



2009 annual general meeting
13 November 2009, Perth

austinengineering^{LTD}

agenda

- Chairman's address
- Managing Director's address
- AGM formalities
- Close and opportunity to meet over refreshments

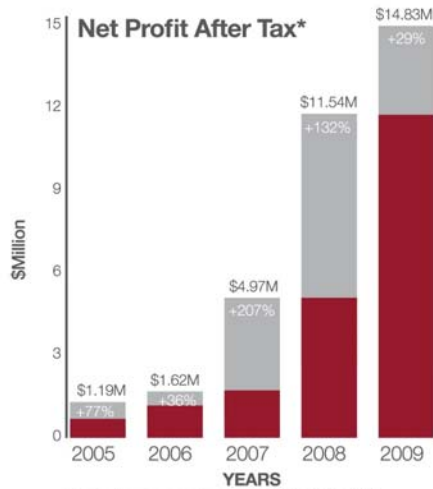
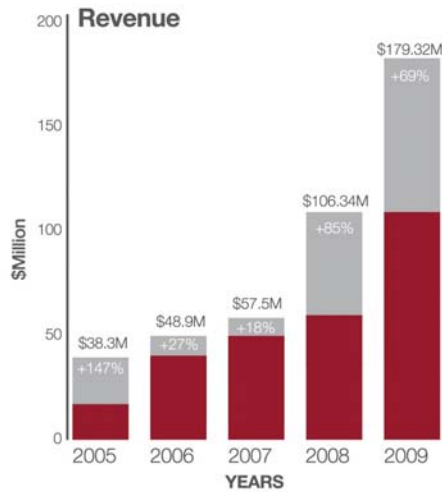


key achievements in FY 2008/09

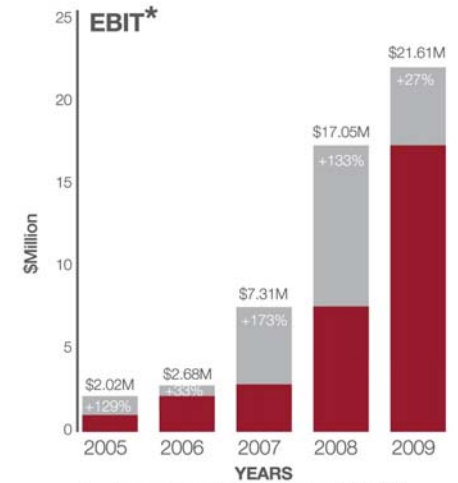
- Record full year EBIT result of \$21.6m, up 27%, reflecting high levels of activity on the mining sector
- Revenue growth from increased market penetration and customer acceptance of Austin's Westech and JEC product lines and service capabilities
- Domestic and overseas customer base expanded
- Operational challenges - reduced labour availability, demanding customer delivery requirements, increased costs in the first half of the year and a marked change in economic conditions and customer requirements in the second half - managed successfully
- Austin's proven business model, product range and capabilities enabled the impact of the GFC to be mitigated and forecast profitability to be maintained - at a time when many other companies in the mining services sector were experiencing a significant downturn and reporting profit and dividend downgrades
- Final dividend for 08/09 maintained at 6.5cps and full year dividend up 7% from previous year



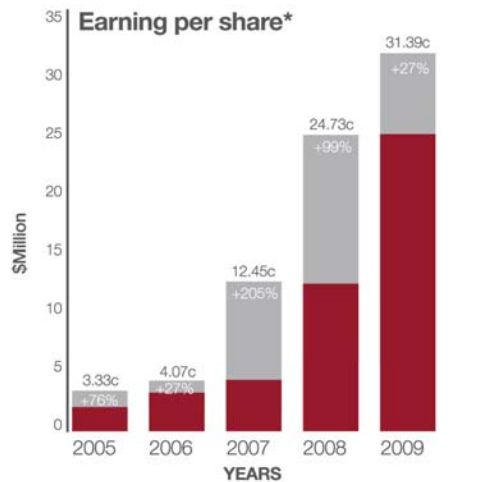
continued growth



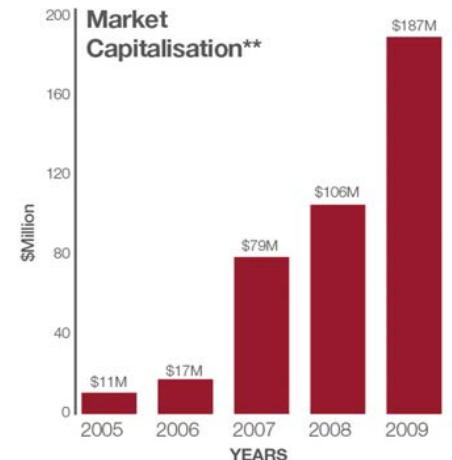
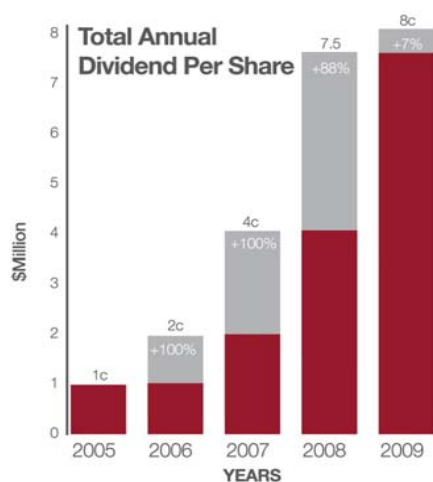
*Excluding gain on sale of properties in 2005 / 2006



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**Based on share price of \$2.70 at 12 Nov 09

financial results overview FY 2008/09

	FY2009 \$m	FY2008 \$m	Increase %
Revenue	179.32	106.34	69%
EBITDA	23.84	18.86	26%
EBIT	21.61	17.05	27%
PBT	20.87	16.40	27%
NPAT	14.83	11.54	29%
Basic Earnings per Share (cents)	31.39	24.73	27%
Final Dividend per Share (cents)	6.5	6.5	-
Total annual dividend per Share (cents)	8.0	7.5	7%
Net Assets	51.95	31.62	64%
Operating Cash Flow	21.90	13.48	62%
EBIT/Revenue	12.1%	16.0%	
EBITDA/Revenue	13.3%	17.7%	
NPAT/Revenue	8.3%	10.8%	

- Significant year-on-year revenue growth across all operations, reflecting elevated activity levels in the mining sector
- Exceptionally high level of activity in first half of year, with activity in the second half progressing as expected at a reduced, but still solid, level across operations
- Some dilution in EBIT % margin caused by:
 - \$1.3m being provided for unpaid revenue and associated recovery costs for the supply of engineering services to a customer, recovery of which is being pursued
 - lower than average margins on a newly-introduced, innovative product line for WA operations, which was the first of-its-kind manufacture
 - increased labour costs due to critical shortages in the availability of skilled labour, particularly for Austin Mackay over November 2008 to February 2009
 - no external licence income being recognised
- Strong operational cash flow, with commercial arrangements with customers and suppliers being maintained despite tighter economic environment
- Continuing benefit of low interest costs on US Dollar-denominated debt

financial results overview FY 2008/09

	30 June 2009 \$m	30 June 2008 \$m	Increase %
Working capital	8.99	9.32	-4%
Property, plant and equipment	26.71	21.85	22%
Intangible assets	17.71	16.75	6%
Total assets	105.85	82.82	28%
Total liabilities	53.90	51.20	5%
Net assets (Incl \$10.2m from Tranche 1 of Capital Raising)	51.95	31.62	64%
Cash (Incl \$10.2m from Tranche 1 of Capital Raising)	25.07	5.81	332%
Debt	26.95	21.84	23%
Net Debt (Incl \$10.2m from Tranche 1 of Capital Raising)	1.88	16.03	-88%
Net Debt (Excl \$10.2m Tranche 1 Capital Raising)	12.08	16.03	-25%
Net Gearing % (Incl \$10.2m from Tranche 1 of Capital Raising)	3.5%	33.6%	
Net Gearing % (Excl \$10.2m from Tranche 1 of Capital Raising)	22.5%	33.6%	
NTA per share (\$)	0.63	0.32	

- Underlying balance sheet strengthened significantly in the year as a result of solid operational performance
- Strong operational cash flow in the year resulting in underlying cash balances increasing by 155% to \$14.9m
- \$5.7m total capex in the year, including \$2.5m for the Austbore workshop in Mackay (part-funded by bank debt), all other capex funded from cash flow
- Increase in intangibles due to USD/AUD currency exchange rate variances
- EBIT interest cover of over 24 times for the year
- Year-end balance sheet includes \$10.2m of Tranche 1 placement funds for the purchase of Conymet business as confirmed in August 2009
- Debt reduced post year-end upon repayment of \$2.1m bank loan for the purchase of the Austbore workshop

business update - market analysis

Signs of macroeconomic stability and growth returning:

World Steel body sees full demand recovery in 2010

Beijing: Global steel consumption will rebound by more than 9% next year, recovering after this year's 8.6% decline, which was less severe than earlier expected thanks to strong China growth, a global body said on Monday.

China, which contributes about half of the global output, will see its apparent consumption jump 18.8% to 526 million tonnes this year, the World Steel Association said on Monday. The body previously expected China's demand to fall 5%.

Source: The Wall Street Journal, livemint.com, 12 October 2009

China's urbanisation program expected to continue:



Major miners are taking a forward view:

- Rio Tinto has announced capital expenditure of at least \$5bn for 2010 and envisages that metals demand will double over the next 15 to 20 years, requiring a significant supply response
- Vale has recently announced a US\$12.9bn capital expenditure program for 2010, with US\$10bn earmarked for organic growth projects
- FMG reports record quarterly shipments to September 2009 and has identified expansion opportunities such as its Solomon project
- Emerging economies seen as the main drivers of growth and demand for minerals and metals products
- Seeking ways of improving efficiencies and to reduce operating costs through the use of tailor-made, specialised productivity-enhancing equipment
- Short-term caution still being exercised, but equipment requirements are becoming larger and for longer periods of time

business update - australia

East Coast Operations:

- Customer purchasing behaviour showing strong signs of returning to normal with enquiries for larger numbers of equipment for longer periods of time
- Activity in the Bowen Basin and Hunter Valley mine sites remain at elevated levels, with over 80+ ships recently seen awaiting loading at the Dalrymple Bay Coal Terminal in Mackay
- Significant market penetration of Westech dump truck bodies into the important Hunter Valley region with new end-user customers and OEMs
- Product pricing remains largely unchanged, with steel input costs having remained at pre-GFC levels
- Greater labour availability and stability enables our operations to respond quickly to further upturns in activity levels
- Productive performance continuing to improve as operations gain more experience and the benefits of repetitive manufacture of mining products
- Solid levels of on-going activity with very good prospects for securing new orders in the near future

West Coast Operations:

- Iron ore producers continue to operate at high activity levels albeit with minimal capital expenditure during the current 2009 calendar year
- Capital expenditure programs now recommencing to pre-GFC levels which will lead to a stronger second half in FY10
- One key customer actively contemplating an exclusive multi-year deal for the supply of Westech bodies
- Overseas opportunities in Africa and Indonesia continue to be an important focus following the successful completion of a large fleet of dump trucks for an Indonesia-based customer

business update - north america and middle east

North America:

- Recovery of economic and mining activity continuing to lag behind Australia and South America
- Customers now showing the early signs of emerging from their “lock down” business approach with enquiry levels having picked up in recent weeks
- Short-termism is still the theme, with customer planning horizons extending out to the middle of the first calendar half of 2010
- Canadian Tar Sands region showing improved activity, with a number of important sales leads and opportunities actively being pursued
- Westech’s productive activity to remain at reduced levels for the remainder of 1H FY10 with activity levels forecast to rise slightly over the course 2H FY10
- Product development a key feature for Westech during this period in order to take advantage of new design processes and methodologies with the objective of releasing a new range of market-leading products in the future

Oman, Middle East:

- Operations progressing very satisfactorily with a high level of activity currently being experienced
- Two major projects - for the manufacture and installation of busbars and rectifiers for an aluminium smelter - underway with completion in early 2H FY10
- Projects progressing very well, with completion on time and well within budgets
- Ongoing four-year maintenance project for the repair of anode stems for the Sohar aluminium smelter returning solid revenue and profits
- Joint venture arrangement with our partner STS (Special Technical Services LLC) working very well and leading to further significant and long-term business opportunities and projects in the region
- Two major projects currently being tendered for with results of contract award in 2H FY10

business update - chile

- Austin Ingenieros Chile Limitada (Austin Engineering Chile) up and running, branding and identity already well-established in Chile, Peru and Colombia
- Integration successfully completed in a short period of time
- Productive and financial performance to date above budget expectations, despite limited availability of steel in the region
- Orders on hand ensure a solid level of activity through to the first quarter of the 2010 calendar year; over 50% of budgeted annual workload for FY10 already secured
- Further orders expected imminently for projects based in Peru and Colombia and for major Chile-based miners and OEMs
- Full year budgeted revenue expected to be secured by December 2009
- Tenders already submitted for significant dump truck body projects for delivery in 2010 and 2011
- Excellent opportunities for the JEC product range in the Chilean market; operational and engineering teams are currently preparing for the introduction of these products into operations
- Redevelopment and expansion of workshop facilities in the 'La Negra' region adjacent to Antofagasta actively progressing, with a modern, specially-designed 2,400m² workshop at advanced planning stages
- New facilities, which will take 8-12 months to build, will expand product offerings and delivery performance to customers as well as improved operational and financial performance
- Process underway for obtaining Chilean government assistance for the capital expenditure program



**First body deliveries to Xstrata/
Anglo American's Collahuasi mine
in Northern Chile**



**Austin Engineering Chile branding and
identity on dump truck canopy**

business update - brazil

- Slight delay in set up of joint venture due to finalisation of the commercial aspects of steel supplies to the region and government regulations
- Large, well-established and respected engineering company identified as joint venture partner
- Virtually no local competition capable of servicing customer needs from a design and supply point of view, together with the cost benefits of volume production
- Relatively easy and quick setup of operations possible, requiring some reconfiguration of the joint venture partner's production facilities
- Well-publicised increase in capital expenditure by Vale; US\$12.9bn capital expenditure program for 2010, with US\$10bn earmarked for organic growth projects
- Completion of joint venture set up expected by the end of January 2010

business update - financing

- Bank facilities renewed and extended following completion of the bank's annual review in November 2009
- USD 19m Westech loan facility now extended to late October 2011 on an interest-only basis, with interest rates currently below 2% (including the bank's margin), resulting in very low interest costs
- Continued access to low US interest rates which are expected to remain low following the US Fed's announcements and economic outlook in November 2009
- Lending facilities also expanded by a further AUD11m/USD9m to accommodate expansion plans for South America operations
- No change to covenants - Debt to EBITDA ratio of 2.5:1, EBIT interest cover of at least 4 times - covenants expected to be very comfortably complied with throughout the FY10 year
- More favourable pricing secured for provision of facilities following improved general business and economic conditions and strength and depth of Austin's business model
- Net gearing ratio of 15% to 17% at the December 2009 half year (assuming a AUD/USD exchange rate of 90c)

outlook

- More sustained levels of economic recovery likely to become evident in the second half of the financial year in Australia and South America mining regions
- Slower and much more gradual recovery in North America throughout the remainder of FY10
- Increased business confidence will lead to miners and OEMs embarking upon capital expenditure programs in Australia and South America
- Existing products lines will continue to serve the company well, with further expansion opportunities across a number of existing and new customers and mines Australia-wide
- Business expansion opportunities in the Hunter Valley region and Indonesia actively being considered in order to increase product and service offerings to key customers
- Recurring revenue streams from the significant replacement dump truck body market in Australia a key focus
- South America revenue streams expected to grow and to become a more significant feature of Austin's operations, with further contributions expected from the setup of satellite maintenance operations in Peru and Colombia
- Stronger levels of activity expected across Australian and South American operations in the second half of the year, with North America below FY09's levels
- FY10 revenue and profit will be more biased towards the second half of the year, in line with continued economic recovery trends
- Forecast EBIT of \$10.5m-\$11.5m for the first half of FY10 (six months to December 2009)

"world's largest non-OEM designer
and manufacturer of mining dump
truck bodies"



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