

# 1Q 2011 Performance Review

13 May 2011



# Forward Looking Statements

The following presentation includes forward-looking statements, which involve known and unknown risks and uncertainties, that could cause actual results or performance to differ. Forward looking information is based on current views and assumptions of management, including, but not limited to, prevailing economic and market conditions. Such statements are not, and should not be interpreted as a forecast or projection of future performance.

# 1. 1Q 2011 Financial Highlights



By Ron Widdows  
Group President & CEO



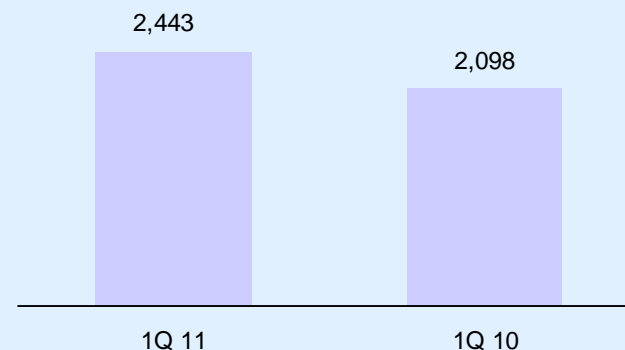
# 1Q 2011 Key Highlights

## Key Highlights

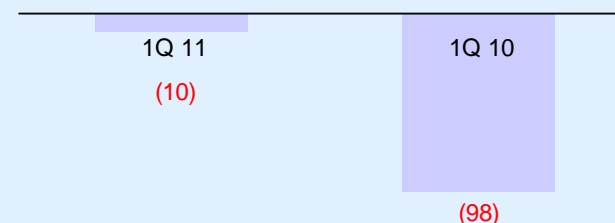
- **1Q 2011 Financial Highlights**
  - Revenue of US\$2.4 billion, a year-on-year (YoY) growth of 16%
  - Core EBITDA of US\$89 million
  - Core EBIT of US\$13 million
  - Net loss of US\$10 million
- **Liner**
  - Volume grew by 9% YoY
  - Revenue/FEU improved by 3% YoY to US\$2,598 per FEU
  - Core EBIT loss of US\$8 million
- **Logistics**
  - Core EBIT of US\$21 million
  - Core EBIT margin of 5.7%

## Group Financials

### Revenue (US\$m)



### Net loss (US\$m)

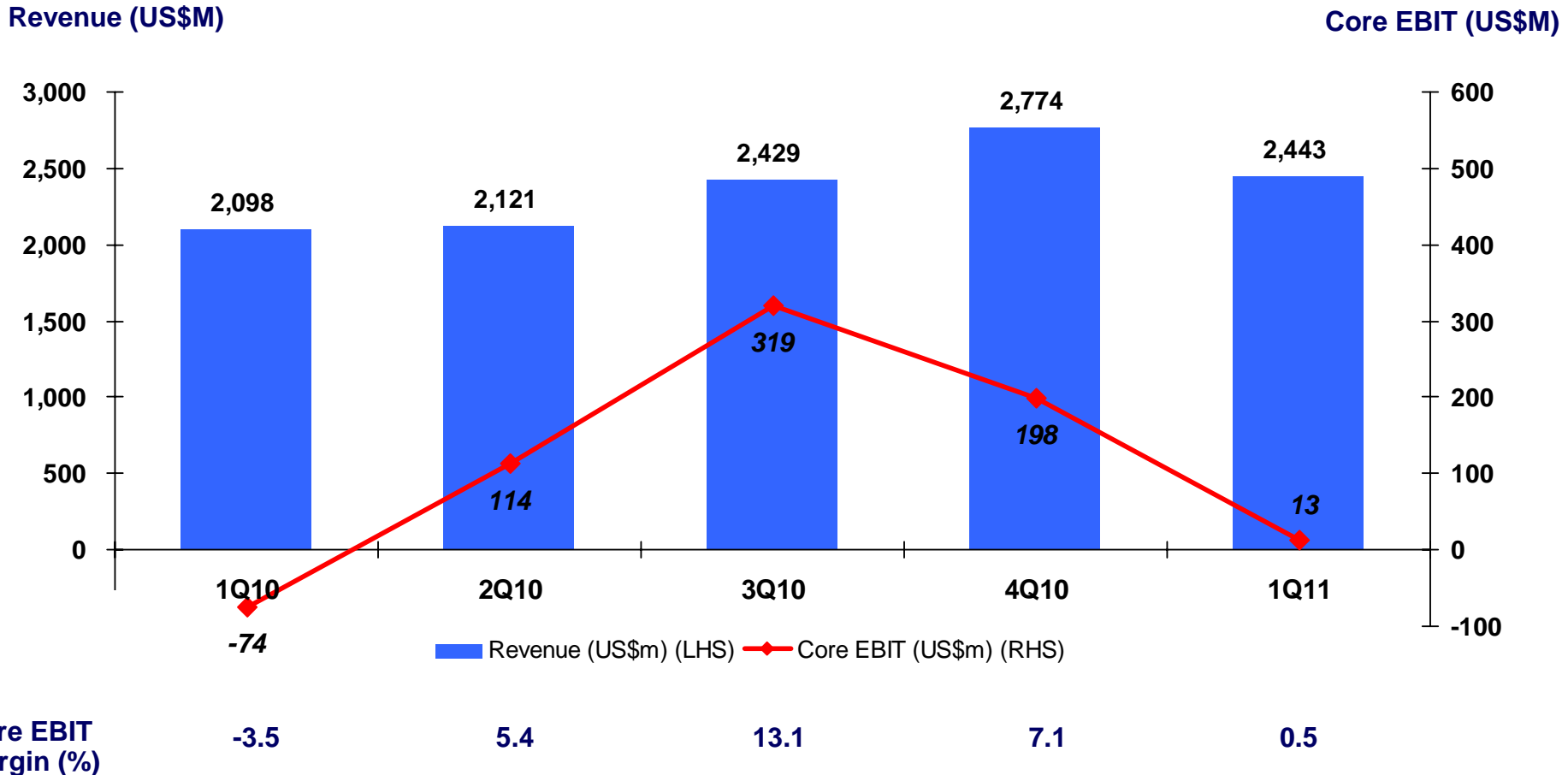


# Group Financial Performance

US\$m	1Q11	1Q10	▲ %
<b>Revenue</b>	<b>2,443</b>	2,098	16
<b>Core EBIT</b>	<b>13</b>	(74)	nm
• Non-recurring items	(1)	(3)	(67)
<b>EBIT</b>	<b>12</b>	(77)	nm
<b>Net loss</b>	<b>(10)</b>	(98)	(90)
<b>Basic loss per share (US cents)</b>	<b>(0.38)</b>	(3.82)	(90)

# Group Revenue, Core EBIT and Core EBIT Margin Trend

Seasonal decline in volumes and lower rates in 1Q 2011 coupled with higher fuel price resulted in lower sequential earnings.

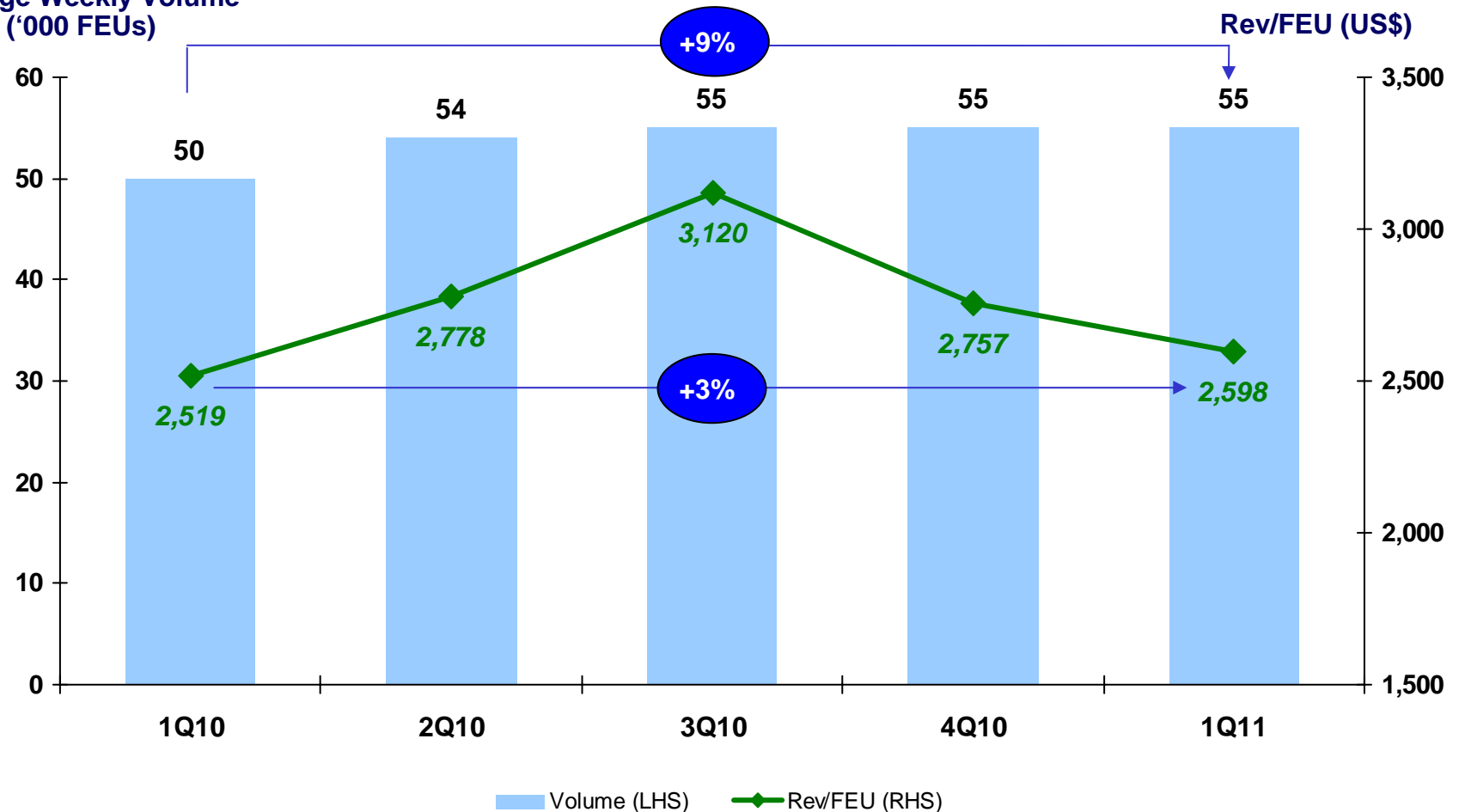


Note: 1Q 2010 and 2011 are based on 14 week quarters. 4Q 2010 figures are based on a 15 week quarter. 2Q and 3Q are based on 12 week quarters.

# Volume and Rev/FEU Trend

Higher volumes and improved freight rates in certain trades helped improve earnings on a year-on-year basis but higher fuel costs partially offset the higher revenues earned.

Average Weekly Volume  
(‘000 FEUs)

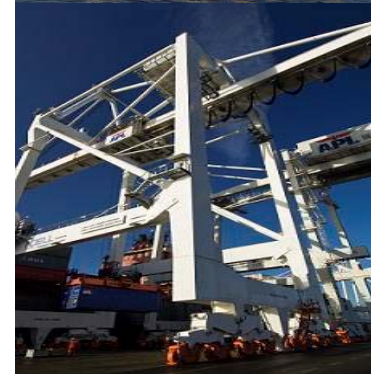


Note: 1Q 2010 and 2011 are based on 14 week quarters. 4Q 2010 figures are based on a 15 week quarter. 2Q and 3Q are based on 12 week quarters.



# 1Q 2011 Summary

- **Improvement in freight rates on key trade lanes has resulted in narrowing of losses in 1Q 2011 as compared to 1Q 2010.**
- **Volumes gradually improving since Lunar New Year.**
- **Freight rates weakened into the seasonally soft 1Q.**
- **Higher fuel prices continue to put pressure on costs and weigh down earnings.**
- **Implementation of slow steaming has helped to manage rising fuel costs.**
- **Logistics continue to provide positive earnings to the Group.**





## 2. 1Q 2011 Financial Performance



By Cedric Foo  
Group Deputy President &  
CFO

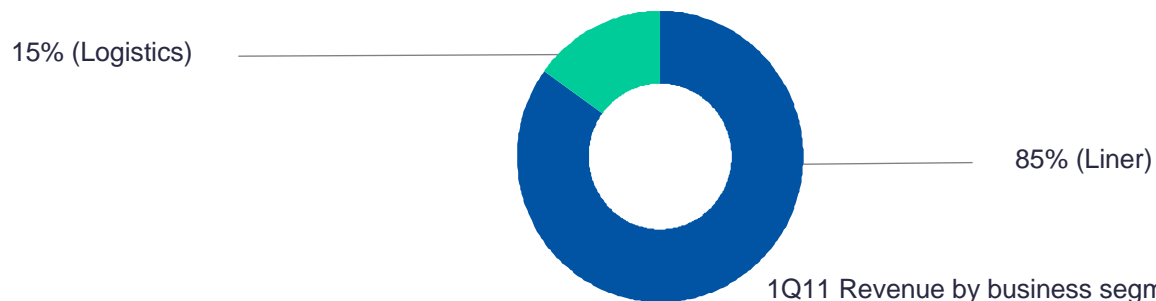


# Group Financial Highlights

US\$m	1Q11	1Q10	▲ %
<b>Revenue</b>	<b>2,443</b>	<b>2,098</b>	<b>16</b>
<b>Core EBITDA</b>	<b>89</b>	<b>2</b>	<b>4,350</b>
• Depreciation & Amortisation	(76)	(76)	-
<b>Core EBIT</b>	<b>13</b>	<b>(74)</b>	<b>nm</b>
• Non-recurring items	(1)	(3)	(67)
<b>EBIT</b>	<b>12</b>	<b>(77)</b>	<b>nm</b>
• Gross Interest Expense	(9)	(9)	-
• Tax	(13)	(12)	8
<b>Net loss to equity holders</b>	<b>(10)</b>	<b>(98)</b>	<b>(90)</b>

# Group Revenue Breakdown

US\$m	1Q11	1Q10	▲ %
Liner	2,103	1,834	15
Logistics	368	296	24
Elimination	(28)	(32)	(13)
<b>Total</b>	<b>2,443</b>	<b>2,098</b>	<b>16</b>



1Q11 Revenue by business segment is stated before inter-segment elimination.

# Group Core EBIT Breakdown

US\$m	1Q11	1Q10	▲%
Liner	(8)	(89)	(91)
Logistics	21	15	40
<b>Total</b>	<b>13</b>	<b>(74)</b>	<b>nm</b>

# Non-Recurring Items

US\$m

1Q11

1Q10

1. Gain from asset disposals

1

-

2. Others

(2)

(3)

**Total**

**(1)**

**(3)**

# Balance Sheet Highlights

US\$m	8 Apr '11	31 Dec '10
Total Assets	6,473	6,451
Total Liabilities	3,189	3,185
Total Equity	3,284	3,266
Total Debt	1,361	1,359
Total Cash	663	977
Net Debt	698	382
Gearing (Gross)	0.41 x	0.42 x
Gearing (Net)	0.21 x	0.12 x
NAV per share (US\$)	1.25	1.25
(S\$)	1.58	1.61

# Cash Flow Highlights

US\$m	1Q11	1Q10
<b>Cash &amp; Cash Equivalents - Beginning</b>	<b>977</b>	<b>333</b>
<i>Cash (Outflow)/Inflow</i>		
Operating Activities	68	(126)
Investing/Capex Activities	(374)	(24)
Financing Activities	(8)	215
<b>Cash &amp; Cash Equivalents – Closing</b>	<b>663</b>	<b>398</b>

# Capital Expenditure

US\$m	1Q11 Actual	FY10 Actual
1. Vessels	304	336
2. Equipment / Facilities	47	37
3. Drydock	10	40
4. IT	14	52
5. Others	2	8
<b>Total</b>	<b>377</b>	<b>473</b>



# 3. Liner



By Eng Aik Meng  
President, APL



# Liner 1Q 2011 Highlights

- Liner achieved 1Q 2011 revenue of US\$2.1 billion, a year-on-year (YoY) increase of 15% mainly due to a combination of higher volumes transported and improved freight rates in certain trade lanes.
  - Volume rose by 9% YoY mainly due to higher volumes lifted on the Intra-Asia and Asia-Europe trade lanes.
  - Average revenue per FEU improved by 3% YoY to US\$2,598 mainly due to improved freight rates on the Transpacific, partially offset by rate decline on the Asia-Europe and Intra-Asia trade lanes.
  - 1Q 2011 achieved utilisation rate of 92%.
- In 1Q 2011, Liner Core EBIT losses narrowed to US\$8 million, a decrease of 91% or US\$81 million as compared to 1Q 2010. The decrease in losses was mainly due to higher volumes and freight rates in certain trades while the rise in the price of bunker fuel, which increased by 28% since 1Q 2010, were partially mitigated by savings associated with slow steaming.

# Liner Profit & Loss Summary

US\$m	1Q11	1Q10	▲ %
<b>Revenue</b>	<b>2,103</b>	1,834	15
<b>Core EBITDA</b>	<b>66</b>	(16)	nm
• Depreciation & Amortisation	(74)	(73)	1
<b>Core EBIT</b>	<b>(8)</b>	(89)	(91)
• Non-recurring items	-	(2)	nm
<b>EBIT</b>	<b>(8)</b>	(91)	(91)
<b>Core EBIT Margin (%)</b>	<b>(0.4)</b>	(4.9)	

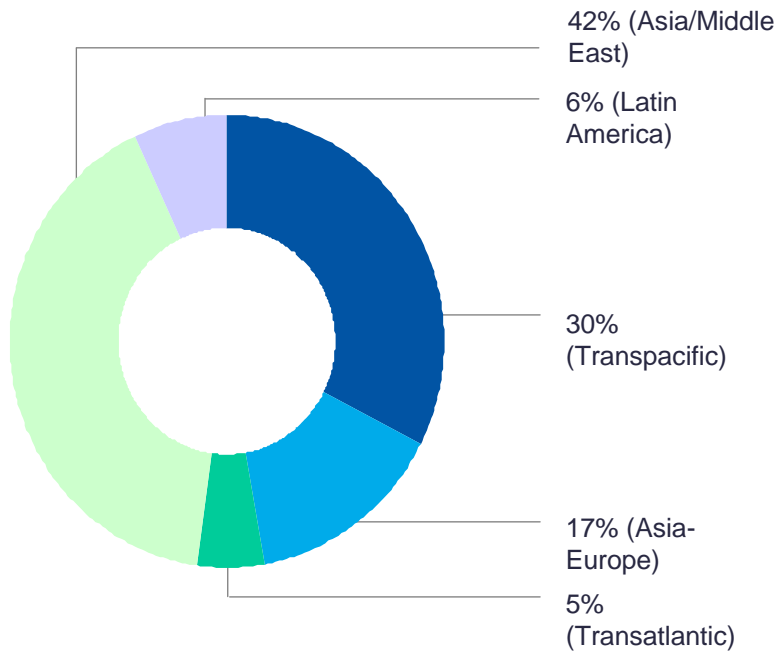
# Liner Volume

Volume ('000' FEUs)	1Q11	1Q10	▲%
<b>Americas</b>	<b>275</b>	<b>276</b>	<b>-</b>
Transpacific	227	227	-
Latin America	48	49	(2)
<b>Europe</b>	<b>169</b>	<b>139</b>	<b>22</b>
Asia-Europe	130	104	25
Transatlantic	39	35	11
<b>Asia/Middle East</b>	<b>320</b>	<b>286</b>	<b>12</b>
<b>Total</b>	<b>764</b>	<b>701</b>	<b>9</b>

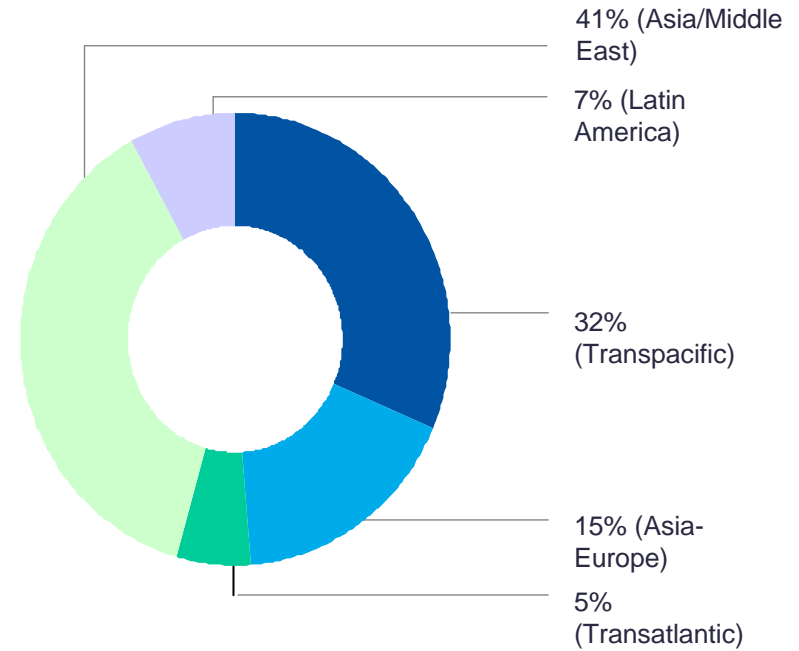
Note: Based on point of sailing and inclusive of headhaul and backhaul trade.

# Liner : Volume Mix

Greater concentration in Asia/Middle East due to higher growth in demand for our services in the Intra-Asia trade lane.



1Q 2011 Volume breakdown



1Q 2010 Volume breakdown

# Liner Average Revenue/FEU

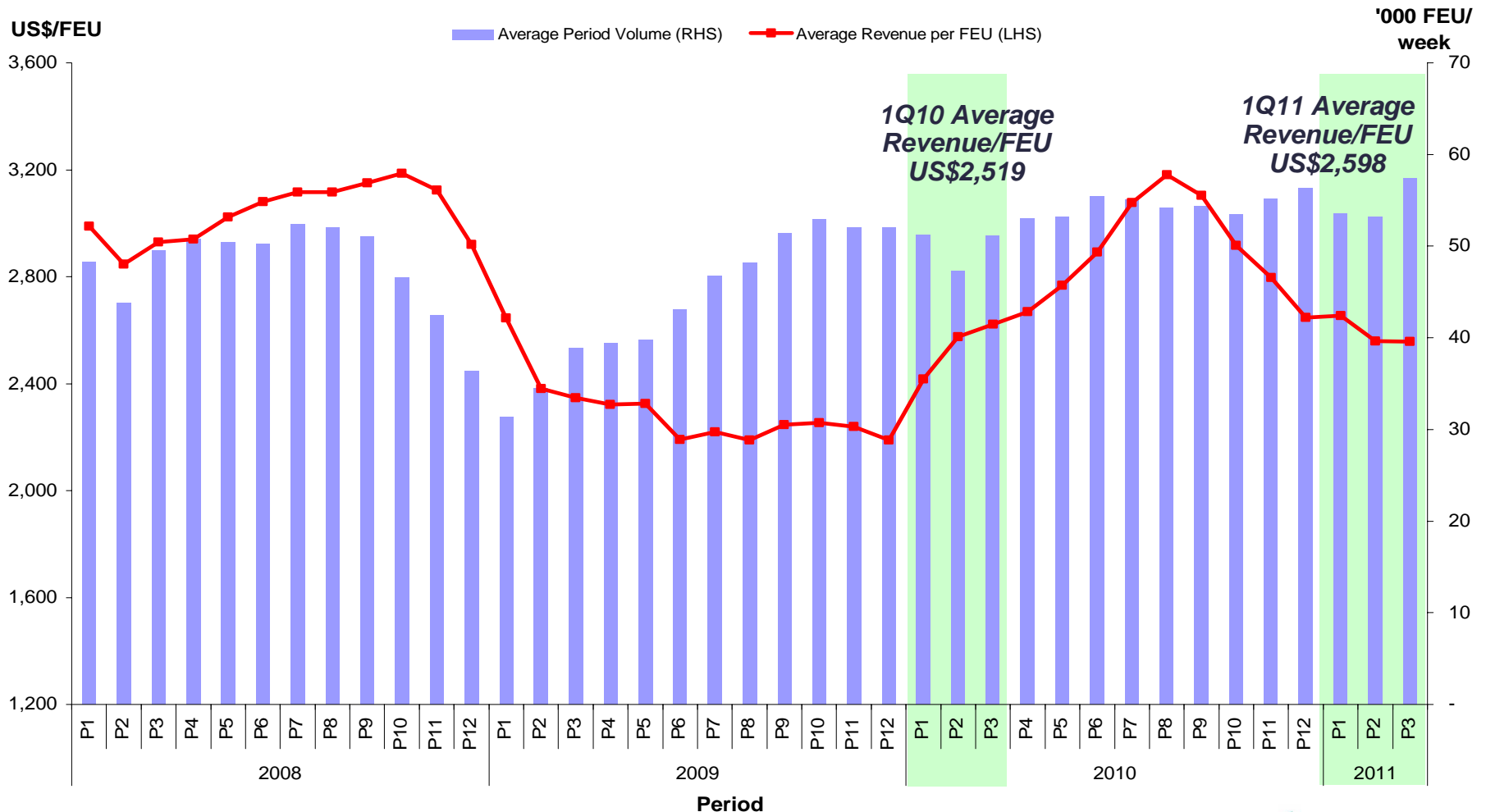
US\$/FEU	1Q11	1Q10	▲ %
Americas	3,796	3,340	14
Europe	2,788	2,950	(5)
Asia/Middle East	1,470	1,517	(3)
<b>Total</b>	<b>2,598</b>	<b>2,519</b>	<b>3</b>

Note: Based on point of sailing and inclusive of headhaul and backhaul trade.



# Volume and Average Revenue/FEU Trend

Volumes gradually improve after Lunar New Year, however, rates are experiencing some seasonal downward pressure, particularly in the Asia-Europe trade.

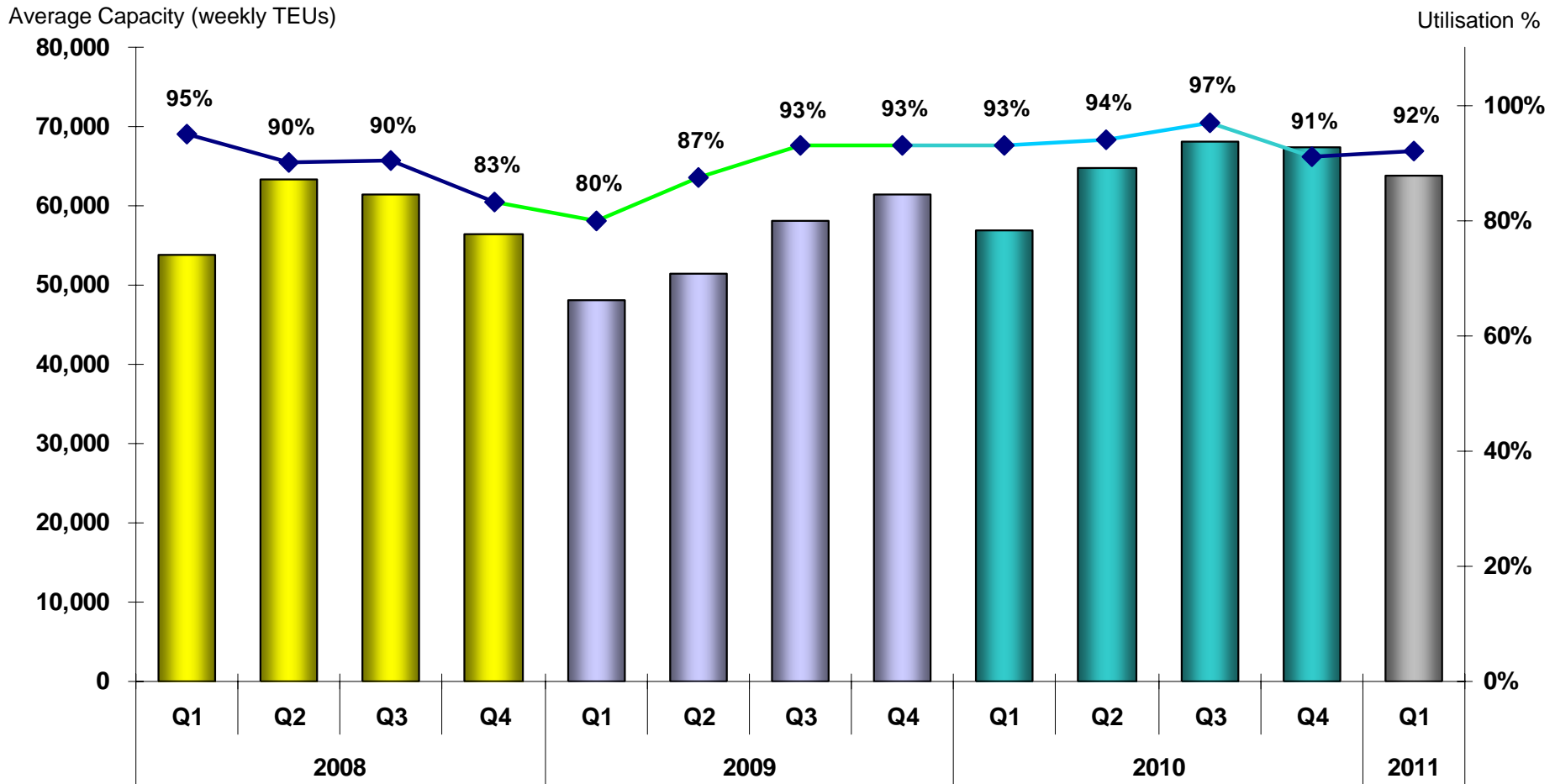


Note: Average Period volumes are normalised based on number of weeks in the period



# Container Shipping Network Capacity & Utilisation

Utilisation rate remains relatively high after adjustments to capacity to cater for demand changes during the winter season.



Note: Figures are based on the headhaul leg of main linehaul services  
The capacity figures takes into account "winter program" initiations.





# Liner : Americas

	1Q11	1Q10	▲%
<b>Total Volumes ('000 FEUs)</b>	<b>275</b>	<b>276</b>	<b>-</b>
▪ Transpacific	227	227	-
▪ Latin America	48	49	(2)
<b>Average Revenue (US\$/FEU)</b>	<b>3,796</b>	<b>3,340</b>	<b>14</b>

- **Transpacific** : Volumes lifted remain flat as growth in headhaul trade was offset by decline in backhaul volumes. Freight rates rose as a result of the improved annual rates that were contracted in May/June 2010.
- **Latin America** : Latin America trade volumes declined on a year-on-year basis as a result of lower volumes lifted in the eastbound trade.

# Liner : Europe

	1Q11	1Q10	▲%
<b>Total Volumes ('000 FEUs)</b>	<b>169</b>	<b>139</b>	<b>22</b>
▪ Asia-Europe	130	104	25
▪ Transatlantic	39	35	11
<b>Average Revenue (US\$/FEU)</b>	<b>2,788</b>	<b>2,950</b>	<b>(5)</b>

- **Asia-Europe** : Recovery in global trade and re-introduction of idled capacity in 2010 resulted in growth in volumes in the Asia-Europe trade. Lower seasonal volumes in 1Q 2011 and anticipated industry introduction of capacity added pressure to rates in the Asia-Europe trade lane.
- **Transatlantic** : The Transatlantic route experienced growth in volumes, consistent with the improvement in global trade.

## Liner : Asia/Middle East

	1Q11	1Q10	▲%
Total Volumes ('000 FEUs)	320	286	12
Average Revenue (US\$/FEU)	1,470	1,517	(3)

- **Asia/Middle East:** Asia/Middle East volumes grew by 12% year-on-year due to growth in the Intra-Asia Short-sea trade and improved volumes on the Long-haul trade.

Average Rev/FEU declined by 3% mainly due to trade mix effect from higher volumes lifted in the Intra-Asia Short-sea.

# Liner Trade Imbalance

Imbalance generally remain consistent with slight deterioration in the Transatlantic trade.

No. of FEUs that are full backhaul for every 10 FEUs full headhaul

Trade	2009	2010	1Q10	1Q11
• Transpacific	7	6	7	7
• Asia-Europe	8	8	8	8
• Transatlantic	10	10	9	8

# Terminal Volume and Utilisation

Growth in container shipping volumes have resulted in improved terminal throughput and higher utilisation rates.

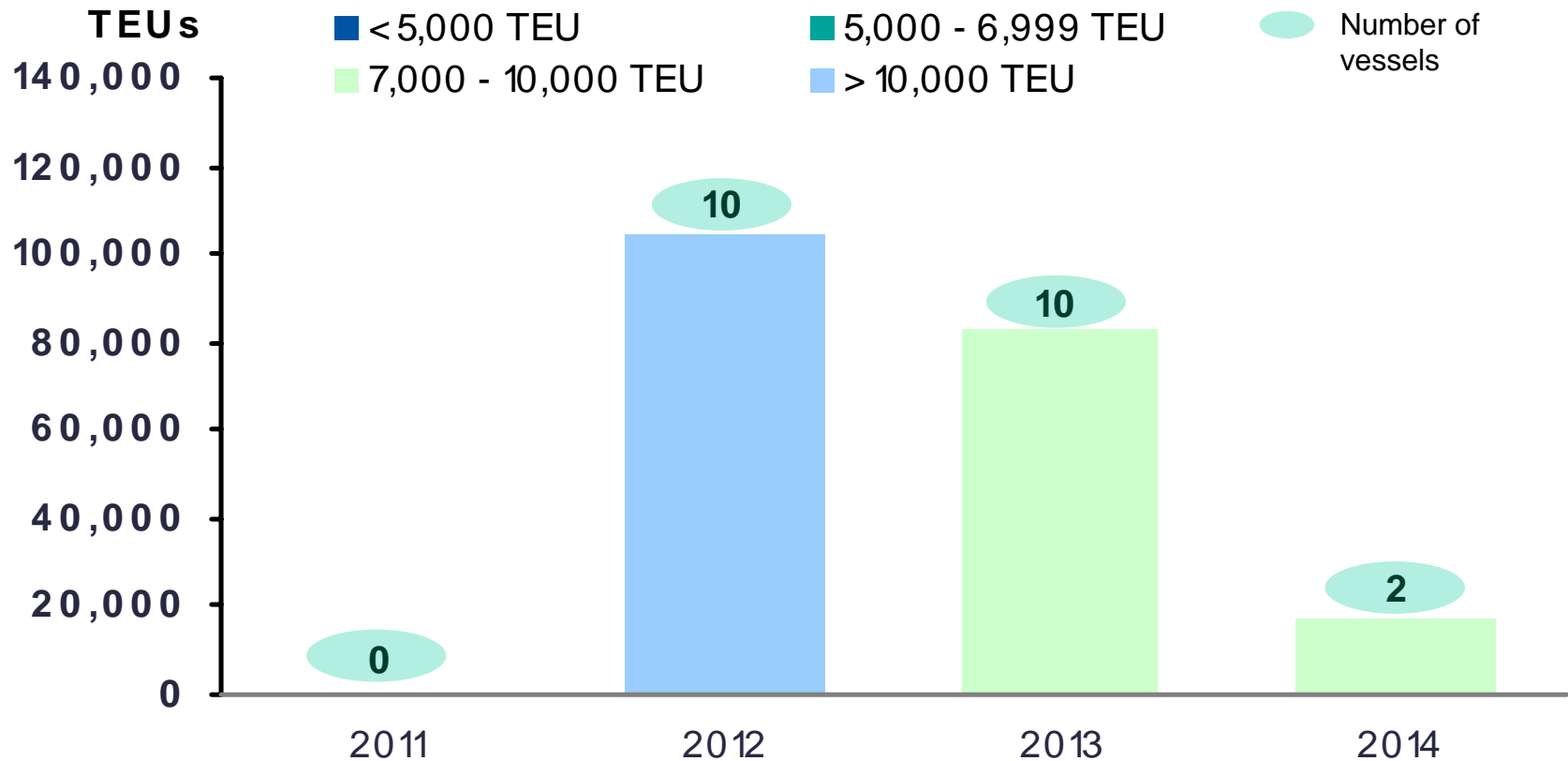
<b>Volume (Lifts '000)</b>	<b>1Q11</b>	<b>1Q10</b>	<b>▲%</b>
Americas	329	300	10
Asia/Middle East	311	308	1
<b>Total</b>	<b>640</b>	<b>608</b>	<b>5</b>

<b>Utilisation (%)</b>	<b>77</b>	<b>73</b>
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# Vessel Commitments

New vessel commitments remain at 22 (owned and chartered) to be delivered from 2011 onwards.



Note: Approximately 150,000 TEUs of nominal capacity have charter expiry dates between 2011 and 2013.

# Liner 1Q 2011 Summary

- **Higher volumes and improvement in freight rates has resulted in narrowing of losses in 1Q 2011.**
- **Volumes have been gradually improving since Lunar New Year.**
- **Seasonally lower volumes and supply uncertainty have put pressure on freight rates in 1Q 2011, particularly in Asia-Europe.**
- **Recent rise in oil price has increased the cost of operating our network.**
- **Slow steaming continues across the network to manage costs and lower emissions.**
- **Continue to maintain focus on operational efficiency and cost management to drive cost savings and improve earnings.**

# 4. Logistics



By Jim McAdam  
President, APL Logistics





# Logistics 1Q 2011 Highlights

- Logistics achieved 1Q 2011 revenue of US\$368 million, a year-on-year (YoY) increase of 24% due to a combination of higher volumes and unit rates across the various Logistics' services.
  - Contract Logistics achieved revenue of US\$233 million, a YoY increase of 23% due to higher volumes across various business units, particularly in the rail and land transport business segment and business areas that service the automotive sector.
  - International Services achieved revenue of US\$135 million, a YoY increase of 26% mainly due to higher volume in its origination services and higher freight rates in the forwarding business segment.
- Logistics achieved a Core EBIT of US\$21 million for 1Q 2011, an increase of US\$6 million YoY due to higher contribution associated with higher revenues partially offset by the increase in general and administrative expenses to support the growth in revenue.

# Logistics Profit & Loss Summary

US\$m	1Q11	1Q10	▲%
<b>Revenue</b>	<b>368</b>	296	24
<b>Core EBITDA</b>	<b>23</b>	18	28
• Depreciation & Amortisation	(2)	(3)	(33)
<b>Core EBIT</b>	<b>21</b>	15	40
• Non-recurring items	(1)	(1)	-
<b>EBIT</b>	<b>20</b>	14	43
<b>Core EBIT Margin (%)</b>	<b>5.7</b>	5.1	

# Performance Breakdown : Business Segment

US\$m	1Q11	1Q10	▲%
<b>Revenue</b>	<b>368</b>	<b>296</b>	<b>24</b>
• Contract Logistics	233	189	23
• International Services	135	107	26
<b>Core EBIT</b>	<b>21</b>	<b>15</b>	<b>40</b>
• Contract Logistics	9	5	80
• International Services	12	10	20
<b>Core EBIT Margin (%)</b>	<b>5.7</b>	<b>5.1</b>	
• Contract Logistics (%)	3.9	2.6	
• International Services (%)	8.9	9.3	

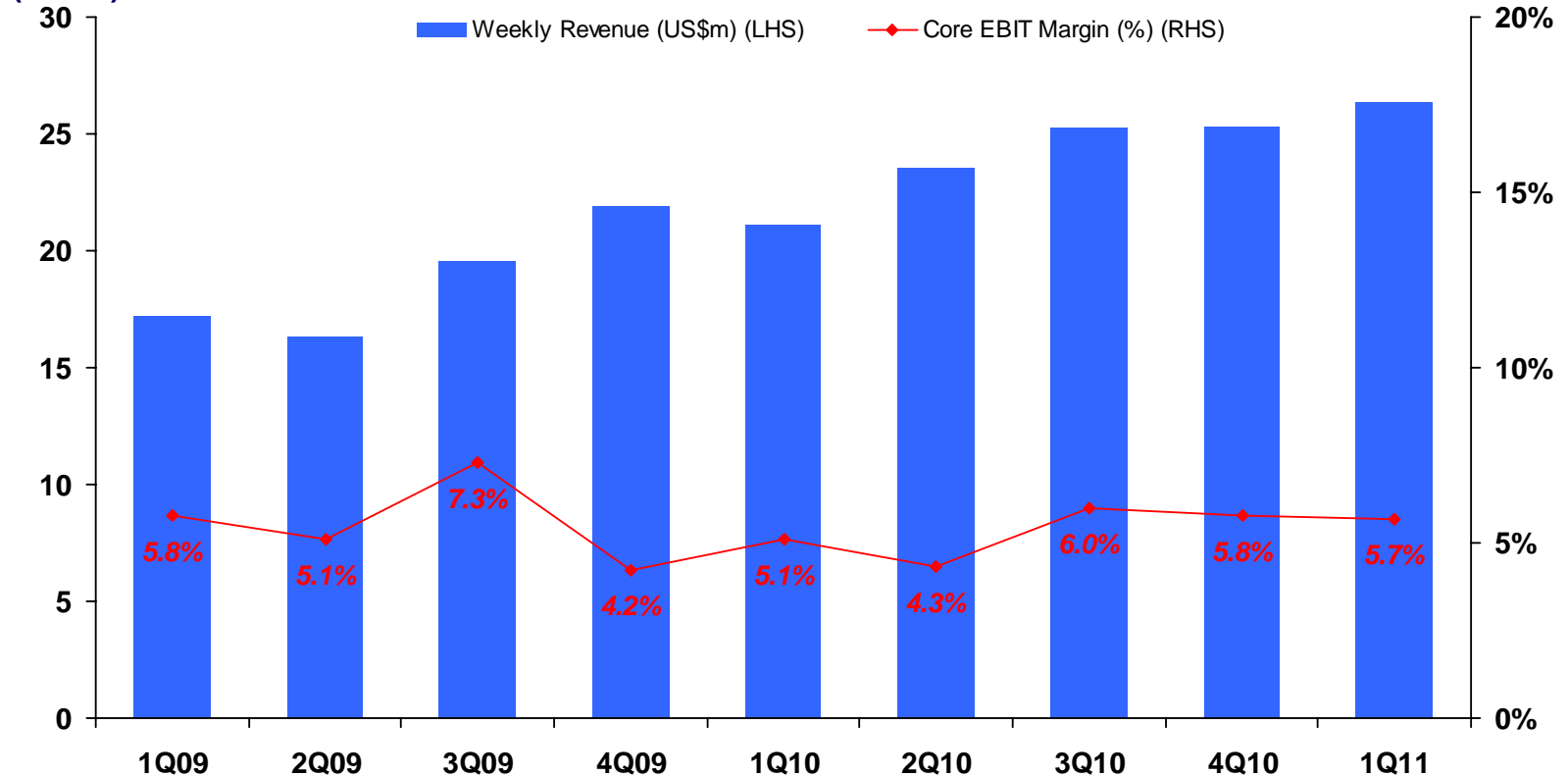
# Logistics Revenue and Core EBIT Margin Trend

Logistics continue to build on its current portfolio of its businesses to grow revenue yet still maintain a stable Core EBIT margin.

## Weekly Revenue

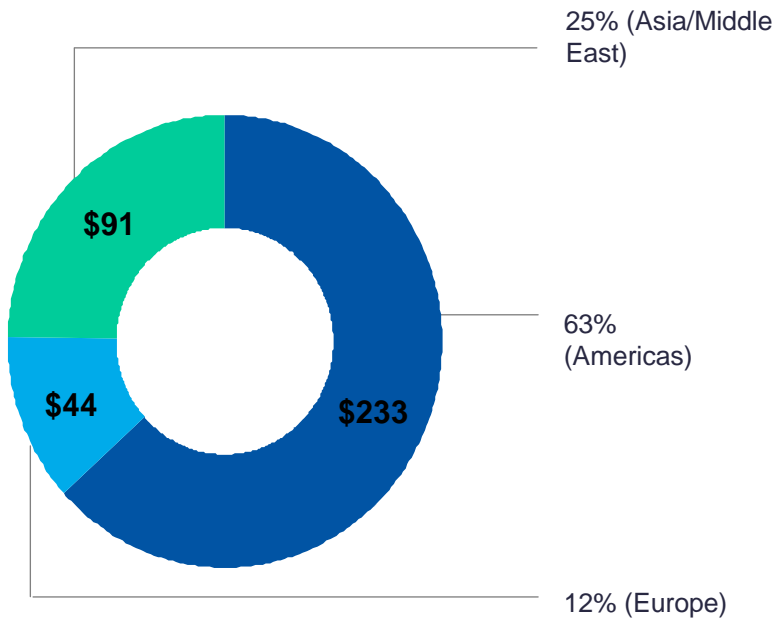
(US\$m)

Core EBIT  
Margin (%)

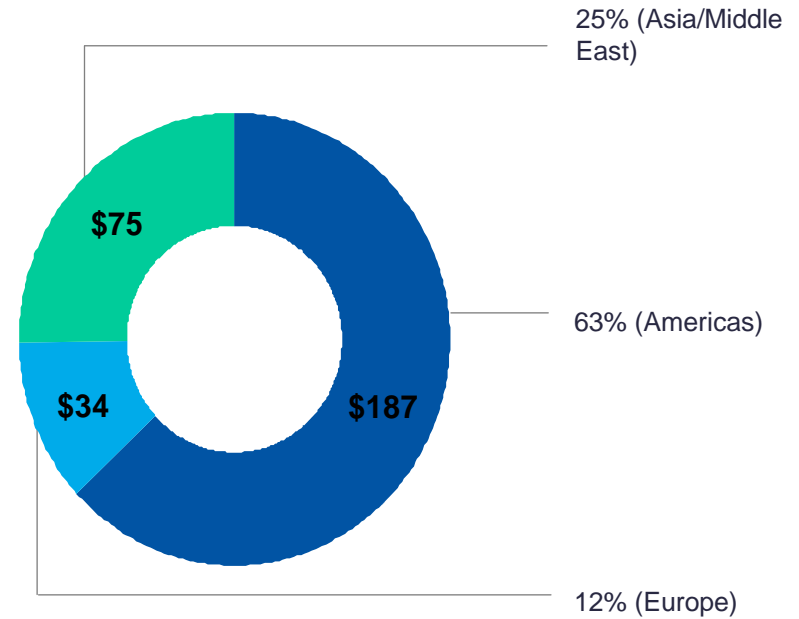


# Logistics' Revenue Mix – By Region

Stable geographical revenue mix as revenue growth was achieved in all regions that we participate in.



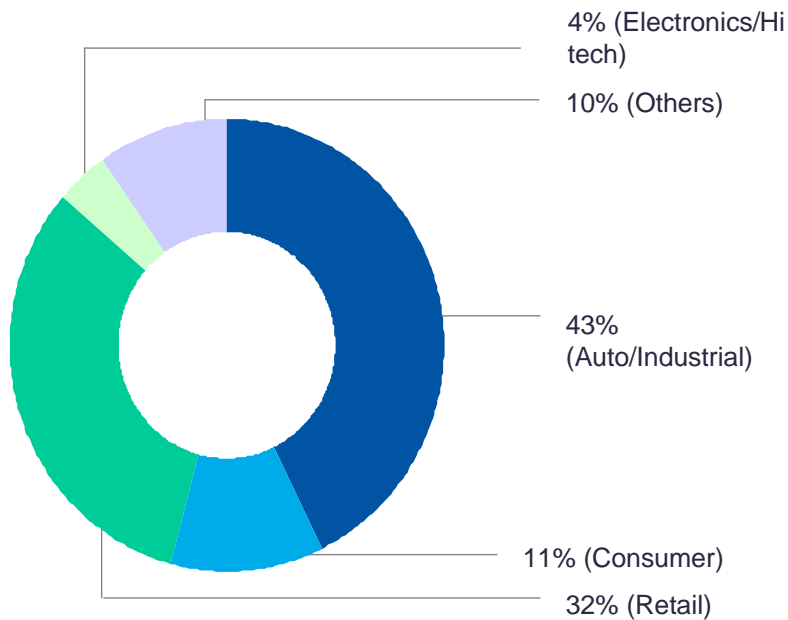
1Q11 Revenue Breakdown  
– by Region (US\$m)



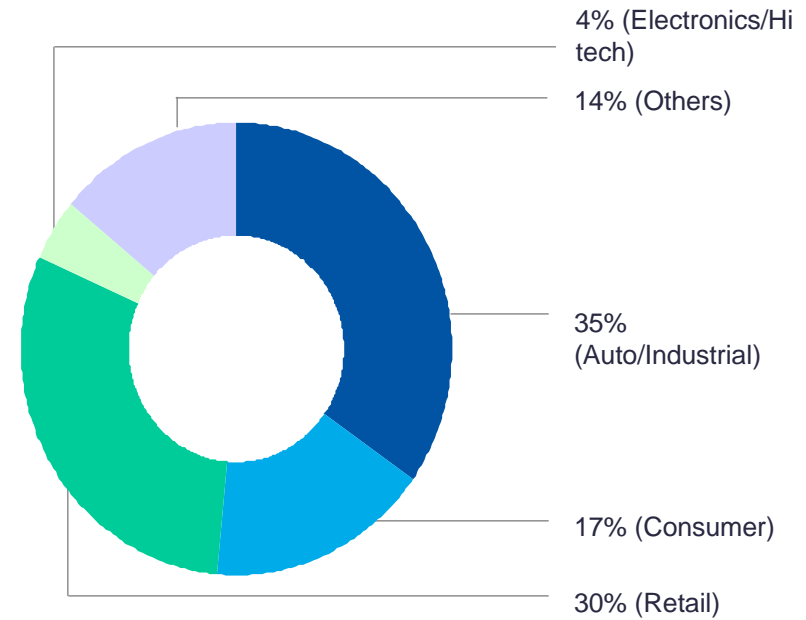
1Q10 Revenue Breakdown  
– by Region (US\$m)

# Logistics' Revenue Mix – By Customer Segment

The recovery in the automotive sector and strength in landside transportation services that support the sector has resulted in growth in revenue from that customer segment.



1Q11 Revenue Breakdown  
– by Customer Segment



1Q10 Revenue Breakdown  
– by Customer Segment

# Logistics 1Q 2011 Summary

- **Improvement in global trade has resulted in higher volumes across nearly all segments of the business.**
- **Business that service the automotive sector was buoyant during the quarter.**
- **Continue to grow presence in the US domestic intermodal segment.**
- **Emphasis on growing revenue and managing costs to ensure earnings growth while maintaining margins.**

## 5. Group Outlook





# Group 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.

# Appendix

# Group Fuel and Currency Exposures

## Bunker

- The Group continues to recover part of its fuel price increases from customers through bunker adjustment factors.
- The Group also maintains a policy of hedging its bunker exposures.

## Foreign exchange

- Major foreign currency exposures are in Euro, Chinese Renminbi, Japanese Yen, Singapore Dollar and Canadian Dollar.
- The Group maintains a policy of hedging its foreign exchange exposures.

**End of Presentation  
Thank You**

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