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NOL Group reports US\$10 million first quarter net loss

Compares to a US\$98 million net loss in Q1 2010; revenue up 16%

SINGAPORE, 13 MAY, 2011 – NOL Group, the Singapore-based container shipping and logistics company, today reported a first quarter 2011 net loss of US\$10 million compared to a net loss of US\$98 million in the same period last year.

NOL said first quarter 2011 revenue was US\$2.4 billion, up 16% from a year ago. First quarter Core EBIT (Earnings Before Interest and Taxes) was US\$13 million, compared to a Core EBIT loss of US\$74 million in the same period last year.

	1Q11	1Q10	Change %
Revenue (US\$m)	2,443	2,098	16
Core EBIT (US\$m)	13	(74)	nm
Net loss (US\$m)	(10)	(98)	(90)

“In spite of year-over-year volume growth, a softer than expected Lunar New Year period and rising fuel costs have interrupted our momentum,” said NOL Group President and CEO Ronald D. Widdows.”

BUSINESS SEGMENTS

APL, the Liner Shipping business of NOL, reported first quarter 2011 revenue of US\$2.1 billion. That was a 15% improvement over the same period a year ago. APL announced a US\$8 million Core EBIT loss compared to a US\$89 million Core EBIT loss in the first quarter of 2010. Liner Shipping volume increased 9% in the first quarter from a year ago. Average revenue per FEU (forty-foot equivalent unit) increased 3%. Vessel utilization in the first quarter was 92%.



“We lifted higher container volumes in the Asia-Europe and Intra-Asia trade lanes during the first quarter, and freight rates improved in the Trans-Pacific,” said APL President Eng Aik Meng. “But our emphasis must remain on operating efficiency, as well as slow-steaming our ships to conserve fuel and counteract the effect of rising fuel prices, which were 28% higher per metric ton in the first quarter of 2011 than they were in 2010.”

APL Logistics, NOL’s supply chain management business, reported first quarter revenue of US\$368 million, up 24% from a year ago. Core EBIT was up 40% in the quarter to US\$21 million and the Core EBIT Margin was 5.7%, compared to 5.1% in the first quarter last year. The improvements were attributed to higher volumes and recovering unit rates across Logistics’ various businesses. Contract Logistics revenue increased 23% in the first quarter and International Services revenue was up 26%.

“Our commercial performance continues to gain strength across multiple services which have been improving since the middle of last year,” said APL Logistics President Jim McAdam. “We’ve maintained a disciplined focus on cost of operations and are witnessing consistent growth in emerging markets— both in our international logistics business as well as in the contract logistics-automotive segments.”

OUTLOOK

Market conditions remain uncertain. Increased operating costs – particularly related to fuel cost increases -- and competitive pressure on rates are expected to continue for the near term. Should these conditions persist, our results will be negatively impacted. Our focus remains on operating efficiency, cost reduction and high vessel utilization.

1Q11 OPERATING PERFORMANCE (vs 1Q10)

Liner Shipping

- Revenue US\$2.1 billion, up 15%
- Core EBIT loss US\$8 million, compared to a US\$89 million loss previously
- Average revenue per FEU US\$2,598, up 3%
- Volume 764,000 FEUs, up 9%



- Bunker fuel spot price per metric ton up 28%

Logistics

- Revenue US\$368 million, up 24%
- Core EBIT US\$21 million, up 40%
- Core EBIT Margin 5.7%, compared to 5.1% previously.

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

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