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Rationalisation of East Coast Operations

Brisbane, 24 November 2015: (Austin Engineering Limited - ASX trading code: ANG)

Austin Engineering Limited (Austin) announces a rationalisation of its four East Coast Operations, through the closure of its Brisbane manufacturing facility in Carole Park, Queensland. The closure will occur progressively until the end of February 2016 and is expected to reduce the Company's annual operating costs by \$2.8m. This is after incurring a total closure cost of \$1.7m of which \$0.3m has already been provided for in leave provisions. These costs are made up of \$0.8m in asset write-offs, \$0.8m in redundancy costs and \$0.1m of miscellaneous restructuring costs. The cash component of these costs is \$0.9m. Austin's corporate office will continue to operate from Carole Park and the Company will retain the flexibility to re-open the Brisbane manufacturing facility depending on future market conditions.

The Company currently has a lease over the location until February 2021 and the minimum value of the future lease payments to the end of the lease would be \$6m before outgoings or any make-good costs. This location also has net fixed assets totaling \$1.6m and we are considering the options to re-locate or dispose of these assets as needed.

The coal mining markets of the East Coast of Australia are continuing the recent trend of deferring capex purchases of new/replacement equipment and, where possible, repairs. This environment has resulted in Austin having excess manufacturing capacity in this region. By closing the Brisbane facility, Austin's capacity will better match the market requirements, and will offer significant annual savings.

Austin's regional facilities, located in Mackay and the Hunter Valley, have had upgrades over recent years which now allow the manufacture and maintenance support of its products. A range of products has been manufactured in these facilities over the last 2 years with very pleasing results in terms of hours and margins.

Key equipment from Brisbane which currently services the East Coast operations will be re-located to the regional facilities, further strengthening their capabilities. These facilities will offer baseline repairs and maintenance and, together with the manufacture of new/replacement products, the Company expects to see an increase in efficiencies and enhanced services to its customers.

Austin confirms that there will be no impact on the ability to meet its customers' needs in both the short and long term as a result of this rationalisation. Both the Mackay and Hunter Valley Operations are ideally positioned to offer more efficient, cost effective manufacturing capacity for the East Coast Region.

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For further information on the above, please contact Managing Director Michael Buckland, or Chief Financial Officer Scott Richardson, on +61 7 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America, and Indonesia. The Australian facilities manufacture, assemble, repair and maintain (on and off-site) products used in the mining and resources sector. Key product lines include dump truck bodies, large service vehicles, excavator buckets, materials handling equipment, mineral processing equipment, industrial radiator and cooling products as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North American and Canadian mining markets and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies. The operations located in Chile, Peru and Colombia manufacture, repair and maintain dump truck bodies and other mining products for their respective markets and, in Chile, also provide specialised heavy equipment lifting and transportation services for mining and industrial markets. The Indonesian production facility on Batam Island serves the equipment and service needs of mining and oil and gas-related customers in Indonesia and Asia. Austin also own rights to innovative and automated welding processes and these have been introduced into operations in order to improve production efficiencies. For more information visit www.austineng.com.au.