



1st Quarter 2004 Performance Review

13 May 2004





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 assumption of the 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.



Contents of Presentation

1. 1Q04 Group Financial Performance

Presented by:

NOL Group CFO, Mr. Lim How Teck

NOL Group: Financial Highlights (US\$)

	1Q04*	1Q03	Change
➤ Turnover	\$1,553m	\$1,342 m	16%
➤ Core EBITDA	\$245 m	\$124 m	98%
• Depreciation & Amortisation**	(\$69 m)	(\$82 m)	
➤ Core EBIT	\$176 m	\$42 m	319%
• Net Interest Expense	(\$23 m)	(\$29 m)	
• Tax	(\$1 m)	(\$3 m)	
➤ Profit (Loss) before EI***	\$152 m	\$9 m	1,589%
• Exceptional Items	\$11 m	\$11 m	
➤ Net Profit (Loss)	\$163 m	\$20 m	705%

* NOL's 1Q04 results was from 27 Dec 2003 to 2 April 2004

** Part of the amortisation has been classified under exceptional items - US\$2m in 1Q03

*** EI = Exceptional Items

NOL Group: Exceptional Items (US\$)

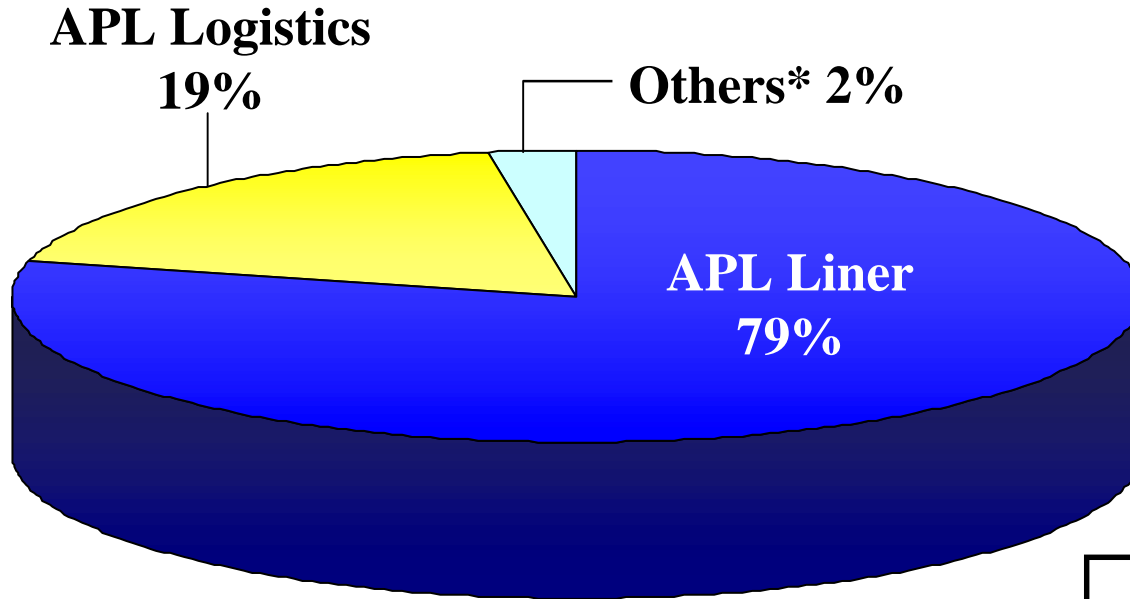
	1Q04	1Q03
1. Gain from asset disposals	\$8 m	\$13 m
2. Additional write-down of goodwill	-	(\$2m)
3. Others	\$3 m	-
Total	\$11 m	\$11 m

NOL Group: Balance Sheet (US\$)

	2 Apr'04	26 Dec'03
Total Assets	\$4,220 m	\$4,064 m
Total Liabilities	\$2,749 m	\$2,760 m
Total Equity	\$1,471 m	\$1,304 m
Total Debt	\$1,279 m	\$1,252 m
Gearing (Gross)	0.87	0.96
Gearing (Net)	0.40	0.54

Turnover by Business Units

1Q04 Total Turnover : US\$1,553 million, up 16%



1Q03 Turnover Breakdown:

Total : US\$1,342 m

APL Liner	:	72%
APL Logistics	:	17%
Others*	:	11%

** Others include Chartering turnover*

Turnover by Business Units (US\$)

1Q04 Financial Performance

	1Q04	1Q03	Change
APL Liner	\$1,231 m	\$957 m	29%
APL Logistics	\$288 m	\$231 m	25%
Others*	\$55 m	\$185 m	(70%)
Interco Elimination	(\$21 m)	(\$31 m)	32%
Total Turnover	\$1,553 m	\$1,342 m	16%

** Others include Chartering operations*

(AET and NAS were sold on 22 July 2003 and 16 March 2004 respectively)

Core EBIT by Business Units (US\$)

	1Q04	1Q03	Change
APL Liner	\$176 m	\$5 m	3,420%
APL Logistics	\$3 m	(\$1 m)	n.m.
Others*	(\$3 m)	\$38 m	n.m.
Total Core EBIT	\$176 m	\$42 m	319%

** Others include Chartering operations*

(AET and NAS were sold on 22 July 2003 and 16 March 2004 respectively)

NOL Group: Capital Expenditure (US\$)

1Q04 & Outlook

	1Q04	2Q04-4Q04	FY04
1. Vessels	\$1 m	\$6 m	\$7 m
2. Equipment	\$52 m	\$132 m	\$184 m
3. Drydock	\$4 m	\$9 m	\$13 m
4. IT	\$3 m	\$25 m	\$28 m
5. Others	\$3 m	\$9 m	\$12 m
Total	\$63 m	\$181 m	\$244 m



Contents of Presentation

2. Business Segment Review

- **APL Liner**
- **APL Logistics**

Presented by:

APL CEO, Mr. Ronald Widdows

APL Liner Profit & Loss Summary (US\$)



1Q04 Financial Performance

	1Q04	1Q03	Change
➤ Turnover	\$1,231 m	\$957 m	29%
➤ Core EBITDA	\$233 m	\$58 m	302%
• Depreciation & Amortisation	(\$57 m)	(\$53 m)	
➤ Core EBIT	\$176 m	\$5 m	3,420%

APL Liner: Volume Handled ('000 FEUs)

Region
<ul style="list-style-type: none"> Americas <ul style="list-style-type: none"> <i>Trans-Pacific</i> <i>Latin America</i> Europe <ul style="list-style-type: none"> <i>Asia Europe</i> <i>Transatlantic</i> Asia/Middle East
Total

1Q04	1Q03	Change
211	192	10%
<i>175</i>	<i>163</i>	<i>7%</i>
<i>36</i>	<i>29</i>	<i>24%</i>
112	105	7%
<i>86</i>	<i>78</i>	<i>10%</i>
<i>26</i>	<i>27</i>	<i>(4%)</i>
119	100	19%
442	397	11%

APL Liner: Trade Imbalance

Full Backhaul for every 10 FEUs Full Headhaul

<u>Trade</u>	<u>FY02</u>	<u>FY03</u>	<u>1Q04</u>
• Trans-Pacific	6	5*	6
• Latin America	7	7	7
• Asia Europe	8	7	8
• Transatlantic	7	8	8

* *Reduced Trans-Pacific Westbound volume by design to focus on high-yield cargo*

APL Liner: Average Revenue Per FEU (US\$/FEU)*

Region
• Americas
• Europe
• Asia/Middle East
Total

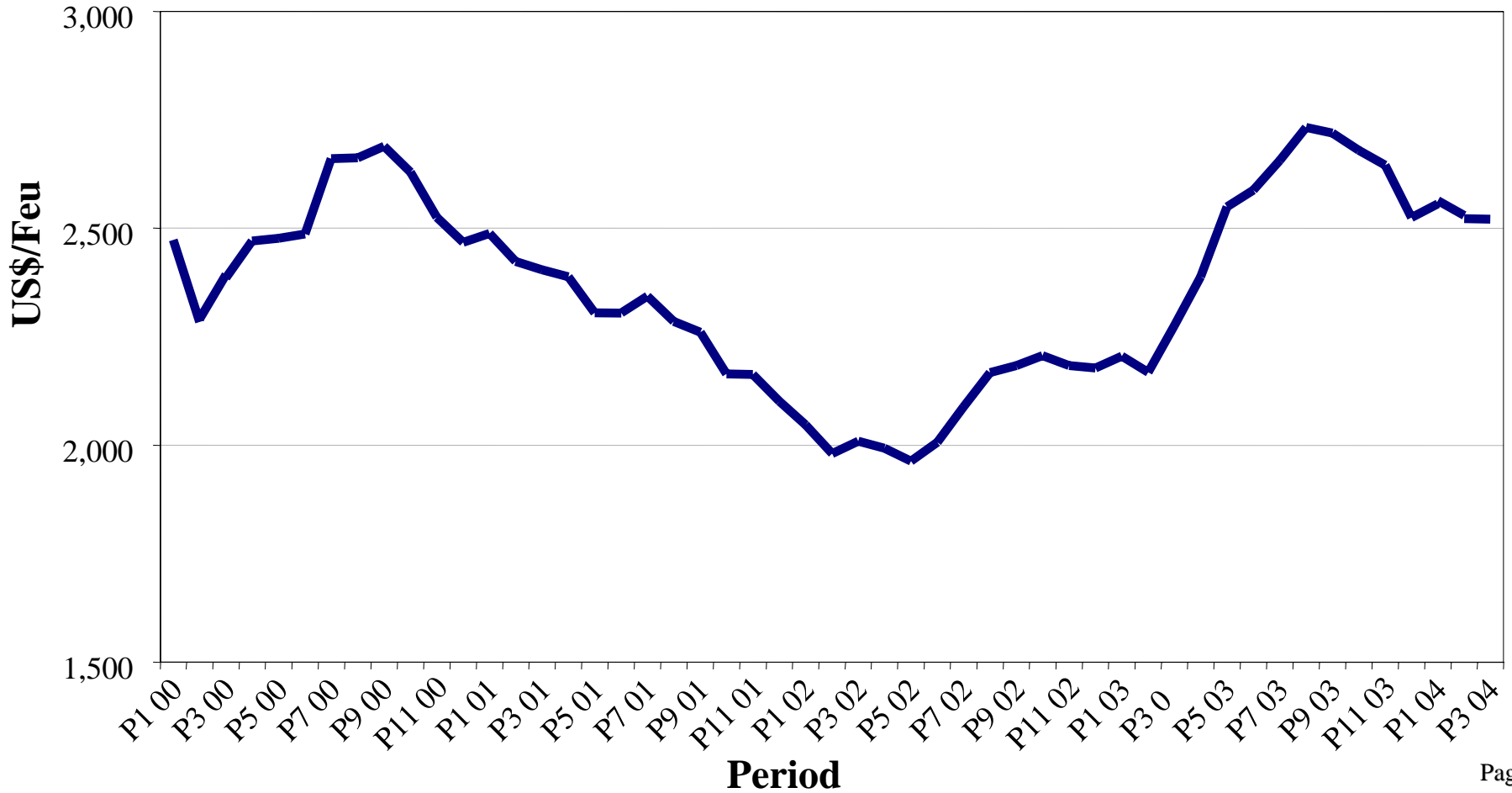
1Q04	1Q03	Change
\$3,084	\$2,639	17%
\$2,437	\$2,180	12%
\$1,680	\$1,466	15%
\$2,543	\$2,223	14%

* Reflects both Eastbound and Westbound blended rates for all trades touching major geographies

APL Liner: Rates Development

Average revenue per FEU was lower as APL increased volumes in Intra-Asia long-haul and Trans-Pacific and Asia Europe backhauls, which, while lower-rated, resulted in a more optimal mix

APL Average Revenue/FEU



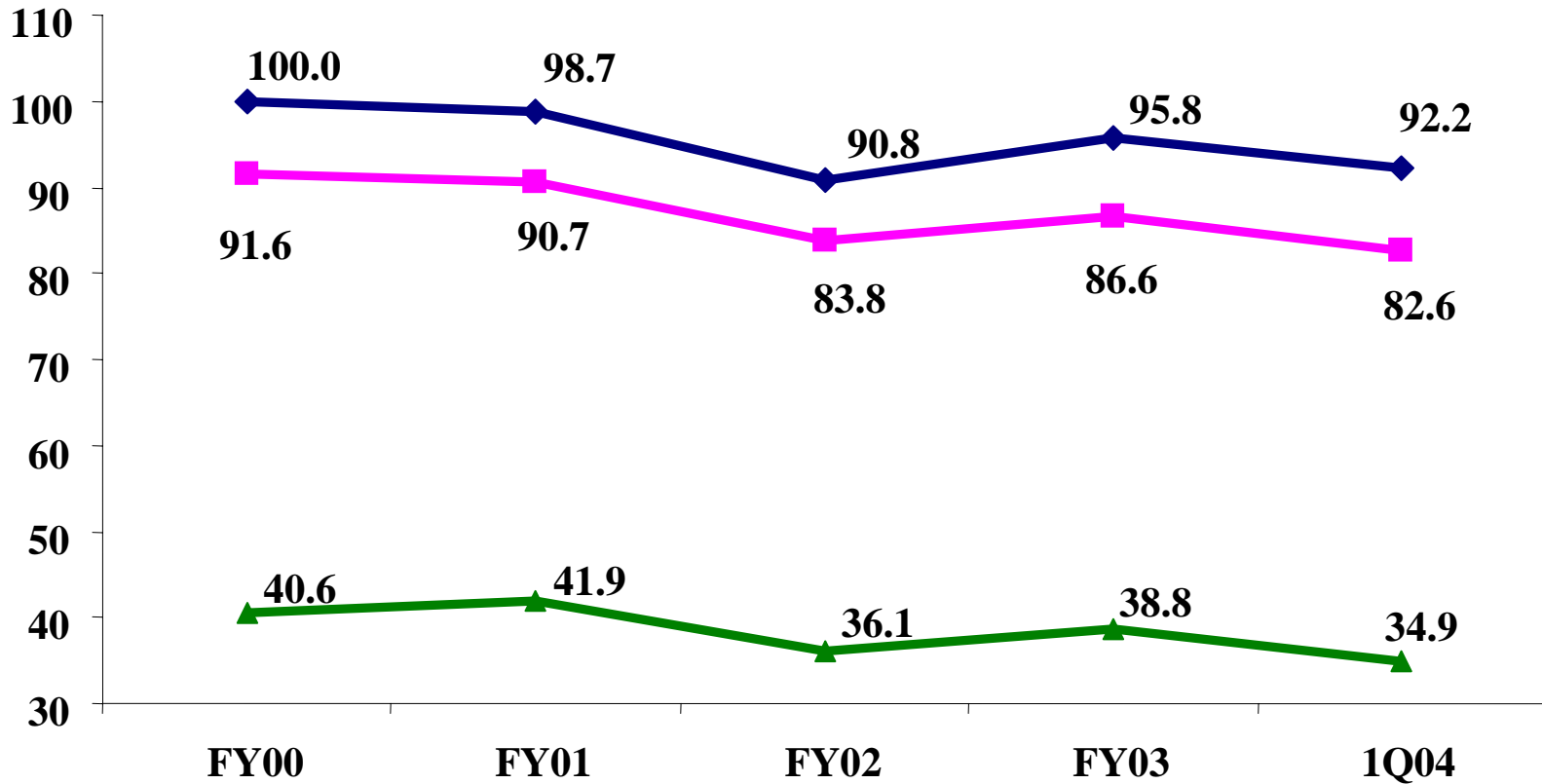
APL Liner: 2004 Planned Freight Rates Increase (US\$)



<u>Announced by Trade Conferences</u>	<u>Scheduled (Dry/Reefer)</u>
Asia to Europe westbound	
-1 July 2004	\$300/TEU
-1 October 2004	To be confirmed
Europe to Asia eastbound	
- 1 June 2004	\$150/Box
- 1 October 2004	\$150/Box
US to Europe eastbound	
-1 July 2004	To be confirmed
-1 October 2004	To be confirmed
Europe to US westbound	
-1 July 2004	To be confirmed
Intra-Asia	
- 1 June 2004	\$50/TEU (Dry) \$100/TEU (Reefer)
- 1 Sept 2004	\$50/TEU
Intra-Asia (IRA, Gulf)	
- 1 April 2004	\$200/TEU
-1 July 2004	\$200/TEU
Intra-Asia (IRSA, Red Sea)	
- 15 July 2004	\$150/TEU
Transpacific westbound	
- 1 June 2004 (Canada only)	\$200/FEU (Dry)
- 1 July 2004	\$200/FEU (Dry)
- May – July 2004 (US- various commodities)	\$100 -\$250/TEU (Reefer)
- 1 July 2004 (Canada only)	\$200/TEU (Reefer)

APL Liner: Cost / FEU (Indexed)

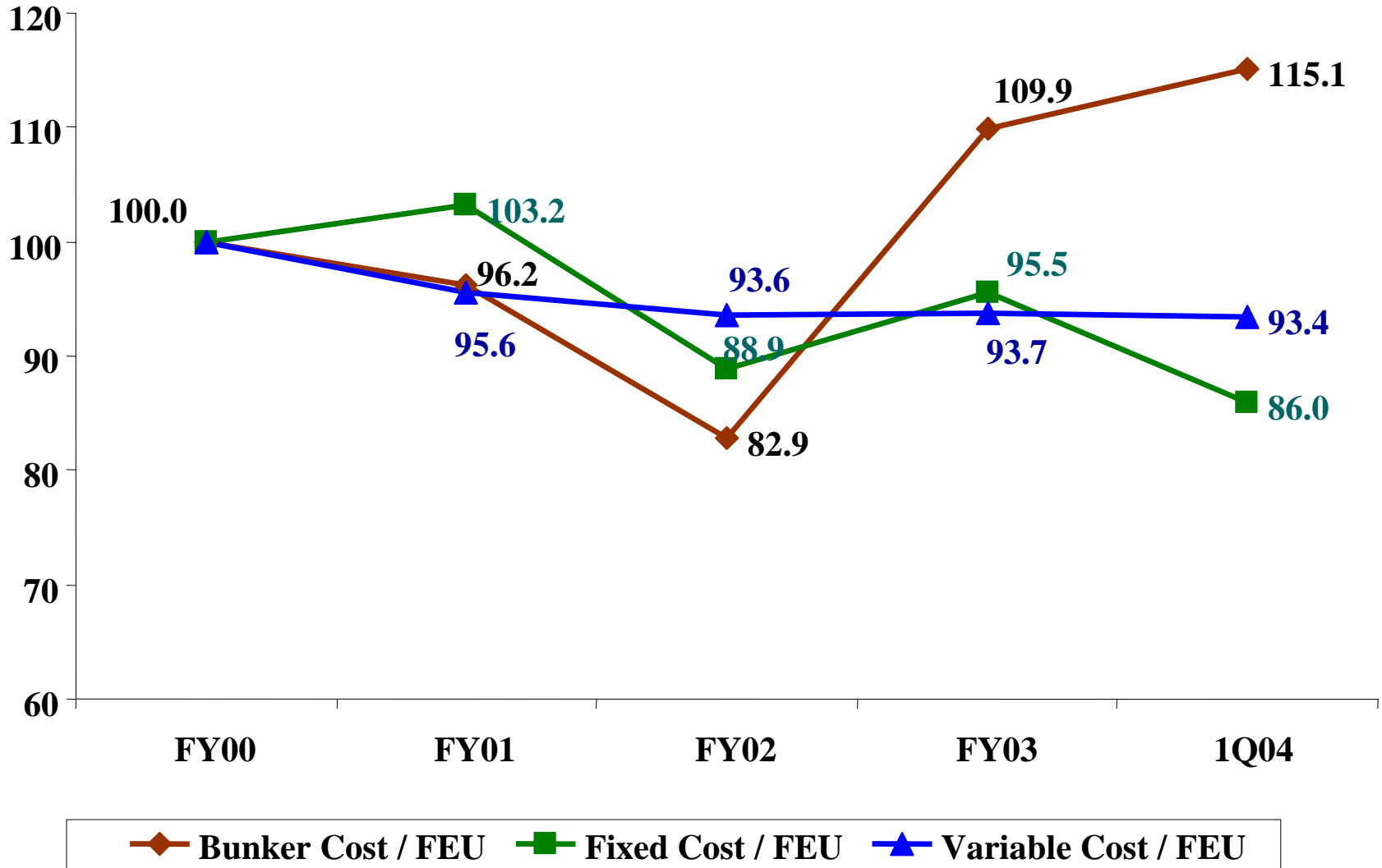
Due to better asset utilisation and managing mix (carrying more Intra-Asia long-haul and Trans-Pacific & Asia Europe backhaul volumes), APL lowered its cost per FEU, despite increasing fuel and charter costs



◆ Total Cost/FEU ■ Total Cost (excl bunker) / FEU ▲ Fixed Cost / FEU

APL Liner: Cost / FEU Breakdown

Fixed and variable costs per FEU continue to decline in 1Q04



APL Liner: 1Q04 Performance Summary

- **Achieved very strong 1st Quarter performance in a traditionally slack season with robust demand and high utilisation in key trades.**
- **Revenue increase of 29% y-o-y reflected 2003 rate recovery in key trades and strong volume growth, as well as active yield management.**
- **Core EBIT improved significantly despite increase in bunker costs, contributed mainly by the higher freight rate base at the beginning of the year, yield management and tight control of network/capacity.**
- **Cost per unit in 1Q04 was lower by 4.7% from 4Q03 and down 3.1% vs FY03. This was the result of improved utilisation, managing the mix of our business, maximising the use of our assets and achieving further cost reduction.**

APL Liner: 1Q04 Performance Summary

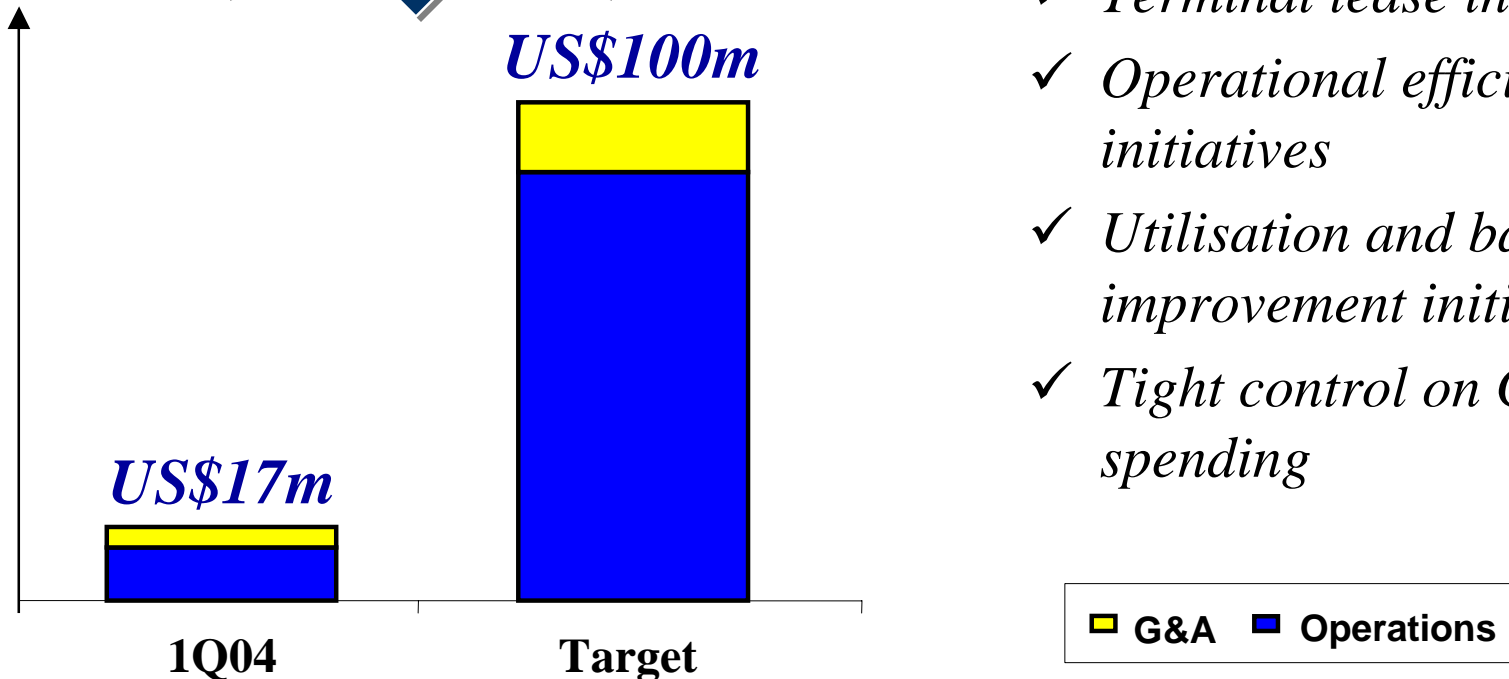
Trade Review:

- Trans-Pacific's eastbound volume posted 10% growth y-o-y with freight rates maintaining at a healthy level. Trans-Pacific westbound volumes were also strong.
- Latin America's volume improved due to the recovering economies in the region. Rates, however, remained flat.
- Asia Europe achieved strong volume growth in both directions, reflecting the strong market demand. Higher freight rates were the results of rate recovery and yield improvements.
- Transatlantic's volume decreased marginally, while overall freight rate improved 14% y-o-y.
- Intra-Asia volume and rates were strong, driven by robust trading conditions and the introduction of new services.

APL Liner: Cost Savings Achieved

**2004 Cost Savings Target
On Track**

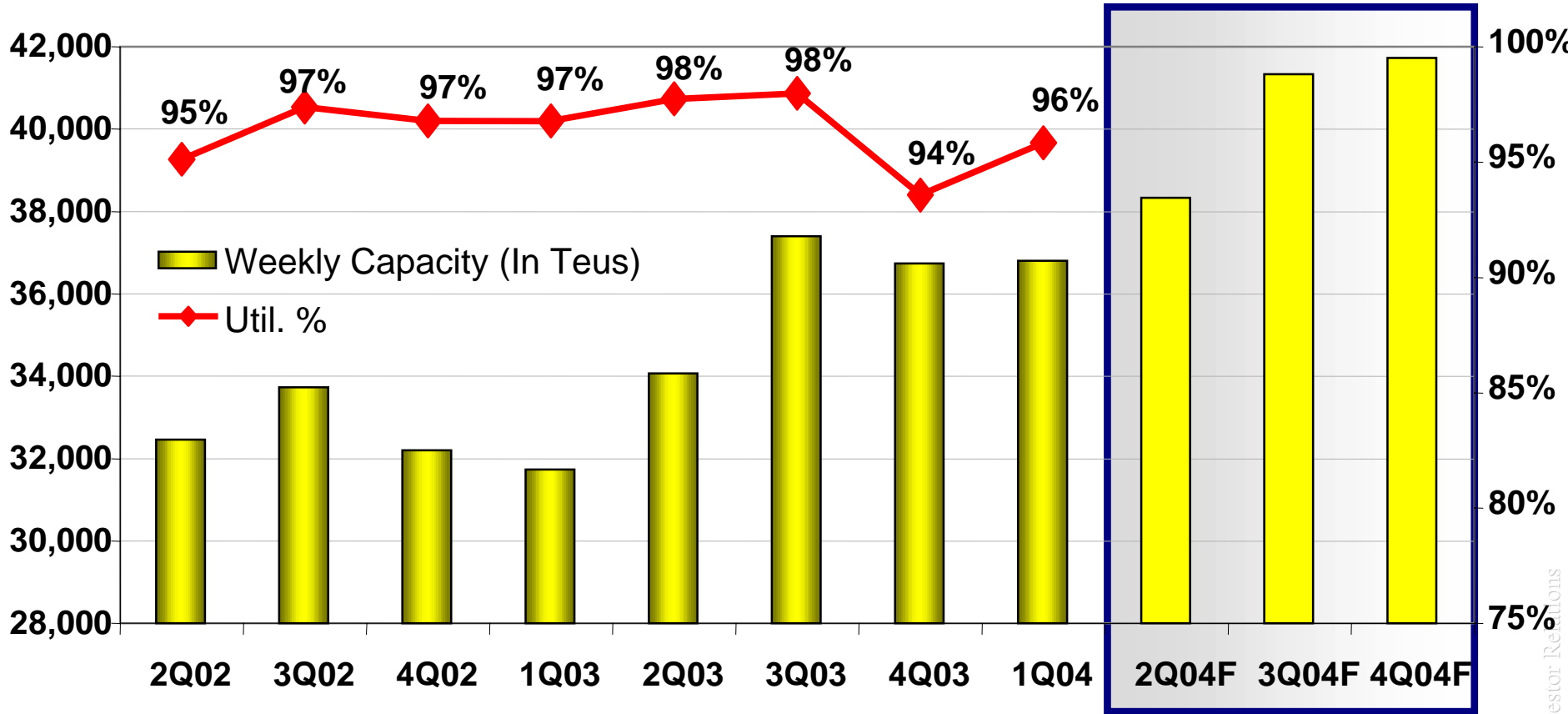
- **Achieved US\$17m in 1Q04**
- **Majority of cost savings are planned for 2H04**
- **Balance of the targeted cost savings to be achieved through:**
 - ✓ *Terminal lease initiatives*
 - ✓ *Operational efficiencies initiatives*
 - ✓ *Utilisation and balance improvement initiatives*
 - ✓ *Tight control on G&A spending*



APL Liner: Network Capacity & Utilisation

APL continues to be successful in managing capacity at high utilisation levels

APL Network Capacity & Utilisation



Operations Review

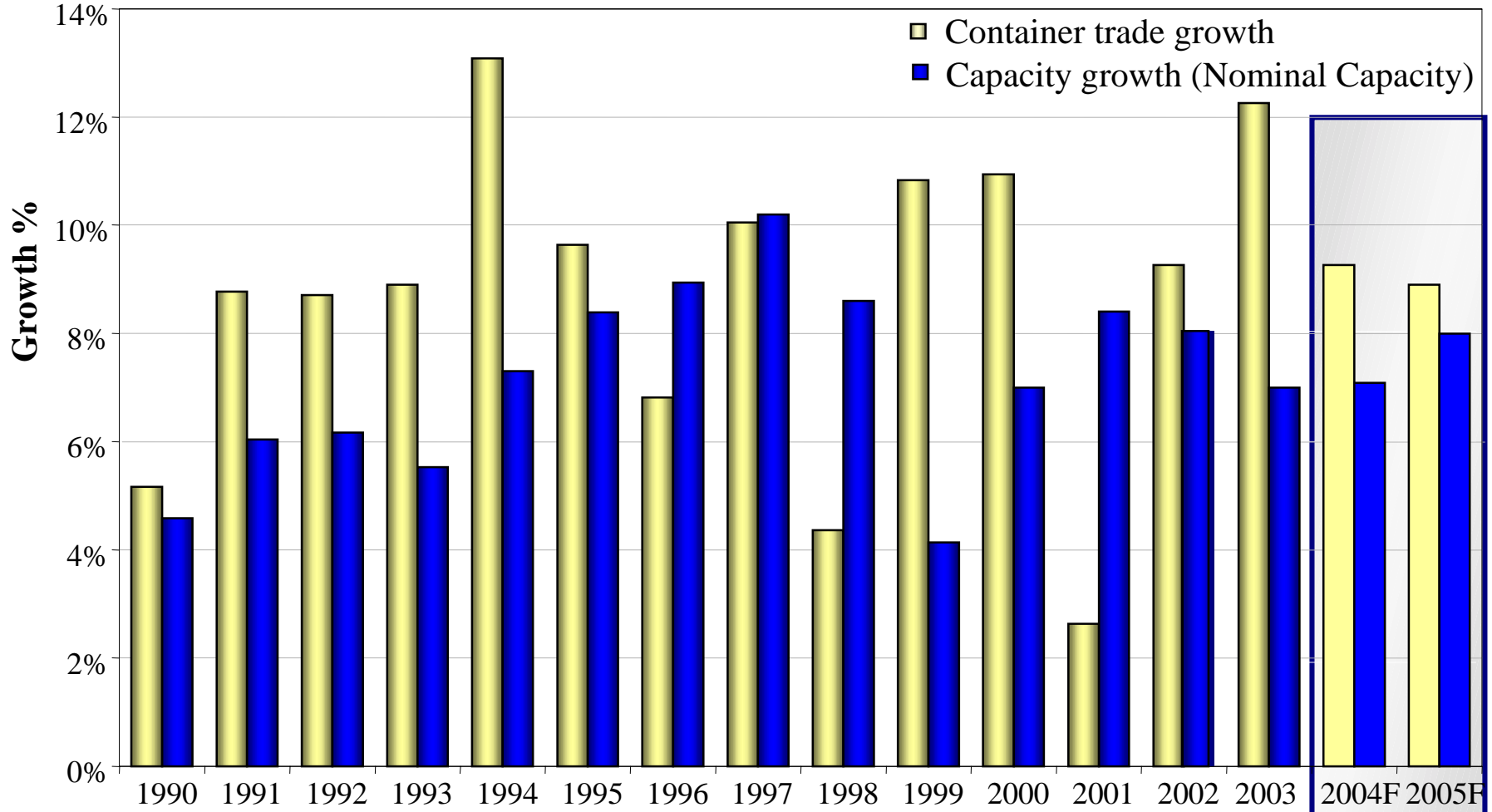
** Planned capacity reduction in 4Q03 due to seasonal adjustment for slack season*

Note: Figures based on headhaul leg of main linehaul services

APL Liner: Global Demand & Supply

Demand/supply growth is projected to be balanced in the next few years, driven by global demand and space constraint in the shipyards

Container Trade - Demand and Supply 1990-2005F



Source : Clarksons / Drewry / MDS / NOL SPD

APL Liner: Current Year's Prospects (I)

- **Outlook for the rest of the year remains buoyant with strong demand growth and high utilisation.**
- **Robust volume growth on the back of stronger market demand, maximisation of space during the slack season and introduction of new services/strings.**
- **Further rate recovery in key trades to cover increasing costs:**
 - *Rate increase in Asia Europe in Apr'04*
 - *Rate increase in Intra-Asia short-sea and long-haul*
 - *Trans-Pacific contract negotiations have met our expectations*
 - *Further rate recovery planned for Asia Europe, Transatlantic and Intra-Asia short-sea and long-haul trades*

APL Liner: Current Year's Prospects (II)

- **Sufficient capacity growth, in line with trade demand.**
- **Focus on network rationalisation, cost-savings and yield management to mitigate higher bunker, vessel and inland transportation costs.**
- **China's push for a slower domestic sector economic growth will have minimal impact on export volume.**



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2. *Business Segment Review*

- **APL Liner**
- **APL Logistics**

Presented by:

APLL CEO, Mr. Hans Hickler

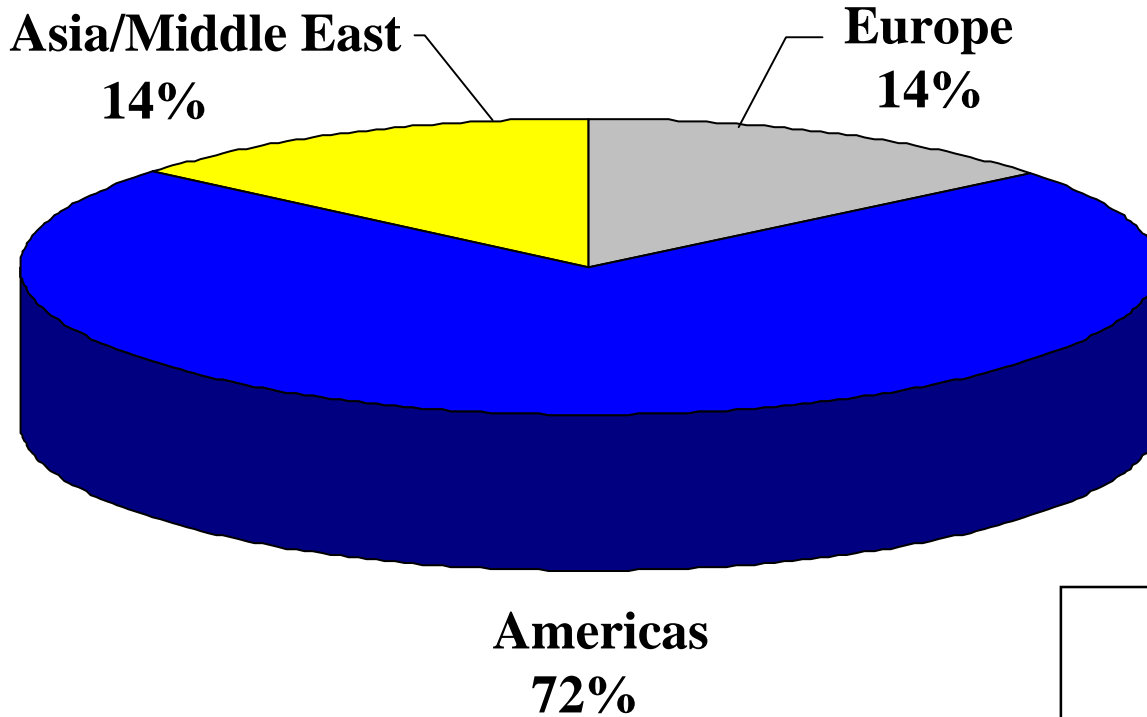
APL Logistics: Profit & Loss Summary (US\$)

1Q04 Financial Performance

	1Q04	1Q03	Change
➤ Turnover	\$288 m	\$231 m	25%
➤ Core EBITDA	\$10 m	\$7 m	43%
• Depreciation & Amortisation	(\$7 m)	(\$8 m)	
➤ Core EBIT	\$3 m	(\$1 m)	n.m.

APL Logistics: Turnover Breakdown

1Q04 Turnover by Region : US\$288m, up 25%

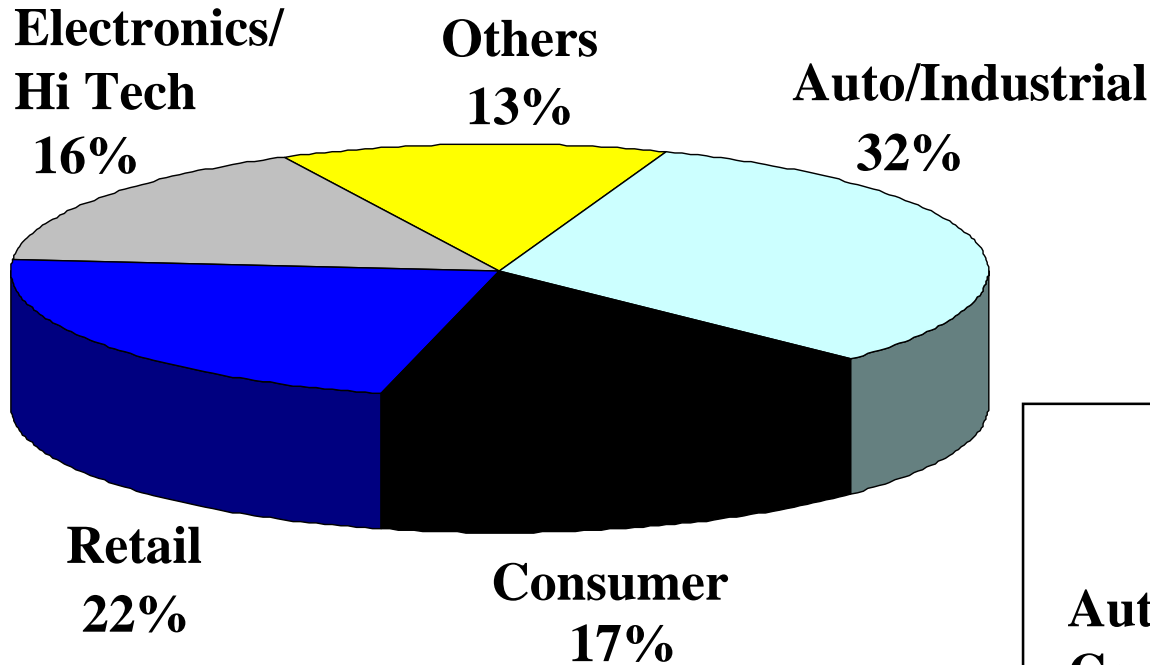


1Q03 Breakdown :
Turnover = US\$231m

Americas	:	75%
Asia/Middle East	:	15%
Europe	:	10%

APL Logistics: Turnover Breakdown

1Q04 Turnover by Customer Segment : US\$288m



1Q03 Breakdown :
Turnover = US\$231m

Auto/Industrial	: 34%
Consumer	: 19%
Retail	: 26%
Electronics/Hi Tech	: 10%
Others	: 11%

APL Logistics: 1Q04 Performance Summary (I)

- **Revenue growth in all three regions:**
 - *Europe increased by 82% (Significant forwarding growth)*
 - *Americas grew by 19% while Asia by 17% (with China growing by 29%)*
- **Positive Core EBIT growth:**
 - *Significant improvement in Contract Logistics, particularly in Americas' operations*
 - *Strong growth in hi-tech/electronics vertical, primarily through expansion with existing customers*
 - *Continued strong growth in automotive and forwarding*

APL Logistics: 1Q04 Performance Summary (II)

- **Revenue and Core EBIT Growth driven by:**
 - *Focus on Integrated services and solutions (leveraging Origin and Destination services)*
 - *Growth of Forwarding Business*
 - *Expansion with existing customers*
 - *Focus on growth in select verticals*

- **Benefits of operational initiatives reflected in the results:**
 - *Targeted facility improvement initiatives*
 - *Public space rationalisation*
 - *Labour vendor consolidation*
 - *Exit/Renegotiation of poor performing operations*

APL Logistics: Current Year's Prospects

- **Continued strong performance in Contract Logistics:**
 - *Expecting somewhat slower revenue growth, offset by continued operational improvements (linkage with International Services)*
 - *Strong Automotive revenue growth to continue*
- **Strong growth in International Services:**
 - *Robust forwarding growth expected in all trades*
 - *Focus on Origin services*
 - *Continued growth in gateway Logistics/Deconsolidation services*
- **Strengthen Management Team**
 - *Warehousing and Forwarding*



Contents of Presentation

3. Group Outlook for 2004

Presented by:

NOL Group CEO, Mr. David Lim

NOL Group: Current Year's Prospects

- **Barring unforeseen circumstances, Group expects to continue to perform better in 2004 through:**
 - *Maximising yield and optimising trade mix*
 - *Focusing on cost cutting measures*
- **Balance Sheet will remain strong**
- **Explore opportunities in:**
 - *Strengthening core capabilities*
 - *Extending business competencies to new markets*
 - *Enhancing service offerings to customers*
 - *Aligning Liner and Logistics closer to derive more synergies*



INTEGRATED TRANSPORT & LOGISTICS COMPANY



- ✓ **Scale & Dominance**
- ✓ **Industrial leadership/influence**
- ✓ **Extend base/capture customers**



- ✓ **Align with Liner**
- ✓ **Build from existing capabilities**
 - *Engineering solutions*
 - *Integrating services*



End of Presentation

Thank You