



COMPANY ANNOUNCEMENT
11 NOVEMBER 2021

**CHAIRMAN'S ADDRESS TO SHAREHOLDERS
2021 ANNUAL GENERAL MEETING**

Chairman: John Rothwell AO

Venue: Fremantle Sailing Club, Fremantle Western Australia

Date: Thursday 11 November 2021, 2.00pm (Perth time)

Good afternoon shareholders and guests, and welcome to Austal's 2021 Annual General Meeting.

Prior to Paddy's detailed presentation, I will take a few moments to provide my brief overview of Austal's performance for the year and outline the Company's pathway forward.

During the 2021 financial year Austal was able to successfully navigate a period of significant global disruption and economic uncertainty due to the COVID-19 pandemic.

This was evidenced by Austal delivering a record number of ships in FY2021, with 19 ships delivered to commercial and defense customers around the world. However, the effects of the pandemic did impact the commercial ferry market, which was particularly reflected in our Australasia results, and led to a reduction in support revenue from our USA operations.

Crucially, we still generated strong earnings, underpinned by enhanced margins from the LCS and EPF programs in the USA, and maintained a robust balance sheet to position us optimally to transition towards future programs.

Specifically, for the fiscal year we reported earnings before interest and tax of \$114.7 million, net profit after tax of \$81.1 million, and a very healthy cash balance of \$346.9 million as at 30 June 2021. This enabled us to declare a final FY2021 unfranked dividend of 4.0 cents per share, adding to the 4.0 cents a share paid in April 2021, representing a 35.5% payout ratio.

This is in line with the total dividends declared for FY2020 of 8.0 cents per share, unfranked.

As with FY2020, all our shipyards in the USA, Australia, Philippines and Vietnam remained fully operational throughout the 2021 financial year amid COVID-19, with appropriate health and wellbeing measures implemented to protect our workforce that encompasses approximately 5,500 people.

The light at the end of the tunnel in regards to the COVID situation is becoming progressively brighter in recent months with the vaccine rollout ramping up internationally.

The easing of the COVID situation bolsters the significant opportunities Austal has on the horizon to deliver long-term shareholder value.

A key initiative progressed during the FY2021 was our addition of steel shipbuilding capability in the USA.

This was a strategic move, to increase the number of contracts that were available for Austal to bid on.

So, it is pleasing that we remain on track to be able to commence a new steel vessel program by May 2022, following the \$100 million investment Austal and the US Government have jointly committed to make our Mobile shipyard steel capable, in addition to our extensive aluminum capabilities.

The award of our first steel vessel construction contract by the United States Navy last month to build two Towing, Salvage, and Rescue ships (or **T-ATS**) is an early validation of this strategic initiative.

The award of this US\$145 million contract is just the beginning of our steel shipbuilding journey in the USA, with the T-ATS work just one of several steel shipbuilding programs Austal USA is proactively targeting and I am very confident that there will be additional contract awards in the future to underpin work in our shipyard.

The growth of our support business is another tangible action we are currently undertaking that is facilitating the expansion of a sustainable and diversified revenue base.

The acquisition of BSE Maritime in Queensland, Australia and the acquisition of the MARRS shipyard assets in Mobile, Alabama were successfully completed in the fiscal year. Our strong balance sheet empowers us to pursue further inorganic support business opportunities in the year ahead.

As we position ourselves for the future, we are cognisant of the role we need to play in the global reduction of emissions from marine vessels to ensure we remain a sustainable business.

Last month we released our 2021 Environmental, Social, and Governance report, which was significantly enhanced from our report last year, including the adoption of Global Reporting Initiative standards.

The ESG report outlined a range of initiatives we are actively assessing to reduce our greenhouse gas emission footprint, including sourcing “green aluminum”, the installation of solar panels and batteries at Austal facilities, utilising our MARINELINK-Smart system to improve the efficiency of Austal’s diesel powered vessels to reduce fuel consumption, and designing a range of low and zero carbon emissions vessels.

We have already made substantial progress on the latter initiative with the design release of the VOLTA family of lithium-ion battery-powered electric vessels during FY2021.

We are primed to deliver the fast commercial ferries of the future as the COVID situation improves and the commercial ferry market subsequently rebounds, in conjunction with more stringent emissions regulations emerging globally.

I would also like to recognise some key personnel changes that have taken place since our last Annual General Meeting.

Paddy Gregg commenced as CEO on January 1 this year and was thrust into a challenging period, having to navigate issues such as; COVID-19, legacy regulatory investigations, management changes, and the changes in the business as the LCS program comes to an end in FY2025.

Paddy has hit the ground running and is methodically positioning the Company towards long-term, sustainable, and profitable growth. Ian McMillian has done a great job in filling Paddy’s former role as Chief Operating Officer after joining Austal from BAE Systems Australia.

In September we appointed Rusty Murdaugh as of President our USA business, after he served in the role on an interim basis from February this year. Rusty has been integral to the successful progression of our steel shipbuilding strategy.

We also announced in September that Chief Financial Officer Greg Jason tendered his resignation from the Company, after a tenure with Austal spanning almost 15 years. Greg will

finish up at Austal in December and is currently assisting us in the search and transition process to appoint a new CFO. I sincerely wish Greg the best in his future endeavors.

On a Board level, we welcomed Mick McCormack early in FY2021, who joined the Board as a Non-Executive Director.

Mick's considerable experience in the infrastructure sector has been invaluable in developing our growth strategy.

In closing, on behalf of the Board, I would like to thank each and every one of our people for their adaptability and resilience during a period of unprecedented global uncertainty, and significant leadership changes.

Finally, I also want to express my appreciation to Austal's loyal shareholders. We are transitioning towards a new phase in the business geared towards long-term, sustainable growth, and we thank you for your ongoing support during this crucial period.

I now invite Paddy Gregg to provide a more detailed overview of our performance in the financial year and the Company's outlook.

This ASX announcement has been approved and authorised for release by John Rothwell, Austal Limited's Chairman.

-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 340 vessels for over 121 commercial and defence operators in 59 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 is the only foreign-owned prime contractor designing, constructing and sustaining ships for the US Navy.

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