

ASX Small to Mid Caps Conference Hong Kong

Robin Levison – MD & CEO

October 2010



Agenda

About Industrea

Financial Highlights

Operational Overview

Financial Results 2010

Strategy and Outlook



Introduction to Industrea

- Industrea Limited (ASX:IDL) is headquartered in Queensland and is involved in the global provision of mining products and services
- Products and services are sold on a wide geographical footprint
- Industrea has offices in five Australian locations, two offices and one product support centre in China, and one sales and service centre in Chile
- Solely focused on distributing mining productivity and safety products in China through its wholly owned subsidiary, Wadam Industries and does not undertake any mining services operations in China
- Global customers include:
 - BHP
 - Anglo Coal
 - Rio Tinto
 - Barrick Gold
 - Vale
 - Xstrata
- Major Chinese bureaus include:
 - Jincheng Mining Group
 - Shanxi Mining Group
 - Shen Dong Coal Co
 - Yangquan Coal Industry (Group) Co
 - Shenhua Energy Company
 - Quiyuan Coal Industry Co

Our Mining Products and Services

- **Current range of mining products includes:**

 - *Diesel Equipment Division*

 - Underground flameproof and explosion proof diesel vehicles for movement of longwall equipment and personnel

 - *Technology Division*

 - Collision Avoidance Systems
 - Underground Directional Drilling and methane gas drainage equipment
 - Contractor Management systems and Driver Safety performance index
 - GPS based Mobile Asset Tracking

- **Fully integrated outsourced open-cut mining services division:**

 - Mine planning and Project supervision
 - Heavy mining equipment hire
 - Trained equipment operator hire
 - Overburden, coal and ore body mining and transportation
 - Drill and blast and crushing planning and activity

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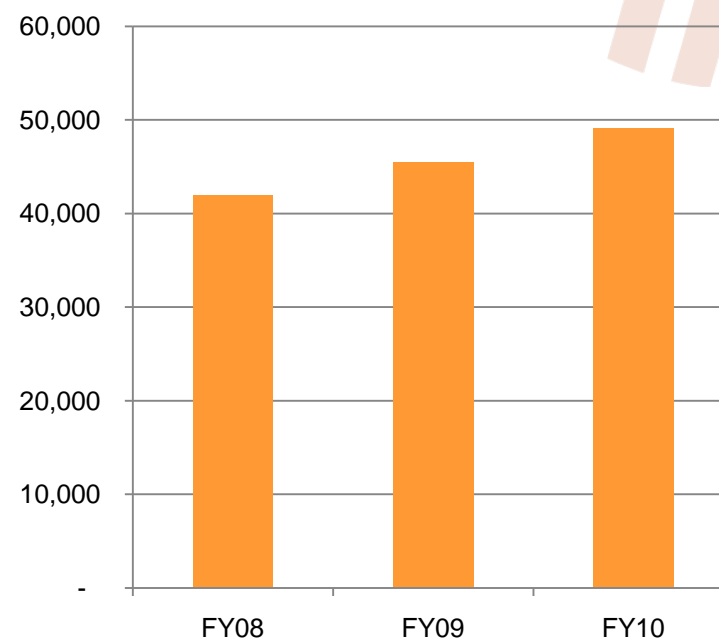
Strategy and Outlook

Financial Highlights for FY2010

- Revenue \$313.2 million, up 21%
- EBITDA \$112.1 million up 11%
- EBITDA margin 36%
- Adjusted NPAT* \$49.1 million, up 8%
- Reported NPAT \$61.9 million including significant non-recurring items
- EPS (adjusted) down 2% to 5.29 cents per share
- Total dividends for the year 1.3 cents per share fully franked

* *Net profit after tax pre non-cash amortisation, unrealised movements on interest rate hedging instruments and significant non-recurring items – see slide 28.*

Adjusted Net Profit after Tax* A\$'000



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Divisional Overview



Diesel Equipment

A vertical stack of logos for the Diesel Equipment division. From top to bottom: iME (industrea mining equipment), PJB, KADE ENGINEERING, and WADAM industries.

Technology

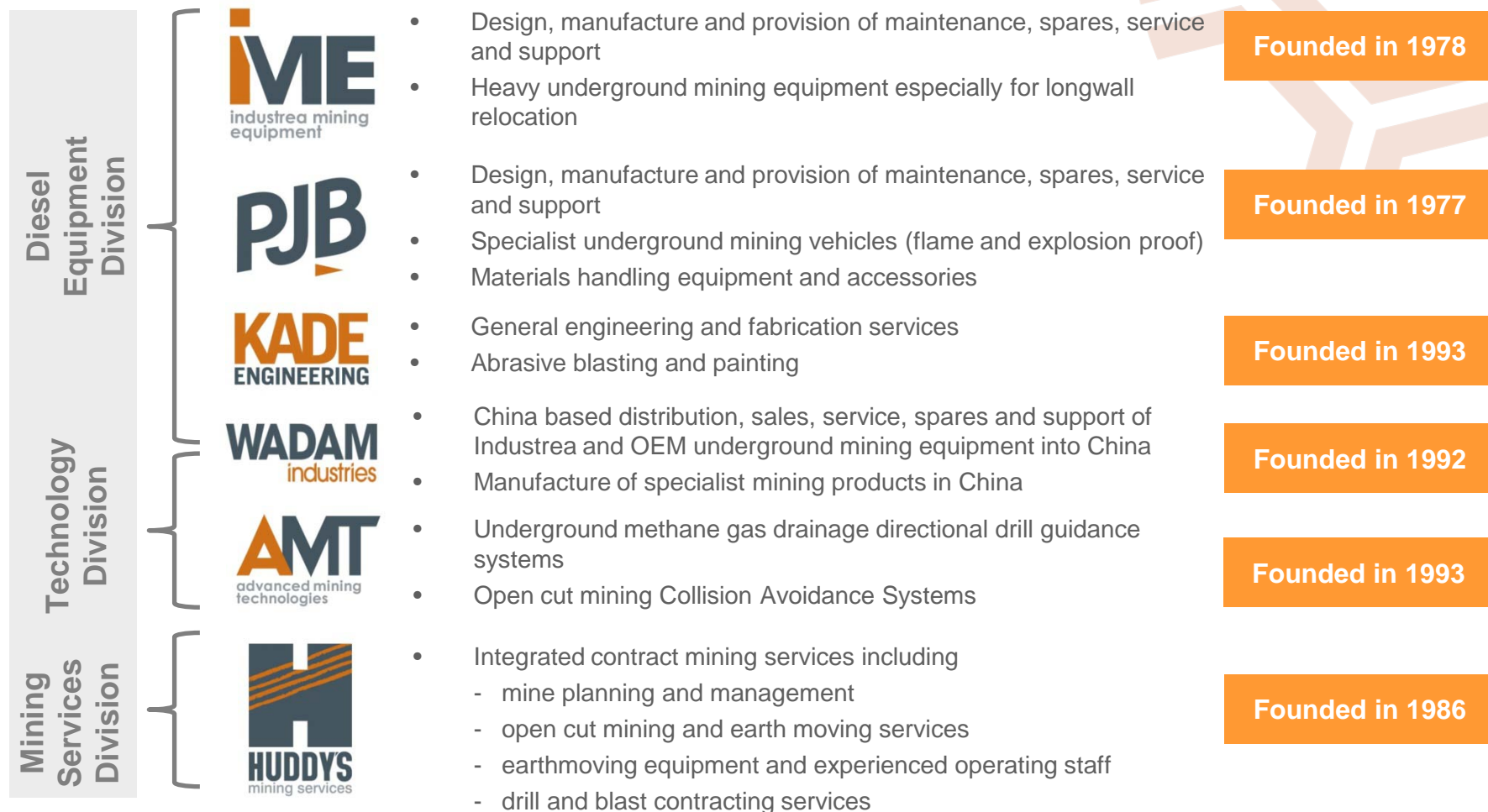
A vertical stack of logos for the Technology division. From top to bottom: AMT (advanced mining technologies), GPS (ONLINE SOLUTIONS), and WADAM industries.

Mining Services

A logo for the Mining Services division, featuring a stylized 'H' icon above the text "HUDDYS mining services".

Head office support

Operational Units



Key markets and customers

Financially strong customer base with expanding operations across a diverse range of regions



Diesel Equipment Division

A\$'000	2009	1H'10	2H'10	2010	chg %
Revenue	57,205	54,554	58,435	112,989	98%
EBITA	14,155	14,866	22,530	37,396	164%
<i>EBITA Margin %</i>	25%			33%	



- 98% increase in revenue driven by strong Chinese order flow
- Production capacity extended in July 2009
- Higher capacity utilisation in the manufacture of vehicles
- New IME vehicles introduced to China market including 130 tonne shearer carrier and 80 tonne roof support carrier
- Integration of more powerful Caterpillar C9 engine in new vehicles
- IME manufactured approx 50 vehicles FY10 up from 27 in FY09
- Expanded installed equipment base in China driving recurring revenue
- PJB achieved record year for domestic personnel carrier vehicle sales
- Kade fabrication facility assisted in increased production and improved quality control

Technology Division

A\$'000	2009	1H'10	2H'10	2010	chg %
Revenue	68,912	27,685	42,916	70,601	2%
EBITA	21,695	6,586	12,792	19,378	-11%
<i>EBITA Margin %</i>	31%			27%	



- Drill Guidance System (DGS) continues as global leader in underground coal methane gas drainage
- AMT DGS is dominant Chinese technology
- Shipped 13 DGS units to China in FY10 up from 10 in FY09
- Over 100 DGS units worldwide including 70+ in China
- Successful entry of drill guidance tool into civil market in Japan
- Collision Avoidance System (CAS-CAM/RF®) continuing penetration with global miners with further sales in Australia and South Africa
- Now over 3,500 units installed worldwide across 27 different mines
- Strong outlook for CAS-CAM/RF® both domestically and globally based on continuing focus on safety and productivity

Mining Services Division

A\$'000	2009	1H'10	2H'10	2010	chg %
Revenue	132,668	58,480	70,729	129,209	-3%
EBITA	48,721	12,676	21,219	33,895	-30%
<i>EBITA Margin %</i>	37%			26%	



Huddy's Mining Services Excavators at Handlebar Hill Mt Isa

- New contracts with Cockatoo Coal for Baralaba mine and contract extension at Rio Tinto Mt Thorley Warkworth
- Continued focus on regional, customer and commodity diversification
- \$60.5m capital expenditure including \$49.4m for fleet expansion and \$10.4m fleet repairs and maintenance
- 2nd half EBITA margin improved to 30%
- Expansion prospects with existing customers in all major regions e.g. Cockatoo Coal's Baralaba mine, Rio Tinto's Mt Thorley Warkworth and Xstrata Handlebar Hill expansion plans

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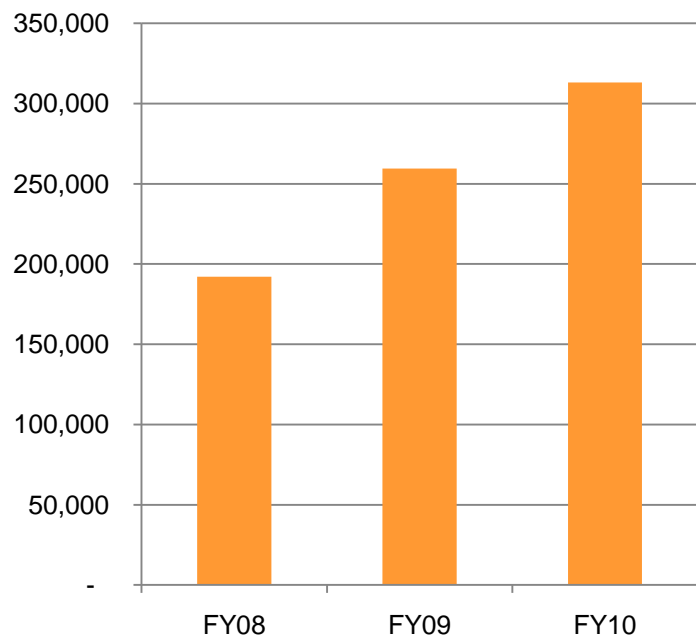
Strategy and Outlook

Key Points – Industrea grows scale, reach and profit

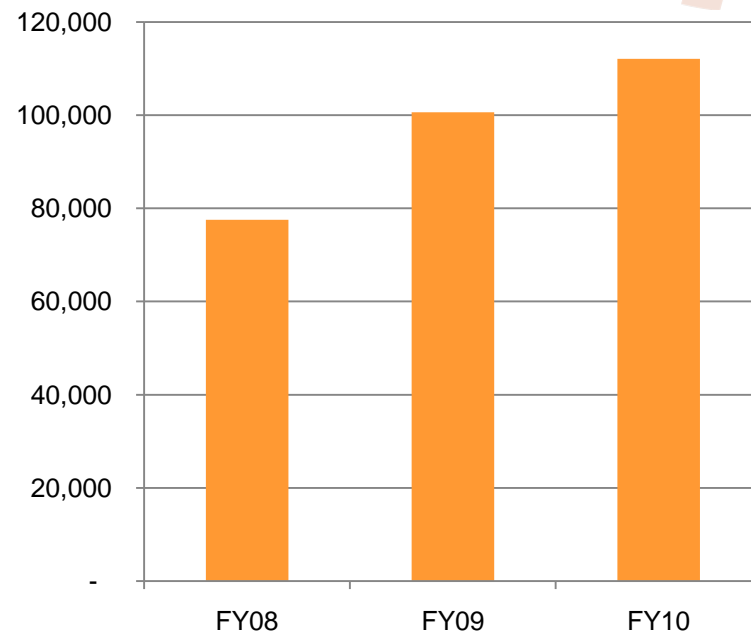
- Full year revenue of \$313.2m, EBITDA of \$112.1m, Adjusted NPAT of \$49.1m
- Strong 2nd half performance with positive momentum for FY11
- In excess of \$10m per month in export sales to China
- Senior debt refinanced to August 2013
- Improved efficiencies in Australia lifted revenue and productivity through better capacity utilisation
- Acquired manufacturing business in China
- Continued expansion in Hunter Valley an ongoing priority
- Fully franked final dividend of 1 cent, total dividend for the year of 1.3 cents

Revenue / EBITDA Trends

Revenue
A\$'000

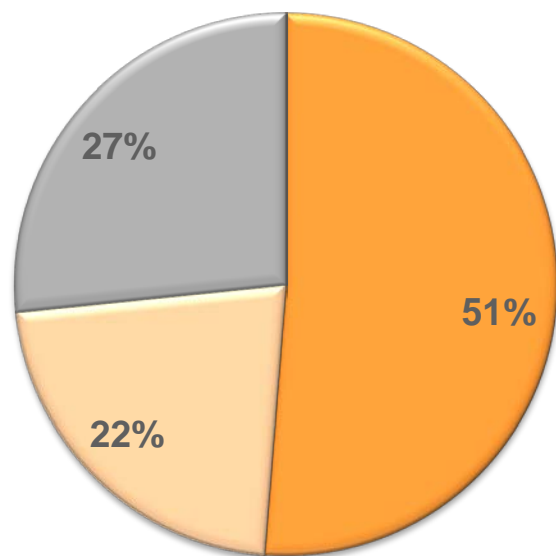


EBITDA
A\$'000



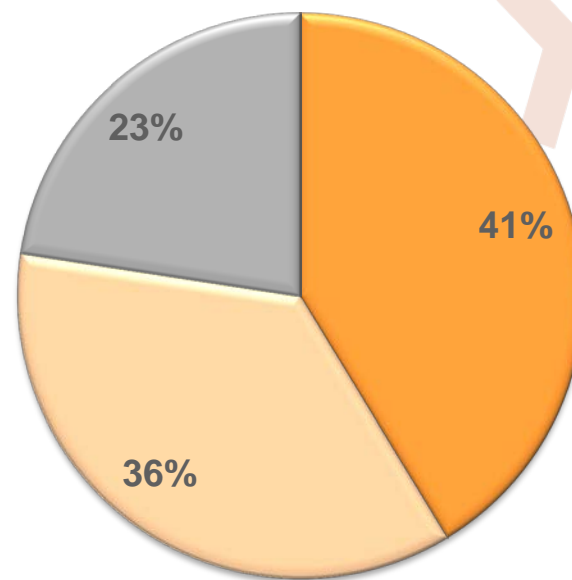
Revenue Diversification – by Division

FY 2009



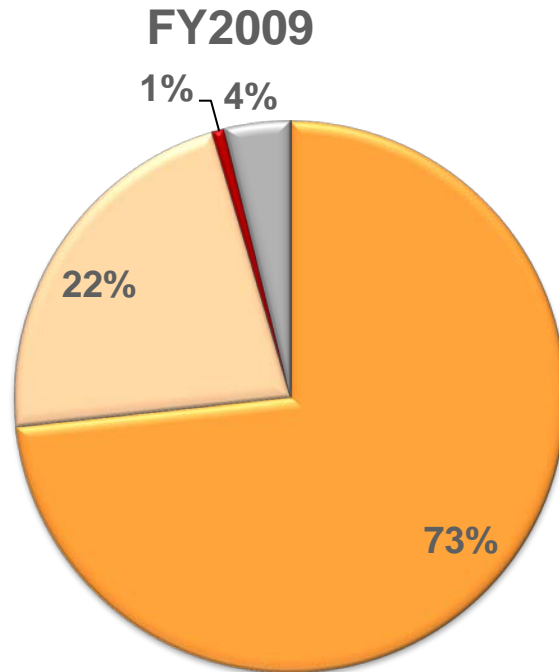
■ Mining Services ■ Diesel Equipment
■ Technology

FY 2010

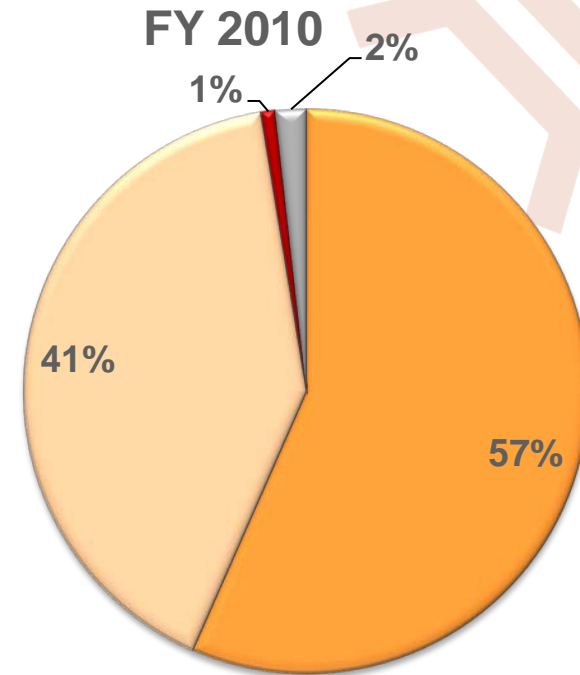


■ Mining Services ■ Diesel Equipment
■ Technology

Revenue Diversification – by Geography



■ Australia ■ China
■ Sth America ■ Other



■ Australia ■ China
■ Sth America ■ Other

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Key Points

Snapshot

Operational Overview

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Strategic Positioning



Proven Business Strategy

Diesel Equipment and Technology

- Building on key strengths in the design, manufacture and supply of mining productivity and safety equipment to the mining sector globally
- Expansion of manufacturing and design capacity in Hunter Valley
- Export emphasis to China and new markets including Russia, India, Canada, Alaska
- Strengthening of recurring revenue from service, spare and support offering
- Acquisition opportunities again apparent to add capital, expertise and products to international sales channel

Mining Services

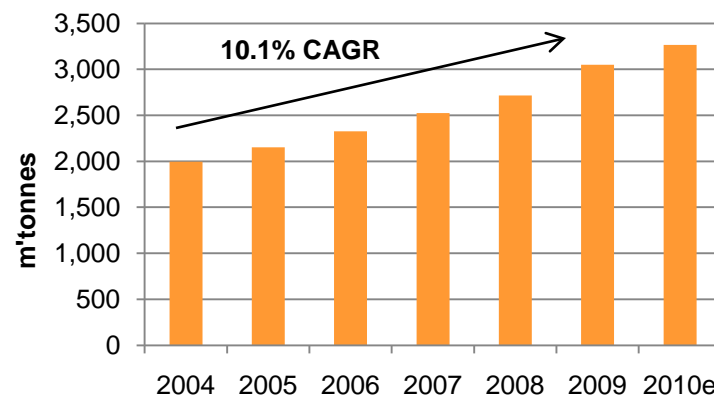
- Geographic, commodity and customer diversification
- Strong organic growth profile
- Building on areas of strength (Mt Isa, Bowen Basin, Hunter Valley) existing infrastructure
- Disciplined fleet management and maintenance
- Top tier 2 – lower overhead provider

Chinese market

The underground coal mining sector is the largest market for Industrea's products

- China is the largest coal producer in the world producing 2.8 bln tonnes of coal in 2008 – 12.5% of the world's coal production
- China is expected to produce over 3 billion metric tonnes of coal in 2010 with over 95% of output sourced from underground mines
- Global demand remains strong
 - particularly developing countries
- Chinese demand for coal continues to grow, driven by:
 - thermal power (75-80% of total power generation)
 - crude steel output
 - cement output
- Coal is more cost effective than oil and gas
- Massive coal infrastructure expanding globally
- Clean coal technologies
- Chinese Government tax on coal to fund the purchase of safety equipment

Chinese coal demand



Source: sxcoal, CEIC, UBS estimates, June 2010

⁹ Austrade China Coal Industry Report August 2009

Chinese Strategy

- Institutionalise key relationships with the major mining bureaus
- Add OEM and product mix to build capability around managing gas flows once vented to the surface
- Establish China manufacturing facility to build low IP / high volume vehicles specifically for the Chinese market
- Expand spare parts and service centre to capture greater share of ongoing maintenance, service and repairs for our equipment in China
- Continued innovation to Industrea product range to capture additional revenues in China push for improved safety and productivity



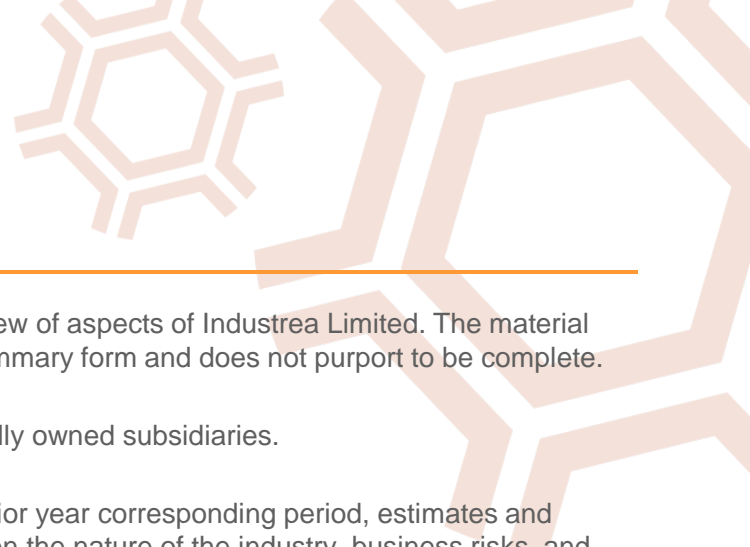
Chinese Revenue Drivers

- Push for greater self sufficiency in coal and energy requirements:
 - Double electricity production in the next circa 20 years:
 - Chinese forecast 2010 coal production 3 billion tonnes, 95% sourced from underground mines
 - Worldwide forecast 2010 coal production 7.4 billion tonnes
 - Assist population relocation and urbanisation projects
- Government led push to improve coal productivity:
 - Mine consolidation creating expanding and new client base (e.g. Yangquan)
 - Increased productivity through mechanisation
- Government led push to improve safety practices:
 - Coal mine gas control is a key focus
 - 1.1 reported fatalities per million tonnes of production in 2008 (a decrease of 68% on 2004)
 - Safety tax mandated by government to be spent on safety equipment:
 - Key State Owned Coal Mine's averaged 27.28 RMB per tonne in 2008 (est. A\$3.5bn - A\$4.0bn)



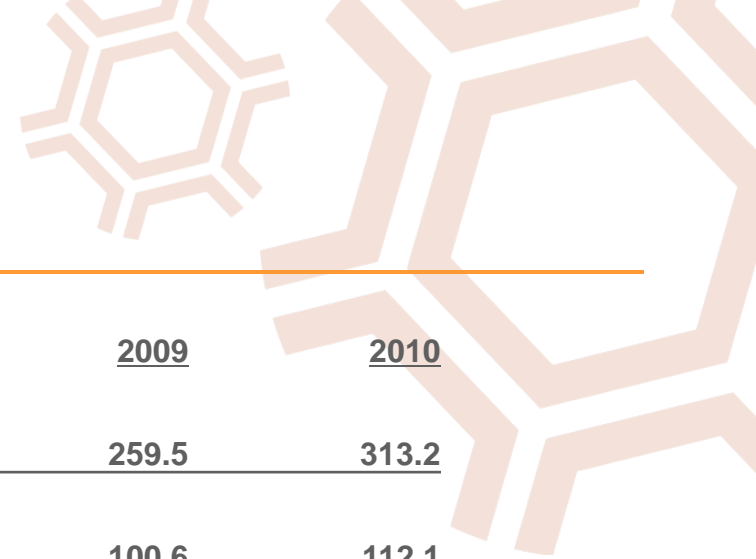
Industrea outlook

- Business conditions improving in global and domestic mining sector – commodities expected to remain strong
- China coal production now over 40% of worldwide production and growing at 9% pa
- Strong competitive position in China and Chinese manufacturing facility expected to grow China business
- Continued customer expansion domestically and globally
- Improved domestic manufacturing facilities will continue to deliver higher capacity utilisation
- Finance stability delivered through senior debt re-finance
- Stronger 2nd half revenues in Mining Services to continue based on customer expansion plans, new contract with CST for Mt Isa Lady Annie Mine and expanded mining services equipment fleet
- Continuing to review opportunities for earnings accretive acquisitions
- Positive long term outlook and expect to report an increase in revenue and operating profit for FY11



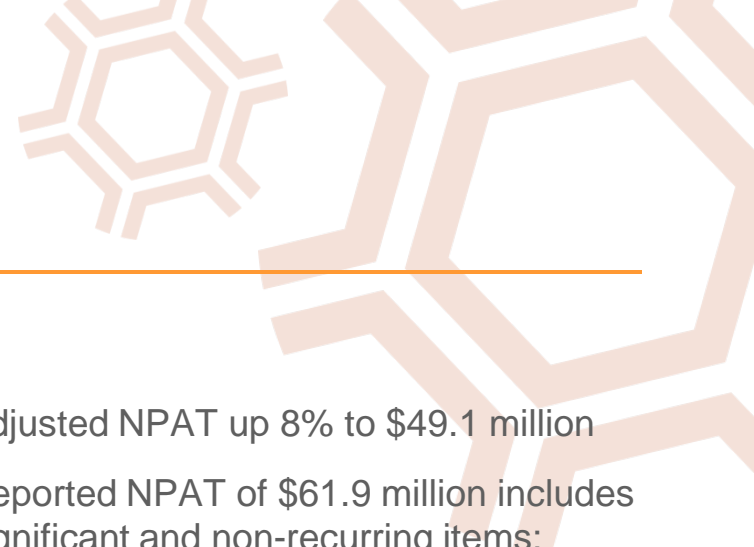
Disclaimer

- 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 October 2010. 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.
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APPENDIX 1: Financial Highlights

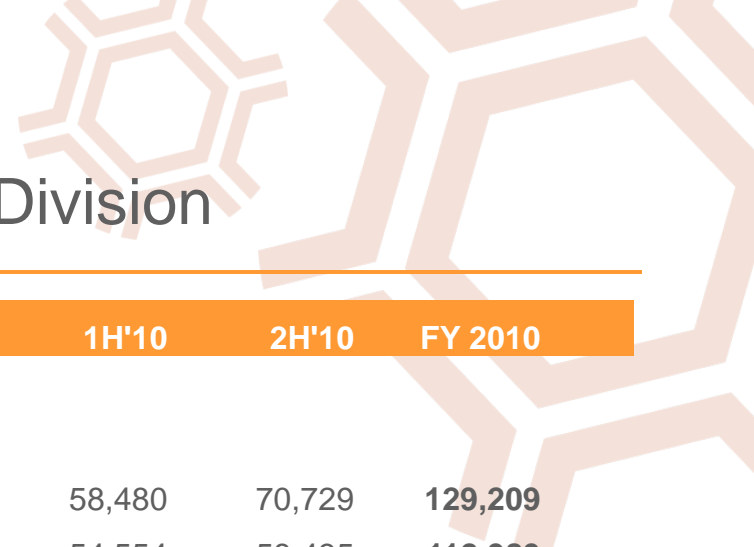
A\$m	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenue	192.0	259.5	313.2
EBITDA	77.6	100.6	112.1
<i>EBITDA Margin %</i>	40%	39%	36%
Depreciation	8.4	17.4	22.7
EBITA	66.8	83.1	89.3
<i>EBITA Margin</i>	35%	32%	29%
Interest Expense (net)	7.4	15.6	16.4
Adjusted net profit after tax	41.9	45.4	49.1
Reported profit after tax	30.0	15.3	61.9
Adjusted Basic EPS (cents)	5.64	5.38	5.29
Dividends per share (cents)	1.00	1.25	1.30
Net Debt + Bonds/EBITDA	2.09x	1.86x	1.62x
EBITDA/Interest Expense (net)	10.5x	6.5x	6.8x



APPENDIX 2: Adjusted NPAT

A\$'000	2009	2010
EBITDA	100,600	112,081
Depreciation and Amortisation	(20,977)	(27,398)
Net Interest Expense	(14,911)	(16,452)
Taxation Expense	(19,265)	(19,107)
Adjusted net profit after tax	45,447	49,124
Amortisation - convertible bond	(2,989)	(4,900)
Amortisation - customer contracts	(17,746)	(13,059)
Impairment - customer contract	(17,185)	-
Movement in fair value of interest rate swap	(5,124)	3,327
Reversal of deferred tax on Huddy acquisition	-	20,190
Tax effect of adjusting items	12,913	7,294
Reported net profit/(loss) after tax	15,316	61,976

- Adjusted NPAT up 8% to \$49.1 million
- Reported NPAT of \$61.9 million includes significant and non-recurring items;
 - Non-cash amortisation of Convertible Bonds and customer contracts associated with the acquisition of Huddy's Mining Services
 - Reversal of deferred tax liability of \$20.2 million following clarification of taxation provisions relating to contractual assets acquired with Huddy's Mining Services
 - Non-cash movement in the valuation of an interest rate swap agreement used to hedge interest rate risk on senior debt facilities



APPENDIX 3 - Financial Results by Division

A\$'000	1H'09	2H'09	FY 2009		1H'10	2H'10	FY 2010	
Revenue								
Mining Services	84,906	47,761	132,667		58,480	70,729	129,209	
Diesel Equipment	19,895	37,309	57,204		54,554	58,435	112,989	
Technology	40,738	28,173	68,911		27,685	42,916	70,601	
Other	260	421	681		766	(331)	435	
Total Revenue	145,799	113,664	259,463		141,485	171,749	313,234	
Total EBITDA	52,805	47,796	100,601	39%	44,255	67,826	112,081	36%
EBITA								
Mining Services	33,158	15,563	48,721	37%	12,676	21,219	33,895	26%
Diesel Equipment	2,514	11,641	14,155	25%	14,866	22,530	37,396	33%
Technology	9,668	12,027	21,695	31%	6,586	12,792	19,378	27%
Other	(955)	(323)	(1,278)		(321)	(945)	(1,266)	
Total EBITA	44,385	38,908	83,293		33,807	55,596	89,403	



APPENDIX 4 - Cash Flow

A\$m	2009	2010
EBITDA	100.6	112.1
Movement in working capital:		
(Increase)/Decrease in receivables	(13.2)	(22.2)
(Increase)/Decrease in WIP	0.3	(12.5)
(Increase)/Decrease in inventory	(8.5)	1.4
Increase in payables and provisions	(0.9)	1.8
Cash from operations pre interest and tax	78.3	80.5
Tax (paid)/refunded	(20.1)	2.4
Net interest and finance costs	(14.9)	(18.2)
Net cash from operations	43.3	64.7
Capital Expenditure		
Fleet expansion - new contracts	-	49.4
Fleet repairs and maintenance	6.0	10.4
Other business capital expenditure	3.2	1.7
Total Capital Expenditure	9.2	61.5

- Increase in receivables and WIP reflect increased activity in all divisions in 2nd half of the year
- Net tax refund in the year following clarification of tax deductibility of contractual assets acquired with Huddy's Mining Services
- Capital Expenditure of \$61.5 million primarily on expansion of Mining Services Fleet for contracts commencing in first half of the year



APPENDIX 5 - Balance Sheet

A\$m	2009	2010
Cash and deposits	22.0	9.2
Receivables	45.1	67.3
WIP and accrued profit	18.1	30.6
Inventory	24.2	22.9
Property, plant & equipment	143.1	181.4
Intangible assets	191.0	177.7
Derivatives & other assets	7.3	1.3
Net Assets	450.8	490.3
Trade and other creditors	36.0	37.5
Borrowings	130.0	147.2
Convertible bonds - fair value	68.8	38.9
Vendor liability	25.9	10.0
Provision for tax	13.5	8.0
Deferred tax liabilities	6.7	4.4
Derivative & other liabilities	6.2	4.3
Total liabilities	287.1	250.3
Net assets	163.7	240.0

- Net assets increased by \$77m to \$240.1m
- Increase in Receivables and WIP reflects strong export activity
- Intangible assets decreased by non-cash amortisation of customer contracts
- Expansion of Mining Services fleet reflected in increased PPE to \$181.4m
- Reduction in vendor liability following Huddy's deferred payments during the year

APPENDIX 6 - Debt facilities

A\$'000	Cash Facility	Non Cash Facility	Undrawn Facility	Total Facility
Debt Facilities	Utilised	Utilised	Facility	Facility
Equipment Finance	31,197		43,803	75,000
Senior Debt	105,000		10,000	115,000
Working Capital	13,533	9,395	2,072	25,000
Syndicated Debt	149,730	9,395	56,408	215,000
Convertible Bonds	40,400			
Cash and Equivalents	(9,187)			
Net Debt	180,943			

Non cash facilities utilised includes performance bonds and guarantees in place during the warranty period on capital equipment sales.

- Syndicated debt refinanced with NAB, CBA and Caterpillar Finance in July 2010. Term of senior debt extended to August 2013
- Equipment finance facility increased to \$75m, including headroom of \$44m at June 2010
- Senior debt includes headroom for final Huddy earn out payment of \$10m, due Sept 2010
- Convertible Bonds reduced by \$34.6m to \$40.4m at end of FY10, due for conversion or redemption by 28 March 2011
- Bonds redemption to be satisfied with combination of cash flow and debt facilities

APPENDIX 7 - Key Contract Wins 2010

Company	A\$m	Description	Diesel Division	Technology Division	Mining Services
Jincheng Anthracite Mining Group	2.4	Directional Drilling & Methane Gas Drainage		√	
Jincheng Anthracite Mining Group	2.6	Roof Support Carriers	√		
Cockatoo Coal – Baralaba Coal Mine	30.0	\$30m p.a. whole of mine contract			√
Jincheng Anthracite Mining Group	11.7	Directional Drilling & Methane Gas Drainage		√	
Shanxi Changping Coal Mining Co.	1.9	Directional Drilling & Methane Gas Drainage		√	
Zhulinshan Coal Mine	3.1	Directional Drilling & Methane Gas Drainage		√	
Inner Mongolia Huineng Group	3.9	Roof Support Carriers	√		
Inner Mongolia Yitai Coal	5.0	Roof Support Carriers	√		
Beijing Huajin Wanshun Machinery Co	2.5	Directional Drilling & Methane Gas Drainage		√	
Zibo Mining Group's Tingnan Coal Mine	3.1	Directional Drilling & Methane Gas Drainage		√	
Beijing Huajin Wanshun Machinery Co	0.7	Directional Drilling & Methane Gas Drainage		√	
Yangquan Coal Industry	19.0	Directional Drilling & Methane Gas Drainage		√	
China Shenhua	1.2	PJB Nipper	√		
BHP Billiton Mitsubishi Alliance (BMA)	1.0	PJB Flitmate	√		
Mt Thorley Warkworth extension	21.7	Huddy's mining equipment			√
Baoji Qinyuan Coal	2.7	Roof Support Carriers	√		
BHP Billiton Hotazel Manganese Mine	2.7	Collision avoidance equipment and spares		√	
Shanxi Asian American Daning Energy	1.9	Directional Drilling & Methane Gas Drainage		√	
Jincheng Anthracite Mining Group	7.8	Directional Drilling & Methane Gas Drainage		√	
Ernest Henry Mining	3.4	Tailings Storage Facility Earthworks			√
Shanxi Coking Coal Group	10.3	Directional Drilling & Methane Gas Drainage		√	
Shanxi Yangcheng Fu Yan Coal	3.1	Directional Drilling & Methane Gas Drainage		√	
Jincheng Anthracite Mining Group	6.1	Directional Drilling & Methane Gas Drainage		√	
Shandong Guangyu Energy Co	2.7	Roof Support Carriers	√		