



**For immediate release**

Friday, 21 June 2013

### **MARKET UPDATE**

Bradken Limited (ASX: BKN) advises that the Operating EBITDA for the 12 months to 30 June 2013, before allowing for the judgment sum and associated costs associated with the Federal Court judgment in relation to its acquisition of the Norcast business, will be approximately \$210 million. This is 4.5% lower than the FY12 result and has been achieved in a quietening market, indicating the resilience to date of the Bradken business, its capacity to generate cash and the strength of its consumable products focus. NPAT, also prior to the judgment sum and associated costs is expected to be approximately \$92 million. Both of these results are in line with recent market estimates.

Although net debt has increased slightly following the payment into an Australian Court controlled bank account in April of the judgment sum, gearing (net debt / EBITDA) is expected to be close to 2.0 times EBITDA. The judgment amounts are not included as part of EBITDA in calculating this ratio, which is also consistent with the requirements of the banking covenants.

Whilst an Appeal has been lodged, accounting advice now provided by the Company's auditor confirms that in compliance with accounting standards, the judgment sum and associated costs must be expensed in the current year's accounts, irrespective of Bradken's view regarding the chances of success in the Appeal. Therefore the statutory results for the year ended 30 June 2013 will be adversely affected by a one-off charge of approximately \$29 million, being \$22.4 million judgement sum, \$2.9 million judgment interest and an estimated \$3.7 million legal fees, with the majority of this amount not being tax deductible.

This accounting treatment does not indicate that the Company has in any way changed its view on its likelihood of success in the Appeal, which Bradken will vigorously pursue. In the event that the Company is successful on Appeal, these amounts would be reversed and booked as a profit in next year's results.

This profit and gearing guidance is subject to any further substantial fluctuations in the AUD/USD exchange rate and any unforeseen operational issues affecting despatches or debtor collections during the remainder of June.

For further information, please contact:

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