

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 Q2 was \$44 million, an improvement of \$62 million compared to Q2 1999 and \$58 million compared to Q1 2000. Profit before tax of \$28 million showed similar levels of improvement of \$60 million and \$57 million respectively.
2. Both the operating profit and profit before tax are the strongest Q2 results for P&O Nedlloyd since it commenced trading at the beginning of 1997. The result was achieved despite fuel costs being over \$50 million higher than in Q2 1999. The current expectation is for fuel prices to remain relatively high for the remainder of this year.
3. The strong result comes from positive developments on volume, revenue and cost savings. Total throughput increased by 8% compared to Q2 1999 to give the largest volume ever carried in one quarter by P&O Nedlloyd. The increase was reflected in all of P&O Nedlloyd's main trades.
4. The average revenue rate was slightly ahead of the previous quarter and 5% higher than for Q2 1999. The underlying improvement is masked by a mix effect, with increased volumes of lower rated cargo on the non-dominant legs of the key trades resulting in an overall average that would otherwise have been higher.
5. Good progress continues to be made with the cost savings programme. Annualised savings are currently running at approximately \$60 million and will comfortably reach the previously announced level of \$100 million by the end of the year and \$180 million by the end of 2001.
6. In e-commerce P&O Nedlloyd is committed to a programme of internet enabled product development in order to provide a high quality service for its customers. This suite of products, many of which are already accessible via P&O Nedlloyd's website, covers container track and trace facilities, scheduling, booking, customer registration and documentation. By December 2000 the product range will be the best in class.
7. Looking ahead, the supply of new capacity for the industry is expected to remain broadly in line with demand for at least the next two years. Further rate improvements are continuing to be achieved. Provided world trade growth is maintained at present levels then we continue to expect a significant improvement in profits for 2000.

(ends)