

# 2014 Annual General Meeting



**Andrew Bellamy, Chief Executive Officer**

**30 October 2014**

## Financial

- Delivered record revenue of \$1.1 billion, exceeding guidance
- Reduced net debt by 50% in the year to below \$70 million

## Operational

- Increased work in hand to \$2.8 billion at 30 June 2014
- US operations contracted until CY2019
- Australian operations contracted until end CY2016
- Philippines operations full until late CY2015

## Outlook

- Revenue guidance for FY2015 of \$1.2 billion
- New ship building orders expected in coming months
- Support business growing profitably
- Dividend likely to be declared during CY2015

# Underlying results



## Revenue (A\$m)

FY2013

FY2014



## EBITDA (A\$m)

FY2013

FY2014



## NPAT (A\$m)

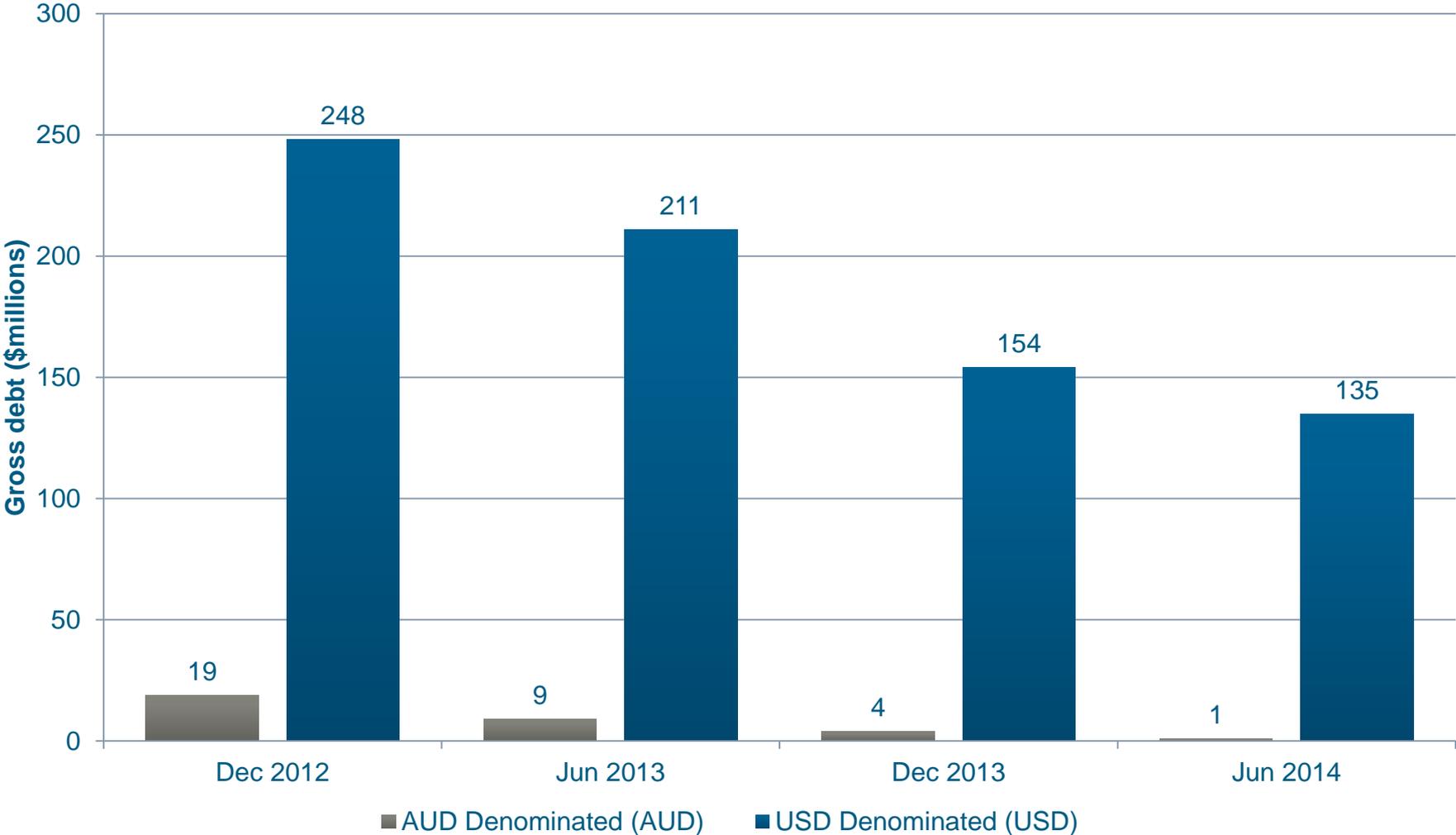
FY2013

FY2014



\*Underlying results exclude items related to stock vessels, land sales and other abnormal activities.

# Discipline in long-term debt reduction



# Objectives for sustained growth

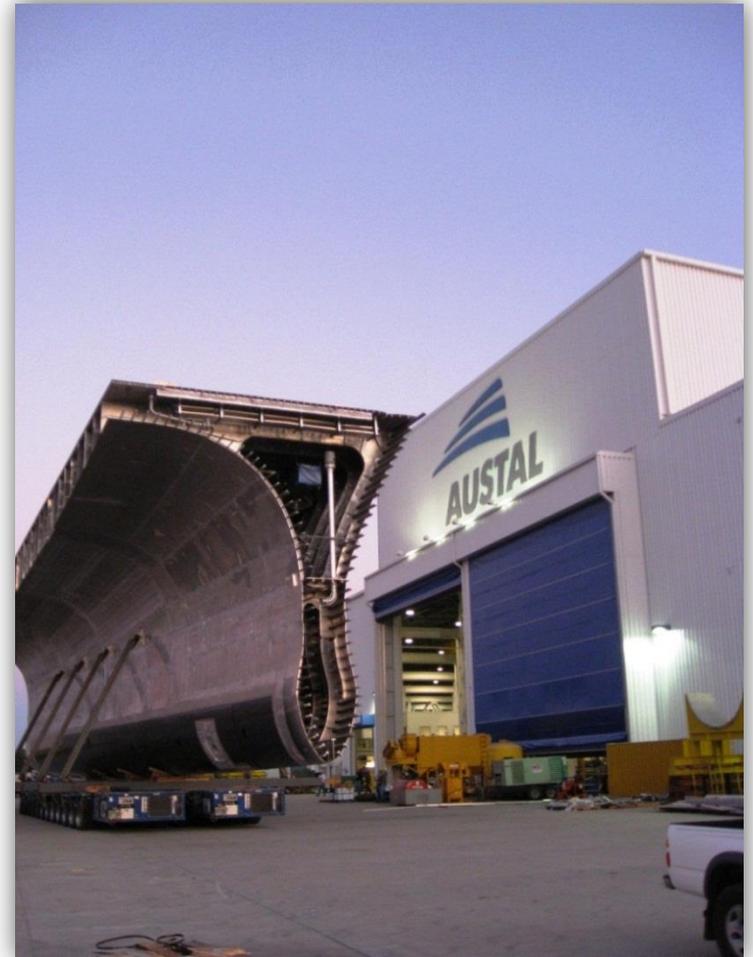


# Operations update

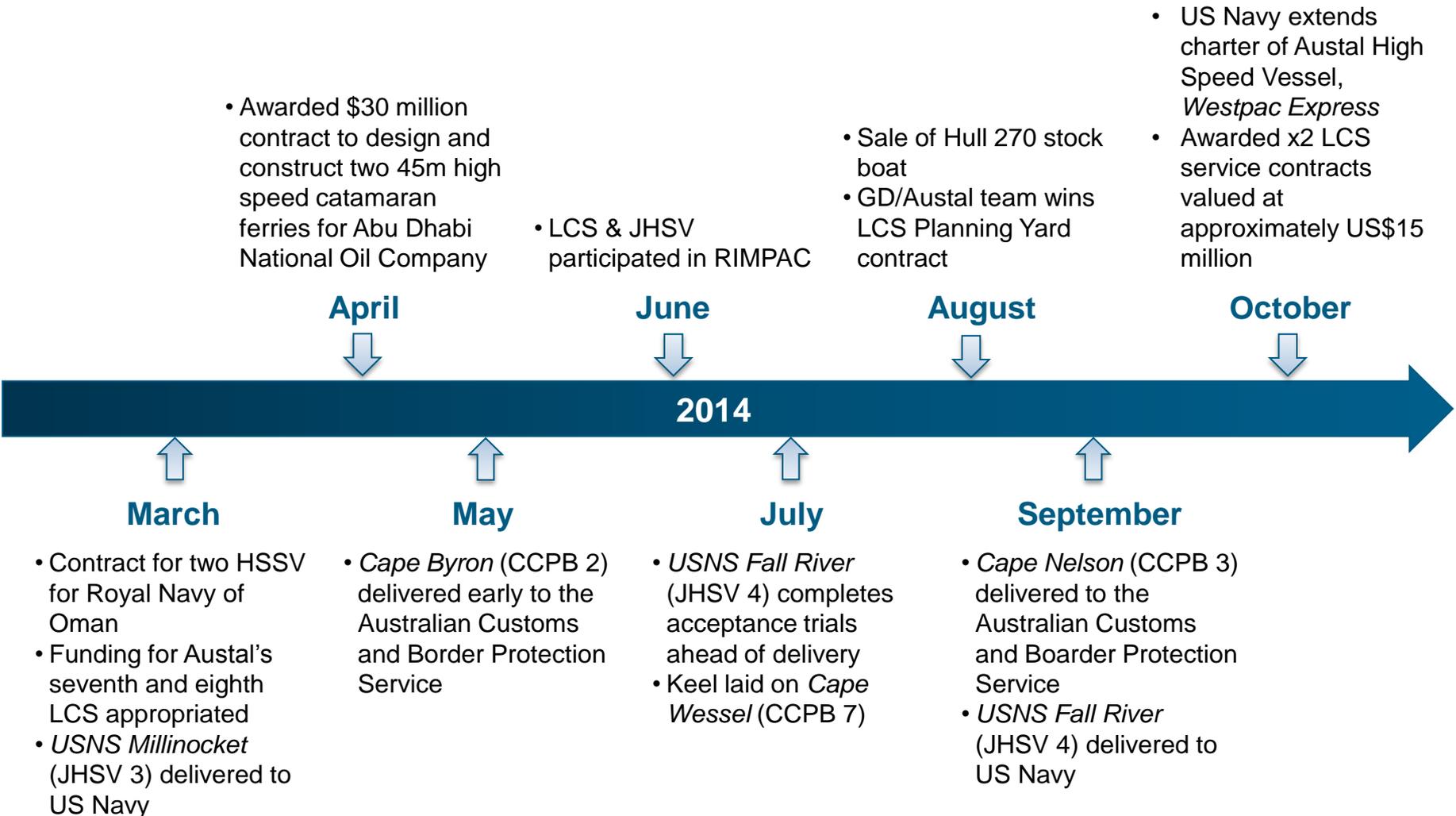


# Order book

- Order book of \$2.6 billion as at 30 September 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 x4 delivered (out of 10 vessel contract)
  - **8 Cape Class Patrol Boats for Australian Customs and Border Protection**  
Fully funded, with x3 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



# 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 & 4 – delivered
  - JHSV 5 - launched
  - JHSV 6 & 7 – under construction
- 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 the design, construction and through-life support of 8 Cape Class Patrol Boats for the Australian Customs and Border Protection Service
- Program has matured significantly, with efficient productions expected to drive margin growth:
  - Delivery between March 2013 and August 2015
  - Delivered CCPB 1, 2 & 3
  - Remaining vessels all under construction
- Opportunities exist for new contracts at home and abroad



# 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 for the Royal Navy of Oman
- 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



# Philippines

- \$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 worth approximately \$6 million
- 21 metre windfarm vessel delivered to Turbine Transfers in October 2014
- Small components supply to Australian operations



# 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
- 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
  - x2 LCS service contracts awarded in October 2014



# Outlook



## United States

- Vessel programs maturing and stabilised work force
- Augment contracts with service and support work
- Extend pipeline beyond existing contract awards

## Australia

- Maturing of Cape Class Patrol Boats program
- Target 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

- 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

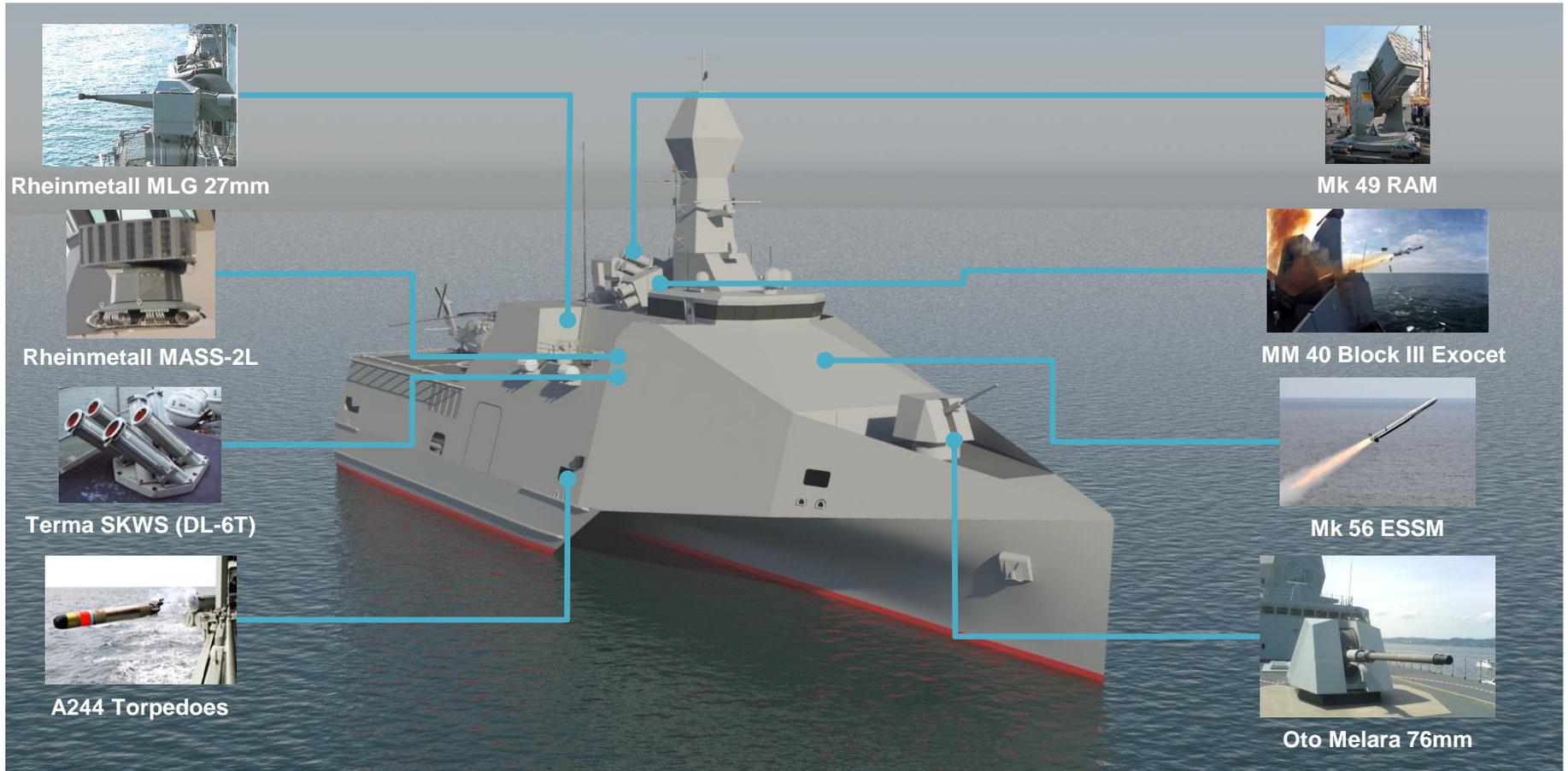
## Target markets

- **US:** potential to extend existing LCS and JHSV programs
- **Australia:** replacement of Navy vessels and Pacific class 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



*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

# Disclaimer

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