

# 3Q 2012 Performance Review

25 October 2012



# 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 2012 Results Highlights



# Group achieves US\$50 million net profit from cost efficiencies, stable rates & volume growth

- **Core EBIT of US\$74m for 3Q 2012**
- **Net profit of US\$50m for 3Q 2012**
- **Improved results across Liner & Logistics**

## Efficiency program on track:

- US\$135m savings in 3Q 2012
- US\$360m savings YTD 2012

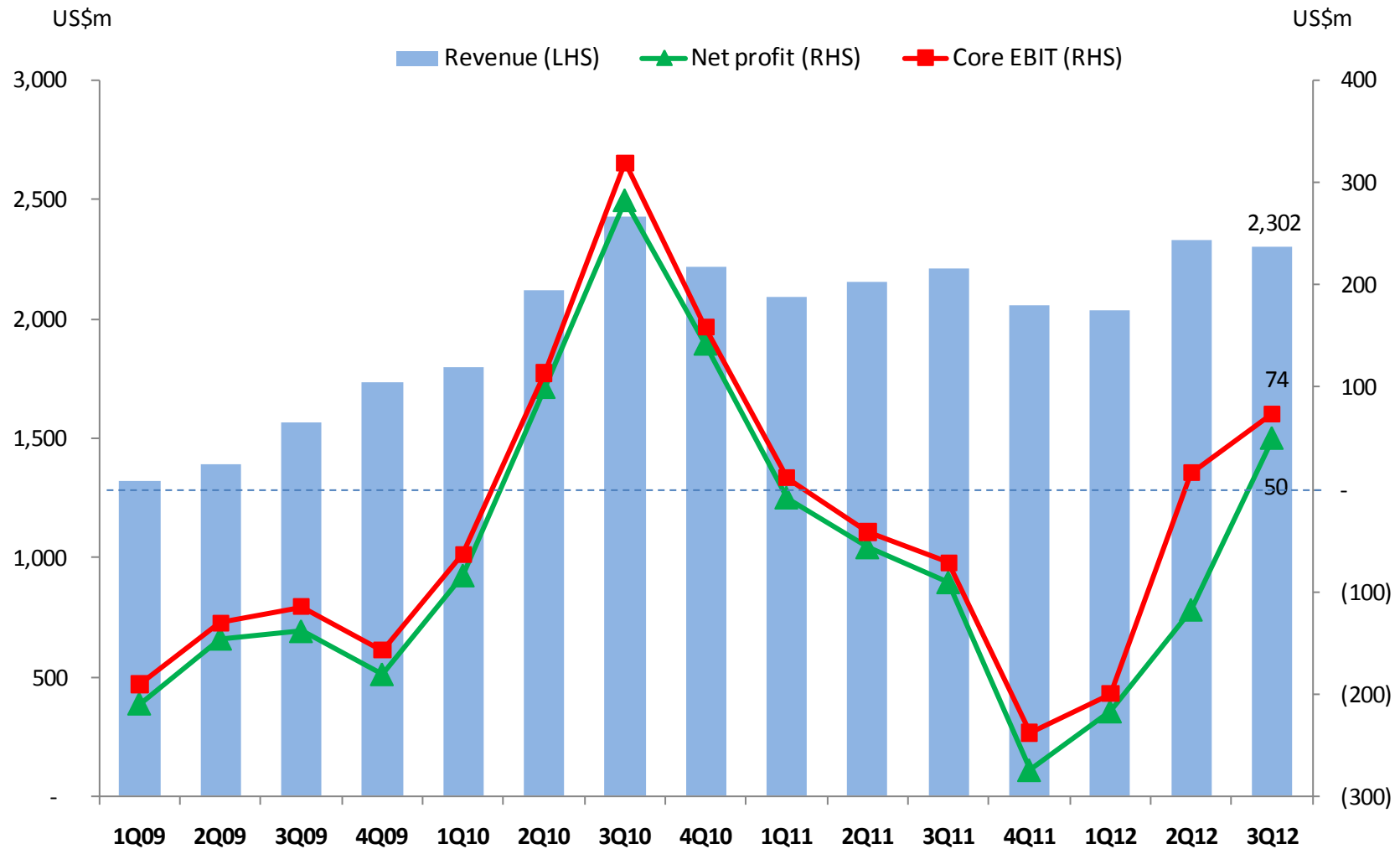
## Slot cost improvement:

- 7 new, more cost efficient vessels received
- Shipped +3% volume while reducing capacity

## Profitable Logistics growth:

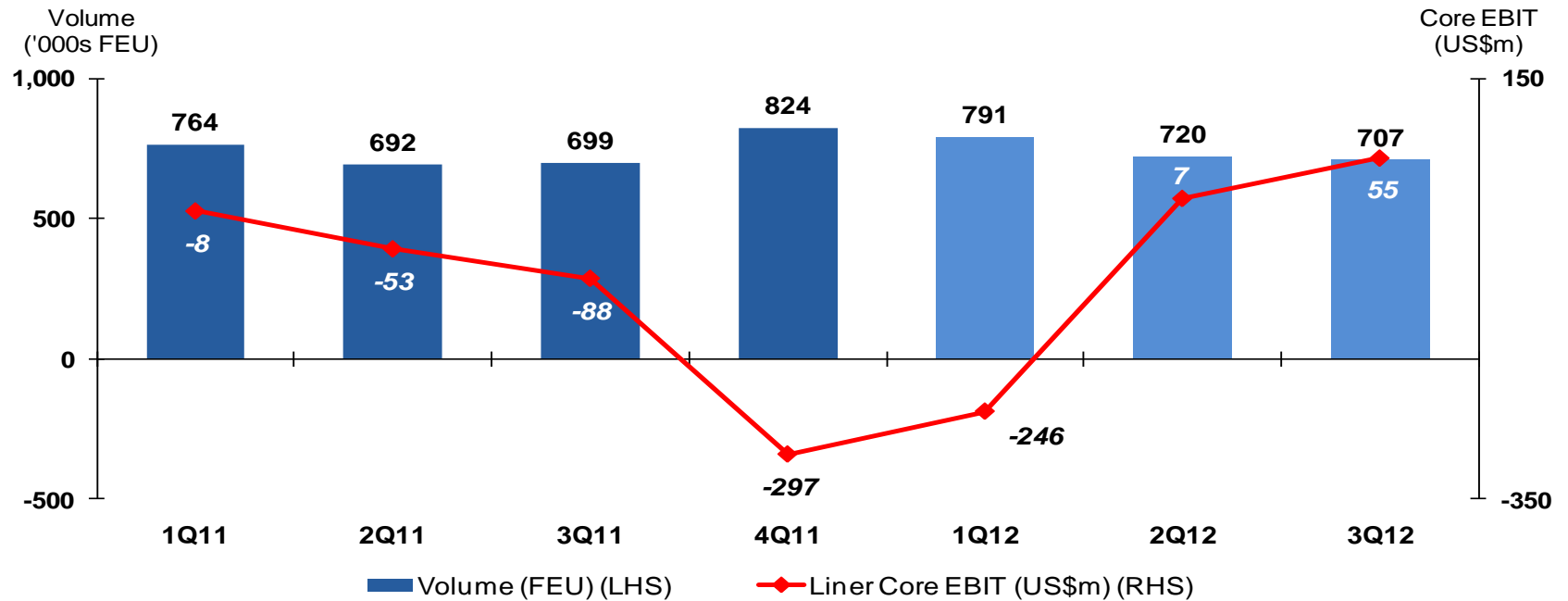
- Revenue +10% in 3Q12
- Acquiring APLL-Zhiqin to expand China growth platform

# Third improved quarter turns Group to net profit



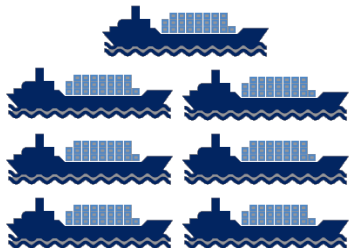
Note: 1Q and 4Q are normalised to 12-week periods

# Liner cost & efficiency focus improves results

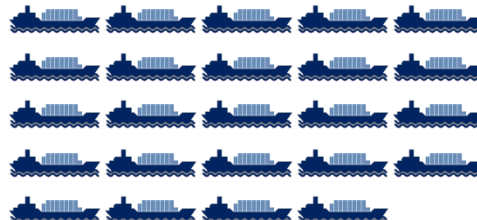


## Fleet Renewal is Lowering Slot Cost

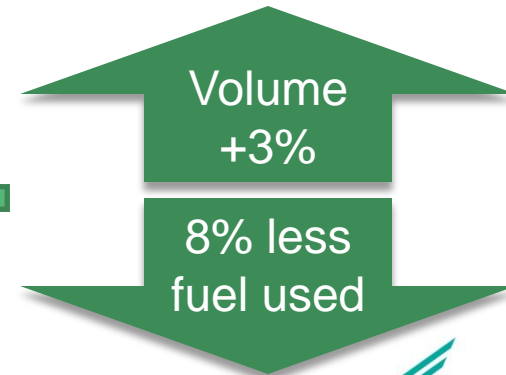
**+70,000 TEU**  
7 newbuild vessels



**-113,000 TEU**  
24 vessels



## Cost & Efficiency Progress



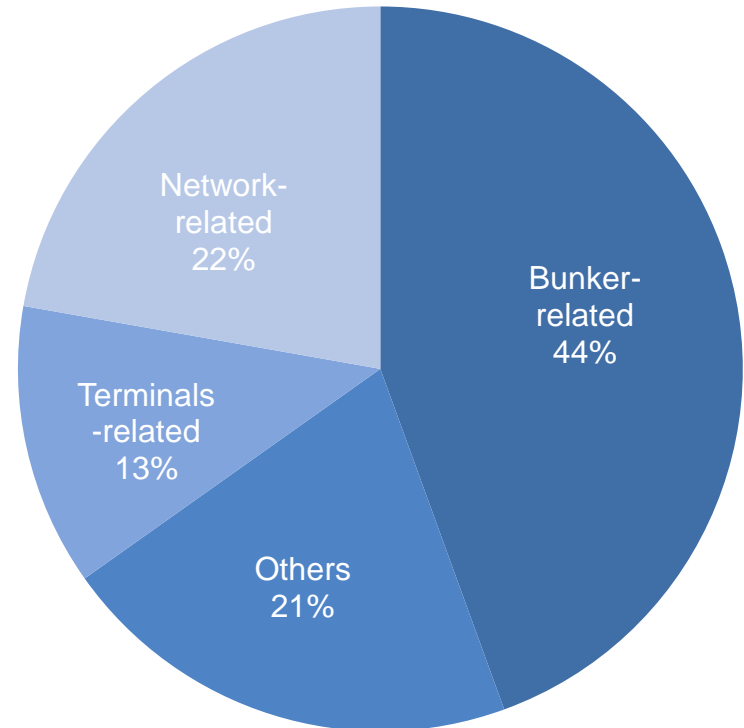
# ELP & Organizational streamlining going to plan

## Efficiency Leadership Program (ELP) delivers results:

- US\$135m cost savings in 3Q12
- US\$360m cost savings YTD12
- On track for US\$500m full year target

## Organizational streamlining improving Group's competitiveness

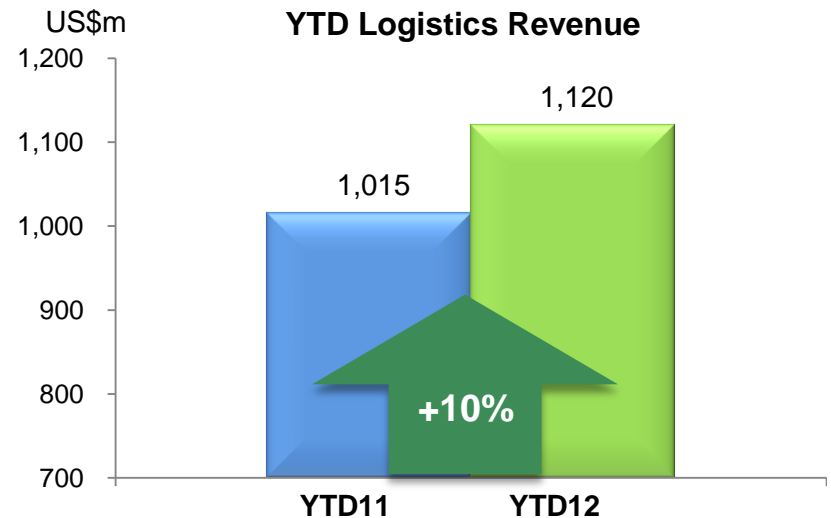
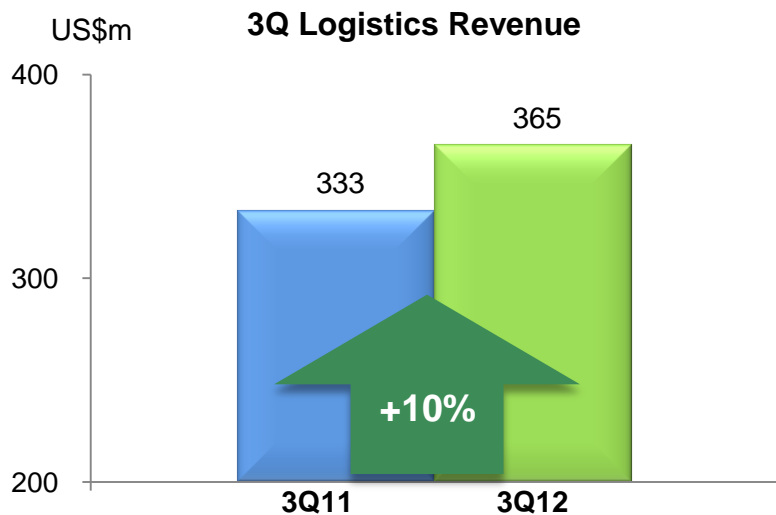
- 3Q12 G&A costs down US\$18m, mainly due to ELP and Organizational streamlining



3Q12 ELP Categories

# Logistics sustains organic growth, expands China footprint

- Double digit revenue growth, Core EBIT of US\$19m in 3Q 2012
- Acquisition of APLL-Zhiqin will expand nationwide network to nearly 80 locations to grow domestic logistics business





## 2. 3Q 2012 Financial Performance



# Group Financial Highlights

Core EBIT US\$74 million, Net profit US\$50m in 3Q12

US\$m	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
<b>Revenue</b>	<b>7,013</b>	6,808	3	<b>2,302</b>	2,213	4
<b>Core EBITDA</b>	<b>86</b>	111	(23)	<b>146</b>	(5)	n.m.
• Depreciation & Amortisation	<b>(229)</b>	(211)	8	<b>(72)</b>	(67)	7
<b>Core EBIT (before non-recurring items)</b>	<b>(143)</b>	(100)	43	<b>74</b>	(72)	n.m.
Non-recurring items	<b>(111)</b>	(1) 11,000		<b>-</b>	-	-
<b>EBIT</b>	<b>(254)</b>	(101)	151	<b>74</b>	(72)	n.m.
<b>Net profit / (loss) to equity holders</b>	<b>(321)</b>	(158)	104	<b>50</b>	(91)	n.m.
<b>Net profit / (loss) to equity holders (before non-recurring items)</b>	<b>(210)</b>	(157)	34	<b>50</b>	(91)	n.m.

# Financial Highlights by Business Segment

Improved Liner performance from cost & efficiency focus,  
Logistics maintains profitable growth

Revenue (US\$m)	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
Liner	5,965	5,868	2	1,961	1,904	3
Logistics	1,120	1,015	10	365	333	10
Elimination	(72)	(75)	(4)	(24)	(24)	-
<b>Total Revenue</b>	<b>7,013</b>	<b>6,808</b>	<b>3</b>	<b>2,302</b>	<b>2,213</b>	<b>4</b>

Core EBIT (US\$m)	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
Liner	(184)	(149)	23	55	(88)	n.m.
Logistics	41	49	(16)	19	16	19
<b>Total Core EBIT</b>	<b>(143)</b>	<b>(100)</b>	<b>43</b>	<b>74</b>	<b>(72)</b>	<b>n.m.</b>

# Group Financial Profile

## Resilient financial position

- **Shareholders' funds of US\$2.4 billion**
- **Net current assets of US\$330 million**
- **The Group also has sizeable committed long term credit facilities from large reputable financial institutions to meet its commitments as well as to repay any debts as and when they fall due**
- **Fully financed newbuild vessel program, by bonds and committed ship financing**
- **Unlocking capital for strategic investment from ongoing sale of vessels and NOL building**

# Group Balance Sheet Highlights

US\$m	21 Sep' 12	30 Dec' 11
Total Assets	7,922	6,962
Total Liabilities	5,552	4,310
Total Equity	2,370	2,652
Total Debt	3,530	2,354
Total Cash	709	228
Net Debt	2,821	2,126
Gearing (Gross)	1.49x	0.89x
Gearing (Net)	1.19x	0.80x
NAV per share (US\$)	0.90	1.01
(S\$)	1.10	1.31

# Group Cash Flow Highlights

US\$m

YTD12

YTD11

**Cash & Cash Equivalents - Beginning @ 1Q**

**228**

**977**

*Cash (Outflow)/Inflow*

Operating Activities

(92)

22

Investing/Capex Activities

(562)

(1,222)

Financing Activities

1,135

588

**Cash & Cash Equivalents – Closing @ 3Q**

**709**

**365**

# Group Capital Expenditure

US\$m

YTD12

YTD11

1. Vessels

550

992

2. Equipment / Facilities

65

112

3. Drydock

18

42

4. IT

22

42

5. Others

6

4

**Total**

**661**

**1,192**

## 3. Liner



# Liner Results Highlights

- **Core EBIT profit of US\$55m in 3Q12**
- **Core EBIT loss of US\$184m in YTD12**
- **Continued gains in efficiency & cost savings**
- **Stable freight rates & higher volume in 3Q12**

## **Sustained efficiency & cost gains in YTD12:**

- Volume up 3%, fleet capacity down 7% and fuel consumption down 8%

## **Improving slot cost:**

- Cost of sales/FEU down 3% (excluding bunker price rise)

## **Managing capacity & network:**

- Received 7 new 10,000 TEU ships, returned charter ships - net fleet reduction of 43,000 TEU
- Volume growth while network planning & deploying smaller fleet

# Liner Results Summary

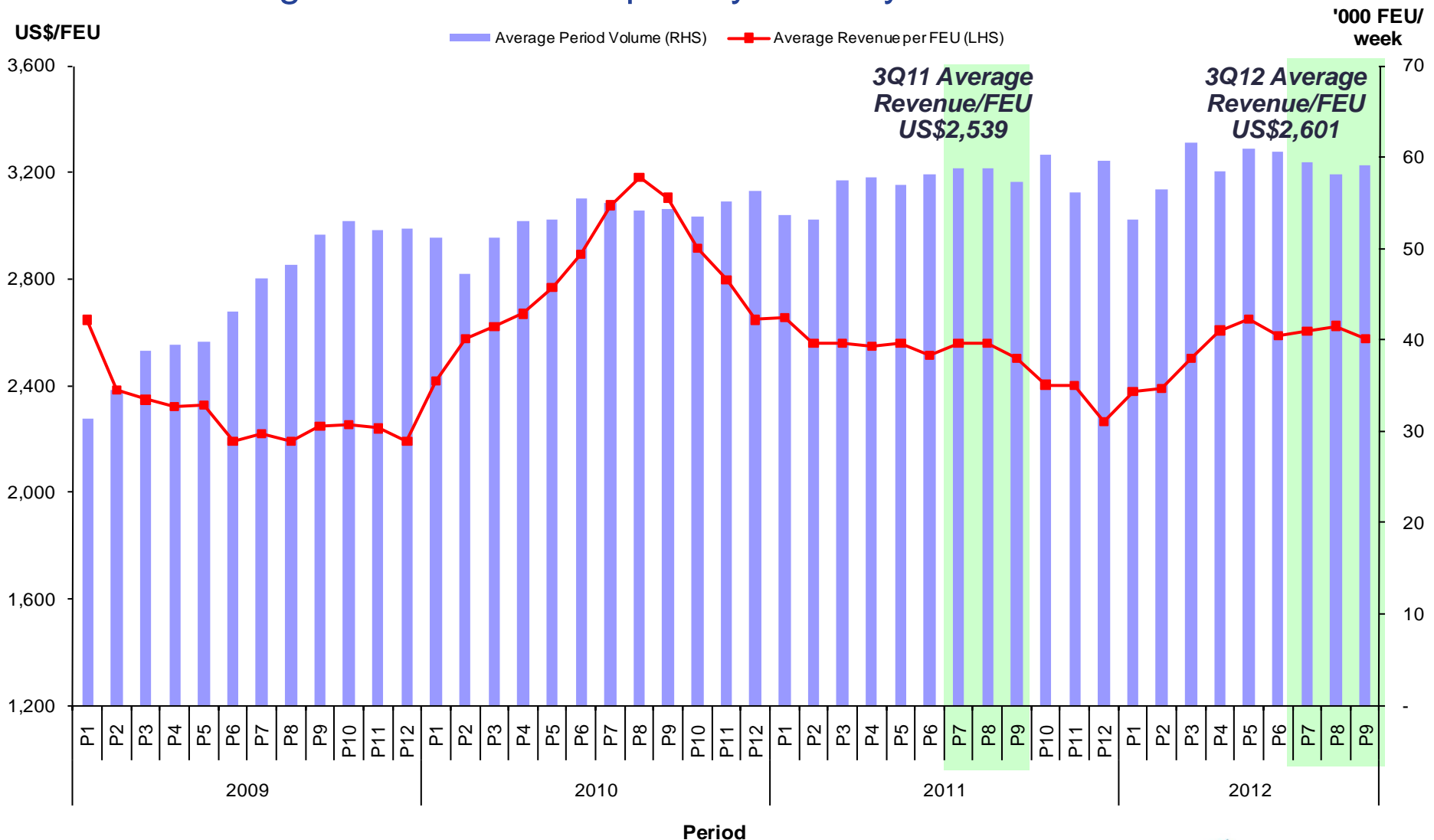
US\$m	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
Revenue	5,965	5,868	2	1,961	1,904	3
Core EBITDA	37	55	(33)	124	(23)	n.m.
Core EBIT	(184)	(149)	23	55	(88)	n.m.
EBIT	(293)	(149)	97	56	(88)	n.m.
Core EBIT margin (%)	(3.1)	(2.5)		2.8	(4.6)	

Liner achieved YTD12 revenue of US\$6 billion, a year-on-year (YoY) increase of 2% mainly due to higher volumes transported, partly offset by lower freight rates.

- Average revenue per FEU was US\$2,541 or 1% lower YoY mainly due to lower freight rates in the Transpacific and the Transatlantic trade.
- Volume rose by 3% YoY mainly due to higher volumes across most trades.
- Cost of sales per FEU was relatively unchanged, however bunker price rose 13% YoY to US\$674/MT. Excluding the bunker price rise, Cost of sales per FEU was 3% lower due to stricter fuel consumption, operational cost efficiencies and slow steaming.

# Volume and Average Revenue/FEU Trend

3Q12 Average Revenue/FEU up 2% year-on-year



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



# Operational Update

Volume and Revenue/FEU growth in 3Q12 despite weak market

Volume ('000 FEUs)	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
Transpacific	624	623	-	207	203	2
Latin America	153	135	13	50	44	14
Asia-Europe	354	360	(2)	112	116	(3)
Transatlantic	122	101	21	41	30	37
Intra-Asia	965	936	3	297	306	(3)
<b>Total</b>	<b>2,218</b>	<b>2,155</b>	<b>3</b>	<b>707</b>	<b>699</b>	<b>1</b>

Average Revenue/FEU (US\$)	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
Transpacific	3,748	3,912	(4)	3,763	3,944	(5)
Latin America	3,520	3,420	3	3,568	3,373	6
Asia-Europe	2,493	2,471	1	2,646	2,317	14
Transatlantic	2,855	3,293	(13)	2,780	3,434	(19)
Intra-Asia	1,583	1,491	6	1,591	1,478	8
<b>Total</b>	<b>2,541</b>	<b>2,560</b>	<b>(1)</b>	<b>2,601</b>	<b>2,539</b>	<b>2</b>

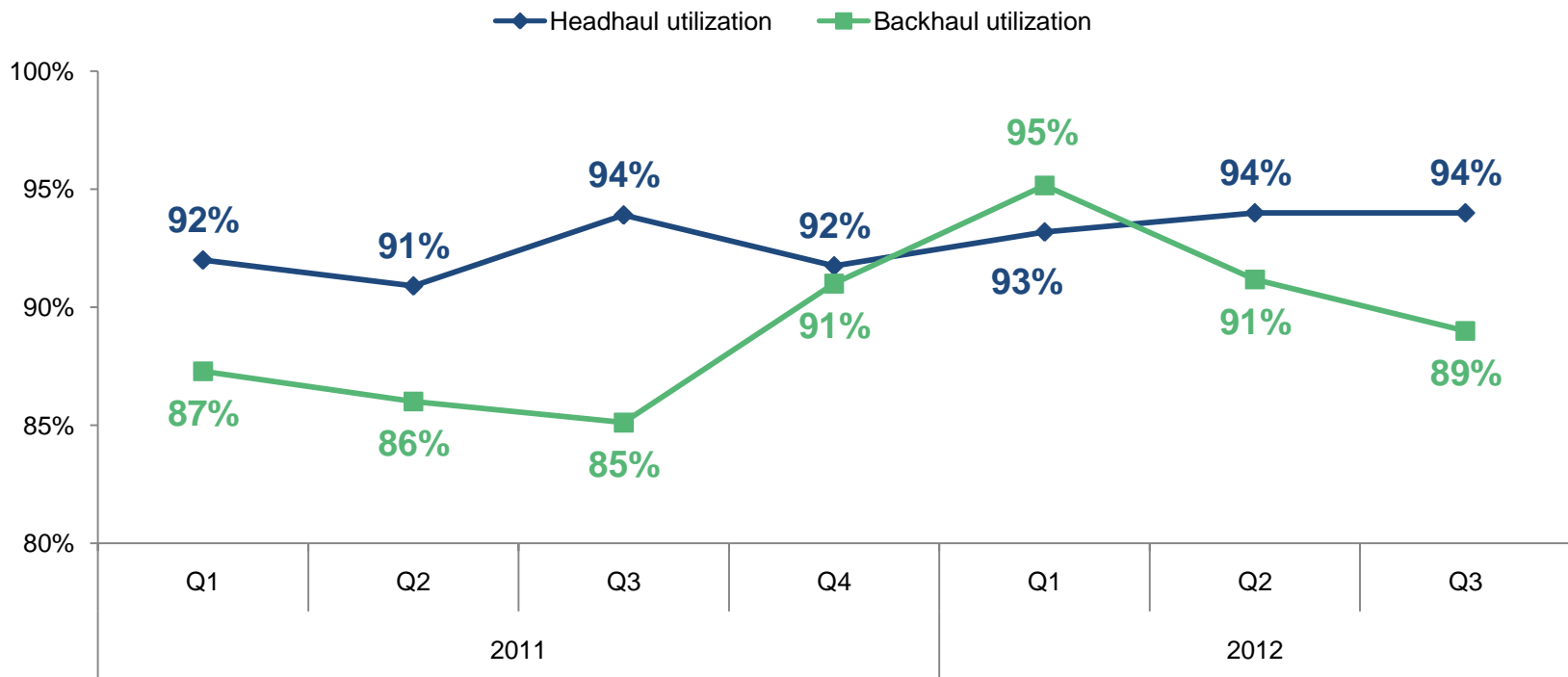
Note: Based on point of sailing and inclusive of headhaul and backhaul trade.

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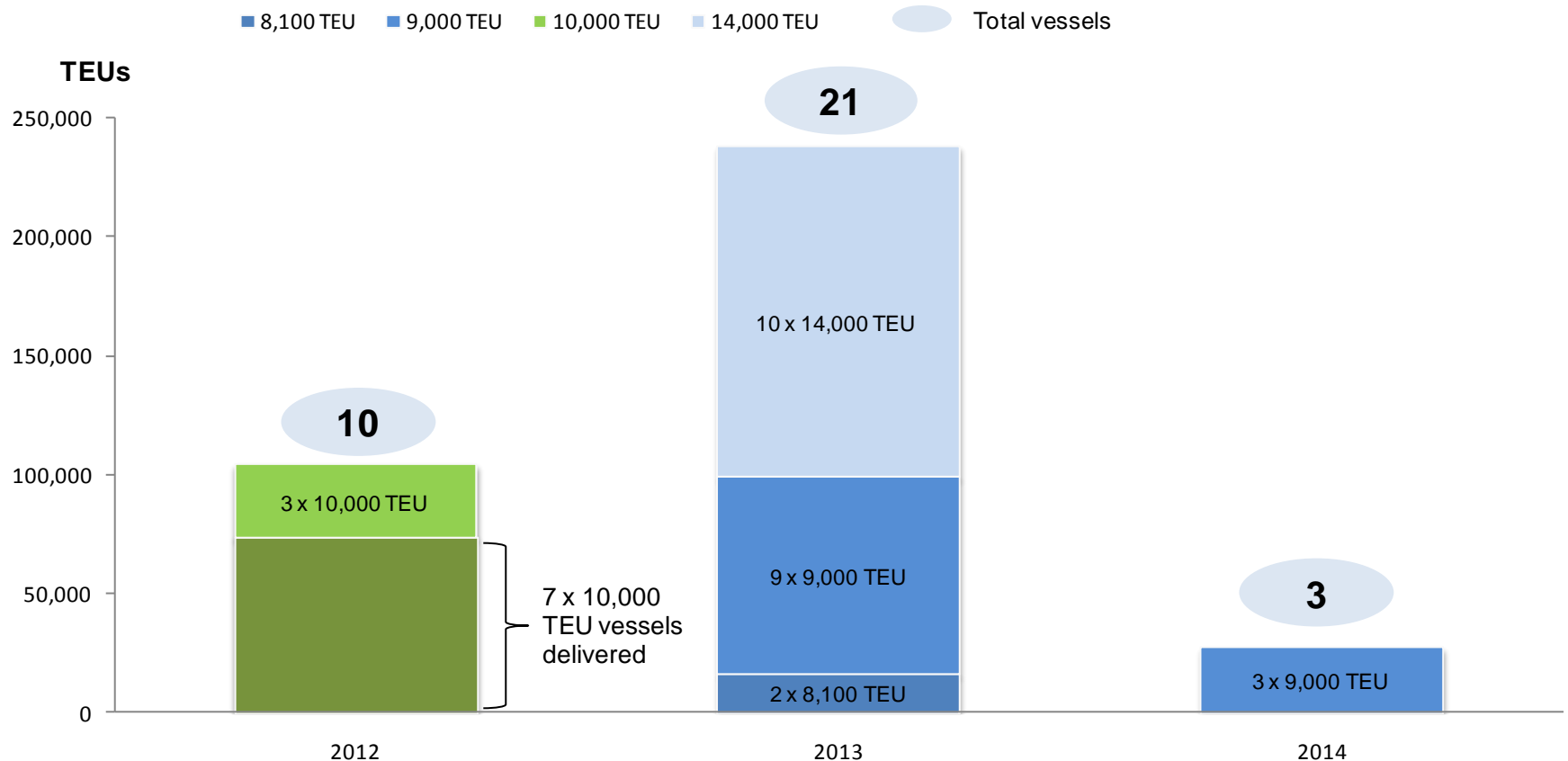
# Improved utilization and trade balance drives empty repositioning YTD12 costs down 5%

Maintained improved trade balance despite seasonal dip in 3Q backhaul



# Fleet Renewal

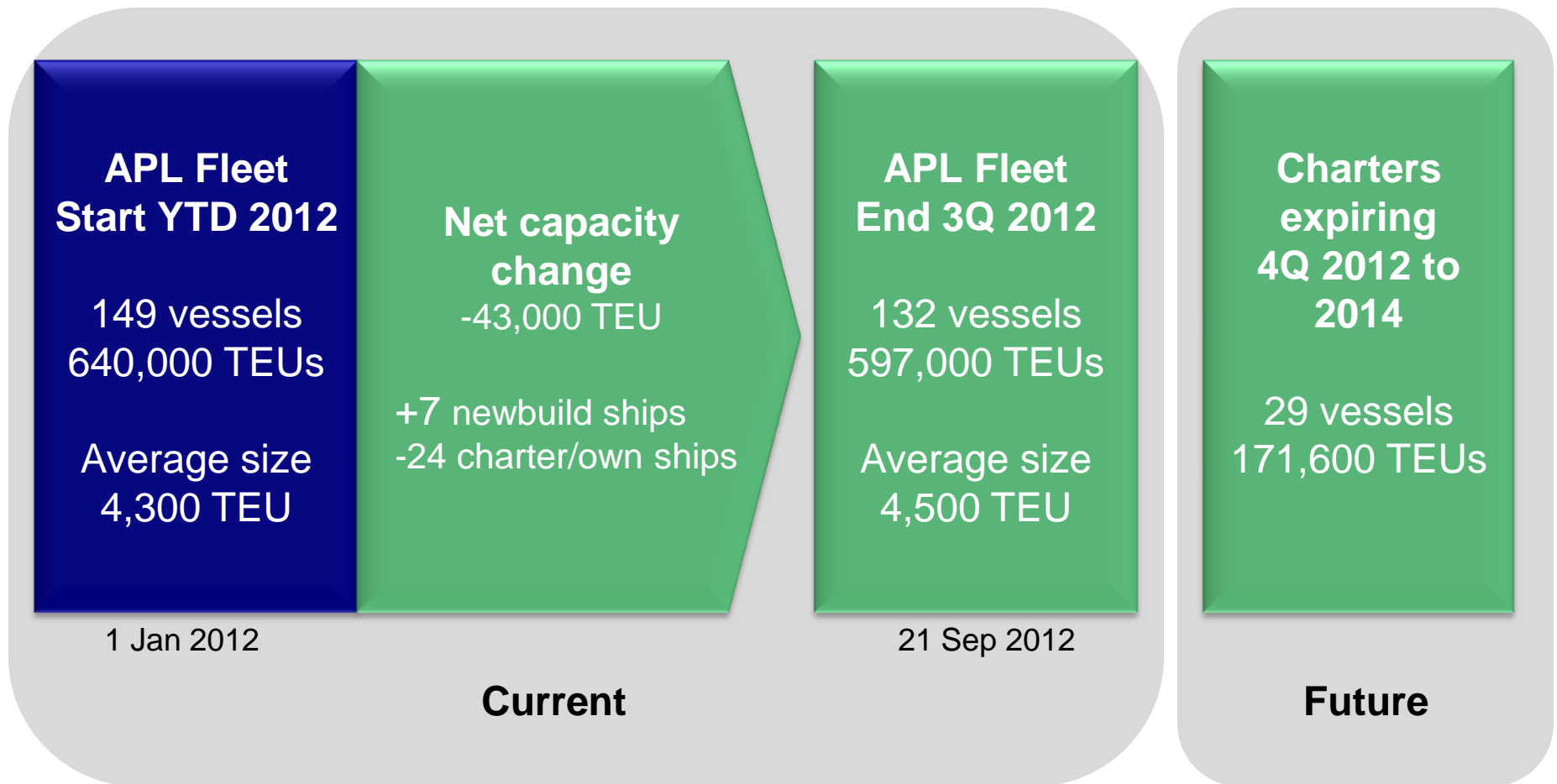
Building a modern and cost-competitive fleet, seven 10,000 TEU vessels already delivered in 2012



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

# Fleet Renewal

Improving slot costs with more efficient newbuild ships



## 4. Logistics





# Logistics Results Highlights

- **Core EBIT profit of US\$19m in 3Q12**
- **Core EBIT profit of US\$41m in YTD12**

## **Continued business growth:**

- 10% revenue growth in 3Q 2012, 10% in YTD 2012
- Strong demand for rail and land-based logistics services

## **Expanding growth platform in China:**

- Acquiring remaining shares in APLL-Zhiqin
- Expands nationwide network to nearly 80 offices and hub locations
- Tap demand from international customers within China's fast-growing consumption markets

# Logistics Results Highlights

US\$m	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
Revenue	1,120	1,015	10	365	333	10
Core EBITDA	49	56	(13)	22	18	22
Core EBIT	41	49	(16)	19	16	19
EBIT	39	48	(19)	18	16	13
Core EBIT margin (%)	3.7	4.8		5.2	4.8	

- Logistics achieved YTD12 revenue of US\$1.1 billion, growing 10% year-on-year (YoY) while facing softer economic conditions in developed markets.
  - Contract Logistics achieved revenue of US\$740 million, a 16% YoY increase due to strong demand for rail and land-based logistics services.
  - International Services achieved revenue of US\$380 million, a 1% increase YoY amidst a softer retail and apparel environment.
- Core EBIT of US\$41 million for YTD12, a 16% decrease YoY mainly due to increased investments to improve our technology products and commercial infrastructure, and lower contribution from associated company.

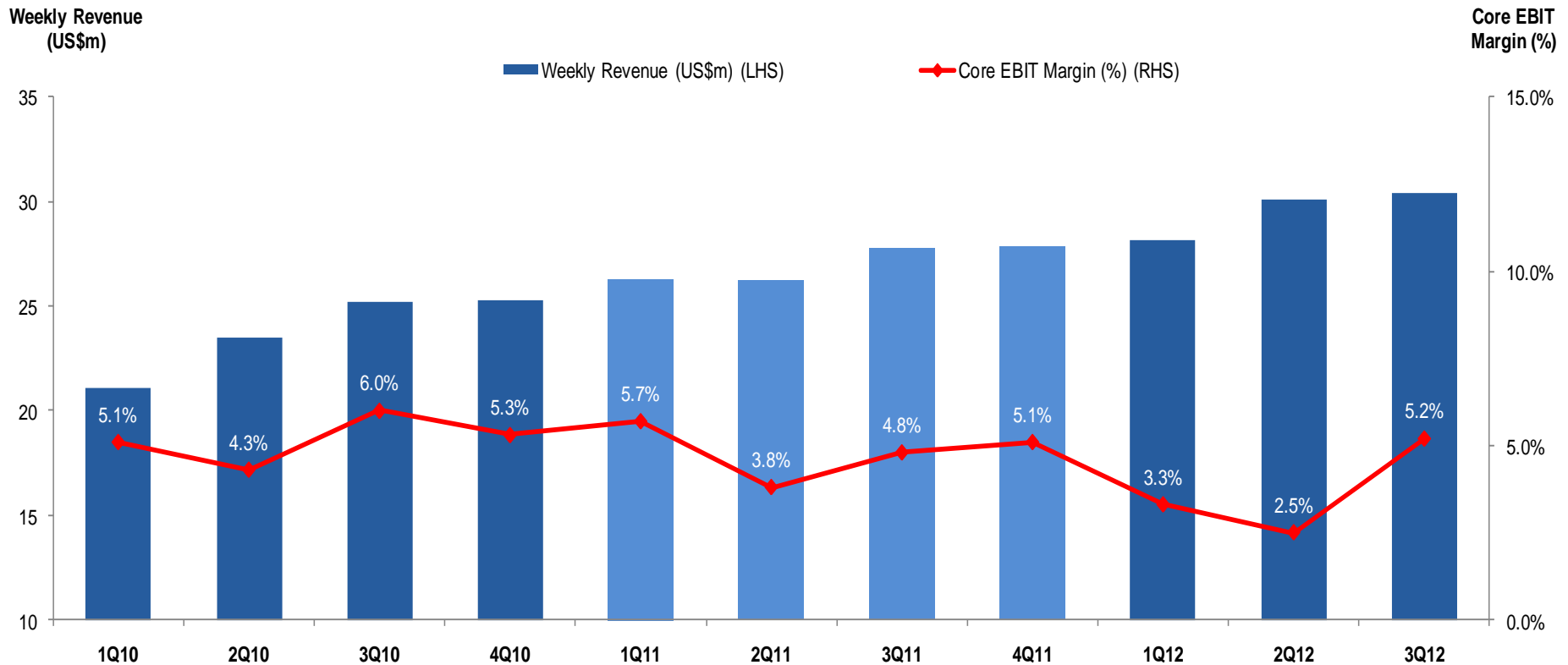
# Performance Breakdown

Growth across both business segments

US\$m	YTD12	YTD11	% ▲	3Q12	3Q11	% ▲
<b>Revenue</b>	<b>1,120</b>	<b>1,015</b>	<b>10</b>	<b>365</b>	<b>333</b>	<b>10</b>
• Contract Logistics	740	639	16	232	206	13
• International Services	380	376	1	133	127	5
<b>Core EBIT</b>	<b>41</b>	<b>49</b>	<b>(16)</b>	<b>19</b>	<b>16</b>	<b>19</b>
• Contract Logistics	21	20	5	9	6	50
• International Services	20	29	(31)	10	10	-
<b>Core EBIT Margin (%)</b>	<b>3.7</b>	<b>4.8</b>		<b>5.2</b>	<b>4.8</b>	
• Contract Logistics	2.8	3.1		3.9	2.9	
• International Services	5.3	7.7		7.5	7.9	

# Revenue and Core EBIT Margin Trend

Record weekly revenue growth, 3Q12 margin recovery mainly from stronger demand and improved cost management



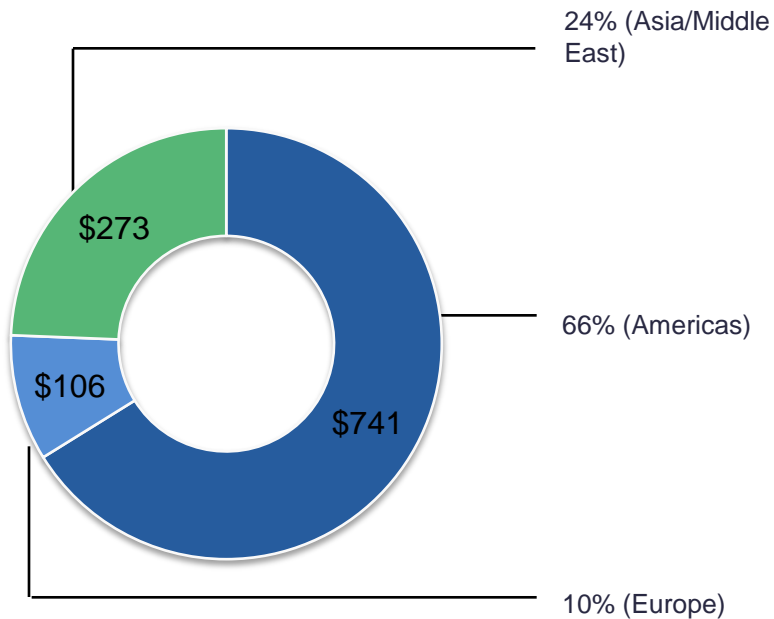
# Expanding APL Logistics China growth platform

- Acquire remaining shares in APLL-Zhiqin, turning it into wholly-owned subsidiary
- Expands nationwide network to nearly 80 offices & hub locations
- Positioned to better serve international customers seeking to penetrate China's fast-growing consumption markets

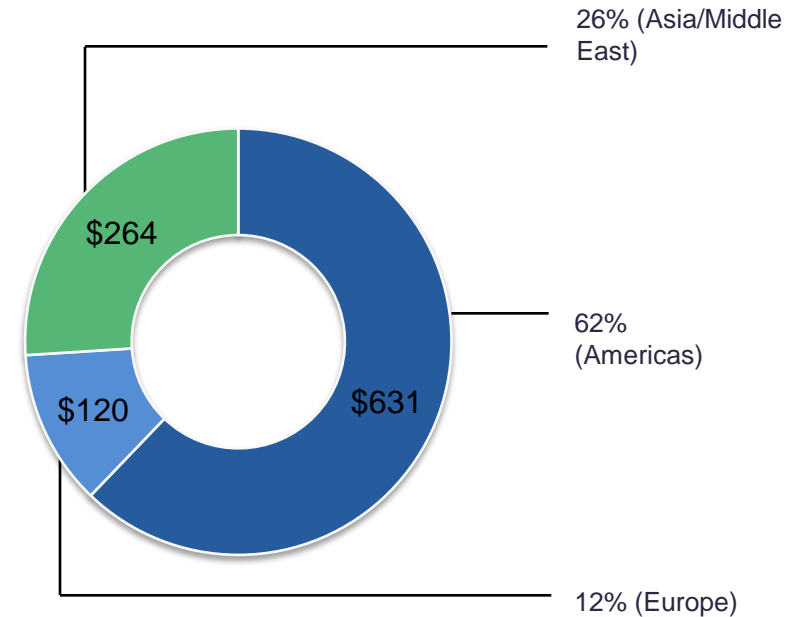


# Revenue Trend by Region

Revenue growth led by Americas which benefited from expansion into US intermodal and strong demand from automotive sector



YTD12 Revenue Breakdown  
– by Region (US\$m)



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

## 5. Group Outlook



# Group Outlook

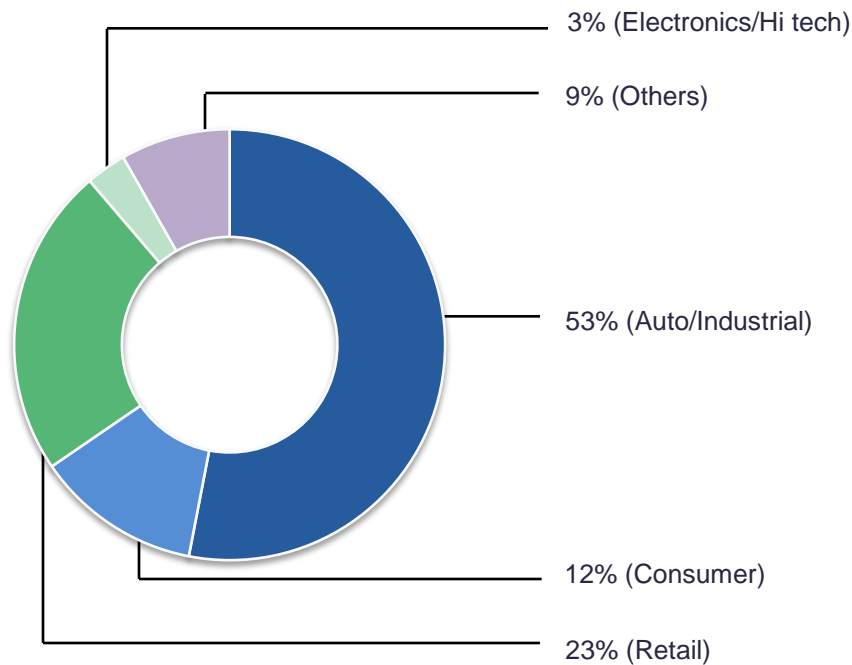
The Group turned in an improved third quarter result due mainly to cost savings and improved business efficiencies. However, the macro-economic outlook remains weak and the container shipping industry continues to face overcapacity and high fuel prices. The Group posted weak first quarter results. While the Group will continue to extract further operational efficiencies and strengthen its competitive position, it expects to post a full year loss.



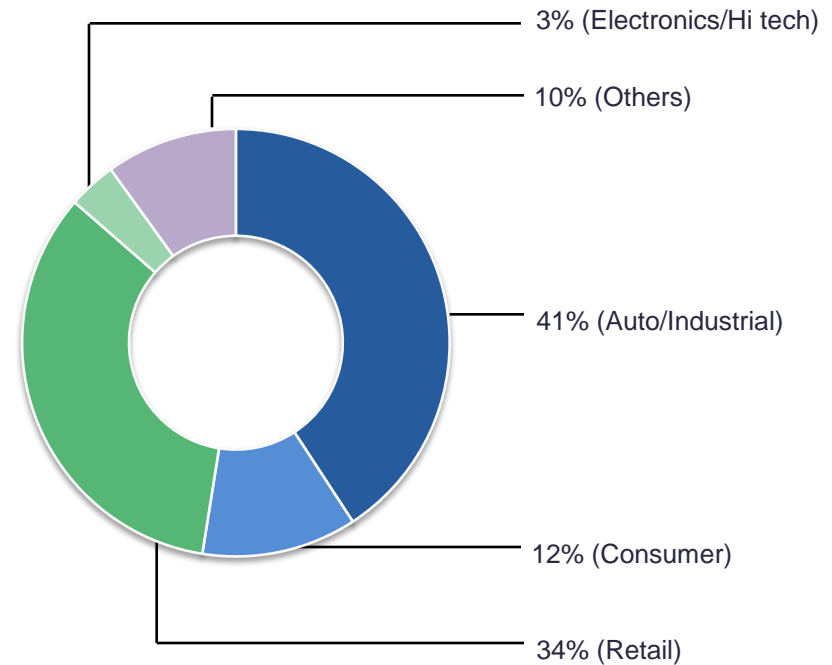
# Appendix

# Logistics - Revenue Trend by Customer Segment

Greater demand for our auto-related logistics services increases Auto/Industrial segment share.



YTD12 Revenue Breakdown  
– by Customer Segment



YTD11 Revenue Breakdown  
– by Customer Segment

# 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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