



P&O Nedlloyd Results: Third Quarter 2001

15th November 2001

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

- P&O Nedlloyd made an operating profit for the quarter of \$30 million bringing the year to date figure to \$107 million;
- volumes were 6% better than in Q3 2000;
- revenue rates were 4% down on the previous quarter and 8% lower than in the same period last year;
- cost savings programmes remain firmly on target and are cushioning the impact of declining revenue rates; and
- lower rates of economic growth and increases in new capacity are continuing to have a negative impact.

Further Information:

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RESULTS & STATISTICS

	Q3 2001	Q3 2000	Year to Date 2001	Year to Date 2000
Throughput (teus)				
Europe/Asia	272,200	270,800	800,000	792,200
North/South & Cross Trades	306,500	278,900	861,300	793,700
North America	255,500	237,000	694,300	641,200
Total	834,200	786,700	2,355,600	2,227,100
Average revenue per teu	1,275	1,385	1,329	1,344
Revenue	1,064	1,089	3,131	2,994
Operating profit before interest and tax	30	75	107	105
Interest, minorities and other items	(14)	(15)	(41)	(46)
Profit before tax	16	60	66	59

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 Q3 was \$30 million, \$45 million lower than the equivalent period in 2000. The total operating profit for the year to date was \$107 million, \$2 million higher than the equivalent period last year.
2. Overall volumes for Q3 2001 were 6% higher than in Q3 2000. There was little change in the important Europe-Asia trade. The increases on the other trades partly reflect increases in capacity, including through acquisition. The overall load factor was 80%, the same as in previous quarters of 2001 and approximately 5% down on Q3 2000.
3. The average revenue rate for Q3 2001 was 4% down compared to Q2 2001 and 8% down compared to Q3 2000. Rates on the Europe-Asia trade have deteriorated substantially and are nearing historic lows. The Far East Freight Conference has announced a rate restoration programme for 2002. There have also been significant withdrawals of capacity in the Europe-Asia trade and P&O Nedlloyd is seriously considering further such measures.
4. Unit costs in Q3 2001 were 3% lower than in the previous quarter and 4% lower than in Q3 2000. This reflects the good progress being made by the company in its drive to reduce costs as well as favourable fuel prices and volume growth. The annualised target of \$182 million cost reduction by the end of this year will now be exceeded and the actions required for a further \$200 million on an annualised basis by the end of 2003 are on schedule.
5. Overall demand in the industry continues to grow but at a much slower rate than earlier in the year. Significant new tonnage is due to enter the market during the remainder of 2001 and through 2002, the impact of which will only be partly offset by capacity lay-ups by the major lines. This is continuing to exert downward pressure on freight rates. The overall outlook is one of uncertainty pending greater clarity in regard to growth rates in the world's major economies.

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