



**COMPANY ANNOUNCEMENT  
23 DECEMBER 2018**

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## **LCS SUPPORT EXPANSION**

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AUSTAL (ASX: ASB) today received an award from the United States Department of Defense for US\$21,070,175 for support activities on the Littoral Combat Ship program.

Austal will be the Prime Contractor for undertaking a dry docking of LCS 14 to carry out various support and sustainment activities. This award is particularly significant as it is the first time that Austal USA has acted as a Prime Contractor on LCS for work of this nature and points to further expansion of the support business in the USA. The Austal support business has grown at a CAGR of circa 30% over the last few years, reaching a revenue level of circa A\$200m in the last financial year. It is a key strategic aim of Austal to maintain this growth momentum and thereby to deliver a stable long term income to underpin the shipbuilding business.

Austal has delivered 9 LCS vessels with a further 10 vessels on order all of which will undergo regular maintenance and dry docking activities to maintain fleet availability during the life of the class. In the last 2 years Austal has established a significant LCS support capability in San Diego where the vessels are home based. This capability is in addition to the support resources based at the shipyard in Mobile, Alabama. Austal also has other service centres around the world.

The award has been made against a previously awarded Basic Ordering Agreement (BOA) to complete the Post Shakedown Availability (PSA) execution for the Austal designed and built Littoral Combat Ship USS Manchester (LCS 14).

The order provides for work to be performed for the correction of Government responsible trial card deficiencies, new work identified between custody transfer and the time of PSA, and incorporation of approved engineering changes that were not incorporated during the construction period which are not otherwise in the building yard's responsibility under the ship construction contract.

"We have committed to the market that Austal will deliver a substantial and sustainable support business that over the next few years will become a material part of the groups earnings. Whilst in themselves these contracts are relatively small they can form the basis of continued and stable expansion of the

support business. The management team in the USA are to be congratulated at achieving this latest milestone. " Austal CEO, David Singleton said.

The Austal Independence Class Littoral Combat Ship program supports industry throughout the United States. The program supports thousands of jobs directly at Austal's facilities in Mobile, Alabama and indirectly through the contributions of the supply chain of over 900 local suppliers in 41 states.

The LCS is a 127m, frigate sized vessel, built at Austal facilities in Mobile, Alabama. The program is in a full rate of production with several ships under construction simultaneously. The future USS Cincinnati (LCS 20) is in the process of completing sea trials and the future USS Kansas City (LCS 22) is preparing for trials. Final assembly is well underway for the future USS Oakland (LCS 24) and USS Mobile (LCS 26) and modules are under construction for LCS 28 in Austal USA's module manufacturing facility. Construction on the future USS Canberra (LCS 30) is scheduled to begin in late January. Austal USA also recently received orders for two more Independence-class for LCS 36 and 38, making a total of four Austal LCS ordered by the US Navy in 2018.

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#### **Further Information:**

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#### **About Austal**

Austal is an Australian shipbuilder and global defence prime contractor which designs constructs and sustains some of the world's most advanced commercial and defence vessels.

Austal successfully balances commercial and defence projects and celebrates 30 years of success in 2018. Austal has designed, constructed and delivered more than 300 commercial and defence vessels for more than 100 operators in 54 countries worldwide.

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

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 has grown to become the world's largest aluminium shipbuilder.