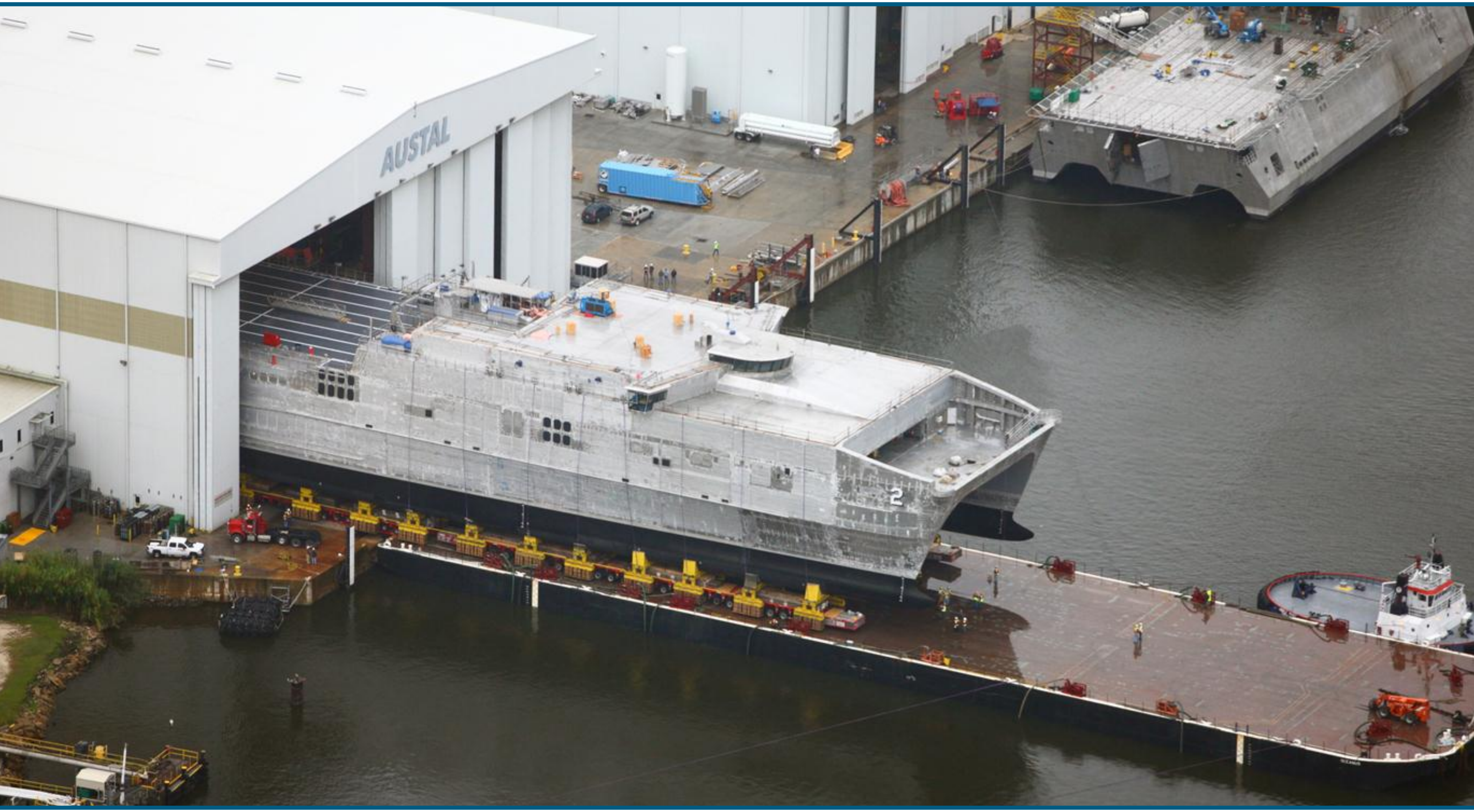
Macquarie Australia Conference Presentation



Andrew Bellamy, Chief Executive Officer

3 May 2013

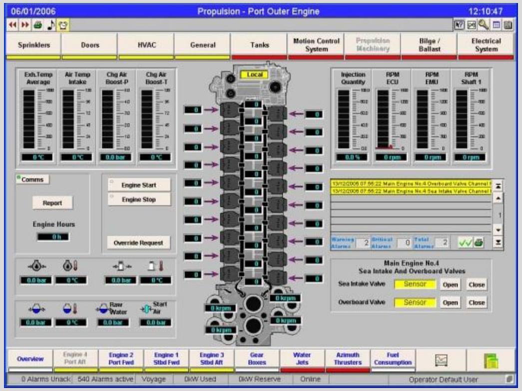
Austal

Founded in 1988 and listed on the Australian Stock Exchange in 1998, Austal is a leading defence prime contractor, specializing in the design, construction and maintenance of high performance vessels for defence and commercial purposes.

- Austal has a global footprint with strategically located shipyards and service facilities:
  - Australia
  - United States
  - Europe
  - Caribbean
  - Middle East
  - Asia
- Austal comprises three business segments: Ships • Systems • Support

Ships

Systems



Support

Ships

Advanced design, construction, engineering and support are Austal's core competency.

- 248 vessels constructed.
- Delivered globally.

Defence

- Global defence prime contractor with significant programs in place.
  - US Navy's Littoral Combat Ship (LCS).
  - US Navy's Joint High Speed Vessel (JHSV).
  - Australian Customs and Border Protection Service's Cape Class Patrol Boat.
  - Patrol and auxiliary vessels for the US Navy, Royal Australian Navy and other defence forces and government agencies.

Commercial

- 25 year record in vessels for commercial market.
- World leader in the design, construction and support of high performance aluminium vessels.

Warships and Multi Role Vessels

Patrol Vessels

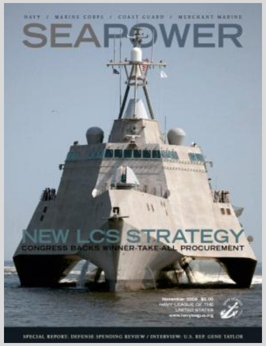
High Performance Vessels

Systems

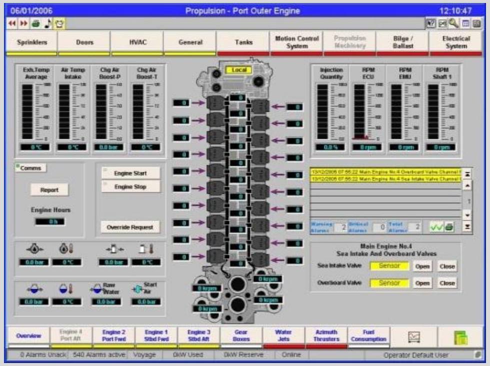
Austal's Systems division provides advanced integration, maintenance and command and control systems for defence and commercial applications.

- **Advanced Integration:** Radars, communications, command and control systems and user-interfaces
- **Maintenance:** Through Life Support of machinery, radars, communications and other onboard systems through remote monitoring and Computerised Maintenance Management Systems
- **Command and Control:** Proprietary, scalable, network solutions with common operating picture for global and local coordination of assets in a maritime and land environment

Advanced Integration



Maintenance



Command and Control

Support

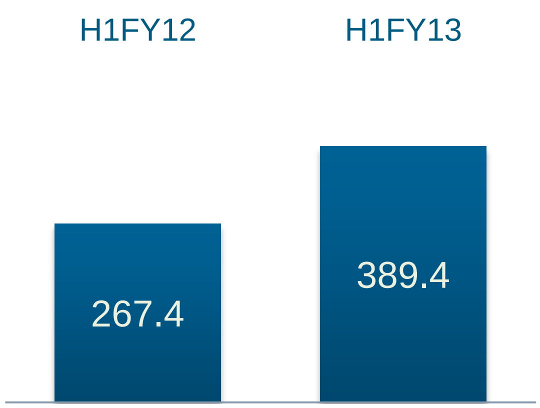
Austal has a large support offering through its regional centres:

- Service products are tailored to address customer requirements:
  - Vessel and Fleet Maintenance.
  - Refit and Repair.
  - Ship Management.
  - Training.
  - Consultancy.

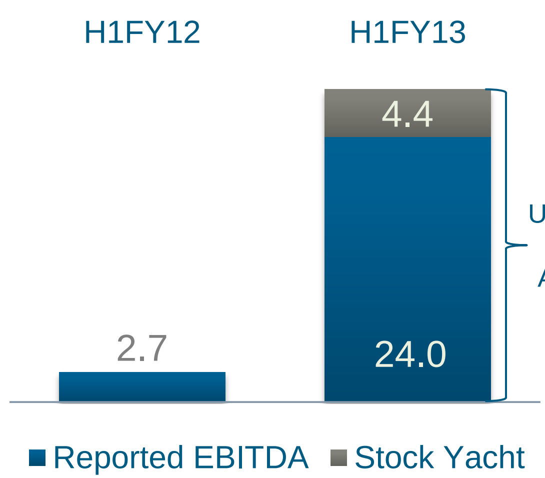
Delivering on growth strategy

Improving margins are driving performance

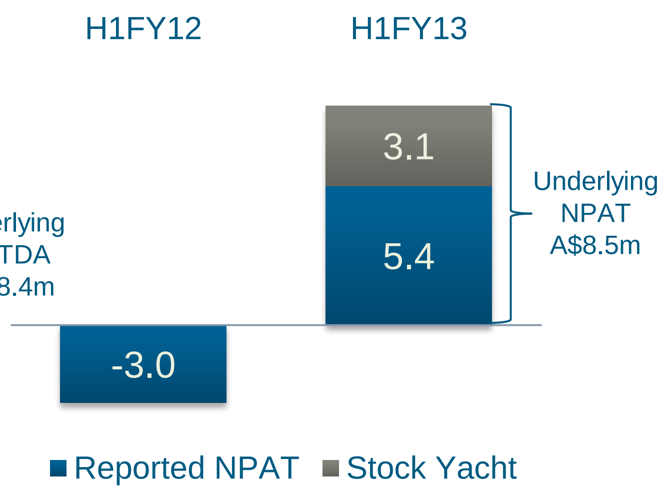
Revenue (A$m)



Underlying EBITDA (A$m)



Underlying NPAT (A$m)



- EBIT margins continue to improve at USA operations – 5.2% for H1 compared to 1.2% in H1 FY12.
- Losses from Australian operations have reduced sharply – forecast breakeven for FY13.
- Balance sheet significantly improved, with net debt and gearing reduced.
  - A$4.4m loss on sale of stock yacht – proceeds used to reduce debt.
- FY13 guidance of A$65-71m EBITDA and A$23-26m NPAT on track (excluding sale of stock vessels).
  - Expectation that bias towards the second half in FY12 will repeat in this financial year.

Recent major achievements

- Major new contract confirmed:
  - LCS 14 and LCS 16, worth US$681.7m.
  - JHSV 10, worth US$144m.
- *USNS Spearhead* (JHSV 1) delivered.
- USNS Choctaw County (JHSV 2) completed builders sea trials.
- New commercial vessel manufacturing facility in the Philippines profitable in H1FY13.
- Established strategic business units.
  - Better align costs and revenue.
  - Enhances transparency in performance.
  - Consolidated Australian asset base.
- Expanded support and capability:
  - Acquisition of Hydraulink NT and its associated business KM Engineering in Darwin.
  - Strategic partnerships expanded in USA & Asia.
  - Consolidated European service business.

Performing to previous outlook

November 2012 Outlook	Current Status
USA	
• Apply learning to improve margins	• EBIT margin up to 5.2%
• JHSV 10, LCS 14 & LCS 16 contracts to be funded	• All three contracts funded, with LCS contracts funded post-sequestration
• Revenue in excess of A$700m for FY13	• Revenue A$323.4m in H1 – expecting 40/60 split for FY13
Australia – Henderson Shipyard (HSO)	
• Execute Cape Class contract	• Cape St George (CCPB 1) delivered
• Pursue defence export opportunities	• Pipeline development continuing
• Operate at break-even for FY13	• Loss sharply reduced; break-even expected for FY13
Philippines – Philippines Shipyard (PSO)	
• Complete mobilisation and ramp up	• First ship delivered
• Continue full capacity operations	• Further wind farm vessels & constructing 80 metre catamaran.
• Operate profitably for FY13	• A$0.7m net profit in H1 FY13.
Service	
• Continued growth, position to benefit from US Navy forward deployment	• Fresh strategic alliances, directly targeting US Navy support

Financials

Profit and Loss Summary

Income statement	H1FY13 (A$m)	H1FY12 (A$m)	Increase (A$m)
Revenue	389.4	267.4	122.0
Underlying EBITDA	28.4	2.7	25.7
Reported EBITDA	24.0	2.7	21.3
EBIT	12.6	(4.0)	16.6
Underlying NPAT	8.5	(3.0)	11.5
Reported NPAT	5.4	(3.0)	8.4
EPS	2.14c	(1.26c)*	3.40c

* Restated after capital raising

H1FY13 results

- Margin improvement in the USA, with EBIT margin at 5.2% vs 1.2% in H1 FY12.
  - Opportunity for further US margin growth as operational efficiencies on JHSV and LCS are executed.
- USA improvement lifted overall group EBIT margins to 3.2%
- PSO profitable in its first year.
- HSO heading to break even.
  - $330m Customs contract providing sustainable core through to 2015.
- A$3.1m post tax impact from stock yacht sale (A$4.4m pre tax).

Segment breakdown

USA	H1FY13 (A$m)	H1FY12 (A$m)
Revenue	323.4	227.0
EBIT*	16.7	2.6
EBIT margin (%)*	5.2	1.2

- Margin improvement continues.
- JHSV 1 delivered and productivity lessons being implemented.
- LCS 14, LCS 16, and JHSV 10 contracts all funded by US Navy within expected timeline.

Australia (HSO)	H1FY13 (A$m)	H1FY12 (A$m)
Revenue	46.5	32.5
EBIT	(1.3)	(7.8)
EBIT margin (%)	(2.9)	(24.1)

- Forecast to break even in FY13 and to be profitable in FY14
- Customs Cape Class Patrol Boat work until H1 FY16.

Philippines (PSO)	H1FY13 (A$m)	H1FY12 (A$m)
Revenue	12.7	–
EBIT	0.7	–
EBIT margin (%)	5.7	–

- PSO profitable in first year.
- Increased profit margin through improved efficiencies.

Service & Systems	H1FY13 (A$m)	H1FY12 (A$m)
Revenue	23.9	14.2
EBIT	0.3	(1.6)
EBIT margin (%)	1.2	(11.3)

- Increased revenue reflects focus on growing the division.
- Earnings being reinvested back into the business for growth.
- Some restructuring required.

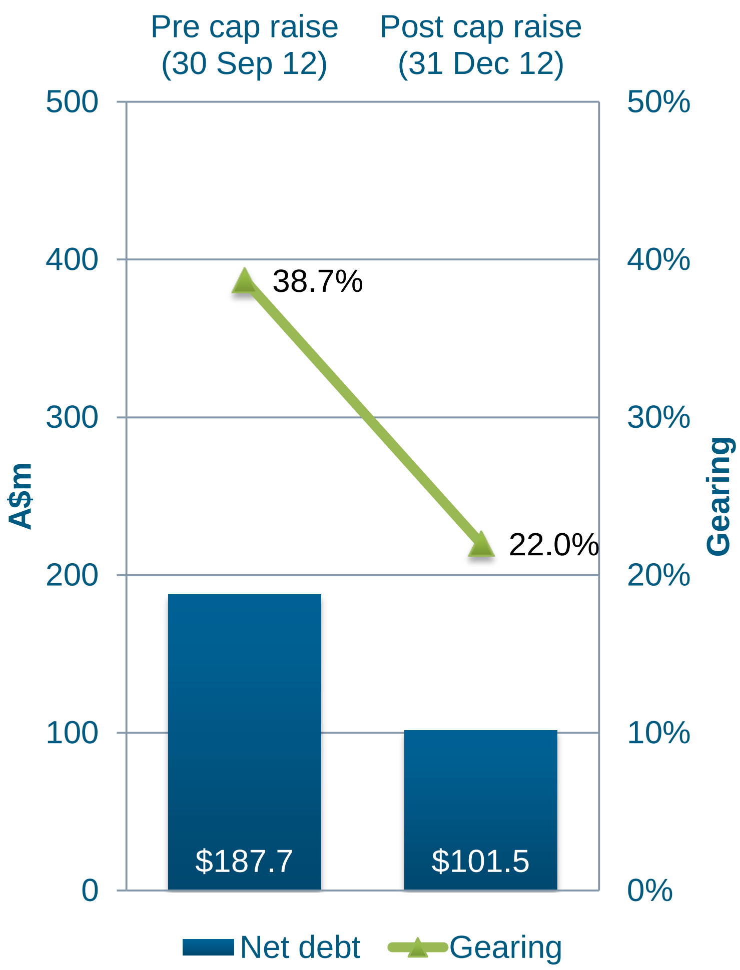
Balance Sheet

Balance sheet	At 31 Dec 2012 (A$m)	At 30 Jun 2012 (A$m)
Total assets	**839.0**	**826.0**
Cash	78.4	51.8
Restricted cash	84.3	52.9
Receivables	64.2	96.2
Inventories	198.1	193.5
Property, plant & equipment	376.6	370.4
Other	37.4	61.2
Total liabilities	**479.3**	**548.9**
Trade creditors	87.8	128.6
Go Zone Bonds	216.5	219.4
Other interest bearing debt	47.7	46.0
Government grants	52.7	52.3
Other	74.6	102.6
Net assets	**359.7**	**277.0**

Balance sheet summary:

- Growth in asset base, reflecting increasing scale of USA business.
- Balanced sheet strengthened by successful A$77.9m capital raising.
- Net debt reduced by A$59.4m.
- Gearing at 22%.
- Leverage ratio of 1.87.
- One of two non-productive stock vessels removed from balance sheet.

Debt position



[1] Includes restricted cash components.

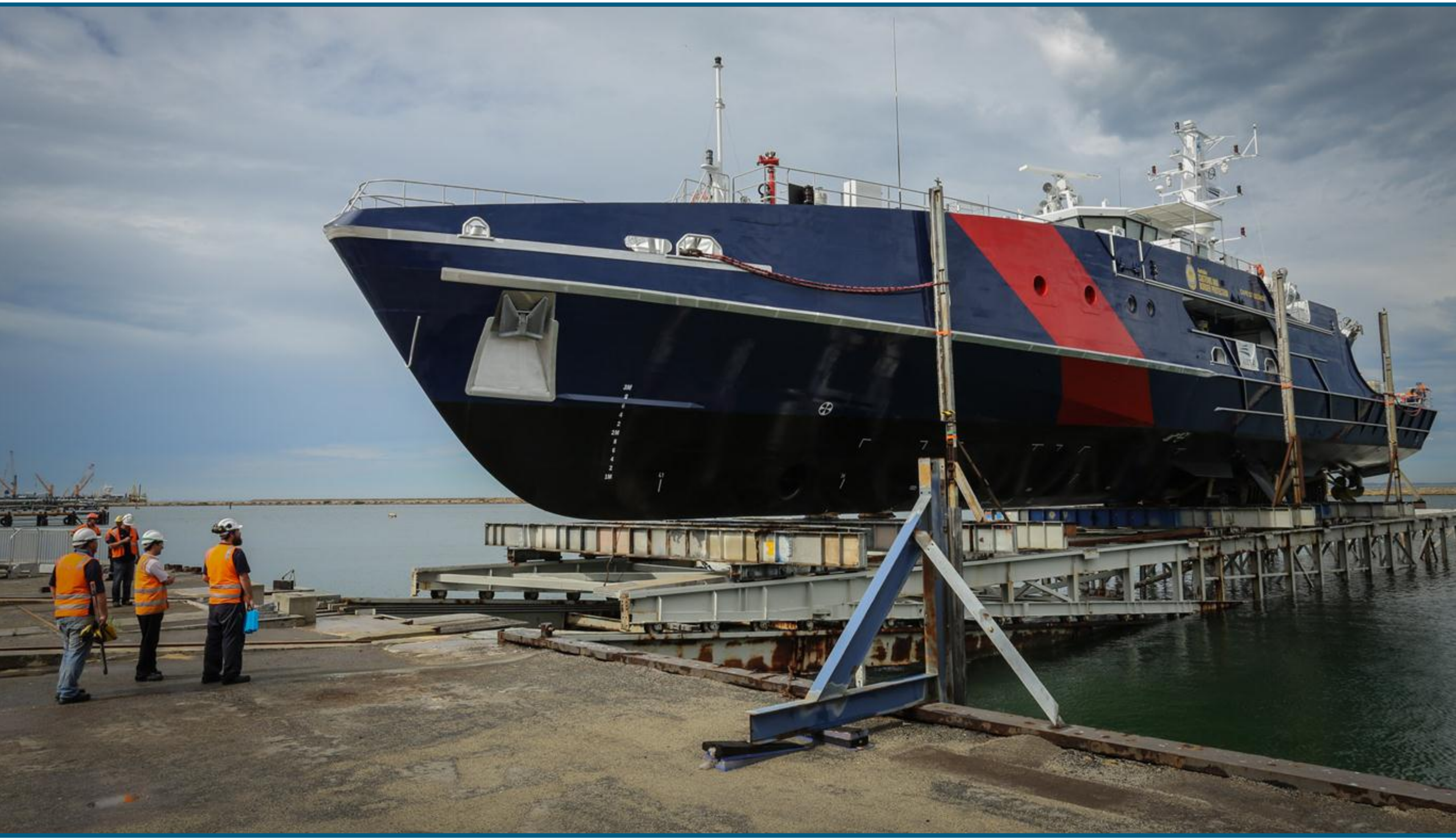
- Initiatives taken in capital raising to reduce gearing and increase headroom.
- Go-Zone bonds:
  - US$190m facility drawn down. US$35 million repaid February 2013.
  - Low interest rate (average of approx. 4%).
  - Used for specific capital works projects at US operations.
- Go-Zone bonds secured through Letter of Credit with Australian banking syndicate.
  - Letter of Credit maturity to be extended from October 2014 to May 2016.
- Revolving credit facility was also refinanced as part of the capital raising.
  - Maturity on $50m revolving credit line to be extended from October 2014 to May 2016.
- Smaller facilities to mature in FY13, FY14 and FY15.

Capital expenditure

Segment (A$m)	H1FY13	H2FY13(f)	FY13(f)	FY12
USA	9.5	12.8	**22.3**	**107.5**
HSO Australia	0.1	-	**0.1**	**0.3**
PSO Philippines	1.0	5.4	**6.4**	**10.1**
Service & Systems	-	0.2	**0.2**	**-**
Other	-	0.8	**0.8**	**-**
TOTAL	**10.6**	**19.3**	**29.8**	**117.9**

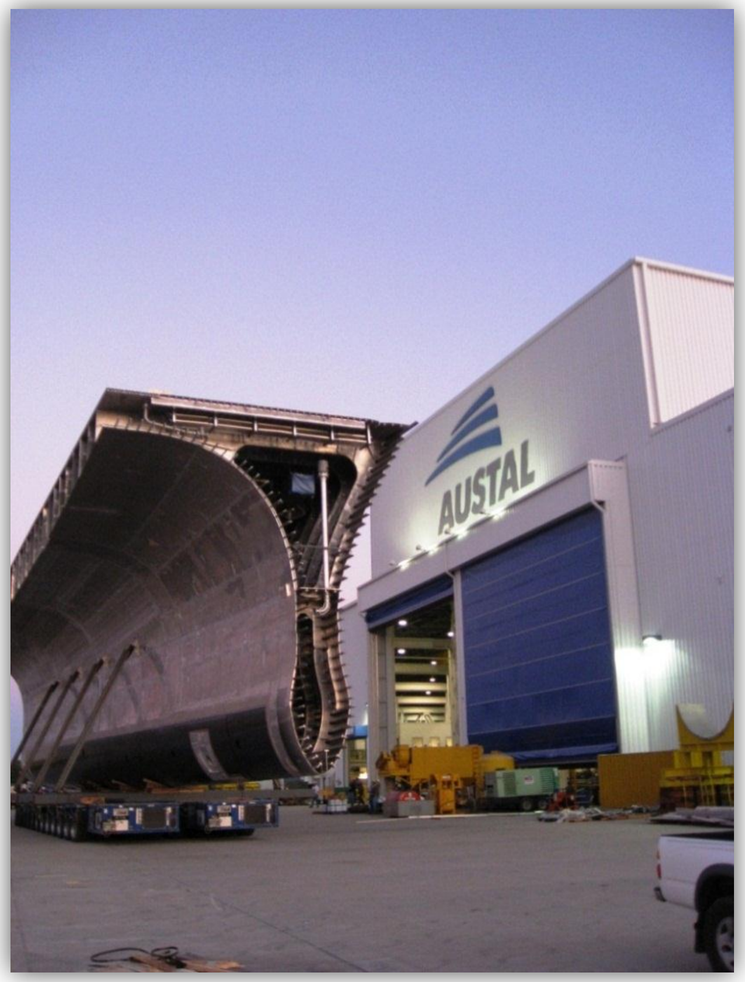
- Major capital expenditure program completed in FY12 (expansion of USA).
- Minor expenditure for FY13 includes:
  - PSO – Phase one facility completion.
  - USA – Outfit yard, office complex, Navy building, and production tooling.
- Capex to be funded through revised bank facilities and USA government grants.
  - Leverage ratio forecast to remain comfortably within target range of 1.5 to 2.5.
- Sustained capex estimated to be approximately $20 million.

Operations Update



Order book

- Order book of A$2.6 billion secures revenue until 2017, including:
  - **Littoral Combat Ships for US Navy**
    x6 contracted (out of 10 vessel award),
    plus x1 from General Dynamics (GD).
    x1 delivered to GD.
  - **Joint High Speed Vessels for US Navy**
    x9 contracted, x1 delivered
    (out of 10 vessel award).
  - **Cape Class Patrol Boats**
    x7 contracted and x1 delivered,
    plus through-life support.
  - **Commercial vessels**
    x3 27 metre wind farm support catamarans.
    x1 80 metre vehicle-passenger catamaran.



Littoral Combat Ship

- 10 ship block buy award to Austal worth US$3.5 billion:
  - 2 earlier additional vessels constructed for GD, as prime contractor.
  - Options to fund 2 ships out of Austal's 10 contract award have been exercised by US Navy each year.
- 6 ships, and the 2 from GD (LCS 2 and LCS 4), have been fully funded – work secured through to 2017.
- Progress:
  - LCS 2 – Delivered.
  - LCS 4 – Sea trials underway.
  - LCS 6 – Keel laid, 50% complete.
  - LCS 8 – 20% complete.
  - LCS 10 & LCS 12 – Funded in March 2012.
  - LCS 14 & LCS 16 – Funded in March 2013, post-sequestration.
- Opportunities exist beyond 10-ship award, including additional LCS vessels and support.

"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 US$1.6 billion.
- Options to fund construction of all 10 ships have been exercised by the US Navy – work secured through to 2017.
- Potential for program to be extended as JHSV capability aligns with US foreign policy.
- Progress:
  - JHSV 1 – Delivered in December 2012.
  - JHSV 2 – Acceptance trials underway.
  - JHSV 3 – Keel laid, 80% complete.
  - JHSV 4 – 50% complete.
  - JHSV 5 – Production commenced.
  - JHSV 6 & JHSV 7 – funded in February 2011.
  - JHSV 8 & JHSV 9 – funded in February 2012.
  - JHSV 10 – funded in December 2012.
- Austal well placed to secure a significant role in servicing the JHSV vessels through their life.

US sequestration has not impacted Austal

AUSTAL

Austal-built vessels have continued to be funded

- LCS 14 & LCS 16 funded in March 2013 – after sequestration commenced.
- JHSV 10 funded in December 2012.
- Funded vessels are locked in and revenue is unaffected.

US focused on Asia-Pacific defence strategy

- US Navy committed to maintaining an approximately 300-vessel naval fleet, with littoral vessel programs supporting that objective.
- No indications that the US intends to change this strategy.
- LCS and JHSV are especially designed for the littorals.
- Austal has a strong presence in Asia-Pacific.

Support work provides additional opportunities

- US Navy continuing to develop through-life support strategy for LCS & JHSV.
- Austal well placed for significant support role, providing annuity-style revenue.

Cape Class Patrol Boat

- A$330 million contract to design, manufacture and support 8 new Cape Class Patrol Boats.
- Vessels are fully funded and underwrite activity at Henderson shipyard until H1FY16.
- Progress:
  - CCPB 1 – Delivered in April 2013.
  - CCPB 2 – Keel laid in January 2013.
  - CCPB 3 – Work has commenced.
  - CCPB 4 to CCPB 8 – To be delivered by end 2015.
- Importantly awarded A$50m support work as part of A$330m contract.
  - Eight-year through-life support work, with two further five-year options.
- Vessel design generating international interest.

"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

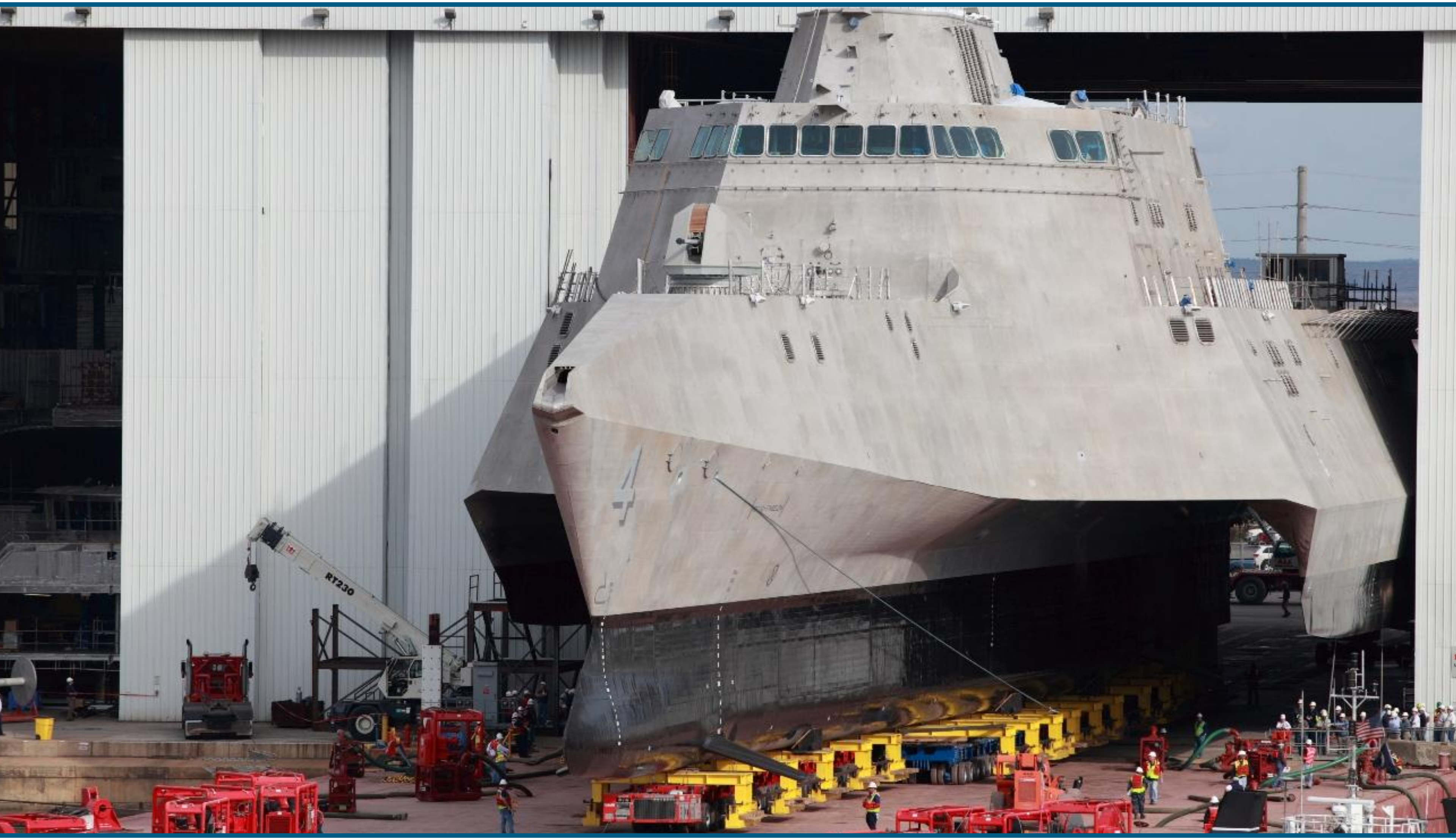
Philippines

- Enables Austal to compete in the global commercial market (e.g. ferries, wind farm support vessels).
- Started operations in February 2012, with maiden profit reached this half.
- Facility opened by Philippines President Benigno S. Aquino III.
- First ship delivered December 2012.
- Ramp up to 400 employees achieved as planned.
- Full order book:
  - x3 27 metre wind farm vessels.
  - x1 80 metre vehicle-passenger catamaran.
- The 80m Aremiti catamaran is scheduled for delivery in October 2013.

Service and systems

- Provides long-term opportunity and stability for Austal through annuity-style work.
  - Potential for high margin contracts.
  - Low capital intensity.
  - Recurring revenue.
- Austal has been building its global footprint, strategic partnerships and developing the IP to provide through life support for vessels such as the LCS and JHSV.
  - Ships designed for 20 to 30 year life.
  - Support contracts will begin to be awarded in FY13.
- Strategic partnerships established in Asia and USA.
- Ongoing adjustments required to drive profitability.

Strategy and Outlook



Strategy

United States

- Increase profit margin through utilising lessons learnt on first-in-class vessels.
- Augment contracts with service and maintenance work.
- Extend pipeline beyond existing contract awards

Henderson

- Focus Henderson operations on manufacturing and supporting defence vessels.
- Target offshore defence and customs contracts to sustain the shipyard.

Philippines

- Transfer technological capabilities on commercial shipbuilding to the Philippines.
- Expand construction at the shipyard in line with market potential.

Support

- Build a capable service network in preparation for US Navy and Australian Customs deployment.
- Leverage our existing defence systems capabilities to pursue new opportunities.

Outlook

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

FY13 guidance for A$65-71m EBITDA and A$23-26m in NPAT.

Strengthened balance sheet to deliver on A$2.6 billion order book.

Long lead items in defence contracts provide visibility of income.

Opportunities to win variant-style defence vessel contracts.

Ongoing scope to win higher margin support work.

Appendix - Austal Overview

- Austal is a global defence prime contractor.
- The Company designs, constructs and maintains revolutionary platforms such as the Littoral Combat Ship (LCS) and the Joint High Speed Vessel (JHSV) for the United States Navy, as well as an extensive range of patrol and auxiliary vessels for defence forces and government agencies globally. Austal also designs, installs, integrates and maintains sophisticated communications, radar and command and control systems.
- Austal benefits from its position as a world leader in the design, construction and support of customised, high performance aluminium vessels for the commercial high speed ferry market, an achievement gained over a period of nearly 25 years.
- Austal's primary facilities comprise a combined defence and commercial shipyard in Henderson, Western Australia; a dedicated defence shipyard in Mobile, Alabama; and a dedicated commercial shipyard in Balamban, Philippines. The Company also provides vessel support services from its facilities in Australia, the United States, Asia, Europe, the Caribbean, and the Middle East. Systems development, sales and support are coordinated from Austal's facility in Canberra, Australia.

Disclaimer

Andrew Bellamy, Chief Executive Officer

Telephone: +61 8 9410 1111

For further information visit www.austal.com

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