Global Ports Holding Plc

Q1 2019 Trading Statement

Q1 2019 results are in line with management expectations with record Q1 Adjusted EBITDA. Outlook for full year remains unchanged.

Global Ports Holding Plc ("GPH Plc" or "Group"), the world's largest independent cruise port operator, today issues a trading update for the period from 1 January to 31 March 2019.

Management are pleased with trading year to date. Operational results are in line with management expectations, with record Q1 Adjusted EBITDA reported for the period. Due to the seasonal nature of the business, the first quarter of the year is always the quietest trading period in particular for cruise, but also for the commercial division. Q1 trading trends do not therefore inform the trend for the full year.

Key Financials & KPI Highlights

	Q1 2019 Reported	Q1 2019 Constant currency[7]	Q1 2018 Reported	YoY Change
Passengers ('000 PAX)[1]	510.0		334.6	52.4%
General & Bulk Cargo ('000 tons)	196.8		480.7	-59.1%
Container Throughput ('000 TEU)	52.4		51.1	2.6%
Total Revenue ($m)[2]	**20.7**	**21.3**	**20.6**	**0.3%**
Segmental EBITDA ($m)[3]	**14.1**	**14.5**	**13.1**	**8.3%**
Segmental EBITDA Margin	68.4%	68.2%	63.3%	
Cruise Revenue ($m)[4]	5.4	5.8	5.2	4.6%
Cruise EBITDA ($m)[5]	**3.5**	**3.8**	**2.3**	**51.7%**
Cruise Margin	64.8%	65.2%	44.6%	
Commercial Revenue ($m)	15.3	15.4	15.4	-1.1%
Commercial EBITDA ($m)	**10.6**	**10.7**	**10.7**	**-1.1%**
Commercial Margin	69.6%	69.6%	69.6%	
Adjusted EBITDA ($m)	**12.4**	**12.7**	**11.4**	**8.6%**
Adjusted EBITDA Margin	59.9%	59.9%	55.4%	
Profit/(Loss) for the period ($m)	(13.8)		(8.8)	57.7%
Underlying Profit/(Loss) for the period ($m)[6]	**(5.5)**		**(0.7)**	**700%**

Operational review

- Total consolidated revenues were $20.7m ($21.3m ccy) in the quarter, up 0.3% yoy (3.1% ccy).
- Segmental EBITDA was $14.1m ($14.5m ccy) in the quarter, a 8.3% yoy increase (10.9% ccy), delivering a 68.4% Segmental EBITDA margin for the period, a 510bps increase on Q1 2018.
- Adjusted EBITDA of $12.4m ($12.8m ccy) was up 8.6% yoy (11.5% ccy). Group central costs in USD benefitted from the weak Turkish Lira yoy, nevertheless the growth in underlying central costs should now start to moderate as the investment made in group functions in 2018 annualises.
- The adoption of IFRS 16 in the period created an EBITDA benefit vs Q1 2018 of $609k, ex this Cruise EBITDA would have grown 27.9% to $3.0m ($3.2m ccy). The full year impact is expected to be c$2m.
- Loss after tax for the period of $13.8m (2018: $8.8m) was impacted in Q1 2019 by a non-cash FX charges totalling $7.4m (2018: $6.4m).

- Underlying loss for the period was $5.5m vs $0.7m in 2018 and reflects loss after tax for the period after adding back $8.4m of port operating rights amortisation vs $8.0m in 2018.

Cruise

Passengers ('000 PAX)	Q1 2019	Q1 2018	PAX Change ('000)	PAX Change (%)
Creuers (Barcelona/Malaga)	252	246	5.5	2%
Valletta	78.2	69.8	8.4	12%
Ege Port	5.2	2.8	2.4	85%
Other Cruise Ports	174.8	15.6	159.1	1017%
Total Cruise Ports	**510.0**	**334.6**	175.4	52%

- Total cruise revenue rose by 4.6% yoy to $5.4m ($5.8m ccy) for the period vs $5.2m in Q1 2018.
    - Passenger volumes rose 52% yoy to 510k, driven by the first time contribution of new ports. Organic passenger volume growth was 2.0%, with good growth in the Valletta in particular.
    - It is early in the cruise season but we are pleased to report strong growth in Turkish cruise passengers, particularly at Ege Port in Kusadasi.
- Cruise EBITDA was $3.5m ($3.8m ccy) in the period, up 51.7% vs the $2.3m reported in Q1 2018.
    - The EBITDA growth was primarily the result of the performance from our equity associate ports, particularly Singapore and the first time Q1 contribution from new ports.
    - Excluding the positive impact on EBITDA from IFRS 16 on Q1 2019, Cruise EBITDA growth was 28%.
- During the period we were very pleased to sign a 30-year cruise port concession in Antigua and Barbuda and to be awarded preferred bidder status for Nassau cruise port in the Bahamas. We continue to work with all parties towards a successful conclusion of both agreements and further announcements, as appropriate, will be made in due course.

Commercial

	Q1 2019	Q1 2018	YoY Change ('000)	Change (%)
Port Akdeniz-Antalya				
General & Bulk Cargo ('000)	144.0	426.0	(282.0)	-66.2%
Throughput ('000 TEU)	39.4	39.3	0.1	0.2%
Port Adria				
General & Bulk Cargo ('000)	52.9	54.8	(1.9)	-3.4%
Throughput ('000 TEU)	13.1	11.8	1.3	10.6%
Total General & Bulk Cargo ('000)	**196.8**	**480.7**	**(283.9)**	**-59.1%**
Total Throughput ('000 TEU)	**52.4**	**51.1**	**1.3**	**2.6%**

- Total commercial revenues fell by 1.1% yoy to $15.3m for the period ($15.4m ccy) vs $15.4m in Q1 2018, with revenue growth in Port Akdeniz offset by an expected decline in Port of Adria.
- Total Container volumes were up 2.6% yoy, with both commercial ports delivering growth. Of particular note was growth in marble volumes of 1.4% yoy at Port Akdeniz in the period, reversing the negative trend experienced in Q4 2018.

- Total General & Bulk cargo volumes fell 59.1% yoy.
    - The decline was primarily driven by a continuation of the trends reported for H2 2018, with General & Bulk cargo volumes at Port Akdeniz falling 66.2% in the quarter.
    - Our work to diversify revenues continues to deliver positive results. The drilling ship support services contract continues to perform well at Port Akdeniz and we now expect this to continue throughout 2019, with potential for it to be extended into 2020. While we expect to start operating the Ro-Ro service from Antalya to Trieste shortly.
    - Port Adria's modest volume decline reflects the fact that as expected and previously guided the Q1 2018 wind turbine project cargo did not reoccur in Q1 2019. Excluding this, General & Bulk cargo volumes grew 7.2% at Port Adria, driven by particularly strong growth in steel coils, this growth was particularly pleasing after the declines experienced in Q4 2018.
- Commercial EBITDA fell 1.1% in the period to \$10.6m (\$10.7m ccy) vs \$10.7m in 2018. Excluding the project cargo effect at Port of Adria, Commercial EBITDA grew 5.3% in the period.
- On 29 April 2019, the Competition Authority of the Republic of Turkey notified Global Ports Holding's subsidiary in Turkey, Ortadoğu Antalya Liman İşletmeleri A.Ş ("Port Akdeniz"), that it has commenced an investigation into Port Akdeniz due to an alleged breach of Article 6 of the Law on the Protection of Competition, Law No. 4054 due to excessive pricing concerns on certain services. Port Akdeniz has engaged appropriate legal representation and is preparing a full defence against all allegations that will be submitted before the end of May 2019. The full legal process could take up to 24 months, however, a further announcement will be made when it is appropriate to do so.

Balance Sheet

At 31st March 2019 net debt was \$272.6m (Year end 2018: \$267.2m) with the increase since year end primarily due to additional interest accruals related to our Eurobond and the fact Q1 is a low point in the Mediterranean cruise season. The group's Net Debt/EBITDA ratio was 3.2x times as at 31st March 2019.

Capital expenditure during the period was \$3.4m, an increase on the \$1.2m incurred in Q1 2018. The yoy increase was primarily driven by investment into Barcelona, general quay improvement and Ro-Ro related investment in Port of Adria and capex related to the drilling ship support services contract in Port Akdeniz. Gross debt at period end was \$351.5m, the Leverage Ratio as per GPH's Eurobond (excluding Unrestricted Subsidiaries) was 4.2x at 31st March 2019, comfortably below the covenant of 5.0x.

Outlook & current trading

Overall the Group has delivered a good performance in Q1 and trading since the period end has been in line with management expectations. Despite the ongoing weak General & Bulk cargo volumes we remain confident of delivering on our expectations of mid to high single digit percentage growth in EBITDA for the full year.

Emre Sayin, Chief Executive Officer said;

"Trading has been positive, with good growth in cruise passenger volumes and Cruise EBITDA, albeit the first quarter is a seasonally quiet period for the cruise business.

We continue to deliver on our inorganic cruise growth strategy in the Americas and are making progress to full financial closure and commencement of the concessions in Antigua and Barbuda, and the Bahamas.

While some negative volume trends at our commercial ports have persisted into Q1 2019, overall the ports continue to perform in line with our EBITDA expectations and our work to diversify our revenue streams means we remain confident of good Commercial EBITDA performance in the year.

Trading at both our cruise and commercial ports have continued to perform in line with our expectations as we head into the Summer season."

Notes

[1] Passenger numbers refer to consolidated and managed portfolio consolidation perimeter, hence it excludes equity accounted associate ports Venice, Lisbon and Singapore

[2] All $ refers to USD unless otherwise stated

[3] Segmental EBITDA figures indicate only operational companies; excludes GPH HQ expenses

[4] Revenue allocated to the Cruise segment is the sum of revenues of consolidated and managed portfolio

[5] EBITDA allocated to the Cruise segment is the sum of EBITDA of consolidated cruise ports and pro-rata Net Profit of equity accounted associate ports Venice, Lisbon and Singapore and the contribution from the Havana management agreement

[6] Underlying loss for period is after adding back amortisation of port operating right intangibles of $8.4m

[7] Performance at constant currency is calculated by translating foreign currency earnings from our consolidated cruise ports, management agreements and associated ports for the current period into $ at the average exchange rates used over the same period in the prior year

Global Ports Holding Plc

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Investor Conference Call

An analyst and investor call will be held today at 11.30am hrs (BST).

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APPENDIX

Consolidated statement of comprehensive income data ($m)	Q1 2018	Q1 2019
Revenue	**20.6**	**20.7**
Operating Expenses	(18.1)	(17.7)
Depreciation and Amortization	(11.4)	11.7

Other Operating Income	0.8	0.9
Other Operating Expense	(6.2)	(6.9)
Operating profit	**(2.9)**	**(3.0)**
Finance Income	4.7	4.7
Finance Expenses	(12.6)	(12.6)
Profit before income tax	**(9.6)**	**(12.6)**
Income tax expense	0.0	(1.2)
Profit for the year	**(9.6)**	**(13.8)**
Other financial data (USD millions actual)		
EBITDA	**11.4**	**12.4**
EBITDA margin	55.3%	59.9%

Consolidated statement of financial position data ($m)	FY 2018	Q1 2019
Cash and cash equivalents	79.8	78.9
Total current assets	107.1	106.7
Total assets	**688.0**	**736.0**
Total debt (including obligations under leases)	**350.5**	**414.8**
Net debt (including obligations under leases)	**267.1**	**308.1**
Total equity	**215.7**	**200.1**
of which retained earnings	109.0	97.9

Consolidated cash flow statement ($m)	Q1 2018	Q1 2019
Net cash provided by operating activities	9.2	4.3
Net cash (used in) / produced from investing activities	12.9	(1.0)
Net cash (used in) / produced from financing activities	(17.3)	(0.3)