



A challenging year. Fire, fatal accident & Covid-19.

Company/ASX Code	Monadelphous (MND)
AGM date	Tuesday 24 November 2020
Time and location	10am AWT University Club
Registry	Computershare
Webcast	Yes plus online platform Lumi
Poll or show of hands	Poll on all items
Monitor	Derek Miller/Geoff Corrick
Pre AGM-Meeting?	Yes, with Chair John Rubino

The individuals and or their associates involved in the preparation of this voting intention have a shareholding in MND.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

MND is a well-established engineering company specialising in construction and maintenance for the mining and oil and gas industry , and in recent years has moved into infrastructure ,water supply and power projects to allow growth as hydrocarbons & mining construction sectors have matured. MND is based in Perth and has projects in all states of Australia, and in recent years extended to New Zealand, China and Mongolia. A large percentage of MND work is in WA and QLD.

MND recorded revenue for the year of \$1650 million, 2.6% more than the previous year. There was a 1.1% decrease in revenue in Engineering and Construction which was a significant improvement on the previous year (34.5%decrease) Maintenance and Industrial Services increased by 5.1%.

Major new construction projects included

- 1)Three work packages on BHP South Flank project.
- 2)Design and construction of Rio Tinto West Turner Syncline Phase 2 , project with Mondium
- 3)Marble Lithium Hydromet plant at Kemerton, pyromet, structural, mechanical and piping work.
- 4)Two Wind farm projects in a J/V with Zenviron.

These are significant new projects after the completion of major oil and gas work in recent years. It is pleasing to see MND recognised in the “Design and Construct “as opposed to just “construct “with the Mondium EPC model.

The Maintenance and Industrial Services Section continued to work on a range of projects for almost all major mining and oil and gas companies including RioTinto/BHP/Woodside/Impex Operations/South 32/Glencore/Newcrest /Newmont(Boddington).

MND is subject to a writ for damages from RioTinto concerning a fire that occurred at Cape Lambert during maintenance work. The claim is substantial and is subject to ongoing discussions. MND intends to fully defend the legal action and in parallel, MND is continuing to recognise & perform significant work for Rio Tinto.

EBITDA for the full year was \$92.1 . For the first half it was \$59.1 but the second half was significantly impacted by the COVID19 disruption. There were also some problems in the Water Infrastructure business resulting in a \$14 million provision in the financial statements. Except for the second half COVID19 problems, performance would have been marginally better than 2019.

EBITDA margin decreased to 5.6% from 6.6% in 2019. Earnings per share was 38.7cents, a decrease from 53.7cents last year.

Dividend was reduced from 48cents per share to 35cents per share.

MND enters 2021 with a solid forward work load from its long established customers, with some potential for growth in Chilean copper and renewable energy projects in Australia.

Governance and culture

MND is well regarded in the industry for its management and workforce skills. It has a small but effective 5-member Board with 3 independent directors. The Chairman John Rubino was a founder of MND. He was appointed Managing Director & Chairman in 1991. Due to his long service – 29 years with MND - ASA does not regard him as independent.

Financial performance

In spite of relatively flat revenue and profit, a reasonable dividend was maintained for the year. TSR at minus 36% was due to a combination of general market sentiment resulting from the COVID 19 environment plus the writ for significant damages issued by Rio Tinto.

Key events

2020 has been a year of steady operation and obtaining some significant new project work in Australia. The company is searching for growth areas to supplement traditional mining & construction which are subject to capex and maintenance cycles. Also the company has adjusted to the COVID-19 environment in the global jurisdictions in which it operates.

Some incremental project work is being carried out in Brazil.

As mentioned above MND is subject to a writ for damages from RioTinto. The claim is substantial and subject to ongoing discussions. It has affected the share price significantly.

Key Board or senior management changes

There were no Board or management changes in FY20.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	36.5	57.4	71.6	57.5	67.0
UPAT (\$m)	36.5	57.4	71	57.5	67.0
Share price (\$)	10.82	18.81	15.0	16.2	7.66
Dividend (cents)	35	48	62	54	60
TSR (%)	Minus 36	27.5	13.5	72.0	Minus 6
EPS (cents)	38.7	61.0	76.1	61.4	71.8
CEO total remuneration, actual (\$m)	1.209	1.195	1.135	1005	0.979

For FY20, the CEO's total actual remuneration was **13.5 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Note - For May 2020 , the Full-time adult average weekly total earnings (annualised) was \$88,145 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings", Trend(a)).

Item 1	Re-election Mr Peter Dempsey
ASA Vote	For

Summary of ASA Position

Mr Dempsey was appointed to the Board in 2003. He is a Civil Engineer , Fellow of Engineers Australia and a member of the Australian Institute of Company Directors. He has 48 years of construction and engineering experience. While he has long service on the Board , his engineering experience is highly valuable to MND and its long term performance. MND is somewhat different to many other companies, in that it relies on a Board with a high level of project engineering skills & relevant experience . Mr Dempsey provides those skills and the Chairman considers that he is strategically important to MND future performance.

Item 4	Adoption of the Remuneration Report
ASA Vote	For

Summary of ASA Position

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.973	78	0.973	64
STI - Cash	nil		nil	
STI - Equity	nil		nil	
LTI	0.266	22	0.543	36
Total	1.239	100.0%	1.416	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

This is the third year of the new remuneration structure which is made up of

1) Fixed Remuneration

2) Combined Reward Plan for senior leaders with financial and non-financial targets. These are not specified as they are regarded by MND as confidential, see page 54 of the AR. There were no combined reward Plan payments made this year. No reason was given beyond the review of the financial performance for the year ended 30 June 2020, but likely negative TSR, fatal accident in the Kalgoorlie workshop, and the fire at Cape Lambert resulting in the Rio Tinto legal action contributed to the decision.

This would be one of the better Remuneration structures and will achieve realistic payments to ensure continuous employment of key people, when there are no major issues.

On response to the impact of COVID-19 on the Company's business and operations, the Board 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.

Item 2	Re-election of Ms Helen Gillies
ASA Vote	For

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Ms Gillies is a solicitor, Master of Business Administration and Construction Law and Fellow of the Australian Institute of Company Directors. She has been on the Board since 2016 and has 24 years of experience in the construction and engineering services industry. She is well qualified in terms of professional qualifications & relevant experience for the Board appointment.

Item 5	Grant of Performance Rights to the Managing Director
ASA Vote	For

Summary of ASA Position

The grant of \$266800 Performance rights is in accordance with the Combined Performance Plan previously approved.

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