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### **Chairman's Address to Shareholders**

Good morning ladies and gentlemen,

Welcome to the 16th Annual General Meeting of Austin Engineering and thank you for joining us. My name is Jim Walker and I am your Chairman.

As it is now past 10:00am and a quorum is present, I declare this meeting open. Shareholders or people attending the meeting as their proxy should have received a blue admission card on registering before this meeting. You will need this card when it comes to voting on the motions being put to the meeting. If you do not have an admission card, can you please return to the registration desk and a Computershare representative will assist you.

I will start the meeting with some safety and housekeeping matters.

In the event of an evacuation, the Perth Convention and Exhibition Centre staff will act as fire wardens and they will direct you safely from the building. Please follow the directions of the Centre staff.

As a courtesy, if you have a mobile phone, could you please check that it is switched off or turned on to silent.

Before I start, I would like to acknowledge the traditional owners of the land on which we meet today, and pay my respects to elders past and present.

The agenda for today's meeting will start with an address by myself as Chairman after which we will move through the formal proceedings of the Annual General Meeting. Then our Managing Director will deliver his address and presentation. There will be time for questions at the end of this presentation.

I am pleased to advise that notice of this meeting has been provided to shareholders in accordance with the requirements of the Corporations Act and with your permission I propose to take the notice of meeting as read. Additional copies of the notice of meeting are available from the registration desk.

I now take this opportunity to introduce your directors. Joining us today is our Managing Director, Peter Forsyth and your non-executive directors – Chris Indermaur, Sy van Dyk, and David Singleton who joined the board in April this year.

Our Chief Financial Officer, Sam Cruickshank and our Company Secretary, Sophie Raven, are also in attendance together with some other members of the Austin team.

The Company's auditor, Paul Gallagher, from BDO is also in attendance and is available to answer any shareholder questions relating to the Financial Statements and Reports included in the 2019 Annual Report.

Today, we have four resolutions to consider, however, before we commence the formal part of the meeting, I am going to give a brief overview of the Company's performance and key activities over the past year.

I will commence with some commentary on the Company's highlights for the 2019 financial year.

- Austin's recent past has been dominated by the repercussions arising from its high level of indebtedness at the height of the mining boom in 2012, net debt peaked on 30 June 2015 of \$94 million. This has required a significant restructuring of the business, including asset sales, in order to pay down debt and repair the balance sheet.
- During the 2019 financial year, net debt was more than halved to \$19.8 million through a combination of strong operating cash inflows, which were at their highest levels in five years, and the sale of non-core assets.
- I have talked about some of the restructuring activities that Austin has undertaken in previous AGMs. In recent years we have downsized or exited from unprofitable regions and contracts throughout the world. In the past year this included the closure of our Hunter Valley facility in New South Wales, closure of our crane hire business in Chile, a restructure of our Peruvian operations, and the closure of our site services business in the Pilbara. As part of this process we sold a number of non-core assets, the proceeds from which contributed to further debt reduction. These restructuring events were necessary as there were too many parts of the Austin group that were not making sufficient returns to justify continuing to keep those operations going.
- Underlying net profit from continuing operations increased 33% on the previous year to \$8 million. Because this was achieved on a lower revenue base it is evidence that the restructuring activities of the past 3 years are delivering the productivity gains we have been targeting, with EBITDA margins increasing 20% year on year.
- As I mentioned earlier, David Singleton was appointed as Non-Executive Director during the year. He is a most welcome addition to the board bringing extensive experience in manufacturing, procurement and operations, both in Australia and internationally. David is also the Managing Director of Austal Limited, the world's largest aluminum shipbuilder and Australia's biggest defense exporter and, as many in this room would know, head quartered here in Perth.
- With Austin's reduced debt and much of the required restructure behind us, we are well positioned for growth. By focusing on our core competencies, including our innovation advances, we are delivering much improved productivity and a strong order book which will be touched on later in the presentation.

As announced to the ASX yesterday, based on results to date and visibility over committed orders, I can confirm that we expect normalised EBITDA guidance for the 2020 financial year to be in the range of \$24 to \$28 million, as indicated in August 2019.

As in prior years, we expect to provide updated guidance at the time of our half-year results, in February 2020.

In closing, on behalf of the Board I would like to thank our employees for their dedication and hard work, during a year of further change, growth and continued transformation. Our people, who are located around the globe, are critical to our success and I thank them for their efforts.

I also acknowledge our clients, subcontractors and suppliers who continue to be an essential part of our business. We value the strong relationships we have with our clients and we look forward to supporting their goals and aspirations well into the future.

To my fellow Directors, thank you for your continued support and efforts throughout the year.

Finally, and most importantly, I would like to acknowledge our shareholders who have been both patient and very supportive during this period of transformation.

I can assure you that the board remains committed to seeing shareholders receive the benefit of this improved financial performance by continuing to focus our efforts on profitable growth.

I will now invite our Managing Director, Peter Forsyth, to provide an update on our current operations and what lies ahead for the business.

I hope that the overview that Peter and I have provided on the various initiatives that have been implemented across the business will give you a sense of the growth potential ahead. We are focused on increasing revenue through the expansion of our global business development function and concentrated efforts to improve our quality standards at the same time as introducing further efficiencies into our manufacturing processes. Both are designed to deliver growth in profitability and increased returns to shareholders.

I will now invite questions or comments from **shareholders** about our operational activities.

Copies of this presentation as well as mine and Mr Forsyth's addresses, are available on the Company's and ASX's websites.

I am now pleased to invite you to join the Directors and some of our employees for refreshments. I now declare the meeting closed. Thank you.

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For further information, contact:

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