

9 October 2023

Austin notified on US grant & loan package

Austin Engineering Limited (ASX: ANG, 'Austin' or 'the Company') is pleased to announce that it has achieved a significant development milestone and moved a step closer to undertaking a major rebuild and expansion of its US manufacturing base in Casper, Wyoming after securing the benefit of a US\$20 million (AU\$31 million) grant and loan package through the City of Mills, Wyoming and the Wyoming Business Council (WBC).

The funds are designated for the construction of a proposed new ~69,000-square foot manufacturing facility and a 15,000-square foot paint and blast building on the site of Austin's existing manufacturing facility, on land already owned by Austin. The grant and loan facility is made to the City of Mills, which will build the facility to Austin's requirements, and lease it to the Company.

North America is Austin's strongest performing business unit on a revenue and margin basis. The expansion of the Casper facility would significantly increase the manufacturing capacity for Austin's customised mining haul truck bodies primarily for the US and Canada. It will also be capable of manufacturing other product lines such as mining buckets, water tanks, and tyre handlers.

The US\$15 million grant and US\$5 million loan package application was approved by the State Loan and Investment Board (SLIB). It requires final approval from the Wyoming State Attorney General and the Austin Board after a full review of the business case. The Austin Board does not expect to give final development approval for the new facility until the end of the calendar year after a full business case has been completed and assessed.

If final approval is given, construction could commence sometime in late FY24 following Board approval, final facility design and permitting, with the build forecast to take up to two years. The construction will not affect the existing production output and it is envisaged that it would create circa 50 new permanent jobs in addition to the current 110-strong staff base.

As part of the investment, Austin would need to commit a further \$US5 million capital funding for the facility, the majority of which would need to be spent during FY25 and FY26. The grant and loan are fully amortising over 20 years at a fixed interest rate of 2 percent with early repayment incentives and will be charged to Austin as a lease facility. Austin expects the cost of the lease to be offset by materially lower operating and maintenance costs and increased throughput compared to the existing manufacturing facility.

As part of the package, Austin has agreed to donate approximately 25 acres of land, that is mostly industrially unusable, due to being part of a floodplain, and not required for production or storage, to the City of Mills for future community development projects and public facilities.

In the last 12 months, Austin has undertaken expansions of its Indonesian and Chilean-based facilities, enhancing both output and manufacturing efficiencies across the business. However, this investment would be the biggest undertaken to expand capacity.

Austin CEO and Managing Director, David Singleton, said:

"We are extremely pleased to have been awarded this funding package from the Wyoming Business Council to undertake a much-needed rebuild of our existing facilities. As well as being part of the local community in the City of Mills since 1940, and Wyoming since 1938, our Casper facility is the hub of our rapidly growing North American operations.

“North America’s FY23 revenues were up 13 percent year-on-year. We had recently taken a short-term lease on a facility to meet increased orders in the region. A larger, permanent facility would enable Austin to increase its output further in line with expected growth.

“This rebuild will also ensure Austin US stays at the forefront of designing and building customised truck bodies, mining buckets and other equipment. The determination to improve mining efficiency in North America has seen a strong growth in demand for trays and buckets, particularly in recent years, and is expected to continue.



Image: Austin has been manufacturing truck trays and other mining equipment in Wyoming since 1938.

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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, US, Chile and Indonesia serving many of the major mining sites in the world both directly and through local partners.