

17 August 2010

Company Announcements  
Australian Securities Exchange Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000  
Australia

Dear Sir/Madam

**RE: Monadelphous continues to deliver earnings growth and record profit**

Please find attached a copy of the Media Release to be issued today by Monadelphous Group Limited as part of the company's full year 2010 results release.

Yours sincerely



Philip Trueman  
**Company Secretary**

## **MONADELPHOUS CONTINUES TO DELIVER EARNINGS GROWTH AND RECORD PROFIT**

• <b>Sales Revenue</b>	<b>\$1,275.4M</b>	(+13.6%)
• <b>EBITDA</b>	<b>\$129.4M</b>	(+11.5%)
• <b>Operating Cash Flow</b>	<b>\$96.0M</b>	(-15.6%)
• <b>Profit after Tax</b>	<b>\$83.2M</b>	(+12.1%)
• <b>Earnings per Share</b>	<b>96.9c</b>	(+10.7%)
• <b>Final Dividend</b>	<b>48cps ff</b>	(+9.1%)
• <b>Net Cash Position</b>	<b>\$116.6M</b>	(-8.4%)

**Perth:** Leading Australian engineering company Monadelphous Group Limited (**ASX: MND**) (“Monadelphous” or “the company”) today announced a record profit after tax of \$83.2 million for the full year ended 30 June 2010. The 12.1 per cent increase on the previous corresponding period ensured Monadelphous maintained its upward year-on-year performance trend and is the ninth consecutive year of earnings growth.

Strong revenue growth was achieved across the company’s operations and in all key markets – resources, energy and infrastructure – with total sales revenue for the year increasing by 13.6 per cent to a record \$1.28 billion.

Earnings before interest, tax, depreciation and amortisation were \$129.4 million, up 11.5 per cent. Earnings per share rose 10.7 per cent to 96.9 cents.

Monadelphous was awarded approximately \$650 million in new contracts and contract extensions during 2009-10. A further \$125 million in new contracts and contract extensions were awarded to the group subsequent to the reporting period.

The company’s ongoing investment in HSE systems, processes and training has continued to support the safe and sustainable development of the business. During the period, the company extended its safety leadership position with total case injury frequency rates (TCIFR) improving 25.3 per cent to 6.2 incidents per million hours worked.

Employee numbers increased during the year in line with work levels and the significant growth in the more labour intensive energy market. At 30 June 2010, Monadelphous employed in excess of 5,400 people, a 29 per cent increase on the previous corresponding period.

Whilst lower than the previous period, solid operating cash flow performance continued to be a feature of Monadelphous’s business in 2009-10, and the company reported a net cash position of \$116.6 million at year-end.

The Board of Directors has declared a final dividend of 48 cents per share fully franked. This takes the total full year dividend payout to 83 cents per share fully franked, a 12.2 per cent increase on the previous corresponding period.

## Performance Drivers

Managing Director Rob Velletri said the record sales achieved during the year were driven by Monadelphous's continued strong delivery performance to blue-chip resources customers and its increased participation in the energy sector.

"Revenues from the energy sector now contribute more than 30 per cent of Monadelphous Group's total sales, compared with 5 per cent four years ago. This sector is now established as one of the company's core markets," Mr Velletri said.

In line with its diversification strategy, the company expanded its footprint in the infrastructure market through a joint venture with AnaeCo Limited to deliver design-and-construct alternative waste treatment plants that will use AnaeCo's patented DiCOM system. The first planned project is the expansion of an alternative waste technology facility in Western Australia.

At the end of the period, Monadelphous acquired the onshore transmission pipeline business, KT Pipeline Services, which expanded the company's capabilities in the infrastructure market and broadened the services available to resource and energy customers.

On 1 July 2010, the group established its Infrastructure division which consists of water and waste water treatment, solid waste management and transmission pipelines. Skystar Airport Services has been incorporated into this division.

Subsequent to the reporting period, KT Pipeline Services secured a major contract valued at approximately \$85 million with Chevron Australia for the Gorgon Project on Barrow Island, Western Australia.

In a competitive environment, the company continued to focus on remaining cost competitive, efficient and responsive to customer requirements in changing market conditions and on executing its diversification strategy to achieve long-term sustainable growth. This will continue to deliver above average returns for shareholders.

## Outlook

A rebound in commodity prices and general improvement in capital market conditions early in the 2009-10 financial year signalled that market conditions for the resources sector were quickly returning to more buoyant levels. The combination of a number of macro-economic factors has, however, led to some uncertainty on the timing of a return to full use of industry capacity.

Monadelphous entered the 2010-11 financial year with a healthy workload and the ongoing outlook for the resources and energy sectors remains positive.

The company believes that labour supply will tighten as large scale oil and gas projects in Western Australia enter the next development phase. Monadelphous will continue to invest resources in initiatives to attract, retain and develop people who deliver quality work, share the company's values and contribute to the group's long-term success.

Major development projects in iron ore, coal and LNG will provide a healthy pipeline of opportunities for the company in its core markets. While the market environment remains highly competitive, Monadelphous is in a strong position to capitalise on these opportunities.

The group will continue to focus on diversifying its revenue base through growth in its newly established Infrastructure division. Expansion opportunities in the water and solid waste management markets, along with its newly acquired transmission pipeline business, are expected to provide the company with ongoing growth opportunities.

The group expects further development of its Infrastructure division will assist Monadelphous in building a more resilient business for the future.

### **Dividend Entitlements**

The final dividend of 48 cents per share fully franked will be paid to shareholders on 17 September 2010, with the record date for entitlements being 10 September 2010.

### **FURTHER INFORMATION:**

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### **ABOUT MONADELPHOUS**

*Monadelphous Group Limited is a leading Australian engineering group providing services to the resources, energy and infrastructure industry sector. The company has a solid track record in the safe and effective delivery of complex and large-scale engineering construction projects and maintenance and industrial services for industry throughout Australia. Monadelphous's capabilities encompass civil, mechanical, structural and electrical disciplines. Although the mining sector has been the major focus of Monadelphous's work, the company is becoming increasingly diversified with growing involvement in the energy and infrastructure sectors. For more information or to join our free email alerts service visit: [www.monadelphous.com.au](http://www.monadelphous.com.au)*

## OPERATIONAL DIVISIONS REVIEW

### Annual Sales Revenues

<b>Engineering Construction</b>	<b>\$890.0M</b>	<b>(+14.8%)</b>
<b>Maintenance and Industrial Services</b>	<b>\$376.2M</b>	<b>(+6.9%)</b>
<b>Skystar Airport Services</b>	<b>\$12.7M</b>	<b>(+21.0%)</b>
<b><i>Internal Sales Eliminations</i></b>	<b>\$3.5M</b>	
<b>TOTAL</b>	<b>\$1,275.4M</b>	<b>(+13.6%)</b>

### Engineering Construction Division

The Engineering Construction division delivered an outstanding performance in 2009-10 with sales revenue of \$890 million – a 14.8 per cent increase on the previous period – and the award of approximately \$350 million of new construction contracts. The strong sales result reflects large scope increases on a number of existing contracts, high levels of activity in resources and energy markets, and a growing position in infrastructure markets.

The revenue growth also reflects Monadelphous's expanded capability in electrical and instrumentation services. Specialist instrumentation and electrical provider MiE, acquired by the group in 2005, was integrated into the Engineering Construction business at the beginning of the period. This allowed the division to deliver large-scale engineering construction projects that involve structural, mechanical, piping and electrical and instrumentation disciplines.

Recent large-scale vertically integrated engineering construction projects include Abbot Point Coal Terminal X50 Expansion for the Ports Corporation of Queensland; BHP Billiton Worsley Alumina's Worsley Efficiency and Growth Project SMP North; and Phase 1 of the Brockman 4 development for Rio Tinto.

Major projects substantially completed in 2009-10 include:

- Construction of the onshore gas treatment plant associated with Eni's Blacktip Development Project in the Northern Territory (NT);
- Structural, mechanical, and electrical works for the Abbot Point Coal Terminal X50 Expansion, for the Ports Corporation of Queensland (Qld);
- Structural and mechanical pre-works at Nelson Point associated with BHP Billiton Iron Ore's Rapid Growth Project 6 (RGP6) in Western Australia (WA);
- Structural, mechanical and piping works as part of Rio Tinto Iron Ore's Cape Lambert Mesa A Dust Suppression Works in WA;
- Structural, mechanical and piping for the supply and pre-assembly of the dry processing system at Phase 1 of the Brockman 4 development for Rio Tinto at Brockman in WA;
- Civil, structural, electrical and instrumentation works for the construction of the Clermont Mine Coal Handling and Preparation Plant Project with Rio Tinto in Qld;
- Structural, mechanical, electrical and instrumentation works associated with the Hook-Up and Commissioning of the Pluto Liquefied Natural Gas (LNG) Project's offshore riser decks for Woodside in WA;
- Electrical and instrumentation works for the Carborough Downs Expansion, Qld; and
- Design, construction and commissioning of fluoridation dosing systems for SEQWater in Qld.

Major projects in progress at the end of the period include:

- Structural, mechanical and piping works at the Yandi Hub associated with BHP Billiton Iron Ore's Rapid Growth Project 5 (RGP5) in WA;
- Structural, mechanical, electrical and piping works for the BHP Billiton Worsley Alumina's Efficiency and Growth Expansion Project at Collie in WA;
- Structural, mechanical and piping works associated with Woodside's Pluto LNG Project in WA;
- Contract amendment with Chevron Australia for the design and construction of a water treatment facility on Barrow Island, WA;
- Civil, structural, mechanical and electrical works for the Nambucca Heads Sewerage Treatment Plant and associated infrastructure for the Nambucca Shire Council in New South Wales (NSW);
- Civil, mechanical and electrical construction, testing and commissioning of a new sewerage treatment plant for the Cowra Shire Council in NSW;
- Installation of an Automated Delivery System and ancillary infrastructure associated with Rio Tinto's Boyne Smelter Development Project in Qld; and
- Construction of the Burpengary East Sewerage Treatment Plant upgrade for the Moreton Bay Regional Council in Qld.

The group has also recently secured an additional \$60 million of previously unannounced projects including:

- Structural, mechanical and piping works for the Cadia East Project in NSW for Newcrest Mining;
- Civil, structural and mechanical services for Sino Iron at its Cape Preston operations in WA;
- Structural and mechanical shutdown works at Nelson Point associated with BHP Iron Ore Rapid Growth Project 5 (RGP 5) in WA; and
- Structural and mechanical works for the train load out at the Yandi Hub and associated work with BHP Billiton Iron Ore's Rapid Growth Project 5 (RGP5) in WA.

### **Maintenance and Industrial Services Division**

The Maintenance and Industrial Services division produced a strong performance for the financial year with sales revenue of \$376.2 million, an increase of 6.9 per cent on the previous year. Following a recovery from the effect of the Global Financial Crisis, sales revenue has trended upwards over the year with all key customers and contracts retained, and a number of new contracts secured.

The division won \$300 million in new contracts and contract extensions over the past year. A key highlight was the award of a three-year facilities management services contract by Chevron Australia for the Gorgon Project at Barrow Island. This contract will further extend the division's service capabilities.

Other new contracts and contract extensions included:

- Two new three-year shutdown maintenance services contracts for Rio Tinto Iron Ore's Coastal and Inland West Operations in WA;
- A new maintenance contract for Xstrata for dragline shutdowns at its Bulga Coal Complex in NSW;
- Contract extensions for Rio Tinto Alcan's Yarwun Alumina Refinery in Qld and W.A. Oil (Chevron) at Barrow and Thevenard Islands in WA;
- A four-year contract extension for project work, shutdown management and maintenance services at the BP Kwinana Refinery in WA;
- A two-year contract extension for maintenance support services at the Rio Tinto operated Boyne Island aluminium smelter at Gladstone, Qld;

- The formalisation of the previously announced shutdown alliance for operations in Qld with Incitec Pivot, incorporating a three-year revised term; and
- A new three-year maintenance contract for maintenance and shutdown services at various sites across WA for BHP Billiton's Nickel West.

The division also made significant progress towards the construction of workshop facilities in Mackay in Queensland. The facilities, expected to be operational in the second quarter of 2010-11, will position the company to provide additional service support to the coal sector in Queensland's Bowen Basin.

### **Infrastructure Division**

Monadelphous made significant progress in the execution of its infrastructure market expansion strategy during the year.

Since entering the infrastructure market four years ago, the company has successfully completed five water projects which were previously managed under the Engineering Construction division. During the year the company was awarded a contract valued at approximately \$40 million to design and construct a water treatment facility for the Gorgon Project on Barrow Island.

Further expansion into the infrastructure market was achieved in March 2010 when Monadelphous executed a joint venture agreement with AnaeCo Limited to deliver design-and-construct alternative waste treatment plants that will use AnaeCo's patented DiCOM system. The first project planned is the expansion of an alternative waste technology facility for the Western Metropolitan Regional Council in Perth, WA.

On 1 July 2010, the company established a new Infrastructure division which consists of water and waste water treatment, solid waste management and transmission pipelines (through the KT Pipelines acquisition). Skystar Airport Services has been incorporated into this division.

Skystar delivered strong growth during the year despite adverse aviation industry conditions. All key customer contracts were maintained and sales revenue increased 21.0 per cent to \$12.7 million. Skystar continued its strong focus on service delivery to its key customer, the Qantas group, and recorded an exceptional on-time performance rate of 99.7 per cent.

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