



## P&O Nedlloyd Results: First Quarter 2001

9th May 2001

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

- P&O Nedlloyd made a good start to the year with an operating profit of \$31 million, an improvement of \$45 million on the first quarter of 2000;
- despite the traditional Q1 low season, revenue rates remain similar to Q4;
- there was a significant improvement in revenue rates and volumes compared with Q1 2000;
- the adoption of “smart” business processes and continuing cost reduction programmes are proving effective; and
- while uncertainties remain in some markets, world container trade continues to grow.

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## RESULTS & STATISTICS

	Q1 2001	Q1 2000
Throughput (teus)		
Europe/Asia	258,900	243,300
North/South & Cross Trades	263,100	242,800
North America	205,400	192,100
<b>Total</b>	<b>727,400</b>	<b>678,200</b>
Average revenue per teu	1,389	1,321
Revenue	1,010	896
<b>Operating profit/(loss) before interest and tax</b>	<b>31</b>	<b>(14)</b>
Interest, minorities and other items	(13)	(15)
<b>Profit/(loss) before tax</b>	<b>18</b>	<b>(29)</b>

### 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 \$31 million operating profit is the best Q1 result since the company began trading in what has been traditionally the weakest quarter of the year.
2. Throughput increased by 7% compared to Q1 2000. This was partly due to the acquisition of Farrell Line in July 2000. Revenue rates were comparable to those in Q4 2000 and 5% ahead of Q1 2000.
3. The company benefited from lower fuel costs during the quarter. Progress with the \$182 million cost savings programme for 2001 remains on course. Planning is well advanced for further substantial savings designed to yield another \$200 million a year by the end of 2003.
4. Major investment continues in web based and other IT initiatives. In May the company implemented a global enterprise resource planning package which is a key component of the systems which will underpin the new cost savings programme. Additional products will be available on P&O Nedlloyd's website during Q2 2001. The first products of INTTRA, the industry portal, in which P&O Nedlloyd is a founder member and investor, are now being piloted with customers.
5. There continue to be uncertainties on some trades which make it difficult to be precise as to overall growth rates for 2001. P&O Nedlloyd's trade mix leaves it relatively less exposed to these trades. The combination of rigorous cost savings programmes and the introduction of "smart" improvements in its processes has put the company on a solid footing to withstand future uncertainties.

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