

26 November 2021

## CHAIRMAN'S ADDRESS TO SHAREHOLDERS 2021 ANNUAL GENERAL MEETING

Good afternoon, ladies and gentlemen. I am your Chairman Jim Walker and it is my pleasure to welcome you to the 2021 Annual General Meeting of Austin Engineering Limited.

### Overview of Performance

We have had a year of good progress and also a year of change. In May this year, we announced a decision to relocate the Company's headquarters from Brisbane to Perth. Through this move, we have brought the Company's central management closer to our major mining customers and our largest APAC manufacturing centres in Perth and Indonesia.

Our Managing Director, Peter Forsyth, elected to retire and, in July, interim CEO and Non-Executive Director, David Singleton, was appointed as CEO and Managing Director. At the same time, Austin initiated a strategic review of its global operations to identify opportunities to improve business efficiency, build market share, increase our margins, and to align with the future needs of our mining industry customers.

David will give more specifics on the outcomes and what we are doing, but at a high level, the initiatives have been categorised into three stages. Firstly, business consolidation and efficiency, which we are already implementing in part.

Secondly, advanced manufacturing, which includes introducing improved automation into our key global manufacturing hubs. And lastly, technology and innovation, which will see Austin invest in technology to deliver mining equipment that improves production efficiency, on site safety and environmental impact.

The review outcomes will allow us to remain at the forefront of the industry, to grow earnings and unlock value for our Shareholders.

We have pleasingly recorded increased liquidity and market interest in our stock, helped by some new investors. We have improved our margins and financial position in the second half of the year to date, thanks to some of the consolidation initiatives in the strategic review and continued contract wins.

Also during the year, we completed \$35 million refinancing and extension of Austin's debt facilities to fund working capital which allows us to reinvest our operating cash flows into the business to drive future returns and strategic initiatives. The reduced cost of this new facility has reduced the Company's cost of capital, creating more opportunity to drive improvements.

Twelve months from our last AGM, the impact of the COVID-19 pandemic continues to have an impact, particularly in the US market, however we are well versed in the mitigation approaches and are confident with managing what has become the new normal. In Australia, we are supporting our major customers and helping to protect our industry by requiring that our workforce is fully vaccinated by the 1<sup>st</sup> of January 2022, in line with the State Government's guidelines.

We also recognise the specific challenges in the world at this time around the availability of labour, materials and the disruption of the shipping industry. We have implemented regionally specific changes to our operational approach to deal with the rapidly changing landscape and create competitive advantage. We now have a 3-day weekend in Australia as well as in the USA which improves employee attraction and we have already adapted some of our products to better meet the shipping challenges that the world is experiencing and won new orders as a result. Our style of business with relatively short order to delivery times is largely protecting us from input cost inflation in both labour and particularly in steel prices as we

are able to rapidly adjust to these factors. Remaining nimble and alert as these events unfold has kept us safe through COVID-19 and is protecting our business as the effects of COVID-19 sweep through the world.

Our people's safety and wellbeing are central to our business and continues to be a critical focus area for Austin. We are pleased to report a significant improvement in our safety performance which is significantly better than the heavy manufacturing average in Australia. We make no distinction on safety amongst our various locations in the world, our high standards apply to every part of our global business.

## **Dividends**

We paid a final dividend of 0.3 cents per share, in September 2021, bringing dividends for the year to 0.5 cents, fully franked. Our policy reflects the importance of paying dividends to our Shareholders, balanced with the priority of retaining the financial flexibility to enable the continued execution of our growth strategy.

## **People**

As mentioned, a highlight for the Company during the year was the appointment of our new CEO and Managing Director, David Singleton. David has run large scale design and manufacturing businesses around the world for decades and brings all that knowledge and experience to Austin. David has already published a 3-step plan to revolutionise the performance of Austin and has set about driving financial performance, moving to a world class manufacturing approach and investing in improved products driven by market demand. The impact of that, in just a few months, can already be seen in the Business Outlook that we have provided in the AGM presentation.

We have also made changes to the structure and composition of the executive leadership team, and the Company is building a team that can leverage the significant achievements to date, and scale Austin into its next phase of growth. David has appointed a highly experienced and accomplished Chief Operating Officer, Graham Backhouse who is driving performance improvement across our various locations. In addition, the regional heads of operating businesses have all changed in the last few months adding a great deal of energy and enthusiasm. I would also like to welcome our new Chief Financial Officer Gareth Jones who joined recently and thank Sam Cruickshank, our former CFO, who has resigned to pursue other opportunities.

## **Conclusion**

I would like to close by thanking on behalf of our Board, our CEO David Singleton, and the management team for the work it is doing to grow the Company and meet our business objectives. Thanks also to our hard-working staff, contractors and suppliers for their support throughout the year. The quality of our people gives me confidence that the business is in good hands to continue performing well into the future.

Thank you to my fellow Directors for their continued support and counsel. Lastly, thank you to our Shareholders for your investment and ongoing support. We remain fully committed to growing our business and its value.

I will now hand over to David Singleton for his CEO and Managing Director address.

**Jim Walker**  
**Chairman**

**-ENDS-**

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**Announcement Authorisation**

This announcement was authorised by the Board.

**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.