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ASX ANNOUNCEMENT (ASX Code: ANG)

25 November 2016

Chief Executive Officer – AGM Address

Firstly, I must say how delighted I am to be standing in front of you as the new CEO of Austin Engineering. I have had the opportunity of meeting some of you and discussing my background since I joined Austin Engineering in October but since I am new to most of you I thought it appropriate to firstly provide you a brief background about myself.

I have been in the high cost capital goods market for more than 34 years. I am a Mechanical and Production engineer by profession and upon graduation I joined Caterpillar Inc. as a Development Engineer and had the opportunity of evaluating mining hauling and loading fleets at mine sites across Australia and North America. I progressed through a series of executive roles at Caterpillar in Marketing and Mining application, Mining Product Sales, Construction and Mining Product Development, Dealer Development and Administration, Autonomous Technology and managed Caterpillar's emerging market Off – Highway Truck program based in Chennai India.

More recently I was the CEO of Chesterfield Australia which was the largest John Deere and Kobelco dealership in the Southern Hemisphere with 15 branches located throughout New South Wales and Queensland.

Since I joined Austin Engineering I have visited our Austin Engineering facilities in Perth, Hunter Valley, Mackay, Wyoming, Colombia, Peru and Chile. Next month I will be visiting our facility on Batam Island Indonesia.

FY16 Results

The Groups 30 June 2016 financial result is detailed in the Annual Financial Report. The results presented on screen are inclusive of COR Cooling. COR Cooling was divested from the Group in May 2016.

- Revenue \$209.8m was similar to the prior year result of \$210.4m;
- A small decrease in gross margin to 34% for the year was the result of slight pressure on pricing;
- Normalised EBITDA of \$9.2m was within the guidance range provided;
- Operating cash outflow of \$2.0m.

During the 2016 financial year Austin's revenue by client type was split:

Miners	71%
Mining Contractors	19%
OEM's	8%
Other	2%

Revenue categories by product/service type are:

Maintenance / Repairs	39%
Tray Bodies	37%
Crane Rental	10%
Bucket	6%
Other	7%

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FY17 Outlook

Austin expects that the FY17 results will be based on similar revenue categories for client, product and service mixes, although it is expected that the significant repair work in 2016 is likely to swing towards an increased manufacturing workload as the replacement cycle improves during 2017.

Austin's trading performance across the group has been mixed for the 2017 financial year to date. As disclosed to the market earlier this month, our expectations are for a breakeven result on an underlying basis for the first half of the financial year. This is due to the recent changes currently in progress across Austin operations and timing of new work, revenue mix and work volumes. Despite this start to the year, our expectations for the financial year to 30 June 2017 are to be better than the full year result of the 2016 financial year of c\$9.2m.

This is on the basis that there is no adverse change in expected circumstances for Austin, either in respect to the award and timing of successful tenders, or in the mining industry and more broadly.

In the short to medium term Austin has cause for optimism. As the Chairman noted, we are now receiving orders for new and replacement trays. These orders have been long overdue, with Western Australia leading the way in increased orders. The increases in iron ore, copper and thermal coal prices have led to a number of new orders placed throughout the group.

Safety

Our Directors and Management are committed to Austin's safe operations as we strive to achieve zero harm impact to our clients, personnel, the communities and environments within which we operate. Focusing on our safety culture throughout all of Austin's business units is a high priority for our managers and employees. We have recently appointed our first global Safety Co-Ordinator.

The safety journey is an ongoing one with changes to operating methods constantly under review and employee engagement fundamental to the successful delivery of safer operations. Austin is committed to continuous safety training for all employees and we are working closely with our business units to action improvements identified at each site as efficiently and effectively as possible.

The FY16 year saw an improvement to the group's safety statistics with a global Lost Time Injury Frequency Rate improving from 2.92 in FY15 to 2.75 in FY16.

Strategic Refocus

While the past 12 months have been challenging in terms of market conditions, Austin has completed its strategic review and substantially implemented the strategic plan.

The next six months will see the Management Team focus on our six key strategic areas:

- Safety – complete the roll out of new initiatives for global standards and uniform reporting;
- Engineering Excellence – global engineering structure formalised, training programmes and product libraries implemented;
- Optimise Fabrication – progressive rollout of identified opportunities to improve productivity, prioritise capital and standardise procedures;
- Leverage IP – continued knowledge sharing across the group, capture on-site asset management field learnings for design improvements and improved marketing co-ordination;
- Value add marketing – new CRM system and improved knowledge sharing focused on products and services value;

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- Organisational re-design – consolidate new structure, set KPI's for key positions, continuous review for support services function.

From an operational perspective the Australasian business units have been re-organised into two functional streams. Austin Engineering Operations for product manufacturing and repair work, and Austin Engineering Asset Management for on site repairs and maintenance.

Austin has also been progressively repositioning and bolstering its global support capabilities with the recent appointment of our Executive General Manager Strategy and Development and our Marketing Manager which is allowing us to refocus and strengthen our Business Development activities to align, co-ordinate and improve oversight across the group.

Our Engineering Teams are also working more closely together to take advantage of product development and learning. The improved shared knowledge culture is a key to our future success.

In other initiatives our functional support activities in manufacturing and asset management has seen an audit of our manufacturing facilities world wide and a review of our site services activities, both of which have identified best practices as well as other opportunities for improvement.

Austin's support services functions, finance, human resources, procurement and tender processes are now being reviewed to identify further opportunities for improvement across the Group.

Operational overview

Austin's business units have a stronger committed orders position than in recent years, and in addition we have a large number of tenders under assessment with continued expectations of high success rates flowing from these opportunities.

Repairs and maintenance activity remains strong, particularly in South America and Australia. With the increased activity in order placement Austin's manufacturing facilities are showing improved production utilisation rates across the group and we are planning to ensure Austin is capable for meeting future manufacturing requirements.

Australasia

Perth

Orders in place for 48 trays with a major iron ore client.

Since our market announcement on 3 November 2016 our Perth operation has further improved its order book with 27 trays converted from our tender book during the month.

Indonesia

Orders in place for 9 chutes (over 1,300 tonnes) with a global miner.

After a slow start a significant order was received mid 1H17, along with the sale of 5 trays that have been in stock for 4 years. The tender book has become significantly more active during 1H17 setting Indonesia up for a good 2H17.

Hunter Valley

Orders in place for 20 trays from an OEM and mining contractor. Further orders for 2 trays and 1 bucket have been received since 3 November 2016.

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Significant new long term off site maintenance and repair contracts have been secured this year. Hunter Valley has seen a significant upturn in secured orders the past quarter and goes into 2H17 with a healthy order book.

Mackay

Mackay continues to win repair and maintenance work for major miners however remains a difficult market and is trailing behind the other Australasian operations in securing new work.

Aust Bore

Aust Bore is a machine shop that has seen a consistent increase in activity since the start of the financial year.

Americas

Wyoming

The USA continues to be a tough operating market for Austin. The operating business has received a number of modest orders recently from both the USA and Canada.

In particular recent orders have been placed for 16 trays from a large Canadian miner.

Colombia

Colombia continues to earn steady revenues from its site contract with a large miner.

Colombia expects to manufacture a number of trays and buckets for a large miner and another large customer in Colombia during FY17.

Peru

Peru continues to earn its base revenues from a maintenance contract with an international miner, supported by manufacturing work and other repair contracts.

Chile

The repair and maintenance work underpins both Austin Ingenieros workshops. During the last three months the business is seeing an increase in tender activity and has recently received orders for the manufacture of 12 trays for a major mining contractor.

This workload is supplemented by the existing site services contracts.

Servigrut

The crane business has been difficult with one mine closing and existing contract work being tightly controlled by the mine owners. The business however, remains our second largest EBITDA contributor.

Summary

Austin's strategy of owning our IP, bespoke designs, manufacturing and service / repair of our products as well as being located in the key resource areas is fundamental to supporting our customers future product and services requirements.

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Austin's range of mining products and services enables end users to achieve the lowest unit cost of production with products engineered and customised for specific site conditions.

The quality of Austin's customers, products and staff leave the Company well positioned to take advantage of future growth opportunities.

The delays to the start of the replacement cycle has already lasted for an extended period but there are preliminary signs that this is changing. The majority of Austin's products are designed to last 4-5 years but at the moment we are seeing usage into the 5-7 year range.

New orders should be aided by the recent rally in commodity prices, in particular, iron ore that is currently at a two year high. An upturn in commodity prices and components working beyond their usual product life cycle, together with miners expanding mines into new areas and need to increase the volume of overburden removal and hence volumes is an encouraging sign for increased orders.

I am confident that Austin, as the leading designer and manufacturer of customer mining attachments will continue as a market leader through our ongoing product innovation and delivery of consistent value through quality products and services.

On behalf of myself and the management team, I would also like to thank all of our clients and other stakeholders for their continued support for Austin now and into the future. I would also like to acknowledge Charles Rottier's contribution during the year as he completed the strategic review, stepped into the Interim CEO Role, managed the restructuring of the business and appointment of key staff. Charles is now assisting me during the transition phase since my appointment as CEO.

I am excited by Austin's future opportunities and firmly believe we have the right people, capability, skills and experience to thrive in an environment of improved market conditions.

Thank you for your time and I will now hand back to Peter Pursey for the formal part of the meeting.

END

For investor enquiries, please contact Peter Forsyth (Chief Executive Officer) or Christine Hayward (Chief Financial Officer and Company Secretary) on +61 7 3271 2622