

# Celebrating Success

FY2020 Results Presentation

24 August 2020

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# Financial Headlines

## YEAR ON YEAR CHANGE



• EBIT	\$130.4 m	41%	↑
• NPAT	\$89.0 m	45%	↑
• Total Dividends	8¢ per share	33%	↑
• Operating Cash Flow	\$164 m	\$0 m	→
• Net Cash	\$231 m	\$130 m	↑



# FY2020 Key Facts



**\$2.1 B**  
REVENUE



**\$4.3 B**  
ORDER BOOK



**10**  
NEW SHIPS  
ORDERED



**45**  
SHIPS UNDER  
CONSTRUCTION  
OR SCHEDULED



**9**  
SHIPS  
DELIVERED



**6,800**  
EMPLOYEES



**6**  
SERVICE CENTRES



**31**  
VESSELS UNDER  
SUSTAINMENT



**17%**  
TOTAL REVENUE  
FROM SUPPORT



**85%**  
TOTAL REVENUE  
DEFENCE CONTRACTS



7 SHIPYARDS  
IN 5 COUNTRIES



# Operational Highlights

## Exceptional support growth continues;

- 28% Year on Year Revenue Growth to \$360 million maintains momentum.
- Group EBIT margin 8.2% above target band of 7-8%.
- Support investment continues and further ship deliveries will drive future growth.

## USA continues to perform strongly;

- Shipbuilding margin increased from 7.9% to 8.1%.
- 3 vessels delivered in year (2 LCS + 1 EPF)
- 7 vessels under construction (5 LCS + 2 EPF)
- FFG-X lost but US\$ billions of new opportunities in sight following decision to add steel shipbuilding capability.

## Australasia profitability growing strongly;

- Shipbuilding margin grown 2.1 times following infrastructure investment over the past 3 years.
- Philippines & Vietnam yards both launched major vessels, demonstrating capability.
- 6 vessels delivered in year (3 x GCPB + 3 ferries).
- 20 vessels under construction with a further 15 scheduled (including 9 GCPB + 5 CCPB).



# FY2020 Financials





# Earnings

\$ m	FY2020	FY2019	Change	%
<b>Revenue</b>	\$ 2,086.0	\$ 1,851.0	\$ 235.0	13%
<b>EBITDA</b>	176.1	135.0	41.1	30%
<b>EBIT</b>	130.4	92.8	37.6	41%
<b>NPAT</b>	89.0	61.4	27.6	45%
<b>EPS (cps)</b>	25.0	17.6	7.4	42%
<b>ETR <sup>1</sup></b>	28%	28%	(0%)	

1. Effective Tax Rate (Income Tax Expense / PBT)

- Record Revenue, EBITDA, EBIT and NPAT
- Revenue increased across all segments underpinned by:
  - Expansion of commercial shipbuilding
  - Support revenue growth in USA
  - Favourable FX translation
- Group EBIT increase of 41%
  - Underlying operations 33 pts
  - Favourable FX translation 8 pts
- Effective tax rate 28%
  - Cash component ~ 12.5 pts

# Segment breakdown

## FY2020

\$ m	Concept	Ships	Support	Other	Total
USA	Revenue	\$ 1,310.7	\$ 293.0	\$ -	\$ 1,603.8
	EBIT	106.8	16.9	(0.7)	123.0
	EBIT Margin %	8.1%	5.8%	-	7.7%
Australasia	Revenue	\$ 426.0	\$ 70.8	\$ -	\$ 496.8
	EBIT	17.8	13.0	-	30.9
	EBIT Margin %	4.2%	18.4%	-	6.2%

## FY2019

\$ m	Concept	Ships	Support	Other	Total
USA	Revenue	\$ 1,248.1	\$ 224.6	\$ -	\$ 1,472.7
	EBIT	98.6	16.3	(8.5)	106.4
	EBIT Margin %	7.9%	7.3%	-	7.2%
Australasia	Revenue	\$ 323.1	\$ 70.1	\$ -	\$ 393.2
	EBIT	6.4	5.3	-	11.7
	EBIT Margin %	2.0%	7.6%	-	3.0%

## USA:

- Shipbuilding margin near the middle of the guidance range.
- Strong Support revenue growth, margin below target band [7 – 8%].

## Australasia:

- Record revenue from Australasia was a key strategic achievement.
- Total segment EBIT margin doubled.
- Shipbuilding revenue increased 32% and EBIT more than doubled (~ 180%).
- Support EBIT increased by ~ \$8 m due to strong GCPB and CCPB ISS contract performance.
- Support margin is expected to return to the target band.



# Cash flow

\$ m	FY2020	FY2019	Change
<b>Operating</b>	\$ 164.5	\$ 164.5	\$ (0.0)
<b>Investing</b>			
Sustaining	\$ (13.9)	\$ (14.3)	\$ 0.4
Enhancing	(4.3)	(23.5)	19.2
<b>Financing</b>			
Debt	\$ -	\$ (10.7)	\$ 10.7
Loan origination	(0.6)	-	(0.6)
Lease principal	(6.0)	-	(6.0)
Dividends	(20.6)	(19.2)	(1.4)
Shares	-	8.6	(8.6)
FX differences	1.9	8.2	(6.2)
<b>Net Cash Flow</b>	\$ 121.0	\$ 113.6	\$ 7.4

Cash	Jun 2020	Jun 2019	Change
<b>Cash @ bank</b>	\$ 396.7	\$ 275.7	\$ 121.0
<b>Net cash <sup>1</sup></b>	\$ 272.4	\$ 150.7	\$ 121.7

## Operating:

- Strong conversion of EBITDA to operating cash flow.

## Investing:

- Sustaining capex in typical range of \$(10) – (15) million.
- Enhancing capex of \$(4) million to conclude Asia facilities expansion.

## Financing:

- Lease principal repayments disclosed separately in line with AASB 16.
- 6 cps of dividends paid in FY2020.

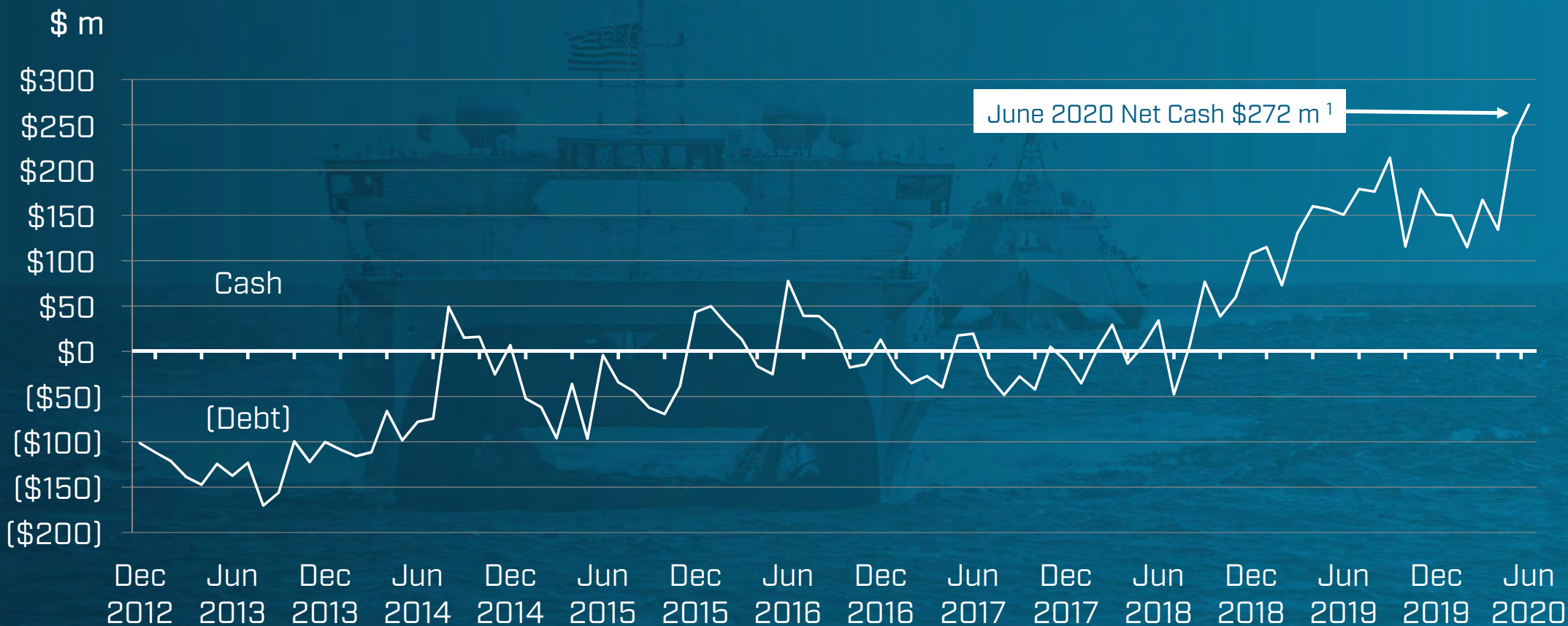
## Closing cash:

- Net cash position of \$272 million supports an increase of the FY2020 final dividend to 5 cps (FY2019: 3 cps).
- Capacity to fund major capital programs under evaluation (e.g. Steel capability in USA, San Diego dry dock, Philippines acquisition).

1. Excludes the notional debt of the CCPB 9 & 10 leasing program



# Net Cash / (Debt)



1. Excludes the notional debt of the CCPB 9 & 10 leasing program



# Business Priorities 2021

Implement US\$100 million upgrade to US shipyard to meet new steel naval vessel program demands



Use strategic Asian positioning to pursue Defence and Commercial programs



Exploit technology leadership positions



Continue to drive group-wide competitiveness through automation, ERP systems and using international footprint



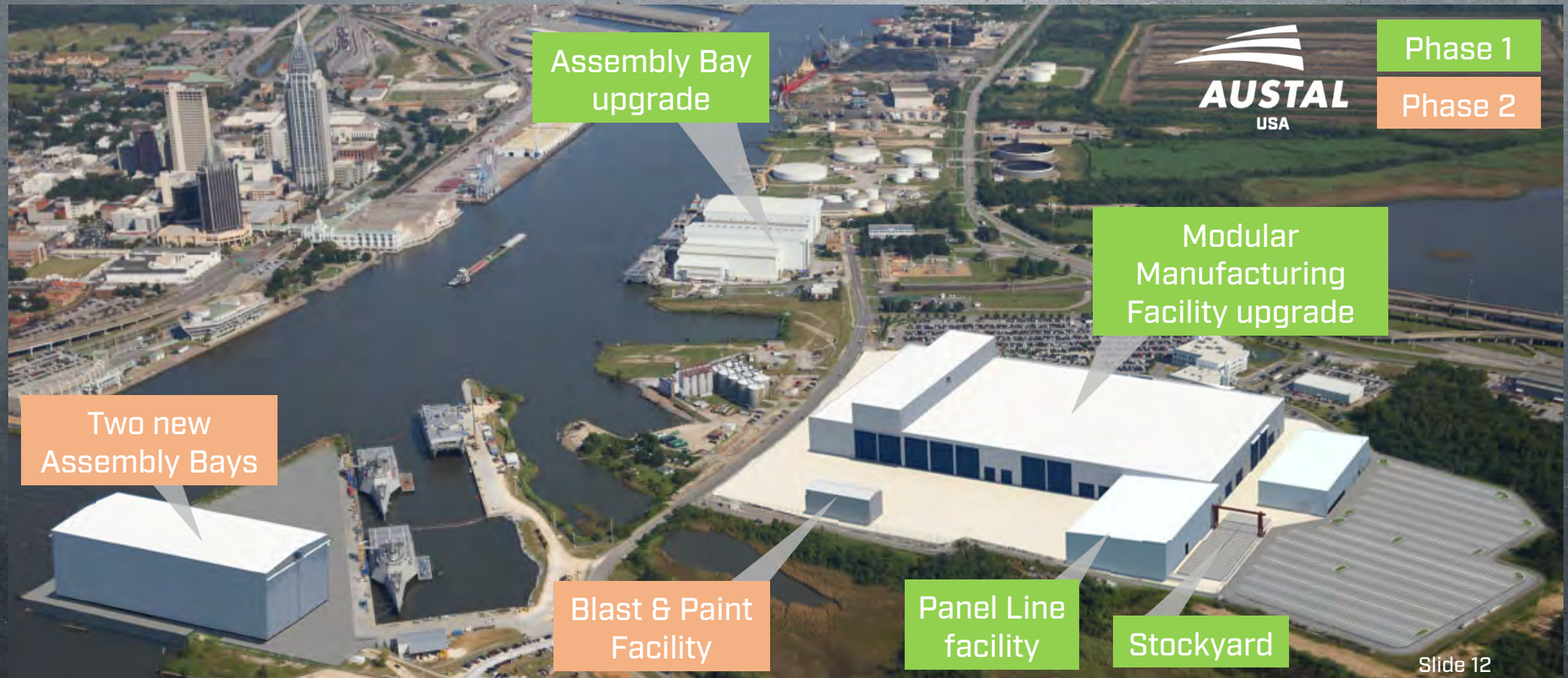


# Strategic Outlook





# Austal USA has committed to a US\$100 million extension to the Mobile, Alabama shipyard to build steel warships (50% funded by US Government)





# Austal USA investment will increase value of target projects by ~ 3 times

New naval shipbuilding opportunities set to increase threefold.

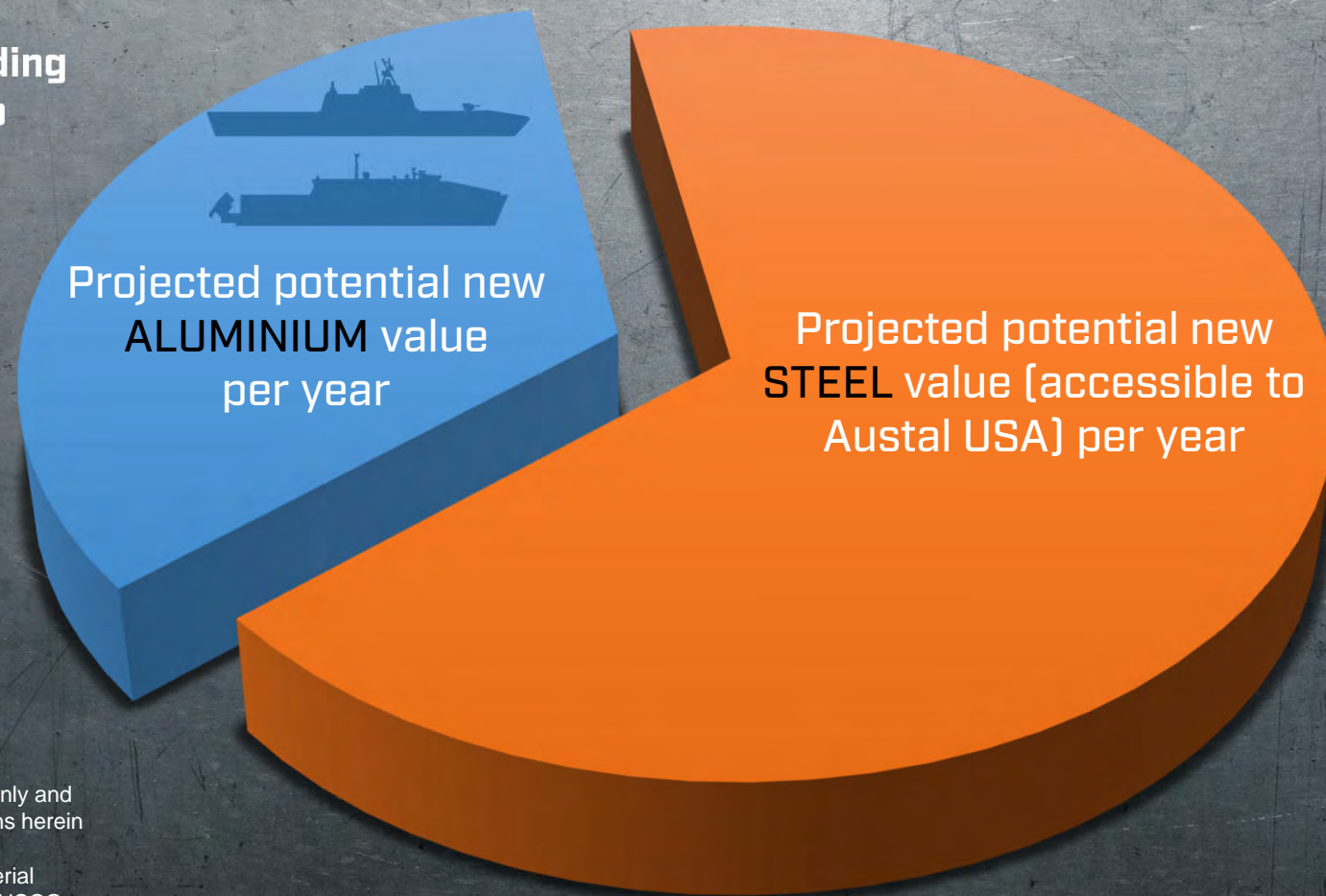
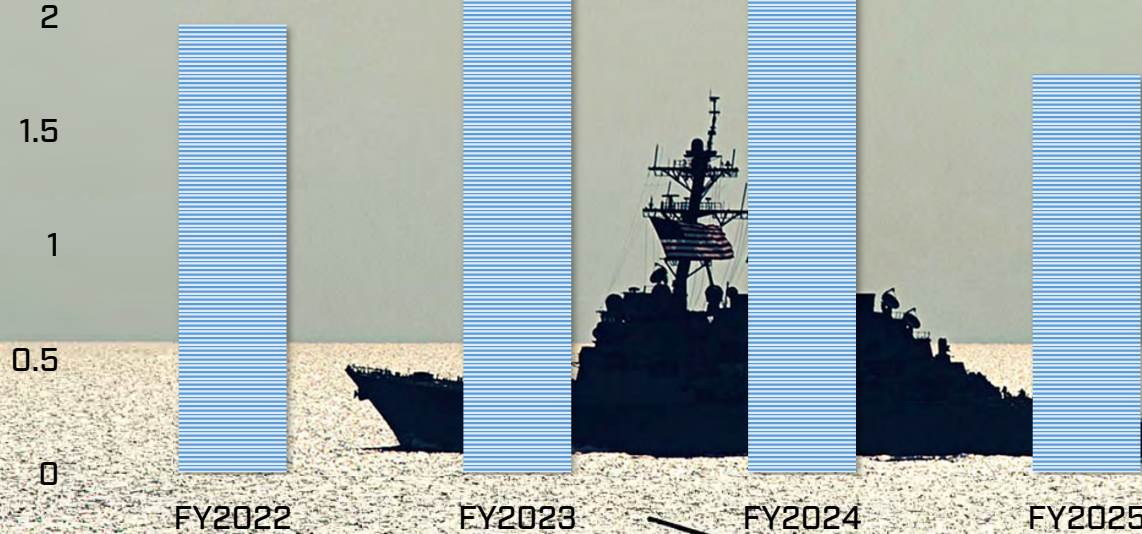


Diagram is for illustrative purposes only and may not be accurate. Representations herein are based on management opinions, supported where practicable by material published by or on behalf of USN or USCG.



# New shipbuilding projects\* ~ US\$2 billion per year are estimated to occur from 2022

A\$ billion  
2.5



\* Projects that have been assessed by Austal to be suitable for construction in the existing aluminium and planned steel shipbuilding facilities.

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# Defence Support is a key strategic focus and has grown by 10 times in 6 years

Support revenue A\$m

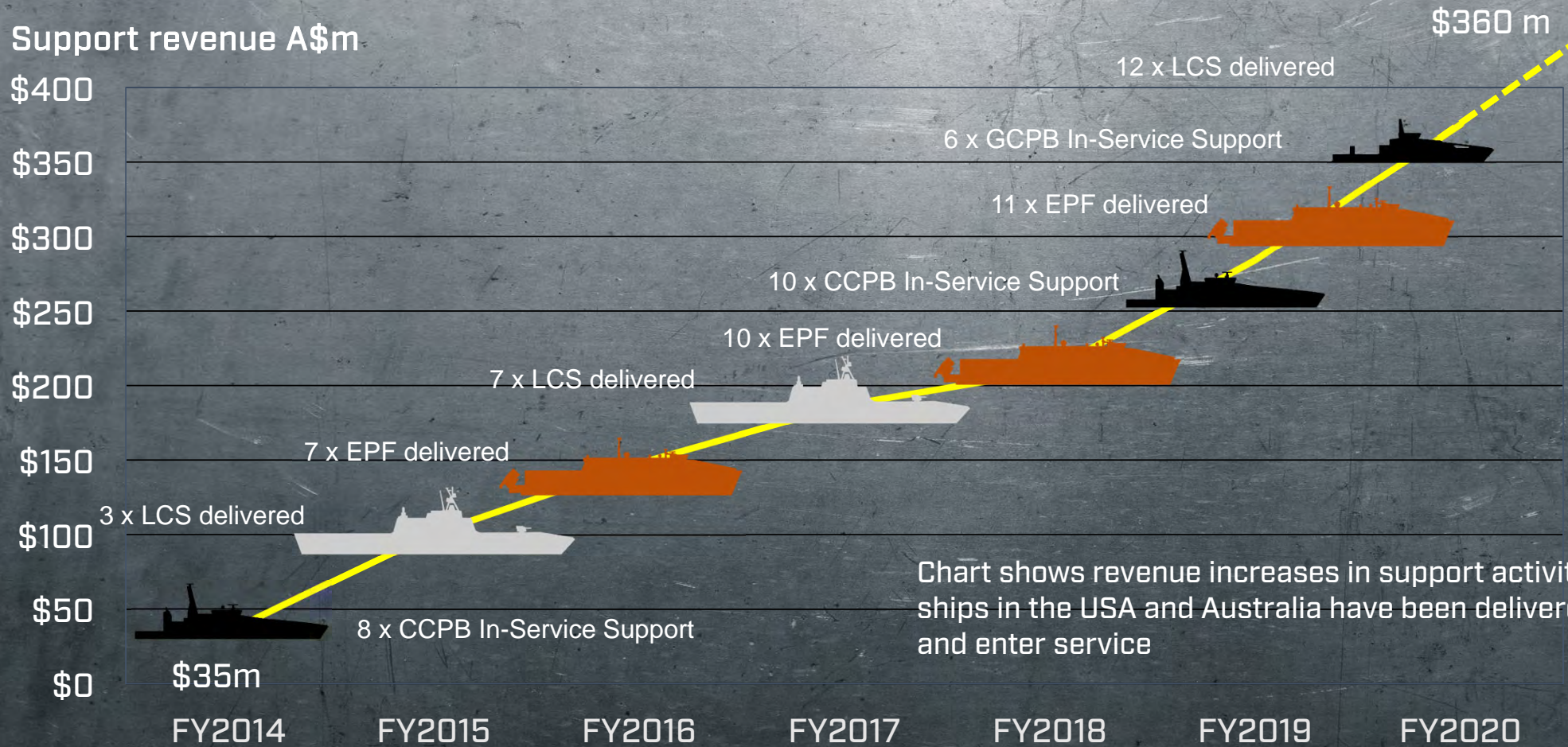


Chart shows revenue increases in support activity as ships in the USA and Australia have been delivered and enter service



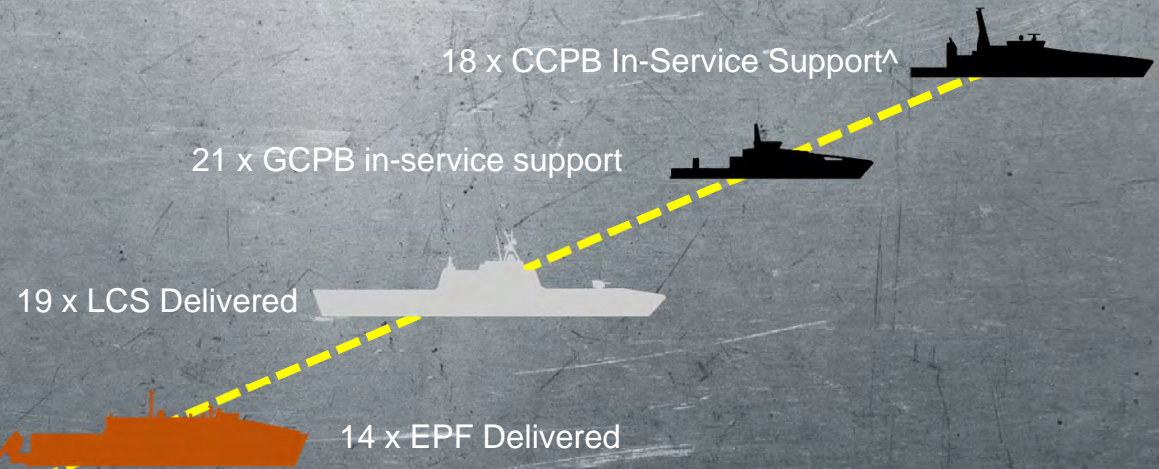
# Support Revenue has potential to rise to \$500 m in the next few years as ship deliveries & other initiatives occur



13 x CCPB In-Service Support\*

\*8 x ABF CCPB, 2 x RAN CCPB, 2 x TTCG CCPB  
+ 1<sup>st</sup> of 6 x new CCPB for RAN  
^ Support for 6 x new CCPB for RAN yet to be determined by Commonwealth.

**FY2020  
\$360 m**



## Emerging Support Opportunities that will contribute to Growth

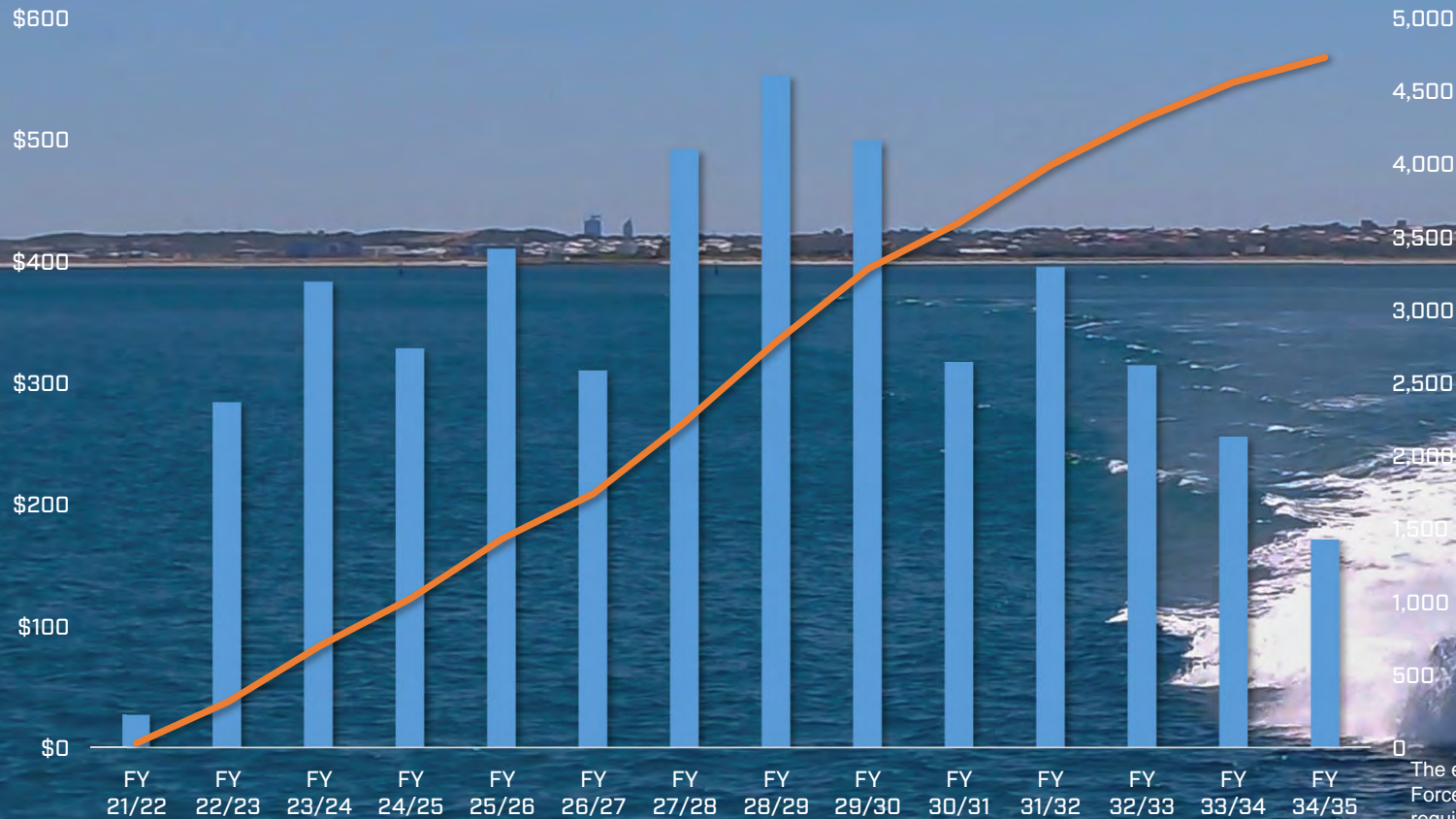
- 31 ships to be delivered to US & Australian Navies next 3 years (69 total)
- Singapore service centre supporting US Navy
- Additional Asia base to support US and other ships possible
- San Diego service centre potential expansion (more ships and more services)
- Australian service centres potential expansion for RAN Programs
- Australian service centres have qualified to bid for visiting US Navy ship support, repairs



# Recently published Force Structure Plan indicates significant opportunities for Australian Shipbuilding over next 15 years

Annual expenditure  
A\$ millions

Cumulative expenditure  
A\$ millions

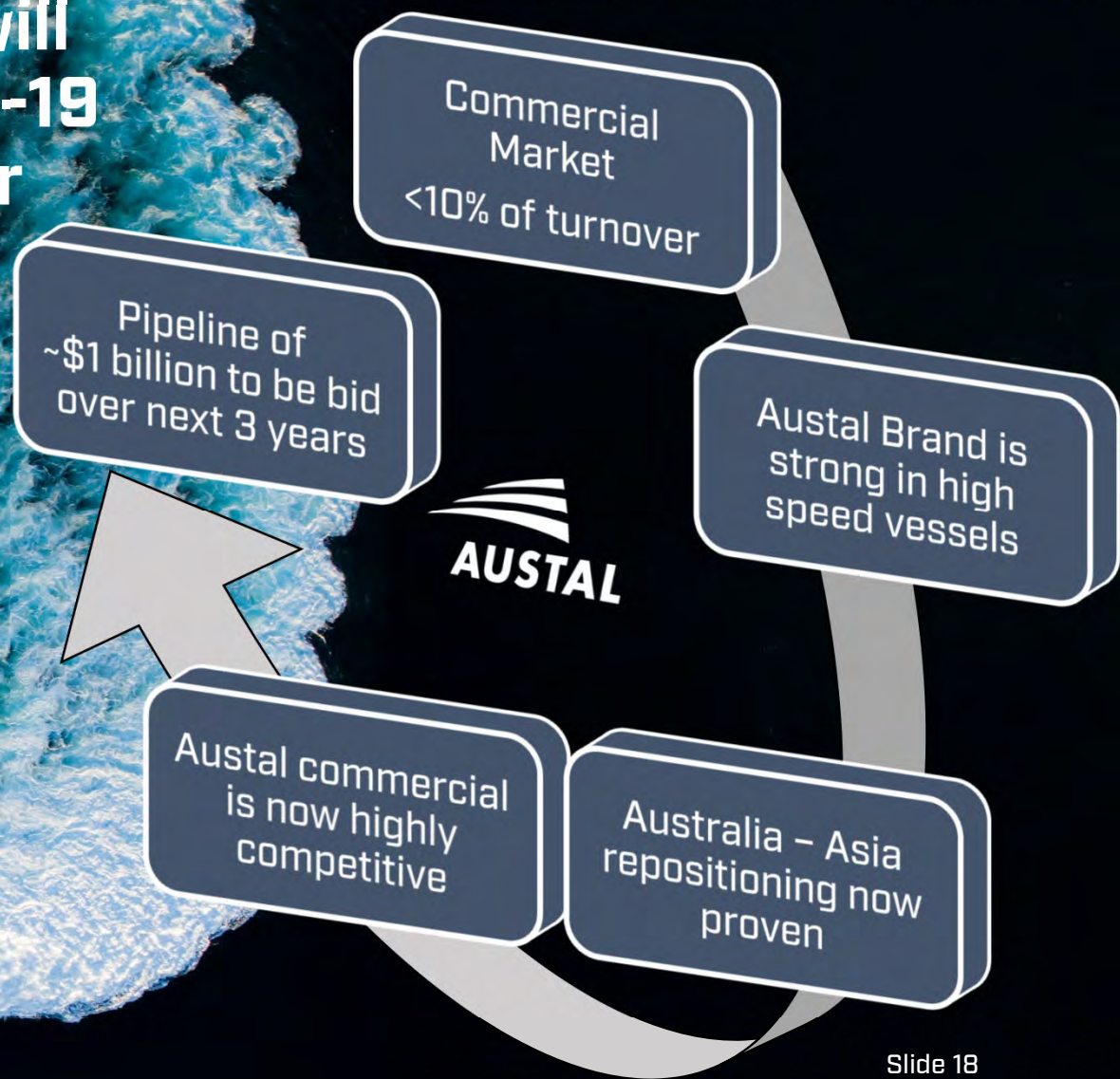


The estimates above have been made by Austal from the recently published Force Structure Plan and are indicative only of uncontracted new ship requirements however this data is indicative and not necessarily revenue expected by Austal. (includes Austal view on CCPB replacement).

Slide 17



**Commercial ferry market will likely be affected by COVID-19 but is relatively small in our business and we see a reasonable pipeline**

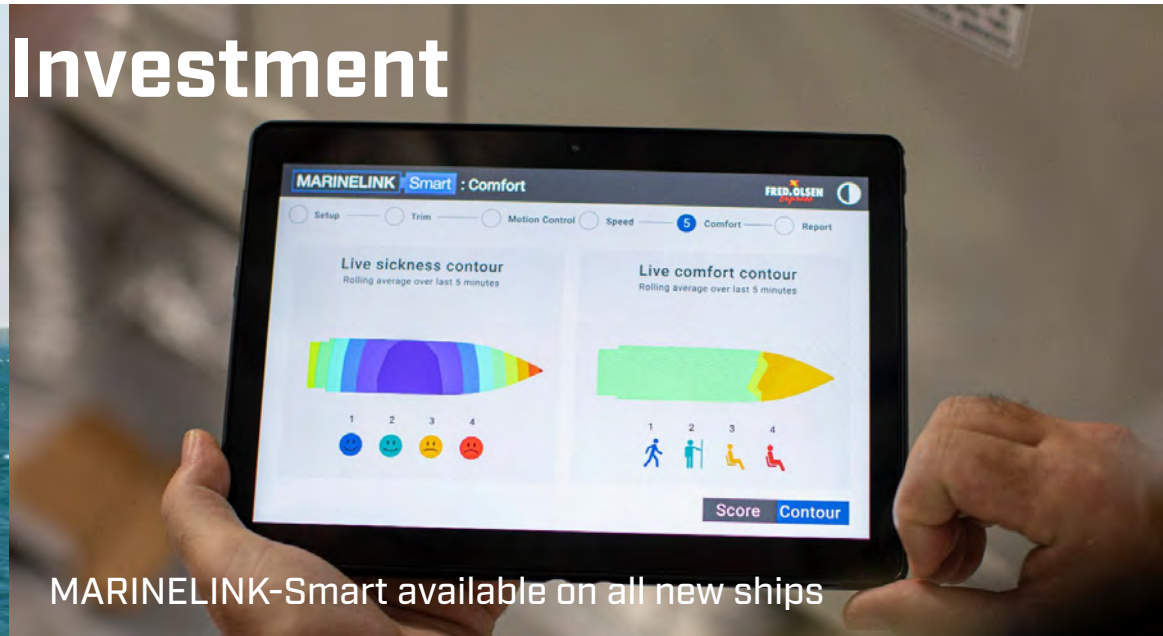




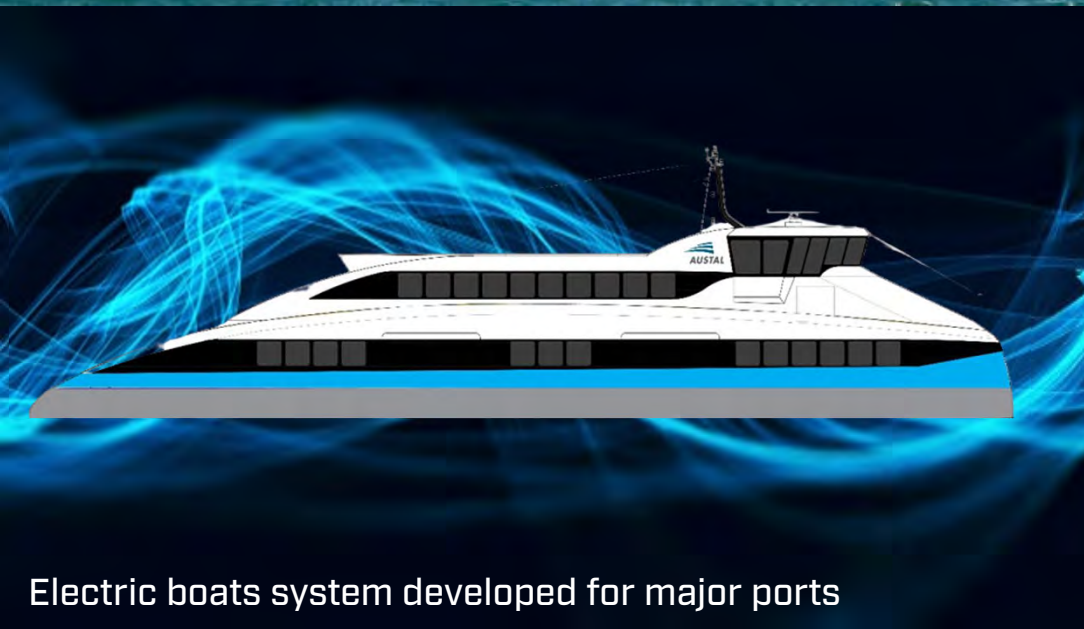
# Research & Development Investment Delivering Benefits



Engineering maintenance software system sold to Royal Australian Navy



MARINELINK-Smart available on all new ships



Electric boats system developed for major ports



Unmanned Surface Vessels in Operation



# FY2020 Business Overview





# Ships in build

As at 30 June 2020

## Defence



**Littoral Combat Ship (LCS)**  
US Navy  
LCS 22 and 24 delivered  
LCS 26, 28, 30, 32 and 34 under construction



**Expeditionary Fast Transport (EPF)**  
US Navy  
EPF 11 delivered  
EPF 12 launched  
EPF 13 under construction



**Guardian Class Patrol Boat (GCPB)**  
Commonwealth of Australia  
Hull 524, 525 and 526 delivered  
Hull 527 and 528 launched  
Hull 529, 530, 531 and 532 under construction



**Austal Patrol 59**  
Trinidad and Tobago Coast Guard  
Hull 398 and 399 under construction



**Cape Class Patrol Boat (CCPB)**  
Royal Australian Navy  
Hull 811 under construction



Austal was awarded an A\$324 million contract to build six Cape Class Patrol Boats (CCPBs) for the Royal Australian Navy in May 2020.

## Commercial



**49m Passenger Ferry**  
SNC Armiti  
Hull 421 delivered



**42.3m Passenger Ferry**  
Xidao Dazhou Tourism Co Ltd  
AL004 delivered  
AL005 and AL006 under construction



**42.4m Passenger Ferry**  
Shenzhen Airport  
AL007 delivered  
AL010 under construction



**42.1m Passenger Ferry**  
Blue Sea Jet  
AL009 under construction



**41m Passenger Ferry**  
SGTM  
Hull 424 under construction



**70.6m Passenger Ferry**  
Beibi Gulf  
AL008 under construction



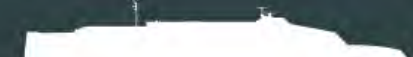
**83m Passenger Ferry**  
JR Kyushu Jet Ferry  
Hull 398 under construction



**94m Passenger and Vehicle Ferry**  
National Infrastructure Development Company (NIICO)  
Hull 387 under construction



**108m Passenger and Vehicle Ferry**  
Fjord Line  
Hull 419 under construction



**115m Passenger Ferry**  
Molslinjen  
Hull 423 under construction



**117m Passenger and Vehicle Ferry**  
Fred Olsen S.A  
Hull 384 under construction  
Hull 395 under construction





# In-service Support

31 vessels for 5 operators in USA and Australia



12 x LCS



3 x EPF



10 x CCPB



6 x GCPB



USA



**\$293m**

Turnover support contracts FY2020



AUSTRALASIA



**\$71m**

Turnover support contracts FY2020





## 20 YEARS

Austal USA  
celebrated its 20th  
anniversary on  
December 8 2019

## FY2020 Vessel Deliveries



## US\$100M

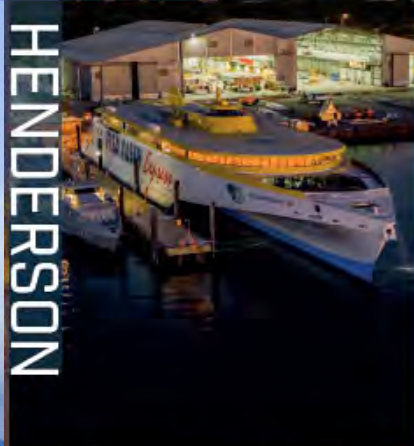
Future joint investment  
with US Government  
in Shipbuilding and  
Maintenance Capacity





HENDERSON

NAVAL BASE



**A\$324M**

contract to build



Cape Class Patrol Boats for the Royal Australian Navy is the biggest contract awarded for Australian vessels in Austal's history

**118 metre  
Trimaran  
Launched**



The 'Bajamar Express' is the first of two high speed vehicle/passenger ferries for Fred.Olsen Express of Canary Islands

**83 metre  
Trimaran  
Launched**



The 'Queen Beetle' is a high speed passenger ferry for JR Kyushu of Japan

**50%  
build process  
COMPLETE**



Pacific Patrol Boat Replacement Program started in April 2017 and will conclude September 2023



**of 21 Guardian Class  
Patrol Boats (GCPBs)  
Delivered**



**3  
months**

Between each vessel completion has been maintained in FY2020





BALAMBAN



Largest aluminium vessel ever launched in the Philippines

**Hull 419**

109m high speed vehicle/passenger ferry the 'FSTR' for Fjord Line of Norway



**>840**

Employees

**98%**

Local Filipino

**Hull 395**

The 'Bañaderos Express', the second of two high speed vehicle/passenger ferries for Fred.Olsen Express commenced construction





VUNG TAU



## First Vessel Launched

**Hull 397**

94m high speed vehicle/  
passenger ferry the  
'APT James' for NIDCO  
of Trinidad and Tobago  
is the first vessel to be  
constructed by Austal  
Vietnam



**>360**  
Employees

**97%**  
Local Vietnamese

**Hull 424**

The 'Maria Galanta II', a  
41m high speed passenger  
ferry passenger ferry  
for SGTM Mauritius  
commenced construction





AULONG



The largest high speed catamaran ferry built in China



70.6m passenger ferry for Beibi Gulf currently in build



5

Vessels under construction in FY2020



42 metre passenger ferries delivered in FY2020



# FY2020 Operational Overview





# USA operations



- Shipbuilding margin improvement to 8.1% (FY2019 margin 7.9%).
- Littoral Combat Ship
  - LCS 22 & 24 delivered
  - LCS 32, 34, 36 commenced construction
  - LCS 38 scheduled
- Expeditionary Fast Transport
  - Mature program, steady margins
  - EPF 11 delivered
  - EPF 13 commenced construction
  - EPF 14 scheduled
- Autonomous [unmanned] surface vessel solutions in further development





# Australia operations

- Guardian Class Patrol Boat Replacement Project continues - 3 vessels delivered, 2 awaiting crews for training and delivery
- Hulls 398 and 399 – 2 x 58 metre Cape Class Patrol Boats for Trinidad and Tobago Coast Guard under construction
- Hull 394 (1st of 2 x 118 metre trimarans for Fred Olsen SA) under construction; delivered July 2020
- Hull 396 (1 x 83 metre trimaran for JR Kyushu) under construction
- Six 58 metre Cape Class Patrol Boats ordered by Australian Department of Defence for the Royal Australian Navy (Hulls 811 – 816)





# Philippines operations



- Philippines Government continuing discussions with Australian Government for funding support of 6 x OPV for Philippines Navy. If awarded to Austal, would be constructed at Austal Philippines

## VESSEL PROGRAMS:

- Hull 419 - Fjord Line 109 metre Auto Express ferry launched
- Hull 421 – SNC Aremiti 49 metre catamaran, delivered July 2019
- Hull 395, the 2<sup>nd</sup> of 2 x 118 metre trimarans for Fred Olsen Express commenced construction – *Banaderos Express*
- New contract for 115 metre catamaran for Molslinjen of Denmark announced (Hull 423 construction commenced July 2020)





# Vietnam operations



- Hull 397 – 94 metre Auto Express catamaran ferry for Government of Trinidad and Tobago was launched May 2020
- Hull 424 – 41 metre catamaran ferry for SGTM of Mauritius commenced construction





# China operations

- 2 x 42 metre catamaran ferries delivered, including
  - Hull AL004 – Xidao Dazhou Tourism
  - Hull AL007 – Shenzhen Airport
- 5 x vessels under construction during FY2020, including the largest, fastest high speed aluminium ferry constructed in China – Hull AL008 [delivered July 2020]





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