



**COMPANY ANNOUNCEMENT
18 AUGUST 2016**

AUSTAL WINS FIRST FERRY CONTRACT IN NEW CHINESE JOINT VENTURE

Austal Limited (Austal) (ASX:ASB) is pleased to announce the award of the first ferry contract to Aulong Shipbuilding, a joint venture company by Austal and Guandong Jianglong Shipbuilding of Zhuhai, China.

Less than two months after the announcement of the joint venture, Aulong Shipbuilding has been awarded a A\$10 million (RMB49.99 million) contract to design and build a 42 metre high speed aluminium ferry for Chinese mainland operator, Blue Sea Jet. The contract was awarded following a competitive evaluation based on product performance, price and commercial terms.

The ferry is based on a proven Austal design developed in Australia to world class standards. The design optimises performance, fuel efficiency and passenger comfort and will carry up to 288 passengers on the Zhuhai – Hong Kong route, at speeds in excess of 36 knots.

Construction of the vessel is anticipated to commence in October 2016, with delivery scheduled for October 2017.

Austal has appointed an Australian General Manager to oversee the delivery of this and all subsequent vessels contracted, to ensure that Austal's renowned quality and customer satisfaction is maintained in the joint venture.

Announcing the contract, Austal Chief Executive Officer David Singleton remarked "To win our first vessel to be built in China within weeks of setting up the joint venture is a great testament to Austal and our joint venture partner, Jianglong Shipbuilding. This is another export win for an Australian designed vessel in a competitive market and clearly validates both the joint venture and the decision to build in China."

"Austal has previously delivered 52 vessels to 20 customers in China, Hong Kong and Macau from our Henderson, Western Australia shipyard. Now, with an in-country solution utilising Australian design and technology and a proven local shipbuilder, we can cost effectively pursue more opportunities and expand our market share in mainland China," he added.

“Set up costs and general, non-recurring expenditure required to deliver this first contract mean this vessel, whilst strategically important in a huge market, will not contribute to overall group earnings and will require some modest capital expenditure by Aulong Shipbuilding.”

Aulong Shipbuilding Co. Ltd (Aulong) is a joint venture between Guangdong Jianglong Shipbuilding Company (Jianglong Shipbuilding) of Zhuhai, China and Austal Limited, established in June 2016 with the aim of pursuing commercial passenger and non-military vessel opportunities in mainland China. Austal (with 40% ownership) has licensed a number of its proven, commercial aluminium vessel designs for marketing throughout mainland China and construction at Jianglong Shipbuilding's established facilities in Guangdong province. Jianglong Shipbuilding (with 60% ownership) brings local shipbuilding infrastructure, experience and expertise, with close to 1,000 employees across two shipyards supporting the joint venture.





The 42 metre high speed aluminium ferry to be built for Blue Sea Jet is the first ferry contract to be won by the Austal and Jianglong joint venture company, Aulong Shipbuilding, and the fifth new commercial ferry contract announced this year by Austal.

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About Austal

Austal is a global defence prime contractor and a designer and manufacturer of defence and commercial ships. For more than 27 years Austal has been a leader in the design, construction and maintenance of revolutionary ships for governments, navies and ferry operators around the world. More than 255 vessels have been delivered in that time.

Ships

Defence vessels designed and built by Austal include multi-mission combatants, such as the Littoral Combat Ship (LCS) for the United States Navy and military high speed vessels for transport and humanitarian relief, such as the Expeditionary Fast Transport (EPF) ships for the U.S. Navy and High Speed Support Vessel (HSSV) for the Royal Navy of Oman. Austal also designs, constructs, integrates and maintains an extensive range of patrol and auxiliary vessels for government agencies globally, including the Cape Class Patrol Boat Program for Australian Border Force. Defence vessels are designed and constructed in Mobile, Alabama and in Henderson, Western Australia.

Austal has been at the forefront of the high speed ferry market since the early days of the industry. Our market leading designs of high performance aluminium vessels have long been at the heart of Austal's research and development. Today, commercial ship construction is centred on our shipyard in Balamban, Philippines.

Systems

Austal has expertise in integrating complex systems into its ships, including ride control, ship management, and communication, sensors and weapon systems.

Support

Austal provides a wide range of support services, including through life support, integrated logistics support, vessel sustainment and systems support. These services are delivered through our global support network in the USA, Australia, Asia, and the Middle East together with partner shipyards worldwide.

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