

ASX Spotlight Series, Singapore & Hong Kong, October 2014

Chief Financial Officer and Company Secretary: Scott Richardson



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Who We Are



- Largest non-OEM manufacturer of trays/bodies, buckets, ancillary products. Strong Proprietary Intellectual Property.
- Publicly listed (ASX: ANG)
- Global locations
- 1,500+ employees
- Industrial mining product workshops located worldwide including a number of 50 tonne overhead cranes, up to 1800 tonne brake press capability, industrial blasting and coating facilities and the latest robotic manufacturing equipment
- Design and engineering services
- Repair and maintenance services

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Our History

- 1982** Austin Engineering founded
- 2003** Purchased by WA Metals Ltd
- 2004** Publicly listed on Australian Securities Exchange (ASX:ANG)
Acquired John's Engineering & Cranes (JEC) – Perth, Australia
- 2006** Acquired Kaldura Heavy Industries - Mackay, Australia.
- 2007** Acquired Austbore – Mackay, Australia.
Acquired Westech – Casper, Wyoming.
- 2009** Acquired truck body business of Conymet – Antofagasta, Chile.
Austin Ingenieros Chile (Antofagasta) commenced operations.
- 2010** Acquired Pilbara Hire (Western Australia), Phillips Engineering (NSW, Australia) and the COR Cooling Group.
- 2011** Austin Ingenieros Colombia (Barranquilla) commenced operations.
Austin Engineering Indonesia (Batam Island) commenced operations.
- 2012** Acquired Petroaceros in Perú (Lima), Austin Engineering Peru commenced operations.
- 2013** Acquired Servigrut in Antofagasta, Chile.

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Global Locations



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Our Brands

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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.

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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 integrated 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.

WESTECH

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.

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Principal Products



Off-highway dump truck bodies



Buckets



Water tanks



Service modules



Tyre handlers



Ancillary attachments



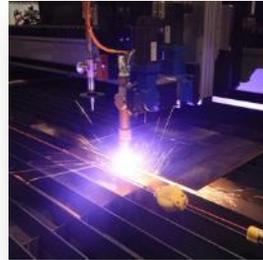
Industrial Cooling and Heat Transfer Systems

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Principal Services



Equipment repair
and maintenance



Specialised
fabrication and
welding



Painting and blasting



Specialised
machining and
line boring



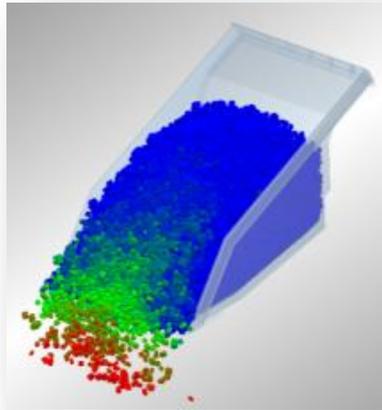
On-site
maintenance and
shutdown services



Industrial cooling repair and
maintenance services

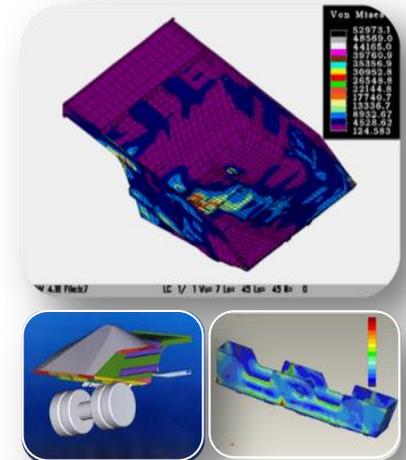
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Engineering and Design



Design Lifecycle

- Design Detailing
- Finite Element Analysis
- Sales Drawings
- Manufacturing Engineering
- Tooling Design
- Fixture Design
- Field Follow-up



OEM Relationships

The Komatsu logo consists of the word "KOMATSU" in a bold, blue, sans-serif font, centered within a white rectangular box with a subtle drop shadow.

Very strong OEM relationships, particularly with engineering departments and familiarity with product approval processes.

The Hitachi logo features the word "HITACHI" in a white, bold, sans-serif font, centered within an orange rectangular box with a subtle drop shadow.

All Austin products comply to OEM specifications and approval processes as required.

The Liebherr logo displays the word "LIEBHERR" in a bold, black, sans-serif font, centered within a white rectangular box with a subtle drop shadow.

Relationships with the OEMs and GET manufacturers ensuring the most up to date information is received in regards to changes to either machine or GET designs and specification.

The CAT logo shows the word "CAT" in a white, bold, sans-serif font, centered within a black rectangular box. A yellow triangle is positioned below the letters "A" and "T". A registered trademark symbol (®) is located to the upper right of the "T".

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Proven Field Experience



Excavator buckets

105Mt to 220Mt Class	80+
220Mt to 350Mt Class	165+
350Mt to 500Mt Class	145+
>500Mt Class	90+

Wheel Loader buckets 75+



Bodies/Trays

35T to 85Mt Class	4500+
100T Class+	3500+

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Westtech Truck Bodies



Westtech bodies offer increased efficiency and lower operating costs due to their longevity and ability to maximise fleet capabilities. Three distinct body types are available – rock, coal, coal/overburden combo.



The **Westtech Flow Control Body**[®] has a revolutionary floor design that controls the flow of material out of the body during dumping. This more even flow greatly reduces dust generated when dumping, along with reducing wear on the body.



The **Westtech Optima** body delivers reliability, durability and efficiency. The Optima is a high performance dump truck body, which has many unique features that enhance the performance of haul trucks.

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JEC Truck Bodies



The **JEC body** design is a lighter weight modular design with the aim to improving payload, reducing material hang-up and reducing overall operating costs.



The key features of the design are the skeletal frame which complements the innovative replaceable floor. The replaceable floor eliminates the need for heavy, maintenance intensive wear liner plates. The floor can be easily removed and replaced in less time than replacing a full liner package.



The **JEC underground mining tub** has been optimised with anti-carry back features and increased payload. Tub sizing is customised to suit site specific conditions, with the base tub design configured to be easily adaptable to a range of OEM trucks.

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JEC Mining Buckets



Austin Engineering design and manufacture **mining excavator buckets** from 60 to 650 tonne class, and from 5m³ to 53m³ in size. Available for any application from hard rock to coal, our JEC designs are customised for specific applications.



Austin Engineering design and manufacture **wheel loader buckets** from 1.5m³ to 40m³ with capacities to suit every OEM make and model. Available in a range of designs including large capacity lightweight, high lift, stemming, high dump, skeletal and grapple.



The **JEC underground loader bucket** is engineered to site specific conditions. This results in increased efficiency through optimal pass matching with the existing truck fleet. Designs are available for all makes and models.

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Westtech Water Tanks



Austin Engineering's unique Westtech Stairway Access Tank module, unlike traditional water tank modules, has larger baffle openings with a direct line of travel to improve safety when performing confined space maintenance work.

Its innovative baffle design reduces surging and improves truck stability, increasing operator safety.



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JEC Water Tanks



The JEC tank design has been in operation for over 20 years and the design principle is to compartment the tank to minimise the surge effect of the water with a series of baffles and allows for a lighter water tank. This translates into additional payload and less operating cost.

Tank access is ergonomic and safe and the large fill port, located in a recessed channel behind the water dam, ensures that any overflow flows away from the cab and deck to the rear of the truck.



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JEC Service Modules



Suitable for on or off-road vehicles, our JEC modules for service and lubrication trucks or vehicles are available in 10,000 to 140,000 litre combined capacities and in single or multi-compartment configurations.



JEC service modules are designed to meet the customers' specific application while adhering to OEM chassis specifications.



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JEC Tyre Handlers



Austin Engineering has engineered the innovative range of **JEC T3 three-arm tyre handlers**. The JEC T3 Tyre Handler design is a compact machine compatibility ideal for, but not restricted to, underground tyre maintenance operations.



The **JEC Dual-Arm Tyre Handler** range has been engineered to provide cost effective tyre handling solutions across the entire tyre and rim spectrum with emphasis on capability with the smallest vehicle possible.



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JEC Attachments



Austin Engineering is able to design and manufacture a broad range of attachment products to suit any application.

We can produce a range of materials handling equipment including fork frames, crane jibs, quick couplers, man cages, stemming buckets, cable reels and more.



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Westech Cable Reels



Westech cable handlers can be mounted on any chassis, allowing your operator to quickly and safely pick up or lay down cable at your mine site.

Loader Mounted Cable Reels are designed to safely and efficiently pick up, lay down and store cable in and around any mining or construction project.



Shovel Live Cable Handlers are attached to and pulled behind the shovel, sled fashion, on pontoon runners protected by abrasion resistant liner plates.

Dragline Live Cable Reels are designed to be pulled by a dozer in conjunction with movements of the Dragline.



Westech Terragator Cable Reels are designed to operate in difficult conditions, while remaining stable and safe to operate.

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Industrial Cooling



COR Cooling offers the following range of products and services, with a focus on partnering with their customers to improve productivity:

Workshop services

On-site repairs

Service exchange

Design and manufacture

Bar plate coolers

Industrial radiators

Dura-lite® air charge coolers

Tube and shell heat exchangers

Fans

Transmissions

Marinised engines

Marine manifolds

ZF services partner

COR Cooling is also the manufacturer of Diecon Marine, a leading marine brand in the Australian and South Pacific region, and the exclusive Australian supplier of Dura-Lite® Charge Air Coolers, a market leading product in the transport industry.

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Repair and Maintenance



Austin Engineering provides a comprehensive range of on and off-site repair and maintenance services for mining equipment.

From preventative maintenance through to emergency break down repairs or scheduled refurbishments our experienced technicians can assist you.



Our mining equipment maintenance services cover a range of equipment including mining truck body or tray repair and mining excavator bucket repair.



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Fabrication Services



In addition to our product manufacturing fabrication process, Austin Engineering offers specialised fabrication and heavy fabrication services.

Our fabrication services range from general fabrication through to structural steel and heavy plate.



Products we are able to fabricate include skids, mineral processing equipment and modular structures.



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Corporate Snapshot

Capital Structure (as at 9 October 2014)

ASX:ANG (listed 2004)	
No. of Shares	84.3m
No. of Performance Rights	0.99m
Share Price	\$1.06
Market Capitalisation	88.9m

Board & Executive Management

Mr Paul Reading (Non Executive Chairman)
Mr Michael Douglas Buckland (Managing Director)
Mr Eugene Fung (Non Executive Director)
Mr Peter Louis Pursey (Non Executive Director)
Mr Scott Manning Richardson (CFO & Company Secretary)
Mrs Jessica Anne Neale (Co-Company Secretary)

Shareholder Information

Major Investor Groups		%
Bradken Resources		21%
Thorney Investments		11%
Directors, Employees & Related Parties		7%
Invesco Australia		6%
Private Stakeholders (Australia)		6%

Share Spread	Holders	Units	%
1 - 1,000	1,104	452,056	1%
1,001 - 5,000	1,302	3,636,297	4%
5,001 - 10,000	592	4,496,042	5%
10,001 - 100,000	643	16,444,564	20%
greater than 100,000	51	59,245,045	70%
Total	3,692	84,274,004	100%

note: the top 20 investors hold 65% of total shares



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FY 14 Profit and Loss

	FY13	FY14	
	\$m	\$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%

- FY14 results were directly impacted by significant reductions in capital spending in the mining sector globally
- Operations have remained focused and efficient despite the low activity and we have seen Gross Margin % improvements as well safety improvements through a reduction in the Long Term Injury Frequency Rate
- There is significant operating leverage in our business as demonstrated by a comparison of the year on year revenue and EBITDA i.e. FY13 has \$79m more revenue and \$36m more EBITDA
- We are a manufacturing business and the level of throughput has a huge bearing on results
- Australian mines are producing at record levels, and our products are production based. The current level of constrained capital spending cannot continue forever or mine production levels may start to be affected
- The next stage in the capital allocation cycle for miners are likely to be based on productivity improvements, which positions Austin very well due to our products being custom made and specifically designed to provide productivity improvements

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FY 14 Balance Sheet & Cash Flow

- Working Capital finished higher than expected due to increased inventory levels in anticipation of expected orders from Vale and others
- Targets have been set to reduce inventory over the course of FY15 which will have a significant positive impact on Working Capital
- PPE increased due to the acquisition of Servigrut and further investment in Chilean, Peruvian and Indonesian facilities
- Net Debt increased over the year and was impacted by lower profits, investment in facilities, general Capex requirements, and the negative operational cash effect of work performed in FY14 which was paid for in prior year
- It is expected that this working capital reduction, the finalisation of the prior year paid work, vastly reduced Capex, and increased operating results will have a significant impact on reducing Net Debt during FY15
- The negative operating cash flow is caused by work performed in FY14 which was paid for in prior year, Inventory increases for expected orders which have been delayed, and reduced operating results
- The investing cash flow increase is due to the Servigrut acquisition and further investment in Chile, Peru and Indonesia
- The positive financing cash flow stems from the equity raisings undertaken plus new borrowings for expansion in South America less dividends

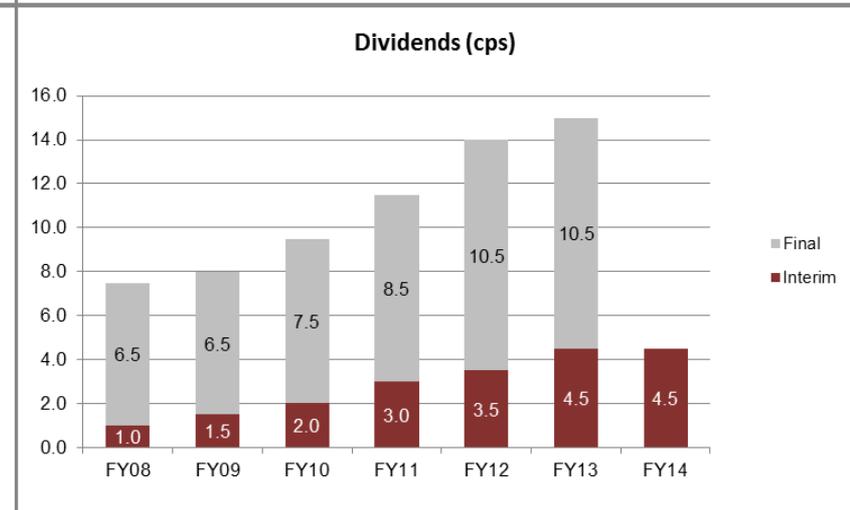
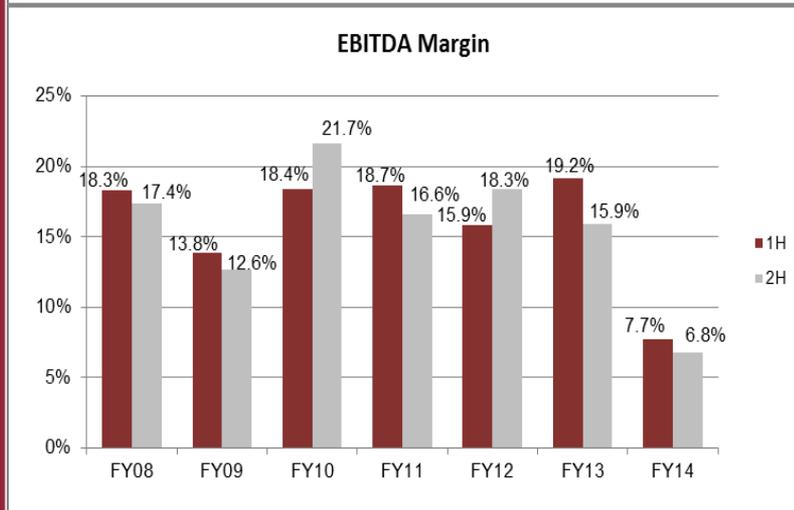
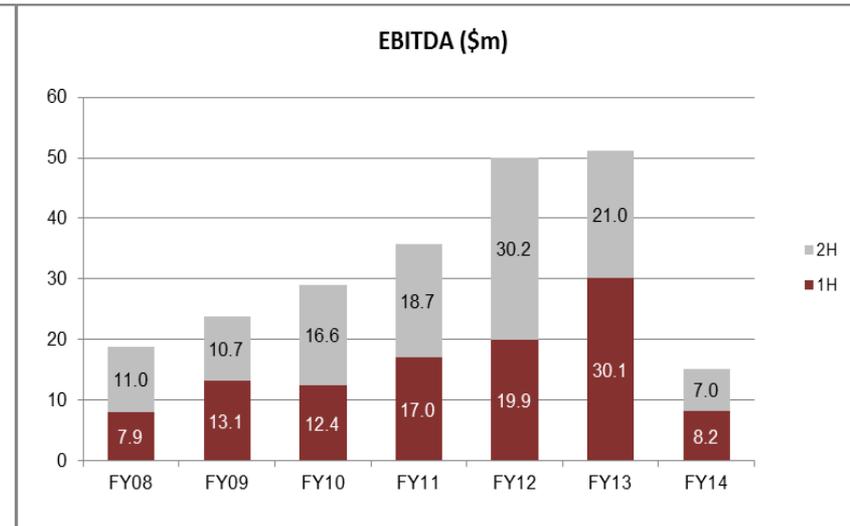
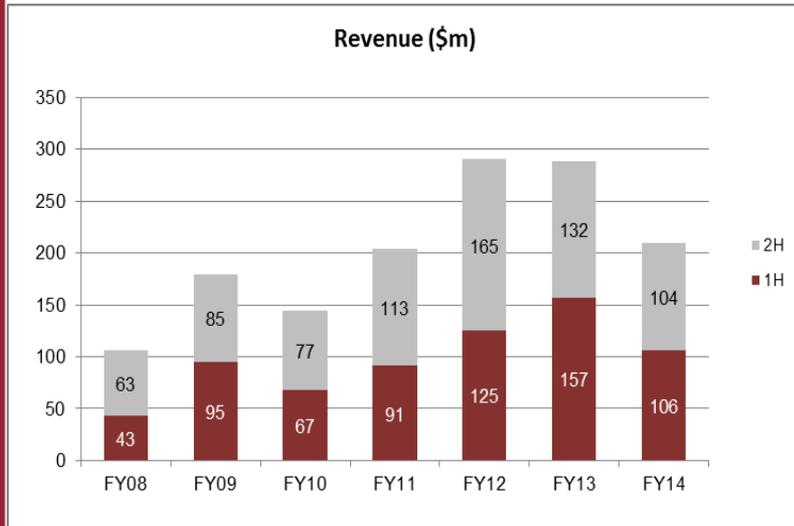
	Jun-13	Jun-14
	\$m	\$m
Working Capital	26.7	33.9
Property, Plant & Equipment	106.6	131.8
Total Assets	278.2	305.4
Total Liabilities	124.8	139.8
Net Assets	153.4	165.6
Cash	6.3	7.4
Debt	67.3	97.7
Net Debt	61.0	90.3
Net Gearing %*	30.9%	35.7%

	Jun-13	Jun-14
	\$m	\$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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Historical Financial Trends



Austin Engineering - Australia



Austin Brisbane, Queensland

- 5,058m2 workshop, manufacturing OEM and custom mining bodies and buckets.
- The largest portal gantry-mounted robotic welding system in Australia
- A very quiet 1H FY14 but a much stronger 2H in FY14
- 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



Austin Hunter Valley, NSW

- 2,000m2 workshop with 26,000m2 hardstand
- Steel fabrication of new products, refurbishment and repairs, blasting and painting
- Hunter Valley is a difficult market at present with a number of competitors exiting during FY14
- 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 FY14



Austin Mackay, Queensland

- 3,000m2 workshop
- Major manufacture, refurbishment and repair to mining equipment and attachments . Servicing central and north QLD
- Business conditions in the Bowen Basin and Mackay areas of Queensland Australia, are expected to remain quiet and flat for the foreseeable future
- The Mackay 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



Austin Perth, Western Australia

- 12,500m2 workshop with 5,000m2 hardstand and a Rail mounted automated welding system
- Heavy fabrication facility, manufacturing of custom bodies, buckets, water tanks, etc.
- Large engineering department with design capabilities using specialist software
- A solid result for the FY14 year but not at FY13 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 and replacement equipment
- 2H FY15 expected to be a lot better than 1H FY15 with customer budgets reset in January 2015

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Austin Engineering - Australia (cont'd)



COR Cooling, various Australia

- 7 locations in Australia located in key areas
- Supply, service, rebuild and repair of industrial radiators and oil coolers as well as other related specialist services
- Financial result for FY14 was well above the previous year and internal budget
- An excellent result in a year which also involved a lot of restructuring in the business
- Customer spending patterns remain inconsistent e.g. emergency repairs only
- Some good contract wins within the COR group in FY14 which will produce positive full-year impacts in FY15



Pilbara Hire, Western Australia

- Fixed plant and mobile equipment repair and maintenance business incorporating fully equipped boiler maker welder trucks, mobile welders, spray painting equipment, etc.
- 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 underway which is expected to increase margins in FY15



Austbore, Mackay Queensland

- A machining shop incorporating all general machining and line boring, automatic bore and outside welding, sub arc and cast iron welding, plasma transfer arc welding.
- On site and off site services
- A very consistent business which continues to deliver good results in a difficult and inconsistent market at present

Austin Engineering - Americas



Westech, Wyoming USA

- 15,329m² workshop with 190,200m² hardstand
- Engineering and fabrication of custom and OEM truck bodies, custom water tanks, OEM dragline buckets, OEM dipper buckets, Westech FEL buckets
- 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



Austin La Negra, Chile

- Site area 34,629m², workshop area 5,603m²
- Engineering and fabrication of custom and OEM truck bodies, custom water tanks, OEM dragline buckets, OEM dipper buckets
- A considerably reduced EBITDA result for La Negra in FY14 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 due to customer capital constraints
- The Collahuasi contract, recently announced, will provide base workload for FY15
- Clients have indicated that major tenders will be issued during the first half of FY15 (especially Codelco who is a major client)



Austin Calama, Chile

- Site area 13,810m², workshop area 2,170m²
- Steel refurbishment, repairs and painting. Maintenance and reparation contracts of mine equipment
- Calama produced a good result for FY14 on the back of multi-year service contract wins during the period
- These multi-year contract wins provide good assurance of a similar or better result in FY15
- A restructure of Chile was completed in FY14 with distinct manufacturing (La Negra), equipment hire (Servigrut) and R&M businesses (Calama) expected to provide better focus and financial outcomes for FY15



Servigrut, Chile

- Calama site area 29,341m², Antofagasta site area 9,213m²
- Provision of transport and heavy lifting services to mining companies
- Cranes/lifting equipment for high tonnage from 50 to 450 ton.
- Servigrut was acquired in October 2013 and performed very well over the period.
- Without its contribution the Americas segment revenue would have been 10% lower than the pcp
- An improved result is expected in FY15 after the restructure and due to a continuing efficiency focus

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Austin Engineering – Americas (cont'd)



Austin Colombia

- 3,600m2 workshop ;3,600m2 hardstand
- Manufacture of trays, buckets, water tanks, cable reels, tyre handlers, service truck modules, attachments, repair and maintenance
- Colombia experienced difficult conditions due to coal prices and produced an FY14 result well below FY13 and internal budgets due to this
- 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 Oct 14

Austin Peru

- 5,565m2 workshop ;4,310m2 hardstand
- Westech and FRM dump truck bodies and other specialised mining components.
- JEC custom designed mining components, including water tanks, buckets and tyre handlers.
- Repairs and maintenance of mining components. On-site service welding and line boring services
- Peru's FY14 result was below FY13 due to site service contracts not eventuating and well as the impact of delayed decision making brought about by the market downturn
- A 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

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Austin Engineering - Asia



Austin Indonesia, Batam Island

- 12,800m² workshop and 10,000m² hardstand
- Manufacturer of JEC and Westech trays, water tanks, tyre handlers and buckets
- General fabrication, structural steel, heavy plates, skids and modular structures
- 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
- 1H FY15 is looking promising for Indonesia with good mining 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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Expansion Plans Update

Americas:

- Brazilian company setup in the final stages
- 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:

- Any acquisitions looked at presently must be EPS positive, minimal debt 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 FY14
- 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