



FY2024

Annual General Meeting

01 November 2024

Paddy Gregg, Chief Executive Officer

1. Welcome to FY2024 AGM

Situational Summary



Clearing the slip for launch

- Delivered on EBIT- middle band of guidance range
- Department of Justice/ SEC resolution allows focus on future growth
- Relationship with Customers in the US and Australia very strong



Transition coming to fruition

- Looking back 3 years- life after LCS in the US
 - 2 programmes now 13 programmes in the US
 - Steel investment completed
 - Submarine modules & MMF3 commencing
 - San Diego dry dock to commission this financial year
 - GCPB 13 then and now delivered 21
 - ECCPB 11 launched then and now building ECCPB 18
 - Strategic Shipbuilder in WA

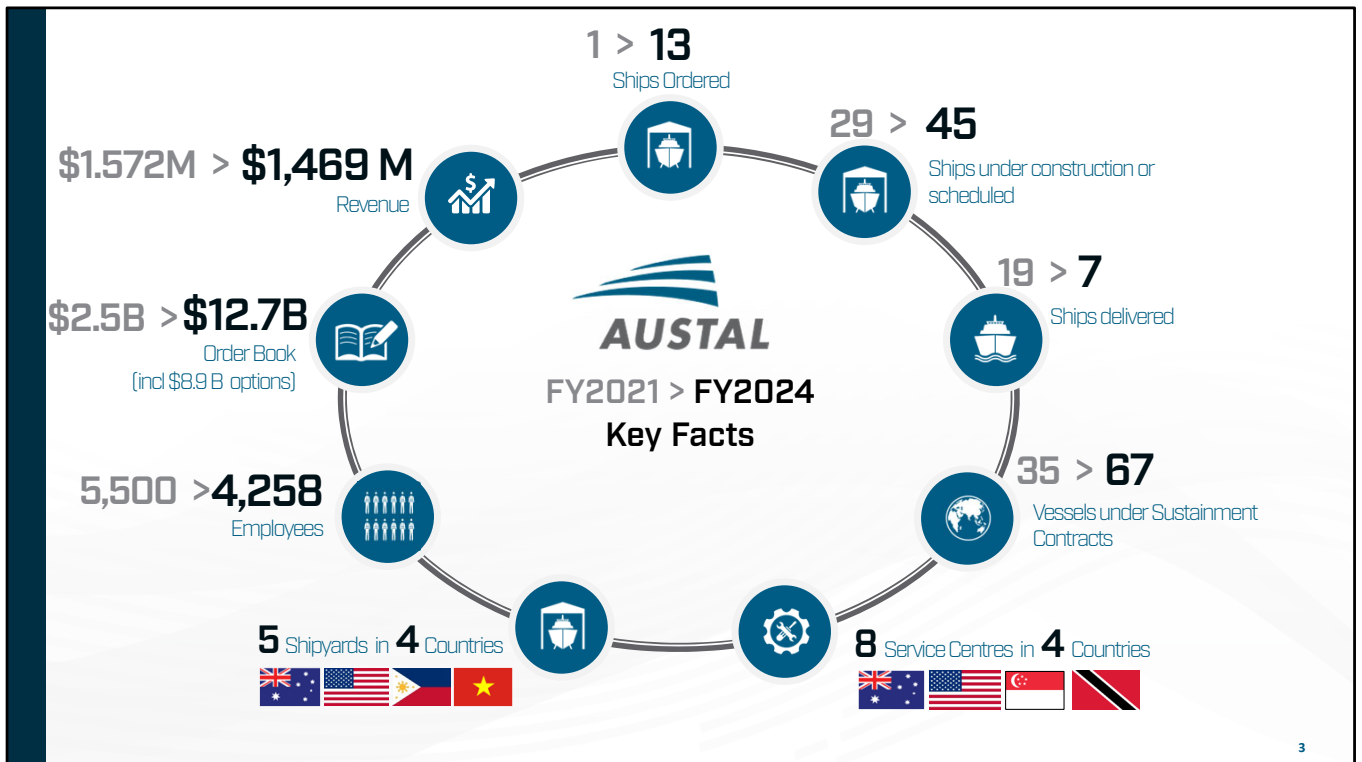


Creating Long-Term Value for Shareholders

- Strategic growth opportunities in addition to recent order book increases
- Business diversity increases opportunities and reduces risk
- Programmes won and announced demonstrates we are moving from transition to growth
- \$450m infrastructure investment for subs modules from US Navy provides optionality for growth
- Share price still lagging growth

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1. We have been in a transition period for the last 3 years following the announcement that the LCS programme was ending and we are now moving back to execution and growth.
 - a. The underlying business is performing.
2. Our investment to grow will increase in FY25 and FY26 as we invest further in our steel line and associated assembly, launch and recovery infrastructure. Now that we have resolved matters with the DoJ we can finalise our capex funding and I look forward to providing more specifics on what that investment entails in the near future.
3. If I can single out one area for particular praise, it's our support businesses. Our target was to hit \$500m of revenue by FY2027. We are well ahead of our own trajectory, with \$468m of revenue booked in that business in FY2024, and our San Diego yard is yet to come fully on-line (anticipated FY26).
4. Over the last 2 years we have begun to talk about AUKUS and how Austal can benefit from Pillar 1 with the Submarine modules we are already building, and the growth there. Pillar 2 is about technology, and in both the US and Australia, and it's pleasing to see the Austal's Technology businesses really starting to contribute. I anticipate this will also continue to grow.
5. While a lot of focus is on the US, given its importance to Austal's revenue and profitability, Austal Australia is being set-up for long-term success with a Heads of Agreement to become the Commonwealth of Australia's shipbuilder of choice to build a 20+ year program of vessels which will hopefully include more Capes, Landing Craft – Medium, Landing Craft – Heavy and potentially General Purpose Frigate and Optionally Crewed vessels. That's \$20bn+ of work over 20+ years.
6. While FY24 results are important for shareholders, it's also important to step-back and look at Austal at a macro level:
 - a. We have a \$12.7 billion order book for 14 different vessel programs.
 - b. We have carved a unique space in the US defence industrial base, building our own vessel programs and sub-contracting on others, such as modules for US Navy submarines.
 - c. The Strategic Shipbuilding Agreement in Australia, which we hope to finalise, should place our Australian business in the same position that we have forged in the US.



1. We have been in a transition period for the last 3 years following the announcement that the LCS programme was ending and are now moving back to execution and growth.
2. The comparisons show the decline as we transitioned through revenue, orders well below deliveries and workforce.
3. Growth is demonstrated through orderbook, orders well above deliveries, ships under construction or scheduled, and vessels under sustainment.
4. Order book continues to grow with EMS and LCU awarded in the US...more to come with Strategic Shipbuilding Agreement announced in Australia
5. Our service and support business continues to grow.
6. We are now up to 8 service centres worldwide, with 67 vessels under sustainment contracts.
7. Employee headcount globally is ~4,300, with more growth expected (+2000 people) on the back of the order book and the SSA, with increased labour comes increased revenue. The previous numbers give us confidence we can grow again.
8. 13 Ships Ordered - USA (Total 7) comprising 3x Landing Craft (LCU), 3x EMS & 1xTAGOS and Australasia (Total 6) 2x ECCPB, 2x GCPB, Dory 2 & Rottneest Ferry
 1. Since June 30 2024, 2x LCU Awarded and Vela
9. 7 Ships Delivered – USA (x2) EPF 14 & LCS 36 and Australasia (x5) ECCPB 16 & GCPB 16 – 19)
 1. 2x ships delivered since 30 June 2024, ECCPB 17 and GCPB 20.
10. Lastly, it would be remiss of me not to mention that the FY24, was the last financial year that our founder, John Rothwell, served as Chairman of the Board
 1. While John continues to actively contribute to the Company as a Non Executive Director, it was his drive and determination as Chairman that set Austal up as the successful company that it is today
 2. Our new Chairman, a former US Secretary of Navy, Richard Spencer is very energised about his role at Austal, and Austal's future

Order Book & Future



1. Significant growth in order book on contracted programs (assuming options are exercised)
2. Significant Defence announcements being worked into contracts, particularly in Australia
3. Commercial orders return, meaning Australasia EBIT expected to recover in FY25



FY2024
Financial Highlights

Group Results Summary relative to FY23

TOTAL REVENUE

↓ (7.3)%

\$1,469m

ORDER BOOK (inc. options, excluding SSA)

↑ +\$1.1bn

\$12.7bn

OPERATING CASH FLOW

↓ \$(99.8)m

\$(13.0) m

NET CASH

↓ \$(45.8)m

**\$3.9m @ year end
\$234m current**

CASH

↓ \$(5.7)m

**\$173.5m @ year end
\$396m current**

EBITDA

↑ +\$68.8m

\$123.7m

EBIT

↑ +\$61.3m

\$56.5m

NPAT

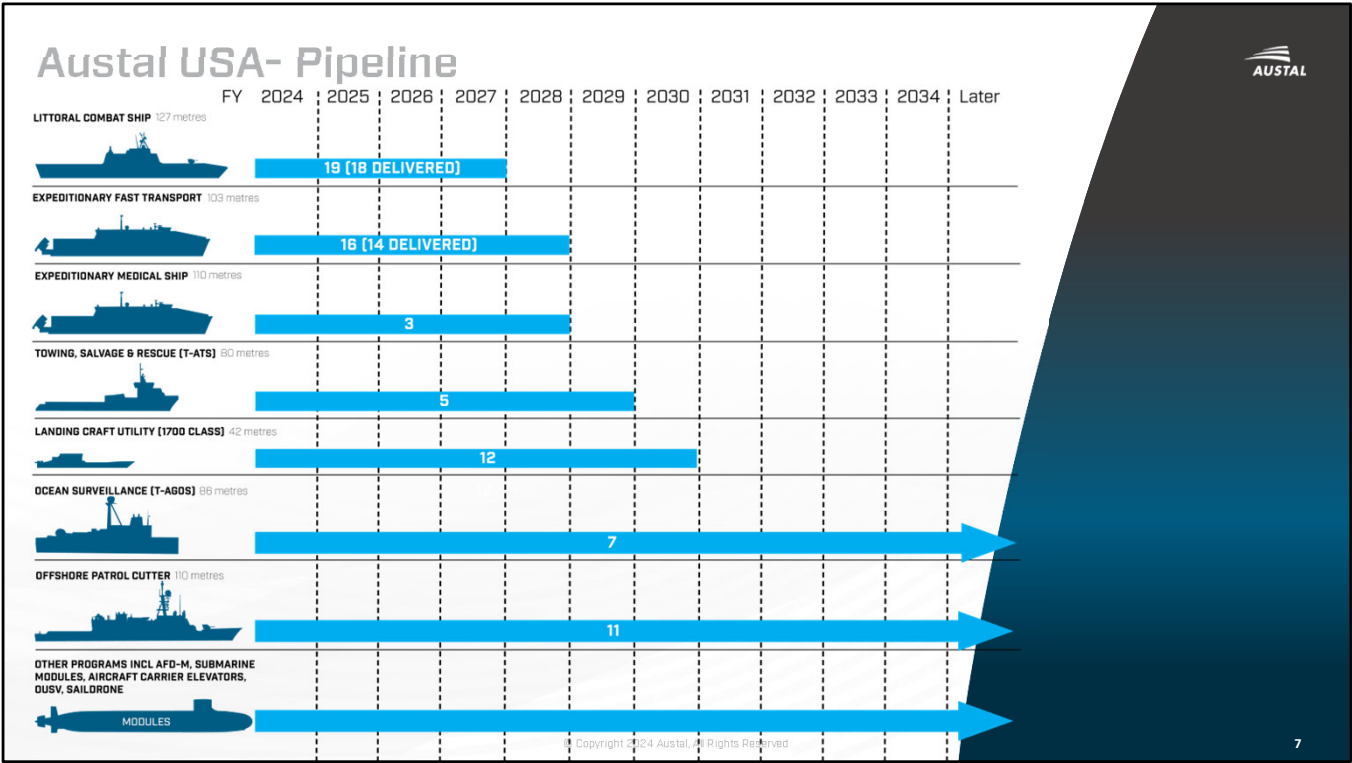
↑ +\$28.7m

\$14.9m

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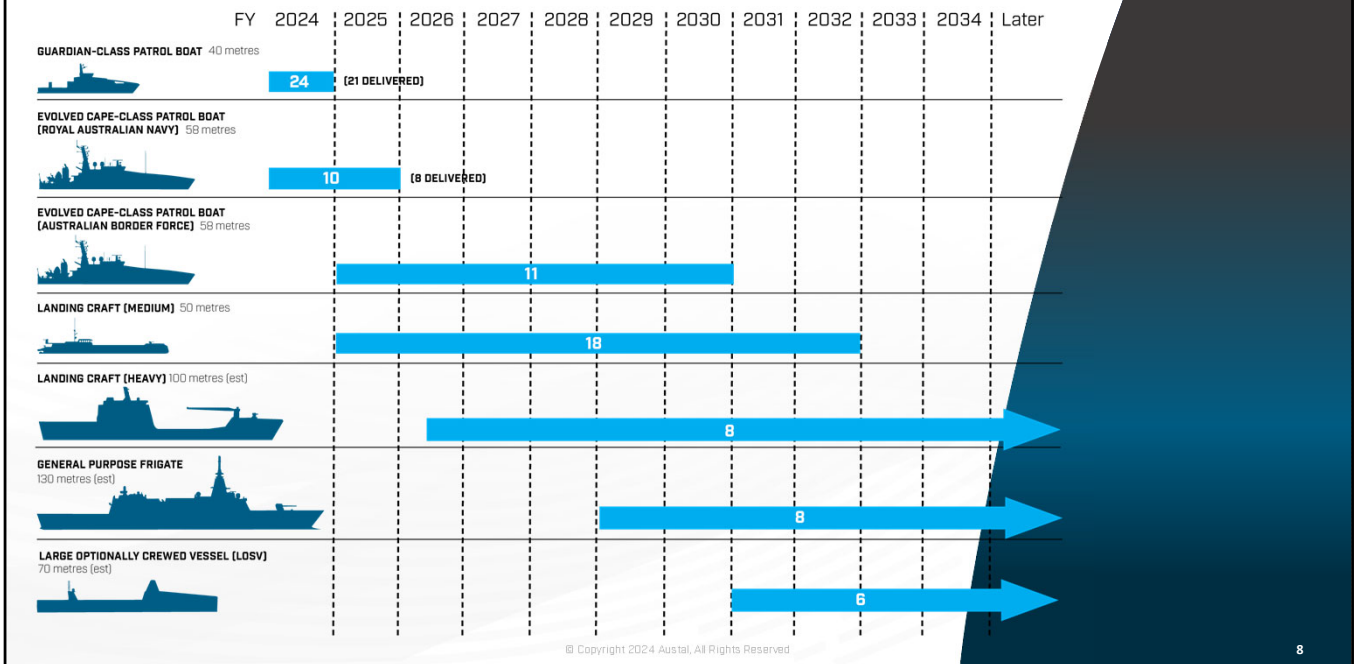
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1. Our financial results were significantly better than last year and while revenue was slightly reduced, EBIT increased substantially – from a \$4.8m EBIT loss in FY23 to a \$56.5m profit in FY24 – and we met our profitability guidance
 - a. We achieved those results despite a blip in Australasian business, which is not expected to be repeated with the correcting effect of three new orders for our Asian yards and new defence programs coming on-line. The \$22m Shipbuilding EBIT loss in Australasia dragged down the \$93m in EBIT recorded in the US
2. Reduced revenue largely driven by lower shipbuilding throughput
3. EBIT/ EBITDA up on FY2023, despite a challenging year in Australasia. T-ATS & AFDM have no margin recognition (onerous contracts). As we have previously stated the future ship contracts were bid differently to T-ATS and AFDM in terms of cost escalation and labour hours estimation. Pushing resolution of T-ATS through REA and efficiency improvements on AFDM in FY25.
4. Sufficient cash and facilities for operations. We have invested to grow in FY24 which has impacted on cash – both investing cap-ex and the cashflow impact of T-ATS and AFDM issues as we get our steel line up and running.
 - a. While I don't want to downplay those issues, we are setting up Austal for future success, and the return on that investment will benefit shareholders for years to come.
 - b. As we have previously stated the future ship contracts such as T-AGOS and OPC were bid very differently to T-ATS and AFDM in terms of cost escalation and labour hours estimation.
 - c. We have also pre-purchased some long lead items, which brought forward the cash spend.
 - d. We have a higher WIP than previous periods and have put focus on reducing that where possible, to help cash.
5. Operating cash down at year end as a result of lower Australasia shipbuilding throughput and the USA onerous contracts
6. Net cash reduced at year end due to investment in the business predominantly on San Diego support facility & dry dock, and detail design in Mobile
7. Current cash is unaudited as at 25th October and stated to show the impact of the USD450m contract for the Submarine Module facility recently announced
8. NPAT up, and includes high USA tax charge due to resolution of BAPA & DOJ Penalty disallowable expense
9. No dividend declared due to future requirements for cash (Cap-Ex, penalty and onerous contracts)



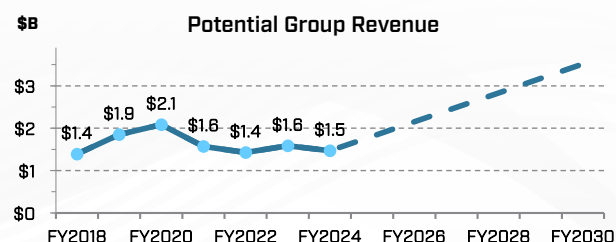
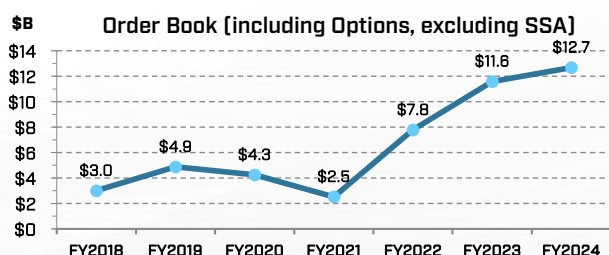
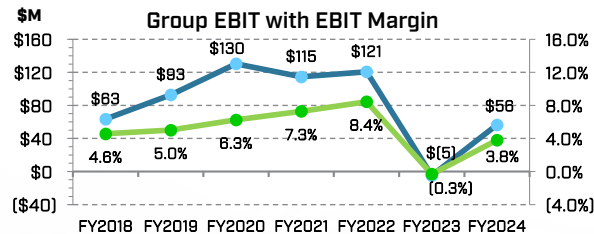
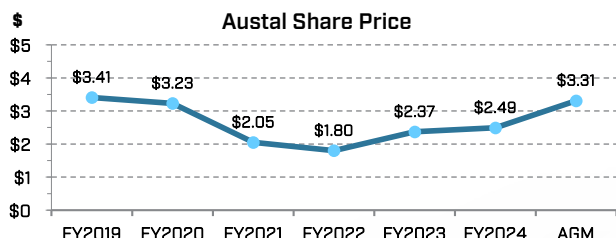
1. The profile of Austal USA’s ship build program is shown in the chart.

Austal Australia – Pipeline & Opportunities



1. The profile of Austal Australia’s potential ship build program is shown in the chart.
2. Minister for defence industry in Australia announced Austal will build 2 more ECAPES. Australian Government has also announced its intention for the Medium landing craft and hopefully heavy landing craft to be built under the Strategic Shipbuilding Agreement - this is subject to contract and has been announced as \$7-10bn in total.
3. The Australian Surface fleet review has provided for 8 General Purpose Frigates (in addition to the 3 General purpose frigates to be built overseas) and 6 Large Optionally Crewed Vessels to be built in Australia. Again Austal hopes to be materially involved in these programs under the Strategic Shipbuilding Agreement with the Commonwealth.

Long term investment proposition



Recent contract wins and announcement in US and Australia underpin significant future growth

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- The graphs show historical share price, Revenue, and EBIT, along with the order book.
- Over the past 7 years Austal has delivered nearly \$12b of revenue and around \$580m of EBIT, with an average EBIT margin of 4.9%. This margin has exceeded 7% when major programmes such as the LCS progressed beyond the high-cost ramp up phase to steady state profitable phase.
- You can also see there has been a disconnect over the last three years between the order book and the share price, due to execution and start up challenges on some of our programmes.
- Today we have a record order book of around \$12.7b, which exceeds our total revenue for the last 7 years. At the 7-year average EBIT margin, this can potentially deliver over \$600m of EBIT to the company, with significant upside as major programmes move to steady state.
- We continue to work hard to position the company to profitably execute on our record order book and remove the share price order book disconnect. We have:
 - Carefully managed cash ahead of a planned capex programme to build out revenue capability
 - Resolved the DOJ investigation, improving certainty around forward cash availability and requirements for investment programme
 - Maintained a net cash balance sheet that provides growth flexibility for future investment, and
 - Implemented management changes at Austal USA to drive productivity, investment and growth.
- The order book is shown inclusive of all of the OPC, TAGOS & LCU contracted options (including those that have not yet been exercised)
 - Minister for Defence Industry in Australia announced Austal will build 2 more ECAPES and (subject to contract) Medium landing craft, heavy landing craft...totalling c.\$4bn.
 - The Australian Surface fleet review has provided for 8x General Purpose Frigates and 6x Large Optionally Crewed Vessels announced to be built in Australia (in addition to the 3 General purpose frigates to be built overseas)

Guidance FY2025

EBIT Guidance for FY25 is \$80m

Key drivers include:

- Record order book of \$12.7 billion
- Increased orders anticipated through the SSA
- Increased volume of work in Asia
- T-ATS REA progress
- A weakening US\$ could reverse the tailwinds experienced in FY24
- We are still working to finalise the accounting treatment of the USD450m contract with EB for the submarine module building.

With the orderbook plus Government announcements we see this as the end of a transition period and start of the execution period, with years of growth ahead



FY2024
Business Overview

THE EVOLUTION CONTINUES

Eight Evolved Cape-class Patrol Boats in less than five years



More than 200 supply chain and industry partners **delivering together** for the Royal Australian Navy, and Australia.

	ADV Cape Otway (314)	March 2022
	ADV Cape Peron (315)	August 2022
	ADV Cape Naturaliste (316)	November 2022
	ADV Cape Capricorn (317)	February 2023
	ADV Cape Woolamai (318)	June 2023
	ADV Cape Pillar (319)	October 2023
	ADV Cape Solander (312)	August 2024
	ADV Cape Schanck (313)	October 2024

On time, on budget.



Expanding Shipbuilding- Mobile Yard



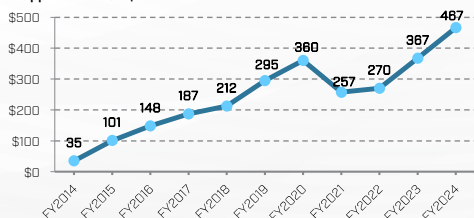
- Invest in facilities for current and future shipbuilding programmes and additional submarine module capacity
- Resolution of DoJ matters enables finalisation of funding for US investment in FA2, anticipated up to US\$300m, phased over 3 years
- Austal has received a letter of support from an Australian Government financing agency for up to 50% of the financing required for the FA2 project for a period of up to 10 years

Support

We set a target of \$500m revenue by FY27 and are tracking well against this:

- Our addressable market grows in US and Australia as the number of Austal-built ships increases
- Investment in San Diego growth opportunity when the floating dock is commissioned
 - This is taking longer than anticipated due to increased environmental requirements
 - Future opportunity to work on non-Austal ships once operational
- Keep growing revenue through non-prime work supporting others
- Opening of a new, dedicated maintenance facility at the Trinidad and Tobago Coast Guard (TTCG) base in Hart's Cut, Chaguaramas, on the island of Trinidad

Support Revenue \$m



1. We set out strategy to grow the support business in our 2 main markets, the USA and Australia.
2. We set a target of \$500m revenue by FY27 and are tracking well against this.
3. We have invested in both USA and Australia facilities to help achieve that target.
4. We continue to look for growth areas e.g. the service centre in Trinidad to support the vessels we have delivered, and others.

Austal Technology

Austal historically focused on shipbuilding, moved into and grew support, and is now growing in technology. Future opportunity in AUKUS pillar 1 (Sub modules) and pillar 2 (Technology)

In the US:

Additive Manufacturing (AM) is a force multiplier capable of increasing manufacturing capacity and supply chain resiliency.

Scale AM adoption in the Maritime Industrial Base to address supply challenges that are impacting 1 + 2 + AUKUS + Sustainment.

Austal USA Advanced Technologies is strategically positioned to play a decisive role the execution of Navy's AM strategy

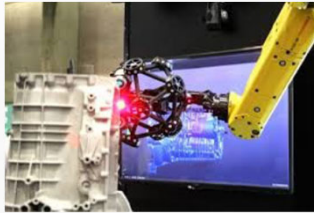


In Australia:

PBAT project has successfully completed Sea Acceptance Trials of the remote and autonomously operated vessel, Sentinel.

Cyber security (mandatory on new build contracts post July '24) for on-board ship systems, MARINELINK PRIME

Austal's Asset Management solution LUSI (Lifecycle Upkeep Sustainment Intelligence) has had a successful year and continues to be used operationally on all of the Royal Australian Navy's Cape Class Patrol Boats. A companion product for air domain is being trialled.

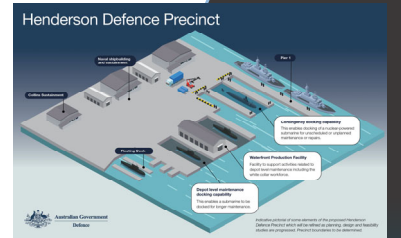


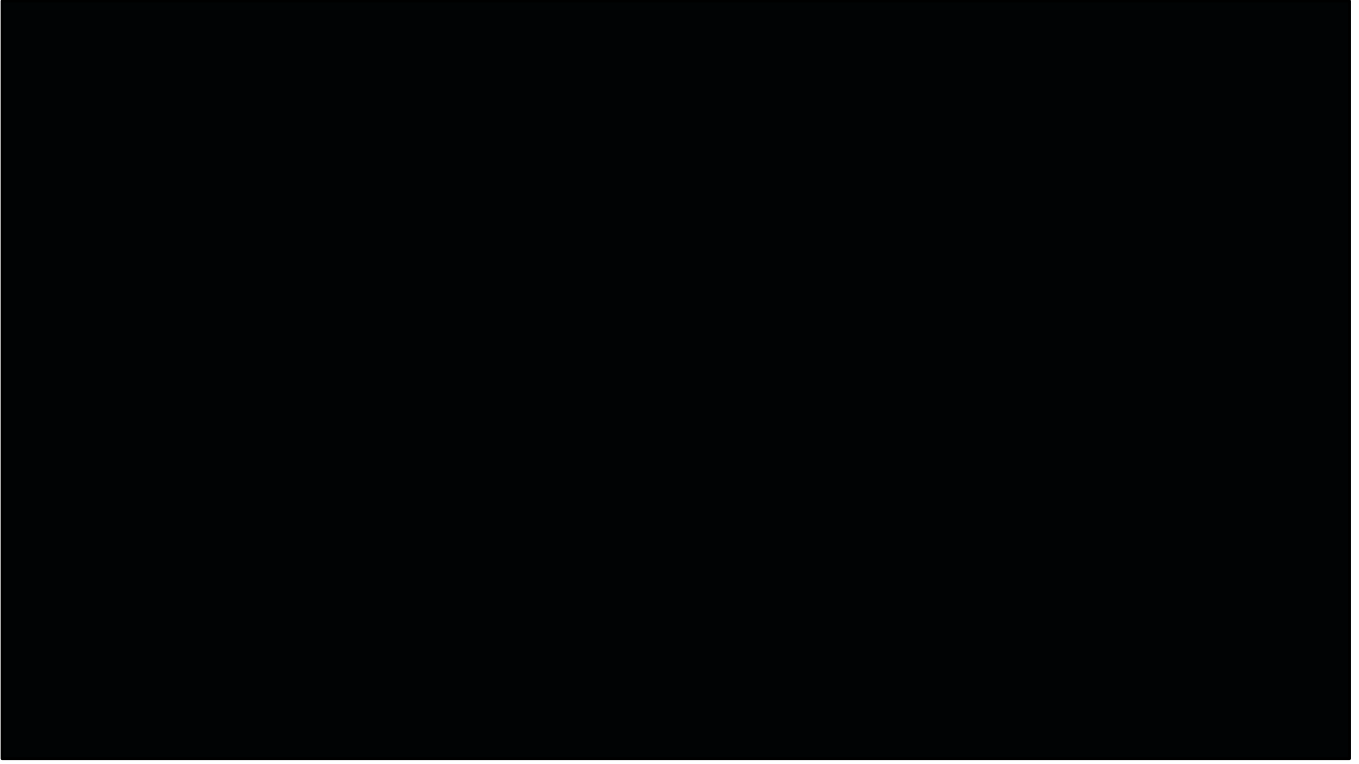
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1. Austal believes AUKUS will be a great opportunity going forward
2. Pillar 1 is all about Nuclear Submarines and we have started building modules in Mobile with opportunity to grow that work
3. We are working in Autonomy in both the US and Australia
4. We expanded the research centre at the Austal USA Advanced Technologies (AT) facility in Charlottesville, Va. With the addition of more than 900sqm, the now 2,300sqm facility houses equipment for Industry 4.0 application development and will allow the team's capabilities to grow substantially over the next 12 months.
5. The Austal USA Advanced Technologies division operates a research and development facility in Charlottesville, VA. Specifically, the Advanced Technologies team focuses on identifying and testing state-of-the-art solutions and performing the necessary development work to increase the Technical Readiness Level (TRL) of the technology such that it can be deployed at the Austal USA Shipyard in Mobile, AL or at the Navy's Additive Manufacturing Center of Excellence (AM CoE) in Danville, VA. Currently, the Advanced Technologies team is focusing on certifying cold spray and friction stir additive manufacturing modalities for deployment in the AM CoE and across the Marine Industrial Base (MIB).

Strategic Outlook

1. Record order book in the US with Australia set to follow through Strategic Shipbuilding Agreement. Positive momentum with Henderson Defence Precinct announcement.
2. Underlying business performing, remedy start-up challenges
 1. Issues on T-ATS and AFDM confined to those programs. REA in progress for T-ATS
 2. Australasia growth through SSA and Commercial orders received
3. The support business is progressing well toward its target of \$500m revenue per annum by FY27. Floating dock commissioning will add revenue growth
4. US capex investment for growth progressing well with healthy cash position allowing us to commence on both FA2 and MMF3
5. Transition to new programmes will bring revenue growth through order book
 1. Anticipate 3,000 additional jobs company-wide over next 2-3 years
6. Additional opportunities for growth through AUKUS in submarine modules and technology
7. Relationships in Australia and the US growing at a critical time for defence capability
8. We have come through the transition and entered the execution & growth phase.





PBAT Video – First Sea Trials

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