Highlights

**Financial**
- Revenue: $507.6m, a 30.4% increase on H1 FY13
- NPAT: $9.5m, a 76.4% uplift on H1 FY13
- Net Debt: Reduced by $32.8 million H1 FY13 to $113.7m
- Cash flow: Strong conversion of earnings to cash – $37.8m cash flow from operating activities

**Operational**
- Group EBIT margin: Increased to 3.7% (H1 FY13: 3.2%)
- US operations: EBIT margin increased to 6.4% (H1 FY13: 5.5%)
- Australia operations: EBIT margin of 4.1%, improvement on loss in H1 FY13
- Order book: $2.4 billion, securing work through to CY18

**People & Strategy**
- Management: Stable team delivering results
- Defence pipeline: Potential for variant-style defence vessel exports and support work in Asia Pacific with the deployment of US and Australian defence vessels
Delivered on record amount of work in hand

- Ongoing improvement in earnings and revenue from H1 FY13 to H1 FY14
- Revenue growth driven by record amount of work in hand, particularly US Navy vessels
- Margin growth at US operations and profit contribution from Australia operations
Objectives for sustained growth

**Restructure balance sheet**
- Simplified debt structure
- Used strong cash flow to continue reducing infrastructure-related debt

**Improve operations**
- Achieved targeted +6% EBIT margin at US operation
- Profitable at Australia and Philippines operations
- Restructured service division into Australia operations to increase utilisation

**Ongoing delivery**
- Management stable and cost structures implemented to deliver on record amount of work in hand
- Targeting 8% EBIT margin in US by end FY16

**Pursue opportunities**
- Continue to target opportunities for additional variant-style defence vessels and commercial ships
- Scope for service work with deployment of defence vessels in Asia-Pacific

DELIVERED
FOCUS
UPSIDE
Earnings summary

Underlying EBITDA was $37.7m (H1 FY13: $28.4m) after removing one off impacts:
- $3.3m profit on sale of land at Henderson
- $10.2m WIP write down

US: EBIT margin improved from 5.5% H1 FY13 to 6.4% H1 FY14

Australia: Margin improvement from maturity of Cape Class program and increased utilisation through consolidation of service & support division

Philippines: Revenue growth but margin deterioration because a vessel was delivered late

<table>
<thead>
<tr>
<th>Profit &amp; Loss</th>
<th>H1 FY14 ($m)</th>
<th>H1 FY13 ($m)</th>
<th>Increase ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>507.6</td>
<td>389.4</td>
<td>118.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>30.7</td>
<td>24.0</td>
<td>6.7</td>
</tr>
<tr>
<td>EBIT</td>
<td>18.7</td>
<td>12.6</td>
<td>6.1</td>
</tr>
<tr>
<td>NPAT</td>
<td>9.5</td>
<td>5.4</td>
<td>4.1</td>
</tr>
<tr>
<td>EPS</td>
<td>2.71¢</td>
<td>2.14¢</td>
<td>0.57¢</td>
</tr>
</tbody>
</table>
Significant progress in debt reduction

- Cash generated from operating activities was used to reduce Net Debt by $32.8m
- Higher EBITDA and lower Net Debt has significantly reduced the Leverage ratio
- Proceeds from the sale of the satellite service base in Henderson were used to reduce debt by a further $17.1m in January 2014
- Strong focus on cash management has restricted capital expenditure to less than $2.0m

Leverage = Net Debt / Last 12 months EBITDA

Net debt | Leverage
--- | ---
$146.4 | 2.23
$113.6 | 1.49
Operations update
Ongoing progress across the business

- Keel laid on third Cape Class vessel
- New wind farm vessel contract awarded

August

- USS *Coronado* (LCS 4) delivered to the US Navy

September

- JHSV 1 successfully completed US Navy operational testing and evaluation – ready to undertake missions

October

- 16 vessels under construction

November

- Agreement to sell surplus facility at Henderson for $21 million
- Delivered 80 metre commercial ferry
- USS *Jackson* (LCS 6) launched

December

- Option to Purchase contract with European ferry operator for 102-metre stock boat
- JHSV 3 completed acceptance trials
- Second Cape Class Patrol Boat launched

January

- Keel laid on third Cape Class vessel contract awarded

2013

2014
Order book

- Order book of $2.4 billion secures revenue until CY18, including:
  - **Littoral Combat Ships for US Navy**
    - x6 funded (out of 10 vessel contract)
  - **Joint High Speed Vessels for US Navy**
    - Fully funded, with x2 delivered (out of 10 vessel contract).
  - **Cape Class Patrol Boats for Australian Customs and Border Protection**
    - Fully funded, with x1 delivered (out of 8 vessel contract), plus through-life support.
  - **Commercial vessels**
    - x3 27 metre wind farm support catamarans
    - x1 21 metre wind farm support catamaran
US – Littoral Combat Ship

- 10 ship contract awarded as prime contractor, worth US$3.5 billion.
  - 6 fully funded
  - Funding for two more (LCS 18 & 20) expected by end March 2014, final two in Q3 FY15.
- 2 LCS constructed and delivered by Austal for GD (LCS 2 and LCS 4).
- Program progressing well:
  - LCS 6 launched before end CY13 – first vessel as prime contractor
  - LCS 8, 10, 12 under construction
US – Joint High Speed Vessel

- 10 ship award to Austal valued at US$1.6 billion (fully funded), securing work through to CY17

- Maturing program progressing well:
  - JHSV 1 & 2 – delivered.
  - JHSV 3 – completed acceptance trials
  - JHSV 4 – launched
  - JHSV 5 & 6 – under construction

- Austal well placed to secure a role servicing the JHSV program

- Performance is generating interest – potential for Austal to penetrate new markets with variant
Austal’s position in the US remains strong

- Austal-built vessels have continued to be funded. LCS 18 & 20 expected to be appropriated by end Q3 FY14
- LCS program expected to continue beyond current block contracts – speed and quantum is uncertain and will be decided by Congress
- US Foreign Policy remains focused on Asia-Pacific defence strategy
- Additional opportunities for through-life support on LCS and JHSV, particularly with Asia-Pacific policy
$330 million contract for 8 Cape Class Patrol Boats, including $50 million support work – through to H1 FY16.

CCPB program maturing with 6 vessels under construction

Efficiency improvements expected to increase margins in H2 FY14

Targeting export opportunities for defence vessel variants

Early replacement of RAN vessels less likely in short term

Opportunity for service work with deployment of vessels in Asia Pacific
Philippines

- Delivered 80 metre commercial ferry in December 2013
- Ongoing technology transfer to improve competitive position
- Working capital largely retired
- Demand for commercial ferries remains subdued
- Pursuing further opportunities in wind farm and oil & gas vessel markets
Outlook
**Strategy**

United States
- Progressive growth in margins as vessel programs mature
- Augment contracts with service and maintenance work
- Extend pipeline beyond existing contract awards

Australia
- Further increase efficiencies on Cape Class Patrol Boats, following first-in-class vessel
- Target construction and support opportunities in defence vessels to sustain the shipyard, particularly in Middle East
- Extract further synergies from integration of shipbuilding and service operations

Philippines
- Continue to build commercial shipbuilding capability to position Austal for market opportunities
- Remain flexible according to market potential
- Integrate Philippines and Australia supply chain to increase competitiveness

Reduced debt, improved efficiencies from first-in-class ships, and stable management delivering on vessel programs
Outlook

Meet guidance of $1 billion revenue in FY14

Continue progressive growth in profit margins, augmented by an increase in service and systems work

Use strong cash flow from operations and complete sale of stock boat to pay down infrastructure-related debt

Research and development to increase platform capability to drive new demand for current ships and variant models

Stable management and strengthened Board delivering results

Pursuing variant-style defence vessel contracts in export markets
Disclaimer

Andrew Bellamy, Chief Executive Officer
Telephone: +61 8 9410 1111

For further information visit www.austal.com

Disclaimer

This presentation and any oral presentation accompanying it has been prepared by Austal Limited (“Austal”). It should not be considered as an offer or invitation to subscribe for or purchase any securities in Austal or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in Austal will be entered into on the basis of this presentation.

Our presentation contains “forward-looking” statements or projections based on current expectations. These statements are not guarantees of future performance and are subject to risks and uncertainties. Actual results may differ materially due to: the availability of US government funding due to budgetary or debt ceiling constraints; changes in customer priorities; additional costs or schedule revisions. Actual results may also effect the capitalization changes on earnings per share; the allowability of costs under government cost accounting divestitures or joint ventures; the timing and availability of future impact of acquisitions; the timing and availability of future government awards; economic, business and regulatory conditions and other factors. We disclaim any duty to update forward looking statements to reflect new developments.

Accordingly, to the maximum extent permitted by applicable laws, Austal makes no representation and can give no assurance, guarantee or warrant, express or implied, as to, and takes not responsibility and assumes no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this presentation.

You should not act or refrain from acting in reliance on this presentation material. This overview of Austal does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of Austal’s prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.