Austin Engineering Ltd

AGM – Company Presentation

WESTECH JEC

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Agenda

- Commencement of meeting at 10:30am
- Chairman’s address
- Managing Director’s address and presentation
- Questions on Managing Director’s address and presentation
- AGM formalities
- Close and opportunity to meet over refreshments

Key Items

1. Continued improvement in safety
   – Global LTIFR for FY15 of 2.9 demonstrated further improvement on the FY14 result of 3.3
2. Profitability maintained in a challenging environment
   – Revenue and normalised* EBITDA ($15.0m) for the year was in line with statutory EBITDA for the PCP ($15.2m)
   – $40.9m of non-cash impairment charges were booked in December 2014, reflecting subdued market conditions and $6.9m of restructuring costs and Westech legal fees
   – FY16 normalised* EBITDA expected to be between $14m to $16m due to continued customer delays and slippage
3. Debt management is currently a key priority
   – Senior debt was reduced by $47.2m in July and August 2015 from the proceeds of the capital raising
   – The Company is actively evaluating further steps to reduce debt and improve the company's balance sheet
   – The Senior debt refinance process has progressed via a number of options with Australian and International financiers

* normalised means before impairment expenses, one-off costs, restructuring costs & Westech legal fees

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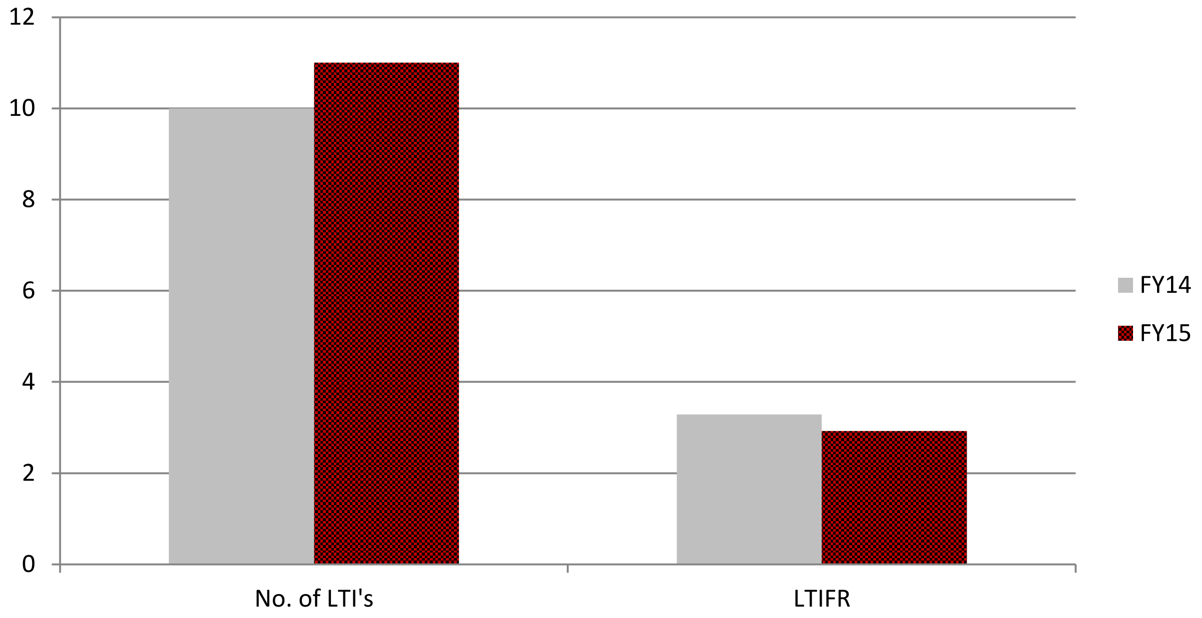
Safety



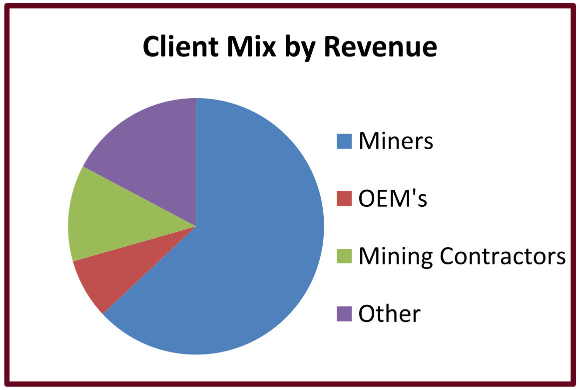
- A continued focus on zero harm has yielded improved safety results in FY15
- The Global LTIFR (Lost Time Injury Frequency Rate) for FY15 was 2.9 which is an improvement from 3.3 recorded for FY14

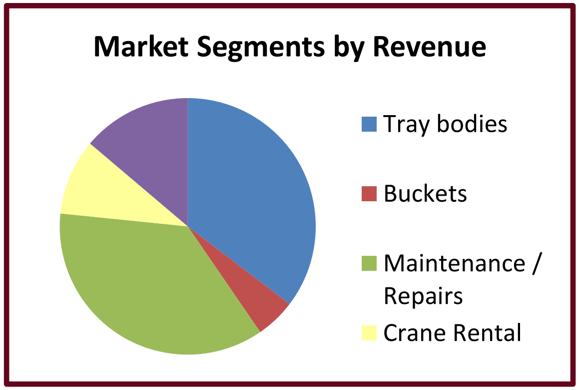
Financials – FY15

	FY14 $m	FY15 $m
Revenue	209.9	210.4
Gross Margin %	*35%*	*36%*
Normalised EBITDA	**15.2**	**15.0**
Depreciation	(10.5)	(11.0)
Amortisation / Impairment	(0.9)	(42.0)
Interest Income	0.1	1.3
Interest Expense	(3.9)	(6.1)
Tax (Expense) / Credit	0.9	0.3
Operating Cash Flow	**(6.5)**	**3.6**

Margins maintained in subdued environment

One-off due to soft trading, non-cash





** normalised means before impairment expenses, one-off costs, restructuring costs & Westech legal fees*

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Current Trading

Largest Businesses by Revenue

Business unit	Region	Trading vs. Budget
Perth	Australia	▲
Westech	USA	▼
Chile	South America	▼
COR Cooling	Australia	▲
Site Services (formerly Pilbara Hire)	Australia	▲
Indonesia	Asia	▼

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FY16 Guidance

- 1H16 trading has been soft
  - Market still subdued as customers defer capex
  - Revenue ahead of PCP
  - EBITDA %'s are under pressure
- FY16 normalised* EBITDA expected to be between $14m to $16m
  - Mining sector capex recovery taking longer than expected
  - Continue to see customer delays and slippage
  - Seeing signs of green shoots and forecasting improvement in 2H16 profitability
- Strategic action plan underway
  - Realigning cost base with Brisbane closure. Expected to save $2.8m pa
  - Greater focus on maintenance contracts and services which provide 'annuity' income – approaching 50% of total revenue
  - Enhanced focus on converting key large South American tender contracts
  - US business focussed on increasing throughput to utilise spare capacity
  - Balance sheet review continues with a focus on optimising funding profile

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Debt Management Strategy

The company is assessing all options to manage its debt

1 Steps taken thus far

- $51.6m capital raising was successfully executed in July
- $31.6m rights issue
- $20.0m subordinated loan
- Substantive reduction of $47.2m in senior debt

2 Current process underway

- Senior debt refinancing has been progressed in the interim with a number of options explored with potential Australian and International financiers
- South American banks are also considering options to increase funding exposure as part of this refinance due to increased cash flow generated and tangible asset backing available from this region

3 Further debt reduction strategies

- Peru land – the company is progressing multiple expressions of interest and expects this process should yield a positive result
- Marketing for sale/leaseback options for properties in NSW, Queensland and Colombia (indicative offer received) are continuing
- Working capital management has been improved and is closely managed. Cash flow remains tight

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Operational Review

Australia

- West Australian manufacturing has a good base-load of work until March 16. Additionally this business is currently engaged in substantial tender activity for additional work from major clients
- Austin Site Services (formerly Pilbara Hire) also have a good base-load of work with contracts in Zambia and Australia expiring beyond June 2016
- East Coast operations have been rationalised as per the recent announcement. This will increase East Coast revenue and EBITDA in the regional facilities of Hunter Valley and Mackay
- COR Cooling have a number of base contracts and are looking to commence operations in South America through the existing Austin facilities there

Operational Review

Indonesia

- The first half of FY16 has seen a slow start with limited projects completed after an excellent FY15
- A number of recent project wins will allow the second half to commence with a steady start
- We have been advised that our client, who supplied the major orders to the Company in FY15, is very confident of a number of tender awards from December 2015 onwards
- This workload could lead to the facility once again operating at close to optimum capacity over the second half of FY16 and beyond

Operational Review

Americas

USA

- USA operation has had a poor start to the new financial year
- There are currently a substantial amount of open tenders (USD 62m) we have participated in which are awaiting approval from the various client corporate offices
- December (month) will see the operation produce a break-even scenario and with the new financial year for USA / Canadian / Mexican companies starting in January it is hoped a flow of orders will commence
- Mexico is a new market where the operation has had success and we believe further growth is possible
- Canadian Tar Sands continue to be a major client and orders are expected to pick-up in the new year with new designs offered by the Company

Operational Review

Americas (con't)

Colombia

- The site contract for Prodeco is continuing and discussions on the 3 year contract have now escalated to include additional projects (one additional project involving 12-22 people has already commenced and is to be added to the contract)
- First product into Cerrejon delivered which we believe will lead to Cerrejon becoming a major client

Peru

- Has been affected greatly by the breakdown of a key piece of equipment which has lead to major delays in new manufacture of existing orders
- Award of the Las Bambas maintenance contract provides a good baseload for 2 years
- Backlog of new manufacture work to be cleared November through to March

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Operational Review

<u>Americas (con't)</u>

Chile

- Delays in contracted shutdowns in Chile has shifted revenue to the second half for Servigrut
- The base contracts Servigrut holds, which extend over 3-5 years, provide an excellent foundation
- Calama holds 4 base maintenance contracts which have terms between 2 and 4 years
- Calama is in negotiation with clients regarding increasing contract revenue for further price benefits
- La Negra has been affected by replacement of equipment being delayed as per other regions
- The Collahausi contract, held by La Negra, provides a baseload of production which has been missing for a few years in the La Negra business

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Outlook

Current Environment

- Commodity prices are near multi year lows
- Production levels consistent or increasing in some cases
- The continued reduction in CAPEX budgets has led to our customers increasing their OPEX budgets significantly which has increased repair/maintenance work. However much of this work adds steel/weight to the trays which reduces payload
- Equipment is being replaced when the repair cost is 70% of the cost of a new unit
- Supplier price reduction cycle near, if not at, the end
- Miners are looking for productivity / efficiency increases which is Austin's key differentiator

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Outlook

Austin Engineering

- Supplies consumable products (ongoing need)
- Maintenance / repairs now forming a significant part of the Companies revenue (multi year contracts)
- Once onsite, Austin is able to provide engineering solutions which generate productivity and efficiency increases
- Austin will continue to build a reputation as the “go to Company ”.
- Continuously increasing our product range
- Rationalisation of the East Coast capacity right sizes the operations. Increased savings/EBITDA
- No major internal CAPEX requirements for existing operations ($0.5 - 2.0m per annum) unless the Company was to win a new onsite maintenance project (revenue growth)
- Expanded current Tier1client base further

Outlook

Austin Engineering

- The current restructuring as well as the quality of Austin's customers, products and staff leave the Company very well positioned for future growth
- Production levels dictate that the high levels of current equipment will have to be replaced. The delays to this replacement cycle has already lasted for an extended period
- Majority of Austin's products are only designed to last 4-5 years (at the moment we are seeing usage into the 5-7 year bracket)
- Austin strategy of owning our IP, bespoke designs, manufacturing and service / repair of our products as well as being located in the key resource areas is still applicable in the current environment

Outlook

Austin Engineering

- The Australian operations collectively are performing well
- Indonesian operation forecasting strong second half
- USA operation forecasting improved order intake
- We believe the company has strong defences to the plaintiffs' assertions in the patent litigation, and we look forward to presenting them at trial. The trial commences in January 2016
- South American operations feeling the effect of the low copper price although current long term contracts give a solid base. Revenue and EBITDA have been delayed not lost
- South American miners have delayed shutdowns and contract awards for major forecasted contract revenue within the Servigrut and La Negra operations
- Revenue for Peru has shifted to the 2nd half due to the loss of a key piece of equipment within the manufacturing process
- This has delayed revenue and shifted 60-70% of consolidated earnings to the second half of FY16

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Outlook

Austin Engineering

- The company's base loading is intact but the additional variable revenue associated with these contracts is being delayed
- The reduction of the company senior syndicated debt is a major focus of the company
- Full year forecast normalised EBITDA is now at the Company baseline of $14-16m

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Austin’s Principal Products

Off-highway dump truck bodies

Buckets

Water tanks

Service modules

Tyre handlers

Ancillary attachments

Industrial cooling and heat transfer systems (COR Cooling)

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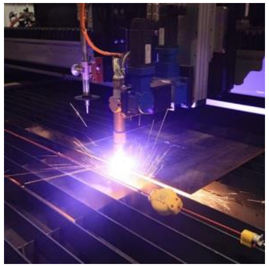
Austin Principal Services

Equipment repair and maintenance



Specialised fabrication

Painting and blasting

Specialised machining and line boring

On-site maintenance and shutdown services (Austin Engineering Site Services)

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Austin Brands

The Austin Engineering brand encompasses design and manufacture of mining and earthmoving equipment, along with the provision of support services, from four Australian operations (Brisbane, Hunter Valley, Mackay, Perth), an Indonesian operation and Peruvian operation.

The Austin Ingenieros brand represents the company's operations in Chile and Colombia, providing design and manufacture of mining and earthmoving equipment, along with the provision of support services.

Austbore's core capabilities include general machining services, the overhaul of track frames and other mining equipment and mobile line-boring services. Austbore work closely with the Austin Engineering Mackay operation in supply of their services.

As the only national service provider and manufacturer of industrial cooling and heat transfer equipment, COR Cooling is a market leader working closely with some of the world's largest companies in the mining, marine, transport and associated industries.

Perth-based John's Engineering & Cranes Pty Ltd (JEC), was one of Australia's longest established manufacturers of Mining and Earthmoving attachments and off highway truck bodies. The JEC branded range of products are now designed and manufactured by Austin Engineering operations globally.

Austin Engineering Site Services (formerly Pilbara Hire Group) provide full turnkey, on-site repair and maintenance services throughout Western Australian mine sites, with a particular focus on mobile mining and fixed plant equipment.

Servigrut is a significant and successful supplier of heavy equipment lifting, transportation and site services to the mining and industrial markets in Chile.

Western Technology Services, or Westech, is one of the world's largest non-OEM designer and manufacturer of off highway dump truck bodies. Based in Wyoming USA, the Westech branded range of products are now designed and manufactured by the Austin Engineering Group globally.