2016 full year results (concise)

David Singleton, Chief Executive Officer
Greg Jason, Chief Financial Officer

29 August 2016
Earnings in line with guidance

<table>
<thead>
<tr>
<th>Income statement</th>
<th>FY2016 (A$m)*</th>
<th>FY2015 (A$m)^</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,339.9</td>
<td>1,414.9</td>
<td>(5)%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(91.0)</td>
<td>109.5</td>
<td>(183)%</td>
</tr>
<tr>
<td>- Underlying</td>
<td>65.0</td>
<td>97.9</td>
<td>(34)%</td>
</tr>
<tr>
<td>EBIT</td>
<td>(120.9)</td>
<td>85.2</td>
<td>(242)%</td>
</tr>
<tr>
<td>- Underlying</td>
<td>35.1</td>
<td>73.6</td>
<td>(52)%</td>
</tr>
<tr>
<td>NPAT</td>
<td>(84.2)</td>
<td>53.1</td>
<td>(258)%</td>
</tr>
<tr>
<td>- Underlying</td>
<td>25.0</td>
<td>45.0</td>
<td>(44)%</td>
</tr>
<tr>
<td>Reported EPS</td>
<td>(24.2)ϕ</td>
<td>15.5ϕ</td>
<td>(256)%</td>
</tr>
</tbody>
</table>

- **Revenue** decrease driven by write down of LCS work in progress (WIP) with FX offset
- **Primary drivers of EBIT reduction:**
  - LCS WIP write down ($156 million in USA and $3 million in Australia)
  - Lower activity in Australia following CCPB 1 – 8 and Oman HSSV
  - CCPB 9 & 10 – no profit recognition in FY2016 under financing arrangement
  - Warranty provision

* FY2016 underlying earnings removes the impact of a downward adjustment to revenue made to account for a change in the estimated cost to completion for the Littoral Combat Ship program

^ FY2015 underlying earnings removes the benefit from the foreign exchange mark-to-market revaluation of intercompany loans. Those loans were converted to equity in FY2015 H2 and have not impacted the FY2016 result.
## Segment breakdown

<table>
<thead>
<tr>
<th></th>
<th>($m)</th>
<th>Ships</th>
<th>Systems</th>
<th>Support</th>
<th>Other¹</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>821.4</td>
<td>213.9</td>
<td>97.8</td>
<td>-</td>
<td>-</td>
<td>1,133.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>(90.8)</td>
<td>2.2</td>
<td>6.0</td>
<td>(8.0)</td>
<td>-</td>
<td>(90.5)</td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>(11.1)</td>
<td>1.0</td>
<td>6.2</td>
<td>-</td>
<td>-</td>
<td>(8.0)</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>139.0</td>
<td>-</td>
<td>48.0</td>
<td>-</td>
<td>-</td>
<td>187.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>5.6</td>
<td>-</td>
<td>2.1</td>
<td>(1.0)</td>
<td></td>
<td>6.8</td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>4.0</td>
<td>-</td>
<td>4.4</td>
<td>-</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Philippines</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>31.9</td>
<td>-</td>
<td>2.0</td>
<td>-</td>
<td>-</td>
<td>33.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>(4.4)</td>
<td>-</td>
<td>0.7</td>
<td>-</td>
<td></td>
<td>(3.8)</td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>(13.9)</td>
<td>-</td>
<td>32.8</td>
<td>-</td>
<td></td>
<td>(11.1)</td>
</tr>
</tbody>
</table>

- **USA**: LCS work in progress write-down, support revenue grew over 100% year on year
- **Australia**: Transition from CCPB 1-8 & RNO to new projects with zero or low profit take up
- **Philippines**: Low throughput in FY2016
Discipline in long-term debt reduction

![Chart showing gross debt reduction over time.](chart.png)
LCS test programs largely complete

- Naval vessel rules modifications incorporated
- Physical shock trials complete. Analysis by US Navy will continue.
- Modification requirement has dropped dramatically
- Financial impacts understood
- Expect residual risks reducing
Austal remains strongly positioned in US

Austal-built vessels have continued to be funded and programs are maturing

US Foreign Policy remains focused on Asia-Pacific defence strategy

Winning service contracts on LCS and investing in support business to enhance prospects for additional work

US Navy and Congress commitment appear to be focused on ‘upgunning’ final 20 LCS as fast frigates and meet 52 vessel target – rate of acquisition to be decided by Congress

FY2017 Appropriation of 3 additional LCS by Congress is likely, EPF 11 & 12 production contract expected

LCS variants attractive to international market through US Foreign Military Sales (longer term)
Transition period in Australia

HSSV High speed support vessels for Oman
CCPB Cape class patrol boats for Royal Australian Navy
Mols 109m Passenger and Vehicle ferry for Mols Liner in Denmark
PPB Pacific Patrol Boats for Commonwealth of Australia
OPV Offshore Patrol Vessels for Royal Australian Navy (prospective)
CCPB ISS. Support contract for Cape Class vessels for Australian Border Force
Design work load Australia and Philippines

Full Time Equivalent Design personnel

- Potential Order Intake
- Current Design Load
- Current Manpower
Once in a generation opportunity for Austal—“Continuous Shipbuilding” in Australia

<table>
<thead>
<tr>
<th>Designer</th>
<th>Build location</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCNS</td>
<td>Adelaide</td>
</tr>
<tr>
<td>BAE Systems</td>
<td>Adelaide</td>
</tr>
<tr>
<td>Fincantieri</td>
<td>Adelaide initial 2 vessels</td>
</tr>
<tr>
<td>Navantia</td>
<td>Henderson next 10 vessels</td>
</tr>
<tr>
<td>Damen</td>
<td></td>
</tr>
<tr>
<td>Lürssen</td>
<td></td>
</tr>
</tbody>
</table>

Designer for Submarine: DCNS - Build location: Adelaide
Designer for Future Frigate: BAE Systems - Build location: Adelaide
Designer for Offshore Patrol Vessel: Fincantieri, Navantia, Damen, Lürssen - Build location: Adelaide initial 2 vessels, Henderson next 10 vessels
Austal today is by far Australia’s largest shipbuilder

Austal vessels currently under construction in Alabama

127m LCS ×7
102m EPF ×3

Austal vessels currently under construction in Henderson

72m HSSV ×1
70m Oil & Gas ×1
58m Cape ×2

Upcoming Australian builds

70m Oil & Gas + 1 more in Philippines
58m Cape

Upcoming builds

109m Mols ×1
39m PPB-R ×19

ASC Air Warfare Destroyer. Size comparison

147m AWD ×3

SHIPS • SYSTEMS • SUPPORT
Pipeline has strengthened considerably

1. United States Defence
   - Strong potential to continue extending the LCS and EPF programs.

2. Middle East Defence
   - Exports from Austal’s portfolio of aluminium high performance naval vessels including HSSV and Cape Class variants.

3. Australia Defence
   - Steel vessels for the Australian Navy’s fleet renewal programs. PPB awarded to Austal. OPV bid 2016/17. Frigate later.

4. Global Commercial
   - 5 ferry awarded already in CY2016. Pipeline continues.
   - Innovative new offering in the Oil & Gas crew transfer market. 2 vessels completing, market very strong.
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