



**SEDGMAN**

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**Sedgman posts 54% lift in NPAT, increases profit guidance**

Engineering group Sedgman Limited on Monday reported strong cash flows and record earnings for the first half on the back of a booming coal industry, posting net profit after tax of \$9.7 million, up 54 per cent from the proforma result for the same period last year.

Managing Director Peter Hay said, "Our earnings outlook for the full year is to deliver EBITA (earnings before interest, tax and amortisation of intangibles) of \$32.2 million, representing growth of 55 per cent over the FY2006 proforma result and 27 per cent above prospectus forecasts."

The key figures are presented below:

	<b>\$m</b>	<b>Growth</b>	
Combined Revenue	166.0	91%	↑
EBIT	13.1	58%	↑
NPAT	9.7	54%	↑
EPS (cents)	5.7	54%	↑
DPS (cents)	3.0		

Mr Hay said Sedgman continued to win new contracts for coal handling and preparation plants (CHPPs), and had secured two of the largest contracts ever awarded in the Australian coal industry through its joint venture with Thiess Pty Ltd.

"The \$442 million Dawson CHPP and recently announced \$346 million Lake Lindsay project for Anglo Coal Australia are key contracts for Sedgman and both made major contributions to our first half result, while the Acland upgrade for New Acland is nearing completion," he said.

Other highlights included a \$75 million contract with Q Coal Pty Ltd to design and construct a CHPP at the Sonoma mine near Collinsville, Queensland, in addition to a consultancy agreement for the commissioning of a CHPP at Peabody's Millennium mine in central Queensland, where Sedgman is expected to operate the plant for an initial two-year period.

The record result included one month's earnings from operations services group Pac-Rim, which Sedgman acquired in December 2006.

"Sedgman's growth is leveraged to the booming coal industry, and with the acquisition of the Pac-Rim group we are now able to capture similar opportunities in the metalliferous sector," Mr Hay said.

"Pac-Rim will help us expand our Operations business and allow us to service the entire resources industry, including processors of iron ore, nickel, copper and gold. Its high quality client base offers us an excellent platform to expand the scope of the business, in which we can value-add our engineering capabilities."

Sedgman continues to attract talented staff despite a tight labour market and has increased its personnel by 62 per cent to 430, up from the 266 employees as of June 2006. While reflecting the addition of Pac-Rim staff, Sedgman also secured another 49 employees during the half year.

"Sedgman has the reputation and ability to attract high quality staff to be able to service our increasing number of contracts and grow further," Mr Hay said.

Shareholders are set to benefit from the recently listed company's strong growth, with a fully franked interim dividend of 3 cents per share to be paid in March 2007.

"Sedgman has a record order book, with current orders of \$350 million for our Engineering Services business unit and \$250 million for Operations."

"Beyond the 2007 financial year the project pipeline for coal remains strong, with around \$3 billion worth of projects being pursued in Australia alone," he added.

"Sedgman's future growth platform will also be supported by our international expansion, where we plan to replicate our successful business model in a number of jurisdictions, including southern Africa, India and China."

#### BACKGROUND:

**Sedgman Limited** (ASX:SDM) was established in 1979 and has become a leading provider of multi-disciplinary engineering, project delivery and operations services to the Australian coal 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.

The **Thiess Sedgman Joint Venture** was formed in 2001 between Sedgman and Thiess Pty Ltd, one of the largest construction, mining and services providers in the Asia-Pacific region. Both companies have an equal stake in the TSJV, while Thiess holds a 38.10 per cent equity stake in Sedgman.

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