

25 August 2021

Austin Full Year 2021 Results

Austin beats FY2021 guidance with \$9.6 million underlying NPAT

FY2021 Key Metrics and Highlights

- Underlyingⁱ NPAT from continuing operations of \$9.6 million, exceeding minimum guidance
- Total revenue from continuing operations of \$203.1 million versus \$216.0 million in pcp
- Normalisedⁱ EBITDA from continuing operations of \$21.4 million vs \$23.3 million in pcp
- Normalised EBITDA margins from continuing operations of 10.5% vs 10.8% pcp
- Operating cash outflows of \$8.3 million driven by increase in working capital
- Fully franked final dividend of 0.3 cents per share, payable 30 September 2021
- Statutory NPAT from continuing operations of \$2.5 million, reflecting impact of restructuring and other one-off costs, and impairments taken vs underlying NPAT
- Austin sees continued strong APAC performance and turnaround in North America, improvement in South America

Global mining equipment design and manufacturer, **Austin Engineering Limited** (ASX: ANG, Austin or the Company) is pleased to announce its results for the Financial Year 2021 (FY2021).

Financial results

Austin's total revenue fell 6% on the previous year to \$203.1 million. Increased revenues in Asia Pacific were offset by reductions in revenue in the USA and South America, which were primarily impacted by delayed capital investment decisions due to COVID-19 impacts and lower oil prices affecting Austin's Western Canada customer base.

Underlying NPAT was \$9.6 million, exceeding Austin's stated FY2021 guidance target of underlying NPAT in excess of \$9 million. Underlying NPAT improved modestly on the previous year due to significantly reduced financing costs, which were offset by a softening of operational results. Austin's focus during the year was to maximise the strong Asia Pacific market conditions and best manage challenging markets in the Americas. This flowed through to normalised EBITDA from continuing operations of \$21.4 million, an 8.2% reduction on the prior corresponding period, with a slight decline in normalised EBITDA margins from 10.8% to 10.5%.

By region, Asia Pacific revenue from continuing operations increased 19% to \$138.3 million, underpinned by Austin's Perth and Indonesian sites broadly continuing to enhance operational capabilities and capitalise on a robust long-term order book. North America revenue from continuing operations declined 46% to \$35.7 million, and South America decreased 11% to \$29.1 million.

The Company reported impairments of \$6.6 million, mainly in respect to the consolidation of its Mackay businesses, and \$2.7 million of non-impairment one-off expenses, predominantly from restructuring costs to reduce the groups cost base. This led to a net loss after tax from both continuing and discontinued operations of \$0.5 million, compared to FY2020 net profit after tax (NPAT) of \$5.2 million. NPAT from continuing operations was \$2.5 million (FY2020: \$8.9 million).

Austin has declared a fully franked final dividend of 0.3 cents per share, payable on 30 September 2021, with a record date of 10 September 2021 (FY2020: final dividend of 0.3 cents).

Austin CEO and Managing Director, David Singleton said:

“We have reported a solid set of results for the 2021 financial year and importantly exceeded our stated guidance, and delivered a dividend to shareholders whilst maintaining a strong balance sheet.

“As expected, we were supported by our Asia Pacific operations, which contributed 68 percent of business revenues in the year, and we remain bullish on the outlook for this region. Reduced contributions from our North and South American operations impacted results. We have recently undertaken some restructuring, and a growing opportunity pipeline over recent months signals a turnaround in those regions.

“Our recently completed strategic review of global operations provides us with a clear pathway to optimise our cost base and to develop innovative and technologically advanced solutions in our products to improve mine site efficiency, reduce site manning and to aid the decarbonisation targets of our major customers. These programs are already underway and having a positive impact.”

Outlook

Austin does not expect to give full year profit guidance until later in the year when the impacts of the cost saving measures and the full year order book are clearer. However, the Company notes that the market remains strong in Asia Pacific and is showing signs of improvement in the Americas.

The Company has a rejuvenated management team now based next to many of its major clients in Western Australia and a clear focus on what ‘Austin 2.0’ will look like. This focus will be on delivering a wider range of value-added solutions for customers across the world from a highly efficient business.

Austin’s recently completed \$35 million in debt facilities is sufficient to fund working capital needs while re-investing its operating cash flows into the business to drive future returns through capital enhancements and strategic initiatives. The reduced costs of the facility and increased size reduces the Company’s cost of capital, creating more opportunity to drive improvements. To support Austin’s balance sheet, the Company has over \$10 million of property in Australia and South America ready for sale.

Austin’s new strategic business unit located in Fort McMurray (Canada) is expected to drive North America results forward. The region has long been a key market, and a physical presence in Western Canada will enhance Austin’s ability to continue to build and support its product range as well as provide repair and maintenance services to its customers in the region. Austin expects its Fort McMurray facility to be operational in November 2021.

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About Austin Engineering

Austin is a global engineering company. For over 50 years, Austin has partnered with mining companies, contractors and original equipment manufacturers to create innovative engineering solutions that deliver productivity improvements to their operations.

Austin is a market leader in the design and manufacture of loading and hauling solutions, including off-highway dump truck bodies, buckets, water tanks and related attachments, supporting both open-cut and underground operations. Complementing its proprietary product range are repair and maintenance services performed in our workshops and on clients' mine sites, and spare parts.

Through Austin's own design and engineering IP and range of tailored products, it delivers solutions for all commodity applications and drives increased efficiencies in productivity and safety in both open cut and underground mining operations.

Austin's products can create more sustainable mining operations by delivering the lowest cost per tonne to end user, reducing fuel usage per material carried.

The company is headquartered in Perth and has operations around Australia as well as in Asia, North and South America with two key engineering hubs operating from Perth, Australia and Casper, Wyoming USA, with strategic partnerships and representation in Africa, Brazil and Eastern Europe.

Announcement Authorisation

This announcement was authorised by the Board of Directors.

ⁱ Normalised EBITDA excludes the impact of impairments and one-off costs, Underlying Net Profit after Tax represents Normalised EBITDA less interest, depreciation and amortisation (other than one-off costs within interest) and applies the Australian tax rate of 30%.