

# Euroz Hartleys Roundtable Conference



September 2023  
Paddy Gregg, Chief Executive Officer



1. What would have been a very solid set of results torpedoed by TATS
2. We have made organisational changes to focus on execution of the orderbook
3. Strong operational cash flow and net cash still healthy even with investments made
4. This has allowed us to pay a 3c FY2023 final dividend / 7 cent total dividend for the year
5. Order book of \$2.3 B increases to \$11.6 B when you include all of the options on OPC & TAGOS program awards

# FY2023 Full Year - Key Facts



  
**\$1,585 M**  
REVENUE

  
**\$11.6 B**  
ORDER BOOK  
(with OPC &  
TAGOS options)

  
**40**  
SHIPS SCHEDULED OR  
UNDER CONSTRUCTION

  
**9**  
SHIPS  
DELIVERED

  
**4,300**  
EMPLOYEES

  
  
**5 SHIPYARDS  
IN 4 COUNTRIES**

  
  
**8 SERVICE CENTRES  
IN 5 COUNTRIES**

  
**60**  
VESSELS UNDER  
SUSTAINMENT  
CONTRACTS

1. Revenue has grown from last year and we expect this to continue based on orders won
2. T-AGOS win adds to the record orderbook at AUSA
3. AUSA and Australasia achieved delivery of 9 ships in FY2023 (USA - LCS 32 & 34 and EPF 13 whilst AUS - ECCPB 12 -15, Mols 2 and Aremiti)
4. Our service and support business continues to grow, and San Diego floating dock has arrived
5. We are now up to 8 service centres worldwide, with 60 vessels under sustainment contracts
6. Employee headcount globally is ~4,300
7. EPF 14&15, 2 LCS, 5 TATS, AFDM, OUSV 3, 3 CCPB & 7 GCPB (21), add scheduled (19) – EPF16, 7 TAGOS and 11 Cutters = 40 vessels scheduled or under construction

# Segment breakdown



## FY2023

\$ m	Concept	Ships	Support	Total
USA	Revenue	\$ 998.1	\$ 226.9	\$ 1,225.0
	EBIT	(9.5)	14.7	5.2
	EBIT Margin %	(1.0%)	6.5%	0.4%
Australasia	Revenue	\$ 222.3	\$ 144.1	\$ 366.4
	EBIT	6.7	9.1	15.8
	EBIT Margin %	3.0%	6.3%	4.3%

### USA:

- Shipbuilding revenue increase of \$118 m is driven by \$70 m favourable FX and \$48 m greater activity.
- Shipbuilding EBIT declined with the \$(160) m YoY movement in the T-ATS onerous contract
- FX impact on EBIT \$0.2 m
- USA Support increased EBIT is driven by greater throughput (availabilities) – post COVID

## FY2022

\$ m	Concept	Ships	Support	Total
USA	Revenue	\$ 880.1	\$ 175.8	\$ 1,055.9
	EBIT	122.1	11.6	133.7
	EBIT Margin %	13.9%	6.6%	12.7%
Australasia	Revenue	\$ 285.7	\$ 98.3	\$ 384.0
	EBIT	11.9	2.8	14.6
	EBIT Margin %	4.2%	2.8%	3.8%

### Australasia:

- Revenue contraction with completion of commercial ferries
- Actual shipbuilding margin declined due to the lack of commercial contracts
- Support volume and margin increased with higher emergent work and new contracts (T&T CCPB & LUSI contracts). FY2022 included reduced throughput with the Brisbane Slipway certification closure

# Cash flow



\$ m	FY2023	FY2022	Change
<b>Operating</b>	\$ 86.7	\$ 37.5	\$ 49.2
<b>Investing</b>			
Sustaining	\$ (8.8)	\$ (6.3)	\$ (2.5)
Enhancing	(94.0)	(121.2)	27.2
<b>Financing</b>			
Debt	\$ -	\$ -	\$ -
Loan origination	-	(0.9)	0.9
Lease principal	(9.1)	(8.6)	(0.5)
Dividends	(29.0)	(28.9)	(0.1)
FX differences	(6.8)	21.6	(28.3)
<b>Net Cash Flow</b>	\$ (60.9)	\$ (106.8)	\$ 45.9

Cash	Jun 2023	Jun 2022	Change
<b>Cash @ bank</b>	\$ 179.2	\$ 240.1	\$ (60.9)
<b>Net cash</b>	\$ 49.7	\$ 115.6	\$ (65.9)

## Operating:

- Favourable timing of milestone receipts, partially offset with ~US\$(40) m of OPC supplier prepayments

## Investing:

- Enhancing capital expenditure on San Diego expansion and USA steel transition a key enabler for future & awarded programs
- US\$32 m acquisition of land adjoining the Mobile facility for future expansion.

## Financing:

- \$29 m of dividend payments (equiv. 8 cents per share)

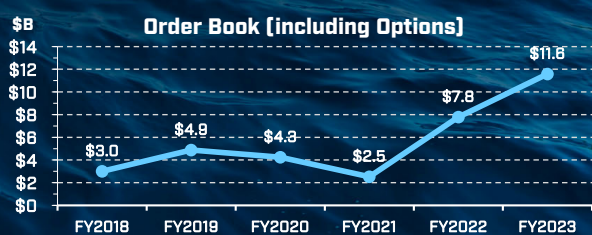
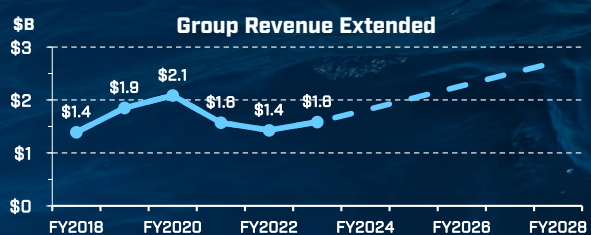
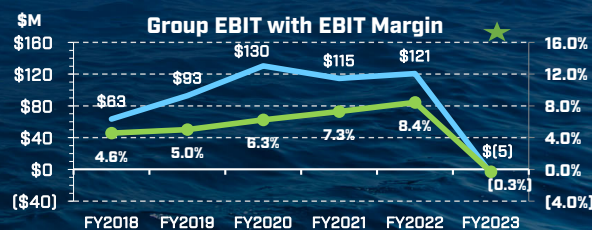
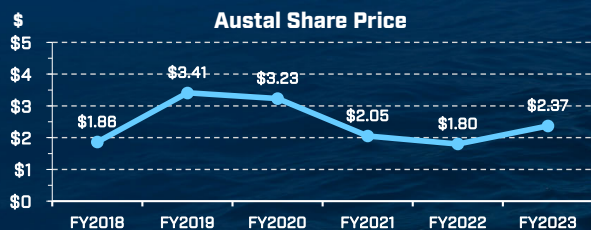
## Closing cash:

- Strong closing cash position, supports 3 cps final dividend (7 cps full year dividend declared)
- Cash position necessary to support major programs (e.g. San Diego dry dock, OPC & TAGOS awards & future opportunities)

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- Cash spent on land purchase ~USD 32 m and prepayments to suppliers in order to fix future pricing of ~USD 40 m that would have otherwise improved cash
- Dividend payments (8 cps) included the FY2022 Full Year 0.4 CPS and the FY2023 H1 Interim dividends 0.4 CPS (paid dividends)
- Full year total 7 cent dividend declared recognising that we are still in a strong cash position

# Historical investor data



Focus has moved from needing to win work in AUSA to execution. ★ FY23 EBIT would have been **-\$166 m** without T-ATS Loss

1. The graphs show historical share price, EBIT margin and orderbook.
2. The revenue chart shows future growth based on orders (including options) that have been won.
3. FY2023 EBIT reflects the accounting treatment of the in year impact of the potential TATS loss, and shows the historic profit range of 4.6% – 8.4%
4. The Order book is shown inclusive of all of the OPC & TAGOS contracted options (including those that have not yet been exercised)

# Guidance FY24



Revenue  
**+ 8% to + 10%**  
(2023: \$1,585)

Underlying EBIT  
**+ 3% to + 4%**

# Expanding Shipbuilding

## USA

1. Execute & expand - LCS, EPF, EMS, T-ATS, OPC, AFDM, LCU, DUSV 3, T-AGOS
  1. Continue to invest on the back of order book (up to \$11.6bn including unexercised options) and future opportunities
2. New program targets - EPF VLS, FFG FY, LUSV, MUSV, NGLS, LAW, AS(X), DDG(X), S72, MAST 13
2. Team with other shipbuilders as a major subcontractor; Why?
  - Leads to new gov. funding/grant pools
  - Expands our capabilities & offerings
  - Increases % wins for new core programs
  - Adds volume lowers our cost - increasing EBIT
  - Creates Service expansion opportunities
  - Greater stability for the business

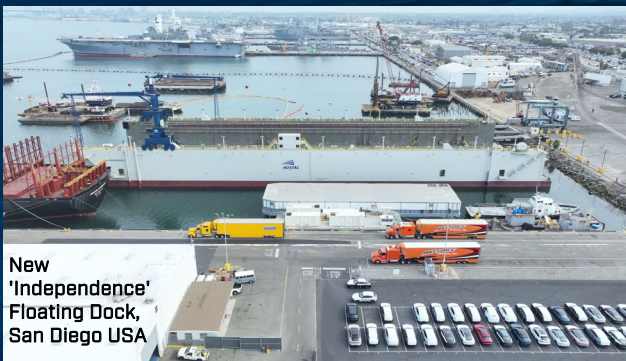
## Australia

1. Continue to build and evolve the Cape Class design and capability & partner with others to be the Sovereign shipbuilder
2. DSR positively received; "enhanced sovereign defence industrial capacity", "a national industrial base with a capacity to scale", "It is essential to immediately accelerate the acquisition of LAND 8710 Phases 1-2 - Army Littoral Manoeuvre Vessels (Landing Craft Medium and Heavy) and expand the scope of this capability", "Government reaffirm its commitment to continuous naval shipbuilding."
3. Need to win work and we are awaiting outcome of surface fleet review, but we are optimistic about the future

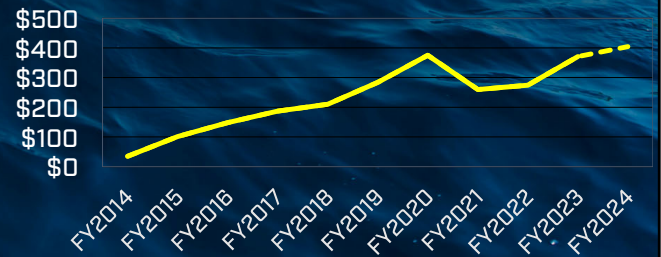
1. We have spent the last 2 years growing the order book and bringing diversity of programmes to the business. Just won LCU as per ASX announcement
2. Not only are we looking broadly on programmes we are looking further into the future through funded design studies
3. In the past we have looked to exclusively prime shipbuilding contracts; we are now working with partners as a major subcontractor
4. We believe we are well placed for a positive, long-term outlook in the Australian Defence Strategic review based on our delivery performance



# Support Growing in line with \$500m target in FY27



Support Revenue \$m



1. We have a target to grow our support business to \$500m by FY27. This was impacted by Covid but these results show we are on track
2. Australia support growing as we deliver more ECAPES into service
3. San Diego, USA and had a successful grand opening in February
4. The floating dock “Independence” has arrived in San Diego and is being commissioned, allowing us to increase revenue

# AUKUS



- Submarine Modules
- Autonomy
- Additive manufacturing
- Training people
- Service work
- Common platforms

US Navy LUSV Design



Saildrone Surveyor



USNS Apalachicola (EPF13) – first EPF & largest US Navy surface ship with autonomous capability

1. Austal believed AUKUS will be a great opportunity going forward
2. Pillar 1 is all about Nuclear Submarines and we have started building modules in Mobile with opportunity to grow that work
3. We are working in Autonomy in both the US and Australia
4. We are investing in additive manufacture in the US to make submarine components
5. We have identified opportunities for future work in the UK, completing the tri party opportunities