



NOL Group 2nd Quarter 2007 Net Profit Up 38%

Singapore, 8 August 2007: Global cargo transportation and logistics group Neptune Orient Lines (NOL) today reported a net profit for the second quarter of 2007 (2Q07) of US\$93 million, 38% higher than for the same period in 2006.

The Group's EBIT for 2Q07 was US\$112 million, 27% higher quarter-on-quarter than in the second quarter of 2006 (2Q06).

For the first half of 2007 (1H07), the company reported net profits of US\$136 million (down 27%) and EBIT of US\$176 million (down 24%).

Revenues for 1H07 were up 5% to US\$3.7 billion, and by 11% quarter-on-quarter.

FINANCIAL HIGHLIGHTS

	1H07	1H06	Change %	2Q07	2Q06	Change %
Revenue (US\$m)	3,707	3,520	5	1,810	1,637	11
EBIT (US\$m)	176	233	(24)	112	88	27
Net profit (US\$m)	136	187	(27)	93	67	38

Announcing the results in Singapore, NOL Group President and Chief Executive Officer, Dr Thomas Held, said: "Quarter-on-quarter, our net profit has risen significantly, which points to a general improvement in market conditions in the liner shipping sector, and to our strong performance and the continuing success of our business model with its focus on service excellence."

In NOL's container shipping business, APL, revenues rose 7% year-to-date, and 13% on a quarter-on-quarter basis. APL carried 1.1 million FEU (forty-foot equivalent unit) in 1H07, which was 11% more cargo than in the same period of last year.

"The double-digit rise in our container volumes and improving rate situation in our key trade lanes led to an improved EBIT performance in the second quarter," said Dr Held.

NOL's supply chain services unit, APL Logistics, recorded a 2% improvement in revenues quarter-on-quarter, while year-to-date sales were down 2%.

"We have made progress with the realignment of the logistics business. This has been driven by new business wins, the launch of new products and a general increase in demand for logistics services in our key market segments," said Dr Held.

NOL is on target with its cost mitigation plan and will continue its successful focus on productivity improvements. For 1H07, overall costs per FEU improved by around 1% over the same period of 2006. This was achieved during a period when APL's overall fleet capacity grew by 11%, with headhaul utilisation increasing to 98%.

"Our ongoing drive for cost leadership has seen us make significant productivity and efficiency enhancements, which will ensure we can continue to provide the same high standards of service to our customers into the future," said Dr Held.

GROWTH INITIATIVES

In the second quarter, NOL introduced a number of new growth initiatives.

In Liner, orders have been placed for eight high-speed, 10,000 TEU container ships to be deployed in the Asia-Europe trade. This complements the earlier announcement of a charter arrangement for five new 7,000 TEU vessels for deployment in the Transpacific trade. APL also successfully launched a new Suez Express service, connecting South East Asia and the Indian Subcontinent with the US East Coast via the Suez Canal, which is the industry's fastest alternative to the Panama Canal.

NOL continued to enhance its global terminal network – with expansion underway in Vietnam and on the US West Coast. A major new investment is planned at Maasvlakte 2 in the Port of Rotterdam. NOL is part of a consortium, also comprising Hyundai Merchant Marine, Mitsui OSK Lines, DP World and CMA CGM, which has been awarded the concession for the first container terminal to be developed at Maasvlakte 2. The 156-hectare terminal will have a capacity of around 4 million TEU and is expected to be operational in 2013.

In Logistics, innovative new products and services have been brought to market. Our successful OceanGuaranteedSM less than container load service will soon be complemented by a full container load product that provides time-definite delivery times.

The APL IndiaLinxTM container freight rail service has been running at near full capacity since its launch in June. By the end of the year, more trains and round trips will be added serving additional locations.

NOL Chairman Mr Cheng Wai Keung added: "These investments in new capabilities and facilities are in line with our commitment to a strategy of profitable growth and innovation which creates long-term value for our customers and our shareholders."

INTERIM DIVIDEND

The NOL Board of Directors has recommended an interim tax-exempt (one-tier) dividend of 4 Singapore cents per share to be paid on 7 September 2007 to the shareholders whose names appear on the Company's share register at close of business on 24 August 2007.

OUTLOOK

Over the course of the first half of this year, we have seen more positive market conditions, resulting in robust volume growth and higher freight rates in key trade lanes.

Barring unforeseen circumstances, we expect this momentum of growth to continue into the second half of the year.

OPERATING PERFORMANCE (2Q07 vs 2Q06)

Liner

- Revenues were 13% higher at US\$1.52 billion
- 2% increase in average revenues per FEU
- 12% growth in total container volumes, reflecting positive demand across all key trade routes
- Liner network capacity increased by 11%, due primarily to the introduction of new vessels and services
- Headhaul utilisation averaged 98%, compared to 95% in the second quarter of 2006
- EBIT of US\$98 million, up 29%
- EBIT Margin of 6.5%
- Overall costs per FEU were flat

Logistics

- Revenues were 2% higher at US\$299 million
- Strong Consolidation and Ocean Forwarding volumes
- Contract Logistics margins improved despite lower revenues
- Asia-Middle East region continues to register strongest year-on-year growth
- OceanGuaranteedSM volumes continue to outpace forecasts
- APL IndiaLinxTM began train operations in June 2007
- New full container load, time-definite product to be launched
- EBIT of US\$14 million, up US\$4 million
- EBIT Margin of 4.7%

Note to editors:

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

Media Enquiries:

Mr Paul Barrett
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