

2016 Annual General Meeting



THE AUSTRALIAN SHIPBUILDER



David Singleton, Chief Executive Officer

28 October 2016

Austal @ a glance



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- >\$1.3 billion in revenues.
- >5500 employees globally.
- Shipyards in US, Australia and Philippines.
- Only Australian company in world's top 100 Defence Contractors.
- Prime contractor for 2 major US Navy shipbuilding programs.
- The sole supplier of Commonwealth patrol capability for last 18 years.

Delivering value for customers around the globe in FY2016



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Deliveries in FY2016:

- 2 x Littoral Combat Ships making 4 of 13 ordered to date.
- 2 x Expeditionary Fast Transports making 7 of 12 ordered to date.
- 2 x Cape Class Patrol Boats making 8 of 10 ordered to date.
- 1 x High Speed Support Vessel making 1 of 2 ordered (2nd now delivered).
- 1 x Commercial Crew Transfer Vessel delivered to Abu Dhabi National Oil Company (ADNOC)

The Australian Shipbuilder



Austal vessels currently under construction in Alabama



Austal vessels currently under construction/recently delivered from Henderson



ASC Air Warfare Destroyer. Size comparison



all vessels to approximate scale

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- Austal already builds vessels of similar size and complexity to the new Frigate and Offshore Patrol Boat Vessel's (OPV) required for the Royal Australian Navy.
- New Mols Linien vessel is 35% longer than OPV.

Littoral Combat Ship



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- Littoral Combat Ship has now completed all 3 shock trials required by the US Navy.
- Tests are intended to confirm ship compliance and complete a 3 - 4 year program of design works.
- US Navy will study results of Independence and Freedom class (Lockheed Martin LCS variant) results over next year.
- Austal believes program remains within the guidance given in July 2016.
- Financial claims linked to the design modifications across the program are being prepared and submitted however we have previously advised that due to uncertainty in potential quantum and timing, Austal is taking no account of the potential income on the program.
- LCS is a circa US\$4.0 billion program based on the current order book of 11 vessels (out of a 26 ship navy program).

Cape Class Patrol Boat



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- 2 additional Cape Class vessels ordered for Royal Australian Navy now in construction at Henderson.
- H380 – 74.6% complete, on schedule for launch early December 2016.
- H381 – 48.5% complete, on schedule for launch late January 2016.
- Vessels are on time and running to cost.
- Program was awarded in December 2015 contract value is \$63 million.

Developing Market – Large Crew Transfer Vessels for Oil & Gas



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- 70m LCTV – Rashid Behbudov, Caspian Marine Services – contract value \$44.5 million awarded June 2015.
- 57m LCTV – Undisclosed operator South East Asia – contract value \$26 million awarded June 2015.
- Market for fast and stable crew transfer vessels is developing strongly. Oil and Gas companies are attempting to move away from helicopter transfers of personnel following a series of major incidents.
- Austal well placed in this market. Started with Wind Farm crew transfer vessels (20-30 metres typically) for the North Sea then vessels for Abu Dhabi National Oil Company (ADNOC) (45 metres). Recently delivered vessel to Caspian Marine Services (72 metres) and currently completing vessel in Philippines for Asian customer.
- Austal in strong position given experience and shipyard in USA for Gulf of Mexico vessels subject to 'Jones Act' (must be built in USA).

Pacific Patrol Boat – Austal’s first military steel ship program



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- Game changing 19 steel vessel contract.
- Construction commencing H2 CY2017.
- Deliveries from 2018 – 2023.
- Very sophisticated execution requirements from the Royal Australian Navy to Australia Defence standards.
- Gets us Offshore Patrol Vessel (OPV) ready. OPV’s will be steel and procured to similar Defence standards.
- \$305 million acquisition and support contract.

\$100m ferry driving innovation and jobs at Henderson



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- Austal's largest ferry since 2011 will be built in Henderson.
- Breaks new ground in speed and lightweight targets.
- Won in fierce competition.
- Focus for continued efficiency drive in Australia.
- 1006 passengers & 22 crew.
- 425 cars or 610 lane metres for trucks & up to 232 cars.
- max deadweight = 1000 tonnes.
- Worldwide ferry market has entered a new phase of fleet renewal and route expansion with 5 vessels ordered in CY2016 the first for several years. Additional potential orders being bid. Subject to no worldwide economic shocks (including high oil prices), Austal sees this continuing.

Philippines growing stronger, greater integration

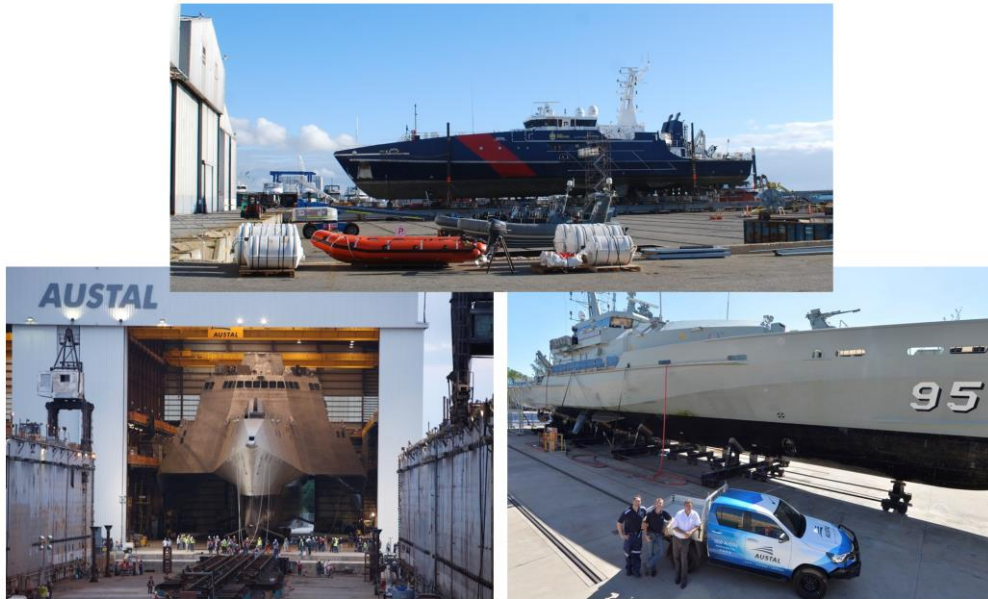


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- Have taken steps to strengthen the Philippines shipyard by installing new management who are long time Austal employee's and familiar with Henderson shipbuilding methodology.
- 1 x 50 metre passenger catamaran, Seasovill, South Korea.
- 2 x 30 metre passenger catamaran, 2GO, Philippines.
- \$29 million combined order value.
- Aulong also won its first ferry. Aulong is the new joint venture between Austal and it's new partner.

Sustainment business grew 55% to \$150 million per annum

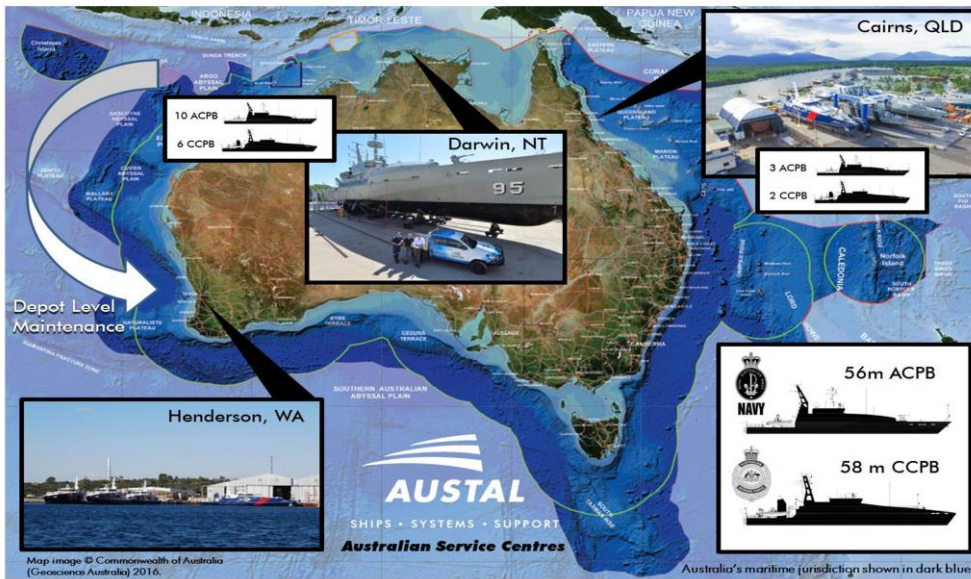


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- LCS awaiting launch onto floating platform.
- Armidale undergoing Maintenance in Darwin.
- Capes undergoing annual maintenance in Henderson.
- Key strategy has been to build a reliable long term revenue stream from sustainment from the Navy ships built by Austal in Australia, USA and rest of the world.
- Income has grown year on year by ~\$50 million and is now at circa \$150 million p.a. with further increases expected in FY2017.

Systems and Support



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- Australian business now has a strong support capability in Henderson and Darwin and a growing capability in Cairns.
- Deep level maintenance on Cape being carried out in Henderson for first time with additional work in Darwin and Cairns.
- Armidale remediation success recently announced with the first vessel in operation at Henderson and 6 more expected to be completed over the next 12 months. 1 Armidale keeps circa 140 people employed for 3 months.

Once in a Generation Opportunity



Future Frigate

Designer



Offshore
Patrol Vessel



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- Defence White Paper announced 3 new naval programs and the biggest naval build in Australia since WW2.
- Strong support from the Prime Minister to strengthen Innovative Industry in Australia. Appointment of Minister Pyne demonstrates this intent. The Minister is a powerful advocate for Australian Industry.
- 9 Frigates to be built in Adelaide.
- 12 OPV's; 10 in Henderson and 2 in Adelaide. Tender to be issued by Commonwealth in November 2016.
- White Paper links defence requirement with Industrial policy to build a 'Sovereign Shipbuilding' capability in Australia through a 'continuous shipbuilding plan'.

Offshore Patrol Vessel



12 x



Offshore Patrol Vessel

2018



2020



\$3 billion

2 x decades of employment for 550 people

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- Request for tenders due November 2016 with responses in H1 CY2016.
- Austal fully committed to this program.

Future Frigate

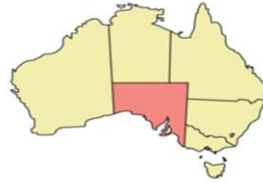


9 x



Future Frigate

2020



\$35 billion

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- Government has announced its intention to split ASC.
- Austal has always said that it is willing to co-invest partner in the development of ASC in Adelaide.
- Austal's export capability, shipbuilding experience coupled with ASC would make a powerful all Australian combination.

THE AUSTRALIAN SHIPBUILDER



- Mature USA operations.
- Win Australian domestic naval contracts.
- Pursue and deliver commercial opportunities.
- Focus on reducing costs.

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For further information visit www.austal.com

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