



**EMBARGO:** NOT FOR PUBLICATION BEFORE 07:00 HOURS (UK TIME), THURSDAY 4 MARCH 2004

**P&O NEDLLOYD RESULTS: FOURTH QUARTER 2003**

The attached information sets out the financial results, trade statistics and key points for P&O Nedlloyd Container Line for the fourth quarter of 2003. In summary it shows that:

**Full Year 2003**

- P&O Nedlloyd achieved an operating profit of \$96 million, compared with an operating loss of \$206 million in 2002;
- Average freight rates increased by 12 per cent over 2002;
- Volumes shipped were up by 5 per cent over 2002;
- Annualised savings of \$301 million were achieved in 2002-2003, with more targeted.

**In Q4 2003**

- P&O Nedlloyd made an operating profit of \$84 million compared with an operating loss of \$49 million in Q4 2002;
- Average freight rates were up by 16 per cent over Q4 2002;
- Volumes shipped were up by 5 per cent overall.

**Outlook**

With the favourable trend in freight rates, and provided trade growth continues as in 2003, the outlook for the container shipping industry remains positive for 2004 although cost pressures remain.

Commenting on the results, P&O Nedlloyd CEO Philip Green said:

“During 2003 the P&O Nedlloyd team succeeded in turning a prior year operating loss of \$206 million into an operating profit of \$96 million – a positive swing of \$302 million in our financial performance. This is a significant achievement, but we need to do more. We are committed to further improving our financial performance this year.”

Further information: Peter Smith, Director, Communications and Strategy, P&O  
+44 (0)20 7930 4343

Cor Radings, Corporate Public Relations, Royal Nedlloyd  
+31 (0)626 316 854

Gill Samuel, Director Corporate Communications, P&O Nedlloyd  
+44 (0)20 7441 8706

## RESULTS & STATISTICS

	Q4 2003	Q4 2002	Full Year 2003	Full Year 2002
Volumes shipped (teus)				
Europe	415,262	414,448	1,616,182	1,554,153
Asia / Pacific	274,409	249,741	969,504	925,854
Americas	298,435	275,471	1,157,509	1,079,554
<b>Total</b>	<b>988,106</b>	<b>939,660</b>	<b>3,743,195</b>	<b>3,559,561</b>
Average freight rate per teu	1,347	1,162	1,287	1,145
Revenue	1,331	1,092	4,818	4,075
<b>Operating (loss)/profit before interest and tax (before restructuring costs)</b>	<b>84</b>	<b>(49)</b>	<b>96</b>	<b>(206)</b>
Restructuring costs	(10)	(5)	(19)	(28)
<b>Operating (loss)/profit before interest and tax (after restructuring costs)</b>	<b>74</b>	<b>(54)</b>	<b>77</b>	<b>(234)</b>
Net loss on sale of fixed assets	(1)	(12)	(1)	(12)
Interest	(11)	(13)	(45)	(47)
Minorities	(2)	0	(3)	1
Profit / (loss) before tax after minorities	60	(79)	28	(292)
Tax	(4)	(4)	(13)	(12)
Retained profit	56	(83)	15	(304)

### 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 freight per teu which is US\$.
3. It is important to note that a change in average freight rate per teu does not necessarily equal a change in profit contribution per teu. Average freight rate 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.
4. Operating profit of \$96m (2002: loss \$206m) is before restructuring costs of \$19m (2002: \$28m) but after losses in joint ventures and associates of \$11m (2002: \$26m).
5. The geographic breakdown of volumes shipped has changed. A restatement of numbers given in previous results announcements appears at the end of this release.

## Key Points

1. P&O Nedlloyd's operating profit of \$84 million (before restructuring) in Q4 brings the 2003 full year operating profit to \$96 million (before restructuring) and represents a positive swing of \$302 million in the company's performance compared with 2002. This was achieved despite the adverse effect of both fuel costs and currency during 2003.
2. The much improved result was largely the result of the rise in freight rates (up 16 per cent on Q4 2002 and 12 per cent year on year). The main improvements came in the East / West Trades, especially Europe-Asia and also the Transpacific. Volume growth in these trades was driven mainly by the underlying shift in sourcing of goods supplying the US and European markets to China and elsewhere in Asia. The overall growth in volumes shipped of 5 per cent was largely driven by strong volumes on dominant legs.
3. P&O Nedlloyd achieved annualised savings of \$301 million in 2002-2003 before restructuring costs of \$28 million in 2002 and \$19 million in 2003. These fell short of P&O Nedlloyd's target of \$350 million, mainly due to increases in ship charter rates and a growth in trade imbalances at the end of 2003.
4. With the favourable trend in freight rates, and provided trade growth continues as in 2003, the outlook for the container shipping industry remains positive for 2004, although cost pressures remain from currency movements, high fuel prices and rising charter rates. P&O Nedlloyd will target further cost savings through the optimisation of cargo selection, improved asset management and the ongoing implementation of the company's new business management and information systems programme (Focus). This, together with the completion of the change in ownership of P&O Nedlloyd, will give the company the increased strategic and financial flexibility to enable it to benefit fully from the positive outlook for the industry.

## Restatement of PONL trade volumes 2002 & 2003 by reporting region

	Q1 02	Q2 02	Q3 02	Q4 02	Q1 03	Q2 03	Q3 03	Q4 03
<b>Europe</b>	348,879	388,186	402,640	414,448	392,717	406,952	401,251	415,262
<b>Asia Pacific</b>	199,679	232,217	244,217	249,741	218,299	234,385	242,411	274,409
<b>Americas</b>	243,133	278,696	282,254	275,471	270,411	291,850	296,813	298,435
	791,691	899,099	929,111	939,660	881,427	933,187	940,475	988,106

"Europe" includes all cargo movements from Europe (including all countries bordering the Mediterranean Sea) to Asia, Australasia, Africa and Latin America, and vice versa. "Asia/Pacific" includes cargo movements between and within Asia, Australasia, Africa and Latin America. "Americas" includes cargo movements between North America and Asia, Europe, Africa, Australasia, and Latin America.

(ends)