

ASX MEDIA RELEASE
22 February 2011

MONADELPHOUS DELIVERS STRONG FIRST HALF PERFORMANCE

HIGHLIGHTS

- **Sales revenue of \$700.1 million, increasing 13%**
- **Net profit after tax of \$45.5 million, up 12.3%**
- **Secured more than \$450 million of new contracts and contract extensions**
- **Solid operating cash flow of \$61.5 million**
- **Earnings per share of 52.3 cents, increasing 10.6%**
- **Interim dividend of 40 cents per share, up 14.3%**

Perth: Leading Australian engineering company Monadelphous Group Limited (**ASX: MND**) (“Monadelphous” or “the company”) today announced a record sales and earnings result for the half-year ended 31 December 2010 and reported a net profit after tax of \$45.5 million, up 12.3 per cent on the previous corresponding period.

Revenue growth was achieved across all Monadelphous’s three operating divisions and in all markets – resources, energy and infrastructure – with total sales revenue for the half year increasing by 13 per cent to a record \$700.1 million.

The revenue growth was driven by high levels of demand and significant scope growth on existing engineering construction projects, the company’s continued strong delivery performance to customers in the resources and energy markets, and growth from Monadelphous’s strategic entry into the infrastructure market through the successful establishment of the Infrastructure division in July 2010.

The strong operational performance and a continued focus on people and productivity increased the earnings before interest, tax, depreciation and amortisation (EBITDA) margin to 10.6 per cent.

Cash flow from operations for the first half was \$61.5 million which represented a healthy conversion rate for the period and resulted in a net cash position of \$129.1 million. Earnings per share rose 10.6 per cent to 52.3 cents.

Monadelphous continued to invest in health and safety leadership training and HSE processes and systems during the period and achieved a total case injury frequency rates (TCIFR) of 6.7 incidents per million hours worked. The lost time injury frequency rate (LTIFR) improved to 0.3 incidents per million hours worked.

The value of new projects and contract extensions secured during the period was approximately \$450 million across all key customer markets.

Total workforce numbers increased in line with work volumes, to end the reporting period at 5,742 people.

The Board has declared an interim dividend of 40 cents per share (fully franked), an increase of 14.3 per cent on the previous corresponding period.

Monadelphous Managing Director Rob Velletri said, “It is pleasing to report that our strategy is translating into strong results. What we are seeing is continuing strong performance in our core markets of resources and energy along with an increasing contribution from our growth markets in the infrastructure sector.”

OUTLOOK

Monadelphous entered the 2010/11 financial year with a healthy workload and has continued to secure work across all key markets.

Engineering and construction prospects in the short to medium term remain positive with a healthy forward work load and the resources and energy project pipelines continuing to strengthen, creating ongoing high levels of tendering activity.

The company will continue to focus on attraction and retention strategies as skilled labour shortages continue to build.

While the recent Queensland floods and cyclone have affected many people, including some employees and their families, there was no significant impact on Monadelphous's Queensland operations and these events are not expected to have a material impact on the company's second half earnings.

Monadelphous expects that, with its current business activity and forward workload, second half sales revenue and earnings will be similar to those of the half year.

High levels of committed and planned investment in resource and energy projects provide a strong pipeline of opportunities for the company. Continued strong service delivery to blue chip customers, industry reputation and broader market exposure place Monadelphous in a strong position to capitalise on these opportunities.

DIVIDEND ENTITLEMENTS

The interim dividend of 40 cents per share (fully franked) will be paid to shareholders on 18th March 2011, with the record date for entitlements being 11th March 2011.

FURTHER INFORMATION:

**Analysts/
Investors:** Brett Lane
Group Communications Manager
Monadelphous Group Limited
+61 8 9315 7385
blane@monadel.com.au

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

DIVISIONAL OPERATING REVIEW

Half Year Sales Revenues

Engineering Construction	\$467M	(+11%)
Maintenance and Industrial Services	\$188M	(+6%)
Infrastructure*	\$72M	(+212%)

* Infrastructure division established on 1 July 2010.

ENGINEERING CONSTRUCTION

The Engineering Construction division achieved record sales revenue of \$466.8 million, an increase of 10.7 per cent on the previous corresponding period.

The result reflects the healthy workload entering the 2010/11 financial year and strong demand and scope growth on a number of existing major construction projects. The continued strengthening of the resources and energy sectors and renewed commitments and planned investments in the iron ore, coal and LNG markets, combined with the company's continued strong service delivery, contributed to higher activity levels.

Major projects undertaken during the period included:

- Structural, mechanical, electrical and piping works associated with Rio Tinto's Brockman 4 project at Brockman in Western Australia (WA);
- Structural, mechanical and piping works associated with BHP Billiton's Rapid Growth Project 5 (RGP5) at the Yandi Hub in WA;
- Structural, mechanical, electrical and piping works for 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 at Karratha in WA;
- Installation of a new automated alumina delivery system and associated infrastructure for Boyne Smelter at Gladstone in Queensland (QLD); and
- Ball Mill structural and mechanical works for MCC at Cape Preston in WA.

Monadelphous continued to invest in plant and equipment during the period. The commissioning of a number of new cranes and the development of a specialist heavy-lift team, have expanded the company's heavy-lift capability to provide on-site installation of large preassembled modules.

During the period, the division was awarded \$200 million in new engineering construction projects across the resources and energy sectors.

Major wins included:

- Structural and mechanical works for BHP Billiton's RGP5 at the Finucane Island iron ore port facilities in WA;
- Structural and mechanical shutdown works for BHP Billiton's RGP5 at Nelson Point, in WA;
- Train load out facility for BHP Billiton's RGP5 at Yandi Hub, WA;
- Structural and mechanical works at Newcrest Mining's Cadia East Project at Orange in New South Wales (NSW); and
- AG Mill structural and mechanical works for MCC at CITIC Pacific Mining's Sino Iron Project at Cape Preston in WA.

MAINTENANCE AND INDUSTRIAL SERVICES

The Maintenance and Industrial Services (M&IS) division achieved organic growth across its contracts and recorded sales revenue of \$188.1 million, an increase of 6.3 per cent over the previous corresponding period.

All existing contracts were retained and the division secured a three-year extension to its key multidisciplinary maintenance and construction services contract with Oil Search in Papua New Guinea. The contract includes additional work associated with the PNG LNG project. The division also invested in new capital equipment to support this contract.

In November, a purpose-built workshop and office facility was officially opened in Mackay, Queensland. The workshop supports mine plant upgrades, shutdowns, maintenance and repair activities and provides a permanent presence in the Bowen Basin.

In total, the division was awarded approximately \$80 million in contract extensions over the period.

Major contract activity included:

- Maintenance and project works for Boyne Smelters in Gladstone, QLD;
- Maintenance and shutdown services for ConocoPhillips in Darwin, Northern Territory;
- Maintenance and shutdown services for Rio Tinto's coastal and inland West Pilbara operations, in WA;
- Maintenance, minor capital works and shutdown support for BHP Billiton's Olympic Dam Services at Roxby Downs, in South Australia (SA);
- Major shutdown, minor capital and maintenance services for BHP Billiton's Nickel West in WA;
- Turnarounds and maintenance services for BP at Kwinana Refinery, in WA;
- Minor capital project services for BHP Billiton's Worsley Alumina at Collie in WA;
- General maintenance for Chevron Australia at Barrow Island in WA; and
- Facilities management for Chevron Australia at Barrow Island in WA.

INFRASTRUCTURE

The Infrastructure division, established on 1 July 2010, consolidates a portfolio of projects in the areas of water, solid waste management, transmission pipelines and aviation services. The division has successfully capitalised on opportunities in its target market sectors, progressing towards execution of the company's infrastructure strategy to deliver sales revenue of \$72.0 million for the period.

Following the acquisition of KT Pipeline Services, Monadelphous has invested in specialised pipeline equipment to enable future growth. KT Pipeline Services specialises in high pressure gas pipeline and facilities construction. The acquisition was part of the company's strategy aimed at broadening the services provided to the infrastructure market.

Major infrastructure projects under way include:

- Civil, structural, mechanical and electrical works for the Nambucca Heads Sewerage Treatment plant and associated infrastructure for the Nambucca Shire Council in NSW; and
- Construction of the Burpengary East Sewerage Treatment Plant upgrade for the Moreton Bay Regional Council in QLD.

During the period, the division was also awarded \$170 million in new contracts. These included:

- Pipes, cables and tubes project for Chevron Australia's Gorgon project at Barrow Island in WA;
- Construction of intake and outfall pipelines for the desalination plant with Sino Iron at Cape Preston in WA; and
- Supply and construction of a water treatment facility for Water Corporation at Picton near Bunbury in WA.

The company, with joint venture partner AnaeCo Ltd, received final approvals to start construction on the Western Metropolitan Regional Council's Stage II DiCOM waste management project in Shenton Park, Perth. The joint venture uses AnaeCo's patented DiCOM system to sort waste and then break down the organic component to form compost and biogas, which can be used to power the process. Any surplus can be exported to the grid as renewable energy.

The company's aviation service business Skystar Airport Services (Skystar) continued to deliver underlying business growth, supported by new contract wins with its key customer the Qantas Group, and a new customer contract with Indonesia's AirAsia. The timely and safe provision of service excellence to customers has remained the core focus of the business unit with the delivery of continued improvement in safety performance during the period.

– ENDS –

ABOUT MONADELPHOUS

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'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