



COMPANY ANNOUNCEMENT / NEWS RELEASE
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REVIEW OF HENDERSON OPERATIONS

Austal Limited advises that it has now completed a comprehensive review of its Henderson operations, which was referred to in a release to the Australian Stock Exchange on 25 May 2011.

The purpose of the review was to consider how the Henderson operation's significant capabilities could be refocused towards the manufacture and support of defence vessels.

The principal findings of the review are:

- Demand in specific segments of the international commercial vessel market (such as fast crew transfer boats, work boats and 30 metre to 50 metre ferries) remains strong and new markets are emerging. Austal's considerable intellectual property can be directed towards developing products specifically for these markets.
- To be successful in these markets, apart from applying its market leading intellectual property, Austal will need to regionalise its manufacturing base to enhance competitiveness.
- The market for defence systems opportunities is attractive and has the potential to deliver significant recurrent income. Austal will leverage its existing systems integration capabilities to pursue new opportunities.
- The outlook for commercial and defence vessel service and maintenance is strong and Austal will therefore continue to pursue contracts in this space.

Austal's Chief Executive Officer, Andrew Bellamy, said "The review confirmed that Austal's Australian business has considerable engineering and modular manufacturing skills and that coupled with the IP that exists in Henderson, Austal can be Australia's leading defence prime

contractor. It is these very skills and IP that has led to Austal being selected as preferred tenderer by the Australian Customs and Border Protection Service for the Cape Class Patrol Boat project.”

“Through regionalising its manufacturing base, Austal will have the ability to compete effectively in commercial markets where we have been excluded by the high Australian dollar. Austal has the products and the IP, we just have to get the cost base right.”

Austal is aware that recent media reports have suggested that the Group will be building Littoral Combat Ships for the U.S. Navy in new manufacturing facilities to be developed in the Philippines. The Group advises that these reports are entirely false. Austal has no intention whatsoever to build its LCS or JHSV vessels anywhere other than at Austal USA in Mobile, Alabama.

Furthermore, the Group has not determined a location for its regional manufacturing base and continues to investigate possible opportunities in a number of different countries. It is presently anticipated that a decision will be made by December 2012.

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About Austal

Austal is an emerging global defence prime contractor. The Group supplies revolutionary vessel platforms such as the Littoral Combat Ship and the Joint High Speed Vessel to the United States Navy, an extensive range of patrol and auxiliary vessels to defence forces around the world, and installs and maintains military communications, radar and command and control systems.

Austal’s defence capabilities leverage its position as a world leader in the design and construction of customised, high performance aluminium vessels. Austal has a broad international presence with a dedicated defence shipyard in Mobile, Alabama, USA and a combined defence and commercial shipyard in Henderson, Western Australia. The Group provides defence vessel support services from its bases in Trinidad & Tobago, Oman and Darwin, Australia, and supports commercial vessels from its base in Spain. The Group’s defence systems integration capability is based in Canberra. Austal further supports clients through sales offices in the United Kingdom and the United Arab Emirates.

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