



# **Orient Overseas (International) Ltd**

## **INTERIM RESULT ANNOUNCEMENT**

**Media**

July 31<sup>st</sup> 2008



## Agenda

**1. Key Developments & Group Financial Performance**

**2. OOCL Operating Performance & Outlook**

**3. Property Division Performance & Outlook**



# Orient Overseas (International) Ltd

## 1) Key Developments & Group Financial Performance



## 1H 2008 Interim Results

- **Group turnover increased by 27.4% to US\$3,204 million.**
- **OOCL Revenue increased by 24.8%; liftings up by 9.4%.**
- **Operating Profit from Container Transportation and Logistics increased 1.7% y-o-y to US\$208.9 million.**
- **Earnings from non-core continuing operations was down US\$49 million due to lower earnings in relation to liquid assets.**



## 1H 2008 Interim Results

- **Wall Street Plaza was revalued down by US\$10 million to US\$190 million.**
- **Profit before Tax from continuing operations, including the impact of the WSP revaluation, was US\$175.6 million.**
- **Profit Attributable to Shareholders of US\$158.3 million.**



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## 1H 2008 EPS & DPS

- **Earnings per share from continuing operations of US25.3 cents (US36.7 cents last year).**
- **Interim Dividend of US6.5 cents (HK\$0.51) per share.**
- **Interim dividend represent 25.7% of Net Profit after Tax from Continuing Operations.**



## Key Events – Vessel Fleet

- **Delivery taken of three new 4,506 TEU vessels.**
- **No new orders placed in the first half of 2008.**
- **20 Vessels still to deliver by the end of 2011.**
- **Financing arranged or in progress by the end of the first half for sixteen of those twenty vessels - an increase of twelve during the period.**



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## Key Events – Property Division

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- **Wall Street Plaza revalued down by US\$10 million to US\$190 million.**
- **Wall Street Plaza 90.1% leased.**
- **Property Development projects progressing as forecast.**
- **Term Loan syndicated and other bank facilities completed.**



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## Total Group Results – 1H08

<b>US\$'000</b>	<u>1H2008</u>	<u>1H2007</u>	<u>Variance</u>
Continued Operations:			
<b>Turnover</b>	<b>3,203,723</b>	<b>2,514,250</b>	<b>689,473</b>
E.B.I.T.D.A.	331,636	357,604	(25,968)
Depreciation/Amortization	<u>(100,114)</u>	<u>(84,492)</u>	(15,622)
E.B.I.T.	231,522	273,112	(41,590)
Finance costs	<u>(45,931)</u>	<u>(43,849)</u>	(2,082)
<b>Profit before taxation (&amp; Reval.)</b>	<b>185,591</b>	<b>229,263</b>	<b>(43,672)</b>
Revaluation of Wall Street Plaza	<u>(10,000)</u>	<u>25,000</u>	(35,000)
	175,591	254,033	(78,442)
Tax and minority interest	<u>(17,341)</u>	<u>(24,696)</u>	7,355
Profit from continued operations	158,250	229,337	(71,087)
Profit from discontinued operations	<u>0</u>	<u>1,986,973</u>	n/m
<b>Profit attributable to shareholders</b>	<b><u>158,250</u></b>	<b><u>2,216,310</u></b>	n/m



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## Operating Profit From Continuing Operations

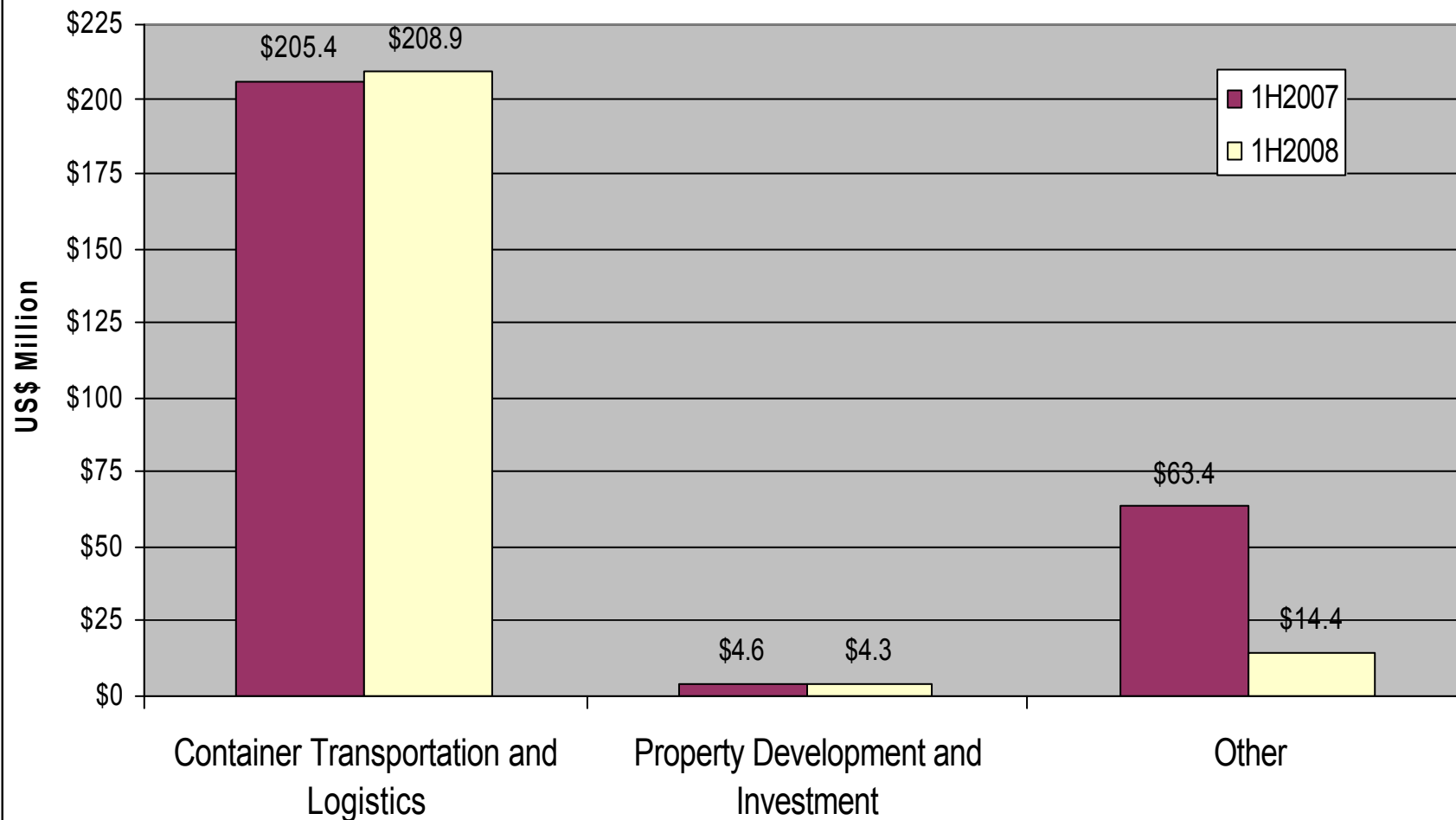
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<b>US\$'000</b>	<u>1H2008</u>	<u>1H2007</u>	<u>Variance</u>
Operating results by activity:			
Container transport and logistics	208,895	205,389	3,506
Property investment & development	4,295	7,595	(3,300)
Other	<u>14,430</u>	<u>60,431</u>	<u>(46,001)</u>
<b>Operating Profit</b> (before WSP Revaluation)	<u>227,620</u>	<u>273,415</u>	<u>(45,795)</u>

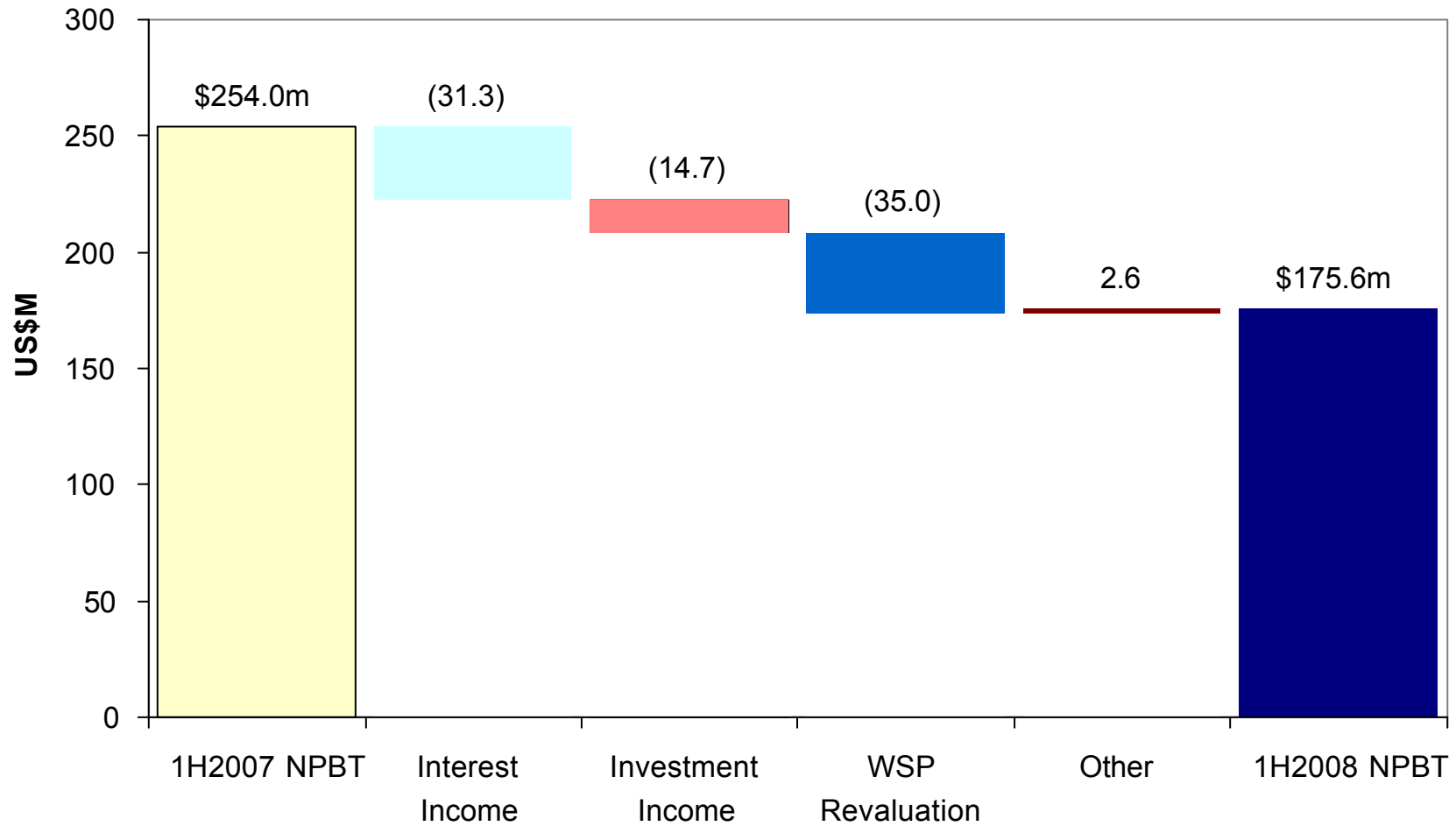


July 2008

# OOIL - Interim Operating Profit By Division, before WSP Revaluation



## OOIL – Changes in Interim Net Profit Before Tax



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## Operating Profit From Other Activities

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US\$'000

1H2007 NPBT			<b>\$ 254,033</b>
	<u>1H2008</u>	<u>1H2007</u>	
Interest Income	<b>25,201</b>	56,495	(31,294)
Investment Portfolio Income	<b>(2,218)</b>	12,539	(14,757)
Wall Street Plaza Revaluation	<b>(10,000)</b>	25,000	(35,000)
Other			2,609
1H2007 NPBT			<b><u>\$ 175,591</u></b>



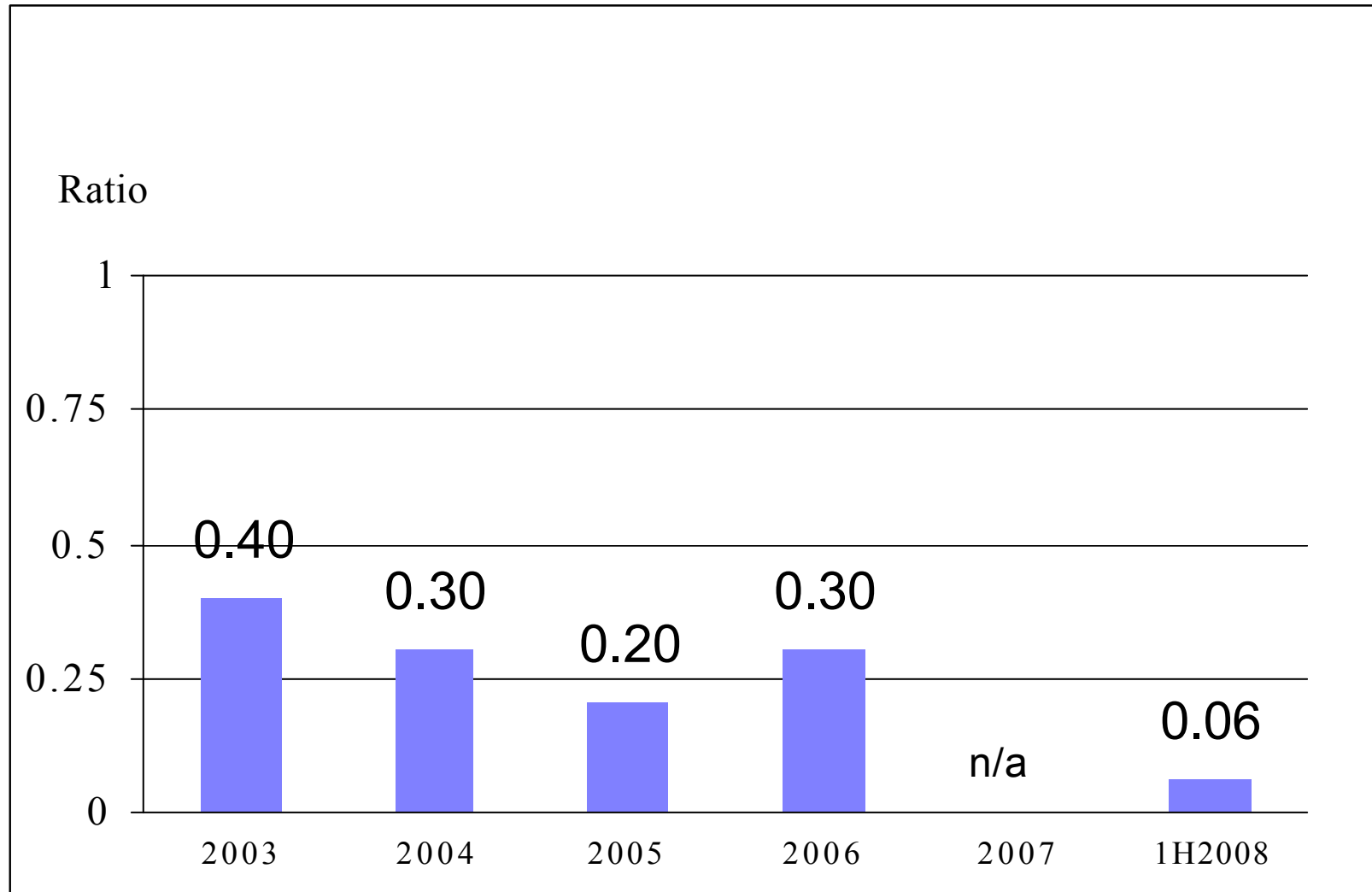
# Balance Sheet Highlights

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US\$millions	<u>30 June 2008</u>	<u>31 Dec 2007</u>
Total Assets	<b>7,393</b>	7,214
Total Liabilities	<b>3,090</b>	3,038
Total Equity	<b>4,303</b>	4,176
Total Debt	<b>2,245</b>	2,206
Total Cash	<b>1,973</b>	2,237
Net Debt	<b>272</b>	(31)
Total Debt / Cash	<b>1.14</b>	0.99
Total Debt to Equity Ratio	<b>0.52</b>	0.53
Net Debt to Equity Ratio	<b>0.06</b>	n/a



# Net Debt-to Equity Ratio



## 2008 Outlook

- **Rising costs continue to be a major concern and will put pressure on margin**
- **The weak US economy and sub prime crisis will continue to affect world commerce**
- **Sentiment and uncertain economic outlook will expose carriers to the risk of deteriorating freight**
- **Global consumer demand will continue to grow with the exception of reduced US import. However US export will continue to grow.**
- **Our current property development projects remain soundly positioned and we remain committed to building a long-term development and investment real estate business in Shanghai and beyond**



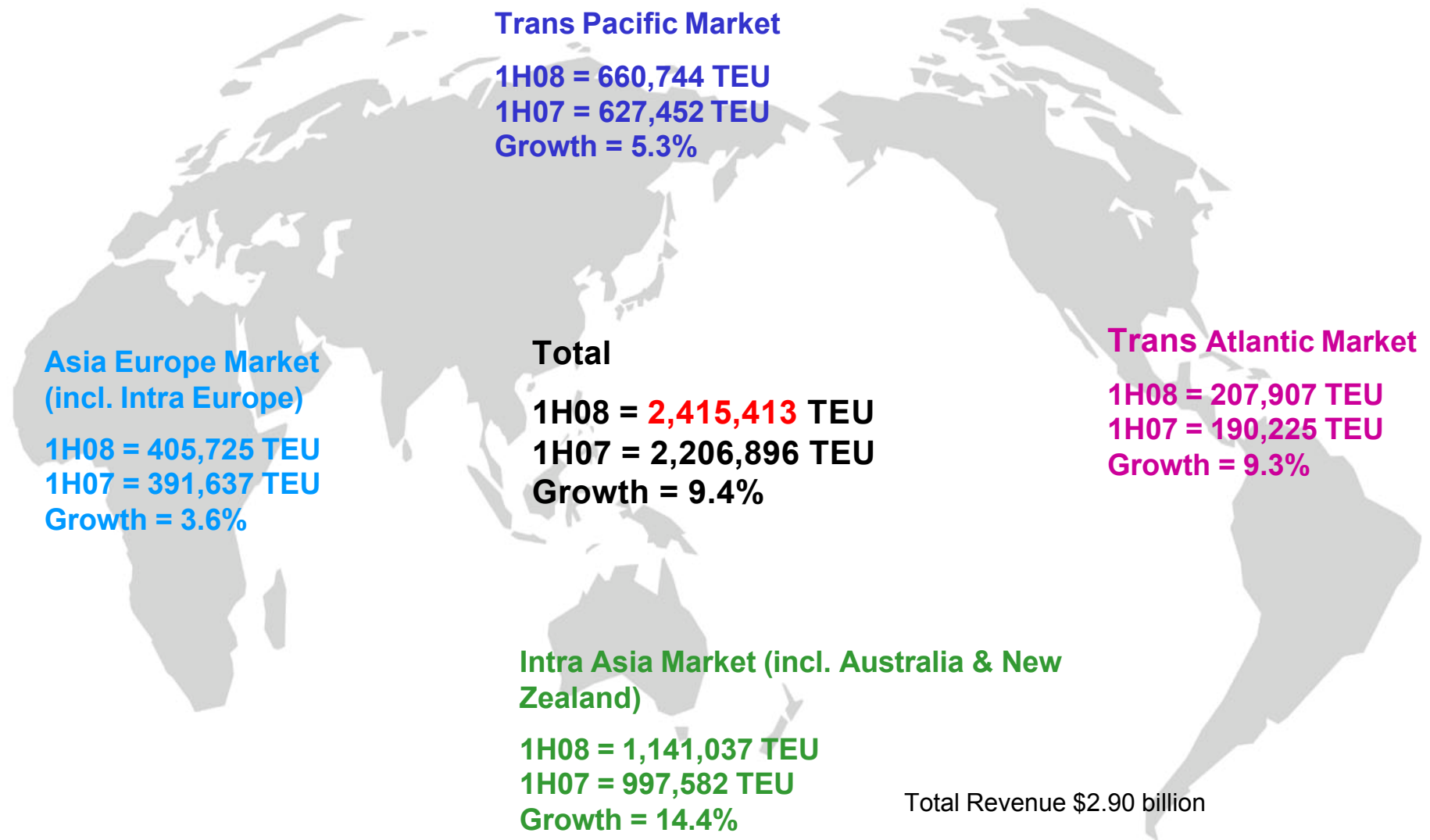
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## 2) OOCL Operating Performance and Outlook



# OOCL Global Revenue & Volume Distribution <sup>18</sup>

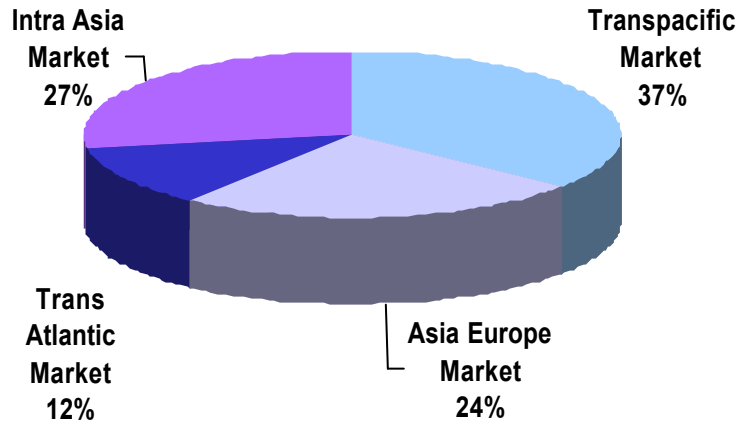


Volume in 1H2008 vs 1H2007

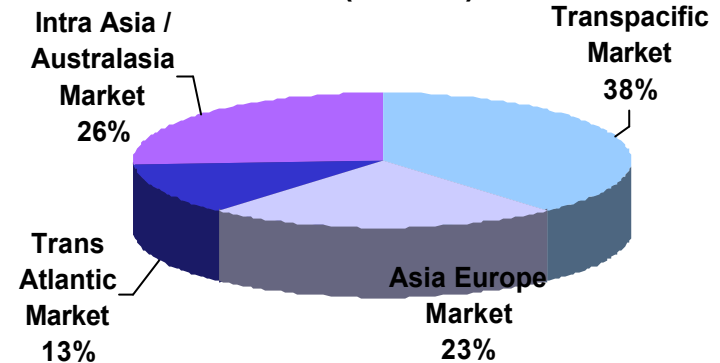


# OOCL Global Revenue & Volume Distribution <sup>19</sup>

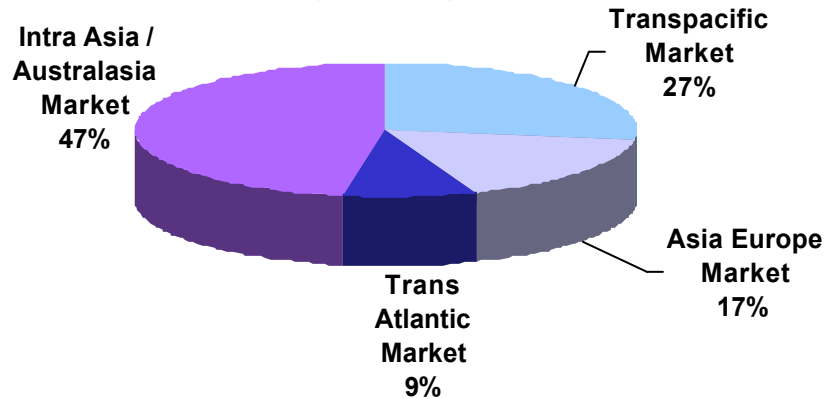
Revenue (in US\$) 1H2008



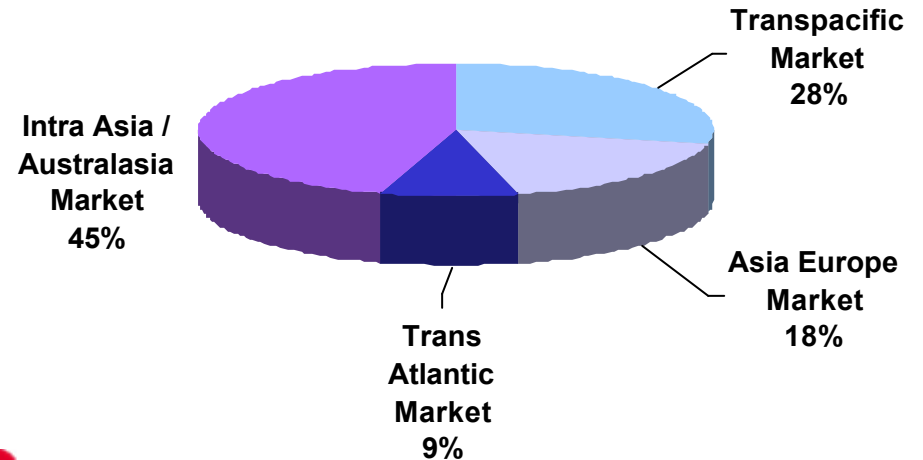
Revenue (in US\$) 1H2007



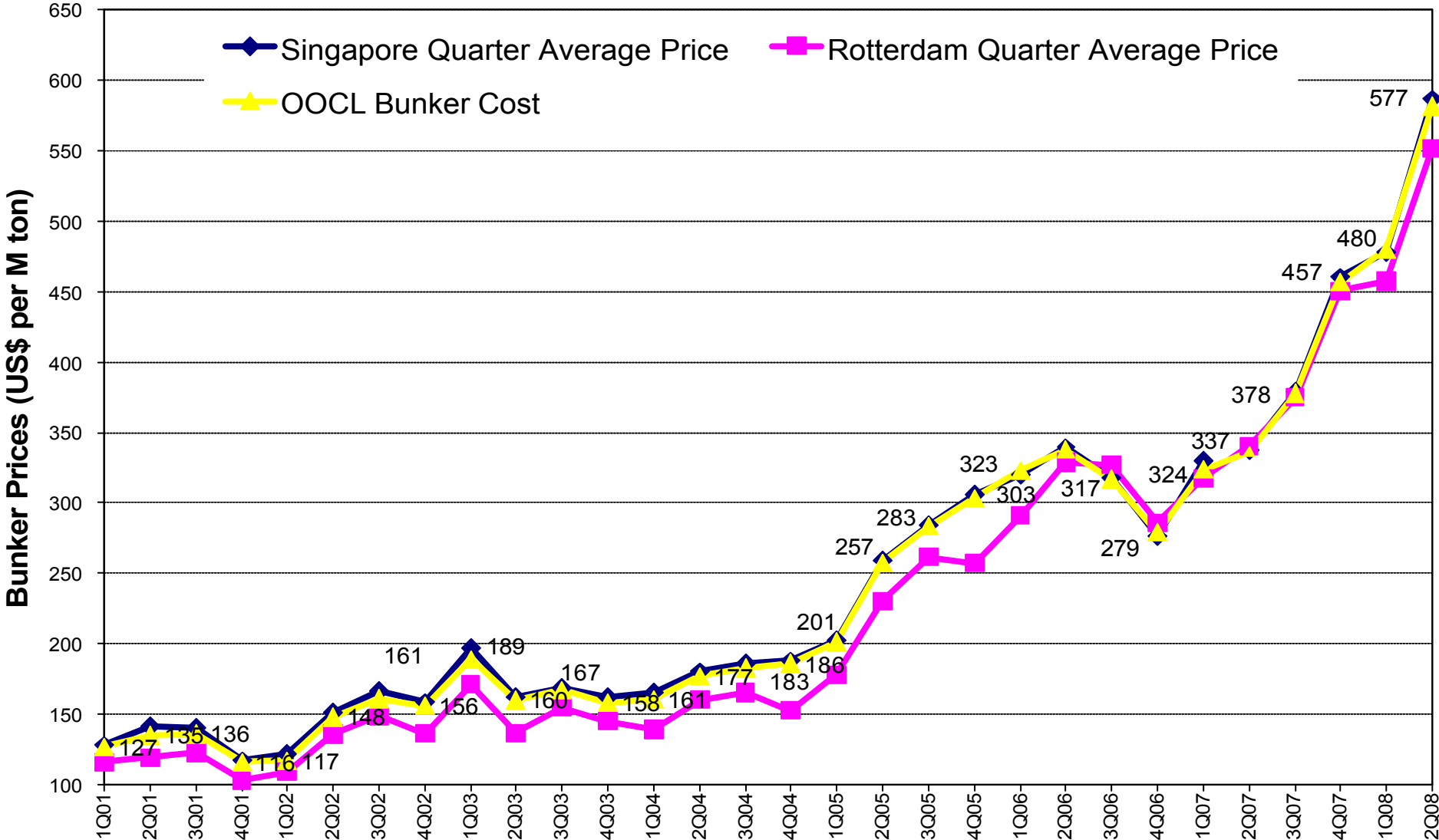
Volume (in TEU) 1H2008



Volume (in TEU) 1H2007



# Bunker Price



Updated as at July 16, 2008



# Bunker Fuel Cost

	Full Year	Full Year	YoY	Full Year	YoY	1st Half
	<u>2005</u>	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>
<b>Total consumption ('000 ton)</b>	1,669.40	1,786.30	7.00%	2,187.20	22.40%	1,141.00
<b>Average price (US\$)</b>	250	314	25.60%	357	13.70%	502
<b>Total bunker costs (US\$m)</b>	425	573.1	34.90%	791.2	38.10%	582
<b>% total operating costs</b>	13%	15%		17%		21%



# OOCL Operational Quarterly Update 2Q08<sup>22</sup>

	Q2 2008	Q2 2007	change	Q1 2008	Q1 2007	change	Q4 2007	Q4 2006	change	Q3 2007	Q3 2006	change	Q2 2007	Q2 2006	change
<b>LIFTINGS (TEU'S)</b>															
Trans-Pacific	331,248	334,230	-0.9%	329,496	293,222	12.4%	337,903	293,568	15.1%	377,170	319,016	18.2%	334,230	309,919	7.8%
Asia-Europe	213,821	199,655	7.1%	191,904	191,982	0.0%	187,646	182,659	2.7%	198,469	183,779	8.0%	199,655	169,951	17.5%
Trans-Atlantic	108,194	100,786	7.4%	99,713	89,439	11.5%	101,650	87,572	16.1%	96,622	84,680	14.1%	100,786	86,275	16.8%
Intra-Asia/Austrlasia	603,001	534,189	12.9%	538,036	463,393	16.1%	562,510	472,115	19.1%	532,759	412,533	29.1%	534,189	406,666	31.4%
<b>TOTAL ALL SERVICES</b>	<b>1,256,264</b>	<b>1,168,860</b>	<b>7.5%</b>	<b>1,159,149</b>	<b>1,038,036</b>	<b>11.7%</b>	<b>1,189,709</b>	<b>1,035,914</b>	<b>14.8%</b>	<b>1,205,020</b>	<b>1,000,008</b>	<b>20.5%</b>	<b>1,168,860</b>	<b>972,811</b>	<b>20.2%</b>

## TOTAL REVENUES (USD 000's)

Trans-Pacific	543,102	482,961	12.5%	496,598	415,208	19.6%	498,403	431,525	15.5%	565,949	491,591	15.1%	482,961	461,648	4.6%
Asia-Europe	367,440	283,058	29.8%	343,521	245,634	39.9%	346,136	231,085	49.8%	346,819	229,295	51.3%	283,058	204,840	38.2%
Trans-Atlantic	186,792	155,874	19.8%	168,955	141,909	19.1%	173,129	146,215	18.4%	153,621	145,325	5.7%	155,874	142,466	9.4%
Intra-Asia/Australasia	418,817	320,243	30.8%	378,232	281,604	34.3%	385,826	295,875	30.4%	356,013	254,846	39.7%	320,243	247,072	29.6%
<b>TOTAL ALL SERVICES</b>	<b>1,516,151</b>	<b>1,242,136</b>	<b>22.1%</b>	<b>1,387,306</b>	<b>1,084,355</b>	<b>27.9%</b>	<b>1,403,494</b>	<b>1,104,700</b>	<b>27.0%</b>	<b>1,422,402</b>	<b>1,121,057</b>	<b>26.9%</b>	<b>1,242,136</b>	<b>1,056,026</b>	<b>17.6%</b>

## REVENUE PER TEU (USD)

Trans-Pacific	1,640	1,445	13.5%	1,507	1,416	6.4%	1,475	1,470	0.3%	1,501	1,541	-2.6%	1,445	1,490	-3.0%
Asia-Europe	1,718	1,418	21.2%	1,790	1,279	39.9%	1,845	1,265	45.8%	1,747	1,248	40.1%	1,418	1,205	17.6%
Trans-Atlantic	1,726	1,547	11.6%	1,694	1,587	6.8%	1,703	1,670	2.0%	1,590	1,716	-7.4%	1,547	1,651	-6.3%
Intra-Asia/Austrlasia	695	599	15.9%	703	608	15.7%	686	627	9.4%	668	618	8.2%	599	608	-1.3%
<b>TOTAL ALL SERVICES</b>	<b>1,207</b>	<b>1,063</b>	<b>13.6%</b>	<b>1,197</b>	<b>1,045</b>	<b>14.6%</b>	<b>1,180</b>	<b>1,066</b>	<b>10.6%</b>	<b>1,180</b>	<b>1,121</b>	<b>5.3%</b>	<b>1,063</b>	<b>1,086</b>	<b>-2.1%</b>



Updated as at July 24, 2008

- Trading environment for *Trans-Pacific Trade* will be tough in 2008 as the U.S. Economy continue to slow
- There will be minimal or reduction in growth in US inbound volume creating pressure on getting rate up to recover cost increases.
- Surge in US export is expected to continue but rates, albeit improving, are still far from compensatory.
- The ILWU extended negotiation will add further uncertainties to the trade.



# Trans-Atlantic Trade

- ***The Trans-Atlantic Trade*** - the trading environment is challenged as a result of economic, currency and cost issues. The US import will realize minimal growth as a result of the weakened US economy and strong EUT based currencies.
- While the export trades from both the US and Canada show healthy growth and assists equipment repositioning, the base rates, while improving, remain non compensatory.



- The *Asia-Europe Trade* – Demand growth for Asia-Europe is reduced from the highs of recent years
- As new capacity is introduced to the trade it will bring pressure to the rate level.
- Beijing Olympic Game may disrupt the normal peak season pattern in Q3



# Intra-Europe Trade

- ***Intra-Europe Trade*** - 2008 will see continued growth in the North Europe and Baltic sector, principally driven by the strengthening Russian economy.
- Improved service offering linking West and East Mediterranean and Baltic Sea regions will create new markets



# Asia-Australia Trade

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- ***Asia-Australia Trade*** – Demand will continue to grow and this is inline with our expansion in this service.
- Conversion of bulk goods to container helps the North Bound leg and equipment return
- We anticipate tough competition though from other carriers in the second half of 2008



## Trade Outlook

- While China exports remain robust, there are signs of slower growth for imports. This may reflect the slow down of exports from China to the U.S. and Europe causing a reduction of raw material and semi finished goods movement.
- There will be a seasonal dip in volume in August due to Obon holiday in Japan.
- Overcapacity in the ME and Indian Subcontinent trades are driving down revenue level.
- On the other hand, rates in the short sea markets among the East Asia and South East Asia are holding up.
- Surcharges, such as bunker surcharge and currency adjustment factor, are bringing in some additional revenue, but in many cases, the additional revenue for surcharges are less than cost recovery.



# Reefer Trade

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- Demand for refrigerated container service continues to be strong especially *Live Reefer* sector which is expected to have double digit growth this year.
- Import to Europe, Middle East and China are expected to be very strong though we expect rate pressure as more carriers are investing in reefer trade
- Seasonal Intra-Asia reefer trade is also booming.



July 2008

# Orient Overseas (International) Ltd

## 3) Property Division Performance and Outlook



# Outlook for 2008

## Property

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- **Continues to work towards creation of a stand alone real estate development and investment business.**
- **Expect real estate to produce a meaningful income in the future.**
- **Focus on current projects with aim to be completed in 2009-2011**
- **Diversify market risk by investing in different industry sectors.**
- **Creation of a recurring income stream in addition to development income.**
- **Continue to seek property investment and development opportunities in China.**
- **Leverage off established expertise, experience, track record, dedicated team and existing brand name to create further shareholder value**



July 2008

**THANK YOU**

