

Austal AGM 2023



October 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)


43
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 (22) – EPF16, 7 TAGOS, 11 Cutters, 3 LCU's = 43 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
Operating	\$ 86.7	\$ 37.5	\$ 49.2
Investing			
Sustaining	\$ (8.8)	\$ (6.3)	\$ (2.5)
Enhancing	(94.0)	(121.2)	27.2
Financing			
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)
Net Cash Flow	\$ (60.9)	\$ (106.8)	\$ 45.9

Cash	Jun 2023	Jun 2022	Change
Cash @ bank	\$ 179.2	\$ 240.1	\$ (60.9)
Net cash	\$ 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)

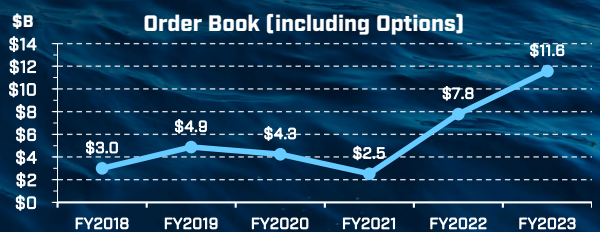
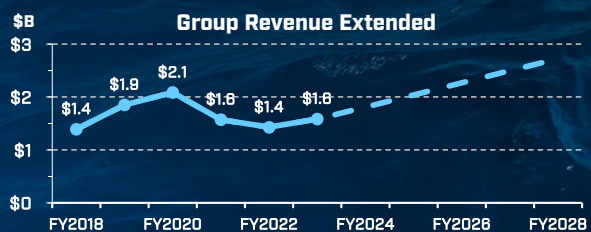
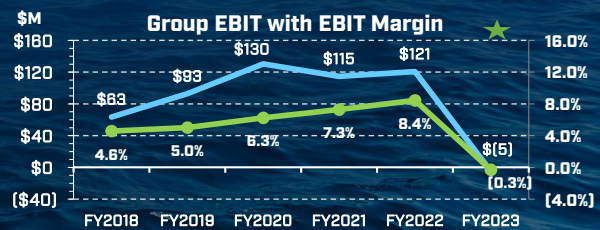
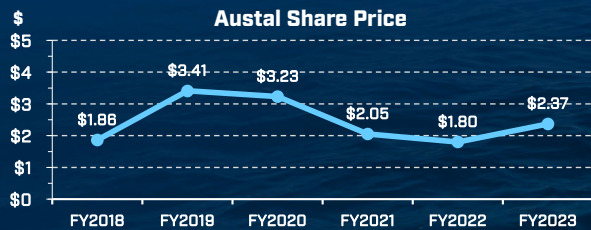
Closing cash:

- 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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1. 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
2. Dividend payments (8 cps) included the FY2022 Full Year 0.4 CPS and the FY2023 H1 Interim dividends 0.4 CPS (paid dividends)
3. 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)

Expanding Shipbuilding

USA

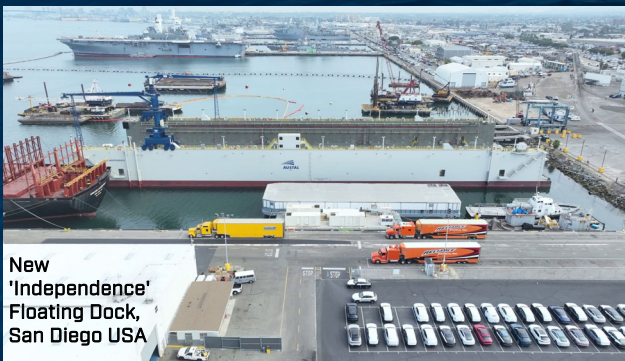
1. Execute & expand - LCS, EPF, EMS, T-ATS, OPC, AFDM, LCU, DUSV 3, T-AGOS
 1. Continue to invest on the back of order book (up to \$11.6bn including unexercised options) and future opportunities
2. New program targets - EPF VLS, FFG FY, LUSV, MUSV, NGLS, LAW, AS(X), DDG(X), S72, MAST 13
2. Team with 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

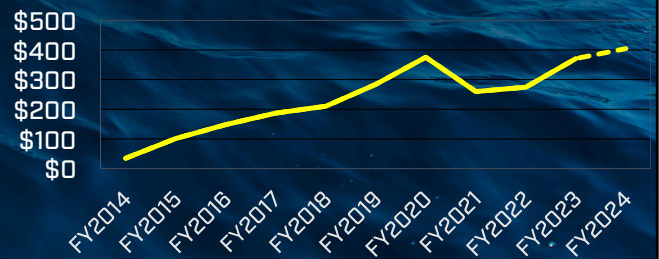
1. Continue to build and evolve the Cape Class design and capability & partner with others to be the Sovereign shipbuilder
2. DSR positively received; "enhanced sovereign defence industrial capacity", "a national industrial base with a capacity to scale", "It is essential to immediately accelerate the 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

Strategic Outlook

1. Execute the orderbook in the US
2. Resolve T-ATS challenges
 - Successful REA would deliver future improved earnings
3. Strong operational performance as demonstrated by ship deliveries and EBITDA
4. AUKUS and Australian Defence Strategic Review to provide a clear route ahead and future opportunities for Austal
5. Support revenue improving in line with long term target
6. Significant growth opportunities through new vessel programs, expansion of existing programs, and more sub-contracts for larger build programs
7. Significant success in winning steel work with orderbook ~\$11.6 billion (OPC & T-AGOS options included). Need to do the same in Australasia.
8. We continue to invest to build capability and opportunity to grow



Disclaimer

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For further information visit www.austal.com

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End

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Resolution 1

“That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2023 be adopted.”

Eligible proxies received :

FOR	AGAINST	PROXY'S DISCRETION
213,863,062	4,221,869	2,566,604
96.92%	1.91%	1.16%

Resolution 2

“That Mr John Rothwell AO, being a Director of the Company who retires in accordance with Article 8.1(d) of the Company’s Constitution and, being eligible, is re-elected as a Director of the Company.”

Eligible proxies received :

FOR	AGAINST	PROXY’S DISCRETION
186,539,249	31,848,754	35,385,162
73.51%	12.55%	13.94%

Resolution 3

“That Mr Michael McCormack, being a Director of the Company who retires in accordance with Article 8.1(d) of the Company’s Constitution and, being eligible, is re-elected as a Director of the Company.”

Eligible proxies received :

FOR	AGAINST	PROXY’S DISCRETION
242,233,541	8,811,355	2,624,470
95.49%	3.47%	1.03%

Resolution 4

“That Mr Lee Goddard, having been appointed as a Director of the Company on a casual basis since the last Annual General Meeting and who retires in accordance with Article 8.1(b) of the Company’s Constitution and, being eligible, is re-elected as a Director of the Company.”

Eligible proxies received :

FOR	AGAINST	PROXY’S DISCRETION
244,795,615	6,258,709	2,624,470
96.50%	2.47%	1.03%

Resolution 5

“That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to \$27,604 worth of Share Rights to Ms Sarah Adam-Gedge on the terms and conditions set out in the Explanatory Memorandum, and any issue of Shares pursuant to those Share Rights.”

Eligible proxies received:

FOR	AGAINST	PROXY'S DISCRETION
211,161,825	7,051,472	2,518,228
95.66%	3.19%	1.14%

Resolution 6

“That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to \$27,604 worth of Share Rights to Mr Chris Indermaur on the terms and conditions set out in the Explanatory Memorandum, and any issue of Shares pursuant to those Share Rights.”

Eligible proxies received:

FOR	AGAINST	PROXY'S DISCRETION
211,160,686	7,173,323	2,518,228
95.61%	3.25%	1.14%

Resolution 7

“That, subject to the approval of Resolution 4 above, pursuant to and in accordance with ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to \$27,604 worth of Share Rights to Mr Lee Goddard on the terms and conditions set out in the Explanatory Memorandum, and any issue of Shares pursuant to those Share Rights.”

Eligible proxies received:

FOR	AGAINST	PROXY'S DISCRETION
211,179,252	7,165,873	2,518,228
95.62%	3.24%	1.14%

Resolution 8

“That pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 446,244 Long Term Incentive Rights under the Austal Limited Rights Plan for FY2024 to Mr Patrick Gregg on the terms and conditions set out in the Explanatory Memorandum, and any issue of Shares pursuant to those Rights.”

Eligible proxies received:

FOR	AGAINST	PROXY'S DISCRETION
221,856,679	29,259,987	2,625,148
87.43%	11.53%	1.03%