Media / Market Release

Tuesday, 7 August 2012 For immediate release

	June 12	June 11	Change
NPAT after Minorities	\$100.5m	\$87.2m [1]	Up 15%
EBITDA	\$220.4m	\$196.1m [1]	Up 12%
EBITDA Margin	15.2%	17.1%	
Sales Revenue	\$1,451.3m	\$1,147.5m	Up 26%
Operating Cash Flow	\$121.2m	\$32.4m	Up 274%
Earnings per Share (based on weighted average number of shares)	60.5 cents	60.7 cents [1]	Steady
Dividend per Share	41.0 cents	39.5 cents	Up 4%
LTIFR [2]	4.3	3.4	

Notes:
1. Dec-10 adjustment in NPAT, EBITDA and EPS for material one off items. Based on statutory results from June 11, NPAT up 49%, EBITDA up 16% and EPS up 27%.
2. 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 for the year ended 30 June 2012 of \$100.5 million, a 15% increase over the previous corresponding period. EBITDA improved by 12% to \$220.4 million on a sales increase of 26%. Earnings per share remained steady at 60.5 cents per share.

"The underlying fundamentals of the business remain very strong, with our monthly order intake and order book continuing to be at historical high levels. We are seeing continuing growth of mining markets and have added capacity to our foundry operations in Australia, Malaysia, Canada and the USA to meet the increased demand for cast steel products. Sales of the new Bradken GET product range are continuing to grow strongly and are being actively promoted to the global market, with new sales being generated in North and South America, Africa and Europe," Managing Director, Brian Hodges said.

The Directors have declared a fully franked final dividend of 21.5 cents per share, making a full year dividend of 41.0 cents, up 4% on F11. The Company's Dividend Reinvestment Plan remains active. The dividend is payable on 4 September 2012 with a record date of 17 August 2012.

Divisional Review of F12

Sales revenue for the Mining Products Division of \$648 million was up by 22% overall on F11 results. Mining production grew strongly, positively impacting consumable products sales and capital goods. There was a strong contribution from the Norcast, AOA and WPS acquisitions while the new GET products were below the previous year.

In the Mineral Processing business, sales were up 108% year on year driven by organic growth and a contribution from the Norcast acquisition. Capacity incrementally increased from the Australian, Canadian, Malaysian and UK foundries to meet growing demand, which continues to strengthen with the order book at high levels.

Sales for the Fixed Plant business were up 48% year on year with excellent contributions from the AOA and WPS acquisitions and strong organic growth. With manufacturing of key product lines commencing in China later in the year to meet demand, the expanded product offering is enabling market penetration, particularly in the Western Australia iron ore market.

Crawler Systems sales were up 40% year on year with demand from original equipment manufacturers and aftermarket remaining very strong. New product releases and market penetration into North & South America and Africa continue. The current order book for crawler systems is at a record level with capacity from the Xuzhou foundry to be used to meet increasing demand.

This year marked the launch of Bradken's own ground engaging tool (GET) and excavator bucket product ranges with excellent market acceptance of the new products. Sales volumes increased progressively throughout the year with monthly sales now 60% of historical levels on continued global market penetration.

Rail Division sales revenue was up 56% compared to F11 with margins reduced due to mix and cost overruns. Overall 2,061 wagons were manufactured and delivered in F12. One off issues in the Rail business, the subject of the earnings downgrade in April, required no further financial adjustments. Margins are budgeted to recover and rail work for the first half of F13 is already booked.

The US based Engineered Products Division grew strongly with sales in F12 of A$347.1 million, up 20% on F11 due to growth in mining and locomotive markets and the benefit received from increased capacity coming on line at the Amite foundry in Louisiana. Softness in the energy markets occurred, due to the gulf oil spill and Japan's nuclear incident which adversely affected sales. This had recovered by year end. Gross margins continued to improve due to strong cost control and the impact of the new Linatron machine on work mix.

Sales revenue for the Australian based Industrial Division improved by 7% in F12, largely driven by increased demand by local Australian equipment manufacturers. This improvement, while strong, is below that of the mining products business and indicates the continuing trend towards offshore manufacture.

The Company's foundry supplies business' sales were up 10% with support of new product lines and the continued expansion of the foundry consumables business into the USA, Malaysia and China, while global strategic sourcing initiatives enabled continued margin expansion.

Cash Flow and Borrowings

Operating cash flow in F12 of $121.2 million was 274% higher than F11 due to better working capital management and higher EBITDA. Apart from the working capital added from acquisitions of $26 million, inventory increased by $111.3 million but was largely offset by a corresponding increase in creditors of $69.4 million. Improvements in debtors management reduced receivables by $32.8 million despite the increased activity during the year, especially in the last quarter. Capital expenditure for F12 was $131.9 million, up from $55.9 million in F11.

Net debt levels increased to $442.8 million from $231.6 million at June 2011 with the cash held from the Company's equity raising in June 2011 used for capex spend during the year as well as the acquisitions of Norcast and AOA. The Company's gearing remains conservative with Net Debt to Net Debt plus Equity at 38% and with Net Debt at 2.01 times EBITDA. Excluding cash held from the June 2011 equity raising ($152 million) gearing for F11 would have been 1.96 times EBITDA.

Human Resources

The global Lost Time Injury Frequency Rate (LTIFR) increased slightly to an annualised rate for F12 of 4.3 lost time injuries per million person hours worked, which is an increase on the previous year due mainly to the inclusion of the Norcast acquisition safety performance statistics. Pleasingly, 19 sites were LTI free for the year. The fourth quarter of F12 showed a positive trend in safety performance.

Although employment of suitably qualified and experienced people in technical disciplines remains a challenge for Australian manufacturing, Bradken's global presence has enabled it to second experienced personnel from throughout the Group to participate in major projects such as the construction of the Xuzhou foundry. The Company increased its employment level over the last twelve months by 1,100 to a total workforce of 6,250.

Bradken continues to build a common culture as the business expands globally by implementing business development initiatives including development of the next generation of business leaders through accelerated leadership courses, recognition awards and the CEO leadership program which has commenced in the USA.

The Company's graduate programs are gaining momentum with the first sponsored metallurgy graduates completing their studies this year and the intake of professional graduates in all fields being increased to supplement the continuing global expansion of the business.

"Developing our metallurgical expertise continues to be a primary focus for Bradken, particularly in Australia and we are continuing to foster relationships with universities and colleges that are aligned to our business needs," said Mr Hodges.

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.

"Bradken is holding a record order book, with order intake likely to keep the first half production at full capacity, however, we are still experiencing limited visibility beyond that due to the global economic uncertainty, with coal markets appearing to be disproportionately impacted," said Mr Hodges.

"Margins will continue to be strongly defensible, but we will minimise capital expenditure until the outlook becomes clearer. Capital expenditure will remain limited to committed projects with $45 million budgeted in the first half of F13 of which $25 million will be used for the construction and commissioning of the new Xuzhou foundry in China. Second half expenditure will depend on the outlook."

The Engineered Products Division in the USA will benefit from the capacity upgrades now competed at the Amite and Tacoma facilities, enabling the business to continue its strong growth.

The Rail Division already has adequate work booked for the first half of F13 and enquiries are being received for new projects to fill the second half.

Bradken remains committed to the globalisation of its key consumable products businesses and is continuing to expand its global reach to key markets in North and South America, Africa and Asia.

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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 6,200 people in 34 manufacturing facilities and more than 30 sales and service centres across Australia, New Zealand, USA, Canada, United Kingdom, Indonesia, South Africa, South America and China.

Bradken, which has been in business for over 90 years and became a publicly listed company in August 2004, has four market-focused divisions.

Mining Products supplies ground engaging tools, wear plate and liner products, crawler systems, mill liners, crusher liners and associated refurbishment and maintenance services. These products are primarily consumable wear parts for mobile and fixed plant 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.

Engineered Products is a leading North American based supplier of large (greater than 4,500kg), highly engineered steel castings to the high growth global energy, mining and rail markets. Headquartered in Atchison, Kansas, the Division employs approximately 2,500 people across five steel foundries and three machine shops in North America.

Other operations include **Cast Metal Services** (CMS) and the **Metal Recycling** business. CMS 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. The Metal Recycling business sources mild steel, stainless steel and alloy scrap steel largely from mine sites and industrial operations to supply the Company's foundry operations.

For further information about Bradken visit bradken.com