



**COMPANY ANNOUNCEMENT
5 MAY 2016**

AUSTAL AWARDED PACIFIC PATROL BOAT CONTRACT

Austal Limited (**Austal**) (ASX:ASB) is pleased to announce it has been awarded a \$305 million contract for the Pacific Patrol Boats Replacement (PPBR) Project by the Commonwealth of Australia, underpinning a move into the construction of steel patrol vessels.

The Company signed the contract with the Commonwealth today, after being selected as preferred tenderer on 18 April 2016. Under the contract, Austal's share of the Project is for the construction of 19 steel-hulled patrol boats, including an option for two additional vessels, valued at \$280 million along with sustainment support for an initial seven year period valued at approximately \$24 million.

Austal intends to bid for further sustainment support work over the service life of the class – estimated at 30 years – which will be awarded both during and beyond the initial seven year period.

Austal will commence design work immediately. Construction is expected to begin in H2 CY2017, first delivery in Q4 CY2018 and work running through to CY2023.

The vessels will be constructed at Austal's shipyard in Henderson, WA, securing approximately 120 direct jobs plus many more in local and Australian subcontractors who have worked with Austal extensively over many years. In addition support work will be performed at Austal's existing contracted facility in Cairns, Queensland, which will engage local subcontractors in the region to deliver support services.

Austal Chief Executive Officer David Singleton said the contract added to Austal's long history in designing, constructing, and sustaining patrol boats for domestic and export customers.

"Austal has consistently proven its credentials as an efficient prime contractor and shipbuilder of quality aluminium vessels and we look forward to translating that expertise into the design and construction of steel-hulled vessels," Mr Singleton said.

“Given our extensive facilities at Henderson we will need to make only minor investments in training and equipment to support construction of steel vessels of this size.

“Importantly, by expanding into steel we will further enhance the shipyard as we position Austal to bid and win additional domestic defence shipbuilding contracts. The contract also opens up new opportunities to further develop our successful export programs, which have accounted for up to 80 per cent of our production in the past, making Austal Australia's most successful shipbuilder.

“The continuous build program adopted by the Australian Government for the PPBR and planned for other programs delivers the Government and taxpayers a more cost efficient vessel construction process as well as sustainable and continuous employment in Henderson which creates the bedrock for further growth. We have won this program against significant international competition which demonstrates the competitiveness of our Australian design and shipbuilding industry,” Mr Singleton said.

The all new Pacific Patrol Boat is based on Austal’s proven patrol boat design platform and is 39.5 metres long with a beam of 8 metres and a loaded draft of 2.5 metres. It is capable of traveling at 20 knots and at 12 knots possesses a 3,000 nautical mile range. Each vessel can accommodate 23 people.

At its Henderson shipyard Austal is currently completing construction of the second of two 72 metre High Speed Support Vessels valued at US\$124.9 million for the Royal Navy of Oman, to be delivered this year and two additional 58 metre Cape Class Patrol Boats valued at \$63 million, to be operated by the Royal Australian Navy and scheduled for mid-CY2017 delivery.

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About the Pacific Patrol Boat Program

The Pacific Patrol Boat Replacement Project is part of the Commonwealth’s Pacific Maritime Security Program (PMSP) that aims to enhance practical maritime security cooperation across the South Pacific. The new Pacific Patrol Boat Replacement Program broadens and further strengthens the region’s capability to respond to issues such fisheries protection, trans-national crime, and search and rescue.

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Images: Austal

The Pacific Patrol Boat Replacement Program (PPBR) shall include 19 or more 39.5m steel vessels designed and constructed by Austal for delivery to up to 13 Pacific Island nations from late 2018.



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) – previously 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. 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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