



Austin Engineering Half-year 2007-08 Presentation

February 18, 2008



Overview - Exceeded Forecasts

- Record results for half-year to December 31, 2007 driven by acquisitions and improved performance across the business
- Earnings before interest and tax up 110% to \$7m for half-year, exceeding guidance given at AGM in November
- Revenue for half-year 47% higher at \$43.2m and net profit for half-year up 100% to \$4.7m
- Interim dividend of 1c per share fully franked, an increase of 100%
- One month contribution from Western Technology Services (Westech); business performing to expectations





Financial highlights for 1H 2007-08

	HY2007	HY2006	Increase
	\$m	\$m	%
Revenue	43.21	29.39	47%
EBITDA	7.86	3.91	101%
EBIT	7.00	3.34	110%
PBT	6.81	3.33	105%
NPAT	4.66	2.33	100%
Basic Earnings per Share (cents)	10.05	5.85	72%
Interim Dividend per Share (cents)	1.0	0.5	100%
Net Assets	24.90	11.49	117%
EBITDA/Sales	18.2%	13.3%	
EBIT/Sales	16.2%	11.4%	



Financial highlights for 1H 2007-08

- Free cash resources of \$4.7m at December 2007
- \$6.3m of operational cash flow for six months to December 2007
- Net debt, including free cash, of \$20.7m at December 2007
- Westech US\$19m acquisition funded by bank debt, denominated in US Dollars to save interest costs
- Interest rate on Westech bank loan currently 4% - low cost of finance



Operational review - Perth

- Operating result ahead of expectations
- Demand for JEC product range and buoyant economic conditions drive high levels of activity and capacity utilisation
- Opened second workshop in late September, increasing capacity by 65%
- Throughput increased through robotic welding, offsetting skilled labour shortage
- Orders for dump truck bodies, excavator buckets and associated equipment stretching into 2008-09





Operational review - Brisbane

- Technology increased workshop capacity, improved productivity to offset skills shortage
- Significant orders for dump truck bodies and excavator buckets from 2Q onwards
- Increased manufacture of Westtech bodies under licence; seven delivered in 1H
- Order book now stretching to 2008-09





Operational review - Mackay

Kaldura Industries

- Enjoyed solid activity with productive capacity used for dump truck body assembly, refurbishment and renovation
- \$3.8m workshop redevelopment and expansion completed end of November, substantially raising capacity
- Increased exposure to repair and maintenance market; extensive marketing initiatives underway to expand revenue base





Operational review - Mackay

Austbore

- First full six-month contribution since acquisition in April 2007; result in line with expectations
- Strong workload and revenue in 1H; largely concentrated on overhaul of components and assemblies for major mining customers
- Enters 2H with continuing high level of activity; room to expand following purchase of 3,500m² block adjacent to existing facility





Operational review - Oman

- Productive output increased significantly in 1H
- Major portion of project - manufacture of busbar assemblies for Sohar Aluminium Smelter - completed early February; remainder of project expected to be complete by April 2008
- No revenue recognised for project in period to end December 2007
- Middle East experiencing significant economic expansion; number of follow-on infrastructure and oil and gas-related projects under consideration



Operational review - Westech

- Purchased Westech, based in Casper, Wyoming, US, late in 1H - Company's biggest acquisition to date
- US\$19m purchase price included US\$14.3m of property, plant, equipment and other net assets
- Transaction completed on November 30, 2007, providing one month contribution to 1H result
- Performance in line with expectations; enters 2H with excellent forward workload for manufacturing operations
- Forecast revenue of \$US36m and EBIT of \$US6m for FY ending October 31, 2008
- Marketing initiatives underway to expand product range in South America and Tar Sands Region of Canada





Austin's strategy

- Continuation of existing successful strategic model
- Foundation established to deliver sustainable earnings growth
- Further growth and diversification through acquisition
- Employ technology to further reduce costs, increase capacity and output
- Increase revenue in Perth and Mackay through capacity expansion
- Acquire new product lines
- Target both new projects and repair and replace work
- Establish additional overseas operations
- Focus on developing recurring income streams (e.g. through Westech royalties)

POSITIONED FOR FUTURE GROWTH – WORLDWIDE MANUFACTURING



U.S.A.

CASPER, WYOMING

OMAN

ANTOFAGASTA

SOUTH
AMERICA

SANTIAGO

(South America
Westech licencee)

AUSTRALIA

PERTH

**MACKAY
BRISBANE**

austinengineering LTD



Positioned for future growth

Western Australia

- Westech licence has positioned Austin Engineering as the pre-eminent supplier of lightweight dump truck bodies
- Receiving strong orders from major iron ore companies
- Second facility will operate at full capacity from March 2008 onwards
- Possible acquisition of site-based operations or companies

Queensland

- Westech licence expected to deliver strong growth
- Expanded Kaldura facility will ramp-up with commencement of production of new dump truck bodies, including overflow from Brisbane
- Possible expansion of existing Austbore facility
- Strong order book across all operations



Positioned for future growth

United States (Westech)

- Increase market presence in South America
- Opportunity for expansion into the Canadian Tar Sands region
- Consider suitability of Westech design for Indian, Chinese and Russian markets
- Good manufacturing workload into 08/09 financial year
- Recurring manufacturing royalties income from South America licencees

Middle East

- Oman joint venture now pursuing and tendering further smelter projects
- Discussing formation of a joint venture in Abu Dhabi for large projects



Outlook

- Forecasting strong increases in all key financial measures of the Company for FY 2007-08
- Strong balance sheet and record order book extending into 2008-09
- Good long-term prospects for continued strength in mining industry, particularly iron ore and coal
- Opportunity to expand Westech product range in South America and Canada
- Pursue follow-on projects in Middle East
- Manufacture, assembly, repair and maintenance of mining products at new, redeveloped Kaldura facility
- Second half financial result for 2007-08 will include 6 months of contribution from Westech



Thank you

For more information please visit www.austineng.com.au

