



ASX ANNOUNCEMENT (ASX Code: ANG)

21 November 2019

AUSTIN CONFIRMS EARNINGS GUIDANCE

Austin Engineering Limited (“Austin”) today announces it expects an Underlying EBITDA will be at the upper end of its earnings guidance range for FY2020 of \$24-28 million from continuing operations and confirms an improved net debt position following asset sales and strong cashflows from operations.

Earnings Guidance

As a result of orders secured in the months of September, October and November 2019, Austin expects its Underlying EBITDA will be at the upper end of its guidance for FY2020, of \$24–28 million. The Company expects to achieve this result notwithstanding softer than anticipated trading conditions during the first half of FY2020, particularly across North and South America, where a delay in the receipt of orders led to lower than expected productivity levels.

On release of its 2019 Financial Year results in August 2019, Austin’s order book and committed work represented approximately one-third of the revenue required to meet its earnings guidance. As a result of recent wins, the value of Austin’s revenue to date and order book and committed work for the remainder of FY2020 now represent in excess of 70% of revenue required to meet earnings guidance.

Notably, Austin’s historically profit leading Perth operations have a higher proportion of secured work than the current group average following a strong order intake as replacements cycles in the Pilbara region recommence.

As a result of these trading conditions, the company expects to generate approximately two-thirds of its underlying EBITDA for FY2020 in the second half of the financial year.

Asset Sales

At 30 June 2019, surplus assets of \$5.5 million remained on the balance sheet. The following progress has been made:

Asset held for sale	Carrying value at 30 June 2019 \$m	Status
Hunter Valley land and buildings	1.5	Sale contract has been exchanged for the land and buildings for proceeds of \$2.6 million, settlement due early December 2019.
Chile crane business land and buildings	2.0	Agreed sale price of \$3.0 million, transaction was delayed pending the resolution of a tax dispute in Chile that has been favourably settled. Settlement of the property sale is expected in 2H2020.
Chile crane business other assets	1.1	Sales have continued in 1H2020, an auction is scheduled to sell the remainder of assets in December 2019.
Peru office building	0.9	Property is marketed for sale awaiting offers. This property continues to serve as Austin Peru's head office.
Total	5.5	

Debt and Capital Management

Austin's unaudited net debt¹ at 31 October 2019 was \$14.5 million, reduced from \$19.8 million at 30 June 2019, as a result of positive cash from operating activities. Net debt is expected to further reduce at 31 December 2019 following receipt of proceeds from the sale of the Hunter Valley land and buildings.

The Group's net debt has decreased from \$94.0 million at 30 June 2015, following implementation of the Board's strategy to stabilise the balance sheet and properly restructure the business. Through a process of recapitalisation, surplus asset and business sales, and more recently strong operating cash conversion, the Company's net debt is at a level appropriate for its ongoing operations.

Austin is actively engaging with financiers to source alternative debt facilities to reduce interest costs and expects to provide further information to the market on this during the current financial year.

Having regard to the Company's financial position, expected activities and progress of any debt refinancing, the Board will assess whether Austin will reinstate dividends at the time of releasing the 1H2020 financial results, Austin confirms it has approximately \$26.6 million of franking credits available to apply to any future dividend payments.

¹ Excluding debt items recognised following accounting standards changes in accordance with AASB 16 Leases of \$9.2 million (unaudited)

Annual General Meeting

Austin's Annual General Meeting is being held at 10:00am (AWST) Friday 22 November 2019 at Perth Convention and Exhibition Centre, Vocus Suite, 21 Mounts Bay Road, Perth, Western Australia.

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About Austin Engineering: An Australian based engineering company, headquartered in Brisbane, with operations in Australia, Asia, North and South America. In Australia Austin manufactures, assembles, repairs and maintains (on and off-site) products used in the mining and resources sector. Key product lines include dump truck bodies, water tanks, excavator buckets and materials handling equipment. In Australia and South America specialised field services to the mining industry are provided by Austin's site services divisions. The equipment and service needs of mining and oil and gas-related customers in Asia are delivered through a world class production facility on Batam Island in Indonesia. Austin's facility in the USA is based in Casper, Wyoming and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies and water tanks. It services the North American, Mexican and Canadian mining markets. In South America, Austin has operations located in Chile, Peru and Colombia that manufacture, repair and maintain dump truck bodies and other mining products for their respective markets. For more information visit www.austineng.com.au