Media / Market Release

Tuesday, 9 August 2011 For immediate release

	June 11	June 10	Change
NPAT after Minorities[1]	$87.1m	$70.4m	Up 24%
EBITDA[1]	$196.1m	$167.0m	UP 17%
EBITDA Margin	17.1%	16.6%	
Sales Revenue	$1,147.5m	$1,003.7m	Up 14%
Operating Cash Flow	$32.4m	$147.4m	Down 78%
Earnings per Share[1] (based on weighted average number of shares)	60.7 cents	53.6 cents	Up 13%
Dividend per Share	39.5 cents	34.0 cents	Up 16%
LTIFR[2]	3.4	2.7	

Notes: 1. NPAT, EBITDA and EPS adjusted for material one off items

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 and minorities (adjusted for material one-off items) for the year ended 30 June 2011 of $87.1 million, a 24% increase over the previous corresponding period. EBITDA improved by 17% to $196.1 million on a sales increase of 14%. Earnings per share increased 13% to 60.7 cents per share. Statutory NPAT for FY11 was $67.6 million, down 4% on FY10. A reconciliation of adjusted profit is attached.

"We have experienced a strong, ongoing recovery post the global financial crisis with the Mining Consumables and Capital Products businesses performing exceptionally well," Managing Director, Brian Hodges said.

The Directors have declared a fully franked final dividend of 21.0 cents per share, making a full year dividend of 39.5 cents, up 16% on FY10. The Company's dividend reinvestment plan remains active with a discount of 2.5%. The dividend is payable on 19 September 2011 with a record date of 19 August 2011. The directors have determined that the Dividend Reinvestment Plan will be underwritten.

Divisional Review of FY11

Sales revenue for the Mining Products Division increased by 33% on FY10 results. Mining production levels recovered, positively impacting consumable products sales and capital goods, which have recovered strongly with sales of crawler systems 97% up on FY10. Gross margins continued to improve.

Rail Division sales revenue was down 34% compared to FY10, due to the mix of wagons manufactured and reduced market pricing, the result of competition from Chinese manufacturers. Overall 1,444 wagons were delivered in FY11, with margins down in the second half. Market share of new work recovered in the second half due to a buoyant domestic market, with orders won and margins improving for new work due to ongoing initiatives to lower costs.

The US based Engineered Products Division rebounded strongly with sales in FY11 of A$346.1 million, up 61% on FY10 due to strong growth in mining, locomotive and energy markets. The Bradken Edmonton (Almac) acquisition in July 2010 boosted sales in the US Resources business. Gross margins improved to 33% through strong cost control.

Sales revenue for the Industrial Division improved by 28% in FY11, with increased demand by local Australian equipment manufacturers. This improvement, while strong is below that of the mining products business and indicates a continuing drift towards offshore manufacture.

The businesses in the “Other” segment comprise CMS, the Company’s foundry supplies business and Bradken Europe. CMS sales were up 19% as markets improved and the business continued its global strategic sourcing initiatives, enabling continued margin expansion of key foundry consumables and the introduction of new product lines. Bradken Europe experienced continued soft demand in traditional markets resulting in an impairment charge in the December 2010 financial statements with goodwill and tax assets written off. UK manufacturing facilities are operating at full capacity producing mining consumables such as mill liners for export to South Africa and South America.

Cash Flow and Borrowings

Operating cash flow in FY11 of $32.4 million was 78% lower than that of the previous period due to higher working capital, flagged at the May 2011 analyst update, as well as higher interest and tax payments. Higher working capital levels reflect increased activity in the majority of Bradken’s businesses. Apart from the working capital added from acquisitions of $14 million, inventory increased by $9 million and receivables increased by $76 million as the result of the fourth quarter sales being much higher in FY11 compared to FY10. Creditors increased by $6 million. Capital expenditure for FY11 was $59.8 million, up from $35.3 million in FY10.

Net debt levels decreased to $231.6 million from $250.7 million at June 2010 due to the impact of the equity raising completed in June 2011. The Company’s gearing remains conservative with Net Debt to Net Debt plus Equity at 26% and with Net Debt at 1.18 times EBITDA. Excluding the cash held from the June equity raising ($152 million) gearing would have been 1.96 times EBITDA.

The Group refinanced its debt facilities in April 2011 into a new global facility, which provides lower cost funding, additional headroom and fewer restrictions on the Company. The new facilities are unsecured and comprise multicurrency debt tranches of A$550 million and working capital tranches of A$120 million, with the debt tranches split evenly between three and five year maturities. Covenants for the new facilities are gearing of Net debt to EBITDA of 3 times and Interest cover of 3.25 times EBITDA.

Human Resources

The global Lost Time Injury Frequency Rate (LTIFR) increased slightly to an annualised rate of 3.4 lost time injuries per million person hours worked. Both working days lost and the injury severity rates reduced by 50%.

The Company increased its employment level over the last twelve months by 600 to a total workforce of 5,100.

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

The Company successfully launched the Bradken Global Leadership Program in April 2011 with the first 16 participants coming from all over the world to participate in an Outward Bound style program designed to challenge the leaders of tomorrow to achieve their best.

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. We will continue to take advantage of growth in our 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,” said Mr Hodges.

Mining markets are expected to continue to expand in future years and the recent acquisitions of Norcast Wear Solutions in Canada and Australian & Overseas Alloys Pty Ltd will provide synergy benefits and growth opportunities resulting in increased profitability going forward. Lower GET sales in FY12 will be offset by growth in other mining businesses and mining sales are expected to grow by approximately 10%.

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

The Rail Division's sales will grow strongly in FY12 with 2,000 wagons expected to be produced and the implementation of a new strategic plan to broaden the product and service offering of the business.

EBITDA growth of 25% - 30% is expected in FY12 with NPAT growth in the range of 35% - 40%, based on adjusted FY11 profit results.

Ends

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Adjusted Profit Reconciliation

A$ Millions	Statutory	Impairment	Refinancing	Unrealised FX	Adjusted
Sales	1,147.5				1,147.5
EBITDA	189.4		3.4	3.3	196.1
Depreciation	35.8				35.8
Amortisation	18.5	(10.2)			8.3
EBIT	135.2	10.2	3.4	3.3	152.0
Interest & Borrowing Costs	36.9		(4.0)		32.9
EBT	98.3	10.2	7.4	3.3	119.2
Tax Expense	30.7	(2.0)	2.3	1.0	32.0
NPAT	67.6	12.2	5.1	2.3	87.2
Minorities	0.1				0.1
NPAT after Minorities	67.6	12.2	5.1	2.3	87.1

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 5,500 people in 32 manufacturing facilities and more than 28 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 85 years and became a publicly listed company in August 2004, has four 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 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, AmeriCast employs approximately 1,700 people across five steel foundries and three machine shops in North America.

Other operations include Cast Metal Services (CMS) and the Power & Cement 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 Power & Cement business designs and manufactures grinding elements, mill liners and other related products used in coal fired power generation, cement products and other industries.

For further information about Bradken visit bradken.com