

2011 Full Year Performance Review

22 February 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. Group Highlights



By Cheng Wai Keung
Chairman



Group Financial Highlights

US\$m	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Revenue	9,211	9,422	(2)	2,403	2,774	(13)
Core EBIT	(377)	557	nm	(277)	198	nm
EBIT	(400)	561	nm	(299)	202	nm
Net (loss) / profit	(478)	461	nm	(320)	177	nm
Basic EPS (US cents)	(18.49)	17.88	nm	(12.39)	6.88	nm

The Group's dividend policy is to pay an annual dividend of 20% of net profits after tax. As the Group did not make a profit after tax in FY2011, no final dividend has been declared.

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. FY2011 Financial Highlights



By Ng Yat Chung
Group President & CEO



FY2011 Key Highlights

- **Despite volume growth - high fuel costs and lower freight rates impacted results.**
- **Liner grew volumes and improved cost efficiencies but was offset by industry overcapacity dampening rates and higher fuel prices.**
- **Logistics achieved record revenue and earnings due to strong demand for rail and land-based logistics services, while continuing to invest in infrastructure and expanding its network to support growth.**

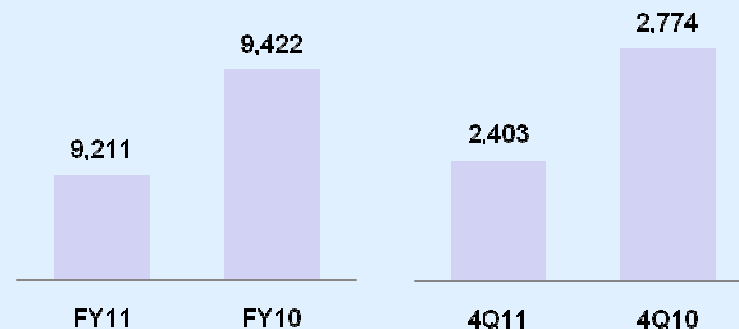
FY2011 Key Highlights

Key Highlights

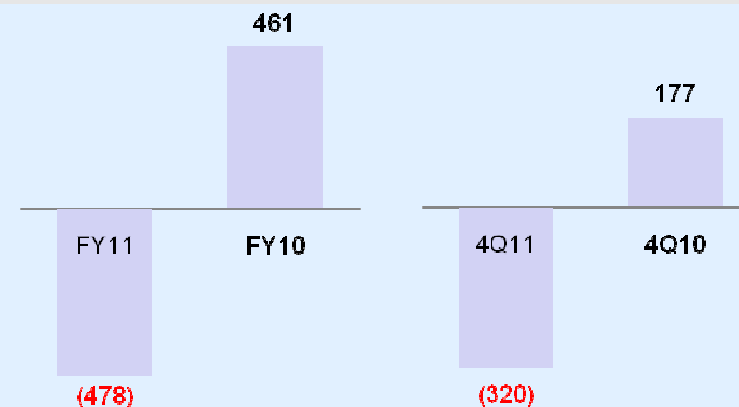
- **FY11 Financial Highlights**
 - Revenue of US\$9.2 billion, a year-on-year decrease of 2%
 - Core EBIT Loss of US\$377 million
 - Net loss of US\$478 million
- **4Q11 Financial Highlights**
 - Revenue of US\$2.4 billion, a year-on-year decrease of 13%
 - Core EBIT loss of US\$277 million
 - Net loss of US\$320 million

Group Financials

Revenue (US\$m)

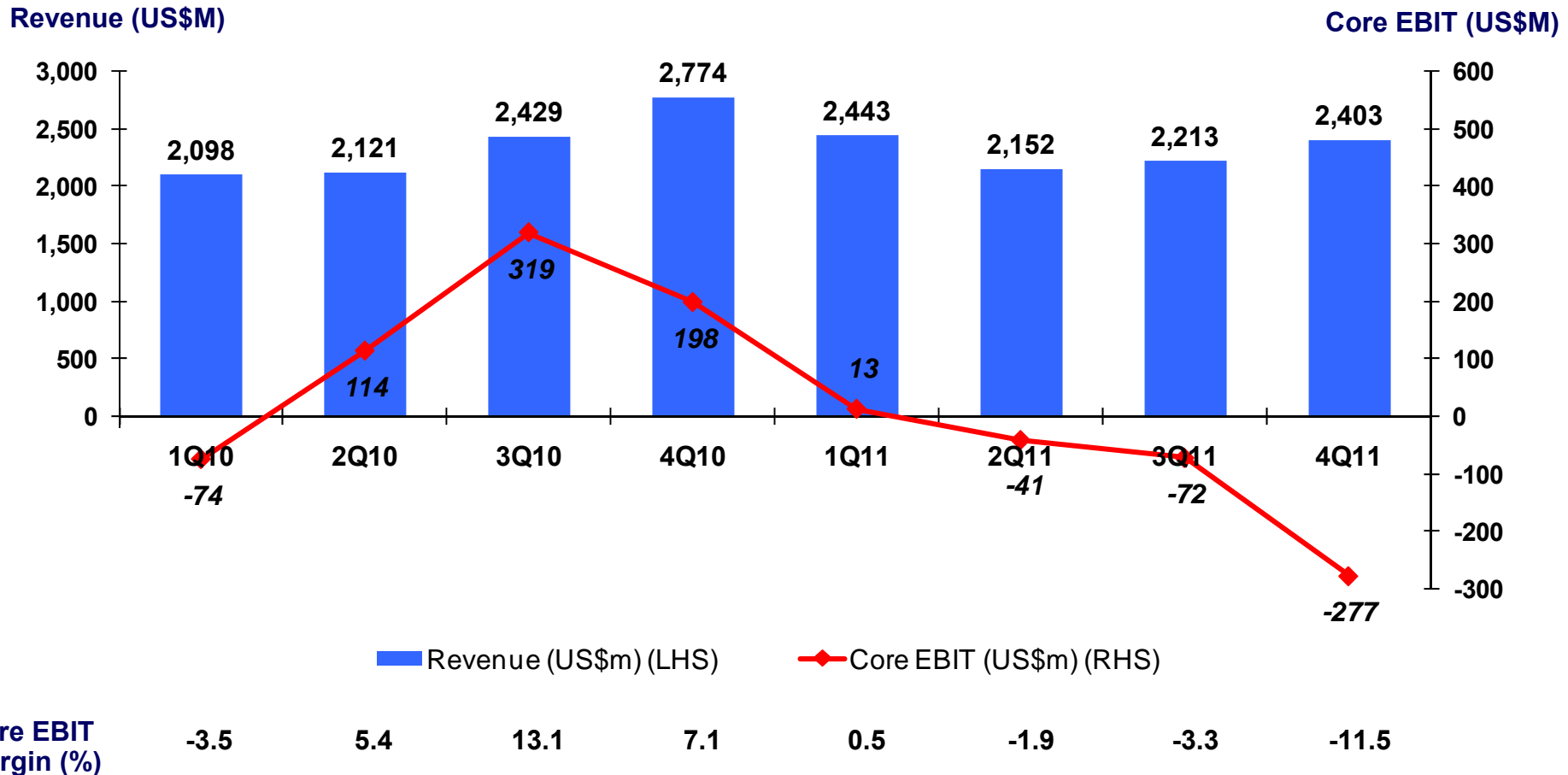


Net (loss)/profit (US\$m)



Group Revenue, Core EBIT and Core EBIT Margin Trend

Core EBIT loss in 4Q11 due to lower freight rates and high fuel prices



Note: 4Q10 encompassed a 15-week period and 4Q11 encompassed a 14-week period. In 2010 and 2011, 1Q encompassed a 14-week period; 2Q and 3Q encompassed a 12-week period.

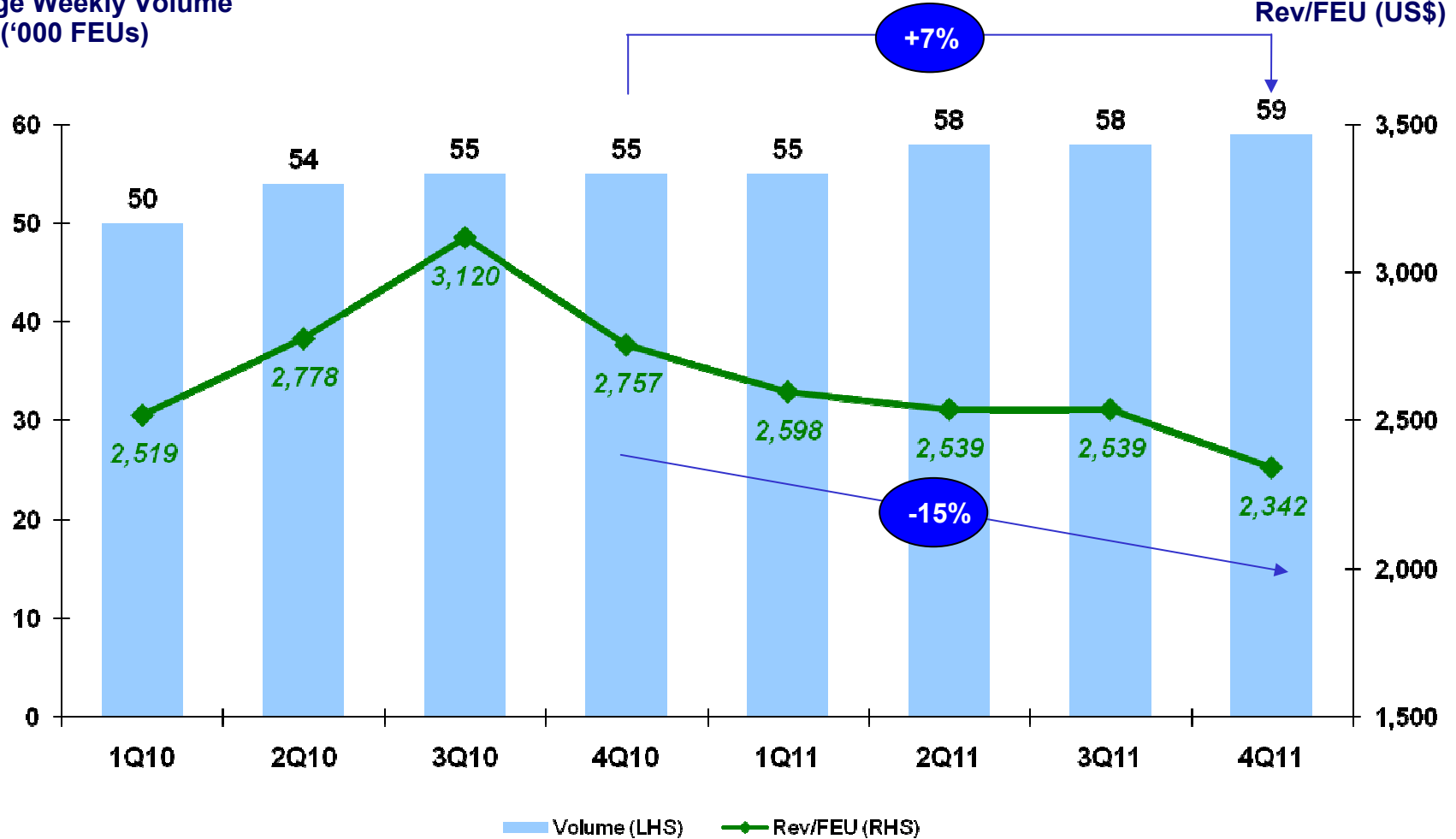


Volume and Rev/FEU Trend

Higher volumes were offset by lower rates in FY2011

Average Weekly Volume
(‘000 FEUs)

Rev/FEU (US\$)



Note: 4Q10 encompassed a 15-week period and 4Q11 encompassed a 14-week period. In 2010 and 2011, 1Q encompassed a 14-week period; 2Q and 3Q encompassed a 12-week period.



FY2011 Summary

- **Liner continued to grow volume and improve cost efficiencies, offset by weaker freight rates and higher fuel prices.**
- **Logistics achieved record revenue and earnings, with continued investments for support growth.**
- **The Group has set a US\$500 million cost savings goal to improve financial performance and competitiveness in FY2012.**



3. FY2011 Financial Performance



By Cedric Foo
Group Deputy President &
CFO



Group Financial Highlights

US\$m	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Revenue	9,211	9,422	(2)	2,403	2,774	(13)
Core EBITDA	(82)	842	nm	(193)	275	nm
• Depreciation & Amortisation	(295)	(285)	4	(84)	(77)	8
Core EBIT	(377)	557	nm	(277)	198	nm
• Non-recurring items*	(23)	4	nm	(22)	4	nm
EBIT	(400)	561	nm	(299)	202	nm
• Gross Interest Expense	(33)	(34)	(6)	(9)	(10)	(14)
• Tax	(45)	(66)	(32)	(12)	(15)	(15)
Net (loss) / profit to equity holders	(478)	461	nm	(320)	177	nm

* FY2011 and 4Q11 non-recurring items mainly due to impairment loss on assets (vessels) classified as held-for-sale

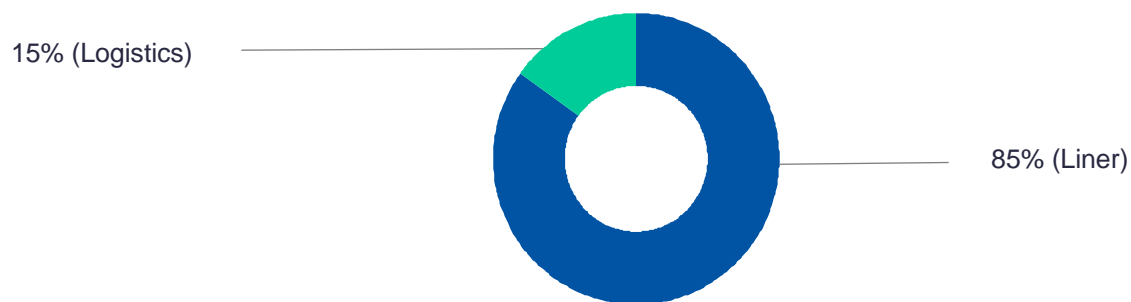
Note: In 2010, FY and 4Q encompassed a 53-week and 15-week period respectively. Reported figures for this period should be adjusted to a normalised 52-week and 14-week period respectively for meaningful year-on-year comparisons.

Totals may not sum up due to rounding.

Group Revenue Breakdown

US\$m	FY11	FY10*	% ▲	4Q11	4Q10*	% ▲
Liner	7,910	8,287	(5)	2,042	2,430	(16)
Logistics	1,405	1,260	12	390	380	3
Elimination	(104)	(125)	(17)	(29)	(36)	(19)
Total Revenue	9,211	9,422	(2)	2,403	2,774	(13)

* Restatement of 2010 figures due to transfer of shared service costs from Liner to Logistics



FY2011 Revenue by business segment is stated before inter-segment elimination.

Group Core EBIT Breakdown

US\$m	FY11	FY10*	% ▲	4Q11	4Q10*	% ▲
Liner	(446)	492	nm	(297)	178	nm
Logistics	69	65	6	20	20	-
Total Core EBIT	(377)	557	nm	(277)	198	nm

* Restatement of 2010 figures due to transfer of shared service costs from Liner to Logistics

Non-Recurring Items

US\$m	FY11	FY10	4Q11	4Q10
1. Gain/(loss) from asset disposals	1	3	(2)	2
2. Impairment loss on assets classified as held-for-sale	(20)	-	(20)	-
3. Others	(4)	1	-	2
Total	(23)	4	(22)	4

Group Financial Profile

- **Shareholders' funds of US\$2.6 billion.**
- **Total assets of US\$7.0 billion.**
- **Group capex in cost efficient newbuild vessels is fully financed by bonds and committed ship financing.**
- **The Group has sufficient undrawn financing facilities committed from large reputable financial institutions to meet its commitments as well as to repay any debts as and when they fall due.**

Balance Sheet Highlights

US\$m

30 Dec' 11

30 Dec' 10

Total Assets

6,962

6,451

Total Liabilities

4,310

3,185

Total Equity

2,652

3,266

Total Debt

2,354

1,359

Total Cash

228

977

Net Debt

2,126

382

Gearing (Gross)

0.89x

0.42x

Gearing (Net)

0.80x

0.12x

NAV per share (US\$)

1.01

1.25

(S\$)

1.31

1.61

Cash Flow Highlights

US\$m

FY11

FY10

Cash & Cash Equivalents - Beginning

977

333

Cash (Outflow)/Inflow

Operating Activities

(164)

693

Investing/Capex Activities

(1,495)

(450)

Financing Activities

910

401

Cash & Cash Equivalents – Closing

228

977

Capital Expenditure

US\$m	FY11 Actual	FY10 Actual
1. Vessels	1,205	336
2. Equipment / Facilities	153	37
3. Drydock	45	40
4. IT	61	52
5. Others	7	8
Total	1,471	473

FY2011 Financial Performance Summary

- **FY2011 loss in soft economic conditions.**
- **Group is financially well-positioned:**
 - **Group capex for all newbuild vessels fully financed.**
 - **The Group has sufficient undrawn financing facilities committed from large reputable financial institutions to meet its commitments as well as to repay any debts as and when they fall due.**

4. Liner



By Kenneth Glenn
President, APL



Liner FY2011 Highlights

- Liner achieved FY2011 revenue of US\$7.9 billion, a year-on-year (YoY) decrease of 5% mainly due to lower freight rates despite higher volumes and improved unit cost efficiencies.
 - Average revenue per FEU was US\$2,500, 10% lower YoY mainly due to lower rates in the Asia-Europe and Asia/Middle East trades.
 - Volume rose by 5% YoY mainly due to higher volumes in the Asia/Middle East and Asia-Europe trade.
 - Cost of sales per FEU increased 2% mainly due to 33% rise in bunker prices. Excluding the bunker price rise, Cost of sales per FEU decreased by 4% due to stricter fuel consumption, operational cost efficiencies and slow steaming.
 - Maintained utilisation rate above 90%, despite slower trade volume in second half of FY2011.
- As a result, Liner recorded a Core EBIT loss of US\$446 million for FY2011.

Liner Profit & Loss Summary

US\$m	FY11	FY10*	% ▲	4Q11	4Q10*	% ▲
Revenue	7,910	8,287	(5)	2,042	2,430	(16)
Core EBITDA	(161)	766	nm	(216)	252	nm
• Depreciation & Amortisation	(285)	(274)	4	(81)	(74)	9
Core EBIT	(446)	492	nm	(297)	178	nm
• Non-recurring items [#]	(21)	5	nm	(21)	4	-
EBIT	(467)	497	nm	(318)	182	nm
Core EBIT Margin (%)	(5.6)	5.9	nm	(14.5)	7.3	nm

FY2011 and 4Q11 non-recurring items mainly due to impairment loss on assets (vessels) classified as held-for-sale.

* Restatement of 2010 figures due to transfer of shared service costs from Liner to Logistics.

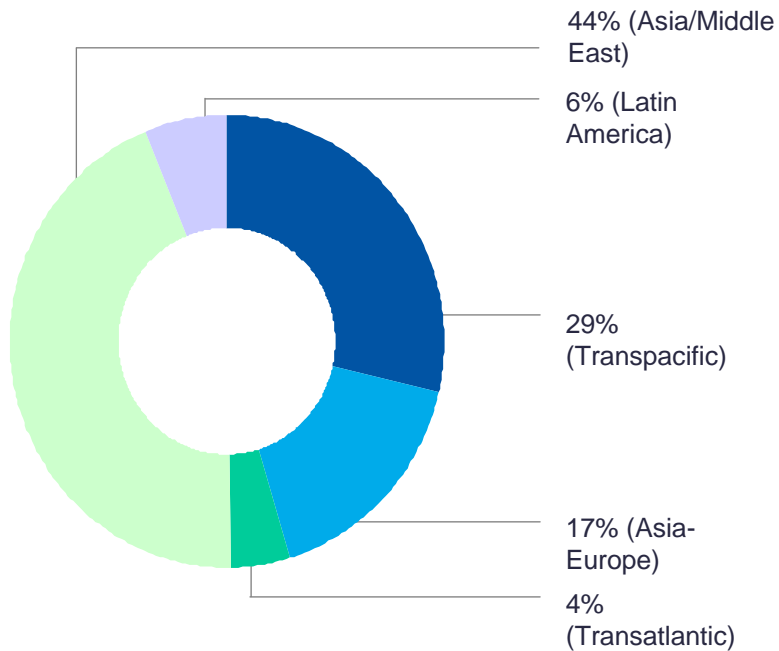
Liner Volume Growth

'000 FEUs	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Americas	1,036	1,108	(6)	278	307	(9)
Transpacific	850	919	(8)	227	256	(11)
Latin America	186	189	(2)	51	51	-
Europe	632	592	7	171	179	(4)
Asia-Europe	496	459	8	136	142	(4)
Transatlantic	136	133	2	35	37	(5)
Asia/Middle East	1,311	1,131	16	375	343	9
Total	2,979	2,831	5	824	829	(1)

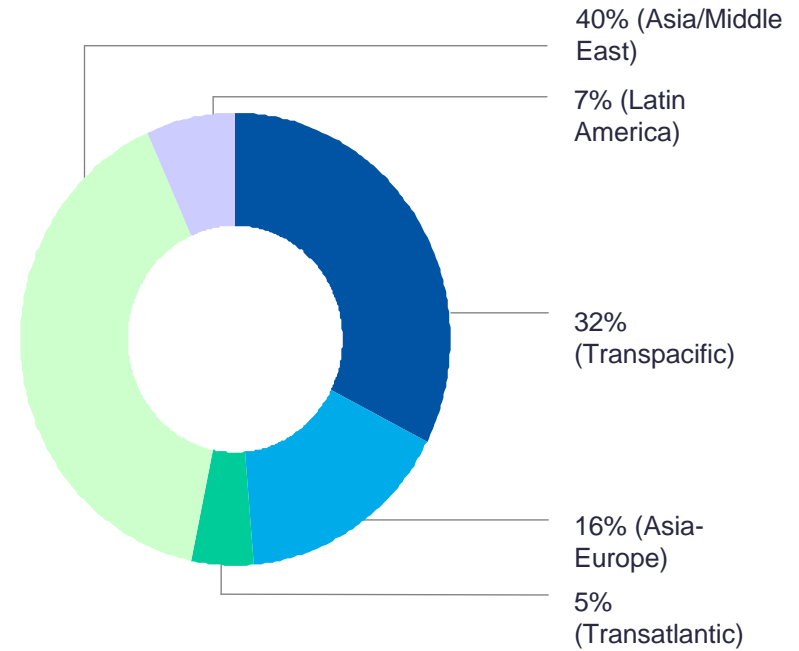
Note: Based on point of sailing and inclusive of headhaul and backhaul trade.

Liner : Volume Mix

- Increase in Asia/Middle East is due to greater demand for our services in the Intra-Asia trade.



FY 11 Volume breakdown



FY 10 Volume breakdown

Liner Average Revenue/FEU

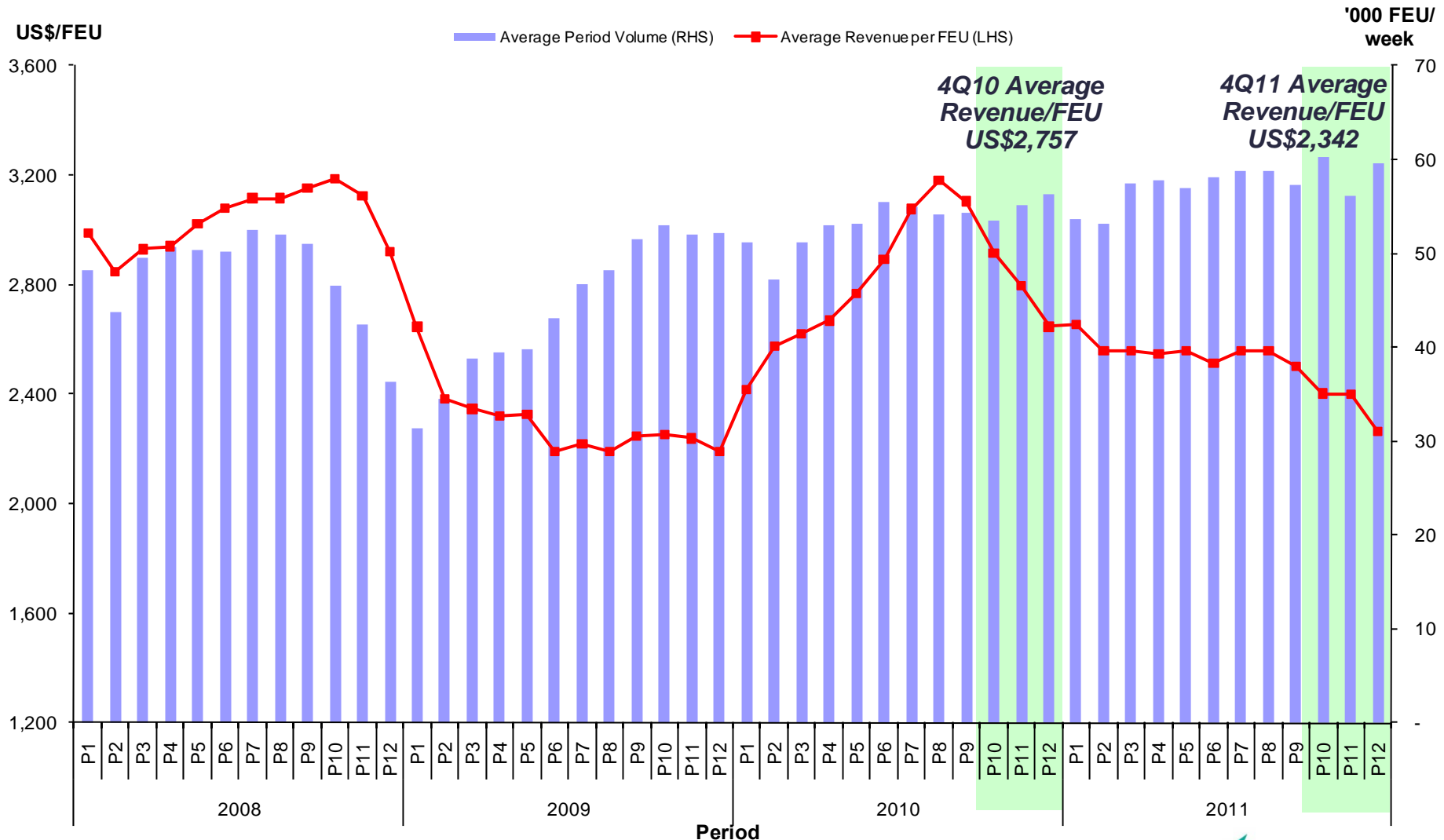
US\$/FEU	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Americas	3,762	3,776	-	3,590	3,916	(8)
Europe	2,584	3,141	(18)	2,400	3,044	(21)
Asia/Middle East	1,464	1,632	(10)	1,396	1,569	(11)
Total	2,500	2,787	(10)	2,342	2,757	(15)

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



Volume and Average Revenue/FEU Trend

Freight rate pressure throughout FY2011 resulted in decline in average revenue per FEU.

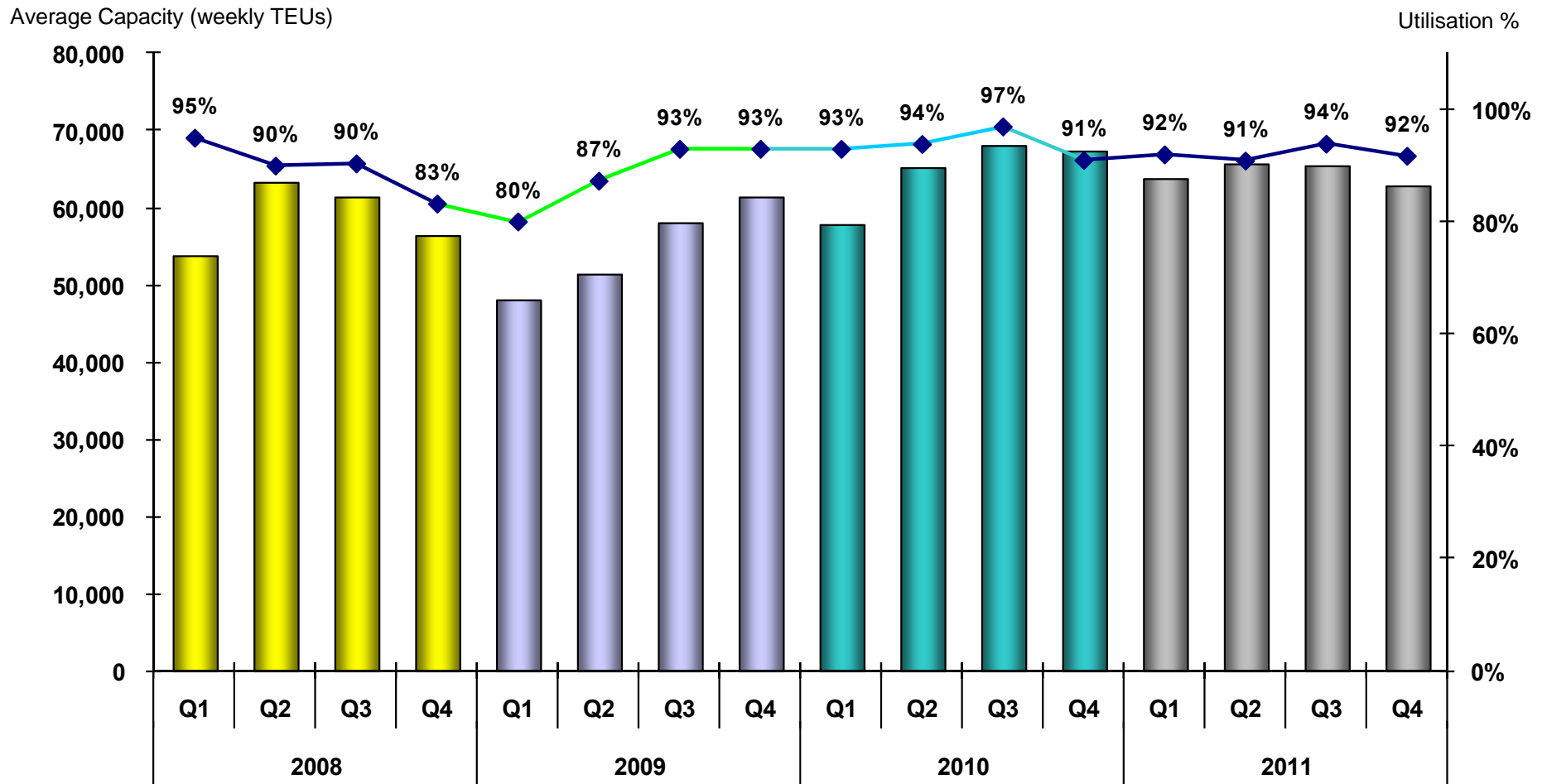


Note: Average Period volumes are normalised based on number of weeks in the period



Container Shipping Network Capacity & Utilisation

FY2011 utilisation rate >90% after adjustments to capacity to cater for demand changes,



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



Liner : Americas

	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Total Volumes ('000 FEUs)	1,036	1,108	(6)	278	307	(9)
• Transpacific	850	919	(8)	227	256	(11)
• Latin America	186	189	(2)	51	51	-

Average Revenue (US\$/FEU)	3,762	3,776	-	3,590	3,916	(8)
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- **Transpacific** : Weak economic activity in US reduced full year and 4Q11 volume. Full year rates were flat, with US slowdown dampening 4Q11 rates.
- **Latin America** : Latin America trade volumes in 4Q11 were unchanged year-on-year.

Liner : Europe

	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Total Volumes ('000 FEUs)	632	592	7	171	179	(4)
• Asia-Europe	496	459	8	136	142	(4)
• Transatlantic	136	133	2	35	37	(5)

Average Revenue (US\$/FEU)	2,584	3,141	(18)	2,400	3,044	(21)
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- **Asia-Europe** : Full year volume increase led by stronger first-half FY2011 demand from European customers. Continued supply pressures resulted in lower rates.
- **Transatlantic** : Transatlantic trade volumes slightly lower due to slower economic activity in US.

Liner : Asia/Middle East

	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Total Volumes ('000 FEUs)	1,311	1,131	16	375	343	9
Average Revenue (US\$/FEU)	1,464	1,632	(10)	1,396	1,569	(11)

- **Asia/Middle East:** Increase in Asia/Middle East volumes due to continued growth in the Intra-Asia Short-sea trade and on the Long-haul trade.

Average Rev/FEU declined mainly due to greater volume mix in Intra-Asia Short-sea trade and lower rates in the Long-haul trade.

Liner Trade Imbalance

Transpacific trade imbalance improved mainly due to lower Eastbound trade volume.

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

Trade	2009	2010	2011
• Transpacific	7	6	7
• Asia-Europe	8	8	8
• Transatlantic	10	10	9

Terminal Volume and Utilisation

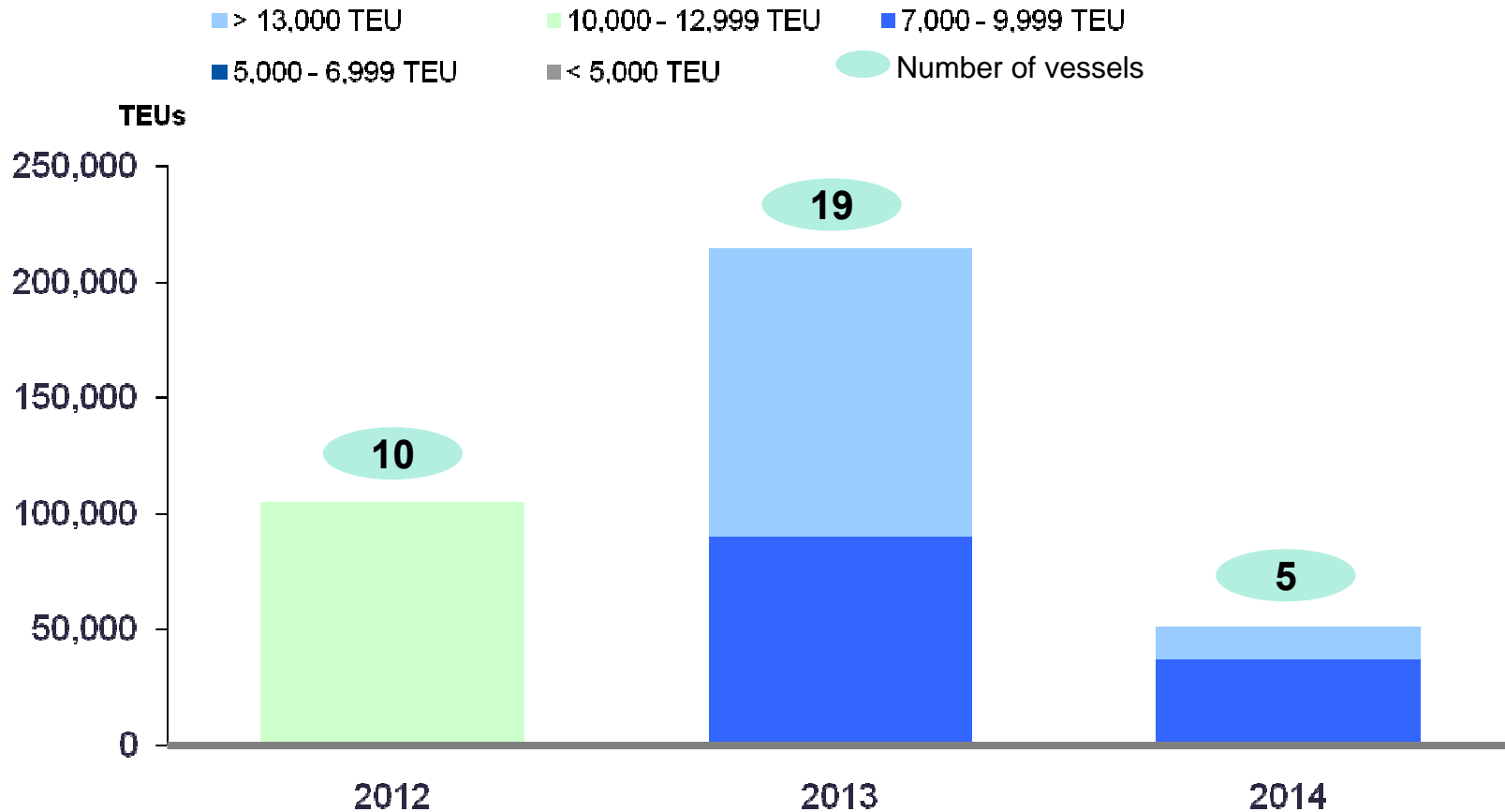
Terminal volumes declined 2% in FY2011 due to lower Americas volume, partially offset by higher Asia/Middle East volume.

Volume (Lifts '000)	FY11	FY10	% ▲	4Q11	4Q10	% ▲
Americas	1,226	1,346	(9)	327	393	(17)
Asia/Middle East	1,241	1,183	5	342	333	3
Total	2,467	2,529	(2)	669	727	(8)
Utilisation (%)	80	83		81	88	

Note: Totals may not sum up due to rounding

Vessel Commitments

New vessel commitments remain at 34 vessels (owned and chartered)



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



Liner FY2011 Summary

- **Higher volume offset by lower freight rates and increase in bunker costs resulted in full year loss.**
- **Improved cost per FEU from cost management and operational efficiencies offset by increase in fuel prices in FY2011.**
- **Maintained utilisation rate above 90%.**
- **Continued to slow steam across network to manage costs and lower emissions.**

5. Logistics



By Jim McAdam
President, APL Logistics



Logistics FY2011 Highlights

- Logistics achieved record revenue of US\$1.4 billion in FY2011, a 12% year-on-year (YoY) increase, driven by higher volumes in the Contract Logistics segment.
 - Contract Logistics achieved revenue of US\$892 million, a 20% YoY increase due to strong demand for rail and land-based logistics services from automotive and retail customers.
 - International Services achieved revenue of US\$513 million, relatively unchanged YoY due to lower ocean freight rates and softening demand in second half of FY2011.
- Record Core EBIT of US\$69 million for FY2011, up US\$4 million or 6% YoY. The higher earnings was partly offset by higher operating and technology costs to support growth and narrower margins in International Logistics.
- Continued to invest in technology, human resources and commercial infrastructure to facilitate global business expansion.

Logistics Profit & Loss Summary

US\$m	FY11	FY10*	% ▲	4Q11	4Q10*	% ▲
Revenue	1,405	1,260	12	390	380	3
Core EBITDA	79	76	4	23	23	-
• Depreciation & Amortisation	(10)	(11)	(9)	(3)	(3)	-
Core EBIT	69	65	6	20	20	-
• Non-recurring items	(2)	(1)	100	(1)	-	nm
EBIT	67	64	5	19	20	(5)
Core EBIT Margin (%)	4.9	5.2		5.1	5.3	

* Restatement of 2010 figures due to transfer of shared service costs from Liner to Logistics

Performance Breakdown

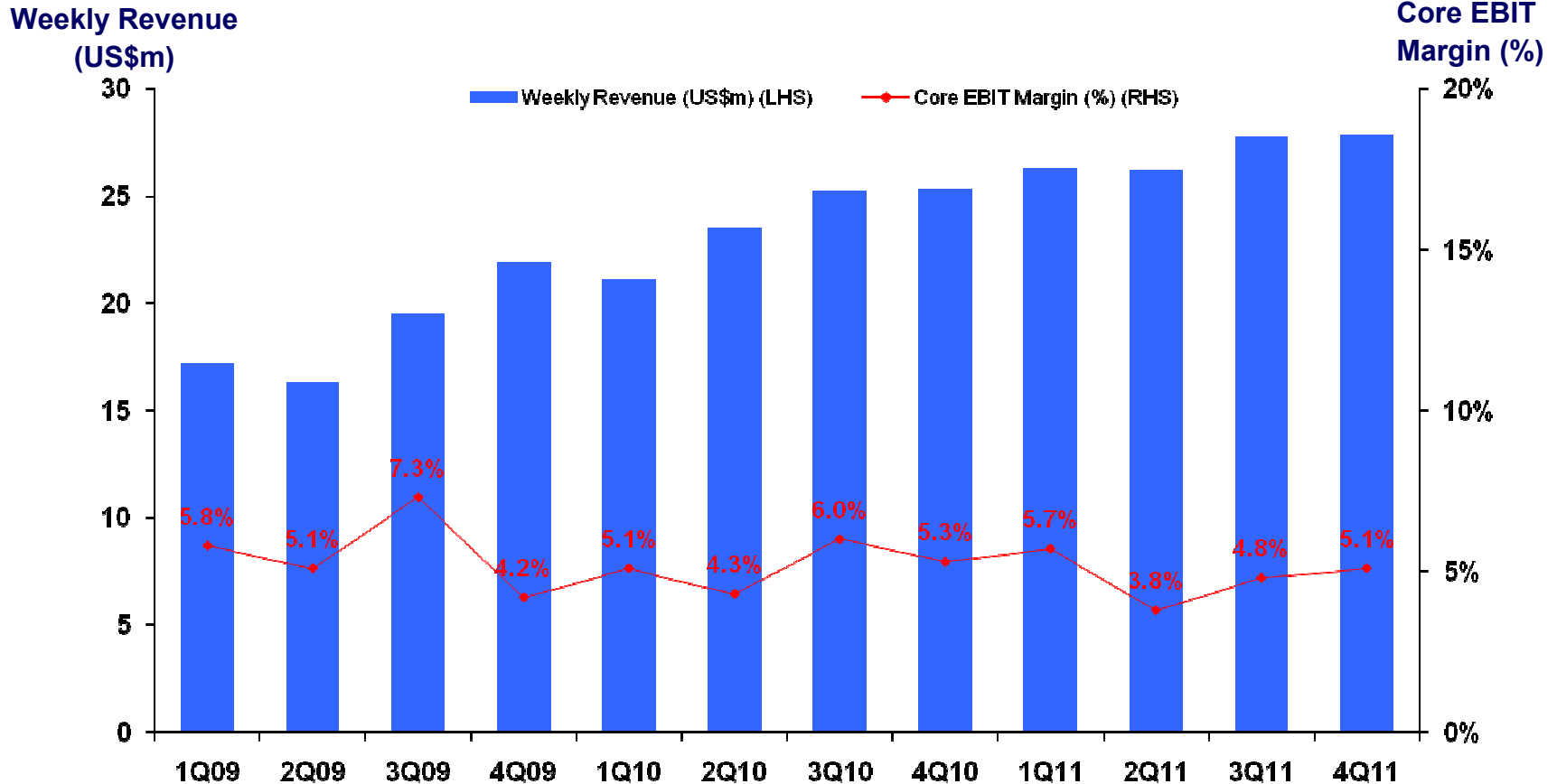
Business Segment (US\$m)	FY11	FY10*	% ▲	4Q11	4Q10*	% ▲
Revenue	1,405	1,260	12	390	380	3
• Contract Logistics	892	743	20	253	220	15
• International Services	513	517	(1)	137	160	(14)
Core EBIT	69	65	6	20	20	-
• Contract Logistics	29	17	71	9	6	50
• International Services	40	48	(17)	11	14	(21)
Core EBIT Margin (%)	4.9	5.2		5.1	5.3	
• Contract Logistics (%)	3.3	2.3		3.6	2.7	
• International Services (%)	7.8	9.3		8.0	8.8	

* Restatement of 2010 figures due to transfer of shared service costs from Liner to Logistics



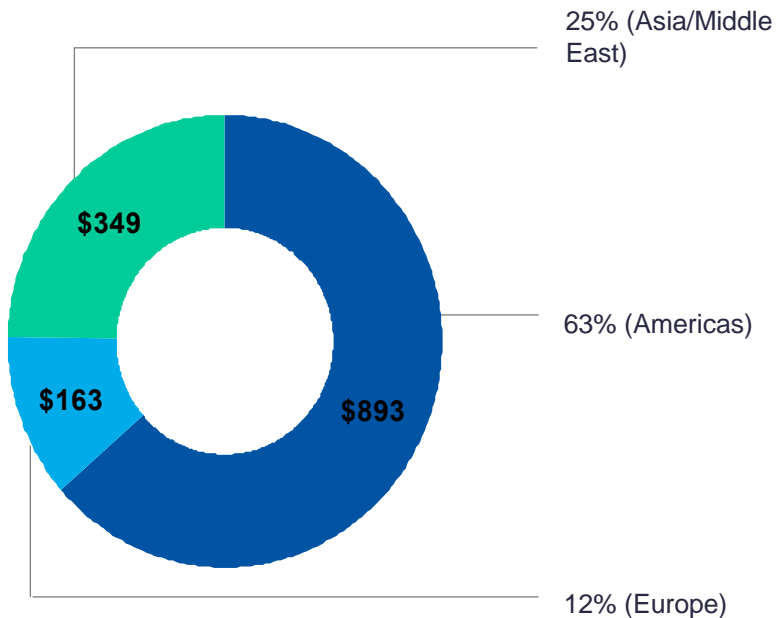
Logistics Revenue and Core EBIT Margin Trend

Record weekly revenue in 4Q11 due to business growth across all regions.

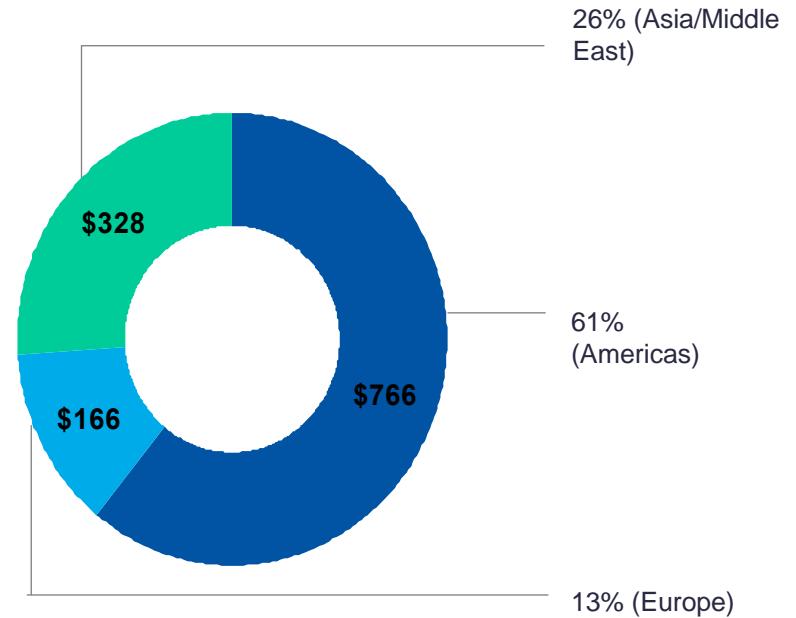


Logistics' Revenue Trend – By Region

Revenue growth across all regions, led by Americas which benefited from the expansion into US intermodal and strong demand from the automotive sector.



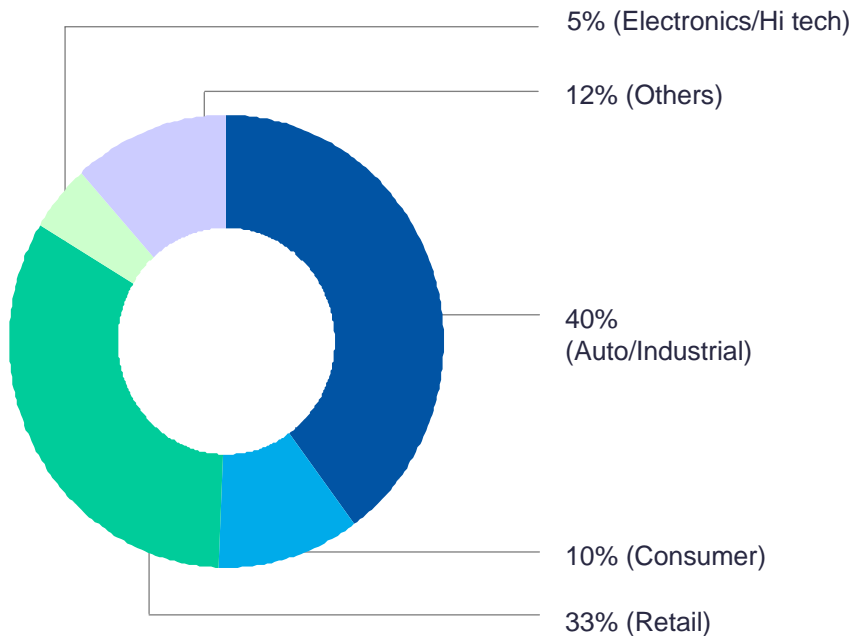
FY11 Revenue Breakdown – by Region (US\$m)



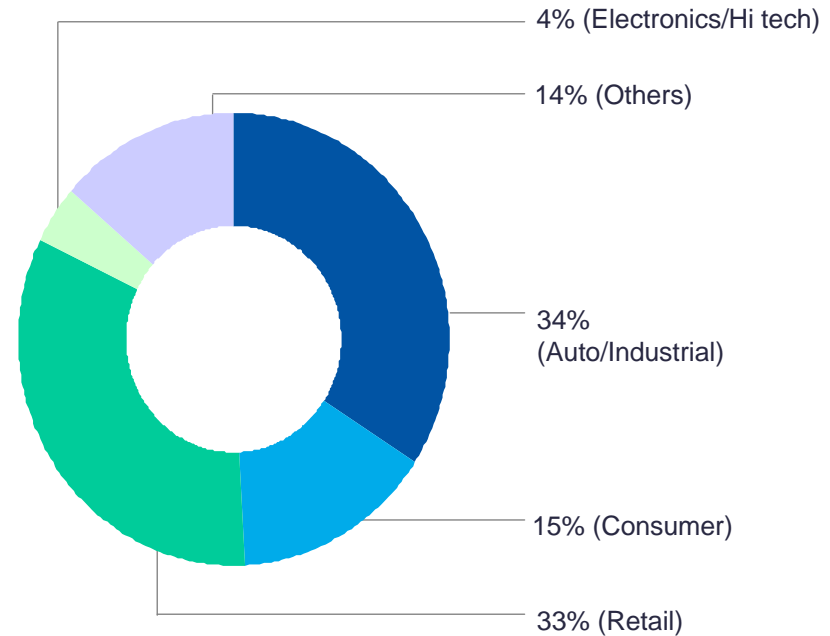
FY10 Revenue Breakdown – by Region (US\$m)

Logistics' Revenue Trend – By Customer Segment

Increase in Auto/Industrial segment due to greater demand for our auto-related logistics services.



FY11 Revenue Breakdown –
by Customer Segment



FY10 Revenue Breakdown –
by Customer Segment

Logistics FY2011 Summary

- **Record FY2011 revenue of US\$1.4 billion and Core EBIT of US\$69 million. At the close of 2011, Logistics has recorded seven consecutive years of profitable growth.**
- **Americas and Asia/Middle East business growth driven by stronger demand from automotive and retail customers.**
- **Continued investments in technology, human resources and commercial infrastructure to support growth across all lines of business and regions.**

6. Group Outlook



Group Outlook

Recent freight rates show signs of improvement. However the global economy remains uncertain. The container shipping industry continues to face high fuel costs and overcapacity. If these conditions continue, financial performance will remain weak.

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, 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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