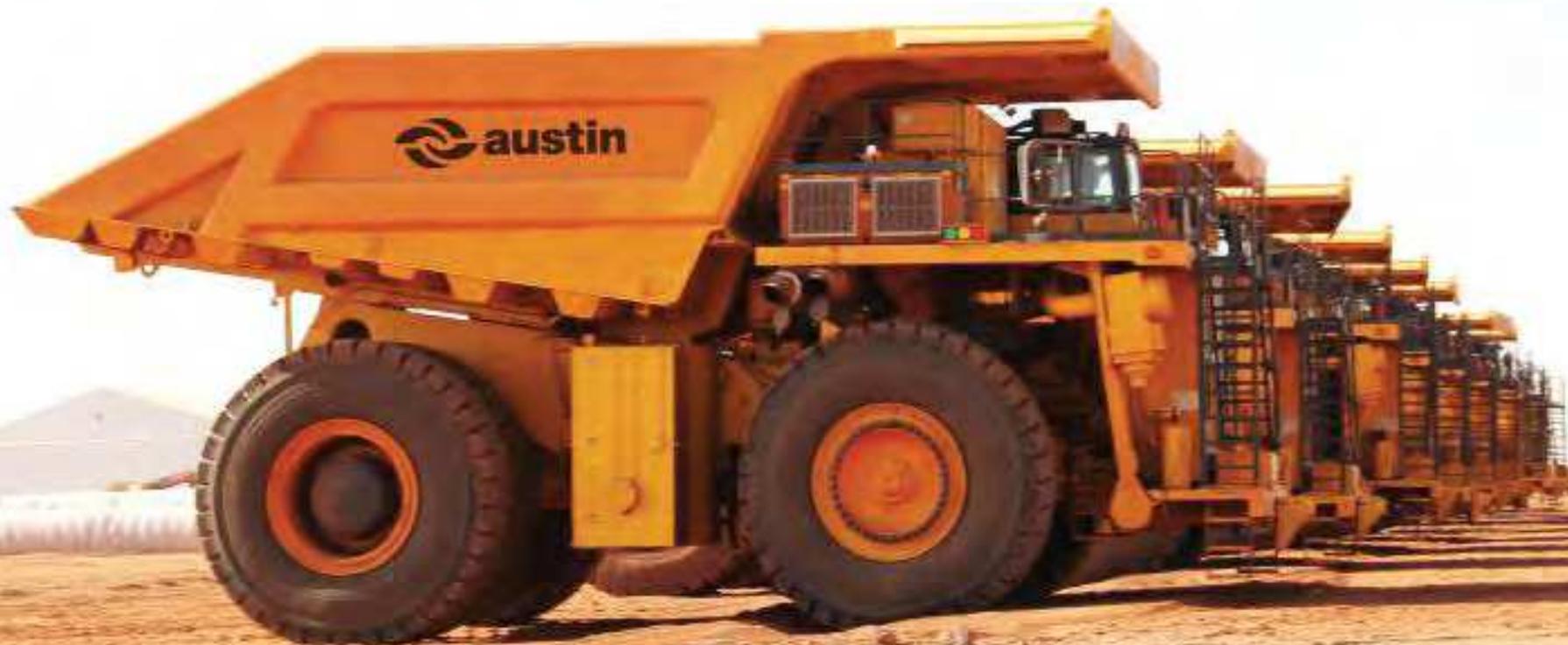


Austin Engineering Ltd

Financial Year 2018 AGM Presentation

23 November 2018



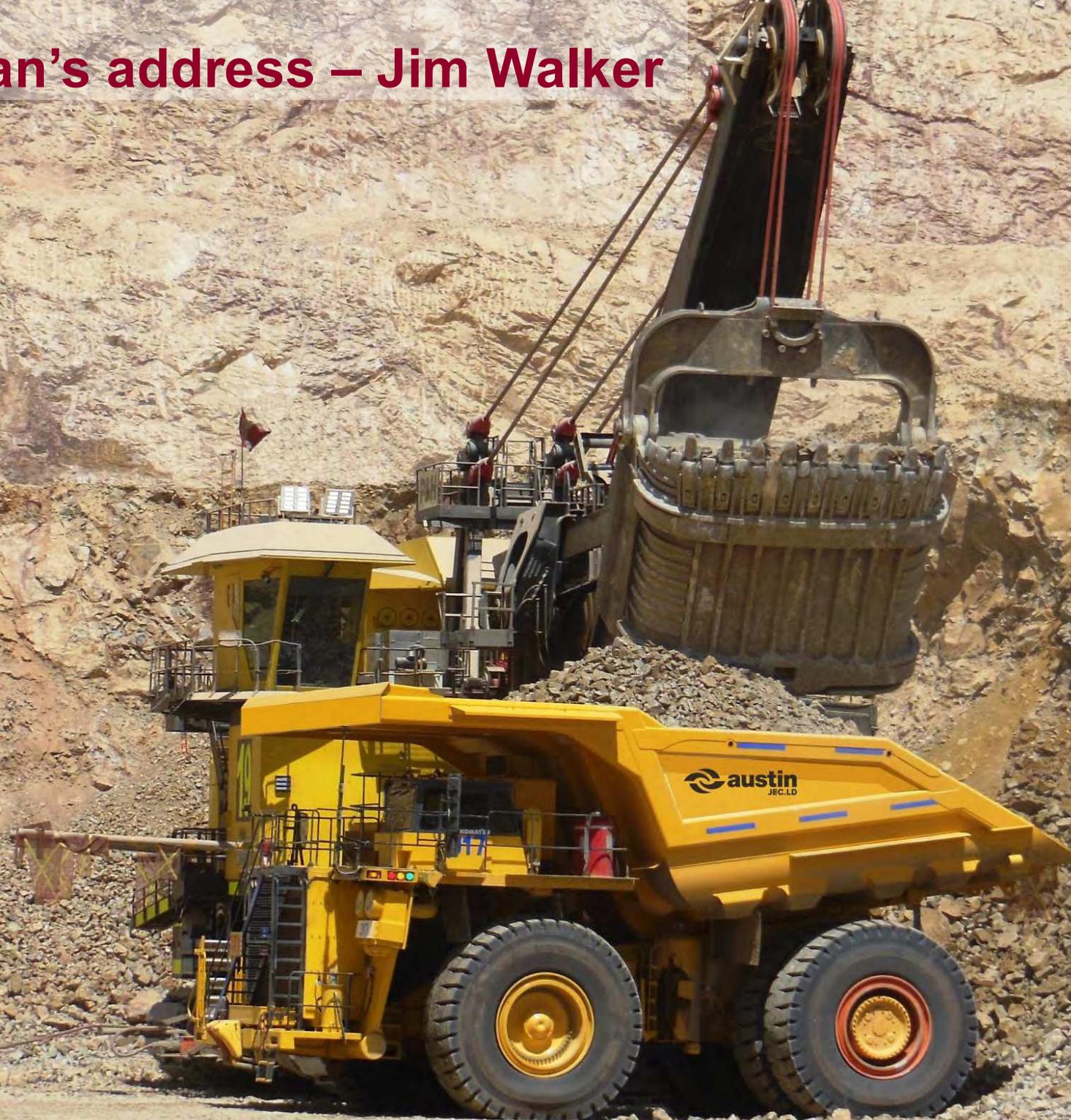
Imouraren Mine - Niger



Agenda

- 1 • Commencement of meeting at 9:00 am (AWST)
- 2 • Chairman's address and presentation
- 3 • Managing Director's address and presentation
- 4 • Questions
- 5 • AGM formal business of the meeting
- 6 • Close

Chairman's address – Jim Walker



Introductions

Chairman and Independent Non-Executive Director

Jim Walker

Managing Director

Peter Forsyth

Independent Non-Executive Directors

Chris Indermaur and Sy van Dyk

CFO and Company Secretary

Christine Hayward

Auditor

Paul Gallagher (BDO)

Highlights

Return to Profit



- Underlying net profit after tax of \$5.4 million, the outcome of extensive restructuring of the business and focused implementation of the turnaround strategy
- EBITDA up 62% on 30% lift in margins
- Normalised EBITDA guidance of \$25 million - \$28 million for FY19

Balance Sheet continues to strengthen



- Refinance of the Australian debt facilities completed in November 2017
- Further debt reductions planned in South America

Board appointments



- Appointment to the Board of CEO, Peter Forsyth as Managing Director and Sybrandt van Dyk, a former CEO and Managing Director of Macmahon Holdings, as Non- Executive Director

Commodity cycle consolidating



- Commodity markets strengthened during the year, underpinning confidence in the future and supporting investment in capital equipment

Rationalisation of loss making businesses



- Closure of unprofitable sites, including Hunter Valley (NSW) workshop, Lurin (Peru) workshop and Karratha (WA) site service branch
- Crane hire business in Chile identified as non-core and being marketed for sale.

Managing Director's Address - Peter Forsyth



Strategic Priorities

		Actions during FY18
1	<p>To be the market leader supplying customised truck bodies and buckets globally</p> <ul style="list-style-type: none"> Business operations re-oriented to provide clients with engineered solutions combined with high quality and efficient manufacturing capability Continued engagement plus strengthening of existing and new relationships with large global mining clients and contractors Develop new and existing relationships with original equipment manufacturers (OEMs), utilising the integrated sales function to provide better customer coverage and foster relationships 	<ul style="list-style-type: none"> Appointment of a Global Manager Market Development and Innovation and Global Manager Operations 40% increase in new product revenue from FY17 Client account management framework formally established from global to regional support Continued alignment with OEMs
2	<p>Grow and diversify the business through identified opportunities unique to Austin</p> <ul style="list-style-type: none"> Leverage Austin's product intellectual property (IP) to expand existing markets and enter new markets Innovation Team focused on research and development and new products continuing to reduce client operating costs per tonne Grow approved sub-contractor base to provide additional revenue through flexible manufacturing capacity and production facilities where Austin does not currently have an existing footprint Pursue work in aligned industries utilising existing manufacturing capability 	<ul style="list-style-type: none"> Engineering Team structured to provide dedicated sales and manufacturing support to improve client service delivery Utilisation of sub-contract manufacturing services with full oversight of Austin's quality processes, enabled Austin to grow its revenue base without requiring additional capital Fabrication work completed and in the pipeline for non-Austin products
3	<p>Maintain cost competitiveness</p> <ul style="list-style-type: none"> Best practice operational performance and continuous improvement to manufacturing processes Remain at the cutting edge of engineering design, with fast, cost efficient techniques used to manufacture high quality products Continuous evaluation of global supply chain for savings through group wide supply agreements 	<ul style="list-style-type: none"> Establishment of the Production Efficiency Group (PEG), a global knowledge sharing group tasked with cost reduction strategies and manufacturing process consistency Analysis of growth capital expenditure projects, expected to deliver cost savings Improved purchasing and terms globally with strategic steel suppliers

Market Analysis

The Americas

- History of success with the strong Westech product brand
- Existing customer base, particularly in USA, has loyalty to Westech product due to its long term proven success
- Alliances and contracts with key customers
- Austin's innovation and new water tank design has opened further opportunities
- Oil sands and copper markets have improved
- South American market has in recent years had a bias to allocating capital to repairing equipment over new product.

Australia

- New designed JEC-LD truck body has created new business opportunities
- Strong commodity prices have created a supportive environment
- Alliances with clients
- Creation of new opportunities in the underground market
- Long-term existing relationships with clients and continued product enhancements have built strong loyalty and trust.

Asia

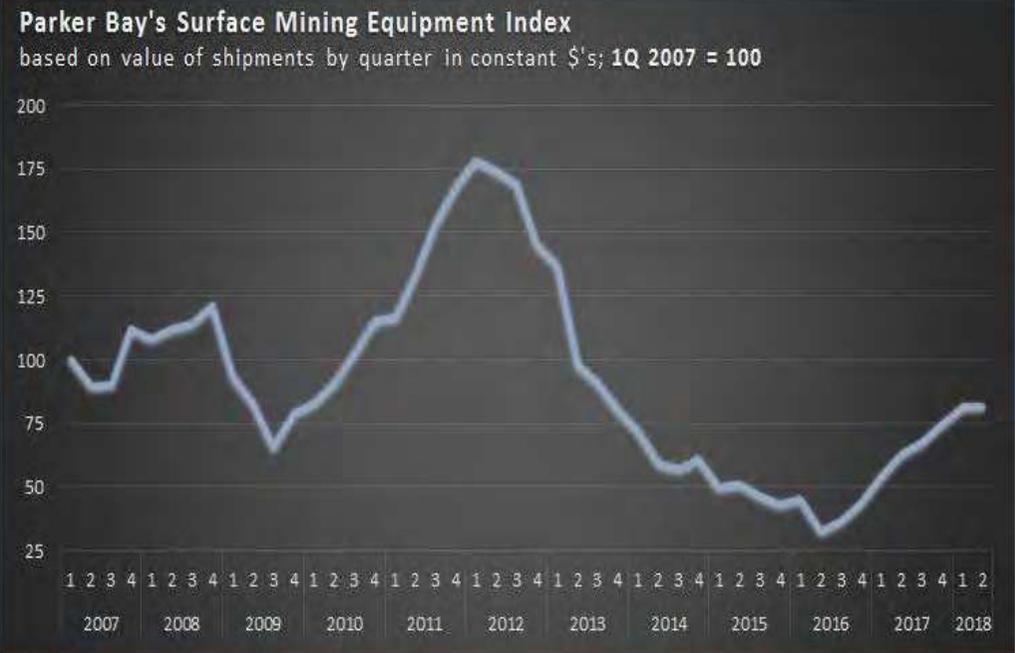
- Batam is a world-class facility, meeting Austin's global standards
- Growth in local Indonesia market creating additional opportunities
- Optimal client outcomes are achieved through large batch orders that incur reduced freight costs
- Opportunities to leverage facility and operational effectiveness, to diversify offering from Batam facility into non-traditional products
- Opportunities in Africa for new products and site support allow product to be manufactured in Batam.

Industry Outlook

Top 5 Global Mining Companies CapEx Spend



Parker Bay Surface Mining Equipment Index



Sources: Deloitte – Mining capital projects: Are you ready for the next CapEx investment cycle?, The Parker Bay Company

FY19 Guidance

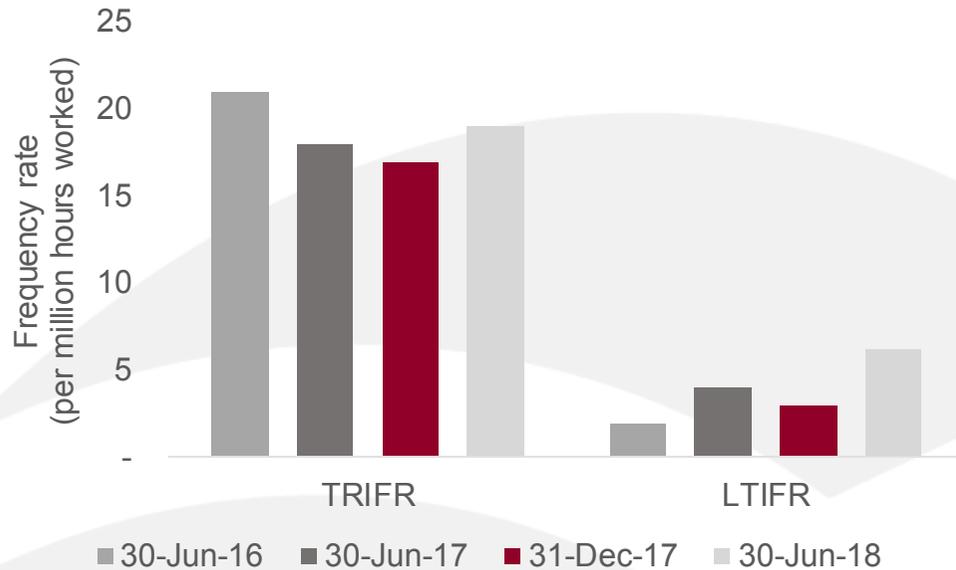
FY19 Normalised EBITDA of \$25 million to \$28 million

- Based on the current order book, committed work, and tender opportunities
- Around 66% of projected revenue relates to firm orders and other committed work. This is similar to last year, however client tender book and pipeline opportunities are much stronger
- The new client account management strategy implemented during 2H18 provides greater confidence to conversion of the current tenders and pipeline opportunities into orders
- Manufacturing efficiencies and cost savings expected to be realised through the Production Efficiency Group, underpin the outlook for earnings growth
- FY19 guidance excludes contribution from Chilean crane hire business
- Whilst orders may be delayed or amended depending on client requirements, the strong pipeline and management initiatives gives greater confidence for improved results in FY2019.



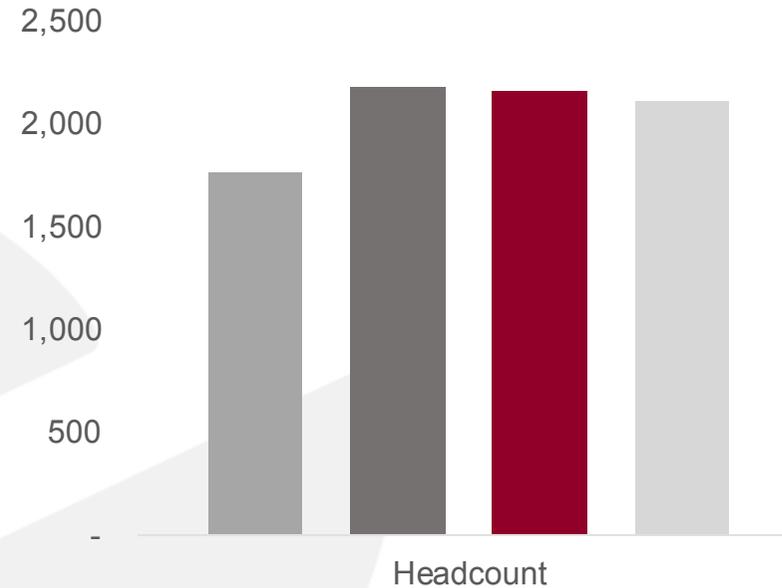
Safety and People

FY18 Safety statistics



- Total Reportable Incident Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) both increased
 - Standardised reporting of safety statistics implemented across the business during the year resulted in an increase in reportable incidents
- OH&S Global standards issued together with implementation of internal and external safety audit cycles
- ICAM training programs delivered to the majority of business operations to improve incident investigation and root cause analysis
- Safety improvements set as a KPI for all Senior Leaders and Business Unit Managers with commitment from all employees.

People



- Headcount fell to 2,105 at 30 June 2018 from 2,173 at 30 June 2017
 - Rationalisations in Peru and Chile
- Headcount includes both permanent and flexible staff, plus those on labour hire arrangements
- The average tenure of qualified engineering staff is 16 years across Austin's Perth and USA teams, reflecting the depth of experience in product innovation and customised solutions.

Financial performance

Normalised results (\$'m)

	FY18	2H18	1H18	FY17	Var %
Revenue	293.4	138.7	154.7	234.3	25%
Gross profit	73.4	36.1	37.3	71.1	3%
<i>Gross margin</i>	25.0%	26.0%	24.1%	30.3%	(18)%
EBITDA	23.2	11.0	12.2	14.3	62%
<i>EBITDA margin</i>	7.9%	7.9%	7.9%	6.1%	30%
<i>Depreciation and amortisation</i>	(10.8)	(5.4)	(5.4)	(11.2)	(4)%
EBIT	12.4	5.6	6.8	3.1	300%
<i>EBIT margin</i>	4.2%	4.0%	4.4%	1.3%	219%
<i>Net interest expense</i>	(4.7)	(2.3)	(2.4)	(5.2)	(10)%
PBT	7.7	3.3	4.4	(2.1)	↑
<i>Tax</i>	(2.3)	(1.0)	(1.3)	0.6	↑
NPAT	5.4	2.3	3.1	(1.5)	↑
EPS (cents)	0.93	0.40	0.53	(0.27)	↑

Results reflect continuing and discontinued operations

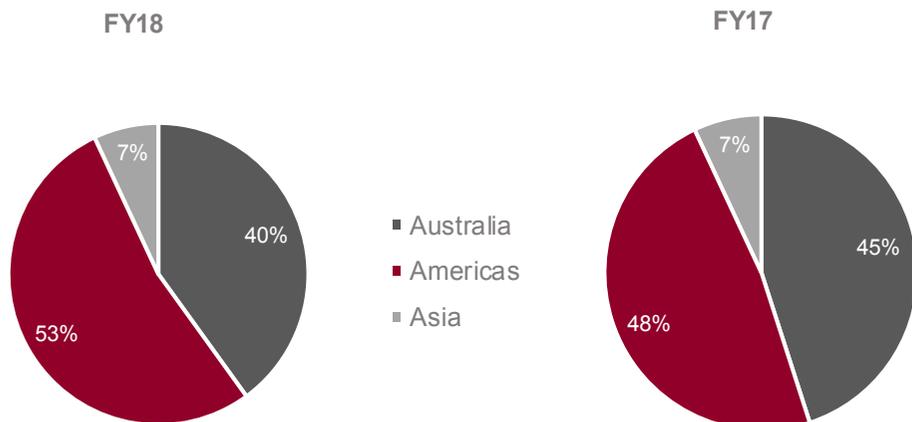
FY18 Revenue and profitability

- Revenue increased by 25.2% compared to FY17
 - Strong growth in the Americas with revenue up 37.4%
- Gross margins contracted from 30.3% to 25.0%
 - A change in the geographical and product mix
 - USA margin compressed due to constrained supply and increased prices for steel following the imposition of tariffs on key suppliers
- EBITDA of \$23.2 million, up 62%
 - Margins improved as a result of business improvement activities and streamlining a number of business units, particularly in South America
 - Improved recovery of fixed costs on increased revenue base
- Interest expense declined by 10% as debt continues to be repaid and facilities refinanced in November 2017 on more favourable terms.

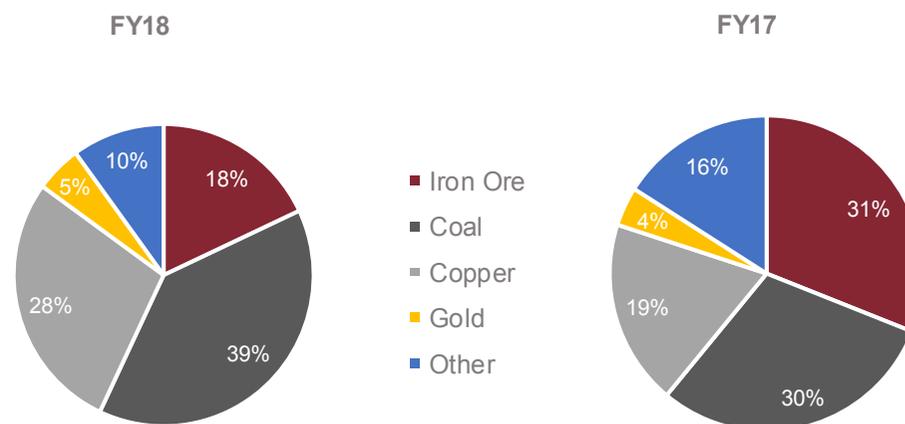


Diversified revenue

Revenue by region - % of total

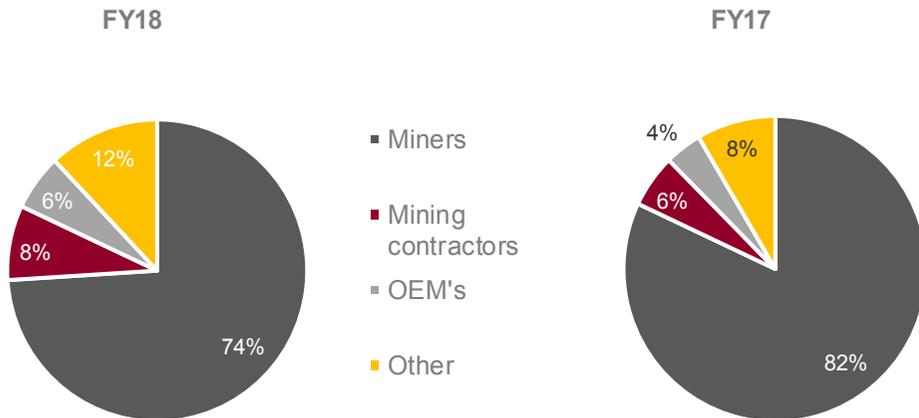


Revenue by commodity - % of total

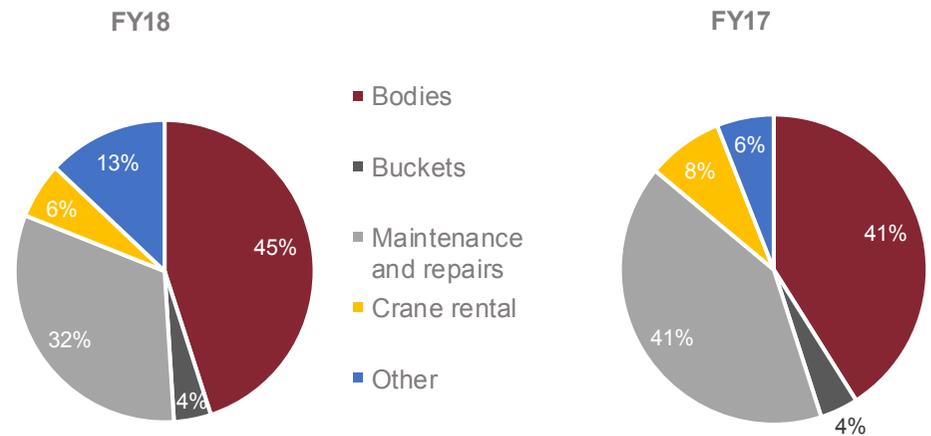


Diversified revenue

Revenue by customer type - % of total



Revenue by product and service - % of total



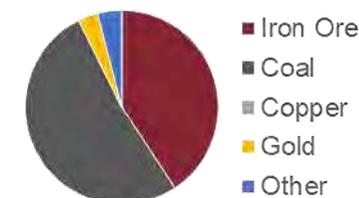
FY18 by region

Australia

Brisbane
Perth
Mackay
Hunter Valley



Australia (\$'m)	FY18	2H18	1H18	FY17	Var %
Revenue	124.0	59.8	64.2	111.9	11%
EBITDA (normalised)	7.9	3.6	4.3	9.5	(17)%
<i>EBITDA margin</i>	6.4%	6.0%	6.7%	8.5%	(25)%



Operations

- Perth operations contributed the highest normalised EBITDA in the Group
 - Earnings from this business unit decreased relative to FY17 when a major replacement cycle was delivered
- Mackay operations doubled their revenue contribution in FY18 and lifted earnings for the year as a result of improved demand for QLD coal
- Aust Bore machining business delivered improved earnings from the prior year
- Hunter Valley operations were closed on 30 June 2018 following an in-depth review that concluded performance had not reached a sustainable level and it would not make a sufficient positive contribution to Group results

Site services

- Site services are now predominantly focussed on the Pilbara, WA region, supporting Austin's new product clients
- Due to the competitive market environment in site services, Austin closed the Hunter Valley, NSW business and the Karratha, WA branch during the year.

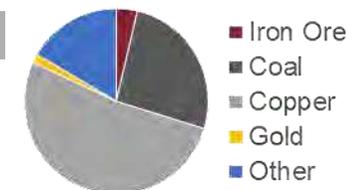
FY18 by region

Americas

USA
Colombia
Chile
Peru



Americas (\$'m)	FY18	2H18	1H18	FY17	Var %
Revenue	154.4	72.0	82.4	112.3	37%
EBITDA (normalised)	11.0	5.6	5.4	1.7	↑
EBITDA margin	7.1%	7.8%	6.6%	1.5%	↑



USA

- USA delivered the highest EBITDA contribution in the region in FY18, supported by an order for the manufacture and supply of 76 bodies to the Bingham Canyon copper mine in the first half
- Earnings were maintained in the second half as a result of improved workshop efficiencies and procurement outcomes

Colombia

- Colombia maintained a positive earnings contribution on the previous period

Chile

- Improvement in the copper market and cost efficiency savings resulted in this business returning a positive EBITDA compared to a loss last year
- Crane hire business, that is reported as a discontinued operation, contributed \$2.8 million in earnings for the year, however depreciation and amortisation charges are \$3.4 million

Peru

- Peru business has refocused on the delivery of Austin's core products, rather than on-site service contracts
- A reduction in indirect costs resulted in this operation breaking even for FY18.

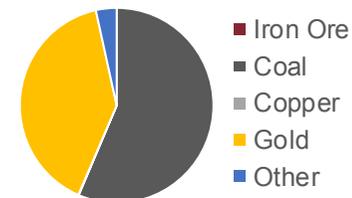
FY18 by region

Asia

Indonesia



Asia (\$'m)	FY18	2H18	1H18	FY17	Var %
Revenue	22.4	11.3	11.1	17.4	29%
EBITDA (normalised)	4.3	1.8	2.5	3.1	39%
EBITDA margin	19.2%	15.9%	22.5%	17.8%	8%



Indonesia

- Results from Indonesia have continued to be strong in FY18
- Reduction of EBITDA in 2H18 due to a temporary adjustment in product mix
- Capacity exists within this workshop to deliver improved EBITDA returns with increased throughput
 - Senior member of the Austin team appointed as the business development lead in Asia and Africa to build sales capability.

Austin's Competitive advantage

1 Market leading position

- Large global producer of custom truck bodies and buckets
- Strategically located across four continents including Australia, Asia and the Americas, with scope to use subcontractors in other regions

2 Attractive fundamentals

- Improving conditions in commodity markets
- Product sales have improved as the investment cycle has turned
- Quality product design for specific purpose

3 Strategic focus

- Business repositioned as an engineering solutions provider supported by product manufacturing
- Focus in global miners with long-term partnerships as a "preferred" supplier
- Creating future product advantages for all products on surface and underground

4 Manufacturing excellence

- IP and engineering excellence built up over more than 30 years of experience
- Fabrication workshops fitted out for safe and efficient manufacturing

5 Visibility over orders

- High visibility over orders for the next six months
- Recurring revenue from repairs and maintenance contracts

6 Diversified revenue base

- Long term relationships with key customers across Austin's various geographies/products/commodities
- Key contracts with leading miners, contractors and OEMs
- Creating additional manufacturing opportunities outside of our core business

7 Products

- Customised range of mining products and services tailored to specific site conditions, that continue to deliver increased productivity and lower operating costs
- Improved product designs are equally suitable for installation onto new and existing equipment



Questions?



AGM Formal business of the meeting



Resolution 1 – Re-election of Mr Jim Walker as Non-executive Director

To consider and, if thought fit, pass the following as an ordinary resolution:

‘To re-elect Mr Jim Walker, in accordance with Listing Rule 14.4, who retires with effect from the end of the Annual General Meeting and, being eligible, offers himself for re-election’

Manner in which the security-holders directed proxy votes (as at proxy close):

Votes for	Votes discretionary	Votes against	Votes abstain
380,784,074	1,907,019	11,048,947	306,739
96.70%	0.49%	2.81%	N/A

Resolution 2 – Election of Mr Sy van Dyk as Non-executive Director

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That Mr Sy van Dyk, who retires after having been appointed as a Director of the Company on 19 February 2018, in accordance with rule 3.3 of the Company’s constitution, and being eligible for re-election, be elected as a Director of the Company’

Manner in which the security-holders directed proxy votes (as at proxy close):

Votes for	Votes discretionary	Votes against	Votes abstain
384,981,358	1,907,019	1,267,816	5,890,586
99.18%	0.49%	0.33%	N/A

Resolution 3 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That the Remuneration Report for the year ended 30 June 2018 be and is hereby adopted’

Manner in which the security-holders directed proxy votes (as at proxy close):

Votes for	Votes discretionary	Votes against	Votes abstain
383,640,784	1,403,519	8,418,682	455,294
97.50%	0.36%	2.14%	N/A

Resolution 4 – Approval of Performance Rights Plan

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That for the purposes of Listing Rule 7.2 Exception 9, section 260C(f) of the Corporations Act and for all other purposes, the Company’s Performance Rights Plan and any grants of Performance Rights and issue of Shares under the Company’s Performance Rights Plan, be approved’

Manner in which the security-holders directed proxy votes (as at proxy close):

Votes for	Votes discretionary	Votes against	Votes abstain
383,030,844	1,333,519	9,354,935	198,981
97.28%	0.34%	2.38%	N/A

Resolution 5 – Approval for grant of performance rights to Mr Peter Forsyth, Managing Director

To consider and, if thought fit, pass the following as an ordinary resolution:

‘That for the purposes of Listing Rule 10.14 and for all other purposes, approval be given for the grant of 2,145,923 Performance Rights and the issue or transfer of Shares on vesting to Mr Peter Forsyth, in accordance with the terms and conditions of the Company’s Performance Rights Plan.’

Manner in which the security-holders directed proxy votes (as at proxy close):

Votes for	Votes discretionary	Votes against	Votes abstain
383,142,885	1,333,519	9,351,739	90,136
97.29%	0.34%	2.37%	N/A

Poll Procedures – Computershare



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Austin Engineering Ltd

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2018

