austinengineering LTD
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Strong Business Conditions and Growth Initiatives Drive Higher Interim Result

Financial Highlights

	HY 11/12	HY 10/11	Change
	$m	**$m**	**%**
Revenue	**125.34**	**91.08**	**+38%**
EBITDA	**19.88**	**16.97**	**+17%**
PBT	**16.14**	**14.89**	**+8%**
NPAT	**11.68**	**10.69**	**+9%**
Net assets	**109.28**	**95.81**	**+14%**

Basic earnings per share	**16.23cps**	**15.13cps**	**+7%**
Interim dividend per share	**3.5cps**	**3.0cps**	**+17%**

Brisbane, 21 February 2012: Austin Engineering Limited (ASX trading code: **ANG**) is today pleased to announce another robust interim result, with net profit after tax ('NPAT') of $11.7m for the half-year to 31 December 2011, up from $10.7m in the prior corresponding period.

Business conditions in the mining services sector remained very positive during the first half of the current financial year. The 38% increase in group revenue to $125m reflects increased demand for the group's products and services as well as a full six months of contribution from acquisitions completed later in the first half of the previous financial year.

After a slow start to the financial year for the group's largest operations in Western Australia and North America, there was a rapid increase in activity over the second quarter, leading to substantial increases in revenue and profit. The business units on the eastern seaboard of Australia experienced more consistent workload levels over the period.

The new 'La Negra' workshop in Chile was commissioned in July 2011 and there was a marked increase in workload levels in the lead-up to the half-year after the award of a significant contract in November 2011. The new workshop on Batam Island in Indonesia was completed in October 2011 and the business unit generated a positive operating result well ahead of expectations.

Earnings before interest tax, depreciation and amortisation ('EBITDA') increased by 17% to $19.9m, reflecting the increased level of revenue in the period. Overall EBITDA margins were lower than normal for the first few months of the year for some of the larger operations due to lower workload levels but improved as the half-year progressed. Margins in the first half also included the effect of a negative contribution from the Hunter Valley business unit, which did not perform as well as anticipated. The relative strength of the Australian dollar during the period also impacted the translated earnings of the group's North and South American operations.

The group concluded the half-year with net assets of $109.3m, up 14% on the previous corresponding period and by 5% since the end of June 2011. Available cash resources of $23.5m remained solid and assisted with achieving a net gearing ratio of 25% (29% including bank guarantee commitments) at the end of the half-year, which was well within bank covenant requirements.

The Board has declared a fully-franked interim dividend of 3.5c per share, an increase of 17% over the previous year's interim dividend. The record date for determining entitlement to the final dividend is 24 February 2012 with payment being made on 23 March 2012.

Commenting on the result, Austin's Managing Director Michael Buckland said "Austin continued to benefit from improvements in market conditions in the mining services sector as demand for major commodities strengthened. Underlying operating performance across all business units, with one exception, was satisfactory and there was a notable increase in revenue volumes and profitability as the half-year progressed".

"As in previous periods, there were a number of operational challenges but Austin's business model, extensive range of products and services and industry reputation meant it was well-positioned to take advantage of on-going favourable market conditions across its international operations".

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"The benefit of expansion initiatives in South America will become more apparent during the course of the second-half of the current financial year as the Chilean operation progress through its order book and the new Calama business, which was acquired in the early part of January 2012, grows its presence in northern Chile".

"In addition, the establishment of operations in Peru through the acquisition of an existing business in the region is actively underway. Negotiations in respect of this are well-advanced and are anticipated to be complete by the end of February 2012. The new Colombian workshop is currently scheduled to be completed in March 2012 and initial orders for the supply of equipment to customers in the region have already been received, with more orders expected in the near future."

"The initial success in establishing the new operation on Batam Island has led to the first stage of an expansion of the facilities getting underway and the second stage is expected to be approved over the next few months."

"The build-up of operations in South America and Indonesia is now gaining traction and we expect to see significant increases in revenue and profit from these regions over the course of the next two years" he said.

Outlook:

Mr Buckland reiterated the target performance for the current financial year given at the company's Annual General Meeting in November 2011. "Following the announcement of an EBITA target of $40m-$45m for the current financial year at the AGM in November 2011, the company has decided that a more appropriate measure of performance is EBITDA. Accordingly, the company now provides an EBITDA target of $45m-$50m for FY 11/12, up 26%-40% on the previous year".

"Business conditions will remain very strong for Austin this financial year, with a bias of earnings heavily weighted towards the second half of the year, more so than in previous years. These favourable conditions are also expected to last throughout the 2012 calendar year and beyond, as evidenced by the recent award of further orders" he said.

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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, Indonesia 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 American mining markets and is an industry-leading designer and manufacturer of specialised lightweight dump truck bodies. The Chile and Indonesian operations manufacture dump truck bodies and other mining products for the South American and Indonesian markets. 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.