

Results for announcement to the market Report for the half-year ended 31 December 2020

Results

	Half-Year to 31 December 2020 \$'000		Half-Year to 31 December 2019 \$'000
EBITDA from continuing operations	5,894	<i>up 10.0% from</i>	5,357
Net profit before tax for the year from continuing operations attributable to members	1,664	<i>up 473.8% from</i>	290
Net profit after tax for the year from continuing operations attributable to members	1,535	<i>up 720.9% from</i>	187
Revenue from continuing operations	87,912	<i>down 1.3% from</i>	89,077
Net cash (used in) / provided by operating activities	(6,841)	<i>down 137.8% from</i>	18,095

Brief explanation of results

A review of the group operations and results for the half-year is set out in the media statement released to the market on 25 February 2021. A copy of which is attached herewith on page 20. Please also refer to the associated presentation that was released to the market on 25 February 2021.

The interim 100% franked dividend of 0.2 cents per share was determined by the Board of directors on 25 February 2021. In complying with accounting standards, as the dividend was not approved prior to period end, no provision has been taken up for this dividend in the half-year financial report.

Dividends and Dividend Reinvestment Plan

	Amount per security (cents)	Franked amount per security
FY2021 interim dividend determined	0.2	100%

Record date for determining entitlements to the dividend: 16 March 2021

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with Austin Engineering Limited ordinary shares. The allocation price for shares under the DRP will be calculated as the average of the daily volume weighted average of Austin Engineering Limited ordinary shares on each of the 10 consecutive trading days from (but not including) the ex-dividend date of Monday 15 March 2021 for participation in the DRP, being Tuesday 16 March 2021 to Monday 29 March 2021. The last date for receipt of elections to participate in or to cease or vary participation in the DRP in relation to the interim dividend to be paid on 5 April 2021 is 5:00pm (EST) on Tuesday 16 March 2021. The Directors have determined that no discount shall apply to the allocation price and the DRP will not be underwritten. Shares to be allocated under the DRP in relation to the interim dividend to be paid on 5 April 2021 will be transferred to participants by Tuesday, 6 April 2021.

Net Tangible Assets per Security

	31 December 2020	30 June 2020
Net tangible asset backing per ordinary security (cents)	13.74	14.90

Control Gained or Lost Over Entities Having a Material Effect

There were no acquisitions undertaken during the half year ended 31 December 2020.

Associates or Joint Ventures

There were no associates or joint ventures.

Audit

This report is based on financial statements that have been reviewed. A copy of the reviewed financial statements is attached.

Austin Engineering Limited

Financial Report

For the half-year ended 31 December 2020

ABN 60 078 480 136



DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF AUSTIN ENGINEERING LIMITED

As lead auditor for the review of Austin Engineering Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Austin Engineering Limited and the entities it controlled during the period.



C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 25 February 2021

Austin Engineering Limited
Directors' report
31 December 2020

Your Directors present their report on the Consolidated entity consisting of Austin Engineering Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020. Throughout the report, the Consolidated entity is referred to as the Group.

Directors

The Directors of the company who held office during and up to the date of this report are Jim Walker, Chris Indermaur, Peter Forsyth, Sy van Dyk and David Singleton.

Financial highlights

	Change	Consolidated Entity Half-Year 20/21	Half-Year 19/20
	%	\$'000	\$'000
Continuing operations			
Revenue	(1.3)	87,912	89,077
Reported EBITDA	10.0	5,894	5,357
Normalised EBITDA*	32.3	6,319	4,778
Profit before tax	473.8	1,664	290
Profit after tax	720.9	1,535	187
Normalised profit after tax**	1,117	1,521	(202)
Basic earnings per share (cents)	766.7	0.26	0.03
Net cash (used in)/ provided by operating activities	(137.8)	(6,841)	18,095

*Excludes \$0.425m net non-recurring costs (31 December 2019: \$0.579m net non-recurring gains).

**Normalised profit after tax is calculated using the Australian income tax rate of 30% and excludes \$0.084m net non-recurring interest expense (31 December 2019: \$nil) and \$0.425m net non-recurring costs (31 December 2019: \$0.579m net non-recurring gains).

Review of operations

A review of the operations of the Group during the half-year and the results of these operations is set out in the media statement released to the market on 25 February 2021, a copy of which is attached herewith on page 21.

Going concern basis for preparation

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors confirm that at the date of signing the financial statements, there are reasonable and supportable grounds to believe the Group will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

Lead Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 1.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of Directors.



Jim Walker
Non-Executive Chairman
 Brisbane
 25 February 2021

Austin Engineering Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Notes	Consolidated entity	
		Half-Year 20/21 \$'000	Half-Year 19/20 \$'000
Revenue from continuing operations	3	87,912	89,077
Raw materials and consumables used		(24,636)	(16,502)
Changes in inventories and work in progress		(3,075)	(13,121)
Employment expenses		(24,863)	(30,654)
Subcontractor expenses		(11,926)	(10,378)
Occupancy and utility expenses		(1,771)	(2,171)
Depreciation expense		(2,959)	(3,272)
Amortisation expense		(133)	(100)
Production operational expenses		(7,194)	(5,256)
Other expenses		(8,553)	(5,638)
Finance costs		(1,138)	(1,695)
Profit before income tax		1,664	290
Income tax expense		(129)	(103)
Profit from continuing operations		1,535	187
Loss from discontinued operations	4	(399)	(967)
Profit/(Loss) for the period		1,136	(780)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss</i>			
Foreign currency translation differences, net of tax		(4,137)	(2,449)
Total comprehensive income for the period		(3,001)	(3,229)
Profit/(Loss) is attributable to:			
Owners of Austin Engineering Limited		1,136	(780)
Total comprehensive income for the period is attributable to:			
Owners of Austin Engineering Limited		(3,001)	(3,229)
		Cents	Cents
Earnings per share from continuing operations attributable to the owners of the Austin Engineering Limited:			
Basic earnings per share	5	0.26	0.03
Diluted earnings per share	5	0.26	0.03
Earnings/(Loss) per share from continuing and discontinued operations attributable to owners of the Austin Engineering Limited:			
Basic earnings/(loss) per share	5	0.19	(0.14)
Diluted earnings/(loss) per share	5	0.19	(0.13)

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Austin Engineering Limited
Consolidated statement of financial position
As at 31 December 2020

	Notes	Consolidated entity	
		31 December 2020 \$'000	30 June 2020 \$'000
Current assets			
Cash and cash equivalents		13,036	19,243
Trade and other receivables		25,746	30,878
Inventories		32,369	32,043
Current tax assets		897	157
Other receivables and other assets		7,347	9,243
		79,395	91,564
Assets classified as held for sale	4	8,231	4,992
Total current assets		87,626	96,556
Non-current assets			
Property, plant and equipment		42,177	47,275
Intangible assets		13,392	12,251
Deferred tax assets		10,102	9,936
Right-of-use assets		8,667	9,688
Other non-current assets		7,324	4,735
Total non-current assets		81,662	83,885
Total assets		169,288	180,441
Current liabilities			
Trade and other payables		40,684	51,118
Financial liabilities	8	13,413	4,817
Current tax liabilities		13	907
Provisions		6,575	7,291
Lease liabilities		2,677	2,674
		63,362	66,807
Financial liabilities directly associated with assets classified as held for sale	4, 8	95	157
Total current liabilities		63,457	66,964
Non-current liabilities			
Financial liabilities	8	3,387	4,414
Provisions		553	552
Lease liabilities		8,823	9,968
Total non-current liabilities		12,763	14,934
Total liabilities		76,220	81,898
Net assets		93,068	98,543
Equity			
Share capital	9	154,104	153,958
Accumulated losses		(45,126)	(43,366)
Reserves		(15,910)	(12,049)
Total equity		93,068	98,543

The above Consolidated financial position should be read in conjunction with the accompanying notes

Austin Engineering Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Consolidated entity	Notes	Contributed equity \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Accum- ulated losses \$'000	Total \$'000
Opening balance at 1 July 2019		153,927	213	(7,206)	(45,536)	101,398
Adjustment on adoption of AASB 16 (net of tax)		-	-	-	(3,015)	(3,015)
Restated total equity at the beginning of the financial period		153,927	213	(7,206)	(48,551)	98,383
Total comprehensive income for the period:						
Loss for the half-year		-	-	-	(780)	(780)
Other comprehensive income, net of tax:						
Currency translation differences		-	-	(2,449)	-	(2,449)
Total comprehensive income for the period		-	-	(2,449)	(780)	(3,229)
Transactions with owners in their capacity as owners:						
Share-based payments		-	221	-	-	221
Conversion of performance rights	9	31	(31)	-	-	-
		31	190	-	-	221
Balance at 31 December 2019		153,958	403	(9,655)	(49,331)	95,375
Opening balance at 1 July 2020		153,958	915	(12,964)	(43,366)	98,543
Total comprehensive income for the period:						
Profit for the half-year		-	-	-	1,136	1,136
Other comprehensive income, net of tax:						
Currency translation differences		-	-	(4,137)	-	(4,137)
Total comprehensive income for the period		-	-	(4,137)	1,136	(3,001)
Transactions with owners in their capacity as owners:						
Shares issued under dividend reinvestment plan (net of share issue costs)	9	20	-	-	-	20
Share-based payments		-	402	-	-	402
Conversion of performance rights	9	126	(126)	-	-	-
Dividends provided for or paid		-	-	-	(2,896)	(2,896)
		146	276	-	(2,896)	(2,474)
Balance at 31 December 2020		154,104	1,191	(17,101)	(45,126)	93,068

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Austin Engineering Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	Consolidated entity	
	Half-Year	Half-Year
	20/21	19/20
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	98,208	134,935
Payments to suppliers and employees	(103,201)	(114,169)
Interest received	330	237
Finance costs	(1,452)	(2,154)
Income tax refund	1,342	985
Income tax paid	(2,068)	(1,739)
Net cash (used in) / provided by operating activities	(6,841)	18,095
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and assets held for sale	804	3,346
Payments for property, plant and equipment	(2,267)	(1,788)
Payments for intangibles	(1,103)	(468)
Net cash (used in) / provided by investing activities	(2,566)	1,090
Cash flows from financing activities		
Proceeds from borrowings	12,774	500
Repayment of borrowings	(4,944)	(16,830)
Repayment of lease liabilities	(1,334)	(1,276)
Dividends paid to shareholders	(2,896)	-
Net cash provided by / (used in) financing activities	3,600	(17,606)
Net (decrease) / increase in cash and cash equivalents	(5,807)	1,579
Cash and cash equivalents at the beginning of the financial year	19,243	6,858
Effects of exchange rate changes on cash and cash equivalents	(400)	154
Cash and cash equivalents at end of period	13,036	8,591

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020

1 Basis of preparation of half-year financial statements

These general purpose consolidated financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Austin Engineering Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Australian Securities Exchange and Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern basis of preparation

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe that at the date of signing the financial statements, there are reasonable and supportable grounds to believe the Group will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis of preparation remains appropriate.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

2 Segment information

Management has determined that the strategic operating segments comprise of Asia-Pacific (for mining equipment, other products, repair and maintenance services and corporate activities located in Australia and Indonesia), North America (for mining equipment and other products located in the USA) and South America (currently Chile and Peru for mining equipment, other products and repair and maintenance services).

Executive management monitors segment performance based on Normalised EBITDA. Segment information for the period ended 31 December 2020 and 31 December 2019 is as follows:

	Asia-Pacific		North America		South America		Total	
	HY21 \$'000	HY20 \$'000	HY21 \$'000	HY20 \$'000	HY21 \$'000	HY20* \$'000	HY21 \$'000	HY20* \$'000
Continuing operations								
Total segment revenue from external customers	60,467	48,996	11,992	28,785	15,453	11,296	87,912	89,077
Normalised EBITDA from continuing operations	9,455	4,590	(1,693)	(308)	(1,443)	496	6,319	4,778
Profit/(loss) before tax	6,468	2,101	(2,606)	(1,067)	(2,198)	(744)	1,664	290
Other segment information								
Depreciation and amortisation	1,958	1,975	442	426	692	971	3,092	3,372
Continuing and discontinued operations								
Total segment assets - 31 December 2020	85,382		31,205		52,701		169,288	
Total segment assets - 30 June 2020	80,295		39,734		60,412		180,441	
Total segment liabilities - 31 December 2020	54,117		4,538		17,565		76,220	
Total segment liabilities - 30 June 2020	49,481		8,921		23,496		81,898	

Corporate assets includes:

Corporate expenses are incurred in Australia and the majority of these costs are recharged across the group in accordance with group transfer pricing arrangements in place.

Asset and liability amounts are measured in the same way that they are measured in the financial statements. Segment assets and liabilities are allocated based on the operations of the segment and the physical location of the assets and liabilities.

The reconciliation of EBITDA to profit before income tax is as follows:

	Continuing and discontinued operations		Continuing operations	
	Half-Year 20/21 \$'000	Half-Year 19/20 \$'000	Half-Year 20/21 \$'000	Half-Year 19/20* \$'000
Normalised EBITDA used for segment reporting	6,478	4,194	6,319	4,778
One-off items	(581)	584	(425)	579
Reported EBITDA	5,897	4,778	5,894	5,357
Depreciation expense	(3,362)	(4,152)	(2,959)	(3,272)
Amortisation expense	(142)	(150)	(133)	(100)
Finance costs	(1,122)	(1,918)	(1,138)	(1,695)
Profit before income tax	1,271	(1,442)	1,664	290

* Balances for the prior period have been re-presented to exclude results from discontinued operations of Austin Ingenieros Colombia S.A.S.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

3 Revenue

	Consolidated entity	
	Half-Year 20/21 \$'000	Half-Year 19/20* \$'000
Revenue from contracts with customers	87,734	88,615
Other income	178	462
Total revenue from continuing operations	87,912	89,077

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following types and geographical regions:

Revenue from contracts with costumers	Asia-Pacific		North America		South America		Total	
	HY21 \$'000	HY20 \$'000	HY21 \$'000	HY20 \$'000	HY21 \$'000	HY20* \$'000	HY21 \$'000	HY20* \$'000
Sale of Goods								
Truck Bodies	40,178	28,587	10,971	25,903	7,675	5,113	58,824	59,603
Buckets	3,162	3,482	-	404	219	-	3,381	3,886
Other Goods	8,577	4,407	1,021	2,478	1,645	422	11,243	7,307
Total Sale of Goods	51,917	36,476	11,992	28,785	9,539	5,535	73,448	70,796
Services								
On-Site Services	673	659	-	-	1,103	944	1,776	1,603
Off-Site Services	7,850	10,906	-	-	3,223	3,660	11,073	14,566
Other Services	23	816	-	-	1,414	834	1,437	1,650
Total Services	8,546	12,381	-	-	5,740	5,438	14,286	17,819
Revenue from contracts with customers	60,463	48,857	11,992	28,785	15,279	10,973	87,734	88,615
Timing of Revenue Recognition								
At a point in time	51,917	36,476	11,992	28,785	9,539	5,535	73,448	70,796
Over time	8,546	12,381	-	-	5,740	5,438	14,286	17,819
Revenue from contracts with customers	60,463	48,857	11,992	28,785	15,279	10,973	87,734	88,615

* Balances for the prior period have been re-presented to exclude results from discontinued operations of Austin Ingenieros Colombia S.A.S.

4 Discontinued operations

(a) Discontinued operations

As at 31 December 2020 the Group has discontinued its Colombian operations including exiting unprofitable coal mine-site contracts, retrenching staff and listing the Malambo manufacturing facility for sale. The remaining assets will be listed for sale or re-distributed for use in other South American business units. The decision to discontinue the Colombian operations was made based on the current and future expected market conditions in Colombia. The Group will continue to service the greater region from its Chilean and Peruvian operations.

The Group continues to seek buyers for the remaining crane assets held by its cranes business in Chile with the majority of these assets already disposed. Property, plant and equipment of the business is classified as held for sale as at 31 December 2020

The results of Austin Ingenieros Colombia S.A.S, Pilbara Hire Group Pty Ltd and the Chile crane business have been disclosed as discontinued operations. The comparative profit and cash flows from discontinued operations for the period are set out below.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

4 Discontinued operations (continued)

	Consolidated entity	
	Half-Year 20/21 \$'000	Half-Year 19/20* \$'000
Revenue	2,761	10,225
Expenses	(3,154)	(11,957)
Income tax	(6)	765
Loss from discontinued operations	(399)	(967)
Net cash (outflow) from operating activities	(285)	(1,835)
Net cash (outflow)/inflow from investing activities	-	522
Net cash inflow/(outflow) from financing activities	145	(1,764)
Net (decrease) in cash generated by discontinued operations	(140)	(3,077)

* Balances for the prior period have been re-presented to include results from discontinued operations to include Austin Ingenieros Colombia S.A.S.

(b) Assets and liabilities classified as held for sale and discontinued operation

The Group intends to dispose properties and equipment that it no longer requires in the next twelve months. The properties and equipment are located in Colombia, Chile and Peru.

	Consolidated entity	
	31 December 2020 \$'000	30 June 2020 \$'000
Plant and equipment	438	564
Discontinued crane business operation in Chile	438	564
White		
Land and buildings	3,358	-
Discontinued operation in Colombia	3,358	-
Land and buildings in Peru	758	867
Land and buildings in Chile	3,677	3,561
Other properties held for sale	4,435	4,428
White		
Total assets classified as held for sale	8,231	4,992
Financial liabilities associated with discontinued crane business operation in Chile	95	157

Further sales of cranes have been made during the period. The properties in Chile, Colombia and Peru remain for sale, the Peru property continues to be Austin's head office in Peru. Any assets of the Colombian operations that are not re-distributed to other Group Business Units will be reclassified as held for sale once they have been actively marketed for sale.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

5 Earnings per share

	Consolidated entity	
	Half-Year 21/20 Cents	Half-Year 19/20* Cents
Basic earnings/(loss) per share		
From continuing operations	0.26	0.03
From discontinued operations	(0.07)	(0.17)
Total basic earnings/(loss) per share	0.19	(0.14)
Diluted earnings/(loss) per share		
From continuing operations	0.26	0.03
From discontinued operations	(0.07)	(0.16)
Total diluted earnings/(loss) per share	0.19	(0.13)
Reconciliation of earnings to profit/(loss)		
From continuing operations	1,535	187
From discontinued operations	(399)	(967)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings/(loss) per share	1,136	(780)

* Continuing operations balances for the prior period have been re-presented to exclude results from Austin Ingenieros Colombia S.A.S.

Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	579,362,903	578,907,464
Effect of dilutive securities - share based performance rights	4,023,636	10,037,298
Used to calculate diluted earnings/(loss) per share	583,386,539	588,944,762

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

6 Dividends

Recognised amounts	31 December 2020 \$'000	31 December 2019 \$'000
Fully franked dividend for the year ended 30 June 2020 of 0.3 cents per share, paid on 30 September 2020 (31 December 2019: no dividend recognised)	1,738	-
Interim fully franked dividend for the half-year ended 31 December 2019 of 0.2 cents per share, paid on 30 September 2020	1,158	-
Total Recognised amounts	2,896	-

Dividends not recognised at the end of the reporting period

Unrecognised amounts	31 December 2020 \$'000	31 December 2019 \$'000
FY2021 interim fully franked dividend determined subsequent to the half-year ended 31 December 2020: 0.2 cents per share (31 December 2019: 0.2 cents per share)	1,160	1,158

On 25 February 2021, the directors determined to pay a fully franked interim dividend of 0.2 cents per share to the holders of fully paid ordinary shares on 5 April 2021. The dividend will be paid to all shareholders on the Register of Members on 16 March 2021. The total dividend expected to be paid is \$1.160 million.

Franking credits	31 December 2020 \$'000	31 December 2019 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2019 - 30.0%)	25,386	26,627

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The balance of the franking account after the payment of dividends above will be \$24.889 million.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

7 Significant changes in the current reporting period

The financial performance and position of the Group was particularly affected by the following events and transactions during the six months to 31 December 2020:

Revenue from continuing operations decreased by 1.3% on the prior corresponding period due to a 58% decline in North American revenue which experienced a reduction in customer orders as a result of the continued uncertainty of the COVID-19 pandemic and political uncertainty on the North American mining industry. This decline was offset by a strong and consistent pipeline of work in Australia and Indonesia leading to a 23% increase in revenue in the Asia-Pacific region coupled with a 59% increase in revenue from Chile which has benefited from the additional workshop facility in La Negra.

Net profit after tax from continuing operations for the period was \$1.535 million representing an increase of \$1.348 million from a profit after tax of \$0.187 million for the prior corresponding period. The improved result is mainly driven by stronger operating margins in Asia-Pacific where the throughput of work has led to additional operating efficiencies. Net profit before tax for the period includes unrealised foreign exchange losses of \$1.358 million that were mainly due to the decline in value of the USD against the CLP and AUD.

Tax expense of \$0.129 million from continuing operations for the period was recorded on a profit before tax of \$1.664 million. Income tax expense includes a tax credit in the USA driven from a recent legislative change in the deductibility of certain expenditure.

Net debt increased to \$15.359 million at 31 December 2020 from \$2.787 million at 30 June 2020, inclusive of requirements under the application of AASB 16: Leases. When excluding the impact of AASB 16: Leases, the Group was in a net debt position of \$5.360 million at 31 December 2020 compared with a net cash position of \$8.008 million at 30 June 2020. This increase in net debt is mainly a result of the operating cash out flow recognised during the six-month period which were principally due to working capital movements.

Trade receivables reduced based on the timing of work completed. Inventories remained consistent as work in progress increased slightly to satisfy demands for the second half of the financial year. Trade and other payables reduced by \$10.434 million from 30 June 2020 to \$40.684 million, primarily as a result of faster payment times in South American payables and reduced payables in the USA on the back of lower production.

Refer also to Note 4(b) for movements in assets held for sale.

Impairment review of non-financial assets

A full impairment review was performed as at 30 June 2020, and at 31 December 2020 the Group considered whether there were indicators of impairment of any of its assets. After reviewing and updating the assessment of the recoverable amount of the Group's cash generating units that presented indicators of impairment, as a result of forecast cash flows based on a mix of committed work and reasonable growth assumptions, no impairment has been recorded for the period ended 31 December 2020 as all reviewed cash generating units had a positive difference between their recoverable amounts and carrying value.

Key assumptions used for value in use calculations

The recoverable amount of the cash generating units is based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using perpetual growth rates. Forecasts incorporated current assessed risks continuing from COVID-19.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

8 Financing facilities

	31 December 2020		30 June 2020	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Secured liabilities				
Facilities associated with continuing operations				
Bank facilities	3,656	3,387	2,408	4,414
Non-bank core debt	9,757	-	2,409	-
	13,413	3,387	4,817	4,414
Facilities associated with discontinued operations				
Finance liabilities associated with assets held for sale in Chile cranes business	95	-	157	-
	13,508	3,387	4,974	4,414

Banking Facilities

The banking facilities relate to bank loans in various jurisdictions within the group, mainly in Chile. There are no financial covenants in respect of these loans.

Non-bank core debt

The Group has a \$15 million working capital facility with Export Finance Australia which was entered into in August 2020 with the first draw down taking place in early September 2020. The loan is a 12-month facility renewable for a further two years. As at 31 December 2020 the Group has complied with all financial covenants on this loan.

9 Equity - issued capital

	31 December 2020		30 June 2020	
	No.	\$'000	No.	\$'000
Ordinary shares				
Opening balance	579,005,430	153,958	578,833,756	153,927
Conversion of performance rights	686,694	126	171,674	31
Share issued for dividend reinvestment plan (net of share issue costs)	182,199	20	-	-
Balance at end of year	579,874,323	154,104	579,005,430	153,958

On 30 September 2020, 182,199 ordinary shares were issued at an exercise price of 0.155 cents. This issue of capital was made in accordance with the terms of the Group's dividend reinvestment plan.

On 30 September 2020, 257,510 performance rights were converted into 257,510 ordinary shares at an exercise price of nil. On 28 October 2020, 214,592 performance rights were converted into 214,592 ordinary shares at an exercise price of nil. On 7 November 2020, 214,592 performance rights were converted into 214,592 ordinary shares at an exercise price of nil. These conversions were made in accordance with the terms of the Group's performance rights plan.

Austin Engineering Limited
Notes to the consolidated financial statements
31 December 2020
(continued)

10 Contingent liabilities

During the 2020 financial year, the Company received \$3.678m as a forgivable loan under the Small Business Administration's Paycheck Protection Program (PPP) in the USA. During the 6-month period to 31 December 2020, \$0.372m of expenditure relating to this loan was recognised as an offset against employment expenses (in addition to the \$3.232m that was spent in the 2020 financial year) in accordance with *AASB 120 Accounting for Government Grants* as it is probable that the Group will comply with the requirements for forgiveness.

Other than the matters noted above, and guarantees that are issued to third parties arising out of dealings in the normal course of business, there are no contingent liabilities.

11 Events occurring after the reporting period

The COVID-19 pandemic has continued to develop in 2021 with significant case numbers continuing to increase globally. Measures taken by various governments to contain the virus have continued to impact economic activity. The Group continue to follow best practice measures, implemented at the beginning of the pandemic, which include taking measures to monitor and mitigate the effects of COVID-19 including health and safety measures as well as securing the supply of materials that are essential to the production process.

In respect to the period ended 31 December 2020, Austin's North and South American regions were heavily impacted by the pandemic.

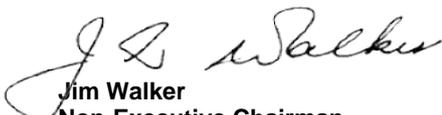
Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the group might experience further negative results in 2021 and beyond. The exact impact on the Group's activities for the remainder of 2021 and thereafter cannot be predicted.

Austin Engineering Limited
Directors' declaration
31 December 2020

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial period ended on that date, and
- (b) there are reasonable grounds to believe that Austin Engineering Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.


Jim Walker
Non-Executive Chairman
Brisbane
25 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Austin Engineering Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Austin Engineering Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'C R Jenkins', written over a faint blue line.

C R Jenkins

Director

Brisbane, 25 February 2021

25 February 2021

Austin First Half 2021 Results

Austin reiterates FY2021 guidance

1H21 Key Metric and Highlights

- Total revenue from continuing operations \$87.9 million in line with pcp (\$89.1 million)
- Normalised EBITDA from continuing operations increased 32% to \$6.3 million vs pcp
- Normalised EBITDA margins from continuing operations lift to 7.2% vs 5.4% pcp
- H1 underlying NPAT from continuing operations \$1.5 million (\$0.2 million 1H20)
- Cash outflow from operations of \$6.8 million due to movements in working capital
- Fully franked FY2021 interim dividend of 0.2 cents per share, payable 5 April 2021
- Austin reiterates FY2021 guidance of underlying NPAT in excess of \$9 million
- 90% of order book required to achieve guidance already secured
- Austin sees continued strong APAC performance, and turnaround in North America

Global mining equipment design and manufacturer, **Austin Engineering Limited** (ASX: ANG, Austin or the Company) is pleased to announce its results for the first half of the Financial Year 2021 (1H21). Austin confirms that guidance for underlying NPAT in excess of \$9 million for FY2021 remains unchanged.

Austin Managing Director, Peter Forsyth, said:

“Asia-Pacific continues to perform strongly while our first half results were impacted by the effects of COVID-19 in both North and South America. We have commenced the calendar year with a significantly improved outlook in North America with a number of orders received in January and February 2021, supporting a continuation of strong performance expected in Asia-Pacific.

Consequently, our order book is currently at 90% of the level required to meet guidance, which is a higher level than typical for the business and importantly all facilities have in excess of 80% of their required revenues locked in. Coupled with the likelihood of conversion of uncommitted opportunities, we are maintaining our full year 2021 guidance of underlying NPAT in excess of \$9 million. We recognise the need for a much improved second half, but we are confident in our ability to meet our guidance target. The nature of our business is that incremental revenue above the level of our fairly static fixed facility costs flows strongly to our bottom line, supporting the strong second half required to meet guidance.”

Financial results

Group total revenues were broadly in line with the previous corresponding half, down 1% to \$87.9 million.

By region, Asia Pacific revenue increased 24% to \$60.5 million, supported by strong earnings performances in Austin’s Perth and Indonesian operations on a solid order book at the start of the year. In contrast, revenues in the Company’s North American operation fell 58% to \$12 million due to an unstable political climate and the implications of COVID-19, including its impacts on commodity markets, particularly oil prices, impacting on capital demand for new equipment during the first half, however this trend is reversing in the second half.

Austin's normalised EBITDA increase of 32% to \$6.3 million was partly due to the geographical mix of revenue and also from improved operating efficiencies. This EBITDA result included an unrealised FX loss of a long-term USD denominated receivable of \$1.4 million in Chile, compared to a net unrealised FX gain in pcp of \$0.3 million.

Interest costs reduced for the period due to lower average debt levels and include \$0.5 million in interest on property leases. EBITDA margins rose to 7.2% from 5.4% the previous year mainly in relation to the revenue geographic mix. First half underlying NPAT from continuing operations was \$1.5 million.

Operating cash outflow was \$6.8 million in 1H20 was due to working capital movements particularly in Asia-Pacific, supporting a strong 2H21. Capital purchases for the period included \$0.7 million in development costs for a global ERP system. Increased borrowings were principally drawn from the new Export Finance Australia credit line.

Dividends totaling \$2.9 million were paid in the period, comprising of the deferred 1H20 interim dividend of 0.2 cents per share and the FY20 final dividend of 0.3 cents per share.

After reinstating its dividend in 2020, Austin determined a FY2021 interim dividend of 0.2 cents per share, payable on 5 April 2021.

Following a strategic review of its Colombian operations, announced in June 2020¹, the Company announced it will wind up its operations in Colombia, with the review determining its operations there were unable to make a sufficient contribution to group earnings.

Outlook

Austin maintains its full year 2021 guidance of underlying NPAT from continuing operations in excess of \$9 million. Austin communicated this guidance in August 2020², and as reiterated at the November 2020 AGM, the full year's balance of earnings is weighted to the second half of the year.

Approximately 90% of projected revenue required to achieve guidance is committed in our current order book, including earned revenue and other committed work. While on level with the same time last year, we see a continued strong order book from Asia Pacific and North America, especially in 2H21. Currently, all individual Austin business units have locked in more than 80% of required work to meet earnings guidance targets, and all facilities have sufficient capacity to exceed their respective targets. The quality and likelihood of conversion of certain uncommitted opportunities provide confidence in the Company's forecast revenue targets.

Regionally, Austin sees Asia-Pacific continuing to perform well with further orders received since the November 2020 AGM supporting the balance of FY2021. Austin's Perth and Indonesian facilities are more than 90% committed to enable guidance targets to be met, with strong opportunity pipelines.

In North America, Austin has received orders for in excess of 50 truck bodies, across multiple customers and commodity applications, in the first eight weeks of 2H21 for delivery by 30 June 2021. This compares to delivery of 33 truck bodies in 1H21. With a new US Administration in place, and improved oil prices, order intake has improved significantly, assisting our 2H21 outlook.

¹ Refer to ASX announcement released 9 June 2020, *Colombia Restructure and Contract Termination*

² Refer to ASX announcement released 27 August 2020, *FY2020 Media Release*

South America's near-term outlook remains uncertain amid significant COVID-19 impacts despite buoyant copper prices. Large opportunities are being tendered on that are likely to benefit future years. A stronger second half is expected based on near-term opportunities.

--Ends --

Contacts

AUSTIN ENGINEERING LTD

Head Office | ABN 60 078 480 136

Kings Row 1, Level G
52 McDougall Street (PO Box 2052)
Milton, QLD 4064 Australia

P +61 7 3723 8600

E investorrelations@austineng.com.au

W www.austineng.com

Company

Peter Forsyth	Managing Director	+61 7 3723 8600
Sam Cruickshank	Chief Financial Officer	+61 7 3723 8600

Media

Jane Munday	FTI Consulting	+61 488 400 248
Shane Murphy	FTI Consulting	+61 420 945 291

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 Brisbane 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.

Announcement Authorisation

This announcement was authorised by the Board of Directors.