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NOL reports US\$461 million net profit in 2010

Result represents a US\$1.2 billion turnaround from 2009

SINGAPORE, 16 FEBRUARY, 2011 – NOL Group today reported net profit of US\$461 million for 2010, representing a US\$1.2 billion turnaround from its US\$741 million loss in 2009. The container shipping and logistics company said that group revenue reached an all-time high of US\$9.4 billion, up 45% from last year.

NOL's fourth quarter net earnings were US\$177 million. That compared to a US\$211 million loss in the same period a year ago.

NOL reported 2010 Core EBIT (Earnings Before Interest and Taxes) of US\$557 million, compared to a Core EBIT loss of US\$651 million in 2009. Core EBIT in the fourth quarter was US\$198 million.

“Strong demand from shippers and rate increases in our major trade lanes helped drive the turnaround,” said NOL Group CEO Ronald D. Widdows. “Continued emphasis on the fundamentals of our business – efficiency, cost discipline and service quality – is just as important going forward.”

In view of our continuing investment in the business – most notably in ships - and in accordance with NOL's policy of paying annual dividends of 20% of net profits after tax, the NOL Board of Directors has recommended a final tax-exempt (one tier) dividend of 4.6 Singapore cents per share subject to shareholders' approval.



	2010	2009	Change %	4Q10	4Q09	Change %
Revenue (US\$m)	9,422	6,516	45	2,774	2,021	37
Core EBIT (US\$m)	557	(651)	nm	198	(183)	nm
Net profit/(loss) (US\$m)	461	(741)	nm	177	(211)	nm

BUSINESS SEGMENTS

APL, NOL Group's liner shipping business, reported 2010 revenue of US\$8.3 billion, up 47% from a year ago. The shipping line attributed the increase to higher volumes of cargo transported and improved freight rates in most major trade lanes. Volume increased 24% from 2009 and average Revenue Per FEU (forty-foot equivalent unit) was up 22% to US\$2,787. The average utilization rate for APL vessels in 2010 was 94%. APL said freight rates increased particularly in the second half of 2010 where improved Transpacific contract rates and peak season surcharges took effect.

"Improved conditions for containerized trade led to higher rates and increased volume," said APL President Eng Aik Meng. "We were able to magnify those results by keeping vessel utilization high, containing costs and achieving greater operational efficiency."

APL Logistics, NOL Group's supply chain management business, reported record Core EBIT of US\$67 million in 2010. That was a 24% improvement from 2009. Revenue increased 29% in 2010 to US\$1.3 billion. The increase resulted from higher volume across APL Logistics business segments, most notably rail and land transport and auto logistics. International Services revenue was up 42% in 2010 due to increased shipment volume and improved sea and air freight rates.

"Our logistics business continued the revenue expansion that began in late 2009," said APL Logistics President Jim McAdam. "A new leadership team, and a focus on cost-discipline, delivered record results at the Core EBIT level and provided a platform for continued growth in 2011."



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.

2010 OPERATING PERFORMANCE (vs 2009)

Liner Shipping

- Revenue US\$8.3 billion, up 47%
- Core EBIT US\$490 million, compared to a loss of US\$698 million previously
- Average revenue per FEU US\$2,787, up 22%
- Volume 2.83 million FEUs, up 24%

Logistics

- Revenue US\$1.3 billion, up 29%
- Core EBIT US\$67 million, up 24%
- Core EBIT Margin 5.3% compared to 5.5% previously

4Q10 OPERATING PERFORMANCE (vs 4Q09)

Liner Shipping

- Revenue US\$2.4 billion, up 40%
- Core EBIT US\$176 million, compared to a loss of US\$196 million previously
- Average revenue per FEU US\$2,757, up 24%
- Volume 829,000 FEUs, up 13%

Logistics

- Revenue US\$380 million, up 24%
- Core EBIT US\$22 million, up 69%
- Core EBIT Margin 5.8% compared to 4.2% previously



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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 and 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:
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