

FY2021 Full Year Results

24 August 2021
Paddy Gregg, Chief Executive Officer
Greg Jason, Chief Financial Officer



1. Welcome to the FY 2021 full year results call. I am Paddy Gregg the CEO at Austal and I'm joined by our CFO Greg Jason.
2. We will be presenting in the same format with me giving business overview and context while Greg focuses on the financial detail. As always, we plan to present for no more than 30 minutes to allow time for questions.
3. It's been a challenging year with Covid, but we have successfully kept our yards open and adhered to social distancing rules. We have been challenged with a strengthening Aussie dollar, and on the back of 5 years of record results I can only report this is the second best set of results we have announced, despite all the challenges.
4. We remain focused on opportunities for long term sustainable growth and profitability of the business and replenishing the orderbook to keep our facilities full and staff gainfully employed.

Financial Headlines FY2021



\$ m	FY2021	Change from PCP	
Revenue	\$ 1,572 m	(25%)	↓
EBIT	\$ 114.6 m	(12%)	↓
NPAT	\$ 81.1 m	(9%)	↓
Total Dividends Declared	8 ¢ per share	-	→
Operating Cash Flow	\$ 107.3 m	(35%)	↓
NetCash ¹	\$ 231.9 m	(15%)	↓
FY2022 Revenue guidance @ 0.75 USD / AUD	~ \$ 1,500 m	(5%)	

1. Excludes the notional debt of the CCPB 9 & 10 Leasing program

2

1. These results demonstrate a really strong operational performance, and although revenue is reduced and impacted by FX, our earnings dropped by relatively smaller amount.
2. The one area that continues to receive maximum focus is replenishment of the orderbook and associated revenue. I plan to talk more about the opportunities available to Austal, particularly in US, later in the presentation.
3. Standouts in the half were:
 1. Increased shipbuilding margins from both USA and Australasia
 2. Confidence in the balance sheet to allow us pay shareholders another 4c dividend and continue to invest in both organic and inorganic opportunities.
 3. Austal has maintained a very healthy net cash position of around \$232 million – this enables us to deliver returns to shareholders whilst retaining the ability to self-fund investment in long-term growth opportunities.
 4. We are investing for future shareholder returns, including in building steel capability in the USA, a key component in order to replace LCS revenue.
 5. Finally and importantly, the results demonstrate how the nature of our business – being heavily skewed to defence – can withstand the current economic and operational challenges.

FY2021 Key Facts



\$1.572 B

REVENUE



\$2.5 B

ORDER BOOK



29

SHIPS UNDER
CONSTRUCTION
OR SCHEDULED



19

SHIPS
DELIVERED



5,500

EMPLOYEES



8

SERVICE CENTRES



6 SHIPYARDS
IN 5 COUNTRIES



35

VESSELS UNDER
SUSTAINMENT
CONTRACTS

3

1. Greg will give more detail on the factors impacting our revenue in FY21, but we delivered inline with guidance.
2. We are also working our way through the orderbook and while replacement is a key focus for us, let's not overlook the fact that we have 29 ships under construction or scheduled. That is still a significant volume of work ahead for the company.
3. I'm very proud of what our teams in AUSA and Australasia have achieved, to deliver 19 ships - a record for us - despite the challenges of Covid is a fantastic achievement.
4. Many businesses are suffering but with the strong orderbook we possess, and strong balance sheet, we battle Covid from a very fortunate position and that can be seen from the results we are delivering today.
5. Our service and support business has had some immediate challenges, but we still see a bright future for this division and I'm pleased to say the BSE (now Austal Cairns and Austal Brisbane) acquisition and integration has gone well. We are now up to 8 service centres worldwide, with 35 vessels under sustainment contracts, up from 33, growing opportunity as we continue to deliver defence vessels in both USA and Australia.
6. I'm now going to hand you over to Greg to talk through the financials in more detail.

FY2021 Financials



Earnings

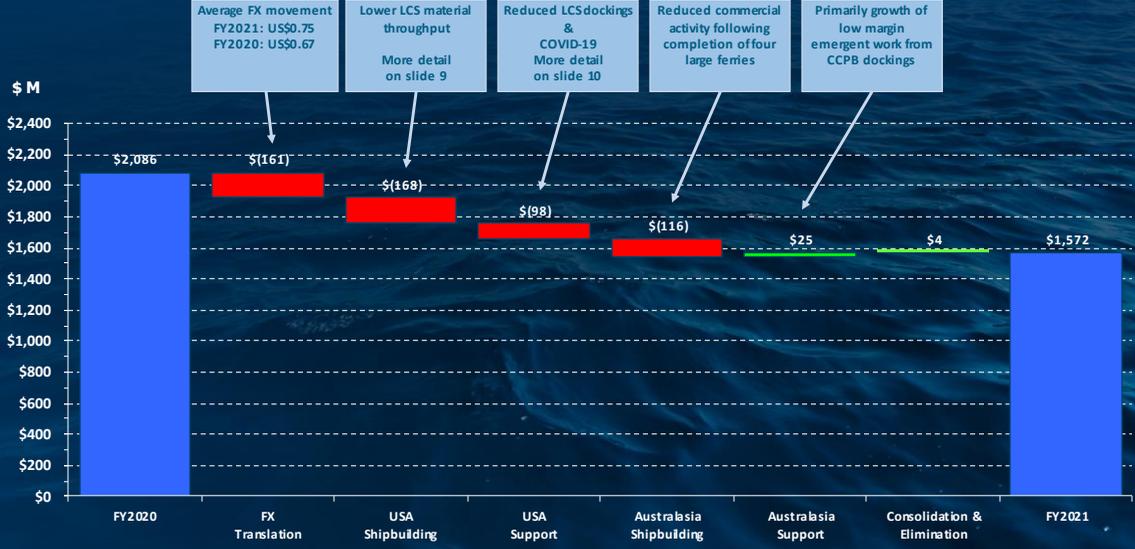


\$ m	FY2021	FY2020	Change	%	
Revenue	\$ 1,572.2	\$ 2,086.0	\$ (513.8)	(25%)	<ul style="list-style-type: none"> Lower revenue driven by FX and lower throughput (More detail: Slide 6)
EBITDA	160.3	176.1	(15.8)	(9%)	
EBIT	114.6	130.4	(15.8)	(12%)	<ul style="list-style-type: none"> Lower EBIT driven by: <ul style="list-style-type: none"> Negative FX impact and reduced throughput Strength of USA and Australasia margin More detail: Slide 7
NPAT	81.1	89.0	(7.9)	(9%)	
EPS (cps)	22.6	25.0	(2.4)	(10%)	
ETR ¹	(24%)	(28%)	4%		

1. Effective Tax Rate (Income Tax Expense / PBT)

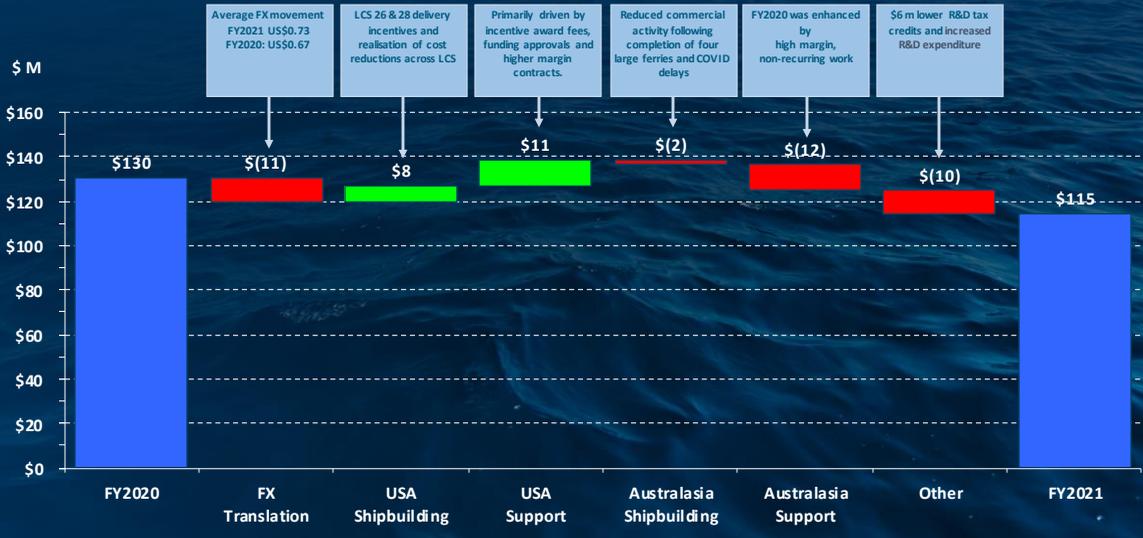


Group revenue movement





Group EBIT movement



Segment breakdown



FY2021

\$ m	Concept	Ships	Support	Total
USA	Revenue	\$ 1,013.0	\$ 163.6	\$ 1,176.6
	EBIT	105.4	26.3	131.7
	EBIT Margin %	10.4%	16.0%	11.2%
Australasia	Revenue	\$ 310.1	\$ 95.8	\$ 405.8
	EBIT	16.0	1.3	17.3
	EBIT Margin %	5.2%	1.3%	4.3%

USA:

- FX impact on revenue \$(161) m
- FX impact on EBIT \$(11) m
- Shipbuilding margin reflects strong performance as milestones achieved and risks retired
- More detail regarding Support revenue contraction and high margin is explained on slides 10 & 11

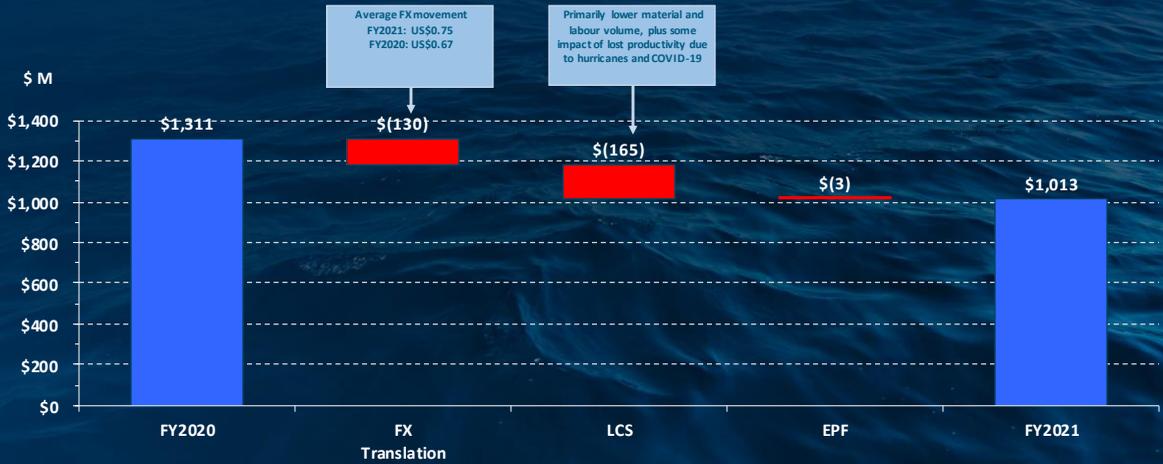
FY2020

\$ m	Concept	Ships	Support	Total
USA	Revenue	\$ 1,310.7	\$ 293.0	\$ 1,603.8
	EBIT	106.8	16.9	123.7
	EBIT Margin %	8.1%	5.8%	7.7%
Australasia	Revenue	\$ 426.0	\$ 70.8	\$ 496.8
	EBIT	17.8	13.0	30.9
	EBIT Margin %	4.2%	18.4%	6.2%

Australasia:

- Revenue contraction as projected with delivery of four large ferries
- Continued trend of shipbuilding margin improvement from FY2020
- Support volume increased with low margin emergent work
- FY2020 Support margin was enhanced by high margin, non-recurring work and reversal of an onerous contract provision

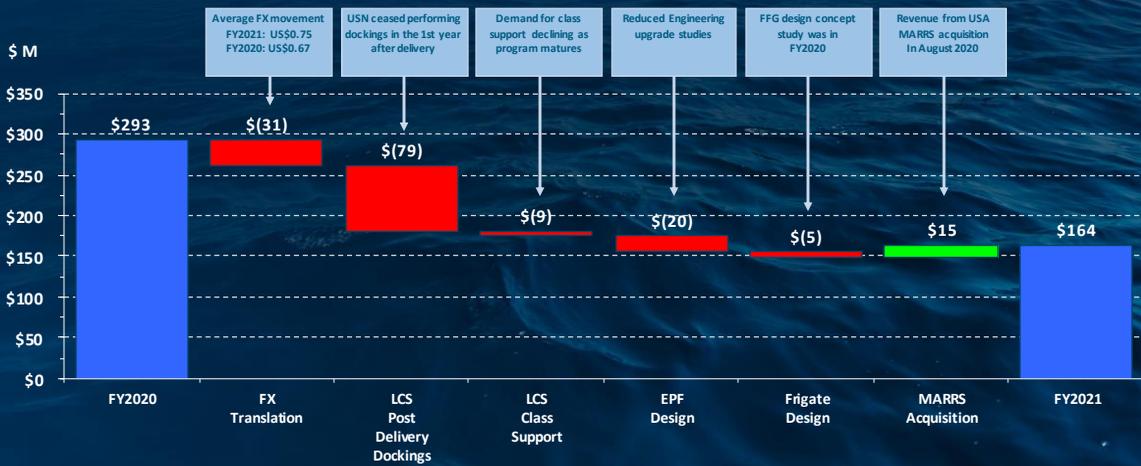
USA Shipbuilding Revenue



USA Support Revenue



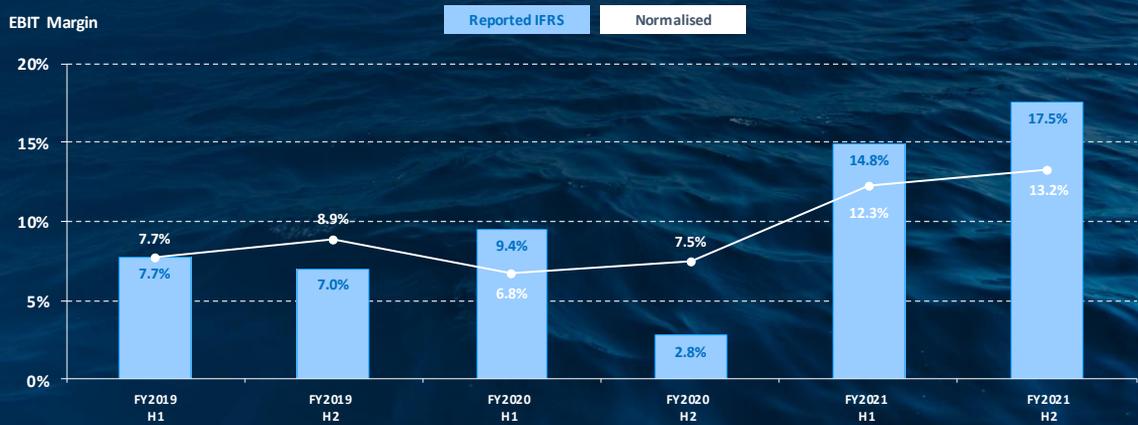
Foreign exchange translation and elimination of specific post delivery LCS dockings undertaken by Austal were the biggest drivers of reduced Revenue.



Support Margin USA



Reported IFRS margin is volatile due to the timing and recognition of incentive award fees, government funding approvals and estimated profitability.



Cash flow



\$ m	FY2021	FY2020	Change
Operating	\$ 107.3	\$ 164.5	\$ (57.1)
Investing			
Sustaining	\$ (8.6)	\$ (15.7)	\$ 7.2
Enhancing	(76.5)	(2.4)	(74.1)
Financing			
Debt	\$ (7.3)	\$ 0.0	\$ (7.3)
Loan origination	(0.2)	(0.6)	0.5
Lease principal	(7.6)	(6.0)	(1.6)
Dividends	(31.3)	(20.6)	(10.7)
FX differences	(25.7)	1.9	(27.7)
NetCash Flow	\$ (49.8)	\$ 121.0	\$ (170.8)

Operating:

- Strong operating cash flow

Investing:

- Sustaining below the normal band
- Enhancing capital expenditure includes BSE, MARRS, Steel transition and Philippines dry dock acquisitions

Financing:

- Immediately repaid BSE debt upon acquisition
- 9 cps dividends paid (pcp 6 cps)

Cash	Jun 2021	Jun 2020	Change
Cash @ bank	\$ 346.9	\$ 396.7	\$ (49.8)
Netcash¹	\$ 231.9	\$ 272.4	\$ (40.5)

Closing cash:

- Strong closing cash position
- Supports 4 cps final dividend
- Cash position supports major investment programs (US steel capability & San Diego dry dock)

¹Excludes the notional debt of the CCPB 9 & 10 leasing program

Business Overview





1. Pictures of some of the major investments in this year
2. All drive growth opportunity for the future
3. Great examples of what we can do with the cash/ strong balance sheet
4. We are opportunities for growth of the support business in San Diego, and Henderson as part of the Force Structure Plan

FY2021 H2 Review



- Construction of steel facility and procurement of new equipment on schedule enabling steel ship construction in May 2022
- US Coast Guard Offshore Patrol Cutter (OPC) Detailed Design and Construction RFP released
- Funding for converting EPF 13 into an autonomous platform appropriated in USA Government FY2021 Budget
- EPF 15 partially awarded, not fully definitised
- LCS Maintenance Activity on-going in Singapore
- Submitted proposal for Next Generation Logistic Ship (NGLS) Industry Study (award expected Oct 2021)
- Awarded Prime contract for Sustainment Execution Contract (SEC) East & West IDIQs (East/West Coast of USA)
- LUSV concept design contract awarded
- OPC RFP Submission May (award expected FY2022 Q4)
- Awarded Light Amphibious Warship (LAW) Concept Design Contract



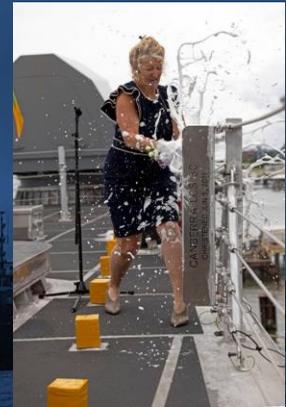
15

1. At the half year we presented a list of opportunities we were pursuing to fill the revenue hole LCS will leave as it progressively winds down through to FY25.
2. I'm pleased to report we have achieved virtually 100% of what we set out to do as you see from the green on this slide. Perhaps even a little more when we consider T-ATS
3. Investment in steel is on track and I remain confident about what this signifies for Austal being considered part of the US industrial base
4. SEC E/W is key to our desire to grow in sustainment
5. there are opportunities to develop our EPF ship and autonomy is exciting for not just EPF in the future.

Operational Highlights US



- EPF and LCS programs continue to perform well.
- Delivered EPF 12 (September) and LCS 26 (December).
- Commissioned USS Mobile and christened USS Canberra.
- Facility expansion adding steel manufacturing capability is underway and is expected to be operational May 2022
- Unmanned surface vessels continue to be a priority for the USN and also for Austal.
 - \$44M contract awarded to convert EPF 13 into an autonomous vessel
 - Austal is executing on a concept design contract for the Large Unmanned Surface Vessel (LUSV) program
 - Austal continues to support US Office of Secretary of Defense developmental program for unmanned surface vessels
- The Austal West Campus (AWC) is fully operational supporting vessel launches and commercial repair projects
- San Diego acquisition progressing to plan
- Future opportunities are encouraging
- Austal USA shipyard and San Diego service center remained open and delivering despite covid.



16

1. EPF and LCS continue to perform well- efficiency in build and risk mitigation
2. Variants of EPF coming through
3. Signed EPF 15
4. EPF autonomous expected soon.
5. Steel facilities breaking ground
6. MARRS acquisition and integration has gone well
7. Next big challenge is San Diego dry dock- working hard to do this by end 2021.

Operational Highlights Australasia



- Despite COVID-19 we have had a record year of ship deliveries
 - 5x Guardian class and 8x ferries (Fred Olsen 1, JRK, T&T Ferry, SGTM, 4 in China), 2x Patrol Boats to Trinidad
- Commercial ferry market continues to be subdued but we have signed an order for Vietnam
- BSE (Austal Cairns/ Austal Brisbane) acquisition completed and integrated as part of Cairns sustainment strategy
- Dry dock purchase for launching vessels in The Philippines and has been used for FOSA 2
- Philippines Navy OPV opportunity is progressing. Next step will be Government to Government agreement signing
- Volta electric ship concept released
- Autonomous demonstrator in Australia
- Updating software - (ERP / PLM / 3D CAD) moving towards digital shipyard
- Profitability of Australasia continues to improve as predicted
- Potential to invest in Henderson as part of COA Force Structure Plan



Austal Australia delivered the first of two 58 metre Cape Class Patrol Boats for the Trinidad and Tobago Coast Guard in Henderson, Western Australia during FY2021 H2. The two vessels are the first export sales of the proven Cape-Class Patrol Boat design operated by the Australian Border Force and Royal Australian Navy.

17

1. Record number of deliveries and not many shipbuilders that could say they have delivered 19 ships in a year with 15 from Australasia.
2. GCPB great example of what Australian supply chain can achieve, possibly the only Commonwealth contract right on schedule.
3. Ferry contract for Vietnam
4. Volta launched- future/ green/ emissions becoming increasingly important
5. Digital shipyard progressing well and provides opportunities in shipbuilding, support and systems
6. Invest in Henderson for Force Structure Plan.

FY2022 Operational Outlook



- Deliver LCS & EPF
- USCG OPC tender submitted
- T-ATS functional design award
- LAW concept design awarded, planning for detail design & construction proposal
- T-AGOS RFI submitted, planning for detail design & construction proposal
- Frigate Follow Yard



- Deliver Guardian program
- Deliver CCPB program
- Tender 8710 (landing craft solely)
- RMP NE tender submitted
- Pacific Support Vessel
- Mine counter measure vessels



- Deliver FOSA 2 September
- Deliver Mols December 2023
- Target PNOPV

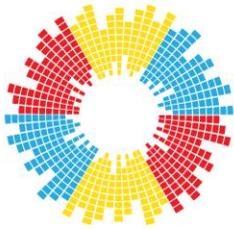


- Deliver the design and build contract for 66 m cat announced in August 2021
- Pursue additional commercial opportunities



- A letter of intent has been executed by Austal and its JV partner targeting completion of the sale negotiations by 31 October 2021

1. Lots of opportunities that we are well placed to execute
2. Programmes to bid for and win in shipbuilding and support
3. All the investments we have made complement the long term growth strategy
4. We are still in the forecast transition from LCS but we have delivered everything we said we would to ensure we make it through stronger and ready to grow in the future.



GROWTH STRATEGY 2050



STRATEGIC PRIORITIES



EXPAND SHIPBUILDING

EXPAND our shipbuilding capabilities to be a world leading designer and builder, in both steel and aluminium, of large, complex naval and commercial vessels, including autonomous naval ships and zero emission fast ferries.



ENHANCE SYSTEMS

ENHANCE our systems and digital products to become Australia's sovereign supplier of naval vessel systems, the global leader in fleet life cycle management solutions for complex assets and a regional champion of Industry 4.0 in shipbuilding.



EXTEND SUPPORT

EXTEND our support and sustainment services to become the leading Indo-Pacific regional supplier to the US Navy, the Australian Commonwealth across all Defence domains and regional navies wherever Austal has a shipyard presence.

1. 2050 because the life of our vessels is 25-30 years
2. Our 10 year growth rate exceeds peers but still lacks scale
3. The makeup of our business has changed significantly but needs to keep changing to meet market demands and opportunities
4. 4 meta-trends drive this: regional insecurity / supplychain localisation/ decarbonisations/ autonomy and automation
5. Expand/ enhance/ extend.

Expanding our range
of zero emission fast ferries



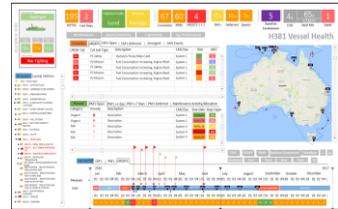
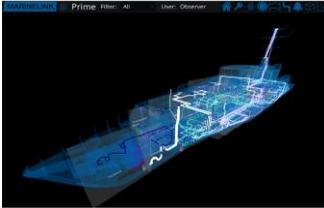
VOLTA

20

1. Launched in December and lots of interest. But Covid impacting commercial orders
2. Could be electric or hybrid with hydrogen or LNG
3. Could be other applications- ferry/ workboat or crew transfer/ fishing

Enhancing Systems

With a growing range of digital products



- Vessel control & monitoring of all onboard equipment
- Intuitive 3D interface
- Critical enabler for vessel automation and autonomy
- Legacy versions on 200+ vessels
- Major upgrade to be deployed on Capes 11-16 & new Mols ferries



- Machine learning to optimise vessel performance
- Recommendations in real-time to crew on the bridge
- Analytics on web for shore team
- In use on 8 large ferries in UK, Denmark, Norway, Spain & Japan
- Will be deployed on Capes 11-16



- Fleet wide asset management & availability planning
- Secure cloud with data replication to remote assets
- Predictive failure analytics
- Prototype in use on Capes 9-10
- Full version to be deployed on Capes 11-16

21

1. Investing in R&D to be ready for the future
2. Focused on the product for more efficient operations
3. Looking at it from both an operation and maintenance perspective in both defence and commercial markets.

Strategic Outlook



1. Our LCS transition continues and we are delivering every step of our plan.
2. COVID-19 remains a challenge but we have had a record year of ship deliveries
3. Long term growth strategy with strong balance sheet to support investment
4. Future work opportunities across ships / systems / support
 - I. Multiple US programmes in steel
 - II. Philippines Navy OPV
 - III. Commonwealth of Australia Force Structure Plan
 - IV. R&D in future technologies like autonomous capability
5. Capability to deliver steel & aluminium shipbuilding and sustainment in commercial & defence sectors

22

1. Great set of results with strong operational performance with challenges I'm confident we will overcome.
2. Our strong balance sheet has helped during Covid, and allows us to invest for what's looks like an exciting future
 1. We are a more diversified business now, establishing in shipbuilding, support and systems.
 3. The same macro factors driving growth of the US Navy are also apparent in Australia, as seen with the award of 6 Cape vessels and a clearly defined construction runway for a whole host of vessels outlined in Australia's Defence Force Structure Plan.
 4. We also see significant opportunities in the Philippines and advanced technology autonomous vessels
 5. Austal does need to generate new contracts in the next few years, but we are optimistic about the future because we have demonstrated we can deliver operationally, have the capability to deliver in steel and aluminum in shipbuilding and support, in commercial and defence, and there are a lot of opportunities out there for us to go and win.

Disclaimer

Paddy Gregg, Chief Executive Officer

Telephone: +61 8 9410 1111

For further information visit www.austal.com

Disclaimer

This presentation and any oral presentation accompanying it has been prepared by Austal Limited ("Austal"). It should not be considered as an offer or invitation to subscribe for or purchase any securities in Austal or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in Austal will be entered into on the basis of this presentation.

Our presentation contains "forward-looking" statements or projections based on current expectations. These statements are not guarantees of future performance and are subject to risks and uncertainties. Key risks are set out in the Company's Corporate Governance Statement and published on its website – they include – but are not limited to – impacts to US programs, the availability of US government funding due to budgetary or debt ceiling constraints; changes in customer priorities or their ability to meet contractual requirements, additional costs or schedule revisions. There are also broader risks to the enterprise such as cyber security, HSEQ incidents, product liability, unexpected impact of regulatory investigations and material unexpected changes to the Company's financing arrangements. Austal's expansion in Asia also naturally brings with it a number of risks that are typical when entering new jurisdictions or expanding in others. Actual results may also effect the capitalization changes on earnings per share; the allowability of costs under government cost accounting divestitures or joint ventures; the timing and availability of future impact of acquisitions; the timing and availability of future government awards; economic, business and regulatory conditions and other factors. We disclaim any duty to update forward looking statements to reflect new developments.

Accordingly, to the maximum extent permitted by applicable laws, Austal makes no representation and can give no assurance, guarantee or warrant, express or implied, as to, and takes no responsibility and assumes no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this presentation.

You should not act or refrain from acting in reliance on this presentation material. This overview of Austal does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of Austal's prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.

End

ASX:ASB
austal.com

