



## **NOL reports US\$20 million third quarter profit**

*Group's year-to-date Core EBIT improves 33%*

**SINGAPORE, 30 October 2013** – NOL Group today reported net profits of US\$20 million for the third quarter of 2013, and year-to-date net profits of US\$61 million. The Group posted year-to-date Core EBIT improvement of 33% or US\$42 million, from a US\$127 million deficit in the same period last year.

Singapore-based NOL attributed the better showing so far this year to its continuing focus on operational efficiency and cost management. Its two operating companies – APL and APL Logistics – both delivered better 2013 year-to-date performances at the Core EBIT level compared to the same period in 2012.

“This is one of the weakest peak seasons we have seen in recent years, characterised by depressed freight rates and industry over-capacity,” said NOL Group CEO Ng Yat Chung. “Nevertheless, our business units delivered encouraging results. We improved our operational performance significantly from last year. Our focus on operational efficiencies is putting us in good stead for the long term.”

The Group's Core EBIT in the third quarter of 2013 was US\$22 million, compared to a Core EBIT of US\$80 million in the same quarter a year ago. Its net earnings of US\$20 million this quarter is down from the US\$50 million recorded in 3Q 2012.

## FINANCIAL PERFORMANCE

	YTD13	YTD12	Change % Better/(Worse)	3Q13	3Q12	Change % Better/(Worse)
Revenue (US\$m)	6,497	7,013	(7)	2,062	2,302	(10)
Core EBIT* (US\$m)	(85)	(127)	33	22	80	(73)
Non-recurring items (US\$m)	198	(111)	n.m.	(2)	-	n.m.
Net profit/(loss) (US\$m)	61	(321)	n.m.	20	50	(60)

n.m. not meaningful

\* 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, reported a 2013 year-to-date Core EBIT improvement of 23%, compared to a US\$168 million deficit in the same three quarters in 2012. Its 3Q 2013 Core EBIT stood at US\$3 million. APL registered third quarter revenue of US\$1.7 billion, sliding 13% from last year due to capacity management and a steep decline in freight rates.

"We are taking decisive actions to trim capacity and reconfigure our service networks to better align to the lower demand levels," said APL President Kenneth Glenn. "We continue to strengthen our competitiveness, evidenced by our ability to generate positive operating results despite a difficult market. We believe that our improved cost structure will position us well in a low growth and volatile freight rate environment.

APL's headhaul utilisation stayed above 90% in the first three quarters of 2013. Over the same period, APL's average revenue per forty-foot-equivalent unit (FEU) dropped 7%, while operational efficiencies helped reduce cost of sales per FEU by 7%.

NOL's supply chain management business, APL Logistics, maintained its 3Q 2013 Core EBIT at US\$19 million, with Core EBIT margin staying steady at 5.1%, compared to the same quarter

last year. APL Logistics' year-to-date Core EBIT improved 10% over the same three quarters of 2012, aided by business expansion coupled with operating efficiency and productivity growth. The business reported a 3% year-to-date improvement in revenue to US\$1.2 billion compared to last year.

In the third quarter of 2013, International Logistics Services revenue improved 8% year-on-year to US\$143 million, driven by business expansion within emerging markets in Asia/Middle East. International Logistics Services Core EBIT stood at US\$12 million. Over the same period, APL Logistics' Contract Logistics business registered a slight 2% drop in revenue to US\$228 million, with Core EBIT at US\$7 million, largely due to an extended plant slowdown in the North American automotive segment.

"In a tough marketplace, APL Logistics has improved our overall margins. We will continue to drive profitability by focusing on cost and service delivery to our customers," said APL Logistics President Jim McAdam. "APL Logistics' business expansion in the emerging markets remains firmly on track, and our recent acquisitions in the U.S. and China are contributing to our earnings."

## **OUTLOOK**

General market conditions have not improved in the third quarter, resulting in a muted peak season. Volatile freight rates and over-capacity will continue. In spite of difficult conditions, NOL has delivered better year-to-date performance through its focus on operating efficiencies. The Group remains on track to deliver a better performance than in 2012.

## 2013 YEAR-TO-DATE (YTD) OPERATING PERFORMANCE

### Liner Shipping

	YTD13	YTD12	Change % Better/(Worse)
Revenue (US\$m)	5,407	5,965	(9)
Core EBIT* (US\$m)	(130)	(168)	23
Average Revenue/FEU (US\$)	2,355	2,541	(7)
Volume ('000 FEU)	2,146	2,218	(3)

### Logistics

	YTD13	YTD12	Change % Better/(Worse)
Revenue (US\$m)	1,152	1,120	3
Core EBIT* (US\$m)	45	41	10
Core EBIT margin	3.9	3.7	5

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## 3Q13 OPERATING PERFORMANCE

### Liner Shipping

	3Q13	3Q12	Change % Better/(Worse)	2Q13	Change % Better/(Worse)
Revenue (US\$m)	1,712	1,961	(13)	1,728	(1)
Core EBIT* (US\$m)	3	61	(95)	(41)	n.m.
Average Revenue/FEU (US\$)	2,372	2,601	(9)	2,315	2
Volume ('000 FEU)	669	707	(5)	705	(5)

n.m. not meaningful

## Logistics

	3Q13	3Q12	Change %	2Q13	Change %
Revenue (US\$m)	371	365	2	354	5
Core EBIT* (US\$m)	19	19	-	10	90
Core EBIT Margin (%)	5.1	5.2	(2)	2.9	76

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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).*