



NOL Group Results for First Quarter 2007

Singapore, 14 May 2007: Global cargo transportation and logistics company Neptune Orient Lines (NOL) today reported a net profit for the first quarter of 2007 of US\$43 million, down 64% year-on-year.

The Group's Core EBIT (Earnings Before Gross Interest Expense, Tax and Non-Recurring Items) was US\$58 million, 59% lower than Core EBIT for the same period of 2006.

The Liner business achieved Core EBIT of US\$41 million, down 67%. APL Logistics reported Core EBIT of US\$12 million, down 25%.

1Q2007 revenues rose year-on-year by 1% to US\$1.9 billion.

FINANCIAL HIGHLIGHTS

| | 1Q07 ¹ | 1Q06 ¹ | Change |
|--|-------------------|-------------------|--------------|
| Revenue (US\$m) | 1,897 | 1,883 | 1% |
| Core EBIT (US\$m) | 58 | 143 | (59%) |
| Net profit before NRI (US\$m) ² | 37 | 118 | (69%) |
| NRI (US\$m) ³ | 6 | 2 | 200% |
| Net profits (US\$m)² | 43 | 120 | (64%) |
| EPS (US cts per share) | 2.93 | 8.22 | (64%) |

¹ NOL's 1Q07 results are for 30 December 2006 to 6 April 2007. NOL's 1Q06 results were for 31 December 2005 to 7 April 2006

² Net profits refer to amounts attributable to equity holders ie shareholders, excluding minority interest

³ NRI = Non-Recurring Items

NOL Group President and Chief Executive Officer, Dr Thomas Held, said: "Freight rate levels for our company in the first quarter of 2007 were, on average, 6% lower than in first quarter 2006. This reduction in rate levels year-on-year has been the major factor in the lower profit reported today. The effect of recent freight rate increases achieved in some key trade lanes have yet to be fully reflected in these results."

"Demand for our premium liner services strengthened in the first quarter. Overall volumes in our core liner shipping business grew by 10% over the prior year, reflecting continuing strong demand across all trade lanes," he said.

The company continued its disciplined approach to cost management. The ongoing focus on cost mitigation in the liner business delivered cost reductions of US\$45 million in the quarter, through increased fuel efficiencies, network optimisation and improved management of container equipment. Overall liner costs per FEU improved by 1.5% year-on-year. Dr Held said: "We will continue our drive for cost leadership."

In the Logistics segment, Contract Logistics revenues were down 12% year-on-year, reflecting some customer turnover and the exiting of certain contracts with a view to improving margins. Revenues in International Services were up 10%, showing the increased focus on the international conveyance business.

“The overall results of our Logistics business are disappointing in that they show a decline in year-on-year earnings, but reflect the ongoing process of realignment of the business outlined last year,” said Dr Held.

Logistics will accelerate its program of realignment of its portfolio of business and enhance service levels.

NEW INITIATIVES

Dr Held said: “Within the context of a challenging business environment, the NOL Group is taking steps to ensure we can fully capitalise on robust global trade growth and fulfil the increasingly complex and international needs of our customers.”

A range of new initiatives are being implemented to enhance the service offering for customers and position NOL to take advantage of improving market conditions. The company will soon begin operating container freight trains in India in the fast-growing New Delhi-Mumbai freight corridor. Capital works to expand the capacity of container terminal facilities in Vietnam and Oakland are underway. The APL vessel fleet will also be expanded with the introduction of eight additional ships during 2007; and APL last month signed a charter agreement to take delivery of five new 7,000 TEU vessels in 2009 for deployment in the Transpacific trade. New shipping services connecting ports in Asia with the US East Coast, via the Panama and Suez Canals, will commence in July.

Dr Held said: “The strategic initiatives being implemented across the NOL Group are building the platform for a new phase of profitable growth and innovation for our company, which will create long-term value for shareholders.”

INDUSTRY OUTLOOK

Freight rate increases have been achieved recently in some key trade lanes due to a better than expected supply and demand gap.

The Group will continue to focus on optimising asset utilisation, yield and cost management.

Despite cost mitigation efforts, cost pressures and volatility in fuel prices remain key concerns.

OPERATING PERFORMANCE

Liner

- Revenues were US\$1.57 billion, 2% higher than in the prior year
- 6% decline in average revenues per FEU
- 10% growth in total container volumes, reflecting positive demand across all trade routes, particularly in the Intra-Asia region where volumes grew 25% year-on-year
- Liner network capacity increased by 11% due to introduction of new vessels and services, network changes and enhanced slot purchase and sharing arrangements with other carriers
- Headhaul utilisation averaged 94%, compared to 96% in the comparable period of the prior year
- Core EBIT of US\$41 million, down 67%
- Core EBIT Margin of 2.6%
- Overall costs per FEU were 1.5% lower year-on-year, reflecting a successful focus on cost mitigation
- Cost mitigation of US\$45 million achieved

Logistics

- Revenues were 6% lower at US\$325 million
- Asia-Middle East region registered the strongest year-on-year revenue growth – and accounted for 21% of overall logistics revenues
- Strong volume growth in ocean forwarding improved International Services revenues, which grew by 10% year-on-year
- Volatility in ocean freight rates impacted margins in International Services
- Product development continues to focus on key vertical segments – time definite products and solutions for targeted verticals
- Core EBIT of US\$12 million, down 25%
- Core EBIT Margin of 3.7%

-ENDS-

Note to editors:

Click [here](#) for the Corporate Presentation and Financial Statements.

Media Enquiries:

Mr. Paul Barrett
Director Corporate Communications
Telephone: (65) 6371 7959
Facsimile: (65) 6371 2411
paul_barrett@nol.com.sg

About NOL



NOL is a Singapore-based global cargo transportation and logistics company. Its container transportation arm, APL, provides customers around the world with container transportation services that combine high quality inter-modal operations with state-of-the-art information technology. Its supply chain services arm, 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