



**COMPANY ANNOUNCEMENT
11 JANUARY 2016**

AUSTAL ANNOUNCES CEO TRANSITION

The Chairman of Austal Limited (**Austal**) (ASX:ASB), John Rothwell, wishes to advise that after five years as Managing Director and Chief Executive Officer Andrew Bellamy has elected to take a career sabbatical and therefore tendered his resignation from Austal.

David Singleton has been selected to succeed Mr Bellamy under a considered succession plan. Mr Singleton will commence full time as CEO-designate from the beginning of February and formally assume the role on 4 April 2016. Mr Bellamy will remain at Austal until the end of April 2016 under a formal transition period and the two will work closely over the coming months to ensure an efficient handover.

Mr Singleton has a good understanding of Austal, having served as a Non-Executive Director on the Austal Board since December 2011. Mr Singleton brings a wealth of highly relevant business expertise and experience to Austal gained in defence, manufacturing, and military product support and sustainment. This includes four years as CEO of Alenia Marconi Systems (AMS), a defence and civil electronics joint venture company between BAE Systems and Finmeccanica that had turnover of circa Euro1.4 billion and employed 7,500 people across the UK, Italy, the USA and Germany. At AMS, Mr Singleton oversaw the establishment and expansion of its defence support and sustainment capabilities across Europe and the development, manufacture and introduction into service of major defence weapons systems. Mr Singleton has extensive executive leadership credentials in international defence contracting, including holding numerous other senior roles with BAE Systems including as global head of strategy. Further biographical details for Mr Singleton are set out in Appendix 1.

Austal Chairman John Rothwell said: "I'd like to acknowledge the outstanding efforts of Andrew during his tenure with Austal. He has grown the business impressively over that period with revenue increasing threefold and record profits reported. He leaves the business with a strong balance sheet having reduced debt by more than 50% and establishing a net cash position. Austal is extremely well positioned for further growth in both Australia and the US.

“I’m grateful to Andrew for the open and honest dialogue he has had with me over recent months to allow us to effect this transition in as smooth as possible way for both sides which has given us the ability to conduct a wide search for a successor both internally and externally to the company. Both the Board and I are sorry to lose Andrew but we understand his position. I would like to take this opportunity to sincerely thank him for his efforts and achievements at Austal and wish him well in his future endeavours.”

“At the same time, it is pleasing to be able to announce David Singleton as the CEO-designate. We have long considered David a logical successor, he has a strong working knowledge of our operations, extensive expertise in civil and defence contracting, a broad knowledge of the defence sector – including naval systems – and support, as well as his CEO experience at ASX-listed companies. He has also worked closely with Andrew in the development of our strategy and is committed to the ongoing implementation of this as we further grow Austal’s operations.”

Mr Bellamy said: “I’m very proud of what we have achieved at Austal and the strong position it is now in, but after five years as CEO and more than seven years with the company, I feel the time is right to take a step back to enjoy an extended break. This has been facilitated because we have an excellent internal candidate who is ready to take the reins under our succession plan and he will be well supported by our high quality management team.”

Austal has commenced a search process to appoint a replacement Director for Mr Singleton to the Austal board and is targeting candidates with strong industry know-how about the defence and manufacturing sectors.

A summary of the key items of Mr Singleton’s employment agreement are set out in Appendix 2. Mr Bellamy will receive statutory and other entitlements under his contract upon leaving Austal.

-Ends-

About Austal

Austal is a global defence prime contractor and a designer and manufacturer of defence and commercial ships. For more than 25 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 250 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 Transports (EPF) formerly known as the Joint High Speed Vessel (JHSV) for the United States 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 (formerly Customs and Border Protection). 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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APPENDIX 1

David Singleton – Biography

David Singleton has extensive expertise and experience in the defence, manufacturing and product support sectors. He graduated with an honours degree in Mechanical Engineering from University College London

Mr Singleton has held numerous senior roles with BAE Systems (formerly British Aerospace), which is one of the world's largest defence companies. He served as global Group Head of Strategy and Mergers & Acquisitions in London from 1997 to 1998 and again in 2003.

Mr Singleton spent three years in Rome as the Chief Executive Officer of Alenia Marconi Systems (AMS). AMS was a European leader of naval warfare and air defence systems, C4I, ground and naval radars, naval command and control, military training systems and long term naval support.

Mr Singleton started his career with the UK Ministry of Defence and worked in research, development and then in manufacturing as well as in senior management roles in Royal Ordnance which by then was part of BAE Systems. He was responsible for operating and developing several major manufacturing sites in the UK as well as for managing complex defence based program development and sales. He has also served as a member of the National Defence Industries Council in the UK, and as a Board member and Vice President (Defence) of Intellect, a leading trade association for the UK technology industry.

David was most recently CEO and Managing Director of Perth-based mineral exploration company Poseidon Nickel Limited. Prior to this role, he served as CEO and Managing Director of Clough Limited between 2003 and 2007. David is also a Non-Executive Director of Quickstep Holdings which manufactures carbon fibre components and assemblies for some of the worlds largest defence prime contractors including Lockheed Martin, BAE Systems and Northrop Grumman.

David was appointed to the Board of Directors of Austal Limited on 21 December 2011.

APPENDIX 2

Summary of key terms and conditions of employment for Mr David Singleton

Term:	Employment commences in February 2016 with no fixed term. Both parties are required to provide three months' notice in the event of resignation or termination.
Remuneration:	<p>Total fixed annual remuneration (TFR) of \$1,050,000 including superannuation to be paid in cash and equity. This will be reviewed annually by the Remuneration and Nomination Committee. In the first year of employment this will be paid as 70% cash and 30% equity.</p> <p>STI up to 100% of TFR per annum, payment of which will be assessed against a number of key performance measures set by the Board at the start of the financial year.</p> <p>LTI up to 100% of TFR per annum based currently on meeting and exceeding long term performance measures of Return on Invested Capital and Total Shareholder Return as outlined in the Company annual report. LTI is awarded in Performance Rights in accordance with the Austal LTI plan.</p>
Change of control:	Nine months in the event of redundancy
Leave entitlements:	20 days per annum.