



COMPANY ANNOUNCEMENT
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AUSTAL MAKES STRATEGIC ASIAN SHIPYARD ACQUISITION

Leading global shipbuilder and defence prime contractor Austal has acquired a shipyard in the Philippines as part of its strategy to regionalise its manufacturing base for commercial vessels.

The \$7 million acquisition of the former FBMA Marine shipyard enables Austal to establish shipbuilding operations at the West Cebu Industrial Park at Balamban, in the province of Cebu. Austal will invest a further \$5 million to enhance the shipyard's existing facilities.

The company plans to commence vessel construction in the first quarter of 2012, dependent on orders, and expects to employ about 30 workers during the start-up phase. Future workforce growth is expected in line with market demand, and the site allows for efficient expansion of the facility when future operational and market conditions require.

The acquisition of the Philippines shipyard is an important milestone in Austal's corporate strategy to regain the company's competitiveness in key commercial vessel markets by further regionalising its shipbuilding operations, while its Australian and United States manufacturing operations focus on defence vessel construction.

Austal Chief Executive Officer Andrew Bellamy said the company's strategic review earlier this year found that demand remained strong in specific segments of the international commercial vessel market (such as fast crew transfer boats, work boats and small ferries) but that Austal needed to regionalise its manufacturing base in order to be successful in those markets.

Austal's Philippines shipyard will provide the Asian-region manufacturing base, and also supports service and maintenance work. The company is retaining its large commercial vessel manufacturing capability in Australia.

"Austal has significant intellectual property in the design and construction of commercial vessels which provides cost and performance advantages to both Austal and our customers," Mr Bellamy said.

“The establishment of Austal’s commercial vessel manufacturing facility in the Philippines will ensure we have the right cost base to leverage that intellectual property.”

Mr Bellamy said strong support within the Philippines for Austal’s investment, plus the ability to utilise existing resources, enabled Austal to develop the capability and capacity it required quickly, and with low risk.

“The shipyard is purpose-designed and built for building aluminium vessels of the size and type we will build there,” he said.

“Our planned infrastructure enhancements combined with the existing pool of skilled local tradespeople and ancillary industries will support the same safe, efficient, high quality production we achieve in our other shipyards.

“The experience gained through the construction and commissioning of Austal USA from a greenfield site will also prove extremely beneficial as we bring the facility on line,” he said.

Mr Bellamy said the creation of Austal’s US manufacturing base in Mobile, Alabama, had been instrumental in Austal’s recent success, and the company expected the Philippines operation would provide significant opportunities and benefits to the company.

“Austal now has an order book of approximately \$1.8 billion, nearly all of it related to defence work and over 80 per cent attributable to our US operations. The new shipyard in the Philippines provides the right foundation to grow that order book further through increased commercial vessel sales,” he said.

The acquisition of the Asian shipyard will have no adverse effects on Austal’s Australian and US operations, with both manufacturing facilities currently under contract for several significant multi-vessel, multi-year defence programs.

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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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