



ASX/MEDIA RELEASE

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### **Sedgman delivers consistent core earnings**

Sedgman Limited (ASX:SDM) today reported a 3.8 per cent lift in adjusted FY2009 net profit to \$29.8 million, as higher margins offset lower revenues due to the economic downturn and run off in larger Engineering Services contracts. The result compares to \$28.7 million in the previous corresponding period.

Earnings per share, excluding amortisation and write-down of intangible assets, increased 2.5 per cent to 16.5 cents per share, exceeding the Company's revised guidance.

Reported net profit fell 70 per cent from \$23.4 million last year to \$7.1 million after the previously announced \$20 million goodwill write-down associated with the Internet business.

Managing Director Mark Read said the result was pleasing in light of the difficult business environment created by the global financial crisis and demonstrated the Company's resilience and focus on delivery excellence.

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

"In fact our combined order book and one year pipeline has increased by more than \$300 million to \$1.4 billion in the six months to 30 June 2009."

Key figures are presented below:

<b>(\$million)</b>	<b>2009</b>	<b>2008</b>	<b>Var</b>
Combined Revenue <sup>1</sup>	355.2	387.8	(8.4%)
EBITA	42.0	43.5	(3.4%)
EBITA % Margin	11.8%	11.2%	n/a
NPAT (adjusted) <sup>2</sup>	29.8	28.7	3.8%
NPAT (reported)	7.1	23.4	(69.7%)
EPS (adjusted) <sup>2</sup> (cps)	16.5	16.1	2.5%
DPS (cps)	6.0	8.0	(25.0%)

Notes

1. This represents revenue of Sedgman together with Sedgman's share of revenues from Joint Ventures
2. Excludes after tax impact of amortisation of intangible assets of \$2.7 million and \$20 million write-down of Internet goodwill at 31 December 2008

Combined revenue declined 8.4% to \$355.2 million from \$387.8 million previously. This decline was partly offset by strong earnings before interest tax and amortisation (EBITA) contributions from both Engineering and Operations business units with an increase in margins from 11.2 per cent to 11.8 per cent.

Sedgman also continued to generate strong cash flows during the year with net operating cash flows up \$15 million to \$44.4 million due to higher non-joint venture earnings.

The Directors have declared a final fully-franked dividend of 3 cents per share payable on 30 September 2009, taking the full year payout to 6.0 cents per share compared to 8.0 cents previously.

Mr Read said Sedgman had won major coal projects in every growth area targeted under the Company's international expansion strategy - Mozambique, Chile, Columbia and China – as well as in its core Australian market.

"These included the \$50 million Bocamina contract in Chile, the \$20 million UHG contract in Mongolia and extension to operations contracts with Macarthur Coal in Australia worth \$80 million," he said.

Other operational highlights included the completion and successful commissioning of the \$100 million Lake Vermont plant in Queensland's Bowen Basin with joint venture partner Thiess Pty Ltd, while the \$80 million Daunia design and procurement project was progressing on time and on budget.

### **Proposed \$30 million Capital Raising**

Sedgman Limited has also today requested a trading halt to undertake a proposed placement and share purchase plan ("SPP"). The placement and SPP are expected to raise approximately \$30 million before costs.

Wilson HTM Corporate Finance Limited has been appointed to lead manage the capital raising.

Further details of the capital raising will be announced by the Company following completion of the placement.

### **Outlook**

Mr Read said Sedgman was ideally placed in both the coal and metalliferous sectors to take full advantage of growth opportunities in Australia and abroad as global economic conditions improved.

"The long term outlook remains positive with our three-year project pipeline having increased by \$500 million in the six months to 30 June 2009, to \$4.8 billion. Sedgman is currently involved in approximately 90 per cent of projects in the one year pipeline which totals \$900 million," he said.

"Our rationale for undertaking a capital raising is to support the company's growth initiatives and to improve financial flexibility."

Sedgman anticipates FY2010 earnings per share, excluding amortisation of intangible assets, to be approximately 15 cents post the proposed capital raising.

## **About Sedgman**

**Sedgman Limited** (ASX:SDM) was established in 1979 and is a leading provider of mineral processing solutions 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.

Sedgman listed on the ASX in June 2006. The company's structure comprises the two core business units of Engineering Services and Operations that currently service both coal and minerals opportunities. Based in Brisbane, the company has approximately 650 staff and a market capitalisation of approximately \$295 million.

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