

2016 Annual Results

Orient Overseas (International) Limited

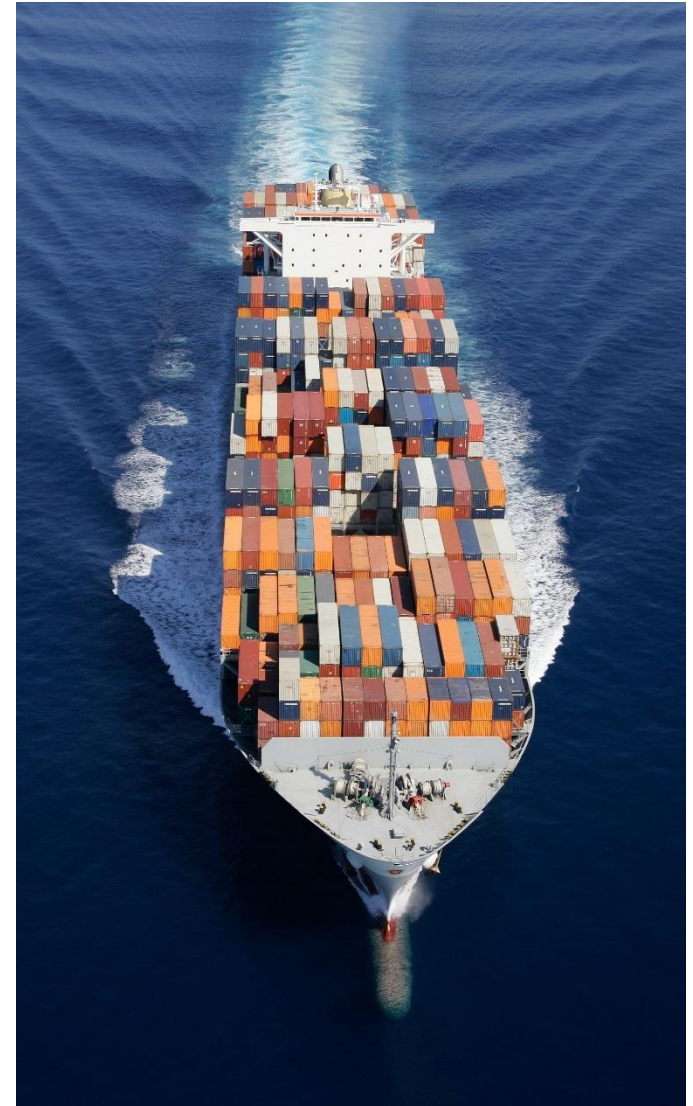
March 2017

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2016 Results Summary



2016 Results Highlights



US\$M	31-Dec-2016
Group Loss After Tax	(219.2)
Liner Logistics Segment	(273.6)
Liner Logistics EBIT %	(3.5)

Group Results Breakdown



US\$M	31-Dec-2016	31-Dec-2015
Container Transportation and Logistics	(273.6)	218.0
Property and Investments		
Wall Street Plaza	16.5	16.7
Hui Xian	5.6	25.6
Interest, Investments and Others	32.3	23.6
	54.4	65.9
Total	(219.2)	283.9

EBIT Breakdown



	31-Dec-2016	31-Dec-2015
US\$M		
Container Transportation and Logistics – EBIT	(184.6)	294.0
Property and Investments - EBIT		
Wall Street Plaza	26.4	27.7
Hui Xian	5.6	25.6
Interest, Investments and Others	32.3	23.6
	64.3	76.9
OOIL GROUP - EBIT	(120.3)	370.9
Finance Costs	(79.4)	(63.6)
Taxation	(19.5)	(23.4)
OOIL Group (Loss)/Profit After Taxation	(219.2)	283.9

Group Balance Sheet Highlights



US\$M	31-Dec-2016	31-Dec-2015
Non-current Assets	6,838	6,815
Current Assets	2,566	2,917
Total Assets	9,404	9,732
Non-current Liabilities	3,572	3,725
Current Liabilities	1,313	1,209
Total Liabilities	4,885	4,934
Shareholders' Funds and Total Equity	4,519	4,798

Total Liquid Assets



US\$M	31-Dec-2016	31-Dec-2015
Cash and Bank Balances	1,626	2,016
Portfolio Investments, Equities and Bonds	560	532
Total	2,187	2,549

Net Debt Position

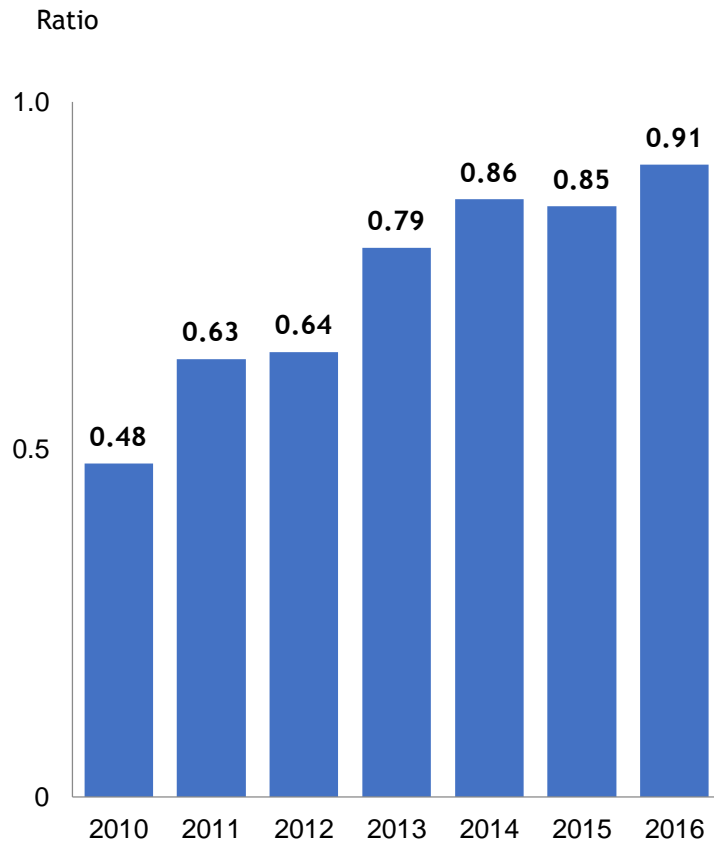


US\$M	31-Dec-2016	31-Dec-2015
Liquid Assets	2,187	2,549
Debt	4,091	4,102
Net Debt	1,904	1,553

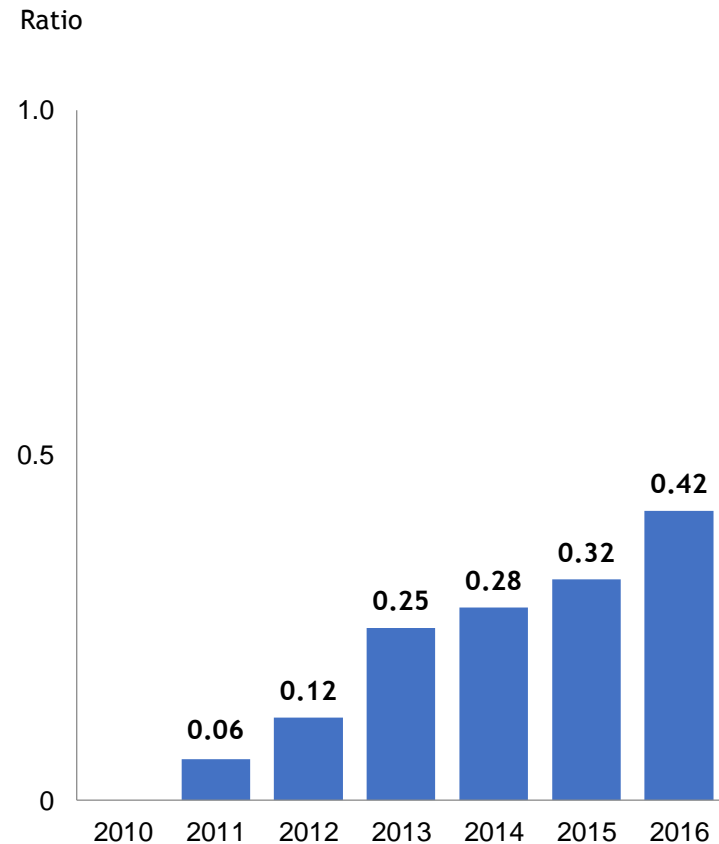
Debt-to-Equity Ratios



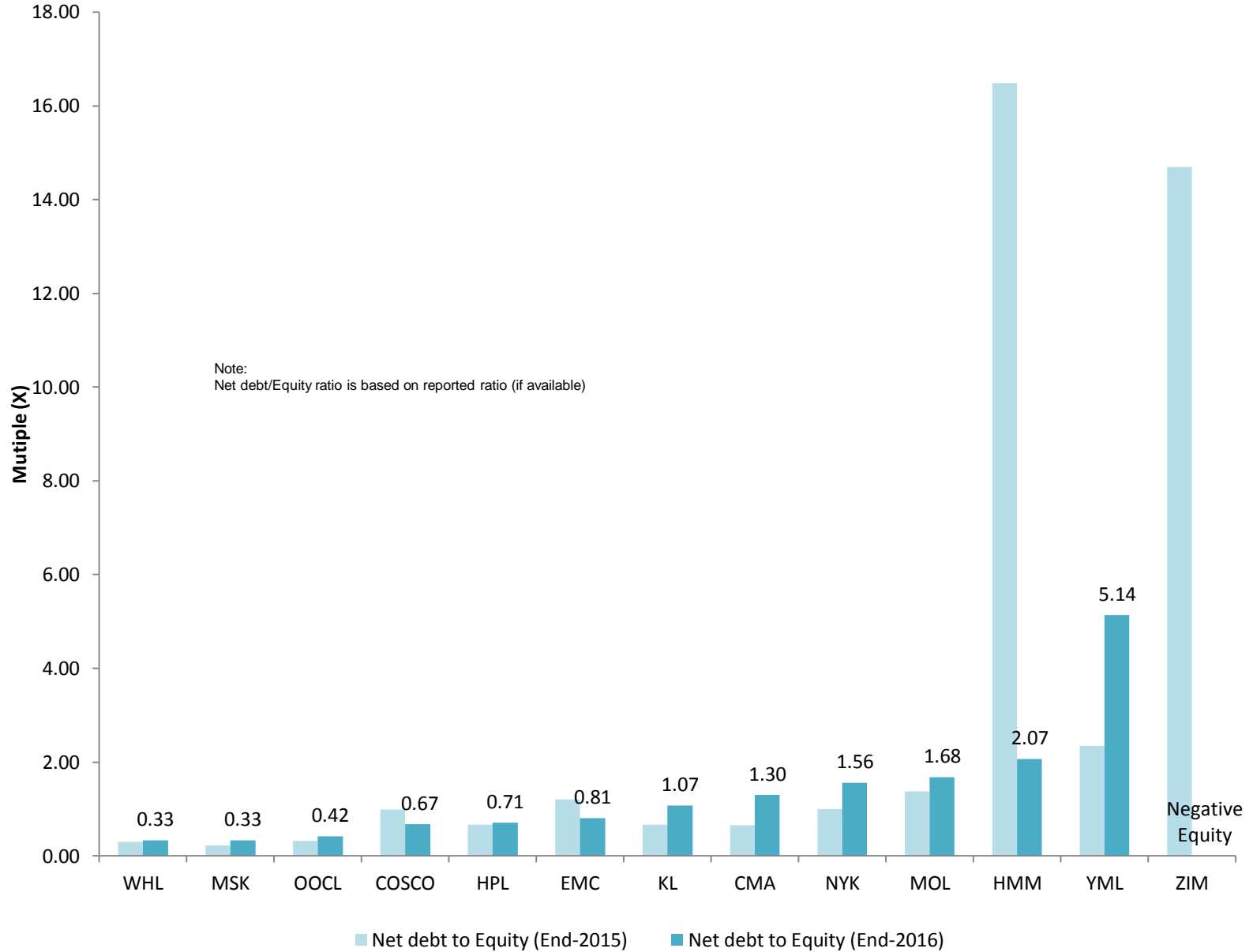
Gross Debt to Equity



Net Debt to Equity

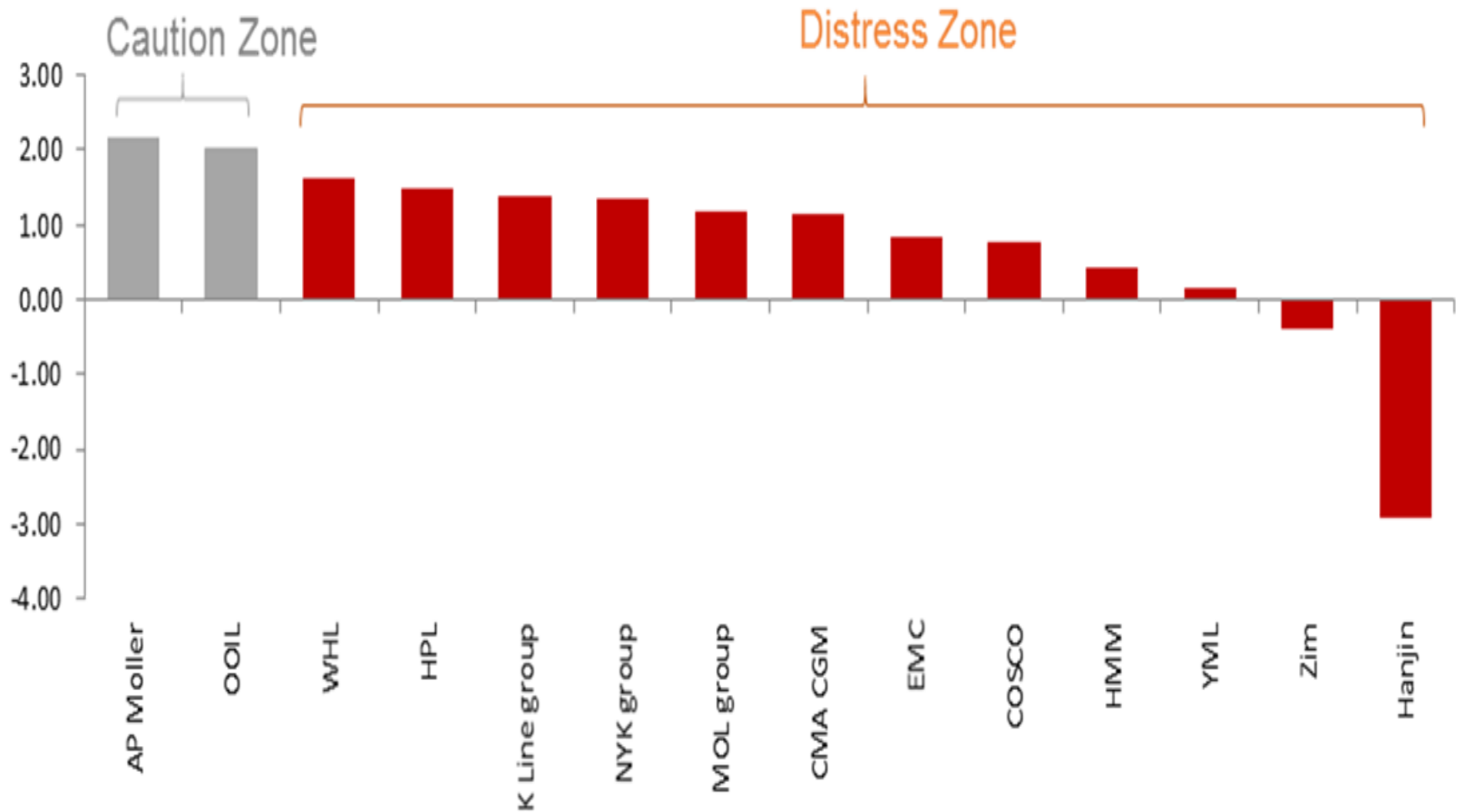


Net debt to equity





Carrier's Z-score



Source: Drewry, Dec 2016

Container Transportation (excl. Logistics)



	2016	2015
Liftings ('000 TEU)	6,081	5,576
Revenue (US\$M)	4,704	5,301
Revenue Per TEU (US\$)	774	951
Net Operating Capacity (TEU)	574,318	561,421
Load Factor (%)	84.9	82.4

Unit Operating Cost Saving 2016



Per Lifting	2016 / 2015 % ▲	2016 Proportion
Total cost	-12%	100%
Cargo cost	-8%	58%
Equipment and repo costs	-9%	14%
Vessel Voyage cost	-13%	19%
Bunker cost	-33%	9%

Cost Saving Ex Bunker 2016

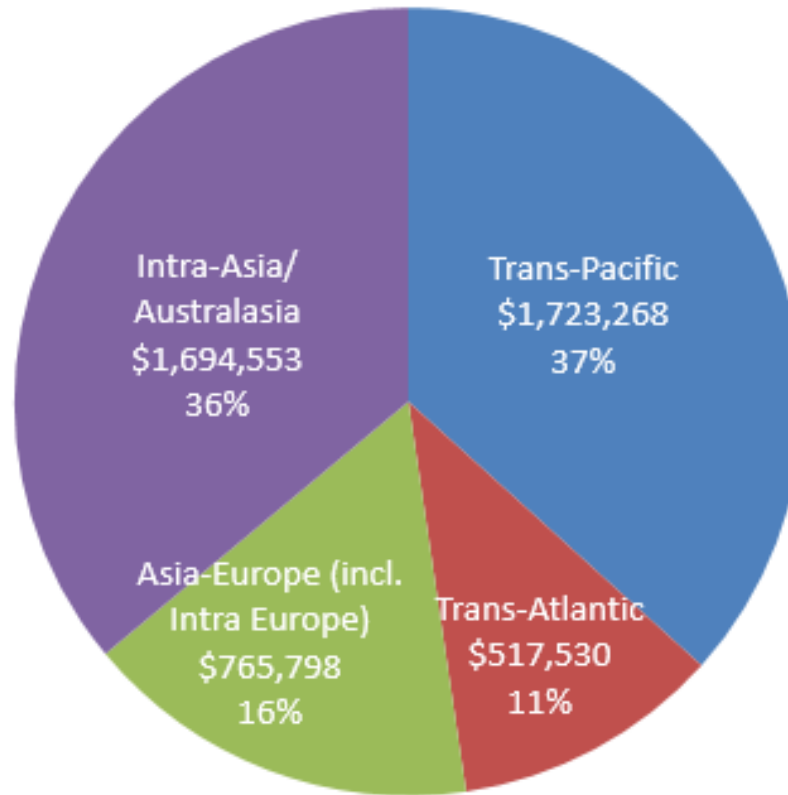


	2016	2015
Operating Cost (1) (include Logistics)	5,017	5,247
Other Cost (2)	469	442
Bunker Cost (3)	435	603
Total Cost excl. Bunker (4) = (1) + (2) – (3)	5,051	5,086
Total Unit Cost excl. Bunker (4) ÷ total lifting	831	912



Planned deployment of (6x) 20,000 TEU Class in 2017 to grow Asia-Europe trade.

Revenue by Trade



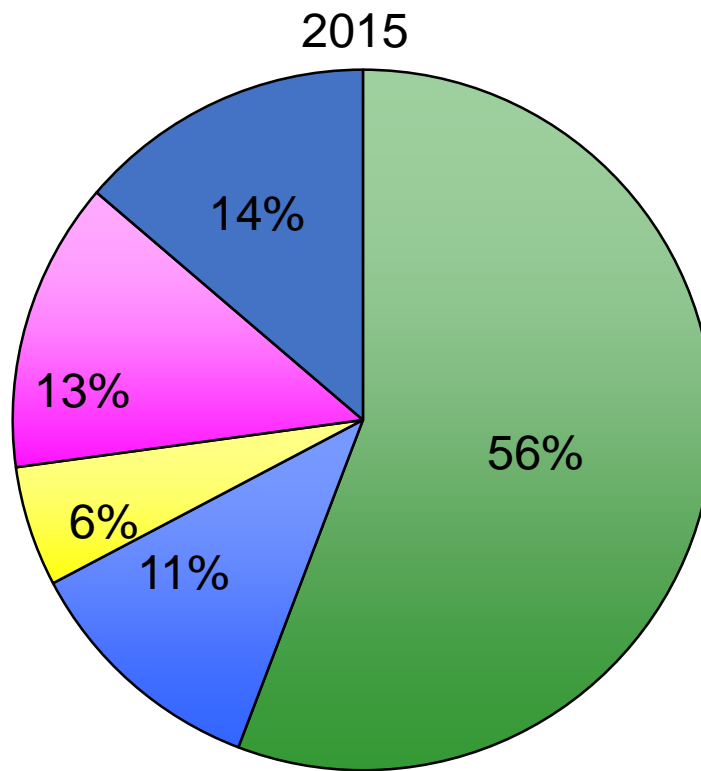
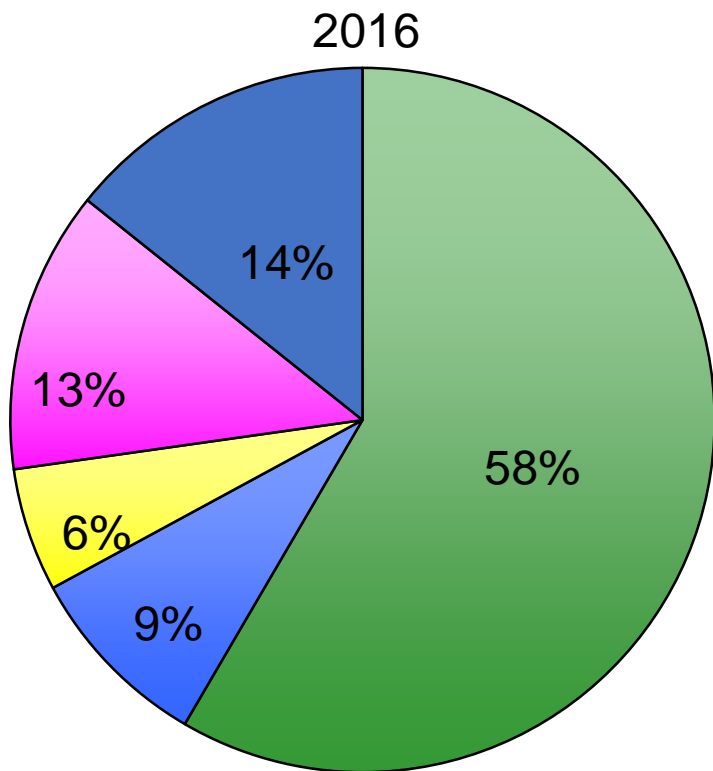
Total US\$4,701 mil

Total Operating Costs – 2016



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

- Bunker cost
- Vessel cost



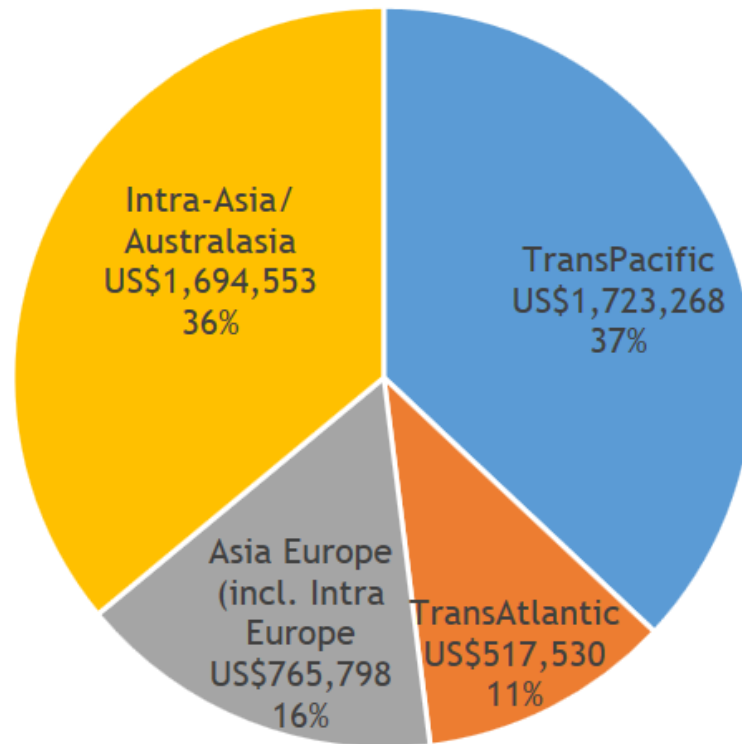
Note: The cost of OOCL Logistics is included in Cargo Cost





- Record low freight rates
- Trade mix impact.
- Higher fuel prices in 2H16.

Revenue by Trade



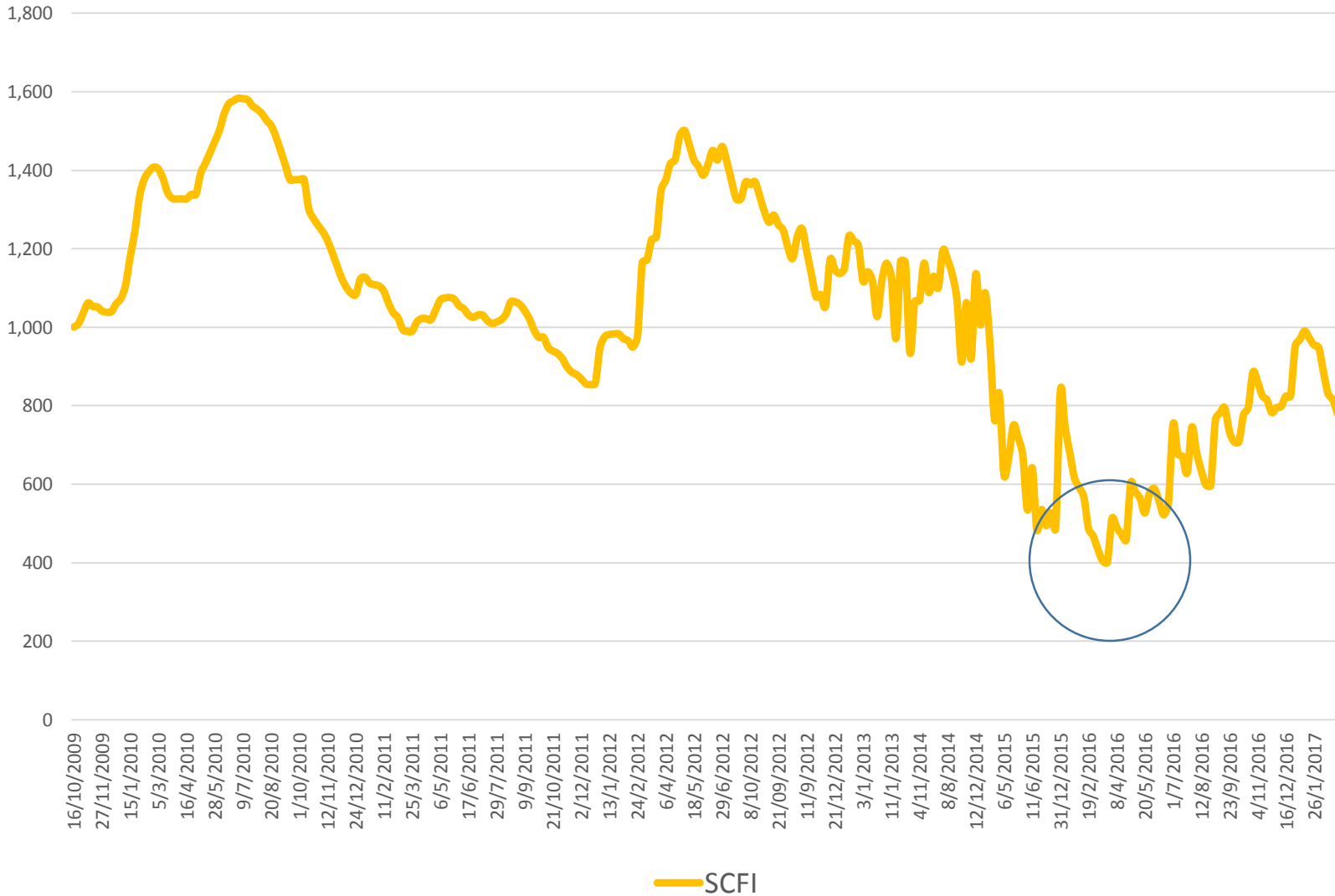
Trade Volume



Trade	YTD 2016 vs 2015	YTD 2015 vs 2014	YTD 2014 vs 2013
Trans Pacific EB	4.6%	3.6%	6.0%
Asia Europe WB	1.2%	-3.1%	7.4%
Intra Asia (IADA)	-2.9%	-3.7%	1.9%
Trans Atlantic WB	3.1%	4.7%	8.9%



Shanghai Container Freight Index



Container Transportation Performance



	2009	2010	2011	2012	2013	2014	2015	2016
Revenue Per TEU (US\$)	924	1,178	1,099	1,131	1,060	1,040	936	774

Container Transportation Performance



US\$ / TEU	2016	2015
Revenue (US\$M)	4,704	5,301
Revenue Per TEU (US\$)	774	951
Load Factor round trip %	84.9	82.4

Bunker price



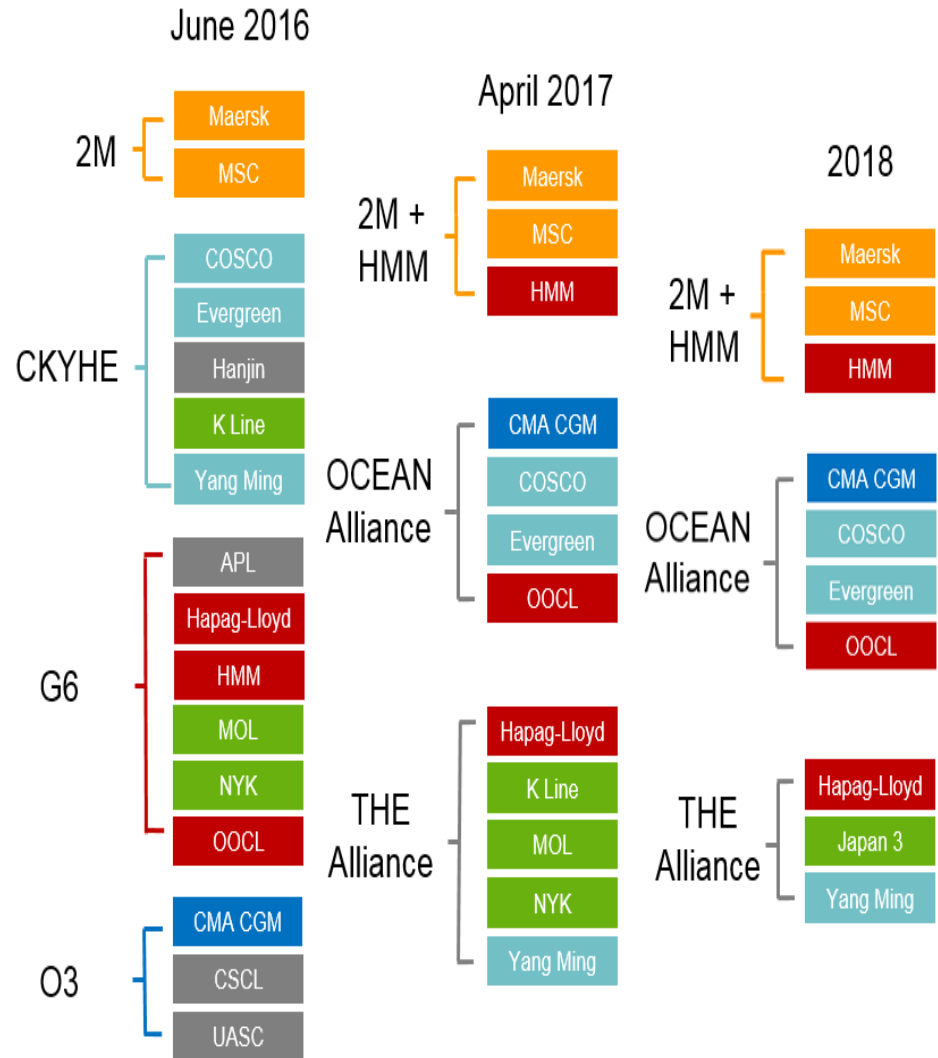


- Continued Consolidation.
- Change in Alliance structures announced.
- Fleet rationalisation / Network optimisation.
- Phase One of Long Beach Container Terminal.
- Cost efficiencies and yield management through IT.

Industry Consolidation



- Market continues to consolidate with 16 alliance carriers now becoming 12, totaling 14 including independents.
- 2018 will see further consolidation with formation of Japan 3.
- Extreme fragmentation of the industry slowly reducing
- A more stable environment better for liner companies and their customers



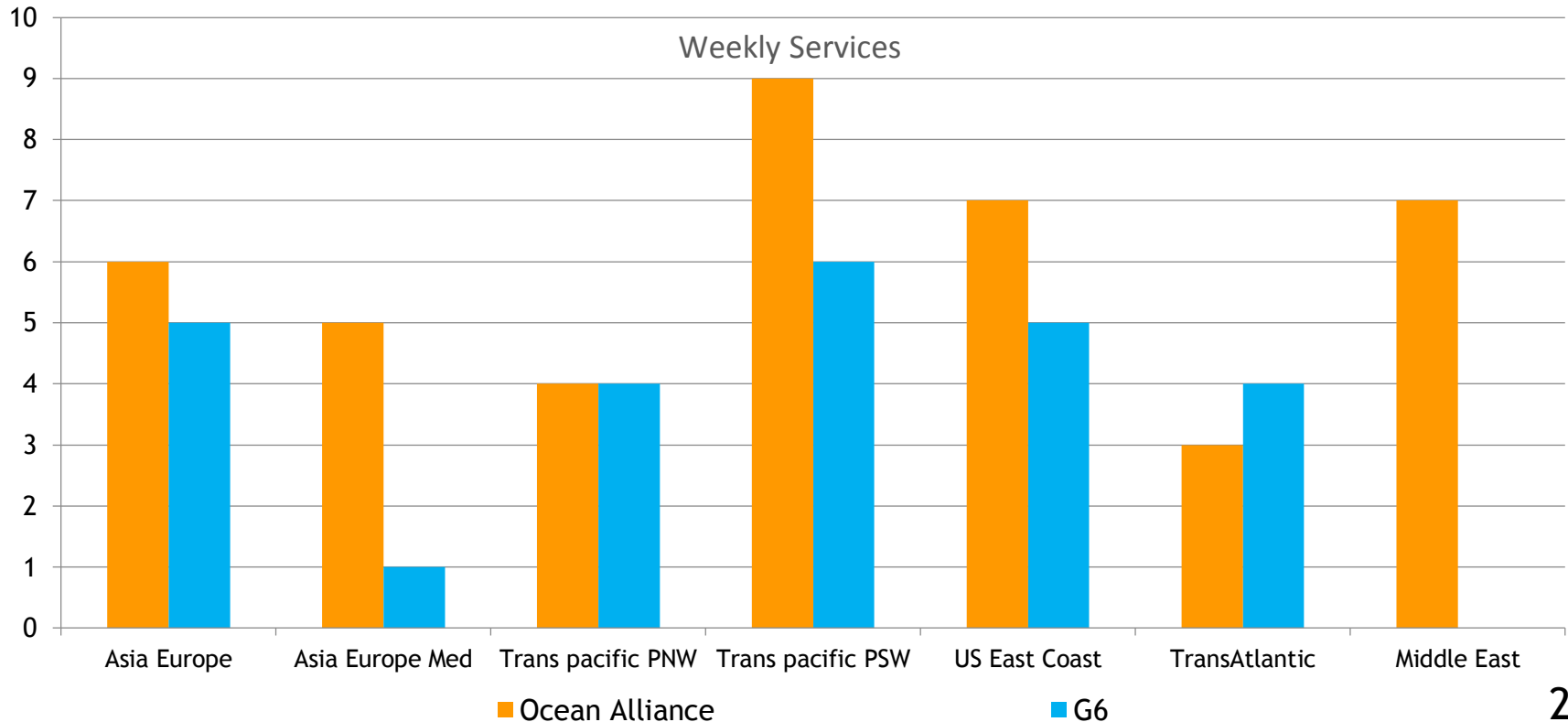


- New Alliance consisting of OOCL, CMA CGM, COSCO, Evergreen announced in 2016.
- OOCL together with #3, #4 and #5 largest container shipping companies.
- Binding agreement from April 2017 for an initial period of 5 years.
- Founding member of leading alliance.
- 98 new vessels of approximately 1.2 million TEU to be delivered from 2017 - 2019 across alliance.

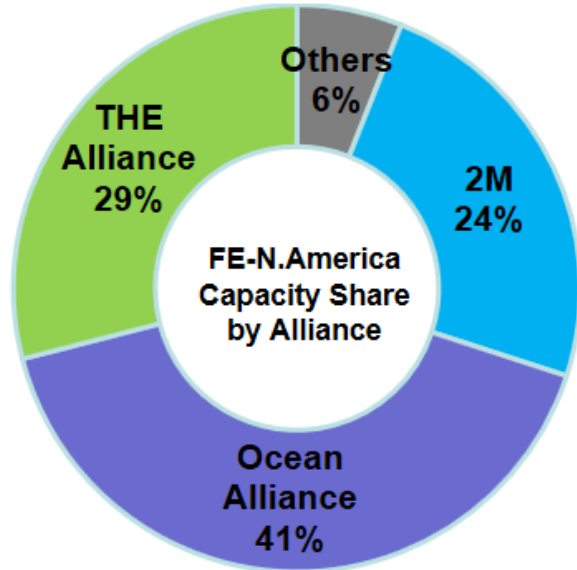
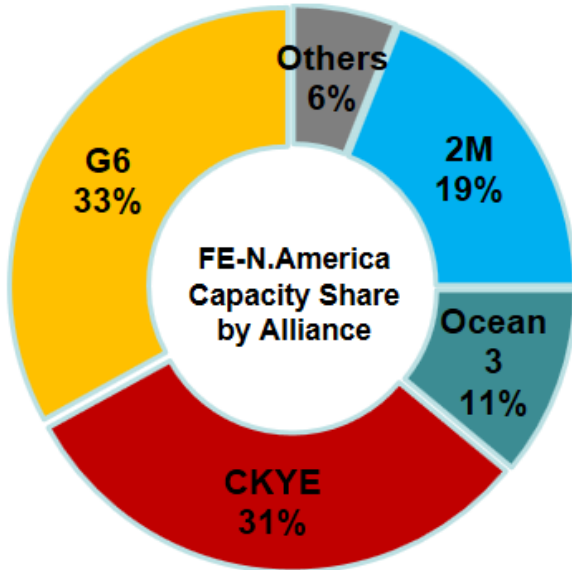
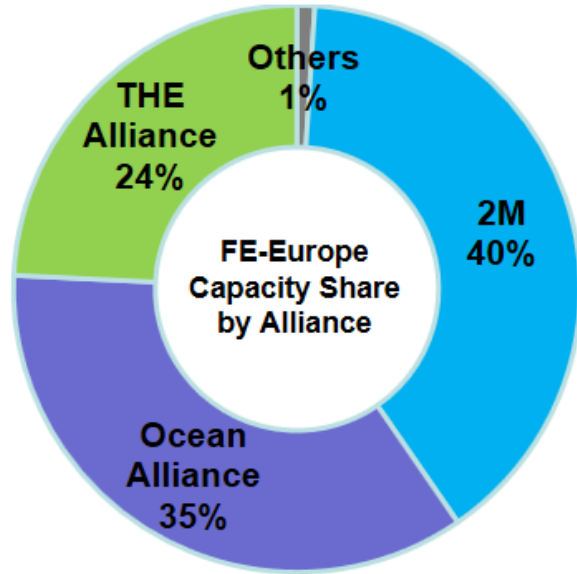
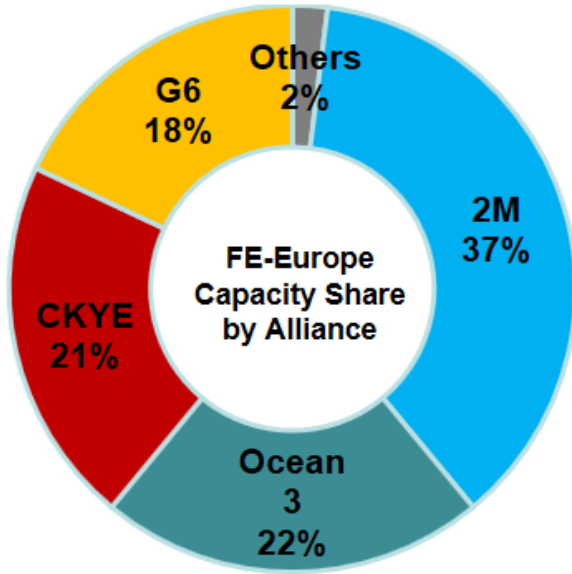
Ocean Alliance vs G6



- Larger service network
 - More extensive coverage, especially in AE, ME.
 - More service offerings in 5 out of our 7 trade lanes.
- Most financially robust alliance
 - Increasing customer awareness and preference.
- Gain scale now, and in the future



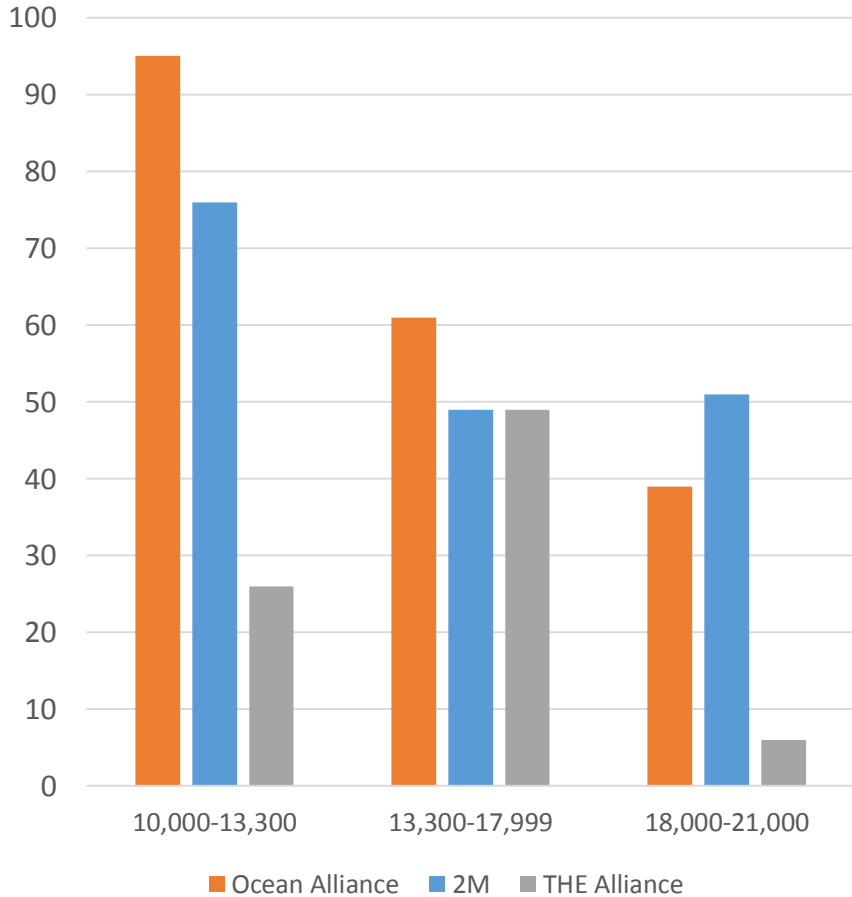
New Alliances Comparison



Independent Analysis of Alliances

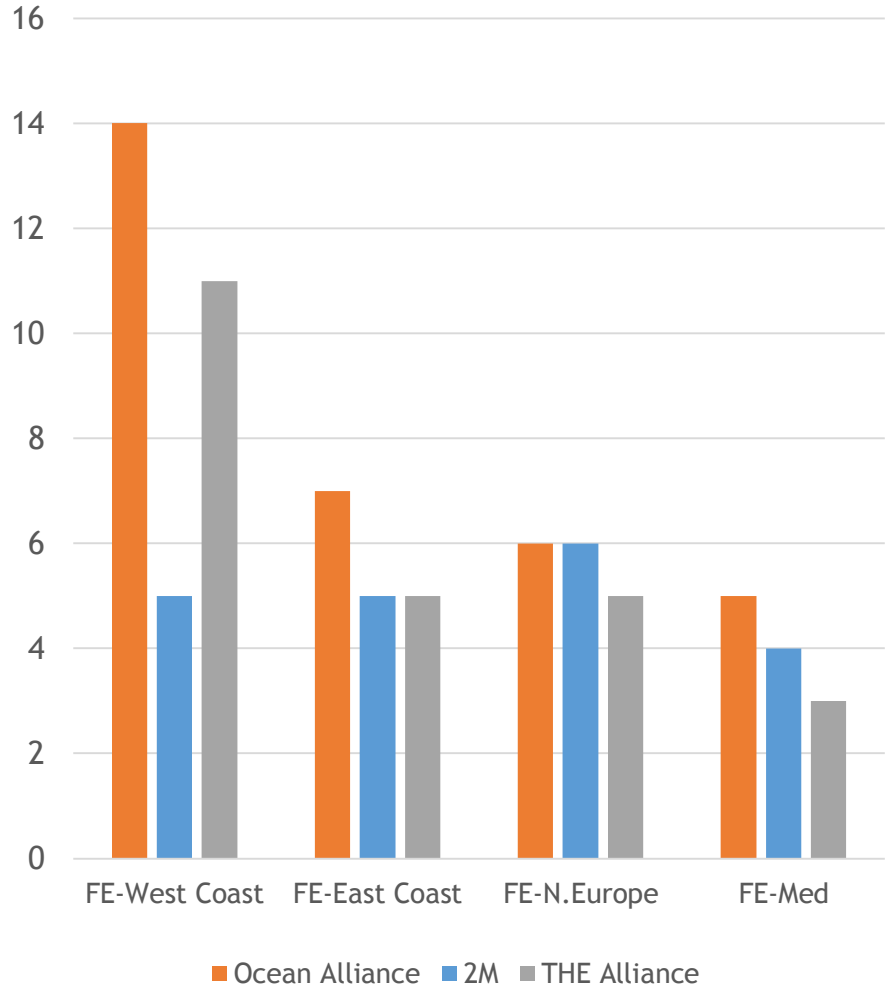


More and Younger Ultra Large Vessels



Source: Alphaliner
Feb 2017

Most Weekly Service Offerings



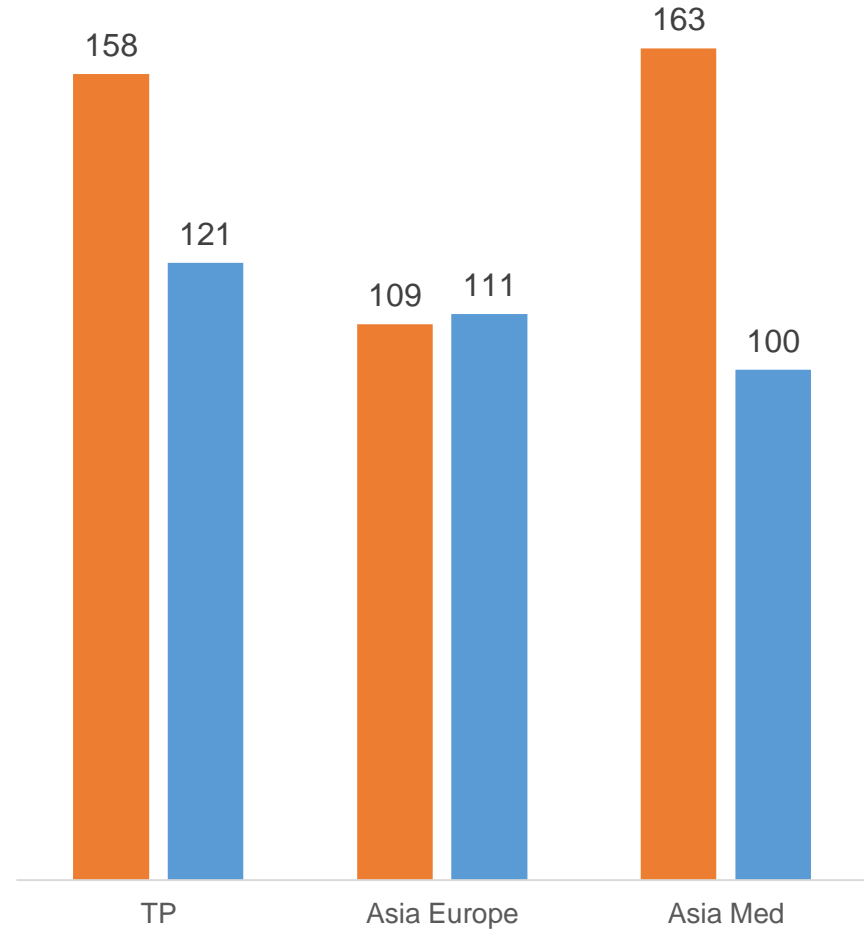
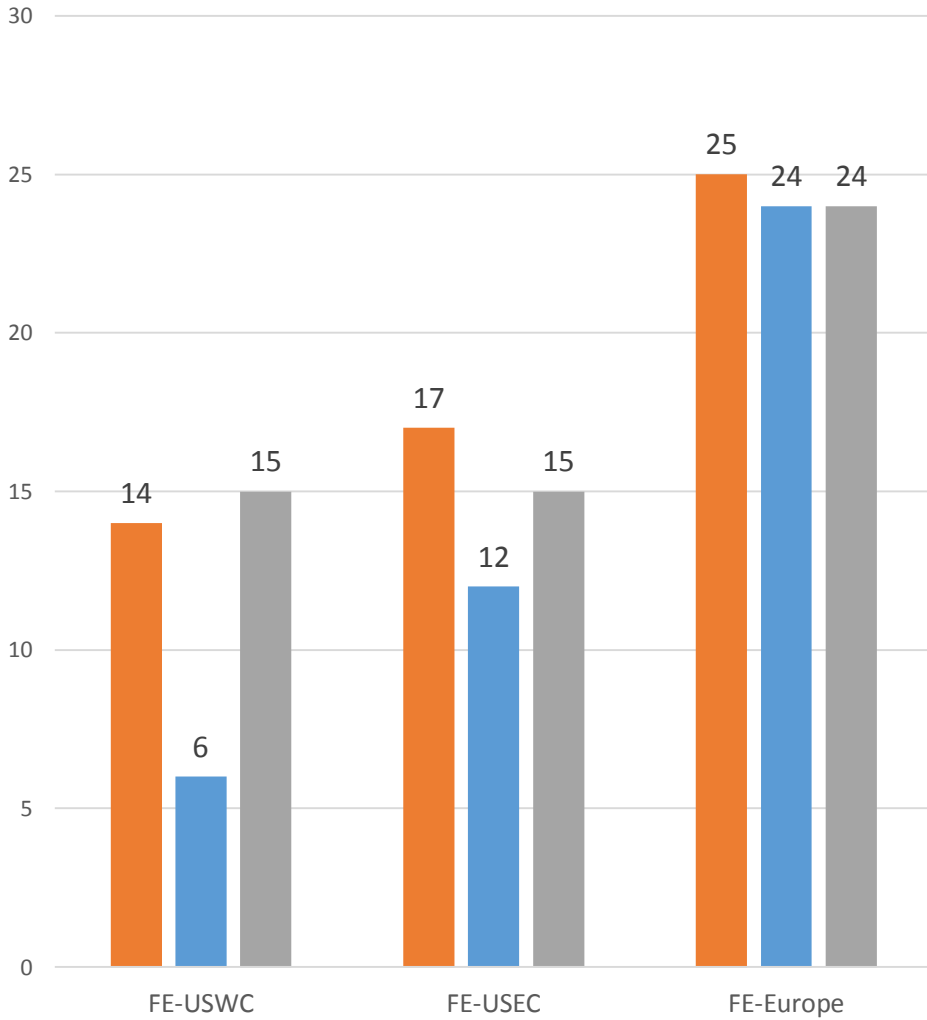
Source: Alphaliner
Nov 2016

Independent Analysis of Alliances



Number of Fastest Transit Times Per Route

Port Pairs



Legend: Ocean Alliance (orange), 2M (blue), THE Alliance (grey)

Legend: Ocean Alliance (orange), 2M (blue)



- **Wall Street Plaza**

- Fair value gain of US\$18.5 million for 2016
- Valuation of US\$220 million as at 31 December 2016
- Performance is in line with expectations
- Vacancy rate of 2.4% as at end of 31 December 2016

- **Hui Xian REIT**

- Long term but non core investment.
 - Originally held 4.4% of Hui Xian REIT 87001.hk (75% directly, 25% indirectly)
 - Began selling in Q4, as at 31/12/2016 still held 3.5% of Hui Xian REIT
 - Now all direct holdings sold
- US\$92.2 million on balance sheet as at 31 December 2016
- US\$14.3 million Dividend-in-Specie (of REIT units) from Hui Xian Holdings in H1
- P&L impact, but already largely reflected in reserves

Long Beach Container Terminal

A significant investment in the future



Nov 2016

Long Beach Container Terminal



Located at the largest Asia-U.S. gateway, ~55% Trans-Pacific volume

1,296m berth, 304 acres

3.3m TEU capacity

3 phases, complete by 2020

40 year lease

Port of Long Beach investing US\$1.5 billion, OOCL at US\$650 million

Automation with most advanced technology - first in U.S.

Fully electric, one of the cleanest terminals in the world

Can handle all known size vessels

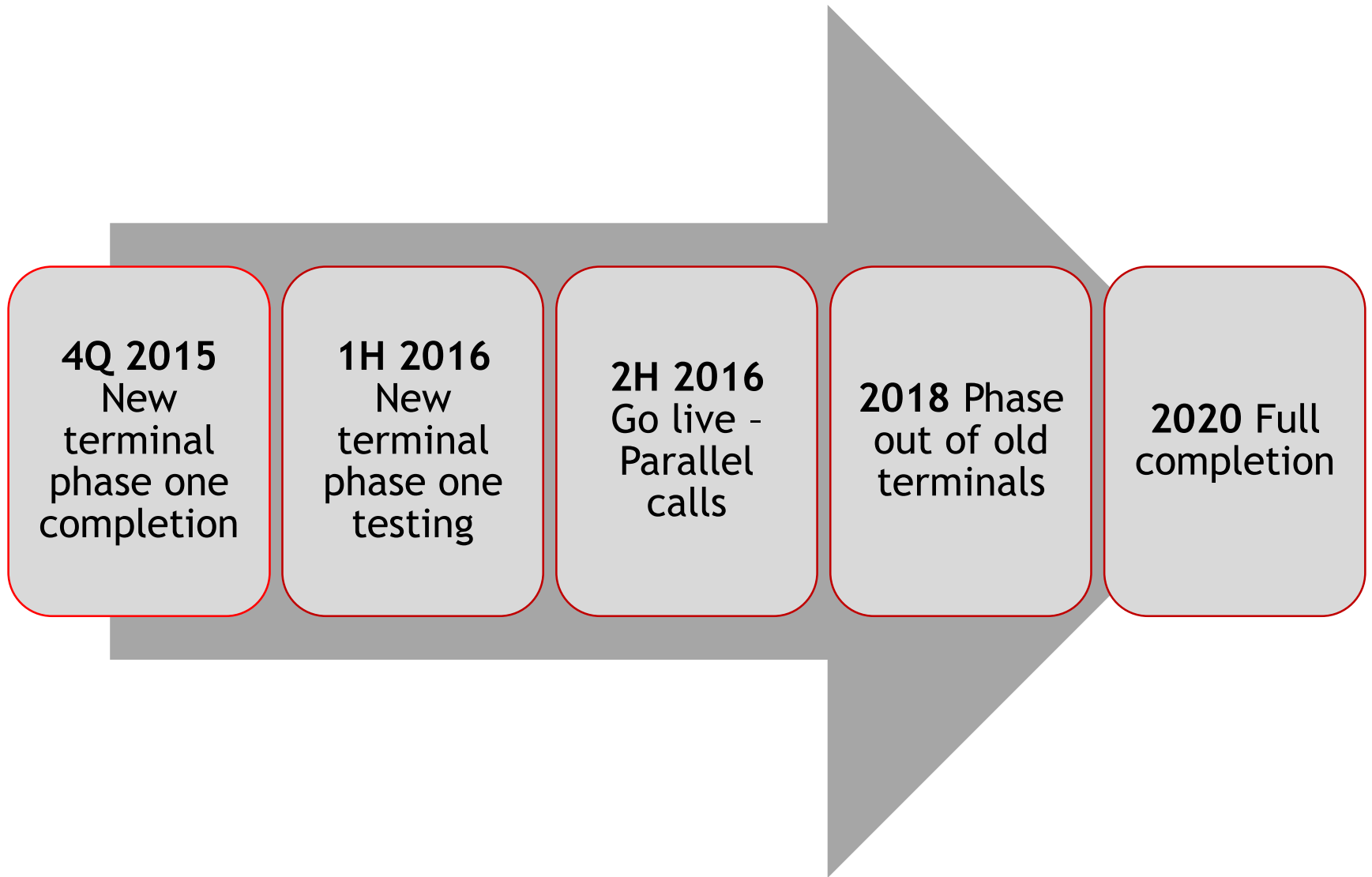
Long Beach Container Terminal

April 10th 2016

OOCL Long Beach berthed at LBCT



Long Beach Container Terminal



Long Beach Container Terminal



- Terminal continues to perform above expectation.
- Anticipating significant cost savings, notwithstanding 2016 start up costs.
- Over 50% of US\$650m budget spent, ongoing spend flat across periods.
- Depreciation started as from 2016 : non-material impact.
- Further cost savings and efficiencies expected as terminal is further utilised.
- Strategically located core terminal for OOCL.
 - Embed long-term cost efficiencies.
 - Upside of sales to third parties / very meaningful revenue potential.





	Automated	Pre-Automation
Truck Turn Time	42 minutes	85 minutes
Unloaded Time: 8800 TEU vessel with 7800 moves	4 days	6 days



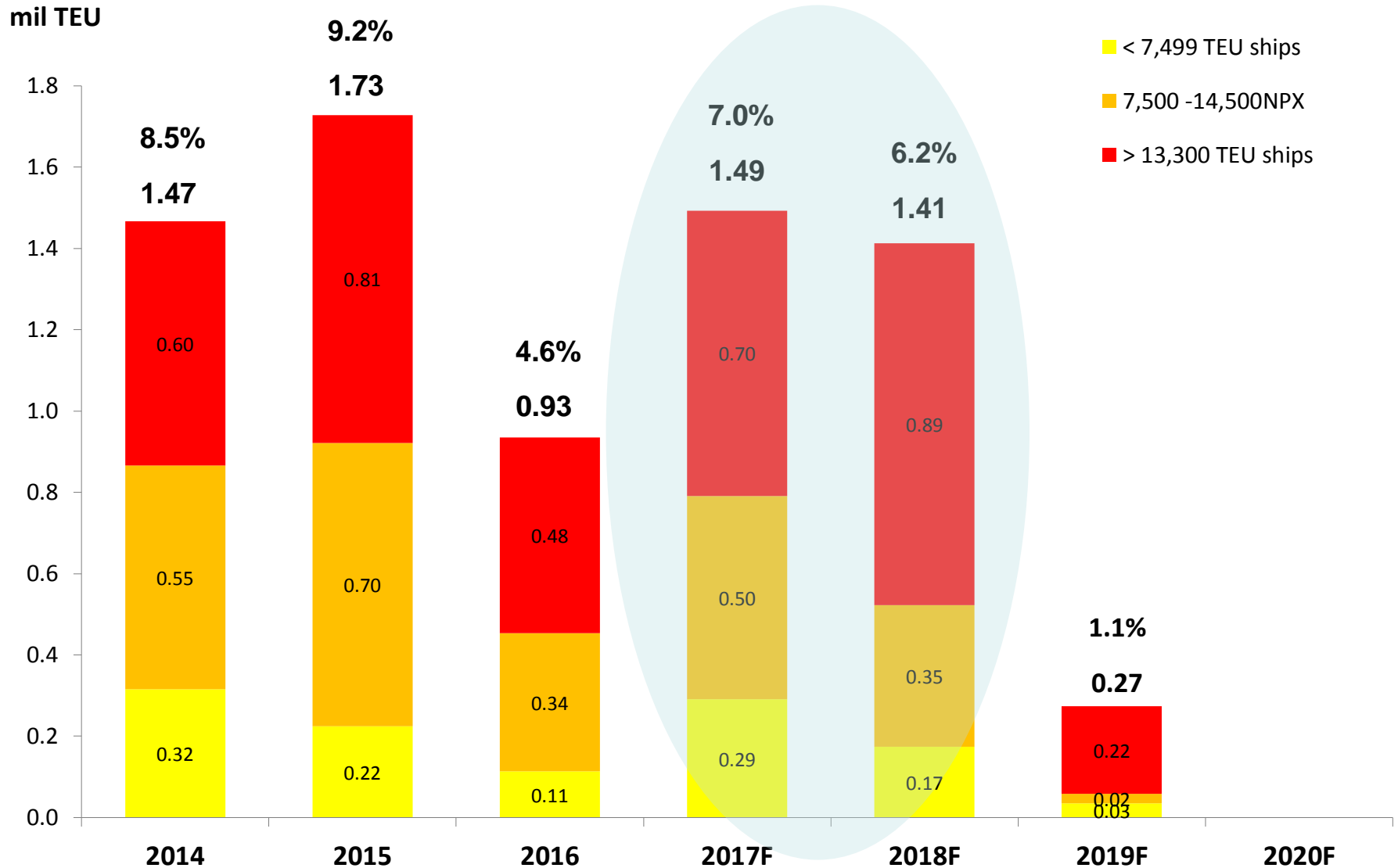
Negative

- GDP growth present but uncertain.
- 2016 contract rates for TransPacific still affecting 2017 revenue till end April 2017.
- High numbers of vessel deliveries in recent years.
- Higher spot freight rates do not always translate to actual freight rates.
- Protectionist policies could affect future global growth.
- Higher US interest rates could slow investment.

Positive

- Signs of improving economic data.
- Consolidation stabilising a highly fragmented industry.
 - M & A Activities
 - Hanjin bankruptcy
- Record scrapping and high idle rates.
- Reduced vessel ordering.
- Rates no longer at the irrational and unsustainable level of 2016.

New Building Deliveries - Static Slots

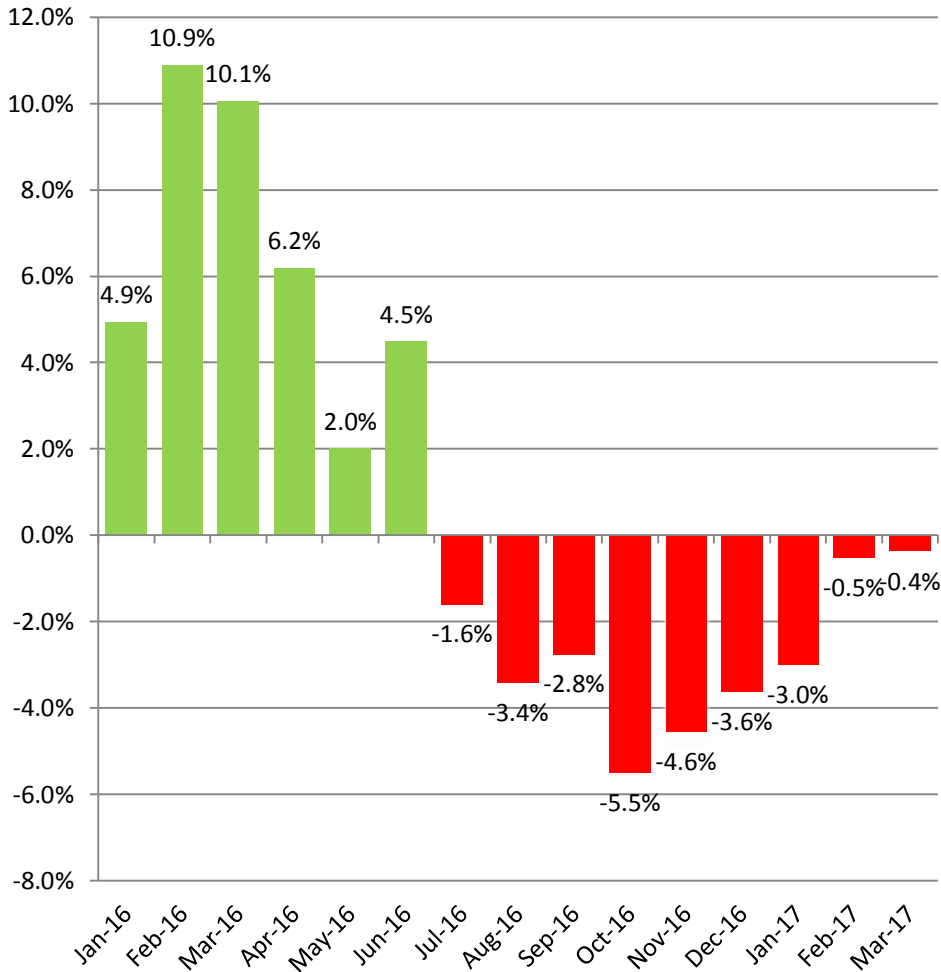


Sources: Alphaliner

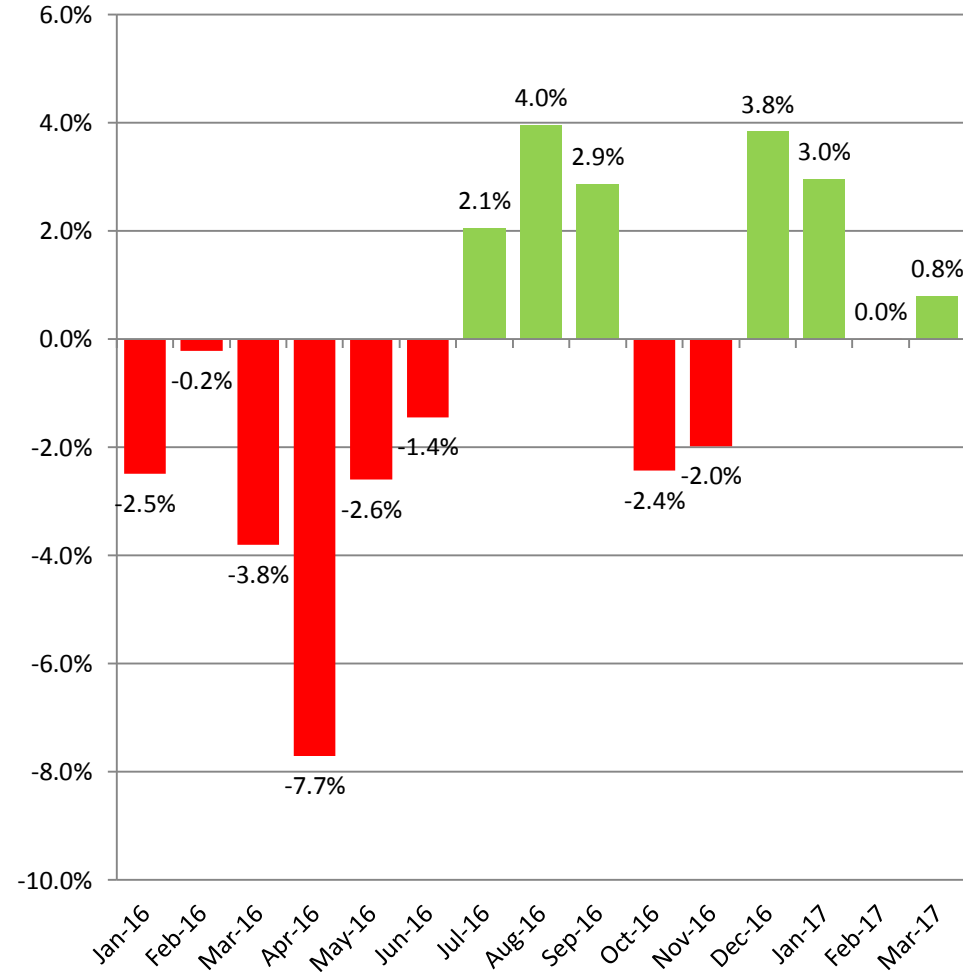
YoY Weekly Capacity Growth



TransPacific Trade



Asia-Europe Trade



Trade Volume – YTD Feb 2017



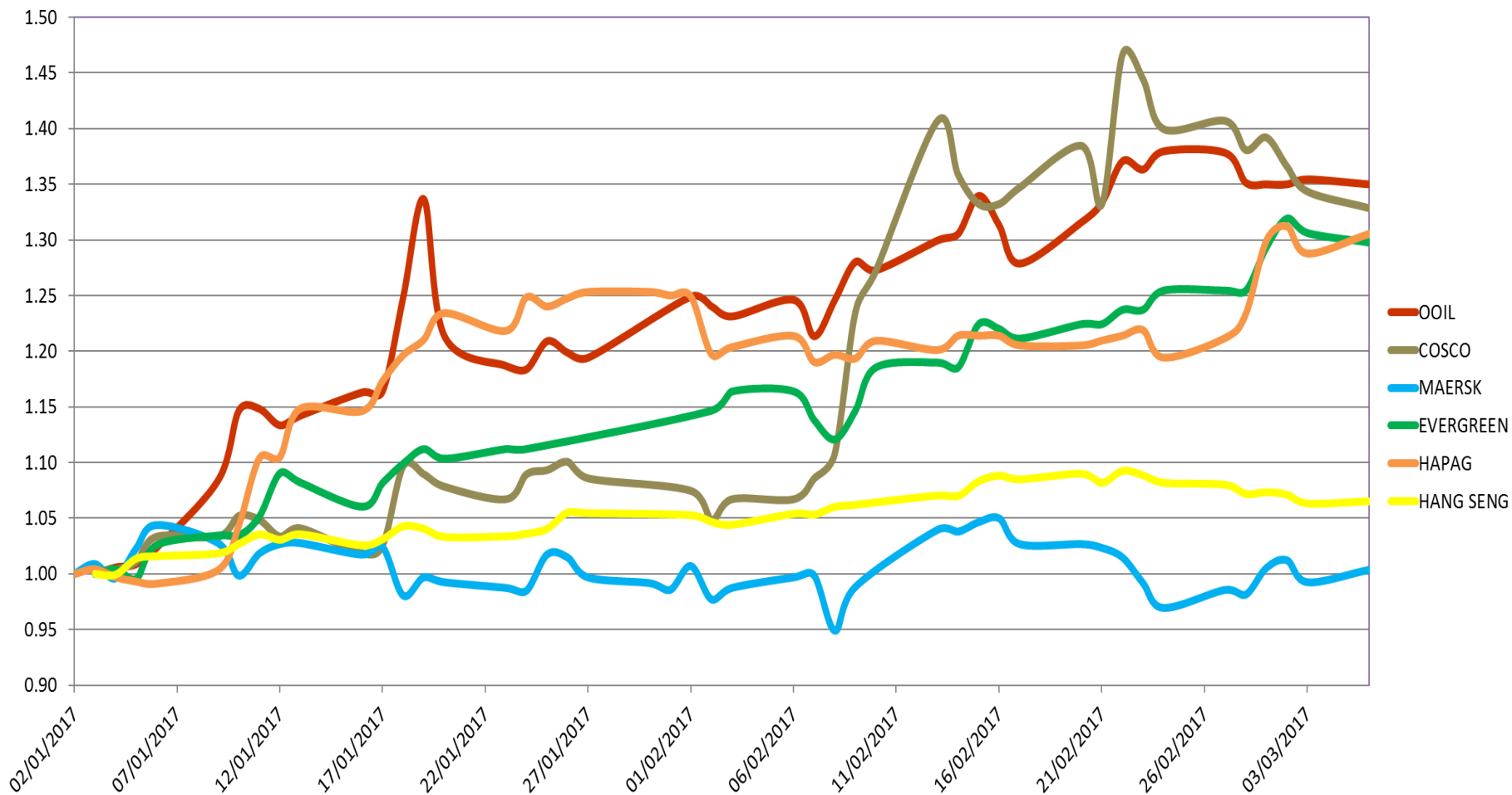
Trade	YTD 2017 vs 2016	YTD 2016 v 2015	YTD 2015 v 2014
Trans Pacific EB	-2.8%	21.4%	-13.8%
Asia Europe WB*	5.2%	-1.4%	-3.1%
Intra Asia (IADA)*	-13.8%	4.0%	-3.0%
Trans Atlantic WB	8.7%	6.0%	1.3%

Global Demand and Supply Forecasts



Global		2008	2009	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F
Demand:												
Alphaliner demand	Feb17	5.9%	-8.3%	14.2%	8.3%	4.8%	3.6%	5.2%	1.4%	1.7%	1.7%	2.1%
Clarkson demand	Nov16(#4Q2016)	4.1%	-9.2%	13.7%	7.8%	3.1%	5.1%	5.4%	2.2%	3.3%	4.0%	
Deutsche Bank	Jan17	7.3%	-6.6%	13.7%	7.8%	3.1%	5.1%	5.4%	2.2%	3.3%	2.0%	2.0%
Drewry demand	Dec16(#4Q2016)	5.1%	-8.6%	14.7%	5.8%	3.5%	3.2%	5.4%	1.1%	1.4%	2.2%	
Fearnley Fonds	Dec16	4.0%	-9.0%	12.0%	8.0%	3.0%	5.0%	5.0%	2.0%	3.0%	4.0%	
HSBC	Feb17							7.0%	2.1%	2.0%	2.7%	2.6%
J.P. Morgan	Feb17	4.0%	-9.2%	13.7%	7.7%	3.1%	5.1%	5.4%	2.4%	3.3%	3.9%	4.4%
UBS	Oct16									3.0%	3.7%	4.7%
Seabury	Feb17	2.5%	-9.7%	14.5%	5.7%	1.8%	3.6%	4.8%	1.1%	1.4%	2.2%	
Average Demand		4.7%	-8.7%	13.8%	7.3%	3.2%	4.4%	5.5%	1.8%	2.5%	2.9%	3.2%
Supply:												
Alphaliner supply	Jan17	13.2%	5.5%	9.1%	7.9%	6.0%	5.8%	6.3%	8.6%	1.6%	3.0%	5.0%
Clarkson supply	Nov16(#4Q2016)	11.2%	4.8%	9.6%	7.9%	5.9%	5.5%	6.5%	8.1%	1.6%	3.9%	
Drewry supply	Dec16(#4Q2016)	10.5%	4.0%	3.2%	8.7%	4.3%	3.0%	4.9%	8.1%	2.0%	3.8%	
HSBC	Jan17							6.5%	6.1%	1.1%	3.2%	3.6%
J.P. Morgan	Feb17	12.9%	5.9%	9.6%	7.9%	6.6%	5.8%	6.3%	8.6%	1.6%	3.6%	3.6%
UBS	Oct16								4.6%	2.6%	3.5%	
Average Supply		12.0%	5.1%	7.9%	8.1%	5.7%	5.0%	6.1%	7.4%	1.8%	3.5%	4.1%

2017 Shareholder Return (excl. dividends)



As at 06-03-2017

Price to Book Ratio



Carrier

Price to Book Value (as of 7/3 close)

COSCO (H)	1.65
YML	1.30
MSK	1.10
EMC	1.02
HMM	1.00
K Line	0.93
MOL	0.86
NYK	0.83
OOIL	0.79



- ***Robust Balance Sheet and High Liquidity***
 - › Net debt to equity ratio 0.42 : 1 one of the lowest in the container transportation industry.
 - › Relative competitiveness on financing.
 - › Ability to retain initiative on Capex.
 - › US\$ 2.2 billion of Liquid Assets.
 - › Interest rate hike hedge.

MAINTAINING BALANCE BETWEEN LIQUIDITY AND RETURN

OOIL GROUP

Proven Track Record

Clear Direction

Shareholder Management Alignment

Forward Looking

Financial Prudence

