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BRADKEN LIMITED

2013 Annual General Meeting

Tuesday, 22 October 2013

NICK GREINER, Chairman

BRIAN HODGES, CEO and Managing Director

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Agenda

1. **Chairman's Address**	**Nick Greiner**
2. Managing Director's Address	Brian Hodges
3. Formal Business	Nick Greiner
4. Refreshments	

The Board

Back Row (L–R):

Mr Greg Laurie
Independent Non-Executive Director

Mr Peter Richards
Independent Non-Executive Director

Mr Phil Arnall
Independent Non-Executive Director

Front Row (L–R):

Dr Eileen Doyle
Independent Non-Executive Director

Mr Brian Hodges
Managing Director & Chief Executive Officer

Mr Nick Greiner AC
Independent Non-Executive Chairman

Inset:

Mr Steven Perry
Chief Financial Officer & Company Secretary

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F13 Highlights – Xuzhou Foundry

Opening Ceremony

Construction of the new A$87 million greenfield foundry in Xuzhou, China reinforces our commitment to develop world-class centres of excellence for manufacturing with globally competitive productivity.

(Officially opened 18th April 2013)




Xuzhou Foundry Capabilities

F13 Highlights – Global Corporate Centre (GCC)

Our primary focus in building the GCC was to develop a facility that promoted innovative, technological and collaborative thinking that is integral to the work that we do.

(Officially opened 19th March 2013)

Opening Ceremony

The GCC Facilities

F13 Highlights

- In relation to the Norcast S.ar.L. proceedings against Bradken in the Federal Court of Australia, the Company has lodged a Notice of Appeal seeking orders to reverse the damages and findings
- This matter was fully provided for in the financial results of F13
- Strategically, we remain committed to our present business model, which has served the Company very well and we will continue to avail ourselves of opportunities for organic and acquisition growth globally
- The Board of Directors would like to thank Brian Hodges and all of our employees for the work and effort they have expended throughout the year and the continuing support of our shareholders

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F13 Company Overview

- Bradken Limited reported a statutory net profit after tax of $66.9 million, allowing for a one-off cost of $29.2 million (pre-tax $30.4 million)
- This result was achieved in a quietening market with sales down 10% to $1,313.1 million and the result demonstrates the strength of the Company's consumable products bias and the defensibility of our margins
- A major highlight of the year was the official opening of Bradken's new world class foundry in Xuzhou, China which will be a cornerstone of our future growth and is a credit to the commitment of our people

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F13 Financial Results

Revenue

A$1,313.1M

2013	1313.1
2012	1451.3
2011	1147.5

EBITDA*

A$214.0M

2013	183.6	214.0
2012	220.4	
2011	196.1	

Net Profit After Tax*

A$96.1M

2013	66.9	96.1
2012	100.5	
2011	87.2	

Operating Cash Flow

A$217.6M

2013	217.6
2012	121.2
2011	32.4

* *Adjusted for the judgment sum and associated costs of the Federal Court action in relation to the Norcast acquisition ($30.4 million EBITDA, $29.2 million NPAT)*

Earnings per Share

2013	56.8c
2012	60.5c

Dividend per Share

2013	41.0c
2012	38.0c

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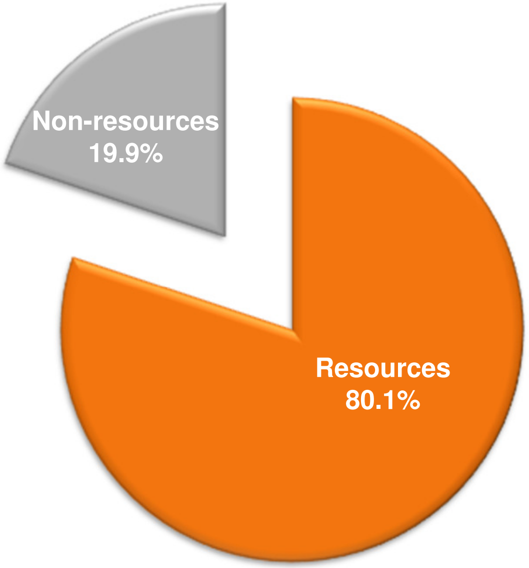
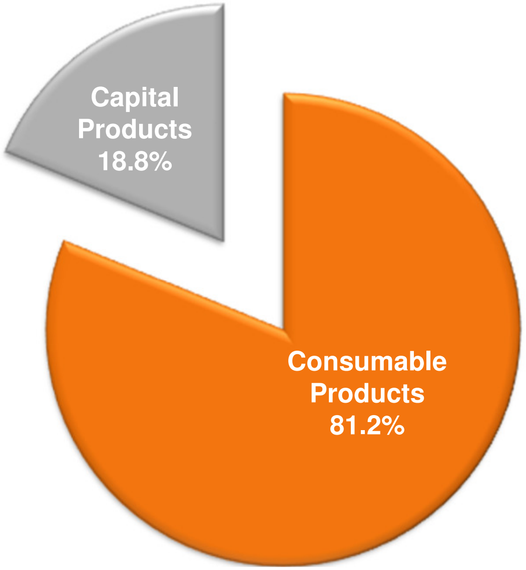
F13 Sales Analysis

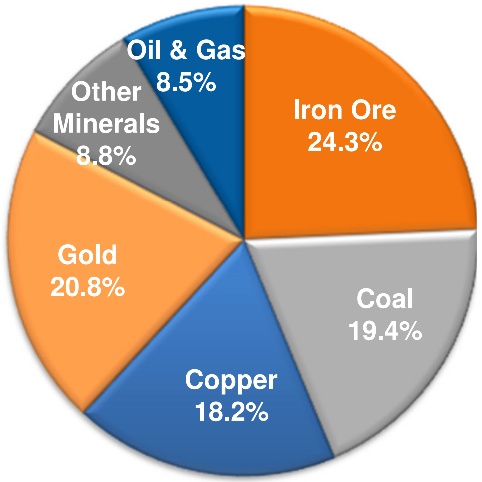
Percentage of Sales by Industry Sector



Percentage of Sales by Product Category

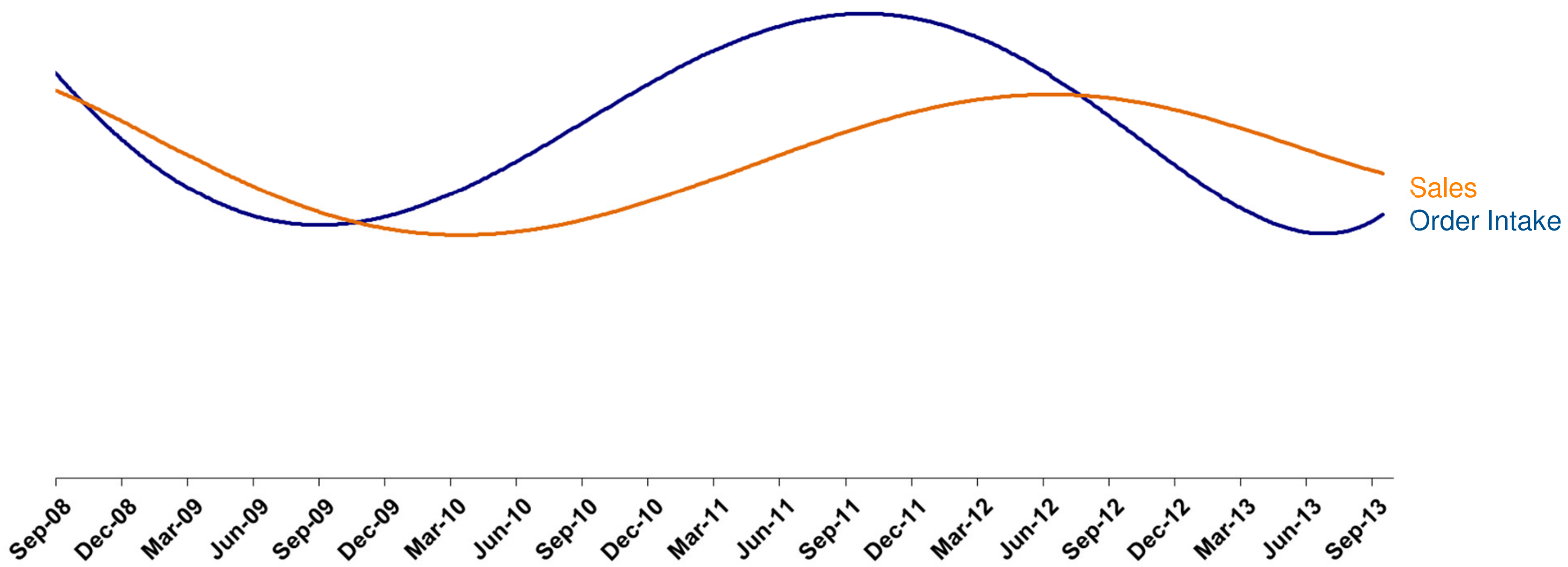


Percentage of Sales by Commodity



- 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

Order Intake and Sales Trends (Consumable Products)



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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

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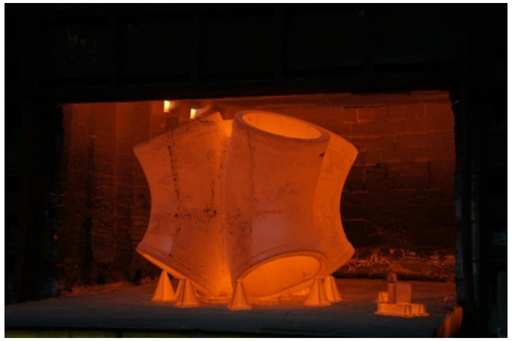
Operational Review – Engineered Products

- Sales of US$309 million were down 11% on F12 with a second half decline in the mining and rail locomotive markets

- Industrial Products business sales were down on F12 with a significant 2H13 decline in demand from mining 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 continues to be on cost reduction, working capital management and securing new orders for capital components



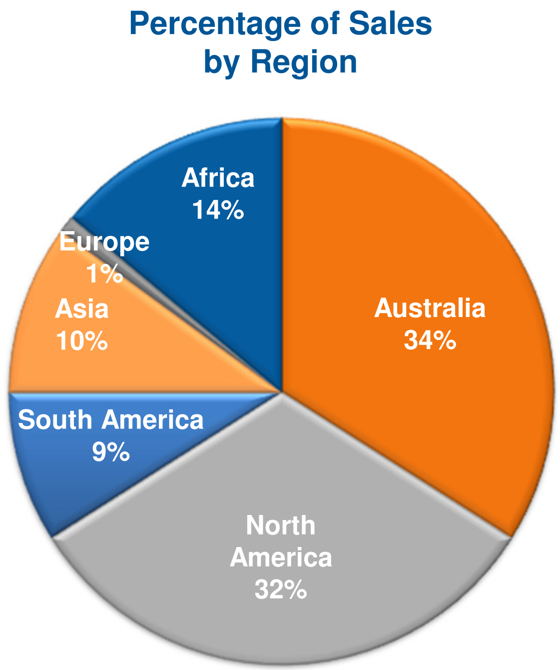
Operational Review – Mineral Processing

- Sales of $250 million were 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

- Margins increased 2.3% through the introduction of new differentiated consumable products into target markets and increased use of alloy scrap at Mont Joli

- Completed the installation of additional capacity in the low cost Mont Joli, Canada and Merlimau, Malaysia foundries

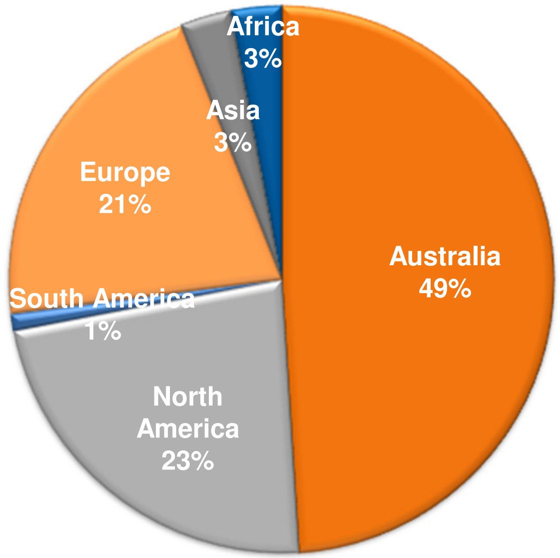
- Rationalised a wide range of existing products into the optimal plants of manufacture



Operational Review - Mining Products

- Sales of $413 million were up 4% on F12 with margins increasing from 33.1% to 34.1% while order intake slowed
- Ground Engaging Tools and Buckets global sales revenue increased due to the take-up of the new range of Bradken GET products in both Australia and overseas markets
- Crawler Systems achieved record global sales: the impressive result was impacted by a second half slowdown in capital orders placed by OEMs
- Fixed Plant sales revenue was 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 in a strong market
- Strong focus continues on reducing production costs and lowering working capital levels in line with subdued market activity

Percentage of Sales by Region



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, reflecting the absence of the unprofitable grain wagon contract

- Favourable contracts, better cost structures and business controls have seen the work mix grow margins from 15.5% to 23.5%

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Operational Review - Other

Industrial & CMS Businesses

- 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 both businesses
- 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 increased our New Zealand capacity and provided a broader manufacturing capability

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People & Safety

- Global Lost Time Injury Frequency Rate (LTIFR) for F13 at 5.3 was an increase on the previous year due to a 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 5,300* occurred in the US and Australian 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 motivational work environment for our people

* 5,300 staff at 30th September 2013

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Outlook

- Mine production is continuing to show steady increases in F14 with the energy segment remaining strong for oil and gas products
- Miners are continuing to restrict expenditure, seeking to drive down prices and change supply channels to improve cash flow
- Capital work for new projects has been hard hit with gold and copper now targeted but with iron ore beginning to improve
- Bradken's low levels of order intake in the four months to July and improved levels in August and September can not yet be considered a future trend
- Bradken continues to reduce both operating and overhead costs in line with the lower activity levels but we expect our gross margins to be maintained
- The lower activity levels are requiring us to lower working capital levels and restrict capital expenditure to maximise cash flow
- The first half of F14 is challenging with the market downturn forcing further redundancies and the stronger dollar generating unrealised FX losses, but if recent improvements in order intake continue, we still expect the year to be broadly comparable with F13

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Please join the Board for refreshments

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