BRADKEN LIMITED

2010 Interim Results

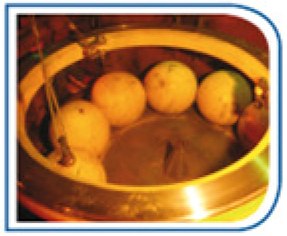
BRIAN HODGES, Managing Director

BRUCE ARNOTT, Chief Financial Officer

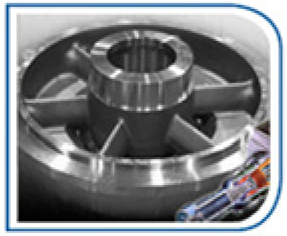
Mining Products

Rail

Industrial



Power & Cement



Engineered Products

Presentation Outline

1. Key Points	Brian Hodges
2. Financial Results	Bruce Arnott
3. Operational Overview	Brian Hodges
4. Strategy and Outlook	Brian Hodges

HY10 Key Points

- HY10 EBITDA result of $70.7m and NPAT of $25.7m slightly exceeded guidance
- Gross margins improved in all businesses and the EBITDA to sales margin improved to 15.3% from 14.7% in HY09
- Strong operating cash flow of $82m aided by a $40m reduction in working capital and capex of only $22m, resulted in a $72m reduction in net debt
- Refinancing of the Australian debt was completed in December 2009
- Strong performance was experienced by the Rail Division, while the Engineered Products and Power & Cement Divisions were most impacted by the adverse economic conditions
- Significant improvement in our safety performance continued, with a 38% reduction in Lost Time Injury Frequency Rate (LTIFR) to a global annualised rate of 2.9
- Interim dividend of 13 cents fully franked declared, an increase of 30% from HY09 payable on the 15 March 2010 with a DRP operating

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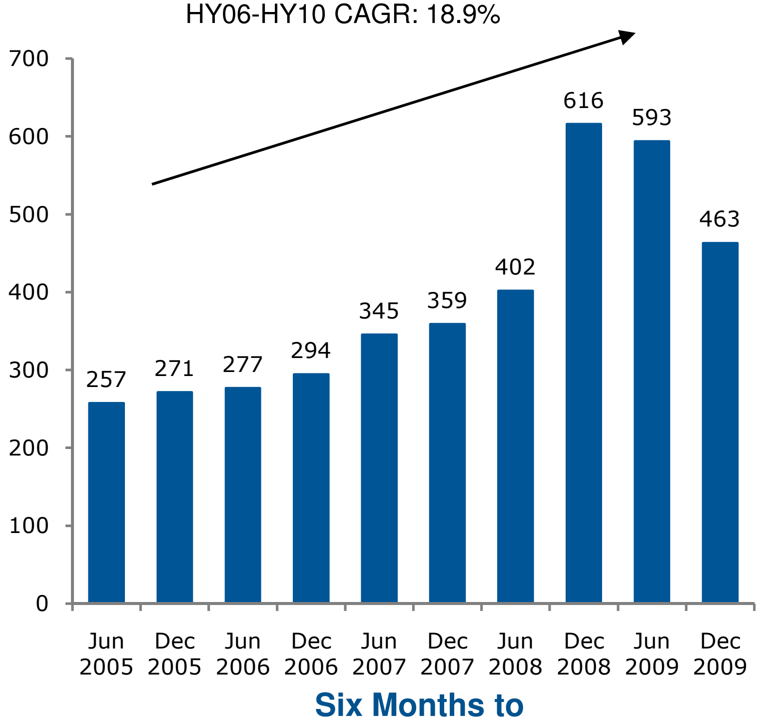
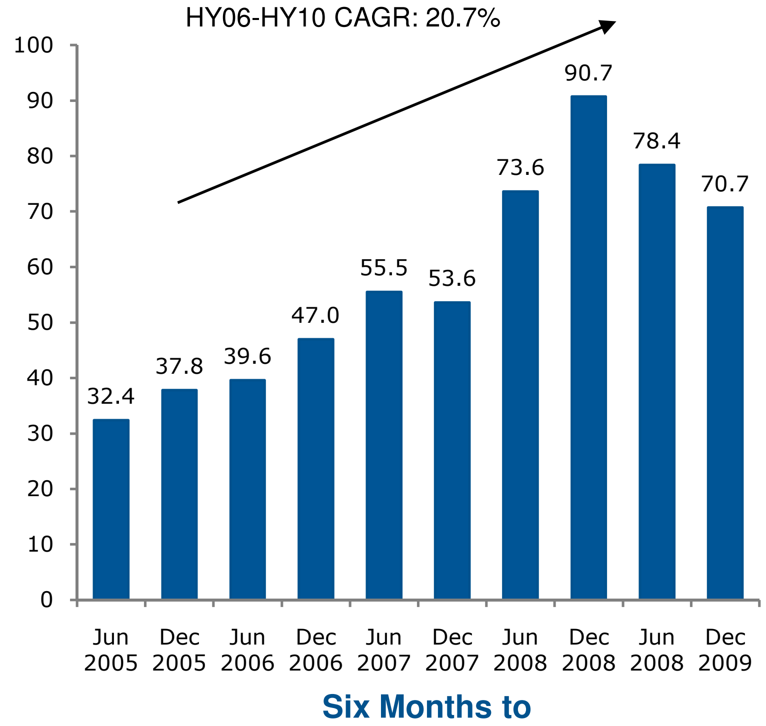
Sales Revenue / EBITDA Trends

Revenue (A$m)

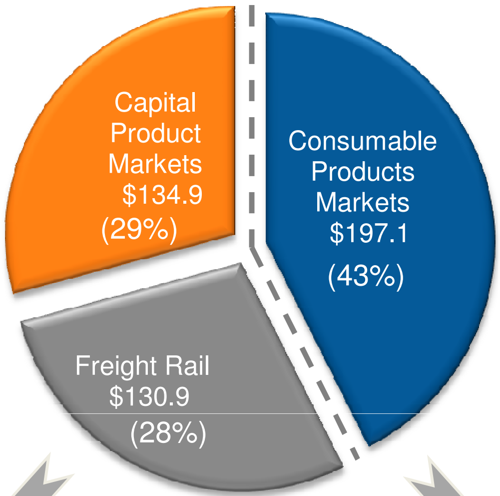


EBITDA (A$m)

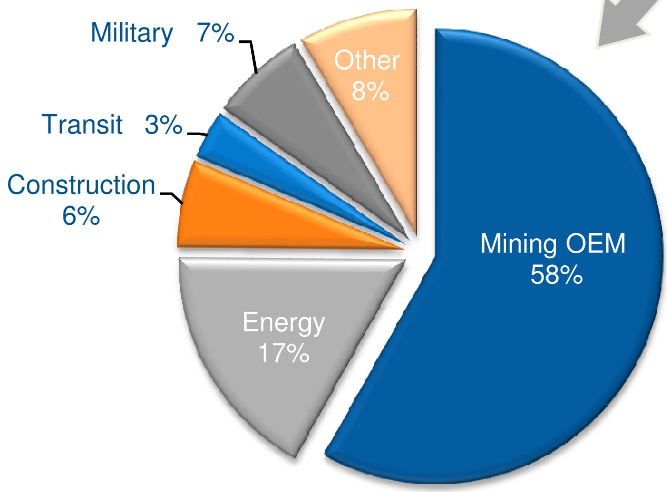


HY10 Revenue by Market Sectors

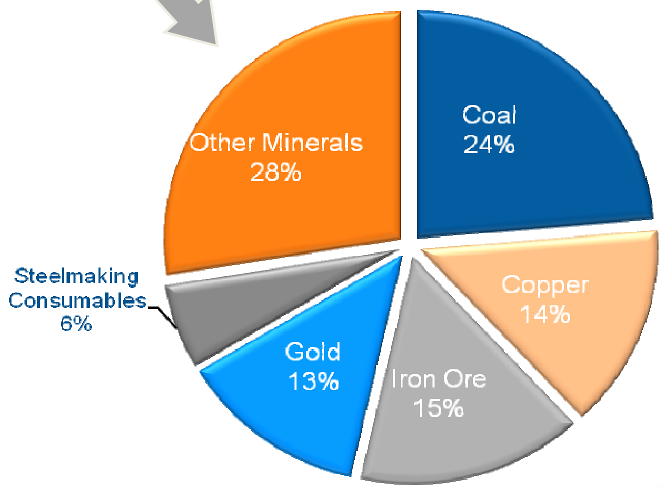
Total Sales by Sector



Capital Sales by Sector



Consumable Sales by Sector



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Financial Performance

A$ Millions	6 Months Dec-09	6 Months Dec-08	% Change to Dec-08
Sales	**463.0**	615.8	-25%
EBITDA	**70.7**	90.7	-22%
Depreciation	**16.6**	15.3	8%
EBITA	**54.1**	75.5	-28%
Amortisation	**3.5**	3.8	-8%
Borrowing costs	**14.8**	18.9	-22%
PBT	**35.9**	52.8	-32%
Tax Expense	**9.9**	17.1	-42%
NPAT after minorities	**25.7**	34.9	-26%
EBITDA/Sales	**15.3%**	14.7%	4%
EPS (cents)	**19.8**	28.3	-30%
DPS (cents)	**13.0**	10.0	30%

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Divisional Sales and Margins

	6 Months to: Dec-09		Dec-08		% Change to Dec-08
Sales					
Mining Consumables	**165,358**		214,693		-23%
Rail	**143,681**		118,410		21%
Industrial	**28,503**		43,368		-34%
Power & Cement	**16,953**		25,317		-33%
Engineered Products	**96,668**		193,127		-50%
Other	**11,815**		20,878		
Total Sales	**462,978**		615,793		-25%
Gross Margin		% to sales		% to sales	
Mining Consumables	**58,701**	35.5%	72,297	33.7%	
Rail	**31,790**	22.1%	21,678	18.3%	
Industrial	**8,778**	30.8%	12,988	29.9%	
Power & Cement	**5,912**	34.9%	7,647	30.2%	
Engineered Products	**32,507**	33.6%	53,404	27.7%	
Other	**3,767**		5,964		
Total Gross Margin	**141,455**	30.6%	173,978	28.3%	

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One Off Profit Impacts

EBITDA Impact (A$m)	6 Months Dec-09	Dec-08
Buy back of US bonds	**0.0**	6.5
Redundancies	**(0.1)**	(0.1)
FX - China	**0.0**	0.0
FX - Other	**(0.7)**	(0.8)
FX - Translation	**(2.4)**	0.0
P&C quality issues	**0.0**	(2.5)
Ipswich Flood	**0.0**	(1.0)
High cost alloys	**(0.5)**	(0.5)
Total EBITDA impact	**(3.7)**	1.6
Write off borrowing costs on old facility	**(1.4)**	

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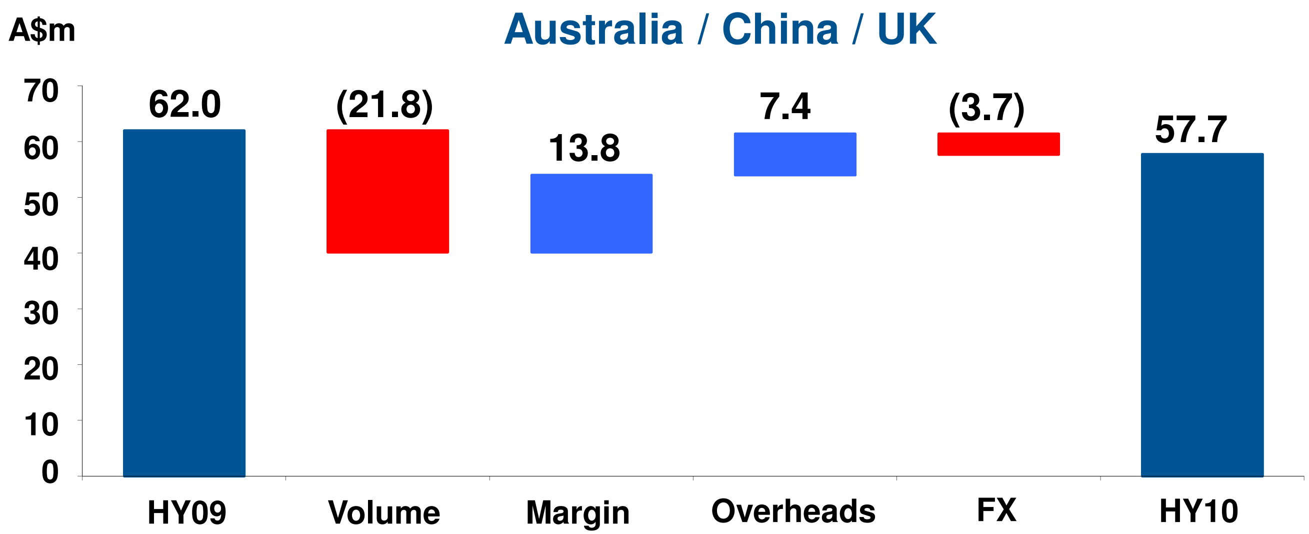
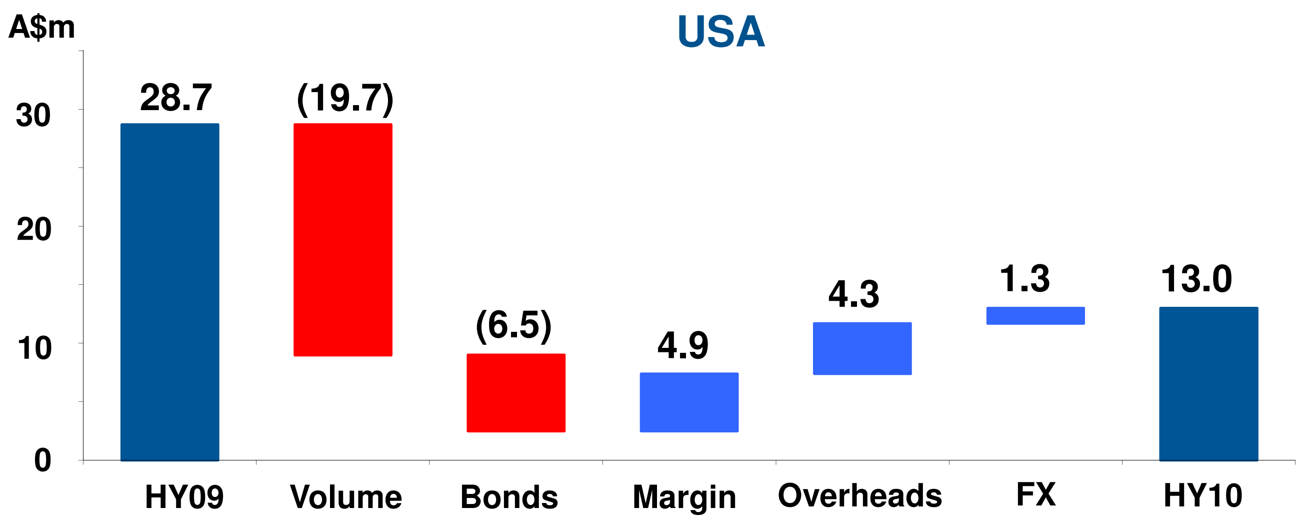
EBITDA Movements





Cash Flow

$ Millions	6 months to: Dec-09	Dec-08	Jun-09
EBITDA	70.7	90.7	78.4
Working Capital	33.8	0.2	6.1
Non cash items	2.0	1.2	0.6
Interest & Borrowing Costs	(16.2)	(20.2)	(14.5)
Income tax payments	(8.5)	(18.9)	(13.6)
Other	0.0		
Operating Cash Flow	**81.8**	**53.0**	**57.0**
Capex	(22.1)	(41.3)	(39.7)
Free Cash Flow	**59.7**	**11.7**	**17.3**
Investment expenditure	(4.3)	(104.2)	(2.7)
Sale fixed assets	0.0	0.5	0.3
Net Operating and investing cash flow	**55.4**	**(92.0)**	**14.9**

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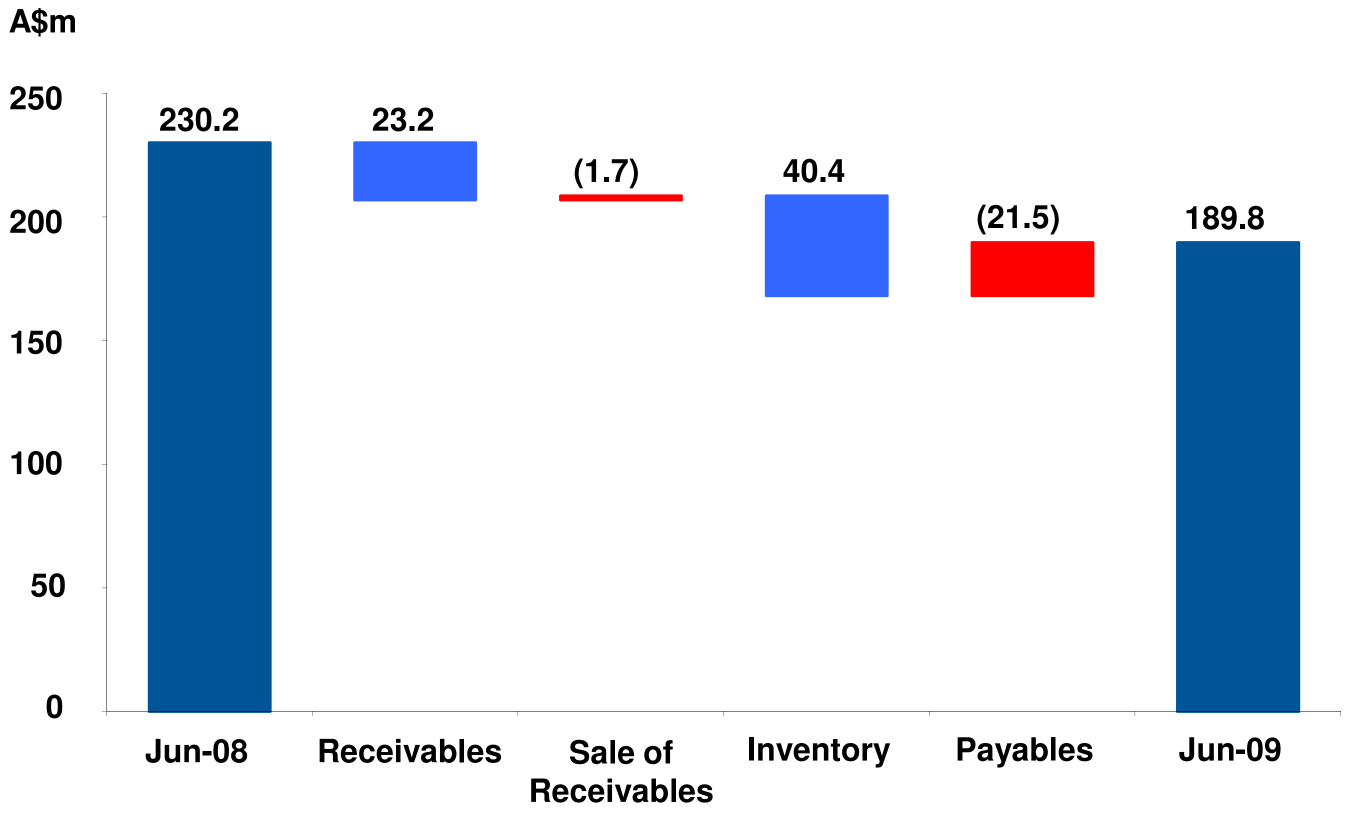
Working Capital Movements



Balance Sheet

A$ Millions	31-Dec 2009	30-Jun 2009
Working Capital	**189.8**	230.2
Total Assets	**880.9**	957.6
Total Liabilities	**502.0**	607.9
Net Assets	**378.8**	349.7
Net Debt	**326.3**	398.5
Operating Funds Employed	**705.1**	748.2
Gearing % (net debt/net debt plus equity)	**46.3%**	53.3%
Gearing (net debt/EBITDA)	**2.19**	2.36
Interest cover (EBIT/Interest cost)	**4.00**	3.94

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Borrowing Facilities

Debt Facilities are divided into two components, which are independent and separately secured with no cross-guarantees and operating within their own set of financial undertakings

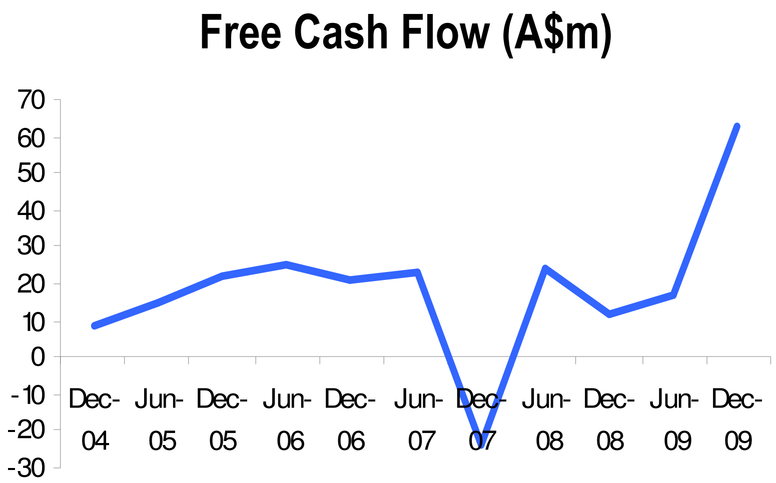
Australia, UK & China

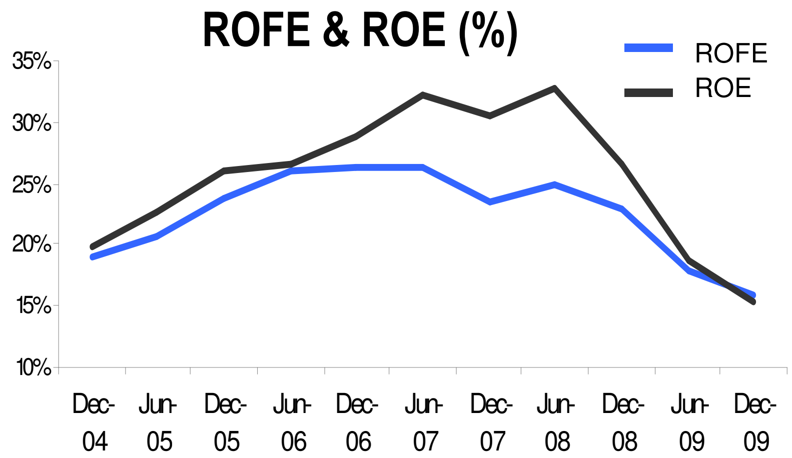
- Refinance completed in December 2009
- Approximately A$330m debt facility plus A$110m working capital
- Matures in December 2012
- Covenants
  - Debt EBITDA < 3 times
  - EBIT/Interest > 3 times
- December 2009 actual of:
  - Debt/EBITDA of 1.95 times
  - EBIT/Interest of 5.7 times
- Debt facilities drawn to A$212m at December 2009
- Overdraft of A$2.2m

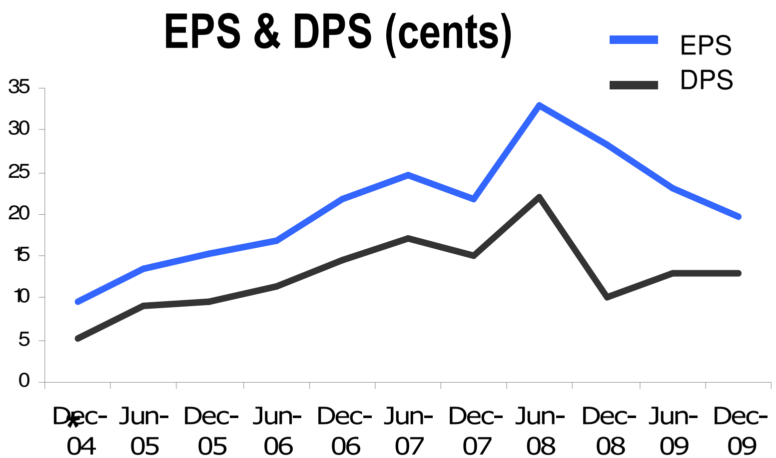
US

- US$69m of 11% senior notes
  - Matures in December 2014
  - Covenant – distribution restrictions and default
- Bank facility
  - Matures in November 2011
  - Term amortising facility of US$20m, with a balance of US$14.4m
  - Revolver of US$55m drawn to US$10.7m
- Cash of US$0.3m
- Covenants
  - Fixed charge ratio if availability drops to US$8m
- Net debt reduced by US$3m from June 2009

Key Measures







* Dec-04 dividend for 4 months only

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Five Industry Focused Divisions

Mining Products

Design and manufacture a range of customised consumable wear parts for fixed and mobile plant and equipment

Rail

Design and manufacture freight wagons, bogies, drawgear and spare parts

Industrial

Manufacture and supply cast machined and fabricated products for a broad range of capital and processing industries

Power & Cement

UK based foundry and machining division design and manufacture consumable wear parts for the power generation and cement industries globally

Engineered Products

US based foundry and machining division manufacture highly engineered, large, mission critical steel castings for the energy, construction, mining, defence, rail and transit industries

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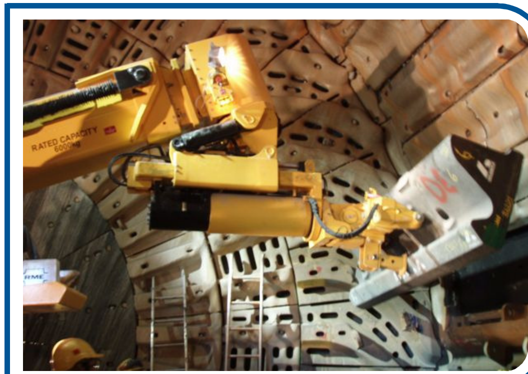
Mining Products

Operational Performance – GET & Buckets

- HY10 sales were down by 14% on HY09
- Lower sales of capital buckets and first fitments for new equipment
- Margins maintained through strong cost management
- Considerable product development activity has begun for post the existing ESCO licence

Operational Performance – Mineral Processing

- Strong sales result in HY10 with sales down only 7% and improved margins
- Decline in market for new mills offset by strong local demand and exports to Africa and South America
- Metal recycling sales revenue down in line with activity levels



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Mining Products

Operational Performance – Crawler Systems

- Sales revenue down 55% compared to HY09 with new machine builds delayed due to GFC
- Significant increase in direct versus OEM sales, partly due to our increased undercarriage components product offering
- High level focus on expanding sales worldwide with strategy rolled out to duplicate crawler shoe manufacture in US

Operational Performance – Wear Plate & Block

- Sales down 33% compared to HY09 due to lack of project and export orders
- Work commenced with US and UK businesses to expand the penetration of Bradken plate and block wear products in these markets

Rail

Operational Performance

- Sales growth of 21% compared with HY09, with improved operating performance
- 842 wagons delivered in the half with a similar number expected to be delivered in the second half
- Xuzhou is now fully functional with a project for 176 coal wagons delivered in the half plus supply of subcomponents supporting Australian manufacture and productivity continuing to improve to levels exceeding other plants
- Ipswich and Mittagong facilities continue to perform well, averaging 27 wagons per week throughout the period

Industrial

Operational Performance

- Sales for HY10 were down 34% on HY09
- A slow down across a broad range of industrial markets, including heavy vehicle builders, mining OEMs and general fabrication were the most significant impacts
- Variable and overhead costs significantly lower in line with reduced sales volume, with gross margins slightly higher
- Increased capex spent in FY09 generated improved efficiency and productivity

Power & Cement

Operational Performance

- Sales were down 33% on HY09 as economic conditions impact, most significantly in cement and industrial products sales
- Significant cost restructuring at facilities to accommodate actual activity levels
- Expansion into the power generation market continued with the first Bradken Mill Conference held in Poland to support increased sales and market share
- Successful in winning the first tender to supply large grinding components into a Chinese power station

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Engineered Products

Operational Performance

- In US$, first half revenue declined approximately 50% from HY09
- A focus on matching variable costs to activity levels resulted in increased gross margin percentage
- The Tacoma facility completed a project to increase the capacity of each pour and has subsequently received orders supporting the project
- The South American mining market remained strong while some North American mines, which closed during the GFC, have now re-opened
- The Chehalis site was certified to ASTM Nuclear qualification
- The consumable plan for the US has seen the first crawler shoes successfully produced as well as expanded plate & block products sales into North and South America

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People & Safety

- 38% reduction in Lost Time Injury Frequency Rate (LTIFR) to a global annualised rate of 2.9
- The Engineered Products Division reduced its LTIFR by 89% from 8.1 to 0.9
- 18 of our manufacturing facilities achieved a year or more free of lost time injuries
- Employee numbers stabilised in HY10 and we expect to increase employment across the group in the second half
- Our undergraduate program continues to grow and produce highly skilled graduates

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Underlying Business Strategies focusing on Consumables

- Continue to expand capacity and capability to capitalise on the continued strong growth in resources and rail
- Grow core products and services both organically and globally 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

- Debt levels have fallen significantly and are expected to continue to fall for the full year, through continued control of working capital and reduced capex spend in FY10 of around $40m. Our target debt level for the Australian facility at June 2010 remains at $200m with total debt for the current business structure of around $300m
- Tough trading conditions at the bottom of the cycle, along with exchange rate movements and lower pricing levels offset by falling input costs will adversely affect revenue in FY10 compared to FY09. Gross margins will be held or expanded in percentage terms in the coming half
- The significant appreciation of the Australian dollar, if maintained, will naturally impact the translation of offshore earnings. At current exchange rates EBITDA will be reduced by approximately $10m compared to FY09. Conversely, the translation of US denominated debt will be favourably impacted
- As advised previously, the ESCO licence expires on 30 June 2011 and will not be renewed. Bradken is currently in arbitration with ESCO regarding the licence and respective obligations post licence, the outcome of which may be known before the end of FY10. Post the licence, Bradken will be in a position to pursue long term growth opportunities globally in ground engaging tools.

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Outlook

- The rail business will be a strong performer in FY10 with orders already in place to exceed 2009 sales levels, with improved margins

- Order intake has exceeded sales since September 2009 with destocking now completed, pointing to improving conditions going forward, particularly in Australia

- We reiterate our guidance given at the AGM in October 2009, which was FY10 EBITDA, slightly down on FY09

- We are very well placed to take advantage of the recovery of global markets into FY11 with lower costs and available capacity. The true value of the North American acquisition is yet to be realised due to the impact of the global financial crisis, which occurred shortly after completion of the acquisition

- We will continue to review opportunities for consumable product acquisitions both in Australia and internationally as the current cycle progresses

Proud to Belong

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