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Presenters:

BRIAN HODGES – Managing Director

STEVEN PERRY – Chief Financial Officer

Bradken Limited – 2013 Full Year Results

Tuesday, 13th August 2013

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F13 Results Overview

1. F13 Highlights	**Brian Hodges**
2. F13 Financial Review	Steven Perry
3. Operational Review	Brian Hodges
4. Strategy and Outlook	Brian Hodges

F13 Highlights

- Bradken achieved an underlying net profit after tax for the year ended 30 June 2013 of $96.1 million, a 4% decrease on the previous year
- The statutory net profit after tax was $66.9 million, after allowing for pre-tax costs of $30.4 million relating to the Federal Court proceedings resulting from the acquisition of Norcast
- Operating cash flow before capital expenditure for the year was $217.6 million, an improvement of 80% over the previous year
- Commissioned world class 20,000 tonne foundry in Xuzhou, China with the foundry producing mill liners and crawler shoes during the start-up production phase
- Opened new purpose-built Global Corporate Centre in Newcastle with product development and technical research facilities that promote innovative, technological and collaborative thinking
- Final dividend of 18.0 cents fully franked declared, bringing the full year dividend to 38.0 cents with the dividend payable on 13th September 2013 with no DRP operating

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F13 Highlights – Corporate Global Centre (GCC)

officially opened 19th March 2013

Opening Ceremony

The GCC Facilities

F13 Highlights – Xuzhou Foundry

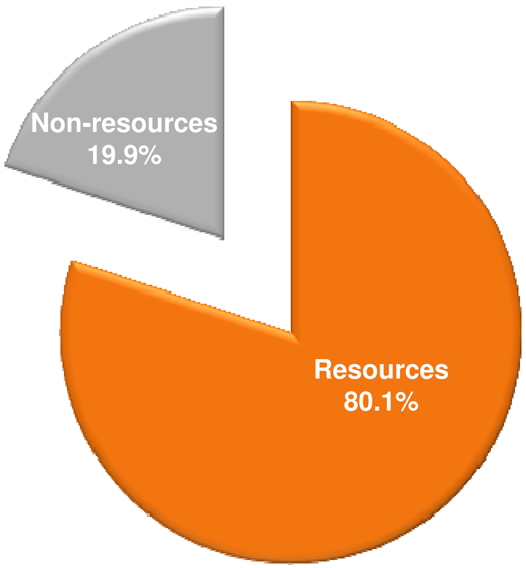
officially opened 18th April 2013

Opening Ceremony

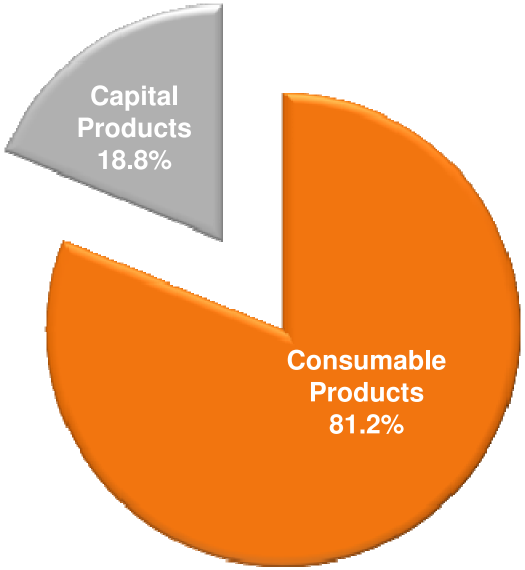
Xuzhou Foundry Capabilities

F13 Sales Analysis

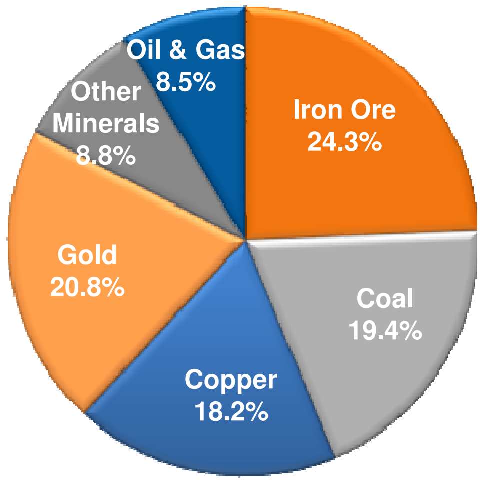
Percentage of Sales by Industry Sector



Percentage of Sales by Product Category



Percentage of Sales by Commodity



- Total sales for F13 reduced 9.5% to $1,313 million
- The primary contributor to the reduction in Non-resources (20.7%) was a grain wagon contract in 2012
- Resources sales value reduced by 7.2% and Consumable Products sales value reduced by 3.2% in F13
- Percentage of Consumable Products sales into Commodity Sectors remained largely unchanged

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Market Thematics

- Mining companies in all major commodity sectors have restricted capex and implemented cost cutting and inventory reduction programs in response to falling commodity prices
- Mine production continued to increase throughout F13 in response to demand, examples being:
  - Australian iron ore and coal exports increased 7% and 8% respectively in the second half of F13
  - Global copper production increased 10%
  - Global gold production increased with the major producers maintaining volume guidance
  - Chinese pig iron and crude steel production increased 6% and 7% respectively
- Australian thermal coal production volumes are expected to again grow modestly in F14 despite low coal prices
- Production growth of 5% to 8% is forecast in Australian iron ore and metallurgical coal markets respectively
- Global copper production is forecast to continue to grow at approximately 10% per annum

F13 Financial Highlights

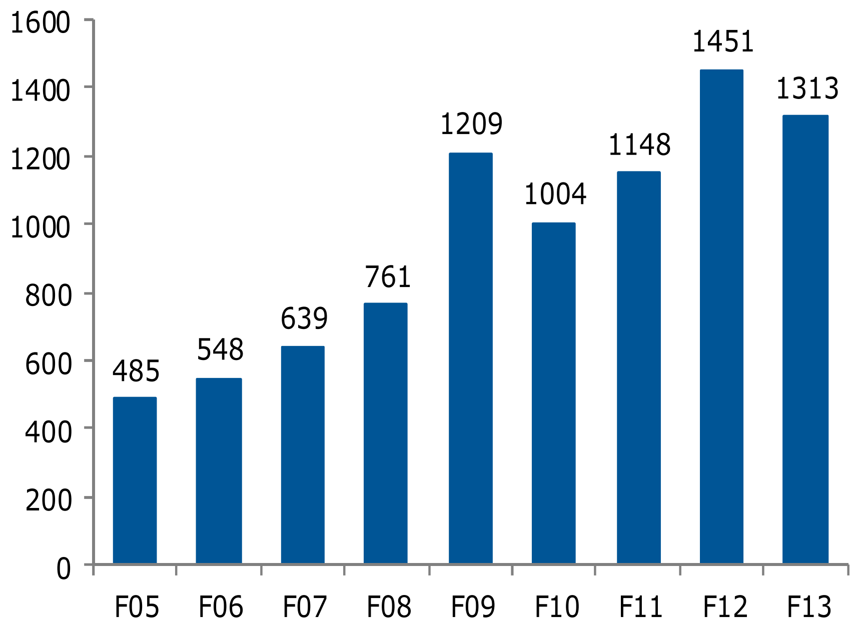
A$ Millions	12 Months to: Jun-13	Jun-12	% Change to Jun-12
Sales	**1,313.1**	1,451.3	(10%)
Underlying EBITDA	**214.0** *	219.2 **	(2%)
Underlying NPAT	**96.1** *	100.5	(4%)
Underlying EBITDA/Sales	**16.2%** *	15.1%	
Underlying EPS (cents)	**56.8** *	60.5	
DPS (cents)	**38.0**	41.0	(7%)
Operating Cashflow	**217.6**	121.2	80%

* Adjusted for the judgment sum and associated costs of the Federal Court action in relation to the Norcast acquisition ($30.4 million EBITDA, $29.1 million NPAT).

** Due to a change in accounting treatment from recording dividend income to equity accounting, EBITDA for June 2012 was reduced by $1.2 million to be comparable to the current period.

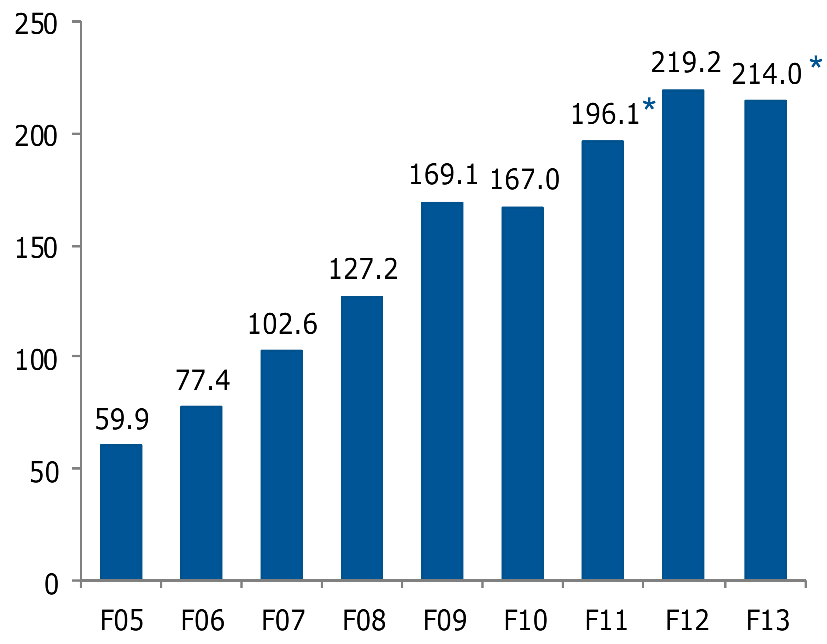
Sales Revenue / EBITDA Trends

Revenue (A$m)



Financial Years

EBITDA (A$m)



Financial Years

* Underlying EBITDA.

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Financial Performance

A$ Millions	12 Months to: Jun-13	12 Months to: Jun-12	% Change to Jun-12
Sales	**1,313.1**	1,451.3	(10%)
Underlying EBITDA	**214.0** *	219.2 **	(2%)
Statutory EBITDA	**183.6**	220.4	
Depreciation	**46.4**	41.8	11%
Profit from Investment	**9.8**	4.0	
Amortisation	**11.9**	9.3	27%
Borrowing costs	**31.2**	33.4	(6%)
PBT	**132.5**	138.6	(5%)
Tax Expense	**38.2** *	38.1	0%
Underlying NPAT	**96.1** *	100.5	(4%)
Statutory NPAT	**66.9**	100.5	
Underlying EBITDA/Sales	**16.2%** *	15.1%	7%
Underlying EPS (cents)	**56.8** *	60.5	(6%)
DPS (cents)	**38.0**	41.0	(7%)

* Adjusted for the judgment sum and associated costs of the Federal Court action in relation to the Norcast acquisition ($30.4 million EBITDA, $29.1 million NPAT).

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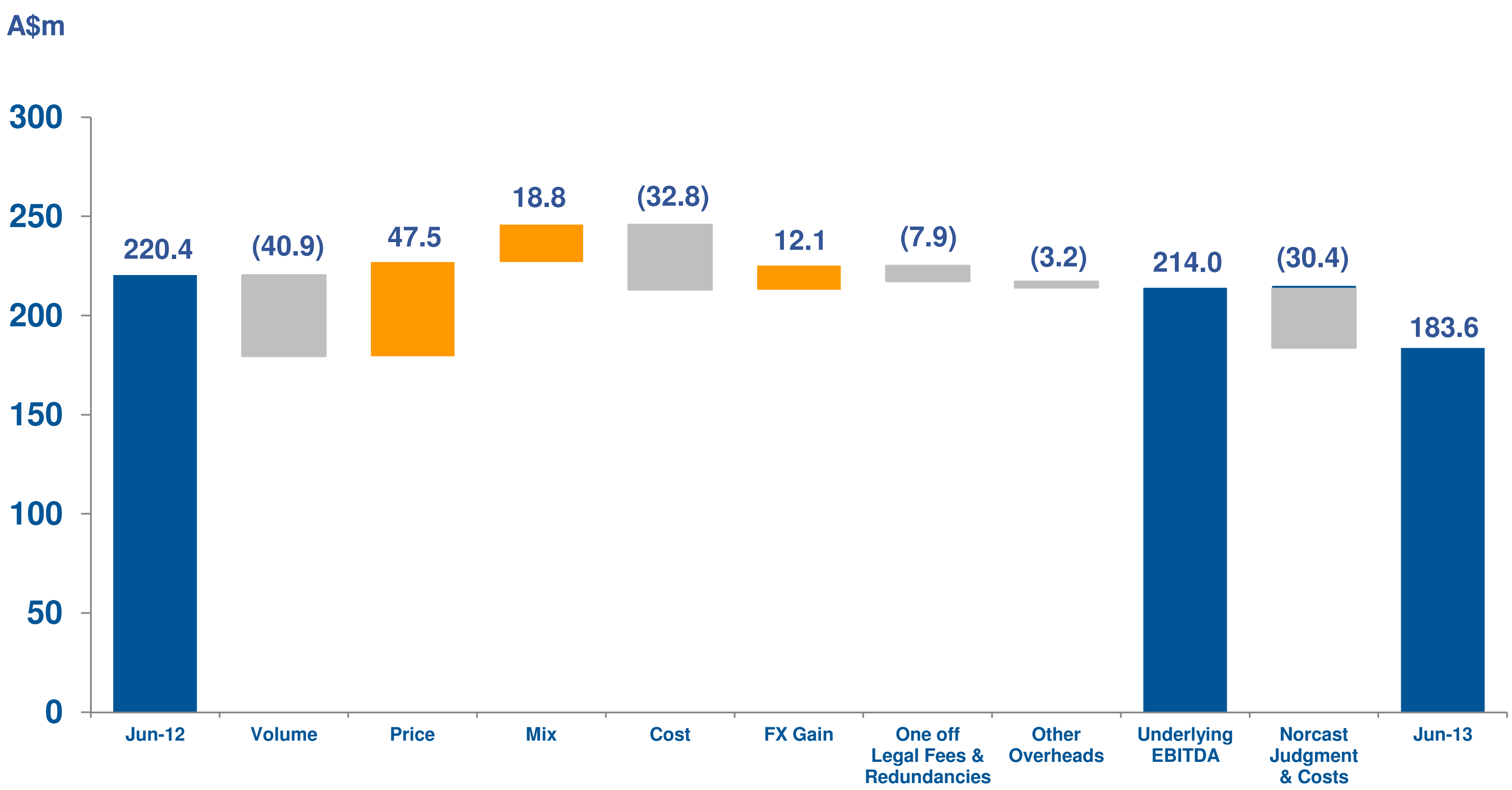
EBITDA Movements



Divisional Sales and Margins

	12 Months to: Jun-13		Jun-12		% Change to Jun-12
Sales					
Mining Products	**412,611**		**395,250**		4.4%
Mineral Processing	**250,089**		**252,768**		(1.1%)
Engineered Products	**309,293**		**347,149**		(10.9%)
Rail	**222,562**		**330,201**		(32.6%)
Other	**118,584**		**125,888**		(5.8%)
Total Sales	**1,313,139**		**1,451,256**		(9.5%)
Gross Margin		% to sales		% to sales	
Mining Products	**140,869**	34.1%	**130,749**	33.1%	
Mineral Processing	**94,256**	37.7%	**89,420** *	35.4%	
Engineered Products	**109,098**	35.3%	**117,514**	33.9%	
Rail	**37,779**	17.0%	**45,042**	13.6%	
Other	**47,583**	40.1%	**49,073**	39.0%	
Total Margin	**429,585**	32.7%	**431,798**	29.8%	

* Mineral Processing margin in 2012 adjusted by $2,294 for Norcast inventory fair value adjustment.

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Cash Generation in F13

A$ Millions	12 months to: Jun-13	Jun-12
Underlying EBITDA	**214.0**	219.2
Working Capital	**79.4**	(35.2)
Other Items	**(17.1)**	21.1
Interest & Borrowing Costs	**(30.2)**	(31.6)
Income tax payments	**(28.5)**	(52.3)
Operating Cash Flow	**217.6**	121.2
Net Capex	**(96.7)**	(131.9)
Free Cash Flow	**120.9**	(10.7)

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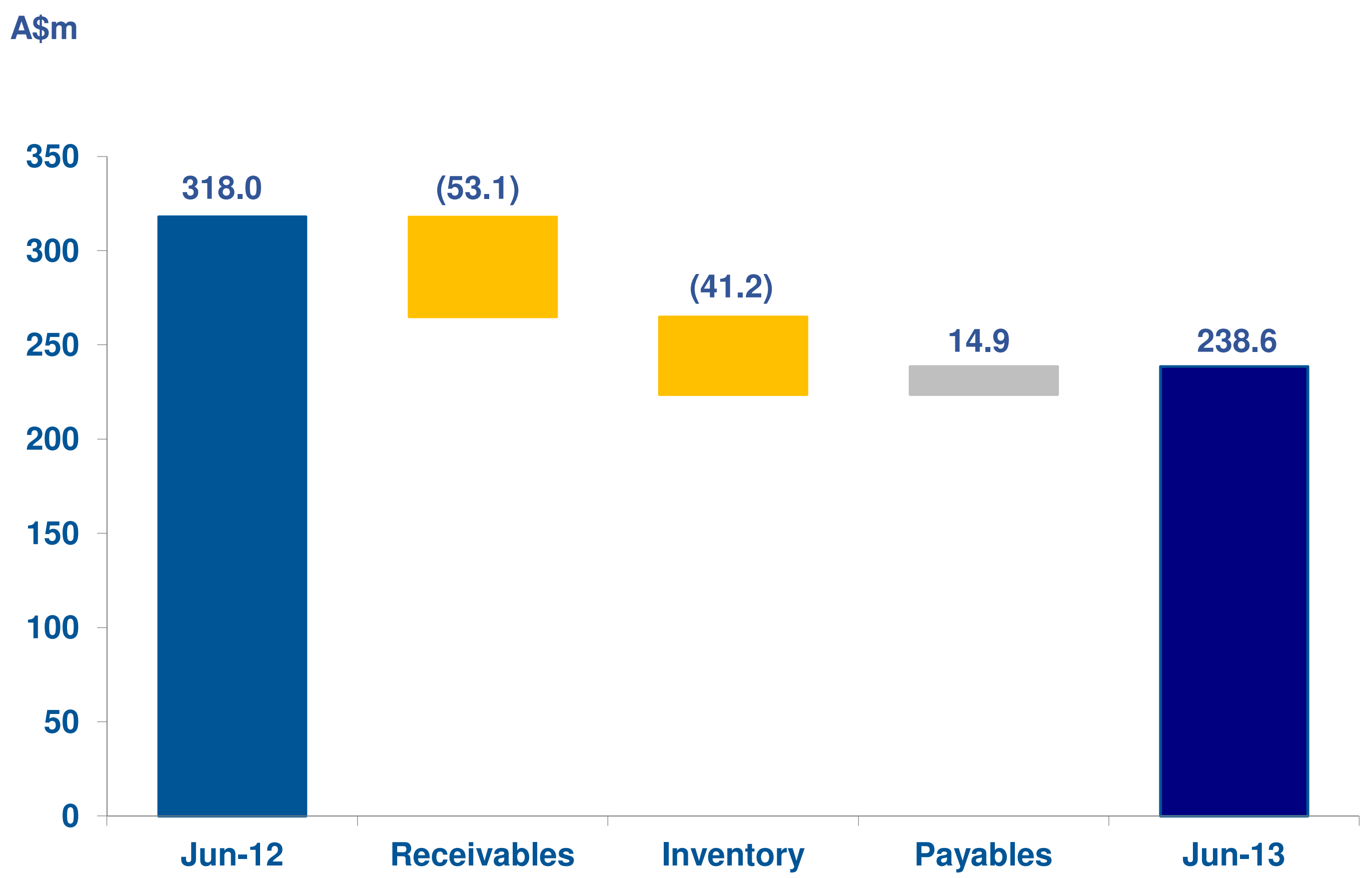
Working Capital Movements



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Cash Management – Key Measures

	12 Months to: Jun-13	12 Months to: Jun-12
Net Bank Debt (A$m)	**425.3**	442.8
Gearing (net debt/net debt plus equity) %	**35.8%**	38.1%
Gearing (net debt/EBITDA)	**2.0**	2.0
Interest Cover (EBITDA/Borrowing costs)	**6.8**	6.5
Working Capital to Sales %	**18.2%**	21.9%

Capital Expenditure

- Overall capex spend was $96.7 million compared with $131.9 million for the previous corresponding period
  - China foundry - $41.6 million
  - New Ground Engaging Tool designs and tooling $8.8 million (second generation systems now being released)
  - Mackay land adjoining the existing site for future expansion - $2.3 million
  - Other growth capex - $13.0 million including acquisition of Cooinda Ceramics and Hillside Foundry
  - Stay in business capex - $31.0 million (2.4% of sales)
- Capex spend for F14 to complete existing projects and stay-in-business capex estimated at $40 million

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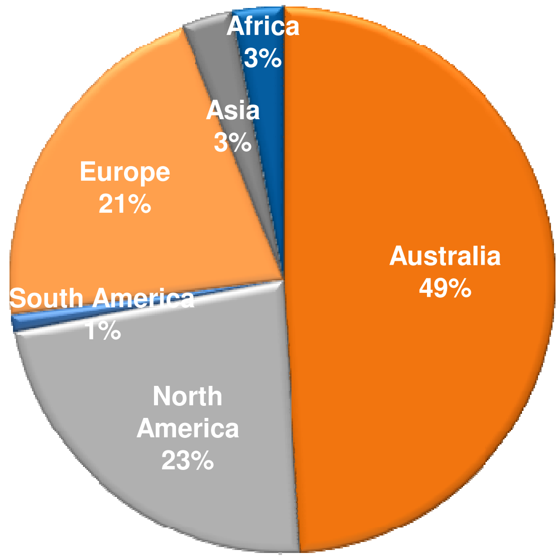
Operational Review - Mining Products

- Sales of $413 million up 4% on F12 with margins increased from 33.1% to 34.1%.
- Ground Engaging Tools and Buckets global sales revenue increased due to take-up of the new range of Bradken GET products in both Australia and overseas markets
- Crawler Systems global revenue up, however order intake softened in the second half due to reduced OEM orders for capital equipment
- Fixed Plant sales revenue down with Australian sales reduced 14% due to lower capital project activity in the Western Australia iron ore market
- Sales increased 6.5% in the Canadian oil sands due to a second half rebound in wear pipe sales
- Strong focus on reducing costs and lowering working capital levels in line with subdued market activity

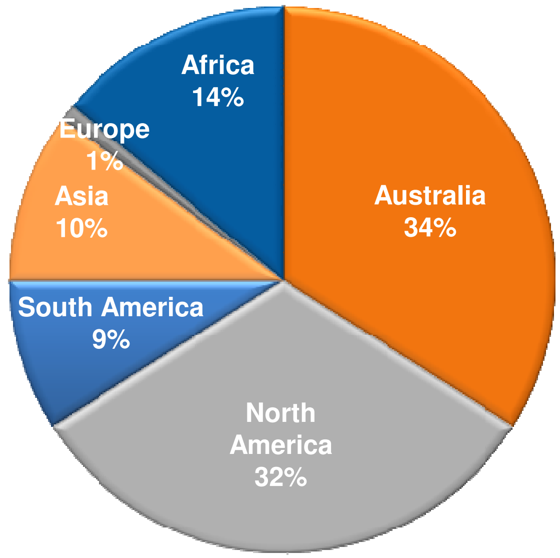
Percentage of Sales by Region



Operational Review – Mineral Processing

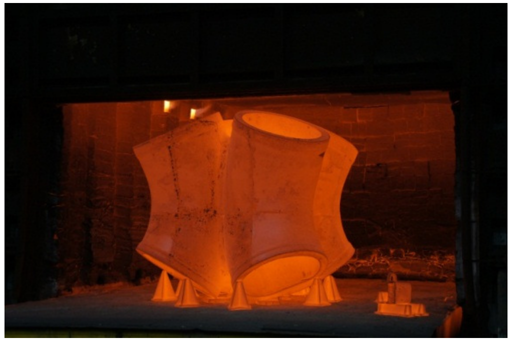
- Sales of $250 million in line with last year, with lower sales in Australasia and Africa offset by a sales increase in the Americas through strong market conditions and increased output from the Mont Joli foundry in Canada
- Margin increased 2.3% through the introduction of new differentiated consumable products into target markets and increased use of alloy scrap at Mont Joli
- Completed installation of additional capacity in the low cost Mont Joli, Canada and Merlimau, Malaysia foundries
- Rationalised a wide range of existing products into the optimal plants of manufacture

Percentage of Sales by Region



Operational Review - Engineered Products

- Sales of US$309 million were down 11% on F12 with a second half decline in mining and rail locomotive markets
- Industrial Products business sales were down on F12 with a significant 2H13 decline in demand from OEMs such as Caterpillar, EMD, and GE
- Energy business sales in F13 were down in the first half due to operational issues but were strong in the second half due to sales of pumps, valves and compressors to the gas industry
- Overall focus on cost reduction, working capital management and securing orders for capital components



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Operational Review – Rail

- Overall, sales of $223 million were down approximately 33% on the previous financial year
- 1,070 rail cars manufactured in the Xuzhou, China facility in F13 represented a significant volume reduction on the previous year and is reflective of the general downturn in the Australian resources sector
- The resources sector slow-down and strong Chinese competition also resulted in a 22% reduction in spare parts sales
- Notwithstanding the lower volumes, margin has increased towards normal levels as a consequence of disciplined and deliberate execution of the Division's "Contain and Consolidate" business plan
- More favourable contract terms, better cost structures and business controls are continuing to see the work mix return to acceptably higher margins

Operational Review - Other

Industrial & CMS Business

- Total sales of $118 million were up 5.8% on the previous year with a margin improvement from 39.0% to 40.1%
- A general slowdown in the Australian industrial market and lower order intake from capital mining OEMs saw a decline in the order book in the second half for the industrial business
- Decreased domestic sales for foundry consumables offset by growth into new offshore markets including Malaysia and China helped underpin the CMS business performance
- The acquisition of the Hillside foundry in Dunedin during the year increases our New Zealand capacity and provides a broader manufacturing capability

People & Safety

- Global Lost Time Injury Frequency Rate (LTIFR) for F13 at 5.3 was an increase on the previous year due to deterioration in safety performance in the USA, which is being actively addressed by Management
- 26 sites were Lost Time Injury (LTI) free for F13, which is an increase of seven sites on the F12 safety result
- Significant employment downsizing from 6,500 to 5,425 occurred in the US (down 15%) and Australian (down 14%) regions as the business reshapes to align with emerging market conditions
- With the construction of the new Global Corporate Centre our primary focus was to develop a great place to work for our employees from disciplines including engineering, commercial, information technology and other professional support functions

F13 Results Overview

Underlying Business Strategies

Outlook

- We expect mine production to show steady increases again in F14 for most commodities and the energy segment to remain strong for oil and gas products
- Miners will continue to restrict expenditure to improve cash flow due to weaker prices and high cost pressures which largely affect new equipment purchases and discretionary consumables, but we expect non-discretionary consumable sales to track production
- Ultimately, new capital equipment will be required and while some orders are returning, there is little visibility of a trend
- Bradken has significant low cost capacity in Xuzhou and the capability to respond to returning market demand and is being assisted by the lower Australian dollar. Capex will be restricted to mostly stay-in-business at around $40 million
- Bradken continues to reduce both operating and overhead costs in line with the lower activity levels and to reduce working capital and capital expenditure to maximise cash flow and maintain gearing close to current levels
- The first half of F14 will be challenging, but overall we expect the year to be broadly comparable with F13

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Thank You

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