

Media Release

DP WORLD



DP WORLD ANNOUNCES FINANCIAL RESULTS

Adjusted EBITDA growth of 17.7% in 2019

Dubai, 11 March 2020: DP World announces robust financial results for the year ended 31 December 2019. On a reported basis, revenue grew 36.1% and adjusted EBITDA increased 17.7% with adjusted EBITDA margin of 43%, delivering profit attributable to owners of the Company, before separately disclosed items, of \$1,328 million, up 4.6% and EPS of 160.0 US cents.

Results Highlights

Ø Revenue of \$7,686 million

- Revenue growth of 36.1% driven by acquisitions including P&O Ferries (UK), Topaz Energy & Marine (UAE) and the two terminals in Chile (Puerto Central and Puerto Lirquen) as well as the full year impact from Continental Warehousing Corporation (India), Cosmos Agencia Maritima (Peru) and Unifeeder (Denmark), and the consolidation of Australa region.
- Like-for-like revenue increased by 2.3% driven by 16.0% growth in non-container revenue.

Ø Adjusted EBITDA of \$3,306 million and adjusted EBITDA margin of 43.0%

- Adjusted EBITDA grew 17.7% and achieved an EBITDA margin for the full year of 43.0%.
- Like-for-like adjusted EBITDA margin was at 49.6%.

Ø Profit for the period attributable to owners of the Company of \$1,328 million

- Strong adjusted EBITDA growth resulted in a 4.6% increase in profit attributable to owners of the Company before separately disclosed items on a reported basis and 5.4% growth on a like-for-like basis at constant currency.

Ø Strong cash generation and robust balance sheet

- Cash from operating activities was \$2,462 million.
- Free cash flow (post cash tax maintenance capital expenditure and pre-dividends) amounted to \$2,058 million.
- Leverage (Adjusted Net Debt to adjusted EBITDA) at 3.9 times. Pre IFRS 16 leverage stands at 3.4 times.

Ø Proposed Total dividend per share of 40 US cents

- Proposed ordinary dividend of 40 US cents which is broadly in line with historic pay-out ratio.

Ø Bond Transaction Executed at Record Levels

- Raised \$2.3bn through issuance of long-term bonds at record low rates to remove refinancing risk.
- Further strengthens balance sheet and offers financial flexibility.

Ø Continued Investment Across the Portfolio

- Ports & Terminals investments include two new terminals in Chile (Puerto Central and Puerto Lirquen) and consolidation of terminals in Australa.
- Logistics investment includes acquisition of Pan-European logistics platform of P&O Ferries and Marine logistics operator, Topaz Marine & Energy.
- Capital expenditure of \$1,146 million invested across the existing portfolio.
- In 2019, gross global capacity was at 91.8 million TEU. Consolidated capacity was at 54.2 million TEU.
- Capital expenditure guidance for 2020 is up to \$1.4 billion with investments planned in UAE, Prince Rupert (Canada), London Gateway (United Kingdom), Jeddah (Saudi Arabia), Callao (Peru), Sokhna (Egypt) and Berbera (Somaliland).
- Posorja, the only deep-water port in Ecuador with capacity of 750k TEU opened on time and on budget.
- 30-year concession renewal at Jeddah Islamic Port, largest port and hub that connects East-West cargo in the Kingdom of Saudi Arabia.

Ø Global trade outlook uncertain

- Global trade outlook remains uncertain due to supply chain disruption caused by Covid-19 outbreak.
- We continue to focus on maintaining our disciplined approach to investment to deliver integrated supply chain solutions to cargo owners.
- Looking ahead into 2020, we will focus on integrating our recent acquisitions and managing costs to protect profitability.

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

"DP World is pleased to report like-for-like earnings growth of 5.4% in 2019 and attributable earnings of \$1,328 million. Adjusted EBITDA grew 17.7% to \$3,306 million with margins at 43.0% on a reported basis and 49.6% on a like-for-like basis. This performance has been delivered in an uncertain trade environment, once again highlighting the resilience of our portfolio.

We have continued to make progress on our strategy to deliver integrated supply chain solutions to cargo owners and have focused our efforts on building end-to-end capabilities for several verticals including the Automotive, Oil & Gas and FMCG industries. We are pleased to state that cargo owners have responded positively, and we are now delivering efficient solutions to our customers, which bodes well for the future.

More recently, after much deliberation, DP World has taken the decision to announce its plans to de-list its equity from the stock exchange and return to private ownership. The strength and resilience that our business continually demonstrates throughout the cycles is due to the investment the Group has made over the years in response to changes in our industry. Our ability to adapt and change has been the key to our success, and we must continue to evolve for continued success. We believe this long-term approach to business is not aligned with the short term thinking of equity markets and consequently the next stage of DP World's development will take place as a private company.

"Following the planned delisting, the leverage on the balance sheet will rise temporarily but we are confident of de-leveraging as we remain committed to a strong investment grade rating in the medium term. The business continued to generate high levels of cash flow and combined with more disciplined investment and potential capital recycling, we have enough flexibility to maintain a strong balance sheet. Our immediate focus is to integrate our acquisitions and explore synergies with the objective of providing a range of smart end-to-end solutions which will improve the quality of our earnings and drive returns.

"The near-term outlook remains a cause for concern with global trade disputes, Covid-19 outbreak and regional geo-politics, causing disruption to trade. However, DP World is well positioned to respond in the short term by focusing on disciplined investment and managing the cost base to protect profitability. Overall, we remain positive on the medium to long term outlook of the industry.

Finally, the Board of DP World recommends a dividend of \$332.0 million at 40 US cents per share, which is in line with past policy of maintaining a payout ratio of at least 20%."

URL: <http://www.dpworld.com/news/dp-world-announces-financial-results/>

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