

half-year 2010 presentation

22 FEBRUARY 2011

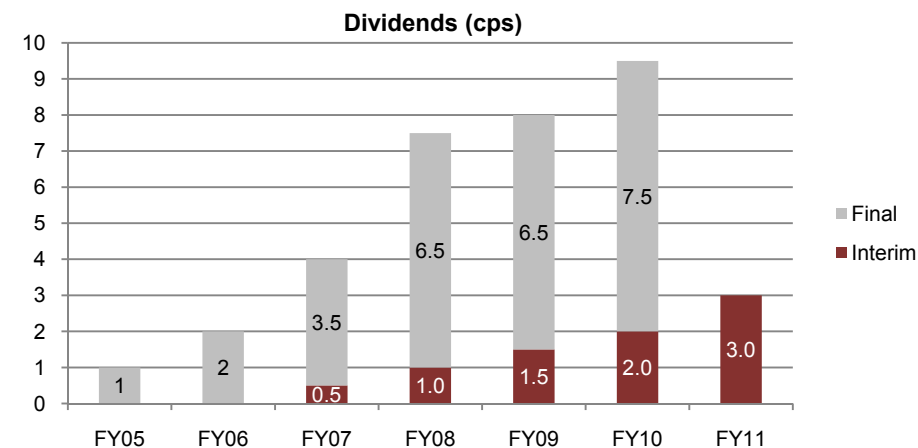
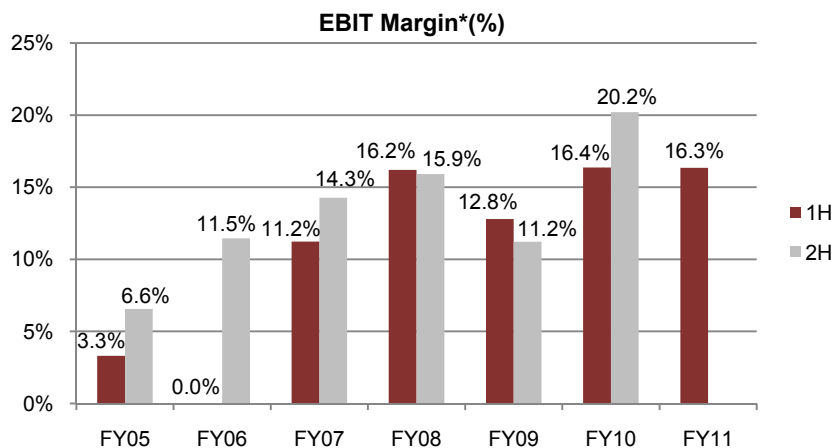
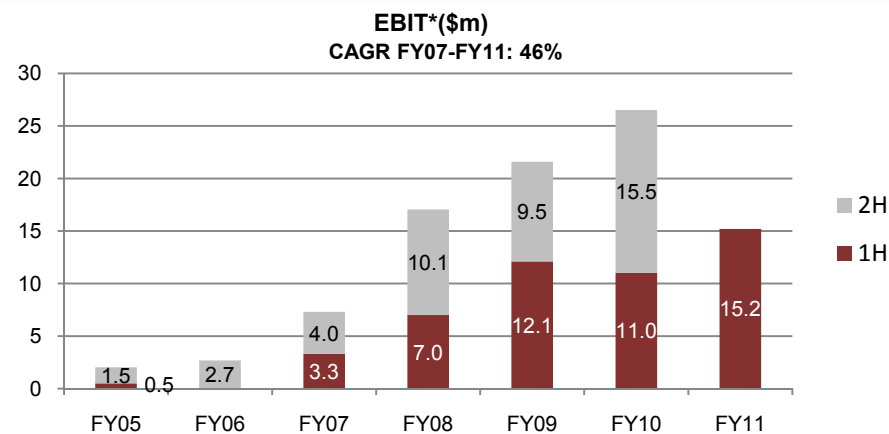
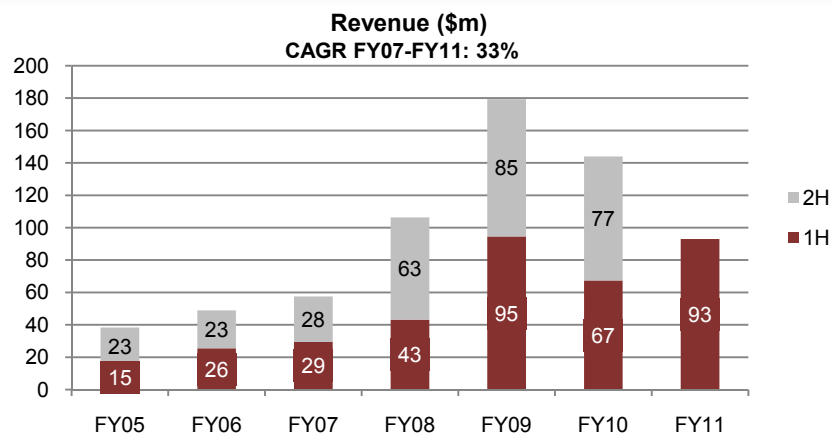


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Overview of First Half FY 10/11

- » Improved business conditions in the first half of FY10/11 compared to the previous corresponding period
- » Higher overall activity levels across the group's operations, with Chile contributing a full six months and new acquisitions adding to existing revenue streams
- » Expanded geographical, product and service revenue bases following the acquisition of Pilbara Hire Group, Phillips Engineering and COR Cooling during the first half of FY 10/11
- » Total revenue of \$93.3m for the first half of FY10/11, up 38% on prior half-year
- » EBIT of \$15.2m for the first half of FY 10/11, up 38% on prior half-year
- » NPAT of \$10.7m for the first half of FY 10/11, up 31% on prior half-year
- » Interim dividend increased to 3.0cps, up 50% from last year's interim dividend of 2.0cps

Revenue, EBIT and Dividend Developments



*Excludes the gain on sale of properties in FY06

Financial Results - First Half FY 10/11

- » Improved business conditions compared to the previous half-year
- » Higher period-on-period activity levels across almost all of the group's operations, notably in Western Australia and North America
- » Middle East JV revenue down on previous half-year due to completion of two major projects in the intervening period
- » Addition of new acquisitions in the first half of FY 10/11 has provided solid revenue contributions, particularly from Pilbara Hire Group following acquisition of it in early July 2010
- » Overall group EBIT margin consistent with previous period
- » Some regional variances in EBIT margins and volumes experienced during the period due to various factors including:
 - » Delays in new orders for Western Australia in the early part of the half-year as well as some steel supply issues over the period
 - » A delay in the completion of the new 'La Negra' workshop in Chile resulting in capacity, throughput and delivery constraints
 - » Strong AUD/USD exchange rate, causing some dilution in earnings for North America's operating result
 - » Expensing of start-up costs for the group's expansion into Indonesia and Colombia
 - » Less relative contribution from Middle East JV operations which operate at above average EBIT margins
- » NPAT continues to benefit from very low interest costs on USD-denominated debt and lower income tax rates in Chile and the Middle East

	HY 10/11 \$m	HY 09/10 \$m	Change
Revenue	93.27	67.66	+38%
EBITDA	16.97	12.36	+37%
EBIT	15.25	11.03	+38%
PBT	14.89	10.86	+37%
NPAT	10.69	8.17	+31%
Basic Earnings per Share (cents)	15.13	12.19	+24%
Interim Dividend per Share (cents)	3.0	2.0	+50%

EBITDA/Revenue	18.2%	18.3%	
EBIT/Revenue	16.3%	16.3%	
NPAT/Revenue	11.5%	12.1%	

Balance Sheet and Cash Flow

- » Balance sheet strength utilised in the period to support business growth plans
- » Increase in working capital levels largely attributable to new acquisitions in the period
- » Period-end cash balances remained strong, after funding of operational capex
- » Acquisitions - Pilbara Hire Group, Phillips Engineering and COR Cooling - largely funded by bank debt during the period
- » Increased gross debt level but net gearing ratio of 24% is well within industry averages and bank covenant requirements
- » Strong AUD/USD exchange rate also continues to have a favourable impact on the value of USD-denominated debt
- » 12-month rolling EBIT cover of 46 times and net debt:EBITDA ratio of 0.89:1
- » Solid operating cash flow in the period with improved customer payment schedules and some advance payments being received for a number of orders in progress
- » Investing cash flows include \$7.2m of capex on new property, plant and equipment, mostly in relation to the new 'La Negra' workshop in Chile

	Dec 10 \$m	Jun 10 \$m	Change
Working capital	16.87	13.86	+22%
Property, plant and equipment	42.53	30.27	+41%
Total assets	184.87	139.71	+32%
Total liabilities	89.06	53.05	+68%
Net assets	95.81	86.59	+11%
Cash	22.79	21.13	+8%
Gross Debt	52.95	23.28	+127%
Net Debt	30.16	2.15	
Net Gearing % (net debt/net debt plus equity)	23.9%	2.4%	

	Dec 10 \$m	Dec 09 \$m	Change
Operating cash flow	11.55	2.53	+456%
Investing cash flow	-40.33	-26.55	+52%
Financing cash flow	30.45	13.42	+127%
Total cash flows	1.67	-10.60	

Business Update - Australia

Queensland:

Brisbane:

- » Solid workload levels during the first half of FY 10/11 although quieter than the second half of FY 09/10 which was a record period of activity for the operation
- » Continuing to service customers based in the Bowen Basin and Hunter Valley coal mining regions with both Westech and OEM-designed bodies
- » Improved levels of operating performance being maintained
- » A number of orders have been received in recent periods which will give the operation a very good level of activity in the second half of FY11
- » Elevated number of tenders and enquiries currently being handled, including some potential international mining product orders

Mackay:

- » Activity levels for the fabrication workshop better than expected following the award of orders for the manufacture of bodies
- » Operating performance also improved due to the relatively continuous nature of the dump truck body manufacture program
- » Good levels of activity in machine shop operations, largely continuing to service customers in the Bowen Basin
- » Rationalisation of equipment and floorspace underway in order to improve service capabilities, throughput and operating performance
- » Recent flooding and rain events in Central Queensland are currently not expected to have a material impact on operations

New South Wales:

Hunter Valley:

- » Phillips Engineering business acquired at the beginning of November 2010
- » Activity and workload levels slightly less than expected over the first two months as the operation ramped-up and integrated with Austin in the post-acquisition period
- » Established long-term service agreements with key mining customers successfully transferred to Austin
- » Marketing of the Austin brand and range of products and services now underway in order to broaden the customer base

Business Update - Australia

Western Australia:

Perth:

- » Overall very good workload levels in the first half although the first two months were quieter than expected due to some delays in the award of new orders
- » Satisfactory operating performance in the period but below longer-term levels, principally due to short-term steel supply issues
- » The first of a series of bodies for a major Indonesian-based customer successfully completed and delivered in the period although at below average margins due to higher manufacture costs in Australia and higher shipping costs
- » Negotiations for a multi-year (3 years plus an option to extend for a further 2 years) contract for the supply of Westech dump truck bodies for a major mining customer are in the advanced stages of completion
- » The successful award of this contract is expected to provide the WA operation with a base workload of up to, and possibly above, 50 bodies per year, depending on cycle times for new and replacement equipment
- » Orders for 35 bodies worth \$13m to be completed over the course of the second half of FY 10/11 have already been received under the contract in advance of signing
- » Development of products a key priority in the period, with the design and manufacture of innovative underground dump truck bodies being completed and trialled very successfully by customers

Pilbara Hire:

- » The acquisition of Pilbara Hire Group in July 2010 was an important and strategic move into the market for specialised repair and maintenance services in Western Australia
- » Solid operating and financial performance experienced over the first six months, with revenue and profit above expectations
- » Excellent prospects for further revenue growth from an expansion of the existing customer base and pursuit of new areas of repair and maintenance services
- » Very buoyant market conditions and workload levels expected throughout the second half of FY 10/11, with operations continuing to perform above expectations

Business Update - Australia

COR Cooling:

Queensland (Mackay) and Western Australia (Perth and Kalgoorlie):

- » Acquisition completed in December 2010
- » Supplier of specialised industrial cooling equipment products, sold as new or reconditioned units to key mining and other industrial customers
- » Introduces new and diversified revenue streams to the Austin group but it also shares common customers with Austin and its products are used on mining equipment such as dump trucks
- » Forecast annual revenue of \$18m-\$20m and EBIT of \$3.0m-\$3.5m
- » Forward workload levels for WA-based operations are expected to be very good throughout the second half of FY 10/11 whilst Queensland operations are expected to experience some short-term reductions as the Central Queensland mine sites recover from flood and rain events
- » Business expansion opportunities in Australia being pursued in the near-term with expansion into Austin's international areas of presence to follow

Business Update - Americas

North America - Westech, Wyoming:

- » Subdued business conditions experienced over the first quarter of FY 10/11 but with an improvement coming through in the second quarter
- » Overall activity levels for the first half up on the prior corresponding period but still below longer-term averages
- » Improved production efficiencies secured as workload levels increased and fixed overhead costs were recovered more effectively
- » Second-half business conditions currently showing signs of a slight overall improvement but more sustained increases in market activity are less evident at this stage
- » Product development also a key focus with improved products and designs underway for release to domestic and international markets

South America - Chile:

- » Full six months of operations included in the first half FY 10/11 result compared to five months last year following acquisition in August 2009
- » Tight steel supplies and a delay in the completion of the new 'La Negra' workshop facility caused capacity and product delivery constraints in the period
- » Underlying project performance consistent with longer-term averages but overall financial performance behind expectations due to the foregoing capacity and product delivery constraints
- » Ongoing order intake and market conditions in the near to mid-term remain strong with high levels of customer enquiries and tendering activity
- » The benefits of the new workshop facility will begin to be realised upon its completion in April 2011, including expanded capacity and throughput, improved production efficiencies and the ability to introduce and manufacture the group's 'JEC' product range in the region

Business Update - Middle East

Oman - Masco joint venture, Sohar:

- » EBIT contribution in volume terms below the previous corresponding period due to the completion of two major projects in the intervening period
- » Operations over the first half of FY 10/11 concentrated on the four-year (to 2012) maintenance contract for the repair of anode stems for a major aluminium smelter customer
- » Very good workload levels experienced during the first half with solid operating margins
- » New tender submitted for stage 2 of the Emal aluminium smelter project - outcome awaited
- » Bid also being submitted for the pre-assembly and installation of equipment for an aluminium smelter in Saudi Arabia

Expansion Plans Update

Chile - Calama:

- » Calama-based repair and maintenance expansion still underway
- » Two options now being considered:
 - » purchase of land and construction of a new facility as previously planned - now delayed due to a change in local government approval processes for the purchase and development of land in the area or;
 - » purchase of an existing business in the area - a potential target has been identified and will be examined shortly

Colombia:

- » Setup of the operating company complete
- » Purchase of 40,000m² block of land to be complete by end of February, with the contract for the construction of workshop facilities to be signed shortly after and target completion of the facility by August /September 2011
- » Support for the establishment of operations in the country confirmed by customers

Indonesia - Batam Island:

- » Setup of the operating company complete
- » Earthworks and piling work has begun for the construction of the new workshop facilities with completion of workshop scheduled for August/September 2011
- » Temporary workshop being leased in the meantime to allow production to start prior to completion of the new facilities
- » Final stage of discussions with a major Indonesian customer for the supply of a substantial number of truck bodies in 2011-2012
- » Indonesian coal market is very active with a number of new multi-year mining contracts being awarded to our prospective Indonesian customers
- » Mongolian market currently being assessed as a possible opportunity for the Indonesian business to supply mining equipment to the region

Brazil:

- » Strategy for commencing operations under a joint venture arrangement is currently being reassessed and the purchase of an existing business in the region is now being considered

Outlook

- » Business conditions across the mining services sector are expected to remain positive for the remainder of FY 10/11 and beyond
- » Higher sector activity already being reflected with an increased number of enquiries and tenders and growing workloads across most operations
- » Award of the 3+2 year Westech dump truck body supply contract with a major Western Australia-based resource customer , negotiations for which are in the advanced stages of completion, will upon signing secure an underlying long-term workload for WA operations and will also confirm market acceptance of the operational advantages of Westech custom-designed bodies
- » Benefits of the new 'La Negra' workshop in Chile will begin to be realised following its completion in April 2011
- » Earnings in second half of FY 10/11 will benefit from the new acquisitions completed in the first half of the year
- » Investment in new and innovative product designs, including underground dump truck bodies, expected to lead to new revenue streams and market share in the mid-term
- » New Chile (Calama), Colombia and Indonesia facilities also to add new revenue streams following expected completion over the next six months or so
- » Overall business conditions for Austin expected to remain very good in FY 10/11 with a bias of earnings towards the second half of the year, as experienced in previous years

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