

FINCANTIERI AWARDS CRUISE SHIP BLOCKS CONTRACT TO TWO SOUTH AUSTRALIAN BUSINESSES

- *Adelaide's MG Engineering and Whyalla's Ottoway Engineering selected to build three blocks*
- *Construction estimated to employ up to 50 local workers and use 52 tons of Australian steel*
- *Blocks will be integrated into Fincantieri cruise ships under construction across the world*

Friday 6 April 2018, Adelaide – **Fincantieri Australia** has today announced that two South Australian shipbuilders have each been awarded a contract to build cruise ship blocks as part of the Italian shipbuilder's start-up of local operations. **MG Engineering** in Adelaide has been selected to build two blocks and **Ottoway Engineering** in Whyalla has been selected to build one block. The blocks will be built by mid-2018 and with Australian steel.

Fincantieri is one of the world's largest shipbuilding groups and is tendering for Australia's next major Naval program – the **SEA 5000 Future Frigates program**. With this initiative, as well as other test orders for mechanical equipment, work-force preparation and qualifying Australian supply chain, Fincantieri will be ready to start construction of nine frigates for the Royal Australian Navy in Adelaide in 2020 with an Australian shipbuilding workforce.

MG Engineering has been awarded two 22.3-ton blocks, each 11.25m in length, 8.6m in width and 7m in height, which will be constructed at the company's Adelaide shipyard. Ottoway Engineering will construct one 23-ton block at its Whyalla facilities, 18m in length, 7.5m in width and 4m in height. Construction is expected to employ approximately 40 – 50 local workers across the two South Australian sites.

An estimated 1,000 square meters of Australian steel will be used – enough to cover four tennis courts. At 52-tons, Australian steel will form 86 per cent of the overall weight of the three blocks. Each block is just under the size of a tennis court and together they weigh about the same as six buses¹.

Building cruise ship blocks in Australia allows Fincantieri to establish and strengthen its relationships with local suppliers and understand their capabilities. It forms part of the company's detailed Industry Plan which will maximise local industry participation and which aims at helping Australia become autonomous in the design, construction and export of vessels, including the material and equipment within.

Chairman of Fincantieri Australia, Dario Deste said: "We're pleased to welcome two fantastic South Australian companies, MG Engineering and Ottoway Engineering, to our global supply chain. Fincantieri's commercial strength and extensive network of global projects make it the ideal partner for local Australian companies to expand their business activities with, ensuring win-win solutions for all. It is one of the largest shipbuilding groups in the world, with a forward order of some 25bn Euro and thus, to support our global pipeline of activity we have a strong need for external partners."

Director of Fincantieri Australia, Sean Costello said: "Building these blocks in South Australia provides Australian industry with the opportunity to gain experience in commercial shipbuilding, equipping them with new skills and broadening their opportunities to grow and expand into global markets. This initiative also readies Fincantieri to start construction of nine frigates in 2020 with an Australian workforce."

¹ The International Tennis Federation specifies court length of 23.77m and width of 10.97m, which equals total square meters of 260.76m. The TARE weight of an Iveco Metro LE – Custom CB80 ranges from 11,200kg to 11,380kgs.

Ottoway Engineering's CEO, Stephen Young said: "Ottoway Engineering is pleased to have been selected to participate in Fincantieri's inaugural Australian shipbuilding construction project. We welcome this opportunity to showcase our capability, learn new skills and contribute to forming a strong relationship between Australian block builders and leading, global shipbuilding companies, such as Fincantieri. Over past projects Ottoway Engineering has gained significant experience in naval shipbuilding having participated in the Royal Australian Navy's Air Warfare Destroyer program. Ottoway Engineering looks forward to future opportunities in the defence sector supporting Fincantieri in this pursuit."

Managing Director of MG Engineering, Anthony Brdar said "MG Engineering is very pleased to be awarded a contract to build two cruise ship blocks for Fincantieri. MG Engineering is proud that Fincantieri, a global ship-building leader, has recognised our undisputed capabilities in regard to ship-building and specifically building ship-blocks. This was demonstrated from 2012-2014 when MG Engineering was contracted by ASC to build three Mast Blocks. Currently MG Engineering is working on its first export contract, building a six million Scampi Trawler for Penwarden Fisheries of New Zealand. Fincantieri has a clear vision; to extend its commercial ship-building sector into Australia and MG Engineering believes that international investment in our local industry, will complement the future investment the Australian Government is making in the Naval Ship-Building Industry," he said.

All three cruise blocks will form part of a cruise ship's superstructure. The two constructed by MG Engineering will sit on port and starboard sides of the ship and will be dedicated to accommodation areas. The block constructed by Ottoway Engineering will be located in the central part of the ship and will be dedicated to technical zones where emergency generators are located.

In addition to the cruise ship blocks, as part of Fincantieri's Industry Plan to develop a sovereign shipbuilding industry in Australia, it has met with more than 440 companies across Australia to explore opportunities for the local industry to be involved in the shipbuilder's Global Supply Chain. It has signed memoranda of understanding (MOU) with more than 180 companies. Most recently at the start of March, Fincantieri signed an MOU with the Welding Technology Institute of Australia to cooperate in the design and development of new welding technologies and solutions in Australian shipbuilding.

In addition to Fincantieri's 237 years of naval shipbuilding heritage, the group is one of the largest builders of cruise ships in the world, and since 1990 alone has built more than 81 cruise ships. Today, a significant number of cruise ships currently in operation across the world are constructed in Fincantieri shipyards, carrying 8 million passengers each year, or roughly one in every three cruise goers. Many cruise ships are equipped with Fincantieri built ships, including P&O Cruises, Carnival, Viking Ocean Cruises and Costa.

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Notes to Editor:

Fincantieri is one of the world's largest shipbuilding groups and number one by diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry's sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and components production and after-sales services.

Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in over 230 years of maritime history. With more than 19,500 employees, of whom more than 8,300 in Italy, 20 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programmes. www.fincantieri.com

