

APPENDIX 3.2  
(referred to in paragraphs 2.164 and 3.30)

**P&O: financial projections for Dover-Calais and Dover-Zeebrugge  
if the proposed joint venture does not proceed**

**Main assumptions**

1. The P&O projections are based on two scenarios about the market share of Le Shuttle. In the low Tunnel market share scenario (Table 1), Le Shuttle's share of the passenger market increases from [\* ] per cent in 1997 to [\*] per cent in 1998, 1999 and 2000. In the high Tunnel market share scenario (Table 2), Le Shuttle's share of the passenger market increases from [\*] per cent in 1997 to [\*] per cent in 1998, [\*] per cent in 1999 and [\*] per cent in 2000.

TABLE 1 **P&O: financial projections for Dover-Calais and Dover-Zeebrugge combined assuming low Tunnel market share, 1997 to 2000**

	<i>£ million</i>					
	<i>Years ending 31 December</i>					
	<i>1996*</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	
<i>Turnover</i>						
Passenger ticket revenues	[					
On-board sales (net)		<i>Figures omitted. See note on page iv.</i>				
Freight						
Other	—	—	—	—	—	
	]					
	<u>241</u>	<u>207</u>	<u>210</u>	<u>197</u>	<u>186</u>	
Port taxes/travel agents' commissions	[					
Ship costs		<i>Figures omitted. See note on page iv.</i>				
Shore costs/administration						
Marketing						
Office administration	—	—	—	—	—	
	]					
	<u>190</u>	<u>194</u>	<u>199</u>	<u>207</u>	<u>214</u>	
Profit/(loss) before interest and taxation	51	13	11	(10)	(28)	
Average capital employed	[	<i>Figures omitted. See note on page iv.</i>				]
					<i>per cent</i>	
Profit/(loss) before interest and taxation as a percentage of average capital employed	[	<i>Figures omitted. See note on page iv.</i>				]

Source: P&O.

\*1996 figures are provided for comparative purposes.

\*Figures omitted. See note on page iv.

TABLE 2 P&O: financial projections for Dover-Calais and Dover-Zeebrugge combined assuming high Tunnel market share, 1997 to 2000

	<i>£ million</i>					
	<i>Years ending 31 December</i>					
	<i>1996*</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	
<i>Turnover</i>						
Passenger ticket revenues	[					
On-board sales (net)		<i>Figures omitted. See note on page iv.</i>				
Freight						
Other	<u>241</u>	<u>207</u>	<u>205</u>	<u>185</u>	<u>171</u> ]	
Port taxes/travel agents' commissions	[					
Ship costs						
Shore costs		<i>Figures omitted. See note on page iv.</i>				
Office administration						
Marketing						
Restructuring#						
Loss on sale of ships~	<u>190</u>	<u>194</u>	<u>198</u>	<u>207</u>	<u>197</u> ]	
Profit/(loss) before interest and taxation	51	13	7	(22)	(26)	
Average capital employed	[	<i>Figures omitted. See note on page iv.</i>				]
				<i>per cent</i>		
Profit/(loss) before interest and taxation as a percentage of average capital employed	[	<i>Figures omitted. See note on page iv.</i>				]

Source: P&O.

\*1996 figures are provided for comparative purposes.

#[ *Details omitted. See note on page iv.* ]

~ [ *Details omitted. See note on page iv.* ]

2. P&O currently operates five multi-purpose vessels on Dover-Calais and three freight-only vessels on Dover-Zeebrugge. [

*Details omitted. See note on page iv.*

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3. Other key assumptions are:

- Passenger vehicle traffic on Dover-Calais grows in volume terms during 1997 and 1998 at [€] per cent a year. [ € ] growth is assumed in 1999 and 2000.
- Dover-Calais freight traffic expands in volume terms at [€] per cent a year for each of the four years to 2000.
- Dover-Zeebrugge freight traffic is expected to grow in volume terms by 5 per cent a year except in 1998 when volumes are assumed to decline due to increased capacity brought into service by Le Shuttle.
- Nominal average passenger and freight rates fall by [€] per cent in 1997. No change is assumed to rates in 1998. Thereafter rates increase (in line with assumed inflation) by 3 per cent a year.
- No Tunnel fire effect (on the basis that any effects of the Tunnel fire on market shares and profits will be short-lived).
- No other competitor (Stena, SeaFrance, Sally, Hoverspeed) exits from the markets.
- The duty-free concession is abolished at the end of June 1999.