



Sedgman Limited

2006 Results



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2006 Highlights

- Successful ASX listing on 8 June 2006. Shares trading at a 40% premium to the IPO value.
- FY2006 results exceed prospectus forecast.
- Exceptional performances from both Engineering Services and Operations business units with record results for Combined Revenue, EBIT and Earnings per Share.
- Strong cash flow and sound financial position.
- 77% growth in personnel from June 2005 (266 v 150). Current numbers now exceed 300.



Results Analysis

Summary Income Statement

(Proportional Consolidation Method)

	(Prospectus) June 2006 \$M	June 2006 \$M	June 2005 \$M	% Movt
Combined Revenue ⁽¹⁾	236.9	235.6	82.1	187%
EBIT ⁽²⁾	20.2	20.6	9.7	112%
Interest	(0.2)	0.2	-	-
Taxation ⁽²⁾	(5.6)	(5.8)	(2.9)	(100%)
Net Profit after Tax ⁽²⁾	14.4	15.0	6.8	121%
EPS ⁽³⁾	10.2	10.6	4.9	116%

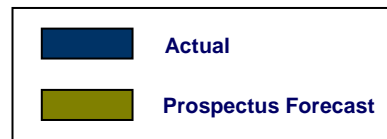
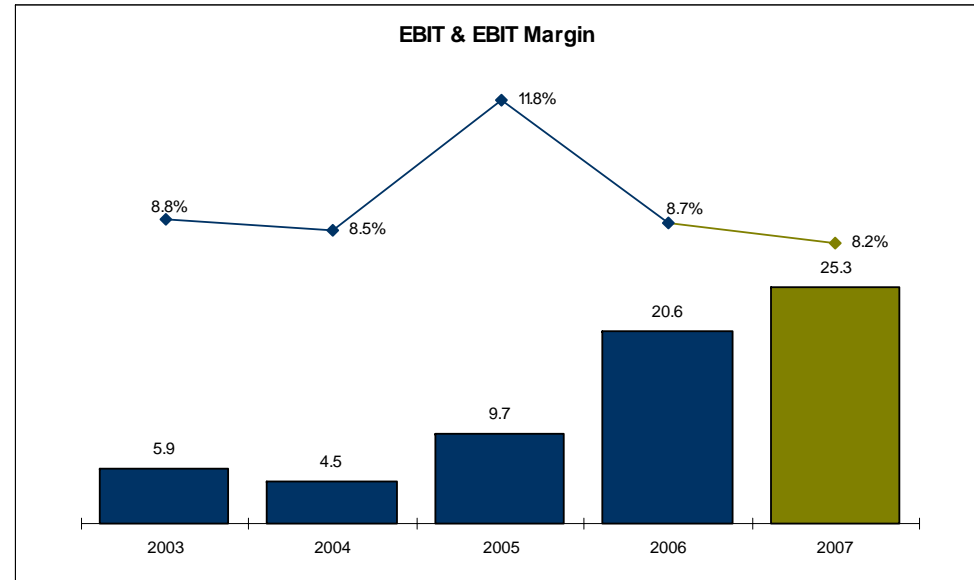
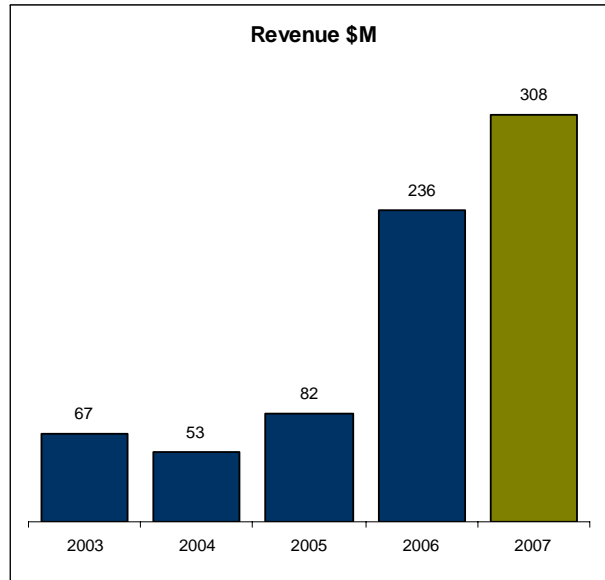
Notes

1. This represents revenue of Sedgman together with Sedgman's share of revenues from Joint Ventures.
2. EBIT of Sedgman has been increased by \$2.3m for FY2005 and \$2.7m for FY2006 for consulting fees paid to shareholders. This arrangement terminated on 31 December 2005. Resulting adjustments for taxation and net profit have also been made.
3. Based on weighted average number of shares on issue. The EPS calculation in the Prospectus was based on total shares issued at completion of IPO.



Results Analysis

Combined Revenue and EBIT Performance





Results Analysis

Business Unit Performance

	(Prospectus) June 2006 \$M	June 2006 \$M	June 2005 \$M	% Movt
Combined Revenue				
Engineering Services	211.4	207.7	61.2	239%
Operations	25.5	27.9	20.9	33%
	236.9	235.6	82.1	187%
EBIT				
Engineering Services	16.4	16.7	4.8	248%
Operations	3.8	3.9	⁽¹⁾ 4.9	(20%)
	20.2	20.6	9.7	112%
EBIT Margin				
Engineering Services	7.8%	8.0%	7.8%	3%
Operations	14.9%	13.9%	⁽¹⁾ 23.4%	(41%)
	8.5%	8.7%	11.8%	(26%)

Notes

1. EBIT derived by the Operations Business Unit in 2005 was high due to \$1.2m of maintenance costs which were not spent.



Results Analysis

Summary Income Statement

(Equity Method)

	(Prospectus) June 2006 \$M	June 2006 \$M	June 2005 \$M	% Movt
Revenue	56.2	55.2	61.7	(11%)
EBITDA	8.5	8.8	7.7	14%
Depreciation	(2.1)	(2.1)	(1.2)	(75%)
EBIT before JV profits ⁽¹⁾	6.4	6.7	6.5	3%
Sedgman share of JV profits ⁽²⁾	13.8	13.9	3.2	334%
EBIT after JV profits	20.2	20.6	9.7	112%
Net interest (expense)/revenue	(0.2)	0.2	-	-
Profit Before Tax	20.0	20.8	9.7	114%
Income tax expense	(5.6)	(5.8)	(2.9)	(100%)
Profit after tax	14.4	15.0	6.8	121%

Notes

1. EBIT of Sedgman has been increased by \$2.3m for FY2005 and \$2.7m for FY2006 for consulting fees paid to shareholders. This arrangement terminated on 31 December 2005. Resulting adjustments for taxation and net profit have also been made.
2. After allocation of indirect costs.



Results Analysis

Balance Sheet 30 June 2006

	\$M
Cash ⁽¹⁾	45.3
Debtors	8.7
Investments ⁽¹⁾	23.2
Property, Plant & Equipment	9.7
Other	4.4
Total Assets	91.3
Trade Payables	3.8
Payable to Joint Ventures ⁽¹⁾	30.5
Debt	5.8
Provisions	8.8
Tax	3.5
Other	2.7
Total Liabilities	55.1
Net Assets	36.2

Notes

1. Investments comprise Sedgman's share of profits from Joint Ventures while the Payable comprises actual cash distributions from Joint Ventures. The net balance of the two accounts results in a reduction of cash of \$7.3M post balance date.



Results Analysis

Summary Cash Flows

	(Prospectus) June 2006 \$M	June 2006 \$M	June 2005 \$M	% Movt
Pro Forma EBIT⁽¹⁾	20.2	20.6	9.7	112%
Depreciation	2.1	2.1	1.2	75%
Loss on sale of non-current assets	-	-	0.2	-
Movement in working capital	0.6	3.7	(0.2)	-
Funding for employee provisions	-	-	0.6	(100%)
Net interest	(0.2)	0.2	-	-
Income tax paid	(4.1)	(4.7)	(1.5)	213%
Net operating cash flow	18.6	21.9	10.0	119%
Timing difference between joint venture profit and cash	(3.0)	9.6	(1.5)	-
Net proceeds of the Offer	27.0	27.0	-	-
Proceeds/repayments of borrowings	(1.0)	(0.9)	3.0	-
Net capital expenditure	(1.6)	(2.4)	(6.1)	-
Free Cash flow prior to dividends	40.0	55.2	5.4	922%

Notes

1. EBIT of Sedgman has been increased by \$2.3m for FY2005 and \$2.7m for FY2006 for consulting fees paid to shareholders. This arrangement terminated on 31 December 2005.



Results Analysis

Dividends

- As disclosed in the prospectus, a total dividend for FY2006 of \$15M was declared on 12 April 2006 with \$5M paid on 21 April 2006 and \$10M paid on 8 June 2006.
- The dividend policy of the company is to distribute (where possible) between 40% and 60% of net profit after tax in the form of fully franked dividends.



Order Book

- The current order book is in excess of \$0.5 billion:
 - Engineering Services - \$350 million
 - Operations - \$150 million

- 100% of FY2007 prospectus revenue forecast is represented by executed contracts or contracts under negotiation.



Order Book

Engineering Services

Current Contracts

Dawson
Wilpinjong
Acland
Sonoma

Contracts Under Negotiation ⁽¹⁾

Lake Lindsay

Operations

Current Contracts

Coppabella
Moorvale
Blair Athol
Millennium (Consultancy)

Contracts Under Negotiation ⁽¹⁾

Millennium / Red Mountain
Wilpinjong
Sonoma

Notes

1. Commercial terms are being negotiated.



Order Book

- Beyond FY2007 Sedgman is pursuing other significant project opportunities.
- Project pipeline:
 - Domestic
 - \$1.9 billion for TSJV delivery
 - \$0.7 billion for Sedgman delivery
 - International
 - \$0.3 billion for Sedgman delivery



People & Safety

- 77% growth in personnel from June 2005 (266 v 150). Current numbers now exceed 300.
- Staff turnover rate is 14% which is below the industry average.
- Sedgman remains focussed on attracting and retaining quality staff by providing an environment for employees to develop personally and professionally.
- Safety is a continuous focus for the Company. A HSE Manager has been recruited to ensure we continue to improve upon our safety performance.
- Macarthur Coal recently acknowledged Sedgman for having completed five years operating its Coppabella mine without a single lost time injury.



Outlook

- The outlook for Sedgman remains positive as growth in the Australian coal market will continue to deliver further new coal developments, capacity upgrades and refurbishment of existing CHPP facilities.
- High priority given to expansion of the Operations business unit:
 - The Millennium and Wilpinjong operations are expected to commence during FY2007.
 - Sonoma expected to come on stream in FY2008.
 - Other projects identified and are actively being pursued.
- International expansion is part of the growth strategy, particularly in South Africa and India.
- The Company is seeking to penetrate additional markets by acquisition of complementary businesses either in terms of their geographic sphere of operation or services provided.