Bradken Limited
Full Year Results 2016

Paul Zuckerman
Chief Executive Officer

Steven Perry
Chief Financial Officer

Delivering on our Commitments

Financial and Operational Review

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Appendix

We are delivering on our commitments

RIGHTSIZE OVERHEADS

Cash overheads
▼Down 11.2%

REDUCE NET DEBT

▼ 11.6%

REFRESH LEADERSHIP
New CEO appointed
Chairman and Board refreshed
Driving towards sustainable performance and return

ZERO HARM

SAFETY - ZERO HARM

13.3 TRIFR

CONSOLIDATE PRODUCTION

India acquired
Plants closed

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FY16 safety performance has improved

Bradken believes that all injuries are preventable and our goal is zero harm.

LOST TIME INJURY

LTIFR 3.7

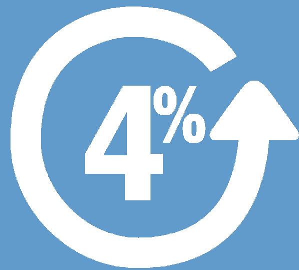
Adelaide
8yrs 1mths

Merlimau
3yrs 2mths

Edmonton
3 yrs 3mths

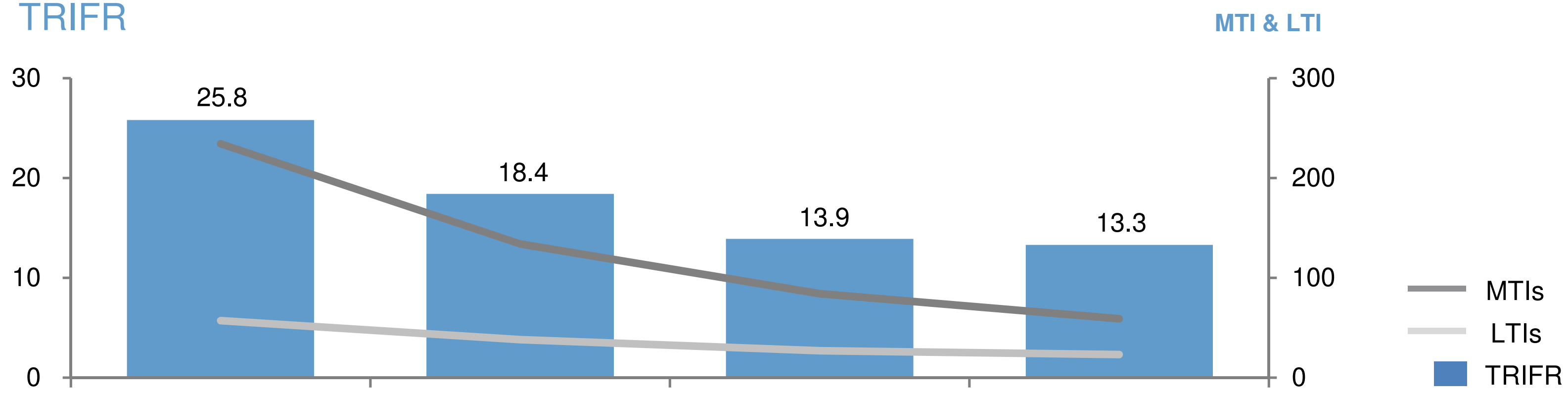
LTI FREE

69% of Sites



IMPROVED SYSTEMS
Audits showed 4% safety improvement year on year

TRIFR



We are integrating our India acquisition

We've completed the acquisition of the L&T Foundry in Coimbatore India for a total cost of $34 million

This business currently sells $30 million of product into the wind generation industry

We plan to produce a range of products including mill liners at this facility, that is significantly lower cost

Initial mill liner production has commenced

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Financial highlights
Year in review

REVENUE
$819 million
▼Down 11.3%

UNDERLYING EBITDA
$108.4 million
▼Down 20.4%

UNDERLYING NPAT
$29.5 million
▼Down 13.0%

WORK IN HAND
$370 million
▲ Up 4.5%

FREE CASH FLOW
$60.9 million
▲Up 57.4%

DEBT
DOWN $46.2m

NET DEBT
$352.4 million
▼Down 11.6%

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FY16 Underlying Performance

- Underlying EBITDA in line with expectations and showing momentum in second half.
- Net debt reduced $46.2 million (or 11.6%) to $352.4 million.

A$ Millions	FY16	2H16	1H16	FY15	% Change FY15	% Change HY16
Sales	819.0	414.5	404.5	965.8	(15.2%)	2.5%
Work in hand	370	370	401	354	4.5%	(7.7)%
Underlying EBITDA	108.4	56.5	51.9	136.1	(20.4%)	8.9%
Underlying EBITDA / Sales	13.2%	13.6%	12.8%	14.1%		
Underlying NPAT	29.5	22.4	7.1	33.9	(13.0%)	215.5%
Underlying EPS (cents)	17.2	13.0	4.2	19.8	(13.1)	209.5%
Free Cash Flow	60.9	36.6	24.3	38.7	57.4%	50.6%
Net Debt	352.4	352.4	393.2	398.6	(11.6%)	(10.4%)

Note: reconciliation of reported to underlying in appendix

FY16 Income Statement

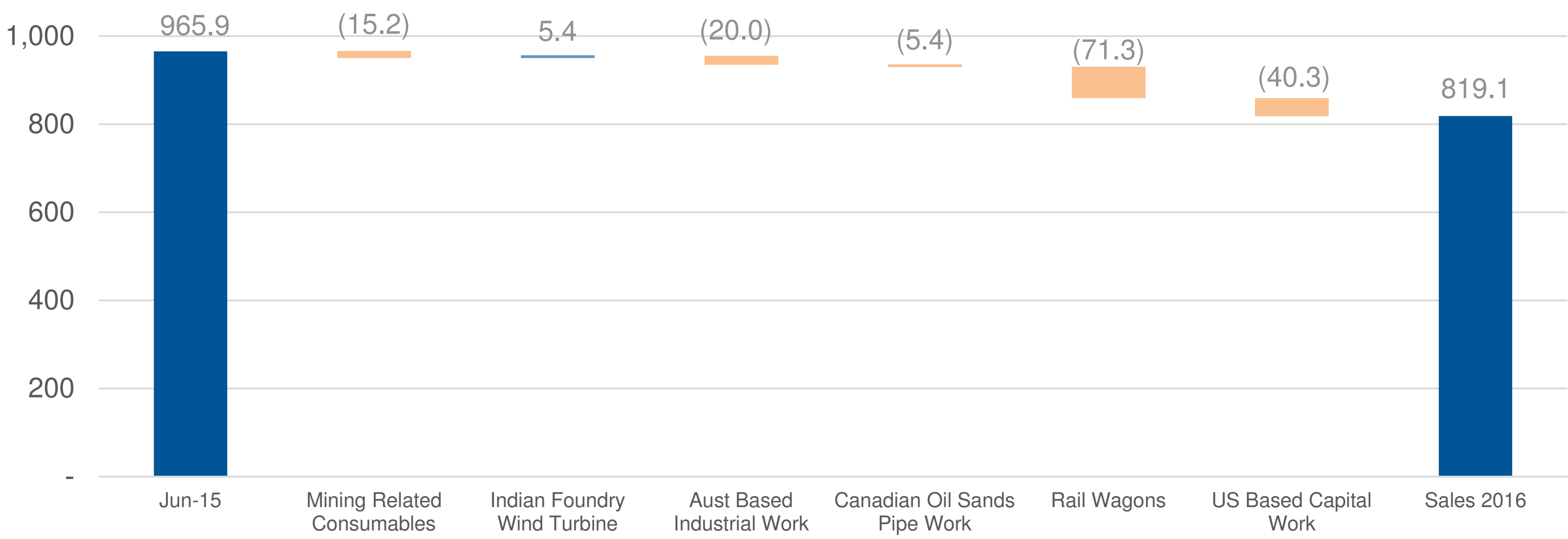
One-off items impacting NPAT include restructuring costs, impairment of plant, equipment and ANG investment, in line with disclosure at 1H.

A$ Millions	FY16	2H16	1H16	FY15	% Change FY15	% Change HY16
Sales	819.0	414.5	404.5	965.8	(15.2%)	2.5%
Underlying EBITDA	108.4	56.5	51.9	136.1	(20.4%)	8.9%
Unadjusted EBITDA	49.2	35.5	13.7	109.7	(55.2%)	159.1%
Depreciation	(38.5)	(17.6)	(20.9)	(52.1)	(26.1%)	(15.8%)%
Equity Profit - ANG	-	-	-	(9.1)	-	
Amortisation	(6.2)	(2.2)	(4.0)	(11.3)	(45.1%)	(45.0%)
Impairment of ANG	(7.2)	(1.7)	(5.5)	(36.0)	(80.0%)	(69.1%)
Impairment of PPE	(163.2)	(46.3)	(116.9)	(55.8)	192.5%	(60.4%)
Impairment of Intangibles	(64.1)	-	(64.1)	(167.2)	(61.7%)	-
Net Finance Costs	(33.9)	(15.8)	(18.1)	(33.0)	2.7%	(12.7%)
Tax Benefit / (Expense)	68.0	20.3	47.7	13.5	403.7%	(57.4%)
Unadjusted NPAT	(195.9)	(27.8)	(168.1)	(241.3)	(18.8%)	(83.5%)
Underlying NPAT	29.5	22.4	7.1	33.9	(13.0%)	215.5%

FY16 Sales Movement

- Continued lack of new investment for capital projects in many of our core markets – rail, energy, mining and defence.
- As expected and communicated, capital rail investment fell sharply.
- Industry operators continued to be cautious as commodity prices have remained at low levels, with ongoing austerity measures applied to operational and maintenance programs.
- Most commodity casting markets remain highly competitive and cost sensitive (e.g. rail wagons).
- FY16 revenue now 89% consumables

FY15 v FY16 SALES MOVEMENT ($m)



FY16 Cash Flow

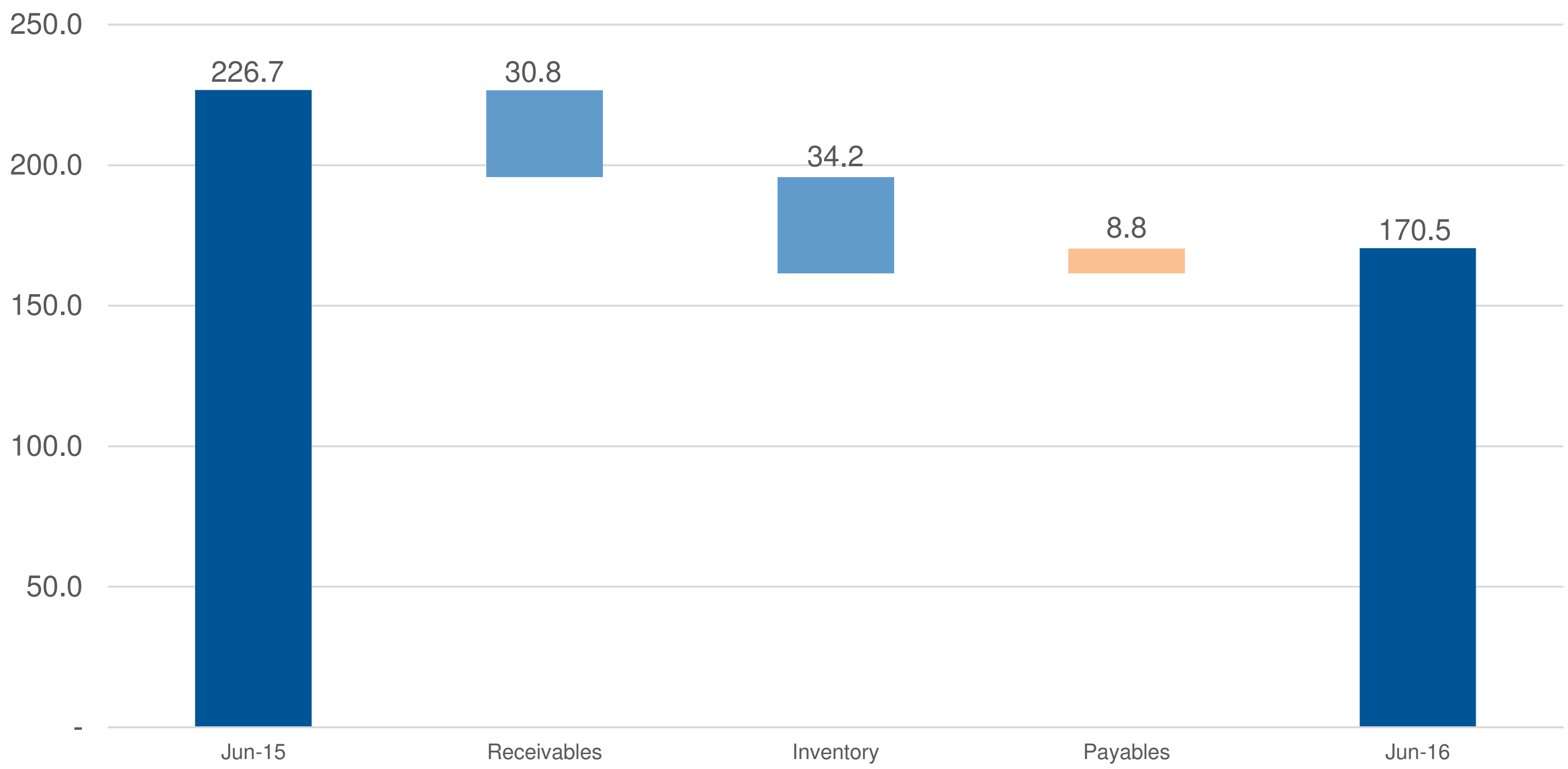
Cash flow improved 57.4% as a result of intense focus on working capital and capital expenditure reductions, along with some asset sales.

A$ Millions	FY16	2H16	1H16	FY15	% Change FY15
Underlying EBITDA	108.4	56.5	51.9	136.1	(20.4%)
Working Capital / Other*	35.6	30.3	5.3	(15.3)	(332.7%)
Interest & Borrowing Costs	(38.8)	(21.3)	(17.5)	(27.9)	39.1%
Income Tax Payments	(13.2)	(14.0)	0.8	(11.7)	12.8%
Operating Cash Flow (Before Restructuring)	**92.0**	**51.5**	**40.5**	**81.2**	**13.3**
Restructuring and Other Costs	(18.1)	(4.2)	(13.9)	(26.8)	(32.5%)
Proceeds from Sale of PPE	17.4	11.4	6.0	40.4	(56.9%)
Payment for Businesses	(10.1)	(10.1)	0	(.5)	1920.0%
Capital Expenditure	(20.3)	(12.0)	(8.3)	(55.6)	(63.5%)
Free Cash Flow	**60.9**	**36.6**	**24.3**	**38.7**	**57.4%**

*Other means all other balance sheet movements

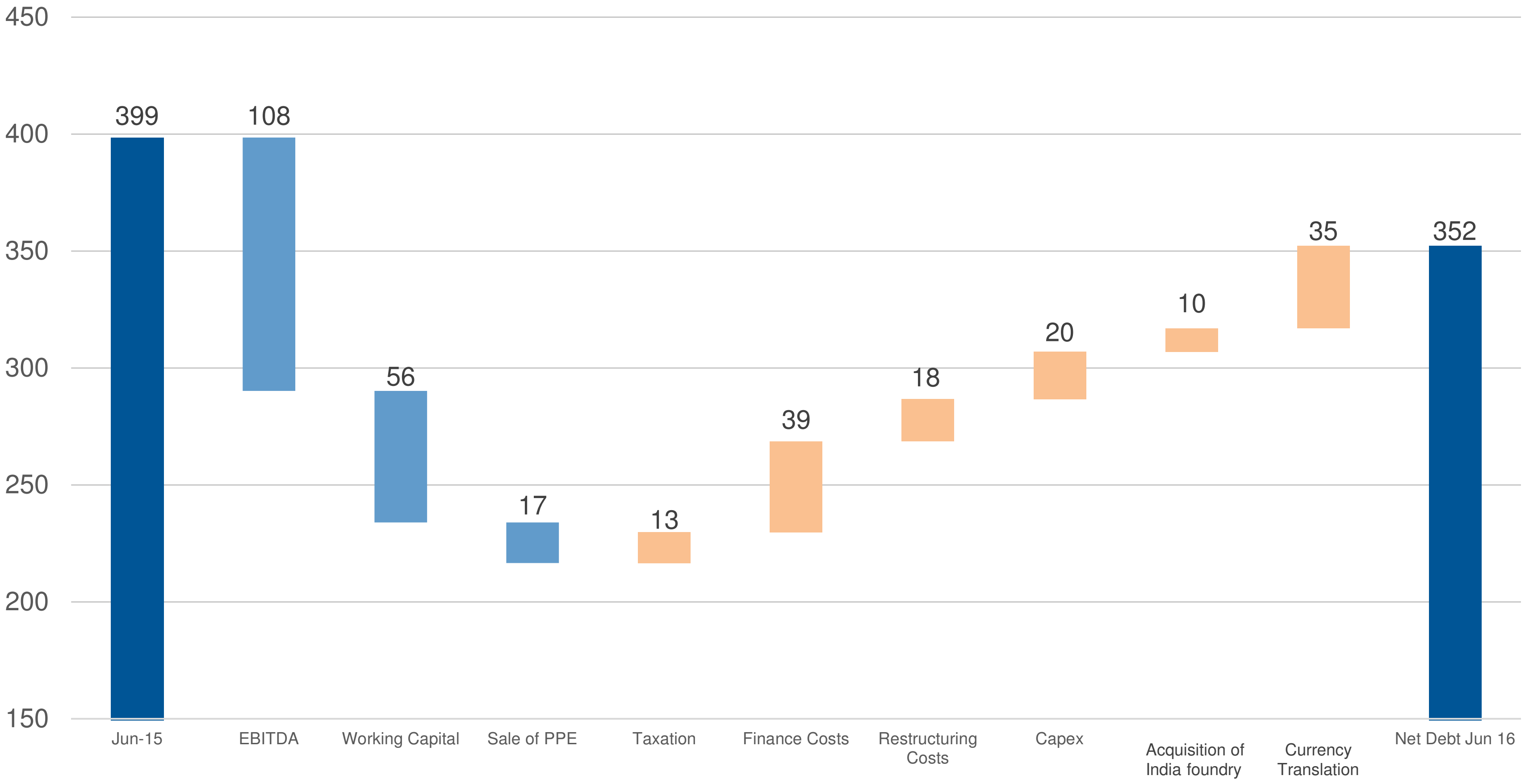
FY16 Working Capital

Improved focus on supply chain led to substantial reductions in inventory, particularly in GET and Crawler Systems products, while service levels improved.



FY16 Net Debt Movements

Bradken continues to operate well within its banking covenants. FY16 net debt / EBITDA 2.6 times.



* Net debt includes RPS instrument ($70m) and excludes leases

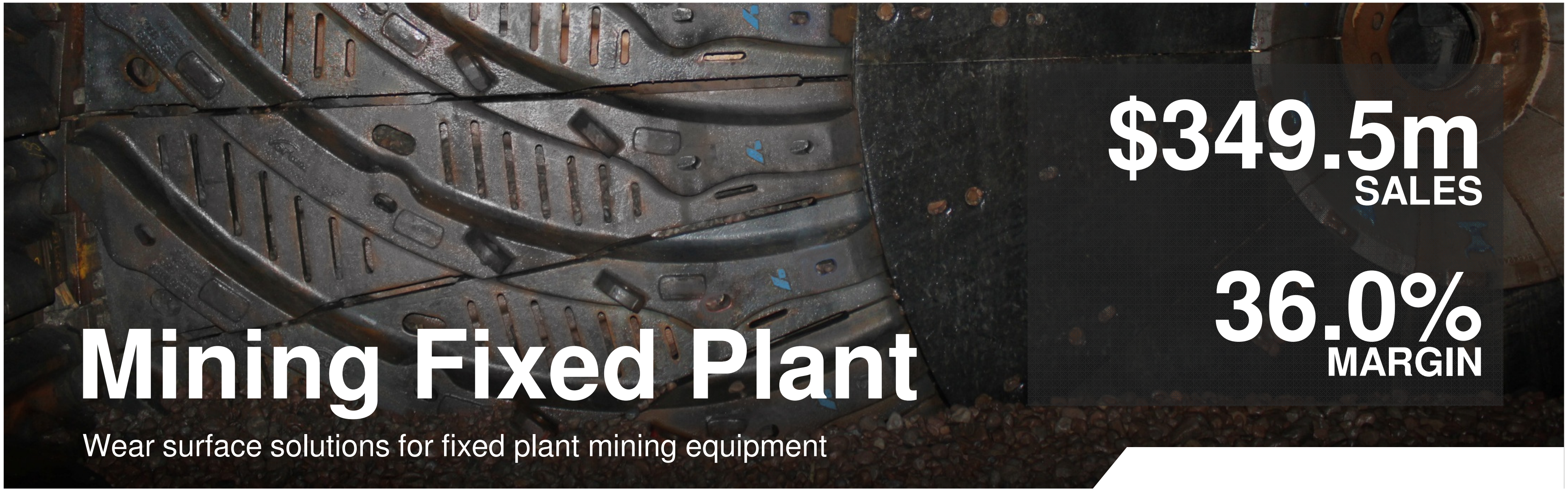
DIVISION DRIVERS

- Rail Capital and Maintenance sales down, but Rail Consumable and Spare Parts sales up
- Subdued demand for OEM Crawler Systems
- Ground Engaging Tools (GET) flat (market share gains offsetting overall market contraction)
- Direct Consumable Product sales up
- Sales of Industrial Products (primarily for Australian and New Zealand based OEMs) remain depressed
- Net stock reduced by 26% by introducing a more sophisticated inventory management process
- Overhead reductions achieved through manufacturing consolidation (Acacia Ridge; Launceston) and headcount reduction

	FY16	FY15	
Sales	$228.4m	$328.7m	▼30.5%
Gross margin	26.4%	26.0%	▲0.4%
Order book in hand	$111.1m	$73.7m	▲50.7%

Mining Fixed Plant

Wear surface solutions for fixed plant mining equipment



DIVISION DRIVERS

- Mill liner sales of $240 million, up 10% following expansion into CIS, Africa and the Americas
- Fixed Plant sales of $A110 million, down 19% due to reduction in greenfield capital project sales. However, within Fixed Plant, sales of mine site wear consumables up by 19.8% to $95 million
- Gross margins increased to 36.0% (improved manufacturing performance and change of work mix)
- Most manufacturing sites running at or near capacity – business to extend manufacturing in Adelaide through to FY18

	FY16	FY15	
Sales	$349.5m	$353.2m	▼1.0%
Gross margin	36.0%	35.0%	▲1.0%
Order book in hand	$116.5m	$96.1m	▲21.2%

Engineered Products

High-spec castings for energy, defence, construction and rail

$227.2m SALES

28.8% MARGIN

DIVISION DRIVERS

- Industrial Products sales down 36% with rail and mining hit the hardest
- Energy sales down 16%, with projects deferred on the back of oil and gas price weakness
- US Navy submarine build program contract progressing
- Significant action taken to scale workforce size to order levels, control overheads, manage working capital and rationalise capacity to match market conditions

	FY16	FY15	
Sales	$227.2m	$267.5m	▼15.1%
Gross margin	28.8%	32.0%	▼3.2%
Order book in hand	$140.6m	$182.2m	▼22.8%

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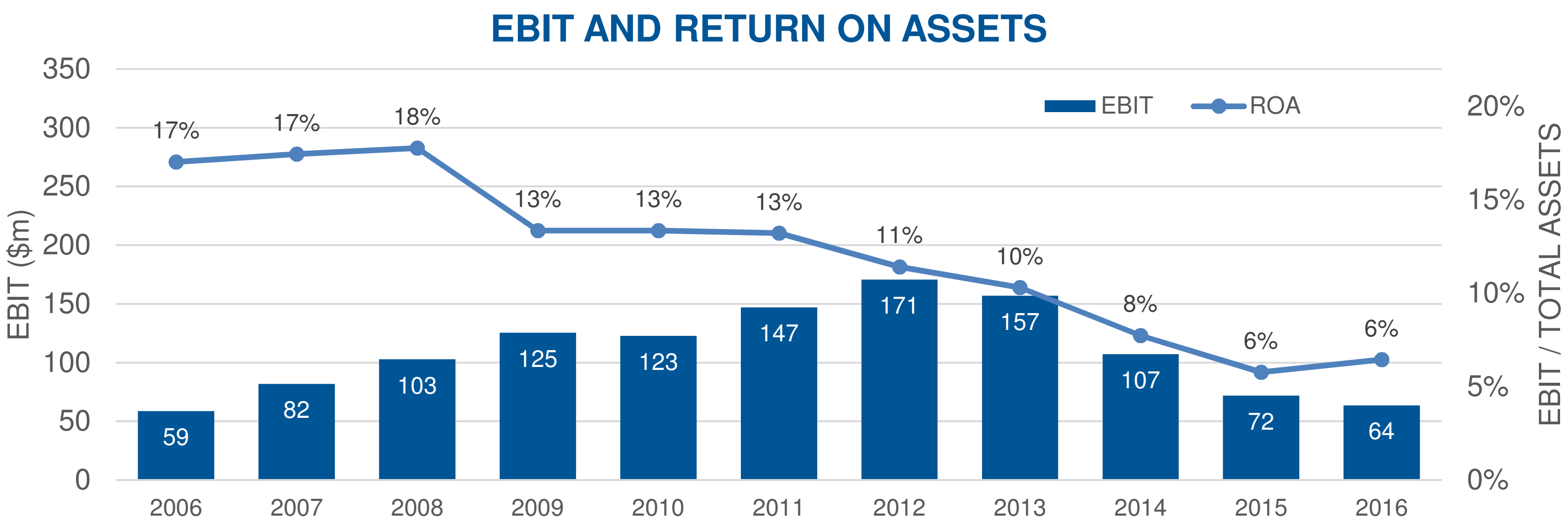
The case for change

Key markets we operate in, and customers we serve, have been under extreme pressure since 2011.

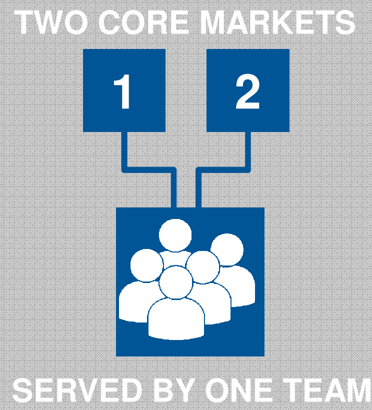
Since that time, Bradken has experienced significant declines in order rates and, despite cost reduction efforts, return on capital has fallen.

The goals of the strategic review were to identify initiatives that would:
- Stabilise earnings and reduce debt
- Accelerate moves to low-cost foundries
- Focus on fewer products in markets where expertise is valued
- Identify end use segments where disruptive design and in situ data-gathering technology can drive competitive advantage
- Leverage our global supply chain and technical capability to better service our customers



The Bradken Transformation

Deliver increased value to customers and shareholders by taking a one-team approach to two core markets



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Core markets: rationale for focus

- Mining wear parts includes both mobile equipment and mining fixed plant solutions
- Strong mining consumable fundamentals –
  - Mining output at historic highs
  - Underlying run-of-mine output growing steadily at 3-5% p.a; low cyclicality
- Bradken mill liner and crawler systems are well recognised as market-leading

- Defence and energy market spending expected to rise by 5% p.a. over next four years
- Bradken's high-specification North American foundries have unique customer accreditation and capabilities

Working together with customers to provide high-value solutions

- bhpbilliton
- Canadian Natural
- CONNELL
- GHT GRUPO HIDRAU TORQUE
- KINROSS Tasiast
- GLENCORE
- ANGLO AMERICAN
- BMA
- LGL
- Syncrude Securing Canada's Energy Future
- CATERPILLAR

- bhpbilliton
- IOL
- ArcelorMittal
- DETOUR GOLD
- USS
- FMG Fortescue The New Force in Iron Ore
- Shell
- RioTinto
- FREEPORT-MCMORAN COPPER & GOLD
- GOLDCORP
- NEWCREST MINING LIMITED

- bhpbilliton
- SIEMENS
- HITACHI Inspire the Next
- 中国中车 CRRC
- GE
- CATERPILLAR
- BOEING
- Chevron
- RR
- Solar Turbines A Caterpillar Company
- RioTinto
- NORTHROP GRUMMAN DEFINING THE FUTURE

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Key initiatives to deliver the transformation

STABILISE

Restructure the organisation

- ✓ Consolidate divisions
- ✓ Refresh management team
- Strengthen centre capabilities

Exit non-core businesses

- Consider further plant network consolidation
- Consider divestment of non-core businesses

Release efficiency gains

- Procurement savings
- Inventory reduction
- Sales force productivity
- Trade credit management

REINVEST

Strengthen our operations and supply chain

- Realise step change in plant quality and innovation
- Improve supply chain costs and operating performance

Invest in sensor and data technology

- Invest in sensor, data and insight capabilities to help make our customers more productive

Invest in energy and defence capabilities

- Co-invest in unique defence capabilities
- Position for nuclear/power applications

GROW

Extend into mining adjacencies

- Extend into adjacent wear consumable products for our key customers

Expand into new geographies

- Grow our presence in South America, CIS and Africa
- Strengthen key account management capability

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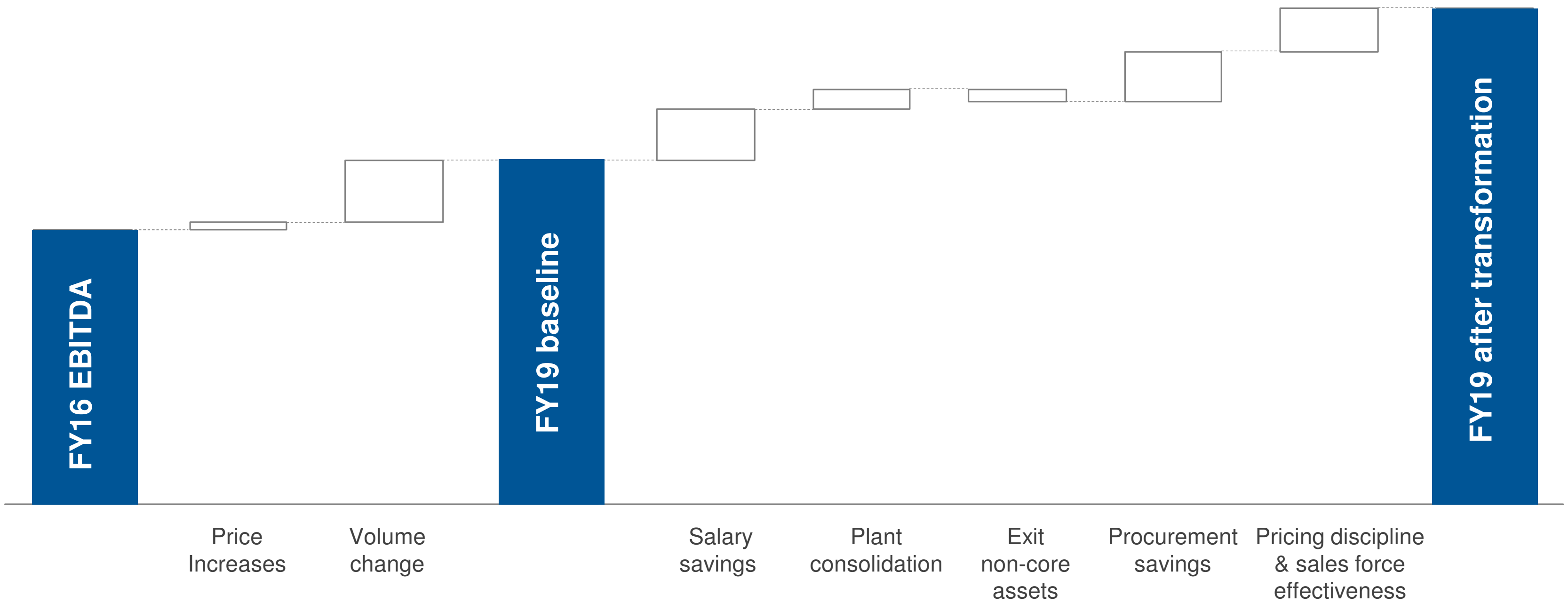
Transformation program impact

Management's initial estimates of the transformation program will realise $40-$50 million of annual EBITDA improvement ramping up over three years



The program should also deliver significant cash benefits

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Cautious outlook shared by our major customers

When we look to the medium term we expect prices to trade more or less in line ... There is a strong sense that prices have stopped falling as opposed to being in freefall.

BHP Billiton
FY16 Results Announcement

We're not expecting an upturn in important industries like mining, oil and gas and rail to happen this year.

Caterpillar
Results *Announcement, July 2016*

We think there will be pressure, particularly on the supply side, [however] the good news is that the underlying business is performing better.

Anglo American
2016 interim results

We've seen a major glut of [US] defense cuts, but I believe that 2016 is probably the bottom...

Andrew Hunter,
expert at the Center for Strategic and International Studies

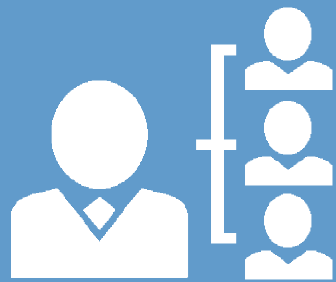
Outlook

- Management expects the current outlook for the commodity market to remain unchanged in FY17
  - Fundamentals in the mining industry remain stable, and while capital growth is not expected to return until FY18, underlying global run-of-mine output is expected to grow.
  - North American defence and energy market spending is also expected to rise, however industrial spending is expected to continue to decline.
- Given the above, management expects no material uplift in revenue, based on market activity, however, benefits from ongoing transformation activities should begin to contribute
- Bradken expects FY17 underlying EBITDA to be in line with reported underlying EBITDA for FY16
- Concentration on debt reduction and an improved balance sheet remains paramount. Bradken expects to reduce net debt by a further $50-60m in FY17, driven particularly by continued focus on cost reduction and cash conversion

Summary

DELIVERING ON:

Commitments



NEW TEAM

New Strategy

We remain committed to further reducing our total debt so future cash generation can be invested in growth opportunities

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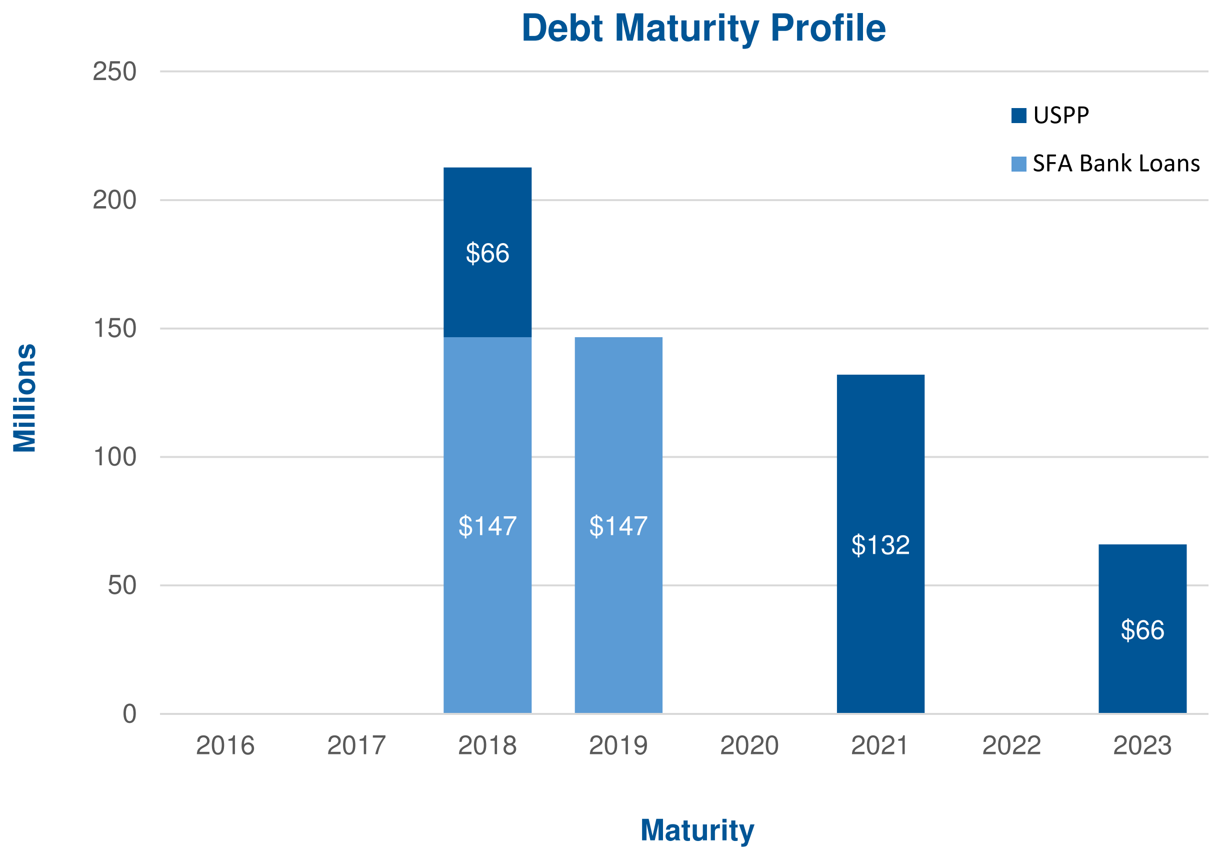
Debt Maturity Profile

- Long term debt maturity profile with no refinancing required until July 2018
- Headroom available under debt facilities $206 million at year end



Reconciliation to underlying profits

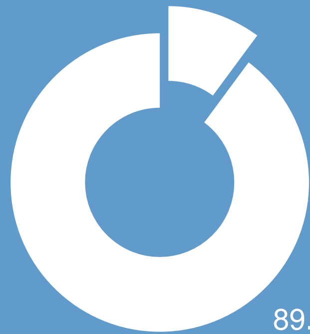
2016	EBITDA	NPAT
Unadjusted profit	49,229	(195,941)
Adjustments:		
Gain on sale of properties	(755)	(529)
Insurance gain	(3,223)	(2,256)
Gain on Derivative valuation	(2,700)	(1,890)
Manufacturing Reorganisation	28,792	22,055
Abnormal Warranty Expense	19,472	13,630
Due diligence, acquisition costs & legal costs	8,250	6,362
Inventory valuation adjustment	2,132	1,492
Loss from European Operations	2,229	2,229
FX losses	4,926	3,448
ANG loss and impairment		7,151
Impairment of PPE		114,815
Impairment of intangibles		58,902
	59,123	225,409
Underlying profit	108,352	29,468

Results Overview

REVENUE BY INDUSTRY SECTOR

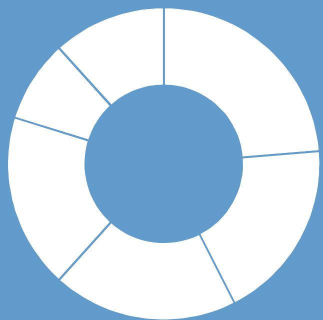
84.7% Resources
15.3% Non-Resources

REVENUE BY COMMODITY CATEGORY



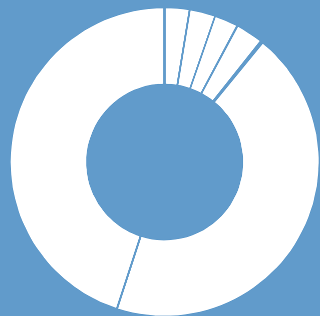
89.4% Capital Products
10.6% Consumable Products

REVENUE BY COMMODITY



23.7% Coal
19.2% Iron Ore
18.8% Copper
18.1% Gold
11.7% Other Minerals
8.5% Oil & Gas

REVENUE BY REGION



45.0% Australia/NZ
44.1% North America
2.9% South America
2.7% Africa
2.6% Europe
2.5% SE Asia
0.2% China

Mobile Plant

Formerly Mining and Transport

High-precision wear parts for mobile mining equipment

Bradken Proprietary Crawler Systems

- Proprietary range of undercarriages for large Hydraulic Excavators and Electric Rope Shovels
- Range of direct replacement parts

Range of Ground Engaging Tools

- Range of buckets, points, adapters, shrouds and lips for mining and construction industry
- Dragline buckets, rigging and chain

Rail Couplers and Spare Parts

- Couplers and spare parts for heavy load rail wagons
- Globally recognised, superior quality for high-intense applications

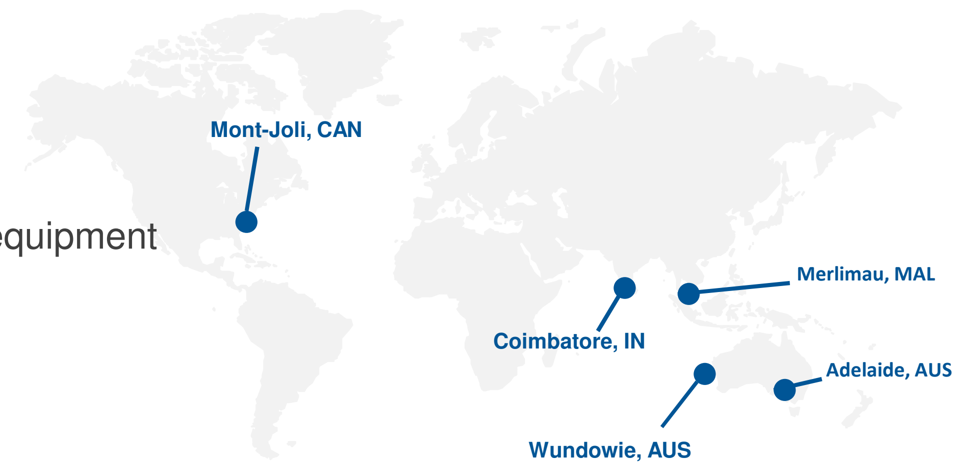
Rail Wagons and Bogies

- Bradken designed and manufactured rail wagons for heavy-duty applications
- Custom-designed bogies, incl. world's heaviest payload bogie

Mining Fixed Plant

Formerly Mineral Processing & Fixed Plant

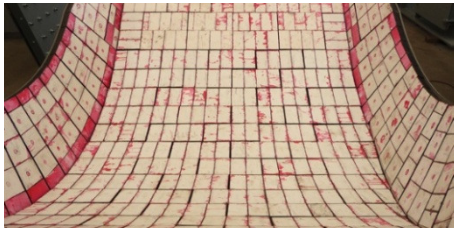
Wear surface solutions for fixed plant mining equipment



Customised mill liners

- Customised SAG/AG, Rod and Ball mills that are designed to decrease wear rates and mill downtimes, increase reliability and effectiveness

Wear surface solutions for processing plants



- Vulcabrix ceramic liners
- Rubatile aluminium and rubber liners
- Duablock white iron and steel for buckets and chutes
- Duaplate chromium carbide clad wear plates

Live, remote wear monitoring technology

- SmartLiner range with sensors embedded in wear liners that allow for remote wear monitoring

Engineered Products

Formerly Engineered Products

High-spec, specialty castings for energy, defence and industry

Industrial

- Locomotive undercarriages and passenger transit bogies
- Offshore structural nodes
- Structural castings for major construction projects

Energy

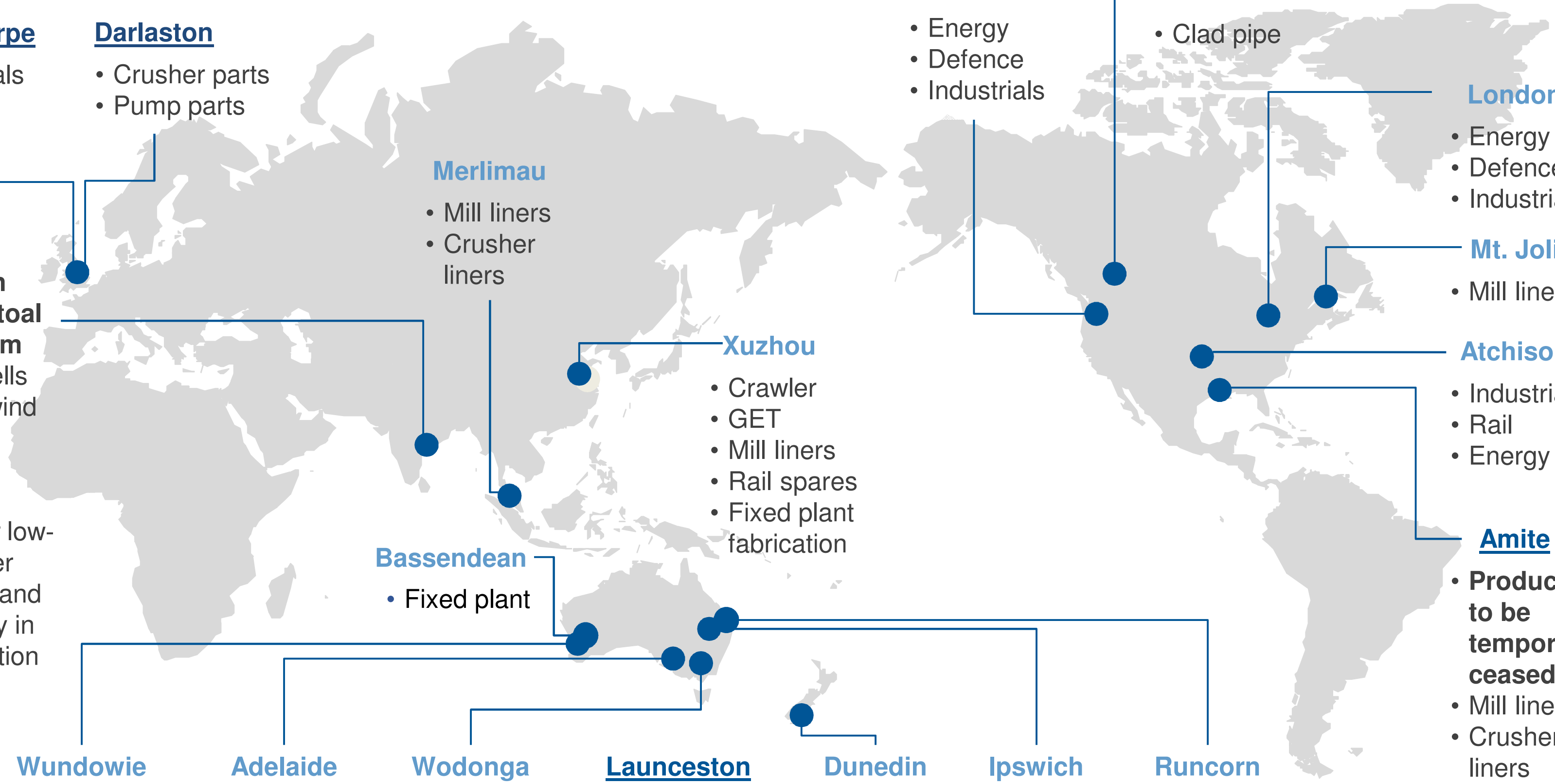
- Castings for nuclear power plants
- Francis Runner, Pelton Runner and Wicked Gates
- Large compressor bodies, gas and steam turbines

Defence

- Range of products for the US military with Tacoma being the only foundry in the US with Tech Pub 300 certification

Bradken Manufacturing Footprint

We have continued to consolidate and move production to lower-cost locations.



*Major facilities, recent changes underlined