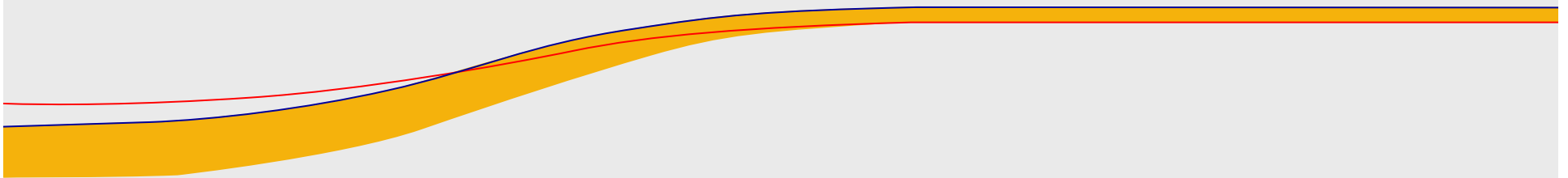




**Analyst Presentation
2 February 2004**



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Agenda



Lord Sterling

Introduction

Nick Luff

P&O Nedlloyd Transaction Terms

Timetable

Impact on P&O

Robert Woods

Benefits of Transaction

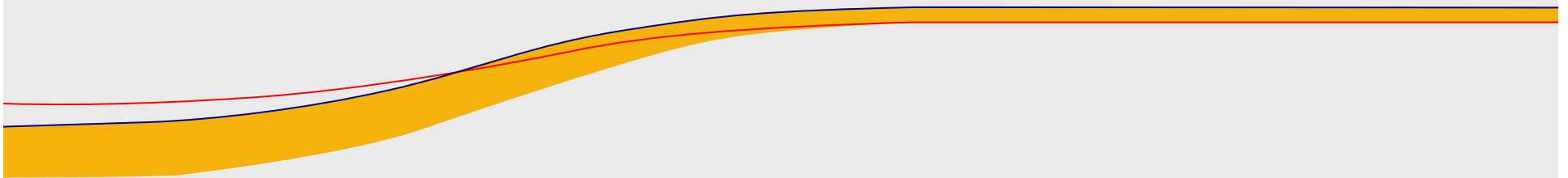
P&O Current Trading

P&O Future Strategy and Dividend



Lord Sterling

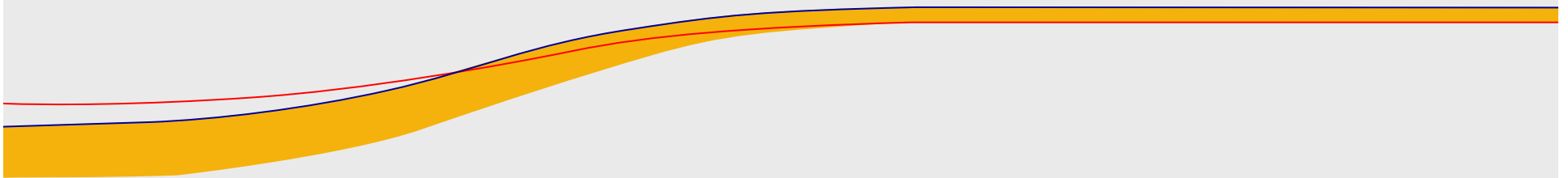
Chairman





Nick Luff

Chief Financial Officer



Transaction Terms

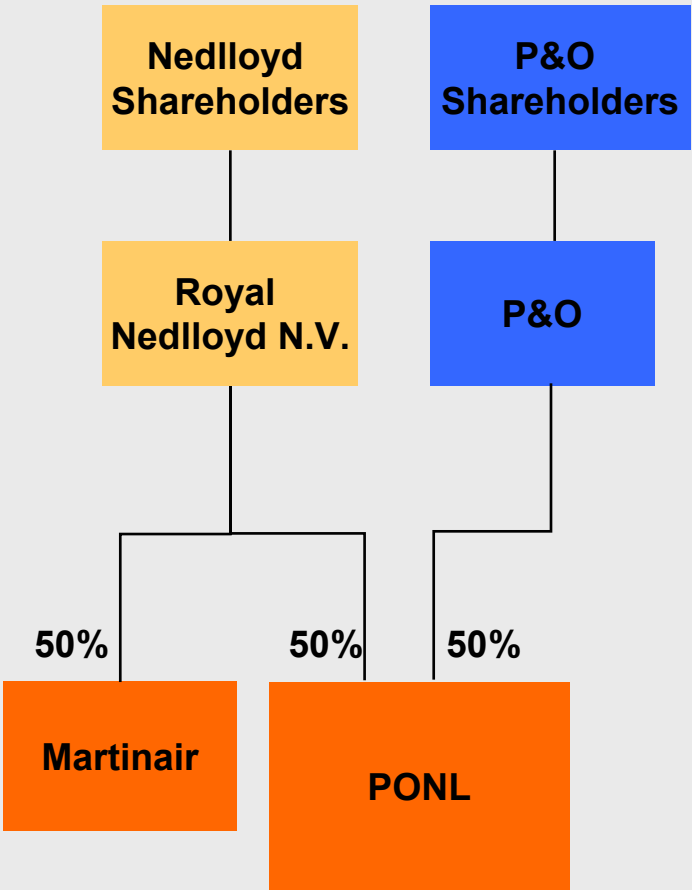


- P&O Nedlloyd (PONL) will effectively become independently listed
- Royal Nedlloyd will be renamed Royal P&O Nedlloyd
- P&O will contribute its current 50% stake in PONL to Royal P&O Nedlloyd and receive in return €215m (£147m) in cash and 25% of the equity of Royal P&O Nedlloyd
- Pre-closing Royal Nedlloyd will pursue a fully underwritten €190m rights issue (subject to due diligence, etc)
- Royal P&O Nedlloyd retains listing on Euronext (Amsterdam) and will adopt an international governance structure

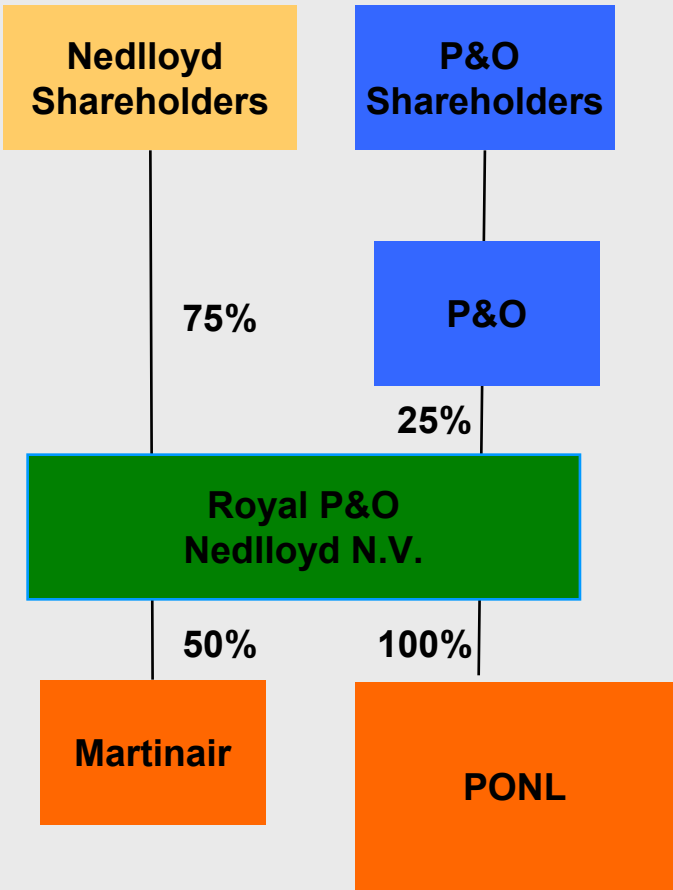
Overview Structure



Structure Today



Royal P&O Nedlloyd N.V.



Transaction Terms



	€ m	£ m
Royal Nedlloyd Current Market Capn.	650	444
Dividend	(21)	(15)
Rights Issue - Net Proceeds	181	123
	<u>810</u>	<u>552</u>
Equity issued to P&O	270	184
Royal P&O Nedlloyd Market Capn.	<u>1,080</u>	<u>736</u>
Consideration to P&O :		
Cash Proceeds	215	147
P&O holding in Royal P&O Nedlloyd	270	184
	<u>485</u>	<u>331</u>

Note :

Royal Nedlloyd to pay €1 dividend prior to rights issue in place of a possible dividend in May 2004, subject to approval at shareholder EGM

Royal Nedlloyd current market capitalisation based on closing price at 30 January 2004

Exchange rates : €/£1.465

Transformation of P&O Nedlloyd



- PONL transformed from joint venture into independent company
 - proforma market capitalisation of Royal P&O Nedlloyd in excess of €1bn
- PONL achieves strategic and financial flexibility to grow and develop as leading global container shipping line
- PONL management can focus on positioning the company efficiently, to take advantage of the current upswing in the industry cycle
- PONL to operate using its existing name 'P&O Nedlloyd' - no impact on PONL group companies, employees or customers
- PONL's operational headquarters remain in London and Royal P&O Nedlloyd headquarters in Rotterdam
- Meets strategic objectives of P&O and Royal Nedlloyd

Key Terms



Consideration

- €215m (£147m) in cash and 25% of post rights issue Royal P&O Nedlloyd equity
- Total value of consideration c.€485m (£331m)

Lock-up for P&O

- 6 month lock-up

Governance Structure

- Simplified structure : Unitary Board appointed by the shareholders, 1 class of shares and JV agreement terminated on completion

Martinair

- Price adjustment mechanism for Martinair for 2 years makes Martinair value neutral for P&O

Brand Name

- Licence agreement for P&O name, P&O Nedlloyd trade name continuing

Conditions

- Agreement conditional on shareholder approvals, completion of Royal Nedlloyd rights issue and regulatory approvals

Board composition



Board Composition

- One-tier board
- Two executive directors : CEO (Philip Green) and CFO (being recruited)
- Seven non-executive directors
 - Andrew Land (Non-Executive Chairman)
 - Neelie Kroes
 - Haddo Meijer
 - Robert Woods
 - Nick Luff
 - Two new independent directors

P&O Board Representation

- P&O entitled to nominate 2 directors
- If shareholding is reduced but stays above 15%, P&O will be entitled to nominate one director
- Below a shareholding of 15%, P&O has no board representation

Expected Timetable



2 February	Transaction announcement
4 March	Results announcements
March	Shareholder documents posted
Mar/April	P&O and Royal Nedlloyd EGM's
April	Launch of rights issue
April/May	Closing

Impact on P&O

Accounting for partial disposal



- c.25% of PONL being sold for cash at book value, less a 5% allowance for cost of raising finance
- Reduction in P&O equity due to:
 - 5% financing allowance (£8m)
 - Settlement of outstanding indemnity items (£8m – 2003 charge)
 - P&O transaction costs
- Goodwill claw back from reserves £44m – no effect on equity
- Total P&L charge c.£52m to be taken in 2004
- Subject to transaction costs, exchange and other adjustments

Impact on P&O – Balance Sheet



£m	<u>Equity</u>	<u>Group Debt</u>	<u>Share of JV debt</u>
Pre-transaction	1,350	1,500	300
Effect of transaction	(8)	(147)	(70)
Proforma Post transaction	1,342	1,353	230

Note : Figures are estimated for 31 December 2003
Figures are before transaction costs
Subject to adjustments for exchange rates, profit and loss to the date of completion and other items

Impact on P&O



Historic Contribution of P&O's 50% interest in P&O Nedlloyd to P&O:

	2002		2001	
	£'m	%	£'m	%
Turnover				
PONL	1,550	34%	1,637	36%
Other P&O	2,969	66%	2,862	64%
	<u>4,519</u>	100%	<u>4,499</u>	100%
Operating Profit				
PONL	(86)	n/a	23	8%
Other P&O	207	n/a	251	92%
	<u>121</u>		<u>274</u>	100%
Net Operating Assets				
PONL	609	18%	774	22%
Other P&O	2,761	82%	2,778	78%
	<u>3,370</u>	100%	<u>3,552</u>	100%

Impact on P&O – going forward



- From closing, P&O will equity account for a 25% interest in Royal P&O Nedlloyd (as an associate rather than a joint venture)
- P&O Nedlloyd's contribution to operating profit is halved but offset by the reduced share of interest and tax costs
- Interest benefit on cash consideration received
- Cyclicity in P&O Nedlloyd earnings will have less significant impact on P&O



Robert Woods
Chief Executive Officer

Benefits of Transaction



- Benefits for P&O Nedlloyd
 - Stronger position – increased strategic and financial flexibility
 - Independence
 - Potential to benefit from favourable industry environment
- Benefits for P&O
 - Achieves key strategic objective
 - Raises £147 million cash
 - 25% holding in listed company with international governance structure

2003 Expansion :

- Approximately £350 million investment in new/expanded operations in 2003 :
 - Qingdao and Shekou in China
 - Mundra in India
 - Laem Chabang in Thailand
 - Vancouver, Canada
 - Le Havre and Marseilles, France
- New projects in pipeline include :
 - London Gateway
 - Antwerp (Deurganckdok)
 - Potential expansion in France

Sources of growth/profit :

- Current terminals – rapidly increasing utilisation and productivity
- Options and rights mean current portfolio can be significantly expanded
- Greenfield concessions
- Potential acquisitions can add further growth
- Indicative future annual investment of £200m p.a.

P&O Ports – Current Trading



Ports Throughput TEU'000s	Full Year		Growth
	2003	2002	
Asia	4,631	3,739	+24%
Americas	1,780	1,240	+44%
Europe	3,246	2,513	+29%
ANZ	1,688	1,457	+16%
Total	11,345	8,949	+27%

- Strong growth of 27% for full year, including 20% organic growth
- Includes acquisitions in Asia, Canada and Europe

Note : Data reports P&O's equity share of throughput at container terminals

- Ferries
 - Tourist market remains difficult
 - Freight rate pressure
 - Further cost reductions underway
- Cold Logistics – trading as expected
- PONL – the positive trends indicated in Q3 2003 continued in Q4

Property – Target for 2004



Property Portfolio

	NOA June 03 £m
US	347
UK	107
Continental Europe	175
Resorts	125
Other	43
	<hr/>
Total	797

- Target for disposals in 2004 - £250m
- Already agreed £30m and further £140m in hands of agents

Note : NOA = net operating assets

Excludes balances outstanding on prior transactions of £74 million

Dividend Policy



- 2003 full year dividend expected to be maintained at 13.5p (expected final dividend 9.0p)
- Resolution of PONL shareholding most significant step in further refocusing of P&O since Cruises de-merger
- Dividend policy review
 - Investment opportunities in Ports
 - Dilutive effect of disposals
 - P&O will be a more focused, higher growth business
- New base of 9.0p per annum for 2004
 - Yield remains attractive compared to FTSE
 - Provides financial flexibility
 - Basis for progressive dividend policy

- Capital allocation focused on Ports
- Ferries – focus on cost reduction and yield improvement
- Significant Property disposals
- Deliver returns on Port investments



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