P&O

News Release

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P&O NEDLLOYD RESULTS: THIRD QUARTER 2003

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

In Q3

- P&O Nedlloyd achieved an operating profit for the quarter of $56 million before restructuring costs (compared to a loss of $46 million in Q3 2002);
- Average revenue per teu improved by 18% over Q3 2002;
- Continued focus on higher yielding dominant leg cargoes meant that throughput was only 1% up on Q3 2002; and
- Adverse currency movements impacted costs although annualised cost savings of $320 million have been achieved since the start of 2002.

Outlook

- The positive trend in Q3 is being maintained in Q4; and
- Despite new building orders, the supply/demand balance in the industry is expected to remain favourable until at least the end of 2005, with an increasingly positive outlook for 2004.

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 AND STATISTICS

	Q3 2003	Q3 2002	Year to Date 2003	Year to Date 2002
Throughput (teus)				
Europe/Asia	296,700	303,200	887,400	854,600
North/South & Cross Trades	347,000	343,600	1,008,600	961,200
North America	296,800	282,300	859,100	804,100
Total	**940,500**	**929,100**	**2,755,100**	**2,619,900**
Average revenue per teu	1,346	1,138	1,266	1,139
Revenue	1,266	1,057	3,486	2,983
Operating profit/(loss) before interest and tax (before restructuring costs)	**56**	**(46)**	**11**	**(159)**
Restructuring costs	(3)	(5)	(9)	(22)
Operating profit/(loss) before interest and tax (after restructuring costs)	53	(51)	2	(181)
Net profit on sale of fixed assets	-	(4)	-	1
Interest, minorities and other items	(12)	(12)	(35)	(33)
Profit/(loss) before tax	**41**	**(67)**	**(33)**	**(213)**

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 $56 million operating profit for Q3 (before restructuring costs of $3 million) represents an improvement of $102 million compared with the same period last year (operating loss of $46 million before restructuring costs of $5 million) and an improvement of $45 million compared with Q2 2003 (operating profit of $11 million before restructuring costs of $4 million).

2. The key factor in achieving this significantly improved result was the substantial further increase in revenue rates. P&O Nedlloyd's average revenue rate was 18% up on Q3 2002 and 8% up on Q2 2003. A vital contributor to this was the rate increase achieved on the Europe/Asia trades. The increase in revenue rates was assisted by currency adjustment factors to offset the weaker US dollar.

3. A further major reason for P&O Nedlloyd's increased revenue rates was its continuing focus on higher yielding cargoes, including reduced throughputs on the marginal contribution non-dominant legs, particularly Europe/Asia. The late peak in the Transpacific resulted in relatively little growth in the company's total liftings in Q3. As a result, total throughput was only 1% up on the same period last year.

4. Despite higher operating costs generated by the strength of the Euro, increased fuel prices and the imbalance of container flows, P&O Nedlloyd has achieved $320 million in like for like annualised cost savings since the start of 2002. With implementation next year of the final stages of a new global systems and management information programme, further substantial savings will be achieved during 2004.

5. The favourable trend in Q3 is being maintained in Q4 for P&O Nedlloyd. Looking ahead, prospects for the industry remain positive. World trade continues to grow, supported by increased outsourcing of manufacturing to the East, and the supply/demand balance appears favourable for at least the next two years. There are, however, continuing cost pressures from adverse currency trends, together with higher fuel prices and charter rates.

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