

FY2015

Half Year Results

SEDGMAN

▲ Create ▲ Build ▲ Operate

Message from the Board and Executive

Sedgman continues to win and safely execute projects and operations globally despite the uncertain environment in the mining services sector.

Through both an increase in revenue and lower costs, Sedgman has continued to operate profitably. This trend is continuing through the second half of FY2015. Our half year reported after tax profits are \$4.7 million.

Shareholder value is and will always be part of our mantra. Your Board acknowledges that the Company's share price is a modest reflection of current and future business prospects, and balance sheet strength.

Supported by our business performance and strong cash position the Board has declared a fully franked interim dividend of 3.5 cents per share. This reflects the Board's decision to change our dividend policy to increase the payout ratio, and henceforth, dividends, fully franked will match the Company's profit. Various other capital management initiatives designed to release any surplus capital taking into account the Company's business needs and accumulated franking credit account remain under consideration.

I wish to acknowledge the efforts of the Executive Team who have worked tirelessly to ensure our continued success.

Rob McDonald
Chairman, Independent Director

The first half of FY2015 has seen Sedgman continue to build on the momentum gathered through the latter portion of last financial year.

We have delivered cost reductions through a business restructure, re-focused the organisation on our core Global Minerals strategy, strengthened our low-cost sourcing capability in China, refreshed our Vision, and successfully differentiated ourselves in a very competitive market.

We secured \$300 million of Project contracts, and are well positioned on three core Operations contract renewals valued at over \$100 million. Our diversification strategy continues to gain traction with our work-in-hand and order book remaining balanced across commodities and globally.

We expect the market to remain at subdued levels of activity in our core sectors and locations, but remain confident that our track record and strength position us well. Our clients are searching for value and we have an unwavering focus on identification of value opportunities together with an ability to unlock that value through performance excellence.

Peter Watson
CEO | Managing Director



GROUP PERFORMANCE

(\$million)	HY2015	HY2014
Revenue ¹	160.3	153.9
EBITDA (underlying) ²	13.6	(0.2)
EBITDA % Margins (underlying) ²	8.5%	(0.1%)
EBITA (underlying) ^{2,3}	7.9	(8.6)
EBITA % Margins (underlying) ^{2,3}	4.9%	(5.6%)
NPAT (reported)	4.7	(6.7)

NOTES:

1. THIS REPRESENTS REVENUE OF SEDGMAN TOGETHER WITH SEDGMAN'S SHARE OF REVENUES FROM JOINT VENTURES.

2. EXCLUDES REDUNDANCY COSTS \$1.4M PRE-TAX.

3. INCLUDES IT AMORTISATION.

PROJECTS



Revenue increased as a number of major EPC Projects progressed.



EBITA % margins increased due to improved utilisation of project staff, lower business costs and the recovery of previously impaired debtors.

OPERATIONS

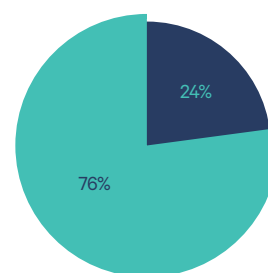


Revenue decreased as three operating sites have been either shut down or transitioned back to owner operations.

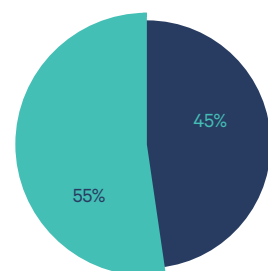


EBITA % margins were within expectations as the business focused on cost control.

DELIVERING ON DIVERSIFICATION – 1 YEAR PIPELINE



■ Coal
■ Other commodities



■ Domestic
■ International

HY2015 Highlights



202%

Increase in net profit after tax (underlying)



170%

Increase in reported earnings per share



4%

Increase in combined sales revenue



32%

Decrease in overhead costs



89M

Net cash position at year end



202%

Increase in net cash from operating activities



+100M

Final stage of negotiating Operations contracts valued at over \$100m



6M

Awarded strategic Operations contract at Wesfarmers Curragh Mine



64M

Awarded \$64m EPC contract for FMG's Solomon Mine



37M

Awarded \$37m contract for Cockatoo Coal's Baralaba Mine Expansion



60M

Awarded \$60m EPC contract for Alcoa's Kwinana Filtration Plant



133M

Awarded \$133m EPC contract for GEMCO's Manganese Plant

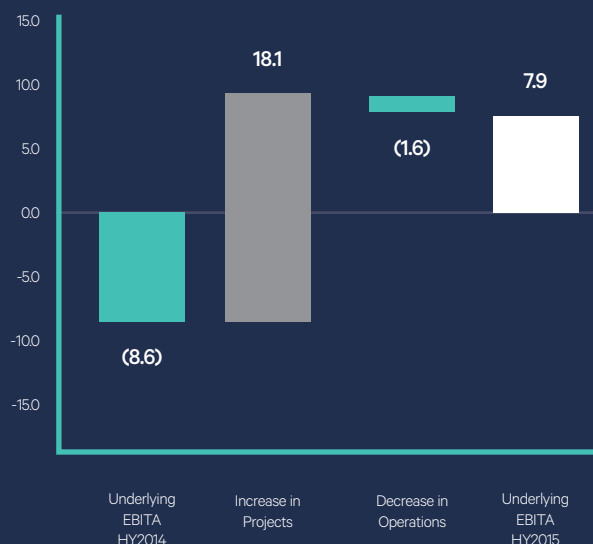
Summary Financial Information (\$million)

	HY 2015	HY 2014
Combined Revenue ¹	160.3	153.9
EBITA (underlying) ²	7.9	(8.6)
EBITA % Margin (underlying) ²	4.9%	(5.6%)
NPAT (underlying) ²	5.7	(5.6)
NPAT (reported)	4.7	(6.7)
EPS (underlying) ² (cps)	2.5	(2.5)
EPS (reported) (cps)	2.1	(3.0)
DPS (cps)	3.5	2.0

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Safety Performance

Our first priority is safety and Sedgman is committed to improving our safety performance.



595K

Aurora Project 595,000 hours LTI free



ZERO

Zaldivar Project zero Injuries or incidents



483

HSE related improvement actions



65

Workplace HSE inspections

Order Book & Pipeline

Order book at December 2014 totals \$596m. This is up from \$385m at June 2014.

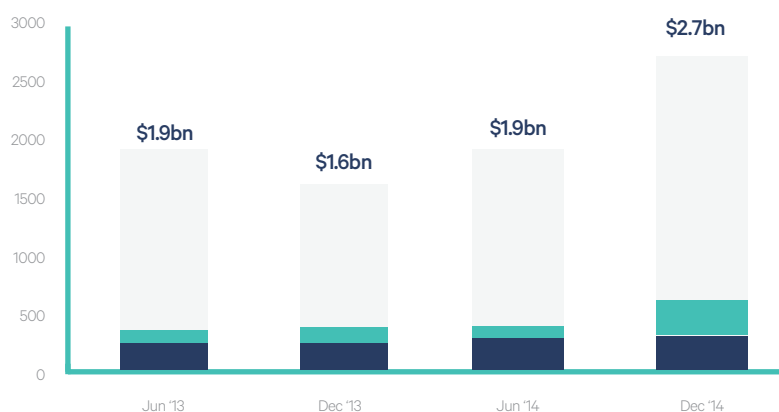
PROJECTS \$300M

— Executable over 12 months

OPERATIONS \$296M

— Contract terms vary between 1 to 10 years.

- 1 year pipeline
- Projects order book
- Operations order book



Business Unit Performance

(\$million)	HY2015	HY2014
Combined Revenue¹		
Projects	104.7	84.1
Operations	55.6	69.8
Total	160.3	153.9
EBITA (underlying)²		
Projects	3.2	(14.9)
Operations	4.7	6.3
Total	7.9	(8.6)
EBITA % Margins (underlying)²		
Projects	3.0%	(17.7%)
Operations	8.4%	9.1%
Total	4.9%	(5.6%)

NOTES:

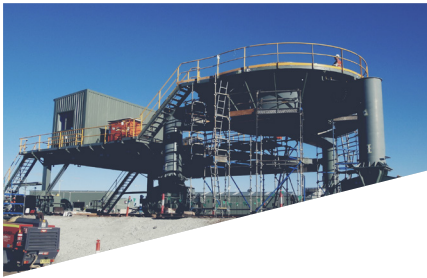
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2. EXCLUDES REDUNDANCY COSTS \$1.4M PRE-TAX. INCLUDES IT AMORTISATION.

Outlook

With subdued market conditions continuing, the opportunities are typically smaller in scale, with heightened expectation on delivery assurance and facility performance. This plays to Sedgman's strength in EPC which enables us to provide certainty for our clients. We are confident in delivering a strong performance in the second half of FY2015 due to our projects and operations secured order book. We have robust risk management processes and 35 years of experience delivering projects in remote locations globally. Our technical expertise, outstanding people and strong Balance Sheet differentiates us from our competitors and positions us well to capitalise on opportunities.

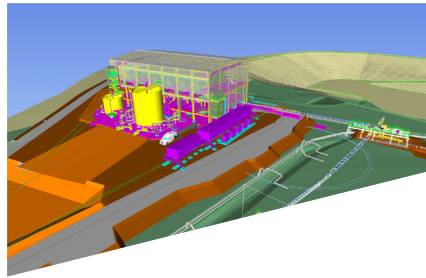
Projects Snapshot



Project: Boggabri
Client: Boggabri Coal
Location: Gunnedah Basin, New South Wales, Australia

The Thiess Sedgman Joint Venture was awarded the \$186 million contract to design and construct a coal handling and preparation plant (CHPP) for Boggabri Coal in September 2013. The expansion of Boggabri Coal's mining operation will produce 6.9 Mt/a of thermal coal.

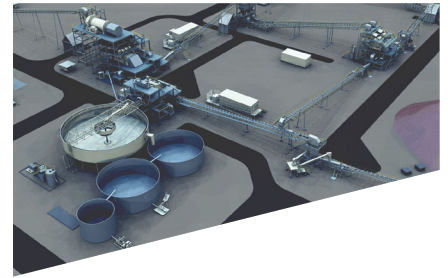
First coal was achieved in December and we have successfully commissioned the bypass raw coal crushing system, the stackers, and the reclaim and train load out system. The next phase is the completion of the CPP with commissioning planned to commence in late March 2015.



Project: Kwinana Filtration Plant
Client: Alcoa of Australia
Location: Perth, Western Australia, Australia

Sedgman was awarded a \$59.8 million EPC contract for the Alcoa Filtration Plant at the Kwinana alumina refinery in November 2014. We are the Main Integrating Contractor for the plant. When complete the plant will produce lower moisture content bauxite residue from the refinery. This will permit ongoing residue storage within the existing storage area, deferring the need to construct new drying areas.

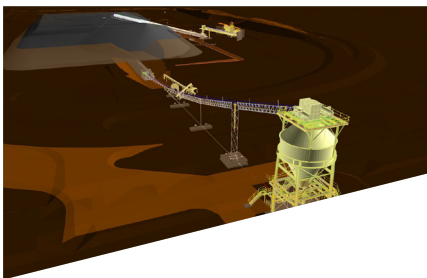
Sedgman's scope of work includes design, procurement, delivery, construction, integration and commissioning of the Filtration Plant and the associated process infrastructure. The project is progressing well with mobilisation to site on schedule for February 2015.



Project: Solomon
Client: Fortescue Metals Group Limited
Location: Pilbara, Western Australia, Australia

The Thiess Sedgman Projects (TSP) joint venture was awarded a \$64m contract for the Design and Construction of a 7.5 Mt/a (ROM Feed) modular iron ore processing plant at Fortescue Metals Group Limited's Solomon iron ore mine in July 2014. The plant is an important element in Fortescue's vision of operating the Solomon mine without the need for a new wet plant at the Firetail OPF.

The contract award followed an Early Contractor Involvement process and is testament to the process design and delivery capability that TSP was able to demonstrate. The project is under review with the client.



Project: Baralaba
Client: Cockatoo Coal
Location: Bowen Basin, Queensland, Australia

Sedgman was awarded a \$36.7 million contract for a significant expansion of the Baralaba Coal Mine in October 2014. The expansion will increase the mine's capacity to stack, reclaim and rail product from 1 Mt/a to upwards of 3.5 Mt/a. Our scope of work comprises the detail design, supply, fabrication, construction and commissioning of the train load out and stockyard facility.

We are currently finalising design and procurement. Final approval of the construction component is expected in February 2015 with the upgraded facilities due for completion in December 2015. A strong relationship has been developed with our client.



Project: Aurora
Client: Guyana Goldfields
Location: Guyana, South America

Sedgman was awarded the US\$134 million EPC contract for the flagship Aurora project in May 2014. The project is being delivered through the GSJV that Sedgman established with Graña y Montero ("GyM"), a leading South American constructor. The GSJV combines Sedgman's robust process, execution knowledge and operational experience with local capability depth from GyM.

The scope of works includes a 1.75 Mt/a processing plant, power station and integration management. The project is progressing on schedule and we have developed a strong working relationship with our client. The site has also achieved 595,000 manhours without a Lost Time Injury (LTI) at HY2015.



Project: GEMCO
Client: Groote Eylandt Mining Company
Location: Groote Eylandt, Northern Territory, Australia

Sedgman was awarded a \$133 million EPC contract at the GEMCO Manganese Mine in December 2014. The project will increase the facility's capacity by 0.5 Mt/a by re-processing manganese ore stored in tailings stockpiles. Sedgman's scope of work comprises the detail design, supply, fabrication, construction and commissioning of a sands beneficiation plant, port stockpile expansion and associated infrastructure.

It will allow further processing of the tailings from both the existing concentrator discharge stream and reclaimed dam sand through the new Sands Beneficiation Plant. This will reduce the amount of waste from the existing concentrator plant, extend dam life, and produce a superior product.

Operations Snapshot



Project: Sonoma
Client: QCoal
Location: Bowen Basin, Queensland, Australia

Sedgman has operated the Sonoma CHPP since undertaking design to commissioning of an initial single-stage 800 t/h plant, adding a second-stage circuit early in 2008 and overseeing a fines circuit upgrade in 2009.

Sonoma sums up how we do business, extending a strong relationship with the client into long-term operations contracts after engineering and delivering all three project stages on time and on budget without lost-time injuries.

We are in the final stages of contract renewal negotiations for a further three year term having received a Letter of Intent from QCoal. The site has achieved 3730 run hours for HY2015 and is likely to exceed 7500 for FY2015.



Project: Red Mountain
Client: Peabody Energy/BHP Mitsui Coal
Location: Bowen Basin, Queensland, Australia

Sedgman assisted with start-up, rectification and optimisation post-construction of this 1,000 t/h CHPP designed and constructed by others. Our rectification and optimisation activities enabled full design capacity to be reached. We have operated the plant since 2006 and in March 2013 extended our contract for a further three years.

This site is an excellent example of an efficiently run Sedgman operation. In FY2014 our operations team achieved record throughput without compromising safety, and the site achieved 12 months' Recordable Injury (RI) Free. The site has achieved 3941 run hours for HY2015 and is likely to exceed 7700 run hours for FY2015.



Project: Middlemount
Client: Middlemount Coal
Location: Bowen Basin, Queensland, Australia

Sedgman has a 10-year contract to operate the Middlemount CHPP. We initially designed and constructed a 400 t/h plant that could be readily upgraded to 700 t/h and have since undertaken improvements. The circuit configuration involves dense medium cyclone, spirals and flotation.

The team processed ~4.9 Mt/a ROM coal and achieved 7169 actual CHPP run-hours in FY2014. They also achieved 468 RI free days and more than four years' LTI free.

The team has achieved 3810 for HY2015 and is likely to exceed 7600 for FY2015.



Project: Curragh
Client: Wesfarmers
Location: Blackwater, Queensland, Australia

Wesfarmers subcontracted their train loading operations at the Wesfarmers Curragh Mine beginning in December 2014. Sedgman was engaged to ensure the continual and efficient raling of coal from the mine site. The train load out facility consists of a Kawasaki Bucket Wheel Reclaimer, conveyor system and train loading facility.

During the first month we successfully loaded 137 trains which equated to 1.134 million tonnes of coal for the month. This was the highest tonnage of coal railed since the commencement of the train loading facility 32 years ago.



Project: Agnew
Client: Gold Fields Limited
Location: Eastern Goldfields, Western Australia, Australia

Sedgman has operated at the Agnew Gold Mine since 1997 and was recently awarded a three year contract extension. We operate a three-stage crushing plant to feed 125,000 t/m of gold bearing ore to client stockpiles.

After primary jaw crusher, conveyors and screens, a cone crusher further reduces oversized ore, and a tertiary circuit crushes and screens mid-fraction ore. Additional mobile crushing equipment was mobilised to site to generate products for on-site applications, such as a paste fill product that has helped with underground production.



Project: Mount Isa
Client: Glencore
Location: Mount Isa, Queensland, Australia

Sedgman has operated at Mount Isa since 2006 and are in the final stages of discussion for a two year contract extension. Sedgman supplies and operates separate crushing facilities and a SAG mill feed at Blackstar Open Cut and George Fisher Mine to produce up to 6 Mt/a.


A primary jaw crusher in both plants crushes rock up to 850mm; product is then size-selected over screens and crushed by cone crushers to a P80 of 14mm. We designed, constructed, commissioned and continue to maintain an overland conveyor.

Financials

Income Statement Summary (\$million)	HY 2015	HY 2014	Consolidated Balance Sheet (\$million)	December 2014	June 2014
Revenue	144.5	138.1	Working Capital		
EBITDA before equity JV profits	10.2	(1.9)	Trade & other receivables	58.5	70.9
Depreciation	(4.7)	(6.9)	Net construction work in progress	(11.1)	(3.3)
Amortisation of intangibles	(1.1)	(1.5)	Inventories	2.5	2.6
EBIT before equity JV profits	4.5	(10.3)	Trade & other payables	(35.2)	(45.0)
Sedgman share of investments	1.7	0.0	Net working capital	14.6	25.1
EBIT after JV profits	6.2	(10.3)	Non-monetary balances and other non-current items		
Net finance gains / (costs)	0.4	0.0	Intangibles	38.2	39.3
Profit (loss) before tax	6.6	(10.3)	Property, plant & equipment	19.6	24.0
Income tax expense	(1.9)	3.5	Deferred taxes (net)	6.3	6.9
Reported profit (loss) after tax	4.7	(6.7)	Other non-current assets	3.5	3.3
			Investments accounted for using the equity method	4.6	2.6
			Other liabilities	(0.2)	(0.2)
Summary Cash Flows (\$million)	HY 2015	HY 2014	Net non-monetary balances and other non-current items	72.0	75.8
EBITDA	10.2	(1.9)	Cash and debt-like items		
Movement in working capital	8.5	9.6	Cash and cash equivalents	107.9	97.8
Net interest	0.5	0.2	Debt	(18.5)	(21.3)
Income tax paid (net)	(2.7)	(2.4)	Provisions	(12.8)	(14.1)
Net operating cash flow	16.6	5.5	Current tax receivable / (payable)	1.6	(0.0)
Net repayments of borrowings	(2.8)	(2.8)	Net cash and debt-like items	78.2	62.4
Acquisition of other investments & convertible notes	(0.5)	(1.3)	Net Assets	164.9	163.4
Net capital expenditure	0.1	(0.5)			
Free cash flow	13.4	0.9			
Opening cash at 1 July	97.8	103.4			
Effect of exchange rates on cash held	1.3	0.2			
Dividend payments	(4.5)	(2.4)			
Closing cash	107.9	102.1			

NET OPERATING CASHFLOW
INCREASED IN THE PERIOD
DUE TO HIGHER EBITDA
HIGHER DIVIDEND REFLECTS
SUSPENSION OF DRP

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