

austinengineering_{LTD}

ANNUAL GENERAL MEETING 2010

BRISBANE, 26 NOVEMBER 2010



agenda

- » Chairman's address
- » Managing Director's address
- » AGM formalities
- » Close and opportunity to meet over refreshments

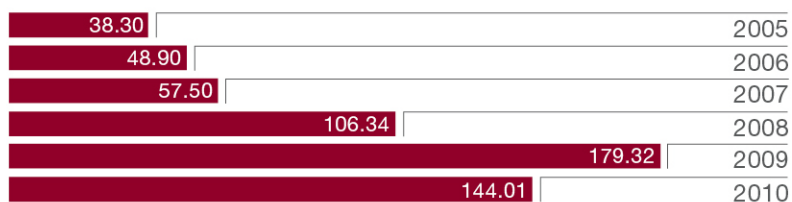


2010 achievements

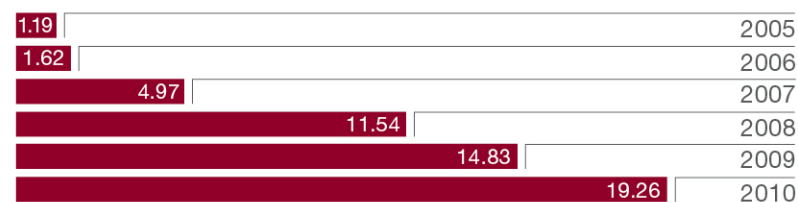
- » Record full year EBIT result of \$26.5m, and NPAT of \$19.3m, up 23% and 30% respectively
- » Full year dividend lifted to 9.5cps, up 19%
- » Improved efficiencies in Australian business units
- » Expansion into key South American mining market commenced in August 2009 with the acquisition of the Conymet steel dump truck business in Chile
- » Further expansion in South America with the establishment of joint venture operations with Delp Engenharia in Brasil
- » Commencement of on-site repair and maintenance activities in Western Australia - achieved in early July 2010 with the acquisition of Pilbara Hire Group
- » Acquisition target in Hunter Valley mining region identified - expansion subsequently completed in November 2010 with acquisition of Phillips Engineering
- » Development commenced on new above and below-ground dump truck body designs - first prototypes now being trialled by customers

financial results - snapshot FY05-FY10

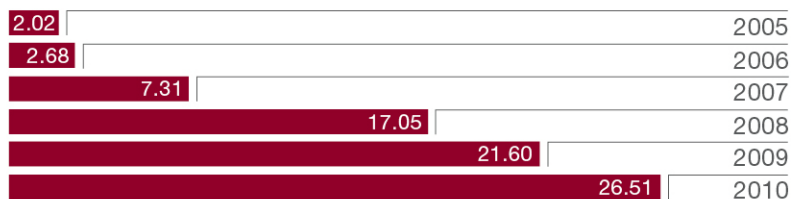
Revenue \$000m



Net Profit After Tax \$000m

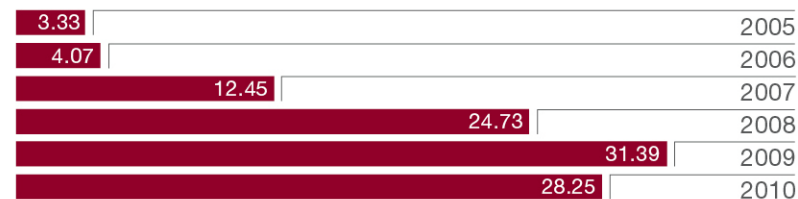


EBIT* \$000m

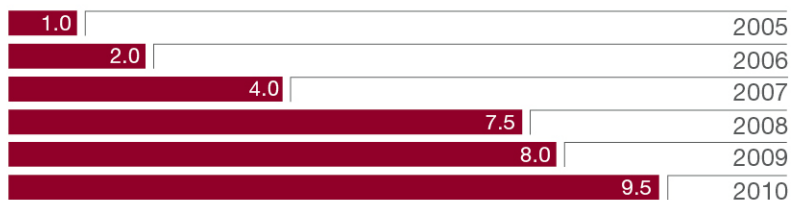


*Excludes gain on sale of properties in FY06

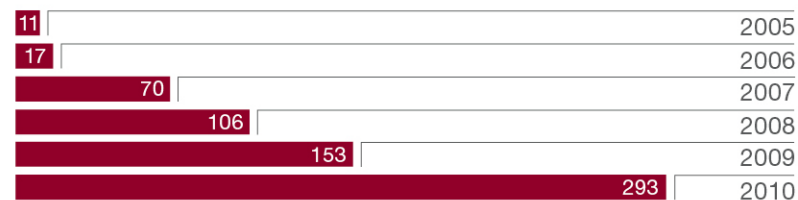
Earnings per share \$000m



Dividend per share



Market Capitalisation* \$000m



*2010 based on the company's share price at 24 November 2010

financial results - FY10

- » Overall revenue levels for the year down due to the after-effects of the GFC in the first half of the year
- » Higher capacity utilisation and the manufacture of larger series of dump truck bodies lifted underlying profitability for Australian operations
- » Results include 11 months of contribution from the group's new Chile operations, which had very good activity levels and returned operating margins at, or above, expectations
- » Solid profit margins generated by the group's joint venture operations in the Middle East following the successful completion of two key projects in the first half
- » Market conditions in North America remained subdued throughout the year, but operating margins were maintained at good levels
- » NPAT benefitted from lower than average income tax rates in Chile and the Middle East

	FY 10 \$m	FY 09 \$m	Change
Revenue	144.01	179.32	-20%
EBITDA	29.04	23.84	+22%
EBIT	26.52	21.61	+23%
PBT	26.47	20.87	+27%
NPAT	19.26	14.83	+30%
Basic Earnings per Share (cents)	28.25*	31.39	-10%
Final Dividend per Share (cents)	7.5	6.5	+15%
EBITDA/Revenue	20.2%	13.3%	
EBIT/Revenue	18.4%	12.1%	
NPAT/Revenue	13.4%	8.3%	

* FY10 earnings per share include the effect of shares issued upon completion of the \$31m capital raising completed in July 2009 to fund the expansion into South America

balance sheet - FY10

- » Strong balance sheet, reflecting \$31m capital raising to fund the group's expansion into South America and \$13.7m of operating cash flow in the year
- » Increase in working capital due to more projects being undertaken on a payment-after delivery basis, but still very manageable
- » Cash balances remained strong, rising by 42% to \$21.1m over the year after accommodating \$5.8m of capital expenditure
- » Capital expenditure in the year included \$2.0m for the purchase of land in 'La Negra' near Antofagasta in northern Chile
- » Reduced debt levels, mainly due to stronger AUD reducing the value of the USD 19m Westech acquisition loan
- » Key bank facilities extended to February 2012
- » Strong balance sheet can accommodate further growth and expansion

	Jun 10 \$m	Jun 09 \$m	Change
Working capital	13.86	8.37	+66%
Property, plant and equipment	30.24	26.70	+13%
Intangible assets	41.50	17.71	+134%
Total assets*	139.57	95.15*	+47%
Total liabilities	52.91	53.40	-1%
Net assets*	86.66	41.75*	107%
Cash*	21.13	14.87*	+42%
Debt	23.26	26.95	-14%
Net Debt*	2.13	12.08*	-82%
Net Gearing % (net debt/net debt plus equity)*	2.4%	22.4%*	
EBIT interest cover	49.9	21.2	
NTA per share (\$)	0.65	0.63	

* June 09 excludes \$10.2m of funds from tranche 1 of the \$31m capital raising completed in July 2009 to fund the expansion into South America

business update - australia

Queensland

Brisbane:

- » Excellent work-loading for the first half of FY11 although quieter than the second half of FY10
- » Maintaining improved levels of productivity and operating margins
- » Second half FY11 workload continuing to grow and a very good level of customer enquiries
- » New product ranges being introduced

Mackay:

- » Good work-loading over the first half of FY11
- » Improved performance over the first half of FY11 with EBIT up over pcp
- » Operating margins improving
- » Rationalisation of equipment and floorspace at Austbore operation in order to improve deliveries, range of services and operating margins

New South Wales

Hunter Valley:

- » Phillips Engineering business acquired at the beginning of November 2010
- » Utilise the location to improve sales of new manufactured “flat-packed” equipment ex-Brisbane
- » Grow workshop and site-based businesses
- » Introduce Austin’s full product range
- » Established long-term service agreements with key customers already in place

business update - australia

Western Australia

Perth:

- » First half FY11 performance below pcg due to issues with steel and deliveries
- » Strong second half FY11 expected
- » Signing of 3-year contract (plus 2 year extension) with major miner in January 2011 for the supply of 40-60 dump truck trays per year
- » Full-year FY11 workload achieved upon confirmation of the foregoing contract
- » Introduction of new, innovative designs and products already underway
- » Trials of the above have already commenced and upon successful completion, new markets and customers are expected

Pilbara Hire:

- » Excellent forward workload and order prospects with long-term contracts in place
- » Solid operating margins and financial performance
- » Further expansion of the business into new locations and clients now underway
- » Expected to operate above budget for FY11

business update - americas

North America - Westech, Wyoming:

- » First half FY11 above budget but overall activity levels still below longer-term averages
- » Improved production efficiencies now being realised
- » No real signs of a sustained increase in market activity
- » Increase product range outside of dump truck trays
- » Acquire shop/site-based maintenance business to improve services to customers
- » Introduction of new and improved products and designs already underway and being trialled by customers

South America - Austin Ingenieros Chile:

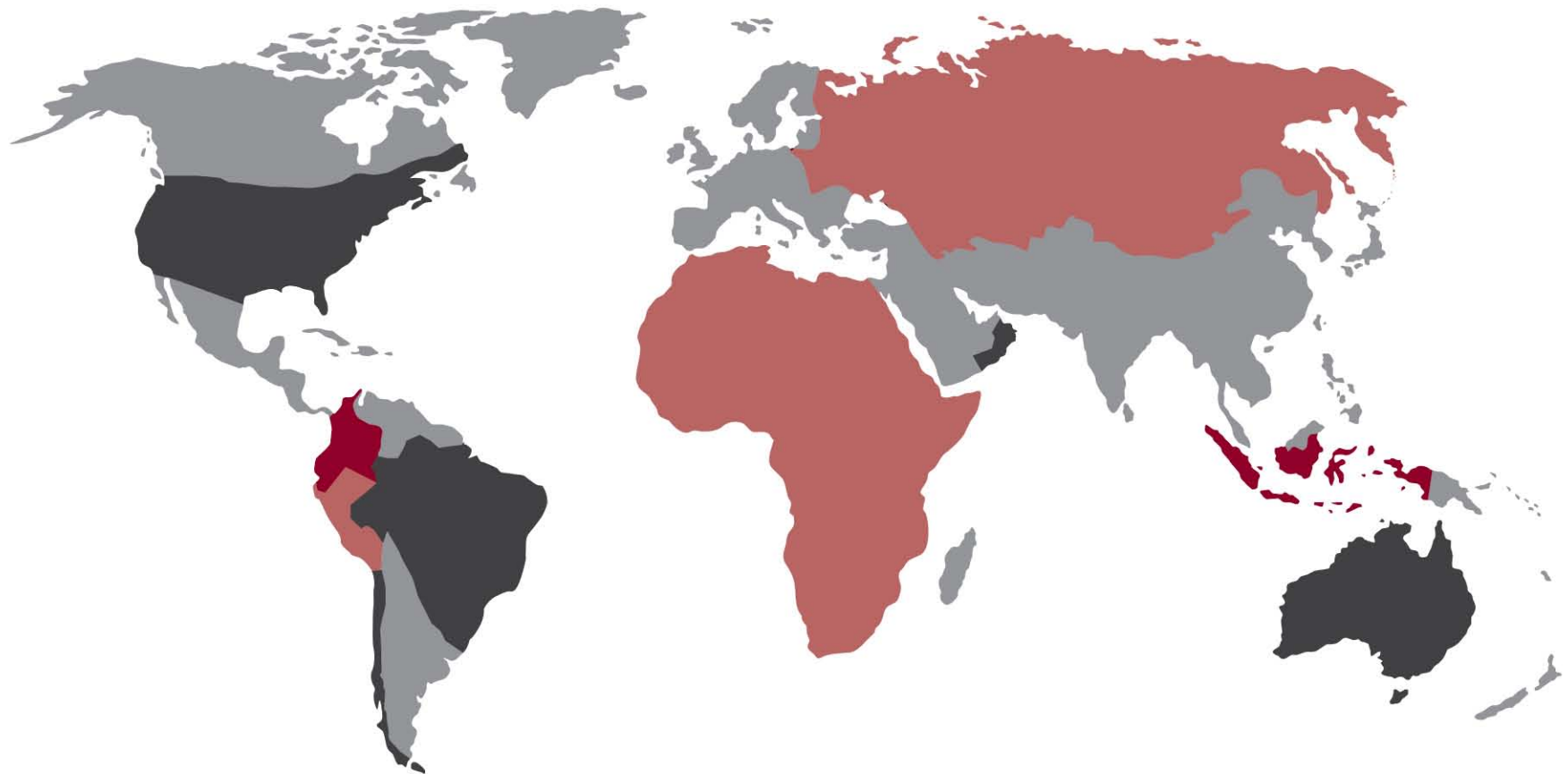
- » Order intake and forward prospects very strong in FY11
- » Delay in completion of new facility is presenting capacity challenges in the near-term
- » Solid gross margin levels but overall financial performance for the first half of FY11 behind budget due to the foregoing capacity issues and issues with supply of steel
- » Completion of the new facility will remove capacity constraints and will lead to increased EBIT performance with introduction of the full range of JEC products
- » Construction of new repair and maintenance facility in Calama awaiting government approval, now expected to be granted by February 2011

business update - middle east

Oman - Masco joint venture, Sohar:

- » Underlying four-year (to 2012) maintenance contract performing at good levels
- » Excellent operating margins
- » New tender for the next major aluminium smelter project - Emal Stage 2 - expected to be received in December 2010 (Masco was involved in stage 1)
- » Plans to increase market presence in the United Arab Emirates underway
- » EBIT in volume terms below pcg due to completion of major projects in FY10

expansion plans - 2010 to 2012



Current operation 2010



Committed future expansion 2010 - 2011



Potential future expansion 2011 - 2012

expansion plans - 2010 to 2011

Chile:

La Negra:

- » Completion in May 2011 will allow production of Austin's JEC range including water tanks, buckets and tyre handlers

Calama:

- » Calama is situated amongst the majority of mines in Chile
- » Establishment of operations in the area will allow Austin to target the market for repairs and on-site service work
- » Waiting on approval of workshop construction plans by local government
- » Facility expected to be completed in first quarter of 2011/12 financial year

Colombia:

- » Most mining equipment products are currently imported into the country
- » Establishment of operations in the region will enable Austin to introduce its full product range to a growing resources market
- » Completion of a new purpose-built workshop facility in Barranquilla expected in July 2011
- » Setup of a complementary service division to service and maintain products will be considered when manufacturing operations are established

Brasil:

- » First orders expected in January/February 2011
- » Commencement of manufacturing later than expected but confident that the joint venture with Delp will go from strength-to-strength
- » Strong market conditions expected to continue with market needs being met by the gradual introduction of the full Austin product range

expansion plans - 2010 to 2011

Indonesia - Batam Island:

- » First orders already received for the manufacture of dump truck trays for a key customer in the region, deliveries scheduled for December 2010 - January 2011 (Austin has leased a small area in Batam)
- » Setup of companies and legalities nearing completion
- » Design, development and signing of construction contract for new workshop almost complete
- » Completion of new workshop facility and commencement of operations scheduled for July 2011
- » Research has confirmed that our product range will be well-received in the region
- » Strong resources-based economic conditions expected to continue in the region

expansion plans - 2011 to 2012

Peru:

- » Peru follows Chile and Brasil in terms of mining activity and output
- » Peru, like Colombia, is experiencing a major expansion in its mining and resources industry sector
- » The country is the next logical South American expansion target for Austin
- » The area around Arequipa will be the likely base for the setup of operations
- » Operations will concentrate on the provision of repair and maintenance facilities and the assembly of “flat-packs” (new products) from Austin’s new La Negra facility in Chile

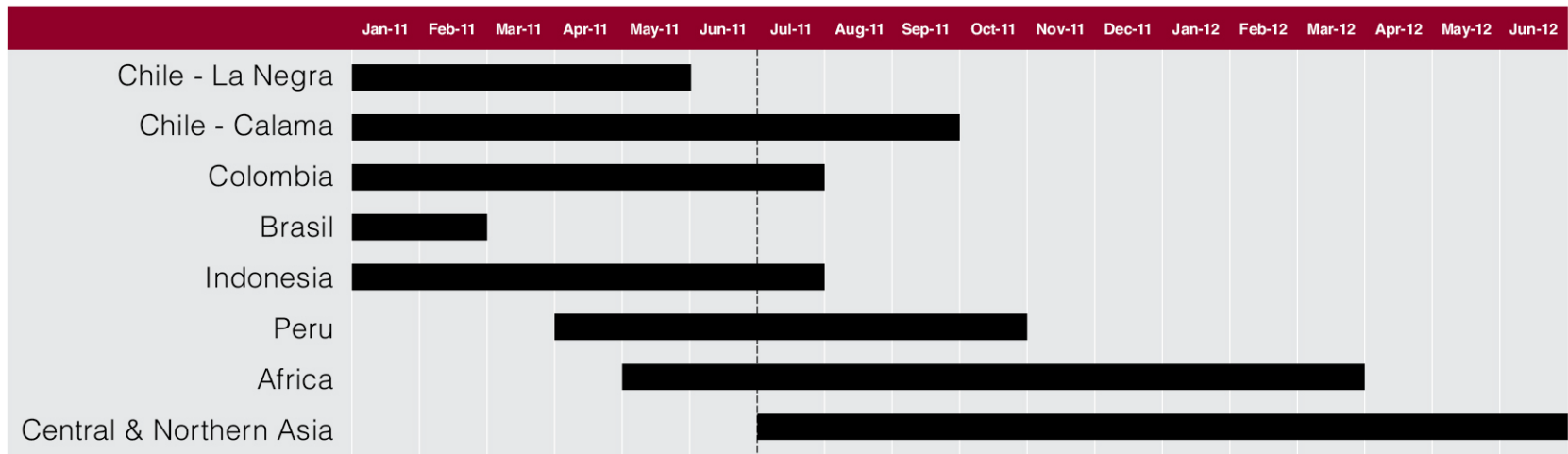
Africa:

- » The mining and resources industry is showing clear signs of a resurgence
- » A number of countries have achieved political stability and are realising the economic benefits of mining their natural resources
- » Austin sees Africa as being a multi-facility country, like Australia and South America
- » Research will be completed on suitable locations as well as the practicalities of establishing operations

Central and Northern Asia:

- » Countries around central and northern Asia are also increasing exploration and expanding their resources industries
- » This opens up potentially significant opportunities for Austin to introduce its product range into this wide region
- » As with Africa, research will be completed on suitable locations as well as the practicalities of establishing operations

expansion plans - summary timelines



Significant growth for Austin expected from the beginning of FY11/12 onwards

summary

- » Continue to establish and grow Austin as the premier supplier of products and the service of those products across the world
- » Further introduction of new and advanced product ranges will open up new markets, revenue and profit streams
- » Diversification into other products used in the mining industry - two opportunities are currently being considered
- » Further acquisitions and expansions, especially overseas, similar to our Australian growth strategy
- » Increased revenue and profit
- » Further increases in dividends paid
- » Financial performance for FY11 year to date above budget
- » FY11 earnings expected to be weighted towards the second half, as with previous years

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