2012 Annual General Meeting

John Rothwell, Chairman **30 November 2012**

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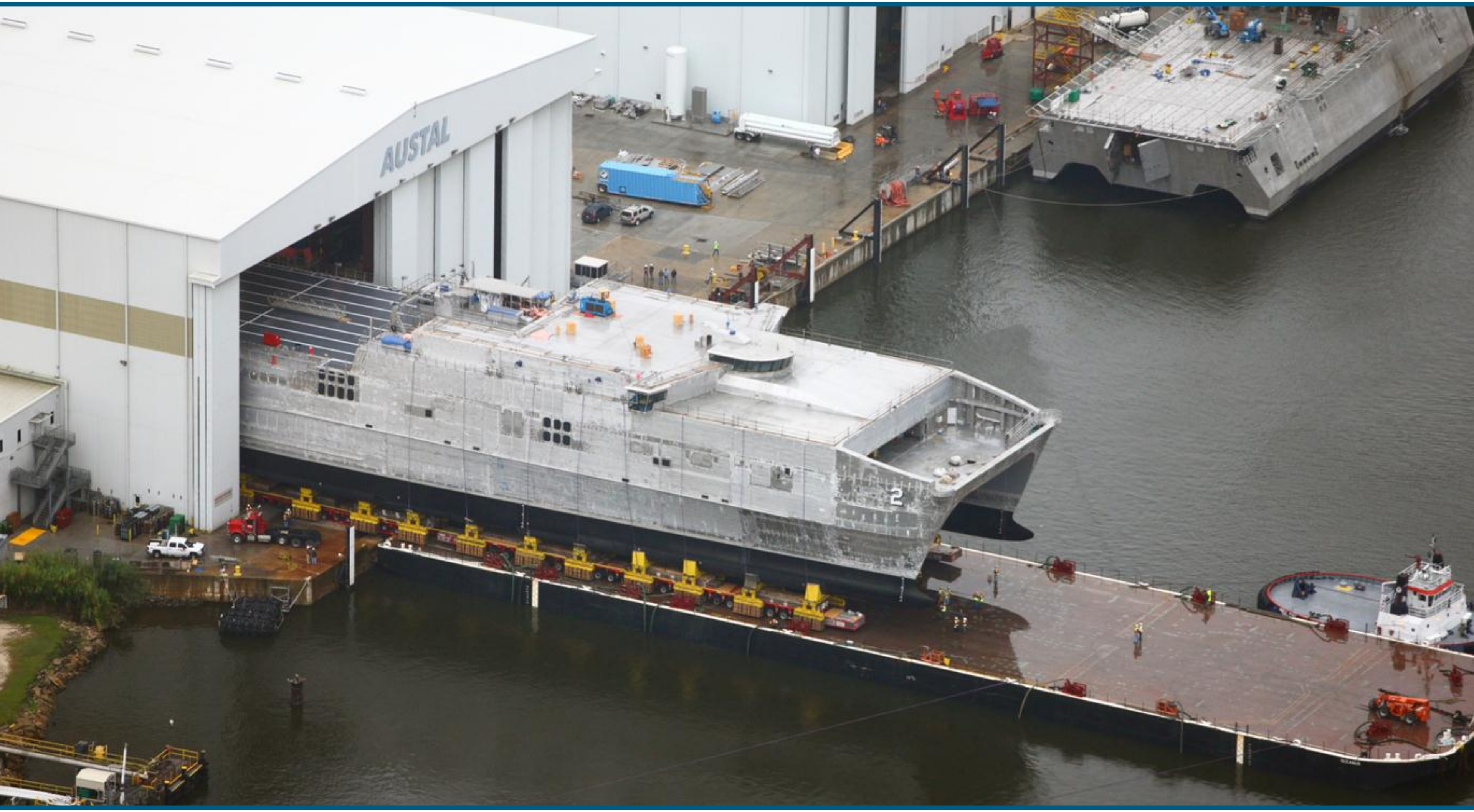
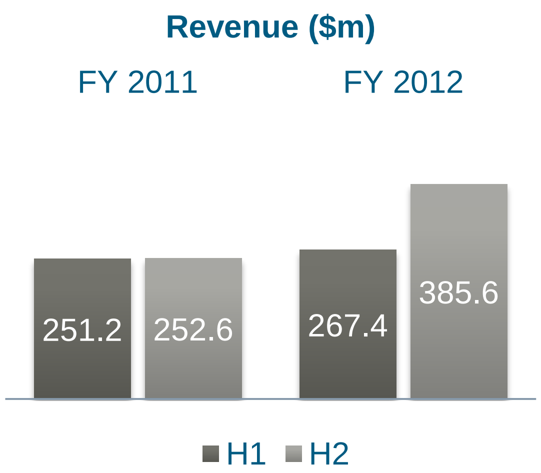


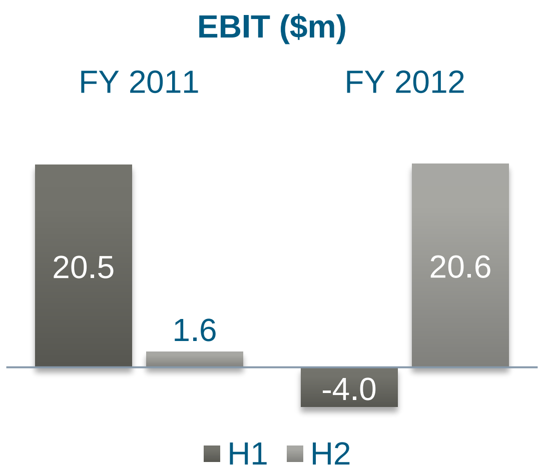
Andrew Bellamy, Chief Executive Officer

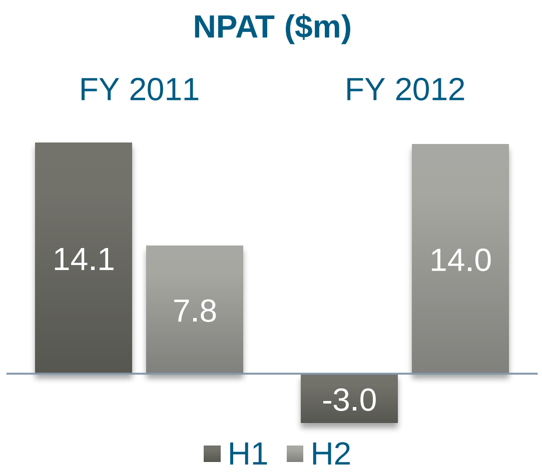
30 November 2012

A year of transition

- Difficulties in the first half of FY2012 as Austal progressed through its transition phase in calendar year 2011
- Significant improvement in the second half of FY2012, driven by Austal USA as lessons learned on JHSV 1 were implemented
- Right sized Australia operations – shift towards defence with commencement of Cape Class vessel and commercial vessel capability moved to the Philippines
- Recovery is continuing – revenue growth and improving EBIT margins expected in FY2013







Major achievements

- Major new contract awards:
  - LCS 10 and 12 – US$691m
  - JHSV 8 and 9 – US$321.7m
  - Cape Class Patrol Boats – AU$330m
- Opened new commercial vessel manufacturing facility in the Philippines
- Doubled manufacturing footprint in the US
- Established strategic business units
  - Better aligns costs and revenue
  - Enhances transparency in performance
- Expanded support and service capability
  - Acquisition of Hydraulink NT and its associated business KM Engineering in Darwin (in October 2012)
  - Opened Marine Support Base in Henderson

Financials

Summary

Income statement	FY12 ($m)	FY11 ($m)
Revenue	653.0	503.8
EBIT	16.6	22.1
NPAT	11.0	21.9
EPS	6.01¢	11.9¢

Balance sheet	end FY12 ($m)	end FY11 ($m)
Total assets	**826.0**	**674.6**
Cash	51.8	42.3
Restricted cash	52.9	128.8
Receivables	96.2	22.0
Inventories	193.5	177.9
Property, plant & equipment	370.4	208.3
Total liabilities	**548.9**	**400.4**
Trade creditors	128.6	52.8
Go Zone Bonds	219.4	209.7
Other interest bearing	46.0	16.8
Government grants	52.3	45.5
Net assets	**277.0**	**274.2**

FY2012 results

- Revenue growth of $149m, driven by growth in US
- Offset by first in class issues on first JHSV and low activity levels at Henderson Shipyard

Balance sheet summary

- Growth in asset base, reflecting increasing scale of US business
- PP&E – investment in US facilities and Philippines expansion
- Impact of two stock vessels on the strength of our balance sheet
- Subsequent to year end, announced an $86 million entitlement offer to significantly strengthen balance sheet and reduce indebtedness

Segment breakdown

USA	FY2012 ($m)	FY2011 ($m)
Revenue	570.3	343.9
EBIT*	20.8	30.1
EBIT margin (%)*	3.6%	8.7%
PBT*	13.5	25.9

- YoY revenue growth reflects increase size and scale
- Significant improvement in the second half:
  - H2 v H1 – revenue up 49%, EBIT up 136%
- $100m capex completed on time and to budget

Henderson	FY2012 ($m)	FY2011 ($m)
Revenue	49.0	133.9
EBIT	(13.6)	(10.1)
EBIT margin (%)	n/a	n/a
PBT	(9.2)	(8.6)

- Challenging macro environment – repositioned to defence
- Workforce and overheads right-sized
- Rationalised manufacturing footprint and realised surplus assets in Group earnings

Philippines	FY2012 ($m)	FY2011 ($m)
Revenue	1.9	–
EBIT	(0.8)	–
EBIT margin (%)	n/a	–
PBT	(0.8)	–

- Commenced operations in February 2012
- More competitive in the global commercial vessel market
- Labour force of 200, with less that 10% expatriates

Service & Systems^	FY2012 ($m)	FY2011 ($m)
Revenue	19.4#	16.3
EBIT	1.6	0.9
EBIT margin (%)	8.2%	5.5%
PBT	1.6	1.8

- Enhanced focus on the quality of business reflected in the results
- Ongoing work, particularly in defence maintenance contracts

* adjusted for training grant reimbursement
^ results exclude WestPac Express charter
\# Segment report $30.2m, less 'Hull 130' ($10.9m) = $19.4m

Capital expenditure

Project	2012a ($m)	2013 estimate ($m)				
		USA	HSO	PSO	Service & Systems	Total
Production, plant and equipment	**24.6**	7.6	–	1.3	–	**8.9**
Building/facilities	**92.2**	12.9	–	4.4	–	**17.3**
IT	**1.1**	1.8	0.8	0.5	–	**3.1**
Other	**–**	–	0.1	0.2	0.2	**0.5**
Total	**117.9**	**22.3**	**0.9**	**6.4**	**0.2**	**29.8**

- Major capital expenditure programs completed in FY2012 (expansion of USA & Philippines)
- Minor estimated spend for FY2013 includes:
  - Philippines Shipyard Operation (PSO) – land reclamation to facilitate anticipated expansion and also expansion of production tooling to deliver on contracted projects
  - USA – stage one of outfit yard, completion of office complex and US Navy building, and ongoing production tooling to complete fit-out of new facilities
- Capex to be funded through renegotiated facilities and US Government grants –strengthened balance sheet provides Austal financial flexibility

Entitlement offer

- 9 for 10 entitlement offer to raise up to approximately A$86 million in new shares at $0.50:
  - Completed $65 million institutional component on 23 November – closed oversubscribed with strong demand from existing and new investors
  - Retail shareholders given equal opportunity to participate, raising up to approximately A$21 million – opens today and closes 17 December 2012
- Funds used to reduce Austal's indebtedness – pro forma Net Debt / FY13 EBITDA less than 1.9x as at September 2012 (using the mid-point of guidance)
- Significantly strengthens our balance sheet to pursue the growth platform we now have in place and deliver on our $2.3 billion order book
- Capital raising performed following capital expenditure program to deliver on our strategy of moving into defence-related vessel construction and reposition our civil vessel construction
- Also renegotiated our banking facility – now three-year term to replace short-term 18 month banking arrangements
- Expected to remain comfortably within banking covenants

Operations Update

Network of shipyards and support facilities

Balamban, Philippines
- Established: 2011
- Employees: ~225
- Primary market: Commercial
- Capital invested: c.A$20mm
- Contracted order book: c.A$50mm[1]
- Key customer: Export markets

Mobile, Alabama, USA
- Established: 1999
- Employees: ~3,200
- Primary market: Defence
- Capital invested: c.A$400mm
- Contracted order book: c.A$2.0bn[1]
- Key customer: U.S. Government

Perth, Australia
- Established: 1988
- Employees: ~450
- Primary market: Defence
- Capital invested: c.A$80mm
- Contracted order book: c.A$250mm[1]
- Key customer: Australian Government

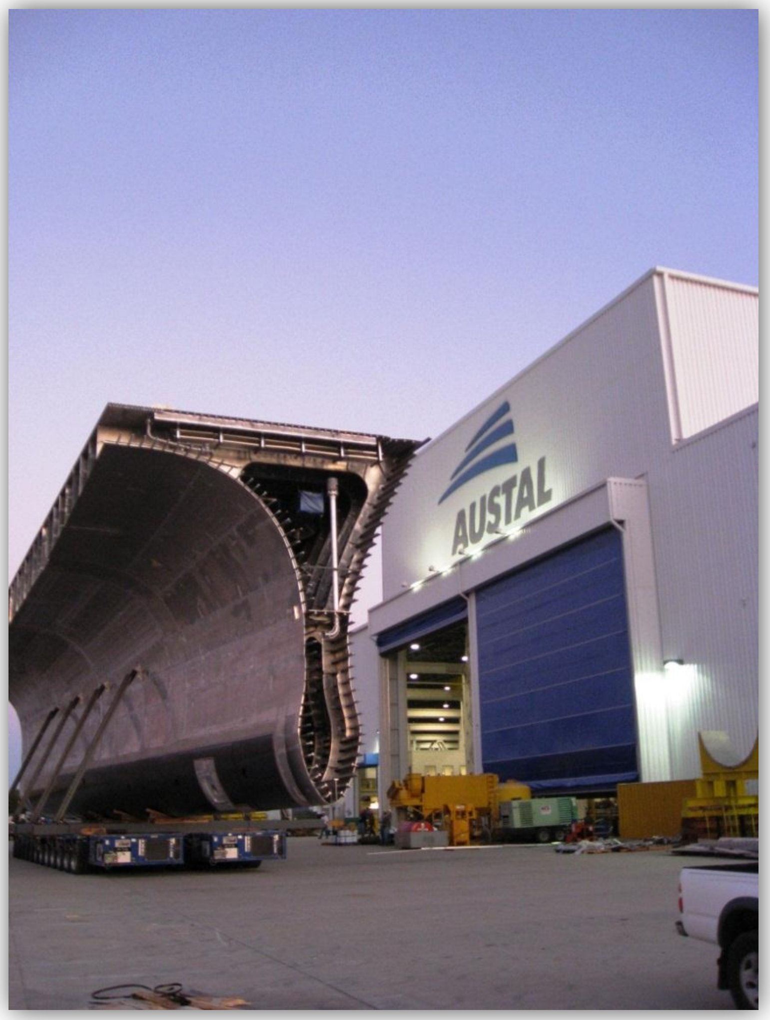
Global head-quarter ● Shipyards ● Service centres ● Offices

Strategically located footprint provides access to key customers and flexible production costs – total invested capital in shipbuilding infrastructure of c.A$500mm

[1] Order book as at September 2012

Order book

- Order book sits at **$2.3 billion** as at September 2012 – secures revenue until 2016, including:
  - **Joint High Speed Vessels for US Navy**
    x9 contracted (out of 10 vessel award)
  - **Littoral Combat Ships for US Navy**
    x4 contracted (our of 10 vessel award), plus x2 from General Dynamics
  - **Cape Class Patrol Boats**
    x8 contracted plus through life support
  - **Commercial vessels**
    x3 27 metre wind farm support catamarans
    x1 80 metre vehicle-passenger catamaran



Littoral Combat Ship

- 10 ship award to Austal (plus 2 from General Dynamics) worth US$5.0 billion
- Total of 4 ships contracted, plus 2 from General Dynamics
- Two of those vessels, LCS 10 and LCS 12, contracted to Austal in March 2012 – two further vessels expected in 1Q2013
- LCS 2 complete, LCS 4 launched
- Keel laying on LCS 6 in October

"At the geo-strategic level, it's all about the littorals."

General James F. Amos
Commandant of the Marine Corps

April 2012

Joint High Speed Vessel

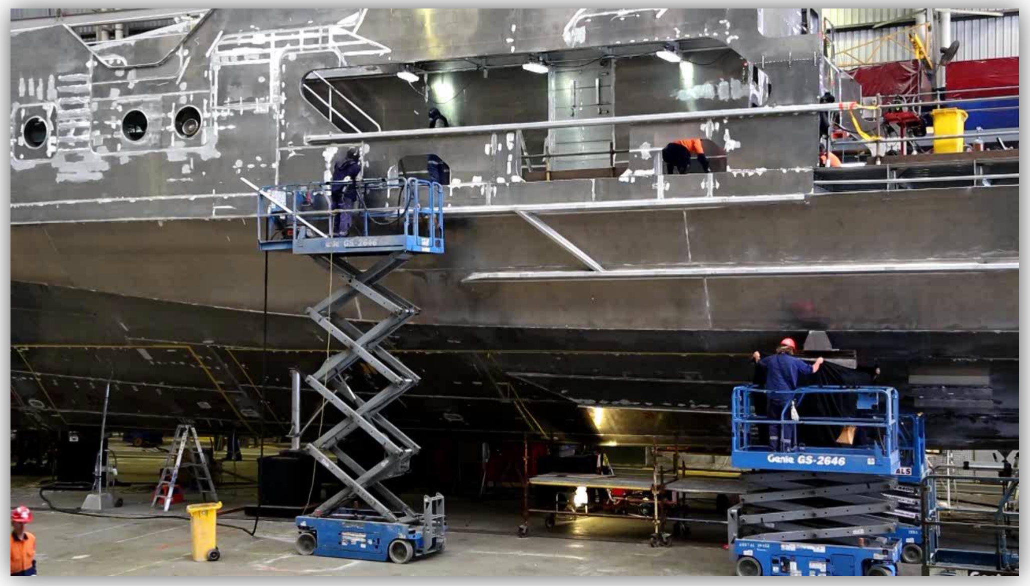
- 10 ship award to Austal valued at $1.6 billion
- Total of 9 vessels contracted
- Two of those vessels, JHSV 8 and 9, were contracted in February 2012
- JHSV 10 expected to be awarded in first quarter CY2013
- Issues with first-in-class JHSV 1, but now completed acceptance trials
- Christening and launch of JHSV 2, *USNS Choctow County*
- JHSV 3 keel laying ceremony in April 2012

Cape Class Patrol Boat

- $330 million contract to design, manufacture and support 8 new CCPBs
- Underwrite activity at Henderson shipyard until 2015
- CCPB 1 keel laying in June 2012
- Naming ceremony in March 2013

"During the year Austal developed a very professional and productive relationship with Customs that has led to significant design and engineering improvements on the Cape Class Patrol Boats."

Nigel Perry
National Director of Maritime Operations,
Customs and Border Protection Service



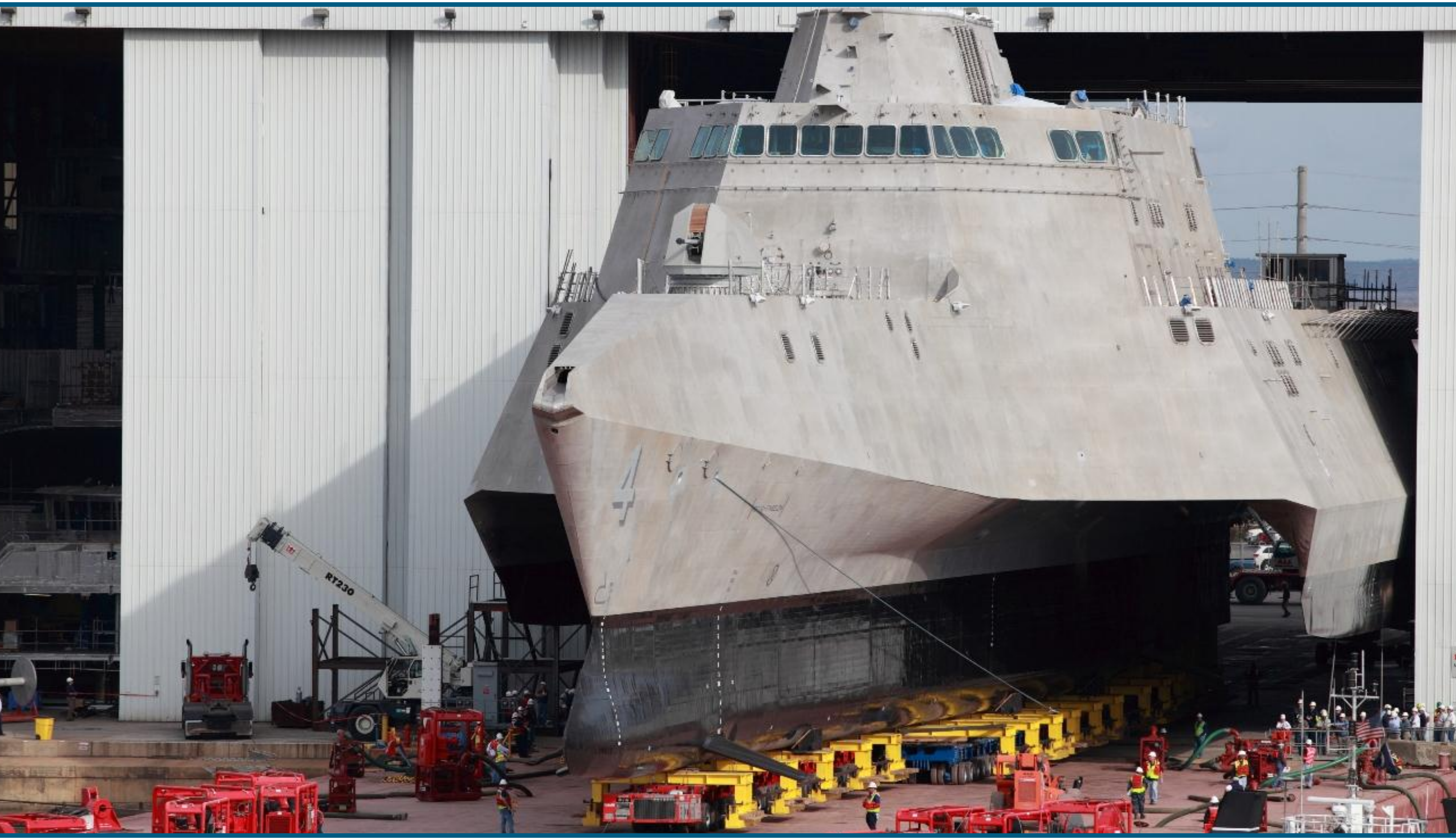
Philippines

- Allows Austal to compete competitively in the global commercial market (e.g. ferries, wind farm support vessels)
- Started operations in February 2012
- Full order book through to Q3 CY2013
  - x3 27 metre wind farm vessels
  - x1 27 metre TRI SWATH trimaran wind farm vessel
  - x1 79 metre vehicle-passenger catamaran
- Ramp up to 225 employees achieved as planned – further hires to increase capacity

Service and systems

- Represents significant long-term opportunity for Austal
  - Significant recurring revenue post-delivery
- Austal's IP and global footprint provides significant opportunity to provide through life support for JHSV and LCS
  - Ships designed for 20 to 30 year life
  - These contracts will begin to be awarded in FY2013 – Austal actively pursuing
  - Forward deployment model of LCS to drive size of through life support opportunity for Austal
- No significant capex investment needed to execute our strategy

Strategy and Outlook



US defence outlook

US "fiscal cliff"

- Bi-partisan views that mandated cuts to US Defense budget are a blunt instrument – will harm recovery
- Austal's US backlog of $2.27 billion unaffected (is from previous budgets)
- Uncertainty in medium-term as Congress works through this challenge

Election of Barack Obama

- Provides continuity in defence strategy focus on Asia-Pacific region (e.g. US Secretary of State Hillary Clinton's visit in November)
- Opportunities for Darwin and Henderson facilities

Ships

- Vessels patrolling littorals important for protection of trade routes
- LCS and JHSV vessels specifically designed for littorals

Support work

- US Navy continuing to develop Through Life Support strategy
- Austal's existing global service footprint closely aligns with potential forward deployment locations

Strategy

- Increase our status as a prime defence contractor
- Use lessons learnt on first-in-class vessels to drive margin improvement in US
- Continue to refocus Henderson operations on the manufacture and support of defence vessels
- Expand commercial construction at our Philippines shipyard
- Grow commercial and defence vessel service and maintenance business
- Leverage our existing defence systems integration capabilities to pursue new opportunities

Outlook

Lessons learnt from a challenging period to deliver stronger earnings from US operations

FY2013 guidance for A$65-71 million EBITDA and A$23-26 million NPAT

Strengthened balance sheet to deliver on $2.3 billion order book

Long lead items in defence contracts provide visibility of income, operations ramping up at Philippines

Further contracts expected in 1Q CY2013

Continuing growth in Systems and Support, with increasing opportunities for support work of Austal-built products

Disclaimer

Andrew Bellamy, Chief Executive Officer

Telephone: +61 8 9410 1111

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