



1Q RESULTS SHOW SUSTAINED PERFORMANCE

Singapore, 13 May 2005: - Global transportation and logistics company, Neptune Orient Lines (NOL), today reported net profits* of US\$195 million for the first quarter (1Q), a 16% increase over the corresponding period last year.

Core Earnings Before Interest Expense, Tax and Non-Recurring Items (EBIT) in the 1Q was US\$216 million, a 19% year-on-year (YoY) increase. This was achieved on revenue growth of 16%.

KEY FINANCIAL / PERFORMANCE HIGHLIGHTS

	1Q05	1Q04	Change
Revenue (US\$m)	1,804	1,553	16%
Core EBIT (US\$m)	216	182	19%
Net profit before NRI (US\$m)*	189	157	20%
NRI (US\$m)**	6	11	(45%)
Net profits (US\$m)*	195	168	16%
EPS (US cts per share)	13.45	11.75	14%
Ending no. of shares (m)	1,453	1,433	1%

* Net profits refer to amounts attributable to equity holders ie shareholders, excluding minority interest;

** NRI = Non-Recurring Items

Continuing strong operating cash flows have reversed the Group's previous net debt levels at the end of 2004, to a net cash position at the end of 1Q05.

1Q05 OPERATING PERFORMANCE

Mr David Lim, Group President and CEO, said, "APL achieved better YoY results in 1Q because demand growth remains strong, but rising costs will continue to put pressure on margins. To cope with this demanding competitive environment, APL's strategy is to maintain excellent and reliable services for our customers, and to continue to carefully manage yield, costs and capacity utilisation to achieve healthy operating margins. As for our logistics operations, we continue to expand our business, and to improve operating margins. Our strong balance sheet continues to support our strategy to build competencies in end-to-end solutions."

Liner

APL, NOL's Liner business, reported a 12% YoY increase in Core EBIT to US\$201 million in 1Q.

Total volumes shipped in 1Q05 totalled 499,137 FEUs (forty-foot equivalent units), 13% more than the corresponding period last year.

Mr Ron Widdows, APL CEO, said, "Volume growth was boosted by the introduction of several new services in the second half of 2004, which resulted in a YoY capacity increase of 14%. The Intra-Asia market remained one of the strongest drivers with a 30% YoY increase. We are steadily adding capacity to increase volumes and continue to focus on making the most of our network to optimise our capacity and maximise yields. In the 1Q, this resulted in an increase in average revenues per FEU of 7% compared with the same period last year."

Cost pressures continue to rise, especially on inland transportation services in the US as well as fuel and charter hire. Overall Liner costs per unit increased 7% in the 1Q.

Charter rates are higher due to a buoyant charter market. Additional charter expenses were \$9 million more than the 1Q last year, and are expected to be \$37 million higher for the full year. (See over for fuel cost impact.)

Cost saving efforts yielded total savings of \$11 million in the 1Q. These efforts will continue through the rest of the year to help mitigate rising cost pressures.

Logistics

APL Logistics' 1Q revenues were up 10% YoY, with increased contributions from both the Contract Logistics and International Services units.

Logistics achieved a Core EBIT of US\$16 million, a 167% increase on the US\$6 million recorded at the end of 1Q last year.

Mr David Lim said, "The financial performance of the Logistics business has been steadily improving over the past two years. The strong performance in the 1Q was a result of increased demand from existing customers and contributions from new customers, coupled with an improved customer and product mix. Our focus has been on improving our competencies and developing customised engineered solutions for key customers who are taking advantage of our end-to-end solutions."

BALANCE SHEET AND CASH FLOWS

The Group achieved a net cash balance at the end of the 1Q. Total cash and cash equivalents now total US\$933 million, exceeding total borrowings of \$806 million at the end of the 1Q.

Capital expenditure in the 1Q was US\$30 million. For the full year, total capital expenditure is budgeted at US\$437 million, the bulk of which is planned for new container equipment.

FUEL AND CURRENCY EXPOSURES

Higher fuel prices as well as overall business expansion led to higher fuel costs in the 1Q. Bunker expenses were US\$29 million higher than the corresponding period last year. 50% of the Group's fuel exposures are recoverable from customers through Bunker Adjustment Factor (BAF) provisions. Of the balance, we have hedged about a third.

The Group's revenues and costs are largely denominated in US\$. The Group's net foreign exchange exposure for the year is estimated to be about US\$500 million in the major currencies of Euro, Japanese Yen and the Singapore Dollar, due to local operating costs. As at end 1Q05, we have hedged 75%.

GROUP OUTLOOK FOR 2005

The business environment remains good. With our continued focus on yield management, cost containment and growing the Logistics business, the Group expects to achieve a strong performance in 2005, barring any unforeseen circumstances.

Note to editors:

Click [here](#) for the Corporate Presentation and Financial Statements.

Media Enquiries:

Corporate Communications Department
Ms. Sarah Lockie
Telephone: (65) 6371 5022
Facsimile: (65) 6371 5913
sarah_lockie@nol.com.sg

Investor Enquiries:

Investor Relations Department
Ms. Lim Siew Siew
Telephone: (65) 6371 5028
Facsimile: (65) 6371 7690
siew_siew_lim@nol.com.sg

About NOL



NOL is a Singapore-based global transportation and logistics company. Its container transportation arm, APL, provides customers around the world with container transportation services that combine high quality inter-modal operations with state-of-the-art information technology. Its supply chain services arm, APL Logistics, provides international, end-to-end logistics services, employing the latest IT and data connectivity for maximum supply chain visibility and control. NOL Web site: www.nol.com.sg

About APL



APL is a global container transportation company offering more than 60 weekly services and nearly 300 calls at more than 90 ports in Asia, Europe, the Middle East and North America. It combines world-class intermodal operations with leading IT tools and e-commerce. APL is a unit of Singapore-based Neptune Orient Lines (NOL), a global logistics and transportation company. APL Web site: www.apl.com

About APL Logistics



APL Logistics provides international, end-to-end supply chain services in more than 50 countries, including both origin and destination services such as freight consolidation, warehousing and distribution management. It uses innovative IT for maximum supply chain visibility and control. APL Logistics is a unit of Singapore-based Neptune Orient Lines (NOL), a global logistics and transportation company. APL Logistics Web site: www.apllogistics.com