

## Chairman's Address to Shareholders at 2009 AGM

**Brisbane, 13 November 2009:** Austin Engineering Limited (ASX Trading code: **ANG**) is pleased to announce the Chairman's address to shareholders as presented at the Company's 2009 Annual General Meeting held today.

### Austin Engineering Ltd Chairman's Address

Good morning ladies and gentlemen and welcome to Austin Engineering's 6<sup>th</sup> Annual General Meeting.

As you are no doubt aware, in February 2009 when we released our full year results guidance we forecast a record profit for the Group. I am very pleased to report that we achieved this result while many companies in our business sector were not as successful.

I do not plan to go through the details of the Group's performance for 2008/09 as these have been extensively presented in the Annual Report which you have all received and Michael Buckland will touch on the highlights in his presentation.

I do however wish to comment on the success of the business model and strategy which have formed the foundations for the ongoing operations of, and the acquisitions by, the Group.

We have stated that we will seek out, and where our criteria is met, make acquisitions in Australia or overseas to promote our expertise in the specific areas of those mining products for which we own intellectual property or specific expertise, such as advanced welding technology, that will give us an advantage in the market place.

This strategy has provided the basis for our growth both in Australia and through our offshore acquisitions. The development of our joint venture in Oman is now providing very satisfactory returns and going forward we are confident of our prospects in this region. The acquisition of Westech in the USA, through which we own the rights to possibly the most advanced off highway truck body designs in the world, has produced excellent results despite the rapid slow down of the North American market. It has also allowed us to enter the vast and strategically important South American market for mining equipment.

The purchase of the steel dump body business of Conymet in Chile and the set up of operations as Austin Ingenieros Limitada means that we can offer Westech technology in South America in addition to Conymet designed bodies which are operating in numerous mines in the region.

We will use the operation in Antofagasta, which is ideally situated next to main highways and shipping ports, to enable products to be supplied to Chile, Colombia and Peru where we are finding strong interest from customers for our product lines and service capabilities.

Furthermore, we expect to conclude a joint venture with an established manufacturer in Brazil to supply Vale and other customers in the eastern seaboard of South America. Vale is currently the largest producer of iron ore in the world and one of the big three mining groups with BHP Billiton and Rio Tinto.

While the scale of mining operations in South America is exciting and could for the Group prove to be as large or even larger than our Australian operations, our strategy has identified further opportunities both in Australia and offshore which we will be investigating closely in the next 12 months to assess whether they meet our acquisition criteria.

Financially, we are well-positioned to fund our future growth. Our balance sheet was further strengthened by a successful \$31m capital raising in July 2009 and our lead bankers have confirmed the renewal of our facilities for the next 2 years with increased borrowing capacity and more favourable commercial terms.

This leads me to reflect on my comments last year regarding our share price. This has improved substantially over the year but we believe that our performance and prospects will provide compelling reasons for further upside in the near future.

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## **Chairman's Address to Shareholders at 2009 AGM**

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Turning to operational and financial performance for the interim six-month reporting period to December 2009, we see an improvement in business conditions from the first calendar half of 2009. However we expect our performance to be slightly below that of the record result for the corresponding period in the previous financial year. When considering the impact of the global financial crisis and the deferral of our customer's capital expenditure programs, we consider this to be an excellent result and it demonstrates the robustness of our business and market position.

We are forecasting EBIT for the six months to December 2009 to be in the range of \$10.5m to \$11.5m.

We are confident, based on improvements in general business conditions across the world, that activity will pick up in the second half of the 2009/10 financial year. As is our usual practice, we will provide full year guidance in the new 2010 calendar year.

In light of very difficult market conditions brought on by the GFC, I believe the results of the Group for 2008/09 and going forward are in no small measure due to the excellent management and staff in the various operations worldwide, led by our Managing Director Michael Buckland, and I thank them on your behalf for their dedication.

I will now hand over to Michael Buckland to make his presentation.

Thank you.

**End**

For questions on the above, please contact Michel Buckland or Colin Anderson on 07 3271 2622.

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**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 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.