



COMPANY ANNOUNCEMENT
2 APRIL 2024

AUSTAL CONFIRMS RECEIPT OF UNSOLICITED, CONDITIONAL, NON-BINDING, INDICATIVE PROPOSAL FROM HANWHA

Austal Limited (ASX:ASB) (**Austal**) refers to media on 1 April 2024 and confirms it has received an unsolicited, conditional and non-binding indicative proposal from Hanwha Ocean Co., Ltd. (**Hanwha**) to acquire Austal by way of a scheme of arrangement (**Indicative Proposal**). Under the Indicative Proposal, Austal shareholders would receive \$2.825 cash per Austal share.

Hanwha's Indicative Proposal is subject to numerous conditions, including due diligence, various regulatory approvals including Australia's Foreign Investment Review Board (FIRB), the Committee on Foreign Investment in the United States (CFIUS) and the US Defense Counterintelligence and Security Agency, final approval of the Hanwha Board, the unanimous recommendation of the Austal Board and Austal shareholder approval.

Austal invests considerable time and resources into deciding whether it should grant a potential purchaser access to the Company's otherwise confidential detailed financial records, forecasts and contracts as part of a due diligence process.

In doing so, it assesses a range of factors, including but not limited to the potential for shareholder value creation, competition concerns and a potential purchaser's ability to ultimately complete a transaction (which would include necessary government approvals). This latter consideration is particularly relevant in relation to the proposal from Hanwha, given Austal's position as the designer and builder of defence vessels for the Australian and US navies and ownership clauses associated with defence contracts. Austal also notes the announcement by the Australian Government on 23 November 2023 that Austal and the Department of Defence had executed a Memorandum of Understanding (**MoU**) to negotiate a Strategic Shipbuilding Agreement (**SSA**), under which Austal would be appointed as the Commonwealth's strategic partner for vessels to be constructed in Western Australia.

In announcing the MoU for the SSA, the Commonwealth Department of Defence noted that "a sovereign and enduring naval shipbuilding and sustainment industry at Henderson is central to the Government's commitment to ensuring continuous naval shipbuilding in Australia and delivering the capabilities needed to keep Australians safe."

The Austal Board, together with its advisers, has considered the Indicative Proposal in detail and engaged with Hanwha in relation to whether the transaction described in the Indicative Proposal would obtain the relevant regulatory approvals in Australia and the USA to enable it to proceed. At present Austal is not satisfied that these mandatory approvals would be secured, however the company is open to further engagement if Hanwha is able to provide certainty on whether a transaction would be approved.

Austal shareholders are not required to do anything in relation to the Indicative Proposal.

This ASX announcement has been approved and authorised for release by the Board of Austal Limited.

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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 35 years Austal has contracted more than 350 vessels for over 122 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.

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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