



1st Quarter 2005
Sustained Performance

13 May 2005





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 assumptions of 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.



Contents of Presentation

1. Highlights

Sustained Performance in 1Q05

Highlights	1Q05	1Q04	Change
Revenue (US\$m)	1,804	1,553	16%
Core EBIT (US\$m)	216	182	19%
NRI * (US\$m)	6	11	(45%)
Net Profit (US\$m)	195	168	16%
EPS (US cts per share)	13.45	11.75	14%
Ending number of shares (m)	1,453	1,433	1%

* *NRI = Non-Recurring Items*

Group Balance Sheet Highlights (US\$)

	8 Apr'05	31 Dec'04
Total Assets	\$4,590 m	\$4,369 m
Total Liabilities *	\$2,182 m	\$2,189 m
Total Shareholders' Equity	\$2,408 m	\$2,180 m
Total Debt	\$806 m	\$785 m
Gearing (Gross)	0.33 x	0.36 x
Gearing (Net)	Net Cash	0.05 x
NAV per share	\$1.66	\$1.50

* Includes minority interest



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2. 1Q05 Group Financial Performance

Group Financial Highlights (US\$)

	1Q05*	1Q04**	Change
➤ Turnover	\$1,804 m	\$1,553 m	16 %
➤ Core EBITDA	\$282 m	\$247 m	14 %
• Depreciation & Amortisation**	(\$66 m)	(\$65 m)	
➤ Core EBIT	\$216 m	\$182 m	19 %
• Gross Interest Expense	(\$13 m)	(\$24 m)	
• Tax	(\$14 m)	(\$1 m)	
➤ Profit before NRI***	\$189 m	\$157 m	20 %
• Non-Recurring Items	\$6 m	\$11 m	
➤ Net Profit to equity holders	\$195 m	\$168 m	16 %

* NOL's 1Q05 results is for 1 Jan 2005 to 8 April 2005

** Restated to exclude \$5m in goodwill amortisation with the adoption of FRS103

*** NRI = Non-Recurring Items

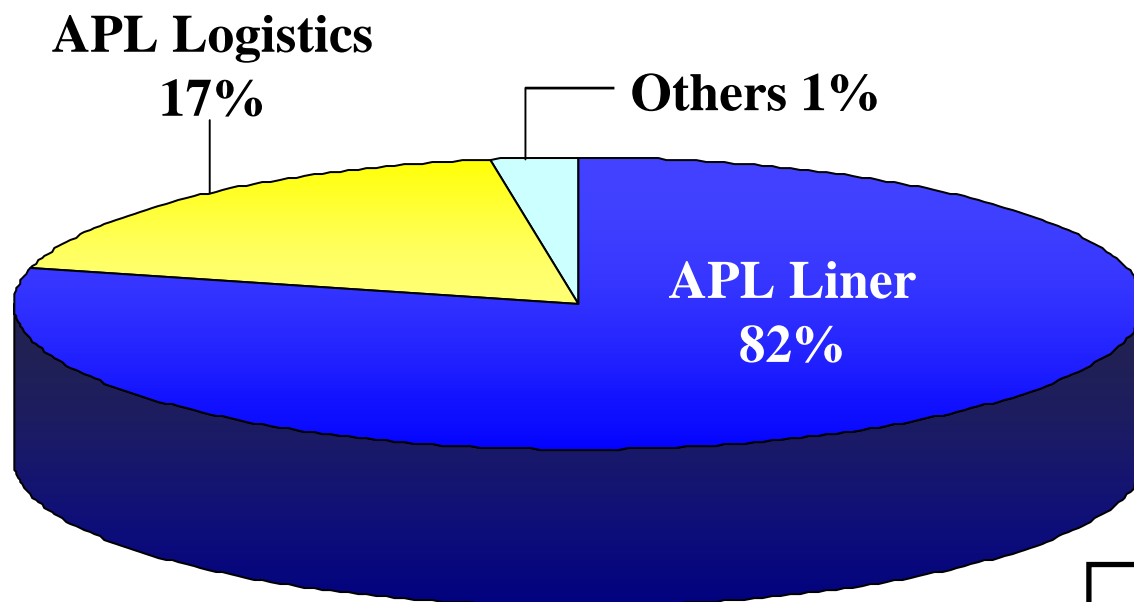
Group Non-Recurring Items (US\$)

1Q05 Financials

	1Q05	1Q04
1. Gain from asset disposals	\$11 m	\$9 m
2. Others	(\$5 m)	\$2 m
Total	\$6 m	\$11 m

Group Revenue Breakdown

1Q05 Total Turnover : US\$1,804 million, up 16%



1Q04 Turnover Breakdown:

Total : US\$1,553 m

APL Liner : 79%

APL Logistics : 19%

Others* : 2%

* Others include Chartering turnover (NAS was sold on 16 March 2004)

Group Revenue by Business Units (US\$)

1Q05 Financials

	1Q05	1Q04	Change
APL Liner	\$1,481 m	\$1,231 m	20 %
APL Logistics	\$317 m	\$288 m	10 %
Others*	\$29 m	\$55 m	(47 %)
Interco Elimination	(\$23 m)	(\$21 m)	10 %
Total Revenue	\$1,804 m	\$1,553 m	16 %

* Others include Chartering operations (NAS was sold on 16 March 2004)

Group Core EBIT by Business Units (US\$)

	1Q05	1Q04**	Change
APL Liner	\$201 m	\$179 m	12 %
APL Logistics	\$16 m	\$6 m	167 %
Others*	(\$1 m)	(\$3 m)	(67 %)
Total Core EBIT	\$216 m	\$182 m	19 %

* Others include Chartering operations (NAS was sold on 16 March 2004)

** Restated to exclude \$5m in goodwill amortisation with the adoption of FRS103

Group Fuel and Currency Exposures

➤ **Bunker**

- 1Q05 fuel costs increased US\$29m YoY due to business expansion and higher fuel prices
- Half of the Group's fuel expenses are recoverable from customers through bunker adjustment factor provisions
- Of the balance, one-third is hedged

➤ **Foreign exchange**

- Major currency exposures in Euro, Japanese Yen and Singapore Dollar
- Part of these exposures is hedged in 2005

NOL Group: Capital Expenditure (US\$)



1Q05 & Outlook

	1Q05	2Q05 - 4Q05	FY05
1. Vessels	\$0 m	\$9 m	\$9 m
2. Equipment	\$6 m	\$319 m	\$325 m
3. Drydock	\$16 m	\$9 m	\$25 m
4. IT	\$6 m	\$52 m	\$58 m
5. Others	\$2 m	\$18 m	\$20 m
Total	\$30 m	\$407 m	\$437 m



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3. Business Segment Review

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

Sustained Performance

	1Q05	1Q04	Change
➤ Turnover	\$1,481 m	\$1,231 m	20 %
➤ Core EBITDA	\$260 m	\$234 m	11 %
• Depreciation & Amortisation	(\$59 m)	(\$55 m)*	
➤ Core EBIT	\$201 m	\$179 m*	12 %
➤ Core EBIT Margin	13.6%	14.5%	

* Adjusted to exclude \$2m in goodwill amortisation with the adoption of FRS103

APL Liner Volume Growth

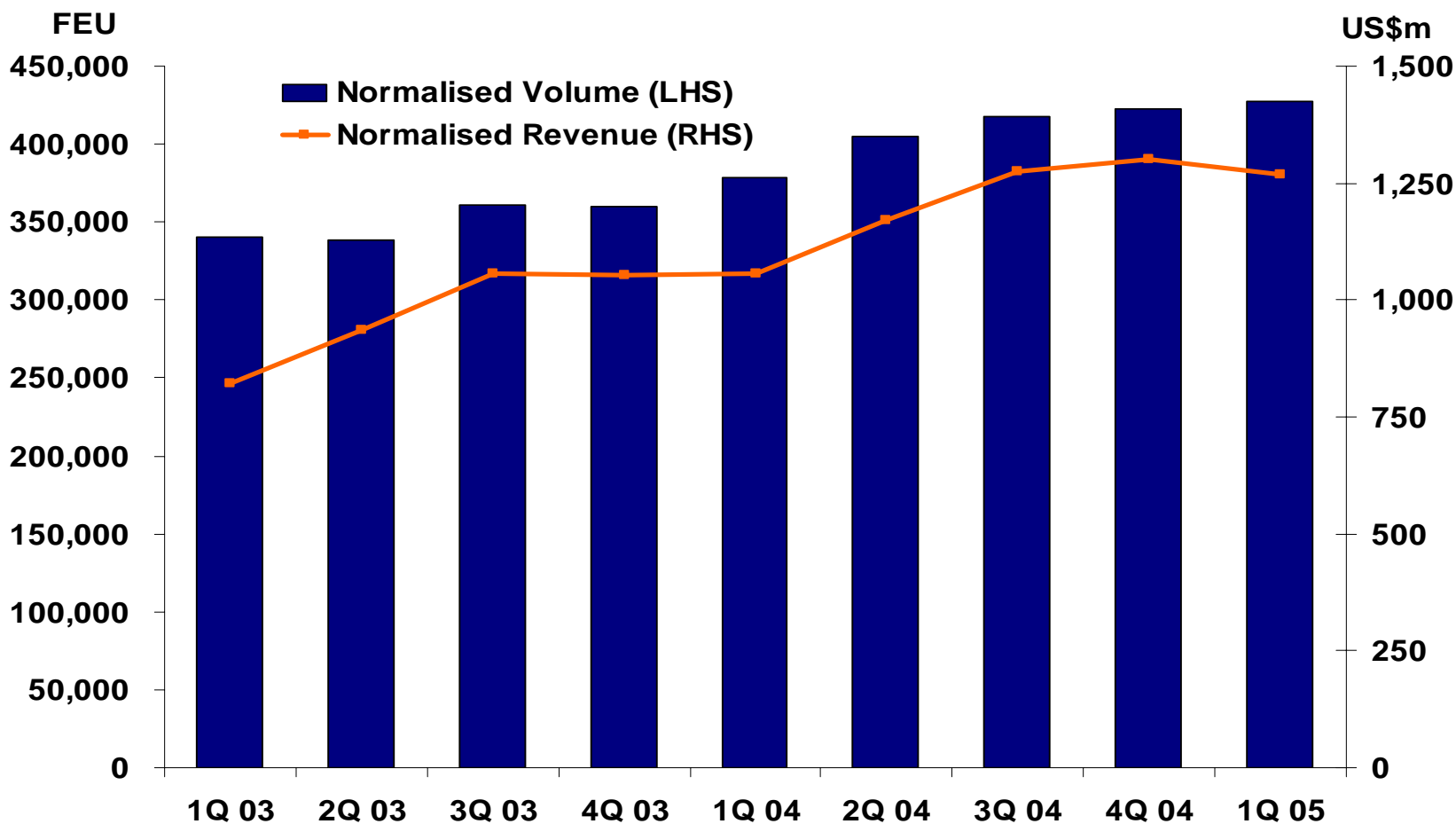
Continued Volume Growth

Region	1Q05	1Q04	Change
• Americas	214	211	1%
<i>Trans-Pacific</i>	<i>177</i>	<i>175</i>	<i>1%</i>
<i>Latin America</i>	<i>37</i>	<i>36</i>	<i>3%</i>
• Europe	130	112	16%
<i>Asia Europe</i>	<i>98</i>	<i>86</i>	<i>14%</i>
<i>Transatlantic</i>	<i>32</i>	<i>26</i>	<i>23%</i>
• Asia/Middle East	155	119	30%
Total	499	442	13%

Note: Figures are in '000 FEUs

APL Liner Normalised Volume and Revenue Trend

- Continued strong global demand
- Benefited from higher capacity with the introduction of new services in the second half of 2004



APL Liner Average Revenues (US\$/FEU)*

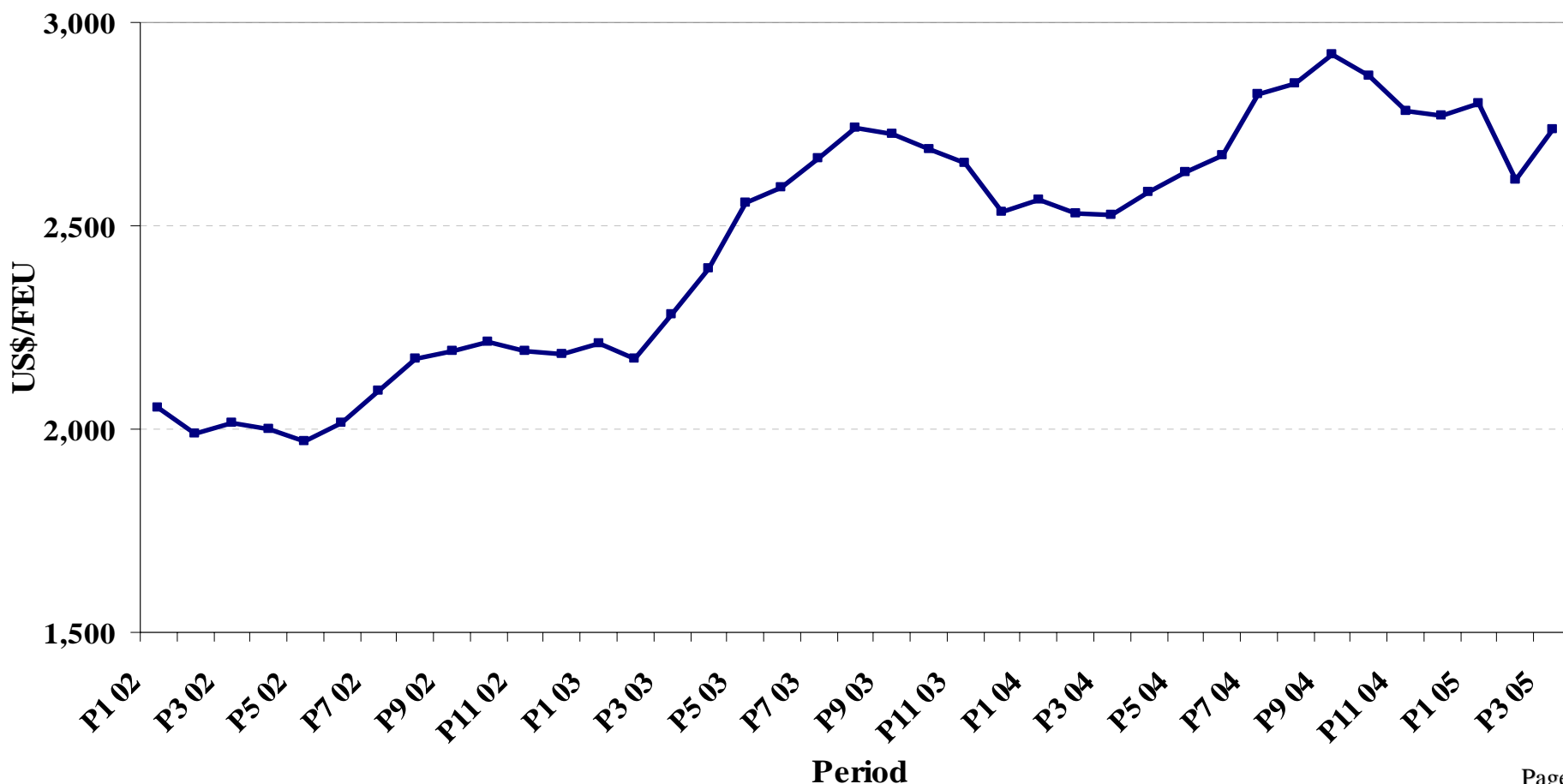
Higher Average Revenues

Region	1Q05	1Q04	Change
• Americas	\$3,423	\$3,084	11%
• Europe	\$2,635	\$2,438	8%
• Asia/Middle East	\$1,864	\$1,680	11%
Total	\$2,732	\$2,543	7%

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

APL Liner Average Revenue/FEU Trend

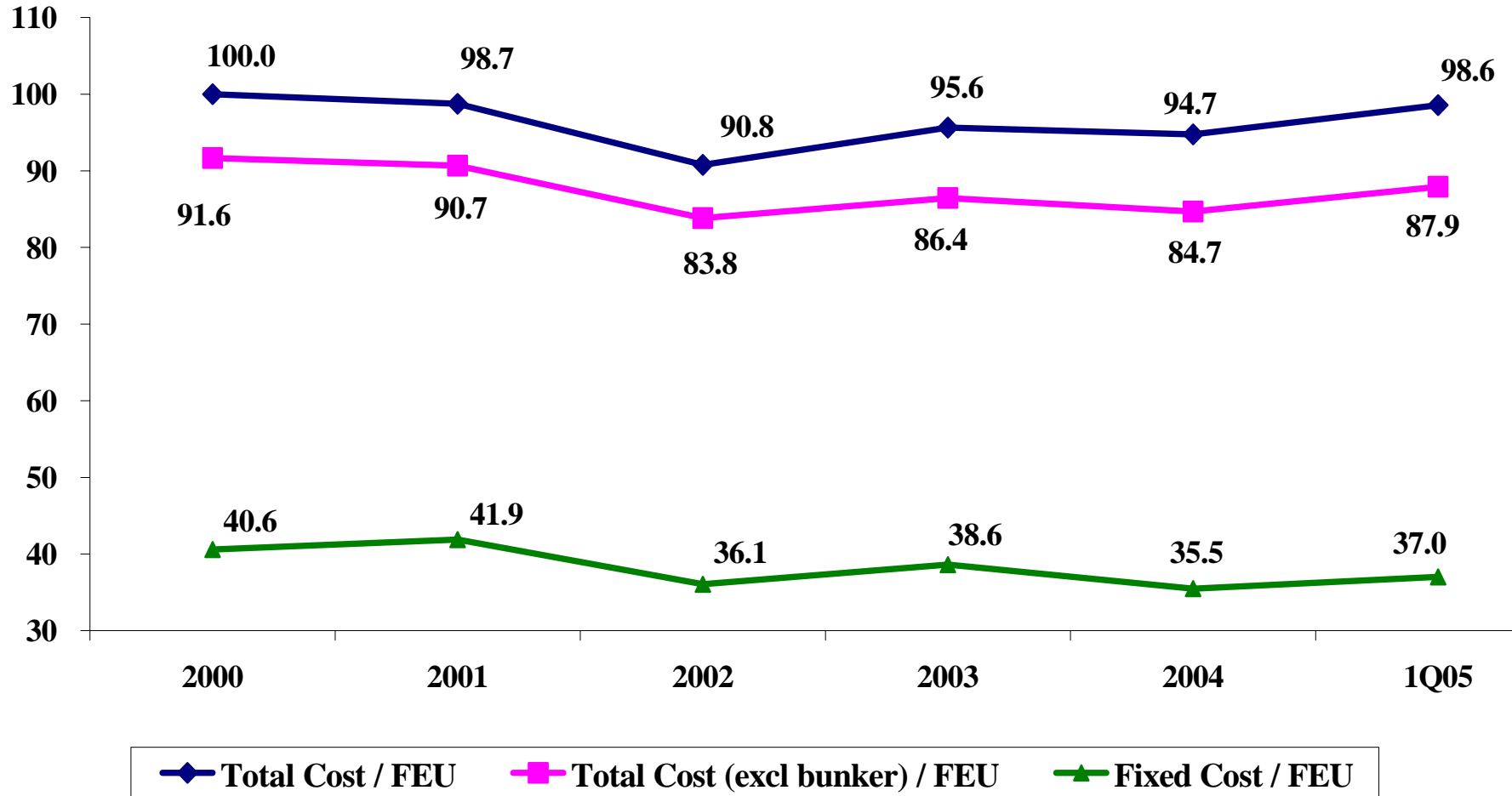
- 1Q average revenues were 7% higher with continuing active yield management efforts and general rate increases through '04
- Decline in P2 average revenues was due to a temporary shift in trade mix with factory shutdowns after Lunar New Year



APL Liner Cost/FEU Trend

Cost/FEU are higher in 1Q05, largely due to rising cost pressures on inland transportation services in the US as well as increased bunker and charter hire rates

Operations Review

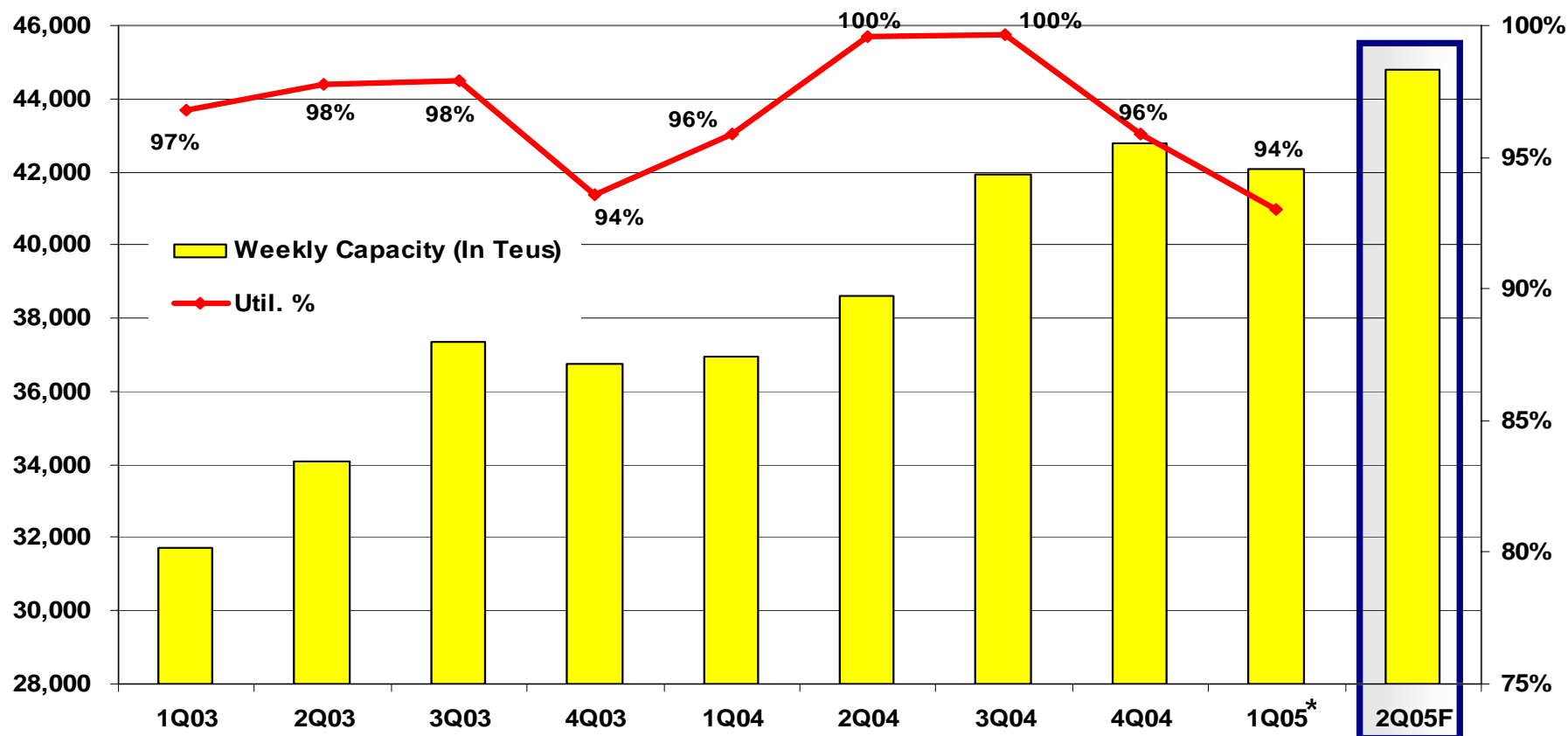


APL Liner Network Capacity & Utilisation

Utilisation rates were slightly lower on the back of a 14% YoY increase in capacity, and as the focus remained on maximising yield

Operations Review

APL Network Capacity & Utilisation



* Planned capacity reduction in 1stQtr05 due to seasonal adjustment for slack season

Note: Figures based on headhaul leg of main linehaul services

Cost Savings Efforts Continue

- **Achieved US\$11m in 1Q05**
- **More cost savings are planned for the rest of 2005**
- **Further cost savings are targeted to be achieved through:**
 - ✓ *Initiatives to improve operational efficiency*
 - ✓ *Maximising utilisation and further improving trade balances*
 - ✓ *Tight control on G&A spending*

APL Liner Trade Imbalance

- **Trans-Pacific imbalance saw seasonal improvement in the 1Q**
- **Transatlantic trade is now more balanced, as Euro strength is boosting backhaul volumes**

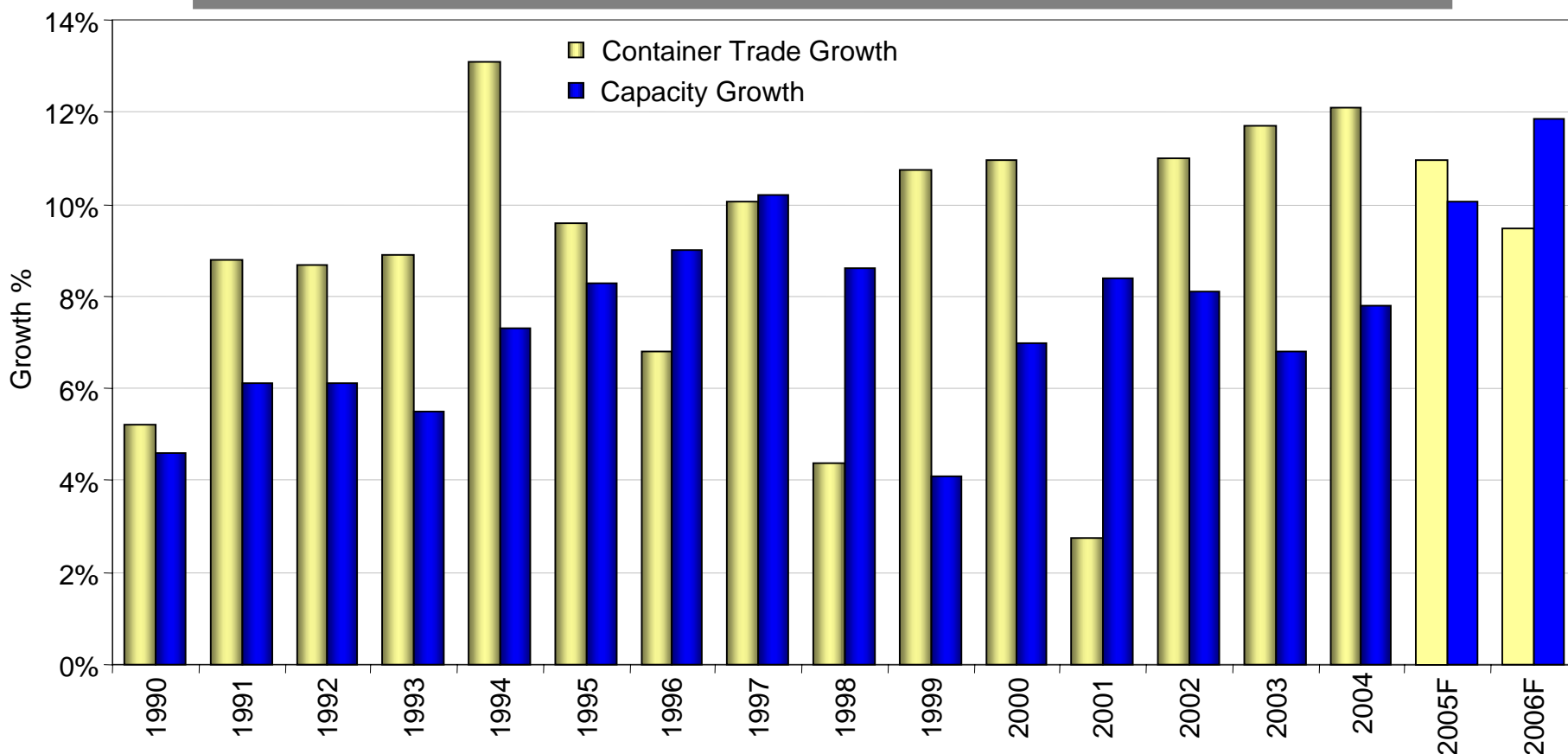
No. of FEUs that are full backhaul for every 10 FEUs full headhaul

<u>Trade</u>	<u>2003</u>	<u>2004</u>	<u>1Q05</u>
▪ Trans-Pacific	5	5	6
▪ Asia-Europe	7	8	7
▪ Transatlantic	8	9	10

Industry: Global Demand & Supply

Demand/supply conditions are expected to be well-balanced in 2005. In 2006, nominal capacity is projected to exceed demand growth, although the gap may narrow with effects of congestion.

Container Trade - Demand and Supply 1990-2006F



Source : Clarksons / Drewry / MDS / NOL SPD

APL Liner 1Q05 Performance Review

- **Achieved profit growth despite rising cost pressures:**
 - Continued robust demand growth
 - Further yield maximising efforts produced higher average revenues/FEU
 - Maintained a tight asset base
- **Healthy diversification in trade mix with increasing contributions from Intra-Asian operations**
- **Higher cost/FEU**
 - Rising cost pressures on inland transportation, fuel and charters
 - Likely recurrence of global congestion issues to put further pressures on costs
- **Cost savings efforts to continue**
 - Initiatives in place to pursue further cost cuts through the year

APL Liner 1Q05 Performance Review

Trade Review:

- **Trans-Pacific:** Our focus on yield produced higher average revenues per FEU while it kept volumes relatively flat year-on-year
- **Latin America:** Improved volumes originating from Asia boosted revenue performance
- **Asia-Europe:** Steady volume growth with continued demand strength
- **Transatlantic:** Euro strength boosted volumes shipped, improved the trade balance and boosted average revenues per FEU
- **Asia/Middle East:** Strong volume growth on the back of robust market demand and higher capacity introduced. Rates also improved.

APL Liner Current Year's Prospects

- **The outlook for the rest of the year is strong as demand growth is healthy, and remains in balance with supply growth**
- **Efforts to further maximise yields and asset utilisation rates are still in place**
- **Costs/FEU are higher due to continuing operating cost pressures**
- **Cost recovery initiatives include:**
 - Continuing cost savings efforts
 - Bunker recovery initiatives
 - Freight rate increases planned in some trade lanes



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3. Business Segment Review

- **APL Liner**

- **APL Logistics**

APL Logistics Profit & Loss Summary (US\$)

Improved Performance

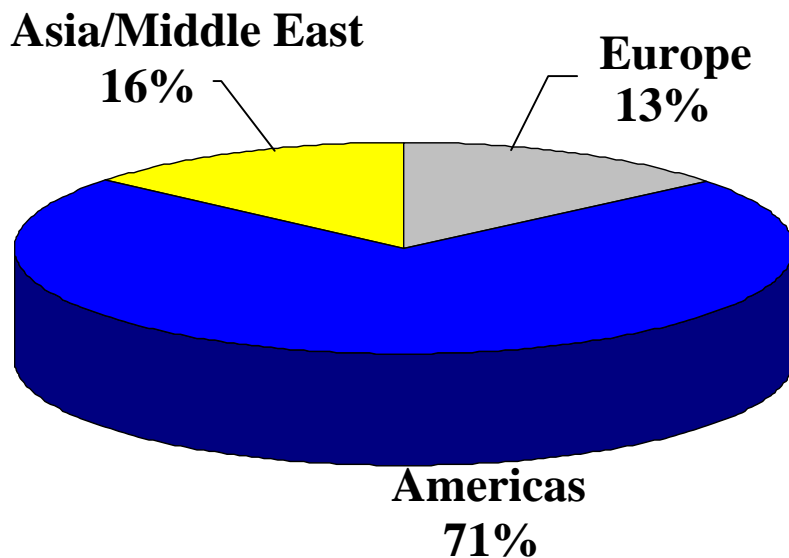
	1Q05	1Q04	Change
➤ Turnover	\$317 m	\$288 m	10 %
➤ Core EBITDA	\$19 m	\$10 m	90 %
• Depreciation & Amortisation	(\$3 m)	(\$4 m)*	
➤ Core EBIT	\$16 m	\$6 m*	167 %
➤ Core EBIT Margin	5.0%	2.1%	

* Adjusted to exclude \$3m in goodwill amortisation with the adoption of FRS103

APL Logistics Revenue Breakdown

1Q05 Revenue: US\$317m, up 10%

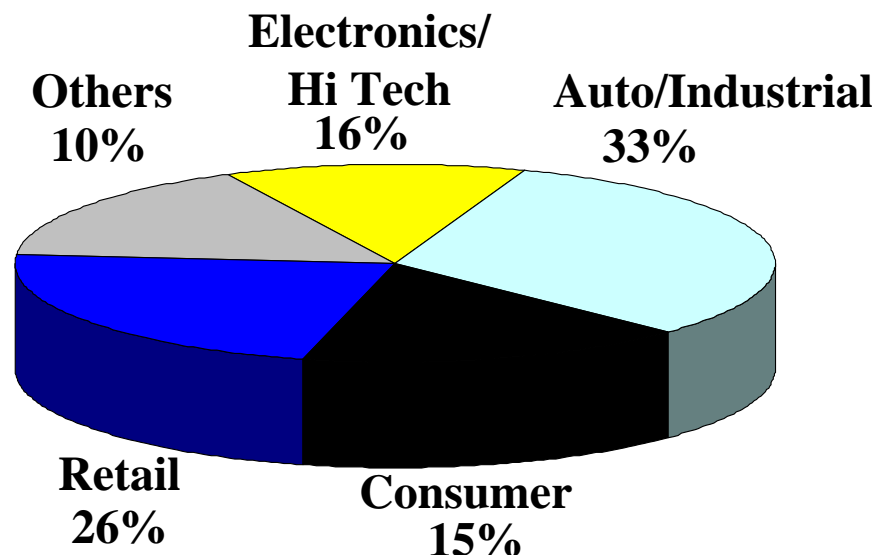
Region



1Q04 Breakdown :

Americas	:	72%
Asia/Middle East	:	14%
Europe	:	14%

Customer Segment



1Q04 Breakdown :

Auto/Industrial	:	32%
Consumer	:	17%
Retail	:	22%
Electronics/Hi Tech	:	16%
Others	:	13%

APL Logistics Operations Review (US\$m)

Business Segment	1Q05	1Q04**	Change
• Revenue	317	288	10%
<i>Contract Logistics</i>	219	206	6%
<i>International Services</i>	98	82	20%
• Core EBIT	16	6*	167%
<i>Contract Logistics</i>	6	3	100%
<i>International Services</i>	10	3	233%
• Core EBIT Margin	5.0%	2.1%	
<i>Contract Logistics</i>	2.7%	1.5%	
<i>International Services</i>	10.2%	3.7%	

* Adjusted to exclude \$3m in goodwill amortisation with the adoption of FRS103

** Revenues and Core EBIT have been reclassified between Contract Logistics & International Services

APL Logistics 1Q05 Performance Review

- **Continued revenue growth of 10% in 1Q:**
 - Growth across all regions, but especially within Asia/Middle East
 - Increased demand from existing customers and contributions from new customer wins

- **Further Core EBIT improvement:**
 - Margin expansion for both Contract Logistics but especially International Services
 - Improved customer and product mix

APL Logistics Current Year's Prospects

➤ **Contract Logistics:**

- Targeting more new customer wins
- Strong automotive yard management operations to continue

➤ **International Services:**

- Strong demand for consolidation/deconsolidation services
- Global forwarding operations benefiting from robust global demand with higher volumes and margins

➤ **Strong Operational Management Team**

- Group CEO, David Lim, has assumed the responsibilities of CEO of APL Logistics
- Experienced ground management team



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4. Group Outlook for 2005

➤ **Barring unforeseen circumstances, the Group expects to achieve a strong performance in 2005:**

- *The business environment remains good*
- *Continued focus on yield management and cost containment*
- *But there are concerns over rising fuel costs and the impact of congestion throughout the transportation network*



End of Presentation

Thank You

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