



P&O Nedlloyd Results: Fourth Quarter 2000

15th March 2001

The attached information sets out the financial results, trade statistics and key points for P&O Nedlloyd Container Line Limited for the fourth quarter 2000. In general terms it shows that:

- the company has ended the year strongly with a record operating profit of \$201 million and profit before tax of \$140 million, despite higher fuel costs of \$150 million;
- P&O Nedlloyd achieved an operating profit in Q4 of \$96 million, \$65 million up on Q4 1999 and the strongest quarterly result since P&O Nedlloyd began trading;
- during 2000 there have been positive developments on volumes, rates and cost savings;
- the current cost savings programme is on course and a further improvement of approximately \$200 million will be achieved by the end of 2003; and
- with continuing growth in world trade, despite US uncertainties, further cost savings and "smart" improvements, the outlook for P&O Nedlloyd is positive

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RESULTS & STATISTICS

	Q4 2000	Q4 1999	Full Year 2000	Full Year 1999
Throughput (teus)				
Europe/Asia	288,900	255,400	1,081,100	1,014,400
North/South & Cross Trades	291,300	271,400	1,085,000	1,010,100
North America	232,700	212,200	873,900	786,900
Total	812,900	739,000	3,040,000	2,811,400
Average revenue per teu	1,385	1,334	1,355	1,302
Revenue	1,126	986	4,120	3,661
Operating profit before interest and tax	96	31	201	7
Interest, minorities and other items	(15)	(14)	(61)	(58)

Profit/(loss) before tax	81	17	140	(51)
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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. P&O Nedlloyd has ended the year with an operating profit of \$201 million, a major improvement compared to 1999 (\$7 million). The improvement comes despite higher fuel costs of \$150 million, which largely materialised in the second half of the year. Profit before tax was \$140 million compared to a loss of \$51 million in 1999.
2. The operating profit for Q4 was \$96 million, an improvement of \$65 million compared to Q4 1999 and \$21 million compared to Q3 2000. Profit before tax of \$81 million showed similar levels of improvement of \$64 million and \$21 million respectively. Both the Q4 operating profit and profit before tax are the strongest quarterly results for P&O Nedlloyd since it commenced trading at the beginning of 1997.
3. The improved result comes from positive developments on volume, rates and cost savings. Total throughput increased by 3% compared to Q3 2000 to give the largest volume ever carried in one quarter by P&O Nedlloyd. Apart from strong underlying trading, the increase also arose from the acquisition of Farrell Lines in July 2000.
4. The average revenue rate was similar to the previous quarter and 3.8% higher than for Q4 1999. The improvement was partly due to a mix effect, with increased volumes of higher rated cargo on the dominant legs of the key trades. The cost savings programme is continuing on target to reach the previously announced level of \$180 million by the end of 2001. Further substantial programmes are planned for 2002 and 2003 targeted at approximately \$200 million annualised by the end of that period.
5. P&O Nedlloyd has continued to invest strongly in web based and other IT initiatives. The quality and range of its e-commerce products, including the unique features of its bill of lading print facility, are widely regarded as among the best in the industry. Its website, www.ponl.com, now attracts over 4,000 user sessions every day. The company is a founder member and investor in the first industry portal (INTTRA).
6. The outlook for P&O Nedlloyd is positive. 2001 and 2002 are expected to see continued good growth in demand for container shipping although the precise level will depend on what happens with the US economy. P&O Nedlloyd's mix of trades leaves it relatively less exposed to the US economy than some competitor lines. The cost savings programme is moving strongly ahead. The company is achieving further "smart" improvements in its processes and product, including its wide range of supply chain management logistics services.

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