



SEDGMAN

25 NOVEMBER 2009

ANNUAL GENERAL MEETING – MANAGING DIRECTOR MARK READ’S ADDRESS

Thank you Russell and good morning ladies and gentlemen.

Well it’s nice to stand here before you today and tell you that we are delivering on what we said we would do.

We urged shareholders last year to believe in Sedgman’s ability to profitably deliver quality projects for our clients, despite the economic headwinds blowing our way.

Sedgman did so and continued to secure new contracts both in Australia and abroad based on its strong client focus, reputation in the marketplace and commitment to project delivery.

I believe we will look back on this period as one of Sedgman’s finest when our strategic platform for achieving sustainable growth really delivered when it counted most.

Your company has never been in a better position as global business conditions improve to take full advantage of a \$4.8 billion global pipeline of project work being targeted over the next three years.

FY2009 RESULTS

Given the difficult business environment created by the global financial crisis, the operating result was very pleasing.

Sedgman generated consistent underlying earnings during FY2009 building on our existing business in Australia while growing market share abroad on the strength of our reputation and commitment to clients.

Significantly, our combined order book and one-year pipeline increased by more than \$300 million to \$1.4 billion in the six months to 30 June 2009.

FY2009 was also a year of significant internal change designed to improve efficiencies. These changes included greater attention to client relationship management, a heightened focus on day-to-day management and improved engineering efficiency.

This allowed Sedgman to continue generating strong cash flows, demonstrating just how well we managed our business through the tough times.

While combined revenue fell 8.4 percent to \$355.2 million the impact was offset by an increase in operating margins from 11.2 percent to 11.8 percent. This margin improvement resulted in a 3.8 percent increase in FY2009 adjusted net profit after tax to \$29.8 million.

Although, bottom line earnings fell 70 percent to \$7.1 million after the \$20 million goodwill write-down associated with the Internet business, earnings per share adjusted was up 2.5 per cent to 16.5 cents, exceeding the Company's revised guidance.

This allowed the Directors to declare a final fully-franked dividend of 3 cents per share, taking the full year payout to 6 cents per share compared to 8 cents per share in the prior year.

COAL DIVISION

The Coal Division's strong performance was highlighted by contract wins in southern Africa, South America and China/Mongolia, as well as Australia.

These included the \$50 million Bocamina contract in Chile, the \$20 million UHG contract in Mongolia, and \$80 million extension to operations contracts with Macarthur Coal in Australia for the Coppabella and Moorvale Coal Handling and Preparation Plants (CHPP's).

Other 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 progressed on time and on budget.

This positive momentum in our Coal Division has continued into the new financial year with the recent announcement of the \$75 million design and supply contract with Xstrata Coal South Africa for the ATCOM CHPP upgrade project near Johannesburg. This is Sedgman's first major contract win in South Africa and provides an ideal opportunity for us to showcase our technology leadership in this new market.

Riversdale Mining also recently announced the go-ahead for the \$270 million first stage of its Benga project in Mozambique's Moatize Basin.

Sedgman has been involved with this project since the feasibility study phase and expects to secure significant engineering, procurement and construction contracts for the CHPP with the possibility of a major operations role.

Sedgman's business model is all about developing deep relationships with our clients - from the preliminary feasibility stage though to detailed engineering design and construction and then extending this relationship by securing long-term operations and maintenance contracts.

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 a long period of time. For instance we have been doing business with Macarthur Coal for more than a decade now and our aim is to remain their preferred CHPP service provider.

METALS DIVISION

Sedgman remains strategically focused on the development of a leading international metals business which replicates the Company's successful coal model.

The integration of Pac-Rim and Intermet continued during the year, along with steps to improve the merged business and establish the Sedgman Metals brand in the market place.

Client functions were recently held in Townsville and Perth to mark the official rebranding of these businesses to be collectively known as Sedgman Metals.

During the year the Metals Operations business unit performed well and secured an extension to its operating contract for the crushing circuit at Xstrata Plc's McArthur River base metals mine in the Northern Territory, which will generate revenue of \$14.4 million during the two-year term.

Importantly, this contract enabled the Company to deepen an existing relationship with Xstrata, one of the world's leading diversified mining houses.

The performance of the Metals Engineering Services business unit, however, was unavoidably impacted by the global downturn which weakened commodity prices and in turn delayed new mining projects.

The prospects for this business, however, have improved considerably with the strengthening of the management team. This will ensure the Company's combined technical expertise is leveraged across both Coal and Metals.

New opportunities for the Metals Division are emerging as the resources sector rebounds.

For instance Gunson Resources recently chose Sedgman as preferred engineering contractor for its Coburn mineral sands project, providing an opportunity for us to establish technology leadership within a new segment of the market.

Gunson has also appointed Sedgman to prepare a Bankable Feasibility Study for a new copper mining project at Mount Gunson in South Australia.

We are also pursuing other opportunities in the bulk commodities. One of the reasons we raised capital in August was to ensure we had sufficient financial flexibility to pursue potential operations projects requiring up to \$40 million of capital.

Although we were not successful with our first two tenders, Sedgman has identified a growing list of other opportunities that are expected to be tendered over the next 12 months.

PEOPLE AND SAFETY

Sedgman's most important resource, our people, continues to be a key focus. We respect and value the skills they bring to Sedgman and are committed to providing a safe and engaging work environment.

I would like to take this opportunity to thank all the great Sedgman staff for their fantastic efforts over the last year. This most certainly wasn't a year for the faint-hearted!

Attraction and retention of staff remains paramount for the future success of our business.

Sedgman has continued to improve its safety record by 25 percent year-on-year and remains focused on high-risk areas to drive and sustain further improvements. We believe our commitment to safety will become a differentiator in the market place with clients wanting to contract with industry leaders in safety.

Our aim every day is to ensure that we keep our people safe. We support this goal by ensuring that our actions match our words.

It's particularly pleasing to see those actions rewarded as they were during the year with two safety awards.

Employees from the Sedgman CHPP at Rio Tinto's Blair Athol coal mine won a HSE Innovation Award for their efforts in making the site safe.

BHP Billiton also recognised Pac-Rim's efforts to improve safety at the Cannington mine with a Zero Harm Safety Award.

We won't be resting on our laurels though and will continue to strive to improve our safety culture and support it with the systems and processes that our people need to do their jobs safely.

RESEARCH AND DEVELOPMENT

Sedgman's other market edge is a commitment to technology leadership and innovation by investing in Research and Development (R&D) and continuous improvement through applied learning.

At the core of the R&D effort is the Sedgman business model which interlinks our design, construction and operational functions to create a virtuous circle of improvement for clients to cut costs, boost plant yields and availabilities, and reduce waste.

To that end the Coal Division recently won an Engineering Excellence award for its SCORS Version Two software now being installed at our CHPP operations in Queensland.

SCORS is a real time production information system that provides the right information to the right people at the right time.

One of the attractive features of this technology is that it gives management the ability to monitor and analyse operations remotely from head office.

We see this product as a differentiator in the market place and a prime example of Sedgman know-how.

Technology leadership in coal processing continues to position the Company at the forefront of innovation, providing clients with higher yields and availability across a wide range of coal resources.

OUTLOOK AND GUIDANCE

Russell presented an inspiring perspective on the solid longer term potential for Sedgman.

Sedgman is ideally placed in both the coal and metalliferous sectors to take full advantage of growth opportunities in Australia and abroad as global economic conditions improve.

Our success in penetrating targeted offshore markets and winning valuable contracts with both new and long-established clients in the emerging coal basins of southern Africa, South America and China/Mongolia has delivered Sedgman more options than ever before to drive growth.

The outlook for coal in 2010 remains positive in Australia and abroad, underpinned by continued strong economic growth in China and India.

We continue to build on the recovery of our Metals Division during 2010 and see growth opportunities in the beneficiation of bulk materials utilising the Sedgman Coal business model.

We entered FY2010 with an order book worth \$530 million and a three-year pipeline of project opportunities containing \$4.8 billion of potential revenue to Sedgman.

Of that pipeline of work, Sedgman expects to convert several opportunities within the next 12 months, having already been involved in the early planning stages in over 75 percent of the projects.

At the time of our FY2009 results announcement Sedgman advised that FY2010 earnings per share, excluding amortisation of intangible assets, was expected to be approximately 15 cents per share post the capital raising.

This was predicated on two high probability coal projects being secured to replenish the Engineering Services order book.

As previously mentioned, the good news is that a design and supply contract for the first of these projects, Xstrata's ATCOM CHPP Upgrade, has been secured and work has commenced.

Design work on Riversdale Mining's Benga project has also commenced under purchase order and we are confident that contracts for the design and supply of the 800 tonne per hour CHPP will be signed shortly.

Although both these projects are running behind our original schedule, we are confident that we can regain most of this delay. This means that full year earnings will be significantly weighted to the second half of the financial year.

Accordingly, we are holding our profit guidance although it now represents the upper end of expectations.

But let me finish where I started ...Sedgman's future has never been brighter.

We have a focused international strategy in place, excellent client relationships and a fantastic team of people.

We are looking forward to the future!

Thank you

Mark Read
Managing Director and Chief Executive Officer