DP WORLD

Press Release

DP World Announces Robust Financial Results Revenue Growth of 14.4% in First Half of 2018

Dubai, United Arab Emirates, 16 August 2018: Global trade enabler DP World today announces robust financial results for the six months to 30 June 2018. On a reported basis, revenue grew 14.4% and adjusted EBITDA increased by 7.9%. Adjusted EBITDA margin was 50.3%, delivering profit attributable to owners of the Company, before separately disclosed items[1], of $593 million and EPS of 71.5 US cents. On a like-for-like basis, revenue grew 3.0% and adjusted EBITDA increased by 4.2% with adjusted EBITDA margin of 54.4%, and attributable earnings to owners of the Company increased up by 5.2%, reflecting the stable trading environment.

Results before separately disclosed items[1] unless otherwise stated	**1H2018**	**1H2017**	**As reported % change**	**Like-for-like at constant currency % change[2]**
USD million				
Gross throughput[3](TEU '000)	35,620	33,997	4.8%	6.0%
Consolidated throughput [4](TEU '000)	18,576	17,870	4.0%	4.5%
Revenue	2,626	2,295	14.4%	3.0%
Share of profit from equity-accounted investees	88	60	45.9%	17.2%
Adjusted EBITDA[5]	1,322	1,225	7.9%	4.2%
Adjusted EBITDA margin[6]	50.3%	53.4%	-	54.4%[7]
Profit for the period	629	682	(7.9%)	2.4%
Profit for the period attributable to owners of the Company	593	606	(2.1%)	5.2%
Profit for the period attributable to owners of the Company after separately disclosed items	642	543	18.1%	-
Basic earnings per share attributable to owners of the Company (US cents)	71.5	73.0	(2.1%)	5.2%
Basic earnings per share attributable to owners of the Company after separately disclosed items (US cents)	77.3	65.5	18.1%	-

Results Highlights

- **Revenue of $2,626 million (Revenue growth of 14.4% on reported and 3.0% on like-for-like basis)**

1 Before separately disclosed items (BSDI) primarily excludes non-recurring items. DP World reported a profit in separately disclosed items of $48 million.

2 Like-for-like at constant currency is without the new additions at Berbera (Somaliland), Limassol (Cyprus), Drydocks World (UAE), Dubai Maritime City (UAE), Cosmos Agencia Marítima (Peru), Reyser (Spain); the discontinuation of Doraleh (Djibouti), Saigon (Vietnam), ISS (Pakistan); and normalizes for the consolidation of DP World Santos (Brazil).

3 Gross throughput is throughput from all consolidated terminals plus equity-accounted investees.

4 Consolidated throughput is throughput from all terminals where the Group has control as per IFRS.

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

6 The adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue, including our share of profit from equity-accounted investees.

7 Like-for-like adjusted EBITDA margin.

- Revenue growth of 14.4% supported by the volume growth across all three regions and the impact of new acquisitions including Drydocks World LLC (Drydocks), Dubai Maritime City (DMC) and Cosmos Agencia Marítima (CAM).
- Like-for-like revenue increased by 3.0% driven by a 4.6% increase in total containerized revenue.
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- **Adjusted EBITDA of $1,322 million and adjusted EBITDA margin of 50.3% (Like-for-like adjusted EBITDA margin at 54.4%)**
  - Adjusted EBITDA grew 7.9% and EBITDA margin for the half year at 50.3%. Like-for-like adjusted EBITDA grew 4.2% with a margin of 54.4%.
  - EBITDA margin declined due to the consolidation of lower margin Maritime services businesses.

- **Profit for the period attributable to owners of the Company of $593 million**
  - Profit attributable to owners of the Company before separately disclosed items dropped 2.1% on a reported basis but grew 5.2% on a like-for-like basis.
  - Profit declined due to the deconsolidation of Doraleh (Djibouti) and consolidation of DP World Santos (Brazil), which remains in ramp up stage.

- **Strong Cash generation and robust balance sheet**
  - Cash from operating activities remains strong at $979 million in 1H2018, slightly lower than $1,010 million in 1H2017.
  - Leverage (Net debt to annualised adjusted EBITDA) increased to 2.9 times from 2.6 times at 1H2017.
  - DP World was again upgraded by the rating agency Moody's from Baa2 to Baa1 with a stable outlook following the one notch upgrade in 2016. Fitch Ratings also upgraded DP World from BBB to BBB+ in July 2017. Both rating agencies have upgraded DP World by two notches in 2 years.

- **Continued investment in long-term assets and expansion into complementary sectors**
  - Capital expenditure of $439 million invested across the portfolio during the first half of the year.
  - Capital expenditure guidance for 2018 remains unchanged at up to $1.4 billion with investments planned into UAE, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt) and London Gateway (UK).
  - The acquisition of Drydocks, which closed in the beginning of 2018, is performing in line with expectations and we have seen increased contribution to our revenue line. At 1H2018, non-containerized revenue accounted for approximately 37% of total revenue, up from 31% in 1H2017.
  - Furthermore, DP World continued to invest in complementary sectors and acquired three more strategic assets – the integrated multimodal logistics players Continental Warehousing Corporation (CWC) in India, Cosmos Agencia Marítima in Peru, and the Unifeeder Group in Denmark, which operates the largest container common user feeder and growing shortsea network in Europe. Also, we have signed a 20-year concession to build and operate a modern logistics hub outside of Bamako, the capital and largest city of the Republic of Mali.
  - Aside from our investments in complementary sectors, we recently won a 30-year concession for the management and development of a greenfield port project at Banana in the Democratic Republic of the Congo, which despite being Africa's third-most populous country, currently has no direct deep-sea port.

- **Global trade continues to grow but outlook is uncertain**
  - The first half of 2018 continues to see an upswing in global trade with all three regions delivering growth however geopolitical headwinds and recent changes to trade policies continue to pose uncertainty for the container market.
  - We continue to focus on delivering operational excellence and maintaining our disciplined approach to investment to ensure we remain the port operator of choice as well as strengthening our product offering to play a wider role in the global supply chain as a trade enabler.

DP World Group Chairman and CEO, Sultan Ahmed Bin Sulayem, commented:

"DP World is pleased to report like-for-like earnings growth of 5.2% in the first half of 2018 and attributable earnings of $593 million. Adjusted EBITDA grew 7.9% to $1,322 million with margins at 50.3% on a reported basis and 54.4% on a like-for-like basis. This robust performance has been delivered in an uncertain trade environment, once again highlighting our operational excellence and the resilience of our portfolio.

"We have made good progress in delivering our strategy of strengthening our portfolio of complementary and port related business with approximately $1,400 million[8] worth of acquisitions announced recently. These acquisitions offer strong growth opportunities and enhance DP World's presence in the global supply chain as we continue to diversify our revenue base and look at opportunities to connect directly with the owners of cargo and aggregators of demand.

"Our balance sheet remains strong and we continue to generate high levels of cash flow, 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. Going forward, we aim to integrate our new acquisitions and we continue to extend our core business into port-related, maritime, transportation and logistics sectors with the objective of removing inefficiencies in global trade, improving the quality of our earnings and driving returns.

"The near-term trade outlook remains uncertain with recent changes in trade policies and geopolitical headwinds in some regions continuing to pose uncertainty to the container market. However, the robust financial performance of the first six months also leaves us well placed for 2018 and we expect to see increased contributions from our recent investments in the second half of the year."

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8 This number includes acquisition of the Unifeeder Group (Denmark) post 30 June 2018.

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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.

Group Chairman and CEO Statement

The first half of 2018 witnessed growth in global trade and all three DP World regions saw robust volume performance reinforcing our strategy to operate a diversified portfolio with a focus on faster growing markets and origin and destination cargo. The financial performance also remained robust with reported revenue growth of 14.4% driven by the volume growth as well as our recent acquisitions, and adjusted EBITDA of $1,322 million. The profit attributable to owners of the Company was slightly lower at $593 million but on a like-for-like basis our earnings grew 5.2%[9].

In 2018, we have undertaken strategic acquisitions in complementary and port-related businesses, and we believe these assets not only provide growth opportunities but importantly add stickiness to some of our existing port volumes. These new businesses either perform a critical role in cargo connectivity that allows shipping lines to be operationally efficient and or remove inefficiencies in the supply chain for the cargo owner, which enables trade to grow faster.

In India, we have partnered with the National Investment and Infrastructure Fund (NIIF) to create an investment platform to invest in ports, terminals, transportation and logistics businesses in India. As part of this partnership, we acquired 90% of Continental Warehousing Corporation (CWC)[10] which is a leading integrated multimodal logistics provider of Warehousing, Container Freight Stations (CFS), Inland Container Depots (ICD), Private Freight Terminals (PFT) and integrated logistics solutions. Furthermore, in Peru we acquired the fully integrated logistics service business Cosmos Agencia Marítima that offers end-to-end solutions to its customers along with a 50% stake in a terminal in the Port of Paita, which is the second largest container terminal in the country. In Europe, we recently announced the acquisition of the Unifeeder Group (Denmark), which operates the largest and most densely connected common user container feeder and an important and growing shortsea network in Europe and serves both deep-sea container hubs and the intra-Europe container freight market.

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9 This excludes new developments and acquisitions, discontinuation of existing operations in Djibouti, which was illegally seized by the Government of Djibouti, and normalized for consolidation of businesses and currency effects.
10 Subsequent to the period end.

In addition to these investments in complementary sectors, we continue to invest in our core business of marine container port terminals including the winning of the 30-year concession for the management and development of the greenfield port project at Banana in Democratic Republic of the Congo (DRC), which will be the first deep-sea port in the country despite being Africa's third-most populous country. Furthermore, within our existing portfolio, $439 million of capital expenditure has been invested mainly focused within UAE and Ecuador. The capital expenditure guidance for 2018 remains unchanged at up to $1.4 billion to be invested in UAE, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt) and London Gateway (UK).

Our focus in the near term is to continue to manage our growth capex in a disciplined manner and to integrate the new acquisitions. Being financially disciplined has served us well over the years and it remains a priority. Our balance sheet remains strong with leverage of 2.9 times and cash on the balance sheet of $1,512 million, giving us the flexibility to continue to seek growth opportunities in port and other related maritime markets, should they become available at attractive prices.

Although we have been diversifying our revenue base into complementary sectors in recent acquisitions, container terminal business will remain our core business and we aim to continue to add capacity in key growth markets 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.

Group Chief Financial Officer's Review

DP World delivered a steady set of financial results in the first half of 2018 and continued strong cash generation with profit attributable to owners of the Company at $593 million. Our adjusted EBITDA was $1,322 million, while our adjusted EBITDA margin was diluted to 50.3% due to a mix change effect as lower margin businesses have now been consolidated into our portfolio. We expect this trend to continue as we add more asset-light logistics business. Reported revenue grew by 14.4% to $2,626 million, supported by the strong volume growth across all three DP World regions.

It is worth noting that our 1H2018 financials are impacted by the consolidation of DP World Santos (Brazil), which was previously treated as an equity-accounted investee and the deconsolidation of Doraleh (Djibouti). As always, we provide a like-for-like analysis which is a truer reflection of the underlying business performance. Under a like-for-like basis, first half 2018 revenues grew by 3.0% while consolidated volumes grew by 4.5%, resulting in a like-for-like adjusted EBITDA growth of 4.2% with like-for-like margins of 54.4% and a 5.2% increase in profit attributable to owners of the Company before separately disclosed items.

Like-for-like revenue growth was mainly driven by a 4.6% improvement in total containerized revenue, particularly containerized stevedoring revenue, which increased by 5.1% on a like-for-like basis. Total revenue per TEU dropped 1.5% on a like-for-like basis due to a less favourable volume mix and a slight drop in non-containerized revenue .

During the first half of 2018, we have drawn $680 million from our revolving credit facility to finance the acquisitions of CWC in India and CAM in Peru and our leverage increased to 2.9 times as we have taken on debt from the acquisition of Drydocks (UAE) and the consolidation of DP World Santos (Brazil). Nevertheless, we are still comfortable that our leverage provides us with the flexibility to support growth either in our existing business or new opportunities should they become available at attractive prices. Furthermore, DP World was again upgraded by the rating agency Moody's from Baa2 to Baa1 with a stable outlook following the one notch upgrade in 2016. Fitch Ratings also upgraded DP World from BBB to BBB+ in July 2017, thus both rating agencies have upgraded DP World by two notches in two years.

Furthermore, we have also invested $439 million capex mainly in UAE and Ecuador and the guidance for the year remains unchanged at up to $1.4 billion to be invested in UAE, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt) and London Gateway (UK).

Middle East, Europe and Africa

Results before separately disclosed items	**1H2018**	**1H2017**	**% change**	**Like-for-like at constant currency % change**
USD million				
Consolidated throughput (TEU '000)	11,535	11,183	3.1%	6.6%
Revenue	1,845	1,597	15.5%	2.7%
Share of profit from equity-accounted investees	19	9	112.8%	105.6%
Adjusted EBITDA	950	945	0.5%	(0.1%)
Adjusted EBITDA margin	51.5%	59.2%	-	57.0%[11]

Market conditions in the Middle East, Europe and Africa region have been mixed. While our terminals in Europe saw strong performances, UAE volumes have remained broadly flat. Consolidated volumes in the EMEA region grew at 3.1% year-on-year in the first half on a reported basis and 6.6% on a like-for-like basis which normalizes for the discontinuation of our operations at Doraleh (Djibouti), which was illegally seized by the Government of Djibouti. Reported revenue in the region grew 15.5% to $1,845 million, aided by the recent acquisitions of Drydocks and Dubai Maritime City in the UAE as non-containerized revenue grew 42.2%. On a like-for like basis, revenue grew 2.7% as total containerized revenue grew 5.8% driven by a 7.8% improvement in containerized other revenue.

Adjusted EBITDA was $950 million, remaining broadly flat, while adjusted EBITDA margin dropped to 51.5% due to the less favourable cargo mix and recent acquisitions. Like-for-like adjusted EBITDA growth at constant currency was broadly flat (-0.1%) while like-for-like adjusted EBITDA margins stood at 57.0%.

We invested $276 million in the region, mainly focused on capacity expansions in UAE, Sokhna (Egypt) and London Gateway (UK) port and park.

Asia Pacific and Indian Subcontinent

Results before separately disclosed items	**1H2018**	**1H2017**	**% change**	**Like-for-like at**

11 Like-for-like adjusted EBITDA margin.

USD million				constant currency % change
Consolidated throughput (TEU '000)	5,048	5,000	1.0%	2.1%
Revenue	351	335	4.6%	4.6%
Share of profit from equity-accounted investees	65	61	6.5%	0.1%
Adjusted EBITDA	275	229	20.2%	17.7%
Adjusted EBITDA margin	78.5%	68.3%	-	79.1%[12]

Markets conditions in the Asia Pacific and Indian Subcontinent region were stable. Volumes grew 1.0% on a reported basis and 2.1% on a like-for-like basis. Revenue growth of 4.6% was ahead of volume growth due to strong containerized other revenue growth of 5.6% and non-containerized revenue growth of 6.0%. Share of profit from equity-accounted investees remined broadly flat on a like-for-like basis.

Adjusted EBITDA of $275 million was 20.2% higher than the same period last year on a reported basis and 17.7% on a like-for-like basis while the like-for-like adjusted EBITDA margin improved to 79.1%. The EBITDA margins have improved due to a focus on higher margin cargo coupled with the release of provisions no longer required to carry forward.

Capital expenditure in this region during the year was $23 million, mainly focused on Pusan (South Korea).

Australia and Americas

Reported results before separately disclosed items USD million	1H2018	1H2017	% change	Like-for-like at constant currency % change
Consolidated throughput (TEU '000)	1,994	1,687	18.2%	(0.3%)
Revenue	431	363	18.7%	2.9%
Share of profit from equity-accounted investees	4	(10)	136.9%	200.3%
Adjusted EBITDA	166	140	18.6%	(5.3%)
Adjusted EBITDA margin	38.7%	38.7%	-	40.9%[13]

Market conditions have been mixed and reported volumes grew by 18.2% but remained broadly flat on a like-for-like basis once normalized for the consolidation of DP World Santos. Revenues grew by 18.7% on a reported basis boosted by the acquisition of Cosmos Agencia Marítima in Peru and the consolidation of DP World Santos. Profit from equity-accounted investees recorded a gain of $4 million,

12 Like-for-like adjusted EBITDA margin.

13 Like-for-like adjusted EBITDA margin.

up by 136.9% on a reported basis due to the consolidation of DP World Santos (Brazil) and higher share profit from JV terminals.

Adjusted EBITDA was $166 million, up 18.6% mainly due to the new acquisitions and the consolidation of DP World Santos. However, like-for-like revenue growth at constant currency was up 2.9% and like-for-like adjusted EBITDA dropped by 5.3%, reflecting the mixed performance in the region.

We invested $108 million capital expenditure in this region mainly focused in Posorja (Ecuador).

Cash Flow and Balance Sheet

Cash generation remained strong with cash from operations standing at $979 million in 1H2018. Our capital expenditure reached $439 million across the portfolio as we invested in new capacity in UAE and Ecuador.

Gross debt rose to $8,976 million from $7,739 at 31 December 2017. Net debt was also higher at $7,464 million compared to $6,255 million at year end of 2017 despite higher cash on the balance sheet in 1H2018 of $1,512 million as the acquisition of Drydocks and the consolidation of DP World Santos came with debt. Our balance sheet shows leverage (net debt to annualized adjusted EBITDA) of 2.9 times.

Overall, the balance sheet remains strong with ongoing strong cash generation and plenty of headroom and flexibility to add to our portfolio should favourable assets become available at attractive prices.

Capital Expenditure
Consolidated capital expenditure in the first half of 2018 was $439 million, with maintenance capital expenditure of $19 million. We expect the full year 2018 capital expenditure to remain unchanged at up to $1.4 billion to be invested in UAE, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt) and London Gateway (UK).

Net finance costs before separately disclosed items
Net finance cost for the six months was higher than the prior period at $229 million (1H2017: $166 million) mainly due to higher debt.

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 $106 million (1H2017: $76 million).

Profit attributable to non-controlling interests (minority interest)
Profit attributable to non-controlling interests (minority interest) before separately disclosed items was $35 million below the comparable period (1H2017: $76 million) due to discontinuation of our operations in Djibouti as part of the illegal seizure of the Government of Djibouti.

Separately disclosed items

DP World reported a profit in separately disclosed items of $48 million, mainly representing the change in the fair value of the convertible bond option.

Earnings per share (EPS)
As at 30 June 2018, basic EPS after separately disclosed items was 77.3 US cents. Basic EPS before separately disclosed items was 71.5 US cents, representing a 2.1% decline year-on-year.

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 2018 will be proposed at the time of the preliminary results in March 2019.

Sultan Ahmed Bin Sulayem **Group Chairman and Chief Executive Officer**	**Yuvraj Narayan** **Group Chief Financial Officer**

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About DP World:
DP World [14] is a leading enabler of global trade and an integral part of the supply chain. We operate multiple yet related businesses – from marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions.
We have a portfolio of 78 operating marine and inland terminals supported by over 50 related businesses in over 40 countries across six continents with a significant presence in both high-growth and mature markets. We aim to be essential to the bright future of global trade, ensuring everything we do has a long-lasting positive impact on economies and society.
Our dedicated team of over 36,000 employees from 103 countries cultivates long-standing relationships with governments, shipping lines, importers and exporters, communities, and many other important constituents of the global supply chain, to add value and provide quality services today and tomorrow.
Container handling is the company's core business and generates more than three quarters of its revenue. In 2017, DP World handled 70.1 million TEU (twenty-foot equivalent units) across our portfolio. With its committed pipeline of developments and expansions, the current gross capacity of 88.2 million TEU is expected to rise to more than 100 million TEU by 2020, in line with market demand.
By thinking ahead, foreseeing change and innovating we aim to create the most productive, efficient and safe trade solutions globally.

[14] As of February 2018