

Austin Engineering Posts Record Revenue and Profit and Increases Dividend

Financial Highlights

	Increase	HY2008	HY2007
Revenue	119%	\$94.59m	\$43.21m
EBIT	73%	\$12.09m	\$7.00m
PBT	71%	\$11.64m	\$6.82m
NPAT	75%	\$8.13m	\$4.66m
Basic earnings per share (cents)	72%	17.26c	10.05c
Net assets	43%	\$35.53m	\$24.90m
Interim dividend per share (cents)	50%	1.5c	1.0c
Gearing (net debt/net debt plus equity)		36%	45%

Brisbane, February 16, 2009: Austin Engineering Limited (ASX trading code: **ANG**) today announced a record result for the six months ended December 31, 2008, highlighted by revenue of \$94.59 million, up 119 per cent on a year ago.

Chairman Peter Fitch said the record result reflected high business-sector activity and further customer recognition of Austin's capabilities and product lines as a world leader in the engineering and fabrication of products for the mining, aluminium and industrial sectors.

Mr Fitch said Austin continued to reap the benefits of strong demand for its products and services with a record half year net profit after tax (NPAT), rising 75 per cent to \$8.13 million.

"A strong performance across all of Austin's business units has boosted our revenues to record levels," he said.

Other highlights of the result include a 73 per cent increase in earnings before interest and tax (EBIT) to \$12.09 million, a 72 per cent increase in basic earnings per share (EPS) to 17.26cps and an increase in net assets from \$24.90 million to \$35.53 million.

Operational cash flow more than doubled from \$6.3 million to \$13.3 million. The Austin Board has declared a fully-franked interim dividend of 1.5c per share, up 50% from last year's interim dividend.

Mr Fitch said the strong growth in revenue volumes was helped by a full six months contribution from Western Technology Services (Westech) in Wyoming in the United States, one of the world's leading designers and builders of lightweight truck bodies, which Austin acquired in November 2007 for \$US19 million.

"There has been growing customer acceptance and corresponding increased market penetration and sales of Westech dump truck bodies in Australia as they enable mining operators to carry more payload per trip and therefore increase productivity and profitability," he said.

"We had 49 of Westech's truck bodies delivered in the six months to December 2008 compared to 7 in the corresponding period."

Mr Fitch said Westech was planning to become more involved in the major mining markets of South America, particularly Chile, Brazil and Peru, while maintaining a steady workload in the US and Canada despite the economic difficulties in North America.

He said Austin was keen to actively pursue acquisitions and plans to further expand into the South American market for specialised mining products.

"The success of Westech has opened our horizons to seek more offshore opportunities," he said.

Mr Fitch said Austin's Australian operations in Brisbane, Perth and Mackay all performed solidly and above budgeted expectations.

He said Perth and Mackay had both expanded during the last six months of 2008 while the Brisbane operation experienced the busiest period in its history, with demand for dump truck bodies and shovel buckets outstripping available capacity.

Outlook

Mr Fitch said market opportunities still existed for Austin despite the challenging economic environment.

"The industry is experiencing a noticeable slowdown with mining companies delaying or deferring major expansions and cutting production levels" he said.

"However, even with the cuts in production, the level of activity in the industry is still reasonably high compared to two or to three years ago".

"Over the past few years Austin has positioned itself as the largest non-OEM supplier of new and replacement mining equipment within its product range and we are looking to further consolidate this position on a world-wide basis with further acquisitions in South America. The Westech and JEC product ranges have also gained significant and increased customer acceptance across the regions currently served by Austin".

"This has resulted in the company receiving, or in the process of completing, orders totalling \$32m for 75 bodies over the course of January and February 2009. These orders are for the delivery of 24 bodies in the current financial year and 51 in the 09/10 financial year. The company is also confident of receiving another significant order in the coming months for our Perth operation which will further consolidate the order book for the 09/10 financial year. Whilst not completely insulating the company from the effects of the economic slowdown, these orders do position the company for a good second half in the current financial year and they also provide a solid underlying base workload for the start of the 09/10 financial year".

"Based on the foregoing, whilst we expect the second half of the current financial year to be slightly below that of the first half, EBIT for the full year is forecast to be within the range of \$20-23 million which is an increase of 18%-35% over the previous full financial year".

Ends

For further information, contact Chairman Peter Fitch on 07 3374 3337 or Chief Financial Officer Colin Anderson on 07 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA and the Middle East. The Australian facilities manufacture, assemble and overhaul 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 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 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, coupled with robotic applications to suit product lines, general fabrications and any repetitive production processes.