



COMPANY ANNOUNCEMENT
28 AUGUST 2025

AUSTAL AND THE COMMONWEALTH OF AUSTRALIA SIGN STRATEGIC SHIPBUILDING AGREEMENT

Austal Limited (ASX: ASB) is pleased to announce the official signing of the Strategic Shipbuilding Agreement (SSA) between the Commonwealth of Australia (“the Commonwealth”) and Austal Defence Shipbuilding Australia (“Austal Defence Australia”), a newly created, wholly owned subsidiary of Austal Limited.

This landmark agreement, signed on behalf of the Commonwealth by RADM Michael Houghton, Head Patrol Boats and Specialist Ships, Naval Shipbuilding and Sustainment Group and Paddy Gregg, Austal Limited CEO, formally appoints Austal Defence Australia as the Commonwealth’s strategic shipbuilder for Tier 2 surface combatants at Henderson, Western Australia.

The SSA establishes the framework under which Austal Defence Australia will design, construct, integrate, and deliver key naval programs, beginning with the LAND8710 Landing Craft Medium (LCM) and Landing Craft Heavy (LCH) projects for the Australian Army. Subject to final contractual negotiations, these programs are expected to deliver:

- 18 x LCMs over 8 years (contract finalisation expected Q1 FY2026), and
- 8 x LCHs (contract finalisation expected by end of calendar year 2025)

Austal Limited Chief Executive Officer Paddy Gregg said:

“The signing of the SSA marks a defining moment in Austal’s history, establishing Austal Defence Australia as the Commonwealth’s shipbuilder of choice for Tier 2 surface vessels. This partnership not only reinforces Australia’s sovereign naval shipbuilding capability but also strengthens the Henderson precinct’s role in delivering continuous naval shipbuilding and strategic readiness.”

Under the SSA, Austal Defence Australia will act as prime contractor and take responsibility for all aspects of program delivery—including design, construction, procurement, testing, and acceptance—while driving progressive cost reductions and efficiencies.

Key features of the signed SSA include:

- A 15-year maximum term, supporting a continuous naval shipbuilding capability in WA
- Use of a Target Cost Incentive model with performance-based gainshare/painshare mechanisms
- Development of a sovereign and resilient local supply chain
- Establishment of intellectual property rights, governance, and oversight via a 'Sovereign Share' held by the Commonwealth
- Ongoing alignment with broader Defence programs including Collins Class sustainment and fleet support

Austal Defence Australia will employ a dedicated workforce focused on delivering the Commonwealth's Tier 2 naval programs, while Austal's other group companies continue commercial and defence shipbuilding operations across Australia, Asia, and the United States.

This agreement confirms Austal's long-standing commitment to supporting Australia's strategic defence capability and industrial sovereignty, with enhanced opportunities for Australian industry, workforce, and innovation over the coming decades.

Austal will provide further updates to the market as contractual milestones are achieved under the SSA.

This ASX announcement has been approved and authorised for release by Paddy Gregg, Austal Limited's Chief Executive Officer.



Austal Limited CEO Paddy Gregg and RADM Michael Houghton, Head of Patrol Boats and Specialist Ships, Naval Shipbuilding and Sustainment Group, representing the Commonwealth of Australia, signed the Strategic Shipbuilding Agreement (SSA) at Austal's Henderson shipyard in Western Australia on 28 August 2025. (Images: Austal Limited)

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About Austal:

Austal is Australia's global shipbuilder and defence prime contractor designing, constructing and sustaining some of the world's most advanced commercial and defence vessels.

In its 35 years of operations, Austal has built more than 350 vessels for 122 commercial and defence operators in 59 countries.

Austal is Australia's largest defence exporter and first ASX-listed shipbuilder. The Company has industry-leading shipyards in Australia, the United States of America, Philippines and Vietnam, and service centres worldwide.

Austal delivers iconic monohull, catamaran and trimaran commercial and defence vessel platforms.

Although the Company's roots are in aluminium shipbuilding – it is the world's largest aluminium shipbuilder – Austal builds conventional and autonomous ships in both steel and aluminium, as well as a range of other bespoke maritime build programs such submarine modules.

Austal was the first, and remains one of only two, foreign-owned prime contractors designing, constructing and sustaining ships for the US Navy.

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