DP WORLD

DP World Limited Like-for-Like Profit Grows 41% in First Six Months of 2014

Dubai, UAE Thursday 28 August 2014: Global marine terminal operator DP World today announces strong financial results from its global portfolio of marine terminals for the six months to 30 June 2014, delivering profit attributable to owners of the Company before separately disclosed items of $332 million, 40.8% ahead of the first half of 2013 on a like-for-like basis.

Results before separately disclosed items[1] unless otherwise stated	**1H14**	**1H13**	**% change**	**like-for-like % change[2]**
USD million				
Consolidated throughput [3](TEU '000)	13,889	12,807	8.5%	11.2%
Revenue	1,659	1,509	9.9%	11.6%
Share of profit from equity-accounted investees	51	49	4.7%	18.4%
Adjusted EBITDA[4]	778	689	12.9%	19.1%
Adjusted EBITDA margin	46.9%	45.6%	-	48.6%[5]
Profit for the period	372	295	26.0%	42.3%
Profit for the period attributable to owners of the Company	332	264	25.8%	40.8%
Profit for the period attributable to owners of the Company after separately disclosed items	341	398	(14.4%)	-
Earnings per share attributable to owners of the Company (US cents) (EPS)	40.0	31.8	25.8%	40.8%

- **Revenue of $1,659 million; (1H2013 revenue of $1509 million)**
  - Like-for-like revenue increased 11.6% driven predominately by containerised revenue growth of 12.0% on a like-for-like basis
  - Containerised revenue per TEU (twenty-foot equivalent unit) grew 0.8% on a like-for-like basis

- **Adjusted EBITDA of $778 million; adjusted EBITDA margin of 46.9%; (1H2013 adjusted EBITDA of $689 million; adjusted EBITDA margin 45.6%)**
  - Adjusted EBITDA margin improved due to strong throughput growth at higher margin locations coupled with cost control measures

- **Profit for the period attributable to owners of the Company of $332 million; (1H2013 attributable income of $264 million)**

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1 Before separately disclosed items (BSDI) primarily excludes non-recurring items. In the first half of 2014, DP World reported separately disclosed items of $9.2 million compared to $151 million in the first half of 2013.

2 Like-for-like at Constant Currency adjusts for (a) new capacity at Embraport (Brazil) and London Gateway (UK); (b) the treatment of CT3 (Hong Kong) as a joint venture terminal from June 2013; (c) pre-operational expenses at Rotterdam (Netherlands), Yarimca (Turkey) and JNP Mumbai (India); (d) the reduction of equity ownership of Yantai and ATLHK (China); (e) removes the impact of exchange rates as our financial results are translated into US dollars for reporting purposes.

3 Consolidated throughput is throughput from all terminals where we have control under IFRS.

4 Adjusted EBITDA is Earnings before Interest, Tax, Depreciation & Amortisation including share of profit from equity-accounted investees before separately disclosed items.

5 Like-for-like Adjusted EBITDA Margin

- Strong adjusted EBITDA growth resulted in a 40.8% increase in like-for-like profit attributable to owners of the Company before separately disclosed items

- **Strong cash generation and balance sheet remains robust**
  - Net cash from operating activities increased to $551 million
  - Leverage (Net Debt to adjusted annualised EBITDA) stands at 1.6 times

- **Continued investment in quality long-term assets to drive long-term profitable growth**
  - $350 million invested across the portfolio in the first half
  - Jebel Ali (UAE) will add a further 2 million TEU capacity in the fourth quarter of 2014 as it operates at over 90% utilisation
  - By 2015 we expect to have approximately 85 million TEU of capacity globally and over 100 million of TEU of capacity by 2020, subject to market demand.

DP World Chairman, Sultan Ahmed Bin Sulayem commented:-

“DP World is pleased to announce another strong set of first half results. The addition of new capacity and a pick-up in global trade has resulted in a return to robust volume growth, which has translated into an impressive financial performance. Our portfolio is well positioned to capitalise on the significant medium to long-term growth potential of this industry and we continue to seek new opportunities in the faster growing markets.”

Group Chief Executive Mohammed Sharaf commented:-

“We have reported an excellent set of financial results for the first six months of 2014, delivering 11.6% like-for-like revenue growth. Encouragingly, earnings continue to significantly outpace revenue growth with 19.1% EBITDA growth and 40.8% EPS growth on a like-for-like basis.

“The substantial investment programme that we initiated in 2012 is starting to bear fruit as new capacity aids in the delivery of stronger top and bottom line growth. We have made good progress at our recently opened greenfield projects in Embraport, Brazil and DP World London Gateway, UK and we look forward to adding a further 8 million TEU of capacity to our portfolio over the next two years, providing further opportunity for growth. Crucially, our balance sheet remains strong and we continue to generate high levels of cashflow, which gives us the ability to invest in the future growth of our current portfolio, and the flexibility to make new investments should the right opportunities arise as well as delivering enhanced returns to shareholders over the medium term.

“The near term outlook remains encouraging, however continued geopolitical issues may result in challenges as the year progresses. Overall, we believe our business is well positioned for medium to long-term growth and we expect to continue to outperform the market. We remain focused on delivering relevant new capacity in the right markets, improving efficiencies, containing costs and handling higher margin containers to drive profitability. Our strong first half performance gives us confidence in meeting full year market expectations”

The Group Chief Executive’s Review and the Operating and Financial Review follow from page 4.

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Forward-Looking Statements

This document contains certain "forward-looking" statements reflecting, among other things, current views on our markets, activities and prospects. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur and which may be beyond DP World's ability to control or predict (such as changing political, economic or market circumstances). Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of DP World speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Except to the extent required by law, DP World does not undertake to update or revise forward-looking statements to reflect any changes in DP World's expectations with regard thereto or any changes in information, events, conditions or circumstances on which any such statement is based.

Chief Executive's Review

DP World's strong first half performance reinforces our view that operating a diversified portfolio with a focus on faster growing markets and origin and destination cargo will deliver superior earnings growth and enhance shareholder value.

The macroeconomic environment in 2014 has been more encouraging when compared with the challenging first half of 2013 and this is demonstrated through our robust throughput performance. We have seen some signs of recovery in Europe, while trade in the Asia Pacific and Indian Subcontinent region has bounced back. The UAE continues to deliver solid growth while performance in Latin America and Australia has been steady. Overall we remain encouraged by the performance in the first six months.

We continue to demonstrate significant operational leverage in our business. In the first half of 2014 on a like-for-like basis, we have delivered 40.8% attributable earnings growth and 19.1% adjusted EBITDA growth on consolidated volume growth of 11.2%.

This improvement in profitability is a reflection of our strategy to continue focusing on our cost structure while adding relevant capacity in the right locations, meeting our customers' needs and delivering a world class service to our customers to ensure we are the port operator of choice around the world.

We remain committed to investing in both emerging and developed markets to ensure our ports are well placed to capture current and future trade flows. $350 million has been invested in the first half of 2014. By 2015 we expect to have approximately 85 million TEU of capacity globally subject to market demand, with 30% of our capacity in the Middle East and Africa, markets that are forecast to grow significantly. Our aim by 2020 is to be operating over 100 million TEU of capacity, while maintaining the existing shape of our portfolio that has a 70% exposure to origin and destination cargo and 75% exposure to faster growing markets.

During the year we reviewed our funding plans and raised $1 billion through a convertible bond at attractive finance and conversion terms, and also increased our revolver facility from $1 billion to $3 billion. These actions have left us with the flexibility to support growth in our existing business, and expand capacity in line with market demand. Moreover, we have the financial resources to add to our portfolio should favourable assets at attractive prices become available.

While we have enjoyed a positive first half, we expect growth rates to moderate in the second half as the comparable period becomes more challenging. However, historically our second half throughput performance has been stronger than the first and we expect that trend to continue. The solid financial performance of the first six months is reassuring and we are confident of meeting full-year market expectations.

Operating and Financial Review

Given the more benign trade environment, we have focused our efforts on translating improved volume and top line growth into strong bottom line performance. We have been largely successful in this strategy as we are able to report impressive like-for-like adjusted EBITDA growth of 19.1%; like-for-like adjusted EBITDA margin improvement of 300 basis points to 48.6% and like-for-like EPS growth of 40.8% on like-for-like revenue growth of 11.6%.

We have delivered a solid performance across our portfolio in the first six months with key growth drivers being the UAE, Europe, Asia and Indian Subcontinent.

Revenue for the first six months of the year was $1,659 million, 9.9% ahead of the same period in the prior year. However, on a like-for-like basis, revenue grew by 11.6%, marginally ahead of volume growth of 11.2%. This is explained by a 12.0% increase in containerised revenue and

10.2% rise in non-container revenue growth. Total revenue per TEU rose 0.4% on a like-for-like basis.

Our share of profit from equity-accounted investees was at $51.2 million, 4.7% higher than the prior period. On a like-for-like basis profit from the equity-accounted investees for the first half has risen 18.4% due to a stronger performance from the Asia Pacific region.

Adjusted EBITDA was $777.8 million, 12.9% ahead of the same period last year and up 19.1% on a like-for-like basis with adjusted EBITDA margin well ahead of the comparative period at 48.6%.

Profit attributable to owners of the Company, before separately disclosed items was $331.8 million, 40.8% ahead on a like-for-like basis.

During the first six months of the year we invested $350 million in our portfolio. This investment was focused mainly in Middle East and Europe terminals including Jebel Ali (UAE) and Yarimca (Turkey). We expect to open Jebel Ali Terminal Three (T3) phase one (two million TEU) in the fourth quarter of 2014, with phase two (two million TEU) now coming in the first half of 2015 due to some equipment delays. Yarimca is on course to open in the second half of 2015. Our capex guidance for 2014 now stands at $1.4 billion, with the remaining balance shifting to 2015.

Middle East, Europe and Africa

The Middle East, Europe and Africa region delivered a strong performance with solid top and bottom line growth. Adjusted EBITDA improved by a significant 17.5%, while adjusted EBITDA margin expanded to 52.4% due to throughput growth at higher margin locations. Performance in Europe has been encouraging albeit from a low base.

Results before separately disclosed items	1H14	1H13	% change	like-for-like % change
USD million				
Consolidated throughput (TEU '000)	10,248	9,151	12.0%	11.0%
Revenue	1,157	1,025	12.8%	10.5%
Share of profit from equity-accounted investees	7.2	0.3	n/a	n/a
Adjusted EBITDA	606	516	17.5%	21.3%
Adjusted EBITDA margin	52.4%	50.3%	-	55.4%[5]

Revenue of $1,157 million is up 12.8% year-on-year, broadly in line with throughput growth.

Our share of profit from equity-accounted investees increased to $7.2 million due to a stronger performance in Europe.

Adjusted EBITDA was $606 million, 17.5% ahead of the same period last year due to strong throughput growth which helped drive adjusted EBITDA margin to 52.4%.

Like-for-like revenue growth at constant currency was 11.0% ahead of the prior year and adjusted EBITDA improved by 21.3%. Like-for-like adjusted EBITDA margins stood at 55.4%. Like-for-like revenue growth was marginally behind throughput growth due to non-container revenue growth lagging containerised revenue growth.

The UAE delivered a solid performance in the first half with containerised revenue growing by 13.1% and non-container revenue by 9.5% as the economy in the UAE and wider region remained robust. Growth continued to be driven by tourism and logistics, while the benefits of the Expo 2020 are still to come.

Investment in our terminals in this region in the first six months of the year was $318 million. This investment was focused across the Middle East and Europe terminals including Jebel Ali (UAE), DP World London Gateway Port (UK) and Yarimca (Turkey).

Asia Pacific and Indian Subcontinent

The Asia Pacific and Indian Subcontinent region reported a much stronger performance relative to the prior period as trade volumes recovered and currency volatility stabilised.

Results before separately disclosed items	1H14	1H13	% change	like-for-like % change
USD million				
Consolidated throughput (TEU ‘000)	2,411	2,469	(2.4%)	16.5%
Revenue	190	192	(1.1%)	21.9%
Share of profit from equity-accounted investees	54	53	1.7%	21.3%
Adjusted EBITDA	130	122	6.8%	29.7%
Adjusted EBITDA margin	68.4%	63.3%	-	65.5%[5]

Revenue was $190 million, 1% lower on a reported basis due to the monetisation of Hong Kong but up 21.9% on a like-for-like basis as we saw a recovery in both intra-Asia trade and Indian subcontinent due to the more stable political environment.

Our share of profit from equity-accounted investees at $54 million rose 21.3% on a like-for-like basis mainly due to the strong performance in China and South Korea.

Adjusted EBITDA of $130 million was 6.8% higher than the same period last year, reflecting the recovery in revenue, which also aided adjusted EBITDA margin to rise to 68.4%. Like-for-like adjusted EBITDA rose 29.7% while like-for-like adjusted EBITDA margin stood at 65.5%.

Australia and Americas

Our terminals in the Australia and Americas region delivered a robust financial performance despite modest throughput growth in the first six months of 2014.

Reported results before separately disclosed items	1H14	1H13	% change	like-for-like % change
USD million				
Consolidated throughput (TEU ‘000)	1,231	1,187	3.7%	3.7%
Revenue	312	292	6.9%	9.7%
Share of profit from equity-accounted investees	(9.5)	(4.0)	(n/a)	(n/a)
Adjusted EBITDA	122	100	22.0%	19.8%
Adjusted EBITDA margin	39.0%	34.2%	-	38.6%[5]

Revenue grew by 6.9% to $312 million, as containerised revenue per TEU rose 6.6%. The loss from equity-accounted investees increased to $9.5 million due to a softer performance in Australia.

Adjusted EBITDA was $122 million, up by 22% on the prior period due to cost efficiencies and strong growth in higher margin ancillary revenues.

Like-for-like total revenue growth at constant currency was 9.7% ahead of the prior year whilst adjusted EBITDA increased 19.8%.

Net finance costs

Net finance cost for the six months was lower than the prior period at $140 million (2013: $154.5 million) due to lower interest expense coupled with an increased cash balance.

Taxation

DP World is not subject to income tax on its UAE operations. The tax expense relates to the tax payable on the profit earned by overseas subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which they operate. For the first six months of the year, DP World's income tax expense before separately disclosed items was $60 million (2013: $42 million).

Profit attributable to non-controlling interests (minority interest)

Profit attributable to non-controlling interests (minority interest) before separately disclosed items was $40.4 million, (2013: $31.6 million) ahead of the comparable period due to a generally stronger performance in Europe.

Separately disclosed items

DP World reported separately disclosed items of $9.2 million, representing the profit on settlement of the final consideration relating to the acquisition of additional interest in a subsidiary.

Earnings per Share (EPS)

As at 30 June 2014, EPS after separately disclosed items was 41.1 US cents. This is lower than the comparable period, as 2013 benefitted from the monetisation in Hong Kong. EPS before separately disclosed items was 40.0 US cents, 26% growth on prior year. Like-for-like EPS growth stood at 40.8%.

Net Debt

As at 30 June 2014 our net debt was $2.3 billion compared to $2.4 billion in 1H 2013. Gross debt rose to $5.8 billlion due to the issuance of the $1 billion convertible bond. Bank balances and cash increased to $3.5 billion, as the proceeds from the convertible are yet to be deployed.

Long-term corporate bonds totaled $3.25 billion made up of a $1.75 billion 30 year unsecured MTN due in 2037 and a $1.5 billion 10-year unsecured sukuk due in 2017. In addition we have a $1.0 billion convertible bond due in 2024 and $1.8 billion of debt at the subsidiary level.

Leverage (net debt to adjusted annualised EBITDA) stands at 1.6 times.

Dividends

It is our current dividend policy that not less than 20% of our profit for the year attributable to owners of the Company (after separately disclosed items) will be distributed as dividends.

Dividends in respect of the full year 2014 will be proposed at the time of the preliminary results in March 2015.

Mohammed Sharaf
Group Chief Executive Officer

Yuvraj Narayan
Group Chief Financial Officer