



COMPANY ANNOUNCEMENT
30 APRIL 2013

**AUSTAL CONSOLIDATES SERVICE DIVISION TO DRIVE
EFFICIENCIES AND STARTS RAMP UP OF AUSTRALIAN
CONSTRUCTION ACTIVITY**

Austal Limited (**Austal**) (ASX:ASB) wishes to advise that in its drive for continued margin growth from its services division, the Company is consolidating its two Henderson bases into its primary facility and closing its Spanish service business.

The company is also increasing construction activity at Henderson as the Cape Class Patrol Boat program shifts from first-in-class construction and trials to steady-state construction operations.

Austal is transferring service operations from its satellite service base at Henderson, Western Australia, to its nearby primary shipbuilding facility to reduce overhead costs and drive margin growth for both its shipbuilding and service operations.

A decision has not been made whether to sell or lease out the shipyard infrastructure at the service base.

Austal Chief Executive Officer Andrew Bellamy said the consolidation would improve asset and staff utilisation in the shipbuilding and services businesses.

"Combining the service base into the shipbuilding facility, which is operating just a few hundred metres away, makes financial and common sense," he said.

"Consolidation will provide greater operational flexibility, make both the shipbuilding and services businesses more competitive through reduced overhead costs and will bring management together onto one site."

Austal will close its service centre in Spain, however its other service businesses in the Middle East, Americas, Asia and Australia are unaffected.

"Our service team in Spain has been extremely committed, but the Spanish and European economies have been too big a burden on profitability in that business," Mr Bellamy said.

Austal expects approximately 14 staff will be made redundant at the service centre in Spain, with two staff repatriating to Australia. At Henderson, 12 positions have been made redundant as a result of the consolidation.

The Company is intending to recruit more than 100 people in trade positions over the coming months at the Henderson shipyard to work on the Cape Class Patrol Boat (CCPB) program for the Australian Customs and Border Protection Service.

The increased labour requirement has been timed to coincide with the impending, phased increase in construction activity on the CCPB vessels after delivery of the first-in-class Cape St George earlier this month – increasing asset utilisation, revenue and profit margin at Henderson.

-Ends-

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 dedicated defence 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, the Caribbean, and the Middle East. Systems development, sales and support are coordinated from Austal's facility in Canberra, Australia.

For further information contact:

Austal, Public Relations

Tel: +61 8 9410 1111

Fax: +61 8 9410 2564

Email: pubrel@austal.com

Website: www.austal.com