

Celebrating Success

FY2020 Results Presentation

24 August 2020

David Singleton, Chief Executive Officer

Greg Jason, Chief Financial Officer

Patrick Gregg, CEO - Designate



Financial Headlines

YEAR ON YEAR CHANGE



• EBIT	\$130.4 m	41%	↑
• NPAT	\$89.0 m	45%	↑
• Total Dividends	8¢ per share	33%	↑
• Operating Cash Flow	\$164 m	\$0 m	→
• Net Cash	\$231 m	\$130 m	↑

FY2020 Key Facts



\$2.1 B
REVENUE



\$4.3 B
ORDER BOOK



10
NEW SHIPS
ORDERED



45
SHIPS UNDER
CONSTRUCTION
OR SCHEDULED



9
SHIPS
DELIVERED



6,800
EMPLOYEES



6
SERVICE CENTRES



31
VESSELS UNDER
SUSTAINMENT



17%
TOTAL REVENUE
FROM SUPPORT



85%
TOTAL REVENUE
DEFENCE CONTRACTS



7 SHIPYARDS
IN 5 COUNTRIES

Operational Highlights

Exceptional support growth continues;

- 28% Year on Year Revenue Growth to \$360 million maintains momentum.
- Group EBIT margin 8.2% above target band of 7-8%.
- Support investment continues and further ship deliveries will drive future growth.

USA continues to perform strongly;

- Shipbuilding margin increased from 7.9% to 8.1%.
- 3 vessels delivered in year (2 LCS + 1 EPF)
- 7 vessels under construction (5 LCS + 2 EPF)
- FFG-X lost but US\$ billions of new opportunities in sight following decision to add steel shipbuilding capability.

Australasia profitability growing strongly;

- Shipbuilding margin grown 2.1 times following infrastructure investment over the past 3 years.
- Philippines & Vietnam yards both launched major vessels, demonstrating capability.
- 6 vessels delivered in year (3 x GCPB + 3 ferries).
- 20 vessels under construction with a further 15 scheduled (including 9 GCPB + 5 CCPB).

FY2020 Financials



Earnings

\$ m	FY2020	FY2019	Change	%
Revenue	\$ 2,086.0	\$ 1,851.0	\$ 235.0	13%
EBITDA	176.1	135.0	41.1	30%
EBIT	130.4	92.8	37.6	41%
NPAT	89.0	61.4	27.6	45%
EPS (cps)	25.0	17.6	7.4	42%
ETR ¹	28%	28%	(0%)	

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

- Record Revenue, EBITDA, EBIT and NPAT
- Revenue increased across all segments underpinned by:
 - Expansion of commercial shipbuilding
 - Support revenue growth in USA
 - Favourable FX translation
- Group EBIT increase of 41%
 - Underlying operations 33 pts
 - Favourable FX translation 8 pts
- Effective tax rate 28%
 - Cash component ~ 12.5 pts

Segment breakdown

FY2020

\$ m	Concept	Ships	Support	Other	Total
USA	Revenue	\$ 1,310.7	\$ 293.0	\$ -	\$ 1,603.8
	EBIT	106.8	16.9	(0.7)	123.0
	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%

FY2019

\$ m	Concept	Ships	Support	Other	Total
USA	Revenue	\$ 1,248.1	\$ 224.6	\$ -	\$ 1,472.7
	EBIT	98.6	16.3	(8.5)	106.4
	EBIT Margin %	7.9%	7.3%	-	7.2%
Australasia	Revenue	\$ 323.1	\$ 70.1	\$ -	\$ 393.2
	EBIT	6.4	5.3	-	11.7
	EBIT Margin %	2.0%	7.6%	-	3.0%

USA:

- Shipbuilding margin near the middle of the guidance range.
- Strong Support revenue growth, margin below target band [7 – 8%].

Australasia:

- Record revenue from Australasia was a key strategic achievement.
- Total segment EBIT margin doubled.
- Shipbuilding revenue increased 32% and EBIT more than doubled (~ 180%).
- Support EBIT increased by ~ \$8 m due to strong GCPB and CCPB ISS contract performance.
- Support margin is expected to return to the target band.

Cash flow

\$ m	FY2020	FY2019	Change
Operating	\$ 164.5	\$ 164.5	\$ (0.0)
Investing			
Sustaining	\$ (13.9)	\$ (14.3)	\$ 0.4
Enhancing	(4.3)	(23.5)	19.2
Financing			
Debt	\$ -	\$ (10.7)	\$ 10.7
Loan origination	(0.6)	-	(0.6)
Lease principal	(6.0)	-	(6.0)
Dividends	(20.6)	(19.2)	(1.4)
Shares	-	8.6	(8.6)
FX differences	1.9	8.2	(6.2)
Net Cash Flow	\$ 121.0	\$ 113.6	\$ 7.4

Cash	Jun 2020	Jun 2019	Change
Cash @ bank	\$ 396.7	\$ 275.7	\$ 121.0
Net cash ¹	\$ 272.4	\$ 150.7	\$ 121.7

Operating:

- Strong conversion of EBITDA to operating cash flow.

Investing:

- Sustaining capex in typical range of \$(10) – (15) million.
- Enhancing capex of \$(4) million to conclude Asia facilities expansion.

Financing:

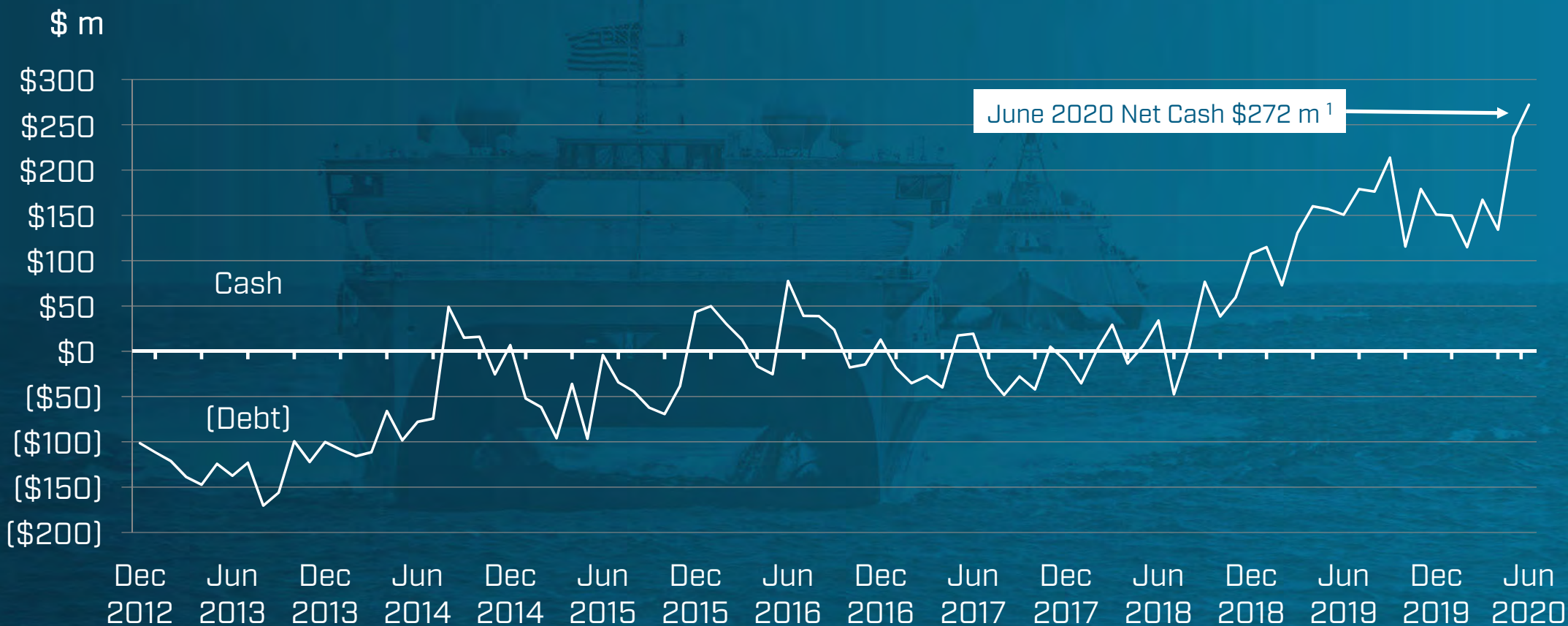
- Lease principal repayments disclosed separately in line with AASB 16.
- 6 cps of dividends paid in FY2020.

Closing cash:

- Net cash position of \$272 million supports an increase of the FY2020 final dividend to 5 cps (FY2019: 3 cps).
- Capacity to fund major capital programs under evaluation (e.g. Steel capability in USA, San Diego dry dock, Philippines acquisition).

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

Net Cash / (Debt)



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

Business Priorities 2021

Implement US\$100 million upgrade to US shipyard to meet new steel naval vessel program demands



Use strategic Asian positioning to pursue Defence and Commercial programs



Exploit technology leadership positions



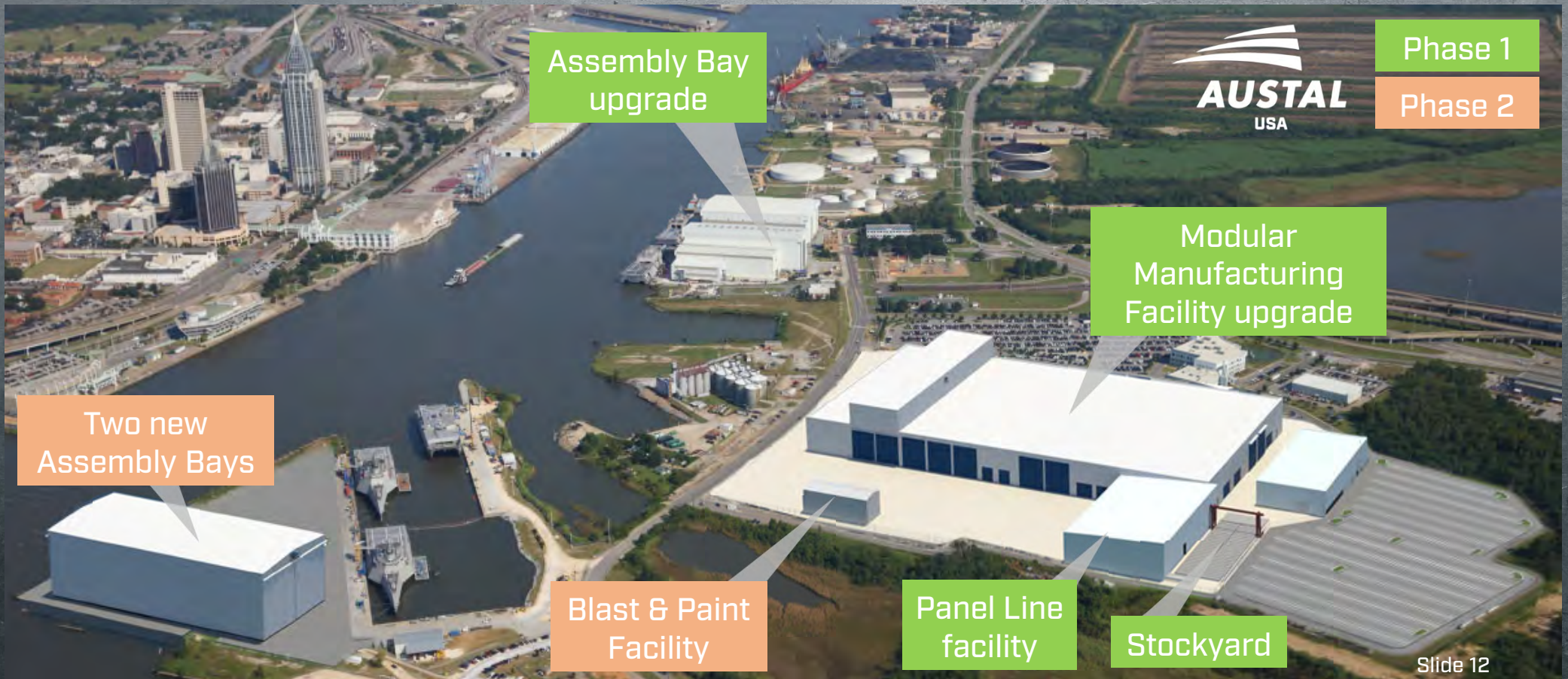
Continue to drive group-wide competitiveness through automation, ERP systems and using international footprint



Strategic Outlook



Austal USA has committed to a US\$100 million extension to the Mobile, Alabama shipyard to build steel warships (50% funded by US Government)



Austal USA investment will increase value of target projects by ~ 3 times

New naval shipbuilding opportunities set to increase threefold.

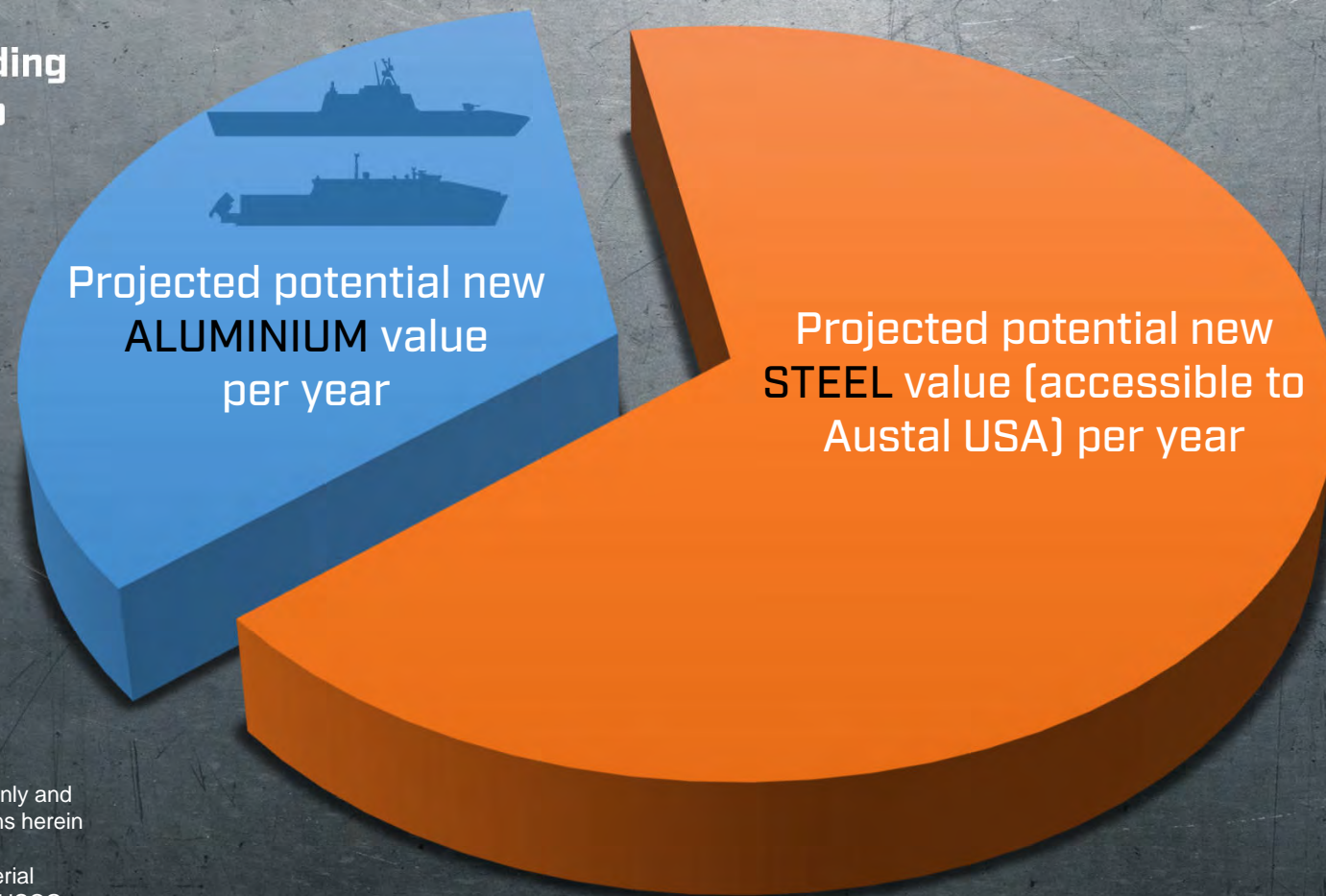
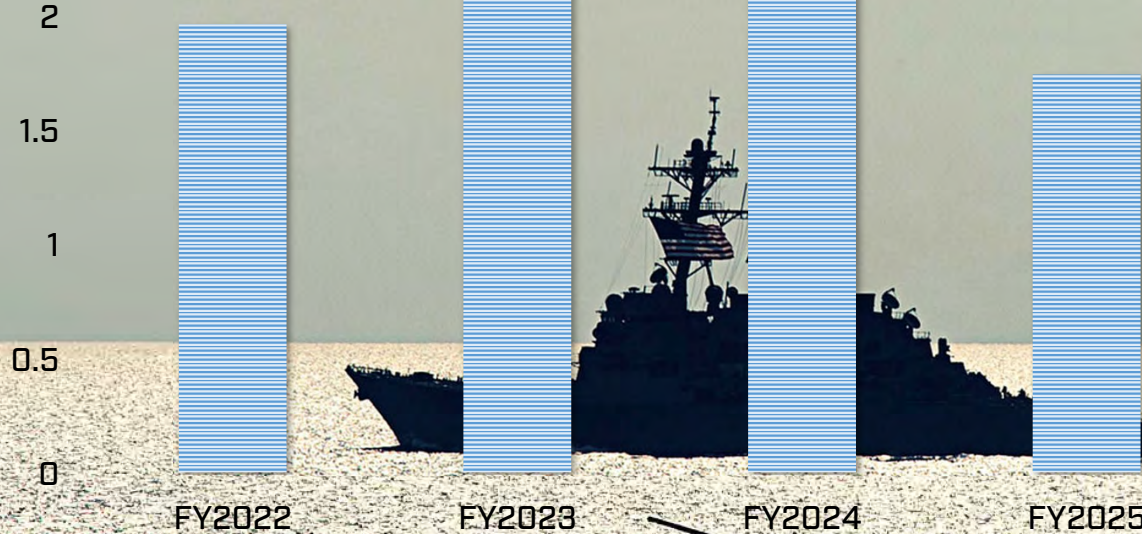


Diagram is for illustrative purposes only and may not be accurate. Representations herein are based on management opinions, supported where practicable by material published by or on behalf of USN or USCG.

New shipbuilding projects* ~ US\$2 billion per year are estimated to occur from 2022

A\$ billion
2.5



* Projects that have been assessed by Austal to be suitable for construction in the existing aluminium and planned steel shipbuilding facilities.

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Defence Support is a key strategic focus and has grown by 10 times in 6 years

Support revenue A\$m

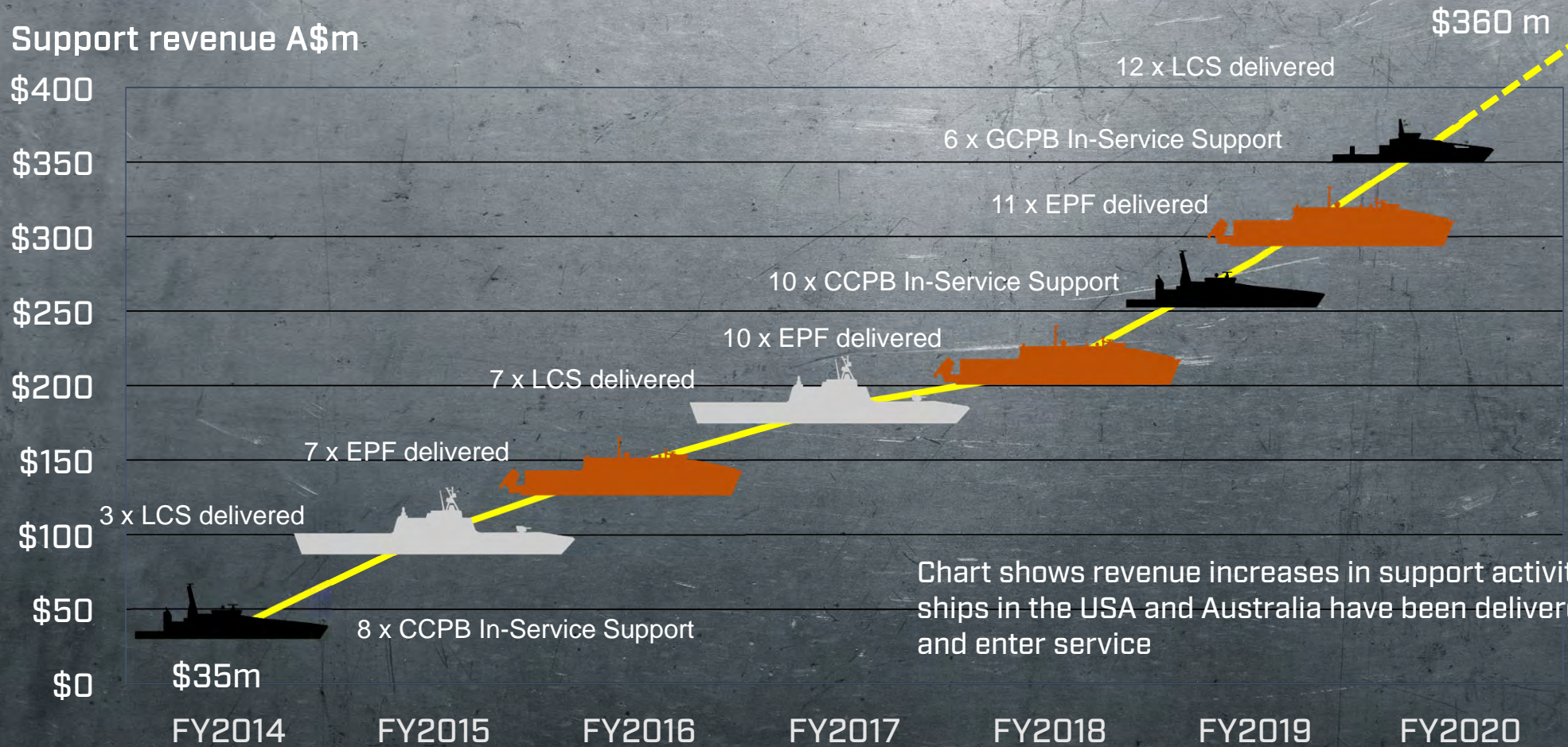


Chart shows revenue increases in support activity as ships in the USA and Australia have been delivered and enter service

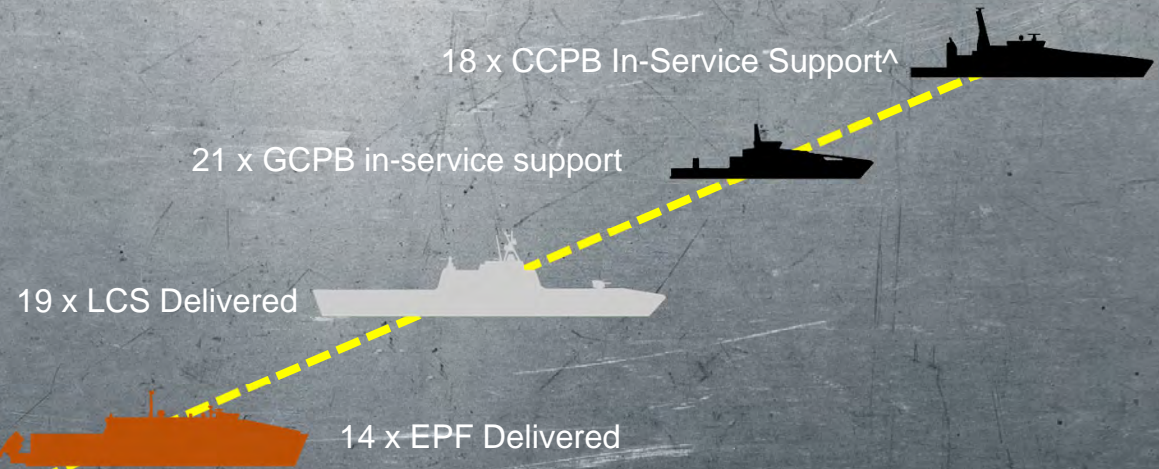
Support Revenue has potential to rise to \$500 m in the next few years as ship deliveries & other initiatives occur



13 x CCPB In-Service Support*

*8 x ABF CCPB, 2 x RAN CCPB, 2 x TTCG CCPB
 + 1st of 6 x new CCPB for RAN
 ^ Support for 6 x new CCPB for RAN yet to be determined by Commonwealth.

**FY2020
 \$360 m**



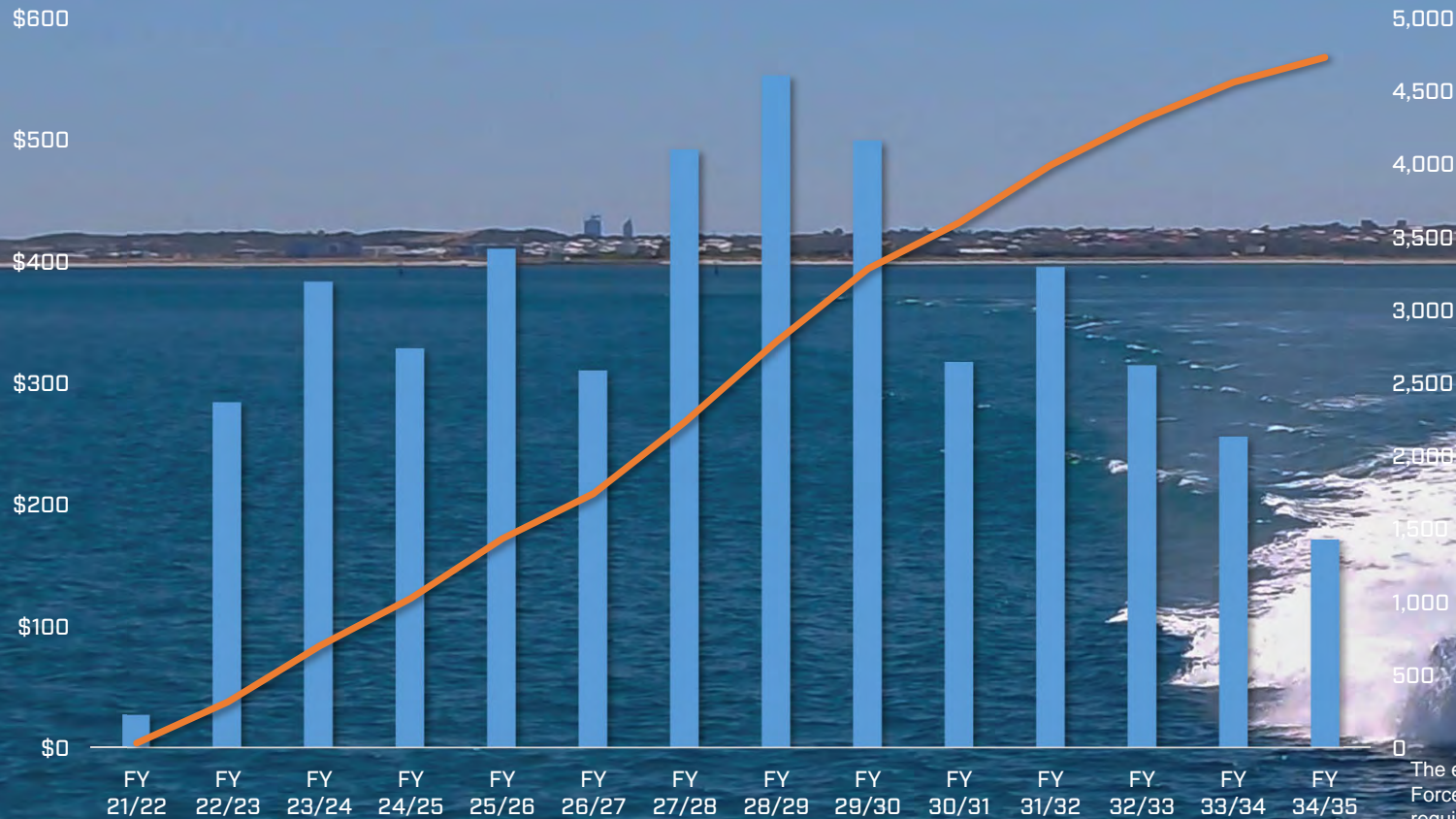
Emerging Support Opportunities that will contribute to Growth

- 31 ships to be delivered to US & Australian Navies next 3 years (69 total)
- Singapore service centre supporting US Navy
- Additional Asia base to support US and other ships possible
- San Diego service centre potential expansion (more ships and more services)
- Australian service centres potential expansion for RAN Programs
- Australian service centres have qualified to bid for visiting US Navy ship support, repairs

Recently published Force Structure Plan indicates significant opportunities for Australian Shipbuilding over next 15 years

Annual expenditure
A\$ millions

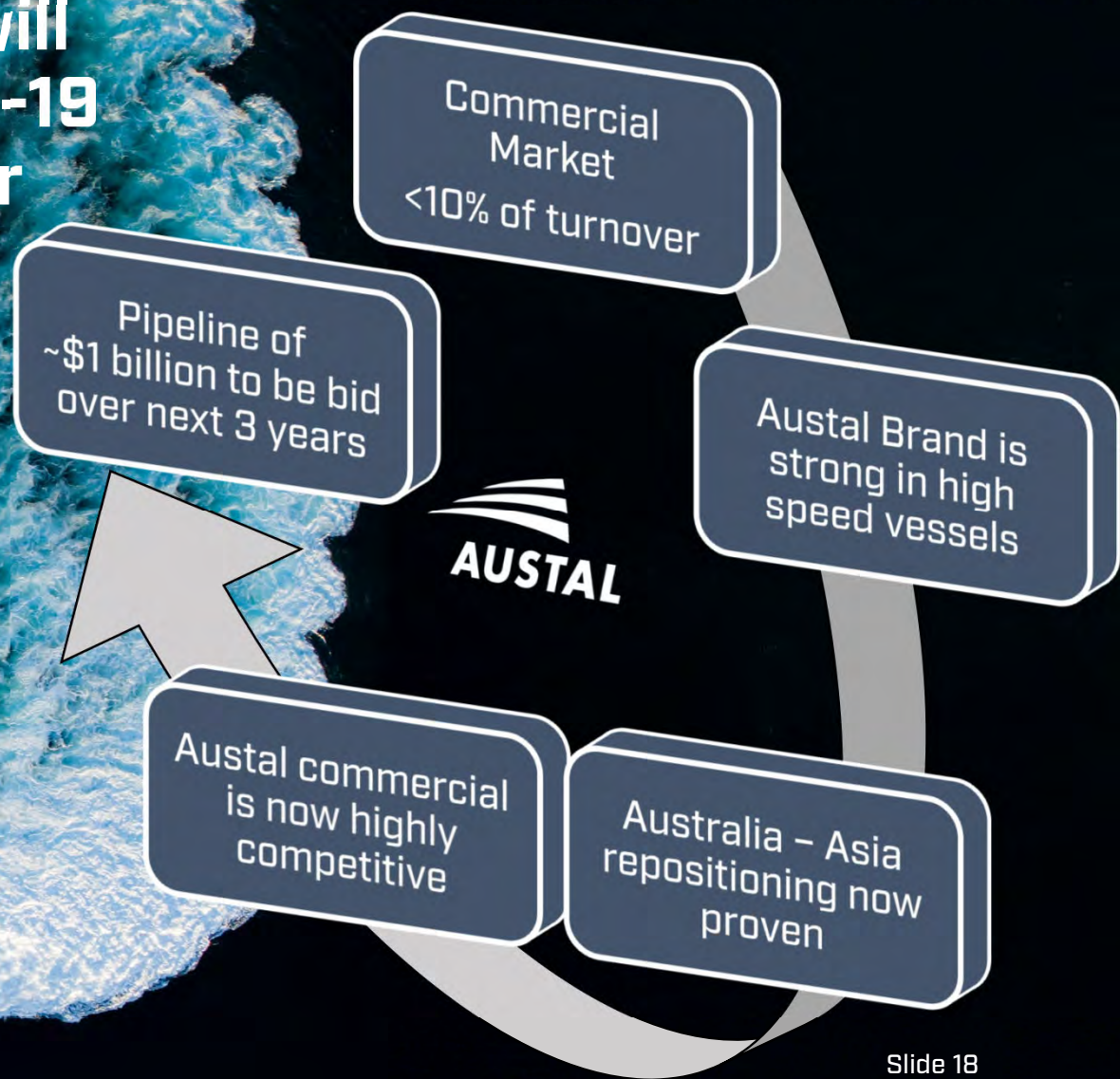
Cumulative expenditure
A\$ millions



The estimates above have been made by Austal from the recently published Force Structure Plan and are indicative only of uncontracted new ship requirements however this data is indicative and not necessarily revenue expected by Austal. (includes Austal view on CCPB replacement).

Slide 17

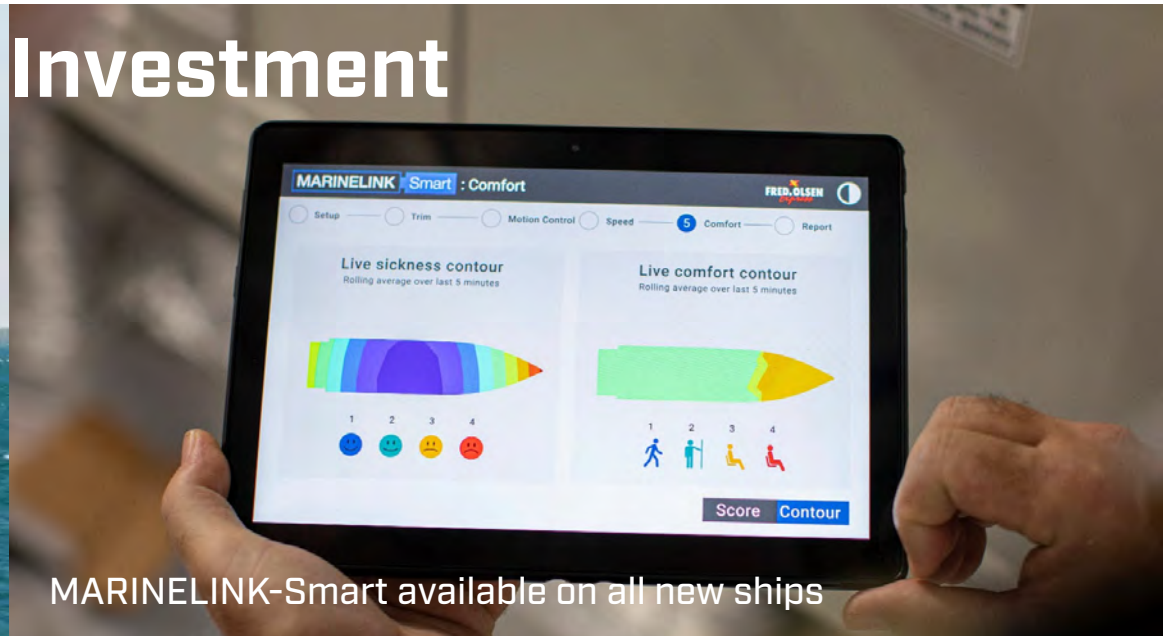
Commercial ferry market will likely be affected by COVID-19 but is relatively small in our business and we see a reasonable pipeline



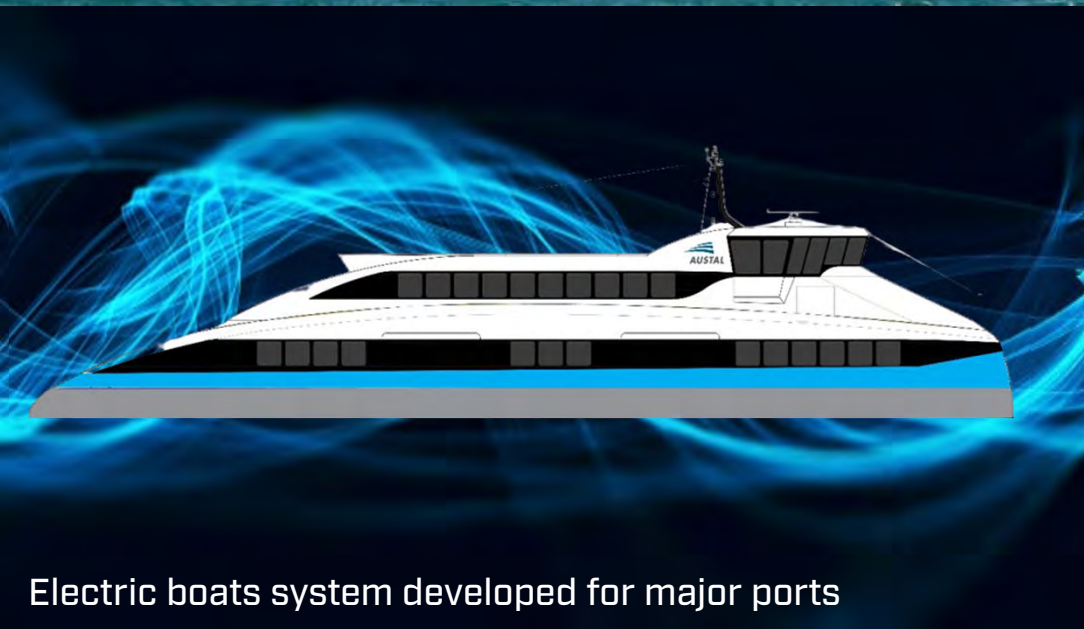
Research & Development Investment Delivering Benefits



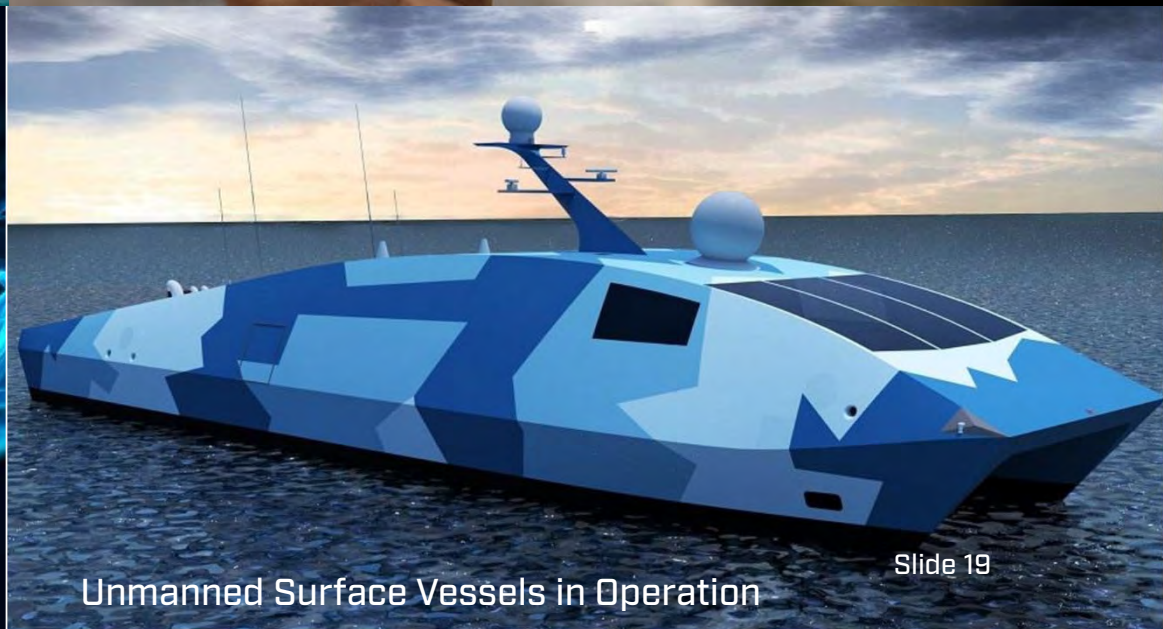
Engineering maintenance software system sold to Royal Australian Navy



MARINELINK-Smart available on all new ships



Electric boats system developed for major ports



Unmanned Surface Vessels in Operation

FY2020 Business Overview



Ships in build

As at 30 June 2020

Defence



Littoral Combat Ship (LCS)
US Navy
LCS 22 and 24 delivered
LCS 26, 28, 30, 32 and 34
under construction



Expeditionary Fast Transport (EPF)
US Navy
EPF 11 delivered
EPF 12 launched
EPF 13 under construction



Guardian Class Patrol Boat (GCPB)
Commonwealth of Australia
Hull 524, 525 and 526 delivered
Hull 527 and 528 launched
Hull 529, 530, 531 and 532 under
construction



Austal Patrol 59
Trinidad and Tobago Coast Guard
Hull 398 and 399 under construction

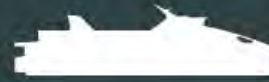


Cape Class Patrol Boat (CCPB)
Royal Australian Navy
Hull 811 under construction



Austal was awarded an A\$324 million contract to build six Cape Class Patrol Boats (CCPBs) for the Royal Australian Navy in May 2020.

Commercial



49m Passenger Ferry
SNC Armiti
Hull 421 delivered



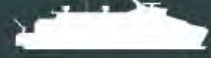
42.3m Passenger Ferry
Xidao Dazhou Tourism Co Ltd
AL004 delivered
AL005 and AL006 under
construction



42.4m Passenger Ferry
Shenzhen Airport
AL007 delivered
AL010 under construction



42.1m Passenger Ferry
Blue Sea Jet
AL009 under construction



41m Passenger Ferry
SBTM
Hull 424 under construction



70.6m Passenger Ferry
Beibi Gulf
AL008 under construction



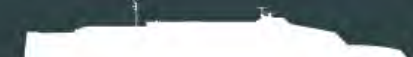
83m Passenger Ferry
JR Kyushu Jet Ferry
Hull 398 under construction



94m Passenger and Vehicle Ferry
National Infrastructure
Development Company (NIICC)
Hull 387 under construction



108m Passenger and Vehicle Ferry
Fjord Line
Hull 419 under construction



115m Passenger Ferry
Molslinjen
Hull 423 under construction



117m Passenger and Vehicle Ferry
Fred Olsen S.A
Hull 384 under construction
Hull 395 under construction



In-service Support

31 vessels for 5 operators in USA and Australia



12 x LCS



3 x EPF



10 x CCPB



6 x GCPB



USA



\$293m

Turnover support contracts FY2020



AUSTRALASIA



\$71m

Turnover support contracts FY2020



20 YEARS

Austal USA
celebrated its 20th
anniversary on
December 8 2019

**FY2020
Vessel
Deliveries**



US\$100M

Future joint investment
with US Government
in Shipbuilding and
Maintenance Capacity



HENDERSON

NAVAL BASE



A\$324M

contract to build



Cape Class Patrol Boats for the Royal Australian Navy is the biggest contract awarded for Australian vessels in Austal's history

**118 metre
Trimaran
Launched**



The 'Bajamar Express' is the first of two high speed vehicle/passenger ferries for Fred.Olsen Express of Canary Islands

**83 metre
Trimaran
Launched**



The 'Queen Beetle' is a high speed passenger ferry for JR Kyushu of Japan

**50%
build process
COMPLETE**



Pacific Patrol Boat Replacement Program started in April 2017 and will conclude September 2023



**of 21 Guardian Class
Patrol Boats (GCPBs)
Delivered**



**3
months**

Between each vessel completion has been maintained in FY2020



BALAMBAN



Largest aluminium vessel ever launched in the Philippines

Hull 419

109m high speed vehicle/passenger ferry the 'FSTR' for Fjord Line of Norway



>840

Employees

98%

Local Filipino

Hull 395

The 'Bañaderos Express', the second of two high speed vehicle/passenger ferries for Fred.Olsen Express commenced construction



VUNG TAU



First Vessel Launched

Hull 397

94m high speed vehicle/
passenger ferry the
'APT James' for NIDCO
of Trinidad and Tobago
is the first vessel to be
constructed by Austal
Vietnam



>360
Employees

97%
Local Vietnamese

Hull 424

The 'Maria Galanta II', a
41m high speed passenger
ferry passenger ferry
for SGTM Mauritius
commenced construction



AULONG



The largest high speed catamaran ferry built in China



70.6m passenger ferry for Beibi Gulf currently in build



5

Vessels under construction in FY2020



42 metre passenger ferries delivered in FY2020

FY2020 Operational Overview



USA operations



- Shipbuilding margin improvement to 8.1% (FY2019 margin 7.9%).
- Littoral Combat Ship
 - LCS 22 & 24 delivered
 - LCS 32, 34, 36 commenced construction
 - LCS 38 scheduled
- Expeditionary Fast Transport
 - Mature program, steady margins
 - EPF 11 delivered
 - EPF 13 commenced construction
 - EPF 14 scheduled
- Autonomous [unmanned] surface vessel solutions in further development



Australia operations



- Guardian Class Patrol Boat Replacement Project continues - 3 vessels delivered, 2 awaiting crews for training and delivery
- Hulls 398 and 399 – 2 x 58 metre Cape Class Patrol Boats for Trinidad and Tobago Coast Guard under construction
- Hull 394 (1st of 2 x 118 metre trimarans for Fred Olsen SA) under construction; delivered July 2020
- Hull 396 (1 x 83 metre trimaran for JR Kyushu) under construction
- Six 58 metre Cape Class Patrol Boats ordered by Australian Department of Defence for the Royal Australian Navy (Hulls 811 – 816)



Philippines operations



- Philippines Government continuing discussions with Australian Government for funding support of 6 x OPV for Philippines Navy. If awarded to Austal, would be constructed at Austal Philippines

VESSEL PROGRAMS:

- Hull 419 - Fjord Line 109 metre Auto Express ferry launched
- Hull 421 - SNC Aremiti 49 metre catamaran, delivered July 2019
- Hull 395, the 2nd of 2 x 118 metre trimarans for Fred Olsen Express commenced construction – *Banaderos Express*
- New contract for 115 metre catamaran for Molslinjen of Denmark announced (Hull 423 construction commenced July 2020)



Vietnam operations



- Hull 397 – 94 metre Auto Express catamaran ferry for Government of Trinidad and Tobago was launched May 2020
- Hull 424 – 41 metre catamaran ferry for SGTM of Mauritius commenced construction



China operations

- 2 x 42 metre catamaran ferries delivered, including
 - Hull AL004 – Xidao Dazhou Tourism
 - Hull AL007 – Shenzhen Airport
- 5 x vessels under construction during FY2020, including the largest, fastest high speed aluminium ferry constructed in China – Hull AL008 [delivered July 2020]



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David Singleton, Chief Executive Officer

Telephone: +61 8 9410 1111

For further information visit www.austal.com

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