

FY2022 Full Year Results



Paddy Gregg, Chief Executive Officer
Geoff Buchanan, Interim Chief Financial Officer
26 August 2022

1. Welcome to FY2022 FY results
2. Introduce Geoff Buchanan as Interim CFO

Financial Headlines FY2022



\$ m	FY2022	Change from PCP
Revenue	\$ 1,429 m	[9%]
EBIT	\$ 120.7 m	5%
NPAT	\$ 79.6 m	[2%]
Total Dividends Declared	8 ¢ per share	-
Operating Cash Flow	\$ 37.5 m	[60%]
Net Cash ¹	\$ 115.6 m	[50%]

1. FY2021 excluded the notional debt of the CCPB 9 & 10 leasing program, completed during FY2022 H1

FY2022 Full Year - Key Facts



\$1,429 M

REVENUE



\$3.0 B

ORDER BOOK
[\$7 B with OPC
options]



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SHIPS UNDER
CONSTRUCTION
OR SCHEDULED



9

SHIPS
DELIVERED



5,000

EMPLOYEES



**5 SHIPYARDS
IN 4 COUNTRIES**



**8 SERVICE CENTRES
IN 4 COUNTRIES**



42

VESSELS UNDER
SUSTAINMENT
CONTRACTS

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1. Revenue drop mainly driven by the impacts of covid
2. Quite a number of wins that have increased the orderbook and we are optimistic that additional OPC options will be exercised. We have spent the last couple of years building the business to be looking at broader opportunities and farther reaching, and this is paying off looking at what we have won and the pipeline we are working on.
3. AUSA and Australasia have achieved delivery of 9 ships despite the challenges Covid has presented.
4. Our service and support business has had some challenges but we still see a bright future and the MGBW acquisition has gone well, we have ordered our floating dock.
5. We are now up to 8 service centres worldwide, with 42 vessels under sustainment contracts.

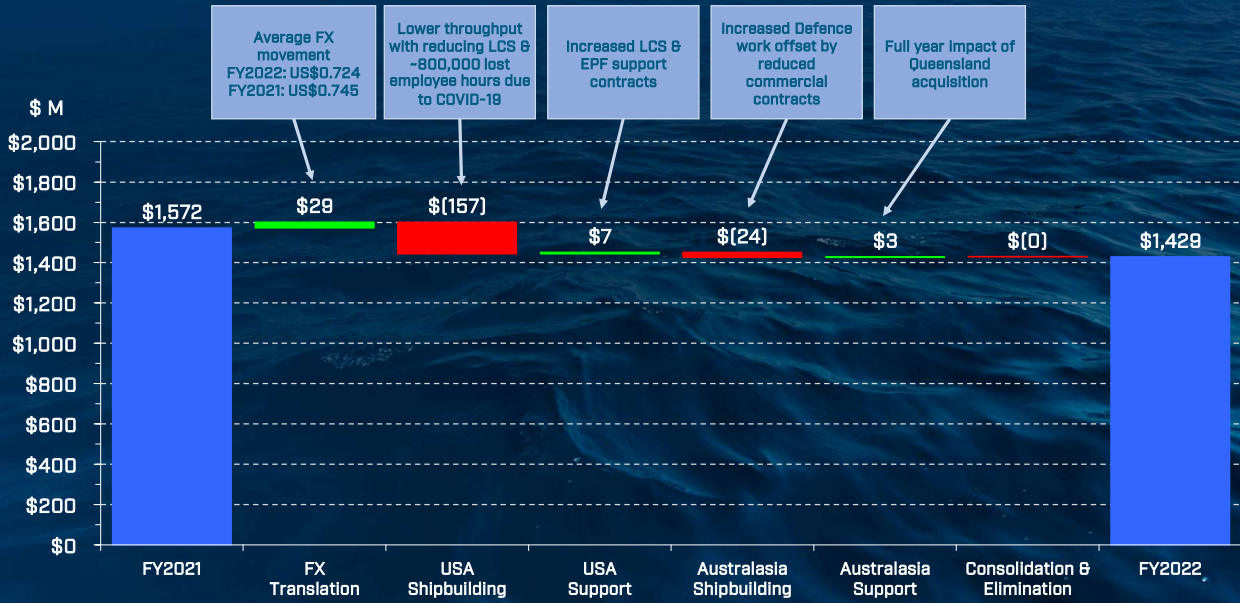
Earnings



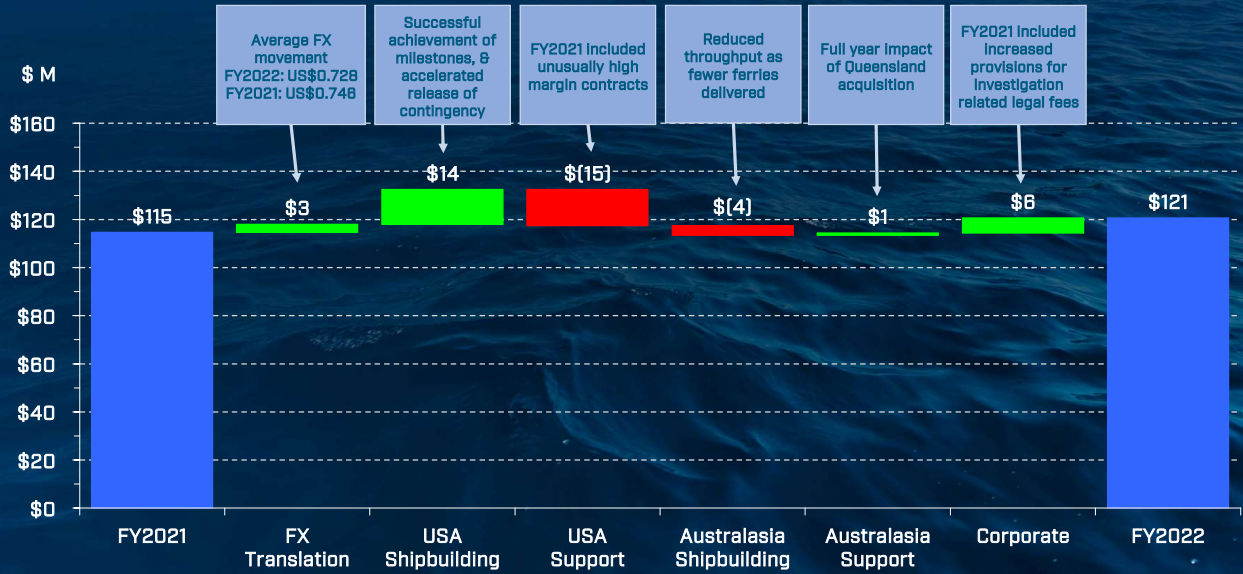
\$ m	FY2022	FY2021	Change	%	
Revenue	\$ 1,429.0	\$ 1,572.2	\$ (143.1)	(9%)	▪ Lower revenue driven by lower throughput (More detail: Slide 6)
EBITDA	165.4	160.3	5.0	3%	▪ Higher EBITDA and EBIT driven by: <ul style="list-style-type: none"> • Strength of USA shipbuilding margin • Accelerated release of contingency H1 FY2022 (More detail: Slide 7)
EBIT	120.7	114.6	6.0	5%	
NPAT	79.6	81.1	(1.5)	(2%)	▪ Reduced NPAT driven by change in Effective Tax Rate (ETR)
EPS (cps)	22.0	22.6	(0.5)	(2%)	▪ FY2022 ETR reflects the recognition of tax losses in FY2021 (reducing ETR) and R&D tax credits in FY2022 (increasing ETR)
ETR ¹	(29%)	(24%)	(5%)		

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

Group revenue movement



Group EBIT movement



Segment breakdown



FY2022

\$ m	Concept	Ships	Support	Total
USA	Revenue	\$ 880.1	\$ 175.8	\$ 1,055.9
	EBIT	122.1	11.6	133.7
	EBIT Margin %	13.9%	6.6%	12.7%
Australasia	Revenue	\$ 285.7	\$ 98.3	\$ 384.0
	EBIT	11.9	2.8	14.6
	EBIT Margin %	4.2%	2.8%	3.8%

USA:

- Reduced revenue with lower LCS throughput partially offset by FX impact of \$29.4m
- FX impact on EBIT \$3.2m
- Shipbuilding EBIT margin reflects strong performance as milestones achieved with corresponding release, as well as accelerated release, of contingencies
- FY2021 USA Support included numerous one-off benefits

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%

Australasia:

- Revenue contraction with completion of ferries from Asia mostly offset with increased Australian Defence contract work
- Actual shipbuilding margin is improving but Philippines typhoon repair costs caused a one-off impact
- Support volume and margin increased with increased availabilities and higher emergent work

Cash flow



\$ m	FY2022	FY2021	Change
Operating	\$ 37.5	\$ 93.5	\$ (56.0)
Investing			
Sustaining	\$ (6.3)	\$ (8.6)	\$ 2.2
Enhancing	(121.2)	(70.1)	(51.1)
Financing			
Debt	\$ -	\$ (7.3)	\$ 7.3
Loan origination	(0.9)	(0.2)	(0.7)
Lease principal	(8.6)	(7.6)	(1.0)
Dividends	(28.9)	(31.3)	2.4
FX differences	21.6	(18.3)	39.8
Net Cash Flow	\$ (106.8)	\$ (49.8)	\$ (57.0)
Cash	Jun 2022	Jun 2021	Change
Cash @ bank	\$ 240.1	\$ 346.9	\$ (106.8)
Net cash¹	\$ 115.6	\$ 231.9	\$ (116.3)

Operating:

- Timing of milestone receipts influence on the year-on-year comparisons

Investing:

- Enhancing capital expenditure on San Diego expansion and USA steel transition a key enabler for future orders

Financing:

- FY2021 included repayment of BSE debt upon acquisition
- \$28.9 m dividend payments (equiv. 8 c/share)

Closing cash:

- Strong closing cash position
- Supports 4 cps final dividend (8 cps full year dividend declared)
- Cash position necessary to support major programs (e.g. US steel capability, San Diego dry dock, OPC award & future opportunities)

1. FY2021 excluded the notional debt of the CCPB 9 & 10 leasing program

Financial Outlook



- Austal has secured a significant pipeline of work recently and the current macroeconomic environment is volatile, including residual impacts from COVID-19
- For this transition year as we move from established existing programmes through the design and long lead material ordering on new programmes, prior to full steady state production, we are providing EBIT guidance of approximately \$100 m
- Austal will keep shareholders informed of any material impacts to the business

Business Overview



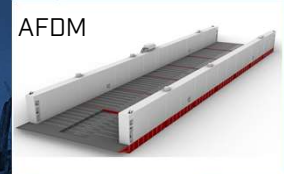
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A Guardian Class Patrol Boat being transported from Hope Valley Road to waterfront for Launch.

Operational Highlights USA



- Offshore Patrol Cutter (OPC) contract win
- Auxiliary Floating Dock Medium (AFDM) contract win
- Delivered LCS 30 - "USS Canberra"
- Christened LCS 32 - "USS Santa Barbara" and EPF 13 - "USNS Apalachicola"
- EPF and LCS programs continue to perform well - on schedule & on budget
- Facility expansion & new steel panel line complete, held grand opening in April
- T-ATS award (1st steel ships) for 2 vessels plus 3 options
- Awarded concept design contracts for Light Amphibious Warship (LAW), Next Generation Logistics Ship (NGLS) and Emergency Medical Ship (EMS)
- US\$44M contract award to convert EPF 13 into an autonomous vessel
- Executing on concept design contract for Large Unmanned Surface Vessel (LUSV) program
- San Diego waterfront acquisition concluded, facility consolidation complete and new dry dock on order & on schedule
- Awarded multi year SEC-West, SEC-East & LCS FLC IDIQ Service contracts
- Received a \$3M Grant from the City of Mobile for facility expansion



Consistently delivered on commitments

Operational Highlights Australasia



- Delivered 4 Guardian Class, 1 Trimaran for FOSA, 1st Evolved Cape
- 2 additional Evolved Capes awarded, taking class to 18 vessels in total, plus 2 exported to Trinidad and Tobago
- Completed Aulong sale
- De-recognised the balance sheet impact for Cape 9 & 10 through lease extension
- Awarded 66m catamaran contract in Vietnam despite subdued ferry market
- Austal Brisbane upgrades completed
- Autonomous demonstrator in Australia
- Updating software - (ERP / PLM / 3D CAD) moving towards digital shipyard
- Tender submitted for Landing Craft
- Potential to invest in Henderson as part of COA Force Structure Plan



Guardian-Class and Evolved Cape-Class Patrol Boats



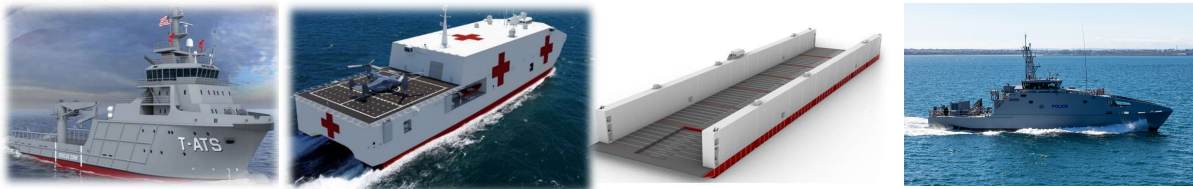
Bañaderos Express delivered by Austal Philippines

Consistently delivered on commitments

Shipbuilding Contracts



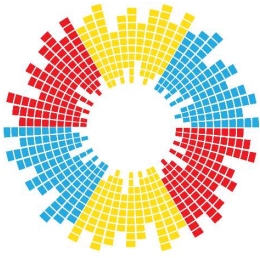
- Pipeline of US Government and Commonwealth of Australia shipbuilding programs – aluminium and steel
- Four ships awarded to Austal USA and two to Austal Australia in FY2022
- Recent awards valued at ~ US\$3.7 Billion (including OPC options)



Delivering ships on budget & on schedule

We concluded the year with significantly more opportunities/ orders than we started with.

We have diversified our revenue stream from 2 to 6 programmes in the US and added to the workload in Australia



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.

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1. 2050 because the life of our vessels is 25-30 years
2. The makeup of our business has changed significantly but needs to keep changing to meet market demands and opportunities
3. 4 meta-trends drive this: regional insecurity/ supply chain localisation/ decarbonisation/ autonomy and automation
4. Expand/ enhance/ extend detailed on the next slides

Expanding Shipbuilding



Future Shipbuilding Facilities - Austal USA



Offshore Patrol 60 - a steel Cape



Future-ready Fast Ferries - Pathways to Net Zero Emissions



Patrol Boat Autonomy Trial - Sentinel

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1. We continue to expand our capabilities and product offerings.
2. The Steel facility opened ahead of schedule early April in the US.
3. Austal remains technology agnostic as we continue to see the fleet age and emission requirements tighten, resulting in an anticipated resurgence in the commercial market.

Future Opportunities



Light Amphibious Warship



Future Frigate



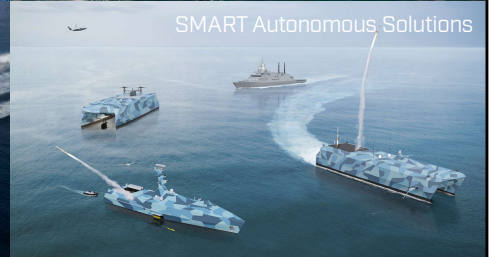
Australian ILMV
for the Australian Army



T-AGOS



Large Unmanned Surface Vessel



SMART Autonomous Solutions

There are numerous programmes that we are bidding for in the US and Australia, with a broader and deeper pipeline.

Autonomy



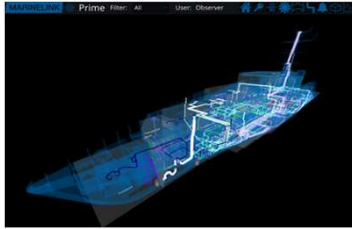
- **Focus on core capabilities**
 - Designing ships from the keel up to operate autonomously
 - Providing autonomous machinery control systems
- **Autonomy Contracts**
 - Convert EPF13 to be an autonomous platform
 - Convert an Armidale for Patrol Boat Autonomy Trial
 - Construct & convert off-shore support vessels to operate autonomously
 - Design and manufacture "Surveyor" drones for Saildrone
 - Execute Concept & Preliminary Design for US Navy Large USV program



Practical, Proven Solutions to Autonomous Vessel Design Challenges

Enhancing Systems

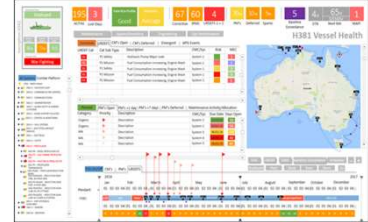
With a growing range of digital products



+



+



MARINELINK

- 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 11-18 & new Mols ferries

MARINELINK Smart

- 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 11-18



- 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 11-18

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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.



1. Austal invested in refurbishing its Brisbane slipway in FY2022.
2. There is potential revenue growth in service work as more Guardian Class and Evolved Cape Class vessels are delivered.



1. Austal successfully completed its acquisition of MGBW in San Diego in December 2021.
2. The Graphic show where we would operate the floating dock we have ordered.
3. Austal West Campus continues to grow and secure booking to help with utilisation.

Strategic Outlook



1. Fundamentally delivering our growth and diversity plan
 1. Steel
 2. Systems
 3. Autonomy
 4. Future Fuels
2. Significant success in winning steel work with orderbook ~\$7 billion (OPC options included)
3. Much broader and deeper pipeline
 1. Programmes e.g. T-AGOS, LUSV, FFX, LAW, IMLV
 2. Support e.g. SEC E&W
 3. Additive revenue opportunities/ focus factory e.g. Aircraft elevators, Saildrone
4. Autonomy has potential to be a key revenue stream in US and Australia
5. San Diego acquisition completed. On track for \$500m support revenue by FY2027
6. Strategic wins in Australia to transition to future opportunities in the Force Structure Plan
7. Opportunities for Systems to generate revenue
8. Capability to deliver steel & aluminium shipbuilding and sustainment in commercial & defence sectors globally

1. Great set of results with strong operational performance.
2. Our strong balance sheet has helped during COVID, and allowed us to continue to invest for what looks like an exciting future
3. We are a more diversified business now, establishing in shipbuilding, support and systems
4. We also see significant opportunities in 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

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