

	Results (£m)		YTD	
	Q2			
	2000	1999	2000	1999
Operating (loss)/profit	14.5	32.1	7.6	40.6
Interest and similar items	(4.5)	(5.6)	(9.0)	(10.6)
Headline (loss)/profit	10.0	26.5	(1.4)	30.0
Loss on closure of Newhaven/Dieppe	0.0	(0.4)	-	(10.8)

Notes

1. Carryings and market share include P&O Stena Line's two routes – Dover/Calais and Dover/Zeebrugge (freight only) – and also Newhaven/Dieppe until 31 January 1999 when it closed.
2. Market share calculations are in respect of total volumes for the Short Sea and Belgian Straits.
3. All figures are unaudited.

P&O Ferries (excluding P&O Stena Line)

	Q2		Carryings (‘000) YTD	
	2000	1999	2000	1999
	Freight units	335	324	666
Tourist vehicles (including coaches)	277	285	398	408
Passengers	1,143	1,207	1,701	1,814

Notes

1. The above statistics are an aggregation of P&O's other ferry routes around the UK namely North Sea, Irish Sea, Western Channel and Scottish Isles.

Key Points

P&O Stena Line

1. P&O Stena Line had a good second quarter. It recorded an operating profit of £14.5 million (1999 £32.1 million) and a headline profit of £10.0 million (1999 £26.5 million).
2. As anticipated, a significant factor in comparing the result to that for the previous year was the abolition of duty free sales. In particular, June 1999 saw unprecedented levels of tourist vehicles and passengers wishing to take advantage of the last month of the concession. Gross on board sales per head have gradually increased since abolition and are now close to those pre-abolition although the margin is of course considerably reduced.
3. The other key change in the market brought about by the abolition of duty free has been the reduction in promotional offers for tourist vehicles. Despite this, carryings for the year to date are over 80% of those for the first half last year and P&O Stena Line has slightly increased its market share. Revenue rates have also increased mainly as a result of the change in mix but also on an underlying basis.
4. There was a small reduction in the number of freight units carried and also in P&O Stena Line's freight market share. Here again there were underlying rate increases although they were less than those for tourist vehicles.

P&O Ferries

1. As for P&O Stena Line, the key factors affecting the first half year have been the loss of duty free and higher fuel costs. Fuel costs in the first half year for all routes (including P&O Stena Line) have increased by approximately 75% to give an additional cost of approximately £13 million. The increases apply more to P&O Ferries than to P&O Stena Line as they have more ships.
2. Carryings of freight units continue to be above the level achieved last year. They have now risen for the third quarter in a row with good increases on the two main freight routes, the Irish Sea and the North Sea. Freight rates were similar to last year but with some adverse currency effect.
3. Carryings of tourist vehicles were slightly down on the same period last year, again reflecting the increase in tourist traffic prior to the abolition of duty free sales. Tourist vehicle rates showed good increases on all routes reflecting the mix effect of reduced promotional traffic.

(ends)