



FOR IMMEDIATE RELEASE

NOL Group reports US\$254 million first quarter net loss

SINGAPORE, 9 MAY, 2012 – NOL Group, the Singapore-based container shipping and logistics company, today reported a first quarter 2012 net loss of US\$254 million compared to a net loss of US\$10 million in the same period last year. NOL said high fuel costs and low freight rates in container shipping affected first quarter 2012 performance.

NOL said that in the first quarter of 2012 it achieved about US\$100 million of cost savings under its ongoing programme and it is on track to achieve US\$500 million worth of savings for 2012. The savings were primarily through reduced fuel consumption and improved operational costs.

NOL is also undertaking an organisational restructuring that will result in an additional annual savings of about US\$70 million from 2013 onwards. The company said that its organisation structure around the world will be streamlined to shorten decision cycles and respond better to market changes and evolving customer needs.

NOL's supply chain management business, APL Logistics, reported a 7% increase in first quarter revenue. Core EBIT (Earnings Before Interest and Taxes) in the logistics business was US\$13 million.

"There were positive signs in the first quarter – the freight rate increases in March and growth in the Logistics business," said NOL Group CEO Ng Yat Chung. "But we must continue to aggressively manage our operating costs, and streamline our organisation for greater efficiency."



	1Q12	1Q11	Change %
Revenue (US\$m)	2,378	2,443	(3)
Core EBIT (US\$m)	(233)	13	nm
Net loss (US\$m)	(254)	(10)	2,520

BUSINESS SEGMENTS

APL, NOL's liner shipping business, reported first quarter 2012 revenue of US\$2 billion, down 4% from a year ago. Revenue per FEU (forty-foot equivalent unit) declined 7%, due mostly to lower rates. Bunker fuel price increased from US\$523/metric ton in 1Q 2011 to US\$684/metric ton in 1Q2012. APL reduced fuel consumption by 75,000 metric tons even though overall cargo volume increased 4% in the first quarter. "Rates have been moving up since March, but not yet enough to offset the high cost of fuel," said APL President Kenneth Glenn. "Much more remains to be done to increase rates and manage down expenses."

APL Logistics reported first quarter 2012 revenue of US\$394 million. Contract Logistics revenue increased 15% due mostly to strong demand for rail and land-based services from automotive customers. APL Logistics' Core EBIT declined 38% from the first quarter of 2011 due to higher operating and technology costs related to growth initiatives. "We increased revenue and sustained profitability despite economic uncertainty in key markets," said APL Logistics President Jim McAdam. "Our emphasis remains on investing for profitable growth."

OUTLOOK

Recent General Rate Increases have resulted in improved freight rates since March. However, the global economic outlook remains uncertain and the container shipping industry continues to face high fuel costs and overcapacity. If conditions for rates and fuel costs do not improve, the Group's financial performance will remain weak.



1Q12 OPERATING PERFORMANCE

Liner Shipping

	1Q12	1Q11	Change %	4Q11	Change %
Revenue (US\$m)	2,010	2,103	(4)	2,042	(2)
Core EBIT (US\$m)	(246)	(8)	2,975	(297)	(17)
Average Revenue/FEU (US\$)	2,420	2,598	(7)	2,342	3
Volume ('000 FEU)	791	764	4	824	(4)
Bunker fuel/metric ton (US\$)	684	523	31	653	5

Logistics

	1Q12	1Q11	Change %	4Q11	Change %
Revenue (US\$m)	394	368	7	390	1
Core EBIT (US\$m)	13	21	(38)	20	(35)
Core EBIT Margin (%)	3.3	5.7		5.1	

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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