FOR IMMEDIATE RELEASE

NOL reports US$57 million Year-on-Year improvement in Core EBIT

One-time charges for restructuring, vessels held for sale contribute to second quarter net loss of US$118 million

SINGAPORE, 8 AUGUST 2012 – NOL Group today reported second quarter 2012 Core EBIT (Earnings Before Interest and Taxes) of US$16 million, a US$57 million turnaround in the key profitability measure from a year ago.

NOL's container shipping line, APL, reported second quarter Core EBIT of US$7 million. It was the first time since the fourth quarter of 2010 that the shipping business has been profitable. NOL attributed the result to improved freight rates and its efforts to control expenses and improve efficiency. APL Logistics, NOL's supply chain management business, reported second quarter Core EBIT of US$9 million.

NOL said one-time charges of US$112 million led to a second quarter net loss of US$118 million. The charges were for organizational restructuring and the sale of obsolete vessels to make room for more efficient ships and to reset vessel slot costs. NOL said that without the non-recurring charges, the second quarter net loss would have been US$6 million.

"The one-time charges were difficult but necessary," said Group CEO Ng Yat Chung. "We need a more efficient organization and a more modern, cost-competitive fleet to deal with the oversupply situation in the container shipping industry."

NOL reported an 8% revenue increase in the second quarter compared to the same period a year ago. The company said that through two quarters of 2012 it has achieved US$225 million in expense reductions toward a full-year goal of US$500 million.

Improved fuel efficiency accounted for much of the cost savings, the company said. Fuel use was reduced by 7%, in the first half of 2012 from a year ago in spite of a 4% increase in cargo volume.

FINANCIAL PERFORMANCE

		1H12	1H11	Change %		2Q12	2Q11	Change %
Revenue (US$m)		4,711	4,595	3		2,333	2,152	8
Core EBIT (US$m)		(217)	(28)	675		16	(41)	nm
Net loss (US$m)		(371)	(67)	457		(118)	(57)	107

BUSINESS SEGMENTS

APL reported second quarter revenue of US$2 billion, up 7% from a year ago. It attributed the improvement to increased freight rates and volume growth. APL reported a 3% increase in Revenue per FEU (forty-foot equivalent unit). The company said it reduced costs for moving empty containers back to major export centers by US$19 million in the first half of 2012. Lowering the cost for empty repositioning has been a key management objective, APL said. "Market conditions improved in the second quarter but just as important were the steps we took to improve efficiency," said APL President Kenneth Glenn. "We expect further improvement as we continue to bring fuel-efficient ships into the fleet and optimize our network."

APL Logistics reported second quarter revenue of US$361 million, up 15% from a year ago. Contract Logistics revenue increased 20% due to growing demand for rail and other land-based logistics services. International Logistics Services revenue improved 7% on rising volume. APL Logistics' Core EBIT was down 25% from a year ago. The decrease was partly attributed to investments to improve technology products and commercial infrastructure. "We realized continued improvement in both revenue and shipment volumes in the first half of the year despite unsettled economic conditions in developed markets," said APL Logistics President Jim McAdam. "Our goal is continued revenue growth and market expansion coupled with greater cost efficiency."

OUTLOOK

The Group's performance improved in the second quarter due to rate increases and cost savings. However, the Group's financial performance will depend on freight rates, global economic position, over-capacity in container shipping and fuel prices. The outlook for these factors remains uncertain. Nevertheless, the Group will continue to focus on managing its costs and capacity.

1H 2012 OPERATING PERFORMANCE (vs 1H 2011)

Liner Shipping (APL)

• Revenue US$4 billion, up 1%

• Core EBIT loss US$239 million compared to a Core EBIT loss of US$61 million previously

• Average revenue per FEU US$2,513, down 2%

• Volume 1.5 million FEUs, up 4%

Logistics (APL Logistics)

• Revenue US$755 million, up 11%

• Core EBIT US$22 million, down 33%

• Core EBIT Margin 2.9% compared to 4.8% previously

2Q 2012 OPERATING PERFORMANCE (vs 2Q 2011)

Liner Shipping (APL)

• Revenue US$2 billion, up 7%

• Core EBIT US$7 million compared to a Core EBIT loss of US$53 million previously

• Average revenue per FEU US$2,615, up 3%

• Volume 720,000 FEUs, up 4%

Logistics (APL Logistics)

• Revenue US$361 million, up 15%

• Core EBIT US$9 million, down 25%

• Core EBIT Margin 2.5% compared to 3.8% previously

Media Inquiries:

Mike Zampa
Telephone: (65) 6371 5022
Michael_zampa@nol.com.sg

Investor inquiries:

Au Kah Soon
Telephone: (65) 6371 2597
Kah_soon_au@nol.com.sg

About NOL

Neptune Orient Lines (NOL) is a Singapore-based global container shipping 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