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 2020[1], 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 2020[2], 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.

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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.