



Monadelphous 2022 AGM report

ASX code	MND
Meeting date	22 November 2022
Type of meeting	Hybrid
Monitor	Derek Miller and Geoff Corrick
Pre-AGM meeting	With Phil Trueman (CFO/Company Secretary) and Kristy Glasgow (second Company Secretary)

Meeting Statistics

Number of holdings represented by ASA	88
Number of shares represented by ASA	333,169
Value of shares represented by ASA	\$4.5m
Total number attending meeting	In person: 18 shareholders, 1 third party proxy holder (ASA), 25 guests. On-line: 17 shareholders, 19 guests.
Market capitalisation	\$1.3 billion
ASA open proxies voted	on a poll. ASA voted in favour of all the resolutions

All directors were present except John Rubino, the retiring Executive Chair, who was absent for health reasons. The Chair's address was read by Sue Murphy, Deputy Chair and Lead Independent Non-Executive Director.

This was followed by the Managing Director (MD), Rob Velletri, talking about the reporting year. The Executive General Manager of the Maintenance and Industrial Services Division, Zoran Bebic, concluded the addresses with information about the outlook for the coming year.

[2022 Address to Shareholders](#) includes all three presentations. Shareholders can watch the whole [2022 AGM webcast](#) here. For changes to Board and senior executive positions effective at the end of the AGM see the announcement [Board Changes](#) on 17 Oct 2022.

It is the 50th anniversary of Monadelphous and the Annual Report has an interesting summary of the ups and downs of construction and maintenance in the resources sector over that time. In 1988 Monadelphous fell into receivership, and it was John Rubino and his fellow investors in United Construction who were able to re-capitalise the company and have it relisted on the stock exchange in 1990. The market capitalization at the time was about \$2.5m (now \$1.3b).

Both Sue Murphy and Rob Velletri were fulsome in their praise and thanks to John, who became Chair and Managing Director in January 1991, the start of thirty years devoted service. To quote from Sue Murphy's address "*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.*"

A notable point is an expected 10 - 15% reduction in group revenue in the first half of FY23 compared to the previous corresponding period. This is due to less engineering construction revenue. Several big projects were finalized in the year, and the revenue from award and

commencement of new work will not be evident until the second half. They are taking a targeted approach to new work opportunities with a focus on earnings quality. We interpret this as an effort to improve margins.

In the formal part of the meeting, all resolutions were presented before questions and voting.

The first question was a perennial one for Monadelphous about the amount of new work and the margin. The lull in new construction work is mentioned above. For Maintenance business unit, a statement about work in hand refers to the full term of a contract, which means for a five year contract only one fifth may be revenue in the current year. Maintenance is generally of lower margin because of lower risk.

We asked a question on retention rights for Rob Velletri now that he is relinquishing the position of MD. These have been granted in the reporting year and will vest once the employment period is served. In answer to a similar on-line question, the Combined Rewards Scheme was not operational for FY20 and FY21, so no rewards are coming for the next two years.

The retention scheme rewards staff over the gap and is aimed at retaining valued staff in an exceptionally tight labour market. They noted that Eastern States based industry proxy advisors had recommended against retention schemes hence the reduced 'For' vote of 75% on resolution 2. The WA mining & resources industry has had exceptional workforce circumstances during the Covid period. (The other three resolutions attracted support of more than 95%). See [2022 AGM results](#).

Another questioner asked if options granted to employees over the years had all vested. The answer was not all because of resignations before vesting.

We made a concluding remark to ask the Deputy Chair to pass on our appreciation to John Rubino for his friendly, frank and informative pre-AGM meetings with ASA representatives over at least the last 10 years.

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