



NOL reports US\$148 million year-on-year improvement in 1Q Core EBIT

Group's 1Q 2013 performance improves 64%

SINGAPORE, 14 May 2013 – NOL Group today reported first quarter 2013 Core EBIT (Earnings Before Interest, Taxes and Non-Recurring Items) loss of US\$85 million, a 64% improvement or US\$148 million, in the key profitability measure from a year ago. NOL attributed the improvement to a continuing focus on operational efficiency and cost mitigation. It was the fourth consecutive quarter of year-on-year improvement posted by the Group on a Core EBIT level.

Including a non-recurring gain of US\$200 million from the completed sale of the NOL headquarter building in Singapore, the Group posted a first quarter 2013 net profit of US\$76 million.

“Our cost base has improved as we continue to build a more competitive NOL. We have improved operational performance considerably from one year ago, so we know we are on the right track,” said NOL Group CEO Ng Yat Chung. “But there is still more work to be done, especially when macro-economic conditions remain challenging, and the container shipping sector continues to face an oversupply situation.”

FINANCIAL PERFORMANCE

	1Q13	1Q12	Change (US\$m)	Change %
Revenue (US\$m)	2,371	2,378	(7)	-
Core EBIT (US\$m)	(85)	(233)	148	(64)
Net (loss) / profit (US\$m)	76	(254)	330	n.m.

BUSINESS SEGMENTS

APL, NOL's container shipping business, reported first quarter 2013 revenue of US\$1.97 billion. Overall market demand continued to be frail, exacerbated by seasonal weakness and persistent overcapacity in the container shipping industry. Despite the prevailing challenges, APL registered an improved performance, with its Core EBIT loss at US\$101 million, compared to a US\$246 million deficit the same quarter last year.

Transpacific trade remained APL's main driver this quarter, with a 4% year-on-year growth in volume backed by improving backhaul volumes. Intra-Asia trade stayed robust, while rate gains in the Asia-Europe trade were shortened by weak demand. APL's headhaul and backhaul utilisation were above 90% across major trade lanes.

"The delivery of our new and more fuel-efficient vessels has helped us reduce our vessel slot costs," said APL President Kenneth Glenn. "We continue to reap benefits from fuel, operational and other cost efficiencies. Profit prioritisation remains our target, as we keep our focus on optimising yield and adopting stricter capacity management as necessary."

NOL's supply chain management business, APL Logistics, continued its steady revenue and earnings growth. It reported first quarter 2013 revenue of US\$427 million, up 8% from a year ago. Its Core EBIT improved 27% year-on-year to US\$16 million. The strong performance put in by APL Logistics was boosted by business wins in its automotive, consumer and retail segments. With an expanding customer base, APL Logistics experienced broad-based growth in all business regions, bolstered by a 21% increase in the fast-growing Asia/Middle East sector.

"We are on track in our pursuit of profitable revenue growth in the attractive logistics space," said APL Logistics President Jim McAdam. "The recent acquisitions in Asia and North America are integrating well into our service offerings and we continue to explore opportunities for further growth."

OUTLOOK

The Group's cost base will continue to improve as it takes delivery of newer and more efficient ships while extracting further operational efficiencies. However, the container shipping industry remains saddled with overcapacity. The Group will continue its focus on cost efficiency, yield and capacity management. Barring unforeseen circumstances and if freight rates do not deteriorate, the Group remains on track to deliver a better performance than in 2012.

1Q13 OPERATING PERFORMANCE

Liner Shipping

		1Q13	1Q12	Change %	4Q12	Change %
Revenue (US\$m)		1,967	2,010	(2)	2,089	(6)
Core EBIT (US\$m)		(101)	(246)	(59)	(95)	6
Average Revenue/FEU (US\$)		2,376	2,420	(2)	2,419	(2)
Volume ('000 FEU)		772	791	(2)	802	(4)

Logistics

		1Q13	1Q12	Change %	4Q12	Change %
Revenue (US\$m)		427	394	8	435	(2)
Core EBIT (US\$m)		16	13	27	26	(38)
Core EBIT Margin (%)		3.7	3.3		6.0	

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, as well as 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