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NOL reports 3Q 2015 Net Loss of US\$96 million

Core EBITDA for third quarter stays positive at US\$21 million

SINGAPORE, 30 October 2015 – NOL today reported a 3Q 2015 net loss of US\$96 million, compared to a net loss of US\$23 million in 3Q 2014. The Group posted a third quarter 2015 Core EBIT loss (Earnings Before Interest, Taxes and Non-Recurring Items) of US\$66 million, versus a Core EBIT of US\$21 million in the same quarter last year.

NOL's Core EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) in 3Q 2015 was US\$21 million, compared to US\$114 million in the same period last year. NOL's cost savings program yielded US\$80 million in 3Q 2015, bringing its total year-to-date cost savings to US\$335 million.

"The absence of the traditional third quarter peak season in Europe and North America led to severe freight rates erosion in major trade lanes. We continued to make good progress in managing costs. Unfortunately, this was more than offset by weak global demand and huge contraction in freight rates," said NOL Group President and CEO Ng Yat Chung. "NOL will continue to drive cost excellence and yield optimisation. The Group's balance sheet has strengthened and we will invest when the conditions are right."

Liner performance

In 3Q 2015, APL, NOL's container shipping business, reported a revenue decline of 29% to US\$1.2b versus the same quarter last year. APL's average freight rates fell 21% amidst pressure from over-capacity in the industry. Volume contracted 11%, which APL attributed to various reasons, including a significant drop in U.S. exports and weak demand in the Intra-Asia short-sea market. APL also voided sailings in response to weak global demand and trimmed capacity in unprofitable trade lanes. APL was able to maintain a high headhaul utilisation of above 90%.

APL maintained its rigorous cost management as well as a yield-focused trade strategy that emphasises network rationalisation and better cargo selection. Six chartered ships were returned in the third quarter. As a result, total cost of sales per forty-foot-equivalent unit (FEU) fell by 17% year-on-year.

NOL FINANCIAL PERFORMANCE

	YTD 15 ¹	YTD 14	Change % Better/(Worse)	3Q15 ¹	3Q14	Change % Better/(Worse)
Revenue (US\$m)	4,744	6,389	(26)	1,207	2,060	(41)
Core EBITDA (US\$m)	273	225	21	21	114	(82)
Core EBIT (US\$m)	(7)	(59)	88	(66)	21	n.m.
Net profit / (loss) (US\$m)	783	(175)	n.m.	(96)	(23)	(317)
One-time gain on sale of APL Logistics (US\$m)	887	-	n.m.	-	-	-
Net loss excluding one-time gain on disposal of APL Logistics (US\$m)	(104)	(175)	41	(96)	(23)	(317)

1. YTD15 comprised APL Logistics' contribution from January to May 2015. Divestment of APL Logistics was completed on 29 May 2015. APL Logistics is no longer included in Group's financials in 3Q15 and onwards.

n.m. - not meaningful

LINER OPERATING PERFORMANCE

	YTD 15	YTD14 ²	Change % Better/(Worse)	3Q15	3Q14 ²	Change % Better/(Worse)
Revenue (US\$m)	4,133	5,293	(22)	1,207	1,695	(29)
Core EBITDA (US\$m)	246	172	43	21	97	(78)
Core EBIT (US\$m)	(33)	(103)	68	(66)	7	n.m.
Average Revenue/FEU (US\$)	1,954	2,294	(15)	1,847	2,343	(21)
Volume ('000 FEU)	1,826	2,093	(13)	577	646	(11)

2. 2014 Liner numbers have been restated for comparative purpose.

n.m. – not meaningful

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