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austinengineering^{LTD}

Austin Engineering announces sale of its COR Cooling division

Brisbane, 18 May 2015: (Austin Engineering Limited – ASX trading code: ANG)

Sale of COR Cooling and debt retirement

Austin Engineering Limited (“Austin”) today announced that it had entered into binding agreements to sell its COR Cooling division to H-E Parts Group (“H-E Parts”) for approximately \$14 million.

Austin will use the proceeds to retire senior debt. This will reduce the main senior debt facility by approximately 30% of the existing \$32 million drawn amount. Financial settlement is expected to occur during May 2016, with minimal conditions precedent to closing.

Mr Peter Pursey, Executive Chairman of Austin, said “The sale of COR Cooling to H-E Parts is a deliberate outcome of our initiatives to reduce and refinance our senior debt exposures by exiting one of our secondary divisions. It improves our balance sheet and further allows Austin to focus its efforts in its leading trays and buckets consumables business, which is linked to mining production in key geographies around the globe”.

Austin Engineering had previously disclosed recent encouraging new orders for trays in the iron ore segment, showing signs that the replacement cycle of its significant installed product base of the 2010 to 2013 vintage was starting to emerge.

About COR Cooling and the purchaser

COR Cooling provides and manufactures a range of industrial cooling and heat transfer equipment from four locations around Australia. It provides these products and services to the mining, transport and associated industries.

H-E Parts is a leading non-OEM supplier of parts and services to the mining sector worldwide, supporting surface mining and crushing equipment. The Group has facilities across Australia, the US and South America.

Mr Ian Olivieri, Director of HEP Australia Holdings Pty Ltd, said “H-E Parts is pleased to acquire the COR Cooling business, which has a strong fit within our broader portfolio of businesses. We look forward to welcoming the existing management and employees of COR Cooling into our group. For COR Cooling customers, it will be business as usual”.

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Austin earnings guidance

Consistent with its prior guidance, Austin notes that its sales and EBITDA are anticipated to be stronger in the second half compared with the first half of the financial year.

Repairs and maintenance, both on-site and off-site, continues to provide an increasing base load of activity. This base load positions Austin well to drive margin increases as production volumes recover in its core trays and buckets business. Austin has a large backlog of outstanding tenders and, while orders continue to be delayed, signs are encouraging overall.

Further to the 8 April 2016 announcement, Austin specifically notes that:

- Production of its 32 tray order for a major iron ore producer out of its Perth operations has commenced, with much of the delivery to occur during FY17
- The Calama operation in Chile has recently been awarded two important multi-year contracts that further cements our footprint in the region. These contracts comprise off-site repair with a major long term client with \$11m of revenue over two years and an addition to a current contract with Antofagasta Minerals for an additional \$1.5m over three years
- The Indonesia business on Batam Island has secured a large bucket order and 4 trays delivering revenue of \$1.9m for delivery between May and July 2016

In addition, Austin notes:

- Austin has recently secured a sizeable new order for 17 trays in its Westech business. The majority of these are expected to be invoiced in June 2016; and
- The Peru operation has secured an order for 6 trays for a large copper project. These trays are expected to be provided during June 2016.

Austin reaffirms its prior guidance range of underlying EBITDA within the range of \$8 to \$12 million for the year ended 30 June 2016.

Austin was advised by Flagstaff Partners and Thomson Geer, with the assistance of Blue Ocean Equities.

End

For further information on the above, please contact Executive Chairman Peter Pursey, or Chief Financial Officer Scott Richardson, on +61 7 3271 2622.