

Acquisition of COR Cooling Group

Brisbane, 17 December 2010: The Directors of Austin Engineering Limited (ASX trading code: **ANG**) are pleased to announce the company's expansion into a new area of the mining services market with the acquisition of the COR Cooling group ("COR") in Queensland and Western Australia.

Highlights:

- Acquisition of COR which specialises in the overhaul and supply of radiators and products in mining trucks and other industries
- Workshops in Mackay, Perth and Kalgoorlie
- Forecast revenue of \$18m-\$20m and EBIT in the range of \$3.0m-\$3.5m per annum
- Purchase price of \$19.5m, which includes net working capital and plant and equipment, both totalling approximately \$5m
- Access to new mining services market
- Synergies with existing products and clients
- Debt-funded and immediately EPS accretive
- Ability to grow the division and products into other countries in which Austin operates

The COR Cooling group specialises in the repair of radiators and other products for the mining industry and in particular fleets of mining trucks which Austin currently service with new trays or overhauls. COR has common clients with Austin worldwide and both companies also share close working relationships with the same customer operational teams that Austin deals with in relation to the supply of its product ranges. COR has also commenced servicing the oil and gas industry.

COR's businesses are located in important strategic business development areas for Austin including the key mining areas of Mackay, Perth and Kalgoorlie. Key management and staff will remain in the business in the post-acquisition period.

Revenue for the company has grown over the years and was \$18m in the FY10 financial year. With forecast annualised EBIT of \$3.0m-\$3.5m, the purchase price of \$19.5m represents a multiple of approximately 6 times EBIT. This multiple, whilst higher than the normal paid by Austin for a business acquisition opportunity, reflects our view of the potential growth profile of the business in Australia and in other countries in which Austin currently operates.

The purchase will be funded from existing debt facilities and cash reserves and is immediately EPS accretive.

Chairman Paul Reading commented "The acquisition of COR will allow the company to diversify into a new area of the mining services market whilst offering an expanded range of products and services to Austin's existing customer base".

"We are also particularly interested in the growth of this business into North and South America and Indonesia once our new facilities in these key mining regions are completed".

For further information and questions on the above, please contact Managing Director Michael Buckland or Chief Financial Officer Colin Anderson on +61 7 3271 2622.

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About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America and the Middle East. The Australian facilities manufacture, assemble, repair and maintain (on and off-site) products used in the mining and resources sector. Key product lines include dump truck bodies, large service vehicles, excavator buckets, materials handling equipment, mineral processing equipment, industrial radiator and cooling products as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North and South American mining markets and is an industry-leading designer and manufacturer of specialised lightweight dump truck bodies. The Chile operation (Austin Engineering Chile) manufactures dump truck bodies and other mining products for the South American market. The Middle East operation principally services the aluminium smelter industries in the region. Austin also own rights to innovative welding processes which have been introduced to improve welding productivity. Robotic welding systems are also used for product lines, general fabrications and repetitive production processes.