

18 August 2020

MONADELPHOUS REPORTS 2020 FULL YEAR RESULTS

Performance Highlights

Revenue \$1.65 billion¹, H2 significantly affected by COVID-19
Record annual revenue performance in Maintenance and Industrial Services
Net profit after tax \$36.5 million
Strong cash flow from operations
Year end cash balance \$208 million
Secured \$1.2 billion of new contracts and extensions
Strategic acquisitions completed in CSG, rail and Chile
Solid forward workload

Engineering company Monadelphous Group Ltd (ASX: MND) (“the Company”) today announced revenue of \$1.65 billion¹ for the year ended 30 June 2020. The result reflects a significant increase in shutdown and maintenance work across the resources sector, especially in the first half of the financial year, and the commencement of a number of large resource construction projects. The Maintenance and Industrial Services division recorded annual revenue of \$1.05 billion, up 5.1 per cent on the prior year – the first time in the Company’s history that the Maintenance division has achieved annual revenue in excess of \$1 billion.

The second half of the financial year was markedly affected by the economic and social impact resulting from the outbreak of COVID-19. The Company estimates that approximately 10 per cent of its annual revenue has been deferred into subsequent financial periods.

Net profit after tax was \$36.5 million, with earnings for the second half of the financial year being significantly impacted by both the disruption caused by COVID-19, as well as disappointing levels of profitability in the Water Infrastructure business.

In response to the challenging conditions, Monadelphous has taken, and continues to take, a significant number of proactive measures to ensure its long-term sustainability and to protect the safety and wellbeing of its employees and the communities in which it operates.

The Company’s disciplined and prudent financial management practices resulted in a strong cash flow from operations for the financial year of \$119.1 million, ending the year with a cash balance of \$208 million.

Monadelphous has secured approximately \$1.2 billion of new contracts and extensions since the beginning of the financial year. These awards include a number of strategically important contracts wins for both Mondium and the Company’s rail infrastructure maintenance services business.

Mondium, the Company’s engineering, procurement and construction (EPC) joint venture with Lycopodium, was awarded a \$400 million contract with Rio Tinto at its Western Turner Syncline Phase 2 project, the joint venture’s largest contract to date.

The Company further strengthened its presence in the rail sector with the key award of a three-year rail maintenance contract with Rio Tinto on its privately-owned rail network in the Pilbara, providing general track maintenance and renewals services.

Monadelphous completed a number of strategic acquisitions during the first half of the financial year, expanding the breadth of the Company’s service offering in the coal seam gas and rail sectors, as well as supporting the business’ overseas diversification strategy into South America.

¹ Includes Monadelphous’ share of joint venture revenue – refer to page 11 for reconciliation

Monadelphous Managing Director Rob Velletri said the Company had entered the new financial year with a solid forward workload and was well positioned to capitalise on opportunities and deal with the challenges ahead.

“While the global economic outlook in the wake of COVID-19 remains uncertain, the resources sector is expected to provide a steady flow of opportunities over coming years.”

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2020 FULL YEAR RESULTS

The Directors of Monadelphous Group Limited are pleased to report the Company's financial results for the year ended 30 June 2020.

Revenue

Monadelphous recorded revenue for the year of \$1,650.8 million¹, a 2.6 per cent increase on the previous year.

The Company's Maintenance and Industrial Services division achieved its third consecutive record annual revenue performance of \$1,049.8 million. The result was up 5.1 per cent on the previous period on the back of a significant increase, especially in the first half of the financial year, in shutdown and maintenance work across the resources sector.

The Engineering Construction division reported revenue of \$615.9 million, in line with the previous corresponding period, with a number of large resource construction projects commencing during the year.

Statutory revenue, which excludes Monadelphous' share of revenue from joint ventures, was \$1,487.4 million.

Operational impact of COVID-19

The second half of the financial year was significantly affected by the economic and social impact resulting from the spread of COVID-19, as well as the necessary measures implemented by the Company, its customers and governments across the globe to manage the risk posed to human life.

The measures implemented to prevent the spread of COVID-19 significantly impacted the Company's operating environment, resulting in the delay, suspension, deferral and reduction of services across a broad range of the Company's projects and worksites, and the temporary deferral of potential new contract awards. The Company estimates that approximately ten per cent of its annual revenue has been deferred into subsequent financial periods.

Customers reduced non-essential work and delayed discretionary expenditure, particularly in fly-in, fly-out operations, with supply chain issues causing delays on several large construction projects. Continuing operations progressed slower than expected due to the implementation of a wide variety of health risk management practices and, combined with an underutilisation of the Company's fleet of plant and equipment, resulted in materially disrupted productivity levels.

Proactive response to COVID-19

The Company has taken, and continues to take, a significant number of proactive measures to ensure the long-term sustainability of the business and to protect the safety and wellbeing of its employees and the communities in which it operates.

In late January, the Company established a dedicated team to monitor, assess and provide daily guidance on the ever-changing course of events relating to the virus and the impact that it was having on the business. The taskforce, working in partnership with customers globally, took advice from government agencies and recognised health organisations. Detailed health risk management protocols were prepared and implemented across the business in response to the risk posed by the virus, and to assist in the management of any potential or active cases which may arise.

A significant number of financial sustainability measures were implemented, including a targeted cost reduction and cash protection plan to ensure the Company operated as productively and profitably as possible during such challenging times. To support this initiative, the Chairman, Managing Director and Non-Executive Directors agreed to a 30 per cent salary and fee reduction for a six month period, with the Executive and General Management teams agreeing to salary reductions of between 10 and 20 per cent for the same period. The Company's disciplined and prudent financial management practices resulted in a strong cash flow from operations for the financial year and a strengthening of the balance sheet.

¹ Includes Monadelphous' share of joint venture revenue – refer to page 11 for reconciliation

With precautionary measures gradually being lifted by governments in some parts of Australia, and demand from customers steadily improving, the business has seen a stabilisation and slow recovery over recent months. The Company continues to monitor the situation and adapt its response plans accordingly.

Earnings

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$92.1 million². EBITDA for the first half of the financial year was \$59.1m, with earnings for the second half being significantly impacted by both the disruption caused by COVID-19, as well as disappointing levels of profitability experienced in the Water Infrastructure business. In early May 2020, the Company announced that several water projects approaching completion had experienced an escalation in contract disputes and declining profitability, resulting in a provision of \$14 million before tax for project underperformance and costs relating to a restructuring of the Company's Water Infrastructure business.

Net profit after tax for the period was \$36.5 million, with earnings per share of 38.7 cents.

Dividend

Monadelphous' Board of Directors declared a final dividend of 13 cents per share, taking the full year dividend to 35 cents per share fully franked. This equates to a dividend payout ratio of approximately 91 per cent of reported net profit after tax.

The Monadelphous Group Limited Dividend Reinvestment Plan will apply to the final dividend.

Balance Sheet

The Company's balance sheet remains strong despite the recent challenging economic and operating conditions, ending the year with a cash balance of \$208.3 million. Cash flow from operations was \$119.1 million, resulting in a cash flow conversion rate of 151 per cent. The Company experienced a material improvement in its working capital position during the second half of the financial year.

Monadelphous completed a number of strategic acquisitions totalling \$14.3 million during the first half of the financial year, expanding the breadth of the Company's service offering in the coal seam gas and rail sectors, as well as supporting the business' overseas diversification strategy into South America.

The strength of the Company's balance sheet will enable it to invest in suitable business opportunities aligned to its markets and growth strategy as they arise.

Notification of filing of Writ of Summons

On 31 July 2020, Monadelphous was notified that Rio Tinto had filed a Writ of Summons in the Supreme Court of Western Australia against one of Monadelphous' wholly owned subsidiaries, Monadelphous Engineering Associates (MEA). The claim has been made by Robe River Mining Co Pty Ltd and Pilbara Iron Pty Ltd (on behalf of the Robe River joint venture) in respect of a fire incident which occurred at Rio Tinto's iron ore processing facility at Cape Lambert, Western Australia on 10 January 2019. The writ has not yet been served on MEA.

MEA had been performing maintenance shutdown services prior to the fire commencing, and Rio Tinto has alleged that MEA was in breach of the maintenance contract, thereby causing the fire. Although the writ does not specify any damages, Rio Tinto has separately informed MEA that its claim is for \$493 million in loss and damage. This amount comprises \$35 million in material damage costs associated with the re-construction of the Sinter Fines processing facility, and \$458 million for a temporary operating solution and business interruption losses arising from the alleged inability to process iron ore during the period of reconstruction of the facility.

² Refer to page 11 for reconciliation of EBITDA

MEA denies Rio Tinto's allegations and claimed losses (which MEA considers have not been substantiated). Further, the contract between Rio Tinto and MEA, which governed the maintenance work performed by MEA, contains exclusions and limitations of liability which will be relied upon by MEA in defence of the claim. MEA has public liability insurance in place with a total limit of \$150 million which provides cover for property damage claims and associated losses. Monadelphous is unaware of any reason why the insurance policies would not respond to indemnify MEA for liability it may have to Rio Tinto. Along with its insurers and their legal representatives, MEA intends to fully defend Rio Tinto's legal action.

The Company remains committed to working with Rio Tinto to seek a satisfactory outcome in this matter.

Strategic Progress

Monadelphous made good progress on its markets and growth strategy despite the interruption caused by COVID-19, with the award of approximately \$1.2 billion of new contracts and contract extensions since the beginning of the financial period.

The Company secured a number of important contracts in the iron ore market throughout the year, for both construction and maintenance activities.

In August 2019, Monadelphous was awarded a major construction contract with Rio Tinto associated with the West Angelas Deposits C and D Project in the Pilbara region of Western Australia (WA), which included the supply and installation of structural, mechanical, piping and electrical and instrumentation work, as well as modifications to existing plant.

In November 2019, the Company's Maintenance and Industrial Services division was awarded a major five-year contract at Rio Tinto's coastal iron ore operations for the provision of mechanical and electrical fixed plant maintenance and shutdown services. In June 2020, Monadelphous was also awarded a three-year contract with Rio Tinto for the provision of maintenance services and minor projects on its Pilbara marine infrastructure.

Also in the Pilbara iron ore market, the Company was awarded a contract with thyssenkrupp Industrial Solutions (Australia) at BHP's South Flank Project in Western Australia (WA). The contract, which is in addition to Monadelphous' two existing multidisciplinary construction contracts at South Flank with BHP, includes structural, mechanical, piping, electrical and instrumentation works associated with a reclaimers and two stackers.

Mondium, the Company's engineering, procurement and construction (EPC) joint venture with Lycopodium, secured a strategically important \$400 million contract with Rio Tinto for the Western Turner Syncline Phase 2 mine, its largest contract to date. It also commenced work with Talison Lithium for the design and construction of a new tailings retreatment processing plant at Greenbushes mine site in the south-west region of WA, completing earthworks and civil works during the year. The Mondium EPC delivery model encompasses full project development and direct execution, significantly reducing interface risks between engineering, procurement and construction disciplines and providing a more cost-effective solution to customers.

Monadelphous commenced work on a major construction contract at Albemarle Lithium's Kemerton lithium hydroxide plant in the south-west region, which includes the delivery of structural, mechanical and piping work. The work is expected to be completed in 2021.

The Company continued to broaden its maintenance services offering during the period strengthening its marine, civil, fabrication, rope access and corrosion management capabilities to provide customers with a full turnkey maintenance service solution. To support this strategy the Company acquired iPipe Services early in the period, a specialist provider of coal seam gas pipeline, maintenance and construction solutions, and established a stand-alone industrial services team to provide specialist services to oil and gas customers.

Monadelphous continued to build its rail infrastructure and rolling stock maintenance support service offering, expanding its services into the east coast through the purchase of Harbinger Infrastructure's business and assets. The purchase secured a five-year contract with Australian Rail Track Corporation (ARTC) for services on its Hunter Valley rail network in New South Wales (NSW).

The Company further strengthened its presence in the rail sector with the award of a three-year rail maintenance contract with Rio Tinto on its privately-owned rail network in the Pilbara, which includes a further two three-year extension options. The contract includes general track maintenance and renewals services on the coastal component of the rail network and rail workshop services.

Zenviron, the Company's renewable energy joint venture, continued to strengthen its position in the market, completing works on the Moorabool North, Moorabool South, Cherry Tree and Lal Lal wind farms in regional Victoria, and making significant progress on the Dundonnell Wind Farm for Vestas in Victoria, and at CWP Renewables' Crudine Ridge Wind Farm in NSW. In addition, subsequent to year end, Zenviron secured a further contract to deliver the Murra Warra Stage II Wind Farm in regional Victoria.

Overseas, the Company acquired Chile-based maintenance and construction services contractor, Buildtek. The acquisition enabled Monadelphous to enter the Chilean market through an established, well recognised operator, which has strong relationships with major mining and energy customers. The services provided by Buildtek are similar to those provided by Monadelphous and provide a foundation for growth in Latin America.

Health and Safety

On 7 March 2020, we announced with great sadness that our teammate and colleague Haydyn Grubb had been fatally injured following a serious incident at the Company's Kalgoorlie services facility. The Company has taken a range of measures since the incident to understand what happened and has implemented actions to prevent a similar incident in future. Monadelphous continues to provide support to Haydyn's family, friends and colleagues. Haydyn will live long in our memory.

Overall, Monadelphous' 12-month total recordable injury frequency rate (TRIFR) improved 7.5 per cent to 3.72 incidents per million hours worked by the end of the financial year.

The Engineering Construction division recorded its strongest safety performance in history, achieving zero recordable injuries in its resources business for 12 consecutive months, extending over more than three million hours worked. The Maintenance and Industrial Services division's performance was supported by the roll-out of the division's safety behavioural framework, with all employees expected to have participated in training by September 2020.

Monadelphous is committed to the principle of zero harm. To support this commitment, during the period the Company undertook a detailed assessment of its safety governance practices, including reviewing its minimum standards for the control of fatal risks, and further enhancing its Health and Safety Management Standards.

People

The Company continues to focus on the retention and development of its people, as well as the attraction of the right people to support its markets and growth strategy.

Monadelphous experienced strong demand for personnel in the resources sector in the first half of the year and continued to implement a number of strategic sourcing initiatives, including the use of its specialist, in-house resourcing team to target potential candidates for senior, strategic roles and positions in high demand across industry.

The Company also reviewed succession planning across the business to ensure it has the critical skills and capabilities required.

Our retention and development initiatives will become increasingly important as the labour market tightens across the resources sector.

By year end, the Company directly employed 5,579 employees, a decrease of approximately six per cent from 30 June 2019 and 14 per cent from December 2019. Total workforce numbers as at 30 June 2020, including subcontractors, were 5,689.

The Company's ongoing commitment to diversity resulted in the achievement of its Indigenous employment stretch goal during the period, and around 70 Indigenous jobseekers were employed as part of Monadelphous' participation in the Australian Government's Employment Parity Initiative. To further support this commitment, Monadelphous entered into a partnership with the Graham (Polly) Farmer Foundation, supporting Indigenous education and career pathways through the Follow The Dream program in Bunbury, WA, and the Living The Dream program across Australia.

To support gender diversity and inclusion, the Company focused on the promotion of job opportunities to female candidates. In total, nine female apprentices were appointed within the Company's 2020 Apprenticeship Program (almost 40 per cent of total appointments), as well as 11 females as part of the 2020 Graduate Program (almost 25 per cent of total appointments). In addition, more than 20 per cent of participants in the Company's key development programs, its Emerging Leaders and Leading at Monadelphous programs, were female. This was supported externally by the Company's participation in a number of women in leadership, mining, oil and gas and technology events, encouraging female participation within the sectors. Monadelphous is committed to further strengthening gender diversity at all levels across the business.

Productivity and Innovation

The Company remained focused on enhancing productivity and safety through process standardisation, system optimisation and the implementation of robotics and automated solutions.

The Company continues to build on its Innovation Framework, leveraging insights from learnings across the business and ongoing monitoring of the external technology landscape. The Framework guides Monadelphous' approach to innovation, providing strategic direction and governance structures to direct and focus the Company's efforts.

To support collaboration, the Company hosted quarterly senior leadership innovation sessions and monthly innovation forums and continued to utilise and promote engagement in its Innovation Ideas Hub, including to aid in the collation of cost reduction ideas during the COVID-19 response.

Remaining focused on delivering value for Monadelphous and its customers through innovation and the application of technology, the Company extended the use of data visualisation tools across the business, linking multiple data sources to provide enhanced, real-time reporting and measurement with high levels of accuracy, developing and launching a digital employee app to improve engagement with its workforce, establishing a virtual reality room in the Perth office to support 3D model interpretation, and expanding its inhouse drone capability by obtaining a remote operator certificate (ReOC).

During the year, the Company's in-house developed, remote-controlled vehicle, known as 'The Prospector', which was designed to conduct skirt inspections and detect wear, damage or faults to the skirts and chute liners, was nominated as a finalist in the 2019 Pinnacles Award for Innovation Excellence.

OPERATIONAL ACTIVITY

Engineering Construction

The Engineering Construction division provides large-scale, multidisciplinary project management and construction services.

The division reported revenue for the year of \$615.9 million, in line with the previous period, with supply chain issues resulting from COVID-19 causing delays on several large construction projects.

With an improved outlook and confidence in the resources sector, especially towards the end of 2019, the division secured approximately \$640 million in new contracts and contract extensions since the beginning of the financial year, including approximately \$80 million subsequent to year end.

Work continued on the two major construction contracts at BHP's South Flank project, and during the period Monadelphous was awarded a further contract at South Flank with thyssenkrupp Industrial Solutions (Australia) for multi-disciplinary works associated with a reclaimer and two stackers.

The division executed a number of projects under the BHP Western Australian Iron Ore panel agreement during the period, providing structural, mechanical, piping and electrical and instrumentation works across BHP's Pilbara-based mines and assets. Post year end, the Company secured a contract for the Port Availability Improvement Project to provide multidisciplinary brownfield modification works to conveyers and transfer chutes across the Nelson Point and Finucane Island facilities, with work expected to be completed in the second half of the 2021 calendar year.

Work commenced at Rio Tinto's West Angelas Deposits C and D Project, located in the Pilbara region of WA, which is expected to be completed in 2021.

The Talinga Orana Gas Gathering Station was successfully completed in March, ahead of schedule. This strategically important project showcased Monadelphous' fully integrated delivery capability, encompassing fabrication, earthworks, civils, structural, mechanical, piping, electrical and instrumentation for the dual train gas gathering station.

Demand for the division's specialist heavy lift service offering remained high, with the Company securing scope expansions and one-year extensions to two existing Fortescue Metals Group fixed plant maintenance and shutdown crane services contracts at its Solomon Hub and Port operations in the Pilbara. The Heavy Lift business continued to provide equipment and services on several major Monadelphous construction projects and supported the delivery of Maintenance and Industrial Services contracts, including a crane services contract at several of Woodside's gas facilities in the Pilbara.

SinoStruct, the Company's fabrication business, delivered a number of fabrication packages for repeat customers, including under a long-standing service agreement with Origin for the supply and fabrication of wellhead skids, and for fabrication works associated with Rio Tinto's Oyu Tolgoi Underground Project in Mongolia. It also continued to support the delivery of a number of key Monadelphous and Mondium construction projects, including Rio Tinto's West Angelas Project and Western Turner Syncline Phase 2 mine, as well as Origin's Talinga Orana Gas Gathering Station. At the end of the financial year, SinoStruct closed its fabrication workshop in Houston, United States, due to a reduction in opportunities resulting from a decline in the oil price and the impact of COVID-19. SinoStruct continues to pursue global fabrication opportunities where value from its local and offshore capability and capacity can be realised.

After two years onsite, and with an outstanding safety performance, Monadelphous' work at Rio Tinto's Oyu Tolgoi Underground Project in Mongolia was completed in early 2020. The Oyu Tolgoi Project continues to be strategically important for Monadelphous, with the Company continuing to operate its office in Ulaanbaatar, with further project opportunities expected to come to market in the near future.

During the second half, Monadelphous experienced an escalation in contract disputes and disappointing levels of profitability on several water projects approaching completion. After undertaking a strategic review of its Water Infrastructure business in Australia and New Zealand, the Company decided to discontinue its operations in New Zealand and consolidate its east coast engineering construction operations to reduce costs and improve the quality of earnings from the water sector.

Under the Hunter Water Corporation Complex Capital Works Design and Construct Panel program in NSW, construction was completed on a package of work at the Dungog Water Treatment Plant, with work progressing well on the Wye Backlog Sewer Scheme which is expected to be completed by the end of 2020. Work continued on Sydney Water's Network and Facilities Renewal Program in NSW, on the Kurow Duntroon Irrigation project in New Zealand, and on the Kawana Sewerage Treatment Plant on the Sunshine Coast, Queensland.

Maintenance and Industrial Services

The Maintenance and Industrial Services division specialises in the planning, management and execution of multidisciplinary maintenance services, sustaining capital works and turnarounds.

Strong demand for maintenance, shutdown and sustaining capital services within the resources sector, particularly in the first half of the year, contributed to the division achieving a record revenue performance for the third consecutive year of \$1,049.8 million, up 5.1 per cent on the previous year.

The division bolstered the range of services delivered to existing and new customers and continued to expand its geographical footprint, both within Australia and overseas, securing approximately \$515 million of new contracts and contract extensions, including approximately \$60 million subsequent to year end.

The Company continued to build on its long-term relationships with major iron ore producers in the Pilbara. A number of contracts were secured with Rio Tinto, including a major five-year contract for the provision of mechanical and electrical fixed plant maintenance and shutdown services at its coastal iron ore operations and a three-year contract for the provision of maintenance services and minor projects on its Pilbara marine infrastructure. In addition, it was also awarded a number of contracts with BHP for upgrades to existing conveyor equipment, power switching and stackers at Mining Area C mine.

Highlighting the strength of its relationships with customers, Monadelphous was appointed for a further two years to BHP's WAIO Site Engineering Panel providing civil, structural, mechanical, piping and marine services at BHP's mine site and port operations in the Pilbara. Subsequent to year end, the Company secured two contracts under this panel agreement, firstly for the supply and installation of the Jimblebar Transfer Station and secondly for the refurbishment of Car Dumper 3 at Nelson Point, Port Hedland.

The Company secured a further three-year contract for the supply of shutdown and mechanical services at South32's Worsley Alumina Refinery in Collie, as well as a 12-month extension to its existing contract with Nickel West for the provision of maintenance, shutdowns and off-site repair services at Kalgoorlie Nickel Smelter.

In the east, Monadelphous secured a three-year contract for general mechanical and maintenance services as part of Incitec Pivot's scheduled turnarounds for its Queensland operations, a rope access and tank inspection contract at Rio Tinto's Yarwun alumina refinery near Gladstone in Queensland and a minor capital project services contract, which includes civil, mechanical, structural, piping and blast and paint services at Newcrest Mining's gold mining operations on Lihir Island in Papua New Guinea. During the year, the Company executed a number of major shutdowns in Queensland with both BHP Mitsubishi Alliance at the Hay Point Coal Terminal in Mackay, and with Incitec Pivot at Gibson Island in Brisbane.

In the oil and gas sector, Monadelphous continued to provide services under its existing onshore and offshore maintenance contracts at the Woodside-operated gas production facilities in the Pilbara, on the INPEX-operated Ichthys LNG offshore processing facilities, as well as in joint operation with Worley for EPC services to Oil Search at the oil and gas production and support facilities in the Highland region of Papua New Guinea. The Company continues to provide services to Shell in Queensland and Western Australia.

More broadly, and in line with customer requirements, the Company continued to strengthen its marine, civil, fabrication and corrosion management capabilities during the year, and established new workshop facilities in Bunbury, WA.

Subsequent to year end, Monadelphous has been awarded a number of new contracts through its Chilean-based maintenance and construction services business, Buildtek. The new work includes two contracts with Minera Escondida BHP, for the construction and assembly of a communications tower and associated infrastructure at the Escondida copper mine, as well as an upgrade to the conveyer system feeding the Filter Plant Warehouse at Coloso Port, both in the Antofagasta region. It also secured a contract for the removal and replacement of five liquefied natural gas discharge arms at GNL Quintero's operations in Valparaiso.

Other significant contract activity during the year included:

- Maintenance and shutdown services for BHP's Olympic Dam copper-uranium operation at Roxby Downs, South Australia;
- Maintenance and turnarounds for Queensland Alumina Limited in Gladstone, Queensland;
- Mechanical shutdown services and tank maintenance and refurbishments for Newmont at Boddington, WA;
- Operation and maintenance of the coal handling facility at the Muja Power Station for Synergy in Collie, WA; and
- Maintenance and turnaround services in the Hunter Valley, NSW, for Glencore and Yancoal.

Markets and Outlook

While the global economic outlook in the wake of COVID-19 remains uncertain, the resources sector is expected to provide a steady flow of opportunities over coming years.

With a strong iron ore price and demand from China actively ramping back up, the outlook for Australian iron ore investment remains solid.

The resumption of a number of Chilean copper projects which were suspended or deferred due to the outbreak of COVID-19 are expected to provide opportunities for the Company to grow its position in the South American market.

The effect of declining global demand on the oil and gas sector has resulted in delays in the development of new LNG projects, with customers reducing operating costs and deferring non-essential work in the short-term.

The long-term outlook for renewable projects is positive. Investment in this sector has eased in the short-term however, as the industry focuses on the development of improved grid access and transmission capacity.

Maintenance activity is expected to recover slowly from the effects of COVID-19 and will continue to be impacted by domestic travel restrictions and physical distancing requirements in the short-term, particularly in the oil and gas sector. In the longer-term, demand for maintenance services is expected to grow on the back of aging assets and customers deferring non-essential work in prior periods.

The Company has entered the new financial year with a solid forward workload. The short to medium-term financial performance of the business will be dependent on the extent and duration of the impact to the Company's operational activity and productivity levels resulting from the spread of COVID-19.

Monadelphous' reputation as a leader in its chosen markets, its longstanding commitment to the delivery of safe, reliable and cost competitive service solutions, as well as its swift and decisive response to the outbreak of COVID-19 means the Company is well positioned to capitalise on opportunities and deal with the challenges ahead.

Finally, I would like to take this opportunity to thank our loyal and talented team for their efforts. I also want to extend my thanks to our shareholders, customers and other stakeholders for their ongoing support.

Revenue including joint ventures is a non-IFRS measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to revenue presented by other companies. This measure, which is unaudited, is important to management when used as an additional means to evaluate the Company's performance.

Reconciliation of Total Revenue from Contracts with Customers Including Joint Ventures to Statutory Revenue from Contracts with Customers (unaudited)

	2020	2019
	\$'000	\$'000
Total revenue from contracts with customers including joint ventures	1,650,768	1,608,277
Share of revenue from joint ventures ¹	(163,375)	(131,008)
Statutory revenue from contracts with customers	1,487,393	1,477,269

¹ Represents Monadelphous' proportionate share of the revenue from joint ventures accounted for using the equity method.

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. This measure, which is unaudited, is important to management as an additional way to evaluate the Company's performance.

Reconciliation of Profit Before Income Tax to EBITDA (unaudited)

	2020	2019
	\$'000	\$'000
Profit before income tax	55,086	83,426
Interest expense on loans and hire purchase finance charges	1,753	1,930
Interest expense on other lease liabilities ²	1,941	-
Interest revenue	(1,171)	(2,269)
Depreciation of owned and hire purchase assets	22,608	19,490
Depreciation of right of use assets ²	7,962	-
Amortisation expense	644	1,306
Share of interest, depreciation, amortisation and tax of joint ventures ³	3,254	2,908
EBITDA	92,077	106,791

² The new accounting standard AASB 16 *Leases* was adopted from 1 July 2019. Comparatives have not been restated.

³ Represents Monadelphous' proportionate share of the interest, depreciation, amortisation and tax of joint ventures accounted for using the equity method.

DIVIDEND ENTITLEMENTS

The final fully franked dividend of 13 cents per share will be paid to shareholders on 2 October 2020 with the record date for entitlements being 11 September 2020.

FURTHER INFORMATION

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About Monadelphous

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 New Zealand, China, Mongolia, Papua New Guinea, Chile and the Philippines. Please visit www.monadelphous.com.au for further information.