

Global Ports Holding Plc

12 Month 2020 Trading Statement

Global Ports Holding announces Q4 2020 and 12 month 2020 results

Global Ports Holding Plc ("GPH" or the "Group"), the world's largest independent cruise port operator, today announces its unaudited results for the twelve months ending 31 December 2020. Global Ports Holding's financial year-end has been changed to March, and we will announce audited financial results for the 15-month period to end March 2021 in July 2021.

Global Investment Holdings, our majority shareholder has today released its full year results for the year ended 31 December 2020, these results can be found at www.globalyatirim.com.tr/en.

Summary

Despite being the most difficult 12-month period in the history of GPH, Adjusted EBITDA for the 12M period was \$18.4m. Our Cruise operations, which experienced an almost 100% decline in passenger volumes for nine months of the year, reported an EBITDA loss of just \$0.4m for the 12 month period, with a Q4 2020 EBITDA loss of \$1.4m, standing as testament to the flexibility of our business model and management actions to reduce costs and preserve cash.

Although completed in January 2021, the sale of Port Akdeniz, has a major impact to the Group financial performance for 12M 2020 as the contribution from Port Akdeniz is reclassified as *Discontinued operation*, and presented in a single line item in the profit & loss statement as *Net result from discontinued operations*. The summary table below presents key financials & KPI highlights with ("Like-for-like") and without the contribution from Port Akdeniz.

| Key Financials & KPI Highlights | 12M 2020¹ | 12M 2020 Like-for-like² | 12M 2019³ | Q4 2020¹ | Q4 2020 Like-for-like² | Q4 2019³ |
|-----------------------------------------------------|-----------------------------|-------------------------------------------|-----------------------------|----------------------------|------------------------------------------|----------------------------|
| Passengers (m PAX) ⁴ | 1.3 | 1.3 | 5.3 | 0.0 | 0.0 | 1.6 |
| General & Bulk Cargo ('000 tons) | 43.7 | 1,414.8 | 743.1 | 6.8 | 543.3 | 163.1 |
| Container Throughput ('000 TEU) | 53.6 | 177.6 | 199.2 | 14.6 | 44.4 | 44.2 |
| Total Revenue (\$m)⁵ | 73.1 | 106.6 | 117.9 | 14.1 | 22.5 | 26.4 |
| Cruise Revenue (\$m) ⁶ | 65.8 | 65.8 | 63.0 | 12.0 | 12.0 | 16.9 |
| <i>Ex IFRIC 12 Cruise Revenue (\$m)⁷</i> | <i>15.5</i> | <i>15.5</i> | <i>63.0</i> | <i>1.8</i> | <i>1.8</i> | <i>16.9</i> |
| Commercial Revenue (\$m) | 7.4 | 40.8 | 54.8 | 2.1 | 10.5 | 9.4 |
| Segmental EBITDA (\$m)⁸ | 1.8 | 24.6 | 83.4 | (0.6) | 4.1 | 17.1 |
| Cruise EBITDA (\$m) ⁹ | (0.4) | (0.4) | 44.4 | (1.4) | (1.4) | 11.8 |
| Commercial EBITDA (\$m) | 2.2 | 25.1 | 39.1 | 0.8 | 5.4 | 5.4 |
| Adjusted EBITDA (\$m)¹⁰ | (4.5) | 18.4 | 77.0 | (2.8) | 1.9 | 16.0 |
| Segmental EBITDA Margin | 2.5% | 23.1% | 70.8% | -4.1% | 18.1% | 64.8% |
| Cruise Margin | -0.7% | -0.7% | 70.4% | -11.4% | -11.4% | 69.8% |
| Commercial Margin | 30.3% | 61.4% | 71.2% | 37.0% | 51.7% | 57.4% |
| Adjusted EBITDA Margin | -6.1% | 17.2% | 65.3% | -19.9% | 8.3% | 60.6% |
| Operating (Loss)/Profit (\$m) | (39.0) | (40.6) | 15.3 | | | |
| (Loss)/Profit for the period (\$m) | (46.9) | (46.6) | (15.2) | | | |
| | 12M 2020¹ | 12M 2020 Like-for-like² | 12M 2019³ | | | |
| Gross Debt | 556.0 | 584.2 | 453.0 | | | |
| Gross Debt ex IFRS 16 Finance Lease | 487.4 | 515.6 | 388.2 | | | |
| Net Debt | 456.5 | 483.5 | 389.2 | | | |
| Net Debt ex IFRS 16 Finance Lease | 387.9 | 414.9 | 324.3 | | | |
| Cash and Cash equivalents | 99.5 | 100.7 | 63.8 | | | |

Key Financials and KPIs including Port Akdeniz

- Cruise passenger volumes for the 12M period fell by -76%.
- Total container (TEUs) fell by 11% and General & Bulk volumes rose 90%.
- Total consolidated revenues were \$106.6m for the 12M period; excluding the impact of IFRIC-12 Construction revenues at Nassau Cruise Port, total consolidated revenues were \$56.3m, down 52% compared to 2019.
 - Q4 Revenues were \$22.5m, excluding IFRIC-12 Construction revenues were \$12.3m down 53% compared to Q4 2019.
 - Q4 Cruise Revenue were \$12.0m, excluding IFRIC-12 Construction revenues fell 90% compared to Q4 2019 to \$1.8m.
 - Q4 Commercial Revenue rose 12% yoy to \$10.5m.
- Segmental EBITDA for the 12M period was down -71% at \$24.6m, with the Commercial segment's performance being less impacted with a decline of 36% to \$25.1m, while Cruise EBITDA was a loss of \$0.4m vs. \$44.1m in 2019.
 - Q4 Segmental EBITDA fell 76% to \$4.1m.
 - Q4 Cruise EBITDA was a loss of \$1.4m.
 - Q4 Commercial EBITDA was up 1% to \$5.4m.
- Adjusted EBITDA of \$18.4m for the 12M period down 76%, with the main driver being the decline in Segmental EBITDA in addition to higher Central Costs due to non-cash accruals.
 - Q4 Adjusted EBITDA fell 88% to \$1.9m.

Key Financials and KPIs with Port Akdeniz classified as a discontinued operation

As of 31 December 2020, the Group's operating segment Port Akdeniz is classified as *Discontinued operation* and therefore excluded from revenue and EBITDA. The financial results accounting for such classification are set out below.

- Total consolidated revenues for the 12M period were \$73.1m; excluding the impact of IFRIC-12 Construction revenues, total consolidated revenues were \$22.9m down 81%.
- Commercial Revenue were \$7.4m and Commercial EBITDA \$2.2m representing the performance of Port of Adria. Cruise revenue and EBITDA remain unchanged.
- Segmental EBITDA for the 12m was \$1.8m and Adjusted EBITDA realised as a loss of \$4.5m.
- The increase in Gross Debt was principally a result of the issue of the \$125m Nassau Cruise Port bond in the period and an increase in the loan in Antigua to finance capex.
- We invested \$72.9m into our new Caribbean ports in the period, funded by the aforementioned indebtedness. The new pier in Antigua is completed on budget and capable of handling the largest ships in the world.
- Cash and cash equivalents of \$99.5m at the end of the period compares to \$63.8m at the end of 2019. The increase is primarily driven by the successful bond issuance by Nassau Cruise Port. The cash provided a strong level of liquidity as the business prepares itself for the meaningful restart of cruising in 2021.
 - For the avoidance of doubt, this cash excludes the proceeds at closing from the sale of Port Akdeniz.

Emre Sayin, Chief Executive Officer, said:

"2020 was the most challenging year in the company's history. However, I am proud of how we responded to this challenge. When we entered the year we believed Global Ports Holding would deliver a step change in its cruise operations, with our successful expansion into the Caribbean and the associated increase in EBITDA demonstrating the strength of our business model and more importantly its potential for growth.

The onset of the Covid-19 pandemic meant this was not possible. However, in adversity the strength of our business model has shone through. With almost no cruise passengers for the majority of the year, we managed to deliver a relatively small EBITDA loss at our cruise ports in 2020. I believe this is an incredible achievement.

In the near term, the outlook for the Cruise industry remains highly uncertain. While we expect to see an increase in cruise activity in Q2 and Q3 2021, it is, as yet, unclear how the ramp up of cruise operations globally and on a regional level will shape up. Looking beyond 2021, demand for cruising remains strong and the major cruise lines continue to report encouraging trends in terms of the strength of underlying passenger demand. I believe this continued strong demand highlights the continued attraction of cruising amongst a growing number of consumers and bodes well for the strength and speed of the recovery of the industry over the next few years.

Our recently announced disposal of Port Akdeniz means we effectively look forward to the future as a pure play cruise operator in what remains a structural growth industry. We are well positioned to trade through the current uncertain trading environment and emerge strongly as the industry returns to growth."

Disposal of Port Akdeniz

The most significant development came after the period end, with the completion of the sale of the Group's largest commercial port, Port Akdeniz, for \$140m to QTerminals W.L.L. The equity value of Port Akdeniz after deducting net debt and debt-like items of Port Akdeniz at closing was \$115m, with the buyer withholding \$11.5m as a security for potential claims, which will be released in Q4-2021.

As a result of the sale of Port Akdeniz and the effective creation of a pure-play cruise port operator, the board of Global Ports Holding announced that it was considering its options in regard to Port of Adria, the Group's commercial port concession in Bar, Montenegro, including a potential disposal. There can be no certainty as to the timing or that the terms of a sale will be agreed. A further announcement will be made when it is appropriate to do so.

Eurobond refinancing

On the 18th February 2021, Global Liman İşletmeleri A.S., the 100% owned subsidiary of Global Ports Holding announced it had launched a scheme of arrangement in connection with the refinancing of the \$250m Eurobond, which is due to November 2021.

Through the scheme of arrangement, the Group is taking steps to stabilise its liquidity position and manage its long-term debt obligations by effectively extending the Eurobond's maturity date, reducing the principal amount thereof (to the extent noteholders elect to participate in the cash option of the scheme), and amending the terms thereof. A detailed description of the refinancing proposal can be found in the Explanatory Statement made available on GPH's website.

In connection with the scheme of arrangement, we have entered into discussions with certain key existing noteholders who have formed an ad hoc group. GPH has received a counterproposal from the ad hoc committee on 4 February 2021, which it is currently discussing with the ad hoc group. GPH believes that these discussions are likely to result in amendments to the terms of the proposed refinancing and the scheme timeline prior to the extended Early Bird Deadline of 19 March 2021. A further announcement will be made when it is appropriate to do so.

Outlook & current trading

In Q4 2020 and so far in 2021 our ports in the Mediterranean welcomed a number of cruise ships, however, volumes remain small during what is the low season for our Mediterranean ports. In the Caribbean, the first quarter is normally an important trading period for our Caribbean ports, however there has been no cruise activity so far in this period.

The cruise industry has made a significant effort to collaborate with health authorities to help create local, regional and national frameworks for a return to sailing, and our ports have worked relentlessly with all stakeholders to ensure they are ready to safely handle passengers.

However, the near-term outlook for the cruise industry remains uncertain. With the vaccine roll outs providing some room for optimism a phased return to cruising is planned across the industry during 2021, the exact profile of this return remains difficult to predict. The return profile will be different by region, cruise brand and cruise line and will be heavily dependent on the easing of travel restrictions. While some cruise brands are planning a phased return from April or May 2021, others have recently delayed their planned restarts until Q3 2021.

Looking past 2021, demand for cruising remains strong and the major cruise lines continue to report encouraging trends in terms of the strength of underlying passenger demand. We believe this continued strong demand highlights the continued attraction of cruising amongst a growing number of consumers and bodes well for the strength and speed of the recovery over the next few years.

The localised nature of the expected recovery continues to make forecasting 2021 financials challenging. However, we will share updated guidance with investors at the time of the results announcement for the 15 month period to end March 2021.

Financial Review

- Operating loss (with Port Akdeniz as *Discontinued operation*) of \$38.7m for the 12 months to end December 2020 compares to an operating profit of \$15.3m for 12M 2019. This was largely driven by Adjusted EBITDA declining from \$77.0m in 2019 to an EBITDA loss of \$4.5m in 2020. The operating loss is equal to Adjusted EBITDA after:
 - Port operating rights amortisation expense of \$20.1m (12M 2019: \$32.0m), amortisation of \$7.1m (12M 2019: \$15.7m) – the decline in both items driven by the exclusion of Port Akdeniz in 2020; and
 - One-off adjustments and non-operating expenses of \$7.2m (12M 2019: \$8.4m), the majority of which were project expenses of \$7.1m (12M 2019: \$5.1m).
- Loss after tax for the period was \$46.9 million (12M 2020: \$15.2m), due to the operating loss and further driven by an increase in net finance costs to \$36.4m (12M 2020: \$34.3m) and a loss from equity accounted associates of \$0.1m vs income of \$5.6m in 2019. The losses in the period generated a tax income of \$24.7m compared to a tax expense of \$1.9m in 12M 2019.

Cruise Port Review

| Passengers (m PAX) | 12M 2020 | 12M 2019 |
|---------------------------|------------|------------|
| Creuers | 0.15 | 2.6 |
| Valletta | 0.06 | 0.3 |
| Ege Port | 0.00 | 0.3 |
| Nassau | 0.83 | 0.4* |
| Antigua | 0.26 | 0.2* |
| Other Cruise Ports | 0.03 | 1.0 |
| Total Cruise Ports | 1.3 | 5.3 |

*c2 months contribution only

- Passenger volumes for the 12 months fell 76% with almost no passengers in Q4.
- Cruise Revenue excluding IFRIC-12 Construction revenue for the 12 months fell 76% to \$15.4m, while Cruise EBITDA fell to a loss of \$0.4m.

- Q4 Cruise Revenue excluding IFRIC-12 Construction revenue fell by -90% to \$1.8m and Q4 Cruise EBITDA realized a loss of \$1.3m compared to \$11.8m positive EBITDA in the same period last year.
- As previously disclosed the combination of our flexible cost base and decisive action taken to reduce costs and conserve cash has helped to protect the business and preserve cash during the Covid-19 crisis. It is testament to the underlying strength and flexibility of our cruise port business model that despite close to no cruise traffic in Q4 2020, our cruise port business only lost \$1.3m at the EBITDA level.
- In response to the shutdown of cruise operations across the world, all but essential maintenance capex was suspended across the group in Q2 2020. However, our commitment to the investment programs of our new ports in the Caribbean meant that overall Capex in the 12M period was \$78.7m.
- The Capex at our new Caribbean ports was financed by committed loans at Antigua Cruise Port and a bond issued by Nassau Cruise Port in June 2020, with a total capex at these ports in the 12M period of \$72.9m. The investment into the new pier in Antigua was completed during Q4, while the investment program into Nassau Cruise Port will continue into 2022.

Commercial Port Review

| | 12M 2020 | 12M 2019 |
|---------------------------------------------------|--------------|------------|
| Port Akdeniz | | |
| General & Bulk Cargo ('000 tons) | 1,371 | 589 |
| Throughput ('000 TEU) | 124 | 151 |
| Port Adria | | |
| General & Bulk Cargo ('000 tons) | 44 | 154 |
| Throughput ('000 TEU) | 54 | 48 |
| Total General & Bulk Cargo ('000 tons) | 1,414 | 743 |
| Total Throughput ('000 TEU) | 178 | 199 |

- The performance at our Commercial ports in Q4 2020 largely reflected a continuation of the trends experienced in the first nine months of the year.
- On a like-for-like basis, i.e. including Port Akdeniz, TEUs fell by 11% and General & Bulk volumes rose 90%.
- Including Port Akdeniz, Commercial Revenue and EBITDA for the 12 months were down 26% and 36% respectively, to \$40.8m and \$25.1m.
 - Q4 Commercial Revenue and EBITDA rose 12% and 1% respectively, to \$10.5m and \$5.4m.
- Commercial Revenue and EBITDA excluding Port Akdeniz for the 12 months were flat and up 31% respectively, to \$7.4m and \$2.2m
 - Q4 Commercial Revenue and EBITDA excluding Port Akdeniz were \$2.1m and \$0.8m respectively.

Balance Sheet

Gross debt at period end was \$584.2m (31st December 2019: \$453.0m), with this increase driven largely by the issuing of the Nassau Cruise Port bond and increase in Antigua Cruise Port's loan in the period, offset by schedule repayments in other loans and borrowings of GPH. As at 31 December 2020 net debt was \$483.5m (31st December 2019: \$389.1m).

Excluding IFRS 16 finance leases, the gross debt at the end of the period was \$515.6m (31st December 2019: \$388.2m), net debt at the end of the period was \$414.9m (31st December 2019: \$324.3m). Classifying Port Akdeniz as discontinued and excluding IFRS 16 leases gross debt was \$487.4m and net debt was \$387.9m.

The leverage ratio as per GPH's Eurobond remains above the incurrence covenant of 5.0x. As an incurrence covenant, the impact is that incurrence of additional debt at Global Liman and its subsidiaries and dividend distributions from Global Liman are restricted.

Operating cash flow was \$16.4m (12M 2019: \$37.1m). The decline in operating cash flow was driven by lower EBITDA partially, but offset by a working capital movement that resulted in a positive cash flow of \$23.3m in the period, primarily as a result of the unwind in trade receivables due to suspension of cruise port activity and active working capital management focussed on preserving liquidity.

Net capital expenditure during the period was \$78.7m, a significant increase on the \$24.0m incurred in 2019. This was driven by our continued commitment to invest in our new Caribbean ports in Antigua and Nassau, \$72.9m spent at these two ports in the period, with \$8.7m spent in Q4 2020. The new fifth pier in Antigua completed in Q4 2020, within budget. \$3.9m was spent across the rest of the cruise portfolio earlier this year, with \$2.0m spent in Barcelona on terminal improvements and \$1.5m in Valletta on investment into the waterfront infrastructure. \$2.7m was spent on capex at the Commercial ports, with the vast majority of this spent at Port Akdeniz.

Notes

1. Calculated with Port Akdeniz as classified as Discontinued operation
2. Like-for-like calculated on a basis consistent with 2019 IFRS results, Port Akdeniz not classified as Discontinued operation for comparability to 2019 IFRS results.
3. IFRS results as reported for 2019.
4. Passenger numbers refer to consolidated and managed portfolio consolidation perimeter, hence it excludes equity accounted associate ports La Goulette, Lisbon Singapore and Venice.
5. All \$ refers to United States Dollar unless otherwise stated
6. Revenue allocated to the Cruise segment is the sum of revenues of consolidated ports and from management contracts
7. Revenue and EBITDA Ex IFRIC 12 refers to exclusion of the impact of IFRIC 12 construction revenue accounting at Nassau Cruise Port
8. 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 La Goulette, Lisbon, Singapore and Venice, as well as the contribution from management agreements
9. Segmental EBITDA is calculated as income/(loss) before tax after adding back: interest; depreciation; amortisation; unallocated expenses; and specific adjusting items including Nassau IFRIC-12 construction margin
10. Adjusted EBITDA calculated as Segmental EBITDA less unallocated (holding company) expenses

Appendix

| Consolidated statement of comprehensive income data | 12M 2020 ¹ | 12M 2020 Like-for-like ² | 12M 2019 ³ |
|------------------------------------------------------|-----------------------|----------------------------------------|-----------------------|
| Revenue | 73.1 | 106.6 | 117.9 |
| Operating Expenses | (87.3) | (118.3) | (79.9) |
| <i>of which Depreciation and Amortization</i> | <i>(27.2)</i> | <i>(49.2)</i> | <i>(47.7)</i> |
| Other Operating Income | 3.7 | 4.8 | 3.5 |
| Other Operating Expense | (9.9) | (12.7) | (8.6) |
| (Loss)/Operating profit | (39.0) | (40.6) | 20.9 |
| Finance Income | 10.5 | 16.2 | 8.6 |
| Finance Expenses | (46.9) | (52.6) | (42.8) |
| Share of (loss)/profit of equity accounted investees | (0.3) | - | (5.6) |
| (Loss)/Profit before income tax | (75.4) | (76.9) | (13.4) |

| | | | |
|----------------------------------------------|---------------|---------------|---------------|
| Income tax expense | 24.7 | 30.4 | (1.9) |
| Profit / (loss) from discontinued operations | 3.8 | - | - |
| (Loss)/Profit for the period | (46.9) | (46.6) | (15.2) |
| Other financial data (USD millions actual) | | | |
| Adjusted EBITDA⁹ | (4.5) | 18.4 | 77.0 |
| <i>EBITDA margin</i> | (6.1)% | 17.2% | 65.3% |

| | | |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Cash flow (USD Million) | 12M | 12M |
| | 2020¹ | 2019³ |
| Net cash from operating activities | 16.4 | 37.1 |
| <i>of which change in working capital</i> | 23.3 | (27.9) |
| Net Cash used in investing activities | (62.6) | (29.0) |
| <i>of which CAPEX</i> | (78.7) | (23.9) |
| Net cash from / (used in) financing activities | 84.8 | (20.8) |
| <i>of which interest paid</i> | (30.0) | (26.4) |
| <i>of which net dividends received / (paid)</i> | (0.2) | (31.4) |
| Net (decrease) / increase in cash and cash equivalents | 38.3 | (12.7) |

| | | |
|------------------------------------------------------------------------|-------------------------|-------------------------|
| Consolidated statement of financial position data (\$m) | 31 Dec | 31 Dec |
| | 2020¹ | 2019³ |
| Cash and cash equivalents (including short term investments) | 99.5 | 63.8 |
| Total current assets | 113.4 | 102.8 |
| Total assets | 916.4 | 794.9 |
| Total debt (including obligations under IFRS-16 finance leases) | 556.0 | 453.0 |
| Net debt (including obligations under IFRS-16 finance leases) | 456.5 | 389.1 |
| Total equity | 129.2 | 155.3 |
| <i>of which retained earnings</i> | 24.8 | 61.1 |

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