AUSTAL LIMITED HALF YEAR RESULTS

Summary of results:

- Total revenue of $389.4 million for the half, up 45.6% from the prior corresponding period (H1FY12)
- EBIT margin in the USA operations continues to improve, now at 5.2% for the half vs 1.2% H1FY12
- EBITDA $24.0 million, an increase of $21.3 million from H1FY12
- Net profit before tax $7.8 million vs ($6.3) million H1FY12
- Net profit after tax $5.4 million vs ($3.0) million H1FY12
- Underlying EBITDA¹ of $28.4 million and Underlying NPAT² of $8.5m.
- Order book $2.2 billion
- First Joint High Speed Vessel (JHSV), USNS Spearhead, delivered to US Navy during the half, and contract for JHSV 10 confirmed
- Full Year guidance of $65-71m EBITDA and $23-26m NPAT on track (excluding stock boats)

Austal Limited is pleased to announce a continued improvement in operating margins, following the release today of half year results for the period ended 31 December 2012. The Group operating profit before tax for the period was $7.8 million compared with the loss for the corresponding prior half year period of $6.3 million. EBITDA for the period was $24 million compared to the previous corresponding half year of $2.7 million.

Revenue in the USA operations increased by $96.5 million to $323.4 million, compared with the corresponding prior half year period. The growth is attributable to increased activity in Austal’s USA operations. Importantly, margins have continued to improve at the USA operations, as additional efficiencies are implemented in JHSV and LCS construction. EBIT margins in the USA now stand at 5.2% for the half, compared to 1.2% for the previous corresponding half year.

Revenue from Henderson Shipyard Operations increased by 43% over the corresponding prior half year period to $46.5 million, with losses in the operation now reduced and expected to break-even for the full year. The Cape Class Patrol Boats for the Australian Customs and Border Protection Service provide work at Henderson through to H1FY16, with support work continuing through to August 2019. This is a key first step in the repositioning of Austal’s Henderson facilities as a defence focused operation.
Austal’s Philippines Shipyard Operations completed its first vessel in December 2012. Construction is in progress for an 80 metre vehicle ferry for delivery in September 2013 and three wind farm vessels for delivery in 2014. The operation generated a profit before interest and tax for the period of $0.7 million, only nine months after commencing operation.

In the service sector, Austal continued to provide its support offerings worldwide from Service Centres in Australia; Oman; Spain; Trinidad and Tobago and the United States. During the period the company acquired the Hydraulink engineering business in Darwin to expand its service offerings in a region with a growing offshore oil and gas support and defence presence.

Capital raised during the period of $77.9 million was applied to reduce borrowings and to restricted cash deposits to securitise the Go Zone borrowings in the USA. In addition $3.5 million of equity was issued as part of the payment for the Hydraulink engineering business.

Looking forward, Austal expects the confirmation of a further two LCS awarded options in the near term. Full year guidance of $65-71m EBITDA and $23-26m NPAT remains on track, excluding the impact of the stock boats, with the expectation that earnings will be split 40/60 between the 1st half and 2nd half of the financial year.

Austal CEO Andrew Bellamy said that Austal was delivering on the promise of improved margins in the USA operations.

“The USA Operations continue to track in the right direction as we lock in the learnings from the first vessels in the JHSV and LCS series. Our balance sheet has been reset and we’ve dealt with part of our balance sheet legacy issues with the stock yacht sale,” said Mr Bellamy.

“Importantly, revenue from our systems and support operations grew by 68% to $23.99 million reflecting the company’s focus on this high margin business and reinvestment of earnings to grow this segment.

“Austal is now well positioned to deliver on our margin and earnings promise for the full year.”

References:
¹ Underlying EBITDA=EBITDA minus booked loss on disposal of stock boat ($4.4m)
² Underlying Net Profit After Tax = IFRS NPAT minus post tax loss on disposal of stock boat ($3.1m)

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About Austal

Austal is a global defence prime contractor. The Company designs, constructs and maintains revolutionary platforms such as the Littoral Combat Ship (LCS) and the Joint High Speed Vessel (JHSV) for the United States Navy, as well as an extensive range of patrol and auxiliary vessels for defence forces and government agencies globally. Austal also designs, installs, integrates and maintains sophisticated communications, radar and command and control systems.

Austal benefits from its position as a world leader in the design, construction and support of customised, high performance aluminium vessels for the commercial high speed ferry market, an achievement gained over a period of nearly 25 years.

Austal’s primary facilities comprise a combined defence and commercial shipyard in Henderson, Western Australia; a dedicated defence shipyard in Mobile, Alabama; and a dedicated commercial shipyard in Balamban, Philippines. The Company also provides vessel support services from its facilities in Australia, the United States, Asia, Europe, the Caribbean, and the Middle East. Systems development, sales and support are coordinated from Austal’s facility in Canberra, Australia.