



2017 ANNUAL GENERAL MEETING

27 October 2017

David Singleton, Chief Executive Officer





- World's largest aluminium shipbuilder
- Shipyards in US, Australia and Philippines
- Service/Support Centres in Darwin, Cairns, San Diego and Singapore
- Only Australian company in world's top 100 Defence Contractors & Australia's largest Defence exporter
- Prime contractor for 2 major US Navy shipbuilding programs & only foreign company to Prime Contract ships for the US Navy
- The sole supplier of Commonwealth patrol capability for last 18 years. Bidding next version – the Offshore Patrol Vessel (OPV)



- >\$1.3 billion in revenues.
- >4700 employees globally.

Ships Delivered FY2017 = 10

• 2 USA, 6 Henderson & 2 Philippines:

- 1 x LCS10
- 1 x EPF8
- 2 x HSSV's (strictly speaking only 1; 1 was delivered in FY2016)
- 1x CMS 70m
- 1 x Swire 57m
- 2 x 2Go 30m
- 2 x Capes

Ships Under Construction as at FY 2017 reporting = 14

9 USA, 1 Philippines, (3 since), 2 Henderson & 2 China:

- 1 x PPB
- 1 x Mols
- 1 x FRS
- 2 x Aulong
- 6 x LCS (14, 16, 18, 20, 22, 24)
- 3 x EPF (9, 10, 11)

Sustainment Programs = 32

- 10 x Capes (8 x ABF, 2 x RAN)
- 7 x Armidales
- 5 x LCS (delivered)
- 8 x EPF (delivered)
- 2 x HSSV's

Vessel Programs

- Commonwealth of Australia – 19 x PPB-R
- US Navy – 14 x LCS and 12 x EPF
- Molslinjen – 109m catamaran
- 2Go – 2 x 30m ferries
- FRS – 1 x 56m Ferry
- SeaspoVill – 1 x 50m ferry + 3 additional recent awards

Ferry Orders in Last (approx.) 18 months = 13

- 1 x Mols
- 1 x Seasprovill
- 2 x 2Go
- 1 x FRS
- 2 x Aulong
- 1 x VS Ferries Corp
- 1 x Fjord Line
- 2 x Wisdom Marine
- 2 x FOSA

FY2017



REVENUE
A\$1.3b



EBIT*
A\$58.7m



Net Cash
A\$19m



Dividend
4.0 cents
(full year)

FY2016



REVENUE
A\$1.3b



EBIT*
\$35.1m



Net Cash
\$78m



Dividend
4.0 cents
(full year)

* Underlying

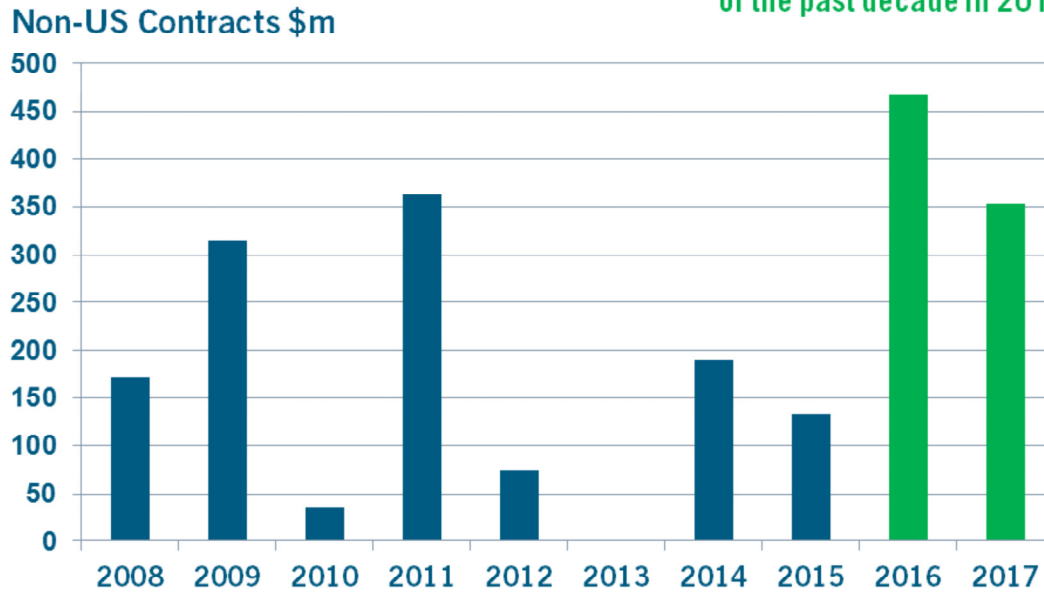
- Revenue was flat as expected and we have indicated that will continue into 2018 as US revenues decline as the shipbuilding programs hit steady state, and non-US businesses grow, based on recent order wins.
- Underlying EBIT was above our projected range of \$50-\$55M and showed a sharp improvement over the previous year which had been affected by LCS problems in the USA. Philippines made a small profit of lowish turnover and Henderson made a loss because of costs of sustainment on Cape Class.
- Dividend has remained at 4C for the full year and effective dividend rate of [X]% fully grossed up. Expect dividend to remain.

FY2008-2017 ORDER INTAKE*



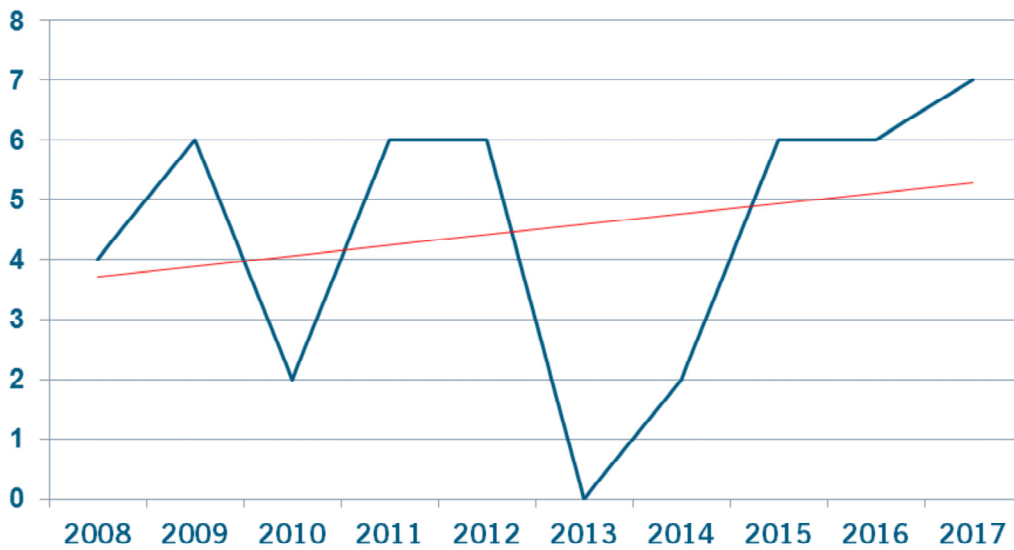
* Non USA

Achieved 3x times the historical sales of the past decade in 2016 and 2017



- \$820.1m in contracts over calendar years 2016 and 2017 ~ 64% previous 10 years
- Size and quality of non-USA book has been growing substantially and represents one of our best through our history
- Includes \$305m PPB and 4x circa \$100m ferries. Total order intake over previous 18 months is well over ***[\$2.5B]*** over last 2 years.
- Opportunities remain strong with multiple new Ferry and Defence programs ahead.

COMMERCIAL VESSELS - TRENDING UP



Larger vessels > 100 metres

Higher contract values

- You can see that in 2016 and 2017 vessel awards are at a peak level (\$820.1m in contracts)
- A major difference however is the quality of the opportunities. We now have 4 x circa 100M+ vessels in the order book but only built 6 in the last 20 years

US PROGRAMS – LITTORAL COMBAT SHIP



- LCS 8 Commissioned
- LCS 10 Delivered & Commissioned
- LCS 12 Delivered (Sept 2017)



PERFORMANCE

- LCS 8 – USS Montgomery commissioned September 2016
- LCS10 – USS Gabrielle Giffords delivered 23 December 2016, commissioned June 2017
- LCS 12 – USS Omaha delivered Sept 2017
- LCS14 – in next few months

- 3 issues on LCS:
 - Program performance;
 - New orders; and FFG-X.
- Program performance has improved substantially post the shock trials with production now in a steady rhythm with substantial cost efficiencies being demonstrated. We have already delivered better than 20% cost savings and expect to get to nearer 30% on man hours.
- Mobile believed to be the lowest cost naval producer in the USA.

US PROGRAMS – LITTORAL COMBAT SHIP



- LCS 28 Ordered
- LCS 30 Ordered
- 15 x *Independence*-class



• ORDERS

- LCS 28 (Yet to be named) – contract announced June 2017
 - LCS 30 (Yet to be named) – contract announced October 2017
 - 15th Independence class LCS to be built by Austal
 - Order value to date in excess of \$8 billion
-
- LCS 28 & 30 won as a result of a cost shoot out with the Freedom variant
 - Austal's Independence Class won (even though it is a fundamentally more expensive ship to build). This resulted in a 2 ship award.

US PROGRAMS – FAST FRIGATE (FFG-X)



- FFG(X) Request for Proposals anticipated November 2017; Austal has prepared an 'up-gunned', LCS based Frigate solution as shown
- US Navy may award as many as three design contracts for the FFG(X) competition.
- 6 companies who may bid on the program: Austal USA, BAE Systems, Fincantieri, General Dynamics Bath Iron Works, Huntington Ingalls Industries and Lockheed Martin.
- Expect LCS to transition to FFG-X earliest 2020
- SPECIFICATIONS
 - Hull: Trimaran
 - Length: 419 ft
 - Beam: 104 ft
 - Draft: 15 ft
 - Full Load Displacement: Approx. 3,500 MT
 - Speed: More than 32 kts
 - Range: More than 4,300 nm @ 12 kts
 - Berthing: 130
 - Mission Bay Size: 7,000 sq ft
 - Watercraft Operations: 2x 7m RHIB launch and recovery, up to sea state 3
 - Flight Operations: 1x H-60, up to sea state 5
 - Hangar: 1x H-60 and 1x MQ-8C

US PROGRAMS – EXPEDITIONARY FAST TRANSPORT



- EPF 8 Delivered
- EPF 9 Launched
- Orders received for EPF's 11 and 12



- EPF 8 – USNS Yuma delivered April 2017
- EPF 9 – USNS City of Bismarck launched June 2017
- Orders received for EPFs 11 and 12 bringing total contract value to more than \$2 billion
- Orders for EPF's 11 and 12 announced September 2016

AUSTRALIA PROGRAMS – OFFSHORE PATROL VESSEL



- 12 vessels for RAN from 2018
- OPV80 RAN – 80 metre
- Powerful shipbuilding partnership with FASSMER



- 12 vessels from 2018
- 2 in Adelaide, 10 in Henderson
- \$1.5B Acquisition program with a \$2B support program to be bid later
- OPV80 RAN design from Fassmer
- Decision expected in next 2-4 weeks
- This program is the single most important project Henderson has ever bid or is likely to bid as it creates a backbone of work for the next 15-20 years. Ensures Henderson survives. Other Defence, commercial and sustainment work will see Henderson develop further.

OPV VIDEO



Video of OPV80 RAN (shown at Pacific 2017)

AUSTRALIA PROGRAMS – GUARDIAN CLASS



- 19 steel vessels
- A\$306m



- Guardian Class – Pacific Patrol Boat Replacement
 - 19 steel hull vessels for 12 Pacific Islands
 - 11 tonnes aluminium, 85 tonnes steel per vessel
 - 150 workers at peak, from mid 2018 thru to mid 2022
- Dedicated PPB shipbuilding facility Hope Valley Road, Naval Base
- Launch date of Boat #1 - June 2018; Boat #19 - Dec 2022
- Delivery date Boat #1 - October 2018; Boat #19 - April 2023
- First vessel under construction; on schedule for delivery in 4th quarter 2018. Hull currently completing painting.
- 2nd vessel commencing construction November 2017
- Program on schedule and cost but still a year before final delivery

AUSTRALIA PROGRAMS – FUTURE FRIGATE



- 9 vessels for RAN from 2020
- ASC



- SEA5000 – 9 Frigates for RAN from 2020
- Austal teaming agreement with ASC to offer local, Australian owned solution for Frigates construction
- Future of Australian owned shipbuilding will be defined by this program
- Frigate down selected by mid CY18
- Political support for Austal in this program is improving

AUSTRALIA PROGRAMS – CAPE CLASS



- Cape Fourcroy and Cape Inscription delivered to RAN
- Sustainment program continues



- Capes 9 and 10 for Royal Australian Navy commenced construction December 2015
- Cape Fourcroy delivered April 2017
- Cape Inscription delivered May 2017
- Austal providing in-service support to Australian Border Force and Royal Australian Navy vessels (10 in total) through Henderson, Darwin and Cairns



- Molslinjen (Denmark) 109 metre high speed vehicle passenger ferry - 'Express4'
- Approx \$100million contract
- 827 tonnes of Aluminium, Lightship Weight 1400 tonnes
- Approx 300 peak resources occurring early 2018
- 10th Aug 2018 Launch
- Handover 10th Jan 2019
- 21 month Construction Period from cut metal till handover.
- Test bed program for major and ongoing production improvements

COMMERCIAL PROGRAMS – FJORD LINE



- 109 metre high speed vehicle passenger ferry for Fjord Line, Norway
- A\$108million contract
- Launch July 2019
- Delivery January 2020
- 100 workers engaged at peak production
- 860 tonnes aluminium
- First large vessel build for Philippines. Previous largest was 80m.
- Philippines improvement developing well.
- Build will trigger up to US\$30M of additional infrastructure

COMMERCIAL PROGRAMS – FRED OLSEN SA



X 2



- 2 x 117metre trimarans for Fred Olsen SA of Spain (Canary Islands)
- A\$190million
- Adds to Benchijigua Express – 127m trimaran designed and built by Austal in 2005
- One build in Australia, one in Philippines (TBC?)
- New version under development for last 12 months. Before award.
- Austal only company in the world to design and construct large Trimarans. Major differentiator.
- Key advantage is seakeeping. Big issue for ferry reliability and passenger comfort.

COMMERCIAL PROGRAMS – PHILIPPINES

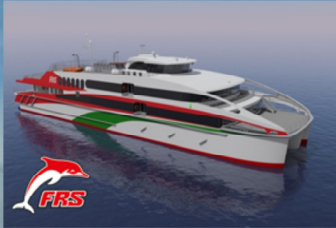


- FY2017 Performance
- Investment in infrastructure



- 1 x 50 metre high speed passenger ferry for Seaspovill (South Korea)
- Delivered July 2017
- \$13million
- 256 workers engaged during production
- 73 tonnes aluminium

COMMERCIAL PROGRAMS – PHILIPPINES

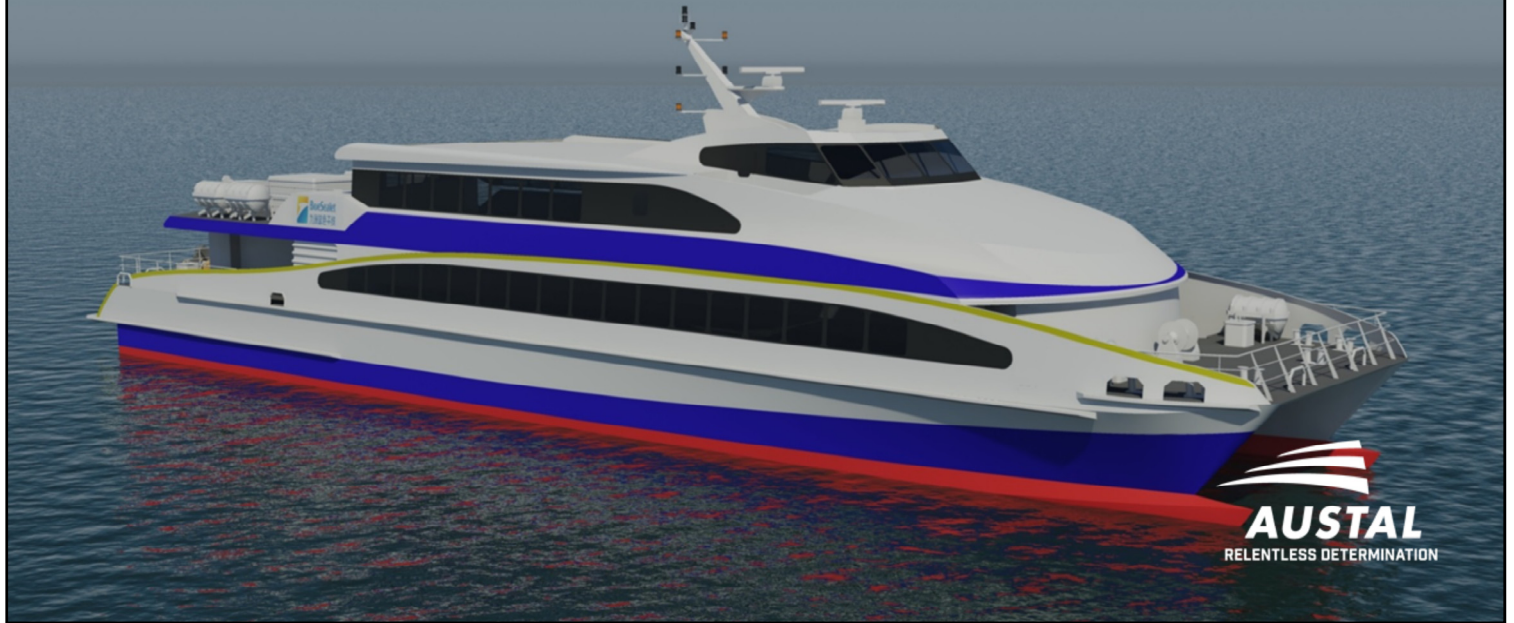


- 2 x 30 metre high speed passenger ferries for 2GO (Philippines) – delivered June 2017 – contract value A\$16million – 251 production workers engaged – 37 tonnes aluminium each
- 1 x 56 metre high speed passenger ferry under construction for FRS (Germany) – Launching Jan 2018, Delivery March 2018 – 265 workers engaged – 127 tonnes aluminium
- 2 x 50 metre high speed passenger ferries under construction for Brave Line (Wisdom) of Taiwan – Launching Dec 2018 and Jan 2019, Delivery Feb and April 2019 – 99 tonnes of aluminium each
- 1 x 30 metre high speed passenger ferry scheduled for construction for VS Grand Ferries (Philippines) – Launching April 2018, Delivery May 2018 – 69 workers engaged – 36 tonnes of aluminium

COMMERCIAL PROGRAMS – CHINA



- 2 x orders for Blue Sea Jet
- JV with Jianglong Shipyards



- Aulong joint venture with Jianglong Shipbuilding established June 2016
- First contract from Blue Sea Jet of China - 42 metre high speed passenger ferry in August 2016 - A\$10 million – anticipated delivery Nov 2017
- 2nd contract from Blue Sea Jet - 35 metre high speed passenger ferry in August 2017 - A\$5.6 million – cutting metal April 2018
- As mandated by the Chinese government, passenger ferries over 25years will be forced to be scrapped
- Analysis shows that 31 units (high-speed aluminum passenger ferries) operating in Guangdong province will be built/replaced in next five years; valued at approx CNY2.5bn/ AUD500 million.
- According to economic research center of China Shipbuilding Industry Corporation, during the 13th Five Year Plan (2016-2020), demand for law enforcement (patrol) boats will be CNY50-100bn /AUD\$10bn-20bn

OFFSHORE PROGRAMS



 SWIRE PACIFIC OFFSHORE



 CMS
CASPIAN MARINE SERVICES LIMITED

 AUSTAL
RELENTLESS DETERMINATION

- 'Rashid Behbudov' – 70 metre Large Offshore Crew Transfer Vessel (LCTV) for CMS of Azerbaijan completed in approx 12 months following hybrid build across Philippines and Australian shipyard – delivered Sept 2016 – Incat Crowther Design
- 'Pacific Kestrel' – 57 metre Large Offshore Crew Transfer Vessel (LCTV) for Swire Pacific Offshore delivered November 2016 – Incat Crowther Design – 393 workers engaged – 143 tonnes of aluminium
- Market slowing rapidly due to oil price falls. Do not expect further sales in next 2 years at least.

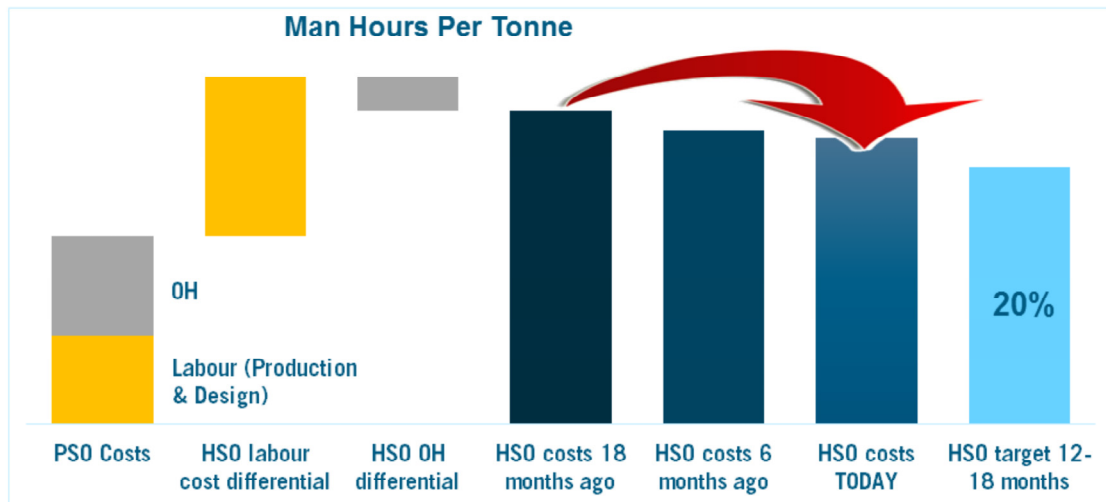
SUSTAINMENT

▲37%
\$187M



- Key strategy has been to build a reliable long term revenue stream from sustainment from the Navy ships built by Austal in Australia, USA and rest of the world.
- 4 x Armidale Class Patrol Boats have been completed under the remediation contract / program; HMAS Wollongong, Childers, Armidale and Launceston; 7 in total.
- Cape Class fleet (8 x ABF and 2 x RAN) sustained by Austal through teams based in Henderson, Cairns and Darwin – entire fleet has been serviced.
- Austal USA established well in this market.
- Income has grown year on year by ~\$40 million and is now at circa \$190 million p.a. with further increases expected in FY2018.

EFFICIENCY IMPROVEMENTS



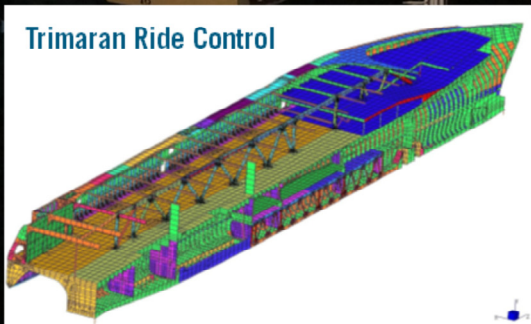
- Austal's aim is to be the most efficient shipbuilder in our class in the world.
- Major improvements made on MOLS vessel and clear focus on future reductions.
- Showing the cost build from the Philippines to Henderson.

NEW TECHNOLOGIES LEADING TO SALES

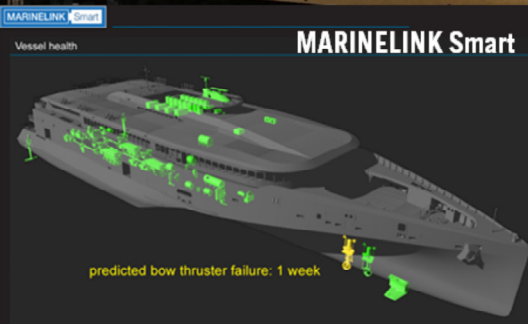


MOD. No. 2724
TEST No. 33048
Vs: Kn38

Catamaran Hull Optimisation



Trimaran Ride Control



MARINELINK Smart

predicted bow thruster failure: 1 week



STRATEGY AND OUTLOOK



KEY STRATEGIES

- Win the FFG-X Program in USA to seal long term future.
- OPV and Frigate role in Australia to underpin operations for decades.
- Maintain and stretch leadership position in Fast Ferries worldwide.
- Continue focus on sustainment growth for lower risk continuous income.
- Develop our people and facility resources.
- Thereby drive increasing shareholder returns.

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