



FOR IMMEDIATE RELEASE

NOL posts 1Q 2016 net loss of US\$105 million amidst deteriorating freight rates environment

CMA CGM's proposed cash acquisition of NOL received approval from European Commission

Singapore, 6 May 2016 - NOL Group today reported a 1Q 2016 net loss after tax of US\$105 million. 1Q 2016 Core EBIT (Earnings before Interest, Taxes and Non-Recurring Items) was a loss of US\$84 million. Core EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) remained positive at US\$18 million in the first quarter of 2016.

“Worsening overcapacity of shipping tonnage in 2015 hit the industry well into first quarter 2016. Freight rates which declined across major trade lanes to historic low are expected to remain weak in the face of slower demand growth,” said NOL Group President and CEO Ng Yat Chung. “The difficult market condition is prompting consolidation and changes in alliances in the industry. While APL continues to make progress in taking out costs and improving yield, the proposed acquisition of APL by CMA CGM will help APL achieve scale to stay competitive in the industry.”

Against a backdrop of weak global demand and excess capacity in the industry, APL’s first quarter year-on-year volume fell 6% due mainly to weak backhaul volume, while average freight rates fell 23% during the same period. As a result, APL’s 1Q 2016 revenue contracted 29% from the year before to US\$1.14 billion.

In this challenging environment, APL maintained prudent management of its deployed capacity, keeping its headhaul asset utilisation rate above 90%. APL also stayed focused on its rigorous cost management and yield-focused trade strategy that emphasised network rationalisation and better cargo selection.

In the first quarter of 2016, APL achieved cost savings of US\$60 million. Coupled with savings through a lower bunker price, APL's total cost of sales per forty-foot-equivalent unit (FEU) reduced by 16% year-on-year.

Updates on Proposed acquisition of NOL by CMA CGM

On 29 April 2016, CMA CGM announced that it has received anti-trust regulatory clearance from the European Commission for its pre-conditional Voluntary General Offer ("VGO") for NOL. The remaining pre-conditions relating to anti-trust regulatory clearances are expected to be satisfied by mid-2016.

NOL GROUP FINANCIAL PERFORMANCE

	1Q16	1Q15 ¹	Change % Better/(Worse)
Revenue (US\$m)	1,138	1,985	(43)
Core EBITDA (US\$m)	18	133	(86)
Core EBIT (before non-recurring items) (US\$m)	(84)	30	n.m.
Net loss (US\$m)	(105)	(11)	(875)

¹ – 1Q15 included APL Logistics' contribution. Divestment of APL Logistics was completed on 29 May 2015. APL Logistics was no longer included in Group's financials from 3Q15 and onwards.

n.m. - not meaningful

LINER OPERATING PERFORMANCE

	1Q16	1Q15	Change % Better/ (Worse)
Revenue (US\$m)	1,138	1,601	(29)
Core EBITDA (US\$m)	18	115	(84)
Core EBIT (US\$m)	(84)	13	n.m.
Average Revenue/FEU (US\$)	1,594	2,063	(23)
Volume ('000 FEUs)	624	667	(6)

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