

DP World benefits from rising global trade volume

Port operator reports net profit of \$206m in first half of 2010

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DP World, the fourth largest port operator in the world has a budget set aside for new terminal developments to add to its impressive portfolio of 50 terminals, which includes Jebel Ali. Image Credit: Megan Hirons Mahon /Gulf News

Dubai: Global ports operator DP World posted a first half net profit of \$206 million (Dh756 million) at a growth of 10 per cent from the correlating six months in 2009, on back of increased volumes and cost reductions, the company announced Wednesday. Additionally, revenue per TEU or 20-foot-equivalent container units has also been improved, driving up revenues.

The company expects the second half of this year to perform even stronger than the first six months as emerging markets take trade volumes on a growth trajectory.

Total revenues saw a growth of five per cent to \$1.45 billion, mainly from container volumes that were 13.2 million TEU's at its 28 consolidated terminals for the six-month period.

Chief executive Mohammad Sharaf said cost reductions were "impressive" in the first half, which saw an improvement of five per cent.

He said that while 2008 volumes were unprecedented, the first half volumes have, in some terminals, been better than even 2008 volumes. "But we are cautious. Second half will be stronger than first half on account of seasonal trade flows and new terminals...but let's be careful," Sharaf said during a conference call with reporters.

A recovery in global trade also lifted profits of Danish shipping and oil group A.P. Moller-Maersk. The company rebounded into profit in the first half, benefiting from a recovery in freight rates and volumes to pre-crisis levels, and lifted its 2010 outlook.

Emerging markets

DP world, the fourth largest port operator in the world with 50 terminals in its portfolio, has a budget set aside for new terminal developments, and will see \$1 billion in total invested in emerging markets as well as its London Gateway project. The first half saw \$411 million already spent in projects such as Callao, Peru.

The coming months will see operations begin in company's terminals in Vallarpadan, India, and Karachi, Pakistan before the end of the year. It has also recently added Saigon, Vietnam to its portfolio.

With a pipeline of expansion and development projects in key growth markets, including India, China and the Middle East, capacity is expected to rise to around 95 million TEU over the next ten years, in line with market demand.

"Emerging markets will be growing faster. Two-thirds of our business is in emerging markets," where the company is positioned well to reap its benefits, Sharaf said.