



3Q & YTD04 Results Review

Continued Growth & Profitability

28 October 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 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.



Contents of Presentation

1. Highlights

Continued Growth & Profitability in 3Q04

Results Overview

Highlights	3Q04	3Q03	Change	YTD04	YTD03	Change
Revenue (US\$m)	1,557	1,342	16%	4,560	3,976	15%
Core EBIT (US\$m)	254	135	88%	631	285	121%
EI * (US\$m)	8	99	(92%)	35	108	(68%)
Net Profit (US\$m)	234	206	13%	588	295	99%
EPS (US cts per share)	16.19	17.48	(7%)	40.92	25.02	64%
Ending number of shares (m)	1,449	1,183	22%	1,449	1,183	22%

* *EI = Exceptional Items*

NOL Group: Balance Sheet Highlights (US\$)

17 Sep'04	26 Dec'03
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Total Assets
Total Liabilities *
Total Shareholders Equity
• <i>Retained Earnings</i>

\$4,531 m	\$4,064 m
\$2,709 m	\$2,760 m
\$1,822 m	\$1,304 m
<i>\$451 m</i>	<i>(\$52 m)</i>

Total Debt
Gearing (Gross)
Gearing (Net)
NAV per share

\$1,159 m	\$1,252 m
0.64 x	0.96 x
0.13 x	0.54 x
\$1.26	\$0.91

* *Includes minority interests*



Contents of Presentation

2. 3Q04 & YTD04 Group Financial Performance

NOL Group: Financial Highlights (US\$)

	3Q04*	3Q03	Change	YTD04*	YTD03	Change
➤ Revenue	\$1,557 m	\$1,342 m	16%	\$4,560 m	\$3,976 m	15%
➤ Core EBITDA	\$314 m	\$197 m	59%	\$818 m	\$501 m	63%
• Depreciation & Amortisation**	(\$60 m)	(\$62 m)		(\$187 m)	(\$216 m)	
➤ Core EBIT	\$254m	\$135 m	88%	\$631 m	\$285 m	121%
• Net Interest Expense	(\$19 m)	(\$24 m)		(\$61 m)	(\$82 m)	
• Tax	(\$9 m)	(\$4 m)		(\$17 m)	(\$16 m)	
➤ Profit before EI***	\$226 m	\$107 m	111%	\$553 m	\$187 m	196%
• Exceptional Items	\$8 m	\$99 m		\$35 m	\$108 m	
➤ Net Profit	\$234 m	\$206 m	13%	\$588 m	\$295 m	99%

* NOL's 3Q04 results is for 26 June - 17 Sep 2004 while YTD04 results is for 27 Dec 2003 - 17 Sep 2004

** Part of amortisation is classified as exceptional items - write-down of US\$3m in YTD03; write-back of goodwill amortisation due to early adoption of FRS103 of US\$4m in 3Q04 & US\$13m in YTD04

*** EI = Exceptional Items

NOL Group: Exceptional Items (US\$)

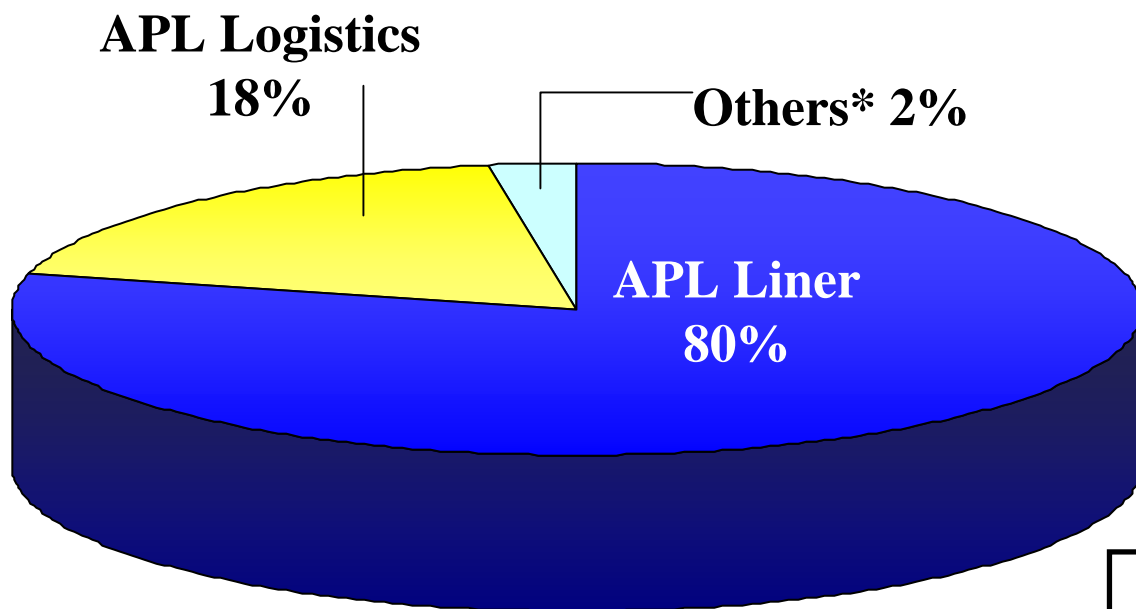
	3Q04	3Q03	YTD04	YTD03
1. Gain from asset disposals*	\$2 m	\$137 m	\$11 m	\$149 m
2. Provisions for diminution in assets	-	(\$41 m)	-	(\$44 m)
3. Additional goodwill write-down	-	-	-	(\$3 m)
4. Reversal of goodwill amortisation**	\$4 m	-	\$13 m	-
5. Others	\$2 m	\$3 m	\$11 m	\$6 m
Total	\$8 m	\$99 m	\$35 m	\$108 m

* Gain in 3Q03 & YTD03 due mostly to AET sale

** Due to early adoption of FRS 103

NOL Group: Revenue Breakdown

YTD04 Total Revenue : US\$4,560 million, up 15%



YTD03 Revenue Breakdown:

Total : US\$3,976 m

APL Liner	:	74%
APL Logistics	:	17%
Others*	:	9%

**Others include Chartering revenue*

NOL Group: Revenue by Business Units (US\$)

	3Q04	3Q03	Change	YTD04	YTD03	Change
APL Liner	\$1,276 m	\$1,058 m	21%	\$3,679 m	\$2,952 m	25%
APL Logistics	\$271 m	\$235 m	15%	\$822 m	\$689 m	19%
Others *	\$26 m	\$73 m	(64%)	\$114 m	\$424 m	(73%)
Interco Elimination	(\$16 m)	(\$24 m)	33%	(\$55 m)	(\$89 m)	38%
Total Revenue	\$1,557 m	\$1,342 m	16%	\$4,560 m	\$3,976 m	15%

** Others include Chartering and other non-core operations*

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

NOL Group: Core EBIT by Business Units (US\$)

	3Q04	3Q03	Change	YTD04	YTD03	Change
APL Liner	\$244 m	\$140 m	74%	\$609 m	\$227 m	168%
APL Logistics	\$11 m	\$2 m	450%	\$19 m	\$3 m	533%
Others *	(\$1 m)	(\$7 m)	86%	\$3 m	\$55 m	(95%)
Total Core EBIT	\$254 m	\$135 m	88%	\$631 m	\$285 m	121%

** Others include Chartering and other non-core operations*

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

NOL Group: Capital Expenditure (US\$)

YTD04 & Outlook

	YTD04	4Q04	FY04
1. Vessels	\$2 m	\$3 m	\$5 m
2. Equipment	\$129 m	\$81 m	\$210 m
3. Drydock	\$6 m	\$9 m	\$15 m
4. IT	\$10 m	\$18 m	\$28 m
5. Others	\$6 m	\$111 m	\$117 m
Total	\$153 m	\$222 m	\$375 m

➤ **Bunker**

- *Hedging policy of up to 50% of requirements*
- *Hedged 15% at an average price of US\$135 per metric tonne*
- *3Q04 YTD fuel costs increased US\$47m, mainly due to business expansion*

➤ **Foreign exchange**

- *About US\$400m net exposure to Euro, Japanese Yen and S\$*
- *For 2004, hedged 60% of Euro, 75% of Yen and 60% of S\$*



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3. Business Performance

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

Robust Growth & Profitability

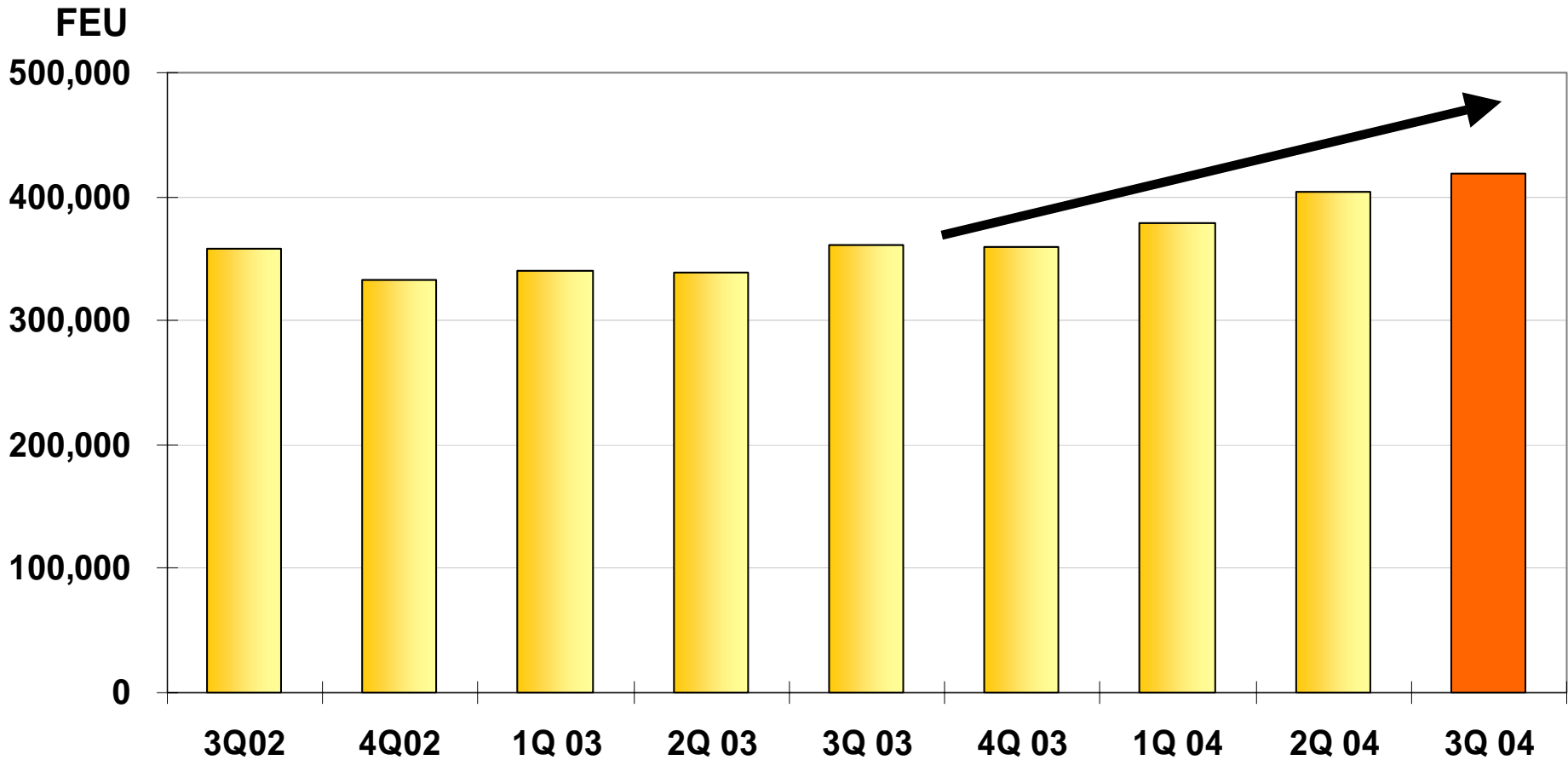
	3Q04	3Q03	Change	YTD04	YTD03	Change
➤ Revenue	\$1,276 m	\$1,058 m	21%	\$3,679 m	\$2,952 m	25%
➤ Core EBITDA	\$295 m	\$186 m	59%	\$767m	\$372 m	106%
• Depreciation & Amortisation	(\$51 m)	(\$46 m)		(\$158 m)	(\$145 m)	
➤ Core EBIT	\$244 m	\$140 m	74%	\$609 m	\$227 m	168%

Healthy Volume Growth

Region	3Q04	3Q03	Change	YTD04	YTD03	Change
• Americas	193	174	11%	588	525	12%
<i>Trans-Pacific</i>	162	144	13%	488	439	11%
<i>Latin America</i>	31	30	3%	100	86	16%
• Europe	107	96	11%	320	293	9%
<i>Asia Europe</i>	80	71	13%	241	217	11%
<i>Transatlantic</i>	27	25	8%	79	76	4%
• Asia/Middle East	118	91	30%	356	279	28%
Total	418	361	16%	1,264	1,097	15%

Note: Figures are in '000 FEUs

Healthy Volume Growth



Note: Volume is normalised to 12 weeks for 1Q & 4Q

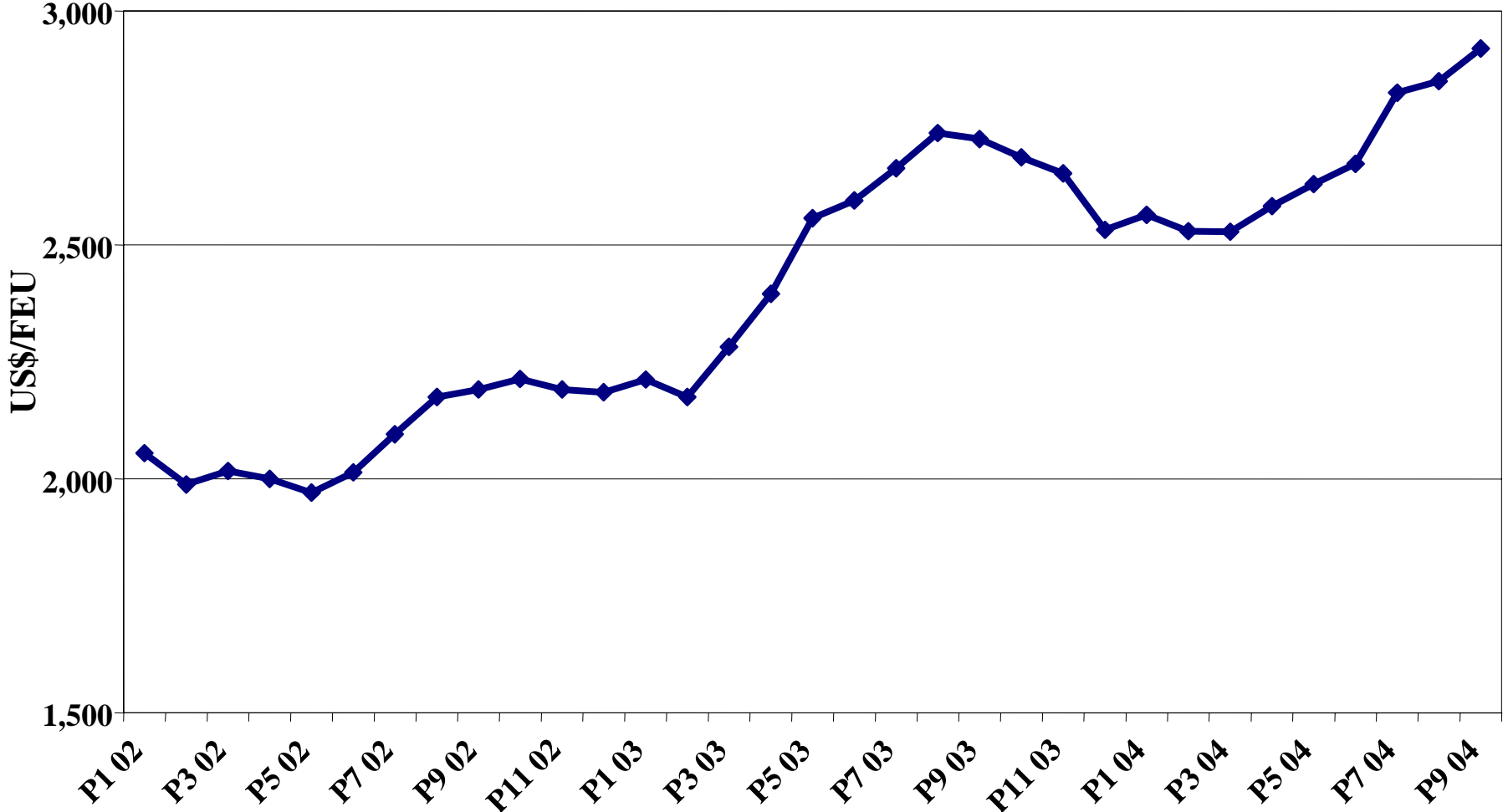
Healthy Volume Growth

- **Volume driven by strong global demand and outsourcing to China**
 - Americas contributed about half of total volumes carried, driven by continued growth in Trans-Pacific
 - Demand remains strong for Asia Europe cargo
 - Robust volume growth in Asia/Middle East
- **Launched new/restructured services to cater to customers' demand**

APL Liner: Operations Review

Rate improvement a result of active management of cargo mix, seasonal surcharges and general rate increases

APL Average Revenue/FEU



APL Liner: Operations Review



APL Average Revenue per FEU (US\$/FEU)*

Region	3Q04	3Q03	Change	YTD04	YTD03	Change
• Americas	\$3,561	\$3,414	4%	\$3,301	\$3,050	8%
• Europe	\$2,612	\$2,460	6%	\$2,511	\$2,330	8%
• Asia/Middle East	\$1,954	\$1,622	20%	\$1,796	\$1,538	17%
Total	\$2,866	\$2,710	6%	\$2,677	\$2,474	8%

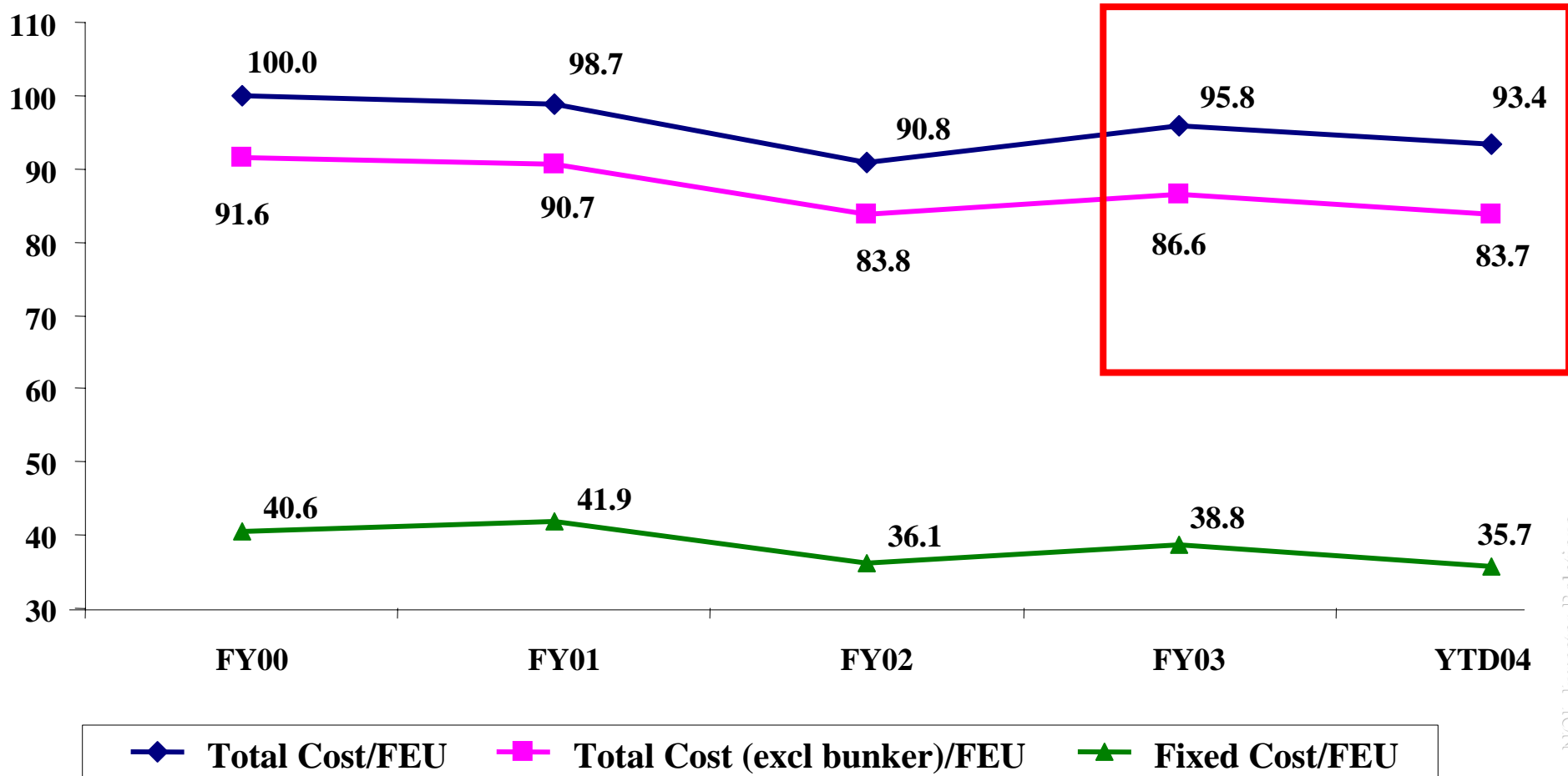
Operations Review

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

APL Liner: Operations Review

Lower costs per FEU as a result of continued focus on yield management and cost savings but...

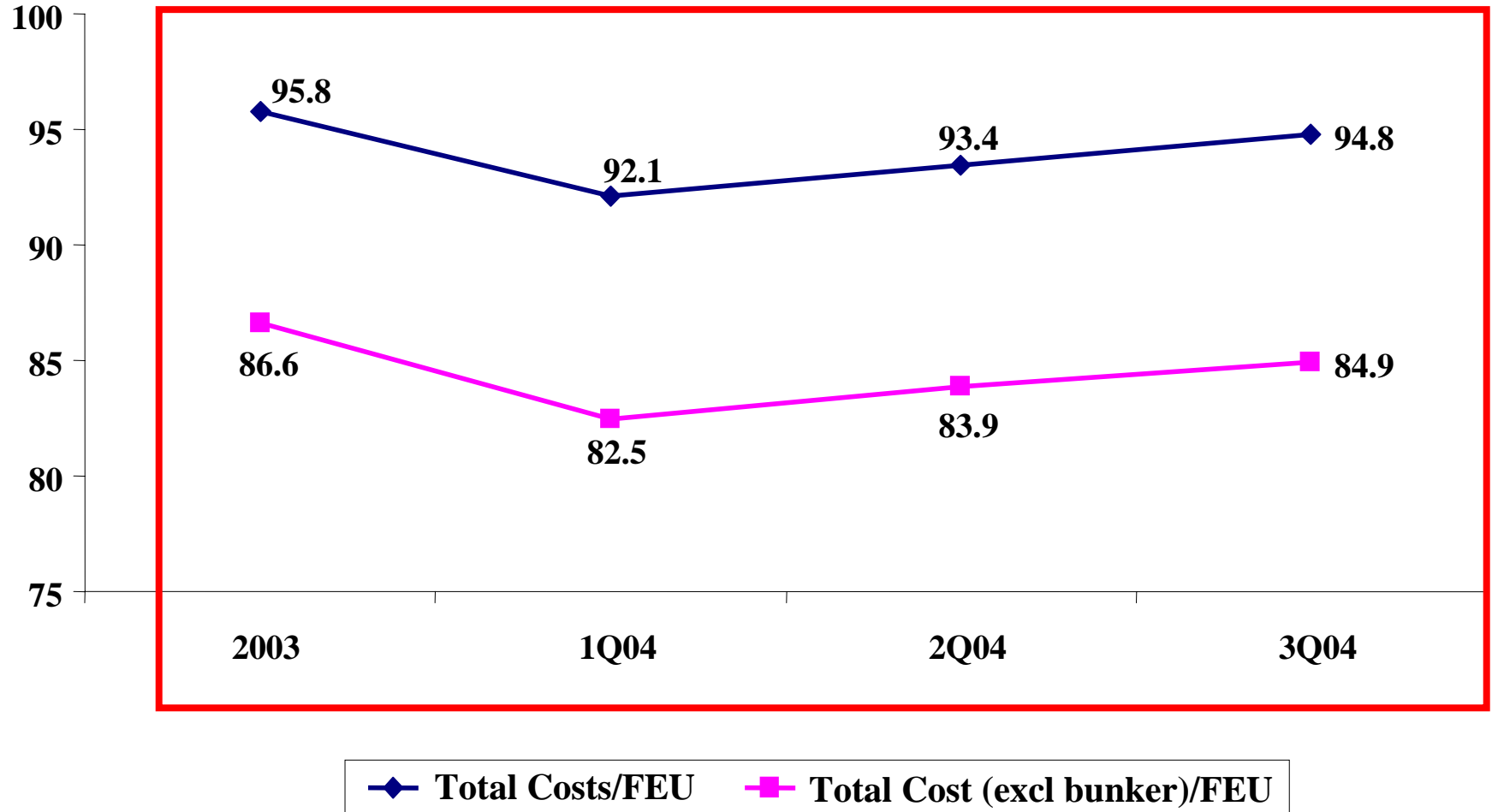
Operations Review



APL Liner: Operations Review

... facing increasing cost pressure in 2004 from higher fuel and charter expenses as well as other global infrastructure issues

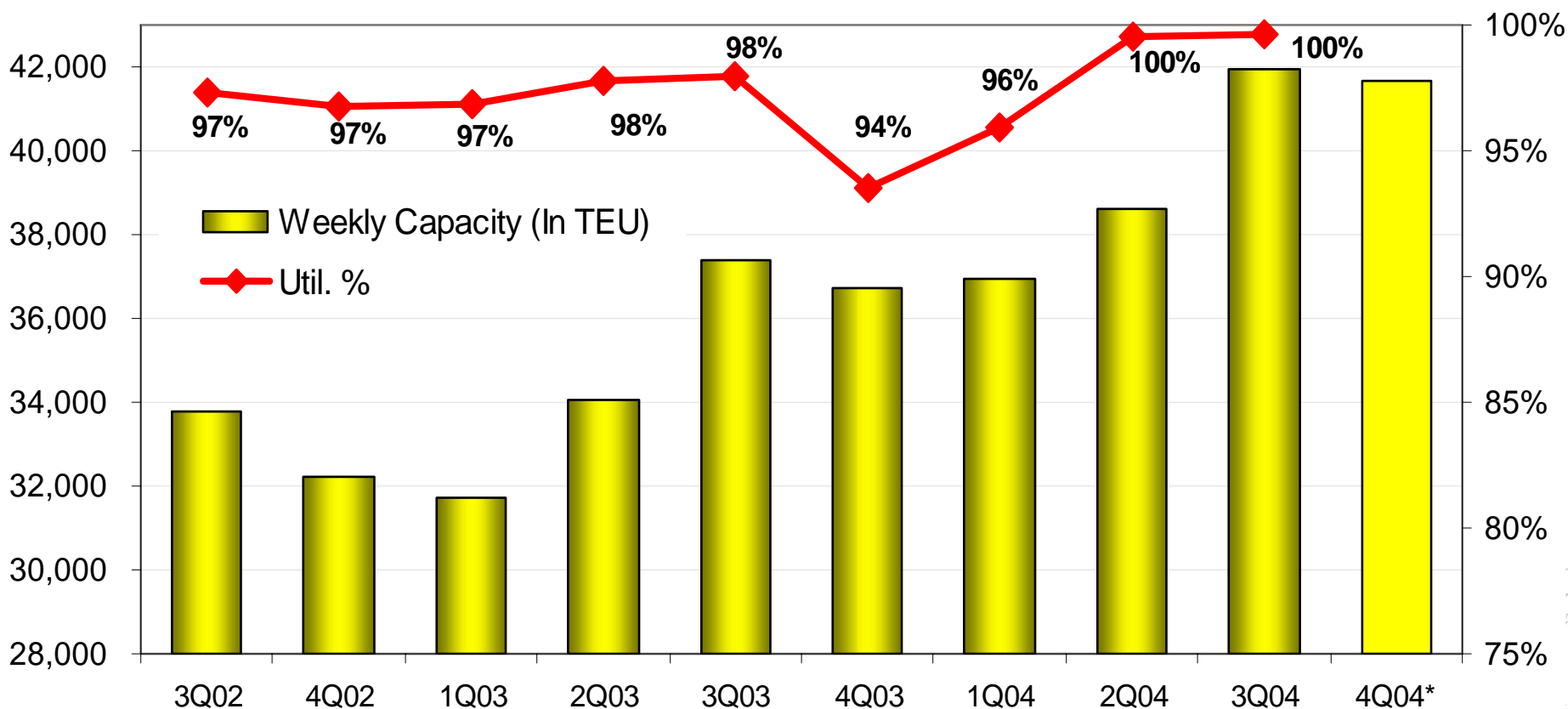
Operations Review



APL Liner: Operations Review

Achieved full utilisation despite seasonal capacity expansion in the 3Q with the introduction of additional services

APL Network Capacity & Utilisation

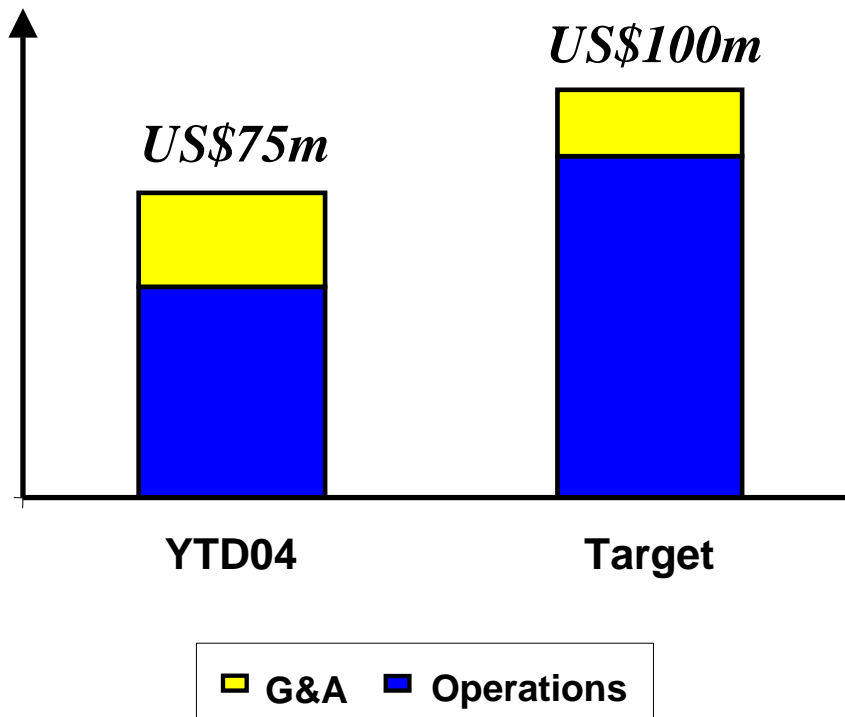


* Planned capacity reduction in 4Q04 due to seasonal adjustment for slack season

Note: Figures based on headhaul leg of main linehaul services

Operations Review

2004 Cost Savings Target on Track



- Achieved US\$75m year-to-date on targeted cost items
- Cost savings achieved through:
 - ✓ *Tight G&A spending*
 - ✓ *Operational efficiencies*
 - ✓ *Utilisation and balance improvement initiatives*
- Savings helping to offset cost increases in bunker, FX and charter hire expenses
- However, rising costs will place pressure on future cost savings efforts.

APL Liner: Performance Review (I)

3Q04 Trade Review:

- Trans-Pacific maintained strong volume performance, driven by 15% YoY growth on the TPEB headhaul route with vessels operating at full capacity. Increase in average revenue per FEU reflected the general rate recovery in the trade as well as improved mix.
- Latin America volumes were flat YoY. Average revenue per FEU improved by 8% as the economies of Latin America continue to recover.
- Asia Europe's volumes grew strongly, 12% YoY, while maintaining high utilisation rates on both headhaul and backhaul routes. Rate recovery and yield management resulted in higher average revenue per FEU.

APL Liner: Performance Review (II)

3Q04 Trade Review (Cont'd):

- Healthy volume growth along the Transatlantic routes with average revenues per FEU 6% higher than a year ago.
- Intra-Asia volumes continue to rise significantly as a result of increased capacity to match strong demand from the Middle East and Indian Sub-Continental regions. This also contributed to the 20% YoY rise in average revenues per FEU.

APL Liner: Operations Review

Trade Imbalance:

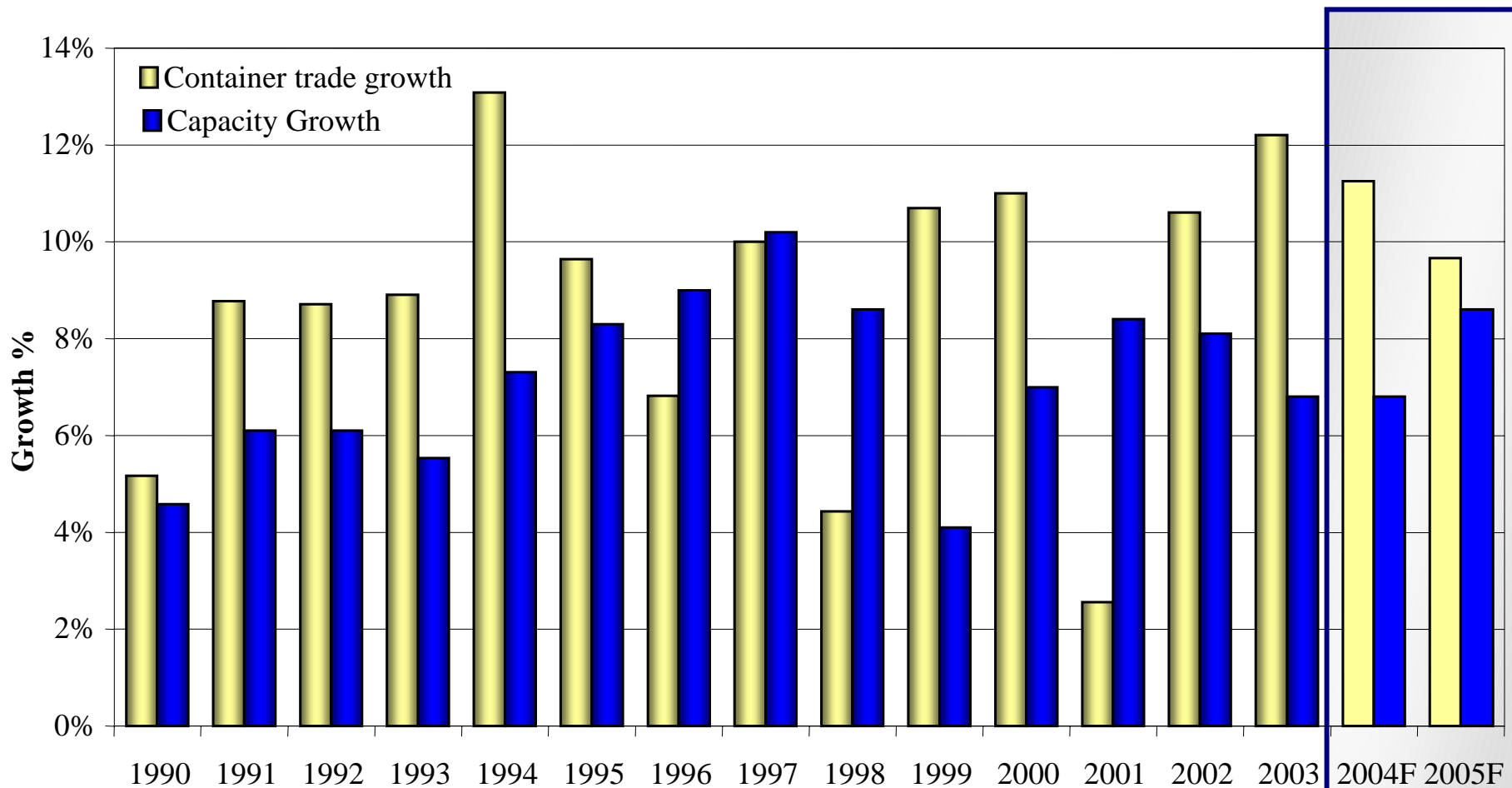
Number of FEUs that are full backhaul for every 10 FEUs full headhaul

<u>Trade</u>	<u>FY02</u>	<u>FY03</u>	<u>1H04</u>	<u>3Q04</u>	<u>YTD04</u>
• Trans-Pacific	5	5	5	4	5
• Asia-Europe	8	7	8	7	8
• Transatlantic	6	8	9	8	9

Industry: Global Demand & Supply

Demand/supply growth over these two years remains healthy with continued outsourcing to China and space constraints at shipyards

Container Trade - Demand and Supply 1990-2005F



Source : Clarksons / Drewry / MDS / NOL SPD

APL Liner: Current Year's Prospects

- **Outlook for the remainder of 2004 remains buoyant with continued strong demand and high utilisation rates.**
- **Focus on customer demand by launching new services at high-demand trade lanes:**
 - *China Middle East Express from mid-Oct'04*
 - *Europe-Montreal Express from end Oct'04*
- **Continuing efforts to enhance utilisation and maintain tight cost controls. This is necessary to mitigate rising cost pressures facing the shipping industry as a result of higher bunker and charter costs as well as infrastructure bottlenecks.**



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3. Business Performance

- **APL Liner**

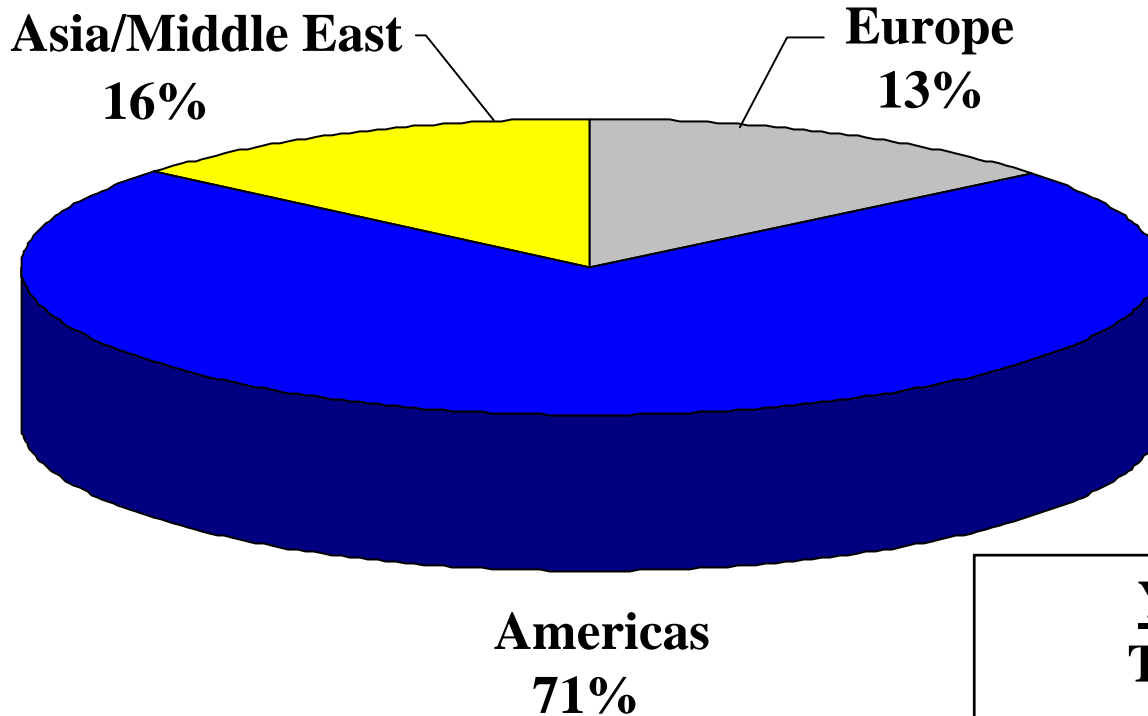
- **APL Logistics**

Improving Performance

	3Q04	3Q03	Change	YTD04	YTD03	Change
➤ Revenue	\$271 m	\$235 m	15%	\$822 m	\$689 m	19%
➤ Core EBITDA	\$17 m	\$9 m	89%	\$37 m	\$24 m	54%
• Depreciation & Amortisation	(\$6 m)	(\$7 m)		(\$18 m)	(\$21 m)	
➤ Core EBIT	\$11 m	\$2 m	450%	\$19 m	\$3 m	533%

APL Logistics: Operations Review

YTD04 Turnover by Region : US\$822m, up 19%



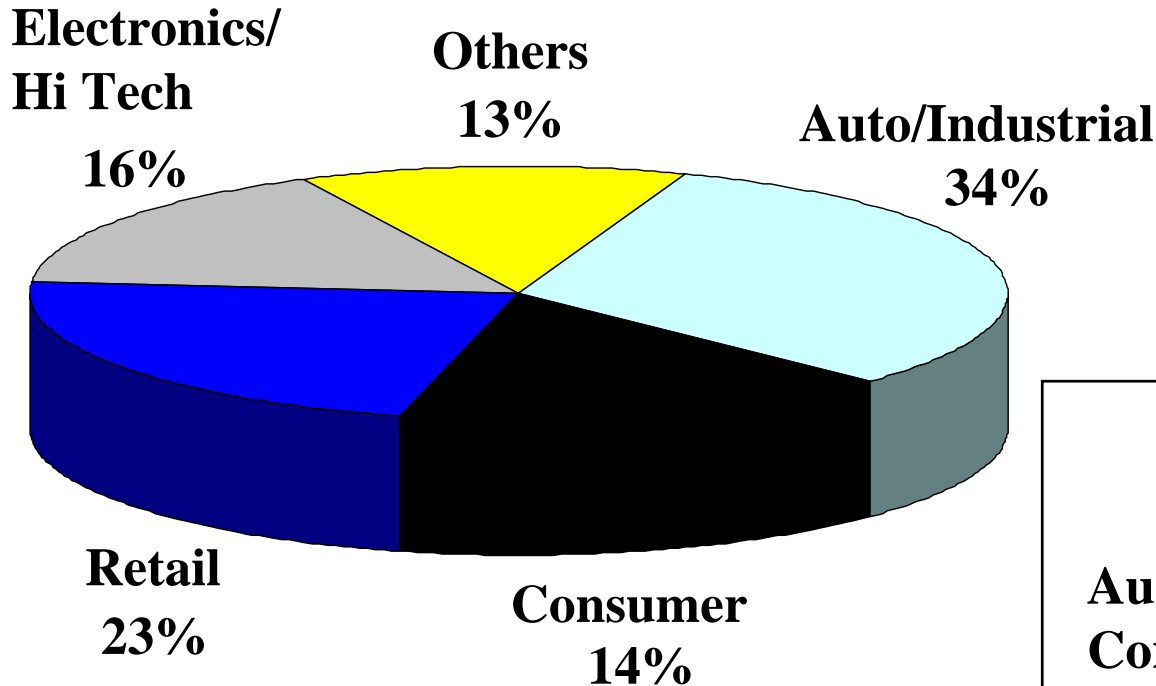
YTD03 Breakdown :
Turnover = US\$689m

Americas	:	73%
Asia/Middle East	:	16%
Europe	:	11%

APL Logistics: Operations Review

YTD04 Turnover by Customer Segment : US\$822m

Operations Review



YTD03 Breakdown : Turnover = US\$689m

Auto/Industrial	: 32%
Consumer	: 18%
Retail	: 25%
Electronics/Hi Tech	: 12%
Others	: 13%

APL Logistics: Operations Review

Business Segment	3Q04	3Q03	Change	YTD04	YTD03	Change
• Revenue	271	235	15%	822	689	19%
<i>Contract Logistics</i>	184	170	8%	587	509	15%
<i>International Services</i>	87	65	34%	235	180	31%
• Core EBIT	11	2	450%	19	3	533%
<i>Contract Logistics</i>	2	(3)	N.M.	4	(10)	N.M.
<i>International Services</i>	9	5	80%	15	13	15%
• Core EBIT Margin	4.1%	0.9%		2.3%	0.4%	
<i>Contract Logistics</i>	1.1%	-1.8%		0.7%	-2.0%	
<i>International Services</i>	10.3%	7.7%		6.4%	7.2%	

APL Logistics: Performance Review (I)

➤ Revenue grew 15% in 3Q04 y-o-y:

- *Robust growth in all three regions, led by Europe at 42%, Asia at 14% and Americas at 11%*
- *Strong performance in International Services related to growth of forwarding operation*
- *Continued strong growth in Electronics/Hi-Tech and Automotive sectors*

➤ EBIT contribution continues to improve

- *Contract Logistics improvement related to operational initiatives implemented*
 - *Procurement and labour initiatives*
 - *Rationalisation of public facilities and reduced carrying costs*

- **International Services' performance was boosted by a strong peak season demand in 3Q04 and growth in the forwarding operations, particularly in Europe**
 - *Reflect full-year impact of new contracts signed in 2003*
 - *Higher volumes with major customers, particularly ex-China*

APL Logistics: Current Year's Prospects

- **Outlook remains positive for the rest of the year:**
 - *Contract Logistics operations will continue to focus on operational improvement to drive higher margins*
 - *Growth in International Services will be strong for the rest of the year*

- **Continual focus on cost control initiatives to further improve efficiency and productivity**



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4. Group Outlook for 2004

- **Strong performance to continue for the rest of the year**
 - *Liner to benefit from continued strong demand growth and high utilisation rates*
 - *Liner will also maintain tight cost management in the face of higher operating, charter hire, bunker and congestion costs*
 - *APL Logistics to continue to grow revenues and control costs*



End of Presentation

Thank You

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