Investor Presentation FY14

Focus on productivity benefits for customers after weathering the cycle

WESTECH JEC

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FY 13/14 Overview

- FY 14 result directly impacted by significant reductions in capital spending in the mining sector globally
- FY 14 revenue, EBITDA and NPAT significantly down on last year. Interim dividend of 4.5 cents. No final dividend to be declared
- Banking covenants renegotiated and met for June 2014
- Operations remain focused and efficient despite low activity – material improvements in:
    - Gross margin %
    - Safety performance with fall in the Long Term Injury Frequency Rate (LTIFR)
- Directors conducted strategic review and remain confident that strategy and product/service offering is appropriate and attractive to customers globally

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FY 13/14 Overview (cont'd)

- Signs of improvement:
  - South America - multi-year service contracts and new orders provide solid base revenue and platform for more work
  - Number and value of enquiries increasing, particularly in South America
  - Full year improvement expected but likely to be inconsistent from month to month

- Austin ready to take advantage - key drivers are:
  - the ordinary equipment replacement cycle – strain on existing equipment and deferral of routine replacement programs is not sustainable
  - customer re-focus on productivity improvements achievable with Austin's products and services
  - attractive product/service offering:
    - custom made products - specifically designed to deliver better customer productivity
    - strategic locations – for near-customer product sales, fabrication, on-site and offsite service and repair
    - innovative integrated product and service packages

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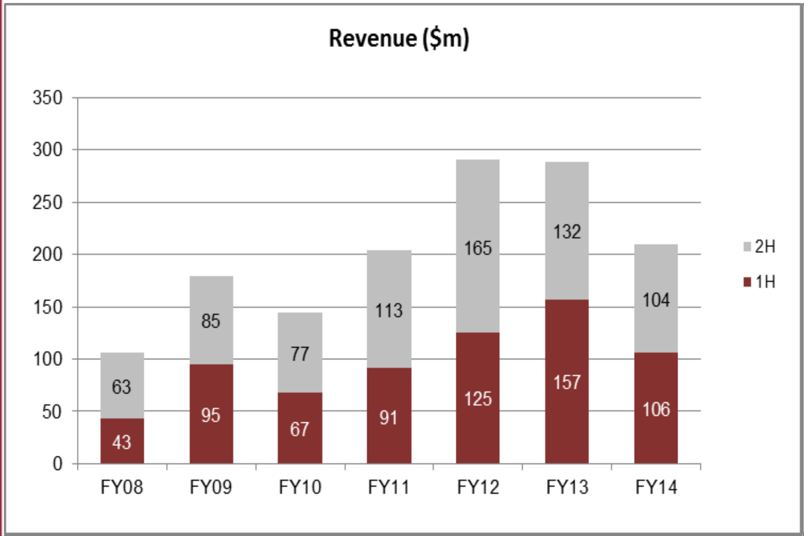
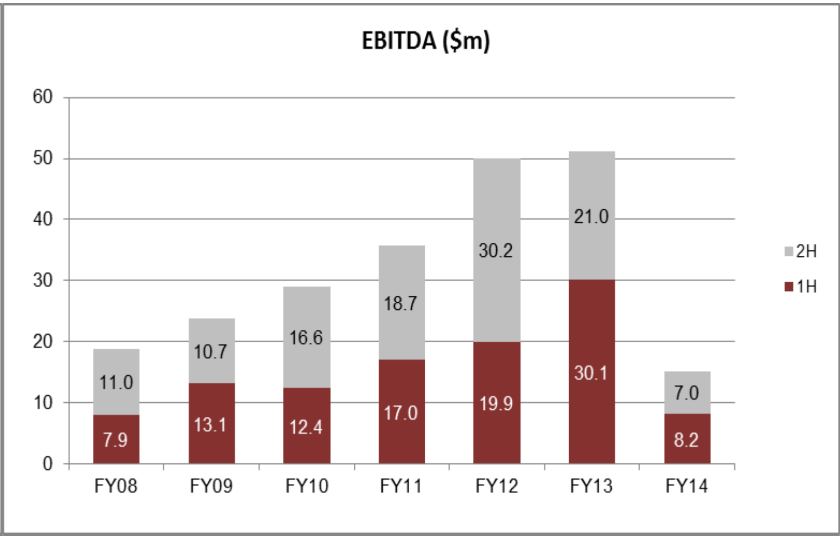
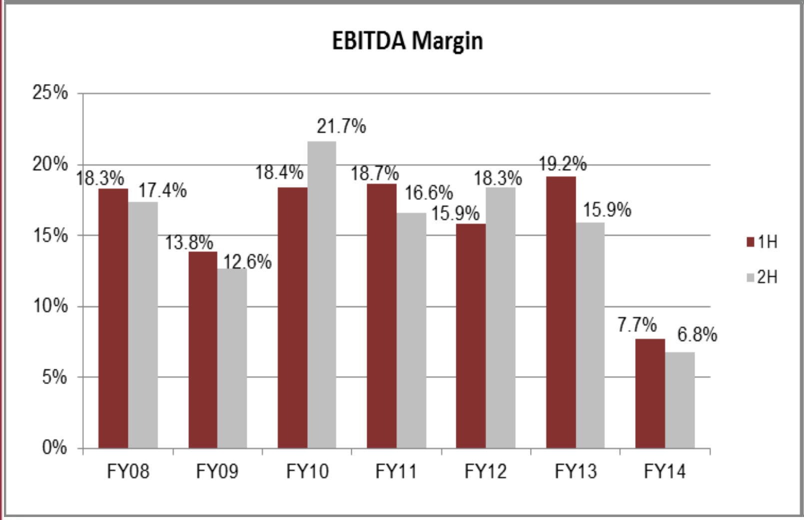
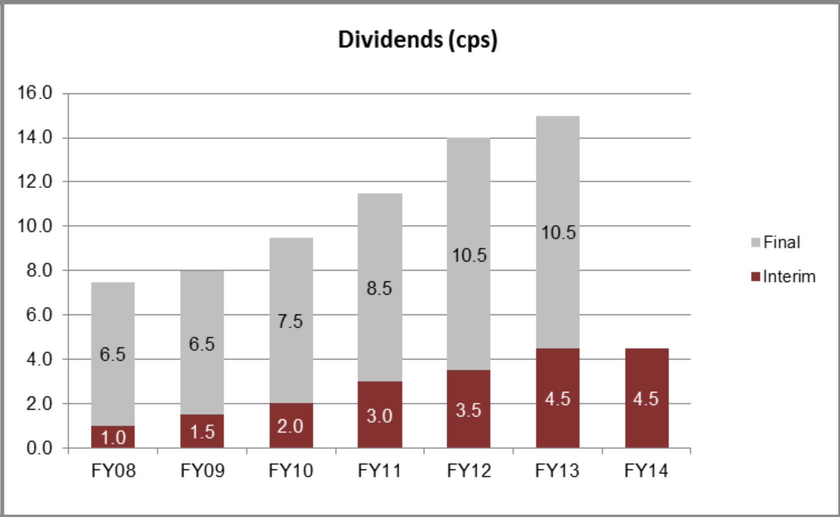
FY14 Revenue, EBITDA, Dividend Developments









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FY14 Financial Results - Summary

	FY13 $m	FY14 $m	% Change
Revenue	288.8	209.9	-27%
EBITDA	51.1	15.2	-70%
NPBT	39.6	0.0 *	-100%
NPAT	28.4	0.9 *	-97%
EBITDA/Revenue	17.7%	7.2%	-59%
NPBT/Revenue	13.7%	0.0%	-100%
NPAT/Revenue	9.8%	0.4%	-96%
Basic Earnings Per Share (cents)	39.20	1.14	-97%
Final Dividend Per Share (cents)	10.5	0.0	-100%

* a tax credit has been recorded for the year predominantly due to non-assessable foreign dividends received during FY14

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FY14 Financial Results – Segment Revenue & EBITDA

	FY13 $m	FY14 $m	% Change
Revenue:			
Australia	200.3	125.7	-37%
Americas	78.7	79.5	1%
Middle East	2.4	0.4	-83%
Asia (Indonesia)	7.4	4.3	-42%
	288.8	**209.9**	**-27%**
EBITDA:			
Australia	33.9	8.2	-76%
Americas	14.5	7.0	-52%
Middle East	0.8	0.0	-100%
Asia (Indonesia)	1.9	0.0	-100%
	51.1	**15.2**	**-70%**
EBITDA % Margin:			
Australia	16.9%	6.5%	-61%
Americas	18.4%	8.8%	-52%
Middle East	33.3%	0.0%	-100%
Asia (Indonesia)	25.7%	0.0%	-100%
	17.7%	**7.2%**	**-59%**

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FY14 Financial Results – Segment Review

Group Result:

- The inconsistent business conditions flagged in February 2014 continued through to June 2014
- Australian mines are still producing at record levels, which is expected to lead to increased orders, as current constrained spending on equipment normalises to higher levels of spending
- The next stages in the capital allocation cycle for miners are likely to be based on productivity gains, which positions Austin very well due to our products being custom made and specifically designed to provide productivity improvements
- Overseas operations reported similar cost-cutting behavior from their customers which contributed to the lower than expected results in the second half of FY14
- Some indications that we are past the bottom of the cycle as we are seeing an increased volume of enquiries as well as higher dollar value enquiries coming through
- There were tax changes in Chile, which allow a deduction for goodwill in certain circumstances, taken up for the first time in FY14

FY14 Financial Results – Segment Review

Australia:

- Revenue down $74.6m (-37%); EBITDA down $25.7m (-76%) versus pcp
- Gross margin % increased, and overheads were below budget, but the magnitude of the sales volume decrease impacted EBITDA margins detrimentally
- Comparison with pcp should take into account WA's record breaking year in FY13. WA still a strong contributor in FY14 but not to FY13 levels
- East Coast operations experienced continued reduced and inconsistent activity, but had a strong finish to the year which was encouraging
- Pilbara Hire continued its strong performance and produced a result above budget
- COR Cooling continued its good year with a result on budget, which was a significant increase on last years result

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FY14 Financial Results – Segment Review

Americas:

- Revenue up $0.8m (+1%); EBITDA down $7.5m (-52%) versus pcp

North America:

- Revenue was on par with the pcp for Westech in a market with weak growth prospects
- Due to the weakening market margins were squeezed, but still a reasonably good result

South America:

- Small revenue growth, including Servigrut, but at vastly reduced margins overall
- Servigrut performed very well over the period and without its contribution the Segment revenue would have been down around 10% on the pcp
- Margins were mostly affected by a considerably reduced EBITDA result for La Negra caused by diminished spending by customers in Chile e.g. Codelco, which is expected to pick up in FY15
- In FY13 La Negra produced over 100 pieces of equipment (95% replacement) for customers. FY14 produced only 35
- Calama produced a good result for FY14 on the back of multi-year service contract wins during the period

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FY14 Financial Results – Segment Review

South America (cont'd):

- Colombia experienced difficult conditions due to coal prices and produced a result well below last year and internal budgets due to this
- Peru produced a result below that achieved last year due to anticipated site service contracts not eventuating as well as the impact of delayed decision making brought about by the market downturn

Middle East

- Negligible impact on FY14 as the project was completed successfully and Austin shares in the JV sold

Asia (Indonesia):

- Revenue down \$3.1m (42%) and a breakeven EBITDA result for FY14
- The mining equipment market in Indonesia is depressed as coal prices continue to decline and the Indonesian government's new mining regulations hamper growth
- Most work in 2H FY14 was Oil and Gas work and this is set to continue with some promising opportunities

FY 13/14 Balance Sheet & Cash Flow

- An increase in working capital over the period due to high inventories in South America and a reduction in Payables
- Increased fixed asset base arising from the acquisition of Servigrut and further investment in Chilean, Peruvian and Indonesian facilities
- Net Assets have increased 8% over the period
- An increase in Debt as bank facilities were drawn down for:
  - the Servigrut acquisition & leases
  - the funding of capital expenditure, and
  - operational cash flow
- Net Gearing % within covenant requirements
- Negative operating cash flow due to:
  - Advance payment from customers in prior periods for work done in this period
  - Higher than optimal inventories
  - Reduced operating results
- The Servigrut acquisition and further investment in Chile, Peru and Indonesia have caused the Investing cash-flows to increase
- The positive financing cash flows stem from the equity raisings undertaken plus new borrowings for expansion in South America less dividends

	Jun-13 $m	Jun-14 $m
Working Capital	26.7	33.9
Property, Plant & Equipment	106.6	131.8
Total Assets	278.2	305.4
Total Liabilities	124.8	139.8
Net Assets	153.4	165.6
Cash	6.3	7.4
Debt	67.3	97.7
Net Debt	61.0	90.3
Net Gearing %*	30.9%	35.7%

	Jun-13 $m	Jun-14 $m
Operating cash flow	21.6	-6.5
Investing cash flow	-18.0	-40.5
Financing cash flow	-13.5	48.4
Total cash flows	-9.9	1.4

** net debt / net debt plus equity*

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Business Update - Australia

Queensland:

Brisbane:

- A very quiet 1H FY14 but a much stronger 2H in FY14 is encouraging for FY15
- Cost reductions and efficiencies have seen GM% improvements which will continue
- Coal miners across the eastern seaboard are expected to remain tight with spending and will continue on a program of cost reduction and deferral for at least 1H FY15
- Enquiry levels are much stronger than at the same time last year

Mackay:

- Business conditions in the Bowen Basin and Mackay areas are expected to remain quiet and flat for the foreseeable future
- This business is very reliant on repairs and often has a very short term order book, but has very good relationships with key customers which secures the bulk of their work
- Austbore continues to hold up well in difficult conditions

New South Wales - Hunter Valley:

- Hunter Valley is a difficult market with a number of competitors exiting during the year
- Revenue was consistent year on year, but profit suffered due to market pressures to win work
- A number of opposition companies have closed their facilities
- A much improved profit result in 2H FY14 vs 1H

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Business Update - Australia

Western Australia:

Perth:

- A solid result for the year but not at 2013 levels
- 2H FY14 not as strong as 1H due to expected orders not eventuating with an increase in repair projects as customers continued to delay spending on new/replacement equipment
- 2H FY15 to be a lot better than 1H with customer budgets reset in January

Pilbara Hire:

- A very good FY14 result
- A tougher FY15 expected with customers reducing reliance on on-site contractors which will likely mean less site services and more shutdown work
- Very successful in achieving increased revenue through shutdowns
- Efficiency program expected to increase margins

COR Cooling (Qld – Mackay/Brisbane, WA – Perth/Kalgoorlie, SA – Adelaide, NSW – Hunter Valley):

- Financial result was well above the previous year and internal budget
- An excellent result in a year which also involved a lot of reconstruction in the business
- Customer spending patterns remain inconsistent (emergency repairs only)
- Some good contract wins within the COR group in FY14 which will produce full-year impacts in FY15

Business Update - Americas

North America – Westech:

- Revenue on par with pcp, but lower profit due to tighter pricing caused by the market downturn
- Coal mining activity in North America has continued at good levels, but like many other parts of the world, miners have cut back on spending
- Some signs that customers in the Powder River coal basin are looking to spend again
- Canadian Tar Sands work has been a success for FY14 and is expected to continue
- Positive inroads made in Mexico with several of the larger mining companies

South America:

Chile:

- Recent contract wins have built a stable core base workload in Chile which will result in improved performance in FY15
- Servigrut acquisition continues to perform well
- Restructure of Chile complete with distinct manufacturing, equipment hire and R&M businesses expected to provide better focus and financial outcome for FY15
- Clients have indicated that major tenders will be issued during the first half of FY15 (especially Codelco who are Chile's major client)
- Reasonable prospects of further major contract awards over the next 4 months

Business Update – Americas (cont'd) & Indonesia

South America (continued)

Colombia:

- FY15 expected to be much improved on FY14. Colombian coal exports starting to indicate positive signs which we believe will lead to tenders picking up especially in quantities of replacement products needed
- New site services contract (130 personnel). Initial purchase order received
- First Vale order for 18 trays via Liebherr (LOI received by Liebherr) due Sep/Oct 14

Peru:

- Peru is looking to secure new site services contracts in 1H FY15 which would provide a very good core level of work-loading for FY15
- Significant order received from Xstrata for 20 large tray bodies for new CAT equipment
- Peru also has a number of large quotes in the market and some good prospects for growth
- New products are gaining interest with customers and Peru have good expertise in building these

Indonesia – Batam Island:

- Due to the ongoing issues with mining in Indonesia, we have broadened our horizons to non-mining work
- 1H FY15 is looking promising for Indonesia with good work coming from BIS Industries, with the possibility of more work on this project in 2H FY15
- A number of large projects are likely to be awarded to various EPC companies operating in Batam in FY15 which we are positioned well on

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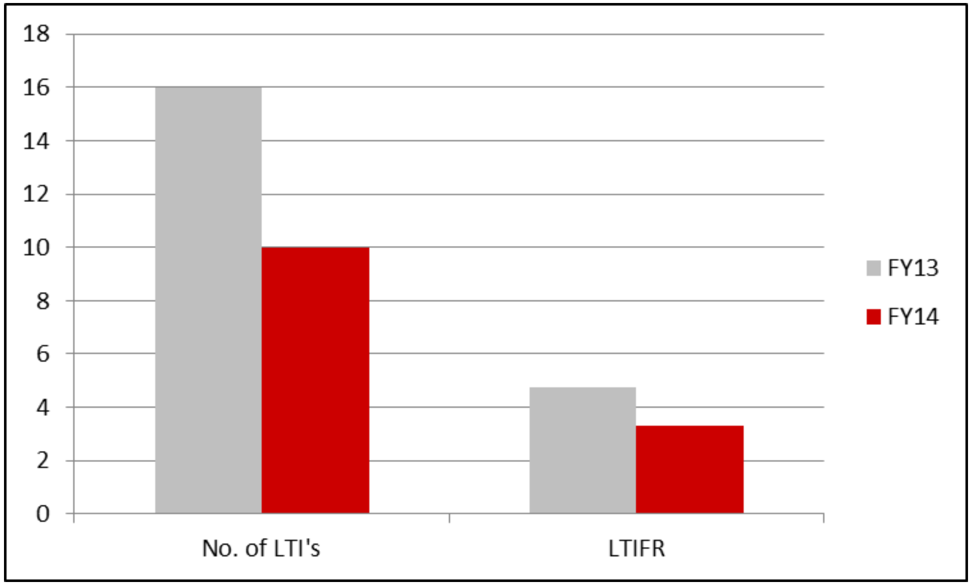
Safety

- A continued focus on zero harm has yielded improved safety results in FY14
- The Global LTIFR for FY14 was 3.3 which is a significant improvement from 4.7 recorded for FY13



Expansion Plans Update

Americas:

- Brazilian company setup in the final stages
- Due diligence to continue on a smaller acquisition in Brazil
- A client system changeover / administration issues have continued to delay orders for Vale

Africa:

- VR Steel acquisition did not proceed due to the underlying fundamentals of the deal changing significantly during the diligence period as well as other financial issues which could not be resolved
- Both parties have agreed to continue building on the strong relationships that have been formed, with the intent to collaborate on new opportunities in respective regions (already underway with orders received by Austin for VR products and VR promoting Westech products in Mozambique)
- South Africa still part of our expansion plans

Australia:

- Negotiations are continuing on the two acquisitions previously announced. The market will be updated as material developments arise
- Must be EPS positive, no debt used and bring new IP / in-house manufacturing to the group
- COR Cooling is considering some smaller strategic acquisitions

Outlook

Industry themes:

- Cost cutting measures have been implemented and our view is there will now be a re-focus by miners on productivity improvements
- Production levels on mine sites continue to be at record levels, but customers have cut back on costs to maintain and replace the equipment used
- The ongoing deferment of replacing and repairing equipment and the strain on existing equipment cannot be sustained and we expect that the signs of increased inquiry and tendering in the market is likely to continue and improve

Austin's market position and response to market conditions:

- Austin is very well placed to meet the anticipated increase in replacement equipment through:
  - Strategic locations globally
  - Varying product ranges tailored specifically to clients needs which increase productivity
  - Innovative ideas to assist customers e.g. pay per tonne, supply and maintenance contracts
  - Complete packages i.e. design, supply, service
  - Alternative finance packages for customers
- South America starting to show improved workloads and the multi-year contracts announced during FY14 will provide a good base to build from and improve workshop efficiencies

Outlook

Results:

- Focus on debt reduction through more efficient working capital management (especially steel stocks), cash-flow improvements and design/productivity improvements
- FY15 will include a full-year result from the Servigrut and the South American contract wins announced during the year
- Business conditions expected to stabilise in 2H FY15
- Austin well placed in terms of product range and geography to improve results
- Any significant order flow will see the company's results increase substantially due to the production capacity we have developed by investing in purpose built facilities in strategic locations globally
- Increased result forecast/budgeted on for FY15

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Austin's Principal Products

Off-highway dump truck bodies

Buckets

Water tanks

Service modules

Tyre handlers

Ancillary attachments

Industrial cooling and heat transfer systems (COR Cooling)

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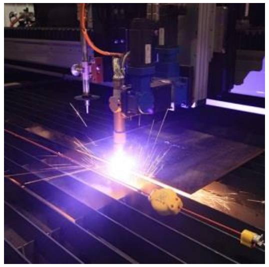
Austin's Principal Services

Equipment repair and maintenance



Specialised fabrication

Painting and blasting

Specialised machining and line boring

On-site maintenance and shutdown services (Pilbara Hire)

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Austin's Brands

The Austin Engineering brand encompasses design and manufacture of mining and earthmoving equipment, along with the provision of support services, from four Australian operations (Brisbane, Hunter Valley, Mackay, Perth), an Indonesian operation and Peruvian operation.

The Austin Ingenieros brand represents the company's operations in Chile and Colombia, providing design and manufacture of mining and earthmoving equipment, along with the provision of support services.

Austbore's core capabilities include general machining services, the overhaul of track frames and other mining equipment and mobile line-boring services. Austbore work closely with the Austin Engineering Mackay operation in supply of their services.

As the only national service provider and manufacturer of industrial cooling and heat transfer equipment, COR Cooling is a market leader working closely with some of the world's largest companies in the mining, marine, transport and associated industries.

Perth-based John's Engineering & Cranes Pty Ltd (JEC), was one of Australia's longest established manufacturers of Mining and Earthmoving attachments and off highway truck bodies. The JEC branded range of products are now designed and manufactured by Austin Engineering operations globally.

Pilbara Hire Group provide full turnkey, on-site repair and maintenance services throughout Western Australian mine sites, with a particular focus on mobile mining and fixed plant equipment.

Servigrut is a significant and successful supplier of heavy equipment lifting, transportation and site services to the mining and industrial markets in Chile.

Western Technology Services, or Westech, is one of the world's largest non-OEM designer and manufacturer of off highway dump truck bodies. Based in Wyoming USA, the Westech branded range of products are now designed and manufactured by the Austin Engineering Group globally.