



COMPANY ANNOUNCEMENT
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U.S. NAVY FUNDS AUSTAL-LED TEAM TO BUILD TWO SHIPS
*Additional contracts affirm commitment to the
Littoral Combat Ship (LCS) Program*

Austal's order backlog has grown by US\$691 million as a result of two additional Littoral Combat Ship (LCS) contract options being exercised by the United States Navy.

The contract options fund construction of the *Gabrielle Giffords* (LCS 10) and *Omaha* (LCS 12), the third and fourth ships in the 10 ship block buy award made to an Austal-led team in December 2010. That 10 ship program is potentially worth over US\$3.5 billion.

Reflecting Austal's growing stature in naval shipbuilding, Austal USA now holds confirmed contracts for 14 U.S. Navy ships while its Australian operation has a contract to build and support eight patrol boats for the Australian Customs and Border Protection Service.

The U.S. Navy work includes contracts for nine Joint High Speed Vessels (JHSVs), two of which were confirmed in February. It also includes the *Coronado* (LCS 4) which Austal was contracted to build as part of a General Dynamics Bath Iron Works team prior to taking over as the prime contractor for the 10 ship LCS award. LCS 4 and the first JHSV, *USNS Spearhead*, are currently being prepared for sea trials, with three other ships currently under construction in Austal's Mobile, Alabama shipyard.

Austal's Chief Executive Officer Andrew Bellamy said the company's U.S. Navy programs provide predictable revenue and workload for years to come.

"The LCS and JHSV programs alone are likely to generate nearly \$900 million in revenue per year for the next few years. With series production on both ship classes now underway, we can focus on achieving higher production efficiency and bringing our Navy customer improved cost and schedule performance," he said.

“The LCS award called for two ships to be contracted by the end of March this year, and each of the next three years. While these options were expected, it is still pleasing to see the contracts executed, particularly in a period when the U.S. government budget is under pressure.

“Looking ahead, we can now focus on the Defense budget request for the next fiscal year which foreshadows the award of our next two LCSs and our tenth Joint High Speed Vessel. The Navy’s effort to continue procuring these vessels demonstrates the value the U.S. military sees in our platforms,” he said.

Mr Bellamy noted that the Secretary of Defense, Leon E. Panetta, had restated the importance of the LCS when announcing major Budget decisions in January.

“Secretary Panetta said the Navy was protecting what he described as its ‘highest-priority and most flexible ships’ and included Littoral Combat Ships in that category,” he said.

More recently Secretary of the Navy, Ray Mabus, reaffirmed the Navy’s intention to acquire 55 LCSs.

In testimony to the House Appropriations Subcommittee on Defense on 1 March SECNAV Mabus stated: “I think the LCS is clearly going to be one of the backbones of the fleet as we go forward. We are committed to buying over 55 of these very capable ships.”

He reaffirmed the 55 ship plan to the Senate Appropriations Subcommittee on Defense on 7 March, adding that “we’re very pleased with the shipyards that are building them, we’re very pleased with the product that’s coming out.”

“These are very positive signs for the LCS program’s long term future and for Austal’s prospects in securing additional work beyond the current 10 ship award,” Mr Bellamy said. “The LCS and JHSV platforms will continue fuelling company growth for a long time to come.”

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About Austal

Austal is a global defence prime contractor. The company designs, constructs and maintains revolutionary platforms such as the Littoral Combat Ship (LCS) and the Joint High Speed Vessel (JHSV) for the United States Navy, as well as an extensive range of patrol and auxiliary vessels for defence forces and government agencies globally. Austal also designs, installs, integrates and maintains sophisticated communications, radar and command and control systems.

Austal benefits from its position as a world leader in the design, construction and support of customised, high performance aluminium vessels for the commercial high speed ferry market, an achievement gained over a period of nearly 25 years.

Austal’s primary facilities comprise a combined defence and commercial shipyard in Henderson, Western Australia; a dedicated defence shipyard in Mobile, Alabama; and a dedicated commercial shipyard in Balamban,

Philippines. The company also provides vessel support services from its facilities in Australia, the United States, Asia, Europe, the Caribbean, and the Middle East.

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