Austin Engineering Limited

FY2020 Annual General Meeting

27 November 2020

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Managing Director’s Address

Peter Forsyth

Strong earnings

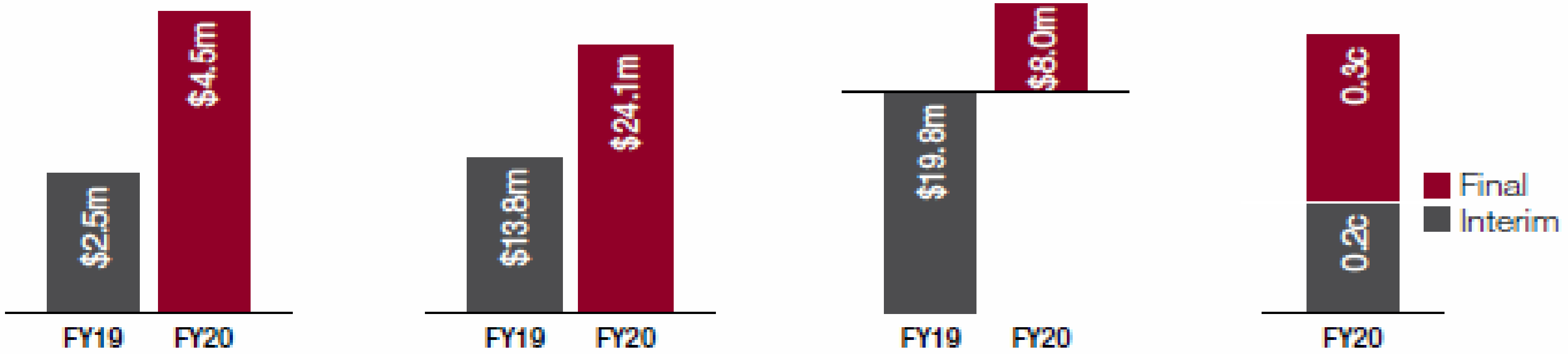
In unprecedented global crisis

Statutory NPAT
+79%[1]

Operating cash flow
$24.1m

Net cash/ (net debt)
$8.0m[2]
$27.8m turnaround

Dividends per share
0.5c



1 From continuing operations.
2 Net cash is taken before property leases recognised in FY2020 as a result of an accounting standards change.

One Austin – our people

1,248

Austin staff and labour hire contractors

27% reduction

To head count with no impact to earnings

13% reduction

Total Reportable Injury Frequency Rate = 14

29% reduction

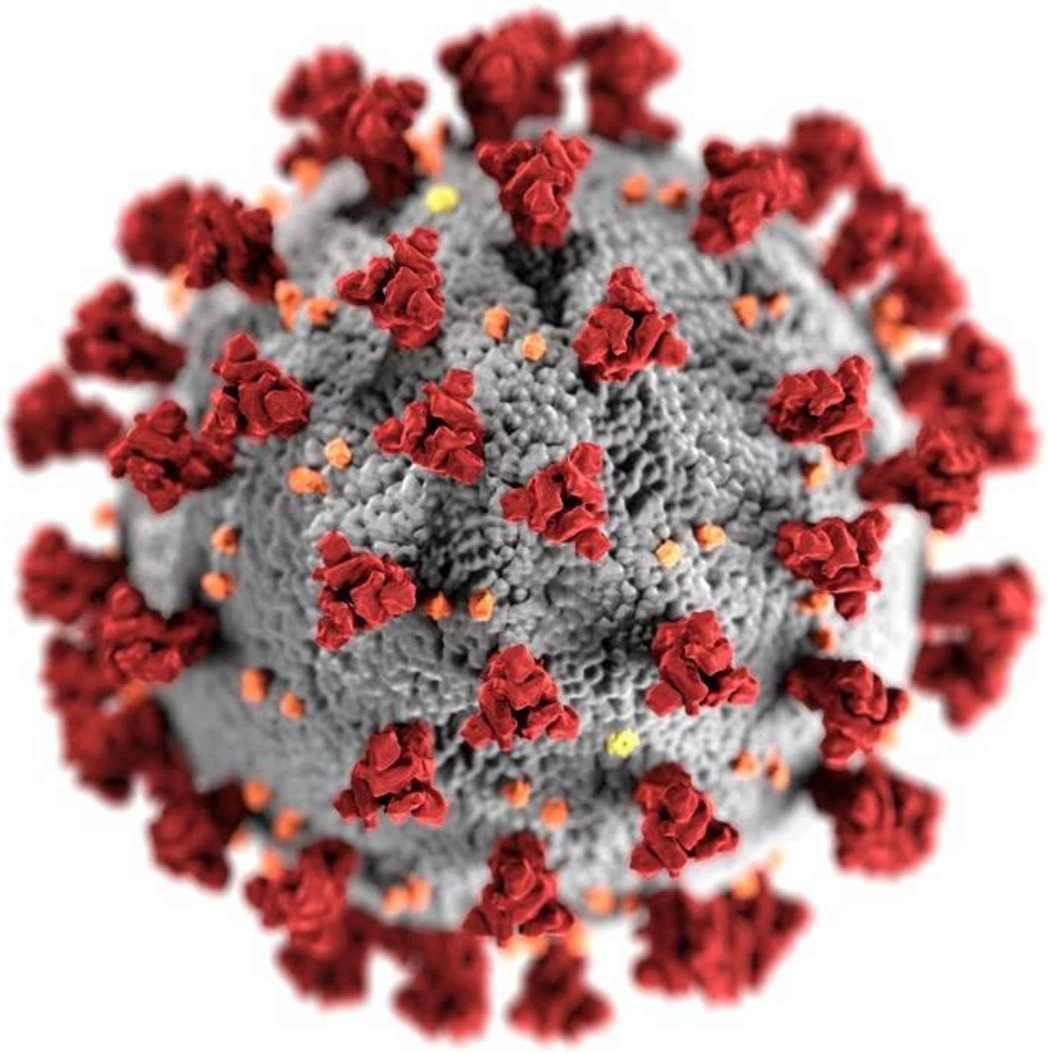
Lost Time Injury Frequency Rate = 5

COVID-19 Impacts

Temporary reduction in new product demand in Asia-Pacific

Sustained reduction in new product demand in the Americas

Heavy impacts to Colombia operation leading to losses of $4.3 million* from terminated contracts and government shut-downs



No government support accessed in Australia

US Government support contributing A$2.5 million* to earnings

* References to earnings relate to statutory net profit after tax

Market Update

Equipment sales have been impacted

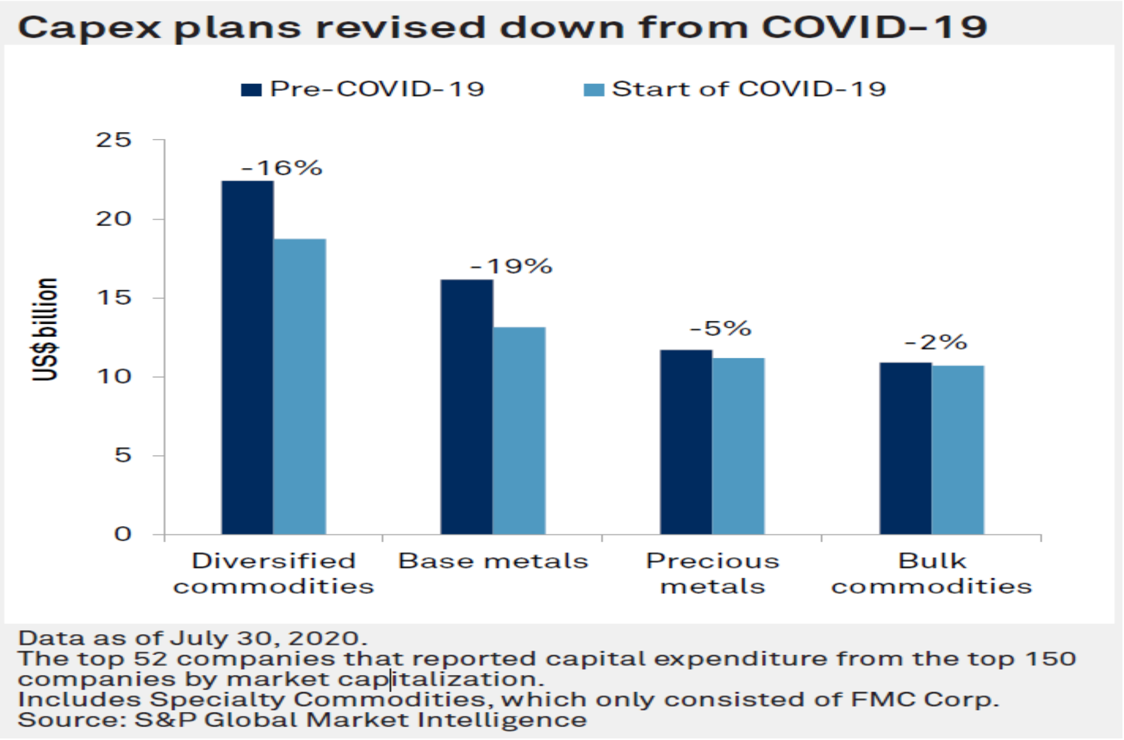
Caterpillar reports a 54% drop in earnings in the third quarter amid lower equipment demand

Source: CNBC

Revisions to CAPEX across market

Company	Original guidance (US$bn)	Revised guidance (US$bn)
Rio Tinto	7.0	5.0 – 6.0
Glencore	5.5	4.0 – 4.5
Vale	5.0	4.6
Anglo American	4.95	4.0 – 4.5
Freeport-McMoRan	2.8	2.0
Severstal	1.7	1.45
Newmont	1.525	1.225
Antofagasta	1.5	1.3
First Quantum	0.85	0.675
Agnico-Eagle	0.74	0.69

Source: GlobalData Plc



Impacts on Austin

- Our products are subject to wear and need to be replaced periodically. Repairing can elongate time between purchases
- As we bring new products to market, we see customers choosing to upgrade fleets with newer technology truck bodies versus repairing older equipment
- Large decreases in CAPEX spending involve development CAPEX rather than maintenance
- Our longer-term success is linked to new equipment sales as they indicate growth in field population of trucks and shovels
- There is significant scope to broaden our markets

FY2021 Outlook

Group Outlook:

- Our outlook is similar to that communicated in August 2020 and there is no change to our guidance, although it is expected that there will be a higher weighting of earnings H2. On an underlying basis we expect NPAT from continuing operations for FY2021 **in excess of $9 million.**

- **Two thirds of projected revenue** are committed in order book, earned revenue and other committed work, this is similar to the same time last year, driven by strong order books in Asia-Pacific. The quality and likelihood of conversion of certain uncommitted opportunities provide confidence in revenue targets.

*Guidance is not a guarantee of future performance and is subject to known and unknown risks. Orders and delivery schedules may be delayed or amended depending on client requirements.

There are a number of risks with respect to COVID-19 and any changes in the activity of this virus in the markets where Austin operates. Our guidance assumes no significant change in the severity of the impact in the regions that we operate in.

FY2021 Outlook

Outlook by Region:

- Strong start to APAC. Continued new orders wins supporting production into H2. It is the largest contributor to group earnings and the FY2021 outlook has improved since our last update
- North America is likely to record a loss in the H1 FY2021, with clients deferring capital purchases until January 2021 amid COVID-19 and uncertainty surrounding the US election. The quantum of opportunities in CY2021 point to an improved H2.
- South American earnings have not met expectations due to continued COVID-19 challenges and operational issues in Chile. Demand is still strong in Chile and improved results are expected in H2 FY2021. Restructure activities are continuing in Colombia and Peru.

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Primed for growth

Our Vision

To be the market leader in providing loading and hauling solutions to the mining industry.

To provide the best solution for clients' specific needs across a broad product range supporting open-cut and underground applications.

To put the needs of the client and innovation at the core of our business, supported by world-class engineering, manufacturing and quality.

To strengthen our corporate, social and environmental targets and initiatives and support the communities around us.

To remain at the forefront of new technologies and will take an innovation-led approach to all aspects of the business.

This will drive returns for our clients, our people and our shareholders.

Primed for growth

Today → **In the next three years**

Today

- Short-term revenue dip on restructure of non-performing businesses and contracts
- Global market share in above-ground truck bodies of ~10%
- 85% of new product revenue is from above-ground truck bodies
- High quality designs for products
- Several markets with a relatively low presence
- Leader in customised product solutions

In the next three years

- Increased market share in existing markets and products
- Substantial increase in revenues from new markets, such as Africa, Brazil and Eastern Europe
- Substantial increase in underground product, buckets and other attachments
- Utilise operating leverage to grow earnings at a higher rate than revenues

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