



1<sup>st</sup> Half 2006

# Results Presentation

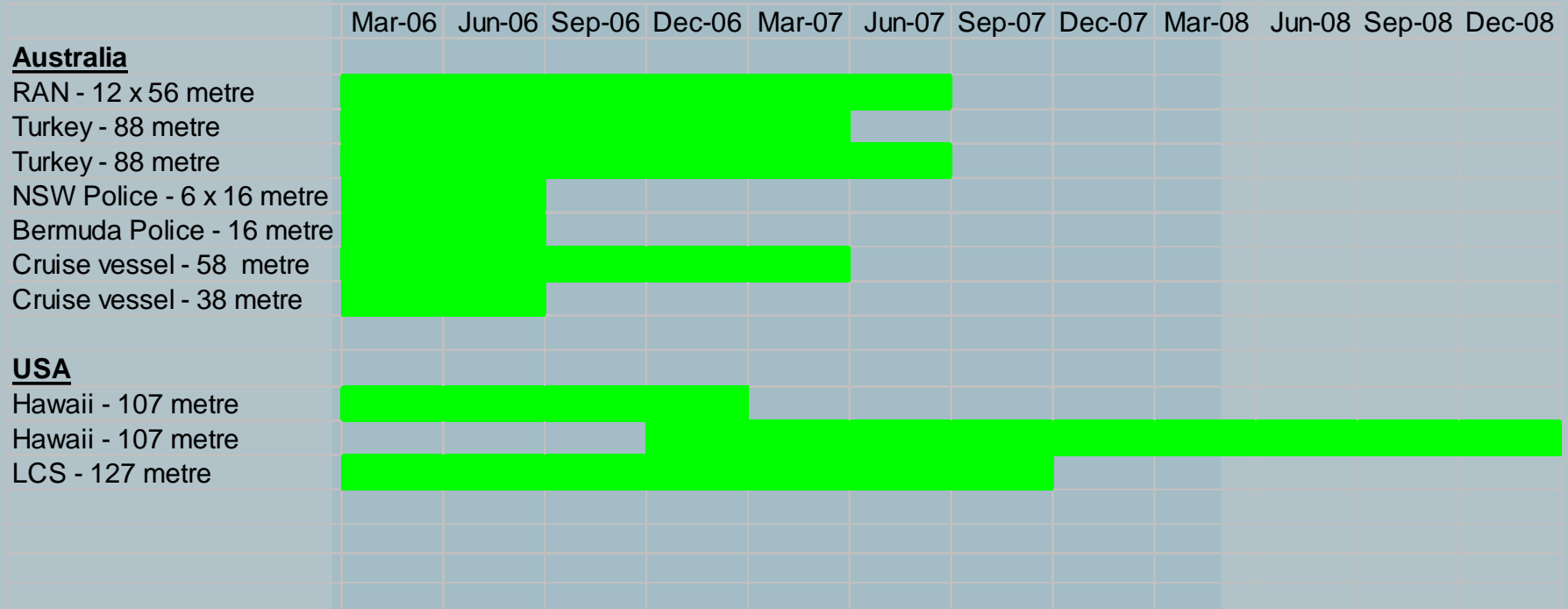


# Recent Performance

	1H2004	2H2004	1H2005	2H2005	1H2006
Revenue	153.0	157.1	162.8	158.4	167.8
EBIT	3.3	21.1	23.6	17.7	19.7
EBIT %	2.2%	13.4%	14.5%	11.2%	11.7%
Profit before tax	3.6	21.1	24.4	18.1	19.6
Tax Expense	-1.2	-3.8	-3.1	-4.5	1.1
OEI	0.6	-0.2	0.3	0.3	-2.1
<b>Net Profit</b>	<b>3.0</b>	<b>17.1</b>	<b>21.6</b>	<b>13.9</b>	<b>18.6</b>
EPS (cents)	1.6	8.8	11.2	7.3	11.3
(a) \$ millions unless stated					
(b) IFRS for 1H2006 only					



# Current Projects



Total forward orders of \$650m through to 2009



## *Manpower - Australia*

- Improved processes have increased domestic recruitment numbers and quality
- Staff retention initiatives have significantly reduced turnover of existing staff
- Skilled migrant program has contributed significantly to growth in work force (recently started 43 Filipino workers)
- More skilled migrant intakes planned this calendar year
- Production resources have grown by 155 since November

- Scoping study for full implementation of Advanced Shipbuilding is now substantially complete
- Full implementation expected during next 2 years
- New design software will simplify manufacturing processes through introduction of “assembly pictures”
- Increased automation of simple tasks
- Increased “block” construction will result more productive time
- Allows for less reliance on experienced highly skilled labour resources



# *Yard expansion complete*





**AUSTAL**

*US Navy*

*Littoral Combat Ship*

- Austal is ship designer and builder in General Dynamics consortium.
- Initial LCS vessel under construction for delivery in September 2007.
- Exercise of option for 2<sup>nd</sup> vessel expected in June 2006.
- Future orders anticipated in late 2007 / early 2008.
- US Navy advise requirement for up to 55 vessels by 2020.
- Austal revenue share approx \$150m per vessel.





# *US Navy Littoral Combat Ship*





**AUSTAL**

## *Statements by US Department of Defense*

- *“accelerate procurement of Littoral Combat Ships to provide power projection capabilities in littoral waters”* – Quadrennial Defense Review Report, Donald Rumsfeld – 6 February 2006
- *“absolutely convinced...there will be a rush to build 50...and then a move for another 25 or 50 ships”* – Admiral Vern Clark, Chief of Naval Operations – 3 June 2005



## *Potential large volumes of LCS vessels*

- US Navy Budget 2006/7 (released Feb 2006, proposes the following orders;
  - 2 in FY 2007 (existing Flight 0 options)
  - 3 in FY 2008 (confirmation late 2007?)
  - 5 in FY 2009
  - 5 in FY 2010
  - 5 in FY 2011



ASC

- Australian Submarine Corporation to be privatised
  - Holds 25 year submarine maintenance contract
  - Preferred builder for the \$6 billion AWD contract
- Timing
  - Scoping study by Carnegie Wylie to report back in April 2006
  - Commencement of sale process expected late 2006
  - Completion in mid – late 2007

## Australian operations

- Operating at high capacity levels through to 1Q 2007
- Sound prospects in the commercial market beyond 2007 due to market leading position and diverse product range
- Increasing recognition and credibility as a defence supplier due to the RAN and LCS projects

## US Operations

- Expanding rapidly with capacity sold through to end of 2008
- Potential long-term contract income through 2020 for the US\$16.5 billion Littoral Combat Ship Project