

16 February 2010

Company Announcements  
Australian Securities Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000  
AUSTRALIA

Dear Sir/Madam

**RE: Monadelphous Delivers Strong Operating Performance**

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

Yours sincerely



Philip Trueman  
**Company Secretary**

## ASX MEDIA RELEASE

16 February 2010

### MONADELPHOUS DELIVERS STRONG OPERATING PERFORMANCE

#### Highlights

- Net profit after tax of \$40.5 million, up 10.0 per cent
- Sales revenue of \$619.5 million, up 10.1 per cent
- Secured more than \$450 million of new contracts and contract extensions
- Solid operating cash flow of \$56.6 million
- Interim dividend of 35 cents per share, up 16.7 per cent
- Continued diversification into energy and infrastructure

**Perth:** Leading Australian engineering company Monadelphous Group Limited (**ASX: MND**) (“Monadelphous” or “the Company”) today announced a record after tax profit of \$40.5 million for the half year ended 31 December 2009, up 10.0 per cent on the previous corresponding period.

Sales revenue for the interim reporting period was up 10.1 per cent to \$619.5 million from continued high activity levels in engineering construction with increasing revenue from projects in the energy and infrastructure sectors.

Although margins continued to be under pressure, strong operational performance and overhead cost containment resulted in EBITDA margins remaining steady at 10.4 per cent. Earnings per share rose 8.2 per cent to 47.3 cents.

The Board has declared an interim dividend of 35 cents per share fully franked, up 16.7 per cent on the previous corresponding period.

The company continued to win work with more than \$450 million worth of new contracts and contract extensions secured during the period across all key markets – resources, energy and infrastructure.

Monadelphous Managing Director, Rob Velletri, said: “The company’s strategies in recent years to diversify outside traditional resources markets, focus on organic growth and strengthen relationships with blue chip customers have translated into strong results in the first half.

“While Monadelphous is a leading participant in resources, particularly iron ore, a continuing trend has seen the share of group sales from the energy and infrastructure sectors grow to 32 per cent in the first half. Four years ago those combined market sectors comprised 6 per cent of total sales.

“The energy sector share of revenue has grown to 27 per cent, more than four times that of the 2006/07 full year period. Strategic milestone contracts awarded in the past year from blue chip clients such as Woodside and Chevron have seen the company strongly positioned to take advantage of the growing opportunities ahead in the oil and gas sector.”

Total workforce numbers rose steadily in line with work volumes during the first half, ending the reporting period with 4,632 employees.

The company’s ongoing investment in health, safety and environment (HSE) systems and training has continued to support the safe and sustainable development of the business. During the period, the company’s safety performance continued to improve with total case injury frequency rates (TCIFR) improving 23.6 per cent to 7.4 incidents per million hours worked compared to the prior corresponding period.

## Outlook

As previously announced, the company entered the 2009/10 financial year in a strong position with a healthy forward workload.

Across the first half period, the company continued to experience stronger levels of business activity driven by increasing levels of customer confidence.

Current business activity and forward workload levels remain healthy and are anticipated to result in second half sales revenues and earnings similar to those of the first half.

With the resources sector strengthening and the outlook for energy and infrastructure markets remaining positive, the company is in a strong position to continue to capitalise on a healthy pipeline of project opportunities.

Over recent months industry capacity issues have started to re-emerge. In particular, skilled labour shortages within the engineering and construction industry have once again become apparent. In responding to these challenges, the company has begun to renew its focus on capacity expansion and people recruitment and retention strategies.

The company will also continue to pursue its long term market growth strategy with ongoing expansion in energy and infrastructure markets together with the maximising of returns from core resource sector markets.

## Dividend Entitlements

The interim dividend of 35 cents per share fully franked will be paid to shareholders on 12 March 2010, with the record date for entitlements being 5 March 2010.

## Further Information

**Analysts/Investors:** David Loch  
Investor Relations Manager  
Monadelphous Group Limited  
+61 8 9315 7429  
+61 411 144 787  
dloch@monadel.com.au

**Media:** David Tasker  
Group Director  
PPR  
+61 8 9388 0944  
+61 433 112 936  
david.tasker@ppr.com.au

**Monadelphous Group Limited** is a leading Australian 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. For more information or to join our free email alerts service visit: [www.monadelphous.com.au](http://www.monadelphous.com.au)

## DIVISIONAL OPERATING REVIEW

### Half Year Sales Revenues

Engineering Construction	\$438.3M	(+17.4%)
Maintenance and Industrial Services	\$176.9M	(-7.0%)

### Divisional Review - Engineering Construction

The Engineering Construction division recorded sales revenue of \$438.3 million, an increase of 17.4 per cent.

Record activity levels during the period reflected a healthy forward workload entering the 2009/10 period as well as scope extensions on a number of construction contracts.

Major projects under way during the period included:

- Structural, mechanical and piping works associated with Woodside's Pluto Liquefied Natural Gas (LNG) Project in the north west of Western Australia (WA);
- Construction of the onshore gas treatment plant associated with Eni's Blacktip Development Project in the Northern Territory;
- Structural, mechanical, piping, electrical and instrumentation works as part of Worsley Alumina's Efficiency and Growth Expansion Project in WA;
- Structural, mechanical and electrical works associated with Ports Corporation of Queensland's Abbot Point Coal Terminal X50 Expansion Project;
- Installation of an Automated Alumina Delivery System and ancillary infrastructure associated with Rio Tinto's Boyne Smelter Development Project in Queensland (Qld);
- Construction of the Burpengary East Sewerage Treatment Plant Upgrade for the Moreton Bay Regional Council in Qld;
- Construction of a Coal Handling Preparation Plant as part of Rio Tinto's Clermont Mine Project in Qld; and
- Structural and mechanical pre-works at Nelson Point associated with BHP Billiton Iron Ore's Rapid Growth Project 6 (RGP6) in WA.

The division continued to expand its provision of higher value, vertically integrated packages of work including structural, mechanical, piping, and electrical and instrumentation components. During the reporting period, electrical and instrumentation services revenue increased 75.7 per cent to \$85.9 million representing one-fifth of the division's total sales revenue.

During the period, the division was awarded more than \$250 million in new construction contracts across a broad base of resources, energy and infrastructure sectors.

The award of a \$25 million contract as part of Woodside's Pluto Offshore HUC (Hook-Up and Commissioning) project represented a significant milestone contract win during the period. This project reinforces the company's strong position in the delivery of multi-disciplinary services in the oil and gas market, including offshore works.

Another highlight was the record number of water project awards during the period. In total, three water contracts were awarded by water authorities in Queensland and NSW totalling \$40 million.

Other major projects won during the period included:

- Structural, mechanical, piping, electrical and instrumentation works associated with Phase I of Rio Tinto's Brockman 4 development in the north west of WA;
- 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 and piping works as part of Rio Tinto Iron Ore's Cape Lambert Mesa A Dust Suppression Works in WA;
- Design, construction and commissioning of fluoridation dosing systems for SEQWater in Qld;
- Construction, testing and commissioning of the Nambucca Heads Sewerage Treatment Plant for the Nambucca Shire Council in New South Wales (NSW); and
- Civil, mechanical and electrical construction of the Cowra Sewage Treatment Plant for the Cowra Shire Council in NSW.

The Engineering Construction division's healthy forward workload, including new major construction contracts awarded during the first half, provide ongoing momentum for the division in the second half of the financial year.

### **Divisional Review - Maintenance and Industrial Services**

The Maintenance and Industrial Services division recorded sales revenue of \$176.9 million, down 7.0 per cent on the previous corresponding period.

Sales revenue trended upwards after the Global Financial Crisis which impacted the second half of last financial year. On a sequential six monthly period basis, sales revenue trended up 9.4 per cent.

Importantly, the division retained all existing customers and contracts while securing a number of additional contracts. In total, the division was awarded approximately \$200 million in new contracts and contract re-competes over the period. These included:

- Two new three-year contracts for the provision of shutdown and maintenance services for Rio Tinto Iron Ore's Coastal and Inland West Operations in WA;
- A new three-year facilities management services contract associated with the construction of the Gorgon LNG Project on Barrow Island in WA;
- A new maintenance contract for the provision of dragline shutdown services for Xstrata at its Bulga Coal Complex in NSW; and
- Contract extensions for Rio Tinto Alcan's Yarwun Alumina Refinery and W.A. Oil (Chevron) at Barrow Island and Thevenard Island.

Other highlights of the period included the successful completion of major shutdowns and turnarounds at a number of BHP Billiton Nickel West sites in WA, BHP Billiton Mitsubishi Alliance (BMA) at its Blackwater Mine in the Bowen Basin in Queensland and at various Rio Tinto Iron Ore's Coastal and Inland West operations in WA.