



COMPANY ANNOUNCEMENT
30 OCTOBER 2020

**CHAIRMAN'S ADDRESS TO SHAREHOLDERS
2020 ANNUAL GENERAL MEETING**

Chairman: John Rothwell AO

Venue: Austal Limited, 100 Clarence Beach Road Henderson Western Australia and via webcast to shareholders and registered attendees

Date: Friday 30 October 2020, 1.00pm (Perth time)

Good afternoon shareholders and guests, and welcome to Austal's 2020 Annual General Meeting [ASX: ASB].

Prior to David's detailed operational presentation, I will take a moment to provide my overview of Austal's performance in the year and where to next, for Austal.

The 2020 financial year was one of strong financial performance for Austal. The Company exceeded \$2 billion in revenue for the first time in its 30-plus year history and reported a record (EBITDA) of \$176.1 million - and a record Net Profit After Tax of \$89 million.

These results enabled the Board to increase the dividend payment, from 6 cents per share (unfranked) in the financial year 2019, to 8 cents per share (unfranked) in 2020.

Throughout the COVID-19 pandemic all our shipyards remained fully operational, with appropriate health and wellbeing measures put in place to protect our, almost 7000 strong workforce. We are, however, cognisant that the COVID-19 situation remains dynamic and has the potential to have an impact on our operations. We will continue to monitor the situation closely and adapt where required to mitigate the potential impacts from the virus.

Our US operations celebrated 20 years of shipbuilding in December 2019. In just two decades Austal USA has grown to become a world-leading defence shipbuilder.

In that time we have been the only foreign-owned prime contractor to design, construct and sustain ships for the US Navy.

Austal USA has been the core driver of our financial performance for a number of years. In this financial year it constituted around three-quarters of our revenue through the ongoing efficient delivery of high-quality aluminium vessels to the US Navy.

Three ships were delivered to US Navy during 2020, with a further seven in various stages of construction.

At last year's AGM I talked about our expansion in Australasia with new shipbuilding facilities at our Cebu shipyard in the Philippines, new operations established in Vietnam and through our joint venture in China. In 2020, the three-year expansion and re-organisation of Austal Australasia was evident with stronger earnings and improved margins.

Led by a high-calibre team, the reinvigorated Australasian business is in a robust position to adapt and navigate through future obstacles. In Australasia, we remain aware that COVID-19 presents logistical challenges for our integrated network of shipyards, and the impact of global travel restrictions may cause a softening in demand for large vehicle ferries.

Our support business, which operates at our major shipyards as well as other strategic locations around the globe, went from strength to strength. Revenue from this segment was up 28.4% compared to 2019.

Our strategy has been to grow our global support business as an increasing number of Austal-designed and built vessels are being commissioned and deployed by the US Navy. Providing support services will deliver a long-term, stable income stream that will underpin sustained shareholder returns.

Austal entered the 2021 financial year with a \$4.2 billion dollar order book, including contracted orders for the US Navy that extend through to 2024. With the delivery of our work in hand and the award of no additional vessels in the USA, the order book is now lower than 12 months ago.

While the award of the US Navy frigate program to an alternate bidder in May 2020 was clearly disappointing, we are now in the midst of expanding our Mobile, Alabama shipyard to participate in future US Navy programs for steel ships. These facility upgrades are jointly funded. The US Government offered Austal a substantial grant to expand and upgrade our facilities.

Outside of the USA, in 2020 we secured a \$324 million dollar contract to design and construct six evolved *Cape Class* Patrol Boats for the Royal Australian Navy. This is the largest contract for an Australian vessel construction program ever awarded to Austal and will assist in providing stability for our Australian shipyard and workforce in the years ahead, as we look to navigate the economic challenges presented by COVID-19.

Before closing, I would like to recognise some personnel changes that have taken place during the year.

Firstly, today will be David Singleton's last AGM as Austal's Chief Executive Officer, handing over to Chief Operating Officer Patrick Gregg on 1 January 2021 following a planned six month transition period. I would like to take this opportunity to thank David for his contribution on what will be almost five years as CEO at Austal and wish him all the best for the future.

I also welcome Paddy as CEO-designate. Paddy's deep experience, drive, and commitment meant he was a natural successor to the CEO role when he joined Austal in February 2017. We recently announced Ian McMillan will commence as Chief Operating Officer from 1 January 2021, joining Austal from BAE Systems Australia.

Secondly, I'd also like to welcome Michael McCormack, who joined the Board as a Non-Executive Director just last month. Mick's track record in delivering growth as CEO at the APA Group for over 15 years and his considerable experience in the infrastructure sector meant he was a clear standout from the diverse list of high-calibre candidates presented to the Board by an external recruitment firm. We are confident Mick will add significant value to Austal as we undertake the next phase of our growth strategy.

So, in closing, I would like to thank my fellow Board members for their ongoing guidance and counsel, and express my sincere thanks to all Austal staff, whose hard work, adaptability, and resilience enabled Austal to deliver record financial results in an unprecedented year.

I'd also like to specifically note the contributions of the executive leadership team supporting David and Paddy, including: Greg Jason, CFO; Ben Marland, VP Sales and Marketing; Adrian Strang, General Counsel; Andrew Malcolm, VP Strategy & Commercial Development; Davyd Thomas, VP Defence; Craig Perciavalle, the President of our USA operations; Wayne Murray, President of our Philippines operations; Mark Dummett, President of our Vietnam operations; and Lisa Breen, our Head of HR.

Finally, to our loyal shareholders. Our focus is on delivering on our existing pipeline and making the right strategic decisions today that will enable the business to grow into the future and deliver long-term value. I thank you for your ongoing support.

This ASX announcement has been approved and authorised for release by David Singleton, Austal Limited's Chief Executive Officer.

-ENDS-

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About Austal:

Austal is Australia's global shipbuilder and defence prime contractor designing, constructing and sustaining some of the world's most advanced commercial and defence vessels.

For more than 30 years Austal has contracted more than 300 vessels for over 100 commercial and defence operators in 54 countries, worldwide.

Austal is Australia's largest defence exporter and first ASX-listed shipbuilder. Austal has industry-leading shipyards in Australia, the United States of America, Philippines and Vietnam with service centres worldwide, including the Middle East.

Austal delivers iconic monohull, catamaran and trimaran commercial vessel platforms – including the world's largest trimaran ferry and multiple defence programs such as the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) for the United States Navy.

Austal has grown to become the world's largest aluminium shipbuilder and is Australia's largest defence exporter.

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