



COMPANY ANNOUNCEMENT
7 APRIL 2020

BUSINESS UPDATE AND RESPONSE TO COVID-19

Highlights

- Operational and financial performance to date largely unaffected by COVID-19.
- FY2020 earnings guidance of no less than \$110 million EBIT maintained.
- Payment of unfranked 3 cps interim dividend (totalling \$10.6 million) to proceed as planned.
- Austal working with defence customers to accelerate payment terms that will maintain predictable cashflow for Austal and its supplier base.

Austal Limited (**Austal**) (ASX:ASB) provides the following update on the Company's operations and performance, as well as health and wellbeing measures being undertaken in response to the COVID-19 pandemic.

Austal is committed to the safety of its 6,000-strong workforce and ensuring that the Company continues operating safely to provide business continuity to Austal's stakeholders to the greatest extent possible. Austal has implemented strict health guidelines to mitigate infection risk, with social distancing measures in place across the business – including the use of split shifts in its shipyards, working from home arrangements for support functions where possible, comprehensive facility sanitisation and the broad use of virtual meetings.

The Austal Board and senior management have reviewed the Company's performance to date and modelled a range of scenarios that could occur in the remainder of the 2020 financial year. After completing that work and based on the current known situation, the Company maintains its FY2020 guidance of:

- Group EBIT of no less than \$110 million.
- Group revenue of no less than \$1.9 billion.
- US shipbuilding EBIT margin of 7.5 – 8.5 per cent.

Austal also reaffirmed that payment of the 3 cps interim dividend (totalling \$10.6 million) as planned on 17 April 2020, which was announced when the Company's FY2020 H1 financial results were released in February 2020. Austal has a strong balance sheet, with a net cash position of \$152.4 million as of 31 December 2019.

Austal's FY2020 guidance is underpinned by its strong customer base, with the vast majority of the Company's \$4.3 billion order book represented by defence vessel programs with the US Navy and Commonwealth of Australia (CoA). As noted previously, Austal USA and U.S. defense ship building activities have been identified as mission essential industries which supports the Company's facilities to continue to operate during the COVID-19 pandemic. Both the U.S. Navy and the CoA are working positively with Austal to maintain the momentum in our current programs.

The Company's ferry customers have indicated their continued commitment to their projects and are in constructive discussions with Austal to reprogram if necessary the delivery dates of their vessels. Some schedule impacts are likely due to ferry commissioning and acceptance delays driven by restrictions primarily on the movement of people and in some cases goods. Austal typically receives milestone progress payments for vessel construction, so is not reliant on a balloon payment upon customer acceptance of a vessel. Therefore any delays to ferry commissioning or acceptance is unlikely to be material to the Company's FY2020 results.

To date, four Austal employees have tested positive to COVID-19 (3 in Cairns and 1 in Mobile) and are all in isolation and recovering. Austal is supporting these employees and their colleagues, with typical isolation measures implemented and comprehensive sanitisation completed.

Austal Chief Executive Officer David Singleton said: "Austal has continued to strive for the right balance between keeping its people healthy and keeping them employed. We have introduced a range of measures that enable the ongoing construction and maintenance of vessels, in a manner which limits health risks, to the greatest extent possible."

"At the same time, we are extremely conscious of the devastating effect of job losses in other industries, through no fault of their own, so are thankful that we have been able to keep progressing the construction of our vessels and therefore keep our people employed."

"A key part of business continuity is ensuring our suppliers and particularly our smaller suppliers, are well supported with regular payments for their goods and services. To facilitate this, we are working closely with our defence customers to accelerate payment terms that will maintain cashflow for Austal and, accordingly, our supplier base. I would like to thank U.S. Defense and

the Australian Government, including Export Finance Australia, for the support that they have offered in this regard.”

“Our robust balance sheet combined with a strong, coronavirus-resilient order book and continued efficient operating performance means Austal has never been in a better position to weather these current challenges.”

This ASX announcement has been approved and authorised for release by David Singleton, Austal Limited’s Chief Executive Officer.

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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 300 vessels for over 100 commercial and defence operators in 54 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.

Austal has grown to become the world’s largest aluminium shipbuilder and is Australia’s largest defence exporter.

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