AUSTAL LIMITED

COMPANY ANNOUNCEMENT
25 MAY 2011

EARNINGS GUIDANCE

Austal Limited (ASX:ASB) advises that it has reviewed its internal forecast for the full year ended 30 June 2011 and expects that NPAT will be in the range of $20 million to $23 million.

This forecast result, which is below market expectations, is a direct consequence of the unprecedented strength of the Australian dollar and its consequent impact on Austal's Western Australian operations.

Coupled with the continuing softness in the European commercial ferry market, Austal has commenced a comprehensive review of its Henderson operations with the objective of refocusing the yard's capabilities towards the manufacture and support of defence vessels.

Along with the impact on commercial vessel sales, the strength of the Australian currency also adverselyimpacts the translation of the earnings from Austal's growing international operations.

Austal's Chief Executive Officer Andrew Bellamy said: "We expect the prolonged strength of the Australian dollar to continue for the foreseeable future and this requires us to reposition our Australian business to respond to that challenge.

"We will continue to seek commercial vessel opportunities, but with our internationally recognised defence capabilities, particularly in the US as the prime contractor on two large multi vessel programs, it is logical to leverage off those credentials and refocus Henderson towards defence."

The review,which has now commenced, will consider all facets of the Henderson operations including products, geographical market segments, production costs and facilities.

END

About Austal

Austal is the world leader in the design and construction of customised, high performance aluminium vessels for both commercial and defence applications. With shipyards in Western Australia and the USA (Mobile, Alabama), Austal has delivered more than 220 vessels for customers around the world.

Established in Western Australia in 1988, Austal's product range includes passenger and vehicle-passenger ferries, patrol boats, theatre support vessels, combat ships, multi-role vessels and luxury private live-aboards. Austal is also an established provider of worldwide vessel maintenance and management services.

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