

Orient Overseas
(International) Limited

Interim Results 2019

Disclaimer



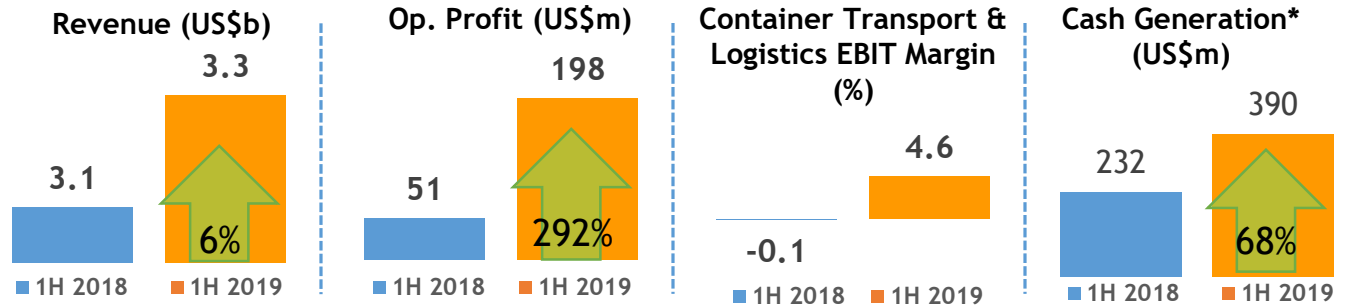
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OoIL Highlights



Financial



Synergy Savings

- 🌸 Fleet & Network Planning, Commercial, Procurement, Equipment Pooling, IT
- 🌸 Cost savings achieved approaching our 2019 target

Balance Sheet



Growth

- 🌸 Liftings 3.4 million TEU 3.2%
- 🌸 Loadable capacity 4.1 million TEU 4.3%

* Operating profit before working capital changes.

2Q19 Operational Update



			YTD			
	Q2 2019	Q2 2018	Change	1H 2019	1H 2018	Change
LIFTINGS (TEU's)						
Trans-Pacific	502,507	505,712	-0.6%	943,691	963,173	-2.0%
Asia / Europe	366,575	335,094	9.4%	691,815	637,773	8.5%
Trans-Atlantic	123,472	106,124	16.3%	240,294	209,172	14.9%
Intra Asia / Australasia	776,294	744,608	4.3%	1,498,612	1,460,998	2.6%
TOTAL ALL SERVICES	1,768,848	1,691,538	4.6%	3,374,412	3,271,116	3.2%
REVENUE (US\$ '000)						
Trans-Pacific	622,261	587,165	6.0%	1,180,734	1,116,157	5.8%
Asia / Europe	308,327	302,601	1.9%	613,236	583,932	5.0%
Trans-Atlantic	154,264	124,531	23.9%	294,859	245,419	20.1%
Intra Asia / Australasia	481,582	448,118	7.5%	937,690	895,466	4.7%
TOTAL ALL SERVICES	1,566,434	1,462,415	7.1%	3,026,519	2,840,974	6.5%
REVENUE PER TEU (US\$)						
Trans-Pacific	1,238	1,161	6.6%	1,251	1,159	7.9%
Asia / Europe	841	903	-6.9%	886	916	-3.3%
Trans-Atlantic	1,249	1,173	6.5%	1,227	1,173	4.6%
Intra Asia / Australasia	620	602	3.0%	626	613	2.1%
TOTAL ALL SERVICES	886	865	2.4%	897	869	3.2%

Group Result Breakdown



US\$M	30-Jun-2019	30-Jun-2018
Container Transportation and Logistics – EBIT	152.7	(3.1)
EBIT margin	4.6%	(0.1%)
Property and Investments - EBIT		
Wall Street Plaza	4.4	44.4
Hui Xian	9.3	20.5
Interest, Investments and Others	40.1	(3.2)
	53.8	61.7
OOIL GROUP - EBIT	206.5	58.6
Finance Costs	(82.1)	(68.7)
Taxation	(7.6)	(35.6)
Profit from discontinued operation	22.2	35.4
OOIL Group Profit/(Loss) After Taxation	139.0	(10.3)

Group Balance Sheet Highlights



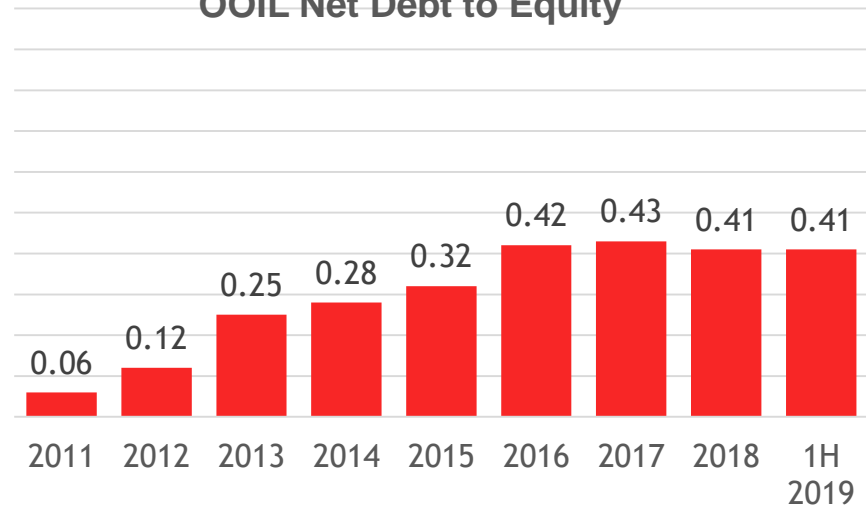
US\$M	30-Jun-2019	31-Dec-2018
Non-current Assets	6,827	6,807
Current Assets	2,548	2,774
Assets held for sale	1,317	473
Total Assets	10,692	10,054
Non-current Liabilities	3,431	3,806
Current Liabilities	1,582	1,372
Liabilities directly associated with assets classified as held for sale	908	141
Total Liabilities	5,921	5,319
Shareholders' Funds and Total Equity	4,771	4,735

Balance Sheet

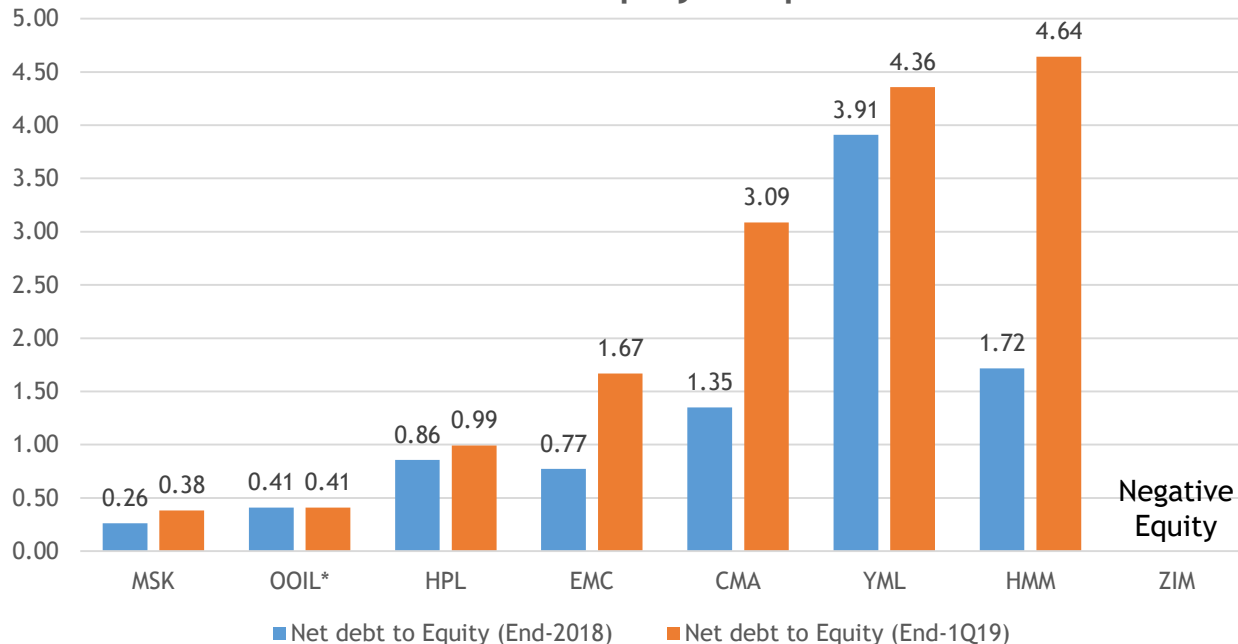


- Continue to maintain stronger than peer average balance sheet
- Competitive funding arrangements with diversified network of banks

OOIL Net Debt to Equity



Net Debt to Equity Comparison



*2019 Interim Results

Note: Net debt/Equity ratio is based on reported ratio (if available)

Total Liquid Assets



US\$M	30-Jun-2019	31-Dec-2018
Cash and Bank Balances	1,412	1,646
Portfolio Investments, Equities and Bonds	577	601
Total	1,989	2,247

Net Debt Position



US\$M	30-Jun-2019	31-Dec-2018
Liquid Assets	1,989	2,247
Debt	3,938	4,198
Net Debt	1,949	1,951

Container Transportation (excl. logistics)



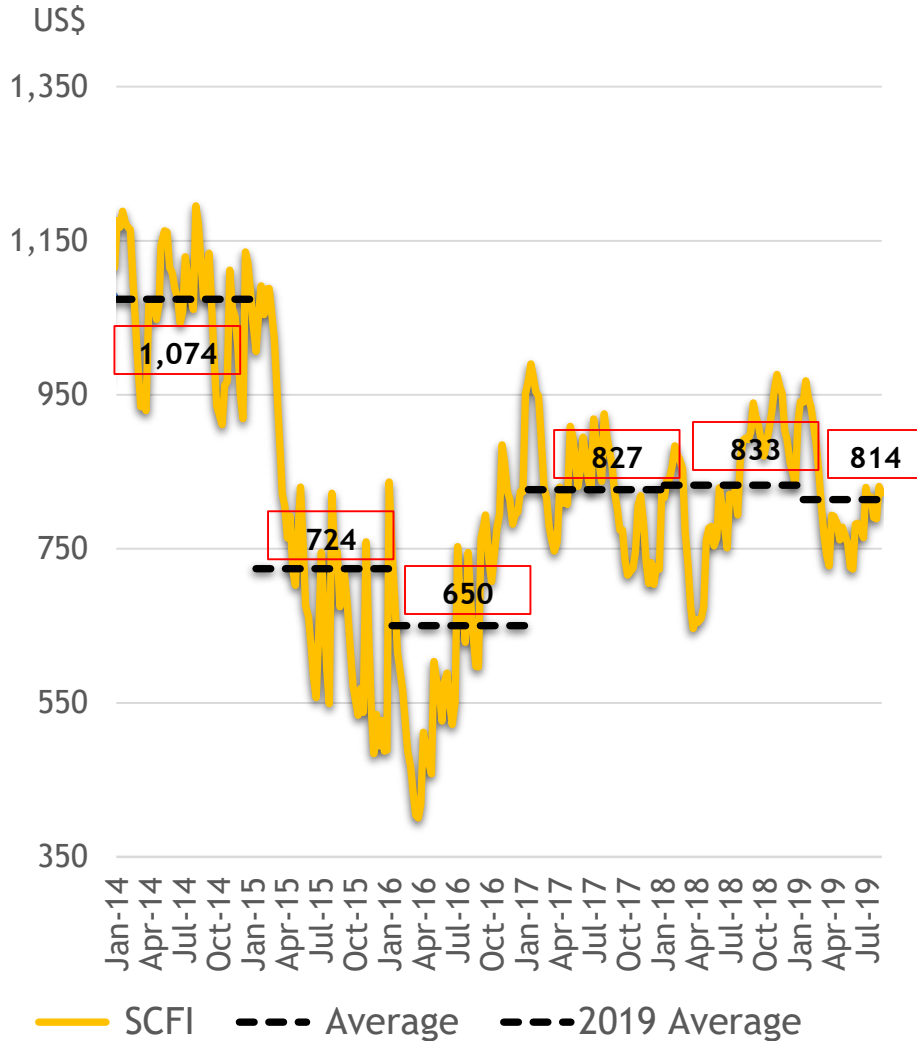
	1H 2019	1H 2018	1H 2019 / 1H 2018 % ▲
Liftings ('000 TEU)	3,374	3,271	3% ▲
Revenue (US\$M)	2,972	2,846	4% ▲
Revenue Per TEU (US\$)	881	870	1% ▲
Load Factor (%)	81.6	82.5	0.9% pt ▼
Net operating capacity (TEU)	709,019	710,823	0%

Note: Results presented above include the discontinued operation, Long Beach Container Terminal.

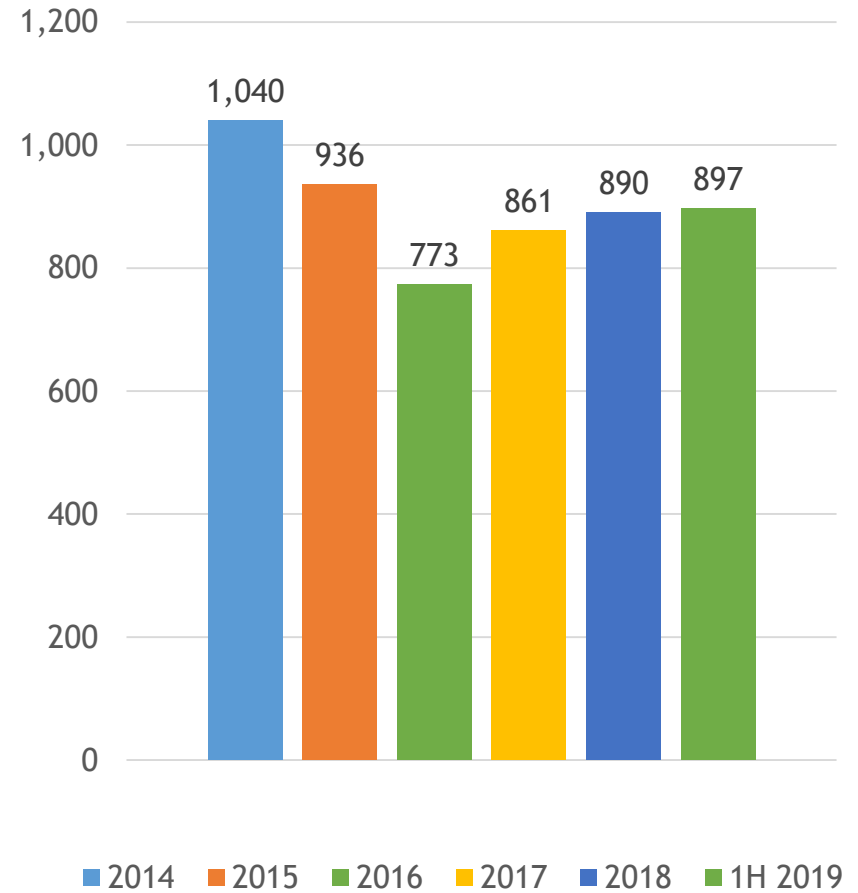
Market Situation



Shanghai Container Freight Index



Revenue per TEU (US\$)

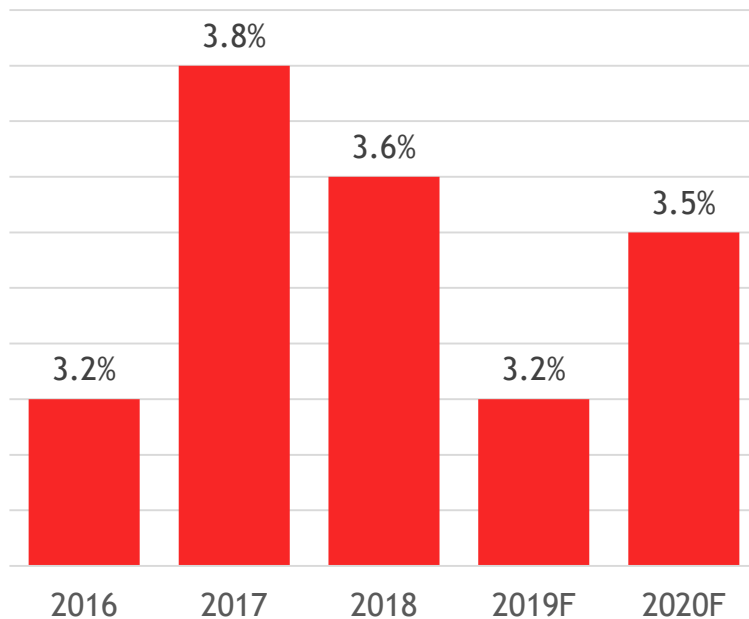


Supply & Demand



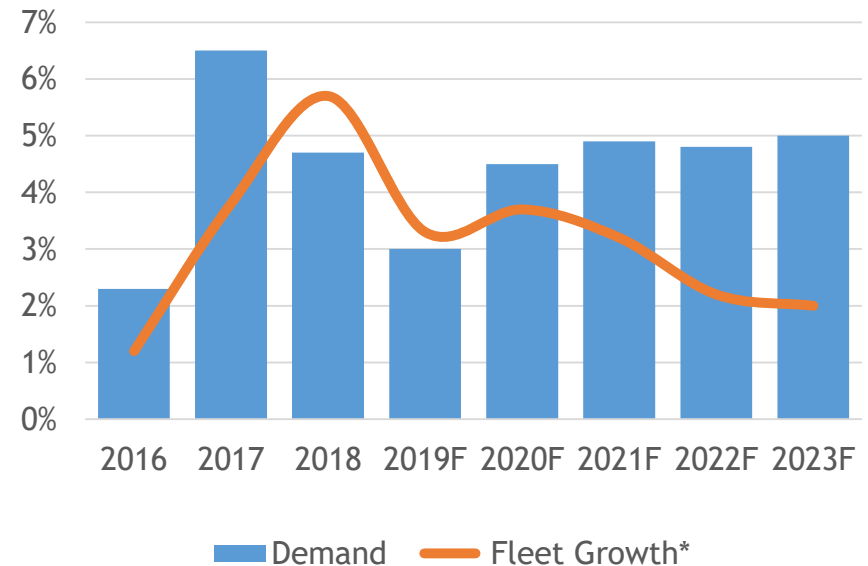
- ✿ Lower supply side growth than in 1H 2018, higher scrapping
- ✿ Limited new build ordering, good for 2020 & 2021
- ✿ Industry adapting to fluctuations in market demand

GDP World Growth (%)



Source: IMF

Global Container Trade Demand vs Supply (%)



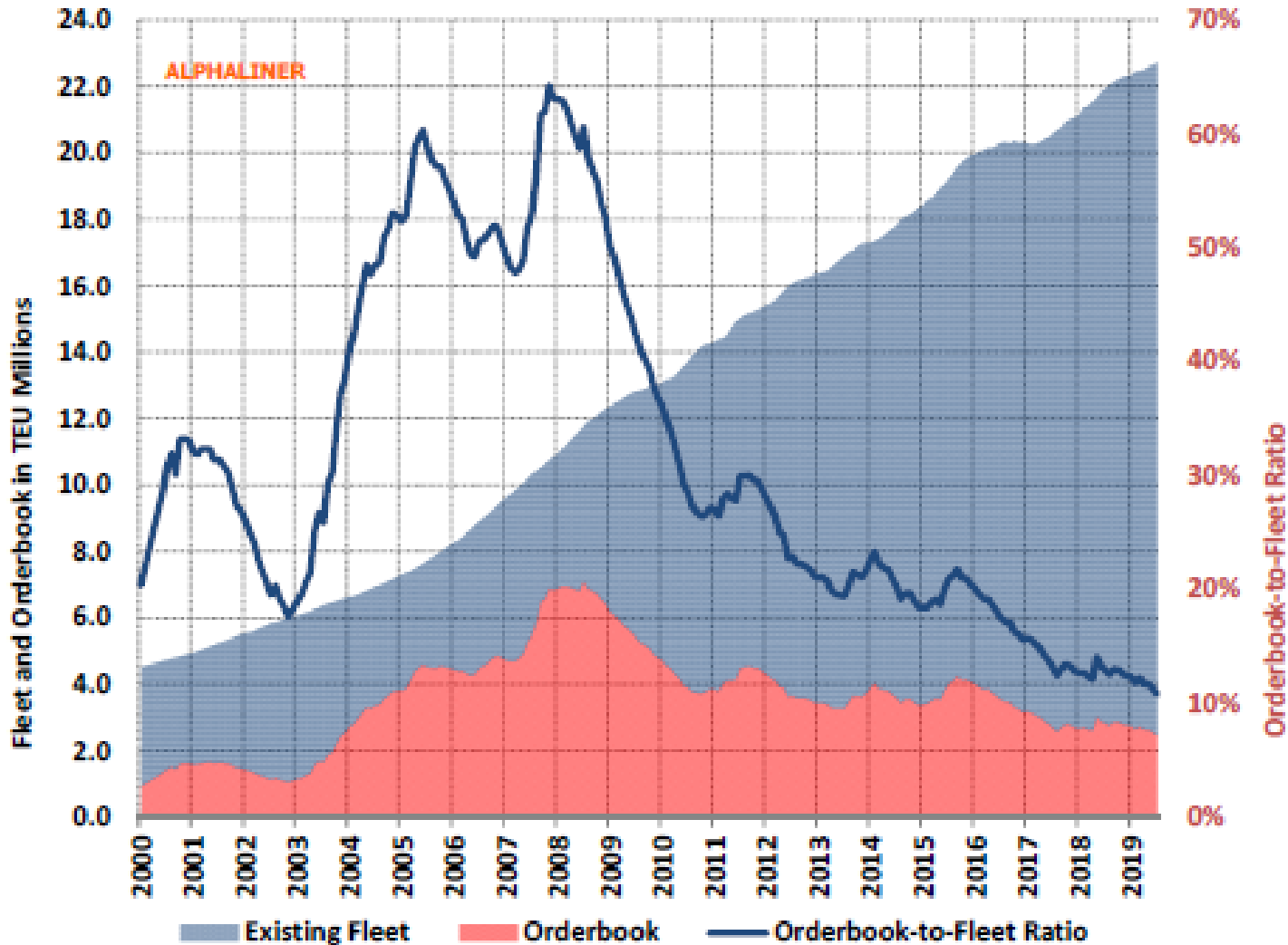
Source: Drewry

* Fleet Growth after adjustment of slippage, cancellations and scrapping

Orderbook-to-Fleet Ratio



Orderbook-to-Fleet Development 2000-2019 (Cellular ships only)



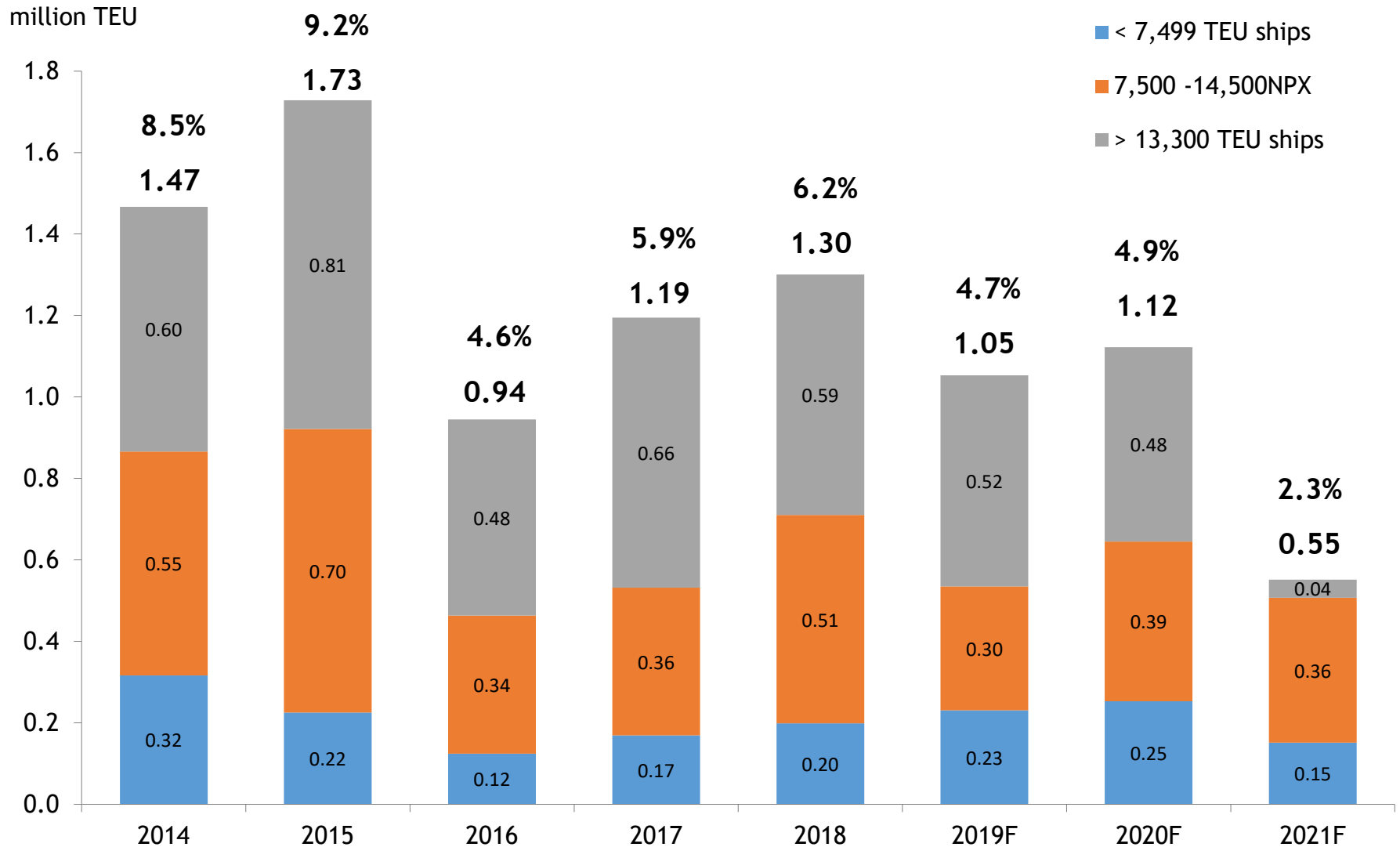
Source: Alphaliner (projections based on orderbook as at 1 Jul 2019)

New Vessel Orders



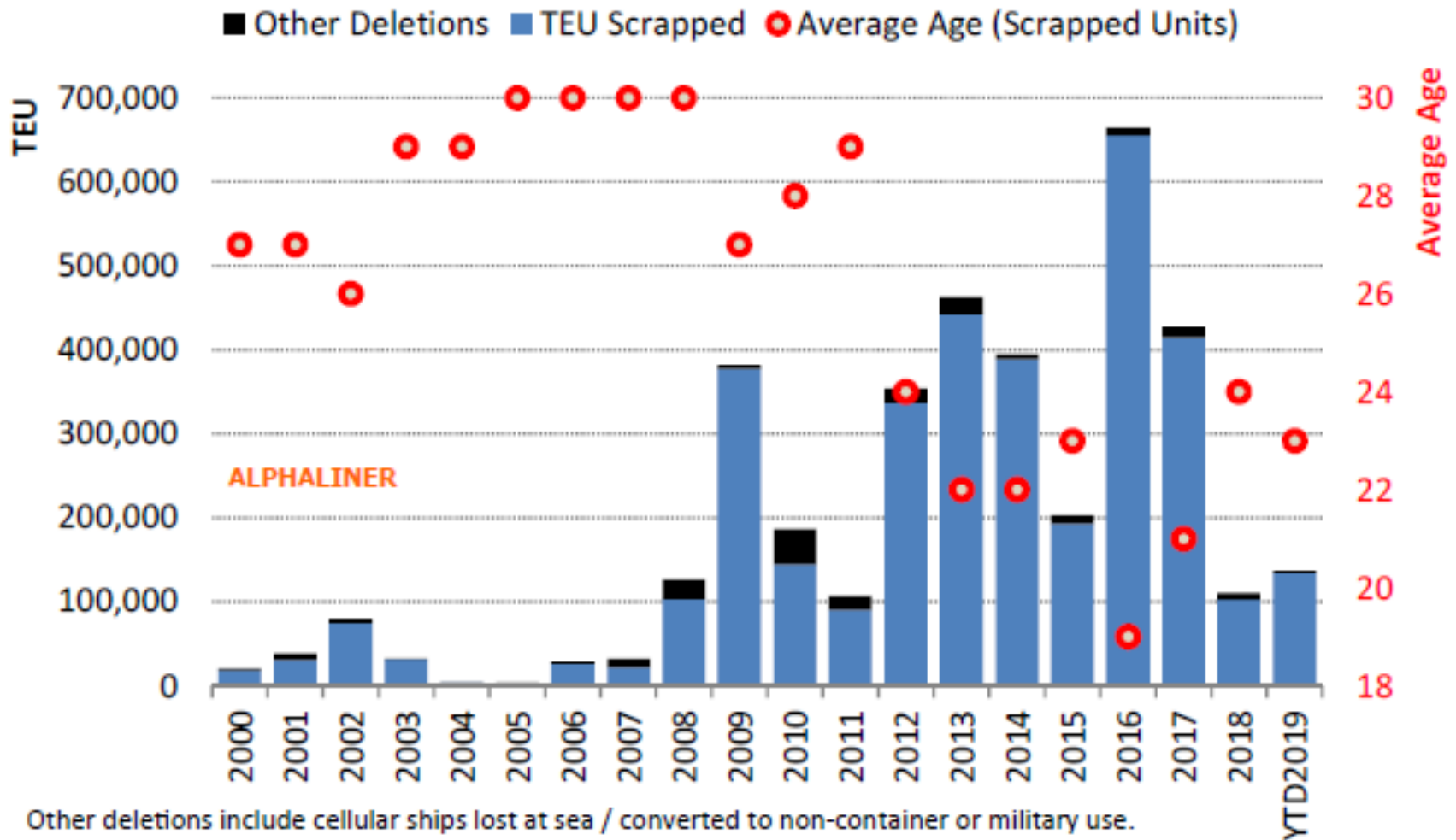
	<u>Size</u>	<u>No. of vessels</u>	<u>Total TEU</u>
1H19	13K TEU or above	10	150,000
	Below 13K TEU	48	121,304
	Total	58	271,304
2018	13K TEU or above	35	621,896
	Below 13K TEU	180	674,985
	Total	215	1,296,881
2017	13K TEU or above	31	623,476
	Below 13K TEU	99	159,898
	Total	130	783,374

Gross New Building Deliveries



Source: Alphaliner (projections based on orderbook as at 1 Jul 2019)

Scrapping



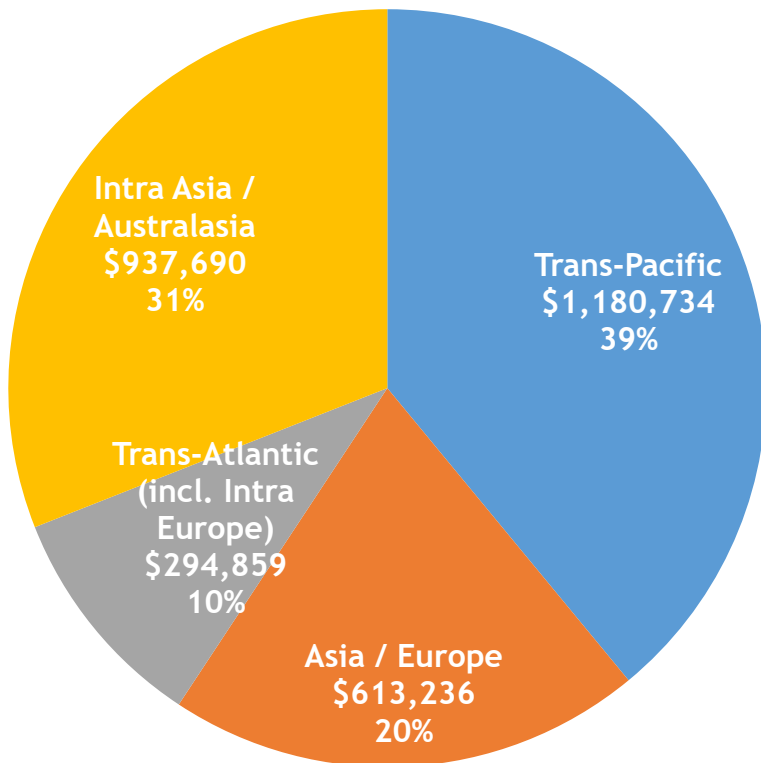
Other deletions include cellular ships lost at sea / converted to non-container or military use.

Scrapping forecast 350K TEU in 2019 & 400K in 2020

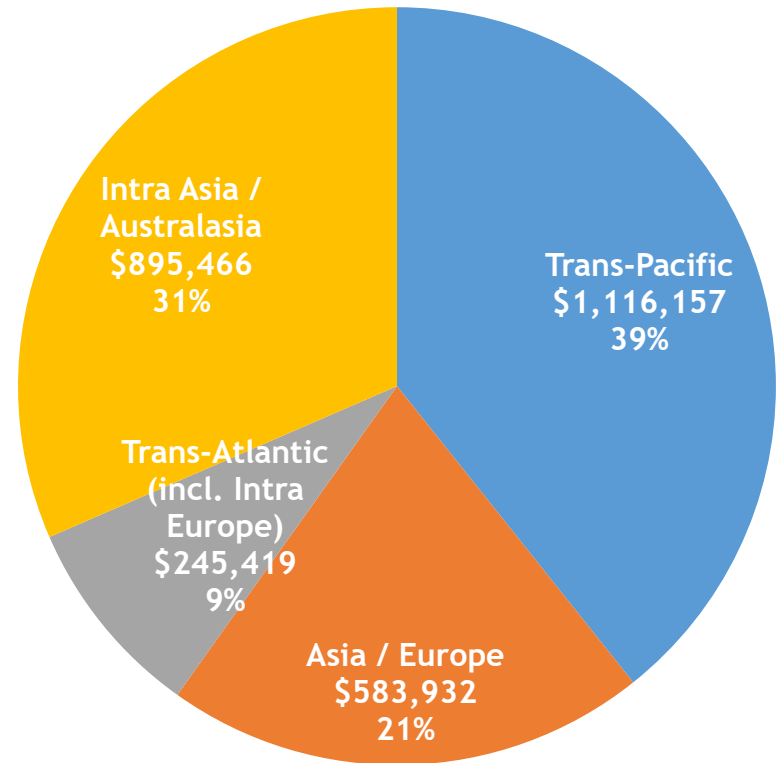
Diversified Revenue Base



1H 2019
Revenue by Trade (US\$000's)



1H 2018
Revenue by Trade (US\$000's)



Industry Trade Volume YTD Jun 2019



Trade	YTD 2019 vs 2018	YTD 2018 vs 2017	YTD 2017 vs 2016
Trans Pacific EB	0.3%	7.3%	4.5%
Asia Europe WB	5.2%	1.8%	3.7%
Intra Asia	3.9%	4.5%	4.6%
Trans Atlantic WB	5.8%	4.8%	6.6%

Sources: Datamyne and CTS

Industry Trade Volume YTD Jun 2019



	Trans Pacific EB Demand			Asia Europe WB Demand			Intra Asia Demand			Trans Atlantic WB Demand		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
JAN	6.4%	7.5%	4.7%	9.7%	1.2%	5.9%	2.4%	10.0%	3.1%	17.1%	1.6%	11.1%
FEB	(5.2%)	18.8%	(11.3%)	(16.2%)	30.5%	(9.0%)	(2.9%)	5.7%	5.8%	(2.4%)	3.3%	5.4%
MAR	0.5%	2.5%	15.2%	19.7%	(13.0%)	6.2%	6.5%	(6.2%)	9.6%	11.5%	0.9%	1.4%
APR	2.4%	2.3%	9.9%	7.9%	2.1%	1.6%	1.1%	5.8%	1.1%	6.4%	4.5%	14.9%
MAY	1.9%	4.5%	7.4%	5.8%	(1.8%)	7.8%	8.8%	8.2%	3.5%	2.5%	12.2%	(0.5%)
JUN	(3.9%)	9.2%	3.9%	3.8%	0.7%	6.7%	5.2%	4.4%	4.0%	1.3%	5.4%	8.7%
JUL		6.0%	9.0%		(0.6%)	5.1%		7.0%	6.2%		11.7%	2.4%
AUG		1.6%	5.8%		0.4%	4.3%		2.9%	5.3%		5.8%	4.2%
SEP		5.9%	8.7%		6.0%	8.6%		1.3%	6.0%		4.7%	9.8%
OCT		13.8%	6.3%		4.7%	1.0%		12.1%	1.0%		5.3%	8.7%
NOV		4.0%	10.7%		0.3%	4.2%		0.0%	3.4%		(0.3%)	8.5%
DEC		18.9%	6.2%		3.0%	7.7%		(0.8%)	(1.1%)		(1.8%)	12.9%
FY		7.8%	6.2%		2.0%	4.4%		4.1%	3.9%		4.8%	7.0%
YTD	0.3%	7.3%	4.5%	5.2%	1.8%	3.7%	3.9%	4.5%	4.6%	5.8%	4.8%	6.6%
	Source: Datamyne			Source: CTS			Source: CTS			Source: Datamyne		

TransPacific EB Commodity Volume Growth



Rank	Commodity	YTD June 2018 ('000 TEU)	YTD June 2019 ('000 TEU)	YoY
1	FURNITURE & LIGHTING EQUIPMENT	1,428	1,436	0.6%
2	MACHINERY	789	863	9.4%
3	PLASTICS & RUBBERS	761	898	18.0%
4	E-GOODS	433	585	35.3%
5	FASHION GOODS & ACCESSORIES	404	479	18.5%
6	METALS AND RELATED PRODUCTS	360	424	18.0%
7	AUTOMOBILE	358	385	7.4%
8	TEXTILES	288	360	25.0%
9	FOOTWEAR	250	240	-4.0%
10	WOOD & PAPER	238	235	-1.3%
11	FOODSTUFFS AND RELATED PRODUCTS	206	228	10.2%
12	CHEMICALS	172	187	8.7%
13	TOYS	141	177	25.6%
14	REEFER PRODUCT	119	110	-7.4%
15	CONSTRUCTION MATERIAL	91	81	-11.1%
16	AGRICULTURAL AND RELATED PRODUCTS	53	52	-1.7%
17	COTTON	9	1	-91.3%
18	HAY	-	1	123.8%
19	OTHER COMMODITIES	2,030	1,416	-30.2%
TOTAL		8,130	8,158	0.3%

Operating Costs 1H 2019



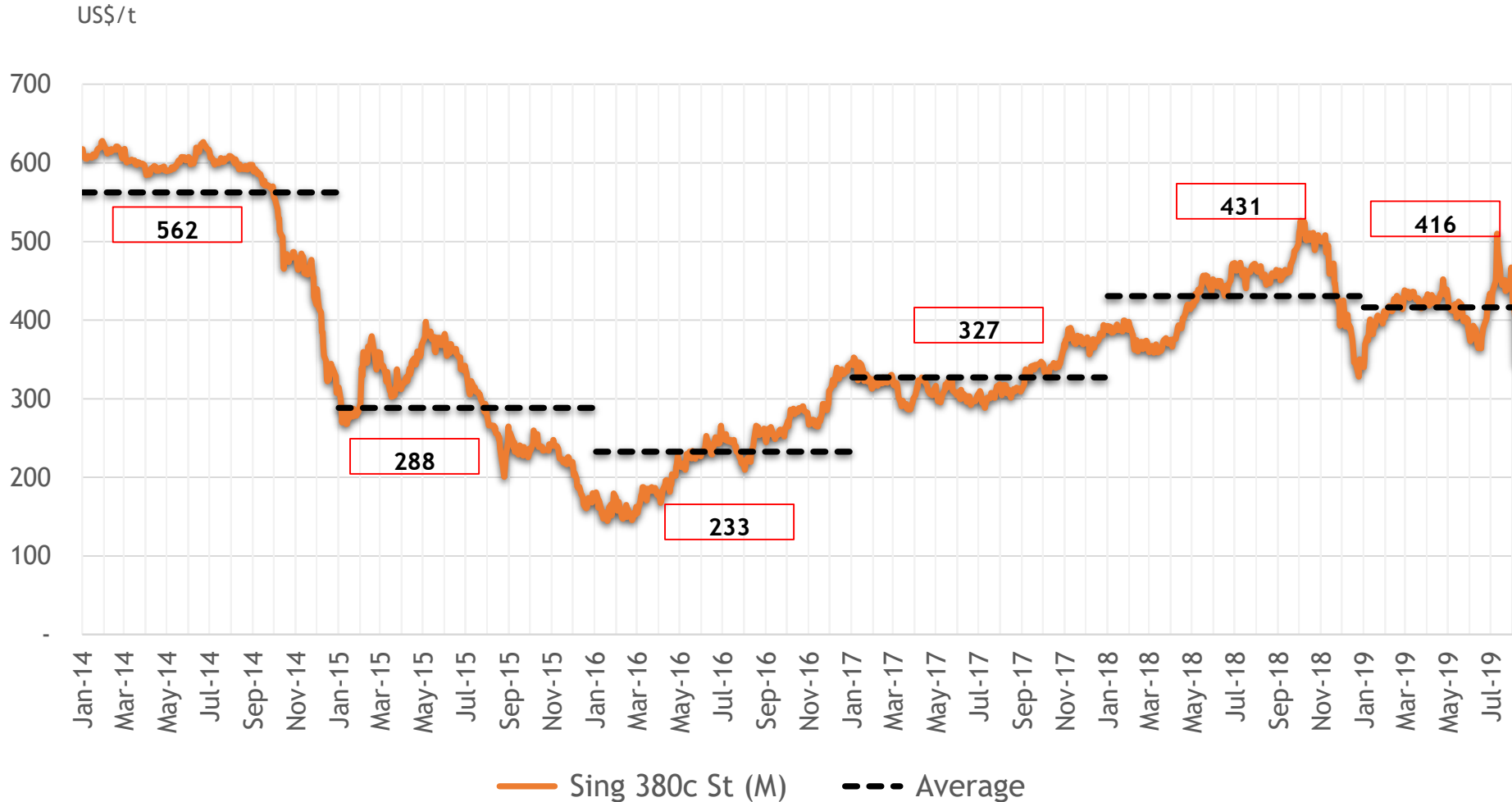
Per Lifting	1H 2019 / 1H 2018 % ▲	1H 2019 Proportion
Total cost	2% ▼	100%
Cargo cost	3% ▼	54%
Equipment and Repo costs	16% ▼	12%
Vessel Voyage cost	11% ▲	20%
Bunker cost	0%	14%

Note: Results presented above include the discontinued operation, Long Beach Container Terminal.

Bunker Price - Sing 380c St (M)



🌸 Tighter range of prices in 1H 2019



Bunker Costs



US\$M	1H 2019	1H 2018	% ▲
Total Bunker Costs (US\$M)	407	396	3%
Average Bunker Price (US\$ per TON)	441	403	9%
Total Bunker Consumption ('000 TON)	922	982	-6%
Net Operating Capacity ('000TEU)	709	711	0%

US-China Trade Discussions



- ❁ Impossible to predict impact
 - ❁ Positive steps towards a trade deal being negotiated
 - ❁ Entirely appropriate to be cautious
 - ❁ Some front-loading, but also strong corporate and consumer demand

- ❁ Goods shipped in containers often lower value
 - ❁ Financial impact of tariffs small in US\$ terms
 - ❁ So may not reduce significantly, but could be a brake on growth

- ❁ Alternative supply chains not an easy or immediate solution

Implementation of IFRS 16



- ✿ IFRS16 implemented from January 2019
- ✿ Capitalise all leases as at 1 January 2019 except for lease term of 12 months or less and with low value
- ✿ Recategorise operating leases to being on balance sheet
- ✿ EBITDA positively impacted as costs move from 'Vessel Costs' to interest and amortisation

Implementation of IFRS 16



- ✿ Leases impacted:
 - ✿ Smaller vessels
 - ✿ >1 year charters, but still short term (typically 2-3 years)
 - ✿ No significant distortion of Group credit metrics

- ✿ LBCT:
 - ✿ Discontinued Operations
 - ✿ Right to use terminal space for terminal business
 - ✿ No impact as of 31 Dec 2019

- ✿ Net impact excluding LBCT:
 - ✿ Balance Sheet Liabilities increase by US\$ 220 million
 - ✿ zero cash flow impact
 - ✿ Operating Profit improves by US\$ 4 million for the six months ended 30 June 2019



- ✿ Group will comply fully with IMO 2020 regulations

- ✿ Some limited scrubber experimentation

- ✿ Container industry will adopt a range of solutions:
 - ✿ Compliant low sulphur fuel
 - ✿ Scrubber
 - ✿ LNG

- ✿ Consumers will have to bear majority of increased fuel expense



- ✿ Long term but non-core property investments

- ✿ **Wall Street Plaza**
 - No fair value change for 2019 interim
 - Valuation of US\$310 million as at 30 June 2019
 - Vacancy rate of 11% as at end of 30 June 2019

- ✿ **Hui Xian REIT**
 - US\$14.7 million on balance sheet as at 30 June 2019

LBCT Update



- CFIUS requirement to sell as part of COSCO acquisition of OOIL
- Sale announce by OOIL on 30 April 2019
 - Purchaser is a Macquarie managed fund
 - Price is US\$ 1.78 billion
- Estimated pre-tax gain of US\$ 1.3 billion
- Conditions precedent in progress
- H2 closing expected
- OOIL will update the market as appropriate

COSCO's Six Commitments



- (1) Keep the existing OOIL branding
- (2) Retain the listing status of OOIL
- (3) Maintain OOIL's global headquarters functions and presence in Hong Kong
- (4) Maintain the reporting lines
- (5) Commit to the continuity and stability of OOIL management team, business operations and global service network
- (6) Retain OOIL's existing compensation and benefit system

Conclusion



- ❁ OOIL produced a very good set of results in H1 2019
- ❁ Trading environment more resilient than expected, but challenges remain:
 - ❁ Unknown impact of ongoing trade discussions
 - ❁ Risk of slowdown in some major economies
 - ❁ Introduction of IMO2020, expected increase of fuel cost from Q4 2019
- ❁ OOIL and COSCO will build on mutual strength, extract synergy benefits
- ❁ Continue to maintain high operating standards, driving shipping innovation
- ❁ LBCT sale expected to conclude in H2 2019
 - ❁ Significant cash proceeds
 - ❁ Long term continued access to terminal at competitive prices
- ❁ Our core competitiveness, operational efficiency and profitability will be further enhanced, which creates shareholder value in one of the leading container shipping groups, the right partner for many customers, and employer of choice for our highly valued staff



**TOGETHER
WE ACHIEVE GREATER SUCCESS**

Ownership Structure





OOIL Board Seats

Capt. Xu Lirong
Chairman & Executive Director

Independent
Non-Executive Directors

2 x
Continuing

3 x New

Executive Directors

Huang Xiaowen
CEO (OOIL)

Wang Haimin
Co-CEO(OOCL)

Zhang Wei
Executive Director

Andy Tung
Co-CEO(OOCL)

investors:



Zhang Mingwen
CFO

Michael Fitzgerald
Deputy CFO

Lammy Lee
Board Secretary

OOCL Management Team



CO-CEO

Haimin Wang

Andy Tung



Director

Xiang Chen



Director

Erxin Yao



Director

Jiandong Zhu



CFO

Mingwen Zhang



CIO

Steve Siu



Legal

Lammy Lee



Director / DCFO

Michael Fitzgerald



Director

Kenny Ye



Director

Raymond Fung



Director

Teddy Fung

COSCO Shipping Holdings Organisational Structure



COSCO SHIPPING HOLDINGS



Wang Haimin



Zhang Wei



VP

Chen Xiang
Equipment



VP

Erxin Yao
Procurement



VP

Zhu Jiandong
Capacity and
network planning



VP

Steve Siu
CIO



VP

Chen Shuai
Commercial
coordination



CFO

Zhang Mingwen



Board Secretary

Guo Huawei



Orient Overseas (International) Limited