



Thursday, 21 April 2016

ASX Market Announcement Office
ASX Limited
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BRADKEN STATEMENT

Bradken Limited (ASX: BKN) notes the speculation in today's Australian newspaper. The Board of Directors of Bradken confirm that on 14 March 2016 Bradken received an unsolicited, indicative, incomplete, non-binding and conditional recapitalisation proposal ("Proposal") from funds managed by CHAMP Private Equity ("CHAMP") which would involve the subscription of new equity to the amount of \$150 million, via two separate share placements:

- An unconditional placement equal to the maximum number of shares available under the Company's placement capacity at a price of \$0.75 per share.
- A placement for the balance conditional on shareholder approval at a price of \$1.00 per share.

As at the date of the Proposal, CHAMP owned approximately 3.1% of Bradken. Combined with the new subscription of equity under the Proposal, this would have resulted in CHAMP's shareholding in Bradken increasing to between 49.0% and 49.9%.

The Proposal also requested, amongst other matters:

- That Bradken commit to exclusive negotiations with CHAMP.
- That a new independent chairman be appointed.
- That CHAMP have the right to nominate board representatives proportionate to its shareholding.
- That a break fee of approximately \$1.5 million be paid to CHAMP in the event that a superior proposal is accepted by the Company or a director withdraws their recommendation.

The Proposal was not conditional on due diligence.

The Board carefully considered the Proposal and determined that it was not in the best interests of shareholders. The key reasons for this conclusion included:

- The unconditional placement provided CHAMP with a potential blocking stake, reducing the likelihood of a competing proposal.
- The Proposal, combined with CHAMP's existing shareholding, would have provided CHAMP with a strategic shareholding in the Company at an overall price which the Board believes does not reflect fair value having regard to the size of the shareholding.
- The Directors remain confident in the leadership of new CEO Paul Zuckerman and his management team to implement the strategies necessary to maximise value for Bradken's shareholders through the cycle.

Bradken advised CHAMP on the morning of 19 April 2016 that the Proposal was not acceptable.



Bradken is advised by Highbury Partnership Pty Limited and King & Wood Mallesons.

Trading Update

Bradken confirms that trading conditions have stabilised in the first quarter of this calendar year as explained during the half yearly presentation and that the Company is performing in line with expectations as at the end of the third quarter (to 31 March 2016). In particular, Bradken confirms that underlying EBITDA for the six months to 30 June 2016 is still expected to exceed the underlying EBITDA of \$51.9 million reported for the six months to 31 December 2015, provided conditions remain as currently seen. 2H16 free cash flow is still expected to be in line with previous guidance at \$30 million (excluding acquisition costs related to the India foundry).

More generally, the Company's order book continues to firm with the total book being 16% higher as of 31 March 2016, compared to the same time last year, and is expected to support both FY16 and FY17 revenues.

For further information, please contact:

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