Austin Engineering Limited
1H20 Results Presentation

27 February 2020

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Agenda

- Highlights
- Analysis of Financial Results
- Overview by Region
- Safety, People, Dividends and Growth
- Market Outlook and Guidance
- Appendices

Highlights

Current period earnings	• 1H20 Normalised EBITDA of $4.7 million from continuing operations • Revenue declined 20% on pcp
Outlook	• Maintain guidance position of Normalised EBITDA $24 million - $28 million • Order book at around 90% to achieve guidance, up from 80% at the same point last year
Debt levels and structure	• At 31 December 2019, the group was in a net cash position of $0.1 million compared to $19.8 million net debt at 30 June 2019 principally due to operating cash flows of $18.1 million that were supported by substantial prepayments for future orders for the 2020 calendar year • Targeting a refinance of Australian and USA financing facilities in 2H2020 with discussions well advanced with a major international bank
Return to dividends	• Austin announces a fully franked interim dividend of 0.2cps • Previous dividend paid in March 2014
Positioned for growth	• Order book in Western Australia and Chile is very strong • Improved debt position creates opportunities for investment in the business • Austin is exploring a number of low-capital growth models with global partners to enhance its service of territories such as Africa and Canada • Options for additional operating capacity are being explored in La Negra, Chile to service increased demand in the region
Business optimisation	• Asset sales have continued with the settlement of the former operating facility in Hunter Valley and sale of the majority of Chile mobile crane assets. Chile crane operating facility due to settle during 2H20. • Strategic review of Colombia and Peru operations to enhance return on assets

Analysis of Financial Results

Chief Financial Officer: Sam Cruickshank

Financial Performance: Normalised

Six months ending		31 Dec 2019	30 Jun 2019	31 Dec 2018	Dec to Dec % Change
Revenue	$M	**95.6**	**111.6**	**119.2**	**(20)%**
Gross profit	$M	**23.8**	**28.1**	**29.9**	**(20)%**
Gross margin	%	24.9%	25.2%	25.1%	(1)%
EBITDA	$M	**4.7**	**10.3**	**11.1**	**(58)%**
EBITDA margin	%	4.9%	9.2%	9.3%	(47)%
Depreciation and amortisation	$M	(3.9)	(3.2)	(2.3)	70%
EBIT	$M	**0.8**	**7.1**	**8.8**	**(91)%**
EBIT margin	%	0.8%	6.4%	7.4%	**(89)%**
Net interest expense	$M	(1.7)	(1.4)	(1.8)	(4)%
PBT	$M	**(0.9)**	**5.7**	**7.0**	**(113)%**
Tax Expense	$M	0.3	(1.7)	(2.1)	(114)%
NPAT	$M	**(0.6)**	**4.0**	**4.9**	**(112)%**
EPS (cents)	C	**(0.10)**	**0.69**	**0.85**	**(112)%**
DPS (cents)	C	**0.2**	**-**	**-**	↑

Results reflect continuing operations, variance compares 1H20 with 1H19. Results from continuing operations for 2H19 and 1H19 have been restated due to the closure of Austin's Western Australia site services business.

Results for 1H20 include the impact of accounting changes required by AASB 16 and therefore are not directly comparably to prior periods, a summary of impacts to this change are included in an Appendix to this presentation.

- Revenue decreased by 20% compared to 1H19 (pcp) due to:
  - Delayed orders not received until late in the period deferred work from 1H20 to 2H20
  - Reduced sales into east coast Australia from Austin's Batam facility
  - Challenging market conditions in USA with reduced capital spending during the trade dispute with China and uncertainties over the domestic thermal coal industry
  - Changing market conditions leading to reduced demand in Austin's Colombia and Calama (Chile) operations

  Perth and La Negra (Chile) sales have grown from 1H19 and the outlook for both businesses is strong
- EBITDA of $4.7 million declined 58% on pcp, mainly as a result of lower revenue and lower margins
- EBITDA margins reduced to 4.9% from 9.3% due to the reduction of sales volume as indirect costs were consistent with 1H19
- Depreciation and amortisation and net interest expenses have increased mainly due to a change of accounting standards requiring operating leases to be recognised on balance sheet leading to:
  - D&A increase of $1.2 million
  - Interest expense increased by $0.5 million

  Refer to Appendix and the Half Year accounts for full details of these changes.

Financial Performance: Statutory

Six months ending		31 Dec 2019	30 Jun 2019	31 Dec 2018	Dec to Dec % Change
Revenue	$M	**95.6**	**111.6**	**119.2**	**(20)%**
Gross profit	$M	**23.8**	**28.1**	**29.9**	**(20)%**
Gross margin (%)	%	*24.9%*	*25.2%*	*25.1%*	(1)%
Indirect costs	$M	(18.3)	(18.4)	(18.2)	0%
Impairment	$M	0.0	(3.7)	0.0	0%
One-off net gain/(costs)	$M	(0.4)	(2.6)	(0.3)	32%
EBITDA	$M	**5.1**	**3.4**	**11.4**	**(55)%**
EBITDA margin	%	*5.3%*	*3.0%*	*9.6%*	(44)%
Depreciation and amortisation	$M	(3.9)	(3.2)	(2.3)	66%
EBIT	$M	**1.2**	**0.2**	**9.1**	**(87)%**
Net interest expense	$M	(1.7)	(1.4)	(1.8)	(4)%
PBT	$M	**(0.6)**	**(1.2)**	**7.3**	**(108)%**
Tax (Expense)/Credit	$M	(0.1)	(1.4)	(2.2)	(95)%
NPAT	$M	**(0.7)**	**(2.6)**	**5.1**	**(114)%**
EPS (cents)	C	**(0.12)**	**(0.45)**	**0.89**	**(113)%**
DPS (cents)	C	**0.2**	**-**	**-**	↑

Results reflect continuing operations, variance compares 1H20 with 1H19. Results from continuing operations for 2H19 and 1H19 have been restated due to the closure of Austin's Western Australia site services business.

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One-off net gain:

- Net gains on sale of assets during 1H20 of $0.7 million, principally from sale of the former Hunter Valley property
- Redundancy and other costs of $0.3 million, mainly in South America

Tax:

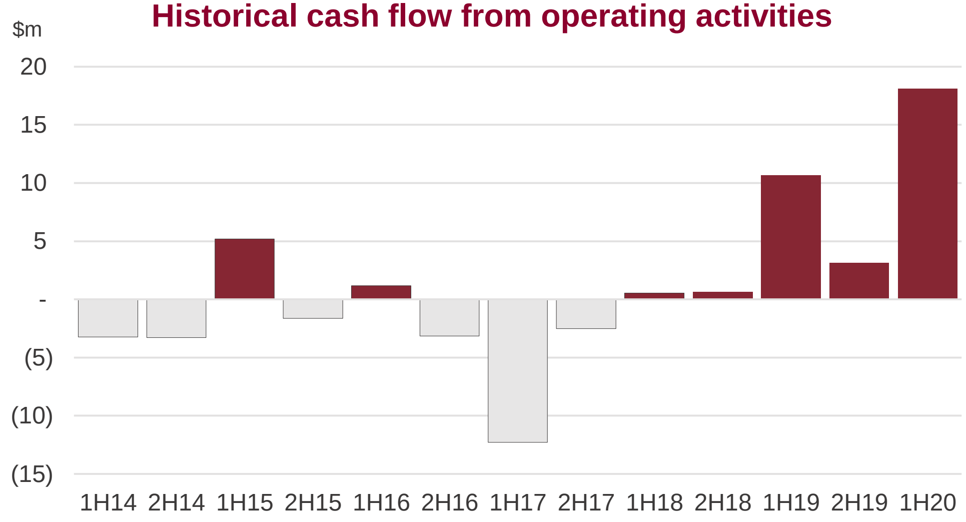
- NPAT decreased 114% on pcp which is impacted by a $0.1m tax expense which has arisen mainly due to tax losses not being recognised from the Colombian operation.

Cash Flow

$M	31 Dec 2019	30 Jun 2019	31 Dec 2018
	Six months ending		
Cash flows from operating activities			
NPAT	(0.8)	(6.9)	2.3
Add:			
• Depreciation and amortisation	4.3	3.4	3.1
• Impairments	–	4.0	–
• Movement in working capital	15.8	7.5	(0.2)
• Other movements	(1.3)	(4.9)	5.5
Cash from operating activities	**18.1**	**3.1**	**10.7**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	3.3	16.0	4.2
Purchase of property, plant and equipment	(2.2)	(5.5)	(2.4)
Cash from investing activities	**1.1**	**10.6**	**1.8**
Cash flows from financing activities			
Net (repayment) of borrowings	(17.6)	(15.1)	(9.7)
Cash (used in) financing	**(17.6)**	**(15.1)**	**(9.7)**
Net cash flows	**1.6**	**(1.4)**	**2.7**

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

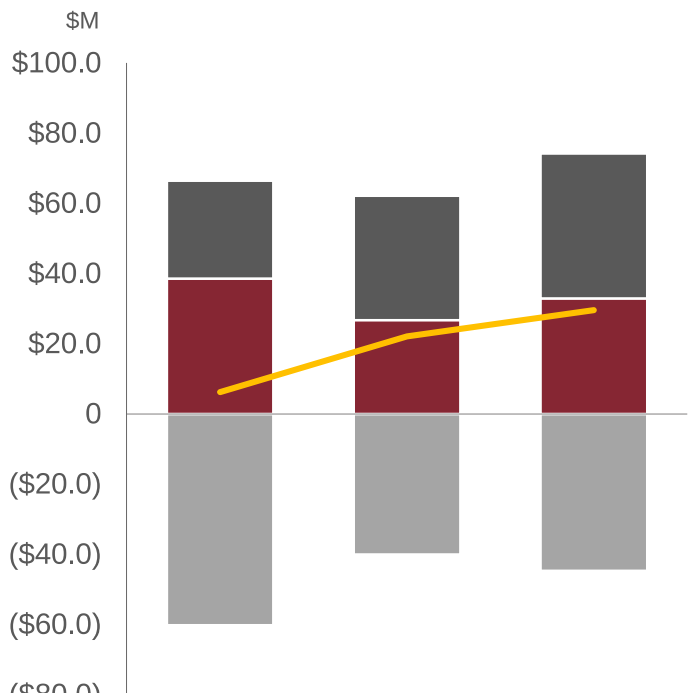
Historical cash flow from operating activities



- Operating cash flows for the period were supported by a large decrease in working capital, supported by an increase of $22.1 million of payments received in advance
- Proceeds from the sale of property, plant and equipment, predominantly related to the sale of the Hunter Valley facility and Chile crane assets
- Cash inflows from operating and investing activities were mainly directed towards repayment of debt

Working Capital

	As at 31 Dec 2019	As at 30 Jun 2019	As at 31 Dec 2018



	31 Dec 19	30 Jun 19	31 Dec 18
Receivables	27.9	35.5	41.3
Inventory	38.5	26.7	32.9
Payables	(60.2)	(40.1)	(44.7)
Net working capital	6.2	22.1	29.6

Working capital reduced to $6.2 million from $22.1 million due to a large increase in payments received in advance from clients (included in payables)

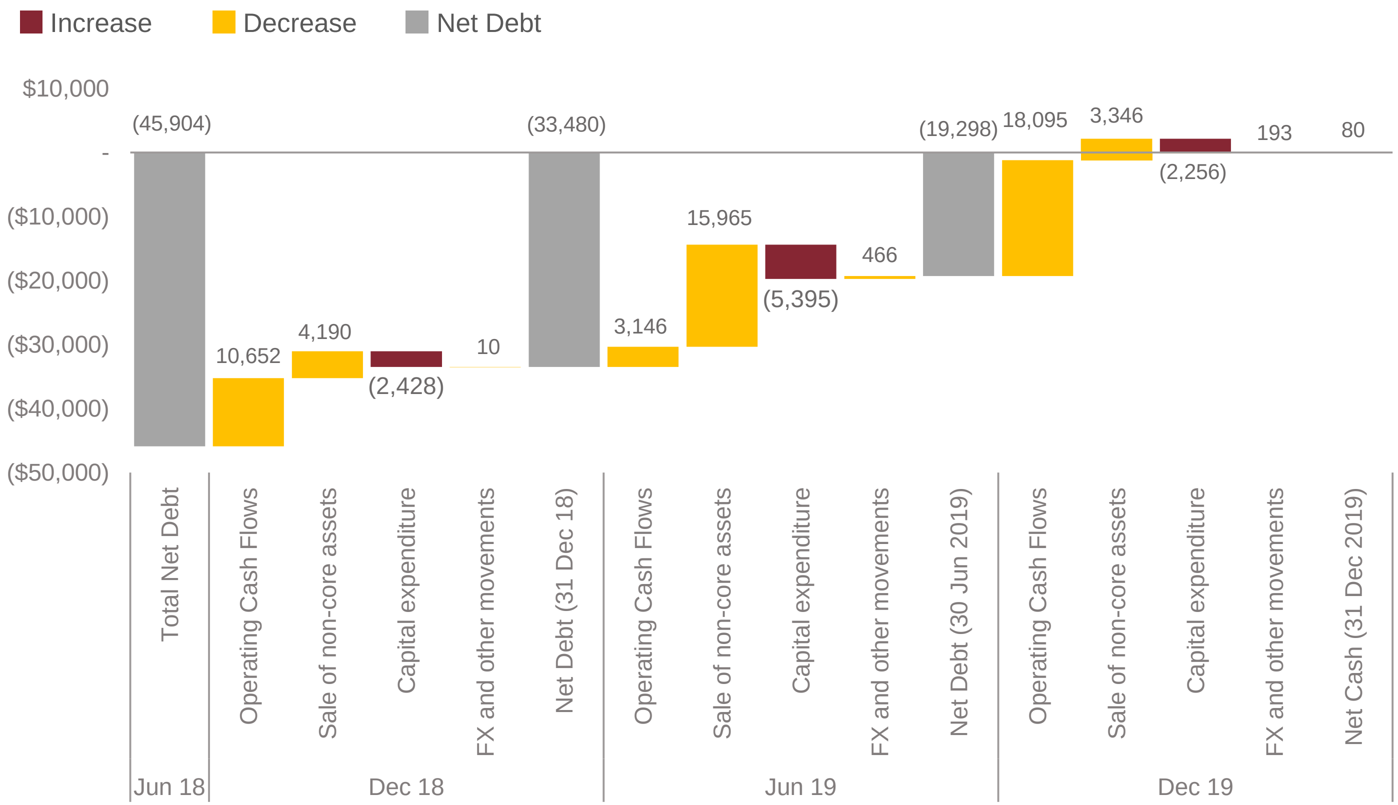
- An increase of $22.1 million for prepayments for orders received for delivery after 31 December 2019 to $25.3 million

Receivables reduced in part due to a reduction of revenue during the period, but also from improved payment terms with clients

Inventories increased at 31 December 2019 due to a large amount of work in progress that was not completed at 31 December 2019, supporting earnings in 2H20.

Reduction of Net Debt – $46 million in 18 months

Net Debt change 1 July 2018 – 31 December 2019 (AUD '000)



Highlights

- Improved operating cash flows from increased earnings, focus on effective working capital management and reduction in non-recurring cash costs
- Sale of non-core assets include:
  - $12.3 million proceeds received to date for Chile Crane Assets (mainly in the period to 30 June 2019)
  - $3.0 million proceeds for former Hunter Valley, NSW property (one lot sold in period to 30 June 2019, main property sold in period to 31 December 2019)
  - $2.9 million from the sale and leaseback of Aust Bore, QLD facility (during the period to 31 December 2018)
  - $2.6 million for former Peruvian workshop property (during the period to 31 December 2018)

  With the exception of the sale and leaseback, each of these assets were not performing and were creating losses for the group
- Maintained investment in core operations through capital expenditure, including a new robotic welder in Perth and brake press in USA
- Advanced discussions in place to refinance Australian and USA debt facilities with a major international bank

Overview by Region

Managing Director: Peter Forsyth

Change of Regional Structure

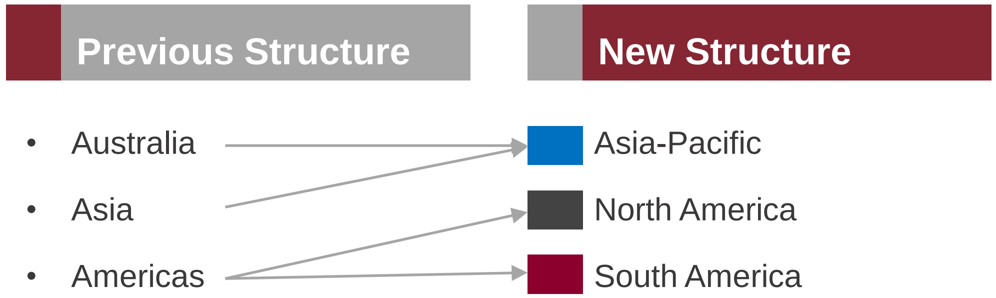
Austin has changed its regional reporting structure to align business units servicing similar markets

- New structure better reflects the way in which the business is run and results assessed
- Increasingly Austin's Batam, Indonesia facility is working collaboratively with Australian business units in outsourced supply across Australia. The majority of Indonesia's sales are originated in Australia
- Historically, Austin has reported North and South America as a single region. These markets are in fact very different,
  - South America is highly concentrated to copper and the markets for Austin are less developed
  - North America market is more diverse in commodity split and represents a more mature market for Austin's products with a large established field population

Corporate costs

- Corporate costs are incurred in Australia and the majority of these costs are recharges across the group in accordance with group transfer pricing arrangements in place.

This revised structure will be used going forward from FY2020

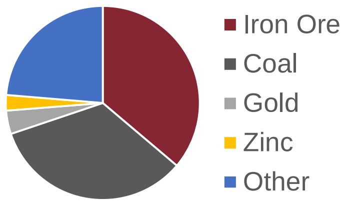


1H20 Asia-Pacific

Asia-Pacific

Brisbane
Perth
Indonesia
Mackay
Hunter Valley

Six months ending		31 Dec 2019	30 Jun 2019	31 Dec 2018
Revenue	$M	49.0	44.5	63.6
EBITDA (normalised)	$M	4.6	3.0	8.3
EBITDA margin	%	*9.4%*	*6.8%*	*13.1%*



Operations

- Perth operations commenced the period strongly with a large project delivered in the first quarter. Activity towards the end of the period slowed awaiting the receipt of orders that are now in hand and will be delivered over the course of the 2020 calendar year
- East coast Australia activity was low throughout the period with reduced supply of new product and a subdued demand for repair although this is improving in 2H20
- Indonesia's activity levels increased at the end of the period for supply of product into Australia in 2H20

Site services

- The Western Australia site services business was closed during the period, a modest site based team still operates from the Mackay, QLD workshop

2H20 Trading: Asia Pacific

Growth and Trading Landscape

- Perth Business expected to be near capacity throughout the remainder of FY2020 and well into FY2021 with a strong order book
- Batam, Indonesia facility has capacity to support east and west coast Australia sales, together with opportunities from Africa and Asia. Production levels expected to rise in 2H20
- Mackay region is improving with strong demand for repair and maintenance services

Optimisation

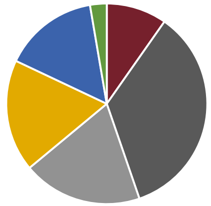
- Austin's Mackay, QLD facility a focus for improvement and renewal
- Re-organisation of Perth facility on-going to improve throughput, phase one completed at the end of the period. Planning on the next phase in FY2021

1H20 North America

North America

USA

Six months ending		31 Dec 2019	30 Jun 2019	31 Dec 2018
Revenue	$M	26.1	34.7	30.4
EBITDA (normalised)	$M	(0.3)	2.2	3.2
EBITDA margin	%	*(1.2%)*	*6.5%*	*10.6%*



Operations

- The USA operations experienced a reduction in demand for new products during the period
- It is understood that uncertainties in the trade war and future of USA domestic thermal coal markets have caused some clients to put capital purchases on hold
- Due to the remote location and size of the USA operation, this business carries a greater proportion of fixed labour costs which impacts profitability during low revenue periods
- Operational improvements are continuing in this region through capital investment decisions and efficiency measures in place, a consulting firm has been engaged to assist Austin in drawing out further efficiencies and savings
- The majority of sales from this region are made to Canada both in the Alberta oil sands, iron ore and coal markets, of which the majority is metallurgical coal.

2H20 Trading: North America

Growth and Trading Landscape

- Other North American countries, such as Canada are considered growth markets, opportunities to expand regional footprint
- USA market has softened over the last 12 months, the broader manufacturing sector has slowed
- Key relationships with clients and identified opportunities are expected to lead to improved results in 2H20

Optimisation

- Process improvement experts engaged to optimise Casper, USA facilities
- Casper facility has extensive capacity but is hampered by older equipment. Opportunities to enhance returns from this facility with capital renewal

1H20 South America

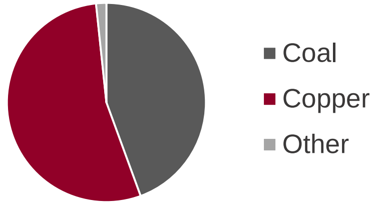
South America

Chile

Peru

Colombia

Six months ending		31 Dec 2019	30 Jun 2019	31 Dec 2018
Revenue	$M	20.5	32.5	25.2
EBITDA (normalised)	$M	0.4	5.0	(0.5)
EBITDA margin	%	*1.9%*	*15.5%*	*(1.8%)*



Chile

- The La Negra facility made a modest EBITDA contribution following a strong 2H19 performance. Throughput was reduced in the period due to local cash constraints
- The Calama facility recorded a small negative EBITDA in the period, consistent with recent periods. This facility will be closed during 2H20

Colombia

- Colombia's revenues decreased following the reduction in scope of its on-site repair contract and the delay of orders for new products
- Earnings for the period were a small EBITDA loss

Peru

- The business in Peru experienced revenue contraction in the period and recorded a small EBITDA loss

2H20 Trading: South America

Growth and Trading Landscape

- Signs of market turning in Chile, South America for new product
- Strong order book position in Chile for the balance of FY2020
- Growth leveraged from key account management strategy and increased capital spending by clients
- Austin is in the process of sourcing additional workshop capacity in La Negra, Chile to support production capacity for new product deliveries.

Optimisation

- Austin owns a workshop in Calama, Chile that is located 2½ hours from its main facility in La Negra. This workshop has not provided an adequate return for Austin
  - The Board has determined this asset will be sold. The sale price is expected to exceed the carrying value of $4.1 million
- The increased demand in Chile will be satisfied from an increase in capacity in the La Negra region
- A strategic review is underway into Austin's businesses in Colombia and Peru to improve their return on assets.

Remaining Asset Sales

$M	31 Dec 19 Book Value
Chile Crane Business	
Property	1.8
Cranes and other assets for sale	0.4
Other Assets Held for Sale	
Peru office property	0.9
Total	**3.1**

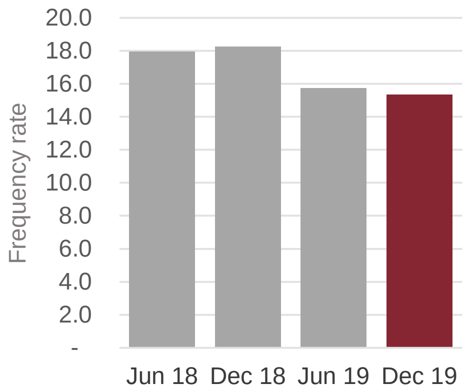
- Chile Crane Property has been agreed for sale for $3 million, settlement was delayed pending resolution of a tax claim which is now resolved. Settlement is expected to occur in 2H20
- Other crane business assets continue to be sold and are expected to be fully disposed of by 30 June 2020
- The Peru office property is advertised for sale pending a suitable offer. This property remains the head office for Austin's Peru business.

Safety, People, Dividends and Growth

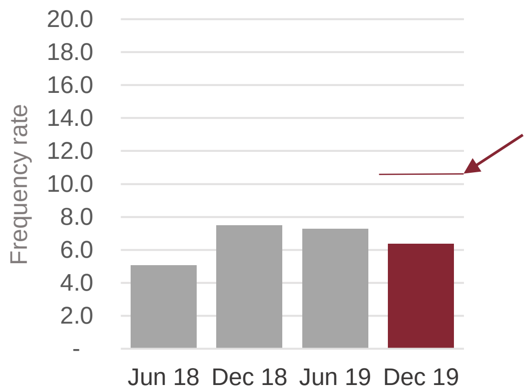
Safety

Safety statistics

TRIFR



LTIFR



Other Machinery and Equipment Manufacturing Industry Average – 10.3

- Total Reportable Incident Frequency Rate (TRIFR) which is reported on a 12 month rolling average, has fallen from 15.7 in for the period to 30 June 2019 to 15.4 in period to 31 December 2019

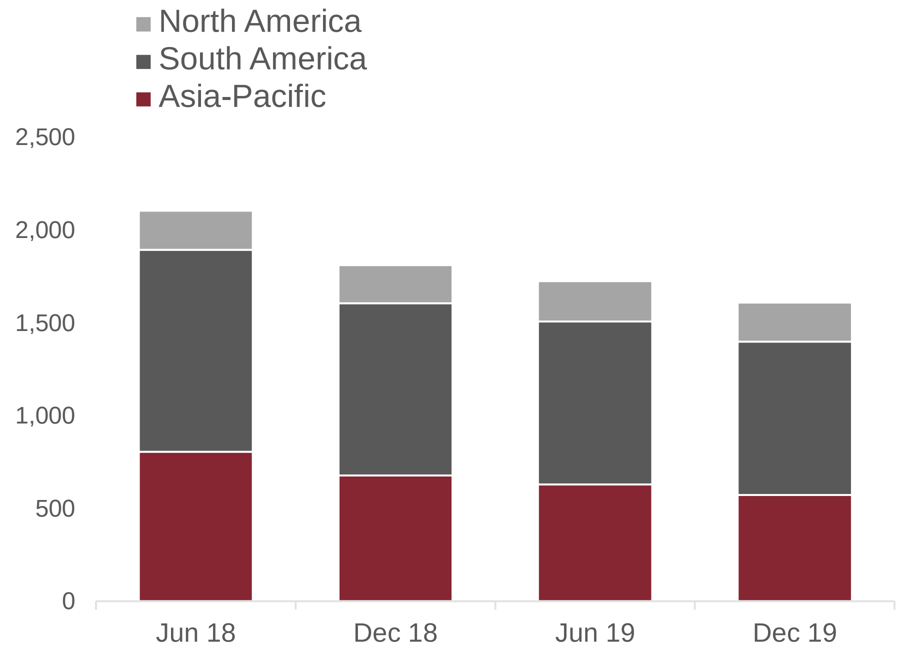
- Lost Time Injury Frequency Rate (LTIFR), also reported as a 12 month rolling average, decreased over the same period from 7.3 to 6.4, below the industry average of 10.3

- An investigation has been concluded in regard to Austin's Batam workshop fatality in June 2019, lessons learned from this incident have been rolled out to all global business units

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

People

Headcount

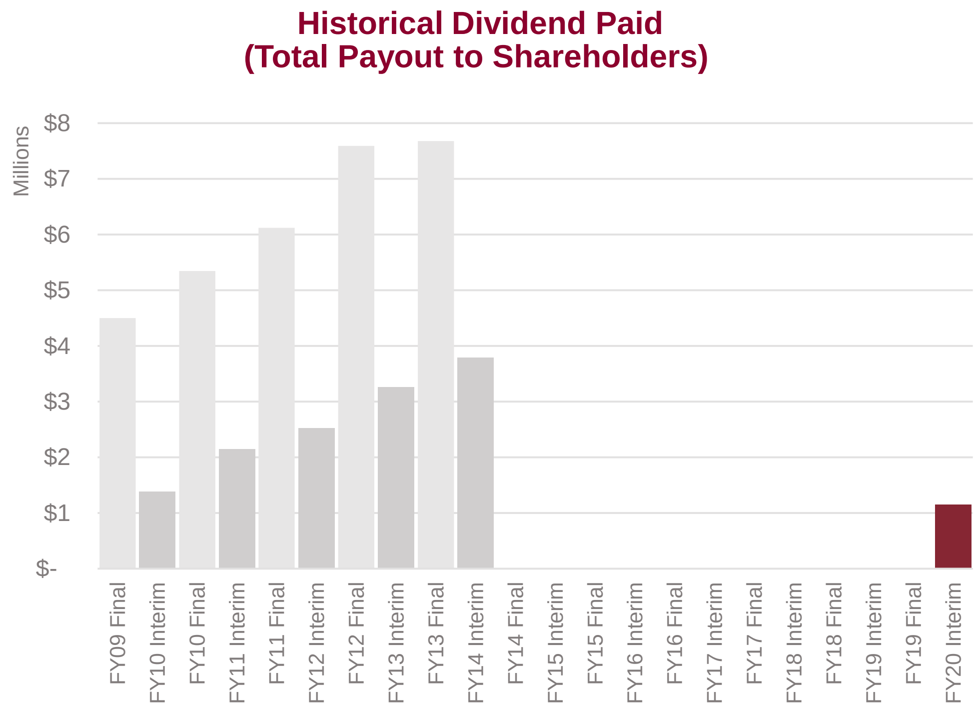


- Headcount fell to 1,609 at 31 December 2019 from 1,725 at 30 June 2019 due to:
  - Lower workload over the Christmas break reducing the number of contractors engaged, particularly in Australasia
  - Continued reduction in South America, in particular with site based personnel in Colombia
- Headcount includes both permanent and flexible staff as well as those on labour hire arrangements.

Return to dividends

Austin has reinstated a fully franked dividend, due to be paid on 31 March 2020

- Fully franked interim 2020 dividend declared of 0.2 cents per share
- Franking account balance of $26.3 million following the payment of interim dividend
- First dividend paid since March 2014
- The Board considers that cash returns are important and intends to balance future dividends against other capital requirements to maximise overall shareholder returns



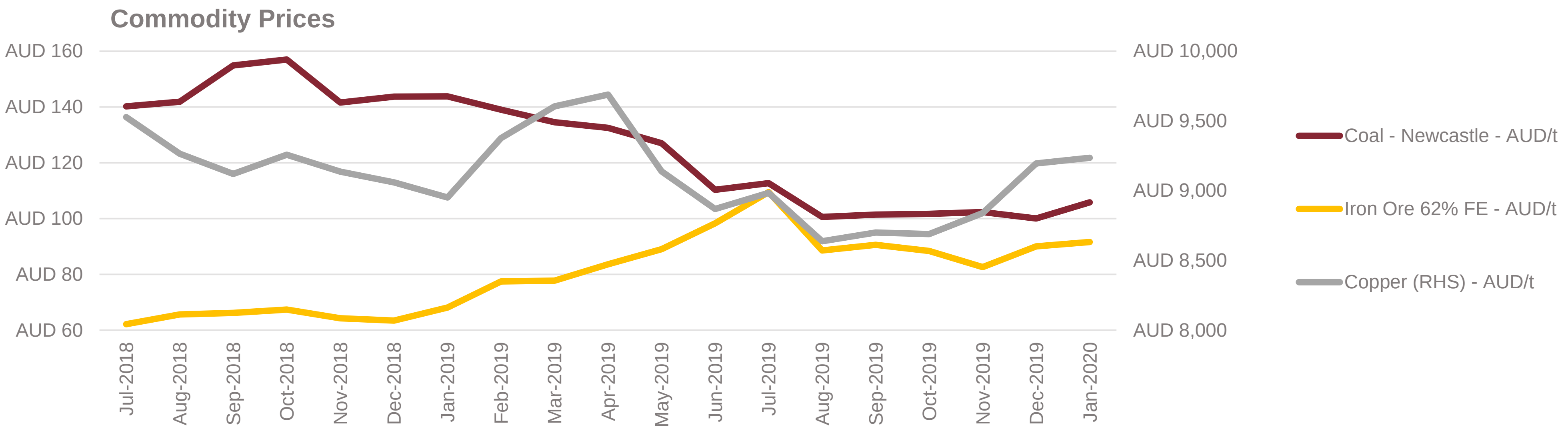
Growth through Partnerships

Austin is actively seeking collaborations with outstanding businesses located in regions where it does not have a physical presence and seeks to grow.

- Austin has partnered with ETT, a highly respected engineering and fabrication business in South Africa, to jointly market Austin products in Africa and provide regional product support
- The two companies are seeking to establish a joint venture partnership to enhance business development opportunities for both Austin and ETT products
- Africa is a key growth region for Austin with our Batam, Indonesia facility well-positioned to service this market in conjunction with in-country support.
  - a partnership approach applying a 'capital light' risk model will be used to promote growth in Africa
- Austin will continue to look for improved access to strong markets where it does not have adjacent workshops.

Market Outlook and Guidance

Commodity Analysis



Iron Ore

- Iron ore prices have been softening throughout FY2020, recovering slightly in December 2019 and January 2020
- Prices are expected to remain unusually high following production shortfalls
- Austin’s sales to iron ore clients remained stable in 1H20, with a strong increase in deliveries forecast for 2H20

Coal

- Thermal coal prices steadied in 1H20, with Met coal prices continuing to soften
- Thermal coal exports from Australia are forecast to continue to increase slightly, with US and Columbian exports continuing to decline
- Met coal production in Australia is expected to continue to grow
- Sales to coal clients declined in 1H20

Copper

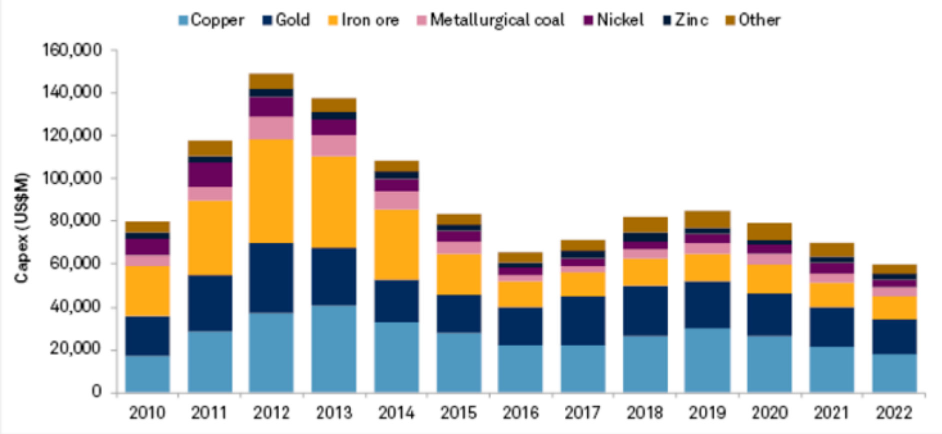
- Copper prices continued to recover in 1H20, due to supply uncertainty
- Copper is an important commodity class for Austin with a large US copper client due to commence fleet replacements in the 2020 calendar year and improved results in Chile

Sources: Capital IQ data, Company insights

Austin's Macro View

- Global growth is estimated to increase from 2.9% in 2019, to 3.3% in 2020 and 3.4% in 2021
- Mining capital expenditure is expected to reduce overall over the next 3 years from a recent high in 2019, largely as a result of decreased development capital expenditure in copper and gold mines
- When considering the impact to Austin of capital expenditure forecasts it is important to identify sustaining investment against development.
  - Sustaining capital expenditure is an indicator of immediate opportunity, Austin's product sales are mainly part of sustaining investment
  - Development capital investment is an indicator of the level of sustaining investment required in the future. Austin does not sell much product into mines during their development phase
- Sustaining capital investment is expected to grow in iron ore, consistent with Austin's understanding of this market, and to be relatively stable in copper. Austin understands the outlook for thermal coal to be challenging with reduced demand for new equipment from coal clients the North and South America.
- The overall truck body market is considerably larger than Austin's annual revenue. As the miners, contractors and OEM's focus on reducing the cost per tonne in their operations, they are likely to demand lighter weight bodies.
  - Austin has the opportunity to sell more product, more regularly through its innovative and market leading suite of products.

Capex spending to reduce under miners' current plans after hitting 5-year high in 2019



Data as of Nov. 18, 2019.
Other includes cobalt, lead, lithium, molybdenum, platinum group metals, silver, uranium.
Metallurgical coal figure is limited to the seaborne market.
Source: S&P Global Market Intelligence

Changes in overall capex is being driven by a reduction in development capex

Data as of Nov. 18, 2019.
Source: S&P Global Market Intelligence

Sources: Capital IQ data, IMF.org, Company Insights

FY2020 Guidance

- Austin is on track to meet the guidance range provided in August 2019 of Normalised EBITDA of $24 to $28 million from continuing operations
  - Following 1H20 results, Normalised EBITDA of $19.3 – $23.3 million is expected for 2H20. A considerable increase in earnings from recent six month periods
  - Around 90% of required work to meet guidance earnings is locked in, an increase on the same point last year (80%)
  - Guidance is based on Austin's best estimate of the level of work that can be completed by 30 June 2020 across its facilities with production levels in Perth and Chile not seen for several years and with Indonesia and USA also gathering momentum
  - Austin is exploring growth and efficiency improvements in Perth, USA and Chile to improve throughput and to capitalise on expected strong demand for its products for the remainder of the 2020 calendar year and beyond
  - Normalised EBITDA guidance excludes contributions from discontinued operations
  - Austin has not seen any direct impact currently of COVID-19 (the Coronavirus) to demand for products at this stage and is not reliant in its supply chain to countries with heavy impacts of the virus
- Reflective of the strong outlook for the business, Austin has recommenced the payment of ordinary dividends.

* 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 four continents - Australia, Asia, 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

- Significant reduction in net debt levels to levels below 1 times normalised EBITDA (net cash at 31 December 2019)
- 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, Austin have a strong presence with deep ties to customers
- Supported by two world class manufacturing facilities in Perth and Indonesia, 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 local Indonesia market 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 and 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 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 of capital expenditure on new, improved models, however this position appears to be shifting
- Austin's exposure is heavily focussed on copper in Chile and Peru, and thermal coal in Colombia
- Opportunities for growth into other South and Central America countries with success in Panama and Surinam
- Large concentration of ultra class mining trucks

Operations

Asia-Pacific

Brisbane
Perth
Indonesia
Mackay
Hunter Valley

- Perth is 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 focussed 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
- The 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 Canada 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 located close to customers in Antofagasta and Calama, the majority of sales from Chile are for copper mining
- Peru workshop is located in Arequipa close to the key copper mining region
- 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 to design 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

1H20 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	▲$1.6 million	
EBIT	▲$0.5 million	
PBT	-	
Balance Sheet		
Right-of-use asset	▲$12.0 million	Mainly relates to leased facility in Perth, Australia
Property, plant and equipment	▼ $2.8 million	Reclassification of finance leased assets to right-of-use assets
Lease liabilities	▲$11.6 million	All lease liabilities, including debt formerly classified as a finance lease
Financial liabilities	▼ $2.1 million	Reclassification of finance leases to lease liabilities
Other		Other movements are immaterial and relate to retained earnings and deferred taxes
Cash Flow		
Operating cash flow	▲$1.1 million	
Financing cash flow	▼ $1.1 million	

Austin Engineering Limited

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