



FERRIES RESULTS: JANUARY TO MARCH 2000

2nd May 2000

The attached information sets out the unaudited financial results, statistics and key points for P&O Stena Line for the first quarter of 2000, as well as statistics and key points for P&O's other ferry operations in the North Sea, Irish Sea, Western Channel and Scottish Isles.

In summary, the main points arising from the information are set out below.

P&O Stena Line

- Results for the first quarter, historically the weakest quarter, were affected by the dampening of demand post Millennium, the impact of the abolition of duty free and Easter falling in Q2 2000 compared to Q1 1999;
- Overall carryings were lower while market shares, other than for freight, were maintained;
- average rates increased, particularly for tourist traffic; and
- gross on board spend per head remains close to last year's duty free sales levels albeit at lower margins.

P&O Ferries

- Freight carryings continued to increase with record volumes achieved by P&O North Sea Ferries; and
- tourist and freight rates were broadly in line with Q1 1999.

Further information:

Victoria Moth Corporate Communications Manager
020 7930 4343

RESULTS AND STATISTICS FIRST QUARTER 2000

P&O Stena Line

	Carryings ('000)		Market Share (%)	
	Q1 2000	Q1 1999	Q1 2000	Q1 2000
Freight units				
Tourist vehicles (including coaches)	278	289	43	50
Passengers	294	370	28	29
	1,875	2,212	36	36

	Results (£m)	
	Q1 2000	Q1 1999
Operating (loss)/profit	(6.9)	8.5
Interest and similar items	(4.5)	(5.0)
Headline (loss)/profit	(11.4)	3.5
Loss on closure of Newhaven/Dieppe	-	(10.4)

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)

	Carryings (‘000) Q1	
	Q1 2000	Q1 1999
Freight units	331	320
Tourist vehicles (including coaches)	121	123
Passengers	558	607

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 recorded an operating loss of £6.9m. After interest of £4.5m the headline result was a loss of £11.4m.
2. The first quarter, which is historically the weakest quarter, was affected by the dampening of demand post Millennium, the impact of the abolition of duty free and Easter falling in Q2 2000 compared to Q1 1999.
3. Freight carryings marginally declined due to incremental capacity being introduced by Eurotunnel during the quarter. Average rates were ahead of last year. The total freight market continued to grow strongly with volumes increasing by 12% year on year.
4. Average rates from tourist traffic increased significantly partly due to a change in mix away from promotional day trip offers which, as expected, led to reduced volumes.
5. Gross on board spend per head continues at close to last year's duty free sales levels although margins were significantly affected.
6. Higher fuel prices resulted in an increase in costs compared to Q1 1999.
7. Internet bookings continue to grow for both freight and tourist traffic. Increasing numbers of freight customers, in particular, are now taking advantage of being able to pre-lodge driver and vehicle load details as well as using the on-line track and trace service.

P&O Ferries

1. Tourist and freight rates were broadly in line with Q1 1999.
2. Freight carryings continued to increase mainly as a result of an extra vessel on the Fleetwood-Larne route introduced in Q3 1999 and P&O North Sea Ferries also performed well with volume records on nearly all routes.
3. On April 15th, the fastcraft Portsmouth Express came into service between Portsmouth and Cherbourg. With the capacity to accommodate 920 passengers and 225 cars, the Portsmouth Express makes the crossing in 2 hours and 40 minutes, cutting the conventional journey time in half. As a result of her introduction, the SuperStar Express was transferred onto the Larne-Cairnryan route replacing the Jetliner. Sailing five return crossings daily, the vessel has the capacity for 800 passengers and 175 cars and crosses the Irish Sea in 60 minutes.

(ends)