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Orient Overseas (International) Limited Announces 2024 Interim Results

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Press Release

Hong Kong, 22nd August 2024

Orient Overseas (International) Limited Announces 2024 Interim Results

- Group Revenue of US\$4,646 million
- Group EBIT of US\$841 million
- Group EBITDA of US\$1,277 million
- Operating Cash Flow of US\$959 million
- Profit Attributable to Equity Holders of US\$833 million
- Dividend for the First Half of 2024 is approximately 50% of the Profit Attributable to Equity Holders at approximately US\$416 million, with Interim Dividend of US\$0.63 per ordinary share

Financial and Operational Highlights – First Half of 2024

- Container Transport and Logistics business reported EBIT of US\$878 million, representing an EBIT margin of approximately 18.9%.
- Liner liftings grew to 3.7 million TEU.

US\$M	1H 2024	1H 2023
Revenue	4,646	4,541
Operating Profit	835	1,134
Profit Attributable to Equity Holders	833	1,129

	1H 2024	1H 2023
Liftings (TEU'000)	3,677	3,600
Loadable Capacity (TEU'000)	4,388	4,419
Operating Capacity (TEU'000)	1,001	847
Container Transport & Logistics EBIT (US\$M)	878	1,144
Container Transport & Logistics EBIT Margin	18.9%	25.3%

Balance Sheet Highlights

- Group financial position remains one of the most robust in the industry
- Net cash of US\$5.4 billion as at 30th June 2024
- Cash and bank balances of US\$6.7 billion as at 30th June 2024

US\$M	30-Jun-24
Total Assets	16,158
Total Liabilities	4,235
Total Equity	11,923
Total Debt	1,307
Cash and Bank Balances	6,685
Net Cash [#]	5,378
Total Debt / Cash and Bank Balances	0.20
Debt to Equity Ratio	0.11
Net Cash to Equity Ratio	0.45

Net cash represents cash and bank balances deducted by total debt.

Details

OOIL Financial Results – First Half of 2024

US\$'000	1H 2024	1H 2023
Revenue	4,645,576	4,540,681
EBIT	840,506	1,139,917
EBITDA	1,277,300	1,569,003
Profit Attributable to Equity Holders	833,277	1,128,733

Orient Overseas (International) Limited (“OOIL”) today announced a profit attributable to equity holders of US\$833.3 million for the six-month period ended 30th June 2024, compared to a profit of US\$1,128.7 million for the same period in 2023.

Earnings per ordinary share for the first half of 2024 was US\$1.26, whereas earnings per ordinary share for the first half of 2023 was US\$1.71.

The Board of Directors is pleased to announce that the dividend for the first half of 2024 is approximately 50% of the profit attributable to equity holders at approximately US\$416 million, with an interim dividend of US\$0.63 per ordinary share.

Towards the end of 2023, the sudden incident around the Red Sea ended the hovering low market levels, and the market rebounded sharply as we entered the traditional peak season. There was a short quiet season just right after 2024 Chinese New Year, where we saw delivery of many new ships and the oversupply resulted in downward pressure. Eventually, concerns over supply chain disruption and continuously strong demand again resulted in rebound for most routes, and repeatedly breaking new Shanghai Containerised Freight Index records since 2023.

The recent supply chain disruptions were primarily due to the ongoing situation in the Red Sea. In order to maintain schedule reliability, the additional distance to circumnavigate through the Cape of Good Hope instead of going through the Red Sea meant that liners had to deploy additional capacity. Other factors such as poor weather, backlog of cargo, arrival of delayed vessels together and surge in the transshipment volume, resulted in different level of congestions at some ports, which have made more capacity stuck there. All these in some ways provide an explanation for why effective supply remains low despite the rapid increase in nominal capacity. New supply chain risk management requirements and geopolitical factors have reshaped existing trade patterns, that brings the need to further optimise

our network to cater emerging markets such as India, Vietnam, and Latin America, which in turn brings new challenges on supply chain management.

On the demand side, the US economy showed resilience and the European economy has also been recovering. Unlike the first half of 2023 where consumption was primarily on services, we saw consumers were more willing to buy goods in 2024, the positive sentiment resulted in importers raising their import expectations. At the same time, retailers are still concerned about delivery delays caused by supply chain disruption, so they have refined their inventory management strategy to adopt a more Just-In-Case approach instead of Just-In-Time approach to ensure the goods arrive in-time for peak season sales. This resulted in a surge of shipments during the second quarter.

OOCL's total liftings for the first half of 2024 increased by 2% and total revenues increased by 2% year on year.

The average price of bunker recorded by OOCL in the first half of 2024 was US\$589 per ton, compared to US\$609 per ton for the corresponding period in 2023. Although the bunker price fell slightly by 3%, the total bunker cost increased by 13% as fuel oil and diesel consumption increased by 17% in the first half of 2024 compared to the corresponding period in 2023. The increase in bunker consumption is attributed to the vessels sailing in the Asia-Europe trade being re-routed to the Cape of Good Hope due to the situation in the Red Sea which began towards the end of 2023.

The dual-brand strategy continues to play a pivotal role, not only in dealing the Red Sea disruption and port congestions where we realised cost minimisation and efficiency gain through synergies, but also in emerging market and niche market, in the form of the dual-brand and Ocean Alliance, allowing us to rapidly extend our network and to better serve our customers. We believe that the Company will continue to achieve greater results under this strategy.

In the first half of 2024, the Group took delivery of the seventh to eleventh 24,188 TEU new-build vessels from Nantong COSCO KHI Ship Engineering Co., Ltd. (NACKS) and Dalian COSCO KHI Ship Engineering Co., Ltd. (DACKS) respectively. Two vessels delivered from NACKS are named OOCL Valencia and OOCL Sweden; and three vessels delivered from DACKS are named OOCL Abu Dhabi, OOCL Finland and OOCL Denmark. The remaining one new building of same series will be delivered in the third quarter of 2024.

For the first half of 2024, OOCL Logistics revenue and contribution witnessed steady increment as compared with the same period last year. The revenue of the International Business Units presented healthy growth due to the growing demand and exploring new market of international logistics services. While freight forwarding and domestic logistics continued to face fierce competition, the business units still managed to maintain stable revenue.

Looking ahead, although rates are still relatively high at the moment, uncertainty remains the norm. How long will such demand dynamic be maintained can be one of the key factors that significantly influence the market's short and long-term expectations, economic trends and trade patterns can also impact the market to various extents. On the other hand, lessons from the pandemic and Red Sea incident have taught us that the supply chains are very susceptible to geopolitical risks. As new ships continue to be delivered, capacity remains a key concern for the market, and the situation of the Red Sea will continue to be a dominant factor on it. Other regional factors shouldn't be ignored also, such as the US East Coast labour discussions as how it develops may affect the entire supply chain.

At the same time, we also saw that the number of idle, drydocked and scrapped vessels remained at historically low levels during this reporting period, and it remains to be seen whether the impact of stricter environmental regulations on existing conventional fuel vessels. These may offset excess capacity to some extent.

All of these factors are intertwined and together affect the future trend of the container shipping market, bringing us both challenges and opportunities.

At the time of writing, our vessels are fully loaded on major long-haul routes, and will remain so in the coming weeks, which is as expected for this time of year. Very recently, the increase in freight rates of different routes have started to level out, but current rates are still at a comparatively high level when compared with the same period of the previous year. The volatile nature of the market reminds us to remain cautious.

As a member of the COSCO Shipping Group, OOCL and COSCO Shipping Lines will continue to work hard to be within the top echelon of the container shipping industry. In order to help the Company and the industry gradually achieve ESG goals, we will grow our fleet and explore new businesses in a measured and intelligent way, build a stable end-to-end supply chain by leveraging advanced and green technologies. As a Vital Link to World Trade, we are always ready.

As at 30th June 2024, the Group had cash and bank balances of US\$6,685.5 million compared with debt obligations of US\$505.7 million repayable within one year. The Group remained at net cash position with a net cash to equity ratio of 0.45 : 1 as at 30th June 2024. The Group from time to time prepares and updates cashflow forecasts for asset acquisitions, to serve project development requirements, as well as working capital needs, from time to time with the objective of maintaining a proper balance between a conservative liquidity level and an effective investment of surplus funds.

OOIL owns one of the world's largest international integrated container transport businesses which trades under the name "OOCL". With over 430 offices in approximately 90 countries/regions, the Group is

one of Hong Kong's most international businesses. OOIL is listed on The Stock Exchange of Hong Kong Limited.

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Issued by: Orient Overseas (International) Limited

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ORIENT OVERSEAS (INTERNATIONAL) LIMITED*(Incorporated in Bermuda with members' limited liability)***CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)***For the six months ended 30th June 2024*

US\$'000	2024	2023
Revenue	4,645,576	4,540,681
Operating costs	<u>(3,731,322)</u>	<u>(3,637,879)</u>
Gross profit	914,254	902,802
Other operating income	194,257	289,853
Business and administrative expenses	(236,013)	(68,903)
(Provision for)/reversal of impairment losses on financial assets, net	(6,995)	14,763
Other losses, net	<u>(30,588)</u>	<u>(4,216)</u>
Operating profit	834,915	1,134,299
Finance costs	(9,976)	(15,732)
Share of profits of joint ventures	2,524	2,091
Share of profits of associated companies	<u>3,067</u>	<u>3,527</u>
Profit before taxation	830,530	1,124,185
Taxation	<u>3,525</u>	<u>5,212</u>
Profit for the period	<u>834,055</u>	<u>1,129,397</u>
Profit attributable to:		
Equity holders of the Company	833,277	1,128,733
Non-controlling interests	<u>778</u>	<u>664</u>
	<u>834,055</u>	<u>1,129,397</u>
Earnings per ordinary share (US\$)		
Basic and diluted	<u>1.26</u>	<u>1.71</u>