



## NOL reports year-on-year improvement in 1Q 2014 Core EBIT

Group's performance improves 14%, buoyed by cost management and efficiency gains

**SINGAPORE, 14 May 2014** – NOL Group today reported a 14% improvement in its first quarter 2014 Core EBIT (Earnings Before Interest, Taxes and Non-Recurring Items), narrowing its loss to US\$65 million from a year ago.

The Group also reported positive Core EBITDA of US\$33 million this quarter, compared to US\$5 million in the same period last year. NOL attributed the improvement to its continuing focus on cost management and operational efficiency, which delivered US\$80 million worth of cost savings in the first three months of 2014.

“Operating conditions in the first quarter had been difficult, with severe weather disruptions in Europe and North America. This compounded the challenges posed by continued excess capacity in the container shipping business,” said NOL Group President & CEO Ng Yat Chung. “Nonetheless, both our business units delivered better year-on-year operating results this quarter. Going forward, global economic prospects and trading conditions remain uncertain. Oversupply of shipping capacity will continue to exert pressure on liner freight rates. The Group aims to improve its financial performance in 2014, through its continued focus on cost discipline and drive for operational efficiency. We will also seek growth opportunities, particularly in our logistics business.”

NOL Group posted a first quarter 2014 net loss of US\$98 million, compared to a US\$76 million profit in the same period last year which included a US\$200 million gain from the sale of the NOL headquarter building in Singapore.

### FINANCIAL PERFORMANCE

	1Q14	1Q13	Better/(Worse) Change %
Revenue (US\$m)	2,279	2,371	(4)
Core EBITDA (US\$m)	33	5	560
Core EBIT (US\$m)	(65)	(76)	14
Net (loss)/profit (US\$m)	(98)	76	n.m.

n.m. not meaningful

Note: With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers have been restated accordingly.

## **BUSINESS SEGMENTS**

APL, NOL's container shipping business, lifted its 1Q 2014 Core EBIT by 10% over the same period last year, recording a loss of US\$83 million. Cost savings and efficiency gains helped reduce cost of sales per forty-foot-equivalent unit (FEU) by 6%. APL reported first quarter 2014 revenue of US\$1.9 billion, while its year-on-year volume grew 2%, and its average freight rates dipped 6%.

"APL's emphasis on capacity management, as well as savings in areas such as bunker consumption and vessel and voyage operations, helped cushion the impact of falling freight rates in this year's first quarter," said APL President Kenneth Glenn. "As more of our newbuildings come on stream in the following months, along with the scheduled return of less efficient chartered tonnage, we are on track to continue lowering slot costs and further strengthen our competitiveness."

APL's headhaul utilisation was at an optimal 95% in the first quarter of 2014. APL registered a 9% volume expansion with stable freight rates in the Asia-Europe trade. Volume was firm in the Trans-Pacific trade with freight rates falling 5%, while its Intra-Asia trade grew 1% in volume against an 11% dip in freight rates, amidst intense market competition and excess tonnage cascading from the Asia-Europe trade.

NOL's supply chain management business, APL Logistics, made a year-on-year Core EBIT improvement of 13% in the first quarter of this year, which reflected its continuing focus on profit optimisation. Its revenue of US\$423 million was relatively unchanged from that of the same quarter last year.

In 1Q 2014, revenue from Contract Logistics was steady at US\$271 million, with Core EBIT rising 13% year-on-year to US\$9 million. At the same time, International Logistics Services' revenue remained stable at US\$152 million, with Core EBIT going up 13% year-on-year to US\$9 million. APL Logistics' expanding business in emerging markets helped to offset persistent sluggish demand in developed markets which slowed down overall industry growth. Its continued focus on cost discipline also improved the company's operating performance.

“The first quarter performances of our core International Logistics and Contract Logistics businesses had been satisfactory, and we are progressing steadily on our growth trajectory,” said APL Logistics President Beat Simon. “While our automotive logistics services are still feeling some impact from the ongoing automotive plant shutdown in North America, our growth strategy in the emerging markets has continued to propel our business. We remain focused on realising growth opportunities in selected verticals and attractive markets.”

## 1Q 2014 OPERATING PERFORMANCE

### Liner Shipping

		1Q14	1Q13	Better/(Worse) Change %
Revenue (US\$m)		1,878	1,967	(5)
Core EBITDA (US\$m)		12	(14)	n.m.
Core EBIT (US\$m)		(83)	(92)	10
Average Revenue/FEU (US\$)		2,233	2,376	(6)
Volume ('000 FEU)		785	772	2

n.m. not meaningful

### Logistics

		1Q14	1Q13	Better/(Worse) Change %
Revenue (US\$m)		423	427	(1)
Core EBITDA (US\$m)		21	19	11
Core EBIT (US\$m)		18	16	13
Core EBIT Margin (%)		4.3	3.7	-

Note: With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers have been restated accordingly.

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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).*