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## NOL Group reports US\$67 million loss in first half of 2011

*Revenue up 9%; Logistics business makes gains*

**SINGAPORE, 12 August 2011** – Global container shipping and logistics group Neptune Orient Lines (NOL) today reported a net loss of US\$67 million for the first half of 2011 compared to a US\$1 million net profit in the same period a year ago. The Group said it lost US\$57 million in the second quarter of 2011.

NOL reported a 9% revenue increase in the first half of 2011 to US\$4.595 billion. It announced a Core EBIT (Earnings Before Interest and Taxes) loss of US\$28 million.

The Group said first half 2011 results were affected by higher operating costs, especially for fuel, and declining freight rates. It added that its supply chain management business, APL Logistics, increased revenue and Core EBIT.

“Conditions are challenging throughout the shipping industry,” said NOL Group CEO Ronald D. Widdows. “In this environment we are working aggressively to bring down costs while keeping our assets well utilized.”

### FINANCIAL PERFORMANCE

	1H11	1H10	Change %	2Q11	2Q10	Change %
Revenue (US\$m)	4,595	4,219	9	2,152	2,121	1
Core EBIT (US\$m)	(28)	40	nm	(41)	114	nm
Net (loss)/profit (US\$m)	(67)	1	nm	(57)	100	nm



## **BUSINESS SEGMENTS**

NOL's Liner Shipping business – APL – reported revenue of US\$4 billion in the first half of 2011. That was up 7% from a year ago. Volume increased 8%. Revenue per FEU (Forty-Foot Equivalent Unit) declined 3%, mainly due to lower freight rates in the Asia-Europe Trade. Vessel utilization in the first and second quarters of 2011 was 92% and 91% respectively.

“Rate pressure, coupled with a 23% year-on-year fuel price increase in the first half of 2011, negated the benefit of higher volume,” said APL President Kenneth Glenn. “Our job now is to accelerate revenue growth while managing down costs in every aspect of our business; from terminal operations to the way we procure all other services.”

APL Logistics – NOL's supply chain management business – increased revenue 18% in the first half of 2011 to US\$682 million. Core EBIT increased 22% from 2010 to US\$33 million. The increases were attributed primarily to gains in Contract Logistics, which includes rail and land transport business as well as auto logistics, and International Services.

“Increased volume in most of our business lines is driving revenue higher,” said APL Logistics President Jim McAdam. “We are encouraged by the increasing contribution of emerging markets, particularly in China, to our first-half performance.”

## **OUTLOOK**

Deteriorating conditions in the global economy are resulting in weakened trade demand and continued pressure on freight rates. Unless these conditions improve, NOL will post a full year loss.



## **1H11 OPERATING PERFORMANCE (vs 1H10)**

### **Liner Shipping**

- Revenue US\$4 billion, up 7%
- Core EBIT loss US\$61 million, compared to US\$13 million Core EBIT in 1H10
- Average revenue per FEU US\$2,570, down 3%
- Volume 1.46 million FEUs, up 8%

### **Logistics**

- Revenue US\$682 million, up 18%
- Core EBIT US\$33 million, up 22%
- Core EBIT Margin 4.8% compared to 4.7% in 1H10

## **2Q11 OPERATING PERFORMANCE (vs 2Q10)**

### **Liner Shipping**

- Revenue US\$1.9 billion, no change
- Core EBIT loss US\$53 million compared to US\$102 million Core EBIT in 2Q10
- Average revenue per FEU US\$2,539, down 9%
- Volume 692,000 FEUs, up 7%

### **Logistics**

- Revenue US\$314 million, up 11%
- Core EBIT US\$12 million, no change
- Core EBIT Margin 3.8% compared to 4.3% in Q210

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### **About NOL**

*Neptune Orient Lines (NOL) is a Singapore-based global container shipping, terminals and logistics company. Its container shipping arm, APL, provides world-class container shipping and terminal services and intermodal operations supported by leading-edge IT and e-commerce. Its logistics business, APL Logistics, provides international, end-to-end logistics services and solutions, employing the latest IT and data connectivity for maximum supply chain visibility and control. NOL Web site: [www.nol.com.sg](http://www.nol.com.sg).*