



**SEDGMAN**

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**Sedgman exceeds guidance with record profit**

Expanding resource sector services company Sedgman Limited (ASX:SDM) has today reported a 32.6% lift in FY2008 full year Earnings Before Interest, Tax and Amortisation (EBITA) to a record \$43.5 million, driven by new coal division contracts and a 12-month contribution from subsidiary Internet Engineering.

The result compares to \$32.8 million in the previous corresponding period while cash earnings per share before amortisation of intangibles increased 21.1 per cent to 16.1 cents per share, exceeding the Company's market guidance range of 15-20 per cent.

Managing Director Mark Read said this outstanding result was due to Sedgman's ability to consistently deliver projects on time and on budget in a very tight labour environment.

"Sedgman continues to secure new contracts based on its reputation in the marketplace and strong client relationships," he said.

Revenues, including contributions from joint ventures, rose 4.5 per cent to \$387.9 million from \$371.1 million previously.

The Directors have declared an increased final fully-franked dividend of 4.5 cents a share payable on 22 September 2008 taking the full year payout to 8.0 cents compared to 7.0 cents previously.

Key figures are presented below:

(\$million)	2008	2007	Growth	
Combined Revenue <sup>1</sup>	387.8	371.1	↑	4.5%
EBITA	43.5	32.8	↑	32.6%
EBIT	38.2	30.8	↑	24.0%
NPAT (pre amortisation)	28.7	22.9	↑	25.3%
NPAT (reported)	23.4	20.9	↑	12.3%
EPS <sup>2</sup> - cash (cps)	16.1	13.3	↑	21.1%
DPS (cps)	8.0	7.0	↑	14.3%

1. Includes Sedgman's share of revenues from Joint Ventures

2. Cash earnings per share excludes amortisation of intangibles

Mr Read said Sedgman's coal division had again performed strongly, citing the expansion of the \$75 million Sonoma contract to more than \$180 million through the addition of a second stage processing module and a five-year operations agreement.

"The focus on client service and project delivery continues to be reflected through the division's success in both the engineering services and operations business units."

Other highlights included a \$100 million contract to undertake design, construction and commissioning work on the Lake Vermont Coal Handling and Preparation Plant (CHPP) with joint venture partner Thiess Pty Ltd, in Queensland's Bowen Basin.

"During the year the coal division also achieved practical completion on the Dawson CHPP through the Thiess Sedgman Joint Venture in alliance with Anglo Coal, for the largest facility constructed in Australia," Mr Read said.

The coal operations business unit had another productive year during which operations got underway at Sonoma, building on strong performances by the Blair Athol, Moorvale and Red Mountain plants.

"The year was also marked by the conversion of Sedgman's consultancy agreement with Peabody into a two-year operations contract for the Red Mountain Joint Venture to service the Millennium and Poitrel coal mines," Mr Read said.

"Significantly, on the international front, Sedgman also entered into a major overseas coal project by winning a \$20 million design contract with Brazilian resources giant Vale (formerly CVRD), for its Moatize project in Mozambique."

Sedgman Metals continued to expand through the acquisition of Perth-based minerals process engineering and project management company, Intermet while Pac-Rim's existing operations all performed strongly.

"The metals division also enjoyed international success during the year when Pac-Rim won a mobile crushing contract at the Lihir gold mine in Papua New Guinea while picking up more domestic work, including a screening contract at Macmin Silver's Twin Hills mine," Mr Read said.

"Recruitment remains a priority as the Company completes projects within its \$640 million order book and continues to focus on securing some \$4.0 billion of resources sector opportunities."

## **Outlook**

Mr Read said the 2009 outlook for both coal and the metalliferous sectors remained positive in both domestic and international markets, underpinning expectations of further cash earnings per share growth in FY2009 of 15-20 per cent.

"Demand for energy remains strong, particularly driven by the industrialisation and urbanisation of China and India," Mr Read said. "Sedgman Coal's expanding presence into southern Africa and China will enable it to take advantage of this strong market while Sedgman Metals is experiencing increased demand for feasibility studies and remains well positioned to benefit from these positive conditions."

## **About Sedgman**

**Sedgman Limited** (ASX:SDM) was established in 1979 and has become a leading provider of integrated engineering, project delivery and operations services to the global resources industry. Specialising in the design, construction and operation of coal handling and preparation plants (CHPPs), Sedgman is recognised internationally for its coal processing and materials handling technologies.

After listing on the ASX in June 2006, Sedgman expanded into the metalliferous sector in December 2006 with the acquisition of ore crushing and screening services provider Pac-Rim. In July 2007, Sedgman further expanded into this sector with the acquisition of minerals process engineering and project management company Internet Engineering Pty Ltd.

Sedgman's structure comprises two core divisions of Sedgman Coal and Sedgman Metals, encompassing the business units of Engineering Services and Operations. Based in Brisbane, the company has almost 700 staff and a market capitalisation of approximately \$430 million.

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### **For further information contact:**

Mark Read  
Managing Director, Sedgman Limited  
Ph: (07) 3514 1000  
[www.sedgman.com.au](http://www.sedgman.com.au)

Alan Wigan  
Chief Financial Officer,  
(07) 3514 1000

### **For Media inquiries:**

Richard Owen  
Three Plus  
07 3503 5700  
0412 869 937  
E-Mail: [richard@threeplus.com.au](mailto:richard@threeplus.com.au)