

14 December 2020

Strong Recent Order Flow

Global mining equipment design and manufacturer, Austin Engineering Limited (ASX: ANG, Austin or the Company) is pleased to confirm that in the past few weeks it has received new orders for in excess of 100 products, including truck bodies, water tanks and buckets totalling more than \$35 million in revenue. This order flow supports previously announced earning guidance of an underlying net profit after tax in excess of \$9 million, which remains in place.

New confirmed orders

Recent confirmed notable purchase orders received include:

- 78 truck bodies for a large global miner in the Pilbara region of Western Australia for delivery throughout the balance of the current and next financial years
- 12 truck bodies for a large global mining contractor for delivery into Queensland, Australia; manufactured in Austin's Indonesian facility
- 8 truck bodies for a large global gold miner in Western Australia
- 3 stairway access water tanks for a large global miner in Queensland, Australia; manufactured in Austin's Indonesian facility

Austin's order book and committed work is now in excess of 70% of expected revenues, which is in line with the same time in 2019.

The Asia-Pacific region is outperforming expectations with key workshops in Perth and Indonesia well positioned to remain close to capacity for the balance of the financial year and beyond.

As a result of several macro factors, the economic environment in North and South America is less supportive than contemplated at the start of the financial year, impacting Austin's order flow in these regions.

The continued backdrop of the US election and ongoing COVID-19 position in the USA appears to have impacted customer confidence in deploying capital in the short term. Austin expects an improvement to this position post January 2021 with annual budgets of US customers replenished on a calendar year basis, along with a completed Presidential transition. Ahead of this, Austin is currently quoting on a large volume of work in North America with decisions expected early in the third quarter of this financial year.

Business conditions in South American have been similarly impacted by COVID-19, which has delayed a number of tender decisions for long-term supply contracts for both new equipment and repair and maintenance in Chile. Austin is well positioned for a number of opportunities but has seen short term softness due to the deferment of decisions.

Austin Managing Director Peter Forsyth said “The Asia-Pacific region is performing exceptionally well at the moment with a strong line of sight to keeping our two large facilities in Perth and Indonesia close to capacity, and I am very happy with the level of orders and further opportunities in this region. Offsetting this strength, the Americas are currently facing challenging operating environments, and this is a product of the broader economies in those regions. I am heartened by the scale of opportunities in the US, Canada and Chile and we remain confident that the tide will begin to turn early in the New Year in these regions.”

Innovation-led Solutions

Austin has and continues to design product to meet global mining requirements, needs and standards, and is at the forefront of design technology and engineering.

Recently, Austin was asked to provide a solution for a Canadian customer that had two key requirements when sourcing truck bodies for their operation; firstly, to achieve the maximum payload possible and secondly, to ensure that the truck bodies would not require any maintenance before replacement.

Austin designed an ultra-light weight body that offered a substantial payload increase on previous designs with sufficient structural integrity to remain maintenance free for a shortened design life of less than two years. This solution will enable our customer to achieve a lower cost per tonne and also provides Austin with a more regular replacement cycle of equipment in this mine.

Mr Forsyth added “This is a perfect example of Austin leading from the front in providing innovative solutions that suit each of our customers’ needs. In this case, we provided our customer with maximum payload in its truck bodies and significant site cost savings thanks to a maintenance free option for the life of the product, with Austin benefiting from a more regular replacement cycle of this fleet.”

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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 South Africa and Brazil.

Announcement Authorisation

This announcement was authorised by the Board of Directors.