Austal Philippines
Institutional Investor, Shareholder and Analyst Tour

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ABOUT AUSTAL

SHIP DESIGNER

SHIP BUILDER

ASSET MANAGER

ASX:ASB SINCE 1998

5 SHIPYARDS

300 SHIPS

100 CUSTOMERS

54 COUNTRIES

WORLD'S LARGEST ALUMINIUM SHIPBUILDER

US$1.34B 2018 Revenue

AUSTAL
HSO was building two big vessels at the time for European customers; under pressure from the resource boom in WA.
STARTED SMALL WITH 30 PEOPLE AND TWO SMALL COVERED BAYS WITH A LEAN-TO.
INITIAL ACQUISITION WAS A SIMPLE STRUCTURE BUT IT HAD SPACE TO EXPAND, WATER FRONT POTENTIAL AND SEMI SKILLED PEOPLE IN THE SURROUNDING AREA WITH SOME ALUMINIUM, BUT MOSTLY STEEL SKILLS
WATER FRONT UNDERDEVELOPED.
SLIPWAY WAS CAPABLE OF SIMPLE LAUNCHES AND POSSIBLE RECOVERY IN GOOD WEATHER ONLY
NO REAL QUAY FRONT OTHER THAN L-SHAPED PIER
THERE WAS A PLAN FROM THE BEGINNING
LAND RECLAMATION, TO BE READY FOR EXPANSION WHEN THE TIME WAS RIPE –
MARKET AND WORK FORCE
IN THE MEANWHILE, TECH TRANSFER TOOK PLACE IN THE EXISTING FACILITIES
FIRST PHASE WAS CONSOLIDATION AND GROWTH. STARTED WITH SMALLER SIMPLER WINDFARM BOATS.
WHY WEST COAST CEBU?
CITY APPEARS LOGICAL LOCATION WITH INFRASTRUCTURE.
MOUNTAINS PROVE BENEFICIAL TO DEVELOPING A RELATIVELY STABLE BLUE COLLAR WORK FORCE
AUSTAL PHILIPPINES GROWTH
Mid 2016 AP Reaches Technology Transfer Maturity

Approx. Tonnage Alu

1800

700

2012 - 2016

FRED. OLSEN EXPRESS

2016 - 2020

Approx. US Revenue

350M

100M

10
AUSTAL PHILIPPINES GROWTH
Focus on Leadership, Training, Welfare & Changes Attitude

Staff Turn over 2016 - Circa 16%

Staff Turn over 2018 - Circa 5%
AUSTAL PHILIPPINES GROWTH
Key Indicators Improve Project to Project & Year to Year

- Fabrication efficiency improves each boat.
- Revenue improves and projects meet schedule.
QUALITY NOT EASY TO QUANTIFY, BUT ACROSS THE BOARD UNSOLICITED POSITIVE COMMENTS CAME BACK FROM CUSTOMERS, REGULATORY AUTHORITIES, ISO AUDITORS AND EQUIPMENT MANUFACTURERS
AUSTAL PHILIPPINES EXPANSION
Change, Growth, Capability & Market Justifies Expansion
AUSTAL PHILIPPINES GROWTH
Extra Expansion Capacity Enables Significant Revenue Improvement

- Revenue shown as % of full expansion capacity.
- 2020 revenue will vary based on order book make-up.
AUSTAL PHILIPPINES GROWTH
Extra Expansion Capacity Enables Significant Revenue Improvement

- Revenue shown as % of full expansion capacity.
- Revenue opportunity significantly increased with expansion.
AUSTAL PHILIPPINES GROWTH
Team Growth Provides Opportunity for Local Leadership

- Workforce doubles in 2018/19.
- From local communities and trained in-house.
- Expat Leader/Coaches less than 2%
LARGE PROJECTS UNDERWAY IN NEW FACILITY
BUILDING INDOORS IS GREAT FOR ALUMINIUM CONSTRUCTION BUT ALSO A BENEFIT FOR THE TROPICAL ENVIRONMENT WHERE STORMS ARE COMMON
NEW SHEDS DESIGNED TO SUIT VARYING LARGE HULL CONFIGURATIONS
SKILL SET ENABLE VARIOUS SUPPORT OPTIONS NOT JUST ALUMINIUM.
THE NEW FACILITY HAS BEEN DEVELOPED WHILE THE EXISTING SHEDS REMAIN FULLY FUNCTIONAL. EXISTING SHEDS WILL REMAIN FULLY CAPABLE IN PARALLEL TO THE NEW FACILITY DEPENDING ON MARKET DRIVERS, LARGE AND MEDIUM VESSEL BUILDS CAN BE BUILT TO CERTAIN LEVELS OF COMPLETION, IN ANY OF THE SHEDS – FRED OLSEN TRIMARAN BEING THE EXAMPLE TODAY.
AUSTAL PHILIPPINES SALES OPPORTUNITY
Repeat Customers and Vessels

- 56m Catamaran for repeat Asian customer – late 2019.
- Possible repeat of FRS Design.
AUSTAL PHILIPPINES SALES OPPORTUNITY
Domestic Market is Starting to Realise New Local Build is an Option Again

- 49m Catamaran for repeat Philippines customer – late 2019.
- Increase domestic market footprint.
WIDE BODY BAY UNDERWAY AND WILL HELP ADD VALUE PRELIFT OF BUILD UNITS.

- Bay 9 – wide body bay for superstructure unit builds.
- Increase pre-lift outfit.
NEW OFFICE SPACE AND COMPETITIVE LABOUR RATES AND CAPABILITY TO ENHANCE GROUP SUPPORT WORK

- Austal group design support out of AP.
- Austal Supply Chain group support out of AP.
WE ARE EXPORTING WORLD STANDARD BOATS FROM PHP TO OTHER SHIPBUILDING COUNTRIES.
AUSTAL PHILIPPINES FUTURE
Good University & School Relationships Ensure Good Grads

- University graduate program
- Schools
- Local communities

EMPLOYER OF CHOICE – UNI’S, SCHOOLS AND LOCAL WORKFORCE
OPEN TENDER. GOV WANTS MAJORITY BUILT IN-COUNTRY. AUSTAL COULD BUILD ALL IN COUNTRY IN COOPERATION WITH LOCAL PARTNERS.
AUSTAL PHILIPPINES FUTURE
Sustainment For USA Military Sealift Command Out Of AP

- Multiple EPF’s deployed in the region.
- Provide local sustainment from yard with Aluminium expertise.
AUSTAL PHILIPPINES FUTURE
The Real Austal Philippines Value Is PEOPLE
Disclaimer

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