ASX RELEASE
20 August 2013

MONADELPHOUS REPORTS RECORD FY13 SALES & EARNINGS

Key Points

- **Sales revenue** was a record $2,614 million ($1,897 million FY12), up 37.8%. The Engineering Construction division reported a 55.9% increase in sales revenue, on a like-for-like basis compared with the previous year, to $1.78 billion.
- **Earnings before interest, tax, depreciation and amortisation** (EBITDA) was $247 million ($196.5 million FY12), up 25.7% on an underlying^ basis.
- **Net profit after tax** (NPAT) for the period was a record $156.3 million ($126 million FY12), up 24.1% on an underlying^ basis.
- **Earnings per share** (EPS) rose 21.5% to 173 cps on an underlying^ basis (142.4 cps FY12).
- **Final dividend** of 75 cps (fully franked) (75 cps FY12). This takes the full-year dividend to 137 cps (fully franked), up 9.6%. The Monadelphous dividend reinvestment plan will apply to the final dividend.
- **Balance sheet remains strong** with a net cash position of $140 million at year end.
- **New contracts and contract extensions** of approximately $1.3 billion**.**
- **Record safety performance** with total case injury frequency rate (TCIFR) improving by 31.6% to 4.1 incidents per million man-hours worked.

Leading Australian engineering company Monadelphous Group Limited (ASX: MND) ("Monadelphous" or "the Company") is pleased to report the Company's twelfth consecutive year of earnings growth on the back of record sales and earnings results for the 2013 financial year.

Net profit after tax (NPAT) was a record $156.3 million for the full year ended 30 June 2013, up 24.1 per cent on the underlying^ NPAT for the previous corresponding period. Sales revenue for the year was also a record $2.61 billion, up 37.8 per cent on the previous year's result.

While market conditions have tightened significantly, the Company has entered the new financial year with a steady forward workload from $1.3 billion in new contracts and contract extensions. Current bidding activity is high and the Company is well positioned to continue to secure construction and maintenance contracts from major committed and planned iron ore and liquefied natural gas (LNG) projects.

Commenting on today's record results, Monadelphous Managing Director Rob Velletri said there had been particularly intense activity in 2012/13.

"The latest financial year was a period of abnormal growth which reflected an unprecedented volume of construction contracts from the record level of resources and energy developments in execution phase", Mr Velletri said.

"Monadelphous maintained its position in core markets and strengthened its position as a leading maintenance services provider in the rapidly growing oil and gas market by securing two significant new LNG services contracts."

FINANCIAL OVERVIEW

Working Capital and Capital Expenditure

Working capital* increased by approximately $80 million during the year as a result of rapid growth in the scale of the business from a significant surge in construction activity, several large projects approaching completion concurrently at year end and the increasing trend of customers lengthening the duration of the contract claim and payment cycle. Notably, no major construction contracts were closed out during the period.

Bond facilities were increased by $85 million to support the higher levels of construction activity and prospective new work. Undrawn bond facilities were $105.6 million at 30 June 2013. The Company's balance sheet remained strong with a net cash position of $140 million at year end.

Following a year of substantial investment in the heavy lift fleet and specialised pipe-laying equipment, capital expenditure in 2012/13 was down by 37.5 per cent to $46.4 million. The reduction reflects a return to a more typical level of capital expenditure. Capital commitments totalled $1.6 million at 30 June 2013, compared with $19.6 million at the end of the previous year.

Margins

Margins were impacted by a general tightening in market conditions together with underperformance across several transmission pipeline projects.

Consolidation after Extraordinary Growth

A strategic review of the effectiveness and efficiency of the Company's divisional operating structure was completed during the second half of the year. As a result of this review, the Infrastructure division was consolidated into the operating structure of the two service-based divisions, Engineering Construction (EC) and Maintenance and Industrial Services (M&I S).

The new structure, which was effective from 1 July 2013, will provide more efficient delivery of services through common execution methods and skills capability, and drive the expansion of opportunities in newer markets through excellence in service delivery. In addition it will also provide greater flexibility in resourcing variable workloads within divisions, improve efficiency and reduce fixed costs.

The alignment of the structure with the core competencies in EC and M&IS will help maximise competitive advantage and achieve strategic goals of market leadership and diversification.

OPERATIONAL OVERVIEW

Markets

During the year, Monadelphous maintained its position in core markets and strengthened its position as a leading maintenance services provider in the rapidly growing oil and gas market by securing two significant LNG services contracts. With these new contracts, Monadelphous is now providing maintenance services for all four of Australia's major onshore LNG plants.

The Company also continued to develop its overseas expansion strategy, establishing a support office in Mongolia to pursue long-term opportunities in this emerging resource development market.

Health and Safety

Monadelphous achieved record safety performance for the year, an outstanding outcome given the challenges presented by the rapid growth in activity and workforce numbers. The total case injury frequency rate (TCIFR) improved by 31.6 per cent to 4.1 incidents per million man-hours worked, the Company's best annual result.

The Company continued to develop its Safety Management Program with the launch of the company-wide Life Saving Rules program which focuses on managing fatal risks.

People

The Company's total workforce increased 21.5 per cent, to 7,418 over the 12 months to 30 June 2013. Employee numbers peaked at 8,700. Highlights for the period included a successful recruitment campaign to meet extraordinarily high project demands and an improving trend in overall employee retention and permanent staff turnover.

In January 2013, the Company opened a new employee training facility at Belmont in Western Australia. The Monadelphous Employee Development Centre is a purpose-built facility providing pre-mobilisation and nationally-accredited construction skills and competency training services for the Company's projects and operations.

Monadelphous also made a public commitment to the implementation of its Indigenous engagement strategy through a Reconciliation Action Plan (RAP) approved by Reconciliation Australia.

Efficiency and Productivity

In response to a significant tightening in market conditions, a comprehensive cost reduction program, aimed at maintaining profitability and improving productivity, was initiated in the second half of the year.

The program includes consolidation of support structures, improvements in project execution productivity and reductions to fixed overheads, procurement and plant and equipment costs.

OPERATIONAL ACTIVITY

Engineering Construction

The Engineering Construction division, which provides large-scale, multidisciplinary project management and construction services, reported sales revenue of $1.78 billion, an increase of 55.9 per cent on a like-for-like basis compared with the previous year.

The division began the financial year with a healthy workload and experienced extraordinary levels of construction activity driven by a wave of new resources and energy construction projects. Iron ore and coal projects dominated the revenue for the period.

During the year, major contract activity included:

- Structural, mechanical and piping work associated with the materials handling and processing facilities at the port operations for BHP Billiton Iron Ore's Port Hedland Inner Harbour Project at Finucane Island and Nelson Point in Western Australia (WA);
- Construction of an approach jetty and ship berth through the Monadelphous Muhibbah Marine (MMM) joint venture, and a further contract to construct and commission a ship loader, associated with the Wiggins Island Coal Export Terminal Pty Ltd (WICET) project at Gladstone in Queensland (Qld);
- The supply of fabricated steelwork for stacker bridges and runway support gantries for WICET's coal stockyard at Gladstone (Qld);
- Structural and mechanical works associated with coarse iron ore stockpiles, installation of a screen house and a new car dumper for Rio Tinto at Cape Lambert (WA);
- Structural, mechanical, piping, electrical and instrumentation works as part of the Rio Tinto-managed Kestrel Mine near Emerald (Qld);

- Structural, mechanical and piping works for a greenfield mine processing plant at Rio Tinto's and Hancock Prospecting's Hope Downs 4 Iron Ore Project near Newman (WA);

- Structural, mechanical and piping installation works for BHP Billiton Petroleum associated with the construction of the onshore gas plant at the Macedon Gas Project near Onslow (WA);

- A construction general services contract for Bechtel (Western Australia) at the Chevron Australia-operated Wheatstone Project near Onslow (WA);

- Installation of onshore pipelines, cables and tubes for the Chevron Australia-operated Gorgon Project on Barrow Island (WA);

- Pipeline remediation works for OK Tedi Mining at Tabubil, Western Province, Papua New Guinea;

- Construction of the onshore DomGas pipeline for SapuraClough Sea Trucks Joint Venture associated with the Chevron-operated Gorgon project on Barrow Island (WA);

- Construction of a CO2 injection pipeline for the Chevron Australia-operated Gorgon project on Barrow Island (WA); and

- Design and construction, in joint venture with OSD Projects Pty Ltd, of a gas transmission pipeline and associated facilities for Rio Tinto's Hamersley Iron at West Angelas, near Newman (WA).

New contracts, with a combined value of approximately $700 million, awarded during the year included:

- Construction of stacking, reclaiming, train load out, product sampling and water infrastructure facilities for BHP Billiton Iron Ore's Jimblebar Mine, east of Newman (WA);

- Structural, mechanical, piping, and electrical works for Rio Tinto's Marandoo Mine Phase 2 Expansion Project, east of Tom Price (WA);

- Civil, structural, mechanical, piping, and electrical and instrumentation works for a coal handling plant for BHP Billiton Mitsubishi Alliance's Caval Ridge Mine Project, south-east of Moranbah (Qld);

- Engineering, procurement and construction, with JKC, of the gas export pipeline works for the onshore facilities of the Ichthys Project in the Northern Territory;

- Design and construction, in joint venture with OSD Projects Pty Ltd, of approximately two kilometres of pipeline and a delivery station for Rio Tinto's Cape Lambert Petroleum Gas Pipeline (WA); and

- Structural, mechanical, piping, electrical and instrumentation works for the construction of Rio Tinto's Western Turner Brockman iron ore plant near Tom Price (WA).

During the period, MI&E Holdings Pty Ltd, trading as MIE, was renamed Monadelphous Electrical & Instrumentation Pty Ltd to leverage the strength of the Monadelphous brand and generate market growth.

The name of the Company's transmission pipeline business, KT Pty Ltd was changed to Monadelphous KT Pty Ltd to reflect its existing customer relationships and market position.

Maintenance and Industrial Services

The Maintenance and Industrial Services division, which specialises in the planning, management and execution of multidisciplinary maintenance services and shutdowns, delivered sales revenue of $644 million, an increase of 1.5 per cent over the previous year. This result is pleasing given the division's sales grew 58 per cent in the previous financial year.

The strong growth in oil and gas maintenance activity during 2012/13 was offset by lower volumes in the mining and minerals sector, as customers across the board focused on cost reduction and discretionary capital spending in response to changing market conditions.

The consolidation of the east and west businesses was completed during the year, and included several key managerial appointments. The new structure laid the foundation for further growth.

During the year major contract activity included:

- Facilities management services at the Chevron-operated Gorgon Project on Barrow Island in Western Australia (WA);
- Shutdown and maintenance services for Rio Tinto's coastal and inland west operations in the Pilbara (WA);
- Maintenance and shutdown services for BHP Billiton's Nickel West operations in the Goldfields (WA);
- Maintenance and shutdown services at the Woodside-operated Karratha Gas Plant at Karratha (WA);
- Multidisciplinary services at the Darwin LNG facility, operated by ConocoPhillips, in the Northern Territory;
- The associated gas-related project for Oil Search Limited at the oil and gas production support facilities in the Southern Highlands Province of Papua New Guinea; and
- General maintenance services and projects for Chevron Australia at its Barrow Island and Thevenard Island operations in WA.

The division was awarded approximately $600 million in new maintenance contracts and contract extensions during the period, including two new LNG services contracts. The award by QGC of a six-and-a-half year contract for the provision of maintenance services at its Queensland Curtis LNG plant, near Gladstone, followed a new three-year contract for maintenance and shutdown services at the Woodside-operated Karratha Gas Plant in WA.

Contract extensions awarded during the year included:

- Three-year extensions to two shutdown and maintenance services contracts for Rio Tinto's coastal and inland west Pilbara operations (WA);
- A one-year extension to the facilities management services contract associated with the Gorgon Project, operated by Chevron Australia on Barrow Island (WA); and
- A 12-month extension to the general maintenance services and projects contract with Chevron Australia at its LNG facilities on Barrow Island and Thevenard Island (WA).

Infrastructure

The Infrastructure division recorded sales revenue of $199.8 million, an increase of 50 per cent on a like-for-like basis, compared with the previous year.

Following the transfer of Monadelphous KT Pty Ltd to the Engineering Construction division (EC) in 2012, the remainder of the Infrastructure division was consolidated into the operating structures of the two service-based divisions of EC and Maintenance and Industrial Services (M&IS). Power asset management business Monadelphous Energy Services has since transitioned into M&IS and the water business into EC.

The water business, which provides innovative construction, operations and maintenance service solutions, experienced very strong growth. Its most significant project was works on the construction of a potable water supply system with Rio Tinto's Coastal Waters Project at Bungaroo Valley in the Pilbara region of WA. The business was awarded a new contract with Unitywater to upgrade the Maleny Sewage Treatment Plant in Queensland.

Other major contract activity during the period included the construction of the Toowoomba Wastewater Infrastructure Projects program, in joint venture with Transfield Services, for the Toowoomba Regional Council in Queensland.

Construction of the DiCOM Waste Processing Facility in Shenton Park, WA, for the Western Metropolitan Regional Council (WMRC), was substantially completed during the year. The project with joint venture partner, AnaeCo Limited (ASX: ANQ) ("AnaeCo") is to design and construct an alternative waste management solution for the WMRC. During the year, Monadelphous also increased its shareholding in AnaeCo to 15.72 per cent.

Monadelphous Energy Services continued to strengthen its operations and maintenance capabilities and recorded pleasing growth during the year.

Skystar Airport Services, which offers complete ground handling services to the aviation industry in Australia and New Zealand, recorded strong revenue growth of 20 per cent. Skystar has operated for 12 years and has more than doubled in size in the past four years.

Subsequent to the reporting period, the Group entered into an agreement to sell its wholly owned Skystar operating subsidiaries, Skystar Airport Services Pty Ltd and Skystar Airport Services NZ Pty Ltd. The agreement with Menzies Aviation, a division of John Menzies plc, is subject to regulatory approvals and completion is expected to occur around the end of September 2013.

OUTLOOK

The Company has experienced an extraordinary surge in growth with revenue increasing more than 80 per cent over the past two years and more than doubling over three years.

During this period of unprecedented demand, the Company has capitalised on its strong position across a broadening range of customer and service markets.

However, market conditions in the mining and minerals sector progressively and significantly tightened over the past year as customers pulled back and reassessed their capital expenditure plans and focused on optimising asset performance and reducing costs.

Customer sentiment has changed from an aggressive growth focus to an efficiency focus as commodity prices have normalised in a rising cost environment.

With market conditions softening and after an abnormal surge in revenue in the past two years, the 2013/14 financial year will be a year of consolidation with revenue levels moderating and not expected to reach those achieved in the previous year.

The Company has consolidated its fixed cost structure and is implementing a comprehensive group-wide program of cost reductions and efficiency improvement in response to this changing and less certain market environment.

Committed and planned resource developments in the iron ore and oil and gas sectors will continue to provide construction opportunities for Monadelphous in the new financial year and beyond. In particular, the large volume of committed LNG projects moving into the mechanical and electrical phase of construction will provide significant construction prospects over the next few years.

The maintenance services market remains robust as new resource development operations come on stream. While maintenance services volumes are under pressure from mining and minerals customers, volumes in the oil and gas market are expected to grow as new LNG projects move to the operating phase.

The Company has entered the new financial year with a steady forward workload of $1.3 billion in new contracts and contract extensions secured.

While a number of construction contracts will ramp down in the first half of the year, the current level of bidding activity is high with more than $3 billion of tenders in progress. Construction revenue flows in the new financial year will be dependent on the size and timing of new contract decisions.

The Company's leadership position in resources and energy markets and continued development of its diversification strategy will support long-term growth. Opportunities for expansion in existing infrastructure markets of water and power and longer-term market diversification, including new services and overseas expansion for existing customers will continue to be pursued.

DIVIDEND ENTITLEMENTS

The final dividend of 75c per share fully franked will be paid to shareholders on 20th September 2013 with the record date for entitlements being 13th September 2013.

FURTHER INFORMATION

Analysts/Investors: Rachel Cooper
Investor Relations Manager
Monadelphous Group Limited
T: +61 8 9315 7429
M: +61 (0) 457 539 985
E: Racooper@monadel.com.au

Media: David Tasker
National Director
PPR
T: +61 8 9388 0944
M: +61 (0) 433 112 936
E: david.tasker@ppr.com.au

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 visit: www.monadelphous.com.au

^Reconciliation

	2013 $'000	2012 $'000
Profit before income tax	**216,578**	187,259
Gain from sale of Norfolk Group Limited shares	**-**	(16,262)
Interest expense	**3,971**	3,447
Interest revenue	**(3,386)**	(6,717)
Depreciation expense	**28,726**	26,541
Amortisation expense	**1,121**	2,195
Underlying EBITDA	**247,010**	196,463

The word "underlying" used within this document, refers to the statutory result for the year ended 30 June 2012 excluding the one-off gain from the sale of Norfolk Group Limited shares. This measure is important to management as an additional way to evaluate the Company's performance. Underlying measures are unaudited.

*Working capital is a non-IFRS financial measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to working capital presented by other companies. This measure is important to management when used as an additional means to evaluate the Company's performance. Working capital movement includes the change in cash and cash equivalents, trade and other receivables, inventories, trade and other payables and provisions.