



P&O NEDLLOYD RESULTS: THIRD QUARTER 2000

16th November 2000

The attached information sets out the financial results, trade statistics and key points for P&O Nedlloyd Container Line Limited for the third quarter 2000. In general terms it shows that:

- P&O Nedlloyd had a significantly improved Q3 with operating profit of \$75 million, \$59 million better than in Q3 1999;
- despite higher fuel prices, it was the best quarter for P&O Nedlloyd since it commenced trading;
- volumes, rates and cost savings all showed solid improvements; and
- the outlook remains positive.

Further information:

Peter Smith,
Director of Corporate Affairs, P&O
0171 930 4343

Herman Lammerts van Bueren,
Director Corporate Public Relations, Royal Nedlloyd
00 31 10 400 6831

RESULTS & STATISTICS

	Q3 1999	Q3 1998	Year to Date 1999	Year to Date 1998
Throughput (teus)				
Europe/Asia	270,800	258,700	792,200	759,000
North/South & Cross Trades	278,900	269,700	793,700	738,600
North America	237,000	198,700	641,200	574,700
Total	786,700	727,100	2,227,100	2,072,300
Average revenue per teu	1,385	1,317	1,344	1,291
Revenue	1,089	957	2,994	2,675
Operating profit/(loss) before interest and tax	75	16	105	(24)
Interest, minorities and other items	(15)	(16)	(46)	(44)
Profit/(loss) before tax	60	0	59	(68)

Notes to editors

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 \$75 million, an improvement of \$59 million compared to Q3 1999 and \$31 million compared to Q2 2000. Profit before tax of \$60 million showed similar levels of improvement of \$60 million and \$32 million respectively.
2. The market is continuing to experience a strong upswing. Both the operating profit and profit before tax are the strongest quarterly result for P&O Nedlloyd since it commenced trading at the beginning of 1997. The result was achieved despite the \$35 million increase in fuel costs compared with Q3 1999.
3. The significantly improved result comes from positive developments on volume, revenue and cost savings. Total throughput increased by 3% compared to Q2 2000 to give the largest volume ever carried in one quarter by P&O Nedlloyd. Apart from strong underlying trading, the increase arose mainly from the acquisition of Farrell Lines in July 2000.
4. The average revenue rate was 5% ahead of the previous quarter and 5% higher than for Q3 1999. The improvement was partly due to a mix effect, with increased volumes of higher rated cargo on the dominant legs of the key trades. The cost savings programme is continuing on target to reach the previously announced level of \$180 million by the end of 2001.
5. Investment in e-commerce and internet enabled technology is creating a range of products for P&O Nedlloyd customers which are being rated as "best of class" in the industry. In addition to container track and trace facilities and scheduling, these will include, from the end of the year, booking, customer registration and documentation. As announced on 30 October, P&O Nedlloyd is a founder member of the first carrier-led transportation portal on the internet (INTTRA.com) which will facilitate one stop shopping for liner industry services.
6. On 14 November P&O Nedlloyd announced a new 50-50 joint venture with European Combined Terminals to develop a new container terminal in Rotterdam. When it becomes operational in early 2004, initial capacity is expected to be approximately 1.7 million containers a year, eventually increasing to at least 2.4 million. The new terminal will also cater for the business of the Grand Alliance partners and third parties. In addition, concession agreements have been signed in Antwerp, New York and Ivory Coast and negotiations are at an advanced stage for a joint venture in Coega, South Africa.
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 although there may as usual be some short term fluctuations on specific trades.

(ends)