

FY2022 H1 Results Euroz Conference



9 March 2022

Paddy Gregg, Chief Executive Officer

Geoff Buchanan, Interim Chief Financial Officer

1. Welcome to FY2022 H1 results Euroz Conference
2. Introduce Geoff Buchanan as Interim CFO

FY2022 H1 Key Facts



\$722 M

REVENUE



\$2.2 B

ORDER BOOK



25

SHIPS UNDER
CONSTRUCTION
OR SCHEDULED



5

SHIPS
DELIVERED



4,900

EMPLOYEES



**5 SHIPYARDS
IN 4 COUNTRIES**



**8 SERVICE CENTRES
IN 4 COUNTRIES**



37

VESSELS UNDER
SUSTAINMENT
CONTRACTS

1. Some significant orders in the half as per ASX announcements
2. Still lots of ships to deliver
3. Good delivery performance as we deliver ships to customer expectations. Not many people can proudly say that
4. Experienced workforce with Covid vaccination c.100% so ready for the future
5. China divested as forecast and announced
6. Service centres in USA/ Australia, Singapore and Oman. Growing in number as we increase revenue and future opportunity

Financial Headlines FY2022 H1



\$ m	FY2022 H1	Change from PCP
Revenue	\$ 722 m	[14%]
EBIT	\$ 71.1 m	1%
NPAT	\$ 45.1 m	[14%]
Interim Dividends Declared	4 ¢ per share	-
Operating Cash Flow	\$ 43.1 m	[48%]
Net Cash	\$ 188.7 m	[27%]
FY2022 Full Year EBIT - minimum	\$ 107.0 m	

1. FY2021 excluded the notional debt of the CCPB 9 & 10 leasing program, completed during FY2022 H1

1. Revenue down due to reduced materials as LCS tapers and some movement in manhours due to improved efficiency in build and Covid delays
2. EBIT up due to strong performance on programs, and the release of some risk contingency in the US. Record for a half year.
3. NPAT reduction driven by increased effective tax rate and recognition of tax losses in the previous period.as
4. Dividend remains consistent with strong cash and investment in the business
5. Operating cash down as a result of some program milestone movements - EPF 13 variations. Mols2 Covid delays.
6. Net cash reduced for positive reasons, due to investment in the business predominantly on steel in the US and San Diego MGBW purchase.

FY2022 Operational Outlook Update

				
Current	<ul style="list-style-type: none"> • Deliver LCS • Deliver EPF • Deliver T-ATS • San Diego 	<ul style="list-style-type: none"> • Deliver Guardian program • Deliver CCPB program • Support from Darwin, Cairns, Brisbane 	<ul style="list-style-type: none"> • Deliver Mols Express 5 in December 2022 	<ul style="list-style-type: none"> • Deliver the design and build contract for 66 m catamaran Q2 2023
Opportunities	<ul style="list-style-type: none"> • Offshore Patrol Cutter • T-AGOS • Light Amphibious Warship • NGLS prelim design • Frigate 2nd source • Additive opportunities 	<ul style="list-style-type: none"> • Army landing craft • Support in Australia and overseas • Systems sales • Force Structure Plan 	<ul style="list-style-type: none"> • 30bn Peso budget approved in Philippines for PNOPV contract 	<ul style="list-style-type: none"> • Future commercial activity driven by ageing fleet and lower emission requirements

1. Lots of opportunities that we are well placed to execute
2. Programmes to bid for and win in shipbuilding and support
3. All the investments we have made complement the long term growth strategy
4. We are still in the forecast transition from LCS but we have delivered everything we said we would to ensure we make it through stronger and ready to grow in the future.
5. The future looks like:
 - a. USA- replace LCS revenue, diversify shipbuilding and grow sustainment both organically and inorganically.
 - b. Australia- continue to win work announced as part of the Force Structure Plan, diversify shipbuilding and grow sustainment both organically and inorganically using systems to differentiate (MarineLink Smart/ LUSI).
 - c. Philippines- seek to win PNOPV and build Navy vessels in steel for the next 7 years
 - d. Vietnam- deliver commercial work resurgence driven by ageing fleet and emissions regulations
6. Additive opportunities include things like subcontract work, one off vessels, that can improve profitability

Expanding Shipbuilding



New Steel Shipbuilding Facilities
Austal USA



Philippine Navy OPV
Austal Philippines



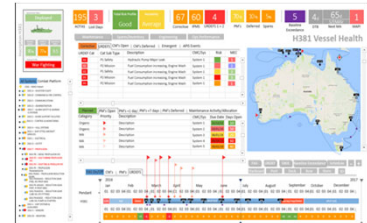
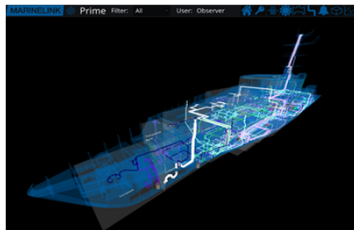
Future-ready Fast Ferries - Pathways to Net Zero Emissions



1. We continue to expand our capabilities and product offerings.
2. The Steel facility will open ahead of schedule in Mid April in the US.
3. The PN have approved budget in December 2021 and we are in negotiation with them for 6 OPV's with a steel hull.
4. Austal remains technology agnostic as we continue to see the fleet age and emission requirements tighten, resulting in an anticipated resurgence in the commercial market.

Enhancing Systems

With a growing range of digital products



- Vessel control & monitoring of all onboard equipment
- Intuitive 3D interface
- Critical enabler for vessel automation and autonomy
- Legacy versions on 200+ vessels
- Major upgrade to be deployed on Capes 11-16 & new Mols ferries



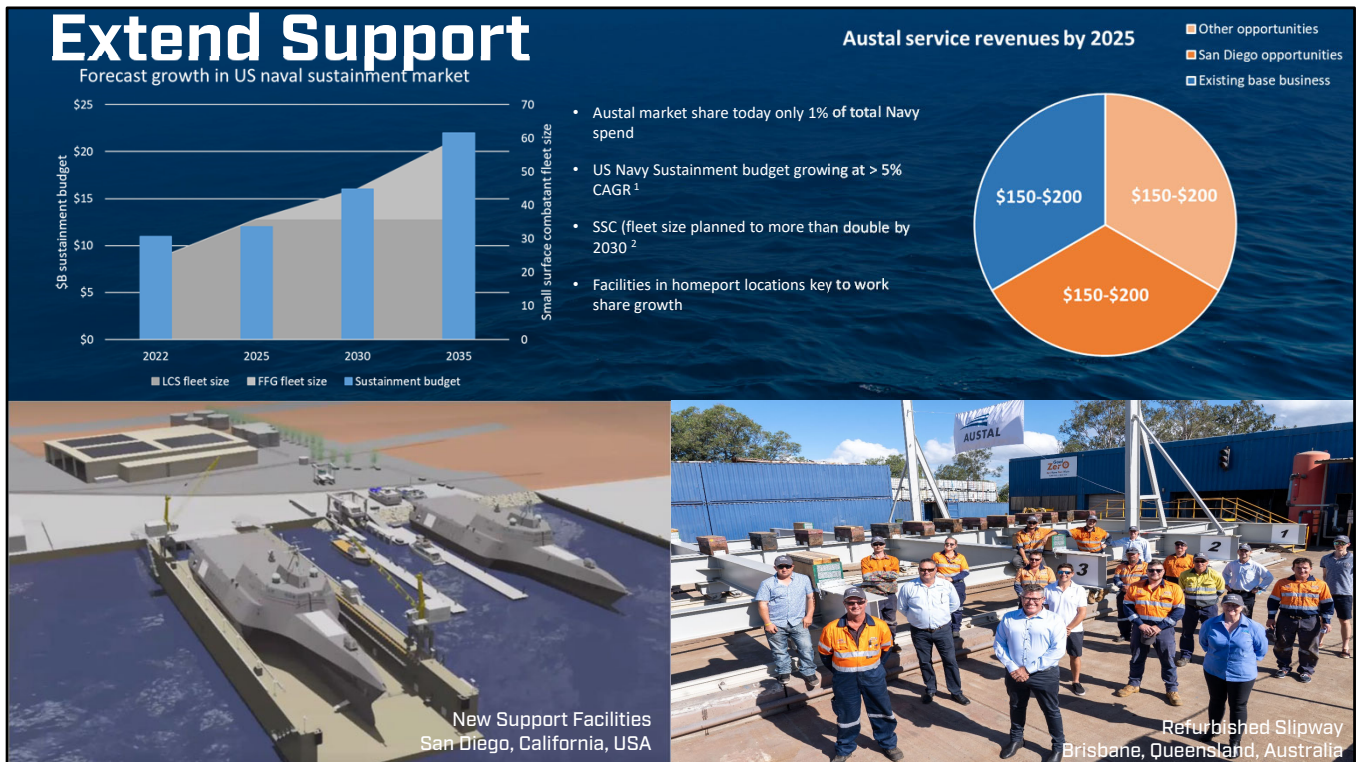
- Machine learning to optimise vessel performance
- Recommendations in real-time to crew on the bridge
- Analytics on web for shore team
- In use on 8 large ferries in UK, Denmark, Norway, Spain & Japan
- Will be deployed on Capes 11-16



- Fleet wide asset management & availability planning
- Secure cloud with data replication to remote assets
- Predictive failure analytics
- Prototype in use on Capes 9-10
- Full version to be deployed on Capes 11-16

6

1. Investing in R&D to be ready for the future
2. Focused on the product for more efficient operations
3. Looking at it from both an operation and maintenance perspective in both defence and commercial markets.



1. US Navy budget forecast¹ for ship maintenance spend has > 6% Compound Annual Growth Rate to 2030 due to growth in size of fleet plus aging of existing vessels.
2. The Small Surface Combatants fleet (which includes LCS) is planned to double by 2035², leading to significant growth in maintenance spend for the classes of vessels best suited to AUSA sustainment capability. EPF is excluded from the potential support work analysis because it is a Support vessel not a Small Surface Combatant
3. AUSA currently captures only 1% of this circa \$11b/year market, noting not all of this spend is addressable by AUSA as it includes nuclear submarines and work self-performed by Navy.
4. AUSA's 1% market share has been achieved without significant facilities in any major naval homeport location in the US. MGBW acquisition plus dry dock investment provides such a facility with potential to more than double AUSA activity.

Sources :

1. Report to Congress on the Annual Long-Range plan for construction of naval vessels, prepared by Office of the Chief of Naval Operations, December 2020
2. Congressional Budget Office April 2021 analysis of the Navy's December 2020 Shipbuilding Plan

Strategic Outlook



1. Fundamentally delivering our growth and diversity plan
2. Well positioned for future steel orders
3. Big wins in sustainment with San Diego (SEC W), IDIQ Singapore, SEC E growing
4. COVID-19 remains a challenge but we have delivered for the last 2 years, now 100% vaccinated
5. Balance sheet remains strong and business delivering healthy margins year on year
6. Future work opportunities across ships / systems / support
 - I. Multiple US programmes in steel
 - II. Philippines Navy OPV
 - III. Commonwealth of Australia Force Structure Plan / AUKUS
 - IV. R&D in future technologies including autonomous capability and low emission ships
7. Capability to deliver steel & aluminium shipbuilding and sustainment in commercial & defence sectors globally

1. Great set of results with strong operational performance.
2. Our strong balance sheet has helped during Covid, and allowed us to continue to invest for what looks like an exciting future
3. We are a more diversified business now, establishing in shipbuilding, support and systems
4. We also see significant opportunities in advanced technology autonomous vessels
5. Austal does need to generate new contracts in the next few years, but we are optimistic about the future because we have demonstrated we can deliver operationally, have the capability to deliver in steel and aluminum in shipbuilding and support, in commercial and defence, and there are a lot of opportunities out there for us to go and win

Disclaimer

Paddy Gregg, Chief Executive Officer

Telephone: +61 8 9410 1111

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