



UPDATED COMPANY ANNOUNCEMENT
22 NOVEMBER 2012

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**AUSTAL ANNOUNCES ENTITLEMENT OFFER TO RAISE UP TO
APPROXIMATELY A\$86 MILLION**

(updated to include the information regarding the sale of securities in the US and forward-looking statements at the end of this announcement)

Austal Limited (ASX: ASB) ("**Austal**" or "**the Company**") announced today the launch of a 9 for 10 accelerated pro-rata non-renounceable entitlement offer ("**Entitlement Offer**" or "**the Offer**") to raise up to approximately A\$86 million in new ordinary shares ("**New Shares**"), at an offer price of A\$0.50 per New Share ("**Offer Price**"). The Entitlement Offer will comprise an underwritten institutional component ("**Institutional Entitlement Offer**") and a retail component ("**Retail Entitlement Offer**"). The Institutional Entitlement Offer is fully underwritten, representing proceeds to Austal of approximately A\$61 million¹.

The Offer price of A\$0.50 per New Share represents a 35.4% discount to the theoretical ex-rights price ("**TERP**")² of A\$0.77.

The net proceeds of the Offer will be used to reduce indebtedness and strengthen Austal's balance sheet.

¹ The Joint Lead Managers may also elect to underwrite some or all of the Retail Entitlement Offer by giving notice to Austal prior to the Retail Entitlement Offer opening.

² The Theoretical Ex-rights Price ("TERP") is the theoretical price at which Austal shares should trade after the ex-date for the Entitlement Offer. TERP is calculated by reference to the closing price of Austal shares on 15 November 2012 of A\$1.02, being the last trading day prior to the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Austal shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

Assuming minimum proceeds raised of A\$61 million, the expected impact of the capital raising on a pro forma basis as at 30 September 2012, will be to reduce September 2012 net debt / FY13 EBITDA³ (at mid-point of guidance range) to 1.9x and to reduce gearing⁴ to 26.7%. Upon completion of the Institutional Entitlement Offer, Austal will reduce net debt⁵ at 30 September 2012 to approximately A\$130 million. Austal is committed to a conservative capital structure going forward, with a targeted through the cycle leverage ratio of 1.5-2.5x net debt / EBITDA.

In addition, Austal today announced the successful negotiation of new 3-year banking facilities. The capital raising and the new banking facilities will enhance Austal's financial flexibility and extend its debt maturity profile.

Austal CEO, Andrew Bellamy, said: "The capital raising and the successful negotiation of new banking facilities not only strengthen our balance sheet, but also provide financial flexibility for Austal to continue to pursue its strategic initiatives and position the company for sustained future growth."

"Given the outlook for the business at present the board felt it was prudent to recapitalise the balance sheet to ensure the company was best positioned to deliver on its order book and outlook."

"As a result, the board elected to raise equity and reduce the gearing levels, and at the same time renegotiate the debt facilities, to ensure appropriate maturity terms and interest rates are in place. Austal now believes it is appropriately capitalised to deliver on the company's strategy."

Austal's guidance for FY13 EBITDA⁶ and NPAT⁵ is in the range of between A\$65-71 million and A\$23-26 million respectively⁷, representing growth of 91.8% and 121.9% over the previous

³ Based on net proceeds from the underwritten capital raise of A\$61mm, less related fees and expenses. Includes A\$35mm in excess Go-Zone Bond (GZB) proceeds which are proposed to be cancelled as part of this refinancing. FY13 EBITDA represents mid-point of guidance range and includes one-off pre-tax gain on sale of excess land of A\$4.8mm.

⁴ Net debt (including restricted cash) / (net debt + book equity). Based on net proceeds from the underwritten capital raise of A\$61mm, less related fees and expenses.

⁵ Includes restricted cash. Based on net proceeds from the underwritten capital raise of A\$61mm, less related fees and expenses.

⁶ EBITDA includes one-off pre-tax gain on sale of excess land of A\$4.8mm; NPAT includes one-off post-tax gain on sale of excess land of A\$3.4mm.

⁷ Austal's FY13 guidance is not a forecast and there can be no assurance that Austal will achieve the results indicated. The guidance is based on a number of assumptions, including: contracted revenues, projected costs, the timing and quantum of revenues, foreign exchange rates and the realisation of stock vessels and is subject to a number of risks, including those described under "Risk Factors" in the Investor Presentation. Investors are cautioned not to place undue reliance on the guidance.

corresponding period (at mid-point of guidance range). The growth is predominately underpinned by profitability improvement initiatives across the business and the benefits of the recently established Philippines Shipyard Operations. In addition, Austal continues to enjoy a strong positive outlook underpinned by a record order book of A\$2.3bn⁸ which is expected to secure revenues through to 2016.

Details of the Entitlement Offer

Under the Entitlement Offer, eligible shareholders in Austal will be invited to subscribe for 9 New Shares for every 10 existing Austal ordinary shares held as at 7.00pm (AEDT) on Tuesday, 27 November 2012 ("**Record Date**") at the Offer Price of A\$0.50 per New Share.

The Entitlement Offer is expected to raise up to approximately A\$86 million and comprises an underwritten institutional component to raise approximately A\$61 million and a retail component to raise up to approximately A\$25 million. New Shares issued under the Entitlement Offer will rank equally with existing shares in Austal.

Eligible institutional shareholders in Australia, New Zealand and Asia will be invited to participate in the Institutional Entitlement Offer which will take place from announcement on Thursday, 22 November 2012 to 5.00pm (AEDT) on Thursday, 22 November 2012. Eligible institutional shareholders in other eligible jurisdictions will be able to participate until 7.00am (AEDT) on Friday, 23 November 2012. New Shares in respect of the Institutional Entitlement Offer not subscribed for and the rights to subscribe for New Shares which would otherwise have been offered to ineligible shareholders will be placed into the institutional bookbuild. The institutional bookbuild will close at 5.00pm (AEDT) on Thursday, 22 November 2012 for Australian, New Zealand and Asian investors. The institutional bookbuild will close at 7.00am (AEDT) on Friday, 23 November 2012 for other eligible jurisdictions.

The Entitlement Offer has the full support of Austal's directors and key shareholders, however entitlements not taken up by certain directors and key shareholders representing 37.6% of Austal's issued capital will also be placed into the institutional shortfall bookbuild.

⁸ Order book as at September 2012.

The Retail Entitlement Offer is expected to open on Friday, 30 November 2012 and close at 5.00pm (AEDT) on Monday, 17 December 2012. Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible retail shareholders who do not take up their entitlements in full will be diluted and will not receive any value in respect of those entitlements they do not take up.

The Retail Entitlement Offer will include a top up facility under which eligible retail shareholders who take up their full entitlement will be invited to apply for additional New Shares in the Retail Entitlement Offer from a pool of those not taken up by other eligible retail shareholders. There is no guarantee that applicants under this top up facility will receive all or any of the shares they apply for under the facility. Details of the Entitlement Offer are also set out in an investor presentation which Austal has provided to ASX today (the "**Investor Presentation**"). The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

Entitlement Offer Timetable

Event	Date
Announcement of Entitlement Offer	Thursday, 22 November 2012
Institutional Entitlement Offer opens	Thursday, 22 November 2012
Institutional Entitlement Offer and Institutional Shortfall Bookbuild closes (Australia, NZ & Asia) (5.00pm Sydney time)	Thursday, 22 November 2012
Institutional Entitlement Offer and Institutional Shortfall Bookbuild closes (other eligible jurisdictions) (7.00am Sydney time)	Friday, 23 November 2012
Shares recommence trading on ASX on ex-entitlement basis (10:00am Sydney time)	Friday, 23 November 2012
Record date for Entitlement Offer eligibility (7.00pm Sydney time)	Tuesday, 27 November 2012
Retail Entitlement Offer opens	Friday, 30 November 2012
Retail Offer Booklet despatched to Eligible Retail Shareholders	Friday, 30 November 2012
Settlement of Institutional Offer	Tuesday, 4 December 2012
Allotment and normal trading of New Shares issued under the Institutional Offer	Wednesday, 5 December 2012
Retail Entitlement Offer closes (5.00pm Sydney time)	Monday, 17 December 2012
Settlement of Retail Entitlement Offer	Thursday, 27 December 2012
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 28 December 2012
Trading of New Shares issued under Retail Entitlement Offer (10:00am Sydney time)	Monday, 31 December 2012

The above timetable is indicative only. References to time and date are references to Australian Eastern Daylight Time (**AEDT**). Austal reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

END

Shareholder inquiries

If you have any questions, please call Advanced Share Registry on +61 8 9389 8033 at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Retail Entitlement Offer Period, or consult your stockbroker, accountant or other independent professional adviser.

About Austal

Austal is a global defence prime contractor. The Company designs, constructs and maintains revolutionary platforms such as the Littoral Combat Ship (LCS) and the Joint High Speed Vessel (JHSV) for the United States Navy, as well as an extensive range of patrol and auxiliary vessels for defence forces and government agencies globally. Austal also designs, installs, integrates and maintains sophisticated communications, radar and command and control systems.

Austal benefits from its position as a world leader in the design, construction and support of customised, high performance aluminium vessels for the commercial high speed ferry market, an achievement gained over a period of nearly 25 years.

Austal's primary facilities comprise a combined defence and commercial shipyard in Henderson, Western Australia; a dedicated defence shipyard in Mobile, Alabama; and a dedicated commercial shipyard in Balamban, Philippines. The Company also provides vessel support services from its facilities in Australia, the United States, Asia, Europe, the Caribbean, and the Middle East. Systems development, sales and support are coordinated from Austal's facility in Canberra, Australia.

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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. In particular, the New Shares to be offered and sold in the Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration. Accordingly, the New Shares to be offered and sold in the Offer may only be offered or sold to persons in the United States pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Forward looking statements

This announcement contains "forward-looking" statements or projections based on current expectations, including with respect to Austal's results of operations, financial condition, business strategy and growth opportunities, including Austal's ability to secure further contracts under our existing shipbuilding programs. Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about

market and industry trends, which are based on interpretations of current market conditions. These statements are not guarantees of future performance and are subject to risks and uncertainties.

Actual results may differ materially due to a range of variables, including but not limited to: the availability of US government funding due to budgetary or debt ceiling constraints; changes in customer priorities; additional costs, claims or schedule revisions; economic and financial market conditions in various countries and regions; customer demand and industry competition. Investors are urged to refer to the risk factors set out in the investor presentation relating to the Offer released today, under the heading "Risk factors and foreign selling restrictions". Actual results may also affect the capitalization changes on earnings per share; the allowability of costs under government cost accounting divestitures or joint ventures; the timing and availability of future impact of acquisitions; the timing and availability of future government awards; economic, business and regulatory conditions and other factors.

The forward looking statements only speak as at the date of this announcement and, other than as required by law and the Australian Listing Rules, Austal disclaims any duty to update forward looking statements to reflect new developments.

To the maximum extent permitted by applicable laws, Austal makes no representation and can give no assurance, guarantee or warrant, express or implied, as to, and takes no responsibility and assumes no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this announcement.