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ASX Market Announcement Office  
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## **BRADKEN INVESTOR UPDATE**

Bradken has completed its unaudited management accounts for 1H17 and the audit process is now advanced. Based on the results contained in these unaudited management accounts, and in light of the offer from Hitachi Construction Machinery Co., Ltd (HCM) currently before shareholders, the Bradken Board of Directors considered it appropriate to provide investors with quantitative guidance for the first half operating performance (1H2017).

Revenues declined 6% to \$380 million compared with 1H16, reflecting flat conditions in the mining related businesses (Mobile Plant and Mining Fixed Plant) and further deterioration in the US Engineered Products business.

Despite revenue softness, Bradken is expected to deliver an underlying EBITDA of approximately \$52 million for 1H17 as a result of management's ongoing transformation plan and cost-out initiatives. Underlying EBITDA remains unchanged from the previous corresponding period and in line with previous guidance. Underlying EBITDA excludes further expenses relating to restructuring and rail warranties of \$24 million and the accounting loss on the conversion of the Redeemable Preference Shares (RPS) of \$36 million. Based on management accounts, underlying NPAT is \$17 million and statutory NPAT is expected to be a loss of \$37 million.

Free cash flow was in line with guidance at \$22 million after a further payment of \$10 million for the purchase of the Indian foundry. Net Debt (including restricted cash and excluding leases) reduced 23% to \$271 million as a result of conversion of the RPS and free cash generation. Net Debt remains comfortably within the banking covenants. Bradken remains committed to further de-levering its balance sheet from improvements flowing from the recent strategic business review.

Bradken's work in hand remains stable at \$379 million with the Company's order book reflecting some early signs of positive momentum in mining services, offsetting challenging US industrial sales.

Chief executive Paul Zuckerman said: *"Despite continued softness in Bradken's end markets, the team has delivered a solid earnings and NPAT result, reflecting the benefits of our transformation strategy and cost-out program. This work continues, with a focus on consolidating production, sharpening our competitive advantages in the marketplace and improving our commitment to customers and to safety."*

The audited financial results for the six months ended 31 December 2016 will be released on Tuesday, 21 February 2017.

Separately, following HCM's announcement that its offer is now unconditional except for the 50% minimum acceptance condition, Bradken's directors now intend to immediately accept HCM's offer for shares which are held or controlled by them.

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**About Bradken**

*Bradken is a leading supplier of differentiated consumable and capital products for the mining, freight rail, transport, defence, oil & gas, power generation, sugar and other primary industries. The Company employs approximately 3,050 people in 19 manufacturing facilities and more than 39 sales and service centres across Australia, New Zealand, USA, Canada, India, Indonesia, Malaysia, South Africa, South America and China. Bradken became a publicly listed company in August 2004 has been in business for over 90 years and operates three market-focused divisions, supported by two global support functions.*

For further information about Bradken, visit [www.bradken.com](http://www.bradken.com)