Proposed Divestment of APL Logistics

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Agenda

- Proposed Divestment of APL Logistics
- Financial Details
- APL Logistics



Ng Yat Chung
Group President & CEO

Divestment of APL Logistics

- NOL has entered into a transaction to divest APL Logistics to Kintetsu World Express (KWE) for US$1.2b
- Unlock full value of APL Logistics for shareholders
- NOL to reduce debt and strengthen balance sheet
- Enable APL Logistics grow to its full potential
- Proposed divestment will enable NOL to focus on container shipping business
- Subject to shareholder and regulatory approvals

NOL Group at a glance



APL

Liner Business
81% of Group Revenue

- US$7.0 billion in revenue (FY2014)
- Top 10 containership operator
- Global customer base in almost 100 countries
- Over 3.400 employees

APL Logistics

Logistics Business
19% of Group Revenue

- US$1.7 billion in revenue (FY2014)
- Leading provider of end-to-end worldwide supply chain management solutions
- 110 offices/agents in over 60 countries
- Over 6.000 employees

Rationale

- Longstanding external interest in APL Logistics
- Limited resources to grow both Liner and Logistics
- Group reviewed all options, including possible sale or IPO of APL Logistics
- Sale enables Logistics to grow & unlock embedded value for shareholders
- Proceeds to reduce debt
- Group will halve net gearing from 2.25x to 1.08x (proforma end-2014)

No dis-synergy from divestment

- Inter-company trade revenue between APL and APL Logistics was about US$70m in FY14
- Transactions between APL & APL Logistics are at arm's length
- APL and APL Logistics to continue strong business relationship

Post transaction: Focus on liner shipping

- Liner has steadily improved although not yet profitable
- Return Liner to sustained profitability:
  - Competitive cost structure
  - Superior operational efficiency
  - Strong financial position



Cedric Foo
Group Deputy President
& CFO

Robust bid process

- NOL has been evaluating options for APL Logistics
- An auction process was conducted across North America, EMEA and Asia
- Many parties expressed interest and submitted bids
- KWE was selected as the preferred buyer for APL Logistics as they submitted the highest bid of US$1.2b and has the best closure certainty
- KWE is well placed to support the growth ambition of APL Logistics

US$1.2b purchase price unlocks the value of APL Logistics

	Mean EV/EBITDA trailing multiple (x)	Implied Value (US$)
Precedent M&A transactions *	9.6	~800m
Precedent Logistics IPO **	9.8	~800m
Public trading comparables ***	11.4	~900m

- Purchase price of US$1.2b represents a 15x multiple to APLL Group's reported core EBITDA of US$80m for FY2014
- Purchase price compares favorably against precedent transactions and public logistics trading comparables
- Subject to shareholder and regulatory approvals

* Mean EBITDA multiple for precedent logistics transactions
** Kerry Logistics IPO at 9.8x EV/EBITDA and listed on the HKSE on 19 Dec 2013
*** Mean 2014 EBITDA multiple

Use of net proceeds to strengthen financial position

- NOL Group's net gearing ratio (net borrowings to total equity) pro-forma as at the end of 2014 reduces from 2.25 to 1.08
- Net gain from divestment pro-forma as at the end of 2014 is US$0.9b

Test Ratio	NOL Group	APLL Group	Materiality Ratio
NAV as at 26 December 2014	USD1,750 million	USD241 million	14%
Net (loss)/ profits before income tax, minority interests and extraordinary items for FY2014	USD(217) million	USD73 million	(34)%
Purchase Price to market capitalisation of NOL as at 16 February 2015	USD1,879 million	USD1,200 million	64%



Beat Simon
President, APL Logistics

Full management support

- KWE support for APL Logistics vertical strategy
- Established logistics company with strong fundamentals
- Expanded reach and expertise
- Expressed intention to run APL Logistics as a separate unit, headquartered in Singapore
- Continue close working relationship with APL

Building on APL Logistics' success

- Grown nearly 5x times since 2000 incorporation to US$1.7b revenues in FY2014
- Ambition to deliver a global growth plan
- Focus on Automotive, Consumer, Retail and Industrials verticals to deliver growth goal
- Continued investment to build & sustain momentum

End of Presentation
Thank You

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Appendix

About NOL

Neptune Orient Lines (NOL) is a Singapore-based global container shipping and logistics company. Its container shipping arm, APL, provides world-class container shipping and terminal services, as well as intermodal operations supported by leading-edge IT and e-commerce. Its logistics business, APL Logistics, provides international, end-to-end logistics services and solutions, employing the latest IT and data connectivity for maximum supply chain visibility and control. NOL Web site: www.nol.com.sg.

About APL Logistics

APL Logistics is a global supply chain specialist in the Auto, Consumer, Industrials and Retail verticals. It provides a comprehensive range of origin and destination services in over 60 countries, including freight and transportation management, customs brokerage, warehousing, distribution and supply chain consulting. APL Logistics offers customised technology solutions and applications that help customers analyse and optimise their supply chains. APL Logistics is a unit of Singapore-based Neptune Orient Lines (NOL), a global transportation and logistics company