



3rd Quarter 2003 Performance Review

10 November 2003





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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 assumption of the 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.



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- 1. 3Q03 Group Financial Performance**

Financial Highlights (US\$)

	3Q03*	3Q02	Change	YTD03	YTD02	Change
➤ Turnover	\$1,342 m	\$1,135 m	18%	\$3,976 m	\$3,342 m	19%
➤ Core EBITDA	\$197 m	\$86 m	129%	\$503 m	\$155 m	225%
• Depreciation & Amortisation**	(\$62 m)	(\$74 m)		(\$216 m)	(\$225 m)	
➤ Core EBIT	\$135 m	\$12 m	1,025%	\$287 m	(\$70 m)	n.m.
• Net Interest Expense	(\$24 m)	(\$26 m)		(\$82 m)	(\$87 m)	
• Tax	(\$4 m)	(\$6 m)		(\$16 m)	(\$16 m)	
➤ Profit/(Loss) before EI***	\$107 m	(\$20 m)	n.m.	\$189 m	(\$173 m)	n.m.
• Exceptional Items	\$99 m	(\$8 m)		\$106 m	(\$11 m)	
➤ Net Profit/(Loss)	\$206 m	(\$28 m)	n.m.	\$295 m	(\$184 m)	n.m.

* NOL's third quarter is to 19 September 2003

** Part of the amortisation has been classified under exceptional items - US\$2m in 3Q02; US\$3m in YTD03 & US\$5m in YTD02

*** EI = Exceptional Items

Exceptional Items (US\$)

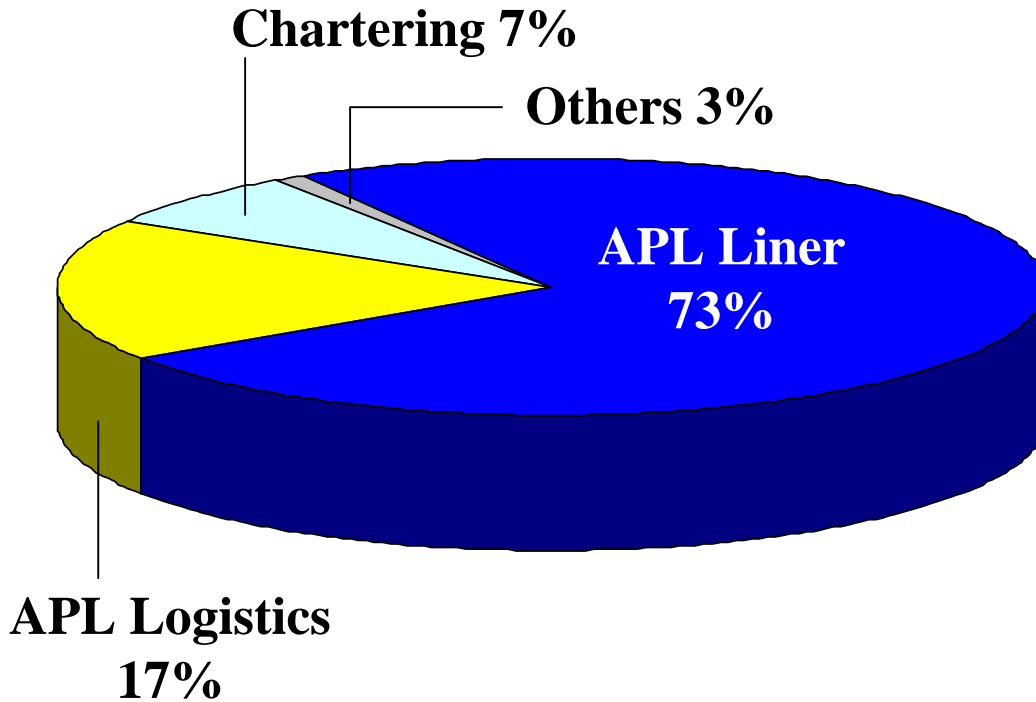
	3Q03	3Q02	YTD03	YTD02
1. Gain/(Loss) from asset disposals	\$137 m	(\$2 m)	\$149 m	\$1 m
2. Provisions for diminution in assets	(\$41 m)	(\$5 m)	(\$44 m)	(\$7 m)
3. Write-down of assets	-	-	(\$2 m)	-
4. Additional write-down of goodwill	-	(\$2 m)	(\$3 m)	(\$5 m)
5. Others	\$3 m	\$1 m	\$6 m	-
Total	\$99 m	(\$8 m)	\$106 m	(\$11 m)

NOL Group Balance Sheet (US\$)

	19 Sep'03	31 Dec'02
Total Assets	\$4,038 m	\$4,771 m
Total Liabilities	\$3,182 m	\$4,215 m
Total Equity	\$856 m	\$556 m
Total Debt	\$1,667 m	\$2,814 m
Gearing (Gross)	1.95	5.06
Gearing (Net)	1.58	4.46

Turnover by Business Units

YTD03 Total Turnover : US\$3,976 million, up 19%



YTD02 Turnover Breakdown:

Total : US\$3,342 m

APL Liner	:	72%
APL Logistics	:	17%
Chartering	:	7%
Others	:	4%

Note:

The % breakdown is based on gross revenue (includes intercompany revenue)

Turnover by Business Units (US\$)

3Q03 Financials

	3Q03	3Q02	Change	YTD03	YTD02	Change
APL Liner	\$1,058 m	\$843 m	26%	\$2,952 m	\$2,498 m	18%
APL Logistics	\$235 m	\$200 m	18%	\$689 m	\$573 m	20%
Chartering*	\$39 m	\$84 m	(54%)	\$302 m	\$241 m	25%
Others	\$34 m	\$36 m	(6%)	\$122 m	\$121 m	1%
Interco Elimination	(\$24 m)	(\$28 m)	14%	(\$89 m)	(\$91 m)	2%
Total Turnover	\$1,342 m	\$1,135 m	18%	\$3,976 m	\$3,342 m	19%

* Chartering 3Q03 turnover included AET earnings from 28 Jun to 22 Jul'03

Core EBIT by Business Units (US\$)

	3Q03	3Q02	Change	YTD03	YTD02	Change
APL Liner	\$140 m	\$7 m	1,900%	\$227 m	(\$64 m)	n.m.
APL Logistics	\$2 m	-	n.m.	\$5 m	(\$11 m)	n.m.
Chartering*	\$2 m	\$3 m	(33%)	\$73 m	\$12 m	508%
Others	(\$9 m)	\$2 m	n.m.	(\$18 m)	(\$7 m)	(157%)
Total Core EBIT	\$135 m	12 m	1,025%	\$287 m	(\$70 m)	n.m.

* Chartering 3Q03 Core EBIT included AET earnings from 28 Jun to 22 Jul'03

3Q03 Financials

NOL Group: Capital Expenditure (US\$)

YTD03 & Outlook

	YTD03	4Q03	FY03
1. Vessels	\$214 m	\$5 m	\$219 m
<i>i) Containerships</i>	<i>\$53 m</i>	<i>\$5 m</i>	<i>\$58 m</i>
<i>ii) Tankers</i>	<i>\$161 m</i>	-	<i>\$161 m</i>
2. Equipment	\$9 m	\$46 m	\$55 m
3. Drydock	\$29 m	\$2 m	\$31 m
4. IT	\$7 m	\$4 m	\$11 m
5. Others	\$5 m	\$1 m	\$6 m
Total	\$264 m	\$58 m	\$322 m



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2. Business Segment Review

- **Chartering**
- **APL Liner**
- **APL Logistics**

Chartering: Profit & Loss Summary (US\$)

	3Q03 *	3Q02	Change	YTD03	YTD02	Change
➤ Turnover	\$39 m	\$84 m	(54%)	\$302 m	\$241 m	25%
➤ Core EBITDA	\$8 m	\$18 m	(56%)	\$110 m	\$54 m	104%
• Depreciation & Amortisation	(\$6 m)	(\$15 m)		(\$37 m)	(\$42 m)	
➤ Core EBIT	\$2 m	\$3 m	(33%)	\$73 m	\$12 m	508%

* Chartering 3Q03 P/L included AET earnings from 28 Jun to 22 Jul'03

Chartering: 3Q03 & YTD03 Performance Summary

➤ **Average TCE rates per day (US\$) :**

Tankers	3Q03	3Q02	Change	YTD03	YTD02	Change
Aframax	\$26,200	\$21,300	23%	\$31,000	\$21,800	42%
VLCC	\$29,000	\$34,800	(17%)	\$61,000	\$22,100	176%
Product	\$19,400	\$14,200	37%	\$21,100	\$13,700	54%

- **Higher charter rates as a result of increase in oil demand led by Asia, mainly China and Japan.**
- **Effectively exited from the aframax chartering business following the sale of AET on 22nd Jul'03.**
- **NOL reviewing divestment opportunities for NAS.**



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2. Business Segment Review

- **Chartering**
- **APL Liner**
- **APL Logistics**

APL Liner: Profit & Loss Summary (US\$)

	3Q03	3Q02	Change	YTD03	YTD02	Change
➤ Turnover	\$1,058 m	\$843 m	26%	\$2,952 m	\$2,498 m	18%
➤ Core EBITDA	\$186 m	\$53 m	251%	\$372 m	\$78 m	377%
• Depreciation & Amortisation	(\$46 m)	(\$46 m)		(\$145 m)	(\$142 m)	
➤ Core EBIT	\$140 m	\$7 m	1,900%	\$227 m	(\$64 m)	n.m.

APL Liner: Volume Handled ('000 FEUs)

Region	3Q03	3Q02	Change	YTD03	YTD02	Change
• Americas	174	177	(2%)	525	526	-
<i>Trans-Pacific*</i>	144	149	(3%)	439	438	-
<i>Latin America</i>	30	28	7%	86	88	(2%)
• Europe	96	81	19%	293	263	11%
<i>Asia Europe</i>	71	61	16%	217	204	6%
<i>Transatlantic</i>	25	20	25%	76	59	29%
• Asia/Middle East**	91	99	(8%)	279	322	(13%)
Total	361	357	1%	1,097	1,111	(1%)

* *Volume decrease in Trans-Pacific was due to reduced Westbound volume by design, to focus on high-yield cargo. TP Eastbound YTD volume was up 8% y-o-y.*

** *Some equipment reallocated to higher yield Trans-Pacific and Asia-Europe (AE Westbound YTD volume up 10% y-o-y) trades due to industry-wide equipment shortage, resulting in Intra-Asia short-sea (East Asia) constraints.*

APL Liner : Trade Imbalance

Full Backhaul for every 10 FEUs Full Headhaul

<u>Trade</u>	<u>FY01</u>	<u>FY02</u>	<u>1H03</u>	<u>YTD03</u>
• Trans-Pacific	7	6	5*	5*
• Latin America	5	7	7	7
• Asia-Europe	8	8	7	7
• Transatlantic	6	7	8	8

* *Reduced Trans-Pacific Westbound volume by design to focus on high-yield cargo*

APL Liner: Average Freight Rates (US\$/FEU)*

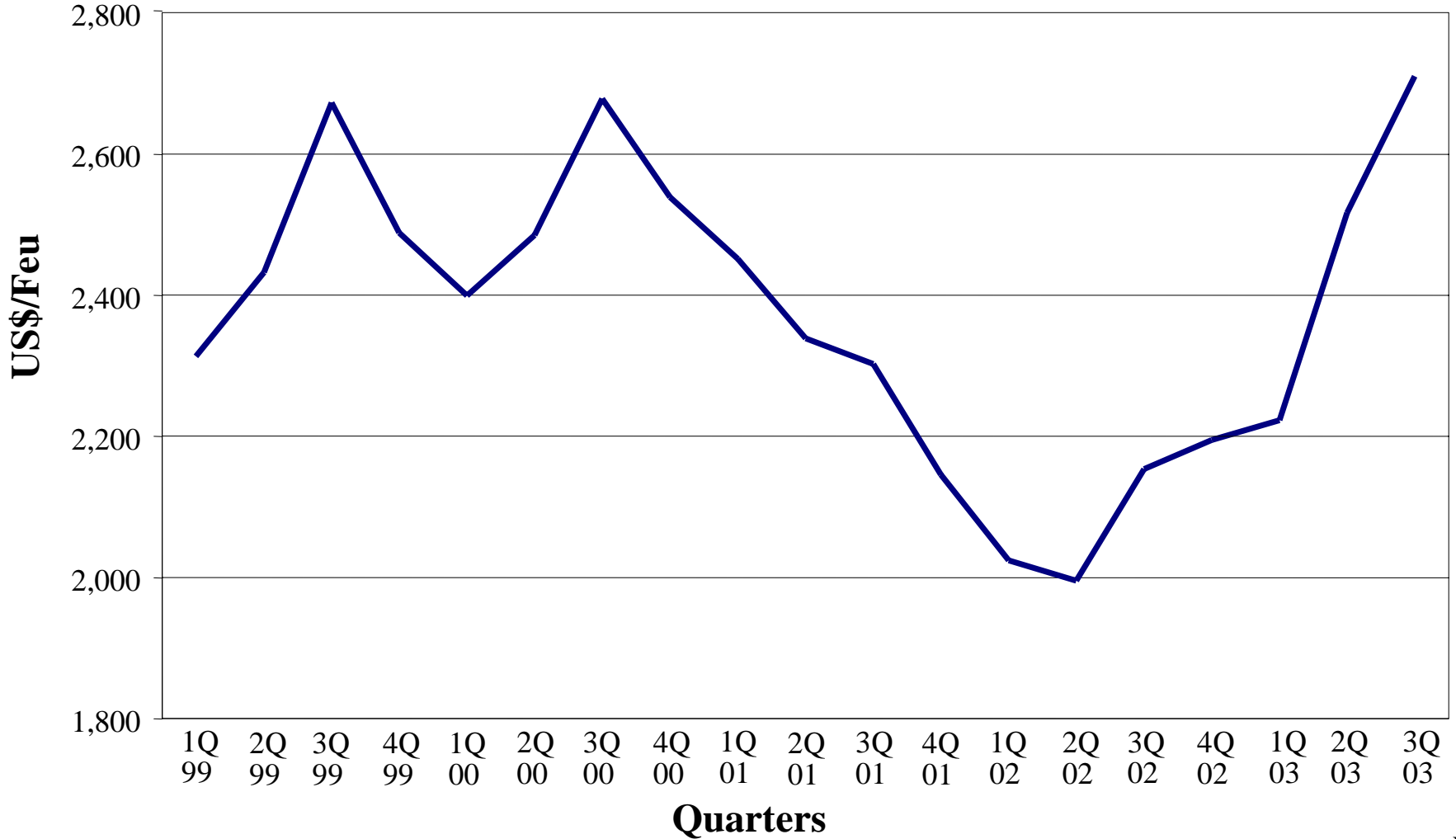
Region	3Q03	3Q02	Change	YTD03	YTD02	Change
• Americas	\$3,414	\$2,649	29%	\$3,050	\$2,607	17%
• Europe	\$2,460	\$1,992	23%	\$2,330	\$1,814	28%
• Asia/Middle East	\$1,622	\$1,396	16%	\$1,538	\$1,357	13%
Total	\$2,710	\$2,153	26%	\$2,474	\$2,056	20%

* *Reflects both Eastbound and Westbound blended rates for all trades touching major geographies*

APL Liner: Rates Development

Rate improvement achieved through rate restoration and better trade mix

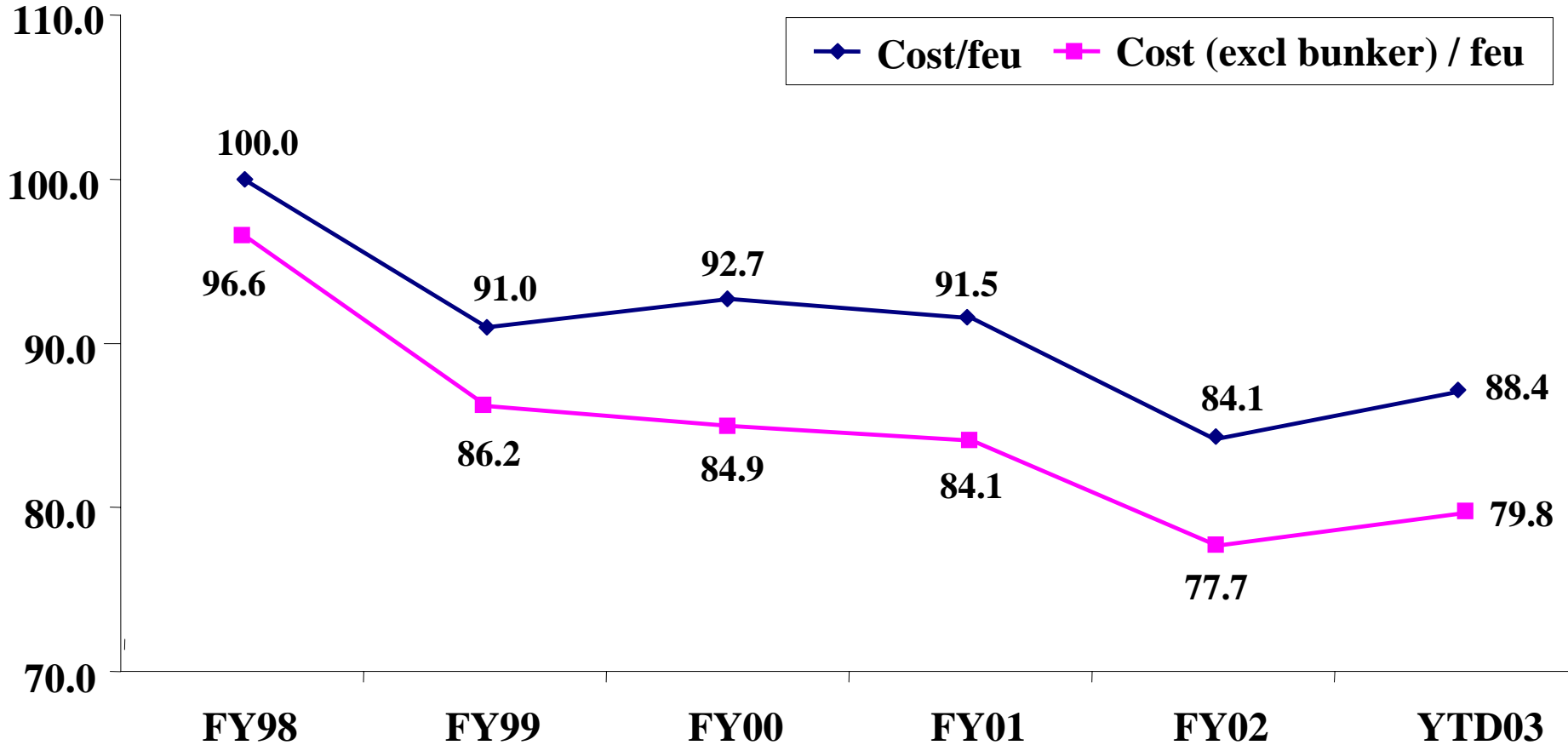
APL Average Freight Rates



APL Liner: Cost / FEU (Indexed)

Cost per FEU increased due to equipment reallocation from short-sea to the more profitable long-sea routes

Operations Review

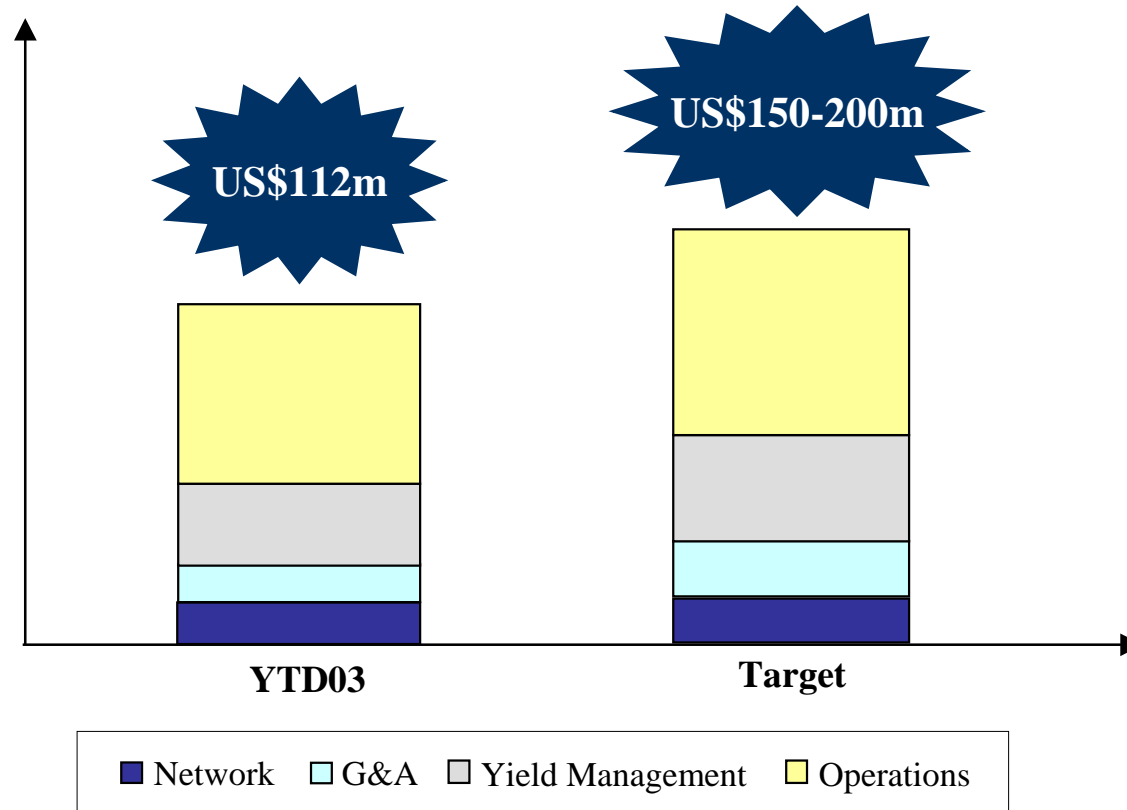


- **Demand was strong in all key trades, with utilisation for the headhaul routes averaging a high of 98% in 3Q03.**
- **Rate recovery in key linehaul trades, focus on yield management and headhaul volume growth in Trans-Pacific and Asia-Europe drove the improvement in turnover and net income.**
- **Rate & mix improvement and cost savings contributed to the significant improvement in Core EBIT.**
- **Bunker costs in 3Q03 have eased off but was still higher than the corresponding period last year. Hedging and increased BAF (Bunker Adjustment Factor) recoveries offset some of the impact of higher fuel costs.**

Trade Review:

- Trans-Pacific Eastbound YTD volume increased by 8% y-o-y. Westbound volume reduced due to APL's focus on high-yield cargo. Empty equipment was expedited back to Asia to cover strong Eastbound demand.
- Latin America's volume was affected by fall in demand while freight rates remained flat, impacted by weakness in Latin America economies.
- Strong demand in the Asia-Europe trade resulted in volume and rate growth.
- Volume growth in Transatlantic continued to be strong while freight rates are recovering.
- Long-haul volume within Intra-Asia continues to report healthy growth while short-sea volume impacted by the reallocation of equipment and capacity to more profitable Trans-Pacific and Asia-Europe trades.

APL Liner: Cost Savings Achieved



75% of total Cost Savings Target for FY03 were achieved so far, through:

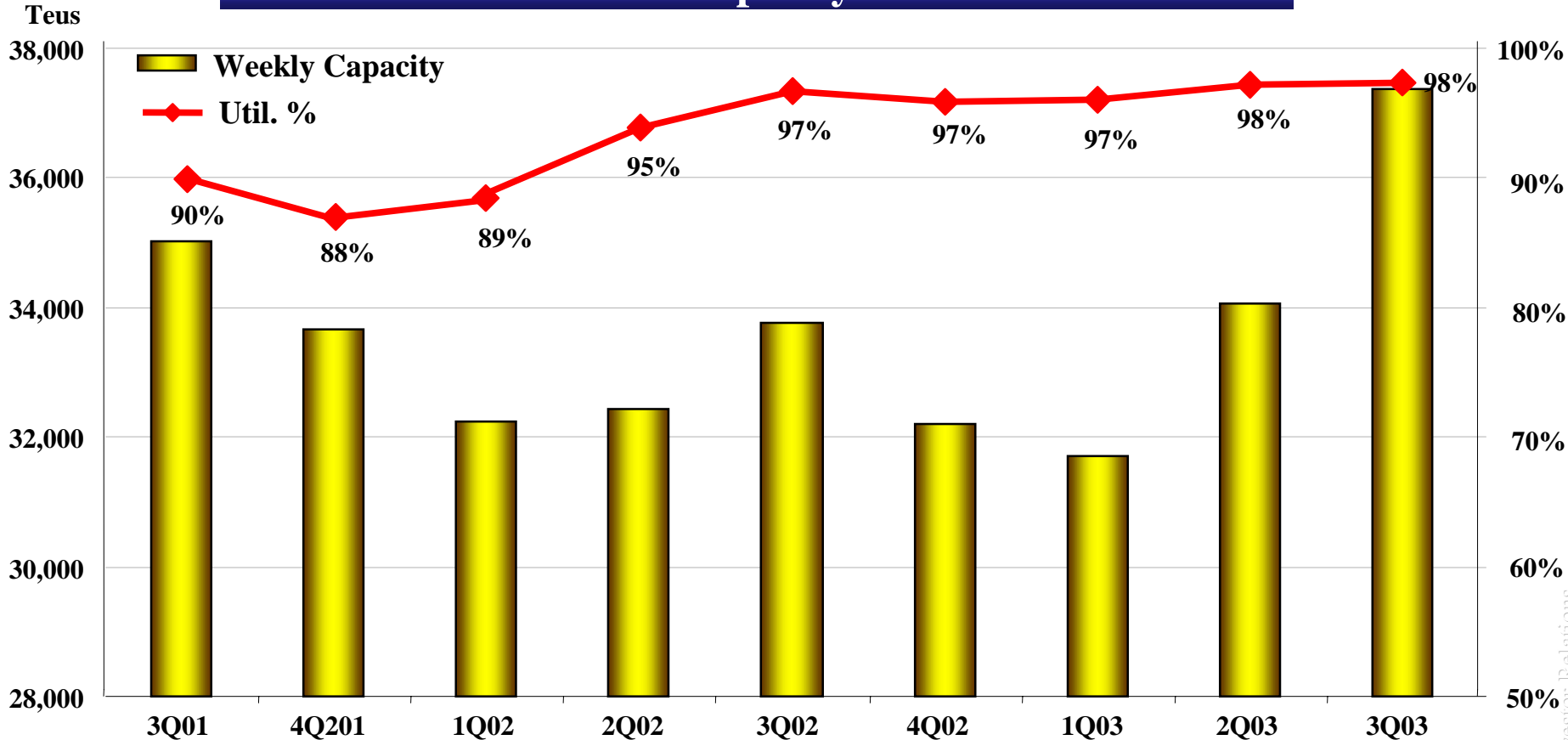
- ✓ *Contract re-negotiations on port/terminal/land charges and equipment*
- ✓ *Improvement in operational efficiencies*
- ✓ *Network rationalisation*
- ✓ *Tight control on G&A spending*

APL Liner: Network Capacity & Utilisation

Seasonal capacity expansion through introduction of additional strings in Trans-Pacific routes and incremental Asia-Europe capacity

Operations Review

APL Network Capacity & Utilisation



1) Figures based on headhaul leg of main linehaul services

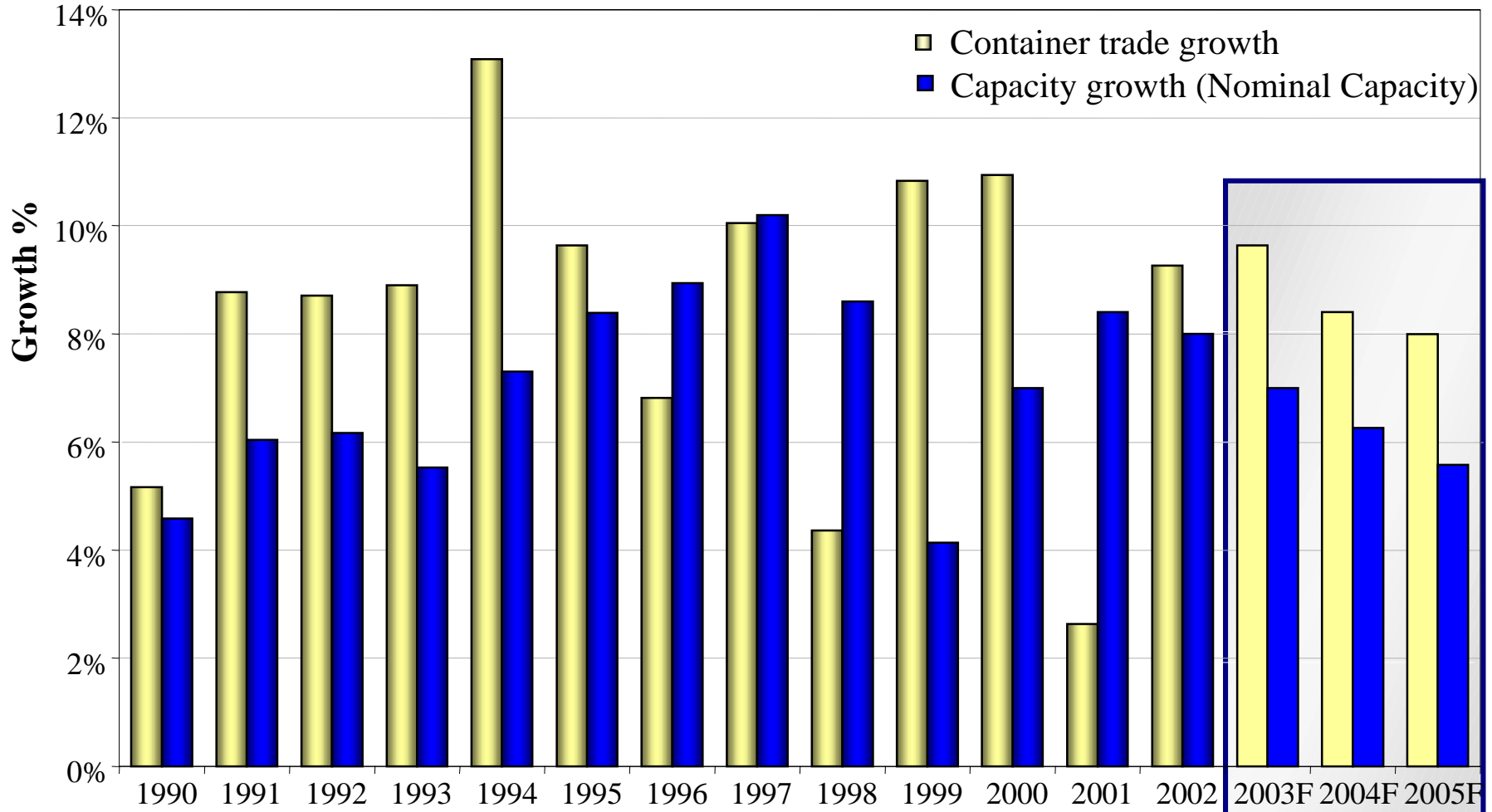
2) 6 successive quarters of managed capacity at high levels of utilisation

3) 2003 reflects the effects of 8% growth in TP Eastbound and 10% growth in AE Westbound

APL Liner: Global Demand & Supply

Strong demand growth in the next few years, outpacing supply growth due to space constraint in shipyards

Container Trade - Demand and Supply 1990-2005F



Source : *Clarksons / Drewry / MDS / NOL SPD*

- **Liner will focus on achieving the rest of the targeted cost savings initiatives.**
- **Freight rate is expected to soften slightly (e.g. elimination of Trans-Pacific Peak Season Surcharge in Oct'03) as the trades enter into the traditional off-peak season.**
- **Bunker cost is expected to ease further for the remaining months in 2003.**
- **On track to achieve significant profits in 2003.**
- **Trade growth in the next few years will continue to be driven by the shift in outsourcing to China.**
- **Capacity growth in 2004 will be through up-sizing of vessels and partnership with other carriers.**



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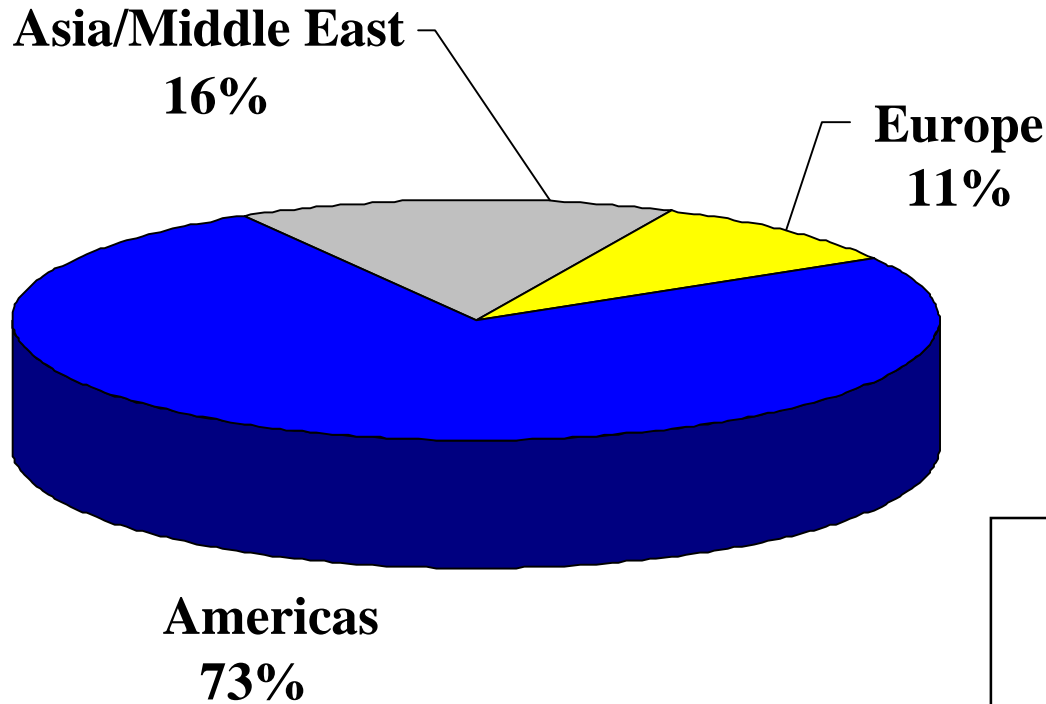
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APL Logistics: Profit & Loss Summary (US\$)

	3Q03	3Q02	Change	YTD03	YTD02	Change
➤ Turnover	\$235 m	\$200 m	18%	\$689 m	\$573 m	20%
➤ Core EBITDA	\$9 m	\$9 m	-	\$26 m	\$16 m	63%
• Depreciation & Amortisation	(\$7 m)	(\$9 m)		(\$21 m)	(\$27 m)	
➤ Core EBIT	\$2 m	-	n.m.	\$5 m	(\$11 m)	n.m.

YTD03 Turnover by Region : US\$689 m

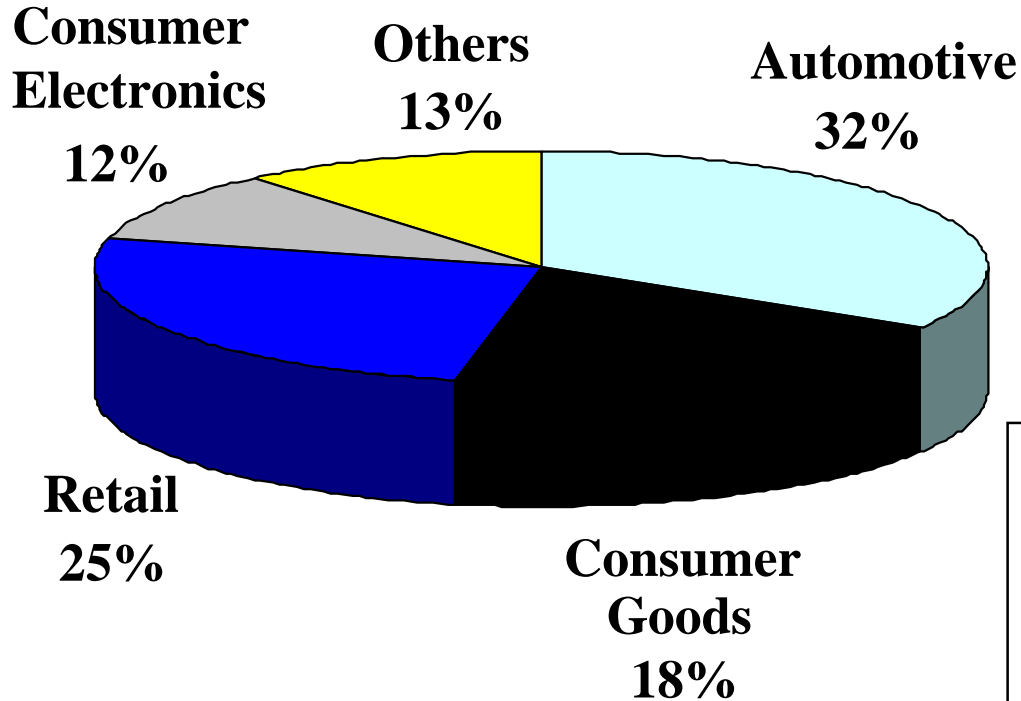


YTD02 Breakdown : Turnover = US\$573 m

Americas	:	76%
Asia/Middle East	:	15%
Europe	:	9%

APL Logistics: Turnover Breakdown

YTD03 Turnover by Customer Segment : US\$689 m



YTD02 Breakdown :
Turnover = US\$573 m

Automotive	:	32%
Consumer Goods	:	20%
Retail	:	27%
Consumer Electronics	:	11%
Others	:	10%

- **Logistics operations posted positive operational earnings in 3Q03, up from 3Q02.**
- **Strong revenue growth from all regions:**
 - *Contract Logistics operations in America*
 - *Forwarding operations in Europe*
 - *Consolidation business in Asia*
- **Positive YTD Core EBIT of US\$5m contributed by:**
 - *Revenue growth*
 - *Improvement in operational efficiency in warehousing operation and transportation management*

APL Logistics: Current Year's Prospects

- **Outlook for the remainder of the year remains positive:**
 - *Strong performance from Contract Logistics operations*
 - *Focus on achieving higher consolidation volumes*
 - *Continual emphasis on improving operating costs*
- **On track to achieve full year operational profits.**



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3. Group Outlook

- **Group expects to achieve a very good set of results in 2003, barring unforeseen circumstances, driven by:**
 - *Recovery in container freight rates*
 - *Continuing implementation of cost cutting measures*
 - *Focus on maximising yield and optimising trade mix*
- **Group's Balance Sheet has strengthened through:**
 - *Improved operations in Liner and Logistics*
 - *Proceeds from AET sale*
- **Review opportunities in unlocking or exiting from non-core businesses.**



End of Presentation

Thank You