



Press Release

EMBARGO: NOT FOR PUBLICATION BEFORE 07:00 HOURS (UK TIME),
THURSDAY 15 AUGUST 2002

P&O NEDLLOYD RESULTS: SECOND QUARTER 2002

The attached information sets out the financial results, trade statistics and key points for P&O Nedlloyd Container Line Limited for the second quarter 2002. In general terms it shows that:

- P&O Nedlloyd made an operating loss for the quarter of \$46 million compared to a profit of \$46 million in Q2 2001;
- volumes were 13 per cent higher than Q2 2001;
- average revenue rates were down 15 per cent on Q2 2001 and 1.5 per cent on Q1 2002;
- the cost savings programmes are on schedule with \$190 million on an annualised basis achieved so far this year; and
- for the market as a whole there is continuing pressure from increasing supply while demand, although currently strong, is subject to some uncertainty.

Further information:

Peter Smith, Director, Communications and Strategy, P&O
020 7930 4343

Cor Radings, Corporate Public Relations, Royal Nedlloyd
00 31 626 316 854

RESULTS & STATISTICS

	Q2 2002	Q2 2001	Year to Date 2002	Year to Date 2001
Throughput (teus)				
Europe/Asia	287,500	268,900	551,300	527,800
North/South & Cross Trades	332,900	291,700	617,700	554,800
North America	278,700	233,400	521,800	438,800
Total	899,100	794,000	1,690,800	1,521,400
Average revenue per teu	1,131	1,331	1,139	1,359
Revenue	1,017	1,057	1,926	2,067
Operating profit/(loss) before interest and tax (before restructuring costs)	(46)	46	(112)	78
Restructuring costs	(15)	(0)	(17)	(1)
Operating profit/(loss) before interest and tax (after restructuring costs)	(61)	46	(129)	77
Net profit on sale of fixed assets	10	0	6	0
Interest, minorities and other items	(10)	(14)	(22)	(27)
Profit/(loss) before tax	(61)	32	(145)	50

Notes:

1. Teu = twenty foot equivalent unit. This is the standard size of container and is a common measure of capacity in the container business.
2. All financial figures are US\$ million except average revenue per teu which is US\$.
3. It is important to note that a change in average revenue per teu does not necessarily equal a change in profit contribution. Average revenue per teu is calculated equally across all trades and products. It makes no allowance for cargo mix, relative volumes on different trades or additional elements which are raised and paid for in local currency.
4. Profit on sale of fixed assets includes the sale of Beagle House in London and the disposal of vessels.

KEY POINTS

1. The \$46 million operating loss for Q2 2002 (before restructuring costs of \$15 million) compares with a loss of \$66 million (before \$2 million restructuring costs) in the previous quarter and an operating profit of \$46 million in Q2 2001.
2. The major factor impacting the result was the continuing decline in revenue rates which dropped 15 per cent compared to the same period last year. The Europe/Asia and Transpacific trades were particularly affected. The rate of reduction has, however, declined significantly, with a fall of only 1.5% compared to Q1 2002. Revenue rates are now improving on some trades, including Europe/Asia. These improvements will, however, take some time to come through because of the duration of normal shipping contracts and their overall effect will as always depend on broader trends in supply and demand.
3. Volume growth continued to exceed expectations. In Q2 it was 13 per cent up on Q2 2001 with particularly strong increases in the North America and Cross Trades. Overall utilisation increased to 83 per cent compared with 80 per cent in Q2 2001. Laid up ship capacity continues to reduce and is now below 3 per cent of PONL's total capacity.
4. The Q2 result was also adversely affected by rising fuel costs. Although slightly down on last year they are significantly higher than in Q1 2002.
5. Good progress continues to be made with cost savings programmes which are on schedule to achieve a \$350 million reduction by the end of 2003. At the end of June 2002, achieved savings totalled \$190 million on an annualised basis, well on the way to a new \$250 million end of 2002 target, \$50 million more than previously announced. The unit cost of overheads in Q2 2002 was 12% down on the previous year.
6. The industry remains affected by overcapacity and the prospects for world economic growth continue to be uncertain. The recent weakness in the US dollar will potentially have a negative impact on the result for the second half year. P&O Nedlloyd's restructuring and cost savings programmes will enhance its competitive position when the upturn comes.

(ends)