



SMOOTH SAILING FOR AUSTAL LEADS TO RECORD RESULTS

Company/ASX Code	Austal/ASB
AGM date	Friday 30 October 2020
Time and location	1.00 WST p.m. A virtual on-line AGM at https://agmlive.link/ASB20
Registry	Link
Webcast	Yes
Poll or show of hands	Poll on all items.
Monitor	Geoff Read assisted by Keith Mellis
Pre AGM Meeting?	Yes, with Chair John Rothwell, CEO David Singleton, incoming CEO Patrick Gregg and others.

One of the individuals who prepared this voting intention has a shareholding in this company.

Item 0	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

In 2020 Austal booked record total revenue of \$2.1B leading to a net profit after tax (NPAT) of \$89M. This was a 45% increase on the prior year. This was a very solid result for the company in a turbulent year when the world was rocked by the COVID-19 pandemic. After various, and mostly positive, adjustments the total comprehensive income for the year was \$133.5M. The largest contributor was an asset revaluation increase of \$42.6M.

Austal has forward orders of \$4.3B, down from \$4.9B last year. The company was unsuccessful in the tender for a new US frigate program but has been encouraged by the US government to invest in a shipyard in Alabama with the capacity to build and sustain steel vessels.

To this end post balance date, Austal purchased a new 15 acre shipyard in Mobile Alabama. The purchase price of less than USD10M was funded from cash reserves. \$50M was received from the US government to purchase and develop this shipyard.

At home in Australia ASB secured a contract to build 6 Cape Class patrol boats for the RAN. This is the largest RAN contract ever awarded to Austal. The two Cape Class patrol boats which are leased to the RAN had their lease extended by a further 3 years.

An unfranked dividend of 8 cents was paid compared to 6 cents in the prior year.

The CEO David Singleton has announced his resignation effective on 31 December 2020. He will be succeeded by the chief operations officer Patrick Gregg.

On the downside, ASB remains in dispute with the tax authorities in both the USA and Australia concerning cross border royalty payments. They have entered in to a two country dispute resolution process which proceeds at a glacial pace.

ASIC in Australia and the SEC in the USA are investigating an unspecified matter and again progress is very slow.

There were no new directors in 2020 although Mr Michael McCormack, who was appointed in September, will stand for election at the coming AGM. Ms Sarah Adam-Gedge was nominated as the deputy chairman. She is the only woman on the board with-four male directors plus the CEO. This does not accord with the ASA guideline of a minimum 30% gender balance

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	88.98	61.38	39.03	15.35	-84.4
UPAT (\$m)	88.98	61.38	39.03	15.35	-84.4
Share price (\$)	3.23	3.41	1.86	1.83	1.21
Dividend (cents)	8	6	5	4	4
TSR (%)	-3.6	86.6	4.1	55.1	-32.7
EPS (cents)	25	17.6	11.3	4.4	-24
CEO total remuneration, actual (\$m)	3.03	3.15	2.38	2.1	N/A

For 2020 the CEO's total actual remuneration was 33 times the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Item 1	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The company revised its remuneration methods comprehensively in 2019 after a first strike in 2018. There has been no significant change this year. The remuneration report is clear and comprehensive. In general terms the remuneration complies with the ASA guidelines with 2 exceptions in the long term incentive plan. The performance measurement period is 3 years whereas ASA prefers a minimum period of 4 years and the price of the LTI rights are calculated by discounting the share price by an amount for anticipated, but ineligible, dividends. ASA prefers a later adjustment when dividend rates are known. The CEO achieved 84% of his STI opportunity and the 3 other KMPs between 70% and 86%.

CEO rem. Framework for FY20	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.094	50	1.094	38
STI - Cash	0.328	15	0.492	16
STI - Equity	0.328	15	0.492	16
LTI	0.438	20	0.875	30
Total	2.188	100	2.953	100

Item 2	Re-election of Mr John Rothwell AO as a Director
ASA Vote	For

Summary of ASA Position

Mr Rothwell is the founder of Austal. He has been a director for 30 years and non-executive chairman since 2008. He owns 9% of the company. His long tenure and his substantial shareholding mean that he is not considered an independent director. The ASA guidelines prefer Chairmen to be independent directors. However because of his specialised knowledge of shipbuilding and his successful track record we recommend a vote FOR his re-election.

Item 3	Election of Mr Michael McCormack as a Director
ASA Vote	For

Summary of ASA Position

Mr McCormack has a background in energy and energy infrastructure. He was the CEO of APA from 2005 until 2019. This was a very successful period for APA. He is a non-executive director of Central Petroleum Ltd. He is suitably qualified and is an independent director. We support his election. He joined the board in September 2020. He does not hold any shares in Austal.

Item 4	Approval of the issue of share rights to Ms Sarah Adam-Gedge
ASA Vote	For

Summary of ASA Position

This resolution allows the company to award share rights to directors in lieu of directors fees so that they can build a shareholding in the company. Ms Adam-Gedge holds 38,000 shares in Austal.

Item 5	Approval of the issue of share rights to Mr Chris Indermaur
ASA Vote	For

Summary of ASA Position

This resolution allows the company to award share rights to directors in lieu of directors fees so that they can build a shareholding in the company. Mr Indermaur holds 14,000 shares in Austal.

Item 6	Approval of the issue of share rights to Mr Michael McCormack
ASA Vote	For

Summary of ASA Position

This resolution allows the company to award share rights to directors in lieu of directors fees so that they can build a shareholding in the company. Mr McCormack does not have a shareholding in Austal yet.

Item 7	Approval of the issue of STI rights to CEO/Managing Director Mr David Singleton.
ASA Vote	For

Summary of ASA Position

This resolution allows Austal to issue 127,446 incentive rights to the CEO in satisfaction of the 2020 remuneration plan. Approval for their issue should have been sought at the previous AGM but was overlooked. This resolution corrects that oversight.

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