Austin Engineering Limited

FY2020 Results Presentation

27 August 2020

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Agenda

- Overview
- Analysis of Financial Results
- Review of Operations
- Market Outlook and Guidance
- Appendices

Overview

Strong earnings in unprecedented global crisis	• Statutory net profit after tax grew 79% to $4.5 million in FY2020, reflecting an EPS of 0.78cps • A final fully franked dividend of 0.3cps, total FY2020 dividends of 0.5cps • Normalised EBITDA of $22.5 million, below original earnings guidance of $24-28 million which was withdrawn in March 2020 due to COVID-19 impacts
COVID-19 impacts	• Australia demonstrated strong earnings throughout the pandemic, however facilities located in Colombia, Peru, USA and Indonesia were all affected by the virus to varying degrees • It is estimated that COVID-19 reduced net profit after tax by at least $4.3 million, and Normalised EBITDA by $1.9 million as a result of closures in Colombia and Peru, deferrals of work in Indonesia and partially offset by government support received in the USA
Robust balance sheet and healthy operating cash flows	• Net cash (excluding AASB 16 leases) was $8.0 million at 30 June 2020, compared to net debt of $19.8 million at 30 June 2019, a $27.8 million turnaround • Improved financing arrangements have been agreed on all major debt facilities since January 2020 • Strongest operating cash flow result since the mining boom in FY2012 and third highest ever at $24.1 million
Positioned for growth, with some near-term challenges	• Underlying NPAT expected to be in excess of $9 million for FY2021, up from $8.1 million in FY2020 and supported by a strong order book with close to 50% of orders locked in for the year. • Asia-Pacific is well positioned for a strong year with a strong order book in Perth, Australia and Indonesia • North and South America are likely to continue to be impacted by COVID-19, however improved commodity prices should assist order generation. The USA business enters FY2021 with a low order book due in part to oil pricing and uncertainty on the US election outcome • Restructuring continuing in Peru and Colombia in FY2021
Safety and people	• Safety statistics significantly improved with falls in LTIFR to 5.3 from 7.3 in FY2019 and TRIFR to 13.5 from 16.0 • Reduction in headcount to 1,248 at 30 June 2020 from 1,719 (pcp) due to restructuring in South America

Analysis of Financial Results

Chief Financial Officer: Sam Cruickshank

Financial Performance: Normalised

Period ending		Post AASB 16 FY2020	Post AASB 16 2H2020	Post AASB 16 1H2020	Proforma Post AASB 16 FY2019	Pre AASB 16 FY2019	Post AASB16 FY % Change
Revenue	$M	**230.4**	**134.8**	**95.6**	**230.8**	**230.8**	**-**
Gross profit	$M	**59.5**	**35.8**	**23.8**	**58.0**	**58.0**	**3%**
Gross margin	*%*	*25.8%*	*26.5%*	*24.9%*	*25.1%*	*25.1%*	**3%**
EBITDA	$M	**22.5**	**17.8**	**4.7**	**23.9**	**21.4**	**(6%)**
EBITDA margin	*%*	*9.8%*	*13.2%*	*4.9%*	*10.3%*	*9.3%*	**(6%)**
Depreciation and amortisation	$M	**(7.6)**	**(3.6)**	**(3.9)**	**(7.0)**	**(5.5)**	**8%**
EBIT	$M	**14.9**	**14.2**	**0.8**	**16.9**	**15.9**	**(11%)**
EBIT margin	*%*	*6.5%*	*10.5%*	*0.9%*	*7.3%*	*6.9%*	**(11%)**
Net interest expense	$M	**(3.3)**	**(1.6)**	**(1.7)**	**(4.2)**	**(3.2)**	**(21%)**
PBT	$M	**11.6**	**12.6**	**(0.9)**	**12.7**	**12.7**	**(8%)**
Tax Expense	$M	**(3.5)**	**(3.8)**	**0.3**	**(3.8)**	**(3.8)**	**(8%)**
NPAT	$M	**8.1**	**8.8**	**(0.6)**	**8.9**	**8.9**	**(9%)**
EPS	cents	**1.40**	**1.52**	**(0.10)**	**1.54**	**1.54**	**(9%)**
DPS	cents	**0.50**	**0.30**	**0.20**	**-**	**-**	↑

Results reflect continuing operations, variance compares FY2020 with FY2019 (as restated for additional discontinued operation – Australian Site Services)

Proforma FY2019 numbers reflect the performance of continuing operations had AASB 16 been in effect. Variance percentage and comments refer to the movement between FY2020 proforma FY2019, prepared on the same basis

Numbers may not add across or down due to rounding

- Revenue was in line with the previous year
  - Asia-Pacific and North America each increased their revenue base
  - South American revenue declined due to COVID-19 related shutdowns and contract cancellations
- A change in the mix of revenue by type, and by region led to an improved gross margin to 25.8%
- EBITDA decreased due to COVID-19 impacts estimated to be $1.9 million, offset with operational improvements and improved product mix
- Depreciation and amortisation increased due to increased capital spending in recent years, together with some modest decreases in useful economic lives of certain assets
- Net interest expense decreased due to lower debt levels. Facilities in place during FY2020 had high fixed borrowing costs
- Although the second half was significantly stronger as a result of improved volumes of new product, the impact of COVID-19 on NPAT in that period is estimated to be a $2.0 million reduction. The impact to NPAT is higher than the impact to EBITDA noted above, due to tax credits not recognised in Colombia and Peru.

Financial Performance: Statutory

Period ending		Post AASB 16 FY2020	Post AASB 16 2H2020	Post AASB 16 1H2020	Proforma Post AASB 16 FY2019	Pre AASB 16 FY2019	Post AASB16 FY % Change
Revenue	$M	**230.4**	**134.8**	**95.6**	**230.8**	**230.8**	**-**
Gross profit	$M	**59.5**	**35.8**	**23.8**	**58.0**	**58.0**	**3%**
Gross margin	*%*	*25.8%*	*26.5%*	*24.9%*	*25.1%*	*25.1%*	**3%**
Indirect costs	$M	**(37.1)**	**(18.0)**	**(19.1)**	**(34.1)**	**(36.6)**	**9%**
Impairment	$M	**-**	**-**	**-**	**(3.7)**	**(3.7)**	**(100)%**
One-off net (costs)/gain	$M	**(2.6)**	**(3.0)**	**0.4**	**(2.9)**	**(2.9)**	**(11)%**
EBITDA	$M	**19.9**	**14.8**	**5.1**	**17.3**	**14.8**	**15%**
EBITDA margin	*%*	*8.6%*	*11.0%*	*5.3%*	*7.5%*	*6.4%*	**15%**
Depreciation and amortisation	$M	**(7.6)**	**(3.6)**	**(3.9)**	**(7.0)**	**(5.5)**	**8%**
EBIT	$M	**12.4**	**11.2**	**1.2**	**10.3**	**9.2**	**20%**
Net interest expense	$M	**(3.3)**	**(1.6)**	**(1.7)**	**(4.2)**	**(3.2)**	**(21)%**
PBT	$M	**9.1**	**9.6**	**(0.6)**	**6.1**	**6.0**	**49%**
Tax (Expense)/Credit	$M	**(4.5)**	**(4.4)**	**(0.1)**	**(3.6)**	**(3.6)**	**27%**
NPAT	$M	**4.5**	**5.2**	**(0.7)**	**2.5**	**2.5**	**79%**
EPS	cents	**0.78**	**0.90**	**(0.11)**	**0.43**	**0.43**	**83%**
DPS	cents	**0.50**	**0.30**	**0.20**	**-**	**-**	↑

Results reflect continuing operations, variance compares FY2020 with FY2019 (as restated for additional discontinued operation – Australian Site Services)

Proforma FY2019 numbers reflect the performance of continuing operations had AASB 16 been in effect. Variance percentage and comments refer to the movement between FY2020 proforma FY2019, prepared on the same basis

Numbers may not add across or down due to rounding

One-off net costs:

- Retrenchments and shutdown costs of Colombian site contracts ($2.3 million),
- Other restructuring and refinancing costs ($0.8 million)
- Net gains on sale of assets ($0.5 million)

Impairment:

- A full impairment review was conducted at 30 June 2020 with no impairment required to continuing operations

Profit Before Tax:

- Statutory PBT increased by 49% on pcp, mainly due to prior year impairment charges

Net Profit After Tax:

- NPAT increased by 79% after including a decrease in the effective tax rate from 60% in FY2019 to 50%
  - High tax rate was the result of a combined $5.8 million loss before tax for Colombia and Peru for which no tax credit was recognised
  - FY2019 tax expense was similarly high due to the de-recognition of a deferred tax asset in Colombia of $2.2 million

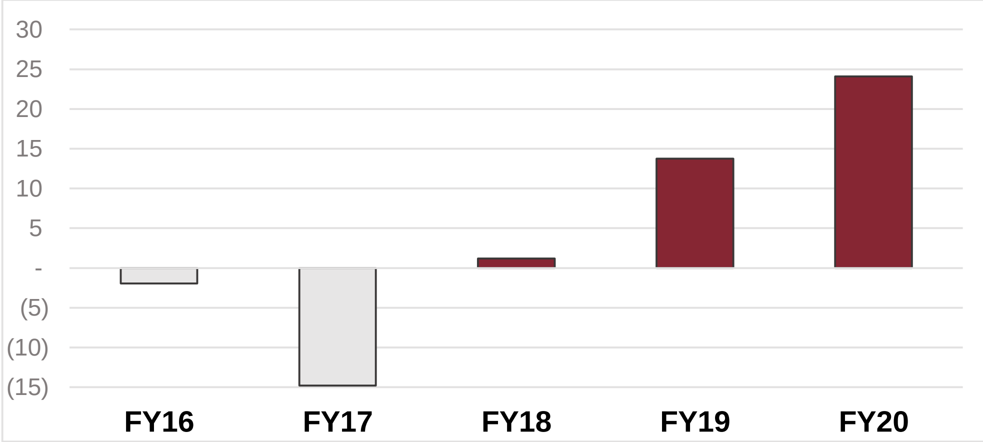
Cash Flow

From continuing and discontinued operations $M	Year ending 30 June 2020	 2019
Cash flows from operating activities		
NPAT	5.2	(4.6)
Add: • Depreciation and amortisation	7.9	6.5
• Impairments	0.1	4.0
• (Profit) on disposal of assets	(2.4)	(1.5)
• Movement in working capital	16.3	7.4
• Other movements	(3.0)	2.0
Cash from operations	**24.1**	**13.8**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	7.5	20.2
Purchase of of property, plant and equipment	(4.4)	(7.9)
Cash from investing activities	**3.0**	**12.3**
Cash flows from financing activities		
Net (repayment) of borrowings	(15.5)	(24.8)
Cash (used in) financing	**(15.5)**	**(24.8)**
Net cash flows	**11.7**	**1.2**

Cash flows reflect continuing and discontinued operations, as such certain amounts will not reconcile to performance statements above, which are shown on a continuing basis

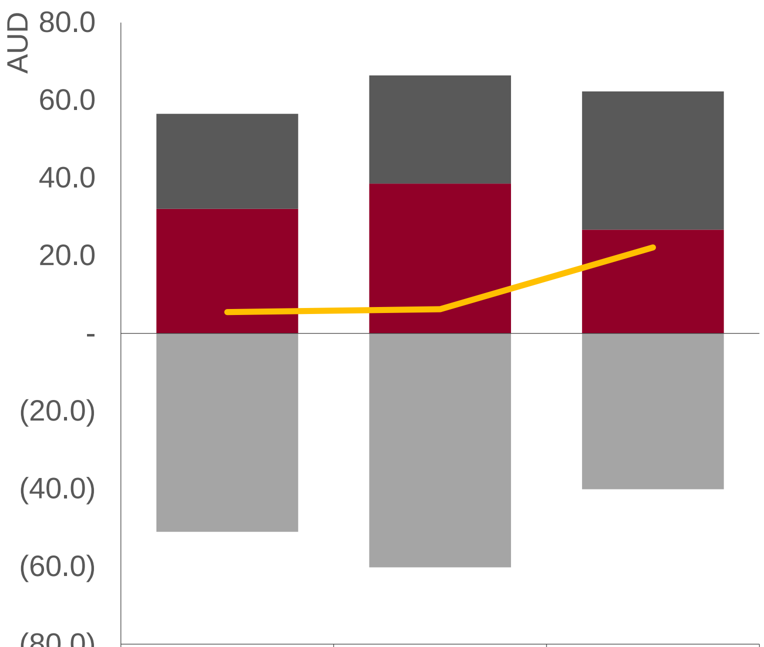
Numbers may not add down due to rounding

Historical cash flow from operating activities



- Significant improvement in operating cash flow, delivering the strongest result since FY2012 and the third strongest year ever
  - — Improved earnings
  - — Favourable payment terms obtained for key orders, securing funds up front on orders being delivered throughout FY2021
- Proceeds on sale of assets relate to the sale of the Hunter Valley and Chile Crane Hire facilities during the year, together with other surplus assets
- Capital expenditure in FY2020 is predominantly maintenance capex
- Cash flows were mainly directed towards repayment of debt

Working Capital



	As at 30 Jun 2020	As at 31 Dec 2019	As at 30 Jun 2019
	30 Jun 20	31 Dec 19	30 Jun 19
Receivables	24.5	27.9	35.5
Inventory	32.0	38.5	26.7
Payables	(51.1)	(60.2)	(40.1)
Net working capital	5.4	6.2	22.1

Working capital reduced from $22.1 million in 30 June 2019 to $5.4 million, a level it has maintained since 31 December 2019

The reduction from the prior year relates mainly to an increase in contract liabilities (revenue received in advance) of $11.3 million from 30 June 2019

Receivables continue to be closely managed with favourable payment terms in place with certain large clients

Inventories increased from 30 June 2019 as a consequence of increases in both work in progress and raw materials to support the order book for 1H2021

Balance Sheet

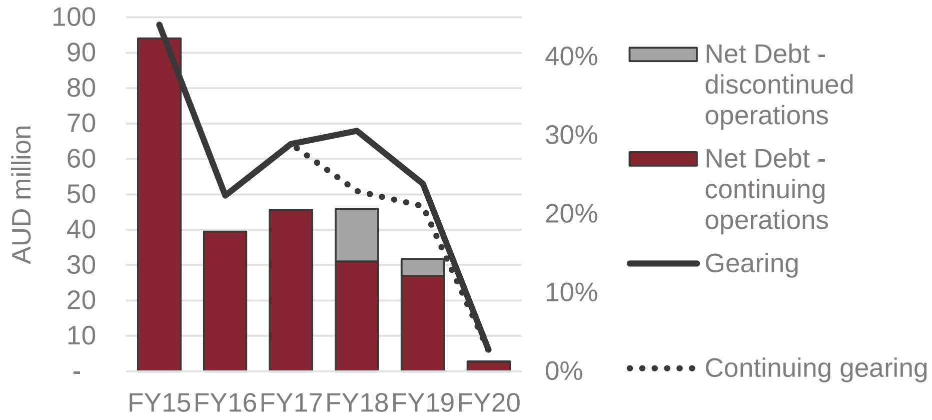
Gearing Summary

		As at 30 Jun 2020	As at 30 Jun 2019
Total Assets	$M	180.4	177.4
Total Shareholders Funds	$M	98.5	101.4
Facilities related to continuing and discontinued operations			
Net (Cash) / Debt (excluding AASB 16 leases)	$M	(8.0)	19.8
Net Debt	$M	2.8	31.7*
Net Debt to Net Debt plus Equity	%	2.8%	23.8%
Net Debt: Normalised EBITDA (from continuing operations)	times	0.12	1.48

- Net cash position (excluding AASB 16 Leases) of $8.0 million compared to a net debt position of $19.8 million on a like-for-like basis
- Increase in cash holdings at 30 June 2020 to provide liquidity security in light of COVID-19
- Restructured all major debt facilities since January 2020 with significantly more cost effective facilities in Australia and Chile
- Balance sheet debt and cost of debt puts Austin on a solid footing during this uncertain economic time

** FY2019 numbers have been restated on this page to reflect gross and net debt as if AASB16 was in effect at 30 June 2019 for comparison purposes on a like-for-like basis to 30 June 2020*

Net Debt and Gearing



Net debt

		As at 30 Jun 2020	As at 30 Jun 2019
APAC senior debt	$M	-	5.9
APAC working capital and leasing	$M	12.1	15.3*
USA working capital and leasing	$M	1.9	5.0
South American facilities	$M	7.8	7.0*
Discontinued operations	$M	0.2	5.4
Utilised facilities	$M	22.0	38.6*
Less cash	$M	(19.2)	(6.9)
Net Debt	$M	2.8	31.7*
Net (Cash) / Debt (excluding AASB 16 leases)	$M	(8.0)	19.8

Debt Refinancing

Since January 2020, Austin has focused on improving its debt profile to reflect the significant reduction in its financial risk to lenders.

Austin's core debt facilities since November 2017 have been provided by Assetsecure (Australia) and Bibby (now eCapital, in the USA), supported by a term loan facility provided by BCI in Chile.

New debt facility with Export Finance Australia signed in late August 2020 with key details being:

- a $15 million revolving working capital facility to fund selected client purchase orders until ultimate payment;
- replaces the existing Assetsecure and Bibby facilities; and
- cost of funding in line with traditional bank financing representing a significant reduction from existing facilities.

The Export Finance Australia facility documents have been signed with the refinance of existing facilities scheduled to take place in early September 2020.

Debt facilities with BCI refinanced following the sale of the Chile crane property and include

- a discounted interest rate loan to support the business through the COVID pandemic; and
- attractive interest rates of between 3.5% and 6%, expiring in April 2024.

Review of Operations

Managing Director: Peter Forsyth

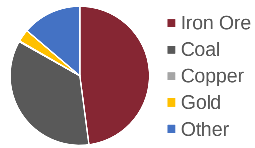
FY2020 Asia-Pacific

Asia-Pacific

Perth
Indonesia
Mackay
Hunter Valley

Brisbane (Head Office)

		FY2020	2H2020	1H2020	FY2019	FY% Change
Revenue	$M	116.7	67.7	49.0	108.0	8%
EBITDA (normalised)	$M	14.0	9.4	4.6	11.3	23%
EBITDA margin	%	12.0%	13.9%	9.4%	10.5%	14%



Asia Pacific contributed 51% to Group revenue with Perth accounting for close to 60% of the region's revenue in FY2020

Perth

- Perth increased its revenue contribution to the group by 43% to $68.9 million
- Significant increase in workshop utilisation, particularly during 2H20, driven by a strong order book that stretches well into FY2021
- Workshop re-organisation in the middle of the year increased throughput by ~20% of new product, supplemented by strong repair and maintenance and spare parts sales

Indonesia

- A strong 1H20 however orders were delayed in 2H20 in the wake of COVID-19, leading to a 25% reduction in revenue from FY2019 to $25.3 million

Regional Facilities

- Results for the year were mixed with the majority of sales to regional facilities based in Mackay being short lead-time repair and maintenance work. COVID-19 had an impact on revenues in 2H20
- Austin's Western Australian based site services business was closed during the year, product support is provided from the Perth facility

FY2021 Trading: Asia-Pacific

Growth and Trading Landscape

- Perth is expected to continue to lead the region in economic returns with a strong order book well into FY2021 and a robust pipeline of work
- Indonesia faced a number of delays related to work expected to be won for delivery in 2H20. The two large projects that were expected have now been converted and will be delivered in 1H21. This facility has a number of opportunities to support the East Coast of Australia, Africa and domestic Indonesian markets in FY2021

Optimisation

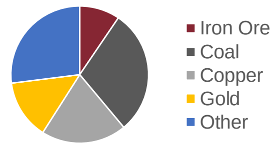
- Workshop utilisation in Perth is at high levels and Austin is investigating an expansion of its main workshop to support the increased demand
- With Austin's reduced debt levels, there are opportunities to invest in capital that will enhance the efficiencies of building product including:
  - improved manufacturing jigs and fixtures
  - further deployment of robotics

FY2020 North America

North America

USA

		FY2020	2H2020	1H2020	FY2019	FY% Change
Revenue	$M	66.4	40.3	26.1	65.1	2%
EBITDA (normalised)	$M	6.9	7.2	(0.3)	5.5	26%
EBITDA margin	%	10.4%	17.9%	*(1.2%)*	8.4%	23.5%



North America's contribution to the group remains high at 29% of Group revenue

USA

- Revenue contribution remains high at close to 30% of group revenue
- This business faced a number of challenges during the year and was impacted by:
  — US/China trade tensions;
  — Rapid decrease in the domestic thermal coal market; and
  — COVID-19, and the connected steep decline in oil prices
- Despite these challenges, the USA business experienced a strong 2H20 supported by orders locked in prior to the COVID-19 pandemic
- This business was a recipient of government assistance designed to support companies retain employees during the restrictions imposed by COVID-19
  — $3.2 million contribution to EBITDA
  — Enabled Austin's US operations to retain the vast majority of its employees into FY2021

FY2021 Trading: North America

Growth and Trading Landscape

- Outlook for FY2021 in North America is challenging. Austin entered the year with a low order book in this region
- Whilst the order book is low, the level of quoting for projects is high providing some reason to be optimistic beyond 1H21
- Oil price recovering to above US$40 per barrel is understood to exceed the break even point for the majority of Austin's Canadian Oil Sands clients and may improve the outlook for FY2021in this market
- COVID-19, the oil price and the US election are watch points for Austin

Optimisation

- Casper facility is in need of capital renewal, which would enhance returns in a high labour cost region for Austin
- The long-term outlook for the Canadian oil sands, and North American iron ore, copper and metallurgical coal industries expected to be strong, Austin is reviewing options to expand its footprint in this region.

FY2020 South America

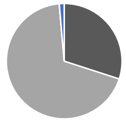
South America

Chile

Peru

Colombia

		FY2020	2H2020	1H2020	FY2019	FY% Change
Revenue	$M	47.2	26.7	20.5	57.7	(18%)
EBITDA (normalised)	$M	1.6	1.2	0.4	4.6	(65%)
EBITDA margin	%	*3.4%*	*4.5%*	*1.9%*	*7.9%*	*(57%)*



South America's contribution to the group decreased from 25% to 20% of Group revenue

Chile

- Chile's performance underpinned positive earnings for the region for the year with a stronger 2H20 following a soft first half
- During the year, Austin leased a second facility in the Antofagasta region. This facility was previously operated by a competitor who exited the market and is adjacent to Austin's main workshop in Chile. This supported strong throughput in 2H20
- The regional Calama facility was closed during the year in order to focus on operations in Antofagasta.

Peru

- Peru was impacted by COVID-19 with mandatory shutdowns hampering operations in the last three months of the year, leading to an Normalised EBITDA loss of $0.9 million
- A decision was taken to close Austin's facility in Arequipa and to focus on building its sales presence focused on new product, supported by Chile and approved local subcontractors

Colombia

- Colombia was impacted heavily by COVID-19, with government shutdowns impacting the final three months of the year. This impact was compounded by a mutual termination of its main site contract in June 2020, leading to a Normalised EBITDA loss of $0.8 million
- Austin terminated its remaining site contracts, leading to the retrenchment of over 300 employees due to extended temporary closures of the mines it serviced

FY2021 Trading: South America

Growth and Trading Landscape

- Chile's order book for FY2021 is among the strongest in the group. The outlook for this market is very positive
- Results in Colombia and Peru are likely to be subdued whilst these businesses transition to their reduced operating levels
- COVID-19 has been particularly impactful in Latin America with substantial shutdowns in place in many countries. Fortunately Austin is located on the outskirts of Antofagasta in Chile and has been less impacted by shut-downs and curfews. There is a significant risk of disruption of operations throughout this region in FY2021

Optimisation

- Austin's second facility in Antofagasta was taken on a six month lease, expiring September 2020. A business decision will be taken whether to extend the lease in early September, taking into consideration the market and COVID-19
- A sourcing study is underway to assess the best way to service each of the South America key mining areas. Whilst it is unlikely that Austin will deploy new facilities in this region in the short-term, it is seen as a key market long term
- A review of the future of the Colombian manufacturing operation is underway. This business has a strong order book to support the majority of 1H21

Remaining Asset Sales

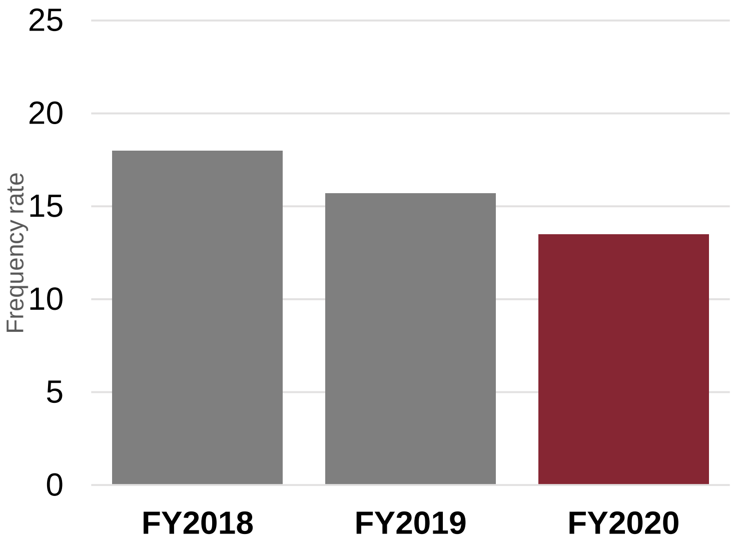
$M	30 June 2020 Book Value
Calama property (Chile)	3.6
Peru office property	0.9
Remaining crane assets (Chile)	0.6
Total	**5.0**

- Austin aims to realise all of the assets held for sale during FY2021. Given the COVID-19 pandemic, it is expected that such sales will be more challenging at fair prices
- There is no urgency to sell these assets at below normal market prices, given the strength of Austin's balance sheet, placing Austin firmly in control of the sale process
- Austin is using the Peru office property as its base of operations in Peru

Safety

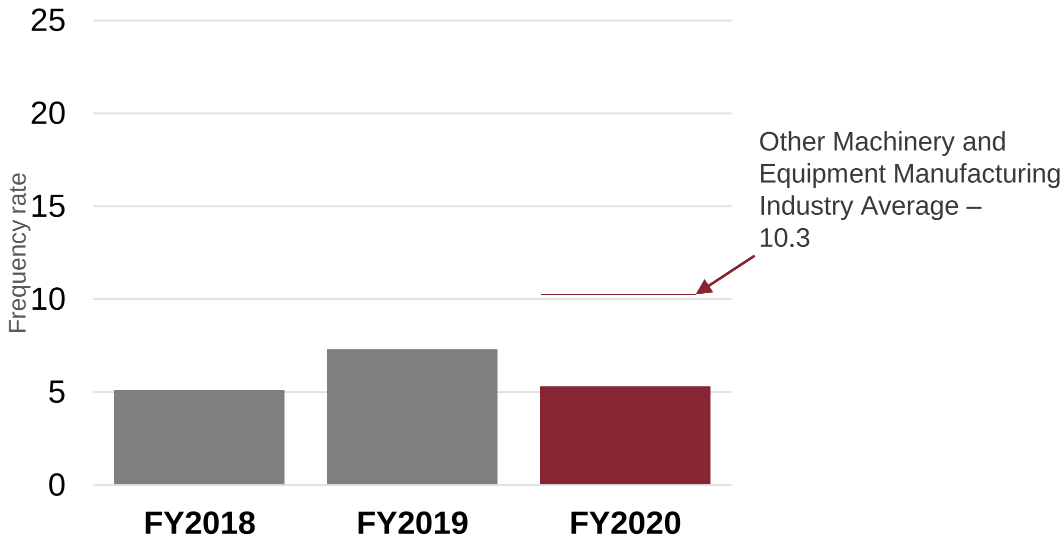
Safety statistics

TRIFR



Total Reportable Incident Frequency Rate (TRIFR) which is reported on a 12 month rolling average, has fallen from 18 in FY2018 to 13.5 in FY2020

LTIFR



Lost Time Injury Frequency Rate (LTIFR), also reported as a 12 month rolling average, decreased for the year from 7 in FY2019 to 5.3 in FY2020.

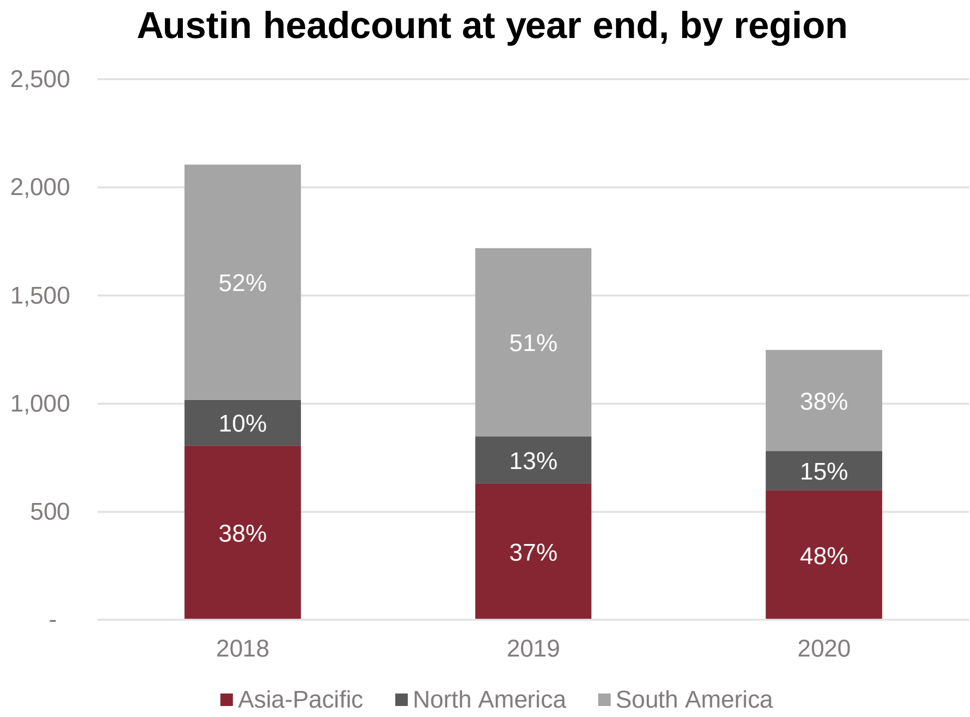
Austin's LTIFR remains below the industry average of 10.3

OHS statistics developed utilising AS1885.1-1990 – Workplace injury and disease recoding standard.

People

Headcount

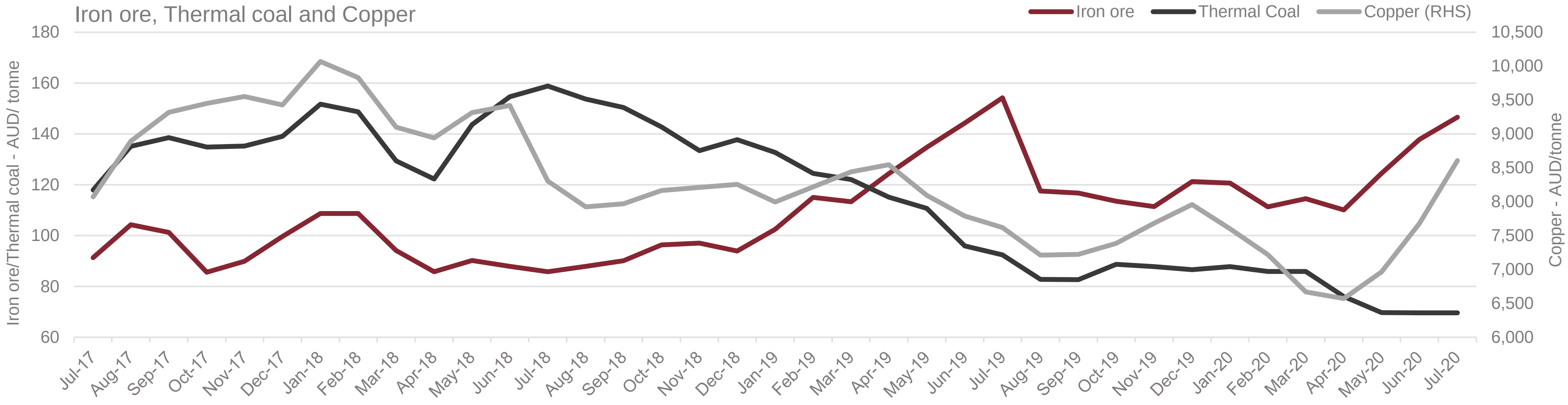
- Headcount decreased to 1,248 at 30 June 2020, from 1,719 at 30 June 2019 due to:
  - Reduction of over 300 staff members in Colombia that were engaged on site contracts that were terminated during the year
  - Reductions of flexible workforce personnel in the USA and Peru in light of challenging markets in these countries at the year end
- Further reductions were made in Colombia, USA and Peru during July 2020 with a headcount of 1,184 at 31 July 2020
- Headcount includes both permanent and flexible staff as well as those on labour hire arrangements



Market Outlook and Guidance

Managing Director: Peter Forsyth

Commodity Analysis



Source: IndexMundi

Iron Ore

- Iron ore prices remained steady for most of FY2020, but rallied in May - July 2020 due to supply disruptions
- Supply disruptions were partly due to weather issues in Australia and Brazil, and the lingering impacts of the Brumadinho dam collapse in 2019
- Expectation is that supply conditions will improve before the impacts of COVID-19 fully pass, creating a likelihood of weaker prices in the near term
- Austin's sales to iron ore clients increased strongly in FY2020, with one client undertaking their replacement cycle

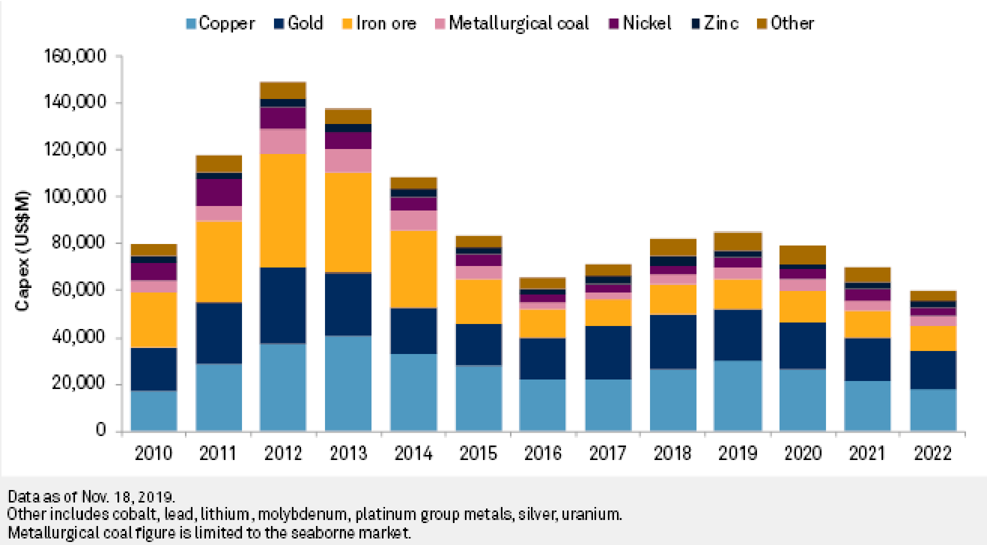
Coal

- Seaborne thermal coal spot prices were relatively stable for most of FY2020 until March 2020
- Spot prices have since declined due to weakening thermal coal import demand as a consequence of COVID-19
- Sales to coal clients in Australia increased in FY2020, but weak conditions in North and South America drove overall sales down
- Glencore, a major force in Australian coal announced temporary closures of a number of their mines recently

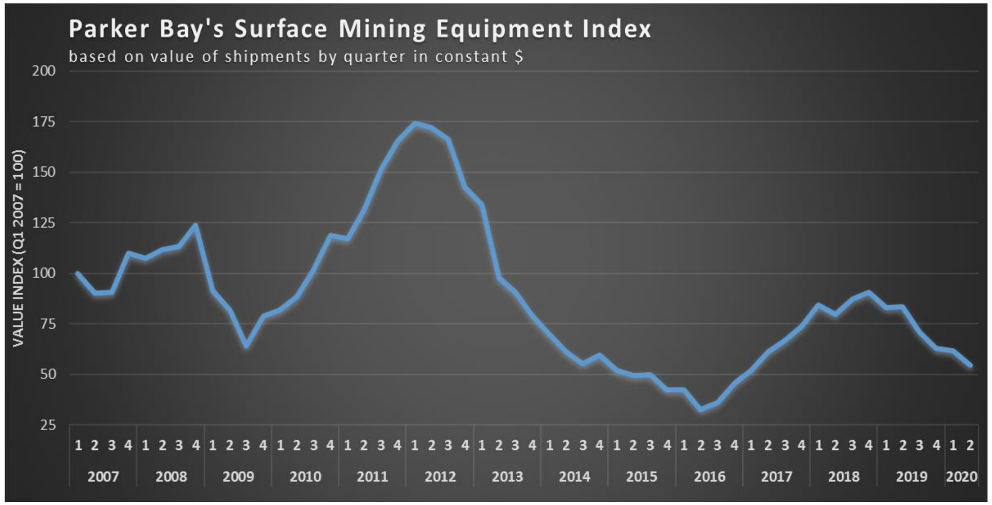
Copper

- Copper prices increased slightly in 1H20, but have been impacted by both the COVID-19 induced slowdown in economic activity and pessimistic expectations about the world economy through to mid-2021
- Significant recovery in the copper price since its lows in April 2020 place Austin's clients in a better position

Austin's Macro View



Source: S&P Global Market Intelligence



Source: theparkerbaycompamy.com

- Total capital expenditure in the mining industry across 15 different commodities is expected to fall by US$5.4 billion in 2020, mainly due to a drop in development capex for copper and gold projects. Almost all regions will see declines in the copper and gold sectors, while new iron ore projects in Australia will drive development capex higher in the Asia-Pacific region
- Year-over-year reductions as a result of projects moving from the construction to production phase will outweigh increases sourced from early stages of the project pipeline, due to a lack of financed new projects. Austin's equipment is typically used more extensively in the production phase
- The economic fallout of COVID-19 currently represents the largest risk to future mining capex.

- Parker Bay Surface Mining Equipment Index tracks the purchase of new equipment globally. It is not a perfect indicator of Austin's market which is traditionally in the replacement of truck bodies after the first fit
- Equipment expenditure continues to decline since peaking in FY2019
- Mining companies are shifting their focus from expansion to a production phase, supporting Austin's near term opportunity.

FY2021 Outlook

- Outlook by Region:
  - Asia-Pacific is well positioned to grow its earnings contribution to the group with a strong year expected for the two large businesses in the region, Perth and Indonesia
  - North America enters FY2021 with a low order book, however the level of quoting and enquiries is high, supporting a more positive outlook for the second half of the year
  - South American earnings will be driven by Chile, which is well positioned for FY2021. Results from Peru and Colombia are likely to be subdued as these businesses transition to a much smaller footprint
- The order book and committed work is strong with **close to 50% of projected revenue** committed, up from 32% at the same time last year
- Austin's tender book, particularly in Asia-Pacific, provides confidence in revenue targets
- Improving commodity prices, particularly iron ore, copper and gold are expected to improve customer demands for new product
- There are a number of risks with respect to COVID-19 and any changes in the activity of this virus in the markets where Austin operates. Our guidance assumes no significant change in the severity of the impact in the regions that we operate in
- On an underlying basis we expect NPAT from continuing operations for FY2021 **in excess of $9 million**

* Guidance is not a guarantee of future performance and is subject to known and unknown risks. Orders and delivery schedules may be delayed or amended depending on client requirements.

Appendices:

– Competitive advantage
– Market analysis
– Operations
– Products and services

Competitive advantage

1 Market leading position

- Large global producer of custom truck bodies and buckets
- Strategically located across five continents - Australia, Asia, Africa, North America and South America, with scope to use subcontractors in other regions

2 Attractive fundamentals

- Stable conditions in commodity markets
- Miners focussed on reducing cost per tonne, leading to lighter weight bodies which reduces capital cycles due to shorter life
- Quality product design for specific purpose

3 Engineering focus

- Austin has engineering resources deployed globally and, operating as 'One Austin', we can deliver 24/7 engineering support to our clients
- Key teams are located in Perth, Australia and Casper, Wyoming USA and are responsible for Austin's key brands

4 Manufacturing excellence

- IP and engineering excellence built up over more than 30 years of experience
- Fabrication workshops fitted out for safe and efficient manufacturing

5 Strong financial position

- Refinancing of debt facilities to significantly lower cost options
- Net cash (excluding AASB 16 leases) at 30 June 2020
- Focus on efficient use of working capital

6 Diversified revenue base

- Long term relationships with key customers across Austin's various geographies/products/commodities
- Key contracts with leading miners, contractors and OEMs
- Creating additional manufacturing opportunities outside of our core business

7 Products

- Customised range of mining products and services tailored to specific site conditions, that continue to deliver increased productivity and lower operating costs
- Improved product designs are equally suitable for installation onto new and existing equipment

Market analysis

Asia-Pacific

- Largest territory covering Australia, Asia and Africa
- Australia is a mature market and Austin has a strong presence here with deep ties to customers
- Supported by two world class manufacturing facilities in Perth and Indonesia, it is able to service the entire region
- New truck body, bucket and water tank innovations have created business opportunities
- Strong iron ore prices have created a supportive environment
- Growth in the local Indonesian market is creating additional opportunities
- Opportunities in Africa for new products and site support allow product to be manufactured in Batam.

North America

- History of success with the strong Austin Westech product brand and established field population
- Existing customer base, particularly in USA and Canada, has loyalty to Austin Westech product due to its long term proven success
- Alliances and contracts with key customers
- Austin's innovation with its stairway access water tank design has opened further opportunities
- Canada has emerged as the primary market with success in the oil sands regions and softening of the US thermal coal market

South America

- Historically a challenging market for Austin
- Strong brand presence with a number of Westech products in the field, JEC brand is also becoming established
- Austin's experience has been for miners to repair older products in preference to capital expenditure on new, improved models. This position, however, appears to be shifting
- Austin's exposure is heavily focused on copper in Chile and Peru, and thermal coal in Colombia
- Opportunities for growth into other South and Central American countries with proven success in Panama and Suriname
- Large concentration of ultra class mining trucks

Operations

Asia-Pacific

Brisbane
Perth
Indonesia
Mackay
Hunter Valley

- Perth is the site of the largest workshop in Australia, spread across two locations in Kewdale. Predominantly services the Pilbara iron ore range as well as other key mining areas in Western Australia
- Indonesia is home to a modern workshop that fabricates the full range of Austin products and provides subcontract manufacture of non-Austin products for important customers
- Mackay is focused on body/bucket repairs and maintenance
- New product supplied to the NSW region through Batam and approved sub-contractor arrangements, supported by a sales office in Muswellbrook
- Aust Bore offer specialised machining services, overhaul of track frames and other mining equipment, as well as mobile line-boring services
- Austin's corporate office is located in Brisbane

North America

USA

- The USA facility provides manufacturing services for Austin's full range of products and specialises in the manufacture of Austin Westech branded truck bodies and water tanks
- Key markets for this region include USA, Canada and Central America
- Located close to the Powder River Basin and Canadian border, the facility is well situated to access clients operating in a broad range of commodities

South America

Chile
Peru
Colombia

- Chile operates across two workshops in Antofagasta, located close to customers, with the majority of sales from Chile for copper mining. Austin also owns a workshop in Calama which is held for sale at 30 June 2020
- Peru will be operated as a sales office from FY2021 with its small workshop in Arequipa closing in the first quarter of FY2021
- Colombia is situated in Barranquilla, one of the main coal mining hubs of the country

Products and services

Austin Engineering

Products




- Leading designer and manufacturer of customised dump truck bodies, buckets and ancillary products used in the mining industry
- Core competitive strength in engineering knowledge, experience and IP in the design of customised products that provide compelling productivity gains for clients
- The ability to manufacture these products at its operations located in key mining regions around the world, or to use approved sub-contractors

Service




- A complete service provider offering on and off-site repair and maintenance to customers including miners, mining contractors and original equipment manufacturers
- Workshop based repair and maintenance services for mobile equipment and attachments, along with onsite asset management of equipment and fixed plant

Lease Accounting Impacts

FY2020 financial impact of new leasing standard – AASB 16

- AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Depreciation on leased assets and interest on lease liabilities is recognised in the profit and loss statement instead of operating lease rental expenses under previous standards.

Metric	Change	Comment
Profit and Loss		
EBITDA	▲$3.3 million	
EBIT	▲$1.2 million	
PBT	▲$0.2 million	
Balance Sheet		
Right-of-use asset	▲$9.7 million	Mainly relates to leased facility in Perth, Australia
Property, plant and equipment	▼ $3.0 million	Reclassification of finance leased assets to right-of-use assets
Deferred tax asset	▲$1.1 million	
Lease liabilities	▲$12.6 million	All lease liabilities, including debt formerly classified as a finance lease
Financial liabilities	▼ $1.8 million	Reclassification of finance leases to lease liabilities
Retained Earnings (1 July 2019)	▼ $3.0 million	
Cash Flow		
Operating cash flow	▲$2.3 million	
Financing cash flow	▼ $2.3 million	

Austin Engineering Limited

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