

Austin Posts Solid Interim Result for FY 10/11

Brisbane, 22 February 2011: Austin Engineering Limited (ASX trading code: **ANG**) is today pleased to announce that it has returned another solid interim result, with a net profit after tax of \$10.7m for the half-year ended 31 December 2010, up from \$8.2m in the corresponding prior period.

Highlights:

	HY 10/11	HY 09/10	Change
Revenue	\$93.27m	\$67.36m	+38%
EBIT	\$15.24m	\$11.03m	+38%
PBT	\$14.89m	\$10.86m	+37%
NPAT	\$10.69m	\$8.17m	+31%
Basic earnings per share	15.13c	12.19c	+24%
Net assets	\$95.81m	\$77.07m	+24%
Interim dividend per share	3.0c	2.0c	+50%

Review:

Group revenues increased by 38% from \$67m to \$93m, reflecting improved business conditions across the mining services sector, a full six months of contribution from Chilean operations and new revenue streams from acquisitions completed in the first half of FY 10/11. Earnings before interest and tax increased by 38% to \$15.2m, with the overall margin of 16.3% being consistent with the prior period. Other highlights include an increase in earnings per share from 12.19c to 15.13c and an increase in operating cash flow from \$2.5m to \$11.5m.

The Board has declared a fully-franked interim dividend of 3.0c per share, an increase of 50% over the previous half year. The record date for determining entitlement to the final dividend is 25 February 2011 with payment being made on 25 March 2011.

Commenting on the result, Austin's Chairman Paul Reading said "The interim result for the group reflects the benefit of a number of business expansion initiatives undertaken over the past year or so, with a broadening of revenue streams and increased market presence for the group's products and services".

"Whilst there were a number of operational challenges during the first half of the year which led to variances in financial performance for some of the group's operations compared to the previous period, the underlying operating result continues to confirm the group's strength through its product and geographical range and also the ability to provide excellent customer service and support".

"The commitment to grow market share and service customer requirements more fully has been demonstrated by the acquisition of the Pilbara Hire Group, Phillips Engineering and COR Cooling businesses over the course of the first half of FY 10/11. The addition of these new businesses to existing operations was an important step in adding new product and service capabilities in both existing and new geographical markets" he said.

The group finished the half-year with \$95.8m of net assets, up from \$77.1m at the previous half year and up from \$86.7m at June 2010. Available free cash resources at the half year-end remained strong at \$22.8m whilst operational cash flow of \$11.5m for the half-year was significantly above the previous corresponding period's level of \$2.5m. Gross debt levels increased to \$53.3m at the half year, up from \$23.2m at June 2010, reflecting the funding of the new business acquisitions completed in the first half of FY 10/11. The group's net gearing ratio of 24% at December 2010, whilst up from 2% at June 2010, was still comfortably within industry averages and bank covenant requirements.

Outlook:

Mr Reading said the continuing strength and development of the mining and resources market provided a platform for Austin to grow its market presence. "In recent periods the group has noted an increase in customer enquiries for the supply of equipment in most of the markets and geographical areas in which it operates" he said.

"Of particular note is a multi-year contract, negotiations for which are in the advanced stages of completion, for the supply of Westech custom-designed dump truck bodies for a major mining customer in Western Australia. The duration of this contract reflects industry confidence in the outlook for the mining sector and, importantly for Austin, upon signing it will also confirm the market's acceptance of Westech bodies and the operational advantages of using this equipment in key mining processes. This award of the contract will provide Austin's WA operations with a solid base workload over the initial three-year period of the contract and for a further two years thereafter if the customer opts to extend the contract".

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Austin Engineering Ltd Half-Year FY 10/11 Financial Results

Outlook (Cont'd)

“Over the course of the next six months or so the group will realise a further expansion of its operations upon completion of the new ‘La Negra’ workshop in Chile, construction of a new workshop in Batam Island to service the Indonesian mining market and also in Colombia to meet the requirements of the growing coal market in that region. These expansion initiatives, together with ongoing plans for a further expansion into Calama in Northern Chile and also into Brazil will position the group for growth in FY 12 and beyond”.

“In the meantime, it is expected that overall business conditions will remain very good for the Austin group with a bias of earnings towards the second half of the financial year, as experienced in previous years” he said.

End

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

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.