



COMPANY ANNOUNCEMENT  
30 NOVEMBER 2012

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

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RETAIL ENTITLEMENT OFFER OPENS

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As announced on 23 November, Austal Limited (**Austal**) has successfully completed the institutional component of its approximately \$86 million 9 for 10 non-renounceable entitlement offer (**Entitlement Offer**), raising gross proceeds of approximately A\$65 million. The retail component of the Entitlement Offer (**Retail Entitlement Offer**) opens today and closes at 5.00pm (WST) on Monday, 17 December 2012. Under the Retail Entitlement Offer, retail shareholders eligible to participate under the terms of the Retail Entitlement Offer (**Eligible Retail Shareholders**) have an opportunity to acquire new Austal shares, raising up to a maximum of \$21 million at the same offer price of \$0.50 per share (**Offer Price**).

Under the terms of the Entitlement Offer, Eligible Retail Shareholders will be able to subscribe for 9 New Shares for every 10 Austal ordinary shares held at 7.00pm (Sydney time) on Tuesday, 27 November 2012 (**the Record Date**). Eligible Retail Shareholders will also have the opportunity to subscribe for additional shares over and above their entitlement at the same Offer Price of \$0.50 per share.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer should carefully read the attached Retail Offer Booklet, which has been lodged on the ASX and despatched to shareholders today and follow the instructions set out on the personalised Entitlement and Acceptance Form that will accompany the Retail Offer Booklet.

Austal had previously reserved the right to underwrite some or all of any potential shortfall in the Retail Entitlement Offer (**Retail Shortfall**). Austal is pleased to announce that its largest shareholder Allan Gray Australia Pty Ltd (and the funds for which it acts as investment manager) (**Allan Gray**) has shown its further strong support for the Company by committing to subscribe for the amount of any Retail Shortfall that allows Allan Gray to maintain its shareholding in Austal at 19.3% post completion of the Retail Entitlement Offer. This amount may vary subject to the level of acceptances achieved under the Retail Entitlement Offer, however the maximum amount of this commitment is approximately \$3 million.

Also attached is a copy of the letter sent to ineligible security holders today.

For further information contact:

Austal, Public Relations

Tel: +61 8 9410 1111

Fax: +61 8 9410 2564

Email: [pubrel@austal.com](mailto:pubrel@austal.com)

Website: [www.austal.com](http://www.austal.com)

**Important information**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The New Shares offered and sold in the Entitlement Offer have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), or under 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 offered and sold in the Entitlement 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.

This document may not be distributed or released in the United States.

*Forward-looking statements*

This announcement contains certain "forward-looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may," "should," "expect," "anticipate," "estimate," "scheduled" or "continue" or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Austal does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.



Austal Limited (ABN 73 009 250 266)  
Address:  
100 Clarence Beach Road  
Henderson WA 6166

## ENTITLEMENT OFFER

### Retail Offer Booklet

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DETAILS OF A 9 FOR 10 NON-RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER OF ORDINARY SHARES IN AUSTAL LIMITED AT AN OFFER PRICE OF A\$0.50 PER NEW SHARE

THIS ENTITLEMENT OFFER CLOSSES AT 5.00PM (WST) ON 17 DECEMBER 2012

**If you are an Eligible Retail Shareholder, this is an important document which is accompanied by an Entitlement and Acceptance Form and both documents should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission.**

**You should consult your stockbroker, solicitor, accountant or other professional adviser or call Advanced Share Registry Ltd on +61 8 9389 8033 if you have any questions.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

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## Important Information

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*Capitalised terms in this section have the meaning given to them in this Retail Offer Booklet.*

*This Retail Entitlement Offer is made in accordance with section 708AA Corporations Act (as notionally modified by ASIC Class Order 08/35). This Retail Offer Booklet is not a product disclosure statement, prospectus or other disclosure document and has not been lodged with ASIC. It does not contain all the information that an investor would find in a product disclosure statement, prospectus or other disclosure document or on which an investor would expect to make an informed decision as to whether or not to accept this offer. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer.*

*Forward-looking statements, opinions and estimates provided in this Retail Offer Booklet 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. Forward-looking statements including forecasts, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.*

*This Retail Offer Booklet, including the ASX announcements produced in it and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. None of this booklet, the ASX announcements produced in it nor the Entitlement and Acceptance Form may be distributed to, or relied upon by, persons in the United States. Neither the Entitlements nor New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended ("**U.S. 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 U.S. Securities Act or an exemption from registration. Accordingly, the Entitlements may only be taken up by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered or sold to, directly or indirectly, persons outside the United States in "offshore transactions" (as defined in Rule 902(k) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.*

## Chairman's letter

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30 November 2012

Dear Shareholder,

On behalf of Austal Limited (**ASB**), I am pleased to invite you to participate in a 9 for 10 non-renounceable entitlement offer of new ASB ordinary shares (**New Shares**) at an issue price of A\$0.50 per New Share (**Entitlement Offer**).

### Entitlement Offer

On 22 November 2012, ASB announced its intention to raise up to approximately A\$86 million through the Entitlement Offer. The institutional component of the Entitlement Offer (**Institutional Offer**) was successfully completed on 23 November 2012 raising approximately A\$65 million which attracted strong demand from existing and new institutional investors. This offer booklet (**Retail Offer Booklet**) pertains to the retail component of the Entitlement Offer (**Retail Entitlement Offer**).

The Entitlement Offer is being undertaken by ASB to strengthen ASB's balance sheet and reduce ASB's indebtedness.

### Offer Information

This invitation relates to the Retail Entitlement Offer to raise up to approximately A\$21 million and offers Eligible Retail Shareholders (as defined in the "Important Information" section below) the opportunity to subscribe on the same terms as those investors who participated in the Institutional Offer.

You will find enclosed with this Retail Offer Booklet the following important information:

- Key dates for the Retail Entitlement Offer;
- How to Apply;
- Important Information; and
- ASX Offer Documents.

The Entitlement Offer is non-renounceable, which means that entitlements to take up New Shares (**Entitlements**) are non-transferable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements not taken up and their equity interest in ASB will be diluted.

With this booklet you will also find your personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions on "How to Apply". Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**) as discussed further in the 'How to Apply' section of this Retail Offer Booklet.

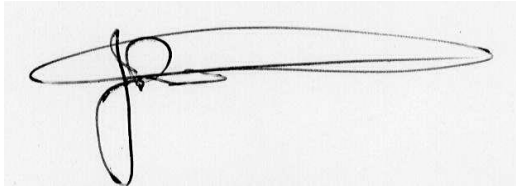
You should also consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

The Retail Entitlement Offer Closing Date is 5:00pm (WST) on Monday, 17 December 2012 (**Retail Closing Date**). To participate, you need to ensure that you have completed your application by paying application monies (**Application Monies**) by BPAY, or by lodging your Entitlement and Acceptance Form with your Application Monies paid by cheque, bank draft or money order, so that they are received before the Retail Closing Date in the manner described in this Retail Offer Booklet.

For further information regarding the Retail Entitlement Offer, please call Advanced Share Registry Ltd on +61 8 9389 8033 between 8.30am to 5.00pm (WST) Monday to Friday during the Retail Entitlement Offer period, or visit our website at <http://investor.austal.com>.

On behalf of the Board, I would like to thank you for your continued support of our company.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'J' followed by a long horizontal stroke.

John Rothwell AO  
Chairman

## 2 Details of the Entitlement Offer

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### 1 Overview of the Entitlement Offer

ASB intends to raise up to approximately A\$86 million under the Entitlement Offer, which comprises:

- a fully underwritten Institutional Offer of approximately A\$65 million; and
- a Retail Entitlement Offer of up to approximately A\$21 million.

New Shares issued under the Entitlement Offer will be issued on a fully paid basis and will rank equally in all respects with existing ordinary shares (**Shares**) from their date of issue.

### 2 Timetable

You may subscribe for your Entitlement in whole or in part and any Additional New Shares prior to 5:00pm (WST) on 17 December 2012, subject to the rights of ASB and the Joint Lead Managers to extend the offer period or close the Retail Entitlement Offer early.

| Event                                                                                                                                       | Date and time                   |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Announcement of the Entitlement Offer, Cleansing Statement and application to ASX for official quotation of the New Shares                  | 22 November 2012                |
| Record Date for the Entitlement Offer                                                                                                       | 7:00pm (AEDT), 27 November 2012 |
| Retail Entitlement Offer opens, despatch of the Retail Offer Booklet and Entitlement and Acceptance Form                                    | 30 November 2012                |
| Settlement of the New Shares to be issued under the Institutional Offer                                                                     | 4 December 2012                 |
| Allotment and normal trading expected to commence on the ASX of New Shares under the Institutional Offer ( <b>Institutional Allotment</b> ) | 5 December 2012                 |
| Retail Entitlement Offer closes ( <b>Retail Closing Date</b> )                                                                              | 5:00pm (WST), 17 December 2012  |
| Last day for settlement of the New Shares to be issued under the Retail Entitlement Offer                                                   | 27 December 2012                |
| Allotment of New Shares under the Retail Entitlement Offer ( <b>Retail Allotment</b> )                                                      | 28 December 2012                |
| New Shares from Retail Allotment expected to commence trading on ASX on a normal settlement basis<br>Despatch of holding statements         | 31 December 2012                |

Note: Dates and times are indicative only and subject to change.

In this Retail Offer Booklet, the period between the Retail Entitlement Offer opening date and Retail Closing Date is referred to as the Retail Entitlement Offer Period.

ASB reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice.

If you wish to participate in the Retail Entitlement Offer we encourage you to submit your Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens. You cannot, in most circumstances, withdraw the application once it has been accepted.

No cooling off rights apply to the Entitlement Offer.

### **3 Enquiries**

If you have any questions, please call Advanced Share Registry Ltd 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.

### **4 Website**

Information about ASB can be found on our website at: <http://investor.austal.com>.

### **5 Who can participate**

The Retail Entitlement Offer is only open to Eligible Retail Shareholders. See the 'Important Information' section below for further details.

### **6 No trading of Entitlements**

Your Entitlement is non-renounceable. This means it is personal to you and cannot be traded, transferred, assigned or otherwise dealt with. If you do not take up your Entitlement it will lapse and you will not receive any New Shares under the Entitlement Offer.

### **7 Rights and liabilities attaching to New Shares**

From the date of issue, the New Shares will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares on issue.

### **8 Quotation and trading**

ASB will apply to ASX for official quotation of the New Shares issued under this Entitlement Offer.

Subject to approval being granted, quotation of the New Shares issued under the Retail Entitlement Offer is expected to commence on a normal settlement basis on or about 31 December 2012.

ASB will despatch holding statements to successful applicants in accordance with the relevant Listing Rules. You should confirm your holding before trading in New Shares. If you sell New Shares before receiving your holding statement, you do so at your own risk.

ASB and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise to any person who trades in New Shares before receiving their holding statement.

### **9 CHESS**

The New Shares will participate from the date of commencement of quotation in CHESS, operated by the ASX Settlement and Transfer Corporation Pty Limited.

They must be held in uncertificated form (i.e. no share certificate will be issued) on the CHESS subregister under sponsorship of a sponsoring participant (e.g. a broker) or on the issuer sponsored subregister.

You may arrange to convert your holding from the issuer sponsored subregister to the CHESS subregister under sponsorship of a sponsoring participant or vice versa by contacting your sponsoring participant.

## 10      **No offer to Overseas Shareholders**

The Retail Entitlement Offer will not be made to shareholders whose address on the Register is outside Australia and New Zealand. In particular, the offer is not being made in the U.S. or to any shareholder located in Canada or Japan. ASB has determined that it would be unreasonable to make the Retail Entitlement Offer to Shareholders residing outside Australia or New Zealand (**Non-participating Shareholders**), having regard to the number of Non-participating Shareholders and the costs in complying with the legal and regulatory requirements outside those jurisdictions. No action has been taken to register or qualify the New Shares or the Entitlement Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand.

This Retail Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act or an exemption from registration. Accordingly, the Entitlements may only be taken up by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered or sold to, directly or indirectly, persons outside the United States in "offshore transactions" (as defined in Rule 902(k) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The distribution of this document outside Australia and New Zealand may be restricted by law. In particular, this document or any copy of it must not be taken into or distributed or released in the United States. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### 3 How to apply

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#### 1 The Retail Entitlement Offer

Eligible Retail Shareholders (as defined in the section entitled “Glossary” below) are being offered the opportunity to subscribe for 9 New Shares for every 10 existing Shares held as at 7:00pm (AEDT) 27 November 2012, at the Offer Price of A\$0.50 per New Share.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Additional New Shares will only be allocated to Eligible Retail Shareholders, if and to the extent that ASB so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer. ASB may scale back applications made for Additional New Shares (in its absolute discretion).

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow shares to be offered under rights issues without a prospectus. As a result, it is important for Eligible Retail Shareholders to read and understand the publicly available information on ASB and the Retail Entitlement Offer, before taking up all or part of their Entitlement or applying for Additional New Shares.

In particular, please refer to this Retail Offer Booklet, ASB’s interim and annual reports and other announcements made available at the ASX website: [www.asx.com.au](http://www.asx.com.au).

Your Entitlement is set out on the accompanying Entitlement and Acceptance Form and has been calculated as 9 New Shares for every 10 Shares you held as at 7:00pm (AEDT) on the Record Date of 27 November 2012. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding. Eligible Retail Shareholders may subscribe for all or part of their Entitlement.

All New Shares (including any Additional New Shares) issued under the Retail Entitlement Offer will rank equally with existing Shares.

#### 2 Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to the “Risk Factors” section of the investor presentation entitled “Austal Capital Raising Presentation” released to ASX on 22 November 2012 and included in this booklet.

#### 3 Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY

If you decide to take up all or part of your Entitlement or apply for Additional New Shares, please complete and return the Entitlement and Acceptance Form with the requisite Application Monies OR pay your Application Monies via BPAY by following the instructions set out on the Entitlement and Acceptance Form.

ASB will treat you as applying for as many New Shares as your payment will pay for in full at the Offer Price, subject to any scale-back it may determine to implement, in its absolute discretion, in respect of Additional New Shares. Application Monies received by ASB in excess of the amount in respect of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional New Shares as that Excess Amount will pay for in full at the Offer Price. If you are paying by BPAY, please make sure to use the specific Biller Code and unique Customer Reference Number (**CRN**) on the back of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Form. If you inadvertently use the same CRN for more than one of

your Entitlements, you may be deemed to have applied only for Additional New Shares on the Entitlement to which that CRN applies.

If you take up and pay for all or part of your Entitlement before the Retail Closing Date, you will be issued your New Shares on 28 December 2012. If you apply for Additional New Shares then, subject to ASB's discretion to scale-back your application for Additional New Shares (in whole or in part), you will be issued those Additional New Shares on 28 December 2012. ASB's decision on the number of New Shares to be allocated to you will be final.

ASB reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately.

If you take no action, you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

#### **4 Acceptance of the Retail Entitlement Offer**

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will be deemed to have represented, for the benefit of ASB and the Joint Lead Managers, that you:

- (a) agree to be bound by the terms of this booklet and the provisions of ASB's constitution;
- (b) authorise ASB to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once ASB receives the Entitlement and Acceptance Form or your payment by BPAY, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies, including, in each case, any Additional New Shares, at the Offer Price per New Share;
- (g) authorise ASB, the Joint Lead Managers, the Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you are the current registered holder(s) of the Shares in your name at the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;

- (j) represent and warrant that the law of any other place does not prohibit you from being given this booklet or making an application for New Shares;
- (k) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this booklet and the Entitlement and Acceptance Form;
- (l) acknowledge that none of ASB, the Joint Lead Managers and each of their respective related bodies corporate and affiliates or respective directors, officers, employees, agents, consultants or advisers guarantees the performance of ASB nor do they guarantee the repayment of capital; and
- (m) represent and warrant (for the benefit of ASB, the Joint Lead Managers and each of their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Offer either directly or through a nominee, are not eligible to participate in the Institutional Offer and are otherwise eligible to participate in the Retail Entitlement Offer.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are not in the United States and are not acting on behalf of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer;
- (b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is acting on behalf of a person in the United States.

#### **Payment by BPAY**

For payment by BPAY please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the ASB Share Registry by no later than 5.00pm (WST) on 17 December 2012. Practically, given that BPAY closes at 5.00pm (WST), you will need to ensure that your payment is received by that time. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

ASB will treat you as applying for as many New Shares as your payment will pay for in full at the Offer Price, subject to any scale-back it may determine to implement, in its absolute discretion, in respect of Additional New Shares. Any Excess Amounts may be treated as an application to apply for as many Additional New Shares as that Excess Amount will pay for in full at the Offer Price.

**Payment by cheque, bank draft or money order**

For payment by cheque, bank draft or money order, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the Form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Austal Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to A\$0.50 multiplied by the number of New Shares (including any Additional New Shares) that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

ASB will treat you as applying for as many New Shares as your payment will pay for in full at the Offer Price, subject to any scale-back it may determine to implement, in its absolute discretion, in respect of Additional New Shares. Any Excess Amounts may be treated as an application to apply for as many Additional New Shares as that Excess Amount will pay for in full at the Offer Price.

Cash payments will not be accepted. Receipts for payment will not be issued.

**5 Mail**

To participate, your payment must be received by the Retail Closing Date, being 5:00pm (WST) on 17 December 2012. Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:

**Mail to:**

Austal Limited  
C/- Advanced Share Registry Services  
PO Box 1156  
NEDLANDS WA 6909  
Telephone: +61 8 9389 8033  
Freecall: +61 8 9389 7871

**Hand deliver to:**

(Please do not use this address for mailing purposes)  
Austal Limited  
C/- Advanced Share Registry Services  
Unit 2, 150 Stirling Highway  
NEDLANDS WA 6009

**Refund of Application Monies**

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. No interest will be paid to Applicants on any Application Monies received or refunded.

## 4 Important Information

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This Retail Offer Booklet (including the ASX announcements reproduced in it) and enclosed personalised Entitlement and Acceptance Form have been prepared by ASB. The information in this booklet is dated 30 November 2012 (other than the ASX announcements reproduced in it).

No party other than ASB has authorised or caused the issue of the information in this booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this booklet.

**The information in this booklet is important and requires your immediate attention.**

You should read the information in this booklet carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in the "Risk Factors" section of the investor presentation entitled "Austal Capital Raising Presentation" released to ASX on 22 November 2012, any of which could affect the operating and financial performance of ASB or the value of an investment in ASB.

ASB has applied to ASX to have the New Shares officially quoted. It is expected that normal trading will commence in relation to New Shares issued under the Retail Entitlement Offer on 31 December 2012 for applications received by the Retail Closing Date. ASB disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before receiving their confirmed allocations of New Shares from ASB or the ASB Share Registry.

The Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order CO 08/35. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form are a prospectus, product disclosure statement or other offer document for the purposes of the Corporations Act. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus, product disclosure statement or other offer document.

Accordingly, neither the Retail Offer Booklet nor the Entitlement and Acceptance Form contain all of the information which a prospective investor may require to make an investment decision. They are not required to be, and will not be, lodged with ASIC. This Retail Offer Booklet should be read in conjunction with ASB's other periodic and continuous disclosure announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

### 1 Continuous disclosure

ASB is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

ASB is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, ASB has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its shares. That information is available to the public from the ASX website on [www.asx.com.au](http://www.asx.com.au).

### 2 Eligible Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

An Eligible Retail Shareholder is any holder of ASB shares who:

- is registered as a holder of Shares as at 7:00pm (AEDT) on the Record Date of 27 November 2012;
- has a registered address in Australia or New Zealand;
- is not in the United States and is not acting on behalf of a person in the United States;

- did not receive an offer to participate (other than as nominee) or was otherwise ineligible to participate under the Institutional Offer;
- is not an Eligible Institutional Shareholder; and
- is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus to be lodged or registered.

ASB may (in its absolute discretion) extend the Retail Entitlement Offer to any Institutional Investors in foreign jurisdictions who were not successfully invited to participate in the Institutional Entitlement Offer (subject to compliance with applicable laws).

### **3 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been accepted.

### **4 No Entitlements trading**

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

### **5 Notice to nominees and custodians**

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from ASB. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Offer (whether they accepted their entitlement or not) and Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer.

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, is responsible for determining whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with, and does not breach, applicable foreign laws and regulations. Securityholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

Any person that is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States.

ASB assumes no obligation to advise you on any foreign laws.

### **6 Not investment advice**

The information in this Retail Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. ASB is not licensed to provide financial product advice in respect of the New Shares. The information in this booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

### **7 Australian Taxation**

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares on capital account.

The summary below is intended to provide a general outline of the Australian tax implications for Eligible Retail Shareholders and is not intended to be a complete analysis of all the potential tax consequences that could arise in respect of the Retail Entitlement Offer. The tax implications that arise for each Eligible Retail Shareholders will depend on

their individual circumstances. Accordingly, this summary should not be relied upon as advice and Eligible Retail Shareholders should seek their own advice applicable to confirm the tax consequences that may arise in relation to the Retail Entitlement Offer.

The summary below does not deal with the tax implications for:

- Eligible Retail Shareholders who are not residents of Australia for tax purposes;
- Eligible Retail Shareholders who hold their Shares as revenue assets or trading stock; or
- Eligible Retail Shareholders whose Shares were acquired under an employee plan.

The summary below is based on the law in effect and the administrative practice of the Australian Taxation Office (**ATO**) as at the date of this booklet. Australian tax laws may be amended at any time and therefore the tax implications discussed in summary may change if there is a change in the tax laws after the date of this Retail Offer Booklet.

### **Grant of Entitlements**

The grant of the Entitlements will not itself result in Eligible Retail Shareholders making a capital gain or otherwise deriving an amount of assessable income.

### **Lapse of Entitlements**

The Entitlements are non-renounceable and will not be able to be traded on ASX or privately transferred. This means if an Entitlement is not exercised, then the Eligible Retail Shareholder will not receive any value for the Entitlement and the Eligible Retail Shareholder should not make a capital gain or otherwise derive an amount of assessable income.

### **Exercise of Entitlements**

The exercise of an Entitlement to acquire New Shares (including any Additional New Shares) will not result in the Eligible Retail Shareholder making a capital gain or otherwise deriving an amount of assessable income. For Capital Gains Tax (**CGT**) purposes, the cost and reduced cost base should include the Offer Price paid to acquire the New Shares plus certain non-deductible incidental costs they incur in acquiring them.

### **New Shares**

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares (including, on application but in ASB's absolute discretion, Additional New Shares).

Any future distributions made in respect of New Shares will generally be subject to the same taxation treatment as distributions made on Shares held in the same circumstances. It is important to note that the receipt of a tax-deferred distributions may affect the CGT cost base of New Shares.

On any future disposal of New Shares (including Additional New Shares), Eligible Retail Shareholders will make a capital gain if the capital proceeds received on disposal are more than the cost base of the New Shares and a capital loss if the capital proceeds are less than the reduced cost base of the new Shares. The capital proceeds should generally be equal to the disposal proceeds. The cost base of New Shares is discussed above.

The CGT discount concession may be available to reduce the taxable amount of any capital gain made on a subsequent disposal of New Shares. Broadly, the CGT discount concession will reduce the taxable amount of the capital gain by the CGT discount percentage if the New Shares have been held for at least 12 months prior to disposal, excluding the days of acquisition and disposal. The CGT discount percentage is 50% for individuals (including where the interest is held through a trust), and 33⅓% for complying superannuation funds. The CGT discount is not available to companies. The CGT discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses that are available for utilisation.

For the purposes of the CGT discount concession, New Shares (other than Additional New Shares) will be taken to have been acquired on the date when the Eligible Retail Shareholder exercised the Entitlement to subscribe for the New Shares. This should generally be the date on which the Eligible Retail Shareholder applies for New Shares.

Additional New Shares will be treated for the purposes of the CGT discount as having been acquired when ASB issues or allots those Additional New Shares. Accordingly, in order to benefit from the CGT discount in respect of a disposal of New Shares (including Additional New Shares), they must have been held for at least 12 months after those dates before the disposal occurs.

If an Eligible Retail Shareholder makes a capital loss on any future disposal of New Shares (including Additional New Shares), no discount will apply to the capital loss. The capital loss may be used to offset capital gains but not revenue gains. If the capital loss cannot be utilised in a given income year, it may be carried forward for use in a later income year provided that certain loss recoupment tests are satisfied.

## **TOFA**

The taxation of financial arrangements regime (**TOFA**) applies on a mandatory basis to defined “financial arrangements” entered into during a taxpayer’s first year of income commencing on or after 1 July 2010 (unless the taxpayer elects to apply TOFA to income years commencing on or after 1 July 2009), where the taxpayer exceeds certain relevant asset/turnover thresholds. Taxpayers below the relevant asset/turnover thresholds may elect to join the TOFA regime.

Due to certain exemptions available under the TOFA regime, the TOFA regime should generally not apply to individual Eligible Retail Shareholders in respect of their investment in New Shares. In addition, the TOFA regime should have limited application to other Eligible Retail Shareholders in respect of their investment in New Shares unless certain elections under the TOFA regime are made by the relevant Eligible Retail Shareholder.

## **Quotation of Tax File Number or Australian Business Number**

The collection of a Shareholder’s Tax File Number (**TFN**) is authorised and its use is strictly regulated by law. Where a Shareholder does not quote their TFN or claim an exemption in relation to their investment in ASB, ASB is required to deduct tax from distributions paid to a Shareholder at the highest marginal rate, plus the Medicare levy (currently a total of 46.5%).

Businesses that are registered and have been issued with an Australian Business Number (**ABN**) may quote an ABN or a TFN.

Where an amount has been withheld and remitted to the ATO by ASB, the Shareholder can claim a credit for the amount withheld upon lodgement of their income tax return for the year to which the distribution relates.

## **Other Australian taxes**

No Australian GST or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares or Additional New Shares.

## **8 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

## **9 Information availability**

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this booklet during the period of the Retail Entitlement Offer on the ASX website at [www.asx.com.au](http://www.asx.com.au) or by calling the ASB Share Registry. Persons who access the electronic version of this booklet should ensure that they download and read the entire booklet. The electronic version of this booklet on the ASX website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling Advanced Share Registry Ltd on +61 8 9389 8033 at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Retail Entitlement Offer Period.

*Neither the information in this booklet nor the accompanying Entitlement and Acceptance Form constitutes an offer of securities for sale in the United States. Neither this information nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons in the United States, or otherwise distributed in the United States.*

## **10 Future performance and forward-looking statements**

Neither ASB nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Offer. Forward-looking statements, opinions and estimates provided in the information in this booklet 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.

Forward-looking statements including forecasts, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of ASB, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this booklet.

## **11 Past performance**

Investors should note that the past share performance of ASB shares provides no guidance as to future share price performance.

## **12 Governing law**

This booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

## **13 Foreign jurisdictions**

The information in this booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Shares are not being offered or sold to the public within New Zealand other than to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). The information in this booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The information in this booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of the information in this booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, and none of them will be, registered under the U.S. 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 Entitlements may only be taken up by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered or sold to, directly or indirectly, persons outside the United States in "offshore transactions" (as defined in Rule 902(k) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

See the foreign selling restrictions set out in the investor presentation entitled "Austal Capital Raising Presentation" dated 22 November 2012 and included in this booklet for more information.

## **14 Underwriting**

ASB has entered into an underwriting agreement with J.P. Morgan Australia Limited and Macquarie Capital (Australia) Limited (**Joint Lead Managers**) who have agreed to manage the Entitlement Offer and fully underwrite the institutional component of the Entitlement Offer.

Although the retail component of the Entitlement Offer is currently not underwritten, the Joint Lead Managers reserve the right to underwrite, in part or fully, the retail component of the Entitlement Offer. The Joint Lead Managers may exercise this right by providing Austal Limited with written notice at any time up to Friday, 30 November 2012. The written notice must provide the amount of the retail component of the Entitlement Offer to be underwritten.

As is customary in these types of arrangements:

- ASB has agreed to pay fees and expenses of the Joint Lead Managers and indemnify the Joint Lead Managers and their respective directors, officers, employees, agents and advisers against losses they may suffer or incur in connection with the Entitlement Offer;
- the Joint Lead Managers may, at any time up to completion of the Retail Entitlement Offer (expected to occur on 31 December 2012), terminate the underwriting agreement and be released from its obligations under it on the occurrence of certain events, including if:
  - Shares are suspended for a period or ASB is delisted;
  - there are material disruptions in financial conditions or markets or certain declines in financial markets;
  - there is a specified delay in the timetable for the Entitlement Offer; and
  - there are certain changes in the senior management of ASB; and
- the Joint Lead Managers will be remunerated by ASB at market rates.

The Joint Lead Managers reserve the right, at any time, to appoint sub-underwriters in respect of any part of the Entitlement Offer. Any sub-underwriters appointed by the Joint Lead Managers may be paid a fee determined by negotiation with the relevant sub-underwriter.

## **15 Joint Lead Managers disclaimer**

The Joint Lead Managers have not authorised or caused the issue of, and take no responsibility for, the information in this booklet, and to the maximum extent permitted by law, disclaim all liability in connection with the Entitlement Offer and the information in this booklet.

## **16 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this booklet.

Any information or representation that is not in this booklet may not be relied on as having been authorised by ASB, or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of ASB, or any other person, warrants or guarantees the future performance of ASB or any return on any investment made pursuant to the information in this booklet.





# Austal Capital Raising Presentation

22 November 2012

**Andrew Bellamy, CEO**

**Mike Atkinson, Interim CFO**

*Not for distribution or release in the United States*



# Important notice and Disclaimer

This presentation and any oral presentation accompanying it has been prepared by Austal Limited ("Austal" or "the Company") in relation to a pro-rata non-renounceable entitlement offer (the "Entitlement Offer") of new shares in Austal ("New Shares").

## Summary information

You should not act or refrain from acting in reliance on this presentation material. The information in this presentation is of a general nature and does not purport to be complete nor does it contain all of the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) ("Corporations Act"). Further this overview of Austal does not purport to be all inclusive or to contain all information which recipients may require in order to make an informed assessment of Austal's prospects. It should be read in conjunction with Austal's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.

Austal has appointed two underwriters to act as joint lead managers, bookrunners and underwriters ("Joint Lead Managers") to the Entitlement Offer. The Joint Lead Managers will receive fees for acting in this capacity. The Joint Lead Managers, their related bodies corporate and affiliates may agree to provide, or seek to provide, other financial services and products to parties involved in the Entitlement Offer, including Austal and its shareholders, and may receive fees in connection with any such provision. Neither the Joint Lead Managers, nor any of their advisers, nor the advisers of Austal, have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and, except to the extent referred to in this presentation, none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

None of the Joint Lead Managers, their related bodies corporate or affiliates, or their respective officers, agents or employees accept responsibility and to the maximum extent permitted by law each joint lead manager expressly disclaims all liability for any loss, claims, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation.

## Not a prospectus

This presentation is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investment Commission. It should not be considered as an offer or invitation to subscribe for or purchase any securities in Austal or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in Austal will be entered into on the basis of this presentation.

This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any New Share in the United States, and may not be distributed or released in the United States. The New Shares to be offered and sold in the Entitlement 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 Entitlement 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.

## Not financial product advice

This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Austal shares. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Austal is not licensed to provide financial product advice in respect of Austal shares.

Cooling off rights do not apply to the acquisition of Austal shares.

U.S. investors should note that the pro-forma financial information included in this presentation does not purport to comply with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include EBITDA and EBIT. The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Austal believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.

## Past performance

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

## Future performance

This presentation contains "forward-looking" statements or projections based on current expectations, including with respect to Austal's results of operations, financial condition, business strategy, 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 provided in this presentation 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 this presentation under the heading "Risk factors and foreign selling restrictions". Actual results may also effect 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 presentation 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 make 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 presentation.

## Investment risk

An investment in Austal shares is subject to investment and other known and unknown risks, some of which are beyond the control of Austal. Austal does not guarantee any particular rate of return or the performance of Austal. Persons should have regard to the risks outlined in this presentation.

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# Executive summary

- ▶ Austal is undertaking a 9 for 10 equity offering to raise up to approximately A\$86mm at A\$0.50 per share
  - Conducted via an accelerated pro-rata non-renounceable entitlement offer (“Entitlement Offer”)
  - Institutional component fully underwritten, representing proceeds to Austal of approximately A\$61mm<sup>1</sup>
- ▶ Net proceeds from the Entitlement Offer will be used to reduce indebtedness and strengthen Austal’s balance sheet. Assuming minimum proceeds raised of A\$61 million:
  - Pro forma Net Debt / FY13 EBITDA reduced to 1.9x as at September 2012<sup>2</sup>
  - Pro forma Gearing reduced to 26.7% as at September 2012<sup>3</sup>
- ▶ Concurrently, Austal has also received credit approved commitments from its lenders for new 3 year debt facilities, which, together with the Entitlement Offer, will provide significantly improved financial flexibility
- ▶ Austal’s strong outlook is backed by a record contracted order book of A\$2.3bn<sup>4</sup>, securing revenues through to 2016
- ▶ Significant operational improvements being achieved with FY13 EBITDA and NPAT guidance in the range of between A\$65-71mm<sup>5</sup> and A\$23-26mm<sup>5</sup>, respectively<sup>6</sup>
  - Represents growth of 91.8% and 121.9% over the pcg (at mid-point of guidance range)
- ▶ A group of shareholders comprising Directors and associates representing 37.6% of Austal’s shareholder register have stated they will not be subscribing for their entitlement – these shareholders have stated that they are fully supportive of the capital raising and remain committed to being long-term Austal shareholders

<sup>1</sup> The Joint Lead Managers may also elect to underwrite some or all of the retail component by giving notice to Austal prior to the Retail Entitlement Offer opening

<sup>2</sup> Based on net proceeds from the underwritten capital raise of A\$61mm, less related fees and expenses of A\$3.4mm. 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. Assuming fully subscribed capital raise of up to A\$86mm, less related fees and expenses of A\$4.0mm, pro forma Net Debt / FY13 EBITDA of 1.6x as at September 2012

<sup>3</sup> Net Debt / (Net Debt + Book Equity). Based on net proceeds from the underwritten capital raise of A\$61mm, less related fees and expenses of A\$3.4mm. Includes A\$35mm in excess Go-Zone Bond (GZB) proceeds which are proposed to be cancelled as part of this refinancing

<sup>4</sup> Order book as at September 2012

<sup>5</sup> 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

<sup>6</sup> 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”. Investors are cautioned not to place undue reliance on the guidance

# Details of the Entitlement Offer

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Entitlement Offer structure and size</b> | <ul style="list-style-type: none"> <li>▶ 9 for 10 accelerated pro-rata non-renounceable entitlement offer to eligible shareholders to raise up to approximately A\$86mm <ul style="list-style-type: none"> <li>— Institutional component fully underwritten, representing proceeds to Austal of approximately A\$61mm</li> </ul> </li> <li>▶ Approximately 171.6mm new Austal ordinary shares (“New Shares”) to be issued</li> <li>▶ The Entitlement Offer is non-renounceable: shareholders will not receive any proceeds from the sale of entitlements not taken up</li> </ul> |
| <b>Offer price</b>                          | <ul style="list-style-type: none"> <li>▶ A\$0.50 per New Share <ul style="list-style-type: none"> <li>— 35.4% discount to TERP<sup>1</sup> of A\$0.77</li> <li>— 51.0% discount to Austal’s closing price on 15 November 2012</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                             |
| <b>Institutional Entitlement Offer</b>      | <ul style="list-style-type: none"> <li>▶ Fully underwritten, expected to raise approximately A\$61mm</li> <li>▶ Institutional entitlements not taken up by institutional shareholders and entitlements of ineligible institutional shareholders will be placed into the institutional shortfall book-build</li> <li>▶ Entitlements not taken up by Directors and major shareholders representing 37.6% of Austal's issued capital will also participate in the institutional shortfall book-build</li> </ul>                                                                     |
| <b>Retail Entitlement Offer</b>             | <ul style="list-style-type: none"> <li>▶ Retail Entitlement Offer opens 30 November 2012 and closes 17 December 2012</li> <li>▶ Expected to raise approximately A\$25mm</li> <li>▶ 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 event of a shortfall from the retail component</li> </ul>                                                                                                                                   |
| <b>Use of proceeds</b>                      | <ul style="list-style-type: none"> <li>▶ Reduce net indebtedness and strengthen Austal’s balance sheet, with net proceeds of the Entitlement Offer to be applied as follows: <ul style="list-style-type: none"> <li>— A\$23mm reduction in working capital facilities</li> <li>— Up to A\$59mm collateral support for Go-Zone Bonds letters of credit</li> </ul> </li> </ul>                                                                                                                                                                                                     |
| <b>Ranking</b>                              | <ul style="list-style-type: none"> <li>▶ New Shares issued under the Entitlement Offer will rank equally in all respects with existing ordinary shares</li> <li>▶ The Retail Entitlement Offer is open to eligible existing Austal shareholders with a registered address in Australia or New Zealand on the register as at 7:00pm (Sydney time) on the Record Date of 27 November 2012</li> </ul>                                                                                                                                                                               |

<sup>1</sup>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 Austal’s closing price on 15 November 2012 of A\$1.02, being the last trading day prior to the announcement of the Entitlement 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

# Indicative offer timetable

## Indicative 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 Thursday, 22 November 2012 |
| Institutional Entitlement Offer and Institutional Shortfall Bookbuild closes (other eligible jurisdictions) | 7.00am Friday, 23 November 2012   |
| Shares recommence trading on ASX on ex-entitlement basis                                                    | 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 Entitlement 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          |

All dates are indicative and subject to change. Austal and the Joint Lead Managers reserve the right to withdraw or vary the timetable without notice

# Key investment highlights

|   |                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <b>Global market leader</b>                    | <ul style="list-style-type: none"> <li>▶ 25 year track record, with approximately 220 vessels delivered globally</li> <li>▶ Technology leadership, with strong IP portfolio – unique integrated in-house design, engineering and build capability</li> <li>▶ Worldwide network of strategically located shipyards and service facilities supported by approximately 3,900 employees</li> </ul>                                                                                                     |
| 2 | <b>Diversified global customer base</b>        | <ul style="list-style-type: none"> <li>▶ Leadership in design, construction and support of high performance aluminium vessels for the commercial market – including trimaran, catamaran and monohull ships</li> <li>▶ Global defence prime contractor, with substantial capability and track record in recent years as one of the fastest growing contractors in the defence industry</li> </ul>                                                                                                   |
| 3 | <b>Record order book</b>                       | <ul style="list-style-type: none"> <li>▶ Current record order book of A\$2.3bn<sup>1</sup> – across defence and commercial markets – with strong counterparties, including U.S. Navy <ul style="list-style-type: none"> <li>— Provides four years of revenue visibility</li> </ul> </li> <li>▶ Further ships worth in excess of US\$2.2bn<sup>1</sup> expected to be contracted under existing Austal awards<sup>2</sup></li> </ul>                                                                |
| 4 | <b>Growth opportunity in service</b>           | <ul style="list-style-type: none"> <li>▶ Established and growing service offering in place, supported through Austal’s global facility network</li> <li>▶ Through life support opportunity in defence for contracted ship build programs is a substantial long-term growth opportunity – would add attractive annuity style recurring income stream with limited capital investment required</li> <li>▶ Uniquely positioned to benefit from the U.S. Navy’s forward deployment strategy</li> </ul> |
| 5 | <b>Substantial earnings growth in FY13</b>     | <ul style="list-style-type: none"> <li>▶ FY13 EBITDA and NPAT guidance in the range of between A\$65-71mm<sup>3</sup> and A\$23-26mm<sup>3</sup>, respectively<sup>4</sup>, represents year-on-year growth of 91.8% and 121.9% respectively (at mid-point of guidance range)</li> <li>▶ Underpinned by contracted order book, profitability improvement initiatives across the business and the benefits of the recently established Philippines Shipyard Operations</li> </ul>                    |
| 6 | <b>Experienced and capable management team</b> | <ul style="list-style-type: none"> <li>▶ Significant commercial and shipbuilding experience</li> <li>▶ Continue to add strong capability – e.g. new Chairman of Austal USA</li> <li>▶ Strong internal development programs, robust succession planning and focus on program delivery</li> </ul>                                                                                                                                                                                                    |

<sup>1</sup> Order book as at September 2012

<sup>2</sup> Contracting of vessels awarded is not guaranteed and is subject to a number of risks, including those described under “Risk Factors”

<sup>3</sup> 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

<sup>4</sup> 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”. Investors are cautioned not to place undue reliance on the guidance

# A global leader in aluminium shipbuilding



- ▶ Established: 1988
- ▶ Listed on the ASX : 1998 (ASX: ASB)
- ▶ Headquartered: Henderson, WA



## Ships



- ▶ 25 year history; approximately 220 ships successfully delivered
- ▶ Unique, integrated design, engineering and build capability
- ▶ Expertise across defence and commercial
- ▶ Network of 3 world class shipbuilding facilities
- ▶ c.A\$2.2bn<sup>1</sup> contracted order book, providing four year revenue visibility
- ▶ Current programs include:
  - Joint High Speed Vessel (“JHSV”) program – US Government: 10 ship award; 9 contracted
  - Littoral Combat Ship (“LCS”) program – US Government: 10 ship award; 4 contracted (plus a further two ships with partner General Dynamics)
  - Cape Class Patrol Boat program – Australian Customs: 8 ships

## Systems



- ▶ Specialised capability in integration, maintenance and command and control systems
- ▶ Supports defence and commercial markets
- ▶ Key capabilities include:
  - Advanced system integration
  - System support and maintenance
  - Proprietary command and control technology

## Support



- ▶ Network of 10 regional centres globally
- ▶ Tailored service offering to match customer requirements
- ▶ Key capabilities include:
  - Vessel and fleet maintenance
  - Refit and repair
  - Ship management
  - Training
  - Consultancy
- ▶ Supporting both defence and commercial customers

<sup>1</sup> Order book as at September 2012

# World class network of shipyards and support facilities



**Strategically located footprint provides access to key customers and flexible production costs – total invested capital in shipbuilding infrastructure of c.A\$500mm**

<sup>1</sup> Order book as at September 2012

# Prime contractor on two key U.S. naval programs...

## Joint High Speed Vessel (“JHSV”)



- ▶ Date awarded: November 2008
- ▶ Number of vessels contracted to date: 9 (out of initial 10 vessel award)
- ▶ Delivery schedule – under award: Through to 2017
- ▶ First ship expected to be delivered in November 2012

## Littoral Combat Ship (“LCS”)



- ▶ Date awarded: December 2010
- ▶ Number of vessels contracted to date: 2 by partner General Dynamics (1 delivered and 1 in production) and 4 by Austal (out of a subsequent 10 vessel award to Austal)
- ▶ Next two contracts under existing award expected 1Q2013<sup>2</sup>
- ▶ Contracted delivery schedule: Through to 2017

## Outlook

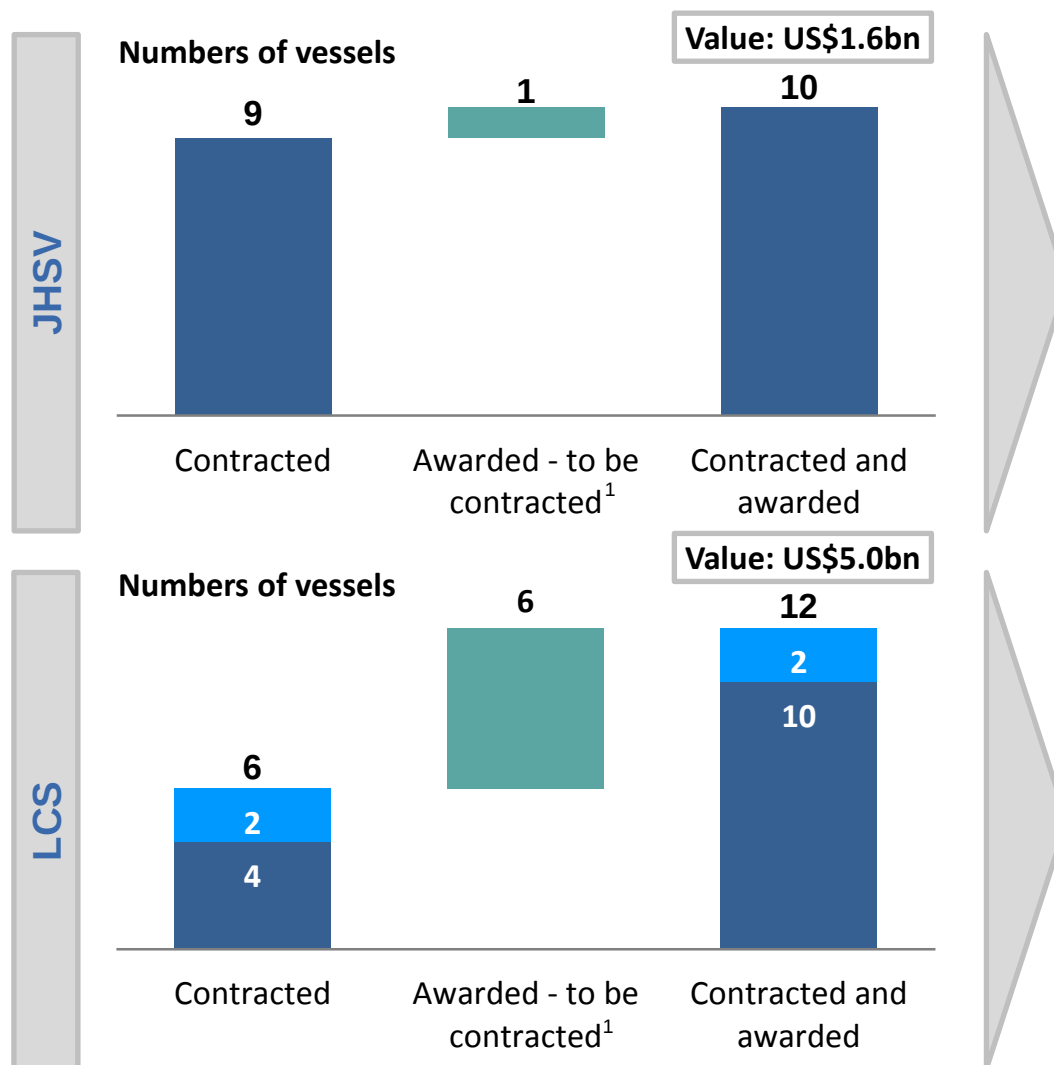
- ▶ U.S. Budget Control Act (2011) not expected to affect Austal’s current U.S. contracted work of c.A\$2.0bn<sup>1</sup> and therefore pressure on U.S. defence budget is not expected to affect near term outlook
- ▶ Both JHSV and LCS programs essential for littoral (inshore) missions
  - U.S. Navy committed to maintain c.300 naval fleet
  - JHSV and LCS support this objective
- ▶ U.S. Navy has reaffirmed commitment to LCS program – LCS fleet size estimated at 50-60 vessels
  - “At the geo-strategic level, it’s all about the littorals”
  - *General James F. Amos, Commandant of the Marine Corps, April 2012*
- ▶ Strategic pivot to Asia in U.S. defence strategy is also supportive of Austal’s ship programs
- ▶ U.S. Navy continuing to develop through life support strategy for JHSV and LCS
- ▶ Austal believes it is well placed to secure significant roles in servicing both the JHSV and LCS programs

**Further contract awards for the JHSV and LCS programs, together with long-term through life support, represent significant potential growth opportunities for Austal**

<sup>1</sup> Order book as at September 2012

<sup>2</sup> Contracting of vessels awarded is not guaranteed and is subject to a number of risks, including those described under “Risk Factors”

## ...with significant upside and export potential



- ▶ Initial 10 ship award – value: US\$1.6bn
- ▶ 9 currently contracted; next contract expected 1Q2013<sup>1</sup>
- ▶ First vessel is expected to be delivered in November 2012
- ▶ Balance expected to be delivered through 2017
- ▶ Highly versatile platform; expected to remain part of Navy's long-term planning
- ▶ Potential export opportunities with U.S. friendly nations

- ▶ Initial 10 ship award to Austal (plus two with partner General Dynamics) – value: US\$5.0bn
- ▶ 4 ships currently contracted (plus two with GD)
- ▶ Next contracts for two ships from existing award expected 1Q2013<sup>1</sup>
- ▶ LCS 2 complete; LCS 4 launched
- ▶ Balance of controlled vessels expected to be delivered through 2017
- ▶ LCS fleet size estimated at 50-60 vessels
- ▶ Navy expected to continue dual-sourcing model
- ▶ Potential military export opportunities with U.S. friendly nations

Represents LCS ships built with General Dynamics as the prime contractor

<sup>1</sup> Contracting of vessels awarded is not guaranteed and is subject to a number of risks, including those described under "Risk Factors"

# Austal secured the A\$330mm Cape Class contract in 2011



## Overview

- ▶ In August 2011, Austal was awarded the contract for the design, construction and through life support of 8 new Cape Class Patrol Boats for the Australian Customs and Border Protection Service
- ▶ Contract value = A\$330mm
  - Design and construction = A\$280mm
  - In-Service Support = A\$50mm
- ▶ The Cape Class Patrol Boats are being built at the Henderson Shipyard Operations, Western Australia
- ▶ All 8 vessels are due to be delivered between March 2013 and August 2015
- ▶ Commencement of the first Cape Class Patrol Boats and associated design work took place in FY12
  - Keel laying for 1<sup>st</sup> of 8 in June 2012
- ▶ Cape Class Patrol Boat contract expected to underwrite activity at Henderson Shipyard Operations until 2015

## Services & Systems

- ▶ Secured initial 5 year maintenance contract for the Cape Class Patrol Boat program of A\$50mm. Two options for Australian Customs for two further terms of 5 years each are included in the contract
- ▶ Strategic focus on the development of the Orion command and control system will provide a further source of future growth with the system to be deployed on the first Cape Class Patrol Boat

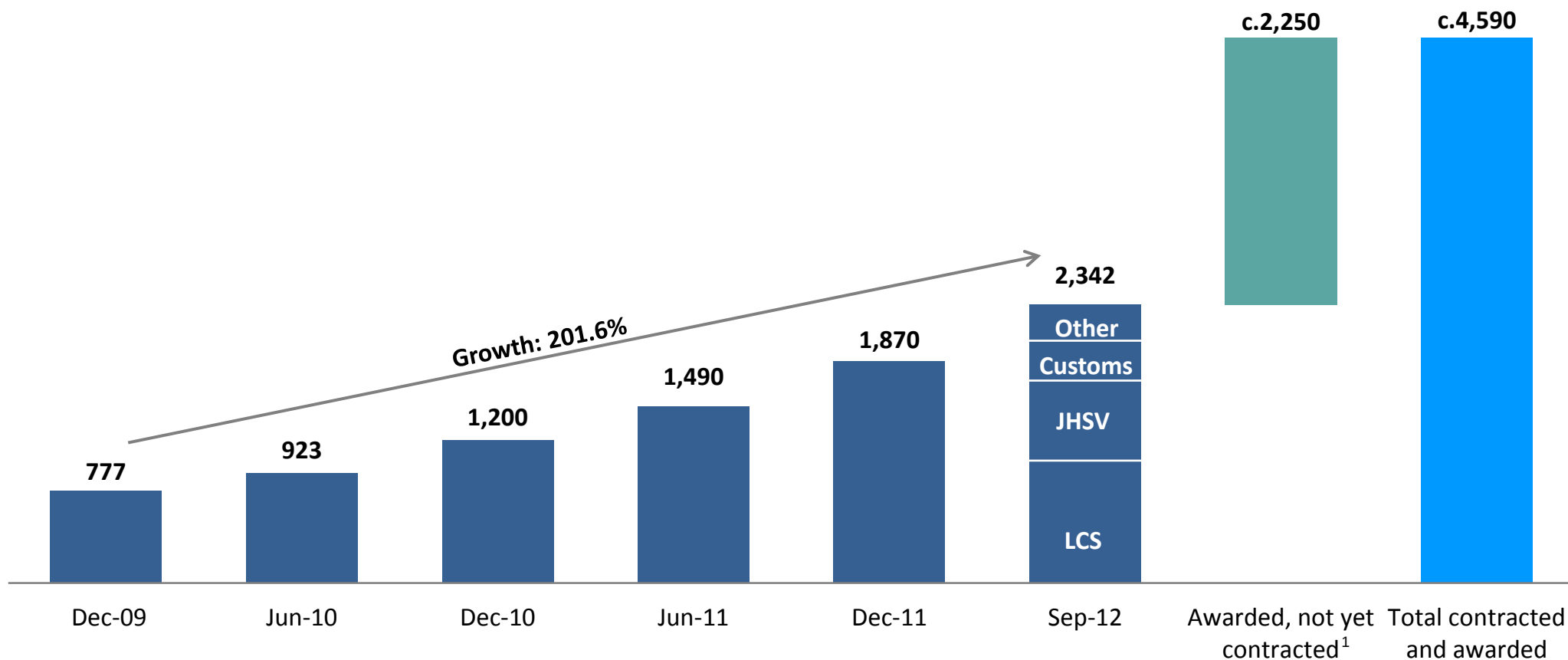
## Cape Class Patrol Boat



# Existing ship awards and contract wins have delivered a record order book for Austal



## Order book (A\$mm)



**Current contracted order book provides four-year revenue visibility and significant further upside as awarded vessels are contracted<sup>1</sup>**

<sup>1</sup> Contracting of vessels awarded is not guaranteed and is subject to a number of risks, including those described under "Risk Factors"

# Service represents a significant long-term opportunity for Austal

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- ▶ Installed value of currently contracted and awarded U.S. naval ships expected to be in the order of c.A\$6.5bn once completed
- ▶ Annual maintenance / support expense in order of 10% of installed value, per ship per year, based on precedent experience
  - Provides significant recurring revenue opportunity post delivery
- ▶ JHSV and LCS ships have been designed for a 20 to 30 year service life
- ▶ Austal's proprietary IP and global footprint position the company to win a material share of through life support
- ▶ U.S. Navy's forward deployment model for LCS will also drive size of the through life support opportunity for Austal
- ▶ Would not require any significant capex investment to deliver – unique “asset light” model in place to execute
- ▶ Through life support contracts for both ship build programs will begin to be awarded in FY13, with Austal actively pursuing these service opportunities

# Profitability improvement initiatives being successfully implemented



## Austal USA

- ▶ First in class issues associated with JHSV have been addressed
- ▶ Learnings being applied, with positive effect
- ▶ Revenue and EBIT in 2HFY12 vs 1HFY12 up 49% and 136%, respectively
- ▶ Labour cost per vessel continues to decline
- ▶ Major infrastructure investments have now been completed
- ▶ Expected JHSV and LCS contracts in 2HFY13 are expected to deliver a further increase in backlog

## Henderson Shipyard Operations

- ▶ Strategically repositioned as defence focused facility
- ▶ Underpinned by recent Cape Class Patrol Boat contract award by Australian customs for 8 vessels through 2015, as well as through life support
- ▶ Significant rationalisation has been executed
  - Reduced manufacturing footprint, released surplus assets
  - Substantial workforce reduction
- ▶ Continuing to evaluate options for the two stock boats

## Philippine Shipyard Operations

- ▶ Enables Austal to cost competitively serve global commercial market (eg. windfarm support vessels)
- ▶ Substantial cost advantage versus Henderson Shipyard Operations and most competitors globally, with access to pool of proven skilled labour
- ▶ Minimal further capital injection to establish required infrastructure, which will be completed in FY13
- ▶ Order book starting to fill – currently full through calendar year 2013
- ▶ Employee ramp up to 225 achieved as planned; further increase in employees planned to increase capacity
- ▶ Leveraged to recovery in global commercial market

# Debt refinancing

- ▶ Concurrently with the Offer, Austal has received credit approved commitments from its lenders for new three-year syndicated term facilities
- ▶ The new facilities replace Austal's existing short-term (18 month) banking arrangements and ensure the company has no material near-term refinancing requirements
- ▶ Core syndicated facilities
  - A\$50mm revolving credit facility – for general corporate purposes, including construction funding
  - A\$125mm performance bonding and guarantee facilities – to support ongoing tendering and shipbuilding operations
  - US\$30mm amortising asset financing facility – equipment financing for Mobile shipyard
  - US\$225mm Stand-By Letter of Credit (“SBLC”) facility – providing credit support for Austal's Go-Zone Bonds
- ▶ The Go-Zone Bonds are securities issued by U.S. Government Agencies, with funds provided to Austal on a 30-year term at a floating interest rate
  - Credit support for the Go-Zone Bonds via the SBLC facility is provided by its Australian lenders
- ▶ The new syndicated facility includes a standard covenant package
  - Gearing
  - Net Debt/EBITDA
  - EBITDA/net interest
- ▶ On a pro-forma basis, Austal is expected to remain comfortably within its covenants
- ▶ Following the Entitlement Offer, Austal is expected, at current base interest rates, to have an average annual interest expense of approximately 3.5 – 4.0%

# Sources and uses

## Overview

- ▶ Entitlement Offer of A\$61mm up to A\$86mm, with net proceeds of up to approximately A\$82mm to be exclusively used to reduce net indebtedness
  - A\$23mm reduction in drawn working capital facilities
  - Up to A\$59mm collateral support for Go-Zone Bonds letters of credit
- ▶ The Go-Zone Bond facilities represent an attractive source of funding for Austal in a 30-year term and low funding costs
- ▶ There will be two changes in the A\$217mm of Go-Zone Bonds as at 30 September
  - ▶ Austal will permanently reduce approximately A\$35mm of Go-Zone Bonds, using excess restricted cash in place prior to the Entitlement Offer
  - ▶ To retain access to the Go-Zone Bonds (which are not available for redraw if repaid), up to A\$59mm<sup>1</sup> from the Entitlement Offer will be applied to support the SBLC – this cash will not be available to Austal for corporate purposes

## Illustrative Offer Proceeds and Uses (A\$mm)

| Sources                              |           | Uses                                       |                 |
|--------------------------------------|-----------|--------------------------------------------|-----------------|
| Underwritten institutional component | 61        | Reduction in WC facilities                 | 23              |
| Retail component                     | 25        | Go-Zone Bonds letters of credit collateral | 59 <sup>1</sup> |
|                                      |           | Fees and expenses                          | 4 <sup>2</sup>  |
| <b>Total</b>                         | <b>86</b> | <b>Total</b>                               | <b>86</b>       |

Note: assuming fully subscribed Entitlement Offer of up to A\$86mm

<sup>1</sup> Assuming only the underwritten institutional component of A\$61mm, would result in c.A\$35mm being used for collateral support for Go-Zone Bonds letters of credit; <sup>2</sup> Includes debt and equity issuance fees

# Proceeds significantly strengthen Austal's balance sheet

## Overview

- ▶ Post the capital raising, Austal's financial position will be significantly strengthened assuming minimum proceeds raised of A\$61mm
  - Pro forma Gearing<sup>1</sup> reduced from 38.7% to 26.7%<sup>2</sup>
  - Net Debt / EBITDA<sup>3</sup> reduced from 2.8x to 1.9x<sup>2</sup>
  - No significant debt maturity prior to FY16
- ▶ Austal is committed to maintaining a conservative capital structure moving forward
  - Targeting through the cycle leverage of 1.5-2.5x Net Debt/EBITDA
- ▶ On a pro-forma basis, Austal is expected to remain comfortably within its covenants
- ▶ Austal will benefit from significantly reduced capital expenditure requirements in FY13
  - Mobile shipyard expansion largely complete
  - Minimal further investment required in Philippine Shipyard Operations
- ▶ Potential sale or leasing of stock boats represent incremental potential sources of capital for Austal

## Pro forma capitalisation

|                                                                | Jun-12A | Sep-12A | Underwritten<br>Amount<br>Sep-12PF <sup>2</sup> | Fully<br>Subscribed<br>Sep-12PF <sup>4</sup> |
|----------------------------------------------------------------|---------|---------|-------------------------------------------------|----------------------------------------------|
| <b>Capitalisation (A\$mm)</b>                                  |         |         |                                                 |                                              |
| Cash                                                           | 51.8    | 26.8    | 26.8                                            | 26.8                                         |
| Go-Zone Bonds cash collateralisation                           | 0.0     | 0.0     | 34.6                                            | 59.0                                         |
| Restricted cash                                                | 52.9    | 48.6    | 13.6                                            | 13.6                                         |
| Total cash                                                     | 104.8   | 75.4    | 75.0                                            | 99.4                                         |
| Go-Zone Bonds                                                  | 219.4   | 217.3   | 182.3                                           | 182.3                                        |
| Other                                                          | 46.0    | 45.8    | 22.8                                            | 22.8                                         |
| Gross debt                                                     | 265.4   | 263.1   | 205.1                                           | 205.1                                        |
| Net Debt<br>(incl. restricted cash)                            | 160.7   | 187.7   | 130.1                                           | 105.7                                        |
| Shareholder's equity                                           | 277.0   | 297.3   | 356.5                                           | 380.8                                        |
| Total capitalisation<br>(incl. restricted cash)                | 437.7   | 485.0   | 486.6                                           | 486.4                                        |
| Net tangible assets                                            | 272.0   | 292.1   | 351.2                                           | 375.5                                        |
| <b>Credit metrics</b>                                          |         |         |                                                 |                                              |
| Net Debt / FY13 EBITDA <sup>3</sup><br>(incl. restricted cash) | 2.4x    | 2.8x    | 1.9x                                            | 1.6x                                         |
| Gearing <sup>1</sup> (incl. restricted cash)                   | 36.7%   | 38.7%   | 26.7%                                           | 21.7%                                        |

<sup>1</sup> Net Debt / (Net Debt + Book equity)

<sup>2</sup> Based on net proceeds from the underwritten capital raise of A\$61mm, less related fees and expenses of A\$3.4mm. Includes A\$35mm in excess Go-Zone Bond (GZB) proceeds which are proposed to be cancelled as part of this refinancing

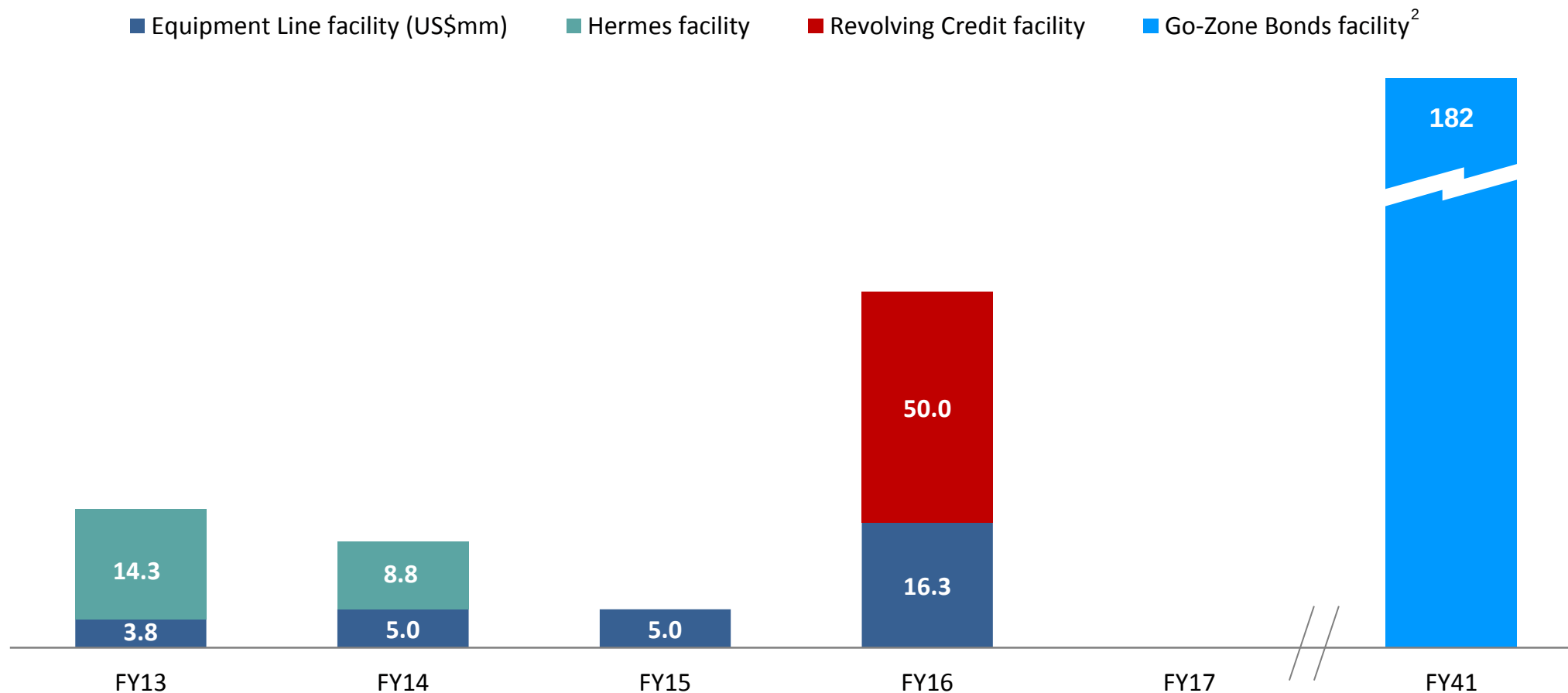
<sup>3</sup> FY13 EBITDA represents mid-point of guidance range and includes one-off pre-tax gain on sale of excess land of A\$4.8mm. Austal's FY13 guidance is not a forecast and there can be no assurance that Austal will achieve the results indicated. The guidance is based on a number of assumptions, 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". Investors are cautioned not to place undue reliance on the guidance

<sup>4</sup> Based on net proceeds assuming fully subscribed capital raise of up to A\$86mm, less related fees and expenses of A\$4.0mm and includes Go-Zone Bond retirement of A\$35mm

# New committed bank facilities will extend Austal's debt maturity profile



## Pro forma debt maturity profile (A\$mm unless otherwise stated)<sup>1</sup>



<sup>1</sup> Based on total facility size limit. Excludes Standby Letters of Credit, guarantees, bonding facilities and other off-balance sheet items

<sup>2</sup> Pro forma for planned cancellation of A\$35mm of excess GZB proceeds – Go-Zone Bonds facility is supported by a three year credit wrap by Austal's lenders

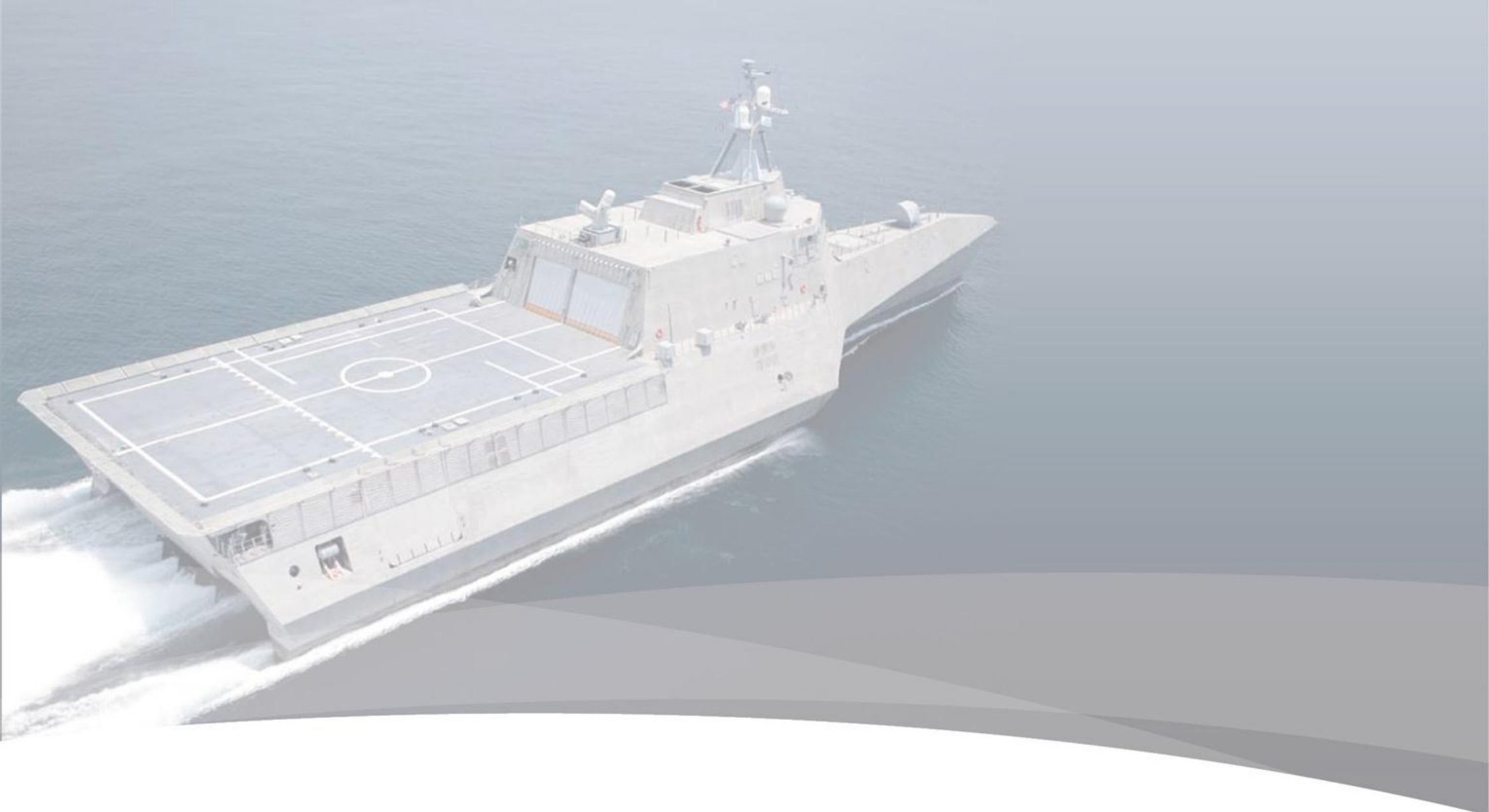
# Group outlook

- ▶ FY13 EBITDA and NPAT guidance in the range of A\$A65-71mm<sup>1</sup> and A\$23-26mm<sup>1</sup> respectively<sup>2</sup>
- ▶ **Austal USA**
  - Successfully applying learnings from “first in class” issues with the JHSV program and seeing sustained improvement in margins
  - Further contracts expected for JHSV10, LCS14 and LCS16 during 1Q2013<sup>3</sup>
  - Expected to generate revenue in excess of US\$700mm in FY13
- ▶ **Henderson Shipyard Operations**
  - Focused on execution of Cape Class contract which underwrites operations through to FY15
  - Strong potential pipeline of defence export opportunities developing
  - Expected to operate at a break-even level in FY13
- ▶ **Philippine Shipyard Operations**
  - Completing technology transfer and ramp-up of production
  - Operations at close to full capacity currently and a number of forward opportunities pending
  - Expected to operate profitably in FY13
- ▶ Continued growth in Systems and Support Divisions expected; uniquely positioned to benefit from the U.S. Navy’s forward deployment strategy
- ▶ With continued focus on growth through FY13 no dividends are expected to be declared

<sup>1</sup> 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

<sup>2</sup> 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”. Investors are cautioned not to place undue reliance on the guidance

<sup>3</sup> Contracting of vessels awarded is not guaranteed and is subject to a number of risks, including those described under “Risk Factors”



## Risk factors and foreign selling restrictions

## Contract nature of the business

- ▶ The ship manufacturing industry, by its nature, is dependent on large orders, the timing of which does not always ensure an even work flow. As for all participants in the ship manufacturing industry, the economic performance of the shipyards operated by Austal and Austal's business may be materially affected by Austal's success in securing significant contract awards.
- ▶ In addition, any change in the sale of one vessel can have a significant impact on the financial performance and cash flows of Austal.
- ▶ A majority of Austal's major contracts are with governments and their instrumentalities. Under tender arrangements for government contracts, the relevant government generally "awards" a specified number of vessels to be constructed by the successful tenderer over a specified time under an overarching contract award. The awarded vessels are then "contracted" over time, via individual detailed contracts. There is no guarantee that awarded vessels will be converted into contracted vessels. The relevant government may seek to cancel the construction of vessels after they have been awarded or contracted. In those cases, Austal may seek a right of economic adjustment, though there is no guarantee that such an economic adjustment would be obtained or, if obtained, would fully compensate Austal. As a result Austal's financial performance may be materially adversely affected.
- ▶ Contracts are generally negotiated on an individual basis, and typically contain terms for delivery dates and specifications. Failure to meet delivery dates or specifications may give rise to a capacity for the counterparty to terminate and financial liability under the contracts.
- ▶ Further, Austal usually operates on the basis of lump sum contracts. Where Austal enters into contracts for novel and innovative vessels, there is a risk of cost overruns associated with design, oversight and rework exceeding Austal's expectations. For example, as previously disclosed, Austal encountered first in class issues in the design and construction of the first Joint High Speed Vessel. Austal has since undertaken internal and external reviews and the lessons learnt from the production of JHSV1 are being incorporated in future builds.
- ▶ Austal designs, develops and manufactures products and services applied by its customers in a variety of environments. Problems and delays in development or delivery of subcontractor components or services as a result of issues with respect to design, technology, licensing and patent rights, labour, learning curve assumptions or materials and components could prevent Austal from achieving contractual requirements.

## Large reliance on single customer - the U.S. Navy

- ▶ Almost 90% of Austal's FY12A revenue was generated in the United States, derived from contracts with the U.S. Navy. Austal faces significant risk in earnings if the programs with the U.S. Navy are cancelled or scaled back or future projects from the U.S. Navy are not awarded to Austal.
- ▶ Austal has limited operational focus outside of the USA operations - the Henderson Shipyard and the Philippines Shipyard and its service and support business. These operations do not currently have a sufficient project pipeline to maintain Austal's current and expected financial performance if the Austal USA business was to face adverse conditions. Accordingly, Austal shareholders face greater risk than shareholders in a company with more diverse and equally spread operational focus.
- ▶ In addition, as a U.S. Government contractor, Austal must comply with a variety of significant regulations. These regulations and requirements can increase Austal's performance and compliance costs. If any such regulations or requirements change, Austal's cost of complying with them could increase, leading to reduced margins. The impact of these potential regulatory changes on overall performance is heightened due to the reliance on the U.S. Navy as Austal's major customer.

## Exposure to U.S. government budgets and elections

- ▶ As a defence contractor, Austal's financial performance is directly dependent on congressional allocation of defense monies to the U.S. Navy. The funding of the U.S. Government programs is subject to congressional budget authorization and appropriation processes. The U.S. Government's 2012 Shipbuilding Plan uses, as a baseline, a 328-ship force, up from the former 313-ship force that was first proposed by the U.S. Navy to Congress in 2006. Of the 328-ship force, the 2012 Shipbuilding Plan currently anticipates procurement of 275 ships during the next 30 years. Austal cannot predict the extent to which total funding and/or funding for individual programs (such as the JHSV and the LCS) will be included, increased or reduced as part of the fiscal year 2013 budget and subsequent budgets ultimately approved by Congress or will be included in the scope of separate supplemental appropriations.
- ▶ Consequently Austal faces risks that could affect financial performance and cash flows owing to the result of the U.S. elections and budget outcomes which, in turn, can effect the future expenditure on U.S. Naval programs.
- ▶ U.S. defence spending may also be affected by "sequestration" under the Budget Control Act of 2011. The Budget Control Act contemplates the possibility of "sequestration", being an additional \$500 billion of defence spending cuts over the next 10 years if a means to reduce the US deficit is not identified by the end of calendar 2012. If sequestration were to occur there would be significant cuts to defence spending and Austal's contracts with the U.S. Navy may be cancelled. As of the date of this presentation, it is not clear if or when sequestration may occur, and how cuts would be implemented. Funding reductions imposed by the sequester mechanism could have a material adverse impact on Austal's financial performance.

## Reliance on success of LCS contract

- ▶ The LCS program with the U.S. Navy represents the majority of Austal's current awarded work. Although no material issues with the LCS have been encountered to date (Austal has delivered the first LCS and anticipates delivering the second LCS in the second quarter of 2013), Austal is exposed to the risk that the LCS vessels may not perform to the required standard. If there are problems with the LCS, there is a risk that the rollout of the full program will be cancelled by the U.S. Navy. Given the importance of the LCS program to Austal's operations the cancellation of the LCS program would have a material adverse impact on financial performance and cash flows.

## Management of growth

- ▶ As discussed above, the focus of Austal's operations is in the United States at its facility in Mobile, Alabama. In order to fulfil the U.S. Navy contracts, Austal's operations and workforce in the United States have grown rapidly and further growth, to a workforce of 4,000 employees by the end of 2013, is targeted.
- ▶ As for any company experiencing rapid growth in its operations, there is a risk that Austal will not be able to implement and sustain its rapid growth in the U.S. In addition, to manage Austal's anticipated growth effectively, Austal will need to expand, train and manage its employees. Austal may have difficulty in finding employees with sufficient management and supervisory experience to achieve this growth. Austal is developing a training and development program for its staff that is directed to expanding the management and leadership skills in its U.S. operations.

## Competition in the U.S. shipbuilding market

- ▶ The reduced level of shipbuilding activity by the U.S. Navy, evidenced by the reduction in fleet size from 566 ships in 1989 to 285 ships as of June 2011, has resulted in workforce reductions in the industry but with little infrastructure consolidation. Competition for future programs is expected to be intense. If there is no further consolidation of infrastructure and the demand for vessels remains at these lower levels, there is likely to be increased pressure on Austal's margins and profitability.

## Current challenging conditions of commercial shipbuilding markets

- ▶ The market for commercial shipbuilding has experienced difficult market conditions over the past few years. Overall global economic weakness and the strong A\$ has contributed to lower demand for commercial ferries and other commercial vessels, evidenced by the lack of profitability of the Henderson shipyards for the last two years and the difficulty in finding a buyer for current stock vessels (such as the Oceanfast luxury yacht). Austal's exposure to the market for commercial shipbuilding is limited to some extent given that Austal's primary activities are supporting government defence and customs programs. In addition, Austal has established the Philippines Shipyard Operations as Austal's centre for commercial shipbuilding to facilitate Austal competing effectively in pursuing commercial shipbuilding opportunities. Despite this, there is a risk that poor conditions in the market for commercial shipbuilding will prevail in the future leading to a negative effect on the financial performance and cash flows of Austal.

## Liabilities for defective designs or construction

- ▶ The laws in some countries hold the shipbuilder liable for damages or losses to property and life arising from negligence in design or construction. Not every risk or liability can be protected against by insurance or making provision for warranty works, and, for insurable risks, the limits of coverage reasonably obtainable in the market may not be sufficient to cover all actual losses or liabilities incurred.
- ▶ Additionally, disputes with insurers over coverage may affect the timing of cash flows, and, if these disputes lead to litigation, an outcome unfavorable to Austal may have a material adverse effect on Austal's financial position, results of operation or cash flows.
- ▶ Austal is also exposed to potential legal and other claims or disputes in the course of its business, including contractual disputes and warranty claims. Austal takes legal advice in respect of such claims, and where relevant, makes provisions in its financial statements. Although Austal seeks to minimise the risk of such claims arising, and their impact if they do arise, such claims may arise from time to time and could adversely affect Austal's business, results of operations or financial condition and performance.

# Risk Factors

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## Stock vessels and large ferry contracts

- ▶ Austal has, on occasion, commenced the construction of a vessel without a firm order so as to maintain efficient utilization of its production facilities and labour force, and may do so in the future. All stock vessels are built to widely acceptable configuration to ensure they appeal to the widest possible group of prospective purchasers.
- ▶ The risks associated with this activity include the requirement for the Company to fund construction of the stock vessel, the prospect of not securing a purchaser on a timely basis or at a lower price than normally acceptable, or being forced to take an equity position in a ferry operation or arrange a charter in lieu of an outright sale.

## Intellectual property risks

- ▶ Austal relies on proprietary technology, information, processes and know-how, some of which is protected by patents and other forms of intellectual property protection. Although Austal is not currently aware of any challenges to or infringements of its intellectual property rights, these may be subject to challenge, invalidation, misappropriation or circumvention by third parties. Austal seeks to protect intellectual property through trade secrets or confidentiality agreements with employees, consultants, subcontractors and other parties, as well as through other security measures. However, these agreements may not provide meaningful protection for any unpatented proprietary information.
- ▶ In the event that intellectual property rights are infringed, Austal may not have adequate legal remedies to maintain its rights in its intellectual property. Litigation in relation to any intellectual property disputes could be costly and be a diversion of management's attention away from the core purpose of the business. In addition, trade secrets may otherwise become known or independently developed by competitors.

## Foreign exchange rate risks

- ▶ Austal is an Australian company that reports in Australian dollars. It derives revenue from business activities in Australia and foreign countries, including the Philippines and the U.S, where its costs may be incurred and revenue may be earned in a different currency. Movements in the exchange rate may therefore adversely or beneficially affect Austal's operations and cash flows.
- ▶ Where Austal is materially exposed to fluctuations in foreign exchange rates, it attempts to offset this exposure through the use of appropriate financial instruments, such as hedging or forward rate contracts.
- ▶ There may be circumstances where Austal is unable to sufficiently minimise its exposure to foreign exchange rate movements where the cost of financial products is not commercially viable.

## Natural disaster damage and disruptions factors

- ▶ Austal has operations located in regions around the world that have been and may be exposed to damaging storms, such as hurricanes, and environmental disasters, such as oil spills. Although preventative measures may help to mitigate damage, the damage and disruption resulting from natural and environmental disasters may be significant. Should insurance or other risk transfer mechanisms be unavailable or insufficient to recover all costs, Austal could experience a material adverse effect on our financial position, results of operations or cash flows.

## Other risks

- ▶ There are a number of other risks that are relevant to the Austal business that have not been discussed in detail. In summary they include, but are not limited to stock market movements, national and international economic conditions, changes in taxation, government policy changes, and industrial relations.

# Foreign selling restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

## European Economic Area - Germany, Luxembourg and Netherlands

- ▶ The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.
- ▶ An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:
  - to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
  - to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
  - to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
  - to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

## France

- ▶ This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.
- ▶ This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.
- ▶ Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.
- ▶ Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

# Foreign selling restrictions

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## Guernsey

- ▶ The New Shares may only be offered or sold in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "POI Law"); or (ii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc, (Bailiwick of Guernsey) Law, 2000.

## Hong Kong

- ▶ WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).
- ▶ No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.
- ▶ The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# Foreign selling restrictions

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## Japan

- ▶ The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

## New Zealand

- ▶ This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).
- ▶ The New Shares in the entitlement offer are not being offered or sold to the public in New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).
- ▶ Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:
  - persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
  - persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

## Norway

- ▶ This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.
- ▶ The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

# Foreign selling restrictions

## Qatar

- ▶ By receiving this document, the person or entity to whom it has been issued understands, acknowledges and agrees that this document has not been approved, disapproved or passed on in any way by the Central Bank of Qatar, Qatar Exchange or any other authority in Qatar, nor has the entity conducting the placement in Qatar received authorisation or licensing from the Central Bank of Qatar, Qatar Exchange or any other authority in Qatar to market or sell the interests within Qatar. No services relating to the interests including the receipt of applications and/or the allotment or redemption of such interests have been or will be rendered within Qatar. Nothing contained in this document is intended to constitute Qatar investment, legal, tax, accounting or other professional advice. This document is for the information of prospective investors only and nothing in this memorandum is intended to endorse or recommend a particular course of action. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation.
- ▶ This document is being issued to a limited number of investors in Qatar and may not be further distributed, reproduced or provided to any person in Qatar other than the intended recipient and to any legal or financial advisor of the recipient for the purpose of advising the recipient about it.

## Singapore

- ▶ This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.
- ▶ This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.
- ▶ Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# Foreign selling restrictions

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## Switzerland

- ▶ The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.
- ▶ Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).
- ▶ This document is personal to the recipient only and not for general circulation in Switzerland.

## United Arab Emirates

- ▶ Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by the Company.
- ▶ No offer or invitation to subscribe for New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

# Foreign selling restrictions

## United Kingdom

- ▶ Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.
- ▶ Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.
- ▶ In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## United States

- ▶ This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. 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.



UPDATED COMPANY ANNOUNCEMENT  
22 NOVEMBER 2012

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

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

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(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 million<sup>1</sup>.

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

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

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<sup>1</sup> 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.

<sup>2</sup> 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 EBITDA<sup>3</sup> (at mid-point of guidance range) to 1.9x and to reduce gearing<sup>4</sup> to 26.7%. Upon completion of the Institutional Entitlement Offer, Austal will reduce net debt<sup>5</sup> 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 EBITDA<sup>6</sup> and NPAT<sup>5</sup> is in the range of between A\$65-71 million and A\$23-26 million respectively<sup>7</sup>, representing growth of 91.8% and 121.9% over the previous

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<sup>3</sup> 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.

<sup>4</sup> 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.

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

<sup>6</sup> 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.

<sup>7</sup> 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\$2.3bn<sup>8</sup> 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.

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<sup>8</sup> 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.

**For further information contact:**

Austal, Public Relations

Tel: +61 8 9410 1111

Fax: +61 8 9410 2564

Email: [pubrel@austal.com](mailto:pubrel@austal.com)

Website: [www.austal.com](http://www.austal.com)

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.



COMPANY ANNOUNCEMENT  
23 NOVEMBER 2012

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

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## SUCCESSFUL COMPLETION OF A\$65 MILLION INSTITUTIONAL COMPONENT OF UP TO A\$86 MILLION ENTITLEMENT OFFER

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Austal Limited (**Austal**) is pleased to announce today the successful completion of the accelerated institutional component of its 9 for 10 non-renounceable entitlement offer (**Institutional Entitlement Offer**) to raise gross proceeds of approximately A\$65 million. The offer price for all of the shares (**New Shares**) under both the institutional component and the retail component of the equity raising is \$0.50 per New Share (**Offer Price**).

The institutional offer and institutional shortfall bookbuild attracted strong demand and support from both existing (Institutional Entitlement Offer) and new (institutional shortfall bookbuild) investors. The offer closed oversubscribed.

Austal CEO Andrew Bellamy said, the level of uptake from institutional investors was pleasing, both in terms of the strong support received and the ability of Austal to use the funds committed to optimise its balance sheet to harness the company's record order book and improving profitability.

"We thank our existing institutional investors for their ongoing support, and we are delighted to welcome high quality new institutional investors to the share register" he said.

"After implementing the restructure initiatives from our strategic review, Austal's financial performance is now trending in the right direction and the additional balance sheet strength will ensure our shareholders can derive value from the growth platform now in place."

As announced on Thursday, 22 November 2012, the accelerated non-renounceable entitlement offer (**Entitlement Offer**), will raise up to approximately A\$86 million to strengthen Austal's balance sheet and reduce net indebtedness.

## **Commencement of Retail Entitlement Offer**

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) will open on Friday, 30 November 2012 and close at 5.00pm (Sydney time) on Monday, 17 December 2012. The Retail Entitlement Offer is expected to raise up to approximately A\$21 million.

Retail shareholders eligible to participate under the terms of the Retail Entitlement Offer (**Eligible Retail Shareholders**) will be able to subscribe for 9 New Shares for every 10 Austal ordinary shares held at 7.00pm (Sydney time) on Tuesday, 27 November 2012 (the Record Date), at the same Offer Price as the Institutional Entitlement Offer.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Information Booklet, which will be sent on or around Friday, 30 November 2012, and follow the instructions set out on the personalised Entitlement and Acceptance Form that will accompany the Retail Information Booklet.

As a result of this announcement, Austal expects its voluntary suspension to be lifted and shares to recommence trading today on an ex-entitlement basis.

For further information contact:

Austal, Public Relations

Tel: +61 8 9410 1111

Fax: +61 8 9410 2564

Email: [pubrel@austal.com](mailto:pubrel@austal.com)

Website: [www.austal.com](http://www.austal.com)

## **Important information**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The New Shares offered and sold in the Entitlement Offer have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), or under 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 offered and sold in the Entitlement 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.

This document may not be distributed or released in the United States.

### *Forward-looking statements*

This announcement contains certain "forward-looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may," "should," "expect," "anticipate," "estimate," "scheduled" or "continue" or the negative thereof or

comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Austal does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

## 6 Glossary

### Definitions

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>\$ or A\$</b>                            | Australian dollars.                                                                                                                                                                                                                                                                                                                                                                             |
| <b>AEDT</b>                                 | Australian Eastern Daylight Time.                                                                                                                                                                                                                                                                                                                                                               |
| <b>Additional New Shares</b>                | Any New Shares in excess of Entitlements.                                                                                                                                                                                                                                                                                                                                                       |
| <b>Applicant</b>                            | An Eligible Retail Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.                                                                                                                                                   |
| <b>Application</b>                          | A duly completed Entitlement and Acceptance Form that has been lodged with the Share Registry in accordance with the instructions set out on that form accompanied by the relevant Application Monies or arranging for payment of the relevant application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.                                      |
| <b>Application Monies</b>                   | The aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.                                                                                                                                                                                                                                                                |
| <b>ASIC</b>                                 | Australian Securities and Investments Commission.                                                                                                                                                                                                                                                                                                                                               |
| <b>ASX</b>                                  | ASX Limited (ACN 008 624 691) or the financial market operated by the Australian Securities Exchange.                                                                                                                                                                                                                                                                                           |
| <b>ASX Listing Rules</b>                    | The official rules of the ASX.                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ASB or Austal Limited</b>                | Austal Limited (ABN 73 009 250 266).                                                                                                                                                                                                                                                                                                                                                            |
| <b>Corporations Act</b>                     | <i>Corporations Act 2001</i> (Cth).                                                                                                                                                                                                                                                                                                                                                             |
| <b>CRN</b>                                  | Customer Reference Number.                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Director</b>                             | Director of ASB.                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Eligible Institutional Shareholder</b>   | A Shareholder (or a beneficial owner of Shares) on the Record Date who is also an Institutional Investor to whom an offer was made under the Institutional Entitlement Offer and who ASB and the Joint Lead Managers agree has successfully received that offer (either directly or through a nominee).                                                                                         |
| <b>Eligible Retail Shareholder</b>          | A Shareholder on the Record Date who is not an Eligible Institutional Shareholder, an Ineligible Institutional Shareholder or an Ineligible Retail Shareholder.                                                                                                                                                                                                                                 |
| <b>Entitlement</b>                          | The number of New Shares for which an: <ul style="list-style-type: none"> <li>– Eligible Institutional Shareholder is entitled to subscribe under the Institutional Entitlement Offer; and</li> <li>– Eligible Retail Shareholder is entitled to subscribe under the Retail Entitlement Offer,</li> </ul> in each case being 9 New Shares for every 10 existing Shares held on the Record Date. |
| <b>Entitlement and Acceptance Form</b>      | The Entitlement and Acceptance Form accompanying this Retail Offer Booklet to be used to make an Application in accordance with the instructions set out on that form.                                                                                                                                                                                                                          |
| <b>Entitlement Offer</b>                    | The Institutional Entitlement Offer and the Retail Entitlement Offer.                                                                                                                                                                                                                                                                                                                           |
| <b>Excess Amount</b>                        | Application Monies received by ASB in excess of the amount in respect of an Eligible Retail Shareholder's Entitlement.                                                                                                                                                                                                                                                                          |
| <b>GST</b>                                  | Goods and services tax.                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Ineligible Institutional Shareholder</b> | A Shareholder (or a beneficial owner of Shares) on the Record Date who is not an Eligible Institutional Shareholder.                                                                                                                                                                                                                                                                            |
| <b>Ineligible Retail</b>                    | A Shareholder (or a beneficial owner of Shares) on the Record Date who is not an                                                                                                                                                                                                                                                                                                                |

|                                        |                                                                                                                                                                                                                                                                                                 |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Shareholder</b>                     | Eligible Retail Shareholder and who ASB and the Joint Lead Managers agree although a Retail Investor, should not receive an offer under the Retail Entitlement Offer in accordance with ASX Listing Rule 7.7.1(a).                                                                              |
| <b>Institutional Entitlement Offer</b> | The offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.                                                                                                                                                                                                     |
| <b>Institutional Investor</b>          | A person to whom the Joint Lead Managers reasonably believe to be a person to whom offers for issue of shares may lawfully be made without the need for a lodged product disclosure statement, prospectus or other disclosure document or other filing with or approval by a government agency. |
| <b>Institutional Offer</b>             | The institutional component of the Entitlement Offer.                                                                                                                                                                                                                                           |
| <b>Joint Lead Managers</b>             | J.P. Morgan Australia Limited (ABN 52 002 888 011) and Macquarie Capital (Australia) Limited (ABN 79 123 199 548).                                                                                                                                                                              |
| <b>New Shares</b>                      | Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued to the Joint Lead Managers or sub-underwriters.                                                                                               |
| <b>Offer Documents</b>                 | The Retail Offer Booklet, Entitlement and Acceptance Form, Investor Presentation and other ASX announcements made by ASB in connection with the Acquisition and the Equity Offer.                                                                                                               |
| <b>Offer Price</b>                     | A\$0.50 per New Share, being the price payable for New Shares under the Offer.                                                                                                                                                                                                                  |
| <b>Record Date</b>                     | The time and date for determining which Shareholders are entitled to the Entitlement, being 7:00 pm (AEDT) on 27 November 2012.                                                                                                                                                                 |
| <b>Retail Closing Date</b>             | 5.00pm (WST) on 17 December 2012, being the latest time and day by which completed Entitlement and Acceptance Forms and BPAY payments of Application Monies will be accepted (subject to variation).                                                                                            |
| <b>Retail Entitlement Offer</b>        | The offer under this Retail Offer Booklet of New Shares to Eligible Retail Shareholders under the Entitlement Offer as described in the "How to apply" section of this Offer Booklet.                                                                                                           |
| <b>Retail Entitlement Offer Period</b> | The period between the Retail Entitlement Offer opening date and the Retail Offer Closing Date.                                                                                                                                                                                                 |
| <b>Retail Offer Booklet</b>            | This document dated 30 November 2012.                                                                                                                                                                                                                                                           |
| <b>Underwriting Agreement</b>          | The Underwriting Agreement dated 22 November 2012 between ASB and the Joint Lead Managers, as described in the "Important information" section.                                                                                                                                                 |
| <b>Share</b>                           | A fully paid ordinary share of ASB.                                                                                                                                                                                                                                                             |
| <b>Share Registry</b>                  | Advanced Share Registry Ltd.                                                                                                                                                                                                                                                                    |
| <b>Shareholder</b>                     | The holder of a Share.                                                                                                                                                                                                                                                                          |
| <b>U.S. or United States</b>           | United States of America, its territories and possessions, any state of the United States and the District of Columbia.                                                                                                                                                                         |
| <b>U.S. Securities Act</b>             | The U.S. Securities Act of 1933.                                                                                                                                                                                                                                                                |
| <b>WST</b>                             | Western Standard Time.                                                                                                                                                                                                                                                                          |

## 7 Corporate directory

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### Registered Office

100 Clarence Beach Road  
HENDERSON WA 6166

### Stock Exchange Listing

Austal ordinary shares are listed on the Australian Securities Exchange (**ASX**) (code: ASB)

### Website

To view annual reports, shareholder and company information, news announcements, background information on Austal's businesses and historical information, visit Austal's website at [www.austal.com](http://www.austal.com)

### Austal Share Registry

Advanced Share Registry Ltd  
Unit 2, 150 Stirling Highway  
NEDLANDS WA 6009

Telephone: +61 8 9389 8033 between 8.30am and 5.00pm (WST) Monday to Friday during the Retail Entitlement Offer Period.

Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:

Austal Share Registry  
C/- Advanced Share Registry Ltd  
Unit 2, 150 Stirling Highway  
NEDLANDS WA 6009



30 November 2012

[Ineligible Shareholder]  
[Overseas address 1]  
[Overseas address 2]  
[Overseas address 3]

Dear Shareholder,

**AUSTAL LIMITED ENTITLEMENT OFFER — NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

This letter is to inform you that, unfortunately, you are not eligible to participate in the Retail Entitlement Offer (defined below). **You are not required to do anything in response to this letter.**

On 22 November 2012, Austal Limited (ABN 73 009 250 266) ("**ASB**") announced that it was conducting an equity raising of up to approximately A\$86 million in new ASB shares ("**New Shares**") through an accelerated non-renounceable pro-rata entitlement offer ("**Entitlement Offer**"). The Entitlement Offer is being made by ASB in accordance with section 708AA of the Corporations Act 2001 (Cth) ("**the Act**") as modified by ASIC Class Order [CO 08/35].

Net proceeds from the Entitlement Offer will be used to reduce indebtedness and strengthen Austal's balance sheet.

The Entitlement Offer comprises an initial offer to eligible institutional and sophisticated shareholders ("**Institutional Entitlement Offer**") and an offer to remaining eligible retail shareholders ("**Retail Entitlement Offer**"). The Institutional Entitlement Offer has already taken place and raised approximately A\$65 million. The Retail Entitlement Offer is expected to raise up to approximately A\$21 million.

**Terms of the Retail Entitlement Offer**

Under the Retail Entitlement Offer, Eligible Retail Shareholders, as defined below, will be invited to subscribe for 9 New Shares for every 10 existing ASB shares ("**Shares**") held at 7pm (AEDT) on 27 November 2012 ("**Record Date**") at an offer price of A\$0.50 per New Share ("**Offer Price**"). The Retail Entitlement Offer is being made at the same Offer Price and offer ratio as the Institutional Entitlement Offer.

The Entitlement Offer is being made by ASB without a disclosure document or product disclosure statement in accordance with section 708AA of the Act. The Institutional Entitlement Offer has been fully underwritten.

Documents relating to the Retail Entitlement Offer were lodged with ASX on 30 November 2012 and are being mailed to Eligible Retail Shareholders, as defined below. Shareholder approval is not required for ASB to make the offer under the Entitlement Offer.

100 Clarence Beach Road    Tel +61 8 9410 1111  
Henderson    Fax +61 8 9410 2564  
Western Australia    Email [info@austal.com](mailto:info@austal.com)  
www.austal.com

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

**Why am I not eligible to participate in the Retail Entitlement Offer?**

ASB has determined, pursuant to section 9A(3)(a) of the Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in countries outside Australia and New Zealand in connection with the Retail Entitlement Offer. The securities laws of many countries require the use of offer documents specific to that country or compliance with local laws for the Retail Entitlement Offer to be made in those countries. Having regard to the number of retail shareholders in particular countries, the number and value of New Shares to which those shareholders would otherwise be entitled and the potential cost of compliance with local laws to make the Retail Entitlement Offer in those countries, ASB has limited the countries in which the Retail Entitlement Offer will be made to Australia and New Zealand.

Shareholders who are eligible to participate in the Retail Entitlement Offer ("**Eligible Retail Shareholders**") are those holders of Shares who:

- a) are registered as a holder of Shares as at the Record Date, being 7pm (AEDT) on 27 November 2012;
- b) have a registered address on the ASB register in Australia or New Zealand;
- c) are not in the United States and are not acting on behalf of a person in the United States;
- d) were not invited to participate (other than as nominee in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with section 9A(3)(b) of the Act and ASX Listing Rule 7.7.1(b), this letter is to advise you that you are not an Eligible Retail Shareholder and are therefore ineligible to apply for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer.

New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Retail Shareholder will be allocated in accordance with the underwriting agreement with J.P. Morgan Australia Limited and Macquarie Capital (Australia) Limited. As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for any New Shares you would have been entitled to if you were an Eligible Retail Shareholder.

**Further information**

If you have any questions in relation to any of the above matters, please contact Advanced Share Registry Ltd on +61 8 9389 8033 at any time from 8.30am to 5.00pm (AWST) Monday

to Friday during the Retail Entitlement Offer period being 30 November 2012 to 17 December 2012 or visit <http://www.austal.com>.

For other questions, you should consult your stockbroker, accountant or other independent professional adviser.

**As an ineligible retail shareholder you are not required to do anything in response to this letter.**

On behalf of the Board and Management of ASB, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'John Rothwell', with a long horizontal flourish extending to the right.

**John Rothwell**  
**Chairman**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. No action has been taken or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the entitlements and the New Shares 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. Accordingly, the entitlements may only be taken up by, and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered or sold to, persons outside the United States in "offshore transactions" as defined in Regulation S under the Securities Act in reliance on Regulation S under the Securities Act.

The provision of this notice is not, and should not be considered as, financial product advice. The information in this notice is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, solicitor or other independent professional advisor.