

Industrea Limited

2012 Half-Year Results

Robin Levison – MD & CEO

Jeff Watson - CFO

22 February 2012



Half-Year Summary



Highlights
Financial Performance & Guidance

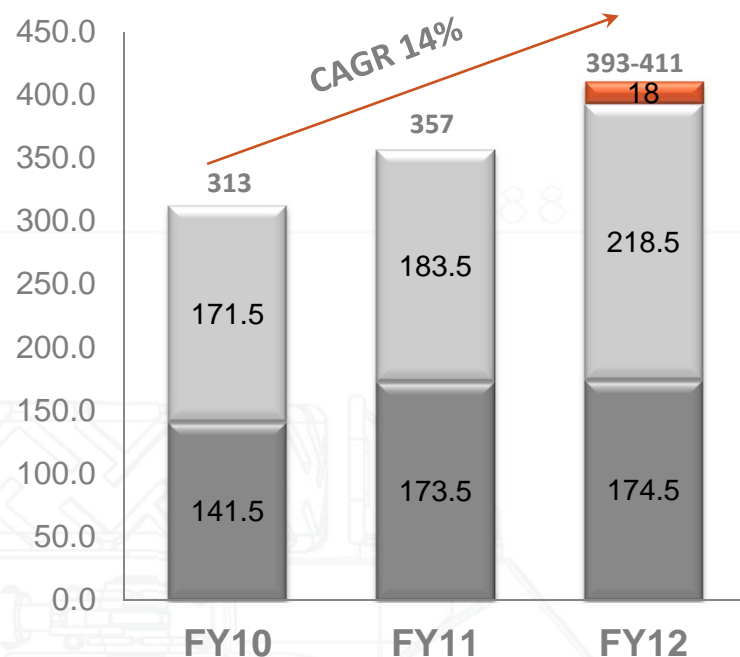
Highlights

Half-year		Dec'11	Dec'10	% Change
Revenue	\$m	174.5	173.5	0.6%
EBITDA	\$m	52.6	51.6	1.9%
EBITA	\$m	32.5	37.3	(13.0%)
Reported NPAT	\$m	15.1	17.5	(14.2%)
Interim Dividend (cents)	cps	1.0	1.0	0%

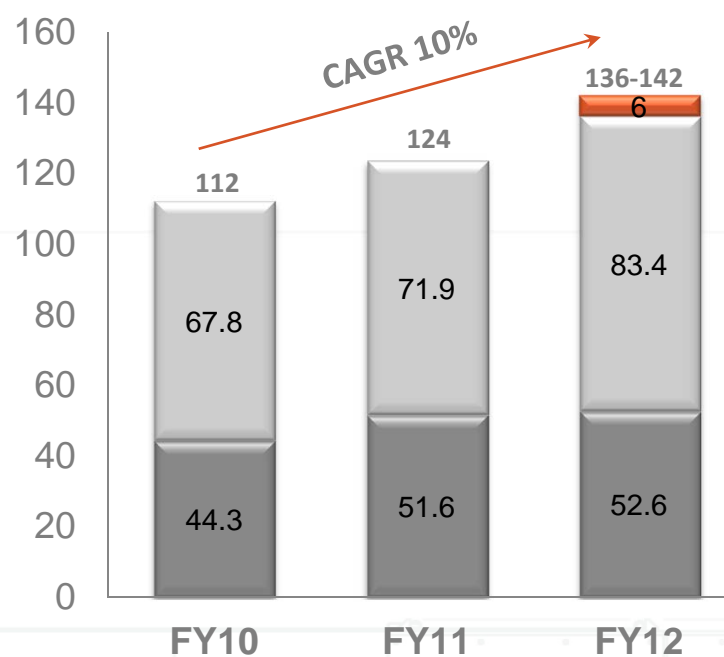
- Industrea Mining Services (IMS) and Industrea Mining Equipment (IME) post strong results reflecting strong domestic demand for mining products and services
- Significant capital investment in new equipment to support expansion of IMS
- \$5 million investment in new service facility at Rutherford in Hunter Valley to drive increase in recurring revenue stream
- Development of integrated methane gas drainage solution with first sales to 2 major Chinese coal mines
- Fully franked interim dividend of 1 cent declared in line with prior corresponding period (pcp)
- Fundamentals remain strong for second half and financial years 2013 and 2014

Financial Performance and Guidance

Revenue
\$m



EBITDA
\$m



H1

H2

Guidance Range

- Historically stronger second half to put Industrea on track for FY12 Revenue and EBITDA gains of 10 to 15%, and profit gain of 5 to 10%
- Strong fundamentals in Industrea's underlying markets
- Improvements in revenue and operational efficiencies to lift profit and operating margins

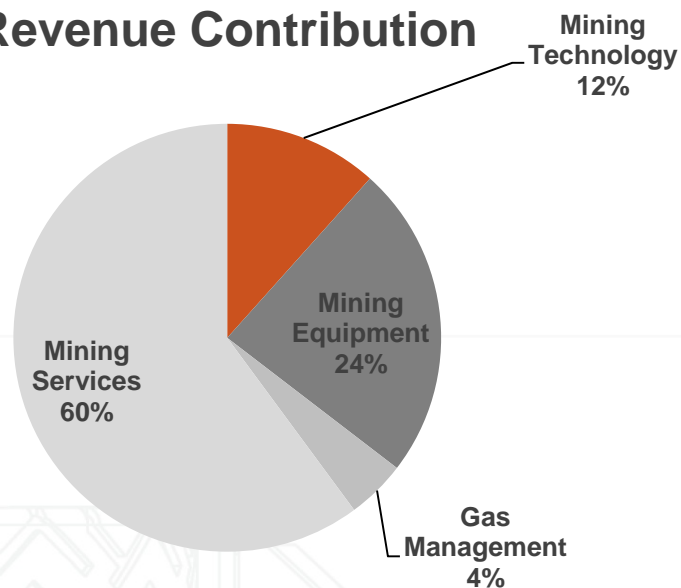
Financial Results



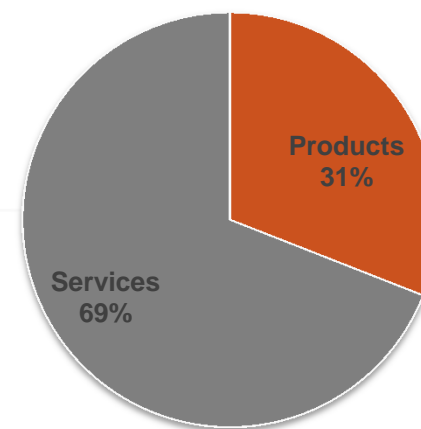
Revenue Diversification
Operating Performance
Balance Sheet
Funding and Debt Position
Cashflow

FY11 Revenue diversification

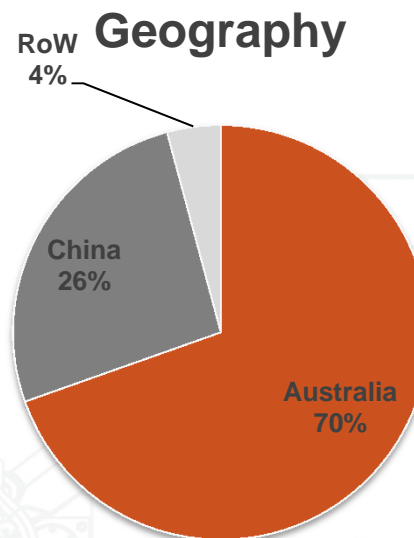
Revenue Contribution



Business Type



Geography



Operating performance

Half-year		Dec'11	Dec'10	% Change
Revenue	\$m	174.5	173.5	0.6%
EBITDA	\$m	52.6	51.6	1.9%
EBITA	\$m	32.5	37.3	(13.0%)
Reported NPAT	\$m	15.1	17.5	(14.2%)
Adjusted EPS	cps	4.1	5.2	(21.1%)
DPS	cps	1.0	1.0	0%

- NPAT result impacted by higher depreciation and normalised effective tax rate
- FY12 revenue and profit to be second half biased in line with previous years
- Improved profit margin for full year 2012

Balance Sheet

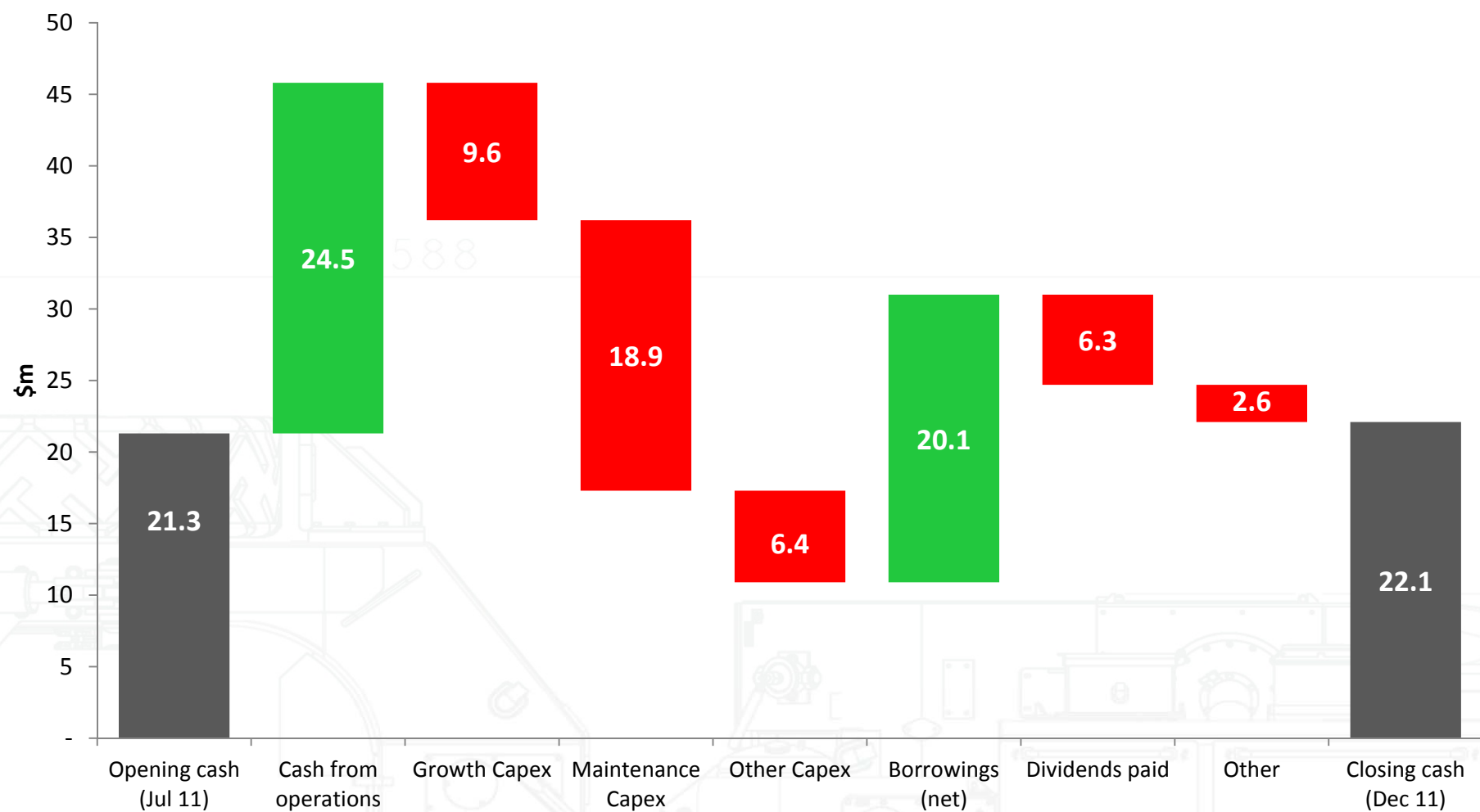
Half-year	Dec'11 \$m	Dec'10 \$m
Operating Assets		
Working capital	104.6	63.8
PP&E	256.3	201.0
Intangibles	202.1	174.9
Other assets	5.7	13.1
Other liabilities	(26.9)	(16.6)
Net operating assets	541.8	436.2
Financed by:		
Cash	-22.1	-62.3
Short term and long term debt	235.2	200.7
Net debt	213.1	138.4
Equity	328.7	297.8
Total funding	541.8	436.2
Net debt / equity	64%	46%
Net debt / EBITDA (annualised)	4 x	2.7 x

Funding and Debt Position

Half-year		Dec'11	Dec'10	% Change
Cash	\$m	22.1	62.3	(65%)
Net assets	\$m	328.7	320.8	2%
Debt	\$m	235.2	200.7	17%
Net debt	\$m	213.1	138.4	54%
Net debt / Equity	%	64%	46%	39%
Capital Expenditure (Cash & HP Funded)	\$m	67.8	42.9	58%

- Funded substantial investment in new equipment in IMS in the first half
- Revenue and capital investment for IGM
- New \$5 million service facility in Rutherford (Hunter Valley)
- Lower capital expenditure in second half

Cashflow



Operational Overview



Operational Units
Mining Equipment
Mining Technology
Gas Management
Mining Services

Operational units



- Design and manufacture of specialist underground mining vehicles (flame and explosion proof)
- Heavy underground mining equipment especially for longwall relocation
- Provision of maintenance, spares, service and support contract to customers
- Materials handling equipment and accessories
- General engineering and fabrication services



- Underground methane gas drainage directional drill guidance systems
- Open cut mining Collision Avoidance Systems
- Vehicle and heavy equipment tracking software solutions
- GPS in vehicle monitoring systems



- Specialised underground in-seam drilling services:
 - Exploration drilling
 - Dewatering and drainage drilling
 - Gas drainage short and long hole drilling



- Integrated contract mining services including
 - Mine planning and management
 - Open cut mining and earth moving services
 - Earthmoving equipment and experienced operating staff
 - Drill and blast contracting services
 - Civil services associated work with mining activities



- Chinese sales, manufacturing and distribution entities
- Provision of maintenance, spare parts, service and support

Mining Equipment

\$m	Dec'11	Dec'10	% Change
Revenue	41.5	27.0	54%
EBITA	8.9	5.5	63%
EBITA Margin %	21%	20%	



- 4 new underground diesel products recently launched – 130T Shearer Carrier, 80T longwall roof support carrier, 70T Mine Dozer and Tier 3 Minecruiser Personnel Carrier
- Newly developed flameproof underground coal mine drill rig integrated with IMT drill guidance tool
- Underground coal mine expansions creating strong domestic demand for new vehicles
- New IME service centre in Rutherford well placed to capitalise on service work for substantial mine vehicle fleets operating in Hunter Valley region
- Improved prospects for new vehicle sales and service revenue in China
- Further R&D for new products well advanced for introduction in third quarter of 2012

Mining Technology

\$m	Dec'11	Dec'10	% Change
Revenue	20.3	66.0	(69%)
EBITA	5.5	17.0	(68%)
EBITA Margin %	27%	26%	



- Change in distribution strategy restricts DGS sales into China
- Second half improvement expected due to streamlining of distribution channel in China for integrated methane gas drainage solution
- First 2 new sales of integrated methane gas drainage solution to major Chinese mines
- US approval for drill guidance solution (DGS) imminent
- Lower than expected CAS-CAM/RF® revenue in first half from BMA contract
- Increased sales of collision avoidance systems expected in Australia, South America and South Africa in second half

Gas Management

\$m	Dec'11	Dec'10	
Revenue	7.8	-	
EBITA	0.3	-	
EBITA Margin %	4%		



- Capital and revenue expenditure incurred to enhance competitiveness
- Second half outlook for growth in both revenue and margin
- New contract signed with Centennial Coal for 5 NSW mines
- Overall industry growth in underground coal mines drives increased requirements for gas management services
- Expect to capture more of value chain in gas management beyond drilling services
- Opportunities for broader IGM gas management offering for Chinese and Russian markets



Mining Services

\$m	Dec'11	Dec'10	% Change
Revenue	104.8	80.5	30%
EBITA	19.5	17.4	12%
EBITA Margin %	19%	22%	



- Recent renewal of all major contracts (Rio Tinto, Xstrata, Cockatoo Coal and CST Lady Annie) - \$370 million in new contracts since July 2011
- New dry hire contract with Anglo American for Foxleigh mine which further diversifies customer mix and builds Bowen Basin capability
- Key customers expecting to increase production volumes continues to drive growth
- Growth in revenue and profit as a result of recent capital expenditure
- Historically high equipment availability rates through disciplined maintenance program

Strategy & Outlook



Strategy
Coal market
Outlook

Strategy

- Continue to focus on core markets in Australia and China
- Continue to focus on growing markets in Russia, South America, South Africa and USA
- Consider further strategic and earnings enhancing acquisitions to add to IMT, IME and IGM divisions



- Capitalise on current strength of Australian market
- Leverage market acceptance of new product range both domestically and internationally
- New Rutherford service and support capability for both IME and other OEM equipment



- CAS-CAM/RF® – further diversify customers, expand Australian footprint and new markets
- DGS – support new Chinese sales platform for integrated methane gas drainage solution
- DGS – expansion into US and Russian markets



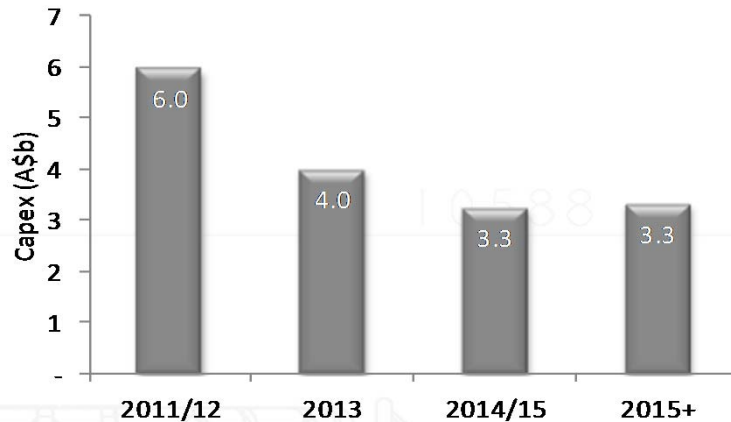
- Diversify underground service offering targeting current customer base
- Capitalise on Australian, Chinese and Russian underground gas drainage opportunities
- Transition to providing complete suite of gas drainage and associated services



- Support current customer expansions
- Maximise revenue and profit from recent capital expenditure
- Continue to refine operating model to ensure best return on asset base

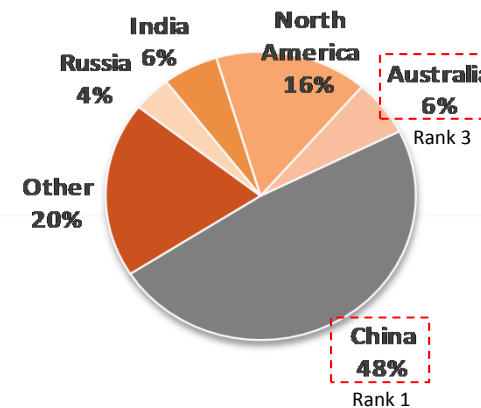
Coal market

Expected Australian underground coal mine capex spend



Source: Mining and Heavy Construction in Australia 2010 - 2024

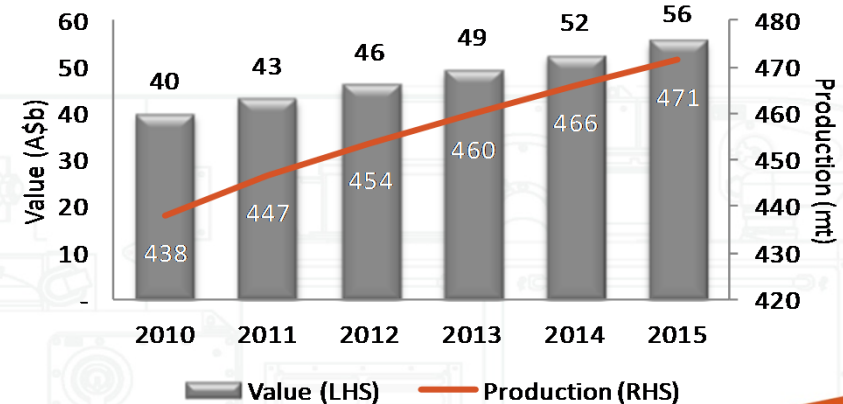
Share of Global Coal Production 2010



Source: BP Statistical Review of World Energy 2011

- Capital expenditure in Australian underground mines is expected to be c.\$6bn in 2011/12
- Industree's two major coal markets represent 54% of global coal production
- Australian coal production is expected to grow at a compound annual growth rate of 6.8% for 2010–15

Australian coal mine value and production



Source: Datamonitor

Outlook

Industrea expected to deliver organic Revenue and EBITDA growth in range of 10 to 15% in full year 2012

- \$16.5 billion approved underground coal projects in Australia up to 2015
- Market for all divisions expected to grow over next 36 months
- Strong order book leading to improved manufacturing economies of scale and associated margins
- Continued strong demand for longwall relocation equipment
- Rutherford service facility to drive increase in recurring revenue stream
- Growth from IMS contracts and recent investments in new fleet
- Expected recovery of DGS sales through integrated methane gas drainage solution sales in China and Australia
- Full year contribution from underground gas drainage acquisition
- Strong growth in China coal mining products market which is forecast to exceed 20% over coming years and reach 150 billion RMB by 2015
- Chinese manufacturing and service support centre to create further recurring maintenance revenue
- Build on early sales of IMT directional drill guidance products into Russia
- IGM to establish services model outside Australia
- South Africa and South America opportunities for CAS-CAM/RF® with global customers including Anglo American, Rio Tinto and BHP Billiton

Disclaimer

- This presentation for Industrea Limited is designed to provide a high level overview of aspects of Industrea Limited. The material set out in the presentation is current as at 22 February 2012. It is information in a summary form and does not purport to be complete.
- In this presentation references to Industrea means Industrea Limited and its wholly owned subsidiaries.
- The presentation may contain forward looking statements about assumptions, prior year corresponding period, estimates and outcomes, which are based on internal business data and external sources. Given the nature of the industry, business risks, and other factors, the assumptions, estimates and outcomes are uncertain. They may be affected by internal and external factors and involve known and unknown risks, many of which are beyond the control of Industrea Limited, that may cause actual results and business performance to differ materially from those expressed or implied in such statements. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of Industrea Limited or the likelihood that the assumptions, estimates or outcomes will be achieved.
- While management has taken every effort to ensure the accuracy of the material in the presentation, the presentation is provided for information purposes only. Industrea Limited, its officers and management exclude and disclaim any liability in respect of anything done in reliance on the presentation.
- It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.
- Please note that all references to \$ or dollars herein are references to Australian dollars, unless otherwise indicated.