Austal Limited (ASX:ASB) is pleased to announce that the United States Government, Department of Defense (DoD), in support of U.S. Navy Shipbuilding Industrial Base, has announced a US$50 million Defense Production Act Title III Agreement (DPA Agreement) with Austal USA. The DPA Agreement will maintain, protect, and expand U.S. Domestic Production of steel shipbuilding capability and capacity through capital projects that will be executed over the next 24 months, beginning in June 2020.

The DoD has entered into the agreement with Austal USA as part of the national response to COVID-19 to maintain, protect, and expand critical domestic shipbuilding and maintenance capacity. The scope of this agreement is still to be definitized but subject to agreement with the DoD, Austal intends to use the funds to commence investment in the development of additional capacity for steel naval vessel construction at the Mobile shipyard.

It is likely that Austal will match the DPA Agreement funding which would take the total investment to circa US$100m. These investments will also have long-term benefits for U.S. Navy shipbuilding while accelerating pandemic recovery efforts in the Gulf Coast region.

Using funds authorized and appropriated under the CARES Act, this DPA Title III investment will protect jobs and bolster the local economy in a region hit hard by the COVID-19 pandemic and ensure critical capabilities are retained in support of U.S. Navy operational readiness. Austal USA is based in Mobile, Alabama, which is the principal place of performance.

Further details about the purpose and specific use of these funds will be released as they are agreed between Austal and the DoD in the following months.

Austal is currently in a trading halt, having requested that trading halt pending an announcement in relation to investment in its US facilities. This announcement is the announcement referred to in the trading halt request, hence Austal now requests an end to the trading halt.
This ASX announcement has been approved and authorised for release by David Singleton, Austal Limited’s Chief Executive Officer.

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About Austal:

Austral 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 300 vessels for over 100 commercial and defence operators in 54 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.

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

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