



1<sup>st</sup> Half 2007

# Results Presentation



## *1<sup>st</sup> half highlights*

- Net profit after tax \$19.4 m
- Earnings per share 10.5 cents per share
  
- 2nd Littoral Combat Ship contract – \$135m
- Award of multiple ferry order – \$140m
- Extension to multiple ferry order – \$60m
  
- Acquired 30% minority interest in US Operation

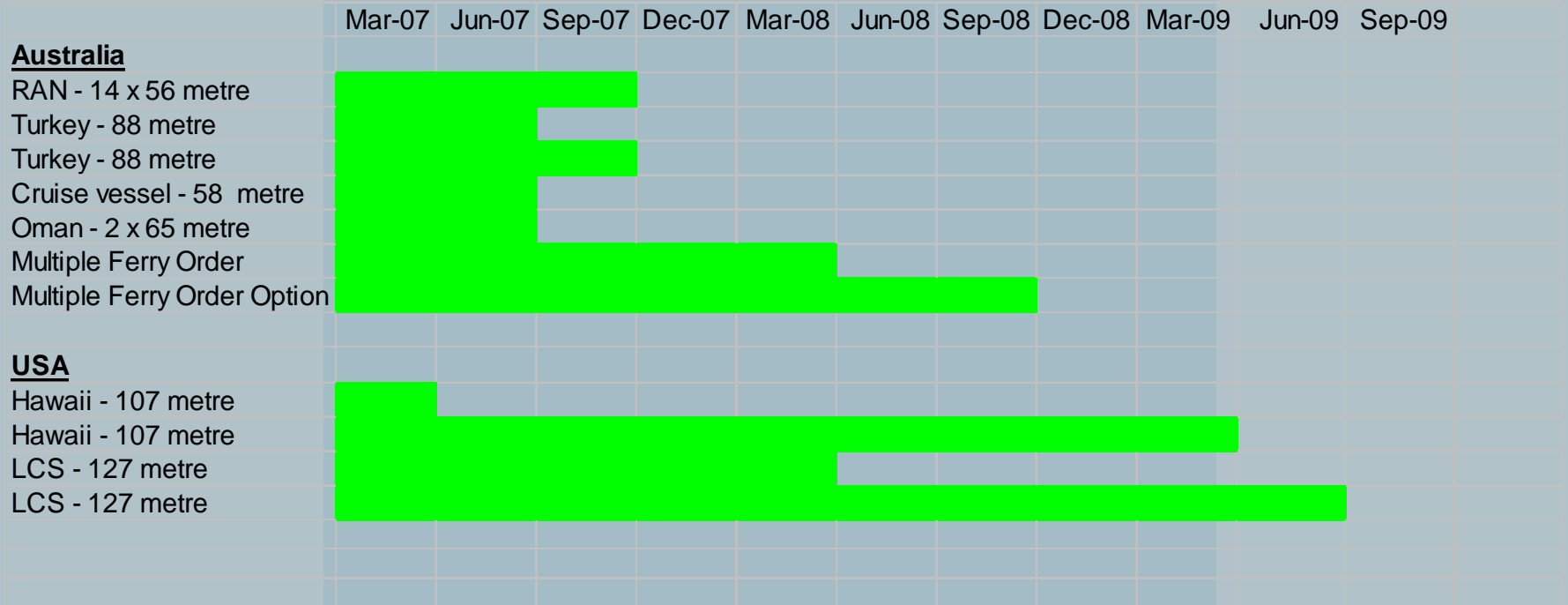


# Recent Performance

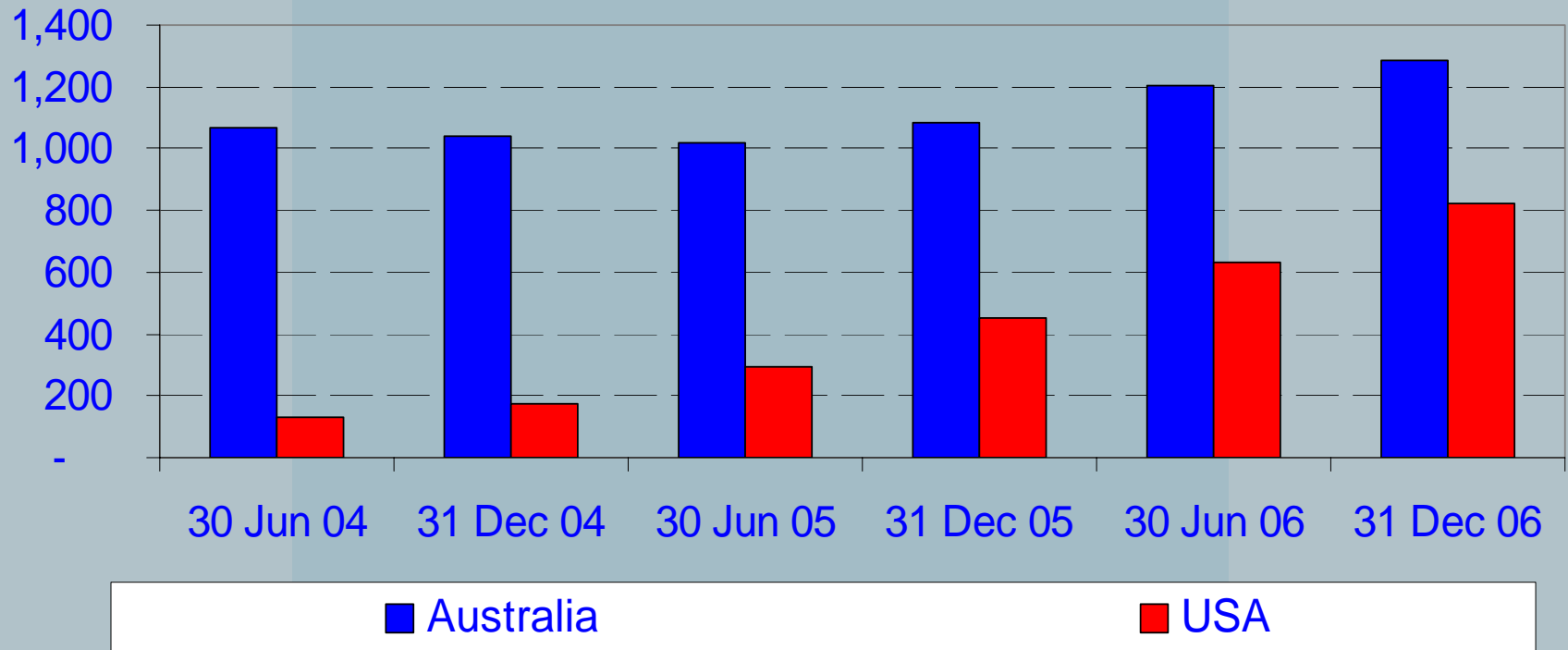
	1H2005	2H2005	1H2006	2H2006	1H2007
Revenue	162.8	158.4	167.8	224.6	250.5
EBIT	23.6	17.7	19.7	26.8	23.1
EBIT %	14.5%	11.2%	11.7%	11.9%	10.3%
Profit before tax	24.4	18.1	19.6	30.0	25.8
Tax Expense	(3.1)	(4.5)	1.1	(6.5)	(5.9)
OEI	0.3	0.3	(2.1)	(1.4)	0.5
<b>Net Profit</b>	<b>21.6</b>	<b>13.9</b>	<b>18.6</b>	<b>22.1</b>	<b>19.4</b>
EPS (cents)	11.2	7.3	11.3	10.8	10.3
\$ millions unless stated					



# Current Projects



## Employees





## *Manpower - Australia*

- Improved processes have increased domestic recruitment numbers and quality
- Staff retention initiatives continue to reduce turnover of existing staff
- Skilled migrant program has contributed significantly to growth in work force (currently employ 200 Filipino workers)
- More skilled migrant intakes planned this calendar year
- Production resources continue to grow at a healthy rate to meet continued customer demand

- Implementation of the scoping study for full implementation of Advanced Shipbuilding (approx 30% complete)
- Full implementation expected during next 18 months
- Increased automation of simple tasks
- Increased “block” construction will result in more productive time
- New designs are now being undertaken in Ship Constructor
- Allows for less reliance on experienced highly skilled labour resources

# *Launch of 1<sup>st</sup> HSF*





**AUSTAL**

*US Navy*

*Littoral Combat Ship*

- 1<sup>st</sup> vessel 50% complete with launch in December 2007.
- 2<sup>nd</sup> vessel awarded in December 2006 with construction to start in April 2007.
- Stop work on Lockheed Martin 2<sup>nd</sup> vessel.
- Congress has appropriated funds for 2 vessels in 2007.
- US Navy advise requirement for up to 55 vessels by 2020.
- Austal revenue share approx \$135m per vessel.





**AUSTAL**

# *Littoral Combat Ship*





## *Statement by US Department of Defense*

- *“the littoral combat ship program remains of critical importance to our Navy. With its great speed and interchangeable warfighting modules, the ship will provide unprecedented flexibility” - Admiral Mike Mullen, Chief of Naval Operations – 12 January 2007*



## *Potential large volumes of LCS vessels*

- US Navy Budget proposes the following orders;
  - 2 in FY 2007 (Appropriated)
  - 3 in FY 2008 (Confirmation late 2007)
  - 6 in FY 2009
  - 6 in FY 2010
  - 6 in FY 2011



## *Joint High Speed Vessel Program*

- US Navy / Army budget proposes;
  - 1 in FY 2008
  - 2 in FY 2009
  - 2 in FY 2010
  - 2 in FY 2011
  - 1 in FY 2012

Vessel value estimated at US\$130m



ASC

- Australian Submarine Corporation to be privatised
  - Holds up to 25 year submarine maintenance contract
  - Preferred builder for the \$6 billion AWD contract
  - Reported \$18.5m profit in 2005/06
- Timing
  - Commencement of sale process expected late 2007
  - Completion in mid – late 2008

## Australian operations

- Operating at high capacity levels through to 1Q 2008
- Sound prospects in the commercial market beyond 2008 due to market leading position and diverse product range
- Increasing recognition and credibility as a defence supplier due to the RAN and LCS projects



## *Summary (cont.)*

### US Operations

- Expanding rapidly with capacity sold through to end of 2009
- Potential long-term contract income through 2020 for the US\$16.5 billion Littoral Combat Ship Project
- Bidder for the Joint High Speed Vessel Program with RFP expected to be released by April 2007
- Purchasing land for future manufacturing expansion
- Well placed for possible Katrina funding grant
- Significant improvement in staff retention and continued focus on skills training