DP World Limited

Update

Ratings

DP World Limited
Foreign Currency

Long-Term IDR	BBB-
Senior unsecured	BBB-
Short-Term IDR	F3

DP World Sukuk

Senior unsecured	BBB-

Outlooks

Foreign-Currency Long-Term IDR	Stable

Financial Data

DP World Limited

	31 Dec 11	31 Dec 10
Revenue (USDm)	2,978	3,078
Operating EBITDAR (USDm)	1,606	1,537
Op. EBITDAR/revenues (%)	53.9	49.9
FFO (USDm)	860	893
Free cash flow (USDm)	128	39
FFO/interest coverage (x)	2.92	3.49
Debt/EBITDA (x)	5.92	6.27
Net debt/EBITDA (x)	2.78	4.23
Adjusted net debt/op. EBITDAR (x)	3.75	4.96
Adjusted leverage/FFO (x)	6.31	6.55
Adjusted net leverage/FFO (x)	3.75	4.92

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Key Rating Drivers

Strong Market Position: DP World Limited's (DPW) ratings reflect its strong position in terms of gross twenty-foot equivalent units (TEU) throughput as one of the four largest global container terminal port operators, which dominate the industry. Its market share at end-2011 was maintained at around 10%. DPW's portfolio of assets is geographically diversified, yet focused on high-growth emerging markets, important in an export-driven, albeit cyclical industry.

Strategic Locations: Terminals are located close to key markets and enable DPW to focus on origin and destination cargoes. These make DPW less subject to competition, ensure improved pricing power and tend to generate higher and more stable margins. While DPW's throughput and EBITDA are concentrated at Dubai's Jebel Ali port and therefore highly sensitive to economic developments in the region, Jebel Ali is the key gateway to the Middle East and also serves India and Africa.

Net Leverage Constrains Rating: At end-2011 lease-adjusted net debt/EBTDAR was around 3.75x. Despite the monetisation of its Australian assets, substantial capex planned in 2012 and 2013 is likely to increase net leverage towards 4.5x in both years. In Fitch's view this represents the upper limit for the company at the current 'BBB−' rating level.

Capex Intensive but Flexible: DPW intends to materially increase capex to around USD3.7bn in 2012-2014. This will allow it to expand existing terminals including Jebel Ali (USD850m) and build new developments such as London Gateway (USD1.6bn). Investment is vital for DPW to adapt to changing vessel sizes, win concessions and maintain market share. However, a large proportion of this capex is flexible, particularly where capex relates to a terminal's superstructure such as cranes. Committed capex at end-2011 was around USD538m.

Uncertain Industry Fundamentals: Fitch Ratings expects further improvements in trading volumes and EBITDA margins given export-led growth in emerging economies, albeit at a slower pace than the past few years. This combined with the group's liquidity, should support the company's capex plans. However, despite some resilience shown in 2009, DPW is highly susceptible to macroeconomic trends and the state of the troubled container shipping industry.

Standalone Credit Profile: DPW's ratings include no support or constraint from its ultimate parent, the Dubai state. The agency believes DPW's ties with Dubai are only moderate given the absence of guarantees and the adequate ring-fencing evidenced in the debt restructuring of its direct parent company, Dubai World.

What Could Trigger a Rating Action

Increase in Leverage: Net adjusted debt/EBITDAR or FFO net adjusted leverage in excess of 4.5x for a sustained period is likely to place pressure on the ratings. In the event of further downward revisions to global GDP growth, the agency would expect DPW to moderate or defer capex plans in line with the company's stated intention to be disciplined in its capex spending.

Liquidity and Debt Structure

Strong Liquidity: Cash totalled USD4.1bn as of end-December 2011, bolstered by the USD1.5bn cash proceeds generated from the monetisation of its Australian assets in Q111. The company has announced it will use this cash to repay its fully drawn USD3bn revolving credit facility due in October 2012. This will be replaced with a five-year USD1bn revolving credit facility.

Peer Group

BBB-	
DP World Limited	United Arab Emirates
Not rated by Fitch	
Hutchison Port Holdings	Hong-Kong
PSA International	Singapore
APM Terminals	Netherlands

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
8 Mar 12	BBB-	Stable
23 Mar 11	BBB-	Stable

Snapshot Profile: Major Issuer-Specific Rating Factors and Trends

Rating factor	Status[a]	Trend
Operations	Strong	Neutral
Market position	Strong	Neutral
Finances	Average	Neutral
Governance	Average	Neutral
Geography	Average	Improving

[a] Relative to peer group
Source: Fitch

Related Criteria

Corporate Rating Methodology (August 2011)

Immediate Peer Group – Comparative Analysis

Sector Characteristics

Operating Risks

The container terminal ports industry is a highly cyclical, capital intensive and competitive sector that is heavily dependent on global trading volumes and regional and global economic, financial and political conditions. The industry is dominated by a small number of large operators, the four largest of which are Hutchinson Port Holdings (HPH), PSA International (PSA), A.P. Møller - Mærsk and DPW. Collectively these account for around 45% of the global total gross throughput and capacity. High barriers to entry exist for new entrants. Fitch expects further trading volumes growth, following the cyclical lows of 2009, but future growth will be at a slower pace than pre-crisis levels.

Financial Risks

Global container port operators proved fairly resilient and remained profitable during the last financial crisis, benefiting from a flexible cost structure. The need for substantial capex for asset acquisitions or expansionary development projects can lead to periods of low or even negative free cash flow (FCF) as well as high leverage levels.

Peer Group Analysis

FY11	DPW BBB-/Stable	HPH Trust[a] Not Rated	PSA International Not Rated	APM Terminals Not Rated
Ports	60	52	29	55
Countries	31	26	17	64
Gross throughput (TEUm)	54.7	21.9	57.1	n.a.
Consolidated throughput (TEUm)	27.5	n.a.	n.a.	33.5
Revenues (USDm)	2,978	1,586	3,416	4,682
EBITDA (USDm)	1,308	956	1,809	1,059
EBITDA margin (%)	43.9	60.2	53.0	22.6
Net debt/EBITDA	2.78	2.88	1.32	n.a.

[a] Revenues and EBITDA are on a proforma basis as calculated by Fitch
Source: Fitch, companies

Key Credit Characteristics

The factors that differentiate container port terminal companies' credit profiles are scale (based on throughput) and location of ports, market share, concessionary-model versus landlord ownership structure, and business and financial strategy. Leverage, coverage, and profitability margins are among the key quantitative rating factors that differentiate ratings.

Overview of Companies

DPW – is the world's fourth largest container port operator with a diversified portfolio of assets in higher growth emerging markets but a high concentration in Dubai. The group's high leverage levels reflect its aggressive expansion and acquisition record.

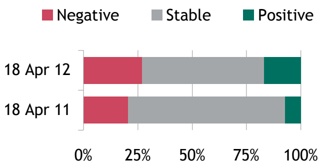
HPH Trust – is a subsidiary of Hutchison Wampoa group's Hong-Kong based HPH, which is the largest global terminal operator by total container throughput (72.7m TEU in FY10). HPH Trust benefits from its strong position in China, the busiest trading region, and continues to benefit from the highest margins among its peers.

PSA International – indirectly owned by the state of Singapore, PSA International has a portfolio of 29 ports in 17 countries. Ownership of PSA's flagship Singapore port, the world's second largest container port, is a competitive advantage. Strong operating margins and low leverage enhance its credit profile but revenues are concentrated in the Far East.

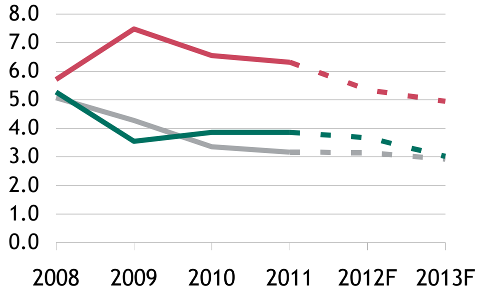
APM Terminals – is a subsidiary of Danish conglomerate A.P. Møller – Mærsk which also owns the world's largest container shipping company. The company's low EBITDA margins compared to its peer group reflect its higher exposure to western ports.

DP World Limited Transportation Median Developed BBB- Median
Source: Company data; Fitch

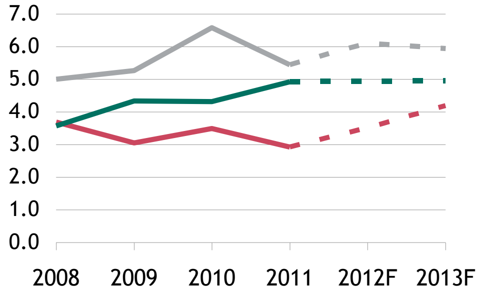
Distribution of Sector Outlooks
Directional Outlooks and Rating Watches



Leverage (Gross debt/EBITDAR)
including Fitch expectations



Interest Cover
including Fitch expectations



Fitch's expectations are based on the agency's internally produced, conservative rating case forecasts. They do not represent the forecasts of rated issuers individually or in aggregate. Key Fitch forecast assumptions include:

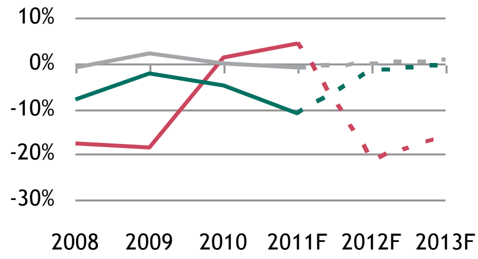
- turnover CAGR of around 3.6% 2011-2013;
- EBITDA margins of around 44% (including profits from equity-accounted investees);
- capex of USD3.7bn between FY12-14, of which USD1.4bn in FY12 and USD1.4bn FY13;
- net acquisitions of around USD200m per annum.

Debt Maturities and Liquidity at 31 Dec 2011

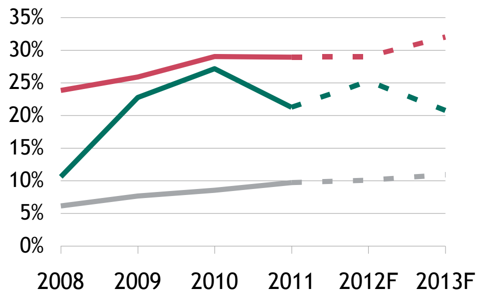
Debt maturities	(USDm)
2012	3,171
2013	608
2014	181
2015	166
After 2015	3,564
Cash and equivalents	4,106
Undrawn committed facilities	0

Source: Fitch

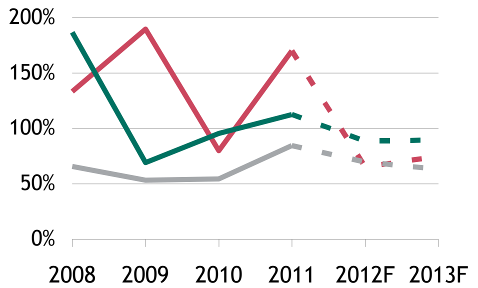
FCF/Revenues
including Fitch expectations



FFO Profitability
including Fitch expectations



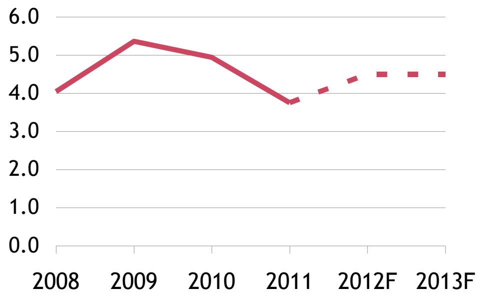
Capex/CFO
including Fitch expectations



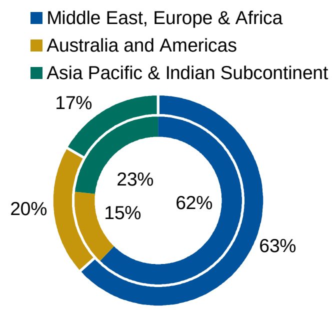
Definitions

- Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.
- Interest cover: FFO plus gross interest paid plus preferred dividends divided by gross interest paid plus preferred dividends.
- FCF/revenue: FCF after dividends divided by revenue.
- FFO profitability: FFO divided by revenue.
- For further discussion of the interpretation of the tables and graphs in this report see Fitch's "*Interpreting the New EMEA and Asia-Pacific Corporates Credit Update Format*" Special Report, dated 25 November 2009 and available at www.fitchratings.com.

Net Leverage (Net debt/EBITDAR)
including Fitch expectations



FY11 Segmental Split
Outer ring: Revenue
Inner ring: EBITDA



DP World Limited
FINANCIAL SUMMARY

	31 Dec 2011 USDm Original	31 Dec 2010 USDm Original	31 Dec 2009 USDm Restated	31 Dec 2008 USDm Original
Profitability				
Revenue	2,978	3,078	2,821	3,283
Revenue Growth (%)	(3.25)	9.11	(14.07)	20.21
Operating EBIT	879	782	668	966
Operating EBITDA	1,308	1,240	1,082	1,338
Operating EBITDA Margin (%)	43.92	40.29	38.36	40.76
FFO Return on Adjusted Capital (%)	8.75	8.52	7.57	9.16
Free Cash Flow Margin (%)	4.30	1.27	(18.54)	(17.85)
Coverages (x)				
FFO Gross Interest Coverage	2.92	3.49	3.04	3.69
Operating EBITDA/Gross Interest Expense	3.45	3.03	2.97	3.83
FFO Fixed Charge Coverage (inc. Rents)	2.15	2.36	2.13	2.32
FCF Debt-Service Coverage	0.16	0.56	(0.19)	(0.57)
Cash Flow from Operations/Capital Expenditures	1.67	1.25	0.53	0.75
Debt Leverage of Cash Flow (x)				
Total Debt with Equity Credit/Operating EBITDA	5.92	6.27	7.37	4.05
Total Debt Less Unrestricted Cash/Operating EBITDA	2.78	4.23	4.68	3.15
Debt Leverage Including Rentals (x)				
Annual hire lease rent costs for long-term assets (reported and/or estimate)	298	297	288	302
Gross Lease Adjusted Debt/Operating EBITDAR	6.31	6.60	7.50	4.78
Gross Lease Adjusted Debt /FFO+Int+Rentals	6.31	6.55	7.47	5.70
FCF/Lease Adjusted Debt (%)	1.26	0.38	(5.09)	(7.48)
Debt Leverage Including Leases and Pension Adjustment (x)				
Pension and Lease Adjusted Debt /EBITDAR + Pension Cost	6.31	6.57	7.47	4.76
Liquidity				
(Free Cash Flow+Available Cash+Committed Facils)/(ST Debt + Interest) (%)	129.06	419.44	343.19	715.81
Balance Sheet Summary				
Cash and Equivalents (Unrestricted)	4,106	2,520	2,910	1,204
Restricted Cash and Equivalents	53	0	0	0
Short-Term Debt	3,180	351	495	223
Long-Term Senior Debt	4,562	7,420	7,474	5,197
of which subordinated debt	0	0	0	0
Equity Credit	0	0	0	0
Total Debt with Equity Credit	7,742	7,771	7,969	5,420
Off-Balance-Sheet Debt	2,384	2,373	2,301	2,417
Lease-Adjusted Debt	10,126	10,144	10,270	7,837
Fitch- identified Pension Deficit	0	0	0	0
Pension Adjusted Debt	10,126	10,144	10,270	7,837
Cash Flow Summary				
Operating EBITDA	1,308	1,240	1,082	1,338
Gross Cash Interest Expense	(447)	(359)	(357)	(291)
Cash Tax	(73)	(82)	(69)	(92)
Associate Dividends	161	137	147	96
Other Items before FFO (incl. interest receivable)	(89)	(43)	(73)	(269)
Funds from Operations	**860**	**893**	**730**	**782**
Change in Working Capital	(57)	239	(293)	167
Cash Flow from Operations	**803**	**1,132**	**437**	**949**
Total Non-Operating/Non-Recurring Cash Flow	0	0	0	(18)
Capital Expenditures	(481)	(902)	(828)	(1,265)
Dividends Paid	(194)	(191)	(132)	(252)
Free Cash Flow	**128**	**39**	**(523)**	**(586)**
Net (Acquisitions)/Divestitures	1,448	0	(142)	(802)
Net Equity Proceeds/(Buyback)	0	0	0	0
Other Cash Flow Items	39	(232)	(179)	14
Total Change in Net Debt	1,615	(193)	(844)	(1,374)
Working Capital				
Accounts Receivable Days	28	31	35	28
Inventory Days	13	12	14	11
Accounts Payable Days	39	40	40	33

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.