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## **Operations and Guidance Update**

### **Key Points**

- Outlook remains extremely positive for Sedgman with a growing project pipeline and a record number of preliminary studies underway.
- H1 FY2010 expected earnings of 5.7 cents per share.
- Interim result underpinned by solid cash flows despite tough conditions.
- Slippage in contract commitments for one CHPP project expected to shift some profits to H1 FY2011.
- FY2010 guidance accordingly reduced by up to 10 percent.

Leading resource sector services company Sedgman Limited (ASX:SDM) today issued an operations and guidance update following a review of the Company's preliminary half year results and progress on major projects.

### **H1 FY2010 Result Preview**

Sedgman expects to announce earnings per share, excluding amortisation of intangible assets, of 5.7 cents for the half year to 31 December, 2009. This result incorporates a research and development tax benefit of \$1 million.

The Company generated solid cash flows during the six month period, demonstrating the strength and resilience of Sedgman's business model in challenging economic conditions.

This result preview is preliminary and remains subject to audit.

### **Updated FY2010 Guidance**

Sedgman advised at the 2009 Annual General Meeting that the FY2010 earnings result would be predicated on the timely commencement of two Coal Handling and Preparation Plant (CHPP) projects and significantly weighted to the second half of the financial year.

Later than expected commitments on the balance of the project delivery contracts for one CHPP project are now likely to result in some slippage of profits into the next financial year.

This timing slippage is expected to result in a decrease in FY2010 earnings estimates of up to 10 percent compared to Sedgman's previous guidance of 15 cents per share, excluding amortisation of intangible assets.

## **Outlook Remains Positive**

Importantly, Sedgman's Managing Director Mr Mark Read said Sedgman's outlook remained extremely positive, particularly as global business conditions improved.

"The recovery of the domestic coal and metals markets is continuing, Sedgman's pipeline of project opportunities is growing and the Company is once again undertaking a record number of studies," Mr Read said.

"We expect to continue to grow our order book and capitalise on the increasing number of project opportunities both in Australia and overseas."

Sedgman is acknowledged internationally for its leadership in coal processing and materials handling technologies.

Mr Read said Sedgman's unique business model fostered deep and lasting client relationships through the Company's ongoing involvement as projects moved from the preliminary stage through to engineering, construction and operations.

"This aspect of our business sets us apart from our competitors as it ensures we remain committed to providing quality services to our clients over long periods of time," Mr Read said.

Further information in relation to dividends and full year guidance will be provided when the Company reports its first half result on 23 February 2010.

## **About Sedgman**

**Sedgman Limited** (ASX:SDM) was established in 1979 and is a leading provider of mineral processing and associated infrastructure 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 services the global coal and metalliferous markets by offering unique Engineering and Operations capabilities. Head office is in Brisbane with international offices established in Beijing, Santiago and Johannesburg targeting the growth regions of China/Mongolia, South America and southern Africa. The company has around 700 personnel and a market capitalisation of approximately \$260 million.

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