



NEW ISLES OF SCILLY VESSELS REMAIN ON TARGET FOR 2026 AS CONTRACTS SIGNED

18TH JANUARY 2024

The Isles of Scilly Steamship Group (ISSG), the primary provider of passenger and freight transport to the Isles of Scilly, has signed landmark contracts with shipbuilder Piriou, which will secure the long-term future of passenger travel and freight supplies to and from the islands.

The signing of the contracts means that two new ships will be delivered in 2026, making journeys faster, more comfortable, and environmentally sustainable, whilst improving reliability.

The Group, which operates passenger and cargo links between Penzance and St Mary's, as well as an airline with flights to the islands year round, has signed contracts for a new 600-seat passenger vessel, Scillonian IV, and a freight vessel. Brittany-based Piriou has been developing designs for the two vessels since its appointment as preferred ship builder in September 2023, work which will continue over the coming months, with construction to begin in spring 2024. The new passenger ship will provide improved comfort, reliability and speed, whilst the new freight vessel will significantly improve cargo capacity.

The new vessels will be delivered using finance provided by long-term partner to ISSG, Lombard (part of NatWest Group). The solution puts in place modern vessels that will future-proof transport to and from the Isles of Scilly, providing economic certainty for the islands and securing a lifeline link for the community on Scilly.

Stuart Reid, CEO of ISSG said: "Our vessel project team and partners have been working very hard to put in place the final elements of a long-term plan which commenced in 2019. Signing these contracts allows us to provide a strong and sustainable solution that meets the travel and freight requirements of the Isles of Scilly for generations to come. We announced in September that we had selected Piriou as our preferred shipbuilder and have been working with the team to refine our designs and ensure we have vessels that meet, and exceed, the needs of this unique route. We have put in place rigorous measures to ensure the project is delivered on time and on budget, including appointing project managers to oversee the build at Piriou's shipyard in Vietnam. I would like to thank both Piriou and Lombard (part of NatWest Group) for the productive and collaborative working relationship which has allowed us to reach this point. My sincere thanks also go to our employees, customers, islanders, and the businesses we support for providing vital feedback on these plans, which have helped us to refine final designs."

Ian Howard, Chair of ISSG said: "The Group has been serving the islands since 1920 and was set up by islanders to promote the long-term interests of the community. Signing contracts for these new ships represents a continuation of that mission and I am immensely grateful to the project team we put in place to arrive at this outcome.

We are working from a position of financial strength and profitability. Our policy of retaining cash within the business and taking long-term strategic decisions in the best interests of the islands, has allowed us to progress with our plans. We look forward to working collaboratively with all partners, customers and stakeholders to ensure we have two new ships we can all be proud of, helping to secure a long-term future for the Isles of Scilly."

Vincent Faujour, President of Piriou said: "We have worked closely with ISSG since we were announced as preferred shipbuilder, to develop the most suitable designs and related costings.

Signing these contracts means we have reached an important milestone in the project, with the first phase of the build due to start in the coming months.

Being based in Brittany, we are less than 150 miles from Penzance and the islands, and we look forward to building on the long association between this region of France and our friends across the English Channel. Piriou is well placed to deliver these vessels, having extensive knowledge, experience, and expertise with ship building.”

Now that contracts are signed and finance is in place, final preparations will be made over the coming months to ensure works start on schedule in the spring. Both vessels will be built by Piriou in Vietnam, before being transported to Concarneau, Brittany for commissioning. The Group's existing passenger vessel, Scillonian III, which is currently undergoing her annual schedule of maintenance, has been a workhorse for the islands since 1977 and will continue to serve the route during the 2024 and 2025 seasons.

The new vessels will feature a range of new technologies, helping to improve resilience, comfort and reliability. The new passenger vessel will carry up to 600 people (a 24% increase on current levels) whilst reducing journey times. It will feature roll and pitch reduction systems, thereby enhancing passenger comfort, and is designed utilising modern propulsion technologies that improve efficiency and reduce environmental impact. The vessel is also designed to integrate further enhancements as technology develops.

The new freight vessel will also include a range of improvements on the current vessel, including a much-enhanced cargo capacity and an improved capacity for perishable, chilled and frozen goods, meaning that supplies can be transferred between the mainland and the islands more reliably all year round. The freight vessel will incorporate a passenger lounge with accommodation for 12 passengers.

Contracts between the Group and Piriou were signed following a significant amount of work between parties to refine vessel designs and took into account valuable feedback from consultation with communities on the Isles of Scilly.

There are also advanced plans for a new inter-island freight vessel which the Group will provide an update on shortly following further feedback from the island communities.

The signing of both the shipyard contracts and the loan agreement is a very positive step for both the island community and the Company.

To answer a frequently asked question, please see our [fact sheet document](#) for details on why the Company did not pursue Levelling Up Funding.
