



**COMPANY ANNOUNCEMENT
26 JUNE 2017**

AUSTAL'S LATEST US NAVY CONTRACT A BIG WIN FOR AUSTRALIAN SHIPBUILDING

In a banner announcement for the Australian defence industry, WA based Austal (ASX:ASB) has won a contract worth up to A\$779 million (US\$584m) to build the *Independence* Class Littoral Combat Ship (LCS 28) for the United States Navy.

The 127 metre, Frigate sized LCS28 will be the 14th LCS constructed at Austal's US shipyard in Mobile, Alabama 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 Australian industry can compete on the world stage.

"While I am obviously happy for Austal I am also delighted in the vote of confidence this delivers for Australian shipbuilding and design," Mr Singleton said.

"We won this award following a direct competition with the Freedom Class LCS which says much for our cost efficiency on this program," he said.

"Austal's work on the LCS program at our advanced Module Manufacturing Facility (MMF) has seen efficiency gains of 20 per cent with an ambitious target of 35 per cent set for the end of the build cycle.

"Should we win the \$3 billion Offshore Patrol Vessel contract for the Royal Australian Navy, we intend to introduce many of the advanced manufacturing techniques and efficiency gains perfected in the US into our local operations.

"I look forward to working with the Australian Government in the future to help them realise their goal of truly sovereign and export capable naval shipbuilding industry," Mr Singleton said.

The US Navy is expected to order up to two more LCS vessels in the current US financial year.

Austal's orders to date for the *Independence*-class LCS have totalled approximately 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, as part of a continuation of its successful subcontract collaboration with the United States.

The company's LCS delivery schedule remains on track and under the US Governments, congressional cost cap having delivered two ships in 2016 and set to deliver two more in 2017. The fifth Austal-built LCS entered the fleet last weekend with the commissioning of the *USS Gabrielle Giffords* (LCS 10) while an additional seven LCS vessels are under various phases of construction.

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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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