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Chairman's Address to Shareholders at 2015 AGM

Brisbane, 27 November 2015: Austin Engineering Limited (ASX Trading code: **ANG**) is pleased to announce the Chairman's address to shareholders as presented at the Company's 2015 Annual General Meeting held today.

Austin Engineering Ltd Chairman's Address

"I now have pleasure in delivering the Chairman's address. The financial year ended June 2015 was a continuation of the difficulties experienced in the previous year, and I said at last year's AGM that was one of the most difficult years that your Company has ever faced. The challenges have continued, with the miners deferring expenditure on replacement products and repair and maintenance. Overall the results for the current full year were flat, compared to the previous year, with revenues of \$210 million and a normalised EBITDA of \$15 million.

Due to this continuation of lower earnings and the subsequent effect on cash flow, the Directors determined not to pay any dividends for the year.

Prior to the end of the 2014/2015 financial year the company renegotiated its banking covenants and was in compliance with them at 30th June 2015.

The reality was that the Company's level of net debt had been too high in the current earnings cycle and in July/August 2015 a capital raising of \$51.6 million was undertaken. This comprised of a fully underwritten pro-rata entitlement offer of \$31.6 million and a subordinated loan of \$20 million. The majority of these funds were used to reduce senior debt. We are planning to reduce these debt levels further during the 2015/16 financial year.

Our policy of strategic geographical diversification has helped to reduce the effect of the mining downturn in Australia, as can be seen by the Segment Reporting details shown in the Annual Report. Unfortunately this downturn is now affecting the other countries in which we operate. We continue however to win multi-year contracts off-shore and anticipate stronger growth in these regions than what we are currently seeing in Australia.

While the Company has budgeted for an improved full-year result in the current financial year, the challenges of the last two years are continuing. We are experiencing an increased level of activity, but it is too early to call an end to the downturn.

The Board appreciates that shareholders are concerned by the fall in the Company's share price. Your Directors share this concern and know that there is little comfort, in the fact that many other companies in our sector are also suffering in a similar manner. The reality is that, to a large degree, we are captive to the whims of the mining industry and their replacement policies.

As announced to the ASX in September and shown in the Notice of Meeting, I am retiring by rotation with effect from the end of this meeting, but will not seek re-election as a Director. I wish to acknowledge and thank my fellow Directors, management and staff for their support and assistance over my nearly seven years on the Board.

The Directors have resolved to appoint Mr Peter Pursey as Chairman on an interim basis, with effect from the close of this AGM. The Board is currently undertaking a selection process for a permanent Chairman.

In closing my address I would like to thank our Managing Director Mr Michael Buckland, his management and staff, for their efforts in a challenging year and also to acknowledge the valuable support of you, our shareholders.

I will now invite Michael to make his Managing Directors presentation."

End

For further information, contact Managing Director Michael Buckland or Chief Financial Officer Scott Richardson on +61 7 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America, and Indonesia. The Australian facilities manufacture, assemble, repair and maintain (on and off-site) products used in the mining and resources sector. Key product lines include dump truck bodies, large service vehicles, excavator buckets, materials handling equipment, mineral processing equipment, industrial radiator and cooling products as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North American and Canadian mining markets and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies. The operations located in Chile, Peru and Colombia manufacture, repair and maintain dump truck bodies and other mining products for their respective markets and, in Chile, also provide specialised heavy equipment lifting and transportation services for mining and industrial markets. The Indonesian production facility on Batam Island serves the equipment and service needs of mining and oil and gas-related customers in Indonesia and Asia. Austin also own rights to innovative and automated welding processes and these have been introduced into operations in order to improve production efficiencies. For more information visit www.austineng.com.au.