YTD14 & 3Q 2014 Performance Review

31 October 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. YTD14 & 3Q 2014 Results Highlights

NOL YTD 2014 Group Results Highlights

Group Core EBIT loss reduced by 31%

- Group Core EBIT loss reduced 31% to US$59m
- Group cost savings program on track; achieved US$290m
- Liner reduced losses despite severe congestion in Southern California
- Logistics continued to deliver profitable growth

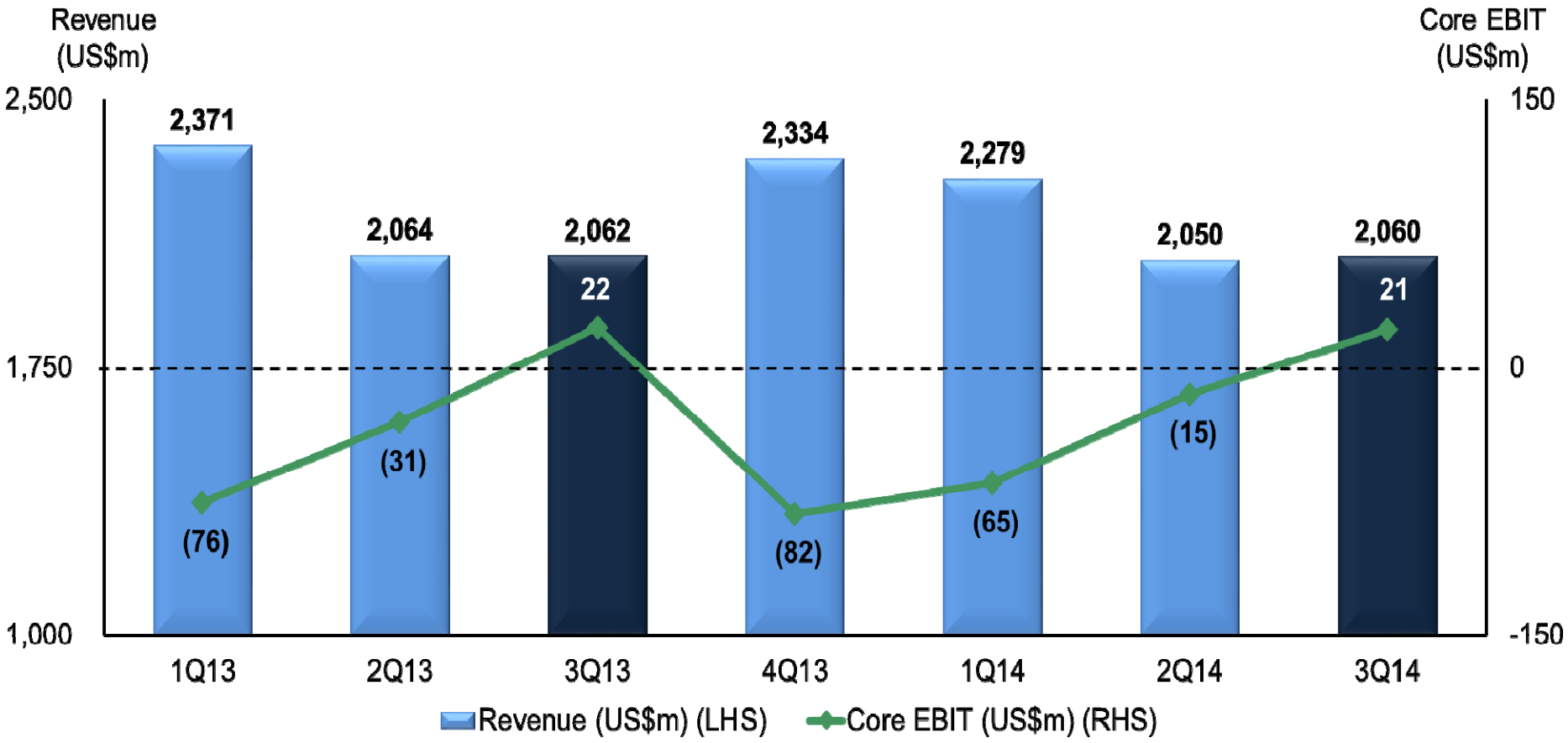
Liner cost savings partially offset by port congestion

- Cost savings in 3Q14 raised Core EBIT to US$6m
- YTD14 Core EBIT loss reduced 18% YoY to US$106m
- High exposure to Southern California port congestion negatively impacted operating costs and volumes

Logistics registered broad-based revenue growth

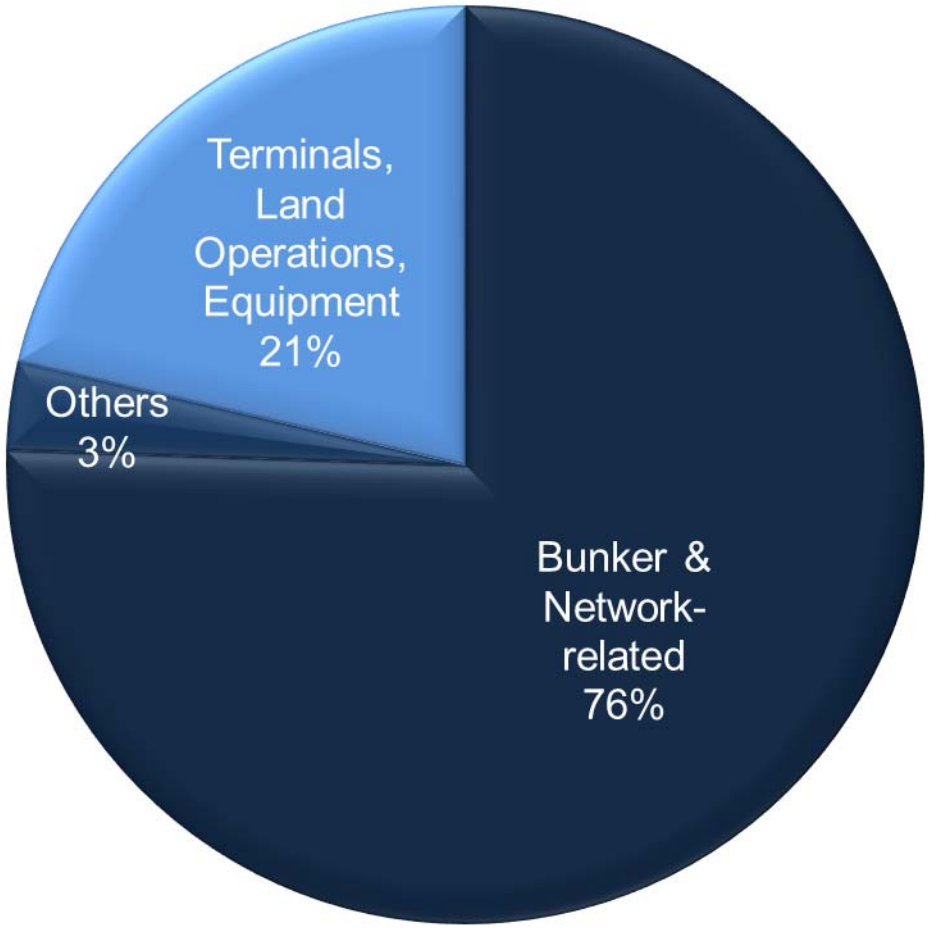
- Growth in all markets drives revenue up 4% YoY to US$1.2b
- Core EBIT of US$47m, up 4% YoY

Group Core EBIT Trend



Cost & efficiency program nets US$290m savings

YTD14 Cost Savings Categories



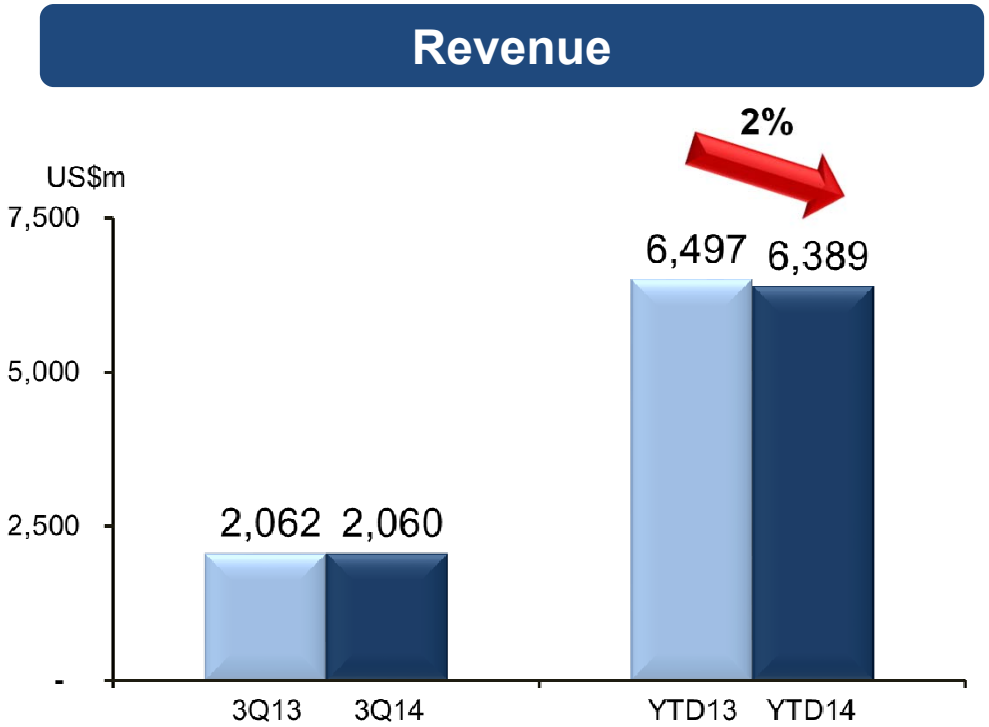
Group Commentary

Global economic prospects are uncertain. Persistent oversupply of shipping capacity continues to negatively impact liner freight rates. Nonetheless, the Group's cost management and operational efficiency program remains on-track. The Group aims to continue to improve its operating performance.

2. YTD14 & 3Q 2014
Financial Performance

Group Financial Highlights

YTD14 revenue down on lower Liner revenue

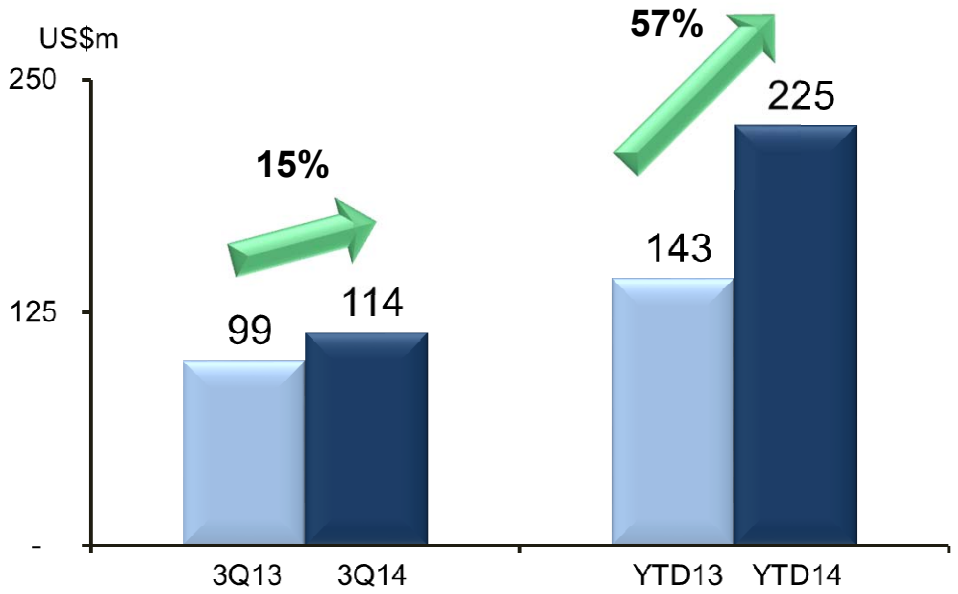


(US$m)	3Q14	3Q13	% ▲ Better/ (Worse)	YTD14	YTD13	% ▲ Better/ (Worse)
Liner	1,680	1,712	(2)	5,247	5,407	(3)
Logistics	399	371	8	1,201	1,152	4
Elimination	(19)	(21)	10	(59)	(62)	5
Total	**2,060**	**2,062**	**-**	**6,389**	**6,497**	**(2)**

Group Financial Highlights

Cost and efficiency focus delivered improved Core EBITDA

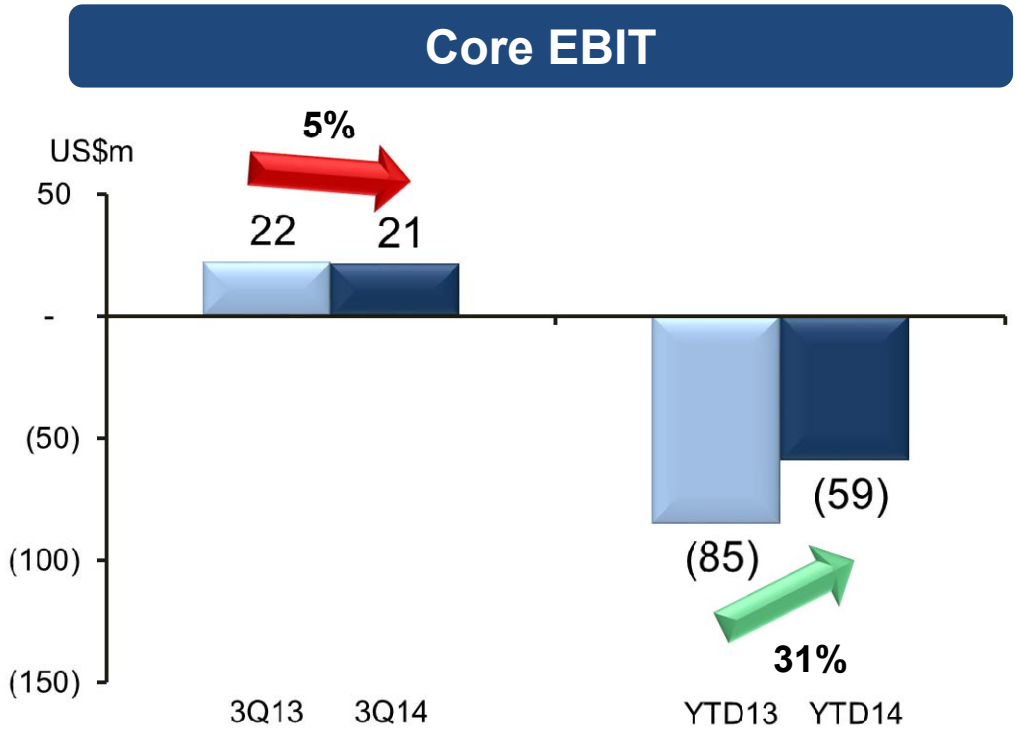
Core EBITDA



(US$m)	3Q14	3Q13	% ▲ Better/ (Worse)	YTD14	YTD13	% ▲ Better/ (Worse)
Liner	96	77	25	169	89	90
Logistics	18	22	(18)	56	54	4
Total	**114**	**99**	**15**	**225**	**143**	**57**

Group Financial Highlights

YTD14 Core EBIT loss reduced by 31% to US$59m

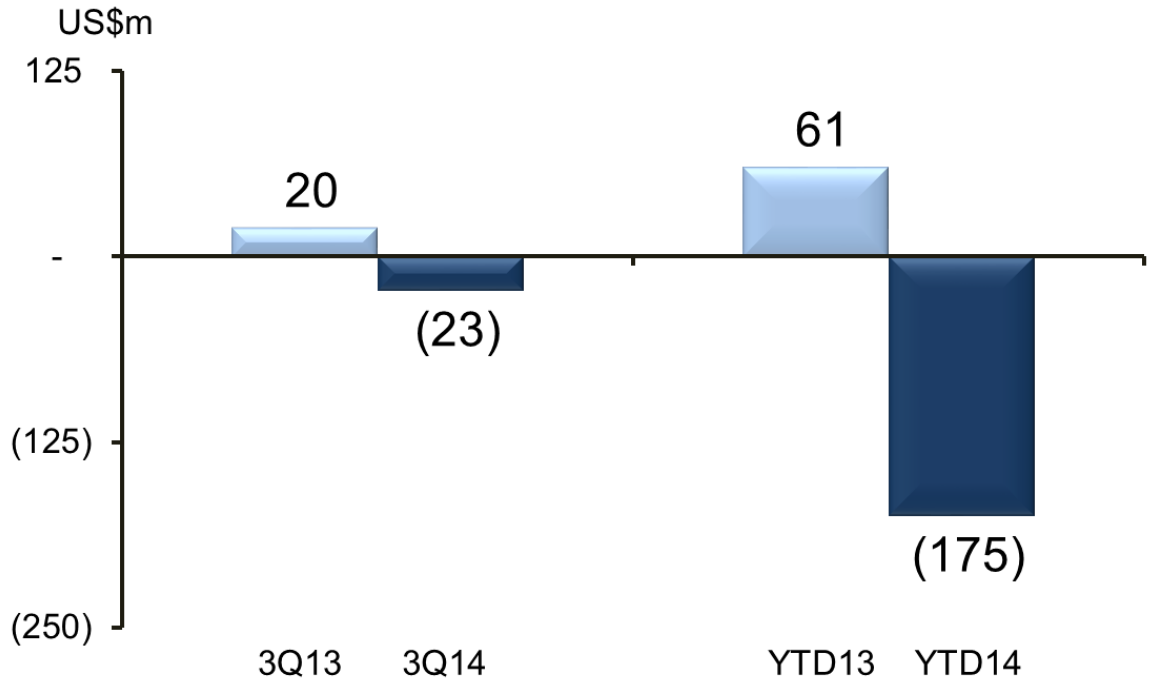


(US$m)	3Q14	3Q13	% ▲ Better/ (Worse)	YTD14	YTD13	% ▲ Better/ (Worse)
Liner	6	3	100	(106)	(130)	18
Logistics	15	19	(21)	47	45	4
Total	**21**	**22**	**(5)**	**(59)**	**(85)**	**31**

Group Financial Highlights

YTD14 net results declined mainly due to 2013 one-off gains

Net profit/(loss)



YTD13 included US$200m building sale gain

Group Balance Sheet Highlights

US$m	19 Sep 14	27 Dec 13
Total Assets	8,905	9,029
Total Liabilities	6,966	6,898
Total Equity	1,939	2,131
Total Debt	4,942	4,866
Total Cash	809	981
Net Debt	4,133	3,885
Gearing (Gross)	2.55x	2.28x
Gearing (Net)	2.13x	1.82x
NAV per share (US$)	0.73	0.80
(S$)	0.92	1.02

Group Cash Flow Highlights

US$m	YTD14	YTD13
Cash & Cash Equivalents – Beginning @ Q1	**981**	**897**
Cash Inflow / (Outflow)		
Operating Activities	39	91
Investing/Capex Activities	(277)	(695)
Financing Activities	66	563
Cash & Cash Equivalents – Closing @ Q3	**809**	**856**

Notes:
1) YTD13 Investing/Capex Activities includes proceeds from NOL building sale
2) Total may not sum up due to rounding

Group Capital Expenditure

US$m	YTD14	YTD13
1. Vessels	255	905
2. Equipment / Facilities	12	80
3. Drydock	10	42
4. IT	27	77
5. Others	13	4
Total	**317**	**1,108**

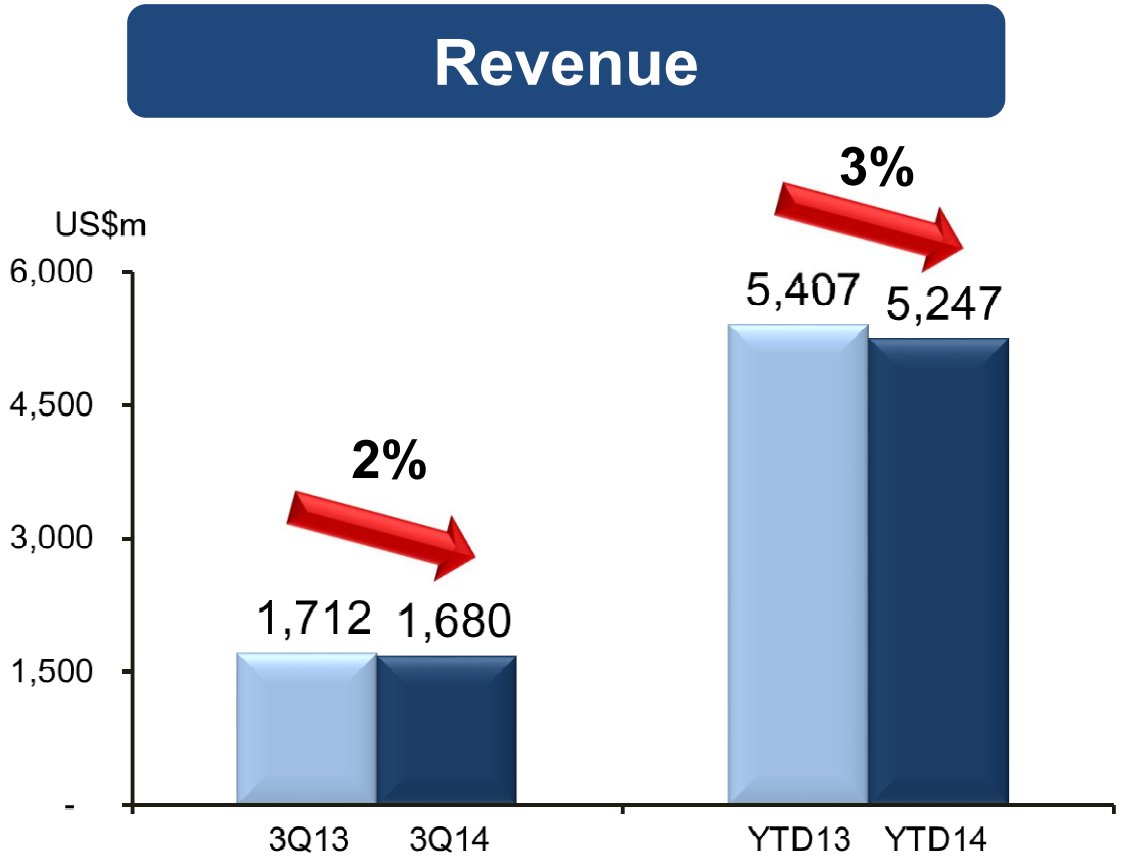
3. Liner

Liner Results YTD 2014 Highlights

Core EBIT loss reduced 18% despite lower freight rates, volumes and South California port congestion

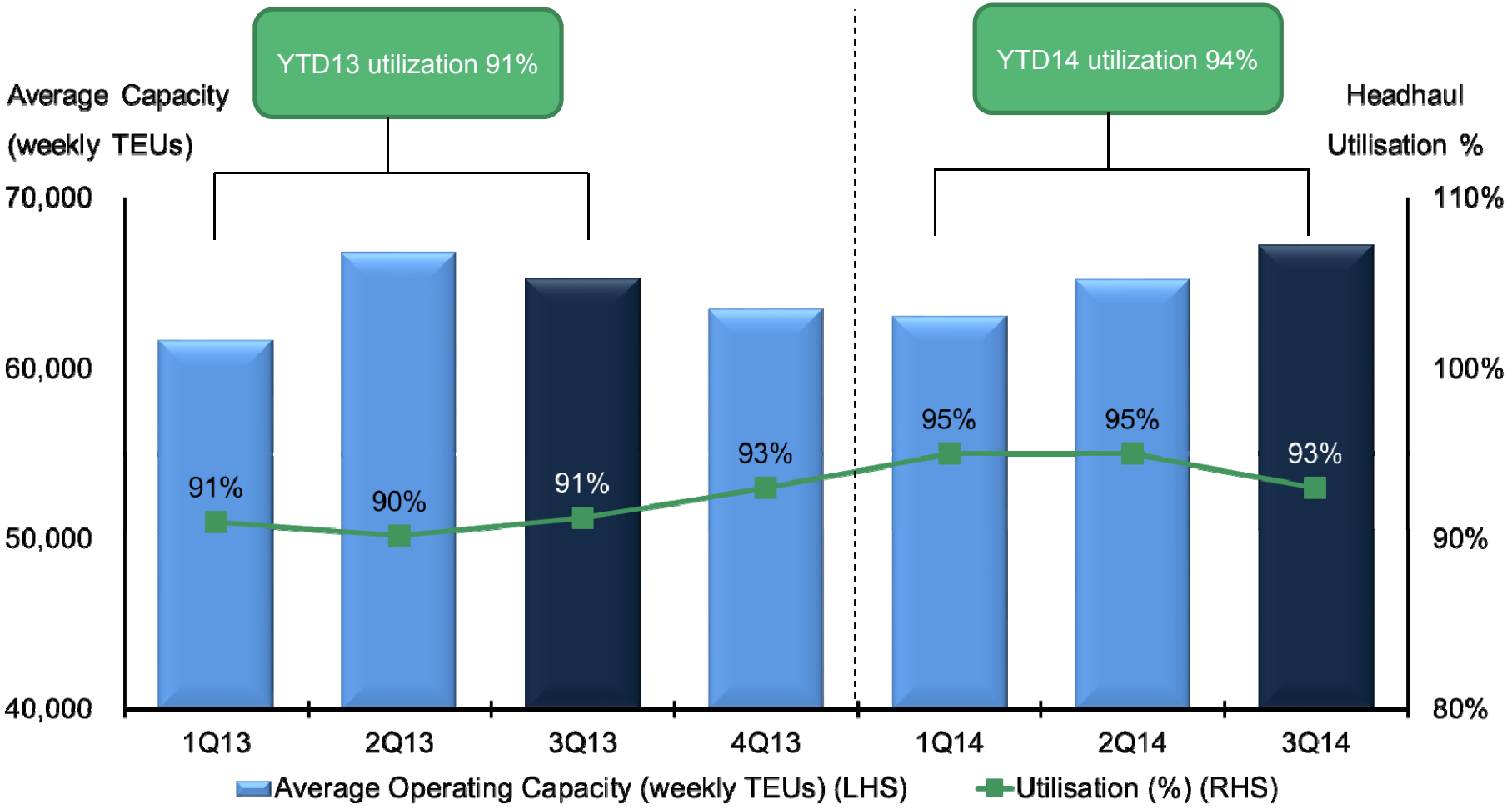
- Revenue eased 3% YoY to US$5.2b due to lower volume and freight rates
- Core EBIT loss reduced 18% YoY to US$106m
- Cost of sales per FEU fell 1% YoY
- Costs & volumes affected by Southern California port congestion
- 10 newbuilds received & 17 charter ships redelivered YTD14, with more charter expiries in pipeline

Revenue dipped on lower freight rates and volume



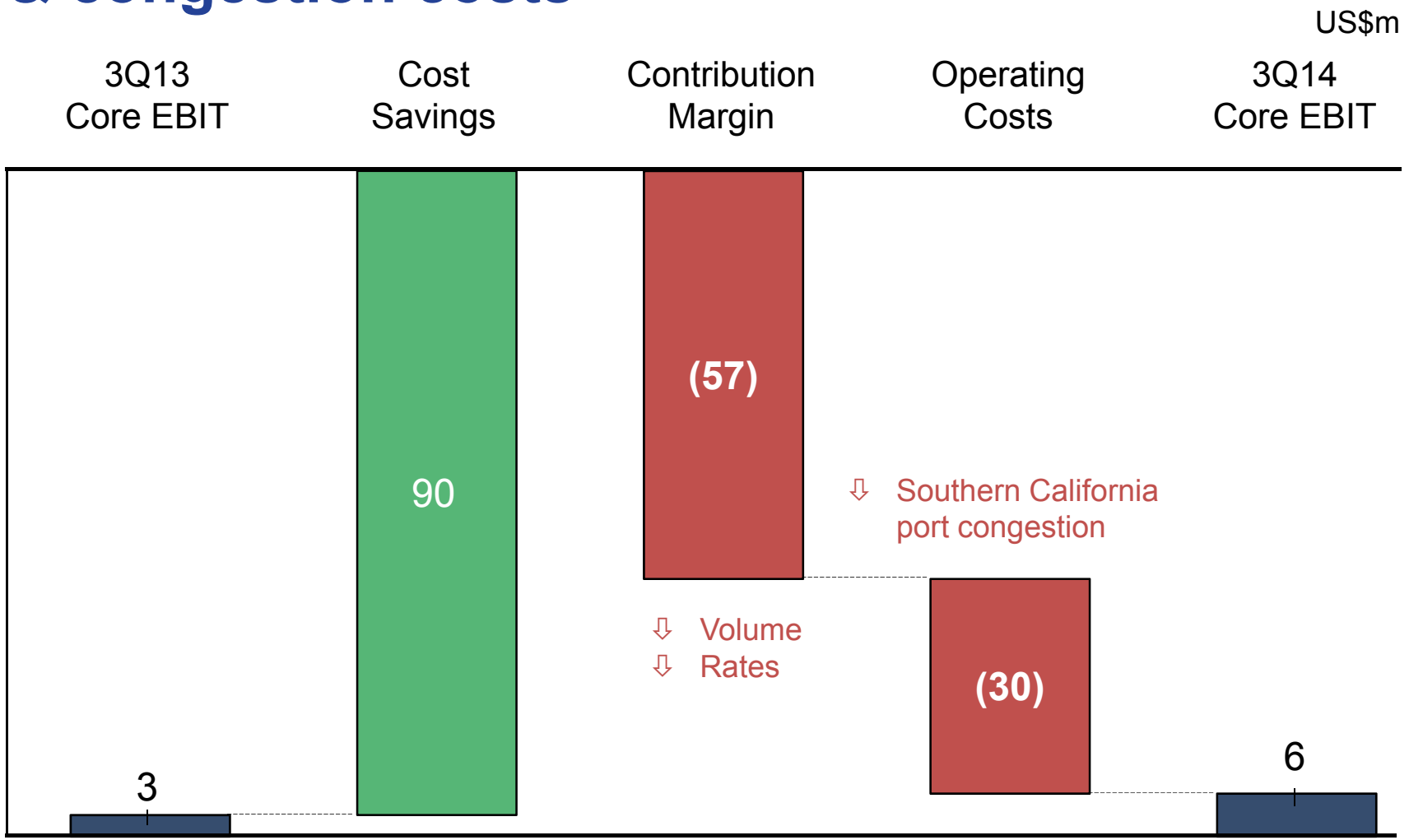
- Volume partly affected by Southern California port congestion & China's restriction on importing dry distillers' grains

Maintained high utilisation >90%

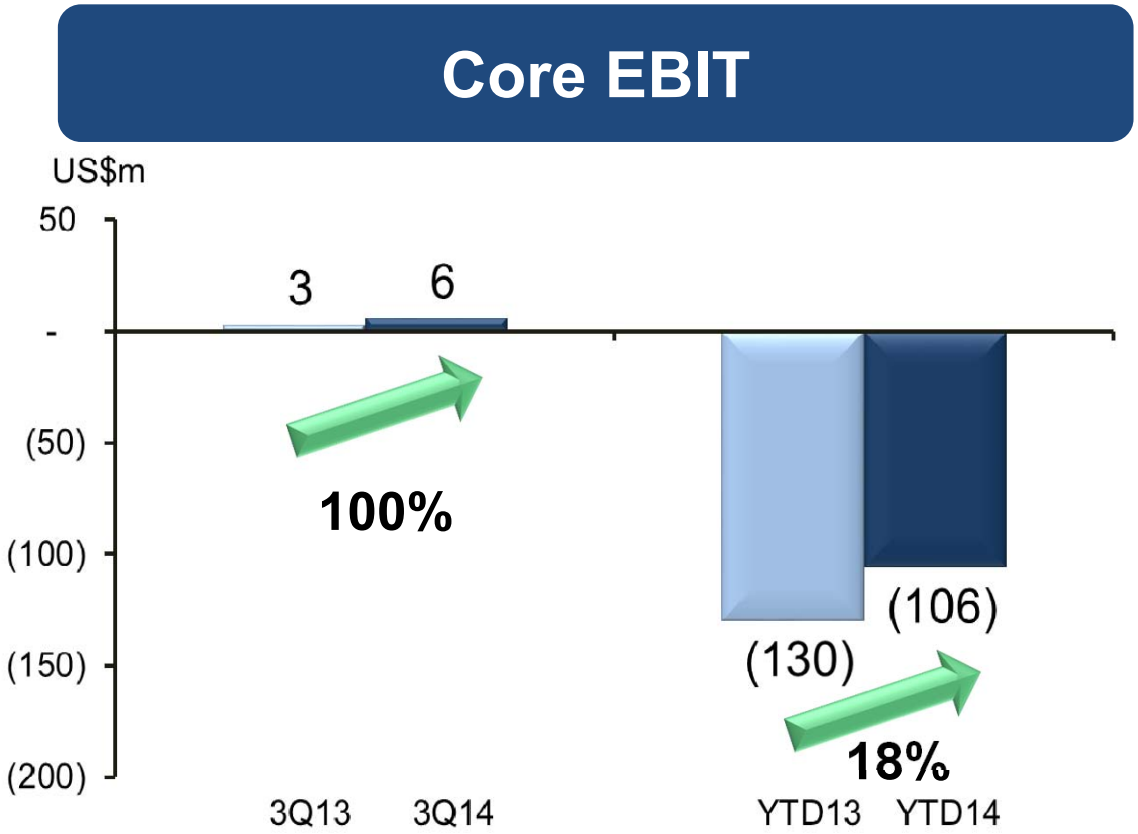


Note: Figures are based on the headhaul leg of main linehaul services
The capacity figures take into account "winter program" initiations

3Q14 cost savings offset by lower rates, volume & congestion costs

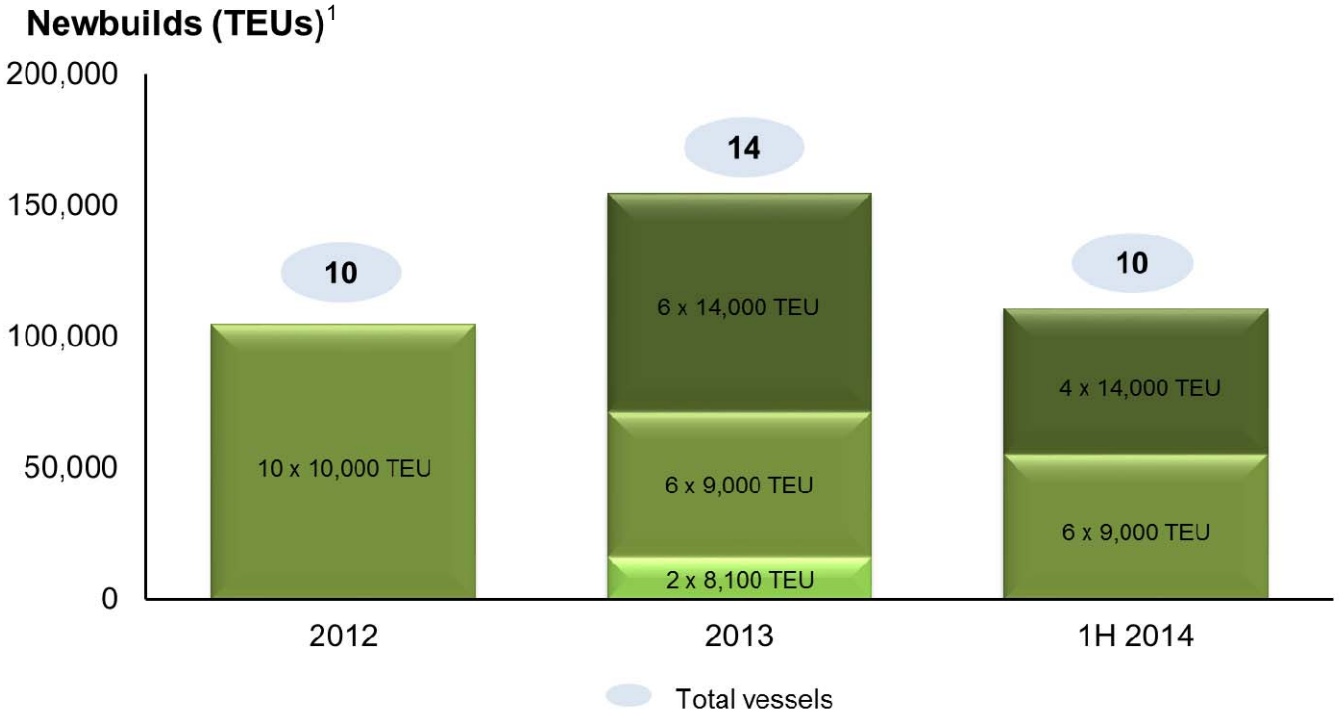


Reduced YTD14 Core EBIT loss on cost discipline



- YTD14 Bunker consumption -9% YoY (162k MT)
- YTD14 Cost of sales/FEU down 1%

Slot costs continue to improve from newbuilds efficiency & charter expiries into FY15



	2012	2013	YTD14	4Q14	2015
Charter expiries/ vessel disposals	31	14	17	2	19

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 and put pressure on freight rates
- Southern California port congestion to persist into 4Q14

APL

- Sustained cost & efficiency mindset
- Focused on addressing Southern California port congestion:
  - Working with partners on equipment and productivity issues
  - Network refinements to alleviate congestion and improve service levels

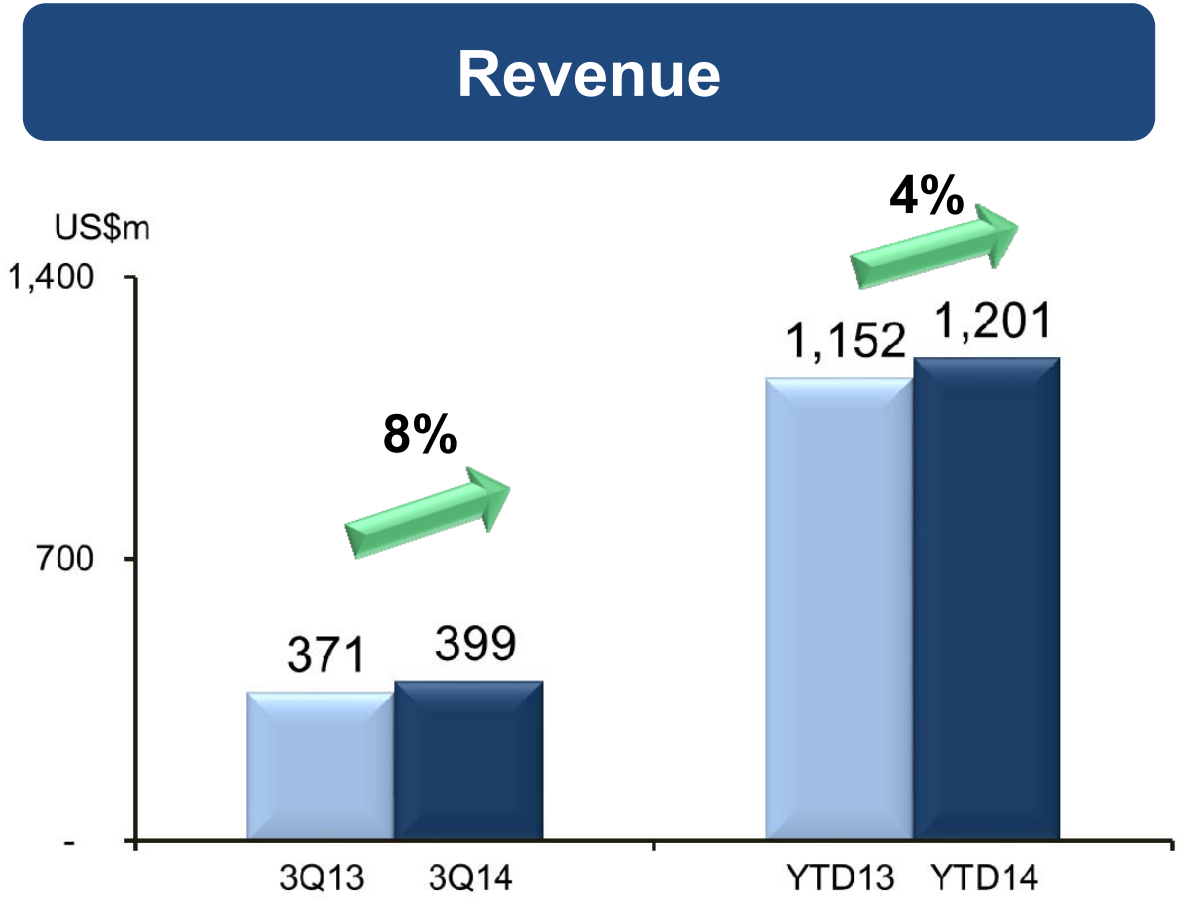
4. Logistics

Logistics YTD 2014 Results Highlights

Broad-based growth across all markets; investing to build business pipeline

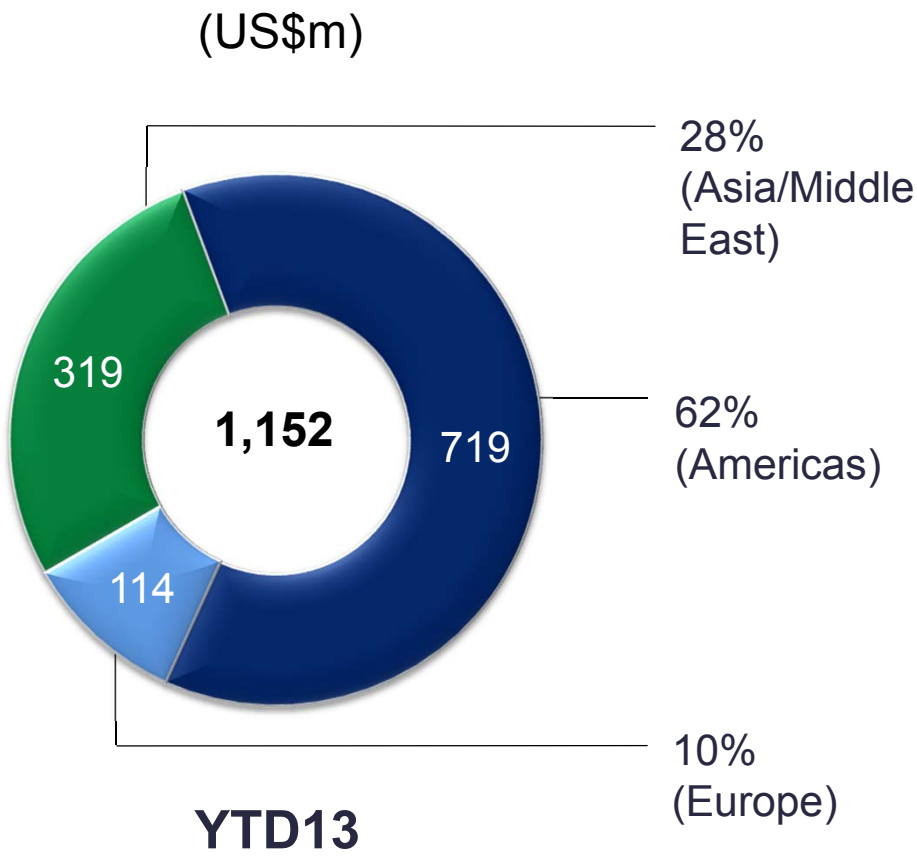
- Revenue US$1.2b, up 4% YoY
- Core EBIT of US$47m, up 4% YoY
- Core EBIT margin of 3.9%
- Growth strategy on track; focused on core verticals of auto, consumer, industrials and retail

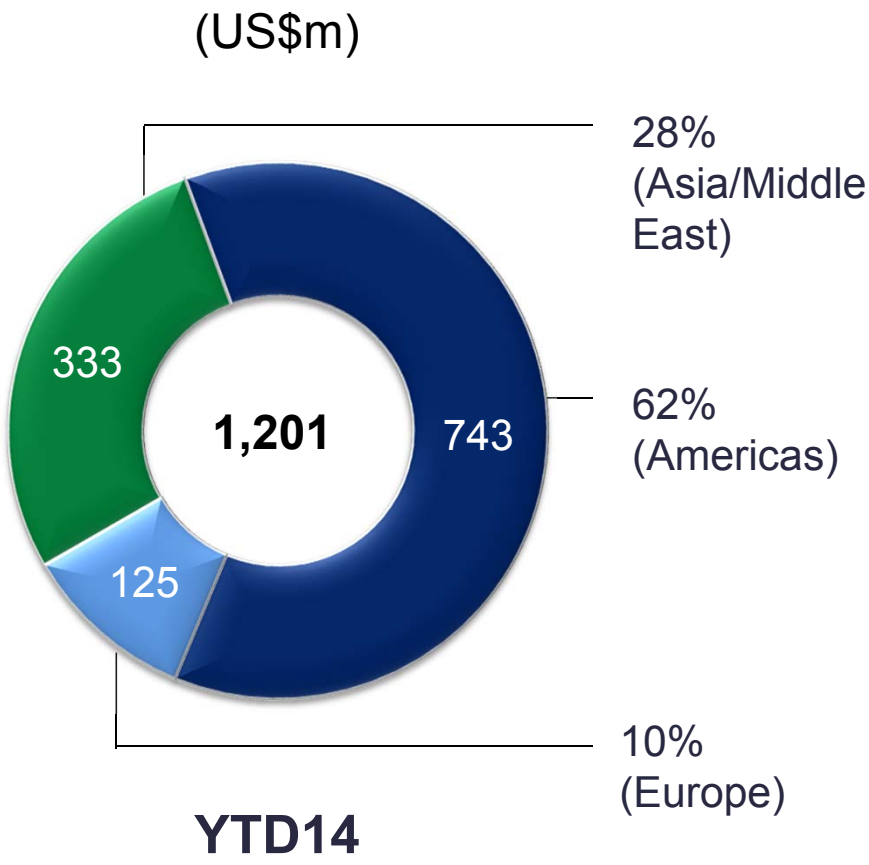
Broad-based revenue growth



- Steady demand growth across all markets

APL Logistics Revenue Breakdown by Region

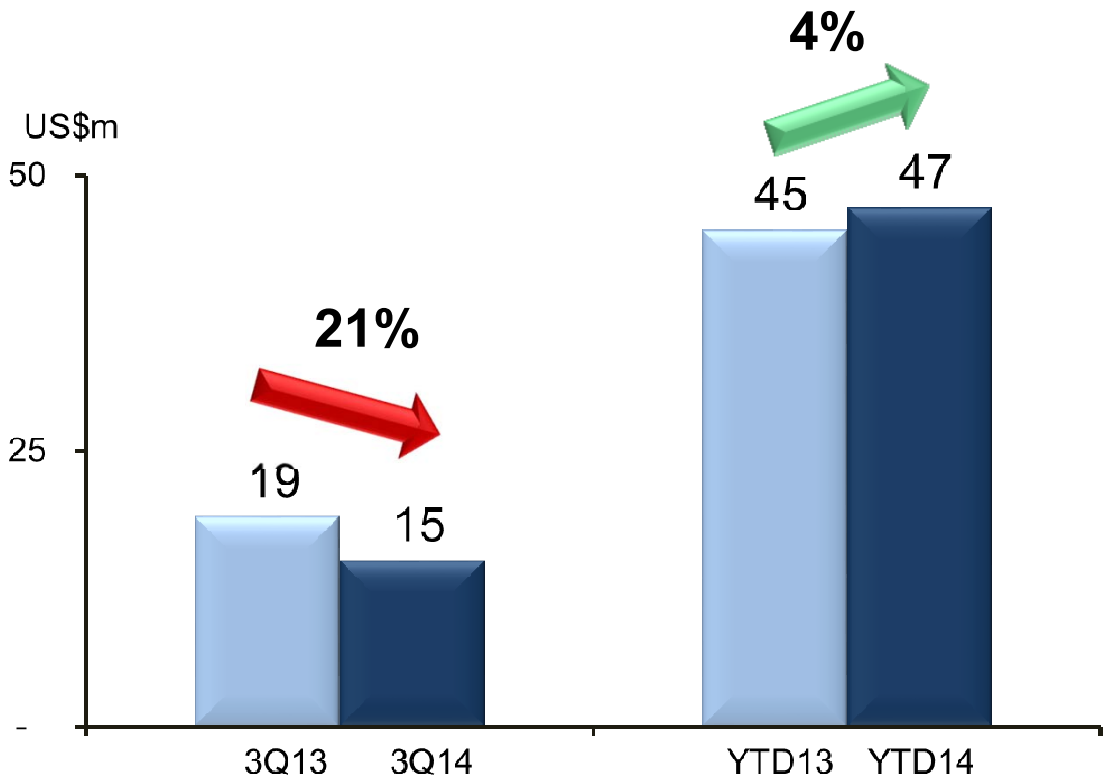




YTD14 Core EBIT up 4%

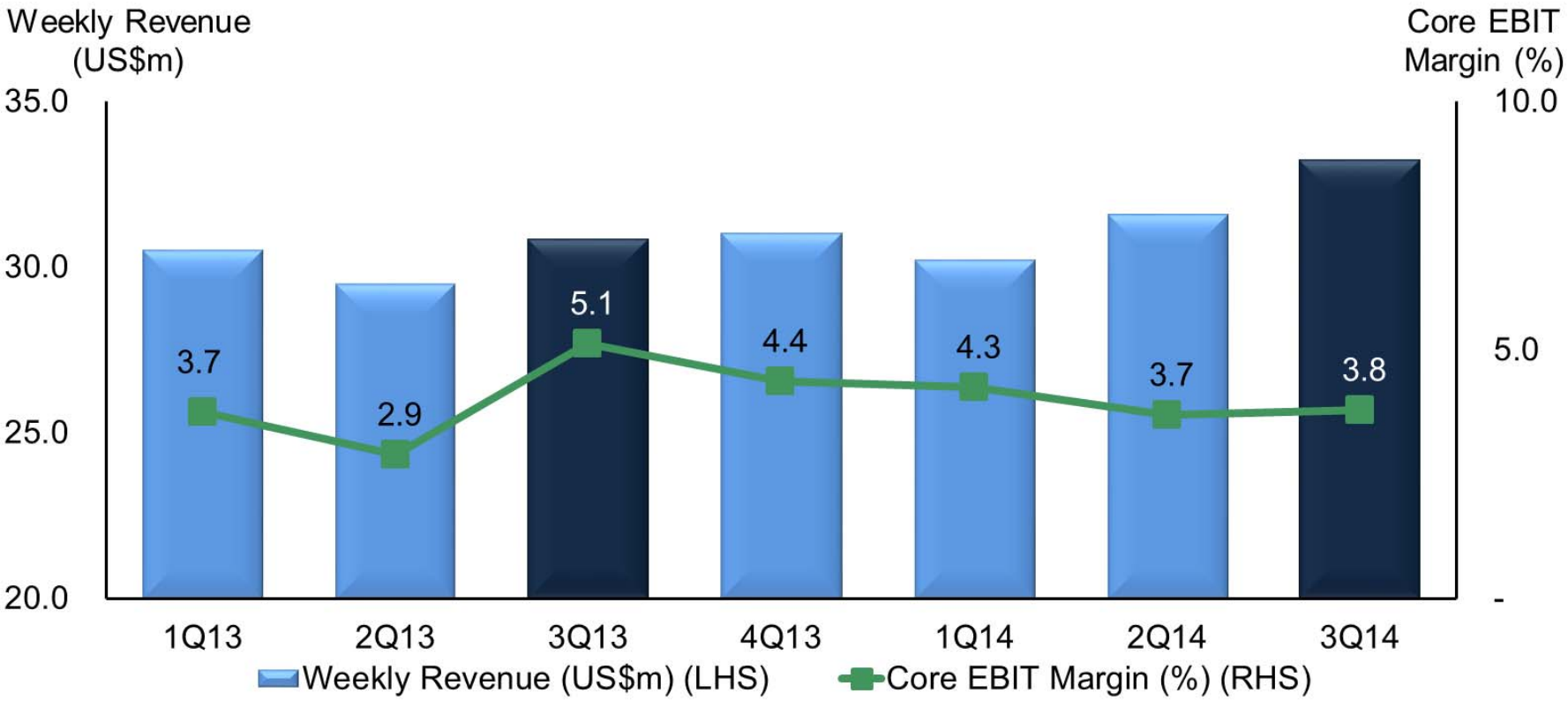
3Q14 Core EBIT declined due to stronger US$ and investments to grow business

Core EBIT[1]



Note:
1) 3Q14 & YTD14 results included unrealised forex impact of negative US$3m & positive US$1m respectively

Revenue and Core EBIT Margin Trend



APL Logistics' growth strategy on track

- Growth focus on core verticals of auto, consumer, industrials and retail
- Invest in and expand sales capability
- Upgrade operational platform to support growth
- Build M&A pipeline



Appendix

Group Financial Highlights

US$m	YTD14	YTD13	% ▲ Better/ (Worse)	3Q14	3Q13	% ▲ Better/ (Worse)
Revenue	**6,389**	6,497	(2)	**2,060**	2,062	-
Core EBITDA	**225**	143	57	**114**	99	15
Core EBIT (before non-recurring items)	**(59)**	(85)	31	**21**	22	(5)
Non-recurring items	**(5)**	198	n.m.	**(4)**	(2)	(100)
EBIT	**(64)**	113	n.m.	**17**	20	(15)
Net (loss)/profit to owners of the company [1]	**(175)**	61	n.m.	**(23)**	20	n.m.
Net (loss)/profit to owners of the company ex-NRI	**(170)**	(137)	(24)	**(19)**	22	n.m.

Note:
1) YTD13 results includes NRI of US$200m gain from sale of NOL building

Financial Highlights by Business Segment

Revenue (US$m)	YTD14	YTD13	% ▲ Better/ (Worse)	3Q14	3Q13	% ▲ Better/ (Worse)
Liner	**5,247**	5,407	(3)	**1,680**	1,712	(2)
Logistics	**1,201**	1,152	4	**399**	371	8
Elimination	**(59)**	(62)	5	**(19)**	(21)	10
Total Revenue	**6,389**	6,497	(2)	**2,060**	2,062	-

Core EBIT (US$m)	YTD14	YTD13	% ▲ Better/ (Worse)	3Q14	3Q13	% ▲ Better/ (Worse)
Liner	**(106)**	(130)	18	**6**	3	100
Logistics	**47**	45	4	**15**	19	(21)
Total Core EBIT	**(59)**	(85)	31	**21**	22	(5)

Liner Results Summary

US$m	YTD14	YTD13	% ▲ Better/ (Worse)	3Q14	3Q13	% ▲ Better/ (Worse)
Revenue	**5,247**	5,407	(3)	**1,680**	1,712	(2)
Core EBITDA	**169**	89	90	**96**	77	25
Core EBIT	**(106)**	(130)	18	**6**	3	100
EBIT[1]	**(110)**	40	n.m.	**2**	1	100
Core EBIT margin (%)	**(2.0)**	(2.4)		**0.4**	0.2	

Note:
1) YTD13 results includes NRI of US$172m, mainly from gain from sale of NOL building

Operational Update

Volume ('000 FEUs)	YTD14	YTD13	% ▲	3Q14	3Q13	% ▲
Transpacific	**610**	620	(2)	**192**	201	(4)
Intra-Asia	**918**	942	(3)	**282**	282	-
Asia-Europe	**325**	310	5	**105**	100	5
Latin America	**138**	147	(6)	**42**	47	(11)
Transatlantic	**102**	127	(20)	**25**	39	(36)
Total	**2,093**	2,146	(2)	**646**	669	(3)

Average Revenue/FEU (US$)	YTD14	YTD13	% ▲	3Q14	3Q13	% ▲
Transpacific	**3,345**	3,478	(4)	**3,393**	3,506	(3)
Intra-Asia	**1,363**	1,412	(3)	**1,414**	1,348	5
Asia-Europe	**2,428**	2,331	4	**2,444**	2,428	1
Latin America	**3,168**	3,424	(7)	**3,120**	3,211	(3)
Transatlantic	**2,785**	2,695	3	**2,974**	2,794	6
Total	**2,294**	2,355	(3)	**2,343**	2,372	(1)

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

Logistics Results Highlights

US$m	YTD14	YTD13	% ▲ Better/ (Worse)	3Q14	3Q13	% ▲ Better/ (Worse)
Revenue	**1,201**	1,152	4	**399**	371	8
Core EBITDA	**56**	54	4	**18**	22	(18)
Core EBIT	**47**	45	4	**15**	19	(21)
EBIT [1]	**46**	73	(37)	**15**	19	(21)
Core EBIT margin (%)	**3.9**	3.9		**3.8**	5.1	

Note:
1) YTD13 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

Neptune Orient Lines Ltd
9 North Buona Vista Drive,
#14-01 Metropolis Tower 1
Singapore 138588
Tel: (65) 6278 9000
Fax: (65) 6278 4900
Company registration
number : 196800632D
Website: www.nol.com.sg