# Global Ports Holding Plc

## Full year results for the twelve months ended 31st December 2018

### Global Ports Holdings announces record full year results

Global Ports Holding Plc ("GPH" or "Group"), the world's largest independent cruise port operator, today announces its unaudited results for the twelve months ending 31 December 2018.

| Financial Summary | FY 2018 Unaudited | FY 2018 Constant currency[6] | FY 2017 Reported | YoY Change | YoY CCY |
|---|---|---|---|---|---|
| Total Revenue ($m)[1] | 124.8 | 122.2 | 116.4 | 7.2% | 5.0% |
| Segmental EBITDA ($m)[2] | 90.7 | 89.0 | 80.5 | 12.7% | 10.6% |
| Adjusted EBITDA ($m)[3] | 83.7 | 82.0 | 75.3 | 11.2% | 8.9% |
| | | | | | |
| Operating Profit ($m) | 35.9 | | 10.9 | 229.4% | |
| Profit/(Loss) before tax ($m) | 8.6 | | (10.5) | 181.8% | |
| Profit/(Loss) after tax ($m) | 7.1 | | (14.1) | 150.6% | |
| Underlying profit for the period ($m)[4] | 26.6 | | 28.5 | -6.8% | |
| | | | | | |
| EPS (c) | 1.23 | | (26.0) | | |
| Adjusted EPS (c)[5] | 42.3 | | 47.6 | -11.1% | |
| | | | | | |
| Net Debt | (267.2) | | (227.5) | 17.4% | |

### Overview

**Group – Strong full year performance**

- Total consolidated revenues were $124.8m in the period up 7.2% yoy (5.0% ccy)
- Record full year Segmental EBITDA - up 12.7% to $90.7m (up 10.6% ccy), full year Adjusted EBITDA – up 11.2% to $83.7m (up 8.9% ccy), in line with management expectations
- On a statutory (IFRS) basis operating profit improved by 229.4% to $35.9m which was primarily driven by the 7.2% increase in revenue, a partial reversal of replacement provisions for Spanish cruise ports ($12.2m) and the positive effect of our Turkish Lira based cost structure at our operations located in Turkey. Share of profit of equity-accounted investees grew strongly in the period, up 124% to $5.6m (FY 2017: $2.5m), with Net Finance Cost rising to $32.9m (FY 2017: $24.0m) driven principally by a negative foreign exchange effect on the Group's Eurobond debt. There was therefore an overall rise in profit before tax of 182% to $8.6m (FY 2017: loss of $10.5m).

**Cruise – A year of substantial progress**

- Record full year Cruise revenue up 9.2% to $54.9m (4.7% ccy) and record Cruise Segmental EBITDA up 16.8% to $37.6m (12.0% ccy)
- Strong performance primarily driven by Creuers (Barcelona and Malaga cruise ports) reflecting a beneficial PAX mix in the year and a strong contribution from the equity accounted associate ports (Lisbon, Singapore and Venice), offset by the previously highlighted weaker performance from Valletta in the year
- Significant progress on strategic goal of delivering inorganic growth. Signed a management agreement for Havana cruise port and a concession agreement for Zadar Gazenica cruise port
- Further significant and potentially transformational progress made by the group since year end, with a concession agreement signed in Antigua and Barbuda and preferred bidder status awarded in Nassau, The Bahamas

- Consolidated and managed portfolio passenger volumes increased by 8.8% in the year. While passenger volumes remained subdued for our Turkish cruise ports in 2018, we expect to welcome a significant increase in passengers at Ege Port in 2019

**Commercial – robust performance for full year, H2 volume weakness offset by new services**

- Commercial Revenue up 5.8% to $69.9m (5.1% ccy) and Commercial Segmental EBITDA up 10.0% to $53.1m (9.7% ccy).
- General & Bulk Cargo volumes fell 9.2% and TEU throughput fell by 5.1%
- Volumes in traditional cargo categories were notably weak towards the end of the year but this impact was largely offset by the positive benefits of the continued drive to diversify and grow revenues in new areas
- New services introduced in the year or planned for 2019 include a new storage facility, Ro-Ro service, dangerous liquid handling and a further expansion of our oil drilling support services capabilities

The board intends to meet before the end of March 2019 to consider the dividend for the full year. If the board believes it is appropriate to do so, it will recommend a final dividend for the year at this stage. There can be no certainty as to the timing or the final outcome and we will provide further announcements, as appropriate, in due course.

## Outlook & current trading

Overall 2019 has started well and operational results are overall in line with management expectations, with Cruise trading ahead of expectations, offset by some continued weakness in Commercial. Due to the seasonal nature of the business, the first quarter of the year is always the quietest trading period in particular for the cruise business but also the commercial divisions of GPH. Therefore, Q1 trading trends do not inform the trend for the full year.

Cruise passenger volumes are in line with our expectations year to date. As we look to the remainder of the year we are particularly pleased to see a significant increase in calls scheduled for Ege Port, Turkey. While we look forward to a stronger performance from Valletta in 2019 and to a full year contribution from our management agreement in Havana, which is delivering ahead of expectations.

Elsewhere we continue to work on improving the cruise port experience for cruise lines and cruise passengers across our portfolio and we are looking forward to delivering on a number of projects in this area in 2019, particularly the refurbished retail facilities at Barcelona which are scheduled to be completed in Q1.

We have achieved significant progress with our inorganic growth plans in Cruise during 2018, signing a management agreement for Havana cruise port and a concession agreement for Zadar Gazenica cruise port. Since the year end we have signed a concession agreement in Antigua and Barbuda and were awarded preferred bidder status in Nassau, The Bahamas. We continue to work with all stakeholders towards successful conclusion on these agreements including financing where required, although there can be no certainty as to the timing or that the final conditions will be satisfied and we will provide further announcements, as appropriate, in due course.

Trading at our Commercial Ports is currently slightly behind our expectations at the Segmental EBITDA level. Container volumes are broadly in line with last year, however, General & Bulk volumes are currently down significantly year on year, primarily driven by a sharp drop in cement volumes in Port Akdeniz since year end. However, the success of our strategy to diversify revenues at our commercial ports means we currently expect to largely offset this impact at the EBITDA level in 2019.

We expect to once again deliver mid to high single digit organic growth in Adjusted EBITDA in 2019.

Emre Sayin, Chief Executive Officer said;

"I am proud of our performance in the year, record passenger volumes, record Adjusted EBITDA, our first new port investments since IPO, including a management agreement for Havana, our first in the Americas and the extension of Bodrum concession by 49 years is a reflection of considerable progress across the Group in 2018. Since the year end overall trading has been in line with our expectations and with an active pipeline of new port opportunities we look to 2019 with confidence."

**Notes-** For full definitions and explanations of each Alternative Performance measures in this statement please refer to the Glossary of Alternative Performance Measures.

1. All $ refers to United States Dollar unless otherwise stated
2. Segmental EBITDA is calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items
3. Adjusted EBITDA calculated as Segmental EBITDA less unallocated (holding company) expenses
4. Underlying Profit is calculated as profit / (loss) for the year after adding back: amortization expense in relation to Port Operation Rights and the one-off expenses related to the IPO and deduction of reversal of replacement provisions
5. Adjusted earnings per share is calculated as underlying profit divided by weighted average number of share
6. Performance at constant currency is calculated by translating foreign currency earnings from our consolidated cruise ports, management agreements and associated ports for the current period into $ at the average exchange rates used over the same period in the prior year.
7. Passenger numbers refer to consolidated and managed portfolio consolidation perimeter, hence it excludes equity accounted associate ports Venice, Lisbon and Singapore
8. Revenue allocated to the Cruise segment is the sum of revenues of consolidated and managed portfolio
9. EBITDA allocated to the Cruise segment is the sum of EBITDA of consolidated cruise ports and pro-rata Net Profit of equity accounted associate ports Venice, Lisbon and Singapore and the contribution from the Havana management agreement

## Notes to Editors

GPH is the world's largest cruise port operator with an established presence in the Mediterranean, Caribbean, Atlantic and Asia-Pacific regions. GPH was established in 2004 as an international port operator with a diversified portfolio of interests in cruise and commercial ports. As an independent cruise port operator, the group holds a unique position in the cruise port landscape, positioning itself as the world's leading cruise port brand, with an integrated platform of cruise ports serving cruise liners, ferries, yachts and mega-yachts. As the world's sole cruise ports consolidator, GPH's portfolio consists of investments in or management of 15 cruise ports and two commercial ports in 9 countries and continues to grow steadily. 8.5 million cruise passengers globally were handled across our portfolio of cruise ports in 2018. The group also offers commercial port operations which specialise in container, bulk and general cargo handling.

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A copy of this report will be available on our website www.globalportsholding.com today from 0700hrs (BST).

**Investor Call**

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

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## Chief Executive Officer's Review

We can reflect very positively on GPH's performance in 2018.

It was a year where we grew organically, delivered further progress in our ancillary services and we also took important steps to grow our physical reach during the year. Most notably, we expanded our footprint into the Caribbean for the first time with the award of a management agreement for Havana Cruise Port, in line with our desire to diversify through entry into the Americas. We also strengthened our Mediterranean presence with our first port concession in Croatia (Zadar).

Our headline financials were Total Revenue of $124.8m, Adjusted EBITDA up 11.2% to $83.7m, Underlying profit was $26.6m and Profit after tax was $7.1m. We are also equally pleased to have delivered on non-financial goals that we set out a year ago. These included strengthening of our senior team, successfully extending our Bodrum concession and improving the awareness of and the strength of the Global Ports Holding brand.

### Cruise

Our cruise business delivered record passenger numbers, record revenue and record Cruise segmental EBITDA in the year, while we also added new ports to our portfolio for the first time since the IPO. Our new ports in the portfolio include a concession agreement at Zadar and a management agreement at Havana.

During the year we refined our ancillary services into three main areas of focus: port services; retail and rental services; and passenger and destination services. We also introduced a new port service evaluation process, which we believe will allow us to better identify tailored services that we can introduce at each relevant port, allowing us to offer an integrated service package to cruise passengers and cruise ships.

On the challenges side, the performance of Turkish cruise ports in 2018 continued to be impacted by the major cruise lines pulling out of Turkey in the previous year, due to geopolitical tensions. Our response has been one of 'active patience'. We have continued to invest in our facilities, and during the year we launched a concerted marketing campaign to the cruise lines. This has started to bear fruit; with all of the major cruise lines starting to return to Turkey, we are looking forward to strong growth in passengers to Ege Port in particular in 2019.

Following the year-end we have signed agreements for the cruise ports in Antigua and Barbuda and were awarded preferred bidder for Nassau, Bahamas and are working towards a full financial close on each. All remain conditional until such times as all conditions are fulfilled. In addition, we are targeting at least one additional new cruise port investment or agreement in 2019 and continue to work on securing concession extensions at a number of cruise ports.

GPH's cruise ports operate in a fundamentally attractive industry, benefiting from a number of structural growth drivers. The current cruise ship order book remains positive, providing a strong underlying growth in cruise passenger numbers for at least the next decade, while the long term trend for overall international tourism remains strong.

The long booking pattern for cruise holidays further increases the attractiveness of the industry, with economic and city based geo-political threats rarely having a noticeable impact on passenger volume. While the continued growth and emergence of middle classes in developing and emerging markets is creating further growth in the number of people who want to travel and enjoy new experiences.

### Commercial

Despite cargo volumes falling in the year, 2018 witnessed the highest Segmental EBITDA performance recorded from our Commercial business.

This Commercial EBITDA performance, was driven by a number of factors. During the year, our ports continued to add new services to drive diversification in their cargo exposure and more importantly their Revenue and EBITDA exposure.

For example, Port Akdeniz opened a new warehouse facility and related bonded warehouse services during 2018, while our oil drilling support services work continues to perform well and is creating potential opportunities for us to expand some of these services to other customers. Port Adria's EBITDA growth of 112% in the year was due to the growth of the ongoing business and also revenues from project cargos in the first quarter.

In addition, Port Akdeniz benefitted from the weakness in the Turkish lira due to the port's cost structure being around 70% in local currency, while revenues are almost all exclusively collected in US dollars. Without this effect, Port Akdeniz would have experienced, all other things being equal, an EBITDA decline of 1.8% in the year.

Our commercial ports did experience a slowdown in the latter part of Q4, we believe it was the caused by the cumulative effect of a number of individual factors.

Our commercial ports are not immune to the impact of macro-economic factors such as trade tariffs and their associated impact on global trade in general. While for most of the year we saw no significant direct impact from tariffs or slowing trade, we believe the general uncertainty around global trade played a part in the slowdown experienced by our commercial ports.

In addition, the volatility in the Turkish Lira caused uncertainty amongst importers and exporters, particularly following changes made to currency regulations, although it has no direct impact on our port operations. Finally, the decision by Turkiye Denizcilik Isletmeleri A.S. ("TDI") who is a state-owned company responsible for the operation of certain harbors and shipyards in Turkey, to transfer land that was being used by GPH at Port Akdeniz to the neighbouring Free Trade Zone increased competition for some cargo.

Notwithstanding these factors and the volume slowdown, the year on year growth in Commercial EBITDA stands as testament to the work being done to diversify revenues at Port Akdeniz.

### Outlook

For our Cruise business, the global backdrop remains extremely positive. The order books of the world's shipyards, with a record high of 124 new cruise ships being built for launch between 2019-2027, remains very supportive of the global outlook for the cruise industry and cruise passenger volumes. In addition, the industry continues to attract new customers, both by nationality and demographic. For example, millennials are one of the fastest growing passenger segments of the cruise industry.

There is a stark contrast globally between cruise ports and airports. While airports have undergone a significant transformation over the last two decades or so, cruise ports and their passenger focused infrastructure have languished largely unchanged since the 1980s. We believe this has created a unique opportunity for cruise port development globally, including the development of retail and port services at key ports, transforming the cruise port experience for all stakeholders.

We believe the majority of global cruise ports need both transformational investment and a step change in the experience and services offered to passengers and cruise ships. With our experience and know-how, we believe we can play a key role in this development process.

For our Commercial business, the operating environment remains relatively stable, while cargo volumes fell in late Q4. The Turkish economy is recovering from a challenging period and our continued push into diversifying our revenues means that we believe we will be able to largely offset any further volume declines and we look forward to further developing our diversified services.

2019 is set to be an exciting and potentially transformational year for the group. Cruise Segmental EBITDA growth of 12.0% ccy signals the underlying strength of our cruise business and its potential for growth. While the cruise ports in both Antigua and Barbuda and Nassau in The Bahamas currently handle over 4m passengers' a year between them, successfully adding them to our portfolio would more than double our current cruise passenger volumes.

Overall we look into 2019 and beyond with continued confidence on the growth prospects of the group.

| Key Financials & KPI Highlights | FY 2018 | FY 2018 | FY 2017 | YoY | YoY CCY |
|---|---|---|---|---|---|
| | Unaudited | Constant currency | Reported | Change | |
| **Total Revenue ($m)** | **124.8** | **122.2** | **116.4** | **7.2%** | **5.0%** |
| Cruise Revenue ($m)[8] | 54.9 | 52.7 | 50.3 | 9.2% | 4.7% |
| Commercial Revenue ($m) | 69.9 | 69.5 | 66.1 | 5.8% | 5.1% |
| **Segmental EBITDA ($m)** | **90.7** | **89.0** | **80.5** | **12.7%** | **10.6%** |
| Cruise EBITDA ($m)[9] | 37.6 | 36.1 | 32.2 | 16.8% | 12.0% |
| Commercial EBITDA ($m) | 53.1 | 53.0 | 48.3 | 10.0% | 9.7% |
| **Adjusted EBITDA ($m)** | **83.7** | **82.0** | **75.3** | **11.2%** | **8.9%** |
| Segmental EBITDA Margin | 72.7% | 72.9% | 69.2% | | |
| Cruise Margin | 68.5% | 68.5% | 64.0% | | |
| Commercial Margin | 76.0% | 76.2% | 73.1% | | |
| Adjusted EBITDA Margin | 67.1% | 67.1% | 64.7% | | |
| **Profit before tax ($m)** | **8.6** | | **(10.5)** | **181.7%** | |
| **Passengers (m PAX)[7]** | **4.4** | | **4.1** | **8.8%** | |

Please refer to Footnotes above or for full definitions and explanations of each measure in this statement please refer to the Glossary of Alternative Performance Measures

## Group business and finance review

Revenue for the year was $124.8m, up 7.2% (5.0% in constancy currency) and Adjusted EBITDA increased 11.2% (8.9% in constant currency) to $83.7m, with underlying profit falling 6.8% to $26.6m and profit after tax of $7.1m.

Full year growth in consolidated and managed portfolio passengers was 8.8%, driven by the pro rata contribution from our Havana management agreement in the year, while total passenger volumes in our portfolio volumes grew 20% to 8.4m, driven by strong growth from our equity accounted associate ports (Venice, Lisbon and Singapore). Combined these ports welcomed 4.0m passengers, growth of 37% in the year.

Cruise Revenue increased 9.2% to $54.9m (FY 2017: $50.3m), and Cruise segmental EBITDA increased by 16.8% to $37.6m (FY 2017: $32.2m). The performance of our equity accounted associate ports (Venice, Lisbon and Singapore) was a particular driver of this strong growth, with their pro-rata net income contributing at the Segmental and Adjusted EBITDA level $5.6m, (FY 2017: $2.5m). Excluding the impact of our equity accounted associates, Cruise EBITDA growth was at 7.8% (3.4% ccy). On a constant currency basis, full year cruise revenue was $52.7m and Cruise segmental EBITDA was $36.1m.

Overall Commercial Port operations performed in line with our expectations for Segmental EBITDA for the full year, although Q4 volumes were weaker than expected. Commercial revenues rose by 5.8% in the period to $69.9m (FY 2017: $66.1m). Port Akdeniz increased revenues by 2.3% to $59.9m (FY 2017: $58.5m), while Port Adria grew revenues by 32.8% to $10.0m (FY 2017: $7.5m) (27.3% ccy).

Commercial Segmental EBITDA grew by 10.0% to $53.1m in the year, with both ports contributing to this growth. Port Adria delivered EBITDA growth of 112% (103% ccy). As previously disclosed, project cargo which was deferred from 2017 was a significant contributor to this strong performance. EBITDA at Port Akdeniz increased by 5.9%, with this growth due to the weaker Turkish Lira to $. Commercial segmental EBITDA margin of 76.0% was an increase of rose 290bps.

During Q4 volume declines increased at our Commercial ports. General & Bulk Cargo volumes fell 9.2% in the year, recording a 16.8% decline in H2 2018, while in Containers volumes fell 5.1% in the year, with a 10% decline in H2 2018.

Central costs increased by 34% yoy, reflecting a full year of UK Plc costs, our investment in central costs to create a sustainable platform for growth, including the strengthening of the management team, this was partially offset by weakness in the Turkish Lira which reduced central costs by $0.6m.

Total consolidated revenues were $124.8m in the period up 7.2% YoY. On a statutory (IFRS) basis operating profit improved by 229.4% to $35.9m which was primarily driven by the 7.2% increase in revenue, a reversal of replacement provisions for Spanish cruise ports ($12.2m) and the positive effect of our Turkish Lira based cost structure at our operations located in Turkey. Share of profit of equity-accounted investees grew strongly in the period, up 124% to $5.6m (FY 2017: $2,5m), with Net Finance Cost rising to $32.9m (FY 2017: $24.0m) driven principally by a negative foreign exchange effect on the Group's Eurobond debt. There was therefore an overall rise in profit before tax of 182% to $8.6m (FY 2017: loss of $10.5m).

### Turkey

During the period there was significant volatility in regard to the Turkish Lira, albeit Q4 signalled a return to a more stable period for the currency. We are a global business and our revenues are in hard currency reflecting our global footprint and global industry standard norms so there has been no tangible direct impact on the business. Nevertheless, we believe the general uncertainty around the currency and some of the regulation changes that followed it, although not directly applicable to us, had a negative impact on Q4 volumes at Port Akdeniz.

In revenue terms, 52% (FY 2017: 49.7%) of the revenue generated was in Euros and 48% (FY: 2017 50.3%) of the revenue generated was in US dollars, with negligible amounts in Turkish Lira. In terms of costs, at each of our ports the majority of costs are incurred in local currency. For all non-Turkish ports, (with the exception of equity associate Singapore) this means Euro costs matching Euro revenues.

In our Turkish cruise ports the vast majority of our revenues in 2018 were in Euros, however for 2019 we have changed our tariffs to $, while the majority of our costs will remain in Turkish Lira. At Port Akdeniz, 90% of volumes are exports which are based on underlying trades denominated in hard currencies. Our container revenues are generated with major international shipping lines and as is industry standard their revenues are generated in $, and the ultimate exporters in the case of marble are hundreds of small marble producers/exporters, all of whom are exporting marble in $ prices. The majority of general and bulk cargo goods that we are handling for export are traded in $, again in keeping with global industry standards.

Looking into 2019, trading at Port Akdeniz at the EBITDA level has been in line with our expectations year to date. While general and bulk volumes remain weak we expect to largely offset any continued weakness through the continued growth in our new services. While in Cruise, we expect to welcome a significant increase in passengers at Ege port in 2019. All the major cruise lines are starting to return to Turkey in 2019 and continue to talk very positively about the booking and pricing trends they are experiencing for cruise holidays that have Turkey on the itinerary. We currently expect further capacity to be added to the Turkish market in 2020.

## Cruise Ports Business Review

The outlook for the global cruise industry remains extremely positive. The global cruise ship order book, which currently sits at a record high of 124 new ships between 2019-2027, remains very supportive of the outlook for the global cruise industry and cruise passenger volumes.

In addition, not only is the total number of cruise ships set to grow, the ships are getting increasingly larger in terms of berths per vessel. In 2017, average berths per vessel was 1,466, while the average size for the 124 new ships on order is over 3,000 berths per ship. We believe the underlying structural growth in overall passenger volumes remains very supportive of our growth strategy in cruise.

Based on current known orders and the greater size of new ships once completed, the implied average global cruise passenger growth rate will be c4-5% per annum over the medium term, with new supply arguably creating its own demand.

As the world's largest cruise port operator we are uniquely positioned to benefit from this structural growth and, in conjunction with our cruise line partners, play an active role in not just managing this growth but also helping drive it.

| Cruise Port Operations | FY 2018 | FY 2018 | FY 2017 | Yoy Chge | YOY CCY |
|---|---|---|---|---|---|
| | Unaudited | Constant currency | Reported | Change | |
| **Revenue (USD m)** | **54.9** | **52.7** | **50.3** | 9.2% | 4.8% |
| **Segmental EBITDA (USD m)** | **37.6** | **36.1** | **32.2** | 16.7% | 12.0% |
| Segmental EBITDA Margin | 68.5% | 68.5% | 64.1% | | |
| **Passengers (m)** | **4.4** | **4.4** | **4.1** | 8.8% | |
| Turnaround Passengers | 1.70 | | 1.6 | 7.8% | |
| Transit Passengers | 2.74 | | 2.5 | 9.5% | |
| **Yield (USD, rev per pax)** | 12.3 | 11.8 | 12.3 | - | -3.7% |

We welcomed 4.4m cruise passengers to our consolidated and managed portfolio in 2018, a growth rate of 8.7%. While at all ports including Venice, Lisbon and Singapore, our equity accounted associate ports we welcomed 8.4m passengers (FY 2017: 7.0m), a very pleasing growth rate of 20%.

In terms of cruise passenger growth, a headline growth rate of 8.7% is pleasing. Trends at most ports point to a stronger underlying performance, albeit the organic growth rate was just 0.6%. 2018 was always expected to be a relatively subdued year for passenger volume growth at Valletta, however, a number of weather related cancellations in Q1 and Q3 meant passenger volumes fell 8.7% in the year. In addition, an issue over inadequate dredging by the port authority at Ravenna meant that in H2 cruise lines cancelled most of scheduled calls for the remainder of the year, leading to a 86% drop in passengers in H2. If we exclude these two ports, organic passenger volumes rose 3.8% in the year, a rate of growth that is more in keeping with that of the industry.

Cruise Revenue increased 9.2% to $54.9m (FY 2017: $50.3m), while Cruise segmental EBITDA rose to $37.6m, a growth rate of 16.7%. The revenue from our cruise ports in 2018 were almost exclusively Euro based, with most ports also incurring costs in Euros, with the exception of our Turkish ports which have a largely Turkish Lira cost base. In 2019 our Turkish cruise ports will charge cruise lines in $. On a constant €/$ currency basis, full year revenue was $52.7m and Cruise segmental EBITDA was $36.1m, a growth rate of 4.8% and 12.0% respectively.

Our ancillary services performed well in the year, with further services developed across most of our ports. In 2018, we launched a service evaluation process at our ports to identify potential new services that would be attractive to cruise ships that call at each of our ports. While we continued to refine our Guest Information Centers, refurbished and improved and in some cases extended our retail areas. We were delighted to agree terms and start work on refurbishing the retail areas of two of the terminals at Barcelona cruise port, the work is expected to be completed in time for the 2019 cruise season. We look forward to further progress in the delivery of our ancillary services strategy across our portfolio in 2019.

Our equity accounted associates (Venice, Lisbon and Singapore), performed particularly strongly in the year, with a pro-rata net income contribution at the Group EBITDA level of $5.6m (FY 2017: $2.5m). Excluding the impact of our equity accounted associates, Cruise Segmental EBITDA growth in 2018 was 7.8% (3.4% ccy). While it is still early in the process, we are very pleased with the performance of our management agreement in Havana, Cuba, which is delivering ahead of expectations.

While there is much work to be done to conclude the agreements announced since the year end, if they do conclude successfully, we believe they will be transformational for the group.

| Creuers (Barcelona and Malaga) | FY 2018 Unaudited | FY 2018 CCY | FY 2017 Reported | Yoy Chge | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | 31.6 | 30.3 | 27.4 | 15.3% | 10.6% |
| **Segmental EBITDA (USD m)** | 19.8 | 19.0 | 17.6 | 12.7% | 8.1% |
| Segmental EBITDA Margin | 62.7% | 62.7% | 64.1% | | |
| **Passengers (m)1** | 2.5 | | 2.4 | 5.1% | |
| Turnaround Passengers | 1.4 | | 1.3 | 10.5% | |
| Transit Passengers | 1.1 | | 1.1 | - | |
| **Yield (USD, rev per pax)** | 12.6 | 12.0 | 11.4 | 9.8% | 5.3% |

In line with our expectations, Creuers (Barcelona & Malaga), performed strongly in the year. We welcomed 2.5m passengers in 2018, an increase of 5.1% compared to the same period last year. H2 2018 volumes were flat year on year, in line with our expectations, after a strong H1 2018. Revenue of $31.6m (FY 2017: $27.4m) was up 15.3% yoy in the period, with a constant currency increase of 10.6%.

Yield per PAX and revenue growth in excess of passenger volume growth was driven by a favourable turnaround passenger mix at Barcelona, 65% vs 61%, a trend that was sustained throughout the year.

Creuers delivered EBITDA for the period of $19.8m (FY 2017: $17.6m), up 12.7% yoy, on a constant currency basis EBITDA grew 8.1%. Creuers EBITDA margin of 62.7% was lower than the 64.1% achieved in FY 2017, driven by a weaker performance from Malaga in H2 2018. However, we are confident on the outlook for Malaga in 2019, with planned tariff increases and recent actions take on ancillary services likely to drive an improved performance in 2019.

We were pleased with the performance of our ancillary revenues at Creuers during the year, with notable drivers of performance including increased additional security and extra luggage handling and water supply during the year. However, the most exciting development for ancillary revenue at Barcelona is still to come. In 2019 to date, we have been refurbishing our retail and food and beverage offering at two of the terminals at Barcelona, as well as welcoming a well-known Spanish coffee chain to open a coffee shop in what was unused office space. This work should transform the passenger experience at these terminals and we look forward to opening the new facilities in time for the 2019 Mediterranean cruise season.

| Valletta Cruise Port | FY 2018 Unaudited | FY 2018 CCY | FY 2017 Reported | Yoy Chge | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | 13.0 | 12.5 | 12.9 | 0.8% | -3.3% |
| **Segmental EBITDA (USD m)** | 6.4 | 6.1 | 6.8 | -6.2% | -10.1% |
| Segmental EBITDA Margin | 49.2% | 49.2% | 52.8% | | |
| **Passengers (m)1** | 0.7 | | 0.8 | -8.7% | |
| Turnaround Passengers | 0.2 | | 0.2 | - | |
| Transit Passengers | 0.6 | | 0.6 | - | |
| **Yield (USD, rev per pax)** | 18.3 | 17.6 | 16.6 | 10.3% | 5.8% |

2018 has been a challenging year for Valletta, a year that was expected to see a drop in passenger volumes was negatively hit by increase in the number of weather related cancellations during the winter months and a significant summer storm in the region. However, Valletta still welcomed 711k passengers during the year (FY 2017: 779k), with its unique position for West Med and East Med itineraries, it is testament to the attractions of this port.

Valletta’s revenue for the year was $13.0m (FY 2017: $12.9m), an increase of 0.8% but a fall in constant currency terms of 3.3%. The revenue outperformance vs passenger volumes was primarily driven by higher yields per PAX over the year. This increased per PAX yield was primarily driven by the positive impact of tariff increases that came into effect during the year.

EBITDA of $6.4m reduced by 6.2% (FY 2017: $6.8m), with a constant currency fall of 10.1%. This divergence from modest growth in revenue was primarily the result of increased costs associated with the hosting of Med Cruise

General Assembly in the first half of the year and the impact of lost retail sales due to the yoy drop in passenger numbers. With the demographic of the cruise ships that cancelled due to the weather being a particular factor.

| Ege Port | FY 2018 Unaudited | FY 2018 CCY | FY 2017 Reported | Yoy Chge | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | 4.7 | 4.5 | 4.8 | -3.5% | -7.4% |
| **Segmental EBITDA (USD m)** | 3.1 | 3.0 | 3.0 | 4.4% | 0.1% |
| Segmental EBITDA Margin | 66.3% | 66.3% | 61.3% | | |
| **Passengers (m)1** | 0.2 | | 0.2 | 0.1% | |
| Turnaround Passengers | 0.03 | | 0.02 | 36.3% | |
| Transit Passengers | 0.2 | | 0.17 | -4.1% | |
| **Yield (USD, rev per pax)** | 24.6 | 23.6 | 25.5 | -3.6% | -7.5% |

As expected, 2018 was a subdued year for passenger volumes at Ege Port, with 189k passengers welcomed in 2018, which was effectively flat on the same period in 2017. Revenue of $4.7m was a decrease of 3.5%, a 7.4% decline in constant currency terms. EBITDA rose 4.4% in the year to $3.1m (0.1% in constant currency).

Ancillary revenues were down in the year, with the primary driver of this being the impact of the weak Turkish Lira on Turkish ferry passengers' propensity to travel and the knock on impact on associated duty free sales. In Ege Port the vast majority of our revenues in 2018 were in Euros, however for 2019 we have changed our tariffs to $, while the majority of our costs will remain in Turkish Lira.

Looking into 2019, we are very pleased with current booking trends and expect to welcome a significant increase in passengers at Ege port in 2019. All the major cruise lines are returning to Turkey in 2019 and continue to talk very positively about the booking and pricing trends they are experiencing for cruise holidays that have Turkey on the itinerary both for 2019 and 2020. We currently expect further capacity to be added to the Turkish market in 2020.

| Other Cruise | FY 2018 Unaudited | FY 2018 CCY | FY 2017 Reported | Yoy Chge | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | 5.7 | 5.4 | 5.2 | 9.8% | 5.3% |
| **Segmental EBITDA (USD m)** | 8.3 | 8.0 | 4.9 | 70.8% | 63.8% |
| **Passengers (m)1** | 1.0 | | 0.7 | 42.3% | |
| Turnaround Passengers | 0.10 | | 0.06 | 68.3% | |
| Transit Passengers | 0.94 | | 0.67 | 40.0% | |

Other Cruise revenue reflects the revenue contribution of our smaller cruise port concessions and our management agreement in Havana. While Other Cruise EBITDA reflects the EBITDA contribution of these concessions, as well as the net income contribution of our equity associate ports (Venice, Lisbon and Singapore) and the contribution from our management agreement in Havana.

In 2018 we welcomed 1m cruise passengers at our Other Cruise ports (excluding equity accounted associates), an increase of 42.3% on FY 2017, although organic volumes fell -4.2%. Revenue of $5.7m (FY 2017: $5.2m) increased by 9.8% compared to the same period last year, 5.3% in constant currency. Other Cruise EBITDA of $8.3m increased by 70.8% compared to the same period last year, 63.8% in constant currency, driven by the strong contribution from our associated cruise ports and the first time pro rata contribution from our management agreement in Havana.

Unfortunately, Ravenna had a very challenging year due to an inadequate dredging programme by the port authority. This resulted in most cruise lines cancelling all calls. If this is not resolved by the port authority, 2019 and 2020 will be challenging years for Ravenna. However, it is important to note that Ravenna cruise port concession expires in December 2020.

Our management agreement for Havana only contributed for part of the year and while there is much work to be done by all stakeholders to transform this port and the passenger experience, we are very pleased with the performance so far, which is ahead of our expectations. The port currently has capacity of two berths and in 2017 welcomed c328k cruise passengers, a growth rate of 156% compared to 2016 and in 2018 it welcomed c633k passengers, a growth rate of 92%.

Our other Turkish ports (Bodrum and Antalya) continue to suffer from the sharp drop in passenger numbers experienced in 2017, while these ports should benefit from the wider recovery of cruise in Turkey, they will not experience the same kind of pick up in performance that we are expecting from Ege in 2019.

### Equity accounted associate ports

Our equity accounted associate ports, Venice, Lisbon and Singapore performed very strongly in the year, reporting total passenger volume growth of 37% to 4.0m, compared to the 2.9m reported in 2017. Lisbon's good performance since it opened the new state of the art terminal has continued, with passenger volumes of 578k in the year, 10.9% growth on 2017. However, Lisbon's operating profit has been held back by increased security costs associated with the new facilities and the fact that not all of the new terminals F&B facilities were open during the period. However, we are pleased to report that these facilities should now be open for the 2019 cruise season. The stand out performer was Singapore, which more than doubled cruise passengers in the year. Overall the pro-rata net income from our equity accounted associates contributed $5.6m at the Segmental and Adjusted EBITDA level.

### New Ports and partnerships

2018 marked a return to inorganic growth for the business. We signed a 15-year management agreement for Havana cruise port, Cuba - our first in the Americas and signed a 20-year concession agreement for Zadar Gazenica cruise port. We also signed a partnership agreement with Dreamlines, a fast-growing online travel agency dedicated to cruises.

The signing of the agreement for Havana represented an important milestone in the group's development, marking our first step into the Americas. Under the terms of the management agreement, GPH is to use its global expertise and operating model to manage all of the cruise port operations over the life of the agreement. While there is much work to be done by all stakeholders in terms of the longer term plans for this port and the planned infrastructure investment by the government, we have so far been very pleased with the performance of this port.

The 20-year concession for Zadar Gazenica cruise port, Croatia has further expanded our presence in the Adriatic. We operate the cruise ship passenger port and terminal services, an international ferry terminal, Ro-Ro services, vehicles and passenger services as well as the extensive commercial area. We only took over the operations in November 2018, however, we have been working hard to secure the right mix of tenants for the retail space in the terminal and have started to promote the attraction of Zadar to the cruise lines.

During 2018 we provided a convertible loan to Dreamlines, a fast-growing online travel agency dedicated to cruises and entered into a partnership with them. Dreamlines is now the 2nd largest online travel agent for cruise bookings in the world, and the largest ex US. Based on its unique online platform and supported by more than 300 cruise sales experts Dreamlines sells cruise products online, via phone and email.

It operates in twelve countries around the world, and has tripled booking volumes over the last three years. The partnership will allow GPH to work with Dreamlines on ways to promote its cruise ports and destinations to cruise customers worldwide as well as explore the potential for the development of additional retail and service opportunities, particularly pre and post cruise, which in the medium term could enhance and broaden our ancillary revenues.

### New Ports 2019

After the year end we announced the signing of a 30-year concession agreement with the Government of Antigua and Barbuda for cruise port operations in Antigua on an exclusive basis. This concession marked the Group's important second step in its expansion into the Americas, after the signing of Havana in 2018. Under the concession terms, as well as managing the cruise port operations in Antigua, GPH will also finance the completion of the ongoing construction of a new pier which will allow the port to handle Oasis class ships. The Group will also invest in improving the current retail facilities and designing and financing the construction of new purpose-built retail and F&B facilities.

The successful commencement of the concession is subject to a number of final conditions being satisfied, including, amongst others, the Group securing suitable financing. Full financial closure and commencement of the concession is expected to occur in H1 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

In February 2019, the Government of the Bahamas awarded, Nassau Cruise Port Ltd ("NCP"), a consortium comprising GPH, the Bahamian Investment Fund ("BIF") and the Yes Foundation the cruise port tender for a 25-year concession for the Prince George Wharf and related areas, at Nassau cruise port.

Nassau is one of the most popular cruise destinations in the world with passengers attracted to its natural beauty, unique characteristics and cultural heritage, while its close proximity to the United States means it is within easy cruising distance of the primary home ports in the United States. The Nassau cruise port is one of the leading destination ports in the world and welcomes 3.7 million passengers per annum.

GPH is working with all stakeholders towards the successful signing of a concession agreement and full financial closure, although there can be no certainty as to the timing or that the final conditions will be satisfied.

## Commercial Ports Business Review

| Commercial | FY 2018 Unaudited | FY 2018 Constant currency | FY 2017 Reported | Yoy Chge Change | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | **69.9** | **69.5** | **66.1** | **5.8%** | **5.1%** |
| **Segmental EBITDA (USD m)** | **53.1** | **53.0** | **48.3** | **10.0%** | **9.7%** |
| Segmental EBITDA Margin | 76.0% | 76.2% | 73.1% | | |
| General & Bulk Cargo ('000 tonnes) | 1,478 | | 1,629 | -9.2% | |
| Throughput ('000 TEU) | 237 | | 249 | -5.1% | |
| Yield (USD, Revenue per TEU) | 179.8 | | 174.7 | 3.0% | |
| Yield (USD, Revenue per tonnes) | 9.2 | | 9.0 | 2.6% | |

Overall Commercial Port operations performed in line with our expectations in the year, with Commercial revenues increasing by 5.8% to $69.9m (FY 2017 $66.1m) and Commercial Segmental EBITDA increasing by 10.0% to $53.1m (FY 2017 $48.3m).

In terms of volumes, our ports experienced a decline of 9.2% in General & Bulk Cargo volumes in the period, with H2 2018 recording a 16.8% decline. While in Containers, volumes fell 5.1% in the year, with volumes declining 11.1% in H2 2018. Our commercial ports are not immune to the impact of macro-economic factors such as trade tariffs and their associated impact on global trade in general. While for most of the year we saw no significant direct impact from tariffs or slowing trade, we believe the general uncertainty around global trade played a part in the slowdown. More details on this decline in volumes at each port is provided below.

In terms of yields, total container yields were up 3% in the year, while cargo yields increased 2.6%. Port Adria's overall strong performance was pleasing after the completion of the capex program in 2017. Port Akdeniz benefitted from the weakness in the Turkish lira due to the port's cost structure being around 70% in local currency, while revenues are almost all exclusively collected in US dollars.

We continue to focus on delivering further diversification of the cargo volumes at commercial ports, further information on the services we are introducing are detailed below.

| Port Akdeniz | FY 2018 Unaudited | FY 2018 Constant currency | FY 2017 Reported | YoY Change | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | 59.9 | 59.9 | 58.5 | 2.3% | 2.3% |
| **Segmental EBITDA (USD m)** | 49.2 | 49.2 | 46.4 | 5.9% | 5.9% |
| Segmental EBITDA Margin | 82.1% | 82.1% | 79.3% | | |
| General & Bulk Cargo ('000 tonnes) | 1,305 | | 1416 | -7.8% | |
| Throughput ('000 TEU) | 186 | | 200 | -6.9% | |
| Yield (USD, Revenue per TEU) | 199.8 | | 194.3 | 3% | |
| Yield (USD, Revenue per tonnes) | 7.1 | | 8.7 | -19% | |

Our largest commercial port, Port Akdeniz reported revenue growth of 2.3% to $59.9m in the period, with EBITDA rising 5.9% to $49.2m, with the EBITDA margin rising to 82.1%. General & Bulk cargo volumes, having declined by 5.9% at the half year, declined 7.8% for the full year.

In terms of TEU, volumes at Port Akdeniz declined by 6.9% in the year, a clear acceleration in the modest 0.4% decline in H1 2018. Total marble volumes declined by 8.9% in the year, with a particularly sharp drop of 23.1% in Q4 2018. While total volumes remain relatively small, TEU export volumes for non-marble rose 35.8% in the period, which is an encouraging trend as we continue with our strategy to diversify the port's volumes and revenues. TEU full container import volumes fell 21% in the year.

Our commercial ports did experience a slowdown in the latter part of Q4, we believe it was the caused by the cumulative effect of a number of individual factors. Our commercial ports are not immune to the impact of macro-economic factors such as trade tariffs and their associated impact on global trade in general. While for most of the year we saw no significant direct impact from tariffs or slowing trade, we believe the general uncertainty around global trade played a part in the slowdown.

In addition, the volatility in the Turkish Lira caused uncertainty amongst importers and exporters, particularly following changes made to currency regulations. Finally, the decision by Turkiye Denizcilik Isletmeleri A.S. ("TDI") to transfer land that was being used by GPH at Port Akdeniz to the neighbouring Free Trade Zone has increased competition for some cargo. Nevertheless, we continue to focus on delivering further diversification of our cargo volumes and believe we will be able to largely offset any further volume declines.

During 2018 Port Akdeniz opened a new warehouse facility and related bonded warehouse services, while our oil drilling support services work continues to perform well and is creating potential opportunities for us to expand some of these services to other customers.

In 2019 we plan to start facilitating a Ro-Ro service from Antalya to Trieste, Italy. This will create a new route for imports/exports in the region to and from Europe, and fill a sizeable gap in Antalya and our hinterland's logistic capabilities. It is early stage but this service could open up the sizable mainland Europe market to many local producers in the Antalya region. We also continue to evaluate the opportunity to open a logistics centre and associated services.

| Port Adria | FY 2018 Reported | FY 2018 Constant currency | FY 2017 Reported | YoY Change | YOY CCY |
|---|---|---|---|---|---|
| **Revenue (USD m)** | 10.0 | 9.6 | 7.5 | 32.8% | 27.3% |
| **Segmental EBITDA (USD m)** | 3.9 | 3.8 | 1.9 | 112% | 103% |
| Segmental EBITDA Margin | 39.2% | 39.2% | 24.6% | | |
| General & Bulk Cargo ('000) | 173 | | 213 | -18.8% | |
| Throughput ('000 TEU) | 50 | | 49 | 2.4% | |
| Yield (USD, Revenue per TEU) | 106.1 | | 95.0 | 11.7% | |
| Yield (USD, Revenue per tonnes) | 25.1 | | 10.8 | 133% | |

Port of Adria grew strongly in 2019, reporting revenue growth of 32.8% to $10.0m and EBITDA growth of 112% to $3.9m. On a constant currency basis revenue grew 27.7% and EBITDA grew 103%. As previously disclosed, project cargo volumes were handled during H1 2018.

TEU yields rose 11.7% to $106.1 and revenue per ton rose 133% to $25.1, excluding project cargo revenue per ton rose 46.4% to $13.8.

General & Bulk Cargo volumes fell 18.8%, having been up strongly at the half year stage. While H2 2019 was not expected to deliver the strong growth achieved in H1 2018, the decline was more significant than expected, particularly in the last few months of the year.

There was a number of reasons for this decline, steel coils volumes fell sharply in the last few months, with the knock on impact of global trade tariffs and trade barriers likely to be the cause of this decline. We continue to monitor developments in steel coils closely. Cement volumes also fell, with volume, lost to competing ports and road transportation. Volumes of imported MDF boards were negatively impacted by volatility in the Turkish Lira, the boards are imported from Turkey, and increased shipping rates also hit demand for the boards.

Container volumes increased 2.4% in the year, although volumes generally declined towards the end of the year, the overall impact was relatively small. Notable areas of volume declines included aluminium ingots, copper concentrate and cigarettes and tobacco, no specific reason has been identified for this decline.

Despite the decline in both volumes towards the end of the year, we are pleased to report that General & Bulk and Container volumes year to date are trading in line with management expectations and the performance delivered in the same period in 2018.

We continue to work on growing the volumes handled by this port. Later this year we expect to launch a Ro-Ro service, while we are in talks with a number of parties including importers, exporters and shipping lines about the introduction of new cargos at the port during 2019.

## Financial Review

Total consolidated revenues were $124.8m in the period up 7.2% YoY. On a statutory (IFRS) basis operating profit improved by 229.4% to $35.9m which was primarily driven by the 7.2% increase in revenue, a reversal of replacement provisions for Spanish cruise ports ($12.2m) and the positive effect of our Turkish Lira based cost structure at our operations located in Turkey. Share of profit of equity-accounted investees grew strongly in the period, up 124% to $5.6m (FY 2017: $2,5m), with Net Finance Cost rising to $32.9m (FY 2017: $24.0m) driven principally by a negative foreign exchange effect on the Group's Eurobond debt. There was therefore an overall rise in profit before tax of 182% to $8.6m (FY 2017: loss of $10.5m).

The tax charge decreased by $2.1m for the period to $1.5m (FY 2017: $3.6m) principally due to movements related to deferred tax. The result was Profit after tax for the year of $7.1m, of which $770k was attributable to ordinary shareholders.

Management use certain alternative performance measures to assess the financial performance of the Group's business that are termed "non-IFRS measures" because they are not calculated in accordance with IFRS. However, they are used internally by management as key measures to assess the performance of the group and management believes that these measures allow for a better understanding of the company's operating performance. In particular, Segmental EBITDA is a Key Performance Indicator for the group.

Full year Segmental EBITDA was up 12.7% at $90.7m (10.6% ccy), driven by the positive performance of Cruise Segmental EBITDA, which was up 16.8% to $37.6m (12.0% ccy) and Commercial Segmental EBITDA which was up 10.0% to $53.1m (9.7% ccy).

## Unallocated expenses

Unallocated expenses consist of Holding Company costs which increased to $7.0m in the year (FY 2017: $5.2m). This increase was primarily driven by a full 12 months of UK Plc related expenses vs 2017 and an increase in senior management headcount during the year.

Adjusted EBITDA, which is Segmental EBITDA less unallocated expenses was consequently up 11.2% to $83.7m (8.9% ccy).

## Depreciation and Amortisation Costs,

Depreciation and amortisation costs increased to $44.7m in the year ($2017: $42.8m). This was primarily due to increased leasehold improvements depreciation of $1.4m, with a modest $0.6m increase in port operation rights amortisation to $31.6m (FY 2017 $31.0m).

## Specific Adjusting Items in Operating Profit

As of 31 December 2018, specific adjusting items comprised project expenses amounting to $9.6m (FY 2017: $16.3m), reversal of replacement provisions of $12.2m (FY 2017: $0.1m) and other specific adjustment items $0.1m (FY 2017: $2.8m)

During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimated expenditure was significantly lower than previous estimates, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of $12.2m was released from the provision in 2018.

Please see the Glossary of alternative performance measures (APM) in the consolidated financial statements for full details of Alternative Performance Measures.

## Net Finance Costs

The Group's net finance charge in the period was $32.9m, an increase on the $24.0m charge in FY 2017. Due to Turkish Lira Depreciation against $ in the year the group has both a foreign exchange charge and gain associated with this. The Finance charge increased to $60.9m (FY 2017: $39.8m) primarily due to a non-cash loss when revaluing the Eurobond debt as this is issued by a Turkish Lira denominated, 100% owned entity within the group, along with non-cash revaluation losses on Turkish entities foreign currency dominated liabilities. Finance income increased to $28.0m due to non-cash revaluations gains on Turkish entities foreign currency dominated assets. Net interest expense stayed relatively stable at $25.2m (2017: $25.6m) due to the fact group's gross debt at period end was relatively stable at 31 December 2018 $347.1m (31st December 2017: $341.7m) and interest rates payable were also stable principally due to fact group's major borrowing, GLI Eurobond has a fixed interest rate.

## Taxation

Global Ports Holding is a multinational group and as such is liable for taxation in multiple jurisdictions around the world. The Group's tax charge for the period was $1.5m (FY 2017: $3.6m). The lower tax rate compared with prior years is the result of principally due to movements related to deferred tax. On cash basis which was Group's income taxes paid was consistent amounting to $7.3m (FY 2017: $8.1m),

## Earnings Per Share

The Group's Basic earnings per share was 1.23c (FY 2017: -26.01c), this increase is in line with the improvement in profit for the year attributable to owners of the company to $770k (2017: loss of $15.6m). Underlying earnings per share of 42.3c (FY 2017: 47.6c), was primarily driven by the adding back of the amortisation of port operating rights of $31.6m and the deduction of the reversal of replacement provisions $12.2m. Underlying earnings per share is underlying profit divided by weighted average number of shares. Underlying profit decreased by 6.8% to $26.6m, driven by an increased amortisation expense in relation to port operation rights $31.6m (FY 2017: $31.0m), charge of unrealised portion of unhedged portion of GLI Eurobond, the subtraction of the reversal of replacement provisions in Spanish ports and $9.6m of project costs.

## Cash Flow and Investment

Operating cash flow was $61.1m (FY 2017: $46.0m). Capital expenditure during the period was $14.8m, an increase on the $13.9m incurred in FY 2017 and compares to the H1 2018 capital expenditure of $5.6m (H1 2017: $10.6m). In 2018, notable areas of expenditure included $1.7m on office and terminal improvement in Barcelona, $2m in port operating rights for the extension in Bodrum, $4.4m on enhancements to superstructure in Port Akdeniz, $3.3m on enhancements to superstructure in Port of Adria. The group entered a strategic partnership with Dreamlines GmbH ("Dreamlines") during the year and concurrently provided a €10 million convertible loan note to Dreamlines.

## Balance Sheet

Gross debt at period end was $347.1m (31st December 2017: $341.7m), the increase was mainly driven by a European Bank of Reconstruction and Development loan drawdown received by Port of Adria for the infrastructure investments, partially offset by a repayment of part of Barcelona Port Investments S.L (BPI) loan. The Leverage Ratio as per GPH's Eurobond covenant requirement declined to 4.2x at 31st December 2018 (31st December 2017: 4.5x), vs a covenant requirement of 5.0x.

At 31st December 2018 net debt was $267.6m (31st December 2017: $227.5m) Increase was mainly driven by the change in gross debt described above and Cash used for investments and capex activity the year. The group's Net Debt/Adjusted EBITDA ratio was 3.2x times as at 31st December 2018 (31st December 2017: 3.1x).

# GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES (APM)

These financial statements includes certain measures to assess the financial performance of the Group's business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-GAAP measures comprise the following;

**Segmental EBITDA**

Segmental EBITDA calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items.

Management evaluates segmental performance based on Segmental EBITDA. This is done to reflect the fact that there is a variety of financing structures in place both at a port and Group-level, and the nature of the port operating right intangible assets vary by port depending on which concessions were acquired versus awarded, and which fall to be treated under IFRIC 12. As such, management considers monitoring performance in this way, using Segmental EBITDA, gives a more comparable basis for profitability between the portfolio of ports and a metric closer to net cash generation. Excluding project costs for acquisitions and one-off transactions such as the IPO as well as unallocated expenses, gives a more comparable year-on-year measure of port-level trading performance.

Management is using Segmental EBITDA for evaluating each port and group-level performances on operational level. As per management's view, some specific adjusting items included on the computation of Segmental EBITDA.

**Specific adjusting items**

The Group presents specific adjusting items separately. For proper evaluation of individual ports financial performance and consolidated financial statements, Management considers disclosing specific adjusting items separately because of their size and nature. These expenses and incomes include project expenses; being the costs of specific M&A activities and the costs associated with appraising and securing new and potential future port agreements, employee termination expenses, income from insurance repayments, replacement provisions and other provision expenses and other insignificant expenses.

Specific adjusting items comprised as following,

| | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Project expenses | 9,594 | 16,342 |
| Employee termination expenses | 147 | 250 |
| Replacement provisions | 677 | 2,078 |
| Provisions / (reversal of provisions) | (12,210) | (135) |
| Other expenses | (690) | 480 |
| **Specific adjusting items** | **(2,482)** | **19,015** |

**Adjusted EBITDA**

Adjusted EBITDA calculated as Segmental EBITDA less unallocated (holding company) expenses.

Management uses Adjusted EBITDA measure to evaluate Group's consolidated performance on an "as-is" basis with respect to the existing portfolio of ports. Notably excluded from Adjusted EBITDA, the costs of specific M&A activities and the costs associated with appraising and securing new and potential future port agreements. M&A and project development are key elements of the Group's strategy in the Cruise segment. Project lead times and upfront expenses for projects can be significant, however these expenses (as well as expenses related to raising financing such as IPO or acquisition financing) do not relate to the current portfolio of ports but to future EBITDA potential. Accordingly, these expenses would distort Adjusted EBITDA which management is using to monitor the existing portfolio's performance.

A full reconciliation for Segmental EBITDA and Adjusted EBITDA to profit before tax is provided in the Segment Reporting Note 2 to these financial statements.

**Underlying Profit**

Management uses this measure to evaluate the profitability of the Group normalised to exclude the specific non-recurring expenses and income, and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.

Underlying Profit is calculated as profit / (loss) for the year after adding back: amortization expense in relation to Port Operation Rights and specific non-recurring expenses and income.

**Adjusted earnings per share**

Adjusted earnings per share is calculated as underlying profit divided by weighted average per share.

Management uses these measures to evaluate the profitability of the Group normalised to exclude the one-off IPO costs and adjusted for the non-cash port intangibles amortisation charge, giving a measure closer to actual net cash generation, which the directors' consider a key benchmark in making the dividend decision. Underlying Profit is also consistent with Consolidated Net Income (CNI), as defined in the Group's 2021 Eurobond, which is monitored to ensure covenant compliance.

Underlying profit and adjusted earnings per share computed as following;

| | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| **Profit / (Loss) for the Period** | 7,136 | (14,131) |
| Amortisation of port operating rights | 31,648 | 31,032 |
| IPO costs | -- | 9,768 |
| personnel premiums related based on successful listing on LSE | -- | 1,841 |
| Reversal of replacement provisions | (12,209) | -- |
| **Underlying Profit** | **26,575** | **28,510** |
| Weighted average number of shares | 62,826,963 | 59,889,171 |

| | | |
|---|---|---|
| **Adjusted earnings per share (pence)** | **42.3** | **47.6** |

**Net debt**

Net debt comprises total borrowings (bank loans, Eurobond and finance leases net of accrued tax) less cash, cash equivalents and short term investments.

Management includes short term investments into the definition of Net Debt, because these short term investment are comprised of marketable securities which can be quickly converted into cash.

Net debt comprised as following;

| | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Current loans and borrowings | 48,755 | 44,878 |
| Non-current loans and borrowings | 298,296 | 296,842 |
| **Gross debt** | **347,051** | **341,720** |
| Cash and bank balances | (79,829) | (99,448) |
| Short term financial investments | (72) | (14,728) |
| **Net debt** | **267,150** | **227,544** |
| Equity | 215,721 | 264,730 |
| **Net debt to Equity ratio** | **1.24** | **0.86** |

**Leverage ratio**

Leverage ratio is used by management to monitor available credit capacity of the Group.

Leverage ratio is computed by dividing gross debt to Adjusted EBITDA.

Leverage ratio computation is made as follows;

| | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Gross debt | 347,051 | 341,719 |
| Adjusted EBITDA (annualized) | 83,714 | 75,277 |
| **Leverage ratio** | 4.15x | 4.54x |

**CAPEX**

CAPEX represents the recurring level of capital expenditure required by the Group excluding M&A related capital expenditure.

CAPEX computed as 'Acquisition of property and equipment' and 'Acquisition of intangible assets' per the cash flow statement.

| | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Acquisition of property and equipment | 11,896 | 13,279 |
| Acquisition of intangible assets | 2,911 | 596 |
| **CAPEX** | **14,807** | **13,875** |

**Cash conversion ratio**

Cash conversion ratio represents a measure of cash generation after taking account of on-going capital expenditure required to maintain the existing portfolio of ports.

It is computed as Adjusted EBITDA less CAPEX divided by Adjusted EBITDA.

| | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Adjusted EBITDA | 83,714 | 75,277 |
| CAPEX | (14,912) | (13,875) |
| Cash converted after CAPEX | 68,802 | 61,402 |
| **Cash conversion ratio** | **82.2%** | **81.6%** |

**Hard currency**

Management uses the term hard currency to refer to those currencies that historically have been less susceptible to exchange rate volatility. For the year ended 31 December 2018 and 2017, the relevant hard currencies for the Group are US Dollar, Euro and Singaporean Dollar.

## Global Ports Holding PLC and its Subsidiaries

Consolidated income statement
For the years ended 31 December 2018 and 2017

| | Note | Unaudited Year ended 31 December 2018 (USD '000) | Audited Year ended 31 December 2017 (USD '000) |
|---|---|---|---|
| Revenue | 3 | 124,812 | 116,366 |
| Cost of sales | 4 | (77,523) | (75,548) |
| **Gross profit** | | **47,289** | **40,818** |
| Other income | 6 | 19,728 | 2,228 |
| Selling and marketing expenses | | (1,293) | (1,296) |
| Administrative expenses | 5 | (15,993) | (16,375) |
| Other expenses | 6 | (13,834) | (14,440) |
| **Operating profit** | | **35,897** | **10,935** |
| Finance income | 7 | 27,955 | 15,778 |
| Finance costs | 7 | (60,867) | (39,793) |
| **Net finance costs** | | **(32,912)** | **(24,015)** |
| Share of profit of equity-accounted investees | 10 | 5,631 | 2,548 |
| **Profit / (Loss) before tax** | | **8,616** | **(10,532)** |
| Tax expense | | (1,480) | (3,599) |
| **Profit / (Loss) for the year** | | **7,136** | **(14,131)** |
| Profit / (Loss) for the year attributable to: | | | |
| Owners of the Company | | 770 | (15,576) |
| Non-controlling interests | | 6,366 | 1,445 |
| | | **7,136** | **(14,131)** |

| | Note | Unaudited Year ended 31 December 2018 (USD '000) | Audited Year ended 31 December 2017 (USD '000) |
|---|---|---|---|
| ***Other comprehensive income*** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit liability | | (19) | (23) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | | 4 | 5 |
| | | **(15)** | **(18)** |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences | | 42,107 | 41,699 |
| Cash flow hedges - effective portion of changes in fair value | | 155 | (55) |
| Cash flow hedges – realized amounts transferred to income statement | | (216) | 389 |
| Losses on a hedge of a net investment | | (59,630) | (13,389) |
| | | **(17,584)** | **28,644** |
| **Other comprehensive income / (loss) for the year, net of income tax** | | **(17,599)** | **28,626** |
| **Total comprehensive income / (loss) for the year** | | **(10,463)** | **14,495** |
| Total comprehensive income / (loss) attributable to: | | | |
| Owners of the Company | | (12,315) | 2,231 |
| Non-controlling interests | | 1,852 | 12,264 |
| | | **(10,463)** | **14,495** |
| **Basic and diluted earnings / (loss) per share (cents per share)** | *15* | **1.23** | **(26.01)** |

## Global Ports Holding PLC and its Subsidiaries

# Consolidated statement of financial position
# For the years ended 31 December 2018 and 2017

| | Note | Unaudited As at 31 December 2018 (USD '000) | Audited Restated* As at 31 December 2017 (USD '000) | |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property and equipment | *8* | 129,351 | 134,664 | |
| Intangible assets | *9* | 392,361 | 433,075 | |
| Goodwill | | 13,485 | 14,088 | |
| Equity-accounted investments | *10* | 26,003 | 22,004 | |
| Other investments | | 12,013 | 6 | |
| Deferred tax assets | | 3,066 | 1,695 | |
| Other non-current assets | | 4,626 | 5,022 | |
| | | **580,905** | **610,554** | |
| **Current assets** | | | | |
| Trade and other receivables | | 19,999 | 15,702 | |
| Due from related parties | *17* | 1,027 | 1,599 | |
| Other investments | | 72 | 14,728 | |
| Other current assets | | 3,336 | 4,947 | (*) |
| Inventories | | 1,454 | 1,714 | (*) |
| Prepaid taxes | | 1,363 | 2,932 | |
| Cash and cash equivalents | *11* | 79,829 | 99,448 | |
| | | **107,080** | **141,070** | |
| **Total assets** | | **687,985** | **751,624** | |
| **Current liabilities** | | | | |
| Loans and borrowings | *13* | 48,755 | 44,878 | |
| Trade and other payables | | 15,279 | 15,862 | |
| Due to related parties | | 542 | 483 | |
| Current tax liabilities | | 2,459 | 2,217 | |
| Provisions | *14* | 955 | 1,202 | |
| | | **67,990** | **64,642** | |
| **Non-current liabilities** | | | | |
| Loans and borrowings | *13* | 298,296 | 296,842 | |
| Other financial liabilities | | 3,408 | 2,662 | |
| Derivative financial liabilities | | 617 | 852 | |
| Deferred tax liabilities | | 92,294 | 99,879 | |
| Provisions | *14* | 8,862 | 21,081 | |
| Employee benefits | | 797 | 936 | |
| | | **404,274** | **422,252** | |
| **Total liabilities** | | **472,264** | **486,894** | |
| **Net assets** | | **215,721** | **264,730** | |
| **Equity** | | | | |
| Share capital | *12* | 811 | 811 | |
| Share premium account | *12* | -- | -- | |
| Legal reserves | *12* | 13,030 | 13,012 | |
| Hedging reserves | | (195,393) | (135,763) | |
| Translation reserves | | 197,247 | 150,626 | |
| Retained earnings | | 108,981 | 143,148 | |
| **Equity attributable to equity holders of the Company** | | **124,676** | **171,834** | |
| Non-controlling interests | | **91,045** | **92,896** | |
| **Total equity** | | **215,721** | **264,730** | |

(*) Please refer to note 1.

# Global Ports Holding PLC and its Subsidiaries

## Consolidated statement of changes in equity
## For the year ended 31 December 2018 and 2017

**Unaudited**

| (USD '000) | Notes | Share capital | Share premium | Legal reserves | Hedging reserves | Translation reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2018** | **12** | **811** | **--** | **13,012** | **(135,763)** | **150,626** | **143,148** | **171,834** | **92,896** | **264,730** |
| | | | | | | | | | | |
| (Loss) / income for the year | | -- | -- | -- | -- | -- | 770 | **770** | 6,366 | **7,136** |
| Other comprehensive (loss) / income for the year | | -- | -- | -- | (59,630) | 46,621 | (76) | **(13,085)** | (4,514) | **(17,599)** |
| **Total comprehensive (loss) / income for the year** | | **--** | **--** | **--** | **(59,630)** | **46,621** | **694** | **(12,315)** | **1,852** | **(10,463)** |
| | | | | | | | | | | |
| *Transactions with owners of the Company* | | | | | | | | | | |
| Transactions with non-controlling interest | | -- | -- | -- | -- | -- | -- | **--** | 94 | **94** |
| Transfer to legal reserves | | -- | -- | 18 | -- | -- | (18) | -- | -- | -- |
| Dividends | *12 (c)* | -- | -- | -- | -- | -- | (34,843) | **(34,843)** | (3,797) | **(38,640)** |
| Total contributions and distributions | | **--** | **--** | **18** | **--** | **--** | **(34,861)** | **(34,843)** | **(3,703)** | **(38,546)** |
| Total transactions with owners of the Company | | **--** | **--** | **18** | **(59,630)** | **46,621** | **(34,167)** | **(47,158)** | **(1,851)** | **(49,009)** |
| **Balance at 31 December 2018** | | **811** | **--** | **13,030** | **(195,393)** | **197,247** | **108,981** | **124,676** | **91,045** | **215,721** |

## Global Ports Holding PLC and its Subsidiaries

# Consolidated statement of changes in equity
# For the year ended 31 December 2018 and 2017

**Audited**

| (USD '000) | *Notes* | Share capital | Share premium | Legal reserves | Hedging reserves | Translation reserves | Merger Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2017 (Restated*)** | | **354,805** | | **12,424** | **(122,708)** | **119,764** | **(266,430)** | **43,622** | **141,477** | **80,588** | **222,065** |
| Impact of finalization of acquisition accounting | | -- | -- | -- | -- | (18) | -- | 131 | **113** | 1,107 | **1,220** |
| **Restated balance at 1 January 2017** | | **354,805** | -- | **12,424** | **(122,708)** | **119,746** | **(266,430)** | **43,753** | **141,590** | **81,695** | **223,285** |
| (Loss) / income for the year | | -- | -- | -- | -- | -- | -- | (15,576) | **(15,576)** | 1,445 | **(14,131)** |
| Other comprehensive (loss) / income for the year | | -- | -- | -- | (13,055) | 30,880 | -- | (18) | **17,807** | 10,819 | **28,626** |
| **Total comprehensive (loss) / income for the year** | | **--** | **--** | **--** | **(13,055)** | **30,880** | **--** | **(15,594)** | **2,231** | **12,264** | **14,495** |
| *Transactions with owners of the Company* | | | | | | | | | | | |
| Issuance of shares on IPO | *12 (a)* | 50,492 | 22,543 | -- | -- | -- | -- | -- | **73,035** | -- | **73,035** |
| Share capital reduction | *12 (a)* | (404,486) | (22,543) | -- | -- | -- | -- | 427,029 | **--** | **--** | **--** |
| Transfer to retained earnings | *12 (a)* | -- | -- | -- | -- | -- | 266,430 | (266,430) | **--** | **--** | **--** |
| Transfer to legal reserves | | -- | -- | 588 | -- | -- | -- | (588) | **--** | **--** | **--** |
| Dividends | *12 (c)* | -- | -- | -- | -- | -- | -- | (45,022) | **(45,022)** | (1,063) | **(46,085)** |
| Total contributions and distributions | | **(353,994)** | -- | **588** | -- | -- | **266,430** | **114,989** | **28,013** | **(1,063)** | **26,950** |
| Total transactions with owners of the Company | | **(353,994)** | -- | **588** | **(13,055)** | **30,880** | **266,430** | **99,395** | **30,244** | **11,201** | **41,445** |
| **Balance at 31 December 2017** | | **811** | -- | **13,012** | **(135,763)** | **150,626** | -- | **143,148** | **171,834** | **92,896** | **264,730** |

(*) Please refer to Note 1.

the accompanying notes form part of these financial statements

# Global Ports Holding PLC and its Subsidiaries

## Consolidated cash flow statement
## For the years ended 31 December 2018 and 2017

| | Note | Unaudited<br>Year ended 31 December 2018 (USD '000) | Audited<br>Year ended 31 December 2017 (USD '000) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit / (Loss) for the year | | 7,136 | (14,131) |
| **Adjustments for:** | | | |
| Depreciation and amortisation expense | *8, 9* | 44,668 | 42,779 |
| Share of profit of equity-accounted investees, net of tax | *10* | (5,631) | (2,548) |
| Gain on disposal of property plant and equipment | | (142) | (148) |
| Finance costs (excluding foreign exchange differences) | | 26,623 | 26,910 |
| Finance income (excluding foreign exchange differences) | | (1,684) | (2,752) |
| Foreign exchange differences on finance costs and income, net | | 7,973 | (143) |
| Income tax (benefit) / expense | | 1,480 | 3,599 |
| Employment termination indemnity reserve | | 39 | 253 |
| Reversal of / (Charges to) Provision | *14* | (12,000) | 3,103 |
| **Operating cash flow before changes in operating assets and liabilities** | | **68,462** | **56,922** |
| Changes in: | | | |
| - trade and other receivables | | (4,297) | (3,486) |
| - other current assets | | 3,510 | (689) |
| - related party receivables | | 572 | (5) |
| - other non-current assets | | 412 | 1,785 |
| - trade and other payables | | (71) | 1,120 |
| - related party payables | | 59 | (131) |
| - Employee benefits paid | | (131) | (127) |
| - provisions | | (64) | (1,237) |
| **Cash generated by operations before benefit and tax payments** | | **68,452** | **54,152** |
| Income taxes paid | | (7,345) | (8,127) |
| **Net cash generated from operating activities** | | **61,107** | **46,025** |
| **Investing activities** | | | |
| Acquisition of property and equipment | *8* | (11,896) | (13,279) |
| Acquisition of intangible assets | *9* | (2,911) | (596) |
| Proceeds from sale of property and equipment | | 234 | 360 |
| Bond and short-term investment income | | (30) | 1,381 |
| Bank interest received | | 348 | 971 |
| Dividends from equity accounted investees | | 541 | -- |
| Other Investment in FVTPL instruments | | (11,977) | -- |
| Proceeds from sale of investments | | 13,944 | -- |
| Advances given for tangible assets | | (85) | (319) |
| **Net cash (used in)/from investing activities** | | **(11,832)** | **(11,482)** |
| **Financing activities** | | | |
| Increase in share capital | *12* | -- | 73,035 |
| Equity injection by minorities to subsidiaries | | 94 | -- |
| Cash inflow from related parties | | -- | 28,856 |
| Cash outflow to related parties | | -- | (52) |
| Dividends paid to equity owners | *12(c)* | (34,843) | (45,022) |
| Dividends paid to NCIs | *12(c)* | (3,797) | (1,063) |
| Interest paid | | (23,902) | (25,519) |
| Proceeds from borrowings | | 44,205 | 26,534 |
| Repayments of borrowings | | (36,124) | (35,738) |
| **Net cash (used in)/from financing activities** | | **(54,367)** | **21,031** |
| **Net increase / (decrease in cash and cash equivalents** | | **(5,092)** | **55,574** |
| Effect of foreign exchange rate changes on cash and cash equivalents | | (14,527) | (435) |
| **Cash and cash equivalents at beginning of year** | *11* | 99,448 | 44,309 |
| **Cash and cash equivalents at end of year** | *11* | **79,829** | **99,448** |

the accompanying notes form part of these financial statements

# Notes to the consolidated financial statements

## 1 Basis of preparation

Global Ports Holding PLC is a public company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is 34 Brook Street 3rd Floor, London W1K 5DN, United Kingdom. Global Ports Holding PLC is the parent company of Global Liman Isletmeleri A.S. and its subsidiaries (the "Existing Group"). The majority shareholder of the Company is Global Yatırım Holding.

These condensed Financial Statements have not been audited.

The financial information for the year ended 31 December 2018 contained in this News Release was approved by the Board on 12 March 2019. These condensed Financial Statements for the year ended 31 December 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. They have been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRSs") but do not comply with the full disclosure requirements of these standards.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2018 or 2017. The financial information for 2017 is derived from the statutory accounts for 2017 which have been delivered to the registrar of companies. The previous auditor has reported on the 2017 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2018 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

On 17 May 2017, the Group completed the initial public offering ("IPO") of its ordinary shares and was admitted to the standard listing segment of the Official List of the Financial Conduct Authority ("FCA") and is trading on the main market of the London Stock Exchange.

As part of a restructuring accompanying the IPO of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the parent company of the Group by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a group reconstruction under merger accounting. The results for the Group for the period from 1 January 2017 to 31 December 2017 have been presented as if Global Ports Holding PLC was the parent company from 1 January 2017. The prior year comparatives reflect the consolidated results of the Group under Global Liman Isletmeleri A.S.

***Accounting policies***

With the exception of those changes described below the accounting policies adopted of these Condensed Financial Statements are consistent with those described on pages 172 – 185 of the Annual Report and Financial Statements for the year ended 31 December 2017.

In the year ended 31 December 2018, the Group applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The Group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

The effect of initially applying these standards is mainly attributed to the following:

IFRS 15 – Revenue from contracts with customers: IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time– can require judgement. Given the nature of the business, the Group does not have significant long-term contractual agreements in place with its customers as the majority of the Group's revenues are derived from a short-term set of activities performed whilst a ship is docked in one of its Cruise or Commercial ports. These fees are usually agreed at the time based on the applicable port tariff and are charged based on the actual services performed. Revenue is then recognised when the invoice is issued as the ship departs the port, after all services have been provided. The only potentially longer services performed by the Group are the land services in relation to storing of cargo and project cargo operations, and rental income, where performance obligations might be performed over a period greater than a few weeks.

1 **Basis of preparation *(continued)***

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Adoption of the new standard has not had a material effect on the Group's revenue recognition. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.
IFRS 9 – Financial Investments: The Group adopted IFRS 9 on 1 January 2018. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

I. Classification and measurement of financial assets and financial liabilities

Given the nature of the Group's financial assets held, no material changes to the classification and measurement of financial instruments have been identified, in particular in relation to the carrying value of financial assets under the IFRS 9 'expected loss model'.

II. Impairment of financial assets

The Group has performed an analysis of the groups receivables profile, by nature of its business and its clients and historical performance of its receivables. The adoption of the expected credit loss approach has not resulted in a material change in provision for impairment loss as at 31 December 2018.

III. Hedge accounting

In relation to hedge accounting, the Group has immaterial cash flow hedges using interest rate swaps and a net investment hedge which was effective in 2017 and which is expected to remain fully effective under IFRS 9. All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

***Correction of errors***

During 2018, the Group discovered following two errors in 2017 financial statements. The errors had been corrected by restating each of the affecting financial statement line items for prior periods. The following paragraphs summarise the impacts on the Group financial statements;

In the prior year financial statements, the narrative for line items of "inventory" and "other current assets" was inadvertently transposed as $4,947 thousand and $1,714 thousand on the face of the balance sheet, respectively. The restated presentation reflects the appropriate position.

In the prior year financial statements, 1 January 2017 opening share capital was recorded at $33,836 thousand; share premium at $54,539 thousand; and a merger reserve of nil. The effects of the group restructuring transactions in early 2017 were reflected as entries in 2017. The Directors now consider that a more appropriate presentation was that the share capital at 1 January 2017 should have been recognised at the reorganised amount of $354,805 thousand with an amount of $266,430 thousand in the merger reserve and share premium of nil. This is because the transaction was accounted for as a Group reconstruction under merger accounting and the consolidated financial statements were prepared as a continuation of the existing Group.

## 2 Segment reporting

### a) Products and services from which reportable segments derive their revenues

The Group operates various cruise and commercial ports and all revenue is generated from external customers such as cruise liners, ferries, yachts, individual passengers, container ships and bulk and general cargo ships.

### b) Reportable segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision-maker, in deciding how to allocate resources and assessing performance.

The Group has identified two main segments as commercial and cruise businesses. Under each main segment, Group had presented its operations on port basis as an operating segment, as each port represents a set of activities which generates revenue and the financial information of each port is reviewed by the Group's chief operating decision-maker in deciding how to allocate resources and assess performance. Spanish Ports are aggregated due to the Group's operational structure. The Group's chief operating decision-maker is the Chief Executive Officer ("CEO"), who reviews the management reports of each port at least on a monthly basis.

The CEO evaluates segmental performance on the basis of earnings before interest, tax, depreciation and amortisation excluding the effects of specific adjusting income and expenses comprising project expenses, bargain purchase gains and reserves, board member leaving fees, employee termination payments, unallocated expenses, finance income, finance costs, and including the share of equity-accounted investments which is fully integrated into GPH cruise port network ("Adjusted EBITDA" or "Segmental EBITDA"). Adjusted EBITDA is considered by Group management to be the most appropriate profit measure for the review of the segment operations because it excludes items which the Group does not consider to represent the operating cash flows generated by underlying business performance. The share of equity-accounted investees has been included as it is considered to represent operating cash flows generated by the Group's operations that are structured in this manner.

The Group has the following operating segments under IFRS 8:

- BPI ("Creuers" or "Creuers (Barcelona and Málaga)"), VCP ("Valetta Cruise Port"), Ege Liman ("Ege Ports-Kuşadası"), Bodrum Liman ("Bodrum Cruise Port"), Ortadoğu Liman (Cruise port operations), POH, Lisbon Cruise Terminals, SATS – Creuers Cruise Services Pte. Ltd. ("Singapore Port"), Venezia Investimenti Srl. ("Venice Investment" or "Venice Cruise Port") and La Spezia Cruise Facility Srl. ("La Spezia") which fall under the Group's cruise port operations.
- Ortadoğu Liman (Commercial port operations) ("Port Akdeniz-Antalya") and Port of Adria ("Port of Adria-Bar") which both fall under the Group's commercial port operations.

The Group's reportable segments under IFRS 8 are BPI, VCP, Ege Liman, Ortadoğu Liman (Commercial port operations) and Port of Adria (Commercial port operations). Bodrum Cruise Port, Italian Ports, Ortadoğu Liman (Cruise operations) and Port of Adria (Cruise Operations) that do not exceed the quantitative thresholds for reporting information about operating segments have been included in Other.

Global Depolama does not generate any revenues and therefore is presented as unallocated to reconcile to the consolidated financial statements results.

Assets, revenue and expenses directly attributable to segments are reported under each reportable segment.

Any items which are not attributable to segments have been disclosed as unallocated.

**2 Segment reporting *(continued)***

**b) Reportable segments *(continued)***

*(i) Segment revenues, results and reconciliation to profit before tax*

The following is an analysis of the Group's revenue, results and reconciliation to profit before tax by reportable segment:

| USD '000 | BPI | VCP | Ege Liman | Other | *Total Cruise* | Ortadoğu Liman | Port of Adria | *Total Commercial* | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2018** | | | | | | | | | |
| Revenue | 31,577 | 13,017 | 4,650 | 5,670 | *54,914* | 59,887 | 10,011 | *69,898* | 124,812 |
| Segmental EBITDA | 19,793 | 6,399 | 3,084 | 8,331 | *37,607* | 49,184 | 3,928 | *53,112* | 90,719 |
| Unallocated expenses | | | | | | | | | (7,005) |
| Adjusted EBITDA | | | | | | | | | 83,714 |
| **Reconciliation to profit before tax** | | | | | | | | | |
| Depreciation and amortisation expenses | | | | | | | | | (44,668) |
| Specific adjusting items(*) | | | | | | | | | 2,482 |
| Finance income | | | | | | | | | 27,955 |
| Finance costs | | | | | | | | | (60,867) |
| **(Loss) before income tax** | | | | | | | | | **8,616** |
| **31 December 2017** | | | | | | | | | |
| Revenue | 27,376 | 12,916 | 4,819 | 5,165 | *50,276* | 58,549 | 7,541 | *66,090* | 116,366 |
| Segmental EBITDA | 17,558 | 6,826 | 2,954 | 4,877 | *32,215* | 46,436 | 1,855 | *48,291* | 80,506 |
| Unallocated expenses | | | | | | | | | (5,229) |
| Adjusted EBITDA | | | | | | | | | 75,277 |
| **Reconciliation to profit before tax** | | | | | | | | | |
| Depreciation and amortisation expenses | | | | | | | | | (42,779) |
| Specific adjusting items(*) | | | | | | | | | (19,015) |
| Finance income | | | | | | | | | 15,778 |
| Finance costs | | | | | | | | | (39,793) |
| **(Loss) before income tax** | | | | | | | | | **(10,532)** |

(*) Please refer to glossary of alternative performance measures (APM).

The Group did not have inter-segment revenues in any of the periods shown above.

**2 Segment reporting *(continued)***

**b) Reportable segments *(continued)***

*(ii) Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by reportable segment for the years ended:

| **USD '000** | **BPI** | **VCP** | **Ege Liman** | **Other** | ***Total Cruise*** | **Ortadoğu Liman** | **Port of Adria** | ***Total Commercial*** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2018** | | | | | | | | | |
| **Segment assets** | 152,341 | 96,756 | 48,117 | 12,789 | *310,003* | 220,984 | 67,672 | *288,656* | **598,659** |
| Equity-accounted investees | -- | -- | -- | 26,003 | *26,003* | -- | -- | -- | 26,003 |
| Unallocated assets | | | | | | | | | 63,323 |
| **Total assets** | | | | | | | | | **687,985** |
| | | | | | | | | | |
| **Segment liabilities** | 66,652 | 35,248 | 13,202 | 7,048 | *122,150* | 56,969 | 29,725 | *86,694* | **208,844** |
| Unallocated liabilities | | | | | | | | | 263,420 |
| **Total liabilities** | | | | | | | | | **472,264** |
| **31 December 2017** | | | | | | | | | |
| **Segment assets** | 164,043 | 115,673 | 55,965 | 13,900 | *349,581* | 234,902 | 70,526 | *305,428* | 655,009 |
| Equity-accounted investees | -- | -- | -- | 22,004 | *22,004* | -- | -- | -- | 22,004 |
| Unallocated assets | | | | | | | | | 74,611 |
| **Total assets** | | | | | | | | | **751,624** |
| | | | | | | | | | |
| **Segment liabilities** | 98,490 | 37,471 | 13,285 | 5,069 | *154,315* | 53,333 | 8,157 | *61,490* | 215,804 |
| Unallocated liabilities | | | | | | | | | 271,090 |
| **Total liabilities** | | | | | | | | | **486,894** |

**2 Segment reporting *(continued)***

**b) Reportable segments *(continued)***

*(iii) Other segment information*

The following table details other segment information for the years ended:

| USD '000 | BPI | VCP | Ege Liman | Other | *Total Cruise* | Ortadoğu Liman | Port of Adria | *Total Commercial* | Unallocated | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2018** | | | | | | | | | | |
| Depreciation and amortisation expenses | (11,350) | (2,595) | (3,027) | (3,359) | (20,331) | (21,342) | (2,875) | (24,217) | (120) | (44,668) |
| **Additions to non-current assets (*)** | | | | | | | | | | |
| - Capital expenditures | 2,074 | 927 | 259 | 2,361 | 5,621 | 4,761 | 3,443 | 8,204 | 982 | 14,807 |
| - Other | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total additions to non-current assets (*)** | **2,074** | **927** | **259** | **2,361** | **5,621** | **4,761** | **3,443** | **8,204** | **982** | **14,807** |
| **31 December 2017** | | | | | | | | | | |
| Depreciation and amortisation expenses | (10,869) | (2,582) | (2,788) | (3,119) | *(19,358)* | (20,742) | (2,514) | *(23,256)* | (165) | *(42,779)* |
| **Additions to non-current assets (*)** | | | | | | | | | | |
| - Capital expenditures | 209 | 801 | 3,448 | 1,447 | *5,905* | 2,851 | 6,581 | *9,432* | 467 | *15,804* |
| - Other | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total additions to non-current assets (*)** | **209** | **801** | **3,448** | **1,447** | ***5,905*** | **2,851** | **6,581** | ***9,432*** | **467** | ***15,804*** |

(*) Non-current assets exclude those relating to deferred tax assets and financial instruments (including equity-accounted investees).

**2 Segment reporting *(continued)***

**b) Reportable segments *(continued)***

*(iv) Geographical information*

The Port operations of the Group are managed on a worldwide basis, but operational ports and management offices are primarily in Turkey, Montenegro, Malta, Spain and Italy. The geographic information below analyses the Group's revenue and non-current assets by countries. In presenting the following information, segment revenue has been based on the geographic location of port operations and segment non-current assets were based on the geographic location of the assets.

| ***Revenue*** | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Turkey | 66,985 | 66,009 |
| Montenegro | 10,042 | 7,541 |
| Malta | 13,017 | 12,916 |
| Spain | 31,577 | 27,376 |
| Italy | 3,191 | 2,524 |
| | **124,812** | **116,366** |

| ***Non-current assets*** | **As at 31 December 2018 (USD '000)** | **As at 31 December 2017 (USD '000)** |
|---|---|---|
| Turkey | 243,224 | 265,791 |
| Spain | 129,695 | 144,939 |
| Malta | 94,703 | 100,632 |
| Montenegro | 65,202 | 67,416 |
| Italy | 6,962 | 7,960 |
| UK | 12,048 | 117 |
| Unallocated | 29,071 | 23,699 |
| | **580,905** | **610,554** |

Non-current assets relating to deferred tax assets and financial instruments (including equity-accounted investments) are presented as unallocated.

*(v) Information about major customers*

The Group did not have a single customer that accounted for more than 10% of the Group's consolidated net revenues in any of the periods presented.

### 3 Revenue

For the years ended 31 December, revenue comprised the following:

| | BPI | | VCP | | EP | | others | | Cruise | | Port Akdeniz | | Port of Adria | | Commercial | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(USD '000)** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** |
| Point in time | | | | | | | | | | | | | | | | | | |
| Container revenue | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 37,158 | 38,881 | 5,360 | 4,679 | 42,518 | 43,560 | 42,518 | 43,560 |
| Landing fees | 27,356 | 22,454 | 4,754 | 5,524 | 1,838 | 788 | 3,144 | 2,910 | 37,092 | 31,676 | | -- | | | -- | -- | 37,092 | 31,676 |
| Port service revenue | 1,742 | 2,564 | 1,163 | 524 | 1,468 | 2,061 | 746 | 513 | 5,119 | 5,662 | 12,146 | 5,952 | 282 | 188 | 12,428 | 6,140 | 17,547 | 11,802 |
| Cargo revenue | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 9,307 | 12,301 | 3,378 | 2,301 | 12,685 | 14,603 | 12,685 | 14,603 |
| Domestic water sales | 695 | 585 | -- | -- | 86 | 129 | 34 | 55 | 815 | 769 | 35 | 48 | 19 | 32 | 54 | 79 | 869 | 848 |
| Income from duty free operations | -- | -- | 4,030 | 4,528 | -- | -- | -- | -- | 4,030 | 4,528 | -- | -- | -- | -- | -- | -- | 4,030 | 4,528 |
| Other revenue | -- | -- | 436 | -- | 264 | 158 | 454 | 370 | 1,154 | 528 | 589 | 324 | 33 | 15 | 622 | 339 | 1,776 | 867 |
| Over time | | | | | | | | | | | | -- | | | | | | |
| Rental income | 1,784 | 1,773 | 2,634 | 2,339 | 994 | 1,683 | 713 | 1,317 | 6,125 | 7,112 | 653 | 702 | 938 | 326 | 1,592 | 1,028 | 7,716 | 8,140 |
| Habana Management fee | -- | -- | -- | -- | -- | -- | 579 | -- | 579 | -- | -- | -- | -- | -- | -- | -- | 579 | -- |
| **Total** | **31,577** | **27,376** | **13,017** | **12,915** | **4,650** | **4,819** | **5,670** | **5,165** | **54,914** | **50,275** | **59,888** | **58,549** | **10,011** | **7,541** | **69,898** | **66,090** | **124,812** | **116,366** |

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers;

| *Revenue* | **Year ended 31 December 2018 (USD '000)** | **Year ended 31 December 2017 (USD '000)** |
|---|---|---|
| Receivables, which are included in 'trade and other receivables' | 12,129 | 14,123 |
| Contract assets | 797 | 114 |
| Contract liabilities | (879) | (1,001) |
| | **12,047** | **13,236** |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on Commercial services provided to vessels and rental agreements. The contract assets are transferred to receivables when the rights become unconditional. This occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for providing services, for which revenue is recognised over time. These amounts will be recognised as revenue when the services has provided to customers and billed, which was based on the nature of the business less than one week period.

The amount of $1,001 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2018.

The amount of revenue recognised in the period ended 31 December 2018 from performance obligations satisfied (or partially satisfied) in previous periods is $114 thousand. This is mainly due to the nature of operations.

No information is provided about remaining performance obligations at 31 December 2018 that have an original expected duration of one year or less, as allowed by IFRS 15.

### 4 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

| | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Depreciation and amortization expenses | 41,655 | 39,507 |
| Personnel expenses | 14,228 | 14,329 |
| Cost of inventories sold | 2,453 | 2,590 |
| Commission fees to government authorities and pilotage expenses | 3,716 | 3,204 |
| Security expenses | 2,627 | 1,940 |
| Repair and maintenance expenses | 1,923 | 1,808 |
| Subcontractor lashing expenses | 1,403 | 1,624 |
| Subcontractor crane expenses | 1,305 | 1,408 |
| Replacement provision | 677 | 2,078 |
| Other expenses | 7,536 | 7,060 |
| **Total** | **77,523** | **75,548** |

### 5 Administrative expenses

For the years ended 31 December, administrative expenses comprised the following:

| | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Personnel expenses | 5,983 | 4,917 |
| Depreciation and amortization expenses | 3,013 | 3,272 |
| Consultancy expenses | 2,191 | 3,497 |
| Representation expenses | 826 | 1,205 |
| Other expenses | 3,980 | 3,484 |
| **Total** | **15,993** | **16,375** |

## 6 Other income and other expenses

For the years ended 31 December, other income comprised the following:

| | 2018<br>USD'000 | 2017<br>USD'000 |
|---|---|---|
| Reversal of replacement for Spanish Ports (*) | 12,210 | 383 |
| Foreign currency income from operations | 4,646 | 1,152 |
| Income from reversal of withholding tax (**) | 1,095 | -- |
| Insurance income | 615 | -- |
| Gain on sale of fixed assets | 145 | -- |
| Other | 1,017 | 693 |
| **Total** | **19,728** | **2,228** |

(*) Reversal of replacement for Spanish Ports are related to an assumption change on provision. See note 14.

(**) Income from reversal of withholding tax is related to cancellation of tax for distributed dividends to foreign entities.

For the years ended 31 December, other expenses comprised the following:

| | 2018<br>USD'000 | 2017<br>USD'000 |
|---|---|---|
| Project expenses (*) | 9,594 | 11,999 |
| Foreign currency losses from operations | 1,523 | -- |
| Tax amnesty expenses | 920 | -- |
| Recovery from insurance | 496 | -- |
| Impairment losses on inventory | 106 | -- |
| Provisions | 34 | 83 |
| Other | 1,161 | 2,358 |
| **Total** | **13,834** | **14,440** |

(*) The project expenses are mainly related to the projects for new acquisitions and the Group's listing on the LSE which completed on 17 May 2017.

## 7 Finance income and costs

For the years ended 31 December, finance income comprised the following:

| **Finance income** | 2018<br>(USD '000) | 2017<br>(USD '000) |
|---|---|---|
| Other foreign exchange gains | 26,271 | 13,026 |
| Interest income on marketable securities (*) | -- | 1,490 |
| Interest income on related parties | 449 | -- |
| Interest income on banks and others | 470 | 973 |
| Interest income from housing loans | 33 | 32 |
| Gain on sale of marketable securities | -- | 15 |
| Other income | 732 | 242 |
| **Total** | **27,955** | **15,778** |

(*) Interest income on marketable securities comprises the interest income earned from the Global Yatırım Holding's bonds during the year. Global Yatırım Holding is the majority shareholder of the Company.

The income from financial instruments within the category loans and receivables is USD 952 thousand (31 December 2017: USD 2,495 thousand). Income from financial instruments within the category fair value through profit and loss is nil (31 December 2017: nil).

**7 Finance income and costs *(continued)***

For the years ended 31 December, finance costs comprised the following:

| **Finance costs** | **2018 (USD '000)** | **2017 (USD '000)** |
|---|---|---|
| Interest expense on loans and borrowings | 25,197 | 25,598 |
| Foreign exchange losses on loans and borrowings | 19,827 | 12,608 |
| Other foreign exchange losses | 14,417 | 275 |
| Other interest expenses | 17 | 323 |
| Letter of guarantee commission expenses | 158 | 190 |
| Loan commission expenses | 103 | 79 |
| Unwinding of provisions during the year (Note 27) | 303 | 591 |
| Other costs | 845 | 129 |
| **Total** | **60,867** | **39,793** |

The interest expense for financial liabilities not classified as fair value through profit or loss is USD 25,325 thousand (31 December 2017: USD 25,625 thousand).

## 8 Property and equipment

Movements of property and equipment for the year ended 31 December 2018 comprised the following:

**USD '000**

| Cost | 1 January 2018 | Additions | Disposals | Transfers | Currency translation differences | 31 December 2018 |
|---|---|---|---|---|---|---|
| Leasehold improvements | 121,690 | 2,358 | (62) | 2,955 | (4,459) | **122,400** |
| Machinery and equipment | 53,227 | 2,925 | (167) | 22 | (848) | **55,159** |
| Motor vehicles | 18,593 | 111 | (327) | 4 | (523) | **17,858** |
| Furniture and fixtures | 9,266 | 932 | (1) | 71 | (602) | **9,666** |
| Construction in progress | 1,596 | 5,570 | -- | (2,709) | (69) | **4,388** |
| Land improvement | 151 | -- | -- | (81) | (3) | **149** |
| **Total** | **204,523** | **11,896** | **(557)** | **262** | **(6,504)** | **209,620** |

| Accumulated depreciation | 1 January 2018 | Depreciation expense | Disposals | Transfers | Currency translation differences | 31 December 2018 |
|---|---|---|---|---|---|---|
| Leasehold improvements | 28,080 | 5,657 | -- | 922 | (1,073) | **33,586** |
| Machinery and equipment | 26,241 | 4,208 | (158) | 250 | (215) | **30,326** |
| Motor vehicles | 9,141 | 1,485 | (328) | -- | (257) | **10,041** |
| Furniture and fixtures | 5,453 | 1,012 | (1) | (1) | (185) | **6,278** |
| Land improvement | 944 | 5 | -- | (909) | (2) | **38** |
| **Total** | **69,859** | **12,367** | **(487)** | **262** | **(1,732)** | **80,269** |
| **Net book value** | **134,664** | | | | | **129,351** |

**8 Property and equipment *(continued)***

Movements of property and equipment for the year ended 31 December 2017 comprised the following:

**USD '000**

| **Cost** | **1 January 2017** | **Additions** | **Disposals** | **Transfers** | **Currency translation differences** | **31 December 2017** |
|---|---|---|---|---|---|---|
| Leasehold improvements | 98,310 | 2,875 | (163) | 5,062 | 15,606 | 121,690 |
| Machinery and equipment | 41,212 | 2,281 | (563) | 9,468 | 829 | 53,227 |
| Motor vehicles | 16,849 | 252 | (4) | -- | 1,496 | 18,593 |
| Furniture and fixtures | 7,387 | 566 | (5) | 28 | 1,290 | 9,266 |
| Construction in progress | 5,753 | 9,234 | -- | (14,762) | 1,371 | 1,596 |
| Land improvement | 8 | 1 | -- | 151 | (9) | 151 |
| **Total** | **169,519** | **15,209** | **(735)** | **(53)** | **20,583** | **204,523** |

| **Accumulated depreciation** | **1 January 2017** | **Depreciation expense** | **Disposals** | **Transfers** | **Currency translation differences** | **31 December 2017** |
|---|---|---|---|---|---|---|
| Leasehold improvements | 20,720 | 4,349 | -- | -- | 3,011 | 28,080 |
| Machinery and equipment | 22,344 | 3,839 | (525) | -- | 583 | 26,241 |
| Motor vehicles | 7,178 | 1,465 | -- | -- | 498 | 9,141 |
| Furniture and fixtures | 3,511 | 1,052 | -- | -- | 890 | 5,453 |
| Land improvement | 1 | 429 | -- | -- | 514 | 944 |
| **Total** | **53,754** | **11,134** | **(525)** | **--** | **5,496** | **69,859** |
| **Net book value** | **115,765** | | **(210)** | **(53)** | **15,087** | **134,664** |

8 **Property and equipment *(continued)***

As at 31 December 2018, the net book value of machinery and equipment purchased through leasing amounts to USD 1,689 thousand (31 December 2017: USD 2,064 thousand), the net book value of motor vehicles purchased through leasing amounts to USD 7,991 thousand (31 December 2017: USD 9,428 thousand), and the net book value of furniture and fixtures purchased through leasing amounts to USD 45 thousand (31 December 2017: USD 124 thousand). In 2018, no capital expenditure was made through finance leases (31 December 2017: nil).

As at 31 December 2018 and 2017, according to the "TOORA" and "BOT" tender agreements signed with the related Authorities, at the end of the agreement periods, real estate with their capital improvements will be returned as running, clean, free of any liability and free of charge. The details of the pledge or mortgage on property and equipment regarding the loans and borrowings are explained on Note 13.

For the years ended 31 December 2018 and 2017, there are no borrowing costs capitalised into property and equipment.

As at 31 December 2018, the insured amount of property and equipment amounts to USD 326,671 thousand (31 December 2017: USD 265,598 thousand).

9 **Intangible assets**

Movements of intangible assets for the year ended 31 December 2018 comprised the following:

**USD '000**

| **Cost** | **1 January 2018** | **Additions** | **Disposals** | **Transfers** | **Currency translation differences** | **31 December 2018** |
|---|---|---|---|---|---|---|
| Port operation rights | 616,411 | 2,068 | (23) | -- | (13,341) | 605,115 |
| Customer relationships | 4,113 | -- | -- | -- | (176) | 3,937 |
| Software | 1,155 | 140 | (3) | -- | (24) | 1,268 |
| Other intangibles | 889 | 703 | -- | -- | (879) | 713 |
| **Total** | **622,568** | **2,911** | **(26)** | | **(14,420)** | **611,033** |

| **Accumulated amortisation** | **1 January 2018** | **Amortisation expense** | **Disposals** | **Transfers** | **Currency translation differences** | **31 December 2018** |
|---|---|---|---|---|---|---|
| Port operation rights | 185,452 | 31,648 | -- | -- | (2,873) | 214,227 |
| Customer relationships | 3,173 | 337 | -- | -- | (145) | 3,365 |
| Software | 492 | 164 | (3) | -- | (7) | 646 |
| Other intangibles | 376 | 152 | -- | -- | (94) | 434 |
| **Total** | **189,493** | **32,301** | **(3)** | | **(3,119)** | **218,672** |
| **Net book value** | **433,075** | | | | | **392,361** |

9 **Intangible assets *(continued)***

Movements of intangible assets for the year ended 31 December 2017 comprised the following:

**USD '000**

| **Cost** | **1 January 2017** | **Additions** | **Disposals** | **Transfers** | **Currency translation differences** | **31 December 2017** |
|---|---|---|---|---|---|---|
| Port operation rights | 579,520 | -- | -- | -- | 36,891 | 616,411 |
| Customer relationships | 3,622 | -- | -- | -- | 491 | 4,113 |
| Software | 592 | 530 | (2) | -- | 35 | 1,155 |
| Other intangibles | 716 | 66 | -- | 53 | 54 | 889 |
| **Total** | **584,450** | **596** | **(2)** | **53** | **37,471** | **622,568** |

| **Accumulated amortisation** | **1 January 2017** | **Amortisation expense** | **Disposals** | **Transfers** | **Currency translation differences** | **31 December 2017** |
|---|---|---|---|---|---|---|
| Port operation rights | 148,751 | 31,032 | -- | -- | 5,669 | 185,452 |
| Customer relationships | 2,492 | 323 | -- | -- | 358 | 3,173 |
| Software | 348 | 136 | -- | -- | 8 | 492 |
| Other intangibles | 217 | 154 | -- | -- | 5 | 376 |
| **Total** | **151,808** | **31,645** | **--** | **--** | **6,040** | **189,493** |
| **Net book value** | **432,642** | | **(2)** | **53** | **31,431** | **433,075** |

The details of Port operation rights for the years ended 31 December 2018 and 2017 are as follows:

| | **As at 31 December 2018** | | **As at 31 December 2017** | |
|---|---|---|---|---|
| **USD '000** | **Carrying Amount** | **Remaining Amortisation Period** | **Carrying Amount** | **Remaining Amortisation Period** |
| Barcelona Ports Investment | 124,951 | 138 months | 141,622 | 150 months |
| Valletta Cruise Port | 64,072 | 575 months | 68,339 | 587 months |
| Port of Adria | 20,919 | 300 months | 22,731 | 312 months |
| Port Akdeniz | 160,798 | 116 months | 177,433 | 128 months |
| Ege Ports | 12,079 | 171 months | 13,491 | 183 months |
| Bodrum Cruise Port | 2,446 | 591 months | 698 | 15 months |
| Port Operation Holding | 5,623 | 94 months | 6,644 | 106 months |

All port operating rights have arisen as a result of IFRS 3 Business combinations, except Barcelona Port Investments and Port Operation Holding, which arose as a result of applying IFRIC 12. Each port represent a separate CGU as per IAS 36.

The recoverable amount of the CGU relating to the port of Bodrum was based on its value in use, determined by discounting the estimated future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of USD 15.5m and no impairment loss during 2018 (2017: nil) was recognised.

The key assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value-in-use are prepared in EUR. A post-tax discount rate of 15.13% was used for discounting future cash flows to the reporting date. The growth in number of passengers was assumed at 50.0% per annum until 2025, followed by 10% per annum until 2032, no growth has forecasted for the remaining life of concession. 49 years of cash flows were included in the discounted cash flow model. The growth is forecasted based on the nature of the business and in particular management plans for rapidly returning the port to historic passenger numbers. Other important assumptions used in the model were average days during cruise season used as 210 days, average cruise itineraries of 7 days during 2016-2018 is used during the forecast period. An average of 8 ship calls are added for every itinerary change for the region.

The cash flow model is constructed on a post-tax basis and the discount rate used is post-tax. An equivalent pre-tax discount rate would be 16.25%.

**9 Intangible assets *(continued)***

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately USD 10.2m (2017: USD 5.7m). Management has identified that a reasonably possible change in the number of passengers or the discount rate could cause the carrying amount to exceed the recoverable amount. The recoverable amount will be equal to the carrying amount if a post-tax discount rate of 27.4% was used or, alternatively, if a growth in number of passengers at 40% per annum until 2023, followed by 2% per annum until 2032 was used, no growth forecasted for the remaining life of concession.

Due to significant central bank interest rates and rates of inflation in Turkey, an indicator of impairment was identified in relation to the Port of Akdeniz. An impairment review was subsequently performed and the difference between the recoverable amount and carrying value of the CGU was found to be significant. Management do not believe that a reasonable change in the assumptions used in the cash flow projections would result in impairment.

**10 Equity-accounted investments**

The nature of the operations and the locations of the equity-accounted investees of the Company are listed below:

| Equity-accounted investees | Locations | Operations |
|---|---|---|
| LCT - Lisbon Cruise Terminals, LDA | Portugal | Port operations |
| SATS – Creuers Cruise Services Pte. Ltd. (“Singapore Port”) | Singapore | Port operations |
| Venezia Investimenti Srl. (“Venice Investment”) | Italy | Port investments |
| La Spezia Cruise Facility Srl. (“La Spezia”) | Italy | Port operations |

*Lisbon Cruise Terminals*

The Group has entered into the concession agreement of Lisbon Cruise Port within the framework of a public-service concession on 18 July 2014 as a part of the consortium comprising Global Liman, RCCL, Creuers and Group Sousa – Investimentos SGPS, LDA. The operation right of Lisbon Cruise Port has been transferred by the Port Authority of Lisbon to LCT-Lisbon Cruise Terminals, LDA, which was established by the Consortium on 26 August 2014. The Group has a 46.2% effective interest in Lisbon Cruise Terminals as at 31 December 2018, hence the Group can only appoint a minority of Directors to the Board and therefore does not have control over the Entity. Lisbon Cruise Terminals has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2018 and 2017.

*Singapore Port*

Barcelona Port Investments, S.L (“BPI”) was established as a joint venture between the Group and Royal Caribbean Cruises Ltd. (“RCCL”) on 26 July 2013 for the purpose of acquiring Creuers. Global Liman has 62% ownership in BPI. Creuers holds a 100% interest in the port operation rights for the Barcelona cruise port, as well as an 80% interest in the port operation rights for the Malaga cruise port and a 40% interest in the port operation rights for the Singapore cruise port. The entity has a fiscal year starting from 1 April and ending on 31 March. The entity’s financial results are aligned to the Group’s fiscal year to account for under the scope of IAS 28. The effective interest held on Singapore cruise port is 24.8%. Singapore has been recognised as an equity-accounted investee in the consolidated financial report as at and for the years ended 31 December 2018 and 2017.

*Venice Investment*

Venezia Investimenti Srl is an international consortium formed for investing in Venezia Terminal Passegeri S.p.A (“VTP”). The international consortium formed as a joint venture by GPH, Costa Crociere SpA, MSC Cruises SA and Royal Caribbean Cruises Ltd each having a 25% share of the Company.

*La Spezia*

GPH purchased a minority interest of 28.5% through POH in La Spezia Cruise Facility Srl, which has the operating rights of La Spezia Cruise Port, Italy.

**For the year ended 31 December 2018**

At 31 December 2018, La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port are equity-accounted investees in which the Group participates.

**10 Equity-accounted investments *(continued)***

The following table summarises the financial information of La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port as included in the consolidated financial statements as at 31 December 2018. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lisbon Cruise Terminals and Singapore Port.

| | La Spezia (USD '000) | Venezia Investimenti (USD '000) | Lisbon Cruise Terminals (USD '000) | Singapore Port (USD '000) |
|---|---|---|---|---|
| ***Percentage ownership interest*** | 30.00% | 25.00% | 50.00% | 40.00% |
| Non-current assets | -- | 35,082 | 30,307 | 3,370 |
| Current assets | 134 | 2,967 | 5,990 | 21,858 |
| Non-current liabilities | -- | -- | (14,843) | -- |
| Current liabilities | -- | 51 | (3,487) | (6,591) |
| Net assets (100%) | 134 | 38,100 | 17,967 | 18,637 |
| Group's share of net assets | 40 | 9,525 | 8,983 | 7,455 |
| **Carrying amount of interest in equity-accounted investees** | **40** | **9,525** | **8,983** | **7,455** |
| Revenue | -- | 808 | 6,255 | 28,743 |
| Expenses | -- | (106) | (4,800) | (16,924) |
| Profit and total comprehensive income for the year (100%) | -- | 702 | 1,455 | 11,819 |
| **Group's share of profit and total comprehensive income** | **--** | **176** | **728** | **4,727** |

As at 31 December 2018, the amounts in the above table include the following:

| USD '000 | La Spezia (USD '000) | Venezia Investimenti (USD '000) | Lisbon Cruise Terminals (USD '000) | Singapore Port (USD '000) |
|---|---|---|---|---|
| Cash and cash equivalents | 134 | 2,899 | 1,807 | 8,380 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | -- | -- | (14,843) | -- |
| Current financial liabilities (excluding trade and other payables and provisions) | -- | -- | (874) | -- |
| Interest income | -- | -- | -- | (40) |
| Depreciation and amortisation | -- | (2) | (1,253) | (806) |
| Interest expense | -- | -- | (490) | -- |
| Interest tax expense | -- | -- | (437) | (2,363) |

For the year ended 31 December 2018, the Group's share of profit and total comprehensive income is set out below:

| | Net profit (USD '000) |
|---|---|
| Venezia Investimenti | 176 |
| Lisbon Cruise Terminals | 728 |
| Singapore Port | 4,727 |
| **Group's share of profit and total comprehensive income** | **5,631** |

**For the year ended 31 December 2017**

At 31 December 2017, La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port are equity-accounted investees in which the Group participates.

## 10 Equity-accounted investments *(continued)*

The following table summarises the financial information of La Spezia, Venezia Investimenti, Lisbon Cruise Terminals and Singapore Port as included in the consolidated financial statements as at 31 December 2017. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lisbon Cruise Terminals and Singapore Port.

| | La Spezia (USD '000) | Venezia Investimenti (USD '000) | Lisbon Cruise Terminals (USD '000) | Singapore Port (USD '000) |
|---|---|---|---|---|
| ***Percentage ownership interest*** | 30.00% | 25.00% | 50.00% | 40.00% |
| Non-current assets | -- | 38,248 | 28,880 | 2,802 |
| Current assets | 140 | 1,940 | 8,077 | 13,444 |
| Non-current liabilities | -- | -- | (13,920) | (1,846) |
| Current liabilities | -- | (174) | (5,687) | (6,191) |
| Net assets (100%) | 140 | 40,014 | 17,350 | 8,209 |
| Group's share of net assets | 42 | 10,004 | 8,675 | 3,284 |
| **Carrying amount of interest in equity-accounted investees** | **42** | **10,004** | **8,675** | **3,284** |
| Revenue | -- | 233 | 5,881 | 14,981 |
| Expenses | -- | -- | (3,946) | (11,175) |
| Profit and total comprehensive income for the year (100%) | -- | 233 | 1,935 | 3,806 |
| **Group's share of profit and total comprehensive income** | **--** | **58** | **968** | **1,522** |

As at 31 December 2017, the amounts in the above table include the following:

| USD '000 | La Spezia (USD '000) | Venezia Investimenti (USD '000) | Lisbon Cruise Terminals (USD '000) | Singapore Port (USD '000) |
|---|---|---|---|---|
| Cash and cash equivalents | 140 | 1,940 | 3,481 | 4,520 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | -- | -- | (13,920) | (1,846) |
| Current financial liabilities (excluding trade and other payables and provisions) | -- | (174) | (428) | -- |
| Interest income | -- | -- | -- | -- |
| Depreciation and amortisation | -- | -- | (214) | (695) |
| Interest expense | -- | -- | (72) | (97) |
| Interest tax expense | -- | -- | (591) | (780) |

For the year ended 31 December 2017, the Group's share of profit and total comprehensive income is set out below:

| | Net profit (USD '000) |
|---|---|
| Venezia Investimenti | 58 |
| Lisbon Cruise Terminals | 968 |
| Singapore Port | 1,522 |
| **Group's share of profit and total comprehensive income** | **2,548** |

## 11 Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

| | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Cash on hand | 63 | 69 |
| Cash at banks | 79,766 | 99,379 |
| *- Demand deposits* | *52,548* | *19,285* |
| *- Time deposits* | *27,218* | *60,786* |
| *- Overnight deposits* | -- | *19,308* |
| **Cash and cash equivalents** | **79,829** | **99,448** |

As at 31 December, maturities of time deposits comprised the following:

| | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Up to 1 month | 26,750 | 60,786 |
| 1-3 months | 468 | -- |
| **Total** | **27,218** | **60,786** |

As at 31 December, the ranges of interest rates for time deposits are as follows:

| | 2018 | 2017 |
|---|---|---|
| Interest rate for time deposit-TL (highest) | 21.5% | 13.25% |
| Interest rate for time deposit-TL (lowest) | 19.75% | 10.25% |
| Interest rate for time deposit-USD (highest) | 3.17% | 2.50% |
| Interest rate for time deposit-USD (lowest) | 1.5% | 1.21% |
| Interest rate for time deposit-EUR (highest) | N/A | 0.15% |
| Interest rate for time deposit-EUR (lowest) | N/A | 0.15% |

As at 31 December 2018, cash at bank amounting to USD 7,475 thousand (31 December 2017: USD 7,583 thousand) is restricted due to the bank loan guarantees and subscription guarantees (Note 16).

### 12 Capital and reserves

### a) Share capital

On 17 May 2017, immediately prior to the IPO, the Company became the parent company of the Group through the acquisition of the full share capital of Global Liman İşletmeleri A.Ş., in exchange for 55,000,000 £5 shares in the Company issued to the previous shareholders. As of this date, the Company's share capital increased from £1 to £275,000 thousand (USD 354,805 thousand). From that point, in the consolidated financial statements, the share capital became that of GPH PLC. The previously recognised share capital of USD 33,836 thousand and share premium of USD 54,539 thousand was eliminated with merger reserves recognised of USD 266,430 thousand.

Also on 17 May 2017, the Group completed an IPO, achieving a standard listing on the London Stock Exchange. During the listing, an additional 7,826,962 £5 shares were issued for net proceeds of USD 73,035 thousand, giving additional share capital of USD 50,492 thousand and additional share premium of USD 22,543 thousand. Following the IPO, the Company had 62,826,963, £5 ordinary shares in issuance.

As of 12 July 2017, The Company has performed a reduction of capital and cancellation of the share premium account. The Court Order approving the Reduction of Capital has been registered with the Registrar of Companies on 12 July 2017 and accordingly the Reduction of Capital has become effective. The nominal value of each of the ordinary shares in the capital of GPH (the "GPH Shares") has been reduced from GBP 5.00 to GBP 0.01, whereas the total equity of GPH remains unchanged, and the Reduction of Capital has created distributable reserves of approximately GBP 332.3 million (USD 427.2 million) for GPH.

The Company's shares are ordinary voting shares. There are no preferential rights attached to any shares of the Company.

The details of paid up share capital as of 31 December are as follows:

| | Number of shares '000 | Share capital USD'000 | Share Premium USD'000 |
|---|---|---|---|
| **Balance at 1 January 2017** | **74,307** | **33,836** | **54,539** |
| Group restructuring | (19,307) | 320,969 | (54,539) |
| Issuance of shares on IPO | 7,827 | 50,492 | 22,543 |
| Share capital reduction | -- | (404,486) | (22,543) |
| **Balance at 31 December 2017** | **62,827** | **811** | **--** |
| **Balance at 31 December 2018** | **62,827** | **811** | **--** |

*Restatement of prior year statement of changes in equity*

In the prior year financial statements, 1 January 2017 opening share capital was recorded at $33,836k; share premium at $54,539; and a merger reserve of nil. The effects of the group restructuring transactions in early 2017 were reflected as entries in 2017. The Directors now consider that a more appropriate presentation was that the share capital at 1 January 2017 should have been recognised at the reorganised amount of $354,805k with an amount of $266,430k in the merger reserve and share premium of nil. This is because the transaction was accounted for as a Group reconstruction under merger accounting and the consolidated financial statements were prepared as a continuation of the existing Group.

There is no change to the previous presented Group's closing net assets as at 31 December 2017.

### b) Nature and purpose of reserves

*(i) Translation reserves*

The translation reserves amounting to USD 197,247 thousand (31 December 2017: USD 150,523 thousand) are recognised as a separate account under equity and comprises foreign exchange differences arising from the translation of the consolidated financial statements of subsidiaries and equity-accounted investees from their functional currencies (of Euro and TL) to the presentation currency, USD.

**12 Capital and reserves *(continued)***

***b)* Nature and purpose of reserves *(continued)***

*(ii) Legal reserves*

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside as up to 5% of the distributable income per the statutory accounts each year. The ceiling of the first level reserves is 20% of the paid-up share capital. The requirement to set aside ends when the 20% of the paid-up capital level has been reached. Second level legal reserves correspond to 10% of profit distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out, but holding companies are not subject to this regulation. There is no ceiling for second level legal reserves and they are accumulated every year. First and second level legal reserves cannot be distributed until they exceed 50% of the capital, but the reserves can be used for offsetting the losses in case free reserves are unavailable. As at 31 December 2018, the legal reserves of the Group amounted to USD 13,030 (31 December 2017: USD 13,012 thousand).

*(iii) Hedging reserves*

*Net investment hedge*
In the year ended 31 December 2018 and 2017, the Company has used its US Dollar Eurobond financing in a net investment hedge of the US Dollar net assets of Port Akdeniz. A foreign exchange loss recognised in other comprehensive income as a result of net investment hedging was USD 59,630 thousand (2017: loss USD 13,389 thousand).

*Cash flow hedge*
The Group entered into an interest rate swap in order to hedge its position against changes in interest rates. The effective portion of the cash flow hedge that was recognised in other comprehensive income was USD 155 thousand loss (31 December 2017, USD 55 thousand loss). The amount that was reclassified from equity to profit and loss within the cash flow hedges – effective portion of changes in fair value line item for the year was USD 216 thousand (31 December 2017, USD 389 thousand) recognized at financial expenses on profit and loss statement.

The hedge instrument payments will be made in the periods shown below, at which time the amount deferred in equity will be reclassified to profit and loss:

| | 3 months or less | More than 3 months but less than 1 year | 5 years or less but more than 1 year | More than 5 years |
|---|---|---|---|---|
| | **(USD '000)** | **(USD '000)** | **(USD '000)** | **(USD '000)** |
| Net cash outflows exposure | | | | |
| Liabilities | -- | 235 | 431 | -- |
| **At 31 December 2018** | **--** | **235** | **431** | **--** |
| Net cash outflows exposure | | | | |
| Liabilities | -- | 274 | 636 | 25 |
| **At 31 December 2017** | **--** | **274** | **636** | **25** |

*(iv) Merger reserves*
On 17 May 2017, Global Ports Holding PLC was listed on the Standard Listing segment of the Official List and trading on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering ("IPO") of the Group on 17 May 2017, Global Ports Holding PLC replaced Global Liman Isletmeleri A.S. as the Group's parent company by way of a Share exchange agreement. Under IFRS 3 this has been accounted for as a Group reconstruction under merger accounting. These consolidated financial statements have been prepared as a continuation of the existing Group. Merger accounting principles for this combination have given rise to a

merger reserve of $225m. This has been transferred from the merger reserve to retained earnings subsequent to the share capital reduction, as it does not have any features distinct from retained earnings.

## 12 Capital and reserves *(continued)*

### c) Dividends

Dividend distribution declarations are made by the Company in GBP and paid in USD in accordance with its articles of association, after deducting taxes and setting aside the legal reserves as discussed above.

GPH PLC declared on 13 August 2018 and paid on 26 October 2018, a 2018 interim dividend of GBP 0.215 per share to its shareholders, giving a distribution of GBP 13,571 thousand (USD 17,710 thousand).

GPH PLC declared 2017 final dividend of GBP 0.201 per share to its shareholders on 12 March 2018 and paid on 9 May 2018, giving a distribution of GBP 12,628 thousand (USD 17,132 thousand). The final dividend is not recognised as a liability in the financial statements until approved at the 2018 AGM.

The total dividends in respect of the year ended 31 December 2018 were USD 34,843 thousand

GPH PLC proposed and paid a 2017 interim dividend of GBP 0.216 per share to its shareholders, giving a distribution of GBP 13,570 thousand (USD 18,239 thousand).

The total dividends in respect of the year ended 31 December 2017 were USD 35,739 thousand.

Prior to the group restructuring, Global Liman İşletmeleri A.Ş. was the parent company of the group and in March 2017 it paid its 2016 final dividend to shareholders totalling USD 26,783 thousand.

The total dividends paid to shareholders in the year ended 31 December 2017 were USD 45,022 thousand.

Dividends to non-controlling interests totalled USD 3,797 in 2018 (2017: 1,063) and comprised a distribution of USD 1,320 thousand (2017: USD 1,063 thousand) made to other shareholders by Valletta Cruise Port, and a distribution of USD 2,477 thousand (2017: nil) made to other shareholders by Barcelona Port Investments.

### 13 Loans and borrowings

As at 31 December, loans and borrowings comprised the following:

| Current loans and borrowings | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Current portion of Eurobond issued | *18,558* | *18,556* |
| Current bank loans | 12,031 | 7,272 |
| *- TL* | -- | *47* |
| *- Other currencies* | *12,031* | *7,225* |
| Current portion of long term bank loans | 16,853 | 17,571 |
| *- TL* | *575* | *339* |
| *- Other currencies* | *16,278* | *17,232* |
| Finance lease obligations | 1,313 | 1,479 |
| **Total** | **48,755** | **44,878** |

| Non-current loans and borrowings | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Non-current portion of Eurobonds issued | 231,666 | 230,889 |
| Non-current bank loans | 66,038 | 64,038 |
| *- TL* | *25,565* | *288* |
| *- Other currencies* | *40,473* | *63,750* |
| Finance lease obligations | 592 | 1,915 |
| **Total** | **298,296** | **296,842** |

As at 31 December, the maturity profile of long term bank loans comprised the following:

| Year | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Between 1-2 years | 34,122 | 32,138 |
| Between 2-3 years | 225,086 | 30,715 |
| Between 3-4 years | 11,259 | 208,750 |
| Over 5 years | 27,237 | 23,324 |
| **Total** | **297,704** | **294,927** |

As at 31 December, the maturity profile of finance lease obligations comprised the following:

| USD '000 | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Future minimum lease payments | Interest | Present value of minimum lease payments | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Less than one year | 1,382 | (69) | 1,313 | 1,589 | (110) | 1,479 |
| Between one and five years | 637 | (45) | 592 | 2,145 | (230) | 1,915 |
| **Total** | **2,019** | **(114)** | **1,905** | **3,734** | **(340)** | **3,394** |

13 **Loans and borrowings *(continued)***

Details of the loans and borrowings as at 31 December 2018 are as follows:

| | | | | | | As at 31 December 2018 | |
|---|---|---|---|---|---|---|---|
| **Loans and borrowings type** | **Company name** | **Currency** | **Maturity** | **Interest type** | **Interest rate %** | **Principal** | **Carrying value** |
| Loans used to finance investments and projects | | | | | | | |
| Unsecured Eurobonds (i) | Global Liman | USD | 2021 | Fixed | 8.13 | 250,000 | 250,224 |
| Secured Loan (ii) | Barcelona Port Investments | EUR | 2023 | Floating | Euribor + 4.00 | 22,873 | 22,333 |
| Secured Loan (iii) | Malaga Cruise Port | EUR | 2025 | Floating | Euribor 3m + 1.75 | 5,374 | 5,337 |
| Secured Loan (iv) | Valetta Cruise Port | EUR | 2029 | Floating | Euribor + 3.00 | 9,644 | 8,832 |
| Secured Loan (viii) | Global BV | EUR | 2020 | Floating | Euribor + 4.60 | 11,172 | 11,176 |
| Secured Loan | Cagliari Cruise Port | EUR | 2026 | Fixed | 2.20 – 6.20 | 635 | 595 |
| Secured Loan (vii) | Port of Adria | EUR | 2025 | Floating | Euribor + 4.25 | 21,556 | 21,707 |
| Secured Loan | Ortadoğu Liman | USD | 2020 | Fixed | 3.60 – 6.60 | 699 | 700 |
| Secured Loan | Ortadoğu Liman | EUR | 2019 | Fixed | 3.40 – 6.00 | 572 | 575 |
| | | | | | | **322,525** | **321,479** |
| Loans used to finance working capital | | | | | | | |
| Unsecured Loan | Ege Liman | USD | 2019 | Fixed | 6.50 | 330 | 347 |
| Unsecured Loan | Ege Liman | EUR | 2020 | Fixed | 3.54 | 4,778 | 4,897 |
| Unsecured Loan | Ege Liman | TL | 2020 | Fixed | 15.84 | 241 | 244 |
| Unsecured Loan | Ege Liman | TL | 2019 | Fixed | 18.50 | 222 | 219 |
| Secured Loan | Ege Liman | TL | 2020 | Fixed | 17.76 | 112 | 112 |
| Secured Loan | Ortadoğu Liman | EUR | 2019 | Fixed | 3.80 – 8.75 | 14,876 | 15,136 |
| Secured Loan | Barcelona Cruise Port | EUR | 2024 | Floating | Euribor + 4.00 | 2,749 | 2,712 |
| | | | | | | **23,308** | **23,667** |
| Finance lease obligations | | | | | | | |
| Leasing (v) | Ortadoğu Liman | USD | 2020 | Fixed | 7.35 | 533 | 533 |
| Leasing | Cagliari Cruise Port | EUR | 2021 | Fixed | 1.96 | 63 | 64 |
| Leasing (vi) | Ege Liman | EUR | 2020 | Fixed | 7.75 | 1,133 | 1,133 |
| Leasing | Ege Liman | USD | 2020 | Fixed | 8.60 | 149 | 175 |
| | | | | | | **1,878** | **1,905** |
| | | | | | | | **347,051** |

### 13 Loans and borrowings *(continued)*

Details of the loans and borrowings as at 31 December 2017 are as follows:

| | | | | | | As at 31 December 2017 | |
|---|---|---|---|---|---|---|---|
| **Loans and borrowings type** | **Company name** | **Currency** | **Maturity** | **Interest type** | **Interest rate %** | **Principal** | **Carrying value** |
| Loans used to finance investments and projects | | | | | | | |
| Unsecured Eurobonds *(i)* | Global Liman | USD | 2021 | Fixed | 8.13 | 250,000 | 249,444 |
| Secured Loan *(ii)* | Barcelona Port Investments | EUR | 2023 | Floating | Euribor + 4.00 | 37,353 | 36,525 |
| Secured Loan *(iii)* | Malaga Cruise Port | EUR | 2025 | Floating | Euribor 3m + 1.75 | 6,477 | 6,378 |
| Secured Loan (iv) | Valetta Cruise Port | EUR | 2029 | Floating | Euribor + 3.00 | 10,807 | 10,600 |
| Secured Loan (v) | Global BV | EUR | 2020 | Floating | Euribor + 4.60 | 17,538 | 17,515 |
| Secured Loan | Cagliari Cruise Port | EUR | 2026 | Fixed | 2.75 | 613 | 613 |
| Secured Loan | Ortadoğu Liman | USD | 2019 | Fixed | 4.40 | 186 | 186 |
| Secured Loan | Ortadoğu Liman | USD | 2020 | Fixed | 4.56 | 46 | 46 |
| Secured Loan | Ortadoğu Liman | USD | 2019 | Fixed | 8.20 | 784 | 784 |
| | | | | | | **323,804** | **322,091** |
| Loans used to finance working capital | | | | | | | |
| Unsecured Loan | Ege Liman | USD | 2019 | Fixed | 5.90 | 2,900 | 3,036 |
| Unsecured Loan | Ege Liman | USD | 2020 | Fixed | 4.50 | 422 | 422 |
| Unsecured Loan | Ege Liman | TL | 2020 | Fixed | 15.39 | 25 | 25 |
| Unsecured Loan | Ege Liman | TL | 2020 | Fixed | 15.84 | 532 | 551 |
| Secured Loan | Ege Liman | TL | 2018 | Fixed | 16.77 | 50 | 51 |
| Secured Loan | Ortadoğu Liman | EUR | 2022 | Fixed | 5.75 | 5,471 | 5,516 |
| Unsecured Loan | Ortadoğu Liman | USD | 2018 | Fixed | 5.93 | 3,707 | 3,768 |
| Unsecured Loan | Bodrum Liman | TL | 2018 | Fixed | 16.56 | 72 | 47 |
| Secured Loan | Barcelona Cruise Port | EUR | 2024 | Floating | EURIBOR + 4.00 | 2,872 | 2,819 |
| | | | | | | **16,051** | **16,235** |
| Finance lease obligations | | | | | | | |
| Leasing (ix) | Ortadoğu Liman | USD | 2019 | Fixed | 7.35 | 12 | 12 |
| Leasing (x) | Ortadoğu Liman | USD | 2020 | Fixed | 7.35 | 853 | 853 |
| Leasing | Ortadoğu Liman | USD | 2018 | Fixed | 7.35 | 1 | 1 |
| Leasing | Ortadoğu Liman | USD | 2019 | Fixed | 7.35 | 141 | 141 |
| Leasing | Ortadoğu Liman | USD | 2019 | Fixed | 7.35 | 60 | 60 |
| Leasing | Cagliari Cruise Port | EUR | 2021 | Fixed | 1.96 | 92 | 92 |
| Leasing (ii) | Ege Liman | EUR | 2020 | Fixed | 7.75 | 1,889 | 1,889 |
| Leasing | Ege Liman | USD | 2018 | Fixed | 6.00 | 12 | 12 |
| Leasing | Ege Liman | USD | 2020 | Fixed | 5.50 | 334 | 334 |
| | | | | | | **3,394** | **3,394** |
| | | | | | | **343,249** | **341,720** |

**13 Loans and borrowings *(continued)***

Detailed information relating to significant loans undertaken by the Group is as follows:

(i) The sales process of the Eurobond issuances amounting to USD 250 million with 7 years of maturity, and 8.125% coupon rate based on 8.250% reoffer yield was completed on 14 November 2014. Coupon repayment was made semi-annually. The bonds are now quoted on the Irish Stock Exchange.

Eurobonds contain the following key covenants:

- If a concession termination event occurs at any time, Global Liman (the "Issuer") must offer to repurchase all of the notes pursuant to the terms set forth in the indenture (a "Concession Termination Event Offer"). In the Concession Termination Event Offer, the Issuer will offer a "Concession Termination Event Payment" in cash equal to 100% of the aggregate principal amount of notes repurchased, in addition to accrued and unpaid interest and additional amounts, if any, on the notes repurchased, to the date of purchase (the "Concession Termination Event Payment Date"), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

- According to the Eurobond issued by Global Liman, the consolidated leverage ratio may not exceed 5.0 to 1 (incurrence covenant). The consolidated leverage ratio as defined in the Eurobond includes Global Liman as the issuer and all of its consolidated subsidiaries excluding the Malaga Cruise Port and Valletta Cruise Port (both being Unrestricted Subsidiaries as defined in the Eurobond). Irrespective of the consolidated leverage ratio, the issuer will be entitled to incur any or all of the following indebtedness:

  - Indebtedness incurred by the Issuer, Ege Ports ("Guarantor") or Ortadoğu Liman ("Guarantor") pursuant to one or more credit facilities in an aggregate principal amount outstanding at any time not exceeding USD 5 million;
  - Purchase money indebtedness incurred to finance the acquisition by, the Issuer or a Restricted Subsidiary, of assets in the ordinary course of business in an aggregate principal amount which, when added together with the amount of indebtedness incurred and then outstanding, does not exceed USD 10 million;
  - Any additional indebtedness of the Issuer or any Guarantor (other than and in addition to indebtedness permitted above) and Port of Adria indebtedness, provided, however, that the aggregate principal amount of Indebtedness outstanding at any time of this clause does not exceed USD 20 million; and provided further, that more than 50% in aggregate principal amount of any Port of Adria indebtedness incurred pursuant to this clause is borrowed from the International Finance Corporation and/or the European Bank for Reconstruction and Development.

(ii) On 30 September 2014, BPI and Creuers entered into a syndicated loan. Tranch A of this loan is paid semi-annually, at the end of June and December, with the last payment being in 2023. Tranch B already paid, Tranch C amounting to Euro 2.4 million has a bullet payment in 2024. The interest rate of this loan is Euribor 6m + 4.00%. The syndicated loan is subject to a number of financial ratios and restrictions, breach of which could lead to early repayment being requested. Under this loan, in the event of default, all the shares of BPI (a total of 3,170,500 shares each being €1) and Creuers (3,005,061shares each being €1) are pledged together with certain rights of these companies. The agreement includes terms about certain limitations on dividends payments, new investments, and change in the control of the companies, change of the business, new loans and disposal of assets.

(iii) On 12 January 2010, Cruceros Málaga, S.A. entered into a loan agreement with Unicaja regarding a Euro 9 million loan to finance the construction of the new terminal. This loan had an 18-month grace period. It is linked to Euribor and has a term of 180 months from the agreement execution date. Therefore, the maturity date of the loan is on 12 January 2025. A mortgage has been taken out on the administrative concession agreement to guarantee repayment of the loan principal and accrued interest thereon.

(iv) Valletta Cruise Port's bank loans and overdraft facilities bear interest at Euribor + 3% (31 December 2017: 3.90% - 4.15%) per annum and are secured by a mortgage over VCP's present and future assets, together with a mortgage over specific property within the concession site for a period of 65 years commencing on 21 November 2001.

**13 Loans and borrowings *(continued)***

(v) Global Ports Europe BV entered into a loan amounting to Euro 22 million in total on 16 November 2015 with a 6-year maturity, 12 months grace period and an interest rate of Euribor + 4.60%. Principal and interest is payable bi-annually, in May and November of each year. Under this loan agreement, in the event of default, all shares of Global Ports Europe BV are pledged to the bank in accordance with a share pledge agreement.

(vi) Port of Adria entered into a loan agreement with EBRD amounting to Euro 20 million in total on 26 February 2018 with a 6-year maturity, 2 years grace period and an interest rate of Euribor + 4.25%. Principal and interest will be payable quarterly, in January, April, July and November of each year. Under this loan agreement, in the event of default, all shares of Port of Adria (12.040.993 Shares having 0,5026 € nominal value per each and 30.683.933 Shares having 1,1485 € nominal value per each) are pledged to the bank in accordance with a share pledge agreement. In compliance with this agreement, the Cmopany is also guarantor of Port of Adria, and as per agreement, the Company has to comply with the consolidated leverage ratio of 5.0 to 1, as it is presented on the Eurobond of Global Liman.

(vii) On 12 June 2014, Ortadoğu Liman s signed a finance lease agreement for a port tugboat with an interest rate of 7.35% and maturity date of 16 July 2020.

(viii) On June 2014, Ege Liman signed a finance lease agreement for a port tugboat with an interest rate of 7.75% and maturity date in 2020.

**Reconciliation of movements of liabilities to cash flows arising from financing activities**

| *USD'000* | | *Liabilities* | *Equity* | | |
|---|---|---|---|---|---|
| | *Note* | **Loans and Borrowings** | **Retained earnings** | **NCI** | **TOTAL** |
| **Balance at 1 January 2018** | | **341,719** | **143,146** | **92,895** | **577,760** |
| **Changes from financing cash flows** | | | | | |
| Proceeds from loans and borrowings | | 44,205 | -- | -- | 44,205 |
| Repayment of borrowings | | (36,124) | -- | -- | (36,124) |
| Dividend paid | 12 (c) | -- | (34,843) | (3,797) | (38,640) |
| **Total changes from financing cash flows** | | **8,081** | **(34,843)** | **(3,797)** | **(30,559)** |
| **The effect of changes in foreign exchange** | | **(4,043)** | | | **(4,043)** |
| **Other changes** | | | | | |
| **Liability-related** | | | | | |
| Interest expense | | 25,197 | -- | -- | 25,197 |
| Interest paid | | (23,903) | -- | -- | (23,903) |
| **Total liability-related other changes** | | **1,294** | **--** | **--** | **1,294** |
| **Total equity-related other changes** | | **--** | **678** | **1,947** | **2,625** |
| **Balance at 31 December 2018** | | **347,051** | **108,981** | **91,045** | **547,077** |

## 14 Provisions

| Non-current | As at 31 December 2018 (USD '000) | As at 31 December 2017 (USD '000) |
|---|---|---|
| Replacement provisions for Creuers (*) | 6,138 | 17,918 |
| Port of Adria Concession fee provision (**) | 1,375 | 1,496 |
| Italian Ports Concession fee provisions (***) | 1,349 | 1,667 |
| **Total** | **8,862** | **21,081** |

(*) As part of the concession agreement between Creuers and the Barcelona and Malaga Port Authorities entered in 2013 (see Note 16(c)), the company has an obligation to maintain the port equipment in good operating condition throughout its operating period, and in addition return the port equipment to the Port Authorities in a specific condition at the end of the agreement. Therefore, replacement provisions have been recognised based on Management's best estimate of the potential capital expenditure required to be incurred in order to replace the port equipment assets in order to meet this requirement.
During 2018, the Group engaged an expert to provide an updated estimate of the likely capital expenditure required to replace the port equipment assets. This estimate was significantly lower than previous estimates, which were based on the estimates at the start of the concession updated for specific known events in subsequent periods, related to a reduction in the number of components of the port equipment and infrastructure that would require replacement. As a result, an amount of $12,210k was released from the provision in 2018.

(**) On 27 December 2013, the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") entered into an agreement regarding the operating concession for the Port of Adria-Bar which terminates on 27 December 2043. From the fourth year of the agreement, CTGC had an obligation to pay a concession fee to the Government of Montenegro of Euro 500k per year until the end of the agreement. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

(***) On 16 December 2009, Ravenna Port Authority and Ravenna Passenger Terminal S.r.l. ("RTP") entered into an agreement regarding the operating concession for the Ravenna Passenger Terminal which terminates on 27 December 2019. RTP had an obligation to pay a concession fee to the Port Authority of Euro 86k per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

On 13 June 2011, Catania Port Authority and Catania Cruise Terminal S.r.l. ("CCT") entered into an agreement regarding the operating concession for the Catania Passenger Terminal which terminates on 12 June 2026. CCT had an obligation to pay a concession fee to the Catania Port Authority of Euro 135k per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

On 14 January 2013, Cagliari Cruise Port ("CCP") and Cagliari Port Authority entered into an agreement regarding the operating concession for the Cagliari Cruise Terminal which terminates on 13 January 2027. CCP had an obligation to pay a concession fee to the Cagliari Port Authority of Euro 44k per year until end of concession. The expense relating to this concession agreement is recognized on a straight-line basis over the concession period, giving rise to an accrual in the earlier years.

| Current | As at 31 December 2018 (USD '000) | As at 31 December 2017 (USD '000) |
|---|---|---|
| Other | 955 | 1,202 |
| **Total** | **955** | **1,202** |

**14 Provisions (continued)**

For the years ended 31 December, the movements of the provisions as below:

| | Replacement provisions for Creuers | Port of Adria Concession fee provision | Italian Ports Concession fee provision | Unused vacations | Legal | Other | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January** | **17,918** | **1,556** | **2,001** | **230** | | | |
| Provisions created | 677 | -- | -- | 44 | | | |
| Provisions utilised | -- | (62) | (328) | (3) | | | |
| Reversal of provisions | (12,210) | -- | -- | -- | | | ( |
| Unwinding of provisions | 226 | -- | 77 | -- | | | |
| Currency translation difference | (473) | (62) | (82) | (65) | | | |
| **Balance at 31 December** | **6,138** | **1,432** | **1,668** | **206** | | | |
| **Non-current** | 6,138 | 1,375 | 1,349 | -- | | | |
| **Current** | -- | 57 | 319 | 206 | | | |
| | **6,138** | **1,432** | **1,668** | **206** | | | |

**15 Earning / (Loss) per share**

The Group presents basic earnings per share ("basic EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shares acquired. In accordance with IAS 33, the comparative weighted average number of shares was restated to apply the number of shares which arose from the group reconstructing described in Note 12a.

The Group does not present separate diluted earnings per share ("diluted EPS") data, because there are no potential convertible dilutive securities or options. As per LTIP application which is effective starting from 1 January 2019, the bonus shares will not have dilutive impact on the earnings.

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders, by the weighted average number of shares outstanding.

| | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Profit attributable to owners of the Company | 770 | (15,576) |
| Weighted average number of shares | 62,826,963 | 59,889,171 |
| Basic and diluted earnings / (loss) per share with par value of GBP 0.01 (cents per share) | 1.23 | (26.01) |

## 16 Commitments and contingencies

### a) Litigation

There are pending lawsuits that have been filed against or by the Group. Management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognised for the possible expenses and liabilities. The total provision amount that has been recognised as at 31 December 2018 is USD 200 thousand (31 December 2017: USD 315 thousand).

The information related to the significant lawsuits that the Group is directly or indirectly a party to, is outlined below:

***Legal proceedings in relation to Ortadoğu Antalya, Ege Liman and Bodrum Liman's applications for extension of their concession rights***

On 6 June 2013, the Turkish Constitutional Court partially annulled a law that prevented operators of privatised facilities from applying to extend their operating term. The respective Group companies then applied to extend the concession terms of Port Akdeniz-Antalya and Ege Port-Kuşadası to give each concession a total term of 49 years from original grant date. After these applications were rejected, the respective Group companies filed lawsuits with administrative courts challenging the decisions.
Port Akdeniz-Antalya filed lawsuits against Privatization Administration and the General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State rejected the appeal of Port Akdeniz-Antalya and approved the decision of the Court. The Group lawyers have applied to the Council of State for reversal of this judgement and the case is still pending. The 31 December 2018 financial statements have been prepared assuming the current concession length.
Ege Port-Kuşadası filed lawsuits against Privatization Administration and General Directorate of Turkey Maritime Organization requesting cancellation with respect to rejection of the extension applications. The Court dismissed the case and the Group lawyers appealed the Court decision to the Council of State. The Counsel of State accepted the appeal and reversed the Court's judgement in favor of Ege Port-Kuşadası. The Privatization Administration applied to the Council of State for reversal of this judgement and this time, the Council of State has changed its standpoint and approved the Court's decision against Ege Port-Kuşadası. Upon exhaustion of judicial remedies, Ege Port-Kuşadası has submitted an individual application to the Constitutional Court, and the case is pending. The 31 December 2018 financial statements have been prepared assuming the current concession length.

***Other legal proceedings***

The Port of Adria-Bar (Montenegro) is a party to the disputes arising from the collective labour agreement executed with the union by Luka Bar AD (former employer/company), which was applicable to Luka Bar AD employees transferred to Port of Adria-Bar. The collective labour agreement has expired in 2010, before the Port was acquired by the Group under the name of Port of Adria-Bar. However, a number of lawsuits have been brought in connection to this collective labour agreement seeking (i) unpaid wages for periods before the handover of the Port to the Group, and (ii) alleged underpaid wages as of the start of 2014. On March 2017, the Supreme Court of Montenegro adopted a Standpoint in which it is ruled that collective labour agreement cannot be applied on rights, duties and responsibilities for employees of Port of Adria-Bar after September 30$^{th}$, 2010. Although the Standpoint has established a precedent that has applied to the claims for the period after September 30$^{th}$, 2010; there are various cases pending for claims related to the period of October 1$^{st}$, 2009 - September 30$^{th}$, 2010. In respect of the foregoing period of one year, the Port of Adria-Bar has applied to the Constitutional Court to question the alignment of the collective labour agreement with the Constitution, Labor Law and general collective agreement. The success of the pending cases is linked to the decision of the Constitutional Court regarding the collective labour agreement, and Management believes that it will be decided in favor of the Group. Consequently, no provision is recognised in respect of this matter.
Global Liman İşletmeleri AŞ, as the majority shareholder of one of its subsidiaries, has paid a share purchase amount of 1.5 million USD to one of the minority shareholders of the relevant subsidiary, and the shareholder has not transferred its shares in the subsidiary to Global Liman. Global Liman has initiated an action of debt against the shareholder. It is expected that the case would resolve for the return of the share purchase amount or the completion of the share transfer. Consequently, a receivable is recognised in respect of this matter.

**16 Commitments and contingencies *(continued)***

**b) Guarantees**

As at 31 December, the letters of guarantee given comprised the following:

| **Letters of guarantee** | **2018 (USD '000)** | **2017 (USD '000)** |
|---|---|---|
| Given to seller for the call option on APVS shares (*) | 5,585 | 5,835 |
| Given to Privatisation Administration / Port Authority | 2,572 | 2,238 |
| Other governmental authorities | 2,220 | -- |
| Others | 75 | 29 |
| **Total letters of guarantee** | **10,452** | **8,102** |

(*) Venetto Sviluppo, the 51% shareholder of APVS, which in turn owns a 53% stake in Venezia Terminal Passegeri S.p.A (VTP), has a put option to sell its shares in APVS partially or completely (up to 51%) to Venezia Investimenti (VI). This option originally can be exercised between 15th May 2017 and 15th November 2018, extended until the end of November 2021. If VS exercises the put option completely, VI will own 99% of APVS and accordingly 71.51% of VTP. The Group has given a guarantee letter for its portion of 25% in VI, which in turn has given the full amount of call option as guarantee letter to VS.

**c) Contractual obligations**

Ege Liman

The details of the TOORA ("Transfer of Operational Rights Agreement") dated 2 July 2003, executed by and between Ege Liman and OIB together with TDI are stated below:

The agreement allows Ege Liman to operate Ege Ports-Kuşadası for a term of 30 years for a total consideration of USD 24.3 million which has already been paid. Ege Liman's operation rights extend to port facilities, infrastructure and facilities which are either owned by the State or were used by TDI for operating the port, as well as the duty-free stores leased by the TDI. Ege Liman is entitled to construct and operate new stores in the port area with the written consent of the TDI.

Ege Liman is able to determine tariffs for Ege Ports- Kuşadası's port services at its own discretion without TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that the foreign ownership or voting rights in Ege Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold one share in Ege Liman and to nominate one of Ege Ports-Kuşadası's board members. Global Liman appoints the remaining board members and otherwise controls all operational decisions associated with the port. Ege Ports-Kuşadası does not have the right to transfer its operating rights to a third party.

Ege Liman is liable for the maintenance of the Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ege Liman.

Ortadoğu Liman

The details of the TOORA dated 31 August 1998, executed by and between Ortadoğu Liman and OIB together with TDI are stated below:

**16 Commitments and contingencies *(continued)***

**c) Contractual obligations *(continued)***

Ortadoğu Liman *(continued)*

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman. Ortadoğu Liman is able to determine tariffs for Port Akdeniz-Antalya's port services at its own discretion without being subject to TDI's approval (apart from the tariffs for services provided to Turkish military ships).

The TOORA requires that foreign ownership or voting rights in Ortadoğu Liman do not exceed 49%. Pursuant to the terms of the TOORA, the TDI is entitled to hold one share in Ortadoğu Liman. The TDI can also appoint one of Ortadoğu Liman's board members. Ortadoğu Liman cannot transfer its operating rights to a third party without the prior approval of the TDI.

Ortadoğu Liman is liable for the maintenance of the Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Ortadoğu Liman.

Bodrum Liman

The details of the BOT Agreement dated 23 June 2004, executed by and between Bodrum Liman and the DLH are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced.

Bodrum Liman also executed an extension on prior Concession Agreement with the General Directorate of National Property on 15 November 2018 ("Bodrum Port Concession Agreement"). The BOT Agreement is attached to the Bodrum Port Concession Agreement and Bodrum Liman is entitled to use the Bodrum Cruise Port under these agreements for an extended period of 49 years starting from 31 December 2019. The BOT Agreement permits Bodrum Liman to determine tariffs for Bodrum Cruise Port's port services at its own discretion, provided that it complies with applicable legislation, such as applicable maritime laws and competition laws.

Bodrum Liman was required to pay the Directorate General for Infrastructure Investments a land utilisation fee. This fee increases by Turkish Consumer Price index each year. With the extension signed, this fee will be revised yearly as per the agreement between Company and Directorate General.

Bodrum Liman is liable for the maintenance of the Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government at a specific condition, while the movable properties stay with Bodrum Liman.

Port of Adria

The details of the TOORA Contract dated 15 November 2013, executed by and between Global Liman and the Government of Montenegro and Container Terminal and General Cargo JSC-Bar ("CTGC") are stated below:

Global Liman will be performing services such as repair, financing, operation, maintenance in the Port of Adria for an operational period of 30 years (terminating in 2043).

**16 Commitments and contingencies *(continued)***

**c) Contractual obligations *(continued)***

Port of Adria *(continued)*

CTGC has an obligation to pay to the Government of Montenegro (a) a fixed concession fee in the amount of Euro 500,000 per year; (b) a variable concession fee in the amount of Euro 5 per twenty-foot equivalent ("TEU") (full and empty) handled over the quay (ship-to-shore and shore-to-ship container handling), no fees are charged for the movement of the containers; (c) a variable concession fee in the amount of Euro 0.20 per ton of general cargo handled over the quay (ship-to-shore and shore-to-ship general cargo handling). However, pursuant to Montenegrin Law on Concessions, as an aid to the investor for investing in a port of national interest, the concession fee was set in the amount of Euro 1 for the period of three years starting from the effective date of the TOORA Contract. Tariffs for services are regulated pursuant to the terms of the concession agreement with the Montenegro port authority, where the maximum rates are subject to adjustments for inflation.

For the first three years of the agreement, CTGC had to implement certain investment and social programmes outlined in the agreement and had to commit Euro 13.6 million towards capital expenditure during that period. This included launching and investing Euro 6.5 million in certain social programmes at Port of Adria Bar such as retrenching employees, the establishment of a successful management trainee programme, and subsidising employees to attend training and acquire additional qualifications, as well as the provision of English lessons to employees. All the relevant investment requirements already performed by Port of Adria at the end of 2016.

Port of Adria is liable for the maintenance of the Port of Adria together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Government of Montenegro at a specific condition, while the movable properties stay with Port of Adria.

Barcelona Cruise Port

The details of the TOORA Contract dated 29 July 1999, executed by and between Creuers del Port de Barcelona and the Barcelona Port authority are stated below:

Creuers del Port de Barcelona, S.A. ("Creuers") will be performing the management of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in Adossat Wharf in Barcelona for an operational period of 27 years. The port operation rights for Adossat Wharf (comprised of Terminals A and B) terminates in 2030. The Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession the concession period is considered to be 30 years.

Creuers is liable for the maintenance of Adossat Wharf Terminals A and B, as well as ensuring that port equipment is maintained in good repair and in operating condition throughout its concession period. For the detailed maintenance and investment requirements, explained in the concession agreement, replacement provision has provided in the financials of the Company on the note 14. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

The concession is subject to an annual payment, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, (ii) a fee for the operation of public land for commercial activities, and (iii) a general service fee.

The details of the TOORA Contract dated 26 July 2003, executed by and between Creuers and the Barcelona Port authority are stated below:

**16 Commitments and contingencies *(continued)***

**c) Contractual obligations *(continued)***

Barcelona Cruise Port *(continued)*

Creuers will be performing the management of port services related to the traffic of tourist cruises at the Port of Barcelona, as well as the development of commercial complementary activities corresponding to a seaport, in WTC Wharf in Barcelona for an operational period of 27 years. The port operation rights for the World Trade Centre Wharf (comprised of Terminals N and S) terminate in 2027. However, the Port concession period can be extended automatically for three years provided that (i) Creuers has complied with all the obligations set forth in the Port Concession; and (ii) Creuers remains rendering port services on tourist cruises until the expiry of the extended term. Therefore, the concession period is considered as 30 years. Creuers is liable for the maintenance of Adossat Wharf Terminals N and S together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the Barcelona Port Authority.

Malaga Cruise Port
The details of the TOORA Contract dated 9 July 2008, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to occupy the Levante Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2038. The concession term can be extended for up to fifteen years, in two terms of 10 and 5 additional years (extending the total concession period to 45 years), due to an amendment to the Malaga Levante Agreement approved by the Malaga Port Authority in its resolution dated 28 October 2009. These extensions require (i) the approval by the Malaga Port Authority and (ii) Cruceros Malaga to comply with all of the obligations set forth in the concession. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the Levante Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

The details of the TOORA Contract dated 11 December 2011, executed by and between Cruceros Malaga and the Malaga Port authority are stated below:

Cruceros Málaga, S.A. obtained an administrative concession to occupy El Palmeral Terminal of the Malaga Port and its exploitation, for a 30-year period, terminating in 2042. Cruceros will perform passenger services, terminal usage and luggage services, as well as undertake general maintenance of the El Palmeral Terminal. Cruceros is responsible for ensuring that the port equipment is maintained in good repair and operating condition throughout the concession term.

The concession is subject to an annual payment, which was Euro 154,897 in 2016, which consisted of the following fees: (i) a fee for the occupancy of the public land at the port, and (ii) a fee for the operation of public land for commercial activities.

Valletta Cruise Port
On 22 November 2001, VCP signed a deed with the Government of Malta by virtue of which the Government granted a 65-year concession over the buildings and lands situated in Floriana, which has an area of 46,197square metres ("sqm"). VCP will perform operation and management of a cruise liner passenger terminal and an international ferry passenger terminal together with complementary leisure facilities. The area transferred is used as follows: retail 6,854sqm, office 4,833sqm, terminal 21,145sqm and potential buildings 13,365sqm.
A ground rent is payable by Valletta Cruise Port to the Government of Malta. At the end of each 12 months period, VCP is required pay to the Government of Malta (a) 15% of all revenue deriving from the letting of any buildings or facilities on the concession site for that 12 month period, and (b) 10% of revenue deriving from passenger and cruise liner operations, subject to the deduction of direct costs and services from the revenue upon which 10% fee is payable.

**16 Commitments and contingencies *(continued)***

**c) Contractual obligations *(continued)***

Ravenna Passenger Terminal
On 19 December 2009, Ravenna Passenger Terminal ("RTP") signed a deed with the Ravenna Port Authority by virtue of which the Port Authority granted a 10-year concession over the passenger terminal area situated within Ravenna Port. RTP will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by RTP to the Port Authority in the sum of Euro 895,541.67 during the concession period. The repayment of the total amount is presented as Euro 3,000 for the year 2009, Euro 28,791.67 for the year 2010 and the remaining Euro 863,750 overall for the years 2011 to 2020.

Catania Cruise Terminal
On 18 October 2011, Catania Cruise Terminal SRL ("CCT") signed a deed with the Catania Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated on Catania City Center. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCT to the Port Authority in the sum of Euro 135,000.00 for each year during the concession period.

Cagliari Cruise Terminal
On 14 January 2013, Cagliari Cruise Port ("CCP") signed a deed with the Cagliari Port Authority by virtue of which the Port Authority granted a 15-year concession over the passenger terminal area situated within Cagliari Port. CCT will perform operation and management of a cruise passenger terminal in the area.

A fixed rent is payable by CCP to the Port Authority in the sum of Euro 44,315.74 for each year during the concession period.

**d) Operating leases**

Lease as lessee
The Group entered into various operating lease agreements. Operating lease rentals are payable as follows:

| | **As at 31 December 2018** | **As at 31 December 2017** |
|---|---|---|
| | **(USD '000)** | **(USD '000)** |
| Less than one year | 4,315 | 3,187 |
| Between one and five years | 17,825 | 12,545 |
| More than five years | 136,720 | 139,510 |
| | **158,860** | **155,242** |

In the periods presented, the Group's main operating lease arrangements as lessee are the port rent agreement of Valletta Cruise Port until 2066, Port of Adria until 2043, Creuers until 2033, Cruceros until 2043, Zadar Cruise Port until 2039 and Bodrum Liman until 2067. Part of the concession agreements of Creuers and Cruceros relating to the occupancy of the public land at the port and the operation of public land for commercial activities, which are out of scope of IFRIC 12, have been accounted for under IAS 17 – operating leases.

The Company use operational lease to rent its office at third floor offices at 34 Brook Street London. This lease have no purchase options and escalation clauses.

For the year ended 31 December 2018 payments recognised as rent expense were USD 5,675 thousand (31 December 2017: USD 4,765 thousand) in the consolidated income statement and other comprehensive income.

## 16 Commitments and contingencies (continued)

Lease as lessor

The future lease receipts or future lease receivables under operating leases are as follows:

| | As at 31 December 2018 | As at 31 December 2017 |
|---|---|---|
| | (USD '000) | (USD '000) |
| Less than one year | 5,141 | 2,326 |
| Between one and five years | 7,059 | 8,569 |
| More than five years | 4,019 | 4,753 |
| | **16,219** | **15,648** |

The Group's main operating lease arrangements as lessor are a marina lease agreement of Ortadoğu Liman until 2028, and various shopping center rent agreements of Ege Liman and Bodrum Liman of up to 5 years.

During the year ended 31 December 2018, USD 10,044 thousand (31 December 2017: USD 12,669 thousand) was recognised as rental income in the consolidated income statement and other comprehensive income.

## 17 Related parties

The related parties of the Group which are disclosed in this note comprised the following:

| Related parties | Relationship |
|---|---|
| Mehmet Kutman | Shareholder of Ultimate controlling party |
| Global Yatırım Holding | Ultimate controlling party |
| Global Ports Holding BV | Parent company |
| Global Sigorta Aracılık Hizmetleri A.Ş. ("Global Sigorta") | Ultimate controlling party's subsidiary |
| IEG Kurumsal Finansal Danışmanlık A.Ş. ("IEG Global") | Ultimate controlling party's subsidiary |
| Global Menkul Değerler A.Ş. ("Global Menkul") | Ultimate controlling party's subsidiary |
| Adonia Shipping | Ultimate controlling party's subsidiary |
| Naturel Gaz | Ultimate controlling party's subsidiary |
| Straton Maden | Ultimate controlling party's subsidiary |
| European Bank of Reconstruction and Development ("EBRD") | Shareholder |

All related party transactions between the Company and its subsidiaries have been eliminated on consolidation, and are therefore not disclosed in this note.

Due from related parties

As at 31 December, current receivables from related parties comprised the following:

| **Current receivables from related parties** | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Global Yatırım Holding | 602 | 307 |
| Adonia Shipping (*) | 67 | 1,030 |
| Naturel Gaz (*) | 72 | 74 |
| Straton Maden (*) | 73 | 62 |
| IEG Global | 57 | -- |
| Global Ports Holding BV | 47 | 23 |
| Lisbon Cruise Terminals LDA | 37 | -- |
| Mehmet Kutman | 17 | 24 |
| Ayşegül Bensel | 1 | -- |
| Other Global Yatırım Holding Subsidiaries | 54 | 79 |
| **Total** | **1,027** | **1,599** |

(*) These amounts are related with the work advances paid related with the services taken on utilities by Group Companies. The charged interest rate is 9,75% as at 31 December 2018 (31 December 2017: 9.75 %).

**17 Related parties (continued)**

Due to related parties

As at 31 December, current payables to related parties comprised the following:

| Current payables to related parties | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Mehmet Kutman | 153 | 191 |
| Global Sigorta (*) | 309 | 244 |
| Global Menkul (*) | 1 | 1 |
| EBRD(**) | -- | 13 |
| Ayşegül Bensel | 53 | -- |
| Other Global Yatırım Holding Subsidiaries | 26 | 34 |
| **Total** | **542** | **483** |

(*) These amounts are related to professional services received. The charged interest rate is 19.50% as at 31 December 2018 (31 December 2017: 8,50%).

(**) In addition, EBRD had provided a loan to Port of Adria for a total amount of €20m, details explained on Note 13.

Transactions with related parties

For the years ended 31 December, transactions with other related parties comprised the following:

| USD '000 | 2018 | | 2017 | |
|---|---|---|---|---|
| | Interest received | Other | Interest received | Other |
| Global Yatırım Holding | 252 | -- | 1,490 | -- |
| Adonia Shipping | -- | -- | -- | -- |
| Global Menkul | 197 | -- | -- | -- |
| **Total** | **449** | -- | **1,490** | -- |

| USD '000 | 2018 | | 2017 | |
|---|---|---|---|---|
| | Interest given | Other | Interest given | Other |
| Global Yatırım Holding | -- | -- | -- | 2 |
| Global Menkul | -- | -- | -- | -- |
| **Total** | **--** | **--** | **--** | **2** |

For the year ended 31 December 2017, the Group recognised interest income on Global Yatırım bonds amounting to USD 1,490 thousand (31 December 2018: nil). For the year ended 31 December 2017, the effective interest rate was 8% (31 December 2018: nil). For the year ended 31 December 2017, the Group accounted for a gain amounting to USD 15 thousand from the purchase and the sale of Global Yatırım Holding's publicly traded share certificates (31 December 2018: nil).

For the year ended 31 December 2018, GPH distributed a total dividend of USD 21,472 thousand to Global Yatırım Holding (31 December 2017: USD 34,933 thousand).

Transactions with key management personnel

Key management personnel comprised the members of the Board and GPH's senior management. For the years ended 31 December, details of benefits to key management personnel comprised the following:

| | 2018 (USD '000) | 2017 (USD '000) |
|---|---|---|
| Salaries | 2,279 | 2,452 |
| Bonus | 1,278 | 255 |
| Attendance fees to Board of Directors | 810 | 122 |
| Termination benefits | 25 | 19 |
| **Total** | **4,392** | **2,848** |

## 18 Events after the reporting date

Company has signed a 30-year concession agreement with the Government of Antigua and Barbuda for cruise port operations in Antigua on an exclusive basis. The concession also includes certain retail outlets in the project area.

The successful commencement of the concession is subject to a number of final conditions being satisfied, including, amongst others, the Group securing suitable financing. Company is in advanced discussions with local and international banks in relation to long term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H1 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.

Company has been awarded by Government of the Bahamas, Nassau Cruise Port Ltd ("NCP"), a consortium comprising GPH, the Bahamian Investment Fund ("BIF") and the Yes Foundation the cruise port tender for a 25-year concession for the Prince George Wharf and related areas, at Nassau cruise port. Company, NCP and the Government of the Bahamas will start working towards agreeing the terms of a concession agreement. NCP will be 49% owned by the Company, 49% owned BIF and 2% owned by Yes Foundation, with Global Ports Holding operating the port.

GPH is in advanced stage discussions with local and international banks over long-term bank financing for the concession. Full financial closure and commencement of the concession is expected to occur in H2 2019, although there can be no certainty as to the timing or that the final conditions will be satisfied.