



COMPANY ANNOUNCEMENT
21 FEBRUARY 2025

AUSTAL DELIVERS STRONG GROWTH IN FIRST HALF EARNINGS

SUMMARY:

- **H1 growth in earnings strongly supports full year EBIT guidance**
 - Revenue of \$825.7 million (FY2024 H1: \$717.7 million), 15.1% increase driven by significant contribution from US shipbuilding
 - EBIT of \$42.7 million (FY2024 H1: \$32.1 million) with improved margins of 5.2% (FY2024 H1: 4.5%)
 - Net Profit After Tax of \$25.1 million (FY2024 H1 \$12.0 million), up by 108.9%
- **Significantly improved cash position**
 - Total cash and cash equivalents: \$353.9 million (30 June 2024: \$173.5 million)
 - Submarine Module contract and milestone payments strong contributors
 - Net cash position of \$212.6 million (30 June 2024: \$3.9 million)
 - Net operating cash inflow of \$238.3 million (FY2024 H1 \$33.6 million inflow)
 - No dividend to maintain balance sheet strength ahead of capex program to increase shipbuilding capacity and capability
- **Record order book of \$14.2 billion**
 - Order book of \$14.2 billion at 31 December 2024, including contract options but excluding Australian defence future programs yet to be awarded. Additional ~\$270 million in recent award to Gotlandsbolaget
 - Awarded US\$450 million contract by General Dynamics Electric Boat to build a new submarine module fabrication and outfitting facility and US\$152 million contract by US Navy to invest in infrastructure that supports the Navy's goal of annually delivering one Columbia-class and two Virginia-class submarines
 - Well positioned to add further defence project opportunities in the USA, as well as in Australia through Strategic Shipbuilding Agreement (SSA)

Austal Limited (**Austal**) (ASX:ASB) has today released its financial results for the financial year ended 31 December 2024 (FY2025 H1).

The Company recorded Earnings Before Interest and Tax (EBIT) of \$42.7 million (FY2024 H1: \$32.1 million), on revenue of \$825.7 million (FY2024 H1: \$717.7 million). EBIT was significantly higher than both the first half and second half results in FY2024, and was ahead of expectations. The

growth in earnings reflected an increase in revenue in USA shipbuilding and a recovery in Australasian shipbuilding operations.

The award of two infrastructure contracts totalling ~US\$600 million significantly strengthened the closing net cash position to \$212.6 million, and supports the Company's planned capex program to increase manufacturing capacity and drive continued growth. The first was a US\$450 million contract awarded by General Dynamics Electric Boat to fund Austal USA to enhance existing infrastructure by designing, constructing and outfitting a new module fabrication and outfitting facility at Austal's Mobile shipyard (MMF3). The second was a US\$150 million contract from the US Navy to invest in enhancing ancillary infrastructure and facilities adjacent to Austal USA's facilities and around the Mobile area. Both contracts aim to support the US Navy goal of delivering one Columbia-class and two Virginia-class submarines annually.

Austal Chief Executive Officer Patrick Gregg said: *"Austal delivered a very strong start to the 2025 financial year with EBIT and revenue performance ahead of expectations for the half. We continued to grow the order book with new defence and commercial contract awards, improve operating margins, and significantly increased our net cash position by \$209 million. Austal now has record work in hand of \$14.2 billion, and a strengthening balance sheet to support investment in manufacturing capacity and drive continued growth over the next decade.*

"The outlook for the second half is very positive with potential for the order book to grow further if the Australian Government contracts programs through the Strategic Shipbuilding Agreement, and we continue to see operational improvements on our US build programs and through the increased volume of commercial work in Asia. We now expect FY2025 EBIT to be not less than the \$80 million we guided at the AGM.

"It is an exciting time for the Company as the long-term investment made in developing deep defence relationships in the United States and Australia, founded on product innovation, technology and demonstrated shipbuilding and support capabilities, is starting to deliver increased returns."

FINANCIAL RESULTS

Austal delivered FY2025 H1 revenue of \$825.7 million, up 15.1% on FY2024 H1, primarily due to stronger shipbuilding revenue with both USA and Australasian operations contributing strongly. USA activity was driven by the Tactical Auxiliary General Ocean Surveillance vessel (T-AGOS) & Offshore Patrol Cutter (OPC) completing design phases which offset reduced revenue from the Littoral Combat Ship (LCS) program nearing completion.

Australasia shipbuilding revenue recovered strongly from increased throughput from new commercial contracts secured during the period.

The support business maintained steady revenue contribution year-on-year at around \$194.9 million (down 1%), with stronger revenue in Australasia largely offsetting lower revenue in USA. Shipbuilding share of total revenue increased to ~76% of total revenue, with support at ~24% (FY2024: shipbuilding ~68%, support ~32%).

Earnings Before Interest and Tax (EBIT) increased by \$10.6 million (+33%) to \$42.7 million (FY2024 H1: \$32.1 million) for the reasons outlined above. FY2025 H1 Group EBIT margin improved to 5.2% from 4.5% in FY2024 H1 and 3.8% in FY2024.

Net Profit After Tax increased by \$13.1 million to \$25.1 million (FY2024 H1 \$12.0 million, FY2024 \$14.9 million).

USA SEGMENT

Austal's USA segment increased revenue by \$53 million on the prior half, reporting FY2025 H1 revenue of \$634 million (FY2024 H1: \$581 million). This was after a \$2.1 million unfavourable FX movement. EBIT was up \$1 million to \$50 million (FY2024 H1: \$49 million) with an increase in Shipbuilding contribution offsetting a decline in Support work. As previously reported, USA support was unusually high in FY2024 due to invoice finalisation for support work undertaken in FY2023.

Shipbuilding was the main driver of growth with revenue increasing by \$63 million (+13.8%) to \$517 million, and EBIT increasing 9.6% to \$27 million. Ship building revenue was driven by progress on T-AGOS and the OPC program completing the design phase, which more than offset declining throughput in the LCS program (with one vessel remaining for delivery during FY2025).

Austal submitted a Request for Equitable Adjustment (REA) with the US Navy in November 2024 related to its onerous contract for the T-ATS program. The submitted REA claim is under review with ongoing confidential discussions taking place with the United States Navy ahead of the REA being

finalised. Construction for the T-ATS 14 and T-ATS 15 vessels has been paused at the Navy's request while discussions continue.

During the first half LCS 36 was delivered and the last of class LCS 38 and EPF 15 launched.

Austal USA was awarded two separate contracts to significantly expand its manufacturing infrastructure in the USA. This included a US\$450 million (approx. A\$670 million) contract by General Dynamics Electric Boat to expand production capacity at its US shipyard in support of the U.S. Navy Submarine Industrial Base (SIB). The contract will fund the design, construction and outfitting of a new module fabrication and outfitting facility at Austal's Mobile shipyard to support the U.S. Navy with its Virginia-class submarine program. Construction of the new building is expected to complete in 2026.

Austal USA was also awarded a US\$152 million (approx. A\$220 million) agreement by the U.S. Navy to invest in infrastructure that supports the US Navy's submarine programs. The agreement has provided funding for Austal USA to invest in enhancing ancillary infrastructure and facilities adjacent to Austal USA's facilities and around the Mobile area. Ownership of facilities will remain with the USA Qualified Opportunity Fund in which Austal USA is a limited partner, but which is not part of the Austal Group.

US Support revenue reduced by \$10 million to \$117 million with EBIT margins improving to 19.7%, versus 19.3% on the prior half year. During the period the US Navy exercised US\$48 million (~A\$74.4m) of additional contract options to perform maintenance on LCS vessels deployed to the Western Pacific and Indian Ocean. The full benefits of the San Diego floating dock will be seen when she is commissioned, which is anticipated in FY2026. The demand outlook for the dock remains positive and will allow the more efficient service of larger naval vessels.

AUSTRALASIA SEGMENT

Austal's Australasia segment reported a \$51 million increase in revenue to \$193 million, compared to \$142 million in FY2024 H1. The 36% revenue increase was primarily due to interim pre-contract work for the Strategic Shipbuilding Agreement, and the beginning of a recovery in commercial ferry activity in the Philippines and Vietnam. Shipbuilding yards saw increased throughput from contract awards in FY2024, including two additional Evolved Cape-class Patrol Boats, two Guardian-class Patrol Boats, a 71 metre RoRo passenger cargo vessel at Austal Vietnam, and a contract to design and construct a new 66 metre wind-powered, aluminium cargo trimaran.

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The return of shipbuilding to almost break-even enabled Austal Australasia to record an EBIT of \$2 million in FY2025 H1, which was up by \$8 million compared to a loss of \$6 million in the prior corresponding period. Support activities also delivered growth, contributing revenue of \$79 million and EBIT of \$4 million in FY2025 H1, compared to \$70 million and \$3 million respectively in the prior half year. This was driven by increased availabilities for Guardian-class vessels.

The Australian Defence Force's Landing Craft (Heavy) program progressed during the half with the selection of Damen's Landing Ship Transport 100 (LST100) as the Commonwealth's preferred design. The Landing Craft (Heavy) program will include eight Landing Craft (Heavy) vessels, based on the LST100, which Austal hopes to build under the SSA at the Henderson Defence Precinct in Western Australia, subject to acceptable commercial negotiations.

Austal Australia was also successful in securing a A\$137 million contract extension for the construction of two additional Evolved Cape-class Patrol Boats, to be delivered to the Australian Border Force (ABF).

CASH AND CAPITAL MANAGEMENT

Austal's cash at bank increased by \$180.4 million to \$353.9 million (FY2024 \$173.5 million). This was driven by strong net operating cashflow of \$238.3 million, primarily due to milestone receipts from General Dynamics Electric Boat for the expansion of the submarine module production capacity. Further milestone payments have been received after the reporting date and Austal's current cash on hand is approximately \$500 million.

Capital expenditure during the half totalled \$12 million versus \$37 million incurred in FY2024 H1. This comprised around \$4m in sustaining capex and around \$8m in enhancing capex. Capital investment activity is expected to be higher in the second half, primarily related to submarine module expansion work and the final assembly sheds for the new steel ship contracts. Significant capex is not expected in Henderson as part of the SSA, as much of the Henderson Defence Precinct is expected to be owned or operated by the Commonwealth in a similar fashion to South Australia. The Landing Craft (Medium) vessels can be built in existing Austal facilities and there are multiple build solutions for the Landing Craft (Heavy) in existing facilities at Henderson.

Gross debt at 31 December 2024 was \$141.4 million, down from \$169.6 million at 30 June 2024 following a pay down of the Company's working capital facility. Net cash at 31 December 2024 was \$213 million.

The significant increase in Austal’s cash position was primarily due to milestone payments received ahead of significant capital expenditure to expand the Company’s USA shipbuilding facilities. The audited financials will be used to finalise the debt required for the design, construction and outfitting of Final Assembly 2, as previously announced. No dividends were declared to support Austal’s capacity to invest in the business for its next phase of growth.

OUTLOOK

Austal ended FY2025 H1 in a strong position to deliver continued revenue and earnings growth in FY2025 and beyond. Guidance for FY2025 has been updated to EBIT not less than \$80 million. This is supported by recent contract wins that have increased throughput in Asian shipyards, supplementing continued strong performance expected from USA shipbuilding and from support operations. There is further potential upside to FY2025 EBIT from the recent US\$450 million submarine module construction contract with General Dynamics Electric Boat once the accounting treatment of that contract is finalised.

Longer term, Austal has a record order book of \$14.2 billion of work in hand, assuming options for all vessels are exercised. Completion of the SSA and any subsequent award of Australian defence future programs would provide considerable upside to this. With a strong cash position of around \$500 million following the receipt of milestone payments for USA expansion programs, Austal is well positioned to deliver sustainable multi-year growth.

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RETIREMENT OF DIRECTOR

Austal also advises that after almost eight years serving on the Austal Board of Directors, non-executive director Sarah Adam-Gedge is retiring from the Austal Board to rebalance her non-executive director portfolio.

Ms Adam-Gedge said Austal's potential position in the Australian naval construction landscape, through the Strategic Shipbuilding Agreement currently under negotiation, and maturation of Austal USA's transition from a two-program build in the US to a 14-program build, cementing its position in the US Naval industrial base, provided a good opportunity for her own transition.

"Austal has made significant progress since I joined the board in 2017 and I'm proud to have contributed to that development," Ms Adam-Gedge said.

Her resignation is effective 28 February 2025.

Ends

This ASX announcement has been approved and authorised for release by Austal Limited Chief Executive Officer, Paddy Gregg.

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About Austal

Austal is Australia's global shipbuilder and defence prime contractor designing, constructing and sustaining some of the world's most advanced commercial and defence vessels.

In its 35+ years of operations, Austal has built more than 350 vessels for 122 commercial and defence operators in 59 countries.

Austal is Australia's largest defence exporter and first ASX-listed shipbuilder. The Company has industry-leading shipyards in Australia, the United States of America, Philippines and Vietnam, and service centres worldwide.

Austal delivers iconic monohull, catamaran and trimaran commercial and defence vessel platforms.

Although the Company's roots are in aluminium shipbuilding – it is the world's largest aluminium shipbuilder – Austal builds conventional and autonomous ships in both steel and aluminium, as well as a range of other bespoke maritime build programs such submarine modules.

Austal was the first, and remains one of only two, foreign-owned prime contractors designing, constructing and sustaining ships for the US Navy.