2011 Annual General Meeting

October 21, 2011

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AUSTRALIA'S PRIME DEFENCE CONTRACTOR

SHIPS SYSTEMS SUPPORT

Agenda

- Results highlights and key events
- Group financial summary
- Current order backlog
- U.S. Navy update
- Strategy overview
- Summary

Results highlights and key events

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**

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 Austal USA (2 LCSs 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**
- **Business is gearing up for steady state production of 2 LCSs and 2 JHSVs per annum**

Austal Australia (Excl. Service)

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

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 Class Patrol Boats, will also support Cape Class Patrol Boats
- Diversifying into resources sector opportunities and defence systems opportunities

Vessels completed

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Leonora Christina

Jean De la Valette

Trinidad & Tobago Water Taxis

Liberty & Perle Express

Current Order Backlog approx $1.8B

- 1 X 35m Monohull ferry for Mary D Enterprises (New Caledonia)
- 1 X 41m Catamaran ferry for Vale (New Caledonia)
- 7 X 103m Joint High Speed Vessels for U.S. Navy
- 3 X 127m Littoral Combat Ships for U.S. Navy
- LCS Technical Services for U.S. Navy
- Service contracts in Trinidad and Tobago, Oman, Australia and USA
- 8 X Cape Class Patrol Boats for Australian Customs
- 3 X 21m Wind farm vessels for Turbine Transfers
- 44 X Modular units for Nomad


LCS Update

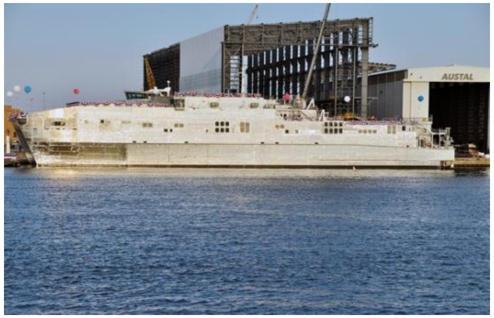
- LCS 4 Coronado 77% complete and on budget
- LCS 6 design work is underway and fabrication will commence in February 2012
- LCS 8 will commence in September 2012
- Contractual dates for future awards lock in 2 awards per annum by 31 March for each year between 2012 and 2015

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

JHSV update

- JHSV 1 launched in September, on time but behind budget
- Lessons learned from first vessel applied to subsequent hulls with substantial cost improvements
- JHSV 2 52% complete
- JHSV 3 to 7 fully contracted, with construction of JHSV 3 underway
- JHSV 8 & 9 to be awarded by February 2012, JHSV 10 to follow by February 2013

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



PROGRESS

USA Facility Expansion

Strategy Overview

- **Backdrop of high Australian dollar, weak European and U.S. economies and increasing competition for labour in Australia.**
- **Strategic initiatives:**
  - **Regionalise manufacturing capacity in Asia and potentially Europe**
  - **Continue to develop new products for emerging new markets, to be constructed in regional manufacturing facilities**
  - **Leverage prime defence contracting credentials**
  - **Focus Australian manufacturing facilities and resources on defence vessel manufacture and support**
  - **Continue to grow and develop the international service business**
  - **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**

Strategic Initiatives

Regionalise Manufacturing

- Enables the Company to compete in specific segments of the international commercial vessel market where demand remains strong
  - fast crew transfer boats
  - work boats
  - small ferries
- Austal has considerable intellectual property suitable for these markets
- Agreement signed with intent to acquire shipyard in the Philippines
- Expected to complete acquisition this quarter

Strategic Initiatives

Product Development

- Wind Express
- LNG powered ferries
- Multi-role vessels
- Medium speed vessels

Henderson - Defence Focus

- Review conducted in May 2011
- Leverage prime contracting credentials
- Henderson operations to be focussed towards the manufacture and support of defence vessels
- Large commercial vessel capability retained
- Austal awarded Cape Class Patrol Boat contract in August 2011
- Future opportunities include 20 vessel Royal Australian Navy SEA 1180 program
- Export of defence platforms

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Systems and Support

- Leverage existing defence systems capabilities to pursue new opportunities
- Defence systems opportunities has potential to deliver significant recurrent income
- Submit tender for SEA 1442 – ANZAC Communications Upgrade Proposal
- Command and control product to be introduced to Cape Class Patrol Boat platform
- Service infrastructure to expand to support U.S. Navy shipbuilding

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Adjacent Sectors

- Capitalise on local resources opportunities
  - Utilise modular manufacturing skills, facilities and workforce
  - Engineering and project management expertise
- Contract awarded in August 2011 to supply modular accommodation units for the resources sector

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
  - Regionalising commercial manufacturing facilities
  - Henderson operations to focus on defence with CCPB as the lead order
  - Systems and support will be a strategic focus
  - Service infrastructure to expand to support U.S. Navy shipbuilding programmes
  - Modular manufacturing skills are attracting resources sector opportunities