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ASX ANNOUNCEMENT (ASX Code: ANG) **26 February 2018**

Austin Engineering Limited – 1H2018 Financial Results

- Revenue of $154.7 million - increase of 69.8% on 1H2017
- Normalised EBITDA $12.2 million - above the upper level guidance range
- Positive Net Profit After Tax of $4.0 million – a significant improvement over 1H2017 Net Loss After Tax of $5.7m
- Refinance of Australian debt facilities completed in November 2017
- Full year (to 30 June 2018) normalised EBITDA guidance of $22 million to $25 million
- Current order book and committed work represents 70% of expected revenues for 2H2018

Austin Engineering Limited (Austin) has today announced its results for the half year to 31 December 2017 (1H2018) with revenue of $154.7 million (an increase of 69.8% in comparison to 1H2017) and normalised EBITDA (EBITDA) of $12.2 million (an increase from break even EBITDA in 1H2017). This result is above the upper level of the guidance range issued in August 2017 ($10 million to $12 million).

Chairman, Mr Jim Walker, commented on the result saying *"Austin has delivered a first half 2018 EBITDA of $12.2 million, that exceeded market guidance. The result was achieved despite facing challenges including the restructure of operations in South America, and supply chain disruptions during a period of rapid growth in the USA."*

Financial Results	1H2018	1H2017	Change
	$m	$m	%
Revenue	**154.7**	91.1	69.8%
EBITDA*	**12.2**	0.0	n/a
Net Profit Before Tax	**1.4**	(9.0)	n/a
Net Profit After Tax	**4.0**	(5.7)	n/a
Basic earnings per cents per share	**0.69**	(1.05)	n/a

*Excluding impairment/one-off costs

Review of Operations

Market conditions improved during the first half of FY2018 in line with increases to the commodity markets. Major mining companies continued the reinvestment phase in replacement components for mining fleets with further release of capital expenditure.

Austin's Australian segment produced revenue of $61.1 million, which was 45% higher than 1H2017 ($42.1 million). The first half of the year was profitable with 1H2018 EBITDA of $4.3 million (including corporate overhead), compared to 1H2017 EBITDA of $0.5 million.

The Americas achieved 1H2018 EBITDA of $5.4 million, compared to 1H2017 EBITDA of $0.1 million. Results improved in the region, with higher contributions from USA, Chile and Peru, while Colombia delivered earnings consistent with the previous period. Austin's USA 1H2018 revenue increased significantly in comparison to 1H2017, driven by both local demand and deliveries to customers in Canada and Mexico. Profitability in USA was impacted by additional cost from substantial import steel tariffs applied to key suppliers. Austin's Chile and Peru facilities delivered material cost reductions during the first half of 2018.

The Indonesia business achieved positive 1H2018 EBITDA of $2.5 million compared to 1H2017 EBITDA loss of $0.6 million. This flagship facility fabricated a range of Austin products and non-Austin mining products during the period, leveraging Indonesia's geographical location and highly competitive cost structure.

Review of Operations (continued)

Reported 1H2018 PBT of $1.4 million was a significant improvement over the loss of $9.0 million in 1H2017. The first half result includes non-recurring restructuring and legal costs of $2.1 million, including expenses incurred in achieving cost savings in Chile and Peru, as well as the refinance of the Australian debt facilities finalised in November 2017.

Cash Flow, Liquidity and Debt

1H2018 cash inflows from operations of $0.6 million after an investment in working capital of $4.0m to support the additional trading volumes.

Net cash outflows on investing activities of $0.1 million for 1H2018 reflect a period where capital investment consisted of small replacement items. Austin is evaluating and prioritising capital expenditure for growth and maintenance expected to commence in 2H2018 and FY2019.

Financing cash inflows for 1H2018 were $1.3 million with an overall net cash inflow of $1.8 million.

Capital Management

LIM and other non-bank loans in Australia were repaid in November 2017. The new facilities include a term loan in Australia ($12.5 million), and working capital facilities in both USA (US$8 million limit) and Australia ($17 million limit). This refinancing of debt increases capital stability and reduces the overall cost of debt.

The remaining Austin finance facilities in South America are under review. Austin continues to assess any opportunities that may be available with respect to non-core asset and business sales, including the sale and/or leaseback of specific assets.

Dividends

No interim dividend has been declared for the period.

FY2018 Outlook

Austin has experienced a significant increase in tender activity and other identified opportunities compared to recent reporting periods, reflecting an increased interest in Austin's products and industry activity. The Group's current order book and committed work represents c.70% of expected revenues to 30 June 2018. As a result Austin is in a position to provide EBITDA guidance for 2H2018 of $10m to $13m, a full year EBITDA guidance of $22 million to $25 million.

Austin is pleased to announce the appointment of David Pichanick as the Global Manager Market Development and Innovation, commencing 28 February 2018. David has extensive senior executive experience with major OEM's including Hitachi and Liebherr, assignments in Australia and internationally, as well as senior sales and marketing roles within the industry. David will lead the business development and engineering teams to increase Austin's market penetration and improve relationships with the OEM's, global mining clients and mining contractors.

Mr Peter Forsyth, Managing Director said, *"With the current industry conditions, and positive management and operational changes made to the business over the last twelve months, Austin is well positioned to further penetrate its market, supported by engineering and manufacturing excellence, delivering improved productivity returns to its clients and enhance shareholder returns."*

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