



# 1<sup>st</sup> Quarter 2007 Performance Review

14 May 2007



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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 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.***



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# 1. 1Q07 Performance Review



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- **Group revenues increased by 1% to US\$1.9 billion, on the back of higher liner volumes and yield management initiatives**
- **Group profits declined, primarily due to lower liner freight rates**
- **Continued cost mitigation efforts improved Liner's cost/FEU by 1.5% YoY**
- **Logistics revenue declined 6% to US\$325 million with Core EBIT down 25% to US\$12 million**
- **Continuing strong cashflows and net cash position**

# Financial Highlights (US\$)



US\$m	1Q07 <sup>1</sup>	1Q06 <sup>1</sup>	% ▲
Revenues	<b>1,897</b>	1,883	1
Core EBIT	<b>58</b>	143	(59)
Net profit before NRI <sup>2</sup>	<b>37</b>	118	(69)
Net profits <sup>3</sup>	<b>43</b>	120	(64)

<sup>1</sup> NOL's 1Q07 results are for 30 Dec 2006 – 6 Apr 2007; 1Q06 results are for 31 Dec 2005 – 7 Apr 2006

<sup>2</sup> NRI – Non-Recurring Items

<sup>3</sup> Net profits refer to amounts attributable to equity holders, excluding minority interest



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## 2. 1Q07 Group Financial Performance

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# Group Financial Highlights



US\$m	1Q07 <sup>1</sup>	1Q06 <sup>1</sup>	% ▲
<b>Turnover</b>	<b>1,897</b>	<b>1,883</b>	<b>1</b>
<b>Core EBITDA</b>	<b>123</b>	<b>208</b>	<b>(41)</b>
• Depreciation & Amortisation	(65)	(65)	0
<b>Core EBIT</b>	<b>58</b>	<b>143</b>	<b>(59)</b>
• Gross Interest Expense	(12)	(11)	9
• Tax	(9)	(14)	(36)
<b>Profit before NRI<sup>2</sup></b>	<b>37</b>	<b>118</b>	<b>(69)</b>
• Non-Recurring Items	6	2	200
<b>Net Profit to equity holders</b>	<b>43</b>	<b>120</b>	<b>(64)</b>

<sup>1</sup> NOL's 1Q07 results are for 30 Dec 2006 – 6 Apr 2007; 1Q06 results are for 31 Dec 2005 – 7 Apr 2006

<sup>2</sup> NRI – Non-Recurring Items

# Group Non-Recurring Items

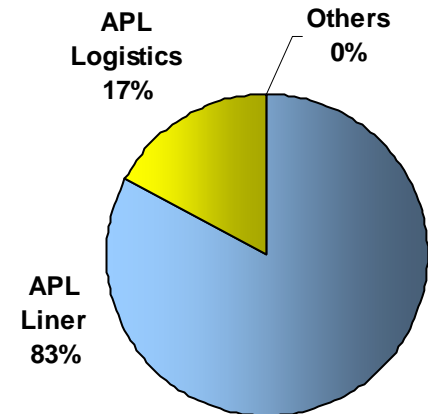


US\$m	1Q07	1Q06
Gain from asset disposals	6	2
<b>Total</b>	<b>6</b>	<b>2</b>

# Group Revenue Breakdown



US\$m	1Q07	1Q06	% ▲
Liner	1,573	1,536	2
Logistics	325	344	(6)
Others	35	34	3
Interco Elimination	(36)	(31)	16
<b>Total Revenue</b>	<b>1,897</b>	<b>1,883</b>	<b>1</b>



# Group Core EBIT Breakdown



US\$m	1Q07	1Q06	% ▲
Liner	41	123	(67)
Logistics	12	16	(25)
Others	5	4	25
<b>Total Core EBIT</b>	<b>58</b>	<b>143</b>	<b>(59)</b>



## 3. Balance Sheet & Cashflow



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# Balance Sheet Highlights



US\$m	6 Apr '07	29 Dec '06
<b>Total Assets</b>	4,238	4,271
<b>Total Liabilities</b>	2,017	2,129
<b>Total Equity<sup>1</sup></b>	2,221	2,142
<b>Total Debt</b>	631	672
<b>Total Cash</b>	636	694
<b>Net Cash</b>	5	22 <sup>2</sup>
<b>Gearing (Gross)</b>	0.28 x	0.31 x
<b>Gearing (Net)</b>	Net Cash	Net Cash
<b>NAV per share (US\$)</b>	\$1.49	\$1.45
<b>(S\$)</b>	S\$2.26	S\$2.22



1 Includes minority interest

2 After the US\$0.82b payout in Feb '06 for the capital reduction and cash distribution exercise

# Cash Flow Highlights



US\$m	1Q07	1Q06
<b>Cash &amp; Cash Equivalents - Beginning</b>	<b>694</b>	<b>1,161</b>
<b><i>Cash Inflow/(outflow)</i></b>		
<b>Operating Activities</b>	101	138
<b>Investing/Capex Activities</b>	(119)	(52)
<b>Financing Activities</b>	(40)	(798) <sup>1</sup>
<b>Cash &amp; Cash Equivalents - Closing</b>	<b>636</b>	<b>449</b>

<sup>1</sup> Comprises the US\$0.82b payout in Feb '06 for the capital reduction and cash distribution exercise



## 4. Capex



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# Capital Expenditure



US\$m	1Q07
1. Vessels	45
2. Equipment / Facilities	76
3. Drydock	10
4. IT & Others	8
<b>Total</b>	<b>139</b>

## Fuel

- The Group continues to recover part of its fuel price increases from customers through bunker adjustment factors
- The Group also maintains a policy of hedging bunker exposures

## Foreign exchange

- Major foreign currency exposure amounts to about US\$1 billion in Euro, Japanese Yen, Chinese Yuan, S\$, HK\$, Korean Won, Canadian \$, British Pound, A\$, Indian Rupee and Taiwan Dollar
- These exposures continue to be hedged in 2007



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## 5. Operating Performance Liner

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- **Robust volume growth of 10% YoY, mostly in the Intra-Asia short-sea trade, as demand remained strong in key trade lanes.**
- **In spite of recent freight rate increases achieved in the Asia-Europe trade, overall average revenues per FEU reflect 6% lower YoY as the majority of rate pressure in the industry occurred during the last three quarters of 2006.**
- **The effect of rate increases in Asia Europe as well as recent freight rate increases achieved in some other key trade lanes have yet to be fully reflected. The impact of the improvement in freight rates will be seen most significantly in the 2H07.**
- **Headhaul utilisation down slightly to 94% on capacity expansion YoY and yield management initiatives.**
- **Cost/FEU improved slightly by 1.5% YoY from continuous cost mitigation efforts.**

# Liner Profit & Loss Summary



US\$m	1Q07	1Q06	% ▲
<b>Revenue</b>	<b>1,573</b>	1,536	2
<b>Core EBITDA</b>	<b>101</b>	182	(45)
• Depreciation & Amortisation	<b>(60)</b>	(59)	2
<b>Core EBIT</b>	<b>41</b>	123	(67)
<b>Core EBIT Margin</b>	<b>2.6%</b>	8.0%	

# Liner Volumes & Average Revenues/FEU

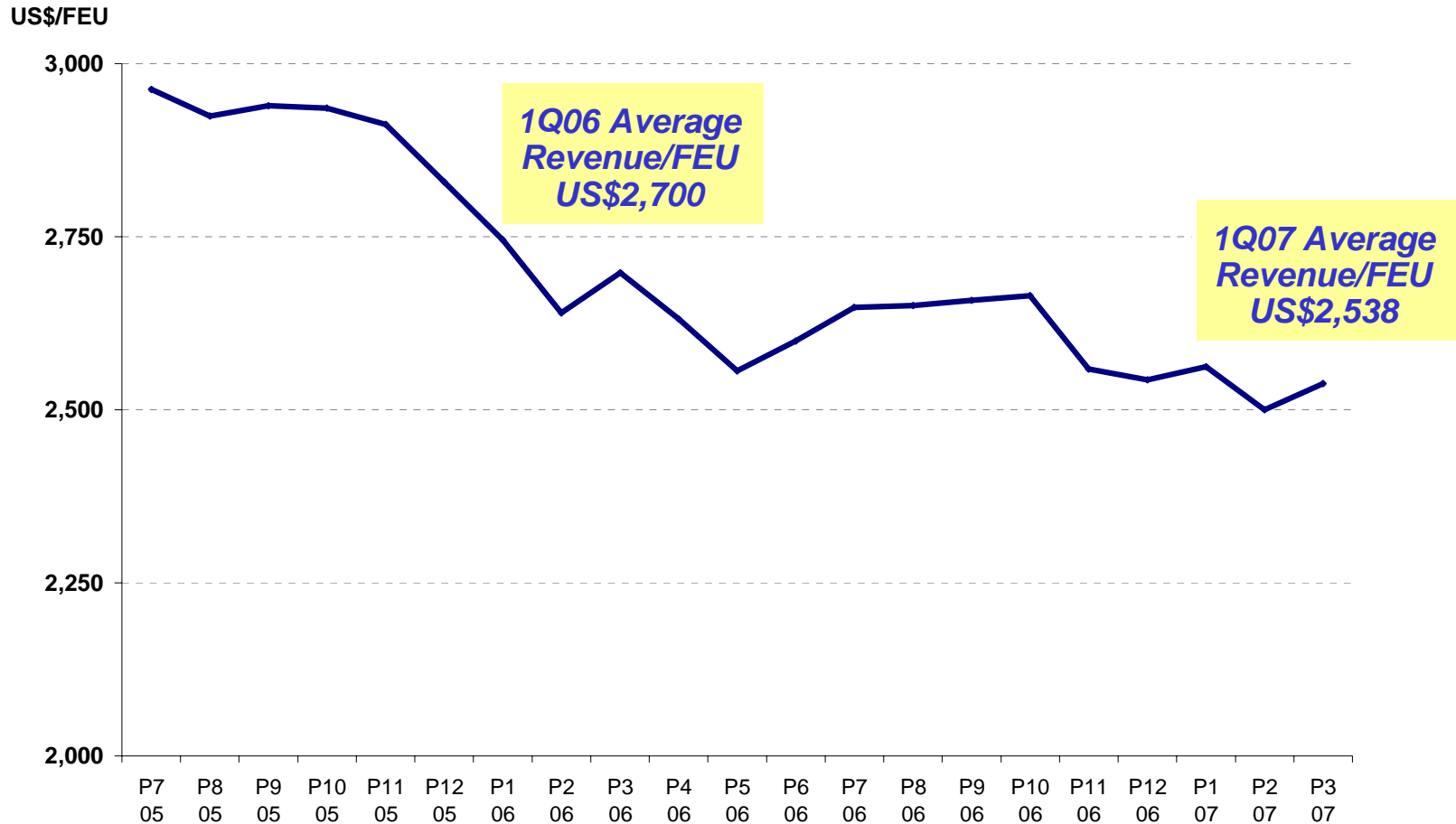


	Volumes ('000 FEUs)			Average Revenues (US\$/FEU)		
	1Q07	1Q06	% ▲	1Q07	1Q06	% ▲
Americas	243	232	5	3,261	3,480	(6)
Europe	143	141	1	2,566	2,453	5
Asia / Middle East	196	157	25	1,618	1,761	(8)
<b>Total</b>	<b>582</b>	<b>530</b>	<b>10</b>	<b>2,538</b>	<b>2,700</b>	<b>(6)</b>

# Liner Average Revenue/FEU Trend



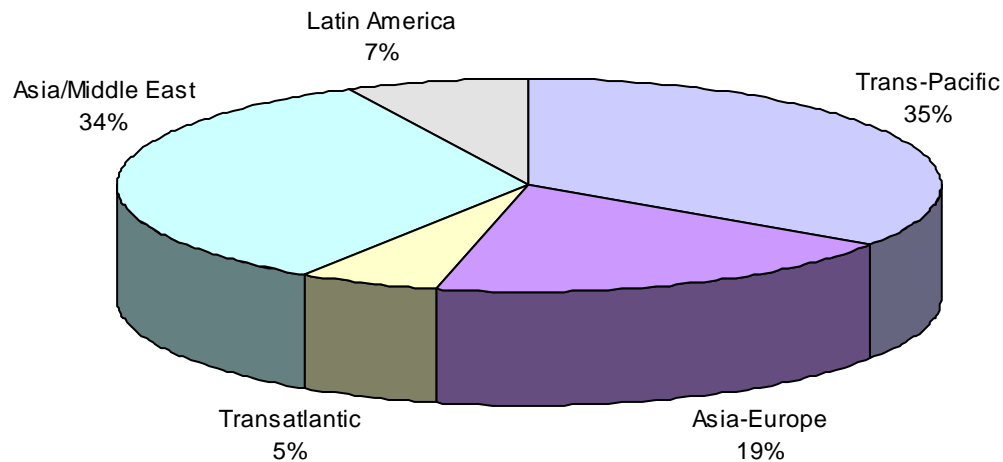
1Q07 average revenue/FEU was 6% lower YoY due to freight rate pressure that affected several key trade lanes in the last twelve months



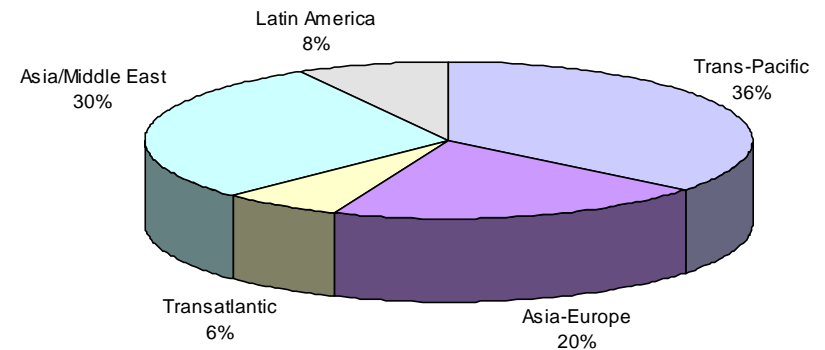
# Liner : Trade Volume Mix



- Healthy diversification in trade mix with increasing contributions from Intra-Asian operations
- Yield maximisation drives the trade volume mix



1Q07 Volume Breakdown



1Q06 Volume Breakdown

	1Q07	1Q06	% ▲
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<b>Total Volumes</b>	<b>243</b>	<b>232</b>	<b>5</b>
• <i>Trans-Pacific</i>	<i>200</i>	<i>190</i>	<i>5</i>
• <i>Latin America</i>	<i>43</i>	<i>42</i>	<i>2</i>
<b>Average Revenues (US\$/FEU)</b>	<b>3,261</b>	<b>3,480</b>	<b>(6)</b>

- **Trans-Pacific** : While demand conditions remain strong, competitive rate pressures caused some rate deterioration.
- **Latin America** : Strong demand conditions continue, reflected in both volume and rate improvements.

	1Q07	1Q06	% ▲
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<b>Total Volumes</b>	<b>143</b>	<b>141</b>	<b>1</b>
• <i>Asia Europe</i>	<b>112</b>	<b>108</b>	<b>4</b>
• <i>Transatlantic</i>	<b>31</b>	<b>33</b>	<b>(6)</b>
<b>Average Revenues (US\$/FEU)</b>	<b>2,566</b>	<b>2,453</b>	<b>5</b>

- **Asia-Europe** : Continued strong demand in 1Q07 resulted in volume growth while improvement in rates came from the initial steps to successful rate restoration program in early 2007.
- **Transatlantic** : Focus on yield maximising strategies to counter competitive rate pressures.

	1Q07	1Q06	% ▲
<b>Total Volumes</b>	<b>196</b>	<b>157</b>	<b>25</b>
<b>Average Revenues (US\$/FEU)</b>	<b>1,618</b>	<b>1,761</b>	<b>(8)</b>

- **Asia/Middle East** : Strong volume growth on the back of robust market demand, especially in the short sea trade lanes. Lower rates reflect the effect of rate pressures experienced over the last three quarters of 2006, particularly in the Intra-Asia long haul lanes.

The change in the average revenues per FEU was also the effect of trade mix change with Intra-Asia having significant volume increase in the short sea sector.

- Trans-Pacific imbalance saw seasonal improvement in the 1Q
- Strong Euro is boosting backhaul volumes in Transatlantic

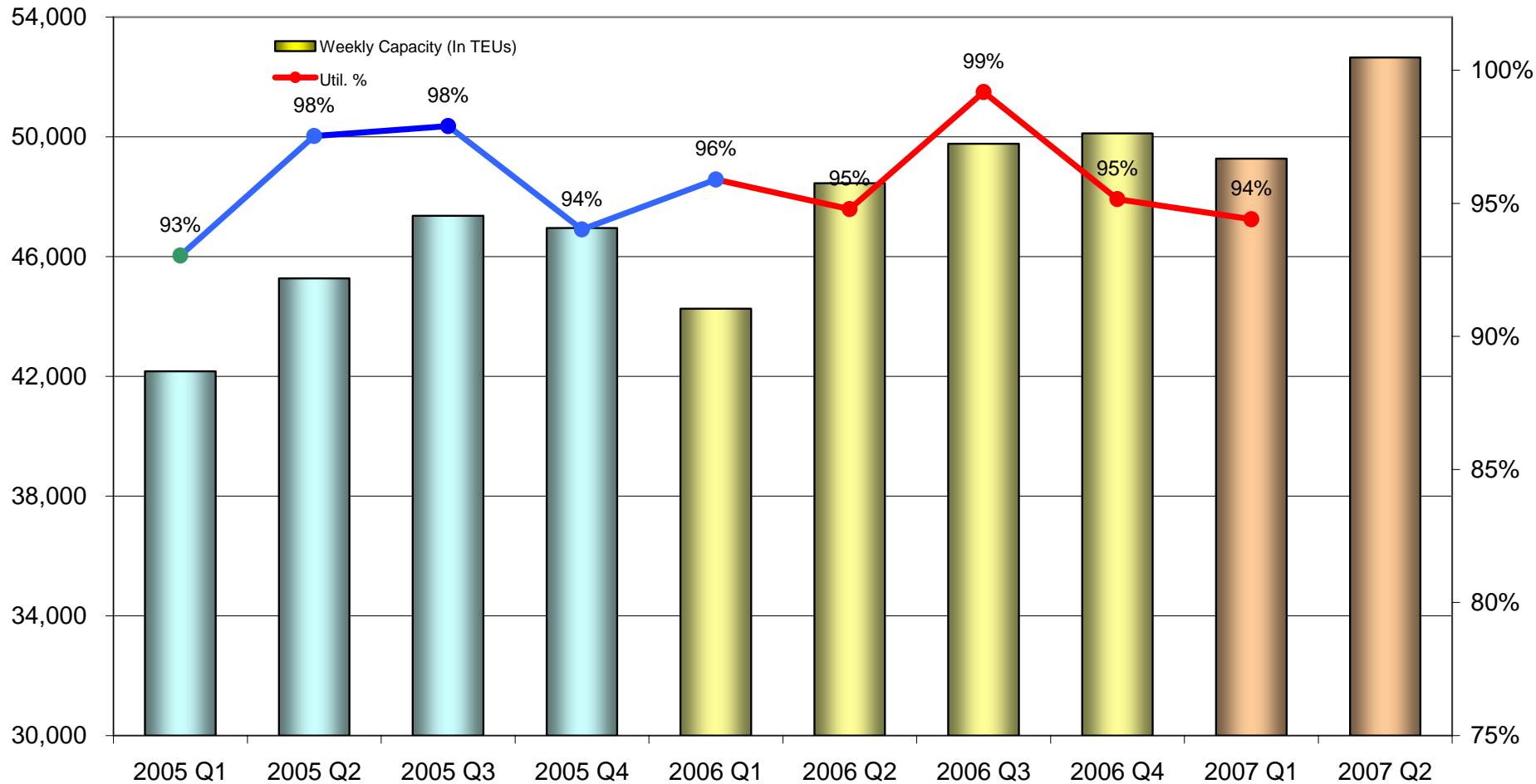
## No. of FEUs that are full backhaul for every 10 FEUs full headhaul

<u>Trade</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>1Q07</u>
• Trans-Pacific	5	5	5	6
• Asia-Europe	8	8	7	7
• Transatlantic	9	10	10	11

# Liner Network Capacity & Utilisation



Headhaul utilisation down slightly to 94% on increased capacity YoY and yield management steps during 1Q07

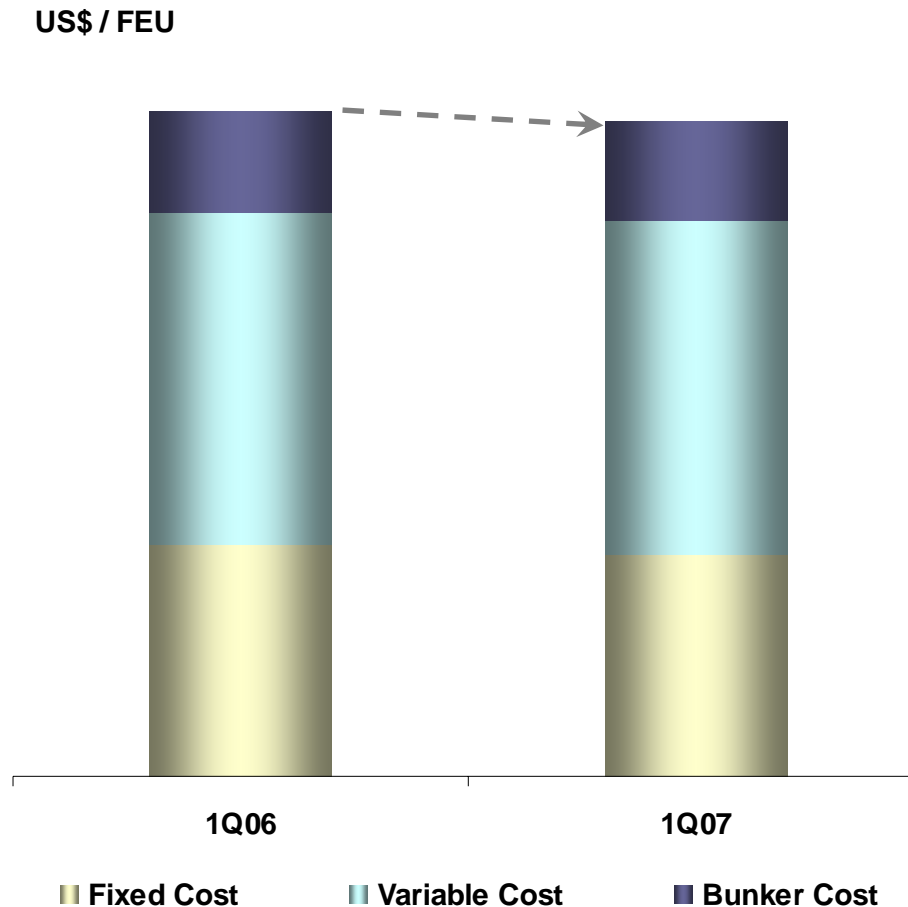


Note: Figures are based on the headhaul leg of main linehaul services

# Liner Cost/FEU Trend



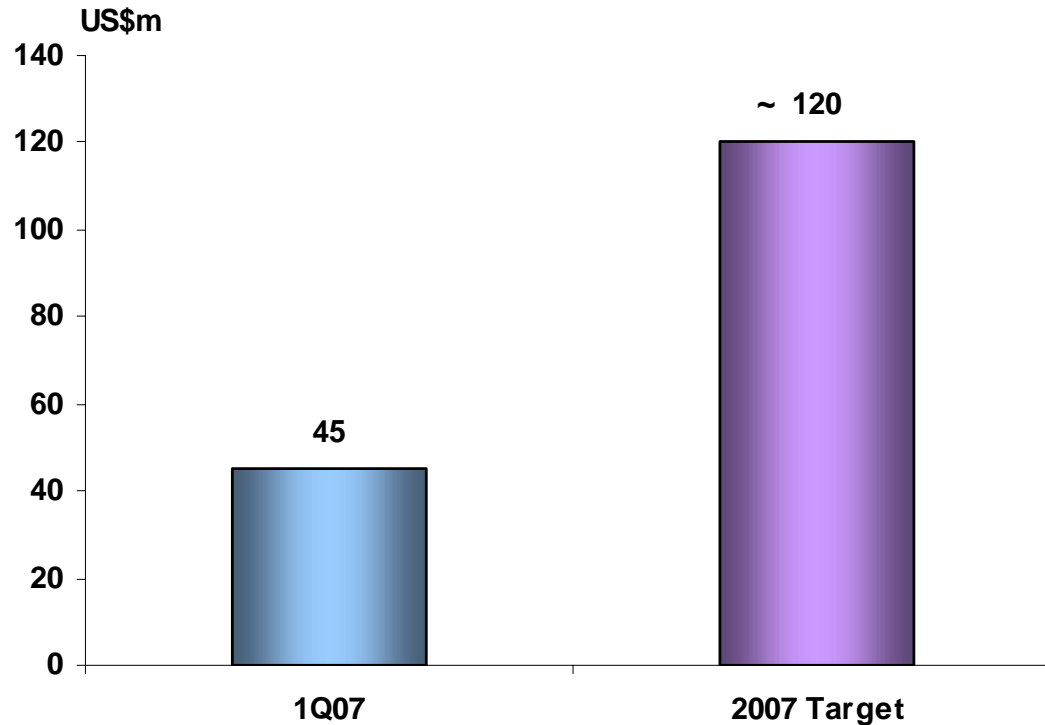
Overall cost/FEU inclusive of the fuel impact was 1.5% lower YoY in 1Q07 due to continuous cost mitigation efforts



# Liner Cost Mitigation

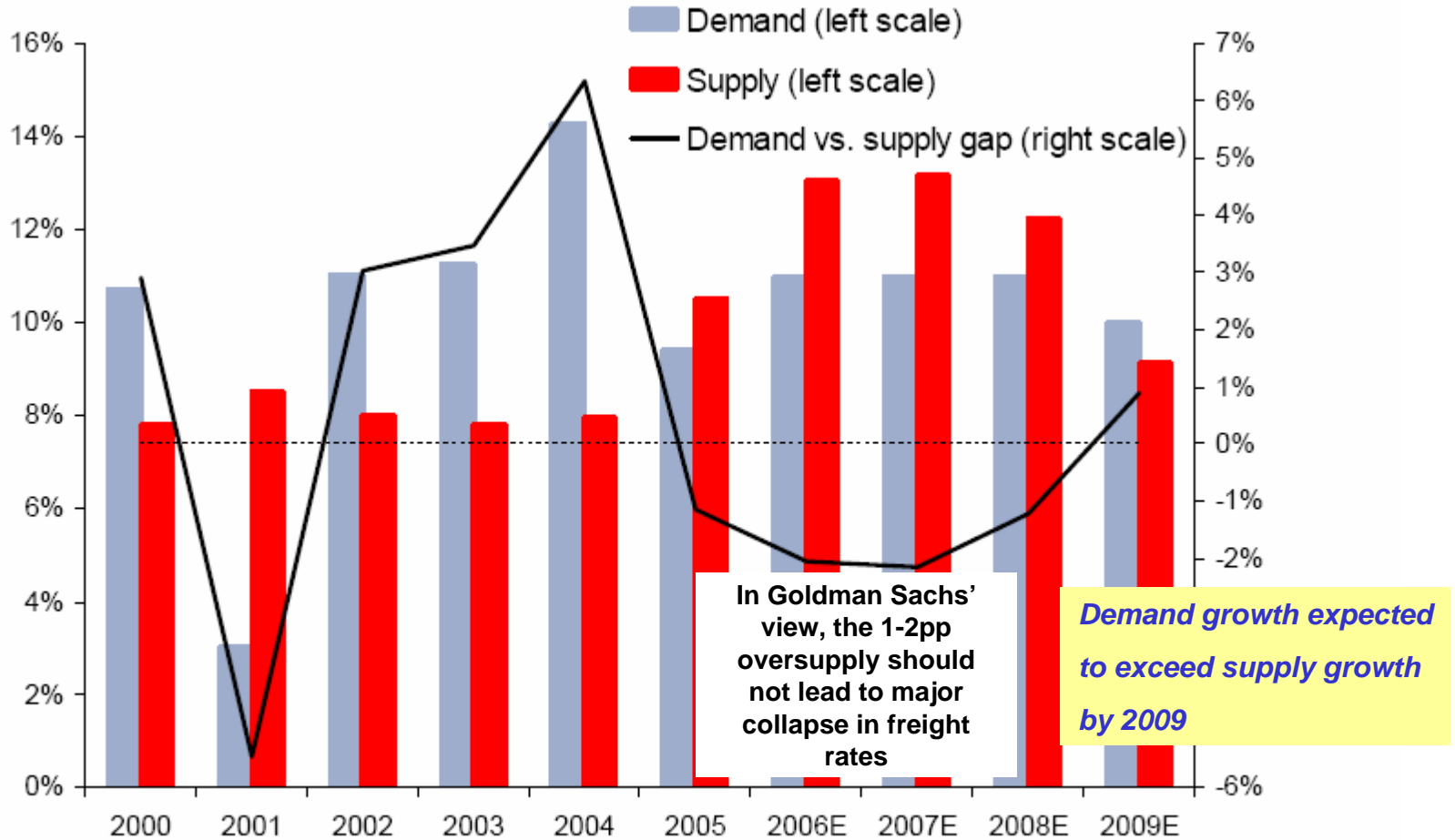


- Achieved US\$45m in 1Q07
- On track to achieve full year cost mitigation of ~US\$120m



- ✓ *Increased fuel efficiencies*
- ✓ *Improved network optimisation efforts*
- ✓ *Improved management of container equipment*

## Supply-demand gap to narrow from 2007 onwards



Source: Goldman Sachs Research estimates.





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## 6. Operating Performance Logistics

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- **Contract Logistics revenues were down 12% YoY, reflecting some customer turnover and the exiting of certain contracts with a view to improving margins**
- **Revenues in International Services increased by 10% YoY, showing the increased focus on the international conveyance business**
- **The decline in Logistics earnings YoY reflect the ongoing process of realignment of the business**

# Logistics Profit & Loss Summary



US\$m	1Q07	1Q06	% ▲
<b>Revenue</b>	<b>325</b>	344	(6)
<b>Core EBITDA</b>	<b>15</b>	19	(21)
• Depreciation & Amortisation	(3)	(3)	0
<b>Core EBIT</b>	<b>12</b>	16	(25)
<b>Core EBIT Margin</b>	<b>3.7%</b>	4.7%	

# Performance Breakdown

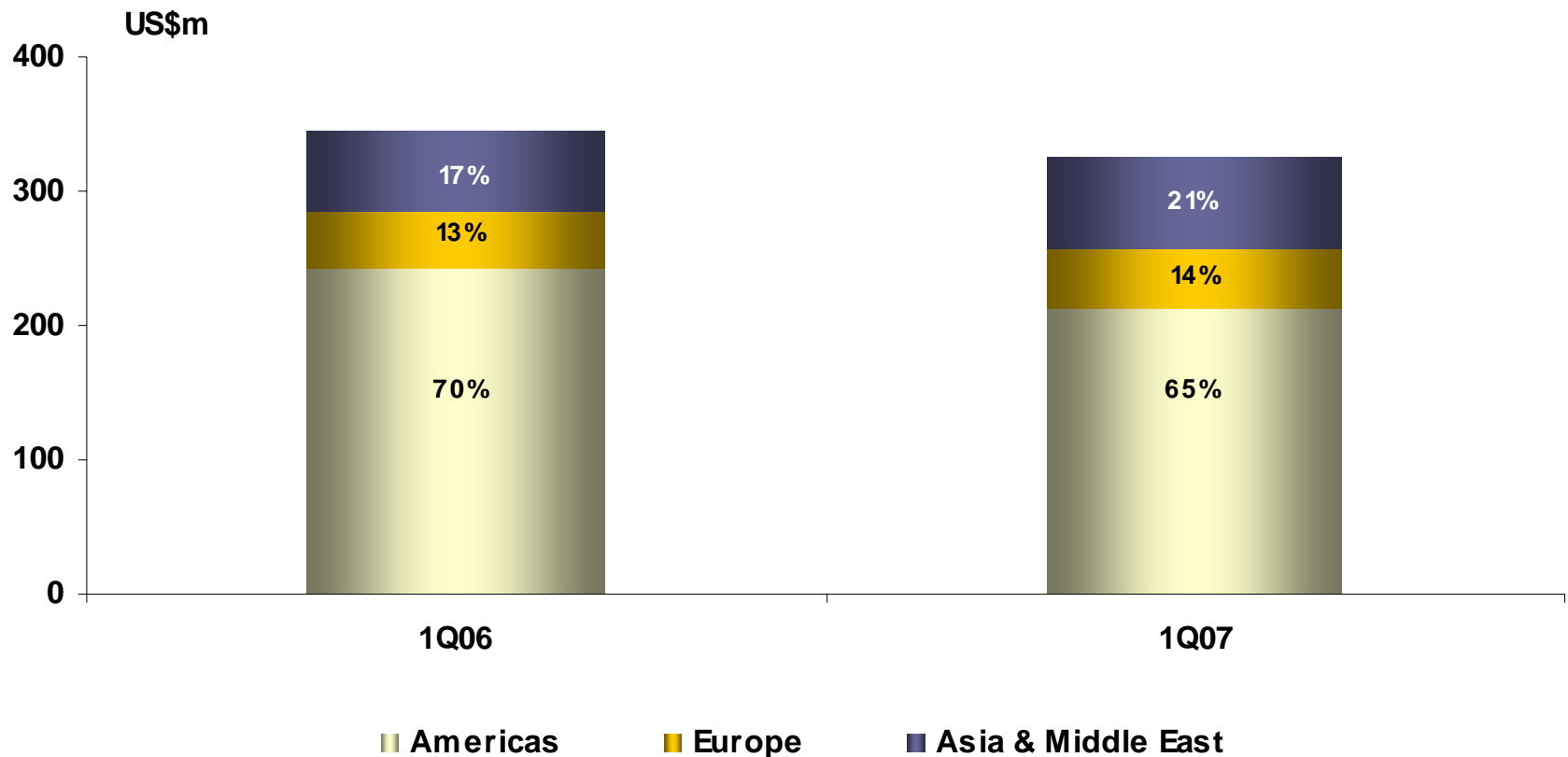


Business Segment	1Q07	1Q06	% ▲
<b>Revenue</b>	<b>325</b>	<b>344</b>	<b>(6)</b>
<i>Contract Logistics</i>	211	240	(12)
<i>International Services</i>	114	104	10
<b>Core EBIT</b>	<b>12</b>	<b>16</b>	<b>(25)</b>
<i>Contract Logistics</i>	6	6	0
<i>International Services</i>	6	10	(40)
<b>Core EBIT Margin</b>	<b>3.7%</b>	<b>4.7%</b>	
<i>Contract Logistics</i>	2.8%	2.5%	
<i>International Services</i>	5.3%	9.6%	

# Logistics Revenue – By Region



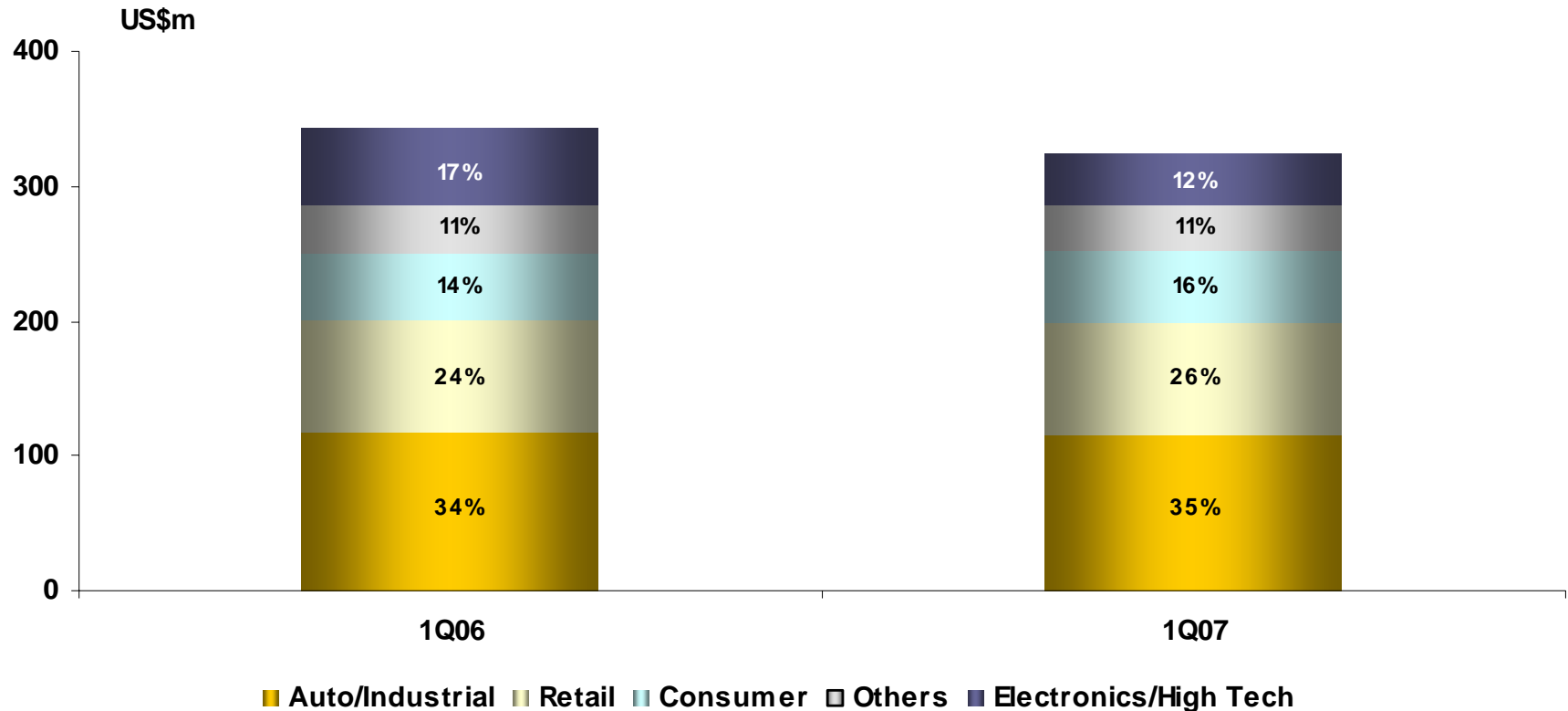
Revenue growth in the Asia/Middle East region remains strong as a result of increased outsourcing patterns in the region



# Logistics Revenue – By Customer Segment



Continued focus on key verticals of Auto, Apparel and Hi-Tech/  
Electronics





## 7. Group Outlook



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- **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**



# End of Presentation

*Thank You*

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