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25 November 2016

Executive Chairman – AGM Address

Introduction

This 2016 year for Austin was initially characterised by debt and downturn. These key issues occupied our minds totally for the first 6 months but critically the last 3-4 months has heralded significant positive changes for Austin.

Key among these has been the success of our debt reduction process, which has been a deliberate and disciplined, step at a time plan, across the whole year, to bring our balance sheet back in order. That has been achieved, with a number of initiatives still to come.

The industry downturn has shown signs of improvement, and even though we need to see this sustained before we can declare things have really turned across the industry, we are seeing some major improvements across our business units although it remains uneven across the regions in which we operate.

What is clear however, is that the landscape towards the end of 2016 is significantly better than the previous two years.

Other positive changes have been driven by the progressive implementation of the range of initiatives stemming from our strategic review. These initiatives are either in place now or are being put in place and they are all leading to a much more integrated group of businesses, positioned to extract much better value from the mining services sector in the future.

I must say that when I stood up at the conclusion of a rather volatile AGM this time last year to accept the Chair position, I had no idea how challenging the tasks ahead might be. I am pleased to say we have successfully addressed all the major challenges and criticism we faced, and that our prospects for the future are much improved; even exciting I'd suggest.

Let me also say I have acted for much of the year as Executive Chair and I have been remunerated – and criticised for it. In pre-empting anyone who may wish to question me on the latter I can tell you that board believed the sum was entirely appropriate at a time when the future of the company was at risk.

Safety

Safety is always of paramount importance and that will always be the case. Austin take its responsibilities very seriously and have continued to invest in improving our safety governance and procedures in an effort to keep people as safe as possible in the workplace. Our CEO will highlight this matter further in his address.

Financial

In relation to debt, our current financial position is significantly improved as a result of the capital raisings undertaken during the year. We commenced the 2017 financial year with gross debt of \$52m, down from \$97m in June 2015. The decision to raise equity in June 2016 was based on a board decision that reflected the interests of all Austin shareholders, based on the options available to us at the time.

Throughout calendar year 2016, Austin has needed to deal with ensuring it met its financial requirements and this required significant work to establish new funding facilities, retire older facilities and properly utilise

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the proceeds of capital raisings supported by you, our shareholders. In aggregate, this required \$84m of funding to be sourced this year and \$136m of funding since July 2015.

The key items associated with the refinancing and more broadly are shown in these slides.

As recently as 8 November we raised \$8.4M under a placement to fund future work and assist with creditor management. I am aware that some retail shareholders feel disappointed about not being able to participate in the placement, however the Board decided it was in the interests of the company to immediately undertake the placement at the time, all issues being considered. We are very conscious that in any future funding decisions we have a clear desire to include all shareholders.

Austin was able to complete the restructure of its South American security arrangements supporting its term loan with the Chilean Bank BCI on 18 Nov. This has allowed us to simplify our arrangements overall and, in particular the senior Australian banking syndicate has now been repaid in full.

This restructuring has also allowed Austin to retire the last of its bridging loans put in place during 2016 with external financiers. In aggregate, this is approximately \$9m of the bridging facilities put in place this year.

Our debt situation today is gross debt of \$41.6m with no syndicated bank debt, and our loans comprising subordinated debt with LIM, the term loan with BCI and that associated with finance leases. Our cash position is \$10m which is a major improvement on our situation across the rest of the year and we will continue to maintain discipline on our expenditures.

We have been asked why we did not raise more capital in July. Well it was simply not reasonably available for us to do so. What we have done since July is improved our business, focus on orders and operations, and made a placement at double the previous equity raise pricing. Not a bad effort in my view and a much better result for all shareholders.

Further strategic initiatives resulted in the closure of our Brisbane manufacturing facility and the sale of COR Cooling during the year. We continue to assess all assets and business units across the Group to ensure Austin's capital is appropriately directed.

Our target remains a debt position of 2-3 times maintainable EBITDA through the cycle. Critically however the key pillars of balance sheet repair have been put in place.

We note that there has been significant investor and strategic interest returning to the mining and services sectors recently. Examples of strategic interest includes Hitachi's bid for Bradken and CIMIC's bid for UGL. In respect of investor interest, our recent placement was four times oversubscribed. All of this contributes to stronger equity prices and we note that the current ANG share price is well above that of the placement in May 2016.

Operations and People

In recent months the company has implemented the recommendations of the strategic review; an initiative I put in place the same day I took over as Chairman. With Charles Rottier, our Chief Strategy Officer, leading the implementation of the review outcomes with his added authority as interim CEO, we have systematically addressed key issues around strategy, structure and systems and are now much better positioned to extract maximum value, at best cost, from the mining services market as the 'new normal' emerges.

Key among these are major overhauls of management, major improvements to customer relations and marketing, better IP and coordination of engineering support, a group approach to value adding our

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manufacturing processes, and a complete revision of how site services is implemented and managed right across the company. Management has been overhauled to become aligned with these key changes. These initiatives flow right across all business units in all our operational regions globally.

People and operations go hand in hand. Management has changed from the top down including at the very top where we have recently appointed Peter Forsyth as CEO, a very experienced operational executive in this industry sector. Our finance team has also been strengthened. The appointment of Christine Hayward and other selected finance personnel is now providing the pro-active support required in our new operations and finance structure. This is providing tangible benefits already.

In Australia we have moved to a national management approach; split along manufacturing and site services lines. It's working very well so far and has been a great initiative. The stovepipe approach from the past is exactly that it's past. These initiatives flow right across all business units in all our operational regions globally.

In combination, the changes to operational strategy and the financial structure, position Austin well to secure maximum advantage as the market turns and to capitalise on a range of future opportunities, all of which are designed to maximise revenue and drive profit and sustainable growth. Be in no doubt this has been a very significant and major overhaul and it's now in place and functioning. Now we have set our new course our plans provide for steady management and governance and to deliver improved operational outcomes.

The global mining services market has several thousand Austin products out there helping to deliver annual increases in production and consumption of all the key minerals we are associated with; namely coal, iron ore, copper and gold. Many of these products are at the very end of their useable life and will need replacement very soon. We remain confident we will secure these replacement orders and there are no signs these replacements have gone to competitors or are being made in other countries.

Our products are highly regarded in the mining sector and the support we provide behind our product, as well as an expanding our site services/asset management business, allows us to present a compelling value proposition to our clients.

The approach we are taking operationally has also been influenced by the strategic review. There are a number of initiatives that we are now pursuing that involve strategic approaches that not just better address existing operations but which have the potential to open up new and improved markets. We are not satisfied to just fix things, we want to lead productivity benefits, expand on some major new initiatives and forge an even stronger position for Austin in the global mining services market.

Be in no doubt it is these changes to our strategy, structure combined with management changes of those specific processes, that have been the key to operational improvements in the last few months. It has come from within our own resources and strategic changes plus and some improvement in the industry.

Our outlook is in line with the market update issued on 3 November 2016.

There are encouraging signs for CY 2017 which our CEO will highlight however this slide gives you a year on year comparison example in just one business unit.

This slide provides a focus snapshot comparing CY16 with CY17 in terms of our key focus areas.

The board has determined no dividend will be paid for the year ended 30 June 2016, your Directors believe the best use of Austin's capital is to continue to restructure the debt profile and improve working capital levels.

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Governance

The Board has undertaken significant change during the reporting year with the departure of two long-serving Directors as well as the more recent departure of John Nicholls. We have welcomed Jim Walker and Chris Indermaur to the board, both of whom have significant experience in the manufacturing and mining industry sectors.

The board constantly reviews its governance, risk, safety and business ethics and we remain committed to upholding the highest levels at all times. A review of our board skills matrix indicates that our Directors have contributed the appropriate mix of skills, knowledge and experience to drive the business forward in the reporting year.

I would like to particularly mention two people who have made a major contribution to Austin.

First is John Nicholls who came onto the Board in Sept 15 and retired in July 16 and played a very important role in assisting shape the financial and operational plans that we have successfully put in place. John rode with us through the very difficult months. John thank you for your tireless work and I extend to you the company's appreciation for your contribution.

Second is Eugene Fung who is not seeking re-election. His courage as a director needs recognition. He was the voice who spoke up at all times in the past around executive management decisions and financial matters and it needs to be acknowledged publicly that Austin is a far better company due to his service. Being a director and sensibly dissenting, takes courage, and winning change can be very complex internally, as anyone who has served as a public company director knows. Eugene, you have served Austin with integrity and distinction at every turn. We will miss you and no one person will replace your contribution on this Board.

During the year we have had a serious shortage of management executives as is evident from this briefing. I want to acknowledge the incisive role of Kent Greig and his team at Flagstaff Partners who as corporate advisors, have helped shape the financial path for the Board that has resulted in the delivery of a much improved balance sheet. We are now structured so that a significant amount of this work can be undertaken by management.

I would also like to acknowledge the role that Charles Rottier has played for Austin. He had the task of implementing the strategic review across all business regions. He also stepped into the interim CEO role for a period recently and has led a business as usual approach throughout the whole process. The CEO role was a challenging one as the outgoing CEO resigned in Feb 16 but only left in Aug 16 so Charles task has taken a lot of patience and understanding. Charles your work is much appreciated.

My goal when accepting the Chairman role last year was to ensure the company would be in a far better position by November 2016. I believe that's the case across almost every facet of its operations and structure. We have put those fundamentals in place and positioned the company for future growth in a changed mining services environment. In doing this I would like to thank our customers and our patient suppliers across the sector.

I would also like to extend thanks to all shareholders for their support. Thank you to the major shareholders who supported the equity raise in July, which marked an important step in addressing our debt position. It's a pity we could not all agree to the quality equity position we had in our hands in February 16, which would have saved the company a substantial amount of money.

My thanks also to the new shareholders, who listened to our story and briefings over a number of roadshows in recent months and who have taken a position on our register, and in some cases, very key

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positions. We have delivered on the various chapters in the story we told you and we have plans to keep delivering. Thank you for backing us and we appreciate your support very much.

I also extend my thanks to my fellow directors and other advisors who have worked tirelessly over the past 12 months as a team, to deliver a strengthened and better structured Austin.

I would like to think my key work as Executive Chairman in re-establishing and transforming Austin in 2016 has been achieved, having repositioned the company financially and restructured our business units in a more integrated way. The future now looks much more exciting.

While I plan to remain on the Austin board, today I announce my decision to pass the Chair baton to Jim Walker effective today. A transition plan to sensibly manage this initiative has been agreed by the Board. Now that the finances are in order it allows us to place even greater emphasis on our operational goals and further improve revenues. Jim's background in the mining services sector is strong, particularly around our core business areas. I am confident that his experience operationally in our sector will capitalise on the hard fought initiatives of 2016.

The platform for the future is now in place but it still requires careful and sensitive guidance going forward and your board is focused on this.

My continuing commitment as a non executive director is important as I see significant positive benefits flowing to Austin from the major hard earned improvements and changes that have occurred under my leadership. I plan to remain connected with all those staff, investors and advisors who have supported me through the challenges of 2016. It's been a team effort and Austin is now positioned to extend its leading role in the mining services market.

Thank you

Peter Pursey AM
Executive Chairman