Internship Report

On

“Financial Performance Analysis of Orient Overseas Container Line”

Submitted To:

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Submitted By:

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Date of Submission: 31 October 2019

Letter of Transmittal

31 October 2019

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Subject: Submission of Internship Report on "Financial Performance Analysis of Orient Overseas Container Line"

Dear Madam,

It is my inordinate preference to submit the internship report titled "**Financial Performance Analysis of Orient Overseas Container Line"** this report is a consequence of the internship program which is an academic necessity for the completion of MBA program. I have put my greatest strength in completing the report with all the information that I have composed both from primary and secondary source and also prom my personal opinion. With available data, information and associated knowledge what I have learnt and collected by working as an intern from Orient Overseas Container Line.

I am self- assured that this study will proved fulfill findings. I am thankful to you for giving me such an opportunity and I appreciate this internship program. I believe that you will cordially receive my internship report.

31.10.19

Sincerely yours,

Md. Limon Hossain

ID: 172-14-2480

MBA Program

(Major in Finance)

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Certificate of Approval

This is to certify that the study titled **“Financial Performance Analysis of Orient Overseas Container Line”** is prepared by **Md. Limon Hossain,** ID: 172-14-2480 under the Department of Business Administration of Daffodil International University for concluding MBA degree. The report has been set up under my direction and is a record of the work completed excellently. He is permitted to submit the report. I wish him accomplishment in his upcoming activities.

Nusrat Nargis 31.10.19

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Student Declaration

I am Md. Limon Hossain the student of Master of Business Administration (MBA) 47Th batch bearing ID: 172-14-2480 major in Finance from Daffodil International University would like to solemnly declare here that the internship report on titled **"Financial Performance Analysis of Orient Overseas Container Line"** has been authentically prepared by me. While preparing this internship report, I didn't breach any copyright act intentionally. I am further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

31.10.19

Md. Limon Hossain
ID: 172-14-2480
MBA Program
(Major in Finance)
Batch: 47th
Department of Business Administration
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Acknowledgement

At the beginning, I would like to express my deepest gratitude to Allah the almighty for giving me the strength, wisdom and acquaintance to carry out this report and fruitfully completing the internships report.

I am really grateful that I got some great people who helps me in various way by their help it was way much easy for me to complete my assign report successfully. So I would like to gives them all credits of my completion of this report who gave me their valuable time though they have lots of burden of work in order to guide me in doing my report work.

I would like to say thanks from bottom of my heart to Mr. Pingkal Saha, Head of Financial and HR department of Orient Overseas Container Line at Bangladesh for offering me opportunity to work with them and gathering lots of experience real life business environment.

One person without whose help my every effort will goes in vain is my academic supervisor, thousands thanks to my supervisor Nusrat Nargis mam for her support and cooperation and all guideline she gave me for a correct and appropriate report making.

Last but not least humble gratitude to my coworker Md.Jafar Iqbal assistant supervisor under whom I work and learn lots of new things who provides me necessary information for making my overall report.

Executive Summary

Orient Overseas Container Line is known for their shipping services which they provide worldwide to their customers. It is one of the World biggest international container transportation, logistics and terminal companies. A Hong Kong's based most recognized global company, which provides customers logistics and containerized transportation services, with an enlarged network included Asia, Europe, North America and Australasia. Orient Overseas Container Line Bangladesh started their operation on 2006. And Orient Overseas Container Line logistics started their operation on 2010. Orient Overseas Container Line has two offices in Bangladesh, one at Chittagong the main Seaport & another in Capital City at Dhaka.

Internship is a joint program which involves business school and business house collaboration. The main goal of this program is to give students the opportunity to translate the word's job and the knowledge of real life situation books.

The whole report is divided into four parts. In first part consist of introduction part which includes- objectives, methodology, scope, limitations of the study, second part it consists of organizational overview which includes orient overseas container line worldwide to orient overseas container line Bangladesh.

In the third part I will present Financial Performance Analysis (Ratio and Trend Analysis, Common size Statement) and Results and forth part includes findings, recommendation and conclusion.

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Chapter-01

Introduction

1.1Introduction

There are more than fifty shipyards in Bangladesh and a hundred of shipbuilders or contractors and marine workshops are actively involved in shipbuilding activities. 70% of the shipyards are located in and around Dhaka, 20% are in Chittagong and 10% are in Khulna and Barisal. Almost all inland/coastal/bay crossing ships are constructed and repaired locally in these shipyards. Local shipyards can design and fabricate ship up to 3500 DWT to fulfill the demand of local market. Most of the Shipyards are operating under individual management with nominal supervision of government. All inland and coastal ships are built by local shipyards, and the number of vessels built per year counts an average of 250. They employ huge number of skilled and unskilled labor. Most of the private shipyards use plate, engine, component and machinery of old merchant ships which are collected from Bhatiary ship breaking industries.

The founder of OOCL, the late C Y Tung, dreamed of creating the first international Chinese merchant fleet. In 1947, he achieved that dream when the first ship with an all-Chinese crew reached the Atlantic coast of the USA and Europe. Regular cargo and passenger services were subsequently developed under the name of Orient Overseas Line.

With the emergence of containerization, the company was re-named Orient Overseas Container Line in 1969. In those days, Victory-class vessels could carry 300 TEU, a far cry from today's post-Panamax vessels that ply the world's oceans. In April 2003, OOCL took delivery of the SX-Class OOCL Shenzhen, the largest containership ever built then at 8,063 TEU. Today, OOCL has vessels of different classes with capacity varying from 2,992 TEU to 13,208 TEU, plus ice-class vessels that suit extreme weather conditions. As a member of the Grand Alliance and G6 Alliance, our vessels form part of a 290-plus fleet of ships. Both our self-owned and chartered-in vessels can carry general cargo, reefer cargo and dangerous goods, according to the needs of customers.

1.2 Background of the Study

This report has been prepared as a requirement of MBA internship program. I am very glad for getting the opportunity to accomplish my practical training in the Orient Overseas Container Line (OOCL) at the Finance department, head office in Gulshan-1, Dhaka. My internship commenced from October 03, 2018 to February 03, 2019. This report is a partial requirement of MBA Internship Program of Daffodil International University and has been prepared after four month of the organizational attachment in Orient Overseas Container Line. My organization supervisor was Mr. Pingkal Saha, Head of Financial and HR department of Orient Overseas Container Line and my institution supervisor is Nusrat Nargis, Assistant Professor, Department of Business Administration Daffodil International University. My institute supervisor duly approved the topic which was decided for doing the report. The report will definitely increase the knowledge to know the Shipping industry of Bangladesh.

1.3 OBJECTIVES OF THE STUDY

Broad Objective

The leading objective of this study is to know the financial performance of Orient Overseas Container Line.

Specific Objectives

- To analyze the activities of Orient Overseas Container Line (OOCL).
- To evaluate the financial performance of the company from 2014-2018.
- To find out the problems of the company.
- To provide some recommendation about the problems of the company.

1.4 Scope of the study:

As most of the information was confidential so the scope of the study was limited .In order to analysis of the present financial performance of Orient Overseas Container Line, more data and information was needed. As I tried to analysis the overall strengths and weaknesses of this system it was little bit tough as I didn't got the whole information. Not only that but also this study was conducted only at a single agent office of Orient Overseas Container Line which is situated in Dhaka so it does not cover overall process of Head office of the company.

1.5 Methodology of the Study

I have designed this overall report as an exploratory research paper in which I described overall financial performance process of orient overseas container line. During my internship period I use my personal observation in order to get a specific idea and I read all of their information that they published in their own website at the same time I gathered lots of knowledge about their present method of appraisal through conversation with the different level officers of the company.

As the project falls in the category of exploratory and descriptive research, which is a research designed to evaluate the performance appraisal system of orient overseas container line, Bangladesh, Limited. So this applies to the research part .More than that, the organizational part is helpful for the clear understanding of the existing practices of performance appraisal system at orient overseas container line, Bangladesh, Limited and that also serves the purpose of the exploratory research.

1.6 Basic Research Method

The basic research method in this is based on the empirical review method. In that the annual report and websites were the major sources of secondary data. Alongside, the discussion with the concerned managers/employees (primary data) provided the additional information and helped in clear understanding.

1.7 Sources of the Information

For smooth and accurate study everyone has to follow some rules and regulations. The study inputs were collected from two sources:

Primary Sources:

- Practical desk work.
- Face to face with officers.
- Face to face conversation with the client.
- Facing some practical situation related with the day to day shipping activities.

Secondary Sources:

- Annual Report of Orient Overseas Container Line.
- Brochures.
- Websites.
- Target Population.

1.8 Limitations of the Study

Thought making my report on financial performance some of limitation I find out, those are given in below:

1. One of the biggest constraints was lacking of time, if I got from time then I could make the report a more elaborate and detailed.

2. There is a Lack of literature and scarcity of secondary information as its little bit difficult and my company maintain strong level of privacy.

3. As financial performance system is a wide process so it needs lot of fieldwork that involved a huge amount of cost at the same time hard work so lack fund as well as lack of opportunity of collecting information was also one of the major limitations.

4. Another major issue was the unwillingness of the Respondent's. More than that hesitation on expressing confidential information. As the have the thought that they may be leaking out their company's information but in reality, that is not like something they need to feel worry.

Chapter - 02

Company Profile and Activities
(Orient Overseas Container Line)

2.1 Company profile

Orient Overseas Container Line is one of the world's largest integrated international container transportation, logistics and terminal companies. As one of Hong Kong's most recognized global brands, Orient Overseas Container Line provides customers with fully integrated logistics and containerized transportation services, with a network that encompasses Asia, Europe, North America and Australasia.

Orient Overseas Container Line is one of the leading international carriers serving China, providing a full range of logistics and transportation services throughout the country. It is also an industry leader in the use of information technology and e-commerce to manage the entire cargo process.

Orient Overseas Container Line" and "OOCL" are trade names for transportation provided separately by: Orient Overseas Container Line Limited ("OOCLL") and OOCL (Europe) Limited respectively and both are wholly-owned subsidiaries of Orient Overseas (International) Limited, a public company (0316) listed on the Hong Kong Stock Exchange. Orient Overseas Container Line is one of the world's largest integrated international container transportation, logistics and terminal companies. As one of Hong Kong's most recognized global brands, Orient Overseas Container Line provides customers with fully-integrated logistics and containerized transportation services, with a network that encompasses Asia, Europe, North America and Australasia.

Orient Overseas Container Line is well respected in the industry with a reputation for providing customer-focused solutions, a quality-through-excellence approach and continual innovation. Orient Overseas Container Line is one of the leading international carriers serving China, providing a full range of logistics and transportation services throughout the country. It is also an industry leader in the use of information technology and e-commerce to manage the entire cargo process.

The founder of Orient Overseas Container Line, the late C Y Tung, dreamed of creating the first international Chinese merchant fleet. In 1947, he achieved that dream when the first ship with an all-Chinese crew reached the Atlantic coast of the USA and Europe. Regular cargo and passenger services were subsequently developed under the name of Orient Overseas Line.

All Orient Overseas Container Line vessels meet and exceed international environmental standards, adhering to Orient Overseas Container Line’s own Safety, Quality and Environmental (SQE) management system; demonstrating Orient Overseas Container Line’s commitment to environmental protection and good corporate citizenship.

Today, Orient Overseas Container Line is one of the world's leading container transport and logistics service providers, with more than 320 offices in 65 countries around the world.

2.2 About OOCL in Bangladesh

OOCL Bangladesh started their operation on 2006. And OOCL logistics started their operation on 2010. OOCL has two offices in Bangladesh, one at Chittagong the main Seaport & another in Capital City at Dhaka. Country Head sits in the head office at Capital city. In both offices, almost 58 employees are working in different department. All recruitment has been done through local HR Department.

2.3 Mission Statement

To be the best and most innovative international container transport and logistics service provider; providing a Vital Link to world trade and creating value for our customers, employees, shareholders and partners.

2.4 Core Values

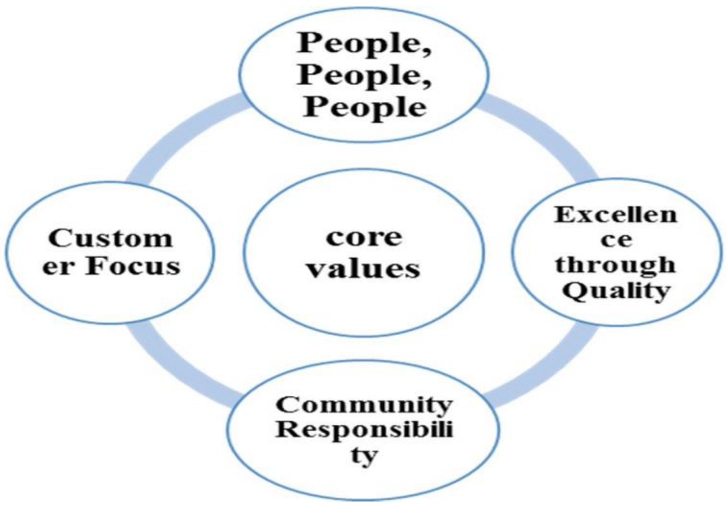


Figure1: oocl’s core values

2.5 Code of Conduct

Orient Overseas Container Line is committed to Honesty, Integrity and fairness in its business conduct and organization management. Orient Overseas Container Line also maintains the highest standards of professional ethics and integrity to dealing with its customers, vendors and partners. Orient Overseas Container Line operating their business through agency in Bangladesh. So they are following Local rules and regulation fully.

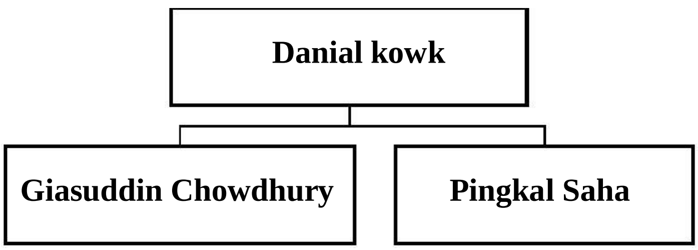
2.6 Top Management

Top management included, Board of Directors who holds periodic meetings for solving issues of policies and strategies, on the other hand the executive management are liable to record every types of decisions and for their implementation.

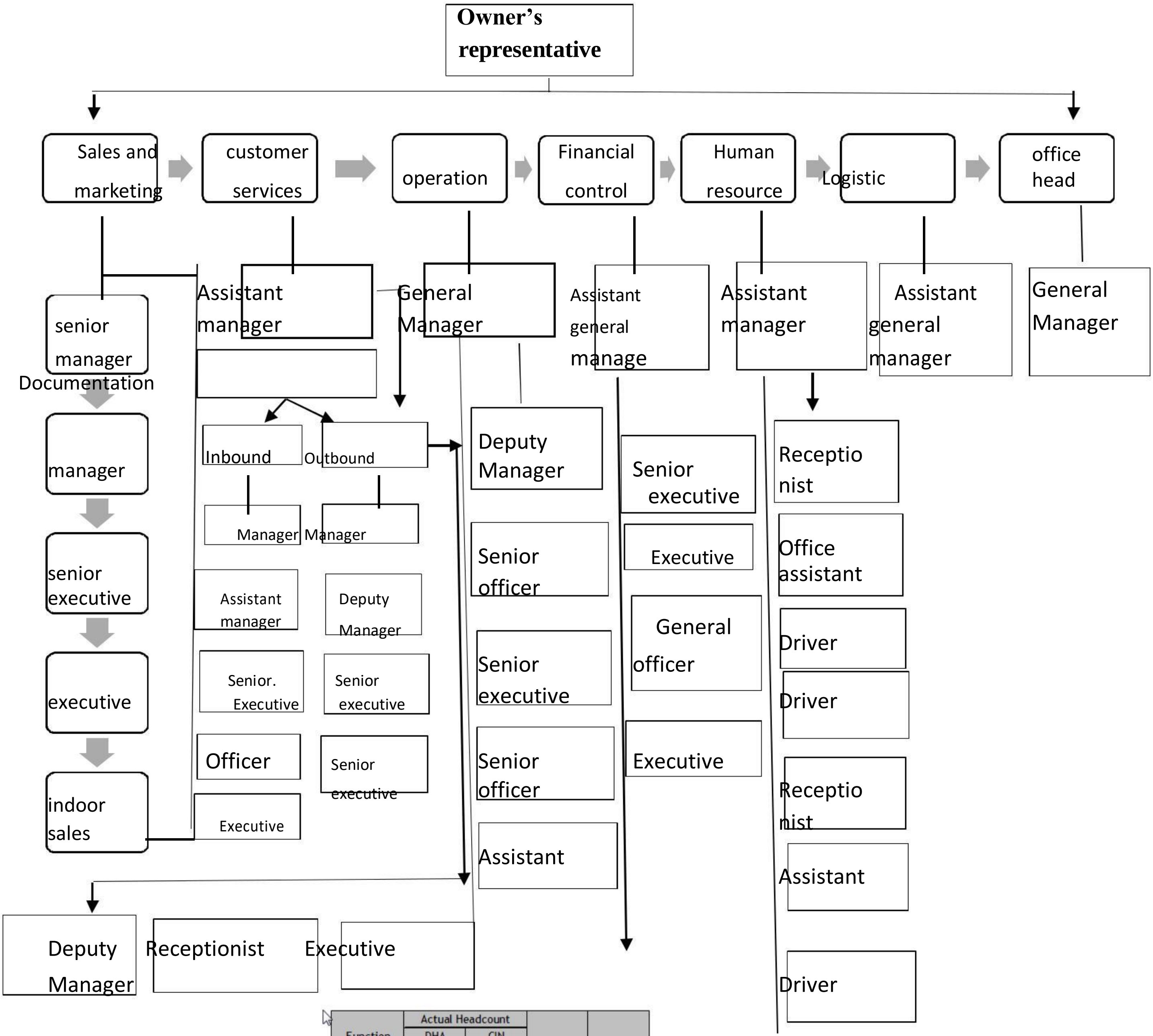
2.7 Executive Management

In orient overseas container line, The Managing Director heads the Executive Management, the Chief Executive Officer (CEO) who has been delegated necessary and proper authority by the Board of Directors. The Executive Management operates through further delegations of authority of the line management.

2.8 Audit Committee:



2.9 Management organogram:



Function	Actual Headcount		Vacant	Total
	DHA	CIN		
Admin Head	Daniel Kwok	Giasuddin Chowdhury		
MGT	1			1
M&S	6			6
CSV	1.5	2.5		4
DOC	2.5	7		9.5
OPS	0.5	5		5.5
FINCON	2.5	1		3.5
HRA	5	3.5		8.5
OLL	9	9		18
Total	28	28	0	56

Chapter 3

Financial Performance Analysis of OOCL

3. Ratio Analysis of Orient Overseas Container Line:

The goal of this report is to assess the financial performance of OOCL. So here's the latest financial ratio of OOCL.

3.1 Ratio Analysis

A ratio analysis is a quantitative analysis of data containing a company's financial statements. Ratio analysis is based on the line statement of financial statement like balance sheet, income statement and cash flow statement; the combination of items in one item's ratio or another item or combination is calculated. Ratio analysis is used to evaluate aspects of a company's operating and financial performance as its functionality, liquidity, profit and solvency.

3.2 Assumption of Ratio Analysis

Financial Statement data is the most common mode ratio that is summarized. Motivation to check the ratio of form data include:

- To control for the effect of size differences across the office overtime.
- To make the data better satisfy the assumptions underlying statistical tools.
- To probe a theory in which a ratio is the variable of interest.
- To exploit an observed empirical regularity between a financial ratio and the estimation of variable of interest.

3.3 Purpose and use of ratio analysis

Purpose of Ratio Analysis:

Use the Financial Analysis Strategies to assess the financial data of interested companies or companies interested in investing in small businesses. Balance sheets, income statements, and cash flow statements by examining past and present financial statements can create opinions about possible investor investment pricing and future performance expectations. Financial analysis can help small business owners because they supervise the impact of specific decisions like borrowing in their own organization.

Use of Ratio Analysis:

Analysis of financial ratio is determined by the financial performance assessment and the financial position of an organization through its profitability, liquidity, activity, leverage and other relevant indicators. The following table describes the main user of financial statements with their field of interest.

Bankers and Lenders: Use profits, liquidity and investments because they want to know the strength of the loan business to pay regular interest payments and pay the original loan amount.

Investors: Use profits and investments because they are more interested in the benefits and security of their investments and the security of investment and the feasibility of security and security performance.

Government: Use profit because the government can use it as a profit based on taxes, grants and subsidies.

Employees: The bank continually reviews its highly competitive salary packages and bonuses on the basis of. It provides employees a safe and a decent working environment. It retains employees' handsome retirement.

Customers: Our company philosophy is simple. Its customer demand and expectation is customer-friendly and fully responsive. We conduct necessary research, analysis and survey to find out what customers are expecting. We acquire the technology and expertise to provide the best services and facilities to the customers.

Suppliers: Use liquidity because the suppliers are interested in maintaining their short-term liabilities and the skills of the business to set a suitable maker.

Management: Use all the proportions because the management is interested in all aspects, i.e. both the business's financial performance and financial status.

Shareholders: The National Bank is fully committed to protecting its shareholders interest. The profit ratio starts. It is always valuable to try to value shareholders by optimizing financial performance.

Credit Rating Agencies: Debt holder providers are concerned about short-term liquidity and cash flows, but credit rating agencies are one step ahead. They use the Solvency Ratio to analyze whether the company can improve its obligations over the long term.

3.4 Ratio analysis of Orient Overseas Container Line from 2014 to 2018:

A. Liquidity Ratios:

A class of financial matrices that used to define a company's strength to stop its short-term debt obligations. Generally, the proportion of the ratio is higher; the organization raises the margins of protection to cover short-term loans.

(i) Current Ratio

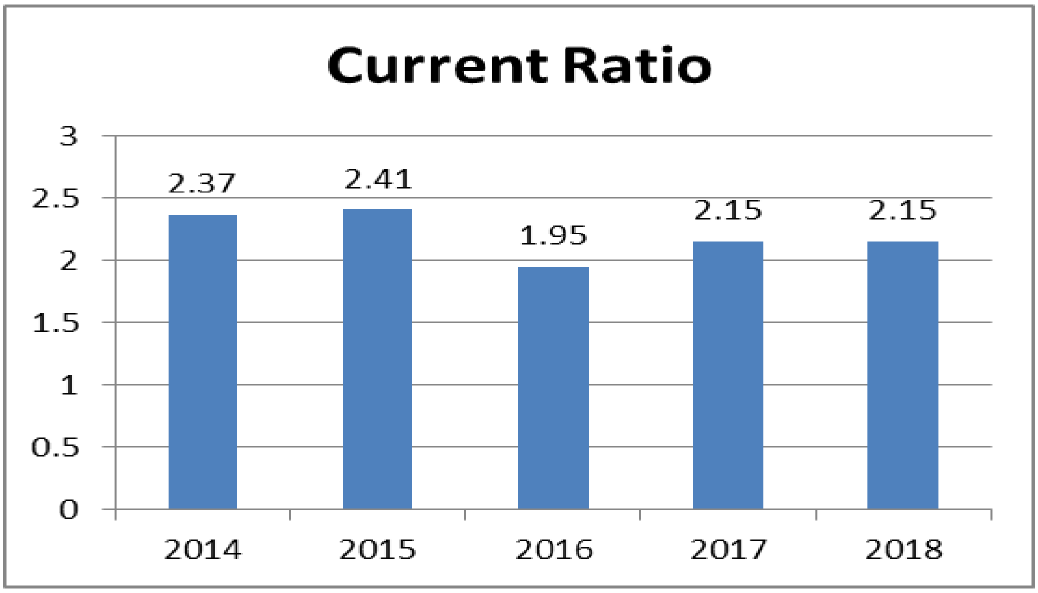
The current ratio is the ratio of current due to current business. It measures the ability of a business to deal with the most widely used liquidity and to trade in the next 12 months.

Formula:

Current Ratio = Current assets / Current liabilities

(US$'000)

Year	2014	2015	2016	2017	2018
Current Asset	3,184,005	2,916,842	2,566,039	2,964,722	3,247,185
Current Liabilities	1,344,809	1,208,814	1,312,838	1,379,871	1,512,869
Result	**2.37 : 1**	**2.41 : 1**	**1.95 : 1**	**2.15 : 1**	**2.15 : 1**



Analysis:

The current ratio helps investors and lenders to understand the liquidity of a company and how easily that company will be able to pay its current liabilities. This ratio reveals a firm's current debt in terms of current assets.

The current ratio shows reverse results for years. For five years, the ratio of these ratios was from 1.95 to 2.41, which showed a big amount. In these five years, the best performance since 2016 and 2017 and the year 2015 show the worst performance. Generally a firm maintains the current ratio of 1: 1 and we have seen that the OOCL maintains the current ratio than the 1: 1 ratio. It indicates company hold huge idle fund, which is not good for a company.

(ii) Quick Ratio:

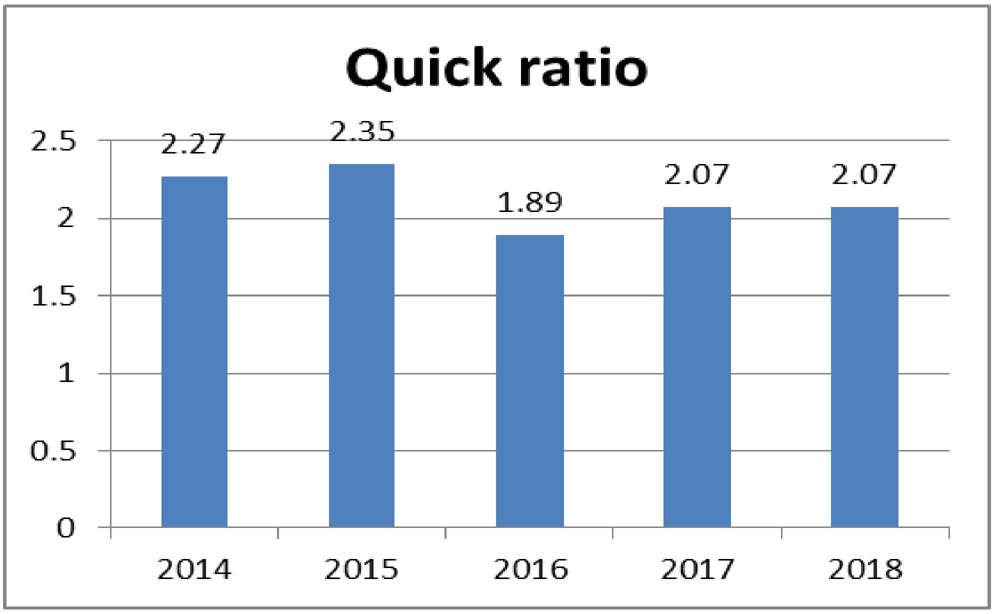
The faster ratio is a much more accurate measurement than the current ratio. This ratio shows the strong ability to meet current liabilities with its most liquid assets.

Formula

Quick ratio = (Current assets – Inventories) / Current liabilities

(US$'000)

Year	2014	2015	2016	2017	2018
Quick Asset	3,055,353	2,844,361	2,481,567	2,862,565	3,127,475
Current Liabilities	1,344,809	1,208,814	1,312,838	1,379,871	1,512,869
Result	**2.27 : 1**	**2.35 : 1**	**1.89 : 1**	**2.07 : 1**	**2.07 : 1**



Analysis:

The acid test ratio measures the liquidity of a company by showing the ability to quickly pay its current liabilities with the company. If an organization has a lot of resources under its total current liabilities, then the company can repay its liability without selling long-term or capital assets.

The fastest ratio shows the results of growing up to 2015. During this five year period, the ratio of these ratios was 1.89 to 2.35, which shows a lot in comparison to 2016. In these five years, the best performance of 2016 shows one year 2015 shows the worst performance because of 2015 has huge idle liquid money.

(iii) Net working capital:

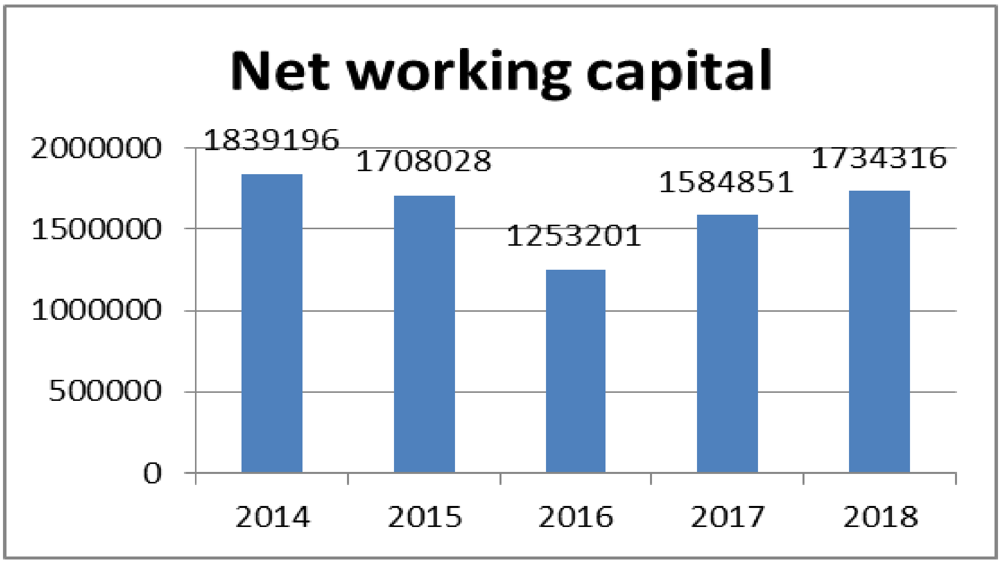
Net Working Capital is a liquidation calculation that provides an organization's ability to pay its current liabilities to the current organization. This measurement is important for management, vendors, and general transactions because it manages the ability to use the firm's short-term liquidity as well as efficiently manage the skills.

Formula:

Net working capital = Current Assets – Current Liabilities

(US$'000)

Year	2014	2015	2016	2017	2018
Current Asset	3,184,005	2,916,842	2,566,039	2,964,722	3,247,185
Current Liabilities	1,344,809	1,208,814	1,312,838	1,379,871	1,512,869
Result (US$.)	**1,839,196**	**1,708,028**	**1,253,201**	**1,584,851**	**1,734,316**



Analysis:

Net working Capital Firm measures the liquidity position. In 2014 net working capital was **1,839,196** million, which was decreased to **1,253,201** million in 2016. There shows that OOCL's liquidity position is sometimes increasing and sometimes decreasing, indicating that OOCL has enough capacity to pay short-term liabilities beyond its currents.

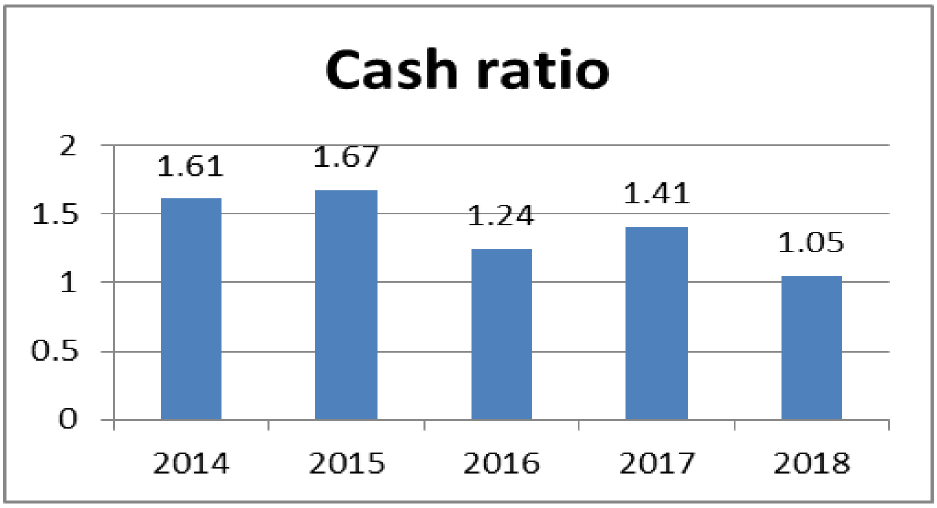
(iv) Cash Ratio:

Indicates the conservative view of liquidity, such as when a company vows its receipt and list, or analysts suspect the severity of liquidity and liquidity along with the receipt.

Formula: Cash ratio = $\dfrac{\text{Cash + Cash Equivalents}}{\text{Current Liabilities}}$

(US$'000)

Year	2014	2015	2016	2017	2018
Cash & Cash Equivalents	2,165,914	2,015,581	1,625,676	1,940,975	1,584,465
Current Liabilities	1,344,809	1,208,814	1,312,838	1,379,871	1,512,869
Result	**1.61 : 1**	**1.67: 1**	**1.24: 1**	**1.41: 1**	**1.05: 1**



Analysis:

Cash ratio shows vertical results for years. During this five year period, the ratio was between 1.05 and 1.67. This was the best performance of 2015 and the worst performance of the year 2016. The main reason for the decline of this ratio is the reduction in liquidity.

B. Profitability Ratio

(i) Earnings per share (EPS):

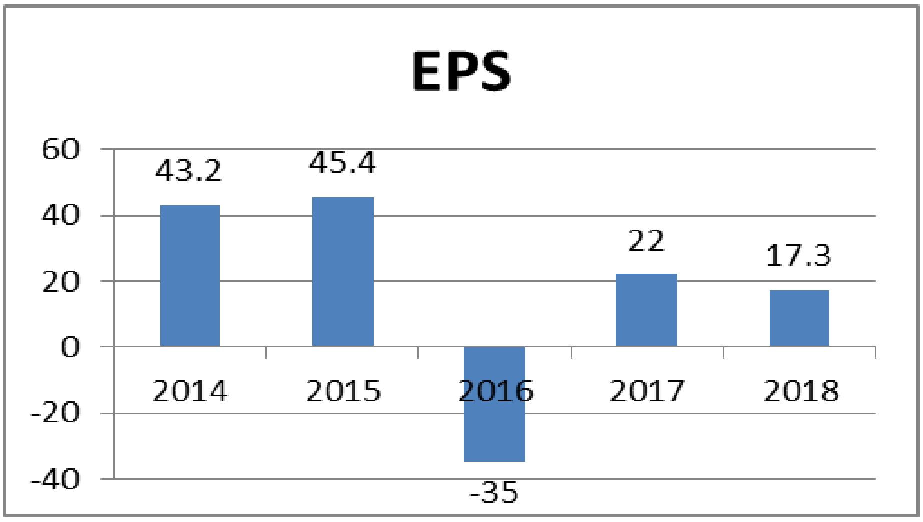
Earnings per share (EPS) are the share of a company's profits allocated to each outstanding share of common stock. Income per share acts as a company's profitability index.

Formula:

$$\frac{\text{Net Income - dividend on Preferred Stock}}{\text{Average Outstanding Share}}$$

Table 4.05: Earnings Per Share (EPS) of OOCL

Year	2014	2015	2016	2017	2018
EPS (US Cents)	43.2	45.4	(35)	22	17.3



Analysis:

Earnings Per Share (EPS) are the same as the proportion of any profit or market potential. Higher earnings than shares are always better than lower proportion, because this means the company is more profitable and the company is more profitable to the shareholders.

EPS shows reverse results for years. For these five years, the EPS of these EPS was from (35) to 45.4. In these five years, the year 2015 shows the best performance and the year 2016 shows the worst performance. In 2016, the main reason for this ratio is the reason for reducing total income.

(ii) Return on Asset (ROA):

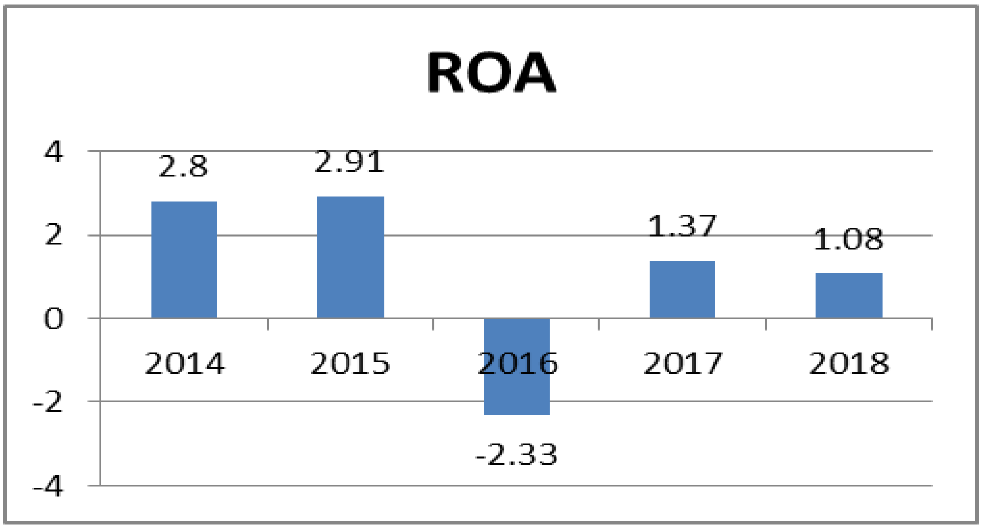
The return on asset (ROA) indicates how profitable it is than the total assets of an organization. ROA gives an idea of how efficient management is using its resources to earn returns. Its total assets are displayed as a percentage of ROA, calculated by dividing a company's annual revenue. Sometimes this is referred to as "return on investment".

Formula:

(Net income / Total Assets) X 100

(US$'000)

Year	Net income	Total Assets	Results (%)
2014	270,438	9,633,455	**2.80**
2015	283,831	9,731,574	**2.91**
2016	(219,221)	9,404,590	**2.33 (loss)**
2017	137,656	10,069,296	**1.37**
2018	108,166	10,053,860	**1.08**



Analysis:

The amount of return made on the property ratio, how effective it is to earn money back on its investment in assets of any company. In other words, ROA shows how efficiently any company can use in converting the money used to purchase assets for total revenue or profit.

ROA shows reverse results for years. For these five years, the ratio of these ratios was (2.33%) to 2.91%. In these five years, the year 2015 shows the best performance and the year 2016 shows the worst performance. In 2016, the main reason for this ratio is the reason for reducing total income.

(iii) Return on Equity:

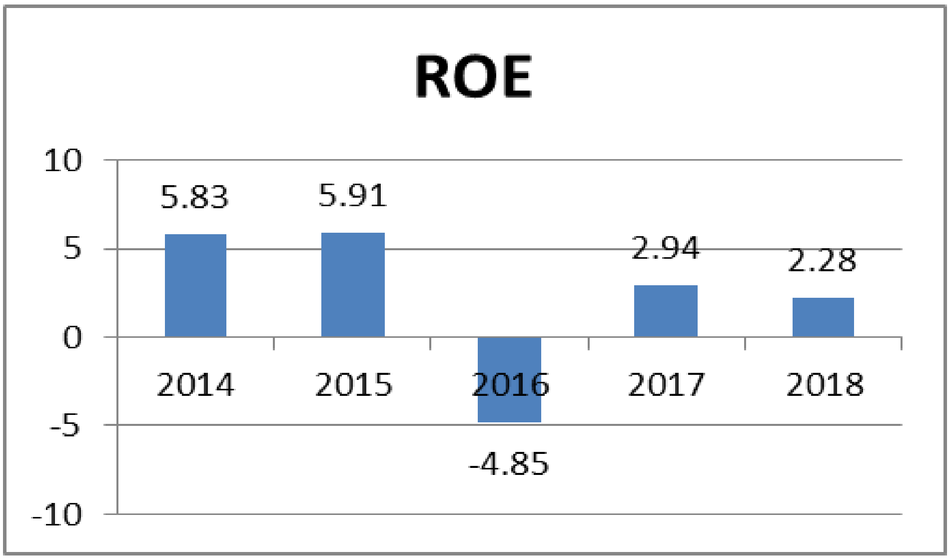
The returns from equities measure the income earned by investing in the common stockholders.
Generally, these are superior, well-off owners in the back.

Formula:

(Net Income / Equity) X 100

(US$'000)

Year	Net income	Total Equity	Results (%)
2014	270,438	4,634,752	**5.83**
2015	283,831	4,797,510	**5.91**
2016	(219,221)	4,519,286	**4.85 (loss)**
2017	137,656	4,682,513	**2.94**
2018	108,166	4,735,130	**2.28**



Analysis:

ROE shows reverse results for years. For five years, the ratio of this ratio was (5.85%) to 5.91%. In these five years, the year 2015 shows the best performance and the year 2016 shows the worst performance.

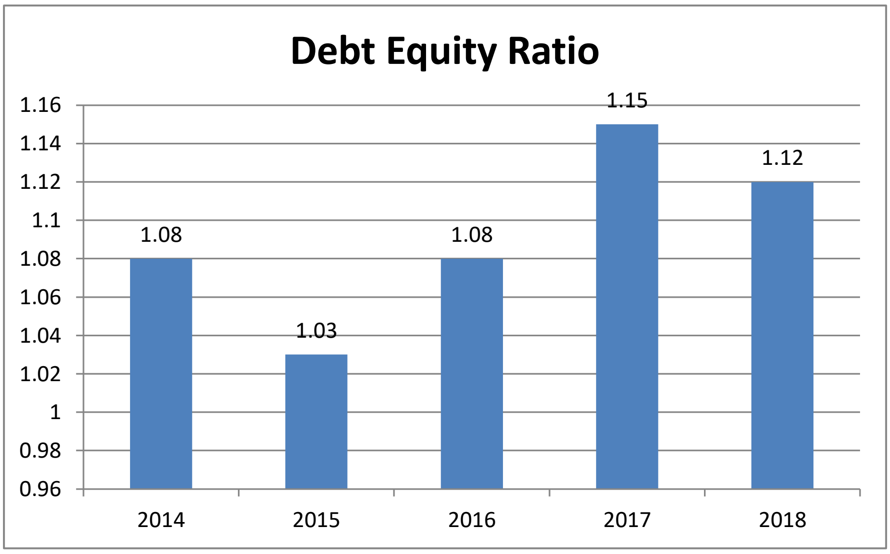
C. Capital structure assessment

(i) Debt Equity Ratio:

Formula: Total Liabilities / Shareholders' Equity

(US$'000)

Year	Total Liabilities	Shareholders' Equity	Results (Times)
2014	4,998,703	4,634,752	**1.08**
2015	4,934,064	4,797,510	**1.03**
2016	4,885,304	4,519,286	**1.08**
2017	5,386,783	4,682,513	**1.15**
2018	5,318,730	4,735,130	**1.12**



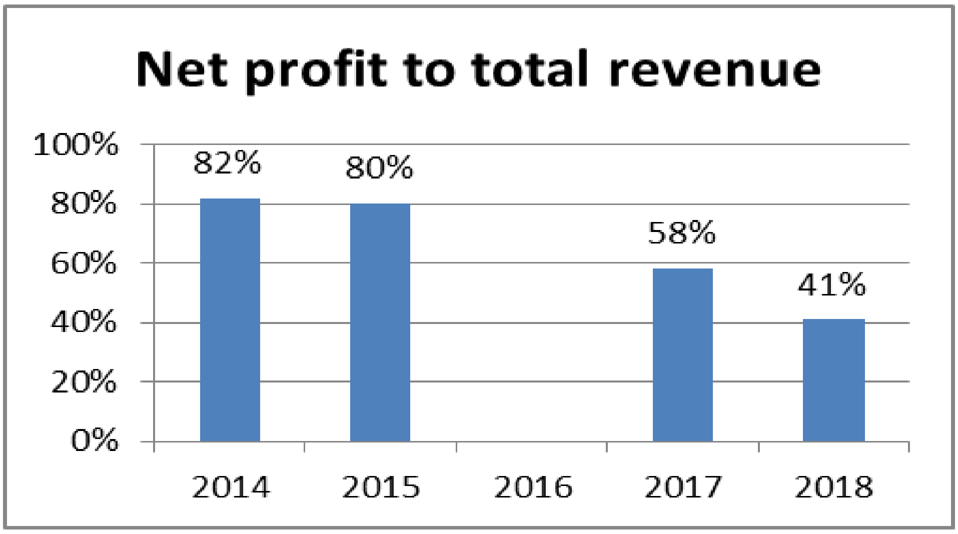
Analysis:

Its debt position refers to the amount of money used by others in the effort to generate profit. This greeting OOCL 2017 debt equity ratio was high. But the worst performance in 2015 was 1.03. So this organization should emphasize more on equity capital than loan capital.

(ii) Net profit to total revenue:

Formula: Net profit after tax / Total operating income

Particulars	2014	2015	2016	2017	2018
Net profit after tax	270,538	283,851	(219221)	137,656	108,166
Total operating income	329,147	353,068	(138227)	238,155	262,935
Result	82%	80%	%	58%	41%



Analysis:

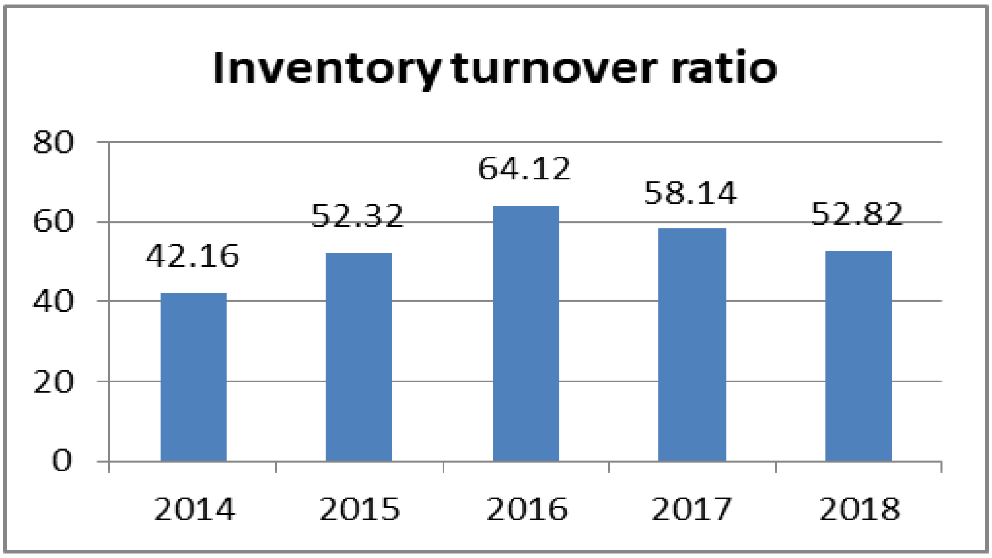
Total profit is part of profitable analysis of total profits. And total profit for the 2014, 2015, 2017 and 2018 is 82%, 80%, 58% and 41%. But In 2016 the company was taking loss. From graph we can see that income is increasing but in 2016 the company was in the loss and in 2017 the company overcomes it and taking profit from the company.

D. Activity Ratios

(i) Inventory turnover ratio:

(US$'000)

Particulars	2014	2015	2016	2017	2018
Cost of Goods Sold	5,875,797	5,262,429	5,032,272	5,425,783	5,859,839
Average inventories	139,355	100,566.5	78,476.5	93,314.5	110,933.5
Inventory Turnover Ratio (Times)	42.16	52.32	64.12	58.14	52.82



Analysis

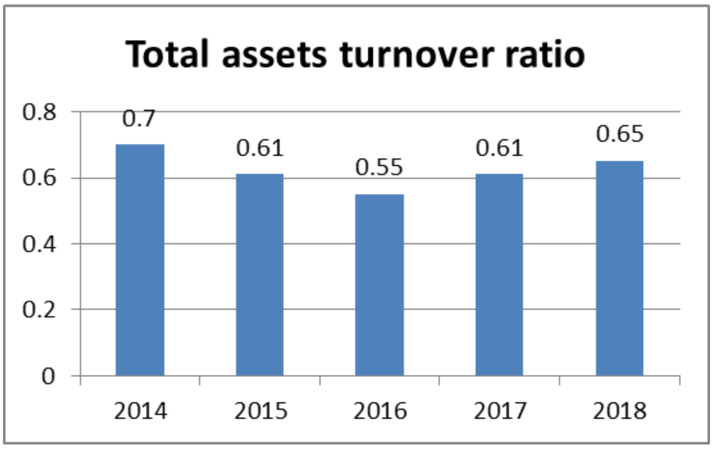
From the above figure we can see that the turnover ratio of OOCL is good. It does meet the demand of quality.

(ii) Total assets turnover ratio:

Formula: Net sales/ Average total asset

(US$'000)

Particulars	2014	2015	2016	2017	2018
Net Sales	6,521,589	5,953,444	5,297,693	5,981,676	6,572,655
Average Total Asset	9,311,837	9,682,515	9,568,082	9,736,943	10,061,728
Asset Turnover Ratio	0.70	0.61	0.55	0.61	0.65



Analysis:

In 2014, the turnover ratio of the total assets was 70%, which means OOCL has invested 100 and earned 70. It decrease in 2015and 2016. But it increase in 2017 and 2018 so we can say that the turnover ratio of OOCL's total assets is going good accordingly.

Orient Overseas Container Line
Statement of Common size Analysis
As at 2014-2018 (Percentage)

Income statement	2014	2015	2016	2017	2018
Turnover	100%	100%	100%	100%	100%
Operating Cost	90%	88%	95%	91%	89%
Gross profit	10%	12%	5%	9%	11%
Fair Value Gain from an Investment Property	0%	0%	0%	1%	1%
Other Operating Income	2%	1%	1%	1%	1%
Other Operating Expenses	-7%	0%	0%	0%	0%
Business and Administrative Expenses	0%	-7%	-9%	-8%	-8%
Other Gains/Losses, Net	0%	0%	0%	0%	0%
Profit from operations	5%	6%	-3%	4%	4%
Finance Cost	-1%	-1%	-1%	-2%	-2%
Share of Profit of Joint Ventures	0%	0%	0%	0%	0%
Share of Profit of Associated Companies	0%	0%	0%	0%	0%
Net profit before tax	5%	5%	-4%	2%	2%
Taxation	0%	0%	0%	0%	-1%
Profit for the Year	4%	5%	-4%	2%	1%
Balance sheet	**2014**	**2015**	**2016**	**2017**	**2018**
Assets					
Property, plant and equipment	58%	62%	65%	62%	59%
Investment property	2%	2%	2%	3%	3%
Prepayment of lease premiums	0%	0%	0%	0%	0%
Joint ventures	0%	0%	0%	0%	0%
Associated companies	2%	1%	1%	1%	1%
Intangible asset	1%	1%	1%	0%	0%
Deferred taxation assets	0%	0%	0%	0%	0%
pension and retirement Asset	0%	0%	0%	0%	1%
Derivative financial instruments	0%	0%	0%	0%	0%
Restricted bank balances	1%	0%	0%	1%	1%
Available for sale financial assets	1%	1%	1%	0%	0%
held to maturity investments	2%	2%	2%	2%	2%
Other non-current assets	0%	0%	0%	0%	1%
Total non-Current Asset	67%	70%	73%	71%	68%
Current Asset	0%	0%	0%	0%	0%
Inventories	1%	1%	1%	1%	1%
Debtors and prepayments	6%	5%	5%	6%	6%
amount due from an associated company	0%	0%	0%	0%	0%
amount due from a joint venture	0%	0%	0%	0%	0%
held to maturity investments	0%	0%	0%	0%	0%
portfolio investments	2%	3%	3%	3%	4%

Derivative financial instruments	0%	0%	0%	0%	0%
Tax recoverable	0%	0%	0%	0%	0%
Restricted bank balances	0%	0%	0%	0%	0%
Cash and cash equivalents	22%	21%	17%	19%	16%
Asset held for sales	1%	0%	0%	0%	5%
Total Current Asset	33%	30%	27%	29%	32%
Total Asset	100%	100%	100%	100%	100%
Equity And Liabilities					
Shareholders' Equity:					
Share Capital	1%	1%	1%	1%	1%
Reserves	99%	99%	99%	99%	99%
Non-Controlling interest	0%	0%	0%	0%	0%
Total Equity	100%	100%	100%	100%	100%
Non-current liabilities					
Borrowings	72%	74%	71%	73%	71%
Deferred taxation liabilities	1%	1%	1%	1%	2%
pension and retirement liabilities	0%	0%	0%	0%	0%
Derivative financial instruments	0%	0%	0%	0%	0%
Total non-current liabilities	73%	76%	73%	74%	74%
Current liabilities:	0%	0%	0%	0%	0%
Creditors and accruals	19%	15%	14%	14%	16%
Amounts due to joint ventures	0%	0%	0%	0%	0%
Borrowings	8%	9%	12%	12%	10%
Derivative financial instruments	0%	0%	0%	0%	0%
Current Taxation	0%	0%	0%	0%	0%
Total current liabilities	27%	24%	27%	26%	26%
Total liabilities	100%	100%	100%	100%	100%

Analysis

The base item in the income statement is usually the total turnover or total revenues. Common size analysis is used to calculate net profit margin, as well as gross and operating margins. The ratios tell investors and finance managers how the company is doing in terms of revenues, and they can make predictions of the future revenues. Companies can also use this tool to analyze competitors to know the proportion of revenues.

By looking at this income statement, we can see that, the amount of money that the company expense in other operating expenses and business and administrative expenses. The company also pays financial cost, the net operating income or earnings after interest and taxes represent highest 6% of the total revenues in 2015, and it shows the health of the business's core operating areas. The net income can be compared to the previous year's net income to see how the company's performance year-on-year.

The balance sheet common size analysis mostly uses the total assets value as the base value. On the balance sheet, the total assets value equals the value of total liabilities and shareholders' equity. A financial manager or investor uses the common size analysis to see how a firm's capital structure compares to rivals. They can make important observations by analyzing specific line items in relation to the total assets.

From the table above, we can see that cash represents 21 to 17% of the total assets while inventory represents 1 to 2% of the total assets. In the liabilities section, we can see that accounts payable represent 14 to 20%, borrowing 6 to 10%, long-term debt 74%, and In total equity the shareholder's equity is 1% and reserves is 99%.

Orient Overseas Container Line
Statement of Trend Analysis
As at 2013-2017 (Percentage)

Income statement	2014	2015	2016	2017	2018
Turnover	100%	-9%	-11%	15%	8%
Operating Cost	100%	-10%	-4%	10%	6%
Gross profit	100%	7%	-62%	118%	24%
Fair Value Gain from an Investment Property	100%	102%	-5%	135%	-9%
Other Operating Income	100%	-38%	-2%	-1%	14%
Other Operating Expenses	100%				
Business and Administrative Expenses		100%	6%	4%	13%
Other Gains/Losses, Net		100%	-351%	-205%	-178%
Profit from operations	100%	7%	-139%	-267%	13%
Finance Cost	100%	18%	25%	27%	41%
Share of Profit of Joint Ventures	100%	-4%	23%	1%	-43%
Share of Profit of Associated Companies	100%	-10%	-6%	9%	-19%
Net profit before tax	100%	4%	-165%	-175%	-11%
Taxation	100%	-3%	-16%	-36%	371%
Profit for the Year	100%	5%	-177%	-163%	-45%
Balance sheet	**2014**	**2015**	**2016**	**2017**	**2018**
Assets					
Property, plant and equipment	100%	7%	1%	3%	-6%
Investment property	100%	11%	10%	23%	15%
Prepayment of lease premiums	100%	-7%	-8%	2%	-44%
Joint ventures	100%	-1%	26%	-3%	-17%
Associated companies	100%	-5%	-5%	8%	-6%
Intangible asset	100%	15%	8%	-18%	-34%
Deferred taxation assets	100%	-3%	12%	-65%	-16%
pension and retirement Asset					
Derivative financial instruments	100%	-48%			
Restricted bank balances	100%	-98%	-59%	14891%	-4%
Available for sale financial assets	100%	-8%	-27%	-51%	-46%
held to maturity investments	100%	-2%	-10%	12%	-13%
Other non-current assets	100%	-16%	93%	27%	155%
Total non-Current Asset	100%	6%	0%	4%	-4%
Current Asset					
Inventories	100%	-44%	17%	21%	17%
Debtors and prepayments	100%	-13%	-5%	24%	8%
amount due from an associated company					
amount due from a joint venture	100%				
held to maturity investments	100%	-23%	118%	-59%	97%

OOCL We take it personally

portfolio investments	100%	32%	9%	-9%	28%
Derivative financial instruments					
Tax recoverable	100%	-16%	-1%	-20%	-19%
Restricted bank balances	100%	7%	131%	235%	-9%
Cash and cash equivalents	100%	-7%	-19%	19%	-18%
Asset held for sales	100%				
Total Current Asset	100%	-8%	-12%	16%	10%
Total Asset	100%	1%	-3%	7%	0%
Equity And Liabilities					
Shareholders' Equity:					
Share Capital	100%	0%	0%	0%	0%
Reserves	100%	4%	-6%	4%	1%
Non-Controlling interest					
Total Equity	100%	4%	-6%	4%	1%
Non-current liabilities					
Borrowings	100%	2%	-5%	13%	-6%
Deferred taxation liabilities	100%	16%	15%	-9%	64%
pension and retirement liabilities	100%	-93%	10778%	-100%	8321%
Derivative financial instruments	100%				
Total non-current liabilities	100%	2%	-4%	12%	-5%
Current liabilities:					
Creditors and accruals	100%	-20%	-7%	6%	13%
Amounts due to joint ventures	100%	54%	-3%	-30%	142%
Borrowings	100%	13%	37%	4%	-20%
Derivative financial instruments	100%				
Current Taxation	100%	-39%	38%	66%	-5%
Total current liabilities	100%	-10%	9%	5%	-1%
Total liabilities	100%	-1%	-1%	10%	-4%

Analysis

Horizontal analysis is also known as 'dynamic analysis' or 'trend analysis'. This analysis is done by analyzing the statements over a period of time. Under this analysis, we try to examine as to what has been the periodical trend of various items shown in the statement. The horizontal analysis consists of a study of the behavior of each of the entities in the statement.
In income statement we see that in 2015 turnover increase from 2014 and in 2017, turnover decrease from 2014.in case of profit in 2014, and 2015 huge profit increase but in the year of 2016 and 2017 the profit was decrease.

In balance sheet the property was increase gradually from the year 2014 to 2018 same as non-current asset increase gradually. In case of current asset in 2014 the current asset increase and in 2015, 2016 the current asset decrease. After all in 2017 and 2018 the current asset was increase. For that reason the total asset was increase every year without a year that 2016. Total equity was increase gradually from 2014 to 2015 and in 2016 the equity was decrease and in 2017 the equity was increase. And the last one is total liability that increase in 2014 and decrease in 2015 and 2016 after that in 2017 the liability was increase.

Chapter - 04

Findings, Recommendations, Conclusion

4.1 Findings from the Analysis:

The findings obtained from the study of financial performance analysis of OOCL are follows:

A. Liquidity ratio: The OOCL Liquidity ratio is good. The current ratio here is 2.41: 1 which does meet the standards and the all liquidity ratio is reduced in 2016 which is not good for a company. Therefore, it should be better than OOCL before meeting standards

Current Ratio: In 2014 and 2015 around ratio is (2.40:1) was higher than 2016, 2017.

Quick Ratio: In 2014 and 2015 around ratio is (2.30:1) was higher than 2016, 2017.

Net working capital: In 2014 were $ 1839 million which was decreased in 2015 and 2016 but in 2017, 2018 the net working capital again increasing.

Cash ratio: In 2017 was 1.41:1. Out of these five years; year 2015 shows the best performance and year 2016 shows the worst performance.

B. Profitability ratio: There is a growing trend of OOCL's profitability ratio. And it's pretty good. But OOCL will decrease their profits in 2016 and they overcome it in 2017.

Earnings per share: In 2014 OOCL show 43.2 (US Cents) which was gradually decreases but in 2016 OOCL show the negative EPS (35) and in 2017 and 2018 they show the positive EPS 22.

Return on asset ratio: In 2015 ROA is 2.91%which was higher than 2014. But in 2016 company taking loss and it overcome in 2017 and 2018.

Return on equity: In 2015 ROE is 5.91%which was higher than 2014. But in 2016 company taking loss and it overcome in 2017 and 2018.

C. Capital structure assessment: Capital structure assessment of OOCL is good and nowadays it is in increasing trend.

Debt-Equity Ratio: OOCL should give more emphasizes on equity capital than debt In 2017 OOCL Debt Equity Ratio was high.

Net profit to total revenue: It’s increasing year after year but in 2016 company taking loss and now in 2017 it is 58%.

D. Activity Ratio: Activity ratios of NBL are not good. NBL should take great care of their activity.

Inventory Turnover Ratio: Turnover ratio of OOCL is good. It does meet the demand of quality.

Total asset turnover ratio: Turnover ratio of OOCL's total assets is not good

Common Size Analysis: The amount of money that the company expense in other operating expenses and business and administrative expenses. The net operating income or earnings after interest and taxes represent highest 4.56% of the total revenues in 2015

Trend Analysis: in case of profit in 2014, and 2015 huge profit increase but in the year of 2016 and 2017 the profit was decrease. The total asset was increase every year without a year that 2016. Total liability that increase in 2014 and decrease in 2015 and 2016 after that in 2017 the liability was increase

Other Findings

- The terminal size of OOCL is not large, so it cannot berth more than three vessels at a time.
- Only 73.80% container is owned by OOCL among total container the used. It means they need to pay for rest of them, which increase the cost.
- OOCL logistics is not strong enough that is why they are not able to give uninterrupted service to the customer.
- Total number of TEUs used by OOCL is not sufficient to make a good business.

4.2 Recommendation and Implementation Plan:

As an internee of Orient Overseas Container Line, I have some recommendations which are:

1. Generally the higher value of the current ratio, the margin of security in covering the short-term debt of the organization is bigger. So to run their business naturally, the OOCL has huge idle current asset company should utilize their current assets.

2. The Net Income of OOCL is respectively low throughout the years 2014, 2015, & 2017 and even in 2017 company was in the loss. So Orient Overseas Container Line should take necessary steps to increase their Net Income.

3. In this four-year analysis, the best performance of the year 2015 and the year 2016 shows the worst performance. In 2016, the main reason for this ratio is the reason for reducing total income. So company should to focus on their total income.

4. OOCL had good liquidity ratios during year 2014, 2015, and 2016. So company should to carry on their increasing trend

5. Activity Ratios of OOCL is not good. OOCL should take care of their activity. OOCL should decrease long term liability.

However, financial ratio analysis always does not give the proper indication about the company's performance. So one stakeholder cannot always predict or make a comment about future performance of the company from these ratios. The quality of products, services and experience of the management team can change the success story of a company. Therefore financial ratios do not indicate the real face of management quality of the company.

Others Recommendation

- OOCL should make new Triple E vessels to carry more containers at a time.
- OOCL logistics should increase their service by increasing equipment & service quality.
- OOCL should minimize the cost by increasing the percentage of container ownership.
- OOCL should increase number of TUEs to make an efficient business in Bangladesh.

4.3 Conclusion

Orient Overseas Container Line is a Multi-National Company, with a small number of manpower in Bangladesh Branch office. Hence I had the opportunity to work with the total organizations finance department. My study was based on "financial performance analysis of Orient Overseas Container Line". Hence this report is based on the information that disclosed by the management of OOCL and in Annual Report. OOCL is one of the world's largest integrated international container transportation, logistics and terminal companies established by C. Y. Tung in 1947. As one of Hong Kong's most recognized global brands, OOCL provides customers with fully-integrated logistics and containerized transportation services, with a network that encompasses Asia, Europe, North America and Australasia.

Today OOCL is well respected in the industry with a reputation for providing customer-focused solutions, a quality-through-excellence approach and continual innovation. OOCL is one of the leading international carriers serving China, providing a full range of logistics and transportation services throughout the country. It is also an industry leader in the use of information technology and e-commerce to manage the entire cargo process.

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Chapter - 05

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