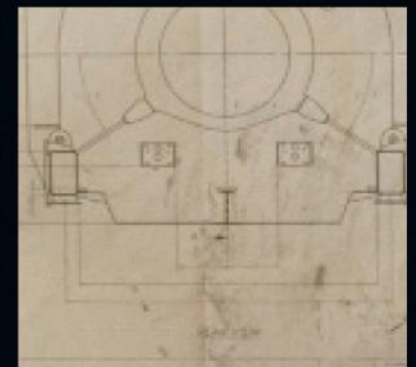
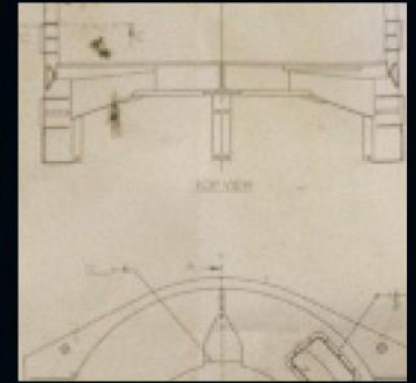


HALF-YEAR 11/12 presentation

austinengineering^{LTD}

21 FEBRUARY 2012

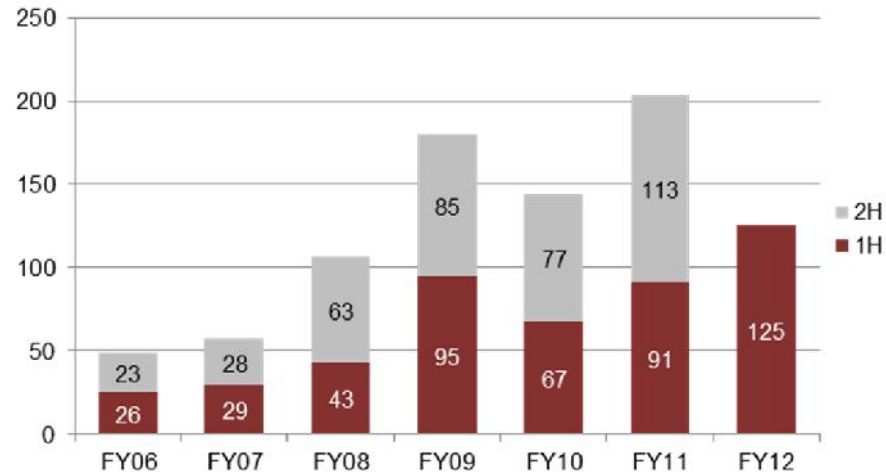


Overview of First Half FY 11/12

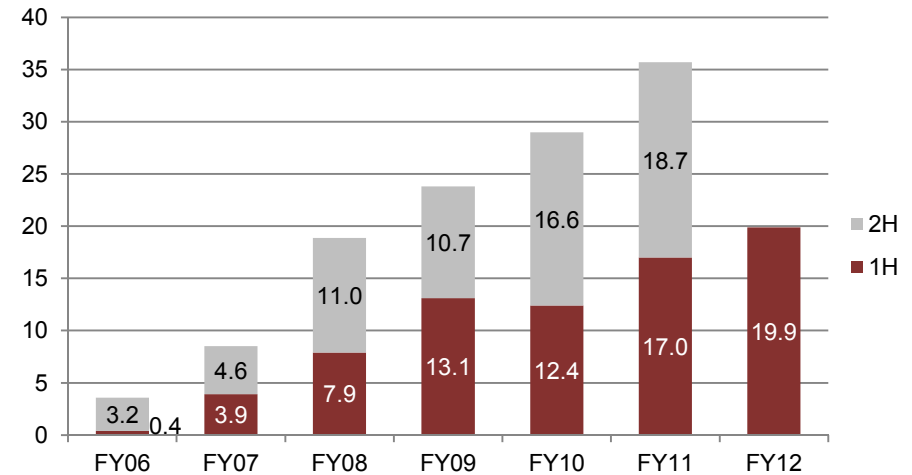
- » Highest first-half level of revenue to date, reflecting strong business conditions in the mining services sector and increased contributions from acquisitions completed in FY 10/11
- » Very high levels of activity over October to December 2011 following a relatively slow first quarter for some of the group's larger operations
- » New Indonesian workshop completed in October 2011, enabling full manufacturing operations to be introduced in the lead-up to the end of the half-year
- » Total revenue of \$125m for the half-year, up 38% on the previous half-year
- » EBITDA of \$19.9m for the half-year, up 17% on the previous half-year
- » NPAT of \$11.7m for the year, up 9% on the previous half-year
- » Interim dividend increased to 3.5cps, up 17% from last year's interim dividend of 3.0cps

Revenue, EBITDA and Dividend Developments

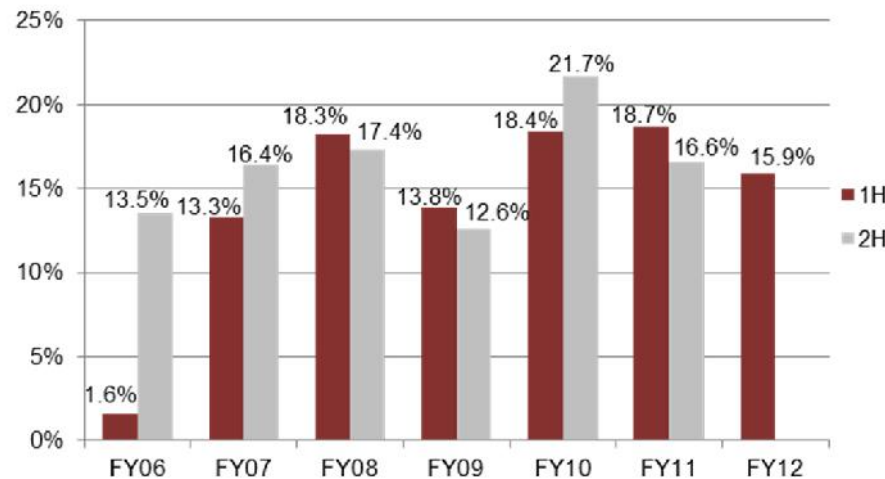
Revenue
CAGR FY07-FY11: 35%



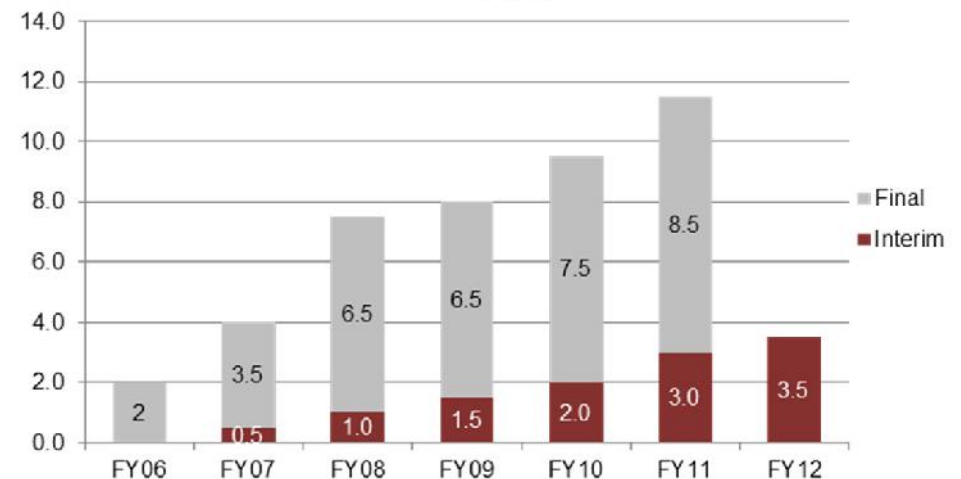
EBITDA* (\$m)
CAGR FY07-FY11: 34%



EBITDA Margin*(%)



Dividends (cps)



* Excludes gain on sale of properties in FY 06

Financial Results - First Half FY 11/12

- » Strong business conditions across the mining services sector in the period with increased demand for the group's products and services across all operations
- » Very quiet first three months for the group's two largest operations (Western Australia and Westech in North America) but activity levels increased significantly in the last three months
- » Subdued levels of activity for the new 'La Negra' workshop in Chile until November 2011, but very high activity in December following the award of a large order for dump truck bodies, producing a record monthly operating result
- » Full six months contribution from the COR Cooling business unit (one month in pcp), with solid performance in the period
- » Indonesian operations became fully on-line in the first half following completion of new workshop in October 2011, generating a positive operating result well ahead of expectations
- » Underlying operating performance generally satisfactory across business units with margins lifting in the last three months as activity levels increased
- » EBITDA margins and volumes for the first-half impacted by:
 - » Quieter first few months of the year in Western Australia and North America
 - » Poor performance by the Hunter Valley operation which returned a \$1.0m loss in the six months due to management and operational issues
 - » \$0.3m of additional operating costs arising from part-expensing of the earn-out payment for the Pilbara Hire acquisition in 2010 and start-up costs for the new Colombian operation
 - » Ongoing high AUD/USD exchange rate
- » PBT and NPAT now include the effect of amortisation of intangibles, increased depreciation arising from expenditure on new facilities in recent years and full-period interest costs on bank loans drawn-down to fund business acquisitions in 2010

	HY 11/12 \$m	HY 10/11 \$m	Change
Revenue	125.34	91.08	+38%
EBITDA	19.88	16.97	+17%
PBT	16.14	14.89	+8%
NPAT	11.68	10.69	+9%
Basic Earnings per Share (cents)	16.23	15.13	+7%
Interim Dividend per Share (cents)	3.5	3.0	+17%

EBITDA/Revenue	15.9%	18.7%	
PBT/Revenue	12.9%	16.3%	
NPAT/Revenue	9.3%	11.7%	

Balance Sheet and Cash Flow

- » Continuing year-on-year balance sheet strength has facilitated the international expansion of operations
- » Increased working capital reflects high workload levels in the lead-up to the half-year as well as the unwinding of advance progress payments received in June 2011
- » Available cash resources remain robust at the end of the half-year after funding capex for the new Indonesian and Colombian workshops as well as payment of the earn-out for the Pilbara Hire acquisition and the COR Cooling business acquisitions completed in the first-half
- » Increase in the level of gross debt due to the AUD/USD exchange rate falling from 1.07 to 1.01 in the period and the drawdown of bank loans to part-fund capex programs
- » Net gearing ratio of ~25% (~29% including bank guarantees issued by the company's bank) remains well within bank covenant requirements
- » 12-month rolling EBIT interest cover of 16 times and net debt:EBITDA ratio of 0.94:1 also well within bank covenant requirements and industry sector averages
- » \$2.7m net operational cash outflow reflects ~\$18m of advance progress payments received in June 2011 for work completed in the half-year to December 2011
- » Had these progress payments been received this financial year operating cash flows would have been more closely correlated to NPAT adjusted for non-operational items and other working capital movements

	Dec 11 \$m	Jun 11 \$m
Working capital	11.86	-4.52
Property, plant and equipment	63.00	53.67
Total assets	232.03	223.78
Total liabilities	122.75	120.04
Net assets	109.28	103.74
Cash	23.54	37.42
Gross Debt	59.56	51.17
Net Debt	36.02	13.75
Net Gearing % (net debt/net debt plus equity)	24.8%	11.7%

	Dec 11 \$m	Dec 10 \$m
Operating cash flow	-2.69	11.55
Investing cash flow	-13.30	-40.33
Financing cash flow	2.29	30.45
Total cash flows	-13.70	1.67

Business Update - Australia

Queensland:

Brisbane:

- » Overall good performance in the first-half with high levels of capacity utilisation throughout the period
- » Workload consisted of a balanced mix of dump truck bodies and buckets, mainly for new mine sites and existing mine site expansions down the eastern seaboard
- » Enquiry and tendering activity remains very high as miners and mining contractors seek to increase output and improve operating efficiencies with more productive mining equipment
- » Operating performance is expected to be solid in the second half of the year and business conditions for FY 12/13 remain strong

Mackay:

- » Excellent operating performance in the first-half from the manufacture of dump truck bodies and workshop-based repair and maintenance services
- » Expanded client base and development of new coal mining regions are opening up new revenue streams and opportunities
- » New machinery providing improved efficiencies and new service capabilities
- » Outlook for the second half of the year and into FY 12/13 is very encouraging

New South Wales - Hunter Valley:

- » Operations in the first-half concentrated on the supply of on-site maintenance services and the final assembly of dump truck bodies manufactured by the Brisbane operation for Hunter Valley-based mining customers
- » Very disappointing operating performance with a \$1.0m loss being incurred in the period
- » Inefficiencies caused by workshop layout and space, labour scheduling and production management, stiff competition and keen pricing in the region were the main factors behind the adverse result
- » New management team put in place towards the end of the first-half will focus on improving performance in the second-half of the year and expanding the customer base

Business Update - Australia

Western Australia:

Perth:

- » Slow start to the financial year followed by a very busy quarter up to the end of the half-year
- » Excellent performance in the period with high activity levels and production efficiencies driving improved operating margins
- » Expanded customer base has resulted in new revenue streams for equipment and associated services across the Pilbara Region
- » Recent order intake gives the operation a full workload for the 2012 calendar year with orders also being received for the 2013 calendar year
- » Medium to longer-term elevated activity levels may result in the Indonesian workshop being used to supplement Perth's operations in order to meet customer demand and delivery requirements

Pilbara Hire:

- » Steady workload level throughout the first half but down on the previous two halves in FY 10/11
- » Challenging operating conditions during the period caused by tight labour supplies and accommodation and difficulties in retaining labour across the Pilbara region
- » New contracts secured which are expected to expand the existing customer and revenue base in the second-half of FY 11/12 and beyond
- » Purchase of additional block of land in the Newman area now underway which will enable Pilbara Hire and Austin WA to work together and offer expanded repair and maintenance services to customers

COR Cooling (Queensland - Mackay/Brisbane, Western Australia - Perth/Kalgoorlie, South Australia - Adelaide)

- » High workload and revenue levels for the existing Mackay, Perth and Kalgoorlie business units, returning very solid performance over the first half
- » Market reach and service capabilities expanded through the acquisition of Diecon Engineering in Brisbane and Southstate Radiators and Tonkins Radiators in Adelaide between July to October 2011
- » Strong business outlook for the second half of FY 11/12
- » Further business development initiatives underway in Australia, South America and Indonesia

Business Update - Americas

North America - Westech, Wyoming:

- » As with Perth-based operations, a slow start to the financial year with a strong and rapid increase in activity over October to December 2011
- » Operational and management teams mobilised to expand output very quickly and achieved higher margins during this challenging period
- » Short to medium-term business outlook for customers in North America appears to be improving although medium to long-term sustained recovery is still uncertain
- » Workload for the second half of the year is currently expected to be consistent with Westech's longer-term historical averages
- » In the meantime expansion of its customer base into new areas in North America as well as the Canadian Tar Sands and Africa is progressing, together with further product development
- » Reconfiguration and expansion of workshop facilities will be undertaken in 2012 to improve production efficiencies and output

South America:

Chile:

- » Subdued levels of activity over the period July to mid-November 2011 due to a delay in the award of a large order for dump truck bodies from a large Chilean-based customer
- » Following the award of the order in November 2011, the manufacture of bodies commenced immediately and a large number of bodies were delivered in December 2011, producing an record operating result for the month at high margins
- » The new 'La Negra' workshop is operating well and is capable of providing the efficiencies and improved margins envisaged at the outset of the development program
- » High levels of capacity utilisation are expected in the second half of the year as further orders are received and work progresses on the existing orders for Chilean, Peruvian and Bolivian-based customers
- » The purchase of the V&V business in Calama in northern Chile was completed in early January 2012 and this is expected to add important contributions to the group's result from its existing equipment hire business as well as from expanded repair and maintenance operations

Colombia:

- » New greenfield-site workshop facility in the Malambo district of Barranquilla currently scheduled to be complete in March 2012, following some delays due to poor weather in the region
- » First orders for buckets received and further orders for dump truck bodies, other mining equipment and repair and maintenance services expected in the very near future as a result of strong customer acceptance for Austin's presence in the country

Business Update - Indonesia and Middle East

Indonesia - Batam Island:

- » New workshop located in the Kabil Industrial Estate on the eastern side of the island opened in October 2011
- » Manufacturing operations in the new workshop established quickly with a good number of dump truck bodies completed and delivered in the run-up to December 2011
- » Very good relative performance in the early establishment period, resulting in solid margins and a positive operating result for the business unit
- » Solid workload secured for most of the 2012 calendar year with further orders in the pipeline
- » Further improvements in operating efficiencies expected in 2012 as operations mature and become more established
- » Supportive and growing customer base whilst the new 'JEC' bodies introduced to the market are performing well and gaining wider recognition
- » Due to current and forecast increases in workload levels for both Indonesia and Western Australia, a further expansion of the existing Indonesian workshop facility is now warranted. The first stage of this expansion has now commenced

Middle East - Masco joint venture, Sohar, Oman:

- » Underlying four-year (to 2012) maintenance contract still progressing
- » Overall activity and contribution levels down year-on-year following completion of a major contract in the pcg but the maintenance contract continues to return solid operating margins
- » Outcome of tenders for larger, longer-term projects for the supply of equipment for aluminium smelters in the region not yet known

Expansion Plans Update

Peru:

- » Following the award of a major contract with Xstrata in June 2011, Austin has committed to having an operation in the region to provide maintenance and other services
- » Negotiations with a potential acquisition target in the region are currently well-advanced and anticipated to be completed by the end of February 2012
- » A successful agreement with the acquisition target will enable products to be manufactured and repaired in the region as well as to undertake maintenance services under the Xstrata contract

Brazil:

- » Brazil's largest miner still remains a target customer and discussions are continuing for the supply of equipment and services under a global commercial agreement
- » The supply of equipment to this customer for its South American operations from Austin's Chilean facilities is still the preferred business model due to cost/tax benefits for the customer

Africa:

- » Research will continue throughout 2012 on the viability of establishing one or more manufacturing facilities in the African continent
- » Currently supplying products to the country from Austin's facilities in Western Australia and Westech in North America

Russia and Mongolia:

- » As with Africa, research will continue in 2012 on the viability of establishing operations in these countries
- » Products have already been supplied to Mongolia from Austin's operations in Western Australia and Indonesia

Outlook

- » Extremely strong performance in the second half of FY 11/12 expected for most operations
- » Particular focus will be given to improving the performance of the Hunter Valley business unit
- » Contributions from South America will start to increase from March 2012 onwards as Chile progresses through its order book, Calama takes on board additional repair and maintenance work and the Colombia and Peru operations come on-line
- » South America expected to return significantly increased revenue and profit contributions over the coming years
- » 1st stage of the Indonesian expansion already underway with the 2nd stage expected to be approved over next few months, which will lead to further increases in capacity and revenue
- » New products such as the 'JEC' range of equipment, including buckets, water tanks and tyre handlers, are yet to be introduced into South America and Indonesia and these are seen to provide significant marketing opportunities
- » Increased exposure to repair and maintenance markets will be pursued through the group's operations in Calama, Chile and Indonesia
- » Following strong growth of the COR business under Austin ownership, discussions have commenced with a possible multiple-site acquisition target within South America in order to replicate the COR business model in the region
- » No foreseeable downturn in Austin's markets and demand for our products and services
- » Operating cash flows in the second half of FY 11/12 are expected to recover strongly as workload and activity levels remain high
- » Following the announcement of an EBITA target of \$40m-\$45m for the current financial year at the AGM in November 2011, the company has decided that a more appropriate measure of performance is EBITDA. Accordingly, the company now provides an EBITDA target of \$45m-\$50m for FY 11/12, up 26%-40% on the previous year
- » FY 11/12 earnings to be heavily weighted towards the second half of the year, more so than in previous years

WWW.AUSTINENG.COM.AU