

27 August 2024

# Austin Full Year 2024 Results

*Strong operating cashflow, revenue growth recorded across all regions*

## FY24 Key Metrics and Highlights<sup>1</sup>

- Group revenue of \$313.2 million, up 21%, within guidance<sup>2</sup> (FY23: \$258.3 million)
- Underlying EBITDA of \$46.6 million (adjusted for an FX gain of \$1.1 million), up 48.9% (FY23: \$31.3 million included an FX loss adjustment of \$2.8 million)
- Statutory EBITDA of \$47.7 million, up 135.0% (FY23: \$20.3 million)
- Underlying EBITDA margins increased to 14.9% (FY23: 12.1%)
- Statutory EBITDA margins increased to 15.2% (FY23: 7.9%)
- Underlying NPAT of \$31.0 million, up 71.3% (FY23: \$18.1 million)
- Statutory NPAT of \$29.7 million, up 318.3% (FY23: \$7.1 million)
- Earnings per share 5.1c up 315% from 1.22c
- Operating cashflow increased to \$36.6 million, up 131.6% (FY23: \$15.8 million<sup>3</sup>)
- Net cash of \$9.6 million (FY23: net debt of \$14.1 million)
- Order book as at 30 June 2024 up 30% year-on-year to \$187 million (FY23: \$144 million)
- Revenue improvements recorded across all operating regions.
- Tray and bucket sales increased across all of Austin's business units, accounting for 71.3% of total sales
- Full year fully franked dividend of 1.2 cents per share
- Full year 2025 guidance:
  - FY25 revenue of ~\$350 million (FY24: \$313.2 million)
  - Underlying FY25 EBIT of ~\$50 million (FY24: \$38.6 million)

**Austin Engineering Limited** (ASX: ANG, 'Austin' or 'the Company') is pleased to announce its results for the Financial Year 2024 (FY24).

### Austin CEO and Managing Director, David Singleton, said:

"The results reflect a doubling down on our Austin 2.0 operational strategy, which has led to increases in revenue, forward order book, and a much stronger cashflow position at the end of the year. Our improved financial performance has been driven by a series of initiatives designed to enhance operating efficiencies and lower costs across our business units, which has led to a continued growth in margins.

"Customer focus has been a business priority for Austin in FY24. We've invested in increasing the size of our sales and product support function and added a central marketing capability. This has helped us to end the financial year with a 30% year-on-year increase in our order book, which we expect will drive further revenue growth as we move into the new financial year.

<sup>1</sup> All FY24 numbers referenced throughout this ASX announcement are on a statutory continuing operations basis, except where stated otherwise. Comparisons are based on the prior corresponding period (pcp) and continuing operations.

<sup>2</sup> Refer to ASX Announcement dated 27 February 2024: *FY2024 Half Year Results Announcement*.

<sup>3</sup> FY23 operating cashflow is for the full Group including discontinued operations.

“Our order book has been growing on average 44% per annum since we implemented Austin 2.0 in 2021. This is due to a combination of Austin building its product range and increasing the size and manufacturing capacity of our facilities across all business units.

“The cost benefits of our AustBuy bulk procurement program, which leverages our scale in this critical area of cost, has positively impacted our FY24 results, and is a development that will grow in the new financial year as it increases its geographic impact and brings its purchasing power to more areas of our business.

“Collectively, these initiatives have seen EBITDA margins continue to improve, ending the year at a statutory 15.2% statutory 7.9%, in FY23.

“We are pleased to report strong operating cashflow from continuing operations of \$36.6 million, which is a 131.6% improvement on the previous year (FY23: \$15.8 million<sup>4</sup>). We expect this improvement in cash conversion to be a feature of the business in the future.

“Behind our FY24 performance has also been the strengthening of our management teams in all of our regions as we seek to embed the improving operating environment and ensure we are set up for the opportunities ahead.

“Our bucket segment continues to develop as we previously predicted. Bucket product and services revenues are at multi-year highs for Austin, with a 43% year-on-year increase recorded in Australia, where the initial emphasis has been. This has driven an overall 13% improvement across the Group. The development of the mining bucket segment continues to represent a growth area in Australia but increasingly in the Americas as well.

“Following investment in our operations and our senior leadership, we are making good progress towards a fully integrated global business that seeks to leverage our comparative scale. As a result, we have invested important resources on the IT systems necessary to enable this, an approach that will continue into the new year.”

## Financial Results

Total FY24 Group revenue increased 21% year-on-year to \$313.2 million (FY23: \$258.3 million) from continued operational improvements under the Austin 2.0 strategy. Revenue was within Austin’s guidance range of \$310 million - \$330 million.<sup>5</sup>

Group underlying EBITDA grew 48.9% to \$46.6 million, from \$31.3 million in 2023 after adjusting for a \$1.1 million FX gain in the year (FY23 was adjusted for an FX loss).<sup>6</sup> Actions taken to reduce procurement costs and improvements in manufacturing efficiencies, whilst controlling overhead costs, have seen further improvement in EBITDA margins.

Underlying net profit after tax (NPAT) rose to \$31.0 million from \$18.1 million in FY23<sup>7</sup>, falling within Austin’s guidance range.<sup>8</sup> The statutory result of \$29.7 million was adversely impacted by a \$2.4 million tax expense charge driven by repatriation of funds from Indonesia to repay legacy intercompany loans.

<sup>4</sup> FY23 operating cashflow is for the full Group including discontinued operations.

<sup>5</sup> Refer to ASX Announcement dated 27 February 2024: *FY2024 Half Year Results Announcement*.

<sup>6</sup> FY23 underlying EBITDA was \$31.3 million. Unadjusted EBITDA was \$20.3 million.

<sup>7</sup> FY23 underlying NPAT was \$18.1 million. Unadjusted NPAT was \$7.1 million.

<sup>8</sup> Refer to ASX Announcement dated 27 February 2024: *FY2024 Half Year Results Announcement*.

Austin generated a 131.6% increase in cash conversion with continuing operational cash inflow of \$36.6 million (FY23 \$15.8 million). This was primarily driven by improved profitability and effective working capital management. We are working to unlock the lease receivable cash from a contract in Chile which reduced operating cash flow by \$9.2 million to further improve cash conversion in the future. Customer deposits continue to broadly track WIP increases as the business grows, reducing the need to fund this area of growth.

Austin's order book at the end of the period was up 30% to \$187 million and provides a good basis for the business as we move into the new financial year.

## Regional Analysis

### North America

The USA business achieved another strong year of revenue growth which is a product of its reputation and long history in providing fully customised and high performance truck trays into diverse commodity markets across the USA and Canada. North America now has approximately 1670 trays in service hauling circa 28 million tons of ore per day. This high installed base creates a strong foundation for future recurring revenue as bodies need to be replaced periodically.

Revenue in the year grew by 27% y-o-y to a multi-year high of \$95.5 million and the order book grew by an impressive 78% indicating another strong year ahead. Despite the strong growth the business maintained its target margin of 18%, moderated slightly from the previous year as the disruption of new manufacturing capacity and supply chains were brought online.

### South America

The Chile business has continued its strong operational and financial improvement seen over the last three years, recording a revenue increase of 26% primarily through further growth of rebuild and maintenance sales, which were up 63% in FY24. Austin Chile achieved an overall order book growth of 24%. Importantly, full production of truck trays for a major OEM commenced during the year and is now quickly ramping up and expected to drive further significant revenue growth from both Chile and other locations in the region.

Management focus on improving efficiency and throughput levels has been very effective and driven a strong increase in margins to 27%.

Raw material inventory reduction in Chile of 35% was achieved as part of the AustBuy process, partly offset by an increase in WIP as the business grew. This aided cash conversion, although it remained low due to the nature of the truck tray leasing activity, however the stronger business means that receivable financing is now being pursued to improve cash generation.

### Asia Pacific

The APAC unit increased revenue by 17% primarily because of increased truck tray sales from Batam, and sales of bucket and bucket rebuilds following the re-tooling of the Perth facility. The Batam facility grew revenue significantly during the year and demonstrated the ability to double previous build rates per month following an upgrade and reorganisation of the facility and its processes in the early part of the year. The business delivered into a broad range of commodities and diverse markets including Australia, Indonesia, India, Europe, and Africa.

The bucket product and services business grew by 43% and now accounts for 38% of APAC's total revenue. This was partly offset by lower sales of underground equipment because of a cyclical change at a major customer, but this may start to recover in the new year.

APAC's total margin grew by 125% year-on-year to 10.9% although the percentage margin is still below Austin's target level. The unit's closing order book was in line with the previous year.

### **Dividend**

As a result of the Company's strengthened cash position, the Board has determined to declare a fully franked FY24 final dividend of 0.8 cents per share, taking the full year dividend to 1.2 cents per share.

### **Outlook and Guidance**

Austin will continue to focus on meeting customer demand for more efficient, customised solutions, an approach that has boosted sales and driven high levels of recurring revenue. By concentrating on assisting customers with efficiency enhancements through continuously updating and improving its core product lines, Austin sees the opportunity to continue with the growth trajectory of the last few years.

The business services broad and diversified commodity and geographic markets primarily focused on long life operating mines. The nature of products means that they need to be periodically replaced to ensure mine operation and this gives confidence in a strong future recurring style of revenue. We are conscious of mining head winds in some commodity sectors and as a result remain very focused on operating efficiency across the Group.

Operationally, Austin will continue to drive product and manufacturing improvements in FY25 as a way to improve revenue and protect margins. Capital expenditure is expected to rise to circa \$10 million in FY25 to support the growth of the business.

FY25 guidance includes:

- Revenue increase of 12% to circa \$350 million (FY24: \$313.2 million)
- Underlying EBIT increase of 30% to circa \$50 million (FY24: \$38.6 million)

With its strengthening balance sheet, Austin has improved its ability to invest in the business for capacity and efficiency improvement to meet the organic growth we have seen across the Group. Austin continues to assess potential strategic M&A opportunities to improve its geographic capabilities, customer offerings, production capacity and product footprint and continue to leverage its economies of scale. These opportunities are evaluated on their merits. There are currently no opportunities that Austin considers are sufficiently advanced to warrant disclosure at this time.

	FY24	FY23
<i>Reconciliation - Statutory to underlying for continuing operations</i>	\$M	\$M
<i>Statutory EBITDA</i>	47.7	20.3
<i>Add Foreign Exchange (FX) loss</i>		2.8
<i>Less Foreign Exchange (FX) Gain</i>	(1.1)	
<i>Add Mainetec Integration &amp; restructure cost</i>		2.1
<i>Add Warranty provision</i>		1.8
<i>Add ERP investment write off</i>		3.5
<i>Add Business restructure</i>		0.5
<i>Add Colombia cost</i>		0.2
<i>Add Batam expansion cost</i>		0.1
<i>Total underlying adjustments</i>	(1.1)	11.0
<i>Underlying EBITDA</i>	46.6	31.3
<i>Statutory NPAT</i>	29.7	7.1
<i>Add underlying adjustments</i>	(1.1)	11.0
<i>Add Indonesia WHT</i>	1.3	
<i>Add Singapore Tax expense</i>	1.1	
<i>Underlying NPAT</i>	31.0	18.1

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**Announcement Authorisation**

This announcement was authorised by the Board of Austin and is market sensitive.

**About Austin Engineering**

Austin is a global engineering company. For over 50 years, Austin has partnered with mining companies, contractors and original equipment manufacturers to create innovative engineering solutions that deliver productivity improvements to their operations.

Austin is a market leader in the design and manufacture of loading and hauling solutions, including off-highway dump truck bodies, buckets, water tanks and related attachments, supporting both open-cut and underground operations. Complementing its proprietary product range are repair and maintenance services performed in our workshops and on clients' mine sites, and spare parts.

Through Austin's own design and engineering IP and range of tailored products, it delivers solutions for all commodity applications and drives increased efficiencies in productivity and safety in both open cut and underground mining operations.

Austin's products can create more sustainable mining operations by delivering the lowest cost per tonne to end user, reducing fuel usage per material carried.

The Company is headquartered in Perth and has operations around the world in Australia, US, Chile and Indonesia serving many of the major mining sites in the world both directly and through local partners.

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