

2016 full year results (concise)



David Singleton, Chief Executive Officer
Greg Jason, Chief Financial Officer

29 August 2016

Earnings in line with guidance



Income statement	FY2016 (A\$m)*	FY2015 (A\$m)^	Change
Revenue	1,339.9	1,414.9	(5)%
EBITDA	(91.0)	109.5	(183)%
- Underlying	65.0	97.9	(34)%
EBIT	(120.9)	85.2	(242)%
- Underlying	35.1	73.6	(52)%
NPAT	(84.2)	53.1	(258)%
- Underlying	25.0	45.0	(44)%
Reported EPS	(24.2)¢	15.5¢	(256)%

- **Revenue** decrease driven by write down of LCS work in progress (WIP) with FX offset
- Primary drivers of **EBIT** reduction:
 - LCS WIP write down (\$156 million in USA and \$3 million in Australia)
 - Lower activity in Australia following CCPB 1 – 8 and Oman HSSV
 - CCPB 9 & 10 – no profit recognition in FY2016 under financing arrangement
 - Warranty provision

* FY2016 underlying earnings removes the impact of a downward adjustment to revenue made to account for a change in the estimated cost to completion for the Littoral Combat Ship program

^ FY2015 underlying earnings removes the benefit from the foreign exchange mark-to-market revaluation of intercompany loans. Those loans were converted to equity in FY2015 H2 and have not impacted the FY2016 result.

Segment breakdown

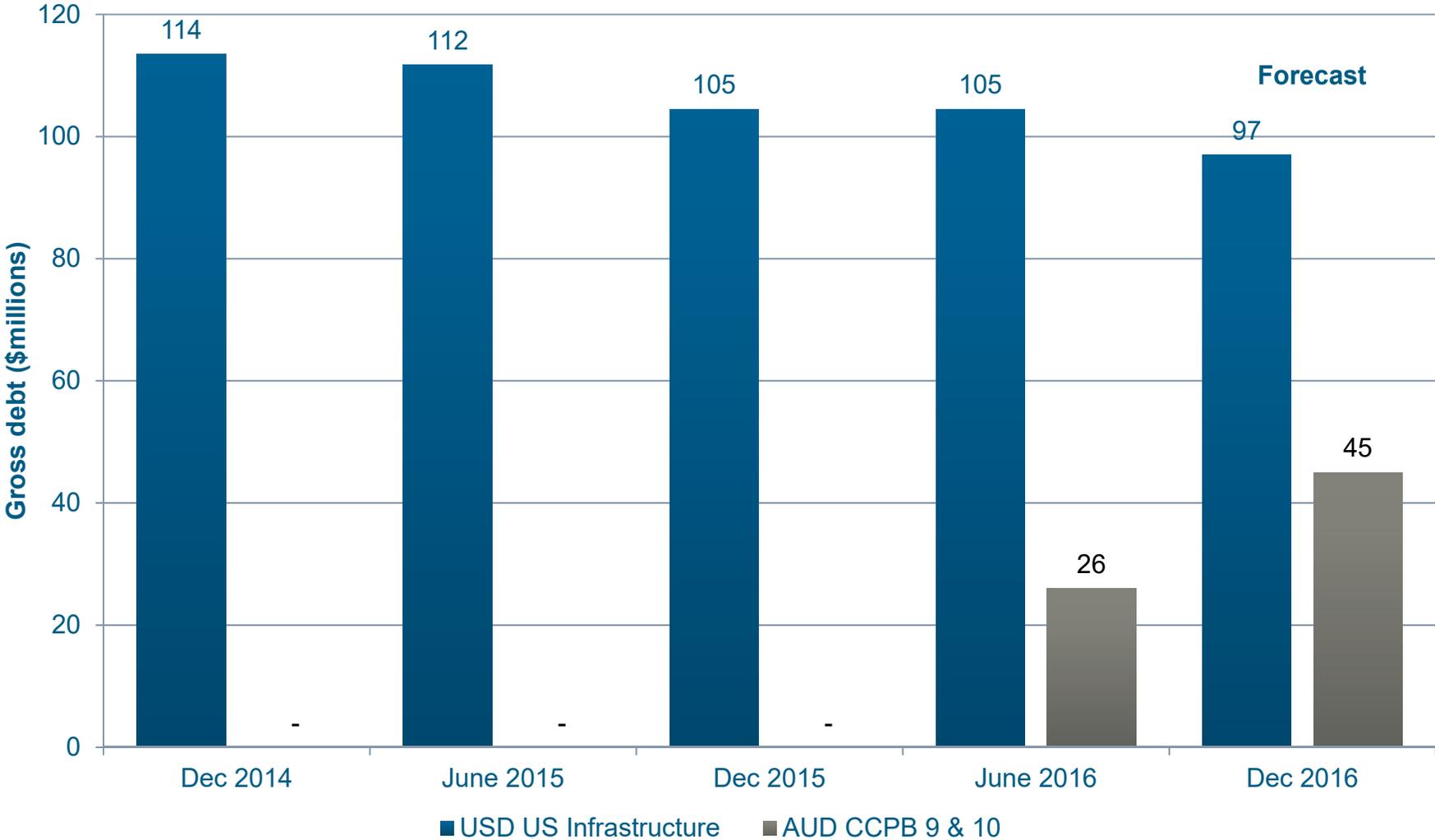


	(\$m)	Ships	Systems	Support	Other ¹	Total
USA	Revenue	821.4	213.9	97.8	-	1,133.0
	EBIT	(90.8)	2.2	6.0	(8.0)	(90.5)
	EBIT Margin %	(11.1)	1.0	6.2	-	(8.0)
Australia	Revenue	139.0	-	48.0	-	187.1
	EBIT	5.6	-	2.1	(1.0)	6.8
	EBIT Margin %	4.0	-	4.4	-	3.6
Philippines	Revenue	31.9	-	2.0	-	33.9
	EBIT	(4.4)	-	0.7	-	(3.8)
	EBIT Margin %	(13.9)	-	32.8	-	(11.1)

- **USA:** LCS work in progress write-down, support revenue grew over 100% year on year
- **Australia:** Transition from CCPB 1-8 & RNO to new projects with zero or low profit take up
- **Philippines:** Low throughput in FY2016

¹ unallocated overhead targeting growth

Discipline in long-term debt reduction



LCS test programs largely complete



- Naval vessel rules modifications incorporated
- Physical shock trials complete. Analysis by US Navy will continue.
- Modification requirement has dropped dramatically
- Financial impacts understood
- Expect residual risks reducing



Austal remains strongly positioned in US



Austal-built vessels have continued to be funded and programs are maturing

US Foreign Policy remains focused on Asia-Pacific defence strategy

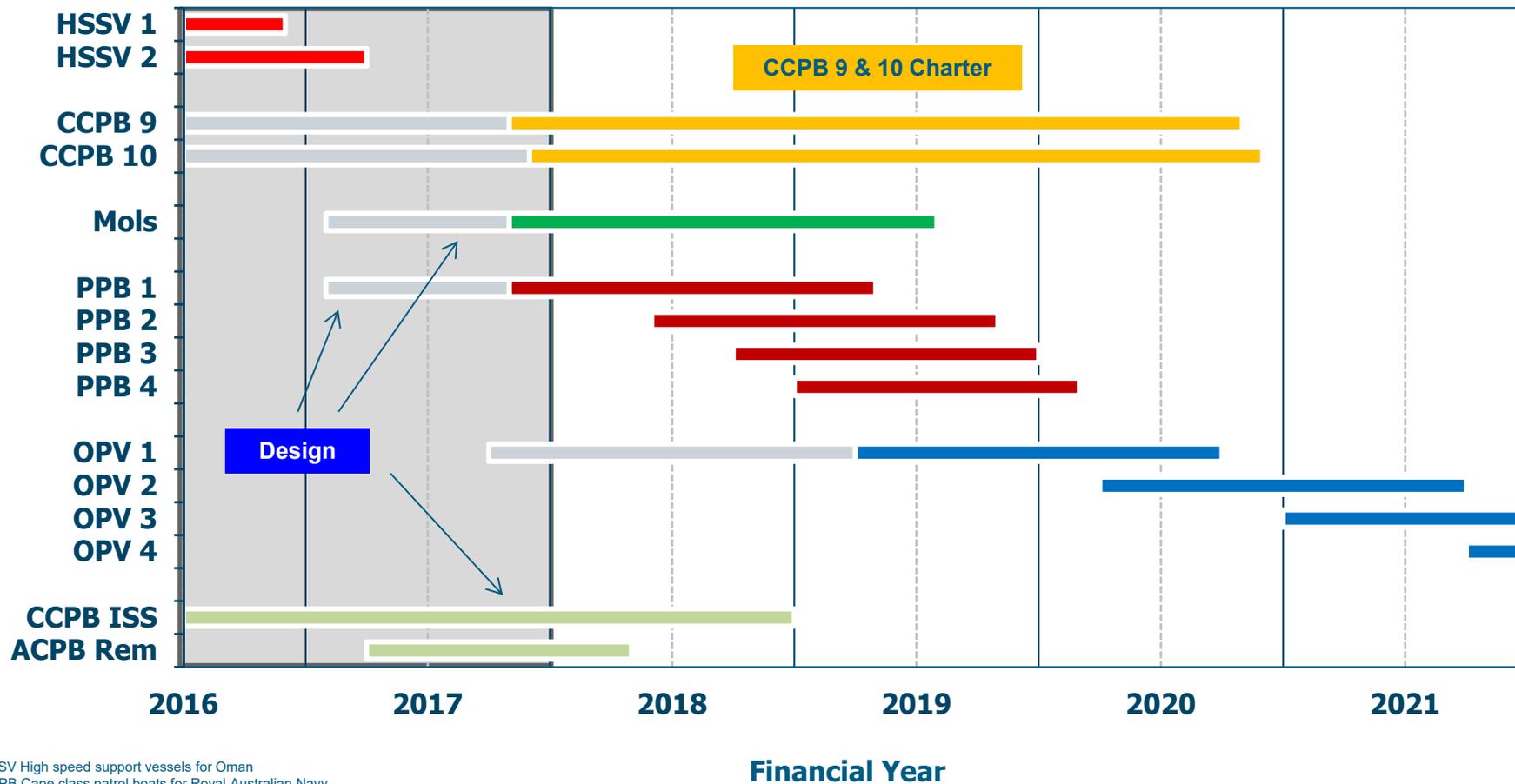
Winning service contracts on LCS and investing in support business to enhance prospects for additional work

US Navy and Congress commitment appear to be focused on 'upgunning' final 20 LCS as fast frigates and meet 52 vessel target – rate of acquisition to be decided by Congress

FY2017
Appropriation of 3 additional LCS by Congress is likely
EPF 11 & 12 production contract expected

LCS variants attractive to international market through US Foreign Military Sales (longer term)

Transition period in Australia

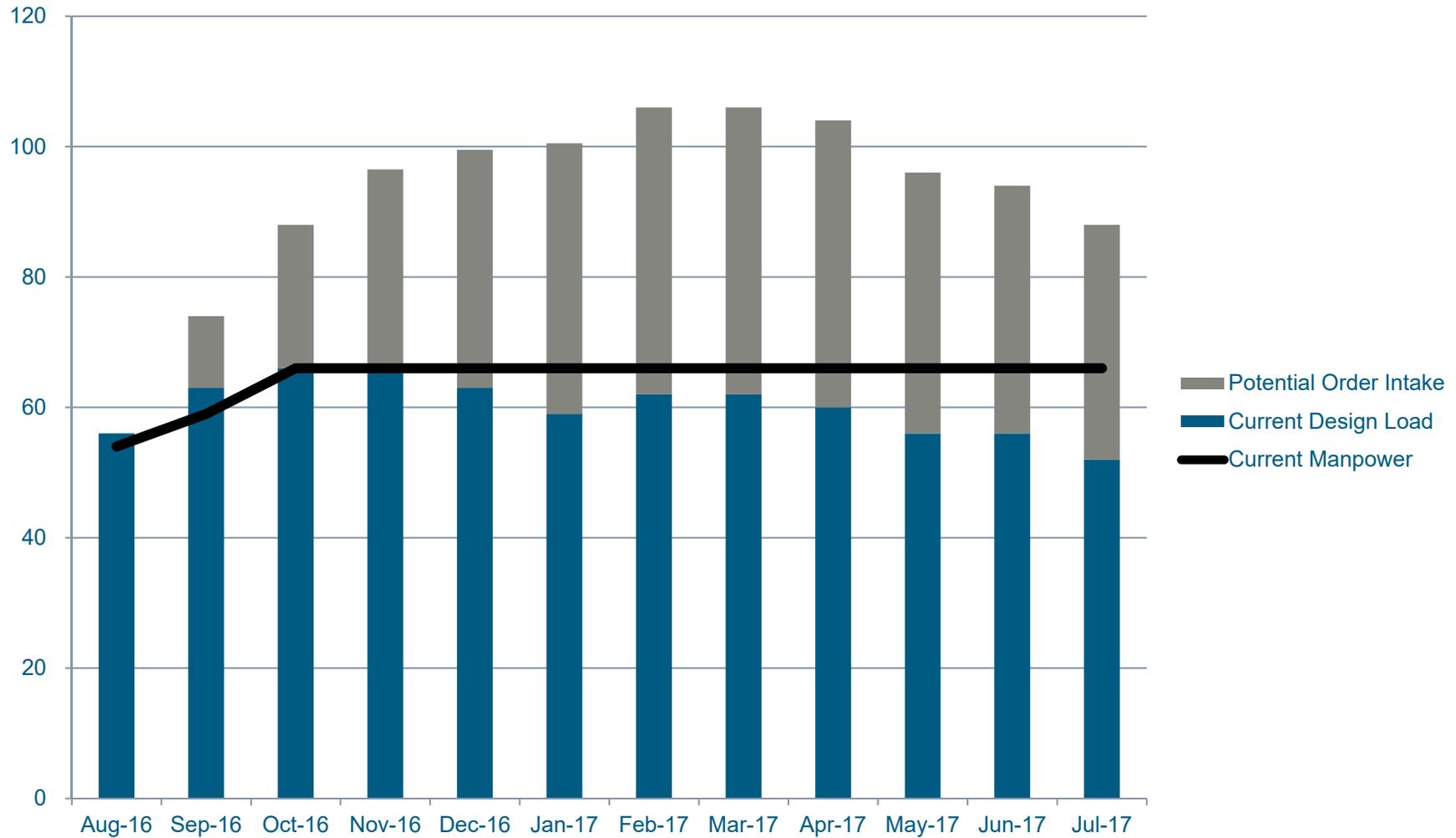


HSSV High speed support vessels for Oman
 CCPB Cape class patrol boats for Royal Australian Navy
 Mols 109m Passenger and Vehicle ferry for Mols Linen in Denmark
 PPB Pacific Patrol Boats for Commonwealth of Australia
 OPV Offshore Patrol Vessels for Royal Australian Navy (prospective)
 CCPB ISS. Support contract for Cape Class vessels for Australian Border Force
 ACPB Rem Armidale remediation. Support for Royal Australian Navy.

Design work load Australia and Philippines

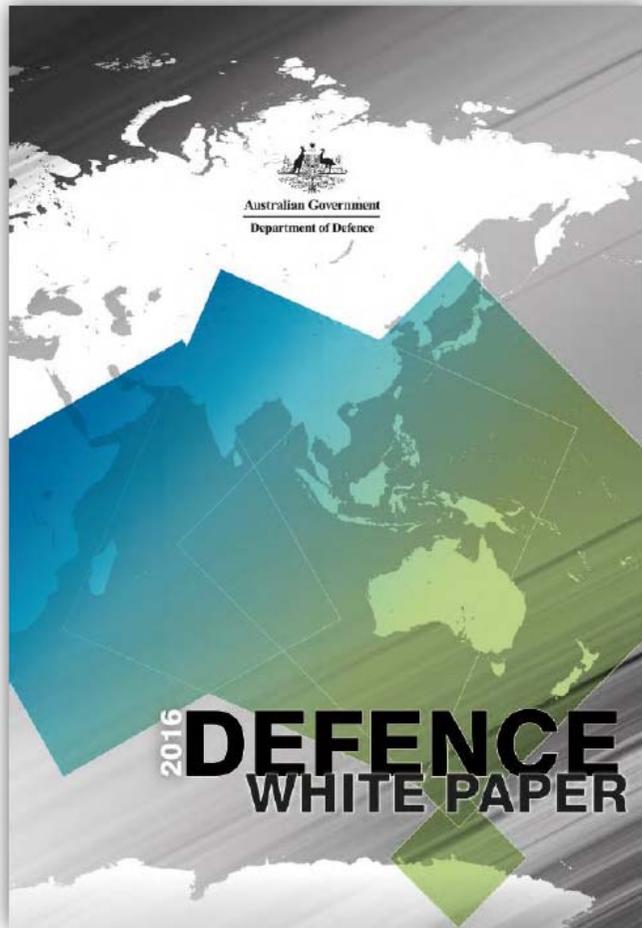


Full Time Equivalent Design personnel



SHIPS • SYSTEMS • SUPPORT

Once in a generation opportunity for Austal- “Continuous Shipbuilding” in Australia



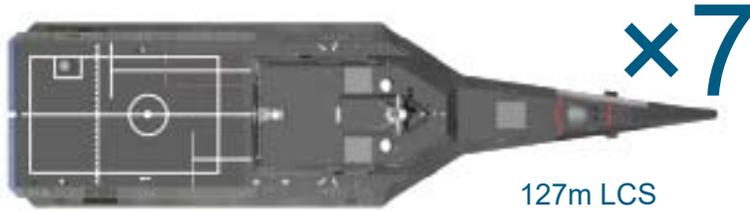
	<u>Designer</u>	<u>Build location</u>
 Submarine		Adelaide
 Future Frigate	   Navantia	Adelaide
 Offshore Patrol Vessel	  	Adelaide initial 2 vessels Henderson next 10 vessels

Austal today is by far Australia's largest shipbuilder



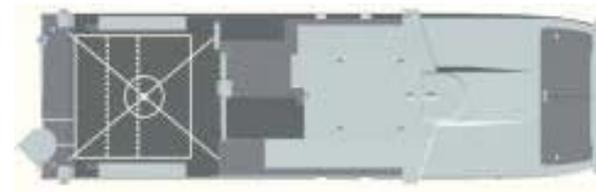
Austal vessels currently under construction in Alabama

all vessels to approximate scale



×7

127m LCS



×3

102m EPF



Austal vessels currently under construction in Henderson



×1

72m HSSV

EXPORT
EXPORT



×1

70m Oil & Gas

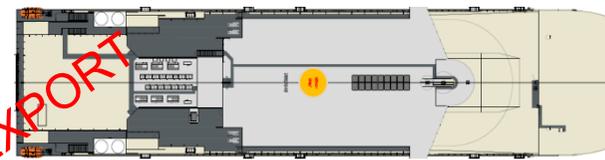
+ 1 more in Philippines



×2

58m Cape

Upcoming Australian builds



×1

109m Mols



×19

39m PPB-R

ASC Air Warfare Destroyer. Size comparison



×3

147m AWD

Pipeline has strengthened considerably



1 United States Defence



- Strong potential to continue extending the *LCS* and *EPF* programs.

2 Middle East Defence



- Exports from Austal's portfolio of aluminium high performance naval vessels including *HSSV* and *Cape Class* variants.

3 Australia Defence



- Steel vessels for the Australian Navy's fleet renewal programs. PPB awarded to Austal. OPV bid 2016/17. Frigate later.

4 Global Commercial



- 5 ferry awarded already in CY2016. Pipeline continues.
- Innovative new offering in the Oil & Gas crew transfer market. 2 vessels completing, market very strong.

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David Singleton, Chief Executive Officer

Telephone: +61 8 9410 1111

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