

MONADELPHOUS GROUP LIMITED
2007 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS AND CEO PRESENTATION

SLIDE – CHAIRMAN'S ADDRESS

JOHN RUBINO - Good morning ladies and gentlemen.

SLIDE – 06/07 PERFORMANCE HIGHLIGHTS

I am very pleased to report that Monadelphous Group Limited experienced another outstanding year of growth.

Profit after tax was up an extraordinary 106 per cent to \$60.4 million from an 81 per cent increase in sales revenue to \$963.7 million.

Earnings per share increased 102 per cent to 73.6 cents per share.

This phenomenal growth, which has been largely organic, has been the result of the company's ability to leverage its strong track record of project and services delivery within the unprecedented boom in the construction and maintenance market in the resources sector.

The Board of Directors declared a total dividend of 66 cents per share fully franked, an increase of 100 per cent on 2005/06 resulting in an annual payout ratio of around 90 per cent of net profit.

As announced previously, the Board has agreed a dividend payment policy for the 2007/08 financial year and beyond to increase the total ordinary dividend payout ratio from 60 to 70 per cent of net profit to a range of 80 to 100 per cent and ceasing the payment of special dividends.

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We will continue to implement this policy subject to ongoing strong trading conditions and any need for significant cash requirements for investment opportunities.

The year's performance is reflected in the Company's market capitalisation growing to over \$1.2 billion at close of business last Friday.

SLIDE – CONTINUED STRONG SHAREHOLDER RETURNS

With such a strong increase in market capitalisation, during the year the company joined the ASX200.

We now have over 7,000 shareholders, and our total shareholder returns over the past five financial years total 2,365 per cent, equivalent to a compound annual growth rate of 69.5 per cent.

SLIDE – STRATEGIC ISSUES

I'd like now to spend a few minutes considering the main drivers behind our growth and the current issues facing the company.

Over the past year, our outstanding growth has largely been driven by a strong competitive position in a booming resources market.

Iron ore expansions in the north west of Western Australia have provided significant and ongoing opportunities for the Engineering Construction division over recent years.

Rolling major expansions by BHP Billiton and Rio Tinto as well as new developments from emerging producers are expected to provide the company with continuing opportunities for some years.

The multibillion dollar resource developments planned in the mineral processing, coal and oil and gas industries will also continue to present a long pipeline of opportunities for Monadelphous.

The market for maintenance services will continue to expand as new resource development operations come on stream, providing the company with ongoing opportunities for recurring revenue growth.

However, while we acknowledge that the medium to long term pipeline of project opportunities remains very strong, project timing and capacity constraints are, as expected and already reported to the market, going to impact company revenues in the coming year and particularly the first half of 2007/08.

As we have said a number of times this year, Monadelphous is therefore viewing 2007/08 as a year of consolidation. The company will focus on consolidating and strengthening its position and building a new platform for launching the next phase of growth.

The company will continue to develop its market expansion and diversification. The acquisition of the Hunter Valley based Ellavale Engineering Pty Ltd completed in March this year is a good example of that.

Acquisition opportunities which support the achievement of mainly organic growth through these market-driven strategies will continue to be pursued by the company.

We will also be focusing internally on systems enhancement, culture and staff retention schemes and implementing an organisation structure to best support future growth plans.

Before I hand over to Rob I would like to congratulate management and staff on the wonderful result that Monadelphous achieved again this year. I am always impressed by the dedication and enthusiasm our people bring to their work and I want to thank them all for their continued efforts.

I will now ask Rob to present an overview of the Group's performance and some more information on our strategy and outlook.

SLIDE – MD PRESENTATION

ROB VELLETRI - Thank you John and good morning ladies and gentlemen.

As John has advised, the Company has once again performed very strongly over the year. This year's outstanding result builds on the continued growth experienced particularly over the past five years.

SLIDE – STRONG REVENUE AND PROFIT GROWTH

2006/07 revenue from operating activities was \$963.7 million, up 81 per cent with profit after tax up 106 per cent to \$60.4 million, reflecting continued strong growth in our core business and improved operating margins.

We achieved strong revenue increases recorded across all of Monadelphous' operations, with margins continuing to trend upwards from strong market and operational performance and continuing improvements in economies of scale.

Revenue from the Maintenance and Industrial Services Division increased a healthy 26 per cent to \$262.5 million, while revenues from the Engineering Construction Division grew 127 per cent to \$657.5 million.

This latter result is due to a far greater than anticipated surge in construction activity from a large number of concurrent projects of increasing scope driven by strong customer demand conditions.

SLIDE - HIGH EARNINGS AND DIVIDEND GROWTH

Earnings per share grew strongly again this year -up 102 per cent to 73.6 cents. As shown on the graphic, Monadelphous has now recorded an average growth rate in earnings per share over the past five years of 62.4 per cent per annum – a remarkable achievement.

Dividends also continued to grow strongly. As John mentioned the board declared a total dividend of 66 cents per share fully franked, an increase of 100 per cent on the previous year.

I would now like to cover some key operational and strategic highlights for the period as well as our growth strategies moving forward.

SLIDE - INCREASED WORKFORCE

Despite the ever tightening labour market, the company increased capacity during the year to meet the unprecedented market demand with workforce numbers rising to over 4,000 at year end, from around 3,100 the previous year.

Capacity constraints in the form of labour shortages are now approaching a critical state. Staff attraction, recruitment and retention are an ongoing major focus of the company but in the current environment this will be an even tougher challenge in the year ahead.

SLIDE - CONTINUED FOCUS ON SAFETY

Safety is a core value at Monadelphous so it's pleasing to see a further improvement in performance in this area with a 27 per cent reduction in the total case injury frequency rate.

During the year, we continued to progress our long term injury reduction program with the introduction of an upgraded health and safety management system and a customised management and supervisory training program.

SLIDE - ENGINEERING CONSTRUCTION

The Engineering Construction division achieved substantial revenue increases this year, due to a record number of major construction contracts being completed or substantially progressed.

These include work for BHP Billiton in WA and Queensland; the Central Queensland Ports Authority in Gladstone; and Rio Tinto Iron Ore in WA.

In line with the company's strategy of expanding its services into the broader infrastructure sector, two water contracts were secured over the past year - construction of the Wyndham Water Treatment Plant in WA and the Bargara Wastewater Treatment Plant Upgrade in Queensland, with the latter awarded just post the end of the financial year.

Since June the company has also announced it had won construction contracts worth around \$300 million, as shown on the slide:

- BHP Billiton Iron Ore -RGP4 -Yandi sample station
- Xstrata – Mt Isa Lead concentrator revamp project
- Newmont/AngloGold - Boddington gold mine
- DBCT coal terminal expansion
- Rio Tinto Iron Ore: Cape Lambert Upgrade 80MTPA Project
- BHP Billiton Iron Ore: Rapid Growth Project 4 – Finucane Island Stockyard Upgrade
- Oxiana: Prominent Hill Gold Mine Project

Tendering workload continues at a high level and we are confident of announcing further contract wins over the coming months.

SLIDE - SERVICES

Once again this year the Maintenance and Industrial Services division capitalised on the strong trading conditions with service volumes increasing on existing contracts as well as the award of new contracts and solid expansion of its geographical and customer base. Importantly, all current term contracts were retained; and revenues subsequently rose 26 per cent to \$262.5 million.

The division continued to develop business in the oil and gas sector with the award of a significant services contract with Oil Search at their oil and gas operations in Papua New Guinea.

In October, we won another major contract in the oil and gas sector – a three year capital works and turnaround management contract for the BP Kwinana refinery in Western Australia.

The division continued its push to expand operations further into the coal market with the acquisition of the Hunter Valley coal services business Ellavale Engineering - a leading dragline and shovel maintenance provider, servicing the New South Wales coal industry.

The electrical and instrumentation services business MIE – acquired in 2005 – has been a star performer this past year, achieving an increase in revenue of 176 per cent to \$71.8 million.

This business continues to grow rapidly, providing Monadelphous with significant multidisciplinary capability through the roll out of its services on a national basis across the group's network of customers.

Monadelphous' aviation ground handling services business, Skystar Airport Services, also continued its growth trend this year with revenue increasing 29.7% from the previous year to \$19.2 million.

SLIDE - STRATEGY ON TRACK 1

Monadelphous' strategy is for long term sustainable growth by maximising returns from our core markets of iron ore, coal and minerals and broadening our revenue base in new markets of oil and gas, power and water.

We have continued to progress this growth strategy over the past year. For example, we recently expanded into new locations in Queensland – in Mackay and Townsville; in South Australia we opened a new office in Adelaide; and in New South Wales we expanded further into the Hunter Valley through our acquisition of Ellavale Engineering. We have also expanded our electrical and instrumentation services into Western Australia with MIE opening an office in Perth.

We plan to further diversify into the oil and gas, water and power markets and it was pleasing to see those initial wins in water and oil and gas already this year.

We will also continue to pursue acquisitions that enable entry into new markets or expand our share of existing markets.

SLIDE - STRATEGY ON TRACK 2

The company has really stretched resources to cope with the sustained exponential growth achieved over the past few years and the Board and senior management are acutely aware of the risk of damaging the company's strong delivery reputation and threatening our prominent position in the market, especially given the very tight labour market.

To support future growth, the company has a significant program of development projects in progress which are all aimed at strengthening management and business systems in areas including risk management, people management, health and safety, procurement and associated information and communication systems. Staff retention and development strategies, as well as attraction and recruitment strategies, continue to be critical focus issues for the business.

Also, while we have been proactive in expanding our plant and equipment, restrictions in the supply of third party services and equipment are also becoming more apparent. Broadening sources of supply and developing a global supply capability will become a key focus area going forward to ensure we remain competitive.

SLIDE - SUMMARY AND OUTLOOK

So in summary it's been another terrific year at Monadelphous, building on the exponential growth achieved over recent years.

However we have been saying for some time, and its worth restating again here today, that this year's exceptional performance was driven by an extraordinary increase in engineering construction revenue from a wave of significantly large construction contracts won in the past two years.

Maintaining this level of construction workload in the short term is simply not realistic. Whilst the construction pipeline remains strong, the quality and timing of projects together with capacity utilisation are all critical factors impacting short term construction revenue flows.

Although we have announced a number of new contract wins since the year end, this is work we needed to win in order to maintain our momentum.

We still expect to have a softer first half, followed by a stronger second half. Full year revenues are expected to be similar to last year with some potential for margin improvement.

As I have already mentioned, the significant increase in work volumes has severely extended the company's human and physical resources and tested the capability of the organisation to maintain control of a rapidly growing business.

Development of people and systems to match the pace of growth of the business continue to be critical issues for sustaining long term growth. Innovative ways to deliver projects and services in a resource constrained environment will also be a key challenge going forward.

In closing it is important to note that although this is a year of consolidation, we don't expect to go backwards. We will hold our strong market positions and management remains focussed on the long-term which continues to look very positive.