1H & 2Q 2014 Performance Review

7 August 2014

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.

1. 1H & 2Q 2014 Results Highlights



By Ng Yat Chung
Group President & CEO

NOL Group 2Q14 Results Highlights

Group improved Core EBIT in 2Q14

- Net loss of US$54m
- Core EBIT loss improved 52% YoY to US$15m
- Revenue eased 1% YoY to US$2.1b
- Cost savings of US$115m

Liner improved fleet profile and capacity management

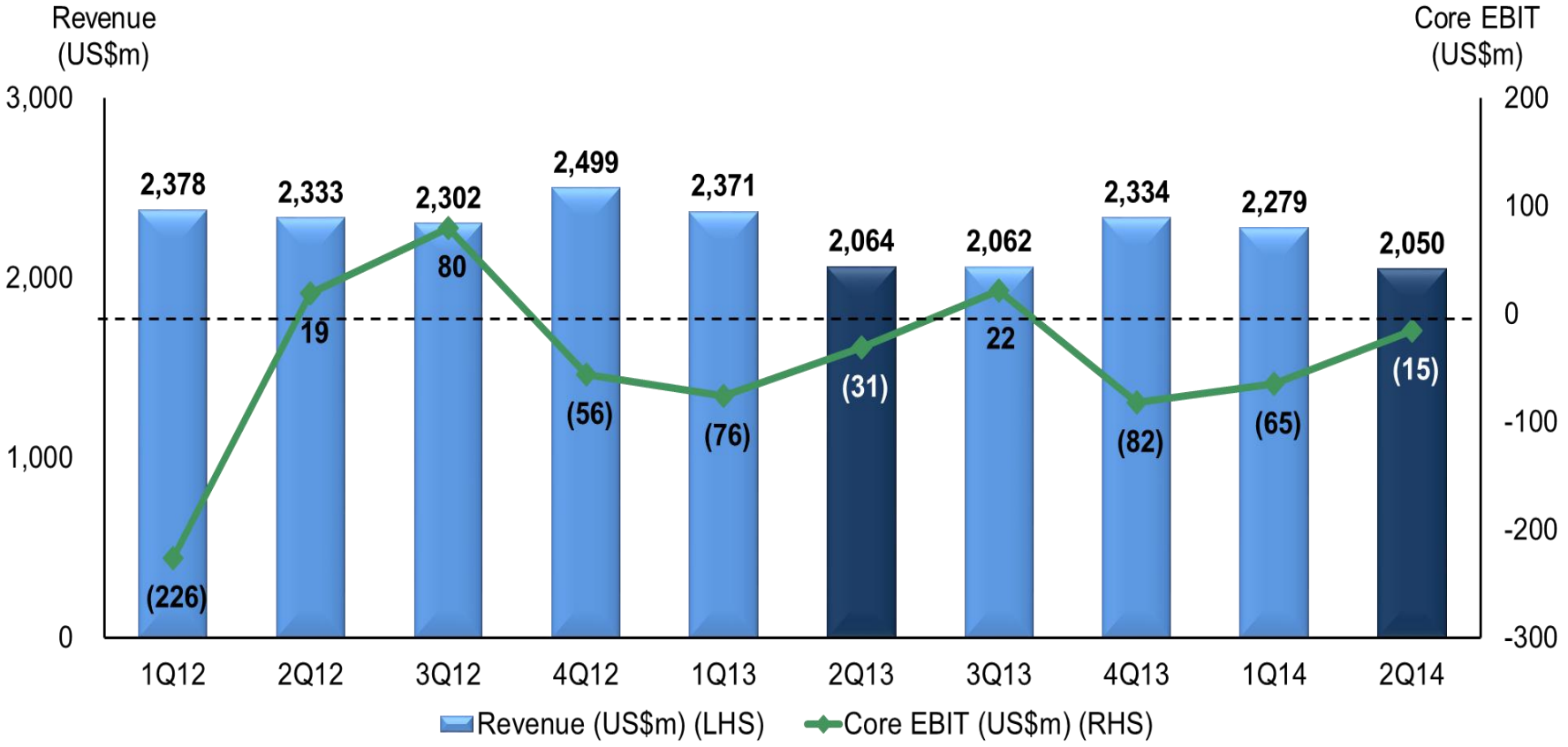
- Cost & operational efficiencies improved Core EBIT loss 29% YoY to US$29m
- 3 newbuilds delivered & 8 charter returns in 2Q14
- Revenue down 2%; volume down 6% mainly due to capacity management

Logistics recorded higher revenue and Core EBIT

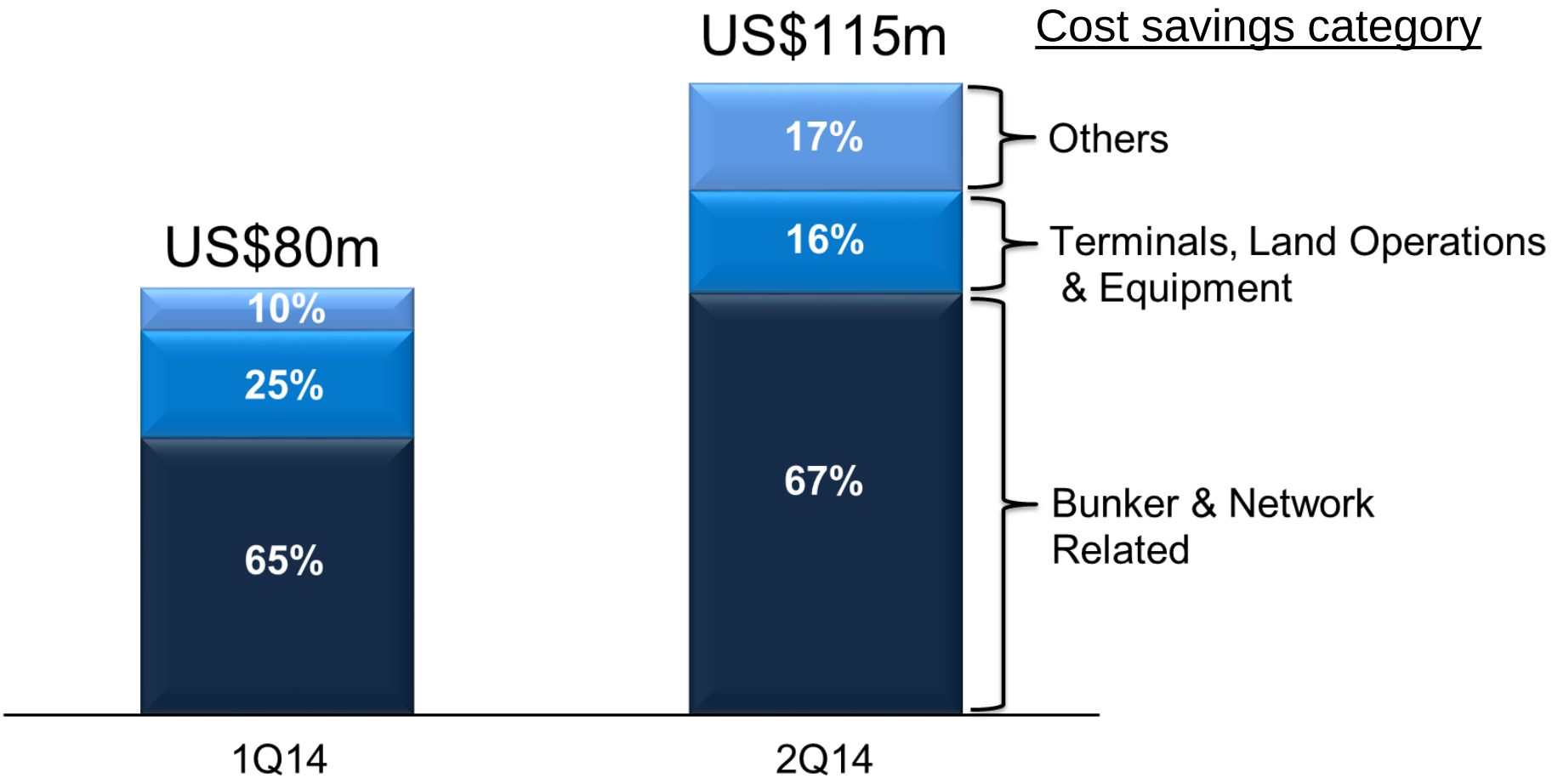
- Modest revenue growth across all regions
- Core EBIT* of US$14m, up 40% YoY

* Includes US$2m positive forex impact

Operational & cost efficiencies steadily improve Group Core EBIT



Group achieved US$115m cost savings in 2Q14



Group commentary

Global economic prospects are uncertain. Persistent oversupply of shipping capacity is expected to limit the pace of liner freight rate recovery. The Group aims to improve its financial performance in 2014, through its continued focus on cost management and operational efficiency.

2. 1H & 2Q 2014 Financial Performance

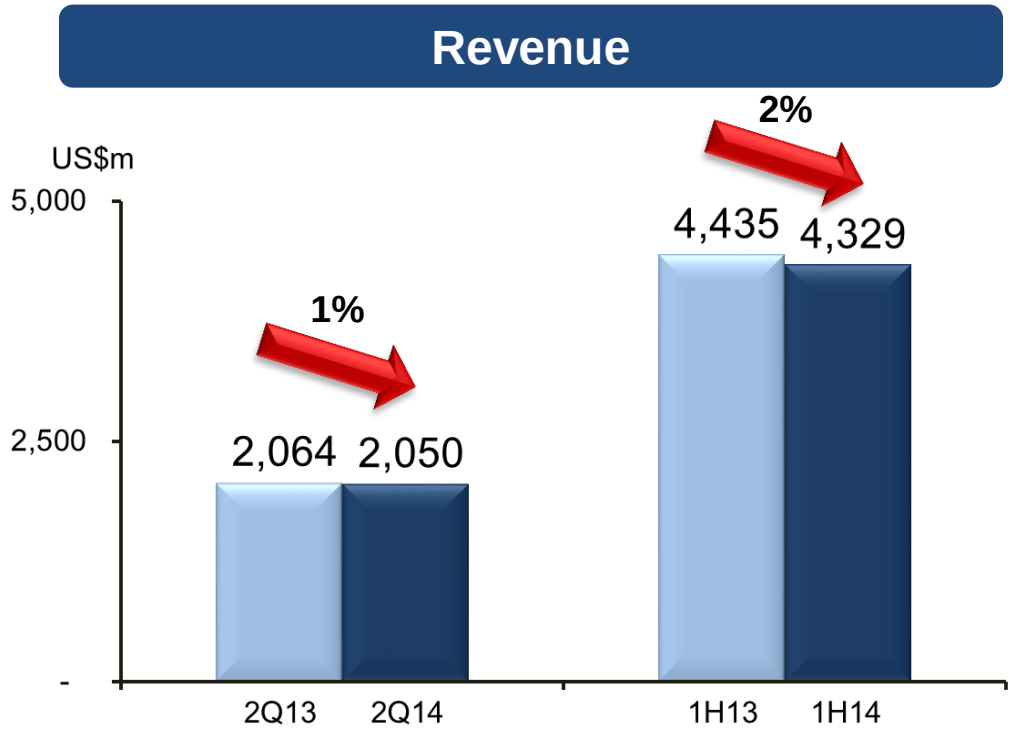


By Cedric Foo

Group Deputy President & CFO

Group Financial Highlights

Revenue down on weaker Liner revenue

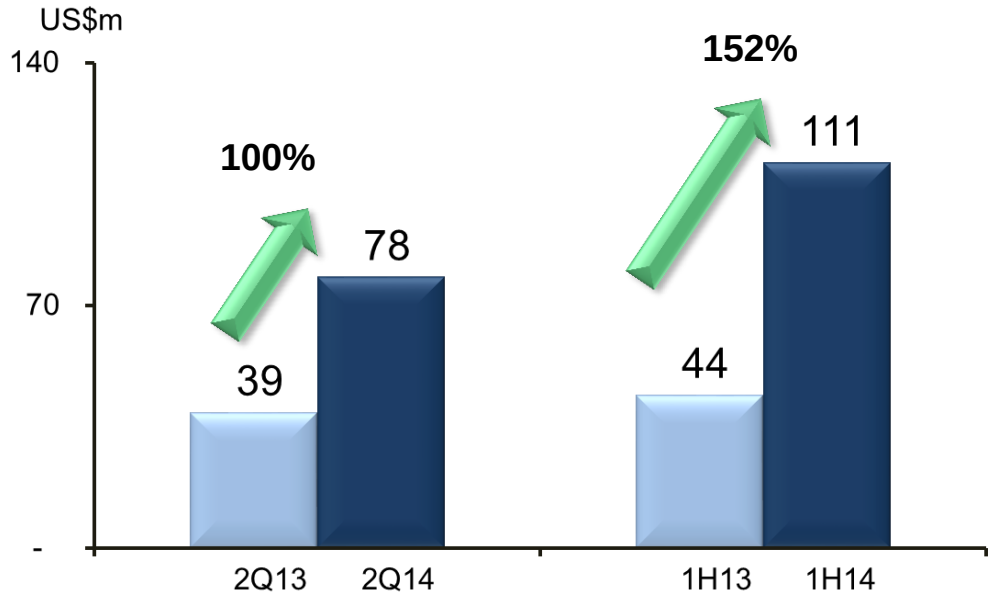


(US$m)	2Q14	2Q13	% ▲ Better/ (Worse)	1H14	1H13	% ▲ Better/ (Worse)
Liner	1,689	1,728	(2)	3,567	3,695	(3)
Logistics	379	354	7	802	781	3
Elimination	(18)	(18)	-	(40)	(41)	2
Total	**2,050**	**2,064**	**(1)**	**4,329**	**4,435**	**(2)**

Group Financial Highlights

Cost and efficiency focus deliver improved Core EBITDA

Core EBITDA

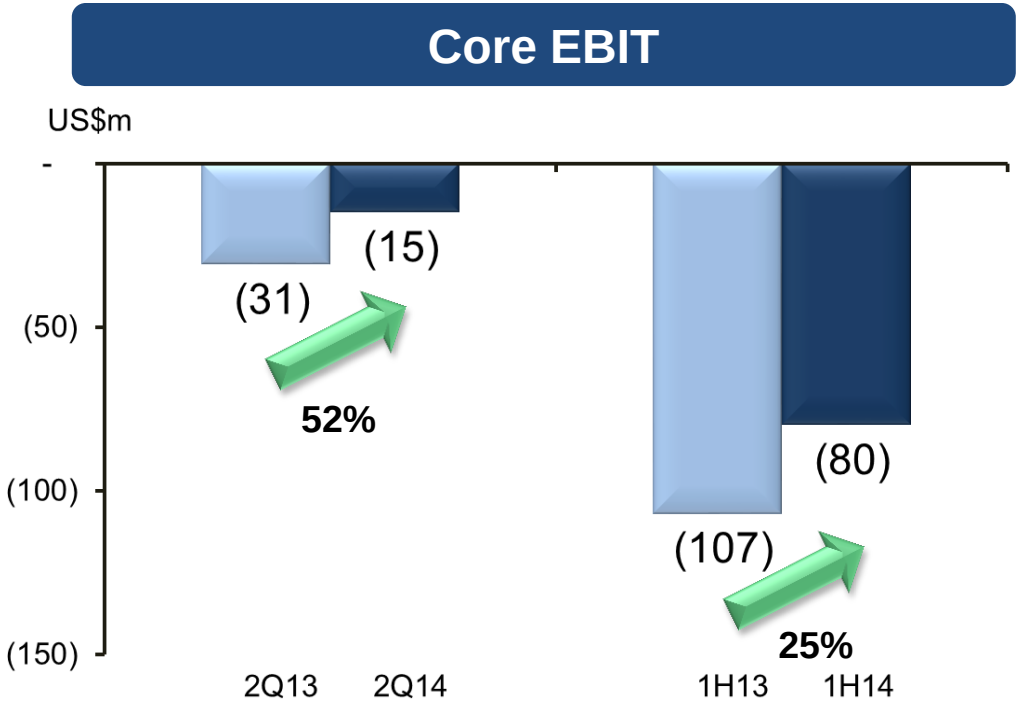


(US$m)	2Q14	2Q13	% ▲ Better/ (Worse)	1H14	1H13	% ▲ Better/ (Worse)
Liner	61	26	135	73	12	508
Logistics	17	13	31	38	32	19
Total	**78**	**39**	**100**	**111**	**44**	**152**

With effect from 3Q13, in addition to interest expense, the definition of Core EBIT and Core EBITDA have changed to exclude other finance expense and income. Comparative numbers restated accordingly

Group Financial Highlights

Core EBIT YoY loss continued to improve

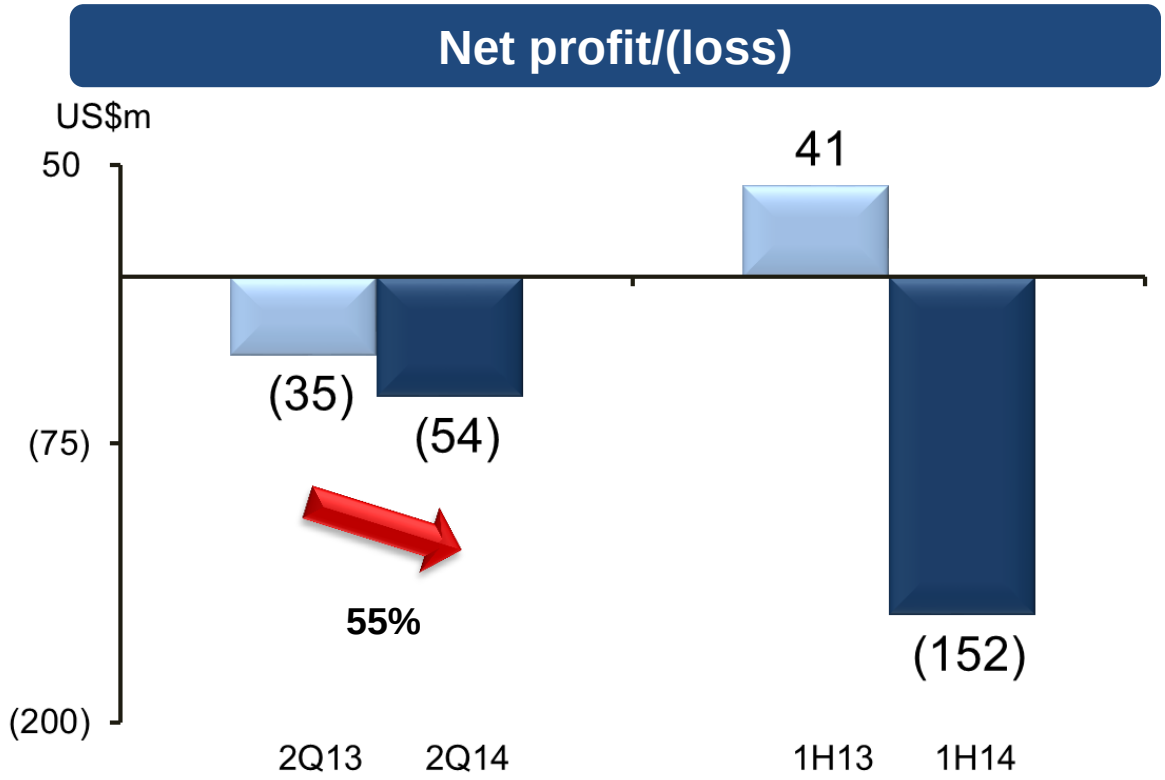


(US$m)	2Q14	2Q13	% ▲ Better/ (Worse)	1H14	1H13	% ▲ Better/ (Worse)
Liner	(29)	(41)	29	(112)	(133)	16
Logistics	14	10	40	32	26	23
Total	**(15)**	**(31)**	**52**	**(80)**	**(107)**	**25**

With effect from 3Q13, in addition to interest expense, the definition of Core EBIT and Core EBITDA have changed to exclude other finance expense and income. Comparative numbers restated accordingly

Group Financial Highlights

Net results declined due to one-off gains in 2013



2Q13 included
Finance hedging gains

1H13 included
US$200m building
sale gain

Group Balance Sheet Highlights

US$m	27 Jun 14	27 Dec 13
Total Assets	8,953	9,029
Total Liabilities	6,986	6,898
Total Equity	1,967	2,131
Total Debt	5,062	4,866
Total Cash	819	981
Net Debt	4,243	3,885
Gearing (Gross)	2.57x	2.28 x
Gearing (Net)	2.16x	1.82 x
NAV per share (US$)	0.74	0.80
(S$)	0.92	1.02

Group Cash Flow Highlights

US$m	1H14	1H13
Cash & Cash Equivalents – Beginning @ Q1	**981**	**897**
Cash Inflow / (Outflow)		
Operating Activities	(41)	(20)
Investing/Capex Activities	(270)	(369)
Financing Activities	148	715
Cash & Cash Equivalents – Closing @ Q2	**819**	**1,223**

Note:
1) 1H13 Investing/Capex Activities includes proceeds from NOL building sale
2) Total may not sum up due to rounding

Group Capital Expenditure

US$m	1H14	1H13
1. Vessels	247	638
2. Equipment / Facilities	5	43
3. Drydock	7	31
4. IT	20	49
5. Others	8	3
Total	**287**	**764**

3. Liner



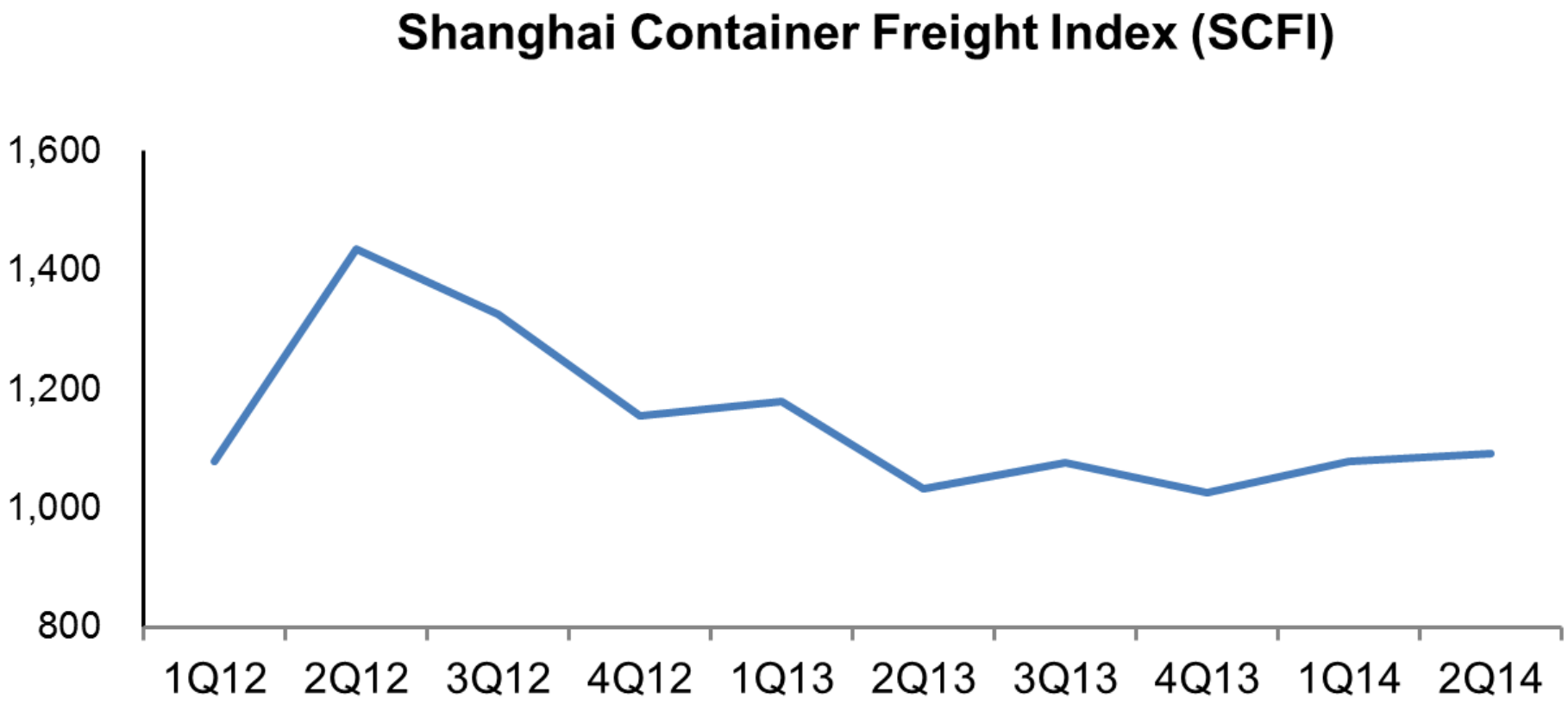
By Kenneth Glenn
President, APL

Liner 2Q 2014 Results Highlights

More efficient fleet, capacity & cost management deliver improved results

- Revenue eased 2% YoY on 6% lower volume
- Steady Rev/FEU due to improved trade mix, volume decreased due to capacity management
- Fleet efficiency improved with 3 newbuild deliveries & 8 charter returns
- Cost & operational efficiencies mitigate lower revenue & one-off costs, Core EBIT improved 29% YoY

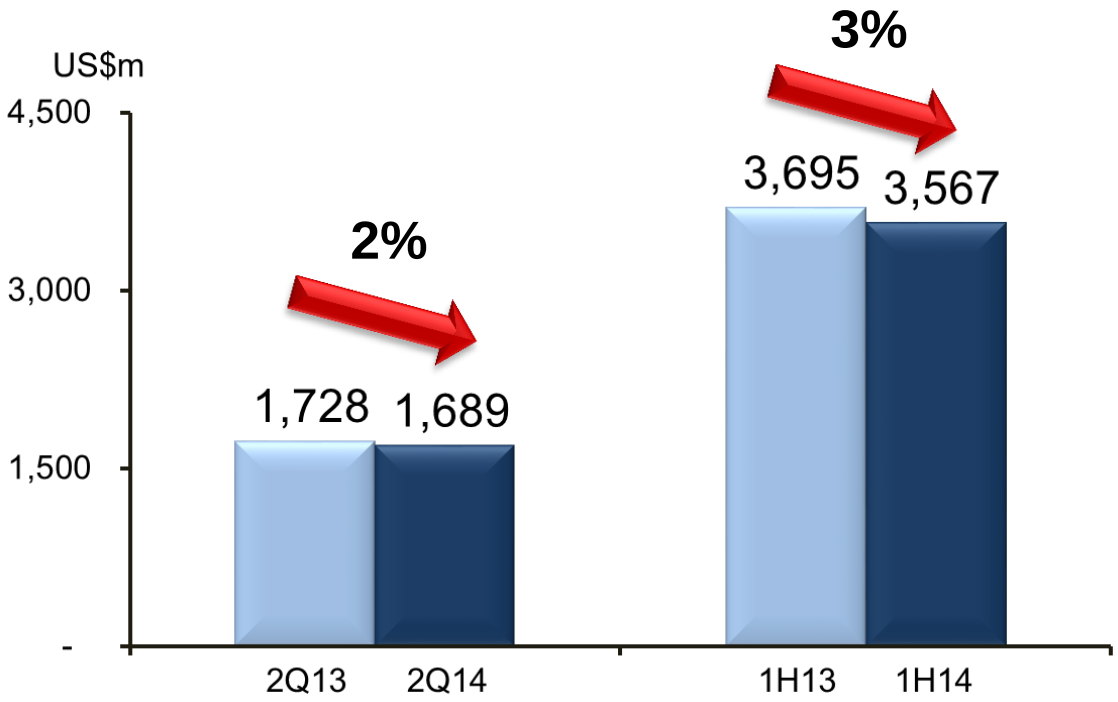
Less volatility in recent freight rates



Source: Shanghai Container Freight Index

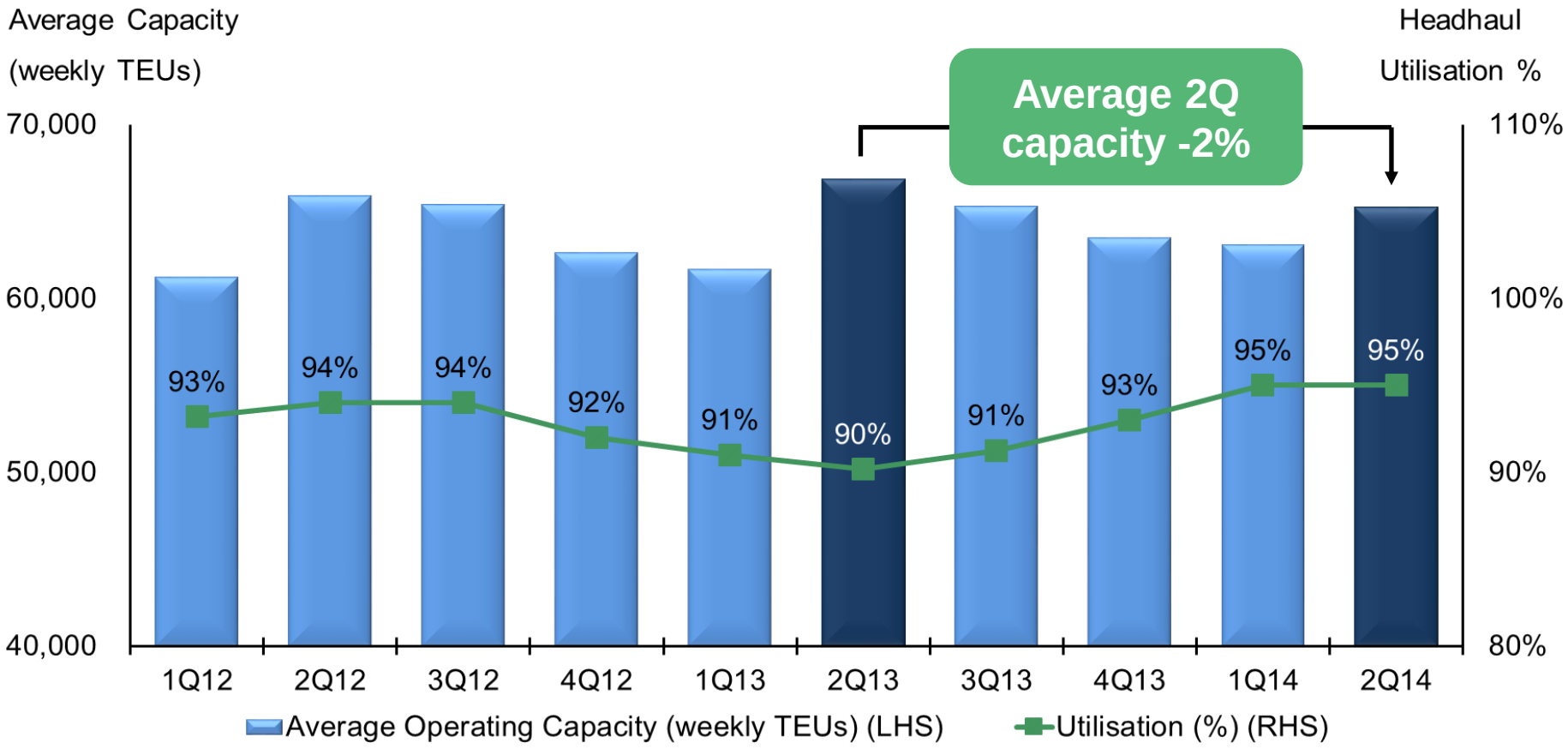
Improved capacity management & trade mix impact Liner revenue

Revenue



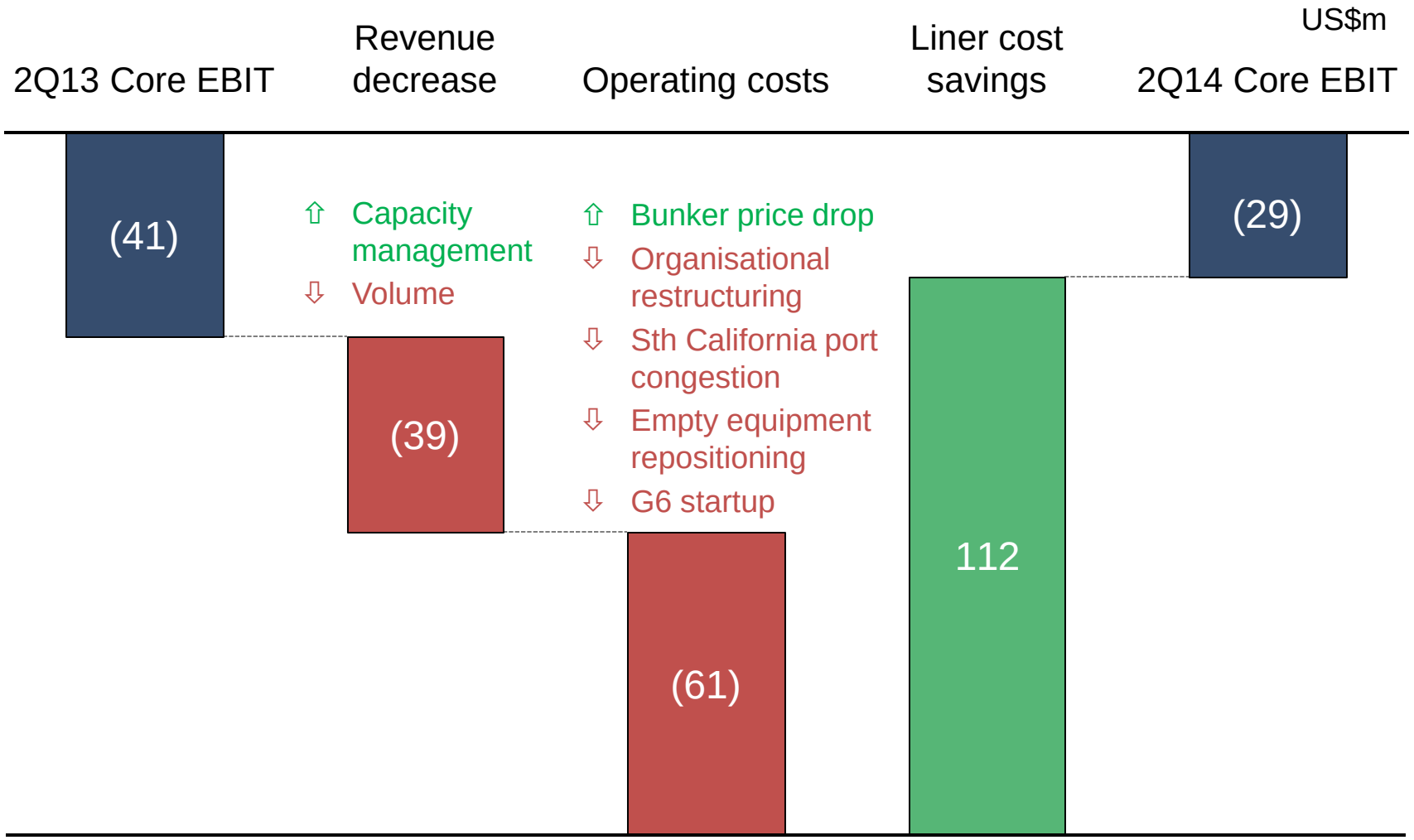
- 2Q14 volume decreased 6% mainly due to capacity management
- Steady 2Q14 Rev/FEU due to improved trade mix

Strict capacity management & maintained >90% utilisation

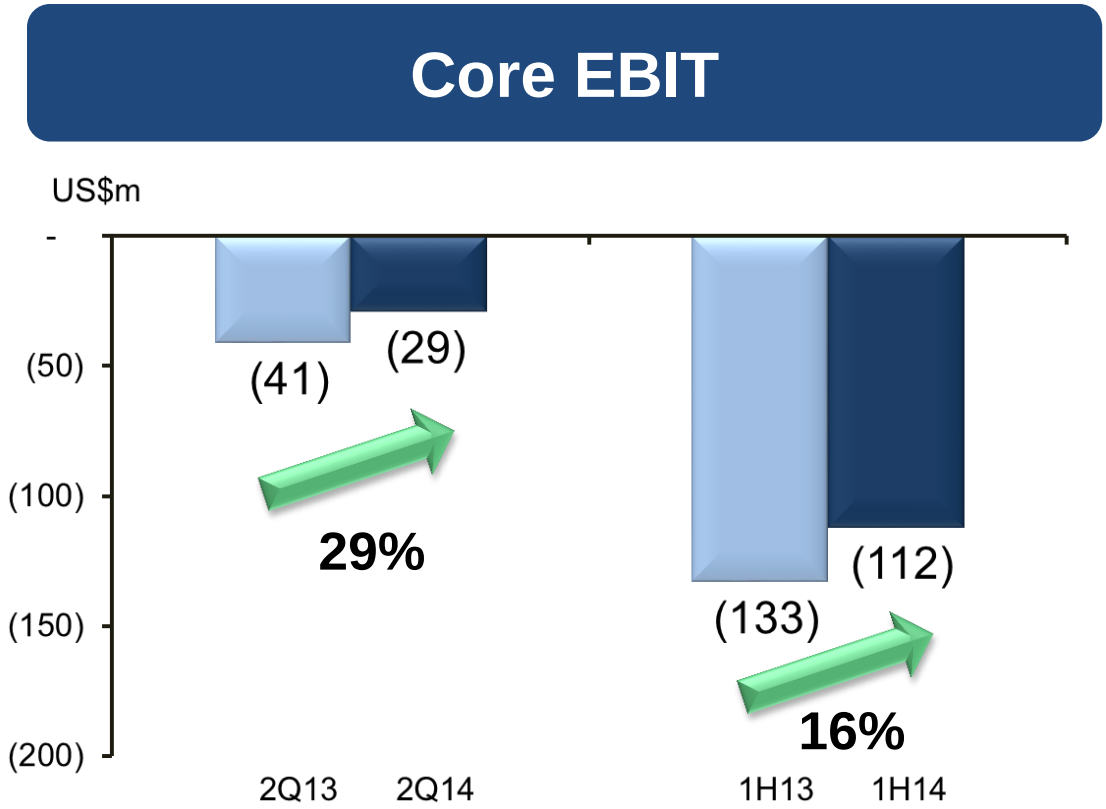


Note: Figures are based on the headhaul leg of main linehaul services
The capacity figures take into account "winter program" initiations

Cost savings mitigate lower revenue & increase in operating costs



2Q Core EBIT loss improved 29% YoY

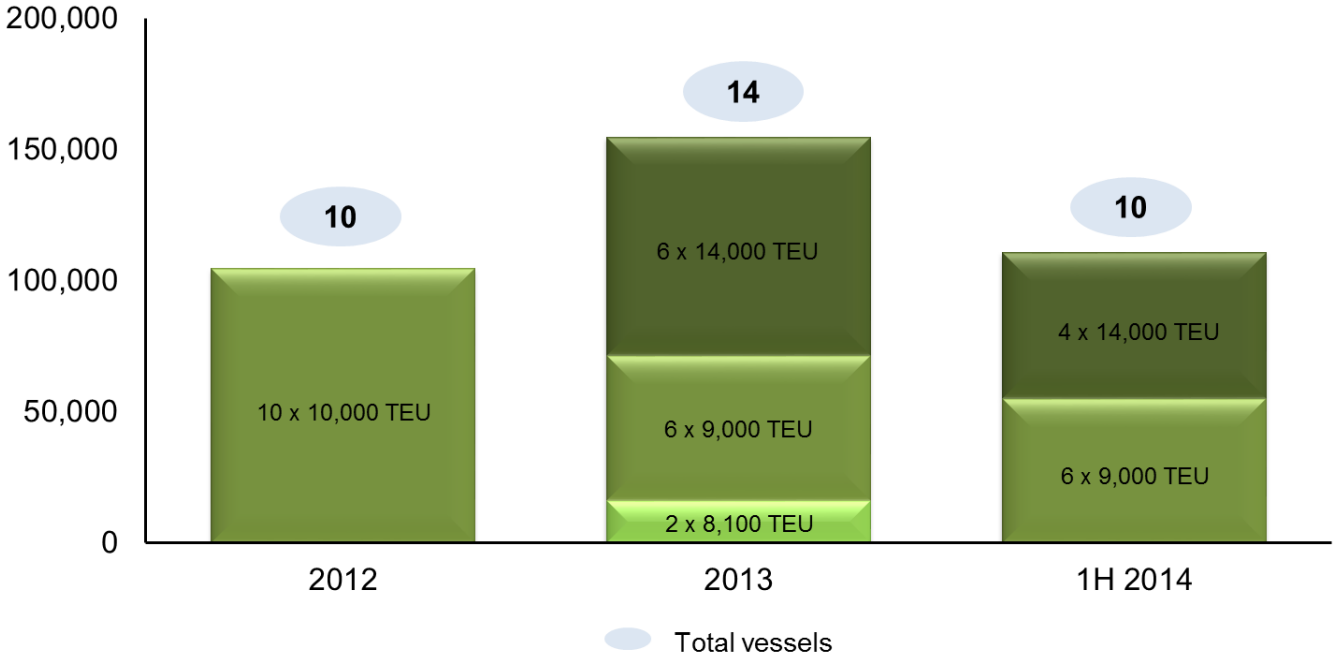


- 2Q14 bunker consumption -11% YoY (60k MT)
- Cost & operational savings mitigate 3% increase in 2Q14 cost of sales/FEU

Note: With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers restated accordingly

All newbuilds delivered & further charter returns will improve slot costs

Newbuilds (TEUs)[1]



	2012	2013	1H14	2H14	2015
Charter expiries/ vessel disposals	31	14	14	6	14

Note: 1) 5 out of the 10 x 14,000 TEU vessels for delivery between 2013 and 2014 will be chartered out to MOL

Liner business conditions

Industry

- Overcapacity to persist as industry takes delivery of new ships
- Freight rates continue to be under pressure
- Competitive industry conditions to remain

APL

- Focus on:
  - Improved commercial performance
  - Sustained cost & efficiency mindset
  - Improved competitiveness from more efficient fleet & lower slot costs
  - Leverage on G6 Alliance cost efficiencies

4. Logistics



By Beat Simon
President, APL Logistics

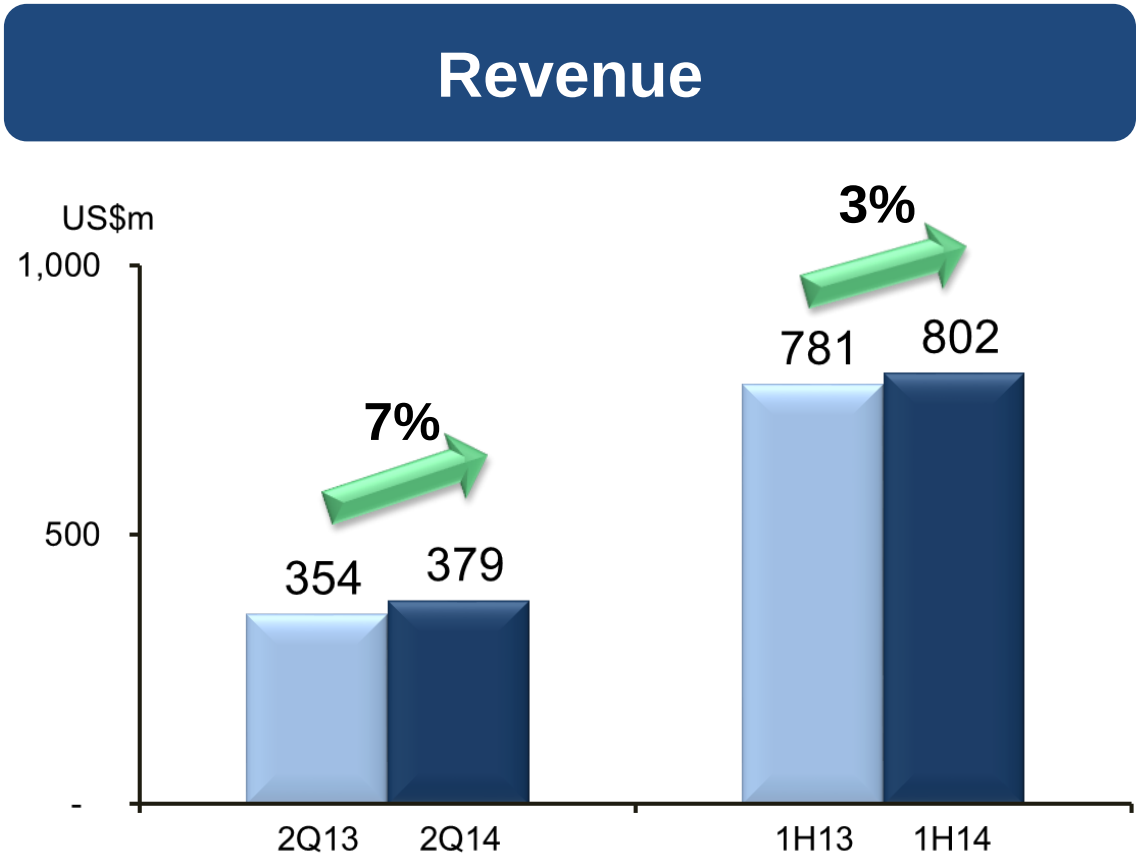
Logistics 2Q 2014 Results Highlights

Revenue growth across all regions delivered improved results

- Revenue US$379m, up 7% YoY
- Core EBIT of US$14m*, improved 40% YoY
- Core EBIT margin of 3.7%, up from 2.9% in 2Q13

* Includes US$2m positive forex impact

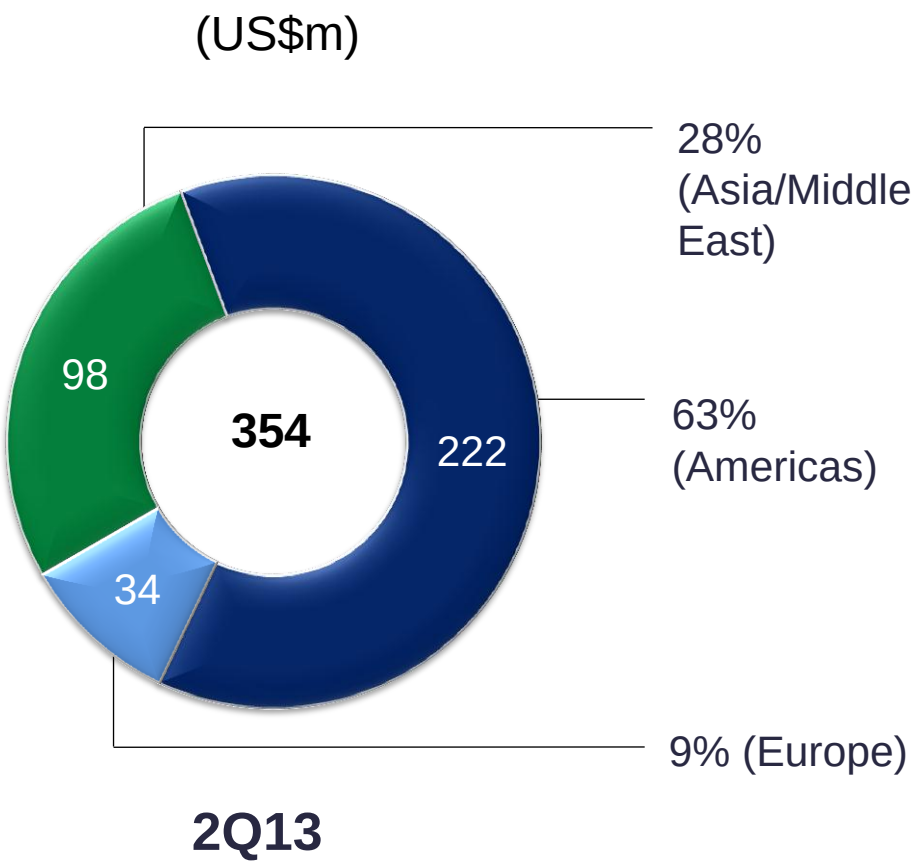
Revenue up 7% in 2Q14

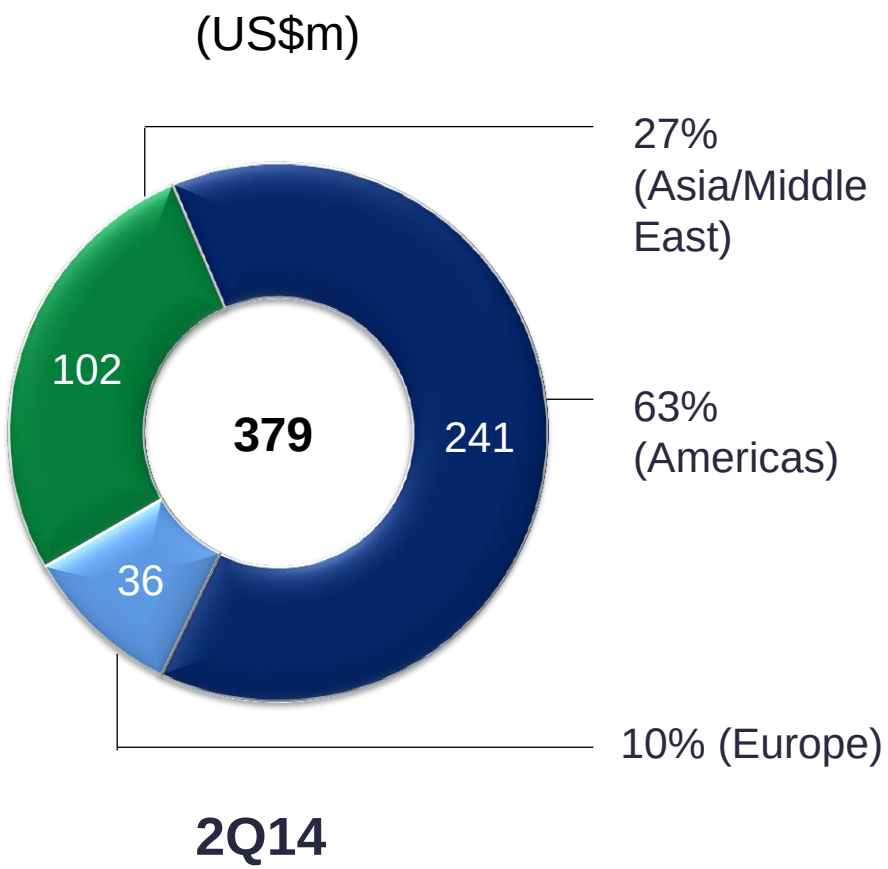


- US segment rebounds 9% growth YoY in 2Q14
- Stable demand in emerging markets & Europe in 2Q14

APL Logistics Revenue Breakdown by Region

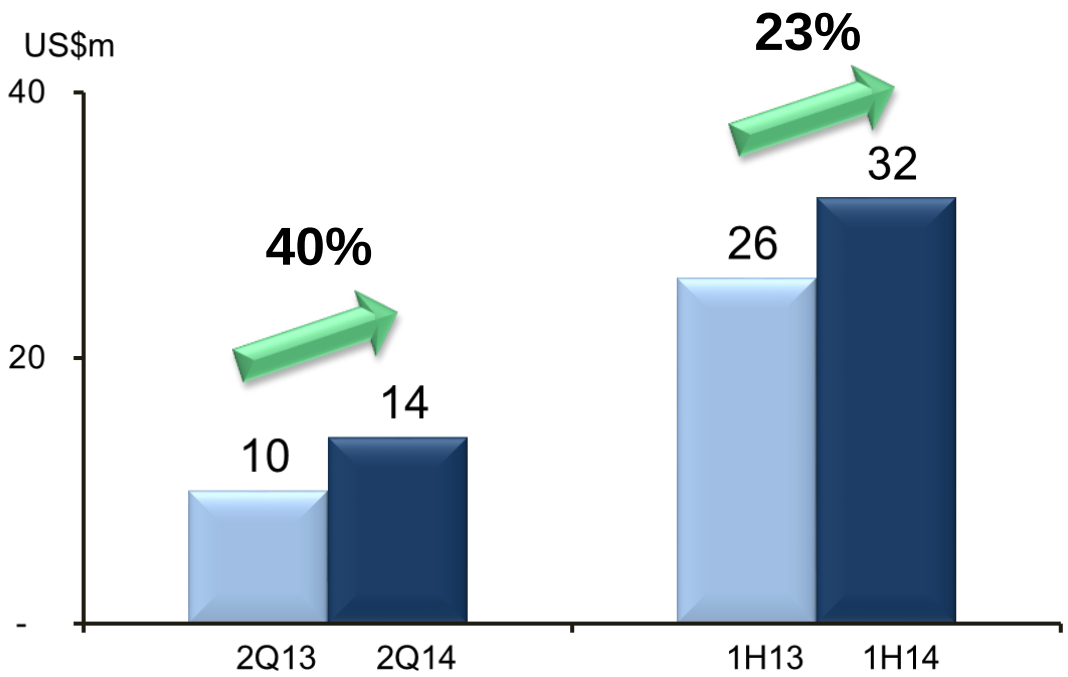
US auto segment recovery leads 2Q14 revenue growth





2Q14 Core EBIT improved 40%

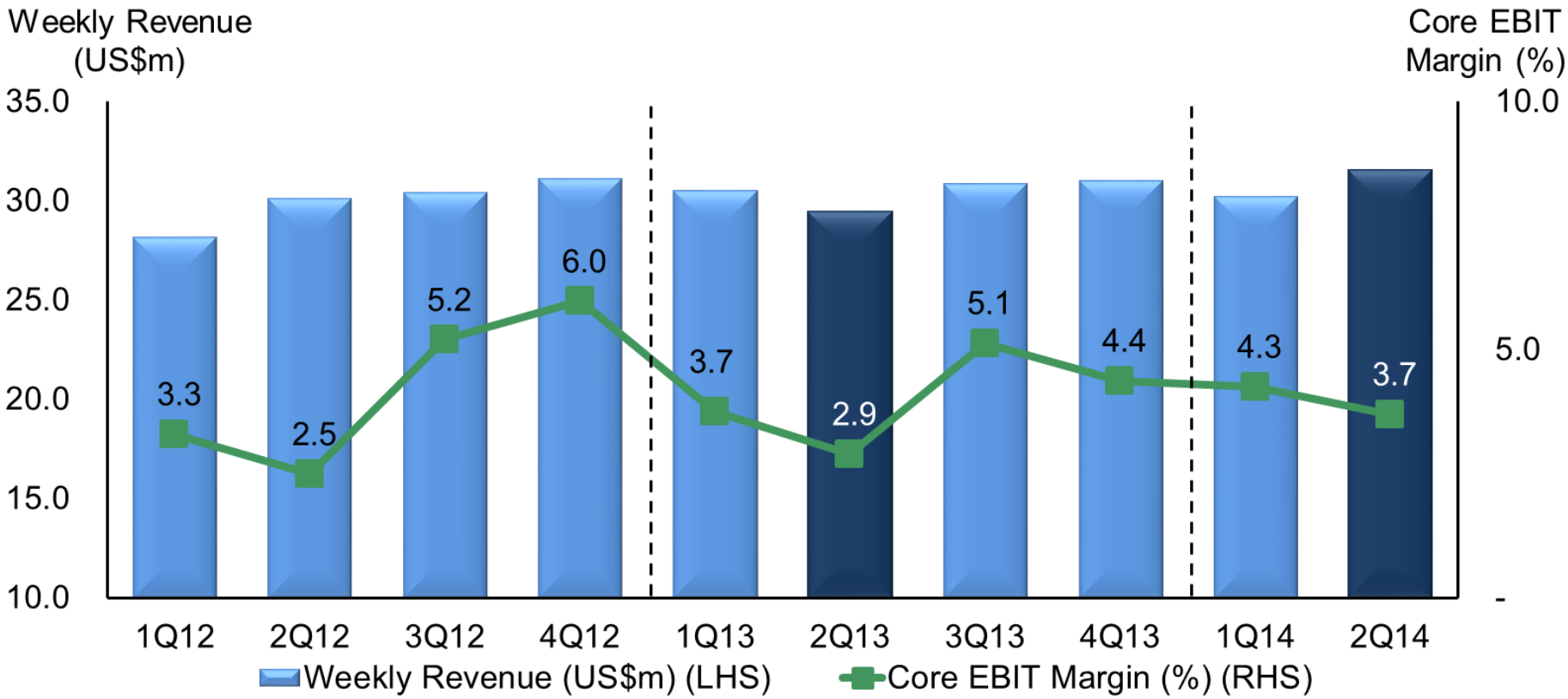
Core EBIT[1]



Core EBIT up from business growth, supported by cost discipline

Notes: 1) 2Q14 & 1H14 results includes US$2m & US$4m positive forex impact respectively
2) With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers restated accordingly

Revenue and Core EBIT Margin Trend



APL Logistics' future direction

- Growth focus in selected industry verticals and attractive markets
- Invest in and expand sales capability using enhanced CRM system to grow customer base
- Upgrade operational platform to support growth
- Build robust M&A pipeline



Appendix

Group Financial Highlights

US$m	1H14	1H13	% ▲ Better/ (Worse)	2Q14	2Q13	% ▲ Better/ (Worse)
Revenue	**4,329**	4,435	(2)	**2,050**	2,064	(1)
Core EBITDA	**111**	44	152	**78**	39	100
Core EBIT (before non-recurring items)[1]	**(80)**	(107)	25	**(15)**	(31)	52
Non-recurring items	**(1)**	201	n.m.	**(1)**	9	n.m.
EBIT	**(81)**	94	n.m.	**(16)**	(22)	27
Net profit/(loss) to owners of the company [2,3]	**(152)**	41	n.m.	**(54)**	(35)	(55)
Net profit/(loss) to owners of the company ex-NRI	**(151)**	(160)	6	**(53)**	(44)	(20)

Notes:
1) With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers restated accordingly
2) 1H13 results includes NRI of US$200m gain from sale of NOL building
3) 2Q13 results includes realised gains from financial hedging instruments

Financial Highlights by Business Segment

Revenue (US$m)	1H14	1H13	% ▲ Better/ (Worse)	2Q14	2Q13	% ▲ Better/ (Worse)
Liner	**3,567**	3,695	(3)	**1,689**	1,728	(2)
Logistics	**802**	781	3	**379**	354	7
Elimination	**(40)**	(41)	2	**(18)**	(18)	-
Total Revenue	**4,329**	4,435	(2)	**2,050**	2,064	(1)

Core EBIT (US$m)	1H14	1H13	% ▲ Better/ (Worse)	2Q14	2Q13	% ▲ Better/ (Worse)
Liner	**(112)**	(133)	16	**(29)**	(41)	29
Logistics	**32**	26	23	**14**	10	40
Total Core EBIT	**(80)**	(107)	25	**(15)**	(31)	52

With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers restated accordingly

Liner Results Summary

US$m	1H14	1H13	% ▲ Better/ (Worse)	2Q14	2Q13	% ▲ Better/ (Worse)
Revenue	**3,567**	3,695	(3)	**1,689**	1,728	(2)
Core EBITDA	**73**	12	508	**61**	26	135
Core EBIT[1]	**(112)**	(133)	16	**(29)**	(41)	29
EBIT[2]	**(112)**	39	n.m.	**(30)**	(33)	9
Core EBIT margin (%)	**(3.1)**	(3.6)		**(1.7)**	(2.4)	

Notes:
1) 1H13 results includes NRI of US$172m, mainly from gain from sale of NOL building
2) With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers restated accordingly

Operational Update

Volume ('000 FEUs)	1H14	1H13	% ▲	2Q14	2Q13	% ▲
Transpacific	**418**	419	-	**194**	195	-
Intra-Asia	**636**	660	(4)	**292**	320	(9)
Asia-Europe	**220**	210	5	**101**	101	-
Latin America	**96**	100	(4)	**43**	48	(10)
Transatlantic	**77**	88	(13)	**32**	41	(22)
Total	**1,447**	1,477	(2)	**662**	705	(6)

Average Revenue/FEU (US$)	1H14	1H13	% ▲	2Q14	2Q13	% ▲
Transpacific	**3,324**	3,465	(4)	**3,361**	3,458	(3)
Intra-Asia	**1,340**	1,439	(7)	**1,430**	1,454	(2)
Asia-Europe	**2,421**	2,284	6	**2,433**	2,144	13
Latin America	**3,190**	3,522	(9)	**3,089**	3,448	(10)
Transatlantic	**2,723**	2,650	3	**2,771**	2,675	4
Total	**2,273**	2,347	(3)	**2,320**	2,315	-

Note: Based on point of sailing and inclusive of headhaul and backhaul trade.

Logistics Results Highlights

US$m	1H14	1H13	% ▲ Better/ (Worse)	2Q14	2Q13	% ▲ Better/ (Worse)
Revenue	**802**	781	3	**379**	354	7
Core EBITDA	**38**	32	19	**17**	13	31
Core EBIT [1,2]	**32**	26	23	**14**	10	40
EBIT [3]	**31**	55	(44)	**14**	11	27
Core EBIT margin (%)	**4.0**	3.3		**3.7**	2.9	

Notes:

1) With effect from 3Q13, in addition to interest expense, the definition of Core EBIT has changed to exclude other finance expense and income. Comparative numbers restated accordingly
2) 2Q14 & 1H14 results includes US$2m & US$4m positive forex impact respectively
3) 1H13 results includes NRI of US$28m, mainly from gain from sale of NOL building

Group Fuel and Currency Exposures

Bunker

- 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 its bunker exposures.

Foreign exchange

- Major foreign currency exposures are in Euro, Singapore Dollar, Canadian Dollar, Japanese Yen and Chinese Renminbi.
- The Group maintains a policy of hedging its foreign exchange exposures.

End of Presentation
Thank You

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