

ASX / Media Release

Tuesday, 8 February 2011

For immediate release

	December 10	December 09	Change
NPAT *	\$38.2m	\$25.7m	Up 49%
EBITDA	\$90.1m	\$70.7m	Up 27%
EBITDA margin	16.9%	15.3%	
Sales Revenue	\$532.5m	\$463.0m	Up 15%
Operating cash flow	\$36.2m	\$81.8m	Down 56%
Earnings per share * (based on shares issued at 31 December 2010)	27.4 cents	19.8 cents	Up 38%
Dividend per share	18.5 cents	13 cents	Up 42%
LTIFR **	3.4	2.9	

Notes: * NPAT and EPS adjusted for impairment charges of \$12.2m after tax.

** Lost time injury frequency rate (LTIFR) is the number of occurrences of injury divided by the total number of hours worked by all workers, for each one million hours worked.

Bradken Limited (ASX: BKN) today reported a net profit after tax and minorities, adjusted for impairment charges, for the half year ended 31 December 2010 of \$38.2 million, a 49% increase over the previous corresponding period. EBITDA improved by 27% to \$90.1 million on a sales increase of 15%. Earnings per share increased 7.6 cents to 27.4 cents per share. Statutory NPAT including one-off, non-cash impairment and charges was \$26.0 million.

"The Mining and Capital Products businesses performed exceptionally well with the non-rail businesses reporting an increase on HY10 in EBITDA of 56% on a sales increase of 34%," Managing Director Brian Hodges said.

The Directors have declared a fully franked interim dividend of 18.5 cents per share, an increase of 42% over the previous half year. The Company's dividend reinvestment plan remains active with a discount of 2.5% and the dividend will be payable on 21 March 2011 with a record date of 18 February 2011. The directors have determined that the Dividend Reinvestment Plan will be underwritten.

Divisional Review of HY11

Sales revenue for the Mining Products Division increased by 23% on the HY10 results. Mining production levels have recovered, positively impacting consumable products sales and capital goods such as crawler systems and buckets, with sales of crawler systems 133% up on HY10. Gross margins were maintained over the last six months.

The Rail Division delivered 684 wagons in HY11 with sales revenue down 26% compared to HY10, influenced by a mix change from coal to iron ore wagon production and reduced market pricing, the result of competition from Chinese manufacturers. Recent contracts won are at lower margins with all rail wagon manufacture now taking place at Xuzhou, which is producing 30 wagons a week and performing above expectation. The rail spare parts business continued to perform well in HY11 with sales above previous years.

The Engineered Products Division has rebounded strongly with sales in HY11 of A\$157.9 million up 63% on HY10. Mining, export locomotive and energy markets all improved significantly and the Almac acquisition boosted sales in the Resources business. In US dollars, sales of US\$151 million were up 78% on HY10 and gross margins were maintained.

Sales revenue for the Industrial Division increased by 30%, with improved demand in the manufacturing sector and by local Australian equipment manufacturers. The gross margin percentage was held at around 31%.

Revenue in the Power & Cement Division was down by 24%. Demand in traditional markets remained soft and short-term significant improvements are not expected to occur. This resulted in an impairment charge of \$10.7 million in the December 2010 financial statements, relating to the Power & Cement business.

Spare capacity of UK manufacturing facilities is being used to produce mining consumables such as mill liners for export to South Africa and South America. Over time capacity will be used for existing consumable and capital products for the US and European markets.

The CMS business operated in line with general foundry activity with sales up 27%. Margins continue to improve and expansion into the UK and USA is underway.

Cash Flow and Borrowings

Operating cash flow in HY11 of \$36.2 million was 56% lower than that of the previous period due to higher working capital levels and tax payments. Increased working capital levels reflect increased activity in the majority of Bradken's businesses and the impact of lower sales in the Rail Division, which carries low levels of working capital. Apart from the working capital added from acquisitions of \$13 million, inventory increased by \$18 million, receivables reduced by \$26 million while creditors reduced by \$20 million. Capital expenditure for HY11 was \$27.5 million, up from \$22.1 million in HY10.

Net debt levels increased slightly to \$311.3 million from \$304.3 million at June 2010. The Company's gearing remains conservative with Net Debt to Net Debt plus Equity at 40% and with Net Debt at 1.66 times EBITDA.

Both the Australian and US businesses operated well within their banking covenants during the period and are forecast to continue to do so. Financial ratios for the Australian businesses at 31 December 2010 were Debt to EBITDA of 1.6 times and Interest Cover of 4.7 times compared to the Covenants limits of less than 3 times and greater than 3 times respectively. The US business's borrowings, comprising US\$66 million senior notes and US\$19 million of bank debt, have limited Covenants and are well within their respective limits.

Human Resources

While the Company's global Lost Time Injury Frequency Rate (LTIFR) has increased marginally to an annualised rate of 3.4 lost time injuries per million person hours worked, working days lost and injury severity levels have reduced by 50%.

The Company increased its employment level over the last six months by 300, mainly in the Engineered Products Division, to a total workforce of 4,800.

In China, the Company's Apprenticeship Program saw 37 apprentices complete their studies and a new Metallurgical Cadet Program commence with four scholarships issued.

Strategy and Outlook

Bradken's business strategies remain unchanged, with the focus on key strengths in the design, manufacture and supply of consumable products to the mining, energy and rail industries. The Company will continue to take advantage of growth in its core resources and energy markets, look for capital expenditure projects to provide organic growth, seek complementary acquisitions and improve margins through capital expenditure and vertical integration initiatives.

Following a slow January in the Australian operations due to climate induced issues, the balance of FY11 is expected to see all mining businesses continue to expand.

The core rail spare parts business remains strong. Rail wagon builds in the second half should be similar to the first half, with margins to be impacted by Chinese competition.

Strong growth is expected to continue in the Engineered Products Division across all capital products markets with foundry capability and capacity available to support the growing Crawler System market. Improving oil prices should see the US Resources business, which includes the Almac acquisition, achieve a strong second half result.

While significant organic growth is occurring in the short and medium term Bradken remains ready to make acquisitions as and when suitable value creating opportunities arise.

Previous guidance for group EBITDA growth in the range of 15-20% over last financial year remains unchanged, with capex in FY11 now expected to be \$70m.

Ends

For more information contact:

Bruce Arnott

Chief Financial Officer

T +61 2 4941 2606 F +61 2 4967 5003
M +61 438 758 950 E barnott@bradken.com

Brian Hodges

Managing Director

T +61 2 4941 2603 F +61 2 4967 5003
M +61 438 700 229 E bhodes@bradken.com

More about Bradken

Bradken is the leading supplier of differentiated consumable and capital products to the resources, energy and freight rail industries. The Company employs almost 4,800 people in 32 manufacturing facilities and more than 28 sales and service centres across Australia, New Zealand, USA, Canada, United Kingdom and China.

Bradken, which has been in business for over 85 years and became a publicly listed company in August 2004, has five market-focused divisions.

Mining Products supplies ground engaging tools, wear plate and block products, crawler systems, mill liners, crusher liners and associated refurbishment and maintenance services. These products are primarily consumable wear parts for earth moving and processing equipment used extensively throughout the mining industry. Mill liners and crusher liners are consumable products, which are regularly replaced by operators of mills and crushers in the mining and quarrying industries.

Rail designs, manufactures and supplies rail freight rolling stock, cast and general spares, and provides rolling stock maintenance and refurbishment services. Its product and service offering, as in all Bradken's divisions, is customised to meet specific customer requirements.

Industrial manufactures and supplies iron and steel cast products, mainly consumables, directly to end users for use in their process plants or manufacturing processes. The products can vary from products manufactured to the client's specification, customised products and products based on Bradken's proprietary designs.

Power & Cement designs and manufactures grinding elements, mill liners and other related products used in coal fired power generation, cement production and other industries with equally demanding applications world-wide. The Division maintains a position of strength in the supply of wear parts and consumables through interaction with customers targeted at the development of cost effective solutions to operational problems.

Engineered Products is a leading North American based supplier of large (greater than 4,500kg), highly engineered steel castings to the high growth global resources, rail and energy markets. Headquartered in Atchison, Kansas, AmeriCast employs approximately 1,700 people across five steel foundries and four machine shops in North America and a trading office in Xuzhou, China.

Other operations include Cast Metal Services (CMS), which manufactures and distributes consumable steelmaking and foundry industries, the metal recycling business, which support the Company's foundry business and the corporate activities of the Bradken Group.

For further information about Bradken visit bradken.com