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Image: Herbert Engineering & MARAD

Philly Shipyard Wins Major Training Ships Contract

Philadelphia, PA (April 8, 2020) – Philly Shipyard, Inc., the sole operating subsidiary of Philly Shipyard ASA (Oslo: PHLV), has been awarded a contract for the construction of up to five (5) National Security Multi-Mission Vessels (NSMV) from TOTE Services, LLC (TOTE), an industry leader in ship management, marine operations and vessel services. TOTE was selected by the U.S. Department of Transportation’s Maritime Administration (MARAD) as the vessel construction manager for the NSMV program in May 2019. TOTE placed an initial order with Philly Shipyard for the first two vessels (NSMVs 1 and 2), with deliveries in Spring and Winter 2023, and retains options for the next three vessels (NSMVs 3, 4 and 5).

The initial award is valued at approximately USD 630 million and supports non-recurring engineering and detail design of the NSMV class as well as procurement of equipment and materials and construction of the first two ships. If all five ships are ordered and built in series, then the total contract value of the 5-ship program would be approximately USD 1.5 billion.

The NSMV series is a new class of purpose-built ships to provide for the replacement of the current training ships at the State Maritime Academies (SMA). SMA ships are primarily used to provide cadets with required at-sea training on operational vessels, and to introduce them to the work of a merchant marine officer. The ships feature accommodations for up to 600 cadets and instructors, comprehensive instructional spaces and a full training bridge. The vessels will also serve critical national security interests and other important roles, including missions in support of humanitarian assistance and disaster relief throughout the world. To meet this requirement, the vessels will also have roll/on-roll/off and container storage capacity, as well as a helicopter landing pad.

Steinar Nerbovik, Philly Shipyard President and CEO, remarked “Philly Shipyard is honored to be selected by TOTE to build these sophisticated vessels. We are thankful for the trust that TOTE has placed in us, and for all of the support we have received over the last year, especially from our unions, and our local and federal stakeholders. Securing this award is a major milestone in our strategy to reposition the yard for government and commercial projects. We look forward to delivering on our promises.”

Engineering and planning work is already underway in conjunction with PSI’s technical partner, and final design and procurement will commence immediately with a scheduled production start on NSMV 1 in early 2021. The vessels will be owned by MARAD, which developed the initial concept for their design. Construction of the vessels will not require any third-party financing.

Jimmy Hart, President of the Metal Trades Department, AFL-CIO, stated “On behalf of skilled shipbuilders throughout North America, the Metal Trades Department, AFL-CIO, offers its praise and thanks to a committed collaboration of great Americans that stretched from skilled workers to a persistent shipyard management, and willing, able partners in the White House and halls of Congress that committed to building and promoting our nation’s workers and the shipbuilding industry.”

Jim Miller, Chairman of the Board of Directors of Philly Shipyard, stated “On behalf of the entire Board, we couldn’t be more pleased that the shipyard has secured this contract. Beginning two years ago, management boldly faced many challenges and systematically mapped out a strategic plan to transform the shipyard into a facility that can perform government related work. Through skillful deliberation, they have successfully executed that plan, while preserving a good financial platform on which to move forward. We are confident in the yard’s ability to continue to rise from here.”

The contract for the NSMV program will allow Philly Shipyard to reconstitute its workforce in preparation for commencement of the new production work in early 2021. The total workforce at Philly Shipyard at full capacity is approximately 1,200. For more information about Philly Shipyard, please visit www.phillyshipyard.com.

About Philly Shipyard:

Philly Shipyard, Inc. (PSI) is a leading U.S. shipbuilder that is presently pursuing a mix of commercial and government work. It possesses a state-of-the-art shipbuilding facility and has earned a reputation as a preferred provider of oceangoing merchant vessels with a track record of delivering quality ships, having delivered around 50% of all large ocean-going Jones Act commercial ships since 2000. PSI is the sole operating subsidiary of Philly Shipyard ASA. Philly Shipyard ASA is listed on the Oslo Stock Exchange (Oslo: PHLV) and is majority-owned by Aker Capital AS, which in turn is wholly-owned by Aker ASA. Aker is a Norwegian industrial investment company that creates value through active ownership. Aker's investment portfolio is concentrated on key Norwegian industries that are international in scope: oil and gas, fisheries and biotechnology, and marine assets. Aker's industrial holdings comprise ownership interests in Aker Solutions, Kvaerner, Aker BP, Aker BioMarine, Ocean Yield and Akastor.

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