

FY2019 Half Year Results



28 February 2019

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Financial Headlines

| | | Half on Half change | |
|-------------------------|---------------|---------------------|---|
| • Revenue | \$851 m | 31% | ↑ |
| • EBIT | \$40.4 m | 52% | ↑ |
| • NPAT | \$23.7 m | 2% | ↑ |
| • Interim Dividend | 3 ¢ per share | 50% | ↑ |
| • Operating Cash Flow | \$102 m | up \$119 m | ↑ |
| • Net Cash ¹ | \$107 m | up \$118 m | ↑ |

1. Excludes Cape Class Patrol Boats 9 & 10 lease

Key Facts



\$851 m

REVENUE



~ \$5.2 b

ORDER BOOK



7

NEW SHIPS
ORDERED



47

SHIPS UNDER
CONSTRUCTION
OR SCHEDULED



6

SHIPS
DELIVERED



5,560

EMPLOYEES



6

SERVICE CENTRES



20

VESSELS UNDER
SUSTAINMENT OR
REFURBISHMENT



5 SHIPYARDS

Operational Highlights



USA Business performing ahead of expectations:

- Vessel awards driving higher revenue.
- 4 LCS won in competition.
- 2 EPF Long Lead material contracts awarded.
- Delivered LCS-18 and EPF 10.
- Shipbuilding margin 7.1%.

Service and Support

- Business segment on track for further substantial growth.
- Prime Contractor for 2 LCS FY2019 H2 dry docking activities in USA (first time). Significant longer term implications.

Australasia growing rapidly

- Asia shipyard expansion in operation
- 1st Guardian Class Patrol Boat delivered to CoA
- Construction commenced for JRK Trimaran, 1st Fred Olsen Trimaran, Trinidad Catamaran.
- Mols vessel largest ever vessel (by volume) built in Henderson delivered Jan 2019.
- Good progress on 109m vessel construction in Philippines. Largest vessel to be built in this yard.

Financials



Earnings

| \$ m | FY2019 H1 | FY2018 H1 ¹ | Change |
|-------------|-----------|------------------------|----------|
| Revenue | \$ 851.5 | \$ 650.3 | \$ 201.2 |
| EBITDA | 60.7 | 43.8 | 16.9 |
| EBIT | 40.4 | 26.5 | 13.9 |
| NPAT | 23.7 | 23.2 | 0.5 |
| EPS (cents) | 6.7 | 6.7 | - |

1. FY2018 H1 restated for adoption of AASB 15 Revenue accounting standard

- Operating Revenue increased across all shipyards (pre positive FX impact in USA and Asia).
- Significant EBIT & EBITDA increase, driven by strength of USA earnings and recovery of Australasia.
- FY2018 H1 NPAT benefited from the downward revaluation of deferred tax liabilities following tax reform in USA.
- Effective accounting tax rate ~ 35%
- Cash tax rate for FY2019 H1 estimated to be lower than 10%





Australasia reporting segment integrates shipbuilding capability across multiple shipyards



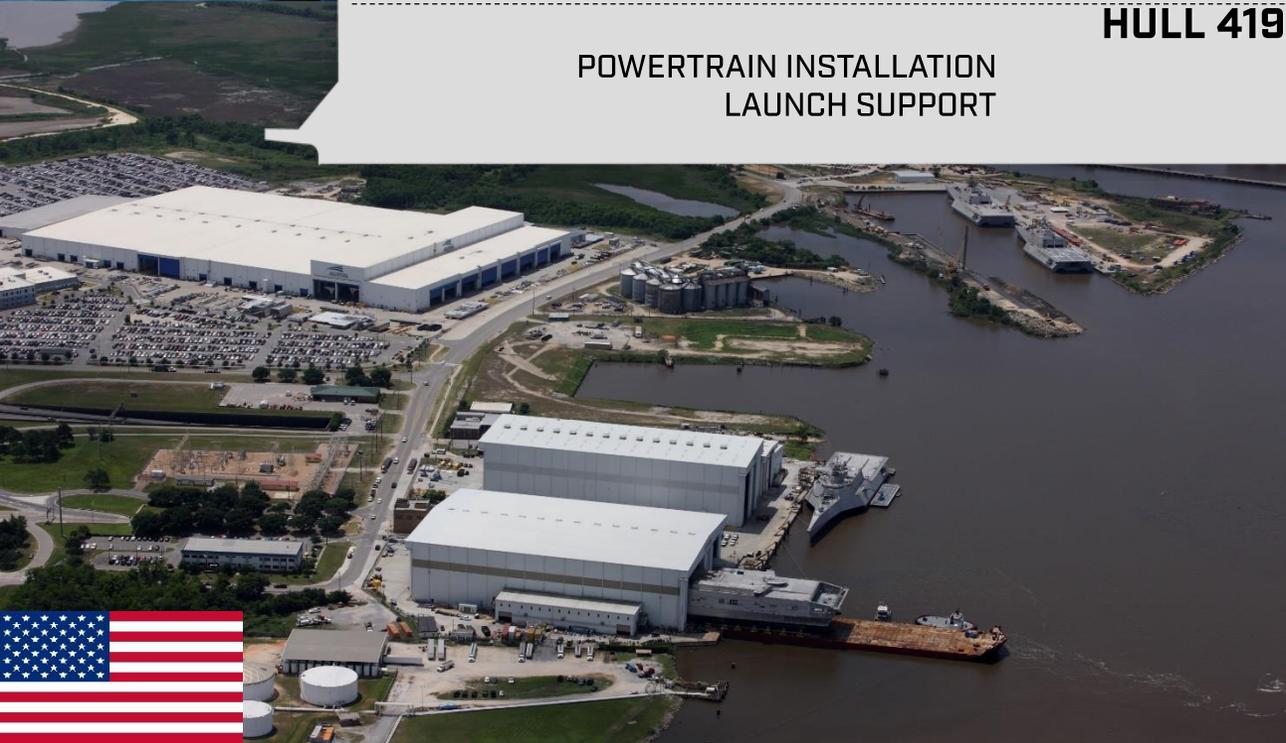
DESIGN + PROJECT MANAGEMENT
PROCUREMENT
SPECIALIST CONSTRUCTION SUPPORT

AUTO EXPRESS 109
HULL 419 - Fjordline

CONSTRUCTION
PROJECT MANAGEMENT

POWERTRAIN INSTALLATION
LAUNCH SUPPORT

MODULE CONSTRUCTION
PRODUCTION TEAM SUPPORT



Segment breakdown

FY2019 H1

| \$ m | Concept | Ships | Support | Other | Total |
|-------------|---------------|----------|---------|-------|----------|
| USA | Revenue | \$ 596.7 | \$ 90.1 | \$ - | \$ 686.8 |
| | EBIT | 42.2 | 6.9 | (0.0) | 49.1 |
| | EBIT Margin % | 7.1% | 7.7% | - | 7.2% |
| Australasia | Revenue | \$ 139.0 | \$ 30.6 | \$ - | \$ 169.7 |
| | EBIT | 2.5 | 1.6 | - | 4.1 |
| | EBIT Margin % | 1.8% | 5.1% | - | 2.4% |

USA:

Shipbuilding margin within guidance range.

Continued trend of significant US Support Revenue and earnings growth.

Australasia:

Merged Australia and Asia segments due to integrated shipbuilding arrangements.

More than doubled shipbuilding throughput, and EBIT turnaround progressing.

FY2018 H1

| \$m | Concept | Ships | Support | Other | Total |
|-------------|---------------|----------|---------|-------|----------|
| USA | Revenue | \$ 495.3 | \$ 59.7 | \$ - | \$ 555.0 |
| | EBIT | 31.1 | 2.6 | (0.3) | 33.5 |
| | EBIT Margin % | 6.3% | 4.4% | - | 6.0% |
| Australasia | Revenue | \$ 61.9 | \$ 36.5 | \$ - | \$ 98.4 |
| | EBIT | (4.2) | 3.1 | - | (1.1) |
| | EBIT Margin % | (6.8%) | 8.5% | - | (1.1%) |

Support activity contracted following completion of ACPB remediation.



Cash flow

| \$ m | FY2019 H1 | FY2018 H1 | Change |
|----------------------|-----------|-----------|----------|
| Operating | \$ 101.9 | \$ (16.9) | \$ 118.8 |
| Investing | | | |
| Sustaining | \$ (7.0) | \$ (3.6) | \$ (3.4) |
| Enhancing | (12.6) | - | (12.6) |
| CCPB 9 & 10 | - | (3.0) | 3.0 |
| Financing | | | |
| Debt | \$ (8.5) | \$ (6.8) | \$ (1.7) |
| Dividends | (10.0) | (6.3) | (3.7) |
| FX differences | 7.4 | (1.8) | 9.3 |
| Net Cash Flow | \$ 71.3 | \$ (38.5) | \$ 109.7 |

| Cash | Dec 2018 | Jun 2018 | Change |
|-----------------------------|----------|----------|---------|
| Cash @ bank | \$ 233.3 | \$ 162.0 | \$ 71.3 |
| Net cash¹ | \$ 107.4 | \$ 33.9 | \$ 73.5 |

1. Excludes CCPB 9 & 10 debt

Operating:

- Significant operating cash flow, lumpiness still an inherent feature with milestone progress payments.

Investing:

- Sustaining capex in typical range of \$10 – 15 million for full year.
- Enhancing capex was predominantly for the expansion of the Philippines.

Financing:

- GZB & lease debt reduction.
- Dividends are net of dividend reinvestment program.

Closing cash:

- Strong closing cash position.
- Benefited from a reduction in work in progress and progress payments in advance for FY2019 H2.
- Higher net cash.
- Supports increase of interim dividend to 3 cps.



Net Cash / (Debt)¹



¹: Excludes CCPB 9 & 10 debt

Guidance Update – Group

The following slides are an update on public guidance statements made in the FY2018 full year results announcement.

Revenue \$1.3 – 1.4 billion increased to \$1.9 billion



USA Margin 7-8%



Effective tax rates similar to FY2018



Cash generation similar to FY2018



Guidance Update - Defence



1 or 2 LCS from 2018 US fiscal budget



4 x



1 EPF from 2018 US fiscal budget



2 x



Trinidad & Tobago Cape Class Patrol Boats



2 x



Philippines OPVs



Guidance Update - Commercial

Continuing to pursue opportunities for further orders



Capacity expansion in Asia fully functional in FY2019 H2



8 vessels in construction excluding China



Australasia shipbuilding revenue to double



Australasia return to profit (EBIT)



Guidance Update - Support

Continued Naval support growth



Dry Dock support for LCS



Armidale support complete



GCPB support starts FY2019



CCPB support performance improvement



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