



# Annual Results Discussion

Year ended 30 June 2003

**Mr Bob McKinnon**

**Managing Director**

At 20 September 2003

- **Austal Limited is an integrated shipbuilder based in Western Australia**
- **Operates from three construction yards in Henderson, WA and one in Mobile, Alabama in the USA**
- **Four international brands:**

**Austal Ships**

**Image Marine**

**Oceanfast**

**Austal USA**

- **Diverse product range**

## AUSTAL LIMITED

### Image Marine

**Vessels < 50 M**

**Passenger  
Ferries**

**Live-aboard  
Vessels**

**Patrol Craft**

**Offshore  
Boats**

### Oceanfast

**Luxury  
Motor Yachts**

### Austal Ships

**Vessels to 100+ M**

**Vehicle Ferries**

**Passenger Ferries**

**Defence  
Applications**

**Cruise Yachts**

**Patrol Craft**

**Offshore Boats**

### Austal USA

30% Bender Shipbuilding USA

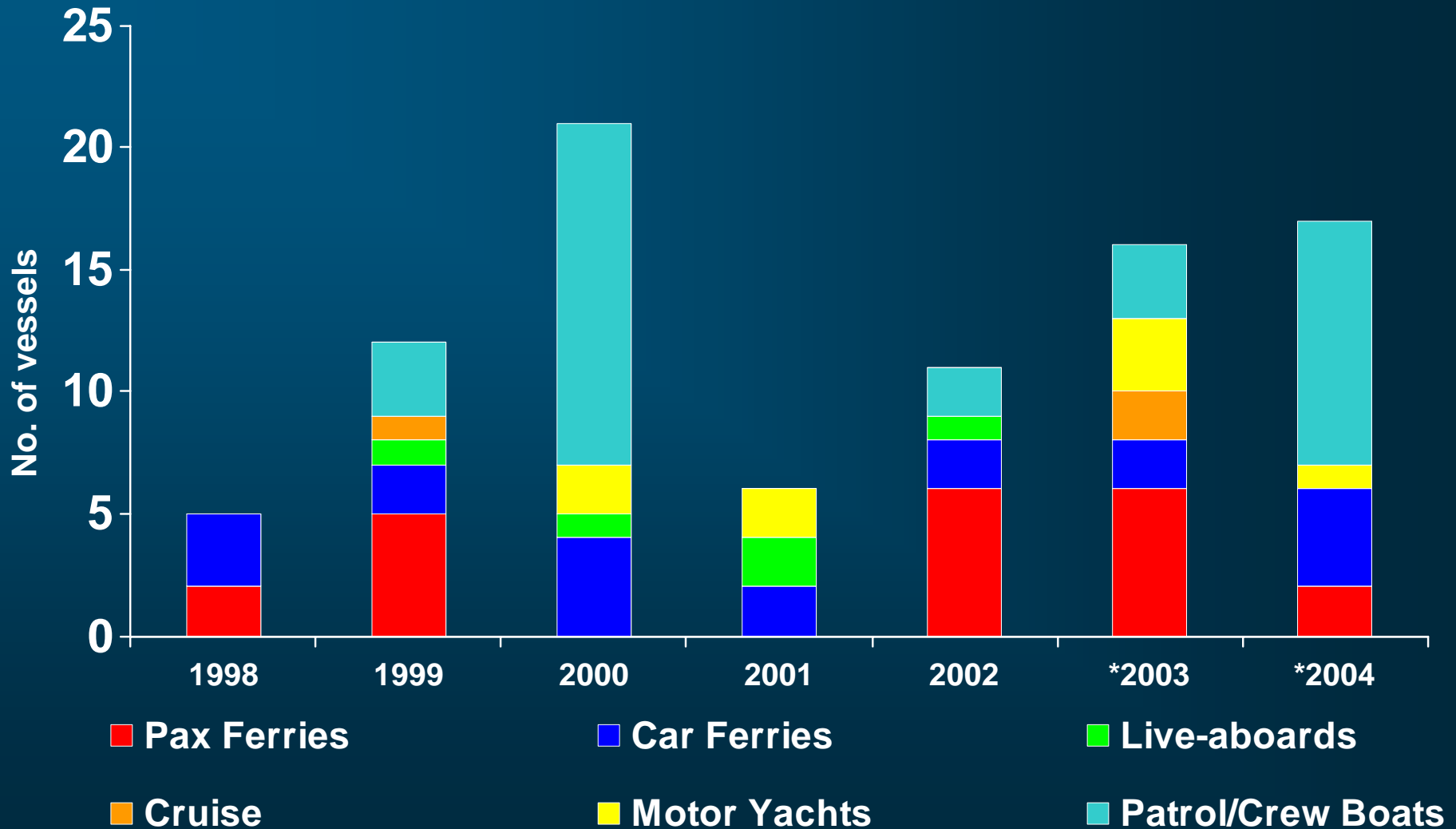
**US Domestic  
Market**

**Full Austal  
Shipbuilding  
Range (except  
Motor Yachts)**

# STRATEGIC FOCUS

- **Building shareholder value by targeting profitable markets and building stable long-term revenue streams**
- **Pursuing growth via product diversification and new market identification to reduce cyclical risk**
- **Maintaining internal focus on production efficiency and cost reduction**
- **Adding revenue stream (in long-term) from service & maintenance of Austal vessels in global locations**

# VESSEL DELIVERIES



\* Based on current order book

# FINANCIAL SUMMARY

Year ended 30 June (A\$m)	2003	2002
Operating Revenue	307.7	343.6
EBITDA	(34.8)	37.9
EBIT	(39.4)	33.5
Operating profit/loss before tax	(36.7)	35.1
Operating profit/loss after tax	(24.2)	29.3
Net profit/loss after tax and OEI	(18.7)	30.4
EBIT/ Sales (%)	(12.8)	10.0
EPS (cents/share)	(9.7)	16.3
Net Assets	113.5	134.6
ROE (%)	(16.5)	22.6

# REVENUE HISTORY

A\$ million



# CASH ASSETS

## Estimated cash position (\$m)

	2003		2004	
	30 June	31 Dec	30 June	31 Dec
Cash at Bank	30.0	35.4	40.0	29.9
Construction Finance	(2.6)	(63.9)	(51.7)	(22.6)
<b>NET CASH</b>	<b>27.4</b>	<b>(28.5)</b>	<b>(11.7)</b>	<b>7.3</b>

# OPERATIONS SUMMARY

- **Core business - satisfactory performance**
- **Vessels under construction/contract**

## **AUSTAL SHIPS - 15 vessels**

- 50 metre vehicle-passenger catamaran
- 56 metre vehicle-passenger catamaran
- 66 metre vehicle-passenger catamaran
- 86 metre vehicle-passenger catamaran
- 126 metre vehicle-passenger-cargo trimaran
- 10 x 37 metre patrol boats

## **IMAGE MARINE - 7 vessels**

- 3 x 22 metre coast guard vessel
- 2 x 41.5 metre harbour cruise
- 2 x 47.5 metre passenger ferries



- **Losses incurred \$18.0 million**
  
- **Operational changes made to improve performance**
  - Standardisation of contract specifications
  - Apply more efficient production practices
  - Structural changes to project management to better suit demands of current and future projects
  - Workforce experience/skill lifted
  - Improved cost/productivity results
  
- **Vessels under construction**
  - 56.5 metre steel hulled motor yacht
  - 53 metre aluminum motor yacht



- **Losses incurred \$12.9 million**
- **Investment to develop operational capability**
  - Building workforce experience/skill
  - Increased knowledge of regulatory requirements for U.S. built vessels
- **Vessels under construction**
  - 58 metre vehicle-passenger ferry



# FUTURE OUTLOOK

## Image Marine

- Continued specialisation in core products



## Austal Ships

- Consistent revenue and profit performance
- Continued product diversification in addition to ferries:
  - cruise
  - defence
  - patrol boats (e.g. RAN patrol boats)





## Royal Australian Navy Contract

- 12 x 56 metre monohull patrol boats
- Austal partnered with Defence Maritime Services
- August 2003 - nominated preferred tenderer
- Negotiations ongoing
- Contract signing expected late 2003
- Delivery timetable 42 months

## Oceanfast

- Increased recognition of benchmark quality product
- Stronger brand awareness among world's premier motor yacht builders
- Skilled workforce available
- Cost/productivity focus to remain



## Austal USA

- Existing orders significant step in US yard becoming a major supplier of aluminium vessels to the US commercial market
- Continue facilities and workforce development to participate in future major US military projects

Littoral Combat Ship (LCS)

Theatre Support Vessel programs





## Littoral Combat Ship

- Austal and General Dynamics in Teaming Agreement
- Awarded 1 of 3 contracts to develop preliminary vessel design. Contract value US \$10m
- The Navy to select 2 builders to build 2 prototype vessels
  - 1<sup>st</sup> vessel build early 2005 (build time 24 months)
  - 2<sup>nd</sup> vessel build early 2006 (build time 24 months)
- Expect up to 2 teams will win contracts to build LCS
- US Navy identified need for 9 LCS vessels by 2009
- Reported total LCS vessels required – up to 57 over 15 years



## US Army Theatre Support Vessel

- Tender released Oct 2003, submission date in Jan/Feb 2004
- One builder selected by April 2004
- First vessel start production 2004
- 7 vessels built over unspecified time frame (estimated 4 - 5 years)
- Preliminary specifications released mid March 2003





- Group's financial position remains strong
- Core commercial business profitable, enquiries received across product range
- Approximately \$350m orders on hand for construction 2004 and 2005
- Military requirements becoming clearer. Provide sound opportunities for multi-hulled high-speed vessels and short-term opportunities for patrol boats

# AUSTAL LIMITED



**AUSTAL SHIPS**



**IMAGE MARINE**



**AUSTAL USA**



**OCEANFAST**