1H & 2Q 2015 Performance Review

30 July 2015

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.

2Q15 Group Key Highlights

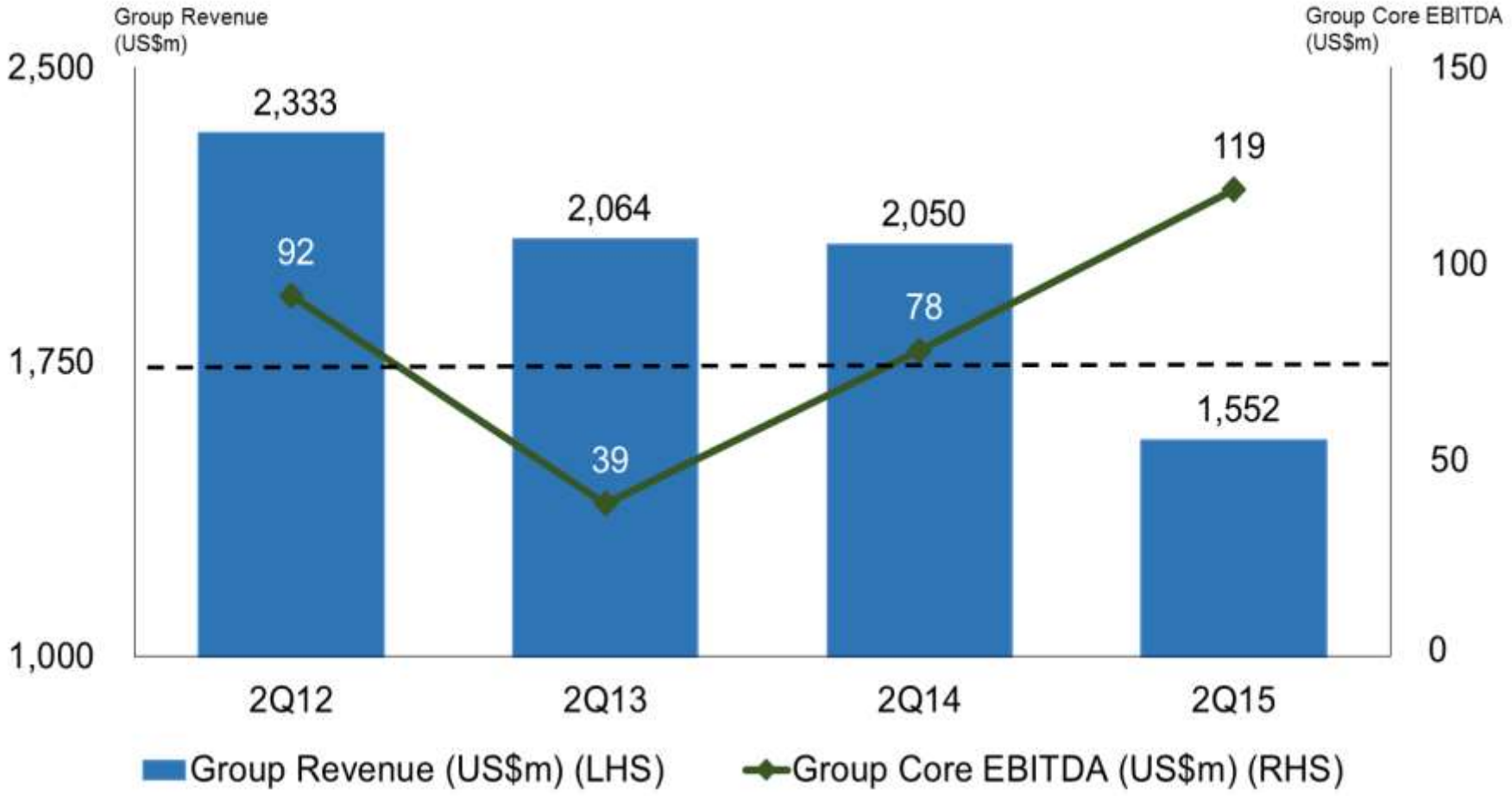
- Achieved Net Profit After Tax of US$890m, including US$887 million one-time gain on sale of APL Logistics

- Excluding the one-time gain,
  - Group achieved net profit of US$3m, compared to a net loss of US$54m in 2Q14
  - Group's Core EBITDA improved by US$41m YoY to US$119m
  - Group registered positive Core EBIT of US$29m, compared to a negative of US$15m in 2Q14

- Improvements in Liner business continue due to
  - Stringent cost focus: achieved US$100m cost savings
  - Yield-focused trade strategy
    - Network rationalisation
    - Better cargo selection

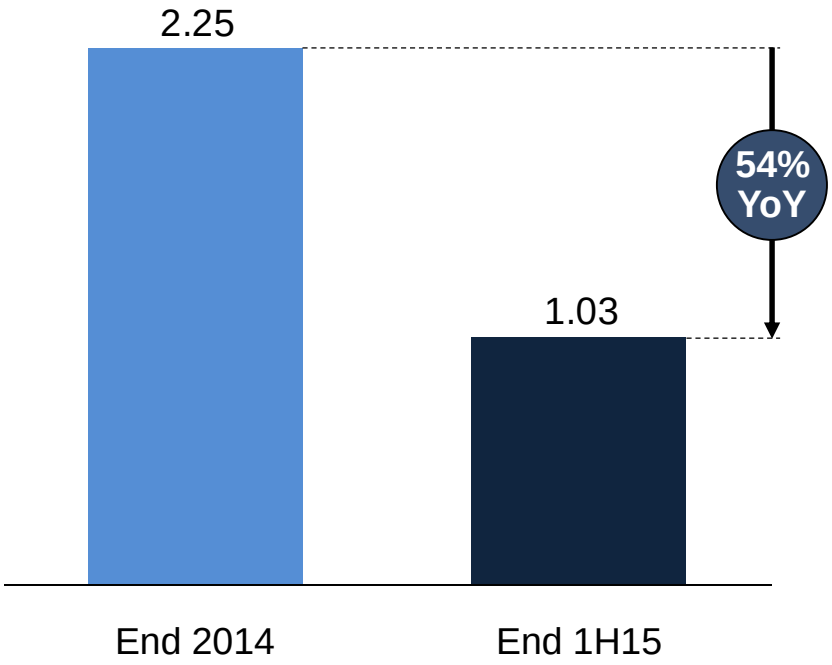
- US$1.238b sales proceeds used to reduce debt. Consequently, Group net debt down to US$2.7b; net gearing ratio down to 1.03x as at 26 Jun 2015

Despite lower revenue, Group Core EBITDA continued to improve due to better efficiencies and yield management

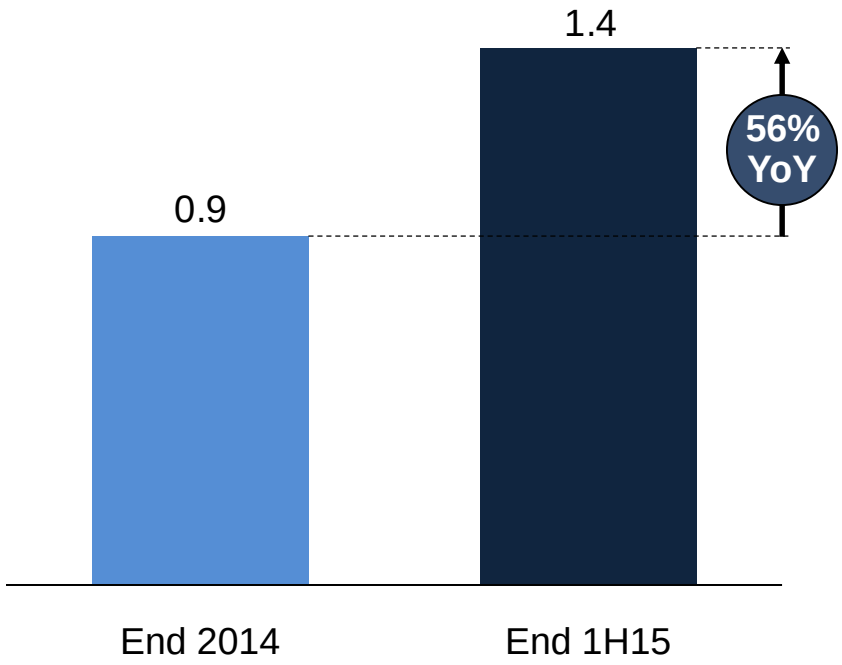


Group strengthened financial position post-APL Logistics sale of US$1.2 billion

Net Debt to Equity (Times)

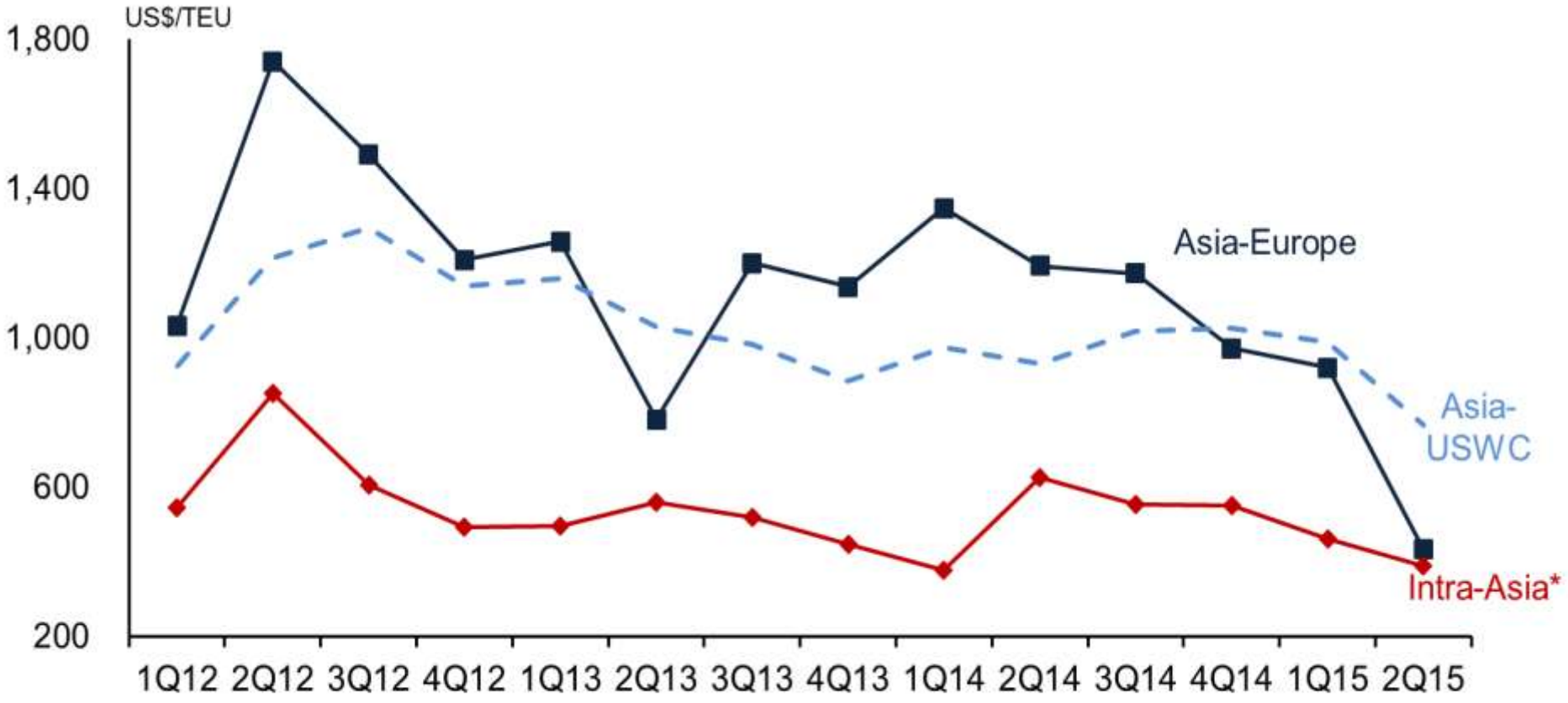


NAV per share (S$)



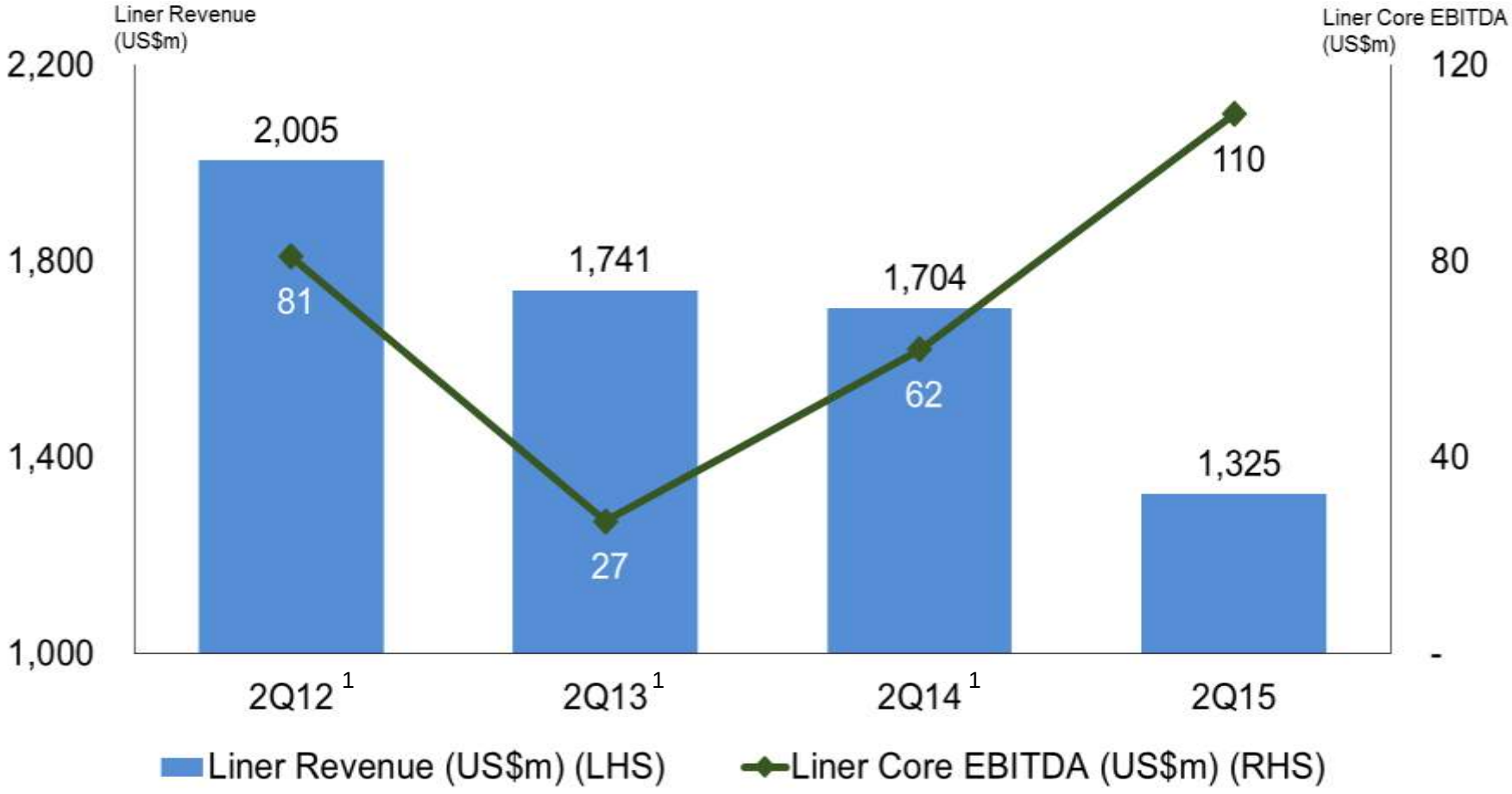
Container shipping business

Freight rates fell across major trade lanes to multi-years low…



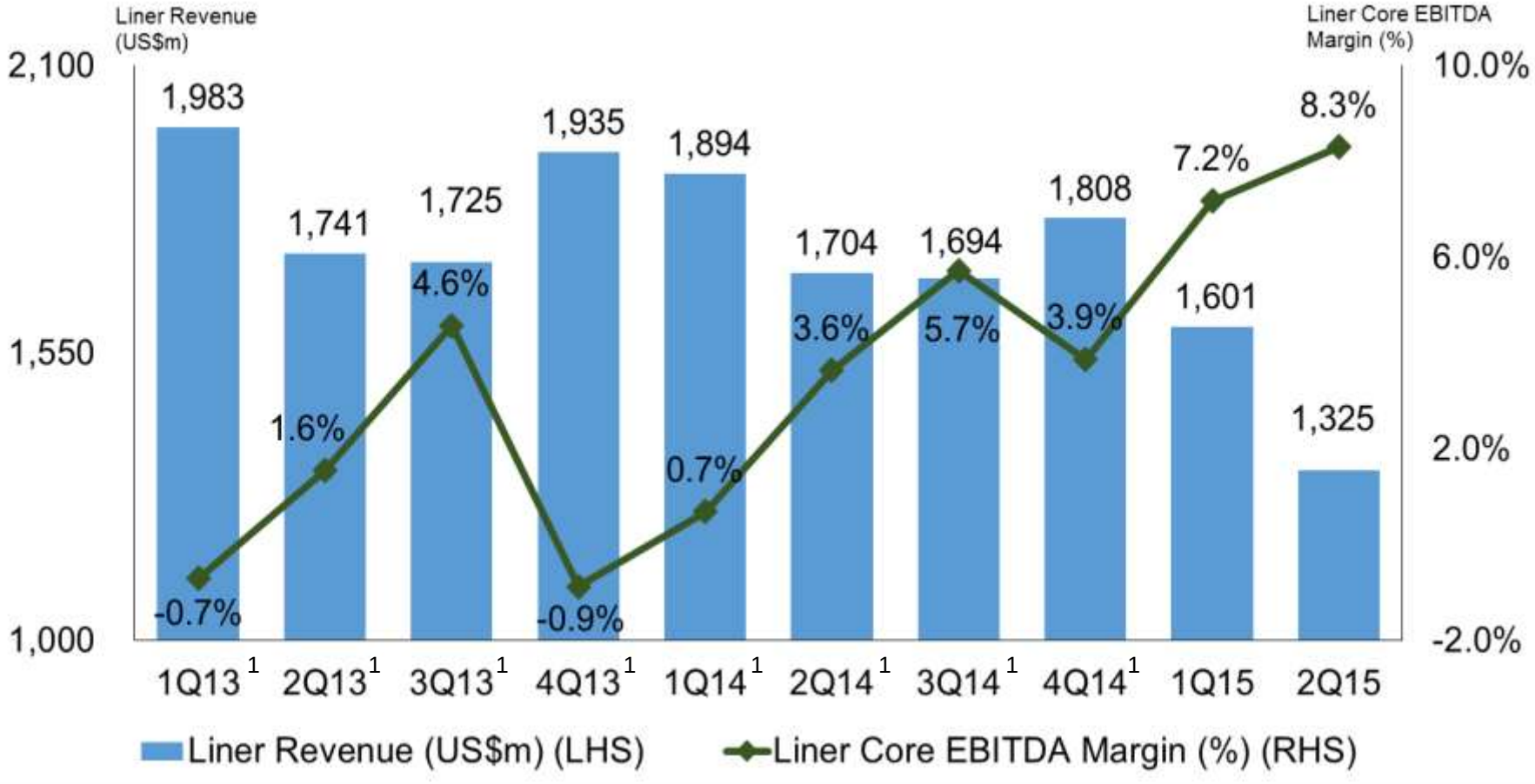
Source: Clarksons Shipping Intelligence
** Based on blended average of Shanghai to Persian Gulf and Shanghai to South-East Asia.*

…combined with weak demand, Liner revenue faced downward pressure. But Liner operating performance continued to improve



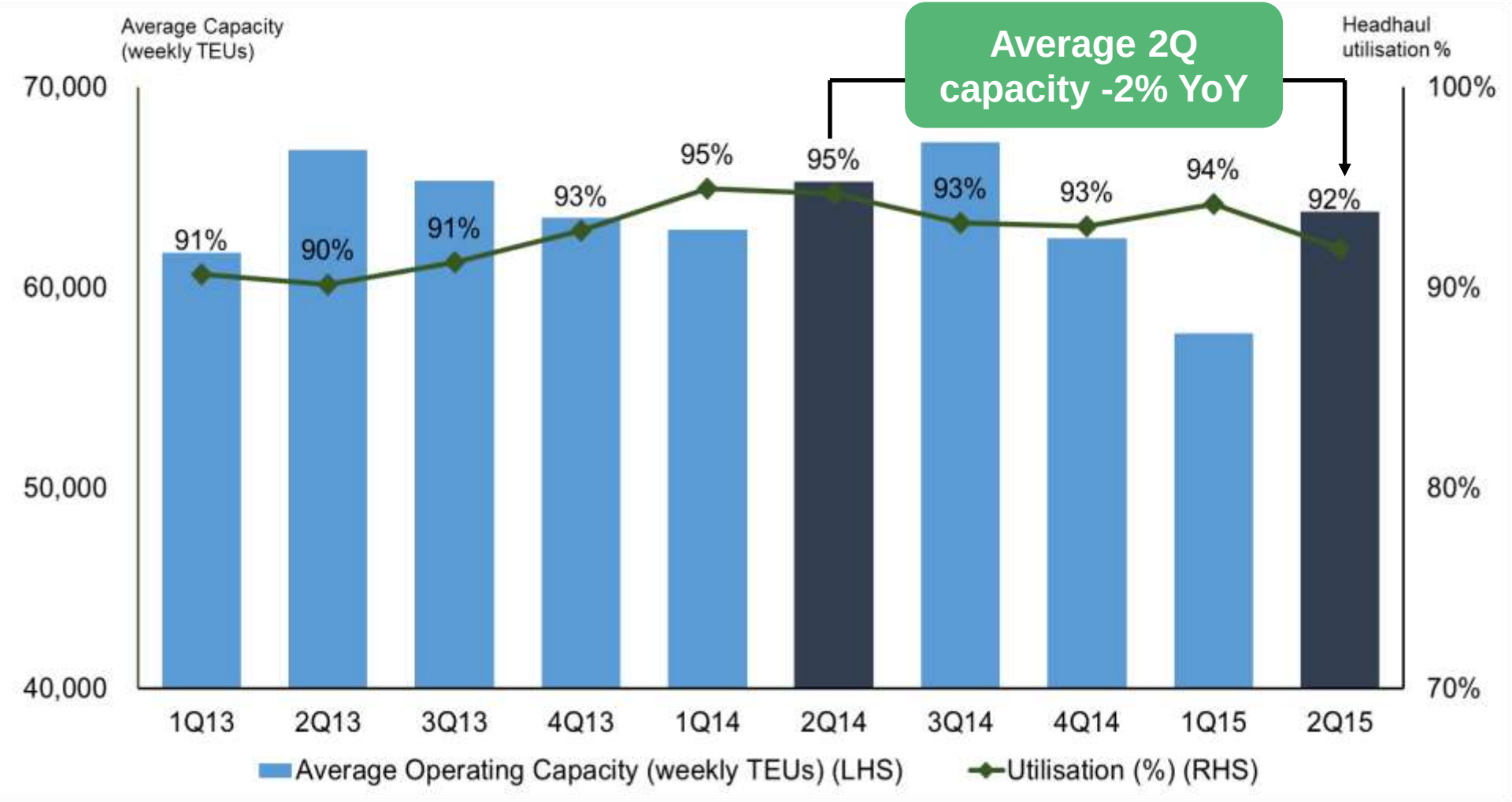
Note:
1. 2012, 2013 and 2014 Liner numbers have been restated for comparative purpose.

Despite challenging operating environment, Liner Core EBITDA margin continued to post consecutive YoY improvement



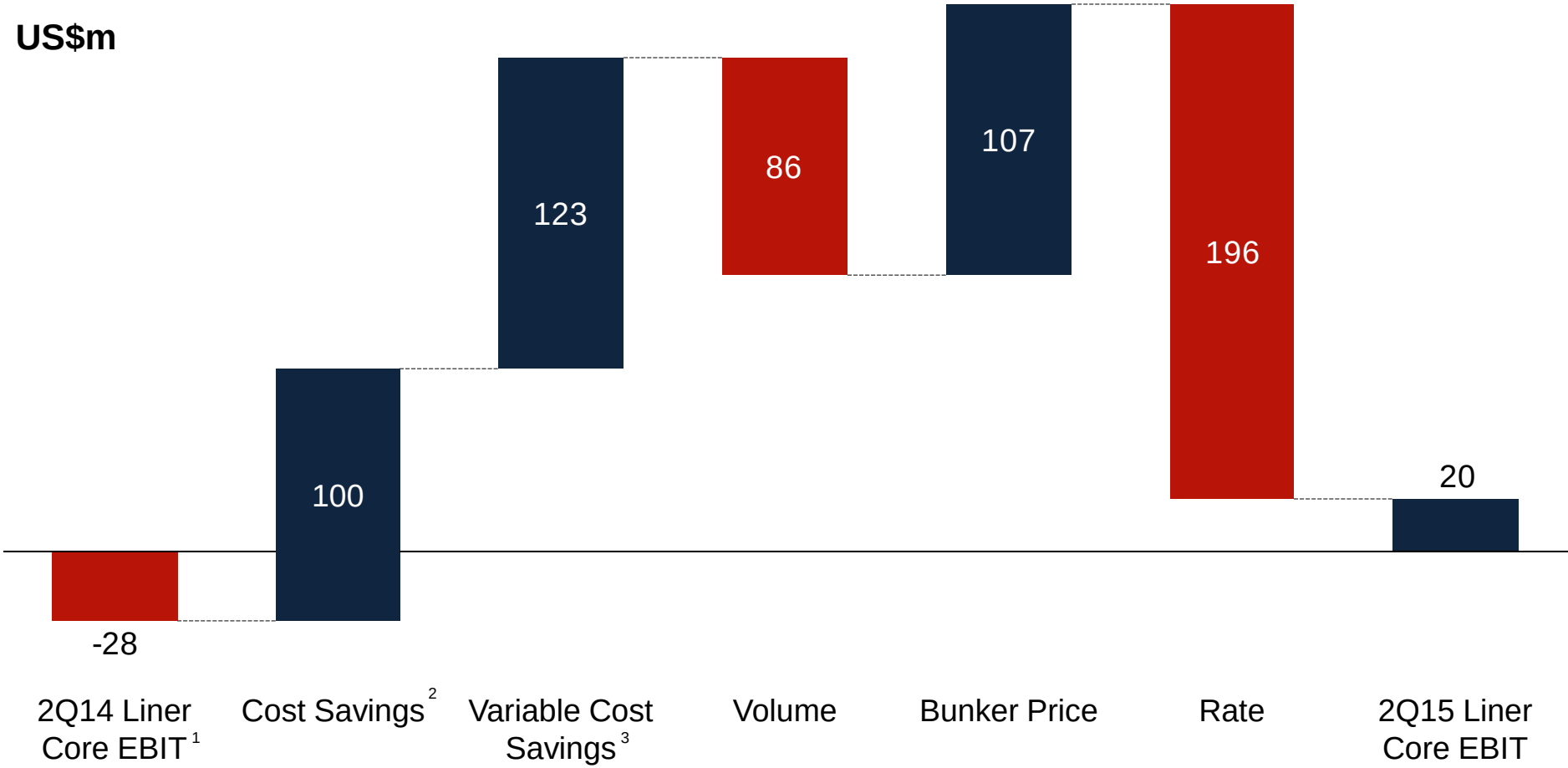
Note:
1. 2013 and 2014 Liner numbers have been restated for comparative purpose.

Utilisation rate remained >90% despite industry overcapacity



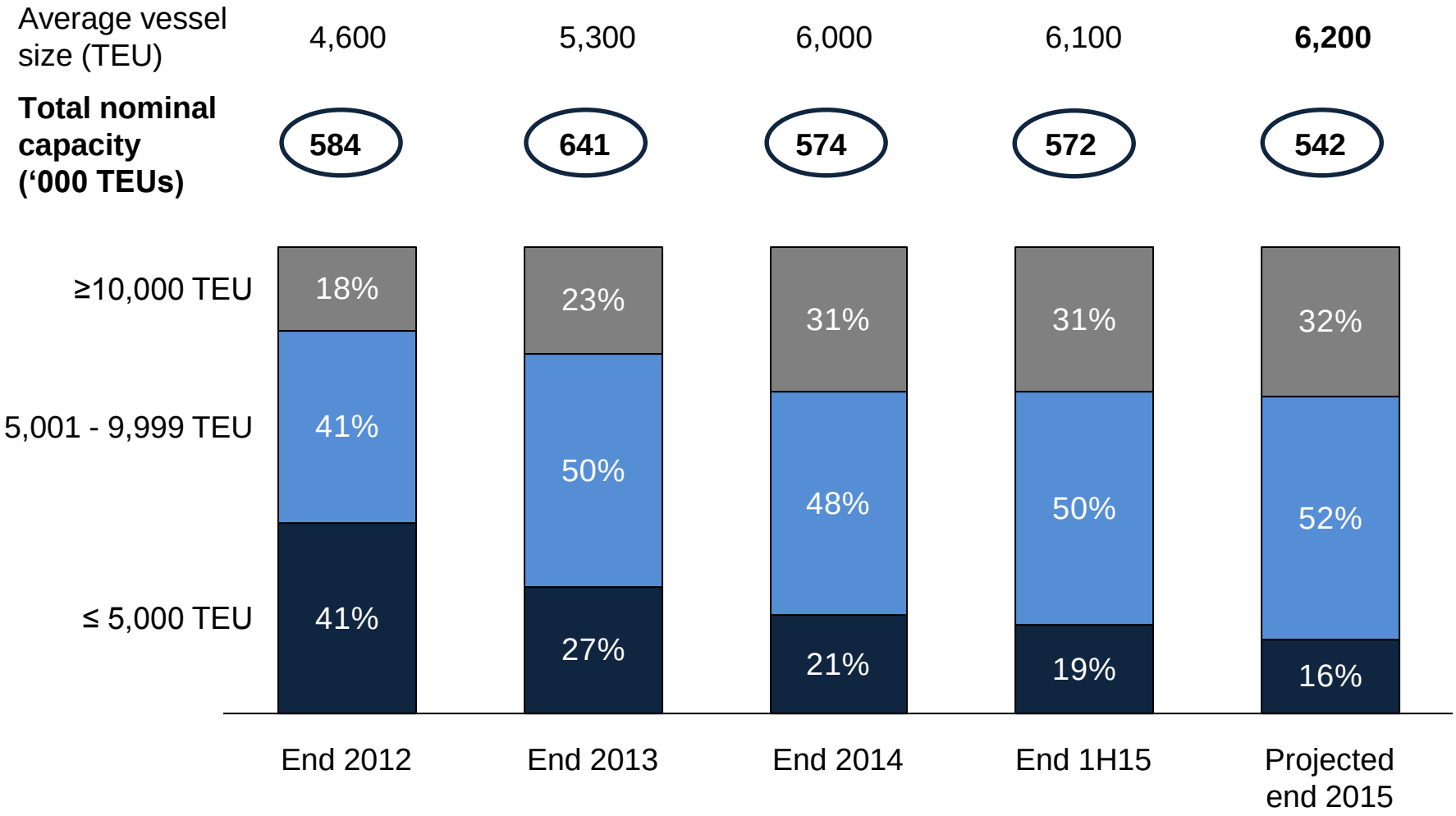
Notes: Figures are based on the headhaul leg of main linehaul services.
The capacity figures take into account "winter program" initiations.

Operational cost & yield management helped to offset volume & rate fall



Notes:
1. 2014 Liner Core EBIT has been restated for comparative purpose.
2. Out of US$100m cost savings achieved in 2Q15, US$50m was attributed to network optimization, US$43m by charter expiries and remaining US$7m from cargo handling.
3. Improved variable costs per FEU from targeted cargo selection, yield management and on-time fleet performance, e.g. less inland transportation expenses, terminal handling and port expenses incurred.

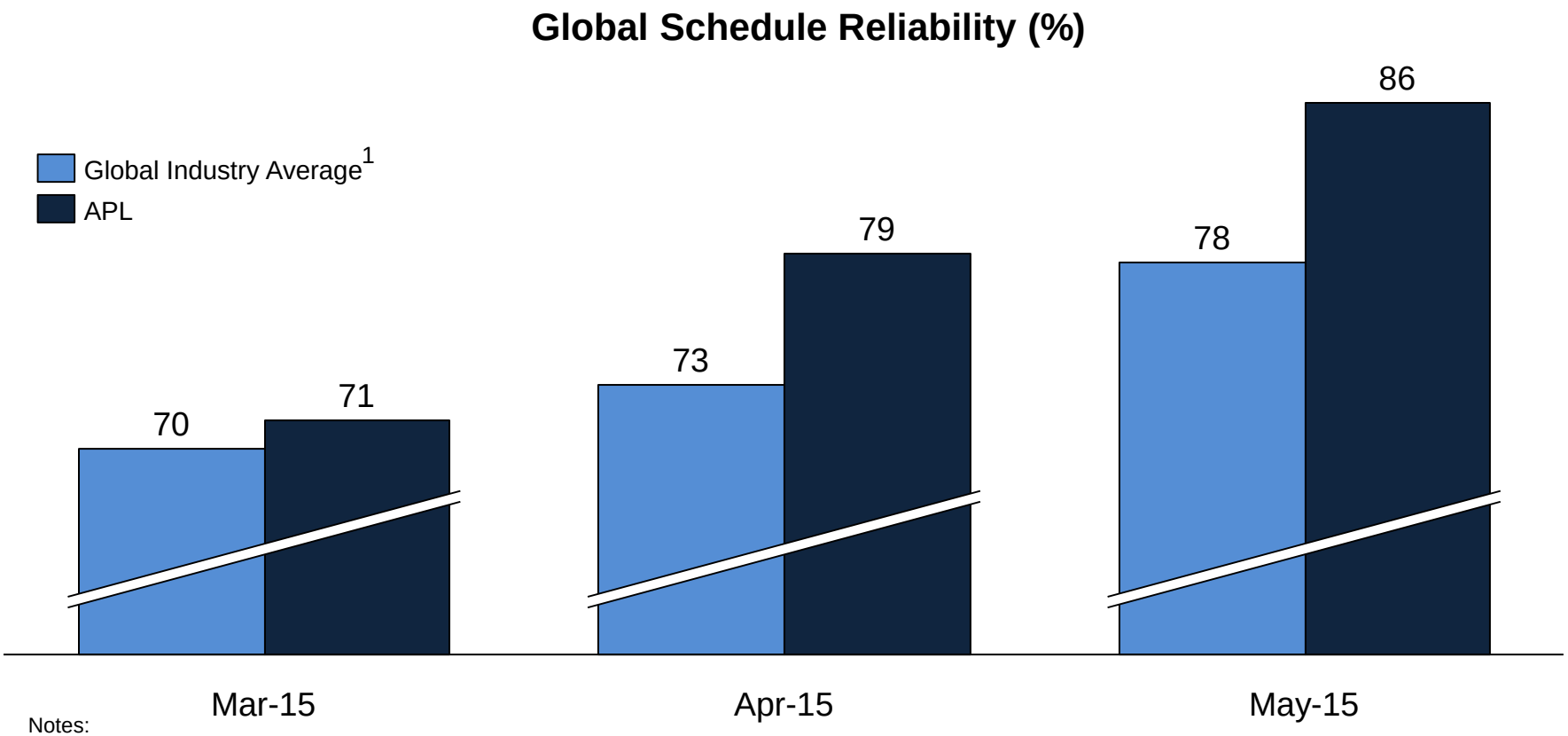
Fleet's market-competitiveness to improve further with 9 scheduled charter expiries in 2H15



Drive towards operational excellence: improved general schedule reliability in 2Q15

"APL was the most reliable carrier in May 2015.."

- SeaIntel Maritime Analysis Global Liner Performance Report (June 2015)



Notes:

1. Global industry average is tabulated by SeaIntel who measures all vessel arrivals recorded in SeaIntel's Global Liner Performance database.
2. Source: SeaIntel Maritime Analysis June 2015

Group commentary

The Group's continuous focus on cost and yield management has helped to mitigate the effects of steep freight rate decline in the second quarter. Global economic prospects and freight rate increases remain uncertain. Freight rates will continue to face downward pressure due to persistent overcapacity and weak trade growth. The Group will continue its focus on managing costs, increasing yields and adjusting its liner network capacity to improve profitability.

End of Presentation
Thank You

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Appendix

Group Financial Highlights

US$m	1H15	1H14	% ▲ Better/ (Worse)	2Q15	2Q14	% ▲ Better/ (Worse)
Revenue	**3,537**	4,329	(18)	**1,552**	2,050	(24)
Core EBITDA	**252**	111	127	**119**	78	53
Core EBIT	**59**	(80)	n.m.	**29**	(15)	n.m.
EBIT	**950**	(81)	n.m.	**922**	(16)	n.m.
Net profit/(loss) to owners of the company	**879**	(152)	n.m.	**890**	(54)	n.m.
One-time gain on sale of APL Logistics	**887**	-	100	**887**	-	100
Net (loss)/profit to owners of the company (before one-time gain on sale of APL Logistics)	**(8)**	(152)	95	**3**	(54)	n.m.

Group Balance Sheet Highlights

US$m	26 Jun 15	26 Dec 14
Total Assets	7,671	9,100
Total Liabilities	5,008	7,292
Total Equity	2,663	1,808
Total Debt	3,424	5,291
Total Cash	682	1,226
Net Debt	2,742	4,065
Gearing (Gross)	1.29 x	2.93 x
Gearing (Net)	1.03 x	2.25 x
NAV per share (US$)	1.02	0.67
(S$)	1.37	0.89

Group Cash Flow Highlights

US$m	1H15	1H14
Cash & Cash Equivalents – Beginning @ Q1	**1,226**	**981**
Cash Inflow / (Outflow)		
Operating Activities	228	(41)
Investing/Capex Activities	1,048[1]	(270)
Financing Activities	(1,820)	148
Cash & Cash Equivalents – Closing @ Q2	**682**	**819**

Notes:
[1] Includes net proceeds from disposal of APL Logistics.
Total may not sum up due to rounding.

Group Capital Expenditure

US$m	1H15	1H14
1. Vessels	10	247
2. Equipment / Facilities	15	5
3. Drydock	21	7
4. IT	33	20
5. Others	4	8
Total	**83**	**287**

Liner Results Summary

US$m	1H15	1H14[1]	% ▲ Better/ (Worse)	2Q15	2Q14[1]	% ▲ Better/ (Worse)
Revenue	**2,926**	3,598	(19)	**1,325**	1,704	(22)
Cost of Sales	**2,638**	3,461	24	**1,193**	1,603	26
Core EBITDA	**225**	75	200	**110**	62	77
Core EBIT	**33**	(110)	n.m.	**20**	(28)	n.m.
EBIT	**37**	(110)	n.m.	**26**	(29)	n.m.
Core EBIT margin (%)	**1.1**	(3.1)		**1.5**	(1.7)	
Volumes ('000 FEUs)	**1,249**	1,447	(14)	**582**	662	(12)
Average Rev/FEU (US$)	**2,003**	2,273	(12)	**1,933**	2,320	(17)
Cost of Sales/FEU (US$)	**2,112**	2,392	12	**2,050**	2,421	15

Note:
1. 2014 Liner numbers have been restated for comparative purpose.

Liner Operational Update

Volume ('000 FEUs)	1H15	1H14	% ▲	2Q15	2Q14	% ▲
Transpacific	347	418	(17)	167	194	(14)
Intra-Asia	590	636	(7)	273	292	(7)
Asia-Europe	206	220	(6)	94	101	(7)
Latin America	81	96	(16)	37	43	(14)
Transatlantic	25	77	(68)	11	32	(66)
Total	**1,249**	**1,447**	**(14)**	**582**	**662**	**(12)**

Average Revenue/FEU (US$)	1H15	1H14	% ▲	2Q15	2Q14	% ▲
Transpacific	3,116	3,324	(6)	3,075	3,361	(9)
Intra-Asia	1,223	1,340	(9)	1,178	1,430	(18)
Asia-Europe	1,910	2,421	(21)	1,671	2,433	(31)
Latin America	2,912	3,190	(9)	2,744	3,089	(11)
Transatlantic	2,788	2,723	2	2,884	2,771	4
Total	**2,003**	**2,273**	**(12)**	**1,933**	**2,320**	**(17)**

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

Logistics Results Summary

(Discontinued Operations)

US$m	1H15	1H14[1]	% ▲ Better/ (Worse)	2Q15	2Q14[1]	% ▲ Better/ (Worse)
Revenue	**643**	767	(16)	**237**	362	(35)
Core EBITDA	**27**	36	(25)	**9**	16	(44)
Core EBIT	**26**	30	(13)	**9**	13	(31)
EBIT	**913**	29	3,048	**896**	13	6,792
Core EBIT margin (%)	**4.0**	3.9		**3.8**	3.6	

Note:
1. 2014 Logistics numbers have been restated for comparative purpose.