



# Keel Notes: Austal USA Transformation News

## A Message from President Kruger

For more than 25 years, Austal USA's can-do spirit and people-first culture has fueled our growth into a leading American shipbuilder—earning recognition alongside some of the industry's biggest names. In just the past two years, we have delivered seven combat-ready ships to the U.S. government, with four more scheduled for delivery this year—further solidifying our role as a critical contributor to national defense.

Today, as the U.S. faces unprecedented demand for shipbuilding to support national security, Austal USA is uniquely positioned to become the nation's shipbuilder of choice. **Our North Star ambition is clear: to become the best shipyard in the country for schedule, quality, and cost across our balanced portfolio, including first-in-class ships. That means building a world-class production system—together.**

The transformation we have started is bold. We are aiming for a sustained 20% increase in production throughput by 2026. And while it will take new ways of working, it will also unlock significant opportunities for all of us and enhance our ability to meet rising demand.

As part of this transformation, we are committed to keeping you updated every step of the way. In that spirit, I am pleased to introduce the first newsletter in a new series that will bring you regular updates on transformation improvements we are driving to reach our North Star ambition.

## Austal USA Production System

Understanding our transformation to become the best shipyard for schedule, quality, and cost for first-in-class ships



We are changing how we build ships—moving from isolated fixes to a connected, high-performance system. The **Austal Production System (APS)** puts frontline execution at the center, using clear routines to keep work moving and issues resolved.

APS is anchored in three core principles:

- **Support the mechanic:** Ensure support services meet the needs of our frontline mechanics
- **Protect the schedule:** Support on-time delivery of combat ready ships to US Navy & Coast Guard
- **Drive resolution:** Identify & proactively address blockers to keep production moving

Key elements of APS include:

- **Production Control Centers (PCCs)** to rapidly resolve daily issues.
- **Engineering War Room (EWR)** for fast, coordinated engineering response.
- **Quality Improvement Board (QIB)** to establish a continuous improvement culture
- **Ready-to-start checks** to ensure the right materials, paperwork, and people are in place at the right time.

Together, these systems **drive alignment, increase output, and strengthen our competitive edge.** As President Kruger noted, our transformation is bold—but it's working—and APS is how we'll sustain it.

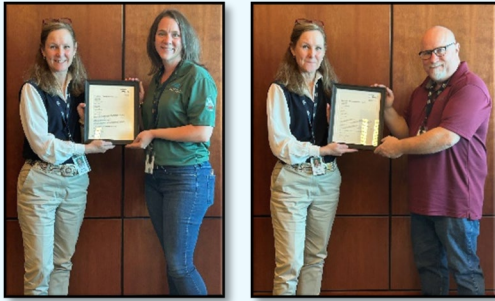


We are all in on this journey—and I have no doubt in our collective ability to deliver.

- President Kruger

## Transformation Recognition

Leaders across Austal USA are stepping up to support the transformation



**Shelly Thigpen and Rick Baskin**  
**MMF PCC**

Shelly and Rick received the inaugural President's Commendation Award for their leadership in launching Austal's first PCC in MMF. They helped create a trusted space where frontline issues can be solved quickly & consistently. Their commitment to building buy-in across teams ensured the PCC was seen as a reliable, mechanic-first solution.



**Paul Hendricks & Lauren New**  
**Final Assembly PCC**

Paul and Lauren are being recognized for their contributions in launching the Final Assembly PCC. Through strong cross-functional coordination, Paul and Lauren were able to successfully launch the FA PCC & drive a 60%+ improvement in FA throughput.



**Jamison Holland & Audrey Gaynier**  
**Engineering War Room**

Jamison and Audrey are integral members of the Engineering War Room. They have supported the development and execution of the OPC pipe recovery plan, which has led to a 500%+ increase in weekly drawing throughput.

## Transformation Results

Across the enterprise we are seeing an uplift in key performance metrics

### 1 Production Control Center (PCC)

**Production throughput:** Achieved a 40%+ increase in throughput since launch—driven by fast, daily coordination between trade and support teams

**Barriers resolved:** Cleared over 100 work stoppages through Daily Production Meetings, keeping mechanics on task and projects on track

**Work package burndown:** Closed 270 stalled work packages in just 4 weeks using a visual burndown board and structured problem-solving.

### 2 Engineering War Room

**OPC drawing output:** Increased from ~12 drawings/week at the low point to 142 drawings in recent weeks—more than double the current target of 65

**OPC drawing modification cycle time:** Improved from a peak of 43 days down to 25, with continued focus on hitting the 30-day target. Plan to scale focus on drawing modifications across all Programs.

## Final Word

### This is Just the Beginning

These changes are real—and they're working. PCC and the Engineering War Room are just the first steps of a larger transformation that will make Austal USA faster, stronger, and more competitive.

And every improvement we make—big or small—gets us closer to where we want to be. Together, we're building something stronger.

We'd love to hear your thoughts—questions, ideas, feedback. **Talk to your team lead or send us a note at [Transformation@AustalUSA.com](mailto:Transformation@AustalUSA.com)**