

20 January 2023

Jenita Iyalu
Adviser, Listings Compliance
Australian Securities Exchange
Level 40, Central Park
152 – 158 St Georges Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Jenita,

Response to ASX ‘General - Aware Query’ letter – 18 January 2023

Austal refers to your letter dated 18 January 2023 and responds as follows to the questions therein:

1. *Does ASB consider the updated earnings guidance for FY2023 provided in the Announcement, in particular:*

1.1. *the forecasted loss arising from the T-ATS project of \$US41.2 million (assuming the REA’s are not resolved during FY2023); and*

1.2. *in the event the REA’s aren’t resolved, the forecasted earnings guidance for FY2023 being reduced from approximately AU\$100 million to approximately AU\$58 million,*

(the ‘Information’) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Please answer separately to each of the above.

Austal – yes, in relation to the Information in both 1.1 and 1.2.

2. *If the answer to either part of question 1 is “no”, please advise the basis for that view.*

Austal – see above.

3. *When did ASB first become aware of the Information?*

Austal – Austal became aware of the updated estimated forecast loss (that is, the Information described at item 1.1) at approximately 11.15am AEDT on 17 January 2023 following completion of an internal program office review of estimates at completion for the T-ATS project at its US

operations. On receipt of the outcome of that review, Austal immediately undertook a number of enquiries to verify the updated forecast, and to ascertain the status of the outstanding REAs in order to assess what impact they could have on the updated forecast earnings and how they needed to be treated from an accounting perspective. Following these enquiries, Austal formed a view on the Information in item 1.2 above some time after approximately 2.30pm AEDT on 17 January 2023.

4. *If ASB first became aware of the Information before the relevant time of release of the Announcement, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe ASB was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps ASB took to ensure that the Information was released promptly and without delay.*

Austal – as per question 3 above, Austal first became aware of the Information relating to the updated forecast on 17 January 2023. Austal made immediate enquiries in order to check and assess the information received, to ensure the impact of outstanding REAs on the information received was understood and to ensure any announcement to ASX was accurate.

5. *Please confirm that ASB is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

Austal - Austal confirms it is complying with the listing rules, including Listing Rule 3.1.

6. *Please confirm that ASB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ASB with delegated authority from the board to respond to ASX on disclosure matters.*

Austal – confirmed.

Yours sincerely,



Adrian Strang
Company Secretary
Austal Ltd



18 January 2023

Mr Adrian Strang
Company Secretary
Austral Limited

By email

Dear Mr Strang

Austral Limited ('ASB'): General – Aware Query

ASX refers to the following:

- A. ASB's announcement "Earnings guidance update" lodged on the ASX Market Announcements Platform and released at 3:34 PM AEDT on 17 January 2023 (the 'Announcement'), disclosing that in the event ASB does not obtain a resolution from its Requests for Equitable Adjustment ('REA'), it anticipates:
- (i) a forecasted loss arising from its Towing Salvage and Rescue Ship ('T-ATS') project of \$US41.2 million for FY2023; and
 - (ii) the forecasted earnings guidance for FY2023 being reduced from approximately AU\$100 million to approximately AU\$58 million.
- B. The price of ASB's securities at close of trading on 16 January 2023 of \$2.02 to an intraday high of \$2.10, intraday low of \$1.80 following the release of the Announcement before closing at \$1.83 on 17 January 2023;
- C. The significant increase in the volume of securities traded from approximately 3:24 PM AEDT on 17 January 2023 prior to the release of the Announcement.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*

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- *The information is a trade secret; and*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 *A reasonable person would not expect the information to be disclosed.”*
- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:
- “Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Request for information

Having regard to the above, ASX asks ASB to respond separately to each of the following questions and requests for information.

1. Does ASB consider the updated earnings guidance for FY2023 provided in the Announcement, in particular:
 - 1.1 the forecasted loss arising from the T-ATS project of \$US41.2 million (assuming the REA’s are not resolved during FY2023); and
 - 1.2 in the event the REA’s aren’t resolved, the forecasted earnings guidance for FY2023 being reduced from approximately AU\$100 million to approximately AU\$58 million,(the ‘Information’) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Please answer separately for each of the above.
2. If the answer to either part of question 1 is “no”, please advise the basis for that view.
3. When did ASB first become aware of the Information?
4. If ASB first became aware of the Information before the relevant time of release of the Announcement, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe ASB was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps ASB took to ensure that the Information was released promptly and without delay.
5. Please confirm that ASB is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that ASB’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ASB with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **7:00 AM Monday, 23 January 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ASB’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ASB to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ASB's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ASB's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ASB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that ASB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Jenita Iyalu
Adviser, Listings Compliance