



FERRIES RESULTS: OCTOBER TO DECEMBER 1999

29th February 2000

The attached information sets out the unaudited financial results, statistics and key points for P&O Stena Line for the fourth quarter of 1999 and the full year, as well as statistics and key points for P&O's other ferry operations around the UK coastline.

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

P&O Stena Line

- P&O Stena Line had a good year with results broadly comparable to those for 1998 despite the loss of the duty free concession during the second half;
- freight rates and carryings have continued to grow strongly; and
- tourist vehicle carryings have declined but rates have strengthened.

P&O Ferries

- Carryings on P&O's other ferry routes were broadly in line for the year as a whole with those of the previous year; and
- rates improved compared to 1998 but not by as much as for the Short Sea.

Following the abolition of the duty free concession on 30 June 1999, freight now accounts for a greater proportion of revenue than tourist vehicles, passengers and onboard spend taken together. The order in which the statistics are stated has been changed to reflect this.

Further information:

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RESULTS AND STATISTICS FOURTH QUARTER 1999

P&O Stena Line

	Carryings ('000)		Market Share (%)	
	Q4	Full Year	Q4	Full Year
Freight units	305	1,185	46	48
Tourist vehicles (including coaches)	431	2,061	29	31
Passengers	2,607	12,387	37	38

Results (£m)	Q4	Full Year
Operating Profit	7.5	67.4
Interest and similar items	(4.0)	(19.3)
Headline profit	3.5	48.1
Loss on closure of Newhaven/Dieppe -		(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. The P&O Stena Line joint venture began trading on 10 March 1998. It is therefore difficult to give direct comparisons between 1999 and 1998.
3. Market share calculations are in respect of total volumes for the Short Sea and Belgian Straits.
4. All figures are unaudited.

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

	Carryings ('000)			
	Q4		Full Year	
	1999	1998	1999	1998
Freight units	338	331	1,301	1,320
Tourist vehicles (including coaches)	192	192	1,016	977
Passengers	801	847	4,190	4,197

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 profitable fourth quarter. For the full year it recorded a headline profit of £48.1 million compared to £54.5 million for 1998 (for the 10 months from 10 March, when the joint venture was formed, to 31 December).
2. Freight rates and volumes are well ahead of Q4 1998 results.
3. Tourist vehicle rates continue to show major increases over 1998. Carryings are down, as anticipated following the loss of duty free.
4. The second quarter of trading following the abolition of the duty free concession on 30 June 1999 saw average gross onboard spend per head just below Q4 1998. The significant reduction in net margin was in line with expectations.
5. Following the successful introduction of P&O Stena Line Aquitaine, which is the largest multi-purpose ferry on the Short Sea, P&O Stena Line Picardy was withdrawn from service in Q1 2000. This brings the number of vessels on the Dover-Calais route back to six.

P&O Ferries

1. Overall freight carryings rose for the first time in 1999 as a result of modest increases on all routes other than Portsmouth. As a result carryings for the full year were virtually the same as for the previous year.

2. Conversely, tourist vehicle carryings were slightly down quarter on quarter but ahead for the year as a whole. Portsmouth carryings fell in Q4 as a result of the loss of the duty free concession and consequential higher prices. Carryings also fell slightly on Northern Ireland. These were, however, largely offset by a significant increase by North Sea Ferries.
3. Rates in 1999 increased for both freight and tourist vehicles compared to 1998 but not by as much as for the Short Sea.

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