Good afternoon shareholders and guests, and welcome to Austal’s 2019 Annual General Meeting [ASX: ASB].

Prior to David’s detailed operational presentation, I will take a few minutes to provide my overview of the year and our various business units.

Overall 2019 was a great year and shareholders will hopefully agree with me that the year was rewarding, both financially and strategically.

FINANCIAL OVERVIEW

The company recorded an EBIT of close to $93 million and a net profit after tax of just over $61 million. Our approximate share price at the last AGM was circa $1.80 and it is now above $4.00. This price is at an all time high for the company and appears to reflect the confidence the market has in our future.

AUSTAL USA

Our US business was once again the main contributor to this year’s result. Construction costs have improved and our US Navy customer awarded us more contracts for both classes of ships. The Austal US President, Craig Perciavalle, has built a strong team around him which has led him to achieving excellent results. Ships are being completed with improving margins, are of high quality and delivered on time. Craig is supported by the US Management Board of which the external members all have substantial experience in US Defence contracting. The total of US Navy vessels completed, under construction and on order is now 19 Littoral Combat Ships and 14 Expeditionary Fast Transport ships. It is only 20 odd years ago that the decision was made to set up Austal in the US and we are now ranked amongst the largest Defence shipyards in the country.
AUSTRALASIA

The Australasian business is turning around and has contributed to the year’s profit performance. In the 2018/2019 years several commercial ferry contracts were won which is satisfying in light of our significant investment in Asian facilities. This investment was an important step in light of tightening margins across the commercial sector.

A new, “state of the art” shipbuilding hall was erected at Austal Philippines Cebu, which will lead to far greater efficiencies. The business is managed by Wayne Murray who is a long time Austal employee and is doing well in this management role. The first large ferry for a Norwegian customer is now nearing completion in the new hall and construction of a second large car ferry for Fred Olsen in the Canary Islands has commenced.

I have a short video to show you on the new Cebu facility [video is played].

Austal Vietnam is a more recent operation and is completing its first large ferry for Trinidad and Tobago. It is managed by Mark Dummett who has also previously spent many years at Austal, and who has been able to pull together a very capable team in a short time. A commendable effort.

Our Joint Venture in China is in a growth mode and several passenger ferries have been delivered to Chinese customers.

Last but not least are the Australian operations which together with the Asian shipyards are managed by Patrick Gregg the Austal/Australasia COO. Paddy has made a huge difference to our efficiency, quality and the way we manage since arriving at Austal. Well advanced in Henderson is a 118 metre trimaran for a long standing customer in the Canary Islands and an 83 metre trimaran for a customer in Japan. Also under construction in a nearby facility are 21 x 40 metre steel patrol boats for the Commonwealth of Australia which are destined for various Pacific Island nations. The Austal service centres in Henderson, Cairns and Darwin offer support and maintenance for the Austal built fleet of RAN and Border Force patrol boats.

Financially our company is strong and our cash position provides us with the opportunity to evaluate growth opportunities. Our CFO, Greg Jason, provides quality financials and rigorous oversight over all finances in the group. The Board gets great comfort knowing that Greg is “behind the wheel” and that our financial position will be accurate and transparent.

Strategically David and his team regularly assess suitable value growth opportunities and I’m confident that this will get results in due time.

In closing I would like to thank our CEO, David Singleton for a great year. A job well done. Our business is global and requires a lot of attention. David has again clocked up more air miles this last year than most do in a lifetime. Thanks also to all Austal staff. Our people are our strength and we have a great team.

The members of our Board whose counsel has been very valuable throughout the year have always been available at any time ready to assist. This Board functions very well. Thank you all.

I would also like to acknowledge all of the current Austal senior management team led by David Singleton. They are Greg Jason, CFO, Paddy Gregg, COO, Ben Marland, VP Sales, Adrian Strang, General Counsel, Andrew Malcolm, VP Strategy & Commercial Development, Davyd Thomas, VP Defence, Wayne Murray, President of our Philippines operation, Lisa Breen, our Head of HR and Craig Perciavalle, the President of our USA operations.
And of course our shareholders. You have entrusted us with your savings and investments and we are very conscious it is your money we are managing for the best possible outcome.

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About Austal

Austal is a worldwide ship manufacturer with its corporate headquarters and Australian manufacturing facility based in Henderson, Western Australia. The company’s global operations include manufacturing facilities in the United States and the Philippines with service centres in Darwin and Cairns, Australia, Muscat, Oman, and Singapore. Austal also maintains offices in London, Washington, D.C., and Canberra. The company is proud to provide design, construction and services to commercial and defence customers around the world including the United States Navy.

For over 30 years, Austal has delivered some of the world’s most advanced high-speed vessels. Austal has designed, constructed and delivered more than 300 commercial and defence vessels for more than 100 operators in 54 countries worldwide.

Austal is Australia’s largest defence exporter and the only ASX-listed shipbuilder. The company is also the fifth largest shipbuilder in the United States.

Austal is most known for its iconic monohull, catamaran and trimaran commercial vessel and defence platforms – including the world’s largest trimaran ferry for multiple commercial operators and the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) for the U.S. Navy.

Further information:

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