

FY2018 H1 results



117m new design Trimaran for Fred Olsen in Europe.
Construction commences in Henderson August 2018 with delivery in March 2020.

David Singleton, Chief Executive Officer
Greg Jason, Chief Financial Officer

27 February 2018

FY2018 H1 Highlights



Revenue
\$653 million



Order Book
~ \$3.4 billion

5,250



Employees



Ships on Order



Naval Ships Ordered
(worth >A\$700 million)



Ferries Ordered
Worth \$380 million



Ships Delivered in H1

FY2018 Vessel Construction Programs



FY2018 Sustainment & Refurbishments



CCPB



ACPB



LCS



EPF

Operational Highlights



- USA Business progressing as expected :
 - Shipbuilding margin increased from 6.6% to 7.6%
 - LCS 12 & EPF 9 delivered
 - ~ \$750 million for new vessel (LCS 30 Oct 2017)
- Commercial ferry market remains strong:
 - \$380 million of new orders (Total order book \$435 million)
 - Trimaran hull becoming a strong seller
 - Commercial revenue will increase ~ 50% in FY2019
 - Sales team, design team & production facility expansion
 - China sales developing
- OPV Australia
 - Under negotiation, may take several months



LCS 14, the seventh Independence-variant Littoral Combat Ship (LCS) built by Austal, successfully completed acceptance trials December 2017 in the Gulf of Mexico.



USNS City of Bismarck (EPF 9) at sea – photo courtesy of US Navy

FY2018 H1 Financials



Customer celebration with Mols Linien. 50% complete on Express 4 | Henderson.

Earnings



\$m	FY2018 H1	FY2017 H1	Change
Revenue	\$ 652.9	\$ 649.2	\$ 3.7
EBITDA	46.5	33.3	13.2
EBIT	29.2	18.1	11.1
NPAT	25.6	9.3	16.3
EPS	7.4	2.7	4.7

- **Revenue**
 - Stable despite higher exchange rate for translating USD earnings
- **EBIT & EBITDA**
 - Significant increase
 - FY2017 H1 was depressed by legal settlement
 - FY2018 H1 impacted by timing of Sustainment profits
- **NPAT**
 - EBIT flow through
 - Lower current US tax due to tax reform
 - Lower deferred US tax due to tax reform

Segment breakdown



\$m	Concept	Ships	Systems	Support	Other	Total
USA	Revenue	\$ 416.4	\$ 81.6	\$ 59.7	\$ -	\$ 557.7
	EBIT	31.7	2.1	2.6	(0.3)	36.2
	EBIT Margin %	7.6%	2.6%	4.4%	-	6.5%
Australia	Revenue	\$ 44.4	\$ -	\$ 36.5	\$ -	\$ 80.8
	EBIT	(3.1)	-	3.1	-	(0.0)
	EBIT Margin %	(7.0%)	-	8.5%	-	(0.0%)
Philippines	Revenue	\$ 22.6	\$ -	\$ -	\$ -	\$ 22.6
	EBIT	(1.1)	-	-	-	(1.1)
	EBIT Margin %	(4.8%)	-	-	-	(4.8%)

- **USA:** Shipbuilding margin towards upper end of guidance range, still expect 6 – 8% for full year. Support was impacted by timing of award fees across reporting periods.
- **Australia:** Breakeven result reflects inadequate shipbuilding throughput, PPB will generate circa 20% revenue growth into FY2019. Strong support was driven by ACPB despite onerous CCPB support contract.
- **Philippines:** Shipbuilding reflects throughput which will approximately double from FY2018 to FY2019 with the growth and delivery of the commercial order book.

Cash and debt

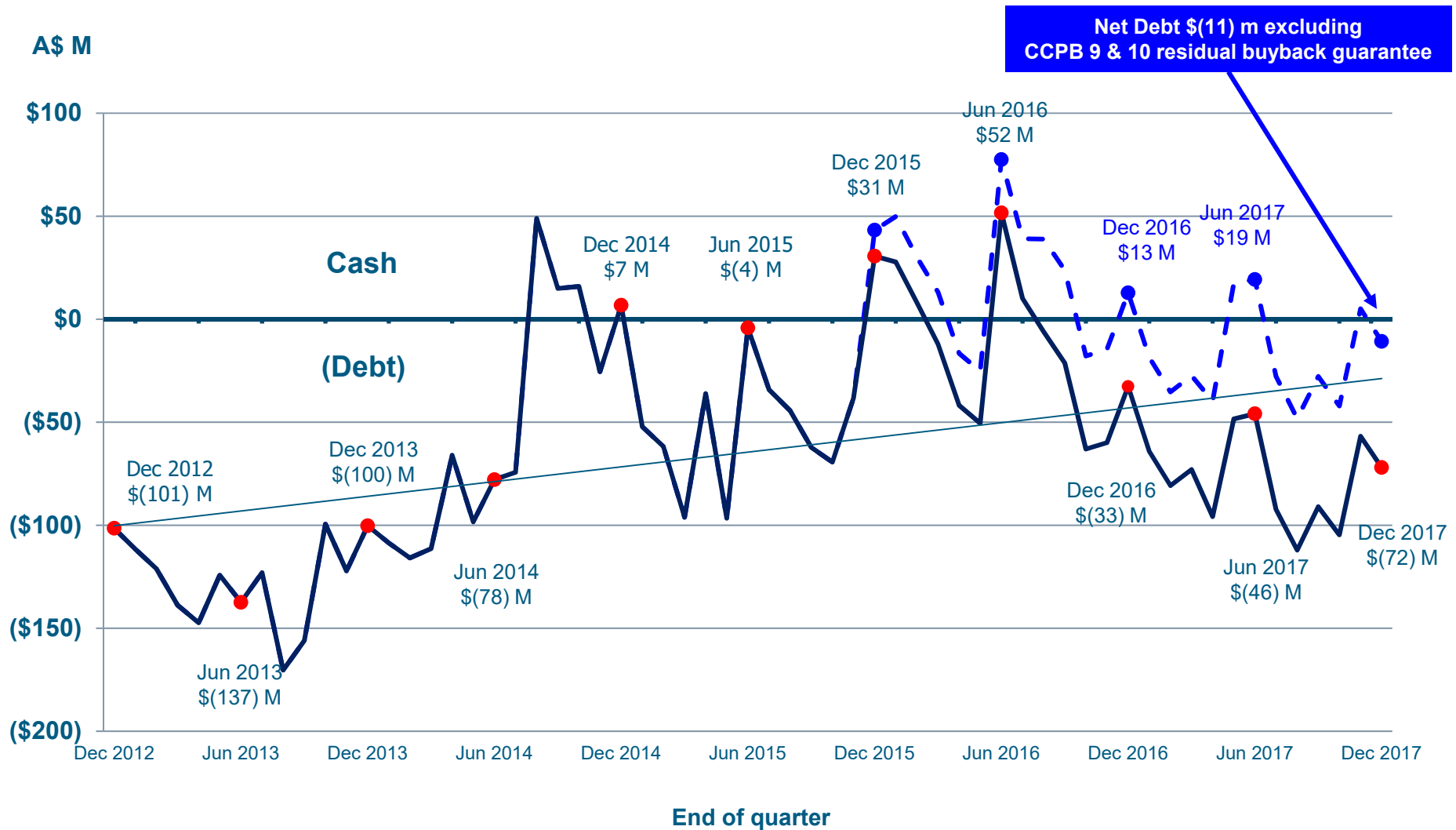


\$m	FY2018	FY2017	Change
	H1	H1	
Cashflow			
Operating	\$ (16.9)	\$ (43.8)	\$ 27.0
Investing			
Sustaining	(3.6)	(2.8)	(0.9)
CCPB 9 & 10	(3.0)	(30.0)	27.0
Financing			
Debt	(6.9)	(11.7)	4.8
CCPB 9 & 10	-	18.9	(18.9)
Dividends	(6.3)	(5.9)	(0.4)
FX differences	(1.8)	4.4	(6.2)
Net Movement	\$ (38.5)	\$ (70.9)	\$ 32.4

Cash	Dec 17	Dec 16	Change
Cash @ bank	\$ 112.0	\$ 153.5	\$ (41.5)

- Negative operating cash flow:
 - ~ \$240 m operating cash flow over last 4.5 years
 - \$50 m working capital movements month to month
 - Cash flows from delivery of EPF 9 & LCS 14 to be received post 31 December 2017
- Investing:
 - Typical sustaining capex
- Financing includes:
 - Disciplined approach to debt reduction, US\$(4.5) m of Go Zone Bond reduction during the half
 - \$6.3 m of dividends (net of reinvestment scheme)
- Cash
 - Continued strong cash position
 - Announced 2 cps interim dividend

Net cash / (debt) – subject to volatility in working capital



FY2018 H1 operational performance



John Rothwell AO and Austal Australia Staff proudly celebrating Australia Day (vessel is super structure for Mols).

USA operations



- Shipbuilding margin improvement

VESSEL PROGRAMS:

- **Littoral Combat Ship (~\$7.5 billion program)**
 - Turnaround developing well and confidence continues to grow
 - LCS 12 delivered in the half and LCS 14 imminent
 - Awarded LCS 30 through a competitive tender (LCS 28 in June 2017)
 - Vessel pricing reflects current known costs therefore expect normalised profit level
 - USA FY2018 appropriations look positive
- **Expeditionary Fast Transport (~\$2.5 billion program)**
 - EPF 9 delivered
 - EPF 10, 11 and 12 under construction



USS Mobile (LCS 26) first plate cut | Mobile, Alabama

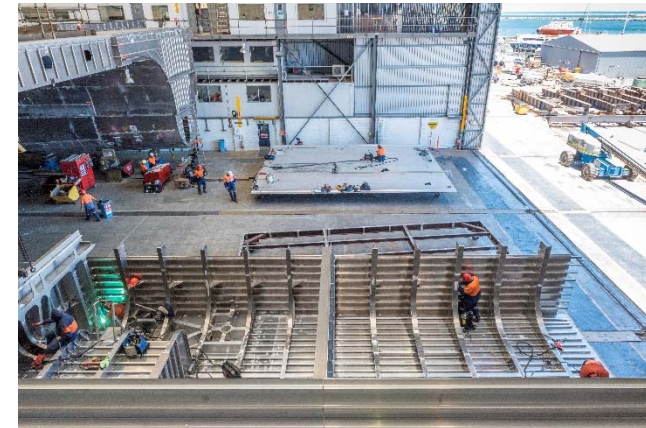


USNS Burlington (EPF 10) naming ceremony | Mobile, Alabama

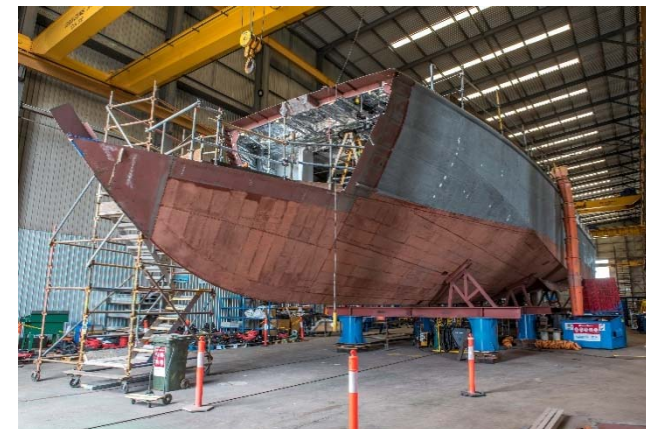
Australia operations



- **Shipbuilding** – at front-end design phase on two significant vessel programs throughout CY2017 but construction volume to increase in FY2018.
 - **Pacific Patrol Boat (~\$305 m, 19-ship program)**
 - Strategically important; in line with budget and time.
 - First vessel delivery October 2018.
 - Recognise profit from FY2019.
 - **Mols (~ \$90 m, 109 m vehicle / passenger ferry)**
 - Over 50% complete and on schedule.
 - 20% productivity improvements demonstrated.
 - **Cape Class Patrol Boats 9 & 10**
 - 3-year charter commenced late in FY2017.
 - Expect engagement on charter extension over next 12 months.
- **Support contracts**
 - CCPB in-service support: in line with previous provisions.
 - ACPB remediation: Performing well.
- Significant technology investment underway to keep progressing ferry capability ahead given strong market conditions.



Mols Linien under construction | Henderson



Pacific Patrol Boat under construction | Hope Valley

Asia (Philippines & China)



➤ Philippines

- FRS - ferry for Germany will be delivered in FY2018 H2. (\$22m, 56m vessel)
- VS Grand Tours \$5 m - Construction of a 30 m ferry just commenced.
- Fjord Line (~ \$108 m, 109 m vehicle passenger ferry). First metal was cut February 2018.
- Braveline \$44 m – Construction of 2 x 50 m ferries will commence in FY2018 H2.
- Aremiti ferry \$30 m – Construction of a 49 m ferry will commence in FY2018 H2.



FRS ferry | Philippines

➤ China

- 6 x ~ \$5 - 6 m, 35 m high-speed catamarans in Aulong Joint Venture.



Fjord Line 109m Ferry | Philippines

Disclaimer



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