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Managing Director's Address to Shareholders

Good morning ladies and gentlemen and thank you for joining us today for our 2019 Annual General Meeting.

I would like to start by talking about some of our successes during the 2019 financial year. A more detailed update on our results can be found on our website in the August 2019 market presentation.

Austin's 2019 results reflect the stabilisation of the company. This was reflected in our highest level of operating cash flow generation in over five years and our lowest gearing levels in eight years. This has been achieved through a targeted rationalisation process focused on unlocking capital, particularly in South America, a region that has, disappointingly, failed to deliver sufficient returns.

As a direct result of the rationalisation process, Austin's revenue contracted by 14% from the 2018 financial year. However, our revenue from the sale of products, which plays to our core competencies, actually grew by 2%. While 2% might not seem significant it should be noted that the 2019 financial year represented a lower point in the Pilbara replacement cycle, so we see this growth as a positive indicator.

Finally, as Jim has mentioned earlier, evidence of the success of the past three years' restructuring and streamlining of the business is best demonstrated by the 33% increase in Austin's underlying net profit after tax.

Over the past few years we have made some great strides culturally at Austin to enhance the togetherness of our global team. We have some exceptional people in Austin across all corners of the globe and the improved collaboration of our engineers, sales, operations and functional team members can be measured through the gains that have been made in our innovation, client delivery and improved productivity.

At 30 June 2019 Austin employees, including labour hire, totaled 1,719 people, a 22% reduction compared to 30 June 2018. This reduction is the result of the work, over the past 3 years, to rationalise and streamline the business. We believe Austin is now well positioned for growth and recognise and thank the people working across the business for their support as we have rightsized the company.

At Austin, we are under no illusions that the work that we do is dangerous. We work at heights, with hot materials, with stored energy components and lift heavy loads. We strive for a zero-harm work environment and subscribe to the mantra of safety being in our hands.

So, it is with great sadness that we reported a fatality at our Indonesia facility in June 2019. We have provided support to the family of the employee involved in this tragic incident, and counselling services to the workers that have been impacted. We have implemented improvements in our work practices in all facilities in relation to the circumstances of this incident.

Austin has also put in place a program called Visible Felt Leadership to lead the promotion of safety initiatives. At each of Austin's operating locations team leaders and senior management take time to have quality conversations with our workers on safety in a structured and meaningful manner. This enables them to better identify risks and hazards and empowers our entire workforce to take safety into their hands.

Our total recordable injury rate has fallen steadily over the last 5 years and averaged 16 for the 2019 financial year, down from 19 the previous financial year. Importantly, Austin's injury rates remain well below industry averages.

Austin's business is built principally around two key product brands, the JEC brand, which was created in Western Australia by Johns Engineering and Cranes, and the Westech brand from Casper, Wyoming.

In 2019 we celebrated the Westech brand's 50-year anniversary. Westech truck bodies are well known throughout the globe - the Westech truck body was the first ever lightweight truck body in the world.

Austin is fortunate to own the Westech brand and we have some outstanding people working in our US facility in Casper, Wyoming. This facility was rebranded Austin Westech in 2018 as part of our One Austin model.

Austin is an engineering/innovation company first and a manufacturing/fabrication company second. We do a great job of fabricating metal products for our clients but our key strength is in our innovative engineering ability. I genuinely believe we employ the best engineers in our industry and they continue to push the boundaries in product innovation.

This year we released two new products – the Austin Ultima and the two-piece excavator bucket.

The Austin Ultima is our latest JEC designed truck body that delivers additional payload improvements compared to its predecessor the JEC-LD. The Ultima can also tackle troublesome sites that have challenges with sticky materials, or hang-up. Austin has only recently released this product for distribution and the interest from our clients has been strong.

Austin's second significant new product is a revolutionary two-piece excavator bucket. This bucket comes with a reusable upper section and a consumable lower section and is particularly effective in high abrasive conditions. Austin's innovation in this product received international recognition during the year, earning second place in both the Swedish Steel Prize, held in Stockholm, Sweden, and the Australian Financial Review's Boss 2019 Most Innovative Companies in the Agriculture, Mining and Utilities segment. Austin actually won the People's Choice award at the Steel Prize, capturing close to 50% of the total public vote across the four finalists.

Our industry-leading product innovation provides us opportunities to work closely with our clients. I was fortunate enough to spend some time with executives from one of our clients, who is a large global mining company, in both Perth and Salt Lake City in the USA earlier this month to discuss how Austin can continue to assist their global operations.

This client has been a loyal supporter of Austin; our products are used in a number of their mines and we thrive on partnering with major global mining companies to drive our innovation and lower their cost per tonne.

Austin recently partnered with the same large global mining company in the Pilbara by painting a number of the new Ultima bodies pink in recognition of the work done by the National Breast Cancer Foundation.

As Jim mentioned earlier and following our earlier announcement to the ASX, we maintain our guidance for the year to June 2020, of normalised EBITDA in the range of \$24 to \$28 million and currently expect to meet the upper end of that range

At the end of August 2019, when this guidance position was set, Austin had around 34% of its target revenue in orders and committed work to achieve its guidance. This position was lower than it had been historically at that time and reflected an unusually slow start to the financial year. In the last two months, however, Austin's order intake has been strong and the group now has in excess of 70% of its target revenue for FY2020 locked in to fulfil its earnings guidance. This is higher than the position at the same time last year when we had confirmation on around 66% of target revenue.

As a result of the timing of order receipts, Austin expects to generate two-thirds of its underlying EBITDA in the second half of the 2020 financial year.

Our confidence levels of achieving profit guidance are high, particularly with the strong order activity experienced by our historical profit leading business, our Perth operations in recent months.

We expect to update the market on guidance following the release of our first half results in February 2020.

When I joined the company in October 2016, the group was heavily indebted and on track to record a breakeven underlying EBITDA for the first half of the 2017 financial year.

I see Austin's recent journey in three stages. First there was survival in the 2016 and 2017 financial years. The group relied heavily on its shareholders and suppliers to ensure continuity of trade. The 2018 and 2019 financial years were our consolidation phase, the company's future was secure but a large body of work was required to optimise the business and critically analyse those businesses or contracts that were not providing adequate returns.

The 2020 financial year and beyond I see as the growth phase. I believe there is significant scope for growth in this business, both organically and through strategic and accretive acquisitions or partnerships. The large OEM's of heavy equipment continue to dominate the market in truck bodies and buckets, offering plenty of scope for Austin to increase its market share. There are a number of global mining locations where we believe we can improve our market presence. This includes Canada, Africa, the Indonesian domestic market, Europe and various other Latin American countries.

We firmly believe that we can provide the optimal solution to every mine site globally and will be working hard to fulfil our strategic objective of being the leading supplier of off-highway truck bodies globally.

I would also like to take this opportunity to express my sincere thanks to Jim Walker and the Board for their ongoing guidance and support. To all of our shareholders, some of who are here today, I thank you for your patience and belief in the future of this company.

I will now hand back to Jim for questions.

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