



AUSTAL

LEADING THE WORLD IN THE DESIGN AND
CONSTRUCTION OF HIGH SPEED ALUMINIUM VESSELS



ANNUAL GENERAL MEETING 2007

**Mr John Rothwell AO
Executive Chairman**



- Austal is a diversified shipbuilder based in Western Australia
- Currently operates five shipyards, located in Western Australia, Tasmania and Mobile, Alabama (USA)
- Austal has delivered or has on order more than 200 vessels for customers around the world
- In excess of 2400 employees worldwide
- Product range
 - Commercial vessels
 - Defence vessels
 - Cruise / Live-aboard vessels



GLOBAL MARKET





Financial Summary

	2006	2007
Revenue	389.0	543.6
EBIT	46.5	58.5
EBIT %	12.0%	10.8%
Profit before tax	49.6	63.7
Tax Expense	-5.4	-17.9
Net Profit	44.2	45.8
Basic EPS (cents)	22.4	24.4
(a) \$ millions unless stated		



- Net Profit attributable to shareholders of \$45.1 million
- Return of large ferry orders from Hong Kong region
- Purchase of shipyard in Tasmania to provide increased capacity
- Acquired minority interest in Austal USA
- Expansion of US workforce by 75% to over 1,000 employees
- Secured expertise of Bob Browning as Austal USA CEO to drive future growth
- Implementation of Advanced Ship Building modular construction showing encouraging returns
- 12 cent dividend

Vessels Completed in FY 2007



- 88 metre vessel for Turkey
- 59 metre private cruise vessel
- 16 metre Bermuda Police Boat
- 5 x 57 metre RAN Patrol Boats
- 107 metre vessel for Hawaii Superferry.
- 37 metre private vessel





- Contracts on hand at 30 June amounted to \$765 million
- Commercial sales enquiries continue to be strong
- Increasing focus on building capability in defence programs
- Expansion of Tasmanian workforce
- Continued expansion of US workforce to accommodate LCS & JHSV programs
- Expansion of US facility and introduction of Advanced Ship Building modular construction in Alabama
- Focus on building service & maintenance revenues worldwide in both defence and commercial markets



- 1 x 107 metre vessel for Hawaii Superferry
- 2 x 65 metre vessels for Sultanate of Oman.
- 10 x 48 metre vessels for Cotai Strip (Macau)
- 2 x 88 metre vessels for Middle East
- 2 x 69 metre vessels for Middle East
- 2 x 48 metre vessels for New World Fast Ferries





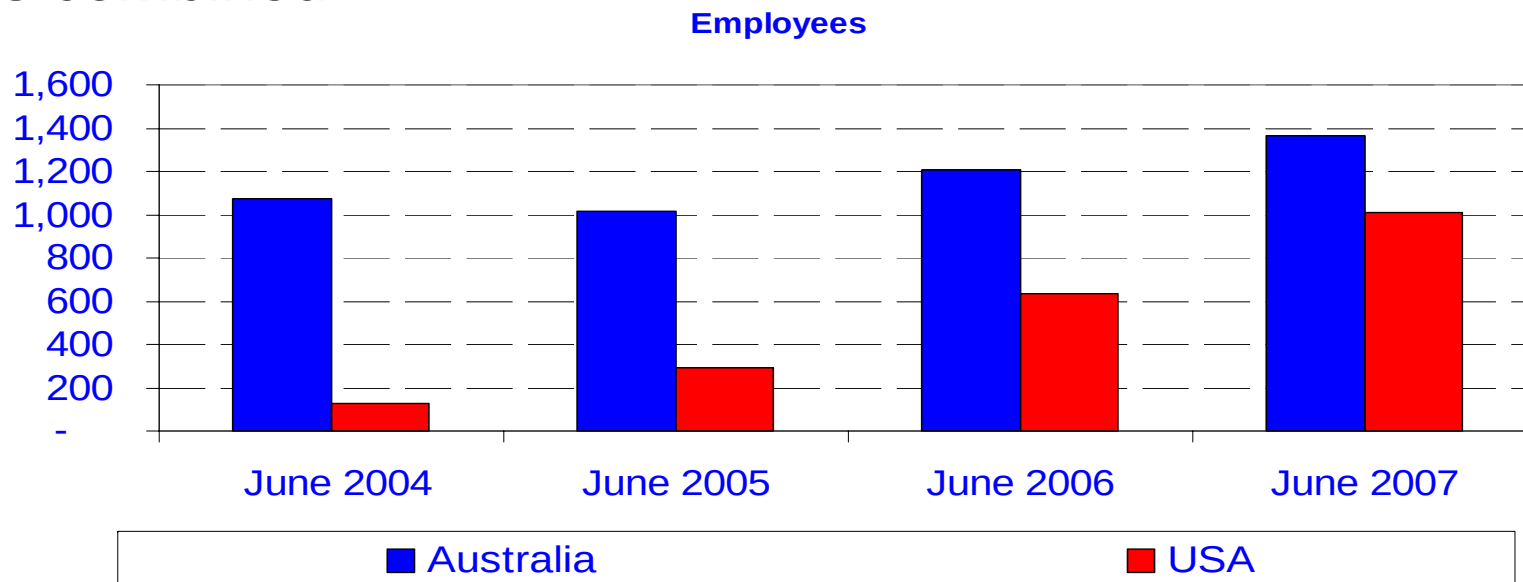
- 1 x 57 metre Patrol Boat for Royal Australian Navy
- 2 x 127 metre Littoral Combat Ships for United States Navy



Employees



Total Employees: 2400 approx. Australia and USA yards combined



Australian Statistics:

- 270 apprentices employed
- 170 person design team
- 235 employees on 457 Visa.



- Construction of precisely sized modules prior to main assembly
- Commenced on larger scale with 10 x 48 metre vessels for Cotai Strip (Macau)
- Simplification of drawings assisting on production floor
- Introduction of Ship Constructor design software supporting less skilled employees
- Productivity improvements through reduced labour hours



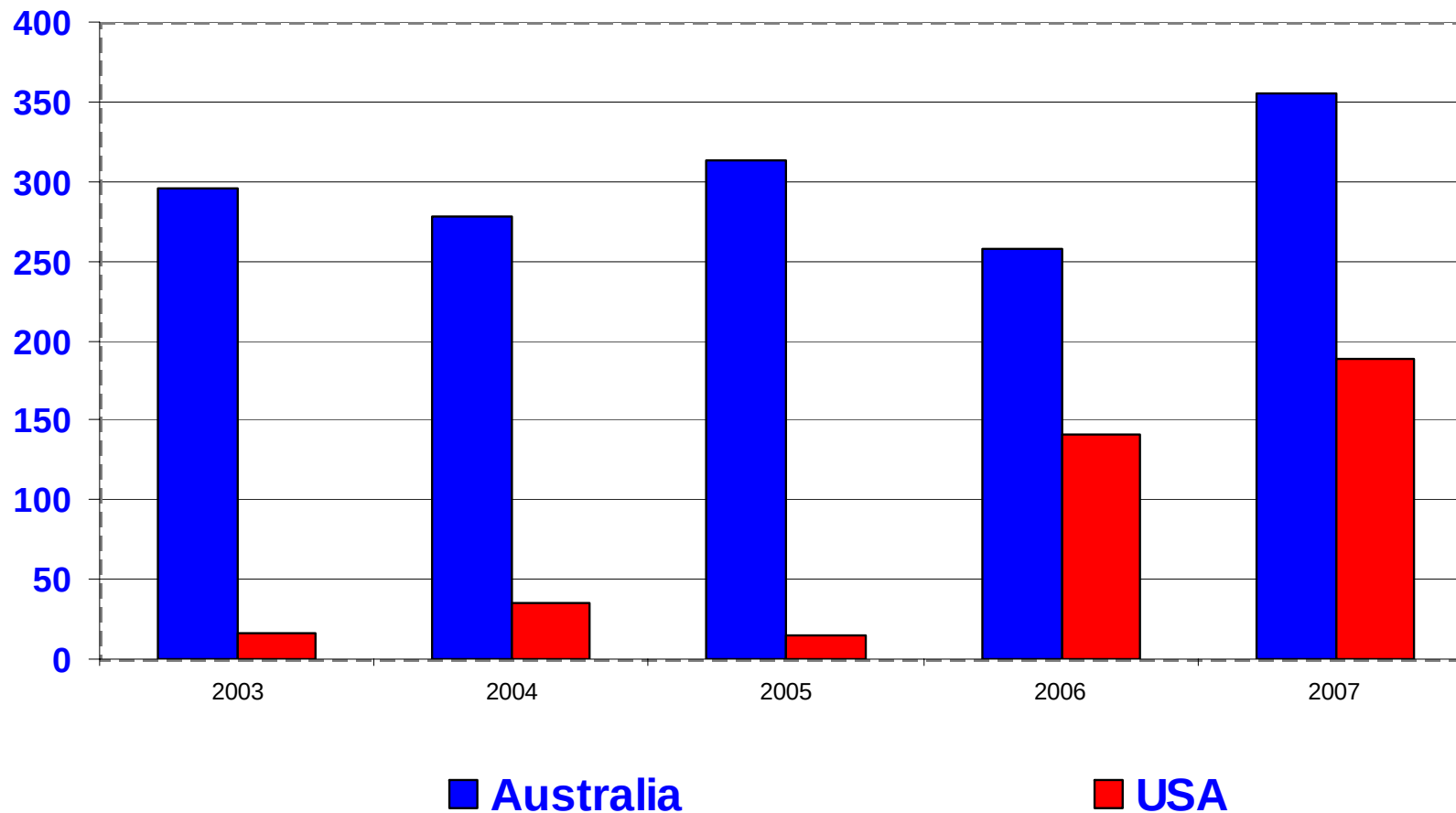
Yard Overview - USA





Australia vs US Revenue

Australia vs US Revenue
\$ Millions



Planned US Expansion



- 100 acres of land acquired
- Panel Construction Facility completed
- Router Cutter & Fitout Facility (in progress)
- 3rd large Erection Bay to accommodate 135 metre vessel
- Modular Manufacturing Facility (Constructed in 2 phases)
- Financial support from Congress and from the State of Alabama

US Navy – Littoral Combat Ship



LCS-2 "Independence" under construction at Austal USA, September 2007



Artist's impression of the 127 metre trimaran LCS



- Austal USA is the designer and builder in the General Dynamics consortium
- First vessel 70% complete and launching in Feb 2008
- Navy committed to LCS program, which currently stands at 55 vessels
- Cancellation of Lockheed 2nd vessel
- Navy have asked GD/Austal for fixed price on existing two vessels under contract
- Navy program is to down select to one design in 2010 (US Senate requested earlier)



Secretary of the US Navy Dr. Donald Winter addresses the Austal USA shipyard.

“The Littoral Combat Ship program remains of critical importance to our Navy providing mine warfare, anti-submarine and anti-surface warfare capabilities”

Admiral Michael G. Mullen, US Chief of Naval Operations. Statement before the Senate Armed Services Sub Committee on Seapower, 03 May 2007



Future Growth Prospects



Joint High Speed Vessel

- Joint High Speed Vessel (JHSV) is an approved program by the US Army and Navy
- Over 100 metres in length and US\$130 million each
- Concept similar to “WestPac Express”
- Sept 2007 - Request for proposal released
- Jan 2008 - Award preliminary design (2)
- Sept 2008 - Contract award

2007	2008	2009	2010	2011	2012
-	1	2	2	2	1



Australian Submarine Corporation

- Austal teamed with General Dynamics (51/49) basis
- Sale likely to be concluded in second half of 2008
- Change of Federal Government not expected to impact sale other than delay slightly
- Government stated that ASC must be at least 51% Australian owned
- Large long term build and maintenance contracts
- Increases Austal's participation in defence business
- Sale price unknown and will depend on the structure for the underlying \$8 billion Air Warfare Destroyer contract





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