Capital Raising Presentation

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austinengineering LTD

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Acceptance: By attending an investor presentation or briefing, or otherwise accepting, assessing or reviewing this document you acknowledge and agree to the above.

Overview

» The Company is undertaking a capital raising of $35 million at an offer price of between A$3.00 and A$3.20 per share to existing and new shareholders via a placement and share purchase plan (together the "Capital Raising")

» Austin is undertaking the Capital Raising to:

- Finance the residual 50% purchase payment for the Servigrut acquisition;

- New manufacturing facility in Peru; and

- Potential acquisitions in Brazil

» Significant contract expected to be awarded in Brazil shortly for the supply of mining products

» The Company is expecting FY14 EBITDA to between A$40 to A$50 million with 80% of the full year result being achieved in the second half of FY14

Earnings Guidance

» The Company is expecting FY14 EBITDA to between A$40 to A$50 million with 80% of the full year result being achieved in the second half of FY14

» FY14 second half earnings significantly up on first half due to:

- existing and expected orders

- full six months from the Servigrut acquisition and new contracts recently announced in Chile

- anticipated contribution from Brazil

» Recent award of key contracts in Chile

- Codelco: Five year heavy equipment lifting and support services. Base value of $14.5 million with additional 'spot' services estimated at between $2.5 million and $4.0 million

- Codelco: Four year contract for maintenance and repair of dump truck bodies, buckets and ancillary mobile equipment. Base value of $5.0 million in first 3 years and $2.3 million in fourth year

- Codelco: Three year repair and maintenance contract

Brazil Contract

» Significant contract expected to be awarded in Brazil shortly for the supply of mining products

- Previous contract was worth $200m over three years
- Contract will be split but Austin is expected to receive the majority of works
- Contract does not include all of Austin's products , opportunities for increased revenue and maintenance contracts in Brazil
- Significant opportunities from other clients in Brazil
- Purchase of 2 businesses in Belo Horizonte and Belem will further increase revenue

Indicative Proposal from Bradken Limited

- Austin has received an unsolicited confidential indicative, non binding and highly conditional proposal from Bradken Limited (“Bradken”), an existing 21.5% shareholder, for all of the shares in the Company which it does not own for Bradken shares at a fixed exchange ratio of 0.75 Bradken shares for every one Austin share (“Proposal”)

- Based on Bradken’s last closing price of A$5.50 per share values Austin at A$4.13 per share

  - The Proposal represents a 31.8% premium to Austin’s last closing price of A$3.13 per share

  - The Proposal represents a 32.9% premium to Austin’s 5 day VWAP of A$3.105

- The Austin Board’s initial view is that there is potentially benefit in combining the companies but the Proposal undervalues Austin

- The Austin Board has indicated a willingness to engage in discussions with Bradken in relation to its proposal

- Shareholders should note that there is no certainty that these explanatory discussions will progress to any further meaningful discussions or due diligence or that any agreement or transaction will eventuate from the current or any future discussions or due diligence enquiries

Capital Raising: Key Details

Offer Size and Structure	Capital raising of up to approximately $35.0 million to existing and new shareholders consisting of: • A$30 million placement to institutional and sophisticated investors (“Placement”); and • A$5 million share purchase plan to eligible shareholders (“SPP”)
Bookbuild Price Range	• A$3.00 – A$3.20 per fully paid ordinary share • 4.2% discount – 2.2% premium to last closing price of $3.13 per share[2] • 3.4% discount – 3.1% premium to 5 day VWAP
Timetable	**Placement** • Placement component will settle Monday 30 December 2013 • New Shares will commence trading Tuesday 31 December 2013 **Share Purchase Plan** • SPP record date is Monday 16 December 2013 • SPP is intended to commence in January 2014
Participation	• Austin Directors intend to take their full entitlement under the SPP
Joint Lead Managers	• Argonaut Securities Pty Ltd and Bell Potter Securities Limited are acting as Joint Lead Managers to the Capital Raising

[1]All dates are 2013 and times refer to Sydney time. Dates and times are indicative only and are subject to change
[2] Calculated with reference to Austin’s last closing price of $3.13 on Tuesday 17 December 2013

Capital Raising: Indicative Timetable

Key Dates – Institutional Placement and SPP	
Company lodges trading halt	After market Tuesday 17 December, 2013
ASX Announcement	Friday 20 December, 2013
Austin shares re-commence trading	Friday 20 December, 2013
Institutional Placement DvP Settlement	Monday 30 December, 2013
New Institutional Placement shares commence trading	Tuesday 31 December. 2013
Record date for determining entitlement to participate in SPP	Monday 16 December, 2013
Company intends to conduct SPP	January 2014

Note: All dates are indicative and are subject to change. Any material changes will be announced to the ASX

Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") in Austin in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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Foreign Selling Restrictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of Austin with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of Austin ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

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This document has been given to you on the basis that you are (i) an existing holder of Austin shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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Norway

If You (or any person for whom You are acquiring the Securities) are in Norway, You (and any such person) are a "professional investor" as defined in Norwegian Securities Regulation of 29 June 2007 no. 876.

Key Risks

There are a number of factors, both specific to Austin and of a general nature, which may affect the future operating and financial performance of Austin, its investment returns and the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of Austin. This section describes certain specific areas that are believed to be the major risks associated with an investment in Austin. Each of the risks described below could, if they eventuate, have a material adverse effect on Austin's operating and financial performance. You should note that the risks in this section are not exhaustive of the risks faced by a potential investor in Austin. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before making an investment decision.

Operational risks: Austin derives the majority (approximately 70%) of its revenue from the sale of products manufactured primarily at its facilities in Australia , Indonesia and South America. Austin's ability to generate profits is reliant on its ability to maintain sufficient operating capacity and production output at these facilities.. Austin's reliance on its manufacturing and service facilities means that Austin could be significantly and adversely affected by a major operational failure at a facility, or any circumstance that reduces a facility's operational and production capacity, which could also lead to negative impacts on the Company's other operations. The manufacturing processes at Austin’s facilities are dependent on equipment and such equipment may incur downtime as a result of planned outages, unanticipated plant outages or equipment failures or other events, such as fires, loss of external energy supply or other required manufacturing inputs and services or industrial action. Production could also be adversely impacted by transportation or raw material disruptions, poor quality of raw materials, adverse weather conditions and interruptions in the supply of essential services.

Downturn in the mining industry: Austin derives most of its revenue from the provision of products and services to the resources industry and in relation mining activities. Accordingly, Austin’s revenues and earnings are significantly dependent on the level of exploration, development and production activity in those industries. Any significant or extended decline in the level of that activity may adversely impact Austin’s operating and financial performance. Any significant or extended decline in mineral or metal prices may reduce the level of exploration, development and production activities and thereby may adversely impact Austin’s operating and financial performance. The level of activity in the resources industry can be cyclical and sensitive to a number of factors beyond the control of Austin and may be adversely affected by continuing concerns about global economic growth and turmoil in global credit markets.

Reliance on key customer relationships and cancellation or deferral of customer orders and contracts: Austin has established and will continue to establish important customer relationships. The loss of one or more key customers is likely to adversely affect the operating results of Austin. Deterioration in key customer relationships can result in a loss of market share, while the early termination or deferral of customer contracts can result in less than the full value of contracts being realised or revenue from those contracts being deferred to later financial periods. If a key customer terminates the relationship, defers or defaults on its contracts or orders or fails to renew its contracts or orders with Austin, including as a result of financial difficulty or insolvency encountered by a key customer, this may have a material adverse effect on Austin’s revenues and profitability.

Share price risk: There are general risks associated with an investment in the share market. As such, the value of New Shares may rise above or fall below the Offer Price, depending on the financial position and operating performance of Austin. Further, broader market factors affecting the price of Austin shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of Austin. Such factors may include the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, national and international political and economic instability or the instability of national and international financial markets, interest and inflation rates and foreign exchange rates. Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including ASX. Continued volatility in global markets could negatively impact the value of Austin shares.

Competition risk: Austin’s products and services compete with products and services provided by competitors and may compete with services and products that may be used as substitutes for Austin’s products and services that are introduced by competitors in future. Improvements in the technology, production, pricing or acceptance of these competitive products and services relative to Austin’s products and services could result in a significant loss of Austin’s market shares or margins and hence reduce Austin's cash flow and profitability.

Foreign exchange: A number of Austin’s contracts are or may be expressed in terms of foreign currency. To the extent that such exposures are not hedged, fluctuations in the exchange rate between the contract currency and the Australian dollar may adversely affect Austin’s revenue in Australian dollar terms. In particular, Austin operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Chilean Peso, Indonesian Rupiah, Colombian Peso and Peruvian Nuevo Soles as a result of its operations in the Americas and Indonesia. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity’s functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Australian dollar is the functional currency for a large part of the group’s entities and business activities.

Key Risks

Strategy: Austin is pursuing a number of strategies to grow revenues and reduce costs, which include seeking further opportunities under the Vale Contract and other opportunities in Brazil and South America generally to increase the diversification of its earnings. Whilst Austin is targeting future growth, there is a risk that these strategies will not be successful or may incur higher than anticipated costs.

Litigation, claims and liabilities: In the course of its operations, Austin may be involved in disputes and possible litigation and incur liabilities. There is a risk that any material or costly dispute or litigation could adversely affect the value of the assets or future financial performance of Austin.

Regulatory issues and government regulation: Austin's operations, and the operations of the industries in which its customers operate, are subject to laws, regulatory restrictions and certain government directives, recommendations and guidelines relating to, amongst other things, occupational safety, the use and handling of hazardous materials, prevention of illness and injury and environmental protection. Future legislation may impose further regulation, which could impact adversely on the assets, operations and, ultimately, the operating and financial performance of Austin. Products derived from Austin's research and development may be subject to numerous government regulatory approvals and controls throughout the world. Apart from those territories where regulatory approval has been granted, these will affect both the timing and the cost of bringing Austin's products to the market. Delays or failures in obtaining regulatory approval for a product may have an adverse effect on the operational and financial performance of Austin.

Cost and availability of key inputs: The cost and availability of key inputs such as skilled labour and critical raw materials will influence Austin's production capacity and profitability. In the event that the cost of such inputs increases, the profitability of Austin may be adversely affected. Further, in the event that there is a shortage of these inputs, the output capability of Austin, and the financial performance of Austin, may be adversely affected.

Product liability and insurance: Austin's business exposes it to potential product liability risks that are inherent in the research and development, manufacturing, marketing and use of its products. It will be necessary for Austin to secure sufficient levels of insurance to cover various product liability risks in the course of maintaining its business. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of Austin.

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