World class shipbuilding and repair
Current Statistics

• 1,300 employees at Irving Shipbuilding
  – 1,100 at Halifax Shipyard
  – 50+ at Shelburne Ship Repair
  – 170+ at Fleetway & Oceanic
Current Projects

- Constructing 9 Hero-Class Patrol Vessels
  - Mid-Shore Patrol Vessels for Canadian Coast Guard
  - 5 of 9 vessels currently underway
  - Expected completion in 2014
Current Projects

- **FELEX Mid-Life Extension Program**
  - Major refits on 7 Halifax-Class Frigates
  - HMCS Halifax & HMCS Fredericton currently in yard
  - Expected date of completion 2018
• Commercial & Offshore Repair
  – Bulk carriers MV Spruceglen, MV Atlantic Superior & MV Solarium recently completed
  – Ferry MV Blue Puttees in Nova Dock for repairs (MV Highlanders recently completed)
  – Grand Banks Oil rig recently refit and repaired at Woodside Industries
National Shipbuilding Procurement Strategy

- Announced in June 2010
  - $35 billion invested in Federal Fleet over next 30 years
  - Competitive, fair, open & transparent process – using fairness monitor & independent third party experts

- 2 shipyards for building large vessels were chosen
  - 1 shipyard for combat vessels
  - 1 shipyard for non-combat vessels
Bids Submitted July 21, 2011
**NSPS – What’s Next**

6 Months into a 30 Year Process!

<table>
<thead>
<tr>
<th>Steps</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiate Umbrella Agreement</td>
<td>✓</td>
</tr>
<tr>
<td>Negotiate AOPS Contract</td>
<td>Underway</td>
</tr>
<tr>
<td>AOPS Design / Engineering</td>
<td></td>
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<tr>
<td>AOPS Production (6 vessels)</td>
<td></td>
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<tr>
<td>CSC Design / Engineering</td>
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<tr>
<td>CSC Production (15 vessels)</td>
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</tbody>
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2011 → 2041
Projected Workforce Growth

- Conference Board of Canada *(May, 2011)* estimates (with direct, indirect and induced economic impacts):
  - 8,400 new Nova Scotia jobs annually on average
  - 11,500 jobs in Nova Scotia at peak production
  - 12,400 new jobs annually on average across Canada
  - 16,000 jobs across Canada at peak production
• Current models have ISI growing by 1,500 direct jobs over 8 year period – our strategy:

1. Grow at Home
   • Work with local community colleges & universities to build next generation shipbuilders

2. Bring them Home
   • Repatriate Atlantic Canadians who have moved out of the region for employment

3. Make it Home
   • Bring some of the world’s shipbuilders to Canada to continue their career
ISI Supply Chain = 1,000+ Today

- **60+ QE Suppliers**
  - $23M invested

- **115+ NB Suppliers**
  - 8 - $1M + /
  - 30 - $100K +

- **135+ ON Suppliers**
  - $14.2M invested

- **90+ PE Suppliers**
  - 7 - $100K + /
  - 27 - $10K +

- **20 NL Suppliers**
  - 2 - $1M + /
  - 4 - $100K+

- **630+ NS Suppliers**
  - 37 - $1M + /
  - 21 - $500K - $1M

* Suppliers 2009/2010

Irving Shipbuilding Inc.
Early Days for NSPS & Supply Chain

• First project will be Arctic Offshore Patrol Vessels for the RCN
  – Requirement must first be fully defined so that ISI understands the Navy’s scope of work and associated deliverables
  – A contract must be then be negotiated with Canada
  – Suppliers selected and subcontracts negotiated
• Welcome interest from new suppliers

www.irvingshipbuilding.com
Click on For Suppliers.... link

• On-line Supplier Registry live
  – 1,200 businesses registered to date
  – Supplier provides current contact information & indicates categories of interest
  – Identify relevant suppliers to receive Requests for Interest or Requests for Proposal related to specific project requirements
Supplier Information Forums

- **Irving Shipbuilding will host a series of information forums**
  - Invites will be issued to all current and newly registered suppliers
  - On-line sign up for forums will determine attendee count and logistics
  - Will take place once contract details are more finalized
Selecting Suppliers

- Ensure goals of suppliers are aligned closely with ISI and Canada’s NSPS objectives of:
  - Build the Navy’s combat vessel fleet
  - Provide best value to Canada
  - Meet our 100% Industrial and Regional Benefit commitments
  - Help build a sustainable marine industry in Canada
Supply Chain Principles

1. Business operations be understood, services provided effectively & efficiently to lower costs for our internal and external customers

2. Processes & associated data is electronic end-to-end, standardized, controlled & documented

3. Supplier relationships are aligned to supply chain principles

4. Requirements from Federal Government impact supplier selection

5. Contract managers operate within company’s code of ethics in all business dealings
What Can You Do To Prepare?

1. Communicate clearly what your enterprise has to offer
2. Understand how what you offer can add value to ISI’s supply chain
3. Understand ISI’s supply chain principles – ensure your company is aligned with them
4. Participate in information forums and events, as they take place
5. Register in our on-line supplier portal
World class shipbuilding and repair

Irving Shipbuilding Inc.