



FOR IMMEDIATE RELEASE

NOL first quarter loss narrows by 60%; revenue 36% higher
Container shipping volume rises 46%

Singapore, 14 May 2010 – Container shipping and logistics group Neptune Orient Lines (NOL) today reported a US\$98 million net loss for the first quarter of 2010 (1Q10). The loss was 60% less than the US\$245 million loss for the first quarter of 2009 (1Q09).

NOL said the Core EBIT loss in the first quarter was US\$74 million. Revenue was US\$2.1 billion, up 36% from US\$1.5 billion a year ago.

	1Q10	1Q09	Change %
Revenue (US\$m)	2,098	1,543	36
Core EBIT (US\$m)	(74)	(222)	(67)
EBIT (US\$m)	(77)	(221)	(65)
Net loss (US\$m)	(98)	(245)	(60)

“The result, while reflecting improvement, still is not satisfactory,” said NOL Group President and CEO Ronald D. Widdows, “but the increase in volume and revenue provides a foundation for turning around our performance as the global economy recovers and we begin to see the effects of rate and asset utilization improvement, particularly in the Transpacific trade.”

BUSINESS SEGMENTS

The Group’s container shipping line, APL, reported a 46% increase in 1Q10 volume year-on-year, as global trade demand strengthened. Revenue in 1Q10 was up 39% to US\$1.8 billion. The Core EBIT loss decreased 55% to US\$106 million. Average revenue per FEU (Forty-Foot Equivalent Unit) increased 2%.



“We began to see more positive movement in the first quarter on rates and volumes across our major trade lanes,” said APL President Eng Aik Meng.

Rates lagged in some trade lanes, in large part due to a legacy of contracts that were signed during the downturn of 2009, said Mr. Eng. Most of these contracts will expire in May and are being renegotiated.

Revenue for APL Logistics increased 23% in 1Q10 from the first quarter of 2009 to US\$296 million. Core EBIT increased 7% to US\$15 million. APL Logistics volumes increased across many of its services during the first quarter and freight rates were higher in the Forwarding business.

“In a gradually improving economy, we witnessed encouraging improvements in revenues, driven largely by strengthening international product flows and a continuing recovery in land transport demand,” said APL Logistics President Jim McAdam.

NOL’s Terminals business reported a 40% year-on-year increase in revenue during 1Q10 to US\$157 million. Core EBIT improved to US\$18 million from US\$4 million a year ago. Volumes increased 42%.

“The integration of our container shipping and terminal operations is vital to the way we manage customers’ supply chains, and is at the core of our service delivery capability,” said Mr. Widdows. Accordingly, from 2Q2010, NOL will present financial results of the two segments as one unit.

“It is also our intention to continue to grow our portfolio of terminal investments to further support APL’s Container Shipping business,” Mr. Widdows added.

OUTLOOK

At its FY09 year-end results announcement, NOL indicated improvements in volumes and freight rates in its principal markets. Since that time, the operating environment has improved further. If this trend continues, NOL expects to return to profitability for the full year. However, several risk factors remain – including rising fuel costs, the global economy and the relationship between supply and demand. The Group will continue to press on with its cost savings, productivity and yield management programs.



1Q10 OPERATING PERFORMANCE (vs 1Q09)

Container Shipping

- Revenue US\$1.8 billion, up 39%
- Core EBIT loss US\$106 million
- Average revenue per FEU 2% higher at US\$2,519
- Volumes up 46% to 701,000FEU

Logistics

- Revenue US\$296 million, up 23%
- Core EBIT US\$15 million
- Core EBIT Margin 5.1%, compared to 5.8% previously

Terminals

- Revenue US\$157 million, up 40%
- Core EBIT US\$18 million
- Core EBIT Margin 11.5%, compared to 3.6% previously

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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 services and intermodal operations supported by leading-edge IT and e-commerce. Its terminals unit has one of the world's leading container terminal networks, with key gateway facilities in Asia and North America. 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