Group Chief Financial Officer Review
Another successful year

Financially, 2016 has been another successful year for DP World and we have delivered a strong set of results, with profit attributable to owners of the Company growing 27.6% to $1,127 million. Adjusted EBITDA[4] was $2,263 million, while adjusted EBITDA margins reached a new high of 54.4%, beating our medium-term target of 50%+ adjusted EBITDA margins. Reported revenue grew by 4.9% to $4,163 million.

On a like-for-like basis, 2016 revenues grew 1.3%, driven by 2.3% growth in containerised revenue. Non-container revenue declined 1.1% on a like-for-like basis following a strong performance in 2015. This resulted in like-for-like adjusted EBITDA growth of 6.6%; like-for-like adjusted EBITDA margin of 52.6% and like-for-like EPS growth of 6.2%.

Revenue growth continues to outperform volume growth which illustrates that our portfolio continues to deliver pricing power even in challenging markets.

Middle East, Europe and Africa

Results before separately disclosed items	2016	2015	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)[5]	**21,279**	21,556	(1.3%)	(1.9%)
Revenue	**3,071**	2,911	5.5%	1.9%
Share of profit from equity-accounted investees	**18**	10	86.1%	37.4%
Adjusted EBITDA	**1,791**	1,612	11.2%	5.6%
Adjusted EBITDA margin	**58.3%**	55.4%	–	57.7%[6]

4 EBITDA means Earnings Before Interest, Taxation, Depreciation and Amortisation.
5 Consolidated throughput is throughput from all terminals where we have control under IFRS.
6 Like-for-like adjusted EBITDA margin.

Market conditions in the Middle East, Europe and Africa ("MEEA") region were mixed. Portfolio growth (outside of the UAE) was strong; Europe continued to outperform, mainly driven by the ramp up at London Gateway. Volumes in UAE were down 5.3% at 14.8 million TEU in 2016, reflecting a reduction in lower-margin cargo, which decelerated in the fourth quarter with volumes marginally down 0.7% year-on-year. Overall, revenue in the region grew 5.5% to $3,071 million on a reported basis, aided by the acquisition of Jebel Ali Free Zone, which is performing in line with expectations despite challenging markets.. Like-for-like containerised revenue per TEU was up by 4.5% and total revenue per TEU was up by 3.9%.

Adjusted EBITDA was $1,791 million, 11.2% ahead of the same period last year, mostly due to the full-year contribution of the Jebel Ali Free Zone, while adjusted EBITDA margin rose to 58.3%. Like-for-like revenue and adjusted EBITDA growth on 2015 at constant currency was 1.9% and 5.6% respectively. Like-for-like adjusted EBITDA margins stood at 57.7%.

We invested $1,058 million in the region during the year. Investment was focused across the Middle East and Europe, including Jebel Ali (UAE), Jebel Ali Free Zone (UAE), London Gateway (UK) and Yarimca (Turkey).

Asia Pacific and Indian Subcontinent

Results before separately disclosed items	2016	2015	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	**4,957**	4,870	1.8%	1.8%
Revenue	**433**	414	4.6%	8.3%
Share of profit from equity-accounted investees	**125**	111	12.7%	17.7%
Adjusted EBITDA	**317**	281	12.6%	17.2%
Adjusted EBITDA margin	**73.0%**	67.8%	–	73.7%[7]

7 Like-for-like adjusted EBITDA margin.

Markets conditions in the Asia Pacific and Indian Subcontinent region were generally positive. Volume growth of 1.8% was driven by the Indian Subcontinent terminals as the region benefited from new capacity in Mumbai (India) and a favourable trading environment.

Revenue growth of 4.6% to $433 million on a reported basis and 8.3% on a like-for-like basis was stronger than volume growth due to an improvement in containerised revenue per TEU, which grew 9.6% on a like-for-like basis. Our share of profit from equity-accounted investees rose 12.7% to $125 million mainly due to strong performance in China and South Korea.

Adjusted EBITDA of $317 million was 12.6% higher than the same period last year, while the adjusted EBITDA margin increased to 73.0%. Like-for-like growth was stronger at 17.2% as currency fluctuations adversely impacted top-line growth.

Capital expenditure in this region and Indian Subcontinent during the year was $81 million, mainly focused on capacity expansion in Mumbai (India).

Australia and Americas

Results before separately disclosed items	2016	2015	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	**3,003**	2,684	11.9%	(6.0%)
Revenue	**659**	642	2.6%	(6.1%)
Share of profit from equity-accounted investees	**6.4**	(68.0)	109.4%	31.7%
Adjusted EBITDA	**293**	190	54.5%	6.0%
Adjusted EBITDA margin	**44.5%**	29.5%	–	41.4% [8]

8 Like-for-like adjusted EBITDA margin.

Market conditions in the Australia and Americas region has been challenging in 2016. Volatile currency and weaker commodity prices led to softer economic growth in this region. Reported volumes grew by 11.9%, benefiting from the full-year contribution of Prince Rupert (Canada). Revenues grew 2.6% to $659 million. Profit from equity-accounted investees was $6.4 million, with year-on-year improvement driven by foreign exchange gains in Brazil.

Adjusted EBITDA was $293 million, 54.5% ahead of the prior year mainly due to the acquisition of Prince Rupert, foreign exchange gains in Brazil and improved performance in equity-accounted investees. Like-for-like throughput volumes were down by 6.0%, like-for-like total revenue growth at constant currency was down 6.1%, but like-for-like adjusted EBITDA improved 6.0% on the prior period, reflecting strong cost controls. We invested $156 million capital expenditure in our terminals across this region during the year, mainly focused in Prince Rupert (Canada).

Cash Flow and Balance Sheet

It has been a busy year for refinancing as we successfully refinanced $1.1 billion of our 2017 Sukuk with a new seven-year 3.908% Sukuk, which extended our debt maturity profile while also providing new capital at significantly improved terms. Furthermore, we raised £650 million 20 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 seven-year bank loan for the Canadian business. This further extends the debt maturity profile and reduces the refinancing risk of DP World. The credit agencies Fitch and Moody's also recognised the strength and resilience of our business and upgraded our long term issuer rating to BBB from BBB- and Baa2 from Baa3 respectively with stable outlook.

Cash generation remained strong with cash from operations standing at $2,002 million for 2016. Our capital expenditure reached $1,298 million as we delivered new capacity in Jebel Ali (UAE), London Gateway (UK), Yarimca (Turkey), Antwerp (Belgium) and Mumbai (India). Gross debt fell slightly to $7,618 million in 2016 from $7,670 million at 31 December 2015. Net debt was slightly higher at $6,319 million in 2016 compared to $6,234 million in 2015 as the cash on the balance sheet at 31 December 2016 of $1,299 million was lower due to capital expenditure. Our year-end balance sheet shows leverage (net debt to adjusted EBITDA) decreased to 2.8 times from 3.2 times at 31 December 2015. Overall, the balance sheet remains strong with ongoing strong cash generation and we have plenty of headroom and flexibility to add to our portfolio should favourable assets become available at attractive prices.

Capital Expenditure

Capital expenditure in 2016 was $1,298 million, with maintenance capital expenditure of $170 million. The total spend was in line with our guidance of $1,200 – 1,400 million as we maintain our disciplined approach to deploying capital and postponed Terminal 3 expansion at Jebel Ali (UAE). We expect 2017 capital expenditure to be around $1,200 million and we look forward to adding further capacity at Jebel Ali (UAE), Prince Rupert (Canada), Berbera (Somaliland), Dakar (Senegal) and London Gateway (UK).

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