



3Q 2006 Performance Review

2 November 2006



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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. YTD / 3Q 2006 Performance Review



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Key Highlights



- **Strong liner industry demand resulting in higher volumes and utilisation rates of 99% in 3Q06**
- **Average revenues/FEU were lower YoY**
- **Fuel prices remained high, putting continued pressure on costs**
- **Adoption of US tonnage tax reduced tax burden**
- **Logistics business conditions remain challenging**
- **Goodwill impairment taken on businesses acquired from GATX in '01**
- **Cashflows strong; balance sheet net gearing of 0.04x**

Financial Highlights (US\$)



US\$m	YTD06 ¹	YTD05	% ▲	3Q06 ¹	3Q05	% ▲
Revenues	5,279	5,255	0	1,759	1,762	0
Core EBIT	327	690	(53)	100	264	(62)
Net profit before NRI ²	289	615	(53)	108	239	(55)
Net profits ³	314	640	(51)	127	249	(49)

¹ NOL's YTD06 results is from 31 Dec 2005 - 22 Sep 2006; 3Q06 results is from 1 Jul 2006 – 22 Sep 2006

² NRI – Non-Recurring Items

³ Net profits refer to amounts attributable to equity holders, ie shareholders, excluding minority interest



2. YTD / 3Q06 Group Financial Performance



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Group Financial Highlights



US\$m	YTD06 ¹	YTD05	% ▲	3Q06 ¹	3Q05	% ▲
Turnover	5,279	5,255	0	1,759	1,762	0
Core EBITDA	505	867	(42)	157	320	(51)
• Depreciation & Amortisation	(178)	(177)	1	(57)	(56)	2
Core EBIT	327	690	(53)	100	264	(62)
• Gross Interest Expense	(28)	(31)	(10)	(7)	(8)	(13)
• Tax	(10)	(44)	(77)	15	(17)	nm
Profit before NRI²	289	615	(53)	108	239	(55)
• Non-Recurring Items	25	25	0	19	10	90
Net Profit to equity holders	314	640	(51)	127	249	(49)

¹ NOL's YTD06 results is from 31 Dec 2005 - 22 Sep 2006; 3Q06 results is from 1 Jul 2006 – 22 Sep 2006

² NRI – Non-Recurring Items



Group Non-Recurring Items



US\$m	YTD06	YTD05	3Q06	3Q05
1. Gain from asset disposals	5	21	1	-
2. Earn-out from AET sale	-	10	-	10
3. Writeback of deferred tax liabilities	144 ¹	-	144 ¹	-
4. Goodwill & deferred tax assets written down	(123) ²	-	(123) ²	-
5. Others	(1)	(6)	(3)	-
Total	25	25	19	10

● (1) Elected into US tonnage tax regime

- *Applies to the Group's US flagged vessels*
- *Deferred tax liabilities (arising from timing differences) unlikely to arise and thus written back*

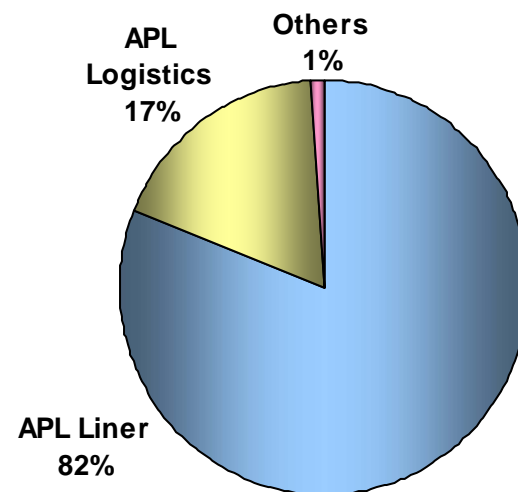
● (2) Goodwill and deferred tax assets written down

- *Arises from review of warehousing service businesses acquired from GATX in 2001*

Group Revenue Breakdown



US\$m	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
APL Liner	4,323	4,324	0	1,446	1,456	(1)
APL Logistics	949	916	4	313	303	3
Others	96	80	20	31	25	24
Interco Elimination	(89)	(65)	37	(31)	(22)	41
Total Revenue	5,279	5,255	0	1,759	1,762	0



Group Core EBIT Breakdown



US\$m	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
APL Liner	276	646	(57)	82	243	(66)
APL Logistics	42	45	(7)	16	17	(6)
Others	9	(1)	nm	2	4	(50)
Total Core EBIT	327	690	(53)	100	264	(62)

Cash Flow Highlights



US\$m	YTD06	YTD05	3Q06	3Q05
Cash & Cash Equivalents - Beginning	1,161	675	198	541
<i>Cash Inflow/(outflow)</i>				
Operating Activities	412	853	174	351
Investing/Capex Activities	(121)	(133)	(23)	(112)
Financing Activities	(1,163) ^{1,2}	(687)	(60)	(72)
Cash & Cash Equivalents - Closing	289	708	289	708



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

2 Includes the redemption of the S\$540m 4.09% Notes in Jun '06

Balance Sheet Highlights



US\$m	22 Sep '06	30 Jun '06	30 Dec '05
Total Assets	3,888	3,873	4,815
Total Liabilities	1,805	1,846	2,189
Total Equity¹	2,083	2,027	2,626
Total Debt	373	394	707
Total Cash	289	198	1,161
Gearing (Gross)	0.18 x	0.19 x	0.27 x
Gearing (Net)	0.04 x ²	0.10 x ²	Net cash
NAV per share (US\$)	\$1.41	\$1.37	\$1.79



1 Includes minority interest

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

Capital Expenditure



US\$m	YTD06	4Q06	FY06
1. Vessels	4	20	24
2. Equipment / Facilities	62	166	228
3. Drydock	36	0	36
4. IT	10	10	20
5. Others	14	2	16
Total	126	198	324

Bunker

- YTD06 fuel costs increased US\$183m due to business growth and higher fuel prices
- The Group continues to recover part of its fuel exposures from customers through bunker adjustment factor provisions
- The Group also maintains a policy of hedging bunker exposures.

Foreign exchange

- Major foreign currency exposure amounts to about US\$1 bn 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 2006



3. Business Performance APL Liner



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- **Volumes increased 7%**
- **Average revenues/FEU were 6% lower**
- **Fuel prices remained high, putting continued pressure on costs**
- **Achieved US\$82m in cost mitigation efforts**

- Demand strength extended through the peak season
- Headhaul utilisation improved to 99%
- Lower freight rates and high fuel prices caused the decline in profits
- Cost/FEU increased 3%
- Excluding the impact of higher fuel prices totalling US\$61m, cost/FEU in 3Q06 declined 2% YoY

APL Liner Profit & Loss Summary



US\$m	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Revenue	4,323	4,324	0	1,446	1,456	(1)
Core EBITDA	437	806	(46)	134	294	(54)
• Depreciation & Amortisation	(161)	(160)	1	(52)	(51)	2
Core EBIT	276	646	(57)	82	243	(66)
Core EBIT Margin	6.4%	14.9%		5.7%	16.7%	

APL Liner Volume Growth



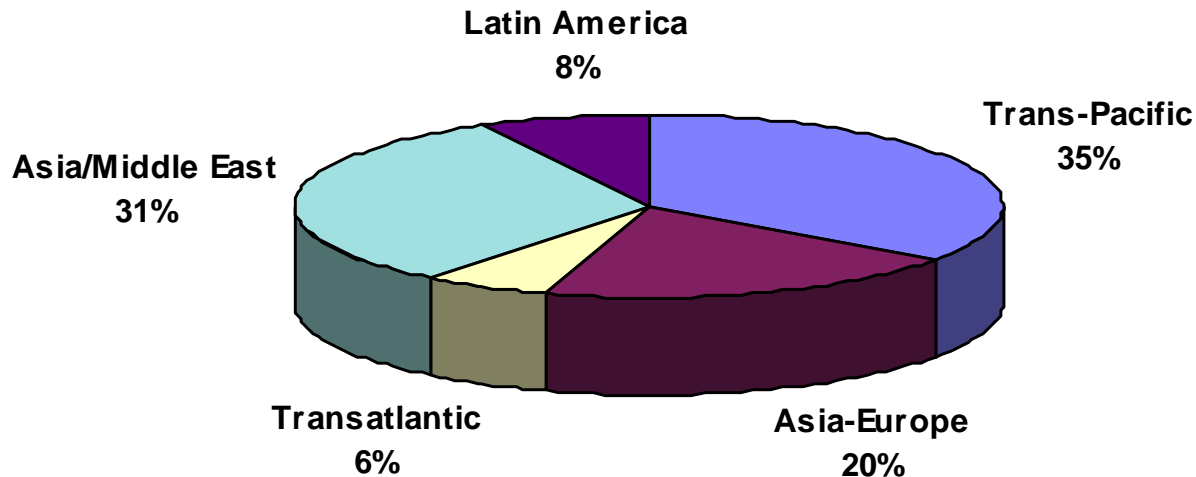
'000 FEUs	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Americas	651	620	5	216	207	4
<i>Trans-Pacific</i>	531	518	3	175	175	0
<i>Latin America</i>	120	102	18	41	32	28
Europe	389	368	6	124	119	4
<i>Asia Europe</i>	300	278	8	96	90	7
<i>Transatlantic</i>	89	90	(1)	28	29	(3)
Asia/Middle East	477	434	10	165	136	21
Total	1,517	1,422	7	505	462	9

APL Liner Average Revenues/FEU



Region	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Americas	3,432	3,513	(2)	3,437	3,653	(6)
Europe	2,484	2,659	(7)	2,562	2,684	(5)
Asia/Middle East	1,720	1,985	(13)	1,694	2,079	(19)
Total	2,651	2,825	(6)	2,652	2,942	(10)

- Stable mix of volumes
- Reflects optimal mix on current liner network

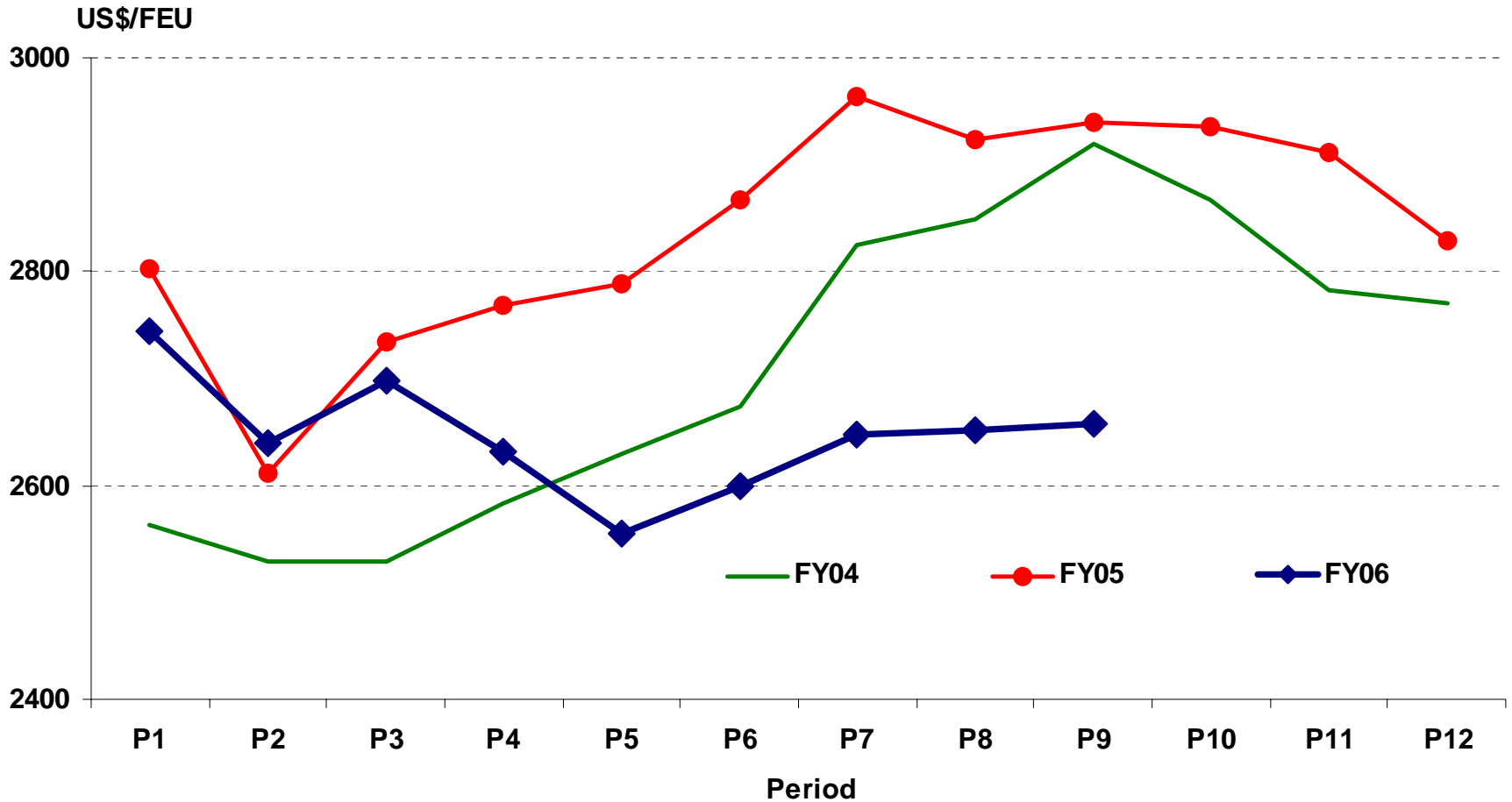


YTD06 Volume breakdown

APL Liner Average Revenue/FEU Trend



Seasonal strength in addition to rate recovery in some tradelanes resulted in an uptrend in rates from P5.



	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Total Volumes	651	620	5	216	207	4
• <i>Trans-Pacific</i>	<i>531</i>	<i>518</i>	<i>3</i>	<i>175</i>	<i>175</i>	<i>0</i>
• <i>Latin America</i>	<i>120</i>	<i>102</i>	<i>18</i>	<i>41</i>	<i>32</i>	<i>28</i>
Average Revenues (US\$/FEU)	3,432	3,513	(2)	3,437	3,653	(6)

- **Trans-Pacific** : Ongoing programme of yield management strategies to buffer rate pressures
- **Latin America** : Demand conditions remained strong and, coupled with the introduction of a new service, helped boost volumes in 3Q06

	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Total Volumes	389	368	6	124	119	4
• Asia Europe	300	278	8	96	90	7
• Transatlantic	89	90	(1)	28	29	(3)
Average Revenues (US\$/FEU)	2,484	2,659	(7)	2,562	2,684	(5)

- **Asia-Europe** : Continued demand strength through the 3Q resulted in further volume increases
- **Transatlantic** : Yield maximising strategies remain in place

APL Liner : Asia/Middle East



	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Total Volumes	477	434	10	165	136	21
Average Revenues (US\$/FEU)	1,720	1,985	(13)	1,694	2,079	(19)

- **Asia/Middle East** : Demand continued to be strong in short sea trades, which resulted in strong volume gains especially in 3Q. Rates were lower reflecting changes in rates and trade mix.

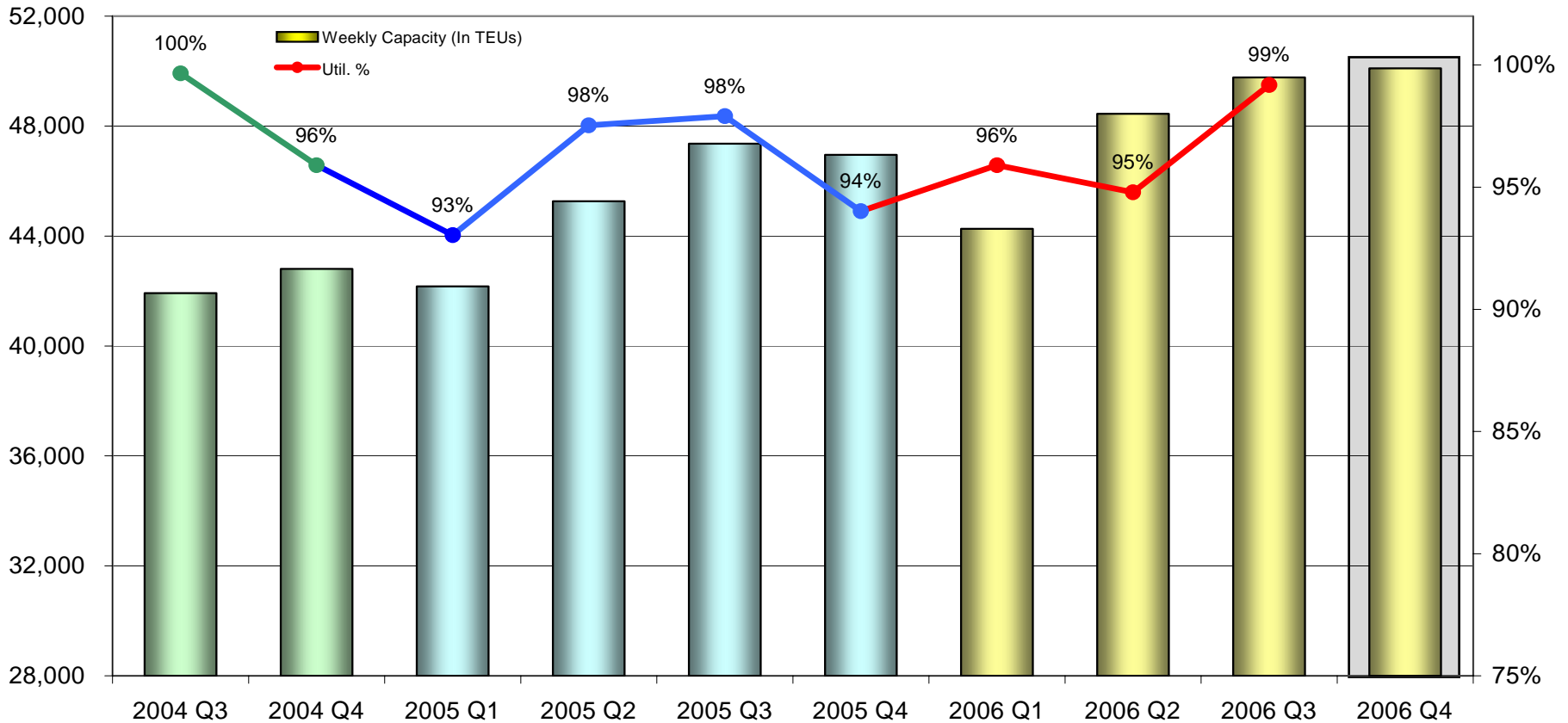


Note: Volume figures are in '000 FEUs

APL Liner Network Capacity & Utilisation



- Utilisation levels improved to 99% in 3Q06, on the back of strong industry demand conditions through the peak season
- YTD capacity increased 7%



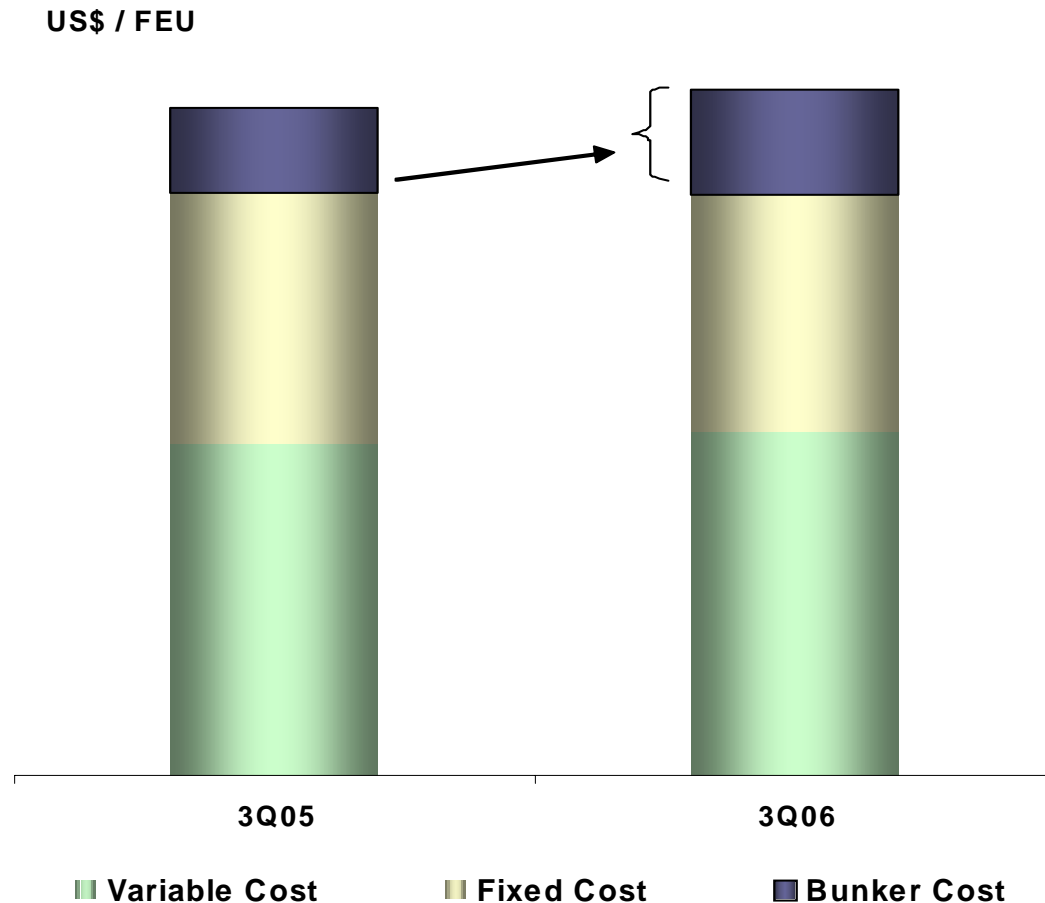
* Planned seasonal capacity increase in 3Q06

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

APL Liner Cost/FEU Trend



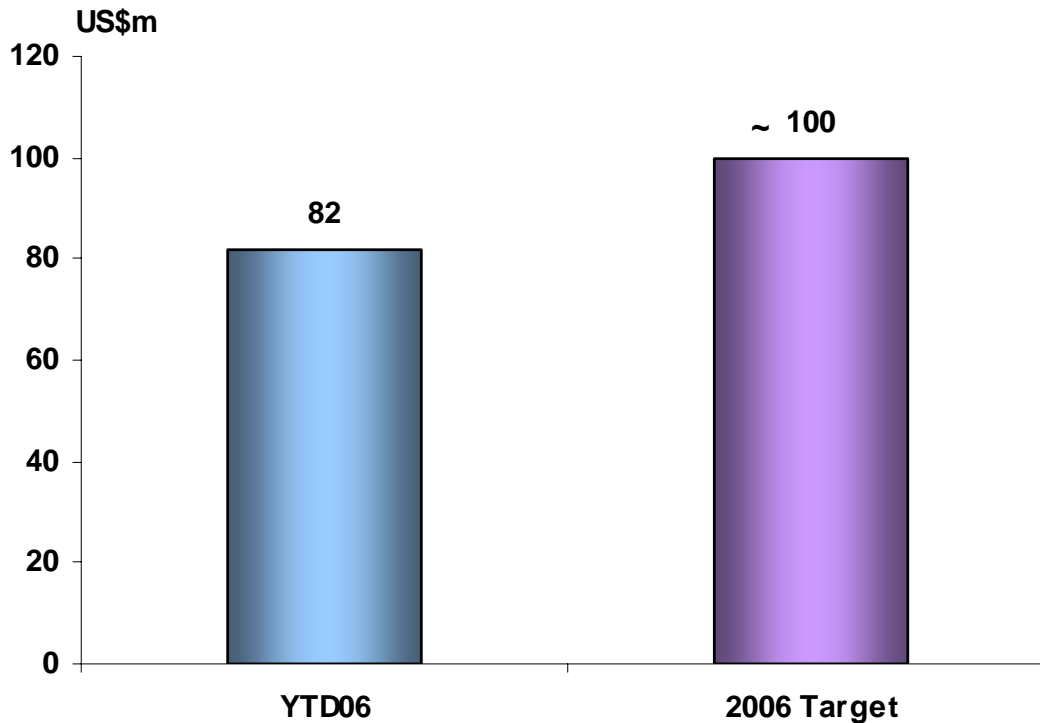
- Cost/FEU in 3Q06 was 3% higher YoY reflecting still high fuel prices, which resulted in high bunker expenses and land transport fuel surcharges.
- Excluding the impact of the higher fuel price, cost/FEU was 2% lower YoY



APL Liner Cost Mitigation



- US\$82m achieved YTD06
- On track to achieve full year cost mitigation target of ~US\$100m



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

Imbalances on all of the key tradelanes remained similar to previous years

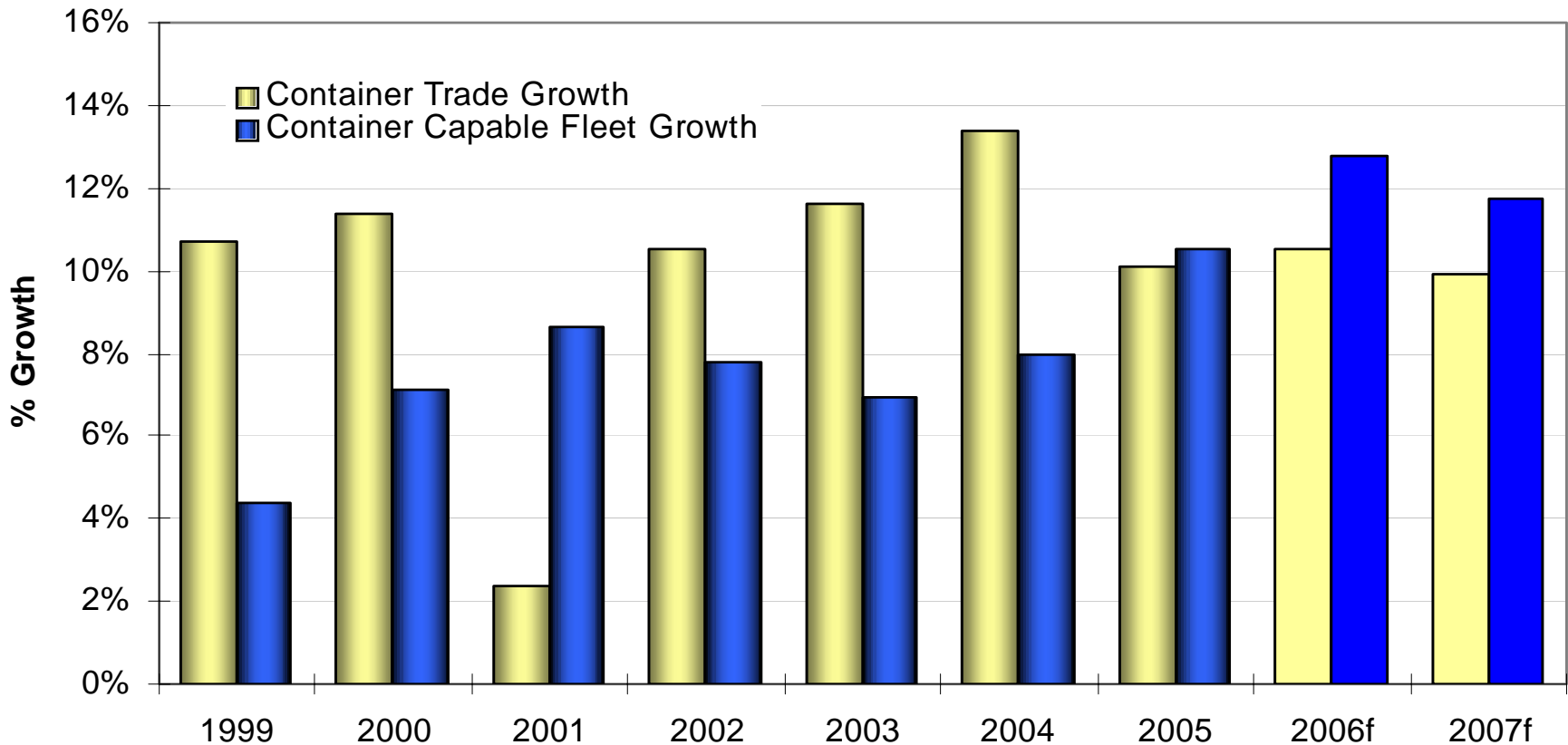
No. of FEUs that are full backhaul for every 10 FEUs full headhaul

<u>Trade</u>	<u>2004</u>	<u>2005</u>	<u>YTD06</u>
• Trans-Pacific	5	5	5
• Asia-Europe	8	8	7
• Transatlantic	9	10	9

Industry Global Demand & Supply



While nominal supply growth was forecast to be greater than demand growth in 2006, the demand/supply gap has been narrower YTD on the back of stronger than expected demand.



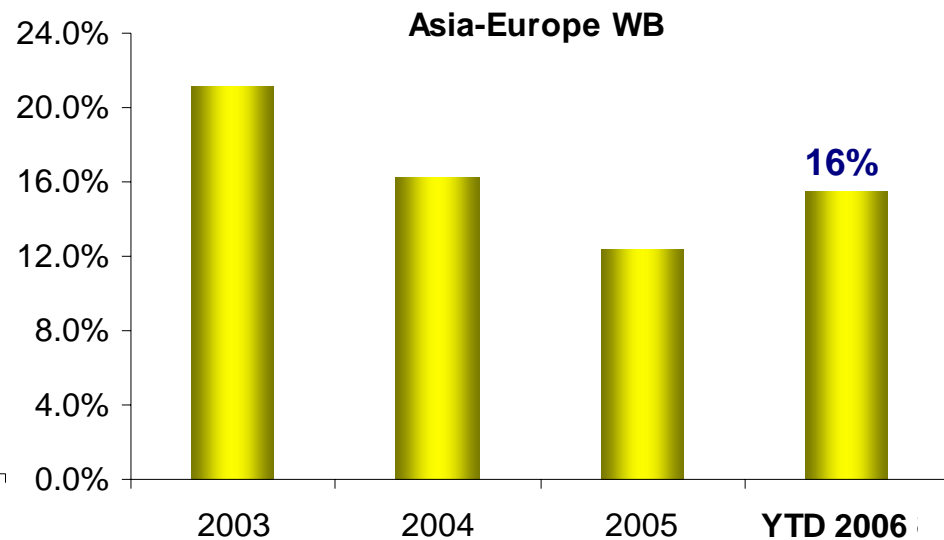
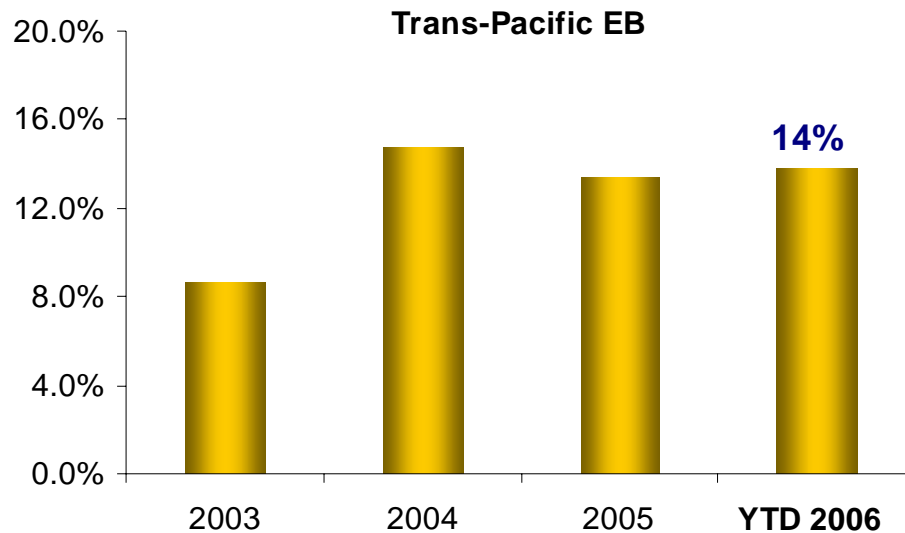
Source: Clarkson Research Studies Sep 06

Industry Growth by Tradelane



Demand growth remained strong in the key long haul tradelanes

- *Trans-Pacific Eastbound trade grew 14% from Jan-Aug '06*
- *Asia-Europe Westbound trade increased 16% YTD '06*



- **Operating conditions are expected to remain challenging**
 - *Demand growth has been stronger than expected*
 - *Prospects depend on the demand-supply relationship and pricing behaviour in the industry*
 - *Continuing pressure on bunker and land transportation costs due to high fuel prices and ongoing infrastructure constraints*



4. Business Performance

APL Logistics



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- **More challenging operating conditions**
- **Contract Logistics and International Services registered YoY increases in revenues**
- **Core EBIT was lower as ongoing investments in IT systems and to develop new capabilities resulted in higher costs**
- **Successful launch of OceanGuaranteedSM; introducing new geographies**

- **Revenues improved both YoY and QoQ**
- **Seasonal improvements resulted in higher International Services revenues compared to 2Q06, and which were flat YoY**
- **Margins were lower because of higher costs associated with investments in IT and sales personnel**

APL Logistics P&L Summary



US\$m	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Revenue	949	916	4	313	303	3
Core EBITDA	50	54	(7)	19	20	(5)
• Depreciation & Amortisation	(8)	(9)	(11)	(3)	(3)	0
Core EBIT	42	45	(7)	16	17	(6)
Core EBIT Margin	4.4%	4.9%		5.1%	5.6%	

Performance Breakdown

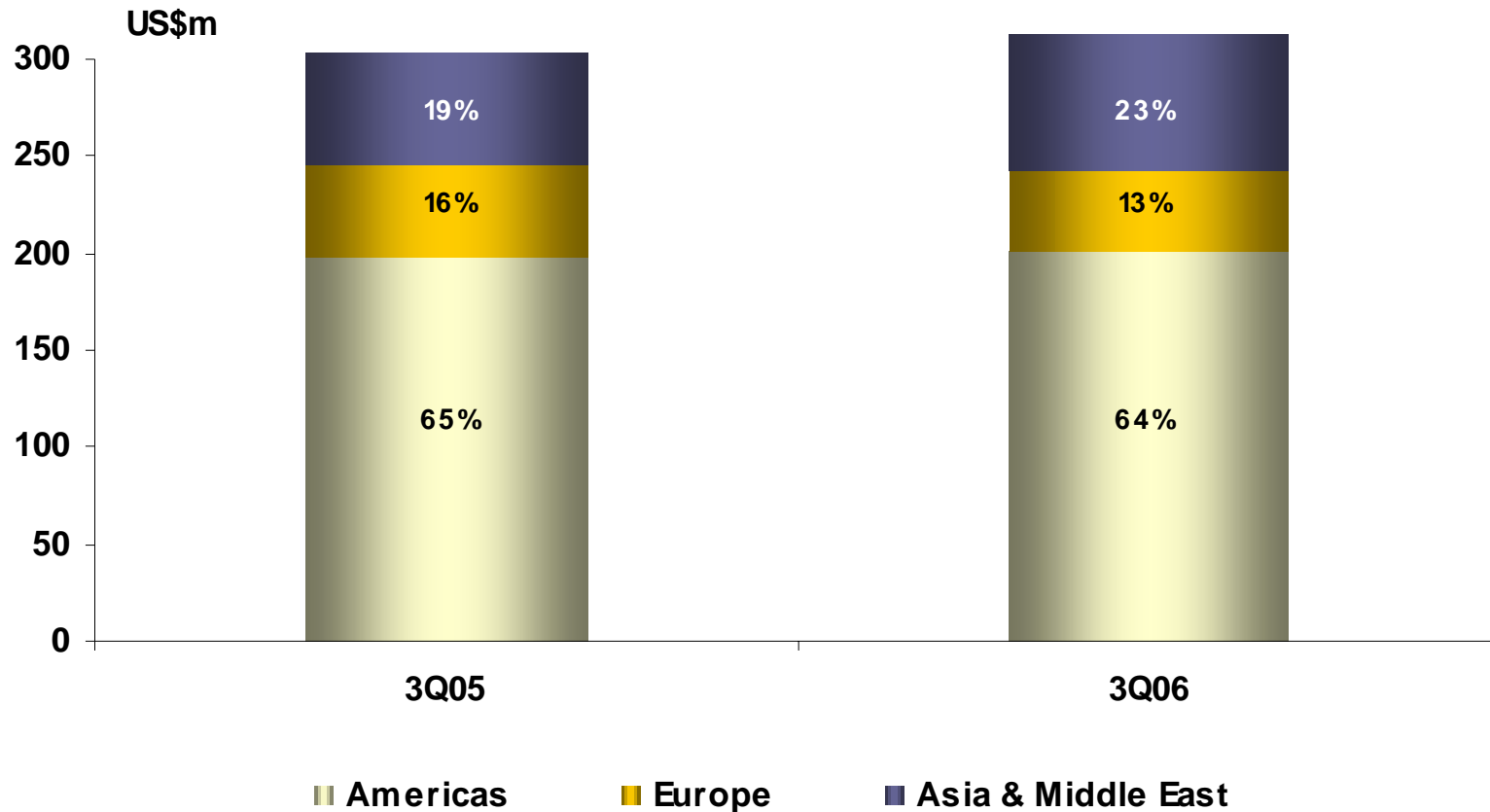


Business Segment	YTD06	YTD05	% ▲	3Q06	3Q05	% ▲
Revenue	949	916	4	313	303	3
<i>Contract Logistics</i>	636	610	4	199	190	5
<i>International Services</i>	313	306	2	114	113	1
Core EBIT	42	45	(7)	16	17	(6)
<i>Contract Logistics</i>	15	16	(6)	4	4	0
<i>International Services</i>	27	29	(7)	12	13	(8)
Core EBIT Margin	4.4%	4.9%		5.1%	5.6%	
<i>Contract Logistics</i>	2.4%	2.6%		2.0%	2.1%	
<i>International Services</i>	8.6%	9.5%		10.5%	11.5%	

APL Logistics' 3Q06 Revenue Trend – By Region



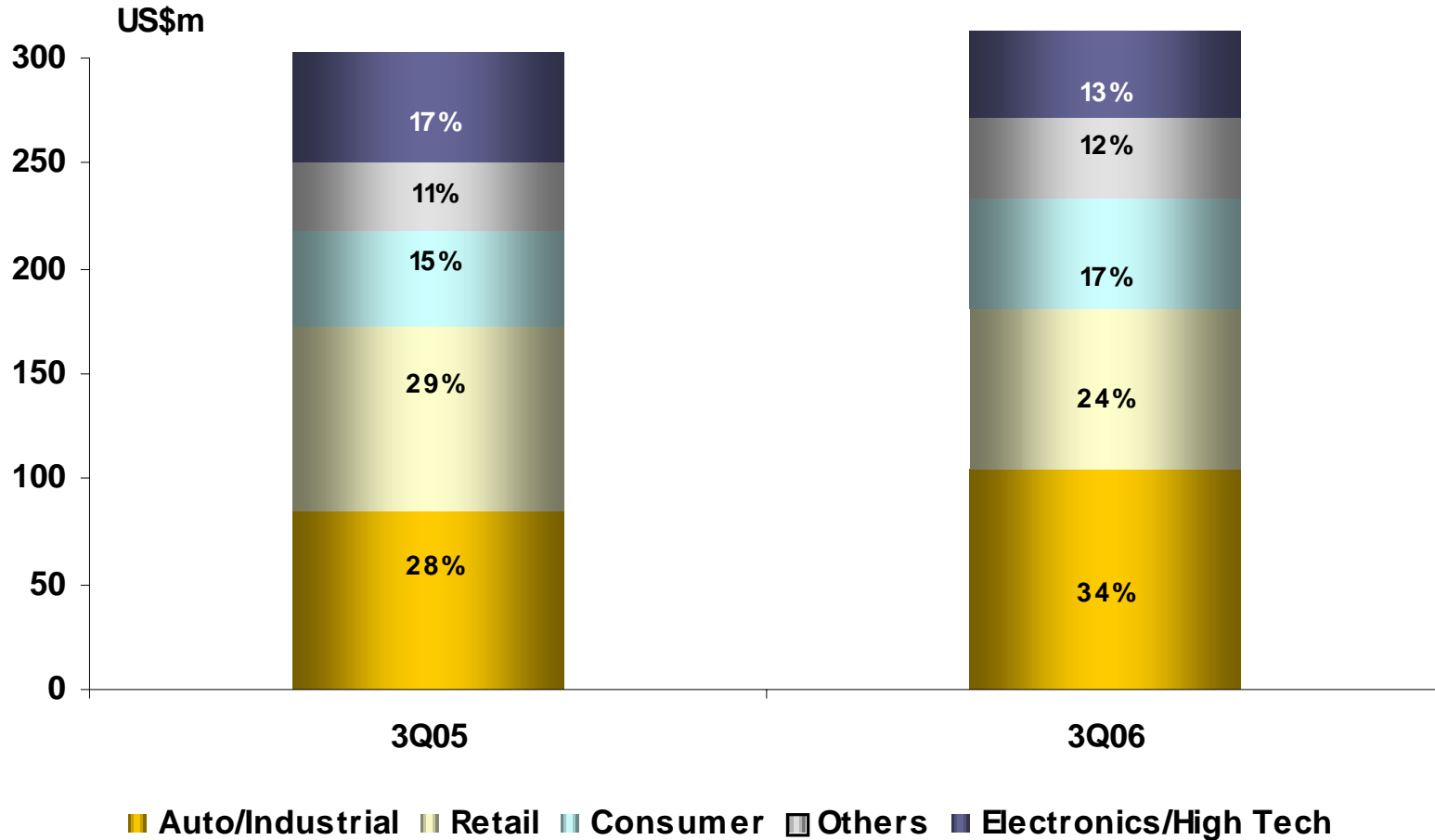
The Asia/Middle East region continued to register the strongest YoY revenue growth in 3Q06 and now accounts for 23% of revenues



3Q06 Revenue Trend – By Customer Segment



The Auto/Industrial segment posted the highest revenue growth in 3Q06.



- **Business conditions remain challenging**
- **Investment in new capabilities are ongoing and a requisite for successful long term participation in this business**



6. Group Outlook



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There has been no significant change to the Group's views on outlook as expressed at the time of the half year results. NOL will update its guidance on the Group's operating environment at the time of the full year results.



End of Presentation

Thank You

*Neptune Orient Lines Ltd
456 Alexandra Road, NOL Building
Singapore 119962
Tel: (65) 6278 9000, Fax: (65) 6278 4900
Company registration number : 196800632D
Website: www.nol.com.sg*



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