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ASX Market Announcement Office
ASX Limited
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BRADKEN INVESTOR UPDATE

Bradken Limited (ASX: BKN) is pleased to provide investors with the following business update.

The Company's cost reduction and restructuring program is now well advanced and is showing results consistent with expectations. The following actions are also being undertaken as part of this program:

- Bradken today announces its intention to divest its UK operations. This business has been unprofitable for some time due to low sales volumes and is not expected to recover in the medium term.
- Bradken confirms that the acquisition of the low cost Indian foundry will be completed during February 2016 with a substantial portion of the payment deferred into FY17. This foundry comes with a base work load and provides globally competitive capacity for the manufacture of many of Bradken's existing products.

Based on unaudited management accounts, Bradken expects to report a half year underlying EBITDA of approximately \$52 million for the six months to 31 December 2015.

Executive Chairman Phil Arnall said, "With the benefits of the cost reduction and restructuring program and a solid order book going into the second half, I am now optimistic that an improved result is likely for the second half of this financial year."

Free cash flow for the half year was strong at \$25 million and debt levels remain comfortably within banking covenants. Mr Arnall said, "Bradken is committed to further de-leveraging its balance sheet from improvements in cash flow due to the restructuring and further reductions in working capital. We are in the advantageous position of having a long-term debt maturity profile, with no refinancing of a maturity required until July 2018 and other maturities extending out as far as 2023."

It is expected that the Statutory Accounts as at 31 December 2015 will include an additional impairment charge associated primarily with the Mining & Transport and Engineered Products (USA) Divisions, which is currently being assessed.

Mr Arnall will continue in the role of Acting CEO whilst a permanent replacement is secured, and he is actively driving the performance improvement process. Further avenues for improvement continue to be identified and will be reported during the course of the year.

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