Isle of Sark Shipping Company Limited
Operations Report
April – June 2023 & Year to Date

"To ensure the sustainable provision of safe, reliable, friendly and efficient passenger and cargo shipping services for the residents of Sark and visitors to it"

1.Executive Summary

Highlights:-

The shoulder part of the season (April - June) has been challenging!

On Friday 28th April "Corsaire de Sercq" hit the rocks at the end of the Maseline harbour and was taken out of service. The vessel was taken down to St Malo for repairs and only returned on Wednesday 5th July. In the interim the service was covered by the "Sark Venture" with additional capacity supplied through the charter of Herm Trident. IoSS would also like to thank Herm Island and Brechou Marine services for supplying capacity when Trident was not available.

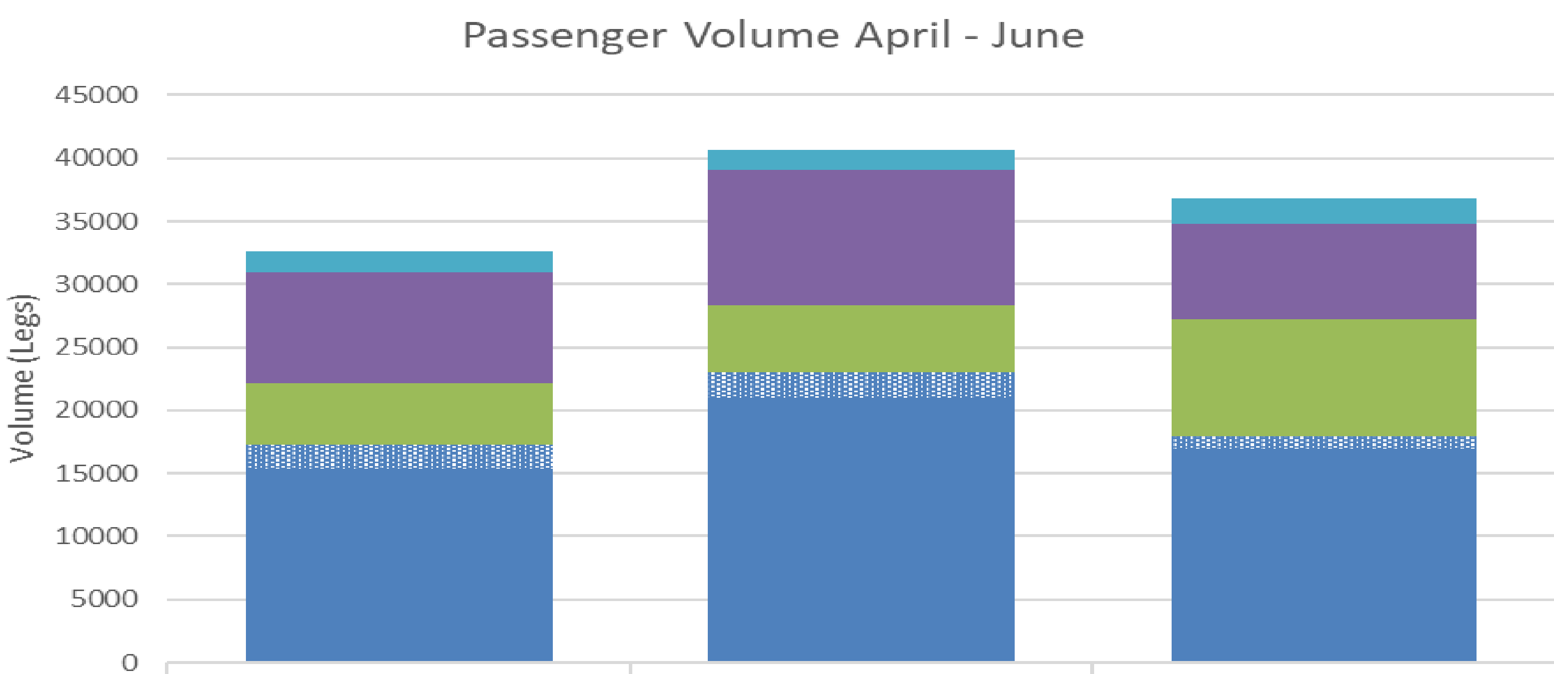
To compound this issue the weather during the quarter was particularly unseasonal with 14 days where weather disrupted the schedule losing over 26 rotations.

Agent group day return bookings and cruise ship excursions numbers have also not recovered to the pre Covid levels. During the quarter Cruise ship excursions were down by 64% (-700 visitors) in comparison to the pre-Covid average for the period. Agent booked group day trippers were down by 37% (-800 visitors) in comparison to the pre-Covid average for the period.

- **Financial Performance –** Despite the challenges; financially the Company is operating to budget, just behind for the quarter and ahead of budget year to date. At the end of July the Company had £493K in the bank or on deposit. However, July volumes were down against budget and previous year primarily due to Lack of visitors during the Guernsey Island Games and continuing inclement weather. (On the Saturday of Sheep racing there were 230 "no-shows due to the weather).
- **Passengers carried –** Passenger numbers for the quarter (April – June) were down by 11% in comparison to 2022 and 2019. Year to date passenger volumes were -5.7% on previous year but the same (+0.03%) in comparison to 2019
- **Passenger revenue -** Although passenger volume was down 11% in comparison to 2022 passenger revenue was only down by 7% unfortunately this does represent a passenger revenue shortfall of £35.5K
- **Cargo revenue and volume** – Cargo volume for the quarter was on budget although down in comparison to 2022. Revenue was as budgeted. Year to date General cargo is -£23K to budget, Charters are +£20K.

2. Market Sector Ticket Type

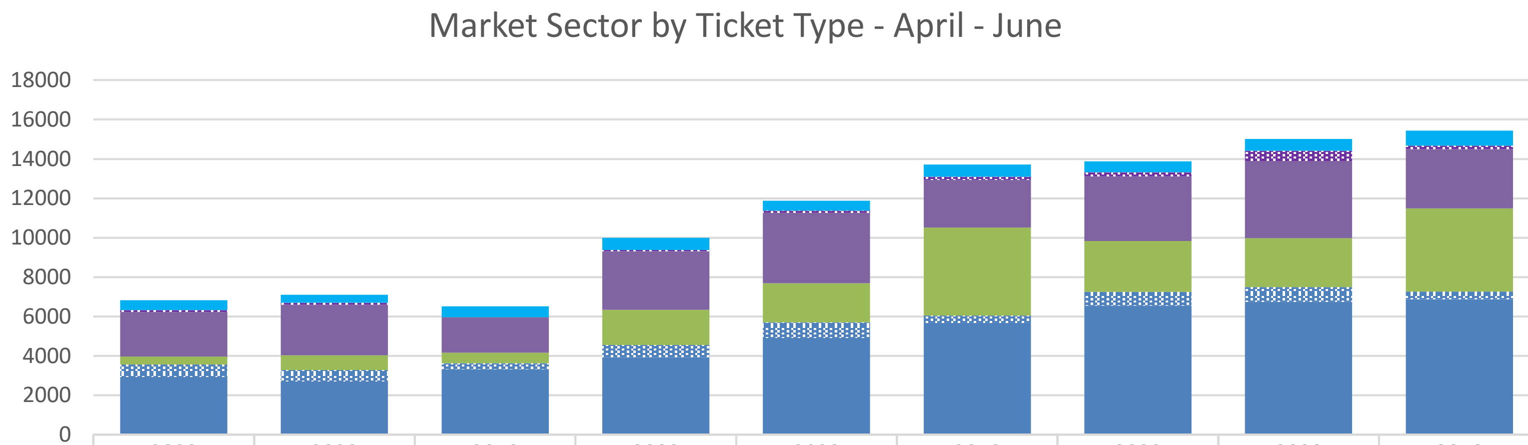
Change to market sector April – June 2023. 22. 19



	2023	2022	2019
Single	1665	1497	1934
PR	8876	10794	7566
GDX	4800	5222	9236
Sark DX	1954	2116	1074
Dx	15357	20965	16938

2. Market Sector Ticket Type

Change to market sector April, May, and June



	April			May			June		
	2023	2022	2019	2023	2022	2019	2023	2022	2019
Single	505	405	538	618	501	627	542	591	769
Group PR	98	103	0	62	123	158	213	524	167
PR	2255	2559	1814	2972	3568	2414	3276	3917	3012
GDX	418	752	524	1794	1990	4480	2588	2480	4232
Sark DX	624	584	322	624	784	368	700	748	384
Dx	2934	2698	3314	3929	4918	5674	6552	6749	6876

The table above shows the volumes by market sector (ticket type) for April, May and June with comparison to previous year and the pre-Covid year 2019.

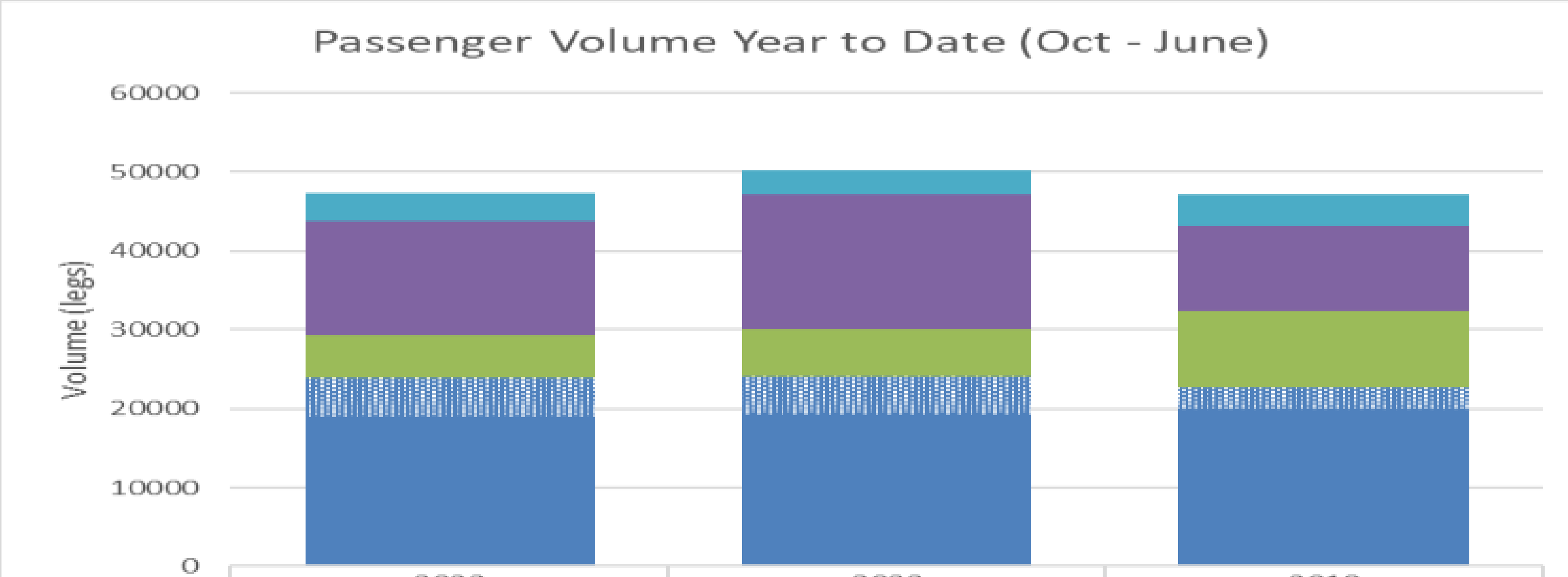
From April the quarter has been eventful, in addition to the incident with the Corsaire the weather conditions during May and June could only be described as unseasonal. there have been 14 days in the quarter where weather disrupted services. With the loss of over 26 rotations.

The early season also showed that Group travel booked by agents and cruise ship excursions have not recovered to pre-Covid levels with the Group market sector (including cruise excursions) being over 4000 passenger legs down in comparison to 2019.

We are also starting to see the numbers of Period return (staying visitors) numbers falling back towards pre-Covid levels The inclement weather is a contributor and anecdotally reported lack of accommodation; particularly at weekends.

2. Market Sector Ticket Type

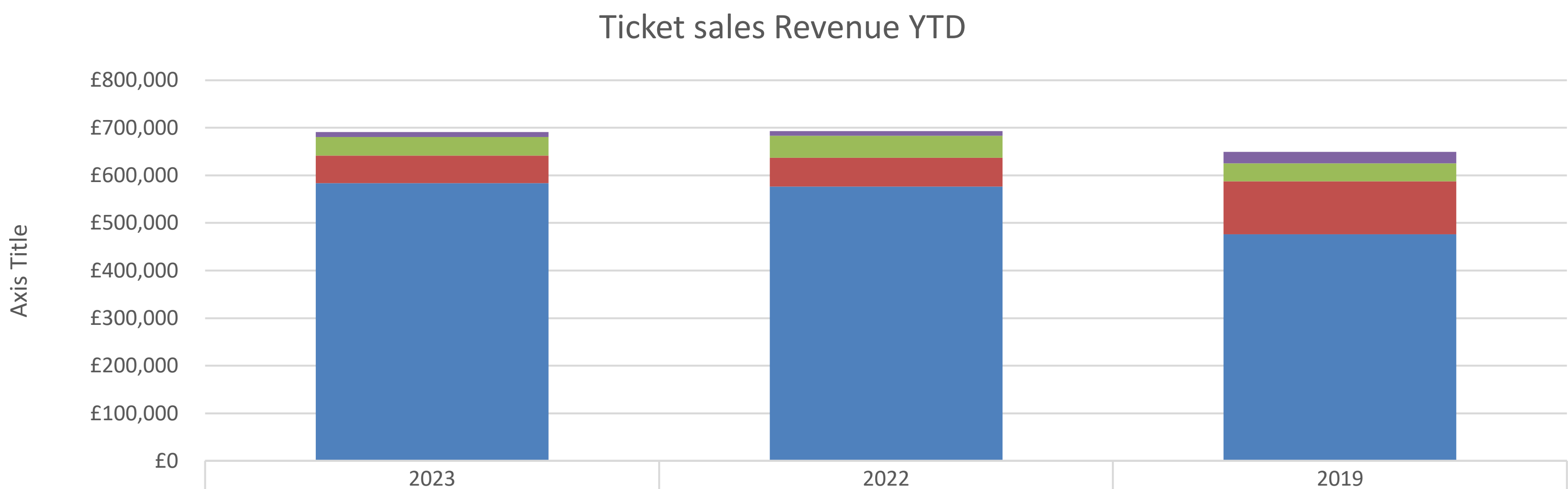
Change to market sector Year to Date (1st Oct to 30th June 2023)



	2023	2022	2019
Single	3549	3064	4085
PR	14495	17147	10816
GDX	5410	5886	9612
Sark DX	4914	4826	2660
Dx	18975	19273	20020

The Year to date volumes are down in comparison to 2022 but are broadly similar to 2019. In comparison to 2019 the period returns have thus far offset the reduction to group travel.

3. Passenger Ticket Sales Revenue



	2023	2022	2019
Excursion/Cruise	£10,566	£9,777	£23,869
Group	£38,821	£45,900	£38,211
Agent	£58,256	£60,415	£110,727
Direct	£583,562	£576,686	£476,439

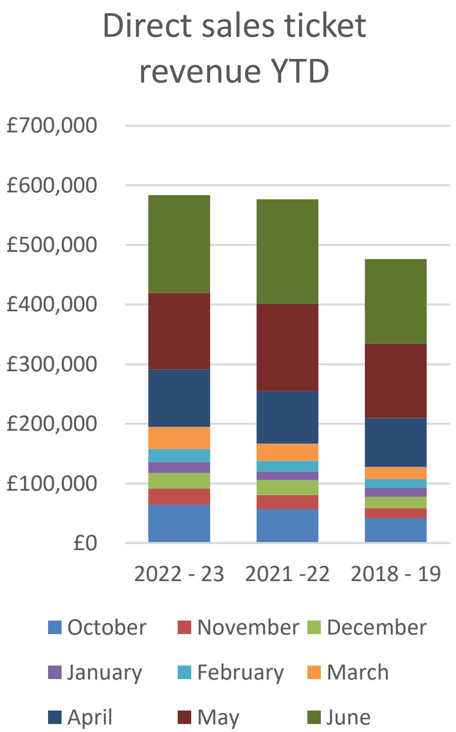
The chart above illustrates the change in "market Sector Ticket Type" and the impact that the changes have on the gross passenger ticket revenue. Loss of ticket sales/revenue in the cruise liner and agency sales sector have been offset by an increase in direct ticket sales

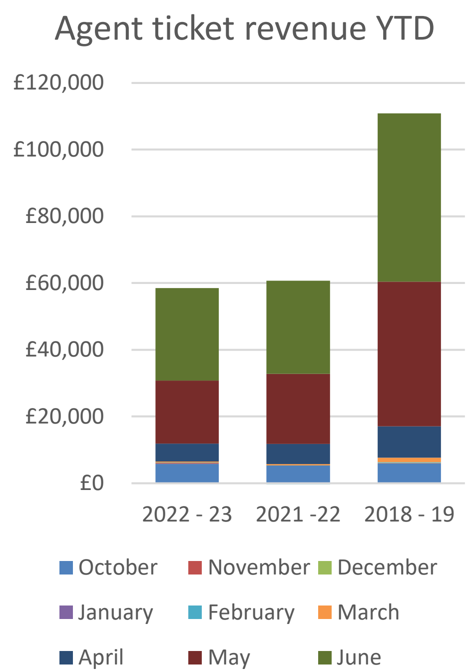
Yield (revenue/volume) is a standard measure of performance within the transport industry Price increases for 2023 and an increase in the volume/sales in the "direct", higher yielding market sector, coupled with an increase in staying visitors, again higher yielding period return tickets, has offset the lower volume YTD in comparison to 2022 and an increase in revenue for similar volumes to 2019. .

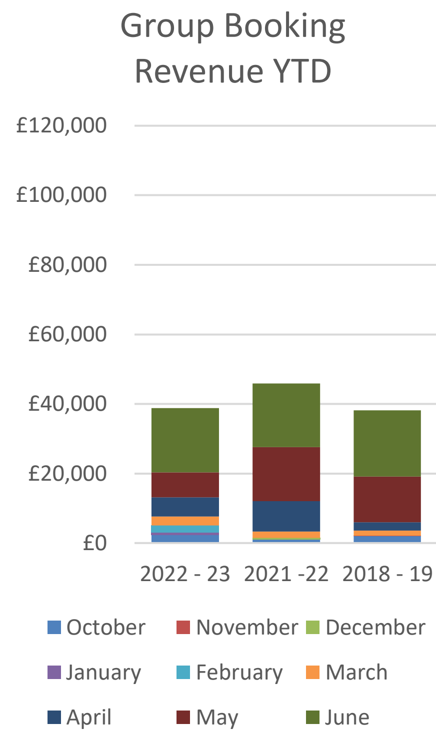
Yield £ per passenger leg

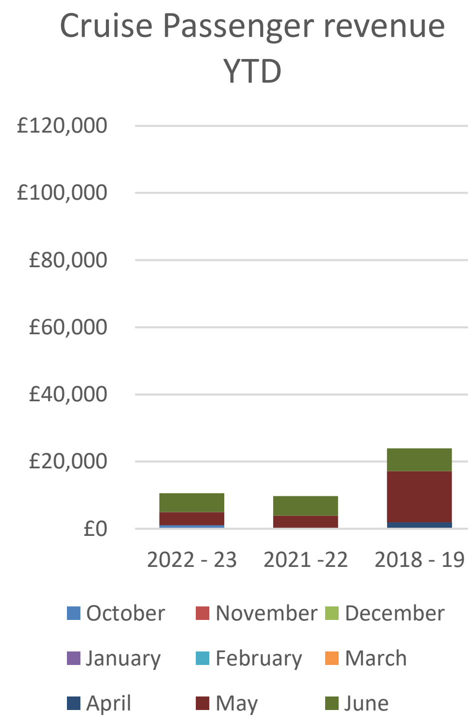
	2023	2022	2019
Gross Yield	£14.87	£14.06	£13.92

3. Passenger Ticket Sales Revenue –by market sector ticket type





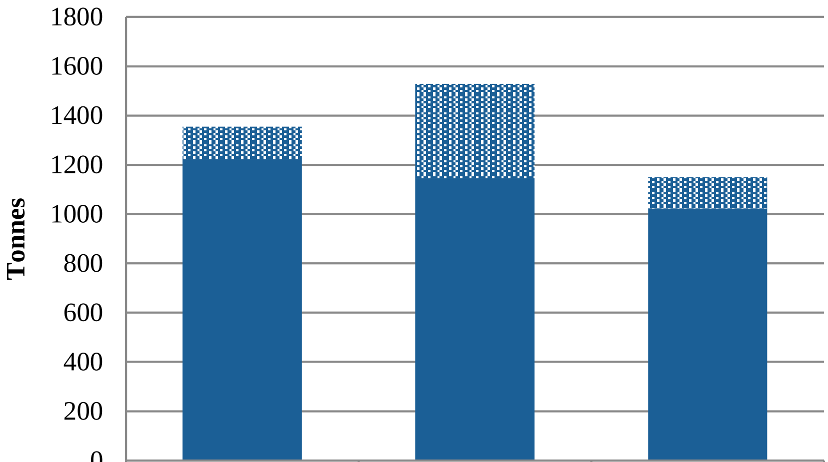




The four charts above illustrate the change in “market Sector Ticket Type” and the impact that the changes have on the gross passenger ticket revenue. Loss of ticket sales/revenue in the cruise liner and agency sales sector have been offset by an increase in direct ticket sales. However, the slow recovery of agent sales and cruise excursions has had a significant impact on some businesses in Sark that rely on the these sectors for sales, as they tend to sell inclusive packages that include garden visits, carriage tours guided walks and some cycle hire.

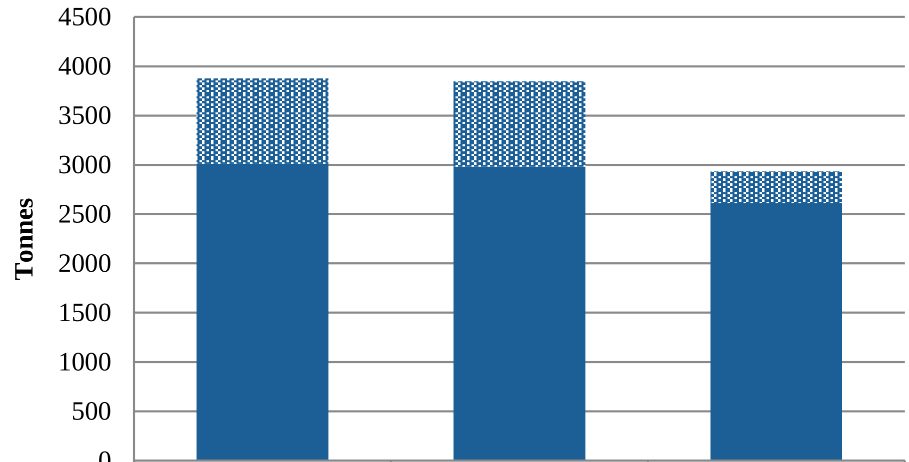
4. Cargo / Freight (Apr - Jun & YTD)

Cargo Volume (April - June)



	2023	2022	2019
Charter	131	382	128
general	1224	1146	1022

Cargo volume (Tonnes) YTD



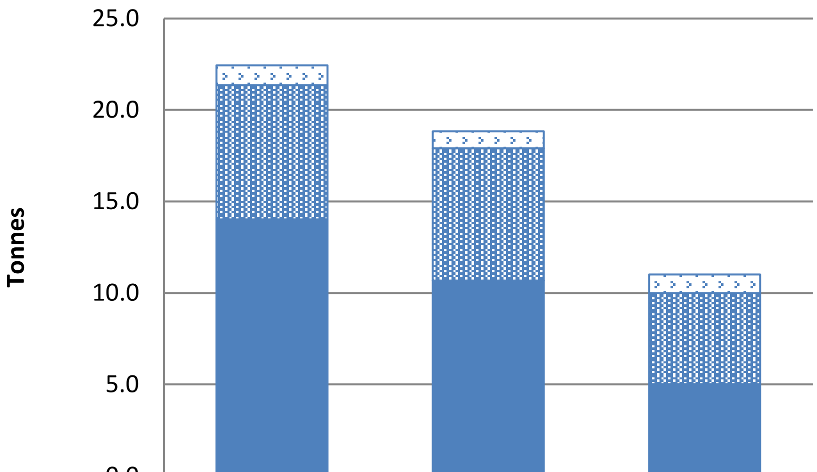
	2023	2022	2019
Charter	866	865	324
general	3013	2983	2611

Notes: Tonnage totals do not include Sark Electricity Company fuel shipped

The base cargo tonnage remains at a similar level to that experienced in the early 2000s. Building projects in 2022 and early 2023 have, as predicted, kept the number of charters higher than average. There have also been small increases that relate to Sark's recycling initiative (2022 and 2023 saw an increase in skips containing recycled products of 30- 40 tonnes YTD). There has also been a 77% increase in post/parcels (+25 tonnes) in comparison to the same period (October – June) 2019. April to June saw post tonnage double from 11 tonnes for the quarter in 2019 to over 22 tonnes in the same quarter 2023. *see next page*

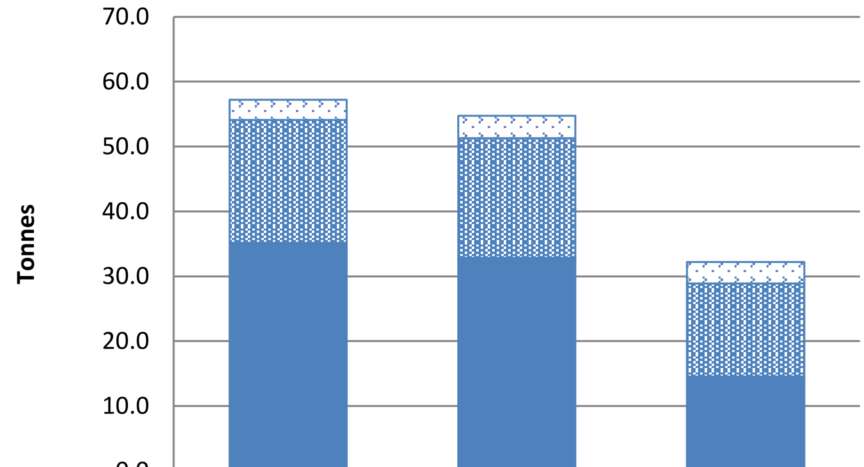
4. Cargo / Freight Post (Apr - Jun & YTD)

Post Shipments (Apr - June) Tonnes



	2023	2022	2019
Post X SK	1.1	0.9	1.0
Post Pax	7.3	7.2	5.0
Post Cargo	14.0	10.7	5.0

Post Shipments YTD (Oct-Jun) Tonnes



	2023	2022	2019
Post X SK	3.1	3.5	3.3
Post Pax	18.9	18.4	14.3
Post Cargo	35.2	32.9	14.6

5. Sales and Marketing

Advertising & Promotions April - June

IOSS will continue to offer promotions for the 2023 season.
We are working with Sark Tourism to ensure that our advertising and Marketing collateral is coordinated.

6. Fleet update/Operations

Sark Viking:
Sark Viking is operating normally and there have been no reported issues.

Sark Venture:
Sark Venture is operating normally and there have been no reported issues. The incline and lightship survey has been completed and we have now received the updated Stability information book from the MCA. The vessel will need to be taken out of service in September for remedial work on the water tank.

Corsaire de Sercq
The vessel is now operating reliably and economically using less fuel than the Venture for a round trip.
Customer reaction is very positive even in choppy weather conditions.

Operations:
The availability of qualified/certified crew in Guernsey is becoming a serious issue/critical. There is a shortage of qualified crew. (currently Trident only have 3 permanent crew (2 Skippers), Brecqhou 3 (all qualified Skippers
IOSS has 10 permanent crew (3 qualified Skippers) 5 crew qualified as engineers.
Ad Hoc (contract crew) - pressure on the availability of Ad Hoc crew available to fill in is also increasing in 2023. One regular now has a permanent weekday job, and another is likely to have less availability as they are a Local Pilot and cruise ships/Manche Iles etc. return to the route.
We qualified 1 engineer to Boat Master this year and are in the process of training 1 Engineer to Boat- Masters for next season, but this takes time.
Inflation/cost of living and the availability of alternative employment is also increasing the risk to staff retention.

2x Engineers have left the Company in July to move jobs. We are actively seeking replacement and have 2 new recruits starting in early August.

To Date Summary

The positives and some red flags for 2023/4

Fares – The discounted day return from Sark to Guernsey has had a positive effect on the volume of Sark originating passengers. We will be retaining this fare for 2023 summer season, but it will be under review. Increasing fuel costs

Medical travel – The discounted fare/voucher travel arrangement for residents needing to visit Guernsey for non elective medical/dental or other specified treatments appears to have been a positive initiative. To date over 600 Sark residents have travelled on the scheme with discounts of over £5,500.

Cargo - Cargo volumes and revenues are on budget.

Working with Herm and Brecqhou – We have been working with both Brecqhou and Herm Island. We are shipping fuel to Brecqhou and we are sub contracting crew for the winter season (under review during April) to help out Herm Island. Both of these initiatives provide revenue in the period where our cost in comparison to our sales are very high. Unfortunately Herm has now withdrawn services and we will no longer be receiving the salary contributions.

Cruise liner calls and tendering – Both cruise liner call and the opportunity to tender are well down on previous years. We have also received notification that the current levels may drop further in 2024.

Fuel cost – Fuel costs are holding in the region of 55pence per litre. This compares to costs of less than 30 pence per litre 18 months ago. Fuel was budgeted at an average of 60 pence per litre for the season. The Company will be monitoring the situation and may need to review sailing frequency and/or charges if the prices continue to rise and are not balanced by volume/revenue increases that are currently offsetting the cost.

Agency/Agency group bookings – Following the pandemic this sector of the market has not recovered to the former volumes. We hope for some recovery in 2024 as programmes are normally set out 24 months in advance, but this cannot be guaranteed.

Period returns/Sark staying visitors – Over the last quarter the number of period return passengers has been steadily falling back to levels similar to pre-pandemic. Inflation putting pressure on discretionary spend and (anecdotally) reports of lack of peak weekend accommodation in Sark appear to be contributing to the downward trend.

Feedback relating to any aspect of the service is more than welcome; if not essential. We are always happy to discuss your ideas or concerns either by phone or a call into the office.

July And August Outlook

Isle of Sark Shipping

July and the first week of August have been severely impacted by adverse weather conditions and the Guernsey Island games

The weather during July and August has been unseasonably inclement. During July and August we have had 6 days where schedules have been disrupted. In addition the Guernsey Island Games virtually closed the island to visitors other than those involved in the games which led to a significant downturn in volumes.

The Festival saw a downturn in volume from a peak of nearly **1,500** passengers carried to less than **800**.
The Island games week travel the passengers dropped to **500** for the week (morning sailings) compared to an average of **1500** for the equivalent weeks in 2022 and 2019
Sheep racing numbers were on track for a better than average year, but inclement weather saw more than **230 "no-shows"** on the Saturday.

The first Saturday in August numbers dropped from **500** passengers booked to Sark to **124** travelling.

Below is a table showing the Market sector ticket type sales (legs) for July in comparison to 2022 and 2019.

July				volume variance				% variance	
	2023	**2022**	**2019**		**2023**	**2022**	**2019**	**2022**	**2019**
Dx	8735	11063	11531	Dx	8735	-2328	-2796	-21	-24
GDX	2829	3024	5184	GDX	2829	-195	-2355	-6	-45
Total DX	**11564**	**14087**	**16715**	**Total DX**	**11564**	**-2523**	**-5151**	**-18**	**-31**
PR	5842	6930	6648	PR	5842	-1088	-806	-16	-12
Group PR	208	257	78	Group PR	208	-49	130	-19	167
Total PR	**6050**	**7187**	**6726**	**Total PR**	**6050**	**-1137**	**-676**	**-16**	**-10**
Single	979	1193	1596	Single	979	-214	-617	-18	-39
Total	**18593**	**22467**	**25037**	**Total**	**18593**	**-3874**	**-6444**	**-17**	**-26**

We have introduced a series of offers and promotions to try to offset the shortfall, but the largest contributor to success is the weather.