

# Euroz Hartleys Rottneest Island Conference 2023



7 March 2023  
Paddy Gregg, Chief Executive Officer

1. Welcome to FY2023 H1 results

# Financial Headlines FY2023 H1



\$ m	FY2023 H1	FY2022 H1
Revenue	\$ 775 m	\$ 722 m
EBITDA	\$ 27.4 m	\$ 94.3 m
EBIT	\$ (2.0)	\$ 71.1 m
NPAT	\$ (7.3)	\$ 45.1 m
Interim Dividends Declared	4 ¢ per share	4 ¢ per share
Operating Cash Flow	\$ (8.0)	\$ 43.1 m
	Dec 2022	Jun 2022
Net Cash	\$ 57.7 m	\$ 115.6 m

Results significantly impacted by previously announced T-ATS onerous contract provision  
 As announced in the T-ATS ASX release earnings guidance was revised to approximately AU\$58m  
 Strong cash position allows dividend to be paid alongside significant investment for future growth

1. Revenue up but mainly FX
2. EBIT down and negative (loss) due to TATS onerous contract provision and FY2022 H1 included accelerated contingency release (LCS)
3. NPAT down and negative (loss) follows EBIT loss
4. Dividend remains consistent with strong cash and investment in the business
5. Operating cash down as a result of some program milestone movements - EPF 13 & Mols 2 delayed delivery
6. Net cash reduced due to investment in the business predominantly on San Diego support facility & dry dock.


# FY2023 H1 - Key Facts



  
**\$775 M**  
REVENUE

  
**\$2.6 B**  
ORDER BOOK  
(\$6.9 B with OPC  
options)

  
**27**  
SHIPS UNDER  
CONSTRUCTION  
OR SCHEDULED

  
**3**  
SHIPS  
DELIVERED

  
**5,000**  
EMPLOYEES

  
  
**5 SHIPYARDS  
IN 4 COUNTRIES**

  
  
**8 SERVICE CENTRES  
IN 5 COUNTRIES**

  
**56**  
VESSELS UNDER  
SUSTAINMENT  
CONTRACTS

1. AUSA and Australasia achieved delivery of 3 ships in FY23 H1 (USA - LCS 32 & AUS - ECCPB 12 & 13). Plus EPF13 & ECCPB 14, since half closed.
2. Our service and support business continues to grow, and we have ordered our floating dock
3. We are now up to 8 service centres worldwide, with 56 vessels under sustainment contracts.
4. Employee headcount globally is ~5,000

# Business Overview



# Expanding Shipbuilding

## USA

1. Win & grow prime long term - multi ship (core) programs

- Execute & expand - LCS, EPF, EMS, T-ATS, DPC, AFDM, LCU, OUSV 9
- New program targets - EPF VLS, FFG FY, TAGOS, LUSV, MUSV, NGLS, LAW, AS(X), DDB(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

• Examples:

- NNS (CVN)
- Electric Boat (SSN / SSBN)
- Others (DDB(X), AS(X))

## Australia

- Continue to build and evolved the Cape Class design and capability
- Partner with others to be the Sovereign shipbuilder
- Awaiting outcome of Defence Strategic Review for detailed way forward



1. We have spent the last 2 years growing the orderbook and bringing diversity of programmes to the Business.
2. Not only are we looking broadly on programmes we are looking farther 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 Defence Strategic review based on our delivery performance.

# Autonomy

AUSA continues to focus on executing strategy to grow Autonomy business

- Design & construction of unmanned / optionally manned surface vessels
- Place AUSA HM&E autonomy solution on all unmanned US Navy platforms
- Current programs;
  - **OUSV 1** (maintain), **OUSV 3** (new build) and **OUSV 4** (conversion)
  - LUSV CD (design)
  - EPF 13 (delivered)
  - Saildrone USVs – award for 5 (awaiting full funding). Plans to grow to >20/year
  - OUSV O&S
- Future opportunities;
  - LUSV DD&C
  - MUSV construction
- Australia focused on PBAT
- Potential for Saildrone in Australia



USNS Apalachicola [EPF13] – first EPF & largest US Navy surface ship with autonomous capability

One new opportunity stream is Autonomy.

Runs on the board:

1. Successful delivery of EPF 13, the largest surface ship in the US Navy fleet with autonomous capability

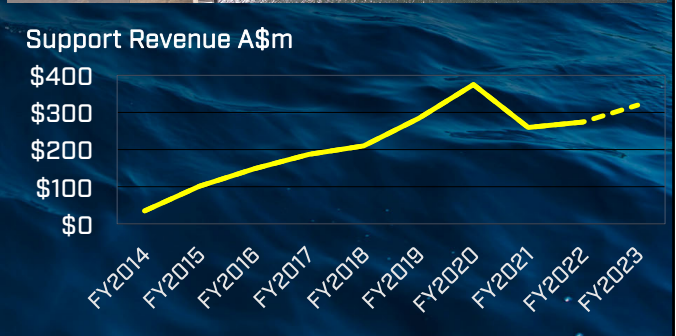
Signed contracts and work commencing:

1. Saildrone
2. OUSV
3. LUSV (design)
4. PBAT

Future opportunities:

1. Numerous as navies around the world seek to remove personnel from risk of harm in-theatre
2. Austal investing to be a key proponent in this shift

## Support Growing in line with \$500m target in FY27



1. We have a target to grow our support business to \$500m by FY27. This was derailed by Covid but these results show the volume is starting to return.
2. We invested in a facility in Cairns, Australia and it is performing in line with expectation.
3. We invested in a facility in San Diego, USA and had a successful grand opening in February.
4. There is more investment to come in San Diego with the addition of a floating dock, allowing us to increase revenue.

# Strategic Outlook

1. Resolve T-ATS challenges
  1. Excluding the T-ATS losses, EBIT would have been \$40 m
  2. Successful REA would deliver future improved earnings
2. Strong operational performance as demonstrated by ship deliveries
3. Support revenue back on upward trajectory post-COVID
4. Capability to deliver steel & aluminium shipbuilding and sustainment in commercial & defence sectors globally
5. Significant growth opportunities through new vessel programs, expansion of existing programs, and more sub-contracts for larger build programs
6. Revenue diversity through growing support business, increased number of vessel programs and contracts with other primes
7. Significant success in winning steel work with orderbook ~\$7 billion (OPC options included)
8. AUKUS and Australian Defence Strategic Review to provide a clear route ahead and future opportunities for Austal
9. We continue to invest to build capability and opportunity to grow





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