

ASX ANNOUNCEMENT (ASX Code: ANG)

26 August 2020

New Financing Arrangements

Austin Engineering Limited (“Austin”) is pleased to announce the agreement of a new financing arrangement in Australia provided by Export Finance Australia (“EFA”), the Australian government’s export credit agency, which replaces trade receivables facilities with Assetsecure Pty Limited and Bibby Financial Services Inc.

Key aspects of the new financing arrangement are:

- \$15 million revolving working capital facility, financing working capital cycles from receipt of purchase order to eventual payment. This provides enhanced availability of funds relative to existing facilities that are being replaced;
- Cost of funding in line with traditional bank financing representing a significant reduction in the overall cost of funding compared to existing facilities which are no longer appropriate for the capital structure of the business;
- Secured only by Australian assets, reducing compliance costs and providing a large headroom upon refinancing; and
- 12 month term, with annual renewals up to three years.

The financing agreement has been executed by both Austin and EFA with conditions precedent to its use, and refinance of Austin’s Australian facilities, expected to be satisfied by early September 2020.

Austin refinanced its debt facilities in Chile in June 2020 with new facilities totalling ~\$7 million priced between 3.5%-6.0% which support its South American funding requirements. These facilities have remained with BCI and were negotiated on improved terms with no financial covenants. They are provided as term debt, amortising to full repayment in April 2024.

Operations in North America will be supported from Australia following the recent termination of its debt facility with Bibby Financial Services Inc.

Facilities with EFA and BCI are intended to form the basis of Austin’s core debt requirements for the next three years. Austin will continue to maintain modest finance lease facilities globally outside of these facilities.

Austin's Managing Director, Peter Forsyth said "this is a key milestone for the business whose debt arrangements have hindered our growth potential for many years. Export Finance Australia specialises in supporting the Australian export market, particularly those critical components of the export supply chain, so we now have a partner that is strongly aligned to our goals.

Refreshed facilities in Chile negotiated earlier in the year also provide a stable platform on which the South American region can grow, confident that it has access to liquidity for the next four years.

The agreement of this refinancing underscores the strength of Austin's balance sheet and completes the financial recovery of the business. The new facility provides Austin with the leverage, at competitive rates of interest, to continue to grow the business organically across the globe."

Announcement Authorisation

This announcement was authorised by the Board of Directors.

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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