

# Group Chairman and Chief Executive Officer's Statement

## Our vision is bold – to Lead the Future of World Trade

Every day at DP World is spent working to remove inefficiencies from the global supply chain. Every day we strive to create value for every one of our stakeholders.

In 2016, our global network of 78 marine and inland cargo terminals, plus our growing portfolio of trade-enabling infrastructure and services, allowed us to move decisively towards this vision.

Indeed, it is my great pleasure to report that we have delivered another strong set of financial results. A key milestone was achieved – our earnings surpassed the \$1 billion mark for the first time. Our revenue grew 4.9% to \$4,163 million, while our adjusted EBITDA margin<sup>2</sup> reached a new high of 54.4%, reflecting the Jebel Ali Free Zone acquisition and increased contribution from higher margin locations. Encouragingly, our volumes grew ahead of the market and we continued to deliver value for our shareholders with return on capital ("ROCE")<sup>3</sup> increasing to 9.5% from 7.9% in 2015.

It is all the more satisfying that this robust performance came despite multiple challenges in the global macro-economic environment. International trade growth continued at the historically low levels experienced since the financial crisis, with much discussion about protectionism and increasing trade barriers. Emerging market economies were affected by reduced commodity valuations, including oil. The strength of the dollar affected some exporters, especially in dollar-pegged markets, and global economic growth overall remained sluggish. We have witnessed similar pressures affect the container industry before; volumes have continued to grow, and our expectations for 2017 are for further growth.

We would not have been able to record another strong performance without the commitment and contribution of our talented employees. On behalf of the Board, I would like to thank each and every member of the DP World family for their dedication and hard work, and for their creative thinking and continuous capacity for improvement and invention, without which our ongoing success would not be possible.

## Smart Trade for a Prosperous Future

Our purpose as a business is to think ahead, to create value for all and to leave a positive legacy. We offer all our stakeholders – shareholders, customers, partners and employees – ways to make trade smarter, faster, safer and more profitable, and in the process help to drive world trade. We have identified unique strategic opportunities around the world, resulting in a global portfolio of assets offering innovative trade solutions to enhance the movement of resources globally, creating both economic and social benefits. Our purpose, coupled with our strategy of diversification across developed and emerging geographic markets, has allowed us to be successful despite these global economic challenges. Our focus on forward-planning and sustainable development, and a belief in the capacity of innovation to overcome trade barriers, has led to increased financial returns for our shareholders.

In difficult economic times, we believe it is important to constantly review our portfolio and business model to ensure that it can withstand the various challenges. Given the consistent performance of our assets, we believe that we are on the right track. Disciplined investment has been one of the keys to delivering consistent growth and in 2016 we invested \$1,298 million across our portfolio in markets with strong demand and supply dynamics. Globally we added approximately 5 million TEU of new gross capacity during 2016 to take total capacity to 84.6 million TEU. By the end of 2017, we anticipate that we will have approximately 89 million TEU of capacity across our portfolio and our aim is to be operating over 100 million TEU of capacity by 2020, subject to demand. In 2017, we plan to add further capacity in a number of different locations to serve our customers better; from Jebel Ali (UAE), Prince Rupert (Canada), Berbera (Somaliland), Dakar (Senegal) to London Gateway (UK).

Over recent years we have invested in various "beyond the gate" logistic businesses, such as Jebel Ali Free Zone and inland terminals. These complementary businesses have not only delivered solid financial returns but have also improved the quality of our revenues. Our aim is to continue to add complementary or related services at both existing and new locations to further diversify and strengthen our business. London Gateway is a great example of our diversified growth strategy in action, given the recent significant win of our first Asia-Europe service, and the continued strong progress in the development of our 859,000m<sup>2</sup> logistics park.

## Our Values



We challenge, innovate and dare to be great.

We embrace change and have the courage to do things differently.



We believe in respect for all.

We welcome and value a wide-range of opinions and ideas.



We are in tune with global risks and opportunities.

We provide a learning environment to help our people reach their full potential.



We take pride in being a responsible global citizen.

Together we make a positive difference to our world and our future.

### Strategic Partnerships and Portfolio Consolidation

We believe in the significant medium to long term growth potential of the ports and terminals sector. I believe challenging markets can be a time of opportunity. To capitalise on these growth opportunities, we formed some important partnerships during the year.

We entered into a joint venture with the Russian Direct Investment Fund, one of Russia's largest infrastructure investors, setting up DP World Russia with the aim of identifying and exploiting new terminal and port facilities in the country. We also opened up access to new capital via a \$3.7 billion joint investment platform with Caisse de Dépôt et Placement du Québec ("CDPQ") of Canada, one of the largest pension funds in the world. This innovative transaction was seeded by our two Canadian assets – the terminals at Vancouver and Prince Rupert – with CDPQ acquiring a 45% stake for \$640 million. The deal further strengthens our balance sheet and will give us flexibility to pursue opportunities in the ports and terminals universe.

- 2 the adjusted EBITDA margin is calculated by dividing EBITDA (Earnings Before Interest, Taxation, Depreciation & Amortisation) by revenue, and includes our share of profit from joint ventures and associates.
- 3 Return on Capital employed ("ROCE") is EBIT (Earnings Before Interest and Taxation) before separately disclosed items as a percentage of total assets less current liabilities.

**Sultan Ahmed Bin Sulayem**  
Group Chairman and Chief Executive Officer





In addition to forming partnerships, we also looked to create value for our shareholders through further consolidation in our portfolio, acquiring an additional 23.94% stake in Pusan Newport Company Limited ("PNC") in South Korea. This increased our shareholding to 66.03%, consolidating Pusan Port in our portfolio, where the DP World terminal has a capacity of 5.25 million twenty foot equivalent units ("TEU") in the world's sixth largest port.

A fuller analysis of our strategic objectives and key measurement criteria can be found on pages 18 to 21.

#### Judicious Financing Supports Growth Prospects

We always review our finances so we have the ability to take advantage of opportunities as they become available. During the course of the year, we successfully refinanced \$1.1 billion of our 2017 Sukuk with a new 7-year 3.9% Sukuk, which extended our debt maturity profile while also providing new capital at significantly improved terms. This award-winning transaction was the region's largest corporate Sukuk since 2014, the first ever Sukuk tender offer and the first use of TEU containers as the underlying asset.

We also raised £650 million 20-year and 30-year multi-tranche term financing for London Gateway Port, which was placed with pension funds, insurance companies and financial institutions, and CA\$ 603 million 7-year bank loan for the Canadian business. This further extends our debt maturity profile, reduces our refinancing risk and leaves us with a strong balance sheet. The strength and resilience of our business was also recognised through credit rating upgrades by Fitch and Moody's. These developments are discussed in greater detail in the report of our Group Chief Financial Officer.

A fuller analysis of our financial performance can be found in the Chief Financial Officer's Review on pages 28 to 29.

#### Long-term Priorities for a Better Future

Sustainability is at the heart of everything we do at DP World. We believe that a long-term outlook and responsible attitude to business are the only ways to ensure our future corporate success.

We aim to be sustainability leaders, both in and outside our industry and through our global sustainability programme, 'Our World, Our Future'. We are working to integrate sustainability into every aspect of our business. Our World, Our Future is a major long-term investment for us, promoting best practice and innovation in sustainability around the world, while measuring and reporting on our progress. We are committed to investing in our people, protecting our environment, ensuring the highest safety standards and building a vibrant, secure and resilient society. The 'Sustainability' section details the progress that we have made during 2016 in these four areas on pages 38 to 49.

Safety is paramount for us. It is our duty to make sure our employees return home safely to their families each day. It is our duty to protect all visitors to our businesses across the globe. But the cargo-handling environment can be a dangerous one. Our safety record has improved significantly in recent years and through our controls and training we had around 20% fewer injuries in 2016. But tragically we lost four people at our facilities during the year. Any loss of life on our watch is unacceptable and our mission is zero harm for all those who enter our premises around the world. We continue to invest in making our operations as safe as possible, we set policies and guidelines that reflect international best practice and we track their application across our global operations, empowering our managers to continuously promote a safety culture at DP World.

We also use our global leadership position to work together with other companies in the ports and logistics sector. As members of the United for Wildlife transport taskforce, we have taken a lead in addressing the illegal wildlife trade, which is worth \$5 billion – \$20 billion a year. Combatting wildlife trafficking is part of our wider commitment to leading our industry in developing innovative measures that address global security risks.

#### Robust Corporate Governance

Good corporate governance and good corporate performance are intrinsically linked. We have developed good corporate governance practices and integrated them into the DP World business model; this forms the blueprint to achieving our vision as a group – to Lead the Future of World Trade. The corporate governance report can be found on page 52.

Our Board is at the centre of our governance framework. During the year we reviewed our governance practices and acted to strengthen the Board by increasing the number of Independent Non-Executive Directors. The improved diversity and the new balance of skills and experience will only serve to benefit the Company.

Abdullah Ghobash was appointed as an Independent Non-Executive Director. A banker with many years' experience in finance and banking, he is a member of the Nominations and Governance Committee.

Mohamed Al Suwaidi was appointed as an Independent Non-Executive Director. He is an experienced financier and businessman who chairs the Nominations and Governance Committee and is a member of the Remuneration Committee.

Finally, I would like to extend a special welcome to the first female Board member of DP World, underlining our commitment to diversity at all levels of the Group. Nadya Kamali was appointed as an Independent Non-Executive Director. She has over 23 years' experience in information technology, IT governance, compliance and risk management. She is Chair of the Audit Committee.

Jamal Majid bin Thaniah, who has been with the Group since joining Dubai Ports in 1981, announced his retirement at the start of January 2017. Jamal made a significant contribution to the success of the Group and I would like to thank him for his years of dedication and service to the Group.

At the AGM held in April 2016, the Shareholders appointed me to the position of Group Chief Executive Officer in addition to my role as Group Chairman. Since I became Chairman in 2007, I have been proud to lead DP World, and I look forward to maintaining our drive to even greater success. I am grateful for the support and dedication of the Board, which has the correct balance of skills and expertise to drive the long term success of the Company.

Full biographies of Board members and information on their responsibilities can be found on pages 52 to 55.

### Dividend

The board is recommending a final dividend of USD315.4 million or 38.0 cents per share, an increase of 26.7%, reflecting a sustainable step- change in our earnings. Subject to Shareholder approval, the dividend will be paid on 04 May 2017 to Shareholders on the Register at close of business on 28 March 2017.

### Leading the Future of World Trade

Creative thinking, new ideas, improvements, disruptions – this is what we look for in each of our employees at DP World. We are constantly striving for new and original ways to move cargo around the world, to be more productive, to bring our customers and partners efficiency gains to reduce their costs. We are investing in all forms of innovation, from our in-house ideas platform innoGate to Hyperloop One, an innovation that could potentially disrupt our sector. This reflects our willingness and enthusiasm to embrace change and welcome disruption as positive forces for transformation, in what has been described as the Fourth Industrial Revolution.

The ability to absorb new and innovative thinking, and to see it through to execution and implementation, is what distinguishes world-class companies from the mediocre. We see it as part of our legacy to infuse a philosophy of innovation throughout DP World's operations. It must be one of the keystones of our future.

This new year has started on a promising note with current trading in line with expectations. I have no doubt that 2017 will present us with ongoing challenges including macro-economic and global geo-political uncertainties. Nevertheless, I believe we are well positioned to continue to deliver growth. We will maintain our policy of flexibility, growing capacity only in line with genuine market demand. We are well placed to take advantage of investment opportunities when they arise anywhere in the world, and always have our eye on the strategic direction and purpose of our Company.

There are exciting times ahead. Our position as a leader of world trade ensures that we will be at the cutting edge of developments in global commerce. We have grown with our customers, our partners, our shareholders and employees – and look forward to doing so for many years to come. There remains a world of opportunity out there for us to travel together. Let us embark on the next stage of our journey.



### Sultan Ahmed Bin Sulayem

Group Chairman and Chief Executive Officer  
23 March 2017