



**COMPANY ANNOUNCEMENT
30 OCTOBER 2014**

**AUSTAL LIMITED (ASX: ASB)
CHAIRMAN'S ADDRESS TO SHAREHOLDERS
2014 ANNUAL GENERAL MEETING**

Chairman: John Rothwell AO

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

Date: 30 October 2014

Good afternoon ladies and gentlemen. Before our Chief Executive Officer, Andrew Bellamy, provides his detailed presentation, I would like to make a few remarks of my own.

1) The 2014 financial year in summary:

- Austal delivered more than \$1 billion in revenue for the first time in history;
- the Company's debt was substantially reduced by approximately 50% to below \$70 million;
- the order book stood at a record \$2.8 billion at the close of the financial year;
- there have been substantial operational improvements across all our shipyards; and
- there is an expectation that Austal will again be in a position to deliver dividends to shareholders in the current financial year.

2) The 2014 financial year was rewarding for a number of reasons:

- underlying earnings or EBITDA were up by more than \$16 million;
- margins have continued to improve in the US due to operational maturity. Management strength has improved substantially as has the performance of the Company's US Board. The Company has received funding for two more LCS's and delivered two JHSV's. Austal's US yard now employs around 4000 people in "State of the Art" facilities;
- the Philippines shipyard has grown its capability through the construction of wind-farm support vessels for Europe and has delivered an 80 metre ferry to Tahiti. It is currently carrying out substantial modifications to the recently sold 102 metre trimaran for that vessel's new European owners. The yard has commenced construction of two 45 metre high speed catamarans for a customer in Abu Dhabi. Design capacity in the Philippines

has also grown, which will assist our Australian operations in a cost effective way. All this was achieved in just over 3 years since the yard was established; and

- the Australian operations are very effectively managed by its General Manager, Graham Backhouse. Three of the new Cape class Customs vessels were delivered through the year and another 5 of these vessels are at varying stages of construction. Contracts were secured for two 72 metre high speed Theatre Support Vessels for the Royal Navy of Oman.

I would like to make a special mention of the work done by the CEO, Andrew Bellamy, his senior managers and all other staff.

I also thank my fellow Board members who have been of great value during the year. I am particularly grateful to Dario Amara who has decided to retire from our Board after almost nine years of service. Dario has been a great supporter to me personally, has chaired the Company's Audit and Risk Committee for a number of years and has seen substantial growth in our Company during his term on the Board.

I would also like to welcome Giles Everist to his first Austal AGM as a Non-Executive Director after commencing in November 2013 and I look forward to Jim McDowell joining us in December 2014 as a Non-Executive Director, following Dario's resignation.

Finally I thank our shareholders, many of whom have been on our register for a number of years. With the current order book coupled with a strong management team in each of our business units, we look forward to ongoing stability of earnings in our future.

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 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 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, the Caribbean and the Middle East together with partner shipyards worldwide.

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