austinengineering LTD
ABN 60 078 480 136

Chairman's Address to Shareholders at 2013 AGM

Brisbane, 22 November 2013: Austin Engineering Limited (ASX trading code: **ANG**) is pleased to announce the Chairman's address to shareholders as presented at the Company's 2013 Annual General Meeting held today.

Austin Engineering Ltd Chairman's Address

"I now have pleasure in delivering the Chairman's address. As indicated in the Annual Report, the financial year ended 30th June 2013 was a challenging period for Austin Engineering, with a good first half and a second half marked by more subdued business conditions. Overall the results for the full year showed EBITDA of $51.1m, up 2%, and net profit after tax of $28.4m, down 4%, achieved on constant revenues of $290m.

Due to this slowdown in the second half the Directors decided to keep the final dividend payment at the same level as last year, although we had raised the interim dividend by 29%. The total fully-franked dividend for the year paid to you, our shareholders, was up 7% over the prior year, representing a payout ratio of 39%.

Our diversification strategy into South America started to bear fruit, with year-on-year EBITDA growth for the Americas operations of 18%, which contrasted with the Australian operations growth of 3%.

In August 2013 the Company was pleased to announce the award of two strategic contracts for our Calama business unit in Northern Chile. This was followed up in October with the announcement of the acquisition of the business of Servigrut, our competitor in Northern Chile. This acquisition will enable Austin Engineering to become the major provider of mining services throughout that region. After more than twelve months negotiations, we believe we are very close to finalising a very significant three-year supply agreement with Vale of Brazil, the world's largest iron ore miner. The Managing Director will comment more about this in his address.

At last years Annual General Meeting the Company was given approval to make a potential placement of 8 million shares in addition to the 10.8 million shares that could be issued without the need for shareholder approval. This would have had the effect of expanding the Company's share capital by 20.7%. Neither of these placements proceeded.

Our recent acquisitions and capital expenditure have been funded by internal cash resources and debt and this has had the effect of taking our gearing ratio to 31% as at 30th June 2013. While this level is conservative and comfortably within our bank covenant requirements, we have since then purchased Servigrut for USD 21m, are in the planning stage of a new manufacturing facility in Peru and may need to purchase workshops in Brazil in association with the upcoming Vale agreement if we are successful. In addition we wish to be prepared should additional opportunities arise. This is why we are implementing a new three-bank syndicate arrangement that will provide additional banking facilities. We may also give consideration to further capital management arrangements to fund future growth.

In terms of the current financial year, the challenges of the last six months of the last financial year have continued, with Australian miners deferring expenditure on replacement products and repair and maintenance. On current indications your Directors are anticipating decreased contributions by the Australian operations, offset by growth in South America. It is anticipated that performance in the first half will be considerably below the first half of last year, with a stronger second half. This is based on current orders on hand, the new South American contracts and the earnings from Servigrut.

In closing my address I would like to thank our Managing Director Mr Michael Buckland, his management and staff for their efforts in a challenging year and also to acknowledge the valuable support of you, our shareholders. I would also like to pay tribute to Colin Anderson, our Chief Financial Officer and Company Secretary, who will be leaving the Company. Colin has indicated that he wishes to broaden his horizons away from finance. He will remain involved with the Company on a consulting basis in the commercial area. We wish him well for the future and his replacement will commence in January.

I will now invite Michael to make his Managing Directors presentation. He will take you through the operational areas of the Company and highlight our expansion plans going forward."

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, 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 and Canadian mining markets and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies. The operations located in Chile, Peru and Colombia manufacture, repair and maintain dump truck bodies and other mining products for their respective markets and, in Chile, also provide specialised heavy equipment lifting and transportation services for mining and industrial markets. The Indonesian production facility on Batam Island serves the equipment and service needs of mining and oil and gas-related customers in Indonesia and Asia. The Middle East operation principally services the aluminium smelter industries in the region. Austin also own rights to innovative and automated welding processes and these have been introduced into operations in order to improve production efficiencies. For more information visit www.austineng.com.au.