

BRADKEN LIMITED

2007 Interim Results

On Track for Another Excellent Year

BRIAN HODGES, Managing Director






BRUCE ARNOTT, Chief Financial Officer

Tuesday, 6 February 2007



Highlights



-  Continued strong earnings growth
-  NPAT of \$22.8m – 42% up on comparable period last year
-  Wundowie Foundry (WA) and Firth Rixson Castings (UK) successfully acquired
-  19% equity in AmeriCast (USA) is an investment for the future
-  Interim dividend 14.5 cents per share fully franked, an increase of 53%

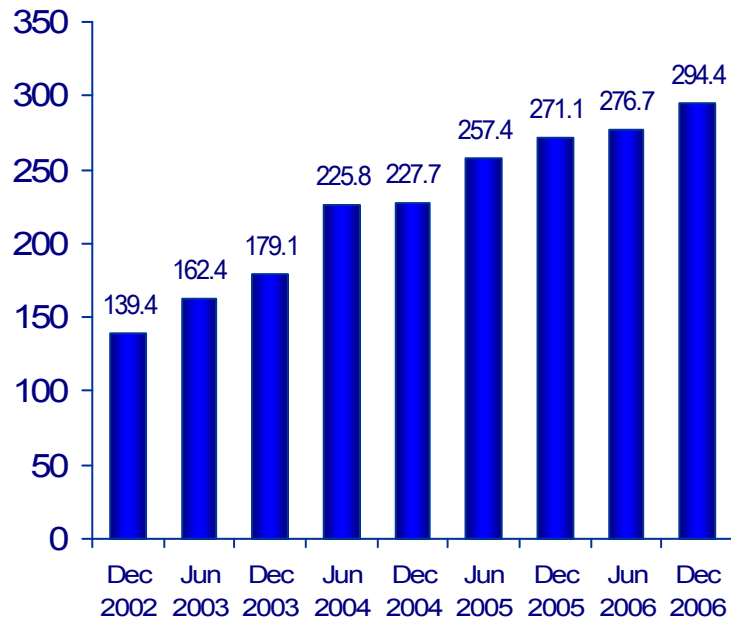


Quality Growth Continues



SALES REVENUE (CAGR 18%)

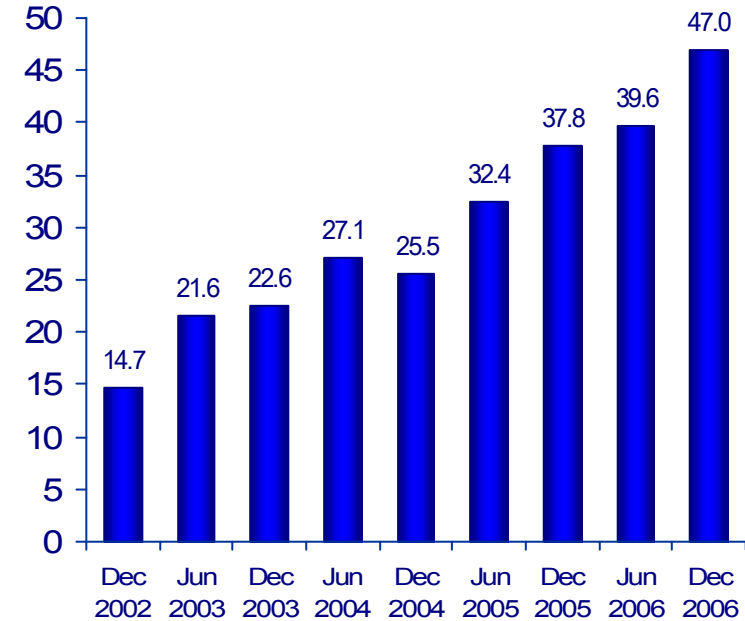
\$ Million



Six Months to

EBITDA (CAGR 29%)

\$ Million



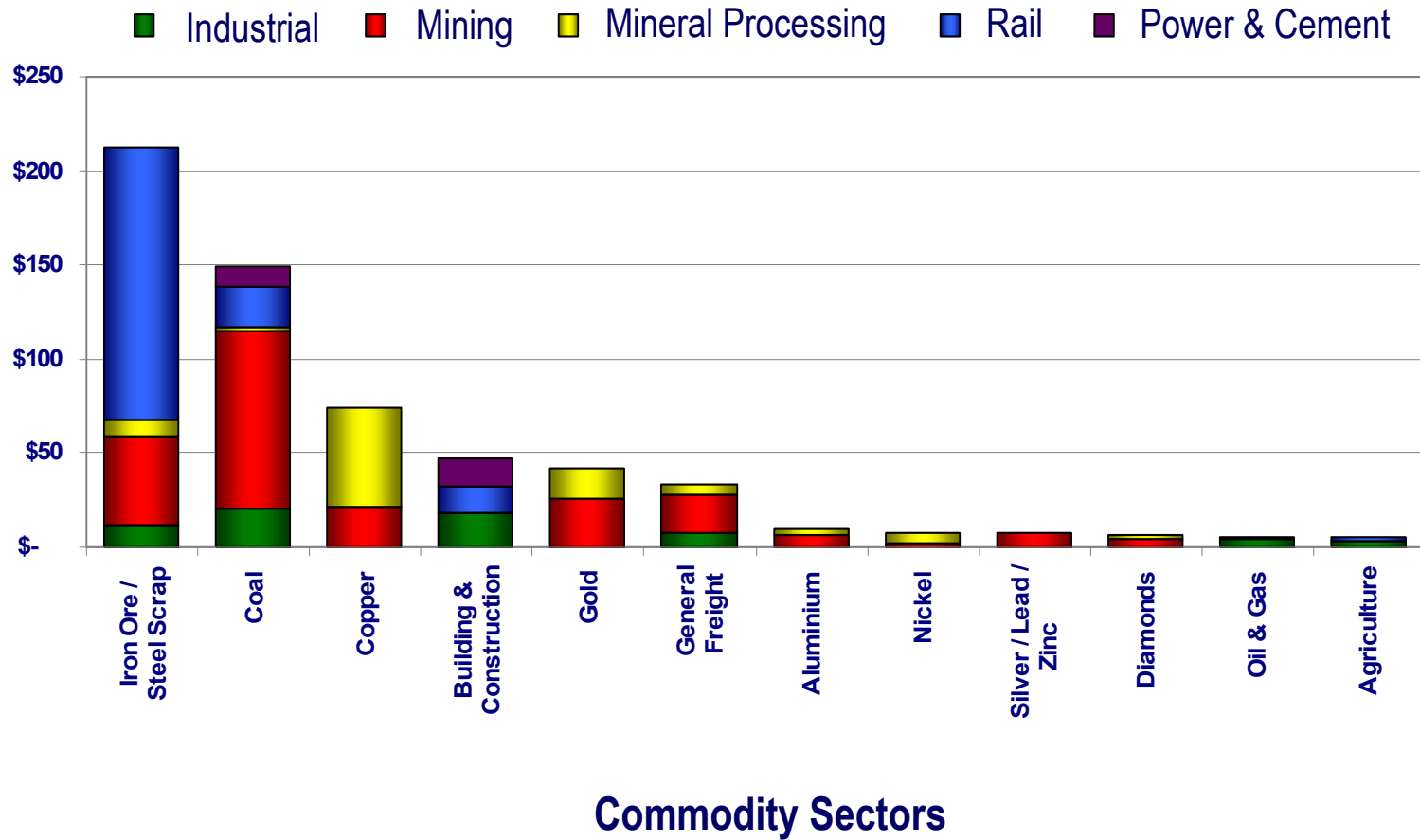
Six Months to



Revenues Driven by Tonnes Mined and Moved



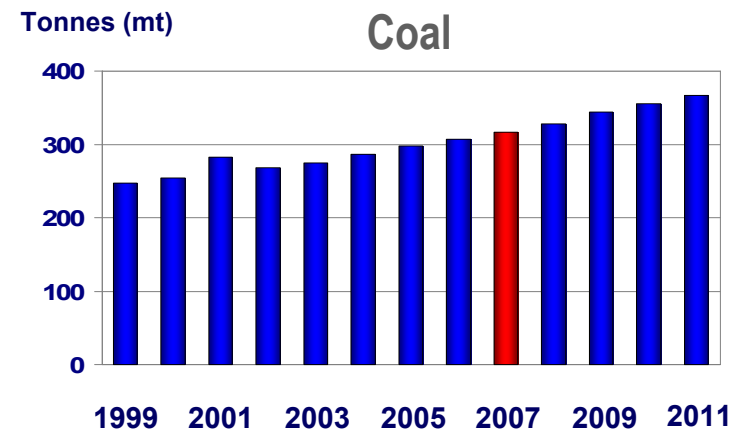
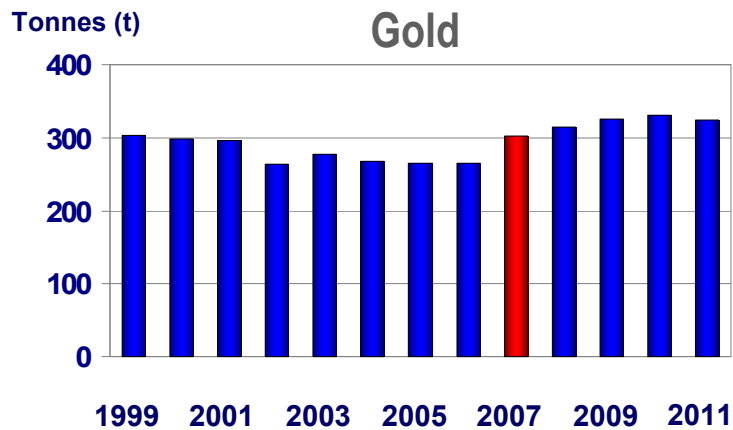
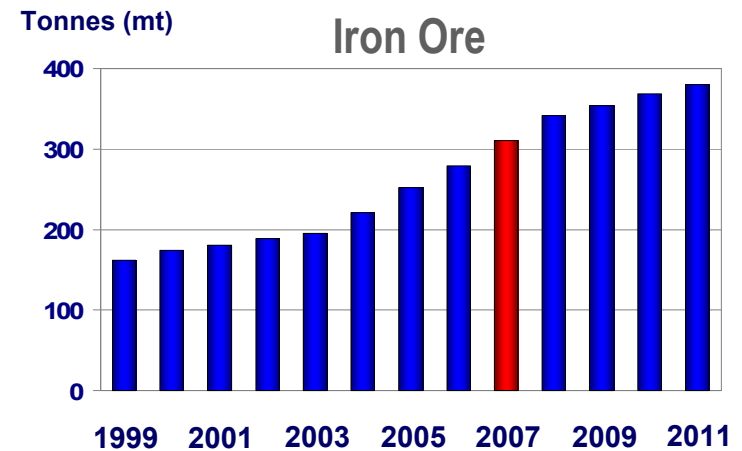
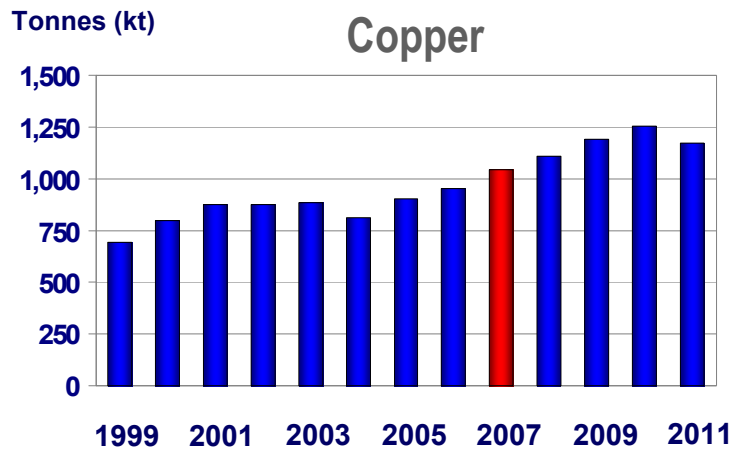
\$ Million



Normalised Bradken sales for the last 12 months



Sustained Long Term Growth



Note: Production tonnes from ABARE Commodity Outlook – March 2006



Agenda

- Highlights
- **Financial results**
- Operational overview
- Outlook





Financial Performance



A\$ Millions	6 Months to		% Change
	Dec 2006	Dec 2005	
Sales	294.4	271.1	8.6%
EBITDA	47.0	37.8	24.4%
Depreciation	7.4	6.3	17.4%
EBITA	39.7	31.5	25.8%
Amortisation	1.8	2.3	-19.3%
Interest	5.3	6.3	-16.4%
PBT	32.6	22.9	41.9%
Tax Expense	9.7	6.8	41.9%
NPAT	22.8	16.1	42.0%
EBITDA/Sales	16.0%	13.9%	
EPS (cents)	21.5	15.4	39.6%
ROFE %	26.0%	25.4%	
ROE %	31.1%	26.8%	
Dividend (cents per share)	14.5	9.5	52.6%



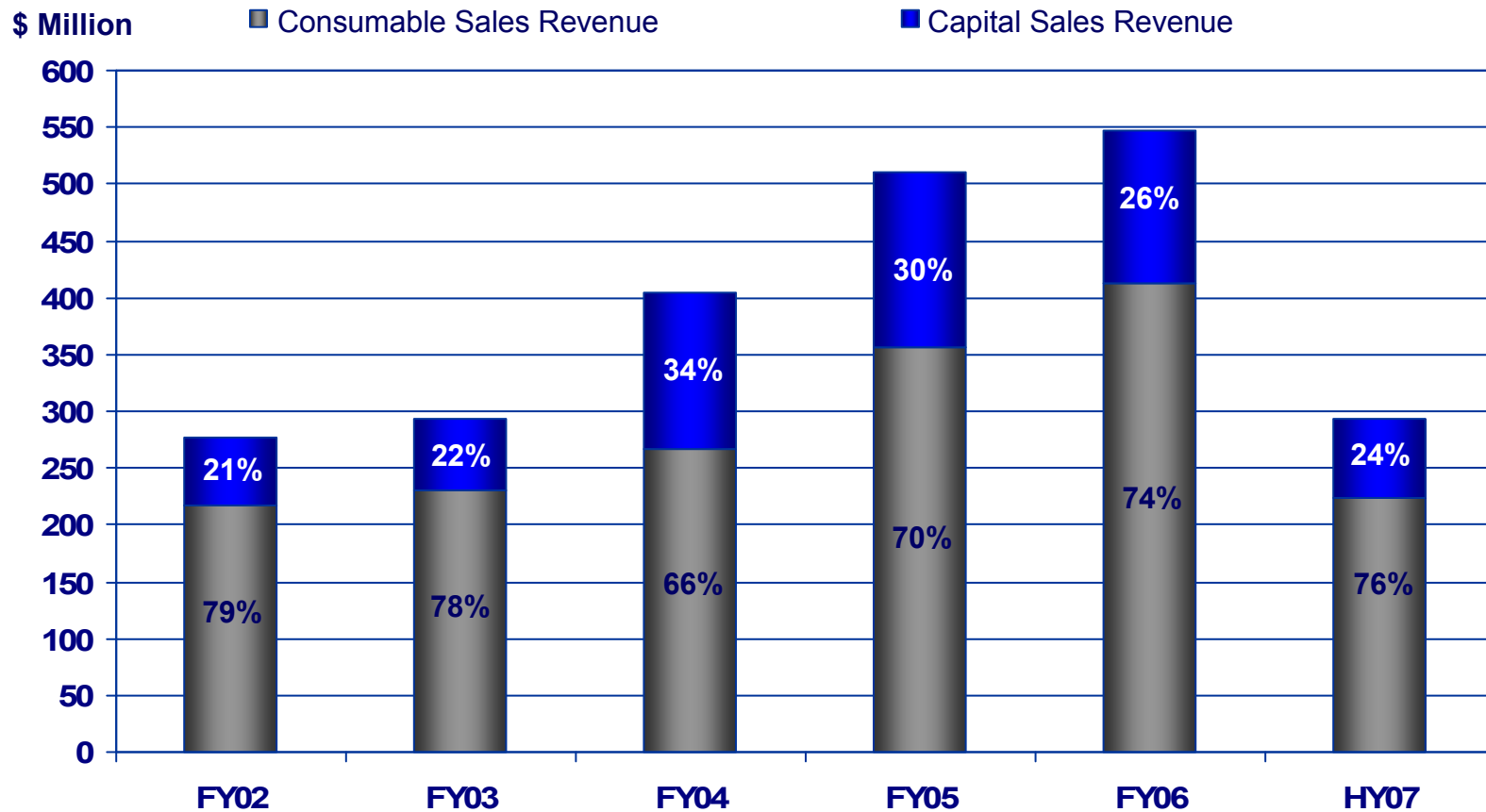
Continued Sales and Margin Expansion



	6 Months to:			
	Dec 2006		Dec 2005	
Sales				
Mining	117,519		105,716	
Mineral Processing	46,069		52,694	
Rail	93,973		82,393	
Power & Cement	2,844			
Industrial	33,997		30,271	
Total Sales	294,402		271,074	
Gross Margin				
Mining	40,029	34%	33,756	32%
Mineral Processing	14,709	32%	12,981	25%
Rail	21,606	23%	18,487	22%
Power & Cement	570	20%		
Industrial	10,367	30%	9,242	31%
Total Gross Margin	87,281	30%	74,466	27%



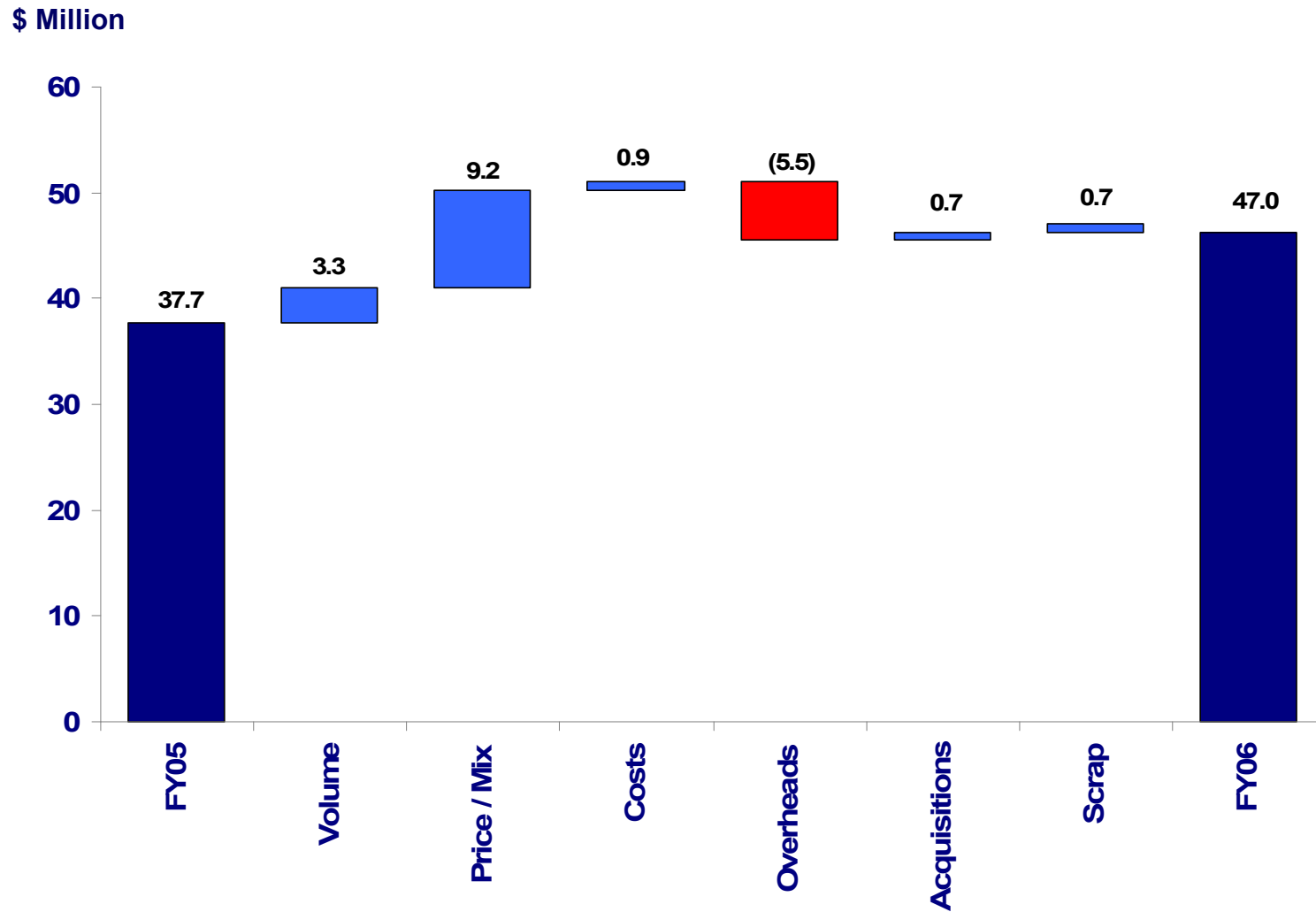
Product Mix Continues to Move Towards Higher Margin Consumables



- % value represents percentage of total sales revenue



Continued EBITDA Growth





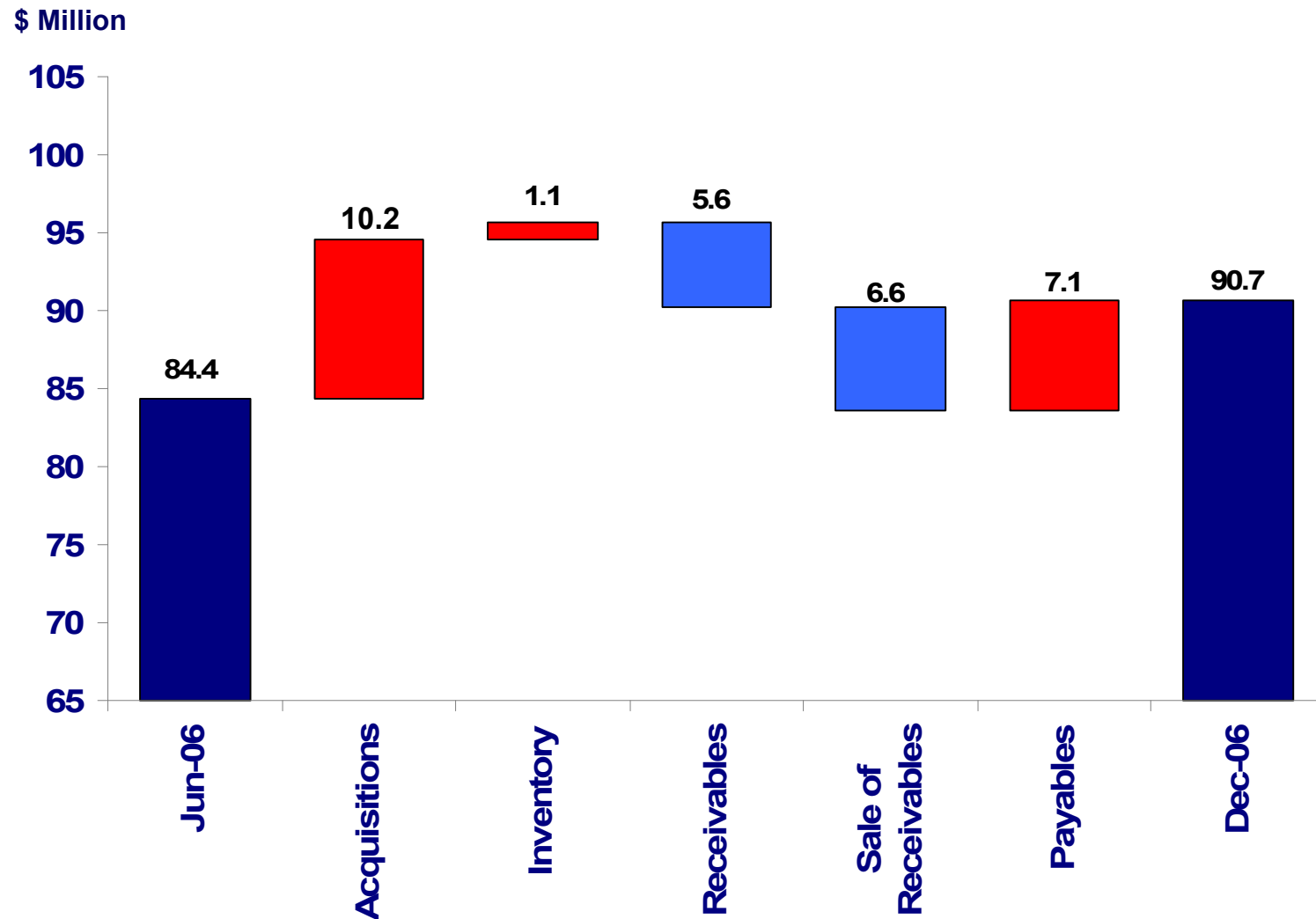
Strong Operating Cash Flow



\$ Millions	6 Months to	
	Dec 2006	Dec 2005
EBITDA	47.0	37.7
Working Capital	1.8	(0.6)
Non cash items	0.4	(0.1)
Capex	(11.3)	(9.1)
Investment expenditure	(28.2)	0.0
Sale fixed assets	0.0	0.3
Net Operating and investing cash flow before borrowing costs & income tax	<u>9.7</u>	<u>28.2</u>
Borrowing Costs	(5.0)	(5.3)
Income tax payments	(12.1)	(0.5)
Net Operating and investing cash flow	<u><u>(7.4)</u></u>	<u><u>22.4</u></u>
Free Cash flow	20.8	22.1



Working Capital Improvements Maintained





Balance Sheet Capable of Supporting Planned Growth



A\$ Millions	6 Months to		% Change
	Dec 2006	Dec 2005	
Working Capital	90.7	87.1	4.1%
Total Assets	424.5	354.6	19.7%
Total Liabilities	277.9	234.3	18.6%
Net Assets	146.7	120.2	22.0%
Net Debt	158.7	127.7	24.3%
Funds Employed	305.4	248.0	23.1%
Gearing % (net debt/net debt plus equity)	52.0%	51.5%	
Gearing (gross debt/EBITDA)	1.85	1.93	
Interest cover (EBIT/Interest cost)	7.20	4.60	
NTA per share (\$)	0.91	0.79	



Measures of Success

Business Model

Low Risk

The essence of Bradken is the creation of differentiated consumable products for the resources industry and sale of their value to our customers

Markets in which we Operate

Resources Industry

- Mining
- Mineral Processing
- Rail
- Industrial
- Power & Cement

External Measures

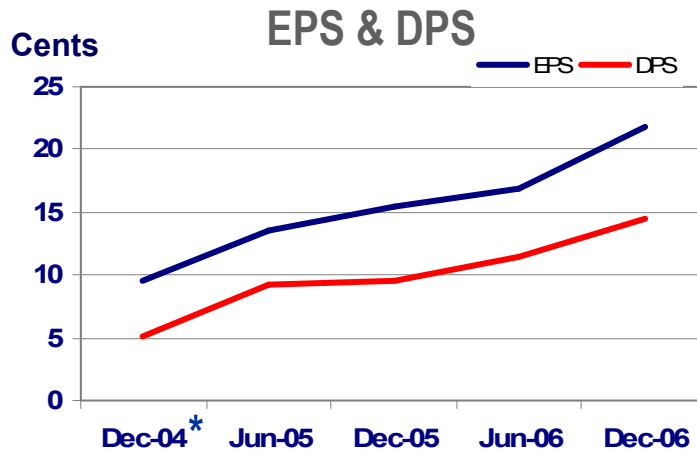
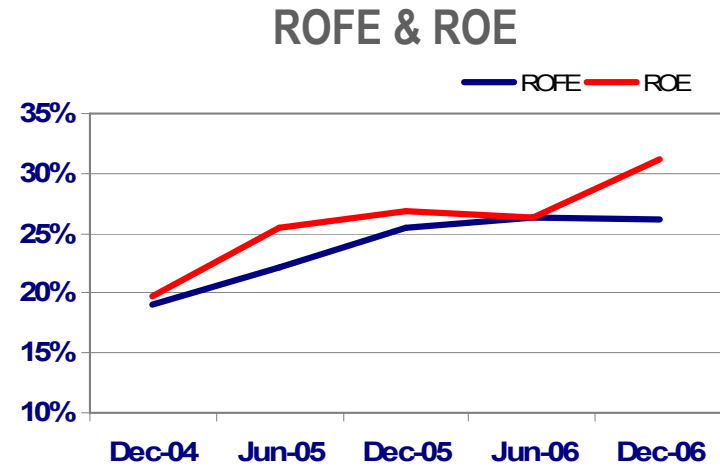
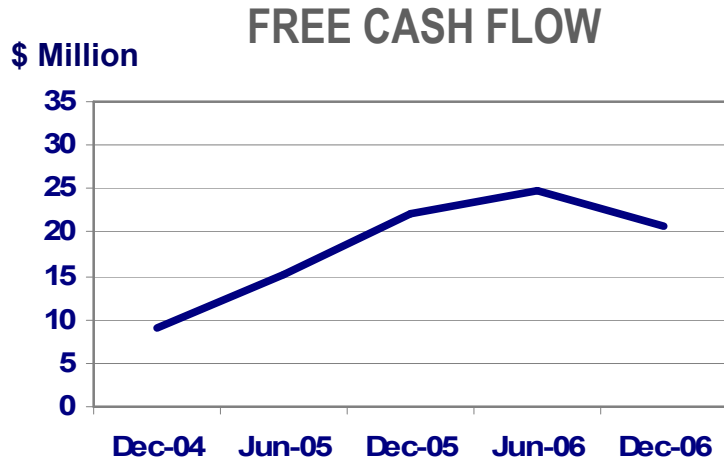
Success

- EPS
- ROFE
- ROE
- Dividend per Share
- Cash Generated (Free Cash Flow)





Measures of Success



* Dec-04 dividend for 4 months only



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- Outlook



Five Industry Focused Divisions

Mining

Design and manufacture wear resistant parts and crawler systems for earth moving equipment

Maintenance and refurbishment services

Mineral Processing

Design and manufacture consumable grinding and crushing components for mineral processing

Refurbishment services

Power & Cement

Design and manufacture consumable parts for the power generation and cement industries globally

Cast consumable products

Rail

Design and manufacture freight wagons, bogies, drawgear componentry and consumable parts

Maintenance and refurbishment services

Industrial

Design and manufacture consumable parts for process plants and manufacturing processes

New market development



Mining

Operations

- ▲ Sales revenue up 11.2% for HY07 on comparable period last year
- ▲ Continued improvement in utilisation of working capital
- ▲ Demand from the mining sector underpinned growth in mining consumables such as GET and Plate & Block products
- ▲ Continued strong sales growth for Crawler Shoe products to OEM's

Outlook

- ▲ Growth for consumable products in line with Australian mine production output
- ▲ Sales of Crawler Shoes to maintain high levels
- ▲ Benefits from capital expenditure and Wundowie Foundry acquisition synergies to impact in second half and FY08



Crawler Shoe Heat Treatment



Mineral Processing

Operations

- ▀ Sales down 13% due to short-term mine production and consignment stock consumption issues
- ▀ Increased margins continued in line with second half FY06, with further contributions from the scrap business acquisition
- ▀ Achieved first sales of Grinding Mill Liners into China

Outlook

- ▀ Public Environmental Report submitted for Adelaide upgrade and awaiting Government approval which is expected in April 2007
- ▀ Sales anticipated to remain in line with mine production levels
- ▀ Further expansion of scrap initiatives planned



4.5 tonne Mill Liner



Rail

Operations

- ▬ Sales revenue up 14% due to increased wagon and resheeting work
- ▬ Product mix and cost reductions improved the quality of earnings
- ▬ Contract awarded for the delivery of 834 iron ore wagons

Outlook

- ▬ Second half work has been won with a good start for FY08
- ▬ Introduction of in-house Chinese manufactured components set for mid 2007
- ▬ Re-emergence of tendering activity in general freight market



Iron Ore Wagons ready for Dispatch



Industrial

Operations

- ▲ Comparable sales increased by 5.4% in the first half
- ▲ Sales remain constrained due to high utilisation of foundry capacity for production of mining consumable products
- ▲ Benefits of capital equipment installation and process improvements were captured, lowering costs and providing incremental capacity

Outlook

- ▲ Quality of earnings will continue to improve with market demand remaining strong and continued focus on cost management
- ▲ Future sales growth to be delivered by capex targeted at incremental capacity improvements



Gear Cutting at Ipswich



Power & Cement

Operations

- Strong order book with markets showing a high level of growth
- Plans for profit improvement are well developed and include enhanced product development, cost reduction capex, working capital initiatives and de-bottlenecking of plants

Outlook

- Restructure sales force for greater global focus on expanding product groups
- Markets strong in developed countries with fast growth in emerging countries
- Benefit from Australian plant capacity to expand output

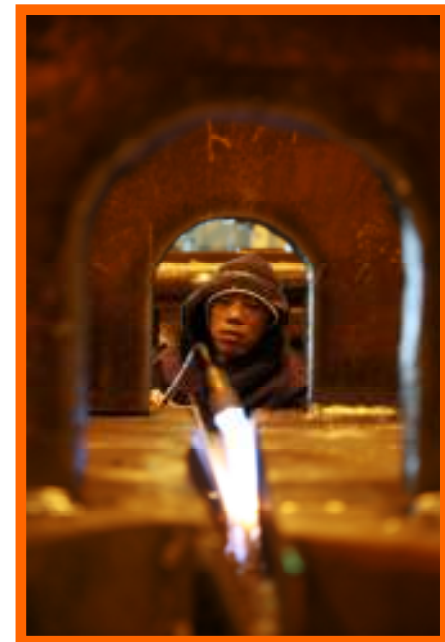


Moulding at Scunthorpe Plant



People and Safety

- Continuing to target domestic and overseas labour strategies to alleviate skills shortages in machining, moulding and patternmaking
- Launched CEO Leadership Program and Recognition Awards for all employees to improve skill levels and strengthen culture
- New 21 Step Safety Plan rolled out with all Bradken sites audited for compliance
- Lost Time Injury Frequency Rate reduced from 8.9 in December 2005 to 5.4 in December 2006



Boilermaker at Ipswich





Wundowie Foundry



- Foundry operation being focused on white iron wear plate and block products market for worldwide distribution
- Sales forecast to double by 2012
- Provides increased capacity and competitive costing for small castings



Pattern Shop at Wundowie



Disamatic Moulding Machine at Wundowie



AmeriCast



- ▲ 19% investment alongside Castle Harlan Inc (New York)**
- ▲ Business consists of 3 foundries and 2 large machine shops**
- ▲ Producer of the largest castings in North America for the rail and mining transport industries**
- ▲ We are enthusiastic about the long-term prospects and likely synergies with Bradken as the relationship develops**



Machining Centre



Significant Capex Spend



▲ Total Capex in 2007 will be approximately \$50m, skewed to the second half, with \$11.3m spent in the first half

▲ Approved projects spend in the second half include:

<i>China</i>	<i>\$8.55 m</i>	<i>Rail sub-components production</i>
<i>Mackay Facility</i>	<i>\$5.90 m</i>	<i>Purchase of strategic site</i>
<i>Adelaide Redevelopment</i>	<i>\$3.65 m</i>	<i>Initial spend to increase Mill Liner capacity</i>
<i>Induction Hardening Facility</i>	<i>\$4.80 m</i>	<i>Lower cost Crawler Shoe manufacture</i>
<i>Welshpool Redevelopment</i>	<i>\$3.26 m</i>	<i>Initial spend for GET manufacture</i>
<i>Industrial Machining Centres</i>	<i>\$1.50 m</i>	<i>Capacity and cost reduction</i>
<i>Duaplate Machines</i>	<i>\$1.56 m</i>	<i>Increased Plate & Block manufacturing capacity</i>
<i>Runcorn Development</i>	<i>\$1.30 m</i>	<i>Continued plant de-bottlenecking</i>
<i>Scrap</i>	<i>\$0.60 m</i>	<i>East coast stage of Scrap strategy</i>

▲ Allows Bradken to take advantage of market growth opportunities and cost reduction strategies



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Strategies for Future Growth



-  Continue to expand capacity and capability to capitalise on the expected strong growth in resources and rail
-  Grow core products and services both organically and through complementary acquisitions
-  Continue to pursue profit improvement strategies through cost reduction programs and vertical integration initiatives
-  Continue to develop the Bradken culture, technology, product development and manufacturing skills



Outlook



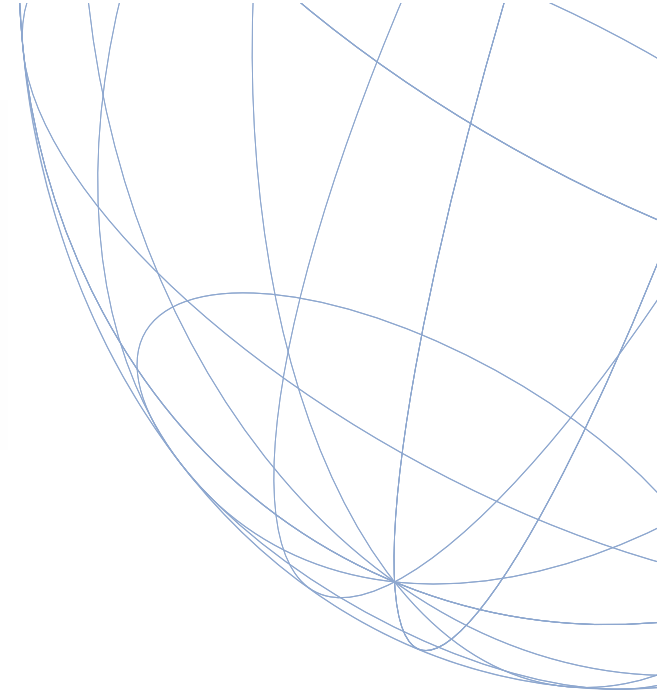
- Ongoing confidence in the resources cycle and Chinese growth in the long term**
- Further growth in consumables markets and the re-emergence of general freight demand for rail**
- Contribution from recent acquisitions in the second half going forward**
- Anticipating 30% EBITDA growth in FY07**
- Dividend payout positioned towards the top end of our target range as part of our capital management initiatives**



Summary



-  **Excellent financial result in the first half**
-  **Focus remains on capital investment for additional capacity and cost reductions**
-  **Ongoing initiatives and potential acquisitions to enhance long-term growth both domestically and globally**



For more information visit:

bradken.com