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2011 Financial Results
Investor Briefing Package

19 August 2011

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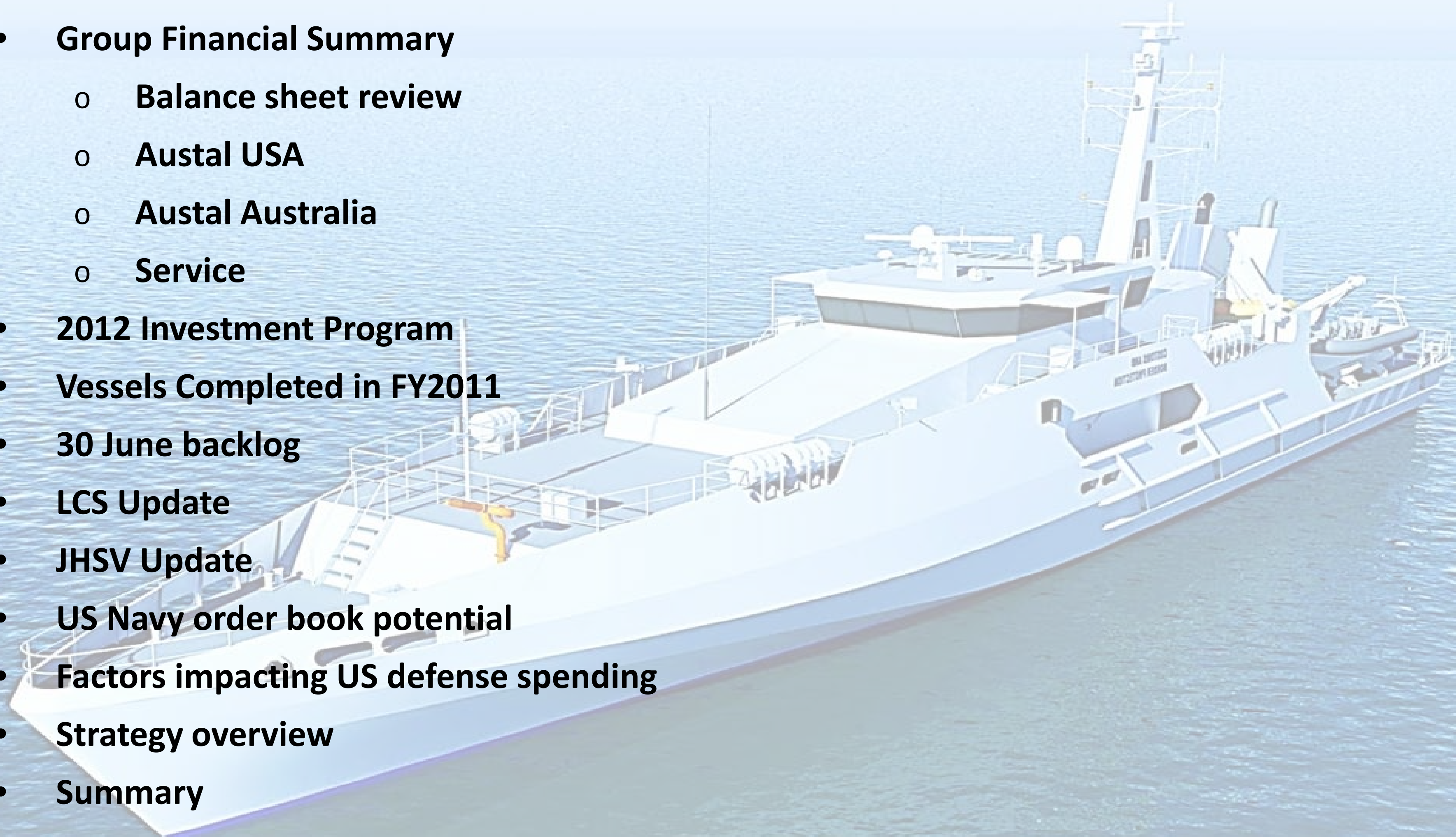
- Summary



Results highlights and Key events

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AUD $M	2011	2010	Change
Revenue	503.9	521.4	(3%)
EBIT	19.8	51.2	(61%)
Net profit after tax	21.9	37.1	(41%)
EPS	11.9 cents	20.3 cents	168%

Key events during the H2 2011

- **Adverse macroeconomic conditions directly reflected in results**
- **Award of contracts for JHSV 6 and 7**
- **Award of contract for 2ND LCS, *USS Montgomery*, from the 10 ship block buy contract**
- **Bornholmer Faergen 113m Catamaran delivered in June. Austal's largest ever catamaran**
- **Strategy review completed- new initiatives underway**
- **Post year end award of $330m Cape Class Patrol Boat Project**
- **Dividend declared – 6 cents fully franked**
- **Order backlog up by 61% to $1.49 billion (June 11)**

Balance sheet Review

AUD $M	2011	2010	Change
Total Assets	674.6	648.1	4%
Cash	42.3	29.0	46%
Restricted cash	129.8	1.1	11,700%
Inventories	177.9	275.3	(35%)
Property, plant & equipment	208.3	217.7	(4%)
Total Liabilities	400.4	378.8	6%
Bank loans	9.1	41.4	(78%)
Go Zone Bond	209.7	70.0	200%
Government Grants	45.5	59.9	(24%)
Equity	274.2	269.4	2%

- **Underlying balance sheet remains strong**
- **Unrestricted cash has improved over the prior year and is supported by access to substantial unused working capital facilities**
- **Go Zone Bonds (US$225M) have been raised to fund the US facility expansion**

Austal USA

(In USD)

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USD $M	2011	2010	Change
Revenue	333.4	235.5	42%
EBIT	19.7	20.9	(6%)
EBIT %	6%	9%	(14%)
PBT	13.6	16.5	(18%)

- **Revenue growth reflects growth in activity levels at AUSA (2 LCS’s and 3 JHSVs under construction at June 2011)**
- **EBIT margin has been adversely impacted by the delay in award of LCS block buy contract and “first - in - class” overruns on JHSV1- which are being corrected on subsequent vessels.**
- **Business is gearing up for steady state production of 2 LCS’s and 2 JHSV’s per annum.**

Austal Australia (Excl. Service)

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AUD $M	2011	2010	Change
Revenue	144.2	219.7	(34%)
EBIT	(8.0)	27.6	(129%)
EBIT %	(6%)	13%	(143%)
PBT	(8.6)	27.1	(132%)

- **Substantial revenue and operating profit reduction results from the sustained adverse international market conditions**
- **Australian redundancy costs totalled $3.4m. Henderson is now right-sized for Cape Class Patrol Boat project.**
- **Opportunities in resources sector which leverage Austal's modular manufacturing skills are being pursued.**

Service

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AUD $M	2011	2010	Change
Revenue	15.7	41.6	(62%)
EBIT	1.8	2.7	(33%)
EBIT %	11%	6%	77%
PBT	1.8	2.7	(33%)

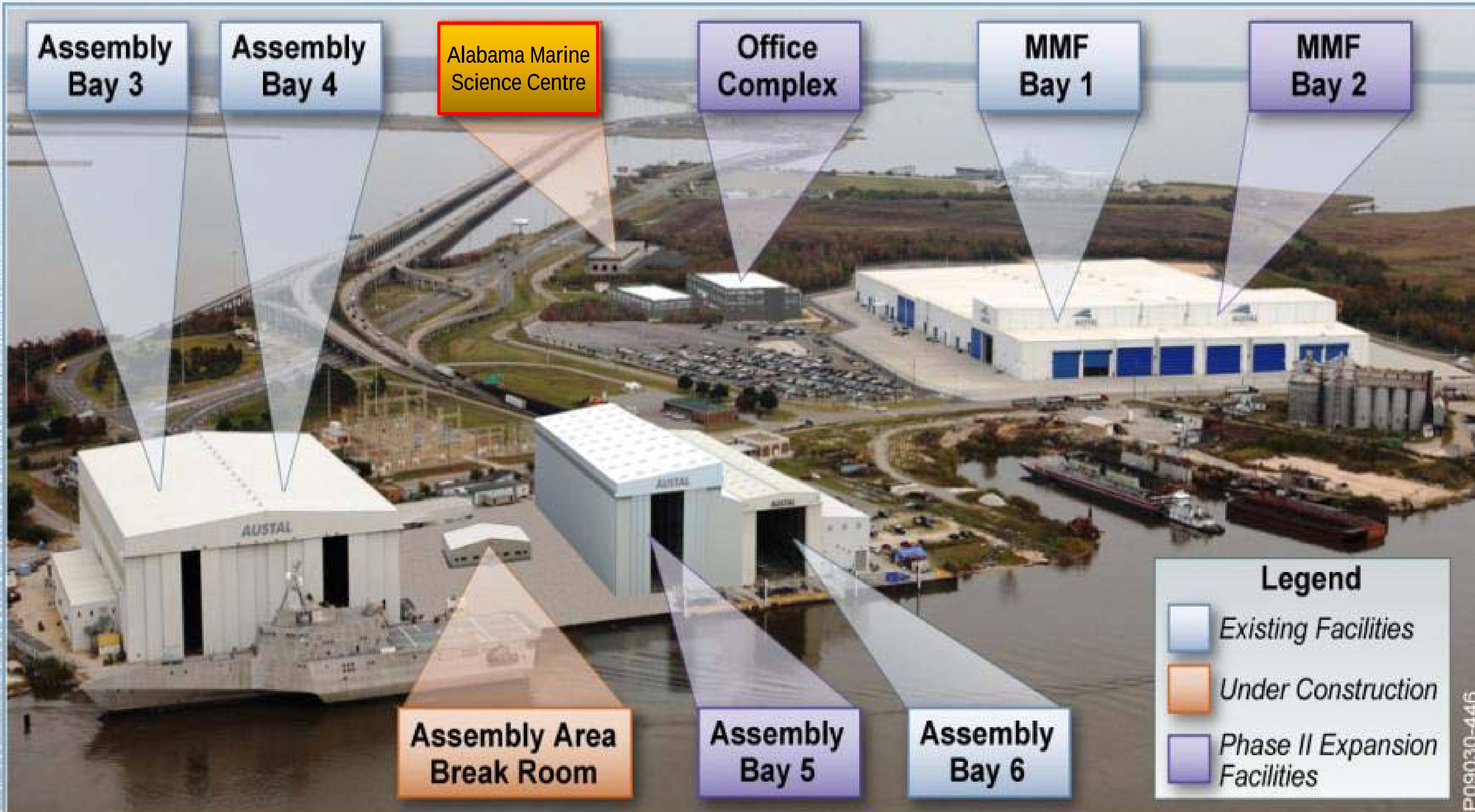
- **Reduction in revenue results from the refocusing of the business on profitable contracts**
- **Important part of future strategy to support LCS and JHSV globally. In addition to supporting RAN Armidale Patrol Boats, will also support Cape Class Patrol Boats.**
- **Diversifying into resources sector opportunities and defence systems opportunities.**

2012 Investment Program

AUD $M	2011 Actual	Aust.	USA	Strategic Initiatives
Production plant & equipment	5.6	1.5	30.0	
Furniture & equipment	1.1		3.0	
Information technology	1.9	1.0	1.0	
MMF phase II	17.8		60.0	
New land and improvements	0.8		14.0	
New office	1.8		16.0	
Bay 5	6.0		14.0	
Building & facility improvements	10.0	1.5	10.0	
TOTAL	45.0	4.0	148.0	15.0

- All US capex is fully funded by existing Go Zone Bond allocation and grant income

USA Facility Expansion



USA Facility Expansion

Modular Manufacturing Facility

Assembly Bay 5

Vessels completed FY 2011

H246 Leonora Christina

H248 Jean De la Valette

T & T Water Taxi's

30 June Backlog
$1.49B

At 30 June

- **2 X 47m Catamarans for L' Express des Illes (Guadeloupe)**
- **1 X 35m Monohull ferry for Mary D' Enterprises (New Caledonia)**
- **1 X 41m Monohull ferry for New Caledonia**
- **7 X 103m Joint High Speed Vessels for U.S. DOD**
- **3 X 127m Littoral Combat Ships for U.S. Navy**
- **LCS Technical Services for U.S. Navy**
- **Term service contracts in Trinidad and Tobago and Oman**

Post 30 June

- **8 X Cape Class Patrol Boats for ACBPS**
- **3 X 22m Wind farm vessels for Turbine Transfers**
- **44 X Modular units for Nomad**

LCS Update

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- LCS 4 Coronado 75% complete, on time and ahead of budget.
- LCS 6 design work is underway and fabrication will commence in February 2012.
- LCS 8 will commence in September 2012.
- Contractual dates for future awards lock in 2 awards per annum by 31 March for each year between 2012 and 2015.

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

JHSV update

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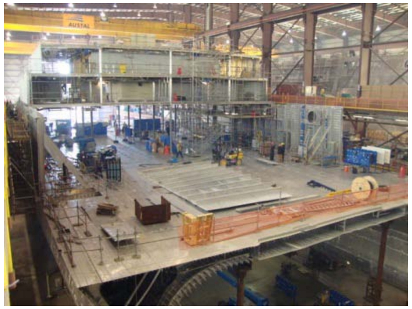
- **JHSV 1 87% complete, on time, profitable but behind budget**
- **Lessons learned from first vessel applied to subsequent hulls with substantial cost improvements**
- **JHSV 2 33% complete, on time, near budget**
- **JHSV 3 to 7 fully contracted**
- **JHSV 8 + 9 to be awarded by February 2012, JHSV 10 to follow by February 2013**
- **Need for an additional 8 hulls identified, with the first to be contracted by 2013**

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



PROGRESS

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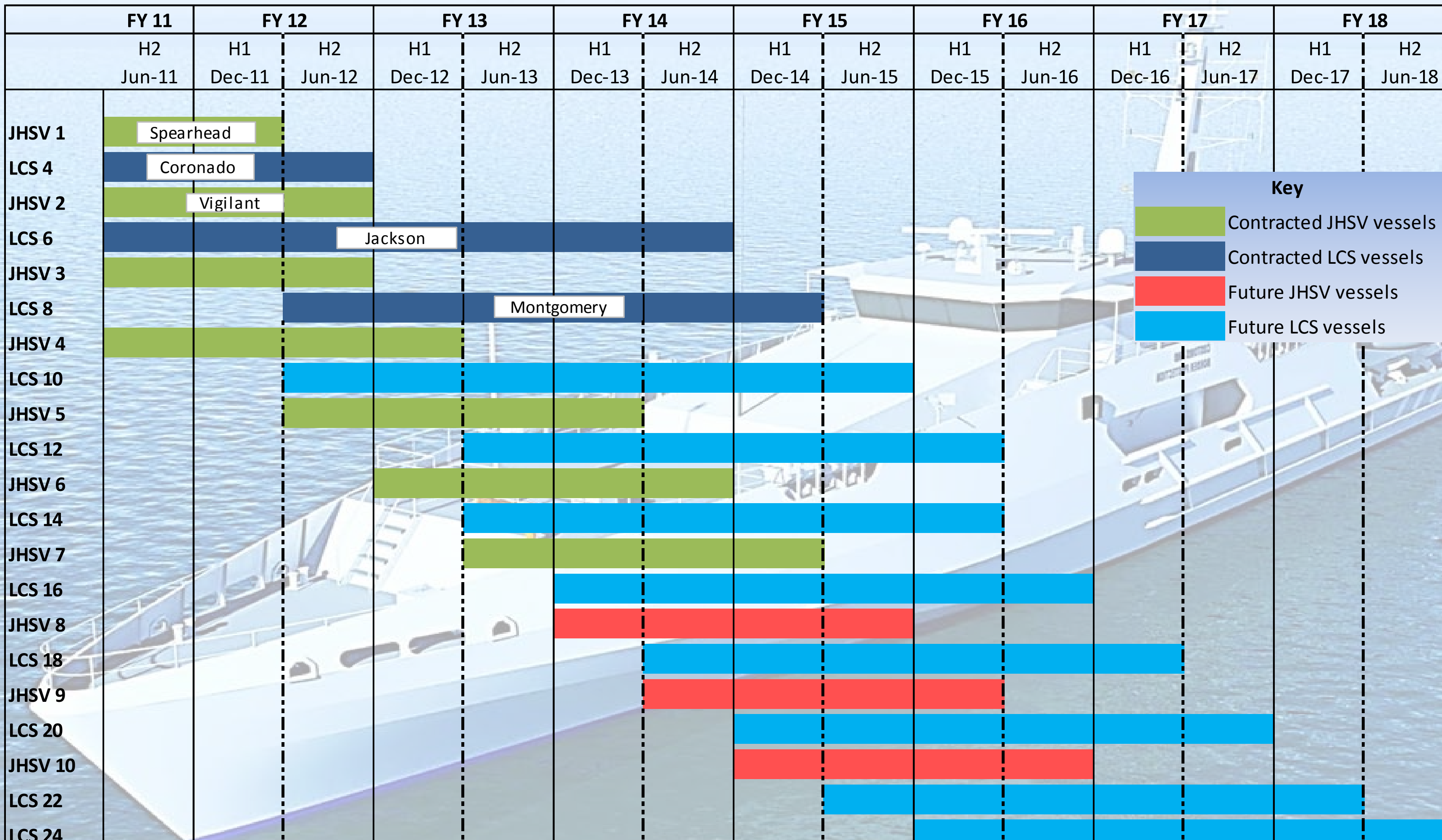
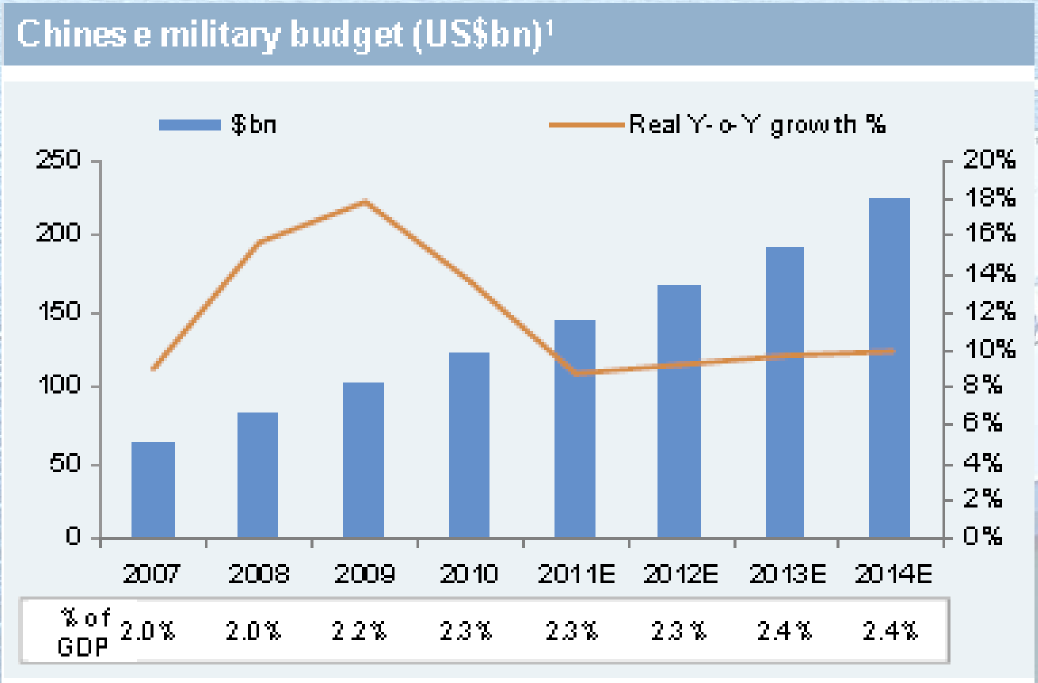
United States Navy Order book potential

Austal USA projected orderbook profile at June 2011



Factors impacting US Defence spending

- **Macro issues at play:**
  - **US Defense Department strategic review**
  - **Budget Control Act of 2011**
- **China's military spending**



"The U.S. Navy is continually assessing and observing Chinese naval capabilities to potentially deny the U.S. regional access."

Admiral Gary Roughead, Chief of Naval Operations, April 2011

US Navy procurement plans

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Shipbuilding procurement for US navy (US$bn)

Name	Designation	Prime contractor	FY10	FY11	FY12	FY13	FY14	FY15	FY11–15
Shipbuilding									
CVN21	Carrier Replacement	NOC	–	–	–	1.0	–	–	1.0
SSN 774	Virginia Class Submarine	GD/NOC	1.0	2.0	2.0	2.0	2.0	2.0	11.0
DDG 1000	–	–	–	–	–	–	–	–	–
DDG 51	AGIS Destroyer	GD/NOC	1.0	2.0	1.0	2.0	1.0	2.0	9.0
LCS	Littoral Combat Ship	LMT / Austal USA	2.0	2.0	3.0	4.0	4.0	4.0	19.0
LPD 17	Amphibious Transport Dock Ship	NOC	–	–	1.0	–	–	–	1.0
LHA R	LHA Replacement	NOC	–	1.0	–	–	–	–	1.0
T-AKE	Auxillury Dry Cargo/Ammo Ship	GD	2.0	–	–	–	–	–	2.0
T-ATF	–	–	–	–	–	–	–	1.0	1.0
MLP	Mobile Landing Platform	GD	–	1.0	–	1.0	–	1.0	3.0
JHSV	Joint High Speed Vessel	Austal USA	1.0	1.0	1.0	2.0	2.0	2.0	9.0
New construction total			**7.0**	**9.0**	**8.0**	**12.0**	**9.0**	**12.0**	**50.0**
Total new construction			**12.4**	**13.8**	**13.4**	**13.8**	**14.4**	**17.0**	**72.4**
LCAC SLEP			3.0	4.0	4.0	4.0	4.0	4.0	20.0
Oceanographic ships			–	1.0	1.0	–	–	–	2.0
Ship-to-Shore connector			–	1.0	–	1.0	2.0	4.0	8.0
Moored training ships			–	–	–	–	1.0	1.0	2.0
CVN RCOH	CVN Refueling Complex Overhaul	NOC	–	–	–	1.0	–	–	1.0
Total shipbuilding			**15.0**	**16.1**	**15.0**	**16.8**	**17.4**	**18.9**	**84.3**

Source: Green Book, March 2010; White House OMB, DoD, equity research

"At the end of the day, we have to ask whether the nation can really afford a Navy that relies on $3 to $6 billion destroyers, $7 billion submarines, and $11 billion carriers."

Secretary of Defense – Robert Gates, February 2011

Strategy overview

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- Backdrop of high Australian dollar, weak European and US economies and increasing competition for labour in Australia.
- Strategic initiatives:
  - Regionalise the commercial manufacturing capacity to Asia and potentially Europe
  - Continue to develop new products for emerging new markets, to be constructed in regional manufacturing facilities
  - Focus Australian manufacturing facilities and resources on defence vessel manufacture and support
  - Leverage existing defence systems capabilities to broaden and grow new revenue streams
  - Apply modular manufacturing skills to adjacent sectors, such as minerals, oil and gas
  - Continue to grow and develop the international Service business
  - Leverage prime defence contracting credentials

Summary

- Transition year for Austal:
  - US operations are growing in accordance with plan and will deliver revenue in the order of US$ 550m in 2012
  - Australian operations are being restructured:
    - Regionalising commercial manufacture
    - Henderson to focus on defence with CCPB as the lead order
  - Defence systems will be a strategic focus
  - Modular manufacturing skills are attracting resources sector opportunities
  - Service infrastructure in place to support U.S. Navy ship building programmes

QUESTIONS ?

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