Global Ports Holding Plc

Trading Statement for the nine months to 31 December 2021

Global Ports Holding Plc ("GPH" or "Group"), the world's largest independent cruise port operator, today issues a trading update for the period from 1 April to 31 December 2021, which is the first nine months of its new 2022 reporting period to 31 March 2022.

Key Financials[1]	9 months ended 31-Dec-21	9 months ended 31-Dec-20 Restated[8]	YoY Change (%)	3 months ended 31-Dec-21 (Q3)	3 months ended 31-Dec-20 Restated[8]
Total Revenue ($m)	**107.2**	**60.5**	77%	46.1	14.1
Adjusted Revenue ($m)[2]	**28.2**	**10.2**	177%	13.4	3.9
Segmental EBITDA ($m)[4]	**8.1**	**(4.3)**	n/a	6.0	(0.7)
Adjusted EBITDA ($m)[6]	**4.4**	**(8.8)**	n/a	4.9	(3.0)
	31-Dec-21	**31-Mar-21**			
Gross Debt (IFRS)	589.9	548.9	7%		
Gross Debt ex IFRS 16 Finance Lease	**526.0**	**483.0**	9%		
Net Debt ex IFRS 16 Finance Lease	**445.1**	**312.4**	42%		
Cash and Cash Equivalents	80.9	170.7	-53%		

Notes

1. *All $ refers to United States Dollar unless otherwise stated*
2. *Adjusted revenue is calculated as total revenue excluding IFRIC-12 construction revenue at Nassau Cruise Port*
3. *Sum of revenues of consolidated and managed cruise portfolio excluding IFRIC-12 construction revenue at Nassau Cruise Port*
4. *Segmental EBITDA is calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items*
5. *EBITDA allocated to the Cruise segment is the sum of EBITDA of consolidated cruise ports and pro-rata Net Profit of equity-accounted associates La Goulette, Lisbon, Singapore and Venice and the contribution from management agreements*
6. *Adjusted EBITDA calculated as Segmental EBITDA less unallocated (holding company) expenses*
7. *Passenger numbers refer to consolidated and managed portfolio consolidation perimeter; hence it excludes equity accounted associate ports La Goulette, Lisbon, Singapore and Venice.*
8. *Comparative information has been restated, excluding the contribution from Port Akdeniz due to the sale of the entity in January 2021.*

Key Highlights

- Strong acceleration in cruise activity in the third quarter of the current financial year
- The material increase in cruise activity we reported in the half-year results statement has accelerated in the third quarter, with cruise passenger volumes of 1.5 million for the 9M period ended 31 December 2021
- GPH welcomed 1.0 million cruise passengers in the 3M period ended 31 December 2021, the highest level of cruise passengers in a quarter since calendar Q1 2020
- Strong growth in Adjusted Revenue to $28.2m, up 177% from the same period last year, with Cruise Revenue rising by 385% from the same period last year
- Q3 Adjusted Revenue grew 244% from the same period last year, with Adjusted Cruise Revenue growing 542%
- Segmental EBITDA of $8.1m compares to a loss of $4.3m for the same period last year
- Adjusted EBITDA of $4.4m compared to an adjusted EBITDA loss of $8.8m for the same period last year

KPI Highlights[1]	9 months ended	9 months ended	YoY Change	3 months ended	3 months ended

	31-Dec-21	31-Dec-20 Restated[8]	(%)	31-Dec-21	31-Dec-20 Restated[8]
Passengers (m PAX)[7]	1.5	0.04	3760%	1.0	0.03
General & Bulk Cargo ('000 tons)	140.2	25	461%	80.1	6.6
Container Throughput ('000) TEU)	36.4	41.8	-13%	10.5	14.6
Cruise Revenue ex-IFRIC 12 ($m)[3]	**21.6**	**4.5**	385%	11.3	1.8
Commercial Revenue ($m)	**6.5**	**5.7**	14%	2.0	2.1
Adjusted Revenue ($m)[2]	28.2	10.2	177%	13.4	3.9
Cruise EBITDA ($m)[5]	**5.5**	**(6.3)**	n/a	5.2	(1.6)
Commercial EBITDA ($m)	**2.6**	**1.9**	35%	0.8	0.8
Adjusted EBITDA ($m)[6]	4.4	(8.8)	n/a	4.9	(3.0)
Cruise EBITDA Margin (%)	*25%*	*n/a*		*45%*	*n/a*
Commercial EBITDA Margin (%)	*40%*	*34%*		*40%*	*39%*
Adjusted EBITDA Margin (%)	*16%*	*n/a*		*36%*	*n/a*

Cruise

- The increased activity in the third quarter was the result of a significant increase in cruise calls in the period. Fiscal Q3 cruise calls increased by 113% on Q2 and 1559% from the same period last year on a like-for-like basis
- Cruise calls in the quarter were still down 32% compared to the same pre-Covid period in 2019. However, this is a significant improvement compared to -84% at the half-year stage
- Cruise revenue for the third quarter was $9.6m higher than in the same period last year, at $11.3m and Cruise EBITDA was $6.7m higher at $5.2m, representing a Q3 Cruise EBITDA margin of 45%
- Total cruise revenue was $100.7m for the nine months to 31 December 2021. Excluding the impact of IFRIC-12 Construction revenues at Nassau Cruise Port cruise revenue was $21.6m, a significant increase on the $4.5m reported for the nine months to 31 December 2020
- On-board Covid-19 measures continue to impact occupancy rates across the industry negatively. This impact is reflected in passenger volumes, which in Q3 on like-for-like basis were 42% of the passenger volumes for the same period in 2019. Nevertheless, this is a material improvement compared to fiscal H1-2022, were passenger volumes were only 12% of the passenger volumes for the same period in 2019

Commercial

- Total container volumes (TEUs) fell by 13% and General & Bulk volumes grew 461%, driven by volumes in certain low margin cargo items
- Total commercial revenues rose by 14% to $6.5m for the nine months to 31 December 2021 vs $5.7m for the nine months to 31 December 2020

Balance Sheet

At 31 December 2021, IFRS gross debt was $589.9m (Ex IFRS-16 Finance Leases Gross Debt: $526m), compared to gross debt at 31 March 2021 of $548.9m (Ex IFRS-16 Finance Leases Gross Debt: $483.0m). Net debt Ex IFRS-16 finance leases was $445.1m compared to $312.4m as at 31 March 2021. At 31 December 2021, GPH had cash and cash equivalents of $80.9m, compared to $170.6m at 31 March 2021.

The net debt increase of $132.7m in the period was primarily driven by (i) capital expenditure of $83.6m, with $79.5m of this spent on our continued investment into the transformation of Nassau Cruise Port, (ii) the use of the high level of available cash as of 31 March 2021 as a result of the sale of Port Akdeniz in January 2021 for the Eurobond refinancing, and (iii) additional indebtedness at Nassau Cruise Port to finance the investment commitment there. Net cash from operating activities was a negative $11.8m in the period, mainly driven by advance contractor payments for capital expenditure in Nassau.

Net cash from financing activities was a negative $98.5m, reflecting the net impact of our early Eurobond repayment, drawdown on our new loan facility and an additional $55.0m of debt issuance by Nassau Cruise Port as well as $43.1m of interest paid in the period. Interest cash payments during the period were notably higher because the first interest payment date on the May 2020 bond issued by Nassau Cruise Port (current outstanding amount of $134.4m) was June 2021. All future interest at Nassau Cruise Port is to be paid semi-annually.

During the period, GPH entered into a five-year, senior secured loan agreement for up to $261.3m with Sixth Street, a leading global investment firm. The loan agreement provides for two term loan facilities, an initial five-year term facility of $186.3m and an additional five-year growth facility of up to $75.0m. The latter will be key to the continued success of our growth strategy. The first enabled the early repayment in July 2021 of the $250m 8.125% senior secured Eurobond due November 2021 (together with proceeds from the sale of Port Akdeniz).

Other developments

Despite the significant impact of Covid-19 on the cruise industry and our cruise operations, we have continued to deliver on our strategic growth ambitions. GPH added two more cruise ports to its port network during the period. A 20-year concession agreement was signed and operations commenced at Taranto Cruise Port, Italy, and a 20-year lease agreement for Kalundborg Cruise Port, Denmark, was also signed. Ravenna Cruise Port, which accounted for less than 1% of our cruise passenger volumes in calendar 2019, exited the portfolio during the period when the concession agreement came to an end.

The Port Authority of Las Palmas awarded preferred bidder status to Global Ports Canary Islands S.L., an 80:20 joint venture between GPH and our local partner Sepcan S.L., to operate three cruise port concessions in the Canary Islands. This agreement will cover three cruise port concessions: the port of Las Palmas de Gran Canaria, port of Arrecife (Lanzarote) and Puerto del Rosario (Fuerteventura), which will have tenures of 40 years, 20 years and 20 years respectively.

After the period ended, GPH announced that it had been awarded preferred bidder status for a concession agreement with the Tarragona Port Authority for a 12-year concession, with a 6-year extension option, to manage the services for cruise passengers in Tarragona, Spain.

Outlook

Since the end of the first quarter of the financial year, there has been a strong month-on-month acceleration in cruise calls and passenger volumes. This acceleration primarily reflects the continued easing of travel restrictions, the continued strong underlying demand from consumers to return to cruising and the continued increase in fleet deployment from the major cruise lines to match the easing of restrictions and consumer demand.

This continued positive momentum can be seen in our cruise calls for January and February 2022. On a like-for-like basis, they were only 9% below the same period in 2019, with Nassau Cruise Port actually welcoming more ships in February 2022 than in February 2019.

The cruise industry currently expects activity levels to continue to rise, with the industry expecting to reach close to 100% fleet deployment during the summer of 2022. For GPH, current itineraries and fleet deployment schedules from the cruise lines point to a continued pick-up in activity across our network as more cruise ships return to service.

As activity levels continue to increase, cruise ship occupancy levels will be crucial to our financial performance. Occupancy levels remain significantly below long-established historical norms of over 100% and have not materially risen in recent months. In the last few months, concerns around the Omicron variant had a negative impact on cruise ship occupancy levels, with passenger volumes for January and February 2022 59% below the same period in 2019. However, occupancy levels are expected to steadily increase over the next 12 months, trending back towards a run rate of c100% by the end of calendar year 2022.

Longer-term, the outlook for the cruise industry continues to be positive. The passenger capacity of the industry is forecast to grow by 45% by 2027, from 2019 levels. Driven by the 75 cruise ships currently in the cruise ship order book and due for delivery by 2027.

This growth in the number of ships and the size of ships means that many cruise ports will need to invest in their infrastructure in order to be able to accommodate the new ships. There is no better example of this type of investment than GPH's significant investments into Antigua Cruise Port and Nassau Cruise Port. Despite the impact of the Covid-19 pandemic on GPH and the cruise industry, our investment to increase the capacity of these ports and transform the passenger experience has largely continued as planned over the last two years; this demonstrates the commitment of GPH and our partners to our ports and destinations.

Our strategic ambition to grow the number of cruise ports in the network remains a key focus for the board and management. Despite the unprecedented nature of the Covid-19 crisis and its significant impact on our business, we have continued to grow the number of cruise ports in our network. Since the onset of the crisis, we have announced agreements to add eight new cruise ports to the portfolio, a significant achievement in any period. This success stands as a testament to the strength of our operational capabilities and the appeal of our global expertise and operating model to a fragmented global growth industry.

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