



**SEDGMAN**

ASX/MEDIA RELEASE

19 August 2010

**Sedgman delivers credible results as order book soars to record \$706m**

**Key Points**

- FY2010 EPS (adjusted)<sup>1</sup> of 12.2 cents per share
- Fully franked final dividend of 3.5 cents per share, taking the total dividend for FY2010 to 6.5 cents per share fully franked
- International expansion delivering significant coal and metals opportunities
- Record order book and pipeline of \$706 million and \$6.3 billion respectively at 30 June 2010
- Personnel headcount up 17% to 763 to meet increased project demand

1. Excludes amortisation of intangible assets and additional tax deductions for acquisition costs relating to customer contracts due to legislation changes.

Leading resource sector services company Sedgman Limited (ASX:SDM) today released a reported Net Profit After Tax (NPAT) result of \$25 million, up 252% from FY2009 when the result was affected by the \$20 million goodwill write down.

The FY2010 result includes tax benefits for research and development concessions of \$3.3 million (FY2009 \$2.7 million) and additional deductions of \$2.1 million for acquisition costs relating to customer contracts due to tax legislation changes.

EPS (adjusted) of 12.2 cents per share was 26% lower than FY2009 mainly reflecting lower earnings from Metals operations due to the prior year receipt of settlement funds on the early termination of the Handlebar Hill contract.

The Directors have declared a fully franked final dividend of 3.5 cents per share payable on 17 September 2010 taking the full year payout to 6.5 cents per share fully franked, up from 6 cents per share in 2009.

“Sedgman has delivered a very solid and credible performance” Mr Read said.

“Our international expansion strategy is delivering substantial benefits. We are securing major engineering, procurement and construction (EPC) projects and our order book and pipeline of targeted projects are now at record levels.”

Sedgman is also processing more than 20 million tonnes per annum (mtpa) of coal and 9 mtpa of ore under operations contracts which provide longer term, recurring income and diversification of business risk. The Company continues to pursue numerous operating opportunities identified in its three year pipeline of targeted projects.

Staff numbers have increased to 763, up 17% over the previous 12 months, to meet increased project demand.

Key annual results figures are presented below:

(\$million)	2010	2009	Var
Combined Revenue <sup>1</sup>	336.1	355.2	(5.4%)
EBITA	31.1	42.0	(26.0%)
EBITA % Margin	9.3%	11.8%	n/a
NPAT (adjusted) <sup>2 3</sup>	24.8	29.8	(16.8%)
NPAT (reported)	25.0	7.1	252.1%
EPS (adjusted) <sup>2 3</sup> (cps)	12.2	16.5	(26.1%)
DPS (cps)	6.5	6.0	8.3%

Notes

1. This represents revenue of Sedgman together with Sedgman's share of revenues from Joint Ventures.
2. Excludes amortisation of intangible assets and additional tax deductions for acquisition costs relating to customer contracts due to legislation changes.
3. Excludes \$20 million write-down of goodwill at 31 December 2008.

Gearing levels

At 30 June 2010, gross debt stood at \$42.8 million, with net cash of \$15.2 million after taking into account existing cash reserves of \$58.0 million. These cash reserves were buoyed by proceeds from the capital raising in August 2009.

Interest cover (EBITA divided by net interest expense) improved to 22.2 times, up from 16.2 times at the end of 2009.

Strategic highlights

Sedgman is the market leader in Australian CHPP projects and has won major contracts in every growth area targeted in the company's expansion strategy. More than 25% of targeted project opportunities are international with the percentage expected to increase as the offices continue to mature.

The major coal contracts secured during the year include Whitehaven's \$50 million Narrabri CHPP (NSW), Xstrata's \$123 million Atcom CHPP (South Africa), Riversdale's \$143 million Benga CHPP (Mozambique) and the second stage design contract for the UHG mine project (Mongolia).

In addition, Sedgman's metals strategy is gaining traction with the securing of a USD\$85 million EPC contract for the Boseto copper project in Botswana. The project is expected to commence once a notice to proceed is received from the client.

Outlook

Mr Read said Sedgman's FY2011 outlook is extremely positive given the record levels of forward orders and targeted projects and a forecast improvement in global business conditions.

"Sedgman's order book now stands at \$706 million and has increased by \$176 million over the past 12 months. Targeted projects in our three-year pipeline have increased by \$1.5 billion to \$6.3 billion."

Mr Read said that over the next 18 months continued demand from emerging economies such as China and India was expected to drive growth in consumption of energy and minerals commodities.

Sedgman is well positioned to capitalise on the increased demand for its services due to its strategies and excellent relationships with a quality client base.

“We expect to achieve further growth in our order book and to capitalise on the increasing number of coal and metals project opportunities both in Australia and overseas,” Mr Read said.

### **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 mineral processing and materials handling technologies.

Sedgman listed on the ASX in June 2006. The company has more than 750 personnel and services the global coal and metalliferous markets by offering innovative 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.

#### **For further information contact:**

Mark Read  
Managing Director  
Ph: (07) 3514 1000  
[www.sedgman.com.au](http://www.sedgman.com.au)

Alan Wigan  
Chief Financial Officer  
(07) 3514 1000

#### **Media**

Rhyll Cronin  
Principal Consultant  
Three Plus  
Ph: (07) 3503 5700 0412 846 202  
Email: [rhyll@threeplus.com.au](mailto:rhyll@threeplus.com.au)