FY2019 Half Year Results

28 February 2019
David Singleton, Chief Executive Officer
Greg Jason, Chief Financial Officer
Financial Headlines

- **Revenue**: $851 m, up 31%
- **EBIT**: $40.4 m, up 52%
- **NPAT**: $23.7 m, up 2%
- **Interim Dividend**: 3¢ per share, up 50%
- **Operating Cash Flow**: $102 m, up $119 m
- **Net Cash**: $107 m, up $118 m

1. Excludes Cape Class Patrol Boats 9 & 10 lease
Key Facts

- **$851 m** revenue
- **~ $5.2 b** order book
- **7** new ships ordered
- **47** ships under construction or scheduled
- **6** ships delivered
- **5,560** employees
- **6** service centres
- **5** shipyards
- **20** vessels under sustainment or refurbishment
Operational Highlights

USA Business performing ahead of expectations:
• Vessel awards driving higher revenue.
• 4 LCS won in competition.
• 2 EPF Long Lead material contracts awarded.
• Delivered LCS 18 and EPF 10.
• Shipbuilding margin 7.1%.

Australasia growing rapidly
• Asia shipyard expansion in operation
• 1st Guardian Class Patrol Boat delivered to CoA
• Construction commenced for JRK Trimaran, 1st Fred Olsen Trimaran, Trinidad Catamaran.
• Mols vessel largest ever vessel (by volume) built in Henderson delivered Jan 2019.
Good progress on 109m vessel construction in Philippines.
Largest vessel to be built in this yard.

Service and Support
• Business segment on track for further substantial growth.
• Prime Contractor for 2 LCS FY2019 H2 dry docking activities in USA [first time]. Significant longer term implications.
Financials
## Earnings

<table>
<thead>
<tr>
<th>$ m</th>
<th>FY2019 H1</th>
<th>FY2018 H1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$851.5</td>
<td>$650.3</td>
<td>$201.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>60.7</td>
<td>43.8</td>
<td>16.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>40.4</td>
<td>26.5</td>
<td>13.9</td>
</tr>
<tr>
<td>NPAT</td>
<td>23.7</td>
<td>23.2</td>
<td>0.5</td>
</tr>
<tr>
<td>EPS (cents)</td>
<td>6.7</td>
<td>6.7</td>
<td>-</td>
</tr>
</tbody>
</table>

1. FY2018 H1 restated for adoption of AASB 15 Revenue accounting standard

- Operating Revenue increased across all shipyards (pre positive FX impact in USA and Asia).
- Significant EBIT & EBITDA increase, driven by strength of USA earnings and recovery of Australasia.
- FY2018 H1 NPAT benefited from the downward revaluation of deferred tax liabilities following tax reform in USA.
- Effective accounting tax rate ~35%
- Cash tax rate for FY2019 H1 estimated to be lower than 10%
Australasia reporting segment integrates shipbuilding capability across multiple shipyards
## Segment breakdown

**FY2019 H1**

<table>
<thead>
<tr>
<th></th>
<th>Concept</th>
<th>Ships</th>
<th>Support</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Revenue</td>
<td>$ 596.7</td>
<td>$ 90.1</td>
<td>-</td>
<td>$ 686.8</td>
</tr>
<tr>
<td></td>
<td>EBIT</td>
<td>42.2</td>
<td>6.9</td>
<td>(0.0)</td>
<td>49.1</td>
</tr>
<tr>
<td></td>
<td>EBIT Margin %</td>
<td>7.1%</td>
<td>7.7%</td>
<td>-</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

|         | Revenue | $ 139.0 | $ 30.6  | -      | $ 169.7 |
|         | EBIT    | 2.5     | 1.6     | -      | 4.1     |
|         | EBIT Margin % | 1.8%  | 5.1%    | -      | 2.4%    |

**USA:**
- Shipbuilding margin within guidance range.
- Continued trend of significant US Support Revenue and earnings growth.

**Australasia:**
- Merged Australia and Asia segments due to integrated shipbuilding arrangements.
- More than doubled shipbuilding throughput, and EBIT turnaround progressing.
- Support activity contracted following completion of ACPB remediation.

**FY2018 H1**

<table>
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<tr>
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<th>Ships</th>
<th>Support</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Revenue</td>
<td>$ 495.3</td>
<td>$ 59.7</td>
<td>-</td>
<td>$ 555.0</td>
</tr>
<tr>
<td></td>
<td>EBIT</td>
<td>31.1</td>
<td>2.6</td>
<td>(0.3)</td>
<td>33.5</td>
</tr>
<tr>
<td></td>
<td>EBIT Margin %</td>
<td>6.3%</td>
<td>4.4%</td>
<td>-</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

|         | Revenue | $ 61.9  | $ 36.5  | -      | $ 98.4 |
|         | EBIT    | (4.2)  | 3.1     | -      | (1.1)  |
|         | EBIT Margin % | (6.8%) | 8.5%    | -      | (1.1%) |
**Cash flow**

<table>
<thead>
<tr>
<th></th>
<th>FY2019 H1</th>
<th>FY2018 H1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating</strong></td>
<td>$101.9</td>
<td>$(16.9)</td>
<td>$118.8</td>
</tr>
<tr>
<td><strong>Investing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustaining</td>
<td>$(7.0)</td>
<td>$(3.6)</td>
<td>$(3.4)</td>
</tr>
<tr>
<td>Enhancing</td>
<td>$(12.6)</td>
<td>-</td>
<td>$(12.6)</td>
</tr>
<tr>
<td>CCPB 9 &amp; 10</td>
<td>-</td>
<td>$(3.0)</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>$(8.5)</td>
<td>$(6.8)</td>
<td>$(1.7)</td>
</tr>
<tr>
<td>Dividends</td>
<td>$(10.0)</td>
<td>$(6.3)</td>
<td>$(3.7)</td>
</tr>
<tr>
<td>FX differences</td>
<td>7.4</td>
<td>$(1.8)</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>$71.3</td>
<td>$(38.5)</td>
<td>$109.7</td>
</tr>
</tbody>
</table>

**Operating:**
- Significant operating cash flow, lumpiness still an inherent feature with milestone progress payments.

**Investing:**
- Sustaining capex in typical range of $10 – 15 million for full year.
- Enhancing capex was predominantly for the expansion of the Philippines.

**Financing:**
- GZB & lease debt reduction.
- Dividends are net of dividend reinvestment program.

**Closing cash:**
- Strong closing cash position.
- Benefited from a reduction in work in progress and progress payments in advance for FY2019 H2.
- Higher net cash.
- Supports increase of interim dividend to 3 cps.

<table>
<thead>
<tr>
<th></th>
<th>Dec 2018</th>
<th>Jun 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash @ bank</td>
<td>$233.3</td>
<td>$162.0</td>
<td>$71.3</td>
</tr>
<tr>
<td><strong>Net cash¹</strong></td>
<td>$107.4</td>
<td>$33.9</td>
<td>$73.5</td>
</tr>
</tbody>
</table>

1. Excludes CCPB 9 & 10 debt
Net Cash / (Debt)$^1$

$\text{m}$

\begin{tabular}{cccccccc}
$\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$ & $\text{(0)}$
\end{tabular}

$^1$: Excludes CCPB 9 & 10 debt
Guidance Update – Group

The following slides are an update on public guidance statements made in the FY2018 full year results announcement.

Revenue $1.3 – 1.4 billion increased to $1.9 billion

USA Margin 7-8%

Effective tax rates similar to FY2018

Cash generation similar to FY2018
Guidance Update - Defence

1 or 2 LCS from 2018 US fiscal budget

1 EPF from 2018 US fiscal budget

Trinidad & Tobago Cape Class Patrol Boats

Philippines OPVs
Guidance Update - Commercial

Continuing to pursue opportunities for further orders

Capacity expansion in Asia fully functional in FY2019 H2

8 vessels in construction excluding China

Australasia shipbuilding revenue to double

Australasia return to profit (EBIT)
Guidance Update - Support

- Continued Naval support growth
- Dry Dock support for LCS
- Armidale support complete
- GCPB support starts FY2019
- CCPB support performance improvement
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