



P&O Nedlloyd Results: Second Quarter 2001

16th August 2001

The attached information sets out the financial results, trade statistics and key points for P&O Nedlloyd Container Line Limited for the second quarter 2001. In general terms it shows that:

- P&O Nedlloyd made an operating profit for the quarter of \$46 million, an improvement of \$2 million compared to Q2 2000;
- overall volumes were 4% higher than in Q2 2000 but there was a 3% drop on the Europe/Asia trades;
- the average revenue rate was 4% lower than in Q1 2001;
- the company continues to make good progress with introducing smart operations and driving down costs; and
- slower growth in world trade and new capacity entering the market are expected to adversely impact future load factors and revenue.

Further information:

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

Herman Lammerts van Bueren, Director Corporate
Public Relations, Royal Nedlloyd
Tel: 00 31 10 400 6831

RESULTS & STATISTICS

	Q2 2001	Q2 2000	Year to Date 2001	Year to Date 2000
Throughput (teus)				
Europe/Asia	268,900	278,100	527,800	521,400
North/South & Cross Trades	291,700	272,000	554,800	514,800
North America	233,400	212,100	438,800	404,200
Total	794,000	762,200	1,521,400	1,440,400
Average revenue per teu	1,331	1,324	1,359	1,323
Revenue	1,057	1,009	2,067	1,905
Operating profit before interest and tax	46	44	77	30

Interest, minorities and other items	(14)	(16)	(27)	(31)
Profit/(loss) before tax	32	28	50	(1)

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.

KEY POINTS

1. The operating profit for Q2 was \$46 million, an improvement of \$2 million compared to the same quarter last year. The total operating profit for the first half of 2001 is \$77 million, an improvement of \$47 million compared to the first half of last year.
2. Overall volumes for Q2 2001 were 4% higher than in Q2 2000. Within this, however, was a reduction of 3% on the Europe/Asia trades. This compares to the steady growth in the preceding five years and reflects weaker demand in Europe, particularly Germany. Volumes on P&O Nedlloyd's other trades were satisfactory. Overall load factors were 80% in Q2 2001, in line with Q1 and about 5% down on Q2 2000.
3. The average revenue rate for Q2 2001 was slightly up on Q2 2000 but 4% down on Q1 2001. Unit costs remained in line between Q2 2000 and Q2 2001. They would have been significantly lower as a result of cost savings programmes but this was offset by increased ship costs as a result of reduced load factors.
4. P&O Nedlloyd has made good progress in attacking costs through the introduction of the latest e-commerce products and new global process systems. The achievement of this year's annual savings target of \$182 million will be fully achieved by the year end. Work is well in hand on new programmes designed to yield another \$200 million a year by the end of 2003.
5. Overall volumes and load factors in the second half of 2001 have so far been slightly ahead of those in Q2. There is, however, significant new tonnage set to enter the market and an uncertain outlook for growth in the world's main economies. This will put downward pressure on freight rates. Against this, P&O Nedlloyd will seek to maximise cost savings and press ahead vigorously with the introduction of smart operations.

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