COMPANY ANNOUNCEMENT
25 OCTOBER 2013

CHAIRMAN'S ADDRESS TO SHAREHOLDERS
2013 ANNUAL GENERAL MEETING

Chairman: John Rothwell

Venue: Western Australia Maritime Museum

Date: 3pm, Friday 25 October 2013

Good afternoon ladies and gentlemen,

Before Andrew Bellamy provides his detailed presentation, I would just like to make a few remarks of my own.

Austal has undergone a significant period of transformation since our last annual general meeting. The 2013 financial year was one of record revenue and strong earnings growth. In the past 12 months we also strengthened our balance sheet, putting Austal in a solid position to deliver on its order book and operational improvements.

Earnings growth in the financial year came from improvements in vessel construction at all of Austal's shipyards. This was particularly the case in the US, where management and staff drove operational efficiencies across the shipyard, implementing the lessons learnt during construction of the first Joint High Speed Vessel. For example, in June we delivered the second JHSV just six months after the first one. We also made major progress in our Littoral Combat Ship program, including delivering LCS 4 to the US Navy in September.

Here in Australia, performance at the Henderson shipyard greatly improved, particularly in the second half. We made solid progress on the eight-vessel Cape Class Patrol Boat contract, including delivering the first vessel, Cape St George, to Australian Customs. Just two weeks ago this vessel entered operational duties for Australia after successfully completing operational testing.

Construction of the remaining vessels is progressing well and we are even proposing a faster build of the vessels.

In the Philippines we returned a profit in its first full year of operations, which was a major achievement. In December, we delivered our first commercial ship built in the Philippines and have continued to make good progress in growing the shipyard since then, including construction of our first ferry. The yard is currently completing its first large ferry being an 80 metre vehicle/passenger catamaran for Tahiti.

We also took steps to restructure our service and systems division to align with current work and anticipated opportunities, particularly in Northern Australia and the Asia Pacific region.

Austal's CEO, Andrew Bellamy, will talk further about these achievements during his presentation to you shortly. However, I would like to take this opportunity to extend my congratulations to Andrew, the senior management, and all of our staff for their performance in the year and delivering on the improvements across our business.

Underlying this improved operational performance was the significant strengthening of our balance sheet. When I spoke to you at last year's AGM we were in the midst of completing a capital raising. This was a very challenging decision but one that was critical for the Company. The Entitlement Offer was well supported, with the $77.9 million raised used to pay down debt and provide working capital needed to deliver on our major contracts. I want to thank existing shareholders for their support and welcome a number of new shareholders that came onto Austal's register through participating in the raising. I look forward to sharing in the Company's future successes with you.

I would like to take a moment to recognise our former Board members who have resigned since our last AGM. Austal's former Deputy Chairman, John Poynton, resigned in June to devote more time to his other businesses and not-for-profit activities. John joined the Board in 1998 and saw the business grow from a global fast ferry builder and expand to also being an international defence contractor.

Also in June, Michael Atkinson, who had been part of Austal for 23 years, resigned from his role as finance executive and Executive Director. Michael has made an amazing contribution to the company and I seriously doubt that we would have achieved the growth from a small start-up to an international shipbuilder in three countries without him. I would like to thank John and Michael for their dedication to Austal over such a long period. Their service to our company is truly appreciated.

We have commenced an executive search for a new Board member and will be in a position to announce a new appointment shortly.

Looking ahead, I am very optimistic about Austal's future. We are continuing to drive progressive margin growth by achieving efficiency improvements on our major projects in the US and Australia. We also have a strong pipeline of work, with a $2.2 billion order book and two further Littoral Combat Ships to be funded by the US Navy in this financial year. We will continue to focus on prudent cash management to deliver on this substantial amount of work in hand. Meanwhile, we will pursue new opportunities to construct variant-style defence contracts in both existing and new markets.

The past year was one of improved financial performance and repositioning the Company. With this strong foundation, I look forward to the coming 12 months with confidence that we will continue to drive shareholder value.

I will invite Andrew Bellamy to provide a more detailed overview of our performance in the financial year and the Company's outlook.

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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 over 25 years.

Austal's primary facilities comprise a dedicated defence 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, the Caribbean, and the Middle East. Systems development, sales and support are coordinated from Austal's facility in Canberra, Australia.

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