

23rd November 2004Company Announcements Office
Australian Stock Exchange**Monadelphous Group Limited
Annual General Meeting
Managing Director's Address**

The year saw the company consolidate on the gains made in the previous 12 months, whilst delivering improved margins from a strong operational performance and a better quality of earnings, resulting in another record profit.

Importantly, and as forecast in the half yearly report, the company has been able to capitalise on its increasingly dominant position in a buoyant resources market by securing a record number of new major engineering construction and maintenance services contracts which will underpin the business going forward.

I'd now like to present the major highlights of the 2003/04 period and the forward outlook.

2004 Major Highlights**➤ Focus on Building Capability and Forward Workload**

Most of the year was focused on building capability and forward workload and we entered the 2004/05 financial year looking ahead to another year of substantial growth. The latter end of the year produced a string of contract wins reflecting our continuous success at developing a more prominent position in a growing market.

▪ Focus on Organisational and People Management

As part of its growth strategy, the company has increased its focus in the area of organisational and people management. Late in 2003/04 the company appointed a General Manager, Human Resources to implement our people strategy aimed at improving our ability to attract, recruit, retain and develop the right people for our growing organisation. The company has also significantly beefed up its engineering and construction recruitment section to attract and retain the best possible talent required for the upcoming large and complex engineering projects. A key strategic objective as we go forward is to build and develop the talent within the organisation for sustainable growth.

▪ Increased Investment in Plant and Equipment

With the forward workload at record levels and a positive medium to long-term outlook, the company has moved to increase the capabilities of our construction plant and equipment to better meet future demand.

In June, the company committed to increase its heavy lift crane fleet with the investment of \$6 million in two new crawler cranes.

➤ **Establishment of the Maintenance and Industrial Services Division in Brisbane**

The company completed the implementation of its previously announced restructure with the establishment of the Maintenance and Industrial Services East headquarters in Brisbane during the year. The restructure, is aimed at placing a stronger focus on growing the company's services business in the eastern states markets.

➤ **Strategic Partnering Arrangement**

The company established a number of partnering arrangements with key organisations within the industry to improve its competitive position. These included:

- The Fluor Monadelphous Joint Venture (FMS) which was established to service Comalco's alumina refinery in Gladstone, Queensland; and
- A joint venture with Fluor Australia and Broadspectrum which was established to service WMC Resources Copper / Uranium processing facilities at Olympic Dam, South Australia.

➤ **Revamp and Upgrade of Quality System**

The company also completed a revamp and upgrade of its Quality Management System and secured third party accreditation to the latest ISO 9001: 2000 standard.

➤ **Engineering Construction 2003/04 Highlights**

Major contracts substantially completed during the period by the Engineering Construction division included:

- BHP Billiton Iron Ore expansions at Mining Area C, Nelson Point and Finucane Island valued in excess of \$80m
- An additional \$50m Iron Ore expansion contracts were won and carried out including contracts with:
 - Hamersley Iron at Yandi;
 - Robe River at Cape Lambert;
 - BHP Billiton at Nelson Point; and
 - BHP Billiton at Mining Area C.
- The Comalco NeWeipa bauxite operations expansion valued at approximately \$20m was also substantially completed
- Major contracts secured and currently underway include:
 - The Parker Point expansion project for Hamersley Iron in WA valued at approximately \$30m;
 - The Burrup Fertilisers Ammonia Plant in WA valued at approximately \$40m;
 - The Hamersley Iron 36MT Yandi Upgrade in WA valued at approximately \$50m; and the
 - Xstrata Rolleston Coal Plant in Qld valued at approximately \$25m

➤ **The Maintenance and Industrial Services 2003/04 Highlights include:**

- Substantial completion of General Services contract with Woodside Energy's LNG4 Expansion in WA (in JV with Brambles)
- Extension of maintenance services contract with ChevronTexaco at Barrow and Thevenard Islands;
- Extension and expansion of capital works services contract for Alcan at their Gove alumina refinery;
- The award of a 5 year reliability services contract with Comalco in Gladstone (in JV with Fluor Australia);

- A 3 year maintenance services contract with WMC at Olympic Dam (in JV with Fluor Australia and Broadspectrum); and
- Additional ground handling contracts were secured by Skystar Airport Services with Royal Brunei (Perth) and Jetstar (Queensland)

➤ **Outlook**

Looking forward:

- Resource Sector activity continues to be buoyant
The market outlook continues to be very positive with Australian resources continuing to be in high demand.
- We are seeing increasing volume of work from existing customers
- With forward workload at record levels
- We are confident of revenue growth in 2005 and are on track to exceed our \$300m revenue target
- A wealth of major resource development projects are in the pipeline including developments in:
 - Iron Ore (Rio Tinto and BHP Billiton)
 - Oil & Gas (ChevronTexaco, Woodside)
 - Alumina (Alcan, Worsley, Alcoa and Comalco)
 - Nickel (BHP Billiton, WMC Resources)
 - Coal (Rio Tinto, BMA)
 - Base Metals (Xstrata, WMC Resources)

These are all with our major customers.

- We will continue to build capability for long term sustainable growth
 - Through people and management development; and
 - Increasing capital investment in plant and equipment.
- Continue to pursue long term aim of growth in Maintenance and Industrial Services business

Whilst the more immediate opportunities for organic growth are in the engineering construction business, the company will continue to pursue the longer term aim of increasing recurring revenue from its maintenance and industrial services business, particularly in the eastern states.

- And we are in a strong financial position to pursue for strategic acquisition opportunities to advance our long term strategies

Our success is very much attributable to the support of our highly valued customers, partners and suppliers. We have forged excellent long term relationships with them and I thank them for their ongoing support.

In closing, I also take the opportunity to thank and acknowledge the efforts of the drivers of our success – our people. We have a growing pool of highly talented and dedicated people. I congratulate them on their achievement in another terrific year.