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austinengineering LTD

ASX ANNOUNCEMENT

30 June 2014

Banking Facilities Update

Austin Engineering is pleased to announce that its senior lenders have reaffirmed their commitment to the Company by entering into a variation of its debt facilities.

There is no requirement for Austin to raise additional capital to meet its debt service requirements.

The main financial covenant required to be met for FY14 is a minimum EBITDA of $15m. Financial covenants for FY15 and beyond have been varied to reflect current and expected market and trading conditions with the net senior leverage[1] and interest cover[2] covenants required to return to their original December 2013 levels by 30 September 2015 and 31 March 2016 respectively.

The Company believes the amended covenants are realistic and achievable based on its recently announced multi-year contracts in Chile, the expected award of new contracts and earnings contribution from the proposed acquisition of VR Steel.

Until net senior leverage and interest cover covenants return to their original December 2013 levels for two consecutive quarters, there is an upward variation in the margins and the consent of the senior lenders will be required for the payment of dividends.

After the first half FY15, the Company intends to review its performance and, if appropriate, having regard to its cash requirements, cash flow and profitability, seek consent for an interim dividend.

As Austin's earnings recover, the varied margins and financial covenants will return to their original December 2013 levels and the dividend restrictions will be lifted.

The overall facility has been reduced to approximately A$115 million by the removal of the Term Acquisition Facility. The original term of the facility remains unchanged.

For further information on the above, please contact Managing Director Michael Buckland, or Chief Financial Officer Scott Richardson, on +61 7 3271 2622.

[1] Senior Leverage Ratio = (Net Debt : EBITDA)
[2] Interest Cover Ratio = (EBIT: Interest Expense)