

23<sup>rd</sup> November 2010

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

Dear Sir / Madam

**RE: ANNUAL GENERAL MEETING 2010 ADDRESS BY CHAIRMAN JOHN RUBINO AND  
MANAGING DIRECTOR ROB VELLETRI**

Please find attached a copy of the address to shareholders by Chairman John Rubino and Managing Director Rob Velletri at the Annual General Meeting held in Perth today.

Yours sincerely



Philip Trueman  
**Company Secretary**

## ASX MEDIA RELEASE

23<sup>rd</sup> November 2010

### ANNUAL GENERAL MEETING 2010 ADDRESS BY CHAIRMAN JOHN RUBINO AND MANAGING DIRECTOR ROB VELLETRI

#### Report by Chairman John Rubino

Good morning ladies and gentlemen.

My name is John Rubino and I am Chairman of the Board of Directors of Monadelphous Group Limited. It is my pleasure to welcome you to the 2010 Annual General Meeting of Monadelphous. It is now 10am and as we have a quorum, I declare the meeting open.

Before commencing the business of the meeting, I would like to introduce each of my fellow Directors and Officers. Starting from my immediate left are: Rob Velletri, Managing Director; Peter Dempsey, Lead Non-Executive Director and Chairman of the Audit Committee; Chris Michelmore, Non-Executive Director and Chairman of the Remuneration Committee. And to my right are: Zoran Bebic, Chief Financial Officer and Company Secretary; and Irwin Tollman, Non-Executive Director.

Thank you gentlemen.

Here today, representing our Auditors, Ernst & Young, is Greg Meyerowitz. On behalf of the Board I would like to thank Greg and his team, once again, for a job well done.

The order of business for today will be as follows. First, I will speak briefly about the financial, operating and strategic performance of the company during the most recent financial year. I will also cover our historical performance, highlighting our strong long-term delivery of returns to shareholders.

I will then hand over to Rob Velletri to provide an overview of our divisional highlights, talk about our people and safety achievements and the progress on our strategic objectives. Rob will also give an outline of the current market conditions and the outlook for the company.

After Rob's presentation, there will be an opportunity for shareholders to ask questions.

Following this, Zoran Bebic will take us through the formal business of the day. That will conclude the Annual General Meeting and we will then invite you to join us for some light refreshments.

This event provides us with great opportunity to officially welcome you to our new offices at 59 Albany Highway and to take a look inside the building and gain a small insight into the business of your company.

Now I will move onto my address to shareholders.

Monadelphous Group Limited continued its strong year-on-year performance in the year ended 30 June 2010 with the achievement of record sales and earnings.

The company generated a profit after tax of \$83.2 million, up 12 per cent compared with the previous year. Earnings per share increased 11 per cent to 96.9 cents.

The Board of Directors declared a total dividend of 83 cents per share fully franked, which was an increase of 12 per cent. The full year dividend represents an 86 per cent payout rate and is in line with the Board's dividend payment policy to return 80 to 100 per cent of earnings to shareholders in the form of dividends.

Strong revenue growth was achieved across all Monadelphous's operating divisions, with total sales revenue for the year increasing by 14 per cent to a record \$1.28 billion.

Earnings before interest, tax, depreciation and amortisation were \$129 million, up 11 per cent.

Our balance sheet remained robust with a net cash position of \$116.6 million at the year end, and cash flows from operations of \$96 million represented a healthy conversion rate.

Employee numbers increased in line with work levels to in excess of 5,400 at the end of the year, representing a 29 per cent increase over the 12 months.

We achieved another significant improvement in safety performance during the year, with the total case injury frequency rate declining by 25 per cent to 6.3 incidents per million man hours. This reflects our strong focus on the safety and wellbeing of our employees and the ongoing implementation of major, long term safety improvement initiatives.

The company continued to win new work, with approximately \$650 million in new contracts and contract extensions secured during the period.

A highlight of the year was the high level of activity in the energy market, which has helped insulate Monadelphous from resource industry cycles. Energy accounted for about 30 per cent of our sales revenue and it is now considered a core market for the company.

Growth in the successful delivery of multidisciplinary services to customers and the substantial progress made in the development of our infrastructure business also continued to broaden our revenue base.

This expansion of our business into energy and infrastructure markets and the successful development of a multidisciplinary capability, along with our reputation for safe and reliable delivery, has contributed to our strong financial performance over the past five years.

We have achieved, and in fact exceeded, our aspirational goal of doubling in size every five years – as you can see from the revenue growth between financial years 2006 and 2010. It is a testament to the strength of the business that our earnings and returns to shareholders continued to improve throughout the Global Financial Crisis.

Since the 2006 financial year, earnings per share have grown by 165 per cent and we have averaged a dividend payout ratio of 88 per cent. The result for shareholders has been a total of more than \$270 million in dividends.

This consistently strong performance is the result of our long term operational and financial strategies, which focus on earnings quality, sound governance and prudent financial management.

Over a 10-year period, the business has undergone significant development through continued organic growth and diversification. This strategy has strengthened our position in core markets and has enabled us to enter new markets with the objective of creating a more robust business model.

Our competitive advantage is that 'we deliver what we promise'. We achieve this through a focus on long term mutually beneficial relationships and safe and reliable project execution. It is this focus that provides us with a strong foundation for the future growth of the business.

Before I hand over to Rob, I want to congratulate our people on their consistently high levels of performance and to thank them for their dedication and loyalty.

I now ask Rob to present an overview of the business highlights and strategy, and further information on current market conditions and the outlook for the business.

## Report by Managing Director Rob Velletri

Thank you John and good morning ladies and gentlemen.

As John has said, the 2009/10 financial year was one of continued solid operational and financial performance, and strong strategic progress, as we delivered our ninth consecutive year of earnings growth.

We achieved record sales and activity levels across all of our operations.

The Engineering Construction division produced an outstanding 15 per cent growth in sales revenue to \$890 million. This result reflected scope increases on existing contracts, high levels of activity in the energy sector, and a growing position in infrastructure markets.

The growth in revenue also reflected the expanded capability in electrical and instrumentation services following the integration of MiE into the division at the beginning of the period.

The Maintenance and Industrial Services division also performed solidly with sales growth of 7 per cent to \$376.2 million. The division continued its success in retaining key contracts and customers, through its ability to build strong, long-term relationships. The division was awarded more than \$300 million in new contracts or contract extensions during the financial year.

During 2009/10, the operating divisions achieved a healthy level of tendering success across all our key markets of resources, energy and infrastructure.

Importantly, we were awarded approximately \$650 million in new contracts and contract extensions across a variety of customers, services and geographic locations.

Monadelphous considers our people and culture to be our key source of competitive advantage.

Our employee numbers increased by 29 per cent to more than 5,400, in line with our increased activity levels at year end. With the labour market tightening we will continue to focus on people development and retention strategies as well as expanding our attraction and recruitment activities.

At Monadelphous, the health and safety of our employees is fundamental to business success, and the company has long held a strong reputation as an industry leader in health and safety performance. During the year, we recorded a 25 per cent improvement in the total case injury frequency rate across the business – an extremely pleasing result.

We have continued our focus in this area with the launch of the Monadelphous Safety Leadership Program. This customised training and coaching program for all line managers and supervisors runs for two years, and we expect it to have a significant positive cultural impact and continue to drive us towards our ultimate aim of zero harm.

Now to our strategy, market conditions and outlook.

In the financial year, substantial progress was made in each of our three focus areas of markets and growth, people, and productivity. In the area of markets and growth, our objective is to maximise the growth and returns we generate from our core markets of resources and energy. We also aim to grow our business in infrastructure.

Over the year, we maintained our strong position in our core markets with blue chip customers; we continued our market expansion into energy and infrastructure; and we significantly expanded our capability in delivering multidisciplinary services.

We made significant progress in the development of our infrastructure business with the acquisition of the onshore transmission pipeline business KT Pipeline Services. The acquisition broadens our services to our resources and energy customers and expands our capabilities in the infrastructure market.

A stand-alone Infrastructure division was established in early July 2010 to consolidate the company's activities in water, solid waste management and transmission pipelines. Skystar Airport Services has also been included in the new division.

The establishment of the division reflects the substantial progress made towards the execution of our infrastructure strategy.

On people strategy, the retention rate for our key personnel remained high throughout the period and we successfully refocused our efforts on people retention, development, and recruitment initiatives and activities.

We also continued to direct attention towards productivity improvements. During the year, we consolidated our business services function and further streamlined management processes, while continuing to contain operating and fixed costs.

We completed the consolidation of MiE into the Engineering Construction division and began refocusing our efforts on overseeing sourcing of people and materials in anticipation of a tightening in supply.

Over the latest financial year we saw significant changes in our traditional markets. After a period of softness generated by the Global Financial Crisis, there was a return to stability in resource market conditions in the second half. We have seen further strengthening in this market over recent months, particularly in the iron ore and coal sectors.

The energy market also continues to strengthen. In particular we are seeing a number of LNG developments, both in WA and Queensland, moving towards the execution phase.

A recent ABARE report about major development projects stated planned capital expenditure in Australia's mineral and energy sector is at record levels.

The infrastructure market is also forecast to be buoyant for some time, providing a large number of opportunities for our transmission pipelines and water businesses.

Since June this year tendering activity has continued to be healthy.

Yesterday we announced to the ASX three new construction contracts and additional work with a combined value of approximately \$130 million. These agreements take new construction and services contracts so far this financial year to about \$400 million across all our key customer markets.

New major contracts in our Engineering Construction division include:

- A train load out facility for BHP Billiton Iron Ore's RGP5, at Yandi Hub in Western Australia.
- Structural and mechanical works for BHP Billiton Iron Ore's RGP5 at Nelson Point in Port Hedland, Western Australia.
- Structural and mechanical works at Finucane Island in Port Hedland, also for BHP Billiton Iron Ore.
- Structural and mechanical works at Newcrest Mining's Cadia East Project, at Orange, New South Wales.
- Structural and mechanical works for MCC at CITIC Pacific Mining's Sino Iron Project at Cape Preston, in Western Australia.

The Maintenance and Industrial Services division has secured a three-year extension of a services contract with Oil Search at its oil and gas production and support facilities in Papua New Guinea. This contract also includes additional work to upgrade facilities in preparation for the delivery of gas to the PNG LNG project.

The Infrastructure division secured major new contracts for:

- Construction of a water treatment plant for the Water Corporation at Picton in Western Australia.
- Construction of intake and outfall pipelines for CITIC Pacific Mining's Sino Iron Project at Cape Preston in Western Australia.
- Construction of onshore pipelines, cables and tubes for Chevron's Gorgon Project at Barrow Island in Western Australia.

Following the achievement of record sales and earnings in 2009/10, the company entered the 2010/11 financial year with a healthy forward workload.

With a high level of tendering activity from a broadening revenue base, the flow of work has continued at a steady pace with about \$400 million in new contracts secured so far in the new financial year.

The company has continued to experience a high level of demand and growth from existing contracts and at this stage the company expects revenues in the first half to at least match those of the previous corresponding period, with margins steady.

Prospects in the short to medium term remain positive with tendering activity across all markets continuing at high levels.

As I have already mentioned, overall market conditions have continued to strengthen over recent months and the high levels of committed and planned investment in iron ore, coal and LNG developments is likely to drive a rapid return to full capacity for our industry.

Through our broadening market exposure, our reputation and the strength of our customer relationships, Monadelphous is well positioned to capitalise on these opportunities and continue on its long term path of growth.

Thank you.