

2010 Full Year Performance Review

16 February 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. Group Highlights



By Cheng Wai Keung
Chairman



Group Financial Highlights

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Revenue	9,422	6,516	45	2,774	2,021	37
Core EBIT	557	(651)	nm	198	(183)	nm
EBIT	561	(659)	nm	202	(191)	nm
Net profit / (loss)	461	(741)	nm	177	(211)	nm
Basic EPS (US cents)	17.88	(36.12)	nm	6.88	(8.19)	nm

Group Dividends: Final dividend of 4.60 Singapore cents per share, tax exempt (one-tier).

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

2. FY2010 Financial Highlights



By Ron Widdows
Group President & CEO



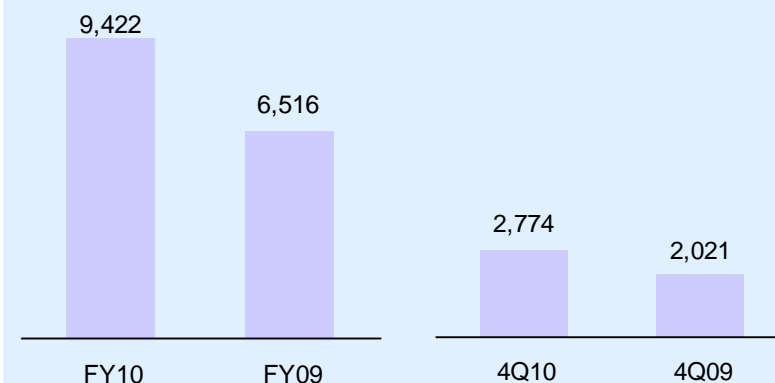
FY2010 Key Highlights

Key Highlights

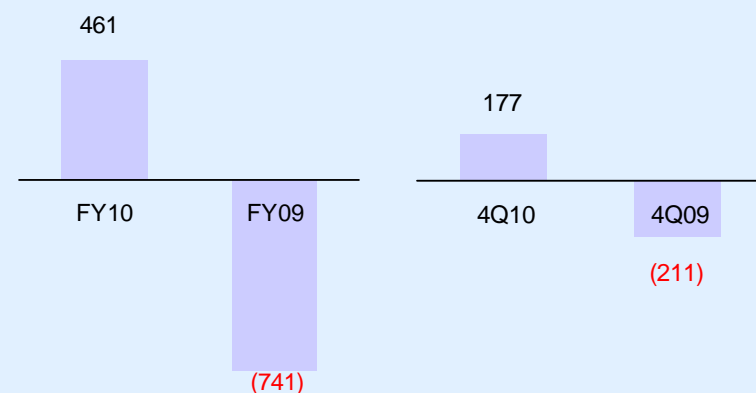
- FY10 Financial Highlights**
 - Revenue of US\$9.4 billion, a year-on-year increase of 45%
 - Core EBIT of US\$557 million
 - Net profit of US\$461 million
- 4Q10 Financial Highlights**
 - Revenue of US\$2.8 billion, a year-on-year increase of 37%
 - Core EBIT of US\$198 million
 - Net profit of US\$177 million
- Others**
 - Ordered 12 vessels, totaling 105,400 TEUs, for approximately US\$1.2 billion
 - Established a Medium-Term Note programme of US\$1.5 billion of which a S\$280 million note at 4.65% coupon due 2020 was issued
 - Received firm financing offers for 12 vessels of approximately US\$926 million

Group Financials

Revenue (US\$m)

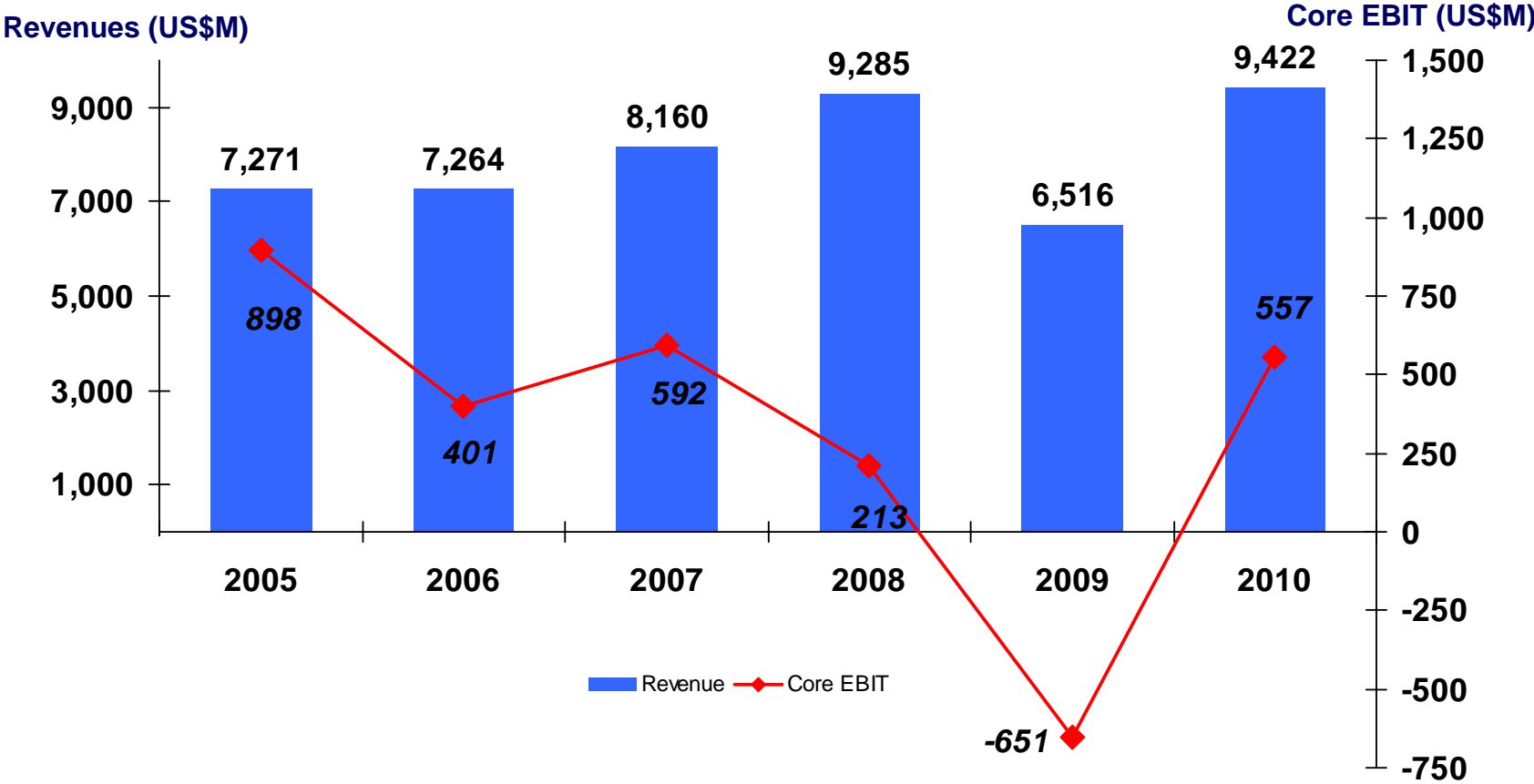


Net profit/(loss) (US\$m)



Financial Performance

In 2010, record revenues was achieved along with significantly improved earnings.



Core EBIT Margin (%)

12.4% 5.5% 7.3% 2.3% -10.0% 5.9%

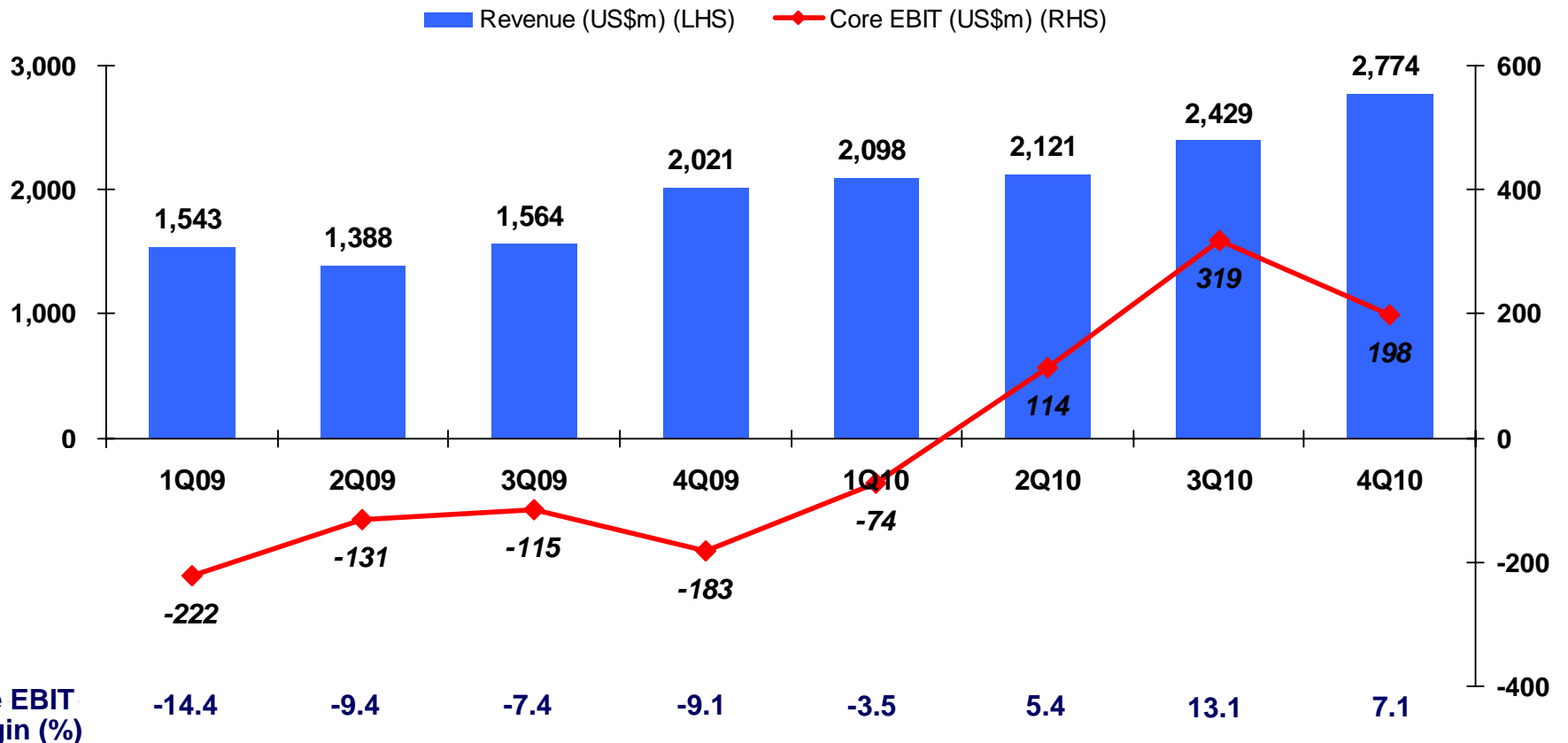


Group Revenue, Core EBIT and Core EBIT Margin Trend

Rapid improvement in container trade environment since beginning of 2010 has reversed the losses incurred in 2009.

Revenue (US\$M)

Core EBIT (US\$M)

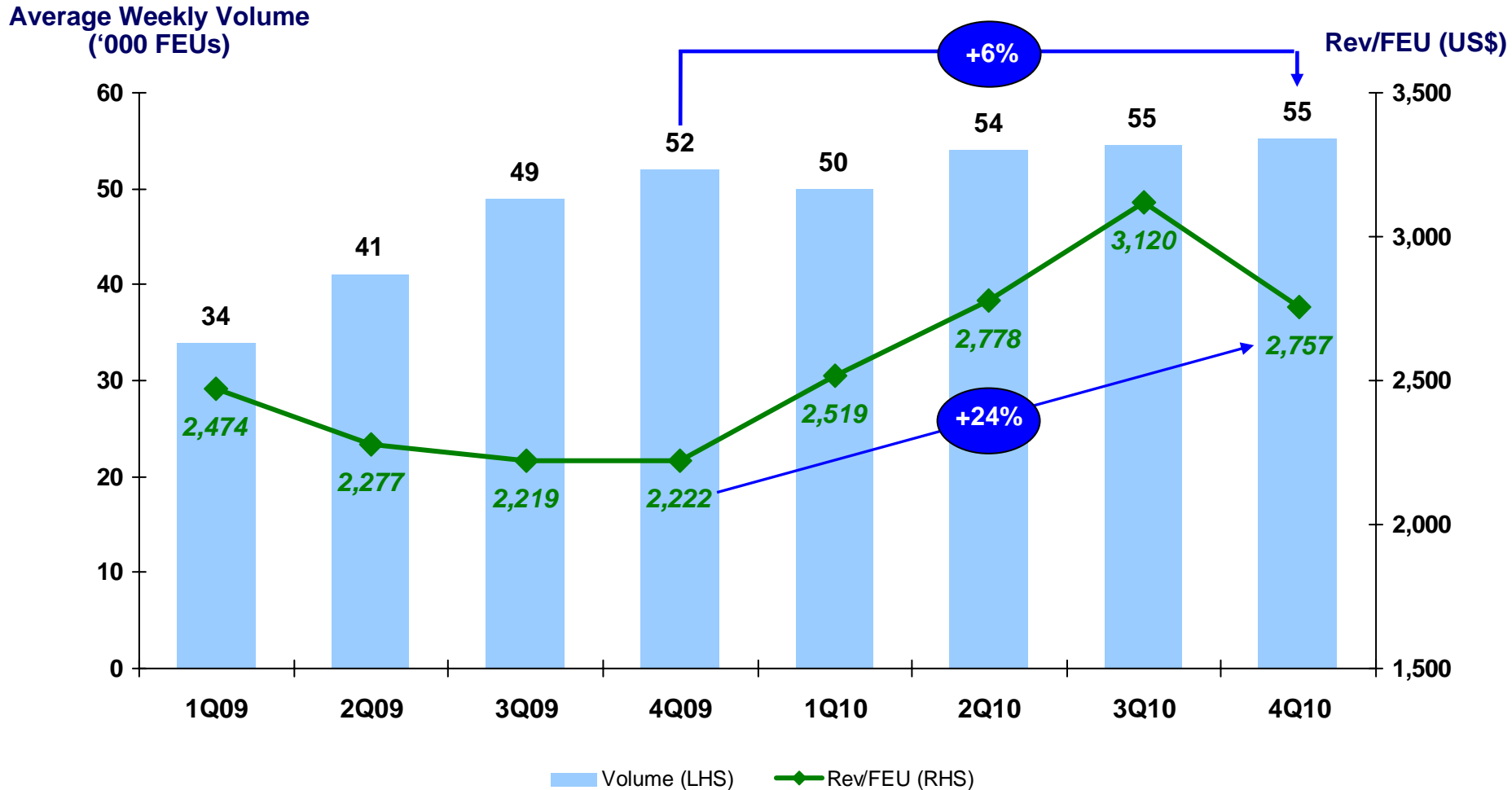


Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. FY09 and 4Q09 encompassed a 52-week and 14-week period respectively. In 2010 and 2009, 2Q and 3Q encompassed a 12-week period.



Volume and Rev/FEU Trend

Overall freight rate improvement since 4Q 2009 has been one of the main drivers of the Group's improvement in earnings.



Group Financial Highlights

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Revenue	9,422	6,516	45	2,774	2,021	37
Core EBIT	557	(651)	nm	198	(183)	nm
• Non-recurring items	4	(8)	nm	4	(8)	nm
EBIT	561	(659)	nm	202	(191)	nm
Net profit / (loss)	461	(741)	nm	177	(211)	nm
Basic EPS (US cents)	17.88	(36.12)	nm	6.88	(8.19)	nm

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

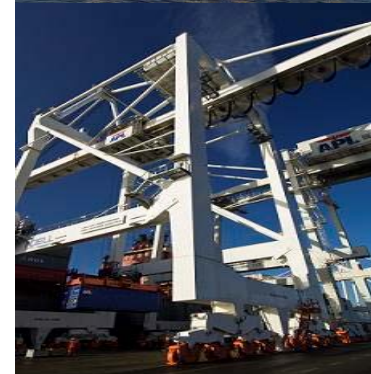
Group Core EBIT Breakdown

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Liner	490	(698)	nm	176	(196)	nm
Logistics	67	54	24	22	13	69
Others	-	(7)	(100)	-	-	-
Total Core EBIT	557	(651)	nm	198	(183)	nm

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

FY2010 Summary

- Record revenue achieved in FY2010 in an improved industry environment.
- Reliability and service capabilities provided strength in demand during peak season.
- Taken steps to improve current and future costs base.
- Commitment to the industry and customers through investment in the business.
- Continue to manage costs through operational efficiency and slow steaming.
- Logistics continue to build on existing service capabilities to grow revenue and earnings.
- Launched our re-entry into the domestic intermodal business within the US and between the US and Mexico.



3. FY2010 Financial Performance



By Cedric Foo
Group Deputy President &
CFO



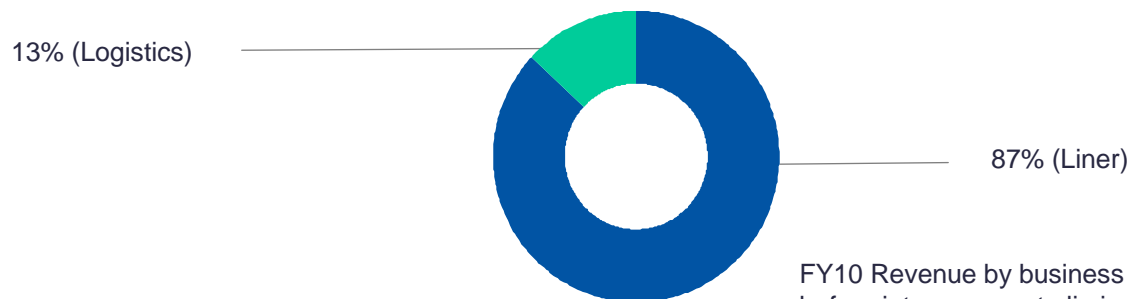
Group Financial Highlights

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Revenue	9,422	6,516	45	2,774	2,021	37
Core EBITDA	842	(365)	nm	275	(107)	nm
• Depreciation & Amortisation	(285)	(286)	(1)	(77)	(76)	1
Core EBIT	557	(651)	nm	198	(183)	nm
• Non-recurring items	4	(8)	nm	4	(8)	nm
EBIT	561	(659)	nm	202	(191)	nm
• Gross Interest Expense	(34)	(43)	(19)	(10)	(8)	25
• Tax	(66)	(39)	69	(15)	(12)	25
Net profit / (loss) to equity holders	461	(741)	nm	177	(211)	nm

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Group Revenue Breakdown

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Liner	8,282	5,618	47	2,426	1,736	40
Logistics	1,260	976	29	380	306	24
Elimination/Others	(120)	(78)	54	(32)	(21)	52
Total Revenue	9,422	6,516	45	2,774	2,021	37



FY10 Revenue by business segment is stated before inter-segment elimination.

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Group Core EBIT Breakdown

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Liner	490	(698)	nm	176	(196)	nm
Logistics	67	54	24	22	13	69
Others	-	(7)	(100)	-	-	-
Total Core EBIT	557	(651)	nm	198	(183)	nm

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Non-Recurring Items

US\$m	FY10	FY09	4Q10	4Q09
1. Gains/(losses) from asset disposals	3	1	2	(4)
2. Others	1	(9)	2	(4)
Total	4	(8)	4	(8)

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Balance Sheet Highlights

US\$m	31 Dec '10	25 Dec '09
Total Assets	6,451	5,340
Total Liabilities	3,185	2,500
Total Equity	3,266	2,840
Total Debt	1,359	940
Total Cash	977	333
Net Debt	382	607
Gearing (Gross)	0.42 x	0.33 x
Gearing (Net)	0.12 x	0.21 x
NAV per share (US\$)	1.25	1.08
(S\$)	1.61	1.53

Cash Flow Highlights

US\$m	FY10	FY09
Cash & Cash Equivalents - Beginning	333	429
<i>Cash Inflow/(Outflow)</i>		
Operating Activities	693	(550)
Investing/Capex Activities	(450)	(73)
Financing Activities	401	527
Cash & Cash Equivalents – Closing	977	333

Capital Expenditure

US\$m	FY10 Actual	FY09 Actual
1. Vessels	336	8
2. Equipment / Facilities	37	22
3. Drydock	40	13
4. IT	52	39
5. Others	8	11
Total	473	93

FY2010 Financial Performance Summary

- **Return to positive operating cash flow.**
- **Established a Euro Medium-Term Note (MTN) program with the ability to raise US\$1.5 billion.**
- **Successfully raised S\$280 million 10-year MTN note at coupon of 4.65%.**
- **Ordered 12 vessels for approximately US\$1.2 billion.**
- **Received firm financing offers for 12 vessels of approximately US\$926 million.**
- **We continue to manage our balance sheet to achieve capital efficiency and flexibility to deal with the shipping cycles.**

4. Liner



By Eng Aik Meng
President, APL



Liner FY2010 Highlights

- Liner achieved FY2010 revenue of US\$8.3 billion, a year-on-year (YoY) increase of 47% mainly due to higher volumes of cargo transported and improved freight rate in most of the major trade lanes.
 - FY2010 volume rose by 24% YoY mainly due to higher volumes lifted across the various trade lanes, in particular the Transpacific, Asia-Europe and Intra-Asia trade.
 - Average revenue per FEU for FY2010 rose by 22% YoY to US\$2,787 mainly due to improved rates in most of the major trade lanes, particularly in the second half of the year where improved Transpacific contract rates and peak season surcharges took effect.
 - Higher volumes resulted in FY2010 achieving utilisation rate of 94%.
- Liner recorded a positive Core EBIT of US\$490 million in FY2010 as compared to a negative Core EBIT of US\$698 million in FY2009 mainly due to improved container trade environment, higher rates and cost saving initiatives such as slow steaming and enhancing operational efficiencies.

Liner Profit & Loss Summary

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Revenue	8,282	5,618	47	2,426	1,736	40
Core EBITDA	762	(428)	nm	250	(123)	nm
• Depreciation & Amortisation	(272)	(270)	1	(74)	(73)	1
Core EBIT	490	(698)	nm	176	(196)	nm
• Non-recurring items	5	(9)	nm	4	(8)	nm
EBIT	495	(707)	nm	180	(204)	nm
Core EBIT Margin (%)	5.9	(12.4)		7.3	(11.3)	

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Liner Volume Growth

'000 FEUs	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Americas	1,108	915	21	307	302	2
Transpacific	919	738	25	256	247	4
Latin America	189	177	7	51	55	(7)
Europe	592	477	24	179	138	30
Asia-Europe	459	357	29	142	101	41
Transatlantic	133	120	11	37	37	0
Asia/Middle East	1,131	897	26	343	293	17
Total	2,831	2,289	24	829	733	13

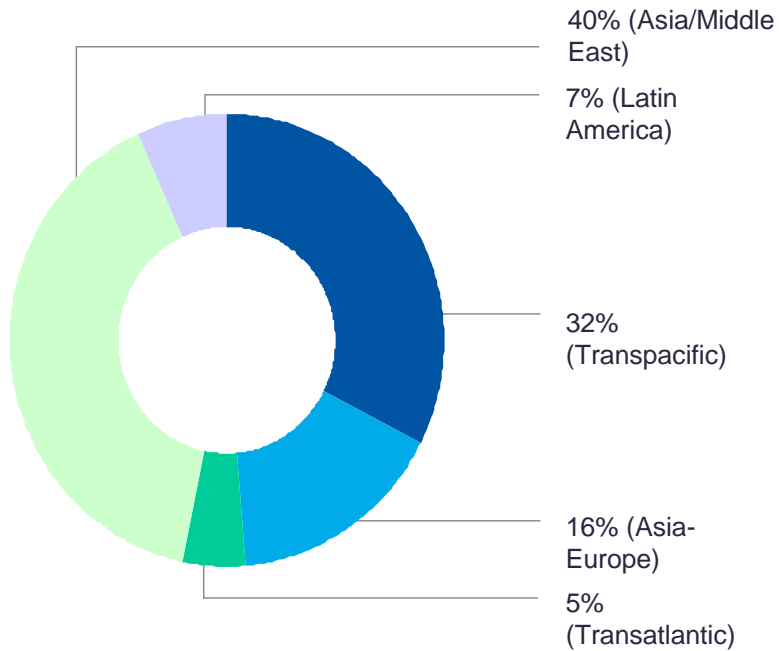
Notes:

- 1) Based on point of sailing and inclusive of headhaul and backhaul trade.
- 2) In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported volumes for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful comparisons.

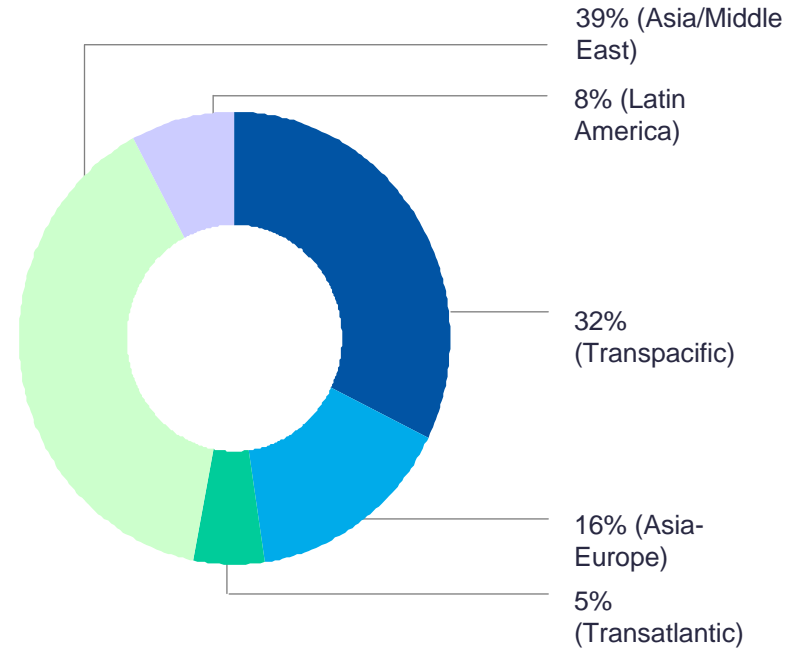


Liner : Volume Mix

Greater demand in all trade lanes has resulted in consistent volume mix.



FY10 Volume breakdown



FY09 Volume breakdown

Liner Average Revenue/FEU

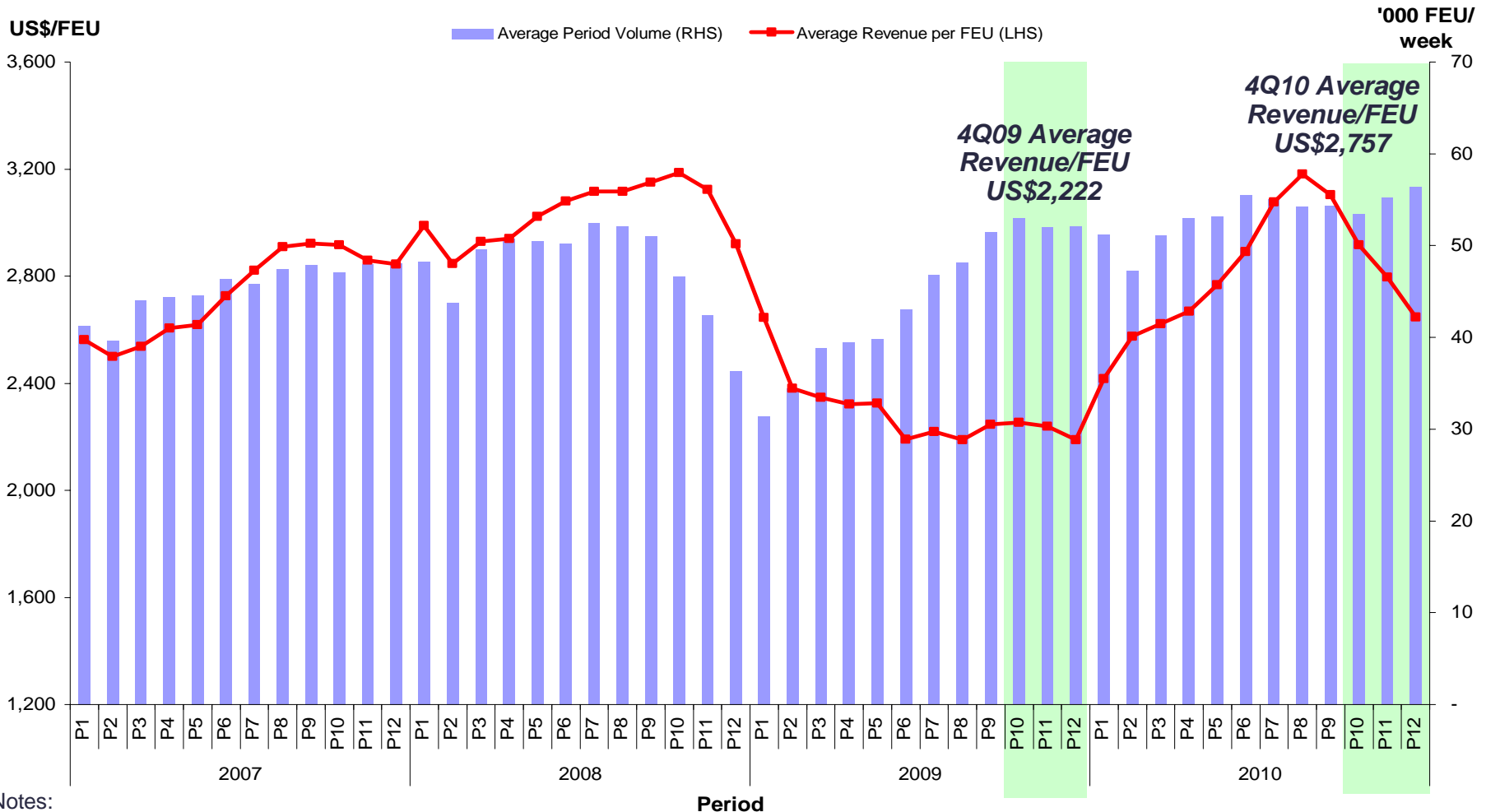
US\$/FEU	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Americas	3,776	3,185	19	3,916	2,922	34
Europe	3,141	2,191	43	3,044	2,398	27
Asia/Middle East	1,632	1,421	15	1,569	1,419	11
Total	2,787	2,286	22	2,757	2,222	24

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



Volume and Average Revenue/FEU Trend

Recovery in freight rates since the beginning of the year and the peak season has resulted in sequentially improved earnings. Freight rate pressure in anticipation of the seasonally softer periods of the year has resulted in recent freight rate decline.

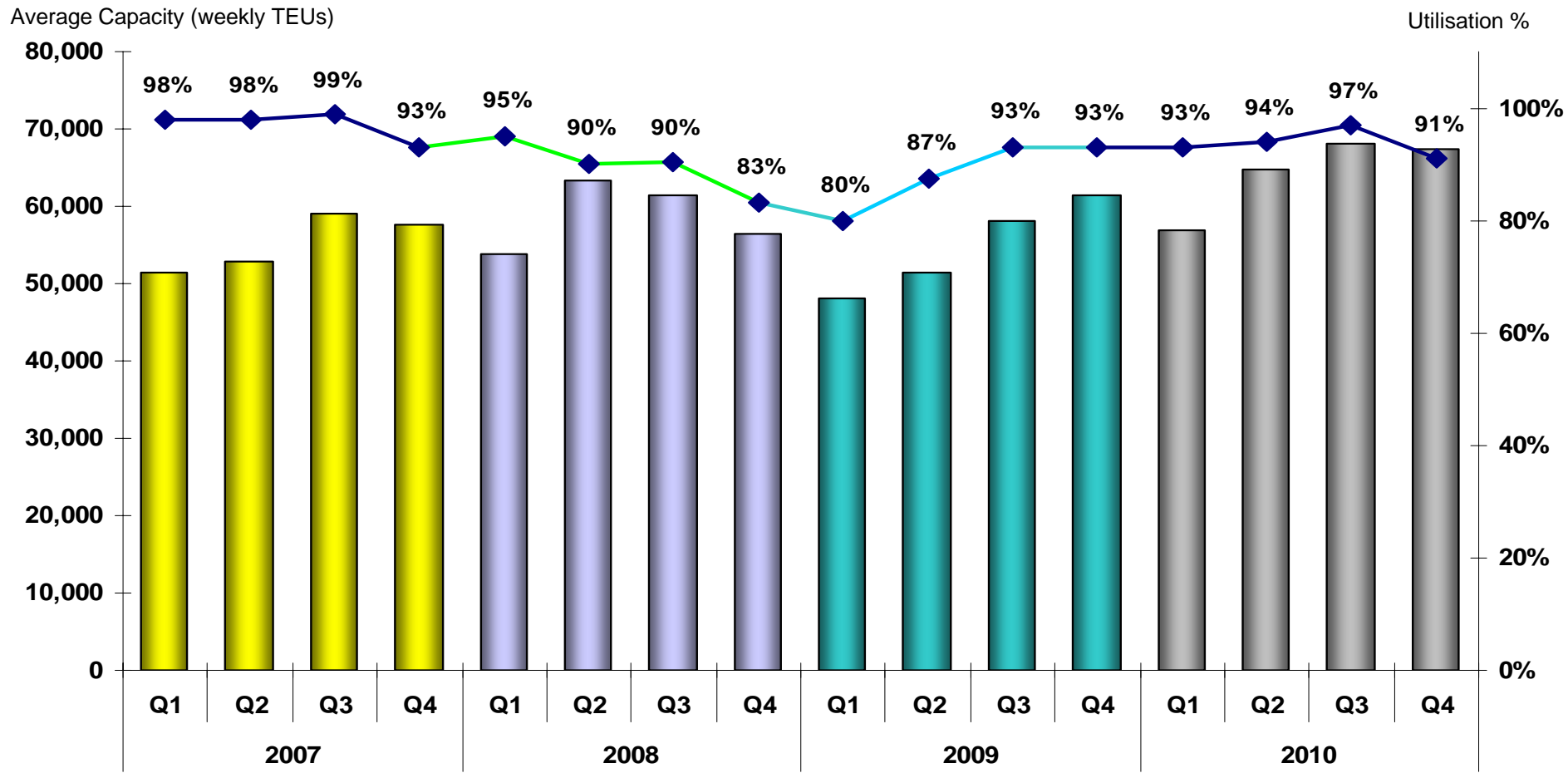


- Notes:
- 1) Average Period volumes are normalised based on number of weeks in the period
 - 2) Average revenue per FEU is based on point of sailing and inclusive of headhaul and backhaul trade.



Liner Network Capacity & Utilisation

Utilisation continues to remain relatively high even during the seasonally softer quarter of 4Q.



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



Liner : Americas

	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Total Volumes ('000 FEUs)	1,108	915	21	307	302	2
• Transpacific	919	738	25	256	247	4
• Latin America	189	177	7	51	55	(7)

Average Revenue (US\$/FEU)	3,776	3,185	19	3,916	2,922	34
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- **Transpacific** : Improvement in global trade and greater demand for our services and improved contracts rates taking effect in May/June 2010 resulted in significant year-on-year improvement in full year Transpacific volumes and freight rates. Recent freight rates increase is due to implementation of peak season surcharges.
- **Latin America** : Latin America trade volumes in 2010 increased on a year-on-year basis due to recovery in global trade.

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Liner : Europe

	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Total Volumes ('000 FEUs)	592	477	24	179	138	30
• Asia-Europe	459	357	29	142	101	41
• Transatlantic	133	120	11	37	37	0

Average Revenue (US\$/FEU)	3,141	2,191	43	3,044	2,398	27
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- **Asia-Europe** : Recovery in global trade and redeployment of idled vessels resulted in growth in volumes in the Asia-Europe trade. The improvement in demand and rising utilisation rates resulted in significant improvement in freight rates.
- **Transatlantic** : The Transatlantic route experience growth in volumes, consistent with the improvement in global trade.

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Liner : Asia/Middle East

	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Total Volumes ('000 FEUs)	1,131	897	26	343	293	17
Average Revenue (US\$/FEU)	1,632	1,421	15	1,569	1,419	11

- **Asia/Middle East:** Asia/Middle East FY2010 volumes grew by 26% year-on-year mainly due to growth in the Intra-Asia Short-sea trade.

FY2010 average Rev/FEU rose by 15% mainly due to improved rates on the Intra-Asia Long-haul trade.

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Liner Trade Imbalance

Recent growth in the Transpacific headhaul demand has outpaced growth in backhaul volumes resulting in a slightly more imbalanced trade lane.

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

Trade lane	2008	2009	2010
• Transpacific	7	7	6
• Asia-Europe	7	8	8
• Transatlantic	10	10	10

Terminal Volume and Utilisation

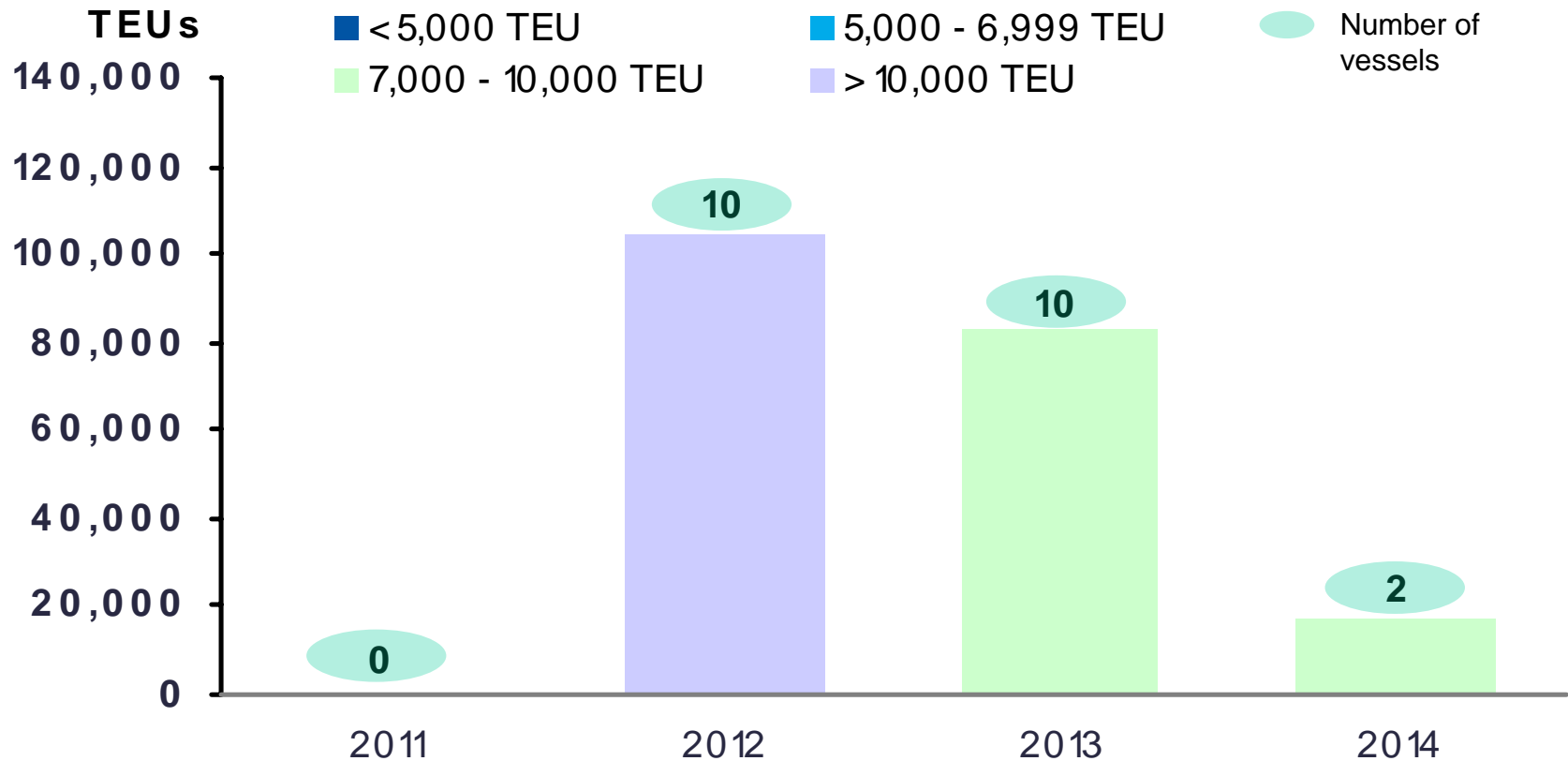
Growth in container shipping volumes have resulted in improved terminal throughput and higher utilisation rates.

Volume (Lifts '000)	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Americas	1,346	951	42	393	327	20
Asia/Middle East	1,183	995	19	334	314	6
Total	2,529	1,946	30	727	641	13
Utilisation (%)	83	65		88	77	

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported volumes for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful comparisons.

Vessel Commitments

Recent newbuilding orders increased the new vessel commitments to 22 (owned and chartered), to be delivered from 2011 onwards.



Note: Approximately 150,000 TEUs of nominal capacity have charter expiry dates between 2011 and 2013.

Liner FY 2010 Summary

- **Improvement in container shipping environment and rates have resulted in a return to positive earnings.**
- **Volume improvement has brought about better utilisation across all Liner assets under management.**
- **Conclusion of Transpacific contracts at higher levels and peak season generated significant improvement in earnings in 2H2010.**
- **Slow steaming across the network to manage costs and lower emissions.**
- **Continue to maintain focus on operational efficiency and cost management to drive cost savings.**

5. Logistics



By Jim McAdam
President, APL Logistics



Logistics FY2010 Highlights

- Logistics achieved FY2010 revenue of US\$1.3 billion, a year-on-year (YoY) increase of 29%, mainly due to higher volumes and freight rates across the various Logistics' services.
 - Contract Logistics achieved revenue of US\$743 million, a YoY increase of 21% mainly due to higher volumes and rates achieved in a number of business segments, in particular the rail and land transport business segments and business areas that service the automotive sector.
 - International Services achieved revenue of US\$517 million, a YoY increase of 42% due to a combination of higher shipment volume and improved sea and air freight rates.
- Logistics achieved a Core EBIT of US\$67 million for FY2010, an increase of US\$13 million or 24% YoY. Improved revenue across the various divisions was partially offset by investment in personnel to support development of new businesses, general and administrative expense and reduction in average warehouse utilisation in the Contract Logistics business unit.

Logistics Profit & Loss Summary

US\$m	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Revenue	1,260	976	29	380	306	24
Core EBITDA	78	65	20	25	16	56
• Depreciation & Amortisation	(11)	(11)	-	(3)	(3)	-
Core EBIT	67	54	24	22	13	69
• Non-recurring items	(1)	-	-	-	-	-
EBIT	66	54	22	22	13	69
Core EBIT Margin (%)	5.3	5.5		5.8	4.2	

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

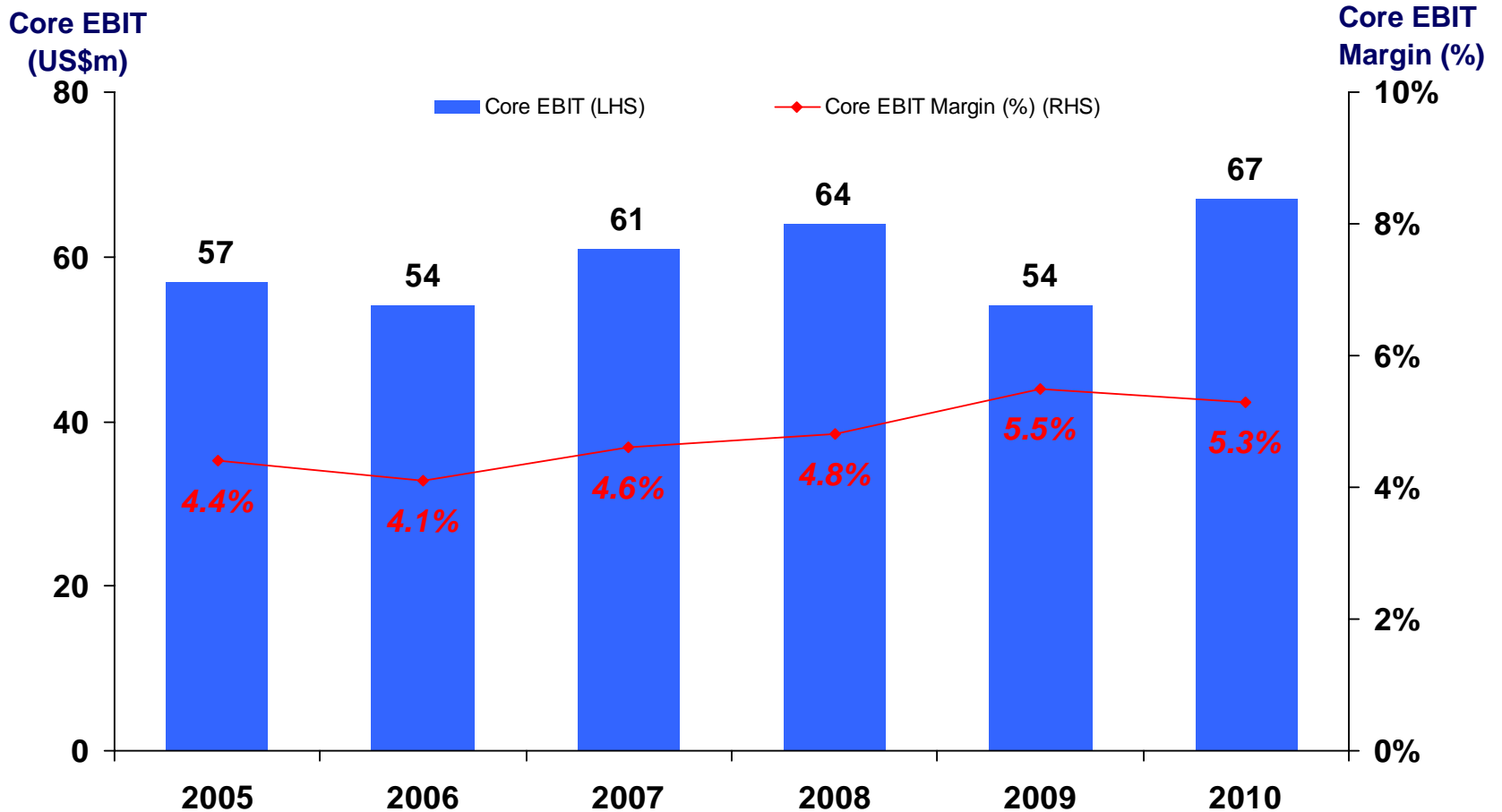
Performance Breakdown

Business Segment (US\$m)	FY10	FY09	% ▲	4Q10	4Q09	% ▲
Revenue	1,260	976	29	380	306	24
• Contract Logistics	743	612	21	220	199	11
• International Services	517	364	42	160	107	50
Core EBIT	67	54	24	22	13	69
• Contract Logistics	17	19	(11)	7	5	40
• International Services	50	35	43	15	8	88
Core EBIT Margin (%)	5.3	5.5		5.8	4.2	
• Contract Logistics (%)	2.3	3.1		3.2	2.5	
• International Services (%)	9.7	9.6		9.4	7.5	

Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Logistics Core EBIT and Core EBIT Margin Trend

In 2010, Logistics achieved historically high Core EBIT on the back of a solid EBIT margin of 5.3%.

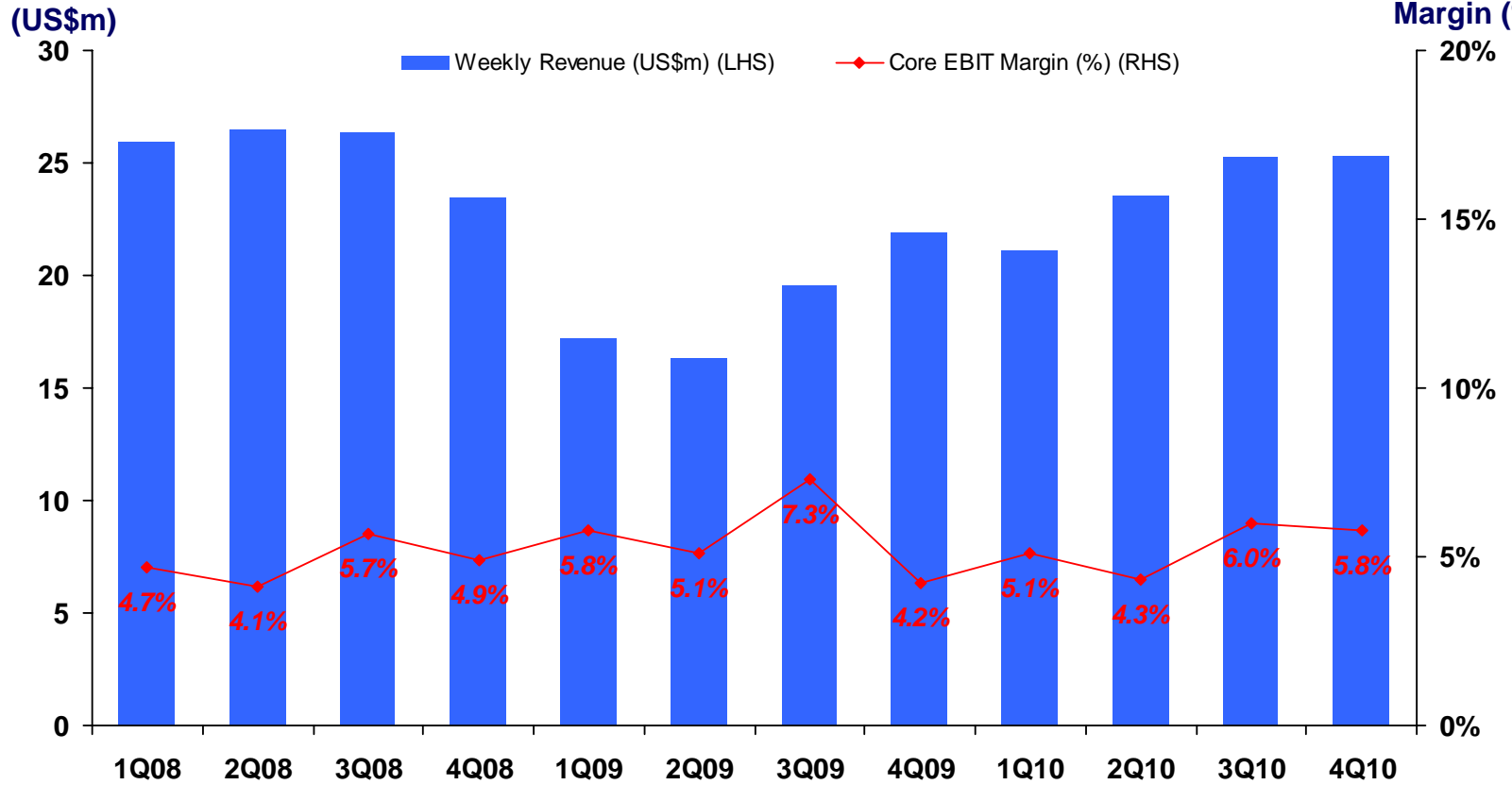


Logistics Revenue and Core EBIT Margin Trend

Logistics continue to build on its current portfolio of businesses to grow revenue and provide a stable Core EBIT margin.

Weekly Revenue

Core EBIT Margin (%)



Full year Core EBIT Margin (%)

4.8%

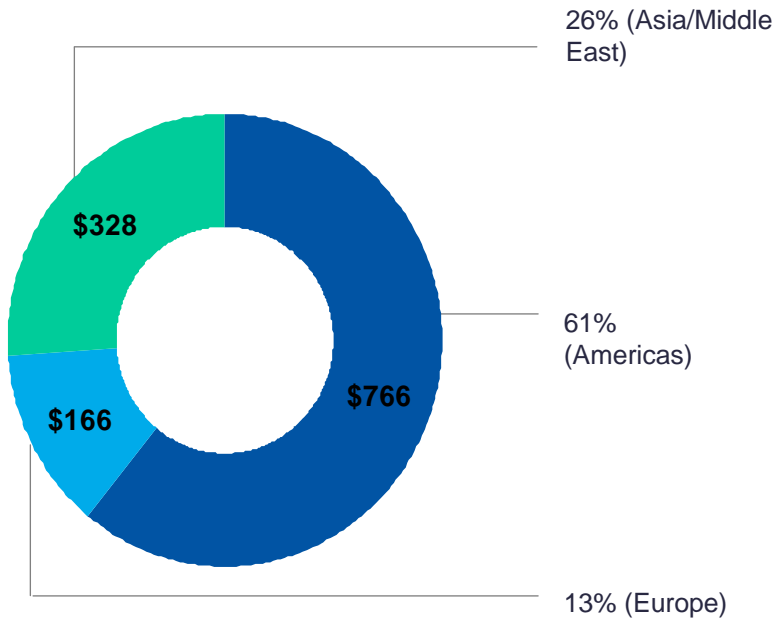
5.5%

5.3%

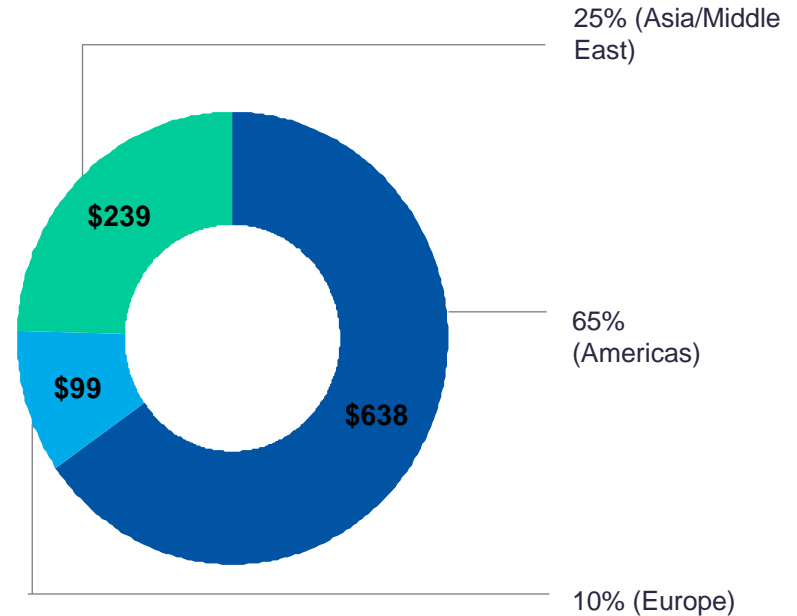


Logistics' Revenue Trend – By Region

Europe revenue benefited from higher freight rates and volume in the International Services division while Asia/Middle East continue to grow its revenue contribution as greater service offerings were introduced.



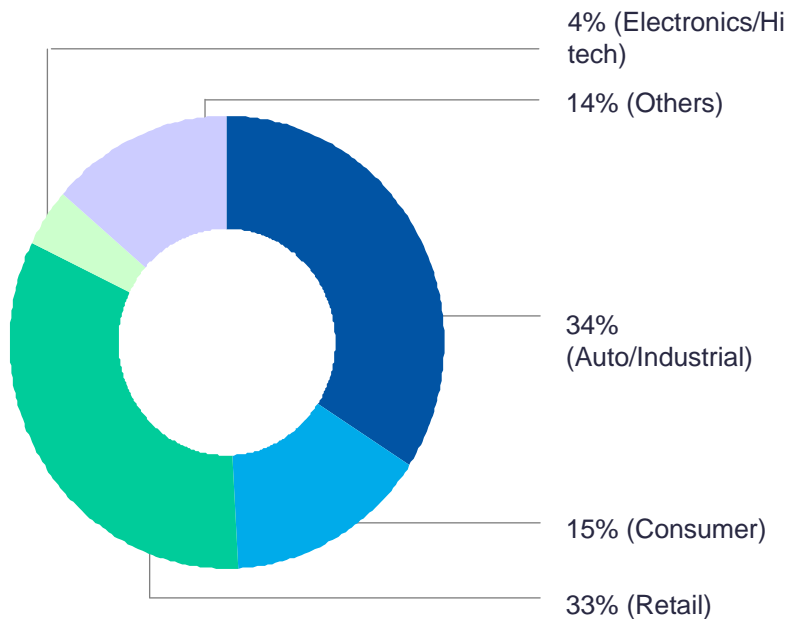
FY10 Revenue Breakdown
– by Region (US\$m)



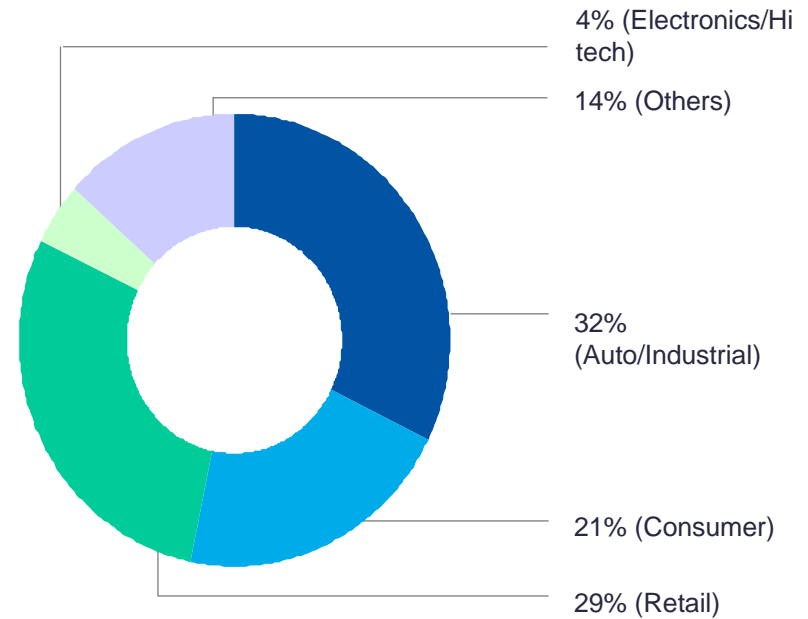
FY09 Revenue Breakdown
– by Region (US\$m)

Logistics' Revenue Trend – By Customer Segment

Recovery in US retail and auto sales resulted in improved demand for our services from those customer segments.



FY10 Revenue Breakdown
– by Customer Segment



FY09 Revenue Breakdown
– by Customer Segment

Logistics FY2010 Summary

- **Achieved historically high core EBIT of US\$67 million.**
- **Recovery in global demand in 2010 has resulted in revenues and earnings reaching pre-downturn levels.**
- **Business that service international freight transportation and the automotive sector have been one of the main benefactors and continue to remain buoyant.**
- **Growth in land transportation services in Asia strengthens our International and Contract Logistics presence in the region.**
- **Continued expansion into the US domestic intermodal segment.**

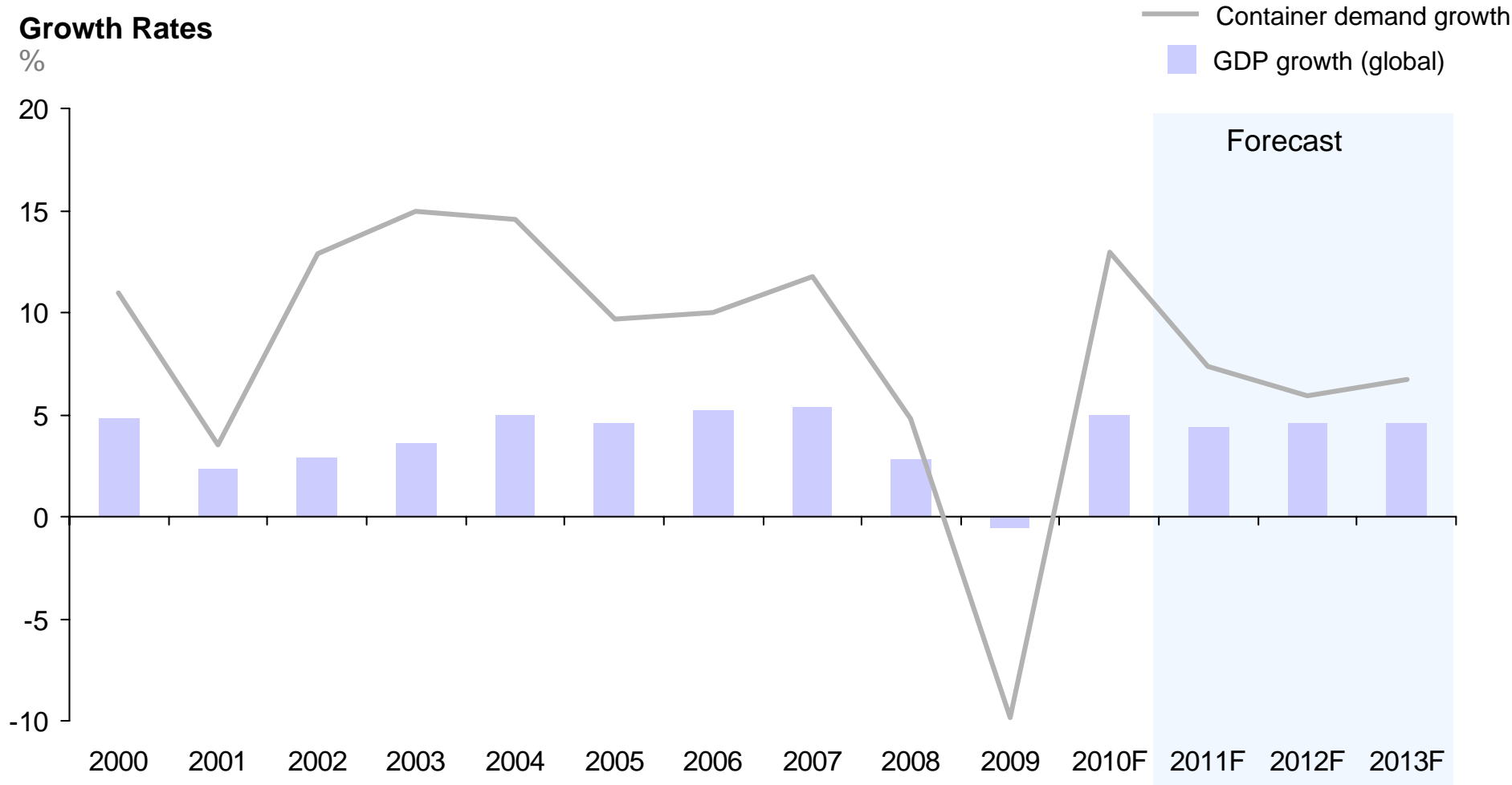
6. Current Industry Dynamics



By Ron Widdows
Group President & CEO



2010 recovery in containerised trade was faster than expected. 2011 growth will likely continue but at a normalised pace

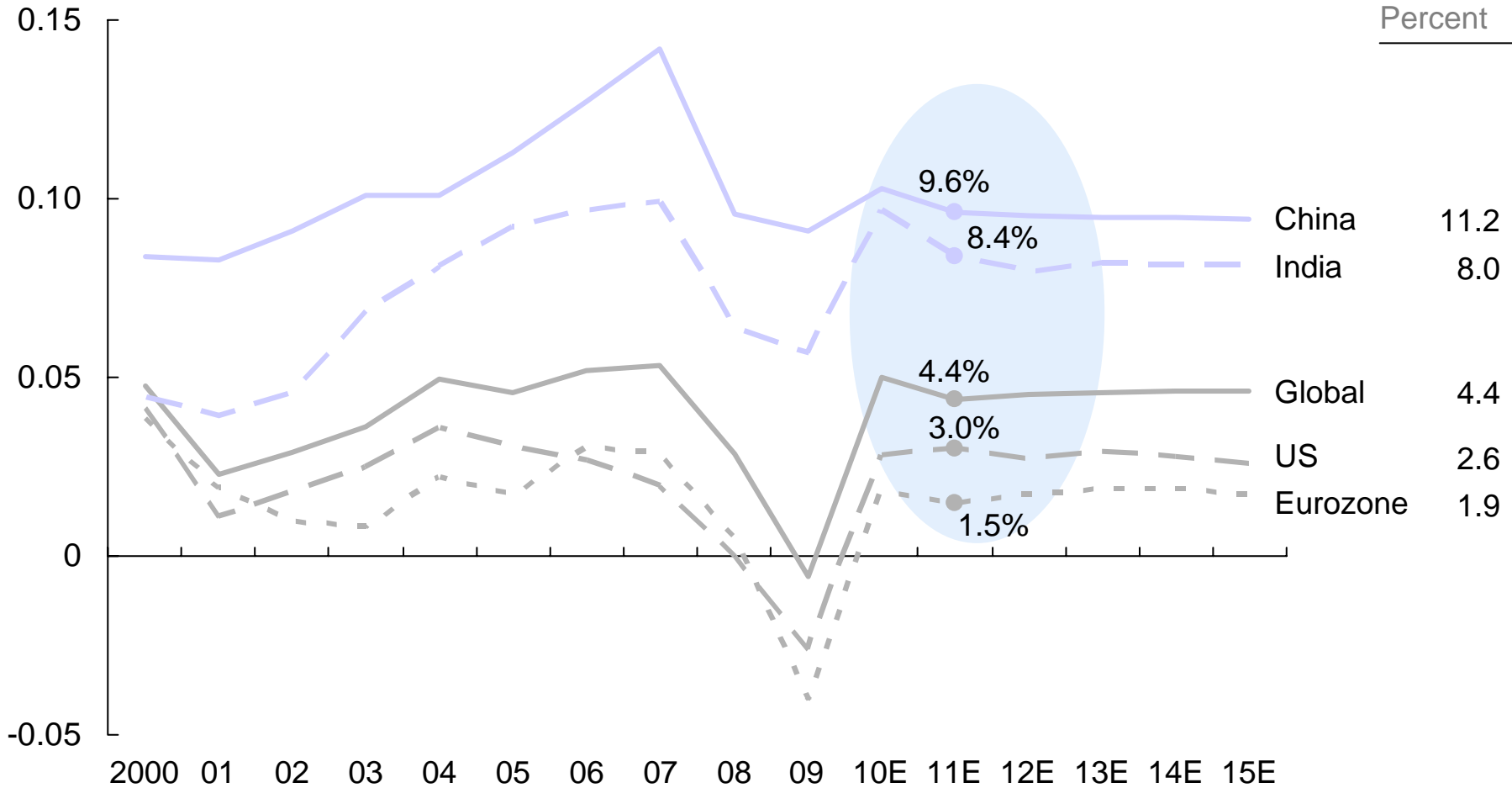


Source: Drewry, IMF



Global growth is expected to resume with developed countries experiencing muted growth and India and China the main bright spots

GDP growth
Percent, YoY

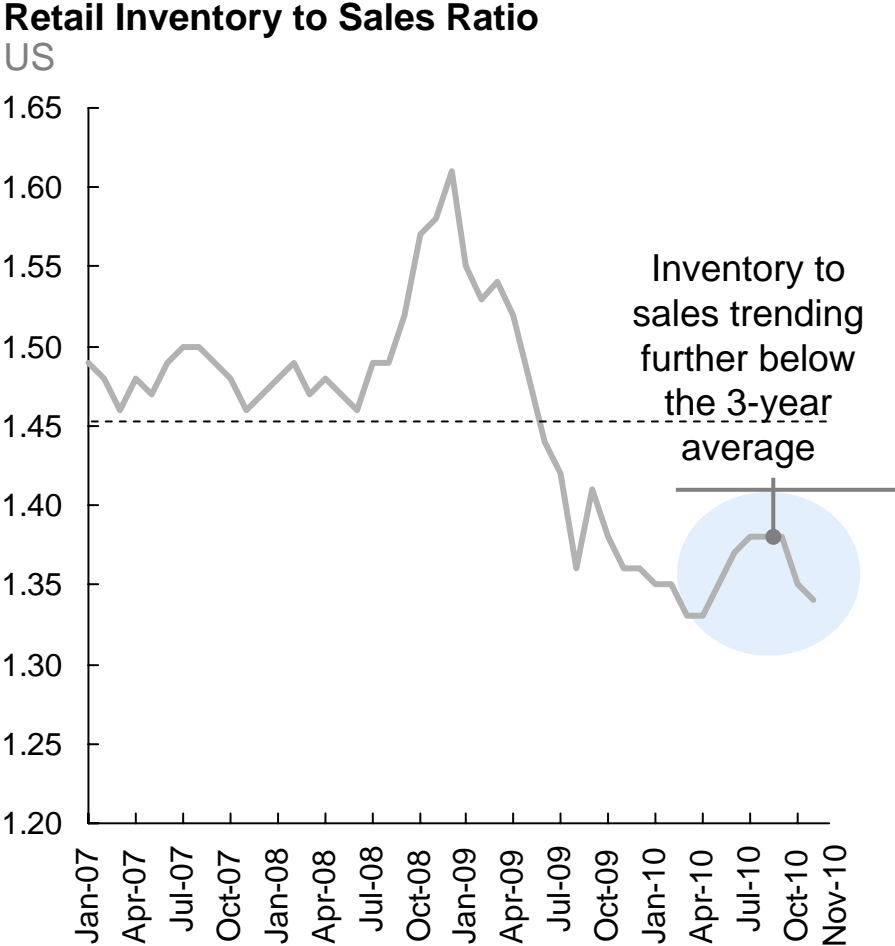
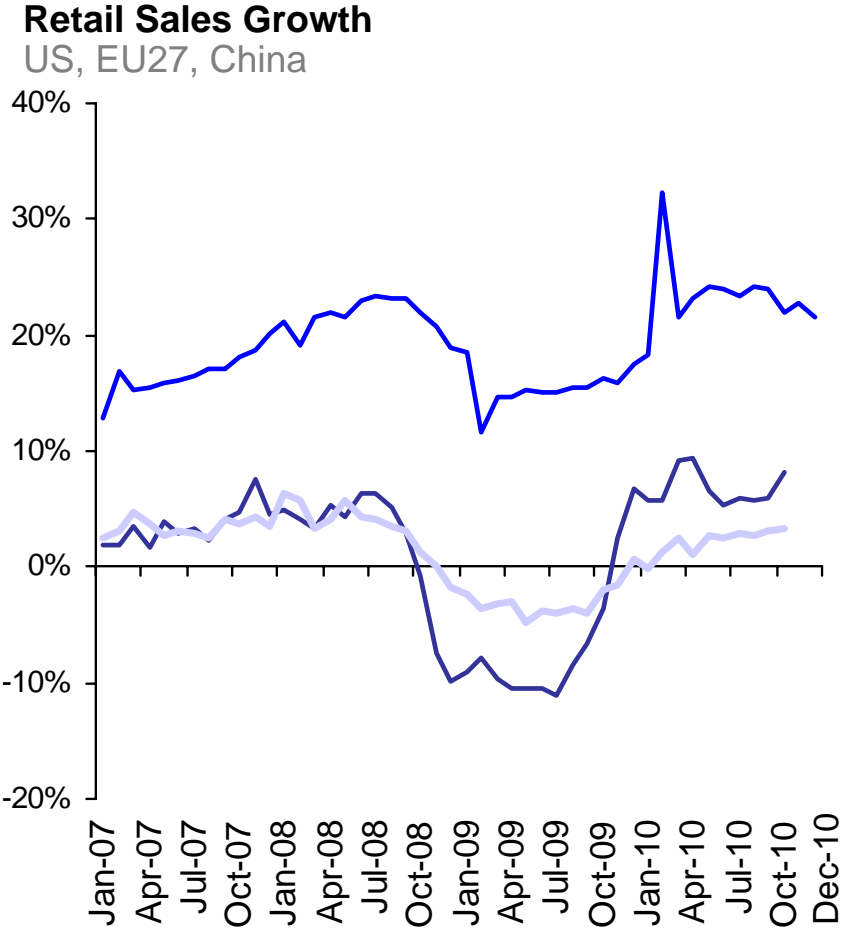


Source: IMF



Retail sales growth continue to show strength with inventory levels still relatively low

- US
- EU27
- China



Some oversupply in 2011 with trends pointing to a likely supply shortage in 2013.

Growth Rates

%



Source: MDS Jan 2011; Drewry



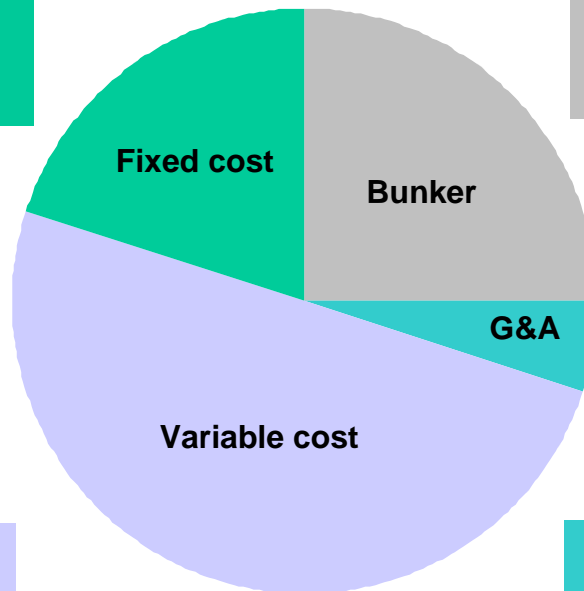
2011 Supply Growth May Be Less Significant Than Forecasted

- **Some ship operators and owners still rebuilding balance sheets**
- **Financing of current orderbook is still uncertain**
- **Spreading out of deliveries will continue**
- **Some ships will be absorbed into more slow steaming where slow steaming has not yet been employed**
- **Availability of equipment**

While uncertainty remains in 2011, we continue to focus on managing costs and operational efficiencies

- Ordered 12 new vessels which can potentially replace existing charters
- Capacity management (e.g. capacity reduction during Lunar New Year)

Cost Structure Example



- Slow steaming
- Exploring technological advancements
- New vessel specifications

- Enhancing operational efficiencies
- Densification of volume (e.g. costs efficiencies through volume increase in own terminals)

- Centralisation of processes (e.g. Global Service Centre, Chongqing, China)
- Relocation of US headquarters to Phoenix

Summary

- **Indicators suggest demand recovery is continuing.**
- **Supply uncertainty remains with relatively large amount of deliveries in 1H 2011.**
- **Recent freight rate suggests a combination of seasonality and some supply pressure.**
- **Supply constraints could still occur from financing issues and container box supply.**
- **Recent rise in bunker cost will weigh on cost.**
- **2011 will remain uncertain and largely driven by competitive behaviour.**
- **NOL will continue to focus on cost and operational efficiencies while still providing the highest level of services to its customers.**



7. Group Outlook



Group Outlook

Notwithstanding the improved performance for 2010, market conditions are uncertain. We continue to monitor the economy and consumer demand patterns so that we can meet the challenges ahead and seize opportunities as they arise.

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

**End of Presentation
Thank You**

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