Another successful year

2017 has been another successful year for DP World as Group revenue grew 13.2% to $4,715 million and our adjusted earnings before interest, taxes, depreciation and amortisation (“EBITDA”) increased by 9.1% to $2,469 million resulting in an EBITDA margin of 52.4%, maintaining our medium-term target of margins at 50% and more.

We continue to make good progress on our revenue diversification strategy as containerised revenue now accounts for approximately 70% of Group revenues compared to approximately 80% in 2014. This is despite a 24% absolute growth in containerised revenue during this period and we expect this trend to continue as we estimate non-container revenue share to grow to approximately 40% of Group revenues by the end of 2018.

Middle East, Europe and Africa

In 2017, the market conditions in the Middle East, Europe and Africa (“EMEA”) region improved as the container volumes at Jebel Ali port (UAE) continue to recover and our terminal at London Gateway (UK) won the prestigious Asia-Europe container line service from the THE Alliance, which is one of the three major shipping alliances formed since April 2017. Consolidated container throughput in the EMEA region grew by 7.6% year-on-year to 22.9 million TEU (twenty-foot equivalent units) driven by strong performance in Europe and recovery in UAE.

Overall, revenue in the region grew 6.9% to $3,284 million benefiting from container volume growth but also aided by the performance of Jebel Ali Free Zone as non-containerised revenue grew 7.1%. Adjusted EBITDA was $1,918 million, up 7.1% compared to 2016, benefiting from the improved trading environment in the UAE and the new services at London Gateway. On a like-for-like basis, revenue grew 4.8%, adjusted EBITDA increased by 6.3% and EBITDA margins rose to 59.2%.

In 2017, we invested $836 million of capital expenditure in the region, which was mainly focused on the capacity expansions at Jebel Ali port (UAE), Jebel Ali Free Zone (UAE) and London Gateway (UK).

Asia Pacific and Indian Subcontinent

Markets conditions in the Asia Pacific and Indian Subcontinent region were generally positive. Asia Pacific performance was relatively stronger with moderate growth In India due to our high levels of utilisation at key locations. Container volume growth of 102.1% was boosted by the consolidation of Pusan (South Korea), therefore the like-for-like growth of 2.4% is a better reflection of the performance in the region.

Overall, revenue in the region grew 6.9% to $1,433 million benefiting from container volume growth but also aided by the performance of Jebel Ali Free Zone as non-containerised revenue grew 7.1%. Adjusted EBITDA was $317 million, up 6.3% compared to 2016, benefiting from the improved trading environment in the UAE and the new services at London Gateway. On a like-for-like basis, revenue grew 3.7%, adjusted EBITDA increased by 13.0% and EBITDA margins rose to 59.2%.

In 2017, we invested $317 million of capital expenditure in the region, which was mainly focused on the capacity expansions at Jebel Ali port (UAE), Jebel Ali Free Zone (UAE) and London Gateway (UK).
Similarly, revenue growth of 54.2% to $668 million was boosted by the consolidation of Pusan, therefore, like-for-like revenue growth of 6.1% is a better reflection of the financial performance, which was ahead of volume growth as non-containerised revenue grew at 8.0% and the price for lifting a container (stevedoring revenue per TEU) also grew 4.6% on a like-for-like basis. Our share of profit from equity-accounted investees (joint ventures) dropped 6.3% from $125 million in 2016 to $117 million in 2017 because Pusan was consolidated and no longer included. However, on a like-for-like basis JV profit grew 13.0% due to the strong performance of our joint ventures in Asia Pacific.

On a like-for-like basis, adjusted EBITDA grew 11.7% and the adjusted EBITDA margin stood at 65.7%. Capital expenditure in this region during the year was $88 million, which was invested in capacity expansions at Pusan (South Korea), Mumbai (India), Mundra (India) and Karachi (Pakistan).

**Australia and Americas**

Market conditions in the Australia and Americas region also improved and volumes grew by 18.8%, benefiting from stronger volumes in the Americas. Strong volume growth prompted 15.6% revenue growth but adjusted EBITDA dropped slightly from $293 million in 2016 to $292 million in 2017 due to less favourable foreign exchange movements in Brazil\(^3\). This also impacted our profit from equity-accounted investees, which recorded a loss of $15 million compared to a gain of $6 million in 2016, however, on a like-for-like at constant currency basis, JV income was up by 39.7%.

Like-for-like revenue growth at constant currency was up 11.6% and like-for-like adjusted EBITDA improved by 7.9%, reflecting a good performance in the region. Furthermore, we invested $164 million of capital expenditure in the region, mainly in our terminal at Prince Rupert (Canada).

**Cash Flow and Balance Sheet**

In 2017, DP World generated $2,412 million in cash from operations while gross debt increased to $7,739 million compared to $7,618 million at the end of 2016. However, net debt was lower at $6,255 million compared to $6,319 million in 2016 as the cash on the balance sheet was higher in 2017 at $1,484 million due to the partial monetisation of our Canadian assets as part of the Caisse de dépôt et placement du Québec ("CDPQ") investment partnership. Furthermore, our leverage (net debt to adjusted EBITDA) decreased to 2.5 times from 2.8 times at 31 December 2016. Overall, the balance sheet remains strong with robust and continuous cash generation and our partnerships with CDPQ, Russian Direct Investment Fund ("RDIF") and the National Investment and Infrastructure Fund (NIIF) of India, which gives us the flexibility to expand our portfolio should favourable assets become available at attractive prices. The continued strength and resilience of our business was also recognised by the credit rating agency Fitch in 2017 as they upgraded our Long-Term Issuer Default Rating ("IDR") to BBB+ from BBB with stable outlook following the upgrade in 2016 from BBB- to BBB.

**Capital Expenditure**

In 2017, our capital expenditure reached $1,090 million across the portfolio as we invested in new capacity in Jebel Ali port (UAE), Jebel Ali Free Zone (UAE), London Gateway (UK), Prince Rupert (Canada) and Berbera (Somaliland) amongst others. Maintenance capital expenditure stood at $113 million.

The capital expenditure in 2017 was below our guidance of $1,200 million as we maintain our disciplined approach to deploying capital. We expect 2018 capital expenditure to be up to $1,400 million and we look forward to adding further capacity in UAE, Pusan (South Korea), and Maputo (Mozambique).

Yuvraj Narayan
Group Chief Financial Officer
22 March 2018

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3 Like-for-like adjusted EBITDA margin.
4 DP World Santos (Brazil) was reported as a JV up until November 2017.