

Annual General Meeting FY2021



11 November 2021
Paddy Gregg, Chief Executive Officer

1. Welcome to the FY 2021 AGM. I am Paddy Gregg the CEO at Austal.
2. I will be presenting in the same format with by giving a financial, then business overview and context. As always, I plan to present for no more than 20 minutes to allow time for questions.
3. It's been a challenging year with Covid, but we have successfully kept our yards open and adhered to social distancing rules. We have been challenged with a strengthening Aussie dollar, and on the back of 5 years of record results I can only report this is the second best set of results we have announced, despite all the challenges.
4. We remain focused on opportunities for long term sustainable growth and profitability of the business and replenishing the orderbook to keep our facilities full and staff gainfully employed.

Export Success in 2021



59TH AUSTRALIAN
Export & Investment Awards

National Finalist 2021
MANUFACTURING AND
ADVANCED MATERIALS



Upon direction / cue from Paddy - Play TTCG Capes Departure (Export) Video (Video 1)

FY2021 Key Facts



\$1.572 B

REVENUE



\$2.5 B

ORDER BOOK



29

SHIPS UNDER
CONSTRUCTION
OR SCHEDULED



19

SHIPS
DELIVERED



5,500

EMPLOYEES



8

SERVICE CENTRES



**5 SHIPYARDS
IN 4 COUNTRIES**



35

VESSELS UNDER
SUSTAINMENT
CONTRACTS

1. Revenue in FY21 delivered inline with guidance.
2. We are also working our way through the orderbook and while replacement is a key focus for us, let's not overlook the fact that we have 29 ships under construction or scheduled. That is still a significant volume of work ahead for the company.
3. I'm very proud of what our teams in AUSA and Australasia have achieved, to deliver 19 ships - a record for us - despite the challenges of Covid is a fantastic achievement.
4. Many businesses are suffering but with the strong orderbook we possess, and strong balance sheet, we battle Covid from a very fortunate position and that can be seen from the results we are delivering today.
5. Our service and support business has had some immediate challenges, but we still see a bright future for this division and I'm pleased to say the BSE (now Austal Cairns and Austal Brisbane) acquisition and integration has gone well. We are now up to 8 service centres worldwide, with 35 vessels under sustainment contracts, up from 33, growing opportunity as we continue to deliver defence vessels in both USA and Australia.

Financial Headlines FY2021



\$ m	FY2021	Change from PCP	
Revenue	\$ 1,572 m	[25%]	↓
EBIT	\$ 114.6 m	[12%]	↓
NPAT	\$ 81.1 m	[9%]	↓
Total Dividends Declared	8 ¢ per share	-	→
Operating Cash Flow	\$ 107.3 m	[35%]	↓
Net Cash ¹	\$ 231.9 m	[15%]	↓
FY2022 Revenue guidance @ 0.75 USD / AUD	- \$ 1,500 m	[5%]	

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

1. These results demonstrate a really strong operational performance, and although revenue is reduced and impacted by FX, our earnings dropped by relatively smaller amount.
2. The one area that continues to receive maximum focus is replenishment of the orderbook and associated revenue. I plan to talk more about the opportunities available to Austal, particularly in US, later in the presentation.
3. Standouts in the half were:
 1. Increased shipbuilding margins from both USA and Australasia
 2. Confidence in the balance sheet to allow us pay shareholders another 4c dividend and continue to invest in both organic and inorganic opportunities.
 3. Austal has maintained a very healthy net cash position of around \$232 million – this enables us to deliver returns to shareholders whilst retaining the ability to self-fund investment in long-term growth opportunities.
 4. We are investing for future shareholder returns, including in building steel capability in the USA, a key component in order to replace LCS revenue.
 5. Finally and importantly, the results demonstrate how the nature of our business – being heavily skewed to defence – can withstand the current economic and operational challenges.

Business Overview



Expanding Globally

Floating Dry Dock, Philippines



Austal USA West Campus
Expansion for vessel sustainment



Austal Cairns
1,120t Mobile Boat Hoist



Austal USA
New Steel Shipbuilding Facilities

1. Pictures of some of the major investments in this year
2. All drive growth opportunity for the future
3. Great examples of what we can do with the cash/ strong balance sheet
4. We are opportunities for growth of the support business in San Diego, and Henderson as part of the Force Structure Plan

Operational Highlights



- Despite COVID-19 we have had a record year of ship deliveries
 - 5x Guardian class and 8x ferries (Fred Olsen 1, JRK, T&T Ferry, SGTM, 4 in China), 2x Patrol Boats to Trinidad, EPF 12 and LCS 26
 - Commissioned USS Mobile and christened USS Canberra.
- Facility expansion adding steel manufacturing capability is underway and is expected to be operational May 2022
- \$44M contract awarded to convert EPF 13 into an autonomous vessel
- The Austal West Campus (AWC) is fully operational supporting vessel launches and commercial repair projects
- San Diego acquisition progressing to plan
- Future opportunities are encouraging
- BSE (Austal Cairns/ Austal Brisbane) acquisition completed and integrated as part of Cairns sustainment strategy
- Dry dock purchase for launching vessels in The Philippines, used for FOSA 2
- Volta electric ship concept released

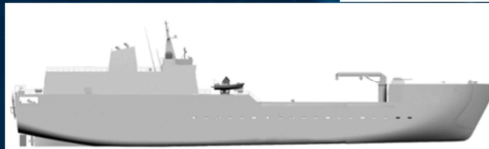
News since Results & Outlook



- Steel investment on plan
- US Coast Guard Offshore Patrol Cutter tender submitted
- First steel vessel construction contract awarded by the United States Navy, a US\$145 million (~A\$198.5 million) build of two Towing, Salvage, and Rescue ships (T-ATS 11 and 12). With options for up to three additional T-ATS ships, which, if exercised, will bring the total cumulative value of the contract to US\$385 million (~A\$528.6 million).
- San Diego progressing
- Subic Bay progressing



- Deliver LCS & EPF
- USCG OPC
- Medical Ship
- Light Amphibious Warship concept design awarded, planning for detail design & construction proposal
- T-AGOS Ocean Surveillance Ship RFI submitted, planning for detail design & construction proposal
- Frigate Follow Yard



1. 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.
2. Steel investment is progressing to plan.
3. T-ATS steel hulled vessel directed to us by Navy
4. Strong indication that Navy giving us \$50m that we will match fund to make our yard steel capable, plus the directed contract award for the T-ATS vessels means we will have a long future building steel ships for Navy.
5. Lots of future opportunities that we are well placed to execute.

News since Results & Outlook



- Guardian 13 delivered
- Cape 11 launched
- Tender for 8710 landing craft released
- Pacific Support Vessel going off-shore
- WA Export award for outstanding international success in manufacturing, engineering and/or advanced materials development.



- Delivered Bañaderos Express (Austal Hull 395), an Austal Auto Express 118 high-speed trimaran ferry, to Fred. Olsen Express of the Canary Islands.
- PNOPV discussions continuing



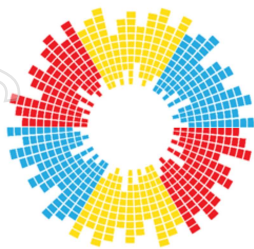
- EUR22.5 million contract awarded for 66m catamaran ferry
- InterFerry Conference buoyant



- Sale completed



1. Lots of opportunities that we are well placed to execute, and some meaningful announcements since results
2. 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.



GROWTH STRATEGY 2050



STRATEGIC PRIORITIES



EXPAND SHIPBUILDING

EXPAND our shipbuilding capabilities to be a world leading designer and builder, in both steel and aluminium, of large, complex naval and commercial vessels, including autonomous naval ships and zero emission fast ferries.



ENHANCE SYSTEMS

ENHANCE our systems and digital products to become Australia's sovereign supplier of naval vessel systems, the global leader in fleet life cycle management solutions for complex assets and a regional champion of Industry 4.0 in shipbuilding.



EXTEND SUPPORT

EXTEND our support and sustainment services to become the leading Indo-Pacific regional supplier to the US Navy, the Australian Commonwealth across all Defence domains and regional navies wherever Austal has a shipyard presence.

1. 2050 because the life of our vessels is 25-30 years
2. Our 10 year growth rate exceeds peers but still lacks scale
3. The makeup of our business has changed significantly but needs to keep changing to meet market demands and opportunities
4. 4 meta-trends drive this: regional insecurity / supply chain localisation/ decarbonisations/ autonomy and automation
5. Expand/ enhance/ extend.

Sustainability at Austal

For over 30 years, Austal has been a trusted, stable and reliable partner to our customers.

Austal's aim is to continue to provide leadership and demonstrate best practice in the industry on behalf of our customers.

This extends to managing risks associated with environmental, social and governance issues.



1. Austal made a significant investment in the quality and content of our ESG report this year.
2. This is an area that really matters to us and low emissions is a focus and opportunity for the future.
3. Austal has chosen to report scope 3 emissions (the emissions attributable to suppliers and customers). Many other companies are not doing this in order to keep reported emissions low.

Expanding our range
of zero emission fast ferries

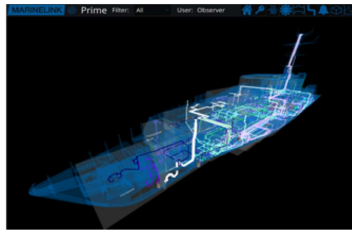


VOLTA

12

1. Launched in December and lots of interest. But Covid impacting commercial orders
2. Could be electric or hybrid with hydrogen or LNG
3. Could be other applications- ferry/ workboat or crew transfer/ fishing

Enhancing Systems with a growing range of digital products



MARINELINK

- 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

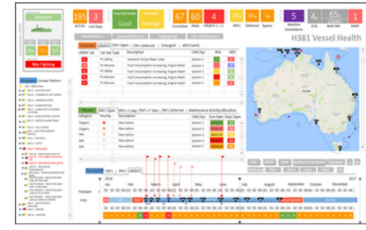
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MARINELINK Smart

- 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

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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.

Strategic Outlook



1. Our LCS transition continues and we are delivering every step of our plan.
2. COVID-19 remains a challenge but we had a record year of ship deliveries
3. Long term growth strategy with strong balance sheet to support investment
4. Future work opportunities across ships / systems / support
 - I. Multiple US programmes in steel
 - II. Philippines Navy OPV
 - III. Commonwealth of Australia Force Structure Plan
 - IV. R&D in future technologies like autonomous capability
5. Capability to deliver steel & aluminium shipbuilding and sustainment in commercial & defence sectors

1. Great set of results with strong operational performance with challenges I'm confident we will overcome.
2. Our strong balance sheet has helped during Covid, and allows us to invest for what's looks like an exciting future
3. We are a more diversified business now, establishing in shipbuilding, support and systems.
4. The same macro factors driving growth of the US Navy are also apparent in Australia, as seen with the award of 6 Cape vessels and a clearly defined construction runway for a whole host of vessels outlined in Australia's Defence Force Structure Plan.
5. We also see significant opportunities in the Philippines and advanced technology autonomous vessels
6. 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.

**“Team with Austal”
New Video**



Disclaimer

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For further information visit www.austal.com

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