COMPANY ANNOUNCEMENT
9 OCTOBER 2017

AUSTAL CONTINUES EXPORT SUCCESS WITH US NAVY CONTRACT FOR LCS30

WA based Austal (ASX:ASB) is pleased to announce that it has won a further contract for the Independence Class, Littoral Combat Ship (LCS) to be built at its shipbuilding facilities in Mobile Alabama. The exact value of the award is confidential for competition reasons but is under the US congressional cost cap of US$584 million (A$750 million) per ship. This is the second LCS vessel to be awarded this year to Austal.

The 127 metre, Frigate sized LCS30 will be the 15th LCS constructed at Austal’s US shipyard in Mobile, and represents a continuing vote of confidence in Australia’s design and ship building capability for large naval vessels.

Austal CEO David Singleton said the announcement is further proof that the Australian industry can not only compete, but excel on the world stage.

“Whilst this is a great achievement for Austal, I am also delighted in the vote of confidence this delivers in the Australian industry for shipbuilding and design,” Mr Singleton said.
“I am particularly impressed by the productivity gains and quality of build that our workforce in Mobile has achieved - what they have delivered over the last few years is nothing short of outstanding. The performance in the USA is fast becoming the benchmark for naval production in the world and an inspiration to all of us. Austal’s work on the LCS program at our advanced Module Manufacturing Facility (MMF) has seen efficiency gains of 20 per cent so far with an ambitious target of 35 per cent set for the end of the build cycle.

“Austal USA employs 4,000 people at its headquarters and ship building facility in Mobile, Alabama, while its supplier network includes over 2,200 businesses across 43 States. This operation is truly part of a national endeavour in the USA, and is a model for Australia’s shipbuilding industry where continuous shipbuilding drives innovation and productivity and provides many benefits to the national supply chain and education industry.”

“I look forward to working with the Australian Government in its clear vision for a truly sovereign, and export capable, naval shipbuilding industry based on a continuous build approach. This target is something we are passionate about because of all the job security, education and advanced manufacturing spin offs it will create,” Mr Singleton said.

“Should Austal be successful in its bid for the $3 billion Offshore Patrol Vessel contract for the Royal Australian Navy, we intend to bring the same approach in advanced manufacturing techniques and efficiency gains operating in the US to Australia. What has been achieved in the
USA needs to be our target in Australia and we have every intent to make that happen.”

Austal’s orders to date for the Independence-class LCS have been worth more than A$8 billion which equates to approximately 75 per cent of the likely value of the entire Australian Government frigate construction program.

While the vessel will be constructed at Austal’s shipyard in Alabama, certain subsystems will be made at Austal’s Henderson facility in Western Australia, supported by local suppliers, as part of a continuation of its successful subcontract collaboration with the United States.

Austal’s US operations continues to reduce cost and deliver on schedule handing over two LCS ships in 2016 and one of two in 2017, all under the congressional cost cap. This, along with the successful Expeditionary Fast Transport (EPF) program, has helped make Austal the fifth largest shipbuilder in the United States and positions the company well to rapidly and efficiently support the Navy’s desired fleet of 355 ships with affordable solutions.

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About Austal

Austal is the Australian shipbuilder, global defence prime contractor and maritime technology partner of choice, designing, constructing and sustaining the world’s most advanced commercial and defence vessels.

As the only shipbuilder in the world that successfully balances commercial and defence projects, Austal celebrates 30 years of success in 2018, and has delivered and continues to construct more than 300 commercial and defence vessels for more than 100 operators in 54 countries worldwide.

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

Delivering 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.

With relentless determination, Austal continues to pursue and win commercial and defence projects throughout the world, playing a leadership role in developing Australia’s sovereign shipbuilding capability.

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