Agenda

Section

1. Introduction & overview
2. UK two-port strategy
3. London Gateway Port update
4. Logistics Park update
5. Positioned for growth
Introduction & overview
DP World London Gateway: Established, reaching critical mass

**London Gateway Port** is now proven

- **Freehold** port, 25 miles from central London
- **Deepwater**, tri-modal, adjacent to a logistics park
- **Reliable, future-proofed** infrastructure (semi-automated / automated)
- **Scalable**, 3 operational berths, readily expanded to 6 homogenous berths

**London Gateway Logistics Park** is a valuable real-estate asset, positioning LG as a major logistic hub

- **9.25million ft²** developable land under umbrella planning regime (LDO)
- Port/Park combination enables LG and DPW to further integrate in to the supply chain.
Why? **Proximity to market = supply chain savings**
How & What: **Delivery of complex infrastructure on budget**

- Hugely complex, including Government negotiations
- Environmental credentials (largest translocation, 74Ha compensation sites etc.)
- Deepwater with 80km dredge / 27m cubic metres
- Offsite connections (road & 25km rail track)
- Delivered on-time & under Budget
Exceed 2015 FY volume (461k TEU)
Aug 2016

Strong Q1: 213k TEU vs 112k TEU in 2015 (+90%)

Closed re-financing
March / June 2016

CMA FAL 23 Regular Asia-Europe call announced
Oct 2016

THE Alliance confirms DPW-UK: LG wins 4 new services
February 2017

July 2017: Updates
DP World in the UK & DP World London Gateway: Key management

DPW - UK

Chris Lewis
- CEO, London Gateway & MD DPW-UK
- 34 years in UK port industry
- MD DPW Southampton
- CEO Hutchison Ports UK (Felixstowe)

Oliver Treneman
- Park Development Director, London Gateway
- Over 25 years in international real-estate
- MD Redwood Group, China
- Senior Operations Director, Prologis

Ian Malcolm
- Finance Director, London Gateway
- Over 20 years in Finance, accountancy & port industry (JP Morgan, PwC, P&O Ports)
- London Gateway Board member since 2010

Andrew Bowen
- Head of Technical (Engineering & IT), London Gateway
- Over 25 years experience in port planning, design, supervision & project management
- Lead Technical role at LG since 2006

Luis Turbides
- Head of Operations, London Gateway
- 20 years experience in terminal management
- Sealand, CSX World Terminals & DP World
- Head of Operations Embraport & Callao
UK two-port strategy

DP World London Gateway
DP World Capital Markets
Day: DP World London Gateway Update
DP World in the UK: Two-port offering and Park Supply Chain Team

**Market Access**
- Two ports allow alliances to maintain existing markets - grow in new markets
- DP World offer 2 deep water facilities
- Best possible UK coverage for shipping lines and cargo owners
- Aligns with BCO strategy to use 2 ports to minimize risks e.g. weather / congestion
- Extensive logistics facilities available as required

**Service Delivery**
- Best UK terminals for productivity (Shipside & Landside)
- Shortest road distances to London, South East & Midlands (cost advantage)
- Best inland connections by road and rail
- Spare rail capacity available (including network paths)
- Flexibility & Network resiliency
- Supply Chain expertise able to model supply chain savings
Structural change in alliances: **Opportunity for DP World in the UK**

Alliance reshaping created an opportunity for DPW UK – which was captured.

Ex Felixstowe & Southampton
DP World in the UK: **overall objective**

**DPW-UK objectives**
1. Market share aligned with capacity
2. Exceed capacity share
3. Competitive pricing

**UK market dynamics**

- UK: 9.9m TEU (2016 est)
- 2010–16 CAGR: 3.2%
- SE UK market: 6.8m TEU
- 2010–16 CAGR
  - DPWS: 4.6%
  - DPW-UK: 10.0%
- SE-UK capacity utilisation: 69%
- Deep sea capacity utilisation: 75% – 80%

1 Source: DfT/DPW
Berth 3 opened 1\textsuperscript{st} April 2017:
Productive, reliable capacity, with excellent landside performance

3 x deep water berths – 17m chart datum

12 x QCs; 25 across, each crane 2,000 tons, 138m high

Waterside productivity > 30gmph on ULCS; 130+ BMPH

30 ASC modules (10 per berth)

12 Hybrid shuttles

Truck Turn Time average: < 35 mins

More reliable: LG open 99.99% of the time since opening November 2013
Proven ultra-large container ship performance (vessels >1500 moves)
DP World in the UK:
CNS Community System – Customs clearance/Electronic trading
DP World in the UK:
**CNS Community System – Customs clearance/Electronic trading**

**Imports example:**

1) Manifest subset is sent to terminal when received from the shipping line

2) Customs entries can be submitted prior to vessel arrival

3) Vessel arrival prompts customs processing (95% cleared within 15 mins)

4) Customs clearance or hold/exam message sent to shipping line, forwarder, terminal for each consignment or container

5) ‘Container landed’ message (COARRI) sent to shipping line in real time

6) ‘Container out-gate’ message (CODECO) sent to shipping line in real time

7) Other holds are sent to line and forwarder as appropriate

8) Rail messaging (train discharge/load lists) sent between rail operator (FreightLiner, DB Cargo) the terminal
DP World in the UK: Supply Chain Visibility

Where’s My Container:

Developed to meet beneficial cargo owner needs (outside the Community System)

- Estimated time of discharge
- Customs status (clear / hold / other e.g. Port Health)
- Container location (Yard / Rail / Inspection)
- Time landed
- Time out-gated (Road / Rail)
- Restitution leg (time returned / empty / full etc.)
- Auto refresh for up to 20 containers

Vehicle Booking System - VBS Premium:

Can handle a list containers (can be imported from Excel)

Interactive system that produces in real time a list of containers that can be booked

e.g. Import Container is customs cleared / released to Haulier
    Export Container is pre-exec’ed into CNS and hence known by Terminal
DP World London Gateway
DP World Capital Markets
Day: DP World London Gateway Update

Logistics Park update
Significant uplift in land values through value creation

Achieving solid rental value:
- Achieving > £8/ft
- London/SE: £7 to £10
- Midlands: £6.50/ft
- Heathrow: £15/ft

Ancillary/complementary services to Port
Developed warehousing with short lead time on new facilities

A unique planning regime
Logistics Park covered by a local development order (LDO)

Granted November 2013

Permitting, subject to a range of controls, a total of 9.25m ft² of commercial floor space

Consent can be granted in less than 28 days

UPS is the first large tenant to benefit – consent granted in 17 days

DP World London Gateway Logistics Centre – 185,000 sq.ft let
Phase 2 (150,000 sqft) ready for letting

316,561 sq. ft.– Ready to occupy. Tenant expected from 1 August

Campus Development – Semi-speculative, 100 – 200,000 sq. ft. buildings – 6 month delivery. Currently proceeding to AFL with tenant
UPS development: **opening Q3/Q4 2017**

UPS parcel sorting hub

**Largest infrastructure investment** outside of the USA. **High-tech**, parcel sorting and distribution facility. On course for **Q3/4 2017 opening**
Positioned for profitable growth
Global connections:

- 16 weekly calls
- Connected to **90 ports, 51 countries**
- Including:
  - China
  - Thailand
  - Vietnam
  - Australia
  - USA
  - South America
  - Mediterranean
  - West Africa
  - Russia
  - India
  - Middle East
The benefits of a two-port strategy & automation: **Volume & margins**

- 2016 saw a significant step-up in EBITDA margins as volume increased beyond break-even
- LG’s EBITDA margins comparatively strong even at relatively low volume/capacity utilisation (0.7m TEU)
- 2017 sees LG increasing labour force ahead of AE-driven volume increase
- Full year benefit of volume, with minimal labour increase drives margins in 2018 onwards
The benefits of a two-port strategy & automation: Pricing & margins

- 2016 saw some unwind/dilution of early discounts, plus good storage revenue in Q4
- THEA volume was contracted at good rates in LG & DPWS
- 2018 and onwards is largely contracted based on long-term contracts with escalation
- The combination of UK pricing & recovery of overheads, plus benefits of semi-automation will drive margins in 2017 onwards.
More than a port: **Freehold asset, supply chain solutions & trade enabler**

- Port & Park is unique
- Port & Park feed off each other: Supply Chain Team & DPW UK Commercial team reinforce each other
- Port is slightly ahead of Park: now a catalytic effect
- Park can push Port to next level

**Critical window: 2016-2019: the basis and platform for success**
In summary
DP World London Gateway: Established, reaching critical mass

DP World London Gateway Port is now a proven product

Clear sustainable advantages over principal competitor:

- Location
- Infrastructure & capacity
- Reliability
- Scalability
- Flexibility (with DPWS)

DP World London Gateway Logistics Park becoming firmly established in its market

- The Port/Park combination in SE England will be unique and a market differentiator

→ Confident of Success
Thank you