

3Q 2011 Performance Review

31 October 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. 3Q 2011 Financial Highlights



By Ng Yat Chung
Group President & CEO



YTD11 & 3Q 2011 Key Highlights

Key Highlights

- **YTD11 Financial Highlights**

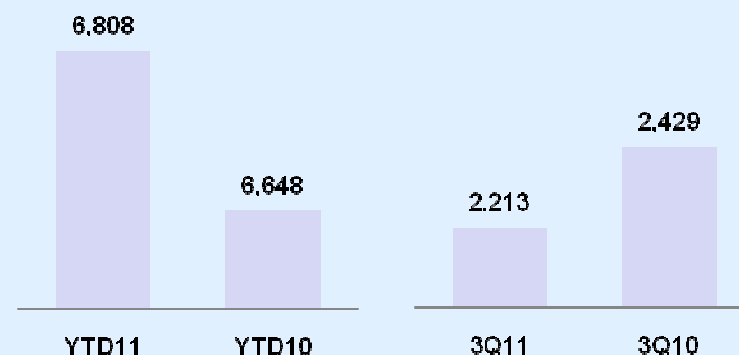
- Revenue of US\$6.8 billion, a year-on-year increase of 2%
- Core EBIT Loss of US\$100 million
- Net loss of US\$158 million

- **3Q11 Financial Highlights**

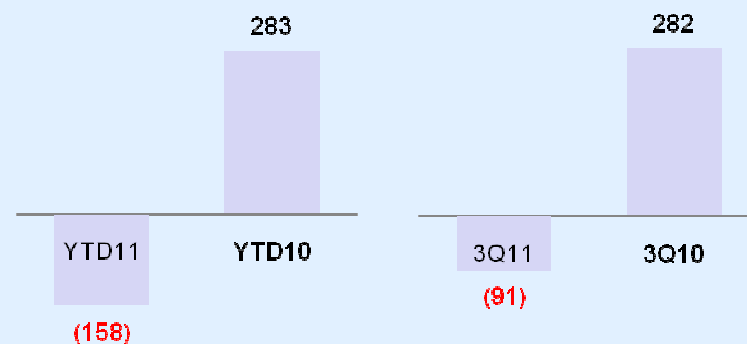
- Revenue of US\$2.2 billion, a year-on-year decrease of 9%
- Core EBIT loss of US\$72 million
- Net loss of US\$91 million

Group Financials

Revenue (US\$m)



Net (loss)/profit (US\$m)

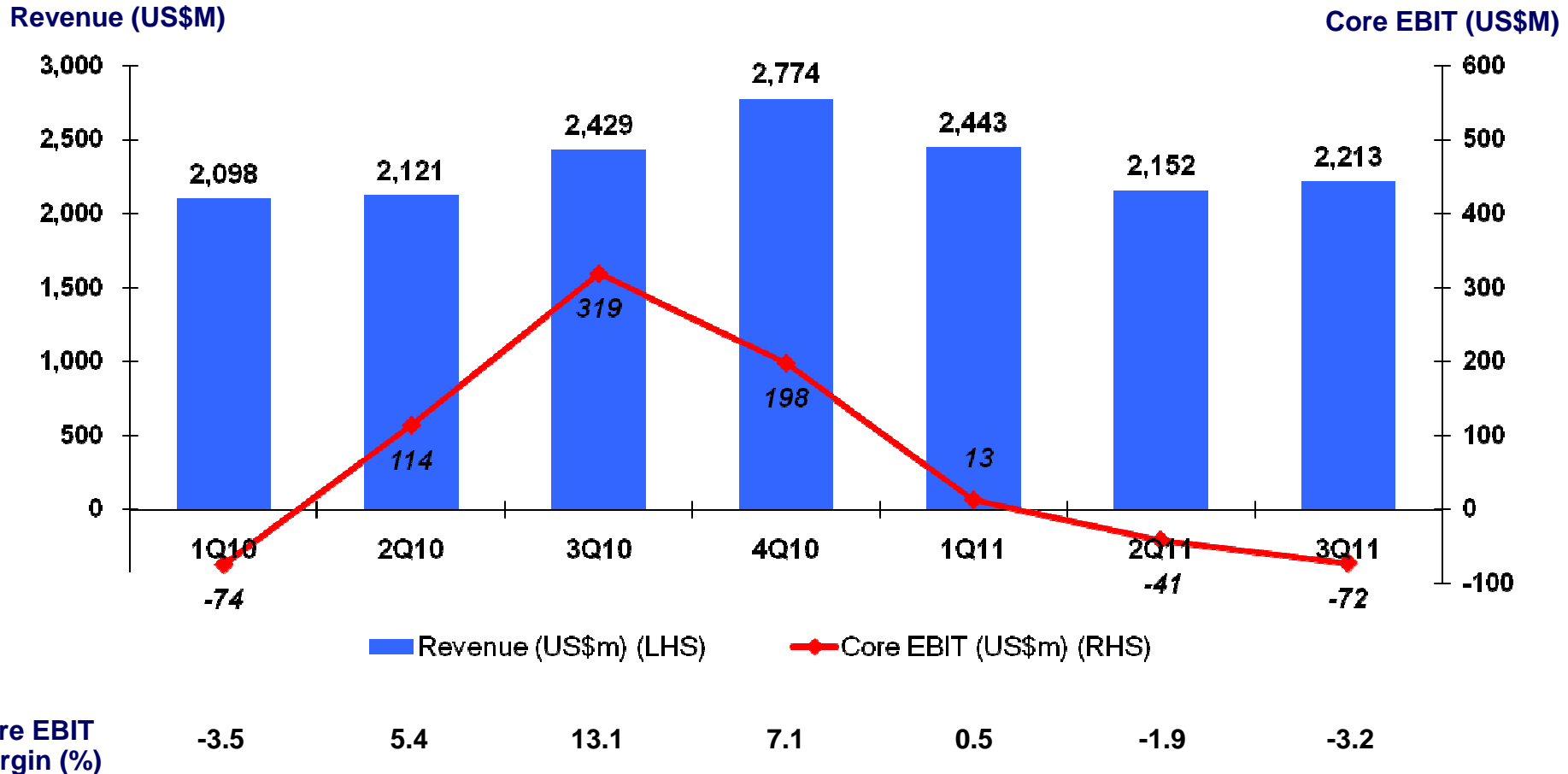


Group Financial Highlights

US\$m	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Revenue	6,808	6,648	2	2,213	2,429	(9)
Core EBIT	(100)	359	nm	(72)	319	nm
• Non-recurring items	(1)	-	nm	-	-	-
EBIT	(101)	359	nm	(72)	319	nm
Net (loss) / profit	(158)	283	nm	(91)	282	nm
Basic EPS (US cents)	(6.12)	11.00	nm	(3.53)	10.95	nm

Group Revenue, Core EBIT and Core EBIT Margin Trend

Continued challenging rate environment and higher fuel prices resulted in lower earnings.

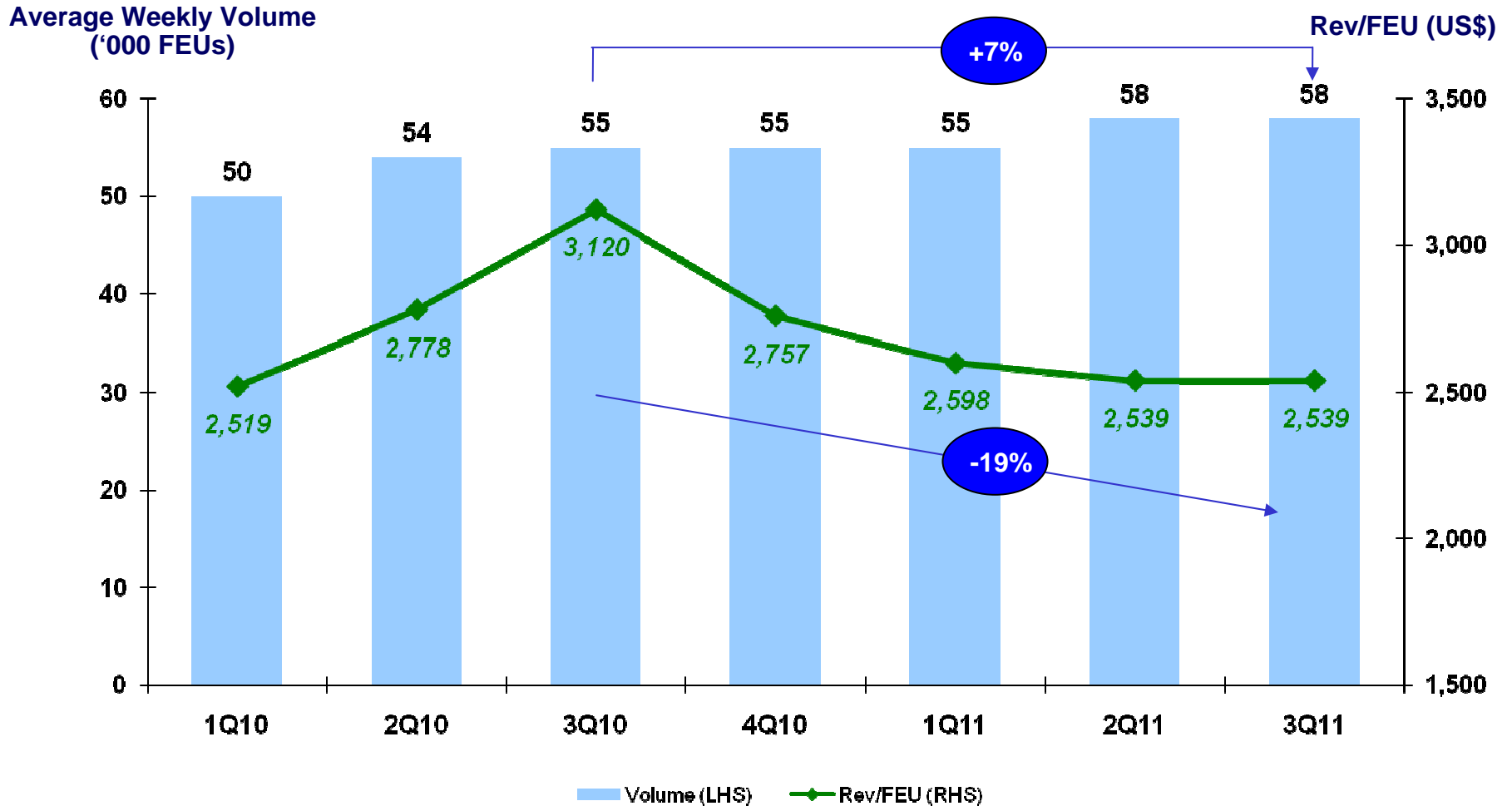


Note: 1Q and 4Q figures consist of 14 weeks. 2Q and 3Q consists of 12 weeks.



Volume and Rev/FEU Trend

Higher volumes were offset by lower rates.



3Q 2011 Summary

- **The peak season did not take hold as container freight rates continue to be under pressure due to industry oversupply.**
- **Despite volume growth in 3Q11, weak freight rate environment and higher fuel prices resulted in 3Q11 loss for the Group.**
- **Logistics revenue continued to improve and contribute positive earnings to the Group.**
- **Management will continue to drive down costs and increasing efficiencies in light of deteriorating economic conditions and container shipping dynamics.**



2. 3Q 2011 Financial Performance



By Cedric Foo
Group Deputy President &
CFO



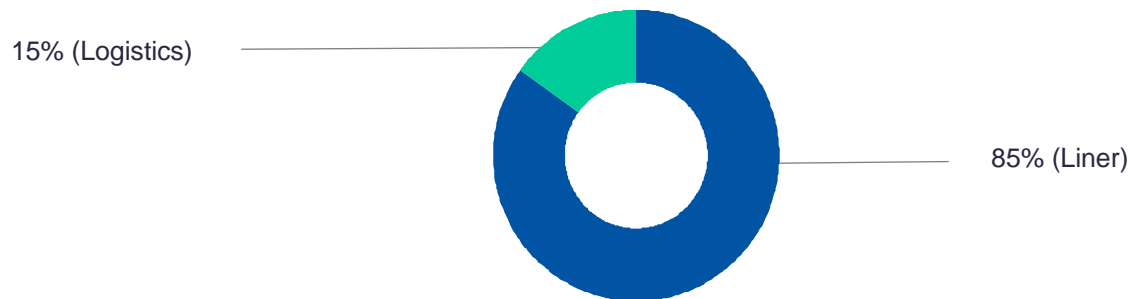
Group Financial Highlights

US\$m	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Revenue	6,808	6,648	2	2,213	2,429	(9)
Core EBITDA	111	567	(80)	(5)	385	nm
• Depreciation & Amortisation	(211)	(208)	2	(67)	(66)	2
Core EBIT	(100)	359	nm	(72)	319	nm
• Non-recurring items	(1)	-	nm	-	-	-
EBIT	(101)	359	nm	(72)	319	nm
• Gross Interest Expense	(24)	(25)	(2)	(8)	(8)	-
• Tax	(33)	(51)	(36)	(11)	(29)	(61)
Net (loss) / profit to equity holders	(158)	283	nm	(91)	282	nm

Note: Totals may not sum up due to rounding

Group Revenue Breakdown

US\$m	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Liner	5,868	5,857	-	1,904	2,157	(12)
Logistics	1,015	880	15	333	302	10
Elimination	(75)	(89)	(16)	(24)	(30)	(20)
Total Revenue	6,808	6,648	2	2,213	2,429	(9)



YTD11 Revenue by business segment is stated before inter-segment elimination.

Group Core EBIT Breakdown

US\$m	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Liner	(149)	314	nm	(88)	301	nm
Logistics	49	45	9	16	18	(11)
Total Core EBIT	(100)	359	nm	(72)	319	nm

Non-Recurring Items

US\$m	YTD11	YTD10	3Q11	3Q10
1. Gain from asset disposals	2	2	1	1
2. Others	(3)	(2)	(1)	(1)
Total	(1)	-	-	-

Balance Sheet Highlights

US\$m	23 Sep '11	31 Dec '10
Total Assets	6,991	6,451
Total Liabilities	4,004	3,185
Total Equity	2,987	3,266
Total Debt	2,034	1,359
Total Cash	365	977
Net Debt	1,669	382
Gearing (Gross)	0.68 x	0.42 x
Gearing (Net)	0.56 x	0.12 x
NAV per share (US\$)	1.14	1.25
(S\$)	1.46	1.61

Cash Flow Highlights

US\$m	YTD11	YTD10
Cash & Cash Equivalents - Beginning	977	333
<i>Cash (Outflow)/Inflow</i>		
Operating Activities	22	306
Investing/Capex Activities	(1,222)	(377)
Financing Activities	588	409
Cash & Cash Equivalents – Closing	365	671

Capital Expenditure

US\$m	YTD11 Actual	FY10 Actual
1. Vessels	992	336
2. Equipment / Facilities	112	37
3. Drydock	42	40
4. IT	42	52
5. Others	4	8
Total	1,192	473

3Q 2011 Financial Performance Summary

- **3Q loss amidst soft economic conditions.**
- **Conservative balance sheet and committed credit lines to help weather challenging container shipping environment.**
- **Vessel commitments fully financed.**

3. Liner



By Kenneth Glenn
President, APL



Liner 3Q 2011 Highlights

- Liner achieved 3Q 2011 revenue of US\$1.9 billion, a year-on-year (YoY) decrease of 12% due to lower freight rates across major trade lanes, partially offset by higher volumes.
 - Volume rose by 7% YoY mainly due to volume increase in the Asia/Middle East and Asia-Europe trade.
 - Average revenue per FEU declined by 19% YoY to US\$2,539 mainly due to lower rates across the major trade lanes, particularly in the Asia-Europe and Asia/Middle East trade.
 - Achieved utilisation rate of 94%.
- Liner recorded a Core EBIT loss of US\$88 million for 3Q 2011 mainly due to lower rates and higher bunker price, which increased by 45% YoY in 3Q 2011.

Liner Profit & Loss Summary

US\$m	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Revenue	5,868	5,857	-	1,904	2,157	(12)
Core EBITDA	55	514	(89)	(23)	364	nm
• Depreciation & Amortisation	(204)	(200)	2	(65)	(63)	3
Core EBIT	(149)	314	nm	(88)	301	nm
• Non-recurring items	-	1	(100)	-	-	-
EBIT	(149)	315	nm	(88)	301	nm
Core EBIT Margin (%)	(2.5)	5.4	nm	(4.6)	14.0	nm

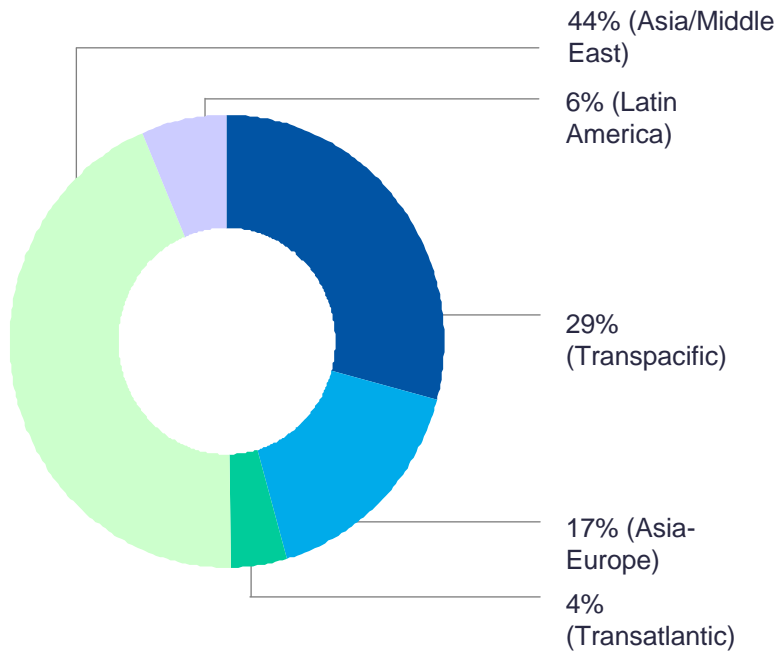
Liner Volume Growth

'000 FEUs	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Americas	758	801	(5)	247	270	(9)
Transpacific	623	663	(6)	203	226	(10)
Latin America	135	138	(2)	44	44	-
Europe	461	413	12	146	140	4
Asia-Europe	360	317	14	116	109	6
Transatlantic	101	96	5	30	31	(3)
Asia/Middle East	936	788	19	306	245	25
Total	2,155	2,002	8	699	655	7

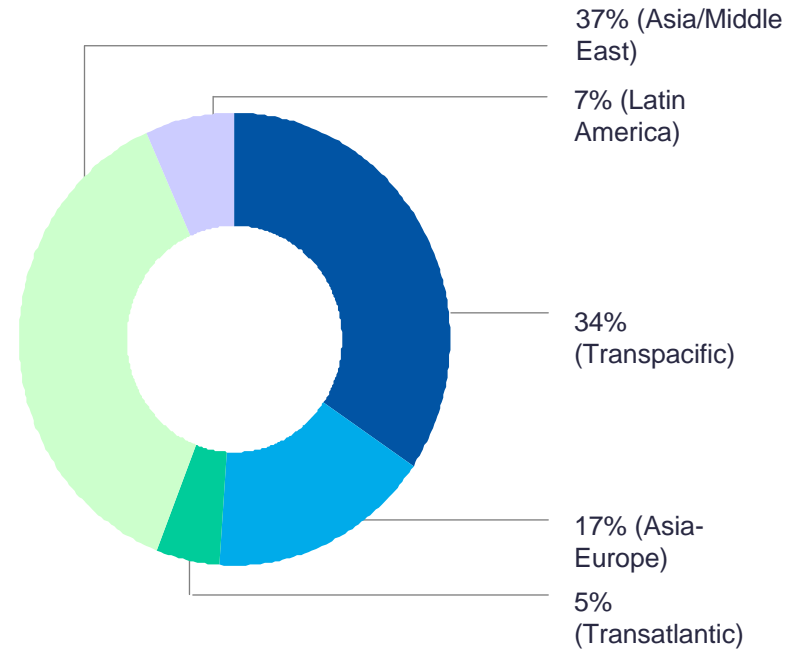
Note: Based on point of sailing and inclusive of headhaul and backhaul trade.

Liner : Volume Mix

- Greater concentration in Asia/Middle East is due to greater demand for our services in the Intra-Asia trade.



3Q11 Volume breakdown



3Q10 Volume breakdown

Liner Average Revenue/FEU

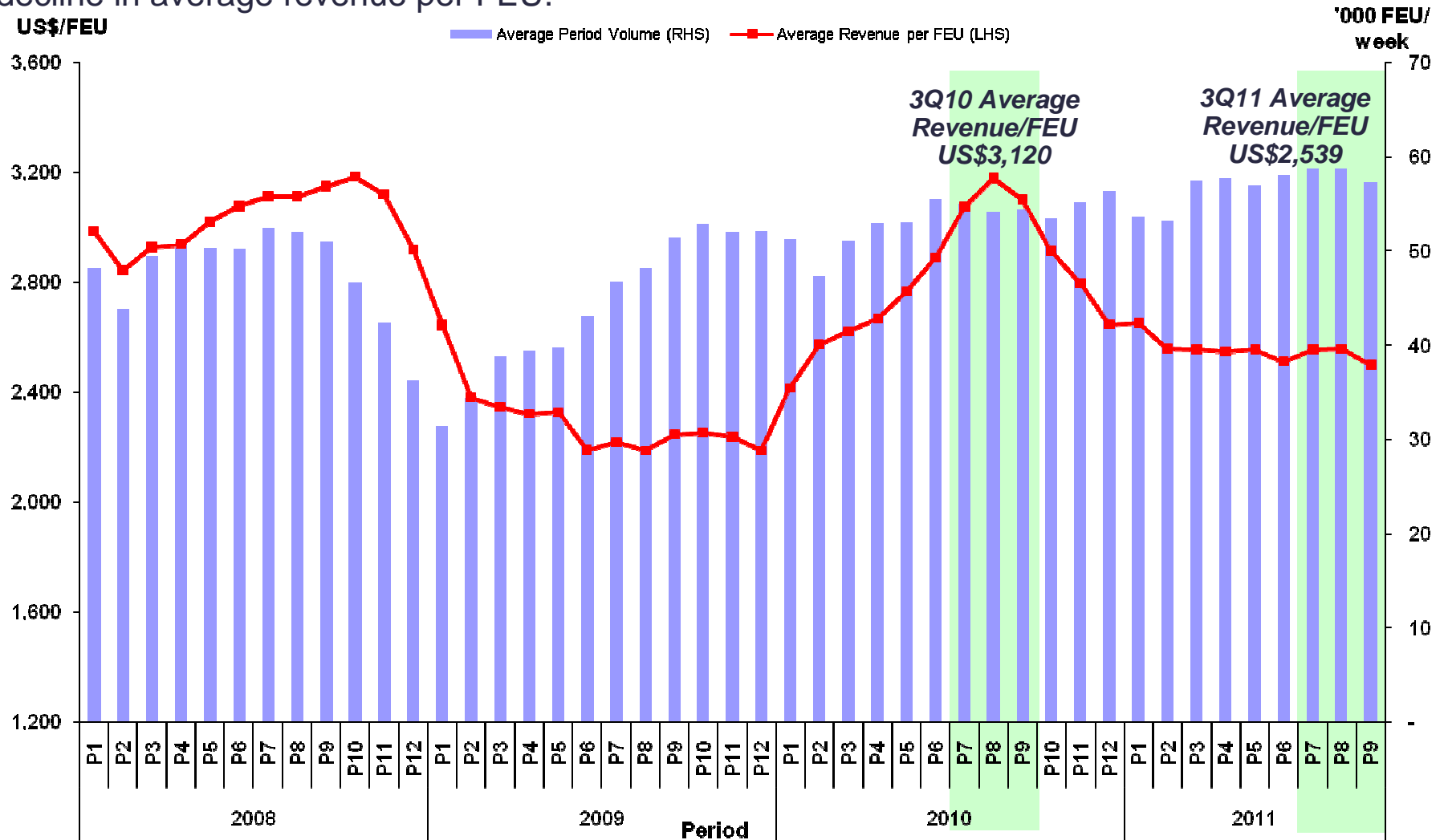
US\$/FEU	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Americas	3,824	3,722	3	3,841	4,092	(6)
Europe	2,652	3,184	(17)	2,552	3,398	(25)
Asia/Middle East	1,491	1,659	(10)	1,478	1,890	(22)
Total	2,560	2,799	(9)	2,539	3,120	(19)

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



Volume and Average Revenue/FEU Trend

Continued pressure on freight rates and short period of peak season surcharges resulted in decline in average revenue per FEU.



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

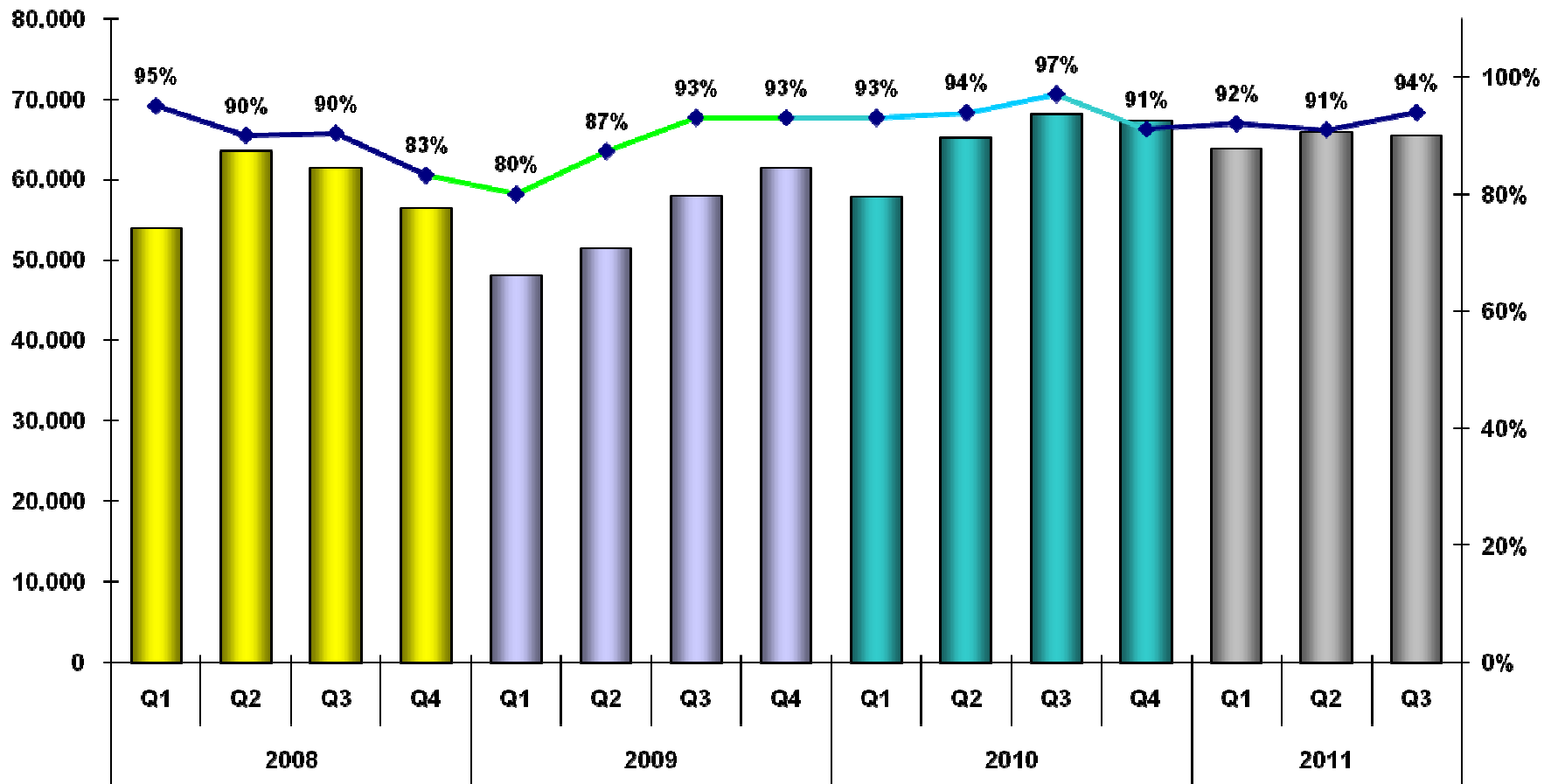


Container Shipping Network Capacity & Utilisation

Maintained >90% utilisation rate. Network capacity continues to be managed to optimise utilisation.

Average Capacity (weekly TEUs)

Utilisation %



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



Liner : Americas

	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Total Volumes ('000 FEUs)	758	801	(5)	247	270	(9)
• Transpacific	623	663	(6)	203	226	(10)
• Latin America	135	138	(2)	44	44	-

Average Revenue (US\$/FEU)	3,824	3,722	3	3,841	4,092	(6)
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- **Transpacific** : Year-on-year volume decline tracked slower economic activity in US. Average revenue per FEU declined 6% YoY mainly due to contracted rates set in this year's May/June Transpacific contract negotiations and limited peak season surcharge.
- **Latin America** : Latin America trade volumes were flat year-on-year.

Liner : Europe

	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Total Volumes ('000 FEUs)	461	413	12	146	140	4
• Asia-Europe	360	317	14	116	109	6
• Transatlantic	101	96	5	30	31	(3)

Average Revenue (US\$/FEU)	2,652	3,184	(17)	2,552	3,398	(25)
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- **Asia-Europe** : Continued growth in Asia-Europe trade and demand for our services resulted in higher volumes. Continued supply pressures resulted in lower rates.
- **Transatlantic** : Transatlantic trade volumes slightly lower due to slower economic activity in US.

Liner : Asia/Middle East

	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Total Volumes ('000 FEUs)	936	788	19	306	245	25
Average Revenue (US\$/FEU)	1,491	1,659	(10)	1,478	1,890	(22)

- **Asia/Middle East:** Increase in Asia/Middle East volumes due to continued growth in the Intra-Asia Short-sea trade and on the Long-haul trade.

Average Rev/FEU declined mainly due to greater volume mix in Intra-Asia Short-sea trade and lower rates in the Long-haul trade.

Liner Trade Imbalance

Transpacific trade imbalance improved mainly due to lower Eastbound trade volume.

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

Trade	2009	2010	YTD10	YTD11
• Transpacific	7	6	6	7
• Asia-Europe	8	8	8	8
• Transatlantic	10	10	10	9

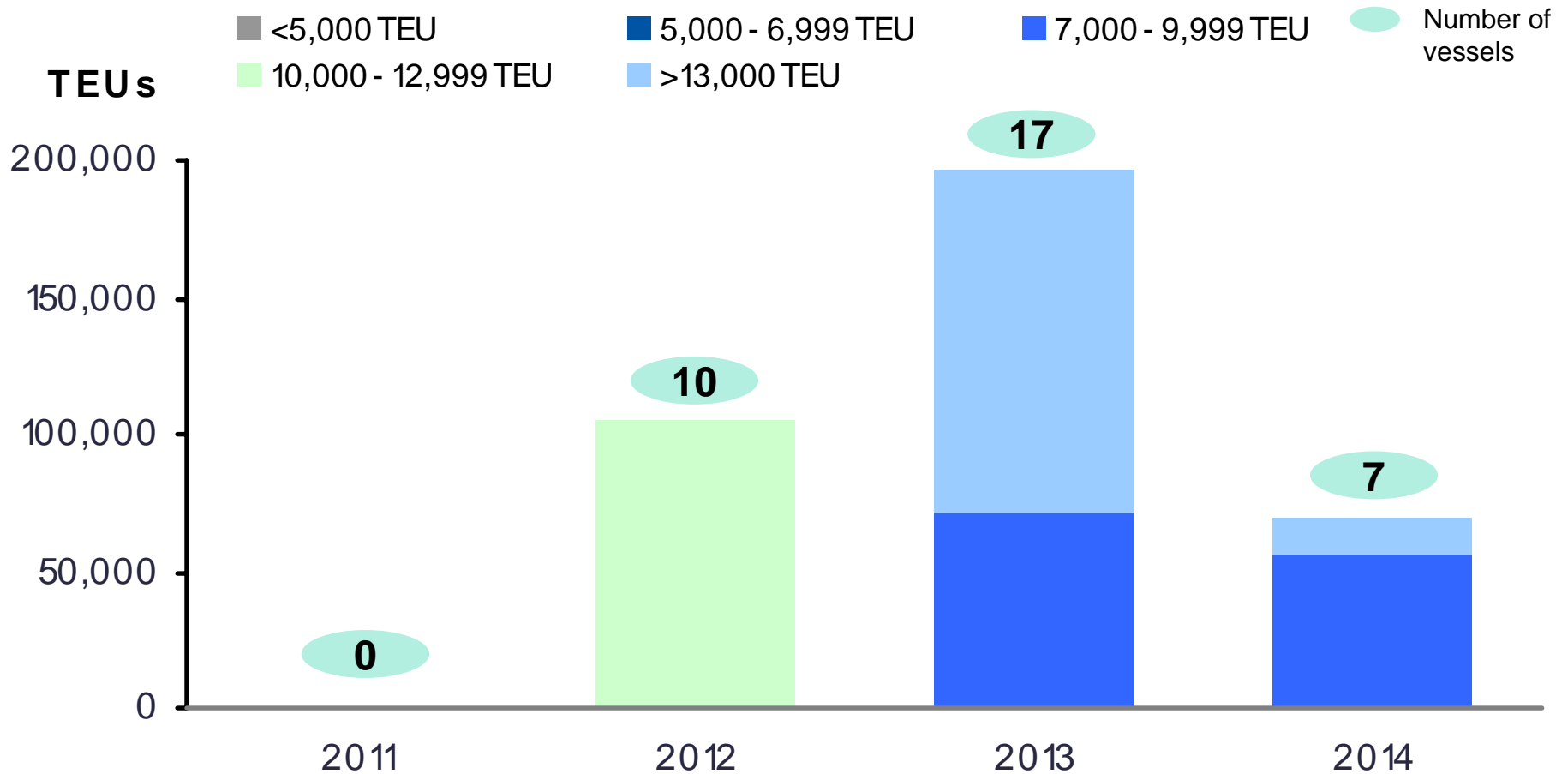
Terminal Volume and Utilisation

Terminal volumes in 3Q 2011 were relatively steady as growth in Asia/Middle East volume offset by decline in Americas volume.

Volume (Lifts '000)	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Americas	899	953	(6)	306	345	(11)
Asia/Middle East	898	861	4	296	261	13
Total	1,797	1,813	(1)	602	606	(1)
Utilisation (%)	80	81		85	85	

Vessel Commitments

New vessel commitments remain at 34 (owned and chartered) to be delivered from 2011 onwards.



Note: 5 out of the 10 x 14,000 TEU vessels for delivery between 2013 and 2014 will be chartered out to MOL

Liner 3Q 2011 Summary

- **Cost per metric ton of fuel consumed in 3Q 2011 rose 45% year-on-year.**
- **Higher volume offset by lower freight rates and increase in bunker costs resulted in deterioration in earnings.**
- **Short peak season affected by slower economic growth.**
- **Continue to use slow steaming across the network to manage costs and lower emissions.**
- **Maintain focus on operational efficiency and cost management to drive cost savings.**

4. Logistics



By Jim McAdam
President, APL Logistics



Logistics 3Q 2011 Highlights

- Logistics achieved 3Q 2011 revenue of US\$333 million, a year-on-year (YoY) increase of 10% mainly due to higher volumes in the Contract Logistics business segment.
 - Contract Logistics achieved revenue of US\$206 million, a YoY increase of 26% due to higher volumes in the rail and land transport business segment and business areas that service the automotive and retail sectors.
 - International Services achieved revenue of US\$127 million, a YoY decrease of 8% mainly due to lower freight rates.
- Logistics achieved a Core EBIT of US\$16 million for 3Q 2011, a decrease of US\$2 million or 11% YoY. The higher earnings in Contract Logistics was offset by higher operating, administrative and technology costs to grow the business, and forex loss mainly due to stronger US\$ during the quarter.

Logistics Profit & Loss Summary

US\$m	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Revenue	1,015	880	15	333	302	10
Core EBITDA	56	53	6	18	21	(14)
• Depreciation & Amortisation	(7)	(8)	(12)	(2)	(3)	(33)
Core EBIT	49	45	9	16	18	(11)
• Non-recurring items	(1)	(1)	-	-	-	-
EBIT	48	44	9	16	18	(11)
Core EBIT Margin (%)	4.8	5.1		4.8	6.0	

Performance Breakdown

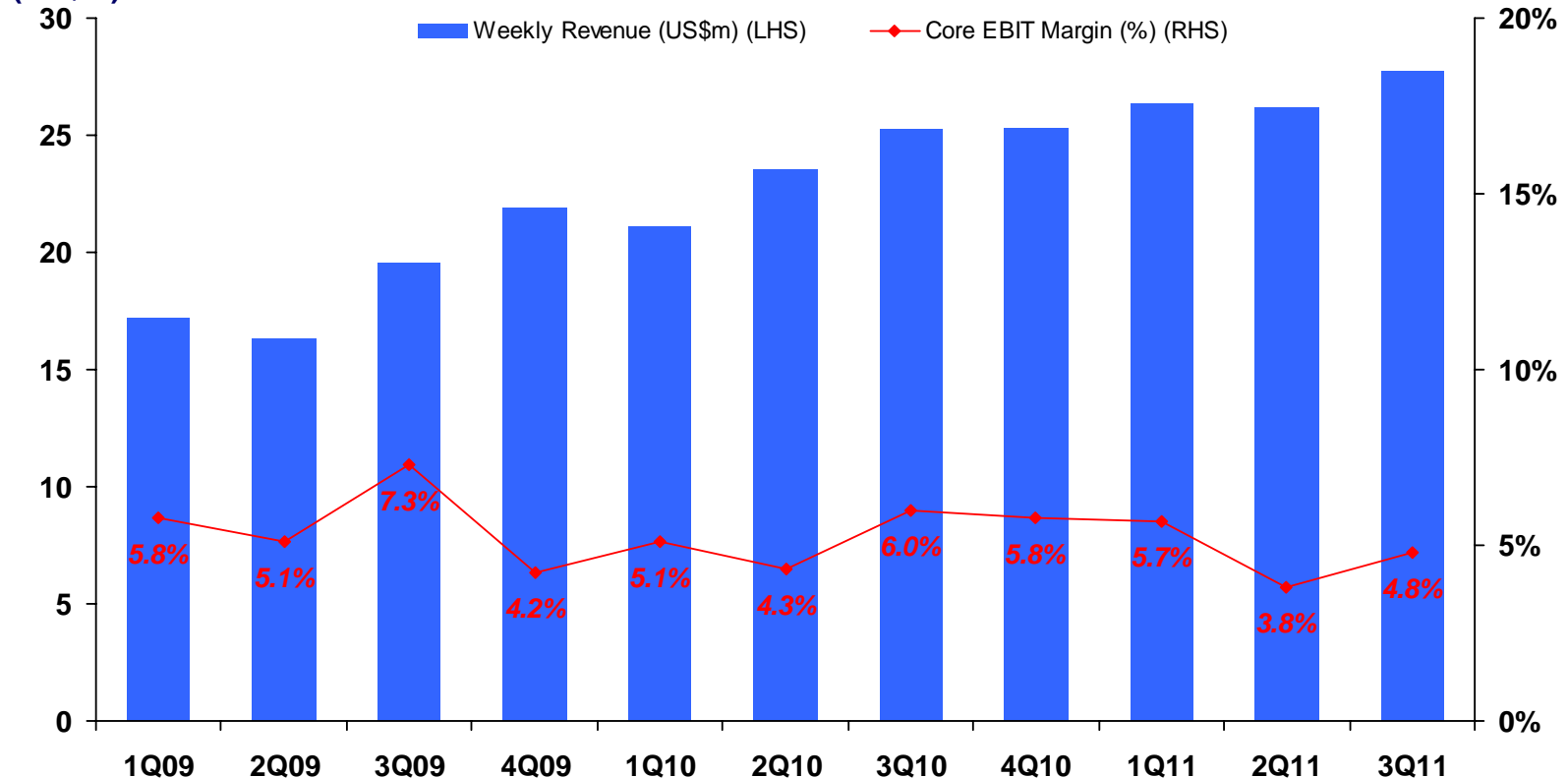
Business Segment (US\$m)	YTD11	YTD10	% ▲	3Q11	3Q10	% ▲
Revenue	1,015	880	15	333	302	10
• Contract Logistics	639	523	22	206	164	26
• International Services	376	357	5	127	138	(8)
Core EBIT	49	45	9	16	18	(11)
• Contract Logistics	20	11	82	6	2	200
• International Services	29	34	(15)	10	16	(38)
Core EBIT Margin (%)	4.8	5.1		4.8	6.0	
• Contract Logistics (%)	3.1	2.1		2.9	1.2	
• International Services (%)	7.7	9.5		7.9	11.6	

Logistics Revenue and Core EBIT Margin Trend

Sequential margin improvement in 3Q 2011 mainly due to business growth and active cost management.

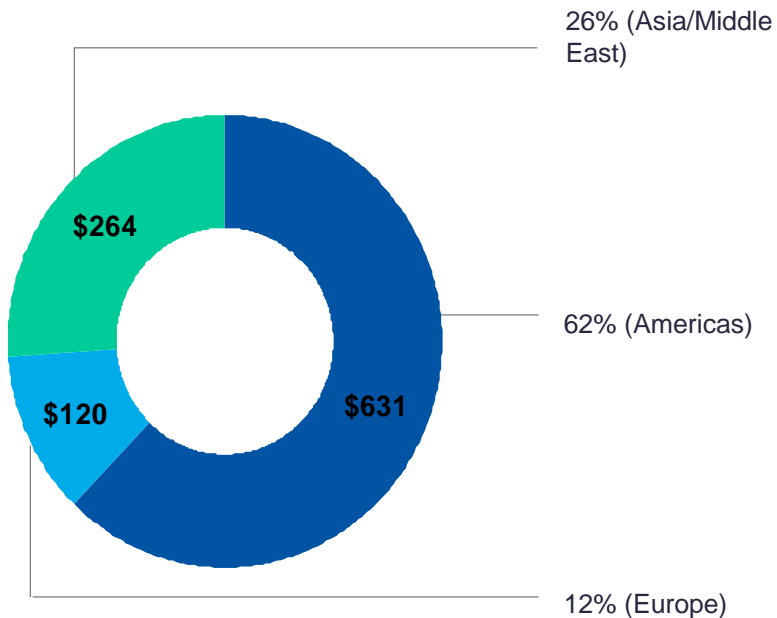
Weekly Revenue
(US\$m)

Core EBIT
Margin (%)

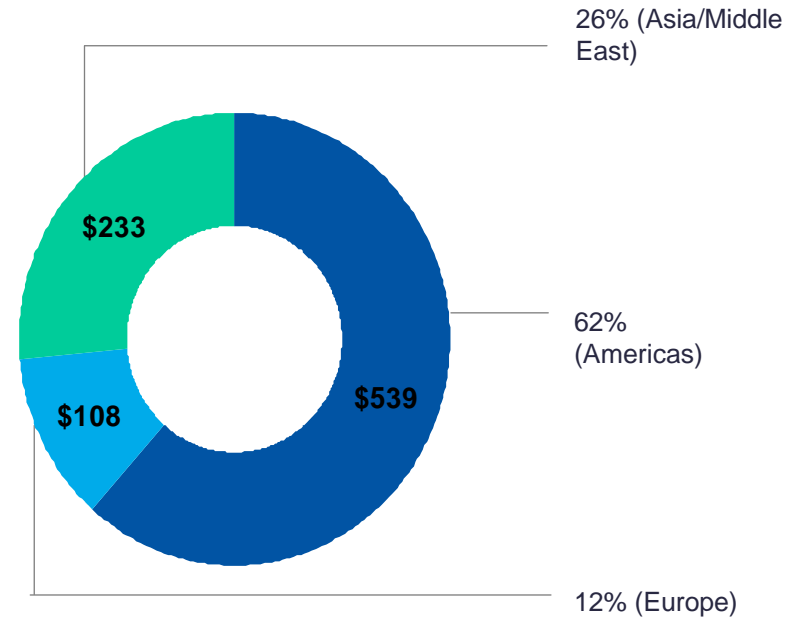


Logistics' Revenue Trend – By Region

Growth in revenue across various regions with Americas benefiting from the expansion into US intermodal and more demand for business that service the auto sector.



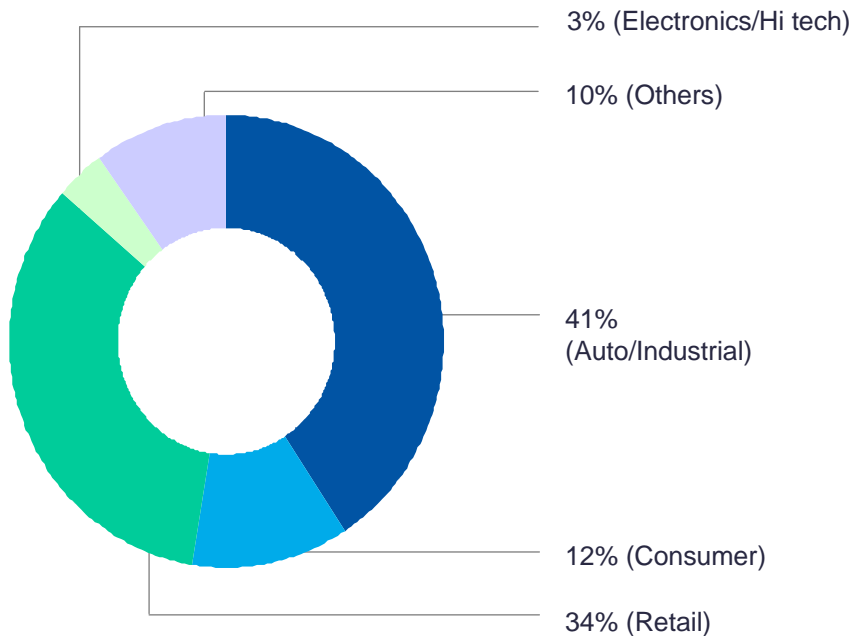
YTD11 Revenue Breakdown
– by Region (US\$m)



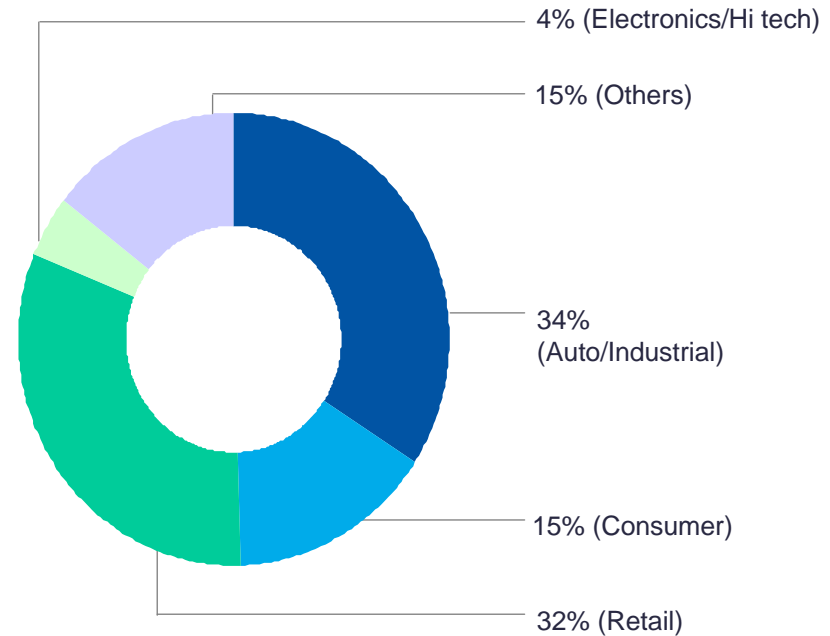
YTD10 Revenue Breakdown
– by Region (US\$m)

Logistics' Revenue Trend – By Customer Segment

Auto/Industrial customer segment benefited from greater demand for our auto-related logistics services.



YTD11 Revenue Breakdown
– by Customer Segment



YTD10 Revenue Breakdown
– by Customer Segment

Logistics 3Q 2011 Summary

- **Record average weekly quarter revenue of US\$28 million in 3Q 2011. Continued to generate positive earnings contribution to the Group.**
- **Our Americas and Asia/Middle East business that service the automotive and retail sector continue to grow.**
- **Continued to invest in technology to support the growth across all lines of business and regions.**
- **Actively managing operating, general and administrative costs.**

5. Group Outlook

Group Outlook

Global economic conditions have not improved. With continued low freight rates in container shipping and slowing trade demand, NOL Group expects to report a loss for the full year in 2011.

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

**End of Presentation
Thank You**

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