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Chairman's Address to Shareholders

Good morning ladies and gentlemen.

Welcome to the 15th 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 9:00am and a quorum is present, I declare this meeting open. You should have collected a blue admission card at the registration desk as you entered the meeting room. 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 obtain one from there.

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.

The agenda for today's meeting will include an address by myself as Chairman, followed by our Managing Director's address and presentation. There will be time for questions before we commence the formal proceedings of the Annual General Meeting.

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 and Sy van Dyk.

Our Chief Financial Officer and Company Secretary, Christine Hayward is also in attendance.

A number of our Austin team are with us today, along with the Company's auditor, Paul Gallagher from BDO. Mr Gallagher will be available to answer shareholder questions relating to the Financial Statements and Reports included in the 2018 Annual Report.

Today, we have five 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 then invite our Managing Director, Peter Forsyth to update shareholders on our current operations and strategic priorities for the Company.

After Peter's presentation, there will be an opportunity to ask questions.

I will now present my address to shareholders.

I will commence with some commentary on the Company's highlights for the 2018 financial year.

Return to Profit

Following extensive restructuring activity during the year, Austin returned to profit, delivering an Underlying Net Profit After Tax of \$5.4 million with revenues increasing by 25% to \$293.4 million. The Company's underlying EBITDA result of \$23.2 million increased by 62% on a 30% lift in margins.

Balance Sheet continues to strengthen

Austin's financial position improved during the year following the November 2017 refinancing of the Australian debt facilities and the establishment of a North America working capital facility. This refinancing diversified the debt profile across Austin, improving the overall debt maturity and lowering the cost of capital.

During the financial year 2018, Austin recorded an overall net cash inflow of \$1.7 million compared to an outflow of \$8.8 million in 2017. Improved activity levels and revenue growth also led to working capital increasing by \$8.3 million during the year.

Austin has \$18.7 million of assets held for sale as a result of rationalisations in Chile, Peru and the Hunter Valley in Australia. Asset sales are progressing with \$2 million received on our former operating facility in Peru. We will further reduce the group net debt position and improve our South American debt profile with the sale of the Chilean crane business assets. The crane sale process is well underway and it is expected to be substantially complete by 31 December 2018. The balance sheet will then be sufficiently restructured to support growth opportunities and increase returns to shareholders.

The Board considers the reduction of debt leverage to be the best use of the Company's capital in the short term and consequently no dividend was declared for the year ended 30 June 2018.

Board appointments

During the year, the Company's CEO Peter Forsyth was appointed to the Board as Managing Director and Sy van Dyk, a former CEO and Managing Director of Macmahon Holdings was appointed as a Non-executive Director.

Commodity cycle consolidating

While Austin operates in a cyclical market, the commodity markets continued to strengthen during the year, underpinning confidence in the future and supporting investment in capital expenditure by our clients.

Based on results to date and visibility over committed orders, I would like to take this opportunity to confirm that the expected normalised EBITDA guidance for the 2019 financial year will be in the range of \$25 million to \$28 million.

As with prior years, we will provide updated EBITDA guidance at the time of our half-year results, in February 2019.

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. We will continue to focus our efforts to improve the Company's performance thereby delivering value to shareholders.

Thank you.

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

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For further information, contact:

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