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DEFEND THE WORLD**

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*2011 Half Year Results
Investor Briefing Package*

25 February 2011

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- Results Highlights and Key events
- Balance sheet summary
- Group Financial Summary
 - Australia operations
 - USA operations
 - Service
- 2011 Investment Program
- Work in hand
- LCS block buy contract
- JHSV Update
- Strategy initiatives
- Summary

AUD \$M	H1 2011	H1 2010	Change
Revenue from operations	251.2	219.2	15%
EBIT	20.7	21.9	(5%)
Net profit after tax	14.1	15.5	(9%)
EPS	7.68 cents	8.46 cents	(9%)
<i>NPAT adj. for abnormal items</i>	<i>14.8</i>	<i>15.5</i>	<i>(5%)</i>

Key events during the period

- Awarded a 10 ship block buy contract for the Independence class LCS
- Full award of contracts for JHSV 4 & 5
- Virtu Ferries 107m Catamaran delivered
- Significant new “rest of world” defence tenders
- Acquisition of Australian Technology Information (“ATI”)

AUD \$M	H1 2011	H1 2010	Change
Total Assets	575.6	648.1	(11%)
Cash	23.7	32.2	(26%)
Inventories	232.5	275.3	(16%)
Property, plant & equipment	185.9	217.7	(15%)
Total Liabilities	302.3	378.8	(20%)
Loans/borrowings	106.7	125.9	(15%)
Government grants	48.9	59.9	(18%)
Deferred tax liability	43.6	36.9	18%
Equity	273.3	269.4	1%

- Cash has remained consistent and is supported by access to undrawn working capital lines in excess of \$100M
- Net debt position is \$83M and includes \$40.1M of working capital facilities which will be retired in April 2011.
- Go Zone Bonds (US\$60M) is the only long term debt. Interest cost for the period was \$588k (1.96% pa).



Australian operations (excl. Service)

AUD \$M	H1 2011	H1 2010	Change
Revenue	87.4	99.9	(13%)
EBIT	7.5	12.7	(41%)
EBIT %	9%	13%	(4%)
PBT	6.8	12.4	(45%)

- Revenue reflects the continued softness of traditional commercial markets. Buyer confidence is returning reflected in good enquiry rates, but strong AUD and weak debt finance markets continues to impact sales prospects.
- Current work in progress:
 - Danske Færger A/S 112 metre catamaran
 - 2 x 47 metre L'Express des Iles catamarans
 - Stock vessels – conditional contract for sale of Trimaran executed
 - Mary D 30 metre monohull
- Non US defence/patrol boat opportunities continue to grow with current tender activity for Australia, Yemen and the Kingdom of Saudi Arabia presently occurring
- Strategies to address the persistent AUD strength are being evaluated and implemented

AUD \$M	H1 2011	H1 2010	Change
Revenue	7.5	20.8	(64%)
EBIT	1.3	2.0	(35%)
EBIT %	17%	10%	7%
PBT	1.3	2.0	(35%)

- Service business contracted over the prior comparative as ad-hoc income was not repeated. Specific attention is being directed to grow non term contract income and focussing on the profitability of existing contracts
- Opportunities for oil & gas vessel related support work are emerging and are actively being pursued
- Defence maintenance remains an area of strong interest for Austal and is an opportunity which is part of each current defence vessel tender



USA operations

AUD \$M	H1 2011	H1 2010	Change
Revenue	154.1	94.9	62%
EBIT	15.0	7.6	97%
EBIT %	10%	8%	2%
PBT	14.4	7.6	89%

- USA business has grown solidly over the prior period reflecting the maturing of the JHSV program
- Margins are normalising at anticipated levels as MMF throughput moves to full utilisation (LCS 4 - *USS Coronado*, JHSV 1 - *USS Spearhead*, JHSV 2 & JHSV 3) and production efficiencies are being realised
- Navy's schedule suggests the award of JHSV 6 and 7 and LCS 6 pre 30 June 2011 which will continue the "near capacity" utilisation levels of existing facilities

2011 Investment Program



AUD \$M	2010 Actual	Aust. operations	USA operations	USA 2012
Plant & Equipment	12.3	1.6	6.6	2.0
Furniture & Equipment	1.7	0.9	1.6	3.0
Information Technology	1.9	0.6	2.4	
Building improvements	23.0	0.4	3.6	
New Office			7.5	4.5
New land & improvements			22.0	9.0
Bay 5 additions			9	9.5
MMF Phase II			13	44
TOTAL	38.9	3.5	65.7	72.0

- Go Zone Bond allocation successfully increased to US\$225M.
- All US infrastructure capex is fully funded by the unutilised Go Zone Bond allocation



Austal USA Expansion





Work in hand at \$1.2B

- 1 x 112m vehicle ferry for Danske Færger A/S (Denmark)
- 2 x 47m passenger ferries for L'Express des Illes (Guadeloupe)
- 2 x 127m Littoral Combat Ship (LCS) for US Navy
- 5 x 103m Joint High Speed Vessel (JHSV) for US DOD
- 1 x 35m monohull for Mary D Enterprises (New Caledonia)
- 102m trimaran vehicle ferry (stock vessel)
- 1 x 48m luxury motor yacht (stock vessel)



LCS 10 vessel block-buy



- Austal awarded a 10 ship block-buy contract in December 2010, with an initial order for 1 vessel (LCS 5) at US\$432.1M and options for nine additional vessels over 5 years. Average pricing, inclusive of support services, is US\$378.6M
- Subject to appropriations, Navy has indicated that they will award contracts for two vessels per year between FY11 and FY15
- LCS 4, *USS Coronado*, approximately 50% complete. Delivery is scheduled for late 2012
- Navy has cited a 55 vessel LCS program as part of a 313 ship fleet plan

Average revenue stream of
US\$600M pa from 2013 to 2017



LCS contract implementation

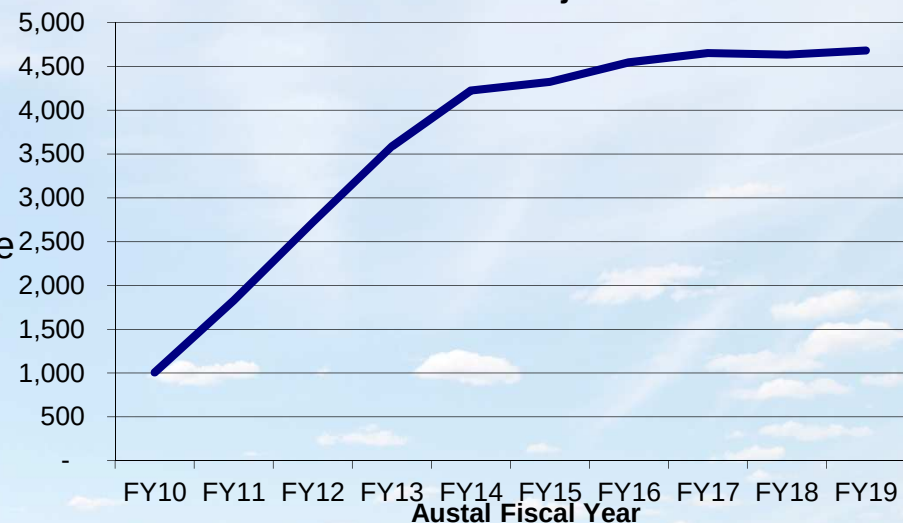
Recruiting

- Recruiting plan is on track. Current headcount is 1,800 and will grow by 800/yr for the next 3 years – 50% of the rate at which Austal USA recruited over the last year
- AIDT opened in November 2010. 300 AIDT trained candidates remain available to Austal. Applications post LCS award are also substantially up and experienced hires are also being recruited from other neighbouring Gulf states as other shipyards downsize

Capex expansion

- Board approval finalised for additional land, MMF II, Bay 5 and the Office Complex and fixed price contracts have been executed with third party contractors who built the existing facilities at Mobile.
- Go Zone bonds are on track for issuance in April 2011 for US\$165M.
- Alternatives are being reviewed for equipment funding of circa US\$25M, required in 8 to 12 months time

Austal USA Projected Headcount





Joint High Speed Vessel update



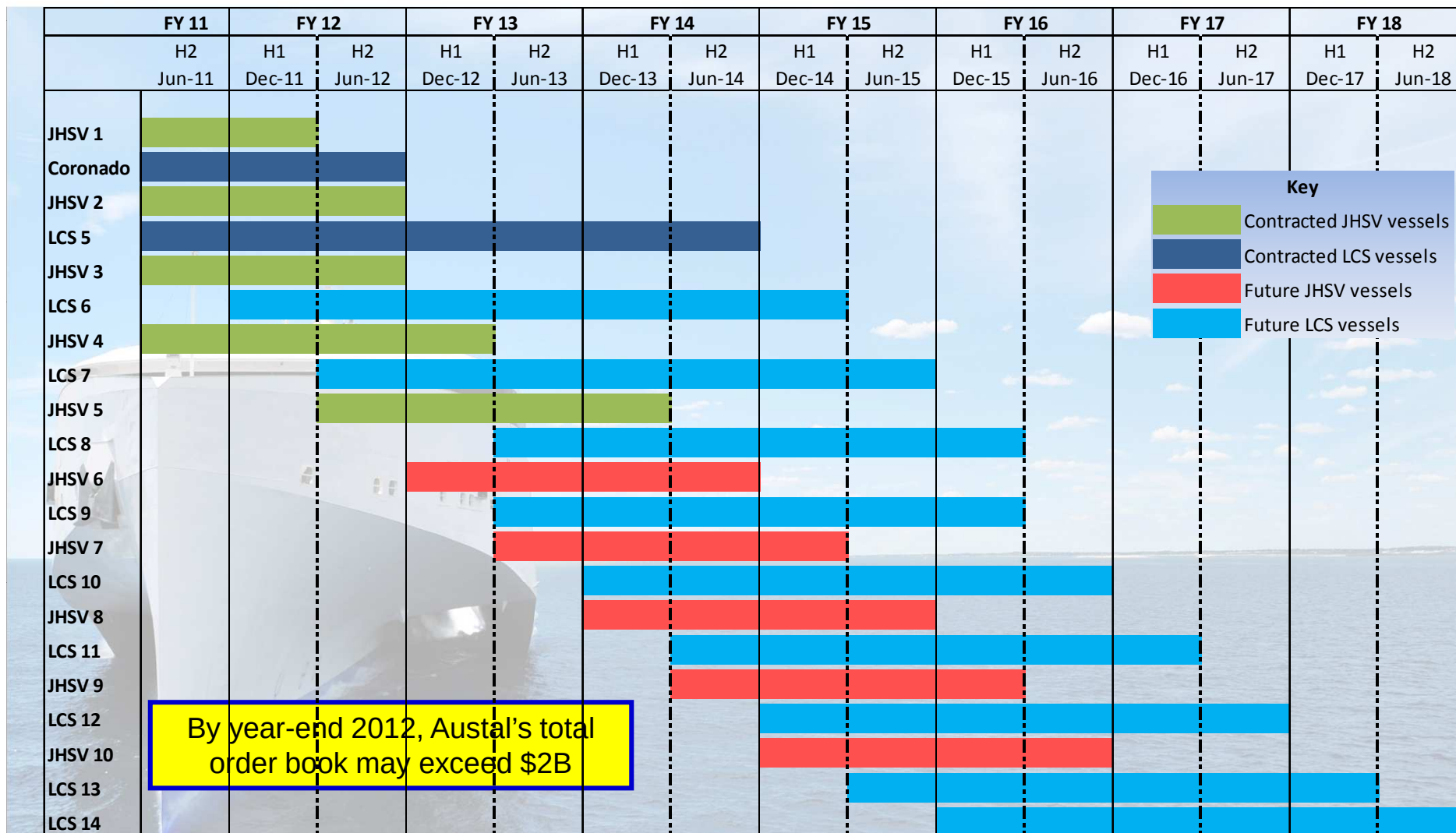
- JHSV 1 (Navy), 2 (Navy) and 3 (Army) are under construction with vessels 4 (Navy) and 5 (Army) due to commence within the next 6 months
- Options remain for a further five vessels
- Navy's FY 12 budget proposal shows 13 vessels being procured between 2008 and 2016. Army's budget proposal shows 5 vessels being procured over the same timeframe for a total of 18 vessels.
- Navy has not yet indicated how the additional 8 vessels are to be procured. The first of these additional vessels is due to be awarded in 2013.

Average revenue stream of
US\$280M pa from 2012 to 2015



United States Navy Order book potential

Austal USA projected orderbook profile at January 2011



USA operations

- Foreign Military Sales
- Service and maintenance of JHSV and LCS vessels
- International marketing of JHSV and LCS vessels



Australian operations

- New vessel concepts (Windfarm, medium speed, LNG, MRV)
- Technology transfer to produce vessels globally
- Service business regionalisation
- Defence service building out from the ATI acquisition





- Half year result reflects the transition that Austal is undertaking. USA operations are now stabilising with the certainty of two long term procurement programs. Australian operations continues to develop new strategies for managing the effects of the strong Australian currency and remains the centre for new technology development
- Balance sheet remains strong and capital is in place to fund expansionary requirements as required
- Proven business that continues to deliver growth opportunities through international expansion and diversification
- The visibility and predictability of income streams from JHSV and LCS provides Austal's shareholders a new level of certainty and predictability



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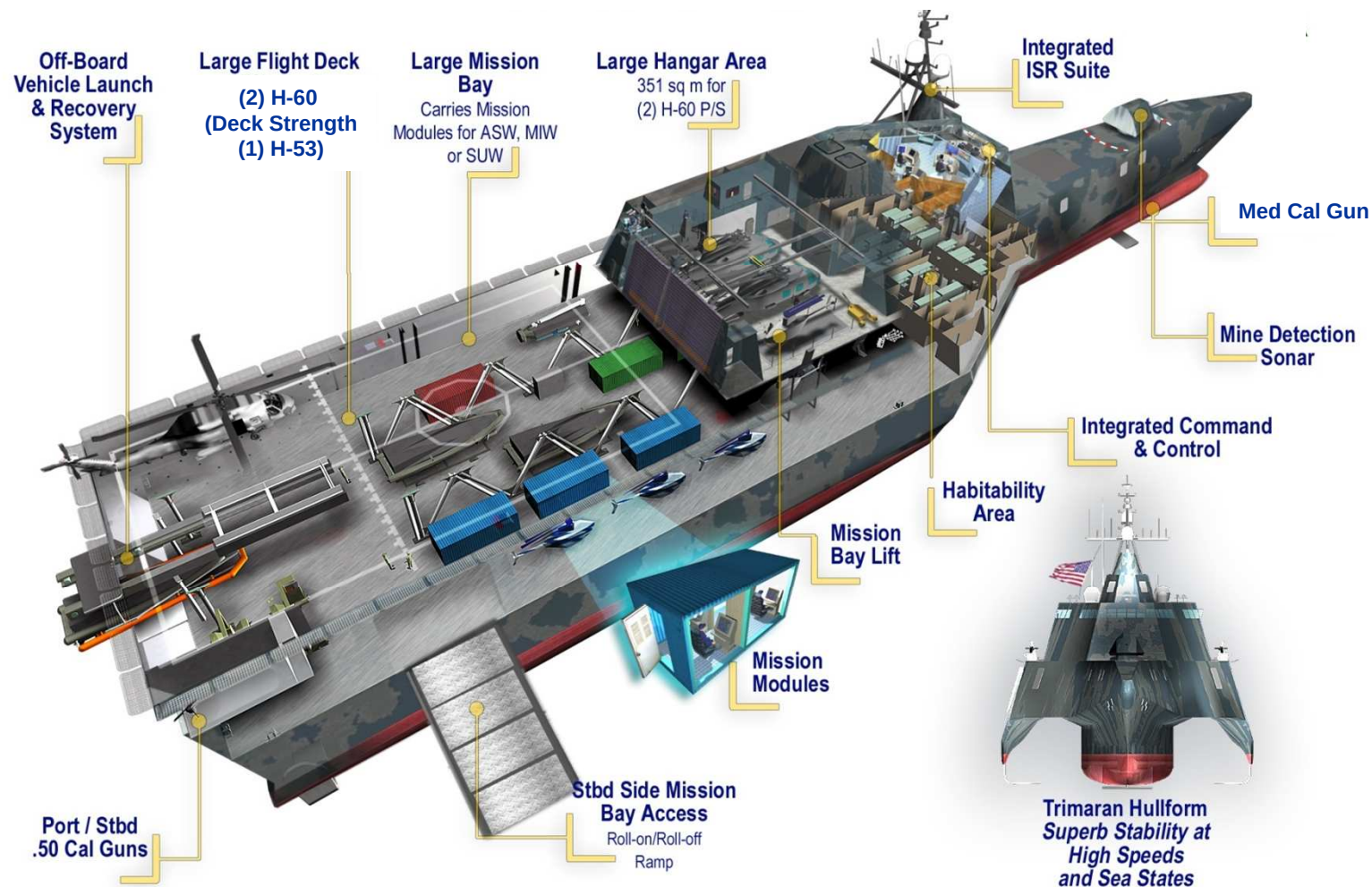
Questions ?

LCS overview



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GENERAL DYNAMICS
Littoral Combat Ship





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