

David Singleton, Chief Executive Officer

Macquarie Australia Conference
30 April 2019



The Worlds Largest Aluminium Shipbuilder



Updates since H1

Full year guidance for revenue is now in the range \$1.8bn to \$1.9bn.

2 EPF vessels worth A\$369m awarded since the half year.

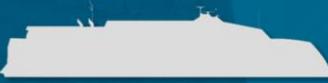
Mols 109m ferry and 2 Braveline 50m ferries delivered on time.

1 additional Guardian Class patrol boat delivered on time program stable (now 2 of 21 delivered).

Under Construction/Delivered

	19 x 127m LCS US Navy, 9 delivered	
	14 x 103m EPF US Navy, 10 delivered	
	58m Cape Class Patrol Boat 2 x in construction	
	40m Guardian Class Patrol Boat 2 x Delivered, 21 ordered.	



	4 x 42m Catamarans Xidao Dazhou Tourism	
	1 x 50m Catamaran SNC Aremiti	
	2 x 50m Catamarans Bravelline	
	1 x 83m Trimaran JR Kyushu Jet Ferry	
	1 x 94m Catamaran Trinidad & Tobago	
	1 x 109m Catamaran Molslinjen (delivered Jan 2018)	
	1 x 109m Catamaran Fjordline	
	2 x 117m Trimarans Fred Olsen SA	

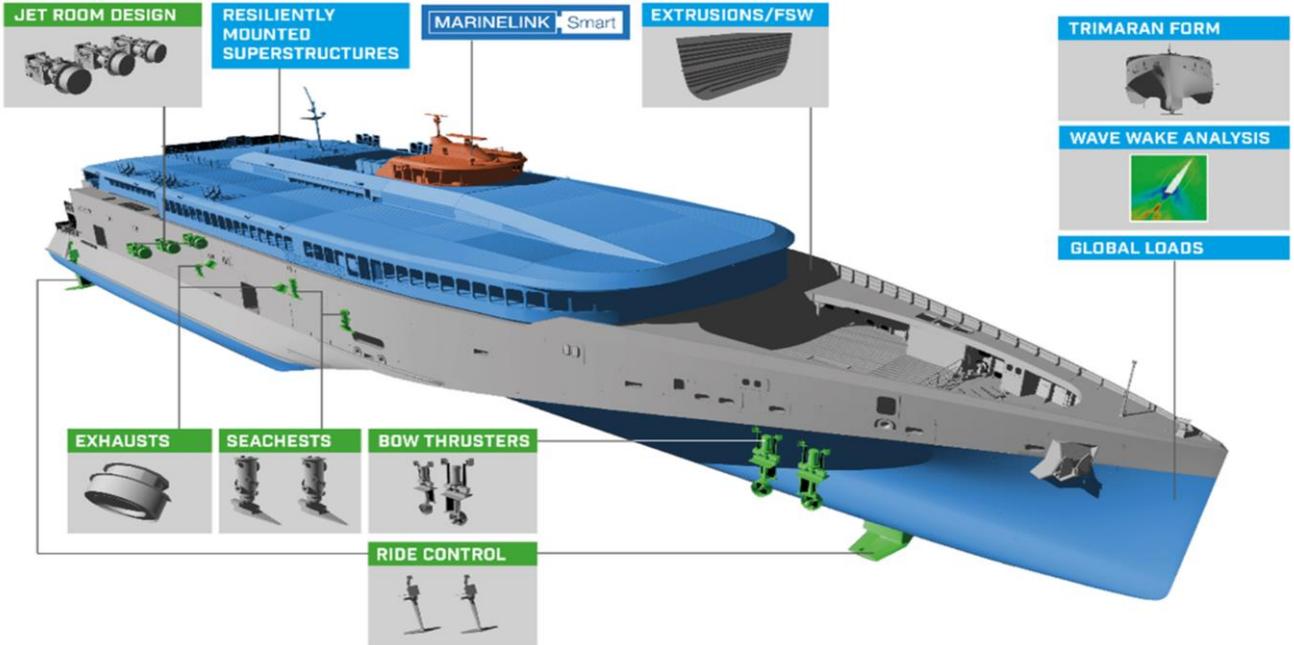
Additional orders for EPF since H1 means 14 total orders with 10 delivered
Austal has won all three competitions for LCS over the last 2 years demonstrating the strong cost competitiveness that we have.

We have a schedule protection payment from Trinidad for 2 Cape Class vessels which have started initial construction although formal contract has yet been signed. Expect this to happen in the next few months.

Guardian deliveries and quality going well and profitable.

Breadth and quality of commercial customers in Japan, Taiwan, Korea and Europe shows strength of business given all have strong shipbuilding industries of their own.

The world leader in fast ferry technology both for Military and Commercial ships.



Austal is highly differentiated in the shipbuilding world and is the world leader in high speed low weight aluminium vessels for both the military and commercial applications.

Constant innovation has meant Austal has kept ahead with many technical firsts including the trimaran hull which provides the best combination of the benefits of the carrying capacity and efficiency of catamarans with the seakeeping of monohulls.

Significant R&D investment over the past 3 years has led to the ultra efficient catamarans sold to Denmark, Norway and Trinidad, the Trimarans for Spain (Canary Islands) and Japan and a range of smaller vessel designs focused on the fast growing Asian market.

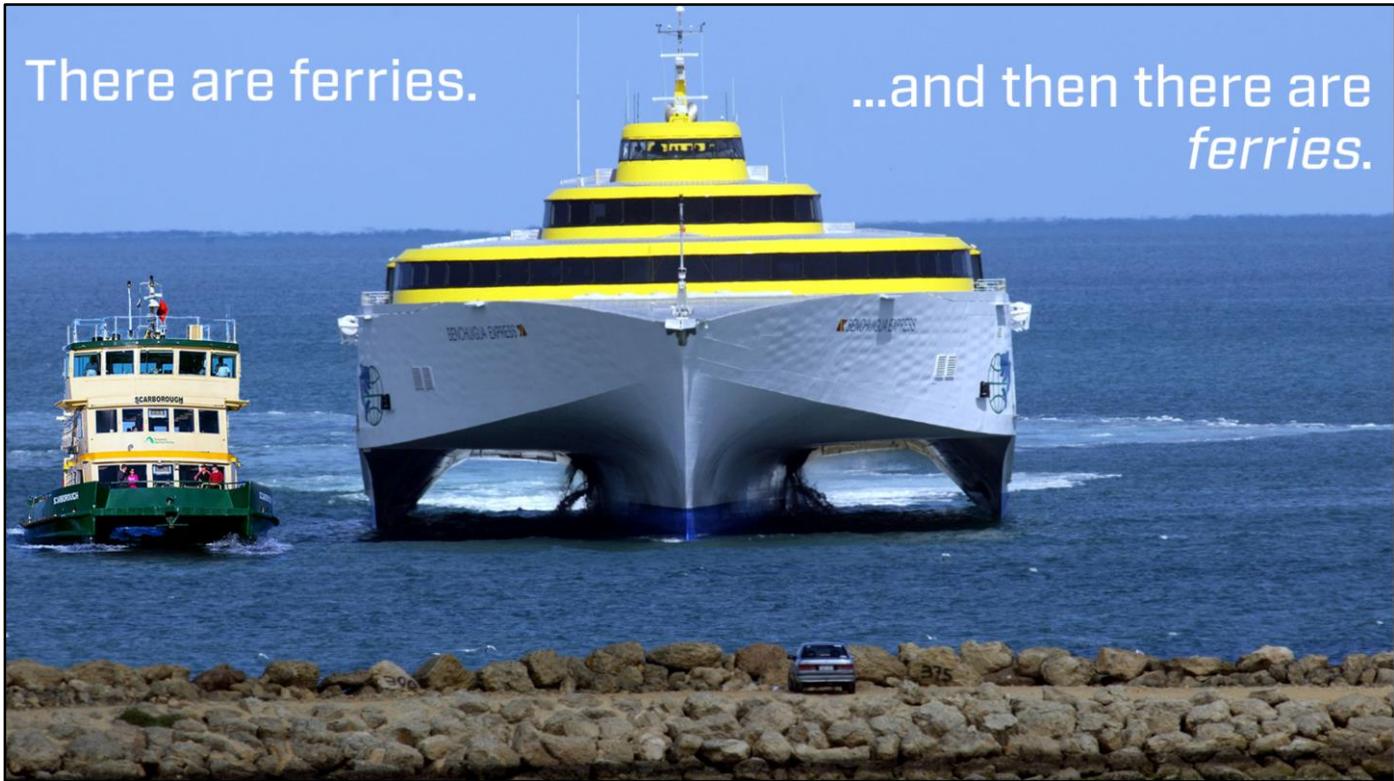
We are now working on the digitisation of our control systems to improve fuel efficiency, ride and reliability amongst other things and are fitting these systems to ships right now. We are also working on new low emission fuels including LNG and battery powered vessels.

There are ferries.



There are ferries.

...and then there are
ferries.



Don't think of Austal as a normal ferry builder, think of Austal as building the most sophisticated high speed vessels in the world. The Ferraris of the shipbuilding world.

Austal is the only designer and builder of large high speed trimarans in the world..

109m Catamaran for Denmark delivered on time.



109m Mols-Linien

Innovation has led to our newest class of vessels, more efficient in the water and lighter for its speed and size than anything that has gone before it.

Austal is Prime on two US Navy programs.



103m US Navy EPF

Another range of unique Austal products are our Auxillary Transport vessels.

These were originally based on commercial catamaran design, one of which Westpac Express has been operating from Okinawa in Japan for 14 years.

We are very proud of this vessel which is consistently achieving 99% availability for US Military Sealift Command.

Based on this success the US Navy ordered 10 JHSV and have since added 4 more EPF vessels, which are under construction in our Alabama shipyard.

There is much interest in this type of vessel from Navies around the world, due to the speed, carrying capacity and low cost.

LCS. Designed in Australia,
built in the US.



127m Littoral Combat Ship (US Navy)



Successful US Navy shock trials demonstrates aluminium capability.



“I am a huge fan of the LCS. It has a capacity to do modernization and add capability like no other warship we've ever built.”



**Admiral Philip Davidson, Commander, U.S. Fleet Forces Command
November 2017**



EPF variants being proposed in foreign Navies.



72m HSSV for RNO

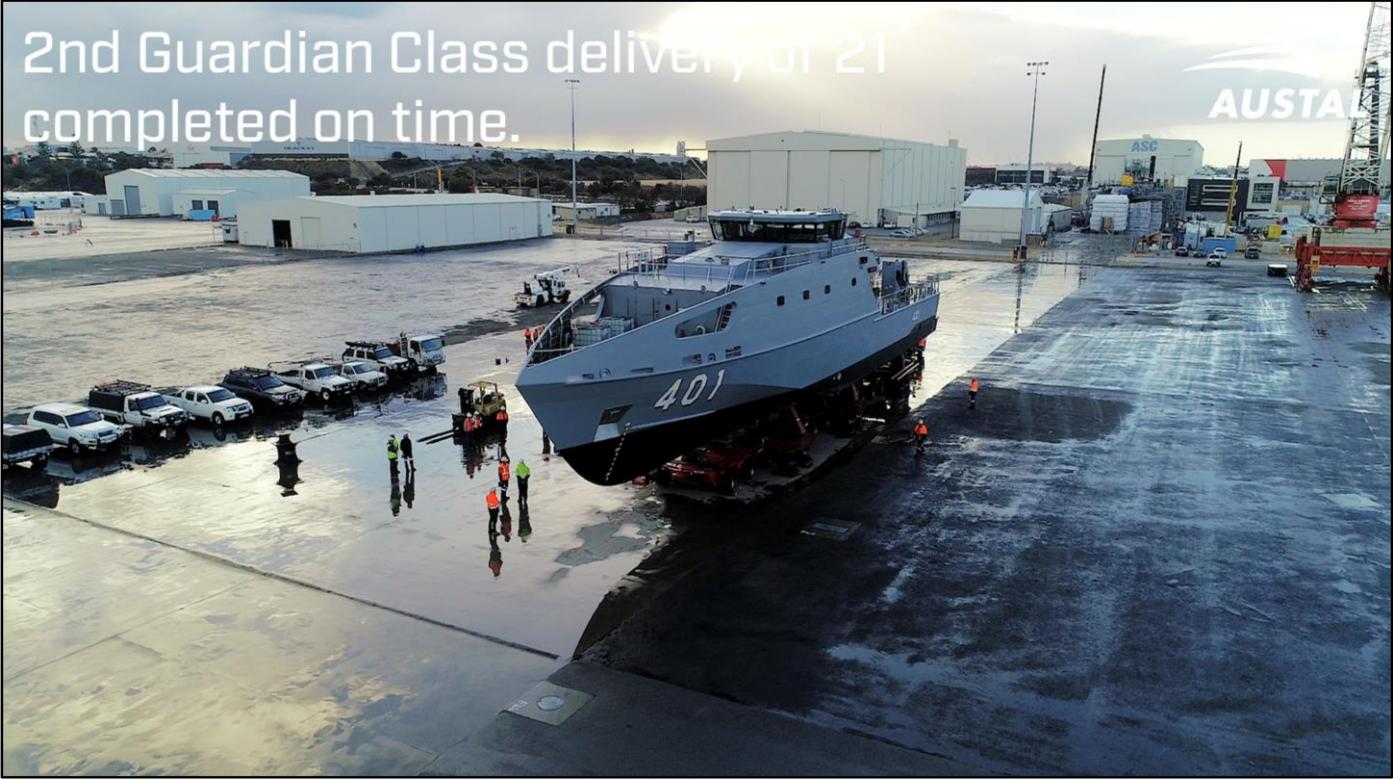
Cape class, world's leading mid size-OPV
with 2 in construction.



Austal has received schedule protection funding from Trinidad and Tobago for 2 Cape vessels for delivery in mid 2020. Contract is not finalised and therefore provides no certainty that these vessels will be completed.

2nd Guardian Class delivery of 21 completed on time.

AUSTAL






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 PROCUREMENT
 SPECIALIST CONSTRUCTION SUPPORT

AUSTAL
AUTO EXPRESS 109
HULL 419

CONSTRUCTION
 PROJECT MANAGEMENT

POWERTRAIN INSTALLATION
 LAUNCH SUPPORT

MODULE BUILD
 PRODUCTION TEAM SUPPORT




We have been pursuing a strategy of building highly quality and low cost manufacturing centres to service our key markets in the USA, Australia, Europe and Asia whilst maintaining our technological lead based in our home base in Western Australia.

Mobile shipyard, highly efficient and the 4th largest in US.



Austal USA, Mobile Alabama

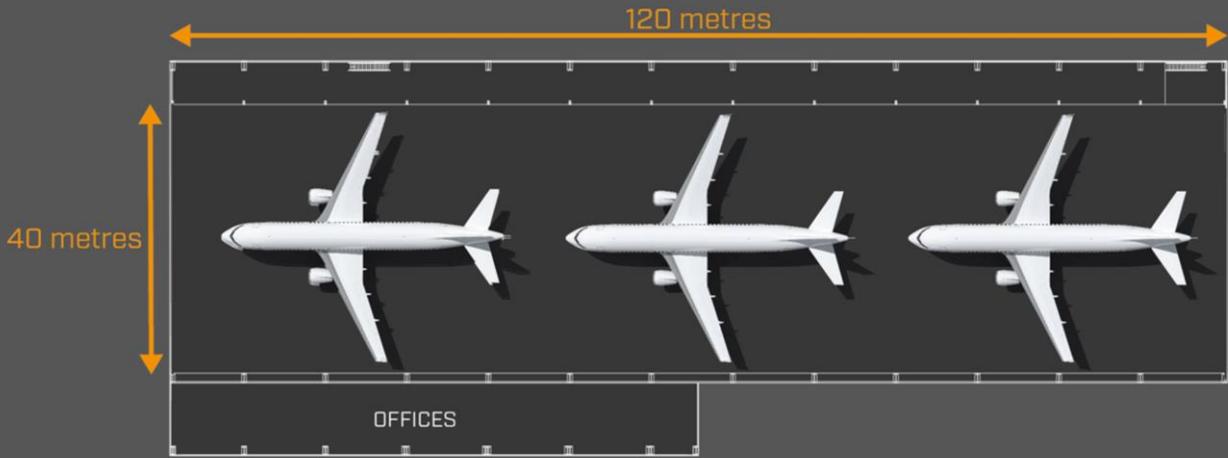
This year we will celebrate 20 years of ship building in the USA. Today we have the largest most efficient aluminium shipyard in the USA a significant competitive advantage.

Philippines. Trebled capacity and built our largest integration facility outside the USA.



- Asian expansion fundamentally changes our business.
- Never before been able to produce large vessel in Asia.
- Now 2 large vessels at a time.
- Reduces yard concentration issues.
- Asia expansion is creating new 'home' markets.
- Philippines operators prefer local build but international quality standards . Over 7000 islands.

New Assembly Hall would fit 3x Boeing 737

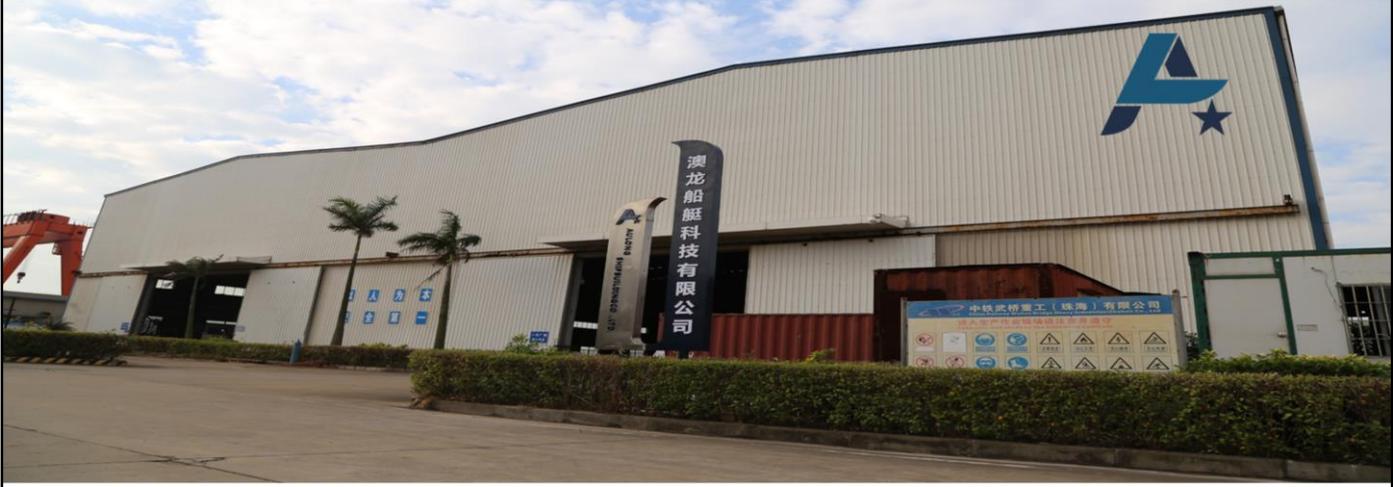


*Aircraft shown are Boeing 737-200

Vietnam. Brand new site now in production.



China. Aulong JV is nearly 3 years old and fast becoming the local market leader.



Strategy and Outlook



Defence Market Overview

1. LCS and EPF consistent and profitable.
2. Order book and outlook is strong.
3. Sustainment and support work growing as fleet grows.
4. Important non-USA opportunities.

Austal is preparing its proposal for the US Navy FFG(X) program.



US Navy Future Frigate concept

The FFG(X) program represents a major growth opportunity for Austal in the USA with a bigger and more sophisticated ship that the Navy budget suggests could be around US\$800m each with a requirement for 2 per annum. (see US Navy plan and budget statements)

Austal is exploring new applications for EPF variants.



We are seeing increasing interest in variants of EPF for other mission types that could continue to extend its life. EPF 13 and 14 contracted in March this year are likely to have a medical capability. Other vessel types are also possible.

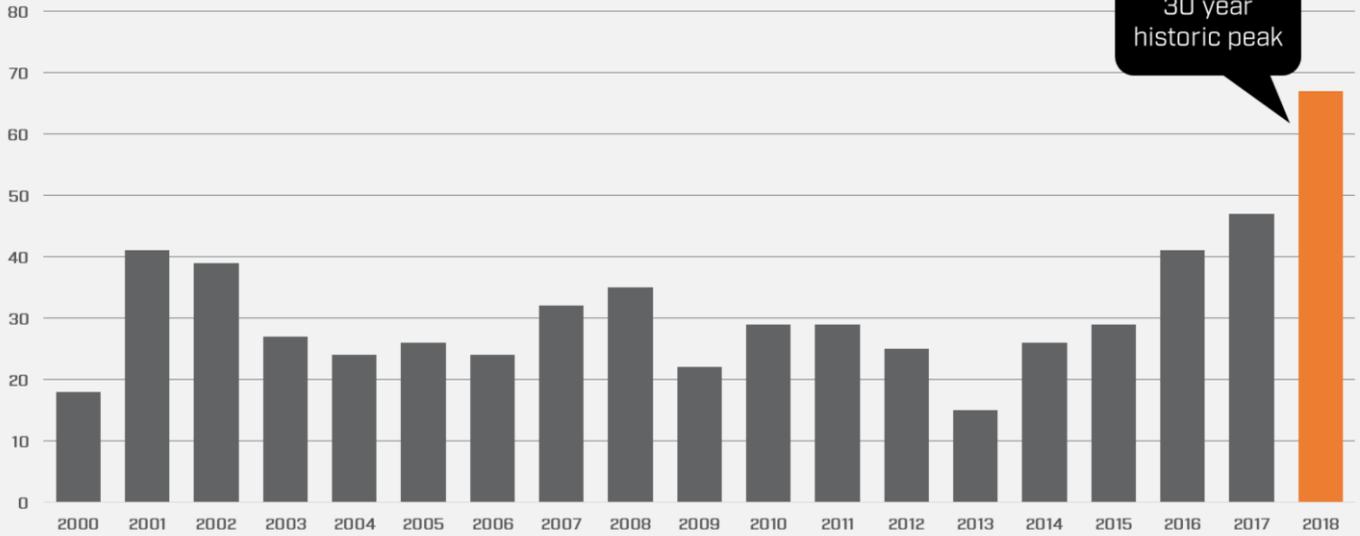
In addition the Navy has published plans for a Large Autonomous Vessel class to be built from 2022 which could be based on a developed version of EPF. Navy's plan shows one vessel in 2022 and 2 per year from 2023.

Commercial Ferry Market Overview



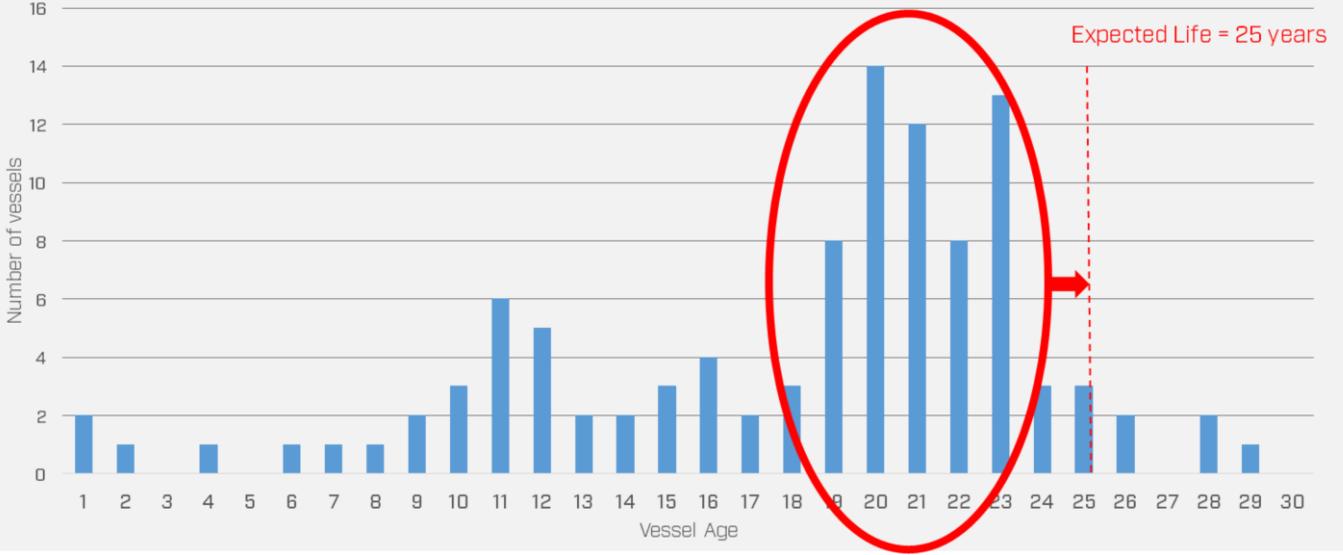
Conventional large ferry construction market is running at record levels of activity, globally.

New build orders per year [Vessels >70m]



Global high speed ferry replacement market is now underway. Market research indicates it is yet to hit its peak.

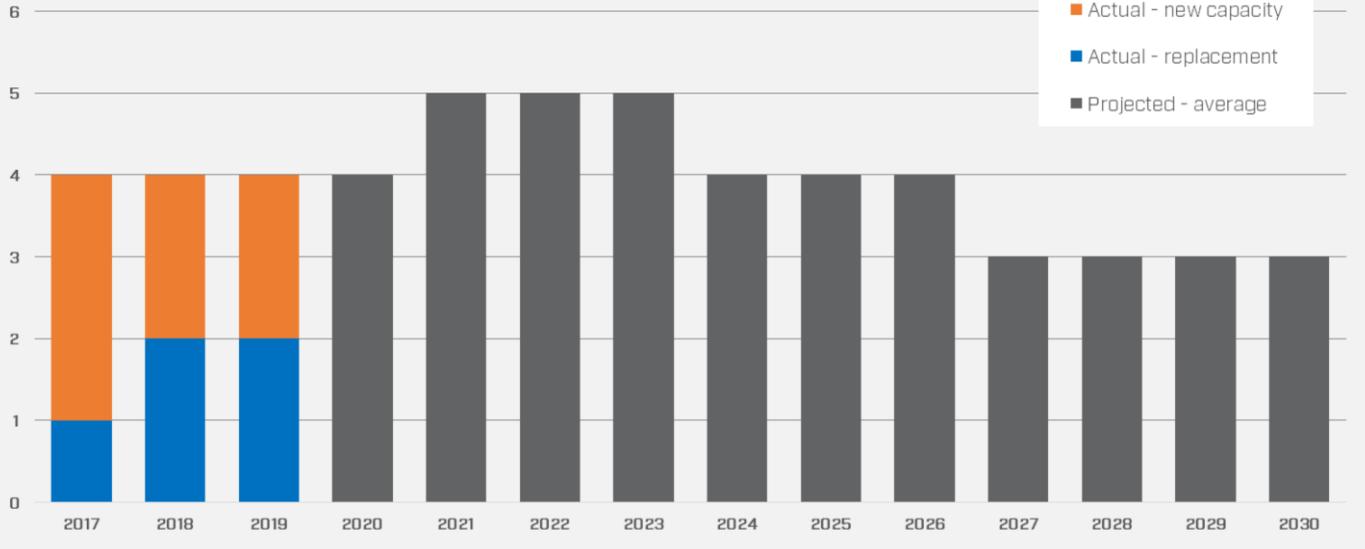
Age of global high speed ferry fleet (vessels >70 metres)



Source: Fast Ferry International, Shippax

New build activity in the large ferry market is tracking to forecast levels, with a mix of new capacity and replacement vessel.

New build orders per year [vessels >70m]



Two major emissions regulation changes will impact the maritime sector over the next 2 years.

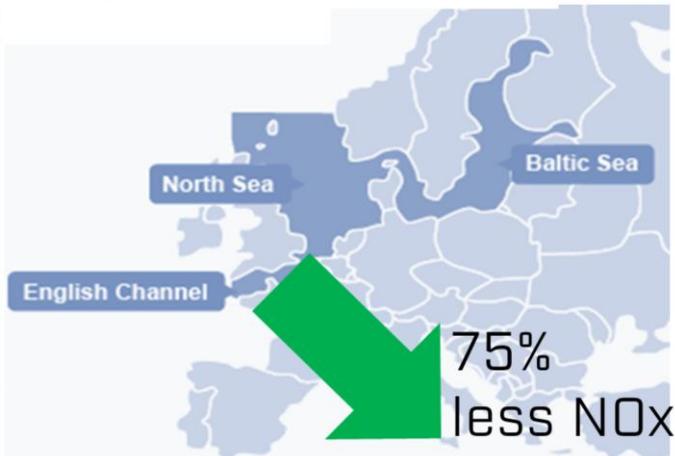
2020 Global Sulphur Cap

All shipping globally



2021 Baltic & North Sea NOx ECA*

New vessels with keel laid after Jan 2021



* ECA : Emission Control Area

The MARPOL 2020 regulation on sulphur dioxide emissions requires all vessels globally to operate with no more than 0.5% sulphur in fuel content.

This means vessels will no longer be able to burn (low cost) high sulphur fuel oil (HSFO) without fitting an exhaust scrubbing system.

Alternative is to switch to cleaner fuels such as Marine Gasoil/Diesel (MGO) or even LNG.

High speed ferries like those built by Austal already use MGO due to the performance requirements of their engines.

Therefore there is no direct impact on Austal built vessels.

The 2021 Baltic & N.Sea ECA is a shift in this region from NOx Tier II, the current global level, to NOx Tier III, which amounts to a 75% reduction in NOx emissions. It is only applicable to new vessels with keels laid after Jan 2021.

A diesel (MGO) fuelled vessel will not be compliant with NOx Tier III unless fitted with a urea catalytic reduction unit (SCR) to treat exhaust gases. This adds weight, capital cost and operating cost to the vessel.

The alternative is to switch to cleaner fuels such as LNG, Hydrogen fuel cells or Battery-Electric propulsion.

In all cases the incentive for operators of large fast vessels to invest in lighter, more energy efficient designs, such as Austal specialises in, will only grow as operating costs increase. We

expect a rise in interest for new vessels before new regulations come into effect in 2021 as vessels built post this date will not meet rules.

Disclaimer

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For further information visit www.austal.com

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