



**COMPANY ANNOUNCEMENT
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**AUSTAL FERRY CONTRACT HERALDS A NEW ERA
IN FAST SEA TRANSPORTATION**

126 metre ferry will be world's largest high-speed multihull vessel

Austal Limited subsidiary Austal Ships has signed an historic contract with European ferry operator Fred. Olsen, S.A. for the world's largest high-speed multihull vessel, which will be based on a new hullform that is set to revolutionise fast sea transportation.

When delivered in the second half of 2004, the 126.7 metre cargo-vehicle-passenger fast ferry will also be larger than any existing diesel-powered fast ferry. It is also believed to be the world's largest all-aluminium ship.

Confirmation of the order, which is worth in excess of A\$100 million, demonstrates both companies' leadership in the global fast ship industry and is the outcome of a collaboration, involving more than three years of research and development effort, to produce and evaluate the new design.

"This is the largest fast ferry ordered anywhere in the world since the late 1990s, and arguably the most significant single order placed in that time as well," said Austal's Managing Director, Mr Bob McKinnon.

"We expect this breakthrough project to generate considerable interest among ferry operators and it clearly demonstrates Austal's ability to produce high-speed ships of the size currently being sought by the US military.

"While we believe there will always be a significant role for catamarans in the fast ferry market, this vessel has the potential to provide enhanced passenger comfort in a wide range of sea conditions, thereby increasing the opportunities for their application. It really is a major

breakthrough, and a logical progression from many years of development and experience with multihulled vessels,” he said.

Mr. Fred Olsen Jnr., Executive Chairman of Fred. Olsen, S.A. said, “We have already gathered a great deal of experience in the fast ferry business through operating three large ships since 1999, and we are very happy with the results of our three 96 metre catamarans.

“However, it was quite clear from the beginning that the catamarans had some limitations in terms of capacity and especially passenger comfort when operating in rough seas such as we have around the Canary Islands.

“This led us to the conclusion that further research was needed in order to develop a new concept for high-speed vessels,” he said.

Austal and Fred. Olsen, S.A. cooperated on an extensive programme to develop a new design and ensure it would meet the Spanish company’s requirements in an efficient and cost-effective manner.

The result is a slender stabilised monohull vessel, more commonly referred to as a trimaran. Compared to Fred. Olsen S.A.’s existing fast ferries, the Austal *Auto Express 126* provides more capacity and greater passenger comfort due to its superior performance in waves.

“The characteristics of this new vessel, with a length of 126.7 metres and beam of 30 metres, will improve overall efficiency in terms of passenger capacity, deadweight and freight lane metres by more than 35%. At the same time passenger comfort will increase by up to 40% depending on the routes we operate,” said Fred Olsen Jnr.

“Thanks to the close cooperation with the excellent Austal Ships’ team, we have been able to develop a highly versatile vessel with many improvements over our current fast ship fleet. This trimaran should, for us, be the solution for many years to come and could very well set the standard for a new generation of large fast ferries,” he continued.

With power provided by four diesel engines driving waterjets, the *Auto Express 126* trimaran will be able to maintain Fred. Olsen S.A.’s projected service speed in excess of 40 knots (75km/h) and provides the capacity to carry 1,350 passengers, over 340 cars and a substantial number of trucks.

While the trimaran will set new industry standards for vessel performance, its design and construction are both soundly based.

The speed and seakeeping performance of the hullform has been verified by extensive analysis, including multiple tank testing sessions at some of the world's leading facilities. Austal has also built and trialed an 11 metre manned technology demonstrator and has modelled the vessel's structure in detail using sophisticated finite-element techniques.

The vessel will be constructed in Austal's existing facilities using techniques and materials that have been thoroughly proven and refined over many years through the construction of almost 100 previous aluminium vessels. The trimaran is expected to be no more difficult to build than a catamaran.

Austal Ships has already built two high-speed catamarans of over 100 metres in length. One of these, the 101 metre "WestPac Express", has already proved highly successful in carrying out Theatre Support type duties for the US Marine Corps in the Western Pacific region.

Mr McKinnon said the trimaran project provided further confirmation of Austal's ability to design and construct high-speed ships of the size required for current defence projects such as the US Navy's Littoral Combat Ships and the US Army's Theatre Support Vessels.

"This contract makes vessels of the size, speed and capacity required by the military a reality. The fact that a commercial operator of the stature of Fred. Olsen, S.A. has made such a significant investment shows enormous confidence in Austal's design and construction capabilities," he said.

A team led by General Dynamics and including Austal USA is offering a variant of the trimaran hullform for the US Navy's Littoral Combat Ship project, and Austal USA is also in the running to build a series of Theatre Support Vessels for the US Army.

"Securing this contract demonstrates, once again, our world leadership in the high speed vessel market and the value of having the resources and expertise to produce new designs that meet specific customer requirements," Mr McKinnon said.

"Those product development capabilities are an integral part of being a diversified shipbuilder. Without them we would not have been able to secure this contract."

Following closely on from an order for 10 naval patrol boats for the Republic of Yemen (secured during the first week of June), this contract means there are now 27 vessels, with a combined value of approximately A\$550 million, on order at Austal's four shipyards.

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To download a high resolution image of the *Auto Express 126* of to accompany this news release, please go to the media section of the Austal website at: <http://www.austal-ships.com/media/index.cfm>