Group Performance Review

US$ Million	Note	Six months ended 30 June 2019	2018	Change*
Revenue		**767.1**	795.6	-4%
Bunker, port disbursement & other voyage costs		**(360.5)**	(360.6)	–
Time-charter equivalent (“TCE”) earnings	1	**406.6**	435.0	-7%
Owned vessel costs				
Operating expenses	2	**(80.1)**	(72.5)	-10%
Depreciation	3	**(60.1)**	(56.3)	-7%
Net finance costs	4	**(16.5)**	(15.9)	-4%
Charter costs				
Non-capitalised charter costs	5	**(200.1)**	(233.4)	+14%
Capitalised charter costs	5	**(19.1)**	–	-100%
Operating performance before overheads		**30.7**	56.9	-46%
Total G&A overheads	6	**(30.5)**	(28.4)	-7%
Taxation and others		**(0.8)**	(0.5)	-60%
Underlying (loss)/profit		**(0.6)**	28.0	>-100%
Unrealised derivative income	7	**8.6**	4.4	
Net write-back of disposal cost provision		**0.2**	–	
Write-off of loan arrangement fees		**–**	(1.6)	
Profit attributable to shareholders		**8.2**	30.8	-73%
EBITDA	8	**101.1**	99.3	+2%
Net profit margin		**1%**	4%	-3%
Return on average equity employed		**1%**	3%	-2%

* In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result.

EBITDA (earnings before interest, tax, depreciation and amortisation) is gross profit less indirect general and administrative overheads, excluding: depreciation and amortisation; exchange differences; share-based compensation; and, net unrealised derivative income and expenses.

Notes

1. Total time-charter equivalent (“TCE”) earnings decreased by 7% reflecting weaker market conditions during the period.
2. Total operating expenses of our owned vessels increased by 10% as our owned fleet expanded.
3. Depreciation of our owned vessels increased by 7% as our owned fleet expanded and additional costs were incurred for installation of ballast water treatment systems and scrubbers.
4. Net finance costs increased by 4% primarily due to higher average bank borrowings.
5. Non-capitalised charter costs comprise the non-lease portion of long-term charters with a term over 12 months and charters with a term of up to 12 months. Capitalised charter costs comprise depreciation of right-of-use assets and interest expenses on lease liabilities relating to the capitalised portion of long-term charters with a term over 12 months. Overall charter costs reduced due to weaker market conditions during the period. Charter costs in 2018 included the release of onerous contract provisions.
6. The increase in total G&A overheads was attributable primarily to an increase in staff-related costs as our owned fleet expanded.
7. The unrealised derivative income from bunker swap contracts was a result of a significant increase in bunker fuel prices.
8. EBITDA increased despite the weaker dry bulk freight market due to the impact of HKFRS 16 “Leases” under which charter costs originally included in EBITDA were replaced by depreciation and interest expenses.

   Adjusted EBITDA before adoption of HKFRS 16 “Leases” is US$78.9 million, which is comparable to EBITDA of previous years.