



News Brief transcript

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Sedgman Limited
SDM:ASX

Peter Hay
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Engineering group
Sedgman expands from
coal into metals with
the \$65 million acquisition
of operations services
group Pac-Rim.

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<http://www.investortv.com.au/wl/vr.aspx?id=CMP119Z11PCT15X50B719>

Sedgman powers into metals

Sedgman has a bit of history. It was established in 1979 by a fellow called John Sedgman. In those days, it was Sedgman and Associates. During the '80s it started to focus on coal. Since that time it's developed into a professional service organisation, providing engineering and operation services to the coal industry.

We operate in the coal handling and preparation plant area of scope. We've developed a reputation internationally as a leading provider of those services. And within the Australian domestic market, we are the dominant player in that market.

Our uniqueness is in our focus. There are a number of players that operate in the resource sector, but there are few that focus, as we have, in that particular sector. So that's one of the differentiators in terms of us and other service providers.

One of the key growth points is in fact our people. We have a very experienced group of people which we have grown over quite a long timeframe. That is one of the constraints on the development of resource opportunities; those organisations that have that experience and expertise will get additional leverage to their commodities cycle.

We offer the full scope of services, right from the original feasibility stage through to design construction, and then the operations and maintenance of the facilities. That enables us to have a very meaningful feedback loop to our engineering design group. It ensures that we maintain a leading focus in that industry.

We have been a dominant player in the coal sector for a number of years, and it's very exciting for us to have this opportunity in the metalliferous area with the purchase of the operations services group Pac-Rim. This will create a new platform for us in terms of growth and provide us with a path for emulating the success that we've had with Sedgmans in the metalliferous industry.



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I think there are a lot of similarities in terms of the business model which we can apply. And that's what we will be seeking to do. Pac-Rim is a focused player, it's a niche player. It's got a blue-chip client base – predominantly operating in the mineral province around Mt. Isa, but historically it's operated in the Pacific Rim, including New Guinea and Indonesia.

We're not anticipating any significant synergies in terms of operational synergies, the businesses are fairly standalone in terms of their operation. Pac-Rim will be based in Townville, Sedgman will continue to be based in Brisbane, so we're not really expecting any gains in that respect. But we do see great growth potential in terms of the way the organisations can work together.

By 2010, there is \$30 billion of work to occur in the metalliferous sector. That's pretty exciting for where we're currently positioned.

In terms of opportunities within the coal sector, domestic opportunities, there's \$1.2 billion worth of opportunities in new capital to be invested. There will be significant capital spent on existing infrastructure and brownfield expansions. And we believe this will continue to underpin the growth we've seen in that sector for us.

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