



COMPANY ANNOUNCEMENT  
17 JANUARY 2023

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## EARNINGS FORECAST UPDATE

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Austal Limited (Austal) (ASX: ASB) provides the following update in relation to its US Towing, Salvage and Rescue Ship (T-ATS) project and anticipated earnings guidance for FY2023.

Austal was awarded a US\$198 million contract for the construction of 2 T-ATS vessels (T-ATS 11 and 12) in October 2021. The contract also provided options for up to three additional T-ATS vessels which, if exercised, will bring the total contract value to \$US385 million (AU\$553 million). Two of the options were exercised on 25 July 2022.

As indicated in the Company's FY2022 Annual Report (in the notes to the financial statements), a provision of US\$7 million for onerous contracts was recognised in relation to the T-ATS contract, specifically for T-ATS 11 & 12. The provision was subsequently adjusted to \$US11.6 million and is primarily due to changes in specification and material quantities from the initial award and some cost inflation.

As noted in the annual report, Austal USA has submitted Requests for Equitable Adjustment (REAs) in respect of these underlying factors, seeking recovery of these amounts.

These REAs remain outstanding and hence the extent of the forecast loss remains uncertain as it is substantially dependent on their determination.

Recently, the Company conducted a review of the forecasts for later vessels in the T-ATS program and applied the same forecasting methodology to those vessels. Using that methodology, the forecast loss arising from this program – assuming the REAs are not resolved during FY2023 – is \$US41.2 million.

If the REAs are successfully resolved, the extent of the loss will be reduced.

However, the Company does not know whether the REAs will be resolved prior to 30 June 2023 so has therefore determined to include the full extent of its forecast losses in its FY2023 earnings forecasts in accordance with relevant accounting standards. This means earnings guidance for FY2023 is reduced from approximately AU\$100 million to approximately AU\$58 million.

Austal will continue to pursue its REAs with the intention of recovering as much of the forecast losses as possible, and will keep the market updated when further material developments occur.

*This ASX announcement has been approved and authorised for release by Paddy Gregg, 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 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 has grown to become the world's largest aluminium shipbuilder and is Australia's largest defence exporter.

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