

FY2014 results presentation



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Financial

- **Revenue:** \$1.1 billion, exceeding guidance
- **EBIT:** \$56m (\$65m underlying)
- **NPAT:** \$32m (\$39m underlying)
- **Net Debt:** Reduced by 50% in FY2014 to be below \$70m

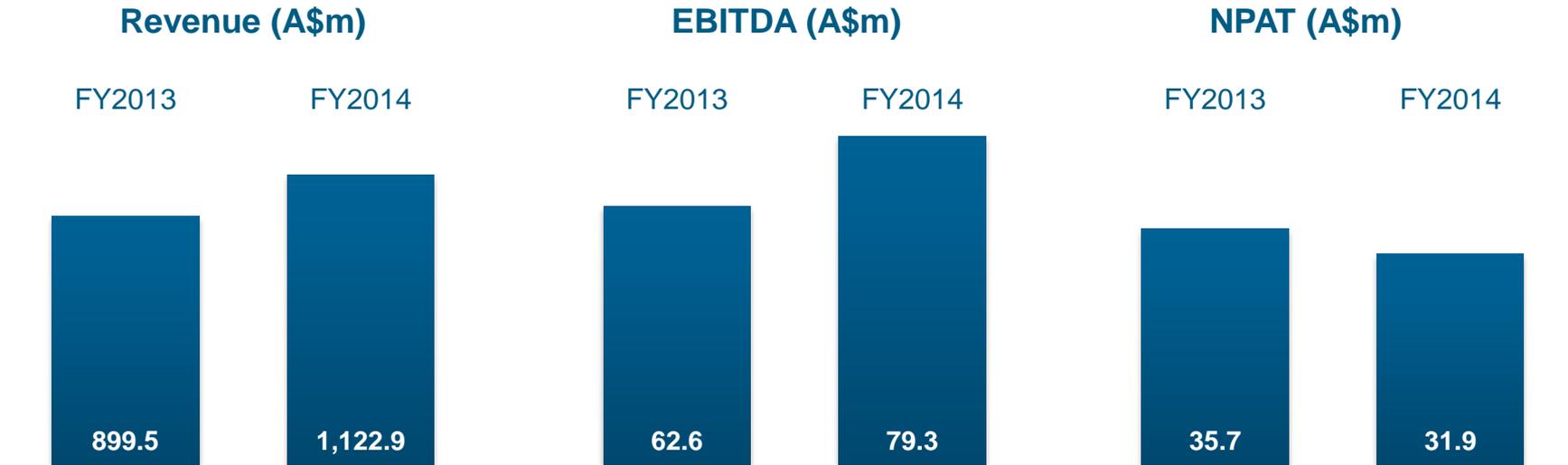
Operational

- **Diversity:** Stronger earnings contribution across the business reducing reliance on any one vessel program, with group underlying EBIT margin growing to 5.8%
- **Maturity of programs:** Supported by further operational improvements and strong asset utilisation
- **Order book:** \$2.8bn, securing work through CY2018

Outlook

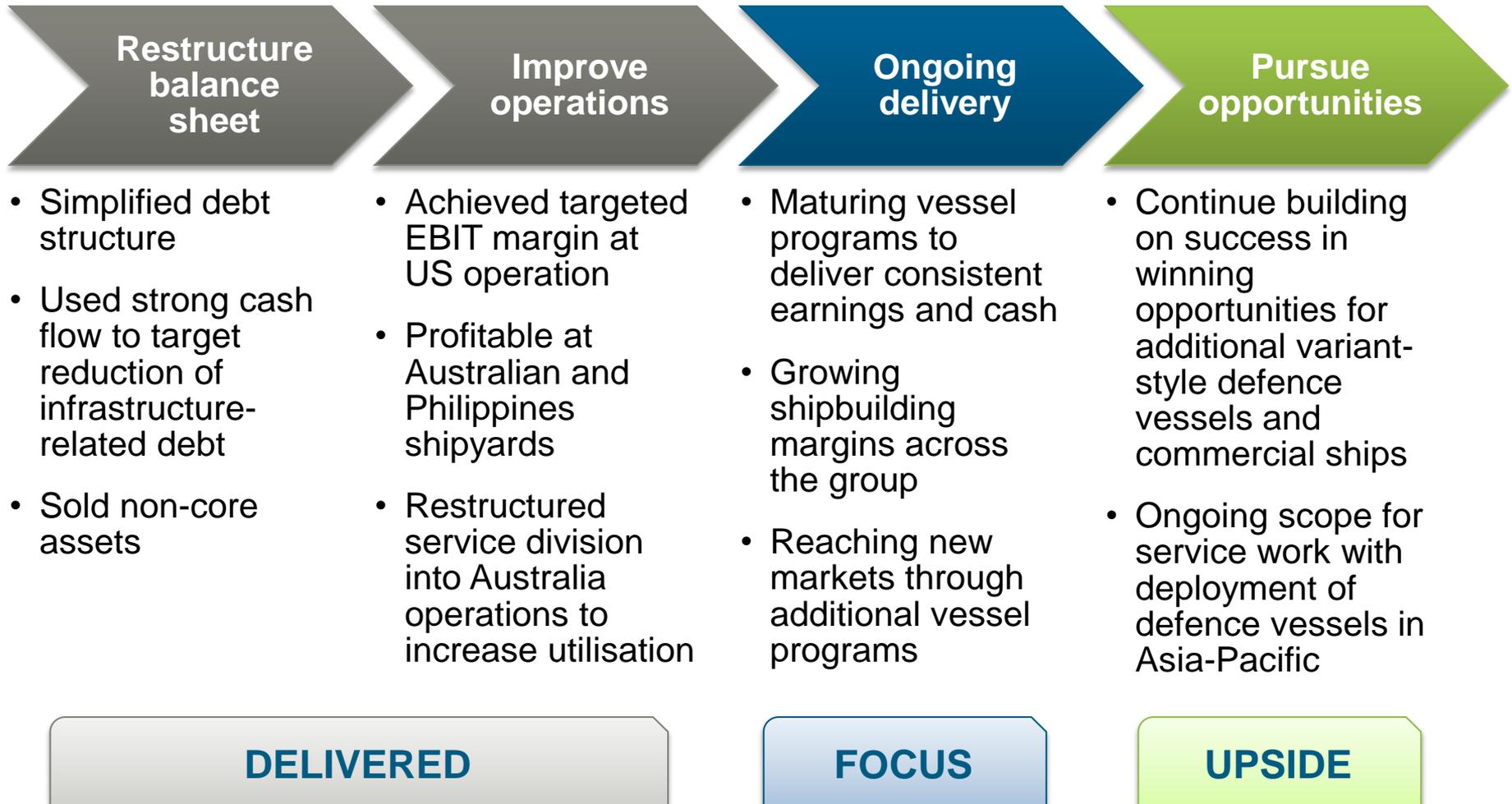
- **Strategy:** Margin growth, securing vessel pipeline for long-term revenue, and expand service and systems
- **Growth opportunities:** Targeting the Middle East
- **Cash:** Payment profile on long-term programs expected to provide strong cashflow and near term dividend

Record revenue driving performance



- Exceeded revenue guidance, driven by contribution from major vessel programs
- Underlying earnings in line with expectations – EBITDA \$89.1m after removing impacts of profit on sale of land at Henderson and WIP write down
- Underlying NPAT grew 39% year on year from \$27.8m to \$38.7m
- Total shareholder return of more than 70% in FY2014

Objectives for sustained growth



Financials



Underlying earnings summary



Income statement	FY2014 (A\$m)	FY2013 (A\$m)	Change (A\$m)
Revenue	1,122.9	899.5	+223.4
EBITDA	89.1 ¹	67.0 ²	+22.1
EBIT	65.3 ¹	42.5 ²	+22.8
NPAT	38.7 ³	27.8 ⁴	+10.9
Reported EPS	9¢ per share	12¢ per share	-3¢ per share

- Underlying EBITDA grew 33% to \$89.1m from \$67.0m in FY2013
- **USA:** EBIT margin was 8.3% in FY2014 after excluding Systems and Support activities.
- **Australia:** Strong improvement in EBIT margin from 0.0% FY13 to 6.9% FY2014 through maturing of Cape Class program and consolidation of service division
- **Philippines:** Remains sensitive to throughput – productivity improvements at shipyard and scope to support other divisions

¹ FY2014 underlying EBIT and EBITDA excludes write down of WIP (\$13.4 million) and profit on sale of Henderson facility (\$3.6 million).

² FY2013 underlying EBIT and EBITDA excludes the loss on the stock yacht (\$4.4 million).

³ FY2014 underlying NPAT excludes write down of WIP (\$9.4 million) and profit on sale of Henderson facility (\$2.5 million).

⁴ FY2013 underlying NPAT excludes research and development tax benefit (\$11 million) and loss on stock yacht (\$3.1 million).

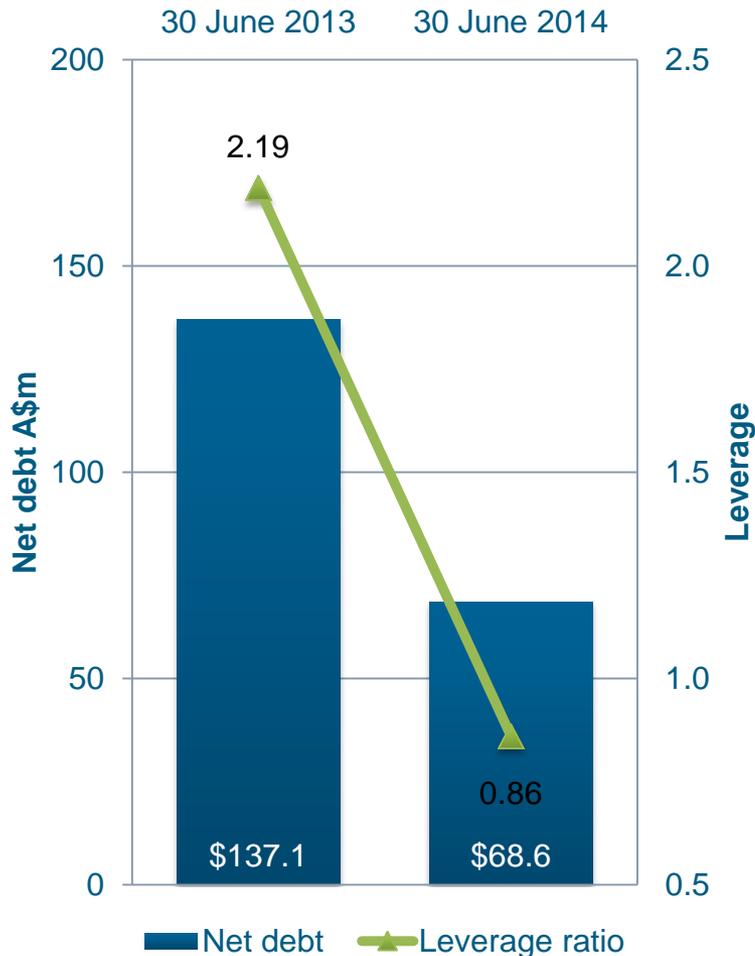
Segment breakdown



	(\$m)	Ships	Systems	Support	Total
USA	Revenue	744.3	144.9	44.4	933.6
	EBIT	61.5	(0.8)	1.0	61.7
	EBIT Margin%	8.3	-	2.3	6.6
Australia	Revenue	192.9	1.0	48.0	241.9
	EBIT	9.2	(1.1)	8.6	16.7
	EBIT Margin%	4.8	-	17.9	6.9
Philippines	Revenue	33.4	-	0.4	33.8
	EBIT	2.7	-	0.0	2.7
	EBIT Margin%	8.1	-	0.0	8.0

- **Ships:** strong revenue growth and margin improvement across the group
- **Systems:** pass through of systems integration work – low margin, but low risk
- **Support:** increasing revenue and efficiencies; current cost-plus model impacts margin

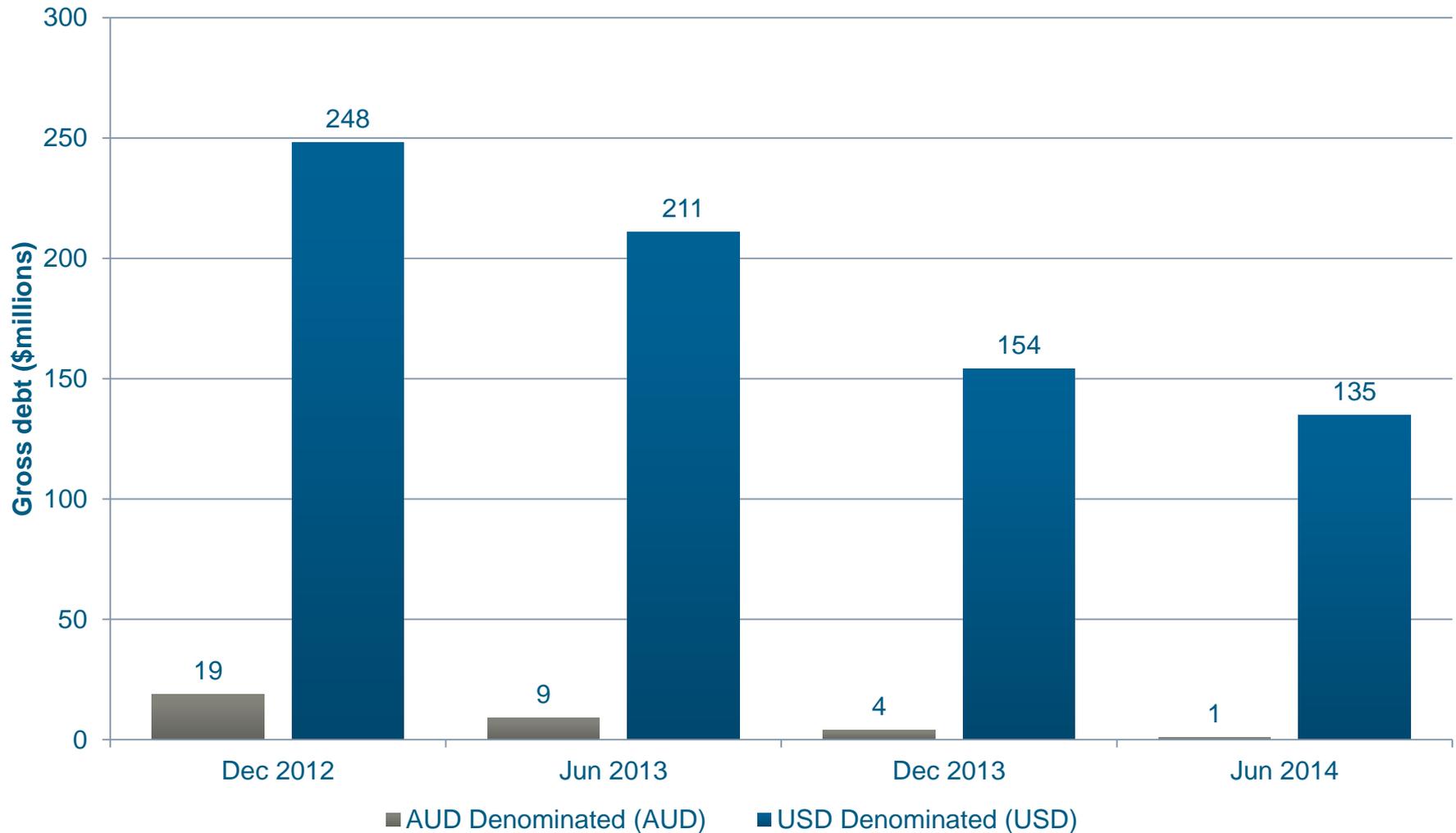
Cash generation bolstering balance sheet



- \$44.6m cash generated from operations in FY2014
- Net debt reduced by \$68.5m in FY2014 increasing balance sheet strength
- Higher EBITDA and lower net debt has significantly reduced the leverage ratio
- Surplus asset sales generating additional cash
 - Sale of satellite service base in Henderson – funds reduced debt by \$17.1m in FY2014
 - Sale of stock boat completed in August 2014. Net proceeds (after tax) will be used to pay down debt
- Capex limited to \$13.2m in FY2014

Leverage ratio = Net debt / last 12 months EBITDA

Discipline in long-term debt reduction

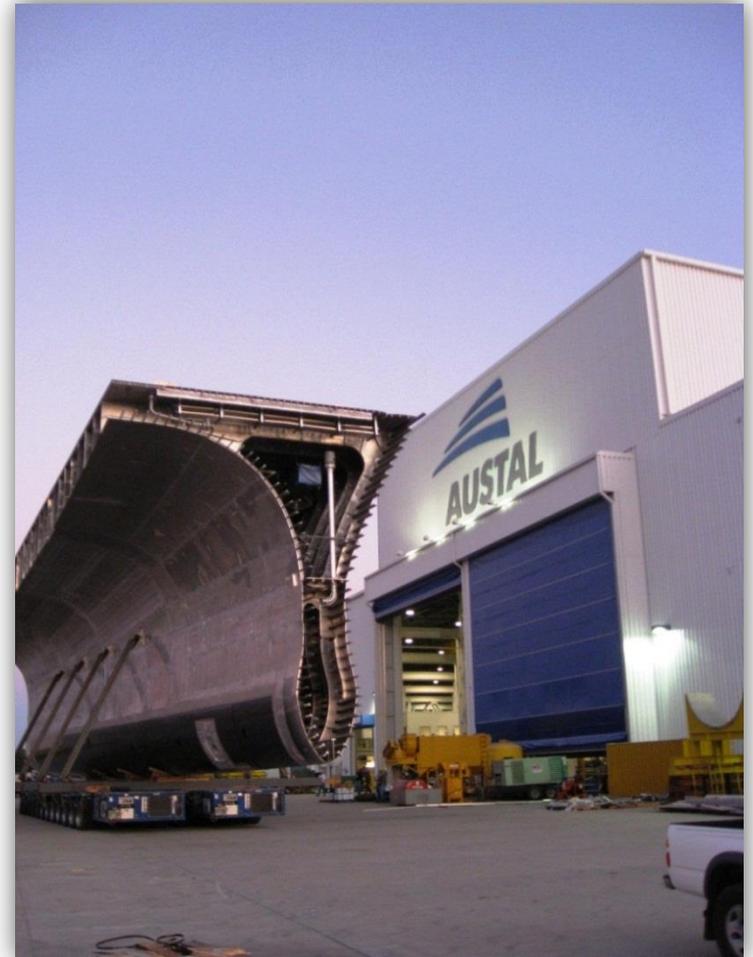


Operations update

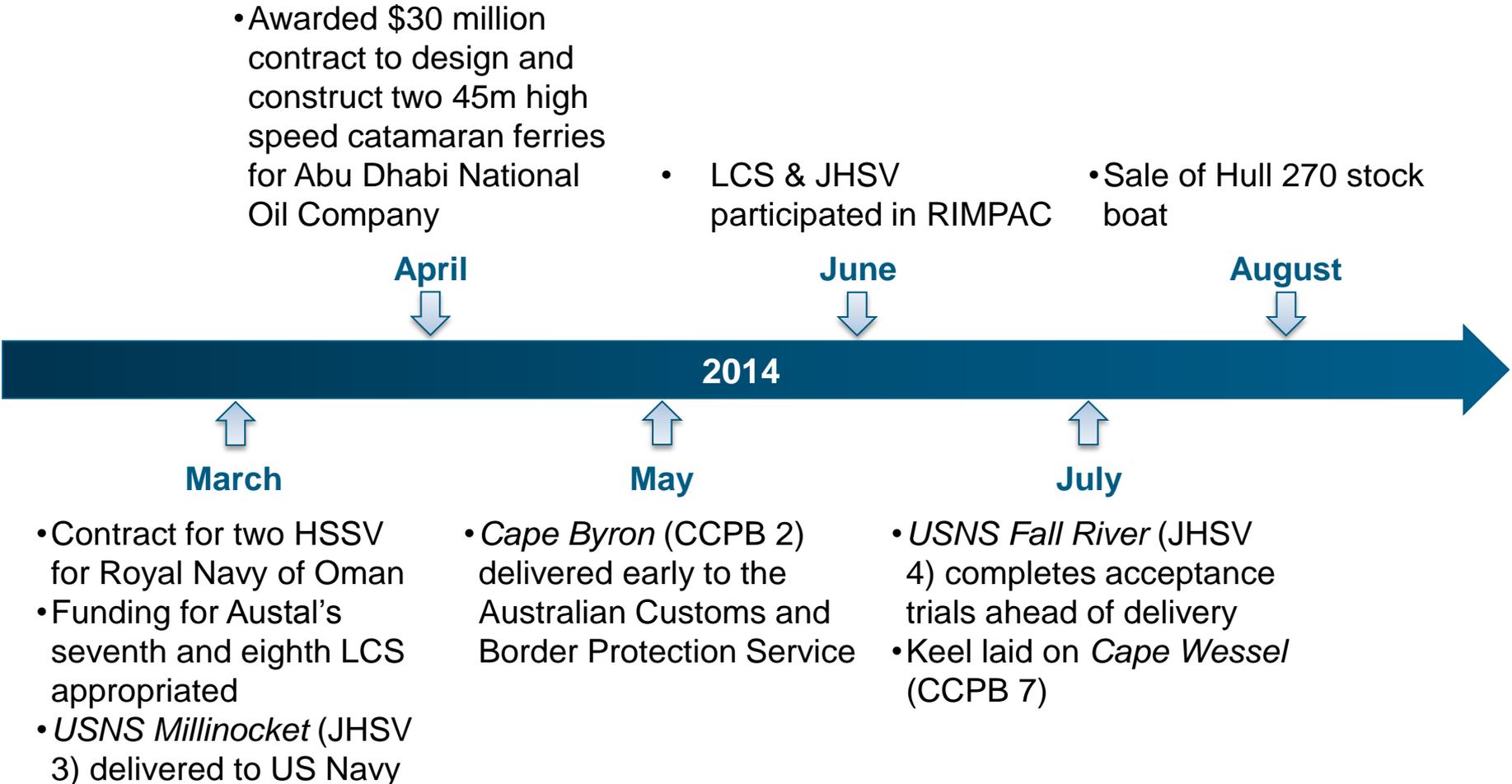


Order book

- Order book of \$2.8 billion secures revenue through CY2018, including:
 - **10 Littoral Combat Ships for US Navy**
x8 funded (out of 10 vessel contract)
 - **10 Joint High Speed Vessels for US Navy**
Fully funded, with x3 delivered (out of 10 vessel contract)
 - **8 Cape Class Patrol Boats for Australian Customs and Border Protection**
Fully funded, with x2 delivered (out of 8 vessel contract), plus through-life support
 - **2 High Speed Support Vessels for Royal Navy of Oman**
Fully funded, construction commencing this year
 - **Commercial vessels**
x2 45 metre high speed catamaran ferries
x1 21 metre wind farm support catamaran



Progress across the business



US Navy – Littoral Combat Ship

- 10 ship contract awarded as prime contractor, worth US\$3.5 billion – 8 fully funded, with at least 1 more expected to be funded in Q1 CY15
- 2 x LCS constructed and delivered by Austal for GD (LCS 2 and LCS 4)
- Program maturing well:
 - LCS 6 launched and christened – first vessel as prime contractor
 - LCS 8, 10, 12, and 14 under construction
- LCS program expected to be 52 ships-acquisition plan to become clear in medium term



US Navy – Joint High Speed Vessel



- 10 ship award to Austal valued at US\$1.6 billion (fully funded), securing work through to CY2017
- Program progressing well – matured into a phase of efficient production and predictable delivery:
 - JHSV 1, 2 & 3 – delivered
 - JHSV 4 – completed acceptance trials
 - JHSV 5 & 6 – under construction
- Austal well placed to secure a role supporting the JHSV program
- Performance is generating interest in the US (strong potential for program expansion), while variants are gaining traction in Middle East



Austal strongly positioned in US



Austal-built vessels have continued to be funded and programs are maturing well

US Foreign Policy remains focused on Asia-Pacific defence strategy, with Austal-built LCS and JHSV involved in 2014 US Rim of the Pacific naval exercise

Additional opportunities for through-life support on LCS and JHSV (e.g. support contract on LCS 6)
Planning Yard Contract

LCS program expected to be 52 ships – speed and quantum will be decided by Congress

US Navy examining upgrade to LCS that enhance capability of vessel

LCS variants attractive to US Navy and international market

Australia – Cape Class

- \$330 million contract for 8 Cape Class Patrol Boats, including \$50 million support work
- Delivered CCPB 1 & 2; remaining vessels all under construction
- Program has matured significantly, with efficient production expected to drive margin growth
- Targeting export opportunities for defence vessel variants
- Early replacement of Australian and Pacific patrol boats continues to be explored
- Opportunity for service work with deployment of vessels in Asia Pacific



“[Austal’s] a competitive outfit that knows about product and knows about service, and they know about partnership in working together with government to deliver up these major programs.”

Scott Morrison
Minister for Immigration and Border Protection

Australia – High Speed Support Vessels

- US\$124.9 million contract for the design, construction and integrated logistics support of two 72 metre High Speed Support Vessels
- Construction has commenced at Henderson shipyard
- Final vessel to be delivered in CY2016
- Deployed with a similar mission to the JHSV
- Strategy demonstrated of leveraging Austal's intellectual property and technology to new defence markets



- \$30 million contract from the Abu Dhabi National Oil Company to design and construct two 45 metre high speed catamaran ferries
- Construction has commenced; delivery expected in CY2015
- Contract for customisation of Hull 270
- Small components supply to Australian operations
- 21 metre windfarm vessel to be delivered in H1 FY2015
- Enhancing capability at shipyard through upskilling workforce to improve productivity
- Pursuing further opportunities, particularly in wind farm and oil & gas vessel markets



Systems and Support

- Austal has established a global footprint, strategic partnerships and the IP to provide through life support for defence vessels such as the LCS, JHSV and CCPB
- Integration of service division in Australia and sale of product line to Thales has increased efficiencies, asset utilisation and margins
- US support business growing profitably and will benefit from Planning Yard agreement with General Dynamics
 - Planning Yard contract awarded to GD/Austal team in August 2014 with potential value of US\$100 million





United States

- Progressive growth in margins with vessel programs maturing
- Augment contracts with service and support work
- Extend pipeline beyond existing contract awards

Australia

- Consolidating and maturing of Cape Class Patrol Boats program
- Continue targeting construction and support opportunities in defence vessels, including in Australia and variants for export markets
- Progress made in integration of supply chain with Philippines – opportunity to develop further

Philippines

- Continue to build commercial shipbuilding capability to position AUSTAL for market opportunities
- Upskilling of workforce to be more productive and remain flexible according to market potential
- Explore further integration of supply chain with other divisions, including providing small components

Operational improvements, diversity of vessel programs, and longevity of contracts providing strong cash generation and increasing return on capital

Pipeline for vessel programs



- Austal pursuing opportunities to grow order book and secure additional long-term revenue – focus on medium-term shipyard capacity

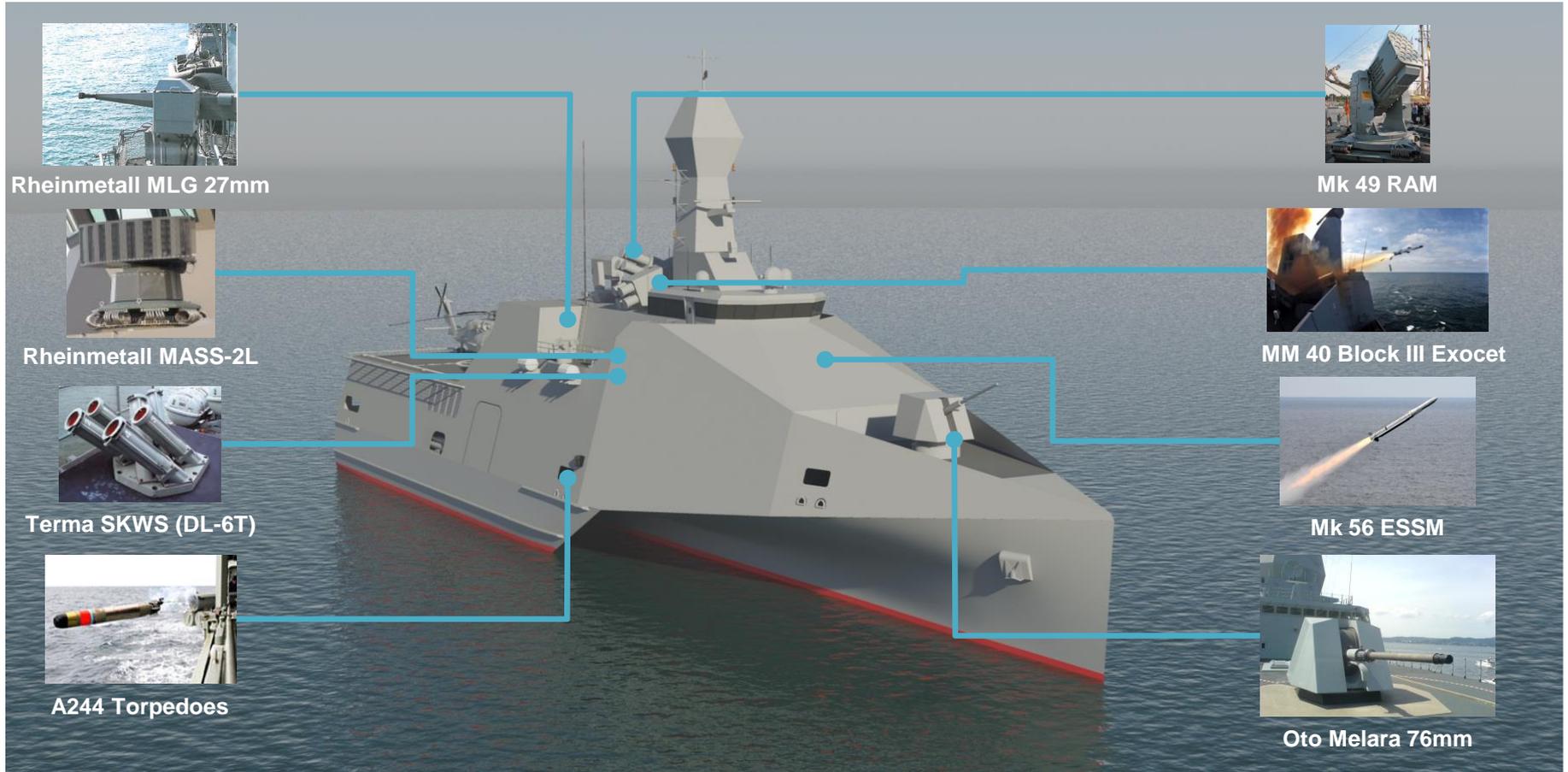
Target markets

- **US:** potential to extend existing LCS and JHSV programs
- **Australia:** replacement of Navy and Pacific and patrol boats
- **Middle East:** opportunity for small frigates, support vessels and patrol boats
- **Europe and Asia Pacific:** Commercial vessels and work boats

Vessels

- Small frigate evolved from modified Littoral Combat Ship
- Patrol boats developed from experience with Bay, Armidale and Cape class
- High speed support vessels developed from Westpac Express and JHSV
- Commercial vessels: potential new market for LNG-powered ferries

Multi-mission combatant vessel



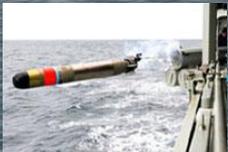
Rheinmetall MLG 27mm



Rheinmetall MASS-2L



Terma SKWS (DL-6T)



A244 Torpedoes



Mk 49 RAM



MM 40 Block III Exocet



Mk 56 ESSM



Oto Melara 76mm

Austal's design of a smaller frigate-size multi-mission combatant that has significant capability and lethality

Cape-variant patrol boat for Australian Navy



\$1.2bn revenue guidance
for FY2015

Continue progressive
growth in profit margins on
ship construction,
augmented by an increase
in support work

Diversity and long-term
nature of vessel programs
provides visibility on
earnings and strong cash
outlook

Research and development
to increase platform
capability to drive new
demand for current ships
and variant models

Prudent cash management
to ensure appropriate
financial structure – ongoing
strong cashflow provides
dividend potential in near-
term

Pursuing variant-style
defence vessel contracts in
export markets, with
particularly strong
opportunities in the Middle
East

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