

1Q 2016 Performance Review

6 May 2016



Forward Looking Statements and Others

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.

Reports

The unaudited consolidated financial information of the NOL Group for the first quarter ended 1 April 2016 have been reported on in accordance with the Singapore Code on Take-overs and Mergers.

Directors' Responsibility Statement

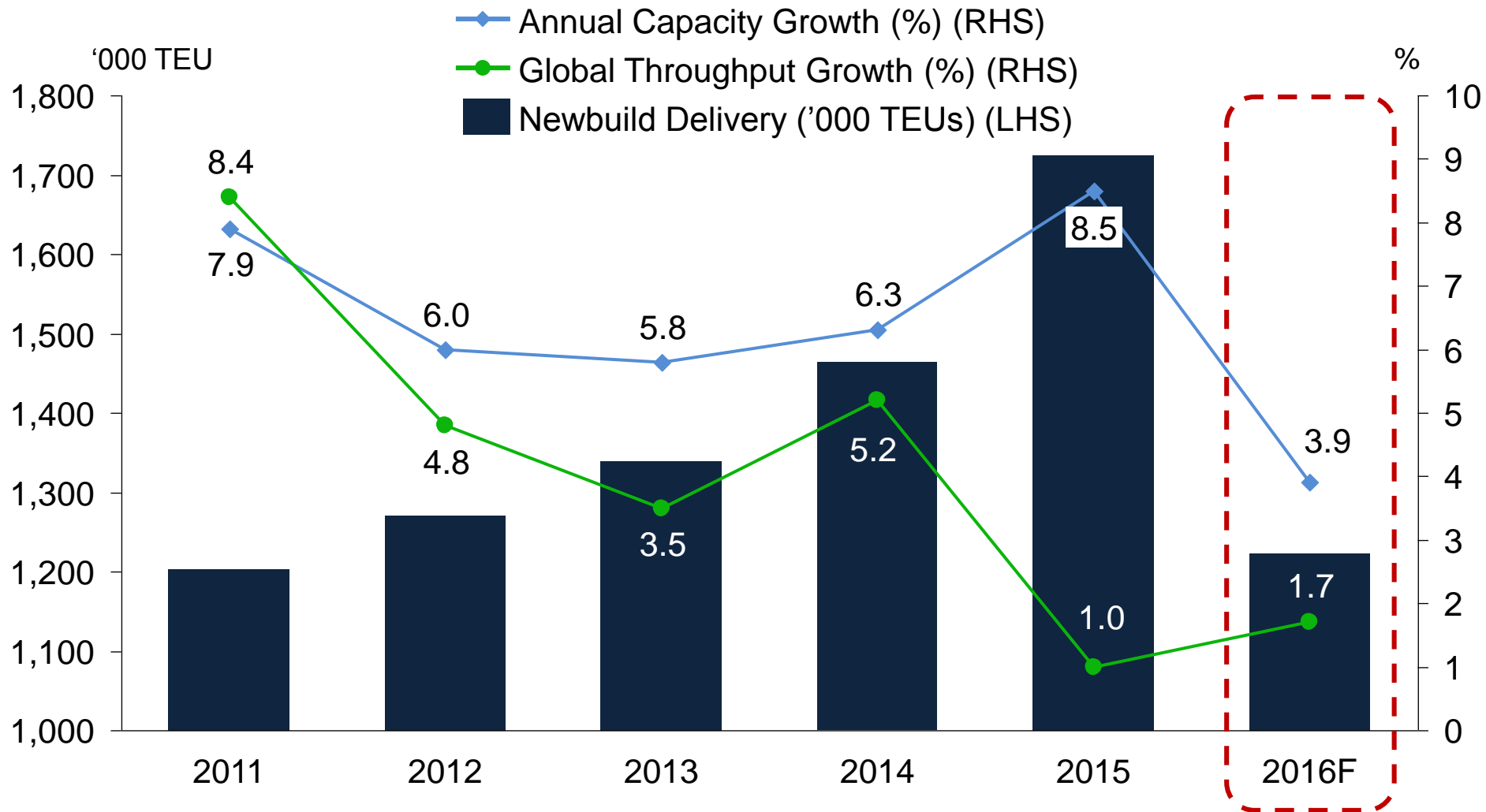
The directors of NOL (including any director who may have delegated detailed supervision of this document) have taken all reasonable care to ensure that the facts stated and opinions expressed in this document (other than those relating to CMA CGM) are fair and accurate and that there are no other material facts not contained in this document, the omission of which would make any statement in this document misleading. The directors of NOL jointly and severally accept responsibility accordingly.

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1Q 2016 Performance Highlights

- Net loss after tax of US\$105m
- Core EBIT loss of US\$84m
- Cost savings of US\$60m
- Liner Revenue declined 29% YoY on 23% lower Rev/FEU and 6% less volume, offset by 16% better cost of sales per FEU

Severe overcapacity continued to affect the market in 2016



Note:

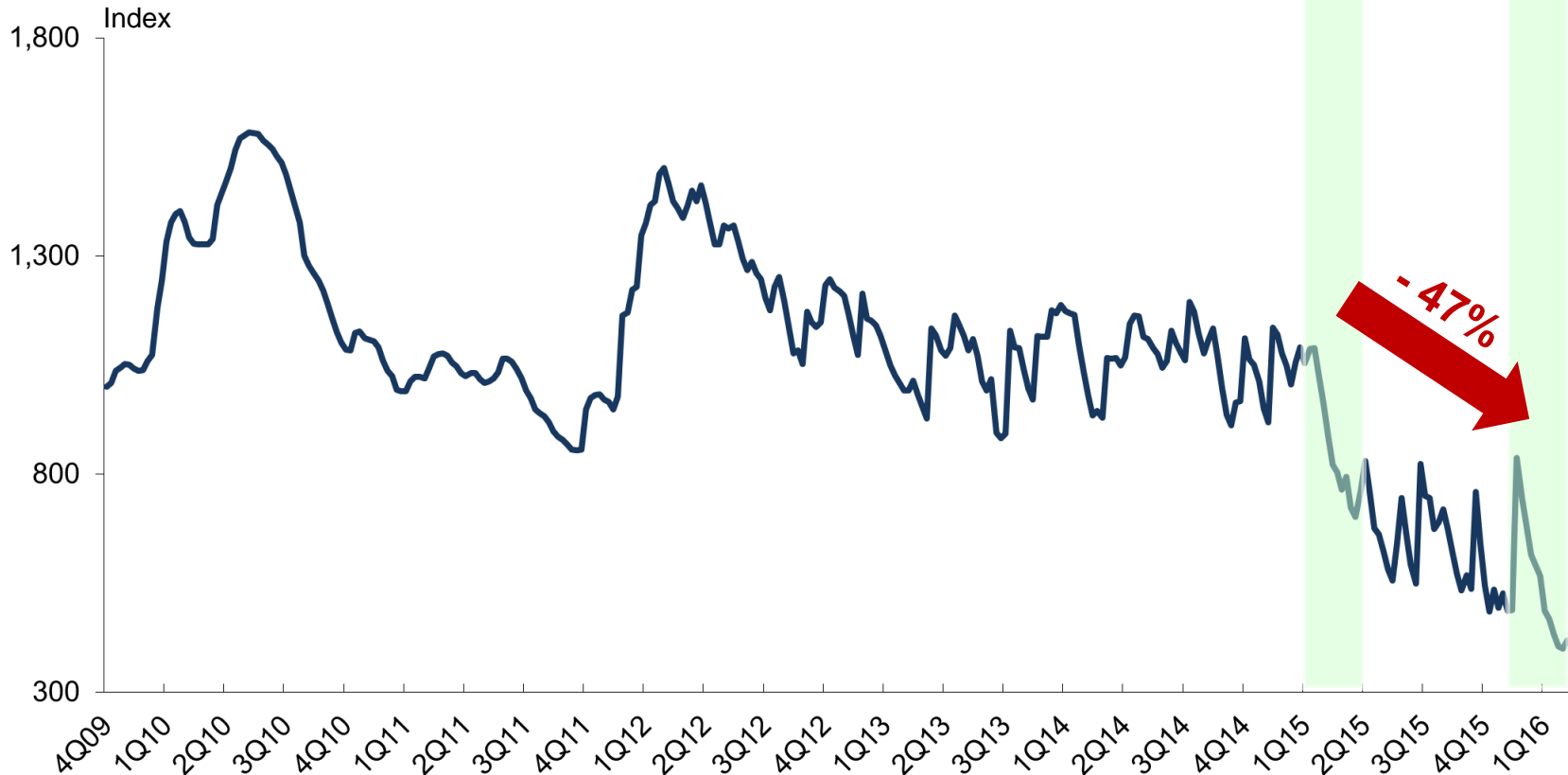
1. Source: Alphaliner April 2016 Monthly Monitor



1Q 2016 spot freight rates dropped to historic lows

Shanghai Containerised Freight Index
(Composite index of 15 individual shipping routes)

Quarter Average
1Q15: 989
1Q16: 528



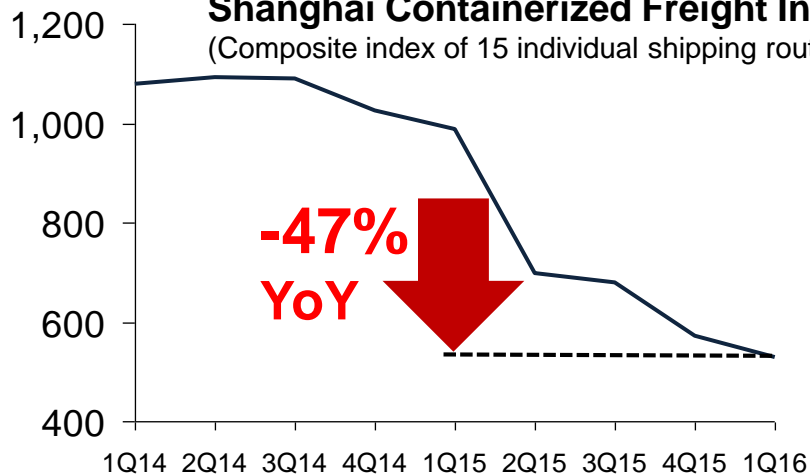
Note:

1. Source: Clarksons Shipping Intelligence

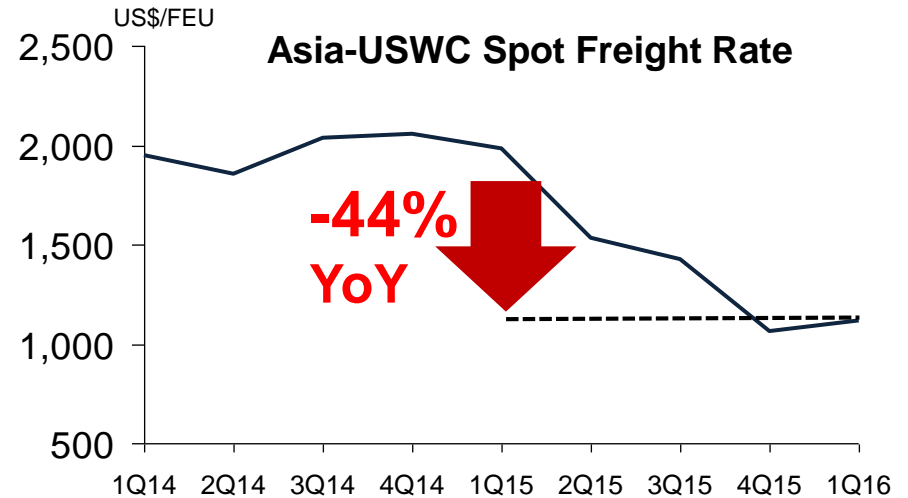


Steep decline in freight rates registered across major trade lanes in 1Q 2016

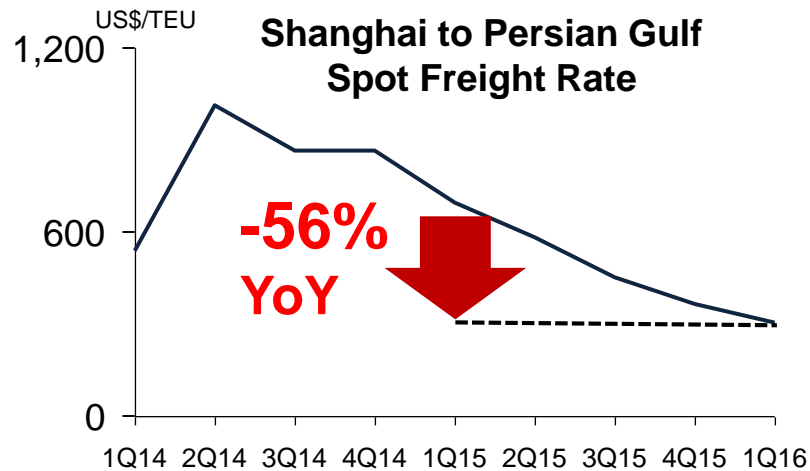
Shanghai Containerized Freight Index
(Composite index of 15 individual shipping routes)



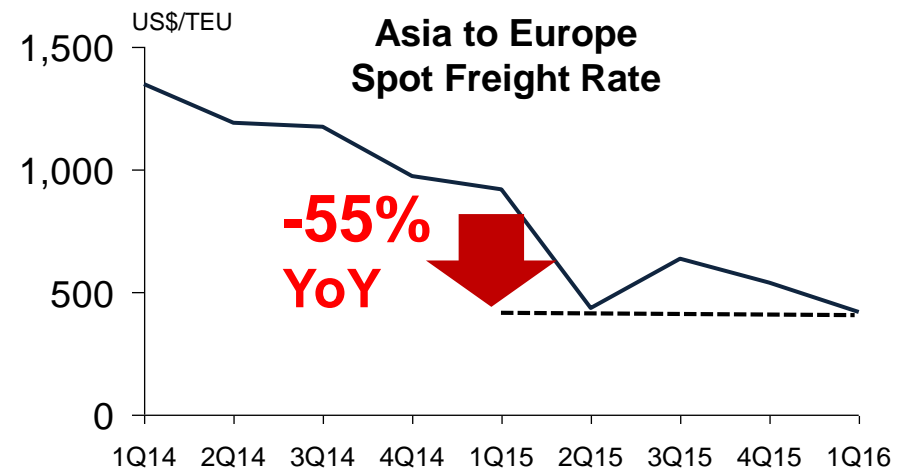
Asia-USWC Spot Freight Rate



Shanghai to Persian Gulf Spot Freight Rate



Asia to Europe Spot Freight Rate

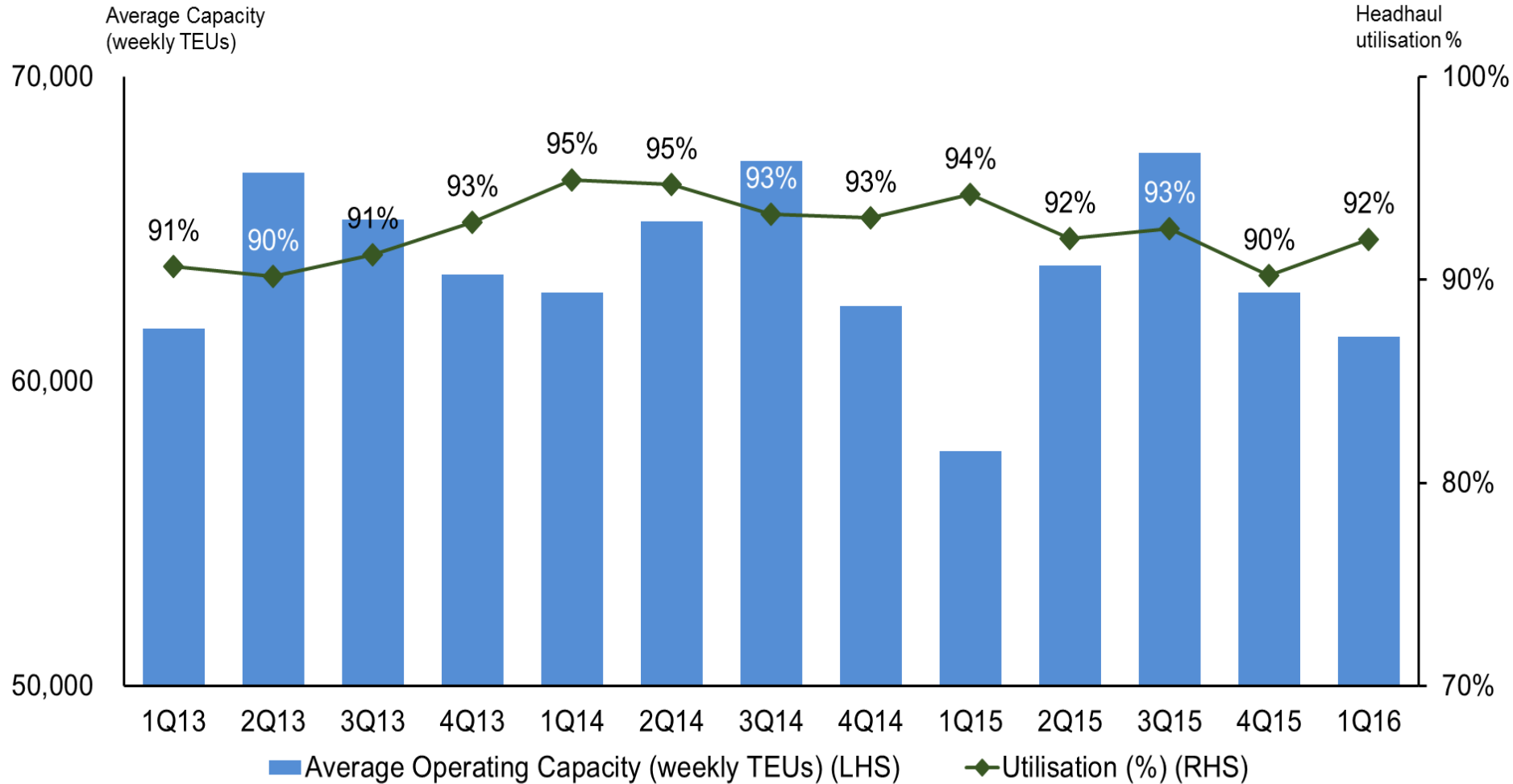


Notes:

1. Source: Clarkson Shipping Intelligence
2. Percentage figures quoted above are computed on a year-on-year basis in 1Q16.



In this weak market, Liner continued to manage capacity and maintain high asset utilization rate

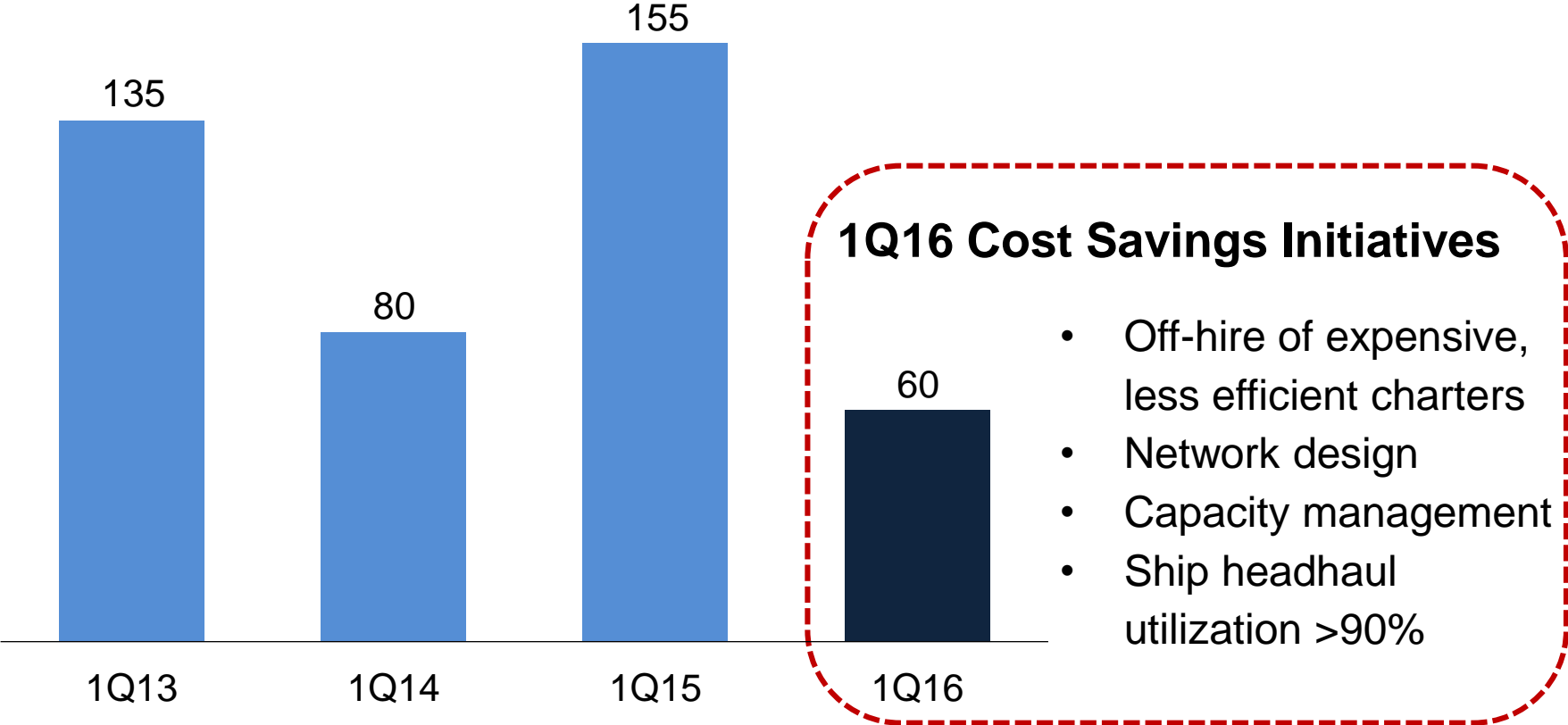


Notes: Figures are based on the headhaul leg of main linehaul services.
The capacity figures excluded "winter program" and void sailings.

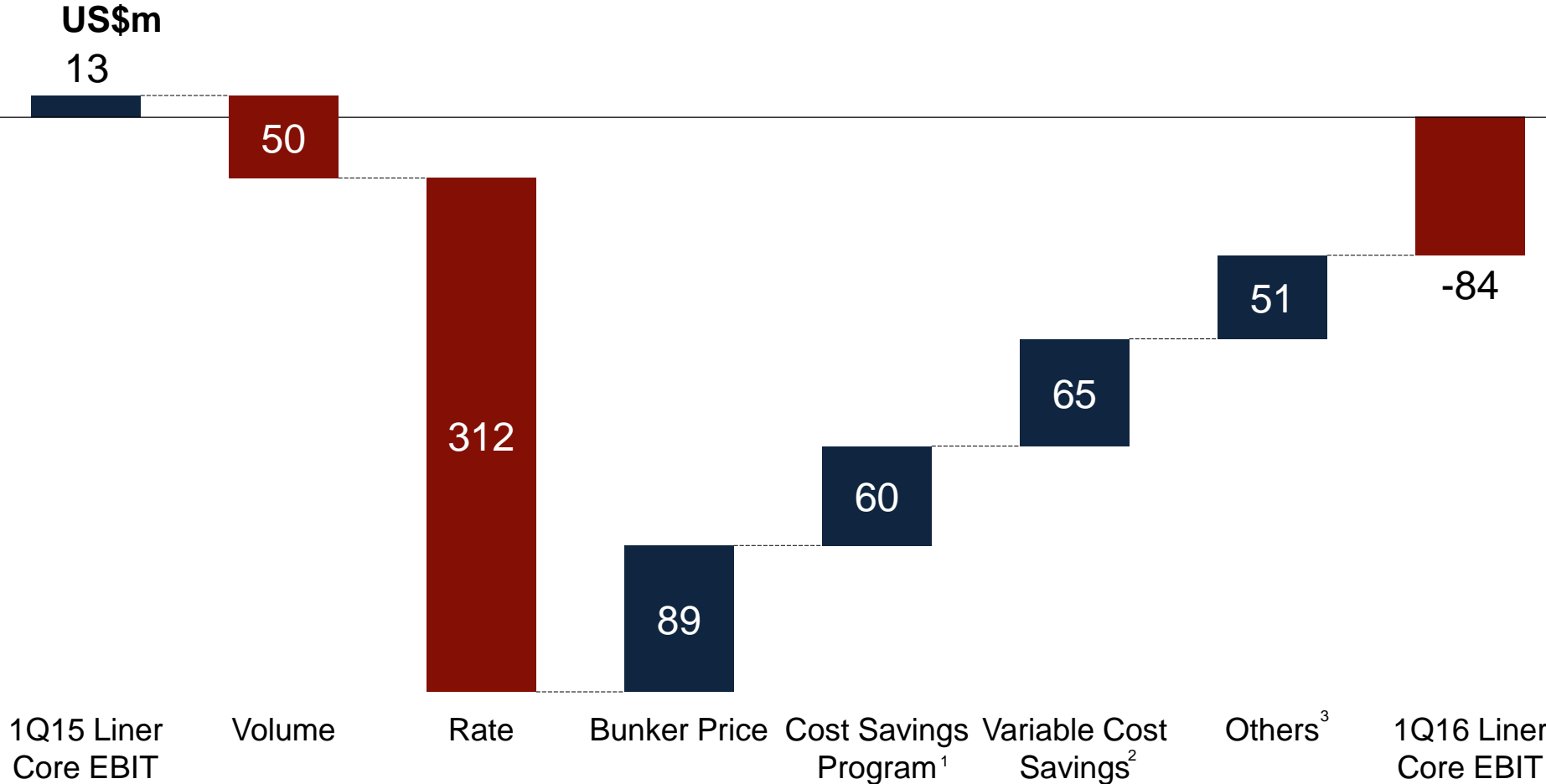


Leaner cost base sustained with better fleet and more cost competitive products

Group Cost Savings
(US\$m)



Unfortunately, contraction in volume and rates eroded Liner's cost savings and yield improvements in 1Q 2016



Notes:

- 1. US\$60m cost savings was achieved in 1Q16, of which US\$10m was attributed to network optimization, US\$35m from charter expiries and remaining US\$15m from fixed terminal and equipment.
- 2. Improved variable costs per FEU from targeted cargo selection, yield management and on-time fleet performance, e.g. less inland transportation expenses, cargo handling and port expenses incurred.
- 3. Others comprised mainly one-time cost reductions.



Group Commentary

Industry overcapacity worsened in the second half of 2015. Freight rates across major trade lanes continued declining to hit historic lows in 1Q 2016. Freight rates are expected to remain under pressure. The Group will continue its focus on cost and operational efficiencies, as well as yield and network capacity management.

**End of Presentation
Thank You**

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Appendix



Key Financial Highlights

US\$m	1Q16	1Q15 ¹	% ▲ Better/ (Worse)
Revenue	1,138	1,985	(43)
Core EBITDA	18	133	(86)
Core EBIT (before non-recurring items)	(84)	30	n.m.
Non-recurring items	2	(2)	n.m.
EBIT	(82)	28	n.m.
Net loss to owners of the company	(105)	(11)	(875)

Notes:

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.
2. n.m. – not meaningful

Group Balance Sheet Highlights

US\$m	1 Apr 16	25 Dec 15
Total Assets	6,675	6,909
Total Liabilities	4,256	4,416
Total Equity	2,419	2,493
Total Debt	2,982	2,894
Total Cash	174	232
Net Debt	2,808	2,662
Gearing (Gross)	1.23 x	1.16 x
Gearing (Net)	1.16 x	1.07 x
NAV per share (US\$)	0.92	0.95
(S\$)	1.24	1.33

Group Cash Flow Highlights

US\$m

1Q16

1Q15

Cash & Cash Equivalents – Beginning @ Q1

232

1,226

Cash Inflow/(Outflow)

Operating Activities

(56)

123

Investing/Capex Activities

(27)

(48)

Financing Activities

25

(605)

Cash & Cash Equivalents – Closing @ Q1

174

696

Group Capital Expenditure

US\$m

1Q16

1Q15

1. Vessels

1

2

2. Equipment / Facilities

2

10

3. Drydock

12

4

4. IT

8

16

5. Others

0

1

Total

23

33

Liner Results Summary

US\$m	1Q16	1Q15	% ▲ Better/ (Worse)
Revenue	1,138	1,601	(29)
Cost of Sales	(1,133)	(1,445)	(22)
Core EBITDA	18	115	(84)
Core EBIT	(84)	13	n.m.
EBIT	(82)	11	n.m.
Core EBIT margin (%)	(7.4)	0.8	
Volumes ('000 FEUs)	624	667	(6)
Average Rev/FEU (US\$)	1,594	2,063	(23)
Cost of Sales/FEU (US\$)	1,816	2,166	(16)

Liner Operational Update

Volume ('000 FEUs)	1Q16	1Q15	% ▲
Transpacific	173	180	(4)
Intra-Asia	299	317	(6)
Asia-Europe	103	112	(8)
Latin America	38	44	(14)
Transatlantic	11	14	(21)
Total	624	667	(6)

Average Revenue/FEU (US\$)	1Q16	1Q15	% ▲
Transpacific	2,629	3,153	(17)
Intra-Asia	952	1,262	(25)
Asia-Europe	1,333	2,111	(37)
Latin America	2,417	3,052	(21)
Transatlantic	2,320	2,717	(15)
Total	1,594	2,063	(23)

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