Financial Headlines

1. Excludes the notional debt of the CCPB 9 & 10 leasing program

<table>
<thead>
<tr>
<th>Metric</th>
<th>Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>$92.8 m</td>
<td>46%</td>
</tr>
<tr>
<td>NPAT</td>
<td>$61.4 m</td>
<td>64%</td>
</tr>
<tr>
<td>Total Dividends</td>
<td>6 ¢ per share</td>
<td>20%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>$164 m</td>
<td>up $99 m</td>
</tr>
<tr>
<td>Net Cash 1</td>
<td>$151 m</td>
<td>up $117 m</td>
</tr>
</tbody>
</table>

1. Excludes the notional debt of the CCPB 9 & 10 leasing program
FY2019 Key Facts

- $1.85 B Revenue
- $4.9 B Order Book
- 11 New Ships Ordered
- 58 Ships Under Construction or Scheduled
- 12 Ships Delivered
- 5,700 Employees
- 6 Service Centres
- 7 Shipyards in 5 Countries
- 25 Vessels Under Sustainment
Operational Highlights

- USA Business performing ahead of expectations:
  - Shipbuilding margin increased from 7.4% to 7.9%.
  - 3 Vessels delivered in year (2 LCS & 1 EPF).
  - 4 LCS and 2 EPF awarded.
  - Design development for major new programs.

- Australasia returned to profitability.

- Commercial Ferry Market predicted to remain strong:
  - $166 million of new orders including 94 m ferry for Trinidad and Tobago.
  - Asia expansion almost complete and will deliver highly competitive shipbuilding capability.
  - Continued investment in new designs and enabling R&D.

- 39% Support revenue growth, now almost $300 million pa.
FY2019 Financials
## Earnings

<table>
<thead>
<tr>
<th>$ m</th>
<th>FY2019</th>
<th>FY2018 ¹</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,852.1</td>
<td>$1,390.5</td>
<td>$461.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>135.0</td>
<td>100.8</td>
<td>34.2</td>
</tr>
<tr>
<td>EBIT</td>
<td>92.8</td>
<td>63.5</td>
<td>29.3</td>
</tr>
<tr>
<td>NPAT</td>
<td>61.4</td>
<td>37.5</td>
<td>23.9</td>
</tr>
<tr>
<td>EPS</td>
<td>17.6</td>
<td>10.8</td>
<td>6.7</td>
</tr>
<tr>
<td>ETR ²</td>
<td>28%</td>
<td>32%</td>
<td>(4%)</td>
</tr>
</tbody>
</table>

- **Record result across every metric.**
- **EPS increased by 62%.**
- Operating Revenue increased across all shipyards underpinned by:
  - Strength of USA new vessel orders
  - Expansion of commercial shipbuilding
  - Support revenue growth in USA
  - Favourable FX impact
- **Effective tax rate ~ 28% (cash component ~ 10 ppts).**

¹. Restated in accordance with AASB 15 Revenue from customers
². Effective Tax Rate (Income Tax Expense / PBT)
## Segment breakdown

### FY2019

<table>
<thead>
<tr>
<th></th>
<th>Concept</th>
<th>Ships</th>
<th>Support</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Revenue</td>
<td>$1,248.1</td>
<td>$224.6</td>
<td>$ -</td>
<td>$1,472.7</td>
</tr>
<tr>
<td></td>
<td>EBIT</td>
<td>98.6</td>
<td>16.3</td>
<td>(8.5)</td>
<td>106.4</td>
</tr>
<tr>
<td></td>
<td>EBIT Margin %</td>
<td>7.9%</td>
<td>7.3%</td>
<td>-</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

**USA:** Shipbuilding margin at upper end of guidance range.

$90 m (67%) Support revenue growth with margins at target levels (7 – 8%).

Provision for investigation recorded in Other.

<table>
<thead>
<tr>
<th>Australasia</th>
<th>Revenue</th>
<th>$323.2</th>
<th>$70.1</th>
<th>$ -</th>
<th>$393.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>6.4</td>
<td>5.3</td>
<td></td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>2.0%</td>
<td>7.6%</td>
<td>-</td>
<td>3.0%</td>
<td></td>
</tr>
</tbody>
</table>

**Australasia:** Record revenue from Asia a key strategic milestone.

Overall shipbuilding throughput more than doubled and returned to profitability.

6.6% turnaround in EBIT margin.

Support volume reflects the end of the Armidale Class Patrol Boat remediation program in FY2018, partially offset by the commencement of the GCPB sustainment program.

### FY2018 (Restated for AASB 15)

<table>
<thead>
<tr>
<th></th>
<th>Concept</th>
<th>Ships</th>
<th>Support</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Revenue</td>
<td>$1,026.5</td>
<td>$134.6</td>
<td>$ -</td>
<td>$1,161.1</td>
</tr>
<tr>
<td></td>
<td>EBIT</td>
<td>75.8</td>
<td>8.7</td>
<td>(3.0)</td>
<td>81.5</td>
</tr>
<tr>
<td></td>
<td>EBIT Margin %</td>
<td>7.4%</td>
<td>6.4%</td>
<td>-</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Australasia</th>
<th>Revenue</th>
<th>$160.2</th>
<th>$77.7</th>
<th>$ -</th>
<th>$237.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>(13.0)</td>
<td>4.5</td>
<td></td>
<td>(8.5)</td>
<td></td>
</tr>
<tr>
<td>EBIT Margin %</td>
<td>(8.1%)</td>
<td>5.8%</td>
<td>-</td>
<td>(3.6%)</td>
<td></td>
</tr>
</tbody>
</table>
## Cash flow

<table>
<thead>
<tr>
<th>$ m</th>
<th>FY2019</th>
<th>FY2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$164.5</td>
<td>$65.6</td>
<td>$98.9</td>
</tr>
<tr>
<td><strong>Investing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustaining</td>
<td>$(14.3)</td>
<td>$(15.0)</td>
<td>$0.7</td>
</tr>
<tr>
<td>Enhancing</td>
<td>$(23.5)</td>
<td>$(15.9)</td>
<td>$(7.6)</td>
</tr>
<tr>
<td>CCPB 9 &amp; 10</td>
<td>-</td>
<td>$(3.0)</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>$(10.7)</td>
<td>$(9.2)</td>
<td>$(1.5)</td>
</tr>
<tr>
<td>Dividends</td>
<td>$(19.2)</td>
<td>$(12.8)</td>
<td>$(6.4)</td>
</tr>
<tr>
<td>Shares &amp; options</td>
<td>8.6</td>
<td>-</td>
<td>8.6</td>
</tr>
<tr>
<td>FX differences</td>
<td>8.2</td>
<td>1.8</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>$113.6</td>
<td>$11.6</td>
<td>$102.1</td>
</tr>
</tbody>
</table>

### Operating:
- Significant operating cash flow.
- $65.9 m is due to net progress payments in advance.

### Investing:
- Sustaining capex in typical range of $(10) – (15) million.
- Enhancing capex includes $(22.9) m to expand in Asia.

### Financing:
- GZB (US$5 m) & lease debt reduction.
- CCPB 9 & 10 notional debt current at 30 June 2019, leases have been extended and non-current at 30 August 2019.

### Closing cash:
- Strong closing cash position.
- Higher net cash, partially driven by working capital cycle.
- Supports 3 cps final dividend.
- Cash position necessary to support potential new major programs (e.g. FFG).

### Notes

1. Excludes CCPB 9 & 10 debt
Net Cash / (Debt)

June 2019 Net Cash $151 m

End of quarter

1. Excludes the notional debt of the CCPB 9 & 10 leasing program
Business Priorities 2020

Expand footprint in USA through participation in new USN programs

Drive Asia investment to enhance competitiveness

Group wide cost efficiency

Build world’s best ships through major expansion of R&D investment
FY2020 Guidance

- Group Revenue not less than $1.9 billion
- US Shipbuilding EBIT margin range increased to 7.5-8.5%
- Group EBIT not less than $105 million

Defence
- Draft US Federal 2020 Budget does not include funding for LCS or EPF but does include funding for FFG and unmanned surface vessels.
- Philippines have announced intent to purchase OPVs.

Commercial
- Commercial vessel opportunities continue
- 5 vessels in construction excluding China.
- Australasia circa 25% revenue increase and further margin improvement.

Support
- LCS dry dockings is a significant expansion of scope.
- New US base in Singapore to support vessel deployments.
- Cape ISS contract dispute resolved although contract remains onerous.
- GCPB support commenced.
1. Next chapter of potential US growth underway

2. Expansion in Asia has unlocked potential to significantly increase commercial competitiveness and profitability

3. Financial strength enabling a 3-fold increase in R&D activity and potential investments / acquisitions to retain and enhance Austal’s market leadership
Range of future US opportunities is expanding

Small surface combatants (FFG and LCS upgrades)

EPF program expansion

EPF variants including Medical Transports

Unmanned Surface Vessels
USA Sustainment activity continues to grow

LCS – repair & back-fitting new capabilities
- West Coast – San Diego, Seattle & Portland
- Asia – Singapore

EPF – Global fly away teams
- USA & Overseas

Investments
- ElectraWatch aluminium life-cycle R&D
- Facilities upgrades.
Asia growth is re-balancing cost-base*

Operational construction capacity as share of annual revenue generation potential

*Excludes USA
Chart sizes for indicative purposes only, assuming Austal typical project mix and pricing

New Vietnam yard
Philippines yard expansion
New Australian yard for GCPB
Local presence creates regional naval opportunity

GCPB generating export interest
Increasing rate of ferry fleet renewal appears likely

Age of the existing global large fast ferry fleet (more than 100 active HSC vessels over 60m)

- more than 30 years
- 20-30 years
- less than 20 years

Without renewal, more than 60% of today’s large fast ferries will be over 30 years of age by 2030
Cleaner vessel regulations positive for Austal

**2020 Global Sulphur Cap**
Austal vessels already use low sulphur diesel; cost advantage of slower speed steel ferries burning fuel oil should be reduced; **incentivise fast ferry adoption**

**Emissions:** 85% SOx decrease  
**Fuel prices:** 26% increase  
**Energy:** 2.5% increase  
**OPEX:** 13% increase

**2021 Baltic & North Sea NOx ECA**
New large fast ferries in this market will need to be LNG or carry heavy and expensive sulphur scrubber systems; **trimaran is particularly suitable hull-form for LNG.**

**2025 Zero Emission Targets**
Opportunity for Austal to re-claim market leadership in small fast ferries with 100% battery-electric vessels; **potential for rapid growth.**

1. Source: Singapore Shipping Association
Business Overview
MOBILE

Only foreign owned Prime Contractor designing, building and sustaining ships for the US

5th Largest shipyard in the USA
Largest industrial employer in South Alabama

Orders placed for 4 x Littoral Combat Ships and 2 x Expeditionary Fast Transport Ships
<table>
<thead>
<tr>
<th><strong>HENDERSON</strong></th>
<th><strong>3</strong> Australian Shipyards</th>
<th><strong>118</strong> Naval Architects, Designers and Draftspeople</th>
<th><strong>♀️ 25%</strong> Female workforce target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Austal Henderson South is the latest addition to Austal Australia's ship building facilities</td>
<td>12.5% of the workforce are currently women</td>
<td></td>
</tr>
<tr>
<td><strong>NAVAL BASE</strong></td>
<td><strong>3</strong> of 21 Guardian Class Patrol Boats (GCPBs) Delivered</td>
<td><strong>3 months</strong> Between each GCPB delivery</td>
<td>Cairns service centre expanded and now sustaining GCPB Fleet</td>
</tr>
<tr>
<td></td>
<td>Pacific Patrol Boat Replacement Program</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BALAMBAR

5
New Construction Bays

Infrastructure upgrade complete and officially opened in July 2019

>900
Employees

98%
Local Filipino

Awarded government license to engage in shipbuilding and ship repair of naval combat vessels in the Philippines
Shipyard officially opened in October 2018

>300 Employees

97% Local Vietnamese

Hull 397

94m vehicle/passenger ferry for Trinidad and Tobago currently under construction
40% 
Austral's investment in Joint Venture

7
Vessels under construction in FY2019

2
40 metre passenger ferries delivered in FY2019
FY2019 Operational Overview
USA operations

- Shipbuilding margin improvement to 7.9% (FY2018 margin 7.4%).
- Littoral Combat Ship
  - Margin improving ship to ship.
  - LCS 18 & 20 delivered.
  - Awarded LCS 32, 34, 36, 38.
  - LCS 24, 26, 28, 30 commenced construction
- Expeditionary Fast Transport
  - Mature program, steady margins
  - Awarded EPF 13 and 14
  - Various opportunities for additional vessels in emerging applications including autonomous (unmanned surface vessels)
  - EPF 10 delivered
  - EPF 11, 12 commenced construction
- LCS & EPF sustainment growth
Australia operations

VESSEL PROGRAMS:

- GCPB (~$335 million, 21 ship program) - 3 vessels delivered in FY2019; delivering a new GCPB every 3 months
- Hull 393 - Molslinjen Express 4 109 metre Auto Express ferry delivered
- Hull 394 (1 of 2 x 117 metre trimarans for Fred Olsen SA) under construction
- Hull 396 (1 x 83 metre trimaran for JR Kyushu) under construction
- Cape Class Patrol Boats 9 & 10 – initial 3 year lease extended by 2 years in August 2019

Change since FY2018:

Key:
- Improvement since FY2018
- In line with FY2018 expectations
- Behind expectations since FY2018
Philippines operations

- US$20 million investment to increase ship building capacity completed; new facilities including 120 metre John Rothwell Assembly Bay officially opened July 2019

- Philippines Government expressed intention to build 6 x OPV for Philippines Navy at Austal Philippines

VESSEL PROGRAMS:

- Hull 419 - Fjord Line 109 metre Auto Express ferry under construction; Delivery scheduled early CY2020

- Hull 420 - VS Grand Ferries Philippines 30 metre Passenger Express ferry delivered August 2018.


- Hull 680 and 681 - Brave Line 2 x 50m catamarans delivered
Vietnam operations

- New leased shipbuilding facilities in Vung Tau opened October 2018; main assembly hall 92 metres long
- Approx 250 employees now constructing Hull 397

VESSEL PROGRAMS:

- Hull 397 – 1x 94 metre Auto Express ferry for Government of Trinidad and Tobago
China operations

VESSEL PROGRAMS:

- 2nd vessel for Blue Sea Jet - 35 metre high speed ferry delivered January 2019
- 1st of 4 x 42 metre high speed catamarans for Xidao Dazhou Tourism Co Ltd delivered January 2019
- 5 x additional vessels currently under construction due for delivery December 2019
- 2 x vessels scheduled to commence construction 4th quarter CY2019.

Change since FY2018
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