

ASX ANNOUNCEMENT (ASX Code: ANG)

20 April 2020

Business Update

Austin Engineering Limited (“Austin”) provides the following business update on its response to the COVID-19 pandemic (“the pandemic”).

Following the update provided on 26 March 2020, Austin continues to implement measures focused on keeping its staff safe. These measures have resulted in no Austin staff member contracting COVID-19 to date.

Trading Update

Austin operates manufacturing facilities across Australia, Indonesia, USA, Chile, Colombia and Peru. Each of these countries is being impacted differently depending on the rate of spread of the virus through the population and the actions being taken by their respective governments. Below are updates for each of these facilities:

Facility	Update on 20 April 2020	Update on 26 March 2020
Perth	Activity levels remain very strong, and are expected to remain strong for the balance of this calendar year.	Activity levels are at the highest they have been in many years with up to five truck bodies being completed per week, as we work to fulfil a large order book that runs well into the 2021 financial year. This order book reflects our strong relationships with key iron ore clients in Western Australia.
USA	Activity levels are in line with those provided in the earlier release.	In early March 2020, Austin secured an additional truck body order that is expected to support this facility’s production levels to the end of the financial year.
Chile	Austin has leased a second facility in the La Negra region for an initial six-month period, this increases the capacity in Chile by >50%. This is expected to support a strong start for FY2021 and a longer term lease will be reviewed early into FY2021. As the lease commenced only recently there will be minimal impact to FY2020 earnings.	The facility is operating at high capacity levels as it supports additional demand following the withdrawal of a competitor from the market in 2019.

Facility	Update on 20 April 2020	Update on 26 March 2020
Indonesia	The receipt of purchase orders has been delayed in Indonesia. Whilst Austin remains confident of converting these orders they are highly unlikely to be completed in FY2020. These opportunities reflected ~\$2.5 million of Austin's previous earnings guidance.	The facility is on track to meet its manufacturing targets on orders already received, however two large orders that were expected to be received are still waiting final approval. There is a risk that workloads in the final quarter of FY2020 will be subdued if purchase decisions are deferred.
Other facilities	<p>Shutdowns in Colombia and Peru have been extended to 27 April 2020 and it is not yet clear whether there will be further extensions beyond this. As a result of the current extension some financial impact will be unavoidable with staff remaining on normal pay arrangements at this time, whilst exhausting accrued leave balances where possible.</p> <p>The two Mackay operations have seen a slight softening in demand recently but are operating at close to normal levels.</p>	<p>Colombia and Peru are currently closed until at least 13 April 2020, and 30 March 2020, respectively as a result of government mandated closures. This is not currently expected to have a material impact on earnings guidance due to the relatively low contribution from these businesses to the overall group result.</p> <p>The two Mackay operations, Austin Mackay and Aust Bore, are operating as usual.</p>

Government Assistance and Financial Position

Austin has been successful in an application for the Paycheck Protection Program, a USA Government program aimed at retaining workforce numbers in the USA. The USA business is receiving a grant of US\$2.4 million (~A\$3.8 million) to continue to employ its staff for an eight week period from provision of funds. Further information on this program can be found on the U.S. Small Business Administration website (www.sba.gov). These funds are expected to be made available to Austin during April 2020, any amounts not used for their intended purpose will be repayable.

On 27 February 2020, Austin announced that a credit approved term sheet was in place for a refinance of its Australian debt facilities with a major international bank. New USA facilities were also included in refinancing discussions. In light of the pandemic, the bank has elected to pause discussions with Austin for a period of ~6 months.

Current debt facilities remain in place in Australia, with Assetsecure and in the USA with Bibby. These facilities both expire in November 2020. The Company is confident of either a renewal of current facilities or a refinance of new facilities before that time. On 10 April 2020, Austin had cash on hand of \$17.8 million (unaudited), and net debt excluding AASB 16 Lease Liabilities of \$0.9 million.

The sale of the La Coipa land in Chile has been completed, settlement proceeds are in transit to the bank and will be used to repay debt of ~\$3 million in April 2020. Properties

in Peru and Chile (Calama) remain for sale and are expected to be sold at levels above their carrying values of \$0.9 million and \$4.1 million, respectively.

Managing Director Peter Forsyth said *“We remain well-positioned to trade through the challenges that businesses globally are confronting in this extraordinary time. The hard work put in over the past year to procure such a strong order book, particularly in Perth and Chile, is now paying off.*

Whilst it is regrettable that the proposed refinance stalled and that the orders we expected for Indonesia have not yet come through, it is important to keep things in perspective - our balance sheet remains strong with debt at very low levels and operations through to the end of 2020 continue to be supported by a strong order book.

I’m confident that Austin will emerge stronger from this difficult time. We are continuing to win new business to support the revenue base for FY2021 and do not currently see any significant headwinds to the business in the medium term. The vast majority of our clients are still operating and continue to require Austin products to keep their mines running.”

End

For further information contact:

Peter Forsyth – Managing Director on +61 7 3723 8600
Sam Cruickshank – Chief Financial Officer on +61 7 3723 8600

Media – Giles Rafferty, FIRST Advisers on +61 481 467 903

About Austin Engineering: An Australian based engineering company, headquartered in Brisbane, with operations in Australia, Asia, North and South America. In Australia Austin manufactures, assembles, repairs and maintains (on and off-site) products used in the mining and resources sector. Key product lines include dump truck bodies, water tanks, excavator buckets and materials handling equipment. In Australia and South America specialised field services to the mining industry are provided by Austin’s site services divisions. The equipment and service needs of mining and oil and gas-related customers in Asia are delivered through a world class production facility on Batam Island in Indonesia. Austin’s facility in the USA is based in Casper, Wyoming and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies and water tanks. It services the North American, Mexican and Canadian mining markets. In South America, Austin has operations located in Chile, Peru and Colombia that manufacture, repair and maintain dump truck bodies and other mining products for their respective markets. For more information visit www.austineng.com.au

This announcement was authorized for release to the market by the Board of Directors.