



half-year 2009 presentation

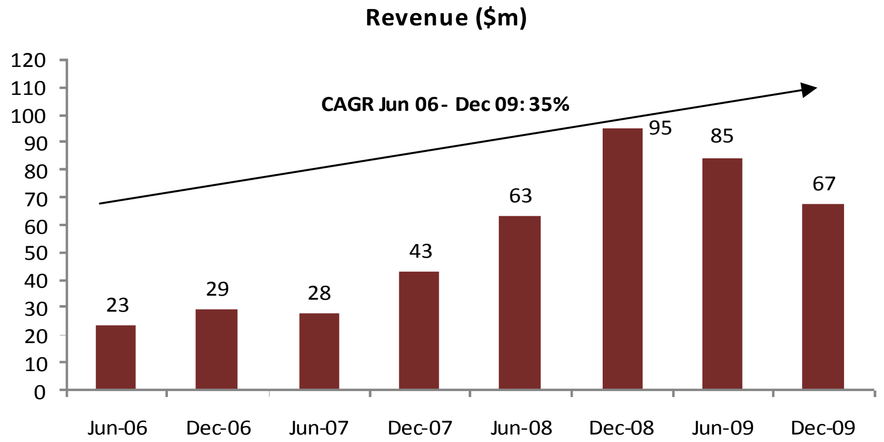
15 February 2010

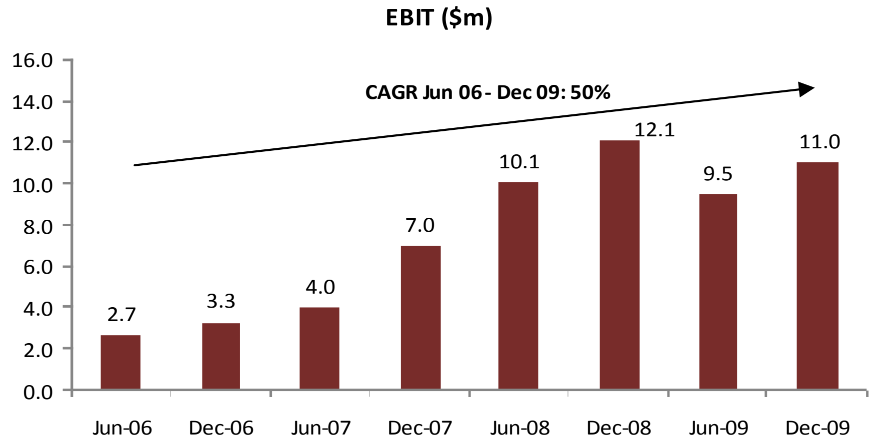
austinengineering LTD

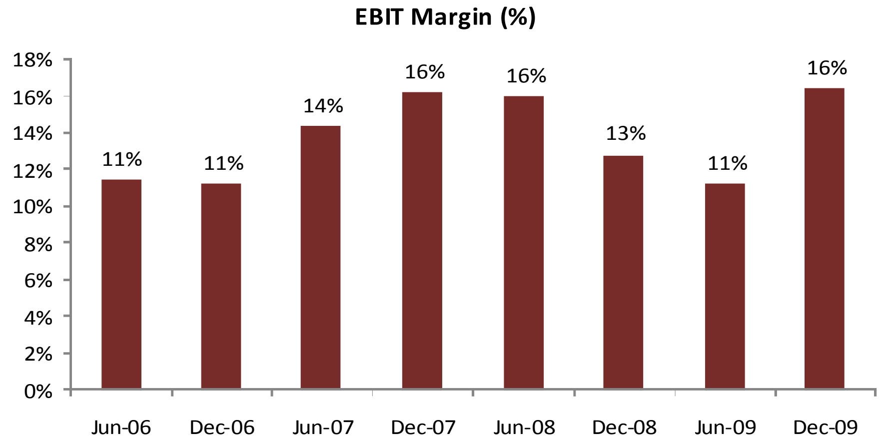
overview -
continuing solid performance

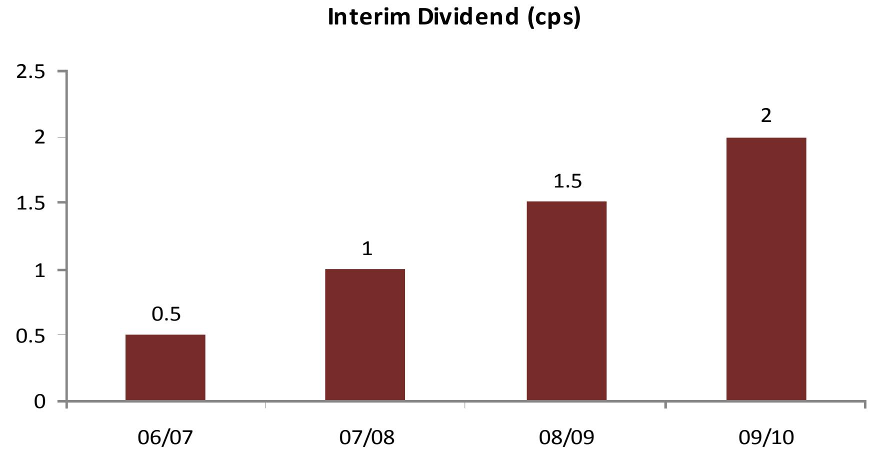
- Solid EBIT result for the half-year to December 2009, 16% above the EBIT result for the half-year to June 2009
- Productivity gains, together with very good profitability generated in Oman and Chile, were drivers behind improved operational performance
- Improvement in trading conditions, with customer purchasing behaviour in Australia returning to normal levels over the course of the quarter ending December 2009
- $41m of new orders received over December 2009 to early February 2010 across operations, with equipment order quantities increasing and for delivery over longer periods of time
- Very satisfactory performance from new Chilean operations in the five months to December 2009
- Group revenue of $67m for the six months, down from the record pre-GFC levels in the corresponding prior period, but still solid
- EBIT of $11.0m for the half-year, up from $9.5m for the half-year to June 2009, down from $12.1m in the corresponding prior period which reflected record activity levels
- NPAT for the half-year of $8.2m, up from $6.7m for the half-year to June 2009 and up from $8.1m in the corresponding prior period
- Interim dividend increased to 2.0cps, up 33% from last year's 1.5cps interim dividend

revenue, ebit and interim dividend developments









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financial results - half year 2009

	HY 09/10 $m	HY 08/09 $m	Change
Revenue	67.36	94.59	-29%
EBITDA	12.36	13.12	-6%
EBIT	11.03	12.09	-9%
PBT	10.86	11.64	-7%
NPAT	8.17	8.13	-
Basic Earnings per Share (cents)	12.19	17.26	-29%
Interim Dividend per Share (cents)	2.0	1.5	+33%

EBITDA/Revenue	18.3%	13.9%	+32%
EBIT/Revenue	16.4%	12.8%	+28%
NPAT/Revenue	12.1%	8.6%	+41%

- Significantly improved business conditions in Australia in the first quarter of the FY 09/10 financial year and a return to normal conditions in the second quarter, leading to higher levels of activity
- Subdued conditions in North America throughout the first half of the year, but underlying productive performance maintained at good levels
- Elevated revenue and profit contributions from the group's interests in the Middle East as progress was made on two key projects
- Introduction of new revenue and profit streams from the commencement of operations in Chile in early August 2009; performance above expectations over first five months of operation
- Very satisfactory improvements in underlying EBIT and NPAT performance coming from:

  - increased performance and productivity across a number of operations

  - higher than average relative contributions from Middle East and Chile operations

  - lower than average income tax rates in Middle East and Chile

  - very low interest costs due to low debt levels and US dollar-denominated debt
- Some dilution in North American and Chilean earnings due to stronger Australian dollar
- Earnings per share for HY 09/10 reflect the issue of 21.4m shares in relation to the $31m capital raising program completed in July 2009 to fund the expansion into South America

balance sheet

	Dec 09 $m	Jun 09 $m	Change
Working capital	10.84	7.89	+37%
Property, plant and equipment	27.25	26.70	+2%
Intangible assets	41.22	17.71	+33%
Total assets*	124.10	95.15*	+30%
Total liabilities	47.03	53.40	-12%
Net assets*	77.07	41.75*	+85%
Cash*	14.47	14.87*	-3%
Debt	22.26	26.95	-17%
Net Debt*	7.79	12.08*	-36%
Net Gearing % (net debt/net debt plus equity)*	9.2%	22.4%*	-59%
EBIT interest cover	36.2	21.2	+70%
NTA per share ($)	0.52	0.63	-17%

* Excluding $10.2m of tranche 1 funding from the institutional aspect of the capital raising completed in July 2009

- Continued balance sheet strength reflecting underlying solid operational performance and profitability
- Balance sheet also strengthened with completion of $31m capital raising program in late July 2009 to fund the expansion into South America
- Increase in working capital levels due to increased activity in the lead-up to the half year and more projects being on a payment-after-delivery basis
- Operational cash balances remained strong, enabling increased working capital levels and capital expenditure to be accommodated
- $1.8m of capex in the half-year, mostly on productivity and throughput-enhancing projects
- Reduced debt levels, due to stronger AUD reducing the AUD equivalent of the USD 19m Westech acquisition loan and repayment of $2.0m bank loan for the purchase of the Austbore workshop in April 2009
- High EBIT interest cover assisted by solid operational performance and very low (sub-2% including bank margin) USD interest costs

operational review - australian operations

East Coast:

- East coast operations impacted to a lesser extent by the after-effects of the GFC with the Bowen Basin and Hunter Valley coal mining regions maintaining activity at elevated levels
- Orders for 39 dump truck bodies received in recent periods leading to a very solid level of activity for the remainder of the current financial year and into the FY 10/11 financial year
- Tendering and enquiry levels are continuing to increase with expectations of further new orders being secured in the near future
- Continuing improvements in underlying productive performance, with the benefits of repetitive manufacture being realised

West Coast:

- Steady level of productive activity throughout the first half, largely concentrating on the manufacture of products for Indonesia and the Pilbara region although down on the two previous periods
- Major iron ore miners continued operations at high levels but with reduced levels of expenditure on new and existing equipment
- Very good underlying productive performance achieved in the half year to December 2009
- Orders for 31 dump truck bodies received recently, with most scheduled for delivery in the second half of the FY 09/10 financial year
- Ongoing improvement in market conditions with very good order prospects for the FY 10/11 financial year, in response to stabilised macro-economic conditions for major iron ore miners
- Westech bodies have been selected as the preferred design for a major iron ore producer and negotiations are underway for a three-year supply contract

operational review - american operations

North America:

- Economic recovery process still underway but at a much slower pace than the other key mining regions in which the group has a presence
- Activity beginning to pick up although customers remain very cautious with their forward equipment requirements, which are for smaller quantities over shorter periods of time
- Productive activity likely to remain at below historical average levels for the remainder of the current financial year with any significant improvements likely to become apparent in FY 10/11
- Very good underlying operational performance achieved in the half-year despite reduced activity levels, with margins on products delivered being maintained or increased and operating expenses being kept under control

South America:

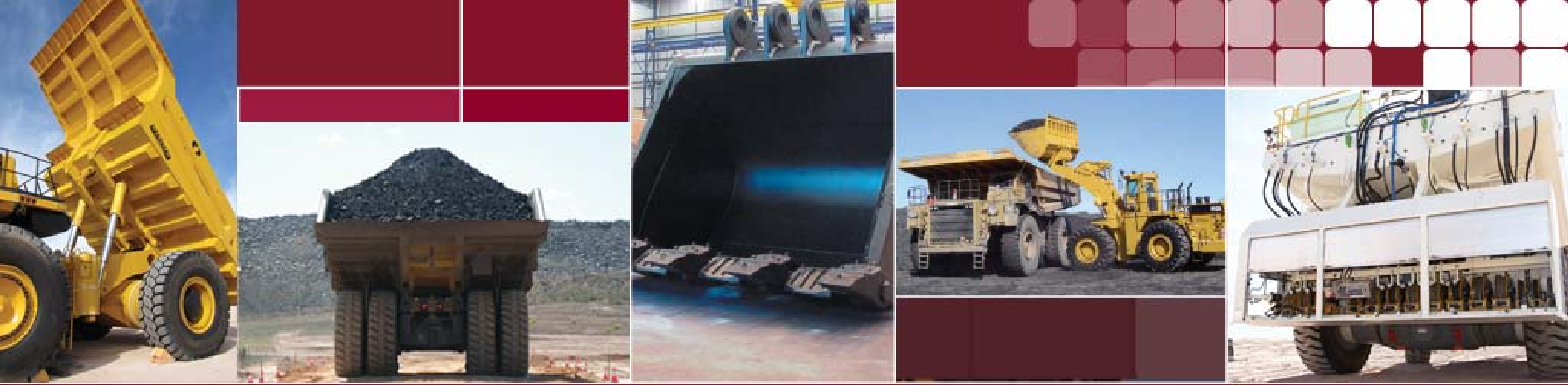
- Solid operational and financial performance in the first five months of operation and above internal budgets despite the limited availability of steel in the region
- Orders continuing to be received for customers in Chile, Peru and Colombia with workload now extending towards the end of the current financial year and further orders expected imminently
- Regional miners progressing with output-enhancing plans, involving development of existing and new mines and requirements for significant volumes of equipment for the FY 10/11 financial year and onwards
- Redevelopment and expansion of the 'La Negra' facilities now underway with construction of a modern, specially-designed 2,400m² workshop due to commence shortly
- Chilean government assistance for the capital expenditure program secured totalling USD 1.1m - the second highest level of assistance ever offered to a foreign company investing in Chile under the assistance program applied for

operational review - middle east operations

- Elevated level of activity experienced in the first half, with operations concentrating on two key projects for the manufacture and installation of busbars and rectifiers for an aluminium smelter
- Very good operational performance and progress achieved on these projects with above-average margins generated during the half-year
- Ongoing four-year (to 2013) maintenance project for the repair of anode stems for an aluminium smelter also returned higher than expected revenue and profit contributions
- Follow-on opportunities current being pursued for the two existing key projects that are nearing completion
- Two major potential projects being tendered for with results of contract award in the second half of FY10/11

outlook

- Further stabilisation of macro-economic conditions and markets becoming evident, giving confidence to major miners and other resource industry participants
- Six to eight-month period leading up to December 2009 considered to be the low point in the post-GFC trading cycle
- Expansionary programs to increase production and output likely to gain pace in the key areas within which Austin has a presence
- Corresponding increased demand for the group's products and services to develop, with early signs emerging that FY 10/11 will have higher overall levels of activity than the current financial year
- Establishment of a 50-50 joint venture in Belo Horizonte, Brazil with an established and well-respected engineering partner is in the final stages of completion
- South America remains an area of significant business development and with the receipt of new orders from Peru and Colombia, expansion into these countries is being investigated
- Capital expenditure plans underway in Chile, with a USD 8.5m investment in new workshop facilities expected to increase productive capacity, throughput and productivity in future years
- Strong balance sheet and low gearing enables the group to accommodate further acquisition opportunities, a number of which are in the process of being considered
- Further business opportunities in Indonesia and the Hunter Valley region are in the process of being investigated
- The $41m of orders received in recent periods will ensure high levels of activity for the majority of operations for the remainder of the FY 09/10 financial year
- Based on current trading conditions and the outlook for the mining services sector, a stronger second half to the financial year is expected, with increased levels of revenue and profit leading to another record result for the year
- An updated review of trading conditions and full-year earnings guidance with be given during the last quarter of the current financial year



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

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