

ORIENT OVERSEAS (INT'L) LTD

2008

Annual Result Announcement

March 20th 2009



Orient Overseas (International) Limited

2008 RESULTS



Group Result Summary - 2008

Results

Financial

2009 Trading Conditions

- OOIL Revenue Grows 16% to US\$6.55 billion
- Core Profit Before Tax US\$329 Million
- Net Profit US\$272 Million
- Final Dividend US4.5 cents per share



Group Results – FY08 & 2H08

Results	Financial			2009 Trading Conditions		
US\$M	2008	2007	% ▲	2H08	2H07	% ▲
<u>Continued Operations:</u>						
Revenue	6,545	5,651	16.0%	3,341	3,137	6.5%
E.B.I.T.D.A.	610	869	-29.9%	278	512	-45.7%
E.B.I.T.	420	691	-39.2%	189	418	-54.9%
Profit Before Tax & Revaluation	329	592	-44.4%	144	363	-60.4%
Revaluation of Wall Street Plaza	(25)	-	N/A	(15)	(25)	-40.0%
PAT from Continuing Operations	272	552	-50.7%	114	323	-64.7%
Profit Attributable to Shareholders	272	2,547	-89.3%	114	331	-65.5%



Group Financial Results - 2008

Results	Financial	2009 Trading Conditions
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US\$M	2008	2007	% ▲
Revenue	6,545	5,651	16%
EBITDA From Core Operations	610	869	-30%
Core Profit before Tax	329	592	-44%
Core Profit before Tax Margin	5.0%	10.5%	-5.5%

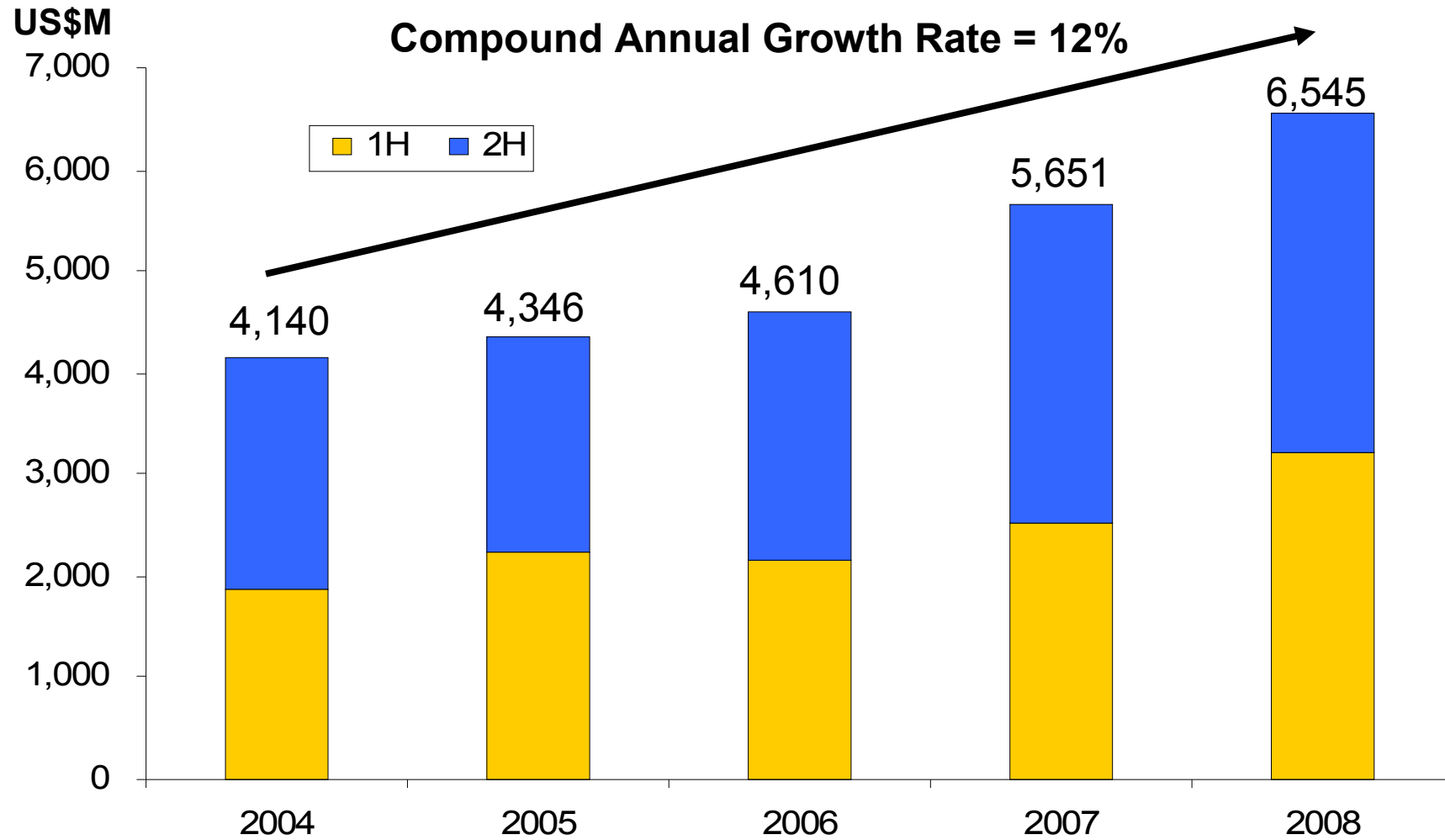


Earnings Per Share and Dividends

Results	Financial	2009 Trading Conditions	
US\$Cents	2008	2007	% ▲
EPS from Continuing Operations	43.5	88.3	-51%
Interim Dividend Paid	6.5	9.5	-32%
Final Dividend Proposed	4.5	13.5	-67%
Annual Ordinary Dividend Proposed	11.0	23.0	-52%
Ordinary Dividend Proposed Payout Ratio	25%	26%	-1%

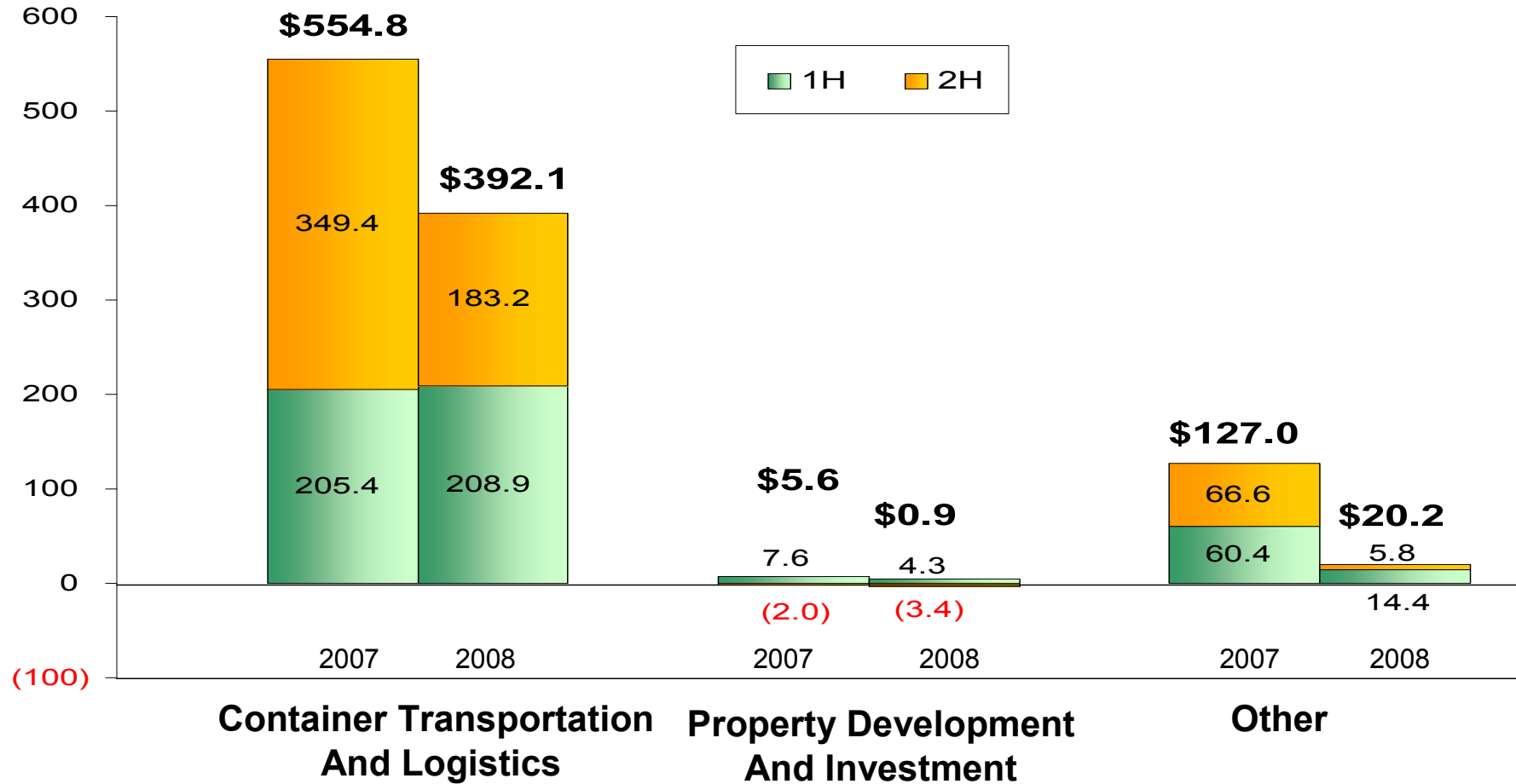


Revenue Growth



Operating Profit By Division*

US\$M



(100)

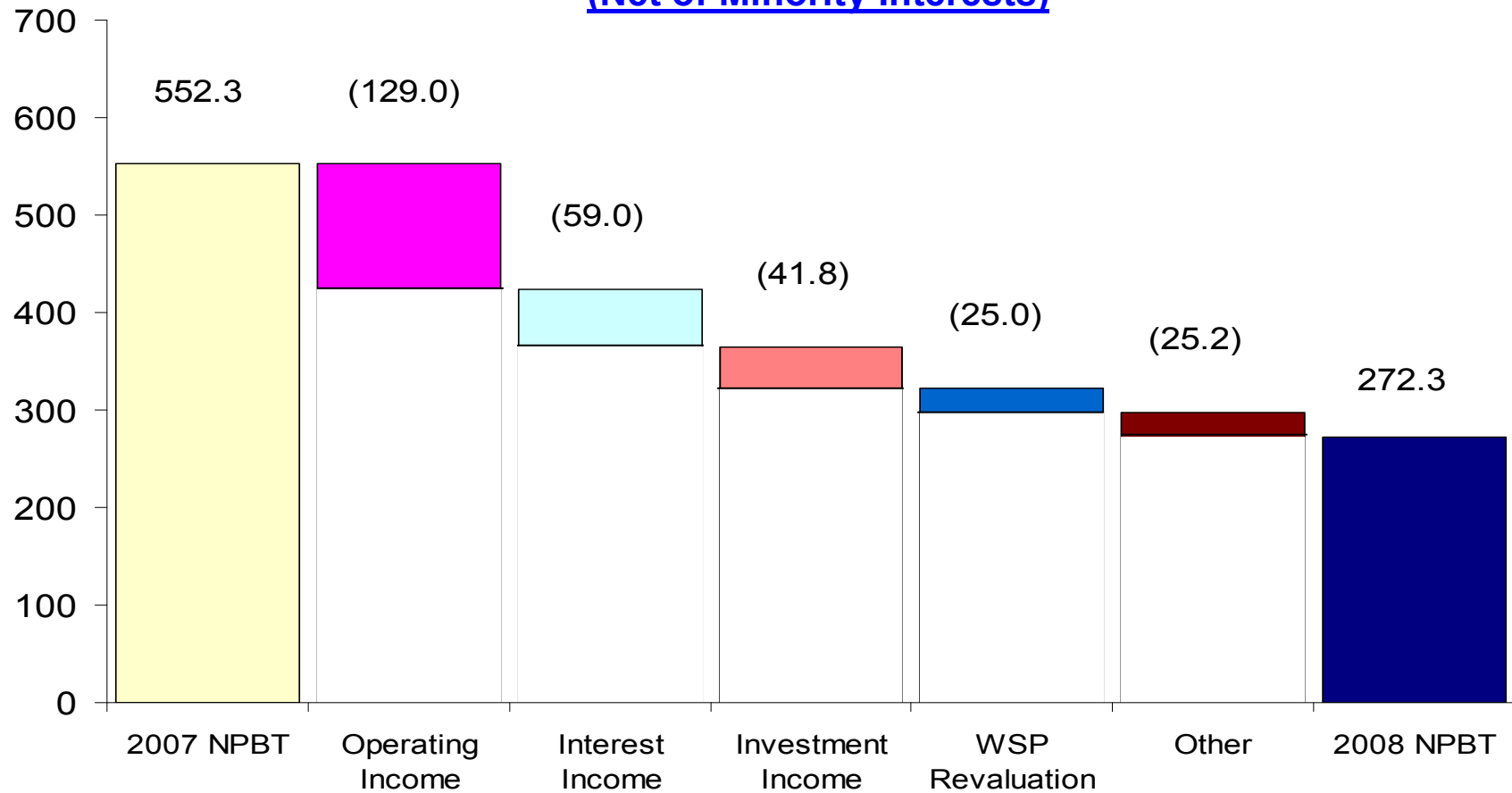
*Note: Excluding WSP Revaluation



Continuing Operations

US\$M

Changes in Profit after Tax By Income (Net of Minority Interests)



Container Transportation & Logistics Summary

Results	Financial			2009 Trading Conditions		
US\$ / TEU	2008	2007	% ▲	2H08	2H07	% ▲
Liftings ('000)	4,835	4,602	5.1%	2,419	2,395	1.0%
Revenue (\$M)	6,503	5,616	15.8%	3,327	3,115	6.8%
Revenue Per TEU*	1,227	1,120	9.6%	1,252	1,180	6.1%
Fleet Capacity	373,096	352,650	5.8%	-	-	-



*Note: Include revenue from OOCL only.

Container Transportation & Logistics Earnings

Results	Financial	2009 Trading Conditions
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US\$M	2008	2007	% ▲	2H08	2H07	% ▲
Revenue						
Asia	4,335	3,912	11%	2,204	2,190	1%
North America	1,154	832	39%	605	456	33%
Europe	895	775	15%	459	418	10%
Australia	119	97	23%	60	51	18%
Total Revenue	6,503	5,616	16%	3,328	3,115	7%
Operating Profit	392	555	-29%	183	350	-48%



Property Summary

Results		Financial		2009 Trading Conditions	
US\$M	2008	2007	% ▲		
Rental income	28	24	16%		
Sale of properties	13	10	30%		
Management Fee	1	1	-		
	42	35	20%		
Operating costs	(28)	(18)	56%		
	14	17	- 18%		
Other income	2	1	100%		
Expenses	(15)	(13)	15%		
Operating Profit	1	5	-80%		



Other Activities Summary

Results	Financial	2009 Trading Conditions	
US\$M	2008	2007	% ▲
Interest income from banks	48	107	- 55%
Portfolio & held-to-maturity investment income	4	3	33%
Change in fair value	(18)	25	- 172%
Profit on disposal of available-for-sale financial assets	-	4	N/A
Loss on foreign exchange forward contracts	(1)	-	N/A
Corporate and other expenses	(13)	(12)	8%
Operating Profit	20	127	- 84%



Financial Position



Balance Sheet Highlights

	Results	Financial	2009 Trading Conditions
US\$M		31 Dec 2008	31 Dec 2007
Non-current Assets		4,452	3,853
Current Assets		3,250	3,361
Total Assets		7,702	7,214
Non-current Liabilities		2,260	1,909
Current Liabilities		1,020	1,113
Total Liabilities		3,280	3,022
Equity		4,387	4,176
Minority Interests		34	15
Total Equity		4,421	4,191



Total Liquid Assets

Results

Financial

2009 Trading Conditions

US\$M	2008	2007
Restricted bank balances	121	74
Cash and bank balances	1,860	1,875
Portfolio investments, Equities and Bonds	96	296
Total	2,077	2,245



Net Debt / (Cash) Position

Results

Financial

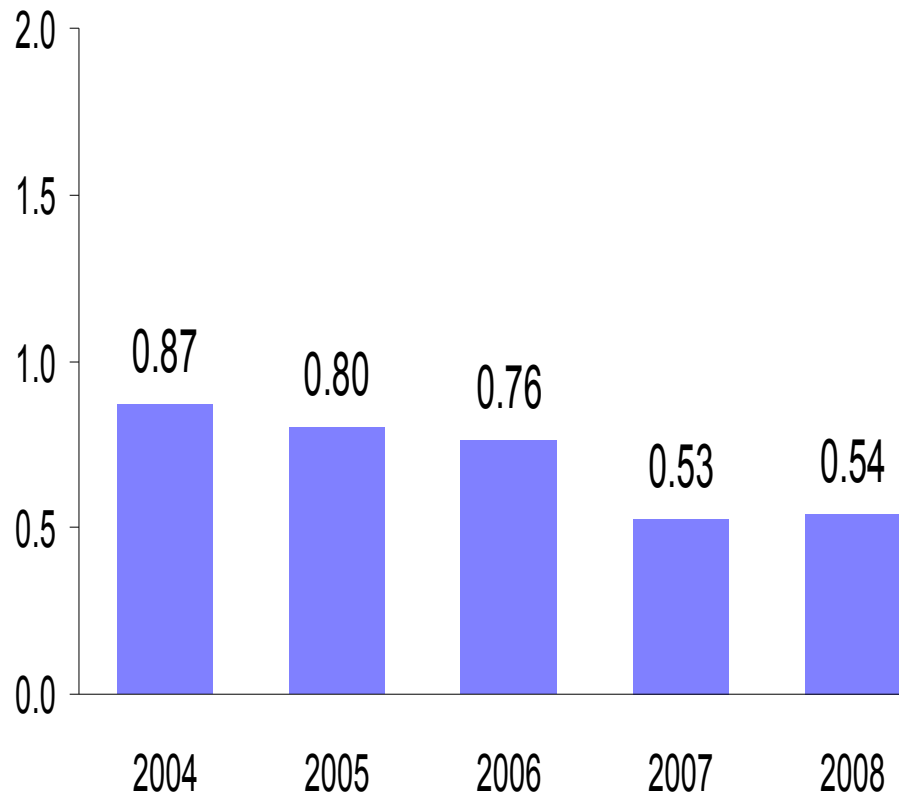
2009 Trading Conditions

US\$M	31 Dec 2008	31 Dec 2007
Liquid Assets	2,077	2,245
Debt	2,372	2,206
Net Debt / (Cash)	295	(39)

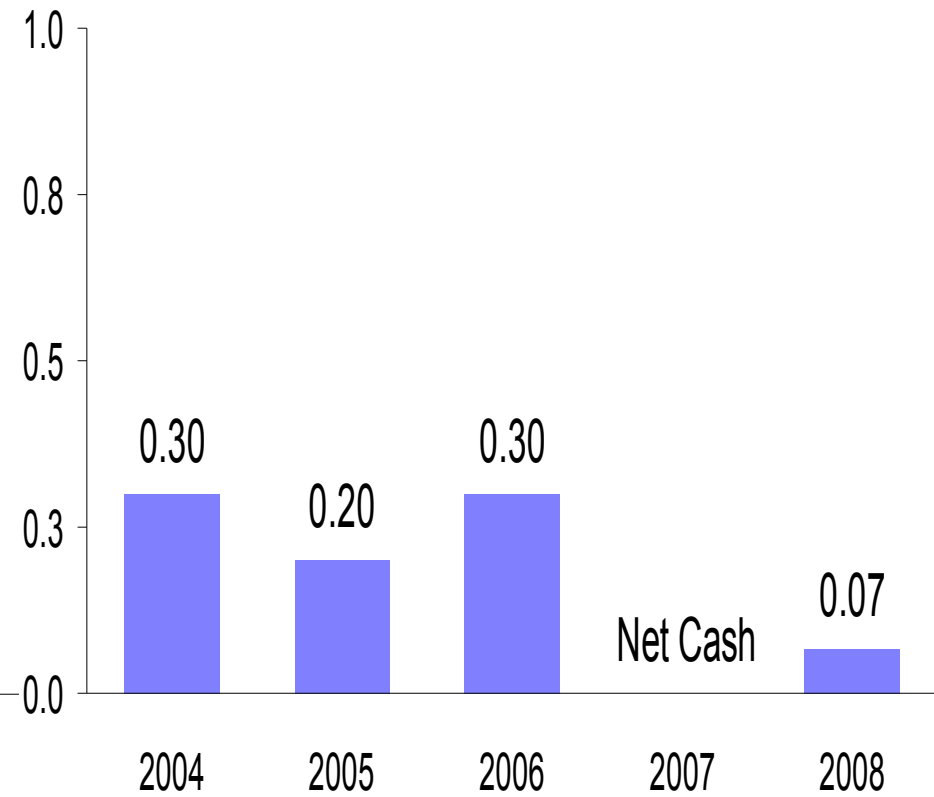


Debt-to-Equity Ratios

Gross Debt to Equity



Net Debt to Equity



Debt Covenants

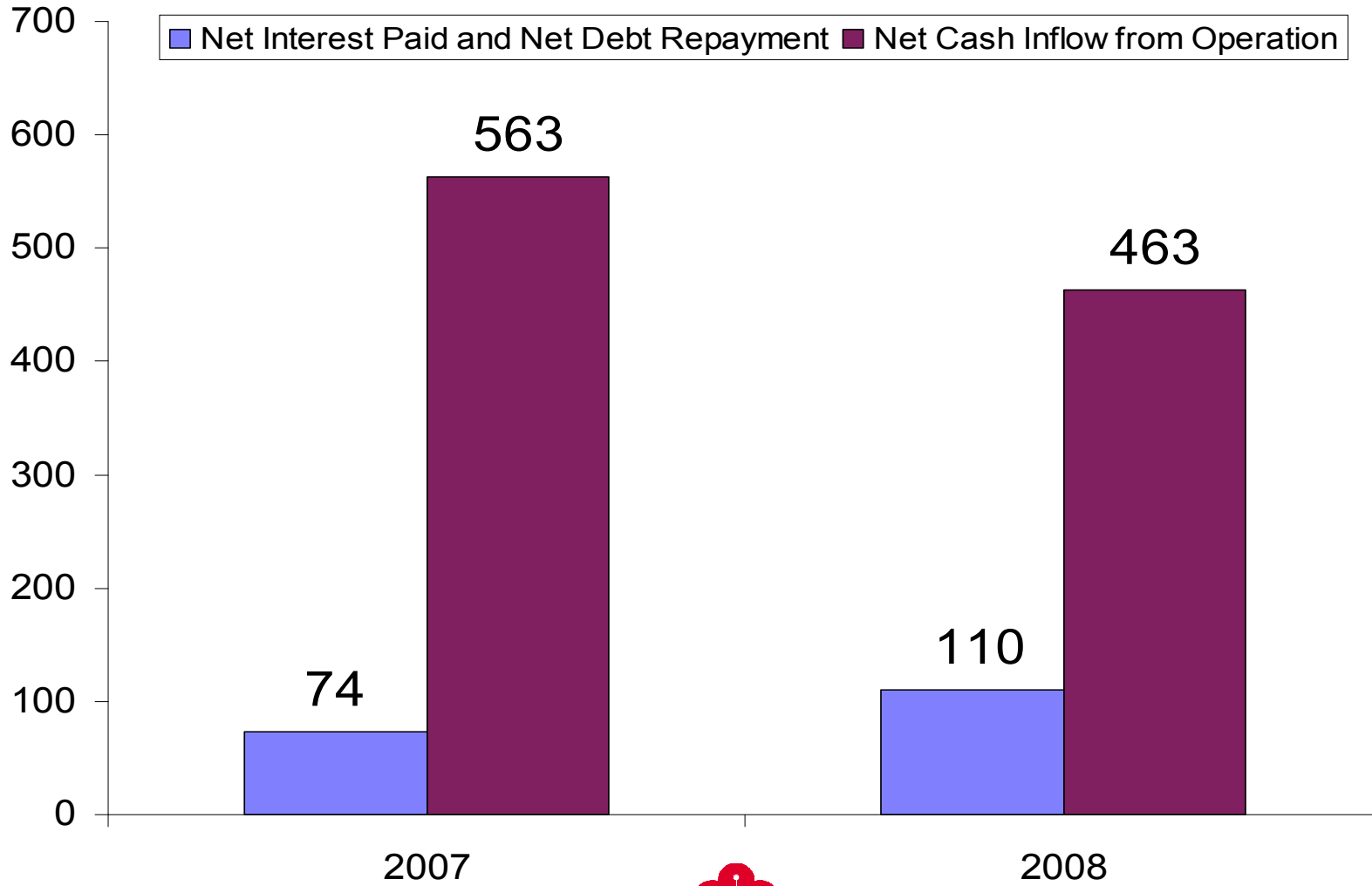
Results	Financial	2009 Trading Conditions
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US\$M	Covenant	Actual	
		31 Dec 2008	31 Dec 2007
Minimum Shareholders Funds:	700	4,387	4,176
Minimum Liquid Asset:	300	2,077	2,245
Maximum Net Debt / Shareholders Funds:	2	0.07	Net Cash



Low Financial Burden

US\$M



Capital Expenditure (Cash Flow)

Results	Financial	2009 Trading Conditions
US\$M		
Vessels	2009	2008
(Less Financing in Place)*	106	(4)
Container & chassis	-	225
Terminal equipment & investment	12	2
Property investment & development **	278	198
I.T. equipment	20	39
Logistics & depots	9	23
Others	5	3
Total	430M	486M

Note * Financing in Place = US\$263M for 2008, US\$436M for 2009

** OOIL Funded Portion Only (Excludes Debt and Pre-Sale Financed)



Hedging Positions

Results

Financial

2009 Trading Conditions

US\$M	31 Dec 2008	31 Dec 2007
Bunker Hedges	Nil	Nil
Interest Rate Hedges	6	3
FX Hedges	(14)	4



Bonds & Equities

Results

Financial

2009 Trading Conditions

- Held As Part of Long-Term Liquidity Buffer
- IAS 39/IFRS 7 – Amendments October 2008

US\$M

2008

New Category: "Held-to-maturity"

36.6

Market Value As at 31/12/08

32.3

Profit and Loss Impact

4.3



Review of Financial Risks

Results

Financial

2009 Trading Conditions

- Low Financial Leverage
- 95 % of Debt in Floating Rate
- High Level of Liquidity
- Low Capex Commitments
- Limited Mark to Market Exposure
 - Credit Default Swap : Nil
 - Mortgage Backed Securities: Nil
- No Bunker Fuel Hedging undertaken in 2008
- Limits on Cash Deposits on Individual Banks



Trading Conditions & Our Initiatives



2009 Macro Environment

Results

Financial

2009 Trading Conditions

- Deepening global economic downturn and increasing capacity had lead to a protracted downturn in the container shipping industry.
- Unprecedented level of government intervention have helped alleviate some of the financial uncertainty but total recovery are still a long way away.
- Increasing unemployment world wide
- Weak currencies are slowing imports in certain key countries



2009 Shipping Environment

Results

Financial

2009 Trading Conditions

- Retail stores in US & Europe are suffering from slow sales and financial problems
- Cargo demand overall has plummeted in all trades
- Over 484 vessels are now laid up by the industry, representing 1.41 million TEUs in capacity, 11.3% of the total. (*Latest update per Alphaliners*)
- So far there has only been a modest slide towards protectionism in many countries world wide. There is a risk that such measures could begin to proliferate more rapidly, damaging world trade more significantly.
- Freight rate levels in most trades may have already, or should soon be bottoming out



Initiatives We Are Taking

Results

Financial

2009 Trading Conditions

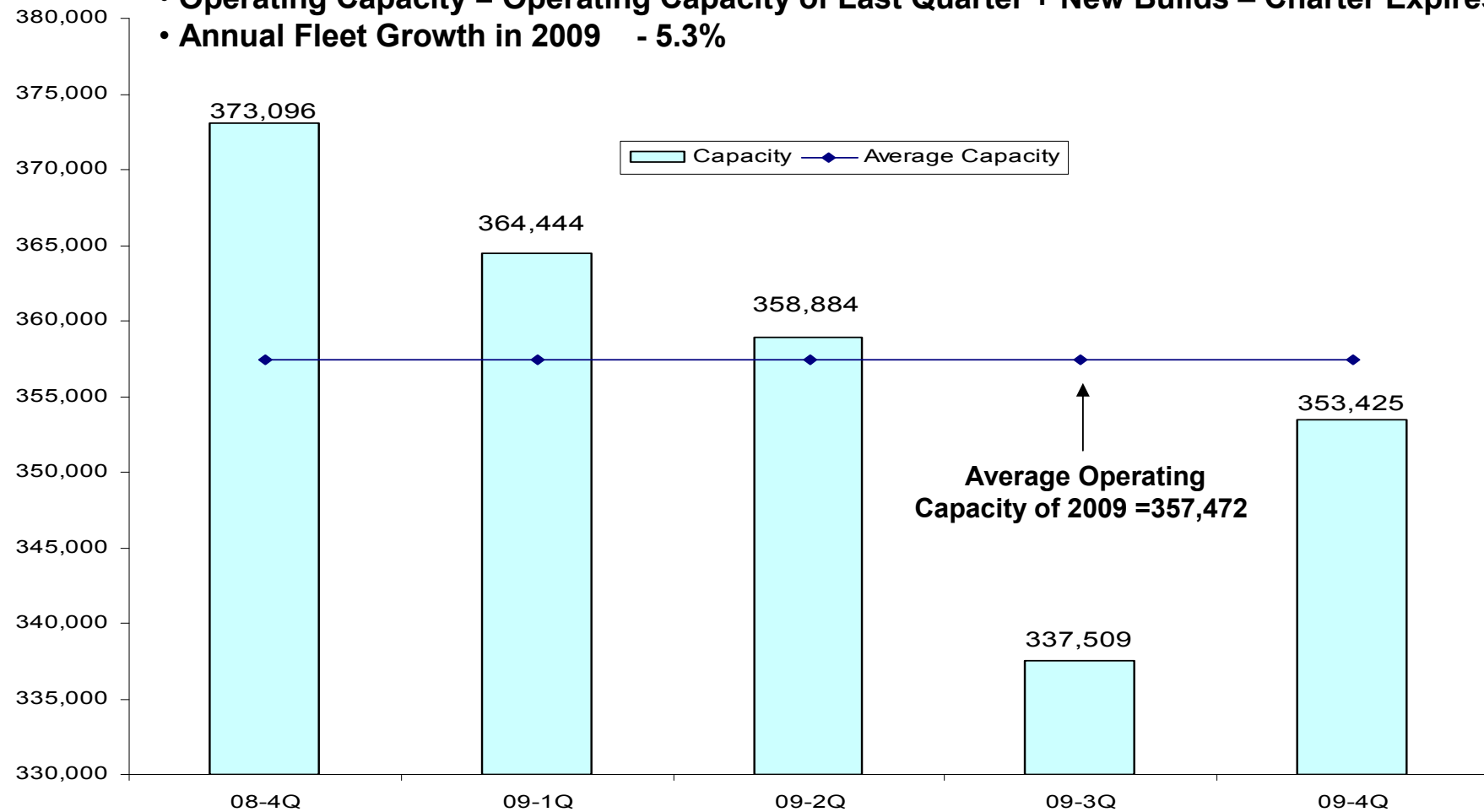
- Capacity management
 - Through planned redeliveries and potential vessel lay ups, we are positioned to further remove excess capacity to match market conditions.
- Financial Management
 - Our focus on cost remains relentless
 - In addition to controlling our own cost we are also focusing on the reduction of third party costs to reflect the reduction of energy and lower volume.



OOCL Operating Capacity*

TEU

- Operating Capacity = Operating Capacity of Last Quarter + New Builds – Charter Expires
- Annual Fleet Growth in 2009 - 5.3%



Average Operating Capacity of 2009 = 357,472



*Note: Assuming all charter-in vessels (>2,000 TEU) to be expired in 2009 will be returned to owner.

Cost Saving Measures

Results

Financial

2009 Trading Conditions

- Reduction of capacity
 - Re-delivery of charters
 - Suspension of services
 - Joint service with other Alliances to provide same service but with reduction in capacity
- Bunker cost saving
- Other cost savings in
 - Terminal
 - Rail & Trucking
 - Equipment Leasing



Bunker Fuel Cost

Results	Financial	2009 Trading Conditions	
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US\$M	2008	2007	% ▲
Total Consumption ('000 TON)	2,304	2,187	5%
Average Price	519	357	45%
Total Bunker Costs (US\$M)	1,211	791	53%
% of Total Operating Costs	21.6%	16.9%	5%



Potential Saving in 09 Against 08

Results

Financial

2009 Trading Conditions

Cost Items Saving

Potential Saving in 09 Against 08 Actual

Bunker Cost *

50%

Charter Hire

21%

Equipment

18%

Cargo Cost

24%

Business and Administrative

6%



Investment in IT

Results

Financial

2009 Trading Conditions

- The ongoing investment in IT has been key to our consistently high operating margin relative to many of our competitors and will continue to positively differentiate our performance.
- In addition to delivering superior customer service, our systems give us accurate and timely information on trade profitability.
- This allows us to make capacity, vessel allocation and cargo acceptance decisions quickly and with an eye to maintaining acceptable levels of profitability.
- Our systems continue to produce productivity gains that allow us to hold our business and administration expenses at levels appropriate for the current conditions.
- Our investment in systems also supports our logistics business which demonstrated improved performance in 2008



Property Division

Results

Financial

2009 Trading Conditions

- Our medium-term goal continues to be to develop OODL to become self-sustaining with regard to both operating cash flow and capital requirements.
- With the favourable location, cost structure and market outlook for each of OODL's projects, we continue to be confident in the success of the individual developments and of realising the full potential value of the division's ongoing activities.

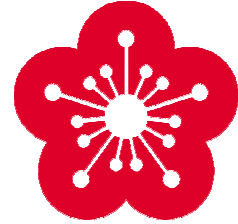


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