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## NOL reports US\$50 million third quarter profit

*Increased operational efficiency, better market conditions boost Group's performance*

**SINGAPORE, 25 October 2012** – NOL Group today reported net earnings of US\$50 million for the third quarter of 2012, a US\$141 million turnaround from the US\$91 million net loss in the third quarter of 2011. It was the first time since the fourth quarter of 2010 that the global container shipping and logistics group posted a net profit.

Singapore-based NOL attributed the improvement in financial performance to increased cost efficiencies, stable rates and volume growth. APL Logistics, NOL's supply chain management business, reported double digit revenue growth, with a third quarter Core EBIT (Earnings Before Interest and Taxes) of US\$19 million.

"Our efforts to improve the Group's competitive position are paying off," said NOL Group CEO Ng Yat Chung. "Going forward, maintaining focus on the fundamentals of our business – service quality, operational efficiency and cost discipline – will be key to improving performance."

The company said that it has achieved US\$360 million through its cost and efficiency drive in the first three quarters of 2012 toward a full-year goal of US\$500 million.

The Group's Core EBIT for the third quarter was US\$74 million compared to a Core EBIT loss of US\$72 million in the same quarter a year ago.

### FINANCIAL PERFORMANCE

	YTD12	YTD11	Change %	3Q12	3Q11	Change %
Revenue (US\$m)	7,013	6,808	3	2,302	2,213	4
Core EBIT (US\$m)	(143)	(100)	43	74	(72)	n.m.
Net (loss)/profit (US\$m)	(321)	(158)	104	50	(91)	n.m.



## **BUSINESS SEGMENTS**

NOL's liner shipping business – APL – reported a Core EBIT profit of US\$55 million in the third quarter, compared to a loss of US\$88 million in the same period a year ago. APL achieved revenue of US\$6 billion for the three quarters in 2012, a year-on-year increase of 2%, on the back of a 3% rise in volumes transported. The company said it continued to benefit from efficiency gains in its operational network.

“We were able to move more with a smaller fleet capacity, and reduced bunker fuel consumption,” said APL President Kenneth Glenn. “These efficiency gains, coupled with our fleet modernization programme, are the reasons our unit costs have improved significantly. We believe these initiatives position us well into the future.”

NOL's supply chain management business, APL Logistics, reported third quarter revenue of US\$365 million, up 10% from a year ago. Contract Logistics achieved year-to-date revenue of US\$740 million, a 16% increase, due mainly to strong demand for rail and land-based logistics services. International Logistics Services revenue improved 1% amidst a soft retail and apparel environment. APL Logistics reported third quarter Core EBIT of US\$19 million, up 19% from the last quarter a year ago.

“Even as our logistics business continues to grow organically, we are also expanding our market footprint through strategic investments,” said APL Logistics President Jim McAdam. “Our acquisition of the APLL-Zhiqin Group will significantly increase APL Logistics' domestic footprint in China. Our service network will expand to nearly 80 offices and hub facilities nation-wide. With an extensive network of trucking and distribution services, we are better able to serve international customers seeking to penetrate China's fast-growing consumption markets.”

## **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.



## YTD12 OPERATING PERFORMANCE

### Liner Shipping

	YTD12	YTD11	Change %
Revenue (US\$m)	5,965	5,868	2
Core EBIT (US\$m)	(184)	(149)	23
Average Revenue/FEU (US\$)	2,541	2,560	(1)
Volume('000 FEU)	2,218	2,155	3

### Logistics

	YTD12	YTD11	Change %
Revenue (US\$m)	1,120	1,015	10
Core EBIT (US\$m)	41	49	(16)
Core EBIT Margin (%)	3.7	4.8	

## QUARTER OPERATING PERFORMANCE

### Liner Shipping

	3Q12	3Q11	Change %	2Q12	Change %
Revenue (US\$m)	1,961	1,904	3	1,994	(2)
Core EBIT (US\$m)	55	(88)	n.m.	7	686
Average Revenue/FEU (US\$)	2,601	2,539	2	2,615	(1)
Volume('000 FEU)	707	699	1	720	(2)

### Logistics

	3Q12	3Q11	Change %	2Q12	Change %
Revenue (US\$m)	365	333	10	361	1
Core EBIT (US\$m)	19	16	19	9	111
Core EBIT Margin (%)	5.2	4.8		2.5	



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**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](http://www.nol.com.sg).*