



**COMPANY ANNOUNCEMENT
30 OCTOBER 2015**

**CHAIRMAN'S ADDRESS TO SHAREHOLDERS
2015 ANNUAL GENERAL MEETING**

Chairman: John Rothwell AO

Venue: Austal Ltd, Annual General Meeting, Fremantle Sailing Club, Marine Terrace
Fremantle WA

Date: 30 October 2015

Good afternoon shareholders and guests, and welcome to Austal's 2015 Annual General Meeting.

In my short speech today, I would firstly like to reflect on Austal's achievements in the 2015 financial year. It was a year in which Austal grew from strength to strength, delivering the best result in the Company's 27 year history, reducing debt and returning to dividends. Some of the highlights were:

- Reporting revenue of \$1.4 billion, which was ahead of guidance to the market, and a record net profit of \$53.2 million;
- Delivering on major vessel programs across our three shipyards in the USA, Australia, and the Philippines;
- Maintaining a strong focus on cash generation, which supported the resumption of dividends and was also used to repay debt;
- Completing our first Littoral Combat Ship as prime contractor, LCS 6;
- Receiving funding for the final two Littoral Combat Ships under our original contract with the US Navy, as well as an option for an additional LCS;
- Securing new shipbuilding contracts with an undisclosed Asian operator and Caspian Marine Services; and
- Increased the EBIT contribution and EBIT margin of the Service and Sustainment business in the USA.

Moving into the first few months of the 2016 financial year, we have had further success across the business, including the delivery of LCS 6 to the US Navy, refinancing our debt facility on more flexible and favourable terms, and launching the first High Speed Support Vessel in Henderson for the Royal Navy of Oman. Andrew will provide more detail in his presentation shortly and the strategy and outlook for the year to come.

Austal also added further expertise to its Board in the year, with Jim McDowell commencing as an Independent Director in December 2014. Jim has brought extensive defence industry experience to the team and I would like to welcome him here today to his first AGM as an Austal director.

By way of overview of the current Austal global business I will comment as follows;

- 1) The Austal Board mix is highly suitable to our current business and is composed of a very capable team with very relevant industry experience.
- 2) Andrew Bellamy as CEO has built a very strong team of highly professional managers around him. New appointments have been made including a head of Strategy Development, Procurement, Human Resources, Safety, Production and others.
- 3) Our US business is very well managed by Austal's US President who also has a much improved team around him. It is a large business with a very demanding customer which requires professional managers. Austal USA is now one of the big 5 defence shipyards in the US, employing around 4,500 people in the most modern shipyard in the United States.
- 4) Only a little over 3 years ago we commenced operations at our newly acquired Philippines shipyard and we now have the capability to compete with the lowest cost shipyards in the world. None of the vessels that have been built there to date would have been contracted had we had to offer them at Australian prices.
- 5) For a number of years we have been lifting our defence capabilities profile in Australia and are finally well and truly on the radar screens of Government and the Defence department. There is a number of upcoming defence shipbuilding opportunities in our country and we are well positioned to benefit from those. There is no other Australian owned, military shipbuilder with more global experience than Austal.

The year has been one of "building" and I thank my fellow Board members for their counsel and effort to this end.

I would also like to take a moment to recognise the results Andrew and his executive management team have delivered, as well as thank Austal's staff for their consistent loyalty and hard work during the year, all of which has made our achievements possible.

Finally, I would like to extend my thanks to fellow shareholders for your ongoing support of Austal. The Company has a set of key strategic initiatives in place which are targeted at building on our success and enhancing returns to you, our shareholders.

Thank you all for attending today.

-Ends-

About Austal

Austal is a global defence prime contractor and a designer and manufacturer of defence and commercial ships. For more than 25 years Austal has been a leader in the design, construction and maintenance of revolutionary ships for Governments, Navies and Ferry operators around the world. More than 250 vessels have been delivered in that time.

Ships

Defence vessels designed and built by Austal include multi-mission combatants, such as the Littoral Combat Ship (LCS) for the United States Navy and military high speed vessels for transport and

humanitarian relief, such as the Expeditionary Fast Transports (EPF) formerly known as the Joint High Speed Vessel (JHSV) for the United States Navy and High Speed Support Vessel (HSSV) for the Royal Navy of Oman. Austal also designs, constructs, integrates and maintains an extensive range of patrol and auxiliary vessels for government agencies globally, including the Cape Class Patrol Boat Program for Australian Border Force (formerly Customs and Border Protection). Defence vessels are designed and constructed in Mobile, Alabama and in Henderson, Western Australia.

Austal has been at the forefront of the high speed ferry market since the early days of the industry. Our market leading designs of high performance aluminium vessels have long been at the heart of Austal's research and development. Today, commercial ship construction is centred on our shipyard in Balamban, Philippines.

Systems

Austal has expertise in integrating complex systems into its ships, including ride control, ship management, and communication, sensors and weapon systems.

Support

Austal provides a wide range of support services, including through life support, integrated logistics support, vessel sustainment and systems support. These services are delivered through our global support network in the USA, Australia, Asia and the Middle East together with partner shipyards worldwide.

For further information contact:

Austal, Public Relations

Tel: +61 8 9410 1111

Fax: +61 8 9410 2564

Email: pubrel@austal.com

Website: www.austal.com