



Tuesday, 31 May 2011

The Manager  
Company Announcements Office  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam,

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## **BRADKEN ANNOUNCES CAPITAL RAISING TO FUND CAPITAL EXPENDITURE INITIATIVES AND RETAIN FLEXIBILITY TO PURSUE GROWTH INITIATIVES**

Bradken Limited ("Bradken") today announced that it will undertake a fully underwritten institutional placement of approximately 18.7 million new ordinary shares ("Placement") to raise up to \$162 million. In addition, a Share Purchase Plan ("SPP") will be offered, under which eligible Bradken shareholders may each subscribe for shares at the issue price determined for the Placement up to the value of \$10,000. The SPP is not underwritten. Further details of the SPP will be sent to eligible shareholders on or around Monday, 6 June 2011.

The issue price of the shares issued under the Placement will be determined by a bookbuild across a range of \$8.05 to \$8.65 with the underwritten backstop price representing a 6.9% discount to the last sale.

The SPP will be at the same price as the Placement.

All ordinary shares issued during the Placement and SPP will, at the time of the issue, rank equally with Bradken's existing ordinary shares. Bradken has requested a trading halt to be placed on its shares until the Placement has been completed. Bradken will not be seeking shareholder approval for the issue of new shares.

### **Growth Initiatives**

Bradken intends to use the proceeds from the capital raising to fund its significant capital expenditure program and retain flexibility to pursue other value enhancing acquisition and growth opportunities as they arise.

As previously announced to the market, the FY12 capital expenditure programme, which is expected to underpin Bradken's future earnings growth, include:

- \$100m of "Growth" capital expenditure including the Chinese Xuzhou foundry and the expansion of two major US manufacturing facilities;
- \$20m of "Cost Reduction" capital expenditure to lower costs and improve margins; and
- \$38m of "Stay In Business" capital expenditure including \$5.5m of patterns, \$7.6m for environmental projects and increased general spend.

Following the Placement and given Bradken's strong balance sheet position, Bradken does not currently intend to underwrite its DRP for FY11 final dividend.

### **Outlook**

Bradken reaffirmed its FY11 guidance given to the market on 27 April 2011 with the debt refinance announcement and on 25 May 2011 at the analyst update.

The outlook for Mining Products markets remain very strong in future years, the reduction in GET share in FY12 is expected to deliver a flat result in that year.

Rail is expected to grow strongly and the impact of new strategies will commence in FY12. As previously announced to the market, Mr Stephen Cantwell will join Bradken as the new General Manager of its Rail Division commencing on Friday, 1 July 2011. Mr Andrew Allen who successfully led Bradken's Rail Division in recent years will become the head of the Company's Corporate Strategy Group.

Engineered Products will benefit from capacity upgrades to enable it to continue to grow strongly. Other businesses are expected to continue to grow.

Bradken remains confident in the outlook for the core Bradken business and is well placed to capitalise on future growth opportunities.

Merrill Lynch International (Australia) Limited is acting as Underwriter, Sole Lead Manager and Bookrunner on the Placement.

A presentation providing further information regarding the capital expenditure program and divisional updates is available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) and Bradken website ([www.bradken.com](http://www.bradken.com)), and was released to the market on 25 May 2011.

### **Indicative SPP Timetable**

The following dates are indicative only and the Directors reserve the right to alter them without notice.

Record date to determine eligibility	Monday, 30 May 2011
Despatch of SPP booklet	Monday, 6 June 2011
Opening Date of SPP offer	Wednesday, 8 June 2011
Closing Date of SPP offer	Wednesday, 22 June 2011
Issue date for shares allotted under SPP	Wednesday, 29 June 2011
Despatch Date	Thursday, 30 June 2011
Share trading of new shares issued under SPP begins	Friday, 1 July 2011

Yours sincerely



Bruce Arnott  
Company Secretary

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