



austinengineering^{LTD}

17 August 2009

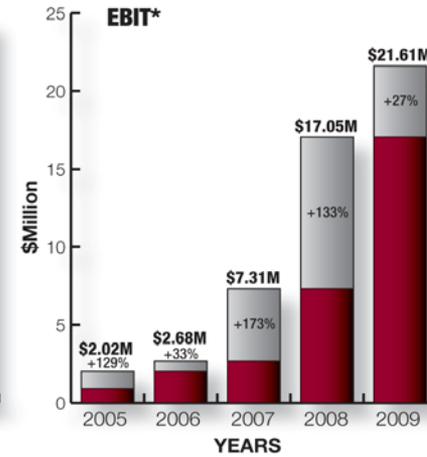
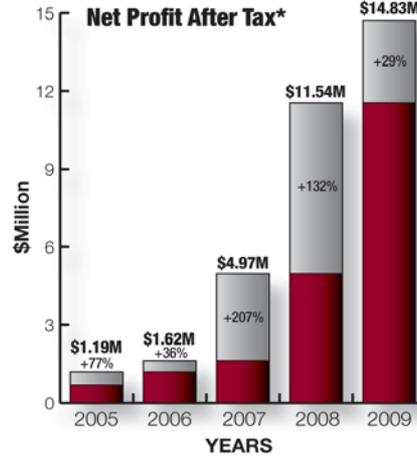
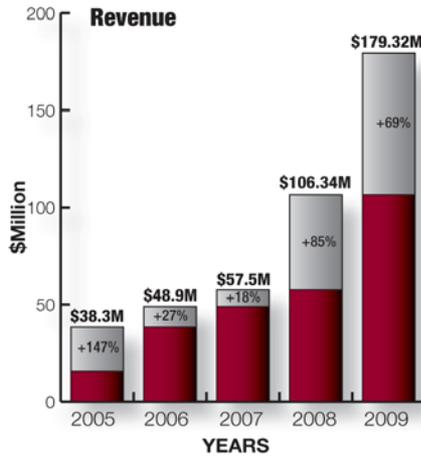
full-year 2008-09 presentation

overview - another record year



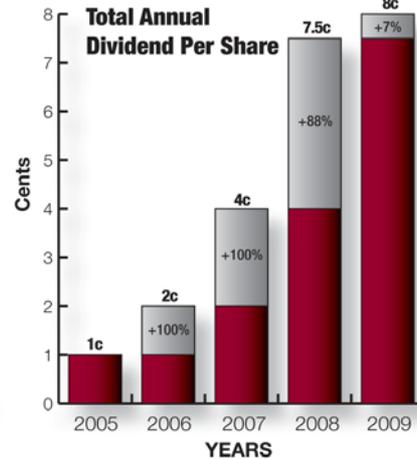
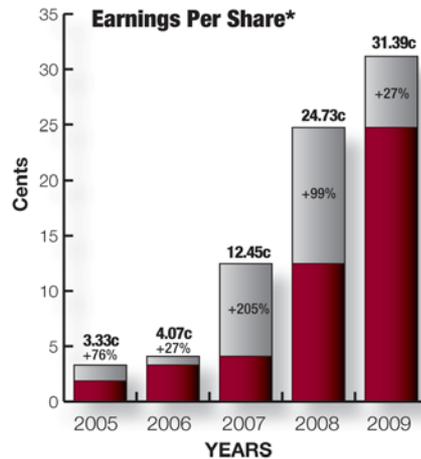
- Record full-year result, with results continuing to reflect high mining sector activity
- Revenue growth flowing from increased market penetration and customer acceptance of Austin's product lines and capabilities
- Customer base expanded through the establishment of new relationships both domestically and overseas
- Introduction of Westech dump truck body range a key success in Australia
- Tough 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
- Total group revenue up from 69% from \$106m to \$179m, including a full year of contribution from Westech
- Earnings before interest and tax up 27% from \$17.1m to \$21.6m
- Operational cash flow up 62% from \$13.5m to \$21.9m
- Total annual dividend up 7% from 7.5cps to 8.0cps, with final dividend maintained at 6.5cps

continued growth

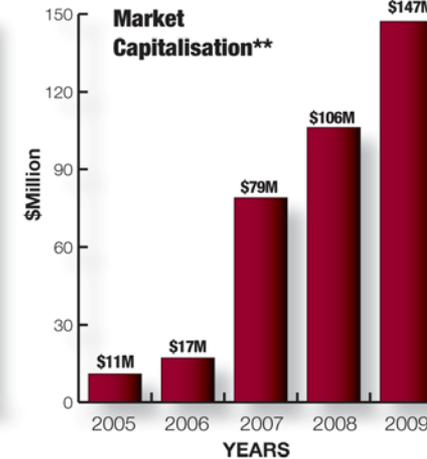


*Excluding gain on sale of properties in 2005/2006.

*Excluding gain on sale of properties in 2005/2006.



*Excluding gain on sale of properties in 2005/2006.



**2009 market capitalisation based on a share price of \$2.15

financial highlights and results for 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
- Increased customer acceptance and sales of Westtech dump truck bodies across Australia
- Full year of contribution from Westtech, adding \$25m to revenue over the comparative period
- 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
- Underlying strong business unit performance, with the Brisbane business unit returning improved performance
- 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

balance sheet



	30 June 2009 \$m	30 June 2008 \$m	Increase %
Working capital	8.48	9.32	-9%
Property, plant and equipment	26.71	21.85	22%
Intangible assets	17.71	16.75	6%
Total assets	105.35	82.82	27%
Total liabilities	53.40	51.20	4%
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 from Tranche 1 of 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)	22.4%	33.6%	
NTA per share (\$)	0.63	0.32	

- Underlying balance sheet strengthened significantly in the year as a result of operational performance and profitability
- Benefits still being realised from favourable commercial relationships from customers and suppliers enabling working capital levels to be kept low
- 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 of which \$2.5m was for the purchase of the Austbore workshop in Mackay (funded by bank debt), all other capex funded from cash flow
- Increase in intangibles due to USD/AUD currency exchange rate variances
- USD19m bank loan for Westtech purchase extended to late October 2010 on an interest-only basis with no change to covenants
- Additional \$2.1m bank loan for purchase of Austbore workshop drawn down in April 2009 and repaid in August 2009
- EBIT interest cover of over 24 times for the year
- 2009 year-end balance sheet includes \$10.2m of Tranche 1 placement funds for the purchase of Conymet business as confirmed in August 2009

operational review - australian operations



Brisbane:

- FY 2008-09 was a year of consolidation for the operation, with a shift in focus almost exclusively towards the manufacture of mining products
- Management and operations teams strengthened to enable mining products to be manufactured more efficiently
- Significantly improved operational performance achieved, particularly on the manufacture of dump truck bodies in the second half of the year, with bodies now being built at or below budgeted manhours
- Shift in focus in the second half of the year from manufacturing products for the Bowen Basin in Queensland to manufacturing products for the Hunter Valley in New South Wales
- Expansion of business relationships with key OEMs successfully achieved

Perth:

- Exceptionally high level of activity in the first half of the year balanced by reduced, albeit sound, activity level in the second half
- Overall, a record year of revenue and profit contribution for the operation
- Manufacture of Westech dump truck bodies now fully-integrated into marketing and production operations with growing acceptance with key miners in the WA region
- Solid operational performance throughout the year, with the management and operational teams responding very well to the introduction of the Westech product range
- Some margin dilution experienced on new products introduced in the first half of the year due to the effect of first-time manufacture
- Important business relationship established with a new Indonesia-based customer, with the manufacture of a series of Westech bodies for the customer well underway

operational review - australian operations



Mackay:

- Extremely high levels of activity in the Mackay area in the period through to February 2009
- Dump truck body and mining products manufacture introduced to the operation during the year in response to customer demand and overload work from Brisbane
- New expanded workshop proved to be invaluable in meeting increased customer demand for dump truck bodies in the Bowen Basin region
- Overall sound performance for the year, although acute shortages of skilled labour over November 2008 to February 2009 impacted profitability and performance
- Repair and maintenance activities still a key and important feature of operations with good workloads and performance throughout the period

Austbore:

- Continued high levels of activity throughout the period, concentrating on the repair and maintenance of mining products for the Bowen Basin region and Indonesia
- Solid operational performance with high levels of product quality and project margins being achieved
- New management and operational teams successfully meeting the challenge of expanding the customer base, delivering innovative solutions to customers and improving operational performance
- Some minor operational interference caused by equipment breakdowns in March and April 2009 being addressed by investment in \$0.9m of new equipment, which will improve product and service offerings, productive throughput and reliability of products delivered

operational review - international operations



Westech, USA:

- A record year for the Westech operation with significantly elevated activity and revenue levels
- Improved productive performance in the second half of the year following an increased focus on production logistics, manpower utilisation and organisation
- Profit contribution generated wholly from the manufacture of dump truck bodies and other mining products
- No external licence fee revenue generated in the year due to a change in commercial relationships with an existing customer
- Marketing presence at the four-yearly 'Minexpo' exhibition in Las Vegas in September 2009 resulted in the introduction of an important new client for Austin's WA operations

Oman, Middle East:

- Three follow-on projects to the Sohar Aluminium Smelter completed in FY 2008 already underway
- One project, for the ongoing repair of anode stems, is expected to last four years and is generating good levels of profitability due to the repetitive nature of the work involved
- The other two projects, each worth USD 6m for the manufacture and installation of rectifiers for an aluminium smelter in Abu Dhabi, will last for one year and are already underway and on budget
- Various other projects are also in the process of being pursued including busbar installations for a project similar to the Sohar project

Austin Engineering Chile

- Chile offers the company significant growth opportunities
- Chile operation has received orders for 26 tray bodies in the first 2 weeks of operation from Chile's major copper miner
- Forward workload very strong for the interim period with a carry-over of 7 tray bodies from Conymet and the new orders giving the operation over 50% of the budgeted orders for the full year. Further orders are expected over the coming months
- Enquiry levels for tray bodies continuing at good levels
- Construction of a new workshop in Chile will be fast-tracked to meet demand for the company's JEC range of products
- Antofagasta facility will service Chile, Peru, Columbia and Argentina markets



market developments

- Signs are emerging that miners and, in turn, OEMs are beginning to adopt longer-term views on underlying business conditions and are becoming less cautious with their outlook
- Activity levels remain at elevated levels and equipment is still being used by the major miners
- Marked increase in enquiry and tendering activity for miners and OEMs over June and July 2009 for equipment needs from December 2009 onwards
- Some caution still being exercised, with orders for equipment generally being for lower numbers and for shorter forward periods of time than the corresponding period last year
- Key customers in WA are showing signs of recovery, with orders that were deferred in the earlier part of the 2009 calendar year now actively being considered to be resumed for manufacture by the customer
- WA has recently received orders for 17 Westech dump truck bodies with delivery from January 2010 onwards
- Queensland operations continue with a solid forward workload, largely servicing the Hunter Valley and Bowen Basin
- Two new OEMs added to list of clients for Westech “ultra-class” size dump truck bodies
- Customers in North America remain cautious with their outlook, but enquiry and tendering activities are also showing some signs of recovery
- Brisbane has recently received an order for 6 OEM bodies for a significant customer and an order for a further 8 bodies for a major OEM, which will be the first time manufacture of these large “ultra-class” bodies in Australia



outlook

- Challenging economic environment to remain in the near-term, effective marketing to secure workload a key feature of activity during this period
- Strategic positioning of the company in recent years with major miners, OEMs and contractors, together with the promotion and customer acceptance of the Westech and JEC product ranges, expected to continue to serve the company well
- Introduction of the Westech product range into the upcoming replacement dump truck body market across all regions actively being pursued
- Queensland operations have work-loading well into the second half of the current reporting period
- West Australian operation seeing recovery in enquiry levels and orders for the second half of the 09/10 financial year
- Westech operations in the USA also experiencing recovery in enquiry and order levels but will take longer to return to 08/09 levels
- Oman operations will continue to generate good revenue and profitability for 09/10 with further tenders underway for new aluminium smelter projects
- Chile operation expected to increase work levels over the year after significant enquiries and orders
- Formation of Brazilian joint venture expected to be finalised over the next 4-8 weeks
- An EBIT forecast for the interim period to December 2009, as well as a business update for the remainder of the financial year, will be given at our forthcoming AGM in November 2009. In the meantime, workload levels are solid



**World's largest non-OEM
designer and manufacturer
of mining dump truck bodies**

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

austinengineering^{LTD}