

MEDIA RELEASE

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MONADELPHOUS CONSOLIDATES ON ITS STRONG POSITION

• Sales Revenue	\$460M	(-8%)
• EBITDA	\$51.4M	(+5%)
• Profit after Tax	\$32.1M	(+2%)
• Earnings per Share	38.6c	(0%)
• Interim Dividend	29cps ff	(+32%)

National engineering company Monadelphous Group Limited (ASX: MND) has today announced a record after tax profit of \$32.1 million for the half year ended 31 December 2007, up 2 per cent on the previous corresponding period.

EBITDA was up 5 per cent to \$51.4 million, buoyed by a continuing improvement in margins, reflecting strong operational performance and the high value of contracts completed during the period. Earnings per share was 38.6 cents, in line with the previous corresponding period. An interim dividend of 29 cents per share fully franked was declared, an increase of 32 per cent.

The first half of 2006/07 was hallmarked by an unprecedented and phenomenal surge in revenue growth, with a string of major contracts having secured. As forecast in Monadelphous' annual results announcement in August last year, construction revenue softened in the first half of 2007/08. This resulted from the predicted ramping down of some of those previous major projects, together with timing affects from delays on new projects coming to market.

While sales revenue for the reporting period was \$460 million, down 8 per cent, second half 2007/08 sales revenue is expected to strengthen due to a number of newly secured contracts coming on-line. A highlight of the interim reporting period was a high level of contract wins, with \$500 million of new projects secured – with the company confident of a number of additional large contracts being awarded in the coming months. Despite the number of contract wins, delays in the timing of some of these projects coming on-line means that full year 2007/08 revenues will be similar to the last financial year. Margins are expected to show overall improvement for the full year.

Monadelphous Managing Director Rob Velletri said a highlight of the interim reporting period was the achievement of major inroads with its strategy to grow sales revenue in the oil and gas sector, with over \$200 million in both new construction and services contracts won in this market.

“Monadelphous’ strengthening position in the oil and gas sector will provide the opportunity to take advantage of the large number of multi billion dollar LNG projects planned for construction in Australia to support the company’s sustainable organic growth,” Mr Velletri said.

Business Development Strategies – First Venture into China

“One of the big challenges for the business is to be more innovative in the way we work in order to generate long term business growth in a severely labour-constrained environment,” Mr Velletri said.

Taking this into account, the company has announced three new key strategies to increase workforce capacity and better meet the demands of customers:

- In its first significant venture overseas, Monadelphous has established a supply office in Beijing to establish ties with Chinese engineering companies to source fabricated steel products and provide specialist engineering services for projects in Australia. The development is aimed at making Monadelphous more cost competitive and also gives the company access to broader skills and capabilities to allow it to target work in new industry sectors.
- Coupled with the China strategy, the company will maximise offshore fabrication and assembly, including increasing the modularisation of components, in order to accelerate project delivery and maximise the productivity of the Australian workforce.
- To help make Monadelphous an employer of choice, a ten year strategic partnership has been established with the University of Western Australia to establish an innovative engineering education and training facility – the Monadelphous Integrated Learning Centre. This will address the increased demand for engineers by producing more ‘job-ready’ graduates.

Major Divisional Performance

Engineering Construction recorded sales revenues of \$265 million for the reporting period, a decrease of 25 per cent. Some \$400 million in new contract wins will provide ongoing momentum for the division in the second half of the financial year. The division’s growth strategy of targeting new work in the water industry saw its second contract win in the sector.

The Maintenance and Industrial Services division was the standout performer delivering record sales revenue, up 21 per cent to \$160 million. The division continues to increase service volumes and win major new contracts with new blue chip customers, including strong wins in the oil and gas sector. A pleasing development was recording success in the division’s coal market growth strategy, with its first contract win in the sector.

Profit from Skystar Sale

In December 2007, Monadelphous announced the asset sale of a portion of the operations of its subsidiary company Skystar Airport Services to Toll Dnata Airport Services Pty Ltd. The sale, which will have a negligible impact on ongoing group sales and earnings, will result in a one off pre-tax profit of approximately \$4.5 million which will be booked in the second half of the financial year.

The assets consisted of the operations at Brisbane and Perth Airports and included ground handling contracts with international carriers Singapore Airlines, Emirates and Royal Brunei. The balance of the operations of Skystar Airport Services continue to operate profitably, with the focus of the business now on growing its revenue in the domestic aviation market.

Company Outlook

Monadelphous is undergoing a period of consolidation following last year's extraordinary surge in sales revenue from a wave of very large construction contracts. The company is confident of further contract wins in the second half which will strengthen the company's position leading into 2008/09. However, the risk of project delays due to industry capacity constraints will continue to provide uncertainty as to the timing of construction revenues.

Monadelphous is confident of ongoing growth in recurring sales revenue derived from the Maintenance and Industrial Services division. Opportunities in the Electrical and Instrumentation Services business also continue to be positive following the establishment of operations in Western Australia.

The outlook for the longer term continues to be very positive. Demand for Australian resources continues to drive major project developments. Multi-billion dollar Iron ore and LNG expansions in WA are expected to be a dominant feature of the market for years to come. Monadelphous is well placed in both industry sectors to participate in the expanding opportunities flowing from those large development projects.

Dividend Entitlements

The interim dividend of 29 cents per share fully franked will be paid to shareholders on 14 March, 2008, with the record date for entitlements being 7 March, 2008.

FURTHER INFORMATION

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ABOUT MONADELPHOUS

Monadelphous Group Limited is a leading national engineering group providing services to the resources, energy and infrastructure industry sectors. 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' capabilities encompass civil, mechanical, structural and electrical disciplines. Although the mining sector has been the major focus of Monadelphous' work, the Company is becoming increasingly diversified with growing involvement in the energy and infrastructure sectors.

Website: www.monadel.com.au

OPERATIONAL DIVISIONS REVIEW

Half-Year Sales Revenues

Engineering Construction	\$265.3M	(-25%)
Maintenance and Industrial	\$160.3M	(+21%)
Electrical and Instrumentation	\$40.3M	(0%)
Skystar Airport Services	\$10.2M	(+7%)

Engineering Construction

Major contracts substantially completed by the Engineering Construction division during the period included:

- Structural and mechanical construction works for Rio Tinto Iron Ore's Dampier Port Upgrade Phase B project in Western Australia.
- Structural and mechanical construction works associated with the expansion of port facilities for BHP Billiton Iron Ore's Rapid Growth Project 3 (RGP3) at Port Hedland, WA.
- Structural and mechanical construction of iron ore facilities at Mining Area C associated with BHP Billiton Iron Ore's RGP3 project in the Pilbara region of WA.
- Structural and mechanical works for the refurbishment of a rail car dumper associated with BHP Billiton Iron Ore's RGP3 project at Port Hedland, WA.
- Structural mechanical and piping works associated with BHP Billiton's Ravensthorpe Nickel Project in the south-east of WA.

Major projects won by the Engineering Construction division during the period included:

- Upgrade of the Yandi Sample Station for BHP Billiton Iron Ore's Rapid Growth Project 4 (RGP4) in WA.
- Construction of the Bargara waste water treatment plant upgrade for the Burnett Shire Council in Qld.
- Structural, mechanical and piping works associated with the Newmont/Anglo Boddington Gold Mine Project, WA.
- Structural, mechanical and electrical works associated with the Dalrymple Bay Coal Terminal (DBCT) expansion in Qld.
- Structural, mechanical and piping works associated with Rio Tinto Iron Ore's Cape Lambert Upgrade 80MTPA Project in WA.
- Structural, mechanical and piping works for the Finucane Island Stockyard Upgrade associated with BHP Billiton Iron Ore's RGP4 in WA's Pilbara.
- Structural, mechanical and piping works associated with Oxiana's Prominent Hill Gold Mine Project in South Australia.
- Construction of the onshore gas treatment plant associated with ENI's Blacktip Development Project in the Northern Territory.

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Maintenance and Industrial Services

The Maintenance and Industrial Services division continued to experience healthy market conditions achieving strong operational performance and growth across all its operations.

The significant highlight of the reporting period was the award and establishment of a number of new major services contracts valued at over \$100 million. In particular, securing two strategically important long term contracts with a major new oil and gas customer BP Australia.

In October 2007, the company announced it had won a three year contract for the provision of capital works and turnaround management at the BP Kwinana Refinery in Western Australia.

This was followed by an announcement in December 2007 that the company had also secured a five year services contract for the provision of mechanical, electrical and instrumentation services for capital improvement projects at the BP Bulwer Island Refinery in Queensland.

The division's coal market growth strategy also met with some success during the period. In October 2007, the company was awarded a contract for an initial period of 12 months to provide mechanical, structural and electrical maintenance services for the new coal preparation plant and associated infrastructure at Anglo Coal's Dawson mine in Queensland.

The division also established an initial maintenance services contract at BHP Billiton's Ravensthorpe Nickel Project in WA, late in the reporting period. This work follows on from the completion of construction and commissioning activities successfully carried out by the company's Engineering Construction division.

Electrical and Instrumentation Services

Monadelphous' electrical and instrumentation services company MIE consolidated its position after last financial year's massive growth spurt.

Projects undertaken during the period included a number of major electrical and instrumentation installation contracts associated with the expansion of coal handling operations at Gladstone and Dalrymple Bay in Queensland.

A key highlight for the period was the commencement of operations in Western Australia where MIE provided electrical and instrumentation services for a number of the Engineering Construction division's multi disciplinary projects. This is expected to deliver significant opportunities for new work and revenue growth for MIE.

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