



# **Orient Overseas (International) Ltd**

## **Presentation**

### **2013 Annual Results**

March 10<sup>th</sup> 2014

# Result Summary

Profit After Tax	US\$47.1 million
Profit Attributable to Equity Holders	US\$47.0 million
Group Revenue	US\$6,232 million
Earnings Per Share	US7.5 cents
Final Ordinary Dividend	US1.88 cents per share (HK\$0.147)



# Significant Events

- Expanded G6 Network
- New Deliveries
- MHRP – Crane delivery
- IT investment



# Summary Highlights – 2013

- Supply and demand imbalance continues with supply at 5.7% and demand at 4.2% for 2013\*
- Container Transport and Logistic business reported EBIT of US\$75 million
- The Group took delivery of 8 x 13,208 TEU 'Mega' class vessels and 2 x 8,888 TEU 'SX' class vessels in 2013 – a 9.7% increase in net operating capacity from 2012 to 496,106 TEU. Full year effect of the larger and more efficient newbuildings is to be expected in 2014.
- Liner liftings increased by 1.5% to 5.3 million TEU with a steady load factor maintained at 73%.
- Continued progress in Terminal Investment in Long Beach, California, Industry leading IT development and Logistic business buildout
- Net Debt to Equity Ratio at 0.25

\*Source: Consensus Feb 2014



# Summary Highlights – 2H13

- Container Transport and Logistics EBIT margin increased from 0.1% in 1H13 to 2.3% in 2H13
- Full year Container Transport and Logistics EBIT margin of 1.2%
- Load factor weakness in 1H 2013 at 72% but recovered in 2H 13 at 75%. Full year load factor brought back to 73%, consistent with 2012



# Group Results – Full Year 2013

US\$M	2013 Final	2013 Interim	Restated 2012 Final
Revenue	6,232	3,025	6,459
Group EBIT	108	15	343
Profit / (Loss) After Tax	47	(15)	296
Earnings / (Loss) per Ordinary Share (US\$ Cents)	7.5	(2.4)	47.2



# Income Statement – 2013

US\$M	2013 Final	2013 Interim	Restated 2012 Final
<b>Group Profit / (Loss) for the Year</b>	47.1	(15.1)	296.3
<b>Made up of:</b>			
<b>Profit / (Loss) from Container Transport and Logistics</b>	17.6	(22.6)	196.2
<b>OOIL Other Activities</b>	29.5	7.5	100.1



# Income Statement – 2013

US\$M	2013 Final	2013 Interim	Restated 2012 Final
<b>Container Transportation and Logistics - EBIT</b>	<b>75.1</b>	<b>2.8</b>	<b>243.9</b>
<b>OOIL Activities - EBIT</b>			
Wall Street Plaza Revaluation	(6.9)	(4.6)	0.5
Hui Xian Dividends and Distribution	10.2	9.1	43.7
Interest and Investments	20.1	0.1	52.9
Others	9.5	3.1	2.0
	<b>32.9</b>	<b>7.7</b>	<b>99.1</b>
<b>OOIL GROUP - EBIT</b>	<b>108.0</b>	<b>10.5</b>	<b>343.0</b>
<b>Finance Costs</b>	<b>(41.0)</b>	<b>(18.6)</b>	<b>(32.9)</b>
<b>Taxation</b>	<b>(19.9)</b>	<b>(7.0)</b>	<b>(13.8)</b>
<b>OOIL Group Profit After Taxation</b>	<b>47.1</b>	<b>(15.1)</b>	<b>296.3</b>



# Group Balance Sheet Highlights

<b>US\$M</b>	<b>2013</b>	<b>Restated 2012</b>
Non-current Assets	6,146	5,466
Current Assets	2,844	2,765
<b>Total Assets</b>	<b>8,990</b>	<b>8,231</b>
Non-current Liabilities	3,328	2,391
Current Liabilities	1,185	1,352
<b>Total Liabilities</b>	<b>4,513</b>	<b>3,743</b>
Shareholder's Funds	4,471	4,482
Non-controlling Interests	6	6
<b>Total Equity</b>	<b>4,477</b>	<b>4,488</b>



# Total Liquid Assets

US\$M	31 Dec 2013	31 Dec 2012
Restricted Bank Balances	26	19
Cash and Bank Balances	1,912	1,862
Portfolio Investments, Equities and Bonds	473	459
Total	2,411	2,340



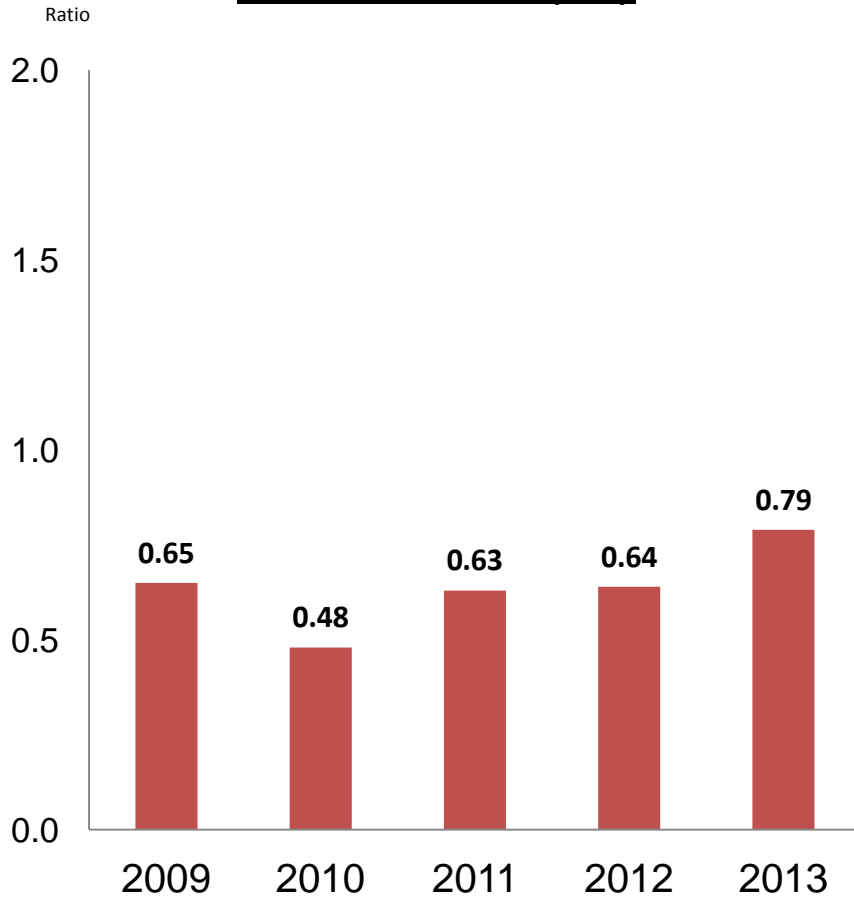
# Net Debt Position

US\$M	31 Dec 2013	31 Dec 2012
Liquid Assets	2,411	2,340
Debt	3,534	2,882
Net Debt	1,123	542

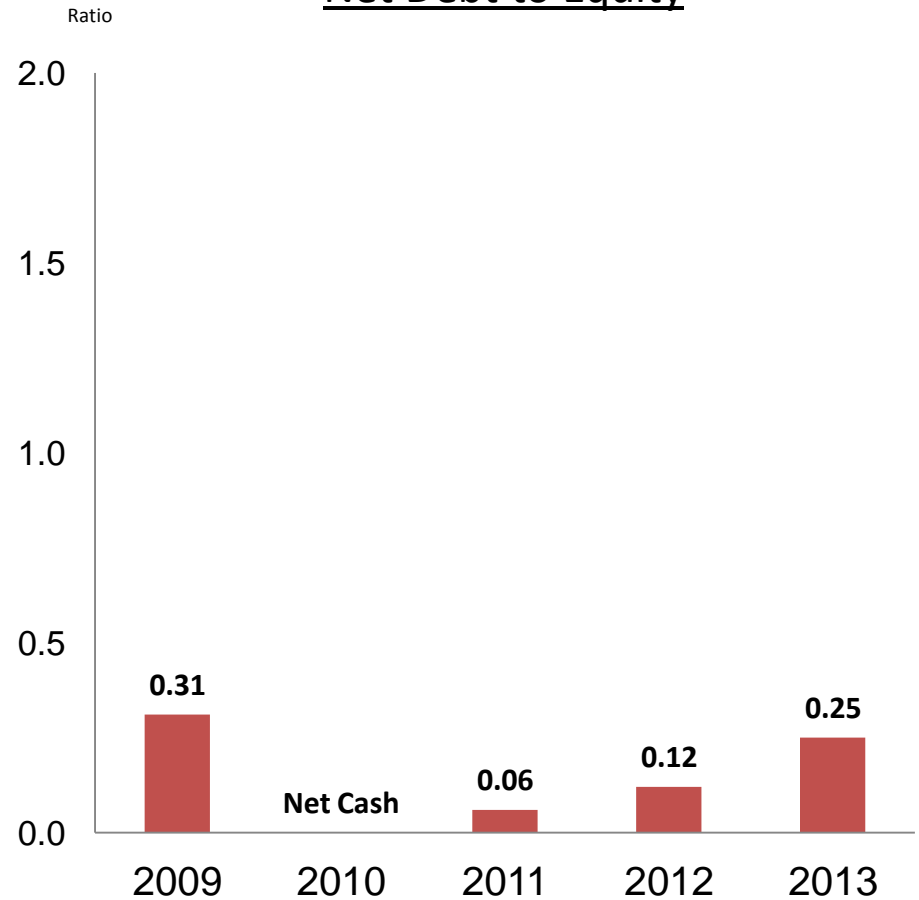


# Debt-to-Equity Ratios

Gross Debt to Equity

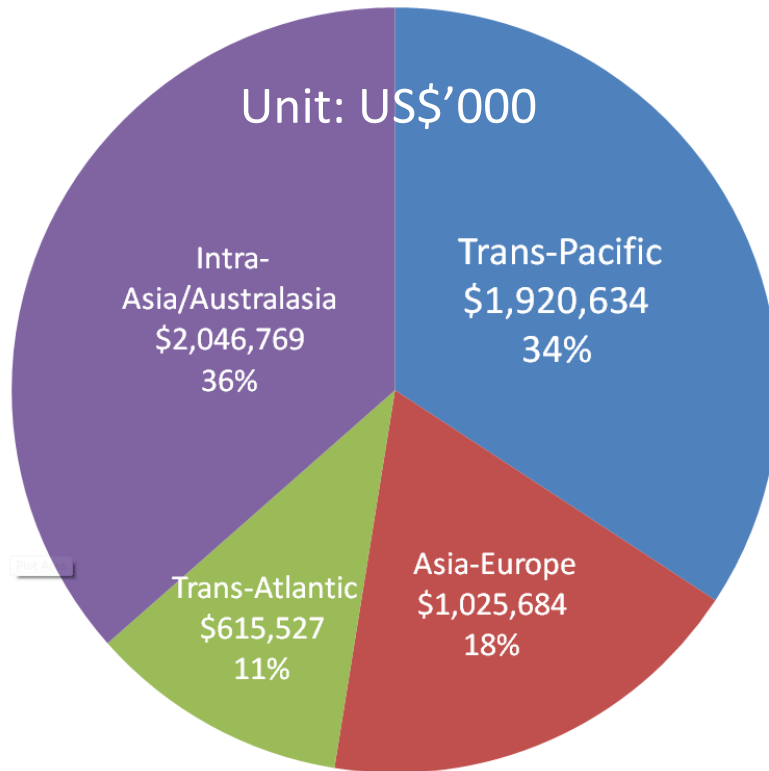


Net Debt to Equity



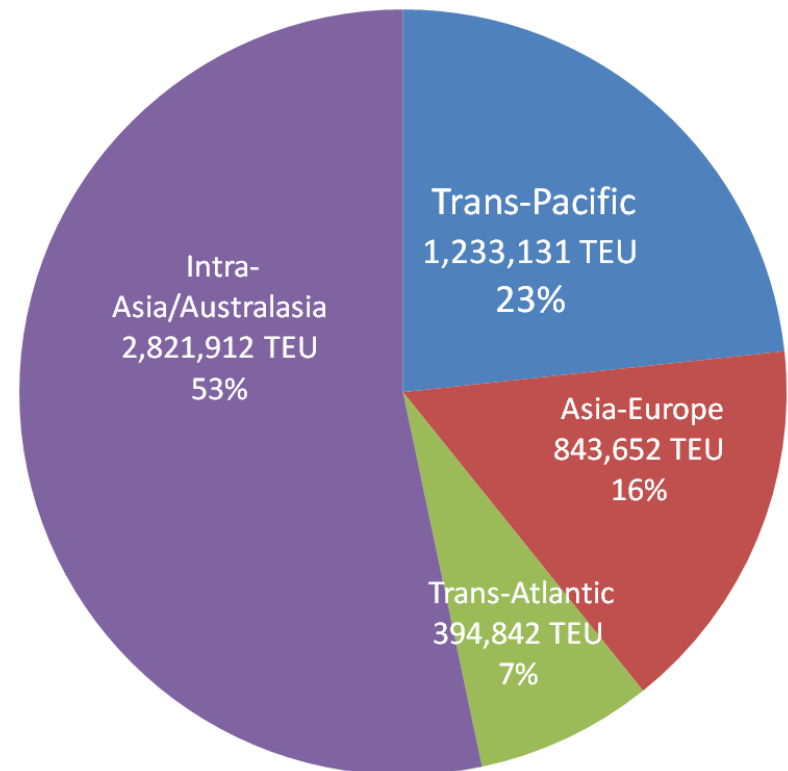
# OOCL Revenue and Lifting – FY 2013

Revenue by Trade



Total US\$5,608,614,000

Lifting by Trade



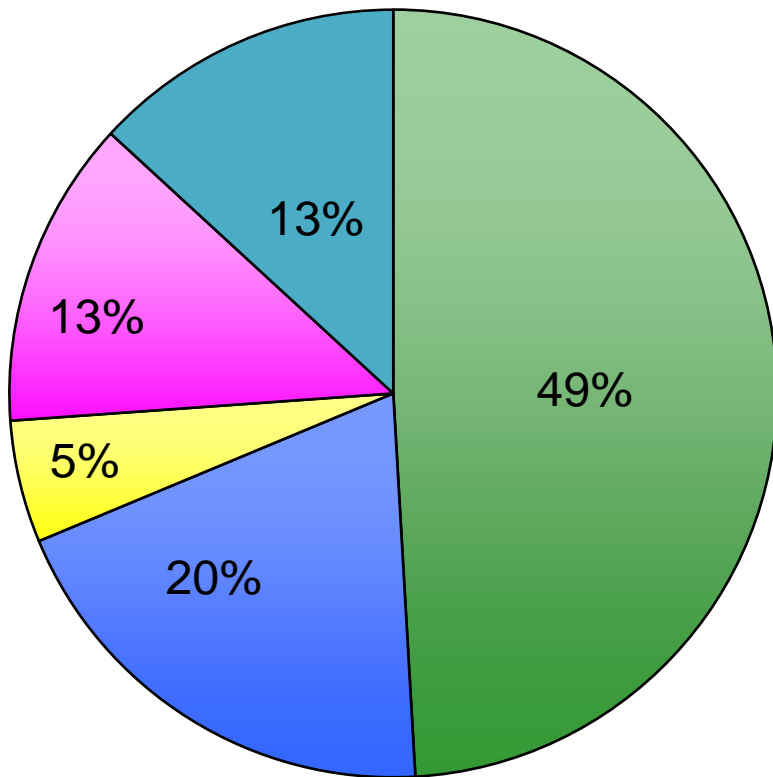
Total 5,293,537 TEU



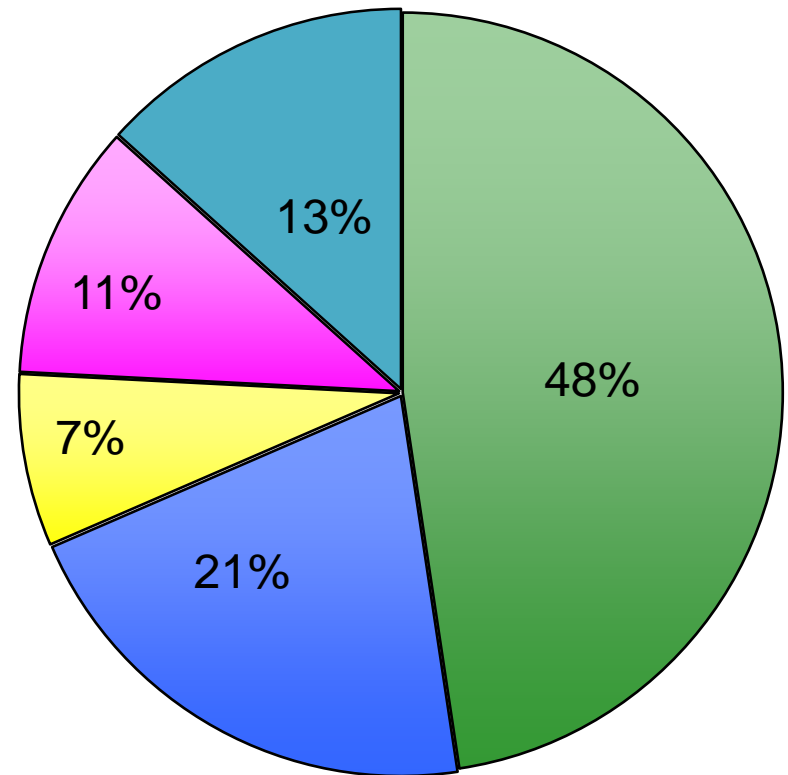
# Total Operating Costs

- Cargo cost
- Bunker cost
- Voyage cost (excluding bunker)
- Vessel cost
- Equipment and repositioning costs

2013



2012



# Container Transportation (excl. Logistics)

	2013 Final	2013 Interim	2012 Final
Liftings ('000)	5,294	2,549	5,217
Revenue (US\$M)	5,609	2,772	5,899
Revenue Per TEU (US\$)	1,060	1,088	1,131
Net Operating Capacity (TEU)	496,106	477,859	452,246
Load Factor (%)	73%	72%	73%



# OOCL Static Slot Capacity Breakdown

As at 31 Dec 2013	No of Vessels	Capacity (TEU)	Average (TEU)	% of Total Fleet
Owned	54	393,084	7,279	79%
Long Term Chartered	7	41,216	5,888	8%
Short Term Chartered	40	138,827	3,471	28%
Charter-Out	(7)	(77,021)	(11,003)	(15%)
<b>Total</b>	<b>94</b>	<b>496,106</b>	<b>5,278</b>	<b>100%</b>



# OOCL Fleet for Future Deliveries

- Delivery schedule of vessels:

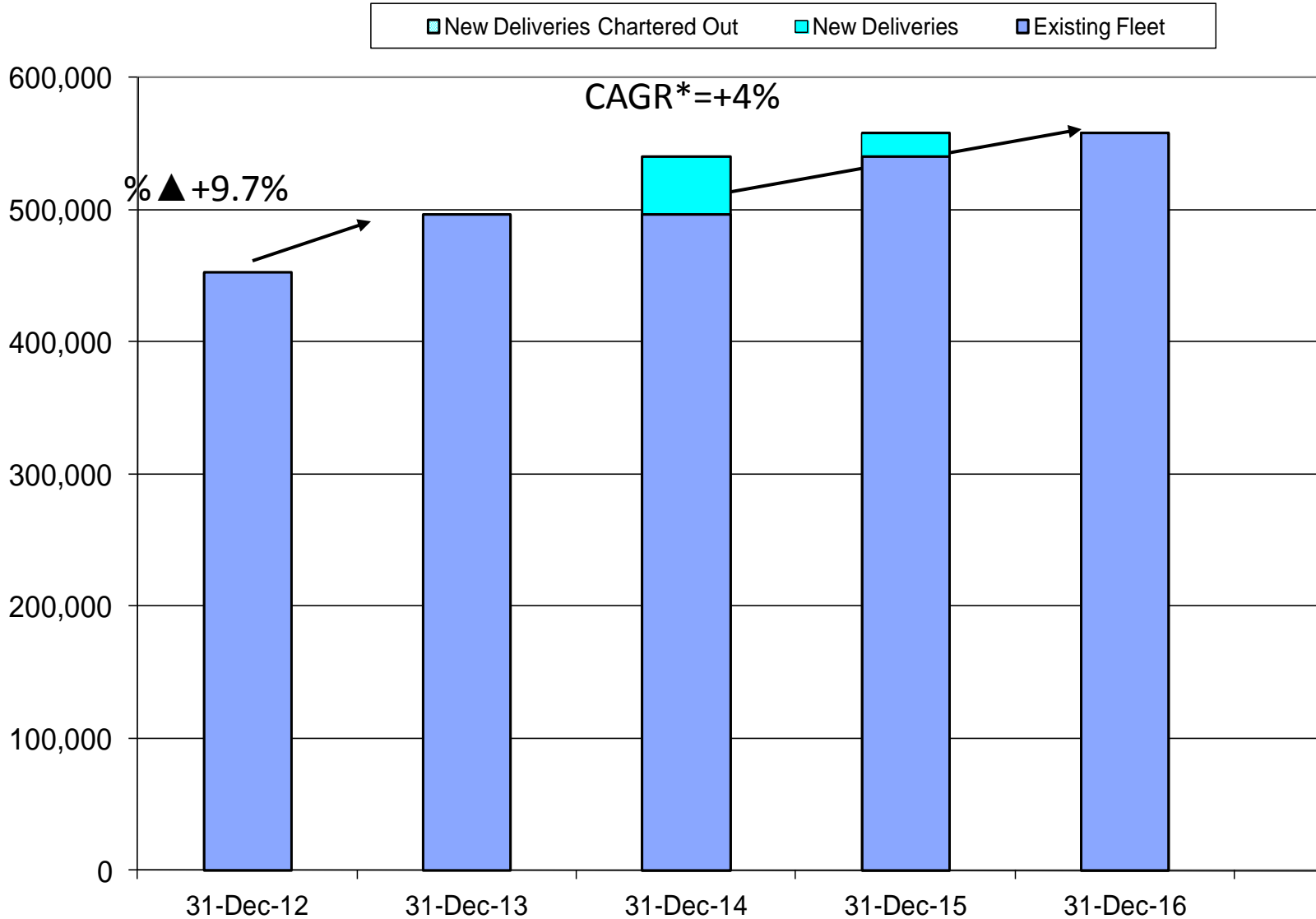
2014            (8,888 TEU x 2) & (13,208 TEU x 2)

2015            (8,888 TEU x 2)

- 4 x 8,888 TEU vessels were placed with Hudong– Zhonghua Shipbuilding (Group) Co. Ltd, PRC
- 2 x 13,208 TEU vessels were placed with Samsung Heavy Industries Co., Ltd.



# OOCL Future Static Slot Capacity



\*Note: CAGR=Compound annual growth rate, which assumes no major change in charter-fleet size



# Property Investment

- **Wall Street Plaza**
  - Fair value loss of US\$6.9 million for 2013
  - Valuation of US\$170M as at 31 December 2013
  - Performance is in line with expectations
  - Vacancy rate of 4.6% as at end of 31 December 2013
- **Beijing Oriental Plaza**
  - Directly and indirectly holding approx. 4.6% of the Hui Xian REIT
  - Valuation of US\$149 M as at 31 December 2013



# Macro-Economy

- The sentiment of economic turn round of the US, Eurozone economics and Abenomics seems to run ahead of the physical market
- Seaborne trade growth was subdued and overall 2013 was not a particularly good year for the industry



# Macro-economy - 2014

- The industry is still under a great deal of challenges from supply and demand imbalances which will exert pressure on freight rates
- Supply and demand dynamics drives the industry to look further into cost rationalization, efficiencies gains, and alliance/partnership
- IMF forecasts a 3.6% growth in GDP in 2014 vs. 2.9% in 2013 may signal better prospects for the developed economies such as US and core Eurozone
- This positive sentiment may assist in alleviating supply and demand imbalance in major trades



# New Vessel Orders YTD 2014

<b>YTD2014</b>	<b>Size</b>	<b>No. of vessels</b>	<b>Total TEU</b>
	Above 13000 teu	16	224,000
	Below 13000 teu	6	56,400
	Total	22	280,400

<b>FY2013</b>	<b>Size</b>	<b>No. of vessels</b>	<b>Total TEU</b>
	Above 13000 teu	55	859,200
	Below 13000 teu	65	610,700
	Total	120	1,469,900



# New Vessel Orders YTD 2014

Owner	Operator	Shipyard	No of vessels	Size	Delivery	Unit price (USD mil)	Publish Date
	UASC	Hyundai (picks options)	6	14,000	1H15	125	03-Feb-14
Shoei Kisen Kaisha	EMC	Koyo	5	14,000	2H16	116	13-Jan-14
Costamare	EMC	Samsung	5	14,000	2H16	116	09-Jan-14
BOCOM / Minsheng	CMA CGM	China Shipping Industry	6	9,400	2016	83	08-Jan-14



# New Vessel Orders in 2013

Owner	Operator	Shipyard	No of vessels	Size	Delivery	Unit price (USD mil)	Publish Date
	COSCO (plan)		5	9,400			24-Dec-13
Sumitomo	EMC		7	14,000	2016		30-Dec-13
Zodiac Maritime	HMM	Daewoo	10	10,000	1H16		16-Dec-13
Evangelos Marinakis, Petros Pappas, Oaktree Capital	CMA CGM	Daewoo Mangalia (Romania)	5	9,400	2015	85	26-Nov-13
Minsheng	CMA CGM	Samsung	2	9,400	2015	85	26-Nov-13
Bank of Communications	CMA CGM	Samsung	5	9,400	2015	85	26-Nov-13
	NYK (plan)	In talks with Imabari / Japan Marine United	4	13,200	2016	100	15-Nov-13
	UASC (picks option)	Hyundai	2	14,000	1Q16	125	14-Nov-13
Seaspan		Jiangsu New Yangzi/Jiangsu Yangzi Xinfu	5	10,000	2015	90	07-Oct-13
	Hamburg Sud	DSME	3	10,500	2H15	90	07-Oct-13
CIMC	MSC		2	8,800		85	12-Sep-13
Bank of Communications	MSC	Daewoo	3	18,400	2015	141	03-Sep-13
Minsheng	MSC	Daewoo	3	18,400	2015	141	03-Sep-13
	UASC	Hyundai	5	18,000	2H14	150	02-Sep-13
	UASC	Hyundai	2	14,000	2H14	150	02-Sep-13
	Zim	Samsung	Cancelled order	12,600			29-Aug-13
Seaspan	YML	Hyundai/CSBC	5	14,000	2016	110	23-Aug-13
	CSAV	Samsung	9	9,000	2014		20-Aug-13
CSSC	CMA CGM	Jiangnan Changxing/Shanghai Waigaoqiao	3	16,000	2H15		12-Aug-13
CIMC	MSC	New Times	5	8,800	2015		29-Jul-13
HKAM	MSC	Daewoo	3	18,000	3Q15		12-Jul-13
CSSC	MSC	Jiangnan/Jiangnan Changxing	6	9,400	2015	82	05-Jul-13
CIMC	MSC	Dalian	8	8,800	2015	75	03-Jul-13
	CMA CGM	Samsung	3	16,000	1H15		14-Jun-13
	CSCL	Hyundai	5	18,400	2H14	137	13-May-13
	K Line	Imabari	5	14,000	1H15		25-Mar-13
Seaspan	YML	Hyundai	5	14,000	2015	120	23-Jan-13



# Transpacific Capacity Cascading

## Market Weekly Service Capacity

	Asia Europe		Transpacific	
	TEU	yoy	TEU	yoy
Jan-13	365,516	-1.9%	377,714	9.5%
Apr-13	365,060	2.3%	373,669	7.4%
Jul-13	366,201	-5.8%	410,344	8.1%
Oct-13	376,546	-2.1%	416,573	8.3%
Jan-14	363,320	-0.6%	389,472	3.1%



# Trade Outlook

- Further tonnage growth leads to continued over capacity
- Vessel cascading effect from Asia-Europe trade will have a negative impact on other trades in particular Transpacific and Intra-Asia Trades
- Trans-Atlantic trade remains stable
- Demand growth in 2014 will outpace that of 2013, which should lead to improved outlook for major trades



# Group Focus

- While the 1H 2013 was disappointing from both the demand and freight rate, 2H improved moderately and some lost grounds were made up
- The Group continues to focus on contribution enhancement by way of a disciplined approach to differentiation and segmentation
- Continuous effort to drive down costs without compromising service quality
- Continuous investment in IT to achieve further operational efficiency and transparency
- The Middle Harbor Redevelopment Project in Long Beach is well on schedule with the delivery of the first sets of gantry cranes and straddle carriers
- The Group will continue to work with Alliance Partners to ensure that the partnership and alliance products are efficient and competitive.



# OOIL

- Headquartered in Hong Kong
- Principal business activities:  
container transport and logistics
- Over US\$6.2 billion revenue in 2013
- Shareholders Equity: US\$4.5 billion
- 320 offices in 65 countries
- Employing over 9,210 staff globally
- Operating 94 vessels as of Dec 2013



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