



**Orient Overseas (International) Ltd**

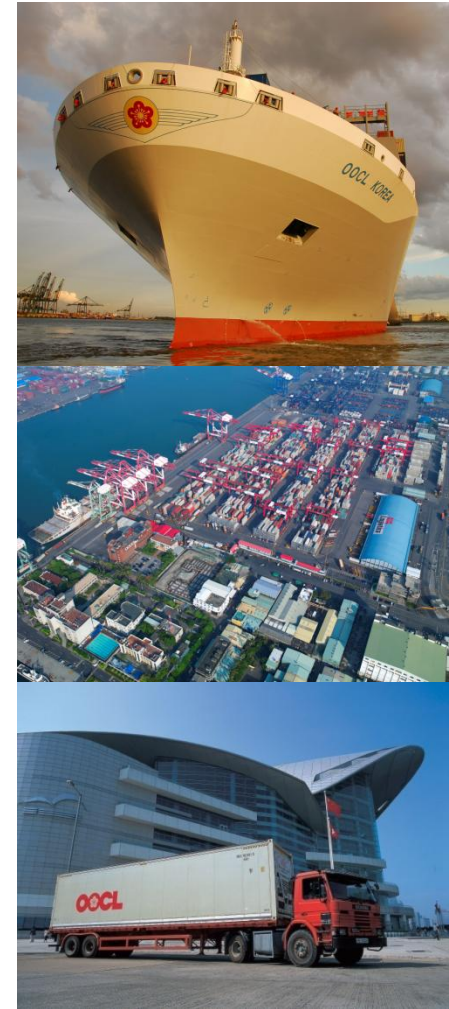
**Media Presentation**

**2014 Annual Results**

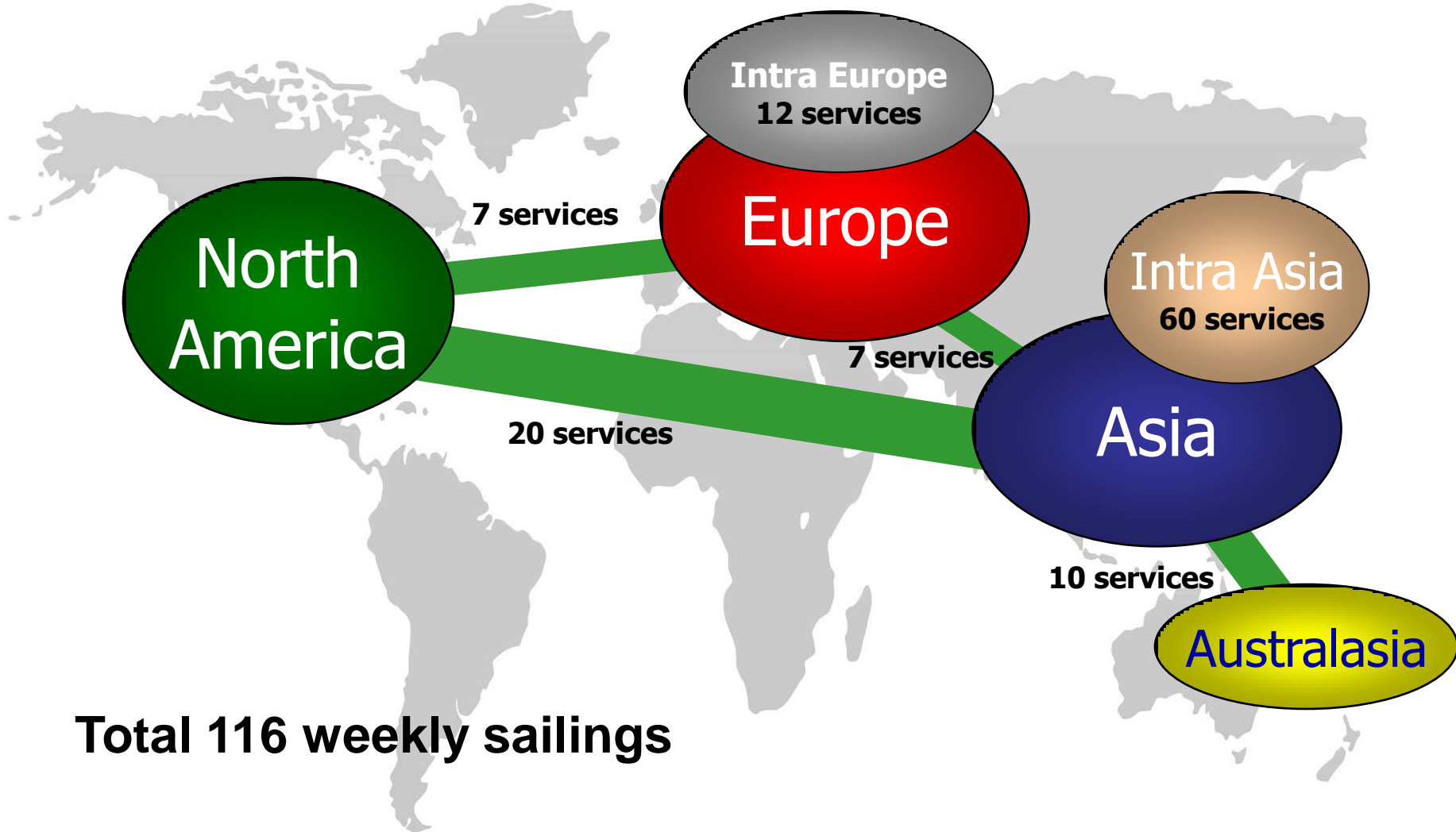
March 9th 2015

# OOIL Profile

- Headquartered in Hong Kong
- Principal business activities:  
container transport and logistics
- Over US\$6.5 billion revenue in 2014
- Shareholders Equity: US\$4.6 billion
- 320 offices in 70 countries
- Employing over 9,500 staff globally
- Operating 98 vessels as of Dec 2014



# OOCL Global Service Network



**Total 116 weekly sailings**



# **Orient Overseas (International) Limited**

- **2014 Annual Results**
- **Market Review and Update**
- **Outlook 2015**
- **Stock (0316.hk) Update**



**OOIL**

# **2014 Annual Results**



# OOIL Annual Results Summary - 2014

- **Group Revenue US\$ 6,522 million**
- **Group EBIT US\$ 349 million**
- **Profit Attributable to Equity Holders was US\$ 271 million**
- **OOIL Transport and Logistics report EBIT of US\$ 249 million representing an operating margin of 4%**
- **Earning per share US 43.2 cents**
- **Final Ordinary Dividend US 3.4 Cent**



# OOIL Annual Results Summary - 2014

- Encouraging industry volume growth in 2014 especially major East West Container Trades
- Liner Revenue increased by 3.5 % to US\$5,807 million
- Liner lifting increase by 5.5% while load factor improved to 76% from 73%
- The Group took delivery of two 13,208 teu “Mega” Class vessels
- Continued progress in:
  - Logistic business build out
  - Terminal Investment in Long Beach
  - Information Technology development



# Group Results Breakdown

US\$M	2014	2013	var
<b>Container Transportation and Logistics</b>	178.7	17.6	161.1
<b>Others</b>			
Wall Street Plaza Revaluation	9.7	(6.9)	16.6
Hui Xian Dividends (\$7.9M & shares) and Cash Distribution (\$3.7M)	43.8	10.2	33.6
Interest and Investments	41.5	20.1	21.4
Others	(3.3)	6.1	(9.4)
	91.7	29.5	62.2
<b>Total</b>	270.4	47.1	223.3



# EBIT Breakdown

US\$M	2014	2013
<b>Container Transportation and Logistics</b>	<b>249.4</b>	<b>75.1</b>
<b>OOIL Activities - EBIT</b>		
Wall Street Plaza Revaluation	9.7	(6.9)
Hui Xian Dividends and Distribution	43.8	10.2
Interest and Investments	41.5	20.1
Others	4.2	9.5
	<b>99.2</b>	<b>32.9</b>
<b>OOIL GROUP - EBIT</b>	<b>348.6</b>	<b>108.0</b>
<b>Finance Costs</b>	<b>(54.0)</b>	<b>(41.0)</b>
<b>Taxation</b>	<b>(24.2)</b>	<b>(19.9)</b>
<b>OOIL Group Profit After Taxation</b>	<b>270.4</b>	<b>47.1</b>



# Group Balance Sheet Highlights

US\$M	2014	2013
Non-current Assets	6,450	6,146
Current Assets	3,184	2,844
<b>Total Assets</b>	<b>9,634</b>	<b>8,990</b>
Non-current Liabilities	3,654	3,328
Current Liabilities	1,345	1,185
<b>Total Liabilities</b>	<b>4,999</b>	<b>4,513</b>
Shareholders' Funds	4,635	4,471
Non-controlling Interests	-	6
<b>Total Equity</b>	<b>4,635</b>	<b>4,477</b>



# Total Liquid Assets

US\$M	31 Dec 2014	31 Dec 2013
Restricted Bank Balances	55	26
Cash and Bank Balances	2,166	1,912
Portfolio Investments, Equities and Bonds	469	473
<hr/>		
Total	2,690	2,411



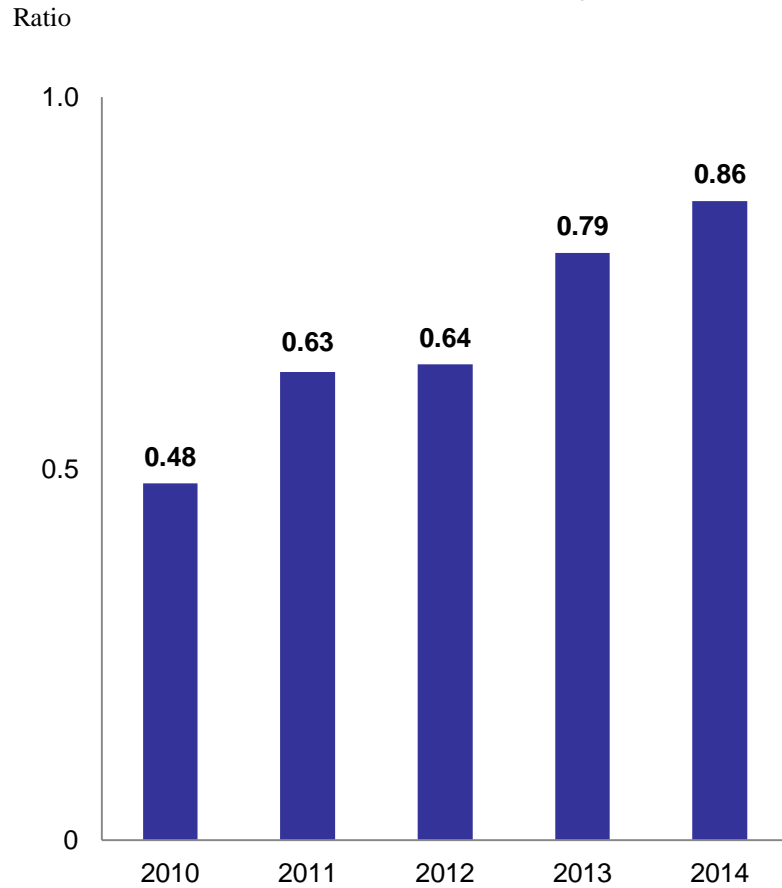
# Net Debt Position

US\$M	31 Dec 2014	31 Dec 2013
Liquid Assets	2,690	2,411
Debt	3,985	3,534
Net Debt	1,295	1,123

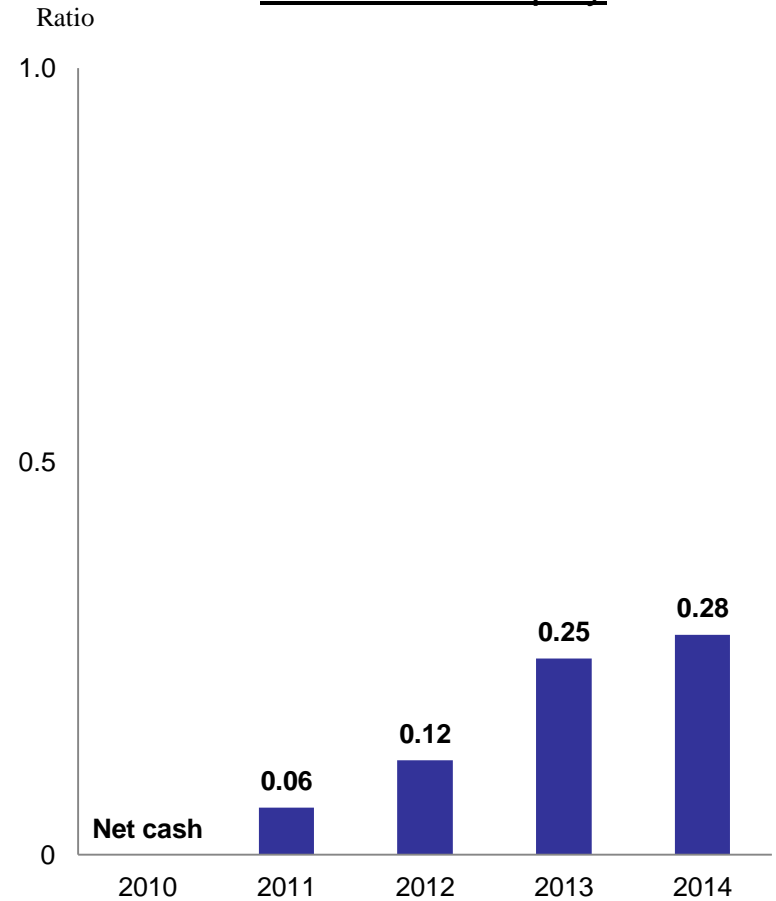


# Debt-to-Equity Ratios

Gross Debt to Equity

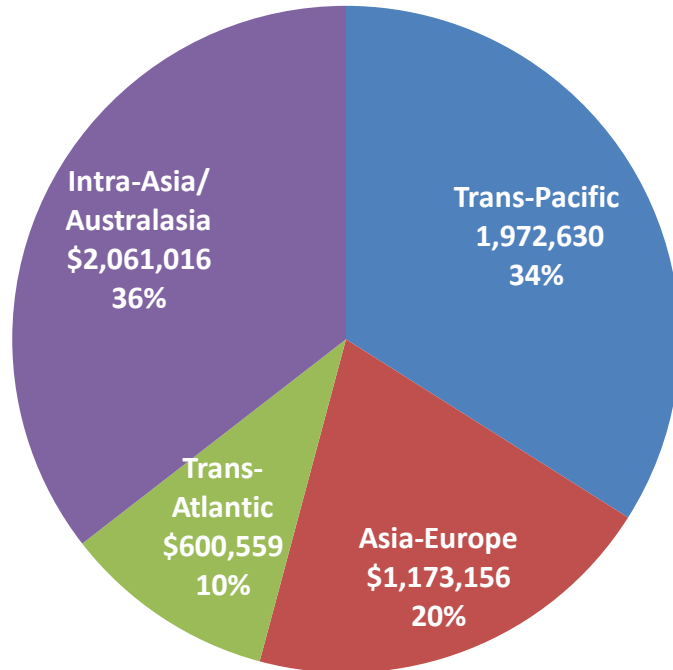


Net Debt to Equity



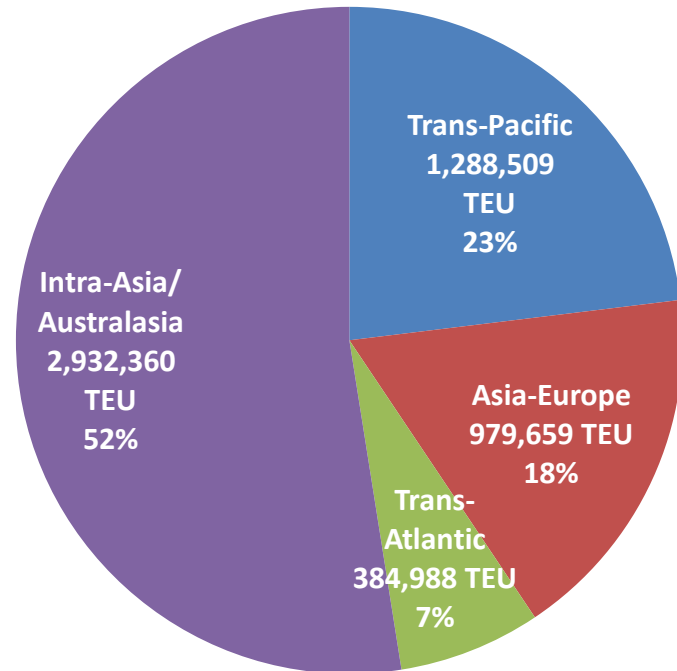
# Liner Revenue and Lifting

## Revenue by Trade



Total US\$5,807 mil

## Lifting by Trade



Total 5,585,516 TEU



# Container Transportation Performance

	2014	2013	% ▲
Liftings ('000 TEU)	5,586	5,294	5.5%
Revenue (US\$M)	5,807	5,609	3.5%
Revenue Per TEU (US\$)	1,040	1,060	-1.9%
Net Operating Capacity (TEU)	529,662	496,106	6.7%
Load Factor (%)	76%	73%	4.1%



# Cost Improvement 2014

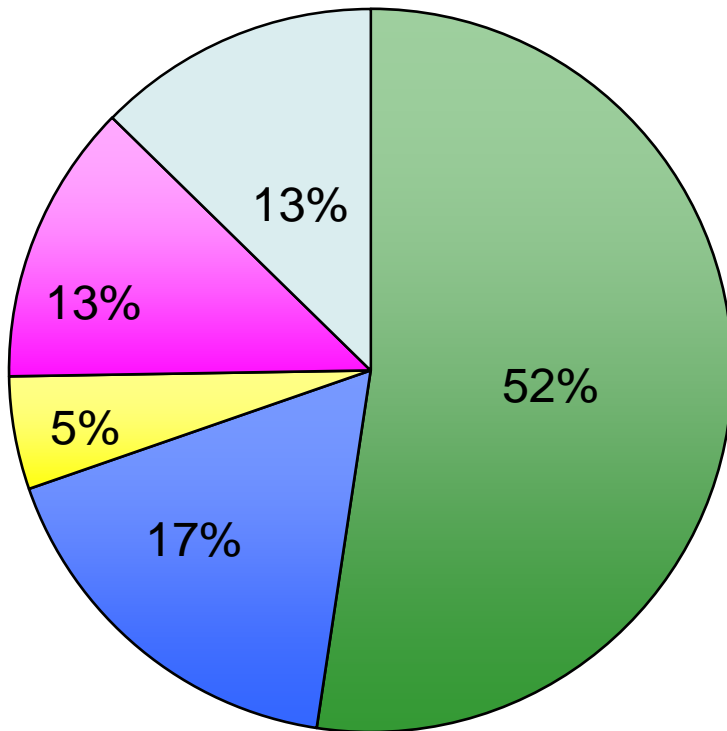
		2014	2013
Operating Cost	(1)	5,861	5,759
Other Cost	(2)	432	415
Bunker Cost	(3)	1,014	1,127
Total Cost excl. Bunker	(4) = (1) + (2) – (3)	5,279	5,047
<b>Total Unit Cost excl. Bunker</b>	<b>(4) ÷ total lifting</b>	<b>945</b>	<b>953</b>



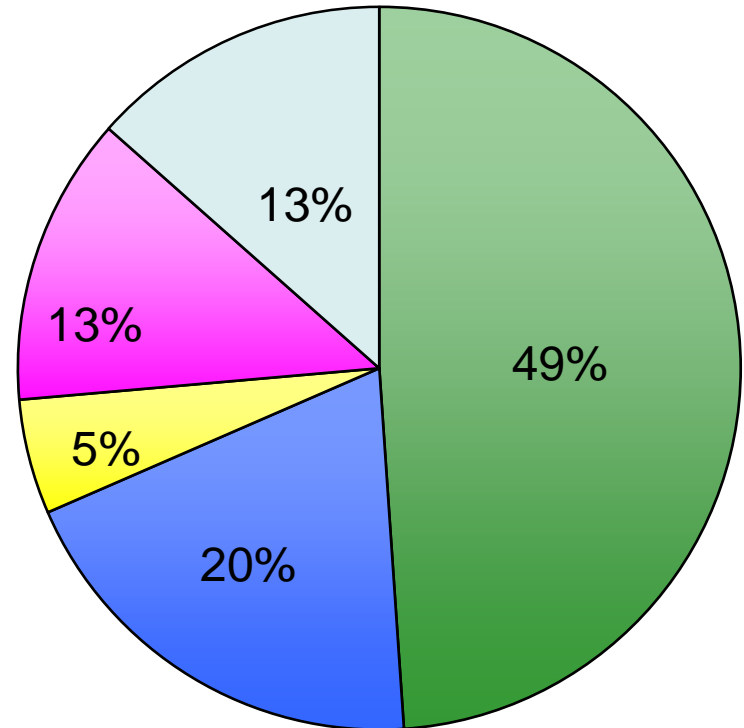
# Total Operating Costs

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

2014



2013



# Unit Operating Cost Saving 2014

US\$ / Per Lifting	2014 / 2013 % ▲
Cargo unit cost	3%
Voyage unit cost	-5%
Vessel unit cost	-6%
Equipment and repositioning unit costs	-10%
Bunker unit cost	-15%
Total Unit Cost	-4%



# Bunker and Fuel Oil Cost

	2014	2013	
Total Bunker Costs (US\$M)	1,014	1,127	(10%)
Average Fuel Oil Price (US\$ per TON)	572	615	(7%)
Total Fuel Oil Consumption ('000 TON)	1,724	1,785	(3%)
Lifting ('000 TEU)	5,586	5,294	6%
Total Fuel Oil Consumption per TEU	0.31	0.34	(9%)

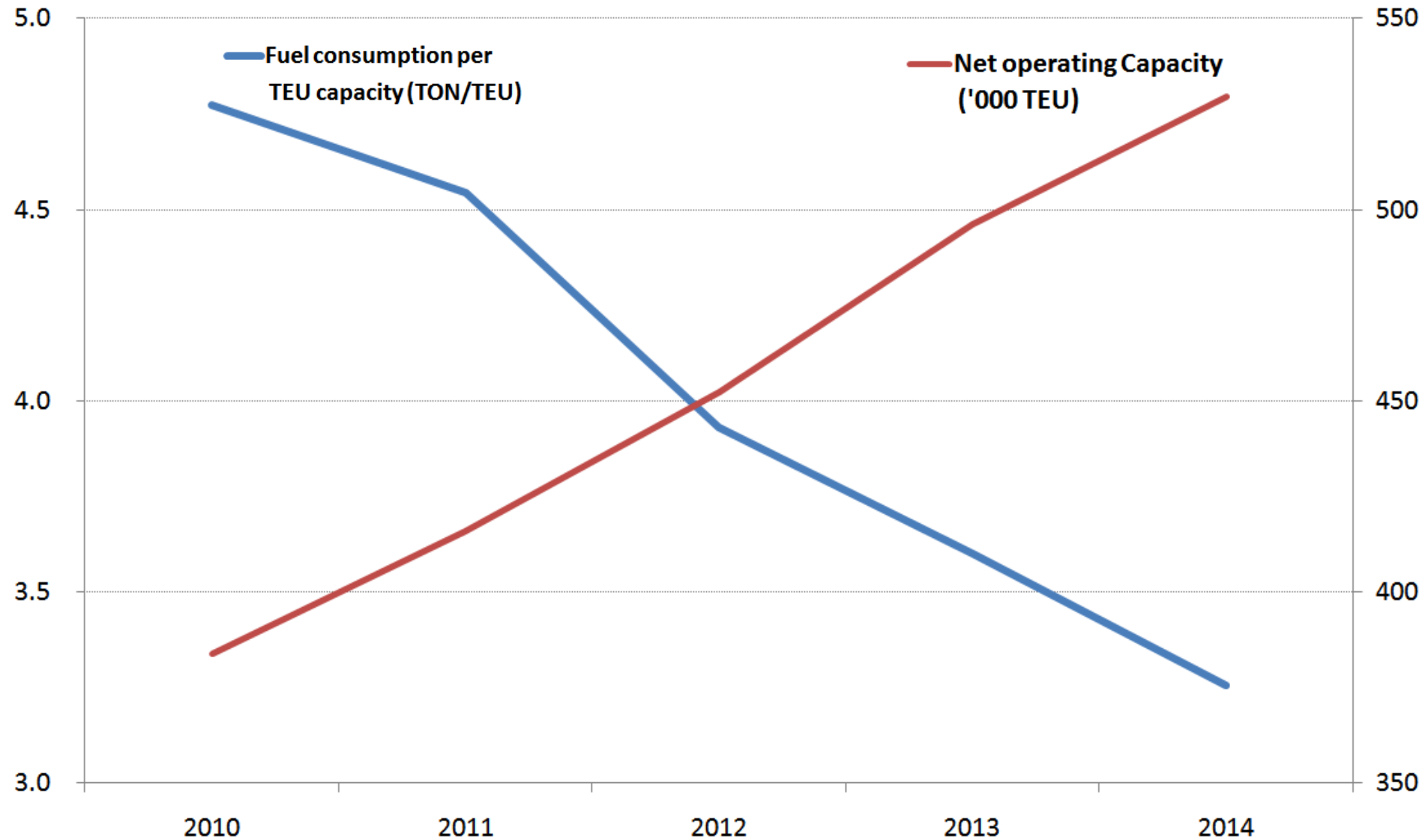


# Bunker Consumption – 5 Years

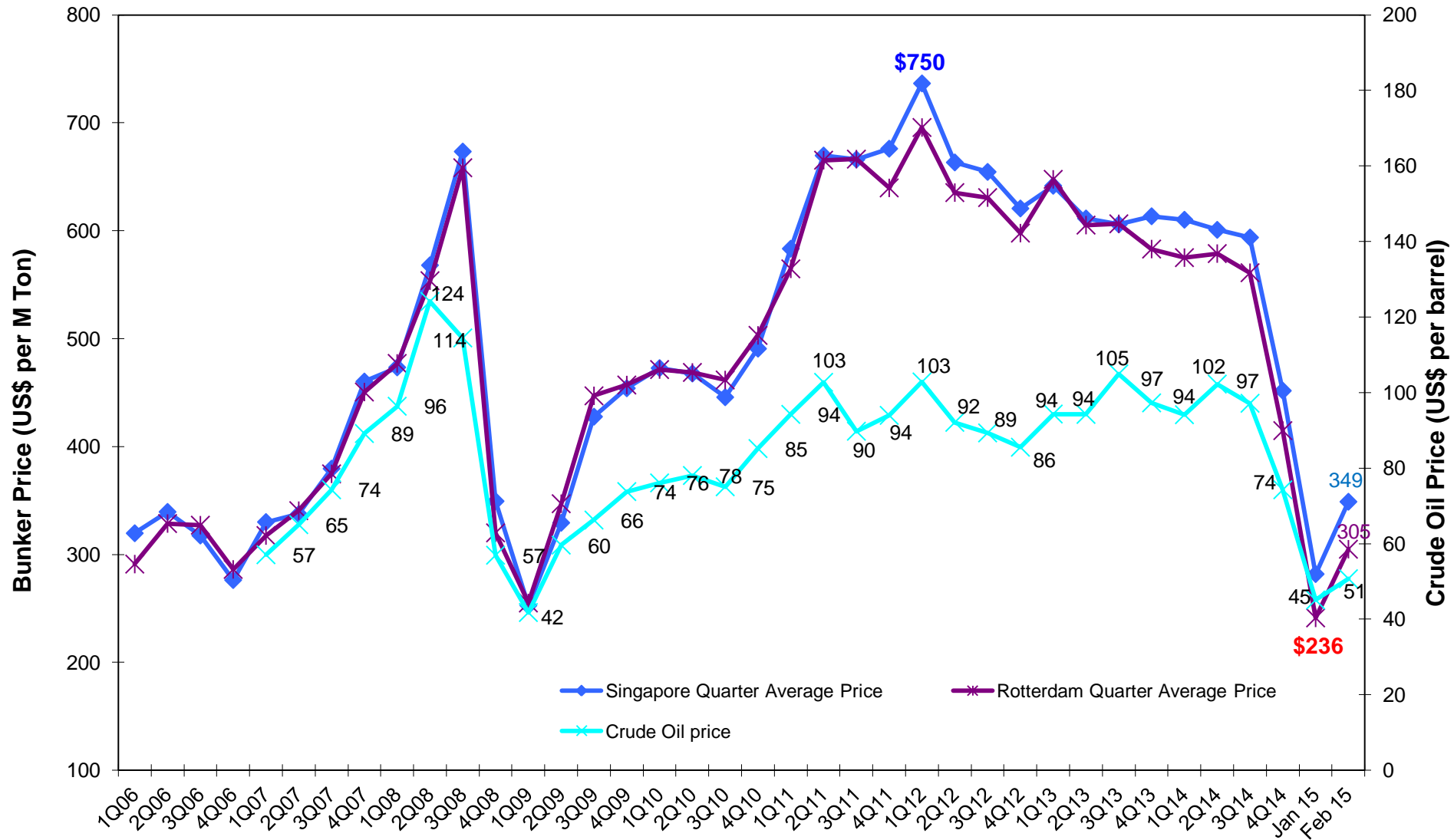
	2010	2011	2012	2013	2014
Net Operating Capacity (TEU)	383,855	415,790	452,246	496,106	529,662
Total Fuel Oil Consumption ('000 TON)	1,832	1,890	1,777	1,785	1,724
Lifting ('000 TEU)	4,768	5,033	5,217	5,294	5,586



# Bunker Consumption – 5 Years



# Bunker Price



Updated as at Mar 03, 2015

# Net Operating Capacity Breakdown

As at 31 Dec 2014	No of Vessels	Capacity (TEU)	Average (TEU)	% of Total Fleet
Owned	53	395,731	7,467	75%
Long Term Chartered	7	41,216	5,888	8%
Short Term Chartered	44	156,235	3,551	30%
Charter-Out	(6)	(63,520)	(10,587)	(13%)
<b>Total</b>	<b>98</b>	<b>529,662</b>	<b>5,405</b>	<b>100%</b>





## OOCL Fleet for Future Deliveries

### Delivery schedule of vessels:

2013 13,200 TEU x 8 and 8,888 TEU x 2

2014 13,200 TEU x 2

2015 8,888 TEU x 4



# Property Investment

## Wall Street Plaza

- Fair value gain of US\$ 9.7 million for 2014
- Valuation of US\$ 180 million as at 31 December 2014
- Performance is in line with expectations
- Vacancy rate of 5.9% as at 31 December 2014

## Beijing Oriental Plaza

- Directly and indirectly holding approx. 4.47% of Hui Xian REIT
- Valuation of US\$ 139 million as at 31 December 2014
- Booked US\$ 32.3 million due to Dividend-in-Specie of 25% from Hui Xian Holdings
- Direct holding of Hui Xian REIT increased to 50%



# Market Review and Update



# Macro Environment 2014

## Overall

- **Encouraging trajectory in the US**
- **Weakness in Europe / Effects of ECB QE remain to be seen**
- **China structural reforms continue**
- **Mixed performances in Emerging markets**

## Trade Growth

- **Healthy East West Trade volume**
- **Disappointing Intra Asia short haul, strong long haul**



# Industry Environment 2014

- Alliances
  - P3/2M
  - O3
  - CKYH-E
  - G6 Globalization/Service Center
- Congestion (Terminals and Inland)
  - Weather/Labor/Infrastructure
  - Disruption/Operational Challenges
  - Cost
- Bunker Price Fluctuation



# Industry By Trade 2014

## Volume Growth

- TP: Solid Volume Growth
- AE: Strong Volume Growth
- TA: Strong Volume Growth
- IA: Disappointing 2H

## Load Factor (Headhaul)

- TP: Strong at 90s
- AE: Strong at 90s despite new deliveries
- TA: High 90s
- IA: Pressure given cascade and slower-than-expected volume growth

## Freight Rate

- TP: Avg lower than 2013 / Strong spot rate in 2H2014
- AE: Avg lower than 2013 / Rate level volatile
- TA: Rate stabilized
- IA: Satisfactory given cascade and slowing volume growth



# TP and IA Capacity Cascading

## Market Weekly Service Capacity

	Asia Europe		Transpacific		Intra-Asia	
	TEU	yoy	TEU	yoy	TEU	yoy
1Q13	364,962	-0.5%	376,293	9.2%	324,739	-1.4%
2Q13	370,644	-0.8%	389,083	8.6%	329,148	-3.4%
3Q13	371,969	-4.7%	412,486	7.9%	323,070	-0.8%
4Q13	369,507	-1.0%	400,535	6.1%	342,883	2.9%
1Q14	365,010	0.0%	388,092	3.1%	351,443	8.2%
2Q14	371,973	0.4%	399,794	2.8%	387,145	17.6%
3Q14	380,871	2.4%	421,148	2.1%	398,608	14.0%
4Q14	382,479	3.5%	414,594	3.5%	418,837	22.2%



# Trade Volume 2014

Trade	1H14	2H14	FY 2014	FY 2013
Transpacific EB	3.8%	6.6%	5.2%	2.9%
Asia Europe WB	8.6%	6.2%	7.4%	5.2%
Intra Asia (IADA)	3.9%	0.0%	1.9%	5.0%
Trans Atlantic WB	6.8%	8.5%	7.7%	3.8%



Sources: JoC, CTS, IADA,

# Port Throughput of China and HK FY 2014

Region	FY 2014	FY 2013
China	6.1%	6.7%
Hong Kong	-0.4%	-3.3%
China + HK	5.4%	5.5%



# New Vessel Orders

## YTD2015

Size	No. of vessels	Total TEU
Above 13K teu	23	420,000
Below 13K teu	4	16,000
Total	27	436,000

## FY2014

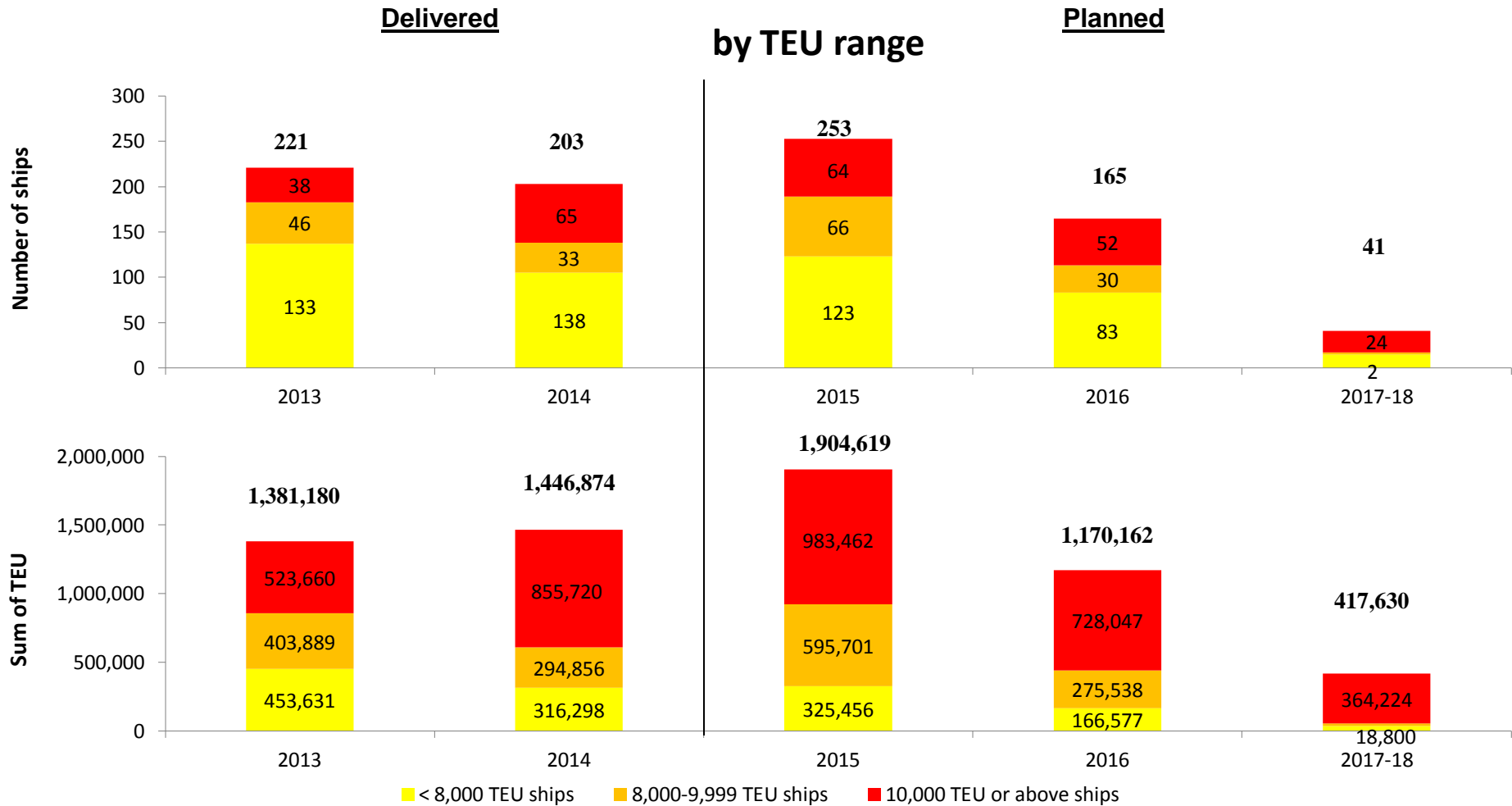
Size	No. of vessels	Total TEU
Above 13K teu	40	594,800
Below 13K teu	33	309,400
Total	73	904,200

## FY2013

Size	No. of vessels	Total TEU
Above 13K teu	55	865,200
Below 13K teu	65	566,700
Total	120	1,431,900



# New Building Deliveries - Static Slots



Note: Excl options / LOI / intents



Source: Alphaliner  
Updated 23-Jan-2015

# Outlook 2015



# Industry Outlook 2015

- Kickoff 2015 By Trade
  - TP: Freight better than 2014 / Early Birds
  - AE/IA: Mixed but no worse than 2014
- Newbuilding deliveries to peak in 2015
- Port congestion should ease in 1Q 2015
  - Asia congestions being addressed 4Q 2014
  - US West Coast ILWU being resolved
  - Inland infrastructure remains unresolved
- Bunker price continues to stay relatively favorable
- Macro Economic trajectory (Eurozone / ECM)



# Upside / Downside

## Downside

- Eurozone / Commodity based economies falter
- 2015 almost 12% NB deliveries
- Cost of capital / sources of capital uncertain

## Upside

- US trajectory stable
- 2016 NB deliveries below 6%
- Supply/Demand stabilizing 2016
- Congestion/Disruption easing
- Alliance arrangement enters into full year ops



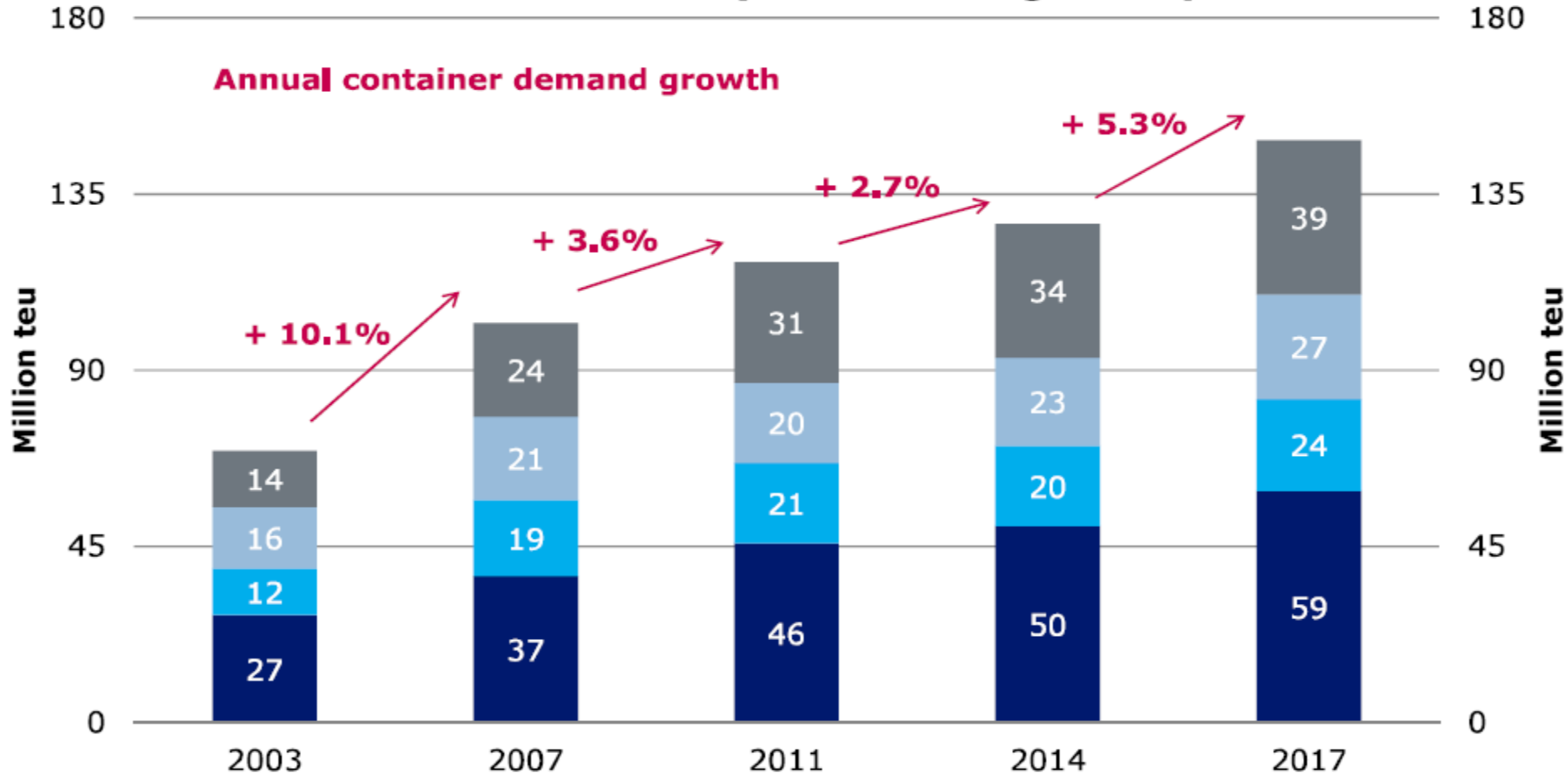
# Global Demand and Supply Forecasts

Global		2008	2009	2010	2011	2012	2013	2014	2015F	2016F
<b>Demand:</b>										
Deutsche Bank	Jan15	7.3%	-8.8%	12.8%	5.7%	3.4%	4.5%	6.2%	7.0%	7.5%
Carkson Capital	Jan15			13.8%	7.2%	2.9%	4.9%	6.0%	6.9%	5.0%
Clarkson	Oct14	4.1%	-9.2%	13.8%	7.2%	3.0%	4.9%	6.0%	6.7%	
UOB	May14			11.0%	7.2%	3.1%	5.1%	6.0%	6.6%	
HSBC	Jun14						4.7%	5.2%	6.1%	6.4%
Credit Suisse	Jan15								6.1%	
Bank of America	Mar14	5.9%	-8.8%	13.6%	8.2%	4.5%	3.7%	5.1%	6.0%	
J.P. Morgan	Jan15	4.0%	-9.2%	13.1%	7.9%	3.4%	4.5%	6.2%	5.8%	6.6%
Goldman Sachs	Dec14	3.6%	-11.4%	18.5%	8.7%	4.5%	4.8%	5.3%	5.4%	6.0%
Barclays	Jan15	3.7%	-8.2%	13.4%	9.7%	6.0%	3.7%	4.5%	5.4%	5.2%
Drewry demand	Dec14	5.1%	-8.6%	14.7%	5.8%	3.2%	3.6%	5.1%	5.4%	
Citi Bank	Dec14						3.8%	5.4%	5.4%	
<b>Alphaliner demand</b>	<b>Feb15</b>	<b>5.8%</b>	<b>-8.5%</b>	<b>14.1%</b>	<b>8.4%</b>	<b>4.8%</b>	<b>3.8%</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.5%</b>
Daiwa	Jan15								5.0%	
UBS	Nov14	4.6%	-8.5%	11.8%	7.0%	2.8%	3.6%	4.4%	5.0%	5.7%
Jefferies	Jan15						4.5%	5.5%	5.0%	
Seabury	Feb15	1.8%	-9.3%	14.7%	5.9%	2.8%	3.1%	5.8%	4.8%	5.3%
Macquarie	Sep14	4.0%	-9.2%	13.1%	7.2%	3.1%	2.9%	5.1%	4.2%	4.3%
<b>Average Demand</b>		<b>4.5%</b>	<b>-9.1%</b>	<b>13.7%</b>	<b>7.4%</b>	<b>3.7%</b>	<b>4.1%</b>	<b>5.5%</b>	<b>5.7%</b>	<b>5.8%</b>
<b>Supply:</b>										
Clarkson Capital	Jan15			10.2%	8.4%	6.4%	5.8%	6.0%	8.5%	3.4%
<b>Alphaliner supply</b>	<b>Feb15</b>	<b>13.2%</b>	<b>5.5%</b>	<b>9.1%</b>	<b>7.9%</b>	<b>6.0%</b>	<b>5.8%</b>	<b>6.3%</b>	<b>7.9%</b>	<b>5.3%</b>
Citi Bank	Dec14						5.8%	5.8%	7.8%	
Macquarie	Sep14	12.9%	-6.2%	20.9%	6.5%	4.4%	5.9%	5.8%	7.3%	2.8%
Jefferies	Jan15		5.6%	9.2%	7.9%	5.9%	5.6%	5.3%	7.2%	
J.P. Morgan	Nov14	13.2%	-1.3%	3.0%	7.1%	4.3%	2.5%	4.9%	7.1%	5.1%
HSBC	Jun14						5.5%	4.5%	7.1%	2.9%
Credit Suisse									7.0%	
Bank of America	Mar 14	10.5%	2.3%	6.8%	7.9%	5.9%	5.7%	6.1%	7.0%	
Drewry supply	Dec14	10.5%	4.0%	3.2%	8.7%	4.3%	3.0%	4.7%	7.0%	
UOB	May14	14.9%	13.5%	9.2%	12.0%	11.5%	6.0%	6.6%	6.9%	
Deutsche Bank	Jan15		9.2%	7.8%	8.7%	6.9%	5.7%	5.7%	6.5%	4.3%
Daiwa	Jan15								6.4%	
Goldman Sachs	Dec14	12.7%	6.0%	9.6%	8.0%	5.9%	5.6%	5.2%	6.2%	5.2%
UBS	Nov14	12.1%	5.5%	9.1%	7.6%	5.7%	5.2%	5.0%	5.8%	5.0%
Clarkson	Oct14	11.2%	4.8%	8.3%	6.8%	4.9%	4.7%	4.6%	5.8%	
Barclays	Jan15	12.8%	5.5%	8.4%	7.2%	4.9%	4.7%	5.0%	5.1%	4.8%
<b>Average Supply</b>		<b>12.4%</b>	<b>4.5%</b>	<b>8.8%</b>	<b>8.1%</b>	<b>5.9%</b>	<b>5.2%</b>	<b>5.4%</b>	<b>6.9%</b>	<b>4.3%</b>



# Global Demand Forecast

Container import volumes are on average expected to increase 5.3% annually in the coming three years



Sources: IHS Global Insight, Danish Ship Finance

■ Asia ■ Europe ■ North America ■ Other



Updated 16-Nov-2014

# Liner Operating Focus

- Yield Management
  - Differentiation / Segmentation
  - Cargo Selection
  - Profitability
- Cost Efficiency
  - Alliance/Partnership
  - Deployment
  - Continuous Shoreside / Shipboard Efficiency drive
- IT Development
  - Forward Looking Management Tool



# Group Strategy

- **Maintain OOCL status as top tier industry performer**
- **Ready and Able to Invest into the Future**
  - **Vessels**
  - **MHRP**
- **IT as a differentiator**
- **Logistics Buildout Continues**



# Financial Prudence

- ***Robust Balance Sheet and High Liquidity***
  - Net debt to equity ratio 0.28:1
  - One of the lowest in the container transportation industry
  - Relative competitiveness on financing
  - Ability to retain initiative on Capex
  - US\$ 2.7 billion of Liquid Assets
  - Interest rate hike hedge

***MAINTAINING BALANCE BETWEEN LIQUIDITY AND RETURN***



# OOL Group

***Proven Track Record***

***Clear Direction***

***Shareholder Management Alignment***

***Forward Looking***

***Financial Prudence***



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