

2009 Full Year Performance Review

11 February 2010



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. Group Highlights

By Cheng Wai Keung
Chairman



Group Financial Highlights

US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	6,516	9,285	(30)	2,021	2,289	(12)
Core EBIT	(651)	213	nm	(183)	(45)	307
EBIT	(659)	160	nm	(191)	(121)	58
Net (loss) / profit	(741)	83	nm	(211)	(149)	42
Basic EPS (US cents)	(36.12)	5.11*	nm	(8.19)	(9.12)*	(10)

* Restated for effects of the Rights Issue.



2. 2009 Financial Highlights

By Ron Widdows
Group President & CEO



FY2009 and 4Q09 Key Highlights

Key Highlights

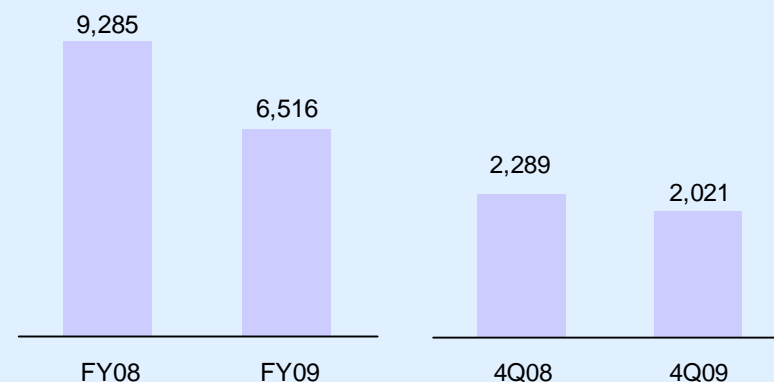
- **FY09 Financial Highlights**
 - Revenue of US\$6.5 billion, a year-on-year decline of 30%
 - Core EBIT loss of US\$651 million
 - Net loss of US\$741 million

- **4Q09 Financial Highlights**
 - Revenue of US\$2.0 billion, a year-on-year decline of 12%
 - Core EBIT loss of US\$183 million
 - Net loss of US\$211 million

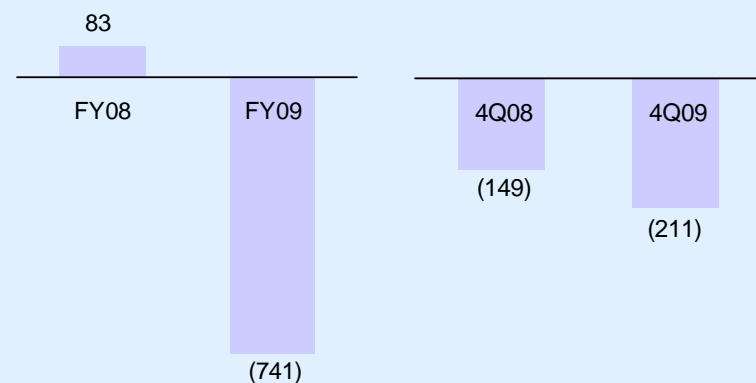
- **Financial Strength**
 - Net gearing of 0.21x
 - Completion of US\$1 billion gross proceeds from rights issue in 3Q09
 - Access to various committed credit facilities

Group Financials

Revenue (US\$m)



Net profit/(loss) (US\$m)

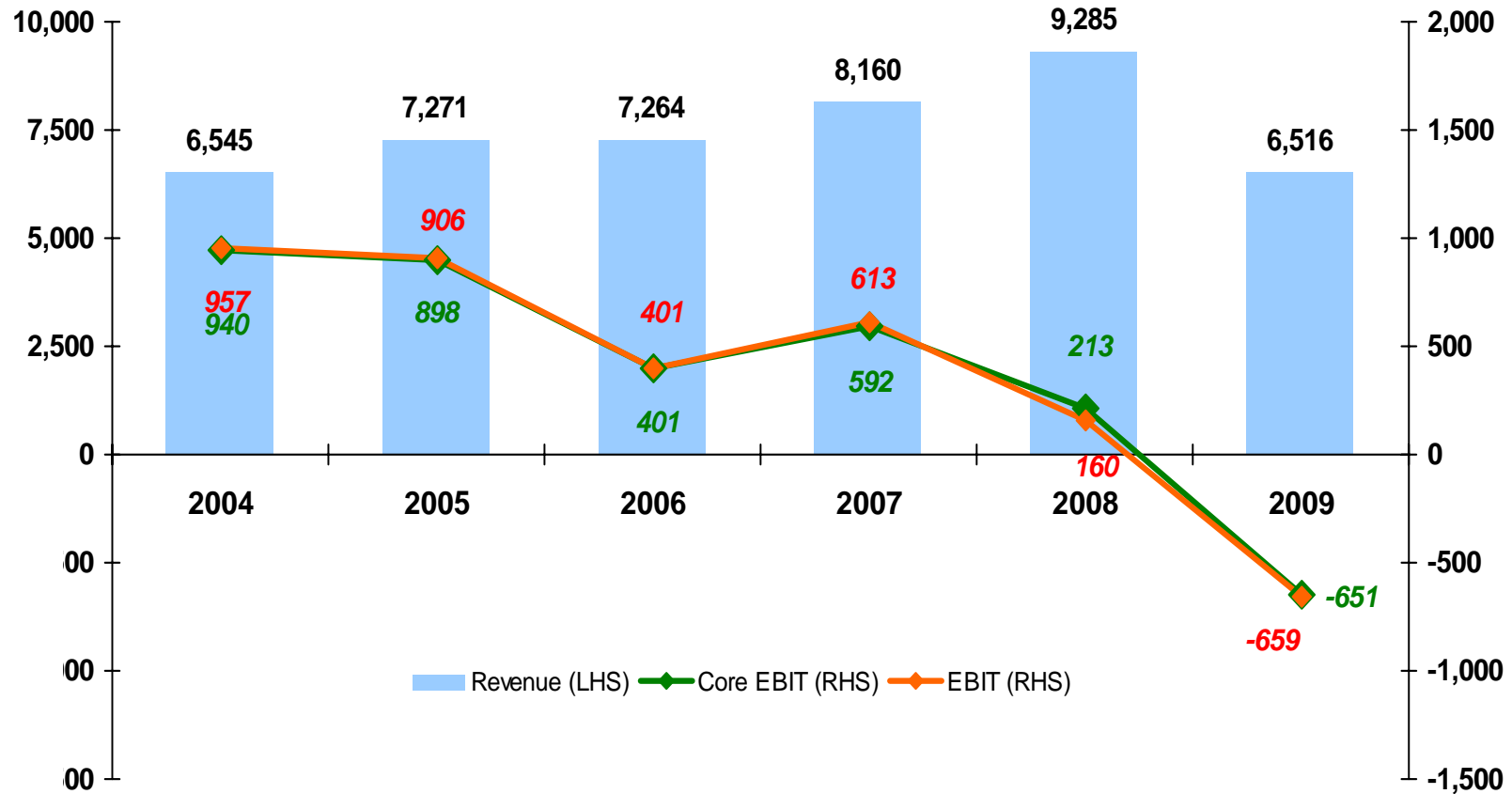


Group Revenue and Core EBIT Trend

Industry experienced unprecedented losses as the fall in global demand was coupled with a drastic decline in freight rates.

Revenues (US\$M)

EBIT/Core EBIT (US\$M)



EBIT Margin	14.6%	12.5%	5.5%	7.5%	1.7%	-10.1%
Core EBIT Margin	14.4%	12.4%	5.5%	7.3%	2.3%	-10.0%

Group Financial Highlights

US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	6,516	9,285	(30)	2,021	2,289	(12)
Core EBIT	(651)	213	nm	(183)	(45)	307
• Non-recurring items	(8)	(53)	(85)	(8)	(76)	(89)
EBIT	(659)	160	nm	(191)	(121)	58
Net (loss) / profit	(741)	83	nm	(211)	(149)	42
Basic EPS (US cents)	(36.12)	5.11*	nm	(8.19)	(9.12)*	(10)

* Restated for effects of the Rights Issue.



Group Core EBIT Breakdown

US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Container Shipping	(731)	73	nm	(212)	(84)	152
Logistics	54	64	(16)	13	16	(19)
Terminals	32	72	(56)	17	18	(6)
Others	(6)	4	nm	(1)	5	nm
Total Core EBIT	(651)	213	nm	(183)	(45)	307

FY 2009 Summary

- **Industry oversupply coupled with decline in global container trade resulted in significant losses during FY2009 as freight rates declined across all trade lanes**
- **Sequential improvement in volume was experienced in the 2H 2009 as global trade stabilises**
- **Freight rates increase in a number of trades during 2H 2009 as industry operating capacity was reduced**
- **Rising cost of bunker fuel combined with lower bunker recovery offsetting some of the rate improvement**
- **Early cost management initiatives partially compensated for depressed trading conditions experienced by the various business units**
- **Terminals and Logistics continue to provide positive earnings to the Group**
- **Successful completion of US\$1 billion rights issue to strengthen our balance sheet and position for opportunities where they become available**



3. 2009 Financial Performance

By Cedric Foo
Group Deputy President &
CFO

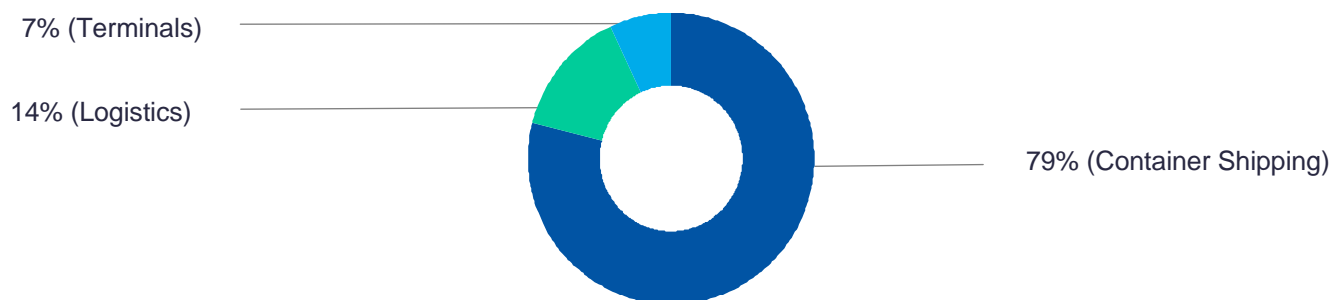


Group Financial Highlights

US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	6,516	9,285	(30)	2,021	2,289	(12)
Core EBITDA	(365)	476	nm	(107)	30	nm
• Depreciation & Amortisation	(286)	(263)	9	(76)	(75)	1
Core EBIT	(651)	213	nm	(183)	(45)	307
• Non-recurring items	(8)	(53)	(85)	(8)	(76)	(89)
EBIT	(659)	160	nm	(191)	(121)	58
• Gross Interest Expense	(43)	(28)	52	(8)	(11)	(27)
• Tax	(39)	(49)	(20)	(12)	(17)	(29)
Net (loss) / profit to equity holders	(741)	83	nm	(211)	(149)	42

Group Revenue Breakdown

US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Container Shipping	5,485	7,945	(31)	1,696	1,964	(14)
Logistics	976	1,324	(26)	306	328	(7)
Terminals	503	577	(13)	168	148	14
Elimination/Others	(448)	(561)	(20)	(149)	(151)	(1)
Total Revenue	6,516	9,285	(30)	2,021	2,289	(12)



FY09 Revenue by business segment is stated before inter-segment elimination.



Group Core EBIT Breakdown

US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Container Shipping	(731)	73	nm	(212)	(84)	152
Logistics	54	64	(16)	13	16	(19)
Terminals	32	72	(56)	17	18	(6)
Others	(6)	4	nm	(1)	5	nm
Total Core EBIT	(651)	213	nm	(183)	(45)	307

Non-Recurring Items

US\$m	FY09	FY08	4Q09	4Q08
1. Gain from asset disposals	1	28	(4)	4
2. Expenses written back/(Expenses) relating to restructuring	4	(72)	4	(72)
3. Others	(13)	(9)	(8)	(8)
Total	(8)	(53)	(8)	(76)

Balance Sheet Highlights

US\$m	25 Dec '09	26 Dec '08
Total Assets	5,340	5,445
Total Liabilities	2,500	2,940
Total Equity	2,840	2,505
Total Debt	940	1,245
Total Cash	333	429
Net Debt	607	816
Gearing (Gross)	0.33 x	0.50 x
Gearing (Net)	0.21 x	0.33 x
NAV per share (US\$)	1.08*	1.67
(S\$)	1.51*	2.42

*NAV as at 25 Dec 2009 computed on larger share base after the Rights Issue.



Cash Flow Highlights

US\$m	FY09	FY08
Cash & Cash Equivalents - Beginning	429	504
<i>Cash (Outflow)/Inflow</i>		
Operating Activities	(550)	500
Investing/Capex Activities	(73)	(843)
Financing Activities	527	268
Cash & Cash Equivalents – Closing	333	429

Capital Expenditure

US\$m	FY09 Actual	FY08 Actual
1. Vessels	8	249
2. Equipment / Facilities	22	551
3. Drydock	13	23
4. IT	39	48
5. Others	11	11
Total	93	882

4. Container Shipping



By Eng Aik Meng
President, APL



Container Shipping FY2009 Highlights

- Container shipping achieved FY2009 revenue of US\$5.5 billion, a year-on-year (YoY) decrease of 31% mainly due to lower volumes transported, coupled with freight rate deterioration across all major trade lanes.
 - Volume declined by 7% YoY due to a decline in volumes in Europe and Americas trade, partially offset by growth in Asia/Middle East trade.
 - Average revenue per FEU fell by 25% YoY mainly due to lower bunker recovery and freight rate deterioration across all major trade lanes.
 - 4Q09 achieved utilisation rate of 93%.
- The continued depressed trading conditions arising from the decline in global demand coupled with an industry capacity overhang resulted in significant Core EBIT losses of US\$731 million in FY2009.

Container Shipping Profit & Loss Summary

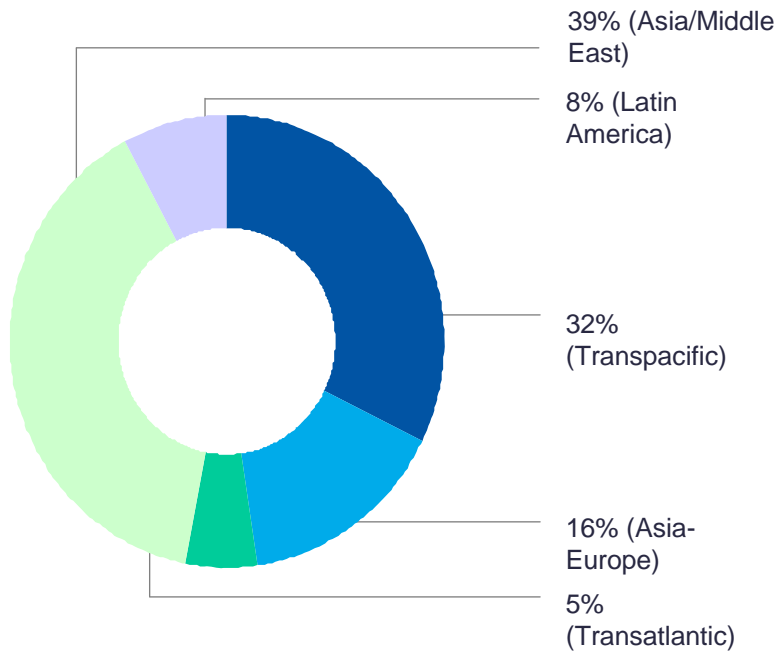
US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	5,485	7,945	(31)	1,696	1,964	(14)
Core EBITDA	(482)	299	nm	(145)	(19)	663
• Depreciation & Amortisation	(249)	(226)	10	(67)	(65)	3
Core EBIT	(731)	73	nm	(212)	(84)	152
• Non-recurring items	(8)	(39)	(79)	(8)	(59)	(86)
EBIT	(739)	34	nm	(220)	(143)	54
Core EBIT Margin (%)	(13.3)	0.9		(12.5)	(4.3)	
EBIT Margin (%)	(13.5)	0.4		(13.0)	(7.3)	

Container Shipping Volume Growth

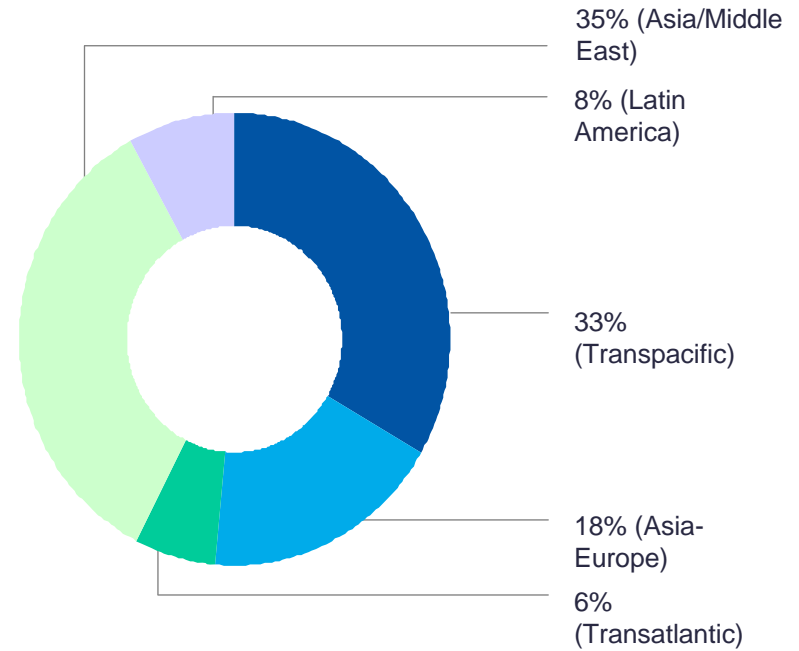
'000 FEUs	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Americas	915	1,024	(11)	302	229	32
Transpacific	738	825	(11)	247	183	35
Latin America	177	199	(11)	55	46	20
Europe	477	589	(19)	138	135	2
Asia-Europe	357	442	(19)	101	100	1
Transatlantic	120	147	(18)	37	35	6
Asia/Middle East	897	852	5	293	210	40
Total	2,289	2,465	(7)	733	574	28

Container Shipping : Volume Mix

- Intra-Asia trade mix grows as greater demand decline occur in the other East/West trades.
- Trade volume mix continues to be managed to maximise yields.



FY09 Volume breakdown



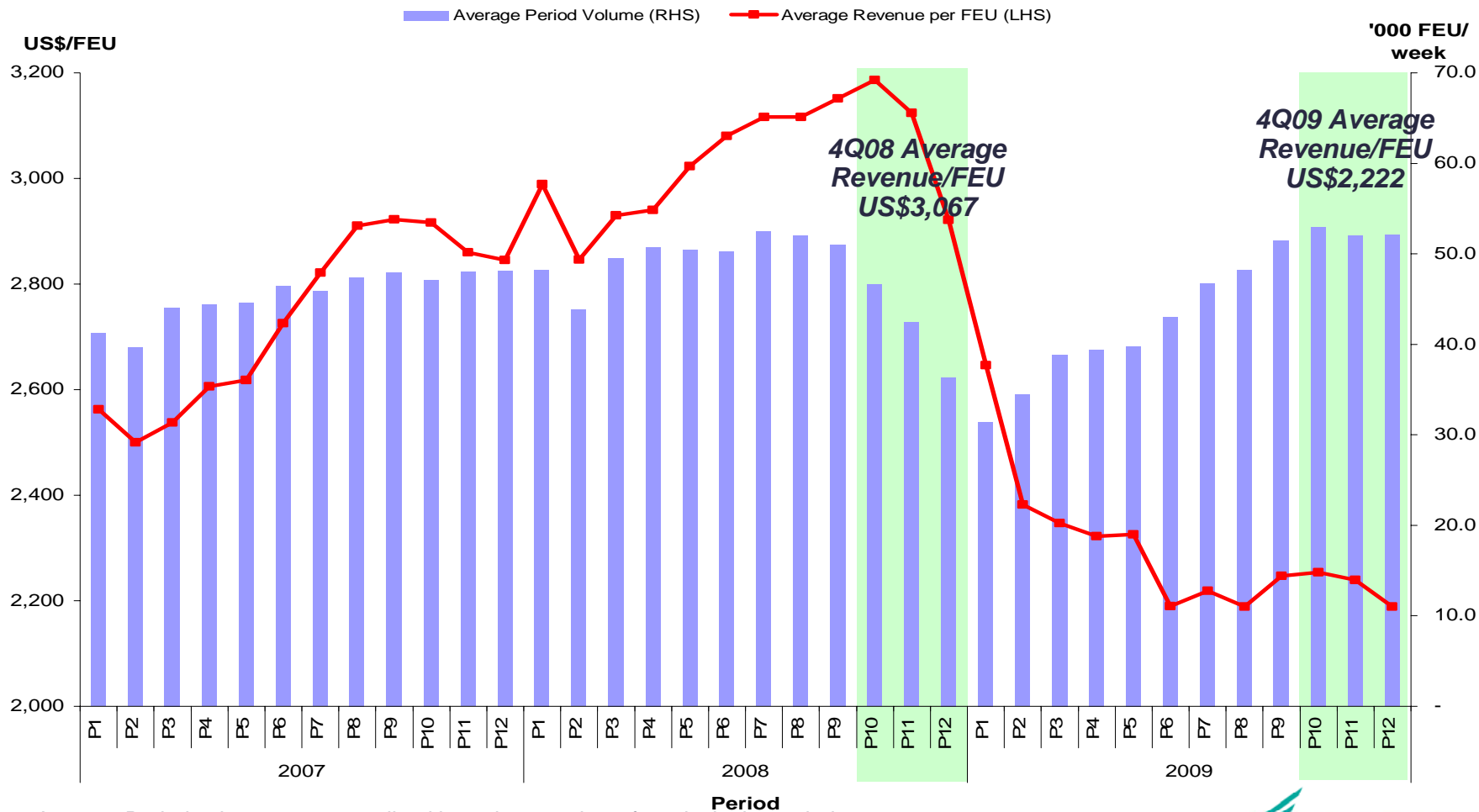
FY08 Volume breakdown

Container Shipping Average Revenue/FEU

US\$/FEU	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Americas	3,185	3,865	(18)	2,922	4,258	(31)
Europe	2,191	3,127	(30)	2,398	2,915	(18)
Asia/Middle East	1,421	1,968	(28)	1,419	1,865	(24)
Total	2,286	3,033	(25)	2,222	3,067	(28)

Volume and Average Revenue/FEU Trend

While volume has improved during the year and stabilised during 4Q09, the overall freight rate environment continue to remain at depressed levels.

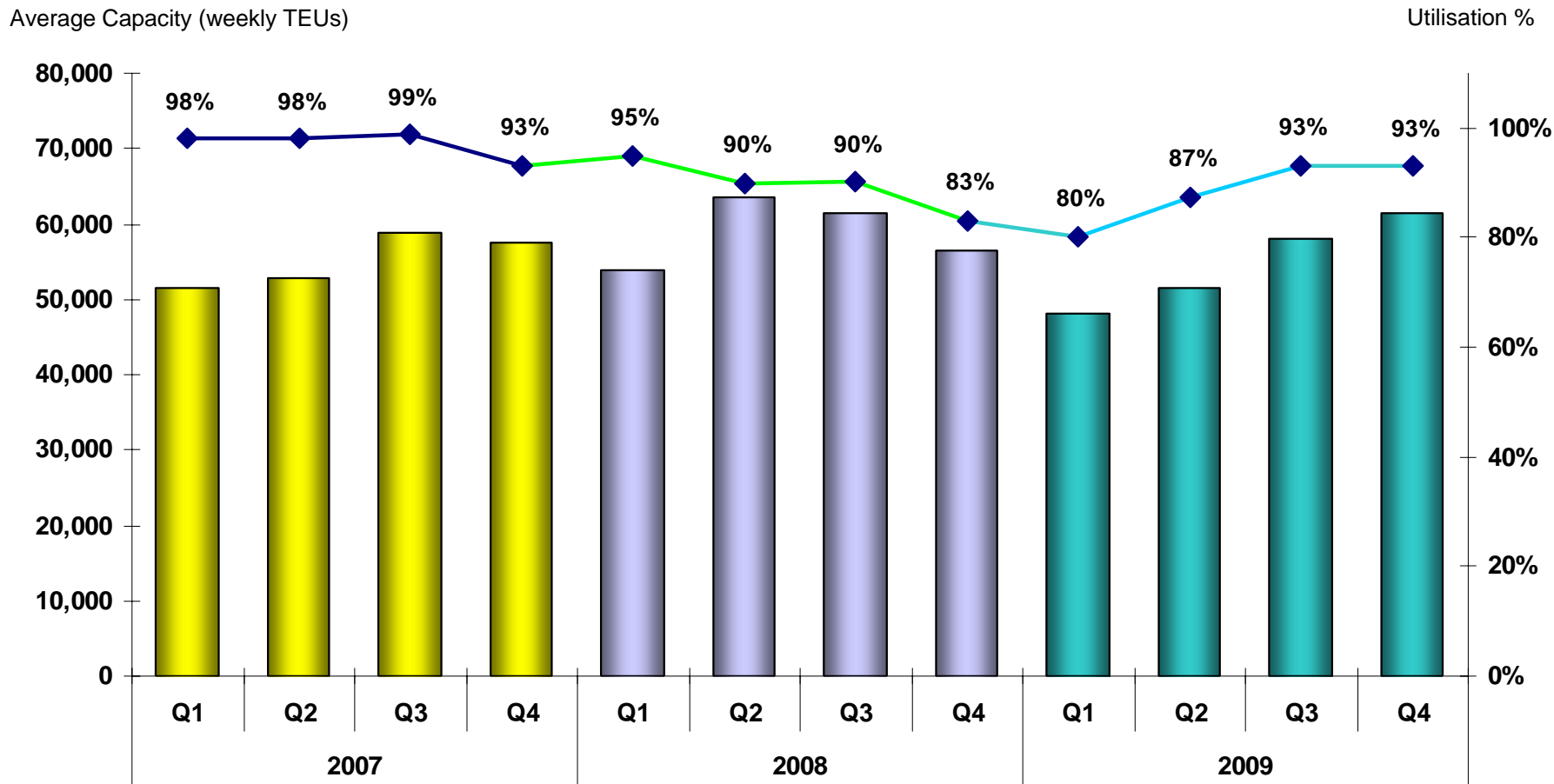


Note: Average Period volumes are normalised based on number of weeks in the period



Container Shipping Network Capacity & Utilisation

Active capacity management coupled with improvement in trade volumes resulted in a recovery in utilisation rates in 2H 2009. Network capacity continue to be managed to optimise utilisation rates and yield.



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



Container Shipping : Americas

	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Total Volumes ('000 FEUs)	915	1,024	(11)	302	229	32
• Transpacific	738	825	(11)	247	183	35
• Latin America	177	199	(11)	55	46	20
Average Revenue (US\$/FEU)	3,185	3,865	(18)	2,922	4,258	(31)

- **Transpacific** : US economic uncertainties and decline in consumer spending has continued to impact Transpacific volumes. However, sequential improvement in trade dynamics during the year has resulted in higher year-on-year volumes during 4Q09. Average revenue per FEU declined year-on-year in FY09 due to renewal of annual contracts in May/June at significantly lower rates coupled with lower bunker recovery.
- **Latin America** : Latin America trade volumes were adversely impacted by overall global economic uncertainties. Freight rates, particularly on the eastbound trade, came under pressure due to higher industry supply-demand gap and lower bunker recovery.

Container Shipping : Europe



	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Total Volumes ('000 FEUs)	477	589	(19)	138	135	2
• Asia-Europe	357	442	(19)	101	100	1
• Transatlantic	120	147	(18)	37	35	6
Average Revenue (US\$/FEU)	2,191	3,127	(30)	2,398	2,915	(18)

- Asia-Europe** : Volumes for the year declined significantly as a result of the global recession. The rapid decline in volume since 2008 coupled with oversupply in the trade lane and highly competitive pricing behavior resulted in significant year-on-year decline in freight rates for 2009. Gradual improvement in trade volumes during the year resulted in a year-on-year volume growth in 4Q09. Relative stronger demand and tight capacity has also resulted in recent improvement in freight rates.
- Transatlantic** : The Transatlantic route experienced a decline in trade volumes arising from global economic uncertainties, particularly in the US and Europe. As a consequence, freight rate also came under pressure.



Container Shipping : Asia/Middle East

	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Total Volumes ('000 FEUs)	897	852	5	293	210	40
Average Revenue (US\$/FEU)	1,421	1,968	(28)	1,419	1,865	(24)

- Asia/Middle East:** Volumes for the year rose by 5% year-on-year mainly due to improvement in backhaul and short-sea trades, particularly in 2H 2009, resulting in strong year-on-year growth in Asia/Middle East volumes in 4Q09. Average revenue saw significant deterioration due to competitive pressures arising from cascading of tonnage from other trades since last year.

Container Shipping Trade Imbalance

Decline in headhaul demand coupled with relative strength in backhaul routes has resulted in improved trade balance on the major East/West trades.

No. of FEUs that are full backhaul for every 10 FEUs full headhaul

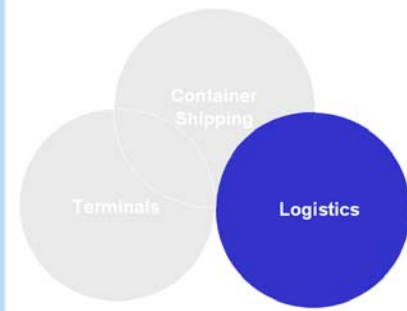
Trade	2007	2008	2009
• Transpacific	6	7	7
• Asia-Europe	7	7	8
• Transatlantic	10	10	10

Container Shipping FY2009 Summary



- **Adverse conditions continue to put pressure on container shipping earnings.**
- **Volume has shown sequential improvement since 1Q09.**
- **Active capacity and cost management minimised some of the losses incurred in 2009.**
- **Industry seeing signs of freight rate recovery but future still uncertain.**
- **Maintain focus on operational efficiency and cost management to drive cost savings.**

5. Logistics



By Jim McAdam
President, APL Logistics



Logistics FY2009 Highlights



- Logistics achieved FY2009 revenue of US\$976 million, a year-on-year (YoY) decrease of 26% due to lower volumes across the various Logistics' services, coupled with lower freight rates in the forwarding business segment.
 - International Services achieved revenue of US\$364 million, a YoY decrease of 29% due to a combination of lower shipment volume and lower freight rates in the forwarding business segment.
 - Contract Logistics achieved revenue of US\$612 million, a YoY decrease of 24% due to lower volumes across various business units, particularly in the business areas that service the automotive sector and related trucking services.
- Logistics achieved a Core EBIT of US\$54 million for 2009, a decline of less than US\$10 million or 16% YoY, mainly due to lower volumes and revenue.
- Despite lower Core EBIT, active cost management reduced operating cost and general and administrative expenses by 29% and 20% respectively, resulting in Core EBIT margin improvement from 4.8% in FY2008 to 5.5% in FY2009.

Logistics Profit & Loss Summary



US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	976	1,324	(26)	306	328	(7)
Core EBITDA	65	74	(12)	16	18	(11)
• Depreciation & Amortisation	(11)	(10)	10	(3)	(2)	50
Core EBIT	54	64	(16)	13	16	(19)
• Non-recurring items	-	(11)	(100)	-	(10)	(100)
EBIT	54	53	2	13	6	117
Core EBIT Margin (%)	5.5	4.8		4.2	4.9	
EBIT Margin (%)	5.5	4.0		4.2	1.8	

Performance Breakdown

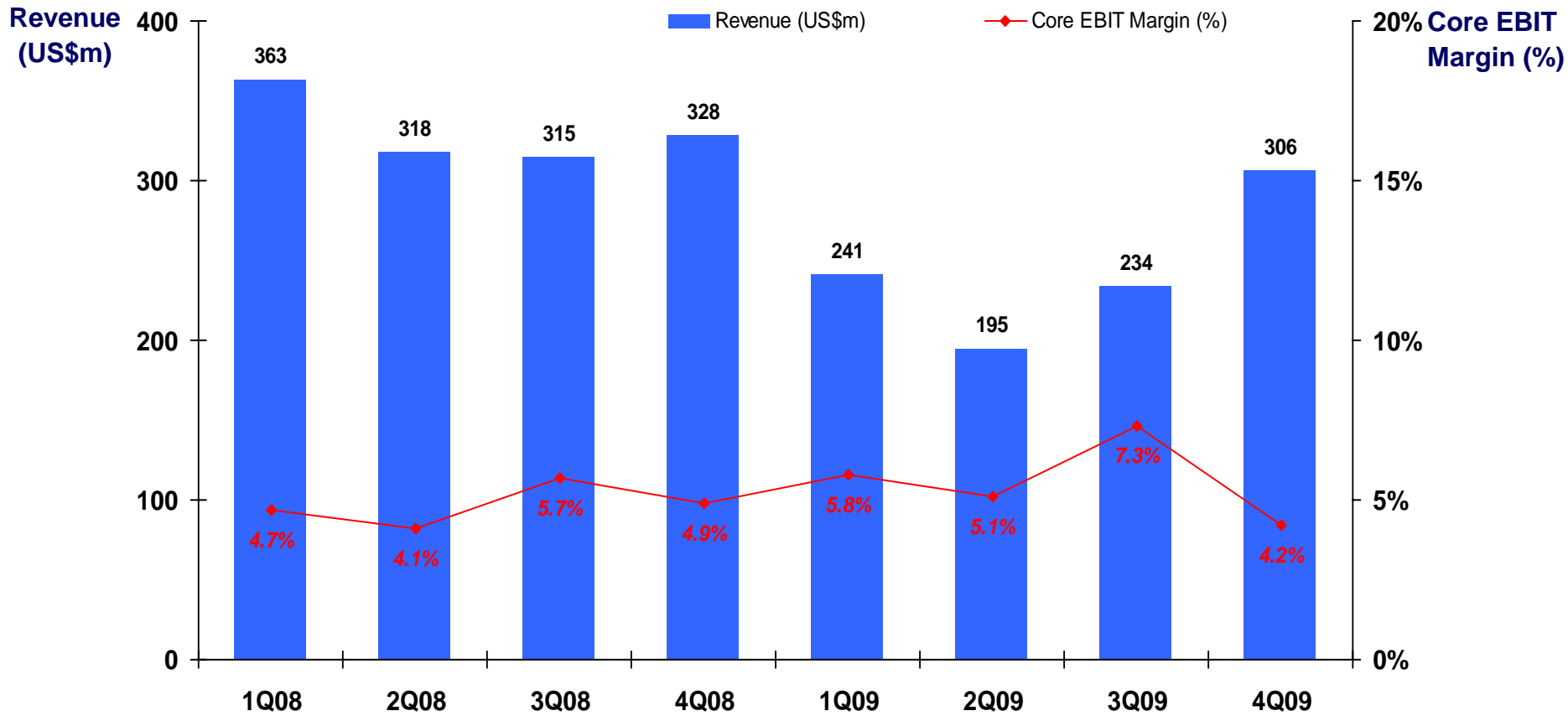


Business Segment (US\$m)	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	976	1,324	(26)	306	328	(7)
• Contract Logistics	612	808	(24)	199	206	(3)
• International Services	364	516	(29)	107	122	(12)
Core EBIT	54	64	(16)	13	16	(19)
• Contract Logistics	19	30	(37)	5	5	-
• International Services	35	34	3	8	11	(27)
Core EBIT Margin (%)	5.5	4.8		4.2	4.9	
• Contract Logistics (%)	3.1	3.7		2.5	2.4	
• International Services (%)	9.6	6.6		7.5	9.0	

Logistics Revenue and Core EBIT Margin Trend



Under adverse economic conditions, decisive actions on managing costs has resulted in consistent positive earnings and building the cost platform for further growth.



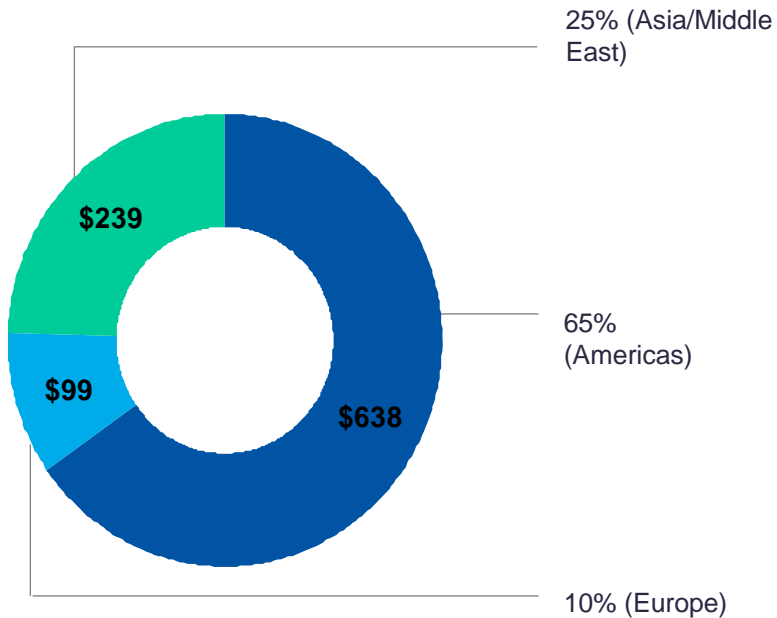
Note: 1Q and 4Q figures consist of 14 weeks. 2Q and 3Q consists of 12 weeks.



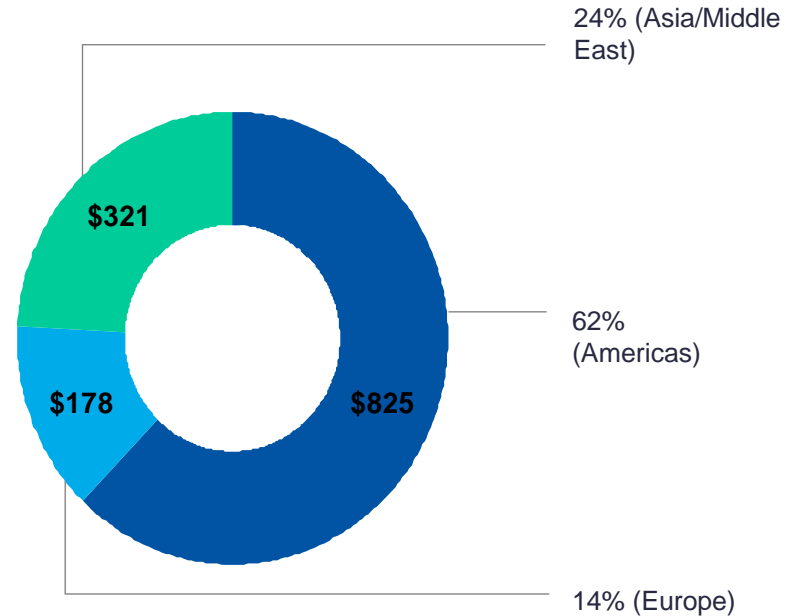
Logistics' Revenue Trend – By Region



The decline in global trade affected revenue contribution from all regions, particularly in Europe where decline in volume was compounded by decline in freight rate in the forwarding segment.



FY09 Revenue Breakdown – by Region (US\$m)



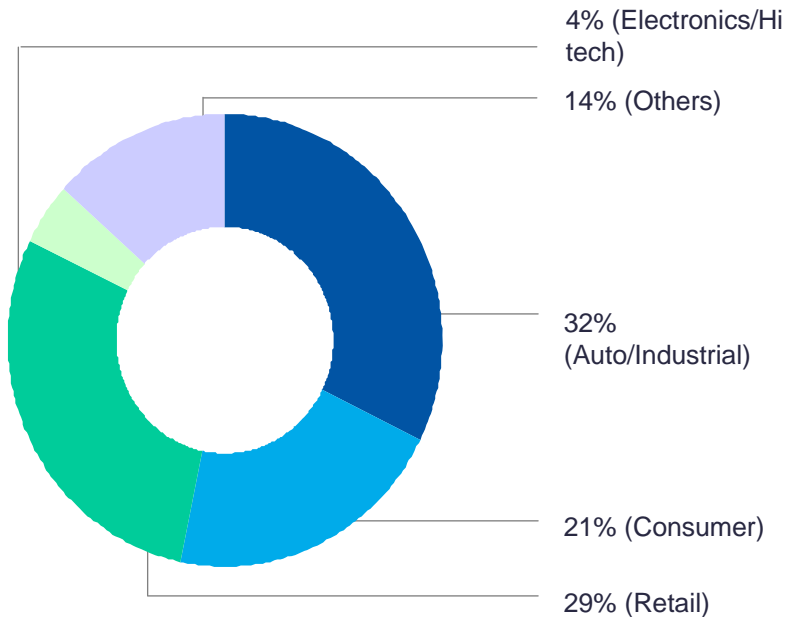
FY08 Revenue Breakdown – by Region (US\$m)



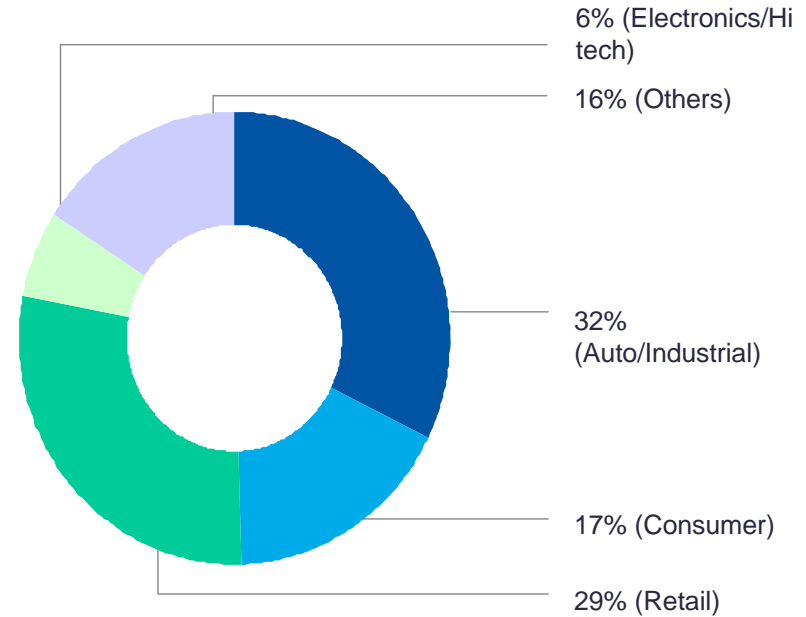
Logistics' Revenue Trend – By Customer Segment



All sectors were affected by lower volumes due to the global recession. Retail and Consumer segment showed relative strength due to the continued demand for basic necessities and replenishing of inventory. Early decline in auto segment arising from auto factory closures and GM and Chrysler's financial troubles was partially compensated by an increase in demand in the latter parts of the year.



FY09 Revenue Breakdown
– by Customer Segment



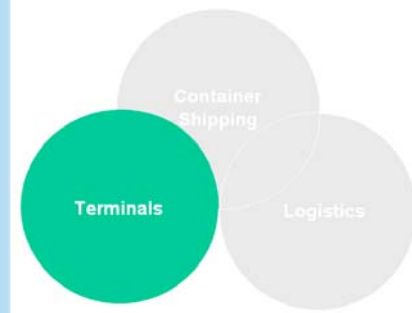
FY08 Revenue Breakdown
– by Customer Segment

Logistics FY2009 Summary



- In spite of depressed demand conditions during FY2009, the Logistics division was able to generate positive earnings and improved margins.
- Emphasis on operating, general and administrative costs improved performance in key business segments, such as origination services.
- Business unit reorganisation and operational cost restructuring to position for the recovery in global demand and logistics services.

6. Terminals



By Steve Schollaert
President, APL Terminals



Terminals FY2009 Highlights



- Terminals achieved FY2009 revenue of US\$503 million, a year-on-year (YoY) decrease of 13% due to lower overall volume throughput.
 - FY2009 recorded volume throughput of approximately 1.9 million lifts, a decline of 12% YoY.
 - Throughput in 4Q09 grew by 18% YoY in-line with improved Container Shipping volumes.
- Terminals achieved a Core EBIT of US\$32 million for 2009, a YoY decrease of 56% mainly due to lower volumes lifted and changes in trade mix. The impact from lower volume and revenue was partially offset by cost mitigation initiatives.

Terminals Profit & Loss Summary



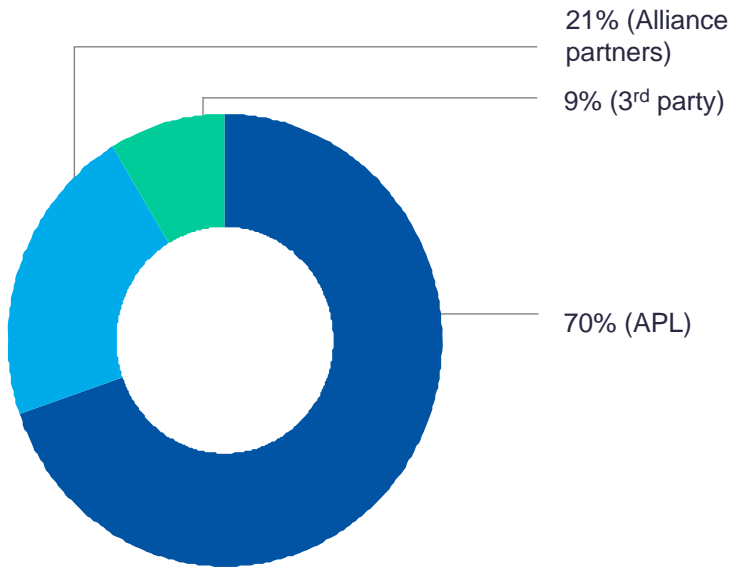
US\$m	FY09	FY08	% ▲	4Q09	4Q08	% ▲
Revenue	503	577	(13)	168	148	14
Core EBITDA¹	53	93	(43)	23	25	(8)
• Depreciation & Amortisation	(21)	(21)	-	(6)	(7)	(14)
Core EBIT¹	32	72	(56)	17	18	(6)
Core EBIT Margin (%)	6.4	12.5		10.1	12.2	
Volume ('000 lifts)	1,946	2,215	(12)	641	545	18
Average Revenue (US\$/Lift)	258	260	(1)	262	271	(3)

¹ Includes share of results from a joint venture.

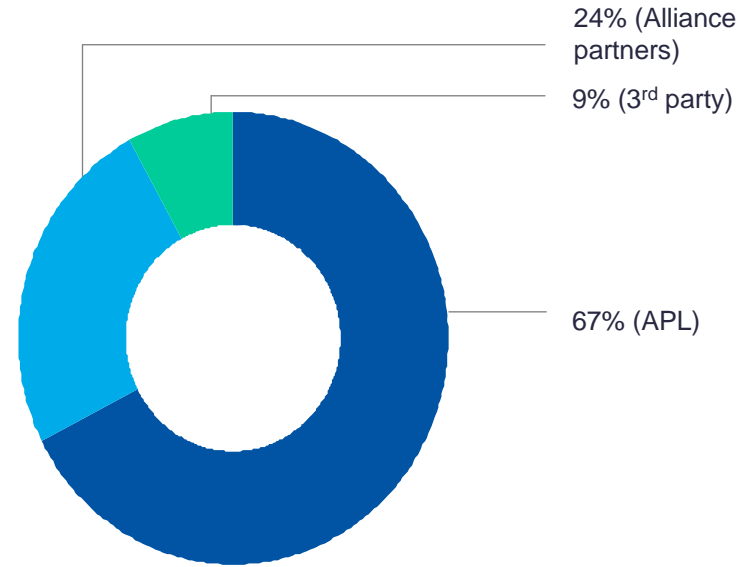
Terminals : Volume Mix



Continued network adjustments in the industry has resulted in greater proportion of APL volume and lower proportion of Alliance partners' volumes.



FY09 Volume breakdown



FY08 Volume breakdown

7. Current Industry Dynamics

By Ron Widdows
Group President & CEO



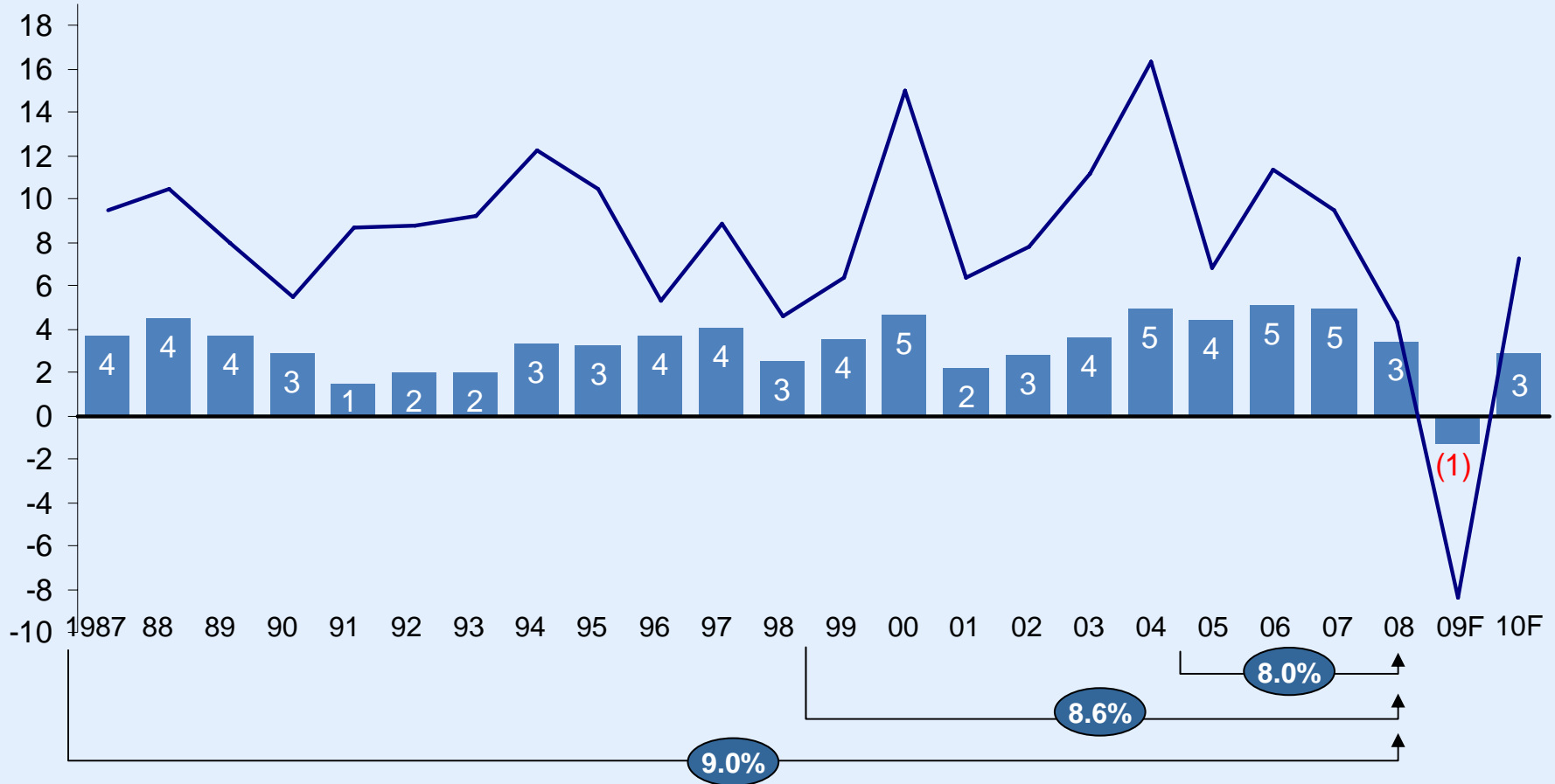
In 2009, containerized trade growth was negative for the first time in two decades. Some recovery is expected in 2010.

Annual growth rate
Percent

Real GDP growth

Average world containerized trade growth

Containerized trade growth over period



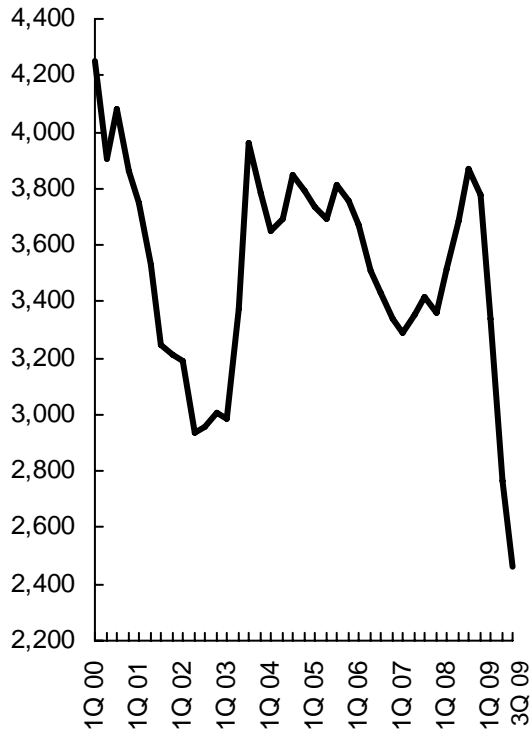
Source: IMF Sept 2009; Global Insight, NOL analysis



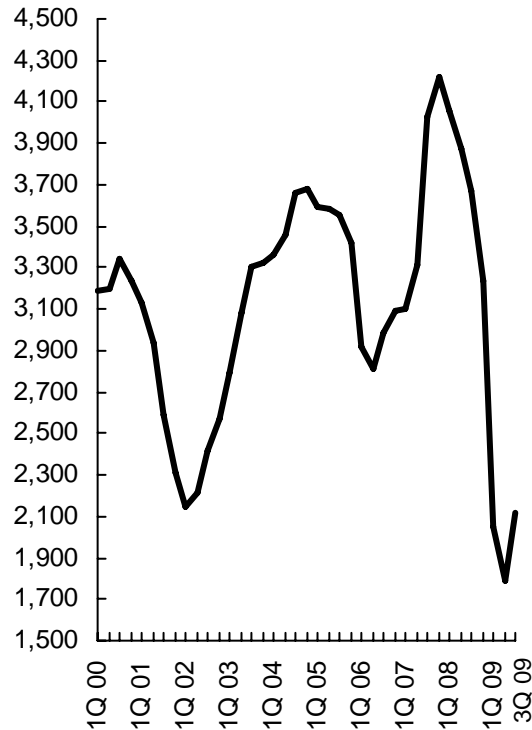
As a result of the demand-supply imbalance, freight rates fell precipitously

Industry Head Haul Freight Rate

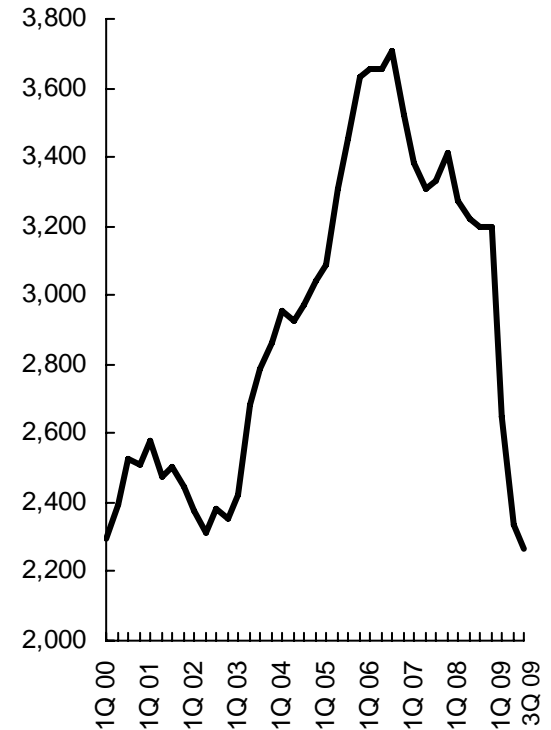
Transpacific
USD/F



Asia Europe
USD/F



Trans Atlantic
USD/F



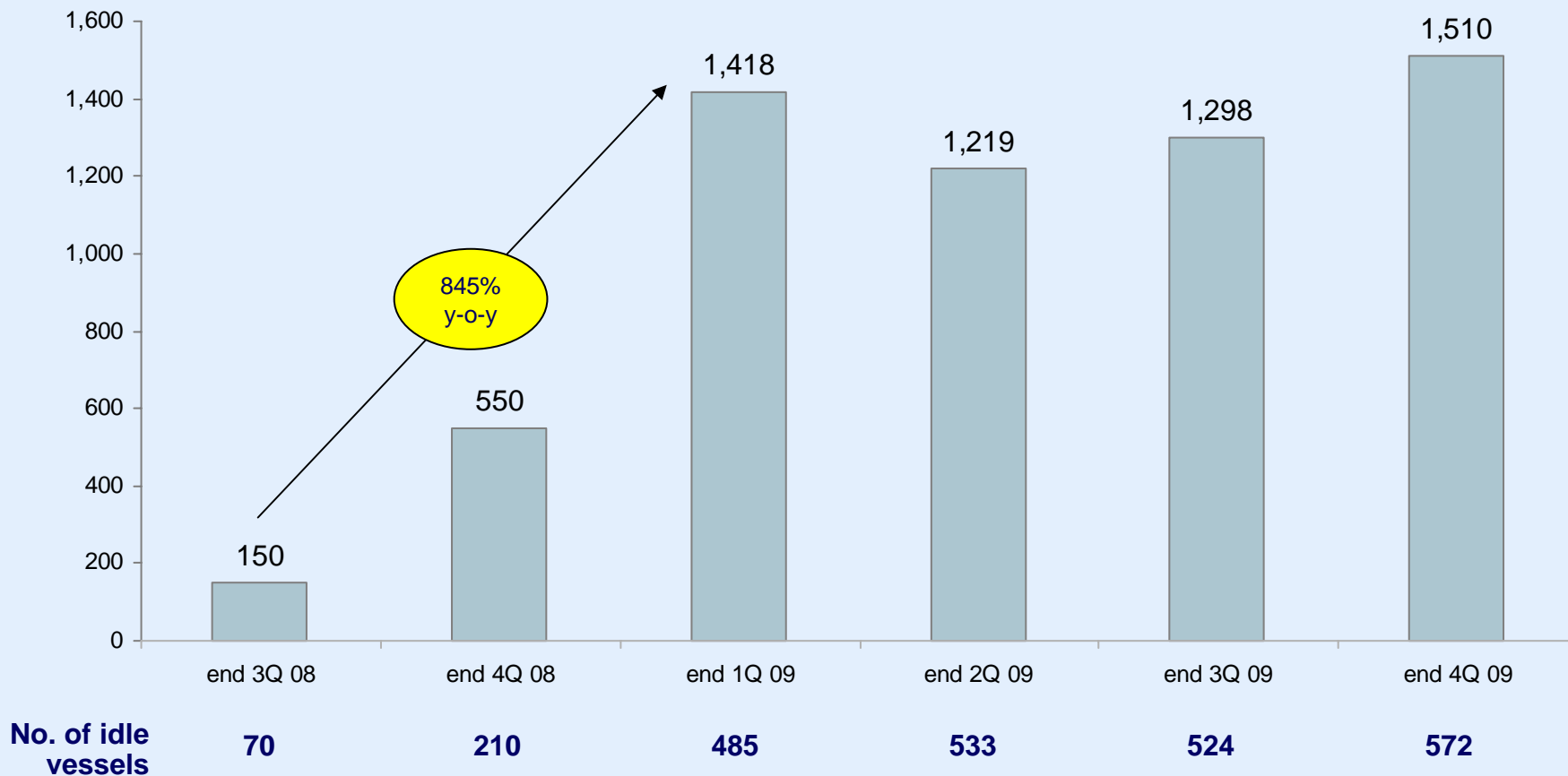
SOURCE: Containerisation International



Liners have reacted by laying up vessels

'000 TEU

Laid Up Vessels as of Nov 09

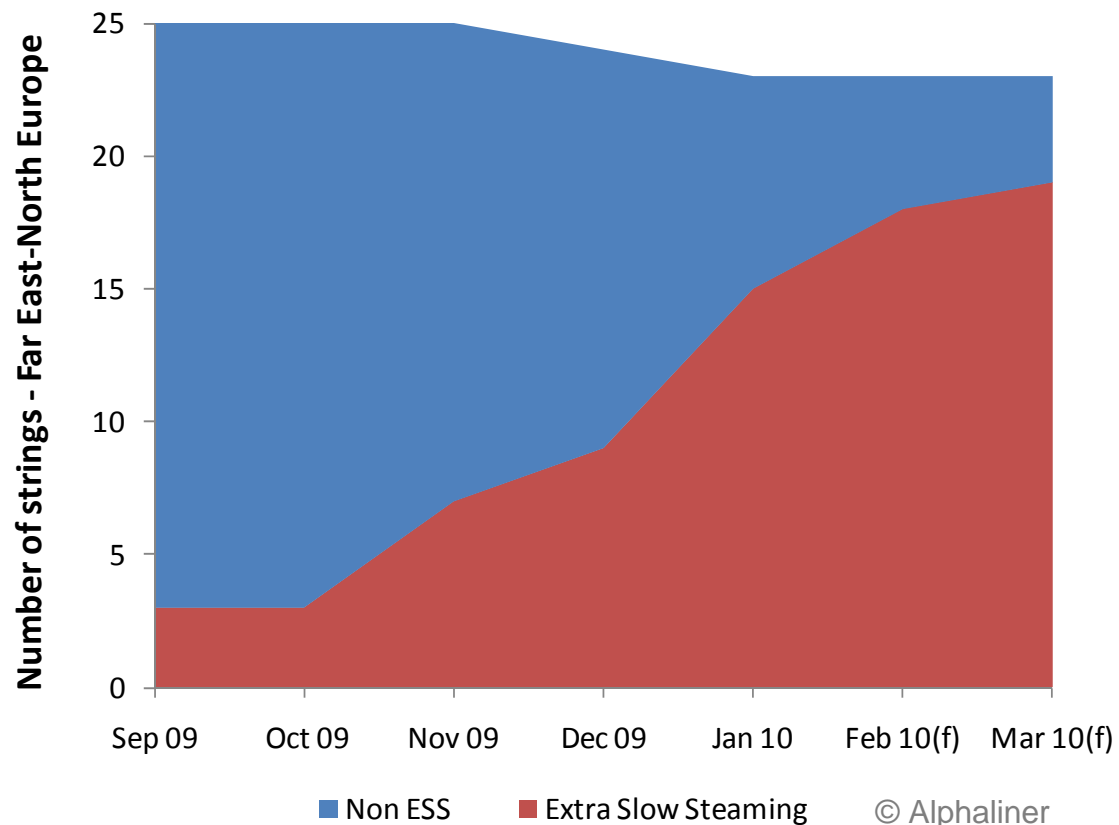


Over 800% increase in laid up tonnage between end 3Q 08 to 1Q 09 before maintaining at its current high level for the past 9 months

Implementing of slow steaming to save bunker costs on Asia-Europe has absorbed some additional capacity

- **Extra Slow Steaming** (defined as average sailing speeds of ~18 knots) is now widely adopted on the Asia-Europe trades.
- **On the Far East – North Europe route, 19 of the 23 loops serving the trade is to be on ESS mode by March 2010. The shift towards ESS started since November 2009.**

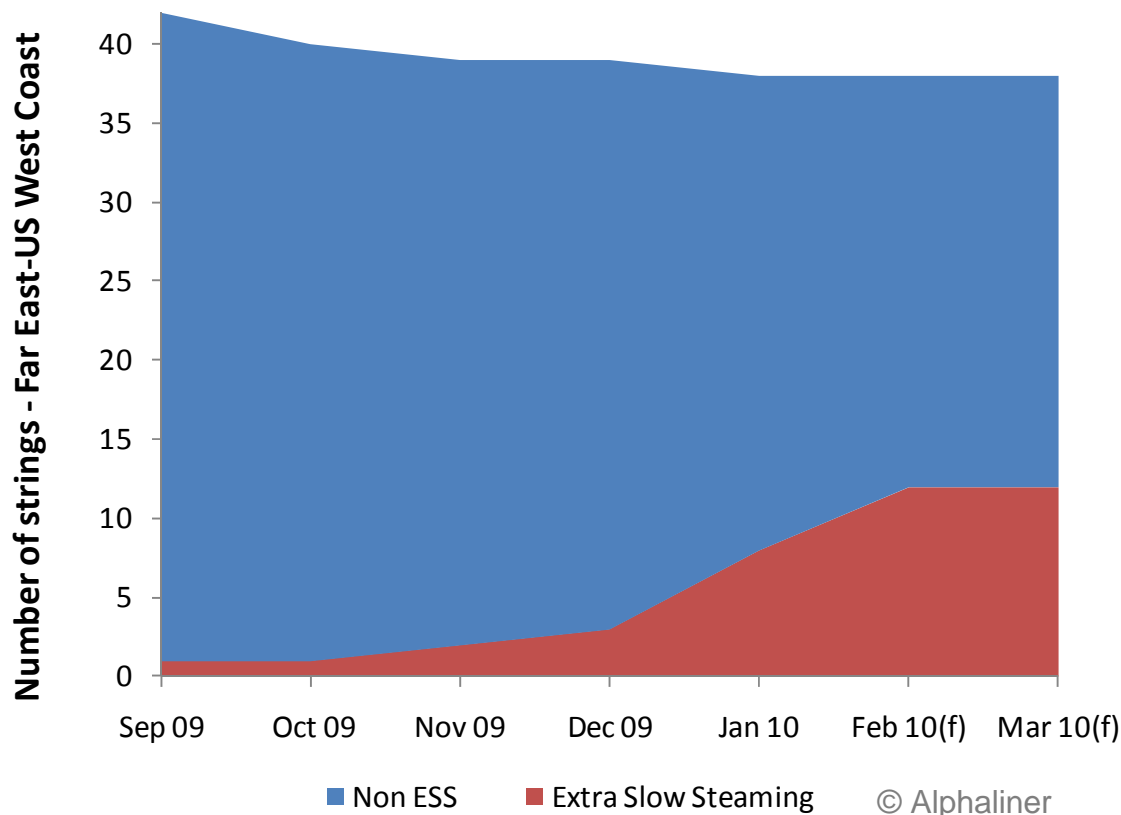
Spread of slow steaming on FE-N Europe services



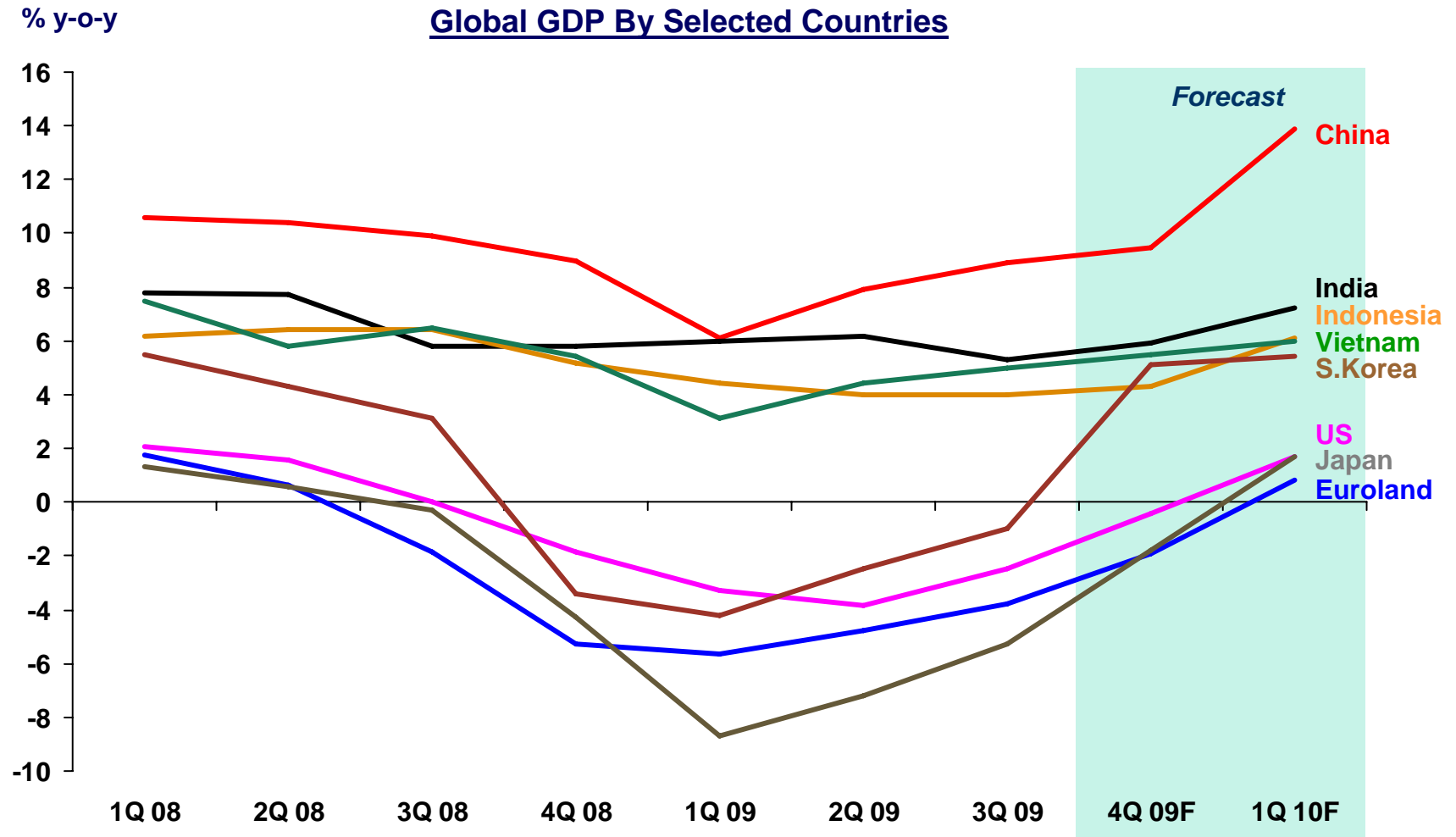
Room for further slow steaming on Transpacific trades to reduce fuel costs, carbon emissions and the supply-demand gap

- On the other long haul tradelanes, Extra Slow Steaming has not been applied as extensively as the Asia-Europe trades.
- On the Far East – US West Coast trade, there are 12 strings recorded to be on ESS out of a total of 38 loops currently serving the trade.
- Many all water services to US East Coast have already implemented slow steaming.

Spread of slow steaming on US West Coast services



Additionally, demand started to turn upon signs of economic recovery in 2H09...



Note: Euroland includes Czech Republic, Denmark, France, Germany, Hungary, Italy, Kazakhstan, Netherlands, Norway, Poland, Russia, Spain, Sweden, Switzerland, Turkey, Ukraine, UK

Source: CEIC, GoldmanSachs Oct 09



Demand recovery and industry discipline has lead to signs of recent freight rate improvements



Freight rates show signs of recovery

Lloyd's List – 19 January 2010

“The spot rate for shipping a 40-foot container from Hong to Los Angeles jumped 17.9 percent in the week ended Jan. 18 compared to the week earlier as U.S. importers largely went along with the mid-contract “emergency rate charge” that was implemented on Jan. 15 by the 15 carrier members of the Transpacific Stabilization Agreement”

TSA bullish about 2010 following emergency rate 'success'

Containerisation International – 15 January 2010

“The Transpacific Stabilisation Agreement (TSA) is bullish about the prospects for the Asia-US market for the year ahead following a series of strong forward bookings and positive economic indicators.

A statement said that with 2009 cargo demand to have likely fallen by 15/20% below 2008 levels, carriers are looking for a 'significant' increase in 2010 traffic. It added that forward bookings by individual TSA lines suggest that vessel utilisation levels in the trade will remain in the mid-high 90% range on most trade segments, with only a temporary, typical dip in the Lunar New Year period in Asia where factories are closed.”

Drewry reports box rate rise

American Shipper – 19 January 2010

”Drewry said that for the first time since mid-2008, average global container freight rates experienced a year-on-year increase in late 2009. Drewry's Global Freight Rate Index recovered by 3 percent in the year to November 2009, after collapsing the first half of 2009. Between September and November, the global “all-in” container freight rate index rose from \$2,040 per 40-foot container to \$2,160, maintaining a trend of price rises that has lasted for more than six months. However, Drewry said average global freight rates in late 2009 were still about 20 percent below the peak of 2007.”

Box Hike

Tradewinds – 13 January 2010



”Denmark's Maersk Line continues to try to drive up container rates with another planned hike.

The latest rate restoration covers the Europe to South Asia and Middle East trade.

The increase of \$100 per teu applies from 15 February.

As usual, Maersk said rates in the trade were unacceptable and the situation is unsustainable in the longer term.”

Summary

- While demand is recovering and signs of inventory restocking is taking place, the underlying strength and duration of this recovery is still uncertain.
- Cost pressures that resulted in lay-ups and slow steaming has helped to improve utilisation rates, manage costs and stabilise rates.
- Recent freight rate improvements is bringing liners closer to sustainability.
- Industry continues to be burdened by supply overhang in the form of idled vessels and newbuild deliveries.
- Bunker volatility continue to weigh on cost.
- Continuing trend of slow steaming will not only reduce fuel costs and carbon emission but also have a positive effect on the demand-supply gap.



8. Group Outlook



Group Outlook

At our 3Q09 results announcement, NOL indicated continuing losses in the first half of 2010. In early 2010, there have been improvements in volumes and asset utilisation in NOL's principal markets. In addition, freight rates have stabilised and trended upwards in some trades. If these conditions continue, better business performance is possible. However, significant risks remain – particularly the sustainability of demand and higher fuel costs. The Group will continue to pursue strategies which reflect the current operating environment, including the achievement of cost savings and improved asset utilisation, yields and productivity.

Appendix



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, Chinese Renminbi, Singapore Dollar and Japanese Yen.
- The Group maintains a policy of hedging its foreign exchange exposures.

**End of Presentation
Thank You**

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