

01 June 2022

## Austin reports further order book strength in H2, reaffirms FY22 guidance

- Order book as at May 2022 is ~\$50 million ahead of corresponding period in FY21.
- 2H22 sales expected to be 50% higher than 1H22.
- Strong new sales pipeline seen across all home markets – Australia, Indonesia, North America and South America.
- ~Fourfold increase in mining bucket sales for Austin in FY22 YTD compared to full year FY21, driven by increased focus on product development and sales, and release of new JEC High Performance Bucket range.
- Increased competitiveness driven by 'Austin 2.0' strategy has resulted in higher bid win rates in all home markets and demonstrated by increased order book.
- Recent disruption to Australian manufacturing easing following lifting of COVID-19 restrictions and assisted by production support from Indonesia. Other regions have been less affected.
- Austin reaffirms FY22 guidance.
- Strong 2H22 sets up positive pipeline and revenue outlook for 1H23.

**Austin Engineering Limited** (ASX: ANG, 'Austin' or 'the Company') is pleased to report continued strength of its order book across all its business units. The current order book now sits nearly \$50 million ahead of the same time in FY21.

Austin has seen increased product interest across its operations in Australia, Indonesia, North America and South America and as a result its manufacturing facilities are now operating at high utilisation levels.

The increased order book is expected to result in a circa 50% increase in 2H22 sales revenue over the first half and, despite significant COVID-19 driven issues primarily in Western Australia, has meant that the Company is able to maintain its previously stated FY22 guidance<sup>1</sup> of:

- NPAT increase by circa 5.5 times, to more than \$18 million (FY21: \$3.3 million statutory);
- EBITDA up circa 2.4 times, to circa \$30 million (FY21 \$12.7 million statutory); and
- Full year 2022 revenue is currently projected to exceed FY21.

Austin has spent the last 12 months developing and implementing the three phases of its 'Austin 2.0' strategy aimed at improving business competitiveness whilst also investing in new product innovation to

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<sup>1</sup> Refer to ASX announcement dates 24 February 2022 *Strong First Half Sees Austin Raise FY22 Guidance for EBITDA (136%) and NPAT (446%)*

align with customer requirements and demand. The strategy's initial stage incorporated a large reduction in business overhead costs - a process that has now been fully implemented. The second phase of the strategy was focused on implementing a step change in operations through the introduction of advanced manufacturing into select facilities. Advanced manufacturing is currently being implemented in Australia and also at Austin's Indonesian manufacturing facility in Batam, which is a well-resourced and lower-cost operation and an increasingly important production facility in Austin's supply chain. Already, this approach in Batam, has improved business resilience particularly as Western Australia navigated through a period of COVID-19 restrictions. The implementation of manufacturing process improvement is at an early stage and so will continue, through FY23, to unlock further cost and capacity benefits, which will prove to be highly material to competitiveness.

The third stage of the 'Austin 2.0' strategy was to invest in innovation and technology. Recently released products from this program, with updated and improved designs to meet customer needs, have benefited Austin's sales through increased market share. These products include an upgraded ULTIMA truck tray designed specifically for the Australian eastern states market and the new JEC High Performance bucket range. Austin has sold more than 60 truck trays to the eastern states markets since the Ultima update was completed with a significant further quantity now being bid with several customers. In addition, the business has seen a big upturn in sales of mining buckets already at four times the sales levels compared to FY21.

The dual effect of personnel shortages and COVID-19 restrictions in Western Australia impacted the business in the first few months of the calendar year through delivery delays and increased costs. Staff shortages of up to 30% were weathered during this time. Increased utilisation of Batam into the Austin supply chain and well planned contingencies have led to a progressive revenue recovery from March 2022 onwards. Austin's US, Indonesian and Chile-based operations performed very well during this period and have set a strong performance platform for FY23.

Austin's operations have also been able to manage the impacts of unprecedented rises in steel input costs with benchmark steel prices, outside of the USA, having risen around 70% in the last 13 months. However, the nature of Austin's business with fast product turnaround times and well-structured steel procurement practices has meant that the business has been largely unaffected by these cost burdens. It is a strength of Austin's business that input cost changes can be rapidly and effectively managed.

**Austin CEO and Managing Director, David Singleton said:**

"It has been a rebuilding year for Austin and we are very pleased to have made highly significant and lasting gains across the business both financially and structurally. We have had a strong second half and the order flow sets up a good base and outlook for full year 2023.

"We are particularly pleased with the increase in sales and bid wins right across the business, which have been supported by our efforts to optimise the business under our 'Austin 2.0' strategy.

"Consequently, the business has remained resilient amid COVID-19's major impacts and inflationary pressures and we have the structure to manage these unprecedented changes effectively.

"Our large and diverse supply base enables us to be confident in our ability to ensure reliable and cost effective deliveries to our customers across the globe."

**-ENDS-**



*Austin's upgraded ULTIMA truck tray*



*Austin's new JEC High performance bucket*

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**Announcement Authorisation**

This announcement was authorised by the CEO of Austin and is not market sensitive.

**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 the world in Australia, USA, Canada, Chile and Indonesia serving many of the major mining sites in the world both directly and through local partners.