AUSTAL USA EXPANDS SHIP MAINTENANCE AND REPAIR CAPABILITIES WITH FINALISATION OF LEASE PURCHASE IN SAN DIEGO

Austal Limited (**Austal**) (ASX: ASB) is pleased to announce that Austal USA has completed the purchase of a long-term lease of the Marine Group Boat Works facilities in the Port of San Diego, USA, enabling the further growth of the Company's service and support business.

The lease of the facility has a duration of 27 years. Austal estimates the purchase of the yard and build of a floating dock will cost a total of ~US$80 million (~A$112.5 million), to be funded from the Company's cash reserves.

When combined with the Company's recent inclusion on the United States Navy's Sustainment Execution Contract West (SEC West), Austal's new, long term presence in San Diego is a critical enabler to winning new maintenance contracts from the Navy, Coast Guard and Military Sealift Command.

"Now we will have Austal employees in an Austal yard supporting Austal ships and other vessels, so we can fully capitalise on our SEC West inclusion," said Austal Chief Executive Officer Paddy Gregg.

"The strategic purchase of a west coast yard capability will grow our revenue, grow our margin and enhance our operational flexibility. It will also complement the maintenance work that our Mobile shipyard is performing."

The newly leased yard, part of the San Diego Unified Port District (owned and controlled by the Port of San Diego) is immediately adjacent to U.S. Naval Base San Diego, occupies five acres and includes a pier capable of accommodating ships up to 80 metres long, a travel lift (with lifting capacity up to 300 tons) as well as machine shops and warehouse space.

Austal will establish a full-service ship repair capability, providing maintenance and modernisation for a wide variety of ships, including small surface combatants and autonomous vessels. Services will include technical and material support, topside work, and dry docking.

Austal is in the process of commissioning the construction of a new floating dock, which will support frigates and small surface combatants, including the US Navy's *Independence* and *Freedom*-class Littoral Combat Ships.

"Our support business is gathering considerable momentum," Mr Gregg said.

"When you combine our existing maintenance works in Mobile with San Diego, with SEC East and West contract inclusion and with our recent US$72.5-$216 million contract[1] to perform maintenance on Littoral Combat Ships (LCS) deployed to the Western Pacific and Indian Ocean, it demonstrates the growing importance of our support business and the future opportunities it is generating for Austal."

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

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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.

For more than 30 years Austal has contracted more than 340 vessels for over 121 commercial and defence operators in 59 countries, worldwide.

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

Austal delivers iconic monohull, catamaran and trimaran commercial vessel platforms – including the world's largest trimaran ferry and multiple defence programs such as the Littoral Combat Ship (LCS) and Expeditionary Fast Transport (EPF) for the United States Navy.

Austal is the only foreign-owned prime contractor designing, constructing and sustaining ships for the US Navy.

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[1] See ASX announcement 24 November 2021

Austal has grown to become the world's largest aluminium shipbuilder and is Australia's largest defence exporter.

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