FY2021 H1 Results

26 February 2021
Paddy Gregg, Chief Executive Officer
Greg Jason, Chief Financial Officer

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Financial Headlines FY2021 H1

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		CHANGE FROM PCP
• Revenue	$840 m	(19%) ↓
• EBIT	$70.5 m	18% ↑
• NPAT	$52.4 m	29% ↑
• Interim Dividend	4 ¢ per share	33% ↑
• Operating Cash Flow	$93.5 m	$71.4 m ↑
• Net Cash [1]	$260.2 m	$(12.2) m ↓

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

FY2021 H1 Key Facts

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$840 M
REVENUE

$2.9 B
ORDER BOOK

38
SHIPS UNDER CONSTRUCTION OR SCHEDULED

10
SHIPS DELIVERED

5,800
EMPLOYEES

8
SERVICE CENTRES

6 SHIPYARDS IN 5 COUNTRIES

33
VESSELS UNDER SUSTAINMENT CONTRACTS

FY2021 H1 Financials

Earnings

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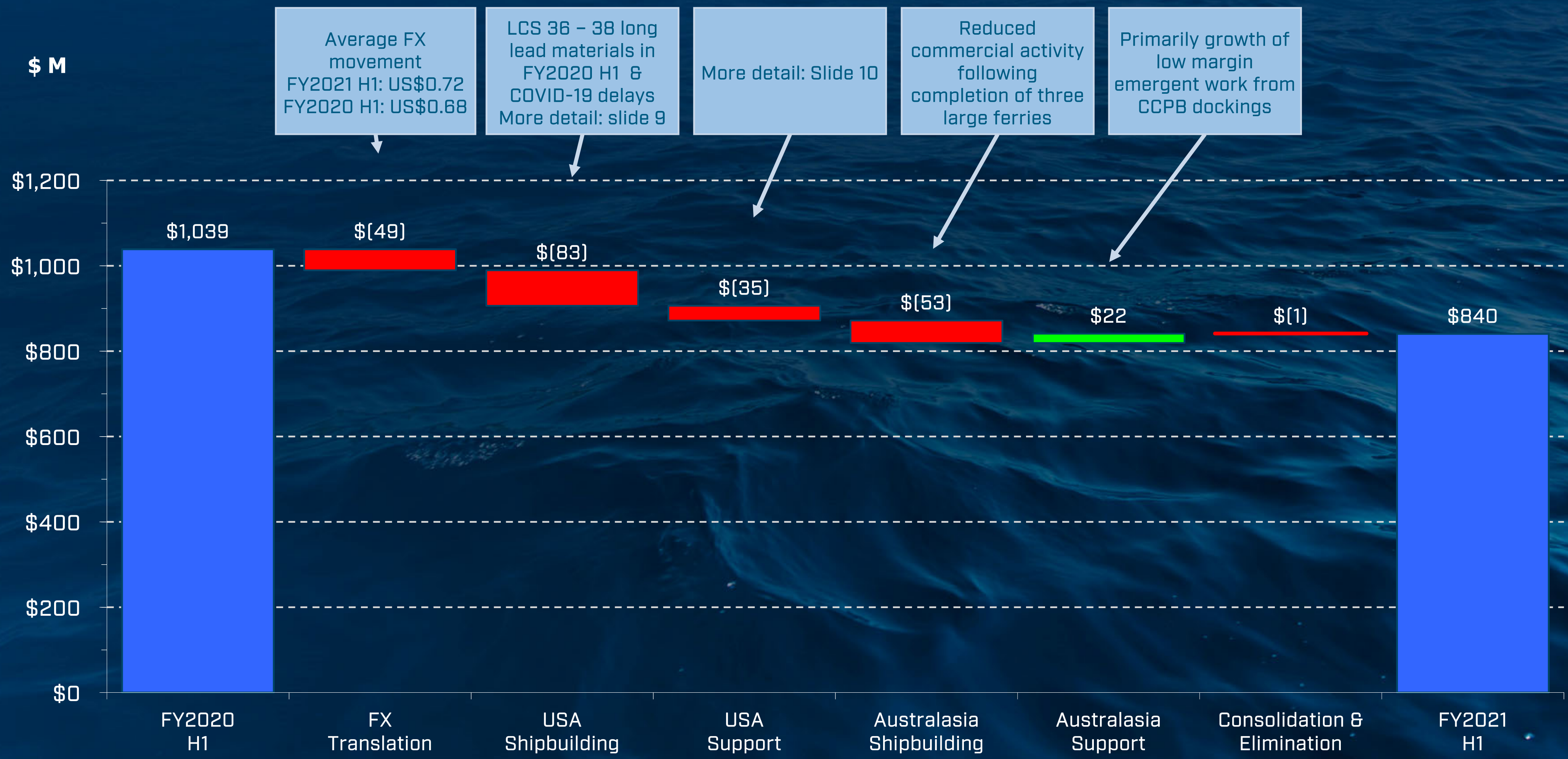
$ m	FY2021 H1	FY2020 H1	Change	%
Revenue	$ 840.3	$ 1,038.8	$ (198.4)	(19%)
EBITDA	92.4	84.4	8.0	10%
EBIT	70.5	59.9	10.5	18%
NPAT	52.4	40.8	11.7	29%
EPS (cps)	14.6	11.5	3.2	28%
ETR [1]	22%	29%	(7%)	

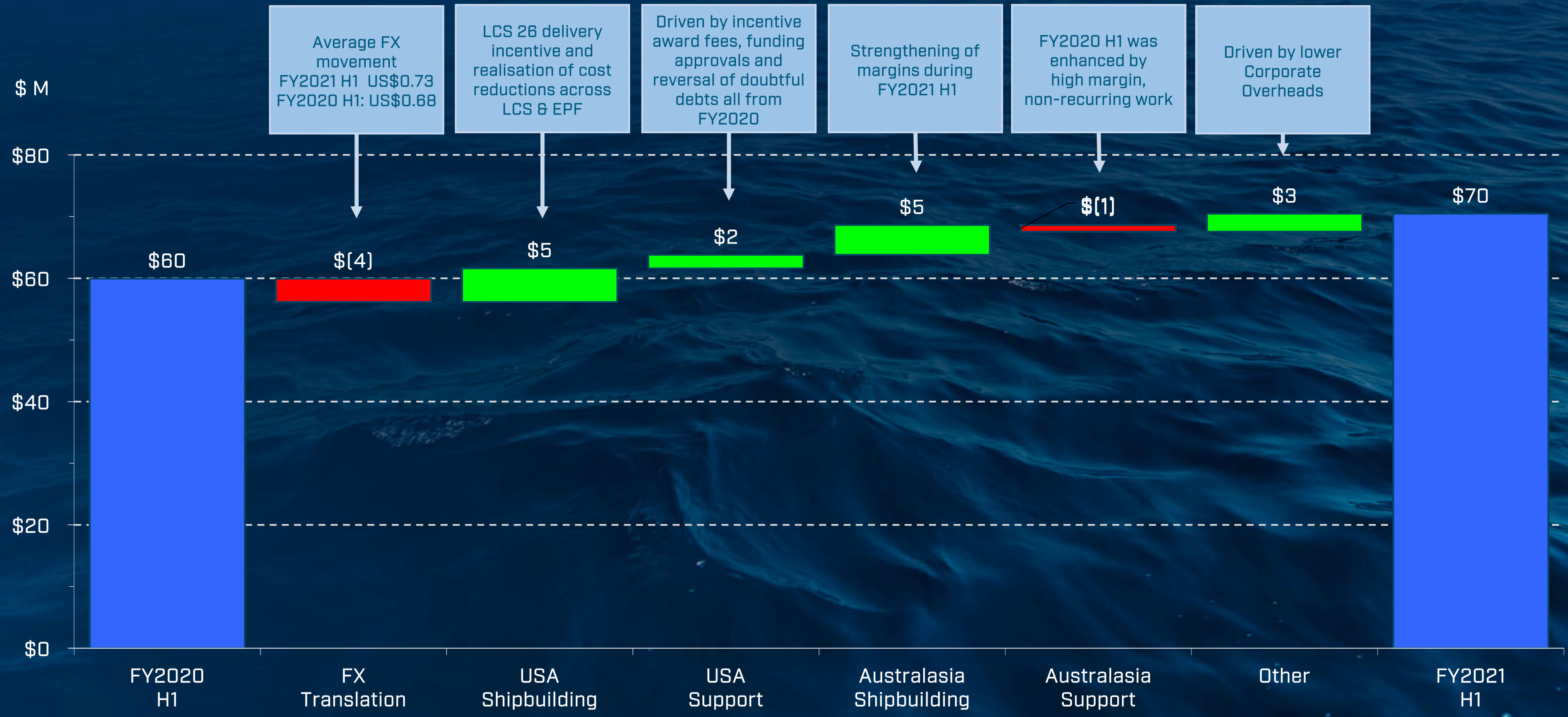
1. Effective Tax Rate (Income Tax Expense / PBT)

- Lower revenue driven by FX and lower throughput (More detail: Slide 6)
- Higher EBIT driven by:
  - Strength of USA and Australasia margin
  - Negative impact of reduced throughput and FX headwinds
  - More detail: Slide 7
- FY2021 H1 ETR key components (subject to full year calculation)
  - ~ Half to be settled in cash
  - ~ Half to be offset with R&D credits
  - ETR benefited from recognition of carry forward losses in Australia
  - Underlying rate still 25 – 30%

Group revenue movement



Group EBIT movement



Segment breakdown

FY2021 H1

$ m	Concept	Ships	Support	Other	Total
USA	Revenue	$ 553.9	$ 87.7	$ -	$ 641.6
	EBIT	56.5	13.0	(0.1)	69.4
	EBIT Margin %	10.2%	14.8%	-	10.8%
Australasia	Revenue	$ 153.2	$ 52.7	$ -	$ 205.9
	EBIT	9.8	2.2	-	12.0
	EBIT Margin %	6.4%	4.1%	-	5.8%

FY2020 H1

$m	Concept	Ships	Support	Other	Total
USA	Revenue	$ 675.1	$ 129.5	$ -	$ 804.6
	EBIT	54.8	12.2	(1.5)	65.6
	EBIT Margin %	8.1%	9.4%	-	8.1%
Australasia	Revenue	$ 209.9	$ 30.8	$ -	$ 240.7
	EBIT	4.9	3.3	-	8.2
	EBIT Margin %	2.4%	10.6%	-	3.4%

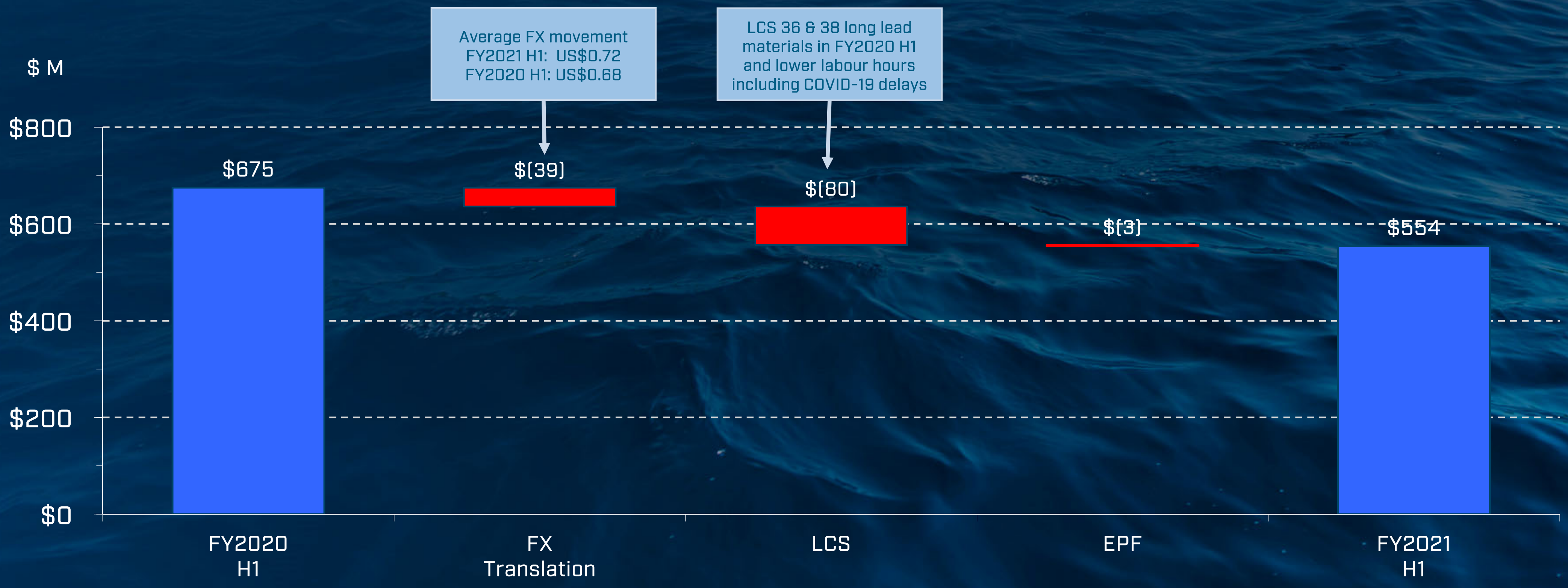
USA:

- FX impact on revenue $(45) m
- FX impact on EBIT $(4) m
- Shipbuilding margin reflects incentives and strong performance as milestones achieved
- More detail regarding Support revenue contraction and high margin is explained on slides 10 & 11

Australasia:

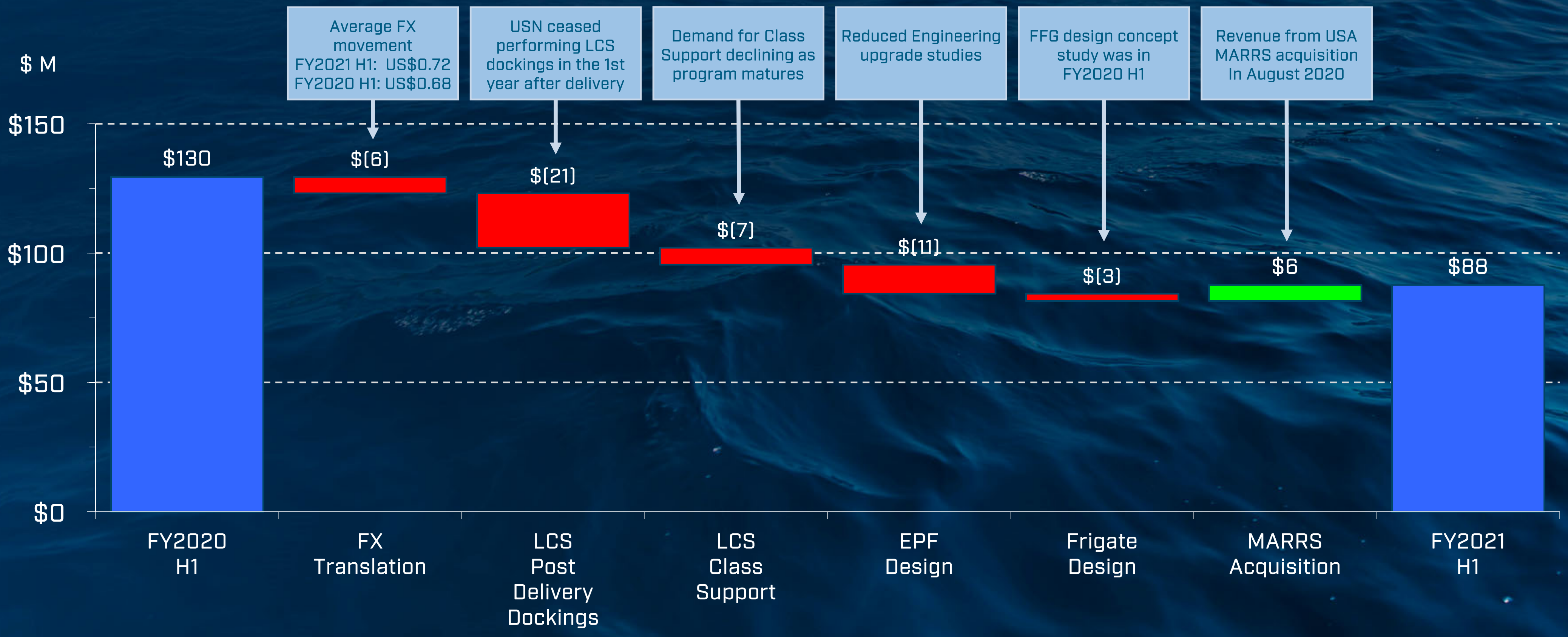
- Revenue contraction as projected with delivery of ferries from Australia
- Continued trend of shipbuilding margin improvement from FY2020 H1 & H2
- Support volume increased with low margin emergent work
- FY2020 H1 Support margin was enhanced by high margin, non-recurring work

USA Shipbuilding Revenue



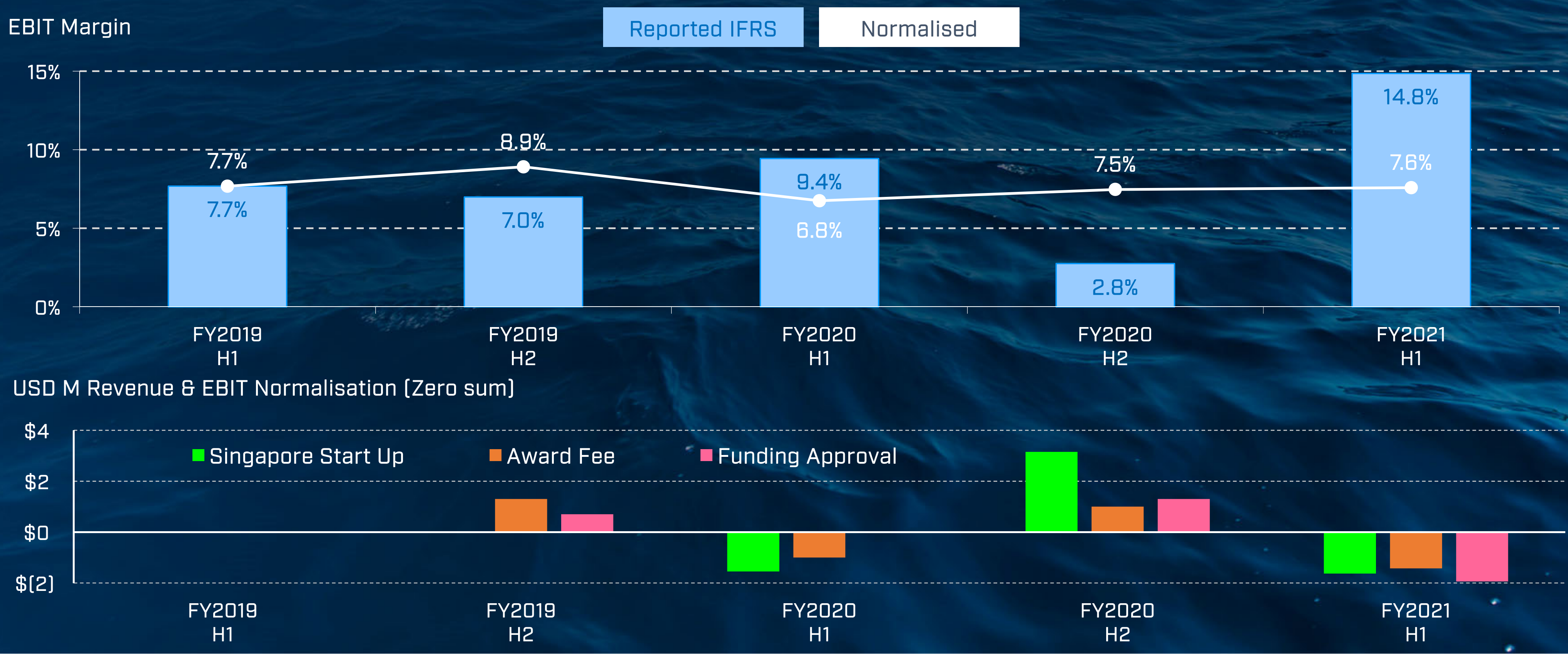
USA Support Revenue

Admission to the panel of west coast sustainment execution contract providers (SEC West) and a dry dock in San Diego is sought to permanently grow US support earnings



Support Margin USA

Reported IFRS margin is volatile due to the timing of incentive award fees, government funding approvals and Singapore start-up projects, normalised EBIT margin is in the 6.8% - 8.9% band



Cash flow

$ m	FY2021 H1	FY2020 H1	Change
Operating	$ 93.5	$ 22.1	$ 71.4
Investing			
Sustaining	$ (10.8)	$ (7.1)	$ (3.8)
Enhancing	(42.8)	(2.4)	(40.4)
Financing			
Debt	$ (7.3)	$ (0.0)	$ (7.3)
Loan origination	(0.0)	-	(0.0)
Lease principal	(4.1)	(2.7)	(1.4)
Dividends	(16.9)	(10.3)	(6.5)
FX differences	(36.4)	(0.7)	(35.7)
Net Cash Flow	$ (24.8)	$ (1.1)	$ (23.7)

Cash	Dec 2020	Jun 2020	Change
Cash @ bank	$ 371.9	$ 396.7	$ (24.8)
Net cash [1]	$ 260.2	$ 272.4	$ (12.2)

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

Operating:
- Strong EBITDA conversion

Investing:
- Enhancing capital expenditure includes BSE, MARRS, Philippines dry dock acquisitions and new ERP

Financing:
- Immediately repaid BSE debt upon acquisition
- 5 cps dividends net of dividend reinvestment program

Closing cash:
- Strong closing cash position
- Supports 4 cps interim dividend
- Cash position necessary to support major programs (e.g. US steel capability, San Diego dry dock, Subic Bay)

Financial Outlook

FY2021 Revenue guidance $1.65 B reduced from $1.8 B @ USD / AUD 0.77

- Negative impact of AUD appreciation on translation
- Lower USA Support revenues
- COVID-19 delays shifting revenue into FY2022

FY2021 EBIT guidance $125 M maintained @ USD / AUD 0.77

- USA shipbuilding margin improvement (efficiency and risk mitigation)
- USA Support margin improvement from revenues related to FY2020
- Negative impact of AUD appreciation on translation

FY2022 baseline Revenue currently $1.4 B @ USD / AUD 0.77

- Includes contracted shipbuilding + EPF 15 (appropriated but not awarded) + Support revenue at FY2021 H1 run rate
- New shipbuilding contract awards would be additive

USA H2 Outlook - Beyond LCS

- Defense Production Act Contract defined for the Mobile shipyard expansion, enabling steel vessel construction
- US Coast Guard Offshore Patrol Cutter (OPC) Detailed Design and Construction RFP released
- Autonomous EPF conversion contract appropriated in USA Government 2021 Budget
- EPF 15 appropriated (again)
- LCS Planned Maintenance Activity – Singapore
- Next Generation Logistic Ship (NGLS) – Industry Study RFP
- Sustainment Execution Contract (SEC) East Admission (East Coast of USA)
- LUSV concept design
- OPC RFP Submission May (Award expected Q2 2022)
- Light Amphibious Warship (LAW) Design Contract
- Sustainment Execution Contract (SEC) West Admission (West Coast of USA)


USCG OPC


LCS PMA Singapore


Next Generation Logistic Ship (NGLS)

Strategic Outlook

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1. LCS transition and COVID-19 impact (increased cost, commissioning & delivery disruption, and commercial ferry markets) are a challenge
2. Strong balance sheet and investing for future growth
3. Future work opportunities across ships / systems / support
   I. US programmes
   II. Philippines OPV
   III. Autonomous capability
   IV. Commonwealth of Australia Force Structure Plan
   V. Spirits of Tasmania replacement
4. Systems Strategy
   I. Digital shipyard
   II. Technology development
5. Capability to deliver steel & aluminium shipbuilding and sustainment in commercial & defence sectors

Business Overview

Ships in construction

as at 31 Dec 2020

Defence

Littoral Combat Ship (LCS)
US Navy
LCS 26 delivered
LCS 28, 30, 32 and 34 under construction

Expeditionary Fast Transport (EPF)
US Navy
EPF 12 delivered
EPF 13 under construction

Guardian Class Patrol Boat (GCPB)
Commonwealth of Australia
Hull 527 and 529 delivered
Hull 528 awaiting delivery
Hull 530, 531, 532, 533, 534 under construction

Austal Patrol 58
Trinidad and Tobago Coast Guard
Hull 398 and 399 under construction

Cape Class Patrol Boat (CCPB)
Royal Australian Navy
Hull 811, 812, 813 under construction

Austal has launched the first of two 58 metre Cape-class Patrol Boats (Hull 398) for the Trinidad and Tobago Coast Guard.

Commercial

42m Passenger Ferry
Xidao Dazhou Tourism Co Ltd
AL005 and AL006 under construction

42m Passenger Ferry
Shenzhen Airport
AL010 under construction

42m Passenger Ferry
Blue Sea Jet
AL009 delivered

41m Passenger Ferry
SGTM
Hull 424 under construction

71m Passenger Ferry
Beibi Gulf
AL008 delivered

83m Passenger Ferry
JR Kyushu Jet Ferry
Hull 396 delivered

94m Passenger and Vehicle Ferry
National Infrastructure Development Company (NIDCO)
Hull 397 delivered

109m Passenger and Vehicle Ferry
Fjord Line
Hull 419 awaiting delivery

115m Passenger Ferry
Molslinjen
Hull 423 under construction

117m Passenger and Vehicle Ferry
Fred Olsen S.A
Hull 394 delivered
Hull 395 under construction

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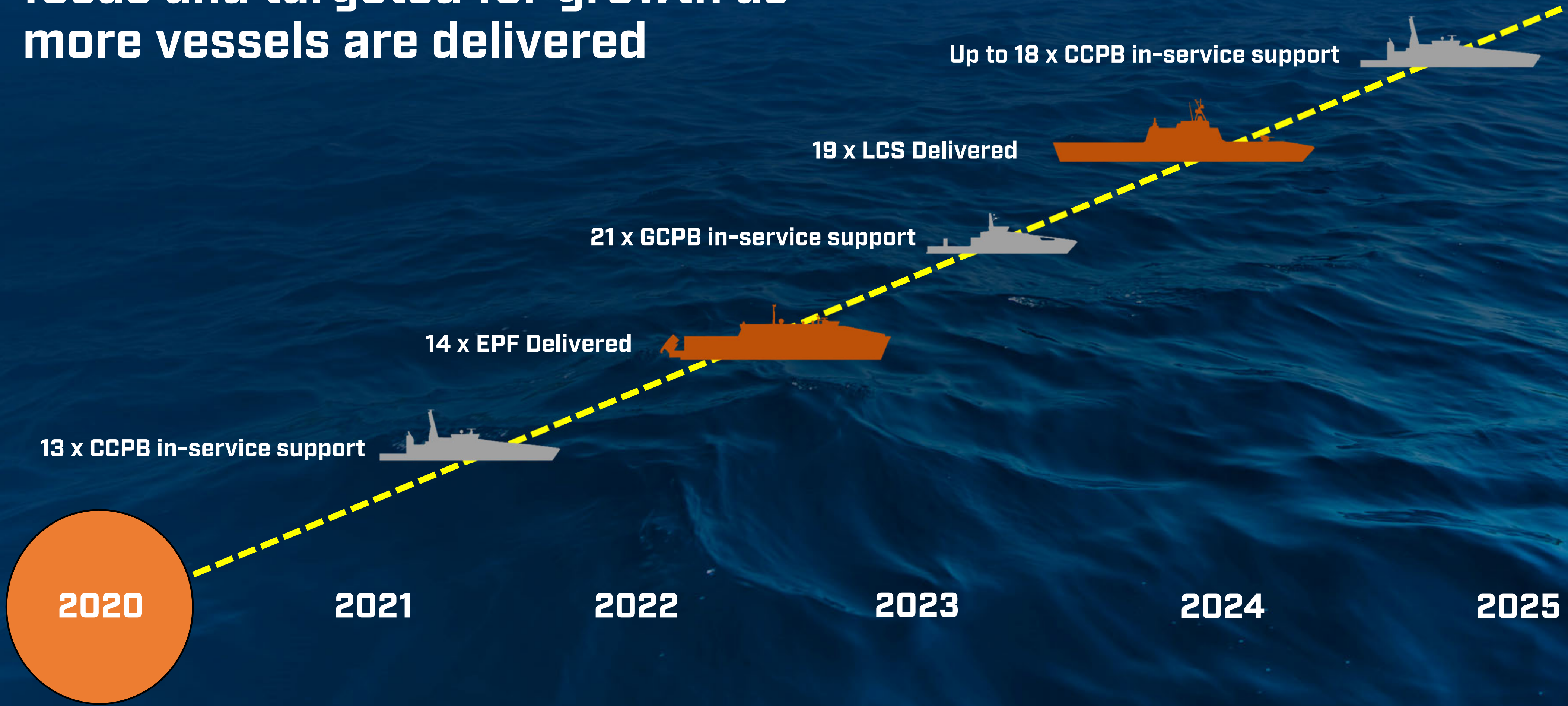
Defence Support is a key strategic focus and targeted for growth as more vessels are delivered



Operational Highlights USA

- EPF and LCS programs continue to perform well.
- Delivered EPF 12 (September) and LCS 26 (December).
- EPF 15 appropriated (again).
- Modifications being incorporated into EPF 14 to add enhanced medical capability including:
  - Habitability modifications
  - V22 Osprey landing capability
  - Small boat handling
- Facility expansion adding steel manufacturing capability is underway and operational May 2022
- Unmanned surface vessels continue to be a priority for the USN and also for Austal.
  - $50M appropriated to convert an **EPF** into an autonomous vessel
  - Austal is executing on a concept design contract for Large Unmanned Surface Vessel (LUSV)
- Completed the acquisition of waterfront land, buildings and 22 kilotonne capacity dry dock in Mobile (September) supporting our long-term growth strategy for the construction and support businesses. The Austal West Campus (AWC) is fully operational supporting vessel launches and repair projects


V22 Osprey

Operational Highlights Australasia

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- We have delivered five vessels despite supply chain and global mobility COVID-19 challenges
- H1 ship deliveries: 2x Guardian class and 3x ferries (Fred Olsen 1, JRK, and T&T Ferry)
- Commercial ferry market continues to be subdued due to COVID-19
- BSE acquisition completed as part of Cairns sustainment strategy
- Dry dock purchase for launching vessels in The Philippines
- Philippines Navy OPV progressing. Next step will be Government to Government agreement signing
- Volta electric ship concept released
- Continued investment in new designs and R&D, particularly digital systems
- Updating software - (ERP / PLM / 3D CAD) moving towards digital shipyard
- Profitability of Australasia continues to improve as predicted
- Potential to invest in Henderson as part of COA Force Structure Plan
- Appointment of Chief Digital Officer and smooth transition of new Chief Operating Officer - Australasia

Austal Australia launched the first of two 58 metre Cape Class Patrol Boats for the Trinidad and Tobago Coast Guard in Henderson, Western Australia during FY2021 H1. The two vessels are the first export sales of the proven Cape-Class Patrol Boat design operated by the Australian Border Force and Royal Australian Navy.

Sustainment reaching new heights in Cairns

Austal Australia has expanded the company's sustainment footprint in Australia with the acquisition of BSE Maritime Services in Cairns and Brisbane, Queensland.

Additional capability now includes slipways in both locations and the Pacific's largest mobile boat hoist; 1,120 tonne lift, 17.5m beam, 6m draft, 75m length.

Austal Australia currently sustains the Guardian-class Patrol Boats and Cape-class Patrol Boats (1-10) in Cairns.

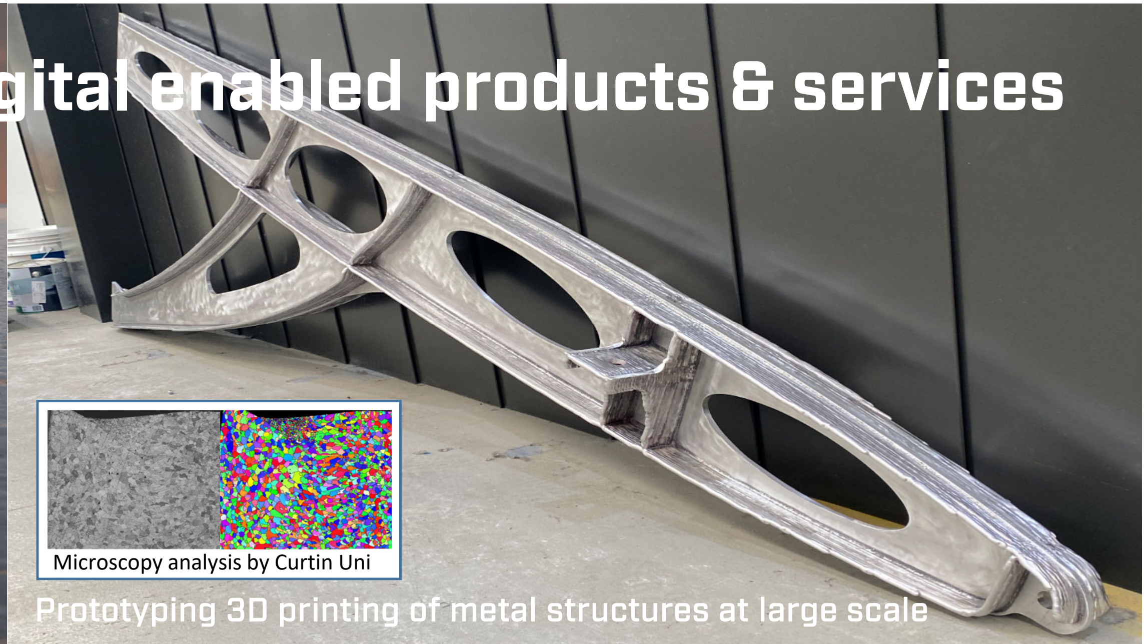
Austal is currently tendering for the RAN's Regional Maintenance Provider (North east) Project.

Spirit of Tasmania

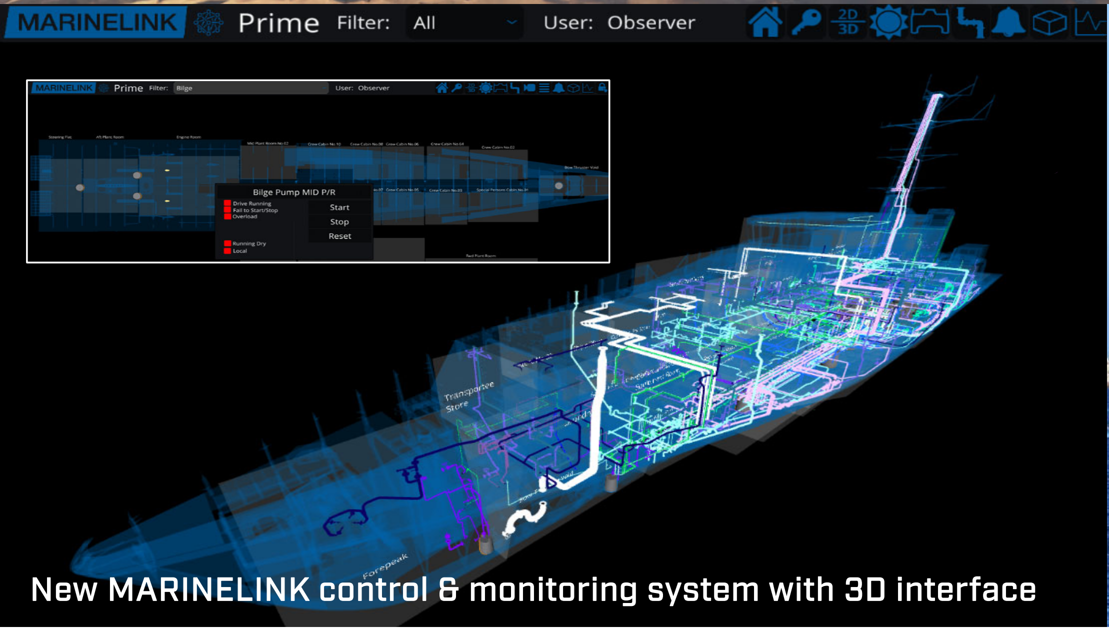
Austal was invited to submit a formal proposal for increasing Australian content for the construction of 2 x 'Spirit of Tasmania' Bass Strait Ferries

Austal has a growing range of digital enabled products & services

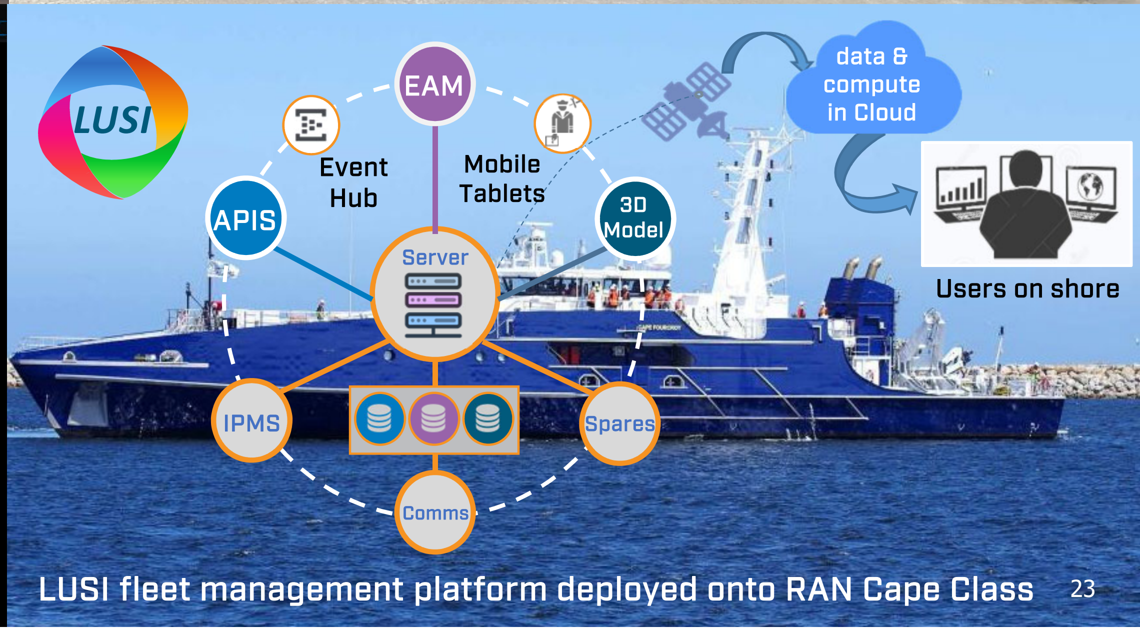

New Volta family of battery-electric fast ferries now market ready



Prototyping 3D printing of metal structures at large scale



New MARINELINK control & monitoring system with 3D interface



LUSI fleet management platform deployed onto RAN Cape Class

Disclaimer

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