

COMPANY ANNOUNCEMENT 15 MAY 2016

AUSTAL'S LITTORAL COMBAT SHIP 8 COMPLETES ACCEPTANCE TRIALS

Austal Limited (Austal) (ASX:ASB) is pleased to announce that Littoral Combat Ship 8 (LCS 8), the future *USS Montgomery*, has successfully completed U.S. Navy acceptance trials.

The trials, the last significant milestone before delivery involved comprehensive testing of the vessel's major systems and equipment by the U.S. Navy. Delivery of the ship to the Navy is planned for later this northern spring.

"Ship after ship, we continue to see improved performance at lower cost." said LCS program manager for the US Navy, Capt. Tom Anderson. "Montgomery's strong performance during acceptance trials is a testament to the Navy/Industry team that has labored to incorporate lessons learned and deliver this exceptional and affordable ship."

During the four-day trial, the Navy conducted comprehensive tests intended to demonstrate the performance of the propulsion plant, ship handling, and auxiliary systems. While underway, the ship successfully performed launch and recovery operations of the 11-meter rigid hull inflatable boat (RHIB), a four-hour full power run, surface and air self-defense detect-to-engage exercises, and demonstrated the ship's maneuverability performing tight turns and accomplishing speeds in excess of 40 knots.

Austal Chief Executive Officer David Singleton said: "The successful completion of acceptance trials is a significant milestone for Austal and demonstrates how the LCS program is progressively maturing.

"LCS 8 incorporates most of the modifications that have been identified to date following delivery of LCS 6, our first as prime contractor.

"In parallel to the construction of these previously funded vessels, Austal is undertaking design work focused on a potential transition from LCS into the future frigate program for the US Navy from FY2019. "In addition, Austal is carrying out preparatory work to be ready for the future frigate program in Australia planned for the Royal Australian Navy. This program is scheduled to commence construction in FY2020."

After LCS 8, Austal will deliver a further nine Littoral Combat Ships from its shipyard in Mobile, Alabama, under a U.S. Navy contract for 11 ships worth over US\$3.5 billion. Of those, *Gabrielle Giffords* (LCS 10) and *Omaha* (LCS 12) are preparing for trials, *Manchester* (LCS 14) was recently christened, final assembly is well underway on *Tulsa* (LCS 16), and modules for *Charleston* (LCS 18) and *Cincinnati* (LCS 20) are under construction in Austal's module manufacturing facility.

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About Austal

Austal is a global defence prime contractor and a designer and manufacturer of defence and commercial ships. For more than 27 years Austal has been a leader in the design, construction and maintenance of revolutionary ships for governments, navies and ferry operators around the world. More than 255 vessels have been delivered in that time.

Ships

Defence vessels designed and built by Austal include multi-mission combatants, such as the Littoral Combat Ship (LCS) for the United States Navy and military high speed vessels for transport and humanitarian relief, such as the Expeditionary Fast Transport (EPF) ships for the U.S. Navy and High Speed Support Vessel (HSSV) for the Royal Navy of Oman. Austal also designs, constructs, integrates and maintains an extensive range of patrol and auxiliary vessels for government agencies globally, including the Cape Class Patrol Boat Program for Australian Border Force. Defence vessels are designed and constructed in Mobile, Alabama and in Henderson, Western Australia.

Austal has been at the forefront of the high speed ferry market since the early days of the industry. Our market leading designs of high performance aluminium vessels have long been at the heart of Austal's research and development. Today, commercial ship construction is centred on our shipyard in Balamban, Philippines.

Systems

Austal has expertise in integrating complex systems into its ships, including ride control, ship management, and communication, sensors and weapon systems.

Support

Austal provides a wide range of support services, including through life support, integrated logistics support, vessel sustainment and systems support. These services are delivered through our global support network in the USA, Australia, Asia, and the Middle East together with partner shipyards worldwide.

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