.monadelphous.com.au for further information.