

29 June 2021

Austin Consolidates Operations

Austin Engineering Limited (ASX: ANG, Austin or the Company) as part of the ongoing strategic review previously announced, has determined to consolidate its two separate businesses located in Mackay, Queensland. The Mackay businesses primarily deliver onsite and offsite repair, maintenance, and machining/line boring services, as well as local sales support for Austin manufactured products.

The business consolidation will be focused on enhancing the sales and support of Austin's own manufactured product offerings into the region and in the continued provision of high-quality machining and line boring services.

The decision has been made following a review of how Austin can best serve its customers in this region through a stronger focus on new product delivery and support, with a reduced focus on highly competitive and price driven repair and maintenance services which have not delivered significant earnings margins in previous years.

Austin will continue to deliver its own product offerings to the East Coast of Australia from its manufacturing facilities in Perth (Australia) and Batam (Indonesia). Over the last four years, Austin has sourced the majority of new product to the East Coast market from its world-class, low cost, manufacturing facility in Batam. This approach has enabled our customers to gain the benefits of an Australian designed and supported product at a competitive price.

As a result of this decision, Austin will close its Austin Mackay workshop on Len Shield Street, Paget, and consolidate to the Progress Drive, Paget site. Austin estimates the one-off cash restructuring costs from the consolidation to be in the region of \$0.6 million, primarily in redundancies and is expected to incur a non-cash goodwill write down of \$1.2 million in FY2021. It is expected that approximately \$4 million in balance sheet capital will be unlocked through sale or re-distribution of assets following this closure. The closure of the Len Shield workshop, which is primarily focussed on repair and maintenance, is not expected to negatively impact the future performance of the business. For FY2021, the Len Shield workshop will contribute in the region of \$9.7 million in revenue and a \$0.2 million loss in EBITDA.

Austin is engaging with its clients to confirm its strengthened and more focussed commitment and support for the provision of high-quality Austin manufactured products to the region.

In addition, the ongoing strategic review has identified a number of other potential labour efficiencies that can be realised across the global business. The Board has elected to pursue these, which will result in one off restructuring costs in the region of \$1 million, across the broader business, over and above the restructuring costs identified above in the closure of the Len Shield workshop. Austin expects to be able to quantify the ongoing impact on the cost base once the strategic review is finalised. The majority of these changes will occur over the next 3 months (i.e. within FY2022).

The overall impact of these decisions will not impact underlying FY21 results, and Austin confirms that guidance for underlying NPAT (i.e. prior to one off costs) in excess of \$9 million for FY2021 remains unchanged.

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Announcement Authorisation

This announcement was authorised by the Board of Directors.

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.