

Further Strategic Expansion in Northern Chile **Acquisition of the Business of Servigrut**

Brisbane, 7 October 2013: The Directors of Austin Engineering Limited (ASX trading code: **ANG**) are pleased to announce the further expansion of operations in northern Chile through the acquisition of the business of Servigrut.

Servigrut, which was established in 1986, is based in Antofagasta close to Austin's existing operations. Over the years it has grown to become a significant and successful supplier of heavy equipment lifting, transportation and site services to the mining and industrial markets in Chile. Servigrut's services are complementary to those provided by Austin's similar business in Calama and the acquisition will enable Austin to become the major provider of such services throughout the region.

Highlights of the acquisition include:

- Total consideration of USD 21 million payable in cash;
- 50% paid upfront from existing bank facilities with the balance scheduled for payment in January 2014;
- Total assets acquired of approximately USD 22.5m, consisting of USD 3.1m of property and USD 19.4m of plant and equipment;
- Transfer of approximately USD 7.8m of equipment-related finance lease commitments;
- High-margin business with forecast EBITDA of approximately USD 4.3m (at current exchange rates) for the 9 months to July 2014;
- Underlying business (excluding properties) purchased on an annualised EBIT multiple of 5.8;
- Acquisition of the business effective as of 1 October 2013;
- Dedicated mining and industrial customer base;
- Enables Austin to offer additional services for maintenance and equipment repair contracts and;
- Delivers significant synergies and costs savings within the Austin group.

Commenting on the acquisition Managing Director Michael Buckland said "South America will continue to be a growth area for Austin as activity in some other markets moderates in the meantime. This acquisition further positions the company as becoming the major provider of services throughout the Chilean mining and industrial markets. It allows Austin to gain a dominant position in the region for the supply of equipment lifting and site-related services".

"Servigrut competes directly with our existing Calama-based business (which is Austin's highest margin business) and we expect the combined operation to generate very satisfactory margins in recognition of the specialised nature of operations. The addition of Servigrut will also allow Austin to offer enhanced services to a wide range of customers. Significant synergies will also be generated, particularly in relation to the transportation of our existing mining products to sites. The company spends almost USD 1m per annum on transporting our products across Chile and this will now be able to be done internally using Servigrut's equipment at a significantly reduced cost".

"We are also able to offer site-based customers combined equipment and labour service services for longer-term contracts. Following on from the award of the multi-year contracts announced in August 2013, we expect to be able to announce further contracts in the near future due to the enhanced abilities of the company flowing from the acquisition of Servigrut".

"The majority of Servigrut's earnings will be recognised in the second half of FY 13/14, continuing the company's current theme of a heavy bias of earnings weighted towards the second half of the financial year" 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 operations located in Chile, Peru, Colombia and Indonesia manufacture dump truck bodies and other mining products for their respective 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. For more information visit www.austineng.com.au.