



COMPANY ANNOUNCEMENT
1 NOVEMBER 2024

CHAIRMAN'S ADDRESS TO SHAREHOLDERS 2024 ANNUAL GENERAL MEETING

Chairman: Hon Richard V. Spencer

Venue: Fremantle Sailing Club, Fremantle Western Australia

Date: Friday, 1 November 2024, 2.00pm (Perth time)

Thank-you John.

It is an absolute privilege and honour to accept the transfer of the reins from you as Chairman of this great Company.

Austal's accomplishments here in Australia and overseas have been absolutely remarkable and that is due in no small part to your foresight, your drive and determination and your strategic approach to the Austal business. Ladies and gentlemen can we please express our gratitude to John Rothwell.

Much has been made of Austal's transition from building aluminium cray boats – and I have had to learn what a cray boat is – to the present, occupying a crucial position in the US defense industrial base as the designer and/or builder of warships and nuclear submarine modules for the US Navy and US Coast Guard.

The Company started with just one build program in the US – the Joint High Speed Vessel for the Navy's Military Sealift Command.

Now it has 12 programs in the US, and the expansion in additive manufacturing which Paddy will provide more detail on, will further secure a place for Austal in the US defense industrial base and ultimately provide greater returns for you, the shareholders.

This staggering expansion has been a 36 year journey for Austal, with one constant – John Rothwell at the helm.

I needed to do very little due diligence when I was approached to take on the Chairman role. I already had had significant interaction with the Company going back to 2017 when I was Secretary and I was impressed with its pragmatic approach; its desire to grow and provide solutions to Customers such as the US Navy, Royal Australian Navy, US Coast Guard and Australian Border Force; and the exceptional commitment of its people to their respective national security.

On that latter point, one thing that struck me when I first visited Austal's headquarters down at Henderson last July, and that was the honour board in the Austal officeand in particular the list of staff who have worked at Austal for 10, 20 and 30 years. The list is incredibly long. 11 staff have clocked up 30 years, including John himself. Another 30 staff have clocked up 25 years of service, and another 36 have clocked up more than 20 years with our company. I see a similar set of Boards in Mobile and note some of the original disciples that came from Australia have remained there since we opened over 20 years ago back in 1999.

The longevity of the workforce is testament to the culture of an organisation, and the number of people who remain with the Company is testament to Austal.

Since becoming Chairman I have held initial discussions with some of Austal's most important stakeholders, whether they are employees, customers, suppliers, or shareholders.

Three things have struck me:

1. The "Can Do" DNA that permeates the enterprise whether in Aus or US, and acknowledgement of that DNA by those stakeholders, particularly our customers
2. The understanding and continual advancement of modular assembly and industrial flow as it pertains to our business. We are like no other in the defense ecosystem

For those who don't have the same understanding of industrial flow charts, that translates to continuing to build ships more efficiently.

3. The endorsement and appreciation of "intellectual curiosity" as seen in COE AM, COE Robotics, advanced materials, and application of evolving technologies

These provide the foundations of our business. And those foundations will support Company growth and, ultimately, provide value to you, our shareholders.

I'm not going to spend a lot of time on the financials for the year that just ended. Because I was appointed post June 30th I can't lay claim to having any influence at all on the quick turnaround

from \$4.8m EBIT loss in FY23 to a \$56.5m positive EBIT in FY24, and a \$28m turnaround in profit from a loss of \$14 million in FY23 to Net Profit After Tax of \$14.9 million in FY24.

However, what those figures tell me is that Austal enters its next chapter of its life with an excellent financial and operational base to support further growth.

And our growth strategy for that next phase is very simple, but groundbreaking at the same time.

Let me explain why.

Our goal, at its core, is to be to be the strategic partner for the Australian and US Navies, Border Force and Coast Guard, when it comes to maritime products.

We want to move away from other companies that take orders and build the ships...with a few revenue enhancing variations thrown in along the way...to being true partner, a disciplined strategic partner, for our customers. What do I mean:

- A partnership where we work collaboratively with our customer to improve designs, to reduce build times, to make the build process more efficient.
- A partnership where we intimately understand their drivers and provide solutions to their problems.
- A partnership where we provide support to their vessels over many years and then put what we learn from those sustainment activities back into the design of future ships to continually improve.

Sounds simple. Yet, no other companies are doing it. So the playing field is wide open for Austal to own this space and entrench ourselves with our customers.

Our expansion into submarine modules and additive manufacturing is an example of this, but it's just the beginning.

We have continually invested in Mobile and we probably have the most modern shipyard in the US, coupled with technology like robotic welding when we invested in steel.

Expect more on robotics and Industry 4.0 as we build our submarine module facility.

This investment helps us improve efficiency and provide cost effective solutions for our customers.

In the US, the planned growth of our campus at Mobile will be a key component of that strategy, and there are some really important points about the planned expansion at Mobile that I want to highlight:

- Firstly, many companies take a considerable 'build it and hope they come' risk when they undertake capital expansions similar to those we are about to embark in.

Austal does not have to take on that risk because it already has the construction contracts in place to underpin that expansion, so provided we can efficiently execute, it does not pose the risk many other capital expansion programs pose.

- And secondly, in some cases we are actually being paid to expand, with other groups funding the capital cost because of Austal's importance in the US military industrial base. To wit:

The recent announcement of the funding from US Navy through a contract from General Dynamics Electric Boat, where Electric Boat will pay Austal A\$670 million to build a submarine module manufacturing facility is a testament to how Austal is viewed by those in the industry.

Austal's market capitalisation is A\$1 billion, yet here is one of the biggest Defense companies in America paying Austal the equivalent of two thirds of its market cap not to build the submarine modules, but to build the facility that will ultimately build the submarine modules.

And while we don't and won't take it for granted, there is no doubt in my mind that this is an enabler and hopefully precursor for further construction contracts in the US nuclear submarine build.

Additionally, while I have naturally devoted much of this speech to the United States, Austal's position in the Australian defence industrial base is just as important to our strategy.

- The Strategic Shipbuilding Agreement Heads of Agreement signed with the Commonwealth late last year should position Austal as the Commonwealth's preferred Shipbuilder for all Tier 2 vessels, such as Landing Craft Medium and Heavy, General Purpose frigates and optionally crewed vessels.
- This would establish Austal's position in the Australian defence build for the next 20 years with a considerable backlog of work to perform.

Strategic is an overused word, but in this case it is perfectly apt, because the Federal Government is taking a very strategic approach to its maritime defence requirements, and importantly for Austal and its shareholders, that strategic view extends to the vessel construction program needed to meet those requirements.

If the submarine module facility funding and build is an enabler and precursor for additional contracts in the United States, then the SSA is a similar enabler and precursor here in Australia, and Austal should have that same position as a strategic partner to Australia's Navy.

One thing I haven't mentioned is AUKUS. There is another ripe opportunity for us to benefit. We are one of the few Australian businesses with significant operations in the US, and I am certain there will be future opportunities in this space, both in Pillar 1 with Submarines and Pillar 2 with some of the technologies I have already mentioned.

Which brings us back full circle to John Rothwell. The Company he has built has achieved many many great things, including those which I have just listed, and I hope he continues to receive the accolades that he is due, Austal is poised to build on that foundation in the years to come, and that's what I'm looking forward to as Chairman of the Board and on behalf of you, Austal's shareholders.

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

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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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