SHUAACAPITAL PSC

DP World (DPW.DI)

Equity Research — Initiation Coverage

January 7th, 2008

Current Price:	USD 1.21*	**Country:**	United Arab Emirates
Fair value Target:	USD 1.47	**Sector:**	Container Ports
Recommendation:	BUY	**Exchange:**	DIFX

** Prices as at the close of 5th January 08*

- DP World is one of the world's largest pure-play global container terminal operators, managing a portfolio of 42 terminals in 22 countries. The operator's roots go back to the unification of all container port operations in Dubai in the early 90's. The success of the operator's experience in Dubai prompted a strategy of targeted regional then global expansion, culminating in the acquisition of CSX World Terminals in 2005 and P&O in 2006.

- The operator, and as a result of a targeted global expansion strategy, is today the single most diversified operator in the world in terms of geographic coverage. The operator's portfolio is also heavily weighted towards origination and destination traffic. This mix retained by DPW implies more stability and higher yields than comparable operators that focus on specific regions or that cater primarily to transshipment traffic.

- DP World is generally well positioned to take advantage of highly favorable developments taking shape in the global container terminal industry, as well as specific opportunities that will likely present themselves going forward. Substantial confirmed investment in new capacity over the next ten years will likely almost double total gross capacity of the operator and its market share of available capacity in all major regions, especially in regions that are forecast to witness substantial growth in traffic, and shortage in capacity.

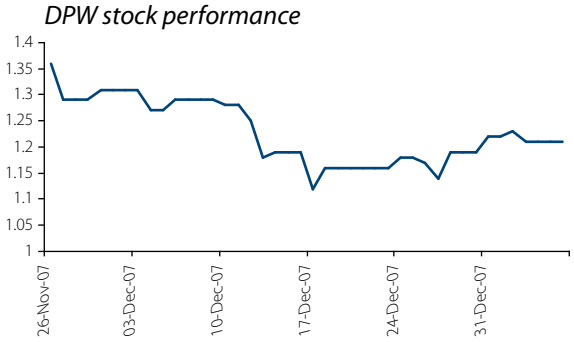
- Our expectations regarding overall demand within the industry, capacity, utilization and resultant pricing, as well as specific regional factors, generate an overall trend of strong growth rates, constantly improving margins, and high rates of return by DP World for the foreseeable future. We initiate coverage on DP World with a BUY recommendation based on a target value of USD 1.47 per share, implying an upside of 21.5% to the current market price of USD 1.21 per share.

	Net Profits (USD '000)	BV (USD '000)	EPS (USD)	BVPS (USD)	RoAE (%)	EV/EBITDA (x)	P/E (x)
Dec 09E	617,460	8,795,737	0.037	0.530	0.073	15.4	32.5
Dec 08E	528,880	8,178,277	0.032	0.493	0.067	17.8	38.0
Dec 07E	373,504	7,649,397	0.023	0.461	0.049	22.5	53.8
Dec 06 PF	247,616	616,610	0.015	0.037	na	33.1	81.1

52 week range (USD)	1.12 - 1.36
Number of shares ('000)	16,600,000
Free Float (%)	23%
Market Cap (USD '000)	20,086,000
Div Yld 2006 %	na

** price as at close of 5th January 08*

DPW stock performance



Sector Coverage Team

Kareem Z. Murad
+9714 3199 757
kmurad@shuaacapital.com

Walid Shihabi
+9714 3199 750
wshihabi@shuaacapital.com

Contents

INVESTMENT HIGHLIGHTS: 3

COMPANY HISTORY AND OVERVIEW 4

THE BEGINNINGS 4
UNIFICATION 4
GOING GLOBAL 6
MORE RECENTLY. 7
JAFZA 8
COMPANY STRUCTURE AND SISTER COMPANIES 10
MANAGEMENT TEAM 11

GLOBAL FOOTPRINT 12

REGIONAL STRUCTURE 13

REGIONAL OVERVIEW OF OPERATIONS: 14

CURRENT AND EXPECTED CAPACITY AND THROUGHPUT: 19
CORPORATE STRATEGY GOING FORWARD 22

THE CONTAINER TERMINAL MANAGEMENT BUSINESS 23

CONTAINER PORT EQUIPMENT: 24
NATURE OF CONCESSIONS: OWNERSHIP AND OPERATING STRUCTURE 26

KEY INDUSTRY CHARACTERISTICS AND TRENDS 29

CONTAINERIZATION: 29
GLOBAL TRADE AND LIBERALIZATION: 29
PRIVATIZATION, THE ENTRY OF SHIPPING LINES, AND GLOBAL TERMINAL OPERATORS 30
FACTORS BEHIND THE EMERGENCE OF GLOBAL TERMINAL OPERATORS (GTOS) 30
THE "BIG FOUR" 31

PRIMARY BUSINESS DRIVERS AND GROWTH OPPORTUNITIES: 34

GROWTH IN GLOBAL SEABORNE TRANSPORTATION AND CONTAINERIZATION 35
GROWTH MISMATCH BETWEEN GLOBAL CAPACITY AND THROUGHPUT 37
THE CONTAINER SHIPPING EQUATION 42
OTHER IDENTIFIED AREAS OF POTENTIAL GROWTH: 46
KEY RISKS: 48

FINANCIAL ANALYSIS AND FORECASTS 50

REVENUES AND DRIVERS 50
COST STRUCTURE 51
SHARE OF PROFIT AND JOINT VENTURES AND ASSOCIATES 51
PROFITABILITY: 52
CAPEX AND CAPACITY 52

VALUATION 53

FINANCIALS 55

APPENDIX: REGIONAL PROFILE AND KEY PORTS 58

DUBAI 58
MIDDLE EAST ,CENTRAL ASIA, AND AFRICA 60
EUROPE 66
WESTERN EUROPE 66
PORT PROFILE: LONDON GATEWAY TERMINAL 68
EASTERN EUROPE 69
PORT PROFILE: THE PORT OF CONSTANTA 72
THE AMERICAS 73
PORT PROFILE: THE CAUCEDO CONTAINER TERMINAL 75
SOUTH EAST AND EAST ASIA 76
SOUTH ASIA 81
OCEANIA 82

Investment Highlights:

- DP World is one of the world's largest pure-play global container terminal operators, managing a portfolio of 42 terminals in 22 countries and a gross combined capacity of 48.6 mn TEUs. The operator achieved a gross throughput of 36.8 mn TEUs for 2006, which ranks it as the fourth largest container terminal operator in the world.

- The operator's roots go back to the unification of all container port operations in Dubai in the early 90's. The success of the operator's experience in Dubai prompted a strategy of targeted regional then global expansion, culminating in the acquisition of CSX World Terminals in 2005 and P&O in 2006. The company today continues to expand the scale of its global operations via investments in new capacity at existing terminals as well as new developments.

- The operator, and as a result of a targeted global expansion strategy, is today the single most diversified operator in the world in terms of geographic coverage as it retains a presence in all major regions of the world, while no single region represents more than 35% of the operator's gross throughput or capacity. The operator's portfolio is also heavily weighted towards origination and destination traffic, which in 2006 accounted for around 74% of the operator's gross throughput. This mix retained by DPW implies more stability and higher yields than comparable operators that focus on specific regions or that cater primarily to transshipment traffic.

- While the profile of DP World's operations today have turned it into one of the leading global operators in the industry, the operator's home market port of Jebel Ali in Dubai, which together with Port Rashid, ranks as the world's eighth largest port in terms of throughput, remains at the heart of the operation. We believe that going forward it will likely continue to be the flagship, value anchor and showpiece of the entire operation.

- DP World is the single largest operator in the Middle East, Indian Subcontinent and Oceania. It also retains substantial market presence in both Western Europe and Eastern Europe as well as the Far East. Substantial confirmed investment in new capacity over the next ten years will likely almost double total gross capacity of the operator and its market share of available capacity in all of the major regions in which it retains a presence.

- The bulk of the operator's new capacity is set to come in the regions that are forecast to witness substantial growth in traffic, and substantial shortage in capacity, implying high anticipated capacity utilization. This should result in highly favorable business conditions for the operator, including stronger pricing power, lower costs per TEU handled, higher margins and higher returns on investments in new capacity

- A combination of sustained high global economic growth, even higher rate of global trade and associated maritime transportation, and higher still rate of containerization of cargo will remain core drivers of growth for the industry, while elements unique to the industry insulate it from the volatility that afflicts global container lines.

- DP World is well positioned to take advantage of highly favorable developments taking shape in the global container terminal industry, as well as specific opportunities that will likely present themselves going forward. These opportunities we believe include the increasing trend of privatizations of port assets globally, as well as specific opportunities that are emerging in Africa, East Asia and India.

- Risks to DP World's business may include an unanticipated slowdown in global economic growth, geopolitical developments around the Arabian Gulf, inflation in the cost of new concessions, regulatory policy reversals and the resurgence of xenophobia in developed markets globally.

- Our expectations regarding overall demand within the industry, capacity, utilization and resultant pricing, as well as specific regional factors, generate an overall trend of strong growth rates, constantly improving margins, and high rates of return by DP World for our forecast period. We expect both revenues and throughput to grow at a CAGR of 13% till 2011, while a substantial expansion in profit margins should result in EBITDA and net profit CAGRs 21% and 30% respectively from pro-forma full-year 2006 levels. We initiate coverage on DP World with a BUY recommendation based on a target value of USD 1.47 per share, implying an upside of 21.5% to the current market price of USD 1.21 per share.

Company History and Overview

DPW is one of the World's largest terminal operators managing 42 ports in 22 countries

DP World (DPW) is one of the world's largest pure-play global container terminal operators, managing a portfolio of 42 terminals, in 22 countries in all six continents of the world. With a gross throughput of 36.8 mn TEUs and a gross combined capacity at all its ports of 48.6 mn TEUs in 2006, it ranks today as the fourth largest container port operator in the world. It has enjoyed a meteoric rise from a single country state-owned port operator and administrative authority to a leading global player in its industry in less than a decade, through strong organic growth, big ambitions and sizable global acquisitions. However, DPW's home market port of Jebel Ali in Dubai, which together with Port Rashid, ranks as the world's eighth largest port in terms of throughput, remains at the heart of the operation, and we believe will likely continue to be the flagship, value anchor and showpiece of the entire operation.

The Beginnings…

DPW's history can be traced back to 1970s with the development of port Rashid, then with the creation of one of the biggest man made harbor of Jebel Ali

DP World traces its roots back to the 1970s, when the late Sheikh Rashid Al Maktoum, then ruler of Dubai, ordered the dredging of the Dubai Creek to make way for a harbor capable of handling modern ships. This development gave birth to Port Rashid, the city's first modern port, which was completed in 1972. Situated near the city-center, and updated with all-new infrastructure, Port Rashid became an instant success. By 1978, Port Rashid had 35 berths, five of which were able to handle the largest ships at that time. The initial success of Port Rashid encouraged Sheikh Rashid to order the construction of the world's largest man-made harbor at Jebel Ali, just outside of the city of Dubai at the time. Jebel Ali Port was completed in 1979, and to this day remains the largest man-made harbor in the world. A year later, 25 acres of Jebel Ali surrounding the port was turned to a free zone by a decree and thereby culminated in the establishment of Jebel Ali Free Zone Authority (Jafza). The two ports were managed separately until 1991.

Unification…

Merger of Port Rashid with Jebel Ali created DPA

In order to streamline the logistics operations and thereby increase efficiency, Jebel Ali Port and Port Rashid merged together in 1991 to form the Dubai Port Authority (DPA). This was in line with plans to have a unified strategy for all Dubai-based operations through a single management structure. Thus, DPA became the sole operator of all ports in Dubai, and in cooperation with Jafza, ensured that Dubai was now the home of the Arabian Gulf region's most advanced trade and logistics infrastructure.

Revenue targets at DPA were almost immediately established, and it strove to increase and diversify its revenue stream by:

DPA was characterized with

High turnover …

1. **Rapid turnaround in stevedoring:** This had the effect of greatly improving operational efficiency of the ports, and maximized the number of ships that could be handled per day. As a result, this also improved the efficiency for clients such as carriers and shippers. Rapid handling of goods saves time for the client and helps avoid delays and costs. This was ensured by :
   - Easing of regulations such as customs procedures.
   - Adopting state of the art machinery and information systems.

Not affiliated with a shipping line …

2. **Widening the client base:** Since DPA did not own a carrier, nor was it allied with any, it serviced all equally, whether they were large carrier companies, or small local ones. There was no preference shown. Combined with the first factor, shipping companies looked at Dubai as their preferred port for docking, or switching in the Gulf region.

A port of choice given the complementary infrastructures of Jebel Ali …

3. **Development of inland logistics to complement and enhance the logistics component offered to clients**. Combining the services of DPA, Jafza, and Dubai International Airport, all at the time well ahead in terms of scale and quality than anything the region had to offer, the emirate of Dubai ensured that it became an established trade and sea-air hub. This complementarity boosted activity on all three operations.

Growth in throughput estimated at a CAGR of 15% over the past 15 years

The combined ports in Dubai are the eighth largest container port in the world with a total throughput of 8.9 mn TEUs for 2006. This represents a CAGR of 14% over the past 15 years, based on published throughput numbers.

2006 Rank	Port	Country	2006 throughput ('000 TEUs)
1	Singapore	Singapore	24,792
2	Hong Kong	China	23,331
3	Shanghai	China	21,576
4	Shenzhen	China	18,171
5	Pusan	S. Korea	12,039
6	Kaohsiung	Taiwan	9,775
7	Rotterdam	The Netherlands	9,600
8	**Dubai**	**UAE**	**8,923**
9	Hamburg	Germany	8,862
10	Los Angeles	USA	8,470

Source: Drewry

Going Regional…

Strategy was to expand regionally

The success of the port operation in Dubai elevated the profile of DPA to become recognized as one of the best operators in the industry in terms of efficiency and infrastructure, as well as one of the most profitable. Despite the magnitude of growth and high utilization rates at the Dubai-based ports, DPA was soon keen on pursuing expansion opportunities outside of the UAE. Three major factors motivated DPA to expand regionally:

To serve the region by establishing a major re-exporting hub

1. Most of the throughput at ports of Dubai was transshipment traffic. Although transshipment is what built the scale of success of Dubai's ports, as well as other major ports in the world including Singapore and Hong Kong, DPA wanted to increase its share of Origination and Destination (O&D) traffic. O&D is typically captive traffic, and carries higher margins for operators while being less susceptible to change due to competition. However its potential for growth is restricted to growth in trade volumes of the port's home country or accessible hinterland.

2. Even though the Middle East was experiencing resurgent growth on the back of recovering oil prices, it was always a relatively volatile area. DPA considered expanding outside the region in order to diversify its operations and minimize risk.

3. In the ports of Dubai, and in particular Jebel Ali, DPA had a very successful experience in establishing a greenfield project and turning it into a world-class operation by providing the right infrastructure as well as other value added services (such as the free zone and inland transportation). The experience in Dubai gave the management of DPA a solid platform and the confidence to export their experience and knowledge into other markets that presented an opportunity

First move to Jeddah through DPI

DPA's first foray outside Dubai was a management concession for the Jeddah Islamic Port on the Red Sea coast of Saudi Arabia, in 1999. During the same year, DPA established its international arm, Dubai Ports International (DPI) to identify opportunities for growth outside the UAE.

Then to an under developed but high potential Djibouti

DPI's next move was into Djibouti, a small East African country with high potential to service the underdeveloped African market. DPI secured a management concession for the Djibouti port and free zone in June 2000. Due to its location, it provided a strong position for transshipment in the main East –West trade route, while it was also strategically located to cater for shipments bound for Ethiopia, a land-locked nation of over 70 mn.

Visakha India was next

In 2002, DPI won a concession in Visakha India to build and operate a new container terminal. DPI identified an advantage in the existing rail and road connection to the Indian hinterland from this location. Visakha's location was also closer to New Delhi, the capital, than Chennai, the largest container port on the East Coast of India. Visakha was also identified as a potential hub port for cargo destined to Bangladesh.

Eastern Europe access in Constanta

Next DPI gained access to Eastern Europe in 2003, when it was awarded a long-term concession to operate and expand the Constanta terminal on the Black Sea coast of Romania. Eastern Europe was projected to be among the fastest growing regions in terms of container traffic in the world, especially with the entry of most of its major countries into the EU. Constanta is located at the mouth of the Danube canal, thereby connecting terminal with the second longest river in Europe.

In 2004, the company was awarded another concession to operate the Cochin Terminal in India. The company began its operation in Cochin in 2005.

The first phase of Geographic expansion by DPI was underlined by geographic proximity and availability of opportunity. The operator had landed concessions in regions that were primarily underserved and carried substantial potential for investment and growth. However, the operator carried ambitions that extended beyond the region, and developed plans that would see it substantially expanding its network and competing globally and what was becoming a high-growth global infrastructure play. This required considerations beyond straight-forward organic growth.

Going Global…

DPI along with the wave of consolidation in the industry acquired CSX.

By 2005, the global carrier industry was undergoing a substantial consolidation period, which had immediate implications on container terminal operators. Operators were beginning to experience pressure to consolidate within themselves in order to boost global coverage, improve their pricing power and better meet the global needs of the carriers while also making use of potential economies of scale. DPI thus proceeded to acquire CSX World Terminals for USD 1.2 bn in February 2005. Following the acquisition, DPA and DPI consolidated their brands and created DP World, in the process reflecting the operator's new global footprint.

DPI and DPA then merged creating DP World

Acquisition of CSX was a milestone for DPW international expansion

The acquisition of CSX WT was an important stepping stone in DP World's global expansion strategy and ambition, as it allowed it to increase its international presence and enter brand new markets. The move enabled the company to catapult itself to the number six position in terms of annual throughput among the world's largest global terminal operators, and added three terminals in the Far East, one in Australia, one in Northern Europe (Germany's Germersheim), Central America (Dominican Republic) and South America (Puerto Cabello in Venezuela) to its portfolio. The portfolio had instantly grown to 14 terminals with an annual gross throughput of 12.9 mn TEUs.

The acquisition also allowed the company to access new high growth regions especially in Asia and the Americas. A key development was that DP World now had a presence in the Chinese market, which was the main driver behind the growth of throughput in the Far East. It also achieved presence in South America, a largely untapped market for the global players, where throughput growth rate was 9.3% in 2006, of which only 32% was handled by Global operators. Among other things, the CSX WT Acquisition allowed DP World to:

- Become a key player in the global transportation and logistics industry, and partake in the substantial growth materializing in the sector
- Establish a broader geographic base, thereby enabling it to better serve its key customers, and leverage relationships
- Exploit immediate and long-term synergies and economies of scale
- Achieve revenue growth through access to new high-growth markets.

DP World became the number four player globally after dramatic acquisition of P&O

If the acquisition of CSX pushed DP World to the global market, the dramatic acquisition of P&O only a year later established DP World as one of the big four preeminent global terminal operators. P&O was acquired for USD 7.2 bn, and with P&O, DP World now had access to all key regions of the world. It also became the single largest operator in the Indian subcontinent and in Australia. It further solidified its position in the Far East with terminals or developments in Thailand, Vietnam, Indonesia, Philippines, and China.

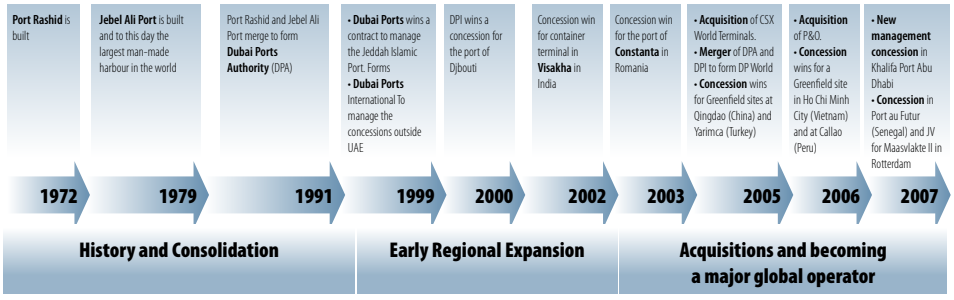
With the acquisition of P&O, DP World decreased its dependence on transshipment traffic since most of P&O's ports were O&D traffic oriented. Furthermore, the acquisition dramatically reduced the operator's homeport share of total throughput to 21% in 2006 from 50% in 2005, thereby making DP World more diversified than most of its immediate peers. DPW now had shareholdings in 42 terminals as of 2006 and also handled a total of 38.6m TEUs for 2006.

P&O added 37 operating and under construction terminals to portfolio

The P&O deal added 32 operating terminals and five terminals under construction to DP World's portfolio. The acquisition included key operations in Australia, Qingdao Qianwan Container Terminal, China, Navi Mumbai, India, in two terminals in Antwerp, Belgium and in Southampton, United Kingdom. DP World also inherited significant projects that were under development, particularly in Ho Chi Minh City, Vietnam and Kulpi Port, India, and a new plan to develop the London Gateway, a new deep-sea container terminal that is expected to be constructed on the River Thames near London.

At the commencement of the P&O acquisition, DP World also established a strong foothold in North America. However, DP World's acquisition of P&O's six terminals in USA faced intense scrutiny and resistance from U.S. legislators. They feared that a UAE based company's control of such vital assets would be a threat to national security. The controversy ended with the sale of the U.S operations to AIG Global Investment Group.

The operator later also disposed of the primary non-port asset in the P&O group, which was the P&O Ferries business, leaving it with only the port assets of its target, as well as a small real estate portfolio.



Source: DPW, SHUAA Capital

More Recently…

Acquisition of 90% stake in Sokhna port

Towards the end of October 2007, DPW purchased a 90% stake in Egyptian Container Handling Co. for the amount USD 670 mn from investors led by Orascom Construction Industries. Egyptian Container Handling Co. is the sole shareholder in Sokhna Port Development Co.

Expected Capacity to reach 1.2 mn TEU by 2009 from current capacity of 630,000 TEU

Sokhna, which began operations in 2003, is the closest container port to Cairo. It currently has a capacity of 630,000 TEUs and is expected to operate at a utilization rate of 95% in 2008. Currently the port has four cranes while an additional two cranes will be added by the end of 2009. Capacity should reach 1.2 million TEUs by the end of 2009.

The majority of revenues at Sokhna Ports are container handling revenues; however, almost 22% of its revenues in 2006 are from bulk cargos. The majority of its traffic is origin and destination (O&D) traffic representing approximately 90% of total traffic.

It is DP World's first Egyptian port and it's third on the Red Sea after Jeddah in Saudi Arabia and Djibouti, East Africa. Sokhna will further enhance DP World's ability to serve customers moving containerized and non-containerized cargo on the Egypt-Asia shipping routes and as a gateway to Africa. It should also serve as a gateway through the Suez Canal to Europe and the U.S.

Probable joint venture with the authorities in Yemen

Early December 2007, an announcement was made regarding a probable 50:50 joint venture agreement between the authorities in Yemen and DPW to develop and operate two ports in Yemen. However, no agreement has yet been reached and negotiations are still in their early stages. Securing the port would further strengthen DP World's already dominant position in the Middle East.

In addition, an announcement was made on the 6th January 2008 that DP World along with South Africa's Grindrod Group purchased a 51% stake in Maputo Port development Co. from its current shareholder PEEL Ports.

Concession in Maputo Bay Port

Apart from managing the various general cargo terminals at Maputo in Mozambique, and providing all marine services within the Maputo Bay Port Jurisdiction area, the concession which DP World and Grindrod have taken on includes a landlord role over the port's existing privatized terminals, including Capespan's Fresh Produce Terminal and Matola Coal Terminal which is already operated by Grindrod and the MIPS Container Terminal which is run by DP World in conjunction with CFM, the owners of the remaining 49% stake.

No further details on the deal have yet been released in terms on the acquisition price or details of the port itself.

Company still continues to expand

The company continues to expand the scale of its global operations. The new Pusan terminal in South Korea, which was inherited from CSX, became operational in 2006. Further developments are in process in Djibouti, Qingdao China, and Port Qasim Pakistan, while a construction of a new terminal is underway in Ho Chi Minh, Vietnam.

Main new developments include London Gateway, Rotterdam and Vallarpadam

Important developments in Europe are the London Gateway and Rotterdam. The London Gateway, inherited from P&O, should be operational in 2010, and is expected to become the biggest terminal in the UK. It will be one of the few terminals in the world that is completely owned and operated by the private sector. In India, DP World is constructing the largest single container terminal in Vallarpadam and will add a total capacity of 3 mn TEUs by completion. Jebel Ali is now undergoing an expansion project which will increase its handling capacity at the port by 5 mn TEUs.

Regulatory & administrative component separated from the main business

DP World today is a pure-play terminal port operator that is managed on a commercial basis, after the regulatory and administrative component of its operations in Dubai was separated from the main business. Its resources today are fully allocated towards its commercial goals.

Jafza

It is difficult to narrate the story of DPW without alluding to the key role of Jafza in the growth and success of the operator's original flagship port. Complementing the growing trade taking place on the ports of Dubai and in the Gulf, Jafza first served as an ideal base for companies to store and distribute their products in the Gulf. It later developed into dynamic business cluster, that included businesses ranging from manufacturing to services and trading, and started serving the whole Middle East and neighboring regions. A supporting regulatory environment as well as advanced infrastructure ensured that the free zone grew at an impressive rate. The number of companies grows at an annual rate of 15%, and stands at almost 6,000 companies from 120 countries as of December 2006. Trade volume for companies based out of Jafza exceeded USD 12 bn in 2006.

Jafza is a key element that contributed to the success of DPW

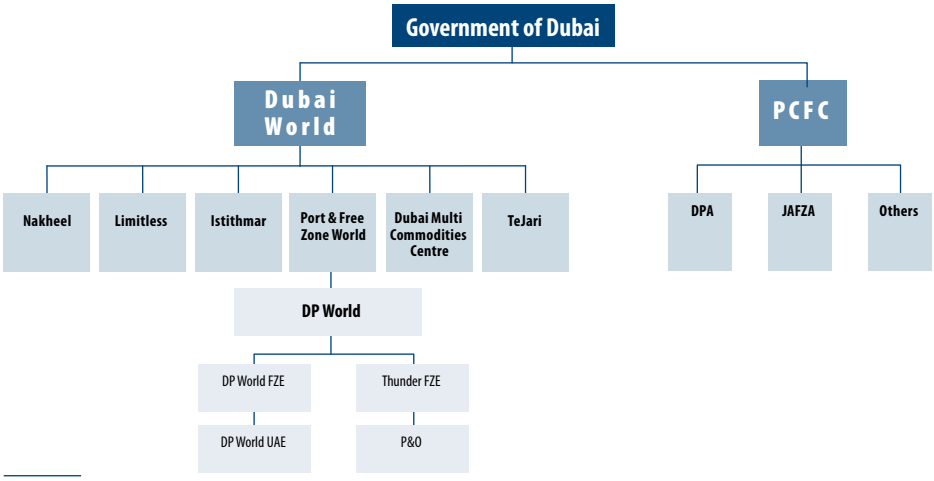
The facilitation offered in Jafza, combined with the impressive infrastructure and the proximity to the ports, augmented trade flows into Dubai. Trade increased because initially Dubai acted as the distributing center for the region. Multinationals would ship goods to Dubai, where they would be warehoused and packaged to be distributed inland to the rest of the countries in the region. O&D shipments rose as a result. Shipping lines prepared to unload in Dubai where containers can be stored in warehouses in the free zone and reshipped again or transported by land to other countries in the Arabian Gulf. Dubai thus became the transshipment and re-export hub of the region.

The success of the twinning of the Jebel Ali Port and the Jebel Ali Free Zone has sparked a massive new initiative more recently in Dubai. A new master plan for the area includes developing a massive new airport and a railway network adjacent to the existing Free Zone. These developments will undoubtedly strengthen the terminal's position as it develops into a full fledged multimodal terminal, capable of re-exporting merchandise by air, land, and sea.



Source: DPW

Company Structure and Sister Companies



Source: DPW

DP World is a subsidiary of Dubai World, a holding company owned by the Government of Dubai. The company operates under the Port and Free Zone World umbrella of Dubai World. A brief description of DP World's major sister companies within the group, besides Jafza, follows:

Nakheel
Nakheel is a real estate developing company with US$30 bn worth projects under development. The company's portfolio includes several landmark developments in Dubai including The Palm Trilogy (Palm Jumeirah, Palm Jebel Ali, Palm Deira), The World and Dubai Waterfront, as well as other residential and retail projects.

Limitless
Limitless is a real estate master developing company, established in 2005. The company's activities include Master-planning of large scale urban development projects, conceptualizing and executing waterfront developments, and executing large mixed-use projects.

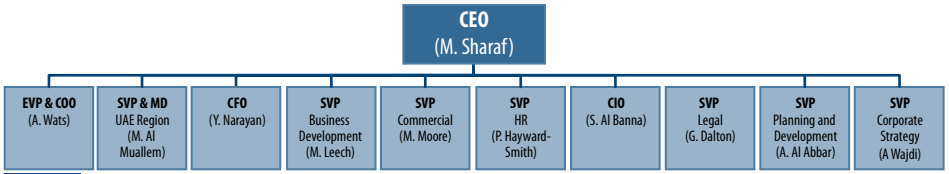
Istithmar
Istithmar is an investment holding company that focuses on private equity, real estate, and strategic investments. It was launched in 2003 with a capital of USD 1.8 bn, and with the initial objective of centralizing investments made by the portfolio companies of Dubai World. Recent global acquisitions concluded by the company include

Dubai Multi Commodities Centre
Dubai Multi Commodities Centre (DMCC) is a free trade zone for gold, diamonds, precious metals, and other commodities. The DMCC was established in 2002 and currently houses more than 900 registered companies. In addition, DMCC is responsible of establishing certification standards including Dubai Gem Certification (DGC) for diamonds, gemstones, pearls, and jewelry items and the Dubai Good Delivery (DGD) standard for gold and silver.

Dubai Dry Docks
The Dubai Dry Docks is one of the leading shipyards in the world between Europe and the Far East. The yard engages in ship repair services and has repaired more than 5,000 ships since it commenced operations in 1983.

Management team

The day to day management of DPW is conducted by a seasoned management team that has been a vital factor towards successfully achieving the operator's strategy of global expansion and profitable growth. The team possesses a long and relevant collective maritime industry experience, of which some has been attained with DPW over the years, while other members have joined following the acquisition of CSX WT or come with intensive experience in the shipping and port operations industry. Further details of the management team and their roles are highlighted below:



Source: DPW

Mohammed Sharaf: Chief Executive Officer (CEO) of DPW since May 2007. He joined DPA in 1992 and became Managing Director of DPI in 2003. With more than 20 years of experience in the industry, Mr. Sharaf has driven the company's growth strategy of late, including the acquisitions of both CSX WT and P&O.

Anil Wats: Executive Vice President and Chief Operating Officer (COO) since 2005. He joined DPW in 2003 as Global Commercial Director, having attained more than 25 years of experience in the shipping and logistics industry.

Yuvraj Narayan: Chief Financial Officer (CFO) and a Director since 2006. He joined DPW since 2004, with more than 23 years of experience in the ports management as well as international banking. He brings in a particularly strong experience in structuring concessions.

Suhail Al Banna: Acting Chief Information Officer (CIO), and serves as Director and Executive Vice President for Asian Terminals Incorporated in Manila.

Adnan Al Abbar: Senior Vice president – Planning and Development. He joined DPW since 1991 and today has more than 15 years of experience in master development.

George Dalton: Senior Vice President - Legal. He previously served as Vice President and General Counsel of CSX WT which he joined in 1999. He has more than 25 years of legal experience with a background in corporate, financing and international transactions.

Paul Hayward Smith: Senior Vice President – Human Resources. He has 30 years business experience across HR Management, HR Consulting and Line Management.

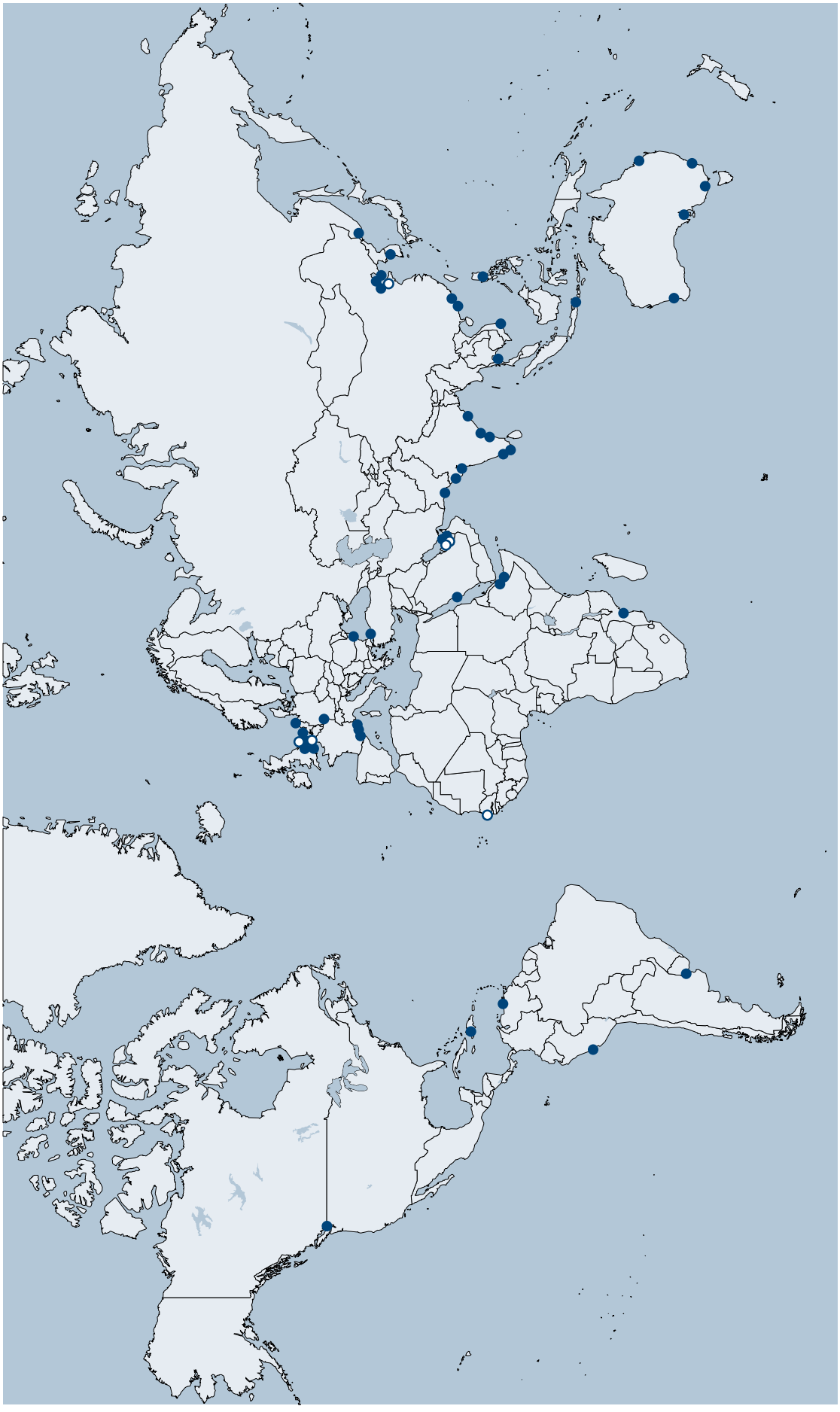
Matthew Leech: Senior Vice President – Business Development since 2005 following the acquisition of CSX WT. He retains extensive experience in both finance and container transportation.

Michael Moore: Senior Vice President – Commercial, since 2005. He previously served as VP of Global Sales – Europe for A.P. Moller-Maersk. He has more than 20 years of experience in transportation industry.

Anwar Wajdi: Senior Vice president – Corporate Strategy. He joined DPW in 1992; he played a role in securing projects for the company and led the development of the DPW UAE commercial systems, procedures and policies.

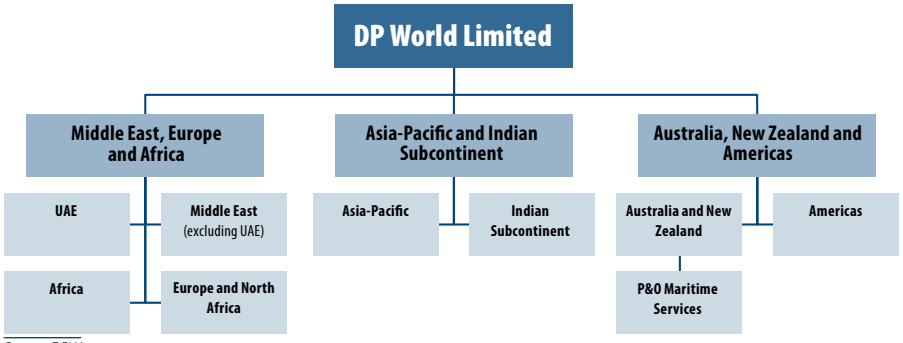
Muhammed Al Muallem: Senior Vice President and Managing Director UAE Region. He started with DPA at Port Rashid more than 20 years ago, and has since led the integration and growth of DPA in Dubai.

Global Footprint



Regional structure

Below is DPW organisational structure depicting the operator's three reporting regions and eight operating regions.



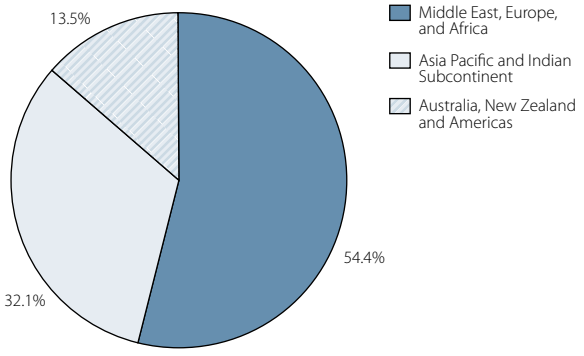
Source: DPW

DPW's current terminal portfolio represents a far reaching geographic spread. The company groups its operations into three main geographic areas:

1. Middle East, Europe and Africa
2. Asia Pacific and Indian Subcontinent
3. Australia, New Zealand and Americas

The above three reporting regions contributed 54.4%, 32.1% and 13.5% respectively to the operators total equity adjusted throughput for 2006.

DP World's regional breakdown by equity adjusted throughput (2006)



Source: DPW

Regional Overview of Operations:

DPW today is a global container terminal operator with a globally balanced portfolio of terminals. However, besides the geographic balance of the company's portfolio, an important distinction relates to the nature of throughput at the company's ports. As a result on an identified priority by the operator's management early on, and a targeted acquisition strategy, DPW's portfolio today is heavily weighted towards origination and destination (O&D) traffic, which in 2006 accounted for around 74% of the operator's gross throughput. O&D traffic, as compared to transshipment, is typically handled by a single terminal usually close to the point of consumption. This means that O&D traffic is usually less price sensitive, is subject to less competition and provides terminal operators with the opportunity to earn additional revenue from value-added services. This mix retained by DPW implies more stability and higher yields compared to operators that cater primarily to transshipment traffic.

Below is an overview of the DPW's operations by region:

Middle East accounted for 38% of total handled throughput, 85% of which handled by the UAE alone

Middle East

The company's container terminal operations in the Middle East accounted for 38% of total handled throughput in 2006 (equity share adjusted), or 8.95 mn TEUs, all of which was handled in the United Arab Emirates alone. In fact, DP World's home port of Jebel Ali accounted for 85% of all throughput in the region, making it the single most important container terminal in the operator's portfolio. The company plans to add 5.4 mn TEUs in regional capacity by 2011, most of which will be in its flagship port of Jebel Ali.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Jebel Ali	**Dubai**	**UAE**	**100%**	**7,651**	**4,527**
equity adjusted				7,651	4,527
Port Rashid	**Dubai**	**UAE**	**100%**	**1,272**	**451**
equity adjusted				**1,272**	**451**
Fujairah	**Fujairah**	**UAE**	**100%**	**31**	**11**
equity adjusted				31	11
Mina Zayed	**Abu Dhabi**	**UAE**	**0%**	**251**	**155**
equity adjusted					
Khalifa Port (new development)	**Abu Dhabi**	**UAE**	**<50%**		
equity adjusted					
Jeddah South Terminal	**Jeddah**	**Saudi Arabia**	**0%**	**1,503**	**738**
equity adjusted				0	0
Total in The Middle East				**10,708**	**5,882**
equity adjusted				**8,954**	**4,989**

Source: DPW, SHUAA Capital

Westren Europe handled 12% of total throughput in 2006, while Eastern Europe accounted for 4%

Europe

DP World's European operations could be further split into Western and Eastern European operations, to distinguish between the two different market characteristics.

In Western Europe, handled throughput represented around 12% of total handled throughput for 2006 (equity adjusted). The company's biggest equity adjusted throughput contributor was its Delwaide Antwerp container terminal in Belgium, which accounted for 33.8% of Western European throughput. The company plans to add 5.950 mn TEUs in total gross regional capacity by 2011.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Delwaide Antwerp	**Antwerp**	**Belgium**	**100%**	**950**	**352**
equity adjusted				950	352
Deurganckdok	**Antwerp**	**Belgium**	**43%**	**600**	**366**
equity adjusted				258	158
DP World Germersheim	**Germersheim**	**Germany**	**100%**	**171**	**65**
equity adjusted				171	65
Terminal de Nord/Terminal de France	**Le Havre**	**France**	**37%**	**869**	**642**
equity adjusted				319	236
Marseille	**Marseille**	**France**	**26%**	**237**	**114**
equity adjusted				62	30
Fos-Sur-Mer	**Fos-Sur-Mer**	**France**	**26%**	**445**	**244**
equity adjusted				114	62
Fos 2XL (new development)	**Fos-Sur-Mer**	**France**	**>50%**		
equity adjusted					
Southampton	**Southampton**	**UK**	**51%**	**1,540**	**943**
equity adjusted				785	481
Tilbury	**Tilbury**	**UK**	**34%**	**447**	**226**
equity adjusted				152	77
London Gateway (new development)	**London**	**UK**	**>50%**		
equity adjusted					
Total in North and Southern Europe				**5,259**	**2,952**
equity adjusted				**2,811**	**1,461**

Source: DPW, SHUAA Capital

DPW's Eastern European operations handled throughput accounted for only around 4% of the company's total handled throughput for 2006 (equity adjusted) . The company currently operates only one terminal in the region at Constanta, Romania, handling some 0.871 mn TEUs of equity adjusted throughput. The company plans to expand its operations in the region and will be adding 1.4 mn TEUs in regional capacity by 2011, including a fully owned terminal Turkey.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
DP World Constanta	**Constanta**	**Romania**	**100%**	**871**	**543**
equity adjusted				871	543
DP World Yarimca (new development)	**Yarimca**	**Turkey**	**100%**		
equity adjusted					
Total in Eastern Europe				**871**	**543**
equity adjusted				**871**	**543**

Source: DPW, SHUAA Capital

A tiny fraction of throughput in 2006 handled by Africa accounting to only 0.2%

Africa

DP World's African undertakings represented a small fraction of the company's total handled throughput for 2006, standing at a mere 0.2%. The company currently operates the Maputo Container Terminal in Mozambique and manages the Djibouti Container Terminal in Djibouti. The company has been awarded concessions in Doraleh, Djibouti and Port Au Futur, Senegal, and will be adding 3 mn TEUs in regional capacity by 2011.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Djibouti Container Terminal	**Djibouti**	**Djibouti**	**0%**	**225**	**132**
equity adjusted				-	-
Maputo	**Maputo**	**Mozambique**	**60%**	**63**	**34**
equity adjusted				38	20
Doraleh (new development)	**Doraleh**	**Djibouti**	**<50%**		
equity adjusted				-	
Port Au Futur (new development)	**Dakar**	**Senegal**	**>50%**		
equity adjusted				-	
Total in The Africa				**288**	**166**
equity adjusted				**38**	**20**

Source: DPW, SHUAA Capital

Asia Pacific approximately 20% of total 2006 throughput

Asia Pacific

The Asia-Pacific region includes both the Far East and South East Asia. Collectively, these regions accounted for around 20% of total handled throughput for 2006 (equity adjusted), making them the second largest contributing regions. Individually, the Far East region contributed to around 13% of total handled throughput for 2006 (equity adjusted), with China accounting for around 95% of that volume. On the other hand, South East Asia contributed to only 6.7% of total equity adjusted throughput for 2006.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
CT3	**Hong Kong**	**China**	**67%**	**542**	**229**
equity adjusted				363	154
CT8	**Hong Kong**	**China**	**55%**	**1,041**	**530**
equity adjusted				573	292
Qingdao	**Qingdao**	**China**	**29%**	**5,580**	**3,142**
equity adjusted				1,618	911
DPW Tianjin Terminals	**Tianjin**	**China**	**25%**	**1,125**	**594**
equity adjusted				281	148
DPW Yantai	**yantai**	**China**	**33%**	**320**	**176**
equity adjusted				106	58
Qingdao IV (new development)	**Qingdao**	**China**	**29%**		
equity adjusted				-	-
Vostochnaya	**Vostochny**	**Russia**	**25%**	**291**	**175**
equity adjusted				73	44
Pusan new Port	**Pusan**	**S. Korea**	**40%**	**250**	**246**
equity adjusted				100	98
Total in the Far East				**9,151**	**5,092**
equity adjusted				**3,113**	**1,704**

Source: DPW, SHUAA Capital

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Laem Chabang	**Laem Chabang**	**Thailand**	**35%**	**1,286**	**570**
equity adjusted				450	200
Terminal Petikemas Surabaya	**Surabaya**	**Indonesia**	**49%**	**1,059**	**558**
equity adjusted				519	273
South Harbour Terminal	**Manila**	**Philippines**	**84%**	**717**	**380**
equity adjusted				602	319
Saigon Premier Container Terminal	**Ho Chi Minh City**	**Vietnam**	**>50%**		
equity adjusted					
Total in SE Asia				**3,062**	**1,508**
equity adjusted				**1,571**	**792**

Source: DPW, SHUAA Capital

Indian Sub Continent 12.5%, of which India contributed most

Indian Subcontinent

The Indian subcontinent represents India and Pakistan, which in 2006 contributed around 12.5% of DP World's total handled throughput. India is the region's heavy weight accounting for 88% of regional throughput. The Jawaharlal Nehru Container Terminal in India represents the company's largest operations, which alone accounts for 46% of the Subcontinent's handled throughput. The Company plans to add 5.6 mn TEUs in capacity by 2011.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Chennai Terminal	Chennai	India	75%	829	499
equity adjusted				622	374
Rajeev Gandhi Terminal	Cochin	India	76%	219	115
equity adjusted				166	87
Visakha Terminal	Visakhapatnam	India	26%	53	29
equity adjusted				14	8
Mundra International	Mundra	India	100%	460	324
equity adjusted				460	324
Nhava-Sheva	Mumbai	India	100%	1,344	718
equity adjusted				1,344	718
Vallarpadam (new development)	Vallarpadam	India	>50%		
equity adjusted					
Kulpi Port (new development)	Kulpi	India	>50%		
equity adjusted					
Port Bin Qasim	Karachi	Pakistan	55%	629	332
equity adjusted				346	183
QICT II (new development)	Karachi	Pakistan	>50%		
equity adjusted					
Total in Indian Subcontinent				3,533	2,017
equity adjusted				2,952	1,694

Source: DPW, SHUAA Capital

Americas contribution was 4%

The Americas

DP World's American Container Terminal's, including Northern, Central, and Southern regions, accounted for less than 4% of total handled throughput for 2006. The company's Buenos Aires operations in Argentina are its largest in terms of throughput at 0.36 mn TEUs. DP World plans to add 2.65 mn TEUs in capacity by 2011.

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Puerto Cabello	Puerto Cabello	Venezuela	50%	119	58
equity adjusted				60	29
Buenos Aires	Buenos Aires	Argentina	56%	634	320
equity adjusted				355	179
Callao	Callao	Peru	>50%		
equity adjusted					
Total in South America				754	378
equity adjusted				415	208

Source: DPW, SHUAA Capital

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
Vancouver	Vancouver	Canada	100%	328	231
equity adjusted				328	231
Caucedo	Caucedo	Dominican Republic	35%	448	350
equity adjusted				157	123
Total in N. and C. America				777	581
equity adjusted				485	353

Source: DPW, SHUAA Capital

Australia 10% contribution

Oceania (Australia and New Zealand)

Operations in Oceania currently include Australia only as DP World does not have any operations in New Zealand. In 2006, this region accounted for around 10% of the company's total handled throughput, making it as equally as important a region as Far East Asia or the Indian Subcontinent. DP World Melbourne is the company's largest container terminal in terms of handled throughput (equity adjusted).

Port Name	City	Country	Equity Holding	2006 Throughput '000 TEU	1H 2007 Throughput '000 TEU
DP World Brisbane	**Brisbane**	**Australia**	**100%**	**439**	**204**
equity adjusted				439	204
DP World Melbourne	**Melbourne**	**Australia**	**100%**	**805**	**401**
equity adjusted				805	401
DP World Freemantle	**Freemantle**	**Australia**	**100%**	**259**	**131**
equity adjusted				259	131
DP World Sydney	**Sydney**	**Australia**	**90%**	**721**	**338**
equity adjusted				649	304
DP World Adelaide	**Adelaide**	**Australia**	**85%**	**202**	**117**
equity adjusted				172	99
Total in Oceania				**2,426**	**1,191**
equity adjusted				**2,324**	**1,139**

Source: DPW, SHUAA Capital

Current and Expected Capacity and Throughput:

Plans to almost double its capacity from its current 48.6 TEU

DP World has a total of 42 concessions in 22 countries, giving it a gross capacity of 48.6 mn TEUs and a gross throughput of 36.8 mn TEUs for 2006. In terms of utilization (defined as throughput divided by capacity), DP World is currently utilizing 75.7% of total terminal capacity. However, DP World plans to almost double its total gross capacity over the next ten years through various development projects (Greenfield and terminal expansion). A further breakdown of current capacity and throughout by geographic region is presented in the following section.

Middle East

Expected throughput in ME to grow 10% annually over the next 10 years

Growth prospects for the region are strong. According to Drewry Shipping Consultants, throughput in the region is expected to grow at an average annual rate of 9.60% for the next six years (until 2012), while capacity is expected to grow at only 3.40% average annual rate during the same period. Shortages in terminal capacity might thus arise in the future due to a lag in capacity growth.

The Middle East is also home to DP World's flagship container terminal, the Jebel Ali Terminal, located in the UAE. In 2006, Jebel Ali handled a total throughput volume of 7.7 mn TEUs. The terminal is considered to be the largest container facility in the region.

With the increased traffic between ME and Far East and high expected throughput, capacity increase is a must

The surge in container trade traffic between the Middle East and Far East Asia has pushed DP World to initiate and implement a major expansion project for the Jebel Ali Container Terminal to keep pace with the expected growth. The project, costing $1,400 mn, consists of four phases and is set to increase total capacity by a further 5 mn TEUs. The expansion project, which just completed its first phase in July, 2007, adding 2 mn TEUs in capacity, also serves to maintain the terminals current status quo. This is particularly important, since it comes at a time of increased GCC government spending on infrastructure projects throughout the region.

Capacity increase planned in Jebel Ali and Abu Dhabi

Other terminals in the UAE operated by DP World include port Rashid, Fujairah, and Abu Dhabi. Together, these ports handled a throughput of 1.6 mn TEUs in 2006. Around 0.4 mn TEUs of new capacity in Abu Dhabi is planned for the new Khalifa Port, which should replace the existing facility at Mina Zayed. DP World's Middle East portfolio also includes the Jeddah South Container Terminal, which handled a throughput of 1.5 mn TEUs in 2006.

Eastern Europe

Throughput expected to increase by 22% between 2006 & 2012

The company operates 10 container terminals in Europe located in five countries. In terms of growth prospects, the European market can be split into two - the Eastern European market and the Western European one. Substantial growth opportunities exist in the Eastern European market. According to Drewry Shipping Consutants, throughput in this region is expected to grow at an average annual rate of 21.50% between 2006 and 2012, making the region the fastest growing region globally. This high growth has been fueled primarily by strong economic growth in the eastern European states and the revival of the Russian economy. However, terminal capacity constraints are already beginning to appear, prompting global terminal operators to set base in the region.

DPW plans to capitalize on this growth through Romania and Turkey

DP World plans to capitalize on this growth by expanding its presence in the region. The company, which currently operates only one terminal in the region- Constanta, Romania- plans to further expand that terminal, as well as to develop a Greenfield container terminal in Yarimca, Turkey. The new terminal in Turkey will have a capacity of 1 mn TEUs once fully developed. Through these two projects, DP World hopes to be able to tap into the regions growth potential and establish its terminals as significant O&D hubs.

Western Europe

7% growth prospects on average per year. However competition is fierce between competitors

The more mature Western European market, on the other hand, faces fiercer competition between global terminal operators, who together control 76% of regional container traffic. Container capacity shortages afflicting the Western European market together with strong economic growth prospects- around 7.60% annual average growth according to Drewry- provides good growth prospects. In an effort to cater to the rise in container capacity demand, DP World is currently constructing a port and business park at London Gateway in the United Kingdom. The project, which was initially inherited from P&O, involves a 1500-acre site with a 2,300 container quay able to handle large deep-water container ships. Once completed, the terminal should have an annual capacity of 3.5 mn TEUs.

London Gateway, along with France, Germany and Belgium capacity increase are planned by DPW

Other development projects in Western Europe include terminal expansion projects in Le Havre, France, Germersheim, Germany, and Antwerp, Belgium, in addition to developing a Greenfield terminal in Fos, France. DP World is also a part of a consortium consisting of itself and four other shipping companies, MOL, Hyundai, APL, and CMA CGM, to operate the Rotterdam World Gateway terminal.

The company's main competitors are also engaged in developing projects in Western Europe. HPH is currently developing its Rotterdam and Felixstowe terminals, while PSA is developing its Antwerp and Zeebrugge terminals. Competition in this market is set to heat up as global terminal operator's battle for a larger share of the market.

Far East and South East Asia

Region represents 33% of DP World's gross throughput. Regional growth is still expected to remain strong

The Far East and South East Asian market represented 33% of DP World's total gross throughput volume in 2006. Throughput growth is expected to remain strong at around 10% annually through to 2012 as forecasted by Drewry. Much of this growth is attributed to soaring Chinese exports, which are expected to continue to grow. Companies with a strong presence in China will inevitably profit the most from this growth.

DP World operates 10 terminals in six countries in the region:

- In China, DP World operates HK CT3, HK CT8, Qingdao, Tianjin and Yantai terminals, which collectively handled 8.6 mn TEUs in gross throughput during 2006. The four terminals have a total capacity of 8.6 mn TEUs.

China represents the biggest presence in region.

Expanding capacity is planned to reinforce the company's position

The majority of the company's terminals in Far East Asia are located in China, which represented around 94% of the operator's handled Far East Asian gross throughput in 2006. Its biggest terminal, in terms of throughput, is Qingdao which represented 46% of the company's regional gross handled throughput in 2006. DP World plans to increase its market share of container shipment by optimizing capacity in existing terminals through the re-organization of current operating processes. The company is also involved in three important development projects: The Qingdao (Phase IV) project, of which 2.0 mn TEUs have already come online in 2007, is aimed at reinforcing the company's existing position, the Ho Chi Minh City project , directed at penetrating the Vietnamese market, and the Pusan Phase 2 expansion project, set at expanding DPW's operations in South Korea.

The operator faces fierce competition in this region from other global terminal operators. HPH, a dominant player in the Chinese market, controlled around 14% of regional throughput in 2006. HPH's core businesses are centered in its Yantian and Hong Kong terminals. PSA is also trying to increase its market share, which stood at just 3% of regional throughput in 2006, through acquisitions and terminal developments.

South Asia

India witnessing strong growth driven by higher demand

DPW also has a strong hold on the Indian subcontinent market, which is an emerging global manufacturing base. The Indian subcontinent market is also witnessing increasing levels of consumer demand, driven primarily by India's growing middle class. All of these variables should contribute to the expected increase in throughput volume. According to management, the company, hoping to capture part of that growth, is currently engaged in re-organizing its current operations in order to maximize the capacity of existing terminals. In addition, the company is in the middle of several Greenfield developments in India and Pakistan.

In India, DP World is in the final stages of constructing a new container terminal in Vallarpadam. The Vallarpadam terminal is planned to replace the existing Cochin terminal. The development of this new terminal, which is set to be the largest in the region, is targeted towards capturing both the southern Indian O&D traffic as well as regional transshipment traffic. Hinterland connections, through road and rail networks, are also being developed to enhance Vallarpadam's location and competitive edge. The Company has also signed an agreement to develop a terminal in Kulpi together with a planned free zone.

In Pakistan, DP World just entered into an agreement to develop a new terminal adjacent to its existing one in Karachi.

Africa

Untapped market, with expected annual growth of 11%

The African continent remains to an extent an untapped market for global terminal operators. The continent's sheer size and population gives it substantial long term growth prospects. According to Drewry, the continent can expect throughput to grow at 11% annually through to 2012. All of these factors have encouraged global terminal operators to pursue an entry into this market.

Expansion plan in Djibouti

DP World, which is already present in Djibouti, plans to develop a major Greenfield terminal in Doraleh, Djibouti. The new terminal is expected to be operational in 2009 and will replace the current Djibouti terminal operations. In addition, the company was recently awarded a concession to develop and operate the port of Dakar in Senegal. According to management, the company may also set up a base in North Africa giving it access to the Mediterranean basin, an area that is witnessing increasing throughput volume.

Oceania (Australia and New Zealand)

Australia dominated by two players

Since a dual port operating system has traditionally existed in Australia, two companies effectively dominate the Australian market- DP World and Patrick Stevedores. The Oceania region as a whole is expected to have the lowest forecasted annual growth rate of 6.2% according to Drewry. Global terminal operators, therefore, will probably concentrate their investments on regions with higher potential throughput growth.

No immediate plans of expansion in the region

DP World doesn't currently have any major development plans for the region. The company, however, plans to incrementally increase the capacity of its existing facilities in order to keep abreast with capacity growth requirements. It should be noted that HPH, the largest global terminal operator, is in line to win a concession in Brisbane in an attempt to penetrate this largely closed off market.

South America

Low penetration with high growth prospects

Growth prospects for the South American market are strong, with forecasted average annual throughput growth of 9.4% through to 2012 according to Drewry Global terminal operators' share of the South American market stood at only 32% in 2006. This low penetration rate together with strong growth prospects, suggest that this market will likely witness increased participation levels from global terminal operators.

Terminal expansion in Buenos Aires and a greenfield project in Callao

DP World, which in 2006 handled 2.6% of total regional throughput as per Drewry estimates, plans to bolster its presence in the region and increase market share through terminal expansion projects in Buenos Aires, and building a Greenfield terminal in Callao, Peru. Global terminal operators are also in the process of expanding their presence in the region through acquiring or developing concessions. HPH has just added a concession in the port of Manta, Ecuador, while ICTSI has concessions in Guayaquil, Ecuador, and Buenaventure, Colombia.

Corporate Strategy going forward

Global expansion strategy through ...

After an aggressive global expansion strategy that mainly focused on acquisitions, DP World's strategy seems to be shifting towards generating the best returns from its portfolio, and addressing the changes taking place in the industry. These changes have meant that DP World's former acquisition focused growth strategy may no longer be feasible due to increasingly limited acquisition opportunities, and the spiraling cost of any that may remain. This is probably for the better as we believe that the operator has achieved critical mass and global presence given its last two acquisitions. The company's new approach focuses on a few distinct areas:

Optimizing existing asset base and current capacity

1) Optimizing existing asset base and current capacity

DP World plans to improve the operational efficiency of its existing terminals by investing in advanced handling equipment and reorganizing current operational processes. By doing so, the company will target to increase the capacity of its existing terminals in a cost-effective way. This is because terminal capacity is a function of the time to load/unload the ship plus the average time a container stays at the terminal, as well the area of available land. Investing in new equipment and technology that enhances the speed of loading/unloading and shorten average storage time can ultimately increase existing terminal capacity.

DP World believes that this strategy will enable it to better cater to the rising demand for capacity, and increasing demand for better efficiency, flexibility, and priority service by shipping lines. Operational efficiency will also generate additional value by optimizing terminal productivity.

The operator sees operational efficiency as key for the following reasons:-

- Maintains customer loyalty and thereby reduces client defection.
- Generates more value as better efficiency increases capacity and therefore throughput. This in turn attains economies of scale and extracts more value from the utilization of the machinery and other resources.
- Operational efficiency is important for expanding business. In terminals where physical expansion is not possible, operational efficiency is the only way to increase throughput. Whereas in the terminals where DP World can expand physically, operational efficiency is key for growing incremental capacity until demand reaches a point where it justifies capital expenditure for further growth.

Acquire higher market share by focusing on high potential growth regions

2) Gaining market share by focusing investment in areas of higher potential growth

DP World's strategy includes investing and expanding in areas where there is good potential for value creation, growth, and sustainable profitability. This includes areas where throughput growth is higher than average, such as South America, China, India, the Middle East, Eastern Europe and Africa.

Value added solutions to its customers

3) Maximizing customer utility through value added solutions

DPW is likely to continue to provide its customers with value enhancing port and logistics solutions to ensure a more value added approach to its product. The optimizing strategy that the company is currently implementing is one example of its attempt to increase customer utility through the provision of better connectivity, information sharing, and security, which should ultimately reflect on cost savings for customers.

4) Developing complementary relationships further

The operator plans to leverage its relationships with its sister companies, primarily Jafza and possibly the real estate development companies, further in an effort to secure and deliver on new opportunities. The Jebel Ali master development plan is an example of such collaboration. The Terminal at Doraleh, Djibouti is another example.

The Container Terminal Management Business

Container terminal operators' main activities revolve around loading and unloading of container cargo vessels, in a timely and safe manner. These activities are mainly operating mechanical equipment to load and unload ships. It also entails the movement of cargo between ships and other transportation mediums such as trucks and freight trains. An important target for operators is to optimize the logistics of the terminal so as to minimize the average time the cargo remains in the port or clearing customs.

In the broader shipping industry, port terminals are generally classified as general cargo or container cargo. General cargo, sometimes also called bulk cargo, is when the product can be individually loaded on the vessel, like oil, salt, grains, alumina.… On the other hand, container cargo is when the product needs to be stored in a container in order to be loaded on to a vessel. A container is a steel "box" of a standard size, eight foot wide by eight feet, six inches high with length either 20 or 40 feet long (most common sizes). Container movement or capacity is measured by the standard unit of TEU, or twenty-foot equivalent unit. For example a 40 feet container is equivalent to two TEUs.

Needless to say, port operators rely heavily on mechanical equipment to handle the container movement, as well as logistical software and communication equipments to maximize efficiency and minimize the time need to load/unload a ship and the average time a container remains in the terminal.

In addition to that, an efficient container terminal operation requires that the port operators invest and maintain all aspects of the port or the terminal characteristics to maximize productivity. For example the depth and length of the port canal, also known as draft and berth respectively, need to be adequate to handle the targeted vessels size or capacity. Another important aspect is the patio area next to the berth. The patio should be large enough to allow the temporary storage of containers waiting to be loaded on a vessel, or being unloaded and on their way out of the terminal. Warehousing is also an important element of a container terminal operation. Warehouses can be of general use, where containers are stored, emptied, or refilled. The warehouses should also have sections that have electrical sockets for refrigerated containers. Flow in the terminal is important, and an operator typically addresses this issue by building and maintaining roads, providing areas for empty containers and maintaining high security areas for containers with valuable goods.

An efficient and safe container terminal operation requires coordinating the above activities simultaneously in order to minimize the average time the cargo remains in the port or clear customs, or the time required to load/unload a ship.

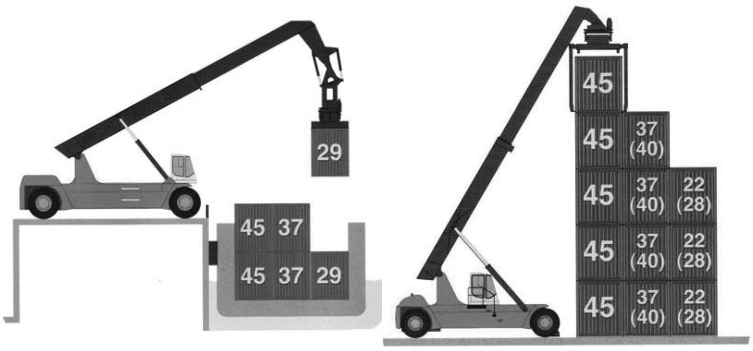
The capacity of a particular port is usually a function of the amount of land available and dedicated to the port, number and size of the ship berths, equipment and process.

Container port equipment:

Ship-to-Shore Cranes- are cranes used for loading and unloading containers from a vessel. They are usually mounted on two long rails on the quayside to enable them to move along the quay and reach all containers on large ships. The crane unloads the containers from the ship to the quay where they are moved around by trucks.



Reach Stackers - a truck-like container handler that is able to load and unload containers from higher storage heights- usually two or more stacks of cargo containers. It has greater flexibility than lift trucks.





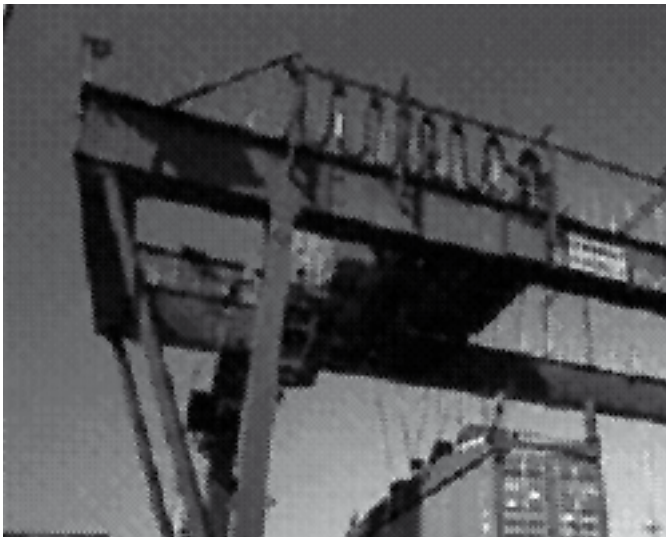
Straddle Carriers- are used to unload containers from delivering trucks or load containers to receiving trucks. They are also used for stacking.

Rubber Tired Gantry Cranes- Rubber Tired Gantry Crane (RTG) is an overhead cargo container crane that has a lifting mechanism based on a crossbeam that is supported by vertical legs. Unlike straddle carriers, RTG are able to transport containers to long distances due to the help of the terminal tractors (rails).





Intermodal rail yard – any rail facility where cargo is transferred to/or from a train and any other form of conveyance, such as train to ship, ship to train, train to truck, or truck to train.



Mobile Cranes - consist of a traveling device with rubber-tired wheels for traveling freely on harbor areas. MCs are used to load and unload cargo onto or from a ship. Their maneuverability gives them the advantage of handling cargo at different places.



Gantry Cranes - are overhead structures with hoisting machines mounted on a frame or structure. The bridge for carrying the trolley or trolleys is rigidly supported on two or more legs running on fixed rails or other runway. Gantry cranes are used to move any type of cargo, such as timber, paper rolls, containers and any kind of bulk material.



Rail Mounted Gantry Cranes - Rail-mounted gantry crane (RMG) are specialized yard container handling machines. These cranes can lift and stack 20 or 40 Equivalent Unit containers in the yard. They are specifically designed for intensive container stacking requirements.

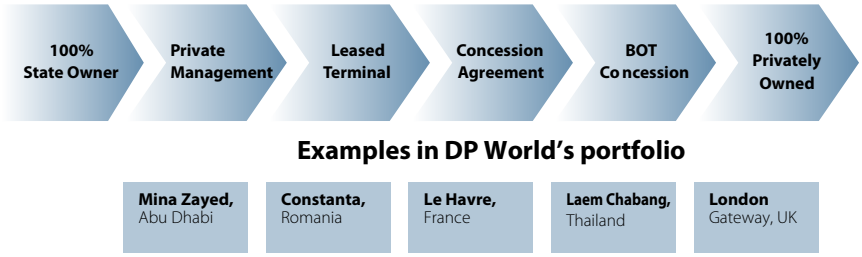


Nature of Concessions: Ownership and Operating Structure

Ownership and operating structure of ports varies

There are a variety of ownership models and structures governing the activities of container terminal operators. On one extreme, there are terminals that are purely owned and operated by state-held organizations. Under this structure, the state owns the land, terminal infrastructure and superstructure, and is responsible for all operations and infrastructure development. The private sector, on the other hand, is not involved in infrastructure, equipment, or operations.

On the other extreme, there are terminals that are purely owned and operated by the private sector. Under this setup, the port land, terminal infrastructure and superstructure, as well as the quayside and landside operations are controlled and managed by private companies. DP World's London Gateway Terminal project in the United Kingdom is an example of this ownership structure. While this type of structure is common in the United Kingdom, it is less common outside of the UK. This is due in part to the fact that governments tend to view ports as strategic assets whose ownership should ultimately be retained by the state. Alternatively, governments encourage the involvement of the private sector through various other ownership and operating structures- albeit to varying degrees.



Source: Drewry, DPW, SHUAA Capital

Structures fall between two extremes

Management contracts or are one example of such other alternative ownership structures. Under this model, only the quayside operations are handled by the private sector, while the land, terminal infrastructure and superstructure are managed and owned by the state.

Two other types of ownership structures, leased terminal and concession agreements appear to be more popular in developing countries. Under a leased terminal agreement, the private company assumes responsibility over all quayside and landside operations, while the state maintains ownership over the port land, and terminal infrastructure. Terminal Superstructures, on the other hand, may be privately owned or rented from the port authority.

Concession agreements, on the other hand, give the private sector a bigger stake in port operations. The private company manages the quayside and landside operations, and owns terminal superstructures. Only the port land and terminal infrastructure are owned by the state.

Build, Operate, Transfer (BOT) Concessions, on the other hand, give the private sector ownership of both terminal infrastructure and superstructure. Quayside and landside operations are also managed by the private sector, while ownership of the port land remains with the state. BOT concessions are particularly attractive to governments in the developing world, since they bring in foreign investments and allow for the transfer of management know-how and expertise, while enabling the state to retain ultimate ownership of port assets.

It should be noted that all operating structure agreements, with the exception of both the 100% private ownership structure and 100% state ownership structure, have a time duration restriction, usually of between 25 - 50 years. However, concessions can be renewed or extended. In the case of DP World, most of their existing container terminals in addition to the ones under development belong to either the leased terminal or concession agreement categories.

Advantages and Disadvantages of each ownership structure

Ownership Structure	Advantages	Disadvantages
100% government owned		Lower Productivity **Longer Berthing hours** **Inefficiency due to lack of internal competition** **Under-investment or squandering of resources due to dependence on government budget** **Lack of innovation**
Suitcase Stevedores	Investments and development of port facilities are provided by public sector. Higher productivity and efficiency	Underinvestment in infrastructure is a likely risk due to government bureaucracy. **Future expansion limited**
Leased Terminal	Higher productivity and efficiency Shorter Berthing hours Market-oriented approach	Risk of overcapacity **Risk of late capacity additions due to government bureaucracy.**
Concession Agreement	Higher productivity and efficiency in port operations management Shorter Berthing hours Market-oriented approach No government involvement in developing infrastructure Diminished reliance on government budgets	Unrealistic financial projections might threaten sustainability of agreement **High Capital requirements** **Disagreements between port authority and concessionaire might arise**
BOT Concession	Higher productivity and efficiency Attract foreign investment allowing for infrastructure development Transfer of foreign know-how and expertise No government involvement in development of infrastructure	Risk of not being able to extend concession **High Capital requirements**
100% privately owned	Higher productivity and efficiency Flexible Investments and port operations Minimal government interference Infrastructure and operations managed by same company Higher productivity and efficiency Market-oriented approach	Government might have to set up port regulator to control monopolistic behavior. Government loss of port asset and would have to spend considerable amounts of money to buy back the port area. Discriminatory treatment of customers

Source: Baird and Kent, 2001.

Key Industry Characteristics and Trends

Highly dynamic sector, intense competition and driven by changing factors

Container terminal operators operate in a highly dynamic sector that is constantly changing and shifting, which requires the operators to not only respond to changes, but also to anticipate them and prepare for them. Competition is becoming more intense, and it requires a considerable mobilization of resources. The sector is also driven by a number of forces that keep shifting and changing, such as global trade and liberalization, shipping lines, and privatization. We will discuss all these forces, but we will start with the one fundamental change that influenced container shipping and revolutionized transportation: Containerization.

Containerization:

containerization was a revolutionary idea that changed the whole of the industry

Transporting goods in standard containers only started in the 1960s, and the implication it had for global trade and for transportation was momentous. The revolutionary idea of transporting cargo in a standardized container tremendously facilitated transportation and opened opportunities that did not exist before.

In Port operations, loading and unloading containers became an efficient automated operation that speeded up the process and saved costs. By using a standard lifting device such as a crane, the cargo was handled more efficiently because it became faster, it saved labor costs, and it lessened damage, delays, and cargo pilferage.

For transportation, containers opened new dimensions for logistics and allowed for a standardized integration of different modes of transports. Having a unitized cargo allowed door-to-door service by transporting goods from the origin to the destination, and by using different modes of transportation, with the cargo staying in the container. By just using a crane or any standard lifting device, the container can be unloaded from the ship into a train, then onto a truck and sent to the destination, or vice versa.

It gave transportation and logistics a new dimension of multi modal transport

The multi-modal transportation, driven by containerization, integrated rail, road, canal, and maritime modes. It allowed shippers and traders to save costs by choosing the optimal transportation route. There was no need for intermediate handling now, since the container was moved from one mode into another in an automated efficient process. Most importantly, it nurtured trade hubs that were integral to the door-to-door services. Traders and shippers could now optimize the transportation by not only shipping directly to the destination, but also shipping it to hub ports and then transporting inland by rail or land, and determining the route and transportation that will best minimize cost and increase speed. Therefore, it nourished industries such as railway and land transportation, pushed countries to build their infrastructure, and caused the emergence of hubs such as Dubai.

Trade hubs became very important for global economies. By having a well-developed hub in emerging markets, shipping to hubs allowed trade to reach lesser developed countries, such as the case was with Dubai and the rest of the Gulf region, or shipping to Singapore as a hub to reach the South East Asia islands.

For global trade, with containers, goods that are perishable or sensitive to time can now be transported. Fragile products such as electronics or luxury furniture can be put into containers and shipped anywhere. Food can be kept in special containers and transported. Global trade grew, and countries were brought closer together. New markets emerged in all countries and most importantly it facilitated the division of labor between countries. Corporations can now ship goods in semi-finished form from one country to another, which complemented the growing trends in global trade.

Global Trade and Liberalization:

A major and obvious factor that greatly affects terminal operators is global trade. Global trade is what has been fuelling the growth in port operations. From the 1990s onwards, the world witnessed a compounded growth in global trade and convergence in global

economies. There are many factors behind that, such as liberalization of economies, better standards of living across the board and the WTO.

Growth in container ports has been double or more the average growth in GDP

If we look at terminal operators, its growth rate has been larger than that of global trade or average GDP. The reason for that lies mainly in the decentralization of manufacturing. There is much more shipping taking place, and it is growing at a faster rate because goods are being transported in semi-finished form, and manufacturing and assembling is taking place in different countries to best minimize costs. The division of labor between countries has greatly increased shipping between countries. In addition, the growth of economies that are part of this assembly line, such as China, India, and countries in Latin America, has fuelled the growth of global trade and thereby port business.

The changing trend in global trade and manufacturing can have great implications for an operator such as DPW. DP World can take advantage of the decentralization of global manufacturing by integrating some of the steps within their scope of operations. This is what they have done in Jebel Ali in cooperation with Jafza. In the aforementioned port, DPW provide warehousing and distribution facilities where companies can store, customize, and distribute their products to the rest of the region. DPW can then evaluate potential concessions or manage their existing port around that idea. As an example, port Constanta in Romania is seen as the regional hub for Eastern Europe similar as how Dubai is for the Middle East.

Privatization, The Entry of Shipping Lines, and Global Terminal Operators

Because of the heavy CAPEX and change required to meet global demands, trends had to change from a fully owned and operated ports towards privatization

Historically ports were operated fully by the state. However with the increasing complexity in the environment they are in, port operators had to change their business model and engage in massive investments to best meet the changing trends. Dredging had to take place because of the increasing sizes of ships. The ports needed to get bigger cranes, automated systems, and heavy equipment handle the growing number of container throughput. In addition, with the emergence of hubs that handled transshipments, and the growing decentralization of global manufacturing, competition was getting stronger. Ports had to add warehousing, free zones, and connect themselves with inland transportation. To do that, states had to develop inland infrastructure and build airports to link it with their ports. States thus moved towards privatizing their ports because the private sector had a better chance of operating ports in the most efficient way. Privatization also lessened the load on the state coffers. Most importantly, governments saw the private sector as the best source of capital that was required for the massive restructuring of the container terminals. This is important especially for the developing countries and the emerging markets, which needed to modernize their infrastructure but did not have the resources required to do so.

Factors behind the emergence of Global Terminal Operators (GTOs)

In many cases, privatization was opened only for entities that had the necessary experience and resources to successfully operate a modern terminal. In many of the cases, the only qualified candidates were operators that already managed sophisticated logistics hubs, such as PSA (Singapore), and HPH (Hong Kong). Companies such as PSA or DP World were state run enterprises that operated like private enterprises. They were backed by the financial clout of the mother state, had the necessary experience gained from operating their home ports, and operated based on business models. Therefore, such entities started to expand regionally, then globally.

Shipping lines contributed significantly to the development of GTOs. Of the 20 top terminal operators in the world, only eight are pure stevedoring operators, the rest are shipping lines that later added terminal operations. Container throughput was increasing at a faster rate than capacity, and the shipping lines face constraints that might adversely affect their operations and profitability. Shipping lines thus started acquiring ports or concessions so that they can guarantee quick docking and smooth handling of their containers.

It also made economic sense for many carriers with very strong balance sheets and sufficient volumes in a particular area to actually invest in the ports. As such, shipping lines acquired ports around the world to facilitate their shipping, and support their networks. Their terminals acted as cost centers where the carriers can keep the costs in check while fees might increase due to a glut in supply of berths. Terminal operators benefited by guaranteeing a minimum amount of ships docking in their ports. The operators emerged from this combination of activities were entities that managed and extensive service network of shipping lines and port terminals.

Nowadays, global terminal operators handle 311.8m TEUs of throughput out of a total global 441m TEUs. The GTOs' throughput grew by 18%, whereas total throughput threw by 10.8% in 2006. Thus, GTO are already handling the bulk of global trade and their importance will increase further on.

The "Big Four"

Big four accounted for almost 32% of total global throughput

The top four global port operators handled 32% of global throughput in 2006 compared to 23.5% in 2005. This indicates that more throughput is being concentrated in fewer terminals. Each of the top four increased its throughput and its capacity. Each is overly dominant in at least one region.

Below is a profile of the other three, among the "Big Four"

Hutchison Port Holdings (HPH)

Name	Parent Company	Type of Operator	2006 Gross Throughput	2006 Ranking	% of global Throughput	No. of Terminals	Key Regions	Home Port	% of Throughput from Homeports
HPH	Hutchison Whampoa	Stevedoreing	60.9	1	9.8%	45	China, SE Asia, N. Europe, C. America	Hong Kong	19.1%

Source: Drewry

HPH is a subsidiary of the Hong Kong-based multinational conglomerate, Hutchinson Whampoa . Besides port operations, the conglomerate is involved in real estate, retails, energy, finance, and telecommunications. HPH contributed to 13.5% of the conglomerate's revenues.

HPH has a portfolio of 45 terminals in 23 countries, operating in 5 of 7 busiest ports in the world.

HPH has 45 terminals in 23 countries. It operates five of the seven busiest ports in the world. Its throughput in 2006 increased by 17.5% and its share of total throughput increased from 8.58% to 9.98%. HPH owes much of this growth and its global position from the tremendous growth of throughput in China, where it retains the number one container terminal operations there. Increase in throughput was mainly contributed by a surge in volumes in two of its ports in China; Yantian, which handled 8.87m TEUs in 2006 (an increase of 17%), and its terminals in Shanghai, where throughput increased by a whopping 48% to 9m TEUs. Approximately 58% of its global throughput came from China and its homeport in Hong Kong. This means that it is strongly positioned to capture much of the growth in China. It also means that HPH is highly exposed to any risk associated with the Chinese market.

Throughput increased by 17.5% in 2006

HPH's strategy is to solidify its leadership in China, by continuing to invest in its key ports: Yantian International Terminal, Hong Kong international Terminal, and Shanghai terminals. HPH is also committed to expanding further its operations in Mainland China, and work started in the new developments of Zhuhai and Yangshan Island phase 2.

Elsewhere, HPH maintains a strong presence in South East Asia, where its concessions contributed to the second highest throughput in the region. HPH is also the largest terminal operator in Northern Europe and in Central America and the Caribbean

HPH has never had a significant presence in the Middle East, but this is now changing. HPH is adding three terminals to its existing one in Dammam, Saudi Arabia. It is developing two terminals in Alexandria port in Egypt, while its Sohar terminal in Oman became operational in 2007.

In 2006 PSA, the third largest global operator, acquired a 20% stake in HPH. This could mean that HPH and PSA now form a strategic front within the top ranks of global terminal operators. This alliance could help consolidate a dominating position in all of Asia, which will bring them a much stronger bargaining power with the shipping lines. This will also provide both a strategic powerful ally with whom they can venture into new regions.

APM Terminals

Name	Parent Company	Type of Operator	2006 Gross Throughput	2006 Ranking	% of global Throughput	No. of Terminals	Key Regions	Home Port	% of Throughput from Homeports
APM	A.P. Moller-Maersk Group	Hybrid	52.0	2	8.3%	45	N. America, S. Europe Africa, Far East	N/A	N/A

Source: Drewry

Ranked 2nd globally, APM is an independent business unit of A.P.Moller-Maersk

APM Terminals is a fully independent business division of the Danish conglomerate, A.P. Moller-Maersk Group. A.P. Moller-Maersk group is firmly rooted in shipping and maritime. It is involved in tankers, offshore drilling, shipyards, and other non-related activities such as retail and oil & gas. However, container shipping and related activities are at the heart of its operations, contributing around 57% of its USD 44 bn revenues in 2006. This division includes Maersk Line, Maersk Logistics, the Safmarine line, and APM Terminals. The group is thus a maritime powerhouse that is vertically integrated in all levels of the maritime value chain.

Throughput increase in 2006 was 26% attributed to higher capacity and utilization rates

APM Terminals ranked second in terms of global throughput, with 52m TEUs handled in 2006. This represents a 26% growth from 2005 throughput. The increase is attributable to an overall higher utilization rates in the terminals, and an aggressive capacity expansion from new concessions and investment in terminal infrastructure. APM today controls the largest capacity among GTOs, with 78m TEUs, compared to HPH's 76m TEU, the second highest. Moreover, APM is expected to keep on augmenting its capacity so that it is expected to reach 104.6m in 2007, thereby trumping the nearest competitor, HPH, which is expected to reach 85.8m TEU in 2012.

APM is building this capacity with its sister lines, Maersk and Safmarine, in mind. The expected shortage in capacity will adversely affect shipping lines, who could be hit with delays, and costs incurred from bottlenecks at terminals. Thus, a major motivation behind the capacity expansion is to support the group's core liner operations.

Having said that, APM operates as an independent entity and has a sizable number of developments that can fuel its growth. It is solidifying its leadership in North America through the development of two terminals in Virginia and Alabama. Its dominant position in the Mediterranean will be fortified by the development of deepwater container terminals in Savona-Italy and Tangier Med-Morocco, and doubling the size of its successful Suez Canal Container Terminal in Egypt.

APM Terminals is stepping up activities in China through new projects, and allying itself with the major players in the Chinese markets. It has concession projects underway in Tianjin, Xiamen, Yangshan Island, Shanghai, and Guangzhou Nansha. APM is partnering with Cosco in the latter's port in Nansha. It is also selling 40% of its stake in Zeebrugge terminal (Belgium) to Shanghai International Port Group, which will bring APM closer to one of the largest port operators in China.

APM competes with DPW head to head in two regions, Middle East & Africa

Out of all the global operators, APM can be considered to be the biggest threat to DP World in two regions: Middle East and Africa. DP World enjoys an uncontested position in the Middle East. APM comes a far second after DPW, but it is the only GTO with a sizeable presence in the region. It has concessions or management contracts in Salalah-Oman, Aqaba-Jordan, Mina Sulman-Bahrain and was recently awarded a 25 year concession for the Khalifa Bin Salman port in Bahrain.

In Africa, APM has been more aggressive than any other GTO and is already operating five terminals (besides the Suez terminal in Egypt) in Nigeria, Cameroon, Ghana, and Ivory Coast.

PSA

Name	Parent Company	Type of Operator	2006 Gross Throughput	2006 Ranking	% of global Throughput	No. of Terminals	Key Regions	Home Port	% of Throughput from Homeports
PSA	Temasek Holdings	Stevedoring	47.4	3	7.5%	27	SE Asia, Far East	Singapore	48.8

Source: Drewry

While comparisons have always been drawn between the development of Singapore and the development of Dubai, the same comparisons may also apply to PSA and DP World. Both entities drew their initial success from liberalized (i.e. no customs) ports strategically located within their regions. Both built their experience on efficient handling of transshipments. Both were government entities that got corporatized to enhance their competitiveness. And both expanded outside their homeports to export their expertise in running a container terminal.

PSA is owned by Temasek Holdings, which is an investment house 100% owned by the government of Singapore.

Ranked third in the world in terms of gross throughput, but first in terms of equity throughput. managed to increase its gross throughput by 18% in 2006.

PSA increased its total throughput in 2006 to 47.4m TEUs, which is an increase of 18% from the throughput in 2005. This makes it the third largest global terminal operator. However, in terms of equity throughput, it has increased 27% to 41.2m TEUs, which makes it the largest container terminal operator in terms of equity throughput. This increase in equity was mostly due to its purchase of 20% of HPH.

Out of the top ten global operators in 2006, PSA is the second most dependent on it homeport, which is in Singapore. 48.8% or almost 24m TEU were handled in Singapore Terminals, which represents a growth of 7%. This means that while PSA has a bed-rock of a significant, continuous, and unchallenged throughput flow from Singapore, it is extremely exposed to any risks associated with Singapore.

In 2006, contribution of overseas container throughput exceeded that of Singapore the first time in PSA's history. Overseas container throughput increased by more than 30% to 25.12m TEUs. Most of the growth comes from surging rise in throughput volume at its terminals in China and South Korea, India, and Northern Europe.

PSA is strengthening its position in key areas like China, Indian Subcontinent, South East Asia and Europe

In China, PSA maintains a strong presence in Hong Kong through stakes in HIT, Cosco HIT, Terminal 3, and Terminal 8W. Its terminals in Guangzhou, Dalian, and Fuzhou each posted double digit growth. Existing berths are being expanded in Fuzhou with new developments in Donguan and JV with Tianjin Port Group for six-berth terminal.

PSA is also strengthening its presence in the Indian Subcontinent. Its existing terminals handled record levels of throughput of more than 350,000 TEUs. It is developing terminals in Hazira and Chennai, and it has been awarded a 40 year concession to run the new port in Gwadar in Pakistan.

In South East Asia, Singapore reigns supreme by the sheer volume of its homeport alone. PSA clearly established Singapore as the transshipment base in all of South East Asia. The nearest global competitor, HPH, has a quarter of PSA's throughput in the region. PSA will continue to hold the vice-like grip on the region and it is expanding deeper into it. PSA announced a JV with Saigon Port for the development of the SP-PSA International Port in Vung Tau Vietnam. This port is promoted as the hub for Indochina, which has one of the fastest throughput growth rates.

In Europe, PSA HNN, a subsidiary of PSA, operates six terminals in Antwerp and Zeebrugge, which moved more than 8m TEUs in 2006. Its terminals in Venice and in Voltri posted solid growths, and its Terminal XXI in Sines Portugal picked up pace after a slow start in 2006. Regarding its future developments, PSA entered into a JV with International port Holdings to operate a short sea terminal with ro-ro facilities in Great Yarmouth UK. Also, PSA is tapping the exciting Eastern European market through the privatization of the Mersin Port in Turkey.

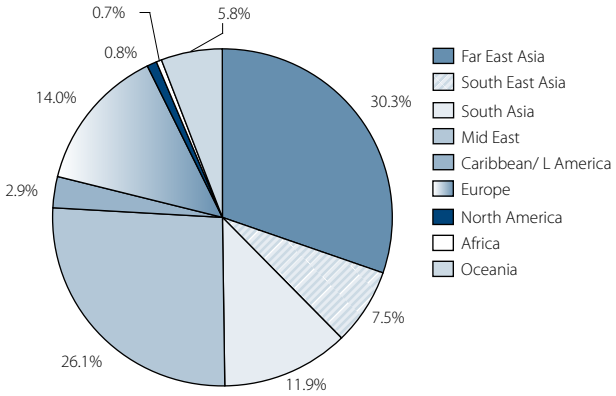
Primary Business Drivers and Growth Opportunities:

DPW is a pure port operator with a flagship port Jebel Ali and is present in all major regions, a position no other global player enjoys

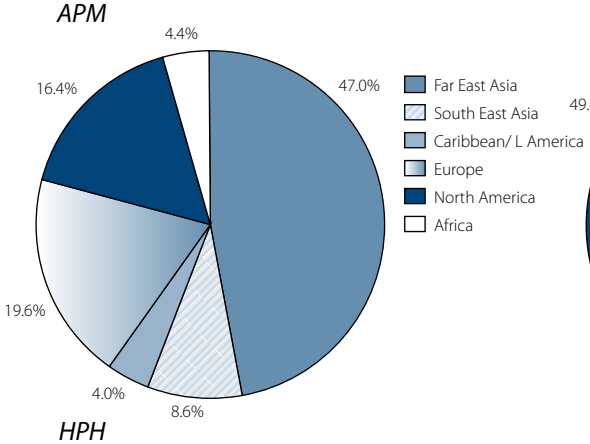
DP World is well positioned to take advantage of a range of highly favorable developments taking shape in the global container terminal industry, as well as specific opportunities that will likely present themselves going forward. A key characteristic of DPW today is the fact that it is a pure play port operator with a key flagship port (Jebel Ali) and a presence in all major geographical regions in the world; a position it shares with no other global operator. This remains true even after the forced sale of P&O's portfolio in the US, as the company retains a presence in North America through its concession in Vancouver, Canada, while its concession in Caucedo, Dominican Republic, allows it to cater to North and Central American trade routes. It is also by far the most diversified of its immediate peers in terms of scale of exposure to specific regions, with no region representing more than 35% of the company's gross throughput or capacity.

DP World breakdown of gross throughput by region 2006 as per Drewry regional breakdown vs. APM, HPH & PSA

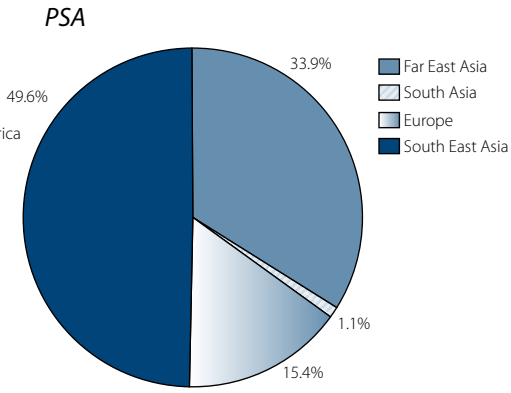
DP World



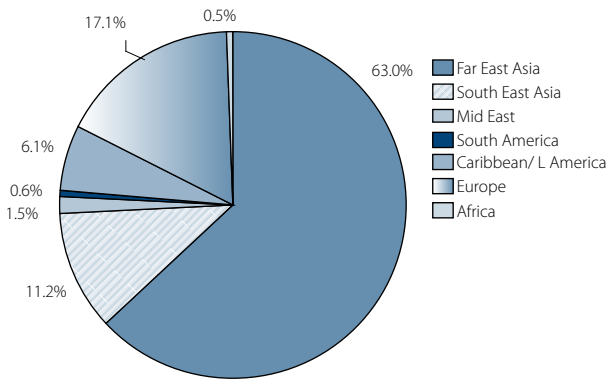
APM



PSA



HPH



Source: Drewry

The company's global presence allows it access to the main areas of current and anticipated growth in trade activity, throughput and developing shipping routes. This advantage is further accentuated by an overweight current and anticipated presence in areas of above average expected growth in throughput, high anticipated capacity constraints and high potential for development.

Core drivers remain robust global economic growth and higher rate of containerization

We believe that the combination of sustained high global GDP growth, even higher rate of global trade and associated maritime transportation, and higher still rate of containerization of cargo will remain a core driver of growth for global terminal operators, while elements unique to the industry, such as the natural geographic monopoly characteristics of ports, high barriers of entry and long lead time for the introduction of new capacity, insulates the industry from the volatility that afflicts the global container shipping lines industry. These same characteristics also mean that at times of high and sustained growth in seaborne trade and port throughput, synonymous with the trends we have been witnessing and will likely continue to witness for the foreseeable future, capacity of ports struggle to keep up with demand. This results in highly favorable business conditions for operators, including high capacity utilization, strong pricing power, higher profit margins, and high rates of return on investments in new capacity.

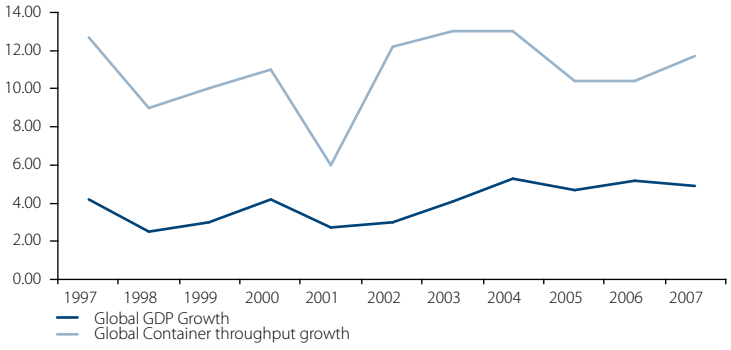
Specific regions offer particularly attractive opportunities when it comes to investment in port facilities, especially in terms of privatization opportunities, anticipated transportation infrastructure improvements, regulatory developments, or severe capacity constraints. We find opportunities in India, the Middle East, Africa and Eastern Europe particularly appealing for DPW going forward.

Growth in global seaborne transportation and Containerization

Global growth in GDP, coupled with increased economic specialization and reduction in trade barriers (better known as globalization) result in a multiple effect on growth in trade, most of which is transported by sea. Growth in seaborne transportation and trade is the first and primary driver of growth in throughput at container ports, while the higher the component of cargo that is containerized, the higher the share container terminals have of the overall global stevedoring volumes.

The past decade has witnessed a confluence of the above factors, resulting in global container shipping traffic growing at four to five times global GDP growth, at a time when global GDP has been witnessing its strongest and longest running expansion in living memory.

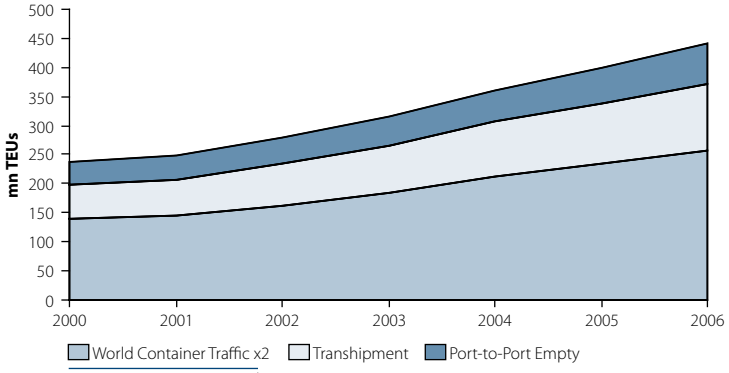
Global GDP Growth vs. global container throughput growth 1997-2007



Source: IMF, Drewry

While the volume of global container traffic is the key driver, volume of global container throughput at ports is not just global container traffic multiplied by two to represent both moves at the port of origin and at the port of destination. It also naturally includes transshipment throughput, as well as empty container handling. Accounting for both these factors, global container throughput becomes a multiple of around 3.4 times global container traffic.

Total Container Throughput at Ports



Source: Drewry , SHUAA Capital

Total port handling throughput vs. total world container traffic 2000-2012E

Year	Port Handling throughput	World Container traffic	Multiple
2000	236.3	69.6	3.4
2001	248.3	72.3	3.4
2002	278.4	81.1	3.4
2003	314.8	92.1	3.4
2004	361.6	105.7	3.4
2005	399.0	116.6	3.4
2006	440.3	128.3	3.4
2007E	491.8	142.9	3.4
2008E	546.1	158.3	3.5
2009E	601.6	174.1	3.5
2010E	657.5	190.1	3.5
2011E	714.9	206.6	3.5
2012E	773.7	223.7	3.5

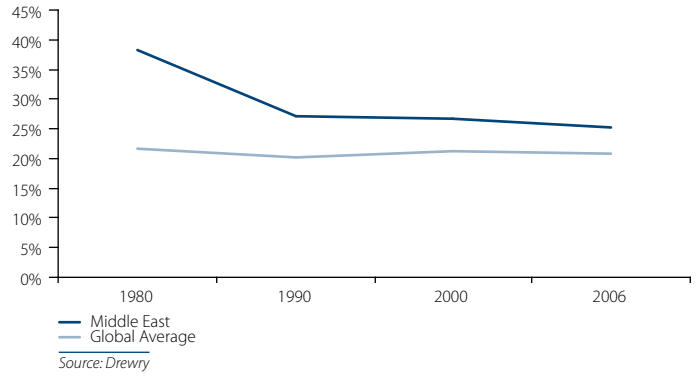
Source: Drewry, SHUAA Capital

Typically, increasing interregional imbalance of trade (such as the imbalance that currently exists between West bound vs. East bound trade), as well as increased adoption of the hub and node model by shipping lines results in higher instance of empty container handling and transshipment respectively, both of which result in an expansion of global port handling throughput as a multiple of global container traffic. This has been the reason behind the fact that global container traffic has grown at a CAGR of 9.7% since 1990, while global port container throughput has grown at a higher CAGR of 10.8% over the same period.

The increasing trend of containerization reduced the percentage of empty containers to total throughput

This trend is somewhat tempered by the increasing utilization of returning empty containers, by shipping cargo that is not usually shipped by containers, in the process taking advantage of a much cheaper return leg by shippers. A region that has improved substantially its utilization of returning empty containers has been the Middle East. This region, although historically displaying a substantial trade balance surplus, due to the oil exporting countries of the Arabian Gulf, has always ran a substantial deficit when it comes to containerized trade, as oil and other energy exports such as LNG are exported on board tankers or specialized fleets. During the 1980s the Middle East had the highest incidence rate in the world of empty container volumes, representing almost 40% of total port throughput in the region, and almost twice the global average at the time. This rate has been brought down to around 25% of total throughput by 2006, as empty containers have been utilized for break-bulk and pure bulk cargo.

Middle East empty container incidence for the years 1980, 1990, 2000 and 2006 vs. global average



Source: Drewry

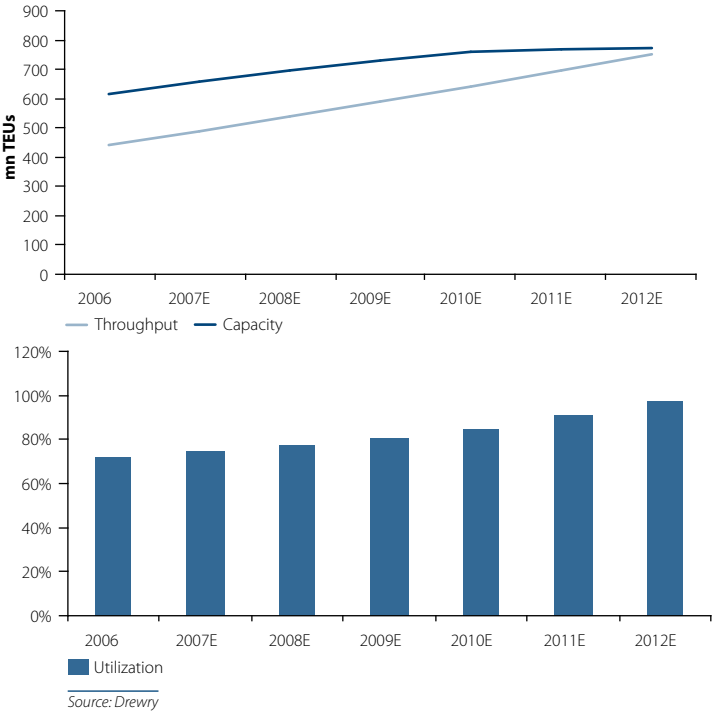
DP World is by far the largest global container terminal operator in the Middle East. It has benefitted from the increased eagerness from shipping lines to fill returning empty containers from the region with cargo, by charging higher rates for handling full containers versus empty ones, therefore generating higher yields from the same amount of lifts, as returning containers get filled up with unconventional cargo. This equation, at equilibrium, has benefitted the shippers from the region, the shipping lines as well as the port operator.

Growth mismatch between global capacity and throughput

Expected match in global throughput & confirmed capacity by 2012

A substantial mismatch between expectations of global port throughput and anticipated global port capacity over the next six years is emerging. In 2006 global port capacity was estimated to be around 614 mn TEUs, while global throughput was around 441 mn TEU, resulting in healthy global capacity utilization of 72%. Leading shipping consultancy Drewry Shipping Consultants anticipates global throughput to grow at an average annual rate of around 9.3% for the period between the years 2007-2012, reaching 753 mn TEUs by the year 2012, while confirmed global capacity additions over the same period display average annual growth of only 3.9%, to reach 773 mn TEUs by the end of the same period. This results in unprecedented global container port capacity utilization of 97%.

Throughput, Confirmed capacity, and Utilization 2006-2012



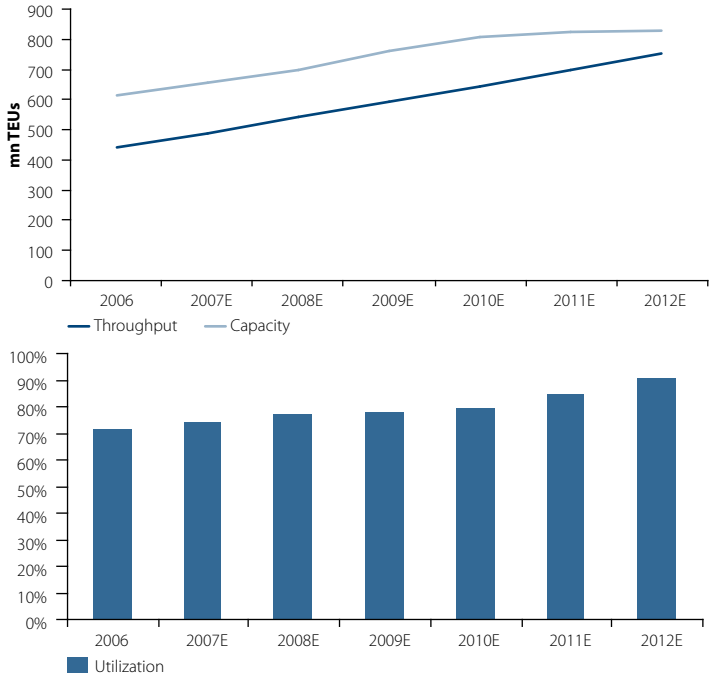
Source: Drewry

While the figures above relating to anticipated capacity growth are almost certainly understated, given that they only take into account capacity additions that have been confirmed over the period, they are likely to be very close to reality for the first three years of the forecast, given the substantial lead time and potential delays required for the addition of new port capacity.

Expected utilization rate of 91% between global throughput & confirmed + unconfirmed capacity by 2012

A more aggressive assessment of capacity growth over the same period takes into account both confirmed and unconfirmed investments in new capacity. Based on these numbers, global port capacity is anticipated by Drewry to grow at an average rate of 5.1% to reach 827 mn TEUs by 2012, resulting in a global capacity utilization rate of around 91%. We believe that this scenario is a more realistic one, and adopt it as a basis for our analysis of industry trends. However, even this somewhat less striking utilization rate is unlikely to be sustainable, given that it implies that certain regions will witness utilization rates of over 100%. At such rates, port congestion becomes an acute problem.

Throughput, Confirmed + Unconfirmed Capacity, and Utilization 2006-2012



Source: Drewry

Utilization rate in Far East is expected to exceed 100%

Despite the fact that almost 35% of total anticipated additional capacity will come in the Far East, utilization rates in this region will increase substantially over the period to exceed 100% by the year 2012, primarily driven by continued high-pace growth in exports and resulting seaborne trade from China. The regions of Western Europe, North & Central America and South East Asia will claim 21%, 13% and 12% of the additional capacity respectively.

	Additional DPW capacity by 2012	% of total additional capacity
Far East	73,633	34.5%
Western Europe	44,442	20.8%
North & Central America	26,831	12.6%
South East Asia	25,140	11.8%
South Asia	12,205	5.7%
Africa	11,242	5.3%
Middle East	9,490	4.4%
South America	5,096	2.4%
Eastern Europe	3,965	1.9%
Oceania	1,338	0.6%
Total	213,382	100%

Source: Drewry, SHUAA Capital estimates

In addition to Far East, regions that will witness severe pressure on anticipated capacity according to Drewry include Eastern Europe (145.4% utilization by 2012) the Middle East (100.8%) and South America (99.5%), while regions with above 90% utilization include Africa, Oceania and possibly South Asia (confirmed capacity addition in South Asia represents only half of total estimated capacity addition).

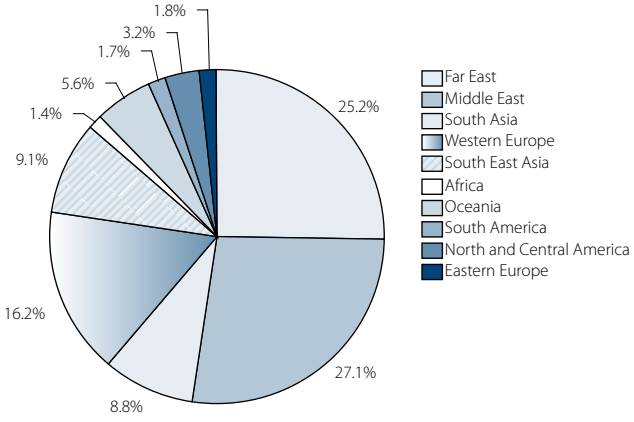
The resultant business implications for operators active in regions with high anticipated capacity utilization and major capacity constraints include:

- Stronger pricing power, due to limited alternatives available for shipping lines and higher competition for port handling services.
- Lower cost per TEU handled, as fixed costs represent over 40% of total operating costs, resulting in higher profit margins for operators
- High return on investment in new capacity, and particularly high return on investment in higher efficiency and capacity creep

DPW is the single largest operator in Middle East, South Asia and Oceania

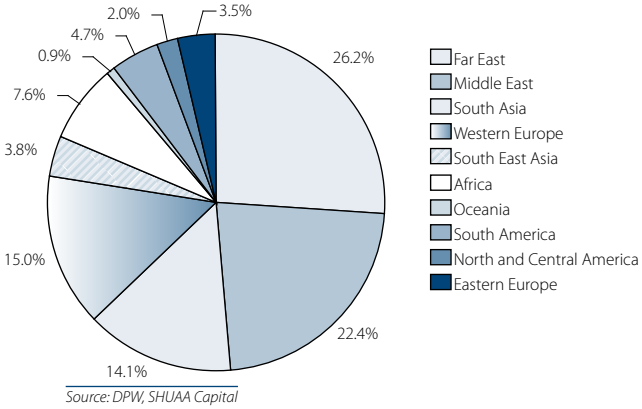
DPW currently operates terminals in all major geographical regions, with plans already in place to expand capacity substantially in most regions. It is already the single largest operator in three regions, with gross capacity market share of 41%, 29% and 25% in the Middle East, South Asia and Oceania respectively, while it also retains substantial market presence in both Western and Eastern Europe as well as the Far East. Based on the company's confirmed capacity expansion plan over the next six years, its market share of available capacity is set to grow in each one of the geographical regions by 2012. Overall, the company is set to introduce nearly 40 mn TEUs in additional capacity over the period, with the bulk of the new capacity coming in the Far East, Middle East, Western Europe, South Asia and Africa respectively.

DPW geographic gross capacity distribution of market share in 2006



Source: SHUAA Capital estimates

DPW geographic gross capacity distribution of market share in 2012E



Source: DPW, SHUAA Capital

However, relative to current capacity per region, the operator is set to grow its African capacity the most (increasing over 400% by 2012) followed by South America (nearly 290%), Eastern Europe (165%) and South Asia (131%). The substantial anticipated increase in capacity in the Middle East will only grow the company's total capacity in the region by around 67%, given the current large base. This will still likely increase the operator's market share in the Middle East to over 50% of total available capacity by 2012.

Match between the expected capacity utilization and DPW expansion plans

The regions in which DPW is growing its capacity the most correspond well with the regions in which capacity utilization is expected to be the highest going forward. This will likely prove a key driver for growth in the business' overall throughput and revenues, as well as result in an expansion of operating profit margins and an increase in return on investment in capacity. Furthermore, assuming all capacity expansions move ahead according to plan, DPW should have a gross market share of over 10% in each of the Middle East, South Asia, Eastern Europe, Africa, South America and Oceania, all of which are regions that are likely to witness capacity utilization of over 90% by 2012.

Overall, we expect that by 2012 DPW will retain a gross market share of global capacity of 10.7%, up from almost 8% at the end of 2006, and an equity-adjusted global market share of 6.7%, up from less than 5% in 2006. Below are the details of this expected growth in capacity vs. global growth in capacity per region.

	2006	2012e	CAGR
North America & Central America capacity	92,793	119,624	4.3%
Throughput	63,348	92,409	6.5%
Utilization	68.3%	76.3%	
DP World estimated capacity growth			7.2%
DP World estimated equity adj. capacity growth			7.7%
Western Europe capacity	125,417	169,859	5.2%
Throughput	82,634	127,679	7.7%
Utilization	65.9%	75.2%	
DP World estimated capacity growth			9.8%
DP World estimated equity adj. capacity growth			9.8%
Far East capacity	208,931	282,564	5.2%
Throughput	154,922	291,285	11.1%
Utilization	74.1%	103.1%	
DP World estimated capacity growth			10.8%
DP World estimated equity adj. capacity growth			9.9%
South East Asia capacity	80,115	105,255	4.7%
Throughput	60,890	93,657	7.4%
Utilization	76.0%	89.0%	
DP World estimated capacity growth			5.0%
DP World estimated equity adj. capacity growth			7.5%
Middle East capacity	31,964	41,454	5.2%
Throughput	24,111	41,794	11.1%
Utilization	75.4%	100.8%	
DP World estimated capacity growth			9.0%
DP World estimated equity adj. capacity growth			10.2%
South America capacity	20,395	25,491	3.8%
Throughput	14,907	25,353	9.3%
Utilization	73.1%	99.5%	
DP World estimated capacity growth			22.0%
DP World estimated equity adj. capacity growth			24.9%

	2006	2012e	CAGR
Oceania capacity	11,007	12,345	2.1%
Throughput	7,936	11,354	6.1%
Utilization	72.1%	92.0%	
DP World estimated capacity growth			2.1%
DP World estimated equity adj. capacity growth			1.8%
South Asia capacity	14,860	27,065	10.5%
Throughput	11,529	22,744	12.0%
Utilization	77.6%	84.0%	
DP World estimated capacity growth			15.0%
DP World estimated equity adj. capacity growth			14.1%
Africa capacity	19,854	31,096	7.8%
Throughput	15,394	29,124	11.2%
Utilization	77.5%	93.7%	
DP World estimated capacity growth			32.0%
DP World estimated equity adj. capacity growth			34.8%
East Europe capacity	8,449	12,414	6.6%
Throughput	5,622	18,056	21.5%
Utilization	66.5%	145.4%	
DP World estimated capacity growth			17.6%
DP World estimated equity adj. capacity growth			17.6%
Global capacity	613,785	827,167	5.1%
Throughput	441,293	753,455	9.3%
Utilization	71.9%	91.1%	
DP World estimated capacity growth			10.3%
DP World estimated equity adj. capacity growth			10.6%

** All figures are in TEU '000 except percentages*

Source: Drewry, SHUAA Capital estimates

The container shipping equation

As global shipping lines are the primary customers of port terminal operators, and given that throughput at container ports globally is a function of seaborne container transportation activity, it may be intuitive to assume that the performance of global shipping lines and global terminal operators should be very much in-line, while tariffs at container ports should typically move in line with chartering rates. However, elements unique to the container terminal industry within the general container shipping value chain have meant that the industry has proven much more insulated from supply-led fluctuations in the performance of shipping lines, and port tariffs have proven to be much more resilient and less volatile than chartering rates.

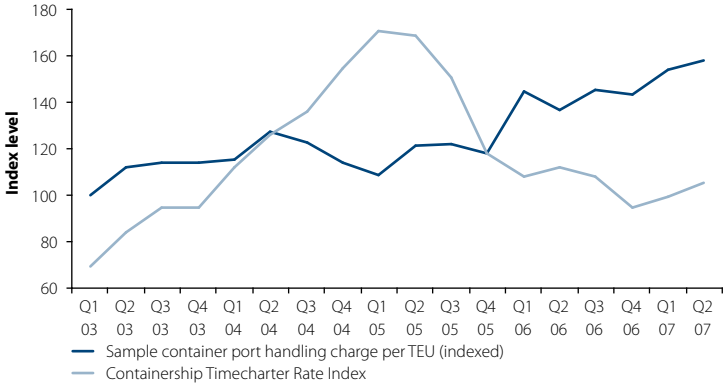
Given that shipping lines servicing the same routes are effectively interchangeable, they compete primarily on price and available capacity. Chartering rates are therefore very much aligned amongst the different lines, and are immediately affected by available capacity and demand, while the fact that capacity at shipping lines is malleable means that excess capacity available on one shipping route can be transferred relatively quickly to another route in which capacity is constrained. This effectively means that global chartering rates are also relatively aligned, and explains the fact that during periods of high new capacity (new container vessels) coming on stream, chartering rates are immediately affected throughout the world, while in periods of shortage of supply, chartering rates spike. This is all in addition to the fact chartering rate "guidance" is regularly set by shipping conferences for specific routes.

Container Tariffs typically calculated on a per TEU basis which vary based on geography

They are not affected by shipping lines as perceived

However, container port tariffs, typically calculated on a per TEU of handled cargo basis, vary widely between different geographies, and even between ports within the same geography. This is due to a range of reasons, including the **implied geographic monopoly** of container terminals, **varying demand for different port locations** based on inbound and outbound throughput in that region, the fact that most **tariffs are agreed on an annual basis** with a relatively small group of shipping liners that dominate the industry, as well as varying facilities and handling capabilities at different container ports. Also, available capacity at container ports is independent from available capacity on liners, while commissioning of a new container port requires much longer lead time than the commissioning of a container vessel. Prices set by shipping route conferences and cartels typically have no impact on tariffs set by port operators.

Container port handling rates vs. Chartering rates



Source: Clarkson Research, various operator financial statements, SHUAA Capital

Other features that affect tariff levels and trends at container ports include:

- Share of origination & destination (O&D) throughput at the port vs. transshipment throughput. Transshipment throughput is typically less robust and more price sensitive, especially if alternative transshipment hubs are available.
- Prior to the widespread adoption of containers as the primary vessel for the storage of goods in transport, loading and unloading vessels was the greatest single expense incurred by shipping lines. As a result of widespread adoption of

containers, container port handling costs today are a much lower component of overall container shipping costs, especially for long haul container shipping. This puts less pressure on port operators to revise down tariffs at times of low chartering rates for shipping lines.

- The nature of available infrastructure, superstructure and ease of access to land based transportation within a port, is typically reflected in tariff rates. Also, hub ports that cater to 8,000 TEU and above capacity container ships remain scarce, and may be priced accordingly.
- Operational cost structure at different ports, as well as concession terms and commitments regarding capacity and targeted throughput may have an impact on pricing.
- Pricing regulations at certain ports may mean that operators are not free to set their tariffs.

Given that DPW is a leading global operator with a globally balanced portfolio of terminals, average revenues generated per unit of throughput will likely remain relatively stable. Around 76% of the operator's throughput is generated from O&D traffic, implying more stability compared to operators that cater primarily to transshipment traffic, while even portfolio ports that have a relatively high component of transshipment (such as Jebel Ali) have very few alternatives in their immediate vicinity.

DPW tariffs will depend on the equilibrium between capacity and throughput

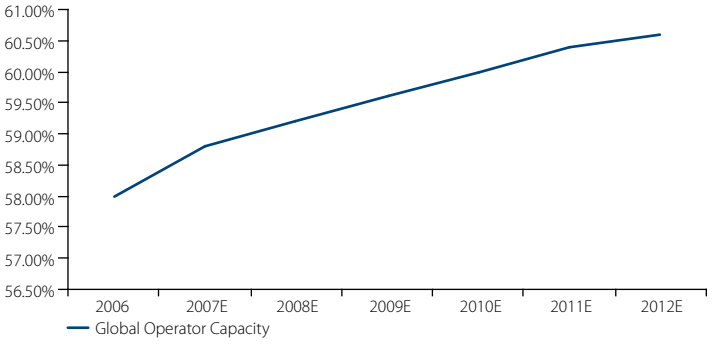
What this implies is that revenues at DPW will be driven primarily by rates of growth in throughput per region and by availability of new capacity from the operator in these regions, while tariffs may be positively affected by high capacity utilization. There is no real need to model for or expect any volatility in revenue streams given the sector fundamentals, diversity of the company's portfolio and nature of port tariffs.

Global operators: why they will continue to gain market share

DPW's rise from a leading regional terminal operator to leading global operator, primarily via acquisitions, has meant that the company joins an exclusive club of highly influential players in the global container shipping industry, and one that today controls over 61% of global throughput at container ports. This market share has grown from less than 20% only ten years earlier. The substantial growth in market share of this group has resulted from an extremely conducive environment for the activities of global operators, as well as substantial M&A activity within the sector.

Global operators are defined as port operators that have operations in more than one geographic region (as defined by Drewry Shipping Consultants). However, beyond geographic presence implications, they are typically operators that retain a substantial size in terms of total capacity, and are constantly active in growing their global concessions base, as opposed to private operators that may retain a single concession and are focused on it, with no ambitions to grow beyond it.

Global Operator Capacity



Source: Drewry

The market share of global operators is set to grow even further going forward, as, according to Drewry, confirmed capacity additions by global operators will grow at an average annual rate of 4.7%, compared to around 2.9% for non-global private sector entities and 2.6% for the public sector.

We believe that the largest global operators will continue to witness growth in market share of global terminal capacity and throughput due to a range of reasons and likely developments within the industry, including:

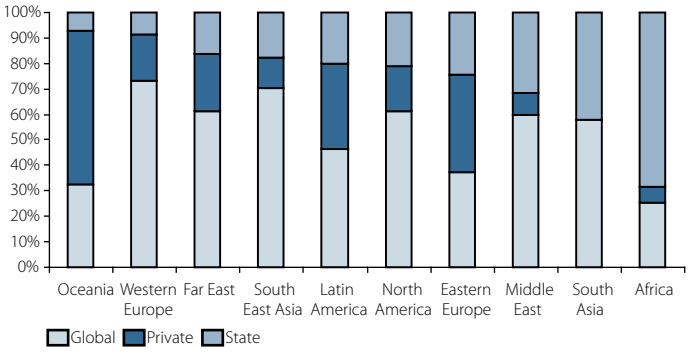
- Empirical, and generally accepted, evidence that ports managed by private entities are both more efficient and more productive than those managed by government bureaucracies. This, together with an on-going and overwhelming trend for governments to adopt privatization and free market policies, especially after the fall of the socialist and communist ideals throughout most of the world, will likely mean that the trend of privatization of port assets will continue to take route, even among the most ardent former bastions of central control. Around 20% of global port capacity remains under state control, and a much higher proportion in developing region's of the world. We expect much of that to get passed on to private hands throughout the next decade, with global operators likely to secure the lion's share of these privatizations.
- On-going M&A activity within this sector, and inherent cost and efficiency gains, will likely mean that global operators will continue to grow in size via acquisitions of smaller private operators, while ambitious private operators will likely grow their businesses outside their core regions by securing international concessions, or by merging with or acquiring private operators in other regions. This will mean that a number of private operators will graduate to become global operators in the future, increasing the grain of global operators and their collective market share.
- The higher propensity of global operators to invest in new capacity and pursue new concessions. This is because their business model supports such growth (the decision to go global has already been made), while funding is both cheaper and more readily accessible, given the scale of their operations, and the diverse sources of their cash flows. Global operators may also utilize mature high cash generating operations to fund investments in new developments or early stage operations.
- Relative ease in securing customers for new port developments, given long standing relationships with shipping lines. This gives global operators a distinct advantage over all other operators, and allows more secure investment decisions to be made based on secured business early on. Such security underlines DPW's substantial investment in the London Gateway container terminal project.
- DPW will be a major part of this overall trend. Its heavy presence in the regions that will witness the largest growth in throughput and capacity, and the highest opportunities for new concessions and privatizations, will likely mean that its market share gains will even exceed most of its global peers' over the next ten years. As we expect total gross capacity of DPW to reach almost 90 mn TEUs (not including any new concessions or privatizations) it is very likely to challenge for the second spot in the league tables of the worlds largest global terminal operators by that time.
- Closer to home, ambitious operators within DPW's core region have started making noise recently, and may attempt to challenge DPW's hold of the Middle East market, while attempting to adopt a similar model of gradual global expansion from a solid home base. In a few year's time DPW may not be the only global operator with its roots in the Middle East, although it will likely remain by far the largest.

New opportunities

With privatization the stream of investment opportunities will be regular

We anticipate a regular stream of new investment opportunities for DPW over the foreseeable future, especially in the shape of privatizations. A substantial share of total available capacity and throughput in Africa, South Asia, the Middle East and Eastern Europe remains in state hands. These areas are likely to present substantial privatization opportunities going forward, and DPW is well placed in all these regions to capture a substantial share of the opportunities. These same areas will likely witness the most severe capacity constraints going forward.

Ownership Structure of Ports by Region



Source: Drewry

A recent example of such an opportunity that was secured by DPW this year was the concession in Dakar, Senegal for a 1,500 TEU per annum container terminal the first phase of which should become operational by 2011. The concession was a particularly significant one, given that it was the first facility secured by DPW in West Africa, making it one of only two major global operators with a foothold in that region.

Potential for the Dubai model: creating demand, not just catering for it

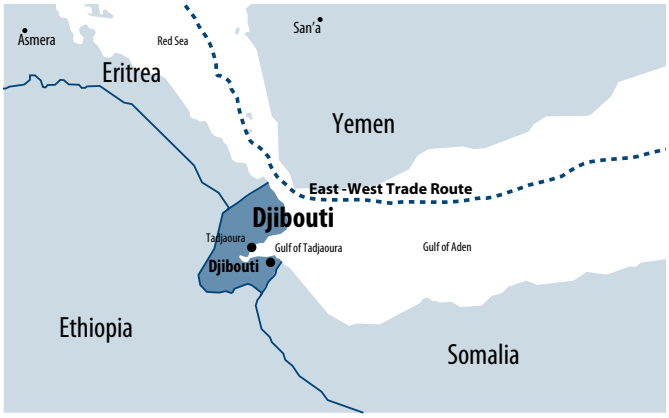
A state of art port model is Jebel Ali boosted by high demand supported by associated free zone

What we define as the Dubai model, is a model that was perfected by the twinning in Dubai of a massive port at Jebel Ali with a large associated industrial free zone in the same area, together with all the required transportation and logistics infrastructure. The free zone is managed by Jafza, a sister company of DPW, under the umbrella of Dubai World. The free zone proved to be a massive success, with around 6,000 businesses located in the free zone today, around 120,000 people employed and generating approximately 10% of Dubai's GDP in 2006. Many global companies also located their regional warehousing and distribution centers in the Jebel Ali Free Zone and heavily invested in them as the economies of the region grew. The success of the free zone was partially related to it's proximity to a state-of-the-art port, while throughput at the port was boosted by demand generated from businesses that were set up in the free zone. This was a classic case of supply lead generation of demand… something that Dubai has always excelled at.

Same business model will be applied in Djibouti serving as a transhipment huba

This model has potential for implementation at other locations in which DPW is active. It is already being implemented in Djibouti, where DPW has a management contract for the existing port, and more importantly, a BOT concession to build a 1,500 TEU capacity terminal at an adjacent site. In 2006, Jafza secured rights to develop a free-zone adjacent to the site of the port, in the process replicating the model that has been so successful in Jebel Ali. The rationale behind the investment in Djibouti, which as a stand alone economy is tiny, has more to do with the fact that it is the only port accessible to land-locked Ethiopia, one of Africa's largest countries, with a total population of over 70 mn. It is also strategically located at the mouth of the Straights of Bab El Mandeb, which links the Indian Ocean to the Red Sea and through to the Suez Canal, one of the fastest growing trade routes in the world, while the port is a natural deepwater facility, which means that it could cater to the larger liners for a relatively small investment. Djibouti is also a relatively safe and stable country, which has witnessed none of the instability that has afflicted the horn of Africa over the past two decades. The vision is to achieve a transshipment hub, with substantial potential throughput volumes into a vast hinterland, with a growing base of industries and businesses located in close proximity to the grounds of the port, and

availing from modern functioning infrastructure. This sounds very familiar to what has already been achieved by the operator, and its sister company, in Dubai.



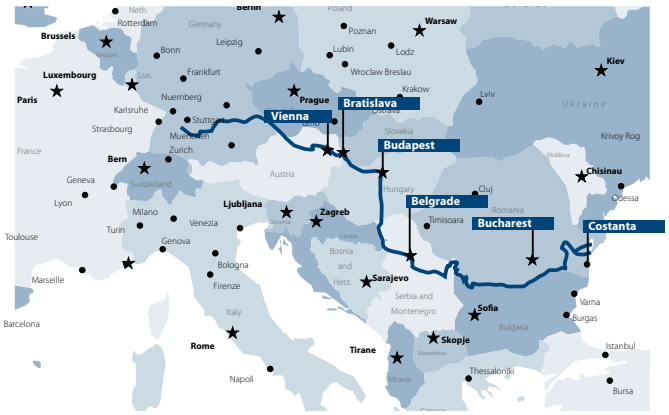
Other areas in which a similar model can be implemented, given sufficient political support, could include India, Eastern Europe and South America.

Other identified areas of potential growth:

Eastern Europe (Constanta, and prospects for the Danube)
DP World retains a concession in the port city of Constanta, on the Black Sea shore of Romania. The port is a 0.95 mn TEU capacity terminal that is already handling close to its full capacity in annual throughput. The operator had grown the capacity of the terminal from only 0.1 mn TEUs as recently as 2004, and plans to continue growing this capacity to around 1.3 mn TEUs by 2010. The container terminal has in the process been transformed into a Black Sea hub, in an area that is substantially under-served by global operators.

Constanta expansion plan is vital. Potential of being a Black Sea hub serving land locked European countries

We believe that the potential for this port substantially exceeds its current throughput volumes, especially if further investment goes into transforming it into a feeder hub for the rest of the mostly land-locked Eastern Europe, a region that is forecast to witness substantial capacity constraints over the next decade. We believe that the key to this development lies in the port's proximity to the Danube River, which is the second longest river in Europe, with a navigable length of 2,400 km. The river is dubbed the river of capitals, given the fact that it intersects Bucharest, Belgrade, Budapest, Bratislava and Vienna, all capitals of land-locked European countries, with a total population of almost 60 mn and an average GDP per capita of USD 10,000. The port at Constanta is the only sizable container port in Romania, and is the closest container port to the mouth of the Danube River (The Danube River Delta) which lies on the Romanian Black Sea coast.



However, the river is highly under developed when it comes to container handling infrastructure, and is as shallow as 2.5m at certain points. Substantial investment into container port facilities in the cities that lay on the river, and an investment into dredging the river at certain points to be able to handle small river faring container ships, as well as potentially an investment into building more of these river faring vessels dedicated to the Constanta-Danube shipping line, would result in the creation of a new regional container hub, with substantial transshipment volumes into Eastern Europe.

We believe that DPW is very well placed to spearhead such an effort, and potentially land new concessions on the Danube in the process, resulting in practical ownership of what could potentially become an exploding new route into an increasingly prosperous Eastern Europe.

India, and the inherent potential for growth in throughput:

DP World retains a very strong position in the container terminal industry in India

DP World retains a very strong position in the container terminal industry in India, laying claim to around 2.9 mn TEUs in gross throughput in the country for 2006, or around 55% of total container throughput in India for the year. The operator is also developing what is slated to become India's largest container terminal at Vallarpadam, with an expected capacity of 3 mn TEUs by completion. This puts DPW in the enviable position of being the single largest beneficiary of any positive developments or trends in the container terminal industry in India. We believe that many positive developments will indeed materialize in the Indian container terminal market due to continued rates of economic growth, expanding wealth, improving purchasing power, growing trade volumes and substantially increasing throughput at the country's ports. This will be further complemented by government and private sector investment into improving hinterland connectivity, general infrastructure, the development of hub ports and highly favorable regulatory developments going forward.

India's economy has been witnessing a true renaissance over the past decade, which as a large economy has ranked it second to only China in terms of sustained economic growth. According to the World Bank, the economy has over the past six years been growing at an average rate of around 7.3%, while GDP per capita has made even stronger gains of almost 10% per annum over the same period to exceed USD 800, from USD 460 only six years earlier. The resultant boost in domestic income and consumption is reflected in the drastic increase in imports to the country from US $51 bn during the fiscal year 2001/02 to US $173 bn in 2006/07, at a CAGR of 22.7%. However this growth in imports is somewhat exaggerated by the rise in global crude oil prices, which India has imported at an increasing rate to help fuel its growth.

This growth has reflected on container throughput volumes at the country's ports, especially since a privatization effort starting in 1998 boosted port efficiency and total capacity in the country. Throughput has grown at a CAGR of 14% since the year 2000. However this strong rate of growth could have been higher still had it not been for instances of port congestion, lack of sufficient channel depth and berthing facilities as well as poor hinterland connectivity. The government of India is currently implementing the National Maritime Development Program (NMDP) in order to solve this program. The program calls on investing creating additional port capacities, modernizing existing ports, as well as improving connectivity to railways and roadways. The government is also planning to support the creation of hub ports, in order to partially capture India destined transshipment throughput from hub ports like Colombo, Singapore, and Salalah which have traditionally serviced the Indian market.

Drewry Shipping Consutants forecast total throughput to grow at a CAGR of 12% over the next six years in the Indian subcontinent, however we expect throughput in India could grow at a substantially higher rate, even exceeding the 14% CAGR achieved over the past six years, if substantial investment into terminal capacity and infrastructure is carried out in parallel with hinterland transportation infrastructure improvements and continued growth in domestic consumption levels.
Potential for growth in throughput levels in India are highlighted by the substantial discrepancy in throughput levels in China, which benefits from much more developed

port and transportation infrastructure. Total container throughput in China came in at around 93 mn TEUs in 2006 compared to slightly more than 5 mn TEUs in India for the same period. The level of container throughput in China is therefore almost 18 times higher than levels in India despite the fact that population levels, at around 1.1 and 1.3 bn respectively, are comparable. Even accounting for the discrepancy in the total size of the two economies, at USD 2,645 bn vs. USD 912 bn, or GDP per capita levels of USD 2012 vs. 811, total throughput in India should reach anywhere between 32 and 37 mn TEUs to be comparable to China's based on the parameters above. Of course China's economy is quite different to India's, and is in essence an export driven economy, which has very different implication's on container traffic to India's growth storey which is underpinned by domestic forces and the export of services. However even accounting for the levels of merchandise exports in both countries, China had merchandise exports in 2006 of 7.6 times the levels recorded by India, which implies an equivalent of 12.2 mn TEUs for India; still more than double the levels achieved in 2006.

	GDP 2006 (USD bn)	Population (mn)	GDP per capita (USD)	Merchandise Import 06 (USD mn)	Merchandise Export 06 (USD mn)	Import 06 per capita (USD)	Export 06 per capita (USD)	Total throughput 06 (000' TEUs)	Total throughput / mn Capita 06 (000' TEUs)
China	2,645	1,315	2,012.17	751,936	969,682	572.0	737.7	93,000	70.75
India	912	1,124	811.39	172,790	127,090	153.7	113.1	5,300	4.72
multiple	2.9	1.2	2.5	4.4	7.6	3.7	6.5	17.5	15.0

Source: IIF, World Bank, China Economic Review, CII Institute of Logistics, SHUAA Capital

The levels of anticipated growth in throughput in India implied by this comparison should prove to be a major growth driver for DPW going forward. This should have an even greater impact on margins and profitability of the operator, if coupled with a gradual relaxing of pricing restrictions imposed by the regulatory authority, which is widely anticipated development in the industry.

Key risks:

We identify a number of possible risks to DPW's operations going forward, as well as risk's to our expectations of the operator's performance. They include:

- **An unanticipated slowdown in global GDP growth and a resultant slowdown in global trade activity.** This may be triggered by major economic events, or a reversal in liberalization of global trade (such as the US implementing import quotas on Chinese goods), or any host of possible external shocks. This would result in a slowdown in growth of throughput at the operator's global terminals at a time of substantial investment in new capacity. The result would be much lower than anticipated capacity utilization, operating margins and return on investment.

- **Geopolitical risk, and the Straits of Hormuz.** Although DPW is a well diversified global operator, its backbone operation remains its flagship port at Jebel Ali, which represents around 33% of the operator's equity adjusted throughput for 2006. A deterioration in the geopolitical situation in the Arabian Gulf, especially regarding the international standoff with Iran, my have a substantial impact on navigation through the Straits of Hormuz, which lead into the port of Jebel Ali and all other ports within the Arabian Gulf. This would have a clear detrimental impact on the company's operations. The operator is nevertheless partially hedged via its presence in the East coast of the UAE, in the Fujairah Container Terminal, which lies outside the Arabian Gulf, and in which substantial capacity is currently available.

- **Inflation in cost of new concessions.** There is a risk that given the on-going rerating of port assets globally and the high expected competition for port privatizations and concessions among local and global operators as well as financial investors, that new concession prices become uneconomical for DPW. This would limit potential growth in operations and the global footprint of DPW to only organic growth at existing terminals.
- **Cost / revenue currency mismatch, and the depreciation of the USD.** While almost all revenues generated by DPW's global ports portfolio is denominated in USD, its cost structure at different ports is partially denominated in local currency. Therefore, depreciation in the value of the USD compared to the currencies of countries in which DPW is active will have an immediate negative impact on margins. Over 50% of DPW's equity adjusted throughput is generated in countries that retain a full or partial peg to the USD. However, in the case of a currency revaluation in any of these countries, the operator may not be able to pass on the difference immediately to its clients through tariff increases, therefore impacting margins over a period of time.

- **Concession expiry and renewals.** Out of the operator's portfolio of 42 terminals, 10 port concessions are set to expire over the next 10 years, representing around 9.9% of its total gross throughput for 2006. We anticipate that all of these concessions will be renewed based on similar terms especially since the operator in most cases owns the superstructure at the terminal, and non-renewal would result in severe disruption of service at the port. However, the risk of non-renewal or renewal based on new unfavorable terms remains, and would adversely affect the performance of the operator if realized.

- **Regulatory policy reversals, and a slowdown in privatizations.** A key risk in developing markets, where DPW is heavily represented, may be a reversal in privatization policies regarding strategic assets such as ports, and an adoption of nationalization policies instead. Even a slowdown in privatization policies in the regions that carry high potential for privatization, due to policy reversals, government changes, or political upheaval will have an adverse effect on DPW's growth prospects going forward.

- **Xenophobia.** Despite the highly negative connotations that such a word implies, we believe that xenophobia on a public policy level is still alive in many developed markets globally, and may act as a deterrent for DPW in achieving its growth potential to the fullest, as a company retaining an Arab origin and base. The recent rejection of Dubai Aerospace Enterprise's offer to acquire the Auckland Airport on non-economic grounds, proves that the issue DP World faced in the US following its acquisition of P&O was not the last time that a UAE based company will face resistance when taking control of a foreign strategic asset. However, the partial privatization of DPW via an IPO may alleviate some of the political pretexts for resistance to port acquisitions going forward.

Financial Analysis and forecasts

Our forecast for the financial performance of DPW are straight forward and are driven by our expectations regarding overall demand within the industry, capacity, utilization resultant pricing and regional factors. Overall trends of strong growth rates, constantly improving margins, and high rates of return during the forecast period, result in clearly favorable outcomes.

Throughput TEU '000	2005	2006	2007E	2008E	2009E	2010E	2011E
Total ME, Europe and Africa	14,698	17,127	20,284	23,872	27,872	32,022	34,645
Total Asia Pacific & Indian Subcontinent	12,896	15,746	19,189	20,181	22,760	23,643	26,503
Total Australia, New Zealand and Americas	3,591	3,956	4,429	5,045	5,261	5,760	6,775
Total throughput	**31,186**	**36,829**	**43,901**	**49,098**	**55,352**	**61,425**	**67,923**

Source: DPW, SHUAA Capital

Revenues and drivers

Expected sustainable revenue growth fueled by capacity additions and high utilization rates

We expect that DPW will record sustained growth in revenues over our forecast period driven by regular capacity additions, continued high and even increasing utilization throughout of most of the operator's portfolio, and a strong price environment in terms of port tariffs. Revenues should move in-line with overall throughput though, as regions that will witness the highest growth in throughput will be the regions in which tariffs are the lowest, therefore balancing the effect of higher prices throughout the portfolio. The effect of this growth should however reflect well on the margins of the operator, even before accounting for cost reductions per TEU going forward.

Our approach consolidates only ports operations of concession with over 50% economic interest except for CT8 port in Hong Kong, although DPW has a 55% economic interest however they do not consolidate it.

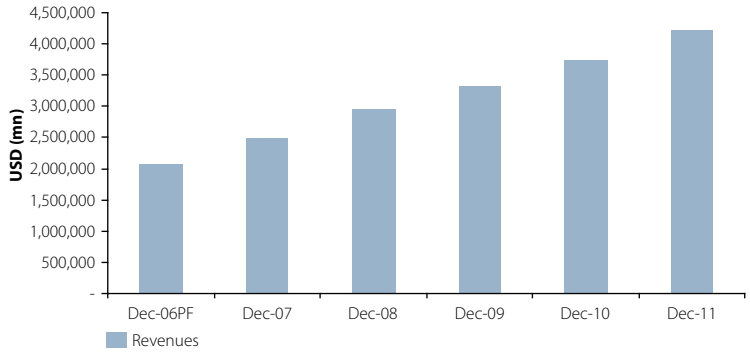
Overall, we expect both revenues and throughput to grow at a CAGR of 15.4% and 13% from pro forma 2006 figures, to reach USD 4.22 bn and 67.9 mn TEU respectively by 2011.

Little change in revenue regional breakdown

We expect little change in the revenue breakdown per region going forward, with the UAE, Middle East and Africa still contributing close to 55% of the total revenue by 2011, while Asia Pacific and the Indian subcontinent accounting for 20%, and New Zealand, Australia and Americas 25% of revenues.

In terms of consolidated throughput, we expect the share of the UAE, Middle East, Europe and Africa to increase from 60% to 63% in light of expansion plans and higher utilization rates that are expected to take place in Jebel Ali (UAE), London Gateway (UK), Constanta (Romania), Yarimaca (Turkey) and more recently Sokhna (Egypt). This increase in share will take place at the expense of the share of the New Zealand, Australia and Americas regions.

Revenues



Source: DPW, SHUAA Capital

Cost structure

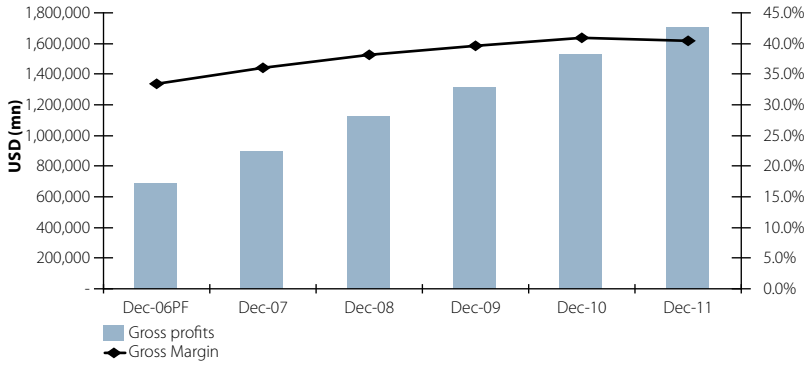
Due to economies of scale and the prominence of capacity expansions among new capacity being introduced by the company, we believe that DPW will be able to manage its overall costs per TEU of throughput well, resulting in increased gross profit margins and EBITDA margins going forward.

Margins

Gross margins expected to reach 41% in 2011 up from 33% in 2006

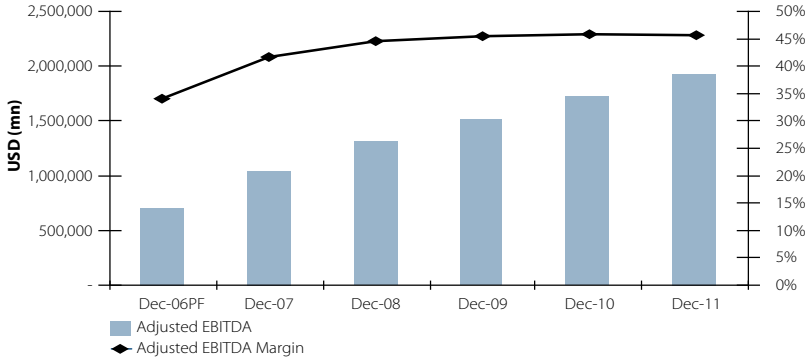
We expect that DPW will reach a gross profit margin of 41% by 2011 up from the levels of 33% based on 2006 pro forma results. Similarly we expect EBITDA margins to increase gradually to reach 46% by 2011.

Gross Profit & Gross Profit Margin



Source: DPW, SHUAA Capital

Adjusted EBITDA & Adjusted EBITDA Margins



Source: DPW, SHUAA Capital

Share of profit and Joint Ventures and Associates

We have approached the contribution of joint ventures and associates very similar to the way we have projected our revenues. We calculated the revenues contribution of joint ventures (JV) and associates from the unconsolidated throughput. Given the limited information on the cost structure of the JV and associates we have decided to allocate a 7% profit margin to the revenue contribution.

Asia Pacific and Indian subcontinent will continue to constitute the majority of the JV and associates contribution to profit

Again we expect no major change on the regional contribution of the share of JVs and associates, Asia Pacific and Indian Subcontinent will contribute to almost 72% of that share by 2011, UAE, Middle East, Europe and Africa will increase its share from a 14% share based on 2006 PF to 18% by 2011, while New Zealand, Australia and Americas will drop 14% in 2006 PF to 10% by 2011.

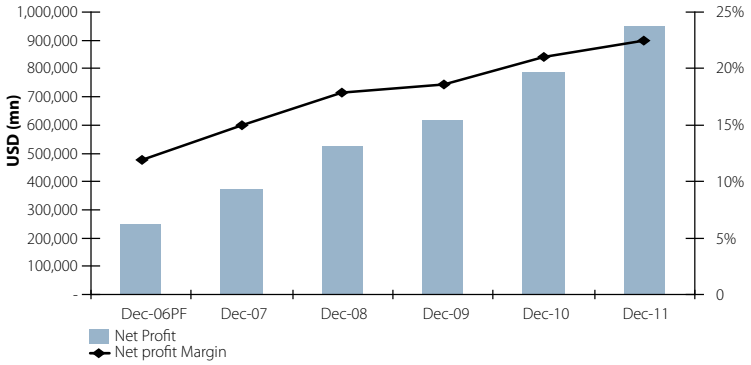
Profitability:

Net profits expected to grow at a CAGR of 31% up to 2011

We expect DPW to achieve net profits of USD 374 mn for the full year 2007, rising substantially by 2008 to reach USD 528 mn. Upto 2011 we expect the operator top record a net profit CAGR of 31% from 2006 pro forma figures.

Net profit margins attributed to shareholders should also increase substantially from 12% in 2006 PF figures to reach around 23% by 2011; this will be attributed to increased gross profit margins and the increase in the share of JVs and associates in profits.

Net Profit & Net Profit Margin
(before separately disclosable items)



Source: DPW, SHUAA Capital

Capex and Capacity

We forecast DPW's total capacity to almost double by 2011, adding on additional 33.4 mn TEU's in Capacity. The CAPEX is driven by the expansion scheme; where capacity expansion typically costs around $200 per TEU while a Greenfield projects typically cost up to $400 per TEU. In our projections, and based on information available, any increase in capacity that we anticipate besides the confirmed projects where allocated an average of approximately $275 per TEU increase in capacity.

Our revised model takes into account the amount of USD 670 mn that was paid to acquire Egyptian Container Handling Co. the sole stakeholder in Sokhna Port Development Co. Currently the port has a capacity of 630,000 mn TEU and our anticipated CAPEX accounts for investments bringing up the capacity to 1.2 mn TEU by the end of 2009.

In addition to the confirmed capacity increases agreed upon by DPW, we have assumed that there will be an additional capacity of 1 mn TEU per year starting the year 2009, this is a safe assumption given the expected increase in global throughput going forward, and the very tight utilization rates anticipated.

Capacity expected to reach around 82.1 mn TEUs in 2011, a CAGR of 11%

As per our expectations the gross capacity is to increase from 48.6 mn TEU in 2006 to grow substantially by 2011 to reach 82.1 mn TEUs implying a CAGR of almost 11% over the period between 2006 and 2011. Assuming utilization rate to be gross throughput to capacity, we anticipate the utilization rate to increase from 75.7% in 2006 to reach 82.8% in 2011, growing further in years to follows.

Valuation

We initiate coverage with a BUY reccomendation based on a fair value target of USD 1.47/share

We initiate coverage on DP World with a BUY recommendation based on a target value of USD 1.47 per share, implying an upside of 21.5% to the current market price of USD 1.21 per share. The target value was based on a weighting of 50% on the Discounted Cash Flow (DCF) valuation of consolidated figures, 25% based on a relative valuation of EV/EBITDA multiples of Asian peers, and 25% based on a related market transaction that took place in 2006.

We believe that the stock at current prices represents an attractive proposition given highly favorable industry dynamics, and the company's position as a leading global operator witnessing above industry average growth rates, constantly improving margins, and high rates of return on investment in new capacity. The company is also the only listed global operator among the big four, therefore carrying a degree of scarcity value.

We have decided to exclude the P/E multiples based valuation, mainly because we believe that P/E multiple is not an appropriate measure because earnings might be distorted by high levels of depreciation and amortization. This holds true for DP World especially after the recent acquisitions in 2005 and 2006 and based on the subsequent intangible assets on the company's books.

Port operators usually incur high CAPEX to increase capacities, these are typically incurred over a short term, while revenues attributed to increased capacity comes in over a longer periods following the completion of the expansion. Pay back period of investments is longer than other industries on average.

DCF yielding a fair value of USD 1.57/share

Our estimated DCF was built on a 10 year Free Cash Flow (FCF) projections of DP World including the contribution of associates and joint ventures and a terminal growth of 4%. The DCF was based on risk free rate of 4.05%, a risk premium of 5%, an industry beta of 0.80 and a Weighted Average Cost of Capital (WACC) of 7.45%. The DCF resulted in an estimated equity value of US $26.1 bn or a value per share of USD 1.57.

Price Per Share Sensitivity Analysis

WACC \ Terminal Growth	3.00%	3.50%	4.00%	4.50%	5.00%
6.69%	1.72	1.98	2.35	2.88	3.72
7.19%	1.45	1.64	1.90	2.25	2.75
7.69%	1.24	1.39	1.57	1.81	2.15
8.19%	1.07	1.18	1.32	1.50	1.73
8.69%	0.93	1.02	1.13	1.26	1.43

Peer valuation yielding a price/share of USD 1.35

The peer valuation was based on forecasted 2008 EV/EBITDA multiples of Asian listed peers. The resulted equity value was estimated at USD 22.3 bn implying a value per share of USD 1.35. The identified peers are amongst various identified peers shown in the table below.

Company	MKT Cap USD million	2006	2007	2008	2009	2006	2007	2008	2009
		P/E				EV/EBITDA			
China Merchants Holding	14,379.5	42.9	34.1	28.7	24.5	127.0	55.7	46.1	40.2
Cosco Pacific Holding	7,088.5	24.4	17.8	19.8	17.1	30.1	29.8	26.8	22.8
Tianjin Port Development Co.	2,008.4	64.3	62.3	48.4	39.6	46.3	37.9	28.4	24.4
Dalian Port	2,899.9	31.7	32.1	28.3	23.7	25.8	23.1	19.4	16.6
Tianjin Port Co.	5,455.0	89.1	70.2	42.5	36.2	45.1	35.6	19.6	16.8
Xiamen	683.0	47.7	37.1	33.1	30.6	n/a	n/a	n/a	n/a
Shenzhen Chiwan Wharf	1,630.4	30.3	28.8	27.4	25.4	25.1	n/a	n/a	n/a
Santos Brasil	1,816.6	50.0	23.6	18.3	12.4	7.2	5.8	4.5	3.8
Log-In	645.8	32.8	18.8	17.7	16.8	12.4	8.6	6.8	5.7
Lyttelton port	308.2	24.5	24.4	26.4	19.7	n/a	11.0	10.5	8.8
Port of Tauranga	1,234.6		24.8	23.1	20.6	16.9	14.5	13.1	12.8
Cintra	8,318.8	54.2							
Macquarie Infrastructure Group	9,263.8	18.4	4.8	11.8	9.7	11.9	4.2	9.0	8.7
Hamburger Hafenund Logistik AG HHLA	6,824.02	n/a	40.46	30.01	26.41	n/a	13.47	11.72	10.31
Global Average		40.4	30.5	26.7	22.8	33.2	20.5	17.5	15.3
Asian Average		47.2	40.3	32.6	28.2	37.3	24.7	19.5	16.9

The Third valuation method was based on an industry transaction that took place in 2006, whereby PSA acquired 20% stake in HPH for US $4.39 bn, which implies an acquisition value per equity adjusted TEU of throughput of US $661.34. This value was used as a starting point to value DPW equity value based on its equity throughput for 2008.

We believe that this transaction is one of the most indicative in terms of the equity value of the operations of DPW based on a number of reasons. They include: HPH is a global container terminal operator of a similar scale to DPW, with substantial diversity in its portfolio, rather than being a single port operator.

The transaction price was set between a direct peer of DPW as buyer, and a direct peer of DPW as seller. As both parties represent highly knowledgeable entities when it comes to the container port operations, the price should represent the most accurate assessment of value, as it was the equilibrium point between the two.

The acquisition did not contain a control premium, as it represented only a 20% equity stake in HPH. However we have decided to apply a 10% premium to our base acquisition price value to reflect the effect of the fourth dimension of time and more importantly to reflect the higher margins and value associated with DPW's Dubai-based operations.

PSA, HPH transaction implies a fair value target for DPW of USD 1.40/share

The table below demonstrates our calculations, resulting in an equity value of USD 23.2 bn or a value per share of USD 1.40.

PSA Acquisition of HPH $ / TEU of equity throughput	661
Additional premium	10%
Estimated equity value per TEU of DPW	727
DPW expected 2008 equity throughput ('000)	31,955
Estimated equity value of DPW (USD '000)	23,246,697

Financials

Income Statement (USD '000)

Year to December	2006A[1]	2006PF[1]	2007E	2008E	2009E	2010E	2011E
Total revenues	3,486,778	2,075,956	2,495,375	2,955,480	3,327,591	3,740,624	4,219,226
Total cost of sales	2,490,091	1,382,144	1,594,515	1,830,094	2,011,576	2,208,579	2,511,868
Gross Profit	**996,687**	**693,812**	**900,860**	**1,125,387**	**1,316,015**	**1,532,046**	**1,707,358**
Gross Margin	*28.6%*	*33.4%*	36.1%	38.1%	39.5%	41.0%	40.5%
General & administration expenses	(473,470)	(315,926)	(287,342)	(321,625)	(364,810)	(409,853)	(459,912)
Other income	25,933	25,100	15,000	15,450	15,914	16,391	16,883
Interest income	95,113	100,513	70,414	29,451	21,925	27,914	60,667
Finance cost	(341,936)	(344,279)	(311,847)	(302,114)	(346,783)	(323,387)	(302,397)
Share of (loss) profit of joint ventures & associates	35,514	28,397	68,040	85,575	94,194	87,451	98,361
Profit before tax from continuing operations	**337,841**	**187,617**	**455,126**	**633,124**	**736,454**	**930,562**	**1,120,961**
Income tax	(20,577)	88,632	(45,513)	(63,212)	(73,645)	(93,056)	(112,096)
Profit after tax from discontinued operations	19,233	-	-	-	-	-	-
Profit for the year	**336,497**	**276,249**	**409,613**	**568,912**	**662,809**	**837,506**	**1,008,865**
Attributed to :							
Equity holders of the parent	**311,364**	**247,616**	**373,504**	**528,880**	**617,460**	**787,906**	**949,914**
Net Margin	*8.9%*	*11.9%*	15.0%	17.9%	18.6%	21.1%	22.5%
Minority interests	25,133	28,633	36,109	40,032	45,349	49,600	58,950
Adjusted EBITDA	**880,687**	**705,283**	**1,038,796**	**1,314,835**	**1,513,959**	**1,717,746**	**1,924,850**
Adjusted EBITDA Margin	*25%*	*34%*	42%	44%	45%	46%	46%

Source: DPW, SHUAA Capital

1 - Before separately disclosable items

Balance Sheet (USD '000)

Year to December	2006A	H12007	2007E	2008E	2009E	2010E	2011E
Bank balances and cash	2,241,039	3,783,989	1,858,142	777,181	578,580	736,614	1,600,923
Inventories	63,887	45,931	95,713	113,361	127,634	143,476	161,833
Accounts receivable and prepayments	1,248,219	1,700,624	922,947	1,093,123	1,230,753	1,383,519	1,560,536
Tax recoverable	18,660	-	-	-	-	-	-
Property held for development and sale	137,400	105,900	-	-	-	-	-
Assets classified as held for sale	1,263,621	193,325	-	-	-	-	-
Total current assets	**4,972,826**	**5,829,769**	**2,876,802**	**1,983,664**	**1,936,967**	**2,263,609**	**3,323,292**
Property plant & equipment	3,681,973	3,242,923	4,005,395	5,428,265	6,142,795	6,723,205	8,055,388
Intangible assets	3,440,853	3,434,646	3,434,646	3,323,146	3,111,646	2,830,146	2,478,646
Goodwill	3,103,870	2,553,785	2,553,785	3,073,785	3,073,785	3,073,785	3,073,785
Investments in joint ventures and associates	2,940,715	3,265,891	3,299,911	3,342,699	3,389,796	3,433,521	3,482,702
Other non current assets	25,619	29,306	29,306	29,306	29,306	29,306	29,306
Accounts receivables and prepayments	76,271	54,256	109,386	129,555	145,867	163,973	184,952
Total non-current assets	**13,269,301**	**12,580,807**	**13,432,429**	**15,326,756**	**15,893,195**	**16,253,936**	**17,304,779**
TOTAL ASSETS	**18,242,127**	**18,410,576**	**16,309,232**	**17,310,420**	**17,830,161**	**18,517,545**	**20,628,071**
Accounts payable and accruals	1,092,422	8,802,169	820,397	971,665	1,094,002	1,229,794	1,387,143
Payable to an affiliate	-	-	-	-	-	-	-
Bank overdrafts	4,301	23,500	47,835	54,903	60,347	66,257	75,356
Interest bearing loans and borrowings	191,977	3,347,932	-	-	-	-	-
Pension and post employment benefits	66,464	37,900	43,526	50,449	57,571	65,210	72,017
Provisions	73,800	126,625	239,177	274,514	301,736	331,287	376,780
Liabilities classified as held for sale	390,001	30,321	-	-	-	-	-
Income tax liability	-	477,558	477,558	477,558	477,558	477,558	477,558
Total current liability	**1,818,965**	**12,846,005**	**1,628,493**	**1,829,089**	**1,991,215**	**2,170,106**	**2,388,854**
Interest bearing loans and borrowings	5,526,061	2,371,849	1,770,534	1,984,160	1,679,566	1,351,576	2,218,656
Accounts payable and accruals	183,736	209,151	262,112	300,837	330,670	363,054	412,910
Pension and post employment benefits	277,625	87,532	-	-	-	-	-
Other non current liability	-	-	131,056	150,419	165,335	181,527	206,455
Bond payable	-	-	3,219,000	3,219,000	3,219,000	3,219,000	3,219,000
Deferred tax liabilities	1,277,528	958,159	958,159	958,159	958,159	958,159	958,159
Provisions	26,800	4,600	-	-	-	-	-
Total non-current liability	**7,291,750**	**3,631,291**	**6,340,861**	**6,612,575**	**6,352,730**	**6,073,316**	**7,015,180**
TOTAL LIABILITY	**9,110,715**	**16,477,296**	**7,969,355**	**8,441,664**	**8,343,945**	**8,243,422**	**9,404,034**
Minority Interest	**702,224**	**690,480**	**690,480**	**690,480**	**690,480**	**690,480**	**690,480**
Owners accounts	7,545,666	-	-	-	-	-	-
Paid up capital	-	-	4,132,655	4,132,655	4,132,655	4,132,655	4,132,655
Actuarial reserve	200,100	-	-	-	-	-	-
Hedging reserves		-11,643					
Translation Reserve	655,494	299,117	299,117	299,117	299,117	299,117	299,117
Change in fair value	27,928	-	-	-	-	-	-
Shareholders Reserve	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Retained earnings	-	955,326	1,217,625	1,746,505	2,363,965	3,151,871	4,101,785
Total shareholders' equity	**8,429,188**	**1,242,800**	**7,649,397**	**8,178,277**	**8,795,737**	**9,583,643**	**10,533,557**
TOTAL LIABILITY AND SHAREHOLDERS EQUITY	**18,242,127**	**18,410,576**	**16,309,232**	**17,310,420**	**17,830,161**	**18,517,545**	**20,628,071**

Source: DPW, SHUAA Capital

Key ratios

	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11
Valuation					
EBITDA ('000)	1,038,796	1,314,835	1,513,959	1,717,746	1,924,850
EBITDA Margin (%)	41.6%	44.5%	45.5%	45.9%	45.6%
Number of shares ('000)	16,600,000	16,600,000	16,600,000	16,600,000	16,600,000
EPS (USD)	0.023	0.032	0.037	0.047	0.057
BVPS (USD)	0.461	0.493	0.530	0.577	0.635
EV / EBITDA	22.5	17.8	15.4	13.6	12.1
P/E (x)	53.8	38.0	32.5	25.5	21.1
Growth					
Revenues %	21.0%	18.4%	12.6%	12.4%	12.8%
Gross profit	29.8%	24.9%	16.9%	16.4%	11.4%
EBITDA	47.3%	26.6%	15.1%	13.5%	12.1%
Profit before minority interests	48.3%	38.9%	16.5%	26.4%	20.5%
Net profit attributed to SH	50.8%	41.6%	16.7%	27.6%	20.6%
Total assets %	-6.6%	6.1%	3.0%	3.9%	11.4%
Shareholders' equity		6.9%	7.5%	9.0%	9.9%
Margins					
Gross margins	36.1%	38.1%	39.5%	41.0%	40.5%
EBITDA margins	41.6%	44.5%	45.5%	45.9%	45.6%
Net profit margins	15.0%	17.9%	18.6%	21.1%	22.5%
Returns					
RoAE		6.7%	7.3%	8.6%	9.4%
RoAA	2.2%	3.1%	3.5%	4.3%	4.9%
Leverage					
Total Debt/Total Assets (%)	30.6%	30.1%	27.5%	24.7%	26.4%
Total Debt/ Equity (%)	65.2%	63.6%	55.7%	47.7%	51.6%
Net Debt/Equity (%)	42.6%	55.9%	51.0%	42.0%	38.4%
Interest Coverage Ratio	2.1	2.9	2.9	3.6	4.3
Liquidity					
Inventory Turnover	22.9	17.5	16.7	16.3	16.5
Current Ratio	1.8	1.1	1.0	1.0	1.4
Quick ratio	1.7	1.0	0.9	1.0	1.3

Source: SHUAA Capital estimates

Appendix: Regional Profile and Key ports

Dubai

Dubai Overview

Dubai constitutes one of the seven emirates of the United Arab Emirates. From its early days, Dubai served as a commercial crossroads in the Middle East, where local pearl divers and date farmers traded with merchant seamen from farther east, who came bearing silk and spices. The emirate's tax-free and liberal economy, together with its political stability has allowed it to grow to its current status as the region's business hub.

Dubai's late ruler, Sheikh Rashid, who passed away in 1990, was a driving force behind diversifying Dubai's economy and modernizing the city- perhaps realizing early on the perishability of the emirate's small oil reserves. His most significant contribution was dredging the creek in the late 1960s and early 1970s, allowing modern vessels to access Dubai. The development also entailed establishing a port at the mouth of the creek, which opened in 1972 and is named Port Rashid. In 1979, a second port was established at Jebel Ali, 30km west along the Dubai coastline. Adjacent to the port was Jebel Ali Free Zone, an industrial and distribution facility that attempted to attract international businesses with guarantees of zero taxation and 100% foreign ownership.

Dubai's current status as the regions preeminent business hub is accredited to its current ruler, Sheikh Mohammed, who initiated much of the emirate's important projects such as Dubai Internet City, Dubai Media City, and Dubai International Financial Center. Sheikh Mohammed's vision includes turning Dubai into aviation, financial, and tourism hub.

Economy

Dubai's economy has achieved a high degree of expansion and diversification over the past few decades, with booming businesses in trade, transport, tourism, industry and finance. Much of this growth is attributed to the city's low logistical and operational costs, first-rate infrastructure, international outlook and liberal government policies.

Economic Indicators

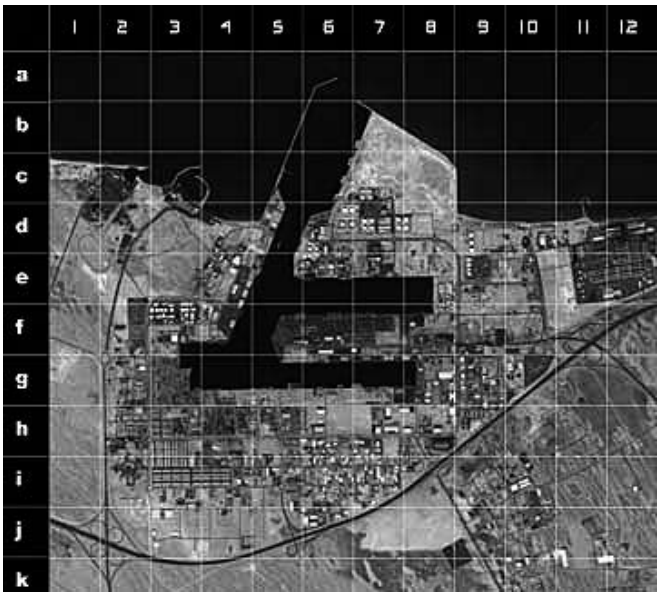
	2002	2003	2004	2005	2006
GDP (USD bn)	74.3	87.6	105.2	132.2	163.1
Real GDP growth (%)	2.6	11.9	9.7	8.2	8.9
Consumer price inflation (av; %)	2.9	3.1	7	12.5	13.5
Population (mn)	3.8	4	4.3	4.6	4.9
Exports of goods fob (USD bn)	52.2	67.1	91	117.2	137.2
Imports of goods fob (USD bn)	37.6	45.8	63.4	74.5	81

Source: EIU

Dubai's Key Strengths:

- Strategic Location
- Political And Economic Stability
- Open And Free Economic System
- Competitive Cost Structure
- Extensive Foreign Trade Network

Terminal Focus: Jebel Ali Terminal





Source: DPW

The Jebel Ali Sea Port was established in 1979 and lies 30 km to the west of Dubai. Since then, it has developed into the regional hub for O&D and transshipment traffic. The terminal is the largest man made harbor in the world and is the home port of DP World. In 2006, the terminal handled 7.651mn TEUs in throughput.

In order to keep abreast with the surge in growth, and consolidate its position as the region's preeminent hub, DP World is implementing a major expansion project for the Jebel Ali Container Terminal to keep pace with the increase in container trade traffic between the Middle East and primarily Far East Asia. The expansion project, which just completed its first phase in July, 2007, adding 2 mn TEUs in capacity, also serves to maintain the terminals current status quo. This is particularly important, since it comes at a time of increased GCC government spending on infrastructure projects throughout the region.

The new master plan for the Jebel Ali Terminal also includes developing an airport and a railway network adjacent to the existing Free Zone, and a Logistics city. These developments will undoubtedly strengthen the terminal's position as it develops into a full fledged multimodal terminal, capable of re-exporting merchandise by air, land, and sea.

Middle East ,Central Asia, and Africa

Economic growth has been rapid across most countries in the Middle East and Central Asian region. In 2006, regional real GDP grew by 6.5%, which is higher than the 1998-2002 average growth rate of 4%. The strong economic performance of these countries has been fueled to a large extent by continued high oil and non-oil commodity prices, robust global growth, and positive international financial environment. It should be noted that the Caucasus and Central Asian economies recorded the highest growth, with real GDP expanding at 13%.

Trade Outlook

Outlook for the region as a whole remains positive. The oil exporting countries, in particular, registered a real GDP growth of 6% in 2006, similar to the previous couple of years. Construction activity was the main driver of non-oil GDP growth of Bahrain, Kuwait, and the UAE, while in Saudi Arabia the manufacturing and financial services industries were the main drivers. Increased spending on investment and consumer products has stimulated imports, which grew by 25% in 2006. Growth in the oil exporting countries is expected to remain strong, with forecast GDP growing at an average annual rate of 6%. Domestic demand is expected to continue to remain strong on the back of rising Oil and Gas outputs and increased investments in non-oil sector. Strong import growth, which in 2006 exceeded 25% in both Saudi Arabia and Qatar, is expected to continue in the region.

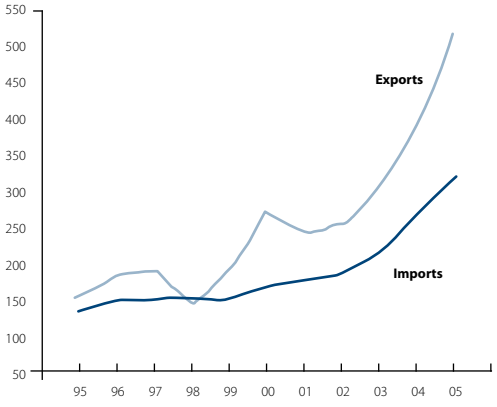
The Caucasus and central Asian region have also witnessed rapid real GDP growth in recent years (2003-2006). This growth has been largely fueled by strong external demand, large inflows of remittances, and Foreign Direct Investments. Azerbaijan and Kazakhstan, in particular, have gained from the high oil prices, allowing real GDP to grow by an average of 19% and 10% respectively during the 2003-2006 period. Other countries in the region have recorded an average GDP growth of 8% for the same period, driven by strong economic activity in construction, transportation, agriculture, communication, and service sectors. Imports growth is expected to remain strong as it is mostly associated with investment projects, while exports are expected to pickup in commodity and non-commodity sectors.

*Forecast Real GDP Growth for Oil Exporting Countries (%)**

	2007	2008	2009	2010	2011	2012
UAE	8.2	8.6	8.2	7.4	7.2	6.8
SAUDI Arabia	4.8	5.6	5.6	5.4	5.4	5.6
QATAR	7.8	9.5	12.3	8.1	6.8	5.3
BAHRAIN	7.4	6.6	6.0	5.8	5.0	4.7
KUWAIT	4.0	5.7	4.9	4.1	5.8	6.8

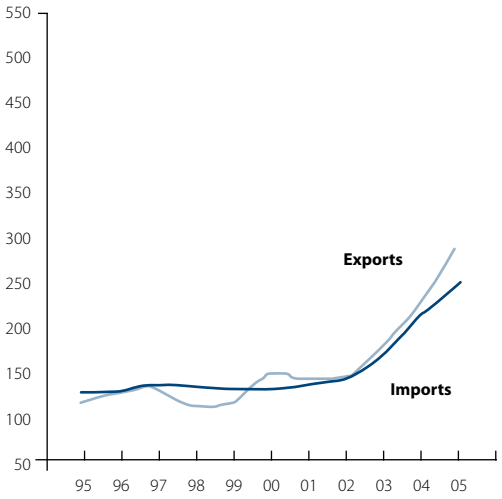
Source: Economist

Middle Eastern Export and Imports ($Billion)



Source: WTO

African Export and Imports (USD Billion)



Source: WTO

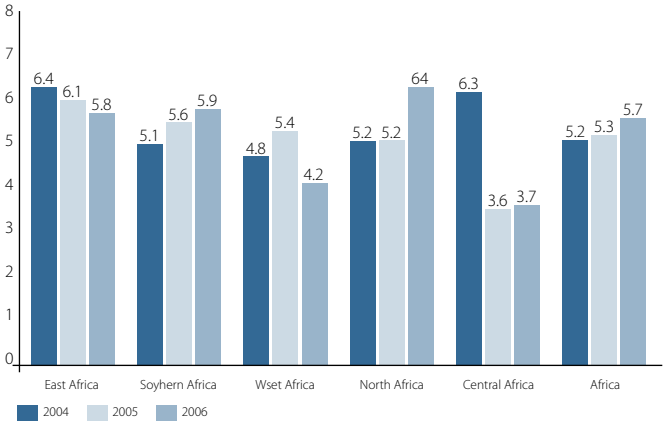
The African continent, on the other hand, has historically been plagued by wars, famines, and political and economic instability over the past two decades. However, over the past four years the region as a whole has seen a recovery in economic growth. The growth comes amidst continued progress in macroeconomic stability, positive impact of debt relief, increased capital inflows, and strong demand for non-oil commodities such as metals and minerals.

The African economies managed to record real GDP growth of 5.7% in 2006, in line with performances in the previous couple of years. The highest acceleration in GDP growth was recorded in North Africa, where GDP growth rose from 5.2% in 2005 to 6.4% in 2006. This was to a large extent due to higher oil prices, particularly for Algeria, Libya, Sudan, and Mauritania (which commenced commercial exploitation of oil in 2006), and continued growth in the tourism industry. This was followed by Southern Africa, where growth inched to 5.9% from 5.6% in 2005, primarily on the backdrop of higher public spending and FDI inflows.

East Africa, on the other hand, witnessed a slight decline in GDP growth from previous years mainly due to higher oil prices- the entire region imports oil. Growth was particularly strong in Ethiopia (8.5%), Kenya (5.5%), Tanzania (5.8%), and Uganda (5.0%) due to higher export commodity prices particularly in tea and coffee. Growth was also strong for the Republic of Congo (6.4%), Burundi (3.8%), and Rwanda (4.2%) as a result of growth in construction, trade, and manufacturing.

Western Africa experienced the biggest decline in GDP growth mainly due to economic slowdown in Nigeria (from 6.0% in 2005 to 4% in 2006) due to social unrest in the Niger delta. Growth also declined in Senegal (4%) on the back of weaker industrial performance and the failure to renew fishing accord with the EU.

Subregional growth performance in 2004-2006 (percent)



Source: EIU, July 2007

The outlook on Africa remains positive in the short term. However, there are concerns over the sustainability of growth in the medium to long term. The continent, at large, still suffers from high external debt and low private capital inflows. Fiscal and monetary reforms are still needed to promote investment, job creation, and sustain economic growth. Moreover, continued appreciation of the Euro will probably negatively affect the exports of the CFA franc zone countries- these are former French colonies in central and western Africa that use a currency called CFA franc which has a fixed exchange rate to the Euro.

World Exports vs. African Exports 2000-2005

	2000	2001	2002	2003	2004	2005
World	6,451	6,184	6,484	7,752	9,191	10,393
Total Africa	147.1	137.4	140.6	176.5	230	295.8
Growth in exports		-6.6%	2.3%	25.5%	30.3%	28.6%
Growth in World exports		-4.1%	4.9%	19.6%	18.6%	13.1%

Source: WTO

Transshipment

The Jebel Ali Port in the UAE, home port of DP world, is considered to be the largest man-made harbor and the biggest in the Middle East. It is also one of the few terminals able to berth large container ships. These factors have made this port the regional transshipment and O&D hub. With demand on imports set to continue to grow, the transshipment business will remain a lucrative business in the foreseeable future.

The momentous growth in the Caucasus and Central Asian region, which is a land locked region, also presents great growth opportunity in the transshipment business. This is particularly true for container terminals around the black sea area. It should be noted that the Kazakhstan government is currently studying a proposal to construct a Eurasia Canal connecting the Caspian Sea to the Black Sea. The project involves building a 700-kilometer-long canal with a price tag of $6 bn (Interfax). It should be noted that DP World will be in a position to gain from this in the future, should the project go forward, as it currently manages the Constanta South Terminal, Romania.

As for Africa, the existing Djibouti container terminal has emerged as an important re-exporting hub, particularly for Ethiopia. The ports importance was brought about in 1998, when war broke out between Eritrea and Ethiopia. This made Djibouti the main gateway to the land-locked country. In fact, the terminal's main activity involves handling the transit traffic for Ethiopia. The Terminal is connected to a railway network linking it to Ethiopia. The table below illustrates in numbers the percentage of the terminal's traffic bound for Ethiopia.

Djibouti's Container Traffic

	1998	1999	2000	2001	2002	2003
Total throughput	91,203	83,577	89,104	103,098	137,978	241,122
Transshipment/Transit	68.5%	67.2%	72.8%	72.5%	78.2%	100.0%*

Source: Djibouti Port Authority.
** The high volumes recorded in 2003 are linked to large imports of food aid.*

Capacity

In the Middle East, the projected average annual throughput growth rate of 9.60% will outpace the 3.40% average annual growth rate projected for capacity creating bottlenecks and shortages in capacity by 2011.

Forecast Throughput and Capacity Growth in Middle East

	2006	2007	2008	2009	2010	2011	2011	Average Annual Growth Rate
Throughput	24,111	27,190	30,273	32,992	35,911	39,044	41,794	9.60%
Capacity	31,964	34,414	36,914	38,464	39,014	39,014	39,014	3.40%
Utilization	75.4%	79.0%	82.0%	85.8%	92.1%	100.1%	107.1%	

Source: Drewry

Capacity constraints might appear in the African continent by 2012 if no new developments are implemented before then. Throughput growth is forecast to grow at 11.20%, while capacity is expected to grow at 7.00%.

Forecast Throughput and Capacity Growth in Africa

	2006	2007	2008	2009	2010	2011	2012	Growth
Throughput	15,394	17,313	19,364	21,830	24,471	26,727	29,124	11.20%
Capacity	19,854	21,304	24,606	29,004	29,754	29,846	29,846	7%
Utilization	77.54%	81.27%	78.70%	75.27%	82.24%	89.55%	97.58%	

Source: Drewry

Competition

To date, there has not been real competition in the Middle East region. The fact that no other port in the region can handle the same amount of throughput volume and cater to the large size of vessels that Jebel Ali does, has given its operator, DP World, the upper hand in regional trade. In fact, DP World has the lion's share of regional throughput standing at 34.8% in 2006 according to Drewry.

However, the region's growth potential and looming capacity constraints, has encouraged other governments in the region to step up the developments of their ports. Two important projects are currently underway: the expansion of Jeddah Islamic Port and the construction of Bahrain's Khalifa Bin Salman Port- which will be marketed under the name of Bahrain Gateway. The Jeddah Islamic Port expansion project is set to increase the ports current capacity while the Saudi government is also planning to connect the port to the industrial cities of Yanbu and Jubail through a railway network. Once complete, the port's close proximity to shipping lanes and its hinterland connections will probably increase the competitive pressure on the Jebel Ali terminal, but will not directly challenge it.

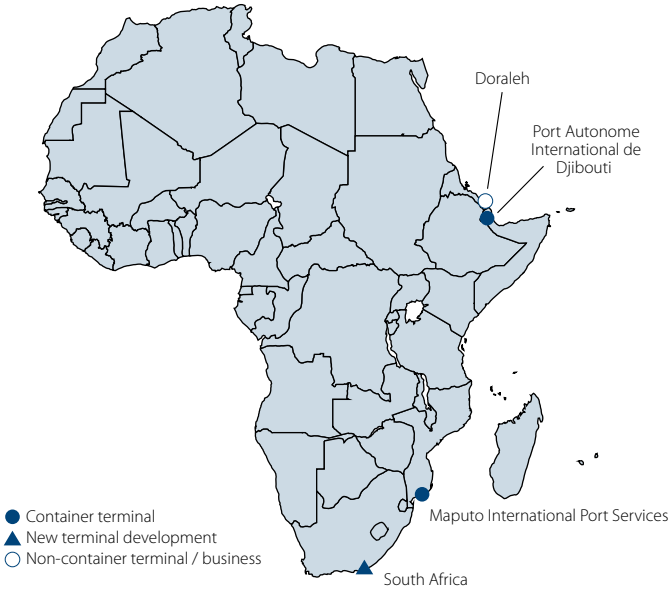
DP World has also identified its Fujairah operation as a good potential for deep-sea transshipment facility, and is currently studying the prospects of upgrading the port to enable it to receive larger ships.

The Bahrain gateway project on the other hand, is set for completion in mid 2008 and will have a capacity of 1.1 mn TEUs- with room for expansion by up to 40% based on an article by MEED. The terminal is expected to have deeper draft enabling it to cater to the largest ships.

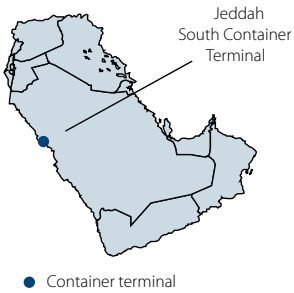
Global terminal operators are also trying to increase their presence in the region. Two Global operators in particular, APM and HPH, have already secured concessions to operate terminals in the region. APM Terminals, which currently operates the port of Salalah in Oman, is set to operate the Bahrain Gateway terminal. The Company has also secured a concession in Jordan. HPH, on the other hand, has concessions in Dammam, Saudi Arabia, and Sohar, Oman.

The African continent remains to an extent an untapped market for global terminal operators, with few players on the scene. To date, most of the investments made in Africa by Global Terminal Operators have been centered in North Africa. APM and HPH have concessions in Egypt, while CGM, Eurogate, and APM have a presence in the Moroccan container terminal sector. However, the continent's sheer size and population gives it substantial long term growth prospects. As such, GTOs might be tempted to penetrate the market and increase their regional presence. It should be noted that 68% of regional throughput in 2006 was handled by state-owned terminals, while only 25.5% were handled by GTOs

DP World's Middle East and African Stake



Source: DPW



Source: DPW

Port Focus: The Doraleh Terminal



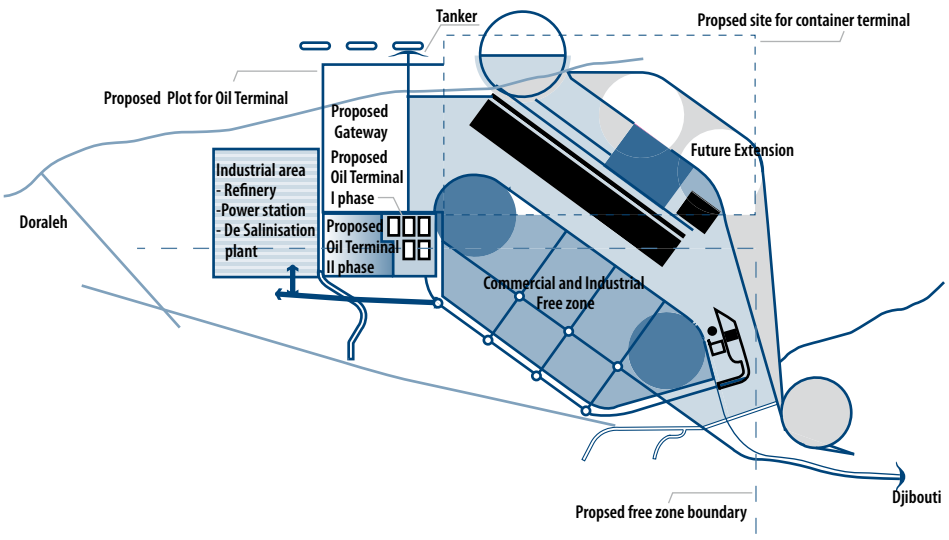
Source: Port of Djibouti Authority

DP World is planning on developing a Greenfield container terminal in Doraleh, Djibouti to replace the existing one. The new container terminal is expected to commence operations in 2009 and will cost $300 mn. The terminal will be able to handle and service the new 10,000 TEU vessels and even larger ones. Some of the terminal's properties include:

- 18 metres of water depth
- 900 metres of quay
- 8 gantry cranes
- 1.5 mn TEU capacity- with the ability to expand further

A free zone is planned to be constructed next to the terminal, which will host multinational logistics firms. Work is also underway to develop a rail network between Addis Abeba and Doraleh container terminal, which will transform the terminal into a multimodal one. The terminal's close proximity to major shipping lines, strategic location- between Europe, Middle East, and Asia- and access to African hinterland- Ehtiopia, Rwanda, and Burundi- makes it a prime location for a transshipment hub.

The Doraleh Plans



Source: Port of Djibouti Authority

Europe

The European market can be split into two distinct markets with different sets of characteristics:

- The Mature Western European market
- The Developing Eastern European market

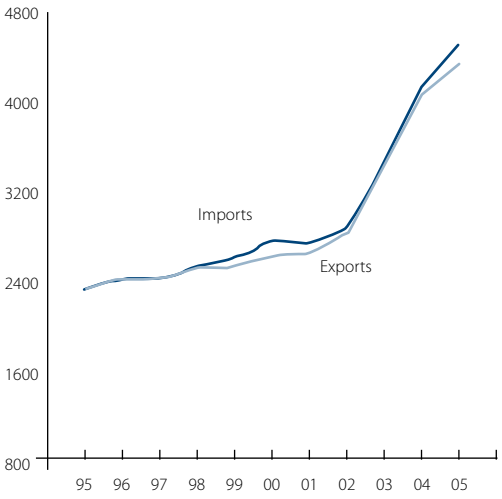
Western Europe

Western Europe is regarded as a well developed and mature economy. In 2006, real GDP growth gathered momentum to top 2.6%, the highest growth the region has witnessed since the year 2000. This growth in the Euro-zone has been spearheaded by a rebound in the German economy-the biggest economy in Europe- fueled primarily by strong export growth and healthy investments, as well as a consumption boost from the world cup. The economies of France, Italy, and the United Kingdom also grew on the back of a pickup in consumption. Export performance has also remained solid in the United Kingdom.

Trade Outlook

Going forward, growth in the economy is forecast to remain moderate with 2.3% real GDP growth in 2007 and 2008. Stronger private consumption is expected to continue, driven by continuing job creation, falling unemployment, and low inflation. The appreciation of the Euro is expected to have positive effects on imports, but negative ones on exports. Western Europe's top five exporters include Germany ($969.9 bn), France ($460.2 bn), Netherlands ($402.4 bn), United Kingdom ($382.3 bn), and Italy ($367.3 bn). The region's biggest trading partners are United States, Asia, and Middle East.

Europe Exports and Imports 1995-2005 (Billion USD)



Source: WTO

Transshipment

The port of Rotterdam, the largest port in Europe, is the main transshipment hub for the land-locked central European countries. The port handled a total throughput of 9.7 mn TEUs in 2006, representing a 4.1% increase from the year before. The port's importance stems from its vast network of roads, railways, and inland waterways linking it to all major European markets, particularly in the hinterland. The transshipment business is expected to continue to grow regionally, although competition might increase as other major terminal development projects in Western and Eastern Europe become operational.

However, congestions in the port of Rotterdam, as a direct result of increasing traffic, has prompted the top five global terminal operators to step up their presence in the region by implementing expansion projects. HPH already has a large scale terminal project in Rotterdam called the Euromax terminal, while APM and PSA are both developing terminals in Maasvlakte2, Rotterdam.

DP World is also planning to tap into this market and capitalize on the emerging capacity constraints and growth potential in the transshipment business in the port of Rotterdam. The company is part of a consortium of itself and four other shipping companies, MOL, Hyundai, APL, and CMA CGM to operate the Rotterdam World Gateway terminal at Maasvlakte2. DP World has a 30% share, CMA CGM 10% and the other three carriers 20% each. The Terminal is expected to be operational by 2013 and should have a capacity of around 4 mn TEUs once complete. The Rotterdam World Gateway terminal will also have a 1,900-metre long quay with a water depth of 20 meters and a 550-metre quay for inland shipping and feeder vessels. It will also have its own rail terminal with a connection to the Betuweroute.

DP World's Other development projects in Western Europe include terminal expansion projects in Gremersheim, Germany, and Antwerp, Belgium, in addition to developing a Greenfield terminal in Fos, France.

Capacity

With the exception of the port of Rotterdam, the United Kingdom, and France, where congestion is already appearing, no major capacity constraints are expected to appear in Western Europe. Capacity growth is expected to continue to outpace throughput growth, while utilization rates are not expected to exceed 88% by 2012.

Forecast Supply and Demand in the Terminal Operating Industry of Western Europe

	2006	2007	2008	2009	2010	2011	2012
Throughput	50,732	55,869	60,663	64,984	69,438	74,029	79,350
Capacity	74,489	76,899	81,424	83,424	86,414	89,004	90,454
Utilization	68.1%	72.7%	74.5%	77.9%	80.4%	83.2%	87.7%

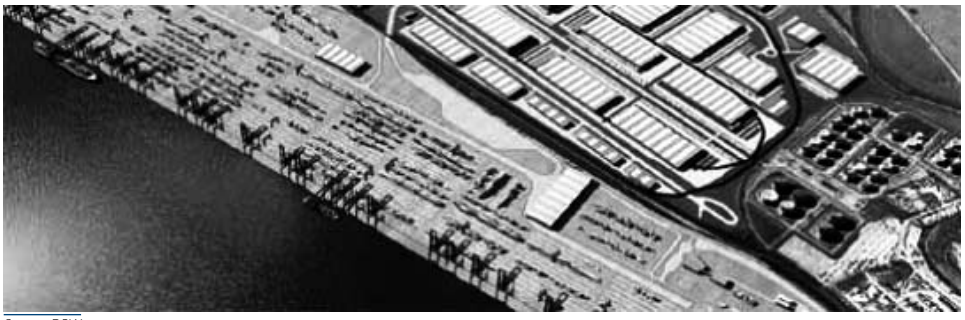
Source: Drewry

Competition

Competition in this region is strong. The global terminal operators control 76% of regional throughput. With throughput growth projected at 7.70% and a lot of capacity at existing terminals, competition is set to increase as global terminal operators' battle for a bigger share of O&D and transshipment market.

The congestion witnessed in the port of Rotterdam, together with ports in the UK and France, has pushed The Global Terminal operators to compete for other concessions in the content. HPH already has a terminal development project in Felixstowe, while PSA is developing projects in Antwerp, and Zeebrugge. Global terminal operators are hoping to gain from capacity shortages and capture more O&D traffic at their ports.

Port Profile: London Gateway Terminal

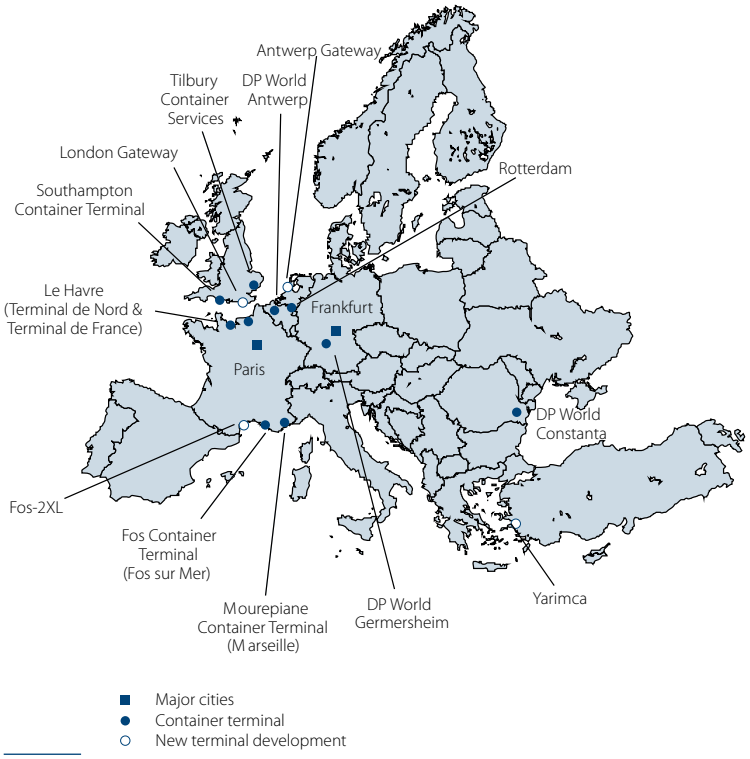


Source: DPW

DP World's London Gateway project is set to create the biggest container terminal in the United Kingdom. The project includes constructing a port and business park at London Gateway in South Essex, United Kingdom. The project, was initially inherited from P&O, involves a 1500-acre site with a 2,300 container quay able to handle large deep-water container ships. The terminal will have an initial capacity of 1.5 mn TEUs when completed in 2010, but will increase to 3.5 mn TEUs upon completion. The port will also include a new RO-RO terminal, and will incorporate significant additions to off site infrastructure including improvements to the existing Thameshaven Railway.

DP World is hoping to cash in on the capacity constraints that currently characterize the container terminal industry in the United Kingdom and the positive growth outlook for the British economy. Moreover, the terminal's ability to handle the largest container ships might overshadow other existing ports in the British Isles, increasing its importance and market share.

DP World's Western European Stake



Source: DPW

DP World's European operations represented around 16.6% of the company's total handled gross throughput for 2006. The company operates 9 container terminals in Western Europe located in four countries:

- In the United Kingdom, DP World operates the Southampton and Tilbury Terminals, which collectively handled 1.987 mn TEUs in throughput in 2006.
- In France, DP World operates four terminals; Marseille, Fos-sur-Mer, and Le Havre, T. Nord and T. France. The three terminals handled 1.551 mn TEUs in throughput in 2006.
- In Holland, the company operates Delwaide and Deurganckdok in Antwerp. In 2006, the two terminals handled 1.55 mn TEUs in throughput.
- The Germersheim terminal in Germany, is one of the smaller hubs operated by DP World. The Terminal handled a throughput of 0.17 mn TEUs in 2006.

Eastern Europe

The Eastern European market, on the other hand, is regarded as still developing. Over the past few years, Eastern Europe has emerged as an attractive market for outsourcing white-collar jobs like data crunching, book keeping, and research and development, especially for Western European companies. The close proximity of countries like the Czech Republic, Poland, Hungary, and Slovakia to prime clients, and the fact that they have a highly educated, multilingual pool of talent, are elements fueling the boom in outsourcing. The boom is also penetrating the real-estate market, raising demand for high-rise office space.

The growth in the outsourcing business has also had a positive effect in decreasing high unemployment rates in the region. Unemployment rates in Poland and Slovakia, for example, fell from 20.2% five years ago to 13.4 %, and from 19.7% in 2002 to 11.6% respectively. Moreover, the boom has slowed down the immigration trend that has traditionally plagued this region.

Although Eastern Europe has only captured a fraction of the outsourcing market- around $2 bn out of a $386 bn market - the region's potential remains largely untapped. In an effort to unlock this potential and spearhead economic growth, governments in the former soviet block have been adopting structural reforms aimed at attracting foreign direct investments, and promoting job creation. This formula has previously worked for Czech Republic, and is set to further promote economic growth in the region. In addition, governments are trying to lure in Foreign Direct Investment by offering tax breaks and other incentives. These efforts have led many manufacturing firms as well as Information technology firms to set up base in this region, and some instances move their operations altogether.

Trade Outlook

All of the elements mentioned above have played their role in stimulating exports and imports in the region. The migration of manufacturing firms from Western to Eastern Europe, in particular, has helped in increasing regional exports, while the creation of new jobs-as a result of outsourcing- has stimulated private consumption thereby increasing the demand for import-related products. The integration of several Eastern European states into the Euro zone should have further positive effects on regional exports.

These factors together with ongoing structural reforms-albeit at a slowing rate- are keeping regional trade outlook positive. Continued healthy GDP growth, forecasted at around 5% for the next two years according to the IMF, together with continued rise in employment and salary rates should help sustain growing consumer demand. The strongest rates of demand growth are expected in the Baltic and Black Sea markets and in Turkey.

Real GDP Growth Forecast Eastern Europe

	2006	2007E	2008E	2009E	2010E	2011E
Bulgaria	6.2	5.5	5.1	4.9	4.2	3.1
Croatia	5.7	5.4	5.2	4.6	4.2	3.8
Czech Republic	6.4	5.2	4.0	4.5	4.0	3.5
Poland	6.5	5.1	4.5	4.5	4.2	4.0
Romania	6.2	5.5	5.5	5.0	4.6	4.1
Serbia	5.7	6.5	6.0	5.5	5.0	4.7
Slovakia	8.0	6.0	5.7	5.8	5.5	5.1
Turkey	6.1	6.0	5.2	5.4	5.3	5.3
Ukraine	6.8	6.1	6.3	6.6	6.5	6.5

Source: Economist

Transshipment

The transshipment business around the Black Sea area has been booming over the past few years. Ports such as Illichevska and Odessa, Ukraine, and Constanta, Romania, have emerged as important transshipment hubs for the region. Around 60% of the total handled throughput in the container terminal of Constanta in 2005 was transshipped to other black sea ports. This is because the region opens important corridors to the Baltic area, central Europe, central Asia and Russia. Some of these strategic corridors include:

- Corridor no. 4 linking Dresden-Nuremberg-Prague- the Bratislava-Vein- Budapest- Armadas-Bucharest-Constantza
- Corridor No. 7 Danube
- Corridor no. 8 linking Durah-Tirana-Skopje-Sofia-Varna/Burgas
- Corridor no. 9 linking Helsinki-Saint Petersburg- Pskov- Moscow-Kiev-Lyubashvoka-Odessa- Illichevsk
- TRACECA Corridor connecting Europe via Caucasus with central Asia.



Capacity

With a throughput growth rate projected at 21.50% and a capacity growth rate (only confirmed development projects were included) lagging well behind at 3.70%, fears of future capacity shortages are well founded. Table below provides the forecasted throughput and capacity in the region. Bottlenecks are already beginning to build up in ports such as St. Petersburg and Novorossiysk, perhaps warning signs of what's to come if no further development projects are implemented. As illustrated in the table, capacity constraints are expected to appear by 2009.

Forecast Supply and Demand in the Terminal Operating Industry of Eastern Europe

	2006	2007	2008	2009	2010	2011	2012
Throughput	5,622	7,213	8,723	10,747	12,796	15,169	18,056
Capacity	8,449	9,119	10,124	10,244	10,514	10,541	10,541
Utilization	66.5%	79.1%	86.24%	104.9%	121.7%	144.3%	171.7%

Source: Drewry

Competition

Although the global terminal operator's (GTOs) share of regional throughput has traditionally been low (Eastern Europe's throughput represented less than 1% of handled throughput for each one of the top 5 GTOs), the fact that the region holds a lot of potential for growth, suggests that GTOs might attempt to tap into that growth by further penetrating the market.

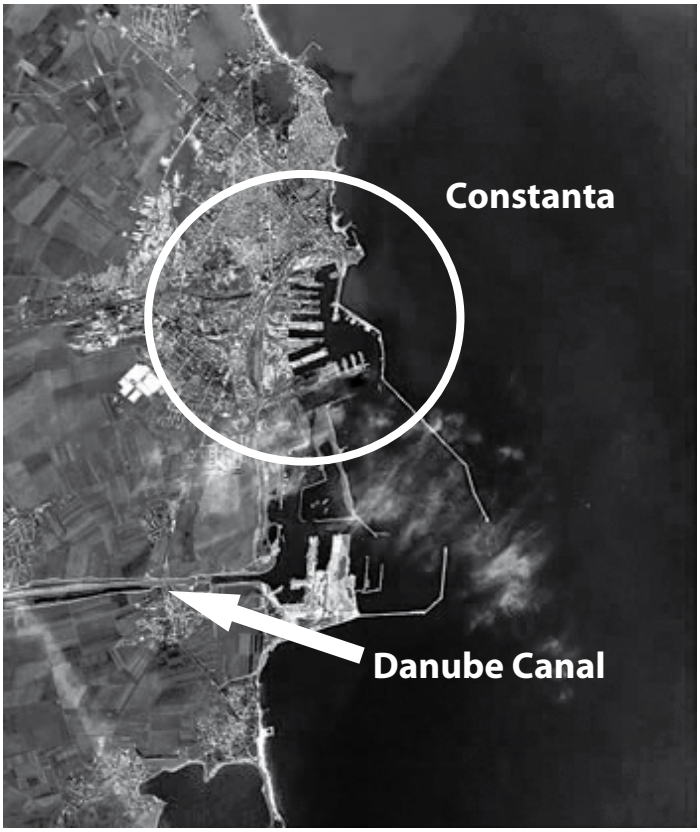
Competition is expected to increase as terminal operators push for a bigger stake in the region. PSA, the third largest terminal operator, recently inked a deal with the Turkish government to operate the Port of Mersin, in order to cater to the needs of the high growth Turkish market and push into the region. APM, the second largest terminal operator, already has operations in the Romanian port of Constanta, which is considered to be one of the bigger and important ports in the region. HPH, which already operates the port of Gdynia in Poland, recently acquired a 70% share in the Tercat terminal, Poland, perhaps in an effort to bolster its presence in the region. HPH is also trying to tap into the Turkish market having taken part in a consortium involving Global Yatrim Holding and EIB Limas, to operate and develop the port of Izmir.

DP World plans to capitalize on this growth by expanding its presence in the region. The company, which currently operates only one terminal in the region- Constanta, Romania- plans to further expand that terminal, as well as to develop a Greenfield container terminal in Yarimca, Turkey. The new terminal in Turkey will have a capacity of 1 mn TEUs once fully developed. Through these two projects, DP World hopes to be able to tap into the regions growth potential and establish its terminals as significant O&D hubs.

Port Profile: The Port of Constanta

The Port of Constanta is situated on the western coast of the Black Sea, and lies in close proximity to the Bosphorus Strait and the Sulina Branch through which the Danube flows into the Black Sea.

Constanta's importance stems from its strategic location laying at the cross-roads of prominent trade routes linking the developed countries of Western Europe and the emerging markets of Central Europe with the suppliers of raw materials from the CIS, Central Asia. The terminal provides access to major Central European cities, such as Belgrade and Budapest through an important natural corridor link called the Danube Canal. The port also provides an important transport node for the TRACECA Corridor, connecting Europe, Caucasus and Central Asia, through a ferry line linking the Port of Constanta with the Port of Batumi (Georgia). All these attributes have raised the ports importance and made it a significant calling hub for major shipping lines.





Source: Constanta Port Authority

DP World currently operates the Constanta South Terminal (DP World commenced operations in 2004) which has a capacity of 1 mn TEUs. The Constanta south terminal alone handled a throughput of 0.87 mn TEUs in 2006. The terminal provides a good transshipment hub for the region as it has excellent deep-draft access near the entrance to Constanta port. There has been growing demand over the past few years, particularly from direct liner calls from the Far East. The positive trade outlook for the region means that transshipment as well as O&D traffic are also expected to continue to grow due to its strategic location.

Container Traffic at the port of Constanta

	2001	2002	2003	2004	2005	2006
Throughput (TEUs)	118,645	136,272	206,449	386,282	768,099	1,037,077
YOY Growth		14.9%	51.5%	87.1%	98.8%	35.0%

Source: Constanta Port Authority



The Americas

The Latin American continent has witnessed the strongest economic growth since the late 1970s over the past few years. This growth has been driven by a combination of generally good economic policies, and high commodity prices that have allowed many countries to increase spending while at the same time reduce deficits. Economic growth, which has averaged around 5.25% over the past three years, is expected to slow a bit to 4.9% for 2007.

Trade Outlook

Outlook for the region is more reserved, as the sustainability of this growth is questioned- a number of challenges still face the region in regards to policy reforms aimed at boosting growth, promoting stability, and increasing investor confidence. The slow down of the US economy is expected to negatively affect Latin American countries with close trade links with the United States, such as Mexico, Central America, and the Caribbean. Conversely, Chile and Argentina are expected to have stronger growth propelled by a recovery in Chilean exports and a boost in Argentinean domestic demand.

Transshipment

The Caribbean Island's strategic location-close to the Panama Canal and to major shipping lines passing through the canal from Far East Asia to the Americas- has created a thriving transshipment business at several ports such as Caucedo, Dominican Republic, and Kingston Container Terminal, Jamaica. Of the Global Terminal Operators, HPH and SSA, and APM have the strongest presence in the region. HPH has operations in Panama, the Bahamas and Mexico, while APM operates the Kingston container terminal in Jamaica.

Capacity

Capacity constraints will probably appear in South America in the year 2011 if no new developments were undertaken by then. No major Capacity constraints are expected in Central America or Northern America.

Forecast Supply and Demand in the Terminal Operating Industry of South America

	2006	2007	2008	2009	2010	2011	2011	Average Annual Growth Rate
Throughput	14,907	16,517	18,198	19,782	21,491	23,335	25,353	9.30%
Capacity	20,395	21,370	22,757	23,230	23,323	23,515	23,529	2.40%
Utilization	73.1%	77.3%	80%	85.1%	92.2%	99.2%	107.8%	

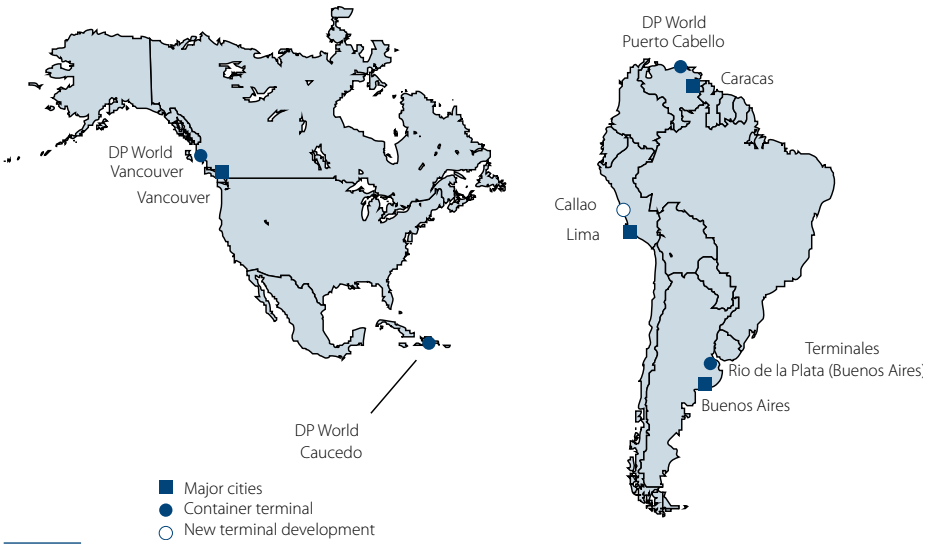
Source: Drewry

Competition

Global Terminal Operators have the lowest market share in South America- around 32 % of the market in 2006. Competition is currently low. However, sustainability of growth in the region is likely to attract greater interest from Global Terminal Operators. Possible capacity constraints also provide good growth opportunities.

Global Terminal Operators have some expansion activity in the region. DP World was awarded a concession in Callao, Peru in 2006, while HPH added the port of Manta, Ecuador to its already existing operation in Argentina.

DP World's American Stake



Source: DPW

Port Profile: The Caucedo Container Terminal

Capacity	**1 mn TEUs**
Terminal Size	50 Hectares
Berth Information	Berth (Phase I) 600 Meters quay length 14 Meters water depth
Channel Depth	14 meters

Source: DPW



Source: DPW

The Caucedo Container Terminal in the Dominica Republic is situated on the Caribbean Sea, some 30 km from the capital Boca Chica. In recent years, the ports location between North America and South America, together with its close propinquity to the Panama Canal has played a positive role in increasing transshipment traffic. DP World holds 35% of the terminal's shares, while local partners have the majority 50%, and a Spanish group has the remaining 15%.

The terminal facility at Caucedo was constructed on a Greenfield site within a free trade zone (Zona Franca Multimodal, ZFM). DP world is currently working on developing the Caucedo Terminal into a full fledged multi-modal terminal by constructing a Logistics Center adjacent to the terminal and providing it with direct access to the Las Americas International Airport. Through these developments, DP World hopes to transfer Caucedo into a key transshipment hub for the Caribbean region.

South East and East Asia

The Asian continent has been witnessing rapid economic growth for the past few years, with strengthening GDP growth, fueled primarily by the Chinese and Indian economies.

Trade Outlook

China's remarkable growth, which averaged around 10% since 2000, has been driven by the country's low-cost of labor and land, establishing it as a manufacturing and production center for the global economy, and turning it into a major exporting hub. Over the past two years, china's import growth has lagged behind its export growth by a significant margin, raising its current account surplus to 5.5%. The potential for expansion in the Chinese domestic market has also attracted vast amounts of Foreign Direct Investments, mainly from within the region, aimed at supporting and developing complex production networks.

China is also a consumption powerhouse, with a fast growing middle class of 250-300 mn people- representing roughly the entire population of the US. Given this sheer size, consumption demands for foreign products ranging from commodities to consumer products has been high and are expected to continue to grow.

China's strong economic growth is projected to continue with investments and net exports remaining the main drivers of the economy. Exports of final goods are expected to remain robust, particularly in sectors such as aircraft, home electrical appliances, industrial machinery, precision apparatus and automobiles. In fact, the Chinese economy is expected to continue to be the main driver behind international trade. GDP growth is expected to grow by 11.4% in 2007, 10.1% in 2008 and 9.2% in 2009. The Chinese government will probably continue its efforts to rebalance the economy, attempting to diversify growth away from exports and investment while at the same time introducing measures to boost consumption. The current-account surplus is forecast to remain substantial, corresponding to 9.7% of GDP in 2008 and 9% in 2009.

As for India, the region's second fastest growing economy, the country has been witnessing a boom over the past few years with real GDP growth rates topping 8 per cent over the past four years. The outsourcing of business processing, information technology, telecoms and manufacturing industries from primarily North America to India- due to lower costs- has largely been attributed to fueling this dramatic growth. The rapidly growing economy, which is creating jobs and pushing down unemployment rates, has also contributed to the fast growth of India's middle class. The country's affluent middle class is raising demand for consumer goods, thereby increasing imports.

Real GDP growth is forecasted to grow at 7.9% in fiscal year 2008/09 (April-March) and 7.4% in 2009/10. Domestic demand is expected to remain strong on the back of the middle class's widening appetite for consumer products.

Another country that has been witnessing strong economic growth is Vietnam. The country managed to grow at an average annual growth rate of 7% since 2000. The outlook is positive with average real GDP growth expected at 7.9% for 2009-2011 period, fueled primarily by industrial expansion, consumer spending, and fixed investment. Growth in merchandise exports is expected to continue to grow as a result of the country's WTO entry.

Forecast Real GDP Growth (%)

	2007E	2008E	2009E	2010E	2011E	2012E
India	8.4	7.9	7.4	7.5	7.5	7.5
China	11.4	10.1	9.2	7.7	7.4	7.4
Vietnam	8.2	8.4	8.1	7.8	7.5	7.7

Source: Economist

Overall, the region as a whole is expected to have positive growth prospects driven mainly by china and India. This should bode well for world trade. Moreover, China's ratification on the China-ASEAN accord in 2005, establishing a free trade zone and calling for more economic cooperation between the two sides, is enabling 2 bn people to access duty free goods. This should continue to have further positive effects on intra- trade, particularly on the growth of ports and shipping in the South East Asian region.

Transshipment

The port of Singapore remains the largest transshipment hub in East Asia based on total transshipment movement of the terminal. Other terminals with substantial O&D volumes are also playing a major role in transshipment. These ports include Hong Kong, Kaohsiung, Busan, Tokyo, and Port Klang. With increasing intra-regional trade, prospects for transshipment remain promising. According to Ocean Shipping Consultants, East Asian transshipment demand is forecast to increase from 82.8mn to 91.3mn TEU over 2004-15, and by a further 18% to 24% over 2015-20. (Source: Ocean Shipping Consultants).

DP World currently operates the Hong Kong CT3 and CT8 terminals which are primarily focused on the transshipment business in the region. These two terminals together represented around 18% of DP World's 2006 handled gross throughput in China. However, the two terminals also recorded the highest YOY growth in throughput, illustrating the high growth potential in the transshipment business.

China's Terminals Profile

	GrossThrougput ('000 TEUs)		YOY Growth	% of total throughput	
	2005	2006		2005	2006
Qingdao Qianwan Container Terminal	4,619	5,580	20.8%	70.4%	64.8%
Tianjin Oreint Container Terminals	1,078	1,125	4.4%	16.4%	13.1%
ACT (CT8) (Hong Kong)	344	1,041	202.6%	5.2%	12.1%
CT3 Hong Kong	276	542	44.4%	4.2%	6.3%
DP World Yantai	241	320	32.8%	3.7%	3.7%
Total	6,558	8,608			

Source: DPW

DP World is also in the process of expanding its capacity at the Pusan terminal, South Korea, by a further 2.2 mn TEUs. The company is strengthening its presence in this terminal in a bid to gain from the booming transshipment business in the region according to the Busan Port Authority. Pusan's transshipment business has been growing over the past few years at an average annual growth rate of 8.6%. In 2006, transshipment represented around 43% of the Port's total handled throughput. The company, which in 2006 had a utilization rate of 12%, expects this figure to reach 90% by 2012.

Pusan Terminal Statistics

	2000	2001	2002	2003	2004	2005	2006
Total Throughput	7,540,387	8,072,814	9,453,356	10,407,809	11,491,968	11,843,151	12,038,786
Transshipment Throughput	2,389,956	2,942,983	3,887,457	4,251,076	4,791,942	5,178,798	5,207,731
% of throughput	31.7%	36.5%	41.1%	40.9%	41.7%	43.7%	43.3%
Growth in throughput		7.1%	17.1%	10.1%	10.4%	3.1%	1.7%
Growth in transshipment		23.1%	32.1%	9.4%	12.7%	8.1%	0.6%

Source: Busan Port Authority

Capacity

No major bottlenecks or capacity constraints are expected to affect the South East Asian region in the coming five years. However, serious capacity constraints will start to appear in Far East Asia by 2012 if no new development projects take place by then. The table below summarizes throughput and capacity growth, together with utilization rates.

Forecast Throughput and Capacity Growth in South East and Far East Asia

	2006	2007E	2008E	2009E	2010E	2011E	2012E	Average Annual Growth rate
Far East								
Throughput	154,922	175,636	198,357	220,825	242,586	266,031	291,285	11.10%
Capacity	208,931	227,444	241,554	254,419	263,819	267,319	268,319	4.30%
Utilization	74.1%	77.2%	82.1%	86.8%	92.0%	100.0%	108.6%	
South East Asia								
Throughput	60,890	65,727	70,518	76,208	82,346	88,985	93,657	7.40%
Capacity	80,115	85,915	89,065	94,085	97,735	98,385	98,385	3.50%
Utilization	76.0%	76.5%	79.2%	81.0%	84.3%	90.5%	95.2%	

Source: Drewry

Competition

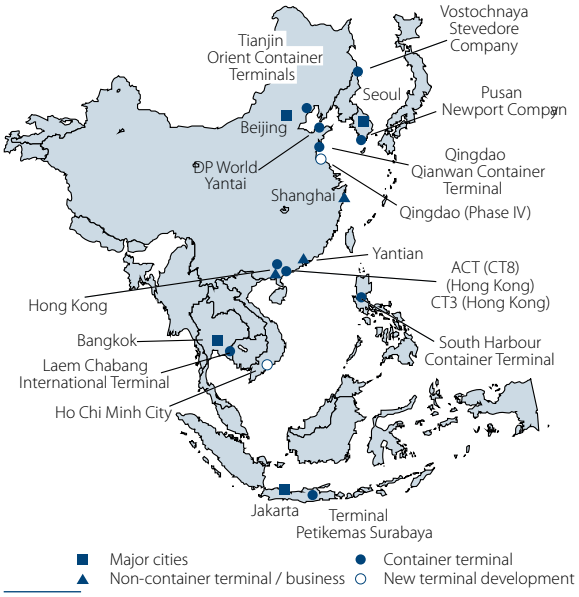
Competition in the region is fierce. With 35% of global throughput coming from the Far East Asian region alone in 2006, together with substantial growth prospects, competition is only expected to intensify further. According to Drewry, as of 2006, global terminal operators have controlled 61% of the total Far East Asian throughput. HPH together with PSA are the major players in this region; China is the main hold of HPH, while South East Asia is dominated by PSA.

In Far East Asia, HPH, which holds 14% of regional throughput, is expanding its operations in China, initiating a new development plan in Zhuhai international terminal, which expected to be operational sometime in 2007. HPH is also developing phase 2 of the Yangshan Island container terminal, and constructing two new container berths in Huizhou port, in southern China. The company is attempting to bolster its dominance in the Chinese market and capitalize on the continued growth in exports. HPH is also entering the Vietnamese market to capitalize on the fast growing container market.

PSA, on the other hand, is attempting to raise its Far East presence, initiating development projects in the Chinese ports of Dalian, Dongguan and Tianjin, including the port of Incheon in South Korea. It should be noted that PSA has a 20% stake in HPH. In 2006, PSA managed to increase its market share from 2.1 % to 3%.

In South East Asia, PSA is currently the dominant player, with a share of 39% of regional throughput- primarily as a result of its home port of Singapore. HPH has the second largest share of regional throughput through its ports in Laem Chabang, Port Kelang, and Tanjung Priok. APM and DP World also have a strong presence in the region through their operations in Malaysia and Thailand. However, competition is set to increase between HPH, PSA, APM, and DP World as each of these operating terminals have projects underway that will add capacity to the South East Asia.

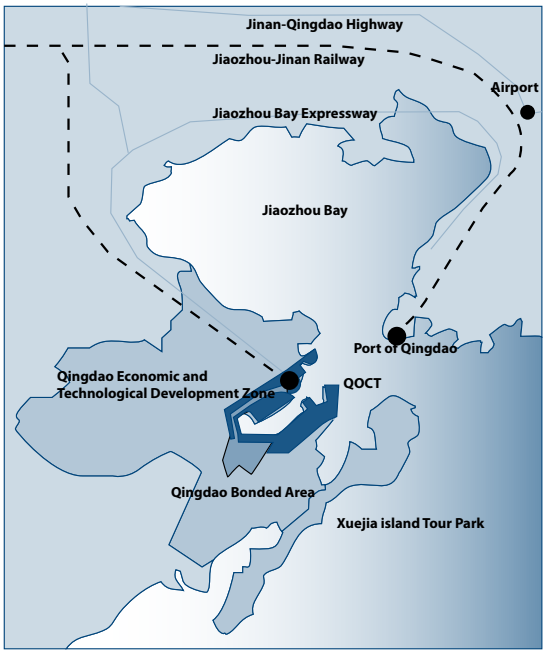
DP World's East Asian Stake



Source: DPW

At least half of DP World's terminals in Far East Asia are located in China, which represented around 63% of the company's handled Far East Asian gross throughput in 2006. Its biggest terminal, in terms of throughput, is Qingdao representing 46% of the company's regional handled gross throughput. DP World is in the state of building a stronger presence in the Chinese market. To that endeavor, the company plans to increase its market share of container shipment by optimizing capacity in existing terminals through the re-organization of current operating processes. The company is also involved in the development of Qingdao Phase IV, the company's Chinese stronghold, to add 6 mn TEUs in additional capacity.

DP World is also involved in the Ho Chi Minh City project which is directed at penetrating the Vietnamese market, a high growth market. The new terminal will have a capacity of 1.5 mn TEUs upon completion in 2009. The container market has been steadily growing in the existing Ho Chi Minh City terminal. In 2005, throughput grew by around 16%.



Source: DPW

Terminal Focus: Qingdao Container Terminal

Capacity	7.7 mn TEUs*
Terminal Size	225 hectares
Berth Information	11 Berths 3400 Meters quay length 17.5 Meters water depth
Channel Depth	15 meters

Source: Qingdao Port Authority

Qingdao is located at the tip of Shandong Peninsula bordering the Yellow Sea to the east and south, and the mainland to the west and north. The port is considered to be one of China's major trading ports. The Qingdao Container Terminal itself is situated on the western bank of Jiaozhou Bay, inside the Economic & Technology Development Zone and beside the Bond Area. DP World has a shareholdings of 29%, QPC 31%, COSCO 20%, and 20% for APMT. The Terminal is connected to the western hinterland though rail links with the Jiaozhou-Huangdao Railway and Jiaozhou-Jinan Railway.

The Port represents DP World's main operations in China. In fact, Qingdao container terminal accounted for around 65% of DP World's handled Chinese gross throughput. The company is currently engaged in developing phase IV of the terminal which is expected to add in total 6 mn TEUs in capacity upon completion. The new terminal is expected to commence operations in 2010. The project is aimed at reinforcing the company's position in China and to keep abreast with the growth in container volume . It should be noted that the development of Phase III was completed in the second quarter of 2007, adding 2 mn TEUs in capacity.

South Asia

DP World's Stake in the Indian Sub-continent



Source: DPW

DP World also has a strong hold in the Indian subcontinent market, which is a major manufacturing base. The Indian subcontinent market is witnessing increasing levels of consumer demand, driven primarily by India's growing middle class will contribute to the expected increase in throughput volume. The company, hoping to capture part of that growth, is currently engaged in re-organizing its current operations in order to maximize the capacity of existing terminals. In addition, the company is in the middle of several Greenfield developments in India and Pakistan.

In India, DP World is in the final stages of constructing a new container terminal in Vallarpadam. The Vallarpadam terminal is planned to replace the existing Cochin terminal. The project will include two phases, with the first being completed in the first quarter of 2009. The first Phase of the project will have a capacity of 1 mn TEUs, while the second phase is expected to expand that capacity to 3 mn TEUs. The development of this new terminal, which is set to be the largest in the region, is targeted towards capturing both the southern Indian O&D traffic as well as regional transshipment traffic. Hinterland connections, through road and rail networks, are also being developed by The Cochin Port Trust to enhance Vallarpadam's location and competitive edge. The Company has also signed an agreement to develop a terminal in Kulpi as part of a planned free zone.

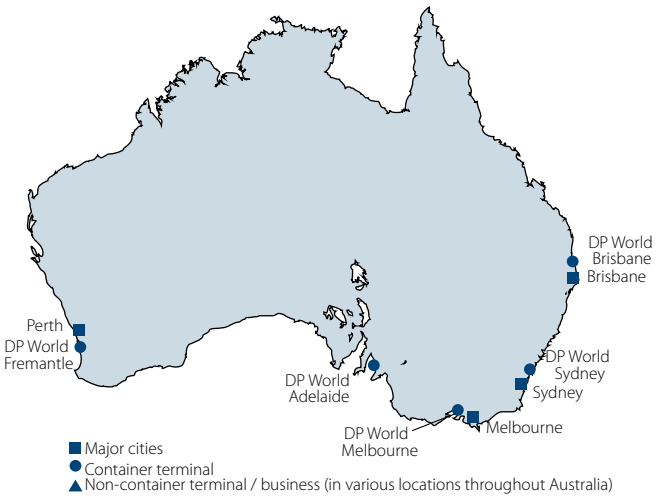
In Pakistan, DP World just entered into an agreement to develop a new terminal adjacent to its existing one in Karachi.

Oceania

Since a dual port operating system has traditionally existed in Australia, two companies effectively dominate the Australian market- DP World and Patrick Stevedores. The Oceania region as a whole is expected to have the lowest forecasted annual growth rate of 6.2% according to Drewry. Global terminal operators, therefore, will probably concentrate their investments on regions with higher potential throughput growth.

DP World's operations in this region are centered in Australia, which in 2006 accounted for 6.6% of DP World's total handled throughput. The company operates 5 terminals, each located in a major Australian City, including the ports of Melbourne, Brisbane, Fremantle, Adelaide, and Sydney. Collectively, these ports handled a throughput volume of 2.426 mn TEUs in 2006.

DP World doesn't currently have any major development plans for the region. The company, however, plans to incrementally increase the capacity of its existing facilities in order to keep abreast with capacity growth requirements. It should be noted that HPH, the largest global terminal operator, is in line to win a concession in Brisbane in an attempt to penetrate this largely closed off market.



Source: DPW

Research

Head of Research

Walid Shihabi
+9714 3199 750
wshihabi@shuaacapital.com

Chief Economist & Strategist

Mahdi H. Mattar, Ph.D.
+9714 3199 839
mmattar@shuaacapital.com

Strategy and Economics

Ahmad Shahin
+9714 3199 742
ashahin@shuaacapital.com

Jafar Shami
+9714 3199 522
jshami@shuaacapital.com

Sahar Tabaja
+9714 4238 532
stabaja@shuaacapital.com

Commercial Banks and other Financial Services

Mohamed El Nabarawy, CFA
+9714 3199 756
melnabarawy@shuaacapital.com

Sofia El Boury
+9714 4283 533
selboury@shuaacapital.com

Ghida Obeid
+9714 4283 536
gobeid@shuaacapital.com

Data

Ahmad Shahin
+9714 3199 742
ashahin@shuaacapital.com

Doris Saouma, CFA
+9714 3199 856
dsaouma@shuaacapital.com

Heavy Industries and Utilities

Mohamed El Nabarawy, CFA
+9714 3199 756
melnabarawy@shuaacapital.com

George Beshara
+9714 3199 837
gbeshara@shuaacapital.com

Hala Fares
+9714 4283 539
hfares@shuaacapital.com

Telecommunications, Media and Technology

Walid Shihabi
+9714 3199 750
wshihabi@shuaacapital.com

Jessica Estefane
+9714 3199 834
jestefane@shuaacapital.com

Consumer, Retail and Pharma

Laurent-Patrick Gally
+9714 4283 544
lgally@shuaacapital.com

Transportation and Logistics

Kareem Z. Murad
+9714 3199 757
kmurad@shuaacapital.com

Rasha Hamdan, CFA, FRM
+9714 4283 525
rhamdan@shuaacapital.com

Real Estate, Construction and Construction Materials

Roy Cherry
+9714 3199 767
rcherry@shuaacapital.com

Lara Hourani
+9714 3199 687
lhourani@shuaacapital.com

Chief Technical Analyst

Nabil Effat, CFTe, MSTA
+9714 3651 862
neffat@shuaacapital.com

Design

Jovan Ruseski
+9714 3199 759
jruseski@shuaacapital.com

Financial Editor

Anju Govil
+9714 3199 523
agovil@shuaacapital.com

Regional Sales

Mohamad Bleik
+9714 3199 773
mbleik@shuaacapital.com

Elias Bakhazi
+9714 3199 732
ebakhazi@shuaacapital.com

Faisal Rajeh
+9714 3199 794
frajeh@shuaacapital.com

International Sales

Nadine Haddad
+9714 3199 733
nhaddad@shuaacapital.com

Saad Tayara
+9714 3199 765
stayara@shuaacapital.com

Rabah Abu Khadra
+9714 3199 826
rkhadra@shuaacapital.com

Sam Quawasmi
+9714 3199 873
squawasmi@shuaacapital.com

Equity Advisory

Fares Mechelany
+9714 3199 745
fmechelany@shuaacapital.com

Nadeem Outry
+9714 3199 744
noutry@shuaacapital.com

Bassel Barbir
+9714 3199 635
bbarbir@shuaacapital.com

Jad El-Hakim
+9714 3199 822
jhakim@shuaacapital.com

This document has been issued by SHUAA Capital for informational purposes only. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment or subscribe to any investment management or advisory service. This document is not intended as investment advice as to the value of any securities or as to the advisability of investing in, purchasing, or selling any security. SHUAA Capital has based this document on information obtained from sources it believes to be reliable. It makes no guarantee, representation or warranty as to its accuracy or completeness and accepts no responsibility or liability in respect thereof or for any reliance placed by any person on such information. All opinions expressed herein are subject to change without notice. This document may not be reproduced or circulated without the prior written consent of SHUAA Capital psc.