

APPENDIX 3.4  
(referred to in paragraphs 2.164 and 3.65)

**Stena: financial projections for Dover-Calais and Newhaven-Dieppe  
if the proposed joint venture does not proceed**

**Main assumptions**

1. The Stena 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 **Stena Line: financial projections for Dover-Calais and Newhaven-Dieppe 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>156</u>	<u>156</u>	<u>162</u>	<u>141</u>	<u>131</u> ]
Port taxes	[				
Ship costs					
Shore costs					
		<i>Figures omitted. See note on page iv.</i>			
Goodwill					
Marketing					
Restructuring#	<u>154</u>	<u>159</u>	<u>167</u>	<u>163</u>	<u>163</u> ]
Profit/(loss) before interest and taxation	2	(3)	(5)	(22)	(32)
Average capital employed~	[				
		<i>Figures omitted. See note on page iv.</i>			

*Source:* Stena Line.

\*1996 figures are provided for comparative purposes.

#Restructuring costs cover costs of [ Details omitted. See note on page iv. ].

~ Capital employed excludes investment in SPN of £[ € ] million and goodwill of £[ € ] million (which reduces by £[ € ] million each year due to amortization).

TABLE 2 **Stena Line: financial projections for Dover-Calais and Newhaven-Dieppe 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>156</u>	<u>156</u>	<u>158</u>	<u>129</u>	<u>115</u> ]
Port taxes	[					
Ship costs						
Shore costs						
<i>Figures omitted. See note on page iv.</i>						
Goodwill						
Marketing						
Restructuring#		<u>154</u>	<u>159</u>	<u>166</u>	<u>148</u>	<u>138</u> ]
Profit/(loss) before interest and taxation		2	(3)	(8)	(19)	(23)
Average capital employed~	[					
<i>Figures omitted. See note on page iv.</i>						

Source: Stena Line.

\*1996 figures are provided for comparative purposes.

#Restructuring costs to cover costs of [ ] million and goodwill of £[ £ ] million (which reduces by £[ £ ] million each year due to amortization). *Details omitted.*

~ Capital employed excludes investment in SPN of £[ £ ] million and goodwill of £[ £ ] million (which reduces by £[ £ ] million each year due to amortization).

2. Stena Line operates four multi-purpose vessels on Dover-Calais and one multi-purpose vessel and one fast craft on Newhaven-Dieppe. Under the low Tunnel market share scenario, [ ]

*Details omitted See note on page iv.*

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3. Other key assumptions are:

- The Short Sea market for passenger vehicles grows in volume terms during 1997 and 1998 at [ £ ] per cent a year. [ £ ] growth is assumed in 1999 and 2000 due to the loss of duty-free.
- Freight traffic on the Short Sea market expands in volume terms at [ £ ] per cent a year for each of the four years to 2000.
- Nominal average passenger and freight rates fall by [ £ ] per cent in 1997. No change is assumed to rates in 1998. Thereafter rates increase 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 (P&O, SeaFrance, Sally, Hoverspeed) exits from the market.
- The duty-free concession is abolished with effect from 1 July 1999.